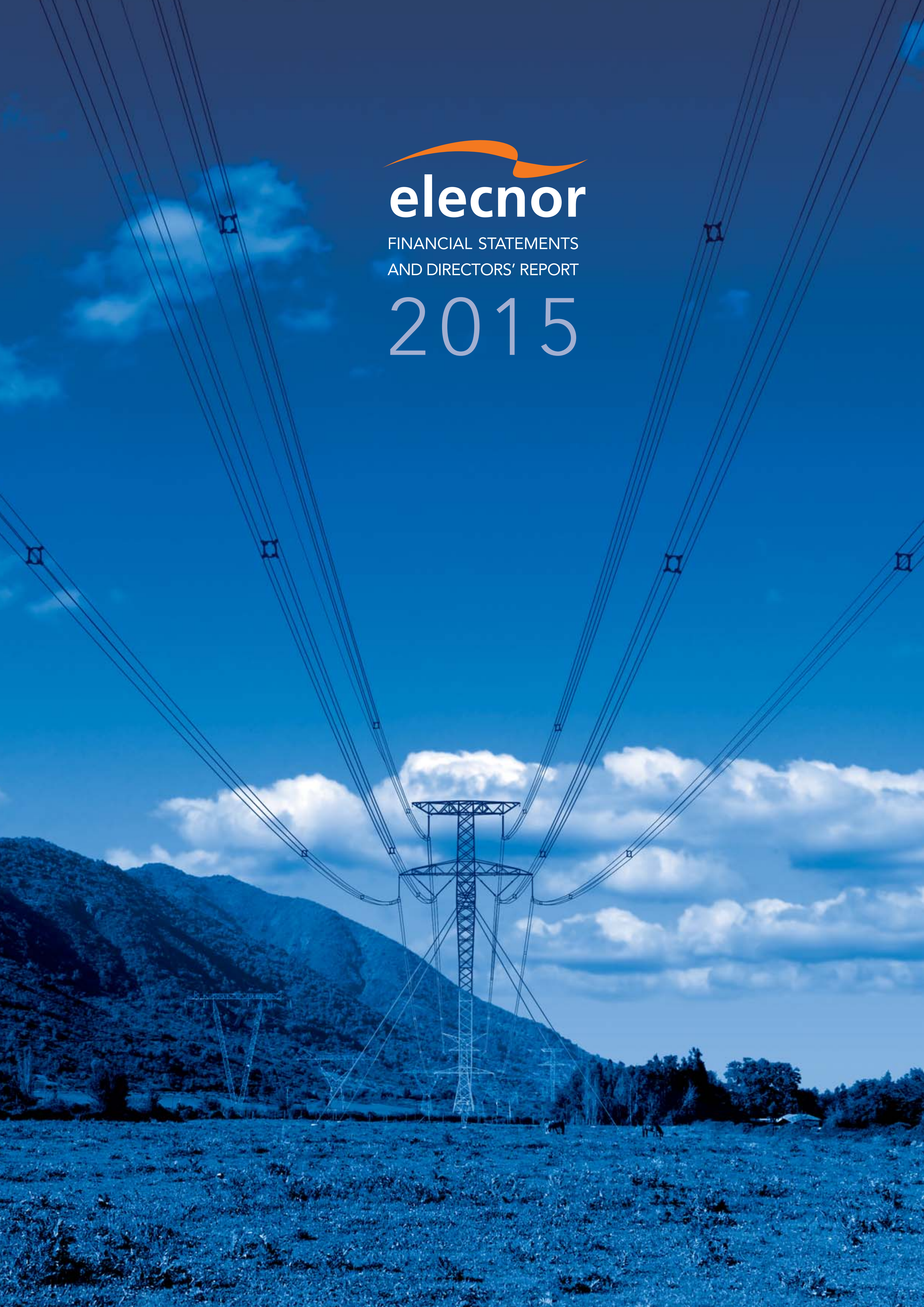
elecnor

FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2015



FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2015

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CONTENTS

KPMG

KPMG Auditores S.L.
Torre Iberdrola
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48009 Bilbao

Independent Auditor's Report on the Consolidated Annual Accounts

To the Shareholders of
Elecnor, S.A.

Report on the Consolidated Annual Accounts

We have audited the accompanying consolidated annual accounts of Elecnor, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

Directors' Responsibility for the Consolidated Annual Accounts

The Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of Elecnor, S.A. and subsidiaries, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control that they determine is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated annual accounts taken as a whole.

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
Nº 1081

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

Opinion

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2015 and of their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2015 contains such explanations as the Directors of Elecnor, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2015. Our work as auditors is limited to the verification of the consolidated 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 Elecnor, S.A. and subsidiaries.

KPMG Auditores, S.L.

Cosme Carral López-Tapia

25 February 2016

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
N.º 1081

ECONOMIC PROFILE OF THE ELECNOR GROUP 2015

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Elecnor, S.A. and Subsidiaries comprising the ELECNOR Group

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

at 31 December 2015 and 2014

Assets	Thousands of Euros 2015	2014
Non-current assets		
Intangible assets		
Goodwill (note 7)	33,372	32,386
Other intangible assets, net (note 8)	60,461	65,371
	93,833	**97,757**
Property, plant and equipment, net (note 9)	1,199,882	1,208,149
Equity-accounted investees (note 10)	124,632	75,259
Non-current financial assets (note 11)		
Investments	4,401	6,009
Other investments	572,720	721,895
Derivatives	7,958	3,415
	585,079	**731,319**
Deferred tax assets (note 18)	80,433	78,255
Total non-current assets	**2,083,859**	**2,190,739**
Current assets		
Non-current assets held for sale (note 3.a)	4,058	4,204
Inventories (Note 3.l)	15,034	11,622
Trade and other receivables (note 12)	968,723	927,816
Trade receivables from related companies (note 26)	10,726	43,550
Public entities (note 19)	48,279	70,541
Taxation authorities, income tax (note 19)	6,901	1,716
Other receivables	15,028	10,995
Current investments in related companies (note 26)	268	7,528
Other current assets	11,673	8,920
Cash and cash equivalents (note 12.b)	336,989	258,899
Total current assets	**1,417,679**	**1,345,791**
Total assets	**3,501,538**	**3,536,530**

The accompanying consolidated notes form an integral part of the consolidated annual accounts.

Equity and Liabilities	Thousands of Euros 2015	2014
Equity (note 13)		
Attributable to the Parent		
Share capital	8,700	8,700
Other reserves	419,580	484,821
Valuation adjustments	(71,781)	(82,258)
Profit for the year attributable to the Parent	65,662	58,542
Interim dividend for the year (note 5)	(4,350)	(4,193)
	417,811	**465,612**
Attributable to non-controlling interests	322,560	344,124
Total equity	**740,371**	**809,736**
Non-current liabilities		
Grants (note 3.q)	7,141	14,522
Deferred income	6,541	6,946
Provisions for liabilities and charges (note 16)	11,704	13,378
Financial debt (note 14)	1,110,280	1,181,304
Derivatives (note 15)	35,145	40,310
Other non-current liabilities	25,218	19,574
Deferred tax liabilities (note 18)	66,961	58,572
Total non-current liabilities	**1,262,990**	**1,334,606**
Current liabilities		
Financial debt (note 14)	290,881	291,518
Derivatives (note 15)	6,702	4,292
Trade payables to associates and related companies (note 26)	2,366	3,498
Trade and other payables		
Trade payables for purchases or services	526,649	452,344
Advances from customers and advance invoices (note 17)	515,735	497,605
	1,042,384	**949,949**
Other payables		
Public entities (note 19)	61,371	55,504
Taxation authorities, income tax (note 19)	19,016	16,824
Other current liabilities	75,457	70,603
	155,844	**142,931**
Total current liabilities	**1,498,177**	**1,392,188**
Total equity and liabilities	**3,501,538**	**3,536,530**

Elecnor, S.A. and Subsidiaries comprising the ELECNOR Group

CONSOLIDATED INCOME STATEMENTS

for the years ended 31 December 2015 and 2014

	Thousands of Euros (Debit) Credit 2015	2014
Continuing operations		
Revenues (note 21)	1,881,143	1,723,728
Changes in inventories of finished goods and work in progress (note 3.l)	(1,882)	2,726
Supplies (note 21)	(967,612)	(770,705)
Other operating income (note 3.h)	159,120	84,897
Personnel expenses (note 21)	(513,343)	(491,178)
Other operating expenses (note 21)	(333,116)	(320,622)
Depreciation, amortisation, impairment and charges to provisions (note 21)	(99,877)	(94,008)
Results from operating activities	**124,433**	**134,838**
Finance income (notes 11 and 21)	76,906	79,483
Finance costs (note 21)	(92,733)	(91,327)
Exchange gains (note 2.f)	14,479	6,985
Impairment and gains on disposal of financial instruments (note 2.g)	2,811	5,611
Change in fair value of financial instruments (note 2.g)	(174)	(1,850)
Share in profit/(loss) of equity-accounted investees (note 10)	3,038	(17,786)
Profit before tax	**128,760**	**115,954**
Income tax (note 19)	(38,427)	(44,950)
Profit from continuing operations	**90,333**	**71,004**
Profit for the year	**90,333**	**71,004**
Attributable to:		
Shareholders of the Parent	65,662	58,542
Non-controlling interests (note 13)	24,671	12,462
Earnings per share (in Euros) (note 28)		
Basic	0.78	0.69
Diluted	0.78	0.69

The accompanying consolidated notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries comprising the ELECNOR Group

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 31 December 2015 and 2014

	Note	2015 (Thousands of Euros)	2014 (Thousands of Euros)
CONSOLIDATED PROFIT (I)		**90,333**	**71,004**
Other comprehensive income			
Items to be reclassified to profit or loss			
Income and expense recognised directly in equity			
- Cash flow hedges	Note 15	1,786	(19,945)
- Translation differences	Note 13	(176,925)	(21,169)
- Share of other comprehensive income of equity-accounted investees	Note 10	(6,031)	(35,950)
- Tax effect	Notes 15 and 18	(512)	4,987
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY (II)		**(181,682)**	**(72,077)**
Transfers to the consolidated income statement			
- Cash flow hedges	Note 15	3,937	3,086
- Share of other comprehensive income of equity-accounted investees	Note 10	12,281	13,559
- Tax effect	Notes 15 and 18	(984)	(772)
TOTAL TRANSFERS TO THE CONSOLIDATED INCOME STATEMENT (III)		**15,234**	**15,873**
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSE (I+II+III)		**(76,115)**	**14,800**
a) Attributable to the Parent		(35,363)	20,082
b) Attributable to non-controlling interests		(40,752)	(5,282)

The accompanying consolidated notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries comprising the ELECNOR Group

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 31 December 2015 and 2014

Thousands of Euros	Share capital	Valuation adjustments	Legal reserve	Other non-distributable reserves	Other voluntary reserves	Reserves in consolidated companies	Own shares	Translation differences	Total reserves	Profit for the year	Interim dividend paid	Non-controlling interests	Total equity
Balances at 31 December 2013	**8,700**	**(48,573)**	**1,743**	**22,436**	**488,890**	**110,296**	**(22,421)**	**(158,794)**	**393,577**	**53,289**	**(4,193)**	**81,112**	**532,485**
Total recognised income and expense for 2014	-	(37,396)	-	-	-	-	-	(1,064)	(38,460)	58,542	-	(5,282)	14,800
Distribution of profit:													
Reserves	-	-	-	-	7,503	25,444	-	-	32,947	(32,947)	-	-	-
Supplementary dividend	-	-	-	-	-	-	-	-	-	(16,149)	-	(1,901)	(18,050)
2013 interim dividend	-	-	-	-	-	-	-	-	-	(4,193)	4,193	-	-
Acquisition of own shares	-	-	-	-	-	-	(2,512)	-	(2,512)	-	-	-	(2,512)
Sale of own shares	-	-	-	(157)	173	-	2,669	-	2,685	-	-	-	2,685
Transfer between reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim dividend paid in 2014	-	-	-	-	-	-	-	-	-	-	(4,193)		(4,193)
Changes in investments in subsidiaries (note 13.e)	-	3,711	-	-	-	(12,039)	-	29,318	20,990	-	-	264,733	285,723
Other corporate transactions	-	-	-	-	-	-	-	-	-	-	-	5,462	5,462
Other	-	-	-	-	(24)	(6,640)	-	-	(6,664)	-	-	-	(6,664)
Balances at 31 December 2014	**8,700**	**(82,258)**	**1,743**	**22,279**	**496,542**	**117,061**	**(22,264)**	**(130,540)**	**402,563**	**58,542**	**(4,193)**	**344,124**	**809,736**
Total recognised income and expense for 2015	-	10,477	-	-	-	-	-	(111,502)	(101,025)	65,662	-	(40,752)	(76,115)
Distribution of profit:													
Reserves	-	-	-	-	17,641	19,134	-	-	36,775	(36,775)	-	-	-
Supplementary dividend	-	-	-	-	-	-	-	-	-	(17,574)	-	(658)	(18,232)
2014 interim dividend	-	-	-	-	-	-	-	-	-	(4,193)	4,193	-	-
Acquisition of own shares	-	-	-	2,191	(2,191)	-	(2,191)	-	(2,191)	-	-	-	(2,191)
Sale of own shares	-	-	-	(2,114)	2,116	-	2,114	-	2,116	-	-	-	2,116
Transfer between reserves	-	-	-	2,787	(22,125)	19,338	-	-	-	-	-	-	-
Interim dividend paid in 2015	-	-	-	-	-	-	-	-	-	-	(4,350)	-	(4,350)
Changes in investments in subsidiaries (note 13.e)	-	-	-	-	-	(3,623)	-	4,496	873	-	-	16,718	17,591
Other corporate transactions	-	-	-	-	-	-	-	-	-	-	-	3,308	3,308
Other	-	-	-	-	-	8,688	-	-	8,688	-	-	(180)	8,508
Balances at 31 December 2015	**8,700**	**(71,781)**	**1,743**	**25,143**	**491,983**	**160,598**	**(22,341)**	**(237,546)**	**347,799**	**65,662**	**(4,350)**	**322,560**	**740,371**

The accompanying consolidated notes form an integral part of the consolidated annual accounts.

ELECNOR, S.A. and Subsidiaries comprising the ELECNOR Group

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended 31 December 2015 and 2014

	Thousands of Euros	
	2015	2014
Cash flows from operating activities		
Consolidated profit for the year	90,333	71,003
Adjustments for:		
Depreciation and amortisation and changes in provisions for current and non-current assets (notes 8, 9, 12 and 21)	86,104	69,345
Changes in provisions for liabilities and charges (note 21)	13,548	26,550
Allocation of deferred income	(405)	(451)
Capital grants taken to income	(789)	-
Net profit or loss of equity-accounted investees (note 10)	(3,038)	17,786
Change in fair value of financial instruments (note 15)	174	815
Impairment and gains/(losses) on disposal of financial instruments (notes 2.g and 13)	(28,421)	4,576
Finance income and costs (note 21)	15,827	13,056
Income tax	38,427	44,950
Funds generated from operations	**211,760**	**247,630**
Changes in operating assets and liabilities:		
Changes in trade receivables and other current assets	(61,586)	(6,285)
Changes in inventories	(3,412)	(7,763)
Changes in trade and other payables	129,911	(244,364)
Changes in other current assets and liabilities	(4,967)	(37,465)
Income tax paid	(34,789)	(29,338)
Net cash flows from (used in) operating activities (I)	**236,917**	**(77,585)**
Cash flows from investing activities:		
Investments in Group companies, associates and jointly controlled entities (note 7)	(1,929)	-
Acquisition of intangible assets (note 8)	(937)	(1,187)
Cash outflows due to contributions to associates (note 10)	(13,702)	-
Acquisition of equity instruments and other non-current investments (note 11)	(44,681)	(88,208)
Grants for acquisition of fixed assets	-	3,345
Acquisition of property, plant and equipment (note 9)	(173,552)	(153,577)
Dividends received from associates (note 10)	1,007	850
Interest received	60,529	74,858
Proceeds from disposal of Group companies, associates and jointly controlled entities (notes 2.g and 13)	88,849	275,480
Proceeds from disposal of property, plant and equipment, intangible assets and non-current assets (notes 8 and 9)	214	5,268
Proceeds from disposal of financial assets, net (note 11)	(1,240)	4,409
Net cash flows from (used in) investing activities (II)	**(85,442)**	**121,238**
Cash flows from financing activities:		
Cash inflows from financial debt and other non-current borrowings (note 14)	358,182	202,922
Interest paid (note 14)	(92,135)	(97,402)
Repayment of financial debt and other non-current borrowings (note 14)	(320,238)	(112,539)
Dividends paid	(22,425)	(22,243)
Proceeds from contribution/return of funds by/to non-controlling shareholders, net (note 13)	3,308	-
Cash inflows from disposal of own shares (note 13)	2,114	2,669
Cash outflows due to sale-purchase of own shares (note 13)	(2,191)	(2,512)
Net cash flows used in financing activities (III)	**(73,385)**	**(29,105)**
Effect of changes in the consolidated Group (IV)	**-**	**-**
Net increase in cash and cash equivalents (I+II+III+IV)	**78,090**	**14,548**
Cash and cash equivalents at beginning of year	258,899	244,351
Cash and cash equivalents at end of year	**336,989**	**258,899**

The accompanying notes form an integral part of the consolidated annual accounts.

CONSOLIDATED ANNUAL REPORT 2015

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

for the year ended 31 December 2015

1. GROUP COMPANIES AND ASSOCIATES

Elecnor, S.A., the Parent, was incorporated in Spain on 6 June 1958 and its registered office is located at Calle Marqués de Mondéjar 33, Madrid.
The Parent's statutory activity, according to its bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.
- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.
- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.
- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.
- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Parent through investments in other companies with a similar statutory activity, both in Spain and abroad. The ELECNOR Group may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.
The subsidiaries basically engage in business activities comprising the aforementioned statutory activity, and in the operation of wind energy generation, thermosolar and solar PV facilities, the provision of aeronautical and aerospace software research, advisory and development services and the manufacture and distribution of solar panels and solar PV plants.
The Parent's bylaws and other related public information may be viewed on the website www.elecnor.es and at its registered office.
In addition to the operations it carries out directly, Elecnor, S.A. is the head of a group of subsidiaries that engage in various business activities and which comprise, together with Elecnor, S.A., the ELECNOR Group (hereinafter "the Group" or the "ELECNOR Group"). Therefore, in addition to its own separate annual accounts, the Parent is obliged to prepare the Group's consolidated annual accounts, which also include interests in joint ventures and investments in associates.
Appendix I includes details of the consolidated Group companies and associates and related information at 31 December 2015 and 31 December 2014, after translation to Euros of their respective separate financial statements, and prior to the related harmonisation adjustments thereto and any adjustments for conversion to International Financial Reporting Standards (IFRS-EU).
The information in Appendix I was provided by the Group companies and their equity position is reflected in their separate annual accounts.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATION PRINCIPLES

a) Basis of presentation and regulatory financial reporting framework applicable to the Group

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. and of the consolidated companies. The consolidated annual accounts for 2015 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2015 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.
The Group adopted IFRS-EU on 1 January 2004 and applied IFRS 1, "First-time adoption of International Financial Reporting Standards".
The directors of the Parent consider that the consolidated annual accounts for 2015, authorised for issue on 24 February 2016, will be approved with no changes by the shareholders at their annual general meeting.
The ELECNOR Group's consolidated annual accounts for 2014 were authorised for issue by the shareholders at their annual general meeting held on 20 May 2015.

These consolidated annual accounts have been prepared on a going concern basis using the historical cost principle, with the exception of derivative financial instruments, which have been recognised at fair value.

b) Adoption of International Financial Reporting Standards (IFRS)

Standards and interpretations issued but not yet in force

Standards effective for periods beginning on or after 1 January 2015 have not entailed any changes in the Group's accounting policies. The Company has not early-applied any standards.

The IASB has issued new accounting standards (IFRS) and interpretations (IFRIC) which are applicable to accounting periods beginning on or after 1 January 2016. Details of the nature of the changes and a summary of the assessment by the Elecnor Group's management of the impact that these new regulations could have on the Group's financial statements are as follows:

IFRS 16 Leases – issued in January 2016 (pending adoption by the European Union)

IFRS 16 eliminates the double-entry accounting model for lessees that distinguishes between finance leases, which are recognised in the balance sheet, and operating leases, for which future lease payments do not have to be recognised. A single model has been developed in its place for the balance sheet, which is similar to the current finance lease model. In the case of lessors, the model remains unchanged, i.e. leases are classified as finance and operating leases.

This standard is effective for periods beginning on or after 1 January 2019, although it may be adopted early in periods beginning on or after 1 January 2016 if IFRS 15 is adopted.

The Group will assess the impact of this new standard for the first year in which it becomes effective.

IFRS 9 Financial Instruments – issued in July 2014 (pending adoption by the European Union)

This standard, which partially replaces IAS 39, simplifies the classification and measurement criteria for financial instruments, maintaining a mixed measurement model and establishing only two main financial asset categories: amortised cost and fair value. The classification criteria are based on the entity's business model and the characteristics of the financial asset's contractual cash flows.

Management considers that the future application of IFRS 9 will not have a material impact on the financial assets and liabilities currently reported. In any case, at the reporting date the Group was analysing all the future impacts of adopting this standard and it will not be possible to provide a reasonable estimate of its effects until this analysis has been completed.

This standard is effective for periods beginning on or after 1 January 2018, although it is pending adoption by the EU.

Amendments to IFRS 11 set out in Accounting for Acquisitions of Interests in Joint Operations (pending adoption by the European Union).

This amendment clarifies certain aspects of accounting for joint operations that constitute a business, to which the accounting treatment for business combinations applies.

The amendments to IFRS 11 are not expected to have a material impact on the financial assets and liabilities currently reported, and any possible impact will be recognised prospectively as of the start of the first year of application.

This standard is effective for periods beginning on or after 1 January 2016.

IFRS 15 Revenue from Contracts with Customers (pending adoption by the European Union)

This new standard will replace IAS 11 and IAS 18 and introduces a five-step model to determine the timing and amount of revenue to be recognised. The new model stipulates that revenue should be recognised when (or as) the entity transfers control of the goods or services to a customer, in an amount that reflects the consideration to which the entity expects to be entitled.

The standard provides for several transition alternatives. On the one hand, it allows for application of the new standard to past transactions, with a retrospective adjustment for each comparative period presented in the financial statements for 2017. On the other hand, it allows for recognition of the cumulative effect of applying the new standard at the initial application date, without adjusting the comparative information. The standard provides for a number of optional practical simplifications that generate additional alternatives and may facilitate the transition.

At the date of writing, the Group has not yet decided which transition option it will apply or, therefore, quantified the impact of adopting this standard. As such, the effect cannot be estimated reasonably until this analysis has been completed.

This standard is effective for periods beginning on or after 1 January 2018.

c) Functional currency

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the Parent's functional and presentation currency.

d) Responsibility for the information and use of estimates

The information in these consolidated annual accounts is the responsibility of the board of directors of ELECNOR.

In the ELECNOR Group's consolidated annual accounts for 2015 the senior executives of the Group and of the consolidated companies occasionally made estimates and judgements, which were later ratified by the directors, in order to quantify certain assets, liabilities, income, expenses and obligations reported herein. These estimates were essentially as follows:

- The evaluation of possible impairment losses on certain assets (see notes 7, 8, 9, 10, 11 and 18);
- The evaluation of possible losses on projects in progress and/or the committed order book;
- The criteria applied when calculating the percentage of completion of the projects;
- The useful life of the property, plant and equipment and intangible assets (see notes 8 and 9);
- The amount of the provisions for liabilities and charges (see note 16);
- The probability of occurrence and the amount of liabilities of uncertain amount or contingent liabilities (see note 16);
- The measurement of possible impairment of goodwill (see note 7);
- The fair value of certain unquoted assets (see notes 11 and 15);
- The exchange rate used, when different exchange rates are available on the market. In particular, as there are different official exchange rates for the Venezuelan Bolivar, the decision to apply one or the other, depending on which one best reflects the value of the transactions conducted, has a significant impact. At year end the directors opted to use the SIMADI, whereas they previously applied the SICAD II. This had a negative impact of approximately Euros 3 million on the consolidated income statement.

Although estimates are based on the best information available at 31 December 2015, future events may require increases or decreases in these estimates in subsequent years, which would be accounted for prospectively in the corresponding consolidated income statement as a change in accounting estimates, as required by IAS 8.

e) Comparative information

As required by IAS 1, the information contained in the notes to the accompanying consolidated annual accounts for 2015 includes comparative figures for 2014, which do not constitute the consolidated annual accounts of the ELECNOR Group for 2014.

In accordance with the Spanish Institute of Accountants and Auditors resolution of 29 January 2016 regarding the information on average payment periods to suppliers for trading operations which must be disclosed in the notes to the annual accounts, note 30 does not include comparative information relating to this new requirement.

Certain amounts for 2014 have been reclassified in the accompanying consolidated annual accounts to make them comparable with those for the current year and facilitate comparison. The most significant reclassification, amounting to Euros 32,469 thousand, has been the reclassification from inventories to trade and other receivables of advances from customers.

f) Consolidation principles

Scope

The consolidated annual accounts of the ELECNOR Group include all the subsidiaries of Elecnor, S.A., except for those which, individually or as a whole, are immaterial.

Subsidiaries are entities over which the Company exercises control, either directly or indirectly through subsidiaries. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

Procedures

Subsidiaries are fully consolidated and, therefore, all intra-Group balances, transactions, income and expenses are eliminated.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from their acquisition date, which is the date control commences. Subsidiaries are excluded from the consolidated Group from the date on which this control is lost.

All of the financial statements used by the Parent and the subsidiaries have the same reporting date and were prepared using uniform accounting policies.

Non-controlling interests in the net assets of subsidiaries are recognised in equity separately from the Parent's equity. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, i.e. any difference is recognised directly in equity.

Business combinations

As permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards, the Group has recognised only business combinations that occurred on or after 1 January 2004, the date of transition to IFRS-EU, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group is considered to carry out a business combination when the assets acquired and liabilities assumed constitute a business. The Group recognises business combinations using the acquisition method, which entails identifying the acquirer, determining the acquisition date (the date on which control is obtained) and the acquisition cost, recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest, and lastly, recognising and measuring any goodwill or negative goodwill.

The costs incurred on the acquisition are recognised as an expense in the year in which they are incurred, and are therefore not considered as an increase in the cost of the business combination.

The identifiable assets acquired and liabilities assumed are recognised at their acquisition-date fair value and any non-controlling interest is measured at fair value or at the proportional part of the interest in the net assets acquired.

In a business combination achieved in stages, the acquirer revalues the existing investment at fair value on the date control is obtained and recognises the related gain or loss in the consolidated income statement.

Transactions between the Parent and non-controlling interests (transactions subsequent to obtaining control in which the Parent acquires further ownership interests from non-controlling interests or disposes of investments without a loss of control) are accounted for as transactions with equity instruments.

The excess between the consideration given, plus the value assigned to non-controlling interests, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises in increases nor is a gain recorded on reductions; rather, the difference between the consideration given or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, notwithstanding the reclassification of consolidation reserves and the reallocation of other comprehensive income between the Group and the non-controlling interests. When a Group's investment in a subsidiary diminishes, non-controlling interests are recognised at their share of the consolidated net assets, including goodwill.

Loss of control

When the Group loses its control over a subsidiary, it derecognises the subsidiary's assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the interest retained in the company are recognised at fair value at the date on which control is lost, and any difference is recognised. Other comprehensive income relating to the subsidiary is reclassified to profit or loss or reserves depending on its nature.

Associates

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. Under this method, the investment is initially recognised at cost, including any additional cost directly attributable to the acquisition.

The Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to share in profit or loss of equity-accounted investees in the consolidated income statement. The Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry, based on the nature of the investment, in other comprehensive income in the consolidated statement of comprehensive income. The distribution of dividends is recognised as a decrease in the value of the investment. The Group's share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

Losses of an associate attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate. For the purpose of recognising impairment losses in associates, net investments are considered as the carrying amount of the investment after applying the equity method plus any other item which in substance forms part of the investment in the associate. The excess of the losses over the equity investment is applied to the remaining items in reverse order of settlement. Subsequent profits obtained by associates for which impairment losses are limited to the value of the investment are recognised to the extent that they exceed previously unrecognised losses.

If the Group's share of losses in an associate equals or exceeds its investment in the associate, it does not recognise its share of any further losses. The investment in the associate is the carrying amount of the investment determined using the equity method, plus any other non-current portion that, in substance, forms part of the Group's net investment in the associate.

Irrespective of the losses recognised, as described above, the Group analyses any additional impairment applying the standards on financial assets (see note 3-m), taking into account the investment as a whole and not only any associated goodwill.

Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

- Joint ventures: investments in joint ventures are accounted for using the equity method described above.
- Joint operations: For joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts. The Group includes in this category the temporary joint ventures (UTEs) and certain foreign entities considered to be a similar vehicle to a UTE, through which it carries on part of its business activities.

Foreign currency transactions, balances and cash flows

Transactions in foreign currency are translated at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

Translation of foreign operations

The Group has applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to accumulated translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.
- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.
- All resulting exchange differences are recognised as translation differences in other comprehensive income.

These criteria are also applicable to the translation of the financial statements of equity-accounted companies, with translation differences attributable to the Group recognised in other comprehensive income.

Foreign operations in hyperinflationary economies

The financial statements of Group companies whose functional currency is the currency of a hyperinflationary economy are restated in terms of the measuring unit at the reporting date.

The results and financial position of the Group's foreign operations whose functional currency is the currency of a hyperinflationary economy are translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, assets and liabilities, income and expenses, and cash flows are translated at the closing rate at the most recent reporting date.
- Comparative amounts are those that were included in the prior year consolidated annual accounts and are not adjusted for subsequent changes in the price level or in exchange rates. The effect of the adjustment on the prior year's balances is recognised as a revaluation reserve in other comprehensive income.

g) Changes to the consolidated Group

The most significant changes in the scope of consolidation in 2015 were as follows:

- On 15 July 2015, the Group sold its investments in the two companies that own the Elecnor Group's earth observation satellites, Deimos Imaging, S.L.U. and DOT Imaging, S.L.U., formed in 2015 through the partial spin-off of Deimos Castilla la Mancha, to the Canadian company Urthecast for a total of approximately Euros 71 million and recognised the resulting gain as other operating income in the accompanying consolidated income statement.

There were no significant changes to the consolidated Group in 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management of the ELECNOR Group must be committed to a sale plan, which should be expected to be completed within one year from the date of classification.

At 31 December 2015, approximately Euros 4,058 thousand (Euros 4,204 thousand in 2014) was recognised under this heading in the accompanying consolidated statement of financial position, primarily reflecting the cost of facilities held by the Parent in Tortosa (Tarragona).

b) Goodwill

Goodwill arising on consolidation is calculated as explained in note 2-f.
Goodwill acquired on or after 1 January 2004 is measured at cost of acquisition, and goodwill arising prior to that date is recognised at the carrying amount at 31 December 2003 in accordance with the accounting policies applied until that date (see note 2-f). In both cases, goodwill has not been amortised since 1 January 2004. Instead, it is tested for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) at the end of each reporting period and, if there is any impairment, goodwill is written down (see note 3-k).
An impairment loss recognised for goodwill may not be reversed in a subsequent period.
Internally generated goodwill is not recognised as an asset.

c) Revenue recognition

Revenue from sales and services rendered is measured at the fair value of the assets or rights received as consideration for the goods and services provided in the normal course of the Group companies' business, net of discounts and applicable taxes.

c.1 Construction contracts and services rendered

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the date of the consolidated statement of financial position.
This means that the percentage of total estimated revenue that the costs incurred in the year represent in relation to total estimated costs is recognised as revenue for the year.
Total revenue comprises the initial amount agreed in the contract and any highly probable variations and claims that can be measured reliably.
Total costs comprise costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the specific contract and such other costs as are specifically chargeable to the customer under the terms of the contract.
Potential losses on projects in progress are recognised in full when they become known or can be estimated.
Progress billings and advances, which are recognised under trade and other payables - advances from customers and advance invoices under liabilities on the accompanying consolidated statement of financial position, amount to Euros 376,155 thousand at 31 December 2015 (Euros 304,945 thousand at 31 December 2014) (see note 17).
Revenue from the rendering of services is recognised when it can be estimated reliably, taking into account the stage of completion of the end service. If revenue cannot be estimated reliably, it is recognised only to the extent of the expenses recognised that are recoverable.
At 31 December 2015 the ELECNOR Group recognised revenue in relation to the various stages of completion of its contracts and rendering of services amounting to approximately Euros 1,724 million (31 December 2014: Euros 1,576 million in 2014) (see note 21). In addition, the costs incurred on the construction and service contracts amounted to approximately Euros 1,200 million in 2015 (Euros 1,197 million in 2014).
Lastly, retentions on payments made by customers in 2015 amount to Euros 22,448 thousand (Euros 19,828 thousand in 2014) and are recognised in trade and other receivables under assets on the accompanying consolidated statement of financial position.

c.2 Sales of goods

Sales of goods are recognised when substantially all the risks and rewards of ownership of the goods have been transferred, the Group does not retain control over them, revenue can be measured reliably and is likely to be received and the transaction costs incurred or to be incurred can be measured reliably.

c.3 Interest and dividends

Interest is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial instrument to the net carrying amount of that financial instrument based on the contractual terms of the instrument and not considering future credit losses.
Dividends from investments in equity instruments are recognised in profit or loss when the Group is entitled to receive them.

d) Leases

The ELECNOR Group classifies leases whereby the lessor transfers all the risks and rewards of ownership to the lessee as finance leases. All other leases are classified as operating leases.

Finance leases

Assets acquired under finance leases are classified in the appropriate non-current asset category, based on their nature and function, at the lower of the fair value of the leased asset and the aggregate present values of the amounts payable to the lessor plus the price of exercising the purchase option, with a credit to financial debt in the consolidated statement of financial position. These assets are depreciated using similar criteria to those applied to assets of the same nature owned by the ELECNOR Group.

Operating leases

Expenses arising on operating leases are allocated to other operating expenses in the consolidated income statement on an accrual basis over the term of the lease.

In 2015 and 2014 the lease expenses included under other operating expenses in the accompanying consolidated income statement amounted to approximately Euros 46,778 thousand and Euros 58,774 thousand, respectively. At the end of 2015 and 2014 the ELECNOR Group's most significant operating leases were for machinery and motor vehicles, and buildings used to carry out its business activities.

At the 2015 year end the Group has contractually agreed the following minimum lease payments with lessors, based on the leases currently in force, without taking into account any shared expenses passed on, future CPI increases or future contractual lease payment reviews (in thousands of Euros):

	Nominal amount	
Minimum operating lease payments	2015	2014
Less than one year	20,977	30,647
Between 1 and 5 years	16,155	20,259
More than 5 years	19,902	24,794
Total	**57,034**	**75,700**

The minimum operating lease payments do not include machinery and motor vehicles, which are leased over the term of the construction work performed by the Group, since the Parent's directors consider that there are no long-term commitments in relation to these leases.

e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that require a substantial period of time to be ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for use or sale (see note 3-h). Investment income earned on the temporary investment of specific cash borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

f) Foreign currency

The Parent's functional currency is the Euro. Therefore, all balances and transactions in currencies other than the Euro are deemed to be foreign currency transactions.

Transactions in currencies other than the Euro are translated by applying the exchange rate in force at the transaction date. During the year, differences between the exchange rate used and the rate prevailing at the date of collection or payment are recognised as income or expenses in the income statement, except in the following cases.

- Exchange differences arising from hedging transactions (see note 15).
- Exchange differences arising from a liability denominated in a foreign currency that is accounted for as a hedge of the Group's net investment in a foreign operation.

Fixed income securities and balances receivable and payable in currencies other than the functional currency at 31 December each year are translated at the closing exchange rate. Any exchange differences arising are recognised under exchange gains/losses in the consolidated income statement.

Foreign currency transactions in which the ELECNOR Group has opted to reduce the currency risk by arranging financial derivatives or other hedging instruments are accounted for using the principles described in note 3-m.

In general, the functional currencies of the consolidated companies and associates located abroad are the same as their presentation currency. None of the functional currencies of the consolidated companies and associates located abroad are those of a hyperinflationary economy as defined by IFRS, except in the case of Venezuela. At the 2015 and 2014 reporting dates the aforementioned financial statements were restated using the measuring unit current at 31 December 2015 and 2014. The financial statements of Venezuela were prepared using the historical cost method and were restated applying a general price index of 85% (50% in 2014). At 31 December 2015, the cumulative impact of this restatement on equity amounts to approximately Euros 724 thousand (approximately Euros 1,211 thousand at 31 December 2014).

Details of the equivalent Euro value of the monetary assets and liabilities denominated in currencies other than the Euro and held by the ELECNOR Group at 31 December 2015 and 2014 are as follows:

	Equivalent value in thousands of Euros			
	2015		2014	
Currency	Assets	Liabilities	Assets	Liabilities
Argentine Peso	9,710	5,624	9,053	11,137
Brazilian Real	615,420	409,103	666,760	508,431
US Dollar	178,422	106,900	171,074	241,235
Canadian Dollar	12,024	182,771	3,666	2,034
Venezuelan Bolivar	3,822	5,356	9,960	6,689
Chilean Peso	36,339	84,796	29,698	15,092
Mexican Peso	63,083	60,843	38,867	31,632
Uruguayan Peso	17,717	17,291	31,455	27,576
Moroccan Dirham	6,845	1,794	5,803	2,636
Algerian Dinar	8,071	1,925	10,346	2,420
Honduran Lempira	19	-	478	-
Angolan Kwanza	6,331	941	6,875	551
Dominican Peso	3,156	3,251	1,804	29
Pound Sterling	19,468	13,850	7,488	6,029
Jordanian Dinar	13,271	27,799	1,415	28,632
Australian Dollar	29,881	3,621	20,036	16,282
Other	5,995	789	6,477	1,885
Total	**1,029,574**	**926,654**	**1,021,255**	**902,290**

Details of the main foreign currency balances, by nature, are as follows:

	Equivalent value in thousands of Euros			
	2015		2014	
Nature of the balances	Assets	Liabilities	Assets	Liabilities
Non-current investments (*)	509,569	-	559,669	-
Inventories	14,571	-	12,106	-
Receivables	409,012	-	367,727	-
Cash and cash equivalents	96,422	-	81,753	-
Payables	-	334,010	-	603,121
Financial debt (note 14)	-	592,644	-	299,169
Total	**1,029,574**	**926,654**	**1,021,255**	**902,290**

(*) Primarily financial assets associated with administrative concessions (see note 11).

g) Income tax

The expense for Spanish corporate income tax and similar taxes applicable to the foreign consolidated companies is recognised in the consolidated income statement unless it arises from a transaction recognised directly in equity, in which case the related tax is also recognised in equity.

The income tax expense is accounted for using the balance sheet liability method. This method consists of determining deferred tax assets and liabilities on the basis of the differences between the carrying amounts of assets and liabilities and their tax base, using the tax rates that can objectively be expected to apply when the assets are realised and the liabilities are settled (see notes 18 and 19).

Deferred tax assets and liabilities arising from direct charges or credits to equity accounts are also recognised in equity.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill for which amortisation is not tax deductible, or the initial recognition of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit nor taxable income.

The Group does not recognise deferred tax liabilities arising from taxable temporary differences associated with investments in subsidiaries or interests in jointly controlled entities, since it considers that it is able to control the timing of the reversal of any temporary differences that arise and it is probable that such differences will not reverse in the foreseeable future.

The ELECNOR Group recognises deferred tax assets provided that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

Deductions to avoid double taxation, as well as tax incentives and income tax credits earned as a result of economic events occurring in the year are deducted from the income tax expense, unless there are doubts as to whether they will be realised.

Under IFRS, deferred taxes are classified as non-current assets or liabilities even if they are expected to be realised within the next twelve months.

The income tax expense reflects the sum of the current tax expense and changes in the deferred tax assets and liabilities that are not recognised in equity (see notes 18 and 19).

The deferred tax assets and liabilities recognised are reassessed at each reporting date to determine whether they still exist, and any necessary adjustments are made on the basis of the results of the analyses.

h) Property, plant and equipment

Property, plant and equipment, which are all for own use, are carried at cost of acquisition less any accumulated depreciation and impairment. However, prior to 1 January 2004, the ELECNOR Group revalued certain items of property, plant and equipment as permitted by applicable legislation. In accordance with IFRS, the ELECNOR Group treated the amount of these revaluations as part of the cost of these assets because it considered that the revaluations reflected the effect of inflation.

With respect to the costs incurred after the start-up of an asset, the following should be taken into account:

- The costs arising from maintaining the asset, i.e. repairs and upkeep, are recognised directly as expenses for the year.
- The cost of replacements is recognised as an asset and the cost of the replaced item is derecognised.

Capitalised costs include borrowing costs on external financing accrued during the construction period on construction work exceeding one year. In 2015 total accumulated borrowing costs capitalised under property, plant and equipment, net on the consolidated statement of financial position amounted to Euros 57,068 thousand (Euros 48,332 thousand in 2014).
Self-constructed assets are recognised at accumulated cost; i.e. external costs plus in-house costs, determined on the basis of warehouse materials consumed, and manufacturing costs calculated using hourly absorption rates similar to those used for the measurement of inventories. In 2015, Euros 112,534 thousand was recognised for this item under other operating income in the consolidated income statement, mainly in respect of wind farm construction (Euros 61,282 thousand in 2014).
The ELECNOR Group generally depreciates its property, plant and equipment on a straight-line basis, distributing the cost of the assets over the following estimated years of useful life:

	Average estimated years of useful life	
	2015	2014
Buildings	33-50	33-50
Technical installations and machinery (*)	10-25	10-25
Hand and machine tools	3 -10	3 -10
Furniture and fixtures	3-10	3-10
Information technology equipment	3-5	3-5
Motor vehicles	2-10	2-10
Other property, plant and equipment	3-10	3-10

(*) Includes machinery and facilities used in wind projects, basically wind turbines.

In view of the experience accumulated since the Group's wind farms commenced operations and considering the maintenance programme in place, during 2015 the directors revised their estimate of the useful life of their wind assets in Brazil based on an internal technical study. As a result, the useful life has been increased by five years. Applying the criteria detailed in this note, the ELECNOR Group has applied this new useful life prospectively as of 1 January 2015 in the case of Ventos do Sul, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A. and Ventos do Litoral Energía, S.A. Depreciation recognised in 2015 has therefore been reduced by approximately Euros 1,638 thousand, Euros 885 thousand, Euros 771 thousand and Euros 758 thousand, respectively.
In 2014 the Group performed the same analysis of wind assets in Spain as described in the previous paragraph, leading it to increase useful life by 5 years. The Elecnor Group has applied this new useful life prospectively as of 1 January 2014 in the case of Galicia Vento, S.L., Eólicas Páramo de Poza, S.A. and Aerogeneradores del Sur, S.A. Depreciation recognised in 2014 has therefore been reduced by approximately Euros 3,942 thousand, Euros 1,521 thousand and Euros 1,788 thousand, respectively.
The Parent's directors consider that the carrying amount of the assets does not exceed their recoverable amount, which is calculated on the basis of the future cash flows that the assets will generate (see note 3-k).
Since the ELECNOR Group does not have to incur significant costs in relation to the closure of its facilities, the accompanying consolidated statement of financial position does not include any related provision.

i) Other intangible assets

This item comprises identifiable non-monetary assets without physical substance that arise as a result of a legal transaction or which are developed internally by the Group companies. They are initially recognised at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and impairment, provided it is probable that they will generate economic benefits and their cost can be measured reliably.

Internally generated intangible assets

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

Expenses incurred on project development are capitalised provided that they meet the following conditions:

- The costs are clearly identified and controlled by project and their distribution over time is clearly defined.
- The directors are able to demonstrate how the project will generate benefits in the future.
- The development cost of the asset, which includes any personnel expenses for ELECNOR Group employees working on these projects, can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

Intangible assets acquired separately

These items are recognised at cost of acquisition and are amortised on a straight-line basis over their estimated useful life, which is generally five years.

j) Administrative concessions

The Group considers that items associated with the administrative concessions it holds cannot be classified as property, plant and equipment since the contracts do not grant the right to use these assets; rather, they give access thereto in order to provide a public service on behalf of the concession grantor.

Based on the characteristics of the contracts, the Group analyses whether they fall within the scope of IFRIC 12, Service Concession Arrangements.

For concession arrangements subject to IFRIC 12, construction and other services rendered are recognised using the revenue recognition criteria. Contracts for construction or infrastructure upgrades are accounted for in accordance with the applicable accounting policy, while maintenance and operating services are recognised using the accounting policy applicable to services rendered.

Given that the Group provides various services (construction, maintenance and operation) under these contracts, revenue is recognised based on the fair value of each service rendered.

Construction services

The amount received or receivable for the construction of infrastructure to be operated is recognised at fair value.

A financial asset is recognised for this amount if the concession operator has an unconditional contractual right to receive these amounts from the concession grantor, i.e. irrespective of the public's use of the service concerned. However, if receipt of these amounts is contingent upon demand for the service, an intangible asset is recognised.

Subsequent to initial recognition, these assets are accounted for as described in the measurement standard applicable to each type of asset (see notes 3-i and 3-m).

Maintenance and operation services

These services are accounted for as set forth in note 3-c.

k) Impairment

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The ELECNOR Group tests goodwill for impairment at each reporting date, and all remaining assets whenever there is any indication of impairment, to estimate any decline in value that would reduce the recoverable amount of the assets to below their carrying amount. Where the asset itself does not generate cash flows that are independent from other assets, the ELECNOR Group estimates the recoverable amount of the cash-generating unit to which the asset belongs (see note 7).

Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference with a charge to depreciation, amortisation, impairment and provisions in the consolidated income statement. Impairment losses recognised for an asset in prior years are reversed with a credit to the aforementioned heading when there is a change in the estimated recoverable amount of the asset. The carrying amount of the asset is increased up to the limit of the carrying amount that would have been determined had no impairment loss been recognised, except in the case of impairment of goodwill, which is not reversible.

l) Inventories

This item reflects the assets that the ELECNOR Group:

- Holds for sale in the ordinary course of its business;
- Has under production, construction or development for this purpose, except for construction in progress for which revenue is recognised as indicated in note 3-c; or
- Expects to consume in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
The cost of items that are not ordinarily interchangeable is assigned by using specific identification of their individual costs; the weighted average cost is used for the remainder.
Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.
Details of the ELECNOR Group's inventories for 2015 and 2014 are as follows:

	Thousands of Euros	
	31/12/2015	31/12/2014
Raw materials and other supplies	9,380	5,028
Goods for resale	1,111	169
Semi-finished and finished goods	4,543	6,425
	15,034	**11,622**

m) Financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".
The Group recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.
In view of the nature of the Group's financial instruments, the Parent's directors consider that their carrying amount, which will be adjusted in the event of any indication of impairment, is reasonably similar to their fair value.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs, unless the asset is recognised as a financial asset held for trading.
The ELECNOR Group classifies its current and non-current financial assets in the following categories:

- Originated loans and receivables. These are financial assets of a fixed or determined amount originated by the companies in exchange for supplying cash, goods or services directly to a debtor. These financial assets are measured at amortised cost.
- Available-for-sale financial assets. This category comprises non-derivative financial instruments that do not qualify for inclusion in another financial instrument category, predominantly equity investments. These investments are recognised in the consolidated statement of financial position at fair value. Changes in this market value, except for impairment losses, are recognised with a charge or credit to other comprehensive income. The cumulative gain or loss is recorded in valuation adjustments in consolidated equity until the investments are disposed of, whereupon the balance accumulated under this heading is taken to the consolidated income statement.

ELECNOR Group management decides on the most appropriate classification for each asset when it is acquired.
The ELECNOR Group derecognises financial assets when the contractual rights to receive the cash flows from the assets have expired or if the assets are sold or transferred to another company, transferring substantially all the risks and rewards associated therewith.

Financial assets at fair value

An analysis of financial instruments measured at fair value at 31 December 2015 and 2014 subsequent to their initial recognition, classified into levels 1 to 3 based on the fair value measurement method, is as follows:

- Level 1: their fair value is obtained from directly observable quoted prices in active markets for an identical asset or liability.
- Level 2: their fair value is determined using market inputs, other than the quoted prices included in level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 31 December 2015 Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (notes 11 and 15)	-	7,958	-	7,958
Net equity investments (note 11)	-	-	4,401	4,401
Non-current liabilities				
Derivative financial instruments (note 15)	-	(35,145)	-	(35,145)
Current liabilities				
Derivative financial instruments (note 15)	-	(6,702)	-	(6,702)
	-	**(33,889)**	**4,401**	**(29,488)**

	Fair value at 31 December 2014 Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (notes 11 and 15)	-	3,415	-	3,415
Net equity investments (note 11)	-	-	6,009	6,009
Non-current liabilities				
Derivative financial instruments (note 15)	-	(40,252)	-	(40,252)
Current liabilities				
Derivative financial instruments (note 15)	-	(4,188)	-	(4,188)
	-	**(41,025)**	**6,009**	**(35,016)**

Impairment of financial assets

ELECNOR Group management analyses financial assets to determine whether there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

The ELECNOR Group considers the following, inter alia, to be objective evidence of impairment of its financial assets:

- Significant financial difficulty of the issuer or the counterparty.
- Shortfalls or delays in payment.
- Probability that the borrower will enter bankruptcy or other financial reorganisation.

Cash and cash equivalents

This item comprises cash, demand deposits and other short-term, highly liquid investments that are readily convertible to cash and are not subject to a risk of changes in value.

Financial liabilities

Financial liabilities are recognised at fair value less any transaction costs attributable to their issue, and are subsequently measured at amortised cost using the effective interest method, except for those classified as hedging derivatives, which are subsequently measured at fair value.

Derivative financial instruments and hedging transactions

In view of its activities, the Group is exposed to financial risks, mainly currency risk and interest rate risk. The ELECNOR Group uses exchange rate insurance, cross currency swaps and interest rate swaps to hedge these exposures.

Financial derivatives are initially recognised at fair value in the consolidated statement of financial position, plus any transaction costs directly attributable to the issue of the derivatives, in the case of derivatives that qualify for hedge accounting, less any transaction costs directly attributable to the issue of the financial instruments. This fair value is subsequently adjusted as necessary. Gains and losses arising from changes in fair value are recognised as follows:

- In the case of cash flow hedges, changes in the fair value of the hedging derivatives, for the ineffective portion of the hedge, are recognised in the consolidated income statement, while the effective portion is recognised in valuation adjustments in the other comprehensive income. The gain or loss accumulated under this heading is taken to the consolidated income statement as the hedged item affects profit or loss or in the year of its disposal.
  The ELECNOR Group periodically tests the effectiveness of its hedges, both prospectively and retrospectively. All hedging transactions are submitted for approval by the board of directors of the Group company in question and the board of directors of Elecnor, S.A. and are documented and signed by the corresponding CFO, as required by IAS 39.
  At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.
  For cash flow hedges of forecast transactions, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.
- When hedge accounting is discontinued, any cumulative gain or loss recognised under valuation adjustments at that date is retained under this heading until the hedged transaction occurs, whereupon the gain or loss on the transaction is adjusted. If a hedged transaction is no longer expected to occur, the gain or loss recognised under the aforementioned heading is transferred to profit or loss.

Embedded derivatives are recognised separately when their characteristics and risks are not closely related to those of the host contracts and the host contracts are not carried at fair value through profit or loss.

Other financial liabilities

This item includes loans, debentures and other similar liabilities, which are initially recognised at fair value, net of direct issue costs, and subsequently carried at amortised cost using the effective interest method.

n) Own shares

Own shares held by the ELECNOR Group at year end, which amounted to approximately Euros 22,341 thousand (Euros 22,264 thousand at 31 December 2014), are recognised at cost of acquisition as a reduction in other reserves under equity in the consolidated statement of financial position. At 31 December 2015 they represented 2.85% of the share capital outstanding at that date (2.84% at 31 December 2014) (see note 13).

The gains and losses obtained by the ELECNOR Group on the disposal of own shares are recognised in other reserves under equity in the accompanying consolidated statement of financial position.

o) Provisions

The Group recognises provisions for the estimated amount required to settle its liabilities, whether legal or constructive, probable or certain, associated with contingencies, ongoing litigation or obligations, when such liabilities arise as a result of past events, it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are recognised when the liability or obligation arises (see note 16), with a charge to the relevant income statement heading based on the nature of the obligation, and for the present value thereof, when the effect of discounting the obligation is material.

Contingent liabilities relating to possible obligations (dependent on the occurrence or non-occurrence of uncertain future events) or to present obligations that do not qualify for the recognition of a provision (because they are not probable or they cannot be measured reliably) are not recognised (see note 16).

p) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

For termination benefits payable as a result of an employee's decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group's ability to withdraw the offer takes effect

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated to the affected employees or trade union representatives the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated. A provision of Euros 1,885 thousand has been recognised in the consolidated annual accounts in respect of termination benefits (Euros 4,162 thousand in 2014).

q) Government grants

Non-refundable capital grants awarded by official bodies are recognised at the grant date, under non-current liabilities – grants in the consolidated statement of financial position, and are allocated to profit or loss each year in proportion to the depreciation for the period on the assets for which the grant was received.

At 31 December 2015, the ELECNOR Group had received capital grants amounting to Euros 7.1 million (Euros 14.5 million in 2014), which had not yet been recognised as income. At 31 December 2014 these grants primarily reflect financial aid awarded by the Castilla y León Autonomous Regional Government to the subsidiary Deimos Imaging, S.L. in relation to a satellite construction project that has already been completed, and a grant awarded by the Ministry of Industry, Tourism and Trade to the subsidiary Deimos Castilla La Mancha, S.L.U. to construct a plant for the specification, design, construction, integration, verification and operation of earth-observation satellite systems, with the capacity to create observation satellites as well as other costs associated with the construction of an earth-observation satellite. During 2015 the grants received by Deimos Imaging, S.L.U. and part of the grants received by Deimos Castilla la Mancha S.L.U. were derecognised as a result of the exclusion from the Elecnor Group of Deimos Imaging S.L.U. and the company arising from the partial spin-off of Deimos Castilla la Mancha S.L.U. (DOT Imaging S.L.U.) (see note 2-g). Government capital grants recognised in 2015 amount to approximately Euros 789 thousand (Euros 451 thousand in 2014) and are recognised as other operating income.

Operating grants are allocated to income in the year in which the related expenses are incurred. Other operating income in the consolidated income statements for 2015 and 2014 includes approximately Euros 4,107 thousand and Euros 3,064 thousand, respectively. Most operating grants received by the ELECNOR Group in 2015 related to the costs borne by Deimos Space, S.L.U. and its subsidiaries in carrying out their activities.

r) Equity instruments

Equity instruments issued by the ELECNOR Group companies are recognised in equity at the amount received, net of direct issue costs.

s) Statement of changes in equity

Legislation in force requires certain categories of assets and liabilities to be recognised at fair value through equity. The amounts recognised in equity, under valuation adjustments, are included in the Group's equity net of the related tax effect, which was recognised as deferred tax assets or liabilities, as appropriate. This statement reflects the changes that have arisen in the year in valuation adjustments, by item, in addition to profit or loss for the year, plus/minus any adjustments for changes in accounting policies or due to prior years' errors. The changes in capital and reserves during the year are also included.

t) Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method and the following expressions and definitions:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the ELECNOR Group companies and other activities that are not investing or financing activities.
- Investing activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities. Activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

u) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to the ELECNOR Group by the weighted average number of ordinary shares outstanding in the year, excluding the average number of ELECNOR shares held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all of the potential ordinary shares into ordinary shares of the Parent.

At 31 December 2015 and 2014, basic earnings per share are the same as diluted earnings per share, since there were no potential shares outstanding during the years then ended.

v) Dividends

The interim dividend approved by the board of directors in 2015 is presented as a reduction in the ELECNOR Group's equity (see note 5). However, the supplementary dividend proposed to the shareholders by the board of directors of ELECNOR at the annual general meeting is not deducted from equity until it has been approved.

w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

x) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

Non-current assets acquired by the Group to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities are recognised as assets, applying the measurement, presentation and disclosure criteria described in note 3-h.

4. FINANCIAL RISK MANAGEMENT POLICY

Elecnor is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by corporate management and the various business units and subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

a) Market risk (mainly currency, interest rate and other price risks)

Currency risk

The market risk arising from currency risk is due to transactions conducted by the Group in international markets in the course of its business. Certain revenues and procurement costs are denominated in currencies other than the functional currency. As such, fluctuations in the exchange rates between these currencies and the functional currency could affect the Group's earnings (see note 3-f).

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The hedging instruments used are basically borrowings indexed to the contract's collection currency, exchange rate insurance and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in another currency, as well as the use of "currency baskets" to hedge mixed financing indexed to various currencies.

The main currency other than the Euro used by the Parent in 2015 and 2014 was the Brazilian Real, the sensitivity of which is as follows:

		Thousands of Euros	
Year	Increase/decrease in exchange rate	Effect on pre-tax profit or loss	Effect on pre-tax equity
	5%	(2,426)	(1,698)
2015	-5%	2,682	1,877

		Thousands of Euros	
Year	Increase/decrease in exchange rate	Effect on pre-tax profit or loss	Effect on pre-tax equity
	5%	(2,236)	(1,565)
2014	-5%	2,472	1,730

Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged borrowings to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, thermosolar projects and electricity infrastructure concessions, which it does under project financing arrangements. Under financing of this nature interest rate risk must be hedged contractually by arranging interest rate hedging instruments.

In the case of both project and corporate financing, borrowings are arranged nominally at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt and are limited to the same nominal value as the latter and the same maturity dates as the hedged items, are essentially IRSs, the aim of which is to convert loans originally arranged at variable rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

The sensitivity of the ELECNOR Group's debt to interest rate fluctuations, taking into account its existing hedging instruments (see notes 14 and 15), is as follows:

Year	Increase/decrease in interest rate (basis points)	Thousands of Euros Effect on pre-tax equity	Effect on pre-tax profit or loss
2015	+50	1,112	(1,588)
	-50	(1,112)	1,588

Year	Increase/decrease in interest rate (basis points)	Thousands of Euros Effect on pre-tax equity	Effect on pre-tax profit or loss
2014	+50	1,922	(2,745)
	-50	(1,922)	2,745

b) Other price risks

The Group is also exposed to the risk that its cash flows and profits may be affected by changes in energy prices, among other variables. In order to manage and minimise this risk the Group occasionally uses hedging strategies (see note 15).

c) Liquidity risk

The Group mitigates liquidity risk by holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional reverse repurchase agreements and very short-term US dollar deposits through leading banks in order to be able to meet its future commitments, and the arrangement of credit facilities of sufficient amount to cover its projected needs. At the 2015 year end the Group had unused credit facilities amounting to approximately Euros 538 million (approximately Euros 570 million at the 2014 year end) (see note 14).

d) Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurrent international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the wind farms, the power produced, in accordance with the legislative framework in force for the electricity industry, is sold in the Iberian Electricity Market (MIBEL) and revenue is collected from the Spanish Electricity Market Operator (OMIE), through a payment-guarantee system, and from the Spanish National Markets and Competition Commission (CNMC), which regulates Spanish energy markets and reports to the Ministry of Industry. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Indios Energía, S.A. (Brazil) have entered into long-term agreements with the Brazilian electricity distribution companies to sell the electricity they generate over a period of 20 years. Similarly, the Brazilian electricity infrastructure concession operators have electricity distribution agreements with customers with high credit ratings. Together with the restrictions imposed by the transmission system itself, these agreements eliminate the possibility of any payment default.

With respect to transmission lines, specifically those that provide service to Brazil under a concession regime, the National Electricity System Operator (ONS) is in charge of coordinating collections and payments in the system and informs the concession operator each month of the companies that should pay it: generators, large consumers and transmission entities connected to the system. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. The collection of amounts by the concession operator is therefore guaranteed by the Brazilian national electricity system.

The transmission lines in Chile are part of the backbone transmission system, where the CDEC (Load Economic Dispatch Centre) for the corresponding system, CDEC-SIC (Central Interconnected System) or CDEC-SING (Greater North Interconnected System) is in charge of coordinating payments by generators to transmission entities. Payments in the system are guaranteed through a protocol whereby the CDEC, in the event of non-payment, will disconnect the offending generator from the system and distribute the payment obligation among the remaining generators using the system.

In an economic scenario such as the present one, this risk is considered a main risk compared to other financial risks. Faced with this situation, Elecnor continues to step up the measures taken to mitigate this risk, regularly analysing its exposure to credit risk and recognising impairment losses as required (see note 3-k).

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the income statement.

5. DISTRIBUTION OF PROFIT

As in prior years, at its meeting in March the board of directors of ELECNOR, S.A. (Parent of the ELECNOR Group) will propose the distribution of profit for 2015, stipulating the portion that will be paid as a supplementary dividend and the amount that will be appropriated to voluntary reserves.

At the meeting held on 18 November 2015, the board of directors of the Parent agreed to distribute an interim dividend for 2015 of Euros 4,350 thousand, which was recognised as a reduction in equity under "Interim dividend for the year" on the liability side of the accompanying consolidated statement of financial position, and paid on 13 January 2016.

At the general meeting held on 20 May 2015 a supplementary dividend of Euros 17,574 thousand (Euros 0.25 per share) was distributed, taking into account the interim dividend of Euros 4,193 thousand out of 2014 profit paid in January 2015.

The provisional accounting statement prepared by the Parent in accordance with legal requirements (Article 277 of the Revised Spanish Companies Act) evidencing the existence of sufficient liquidity for the distribution of the dividend was as follows:

WORKING CAPITAL POSITION AT 31 OCTOBER 2015
(Excluding inventories, prepayments and accrued income
and accrued expenses and deferred income)

	Thousands of Euros
Realisable values	
Trade receivables	604,799
Other accounts	111,310
	716,109
Current payables	
Suppliers	259,938
Current loans	116,560
Other accounts	106,072
	482,570
Total working capital	**233,539**
Liquidity available at 31/10/14	
Cash on hand and at banks (including foreign currency)	28,802
Total liquidity available	**28,802**
Gross interim dividend proposed	
(Euros 0.05 for 87,000,000 shares)	4,350
% of net profit at 31/10/14	28.84%
% of working capital + liquidity available	1.66%

6. SEGMENT REPORTING

IFRS 8 requires operating segments to be identified based on the information that the entity's management uses to make decisions about operating matters. The Parent's directors consider that the segments that must be reported, since they form the basis on which the Group makes its decisions for allocating resources and whose operating profits are reviewed regularly at the highest executive level to assess their performance, are Infrastructure and Concessions and Investments. In each of these markets, the Group obtains revenue from the different business activities it carries out.

a) Information on operating segments

Assets and liabilities for general use and the income and expenses arising therefrom were not allocated to the other segments. Similarly, the reconciling items arising from the comparison of the result of integrating the financial statements of the various operating segments (prepared on the basis of management criteria) with the consolidated financial statements of the ELECNOR Group, were not allocated. These items are included under the heading "Corporate" in the information shown below.
Information on these operating segments is presented below:

a) Details of the consolidated income statement items by segment at 31 December 2015 and 2014 are as follows:

2015 Income statement	Infrastructure	Thousands of Euros Concessions & Investments	Corporate	Total at 31/12/2015
Revenues	1,765,753	200,098	(84,708)	1,881,143
Results from operating activities	70,094	66,747	(12,409)	124,432
Interest income	-	72,839	4,068	76,907
Interest cost	(2,234)	(74,880)	(15,619)	(92,733)
Change in fair value of financial instruments	-	-	(174)	(174)
Exchange gains	-	13,020	1,459	14,479
Impairment and gains on disposal of investments	-	1,951	860	2,811
Share in net profit of associates	-	(8,294)	11,332	3,038
Income tax	(22,662)	(25,487)	9,722	(38,427)
Attributable to non-controlling interests	-	(24,820)	149	(24,671)
Consolidated profit/(loss) attributable to the Parent	45,198	21,075	(611)	65,662

2014 Income statement	Infrastructure	Thousands of Euros Concessions & Investments	Corporate	Total at 31/12/2014
Revenues	1,518,210	195,488	10,030	1,723,728
Results from operating activities	79,636	61,700	(6,498)	134,838
Interest income	-	71,904	7,578	79,482
Interest cost	(2,547)	(76,639)	(12,141)	(91,327)
Change in fair value of financial instruments	-	(1,796)	(54)	(1,850)
Exchange gains/(losses)	-	12,207	(5,222)	6,985
Impairment and gains on disposal of financial instruments	-	5,334	277	6,985
Share in net profit of associates	-	(16,304)	(1,482)	(17,786)
Income tax	(25,206)	(24,253)	4,509	(44,950)
Attributable to non-controlling interests	-	(11,630)	(831)	(12,461)
Consolidated profit/(loss) attributable to the Parent	51,883	20,522	(13,863)	58,542

b) Details of assets and liabilities by segment at 31 December 2015 and 2014 are as follows:

		Thousands of Euros		
2015	Infrastructure	Concessions & Investments	Corporate	Total at 31/12/2015
Assets				
Property, plant and equipment	145,794	1,081,415	(27,328)	1,199,881
Intangible assets	38,784	54,113	936	93,833
Deferred tax assets	9,241	36,994	34,199	80,434
Inventories	38,164	2,902	-	41,066
Receivables	984,575	53,416	(2,692)	1,035,299
Equity-accounted investees	15,970	91,203	17,460	124,633
Non-current financial assets	114,226	479,211	(8,358)	585,079
Non-current assets held for sale	4,058	-	-	4,058
Other assets (*)	225,586	111,426	243	337,255
Total assets	**1,576,398**	**1,910,680**	**14,460**	**3,501,538**
Liabilities and equity				
Non-current financial debt	32,061	806,725	306,639	1,145,425
Provisions for liabilities and charges	7,147	4,557	-	11,704
Deferred income and grants	6,920	6,762	-	13,682
Other non-current liabilities	7,563	17,655	-	25,218
Deferred tax liabilities	10,248	52,724	3,989	66,961
Current financial debt	183,492	112,244	1,846	297,582
Current non-financial debt	1,109,524	90,838	234	1,200,596
Other liabilities and equity (**)	94,932	877,465	(232,027)	740,370
Total liabilities	**1,451,887**	**1,968,970**	**80,681**	**3,501,538**

(*) Includes mainly cash and cash equivalents.
(**) Includes mainly Group equity.

2014 Assets	Infrastructure	Concessions & Investments	Corporate	Total at 31/12/2014
	Thousands of Euros			
Property, plant and equipment	154,667	1,073,644	(20,162)	1,208,149
Intangible assets	41,327	56,430	-	97,757
Deferred tax assets	11,191	37,048	30,016	78,255
Inventories	39,885	4,206	-	44,091
Receivables	919,311	77,167	34,591	1,031,069
Equity-accounted investees	396	59,165	15,698	75,259
Non-current financial assets	108,618	533,206	89,495	731,319
Non-current assets held for sale	4,204	-	-	4,204
Other assets (*)	166,043	92,828	7,556	266,427
Total assets	**1,445,642**	**1,933,694**	**157,194**	**3,536,530**
Liabilities and equity				
Non-current financial debt	41,580	874,490	305,544	1,221,614
Provisions for liabilities and charges	6,765	6,612	-	13,377
Deferred income and grants	14,266	6,652	550	21,468
Other non-current liabilities	10,042	9,515	16	19,573
Deferred tax liabilities	6,352	48,378	3,812	58,572
Current financial debt	189,712	103,850	2,249	295,811
Current non-financial debt	996,733	91,910	7,737	1,096,380
Other liabilities and equity (**)	86,069	922,210	(198,544)	809,380
Total liabilities	**1,351,549**	**2,063,617**	**121,364**	**3,536,530**

(*) Includes mainly cash and cash equivalents.
(**) Includes mainly Group equity.

b) Information on products and services

The Elecnor Group's business activities are as follows:

- Electricity
- Installation work
- Gas
- Energy generation
- Railways
- Construction
- Environment and water
- Telecommunications infrastructure
- Telecommunications systems
- Maintenance

The generation of electricity (included in energy generation) using mainly wind farms and thermosolar power plants is one of the lines of business of the ELECNOR Group that is carried out through the Enerfin subgroup in the case of wind farms, and by Celeo Termosolar, S.L. (Celeo subgroup) in the case of thermosolar power plants. Both activities are included in the Concessions and Investments segment.

The electricity generation business of the ELECNOR Group's Spanish subsidiaries is regulated by Electricity Industry Law 54/1997 of 27 November 1997, and by the subsequent implementing regulations.

Royal Decree 436/2004 of 12 March 2004 was published on 27 March 2004. This Royal Decree stipulated the methodology for updating, systemising and consolidating the legal and economic regime governing the production of electricity under the special regime. This Royal Decree introduced two remuneration options for facilities producing electricity under the special regime. The first consists of the sale of the power produced to the electricity distributor at a fixed price consisting of a percentage of the average electricity tariff defined in Article 2 of Royal Decree 1432/2002 of 27 December 2002, which is between 90% and 80% throughout the life of the facility. The second consists of the sale of the power in the wholesale market at the market price plus an incentive and a feed-in tariff of 10% and 40%, respectively, of the average electricity tariff.

This regime came into force on 28 March 2004, and provided for a transitional period until 1 January 2007 for facilities subject to Royal Decree 2818/1998, during which time the new economic regime would not apply to them unless they decided otherwise by expressly waiving their entitlement to the previous regime, which they would forfeit once such a decision had been taken. The Group did not avail itself of this transitional regime.

Royal Decree 661/2007 of 25 May 2007, regulating the production of electricity under the special regime, was published on 26 May 2007. This Royal Decree introduced two remuneration options for facilities producing electricity under the special regime. The first option was based on the sale of all the power produced to the electricity distributor at a fixed price not tied to the average electricity tariff. The second option consisted of selling the energy on the electricity production market, receiving the market price plus a feed-in tariff, with a mechanism whereby the remuneration of the feed-in tariff varies depending on the market price, setting minimum and maximum limits for the end price to be received by the producer.

This regime came into force on 1 January 2008, and provided for a transitional period until 31 December 2012 for facilities subject to Royal Decree 436/2004, during which the new economic regime would not apply to them unless they decide otherwise by expressly waiving their entitlement to the previous regime.

Transitional Provision One of Royal Decree 661/2007 provides that wind-powered facilities whose definitive start-up occurs prior to 1 January 2008 may choose either to continue under the economic regime of Royal Decree 436/2004 or avail themselves of the new tariffs. The Group decided to continue to sell electricity under the tariff framework of Royal Decree 436/2004. However, from 1 January 2013 onwards, the operation of the aforementioned wind farms and thermosolar power plants belonging to the Group is governed by Royal Decree 661/2007 and its subsequent amendments.

Royal Decree 1011/2009 was published on 19 June 2009, and stipulated that from 1 November 2009 the National Energy Commission (CNE), instead of the distributors, would settle the equivalent premiums, feed-in tariffs, incentives and supplementary payments to the facilities subject to the economic regime laid down in Royal Decree 661/2007 of 25 May 2007, in Royal Decree 436/2004 of 12 March 2004 and in Royal Decree 1578/2008 of 26 September 2008 and any legislation that may replace them. Royal Decree 1011/2009 also provides that the CNE is responsible for monitoring compliance with the legislation and procedures governing changes in supplier and for the activities of the Change of Supplier Office (OCSUM).

In 2010 Royal Decree 1565/2010, Royal Decree 1614/2010 and Royal Decree-Law 14/2010 came into force, amending certain matters relating to the production of electricity under the special regime. Of special note were the tariffs, which were amended as a result of a restriction from 1 January 2011 onwards on the number of hours for which the feed-in tariff stipulated under the original legislation applies. In 2012 and 2013 the restriction on feed-in tariffs was not applied to the billings of the operating subsidiaries as production did not reach the maximum average number of hours specified in order for this restriction to be applied.

On 28 December 2012, Law 15/2012 of 27 December 2012 on Tax Measures for Energy Sustainability was published, introducing a new tax on the value of electricity output applicable to activities involving the production and feeding of electricity into the Spanish electricity system. The tax base consists of the total amount receivable by the taxpayer for the power output produced and the electricity fed into the system during the tax period, which coincides with the calendar year, and this amount is subject to a 7% tax charge.

Additionally, Final Provision One of this Law amended Law 54/1997, whereby the electricity attributable to the use of fuels at a generation facility that uses any non-consumable renewable energy as a primary energy source will not qualify for the feed-in tariff system, which could affect the Group's thermosolar power plants under construction.

On 2 February 2013, Royal Decree-Law 2/2013 of 1 February 2013 on Urgent Measures in the Electricity System and in the Financial Sector was published, addressing, inter alia, the following:

- Effective from 1 January 2013, all remuneration, tariffs and feed-in tariffs received by the parties to the electricity system, which were tied to the CPI prior to the entry into force of this Royal Decree-Law, will be updated using as a reference the CPI at a constant tax rate, excluding unprocessed foods and energy products.
- Additionally, this Royal Decree-Law amends Royal Decree 661/2007 of 25 May 2007, which governs electricity production under the special regime, establishing a single remuneration option for facilities falling under the special regime, i.e. this remuneration will be treated as a regulated tariff except when the facilities decide to receive only the market price (no feed-in tariff). The pool plus feed-in tariff option normally used by these facilities was therefore eliminated.

Royal Decree-Law 9/2013 of 12 July 2013, adopting urgent measures to ensure the financial stability of the electricity system, was approved on 13 July 2013 and addresses, inter alia, the following:

- The government will be responsible for approving a new legal and economic regime for existing facilities that generate electricity using renewable energy sources, cogeneration and waste. To this end, article 30.4 of Electricity Industry Law 54/1997 of 27 November 1997 was amended to include the specific principles for drawing up this regime, in order to limit the government's scope of activities to the development of remuneration models for these facilities. This regime will be based on facilities receiving revenues for their participation in the market, plus additional remuneration, where necessary, to cover the investment costs that cannot be recovered by an efficient, well-managed company in the market. To this end, in accordance with EU legislation, an efficient, well-managed company is understood to be a company provided with the means necessary to carry out its activity, with costs that correspond to an efficient company engaging in this activity, taking into account the corresponding revenue and a reasonable profit for carrying out its activities.
- Calculation of the specific remuneration for a 'standard' facility will consider the revenues from energy sales at production market prices, the average operating expenses necessary to carry out the activity and the value of the initial investment for a 'standard' facility operated by an efficient, well-managed company. As such, the remuneration model will be based on fixed parameters on the basis of the different 'standard' facilities listed.
- In order to define this new model, the following pieces of legislation were repealed: article 4 of Royal Decree-Law 6/2009 of 30 April 2009, adopting certain measures in the energy sector and approving the social tariff; Royal Decree 661/2007 of 25 May 2007, which regulates the production of electricity under the special regime; and Royal Decree 1578/2008 of 26 September 2008, regulating the revenues from photovoltaic solar electricity production activities for facilities entering into service after the end date for remuneration, under Royal Decree 661/2007 of 25 May 2007, for this technology. However, with a view to maintaining the flow of remuneration to facilities as well as other procedures, rights and obligations, the repealed legislation above will continue to apply temporarily until the regulation developing this Royal Decree-Law has been enacted, except in certain extreme cases.
- To this end, where appropriate, facilities will be entitled to a settlement on account under this temporary system and, once the legislative provisions necessary to apply the new economic regime have been enacted, the pertinent adjustments will be made to the rights to receivables or payment obligations arising as a result of application of the new methodology, effective from the entry into force of this Royal Decree-Law.
- Consequently, although the effectiveness of the legislative provisions governing remuneration that will be enacted has been determined, effective from the entry into force of this Royal Decree-Law, the legislation provides agents with the necessary information as regards the amount of the remuneration mechanism established, considering participation in the market and a return on the investment, and also determines the reasonable rate of return for the 'standard' facility.
- Conversely, for facilities entitled to the feed-in tariff regime at the date of entry into force of this Royal Decree-Law, pre-tax remuneration will approximate the average return for the last 10 years on 10-year government bonds in the secondary market, plus 300 basis points (to be reviewed after six years).

Moreover, on 3 February 2014 the Ministry of Industry sent to the CNMC, for inclusion in its report, the draft order approving "the remuneration parameters for 'standard' facilities" applicable to certain facilities that generate electricity from renewable energy sources, cogeneration and waste. The draft was in turn sent to the members of the electricity consultation board of the Commission (pertinent companies, consumer associations and autonomous regions). Royal Decree 413/2007, regulating the production of electricity, was finally published on 21 June 2014.

In line with the above, and considering that the government's aim is to reduce feed-in tariffs for the renewables sector, the ELECNOR Group has re-estimated the future cash flows of all assets subject to this legislation, as it considers that there could be indications of impairment thereon.

Electricity sale and purchase contracts have been arranged for wind farms in Brazil and Canada with a number of buyers (Eletrobras, the Chamber for the Commercialisation of Electricity and Hydroquebec). These contracts cover a period of 20 years and have been arranged as part of the programme implemented by the Federal Government of Brazil.

The directors do not consider that any other renewable energy-related regulation has been enacted that could significantly affect the consolidated annual accounts at 31 December 2015.

c) Geographical information

Following are details of revenues from external customers and non-current assets that are not financial instruments for the most significant countries at 31 December 2015 and 2014:

Revenue	Thousands of Euros	
	2015	2014
Country		
Spain	851,500	794,539
Brazil	171,811	284,537
Angola	56,961	107,996
USA	127,230	92,344
Australia	86,821	4,657
Other	586,820	439,655
	1,881,143	**1,723,728**

Non-current assets	Thousands of Euros 2015		
	Intangible assets	Goodwill	Property, plant and equipment
Country			
Canada	-	-	216,104
Brazil	67	-	289,986
Chile	78	-	350,962
Portugal	-	4,385	-
UK	81	5,690	197
USA	855	331	11,128
Spain	58,941	21,945	304,815
Other	439	1,021	26,690
	60,461	**33,372**	**1,199,882**

	Thousands of Euros 2014		
	Intangible assets	Goodwill	Property, plant and equipment
Country			
Canada	-	-	240,835
Brazil	-	-	403,103
Chile	-	-	181,988
Portugal	-	4,385	427
UK	-	5,690	313
USA	-	-	10,416
Spain	63,223	20,693	345,802
Other	2,148	1,618	25,265
	65,371	**32,386**	**1,208,149**

7. GOODWILL

Details, by company, of intangible assets - goodwill in the consolidated statements of financial position at 31 December 2015 and 2014 and of the changes therein in those years are as follows:

	Thousands of Euros						
Fully consolidated companies:	Balance at 31/12/13	Additions (Note 2-g)	Disposals	Balance at 31/12/14	Additions (Note 2-g)	Disposals	Balance at 31/12/15
Wind farms:							
- Eólicas Páramo de Poza, S.A	1,104	-	-	1,104	-	-	1,104
- Galicia Vento, S.L.	8,702	-	-	8,702	-	-	8,702
- Aerogeneradores del Sur, S.A.	3,630	-	-	3,630	-	-	3,630
- Bulgana Wind Farm Pty LTD	85	-	-	85	-	-	85
Other businesses:							
- Deimos Space, S.L.U.	158	-	-	158	-	-	158
- Deimos Engenharia, S.A.	4,227	-	-	4,227	-	-	4,227
- Ehisa Construcciones y Obras, S.A.	1,932	-	-	1,932	-	-	1,932
- Hidroambiente, S.A.U.	388	-	-	388	-	-	388
- Instalaciones y Proyectos de Gas, S.A.U. (*)	1,031	-	-	1,031	-	-	1,031
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	1,125	-	-	1,125
- Zaragua 2005, S.L.U	290	-	-	290	-	-	290
- Ditra Cantabria, S.A.U	2,096	-	-	2,096	-	-	2,096
- Jomar Seguridad, S.L.U.	1,647	-	-	1,647	-	-	1,647
- Belco Elecnor Electric, Inc.	255	26	-	281	50	-	331
- IQA Operations Group Limited	5,690	-	-	5,690	-	-	5,690
- Barcaldine Remote Community Solar Farm Pty LTD	-	-	-	-	936	-	936
	32,360	**26**	**-**	**32,386**	**986**	**-**	**33,372**

(*) Company merged with Elecnor, S.A.

As indicated in note 3-b, at each reporting date the Group reviews goodwill for impairment.
The cash-generating units considered for the purpose of the impairment tests on goodwill, included in the table above, are the companies to which the goodwill was allocated, since these companies are generally set up as single-project entities.

Recoverable amount is the higher of fair value less costs to sell and value in use, which is deemed to be the present value of the estimated future cash flows approved by management and considered reasonable. In assessing value in use, the assumptions used include discount rates, growth rates and expected changes in selling prices and costs. The directors of the Parent estimate discount rates that reflect the time value of money and the risks specific to the cash-generating unit.

In particular, with respect to the impairment tests on the goodwill allocated to wind farms and wind power projects in Spain, performed taking into account the value of the farms and projects together with the value of the related property, plant and equipment, which amounts to Euros 189 million (Euros 207 million in 2014) (see note 9), revenue is estimated in accordance with applicable legislation (see note 6-b), which considers annual increases based on a prudent estimate of the changes in the price index and the average production levels obtained in prior years or those estimated as a result of studies by independent experts. The main assumptions used by the Parent's directors when testing for impairment in 2015 and 2014 are as follows:

- Projection period: 25 years following the start of operations. As specific remuneration is earned for 20 years, the useful life of the asset has been used.
- Revenues: regarding the Group's estimated price for the sale of electricity, the tariffs published in Ministerial Order IET/1045/2014 have been applied to those wind farms which receive a specific remuneration per MWh. A pool price of €47.65/MWh has been applied to the remaining wind farms in 2015, which will henceforth be updated in line with inflation of 0.9%.
- Discount rate: 5.4% (*)

(*) The rate after the tax effect, as in this type of projects the tax component is very high and a fundamental variable when deciding whether to invest. These tests used net tax flows.

The results obtained from these tests did not evidence any possible impairment of the goodwill recognised.

The sensitivity analyses performed by management using variations of +/-5% in the main assumptions also did not evidence any indications of impairment.

Additionally, with respect to the impairment tests on the remaining goodwill, which in any event is immaterial, the discount rates applied were all around 7%. The growth rates and the changes in selling prices and costs are based on in-house and industry forecasts, and past experience and future expectations, respectively, and in no case do they exceed 5%. When these calculations include the estimated perpetual return, growth rates of 2% are considered.

These tests did not bring to light any additional impairment.

8. OTHER INTANGIBLE ASSETS

The changes in this item in the consolidated statements of financial position at 31 December 2015 and 2014 were as follows:

	Thousands of Euros					
	Development expenses	Industrial property	Computer software	Administrative concessions	Other intangible assets	Total
Balance at 1 January 2014	**1,716**	**2,995**	**7,638**	**56,304**	**27,365**	**96,018**
Changes to the consolidated Group (note 2-g)	-	-	25	-	-	25
Additions	147	95	893	-	-	1,135
Disposals	-	-	(285)	-	-	(285)
Transfers	-	(141)	(49)	-	142	(48)
Translation differences (note 13)	-	75	(68)	-	-	7
Balance at 31 December 2014	**1,863**	**3,024**	**8,154**	**56,304**	**27,507**	**96,852**
Changes to the consolidated Group (note 2-g)	(881)	-	(139)	-	406	(614)
Additions	121	45	800	31	-	997
Disposals	(19)	-	(163)	-	-	(182)
Transfers	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
Translation differences (note 13)	-	142	6	-	(4)	144
Balance at 31 December 2015	**1,084**	**3,211**	**8,658**	**56,335**	**27,909**	**97,197**
Accumulated amortisation						
Balance at 1 January 2014	**1,211**	**1,744**	**6,216**	**12,125**	**4,216**	**25,512**
Charge for the year (note 21)	193	620	818	2,765	1,973	6,369
Disposals	(1)	-	(285)	-	-	(286)
Transfers	-	(614)	(40)	-	614	(40)
Translation differences (note 13)	-	6	(80)	-	-	(74)
Balance at 31 December 2014	**1,403**	**1,756**	**6,629**	**14,890**	**6,803**	**31,481**
Changes to the consolidated Group (note 2-g)	(689)	-	(113)	-	-	(802)
Charge for the year (note 21)	124	497	767	2,770	1,973	6,131
Disposals	(19)	-	(120)	-	-	(139)
Translation differences (note 13)	-	19	46	-	-	65
Balance at 31 December 2015	**819**	**2,272**	**7,209**	**17,660**	**8,776**	**36,736**
Total other intangible assets, net	**265**	**939**	**1,449**	**38,675**	**19,133**	**60,461**

Other intangible assets in the above table include a gross amount of Euros 27,507 thousand reflecting the estimated fair value of the contracts with public entities for road maintenance and upkeep relating to the subsidiary Audeca, S.L.U. at the date on which this company was acquired by the ELECNOR Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals. The amortisation of this item in 2015 and 2014 amounted to approximately Euros 1,973 thousand.

Administrative concessions include approximately Euros 34,842 thousand (Euros 37,404 thousand in 2014) reflecting the estimated fair value (based on the fair value of the consideration given, i.e. the construction), less amortisation, of the investments made in various water treatment plants, which were constructed and are operated under a concession arrangement pursuant to the administrative concessions granted by the Aragón Water Institute. Under these concessions, the ELECNOR Group operates the aforementioned water treatment plants obtaining revenue on the basis of the volume of cubic metres of water treated. At 31 December 2015, all the water treatment plants are in operation, with a concession term of 20 years.

During the operation phase, the obligations arising from the arrangement with the Aragón Water Institute for the related years will be paid following the approval of monthly appraisal reports and the presentation of invoices based on the tariffs set, which may be reviewed over the term of the concession. The construction price of the water treatment plants is not subject to price reviews.

The concession will involve management of the water treatment plants to ensure that they are working properly at all times. In the event of a suspension of water treatment plant services, the concession operator is obliged to find a solution with utmost diligence and is not entitled to charge any amounts relating to the facilities in question during the period the services are suspended.

The concession arrangement will be deemed terminated when the initially specified term or any agreed-upon extensions or reductions thereof expire. The concession operator will be obliged to return the concession assets – as well as any assets and fixtures required for the operation thereof – to the grantor in good working order.

In 2015, the income generated by these concessions amounted to approximately Euros 6,575 thousand (Euros 7,030 thousand in 2014), and was recognised under revenues in the accompanying consolidated income statement.

The cost of fully amortised intangible assets in use at 31 December 2015 and 2014 amounts to approximately Euros 5,169 thousand and Euros 4,616 thousand, respectively.

9. PROPERTY, PLANT AND EQUIPMENT

Movement in 2015 and 2014 is as follows:

Thousands of Euros	Land	Buildings, technical installations and machinery	Hand and machine tools	Furniture and fixtures	Information technology equipment	Motor vehicles	Other items of property, plant and equipment	Property, plant and equipment under construction	Total
Cost:									
Balance at 1 January 2014	25,315	1,245,435	15,035	8,444	20,616	22,704	5,912	157,767	1,501,228
Changes to the consolidated Group (note 2-g)	-	16,641	10	4	8	-	-	-	16,663
Additions	98	17,771	5,035	231	1,019	2,311	158	110,291	136,914
Disposals	-	(3,825)	(2,400)	(230)	(574)	(1,493)	(239)	(1,080)	(9,841)
Transfers	-	396	(14)	68	-	10	(179)	(314)	(33)
Translation differences (note 13)	(708)	9,514	28	(374)	(257)	(4,907)	(1,398)	18,672	20,570
Balance at 31 December 2014	24,705	1,285,932	17,694	8,143	20,812	18,625	4,254	285,336	1,665,501
Changes to the consolidated Group (note 2-g)	406	(9,989)	-	(32)	(46,445)	-	(123)	674	(55,509)
Additions	-	57,586	2,670	1,049	1,912	7,492	5,118	130,443	206,270
Disposals	(88)	(14,590)	(4,122)	(494)	(459)	(1,058)	(396)	(450)	(21,657)
Transfers	-	293,026	(3,014)	(261)	38,151	(1,492)	1,229	(294,970)	32,669
Translation differences (note 13)	(152)	(140,508)	607	(165)	(302)	(345)	(117)	10,451	(130,531)
Balance at 31 December 2015	24,871	1,471,407	13,835	8,240	13,669	23,222	9,965	131,484	1,696,743
Accumulated depreciation:									
Balance at 1 January 2014	-	364,785	5,811	5,317	15,413	14,209	2,625	-	408,160
Changes to the consolidated Group (note 2-g)	-	-	-	1	2	-	-	-	3
Charge for the year (note 21)	-	59,796	(149)	648	1,548	2,418	(1,288)	-	62,973
Disposals	-	(3,288)	(20)	(80)	(525)	(654)	(6)	-	(4,573)
Transfers	-	2	(1)	(10)	1	-	199	-	191
Translation differences (note 13)	-	(3,817)	(252)	(398)	(247)	(4,768)	80	-	(9,402)
Balance at 31 December 2014	-	417,478	5,389	5,478	16,192	11,205	1,610	-	457,352
Changes to the consolidated Group (note 2-g)	-	(1,016)	-	(22)	(9,296)	-	(79)	-	(10,413)
Charge for the year (note 21)	-	54,346	316	712	2,219	3,161	682	-	61,436
Disposals	-	(14,504)	(10)	(449)	(473)	(513)	(208)	-	(16,157)
Transfers	-	38,393	(2,969)	(14)	51	(75)	1,594	-	36,980
Translation differences (note 13)	-	(33,554)	(26)	(124)	(170)	(560)	41	-	(34,393)
Balance at 31 December 2015	-	461,143	2,700	5,581	8,523	13,218	3,640	-	494,805
IMPAIRMENT	-	2,056	-	-	-	-	-	-	2,056
Net cost at 31 December 2015	24,871	1,008,258	11,135	2,659	5,146	10,004	6,325	131,484	1,199,882

Buildings, technical installations and machinery mainly include the gross carrying amount and accumulated depreciation of wind farms in operation built in prior years. The wind turbines of the Spanish wind farms are under warranty for two years from the date they are received and those of the Brazilian wind farms are under warranty for three years.

At 31 December 2015, the main additions to property, plant and equipment under construction were the works on the transmission lines in Chile amounting to approximately Euros 124 million.

The principal additions to property, plant and equipment in 2015 were investments in the equipment required for the construction and entry into service of a gas pipeline in Peru amounting to Euros 10 million and the investments in electricity transmission lines in Chile amounting to approximately Euros 24 million.

The main additions to property, plant and equipment in 2014 are investments in the wind farm of the subsidiary Ventos dos Indios, S.A. and the construction of the main transmission line of Alto Jahuel Transmisora de Energía, S.A. which, at 31 December 2014, were in the course of construction.

At 31 December 2015, the carrying amount, before depreciation, of the property, plant and equipment pledged to secure certain bank loans, mainly to finance the wind power projects undertaken by Group companies, amounted to approximately Euros 1,490 million (Euros 1,241 million in 2014) (see note 14).

The offices used by the Group to carry on its business activities, except for those leased in 2007 under the finance lease, are mostly rented.

At 31 December 2015 and 2014, the cost of the Group's fully depreciated property, plant and equipment in use amounted to Euros 51,945 thousand and Euros 52,517 thousand, respectively. Of these amounts, Euros 51,917 thousand and Euros 48,782 relate to the Parent. Details of the cost of the Parent's fully depreciated property, plant and equipment at the end of 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Buildings, technical installations and machinery	47,243	44,689
Furniture and fixtures	1,317	1,119
Information technology equipment	2,862	2,803
Motor vehicles	495	171
	51,917	**48,782**

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

10. EQUITY-ACCOUNTED INVESTEES

Details of the ELECNOR Group's investments in associates and joint ventures at 31 December 2015 and 2014, which are accounted for using the equity method (see note 2-f), are as follows:

	Thousands of Euros	
Company	2015	2014
Cosemel Ingeniería, A.I.E	144	398
Consorcio Eólico Marino Cabo de Trafalgar, S.L.	68	71
Parque Eólico Gaviota, S.A.	334	434
Jauru Transmissora de Energía, S.A.	18,221	21,541
Brilhante Transmissora de Energia, S.A.	28,201	37,213
Sociedad Aguas Residuales Pirineos, S.A.	4,818	4,767
Gasoducto de Morelos, S.A.P.I. de C.V.	9,901	10,652
Dioxipe Solar, S.L. (*)	-	-
Aries Solar Termoeléctrica, S.L.	43,770	-
Brillhante Transmissora de Energia, S.A. II	3,350	183
Morelos EPC, SAPI de C.V.	15,825	-
	124,632	**75,259**

(*) Once the amount of the investment reaches 0, the losses of these investees will be considered as a reduction in the other financial assets that form part of the net investment therein (see note 11).

Movement in equity-accounted investees in 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
Opening balance	75,259	92,375
Profit/(loss) for the year	3,038	(17,786)
Capital increases	120,931	-
Capital reductions	-	(1,789)
Translation differences	(14,762)	2,727
Dividends received	(1,007)	(850)
Changes to the consolidated Group	5,447	(14,490)
Change in fair value of hedging derivatives (net of tax effect)	6,250	(25,911)
Other movements	34	(171)
Transfer of financial assets (*)	(72,995)	-
Transfers to financial assets (**)	2,437	41,154
Closing balance	**124,632**	**75,259**

(*) Reclassification of the impairment recognised at 31 December 2014 on the loans granted to Aries Solar Termoeléctrica, S.L. following the capital increases at this company (Note 11).
(**) Once the amount of the investment reaches 0, the losses of these investees will be considered as a reduction in the other financial assets that form part of the net investment therein (see note 11).

Details of the key indicators of equity-accounted investees are provided in Appendix III.
Capital increases in 2015 largely reflect the share capital increase with a share premium approved by Aries Solar Termoeléctrica, S.L., totalling Euros 211 million, of which the Company subscribed 55.7%.
The changes in the scope of consolidation in 2015 are due entirely to the consolidation of Morelos EPC SAPI de CV using the equity method.
Changes to the consolidated Group in 2014 essentially reflect the sale of the 50% interests in Eólica Cabanillas, S.L., Eólica La Bandera S.L. and Eólica Caparroso, S.L. and the acquisition of a 50% interest in Eólica Montes del Cierzo S.L., which is now fully consolidated. The effect of these sales on profit and loss was not significant, nor was that of the business combination on the assets and liabilities acquired.
In 2015 and 2014 the depreciation of the Brazilian Real against the Euro led to a decrease in the equity of the equity-accounted Brazilian companies during the translation of their financial statements to the Group's functional currency (see notes 2-c and 2-f).
In 2010 the Group acquired 55% of the subsidiaries Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., whose statutory activities comprise the construction and operation of three parabolic trough technology thermosolar power plants in Extremadura and Castilla La Mancha. In 2010 various agreements were entered into between the shareholders of these companies, governing their relationships as shareholders, their relationships with the companies, the management and administration thereof and various aspects relating to the development and subsequent phases of projects. Specifically, certain matters for which unanimous approval is required in order to adopt decisions were defined.
Matters requiring the unanimous approval of the shareholders at the general meeting are as follows:

a) Reimbursement of share premiums, capital increases or reductions, amendments to the bylaws and, in particular, approval of any clauses relating to restrictions on the transfer of shares;
b) Mergers, spin-offs, transformations, dissolutions or transfers en bloc of assets and liabilities and disposals of a substantial portion of assets;
c) Investments in any joint venture, company or association or acquisitions of any shares, assets or businesses of any other company;
d) Arrangement, amendment and/or termination of any agreements with shareholders or companies forming part of their group or approval of any transactions with companies related thereto;
e) Approval of loans, pledges or guarantees of any kind extended to shareholders or related companies;
f) Changes in the number of directors;
g) Appointment or removal of auditors;
h) Changes in the policy of maximising dividends to shareholders;
i) Agreements relating to key project decisions on any changes in activity, arrangement of any transactions, agreements or operations that alter the nature of the business or significantly modify the scope of the project, discontinuation of the project and arrangement of any agreements that are unrelated to the Company's ordinary business activity or outside its ordinary course of business;
j) Changes in the tax regime;
k) Agreements relating to the arrangement of project financing and any possible refinancing; and
l) Amendments to the terms and conditions of the project financing agreements which affect the internal rate of return on the investment at the reporting date, the financing guarantees or the termination of the agreements.

Matters requiring the unanimous approval of the board of directors are as follows:

a) Any loans, credit facilities, any other form of financing or guarantees extended to a third party;
b) Arrangement of any debt or provision of guarantees other than those required by current suppliers;
c) Approval of business plans and initial operating budgets;
d) Approval of the operating budget when it includes a total expenditure increase of more than 10% on the prior year's budget;
e) Granting of powers of attorney in regard of reserved powers;,
f) Amendment of project financing agreements;
g) Incorporation of subsidiaries or acquisition of shares of other companies;
h) Capital increases;
i) Award of provisional and definitive acceptance certificates for plants in accordance with the Engineering, Procurement and Construction (EPC) contract, approval of waivers and changes in EPC, O&M and/or Owner's Engineering contracts.

In view of the nature of the above matters and the unanimity required in order to adopt decisions thereon, and in accordance with the consolidation principles indicated in note 2-f, the ELECNOR Group considers that the interests in these companies should be classified as joint ventures, specifically as jointly controlled entities. Accordingly, these interests were accounted for using the equity method. At the date on which these consolidated annual accounts were authorised for issue, the three thermosolar power plants in these projects are in operation.
Details of these companies' key indicators at 31 December 2015 are as follows:

	2015	
	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Assets:		
Property, plant and equipment	254,033	466,629
Other non-current assets	24,958	51,243
Current assets	7,392	14,721
Liabilities:		
Current and non-current financial debt (*)	243,614	457,659
Participating loans	56,315	119
Other non-current liabilities	41,103	11,366
Other current liabilities	13,522	4,622
Valuation adjustments	(29,132)	(57,717)
Loss for the year	(12,049)	(16,199)

(*) Includes liabilities arising from the measurement of interest rate derivatives at 31 December 2015.

As mentioned, the associates Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. engage in the operation of three parabolic trough technology thermosolar power plants.

The Group has analysed the impact of the regulatory changes approved since 2012 on these associates and in 2013 reviewed the financial projections of these projects and tested the property, plant and equipment of these associates for impairment, taking into consideration the current regulatory situation and the numerous uncertainties surrounding the future outlook and performance of the industry.

All the assumptions and estimates applied by the directors with respect to the impairment testing of the investments in Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. use the values established in Order IET/1045/2014, which approves the remuneration parameters for standard facilities applicable to certain facilities that generate electricity from renewable energy sources, cogeneration and waste.

The main assumptions used by the Parent's directors when testing for impairment in 2015 and 2014 are as follows:

Projection period: 25 years
Income: Power generated according to sector reports on this type of plant.
Discount rate: 5.4% (*)

(*) The rate after the tax effect, as in this type of projects the tax component is very high and a fundamental variable when deciding whether to invest. These tests used net tax flows.

The thermosolar projects in which the Group holds an interest are subject to regulation that ensures a reasonable remuneration for an efficient, well-managed company, up to the initial value of the investment.

In order to maintain this reasonable remuneration over time, regulatory remuneration is based on the average return on ten-year government bonds in the secondary market, plus a spread. Consequently, changes in the cost of capital are reflected under expected revenues, and therefore do not affect the recoverable amount.

The borrowers also acquired certain obligations, which, if not met, could constitute grounds for the mandatory early repayment of the aforementioned loans. The Parent's directors consider that the obligations for the majority of the financing facilities have been met in 2015 and no breaches are expected in the future. Any such obligations that have been breached are due to the entry into force of the prevailing legislation on renewable energy generation. In these cases the companies' directors are in negotiations with the financial institutions and expect an agreement to be reached.

The Group's investments in these companies and in the wind farms Parque Eólicos Gaviota, S.A. have been pledged to the related financial institutions to secure all payment obligations under the loans that these companies have obtained, in general, under project financing arrangements. The Parent's directors consider that these obligations are being met under the established terms (see note 14).

Appendices I and IV include a list of the investments in associates and joint ventures together with the most significant legal and financial information thereon.

11. NON-CURRENT FINANCIAL ASSETS

Details of non-current financial assets other than equity-accounted investees are as follows:

	Available-for-sale financial assets		Loans and receivables				
	Net equity investments	Derivative financial instruments (note 15)	Non-current loans (note 26)	Loans to personnel	Administrative concessions	Other non-current assets	Total
Balance at 31 December 2013	**3,772**	**528**	**117,053**	**31**	**521,101**	**54,660**	**697,145**
Changes to the consolidated Group (Note 2-g)	(199)	3,054	-	-	(1,740)		1,115
Additions	2,436	-	5,200	-	51,562	12,789	71,987
Disposals	-	-	-	(2)	-	(4,407)	(4,409)
Transfers (note 10)	-	-	(41,154)	-	-	-	(41,154)
Impairment	-	-	-	-	-	-	-
Translation differences	-	-	2,003	-	5,210	(411)	6,802
Change in fair value	-	(167)	-	-	-	-	(167)
Balance at 31 December 2014	**6,009**	**3,415**	**83,102**	**29**	**576,133**	**62,631**	**731,319**
Changes to the consolidated Group (note 2-g)	(1,683)	-	-	-	-	-	(1,683)
Additions	609	7,736	5,273	-	38,799	10,895	63,312
Disposals	(534)	(3,054)	-	(5)	-	(9,290)	(12,883)
Transfers (note 10)	-	-	(32,722)	-	-	-	(32,722)
Impairment	-	-	-	-	-	-	-
Translation differences	-	-	1,902	-	(147,866)	(16,161)	(162,125)
Change in fair value	-	(139)	-	-	-	-	(139)
Balance at 31 December 2015	**4,401**	**7,958**	**57,555**	**24**	**467,066**	**48,075**	**585,079**

a) Net equity investments

The fair value of the investments under this item has been determined using in-house estimates made by the Group as there are no quoted prices on an organised market.

On 26 July 2010, Elecnor, S.A. and three partners incorporated CPTR-Companhia Paranaense de Tratamento de Residuos with a share capital of BRL 50,000 thousand, 26% of which has been subscribed for an amount of approximately Euros 5,673 thousand. Of this amount, approximately Euros 3,640 thousand is unpaid at 31 December 2014. During 2015 the Group sold its investment in this company (see note 2-g).

On 28 December 2005, Elecnor Financiera S.L. acquired all the shares in Vendaval Promociones Eólicas, S.A.U. for an approximate amount of Euros 53,850 thousand. This transaction included the non-controlling interest in Sociedad Eólica de Andalucía, S.A. (5.27%) which the Elecnor Group has classified under available-for-sale financial assets in the consolidated statement of financial position.

b) Non-current loans

Non-current loans in the above table at 31 December 2015 basically include various loans extended to associates of the ELECNOR Group (see notes 10 and 26).

On 20 December 2011, the subsidiary Celeo Termosolar, S.L. extended to Aries Solar Termoeléctrica, S.L. a participating loan and a subordinated loan of approximately Euros 33,720 thousand and Euros 67,440 thousand, respectively, to finance two thermosolar power plants in Castilla La Mancha (see notes 10 and 20). The second of these loans is subordinate to the principal financing (see note 10) obtained by the latter. The loans fall due on 1 January 2031. The participating loan accrues interest at a rate comprising a fixed annual component and a variable annual component tied to the operating margin of the borrower after tax and after the deduction of the interest on this participating loan or on any other subordinated debt. The subordinated loan accrues interest pegged to Euribor plus a market spread. At 31 December 2014, approximately Euros 38,364 thousand and Euros 77,028 thousand had been drawn down and were recognised under non-current financial assets - other investments and current financial assets - trade receivables from related companies in the accompanying consolidated statement of financial position at that date. Both loans were capitalised in 2015, except in the amount of Euros 115 thousand (see note 10).

On 5 March 2010, the subsidiary Celeo Termosolar, S.L. extended to Dioxipe Solar, S.L. a subordinated participating loan of approximately Euros 68,514 thousand to finance a solar thermal plant in Extremadura (see notes 10 and 20). This loan is subordinate to the principal financing (see note 10) obtained by the latter and matures on 6 March 2030. The loan accrues interest at a rate comprising a fixed annual component and a variable annual component tied to the gross profit of the borrower before tax and before the deduction of the interest on this participating loan or on any other subordinated debt. At 31 December 2015, approximately Euros 60,309 thousand has been drawn down and is recognised under non-current financial assets - other investments and current financial assets - trade receivables from related companies in the accompanying consolidated statement of financial position at that date (Euros 57,446 thousand at 31 December 2014).

The aforementioned participating and subordinated loans extended by Celeo Termosolar, S.L. to Aries Solar Termoeléctrica, S.L. and Dioxipe Solar, S.L. have been reduced by Euros 32,149 thousand at 31 December 2015 (Euros 102,702 thousand at 31 December 2014, see note f) as they were considered as a net investment when accounting for these investees using the equity method. Consequently, the carrying amount of these loans, which totals Euros 28,160 thousand at 31 December 2015 (Euros 70,136 thousand at 31 December 2014), reflects the amounts detailed in the paragraphs above, less the aforementioned adjustment.

The Parent's directors do not consider that any of the aforementioned loans will be repaid in the short term and, therefore, these amounts have been classified as non-current assets in the accompanying consolidated statement of financial position.

d) Administrative concessions

The ELECNOR Group is currently developing and executing various projects under a concession regime for the construction, operation and maintenance of various electricity transmission lines in Brazil through the subsidiaries incorporated for this purpose, which are headed by Celeo Redes Brasil, S.A. in this country (formerly Elecnor Transmissao de Energía, S.A.). Under the concession arrangements, over the concession term the Group will receive a fixed remuneration for construction, operation and maintenance work, which is not dependent upon the degree of use of these transmission lines. Concession terms are approximately 30 years. The amount receivable will be revalued periodically based on certain variables such as interest rates, the standard consumer price index and other market benchmark rates, as provided for in the various agreements, although such changes would not be material.

Under the concession arrangements the Group undertakes to have the transmission facilities fully installed within a specified period of time and also to provide operation and maintenance services, using quality materials and equipment. It also undertakes to maintain the facilities and use appropriate operating methods to ensure good standards of constant, efficient, safe, updated service, making ongoing efforts to reduce costs, ensure social integration and protect the environment. The concession operator may not assign or pledge the assets associated with the public transmission service without ANEEL's authorisation.

The concession will be terminated in the following cases: the arrangement comes to an end, reaches its expiry date, is rescinded, rendered null and void due to defects or irregularities or the transmission entity is dissolved. At the end of the concession all the assets relating to the service will revert to the concession grantor. The corresponding evaluations and analyses will be conducted and used to calculate any indemnity to which the transmission entity may be entitled. The assets must be in proper working and technical condition, maintained in accordance with the grid procedures approved by the ANEEL, so that the public energy transmission service can continue.

Upon expiry, the concession may be renewed at the sole discretion of ANEEL. The maximum renewal term is the same concession term and must be requested by the transmission entity. An agreement may also be reached to extend the concession term in the public interest and under the terms and conditions stipulated in the arrangement.

The transmission entity may request the rescission of the arrangement in the event that the grantor breaches the terms and conditions. In this case the transmission entity may not interrupt the supply of the service until the rescission is approved by means of a court decision declaring the arrangement terminated.

In accordance with the criteria described in note 3-j, the Group initially recognises a financial asset for the fair value of the amounts receivable for the construction of the infrastructure, which is subsequently measured at amortised cost using the effective interest method. Under this method, in 2015 the Group credited approximately Euros 48,084 thousand to finance income in the consolidated income statement for 2014 for the financial effect of applying this method (Euros 55,276 thousand in 2014).

During 2014 the concession operator Cantareria Transmissora de Energía, S.A., which carries out the same type of activity as that described above, entered the consolidated Group. Administrative concessions at 31 December 2014 in the foregoing table include approximately Euros 3,662 thousand in connection with this company.

Other non-current assets

Details of other non-current assets in the above table are as follows:

	Thousands of Euros	
	2015	2014
Debt service reserve account	33,156	56,498
Guarantees	1,848	1,974
Other	13,071	4,159
	48,075	**62,631**

"Debt service reserve account" includes the amounts that the subsidiaries Aerogeneradores del Sur, S.A., Galicia Vento, S.L., Ventos Do Sul Energía, S.A., Parques Eólicos Villanueva, S.L.U., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Indios Energía, S.A. must hold in bank deposits pursuant to the financing agreements entered into by them (see Note 14), amounting to Euros 2,500 thousand, Euros 7,564 thousand, Euros 4,490 thousand, Euros 3,184 thousand, Euros 1,327 thousand, Euros 1,377 thousand, Euros 2,646 thousand and Euros 590 thousand, respectively at 31 December 2015. (At 31 December 2014 the debt service reserve account of Aerogeneradores del Sur, S.A., Galicia Vento, S.L., Ventos Do Sul Energía, S.A., Parques Eólicos Villanueva, S.L.U., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A. and Ventos do Litoral Energía, S.A. amounted to Euros 40,839 thousand).

The debt service reserve account also includes the amount relating to the concession operators LT Triangulo, S.A., Vila Do Conde Transmissora de Energia, S.A., Coqueiros Transmissora de Energía, S.A., Pedras Transmissora de Energía, S.A., Encruzo Novo Transmissora de Energía, S.A., Caiua Transmisora de Energía, S.A., Integraçao Maranhense Transmissora de Energía, S.A. and Linha de Transmissao Corumba, LTDA amounting to approximately Euros 9,478 thousand (approximately Euros 15,659 thousand at 31 December 2014).

The deposits accrue interest at market rates.

Also, Elecnor, S.A. holds security and other deposits mainly relating to leases amounting to approximately Euros 1,818 thousand (Euros 1,957 thousand at 31 December 2014).

At 31 December 2015 and 2014, non-current assets are recognised at amortised cost, except in the case of derivatives, which are recognised at fair value.

12. CURRENT FINANCIAL ASSETS

a) Trade and other receivables

Trade and other receivables in the accompanying consolidated statement of financial position include the Group's receivables arising as a result of transactions with third parties.

At 31 December 2015, past-due receivables amounted to Euros 59,991 thousand (Euros 182,743 thousand at 31 December 2014). An ageing analysis of these balances is as follows:

	Thousands of Euros	
Description	2015	2014
Unmatured balances	908,732	745,073
Up to six months past due	27,798	48,314
Between six and twelve months past due	16,611	69,754
Over twelve months past due	15,582	64,675
Total	**968,723**	**927,816**

The Group makes provision to cover debts classed as non-performing due to late payment, suspension of payments, insolvency or other reasons, following a case-by-case study of their collectability. Provision is made on the basis of the best estimates at year end.

Details of impairment losses on accounts receivable at 31 December 2015 and 2014 and movement in 2015 and 2014 are as follows:

	Thousands of Euros					
	31/12/2014	Impairment losses recognised in the year	Unrecoverable balances written off	Reversal	Translation differences	31/12/2015
Impairment	62,783	20,694	(2,518)	(4,213)	50	76,796

	Thousands of Euros					
	31/12/2013	Impairment losses recognised in the year	Unrecoverable balances written off	Changes to the consolidated Group	Translation differences	31/12/2014
Impairment	51,990	19,183	(1,699)	(453)	(6,238)	62,783

b) Cash and cash equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2015	2014
Cash equivalents	75,706	75,112
Cash	261,283	183,787
	336,989	**258,899**

Cash equivalents at 31 December 2015 mainly include fixed-income securities and fixed-term deposits that mature in under three months contracted by Elecnor Chile S.A., which earn interest at market rates.
The closing balance of cash equivalents at 31 December 2014 in the foregoing table mainly comprises treasury bills acquired under non-optional fixed-date reverse repurchase agreements and deposits, all at short term, which earn interest at market rates. On maturity, the related amounts are reinvested in assets of a similar nature and term depending on the cash needs at any given time.

13. EQUITY OF THE PARENT

a) Share capital

At 31 December 2015 and 2014, the share capital of Elecnor, S.A. was represented by 87,000,000 ordinary bearer shares of Euros 0.10 par value each, subscribed and fully paid.
The shares of Elecnor, S.A. are listed on the Spanish electronic stock market.
At 31 December 2015 and 2014, the Parent's shares were held as follows:

	Percentage ownership	
	2015	2014
Cantiles XXI, S.L.	52.76%	52.76%
Bestinver Gestión, S.A., S.G.I.I.C.	4.76%	4.76%
Other (*)	42.48%	42.48%
	100.00%	**100.00%**

(*) All with a percentage ownership of less than 3%. Also included are the own shares of the Parent, amounting to 2.85% in 2015 and 2.84% in 2014 (see note 3-n).

b) Valuation adjustments

Movement in this reserve in 2015 and 2014 is as follows:

Thousands of Euros	31/12/13	Contracts	Change in fair value	Settlement of derivatives	Transfers (note 13-e)	31/12/14	Contracts	Change in fair value	Settlement of derivatives	31/12/15
Fully consolidated companies										
Cash flow hedges:										
Interest rate swaps (note 15)	(23,238)	(784)	(19,069)	2,233	-	(40,858)	(2,465)	1,176	3,957	(38,190)
Exchange rate insurance (note 15)	(866)	2,729	(2,822)	853	-	(106)	3,255	(65)	(20)	3,064
Other (note 11)	1,487	-	1	-	-	1,488	-	148	-	1,636
	(22,617)	1,945	(21,890)	3,086	-	(39,476)	790	1,259	3,937	(33,490)
Deferred taxes arising on valuation adjustments (note 19)	**5,425**	**(486)**	**5,473**	**(772)**	**-**	**9,640**	**(198)**	**(315)**	**(984)**	**8,143**
Total valuation adjustments arising from the full consolidation of companies	**(17,192)**	**1,459**	**(16,417)**	**2,314**	**-**	**(29,836)**	**593**	**944**	**2,952**	**(25,347)**
Equity-accounted investees	(31,611)	-	(39,472)	13,559	-	(57,524)	446	(6,476)	12,281	(51,273)
Non-controlling interests	230	81	1,080	-	3,711	5,102	554	(817)	-	4,839
Total valuation adjustments	**(48,573)**	**1,540**	**(54,809)**	**15,873**	**3,711**	**(82,258)**	**1,592**	**(6,349)**	**15,233**	**(71,781)**

c) Other reserves

Details are as follows:

	Thousands of Euros 2015	2014
Non-distributable reserves		
Legal reserve	1,743	1,743
Goodwill reserve	1,031	1,031
Capitalisation reserve	1,756	-
Reserves from translation to Euros	15	15
Reserve for own shares (note 3-n)	22,341	22,264
Other reserves	**491,983**	**495,511**
Parent reserves	**518,869**	**520,564**
Reserves in consolidated companies (*)	**160,598**	**117,061**
Translation differences	**(237,546)**	**(130,540)**
Reserve for own shares (note 3-n)	**(22,341)**	**(22,264)**
Total	**419,580**	**484,821**

(*) Includes consolidation adjustments and adjustments for international standards.

Legal reserve

Under article 274 of the Revised Spanish Companies Act, an amount equivalent to 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve has reached the stipulated level.

The legal reserve can be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total share capital after the increase. Except for the aforementioned purpose, unless the legal reserve exceeds 20% of the share capital it may only be used to offset losses if no other reserves are available.

At 31 December 2015 and 2014, the Parent has appropriated to this reserve the minimum amount required by law.

Goodwill reserve

The goodwill reserve is contributed entirely by the Parent. This reserve has been appropriated in compliance with article 273.4 of the revised Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to recognised goodwill in the individual statement of financial position. In the absence of profit, or if profit is insufficient, freely-distributable reserves should be used.

Capitalisation reserve

The capitalisation reserve has been appropriated in compliance with article 273.4 of the Spanish Income Tax Act, which requires the recognition of an amount equal to the permitted reduction of taxable income for the year. Taxable income may be reduced by 10% of the increase in equity, as defined in this article, but in no case may exceed 10% of the taxable income for the year prior to the reduction and the integration referred to in section 12 of article 11 of the Law and prior to the offset of tax losses. However, if insufficient taxable income is available to apply the reduction, the outstanding amounts may be applied in the tax periods ending in the two years directly after the end of the tax period in which the reduction right was generated, together with the reduction applicable in that year, within the limit indicated. This reserve is restricted and is conditional upon maintaining the increase in equity for five years from the end of the tax period in which the reduction is generated, except if tax losses are recognised.

d) Own shares

Pursuant to the resolutions adopted successively by the shareholders at the annual general meetings of Elecnor, S.A., various acquisitions of own shares of Elecnor, S.A. have been made in recent years for their progressive disposal on the market. In particular, on 23 May 2012 the shareholders at the annual general meeting resolved to authorise, for a period of five years, the acquisition of shares issued by the Parent, either by the Parent itself or by Group companies, up to a limit of 10% of the share capital (see note 3-n), provided that the purchase price of the shares is not 30% higher or lower than their market price.

Details of own shares and movement in 2015 and 2014 are as follows:

	No. of shares
Own shares at 31 December 2013	**2,488,452**
Acquisition of own shares	241,137
Sale of own shares	(258,557)
Own shares at 31 December 2014	**2,471,032**
Acquisition of own shares	246,633
Sale of own shares	(234,555)
Own shares at 31 December 2015	**2,483,110**

At 31 December 2015, own shares were purchased and sold for amounts of Euros 2,191 thousand and Euros 2,114 thousand, respectively (approximately Euros 2,512 thousand and Euros 2,669 thousand, respectively, at 31 December 2014).

All the own shares held by the Parent at 31 December 2015 represented 2.85% of the total share capital of Elecnor, S.A. at that date (2.84% at 31 December 2014).

At 31 December 2015 and 2014, a non-distributable reserve for own shares was recognised for the amount of the Elecnor, S.A. own shares held at those dates.

e) Non-controlling interests

Details of non-controlling interests in 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Eólicas Páramo de Poza, S.A.	3,892	4,388
Galicia Vento, S.L.	2,969	2,568
Elecven Construcciones, S.A.	241	111
Rasacaven, S.A.	170	83
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	1,259	1,267
Deimos Engenharia, S.A.	223	241
Elecnor Argentina, S.A.	1	(28)
IQA Operations Group Limited	118	76
Ventos Do Sul Energía, S.A.	7,507	9,303
Aerogeneradores del Sur, S.A.	535	420
Enerfin Enervento, S.A.	16,020	15,853
Parque Eólico Malpica, S.A.	582	1,356
Enervento Galicia, S.L.	(1)	(1)
Infraestructuras Villanueva, S.L.	1	1
Parques Eólicos Palmares, S.A.	6,654	4,411
Ventos do Litoral Energia, S.A.	5,234	3,495
Ventos da Lagoa, S.A.	4,783	3,191
Enerfin Rodonita Galicia, S.L.	-	1
Ventos do Faro Farelo, S.L.	-	1
Eoliennes de L'erable, SEC.	17,308	33,948
Celeo Redes subgroup	249,513	262,642
Ventos dos Indios Energia, S.A.	4,469	-
Eolica Montes de Cierzo, S.L	2,152	1,778
Other	(1,070)	(981)
	322,560	**344,124**

In 2015 and 2014 the Group sold various investments in subsidiaries to non-controlling shareholders, while maintaining control. Details of the most relevant transactions and their impact on equity are shown below:

	2015						
			Attributable to the Parent				
Transaction	Sale price	Transaction costs	Reserves	Translation differences	Valuation adjustments	Total	Non-controlling interests
Sale of 10% of P.E. Palmares, S.A.	4,955	-	(999)	1,292	-	293	4,662
Sale of 10% of Ventos da Lagoa, S.A.	3,777	-	(442)	853	-	411	3,366
Sale of 10% of Ventos do Litoral Energia, S.A.	4,160	-	(322)	998	-	676	3,484
Sale of 20% of Ventos dos Indios, S.A.	3,745	-	(2,217)	1,250	-	(967)	4,712
Sale of 1% of Ventos do Sul, S.A.	954	-	357	103	-	460	494
	17,591	**-**	**(3,623)**	**4,496**	**-**	**873**	**16,718**

	2014						
			Attributable to the Parent				
Transaction	Sale price	Transaction costs	Reserves	Translation differences	Valuation adjustments	Total	Non-controlling interests
Sale of 49% of Celeo Redes, S.L.U.	236,740	(7,511)	(18,833)	28,293	3,711	13,171	216,058
Sale of 49% of Eoliennes de L´ Erable Sec	50,645	(2,894)	3,973	-	-	3,973	43,778
Sale of 10% of Ventos do Sul Energía, S.A.	10,448	(1,705)	2,821	1,025	-	3,846	4,897
	297,833	**(12,110)**	**(12,039)**	**29,318**	**3,711**	**20,990**	**264,733**

Movement in non-controlling interests in 2015 and 2014 is as follows:

	Thousands of Euros
Balance at 31 December 2013	**81,112**
- Profit for the year	12,462
- Change in fair value of hedging instruments (*)	(1,161)
- Dividends paid	(1,901)
- Translation differences (**)	(16,583)
- Capital reduction	(8,840)
- Capital increase	15,074
- Change in equity investments	264,733
- Other	(772)
Balance at 31 December 2014	**344,124**
- Profit for the year	24,671
- Change in fair value of hedging instruments (*)	263
- Dividends paid	(658)
- Translation differences (**)	(65,686)
- Capital reduction	(16,339)
- Capital increase	19,647
- Change in equity investments	16,718
- Other	(180)
Balance at 31 December 2015	**322,560**

(*) Reflects the changes in the value of the hedging swaps used by the ELECNOR Group (see note 15).
(**) Primarily reflect translation differences arising in the Celeo Redes Brasil group.

f) Cumulative translation differences

The cumulative translation differences recognised in equity at 31 December 2015 and 2014 for each of the main currencies are as follows:

	Thousands of Euros	
Translation differences	2015	2014
Brazil	(203,662)	(91,185)
Venezuela	(40,109)	(33,100)
Argentina	(2,907)	(2,663)
Canada	(7,849)	(6,259)
Chile	8,749	3,016
USA	2,228	-
Other	6,004	(349)
Total	**(237,546)**	**(130,540)**

14. FINANCIAL DEBT

Key to the Group's strategy is its policy of maximum financial prudence. The target capital structure is defined by this commitment to solvency and the aim of maximising shareholder returns.

However, certain projects, specifically the construction and operation of wind farms and the related electricity interconnection lines and substations, as well as the electricity distribution infrastructure and wastewater treatment plants, which the Group operates and holds on a concession basis, are mostly financed through syndicated loans under project financing arrangements. Under these loans the subsidiaries that operate these projects accept certain restrictions on the distribution of dividends, conditional upon certain requirements being met, such as the creation of a debt service reserve account. These subsidiaries must also maintain a specified debt/equity ratio and a specified equity structure.

The target capital structure, excluding the effect of the projects financed with non-recourse financing, is quantified at the following ratio of net financing to equity:

$$\frac{\text{Net financial debt}}{\text{Net financial debt + Equity}}$$

Net financial debt includes the following line items in the consolidated statement of financial position (having eliminated the effect of net financial debt relating to the projects financed with non-recourse financing):

	Thousands of Euros	
	2015	2014
Non-current liabilities – Financial debt	338,699	347,125
Current liabilities – Financial debt	185,338	191,983
Current financial assets – Other investments	(71,425)	(15,663)
Cash and cash equivalents	(172,591)	(175,537)
Net financial debt	**280,021**	**347,908**

Changes in this ratio are analysed on an ongoing basis and prospective estimates are also made as a key restrictive factor to be taken into account in the Group's investment strategy and dividends policy. At 31 December 2015, this ratio stood at approximately 27.44% (approximately 30.05% at 31 December 2014).

Details of non-current and current financial debt and derivatives at 31 December 2015 and 2014 are as follows:

	Thousands of Euros			
	2015		2014	
	Non-current	Current	Non-current	Current
Syndicated loans and credit facilities	304,669	-	291,162	-
Loans to concessions	387,769	50,437	340,859	29,872
Syndicated loans - Wind and solar PV farms	393,356	47,159	502,150	54,759
Loans secured with personal guarantee	-	10,756	22,935	22,136
Mortgage loans	7,859	659	8,509	646
Financial liabilities from issuing bonds and other marketable securities.	-	99,419	-	98,800
VAT financing facility for wind farms and concessions	-	8,203	-	17,057
Credit facilities secured with personal guarantee	10,007	59,289	8,751	49,677
Unmatured bills and notes	-	9,170	-	13,841
Accrued interest payable:				
Wind and solar PV farms and concessions	-	3,559	85	676
Other	-	1,610	-	1,872
Finance lease payables (note 9)	6,620	619	6,853	550
Derivative hedging instruments (note 15):				
Wind and solar PV farms and concessions	25,600	2,894	31,395	1,461
Other	9,545	3,808	8,915	2,831
Discount lines	-	-	-	1,632
Total	**1,145,425**	**297,582**	**1,221,614**	**295,810**

Details, by maturity, of the non-current portion of loans and credit facilities for 2015 and 2014 are as follows:

Debts maturing in	Thousands of Euros 31/12/2015
2017	125,983
2018	122,693
2019	152,214
2020 and thereafter	744,535
Total	**1,145,425**

Debts maturing in	Thousands of Euros 31/12/2014
2016	145,357
2017	137,321
2018	166,285
2019 and thereafter	772,651
Total	**1,221,614**

Syndicated loans and credit facilities

On 21 July 2014, Elecnor arranged syndicated financing of Euros 600 million with a group of 19 financial institutions, which replaced the Euros 401 million that had been drawn down at the date of refinancing the syndicated financing arranged in 2012. This financing was structured into two tranches: one loan tranche totalling Euros 300 million, repayable in instalments, and a revolving credit facility tranche with a limit of Euros 300 million, maturing in July 2019.

On 2 July 2015, Elecnor renewed this agreement with 18 of the 19 lenders (Novo Banco transferred its 1.5% share (Euros 9 million) to Abanca).

The purpose of this novation was to:

- Amend the financial terms and conditions, reducing the applicable margin to an initial 1.55%.
- Extend the term of the financing. One-year deferral of the date of each loan instalment and the repayment of the credit facility, thereby pushing back its maturity to July 2020.

With respect to interest rate hedging, swaps had been arranged prior to the novation to cover the loan for its entire duration. Elecnor decided to hedge the interest rate risk derived from the additional notional amount resulting from the novation and, therefore, eight new interest rate swaps were arranged with a maximum notional amount of Euros 145 million, as was a new basis swap. At 31 December 2015, Elecnor had arranged 21 interest rate swaps and 3 basis swaps for the syndicated financing. The maturities and interest settlement dates of the swaps coincide with those of the loan agreements to which they are assigned.

The loan bears interest pegged to Euribor for the interest period elected by the borrower (one, three or six months), plus a spread tied to the net financial debt/(EBITDA + dividends from projects) ratio. The Parent has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt/EBITDA), (EBITDA /finance costs), and (Net financial debt/equity)), which are calculated on the basis of the ELECNOR Group's consolidated figures. Failure to comply with these ratios could result in the agreement being cancelled.

Furthermore, the loan includes the obligation to comply with the Guarantee Coverage Ratio, which has been met at 31 December 2015.

At 31 December 2015 and 2014, Euros 300 million of the syndicated financing had been drawn down, respectively, all from the loan tranche.

During 2015 the Company arranged interest rate hedges associated with the syndicated financing obtained in 2015. Also, in 2014 the Company arranged interest rate hedges associated with the syndicated financing obtained in 2014. These agreements are still in force at 31 December 2015.

Taking into account the effect of the hedges, the aforementioned syndicated financing agreement (loan tranche and credit facility tranche) accrued interest of Euros 10,601 thousand in 2015 (Euros 18,968 thousand in 2014), which the Company has recognised as finance costs in the accompanying income statements for 2015 (see note 21).

On 22 May 2013, Elecnor Transmissao de Energía, S.A. (currently Celeo Redes Brasil, S.A.) arranged a loan of BRL 110 million, which fell due on 21 November 2014, to finance its investment in energy transmission concession operators in Brazil through fund contributions. This loan bore interest pegged to the variable interbank CDI ("Interbank Deposit Certificate") rate plus a spread of 2.95%. At 31 December 2014 this loan had been fully repaid.

Loans to concessions

On 12 November 2015, Charrua Transmisora de Energía, S.A. entered into a loan under a project finance arrangement totalling USD 175 million and a VAT financing facility of USD 23 million. This financing is for the construction and future operation of an energy transmission line in Chile (see note 9). This loan's final maturity is 2034 and it accrues interest of 180-day Libor plus 1.65%, with the spread increasing by 0.25% every five years. At 31 December 2015, the balance drawn down amounted to Euros 37.8 million, of which Euros 32 million related to the loan and the remainder to the VAT financing facility. This company also arranged a hedge for 70% of the loan principal to cover potential increases in interest rates. The interest settlement payment dates for the swap are the same as those of the loan.

On 29 January 2015, Alto Jahuel Transmissora de Energía, S.A. entered into a loan under a project finance arrangement totalling USD 100 million and a VAT financing facility of USD 15 million. This financing is for the construction and future operation of the second circuit of an energy transmission line in Chile (see note 9). The financing falls due in 2035 and bears interest of 180-day Libor plus 2.25%, with a spread that increases by 0.25% every five years for the USD tranche, and ICP nominal plus 3.25% for the Pesos tranche. At 31 December 2015, the balance drawn down amounted to approximately Euros 86.3 million, of which Euros 83.3 million related to the loan and the remainder to the VAT financing facility. The interest settlement payment dates for the swap are the same as those of the loan.

On 15 January 2013, the concession operator Alto Jahuel Transmisora de Energía, S.L. entered into a loan under a project finance arrangement totalling USD 167 million and a VAT financing facility of USD 29 million. This financing is for the construction and future operation of an energy transmission line in Chile (see note 9). The financing falls due in 2032 and bears interest pegged to 180-day Libor plus a spread of 4.25% for the USD tranche and to 180-day TAB UF plus a spread of 1.60% for the UF-denominated tranche. At 31 December 2015, approximately Euros 122.2 million has been drawn down (Euros 135.9 million at 31 December 2014), of which the full amount relates to the loan (in 2014 Euros 118.9 million related to the loan and the remainder to the VAT financing facility). This company also arranged a hedge for 75% of the loan principal to cover potential increases in interest rates. The interest settlement payment dates for the swap are the same as those of the loan.

On 5 July 2007, the concession operator Sociedad Aragonesa de Aguas Residuales, S.A.U. arranged a credit facility with a limit of Euros 23 million maturing on 5 December 2026. The entire amount of this facility has been drawn down. This facility bears interest at Euribor plus a spread. The interest on this loan amounted to approximately Euros 201 thousand in 2015 (approximately Euros 244 thousand in 2014). This company arranged an interest rate swap of Euros 17,250 thousand to hedge the possible rise in interest rates on this loan. The interest settlement payment dates for the swap are the same as those of the loan.

On 21 July 2009, the concession operator Sociedad Aragonesa de Estaciones Depuradoras, S.A. arranged a credit facility with a limit of Euros 15.5 million maturing on 31 December 2026. The concession operator has drawn down the facility in full. This facility bears interest at Euribor plus a spread. The interest on this loan amounted to approximately Euros 363 thousand in 2015 (approximately Euros 416 thousand in 2014). This company arranged an interest rate swap of Euros 11,625 thousand to hedge the possible rise in interest rates on this loan. The interest settlement payment dates for the swap are the same as those of the loan. The outstanding current and non-current balance of this credit facility at 31 December 2015 amounted to Euros 11,893 thousand (Euros 12,805 thousand at 31 December 2014).

On 30 December 2013 Integraçao Maranhense T. de Energia, S.A. arranged a credit facility of BRL 142 million, which falls due on 15 February 2029. This credit facility bears interest indexed to Brazil's long-term floating interest rate plus a spread of 2.42%. At 31 December 2015, Euros 32.3 million with current and non-current maturity had been drawn down on these loans (at 31 December 2014, Euros 45.7 million had been drawn down on these loans).

On 23 December 2013 the concession operator Caiua T. Energia, S.A. arranged a credit facility of BRL 84.6 million, which falls due on 15 February 2028. This credit facility bears interest indexed to Brazil's long-term floating interest rate plus a spread of 2.28%. At 31 December 2015, Euros 19.5 million with current and non-current maturity had been drawn down on this loan (at 31 December 2014 Euros 27.6 million had been drawn down on this loan).

In 2010, LT Triángulo, S.A. became a fully consolidated company because the Group took full control of all its share capital. This company obtained a loan under a project finance arrangement from a financial institution on 7 October 2008 to finance the electricity transmission infrastructure being constructed under the concession. The final maturity of the loan is 4 October 2022. The interest rate on this financing is Brazil's long-term floating interest rate ("TJLP") plus a market spread. At 31 December 2015, the outstanding current and non-current balance of this loan was approximately Euros 48 million (Euros 73 million in 2014).

In 2011, the Elecnor Group acquired 66% of Vila do Conde Transmissora de Energía, S.A., which was subsequently fully consolidated. On 19 December 2006, BNDES extended a loan to Vila do Conde Transmissora de Energía, S.A. to finance the construction of electricity transmission lines. This loan matures on 15 April 2019. This loan is divided into two sub-loans: sub-loan A, which bears interest at the weighted average cost incurred by BNDES on raising foreign currency funds, plus a market spread, and sub-loan B, which bears interest at Brazil's long-term floating interest rate ("TJLP"), plus a market spread.

At 31 December 2015, the outstanding current and non-current balance of this loan was approximately Euros 14.1 million (approximately Euros 22.1 million at 31 December 2014).

Repayment of the loans to LT Triángulo, S.A. and Vila do Conde Transmissora de Energía, S.A. is secured by the pledge of the concession rights and all of the shares, the rights to receivables from services rendered and by a bank guarantee. In addition, the aforementioned subsidiaries must maintain the following financial ratios over the term of the loan:

- The coverage ratio resulting from dividing available cash flows by the interest payable and the principal repaid must be 1.3 or over.
- Capitalisation ratio (Equity/Total Assets) 0.3 or over.

Syndicated loans – Wind and solar PV farms

In 2015, Eoliennes de L´Erable SEC received syndicated financing of CAD 35 million. This financing falls due in 2033 and bears a fixed rate of interest. The DSCR for this loan must remain above a certain threshold throughout the term of the loan. At 31 December 2015, Euros 23 million has been drawn from this facility.

In 2012 the Group arranged syndicated financing for the construction of a wind farm in Quebec (Canada) for approximately CAD 250 million (Eoliennes de L'Erable Inc.). This financing, maturing in 2033, bears interest indexed to the price of Canadian bonds. The annual debt service coverage ratios (ADSCR) for this syndicated loan – under a project finance arrangement – must be higher than a minimum threshold throughout the term of the loan, pursuant to the financing loan deeds. During 2014 the assets and liabilities, including this loan, of Eoliennes de L'Erable Inc were transferred to Eoliennes de L'Erable Sec. Euros 152.7 million has been drawn down on this loan at 31 December 2015 (Euros 170.8 million at 31 December 2014).

At 31 December 2015, the remaining bank borrowings under this item mainly reflected the outstanding balances of the syndicated loans and their associated swap contracts arranged by Aerogeneradores del Sur, S.A., Galicia Vento, S.L., Ventos do Sul Energía, S.A., Parques Eólicos de

Villanueva, S.L.U., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A., Siberia Solar, S.L.U. and Ventos dos Indios, S.A. with several financial institutions, having drawn down approximately Euros 9,366 thousand, Euros 24,070 thousand, Euros 60,622 thousand, Euros 67,031 thousand, Euros 29,943 thousand, Euros 28,555 thousand, Euros 27,937 thousand, Euros 24,255 thousand and Euros 31,123 thousand, respectively, under a project financing arrangement. These loans were obtained to finance the construction of the wind and solar PV farms and their related electricity interconnection lines and substations owned by these companies. The limit of the syndicated loan in Brazilian Reals extended to Ventos do Sul Energía, S.A. is BRL 529 million (see note 20). Since 31 December 2007, this loan has been drawn down practically in full. The limits of the loans extended to Parques Eólicos Palmares, S.A. Ventos da Lagoa, S.A., Ventos do Literal, S.A. and Ventos dos Indios, S.A. are BRL 153,653 thousand, BRL 150,821 thousand, BRL 141,250 thousand and BRL 134,573 thousand, respectively.
The syndicated loans extended to the subsidiaries Aerogeneradores del Sur, S.A., Galicia Vento S.L., Parques Eólicos de Villanueva, S.L.U. and Siberia Solar, S.L.U. will be repaid in 26, 25, 37 and 28 half-yearly consecutive instalments, respectively, whereas the syndicated loans to Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos do Litoral, S.A., Ventos da Lagoa, S.A. and Ventos dos Indios, S.A. will be repaid in 144, 192, 192, 192 and 192 monthly instalments.
The Spanish syndicated loans bear interest at 6-month Euribor plus a market spread, which may vary subsequently on the basis of the audited senior debt service coverage ratio. In the case of the loans obtained in Brazilian Reals by the subsidiaries Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A. and Ventos do Litoral, S.A., interest is pegged to Brazil's long-term floating interest rate ("TJLP") plus a market spread. In order to mitigate the interest rate risk on their respective syndicated loans, Aerogeneradores del Sur, S.A., Parques Eólicos de Villanueva, S.L.U. and Galicia Vento, S.L. arranged interest rate swaps with various financial institutions at average fixed rates ranging from 1.09% to 5.08%, which hedge between 65%, 75% and 65% of the outstanding debt of each of the aforementioned companies (see note 15).
Pursuant to the loan agreement deeds for the financing, the annual senior debt service coverage ratio of the syndicated loans extended to the Spanish subsidiaries under project financing arrangements must be greater than a certain threshold throughout the entire term of the loan, calculated basically as the ratio of the cash flow available for debt servicing in a twelve-month period to the debt serviced in that same period, as defined in the loan agreements. These companies must also maintain a specified debt/equity ratio and a specified equity structure. Within two years of the entry into operation of the wind farm, the Spanish companies are also obliged to set up a debt servicing reserve account (in the form of a bank deposit) for the amount specifically stated in the related financing agreements (see note 11). They also have to arrange interest rate hedges – a prerequisite of the agent bank – for a minimum of 65% of the loan amount and for a minimum term of nine years. These swaps have been arranged and are described above. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A. and Ventos dos Indios, S.A. must also maintain certain debt coverage ratios within certain limits, and must deposit in a reserve account a monetary amount that covers at least three monthly instalments of principal and interest. The Parent's directors consider that there have been no problems as regards complying with the covenants.
The shares of the subsidiaries, any indemnities, compensation and/or penalty payments to which they may be entitled under the construction and operating management agreements, and all the cash accounts of the aforementioned wind power companies have been pledged to secure each of the syndicated loans extended to the Spanish companies. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A. and Ventos dos Indios have signed a surety bond over property, plant and equipment with the related financial institutions.
Furthermore, the subsidiaries have certain limitations in relation to these loans consisting basically of restrictions on the disposal of their property, plant and equipment and on the payment of dividends. These restrictions are subject to compliance with certain conditions, such as the ongoing fulfilment of the debt service coverage ratio established in the financing loan agreement and the setting up of a debt servicing reserve account (see note 11).
The directors consider that all the conditions of the syndicated loans are being met and that the project financing will be serviced on a normal basis, using the revenue generated from each wind power project.

Financial liabilities from issuing bonds and other marketable securities

In 2015 Elecnor issued promissory notes on the Alternative Fixed-Income Market for a nominal amount of Euros 171 million. These promissory notes are redeemable after a maximum of one year and accrue interest of 1.24%. Euros 171 million has been redeemed. The maximum nominal amount of the promissory notes programme is Euros 200 million. The outstanding nominal amount is Euros 100 million at 31 December 2015, reflecting 1,000 securities with a nominal value of Euros 100 thousand and a carrying amount of Euros 99 million.
In 2014 Elecnor issued promissory notes on the Alternative Fixed-Income Market for a nominal amount of Euros 126 million. These promissory notes are redeemable after a maximum of one year and accrue interest of 2.84%. Euros 26 million had been redeemed at 31 December 2014. The maximum nominal amount of the promissory notes programme was Euros 200 million. The outstanding nominal amount was Euros 100 million at 31 December 2014, reflecting 1,000 securities with a carrying amount of Euros 99 million.

Loans secured with personal guarantee
During 2015 Elecnor did not contract any new loans secured with personal guarantee.

Other financing
In 2014, through the subsidiary Deimos Castilla La Mancha, S.L., the Group arranged a credit facility with a personal guarantee and a limit of Euros 30 million to finance the construction of a satellite. At 31 December 2014, a total of Euros 28.4 million had been drawn down.
In 2013, through the subsidiary Deimos Castilla La Mancha, S.L., the Group arranged a credit facility and a loan with a personal guarantee and a limit of Euros 25 million to finance the construction of a satellite. At 31 December 2014, a total of Euros 12.5 million had been drawn down. Both loans were settled in 2015 as a result of the sale of Elecnor's earth observation satellite, Deimos 2 (see note 2-g).
In 2007 the ELECNOR Group arranged a mortgage loan in order to acquire an industrial building in Valencia in which to conduct its solar panel manufacturing business (see note 9). The unmatured balance of this loan amounts to approximately Euros 8,534 thousand at 31 December 2015 (Euros 9,288 thousand at 31 December 2014).
At 31 December 2015 the Parent, Elecnor, S.A., also had nine credit facilities outstanding with various credit institutions, with maximum total limit of Euros 157 million. At 31 December 2015, it had drawn down Euros 1 million. These credit facilities bear average interest pegged to EURIBOR/LIBOR plus a market spread, and mature at one year, or annually with automatic renewals up to a maximum of three years. At 31 December 2014 the Parent also had credit facilities with a total limit of approximately Euros 144 million, from which it did not draw down any amounts.
At 31 December 2015, the Group as a whole had undrawn credit facilities with personal guarantees totalling approximately Euros 538 million (approximately Euros 570 million at 31 December 2014) (see note 4-c).
At 31 December 2015, the ELECNOR Group does not have any significant bank borrowings bearing interest at fixed rates, except for the hedging instruments described in note 15.

15. DERIVATIVE FINANCIAL INSTRUMENTS

The ELECNOR Group uses derivative financial instruments to cover the risks to which its business activities, operations and future cash flows are exposed as a result of exchange rate and interest rate fluctuations, which affect the Group's results. Details of the balances reflecting the measurement of derivatives at 31 December 2015 and 2014 are as follows:

	Thousands of Euros							
	2015				2014			
	Non-current assets (note 11)	Current assets	Non-current liabilities (note 14)	Current liabilities (note 14)	Non-current assets (note 11)	Current assets	Non-current liabilities (note 14)	Current liabilities (note 14)
Interest rate hedges								
Cash flow hedges:								
Interest rate swap	222	-	35,145	2,894	361	-	40,310	1,461
Exchange rate hedges								
Cash flow hedges:								
Exchange rate insurance	7,736	-	-	3,808	3,054	-	-	2,831
	7,958	**-**	**35,145**	**6,702**	**3,415**	**-**	**40,310**	**4,292**

Exchange rate

The ELECNOR Group uses exchange rate hedges basically to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows relating to two types of transactions:

- Payments relating to works and supply agreements denominated in a currency other than the Euro.
- Receipts relating to works agreements denominated in a currency other than the Euro.

At 31 December 2015 and 2014, the total nominal amount of the items for which exchange rate hedges had been arranged was as follows:

Currencies	31/12/2015	31/12/2014
Thousands of US Dollars	67,885	69,534
Thousands of Euros	2,731	8,413

Of the total nominal amounts hedged at 31 December 2015, Euros 45,674 thousand are USD purchase insurance to hedge future payments in this currency and Euros 14,925 thousand are USD sale insurance to hedge future receipts in this currency (Euros 54,887 thousand were USD purchase insurance to hedge future payments in this currency and Euros 2,593 thousand were USD sale insurance to hedge future receipts in this currency in 2014).

The equivalent Euro value of the nominal amount under exchange rate hedges at 31 December 2015 was approximately Euros 63,330 thousand (approximately Euros 65,893 thousand in 2014).

The exchange rate hedges expire from 2016 onwards, which coincides with the forecast flow of the payments and receipts being hedged. The risk of changes in the estimated cash flows is very low as the agreements signed indicate the related payment and receipt schedules.

Interest rate

The ELECNOR Group uses interest rate hedging instruments in accordance with its risk management policy. The purpose of these transactions is to mitigate the effect that changes in interest rates could have on future cash flows from certain loans and credit facilities pegged to floating interest rates, associated with the corporate financing obtained by the Parent and project financing. At 31 December 2015, the total nominal amount of the liabilities under interest rate hedges was Euros 505,295 thousand (Euros 491,291 thousand at 31 December 2014).

Details of the maturities of the contractual cash flows of the derivative financial instruments at 31 December 2015 and 2014 are as follows:

	31/12/2015 Maturity					
Thousands of Euros	2016	2017	2018	2019	2020 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	(16,208)	-	-	-	-	(16,208)
USD purchases (*)	51,677	-	-	-	-	51,677
EUR purchases (*)	2,713	-	-	-	-	2,713
Interest rate hedges	(18,238)	(7,475)	(6,724)	(6,013)	(10,875)	(49,325)
Cross currency swap:						
Flow in GBP (*)	2,050	-	-	-	-	2,050
Flow in AUD (*)	11,775	-	-	-	-	11,775

(*) Figures expressed in the pertinent currency

Thousands of Euros	31/12/2014 Maturity 2015	2016	2017	2018	2019 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	(2,907)	(230)	-	-	-	(3,137)
USD purchases (*)	66,397	-	-	-	-	66,397
EUR purchases (*)	8,413	-	-	-	-	8,413
Interest rate hedges	(4,366)	(6,085)	(5,636)	(4,011)	(14,723)	(34,821)
Cross currency swap:						
Flow in USD (*)	208,500	-	-	-	-	208,500

(*) Figures expressed in the pertinent currency

The nominal amounts of the various derivative financial instruments described above, excluding exchange rate hedges, mature as follows:

Thousands of Euros	31/12/2015 Maturity 2016	2017	2018	2019	2020 and thereafter	Total
Interest rate hedges	34,443	46,102	54,585	94,961	275,204	505,295

Thousands of Euros	31/12/2014 Maturity 2015	2016	2017	2018	2019 and thereafter	Total
Interest rate hedges	16,143	48,039	63,574	89,570	273,965	491,291

The nominal amount of the interest rate swaps is equal to or lower than that of the outstanding principals of the hedged loans and their maturity and settlement dates are the same as those of the loans that are being hedged.
Neither in the case of exchange rate hedges or interest rate hedges did any circumstances arise in 2015 or 2014 that required changing the hedge accounting policy initially adopted for recognising the derivatives. In 2015 and 2014 the ELECNOR Group did not have any derivatives that do not qualify for hedge accounting.

Price

The market value of the different financial derivatives is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at year end.
- For derivatives not traded on an organised market, the ELECNOR Group uses measurements provided by financial institutions, assumptions based on year-end market conditions. Specifically, the market value of interest rate swaps is calculated by discounting the difference between the swap rates at a market interest rate, and the market value of future exchange rate contracts is determined by discounting the estimated future cash flows using the future exchange rates at year end.

This procedure is also used to determine the market value of loans and receivables arising from cross currency swaps, through which the Group and the related bank exchange the flows from a loan in Euros for the flows from another loan in Dollars (Canadian/US). Any resulting differences are settled on maturity. At year end, the Group translates the loan into US Dollars (plus the accrued interest) at the closing exchange rate and compares it with the loan in Euros (plus the accrued interest), and the net value (i.e. the difference) is recognised under

other current or non-current assets or financial debt, depending on whether the difference is positive or negative and on the maturity thereof, giving rise to a balancing entry under exchange gains or losses.
Details of cross currency swaps at 31 December 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Notional amount in foreign currency (USD)	-	(208,500)
Notional amount in foreign currency (GBP)	(2,050)	-
Notional amount in foreign currency (AUD)	11,775	-
Equivalent value in Euros	10,615	168,028
Fair value at the reporting date	(55)	4,328

Swaps in force at 31 December 2015 came into effect on and 29 December 2015, and all expire on 29 January 2016.
Swaps in force at 31 December 2014 came into effect on 18, 19 and 29 December 2014, and all expired in January 2015.
Given that these financial instruments were not designated as hedges, at each reporting date the Group recognises the changes in their fair values directly in the income statement.

16. PROVISIONS FOR LIABILITIES AND CHARGES

Details of provisions for liabilities and charges under non-current liabilities, and movement in 2015 and 2014, are as follows:

Thousands of Euros	Provisions for litigation and liabilities	Provisions for warranties	Total provisions for liabilities and charges
Balance at 31 December 2013	**20,801**	**2,147**	**22,948**
Provisions charged to profit and loss (note 21)	9,071	30	9,101
Transfers	(12,694)	-	(12,694)
Translation differences	(1,208)	-	(1,208)
Releases recognised in profit and loss (note 21)	(3,535)	(1,234)	(4,769)
Balance at 31 December 2014	**12,435**	**943**	**13,378**
Provisions charged to profit and loss (note 21)	2,530	19	2,549
Transfers	-	-	-
Translation differences	(822)	-	(822)
Releases recognised in profit and loss (note 21)	(3,137)	(264)	(3,401)
Balance at 31 December 2015	**11,006**	**698**	**11,704**

The Group estimates the amount of the liabilities arising from litigation and similar events. Although the Group considers that the cash outflows will take place in coming years, it cannot predict when the litigation will end and, therefore, it does not make an estimate of the specific dates of the outflows as it considers that the effect of any related discount would not be material.
In view of its activities, the Group is exposed to numerous claims and lawsuits, most of which are immaterial in terms of the amounts involved. Provisions for litigation and liabilities in the foregoing table reflect the Group's best estimate of potential penalties and other contingencies that could arise from the execution of various projects mainly carried out abroad. The directors estimated that the provision recognised reasonably covers the payments that are likely to arise in the future as a result of past events.
In prior years the ELECNOR Group, through its investees, entered into two concession arrangements together with a third party for the construction and operation of two electricity transmission lines. To cover the payment of any potential penalties imposed on the concession

operator in the event that it fails to meet its obligations under this arrangement, the investee pledged to the contracting entity two irrevocable and automatically-renewable joint and several guarantees that were to expire in 2012. These guarantees were secured by a counter guarantee provided by Elecnor, S.A. in proportion to its percentage of ownership. As a result of the various events that occurred following awarding of the concession, the project became unfeasible in terms of profitability and the ELECNOR Group decided not to commence the project until new conditions had been negotiated with the contracting entity that would make it possible to carry out the project with a redressed equity balance. These negotiations were unsuccessful. As the ELECNOR Group estimated that the losses resulting from execution of this project would be greater than those incurred as a result of the possible penalties arising from breaching the arrangement, the Group decided not to carry out the aforementioned project. At 31 December 2012 provisions for litigation and liabilities in the foregoing table included Euros 13,642 thousand for the Group's portion of the aforementioned guarantee in proportion to its percentage ownership, based on the opinion of the ELECNOR Group's directors as to the risk of this guarantee being executed given the current circumstances. In this context, and in view of the risk of the guarantees pledged by the Group being executed, an agreement was finally reached with the customer in December 2013, whereby a payment plan equivalent to the guarantees extended was negotiated with payments scheduled between 2013 and 2015. At 31 December 2013 the Group had settled the first instalment under the payment plan for an amount of Euros 1,686 thousand, leaving an outstanding balance of Euros 11,956 thousand. In early 2014 this amount was transferred to trade and other payables. No balance is payable at 31 December 2015 (Euros 4,367 thousand payable at 31 December 2014).
In prior years the ELECNOR Group delivered various solar power production plants (solar PV farms) for which an unlimited warranty has been provided to customers for the repair and/or replacement of the materials and facilities for a period of ten years, and for a period of 25 years in the event that the capacity stipulated in the agreement is not achieved due to the wear and tear of the panels. The various suppliers of PV panels also provided the ELECNOR Group with a warranty in this regard. During 2014 this provision of Euros 927 thousand was fully released.

17. ADVANCES FROM CUSTOMERS AND ADVANCE INVOICES

Details of these items included under trade and other payables are as follows:

	Thousands of Euros	
	2015	2014
Advance invoices (note 3-c)	376,155	304,945
Advances from customers	139,580	192,660
	515,735	**497,605**

Advance invoices comprise invoices on account issued in accordance with the timing conditions specified in the agreements for works currently in progress.
Advances from customers basically reflect payments made in advance by customers prior to the start of the related contracts. These advances are discounted from invoices issued during the execution of the contracts.

18. NON-CURRENT DEFERRED TAX ASSETS AND LIABILITIES

Details of deferred tax assets and deferred tax liabilities and movement in 2015 and 2014 are as follows:

	31/12/13	Transfers	Taken to the income statement	Taken to the assets and liabilities valuation reserve	31/12/2014	Transfers	Taken to the income statement	Taken to the assets and liabilities valuation reserve	Translation differences	Departures from consolidated group	31/12/15
Deferred tax assets											
Measurement of derivative financial instruments (note 15)	7,860	156	-	3,129	11,145	41	-	(122)	283	-	11,347
Property, plant and equipment and intangible assets	7,117	9	(1,305)	-	5,821	7,789	(1,509)	(12)	-	(298)	11,791
Tax credits	15,518	35	2,978	-	18,531	(3,455)	(3,003)	-	(524)	-	11,549
Available deductions and credits	4,181	259	(544)	-	3,896	1,266	(1,147)	-	-	-	4,015
Losses in external branches	9,050		(2,209)	-	6,841	(24)	2,014	-	-	-	8,831
Non-deductible provisions (note 16)	8,009	2,277	(1,080)	-	9,206	460	5,737	-	-	-	15,403
Other deferred tax assets	22,532	(2,737)	3,020		22,815	(6,077)	1,885	-	(1,126)	-	17,497
	74,267	**(1)**	**860**	**3,129**	**78,255**	**-**	**3,977**	**(134)**	**(1,367)**	**(298)**	**80,433**
Deferred tax liabilities											
Property, plant and equipment and intangible assets	-	7,249	4,825	-	12,074	8,671	1,633	-	(2,098)	-	20,280
Goodwill	-	10,475	(1,175)	-	9,300	(6,297)	301	-	-	-	3,304
Measurement of derivative financial instruments (note 15)	158	-	-	848	1,006	-	-	2,032	(347)	-	2,691
Disposal of Enerfin Enervento, S.A.	9,645	(2,649)	-	-	6,996	(200)	-	-	-	-	6,796
Portfolio provisions	14,416	(684)	(13,732)	-	-	-	-	-	-	-	-
Deduction of share premium	2,849	-	(475)	-	2,374	-	-	-	-	-	2,374
Other deferred tax liabilities	34,560	(14,394)	6,656	-	26,822	300	6,200	-	(1,806)	-	31,516
	61,628	**(3)**	**(3,901)**	**848**	**58,572**	**2,474**	**8,134**	**2,032**	**(4,251)**	**-**	**66,961**

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant.

Deferred tax assets and liabilities: property, plant and equipment and intangible assets, in the foregoing table mainly reflect taxable temporary differences arising from differences between the carrying amount of certain property, plant and equipment and intangible assets and their tax base, as well as the timing differences derived from the depreciation and amortisation of these non-current assets for accounting and tax purposes (see notes 8 and 9).

Deferred tax assets: tax credits and available deductions and credits, in the foregoing table, include, respectively, unused tax loss carryforwards and available deductions of various Group companies, which have been capitalised as the Parent's directors consider that they will be recovered against estimated profits in the coming years.

Deferred tax assets: non-deductible provisions, in the above table mainly include the tax impact of adjustments to accounting profit/loss as a consequence of various provisions that were not considered deductible when they were recognised (see notes 12.a and 16).

Other deferred tax assets and liabilities in the above table mainly include the tax effect of various income and expense items whose tax impact does not coincide with the date of their recognition for accounting purposes, as well as taxable temporary differences arising from differences between the carrying amount of certain assets and their tax base, mainly financial assets (see note 11).

Deferred tax liabilities: disposal of Enerfin Enervento, S.A., in the foregoing table, reflects the tax effect of the gains obtained by the Group at consolidated level as a result of the capital increase with a share premium in that company in 2005 which was subscribed by a third party. At 31 December 2015 and 2014 the tax credits for capitalised tax loss carryforwards and the deferred tax assets and liabilities by entity/subgroup are as follows:

Thousands of Euros	Tax credits	2015 Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	1,016	26,078	3,689
Aplicaciones Técnicas de la Energía, S.A.	4,170	5,514	-
Celeo subgroup	1,634	16,956	30,496
Enerfin subgroup	2,007	22,272	25,234
Audeca	-	239	4,683
Elecnor Brasil	2,526	2,526	2,630
Other	196	6,848	229
	11,549	**80,433**	**66,961**

Thousands of Euros	Tax credits	2014 Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	1,265	20,365	3,812
Aplicaciones Técnicas de la Energía, S.A.	4,152	5,513	-
Celeo subgroup	1,966	17,546	23,622
Enerfin subgroup	937	22,450	24,756
Audeca	-	273	5,176
Elecnor Brasil	1,861	1,861	-
Other	8,350	10,247	1,206
	18,531	**78,255**	**58,572**

Details of the amounts and expiry years of uncapitalised tax loss carryforwards of the most significant entities/tax groups at 31 December 2015 and 2014 are as follows (in thousands of Euros):

2015	Unused, uncapitalised tax loss carryforwards	Expiry year
Celeo Redes	4,250	Unlimited
Elecnor Chile	7,107	Unlimited
Montelecnor	5,461	2019
Elecnor Argentina	4,701	2019 – 2020
Elecnor Inc	28,160	Unlimited
	49,679	

2014	Unused, uncapitalised tax loss carryforwards	Expiry year
Atersa	8,261	2031
Elecnor Argentina	3,088	2019
Elecnor Inc	16,522	Unlimited
	27,871	

19. TAXATION

Details of income tax receivables from and payables to public entities, under current assets and other payables, respectively, at 31 December 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Public entities, receivable		
Taxation authorities, VAT	14,147	34,148
Taxation authorities, personal income tax withholdings	15	-
Taxation authorities, withholdings and payments on account	14,408	15,622
Taxation authorities, income tax	6,901	1,716
Taxation authorities, sundry items (*)	16,528	19,911
Social Security	3,174	7
Grants	860	-
Total	**55,180**	**72,257**
Public entities, payable		
Taxation authorities, VAT	25,223	16,999
Taxation authorities, withholdings	8,387	13,015
Taxation authorities, income tax	19,016	16,824
Taxation authorities, sundry items (*)	17,758	17,233
Social Security	10,003	8,257
Total	**80,387**	**72,328**

(*) Arising mainly from temporary joint ventures and foreign subsidiaries.

At the 2015 year end, the Parent has all applicable taxes for 2012 and subsequent years open to inspection by the taxation authorities, except for income tax, which is open to inspection from 2011. Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. In any case, the Parent's directors consider that the aforementioned taxes have been correctly paid and therefore, even in the event of discrepancies in the interpretation of prevailing fiscal legislation of certain transactions, they consider that any such liabilities that could arise would not have a significant effect on the accompanying consolidated annual accounts.

Details of the income tax expense accrued in 2015 and 2014 are as follows:

	Thousands of Euros 2015	2014
Consolidated profit before income tax	**128,760**	**115,954**
Non-deductible expenses	3,908	4,227
Non-taxable income (**)	(28,565)	(6,248)
Net profit/loss of equity-accounted investees (note 10)	(3,038)	17,786
Other	(837)	-
Capitalisation reserve	(1,764)	
Uncapitalised tax credits applied	-	(3,132)
Uncapitalised tax loss carryforwards	17,728	9,885
Adjusted accounting profit	**116,129**	**138,472**
Gross tax calculated at the tax rate in force in each country (*)	40,176	46,040
Tax deductions for incentives and other	(2,832)	(2,338)
Adjustment to prior year's income tax expense	947	960
Capitalisation of tax loss carryforwards	-	(1,963)
Effect of tax rate changes on deferred taxes	-	2,451
Other adjustments	136	(200)
Income tax expense	**38,427**	**44,950**

(*) The fully consolidated foreign subsidiaries calculate the income tax expense and the amount due in respect of the various other applicable taxes in accordance with the prevailing tax rates and legislation in their respective countries.
(**) Non-taxable income in 2015 mainly reflects adjustments to the accounting profit for income from the sale of investments which are exempt from taxation (see notes 2.g and 13), and income from foreign subsidiaries and temporary joint ventures (UTEs).

Corporate Income Tax Law 27/2014 of 27 November 2014, passed on 28 November 2014, completely reforms the previous legislation governing income tax and came into force for tax periods beginning on or after 1 January 2015. This law introduces a number of legislative changes, including exemption to avoid double taxation on dividends and income from the transfer of the securities making up the share capital of resident and non-resident entities in Spain, as well as a change in the general rate of income tax to 28% for 2015 and 25% from 2016 onwards.
Details of the main components of the income tax expense accrued in 2015 and 2014 were as follows:

	Thousands of Euros 2015	2014
Current tax		
Present year	33,187	48,951
Prior year adjustments	947	960
Other adjustments	136	(200)
Deferred tax		
Amount of the deferred tax expense/income relating to the origination and reversal of temporary differences	4,157	(4,761)
Income tax expense	**38,427**	**44,950**

Details of the amounts and expiry years of deductible temporary differences, tax losses or credits for which deferred tax assets have not been recognised in the consolidated statements of financial position at 31 December 2015 and 2014, are as follows (in thousands of Euros):

Unused tax loss carryforwards	31/12/2015
Expiry year:	
2019	2,281
2020	7,892
2022	2,139
2023	519
Unlimited	43,484
Total	**56,315**

Unused tax loss carryforwards	31/12/2014
Expiry year:	
2019	3,088
2022	2,284
2023	253
2029	779
2030	252
2031	8,494
2032 and thereafter	23,447
Total	**38,597**

Unused tax credits for deductions and other items	31/12/2015
Expiry year:	
2017	75
2027	626
2028	890
2029	451
2030	124
2031	141
Unlimited	2,645
Total	**4,952**

Unused tax credits for deductions and other items	31/12/2014
Expiry year:	
2017	1,021
2018	137
2019	1,056
2020	458
2021	340
2025	77
2026	253
2027	960
2028	954
2029	530
2030	173
2031	164
Total	**6,123**

The unused tax loss carryforwards and tax credits for deductions and other items described above were generated by various companies in the ELECNOR Group and their future recoverability is conditional upon these companies' ability to generate sufficient taxable profits.
Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. However, the Parent's directors consider that the possibility of such contingent liabilities arising during future tax inspections of Group companies is remote and that, in any case, the tax liability that could result therefrom would not materially affect the consolidated annual accounts of the ELECNOR Group.

20. GUARANTEE COMMITMENTS WITH THIRD PARTIES

At 31 December 2015 and 2014, details of the risk exposure relating to bank guarantees received and other bid, completion and performance bonds, extended mainly by the Parent, are as follows:

	Thousands of Euros	
	2015	2014
Completion bonds	546,113	607,363
Advances on contracts:		
Current	198,300	290,592
To be cancelled	929	3,422
Performance bonds	264,239	111,422
Bid bonds	72,579	47,703
Other	16,206	10,406
Total	**1,098,366**	**1,070,908**

At 31 December 2015 the Parent has extended guarantees of Euros 92 million to the customer EDC Electricidad Car as collateral for works and advances on contracts (Euros 97 million in 2014).
In 2014 the Parent had bank guarantees totalling Euros 198 million to secure the successful completion of the construction of a combined cycle plant in Venezuela (see note 12), and to secure the credit facilities extended to its subsidiary in Venezuela.
The Parent's directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying consolidated financial statements.

21. INCOME AND EXPENSES

Revenues

Details of this item in 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Construction contracts and services rendered	1,723,707	1,576,081
Sale of goods and energy	157,536	147,647
Total	**1,881,143**	**1,723,728**

Supplies

Details of this item in 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Purchases of raw materials and other supplies	962,318	765,668
Change in goods for resale, raw materials and other inventories	5,294	5,037
Total	**967,612**	**770,705**

Other operating expenses

Details of this item in 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
External services	289,693	282,079
Taxes	38,795	35,636
Other operating expenses	4,628	2,907
Total	**333,116**	**320,622**

Personnel expenses

Details of this item in 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Salaries and wages	395,736	384,064
Social Security payable by the Company	83,261	78,412
Other employee benefits expenses	34,346	28,702
Total	**513,343**	**491,178**

The average headcount, by professional category, in 2015 and 2014 was as follows:

	Average headcount 2015	Average headcount 2014
Senior management (note 25)	6	6
Management	21	19
Technical area	2,659	2,544
Administration	1,461	1,363
Middle management	1,092	1,162
Supervisors	5,290	5,575
Specialists	873	723
Manual workers	872	1,276
Auxiliary staff	318	555
Total	**12,592**	**13,223**

Of the Group's average headcount in 2015, a total of 4,813 employees had temporary employment contracts (4,182 employees in 2014). The headcount, by gender and professional category, at 31 December 2015 and 2014 is as follows:

	31/12/2015		31/12/2014	
Professional category	Male	Female	Male	Female
Senior management (note 25)	6	-	6	-
Management	18	1	19	-
Technical area	2,252	465	2,106	457
Administration	644	853	594	759
Middle management	1,076	31	1,050	33
Supervisors	4,936	120	5,323	62
Specialists	1,006	29	706	9
Manual workers	922	70	914	70
Auxiliary staff	263	48	301	70
Total	**11,123**	**1,617**	**11,019**	**1,460**

The average number of employees at the Parent with a disability equal to or greater than 33%, by category, is as follows:

Professional category	2015	2014
Technical area	9	10
Administration	8	10
Specialists	2	2
Middle management	4	3
Supervisors	14	16
Manual workers	1	-
Total	**38**	**41**

At the 2015 year end Elecnor, S.A. had a headcount of 6,652 employees in Spain, 38 of whom were disabled, representing 0.57% of the workforce in Spain. Elecnor, S.A. has been granted exemption from this requirement through the adoption of alternative measures. Certified purchases made from Special Employment Centres amounted to Euros 1,963 thousand in 2015, which is equivalent to hiring an additional 1.46% of disabled employees. This would result in a total of 2.03%, thereby exceeding the mandatory quota (2%).

Depreciation, amortisation and provisions

Details of this item in 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Depreciation of property, plant and equipment (note 9)	61,436	62,973
Amortisation of intangible assets (note 8)	6,131	6,369
Changes in provisions for liabilities and charges (note 16)	(852)	4,332
Change in impairment of receivables (note 12)	16,481	17,031
Impairment of property, plant and equipment	1,921	18
Change in other provisions	14,400	3,285
Total	**99,877**	**94,008**

Finance income

Details of this item in 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Income from other marketable securities and loans to third parties	5,536	5,354
Other interest and similar income (notes 11 and 12)	71,370	74,129
Total	**76,906**	**79,483**

During 2015 the Group capitalised interest of Euros 16 million (Euros 6 million in 2014), comprising a capitalisation rate of approximately 6% in both years.

Finance costs

Details of this item in 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Finance costs on loans and borrowings (*)	89,134	87,347
Other finance costs	3,599	3,980
	92,733	**91,327**

(*) Arising mainly from project finance arrangements for wind and solar PV farms, concession operators, Elecnor, S.A.'s syndicated loans and interest rate swaps (see notes 14 and 15).

Finance costs derive practically in full from the application of the effective interest rate method to financial liabilities under loans and payables.

22. INTERESTS IN JOINT VENTURES - TEMPORARY JOINT VENTURES

As indicated in note 2-a, in 2015 and 2014 the balance sheets and income statements of the temporary joint ventures in which Elecnor, S.A. or its subsidiaries hold interests have been proportionately consolidated in the accompanying consolidated annual accounts, in accordance with IAS 31.

Details of temporary joint ventures and the Group's percentage ownership therein at 31 December 2015 and 2014, the amount of revenues from construction work performed in 2015 and 2014 and the order book at year end are included in Appendix II to these consolidated annual accounts.

Details of the contribution of temporary joint ventures to the various items in the accompanying consolidated statements of financial position and the consolidated income statements at 31 December 2015 and 2014 are as follows:

	Thousands of Euros			Thousands of Euros	
	2015	2014		2015	2014
ASSETS			**LIABILITIES**		
Intangible assets	-	3	Profit for the year	10,590	9,341
Property, plant and equipment	1,975	1,472	Non-current payables	0	164
Financial assets	10	322	Current trade payables	123,039	77,786
Inventories	5,647	3,323			
Trade receivables	103,703	45,621			
Current investments	(319)	(589)			
Cash	20,475	34,149			
Prepayments	2,138	2,990			
Total	**133,629**	**87,291**	**Total**	**133,629**	**87,291**

	Thousands of Euros	
Income statement	2015	2014
Revenues	101,265	101,262
Supplies	(67,022)	(67,544)
Non-trading income	259	657
Personnel expenses	(5,313)	(6,775)
External services	(11,268)	(12,059)
Taxes	(1,824)	(1,075)
Losses, impairment and changes in trade provisions	113	(688)
Depreciation and amortisation	(177)	(285)
Impairment and losses on disposal of fixed assets	-	(1)
Finance income	57	65
Finance costs	(3,081)	(2,926)
Exchange gains	181	151
Foreign taxes	(2,600)	(1,441)
Total	**10,590**	**9,341**

23. ORDER BOOK

Details, by line of business, of the Parent's order backlog at 31 December 2015 and 2014, excluding temporary joint ventures (see note 22), are as follows:

	Thousands of Euros	
	2015	2014
By geographical area		
Spain	307,748	346,649
Abroad	1,798,694	1,654,241
Total	**2,106,442**	**2,000,890**
By line of business		
Electricity	675,461	888,355
Installation work	42,829	24,966
Gas	167,822	58,448
Power generation	910,711	785,007
Railways	71,779	70,714
Construction	121,505	41,883
Environment and water	12,302	12,607
Telecommunications and systems	70,825	94,775
Maintenance	33,208	24,135
Total	**2,106,442**	**2,000,890**

At 31 December 2015 the order backlog of subsidiaries amounts to Euros 396,003 thousand (Euros 415,880 thousand in 2014) and relates basically to work for companies in the electricity industry.

24. REMUNERATION OF THE BOARD OF DIRECTORS

a) Remuneration and other benefits

In 2015 the members of the Parent's board of directors received remuneration amounting to Euros 7,215 thousand (Euros 7,042 thousand in 2014). This remuneration includes that earned in their capacity as management personnel.

The Parent has paid approximately Euros 17 thousand for life insurance arranged for former or current members of its board of directors (Euros 30 thousand in 2014).

At 31 December 2015 and 2014, the Parent does not have any pension obligations with former or current members of the board of directors nor has it extended any guarantees on their behalf or granted any loans thereto.

At 31 December 2015, the board of directors of the Parent is formed by 14 individuals, one of whom is female. At 31 December 2014, the board of directors of the Parent is formed by 12 individuals, all male.

b) Conflicts of interest concerning the directors

The members of the board of directors of Elecnor, S.A. and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

25. REMUNERATION OF SENIOR MANAGEMENT

Personnel expenses (monetary remuneration, remuneration in kind, Social Security contributions, etc.) relating to the Parent's general managers and individuals with similar duties (excluding those who are also members of the board of directors, whose remuneration is detailed above) amounted to approximately Euros 1,967 thousand in 2015 (approximately Euros 2,124 thousand in 2014).
In 2015 and 2014 no other transactions were carried out with senior management personnel outside the ordinary course of business.
All the Parent's general managers at 31 December 2015 and 2014 are male.

26. RELATED PARTY BALANCES AND TRANSACTIONS

All material balances between the consolidated companies at year end and the effect of transactions carried out between these companies during the year have been eliminated on consolidation (see note 2-f).
Related party transactions have been carried out at arm's length. Transactions carried out by the Group with investees that are not fully or proportionately consolidated and with other non-consolidated companies during 2015 and 2014 are as follows:

	Thousands of Euros			
2015	Supplies	External services	Sales and other operating income	Finance income
Equity-accounted investees				
Cosemel Ingeniería, A.I.E.	-	-	14	258
Dioxipe Solar S.L.	-	-	5,659	-
Aries Solar Termoeléctrica, S.L.	324	-	10,784	216
Gasoducto de Morelos S.A.	-	-	1,028	2,400
Sociedad Aguas Residuales Pirineos S.A.	-	-	1	-
Morelos EPC	-	-	3,191	-
Other companies				
Centro Logístico Huerta del Peñon, S.L.	-	-	7	7
Elecnor Foundation	-	600	3	-
Total	**324**	**600**	**20,687**	**2,881**

2014	Supplies	External services	Sales and other operating income	Finance income
		Thousands of Euros		
Equity-accounted investees				
Cosemel Ingeniería, A.I.E.	-	-	43	-
Dioxipe Solar S.L.	-	-	5,369	-
Aries Solar Termoeléctrica, S.L.	-	-	9,339	837
Eolica Montes de Cierzo, S.L.	-	-	15	-
Eólica La Bandera, S.L.	-	-	34	-
Eólico Caparroso, S.L.	-	-	6	-
Eólica Cabanillas S.L.	-	-	2	-
Gasoducto de Morelos S.A.	-	-	82	1,495
Sociedad Aguas Residuales Pirineos S.A.	-	-	3	-
Other companies				
Centro Logístico Huerta del Peñon, S.L.	-	-	-	7
Enertel, S.A de C.V.	654	2,434	949	-
Elecnor Foundation	54	400	-	2
Total	**708**	**2,834**	**15,842**	**2,341**

At 31 December 2015 and 2014, balances receivable from and payable to investees that are not fully or proportionately consolidated and other non-consolidated companies, deriving from the above transactions, are as follows:

	2015			2014		
	Receivables		Payables	Receivables		Payables
Thousands of Euros	Other financial investments (note 11)	Trade receivables from related companies and current investments in related companies	Trade payables to associates and related companies	Other financial investments (note 11)	Trade receivables from related companies and current investments in related companies	Trade payables to associates and related companies
Equity-accounted investees						
Eólica La Bandera, S.L.	-	-	-	-	4	-
Eólica Caparroso, S.L.	-	-	-	-	3	-
Eólica Montes del Cierzo, S.L.	-	-	-	-	1	-
Cosemel Ingeniería, A.I.E.	-	7	5	-	4	5
Sociedad Aguas Residuales Pirineos, S.A.	-	1	-	-	5	-
Dioxipe Termosolar, S.L.	28,160	4,967	-	25,092	9,789	-
Aries Solar Termoeléctrica, S.L.	119	2,124	-	41,060	35,645	-
Gasoducto Morelos S.A.P.I. de CV	29,026	2,226	-	16,700	3,257	-
Brilhante Transmisora de Energía, S.A.	-	138	-	-	738	-
Morelos EPC	-	1,260	-			
Other companies			-			-
Elecnor Foundation	-	-	-	-	2	-
Centro Logístico Huerta del Peñón, S.L.	-	258	-	-	261	-
Elecen, S.A. de C.V.	-	-	-	-	9	259
Elecnor Perú, S.A.	-	-	-	-	617	-
Enervento, S.A.	-	-	-	-	3	-
Enervento, Ventos do Faro Farelo, S.A.	-	13	-	-	13	-
Enertel, S.A. de C.V.	-	-	-	-	724	860
Ace Omnistal - Elecnor	-	-	-	-	3	96
Cantiles XXI, S.L. (note 5)	-	-	2,361	-	-	2,278
Consorcio Eólico Marino Cabo de Trafalgar, S.A.	250	-	-	250	-	-
	57,555	**10,994**	**2,366**	**83,102**	**51,078**	**3,498**

In 2013 Elecnor, S.A. completed the construction of the thermosolar power plants for Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. At 31 December 2015 the balance payable by Aries Solar Termoeléctrica, S.L. to Elecnor, S.A. as per the last invoices issued under the construction contracts amounts to approximately Euros 2,105 thousand (Euros 33,855 thousand at 31 December 2014), and has been recognised under trade receivables from related companies in the accompanying consolidated statement of financial situation at that date.

At 31 December 2015 Bestinver Gestión, S.A., S.G.I.I.C. has a significant investment in Elecnor, S.A., the Parent of the ELECNOR Group. No transactions have been carried out with this company during the year and there were no balances receivable or payable at 31 December 2015.

27. AUDIT FEES

In 2015 and 2014, the fees for the audit and other services invoiced by KPMG Auditores, S.L., the Parent's auditor, and by other companies related to this auditor through control, common ownership or management are as follows (in thousands of Euros):

2015	Thousands of Euros	
	Services rendered by the main auditor	Services rendered by other audit firms
Description		
Audit services	578	473
Other assurance services	220	-
Total audit and related services	**798**	**473**
Tax advisory services	16	59
Other services	125	271
Total professional services	**939**	**803**

2014	Thousands of Euros	
	Services rendered by the main auditor	Services rendered by other audit firms
Description		
Audit services	578	472
Other assurance services	90	-
Total audit and related services	**668**	**472**
Tax advisory services	19	12
Other services	64	129
Total professional services	**751**	**613**

28. EARNINGS PER SHARE

Details of basic earnings per share in 2015 and 2014 are as follows:

	2015	2014
Attributable net profit (thousands of Euros)	65,662	58,542
Total number of shares outstanding	87,000,000	87,000,000
Less, own shares (note 13-d)	(2,483,110)	(2,471,032)
Weighted average number of shares outstanding	84,516,890	84,528,968
Basic earnings per share (Euros)	0.78	0.69

At 31 December 2015 and 2014 Elecnor, S.A., the Parent of the ELECNOR Group, has not issued any financial instruments or other contracts entitling the holder to receive ordinary shares from the Company, and therefore diluted earnings per share coincide with basic earnings per share.

29. ENVIRONMENTAL INFORMATION

In view of the importance of respect for the environment for the purposes of maintaining and improving the quality of life of the present and future generations, Company management has developed environmental best practices founded on compliance with environmental legislation. Following the entry into force of UNE-EN ISO 14001 in 1996, the Company has incorporated environmental management into its general management practices and undertaken to improve the environmental impact of its products, services and production processes on an ongoing basis.
The main activities as regards the Group's facilities and activities are described below:

Environmental management
The Group has consolidated its implementation of environmental management systems, retaining AENOR certification under the UNE-EN ISO 14001: 2004 standard for each of the following units and regional offices:

- Energy Unit (GA-2000/0294)
- Major Networks Unit (GA-2000/0295)
- Northern Regional Office (GA-2002/0183)
- Eastern Regional Office (GA-2002/0225)
- Central Regional Office (GA-2003/0220)
- North East Regional Office (GA-2004/0031)
- Southern Regional Office (GA-2004/0273)
- Elecnor Environment (GA-2004/0030)

Furthermore, during 2015 the energy management system was consolidated under the UNE-EN ISO 50001 standard for Elecnor, S.A. (GE-033/2013).

Environmental actions
During 2015, various actions were carried out to demonstrate respect towards and care for the environment in all the activities conducted by the Group. These activities include reducing the levels of noise pollution, reducing waste and improving management thereof, minimising paper consumption and increasing the use of recycled paper at offices and warehouses, as well as fostering and pursuing efficient energy management.
In 2015, to improve environmental and energy management, Elecnor has quantified the greenhouse gas emissions of its activities, as verified by AENOR, which serves as a point of reference when designing strategies to reduce emissions.

30. AVERAGE SUPPLIER PAYMENT PERIOD. FINAL PROVISION TWO OF LAW 31/2014, OF 3 DECEMBER 2014

Law 15/2010 of 5 July 2010, which amended Law 3/2004 of 29 December 2004 and introduced measures to combat late payment in commercial transactions, introduces certain restrictions on maximum payment periods for companies.

In this context, the ELECNOR Group created a working group comprising staff from the IT, management control, general accounting, legal counsel and treasury departments in order to adapt the Group's procedures and systems to the aforementioned Law. An internal report was drawn up based on the work carried out, which was distributed to the Group's management areas and subsidiaries in July 2010, setting out the following:

- For contracts dated prior to 7 July 2010, the conditions agreed with the provider/supplier would be upheld.
- For contracts dated after 7 July 2010, the conditions agreed must under no circumstance exceed the maximum payment period set forth in the Law and, for the period between 31 December 2013 and 31 December 2015, payments in general and for civil works would be made within 60 days.
- Customers were also required to adhere to the periods stipulated in the Law.

Details of the information required by final provision two of Law 31/2014 of 3 December 2014, which amends the third additional provision of Law 15/2010 of 5 July 2010, as prepared in accordance with the Spanish Institute of Accountants and Auditors (ICAC) Ruling of 29 January 2016, are as follows:

	Days
Average supplier payment period	62
Transactions paid ratio	69
Transactions payable ratio	40
	Expressed in thousands of Euros
Total payments made	786,415
Total payments outstanding	206,862

The payments to suppliers of the Spanish consolidated companies reflected in the above table are trade payables as they relate to goods and services. They therefore include the trade and other payables - trade payables for purchases or services recognised under current liabilities in the consolidated statement of financial position.

Appendix I:

2015 COMPANY INFORMATION

(Thousands of Euros)

2015 Fully consolidated companies	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2015	Interim dividend for 2015
Aerogeneradores del Sur, S.A. (*)	Seville	Deloitte	Construction, operation and use of wind farm resources	76.00%	2,912	2,829	440	-
Alto Jahuel Transmisora de Energia, S.A. (*)	Chile	KPMG	Development, construction and operation of electrical facilities	50.99%	50,325	14,189	9,453	-
Aplicaciones Técnicas de la Energia, S.L(ATERSA)	Valencia	Deloitte	Solar energy	100.00%	24,535	(852)	(828)	-
Área 3 Equipamiento y Diseño Interiorismo, S.L.U.	Madrid	***	Interior design	100.00%	12	417	12	-
Audeca, S.L.U.	Madrid	KPMG	Environmental restoration and reforestation and operation of roads	100.00%	132	2,257	754	(700)
Barcaldine Remote Community Solar Farm PTY, LTD	Australia	ESV	Development, construction and operation of PV farms	100.00%	4,889	(107)	(23)	-
Belco Elecnor Electric, INC (*)	USA	RP&B	Electrical installations	100.00%	14,964	(9,779)	(2,683)	-
Bulgana Wind Farm PTY LTD (*)	Australia	***	Operation of power plants	100.00%	1,819	(956)	(39)	-
Caiua Transmissora de Energia, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26.01%	30,713	(10,301)	1,334	-
Cantareira Transmissora de Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26.01%	32,910	(5,174)	58	-
Celeo Concesiones e Inversiones, S.L.U.	Madrid	KPMG	Management and administration of companies	100.00%	90,344	267,412	860	-
Celeo Energia Brasil, Ltda (*) (****)	Brazil	***	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	100.00%	114	80	(569)	-
Celeo Energia Chile, SPA (*) (****)	Chile	***	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	100.00%	--	(1)	(27)	-
Celeo Energia, S.L. (*) (****)	Spain	***	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	100.00%	18	135	(16)	-
Celeo Redes Brasil, S.A. (*)	Brazil	KPMG	Development, construction and operation of electrical facilities	51.00%	344,164	(92,461)	19,229	-
Celeo Redes Chile, Ltda. (*)	Chile	KPMG	Operation of power plants	51.00%	76,677	11,533	537	-
Celeo Redes, SLU (*)	Madrid	KPMG	Management and administration of companies	51.00%	41,101	433,320	(2,672)	-
Celeo Termosolar, S.L. (*)	Madrid	KPMG	Construction and subsequent operation of thermosolar plants	100.00%	3,440	5,562	2,833	-
Charrua Transmisora de Energia, S.A. (*)	Chile	KPMG	Assembly, installation, operation of the new 2 x 500 Charrua – Ancoa line	51.00%	23,458	111	(890)	-
CLN,S.A. (*)	Venezuela	***	Dormant	100.00%	385	(194)	48	-
Coqueiros Transmissora de Energia, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51.00%	25,468	(10,001)	129	-
Corporacion Electrade, S.A.	Venezuela	Olivier D. Baylone Garrido	Construction and assembly	100.00%	799	(889)	382	-
Deimos Castilla la Mancha, S.L.U.	Ciudad Real	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%	500	6,776	(5,377)	-
Deimos Engenharia, S.A.	Portugal	ESAC Espirito Santo Associados	Services in the areas of telecommunications, and aeronautic and space energy	80.00%	250	854	9	-
Deimos Space UK, Limited (*)	England	KPMG	Analysis, engineering and development of space missions and software	100.00%	496	(126)	11	-

2015	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2015	Interim dividend for 2015
Deimos Space, S.L.U.	Madrid	KPMG	Analysis, engineering and development of space missions and software	100.00%	500	5,139	7,482	-
Ditra Cantabria, S.A.U.	Santander	***	Installation of power grids	100.00%	60	949	292	-
Ehisa Construcciones y Obras, S.A.	Zaragoza	Luis Ruiz Apilanez	Construction and assembly	100.00%	600	3,974	1,119	-
Elecdal, URL	Algeria	***	Construction and assembly	100.00%	12	1,741	(59)	-
Elecdor, S.A.	Ecuador	Atig Auditores	Construction and assembly	100.00%	821	108	883	-
Elecen, S.A.	Honduras	***	Construction and assembly	100.00%	8	771	8	-
Elecfrance, SASU	France	Excelia Conseil	Study and performance of electricity activities	100.00%	1,000	(649)	149	-
Elecnor Argentina, S.A.	Argentina	KPMG	Construction and assembly	99.89%	15,223	(11,265)	(3,153)	-
Elecnor Chile, S.A.	Chile	Armando Vergara Gutierrez	Construction and assembly	100.00%	19,507	4,477	(10,930)	-
Elecnor do Brasil, Ltda.	Brazil	KPMG	Construction and assembly	100.00%	6,551	9,905	(6,292)	-
Elecnor Financiera, S.L. (*)	Bilbao	Deloitte	Administration and advisory services	100.00%	12,000	17,044	384	-
Elecnor Peru, S.A.	Peru	***	Construction and assembly	100.00%	51	(92)	2,039	-
Elecnor Australia PTY, LTD	Australia	ESV	Management and administration of companies	100.00%	2,867	(390)	(96)	-
Elecnor de Mexico, S.A.	Mexico	KPMG	Construction and assembly	100.00%	910	1,819	262	-
Elecnor Energie and Bau, GmbH	Germany	***	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energy	100.00%	75	553	669	-
Elecnor Hawkeye, LLC (*)	USA	***	Electrical installations	100.00%	10,819	1,405	(5,104)	-
Elecnor Montagens Eletricas, Ltda.	Brazil	***	Construction and assembly	100.00%	372	866	33	-
Elecnor Seguridad, S.L.	Madrid	***	Installation and maintenance of fire prevention and safety systems	100.00%	120	640	220	-
Elecnor South Africa (PTY) LTD	South Africa	***	Construction and assembly	100.00%	--	(293)	(468)	-
Elecnor, INC	Delaware (USA)	RP&B	Installation work	100.00%	28,996	2,227	(374)	-
Encruzo Novo Transmissora De Energia, Ltda. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51.00%	16,662	(5,517)	499	-
Enerfera, S.R.L. (*)	Italia	***	Construction, operation and use of wind farm resources	100.00%	10	40	(7)	-
Enerfín Developments British Columbia, Inc (*)	Canada	***	Development and management of wind farm activities	100.00%	74	(22)	(9)	-
Enerfín do Brasil Sociedad de Energía, LTDA (*)	Brazil	Deloitte	Operation of electricity transmission service concessions	100.00%	96,412	(40,918)	2,644	-
Enerfín Energy Company of Australia PTY, LTD (*)	Australia	***	Development and management of wind farm activities	100.00%	2,242	(1,221)	(37)	-
Enerfín Energy Company of Canada, INC (*)	Canada	***	Operation of power plants	100.00%	7,281	(920)	(14)	-
Enerfín Energy Company, INC (*)	USA	***	Development and management of wind farm activities	100.00%	3,275	(2,297)	(208)	-
Enerfín Enervento Exterior, S.L.U (*)	Madrid	***	Management and administration of companies	100.00%	38,772	31,630	1,729	-
Enerfín Québec Services, INC (*)	Canada	***	Development and management of wind farm activities	100.00%	1,259	(108)	248	-
Enerfín Rodonita Galicia, S.L. (*)	La Coruña	***	Operation of power plants	80.00%	4	(2)	(0)	-

2015	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2015	Interim dividend for 2015
Enerfín Sociedad de Energía, S.L.	Madrid	Deloitte	Management and administration of companies	100.00%	64,224	219,890	836	-
Enerfín Enervento, S.A. (*)	Madrid	Deloitte	Management and administration of companies	70.00%	11,163	40,840	1,397	-
Enertel, S.A. de C.V.	Mexico	KPMG	Construction and assembly	99.99%	55	(22)	46	-
Enervento Galicia, S.L (*)	La Coruña	***	Construction, installation, sale and management of wind farms and facilities in Galicia	59.50%	10	(8)	-	-
Eólica Montes de Cierzo, S.L (*)	Tudela	Deloitte	Operation of power plants	70.00%	1,313	263	4,460	(1,800)
Eólica Páramo de Poza, S.A. (*)	Madrid	Deloitte	Operation of power plants	55.00%	601	11,459	(1,102)	-
Eoliennes L'Erable Commanditaire, INC (*)	Canada	***	Operation of power plants	100.00%	6,433	4,167	(32)	-
Eoliennes de L'Erable Commandite, INC (*) (****)	Canada	***	Administration and advisory services	100.00%	7	(0)	(2)	-
Eoliennes de L´Érable, SEC. (*)	Canada	Deloitte	Operation of power plants	51.00%	35,920	(4,554)	3,957	-
Galicia Vento II, S.L (*)	Lugo	***	Operation of power plants	69.44%	4	(2)	(0)	-
Galicia Vento, S.L (*)	Lugo	Deloitte	Operation of power plants	69.44%	8,250	6,751	1,762	-
Green Light Contractors PTY, LTD (*)	Australia	***	Construction of a photovoltaic farm	100.00%	67	27	826	-
Grupo Elecnor Angola	Angola	***	Activities in the areas of public works and civil engineering	55.00%	842	(36)	(12)	-
Helios Almussafes II, SLU (*)	Valencia	***	Operation of renewable energy facilities	100.00%	10	116	16	-
Helios Almussafes, SLU (*)	Valencia	***	Operation of renewable energy facilities	100.00%	10	112	18	-
Helios Inversión y Promoción Solar, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100.00%	3,306	5,245	23	-
Hidroambiente, S.A.U.	Getxo (Vizcaya)	KPMG	Environmental activities	100.00%	615	6,832	462	-
IDDE, S.A.	Madrid	***	Sales	100.00%	1,202	77	--	-
Infraestructuras Villanueva, S.L (*)	Valencia	***	Operation of power plants	59.47%	3	0	--	-
Integraçao Maranhense Tranmissora de Energia, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26.01%	63,611	(21,453)	1,585	-
Investissements Eoliennes de L´Érable, INC. (*)	Canada	***	Administration and advisory services	100.00%	8	(5)	(2)	-
Investissements Eoliennes de L´Érable, SEC. (*)	Canada	***	Administration and advisory services	100.00%	6,690	(1,045)	(2)	-
IQA Operatios Group LTD	Scotland	KPMG	Electrical installations	96.88%	2,271	117	1,318	-
Jauru Transmissora De Energia, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	16.99%	102,042	(42,035)	(136)	-
Jomar Seguridad, S.L.U.	Guadalajara	***	Sales, installation and maintenance of fire prevention and safety systems	100.00%	60	1,399	23	-
Lambton Enerwind General Partner (GP) (*) (****)	Canada	***	Administration and advisory services	100.00%	599	(54)	(241)	-
Lambton Enerwind Limited Partnership (SEC) (*) (****)	Canada	***	Development of wind farms	100.00%	1	(0)	(0)	-
Linha de Transmissao Corumba, Ltda. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51.00%	58,929	(23,206)	341	-
LT Triangulo, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51.00%	94,601	(45,019)	6,890	-
Montagens Eletricas da Serra, Ltda.	Brazil	***	Construction and assembly	100.00%	7	162	12	-
Montelecnor, S.A.	Uruguay	Ernst & Young	Construction and assembly	100.00%	4,815	5,313	(6,165)	-
Muiño do Vicedo, S.L (*)	La Coruña	***	Operation of power plants	94.00%	3	(2)	(0)	-
Omninstal Electricidade, S.A.	Portugal	KPMG	Construction and assembly	100.00%	1,053	1,646	165	-
Parque Eólico Cofrentes, S.L.U. (*)	Valencia	***	Operation of power plants	100.00%	10	(2)	(0)	-
Parque Eólico Malpica, S.A. (*)	La Coruña	Deloitte	Construction and operation of power plants	68.64%	950	978	10	-
Parques Eólicos Villanueva, S.L.U. (*)	Valencia	Deloitte	Operation of power plants	100.00%	5,000	20,557	1,048	-
Parques Eólicos Palmares, S.A. (*)	Brazil	Deloitte	Operation of electricity transmission service concessions	80.00%	48,645	(17,698)	2,324	-

2015	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2015	Interim dividend for 2015
Pedras Transmissora de Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51.00%	33,895	(13,750)	348	-
Rasacaven, S.A.	Venezuela	Deloitte	Construction and assembly	93.72%	2,731	(2,558)	775	-
S.C. Deimos Space, S.R.L. (*)	Romania	***	Analysis, engineering and development of space missions and software	100.00%	250	18	103	-
Sdad Aragonesa de Estaciones Depuradoras, S.A. (*)	Zaragoza	KPMG	Construction and operation of plants under the special water treatment plan	60.00%	6,000	161	156	-
Siberia Solar, S.L. (*)	Madrid	KPMG	Development, construction and operation of PV farms	100.00%	500	3,106	(308)	-
Sociedad Aragonesa De Aguas Residuales, S.A.U.	Zaragoza	KPMG	Construction and operation of plants under the special water treatment plan	100.00%	6,600	(530)	523	-
Ventos da Lagoa, S.A. (*)	Brazil	Deloitte	Operation of power plants	80.00%	36,981	(14,124)	1,058	-
Ventos de Granjas Vargas Energía, S.A. (*)	Brazil	***	Operation of power plants	100.00%	489	122	(1,401)	-
Ventos de Granjas Vargas II Energía, S.A. (*)	Brazil	***	Operation of power plants	100.00%	501	192	(1,797)	-
Ventos de Cabo Verde I, S.A. (*)	Brazil	***	Operation of power plants	100.00%	398	(86)	6	-
Ventos de Cabo Verde II, S.A. (*)	Brazil	***	Operation of power plants	100.00%	830	(170)	2	-
Ventos de Cabo Verde III, S.A. (*)	Brazil	***	Operation of power plants	100.00%	581	(131)	11	-
Ventos do Litoral Energía, S.A. (*)	Brazil	Deloitte	Operation of power plants	80.00%	41,404	(16,039)	802	-
Ventos do Sul, S.A. (*)	Brazil	Deloitte	Operation of power plants	80.00%	47,123	(21,068)	8,075	-
Vila Do Conde Transmissora de Energia, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51.00%	46,731	(22,264)	8,083	-
Vilhena Montagens Elétricas, Ltda. (*)	Brazil	***	Construction and assembly	100.00%	8	830	111	-
Zaragua 2005, S.L.U.(*)	Zaragoza	***	Operation of power plants	100.00%	60	(59)	(0)	-
Zinertia Antequera, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100.00%	3	(19)	156	-
Zinertia Renovables Aascv 2, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100.00%	3	475	113	-
Zinertia Renovables Aascv, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100.00%	3	533	89	-
Zinertia Renovables Elc,S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100.00%	123	2,009	86	-
Zinertia Renovables Hae, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100.00%	84	1,307	75	-
Zogu, S.A. (*)	Ecuador	Atig Auditores	Construction and assembly	100.00%	316	2,290	(13)	-
Equity-accounted investees (note 10)								
Aries Solar Termoeléctrica, S.L. (Aste) (*)	Madrid	KPMG	Development, construction and operation of thermosolar plants	55.70%	10,156	122,588	(16,199)	-
Brilhante II Transmissora de Energia, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	25.50%	6,984	(1,092)	90	-
Brilhante Transmissora de Energia, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	25.50%	96,383	(42,408)	1,380	-
Consorcio Eólico Marino Cabo Trafalgar, S.L. (*)	La Coruña	***	Operation of power plants	35.00%	200	(59)	(6)	-
Cosemel Ingenieria, Aie	Madrid	***	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%	9	411	22	-
Dioxipe Solar, S.L. (*)	Madrid	KPMG	Development, construction and operation of thermosolar plants	55.00%	109	(27,099)	(12,049)	-

2015	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2015	Interim dividend for 2015
Gasoducto de Morelos, S.A.P.I. (Sdad. Anónima Promotora de Inversión) de C.V.	Mexico	Deloitte	Operation and maintenance of wind farms	50.00%	28,524	504	(2,752)	-
Morelos EPC S.A.P.I. de CV	Mexico	Deloitte	Construction, engineering and supply of Morelos gas pipeline	50.00%	6	10,894	20,877	-
Parque Eólico La Gaviota, S.A. (*)	Canary Islands	Ernst & Young	Operation of power plants	34.53%	1,352	(186)	(178)	-
Sdad. Aguas Residuales Pirineos, S.A.	Zaragoza	***	Construction and operation of plants under the special water treatment plan	50.00%	9,158	1,415	99	-
Ventos do Faro Farelo, S.L. (*)	Galicia	***	Operation of power plants	37.50%	4	(13)	(1)	-

(*) Companies indirectly held by Elecnor, S.A.
(***) Companies not legally required to audit their annual accounts.
(****) Companies consolidated in 2015.

Appendix I:

2014 COMPANY INFORMATION

(Thousands of Euros)

2014 Fully consolidated	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2014	Interim dividend for 2014
Adhorna Prefabricación, S.A.	Bilbao	Deloitte	Manufacture of products deriving from cement and fibreglass-reinforced polyester	100%	1,081	3,178	(2,253)	-
Aerogeneradores del Sur , S.A. (*)	Seville	Deloitte	Construction, operation and use of wind farm resources	76%	2,912	3,109	(279)	--
Alto Jahuel Trans. Energia (*)	Chile	KPMG	Operation of electricity transmission service concessions	51%	46,080	(319)	7,919	--
Aplicaciones Técnicas de la Energia, S.L(ATERSA)	Valencia	Deloitte	Solar energy	100%	24,535	(876)	27	--
Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	Madrid	***	Interior design	100%	12	402	15	--
Audeca, S.L.U.	Madrid	KPMG	Environmental restoration and reforestation and operation of roads	100%	132	2,931	659	(600)
Belco Elecnor Electric, INC	USA	RP&B	Electrical installations	100%	14,964	(5,829)	(4,675)	--
Bulgana Wind Farm PTY LTD (*)(****)	Australia	***	Operation of power plants	100%	1,386	(28)	(894)	--
Caiua Transmissora De Energia,S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	30,713	(3,927)	959	--
Cantareira Transmissora De Energía,S.A. (*)(****)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	9,936	(279)	(47)	--
Celeo Concesiones E Inversiones,S.L.U.	Madrid	KPMG	Management and administration of companies	100%	88,946	264,083	23,630	--
Celeo Redes Chile Ltda (*)	Chile	KPMG	Operation of power plants	51%	61,526	3,813	(280)	--
Celeo Redes,SLU (*)	Madrid	KPMG	Management and administration of companies	51%	40,025	413,570	(676)	--
Celeo Termosolar,S.L.	Madrid	KPMG	Construction and subsequent operation of thermosolar plants	100%	105	(58,830)	2,395	--
Charrua Transmisora De Energia,S.A. (*)	Chile	KPMG	Assembly, installation, operation of the new 2 x 500 Charrua – Ancoa line	51%	77	(220)	(616)	--
CLN,S.A. (*)	Venezuela	***	Dormant	100%	385	1,127	10	--
Coqueiros Transmissora De Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	25,468	(4,806)	173	--
Corporacion Electrade, S.A.	Venezuela	Muñoz y asociados	Construction and assembly	100%	799	(1,288)	968	--
Deimos Castilla la Mancha, S.L.	Ciudad Real	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100%	750	3,438	(1,012)	--
Deimos Engenharia, S.A.	Portugal	ESAC Espirito Santo Associados	Services in the areas of telecommunications, and aeronautic and space energy	80%	250	755	199	--
Deimos Imaging, S.L.U. (*)	Valladolid	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100%	400	1,119	74	--
Deimos Space UK,Limited (*)(****)	England	KPMG	Analysis, engineering and development of space missions and software	100%	496	13	(155)	--
Deimos Space, S.L.U.	Madrid	KPMG	Analysis, engineering and development of space missions and software	100%	500	9,508	131	--
Ditra Cantabria,S.A.U.	Santander	***	Installation of power grids	100%	60	759	190	--
Ehisa Construcciónes y Obras, S.A.	Zaragoza	Luis Ruiz Apilanez	Construction and assembly	100%	600	3,712	262	--
Elecdal, URL	Algeria	***	Construction and assembly	100%	12	184	1,302	--
Elecdor ,S.A.	Ecuador	Atig Auditores	Construction and assembly	100%	821	(105)	(223)	--
Elecfrance,SAS	France	Excelia Conseil	Study and performance of electricity activities	100%	1,000	(31)	(618)	--
Elecnor Argentina , S.A.	Argentina	KPMG	Construction and assembly	100%	9,293	(7,263)	(4,213)	--
Elecnor Australia PTY LTD	Australia	***	Management and administration of companies	100%	1,249	9	(347)	--

2014	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2014	Interim dividend for 2014
Elecnor Brasil , L.T.D.A.	Brazil	KPMG	Construction and assembly	100%	6,551	13,431	264	--
Elecnor Chile, S.A.	Chile	Armando Vergara Gutierrez	Construction and assembly	100%	6,406	5,648	(2,648)	--
Elecnor Financiera ,S.L (*)	Bilbao	Deloitte	Administration and advisory services	100%	12,000	18,637	(1,594)	--
Elecnor de Mexico, S.A.	Mexico	KPMG	Construction and assembly	100%	910	1,725	82	--
Elecnor Energie and Bau, GmbH	Germany	***	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energy	100%	75	248	(1,132)	--
Elecnor Hawkeye, LLC	USA	***	Electrical installations	100%	10,819	(152)	(85)	--
Elecnor Montagens Eletricas.Ltda.	Brazil	***	Construction and assembly	100%	372	882	419	--
Elecnor Seguridad, S.L.	Madrid	***	Installation and maintenance of fire prevention and safety systems	100%	120	577	63	--
Elecnor South Africa (PTY) LTD (****)	South Africa	***	Construction and assembly	100%	--	(10)	(339)	--
Elecnor Transmissao De Energia,S.A. (*)	Brazil	KPMG	Construction and assembly	51%	344,164	(16,319)	14,478	--
Elecnor, INC	Delaware (USA)	RP&B	Installation work	100%	28,562	(2,150)	(186)	--
Electrolineas de Ecuador , S.A.	Ecuador	Atig Auditores	Construction and assembly	100%	1,272	1,081	43	--
Elecven Construcciónes, S.A.	Venezuela	Deloitte	Construction and assembly	96%	3,299	(8,221)	8,788	--
Encruzo Novo Transmissora De Energia,Ltda (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	14,945	(2,605)	710	--
Enerfera, S.R.L. (*)	Italy	***	Construction, operation and use of wind farm resources	100%	10	47	(7)	--
Enerfin Enervento Exterior,S.L.U	Madrid	***	Management and administration of companies	100%	35,752	(2,261)	4,697	(1,400)
EnerfinDevelopments British Columbia,Inc (*)(****)	Canada	***	Development and management of wind farm activities	100%	74	(3)	(16)	--
Enerfin do Brasil Sociedad de Energía LTDA (*)	Brazil	Deloitte	Operation of electricity transmission service concessions	100%	96,412	(20,909)	(280)	--
Enerfin Energy Company of Australia PTY,LTD (*)(****)	Australia	***	Development and management of wind farm activities	100%	1,692	(107)	(1,080)	--
Enerfin Energy Company of Canada, INC (*)	Canada	***	Operation of power plants	100%	26,144	(1,691)	(36)	--
Enerfin Energy Company ,LLC (*)	USA	***	Development and management of wind farm activities	100%	3,275	(2,305)	(88)	--
Enerfin Québec Services,INC (*)	Canada	***	Development and management of wind farm activities	100%	1,259	(70)	56	--
Enerfin Rodonita Galicia,S.L. (*)	La Coruña	***	Operation of power plants	80%	4	(2)	--	--
Enerfin Sociedad de Energía,S.L.	Madrid	Deloitte	Management and administration of companies	100%	48,052	154,259	554	--
Enerfin Enervento,S.A.	Madrid	Deloitte	Management and administration of companies	70%	11,163	37,841	6,066	(1,000)
Enervento Galicia,S.L	La Coruña	***	Construction, installation, sale and management of wind farms and facilities in Galicia	59.5%	10	(7)	0	--
Eólica Páramo de Poza , S.A. (*)	Madrid	Deloitte	Operation of power plants	55%	601	13,172	(1,932)	--
Eoliennes de L´Érable, INC. (*)	Canada	Deloitte	Operation of power plants	100%	25,917	(630)	4,231	--
Eoliennes de L´Érable, SEC. (*)	Canada	Deloitte	Operation of power plants	51%	71,179	749	(2,647)	--
Galicia Vento II, S.L. (*)	Lugo	***	Operation of power plants	69.44%	4	(1)	--	--
Galicia Vento, S.L. (*)	Lugo	Deloitte	Operation of power plants	69%	8,250	7,021	(269)	--
Green Light Contractors PTY, LTD (*)(****)	Australia	***	Construction of a photovoltaic farm	100%	--	--	36	--

2014	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2014	Interim dividend for 2014
Grupo Elecnor Angola (****)	Angola	***	Activities in the areas of public works and civil engineering	55%	842	91	--	--
Helios Almussafes II, SLU (*)	Valencia	***	Operation of renewable energy facilities	100%	10	104	8	--
Helios Almussafes, SLU (*)	Valencia	***	Operation of renewable energy facilities	100%	10	104	12	--
Helios Inversión Y Promoción Solar,S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	3,306	5,493	(17)	--
Hidroambiente, S.A.U.	Getxo (Vizcaya)	KPMG	Environmental activities	100%	615	6,827	774	(705)
IDDE,S.A.	Madrid	***	Sales	100%	1,202	77	--	--
Infraestructuras Villanueva,S.L. (*)	Valencia	Deloitte	Operation of power plants	59.47%	3	0	--	--
Integraçao Maranhense Tranmissora De Energia,S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	62,238	(7,079)	401	--
Investissements Eoliennes de L´Érable, INC. (*)	Canada	***	Administration and advisory services	100%	8	(3)	(2)	--
Investissements Eoliennes de L´Érable, SEC. (*)	Canada	***	Administration and advisory services	100%	26,157	(1,933)	(2)	--
IQA Operatios Group LTD	Scotland	KPMG	Electrical installations	96.88%	2,271	(400)	205	--
Jomar Seguridad, S.L.U.	Guadalajara	***	Sales, installation and maintenance of fire prevention and safety systems	100%	60	1,372	27	--
Linha De Transmissao Corumba,Ltda (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	58,929	(11,433)	634	--
Lt Triangulo,S.A (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	94,601	(27,509)	7,637	--
Montagens Eletricas Da Serra, Ltda	Brazil	***	Construction and assembly	100%	7	202	21	--
Montelecnor, S.A.	Uruguay	Ernst & Young	Construction and assembly	100%	486	3,884	1,305	--
Muiño do Vicedo, S.L. (*)	La Coruña	***	Operation of power plants	94%	3	(2)	(0)	--
Omninstal Electricidade, S.A.	Portugal	KPMG	Construction and assembly	100%	1,053	1,839	185	--
Parque Eólico Cofrentes,S.L.U. (*)	Valencia	***	Operation of power plants	100%	10	(2)	--	--
Parque Eólico Malpica,S.A. (*)	La Coruña	Deloitte	Construction and operation of power plants	69%	950	1,397	(419)	--
Parques Eólicos Villanueva,S.L.U. (*)	Valencia	Deloitte	Operation of power plants	100%	5,000	20,533	984	--
Parques Eólicos Palmares,S.A.	Brazil	Deloitte	Operation of electricity transmission service concessions	90%	48,645	(6,011)	1,477	--
Pedras Transmissora De Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	33,895	(7,216)	497	--
Rasacaven ,S.A.	Venezuela	Deloitte	Construction and assembly	94%	2,731	(5,543)	4,662	--
S.C. Deimos Space,S.R.L. (*)(****)	Romania	***	Analysis, engineering and development of space missions and software	100%	250	1	21	--
Sdad Aragonesa De Estaciones Depuradoras,S.A. (*)	Zaragoza	KPMG	Construction and operation of plants under the special water treatment plan	60%	6,000	(15)	176	--
Siberia Solar,S.L. (*)	Madrid	KPMG	Development, construction and operation of PV farms	100%	500	3,106	(308)	--
Sociedad Aragonesa De Aguas Residuales,S.A.U.	Zaragoza	KPMG	Construction and operation of plants under the special water treatment plan	100%	6,600	(3,356)	2,825	--
Ventos da Lagoa,S.A.	Brazil	Deloitte	Operation of power plants	90%	36,981	(5,548)	474	--
Ventos do Litoral Energía,S.A.	Brazil	Deloitte	Operation of power plants	90%	41,404	(6,661)	210	--
Ventos do Sul, S.A. (*)	Brazil	Deloitte	Operation of power plants	81%	47,123	(4,964)	6,809	--
Ventos dos Indios Energía,S.A.	Brazil	Deloitte	Operation of electricity transmission service concessions	100%	20,782	(1,090)	3,957	--
Vila Do Conde Transmissora De Energia SA (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	46,731	(10,067)	10,593	--
Vilhena Montagens Elétricas,Ltda	Brazil	***	Construction and assembly	100%	8	2,322	(1,179)	--
Zaragua 2005,S.L.U. (*)	Zaragoza	***	Operation of power plants	100%	60	(59)	--	--

2014	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2014	Interim dividend for 2014
Zinertia Antequera,S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	3	186	(205)	--
Zinertia Renovables Aascv 2, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	3	348	127	--
Zinertia Renovables Aascv, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	3	434	99	--
Zinertia Renovables Elc,S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	123	2,023	122	--
Zinertia Renovables Hae,S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	84	1,302	101	--
Zogu,S.A. (*)	Ecuador	Atig Auditores	Construction and assembly	100%	316	1,928	(30)	--
Eólica Montes de Cierzo , S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	70%	1,313	263	1,658	(1,200)

Equity-accounted investees (note 10)								
Aries Solar Termoelectrica,S.L. (Aste) (*)	Madrid	KPMG	Development, construction and operation of thermosolar plants	55.7%	10,020	(62,247)	(26,042)	--
Brilhante Transmissora De Energia SA (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	96,383	(23,372)	1,589	--
Brilhante II Transmissora De Energia SA (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	202	(151)	(119)	--
Consorcio Eólico Marino Cabo Trafalgar, S.L. (*)	La Coruña	***	Operation of power plants	35%	200	(53)	(6)	--
Dioxipe Solar,S.L. (*)	Madrid	KPMG	Development, construction and operation of thermosolar plants	55%	109	(12,956)	(14,143)	--
Eólica Cabanillas , S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Construction and subsequent operation of power plants	0%	1,120	224	477	--
Eólica Caparroso , S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	0%	2,001	400	(2)	--
Eólica La Bandera , S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	0%	806	161	1,113	(700)
Gasoducto de Morelos, S.A.P.I.(Sdad Anónima Promotora de Inversión) de C.V.	Mexico	Deloitte	Operation and maintenance of wind farms	50%	28,518	(506)	(2,962)	--
Jauru Transmissora De Energia,S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	17%	102,042	(21,672)	326	--
Parque Eólico La Gaviota,S.A. (*)	Canary Islands	Ernst & Young	Operation of power plants	35%	1,352	189	(379)	--
Sdad. Aguas Residuales Pirineos,S.A.	Zaragoza	***	Construction and operation of plants under the special water treatment plan	50%	9,158	1,062	353	--
Ventos do Faro Farelo,S.L. (*)	Galicia	***	Operation of power plants	38%	4	(11)	(2)	--

(*) Companies indirectly held by Elecnor, S.A.
(***) Companies not legally required to audit their annual accounts.
(****) Companies consolidated in 2014.

Appendix II:

LIST OF CONSOLIDATED TEMPORARY JOINT VENTURES (UTES)

(Thousands of Euros)

Temporary joint venture (UTE)	Percentage ownership	2015		2014	
		Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE ELECNOR OSEPSA	50.00%	-	-	989	-
UTE CAN COLOMER	50.00%	49	-	4	-
UTE MINGORRIA	25.00%	-	-	-	53
UTE AVELE	22.00%	500	-	1,202	376
UTE AVELE 2	22.00%	409	-	994	651
UTE ELECNOR - EUROFINSA	50.00%	1,780	-	450	1,662
UTE ELECNOR - DEIMOS	50.00%	-	-	7	-
UTE OIZ	33.34%	15	-	-	15
AEROPUERTO LANZAROTE SAMPOL-ELECNOR UTE	50.00%	-	-	829	-
UTE TORRE ABANDOIBARRA	50.00%	-	-	18	-
UTE EUROCAT SUR AV	41.20%	2,024	-	3,860	-
UTE AVESUR	12.00%	821	210	1,219	315
UTE INSTALLACIONS TECNOCAMPUS	50.00%	244	-	139	139
UTE EXPLOTACION ZONA 07-A	60.00%	1,052	-	949	-
UTE SUBESTACION JUNCARIL	50.00%	-	130	614	-
UTE MARINA BAIXA	40.00%	537	92	512	629
UTE FOTOVOLTAICA FIRA	50.00%	-	-	9	-
UTE CENTRO MAYORES BAENA	20.00%	-	-	64	-
UTE TARAZONA	50.00%	-	-	60	-
UTE CASTELLO ELECNOR	50.00%	-	-	64	-
UTE TERMINAL DE CARGA	50.00%	-	-	125	-
UTE ESTACION LA MOLINA	35.00%	-	-	138	17
UTE FERIA REQUENA	50.00%	-	-	87	157
UTE GALINDO	100.00%	1,255	1,180	1,473	884
UTE ELEC TUNEL SPA	50.00%	-	-	10	-
UTE LABORATORIO AITEX-ITE	50.00%	-	-	13	-
UTE DESVIOS LAV Sevilla	28.85%	-	810	-	810
UTE MTO. SEG. Y EMERG. MADRID	50.00%	1	-	-	-
UTE PARC ENGINYERIES	40.00%	-	-	121	-
UTE EQUIPAMIENTO TERMINAL GRAN CANARIA	50.00%	-	-	885	-
UTE MOBILIARIO TERMINAL GRAN CANARIA	50.00%	-	-	166	-
UTE FIGUERES WIFI	25.00%	7	14	6	21
UTE EDAR SERRANILLOS	100.00%	-	-	543	-
UTE MUTXAMEL	30.00%	25	14	298	39
UTE ELECNOR ONILSA	85.00%	9	-	1,145	-
UTE SAN CRISPIN	30.00%	341	24	288	25
UTE UBE LA ISLA	30.00%	123	-	107	4
UTE RECINTOS FERIALES	30.00%	48	-	156	48
UTE EXPLOTACION ZONA P2	50.00%	612	-	664	-
UTE AS SOMOZAS	50.00%	-	42	259	33
UTE SAN JERONIMO	30.00%	104	9	98	2
UTE MANTENIMIENTO PUERTO GIJON	50.00%	-	-	89	158
UTE JARDINES MOGAN	50.00%	1,045	-	1,075	-
UTE URTEGI	60.00%	425	-	451	-
UTE ABASTECIMIENTO PEDRAZA	70.00%	224	918	242	1,142
UTE URBANIZACION PEDRO III	50.00%	145	2	398	50
UTE AYTO SEGURA DE LA SIERRA	20.00%	-	-	156	-
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	695	-	553	-

Temporary joint venture (UTE)	Percentage ownership	2015 Construction work settled	2015 Backlog not yet settled	2014 Construction work settled	2014 Backlog not yet settled
UTE ELECNOR - DEIMOS SIPA	50.00%	1,489	-	1,446	-
UTE COMUNICACIONS SANT CUGAT	20.00%	94	-	131	-
UTE FORNILLOS	20.00%	-	-	643	9
UTE CALANDA	20.00%	-	-	515	-
UTE VALDESPARTERA	25.00%	-	-	147	-
UTE PIF ALGECIRAS	20.00%	581	-	1,240	462
UTE PATRIMONIO SEGURIDAD	33.33%	488	-	404	-
UTE ESPACIOS VERDES SAN VICENTE DEL RASPEIG	30.00%	720	94	767	266
UTE CINTAS	50.00%	-	-	134	-
UTE PLAZAS COMERCIALES T4	50.00%	-	-	682	-
UTE BT HOSPITAL DE ZAMORA	50.00%	118	681	915	799
UTE TRANVIA OUARGLA	33.00%	53,292	115,811	26,600	169,103
UTE ENERGIA GALICIA	20.00%	14,384	65,720	20,160	80,104
UTE CELLA	20.00%	48	-	918	43
UTE AEROPUERTO DE PALMA	45.00%	935	262	416	1,197
UTE VALDELINARES	20.00%	-	-	964	-
GROUPEMENT INTERNATIONAL SANTE POUR HAITI	100.00%	2,758	31,377	3,859	34,135
UTE MANCOMUNIDAD DE DURANGO	60.00%	16	-	14	16
UTE ENERGIA GRANADA	33.34%	2,735	1,982	819	4,717
UTE MOBILIARIO HUCA	50.00%	-	-	285	-
UTE ANILLO GALINDO	25.00%	6,082	9,135	763	15,217
UTE SICA BCN	20.00%	689	162	265	474
UTE HORMIGONES MTNEZ-ELECNOR, CASCO ANTIGUO ALICANTE	30.00%	-	55	-	55
UTE DEINOR NOAIN	50.00%	402	70	-	472
CONSORCIO NUEVA POLICLÍNICA DE CHITRE	100.00%	2,574	4,958	1,053	7,532
CONSORCIO NUEVA POLICLÍNICA DE CHEPO	100.00%	2,305	3,897	825	6,202
UTE ADEC LOCALES CERCANIAS	85.00%	134	278	-	412
UTE CRA ENAGAS	60.00%	300	74	81	374
UTE CAMPO DE VUELO VIGO	65.00%	629	49	-	678
UTE CAMPO DE VUELO TF NORTE	70.00%	829	169	-	-
UTE MATIKO	20.00%	1,415	8,195	-	9,610
UTE VOPI4-ELNR CA L´ALIER	50.00%	943	3,777	-	-
UTE MONTES SEVILLA SUR	70.00%	-	-	289	-
UTE REUBIC EQUIP NAV BARAJAS	70.00%	1,455	-	-	-
UTE MANTENIMIENTO AVE ENERGIA	12.37%	4,809	150,279	-	-
UTE CAUCES CORDOBA	50.00%	505		-	-
UTE ASEGOP IBIZA	32.50%	34	2,698	-	-
UTE ELECNOR BUTEC BELLARA	60.00%	12,371	529	-	-
UTE AVELE3	22.00%	322	79	-	-
UTE AVELE4	22.00%	276	54	-	-
UTE EDARES SEGOVIA	40.00%	2,100	1,494	-	-
UTE VIGILANCIA BOADILLA	50.00%	-	166	-	-
UTE SICA	50.00%	-	2,275	-	-
UTE CASTELFLORITE	20.00%	1,262	1,238	-	-
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	448	1,067	-	-
UTE CUETO DEL MORO	25.00%	415	12	-	-
UTE ELECNOR ALGHANIM	60.00%	680	20,754	-	-

Temporary joint venture (UTE)	Percentage ownership	2015 Construction work settled	2015 Backlog not yet settled	2014 Construction work settled	2014 Backlog not yet settled
UTE MANTENIMIENTO VALEBU	50.00%	94	3,248	-	-
UTE EMBARQUE DESEMBARQUE T4	50.00%	362	66	-	-
UTE CONTAR	95.00%	2	351	-	-
UTE INST. RECERCA SANT PAU	50.00%	-	5,114	-	-
UTE AEROPUERTO DE VALENCIA	45.00%	309	1,304	-	1,613
UTE INST. MERCAT DE SANT ANTONI	60.00%	-	9,299	-	-
UTE TUNELES ABDALAJIS	90.00%	32	1,939	-	-
UTE TORRENTE – XATIVA	50.00%	-	9,169	-	-
UTE EMPALME II	50.00%	8,556	60,899	-	-
UTE CENTRO LOG. IBEREBRO	41.90%	-	30,454	-	-
UTE AEROPUERTO TERUEL	50.00%	-	1,350	-	-
UTE URBANIZADORA RIODEL	50.00%	-	194	-	194
UTE OVERTAL - ELECNOR	24.00%	-	360	-	360
UTE ENERGÍA LÍNEA 9	20.00%	16,940	925	42,395	17,063
UTE CAL PARACUELLOS	50.00%	169	-	-	118
UTE SERRANO - ELECNOR CANSALADES	40.00%	-	114	-	114
UTE ELECNOR GONZALEZ SOTO	50.00%	173	57	119	96

Appendix III:

CONDENSED FINANCIAL INFORMATION

of equity-accounted companies

31 December 2015 Thousands of Euros	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.	Brilhante Transmissora de Energía, S.A.	Jauru Transmissora de Energía, S.A.	Morelos EPC, S.A.P.I. de CV
Information from the statement of financial position						
Non-current assets	261,625	278,991	517,873	75,444	110,254	6
Non-current liabilities	215,058	328,775	454,148	20,168	52,251	-
Non-current financial liabilities (*)	215,058	326,851	448,998	19,551	52,251	-
Total non-current net assets	**46,567**	**(49,784)**	**63,725**	**55,893**	**58,003**	**6**
Current assets	55,859	7,392	14,721	5,236	9,354	42,358
Cash and cash equivalents	39,403	1,635	3,461	18	47	5,240
Current liabilities	77,647	25,779	19,618	5,156	7,474	13,492
Current financial liabilities (*)	12,123	12,258	14,996	2,559	4,829	-
Total current net assets	**(21,788)**	**(18,387)**	**(4,897)**	**80**	**1,880**	**28,866**
Net assets	**24,779**	**(68,171)**	**58,828**	**55,973**	**59,883**	**28,872**
Percentage ownership	50%	55%	55.7%	50%	33%	50%
Share of net assets	12,390	(37,494)	32,767	27,987	19,961	14,436
Goodwill	-	-	-	-	-	-
Carrying amount of the investment (**)	9,901	-	43,770	28,201	18,221	15,825
Information from the income statement						
Revenues	14,602	29,146	59,889	10,875	14,365	63,845
Depreciation and amortisation	(4,404)	(12,016)	(25,012)	(3,027)	(4,020)	-
Interest income	-	-	-	351	897	-
Interest expense	(5,243)	(19,516)	(33,236)	(2,307)	(7,078)	-
Income tax expense/(income)	(1,353)	(648)	(1,792)	(1,180)	-	(4,189)
Profit/(loss) from continuing operations	(2,752)	(12,049)	(16,199)	1,380	(136)	20,877
Income tax expense/(income) of discontinued operations						
Profit/(loss) from discontinued operations	-	-	-	-	-	-
Profit/(loss) for the year	(2,752)	(12,049)	(16,199)	1,380	(136)	20,877
Other comprehensive income	(2,455)	4,236	9,216	-	-	
Total comprehensive income	**(5,207)**	**(7,813)**	**(6,983)**	**1,380**	**(136)**	**20,877**
Dividends received	-	-	-	-	-	-

Appendix III:

CONDENSED FINANCIAL INFORMATION

of equity-accounted companies

31 December 2014 Thousands of Euros	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.	Brilhante Transmissora de Energía, S.A.	Jauru Transmissora de Energía, S.A.
Information from the statement of financial position					
Non-current assets	192,627	291,097	542,082	104,629	153,054
Non-current liabilities	162,803	337,698	681,094	30,223	58,417
Non-current financial liabilities (*)	162,803	336,226	677,283	30,223	58,417
Total non-current net assets	**29,824**	**(46,601)**	**(139,012)**	**74,406**	**94,637**
Current assets	40,274	11,674	53,764	6,795	10,176
Cash and cash equivalents	24,452	7,574	36,762	467	94
Current liabilities	48,794	25,457	59,955	6,601	24,116
Current financial liabilities (*)	-	11,636	20,010	3,431	6,132
Total current net assets	**(8,520)**	**(13,783)**	**(6,191)**	**194**	**(13,940)**
Net assets	**21,304**	**(60,384)**	**(145,203)**	**74,600**	**80,697**
Percentage ownership	50%	55%	55,7%	50%	33%
Share of net assets	10,652	(33,211)	(80,878)	37,300	26,899
Goodwill	-	-	-	-	-
Carrying amount of the investment (**)	10,652	-	-	37,209	21,541
Information from the income statement					
Revenues	-	27,941	59,584	11,892	16,752
Depreciation and amortisation	-	(11,996)	(24,992)	(3,520)	(4,676)
Interest income	374	-	4	222	578
Interest expense	(1,677)	(19,843)	(38,889)	(2,587)	(7,029)
Income tax expense/(income)	(1,334)	(2,092)	(7,080)	(433)	(179)
Profit/(loss) from continuing operations	(4,119)	(14,143)	(26,042)	1,589	326
Income tax expense/(income) of discontinued operations					
Profit/(loss) from discontinued operations	-	-	-	-	-
Profit/(loss) for the year	(4,119)	(14,143)	(26,042)	1,589	326
Other comprehensive income	(4,759)	(13,938)	(28,485)	-	-
Total comprehensive income	**(8,878)**	**(28,081)**	**(54,527)**	**1,589**	**326**
Dividends received	-	-	-	-	-

(*) Excluding trade and other payables and provisions.

(**) The difference compared with the share of net assets/reconciliation is due to harmonisation with international standards and Group policies.

2015
DIRECTORS' REPORT

elecnor

2015 DIRECTORS' REPORT

for the year ended 31 December 2015

1. INTRODUCTION

In 2015 Elecnor achieved a **12.2%** increase in its net profit, to stand at **Euros 65.7 million**, compared with the Euros 58.5 million in 2014. These positive figures were achieved against a backdrop of weak growth in the world economy, especially in some of the countries in which the Group operates, and the tentative recovery in the Spanish economy, which continues to be affected by the Spanish government's reform of the energy sector. The reform affects companies such as Elecnor, which had previously been confident that the regulatory framework would be stable enough to undertake significant investment in renewable power projects.

In this context, Elecnor has continued to internationalise, whilst simultaneously maintaining its leadership in the domestic market, where it continues to be a benchmark in the sectors in which it operates. The impact of this internationalisation strategy can be observed in the structure of the Group's revenues of **Euros 1,881.1 million** at 31 December, **54.7%** of which originated from foreign markets, and in the order backlog, where the overall growth of **3.5%** on December 2014 (to stand at **Euros 2,502 million**) is founded on a sharp **5.9%** increase in international projects.

As mentioned, sales totalled Euros 1,881.1 million at 31 December, reflecting an **increase of 9.1%** on the Euros 1,723.7 million in 2014.

In view of the order backlog, Elecnor expects that the results and revenues achieved in 2015 will be surpassed in 2016.

The Group's global vision of the year would not be complete without mentioning several events which have been decisive in boosting the strategic lines of business that the Elecnor Group aims to develop over the coming years. Through its technological division Elecnor Deimos, on 22 June Elecnor reached an agreement with the Canadian company UrtheCast for a strategic alliance to carry out joint projects in the aerospace sector. Under the definitive agreement reached on 15 July, the operation included the sale of Elecnor's two Earth observation satellites, Deimos-1 and Deimos-2, to UrtheCast as well as a number of other auxiliary agreements.

Moreover, taking advantage of the low interest rates and overall favourable financial markets, Elecnor signed a novation to modify certain terms and conditions of the syndicated financing originally arranged for an amount of Euros 600 million with 19 Spanish and international financial institutions in July 2014. Under this novation, maturity was extended by one year, up to July 2020, and the spread terms were substantially improved on those originally agreed for this financing. The limit of Euros 600 million was maintained, divided between two tranches: one loan tranche of three hundred million Euros and a revolving credit facility for the same amount.

During 2015 an agreement was reached with the lender banks of the project financing for the two solar thermal plants in Alcázar de San Juan (Ciudad Real) in which the Elecnor Group is participating. Under the agreement, the financing was adapted to reflect the new situation surrounding the renewables sector in Spain in light of the regulatory changes implemented. Specifically, these new financing conditions include an extension to the loan repayment term and a reduction in the spread applied.

2. BUSINESS MODEL AND ECONOMIC BACKDROP

2.1. Business model

Elecnor is a global corporation based in Spain, with sales in 53 countries and two key businesses which complement and enrich each other:

- **Infrastructure**: engineering, construction and service projects, focusing on the electricity, power generation, telecommunications and systems, facilities, gas, construction, maintenance, environment and water, rail and space sectors.
- **Concessions and Investments**: rendering services by investing in power generation assets, primarily in the wind and solar thermal segments, energy transmission systems and other strategic assets.

2.2. Economic backdrop

2.2.1. Global economy

According to the International Monetary Fund, economic activity remained subdued in 2015 and is estimated to have grown at a rate of 3.1% compared with the 3.4% achieved in 2014. The emerging economies, which account for a large portion of global growth, declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook: the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services; lower prices for energy and other commodities and, lastly, a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy.
In the Euro area, economic recovery persevered during the latter part of the year, driven by greater domestic demand, in the face of slowing exports and business investment deriving from a less favourable external environment. Monetary policy accommodation, low energy prices – which increase real disposable household income and corporate profits- and the somewhat more expansive tone of fiscal policy have offset the increasing weakness in demand from emerging economies and the moderation in world trade. Indeed, according to Eurosystem forecasts, Eurozone GDP will grow by 1.5% in 2015 compared with 0.9% growth in the prior year.

2.2.2. Elecnor's key markets

2.2.2.1. Spain

Activities in the last quarter of the year were slightly more favourable than anticipated in September, leading to an upwards revision (of one decimal point) to 3.2% in the estimated average GDP growth for 2015 (according to the Banco de España Economic Bulletin, December 2015).
In 2016 activities are expected to continue to be dynamic, although growth rates are forecast to be somewhat lower than those observed in recent quarters. Specifically, according to the government, GDP is set to increase on average by up to 2.8% in 2016, whilst the IMF puts growth at a slightly lower 2.7%.
The year-on-year CPI decrease has tailed off in recent months, from a negative 0.9% in September to a negative 0.3% in November, to 0% at year end. This performance has mainly been attributable to the effect of the trend in oil prices on the energy component of the index.

Capital goods: at the end of the third quarter in 2015 (latest known data), investment in capital goods was 10.6% higher than in the same period in 2014, compared with the 9.9% witnessed during the second quarter.

Infrastructure: According to data from the Ministry of Public Works, public works totalling Euros 10,237 million were put out to tender during 2015, around 21.3% less than in 2014.
Of this amount, 70% comprised civil engineering works, 28% related to non-residential construction and 2% derived from residential building.

Energy: According to the REE electricity system report for 2015, the most significant aspect of balancing in the Spanish electricity sector during 2015 was the growth in demand on the prior year, following four consecutive years of decline. Renewable generation decreased during the year, essentially on account of the drop in hydroelectric production.
Electricity generation in Spain rose slightly (up 0.4% on the end of 2014), with installed capacity standing at 108,299 MW.
Mainland installed capacity maintained a similar structure to the prior year, with variations witnessed solely in hydroelectricity (20.2% of total mainland installed capacity, compared with 19.5% in 2014), and fuel gas, which has been eliminated from the structure of installed capacity.
In terms of demand, coal became the second most-used source, covering 20.3% of demand (16.5% in 2014), displacing wind power to third most-used source.
Despite their continued major role in electricity generation, renewable energies fell by around five points on the prior year, due to fluctuations in hydroelectric and wind production, which decreased by 28.2% and 5.3%, respectively, during the year. Nevertheless, wind technology represented the largest contribution to total mainland production in February and May.

2.2.2.2. Latin America

Latin America, where the more advanced countries have proven to be alternative markets for Spanish companies during the low points of the crisis, presents the worst growth outlook in the short term. The World Bank (WB) has estimated that the regional economy as a whole shrank by 0.9% in 2015. This organisation has forecast zero growth for 2016, whereas the IMF is even more pessimistic and foresees a 0.3% contraction.

In **Brazil**, the low commodity prices, high inflation, major fiscal imbalances and political crises have set the tone for the economy during the last year, with GDP expected to drop by 3.7%, according to WB forecasts. The IMF has projected that the Brazilian economy will drop a further 3.5% in 2016, to recover to 0.0% in 2017.
In energy, according to the National Wind Energy Association (ABEEólica), installed wind capacity is scheduled to reach 9 GW in Brazil by the end of 2015. There are currently 202 wind farms in operation, with a further 378 under construction. Nevertheless, clean energy investment is estimated to have slipped by 10% during 2015.
Investment in infrastructure had fallen by 46% at the end of the first half of 2015 (latest known data), according to the Inter-American Development Bank (IDB).

Mexico: The Mexican economy grew by an estimated 2.5% in 2015, according to the WB. The IMF projects that growth will gather pace to reach 2.6% and 2.9% in 2016 and 2017, respectively.
Investment in clean energy production projects in Mexico set a new record in 2015 to total US Dollars 3,900 million, according to the Bloomberg New Energy Finance report, up 4% on the figures for 2014.
The report noted that investments were made to increase the generation capacity of wind and solar facilities by 64 gigawatts and 57 gigawatts, respectively, representing an overall increase of 30% in renewables compared with the 2014 close.
According to the Inter-American Development Bank (IDB), Mexico has until recently presented the lowest relative levels in terms of investment in infrastructure out of 16 Latin American and Caribbean countries. In recent years, public and private investment earmarked for road construction and electricity, water and health infrastructure, inter alia, barely accounted for 1.5% of Mexican GDP, just over half of the 2.8% average for the region.
To address this situation, President Enrique Peña Nieto launched the National Infrastructure Programme for 2014-2018 (NIP), an initiative aimed at constructing, modernising and maintaining the country's infrastructure. This ambitious plan encompasses 743 investment programmes and projects and will entail an estimated investment of Mexican Pesos 7.7 billion (around US Dollars 415,000 million) in seven key sectors: communications and transport, energy, hydroelectricity, health, tourism and urban development and residence.

Chile: According to the IMF, Chile had achieved 2.1% growth by the end of 2015, two decimal points less than forecast. The IMF has forecast the same level of growth for 2016.
In the field of energy, renewable installed capacity in operation in Chile totalled 2,633 MW (including projects in test stages) in late 2015, whilst capacity under construction stood at 2,815 MW. The necessary environmental permits have been extended for an additional 18,065 MW, with a further 5,814 MW pending approval. The main sources of operating capacity are wind power (904 MW); photovoltaic (848 MW); and mini-hydroelectric and biomass (417 MW each). However, solar power clearly represents the largest share of facilities under construction, with 2,195 MW.

Venezuela: GDP was down by 5.7% at 2015 close. Inflation rose by 34.6% in the last quarter of 2015, resulting in a 180.9% accumulated increase in prices throughout the prior 12 months. This situation is largely attributable to the effects of the fall in oil prices, which has significantly impacted the country's macroeconomic data.

Peru grew by an estimated 2.8% in 2015, according to government data. Growth is expected to increase to 3.4% in 2016.
At present, renewable energy in Peru represents barely 3.5% of the country's electricity generation.
In infrastructure, the Supervisory Body of Investment in Infrastructure of Transport for Public Use (Ositran) estimated that investments made during 2015 through the 31 concessions that it oversees rose to US Dollars 873 million (up 20.6%), compared with US Dollars 723 million in 2014.

2.2.2.3. North America

United States: Economic activity in the United States slowed down in the second half of 2015, after a solid recovery in the first half of the year. At the end of the year, GDP rose 2.4%, as in 2014. The downturn in the latter half of 2015 was largely because consumer spending, which represents almost two thirds of economic activity in the United States, fell short of expectations, growing at a rate of 2.2% compared with the previous rate of 3%. The above notwithstanding, household expenditure continues to be the main driver of the recovery, favoured by the growth in employment, nominal wages and real disposable income, in a climate of falling oil prices and inflation, as well as the favourable credit terms and the improvement in household balance sheets.

Canada: According to the IMF, the decline in investment in the oil industry, as a result of the sharp fall in crude oil prices, was also a primordial factor in Canada's economic downturn, with economic activity contracting slightly during the first two quarters of 2015, to end the year with a positive rate of around 1%. According to the IMF, Canada's GDP could increase by 1.7% in 2016 and 2.1% in 2017.

2.2.2.4. Africa

The average annual growth of Sub-Saharan Africa is estimated at 4.2% for 2015, lower than the 4.6% rate achieved in 2014. This difference is due, above all, to the loss of momentum by two major producers and exporters of oil, Angola and Nigeria, in addition to South Africa. Despite the deceleration of the main African economies, the GDP of the region is expected to recover, reaching 4.6% and 5% in 2016 and 2017, respectively. These advances will be driven by domestic demand, supported by the current investments in infrastructure and private consumption, which, in turn, are a result of the fall in oil prices. External demand is also expected to support this growth, due to the improved outlooks for high-income economies.

As regards Elecnor's main markets in Africa, according to World Bank data **Angola's** GDP would have ended 2015 with an increase of 3.0%, when in 2014 it closed with 3.9%. For 2016, the Angolan government has itself forecast a recovery of 3 decimal points to 3.3%.

In the Maghreb region, **Algeria** is on the alert in the face of plummeting oil and gas prices, a threat to this country given that oil and gas jointly represent 97% of exports, 30% of GDP and 60% of domestic income.

2.2.2.5. Australia

From 2008 to 2014 Australia maintained relatively high growth rates, averaging 2.6%. The main origin of this sustained dynamism was the behaviour of the mining sector during the past decade, which grew from representing 2% of GDP to 8% and which contributed to the growth of up to 13% of the per capita income. In fact, Australia was one of the few developed countries that did not even enter into a technical recession when the international financial crisis broke.

However, the Australian economy is currently in transition, partly due to the fall in the price of raw materials. This adjustment is reflected in a fall in the year-on-year growth rate to approximately 2% recognised in the second quarter of 2015, the most recent known data, as well as in the decline in per capita income, a minimal growth in salaries and a rate of unemployment of over 6% compared with the 5% recognised during the boom years.

In view of this panorama, the Australian Central Bank decided to cut interest rates twice in 2015 to 2%, the lowest rate of the last two decades, and its currency has depreciated by approximately 25% with respect to the US Dollar to boost the economy.

3. ANALYSIS OF THE KEY PERFORMANCE INDICATORS FOR THE YEAR

3.1. Consolidated data

Elecnor Group
At 31 December for each year and in thousands of Euros

	2015	2014	Variation
Results			
Results from operating activities	124,433	134,838	-8%
EBITDA	224,310	228,846	-2%
Profit before tax	128,760	115,954	+11%
Profit for the year	90,333	71,004	+27%
Profit attributable to non-controlling interests	24,671	12,462	+98%
Profit attributable to the Parent	65,662	58,542	+12%
Equity			
Equity	740,371	809,736	-9%
Revenue			
Sales	1,881,143	1,723,728	+9%
Domestic	851,500	794,539	+7%
International	1,029,643	929,189	+11%

3.1.1. Net profit

Consolidated net profit for the year was **Euros 65.7 million**, an **increase of 12.2%** on 2014.
The key factors that contributed to the positive performance of the consolidated result for 2015 compared to the prior year, are:

- The positive contribution of most of the Group companies that operate in external markets.
- The gain generated on the exportation of the Group's two earth observation satellites, Deimos-1 and Deimos-2, as part of the strategic alliance agreed last June with the Canadian group UrtheCast.
- The strong performance of the domestic market in terms of both business volume and profitability.
- The sound levels of output by the wind farms managed by the Group in Spain helped by the prices achieved in the Mercado Ibérico de Electricidad (MIBEL).

This growth in PAT has been achieved despite the Group attributing only 51% of the profit generated by its transmission network businesses in Brazil and Chile and its Canadian wind business following the agreements reached in the second half of 2014 for the entry of strategic partners in these businesses. In the prior year, 100% of the profit was attributable to the Group. It has also been possible, despite the implementation costs incurred in those countries in which the Group has commenced its operations in recent years, especially in the United States. Both factors, strategic alliances with partners and implementation costs in priority markets are expected to generate profits in the medium term.
The Group has also continued to place special emphasis on its policies for the control and restriction of costs, on which all the Group companies are working on an ongoing basis, but particularly under current market conditions. This has also contributed to mitigating the impact of the aforementioned factors. In this context, the Group has made a significant effort to adapt the use of resources in its activities to the current economic climate.
The profit before tax of the Parent of the Group, Elecnor, S.A., declined by 7.5% in 2015 to Euros 36.4 million. This effect is because in the previous year, Elecnor, S.A. released the provision made in connection with its investee Celeo Concesiones e Inversiones. However, the reversal has not been matched by the increased dividends received by the Parent this year (Euros 18.5 million compared with Euros 9.3 million in 2014) and the different projects performed through the companies located abroad to optimise the structures of the Group.

3.1.2. EBITDA

The Elecnor Group's consolidated EBITDA amounted to **Euros 224.3 million.** This figure – almost the same level as in 2014 – was possible despite the negative impact on the consolidated income statement of unfavourable performance by the currencies of the key countries where the Group operates. The same factors that determined the trend in consolidated profit helped to mitigate these circumstances.

This amount was also affected by application of IFRIC 12 regarding Service Concession Agreements to the transmission lines operated by the Group in Brazil. Based on this interpretation, only income relating to maintenance and operation of the transmission lines is recorded as operating income. Had this standard not been applied, EBITDA would have been **Euros 49.2 million higher** than the aforementioned total of Euros 224.3 million.

3.1.3. Sales

Consolidated sales for 2015 amounted to **Euros 1,881 million,** a rise of **9.1%** on 2014. This was due to:

- The good performance of Group companies operating in foreign markets and especially in Australia, due to an important photovoltaic project for Moree Solar Farm, construction of one of the segments of the Southern Peru Gas Pipeline (GSP) and the volumes achieved by the Scottish company IQA and the US company Hawkeye.
- The revenues generated by the Elecnor branch in Jordan through construction of a wind farm.
- The good energy generation figure for Spanish wind farms, bolstered by the prices obtained on the Iberian Electricity Market (MIBEL).
- The good performance of the Group's traditional infrastructure business in the domestic market.

With regard to the distribution of revenue by geographical area, the international market accounts for **54.7%** and the domestic market **45.3%**. These data reflect the Elecnor Group's commitment to internationalisation as a driver of growth in the coming years, without neglecting the domestic market.

3.1.4. Order backlog

At the end of 2015, the order backlog stood at **Euros 2,502 million.** By markets, international orders amounted to **Euros 2,095 million (84% of total)**, while domestic orders accounted for **Euros 407 million** or 16% of the total backlog.

3.2. 2015 sales by activity

Elecnor Group

At 31 December for each year and in thousands of Euros

Geographical regions	2015	2014	Variation
Domestic	851,500	794,539	+7%
International	1,029,643	929,189	+11%
	1,881,143	**1,723,728**	**+9%**

Activity	2015	2014	Variation
Electricity	540,512	640,583	-16%
Facilities	127,779	117,301	9%
Gas	121,361	104,272	16%
Power generation	471,281	325,130	45%
Railways	43,025	31,789	35%
Construction, environment and water	160,924	142,236	13%
Telecommunications infrastructures	201,407	185,203	9%
Telecommunications systems	49,948	38,866	29%
Maintenance	164,906	138,348	19%
	1,881,143	**1,723,728**	**+9%**

The principal activity in the year in terms of turnover, as in prior years, was **electricity**, which generated Euros 540 million. However, it was closely followed by **power generation**, as this activity grew significantly in the year as a result of major projects relating to plants developed abroad.
Notably, the telecommunications systems, maintenance and railways activities, among others, grew significantly with respect to the prior year.

4. STOCK MARKET PERFORMANCE

	2015	2014
Closing share price (€)	8.23	8.50
Total number of shares traded (millions)	5.7	5.7
Total cash traded (€ millions)	50.2	60.0
Number of shares (millions)	87.0	87.0
Market capitalisation (€ millions)	716.0	739.5
Price to earnings ratio (PER)	10.9	12.6
Dividend yield	2.9%	2.1%

Elecnor closed at **Euros 8.23 per share**, down 3.2%, but noticeably outperforming the Ibex-35, which dropped 7.1%. The effective volume traded was Euros 50.2 million. Market capitalisation was Euros 716 million, and the price to earnings ratio (PER) was 10.9.
The dividend yield was **2.9%,** compared to 2.1% in 2014.

5. CAPITAL MANAGEMENT POLICY

A fundamental part of Elecnor's policy is to observe a policy of financial prudence. The capital structure is defined by the commitment to solvency and the objective of maximising shareholder returns.

6. FINANCIAL RISK MANAGEMENT

Elecnor is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration, limitation and supervision systems. Financial risk management and containment is performed on a coordinated basis by corporate management and the various business units and subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

The first risk to be mitigated arises from the transactions that the Group performs on the international markets in the course of its business, namely market risk due primarily to foreign currency risk. Certain income and procurement costs are denominated in currencies other than the Euro. For this reason, the risk of fluctuating exchange rates of these currencies could have an impact on the Group's profits. In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations. The instruments used to achieve this hedging are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

Interest rate fluctuations change the fair value of assets and liabilities that bear interest at fixed rates and the future flows from assets and liabilities tied to floating interest rates. Elecnor has arranged borrowings to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, thermosolar projects and electricity infrastructure concessions, which it does under project financing arrangements. Under financing of this nature, interest rate risk must be hedged contractually by arranging interest rate hedging instruments. In the case of both project and corporate financing, borrowings are arranged nominally at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt instruments and are limited to the same nominal value as the latter and the same maturity dates as the hedged items, are essentially IRSs, the aim of which is to convert loans originally arranged at variable rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

The Group is also exposed to the risk that cash flows and profits may be affected by changes in energy prices, among other factors. In order to manage and minimise this risk the Group occasionally uses hedging strategies.

Also, liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US dollar deposits, through leading banks in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurrent international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Markets and Competition Commission (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, Ltda., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Indios Energía, S.A. (Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate for a period of 20 years and, similarly, the Brazilian electricity infrastructure concession operators have electricity distribution agreements with customers with a high credit rating which, together with the restrictions imposed by the transmission system itself, eliminate the possibility of any non-payment.

With regard to transmission lines, specifically those operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system, these companies deposit a guarantee. In the event of default, the guarantee is executed and they are immediately disconnected from the system, with the payment obligation distributed between the remaining system users. The concession holder's collections are therefore guaranteed by the national electricity system.

The transmission lines in Chile belong to the main transmission system. The Centro de Despacho Económico de Carga for the corresponding system – either CDEC-SIC (Central Interconnected System) or CDEC-SING (Far North Interconnected System) – is responsible for coordinating the flow of payments from generators to transmission entities. The guarantee for collection within the main transmission system is based on

a protocol whereby the CDEC, in the event of default, disconnects the non-paying generator and distributes the payment obligation between the remaining generators connected to the system.
An economic scenario such as the present one is considered an overriding risk compared to other financial risks. Faced with this situation, Elecnor continues to step up the measures taken to mitigate this risk, regularly analysing its exposure to credit risk and recognising impairment as required.
Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the income statement.

7. ENVIRONMENT

In response to the environmental impact that its activities can have, Elecnor has defined and applied remedial measures to limit said impact. Elecnor has also incorporated activities into its businesses which contribute to protecting the natural environment and its resources. These measures include generation of renewable power, treatment and recycling of water and energy efficiency in all its activities. The Group's environmental management strategy, as a key part of its integrated management system, is governed by the following principles of action:

- Constantly seeking to balance financial profitability and environmental protection, resulting in focuses whereby the two concepts reinforce each other mutually.
- Considering environmental factors when making investment decisions regarding new projects and when studying activities to undertake.
- Improving awareness among employees through appropriate training and implementing efficient action protocols to minimise potential damage in the event of incidents.
- Involving other stakeholders (shareholders, customers, suppliers and society in general) in the ongoing search for useful solutions to the challenge of protecting the environment and energy resources.
- Improving environmental and energy management, quantifying and verifying emissions of greenhouse gases generated by its activities and designing business strategies that take this into account, including objectives to reduce greenhouse gas emissions, thus contributing to the fight against climate change.

8. HUMAN RESOURCES

Personnel
Elecnor Group

At 31 December each year	2015	2014	Variation
Domestic	7,535	7,077	6%
International	5,205	5,402	-3%
	12,740	**12,479**	**2%**

People are Elecnor's main asset. Accordingly, the Group bases its general strategy on values such as talent, transparency and teamwork under conditions of the highest possible levels of safety. Occupational health and safety is therefore a part of all the activities carried out by the Group. Part of the Group's culture is its commitment to health and safety. This commitment goes beyond legal requirements and customers' requests, with clear and demanding objectives: no accidents and no tolerance of failure to comply with the health and safety measures established by the Company.
At the end of 2015 the Group's workforce had increased by 261 (+2.1%), to 12,740 employees. The main reason for the increase in the workforce in the domestic market relates to the Telecommunications Infrastructure and Maintenance activities, due to the contracts arranged in the final part of the prior year. The decline in the number of people working in the international market is due to the completion of transmission line construction project in Brazil and Chile.

9. R&D&I

Over the course of 2015, significant changes have been made to the corporate R&D&i Management System, to promote creation of projects, optimise the return on investments, align R&D&i with development of new businesses and increase the added value of the services rendered by the Elecnor Group. The changes have primarily focused on improving corporate tools and consolidating the Group's culture of innovation. Initiatives included:

- Launching a new competition model: INNOVA. In comparison to prior models, INNOVA focuses more closely on utilising results, offers improved financing, allows for greater flexibility for participants and for the first time there are financial prizes for the personnel that produce the best projects.
- Organising creative workshops, coordinated by the R&D&i Management Unit within the Group's key organisations, primarily focused on detecting requirements and improving processes.
- Certificates for the R&D&i management systems of Elecnor S.A. and Audeca have been maintained and work its being performed to adapt to the new UNE 166.002:2014 standard.
- The strategic R&D&i lines have been updated to align them with creation of new businesses.

10. EVENTS AFTER THE REPORTING PERIOD

No events have taken place between the end of the 2015 reporting period and the authorisation for issue of these annual accounts that could constitute a material change in the fair presentation of the financial statements of Elecnor, S.A. or of the subsidiaries that comprise the Group.

11. OUTLOOK FOR 2016

11.1. Economic backdrop

According to the International Monetary Fund "World Economic Outlook" report published on 19 January, developed economies are expected continue to recover slowly and at different rates, with gaps between GDP growth continuing to narrow gradually. The slowdown and rebalancing of the Chinese economy, drops in commodity prices and tension in key emerging market economies will continue to curb the outlook for growth in 2016 and 2017. Projected growth in the coming two years reflects a forecast of gentle improvement in growth rates of countries that are undergoing economic stress (especially Brazil, Russia and some Middle Eastern states). However, these assumptions are not free from risk. The IMF's projections are for global growth of 3.4% in 2016 and 3.6% in 2017, compared to an estimate of 3.1% for 2015. Growth in developed economies is expected to pick up by 0.2 percentage points in 2016 and maintain that rate in 2017. Growth in Japan is also expected to consolidate in 2016 as a result of support from the country's monetary authorities, the fall in oil prices, favourable financial conditions and increased revenues.

In the Eurozone, an upturn in consumer spending, driven by cheaper oil and beneficial financial conditions, is offsetting the decline in net exports. Growth in emerging markets and developed economies is forecast to accelerate from 4% in 2015 to 4.3% in 2016 and 4.7% in 2017.

11.2. Elecnor Group

Assuming that Spain maintains a stable regulatory framework for both renewable energy and taxation in 2016, the Elecnor Group is expected to continue along the path of growth it returned to in 2013, following a number of reforms concerning renewable energy in Spain which significantly affected the Group's financial statements. Corporate Net Financial Debt at year end 2015 amounted to Euros 280 million, compared to almost Euros 350 million at the end of the prior year. The Net Financial Debt/EBITDA ratio for the Restricted Group was 2.20, well below the limits set by the financing covenants. However, these circumstances mean that the profits generated by these businesses are partially attributed to these shareholders, thus affecting the net profit attributable to the Elecnor Group.

Elecnor continues to base its strategy on growth in the international market through projects currently in its portfolio that require several years to fully develop. In addition – with the measure of circumspection required by the current political uncertainty – the recovery in the domestic market appears to have been confirmed, which should contribute to growth objectives being met. In light of this, the Group has continued to improve its corporate and productive structure, adapting it to the volume of activity in the various businesses it carries out in Spain and abroad. This will boost profitability, productivity and competitiveness within the aforementioned environments.

Based on the foregoing and supported by a robust backlog of projects, as explained in section 3.1.5., the Elecnor Group heads into 2016 with the goal of surpassing the revenues and results it achieved in 2015.

12. SHARE CAPITAL AND ACQUISITION OF OWN SHARES

At 31 December 2015 the share capital of Elecnor, S.A. was represented by 87 million subscribed and fully paid ordinary bearer shares of Euros 0.10 par value each.
The shares of Elecnor, S.A. are listed in the Spanish stock market interconnection system (SIBE), on which the shares of most of the largest Spanish companies with the highest trading volumes are listed.
At 31 December 2014 Elecnor, S.A. held 2,471,032 own shares. Over 2015 it acquired 246,633 shares and sold 234,555 shares. Consequently, at 31 December 2015 it held a total of 2,483,110 own shares. This means that own shareholdings have gone from 2.84% of total share capital at the beginning of the year to 2.85% at 2015 year end.

13. RELATED PARTY TRANSACTIONS

For information on related party transactions pursuant to article 15 of Royal Decree 1362/2007, we refer to the disclosures in the notes to the consolidated financial statements for the year ended 31 December 2015.

14. ANNUAL REPORT ON CORPORATE GOVERNANCE

In accordance with the statutory obligations issued by the CNMV and the form issued by it, the board of directors of Elecnor, S.A. has drawn up the annual report on corporate governance for the year ended 31 December 2015. This report is available on the website of the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores).

ECONOMIC PROFILE OF ELECNOR, S.A. 2015

elecnor

Elecnor, S.A.

BALANCE SHEET

at 31 december 2015 and 2014

(Thousands of Euros)

ASSETS	2015	2014
NON CURRENT ASSETS	**983,217**	**964,316**
Intangible Assets	**2,176**	**2,550**
Administrative Concessions	45	46
Goodwill	1,031	1,031
Software	928	924
Other intangible assets	172	549
Property, Plant and Equipment	**44,842**	**36,733**
Land and buildings	16,392	10,184
Plants and other Items fo Property, Plant and Equipment	28,450	26,549
Investments in group companies and associates	**908,064**	**902,326**
Equity instruments	872,622	879,869
Loans to companies	35,442	22,457
Non current financial investments	**2,057**	**2,342**
Loans to third parties	18	24
Financial Derivatives	222	361
Other financial assets	1,817	1,957
Deferred tax assets	**26,078**	**20,365**
CURRENT ASSETS	**818,720**	**823,330**
Non-current assets held for sale	**3,766**	**1,779**
Inventories	**13,909**	**20,725**
Raw materials and other supplies	4,565	687
Short cycle finished goods	1,361	-
Advances to suppliers	7,983	20,038
Trade and other receivables	**657,308**	**689,217**
Trade receivables	591,774	612,155
Receivable from group companies and associates	42,217	59,911
Other receivables	5,549	1,721
Personnel	62	85
Current income tax assets	6,335	1,315
Other receivables from Public Administrations	11,371	14,030
Investments in Group companies and associates	**30,294**	**13,393**
Loans to companies	28,447	10,123
Other financial assets	1,847	3,270
Current financial investments	**2,752**	**640**
Loans to companies	8	30
Debt securities	-	22
Other financial assets	2,744	588
Accruals	**462**	**938**
Cash and cash equivalents	**110,229**	**96,638**
Cash	110,141	45,150
Cash equivalents	88	51,488
TOTAL ASSETS	**1,801,937**	**1,787,646**

The accompanying notes form an integral part of the annual accounts.

EQUITY AND LIABILITIES	2015	2014
EQUITY	**527,658**	**533,668**
CAPITAL AND RESERVES		
Share Capital	**8,700**	**8,700**
Issued Capital	8,700	8,700
Reserves	**518,869**	**520,564**
Legal and statutory reserves	1,743	1,743
Other reserves	517,126	518,821
Treasury shares and equity investments	**(22,341)**	**(22,264)**
Profit / loss of the year	**36,432**	**39,408**
Interim dividend	**(4,350)**	**(4,193)**
UNREALISED ASSET AND LIABILITY REVALUATION RESERVE		
Hedging instruments	**(9,652)**	**(8,547)**
NON CURRENT LIABILITIES	**312,384**	**311,356**
Borrowings	**306,695**	**305,544**
Bank borrowings	291,113	290,203
Obligations under finance leases	6,037	6,426
Derivates	9,545	8,915
Borrowings from group companies and associates	**2,000**	**2,000**
Deferred tax liabilities	**3,689**	**3,812**
CURRENT LIABILITIES	**961,895**	**942,622**
Short-term provisions	**27,371**	**18,476**
Borrowing	**117,425**	**109,142**
Obligations and other securities	99,419	98,800
Bank borrowings	8,829	1,872
Obligations under finance leases	368	377
Derivates	3,536	2,831
Other financial liabilities	5,273	5,262
Borrowings from group companies and associates	**16,109**	**5,495**
Trade and other payables	**800,990**	**809,509**
Suppliers	307,719	303,546
Suppliers group companies and associates	4,864	8,978
Other payables	30,648	36,138
Employee benefits payable	16,802	8,686
Current tax liabilities	2,533	-
Other payables to Public Administrations	30,263	30,543
Customer advances	408,161	421,618
TOTAL EQUITY AND LIABILITIES	**1,801,937**	**1,787,646**

Elecnor, S.A.

INCOME STATEMENTS

for the years ended 31 december 2014 and 2013

(Thousands of euros)

	2015	2014
CONTINUING OPERATIONS		
Net turnover	**1,075,406**	**972,560**
Revenues	1,075,406	972,560
Changes in inventories of finished goods	**(739)**	**-**
Work performed by the entity and capitalised	**543**	**1,360**
Supplies	**(571,346)**	**(478,094)**
Consumption of raw materials and other consumables	(319,902)	(238,498)
Work performed by third parties	(251,444)	(239,596)
Other operating income	**6,825**	**8,578**
Ancillary income	5,736	7,766
Grants related to income	1,089	812
Personnel expenses	**(314,511)**	**(294,100)**
Wages, salaries and other	(237,814)	(231,092)
Social security costs	(76,697)	(63,008)
Other operating expenses	**(179,154)**	**(172,137)**
External services	(144,778)	(147,550)
Taxes	(6,745)	(6,230)
Losses on, impairment of and change in trade provisions	(25,721)	(16,174)
Other operating expenses	(1,910)	(2,183)
Depreciation and amortisation	**(5,703)**	**(7,618)**
Impairment losses and gains/losses on disposal of non current assets	**(100)**	**(128)**
Gains/losses on disposals and other gains and losses	(100)	(128)
OPERATING PROFIT	**11,221**	**30,421**
Finance revenues	**22,010**	**15,714**
From equity investments		
- In group companies and associates	18,670	9,262
From trade securities and other equity instruments		
- In group companies and associates	2,654	2,769
- In third parties	686	3,683
Finance costs	**(14,173)**	**(24,405)**
Borrowings from group companies and associates	(367)	(289)
Third-party borrowings	(13,806)	(24,116)
Exchange differences	**4,287**	**(5,877)**
Impairment losses and gains/losses on disposal of financial instruments	**14,973**	**40,119**
Impairment and losses	(5,565)	47,747
Ganis/losses on disposal and others	20,538	(7,628)
FINANCIAL GAINS	**27,097**	**25,551**
PROFIT BEFORE TAX	**38,318**	**55,972**
Income tax	(1,886)	(16,564)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**36,432**	**39,408**
PROFIT FOR THE YEAR	**36,432**	**39,408**

Publishing and Editing:
Communications Unit

Design and layout:
JLC diseño gráfico

Photography:
Elecnor archives

Printing:
Graymo

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