

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

Annual Accounts at 31 December 2015
Directors' Report for 2015

A free translation from the original in Spanish



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SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.
BALANCE SHEET AS AT 31 DECEMBER 2015 AND 2014
(Expressed in thousand euro)

ASSETS	Note	2015	2014
NON-CURRENT ASSETS		84,440	88,494
Intangible assets	5	74,470	77,043
Property, plant and equipment	6	251	376
Long-term investments	7 and 9	4,537	4,537
Other financial assets		4,537	4,537
Deferred tax assets	17	5,182	6,538
CURRENT ASSETS		29,936	25,067
Trade and other receivables		5,098	8,737
Trade receivables for sales and services	9 and 10	4,988	8,694
Advance payments to suppliers	9 and 10	12	15
Loans to employees	9 and 10	70	-
Other credits from Public Administrations	17	28	28
Short-term investments	7 and 9	2,736	2,879
Other financial assets		2,736	2,879
Short-term accruals		18	19
Cash and cash equivalents	8 and 9	22,084	13,432
TOTAL ASSETS		114,376	113,561

Notes 1 to 23 are an integral part of these annual accounts.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.
BALANCE SHEET AS AT 31 DECEMBER 2015 AND 2014
(Expressed in thousand euro)

EQUITY AND LIABILITIES	Note	2015	2014
EQUITY		(1,295)	(5,124)
Shareholders' funds		12,961	10,669
Capital	12	9,413	9,413
Reserves	13	1,256	532
Profit/(loss) for the year	14	2,292	724
Value adjustments		(14,256)	(15,793)
Hedging transactions		(14,256)	(15,793)
NON-CURRENT LIABILITIES		107,743	55,450
Long-term provisions	16	5,625	7,196
Provisions for infrastructure maintenance		5,625	7,196
Long-term payables		84,190	30,326
Bank loans	9 and 15	56,926	-
Finance lease creditors	9 and 15	-	2
Financial derivatives	9, 11 and 15	16,611	19,280
Other long-term payables	9 and 15	10,653	11,044
Long-term payables to Group companies and associates	9, 15 and 21	17,928	17,928
CURRENT LIABILITIES		7,928	63,235
Short-term provisions		2,409	-
Provisions for infrastructure maintenance	16	2,385	-
Other provisions		24	-
Short-term payables		3,410	61,974
Bank loans	9 and 15	3,151	61,747
Finance lease creditors	9 and 15	2	22
Other short-term payables	9 and 15	257	205
Short-term payables to Group companies and associates	9, 15 and 21	1,156	6
Trade and other payables		953	1,255
Trade payables	9 and 15	295	503
Trade payables to group companies and associates	9, 15 and 21	6	11
Accrued wages and salaries	9 and 15	15	27
Current tax liabilities	17	501	419
Other payables to Public Administrations	17	136	295
TOTAL EQUITY AND LIABILITIES		114,376	113,561

Notes 1 to 23 are an integral part of these annual accounts.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Expressed in thousand euro)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Revenues	18	15,092	14,531
Provision of services (tolls and Other Administrative Compensation)		15,092	14,531
Raw materials and consumables	18	(459)	(489)
Consumption of goods purchased for resale		(135)	(110)
Consumption of raw materials and other consumables		(112)	(136)
Subcontracted work		(212)	(243)
Other operating income		393	367
Sundry and other income		393	367
Staff costs	18	(1,395)	(1,407)
Wages, salaries and similar remuneration		(1,055)	(1,062)
Staff welfare charges		(340)	(345)
Other operating expenses	18	(1,929)	(2,841)
External services		(936)	(1,112)
Taxes		(34)	(27)
Losses, impairment and variation in trade provisions	16	(959)	(1,702)
Fixed asset depreciation	5 and 6	(5,310)	(5,194)
OPERATING PROFIT/(LOSS)		<u>6,392</u>	<u>4,967</u>
Financial income		-	-
Financial expenses		(3,208)	(3,805)
FINANCIAL RESULTS	18	<u>(3,208)</u>	<u>(3,805)</u>
PROFIT/(LOSS) BEFORE TAX		<u>3,184</u>	<u>1,162</u>
Corporate income tax	17	<u>(892)</u>	<u>(438)</u>
PROFIT/(LOSS) FOR THE YEAR	14	<u>2,292</u>	<u>724</u>

Notes 1 to 23 form an integral part of these annual accounts.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015
AND 2014
(Expressed in thousand euro)**

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Profit/(loss) for the year	14	2,292	724
Income and expense taken directly to equity			
Cash-flow hedges	11	(400)	(6,604)
Tax effect	11 and 17	112	1,981
Updated tax rate (Note 17)	11 and 17	(385)	(1,053)
Total income and expense taken directly to equity		(673)	(5,676)
Transfers to the income statement			
Cash-flow hedging	11	3,070	2,990
Tax effect	17	(860)	(897)
Total transfers to the income statement		2,210	2,093
TOTAL RECOGNISED INCOME AND EXPENSE		3,829	(2,859)

Notes 1 to 23 are an integral part of these annual accounts.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (Expressed in thousand euro)

B) TOTAL STATEMENT OF CHANGES IN EQUITY

2015	Share capital (Note 12)	Reserves (Note 13)	Profit/(loss) for the year (Note 14)	Value adjustments	Total
Opening balance 2015	9,413	532	724	(15,793)	(5,124)
Total recognised income and expense	-	-	2,292	1,537	3,829
Operations with shareholders or owners	-	724	(724)	-	-
- Prior year result distribution	-	724	(724)	-	-
- Distribution of dividends	-	-	-	-	-
Closing balance 2015	9,413	1,256	2,292	(14,256)	(1,295)

Notes 1 to 23 are an integral part of these annual accounts.

2014	Share capital (Note 12)	Reserves (Note 13)	Profit/(loss) for the year (Note 14)	Value adjustments	Total
Adjusted opening balance 2014	9,413	441	909	(12,210)	(1,447)
Total recognised income and expense	-	-	724	(3,583)	(2,859)
Operations with shareholders or owners	-	91	(909)	-	(818)
- Prior year result distribution	-	91	(91)	-	-
- Distribution of dividends	-	-	(818)	-	(818)
Closing balance 2014	9,413	532	724	(15,793)	(5,124)

Notes 1 to 23 are an integral part of these annual accounts.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (Expressed in thousand euro)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities			
Profit/(loss) for the year before tax		3,184	1,162
Adjustments:			
- Fixed asset depreciation	5 and 6	5,310	5,194
- Change in provisions	16	959	1,702
- Financial expenses	18	3,208	3,805
Changes in working capital:			
- Debtors and other receivables	10	3,639	(8,694)
- Other current assets		1	353
- Creditors and other payables	15	(614)	30
- Other current liabilities		(310)	(335)
Other cash flows from operating activities			
- Payment of interest		(3,970)	(5,694)
- Corporate income tax income/(expense)		(587)	(918)
Cash flows from operating activities		<u>10,820</u>	<u>(3,395)</u>
Cash flows from investing activities			
Amounts paid on investments:			
- Intangible assets	5	(739)	(31)
- Property, plant and equipment	6	(9)	(28)
- Investments	7	-	(471)
Collections on investments:			
- Investments	7	143	-
Cash flows from investing activities		<u>(605)</u>	<u>(530)</u>
Cash flows from financing activities			
Collections and payments from financing activities			
- Bank borrowings		(1,563)	(1,268)
- Payable to Group companies		-	(568)
Collections and payments on equity instruments			
- Dividends		-	(818)
Cash flows from financing activities		<u>(1,563)</u>	<u>(2,654)</u>
Net increase/(decrease) in cash and cash equivalents		<u>8,652</u>	<u>(6,579)</u>
Cash and equivalents at beginning of the year	8	13,432	20,011
Cash and cash equivalents at end of the year	8	22,084	13,432

Notes 1 to 23 are an integral part of these annual accounts.



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

1. General information

Sociedad Concesionaria Autovía A-4 Madrid, S.A. (the Company) was incorporated as a limited liability company ("sociedad anónima") in Madrid on 27 November 2007; its registered office for mercantile and tax purposes is at "calle Caballero Andante 8, 28021 Madrid".

Its corporate objects are as follows:

Its sole purpose is the exercise of rights and fulfilment of obligations under the administrative concession for public works (the Concession) relating to the maintenance and operation of the A-4 motorway from kilometre 3.78 to kilometre 67.50; section: Madrid – kilometre 67.5 (R-4) (the Motorway), and the performance of all work and/or administrative formalities associated with or related to such work that may be necessary or advisable, specifically including Area 1 construction work (new-build projects and refurbishment work), and the activities included in Area 2 (replacement projects and major repairs) and Area 3 (infrastructure maintenance), in addition to operating the infrastructure.

In order to carry out the work referred to above, the Company must make all improvements that may be necessary or advisable, obtaining the necessary funds, performing the construction work using its own means or by contracting third parties, and operating the infrastructure, all subject to the terms and conditions stipulated in the administrative concession awarded for these tasks.

The Company is controlled by Isolux Infrastructure group, which is parented by Isolux Infrastructure Netherlands B.V., with registered office at 1101 CM Amsterdam Zuidoost, The Netherlands, being this company which files the consolidated annual accounts.

2. Basis of presentation

a) Fair presentation

These annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with prevailing commercial legislation and the provisions of the Chart of Accounts approved under Royal Decree 1514/2007 (PGC 2007), as amended by Royal Decree 1159/2010, and Order EHA/3362/2010 (23 December), containing regulations to adapt the Chart of Accounts for public infrastructure concession companies (NAECIP). They have been prepared by the Company's directors in order to present fairly the Company's equity, financial position, results of its operations, changes in equity and cash flows in accordance with current legislation as mentioned above.

The annual accounts are presented in thousands of euro, being the euro the Company's functional and presentation currency.

These Annual Accounts, prepared on 8 February 2016 by the Company's Directors, will be submitted for the approval of the General Meeting of Shareholders, and are expected to be approved without any modification.

b) Critical measurement issues and estimation of uncertainty

The preparation of the annual accounts requires the use by the Company of certain estimates and judgements in relation to the future that are assessed constantly and are based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom match the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Amortisation of intangible assets – Concession Agreement

The Company's concession agreement has a finite useful life; its cost is amortised on the basis of the pattern of usage that best reflects the asset's economic usefulness: traffic.



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

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(Expressed in thousand euro)

The Company calculates amortisation on this concession asset based on best estimates of traffic, as set out in the Business Financial Plan (Note 5.c).

Income tax and deferred tax assets

The calculation of income tax requires interpretations of tax legislation applicable to the Company.

There are several factors mainly, but not exclusively, linked to changes in tax laws and changes in the interpretation of tax laws already in force, which require the application of estimates by Company management.

Management assesses the recoverability of deferred tax assets based on estimates of future tax profits, analysing whether they will be sufficient in the periods during which such deferred tax assets may be deducted. Deferred tax assets are recognised when their future recoverability is probable. The recognition and recoverability of deferred tax assets is assessed at the time they are generated and subsequently at each balance sheet date, in accordance with the evolution of the Company's results forecast in its business plan. Management considers that the deferred tax assets recognised by the Company will probably be recovered. Nonetheless, estimates may change in the future because of changes in tax legislation or the impact of future transactions on tax balances.

Although these estimates were made by management using the best information available at the year end, based on their best estimates and market knowledge, possible future events may force the Company to make adjustments in coming years.

Fair value of unlisted financial instruments:

The Company calculates the fair value of financial instruments (financial assets and liabilities) that are not traded on an active market through estimates made based on the selection of methods and assumptions that are mainly based on existing market conditions at each balance sheet date.

Provisions:

Provisions are recognised when it is probable that a present obligation, resulting from past events, will require the application of resources and when the amount of the obligation may be reliably estimated. Significant estimates are necessary to comply with accounting regulations.

Provisions for infrastructure maintenance are estimated based on best estimates of future replacements and major repairs contained in the Company's Business Financial Plan and taking into account the Company's annual technical reports.

Although these estimates were prepared using the best information available at the 2015 year end, future events may make it necessary to change them in subsequent years; any such changes would be made prospectively.

Deferred financial expense on motorway financing:

The Company capitalises interest on motorway financing during the operating phase. This expense is taken to the income statement based on the Business Financial Plan prepared following the approval of the Company's economic and financial re-balance in 2011 (Note 5).

c) Going concern

The annual accounts have been prepared on a going-concern basis, i.e. assuming that the Company will realise its assets and meet its commitments in the ordinary course of business.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

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(Expressed in thousand euro)

At 31 December 2015 the Company's equity is less than 50% of its share capital as a result of the hedging reserve. This situation is governed from a mercantile perspective by Royal Decree Law 10/2008 under which Final Provision 1 amended Article 36, section 1, c) of the Code of Commerce. This regulation excludes from the definition of equity, solely for the purposes of capital reductions, distribution of profits and causes for dissolution (Articles 317 and 327 of the Spanish Companies Act, Article 273 of the Spanish Companies Act, Article 360,363 and 368 of the Spanish Companies Act and Articles 179,180 and 181 of the Spanish Companies Act) value adjustments deriving from cash flow hedges not yet taken to the income statement, recognised in the accounting records and including any participating loans from shareholders.

The Company's Directors have therefore prepared these annual accounts on a going-concern basis as they consider there is no doubt regarding the Company's ability to continue as a going concern.

d) Comparability

In accordance with legislation in force, for each item in the balance sheet, income statement and statement of change in equity, the figures for the previous year are included together with the figures for 2015 for purposes of comparison.

3. Accounting policies

3.1 Intangible assets

The intangible assets indicated below are carried at acquisition cost less accumulated amortisation and any impairment losses, their useful lives being evaluated based on prudent estimates.

The carrying amount of intangible assets is tested for possible impairment when certain events or changes indicate that carrying amount may not be recoverable.

a) Concession agreement, regulated assets

The Chart of Accounts for public infrastructure concession companies (in force as from 1 January 2011) regulates the accounting treatment of concession agreements for services, defining them as arrangements in which the grantor entrusts to a concession company the construction, including improvements, and operation, or solely the operation, of infrastructures to be used in the provision of public services having an economic nature during the time period stipulated in the agreement, in exchange for the right to receive remuneration.

Concession arrangements should fulfil the following requirements:

- The grantor controls or regulates which public services must be provided by the concession company using the infrastructure, to whom they must be provided and at what price; and
- The grantor controls any significant residual interest in the infrastructure at the end of the concession period.

Under such concession arrangements, the concession holder acts as a service provider specifically of infrastructure construction or improvement services and operation and maintenance services. The consideration received by the concession company related to the infrastructure construction or improvement service is carried at the fair value of such service, as an intangible asset, in cases where the company is entitled to charge a price to users of the public service, which is not unconditional but depends on the actual usage of the service.

The consideration received for the construction or improvement service is recognised as an intangible in the item "Concession agreement, regulated asset", in Intangible assets, in accordance with the intangible model in which demand risk is assumed by the concession entity.

The Company calculates amortisation on this concession asset based on best estimates of traffic, as set out in the Business Financial Plan (Note 5.c).



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

b) Concession agreement, capitalisation of interest expense

When remuneration for the construction or improvement services consists of an intangible asset, interest incurred on infrastructure financing as from the date on which the infrastructure is ready for use is capitalised, provided there is reasonable evidence that it will be recovered through future revenue. Capitalised interest is recognised in "Concession agreement, capitalisation of interest expense". It is taken to the income statement in proportion to the revenue envisaged in the Company's Business Financial Plan, on the understanding that the future revenue envisaged in the plan will allow the interest expense to be recovered. With respect to forecast revenue, annual toll revenue is determined as a percentage of total toll revenue. This percentage is applied to total forecast interest over the term of the concession in order to determine the amount to be recognised each year as interest for the year. In the event that actual revenue for the year exceeds forecast revenue, the percentage will be calculated based on the actual revenue and forecast total toll revenue.

c) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the assets' estimated useful lives (5 years).

Computer software maintenance expenses are recognised when incurred. Costs directly related to the production of identifiable and unique computer programs controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Directly attributable costs include software developer costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed five years.

3.2 Property, plant and equipment

Property, plant and equipment is carried at acquisition price or production cost less accumulated depreciation and accumulated impairment losses recognised.

Costs incurred to extend, modernise or improve property, plant and equipment are only recognised as an increase in the value of the asset when the capacity, productivity or useful life of the asset is extended and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

Investments which, due to their timing, have an economic life that is longer than their useful life (residual concession period in each case), give rise to the recognition of an intangible asset and a provision for the same amount at the beginning of the concession, reflecting the present value of the commitment acquired and equal to the asset's theoretical carrying amount at the end of the concession in the event of the asset not having to be handed over to the granting Administration, i.e. on the basis of its economic life rather than the concession period.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically using the straight-line method over the assets' estimated useful lives based on the actual decline in value brought about by operation, use and possession. Assets attributable to the motorway investment, the useful life of which exceeds the concession period, are depreciated over the concession period. The estimated useful lives are as follows:

	<u>Estimated useful life, years</u>
Plant	6-14
Machinery and tooling	6-10
Furnishings	6-20
Data processing equipment	4-8
Vehicles	7-13

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

When an asset's carrying amount exceeds its estimated recoverable amount, carrying amount is written down immediately to the recoverable amount.

Gains and losses on the disposal of property, plant and equipment are calculated by comparing the sale revenue with the carrying amount and are recognised in the income statement.

3.3 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of fixed assets that require more than one year before they may be brought into use are included in the cost of the assets until they are ready for use.

See Note 3.1.b) with regard to interest expense incurred after the motorway is brought into operation.

3.4 Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, barring amounts maturing more than 12 months after the balance sheet date, which are classed as non-current assets and receivables when applying the financial model to the recognition of certain concession agreements subject to the Chart of Accounts for public infrastructure concession companies. This right is initially measured at amortised cost using the effective interest method.

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost. Accrued interest is recognised at the effective interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

Loans and receivables are tested for impairment at least at each reporting date and the corresponding impairment losses are recognised when there is objective evidence that all amounts will not be collected.

Impairment losses are recognised at the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the initial recognition date. Impairment losses and any subsequent reversals are recognised in the income statement.

b) Financial assets held for trading and other financial assets at fair value through profit or loss:

All those assets held for trading, purchased for sale in the short term or that form part of an instrument portfolio, identified and managed jointly to obtain short-term gains, are considered financial assets at fair value through profit or loss together with the financial assets designated by the Company upon initial recognition for inclusion in this category for the purposes of a fairer presentation. Derivatives are also classified as held for trading provided that they do not consist of a financial guarantee and have not been designated as hedging instruments.

These financial assets are measured, both initially and subsequently, at fair value and any changes affecting this value are taken to the income statement for the year. Directly attributable transaction costs are recognised in the income statement for the year.



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

3.5 Financial derivatives and hedge accounting

Financial derivatives are measured at fair value at both initial recognition and subsequent measurement. Resulting gains and losses are recognised depending on whether the derivative is designated as a hedging instrument or not and, if so, the nature of the item being hedged. The Company designates certain derivatives as:

Cash flow hedges: The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is transitionally recognised in a hedging reserve account in equity. These amounts are recycled to profit or loss in the year(s) in which the hedged forecast transaction affects profit or loss, unless the hedge corresponds to a forecast transaction that ultimately results in the recognition of a non-financial asset or liability, in which case the gains or losses previously deferred in equity are included in the initial cost of the asset when it is acquired or liability when it is assumed.

The total fair value of a hedging derivative is classified as a non-current asset or liability if the hedged item's residual maturity is more than twelve (12) months and as a current asset or liability if it is less than twelve (12) months.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement for the year.

The Company has no hedges of net investments in foreign operations in subsidiaries.

Hedging instruments are measured and recognised by nature to the extent that they are not or cease to be effective hedges.

In the event that derivatives do not qualify for hedge accounting, the related fair value gains and losses are recognised immediately in the income statement for the year.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits at credit institutions and other short-term highly liquid investments with an original maturity of three (3) months or less.

When Company cash is restricted, eg. it is not freely available owing to restrictions imposed by the bank, it is not classified under "cash and cash equivalents".

3.7 Equity

Share capital consists of ordinary shares.

In the event that the Company acquires treasury shares, the compensation paid including any incremental cost that is directly attributable, is deducted from equity until the shares are redeemed, issued again or otherwise disposed of. When treasury shares are subsequently sold or reissued, any amount received is taken to equity net of directly attributable incremental costs.

3.8 Financial liabilities

a) Creditors and payables

This includes trade and non-trade payables. Borrowings are classed as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. The effective interest rate is the discount rate that brings the carrying value of the instrument into line with the expected flow of forecast future payments to maturity of the liability.



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(Expressed in thousand euro)

Nonetheless, trade payables falling due in less than one year that do not carry a contractual interest rate are carried at their nominal value upon both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

In the event of the renegotiation of existing debts, the financial liability is not deemed to change significantly when the lender of the new loan is the same as the initial lender and the present value of cash flows, including net fees, is not more than 10% higher or lower than the present value of cash flows payable on the original liability, calculated using the same method.

3.9 Short-term accruals

This heading includes the part of income which, while recognised in one period, should be recognised in the following period, i.e., the period in which it accrues. In other words, it should be recognised as and when the service is provided.

3.10 Current and deferred taxes

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expense (income) is recognised in the income statement. However, the tax effects of items recognised directly with a credit or charge to equity are also recognised in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be payable to or recoverable from the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, if the deferred taxes arise from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on the tax or accounting gain or loss, they are not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised insofar as future tax profits will probably arise against which to offset the temporary differences.

Deferred taxes on temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised, except where the Company is able to control the reversal date of the temporary differences and such differences are unlikely to reverse in the foreseeable future.

3.11 Employee benefits

Severance indemnities

Severance indemnities are paid to employees as a result of the Company's decision to terminate employment contracts before the normal retirement age or when employees voluntarily agree to resign in return for such benefits. The Company recognises these benefits when it has demonstrably undertaken to make workers redundant in accordance with a detailed formal plan which cannot be withdrawn or to provide severance indemnities as a result of an offer to encourage employees to take up voluntary redundancy. Benefits not falling due within 12 months of the balance sheet date are discounted to present value.

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3.12 Provisions and contingent liabilities

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are stated at the present value of the disbursements expected to be necessary to settle the liability. Adjustments to the provision deriving from restatements are recognised as a financial expense as they accrue.

Provisions maturing in one year or less with an insignificant financial effect are not discounted.

For concession agreements, under which the consideration received is recognised under intangible assets, for accounting purposes the infrastructure work carried out during the concession period is recognised as follows:

- a) Maintenance services: recognised as an expense for the period in which they are incurred.
- b) Replacements and major repairs required to keep the infrastructures in an optimal condition: provisions are systematically charged to the income statement on the basis of infrastructure use. They are calculated using best estimates of future replacements and major repairs included in the Company's Business Financial Plan.
- c) Activities necessary to revert the infrastructure to the grantor at the end of the concession period, in the conditions of use and operation stipulated in the concession agreement: provisions are systematically charged as indicated in letter b) above, unless the obligations in question are similar to decommissioning or withdrawal obligations, in which case the initially estimated present value of the commitments acquired in connection with these activities will form part of the value of the intangible assets.
- d) Improvements or capacity increases: these activities are treated as a new concession for accounting purposes and the consideration received is recognised. Nonetheless, if these actions are not compensated through a possible increase in revenues, a provision is recognised for the best estimate of the present value of the necessary disbursement to settle such actions. The balancing entry is an increase in the acquisition price of the intangible asset.

When it is expected that a portion of the payment necessary to cancel the provision will be reimbursed by a third party the reimbursement is recognised as an independent asset, provided that receipt of the reimbursement is practically certain.

Contingent liabilities, meanwhile, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. These contingent liabilities are not reflected in the accounts although they are disclosed in the notes to the same (Note 19).

3.13 Revenue recognition

Revenue comprises the fair value of the consideration receivable and represents amounts receivable for goods delivered and services rendered in the ordinary course of the Company's business, net of returns, rebates, discounts and VAT.

The Company recognises revenue when it can be reliably measured and when it is probable that future economic benefits will flow to the Company and the specific conditions for each activity are met.

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3.14 Leases

a) Finance lease

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company holds substantially all the risks and rewards of ownership are classed as finance leases. Finance leases are capitalised at inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Present value is calculated using the interest rate implicit in the lease agreement and, if this rate cannot be determined, the interest rate applied by the Company on similar transactions.

Each lease payment is made up of the liability and financial charges. The total financial charge is apportioned over the lease term and taken to the income statement in the period of accrual, using the effective interest method. Contingent instalments are expensed in the year they are incurred. Lease obligations, net of financial charges, are recognised in "Finance lease creditors". Property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

b) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) are charged against the income statement for the year in which they accrue on a straight- line basis over the lease period.

3.15 Related- party transactions

Transactions between group companies are initially recognised at fair value. Where the agreed price differs from fair value, the difference is recognised based on the economic reality of the transaction. Subsequent measurement is made in line with the relevant accounting standards.

3.16 Environment

The Company has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant with respect to its equity, financial situation and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the annual accounts.

4. Financial risk management

Main financial risk factors

The Company manages, assesses and hedges its main financial risks applying policies approved by the Board of Directors.

Its comprehensive risk management program focuses on prevailing financial market uncertainty in an attempt to mitigate any potential adverse effects on its financial returns.

The Board of Directors provides policies for overall risk management and written policies covering specific areas such as interest rate risk, liquidity risk, use of derivatives and non-derivatives and investing excess liquidity.

Foreign exchange risk exposure:

The Company is not exposed to foreign exchange risk since all its transactions are effected in euro.



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Interest rate risk exposure:

The Company's interest rate risk relates mainly to long-term bank borrowings. The Company's borrowings bear interest at variable rates linked to the Euribor.

It is Company policy to contract interest rate swaps to convert the variable rates to fixed rates on long-term bank borrowings.

Exposure to variable interest rates at the year-end is analysed below:

	Thousand Euro	
	2015	2014
Bank borrowings (Note 15.a)	60,077	61,747
Notional amounts hedged (Note 11)	54,482	56,041
Position hedged by financial derivatives	91%	91%

Note 11 provides a breakdown of the derivative instruments contracted by the Company.

Liquidity risk exposure:

Cash is managed at the Group level. The Company contributes or receives cash to or from the Group depending on circumstances and needs.

The Group's liquidity management is based on:

- Detailed management of working capital to ensure timely fulfilment of customers' payment commitments.
- Monetization of financial assets, provided this is feasible due to reasonable market conditions, through factoring.
- Implementation of an integrated treasury system to optimize daily liquidity positions in the Group companies.

The Directors do not consider that there is a liquidity risk because of the reasons explained in Note 2.c).

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5. Intangible assets

Set out below is an analysis of and movements in the accounts recorded under Intangible assets for the years 2015 and 2014:

	Concession agreement, regulated assets	Computer software	Concession agreement, capitalization of interest expense	Total
At 31 December 2014				
Cost	91,809	110	8,995	100,914
Accumulated amortisation and impairment	(23,832)	(39)	-	(23,871)
Carrying amount	67,977	71	8,995	77,043
At 31 December 2015				
Carrying amount at the beginning of the period	67,977	71	8,995	77,043
Additions	736	3	1,864	2,603
Amortisation	(5,149)	(27)	-	(5,176)
Carrying amount	63,564	47	10,859	74,470
At 31 December 2015				
Cost	92,545	113	10,859	103,517
Accumulated amortisation and impairment	(28,981)	(66)	-	(29,047)
Carrying amount	63,564	47	10,859	74,470

Additions recognised in the year amounting to €736 thousand relate to the restatement of the initial value of intangible assets related to the contingent price of expropriations.

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	Concession agreement, regulated assets	Computer software	Concession agreement, capitalization of interest expense	Total
At 31 December 2013				
Cost	91,809	79	6,954	98,842
Accumulated amortisation and impairment	(18,827)	(19)	-	(18,846)
Carrying amount	72,982	60	6,954	79,996
At 31 December 2014				
Carrying amount at the beginning of the period	72,982	60	6,954	79,996
Additions	-	31	2,041	2,072
Amortisation	(5,005)	(20)	-	(5,025)
Carrying amount	67,977	71	8,995	77,043
At 31 December 2014				
Cost	91,809	110	8,995	100,914
Accumulated amortisation and impairment	(23,832)	(39)	-	(23,871)
Carrying amount	67,977	71	8,995	77,043

Concession agreement

a) Description, nature and scope

On 27 December 2007 the Company entered into a 19-year concession agreement for the maintenance and operation of the A-4 motorway from kilometre 3.78 to kilometre 67.50. Section: Madrid-R4 with the Secretary of State's Office for Infrastructures and Planning (Ministry of Development). This concession has been classified as an intangible asset since the consideration received consists of the right to collect the relevant tariffs on the basis of the level of use of the public service.

The project is divided into three areas:

- Area 1: New-build projects and refurbishment work on the existing section of the motorway and on relief roads
- Area 2: Replacement projects and major repairs
- Area 3: Operation and maintenance of the motorway section

The concession company is entitled to operate the A4 motorway section between kilometre 3.78 and kilometre 67.50 for the period stipulated in the concession agreement; to date there have been no changes in the concession period or in the assets managed and all the obligations deriving from the original concession agreement remain applicable.

Tariffs are updated annually in line with the change in the National Consumer Price Index published by the National Institute of Statistics.

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The Company will carry out all the activities related to the preservation and maintenance of the principal asset that is the subject matter of the concession agreement, receiving revenue based on motorway traffic and on service quality. Receivables are calculated by multiplying the traffic count by the tariff. A maximum amount to be received from the Ministry of Development is fixed.

The Company performs all the activities envisaged in the Business Financial Plan as part of the ordinary maintenance and replacement work necessary to keep the asset in the optimal condition stipulated. The initial investment was made during the construction phase (2008-2010).

Article 75.1.2 of the Specific Administrative Clauses defines the obligations that must be fulfilled to hand over the assets at the end of the concession period and the obligation to return the asset in perfect condition.

The Specific Administrative Clauses do not envisage the renewal of the agreement but they do require the grantor to maintain the economic and financial balance. The rest of the Company's rights and obligations are regulated by the Law on Government Contracting (TRLCAP).

b) Amendments to the agreement

On 7 June 2011 the Secretary of State's Office approved the rebalancing of the concession's economic and financial balance requested by the Company to maintain the internal rate of return envisaged in the bid, taking into account excess costs incurred in additional work not included in the draft tender documents.

This consisted of an increase in the tariff to offset the excess costs derived from the recognised additional investment of 9,925 thousand euro in Area 1 and estimated 7,497 thousand euro in Area 2. Additionally, this has led to the consequent amendment in the maximum annual amounts.

Moreover, the Ministry of Development granted a participating loan to the Company for the additional investment in Area 1 recognised in the same amount (Note 15.e).

c) Business Financial Plan

Ruling 70.943/07 (15 November), published in the Official State Gazette on 26 November 2007, whereby the motorway concession was awarded, also approved the Business Financial Plan submitted by the Company, which was amended on 9 June 2011 to include the approved rebalancing.

The main criteria applied to calculate the main figures in the Business Financial Plan are as follows:

- Best estimate of future traffic based on an independent third-party study.
- Tariffs approved in the rebalancing increased by annual inflation (estimated at 2.5%).
- Best estimate of replacement projects and major repairs to be carried out on the infrastructure, taking into account work envisaged in the bid and work recognised in the economic and financial rebalancing.
- Reference interest rate curve for the Company's loans.
- 4% discount rate.

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Concession agreement, capitalization of interest expense

The Company capitalizes interest expense during the motorway operation phase in accordance with the NAECIP, since the expense is identifiable and can be reliably measured, and the Business Financial Plan approved during the year shows that the amount capitalized will be recovered out of future revenue.

Set out below is an analysis of the item Concession agreement, capitalization of interest expense, showing movements during the year, as per the accounting policies explained in Note 3.1.b:

Interest expense capitalized	
At 31 December 2013	6,954
Carrying amount at 1 January 2014	6,954
Increases/(Decreases)	2,041
At 31 December 2014	8,995
Carrying amount at 01 January 2015	8,995
Increases/(Decreases)	1,864
At 31 December 2015	10,859

Amounts apportioned in this item to 2015 total 10,859 thousand euro (8,995 thousand euro in 2014), of which 1,864 thousand euro was credited to the 2015 income statement (2,014 thousand euro in 2014). Financial expense forecast in the Business Financial Plan for the period 1 January 2011 to 27 December 2026 totals approximately 71 million euro.

Financial expense is taken to the income statement by applying to forecast total interest expense the percentage represented by forecast revenue for the year in relation to total shadow toll revenue as per the Concession's financial model.

Moreover, given the novation of the Business Economic Plan approval of rebalancing the concession in 2011, the Company considers the amount capitalized until 31 December 2010 as part of the total interest expense expected for the purposes of the calculation.

Set out below is a breakdown of forecast and actual financial expense used to calculate the amount capitalized during the year:

	2015	2014
Forecast expense to be capitalized	1,864	2,041
Forecast expense to be expensed	3,825	3,680
Total forecast financial expense	5,689	5,721
Total actual financial expense	4,883	5,596
Departure forecast expense - actual expense	(806)	(125)

Fully-amortised intangible assets

At 31 December 2015 and 2014 there were no fully-amortised intangible assets still in use.

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a) Finance lease

The item "Machinery, tooling and vehicles" includes the following assets being acquired by the Company under a finance lease agreement:

	Thousand Euro	
	2015	2014
Capitalised finance lease cost	109	109
Accumulated depreciation	(63)	(47)
Carrying amount	46	62

Finance lease liabilities and residual values are analysed in Note 15d.

b) Insurance

The Company has taken out a number of insurance policies to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

7. Long-term and short-term financial investments

a) Long-term financial investments

Set out below is an analysis of this heading showing movements during 2015 and 2014:

	Thousand Euro	
	Other financial assets	Total
At 31 December 2013	2,814	2,814
Increases	465	465
Reclassifications	1,258	1,258
At 31 December 2014	4,537	4,537
Increases	-	-
Reclassifications	-	-
At 31 December 2015	4,537	4,537

Additions to Other financial assets relate to current account balances not available in the long term, pursuant to Clause 25 of the senior loan agreement (Note 15.a).

b) Short-term investments

Short-term financial assets relate mainly to current account balances totalling 2,736 thousand euro not available for a period of more than three months but less than 12 months (2014: 2,879 thousand euro), pursuant to Clause 25 of the senior loan agreement (Note 15.a).

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8. Cash and cash equivalents

	Thousand euro	
	2015	2014
Banks	22,084	13,432
Cash and cash equivalents	22,084	13,432

The cash balance relates to freely distributable current account balances.

9. Analysis of financial instruments

9.1 Analysis by category

The carrying amount of each category of financial instruments stipulated in recognition and measurement standard "Financial instruments" is as follows:

	Thousand euro			
	Long-term financial assets			
	Derivatives and Other		Total	
	2015	2014	2015	2014
Trade and other receivables (Note 7):				
- Other financial assets	4,537	4,537	4,537	4,537
	4,537	4,537	4,537	4,537

	Thousand euro			
	Short-term financial assets			
	Debtors, derivatives and other		Total	
	2015	2014	2015	2014
Trade and other receivables:				
- Loans and receivables (Note 10)	5,070	8,709	5,070	8,709
- Other financial assets	2,736	2,879	2,736	2,879
Cash and cash equivalents (Note 8)	22,084	13,432	22,084	13,432
	29,890	25,020	29,890	25,020

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	Thousand euro					
	Long-term financial liabilities					
	Bank loans		Derivatives and Other		Total	
	2015	2014	2015	2014	2015	2014
Creditors and payables:						
- Bank loans and overdrafts (Note 15)	56,926	-	-	-	56,926	-
- Trade and other payables (Note 15)	-	2	-	-	-	2
- Hedging derivatives (Notes 11 and 15)	-	-	16,611	19,280	16,611	19,280
- Other long-term payables (Note 15)	-	-	10,653	11,044	10,653	11,044
- Amounts payable to Group companies and associates (Note 15 and 21)	-	-	17,928	17,928	17,928	17,928
	56,926	2	45,192	48,252	102,118	48,254

	Thousand euro					
	Short-term financial liabilities					
	Bank loans		Derivatives and Other		Total	
	2015	2014	2015	2014	2015	2014
Creditors and payables:						
- Bank loans and overdrafts (Note 15)	3,151	61,747	-	-	3,151	61,747
- Trade and other payables (Note 15)	2	22	316	541	318	563
- Other short-term debts (Note 15)	-	-	257	205	257	205
- Amounts payable to Group companies and associates (Note 15 and 21)	-	-	1,156	6	1,156	6
	3,153	61,769	1,729	752	4,882	62,521

9.2 Analysis by maturity

Payables having fixed or determinable maturities are shown below by year of maturity at the 2015 year end:

	Thousand euro						
	Financial assets						
	2016	2017	2018	2019	2020	Subsequent years	Total
Trade and other receivables (Note 10)	5,070	-	-	-	-	-	5,070
Other financial assets	2,736	1,468	861	853	776	579	7,273
	7,806	1,468	861	853	776	579	12,343

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	Thousand euro						
	Financial liabilities						
	2016	2017	2018	2019	2020	Subsequent years	Total
- Bank loans and overdrafts (Note 15)	3,151	3,893	4,332	5,047	5,498	38,156	60,077
- Finance lease liabilities (Note 15)	2	-	-	-	-	-	2
- Creditors and payables (Note 15)	316	-	-	-	-	-	316
- Hedging derivatives (Note 11 and 15)	-	-	-	-	-	16,611	16,611
- Other payables (Note 15)	257	-	-	-	-	10,653	10,910
- Amounts payable to Group companies and associates (Note 15 and 21)	1,156	-	-	-	-	17,928	19,084
	4,882	3,893	4,332	5,047	5,498	83,348	107,000

With regard to bank borrowings, forecast contractual maturities are disclosed, even though the amount involved has been fully classified under current liabilities.

10. Loans and receivables

	Thousand euro	
	2015	2014
- Trade receivables for sales and services rendered	4,988	8,694
- Prepayments to suppliers	12	15
- Loans to employees	70	-
Total	5,070	8,709

Short-term loans and receivables maturing in less than one year are carried at face value, since there is no evidence of impairment at 31 December 2015 and 2014.

Trade receivables for sales and services relate to the amounts receivable for IPCs (Interim Payment Certificate) issued by the Company to the Ministry of Development for the vehicles that have used the concession infrastructure within the concession contract framework, with respect to which amounts have been withheld until the following formal claims from the State Roads Demarcation in Madrid have been settled (the sum withheld following the claim received on 31 August 2015 from the Contract Inspector recognising the recalculation of the Road Safety and Mortality Indicators was partly regularised in the amount of 4,041,400 euro).

The proceedings filed following the claim from the State Roads Demarcation in Madrid, ordering the regularisation of 2,034,409 euro related to the Coefficient of Rolling Resistance for the years 2013 and 2014 and withheld from February and March 2014 IPCs, are still under way. The Company has continued to use two different claims procedures and is waiting for its appeal for reversal to be allowed by the Supreme Court of Justice of Madrid and has formalised the claim with the National Court, while it waits for the Ministry of Development to submit a reply.

On 15 October 2014 and 26 November 2014, the Company received claims from the State Roads Demarcation in Madrid ordering regularisations amounting to 2,213,600 and 4,000,000 euro as a consequence of the retroactive application of "I18 Road Safety Danger index" I18" and "I19. Road Safety Mortality Index" under the concession agreement framework, related to 2012 and 2013 respectively. Those amounts were withheld from the IPCs issued by the Company from September to December 2014.

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These deductions were partly regularised following the claim of 31 August 2015 and the Administration paid 4,041,400 euros, an amount of 2,172,000 euros pending regularisation.

Nonetheless, the formal claim regarding the amounts wrongly deducted is still on going with the National Court while the Company awaits the formalisation of the claim and adaptation of the amount of the processes, taking actual regularisations into account.

The Company's Directors and its legal advisors consider that the resolution of the aforementioned claims in favour of the Company is probable, and therefore, consider probable the recoverability of the amounts withheld as a result of the above- mentioned proceedings.

11. Financial derivatives

	Thousand euro			
	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges	-	16,611	-	19,280
Total	-	16,611	-	19,280
Less non-current portion:	-	16,611	-	19,280
Interest rate swaps – cash flow hedges	-	16,611	-	19,280
Current portion	-	-	-	-

At 31 December 2015 and 2014 the Company has arranged with BNP and BBVA financial institutions an interest rate swaps arranged on 1 August 2008 and with final maturity on 16 June 2025, which insure a rate of 5.7% and 5.7%, respectively, with a total notional amount at the year end of 54,482 thousand euro (2014: 56,041 thousand euros), in relation to the long-term syndicated loan which it arranged on 26 June 2008 for a maximum of 64,459 thousand euros, utilised in an amount of 60,385 thousand at 31 December 2015 (2014: 62,138 thousand euro) (Note 15).

The effective portion recognised in equity in respect of cash flow hedges amounts to a loss of 400 thousand euros (2014: loss of 6,604 thousand euro) less the tax effect recognised as a deferred tax asset (Note 17) and the update of the tax rate for a negative amount of 273 thousand euro (2014: positive amount of 928 thousand euro).

Settlement of this derivative in 2015 triggered a loss before the tax effect of 3,070 thousand euro (2014: 2,990 thousand euro).

The provision for interest on the Company's financial instruments amounts to 135 thousand euro (2014: 133 thousand euro) (Note 21).

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12. Share capital

Share capital in 2015 and 2014 is as follows:

	Thousand euro	
	2015	2014
Authorised capital	9,413	9,413
Total	9,413	9,413

Authorised capital consists of 1,882,674 ordinary bearer shares (2014: 1,882,674 shares) with a par value of 5 euro each; no payments on shares were outstanding at 31 December 2015.

There are restrictions on the free transfer of shares, pursuant to concession requirements.

The shares are also pledged to secure the loan described in Note 15.a.

At 31 December 2015 and 2014, the following companies hold interests in the company's share capital:

Company	2015		2014	
	Number of shares	Percentage interest	Number of shares	Percentage interest
Isolux Corsán Concesiones de Infraestructuras, S.L.U.	917,803	48.75%	917,803	48.75%
Elsamex, S.A.	870,737	46.25%	870,737	46.25%
Grusamar Ingeniería y Consulting S.L.	47,067	2.50%	47,067	2.50%
Eyser Estudios y Servicios, S.A.	47,067	2.50%	47,067	2.50%
Total	1,882,674	100.00%	1,882,674	100.00%

13. Reserves

Set out below is an analysis of this heading showing movements during 2015 and 2014:

	Thousand euro	
	2015	2014
Legal and bylaw:		
- Legal reserve	604	532
Other reserves:		
- Voluntary reserve	652	-
	1,256	532

Legal reserve

Appropriations to the legal reserve are made in compliance with Article 274 of the Spanish Companies Act 2010, which stipulates that 10% of the profits for each year must be transferred to this reserve until it represents at least 20% of share capital.

The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.



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Voluntary reserves

On 30 June 2013 the Extraordinary General Meeting of Shareholders appropriated 65 thousand euros to voluntary reserves from profits or the year, leaving the balance of the account which was negative in 2012 owing to the impact of the transition to the 2007 Chart of Accounts at 0.

14. Profit/ (loss) for the year

a) Proposed distribution of profits

Set out below is the proposed distribution of results and reserves for 2015 to be submitted to the General Shareholders' Meeting, and the distribution approved for 2014:

	Thousand euro	
	2015	2014
Basis of distribution		
Profit	2,292	724
	2,292	724
Application		
Legal reserve	229	72
Dividends	2,063	-
Other reserves	-	652
	2,292	724

b) Restrictions on the payment of dividends

There are restrictions on the distribution of dividends, imposed by Clause 25.2 of the loan agreement detailed in Note 15.a), whereby the debt service coverage ratio for the previous period cannot be reduced to less than 1.10.

At 31 December 2014, the debt service coverage ratio was less than 1.10. Therefore, the lender entities under the loan agreement described in Note 15 exempted the Company from complying with contract clause 16.m, preventing the early termination of the contract. This exemption does not authorize distributions of dividends against 2014 profits.

At 31 December 2015 the debt service coverage ratio is expected to exceed 1.10.

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15. Creditors and payables

	Thousand euro	
	2015	2014
Long-term payables:	84,190	30,326
- Borrowings (Note 15.a)	56,926	-
- Finance lease liabilities (Note 15.d)	-	2
- Derivatives (Note 11)	16,611	19,280
- Other long-term payables (Note 15.e)	10,653	11,044
Amounts payable to Group companies and associates (Note 15b and 21)	17,928	17,928
Total long-term payables	102,118	48,254
Short-term payables:	3,410	61,974
- Borrowings (Note 15.a)	3,151	61,747
- Finance lease liabilities (Note 15.d)	2	22
- Other short-term payables (Note 15e)	257	205
Amounts payable to Group companies and associates (Note 15b and 21)	1,156	6
Trade and other payables:	316	541
- Trade payables	295	503
- Trade payables to Group companies and associates (Note 21.c)	6	11
- Accrued wages and salaries	15	27
Total short-term payables	4,882	62,521

a) Bank loans

On 26 June 2008 the Company obtained a loan solely to cover the financeable costs of the investment in the administrative concession awarded (Note 5).

The terms of such financing are as follows:

				Thousand euro	
2015	Agent bank	Maturity	Interest rate	Nominal limit 31/12/2015	Drawdown balance 31/12/2015
Senior loan	BNP Paribas	15/06/2025	Euribor+Spread	64,459	60,385
	Accrued unpaid interest				31
	Amortised cost effect				(475)
					59,941

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

2014	Agent bank	Maturity (*)	Interest rate	Thousand euro	
				Nominal limit 31/12/2014	Drawdown balance 31/12/2014
Senior loan	BNP Paribas	15/06/2025	Euribor+Spread	64,459	62,138
	Accrued unpaid interest				40
	Amortised cost effect				(564)
					61,614

The agent bank is BNP Paribas, which financed 50% of the loan, while the remainder has been financed by BBVA.

On 23 January 2012, a novation was signed, modifying but not extinguishing the Financing Agreement. Some definitions were modified with respect to the initial contract signed on 12 September 2008, regarding the debt service coverage ratio (hereinafter DSCR).

The spread applicable to the senior loan until the project came into operation was 1.1%. The project was not declared operational until January 2011. From that date to the first interest period following the first annual calculation of the DSCR, the applicable spread was 1.25%, and as from the first DSCR calculation, the applicable spread is determined based on the last DSCR certified. If this is greater than or equal to 1.20 the applicable spread will be 1.15%, otherwise it will be 1.25%. In any event, the ratio may not be less than 1.05.

The last debt service coverage ratio at the 2014 year end amounted to 0.36 (reason why the debt was classified under current liabilities in accordance with accounting legislation although it was not payable due to the exemptions arranged with the financial institutions involved in February and March 2015). The margin applicable in the year of 1.15% is subject to that exemption.

Loan principal is repaid on a six-monthly basis, the first and last payments being due on 15 June 2011 and 15 June 2025. Repayments during the year amounted to 1,753 thousand euro (2014: 1,244 thousand euro).

The loan agreement includes a hedging clause whereby the risk of interest rate fluctuations must be hedged for at least 90% and at most 100% of the loan's nominal value to final maturity (Note 11).

At 31 December 2015, the loans bore monthly interest at an average rate of 1.23% (2014: 1.508%).

The loan agreement provides for compliance with the usual ratios under this type of arrangements which the Company's Directors consider have been met at 31 December 2015.

The loan agreement also requires reserve accounts to be recognised; these reserves have properly established at 31 December 2015 and 2014 pursuant to Clause 25 of the loan agreement. They are subject to certain restrictions, causing the reserve balances at the 2015 and 2014 year ends to be classed as Long-term financial investments (Note 7.a), Short-term financial investments (Note 7.b) and Cash and cash equivalents (Note 8).

Additionally, as an essential condition to obtain the loan, the Company's shareholders also signed a Shareholder Commitment Agreement, providing the following guarantees:

- Initial fund contribution commitments: the shareholders undertake to contribute shareholders' funds to the Company in the total amount required to fulfil the above-mentioned ratios.
- Completion guarantee: the shareholders undertake to contribute the necessary funds to ensure that the project becomes operational.
- Operating guarantee: the shareholders undertake to guarantee all payment commitments acquired by the Company in the financing agreements, in an amount limited to 13 million euro, to 31 August 2025, when the commitments secured will be fully repaid or fulfilled, or to the date on which payment of the maximum amount of the forecast liability falls due.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

Additionally, accrued interest payable on the derivative is recognised under this item amounting 135 thousand euro (2014: €133 thousand).

b) Payables to Group companies, jointly-controlled entities and associates

On 21 November 2008, the Company obtained a participating loan to partially finance project development, the Lender granting the borrower acceptable financial terms and assuming the financial and economic risk of interest payments based on the borrower's profits. The loan was granted in compliance with Article 20 of Royal Decree-Law 7/1996 (7 June).

The terms of such financing are as follows:

2015					Thousand euro	
Company	Loan type	Grant/renewal date	Maturity date	Interest rate applied	Limit	Drawdown balance (Capital + Interest)
Isolux Corsán Concesiones de Infraestructuras, S.L.U.	Participating loan	21/11/2008	15/06/2025	Fixed rate:	8,933	8,933
4% Variable rate: 3% of operating income				8,061	8,061	
				436	436	
Grusamar Ingeniería y Consulting, S.L.						1,156
Accrued interest expense payable						498
Amortised cost effect						19,084
2014					Thousand euro	
Company	Loan type	Grant/renewal date	Maturity date	Interest rate applied	Limit	Drawdown balance (Capital + Interest)
Isolux Corsán Concesiones de Infraestructuras, S.L.U.	Participating loan	21/11/2008	15/06/2025	Fixed rate:	8,933	8,933
4% Variable rate: 3% of operating income				8,061	8,061	
				436	436	
Grusamar Ingeniería y Consulting, S.L.						6
Accrued interest expense payable						498
Amortised cost effect						17,934

The original loan was novated twice, on 28 May 2009 and 30 December 2010, for operating and financial reasons, the original loan having been increased by 14,927 thousand euro and 1,930 thousand euro, respectively, making a total equity loan of 15,500 thousand euro following the first novation and 17,430 thousand euro following the second.

The agreement establishes a fixed interest rate of 4% per annum on the loan principal and a variable rate applicable based on operating revenue (variable or participating interest rate). Interest accrues daily in six-monthly interest periods throughout the loan term. The variable interest rate applicable to the loan principal throughout the loan term is 3% of the borrower's operating revenue for each six-monthly interest period.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

c) Information on the deferral of payments to suppliers

	Year 2015 (days)
Average payment period	70
Paid transactions ratio	73
Outstanding transactions ratio	58
	Year 2015 (thousand euro)
Total Payments made	1,690
Total Outstanding balances	361

2014

**Payments made and pending at the
balance sheet date**

	Thousand euro	%
Payments for the year within maximum legal term	2,433	61%
Remainder	1,549	39%
Total payments during the year	3,982	100%
Balance pending payment at year end in excess of legal limit	27	
Average weighted payment period exceeded (days)	24	

d) Finance lease liabilities

The Company is acquiring machinery, tools and vehicles under finance leases (Note 6).

These liabilities mature as follows:

	Thousand euro	
	2015	2014
Less than 1 year	2	22
Between 2 and 3 years	-	2
More than 5 years	-	-
Current debt	2	22
Non-current debt	-	2
Total	2	24

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Set out below is a breakdown of finance lease liabilities by bank or lessor:

2015					Thousand euro			
Supplier	Number of contract	Start date	Expiration date	Number of instalments	Amount outstanding	Residual value	Interest	Total payable
Banco Pastor	40025654	01/01/2012	17/01/2016	48 months	-	2	-	2
					-	2	-	2
2014					Thousand euro			
Supplier	Number of contract	Start date	Expiration date	Number of instalments	Amount outstanding	Residual value	Interest	Total payable
Banco Pastor	40021728	13/01/2010	13/01/2015	60 months	-	1	-	1
Banco Pastor	40025654	01/01/2012	17/01/2016	48 months	21	2	-	23
					21	3	-	24

The carrying amount and fair value of long-term lease liabilities do not differ significantly and therefore the liabilities are recognised at their repayment value less arrangement costs recognised in the past.

e) Other long-term payables

On 13 June 2011, the Company obtained a participating loan as part of the rebalancing approved by the Ministry of Development (Note 5.b), as analysed below:

2015					Thousand euro	
Loan type	Company	Maturity date	Interest rate applied	Limit	Drawdown balance (Capital + Interest)	
Participating loan	Ministry of Development	27/06/2026	(*)	9,925	9,925	
	Capitalised interest				1,020	
	Amortised cost effect				(292)	
	Accrued interest payable				257	
						10,910
2014					Thousand euro	
Loan type	Company	Maturity date	Interest rate applied	Limit	Drawdown balance (Capital + Interest)	
Participating loan	Ministry of Development	27/06/2026	(*)	9,925	9,925	
	Capitalised interest				1,020	
	Amortised cost effect				99	
	Accrued interest payable				205	
						11,249

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

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(*) The interest rate is calculated as the higher of the following:

a) Amount obtained by applying a fixed interest rate of 175 basis points to the participating loan balance.

b) Amount calculated using the following formula:

$R = 0.5 \times \text{IRR} \times \text{actual annual royalty} / \text{maximum annual royalty} \times \text{balance of participating loan granted.}$

There is a three-year grace period for interest payments on the loan. Interest accrued in this period is added to the loan principal and treated as principal for all purposes.

In November 2015 the Government Office in National Toll Motorway Concession- holder Companies reported a change in the methodology used to calculate loan interest, taking into account revenue by indicator in the actual and maximum royalty each year.

16. Other provisions

Set out below are movements in the provisions recognised on the balance sheet (provisions for infrastructure maintenance):

	Thousand euro		
	Motorway surfaces	Vertical signs and other	Total
Balance at 31 December 2013	3,737	2,089	5,826
Transfers (Note 18)	1,252	450	1,702
Financial addition	171	77	248
Applications	(479)	(101)	(580)
Balance at 31 December 2014	4,681	2,515	7,196
Transfers (Note 18)	938	21	959
Financial addition	186	3	189
Applications	(129)	(205)	(334)
Balance at 31 December 2015	5,676	2,334	8,010

Provisions recognised by the Company relate to replacement projects and major repairs to the infrastructure expected to be necessary during the concession period.

The Company annually re-assesses its estimate using its best forecast of the actions to be taken.

In this respect, the timeline of the investments forecast in the plan has been taken into account, using the best forecast at that date, while future investments are updated using a financial method.

All provisions are classified as non-current in 2014 while in 2015, 5,625 thousand euro has been classified under non-current liabilities and 2,385 thousand euro under current liabilities.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

17. Corporate income tax and tax situation

The general corporate income tax rate is 28%.

The reconciliation between the net amount of income and expense for the year and the taxable base is set out below:

2015	Thousand euro					
	Income statement			Income and expenses taken directly to equity		
	Increases	Decreases	Total	Increases	Decreases	Total
Income and expenses for the year before tax			3,184			2,670
Corporate income tax						
Permanent differences	-	-	-	-	-	-
Temporary differences	-	(795)	(795)	400	(3,070)	(2,670)
- arising during the year	-	-	-	400	-	400
- Arising in prior years	-	(795)	(795)	-	(3,070)	(3,070)
Taxable income			<u>2,389</u>			<u>-</u>
2014	Thousand euro					
	Income statement			Income and expenses taken directly to equity		
	Increases	Decreases	Total	Increases	Decreases	Total
Income and expenses for the year before tax			1,162			(3,614)
Corporate income tax						
Permanent differences	10	-	10	-	-	-
Temporary differences	2,067	-	2,067	6,604	(2,990)	3,614
- Arising during the year	2,067	-	2,067	6,604	-	6,604
- Arising in prior years	-	-	-	-	(2,990)	(2,990)
Taxable income			<u>3,239</u>			<u>-</u>

Income tax expense is analysed below:

	Thousand euro	
	2015	2014
Current year tax	669	972
Deferred tax	223	(534)
Total	<u>892</u>	<u>438</u>

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

Current income tax results from applying a tax rate of 28% (2014: 30%) to the tax base. Withholdings and payments on account have amounted to €168 thousand (2014: 553 thousand euro) and therefore tax payable totals 501 thousand euro (2014: 419 thousand euro). Deferred tax relates to the temporary differences generated by the amortisation / depreciation expense and the non-deductible financial expense.

Set out below is an analysis of deferred tax:

	Thousand euro	
	2015	2014
Deferred tax assets:		
- Other tax credits (hedging derivatives)	4,131	5,265
- Other tax credits (net financial expenses for the year)	225	362
- Other tax credits (amortisation/ depreciation not deductible in the year)	826	911
Total deferred tax assets	5,182	6,538

Movements during the year in deferred tax assets, not taking into account the offset of balances, are as follows:

	Thousand euro			
	Derivatives	Net financial expenses for the year in progress	Amortization/depreciation not deductible in the year	Total
Balance at 31 December 2013	5,233	296	443	5,972
Debited/ (credited) to income statement	-	67	468	535
Charged to equity	31	-	-	31
Balance at 31 December 2014	5,264	363	911	6,538
Debited/ (credited) to income statement	-	(138)	(85)	(223)
Charged to equity	(1,133)	-	-	(1,133)
Balance at 31 December 2015	4,131	225	826	5,182

In 2015 and 2014 the Company has recognised the impact of the change in the Spanish corporate tax rate, which was reduced from 30% to 28% in 2015 and to 25% in 2016, on deferred tax assets. The impact of this in 2015 amounts to 0 thousand euro (2014: 86 thousand euro) in corporate income tax and 385 thousand euro in equity (2014: 1,053 thousand euro).

All the Company's tax returns for the period 2011 to 2015 for the principal taxes to which it is subject are open to inspection by the tax authorities.

As a result, among other things, of the different interpretations to which current tax legislation lends itself, additional liabilities could arise as a result of an inspection. In any event, the directors consider that any such liabilities will not have a significant effect on the annual accounts.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

Additionally, the Company has the following tax position with the Public Administrations for taxes on its operating activities. The closing balance is as follows:

	Thousand euro	
	2015	2014
Current assets		
Other credits with Public Administrations	28	28
Current liabilities		
Other payables with Public Administrations	136	295

18. Income and expenses

a) Revenue

Revenue from the concession business totalled 15,092 thousand euro in 2015 (2014: 14,531 thousand euro).

b) Raw materials and consumables

	Thousand euro	
	2015	2014
Consumption goods purchased for resale:		
Purchases in Spain	247	246
Subcontracted work	212	243
Total	459	489

c) Staff costs

	Thousand euro	
	2015	2014
Wages, salaries and similar remuneration	1,055	1,062
Staff welfare expenses:		
- Employer social security	324	345
- Other staff welfare expenses	16	-
Total	1,395	1,407

The average number of employees by category during the year is as follows:

	2015	2014
Executive	1	1
Graduates	8	8
Administrative personnel	7	6
Operators	30	29
Total	46	44

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

The distribution by gender of the Company's personnel at the year-end is as follows:

	2015			2014		
	Men	Women	Total	Men	Women	Total
Executive	1	-	1	1	-	1
Graduates	4	4	8	4	4	8
Administrative personnel	5	2	7	4	2	6
Operators	30	-	30	29	-	29
Total	40	6	46	38	6	44

d) Other operating expenses

	Thousand euro	
	2015	2014
External services:		
- Rent and royalties	67	62
- Repairs and maintenance	103	86
- Independent professional services	326	470
- Insurance premiums	123	133
- Banking and similar services	38	55
- Advertising and public relations	5	4
- Supplies	236	260
- Other services	38	42
- Other taxes	34	27
- Losses, impairment and change in trade provisions (Note 16)	959	1,702
Total	1,929	2,841

e) Financial income/(expense)

	Thousand euro	
	2015	2014
Financial income:		
Other financial income	-	-
Financial expense:		
- On payables to Group companies	(1,157)	(1,122)
- Payables to third parties	(1,862)	(2,435)
- Financial discounting of provisions	(189)	(248)
	(3,208)	(3,805)
Financial income/(expense)	(3,208)	(3,805)



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

19. Contingencies

Contingent liabilities

At 31 December 2015, the Company records third-party guarantees amounting to 6,171 thousand euro (6,171 thousand euro in 2014).

Pursuant to Article 36 of Royal Decree 1098/2001 (12 October), whereby the Enabling Regulations for the Law on Government Contracting were introduced, the concession company furnished a definitive guarantee deposit for the above-mentioned amount, in the form of bank guarantees from Banco Pastor, to the awarding authority (Ministry of Development), covering the commitments acquired under the "Concession agreement for the maintenance and operation of the A-4 motorway".

The Company has no contingent liabilities owing to litigation arising in the ordinary course of business other than those mentioned in the preceding paragraphs.

20. Directors' and Senior Management remuneration

a) Board of Directors and senior management remuneration

Remuneration paid in 2015 to the Board of Directors and senior management totalled 105 thousand euro (2014: 139 thousand euro).

No contributions were made to pension plans or funds for former or current members of the Company's Board of Directors or senior management. No commitments have been entered into in this respect during the year.

The members of the Company's Board of Directors and senior management did not receive any remuneration with respect to profit sharing or bonuses. No shares or stock options were received by them during the year and no options were exercised. Nor have any options yet to be exercised.

b) Conflicts of Interest of the Directors

As part of the duty to avoid conflicts with the Company's interests, during the year the directors who have held positions on the Board of Directors have discharged the obligations set forth in Article 228 of the Spanish Companies Act 2010. Additionally, they and parties related to them have not come under the provisions concerning conflict of interests in Article 229 of this Law, except where the pertinent authorisation was obtained.

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

(Expressed in thousand euro)

21. Other related-party transactions

The following transactions were carried out with related parties:

a) Transactions effected

	Thousand euro	
	2015	2014
Services rendered:		
Elsamex, S.A.	4	6
Isolux Corsán Concesiones de Infraestructuras, S.L.U.	23	8
	27	14
Services received:		
Grupo Isolux Corsán, S.A.	15	8
Elsamex (UTE CORELSA)	-	61
Grupo Isolux Corsán (UTE CORELSA)	-	61
Elsamex, S.A.	18	531
Grusamar Ingeniería y Consulting	-	65
Isolux Corsán Concesiones de Infraestructuras, S.L.U.	3	575
	36	1,301
Total services rendered and received	63	1,315

b) Loans received from related companies

	Thousand euro	
	2015	2014
- Loans received		
Isolux Corsán Concesiones de Infraestructuras, S.L.U.	9,188	9,188
Elsamex, S.A.	8,292	8,292
Grusamar Ingeniería y Consulting, S.L.	448	448
Total long-term loans from Group companies and associates	17,928	17,928
- Current account		
Isolux Corsán Concesiones de Infraestructuras, S.L.U.	592	3
Elsamex, S.A.	535	3
Grusamar Ingeniería y Consulting, S.L.	29	-
Total short-term loans from Group companies and associates	1,156	6

c) Year-end balances arising from sales/purchases of goods/services

	Thousand euro	
	2015	2014
Accounts payable to related parties		
Grupo Isolux Corsán, S.A.	6	11
Total trade payables, Group companies and associates	6	11



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR 2015 (Expressed in thousand euro)

22. Events after the balance sheet date

No other subsequent events have occurred which could have significant impact in the present annual accounts.

23. Auditors' fees

The fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. for audit and other verification services totalled 25.9 thousand euro and 3.5 thousand euro for other items (2014: 25.9 thousand euro and 3.5 thousand euro for other items).

SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

Directors' Report
31 December 2015



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

DIRECTORS' REPORT FOR 2015

(Expressed in thousand euro)

1. Macro-economic environment

In short, in order to report on the 2015 economic situation, the following significant events can be highlighted:

In accordance with the Bank of Spain's December Economic Bulletin, quarter - on - quarter GDP growth steadied in the third quarter at 0.8% compared with 1% in the period April to June. GDP growth continued to be driven by the increase in domestic demand. The year-on-year rate stood at 3.4%, up two tenths on the preceding year.

Household expenditure in Spain grew by 1% in the last quarter of the year, in line with the previous quarter. The housing market also posted a recovery and housing operations were up in October by 2.7% compared with the same period in the previous year. The recovery similarly affected the car market where the number of registrations grew. This increase in domestic demand was fuelled by the increase in real income, associated with the improvement in the labour market, the fall in fuel prices, the improvement in disposable income, due to the latest tax reforms and the drop in financing costs brought about by the cut in interest rates. The fall in financing costs has kick started the borrowing market, particularly household borrowing (consumer and mortgage loans).

With respect to business activities, the expansion trend continued in line with the growth in demand and the fall in the cost of financing. Non-energy industrial output rose slightly, thanks to the increase in orders both in Spain and abroad. Also noteworthy was the increase in output of consumer goods production and a certain weakness in energy goods production, due to sector volatility.

The contribution of exports to GDP growth was flat in the last quarter due to the drop in exports triggered by the deterioration of certain emerging markets.

The consumer price index rose to 0% year on year, representing an increase of 0.3 compared with November, according to the National Institute of Statistics (INE).

Regarding the labour market, employment recovered slightly in the period October to December, to 0.7%, generally in all lines of business. Social Security membership rose 0.3%, not taking seasonality into account.

Public – Private Collaboration Concession Sector

The improvement in the macro-economic environment and the objective of the tax policy to shore up the economy and improve employment did not translate into an improve in the level of infrastructure investment envisaged for 2016 in the General State Budgets which include forecast infrastructure investment of 9.493 million euro, similar to the forecast figure in 2015.

Nonetheless, real investment by the Ministry of Development is expected to amount to 1,858 million euro, up 3% on the previous year. For the creation and conservation of roads, the Ministry will have 1,767 million euro, increased by a further 439 million through Sociedad Estatal de Infraestructuras del Transporte Terrestre, pushing the overall investment to 2,206 million euro.

With respect to railroad investment, overall investment is estimated at 4,318 million euro (not including the investment in RENFE Operadora, which will amount to 448 million euro), of which 3,687 million will be assigned to infrastructures associated with the high speed network.

Of the other investments by the Ministry of Development, noteworthy is the forecast investment in ports and airports amounting to 1,421 million euro.

2. Company's development and performance in 2015

Traffic revenue grew by 3.86% to 15,092 thousand euro compared with the previous year (14.531 thousand euro in 2014) mainly due to the positive performance of heavy vehicle revenues thanks to the general economic recovery which has enabled recovery of freight transport by road and the recovery of economic activity in the industrial areas adjoining the motorway.



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

DIRECTORS' REPORT FOR 2015

(Expressed in thousand euro)

This increase in traffic reviews was also strengthened by the improvement in income received as a result of the application of service provision indicators, as included in the Tender Specifications of the Concession Contract and which in 2015 averaged 5.71%

In light of the foregoing, it can be asserted that the Company's revenues have remained stable, enabling it to take on its contractual and financial obligations both present and future.

Given the characteristics of the Concession contract, the Company is subject to the risk of demand and therefore the main risk or uncertainty affecting it is the decline in traffic levels. This will have a negative impact on its income statement if there is a slowdown or decline in the recovery of economic activity, particularly in the industrial area of influence of the motorway or in road freight from or to the south of Spain. This is why this is the main risk to which the Company is subject since the situation of Radial Motorways means that the risk of new competitors appearing is limited.

During 2015 the Concessionaire carried out its ordinary operations in accordance with its Financial Economic Plan. In general, there were savings in recurring cost and operations items compared with the Financial Economic Plan, particularly, in relation to ordinary maintenance costs thanks to the mechanism established to optimise the Company's resources in the execution of such operations, the improvement in weather conditions, which reduced purchases of grit, the implementation of efficient energy systems in electricity consumption (public lighting) and the general fall in energy and fuel prices.

Similarly, the Company has carried out those actions, in terms of conservation and maintenance of the facilities under the concession contract aimed at restoring them in a perfect state of repair, as estimated in the concession contract, according to the scheduled programming.

On 31 December 2015 the Company complies with the accounting legislation which was published in Order EHA/3362/2010, approving new rules adapting the General Chart of Accounts to public infrastructure concession companies.

Similarly, at 31 December 2015 the Company complies with all tax legislation in effect at the date of this report and which may be applicable. It is up to date with its tax obligations with respect to the corresponding public and tax bodies and at the date of this report is not involved in any on-going inspection processes with any of them.

During 2015 the Company has carried out a review audit of its quality certificate obtained in 2012, with satisfactory results, and at 31 December complies with legislation on quality, security and the environment, having obtained the renewal of the certificates in question.

The Company has initiated the necessary formalities to obtain the Health and Safety Certificate OHSAS 18001 and the Road Safety Management Systems Certificate UNE-ISO 39001, and at the date of this report is preparing documentation and procedures prior to the assessment by the corresponding Certification Associations.

The outlook for next year includes maintaining similar traffic levels as in 2015, basically in terms of heavy vehicle units, with traffic revenue steady as well as revenue deriving from the application of service indicators and a fall in costs, through cost saving policies and the optimisation of general services, an improvement in the functioning of energy saving measures and continuing efficient planning of maintenance work.

3. Treasury shares

There have been no movements in treasury shares in the year.

4. Research and development activities

There have been no research and development activities.



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

DIRECTORS' REPORT FOR 2015

(Expressed in thousand euro)

5. Environmental activities

The Company remains committed to the environment and optimising natural resources in its processes and carrying out activities to the quality standards established in ISO 14001, which was audited and renewed in December 2015.

6. Use of hedging instruments

With respect to the loan of 64,459 thousand euro, arranged with BNP-BBVA, dated 26 June 2008, novated on 12 September 2008, and currently maturing on 15 June 2025 and on which the applicable spread currently stands at 1.15% over Euribor, on 20 August 2008 the Company arranged an interest rate swap with the following characteristics at 31 December 2015:

BNP

Date:	20 August 2008
Notional amount:	27,241,151.63
Interest rate hedged:	Euribor
Fixed interest rate:	5.55%
Maturity	15 June 2025

BBVA

Date:	20 August 2008
Notional amount:	27,241,151.63
Interest rate hedged:	Euribor
Fixed interest rate:	5.55%
Maturity	15 June 2025

The Company's treasury management system is based on:

- Detailed management of working capital, looking to comply with customers' collection commitments,
- Star-up of a treasury system in order to optimise treasury positions
- Compliance with legal payment periods

7. Human resources

The average number of employees was 46 in 2015. The average number of employees at 31 December 2015 is 46 workers, by gender, 13% were women and 87% were men.

	<u>2015</u>	<u>2014</u>
Executive	1	1
Graduates	8	8
Administrative workers	7	6
Operators	30	29
Total	<u>46</u>	<u>44</u>

8. Average payment period

In accordance with the duty to report the average payment period established in additional provision three of Law 15/2010 (in accordance with the new wording afforded by final provision two of Law 31/2014 on the reform of the Spanish Companies Act) attending a formal resolution published in the Official Bulletin of the Spanish State on 4 February 2016, in response to resolution of January 29, 2016 the Institute of Accounting and Auditing (ICAC), the Company reports that the average payment period to suppliers Company in 2015 was 70 days, slightly above the established legal limit. This excess is caused by the delay in the technical validation process of the billed amounts.

The Company's directors will establish the relevant measures to improve and optimise the invoice management periods, enabling payment periods to be reduced to the limits established in current legislation.



SOCIEDAD CONCESIONARIA AUTOVÍA A-4 MADRID, S.A.

PREPARATION OF THE ANNUAL ACCOUNTS AND DIRECTORS' REPORT FOR 2015

The Board of Directors of "Sociedad Concesionaria Autovía A-4 Madrid S.A." during its meeting of 8 February 2016, and in accordance with the requirements contained in Article 253.2 of the Spanish Companies Act and Article 37 of the Code of Commerce prepares the Annual Accounts and Directors' Report (Balance sheet, Income Statement, Statement of recognised income and expense, Total Statement of changes in equity, Cash flow statement and notes to the annual accounts), for the year ended 31 December 2015, all in the terms that figure in the preceding documents attached hereto.

Signed by:

Mr Santiago Varela Ullastres – President
(For Isolux Corsán Concesiones S.A.)

Mss Esther Ayuso Gil
(For Grupo Isolux Corsán S.A.)

Mr Javier Prados Mateos
(For Corsán Corviam Construcción S.A.)

Mr José Antonio Labarra Blanco
(For Isolux Ingeniería S.A.)

Mr Raúl Cristóbal García
(For Grusamar Ingeniería y Consulting S.L.U.)

Mr Mukund Sapre
(For Elsamex Internacional S.L.U.)

Mr Fernando Jaime Bardisa Jordá
Secretary to the Board
(For Elsamex S.A.)