

ENA
Infraestructuras,
S.A.

Annual Accounts

31 December 2016

Directors' Report

2016

(With Independent Auditor's Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Sole Shareholder of
ENA Infraestructuras, S.A.

Report on the Annual Accounts

We have audited the accompanying annual accounts of ENA Infraestructuras, S.A. (the "Company"), which comprise the balance sheet at 31 December 2016, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

Directors' Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of ENA Infraestructuras, S.A. in accordance with the financial reporting framework applicable to the entity in Spain, specified in note 2 to the accompanying annual accounts, and for such internal control that they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of ENA Infraestructuras, S.A. at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria set forth therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' report for 2016 contains such explanations as the Directors consider relevant to the situation of the Company, its business performance and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2016. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

(Signed on original in Spanish)

David Hernanz Sayans

10 March 2017

ENA INFRAESTRUCTURAS, S.A.U.

**Annual Accounts and Directors' Report
31 December 2016
(together with the Audit Report)**

ENA INFRAESTRUCTURAS, S.A.U.

Balance sheets at 31 December 2016 and 2015 (in euros)

	Note	2016	2015
ASSETS			
NON-CURRENT ASSETS		569,512,084.94	523,447,456.52
Intangible assets	5	127,689.53	104,094.58
Other intangible assets		127,689.53	104,094.58
Property, plant and equipment	6	7,466.70	7,466.70
Construction in progress and advances		7,466.70	7,466.70
Investment property	7	1,083,149.29	1,208,017.09
Land and buildings		1,083,149.29	1,208,017.09
Investments in group companies and associates	10	568,229,614.82	522,071,391.09
Equity instruments		400,006,610.56	400,006,610.56
Loans to companies	9 and 15	168,223,004.26	122,064,780.53
Non-current financial investments	9	46,183.64	36,108.64
Equity instruments		1,803.04	1,803.04
Other financial assets		44,380.60	34,305.60
Deferred tax assets	14	17,980.96	20,378.42
CURRENT ASSETS		11,606,474.38	23,657,540.32
Trade and other receivables	9 and 15	1,823,333.42	12,017,386.65
Trade receivables from group companies and associates		1,823,333.42	12,017,386.65
Current investments in group companies and associates	9 and 15	2,502,379.61	3,856,226.59
Loans to companies		2,502,379.61	3,856,226.59
Current accruals		27,947.98	27,924.72
Cash and cash equivalents	11	7,252,813.37	7,756,002.36
Cash		7,252,813.37	954,656.06
Cash equivalents		-	6,801,346.30
TOTAL ASSETS		581,118,559.32	547,104,996.84

Notes 1 to 24 of the attached annual accounts form an integral part
of the annual accounts at 31 December 2016

ENA INFRAESTRUCTURAS, S.A.U.

**Balance sheets
at 31 December 2016 and 2015
(in euros)**

	Note	2016	2015
EQUITY AND LIABILITIES			
EQUITY		517,484,622.53	517,961,485.58
Equity	12	517,484,622.53	517,961,485.58
Capital		425,119,828.08	425,119,828.08
Legal reserve		85,023,965.62	85,023,965.62
Profit/(loss) for the year		80,640,828.83	54,012,968.66
Interim dividend		(73,300,000.00)	(46,195,276.78)
NON-CURRENT LIABILITIES		62,605,502.22	28,333,646.29
Non-current payables	9	43,180.60	33,105.60
Other financial liabilities		43,180.60	33,105.60
Non-current payables to group companies and associates	9 and 15	62,562,321.62	28,300,540.69
CURRENT LIABILITIES		1,028,434.57	809,864.97
Current payables to group companies and associates	9 and 15	761,245.87	464,193.27
Trade and other payables		267,188.70	345,671.70
Sundry payables	9	78,051.89	70,985.59
Staff expenses	9	73,872.44	82,567.39
Other payables to public authorities	13	115,264.37	192,118.72
TOTAL EQUITY AND LIABILITIES		581,118,559.32	547,104,996.84

Notes 1 to 24 of the attached annual accounts form an integral part of the annual accounts at 31 December 2016

ENA INFRAESTRUCTURAS, S.A.U.

**Income statements
for the years ending
on 31 December 2016 and 2015
(in euros)**

	Note	2016	2015
Revenues	16	6,135,954.57	5,855,608.39
Services rendered		6,135,954.57	5,855,608.39
Other operating revenues		155,242.50	143,517.66
Sundry and other current operating revenues	7	152,864.50	142,051.36
Operating subsidies taken to income		2,378.00	1,466.30
Staff expenses	19	(1,885,774.92)	(1,679,441.27)
Wages, salaries and similar expenses		(1,587,968.88)	(1,399,507.72)
Employer contributions		(297,806.04)	(279,933.55)
Other operating expenses		(4,279,266.88)	(4,188,889.78)
External services	17	(4,240,531.34)	(4,132,582.94)
Taxes other than income tax		(38,735.54)	(56,306.84)
Depreciation and amortisation charge	7	(124,867.80)	(124,867.80)
Other income		(1,287.47)	(5,927.20)
OPERATING PROFIT/(LOSS)		-	-
Finance income	18	82,135,895.64	55,039,059.93
From equity instruments		78,978,410.95	52,312,942.77
From group companies and associates	15	78,978,410.95	52,312,942.77
From negotiable securities and other financial instruments		3,157,484.69	2,726,117.16
From group companies and associates	15	3,154,980.99	2,708,483.87
Third parties		2,503.70	17,633.29
Finance expenses	15	(940,498.36)	(350,320.61)
On debts to group companies and associates		(940,498.36)	(350,320.61)
Exchange differences		-	(3,563.42)
FINANCIAL PROFIT/(LOSS)		81,195,397.28	54,685,175.90
PRE-TAX PROFIT/(LOSS)		81,195,397.28	54,685,175.90
Income tax	14	(554,568.45)	(672,207.24)
PROFIT FROM CONTINUING OPERATIONS		80,640,828.83	54,012,968.66
PROFIT/(LOSS) FOR THE YEAR		80,640,828.83	54,012,968.66

Notes 1 to 24 of the attached annual accounts form an integral part of the annual accounts at 31 December 2016

ENA INFRAESTRUCTURAS, S.A.U.

Statements of changes in equity for the years ending on 31 December 2016 and 2015 (in euros)

A) STATEMENT OF INCOME AND EXPENSES RECOGNISED IN EQUITY

	2016	2015
A) Profit/(loss) for the year	80,640,828.83	54,012,968.66
B) Total income and expenses recognised directly in equity	-	-
C) Total transfers to the income statement	-	-
TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)	80,640,828.83	54,012,968.66

B) STATEMENT OF TOTAL CHANGES IN EQUITY

	Registered capital	Reserves	Retained earnings	Profit/(loss) for the year	(Interim dividend)	TOTAL
BALANCE AT YEAR - END 2014	425,119,828.08	85,023,965.62	-	29,569,646.92	(22,500,000.00)	517,213,440.62
Total recognised income and expenses	-	-	-	54,012,968.66	-	54,012,968.66
Transactions with partners or owners	-	-	(29,569,646.92)	-	(23,695,276.78)	(53,264,923.70)
Dividend distribution	-	-	(29,569,646.92)	-	29,569,646.92	-
Interim dividend	-	-	-	-	(53,264,923.70)	(53,264,923.70)
Other changes in equity	-	-	29,569,646.92	(29,569,646.92)	-	-
Transfers between equity items	-	-	29,569,646.92	(29,569,646.92)	-	-
BALANCE AT YEAR - END 2015	425,119,828.08	85,023,965.62	-	54,012,968.66	(46,195,276.78)	517,961,485.58
Total recognised income and expenses	-	-	-	80,640,828.83	-	80,640,828.83
Transactions with partners or owners	-	-	(54,012,968.66)	-	(27,104,723.22)	(81,117,691.88)
Dividend distribution	-	-	(54,012,968.66)	-	46,195,276.78	(7,817,691.88)
Interim dividend	-	-	-	-	(73,300,000.00)	(73,300,000.00)
Other changes in equity	-	-	54,012,968.66	(54,012,968.66)	-	-
Transfers between equity items	-	-	54,012,968.66	(54,012,968.66)	-	-
BALANCE AT YEAR - END 2016	425,119,828.08	85,023,965.62	-	80,640,828.83	(73,300,000.00)	517,484,622.53

Notes 1 to 24 of the attached annual accounts form an integral part
of the annual accounts at 31 December 2016

ENA INFRAESTRUCTURAS, S.A.U.

**Statement of cash flow
for the years ending
on 31 December 2016 and 2015
(in euros)**

	Note	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		77,555,148.55	52,148,796.29
Profit/(loss) for the year before taxes		81,195,397.28	54,685,175.90
Adjustments to earnings		(81,072,907.48)	(54,561,774.40)
Depreciation and amortisation charge (+)	7	124,867.80	124,867.80
Subsidies recognised in the income statement (-)		(2,378.00)	(1,466.30)
Financial income (-)	18	(82,135,895.64)	(55,039,059.93)
Financial expenses (+)	15	940,498.36	350,320.61
Exchange differences (+/-)		-	3,563.42
Changes in working capital		(297,969.39)	1,131,254.68
Trade and other receivables (+/-)		(279,871.23)	610,448.47
Trade and other payables (+/-)		16,683.26	371,481.80
Other current liabilities (+/-)		(76,854.35)	134,377.97
Other non-current assets and liabilities (+/-)		42,072.93	14,946.44
Other cash flow from operating activities		77,730,628.14	50,894,140.11
Dividends received (+)	18	77,564,403.05	52,312,942.77
Interest received (+)		1,772.20	13,512.36
Income tax received (paid) (+/-)		164,452.89	(576,221.04)
Other amounts paid (received) (-/+)		-	(856,093.98)
CASH FLOW FROM INVESTING ACTIVITIES		(30,540,645.66)	(45,488,250.25)
Payments for investments (-)		(34,050,000.00)	(49,200,000.00)
Group companies and associates		(34,050,000.00)	(49,200,000.00)
Proceeds from divestments (+)		3,509,354.34	3,711,749.75
Group companies and associates		3,509,354.34	3,711,749.75
CASH FLOW FROM FINANCING ACTIVITIES		(47,517,691.88)	(25,264,923.70)
Proceeds from and payments for financial liability instruments		33,600,000.00	28,000,000.00
Debt with group companies and associates (+)	15	33,600,000.00	28,000,000.00
Dividend and interest on other equity instruments paid		(81,117,691.88)	(53,264,923.70)
Dividends (-)		(81,117,691.88)	(53,264,923.70)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		(503,188.99)	(18,604,377.66)
Cash and cash equivalents at the start of the year	11	7,756,002.36	26,360,380.02
Cash and cash equivalents at the end of the year	11	7,252,813.37	7,756,002.36

Notes 1 to 24 of the attached annual accounts form an integral part of the annual accounts at 31 December 2016

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

1. NATURE AND MAIN ACTIVITIES

(a) Nature and main activities

ENA Infraestructuras, S.A.U. -formerly Empresa Nacional de Autopistas, S.A.- (hereinafter, ENA or the Company), was incorporated as a corporation (*sociedad anónima*) in Spain on 21 March 1984, pursuant to Royal Decree 302/1984 of 25 January, amended by Royal Decree 173/2001 of 4 February.

On 28 May 2003, the board of directors of SEPI awarded the sale of the shares representing the share capital of ENA to a consortium of companies. The corresponding private sale and purchase agreement was signed on 11 June 2003 and, after the necessary steps were taken, the Spanish Cabinet authorised the sale transaction on 25 July 2003. The sale was recorded in a public deed on 30 October 2003, at which date the Group lost its public-sector status and the name of its parent was changed to ENA Infraestructuras, S.A.

Its registered offices are currently located at Plaza Carlos Trías Bertrán nº 7, 3ª planta, Madrid, Spain.

Its corporate purpose is as follows:

(a) The planning, projection, construction, maintenance, financing and operation, on its own account or on behalf of third parties, of toll roads, highways, express roads, conventional roads, bridges and tunnels and their respective installations and accessory items, such as toll plazas, control, maintenance and service areas, service stations, petrol stations, assembly and repair workshops, car parks, restaurants, cafeterias, bars, hotels, motels, transport hubs, and other rest, entertainment or service establishments for the purpose of meeting the requirements of the road users and the traffic that uses them.

(b) Advisory services to third parties on the planning, projection, construction, upkeep, maintenance, financing and operating of toll roads, highways, express roads, conventional roads, bridges and tunnels and their respective installations and accessory items, including the corresponding architectural and engineering projects, technical management, personnel recruitment and training programmes and environmental, geological, geotechnical, sociological, legal, financial, administrative, IT, telecommunications and traffic studies.

This corporate purpose may be carried out by the Company wholly or partially, directly or indirectly, through the ownership of shares or interests in the capital of companies with similar or identical corporate purpose, in Spain and abroad, whatever the procedure or form of awarding such contracts, for any Spanish or foreign public authority, and Spanish or foreign public and private entities or companies.

Since its incorporation, ENA's principal activity has been the management and coordination of the control, the implementation of standard policies and debt and cash management of its subsidiaries, which are listed below.

- Autopistas del Atlántico, Concesionaria Española, S.A. (AUDASA), incorporated on 16 October 1973; its concession expires on 18 August 2048.
- Autopista Concesionaria Astur-Leonesa, S.A. (AUCALSA), incorporated on 15 December 1975; its concession expires on 17 October 2050.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

- Autopistas de Navarra, S.A. (AUDENASA), incorporated on 28 July 1973; its concession expires on 30 June 2029.
- Autoestradas de Galicia, Autopistas de Galicia, Concesionaria de la Xunta de Galicia, S.A. (AUTOESTRADAS), incorporated on 30 March 1995; its concession expires on 1 February 2045.

The Company charges its subsidiaries a service management fee for general management, administration and technical and financial control expenses under the agreements signed with these companies (see note 16).

It also holds a minority interest in the toll road concession company Autopista Central Gallega, C.E.S.A. through Tacel Inversiones, S.A.

As described in note 12, at 31 December 2016 the shares representing the share capital of ENA are held by ENAITÍNERE, S.L.U. which, in turn, is owned by ITÍNERE INFRAESTRUCTURAS, S.A., which have their respective registered office in Madrid and Bilbao.

Consequently, in accordance with article 42 of the Spanish Code of Commerce, the Company belongs to a group of companies, the Parent of which is ITÍNERE INFRAESTRUCTURAS, S.A. (hereinafter, ITÍNERE), which has its registered office in Bilbao and on 30 March 2016 authorised the issue of its consolidated annual accounts and consolidated management report for the year ended 31 December 2015. Those accounts were deposited with the Mercantile Register in Bilbao. Likewise, and in turn, this group belongs to another, the ultimate holding company of which, in Spain, is ARECIBO SERVICIOS Y GESTIONES, S.L. (hereinafter, ARECIBO), which was incorporated on 27 April 2009 and has its registered office in Bilbao. On 30 March 2016, ARECIBO drafted its consolidated annual accounts and consolidated management report for the year ended 31 December 2015. At the date of preparing these annual accounts, ITÍNERE and ARECIBO had not yet drafted their consolidated annual accounts for the 2016 financial year, being scheduled for 28 March 2017.

At 31 December 2016, ARECIBO holds a 54.19% stake in the capital of ITÍNERE.

2. BASIS OF PRESENTATION

(a) True and fair view

These annual accounts were obtained from the Company's accounting records and are presented in accordance with the prevailing mercantile legislation and the standards established in the Spanish General Chart of Accounts with the aim of giving a true and fair view of the equity and financial position at 31 December 2016 and results of its transactions, changes in equity, and cash flow for the year then ended.

These annual accounts, which were authorised by the Company directors, will be submitted for approval by the sole shareholder and are expected to be approved without any changes. Similarly, the 2015 annual accounts were approved by the sole partner exercising the powers of the General Meeting of Shareholders on 10 June 2016.

Except when indicated otherwise, the figures included in the notes to these annual accounts are shown in thousands of euros, which is the Company's functional and reporting currency.

(b) Critical factors for measuring and estimating uncertainties

When preparing the Company's annual accounts, the Directors made estimates based on past experience and other factors which, in accordance with current circumstances, are deemed to be fair and constitute the basis for establishing the carrying amount of the assets and liabilities

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

whose value cannot easily be established from other sources. The Company reviews its estimates in an ongoing way and, as and when applicable, their effects are recognized prospectively. However, given the uncertainty inherent to them, there is an important risk of adjustments arising in the future in the values of the affected assets and liabilities should there be a significant change in the assumptions, facts and circumstances on which they are based.

The key assumptions concerning the future and other relevant data on the uncertainty of estimates at the reporting date that present a risk of significant changes in the value of assets and liabilities are as follows:

◇ *Impairment of non-financial assets*

The Company tests its non-financial assets for impairment on an annual basis, using the appropriate impairment tests in the circumstances.

◇ *Deferred tax assets*

Recognition of deferred tax assets is made on the basis of future estimates made by the Company in connection with the likelihood of future tax gains being available to permit their recovery.

◇ *Calculation of fair value, value in use and present value*

The calculation of fair value, value in use and present value may require assumptions regarding the future cash flows and their future amounts, and the discount rates applicable thereto. These estimates and related assumptions are based on past experience and other factors deemed to be fair, in accordance with the circumstances surrounding the activity conducted by the Company.

(c) Comparison of information

As required by article 35.6 of the Spanish Code of Commerce and for the purposes of uniformity and comparability, the annual accounts for 2016 include comparative figures for 2015.

Royal Decree 602/2016 of 2 December, amending, among others, the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November, has amended certain disclosures. In this respect, and in accordance with the provisions of article one of that Royal Decree, the notes to the 2016 annual accounts include the average number of employees in the year with a disability of 33% or higher, stating, where applicable, the categories to which they belong and broken down in note 19.

(d) Consolidated annual accounts

As at 31 December 2016 and 2015, and in accordance with the provisions of article 43 of the Code of Commerce, the Company does not have the obligation to prepare consolidated annual accounts owing to the fact that it is included, together with its subsidiaries, in a Group, the holding company of which prepares consolidated annual accounts under EU legislation.

3. DISTRIBUTION OF EARNINGS

- (a) The directors have proposed to the sole shareholder that the entire profit for the year ended 31 December 2016 be distributed as the dividend.

The Company can freely distribute the dividend.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

- (b) On 14 January 2016, the directors resolved to distribute an interim dividend out of distributable profit at 13 January amounting to 22,000 thousand euros, equivalent to 311.02 euros per share.

Pursuant to the Consolidated Text of the Corporate Enterprises Act, the aforementioned distribution was prepared based on profits at 13 January 2016 and the following forecast cash statement for the one-year period from the date of adoption of the distribution agreement:

Thousands of euros	Amount
Pre-tax profit at 13 January 2016	22,073
To the legal reserve	-
Interim dividend distributed	-
Attributable profit at 13 January 2016	22,073
Cash projection for the 1-year period beginning 14 January 2016	
Cash balance at 14 January 2016	11,613
Receivables and payables projected at 14 January 2017	(2,205)
Cash balance projected at 14 January 2017	9,408

- (c) On 1 February 2016, the directors resolved to distribute a second interim dividend out of distributable profit at 31 January amounting to 14,600 thousand euros, equivalent to 206.41 euros per share.

Pursuant to the consolidated text of the Corporate Enterprises Act, the aforementioned distribution was prepared based on profits at 31 January 2016 and the following forecast cash statement for the one-year period from the date of adoption of the distribution agreement:

Thousands of euros	Amount
Pre-tax profit at 31 January 2016	36,842
To the legal reserve	-
Interim dividend distributed	22,000
Attributable profit at 31 January 2016	14,842
Cash projection for the 1-year period beginning 01 February 2016	
Cash balance at 01 February 2016	22,663
Receivables and payables projected at 01 February 2017	(15,873)
Cash balance projected at 01 February 2017	6,790

- (d) On 5 October 2016, the directors resolved to distribute a third interim dividend out of distributable profit at 4 October amounting to 36,700 thousand euros, equivalent to 518.85 euros per share.

Pursuant to the consolidated text of the Corporate Enterprises Act, the aforementioned distribution was prepared based on profits at 04 October 2016 and the following forecast cash statement for the one-year period from the date of adoption of the distribution agreement:

Thousands of euros	Amount
Pre-tax profit at 04 October 2016	73,494
To the legal reserve	-
Interim dividend distributed	36,600
Attributable profit at 04 October 2016	36,894
Cash projection for the 1-year period beginning 05 October 2016	
Cash balance at 5 October 2016	39,585
Receivables and payables projected at 5 October 2017	(32,783)
Cash balance projected at 5 October 2017	6,802

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

- (e) The distribution of earnings corresponding to the financial year ended 31 December 2015, carried out during 2016, is shown in the statement of total changes in equity, which forms an integral part of these annual accounts.

4. ACCOUNTING PRINCIPLES

The main recognition and measurement standards applied by the Company in the preparation of the annual accounts for the year ended on 31 December 2016 were as follows:

- (a) Intangible assets

Intangible assets, which include computer software, are stated at cost of acquisition minus any accumulated amortisation and impairment losses.

The above-mentioned intangible assets have finite useful lives and are amortised on a systematic basis over their estimated useful lives, on a straight-line basis over five years. Their recoverability is analysed when events or changes occur that indicate that the carrying amount might not be recoverable. Amortisation methods and periods are reviewed at each year end and adjusted prospectively, as required.

- (b) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or production minus any accumulated depreciation and impairment adjustments.

Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Other facilities, fixtures and furniture	5 - 10
Other property, plant and equipment	4 - 10

Repairs and maintenance costs which do not improve the related assets or extend their useful lives are expensed when incurred.

At each year end, the Company reviews the useful lives and depreciation methods of its property, plant and equipment and, if necessary, adjusts them prospectively.

- (c) Investment property

Investment property comprises land and buildings, some of which are leased to third parties while others are available for lease. Buildings are depreciated on a straight-line basis over an estimated useful life of 33 years.

The measurement standards described for property, plant and equipment are fully applicable to investment property.

Assets are transferred to investment property only when a change occurs in the use of these assets.

- (d) Impairment of non-financial assets

The carrying amount of non-financial assets recognised by the Company is reviewed at each reporting date to determine if there are indications of impairment and recognise any impairment if applicable. For this purpose, the recoverable amount of the assets is estimated, which is the higher of their fair value minus the cost of sale and their value in use.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

In determining value in use, future expected cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates as regards the time value of money and the specific risks of the asset. In the case of the Company, its assets do not generate cash flows that are highly independent of other assets, and therefore the recoverable amount is determined for the only cash-generating unit to which all the assets belong.

Impairment losses are recognised for all assets, or, where applicable, for the cash generating units to which they belong, when their carrying amount exceeds their estimated recoverable amount. These impairment losses are recognised in the income statement and reversed if the circumstances in which they were recognised no longer exist. The reversal of impairment is recognised in the income statement and only up to the limit of the carrying amount of the asset net of amortisation and depreciation had impairment not been recognised.

(e) Operating leases

Expenses and income from operating leases are charged to the income statement in the year accrued.

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment, which will be allocated to the income statement over the lease term as the benefits of the leased asset are received or given.

(f) Financial instruments

Financial instruments are classified at the time of their initial recognition as a financial asset, a financial liability or an equity instrument, depending on the contractual agreement's economic base and the definitions of financial assets, financial liabilities and equity instruments.

The Company classifies financial instruments in the different categories on the basis of their characteristics and the Company's intentions at the time of their initial recognition.

(i) Financial assets

The Company's financial assets are classified as follows:

- Loans and receivables: Loans and receivables are financial assets deriving from services rendered as part of the Company's ordinary business. This category also includes non-trade receivables defined as financial assets of a fixed or determinable amount that are not equity instruments or derivatives and are not traded in an active market.

These financial assets are initially measured at their fair value, including the transaction costs directly attributable to them, and, subsequently, at their amortised cost. Accrued interest is recognised in the income statement using the effective interest rate method.

However, current trade receivables which have no contractual interest rate, which are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

- Equity investments in group companies and associates: Investments in group companies, jointly controlled entities and associates are initially measured at cost, plus any directly attributable transaction costs.

- Available-for-sale financial assets: comprise debt securities and equity instruments of other companies not classified in any other category of financial assets.

These assets are initially recognised at fair value without deducting the transaction costs. In absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration received, plus directly attributable transaction costs.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

They are subsequently measured at fair value. Any changes in the fair value are recognised in equity until the assets are sold or have been subject to stable or permanent impairment, at which time the cumulative balance of the adjustments to fair value previously recognised in equity is taken to the income statement.

When there is objective evidence that an asset has been impaired as a result of events occurring after initial recognition and leading to a reduction or delay in estimated future cash flows, the Company adjusts its carrying amount with a charge to the income statement.

Investments in group companies, jointly controlled entities and associates are adjusted for impairment if there is objective evidence that the carrying amount will not be recovered. Impairment is calculated as the difference between the carrying amount and the recoverable amount, the latter understood as the higher of the fair value less costs to sell and the present value of future cash flows from the investment, estimated by the Company as its share in the cash flows expected to be generated by the investee, as a result of its ordinary activity, disposal or derecognition.

In the case of financial assets recognised in the accounts at their amortized cost, the impairment loss is the difference between their carrying amount and the present value of the future cash flows that it is estimated are going to be generated, discounted at the effective interest rate calculated at the moment of their initial recognition. For variable interest financial assets, the effective interest rate at the reporting date is used, in accordance with contractual terms.

The reversal of value adjustments due to impairment is recognized in the income statement with the limit of the carrying amount of the credit or, as and when applicable, the investment that would have been recognized at the reversal date had the value impairment not been recognized.

Financial assets, or part thereof, are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and it has transferred substantially all the risks and rewards of ownership.

Gains or losses on derecognition of a financial asset form part of the profit/loss for the year in which the asset is derecognised, and are calculated as the difference between the consideration received, net of attributable transaction costs, considering any new asset obtained less any new liability assumed, plus any cumulative amount recognised directly in equity.

(ii) Interest and dividend

Interest is recognized using the effective interest rate method.

Dividend income from investments in equity instruments is recognized once the rights pertaining to their reception have arisen for the Company. If the distributed dividends unequivocally derive from results generated prior to the acquisition date because amounts that are higher than the profits generated by the investee since the acquisition have been distributed, they reduce the investment's carrying amount.

(iii) Guarantees

Guarantees received under lease contracts entered into by the Company are measured using the same criteria as for financial liabilities. The difference between the amount received and the fair value is classified as revenues received in advance and recognised in the income statement over the lease term (over the period for which the service is rendered). Non-current advances are restated at the end of each reporting period based on the market interest rate on initial recognition.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

Guarantees delivered under lease contracts entered into by the Company are measured using the same criteria as for financial assets. The difference between the amount delivered and the fair value is classified as an advance payment and recognised in the income statement over the lease term (over the period for which the service is rendered). Non-current advances are restated at the end of each reporting period based on the market interest rate on initial recognition.

(iv) Financial liabilities

Financial liabilities held by the Company are classified as debts and payables. This category includes financial liabilities arising on the purchase of goods and services in the course of the Company's trade operations as well as non-trade payables other than derivatives.

They are measured initially at their fair value minus the transaction costs directly attributable to them, as and when applicable and, subsequently, at their amortized cost. Accrued interest is recognized in the income statement using the effective interest rate method.

Nevertheless, amounts payable from commercial transactions with maturity not above one year and that do not have a contractual interest rate, the amount of which it is expected will be paid in the short term, are valued at their nominal value when the effect of not updating the cash flows is insignificant.

A financial liability is derecognised when the resulting obligation has been cancelled. In exchanges of debt instruments with substantially different terms, or when there are substantial changes to the current terms of a liability, the original financial liability is derecognised and the new financial liability recognised. In an exchange of debt instruments that do not have substantially different terms, the original financial liability is not derecognised. Fees and commissions paid are accounted for as an adjustment to the carrying amount.

Gains or losses on derecognition of a financial liability form part of the results for the year and are determined as the difference between the carrying amount of the financial liability and the consideration paid, including attributable transaction costs, and any asset transferred which differs from the cash or liability assumed is recognised.

(g) Cash and cash equivalents

This line-item includes cash in hand, amounts in current accounts and deposits and the temporary acquisition of assets that meet all the following requirements:

- They are convertible into cash.
- Their maturity does not exceed three months from their acquisition date.
- They are not subject to a significant risk of changes in value.
- They form part of the Company's usual cash management policy.

(h) Foreign currency transactions

The Company's functional currency is the euro. Consequently, any transactions in non-euro currencies are considered a foreign currency and are recognised according to the exchange rates in force on the transaction dates.

At year-end, the monetary assets and liabilities stated in a foreign currency are converted by applying the exchange rate prevailing on the balance sheet date. The profit and loss on that measurement are recognised directly in the income statement in the year in which they occur.

The non-monetary items measured at historical cost are measured by applying the exchange rate on the transaction date.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

The non-monetary items measured at their fair value are measured by applying the exchange rate of the date on which the fair value is determined. Exchange differences are recognised directly in equity if the monetary item is measured in equity and in the income statement if measured in profit and loss.

(i) Income tax

The corporate income tax expense or revenue includes both current and deferred taxes.

The financial year's corporate income tax expense or revenue is calculated as the sum of the current tax, which results from applying the corresponding tax rate to the financial year's tax base after applying the existing rebates and deductions, and the variation in deferred tax assets and liabilities recorded in the accounts.

The deferred tax income or expense corresponds to the recognition or cancellation of deferred tax assets and liabilities. These arise as a result of the different valuation, either accounting or fiscal, attributed to the assets and liabilities and certain Company equity instruments, insofar as they have a future fiscal effect, as well as the negative tax bases recognised or applied.

Current income tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, in accordance with the regulations and rates in force or approved and pending publication at year-end.

Current and deferred income tax is recognised in the income statement, unless it comes from a transaction or economic event that has been recognised in the same year or in another year under equity or a business combination.

(i) Recognition of deferred tax liabilities

The Company recognises the deferred tax liabilities in all cases, except when they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and does not affect the carrying amount or the tax base at the transaction date.

(ii) Recognition of deferred tax assets

Deferred tax assets are only recognized insofar as it is considered likely that the Company is going to have future tax gains to offset the aforementioned assets or when the tax legislation envisages the possibility of the future conversion of deferred tax assets into a credit enforceable vis-à-vis the Public Administration.

The Company recognizes the conversion of a deferred tax asset into a credit payable to the Public Administration when this is enforceable in accordance with the provisions of the prevailing tax legislation. For such purposes, the deferred tax asset is derecognized by debiting the tax expense for the deferred income and the receivable and crediting the current income tax. Likewise, the Company recognizes the swap of a deferred tax asset by public debt securities when their ownership is acquired.

Unless proven otherwise, it is not considered likely that the Company will have future tax gains when its future recovery is expected to take place more than ten years after the year-end date, whatever the nature of the deferred tax asset or in the case of credits arising from tax deductions or other advantages pending application due to insufficient amounts when, after obtaining the profit arising from the right to the deduction or rebate, there are reasonable doubts about its compliance with the requirements to make them effective.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

The Company only recognizes the deferred tax assets arising from tax losses qualifying for carryforward insofar as it is likely that future tax gains will be obtained that will offset them within the period established in the applicable tax legislation, with a maximum of ten years, unless there is proof that they will be recovered within a longer deadline, when the tax legislation enables the carryforward in a longer period or does not establish any time limits regarding the carryforward.

On the other hand, it is considered likely that the Company will have sufficient tax gains to recover the deferred tax assets when there is a sufficient amount of taxable timing differences related to the same tax authority and referring to the same taxpayer, whose reversal is expected to be in the same tax year as the reversal expected of the deductible timing differences or in the years in which a tax loss, arising from a deductible timing difference, can be offset with prior or subsequent gains.

The Company recognizes the deferred tax assets that have not been recognized because they exceed the ten-year recovery period insofar as the future reversal period does not exceed ten years from the year-end of the financial year or when there is a sufficient amount of taxable timing differences.

To determine the future tax gains, the Company takes into account the tax planning opportunities provided that it plans or is likely to adopt them.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured based on the tax rates expected at the time of their reversal, in accordance with the approved standard in force, and according to the form in which the deferred tax asset or liability is rationally expected to be recovered or paid. For such purposes, the Company considers the deduction for reversal of the temporary measures implemented in transitional provision thirty-seven of Income Tax Act 27/2015 of 27 November as an adjustment to the tax rate applicable to the deductible timing difference associated with the non-deductibility of the redemptions made in 2013 and 2014.

Adjustments to the deferred tax asset and liability measurements are allocated to the income statement, except to the extent that the affected deferred tax assets and liabilities have their origin in book entries made directly to equity.

(iv) Offsetting and classification

Deferred tax assets and liabilities are recognized on the balance sheet as non-current assets and liabilities, regardless of the expected realization or settlement date.

(v) Consolidated tax system

Since 1 January 2009, the Company has filed its taxes as part of the consolidated tax group 36/09 where ITÍNERE is the parent company.

Since the Company files its corporate income tax under the consolidated tax system, it recognises the corporate income tax balances in the accounts with group companies and associates on the attached balance sheet. The corporate income tax expense or revenue of the companies filed under the tax consolidation system is established by taking into account not only the parameters to be considered in the case of individual taxes, as indicated above, but also the following:

- The timing and permanent differences as a result of cancelling the profit or loss on transactions between group companies, deriving from the process of establishing the consolidated tax base.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

- The rebates and deductions and the tax losses that correspond to each company in the tax group that pay tax under the consolidated tax return system will be attributed to the company that carried out the activity or obtained the necessary income to earn the right to the tax rebate or deduction.

The timing differences arising from eliminating the earnings between the companies in the same tax group are recognized by the company that generates the results and measured by the applicable tax rate.

Regarding the tax losses from some group companies that have been offset by the other companies in the consolidated group, a reciprocal credit and debit arises between the corresponding companies and the companies that offset them. If there is a tax loss that cannot be offset by the other companies in the consolidated tax group, such tax credits losses for carryforward are recognized as deferred tax assets, considering the tax group as the taxpayer for their recovery.

(j) Revenues and expenses

The revenues and expenses are allocated based on when the actual flow of goods and services that they represent occurs, regardless of when the monetary or financial flow arising therefrom takes place.

Revenues are recognized when the Company is likely to obtain a profit or economic reward from the transaction and the amount of the revenues and the costs incurred or to be incurred can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, minus any discounts, price rebates or other similar reductions granted by the Company, and any interest on the nominal amount of receivables. The indirect taxes on transactions which are passed on to third parties do not form part of revenues.

(k) Environmental assets

Based on the type of activity conducted by the Company, no environmental actions are required.

(l) Transactions between related parties

Related-party transactions are recognised at the fair value of the consideration given or received, in accordance with the above-mentioned measurement standards.

(m) Current and non-current assets and liabilities

Assets and liabilities are classified as current and non-current in the balance sheet. To this end, assets and liabilities are classified as current when they are related to the Company's normal operating cycle and are expected to be sold, consumed, realized or settled during the course thereof, those whose maturity, disposal or realization is expected to occur within a maximum one-year term, and the cash and cash equivalents, the use of which is not restricted by a term in excess of one year.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

5. INTANGIBLE ASSETS

Their detail and movement are as follows:

Thousands of euros	Other intangible assets
Cost at 31 December 2014	84
additions	20
Cost at 31 December 2015	104
Accumulated amortisation at 31 December 2014	-
Accumulated amortisation at 31 December 2015	-
Net book value at 31 December 2015	104
Cost at 31 December 2015	104
additions	24
Cost at 31 December 2016	128
Accumulated amortisation at 31 December 2015	-
Accumulated amortisation at 31 December 2016	-
Net book value at 31 December 2016	128

At 31 December 2016 and 2015, intangible assets comprise the 128 thousand euros and 104 thousand euros, respectively, prepaid by the Company under the agreement for the development of software to manage traffic data related to the Group's toll roads, which was in progress at both year ends.

At 31 December 2016 and 2015, the Company had fully amortised intangible assets totalling 69 thousand euros.

6. PROPERTY, PLANT AND EQUIPMENT

Their detail and movement are as follows:

Thousands of euros	Other facilities, fixtures and furniture	Other property, plant and equipment	Total
Cost at 31 December 2014	129	33	162
Cost at 31 December 2015	129	33	162
Accumulated depreciation at 31 December 2014	(129)	(26)	(155)
Accumulated depreciation at 31 December 2015	(129)	(26)	(155)
Net book value at 31 December 2015	-	7	7
Cost at 31 December 2015	129	33	162
Cost at 31 December 2016	129	33	162
Accumulated depreciation at 31 December 2015	(129)	(26)	(155)
Accumulated depreciation at 31 December 2016	(129)	(26)	(155)
Net book value at 31 December 2016	-	7	7

At 31 December 2016 and 2015, the Company has fully depreciated property, plant and equipment totalling 155 thousand euros, of which 129 thousand euros consists of other installations, equipment and furniture and 26 thousand euros of other property, plant and equipment.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

At 31 December 2016 and 2015, no property, plant and equipment have been pledged as security or are subject to ownership restrictions.

The Company has taken out insurance policies to adequately cover the risks to which its property, plant and equipment are exposed.

7. INVESTMENT PROPERTY

The detail and movement are as follows:

Thousands of euros	Land and buildings
Cost at 31 December 2014	4,121
Cost at 31 December 2015	4,121
Accumulated depreciation at 31 December 2014	(2,789)
additions	(125)
Accumulated depreciation at 31 December 2015	(2,914)
Net book value at 31 December 2015	1,208
Cost at 31 December 2015	4,121
Cost at 31 December 2016	4,121
Accumulated depreciation at 31 December 2015	(2,914)
additions	(125)
Accumulated depreciation at 31 December 2016	(3,039)
Net book value at 31 December 2016	1,083

Investment property recognised at 31 December 2016 and 2015 consists of three premises in a building in Madrid owned by the Company which are leased to third parties (see note 8). Revenues from these premises, which is recorded in the income statement, amounted to 151 thousand euros at 31 December 2016 (142 thousand euros at 31 December 2015).

The expenses derived from the Company's investment property consist of the annual depreciation and other expenses related to the building, which amounted to 73 thousand euros at 31 December 2016 (82 thousand euros at 31 December 2015). All the expenses are recognised in the income statement on an accrual basis.

There are no restrictions on property investments or on revenues derived therefrom.

There are no contractual obligations for the acquisition, construction or development of investment property, or for their repair, maintenance or improvement.

The Company has taken out insurance policies to adequately cover the risks to which its investment property is exposed.

8. LEASES

At 31 December 2016 and 2015, the Company had entered into operating lease agreements as the lessor that expire in December 2019. Details of the minimum instalments according to the terms and conditions in force, excluding the re-invoicing of the building's expenses, future CPI-based increases or future rental reviews agreed in contracts, are as follows:

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

Thousands of euros	2016	2015
One year	170	109
Between one and four years	339	327
Total	509	436

9. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

The breakdown of the financial assets by category at 31 December 2016 and 2015 is as follows:

Thousands of euros

Type Category	Equity instruments		Credits and receivables		Other financial assets		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
Loans and receivables	-	-	168,223	122,065	44	34	168,267	122,099
Assets available for sale	2	2	-	-	-	-	2	2
Non-current financial assets	2	2	168,223	122,065	44	34	168,269	122,101
Loans and receivables	-	-	4,326	15,873	-	-	4,326	15,873
Current financial assets	-	-	4,326	15,873	-	-	4,326	15,873
Total financial assets	2	2	172,549	137,938	44	34	172,595	137,974

The aforementioned financial assets are broken down on the attached balance sheet as follows:

Thousands of euros

FINANCIAL ASSETS	Equity instruments		Credits and receivables		Other financial assets		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
Non-current financial assets:								
Non-current investments in group companies and associates	-	-	168,223	122,065	-	-	168,223	122,065
Loan to companies (notes 10 and 15)	-	-	168,223	122,065	-	-	168,223	122,065
Non-current financial investments	2	2	-	-	44	34	46	36
Equity instruments	2	2	-	-	-	-	2	2
Other financial assets	-	-	-	-	44	34	44	34
Total non-current financial assets	2	2	168,223	122,065	44	34	168,269	122,101
Current financial assets:								
Trade and other receivables	-	-	1,823	12,017	-	-	1,823	12,017
Receivables from group companies and associates (note 15)	-	-	1,823	12,017	-	-	1,823	12,017
Current investments in group companies and associates	-	-	2,503	3,856	-	-	2,503	3,856
Loans to companies (note 15)	-	-	2,503	3,856	-	-	2,503	3,856
Total current financial assets	-	-	4,326	15,873	-	-	4,326	15,873
Total financial assets	2	2	172,549	137,938	44	34	172,595	137,974

At 31 December 2016 and 2015, the carrying amount of financial assets does not differ significantly from their fair value.

Assets available for sale

Their detail at 31 December 2016 and 2015 is as follows:

Thousands of euros	2016	2015
Tacel Inversiones, S.A.	3,010	3,010
Club Financiero Génova	2	2
Equity instruments	3,012	3,012
Tacel Inversiones, S.A.	(3,010)	(3,010)
Impairment adjustments	(3,010)	(3,010)
Assets available for sale	2	2

At 31 December 2016 and 2015, the Company has a 9% stake in Tacel Inversiones, S.A., which is the sole shareholder of Autopista Central Gallega, C.E.S.A. (hereinafter, ACEGA), the concession holder for the construction, maintenance and operation of the Santiago-Alto de

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

Santo Domingo section of the Santiago de Compostela-Ourense toll road. The Company was incorporated for a limited duration of time in line with the concession period, which will end on 25 November 2074.

In 2012, the Company recognised impairment of 100% of the value of its investment in Tacel Inversiones, S.A. as a result of the impairment test carried out at that year-end, which estimated the current value of the future cash flows expected to be obtained from the Autopista Central Gallega, C.E.S.A. project. This impairment was due to the impact on the business forecasts of the decline in traffic levels that significantly affected the project's development.

Details of the interests in available-for-sale assets at 31 December 2016 are as follows:

Thousands of euros

Company name	Stake (%)	Capital	Reserves	Operating profit/(loss)	Other income	Equity	Reserves	Operating profit/(loss)	Other income	Equity	Book Value	Dividend received
Tacel Inversiones, S.A.	9.00%	33,450	(142)	(8)	2	33,302	(142)	(8)	2	33,302	-	-

Loans and accounts receivable

(a) Loans to third parties

On 28 December 2006, Tacel Inversiones, S.A. arranged a participating loan of 13,000 thousand euros with its shareholders. The Company extended 1,170 thousand euros of this amount. The loan was subordinated to the main credit contract signed by ACEGA with several lenders and whose maturity is for 2021. The loan was extended so that the borrower could meet its payment commitments with the temporary joint venture constructing the toll road and accrues interest based on the rise in traffic of the borrowing company. In 2016 and 2015, the conditions established for this purpose were not met and, therefore, no interest accrued.

In 2012, the Company wrote off this loan entirely for the same reasons as explained previously for the impairment of its ownership interest that was recorded in 2012.

(b) Other financial assets

This amount shows the guarantees arranged by the Company for the leased premises that it owns.

FINANCIAL LIABILITIES

All the financial liabilities belong to loans and payables and are broken down in the attached balance sheet as follows:

FINANCIAL LIABILITIES	Trade creditors and other payables		Derivatives and other		Total	
	2016	2015	2016	2015	2016	2015
<u>Non-current financial liabilities:</u>						
Non-current payables	43	33	-	-	43	33
Other financial liabilities	43	33	-	-	43	33
Non-current payables to group companies and associates (note 15)	-	-	62,562	28,301	62,562	28,301
Total non-current financial liabilities	43	33	62,562	28,301	62,606	28,334
<u>Current financial liabilities:</u>						
Current payables to group companies and associates (note 15)	761	464	-	-	761	464
Trade creditors and other payables	152	154	-	-	152	154
Sundry payables	78	71	-	-	78	71
Staff expenses	74	83	-	-	74	83
Total current financial liabilities	913	618	-	-	913	618
Total financial liabilities	956	651	62,562	28,301	63,519	28,952

The fair values of the financial liabilities at 31 December 2016 and 2015 do not differ significantly from their carrying amounts.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

Average period for payments to suppliers. Additional provision three. "Reporting Requirement" of Act 15/2010 of 5 July.

The average period for payments to suppliers in 2016 and 2015 is shown below:

	2016	2015
	Days	Days
Average period for payments to suppliers	14	13
Ratio of transactions paid	15	14
Ratio of transactions pending payment	1	1
Thousands of euros	Amount	Amount
Total payments made	5,248	4,727
Total payments pending	399	425

At 31 December 2016 and 2015, the Company does not have any amounts pending payment on commercial transactions that accumulate a deferment in excess of the legal deadline as per the provisions of Act 3/2004 of 29 December and its subsequent amendments through Act 15/2010 of 5 July and Royal Decree Law 4/2013 of 22 February.

10. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Their detail and movement are as follows:

Thousands of euros	Balance at 31/12/2014	Additions	Removals	Balance at 31/12/2015	Additions	Removals	Balance at 31/12/2016
Autopista del Atlántico, C.E., S.A.	114,897	-	-	114,897	-	-	114,897
Autopista Astur-Leonesa, C.E., S.A.	214,626	-	-	214,626	-	-	214,626
Autopista de Navarra, S.A.	40,307	-	-	40,307	-	-	40,307
Autoestradas de Galicia, A.G., C.X.G., S.A.	30,177	-	-	30,177	-	-	30,177
Equity investments in group companies	400,007	-	-	400,007	-	-	400,007
Enaitinere, S.A.U.	-	45,542	-	45,542	33,336	-	78,878
Itinere Infraestructuras, S.A.	74,521	2,006	(4)	76,523	12,822	-	89,345
Credits to group companies and associates (note 15)	74,521	47,548	(4)	122,065	46,158	-	168,223
Investments in group companies and associates	474,528	47,548	(4)	522,072	46,158	-	568,230

(a) Equity investments in group companies

At 31 December 2016 and 2015, investments in Group companies comprises the 100% stakes in Autopistas del Atlántico, Concesionaria Española, S.A. (AUDASA), Autopista Concesionaria Astur-Leonesa, S.A. (AUCALSA), Autoestradas de Galicia, Autopistas de Galicia, Concesionaria de la Xunta de Galicia, S.A. (AUTOESTRADAS) and the 50% stake in Autopistas de Navarra, S.A. (AUDENASA). These companies are the concession holders of the toll roads they operate. Details of the dividend received by ENA from these stakes are included in note 18.

Details of the equity and the cost of the investment in group companies at 31 December 2016 as well as information on their activity and registered offices is as follows:

Thousands of euros

Company name	Stake (%)	Capital	Reserves	Other equity items	Operating profit/(loss)	Other income	Equity	Book value	Dividend received
Autopistas del Atlántico, C.E.S.A.	100.00%	195,918	209,042	35,024	88,019	(42,964)	485,038	114,897	62,169
Autopista Concesionaria Astur-Leonesa, S.A.	100.00%	326,248	(1,227)	25,082	13,595	(9,545)	354,153	214,626	5,506
Autopistas de Navarra, S.A.	50.00%	170,435	15,616	(13,206)	19,941	(2,222)	190,563	40,307	7,442
Autoestradas de Galicia, C.X.G., S.A.	100.00%	30,177	(2,310)	-	5,337	(1,467)	31,736	30,177	3,861

Company name	Activity	Address
Autopistas del Atlántico, C.E.S.A.	Concesión Autopista El Ferrol - Tuy (AP-9)	C/ Alfredo Vicenti, 15. A Coruña (Spain)
Autopista Concesionaria Astur-Leonesa, S.A.	Concesión Autopista Campomanes - León (AP-66)	Parque Empresarial Asipolo II. Pza. Sta. Bárbara, 4. Llanera, Asturias (Spain)
Autopistas de Navarra, S.A.	Concesión Autopista Irurzun - Autopista del Ebro (AP-15)	Autopista AP-15 Km. 83-Sur, Tajonar, Navarra (Spain)
Autoestradas de Galicia, C.X.G., S.A.	Concesión Autopista A Coruña - Carballo (AG-55 and AG-57)	C/ Alfredo Vicenti, 13. A Coruña (Spain)

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

All the above companies were audited by KPMG Auditores, S.L. in 2016.

(b) Loans to group companies

Details of loans to Group companies at 31 December 2016 are as follows:

Thousands of euros	2016	2015
Itínere Infraestructuras, S.A. - Credit in 2009	-	63,321
Itínere Infraestructuras, S.A. - Credit in 2014	-	13,202
Itínere Infraestructuras, S.A. - Credit in 2016	89,345	-
Total credits to Itínere Infraestructuras, S.A.	89,345	76,523
Enaitínere, S.A.U.	78,878	45,542
Total credits in groups companies and associates	168,223	122,065

On 16 February 2016, the Company signed a loan contract with ITÍNERE to replace the loan contracts formalised in 2009 and 2014 and through which those contracts were combined, together with the tax balances and other payables that ENA and ITÍNERE held in favour of the former amounting to 10,993 thousand euros.

The loan signed in 2009 corresponded to a loan transfer document whereby ITÍNERE assumed the balances payable by ENA to Sacyr Vallehermoso, S.A. (now Sacyr, S.A.) - the controlling shareholder of the ITÍNERE Group until June 2009 - due to the materialisation of the sale and purchase agreements of the interests of Inversora de Autopistas del Sur, S.L. and the sale and purchase of shares of Alazor Inversiones, S.L. and the transfer of the loan extended by this company, entered into on 15 December 2008 by ENA and Sacyr Vallehermoso, S.A. as part of the process that led to the change in the controlling shareholder of the ITÍNERE Group. At 31 December 2015, the balance of this loan was 63,321 thousand euros. The annual accounts for 2009 include detailed information about these transactions.

The loan signed in 2014 was formalised as a result of the liquidation of Constructora e Inmobiliaria Itínere Chile Ltda., which had been jointly owned 100% by ENA and ITÍNERE, and whose liquidation and dissolution were carried out in November 2014. At 31 December 2015, the balance of this loan was 13,202 thousand euros. The annual accounts for 2014 include detailed information about this liquidation process.

As a result of the above, at 31 December 2016 the Company had a loan with ITÍNERE amounting to 89,345 thousand euros which matures in October 2025 and is whose remuneration is pegged to 1-year Euribor plus a spread. This loan provides for the capitalisation of any unpaid interest at the end of the settlement period. The interest accrued in 2016 amounts to 1,829 thousand euros (2,007 thousand euros in 2015), which have been capitalised (see note 15).

On 16 February 2016, the Company signed a loan with its sole shareholder to replace the one originally formalised on 25 June 2015 and based on which 45,542 thousand euros had been drawn down at 31 December 2015, 1,700 thousand euros at 15 January 2016 and 15,400 thousand euros at 15 February 2016. On 6 October 2016, the Company formalised a new annex to that loan contract with the aim of making a new fund contribution amounting to 14,500 thousand euros. This loan accrues a variable interest rate pegged to 6-month Euribor plus a spread; if the interest is not paid at the end of the settlement period, it will be capitalised; and its maturity is October 2025. In 2016, the loan accrued interest totalling 1,314 thousand euros (691 thousand euros at 31 December 2015), of which 343 thousand euros were pending maturity (649 thousand euros at 31 December 2015) (see note 15) and are shown under "Current investments in group companies and associates" on the attached balance sheet. In 2016, the interest amounting to 1,620 thousand euros was capitalised (42 thousand euros in 2015).

In addition to the above, on 16 February 2016 balances in favour of ENA amounting to 116 thousand euros were capitalised as higher debt.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

11. CASH AND CASH EQUIVALENTS

At 31 December 2015, cash equivalents include term deposits that mature in less than three months from the arrangement date which accrue an average interest rate of 0.30%. At 31 December 2016, the Company did not have any cash equivalents.

12. CAPITAL AND RESERVES

Their breakdown and movement are shown in the statement of changes in equity, which forms an integral part of the attached annual accounts.

(a) Subscribed capital

At 31 December 2016 and 2015 the share capital was represented by 70,734 ordinary registered shares, each with a par value of 6,010.12 euro, subscribed and fully paid up by ENAITINERE, S.A.U. All shares have the same voting and economic rights, are not listed on any stock exchange and there are no bylaw restrictions on their transfer.

At 31 December 2016 and 2015, the Company complies with the requirements established in the Corporate Enterprises Act in order to be considered a sole proprietorship, whose status has been filed in the mercantile registry.

The Company's shares are pledged to secure repayment of the loan taken out by its sole partner.

(b) Legal reserve

Companies are required to transfer at least 10% of profit for the year to a legal reserve until this reserve reaches 20% of share capital. This reserve is not distributable to shareholders and may only be used to offset losses, provided no other reserves are available. At 31 December 2016 and 2015, the Company has allocated to this reserve the minimum amount required by the consolidated text of the Corporate Enterprises Act, amounting to 85,024 thousand euros.

(c) Contracts with the sole partner

At 31 December 2016, the Company has not entered into contracts with its sole shareholder other than those stated in note 10.

13. PUBLIC AUTHORITIES

The balances payable to public authorities at 31 December 2016 and 2015 are as follows:

Thousands of euros	2016	2015
Payable to Public Treasury:		
For tax withholdings	96	169
Payable to the Social Security	19	23
Public authorities	115	192

14. TAX POSITION

As stated in Note 4(i), since 1 January 2009, the Company has filed its taxes as part of the consolidated tax group 36/09, comprising ITINERE (the parent) and companies resident in Spain.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

Corporate Income Tax Act 27/2014 of 27 November which was published in the Official State Gazette (BOE) on 28 November 2014, includes, amongst other aspects, the amendment to the general corporate income tax rate, which was reduced from 30% to 28% in 2015 and to 25% in subsequent periods.

At 31 December 2016, the Company recognised an income tax expense of 555 thousand euros (672 thousand euros at 31 December 2015).

A reconciliation of net income tax and the tax receivable at 31 December 2016 and 2015 is as follows:

Thousands of euros	2016	2015
Net tax payable for the year	553	670
Withholdings and payments on account	(1,617)	(993)
Income tax	(1,063)	(323)

The reconciliation between the net amount of the year's revenues and expenses and the corporate income tax base, which the Company expects to contribute to the 2016 financial year's consolidated tax return and that contributed to the 2015 financial year's tax return, is as follows:

	2016			2015		
	Income statement	Income and expenses recognised directly in equity	Total	Income statement	Income and expenses recognised directly in equity	Total
<i>Thousands of euros</i>						
Balance of income and expenses in the year	80,641	-	80,641	54,013	-	54,013
Income tax	555	-	555	672	-	672
Permanent differences:	(78,977)	-	(78,977)	(52,284)	-	(52,284)
Exemption of dividend from group companies	(78,978)	-	(78,978)	(52,313)	-	(52,313)
Other	1	-	1	29	-	29
Timing differences:	(8)	-	(8)	(7)	-	(7)
Arising in prior years:	(8)	-	(8)	(7)	-	(7)
Reversal of the limit to the deductibility of redempt	(8)	-	(8)	(7)	-	(7)
Taxable income	2,211	-	2,211	2,394	-	2,394
Total tax liability (taxable income)	553	-	553	670	-	670
Deductions and other	-	-	-	-	-	-
Net tax payable	553	-	553	670	-	670

A reconciliation of the income tax expense with the result of applying the pertinent tax rates to total recognised income and expense, differentiating between current and deferred tax, for 2016 and 2015, is as follows:

	2016			2015		
	Income statement	Income and expenses recognised directly in equity	Total	Income statement	Income and expenses recognised directly in equity	Total
<i>Thousands of euros</i>						
Pre-tax profit/(loss) from continuing operations	81,196	-	81,196	54,685	-	54,685
Permanent differences	(78,977)	-	(78,977)	(52,284)	-	(52,284)
Applicable tax rate	25%	25%	25%	28%	28%	28%
Theoretical tax burden	555	-	555	672	-	672
Effect of:						
Deductions and other	-	-	-	-	-	-
Effective tax expense	555	-	555	672	-	672
Detail:						
Current	553	-	553	670	-	670
Deferred	2	-	2	2	-	2
Income tax	555	-	555	672	-	672

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

Movements in deferred tax assets in 2016 and 2015 are as follows:

Thousands of euros	Deductible timing differences	Pending deductions	Total deferred tax assets
Balance at 31 December 2014	22	-	22
Removals	(2)	-	(2)
Transfers	(3)	3	-
Balance at 31 December 2015	17	3	20
Removals	(2)	-	(2)
Balance at 31 December 2016	15	3	18

Act 16/2012 of 27 December sets a limit of 70% on the deductibility of amortisation and depreciation of intangible assets, property, plant and equipment and investment property for tax periods beginning in 2013 and 2014. Furthermore, non-tax deductible accounting amortisation and depreciation shall be deducted on a straight-line basis over a period of 10 years or the useful life of the asset, as of the first tax period beginning in 2016. Consequently, at 31 December 2016 the Company had recognised a deferred tax asset of 15 thousand euros in this respect (17 thousand euros at 31 December 2015).

In relation to the deferred tax asset derived from the limit to the deductibility of amortisation and depreciation, set out by Act 16/2012 of 27 December, transitional provision 37 of Act 27/2014 of 27 November states that companies can deduct from income tax payable 5% of the amounts included in taxable income for the tax period, resulting from the tax reversal of the expense adjusted for non-deductible amortisation and depreciation charges in 2013 and 2014 (2% deduction in 2015). Therefore, as a result of the above, at 31 December 2016 the Company had recognised deductions pending application amounting to 3 thousand euros for reversal of the temporary measures.

Under current legislation, taxes cannot be deemed to have been finally settled until the tax returns filed have been inspected by the tax authorities or until the four-year statute-of-limitations period has expired. At the date of preparing these annual accounts, the Company has open for inspection by the tax authorities all the main taxes applicable to it since 1 January 2013 (the financial year ended 31 December 2012 for income tax). Nevertheless, the Administration's right to check or investigate the tax losses that are offset or available for carryforward, the double taxation deductions and the deductions to incentivise certain activities applied or pending application has a statute of limitations of 10 years starting from the day after that on which the period established for filing the return or self-settlement corresponding to the tax period in which the right to offsetting or application was generated. Once that period has elapsed, the Company must accredit the tax losses or deductions by submitting the tax return or self-settlement and the accounting records, with accreditation of their deposit during that period in the Mercantile Registry. As a result of the different possible interpretations of the tax legislation in force and other factors, additional liabilities may arise due to an inspection. The directors believe that those liabilities, if they occur, will not have a material impact on the annual accounts.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

15. BALANCES AND TRANSACTIONS WITH GROUP COMPANIES

Receivables from and payables to group companies, jointly controlled entities, associates and other related parties at 31 December 2016 and 2015 are as follows:

Thousands of euros	2016			2015		
	Parent company	Other group companies	Total	Parent company	Other group companies	Total
Loans to companies (notes 9 and 10)	78,878	89,345	168,223	45,542	76,523	122,065
Itinere Infraestructuras, S.A.	-	89,345	89,345	-	76,523	76,523
Enaitinere, S.A.U.	78,878	-	78,878	45,542	-	45,542
Non-current debit balances	78,878	89,345	168,223	45,542	76,523	122,065
Loans to companies (note 9)	343	2,160	2,503	649	3,207	3,856
Autoestradas	-	2,160	2,160	-	3,206	3,206
Itinere Infraestructuras, S.A. (note 10)	-	-	-	-	1	1
Enaitinere, S.A.U. (note 10)	343	-	343	649	-	649
Trade and other receivables (note 9)	-	1,823	1,823	116	11,901	12,017
Audasa	-	466	466	-	340	340
Aucalsa	-	141	141	-	96	96
Audenasas	-	90	90	-	31	31
Autoestradas	-	63	63	-	123	123
Itinere Infraestructuras, S.A. Consolidated group for income tax (note 14)	-	1,063	1,063	-	9,295	9,295
Itinere Infraestructuras, S.A.	-	-	-	-	2,017	2,017
Enaitinere, S.A.U.	-	-	-	116	-	116
Current debit balances	343	3,983	4,326	765	15,109	15,874
Non-current payables (note 9)	-	62,562	62,562	-	28,301	28,301
Audasa	-	23,956	23,956	-	3,000	3,000
Aucalsa	-	12,700	12,700	-	-	-
Autoestradas	-	25,906	25,906	-	25,301	25,301
Non-current credit balances	-	62,562	62,562	-	28,301	28,301
Current payables	-	329	329	-	50	50
Audasa	-	202	202	-	43	43
Aucalsa	-	118	118	-	-	-
Autoestradas	-	9	9	-	7	7
Trade creditors	-	432	432	-	414	414
Itinere Infraestructuras, S.A.	-	369	369	-	393	393
Aucalsa	-	-	-	-	5	5
Itinere Infraestructuras, S.A. VAT settlement	-	63	63	-	16	16
Current credit balances (note 9)	-	761	761	-	464	464

At 31 December 2016, the Company has receivables for current loans from its investee AUTOESTRADAS of 2,160 thousand euros (3,206 thousand euros at 31 December 2015) under an agreement signed between the companies. The loan accrues interest at a variable rate pegged to 1-month Euribor plus a spread. In 2016, this loan accrued interest of 13 thousand euros (see note 18).

At 31 December 2016 and 2015, ENA has accounts receivable from its subsidiaries for services rendered under the agreements signed (see note 16).

At 31 December 2016, ENA has an account receivable from ITINERE of 1,063 thousand euros due to its inclusion in the consolidated income tax group (see note 14).

On 16 February 2016, the Company signed a loan with its investee AUTOESTRADAS to replace the one originally formalised on 25 June 2015 and based on which 25,301 thousand euros had been drawn down at 31 December 2015. The loan accrues interest at a variable rate pegged to 6-month Euribor plus a spread and maturing in June 2019. In 2016, the loan accrued interest of 607 thousand euros, of which 9 thousand euros was payable at 31 December 2016 (307 thousand euros in 2015, of which 7 thousand euros was payable at 31 December 2015). In 2016, 605 thousand euros were capitalised as higher debt (301 thousand euros in 2015).

On 16 February 2016, the Company signed a loan with its investee AUDASA to replace the one originally formalised on 15 July 2015 and based on which 3,000 thousand euros had been drawn down at 31 December 2015 and 4,400 thousand euros at 12 February 2016. On 5 October 2016, the Company formalised an annex to that loan contract by virtue of which a new drawdown amounting to 16,500 thousand euros was made. This loan accrues a variable interest rate pegged to 1-year Euribor plus a spread; if the interest is not paid at the end of the

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

settlement period, it will be capitalised; and its maturity is February 2017, which can be extended for annual periods. In 2016, the loan accrued interest of 215 thousand euros (43 thousand euros in 2015), of which 56 thousand euros was capitalised and 202 thousand euros was payable at 31 December 2016 (43 thousand euros at 31 December 2015).

On 15 February 2016, the Company signed a loan contract with its investee AUCALSA for an initial nominal amount of 4,700 thousand euros. On 5 October 2016, the Company formalised an annex to that loan contract by virtue of which a new drawdown amounting to 8,000 thousand euros was made. This loan accrues a variable interest rate pegged to 1-year Euribor plus a spread; if the interest is not paid at the end of the settlement period, it will be capitalised; and its maturity is February 2017, which can be extended for annual periods. In 2016, this loan accrued interest of 118 thousand euros, which is pending payment at 31 December 2016.

Details of transactions with group companies, jointly controlled entities, associates and other related parties in 2016 and 2015 are as follows:

Thousands of euros	2016			2015		
	Parent company	Other group companies	Total	Parent company	Other group companies	Total
Finance expenses	-	940	940	-	350	350
Audasa	-	215	215	-	43	43
Aucalsa	-	118	118	-	-	-
Autoestradas	-	607	607	-	307	307
Management or collaboration contracts	-	4,037	4,037	-	3,948	3,948
Itinere Infraestructuras	-	4,037	4,037	-	3,948	3,948
Total expenses	-	4,977	4,977	-	4,298	4,298
Finance income (note 18)	1,314	80,820	82,134	691	54,331	55,022
Audasa	-	62,169	62,169	-	39,518	39,518
Aucalsa	-	5,506	5,506	-	1,336	1,336
Audenasa	-	7,442	7,442	-	8,060	8,060
Autoestradas	-	3,874	3,874	-	3,410	3,410
Itinere Infraestructuras, S.A. (note 10)	-	1,829	1,829	-	2,007	2,007
Enaitinere, S.A.U. (note 10)	1,314	-	1,314	691	-	691
Management or collaboration contracts (note 16)	-	6,066	6,066	-	5,786	5,786
Audasa	-	3,934	3,934	-	3,761	3,761
Aucalsa	-	1,172	1,172	-	1,115	1,115
Audenasa	-	495	495	-	459	459
Autoestradas	-	465	465	-	451	451
Service provision (note 16)	-	70	70	-	70	70
Audenasa	-	70	70	-	70	70
Other revenues	-	2	2	-	-	-
Itinere Infraestructuras, S.A.	-	2	2	-	-	-
Total revenues	1,314	86,958	88,272	691	60,187	60,878

The transactions with related parties refer to the Company's normal business and are carried out on an arm's length basis.

16. REVENUE

Revenues obtained in 2016 and 2015 are as follows:

Thousands of euros	2016	2015
Service management fee:	6,066	5,786
Audasa	3,934	3,761
Aucalsa	1,172	1,115
Audenasa	495	459
Autoestradas	465	451
Other services to group companies:	70	70
Audenasa	70	70
Revenues	6,136	5,856

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

The service management fee includes the amounts invoiced by ENA to its subsidiaries for general management, administration and technical and financial control expenses under the agreements signed with these companies.

All the revenue recorded by the Company in 2016 and 2015 was obtained in Spain.

17. EXTERNAL SERVICES

The breakdown of external services at 31 December 2016 and 2015 is as follows:

Thousands of euros	2016	2015
Leases and royalties	4,034	3,935
Repairs and maintenance	2	2
Freelance professional services	36	8
Banking and similar services	-	1
Advertising and public relations	67	70
Supplies and other services	102	117
External services	4,241	4,133

18. FINANCE INCOME

Details of finance income at 31 December 2016 and 2015 are as follows:

Thousands of euros	2016	2015
Finance income from Group companies:		
Income on investments in equity instruments	78,978	52,313
Interest on marketable securities and other financial instruments	3,156	2,708
Other interest and similar income	2	18
Finance income	82,136	55,039

Income from investments in equity instruments of group companies shows the dividends received from the following companies:

Thousands of euros	2016	2015
Audasa	62,169	39,518
Aucalsa	5,506	1,333
Audenasasa	7,442	8,060
Autoestradas	3,861	3,403
Finance income on investments in equity instruments of group companies	78,978	52,313

19. STAFF EXPENSES

The average headcount in 2016 and 2015, broken down by category, is as follows:

	2016	2015
Management	2	3
Experts and specialists	11	10
Administrative staff	4	4
Other staff	1	1
Total	18	18

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

At 31 December 2016 and 2015, the breakdown of the Company's headcount by category and gender is as follows:

	Men		Women	
	2016	2015	2016	2015
Management	2	3	-	-
Experts and specialists	4	4	7	7
Administrative staff	1	1	2	3
Other staff	1	1	-	-
Total	8	9	9	10

In 2016, the Company did not have any employees with a disability of 33% or higher.

At 31 December 2016, all the members of the Company's board of directors were men.

Of the total staff expenses for 2016, 220 thousand euros comprise the social security costs paid by the Company (224 thousand euros at 31 December 2015).

20. INFORMATION ABOUT COMPANY DIRECTORS AND SENIOR MANAGEMENT

No remuneration was paid to members of the Board of Directors in 2016 and 2015. The Company has no staff considered as senior management.

In 2016 and 2015, the Company has not extended any loans or credit, undertaken any pension plan or insurance commitments, nor does it have any balances receivable from or payable to members of the Board of Directors at 31 December 2016 and 2015.

In 2016 and 2015, the Company has not extended any loans or credit, undertaken any pension plan or life insurance commitments, nor does it have any balances receivable from or payable to members of the Board of Directors senior management at 31 December 2016 and 2015. Likewise, the Company has not paid any civil liability insurance premiums for directors and managers. Notwithstanding the foregoing, ITINERE, the parent company of the Group to which the Company belongs, has civil corporate liability policies for the directors and managers which cover the directors and managers of the Group companies who represent them.

21. GUARANTEES UNDERTAKEN WITH THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

The Company guarantees the following amounts in respect of the financing transactions entered into by its subsidiaries with third parties:

Thousands of euros	2016	2015
Audasa	1,064,993	1,064,993
Aucalsa	280,043	280,043
Autoestradas	-	1,252
Total	1,345,036	1,346,288

The Company has also extended the following counter guarantees to its subsidiaries in relation to the operating, construction and other guarantees that these have had to arrange:

Thousands of euros	2016	2015
Construction guarantees	5,520	5,520
Operational guarantees	40,971	40,971
Bank guarantees	120	1,623
Total	46,611	48,114

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

As stated in note 12, the Company's shares are pledged to secure repayment of the loans taken out by its sole shareholder, ENAITINERE, S.A.U. (100% owned by ITINERE).

22. ENVIRONMENT

Based on the type of activity conducted by the Company, no environmental actions are required. Therefore, it has not incurred any environmental expense in 2016 and no provision is considered necessary to cover possible expenses or risks relating to environmental actions.

The Company's Directors declare that there are no items that need to be included in the separate environmental information document provided for in Order JUS/206/2009 of 28 January.

23. INFORMATION ABOUT THE NATURE AND RISKS OF FINANCIAL INSTRUMENTS

As stated in note 1, the Company's corporate purpose is the management and coordination of control, the implementation of standard policies and external debt and cash management of its subsidiaries, the corporate purpose of which is to exercise the rights and comply with the obligations derived from the respective concession arrangements entered into with the grantors (national or local government). These arrangements establish the right to redress the financial balance should circumstances beyond the control of the concession operator arise, which significantly limits the risks of these companies and, therefore, that of ENA itself.

The Company's financial management and policies are determined and executed by the financial department of ITINERE, which is the Company's indirect majority shareholder. The latter has established markedly conservative policies regarding the use of financial instruments such as not entering into speculative transactions with derivatives or the investment of cash surpluses solely in low-risk financial products.

To a large extent, the Company's financial risk management policies and, consequently, the instruments for their achievement are determined by the nature of its activity and by the situation in the financial markets at any given time.

Thus, the structure, type of financing, hedges, guarantees and, in short, the most appropriate financing instruments are selected in accordance with the nature and risks inherent in the projects to be financed, with a view to their mitigation to the extent that this is possible.

The financing of concession companies in which ENA has a majority holding is secured by ENA itself, as explained in note 21. ENA supplements project financing with its own resources using non-Group financing when applicable.

Below is a short analysis of the different risk factors relating to financial instruments which shows that the Company's exposure to them is low.

- **Credit risk:** Credit risk is practically non-existent due to the nature of the Company's income, which basically comes from dividends distributed by its investees.
- **Liquidity risk:** This risk is practically non-existent due to the nature and characteristics of the Company's collections and payments, its EBITDA and financial structure. The Company aims to maintain the liquidity it needs to settle its payment obligations at any given time.
- **Interest rate risk:** The structure, type of financing, coverage, guarantees and, in short, the most appropriate financial instruments are selected according to the nature and risks inherent to the project in order to eliminate or mitigate them as much as possible taking the cost/risk factor into consideration.

ENA INFRAESTRUCTURAS, S.A.U.

Notes to the Annual Accounts

At 31 December 2016, the Company has financing at a variable interest rate pegged to Euribor (see note 15). A possible variation of ± 100 basis points in the interest rate prevailing at year-end would have a quantitative effect which would mean a lower net result of 436 thousand euros if the interest rate increases and a higher net result of 275 thousand euros if it decreases.

- **Exchange rate risk:** The Company's debt is denominated in the same currency as the cash flows of its business. Likewise, no transactions are made in non-euro currencies. Consequently, there is currently no currency risk.
- **Price risk:** ENA does not have this risk as its revenues are associated with the activity of its investees, which are not exposed to this risk, as they operate in a regulated market in which the tariffs applied are reviewed based on the variation of the CPI.

24. OTHER INFORMATION

The auditors of the annual accounts of the Company, KPMG Auditores, S.L., have rendered professional services to the Company during the years ended 31 December 2016 and 2015 totalling 5,270 euros per year.

This amount corresponds to total audit fees for 2016 and 2015, irrespective of the date of invoice.

At the same time, no subsidiary companies of KPMG International invoiced the Company for amounts during the 2016 and 2015 financial years.

ENA INFRAESTRUCTURAS, S.A.U.

Directors' Report

1. COMPANY BUSINESS PERFORMANCE AND POSITION

In 2016, the Company continued to manage and coordinate the group companies, which operated normally throughout the year. The activity was performed in a fully integrated manner within the structure of ITÍNERE INFRAESTRUCTURAS, S.A.

The Company's profit for the year is 80.6 million euros, primarily due to dividend income from shareholdings corresponding to the prior year and interim dividends in 2016.

In terms of management of the investees, in 2016 the recovery in traffic levels that began in 2014 was confirmed, after several years of severe economic crisis which had a considerable impact on the toll road sector. The improvement in the economy in general also continued, which has had a positive effect on the Group's toll road activity, with a direct impact on traffic levels. Weighted average daily traffic (ADT) in 2016 was 17,712 vehicles, up 4.05%. Weighted ADT of light vehicles for all ENA Group toll roads in 2016 was 15,480 vehicles, up 4.33% on 2015. For heavy vehicles, weighted ADT was 2,232, 2.11% higher than in 2015.

Total toll revenues for the investees (including proportional consolidation of AUDENASA) amount to 211.3 million euros, an increase of 6.8 million euros on the prior year (+3.33%).

In finance, the investees Autopistas del Atlántico, C.E.S.A. and Autopista Concesionaria Astur-Leonesa, S.A. issued debentures in 2016 amounting to 66.8 million euros and 50.6 million euros, respectively, which were used to refinance the issues which matured in the year. The issues, which were jointly guaranteed by ENA, were a success; they were significantly oversubscribed, which shows a clear reflection of investors' confidence in the investees' projects. In addition, during the year the contractually required instalment on the EIB Autoestradas loan was fully settled.

Investment in the year amounted to 80.4 million euros, and was above all channelled into expanding the capacity of certain sections of the AP-9 Autopista del Atlántico toll road, in accordance with the agreements signed with the Ministry of Development in December 2011 and February 2013. Investments were also made as part of the group companies' maintenance programmes, including replacements and major repairs, improving a number of items of toll road safety equipment and signage, essentially reinforcing the road surface and improving facilities.

In addition, there was a change in the controlling shareholder of ITÍNERE, ENA's sole shareholder (through ENAITINERE), in 2009. As a result, the main shareholder of the Group to which the Company belongs is ARECIBO SERVICIOS Y GESTIONES, S.L., with a 54.19% stake in ITÍNERE at 31 December 2016.

The amounts paid by the Company to the various public authorities for taxes, social security contributions, etc. totalled 2.8 million euros in 2016.

At 31 December 2016, the Company does not have any amounts pending payment on commercial transactions that accumulate a deferment in excess of the legal deadline as per the provisions of Act 3/2004 of 29 December and its subsequent amendments through Act 15/2010 of 5 July and Royal Decree Law 4/2013 of 22 February. All of the Company's payments in 2016 and 2014 were made within the legal deadline. The average payment period to suppliers in 2016 was 14 days.

2. SUBSEQUENT EVENTS

No significant subsequent events have taken place.

Directors' Report

3. COMPANY OUTLOOK

The activities to be carried out by ENA Infraestructuras, S.A. over the coming years will be determined by the guidelines set by the Company's sole shareholder, the performance of its investees and the new investments made.

In this context, the Company will continue to consistently implement the group companies' maintenance programmes, undertaking replacement work and major repairs to our operational toll roads, to increase the quality of the service offered to road users. The expansion work that began in 2015 is expected to be completed in 2017; this work is included in the expansion agreement for the AP-9 signed at the end of 2011 between AUDASA and the Ministry of Development. Supplementary work stipulated in the agreement signed in February 2013 will also be carried out. The basis of the negotiations with the government was to maintain the economic and financial balance of the project. The impact on the economic and financial balance of the concession is therefore neutral, while allowing a better service to be offered in the coming years.

4. MAIN RISKS AND UNCERTAINTIES

The future of the toll road concession sector and, consequently, of ENA's investees is undoubtedly affected by both the overall economic situation and changes in legislation that can significantly affect the forecasts.

With regard to potential market risk, ENA's toll road concession investees operate in accordance with the concession contracts with the State, which establish the right to redress the financial balance should circumstances beyond the control of the concession operator arise, significantly limiting the risks associated with the activity. However, some risk factors can be identified, as summarised below:

- **Demand risk:** In toll road concessions, the tolls collected by concession companies, which are their main source of revenues, depend on the number of vehicles using the road and its capacity to attract traffic. Average traffic and toll revenues also depend on a number of factors, including the quality, condition, comfort and travel time of alternative toll-free roads or non-Group toll roads, economic conditions, fuel prices, weather conditions, environmental legislation (including measures to restrict use of motor vehicles to reduce pollution), natural disasters and the viability or presence of alternative forms of transport such as air routes, railways and other intercity transport. In view of the characteristics of ENA's portfolio (a mature and consolidated business), demand risk can be considered limited.
- **Regulatory risk:** ENA's investees are required to comply with sector-specific and general legislation (accounting, environmental, employment, data protection, tax, etc.). As in all tightly regulated sectors, changes to legislation could negatively affect the companies' businesses. In the event of significant regulatory changes (such as changes to tax structures), under certain circumstances the Group's concession companies would have the right to adapt the terms of their concession or to negotiate changes with the appropriate public entity, in order to re-establish an economic and financial equilibrium.

In terms of the performance of the economy in general, the economic conditions between 2008 and 2014 in Spain and internationally cannot be ignored, as they have significantly affected key industrial activities in the regions through which the Group's toll roads pass. Nevertheless, since 2015 this trend clearly changed. In 2017 and subsequent years, we expect this change in the traffic of our concession companies to continue, maintaining this recovery. As a result of the consolidated use of our infrastructure and the improvements that have been made and will continue to be made to management, it will be possible to administer concessions more efficiently and maintain appropriate financial results. In any

ENA INFRAESTRUCTURAS, S.A.U.

Directors' Report

case, the assumptions which form the basis of the accounting estimates for our investees are in accordance with the Group's general policy and are conservative.

Other risks to which the ENA Group is exposed are as follows:

- Risks from damage caused during infrastructure maintenance work or construction or expansion work.
- Risks associated with workplace health and safety;
- Risks from loss of assets.

ENA and its investees have appropriate control systems to identify, quantify, assess and mitigate all of these risks, thus minimising or eliminating their impact. The Group also has a policy of taking out and maintaining insurance policies to cover these areas, among others.

5. FINANCIAL RISK MANAGEMENT POLICIES

As the Company's activity is limited to management and oversight of its subsidiaries and holding interests in other concession companies, ENA Infraestructuras S.A.U. does not require financing, as its operating expenses are covered by the fees collected from subsidiaries. Dividends paid to its shareholder are offset by the profit distributed by its subsidiaries. The debt signed by the Company with its subsidiaries corresponds to a credit granted to its sole shareholder; this circumstance mitigates any resulting financial risk. In 2016, the Company did not arrange any derivatives.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The activities carried out by the Company in 2016 do not include any ongoing significant research or development programmes.

7. ACQUISITION OF OWN SHARES

At 31 December 2016, the Company held no own shares. No transactions were carried out with its own shares in 2016.

ENA INFRAESTRUCTURAS, S.A.U.

**PROPOSED DISTRIBUTION OF EARNINGS
FOR 2016**

Profit for 2016 totalled 80,640,828.83 euros, which will be fully distributed as the dividend.

ENA INFRAESTRUCTURAS, S.A.U.

ONE: Pursuant to the requirements of article 253 of the Corporate Enterprises Act and article 37 of the Spanish Code of Commerce, the directors of **ENA INFRAESTRUCTURAS, S.A.** have prepared the attached Annual Accounts comprised of the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto, the directors' report and the proposed distribution of earnings for the year ended 31 December 2016, which are presented on pages 1 to 35 of this document, each bearing the Company seal and signed by the secretary to the board of directors.

TWO: At the same time, the undersigned, as the Company's Directors, declare that the Company's books, which form the basis of these annual accounts, do not contain any items that need to be included in the specific environmental information document provided for in Justice Ministry Order JUS/206/2009 of 28 January.

Signed in Madrid on 27 February 2017.

Mr. Francisco Javier Pérez-Gracia
Chairman

Mr. José Puelles Gallo
Director

Mr. Juan Carlos López Verdejo
Director