AENA, S.A.

Financial Statements and Directors' Report for the financial year ended 31 December 2015.

Table of Contents

Aena, S.A.

BALANCE SHEET AS AT THE 31st OF DECEMBER 2015 AND 2014
(Expressed in thousand euro)

ASSETS

	Note	2015	2014
NON-CURRENT ASSETS			
Fixed intangible assets	**6**	**91,698**	**95,800**
Development		375	640
Fixed intangible assets, concession agreement		12,197	12,899
Software		37,870	42,435
Other fixed intangible assets		3,520	4,260
Property, plant and equipment under construction		37,736	35,566
Property, plant and equipment	**7**	**14,697,883**	**15,398,801**
Land and buildings		12,240,126	12,518,553
Plant and machinery		439,753	476,375
Other facilities, tools and furnishings		1,870,989	2,091,936
Other fixed assets		1,896	2,742
Property, plant and equipment under construction		145,119	309,195
Investment properties	**8**	**165,265**	**131,388**
Land and buildings		164,812	130,534
Other installations		453	854
Long-term investments in group and associated companies		**165,032**	**221,020**
Equity instruments	**11**	165,032	165,154
Credit to companies	**10-12**	-	55,866
Long-term financial investments	**10-11**	**54,421**	**43,745**
Equity instruments		180	180
Other financial assets		54,241	43,565
Deferred tax assets	**22**	**120,642**	**96,821**
TOTAL NON-CURRENT ASSETS		**15,294,941**	**15,987,575**
CURRENT ASSETS			
Inventories	**17**	**6,084**	**6,669**
Trade and other receivables		**431,842**	**301,149**
Trade receivables for sales and services rendered	**10-13**	298,799	249,431
Trade debtors, group and associated companies	**10/12/2013**	318	663
Sundry debtors	**10-13**	7,428	7,506
Staff	**10-13**	522	1,458
Current tax assets	**22**	107,840	-
Other receivables from public administrations	**13-22**	16,935	42,091
Short-term investments in group and associated companies	**10-12**	**52,992**	**196,701**
Credit to companies	**12**	52,992	196,101
Holdings in associated companies	**10-11**	-	600
Short-term financial investments	**10-14**	**2,658**	**2,540**
Credit to companies		489	502
Other financial assets	**10-11**	2,169	2,038
Short-term accruals and prepayments	**20**	**6,903**	**5,145**
Cash and other similar liquid assets	**18**	**510,784**	**249,309**
TOTAL CURRENT ASSETS		**1,011,263**	**761,513**
TOTAL ASSETS		**16,306,204**	**16,749,088**

Notes 1 to 29 of the attached report are an integral part of these annual financial statements

Aena, S.A.

BALANCE SHEET AS AT THE 31st OF DECEMBER 2015 AND 2014
(Expressed in thousand euro)

NET EQUITY AND LIABILITIES	Note	2015	2014
NET EQUITY			
Own equity	**19**	**4,282,312**	**3,470,578**
Share capital	**19a**	1,500,000	1,500,000
Share premium	**19b**	1,100,868	1,100,868
Legal Reserves	**19b**	103,225	58,008
Other reserve	**19b**	766,543	359,533
Profit for the year	**19c**	811,676	452,169
Valuation change adjustments	**19d**	**(55,427)**	**(4,951)**
Coverage transactions		(55,427)	(4,951)
Subsidies, donations and legacies received	**7-19e**	**457,687**	**486,301**
TOTAL NET EQUITY		**4,684,572**	**3,951,928**
NON-CURRENT LIABILITIES			
Long-term provisions	**21**	**1,153,368**	**1,132,851**
Long-term obligations for benefits to personnel		7,984	8,263
Environmental action		108,958	112,749
Other provisions		1,036,426	1,011,839
Long-term deposits received	**10**	**63,605**	**47,018**
Long-term debt	**10**	**47,332**	**17,647**
Financial lease creditors		15,366	16,872
Derivatives		31,396	-
Other financial liabilities		570	775
Long-term debt in group and associated companies	**10-11-12-15**	**8,309,752**	**9,458,026**
Long-term accruals and prepayments	**20**	**166,108**	**204,839**
Deferred tax liabilities	**22**	**157,939**	**169,140**
TOTAL NON-CURRENT LIABILITIES		**9,898,104**	**11,029,521**
CURRENT LIABILITIES			
Short-term provisions	**21**	**119,095**	**267,023**
Short-term debt	**10**	**134,833**	**79,590**
Financial lease creditors		1,506	1,469
Derivatives		40,821	-
Other financial liabilities		92,506	78,121
Short-term debt in group and associated companies	**10-11-12-15**	**1,153,403**	**1,109,389**
Trade creditors and other accounts payable		**278,428**	**276,447**
Suppliers	**10-16**	3	164
Trade creditors, group and associated companies	**10/12/2016**	33,212	36,285
Sundry payables	**10-16**	145,834	162,304
Staff	**10-16**	26,807	26,178
Others debts with Public Administrations	**16-22**	18,720	17,058
Prepayments from customers:	**10-16**	53,852	34,458
Short-term accruals and prepayments	**20**	**37,769**	**35,190**
TOTAL CURRENT LIABILITIES		**1,723,528**	**1,767,639**
TOTAL EQUITY AND LIABILITIES		**16,306,204**	**16,749,088**

Notes 1 to 29 of the attached report are an integral part of these annual financial statements

Aena, S.A.

PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED ON THE 31st OF DECEMBER 2015 AND 2014
(Expressed in thousand euro)

ONGOING TRANSACTIONS	Note	2015	2014
Net turnover	**23b**	**3,244,781**	**3,033,457**
Own work capitalised	**7**	**4,212**	**4,302**
Supplies	**23a**	**(182,822)**	**(181,862)**
Consumption of raw materials and other consumable materials		(1,140)	(626)
Work performed by other companies		(181,682)	(181,236)
Other operating income		**8,313**	**7,852**
Sundry and other operating revenues		6,883	7,241
Operating grants taken to income		1,430	611
Personnel expenses	**23c**	**(321,684)**	**(335,266)**
Wages, salaries and other payroll costs		(252,517)	(241,712)
Social security charges		(95,563)	(95,392)
Provisions		26,396	1,838
Other operating expenses		**(775,075)**	**(740,581)**
Outside services	**23d**	(622,778)	(602,822)
Taxes	**23e**	(147,020)	(143,228)
Losses, impairment and changes in provisions for commercial transactions	**13**	(3,351)	8,117
Other ordinary expenses		(1,926)	(2,648)
Fixed asset depreciation	**6-7-8**	**(786,711)**	**(801,282)**
Release of non-financial fixed asset grants and other	**19e**	**45,928**	**46,729**
Excess provisions	**23g**	**7,913**	**29,445**
Impairment and profit/loss on fixed asset disposals		**(1,849)**	**(8,400)**
Impairments and losses	**8**	-	(6,243)
Profits/losses from disposals and others		(6,835)	(3,684)
Other results		4,986	1,527
OPERATING PROFIT/LOSS		**1,243,006**	**1,054,394**
Financial income	**23f**	**6,985**	**10,142**
From tradable securities and other financial instruments			
- From group and associated companies		276	962
- From third parties		3,789	3,473
Capitalisation of finance charges	**6-7**	2,920	5,707
Financial expenses	**23f**	**(193,866)**	**(407,996)**
- From debts with group and associated companies		(167,698)	(208,212)
- From debts with third parties		(25,005)	(195,219)
- From updating of provisions		(1,163)	(4,565)
Variation in the fair value of financial instruments	**15-19d**	**(25,203)**	**(4,922)**
Exchange differences	**23f**	**(20)**	**(19)**
Impairment and profit/loss from disposals of financial instruments	**23f**	**97**	**-**
FINANCIAL PROFIT/LOSS	**23f**	**(212,007)**	**(402,795)**
PROFIT /LOSS BEFORE TAX		**1,030,999**	**651,599**
Profits Tax:	**22**	(219,323)	(199,430)
PROFIT/LOSS FOR THE FINANCIAL YEAR FROM ONGOING OPERATIONS		**811676**	**811,676**
PROFIT FOR THE YEAR		**811,676**	**452,169**

Notes 1 to 29 of the attached report are an integral part of these annual financial statements

Aena, S.A.

STATEMENT OF CHANGES IN THE NET EQUITY FOR THE FINANCIAL YEAR ENDED ON THE 31st OF DECEMBER 2015 AND 2014
(Expressed in thousand euro)

A) Statement of recognised income and expense

	Note	2015	2014
Profit/Loss of the profit and loss account		**811,676**	**452,169**
Income and expense directly imputed to net equity			
From cash flow hedges		(92,371)	(2,423)
Subsidies, donations and legacies received	**19e**	6,113	27,443
For actuarial gains and losses		77	(149)
Tax effect		24,131	(7,462)
Valuation adjustments Law 27/2014	**22.2**	(2,060)	31,068
Total income and expense directly imputed to net equity		**(64,110)**	**48,477**
Transfers to the profit and loss account			
For cash flow hedges	**19d**	25,203	4,922
Subsidies, donations and legacies received	**19e**	(45,928)	(46,729)
Tax effect		5,803	12,542
Total transfers to the profit and loss account		**(14,922)**	**(29,265)**
TOTAL RECOGNISED INCOME AND EXPENSE		**732,644**	**471,381**

B) Statement of overall changes in net equity

	Issued share capital	Share premium	Prior year losses	Profit/Loss for the year	Legal Reserve	Other reserves	Valuation change adjustments	Subsidies, donations and legacies received	TOTAL
Balance at 01 January 2014	**1,500,000**	**1,100,868**	**(164,585)**	**580,076**	**-**	**2,157**	**(6,515)**	**468,546**	**3,480,547**
Total recognised income and expense	-	-	-	452,169	-	(107)	1,564	17,755	**471,381**
Allocation of prior year loss	-	-	164,585	(580,076)	58,008	357,483	-	-	-
Balance at 31 December 2014	**1,500,000**	**1,100,868**	**-**	**452,169**	**58,008**	**359,533**	**(4,951)**	**486,301**	**3,951,928**
Total recognised income and expense	-	-	-	811,676	-	58	(50,476)	(28,614)	**732,644**
Allocation of prior year profit/loss	-	-		(452,169)	45,217	406,952	-	-	-
Balance at 31 December 2015	**1,500,000**	**1,100,868**	**-**	**811,676**	**103,225**	**766,543**	**(55,427)**	**457,687**	**4,684,572**

Notes 1 to 29 of the attached report are an integral part of these annual financial statements

Aena, S.A.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED AS AT THE 31st OF DECEMBER 2015 AND 2014
(Expressed in thousand euro)

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**1,523,022**	**1,332,738**
Pre-tax profit		1,030,999	651,599
Adjustments to the profit		**982,571**	**1,166,650**
Fixed asset depreciation	**6-7-8**	786,711	801,282
Impairment valuation adjustments		3,351	8,117
Attribution of grants	**19e**	(45,928)	(46,729)
Impairments and losses on fixed assets	**7**	-	6,243
Profit/loss on disposals and sales of fixed assets		6,835	3,684
Profit/loss on disposals and sales of financial instruments		(97)	-
Financial income	**23f**	(6,985)	(10,142)
Financial expenses and exchange rate differences	**23f**	193,886	408,015
Variation in the fair value of financial instruments	**12**	25,203	4,922
Change in provisions		17,816	7,193
Others		1,779	299
Changes in working capital		**(107,042)**	**(51,342)**
Inventories		585	(2,049)
Debtors and other receivables		(43,023)	49,572
Other current assets		(125)	(24,067)
Creditors and other accounts payable		(56,240)	(72,887)
Other non-current assets and liabilities		(8,239)	(1,911)
Other cash flows from operating activities-		**(383,506)**	**(434,169)**
Interest payments		(223,324)	(248,693)
Interest receivable		2745	3,361
Payments/recoveries of corporate income taxes		(162,927)	(188,837)
CASH FLOWS FROM INVESTMENT ACTIVITIES		**(209,187)**	**(315,158)**
Payments for investments		**(238,307)**	**(385,801)**
Fixed intangible assets	**6**	(13,066)	(17,376)
Tangible fixed assets	**7**	(214,066)	(290,379)
Investment properties	**8**	(87)	48
Other financial assets		(11,088)	-
Group and associated companies	**11**	-	(77,998)
Collections from divestments		**29,120**	**70,643**
Group and associated companies		28,699	70,494
Other assets		421	149
CASH FLOWS FROM INVESTMENT ACTIVITIES (III)		**(1,052,360)**	**(769,021)**
Collections and payments from equity instruments		**22,287**	**78,950**
Subsidies, donations and legacies received	**19e**	22,287	78,950
Collections and payments from equity instruments		**(1,074,647)**	**(847,971)**
Issue:			
- Debts with group and associated companies		-	150,000
Others		13,207	3,629
Reimbursement and amortisation of:			
- Debts with group and associated companies		(1,080,128)	(999,558)
Other debts		(7,726)	(2,042)
NET INCREASE/DECREASE OF CASH OR EQUIVALENTS		**261,475**	**248,559**
CASH OR OTHER EQUIVALENT LIQUID ASSETS AT THE BEGINNING OF THE PERIOD		**249,309**	**750**
CASH OR OTHER EQUIVALENT LIQUID ASSETS AT THE END OF THE PERIOD		**510,784**	**249,309**

Notes 1 to 29 of the attached report are an integral part of these annual financial statements

1. Activity

Aena, S.A. (hereinafter the Company) was created by virtue of Royal Decree Law 13/2010 (3 December) which authorises the Council of Ministers to incorporate the Company. The authorisation for effective incorporation took place on 25 February 2011 by resolution adopted by the Council of Ministers on that date authorising the incorporate of the State-owned corporation Aena Aeropuertos, S.A. as provided in Article 166 of Law 33/2003 (3 November) on Public Institution Assets (LPIA).

On 5 July 2014, in virtue of Article 18 of Royal Decree Law 8/2014, the name of Aena Aeropuertos, S.A. was changed to Aena, S.A. and the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" was renamed ENAIRE ("Parent Company").

In accordance with its statutes, the Company's corporate purpose is as follows:

- The organisation, direction, coordination, operation, maintenance, administration and management of the airports of general and State-owned interest and and the heliports and services pertaining to these managed by Aena, S.A.

- The co-ordination, exploitation, maintenance, administration and management of the civil areas of air bases open to civil aviation traffic and joint-use airports.

- The design and development of projects, execution, management and control deriving from the investments in infrastructures and facilities relating to the preceding sections 1 and 2 and in assets intended for the rendering of the airport air traffic services associated with those airport infrastructures.

- The evaluation of needs and, if appropriate, the proposal for planning new airport infrastructures and airport and acoustic rights of way associated with airports and services for which the Company is responsible for managing.

- The performance of organisational and security services at airport facilities that it manages, notwithstanding the authority assigned to the Ministry of the Interior in this respect.

- Training in areas relating to air traffic, including the training of aeronautical professionals that require licenses, certificates, authorisations or ratings and the promotion, reporting or development of aeronautical or airport activities.

In addition, the Company may carry out any other commercial activities that are directly or indirectly related to its corporate purpose, including the management of airport facilities located outside Spain and any associated and supplementary activity that allows yields to be obtained on investments.

The corporate purpose may be carried out by the Company directly or through the creation of mercantile Companies and, specifically, the individualised management of airports may be carried out through Subsidiaries or service concessions.

The integrity of the airport network insofar as its survival ensures the mobility of citizens and economic, social and territorial cohesion in terms of accessibility, adequacy, suitability, sustainability and continuity, was also established in the aforementioned Royal Decree 8/2014. The latter sets out the framework to which the basic airport services are subject and the characteristics and conditions that the said network must boast in order to guarantee the objectives of general interest. Thus, the closure or sale of all or part of any facilities or airport infrastructure necessary to maintain the provision of airport services is prohibited, unless authorised by the Council of Ministers or the Ministry of Public Works, and which authorisation can only be granted provided it does not affect the objectives of general interest that must guarantee the said network or compromise its sustainability; the absence of such authorisation will render the foregoing as a guarantee for the entire maintenance of the state airport network null and void. Airport charges and their key elements, basic airport services and the framework to determine minimum standards of quality, capacity and conditions for the provision of the services and investments required for compliance, as well as the conditions for recovering the costs of providing these basic airport services have been defined (see note 4o).

The company was founded by the issue of 61 shares with a value €1,000 each, fully subscribed and paid-up by the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" that was its sole shareholder at that time. The Public Business Entity “Aeropuertos Españoles y Navegación Aérea” will maintain, in any event, a majority of the share capital of the Company in the terms established by Article 7.1. second paragraph of Royal Decree Law 13/2010 (3 December), and may sell the rest in accordance with Law 33/2003 (3 November) on Public Institution Equity.

The incorporation of the Company was entered into the Trade Register based on the resolution adopted by the Board of Directors Agreement on 23 May 2011, which approved the contribution of the activity to the Company and its measurement, which took place on 31 May 2011.

The Resolution adopted by the Council of Ministers on the 3rd of June 2011 subsequently approved the Company’s share capital increase in order to support the Company’s activity, and in accordance with Article 9 of Royal Decree Law 13/2010 of the 3rd of December, for the capital increase of the company through which the shareholder makes a contribution of all of the assets, rights, debts and obligations associated with the airport and commercial activities and other state services associated with airport management, including the air traffic services at the airport. This capital increase is carried out through a non-cash contribution of capital valued in accordance with the current accounting principles, in particular the Spanish General Accounting Plan approved by Royal Decree 1514/2007 of the 16th of November, subsequently amended by the Royal Decree 1159 / 2010 of the 17th of September.

The functional ownership of the Company falls to the Ministry of Development, together with the authority to propose the appointment of one-third of the members of the Board of Directors.

Aena, S.A., is the beneficiary of the expropriations associated with the infrastructures it manages.

The registered address for Aena, S.A. is located in Madrid, at Arturo Soria St., 109.

The company is the head of a group of subsidiaries and in accordance with current legislation, it is required to separately prepare consolidated accounts. The annual consolidated financial statements of the Aena Group (“Group”), for financial year 2015 were prepared by the Board of Directors on the 23rd of February 2016.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU, hereinafter the "IFRS") and the IFRIC interpretations in force at the 31st of December 2015, as well as the commercial legislation applicable to companies that prepare financial information in accordance with IFRS. In 2012, the company's management decided to make the adaptation to IFRS of the Group's consolidated annual financial statements in order to present the operations and the financial position of the Group in accordance with the IFRS for financial years 2011 and 2012 with the aim of exploring a potential partial divestiture by the ultimate holding company both through private investors as well as through transactions on the capital markets.

Moreover, in the Council of Ministers' meeting of 11 July 2014, the Public Business Entity "ENAIRE" was authorised to initiate proceedings for the sale of the share capital of Aena, S.A. and to dispose of up to 49% of its capital.

This process culminated with the IPO of Aena, S.A. The shares of Aena, S.A. are quoted on the four Spanish stock exchanges and have been traded on the continuous market since the the 11th of February 2015. It was first listed on the Madrid stock exchange after the IPO for 49% of their capital, with a starting price of 58 euro per share. Later on, in June 2015, Aena joined the Ibex 35, an indicator that includes the top 35 Spanish companies listed on the stock exchange.

The price performance of Aena, S.A. during the year 2015 has been very positive, with a revaluation at year end 81.7% to 105.4 euro per share compared to the evolution of the IBEX 35, which fell by 7.9%.

2. Basis of presentation

a) Regulatory framework of the financial information applicable to the company

These annual financial statements have been prepared in accordance with the regulatory framework of the financial information applicable to the company, as set out in:

- The Commercial Law and other mercantile legislation.
- The Spanish General Accounting Plan approved by Royal Decree 1514/2007, its adaptations, the amendments of Royal Decree 1159/2010, of the 17th of September and Order HA/733/2010 of the 25th of March on the accounting aspects of publicly-owned companies that operate under certain circumstances.
- The compulsory standards passed by the Institute of Accountancy and the Audit of Accounts in giving details of the Spanish General Accounting Plan and its supplementary regulations.
- Order EHA/3362/2010, of the 23rd of December, which approved the rules for the adaptation of the Spanish General Accounting Plan to the concessionary companies for public infrastructure.
- Any other applicable Spanish legislation.

b) True and fair view

The attached annual financial statements have been obtained from the company's accounting records and are presented in accordance with the applicable regulatory framework for financial information and particularly with the accounting principles and criteria contained therein, so that they show a true and fair view of the equity, the financial situation, the profit and loss of the company and of the cash flows that occurred during the financial year. These annual financial statements that have been prepared by the Board of Directors on the 23rd of February 2016, will be submitted to the approval of the Shareholders' General Meeting , it being deemed that they will be approved without any modification.

c) Accounting principles applied

These annual financial statements have been presented taking into consideration all the applicable mandatory accounting principles and regulations that have a significant effect on these annual financial statements. There is no mandatory accounting principle that has not been applied.

d) Functional and presentation currency

The annual financial statements are presented in thousands of euro, unless otherwise specified, rounded to the nearest thousand, which is the functional currency and that for presentation of the company.

e) Going concern company

As at the 31st of December 2015 the company had a negative working capital of 712,265 thousand euro (2014: 1,006,126 miles de euro) and a profit for the financial year of 811,676 thousand euro (2014: profit of 452,169 thousand euro). To meet its short-term commitments the company has its own positive operating cash flows, which have helped reduce the negative working capital in the past few financial years and that the company expects to remain positive in the short-term. On the other hand, on the 29th of July 2015 the company took up credit lines with banks for 1,000 million euro to address any specific cash needs, this being available in its entirety at the end of the financial year (see Notes 5c and 15).

Under these circumstances, the company's directors deem that there shall no problems in meeting payment commitments and have therefore formulated these annual financial statements on a going concern basis.

f) Critical valuation aspects and estimation of uncertainty

In the preparation of attached annual accounts estimates made by the company's directors have been used to value some of the assets, liabilities, income, expense and commitments disclosed in these. Basically these estimates refer to:

- The evaluation of possible losses by impairment of certain assets (Note 4a).
- The useful life of tangible and intangible fixed assets and capital investments (Notes 4a, 4b and 4c).
- Recognition of income (Note 4p).
- Determination of current and deferred tax (Note 22)
- Recoverability of deferred tax assets (Note 22)
- The calculation of provisions (Note 4j and 4k)
- The market value of certain financial instruments (Note 4f).

Some of these accounting policies require the application of a significant degree of judgement by Management in selecting the appropriate assumptions to calculate these estimates. These assumptions and estimates are based on their past experience, advice received from expert consultants, projections and other circumstances and expectations at the end of the year. Management's evaluation and agreement is taken into consideration with respect to the overall economic situation of the industry in which the Group operates, taking into account the future development of the business. By nature, these judgements are subject to an inherent degree of uncertainty and, therefore, actual results may materially differ from the estimates and assumptions used. In such cases, the values of assets and liabilities would be adjusted.

Among the significant judgements in applying the company's accounting policies there are the following:

Revenue recognition of minimum guaranteed annuities contract with World Duty Free Global (WDFG)

During 2013, Aena, S.A. awarded to World Duty Free Group (WDFG) a multi-annual contract for the management of duty free and duty paid stores in three airport lots until 2020, whose fees are based on sales volumes made by those stores. The company's management has assessed the substantial features of the contract and has concluded that the income derived from it should be recognised on an accrual basis, whereas the royalties perceived are considered contingent, even though the the payment of certain royalties is set by contract, regardless of sales volume. The judgement of management when determining the variability of contract fees is based on the substance thereof and future variability factors that influence the determination of such fees, including spaces allocated to stores, duration of availability of such spaces, the variability of airport passenger traffic and the ability of parties to obtain a minimum cost associated with contract, among other factors. Future changes to the contract terms assessed by the company's management, could lead to a different income recognition criterion, other than that Aena, S.A. has applied to this contract. For contracts with features similar to this one, the Company has continued to follow the same revenue recognition criteria.

Recoverability of tax deductions for investments in Canary Islands

The Management of Aena, S.A. has decided to offset the tax deductions for investments in the Canary Islands from the total state tax due. Deductions for investments in the Canary Islands were applied at the end of 2013, after consultation with the Directorate General of Taxes regarding the recoverability conditions, where the necessary conditions were in existence. In 2015, total deductions utilised amounted to 38,884 thousand euro (corresponding to deductions for investments in the Canary Islands), and a use in deductions for all items amounting to 112,007 thousand euro, corresponding to 99.17% deductions for investments in the Canary Islands (in 2014 a total of 96,552 thousand euro in deductions were used, of which 97.63% corresponded to deductions for investments in the Canary Islands) (See Note 22.3).

The Company no longer has tax deductions activated for this item at the end of 2015 (31 December 2014: 63,548 thousand euro, of which 97.63% related to tax deductions for investments made in the Canary Islands). These deductions were recognised as accounts receivable vis-à-vis the Parent Company and have been used in future years according to tax results from 2013 to 2015 (see Notes 22.3).

g) Comparison of information

In compliance with current regulations, in addition to the figures for the financial year ended the 31st of December 2015, the comparative figures are presented for the financial year ended the 31st of December 2014.

On 4 February 2016, the Resolution of 29 January 2016 was published by the Accounting and Auditing Institute, on the information to be included in the financial statement report in relation to the average payment period to suppliers in commercial transactions.

This resolution is effective for annual periods beginning on or after 1 January 2015, therefore, this is the financial statement for the first year of application of the same and shall not provide comparative information for this new requirement. This financial statement qualifies as initial to these exclusive effects with regard to the principle of uniformity and the comparability requirement.

h) Grouping of captions

Certain captions of the balance sheet, the profit and loss account, the statement of changes in net equity and the cash flow statement are presented in a grouped form to facilitate their understanding, although insofar as it is relevant, the mandatory broken down information has been included in the related notes of the report.

3. Non-cash contribution

In accordance with the contents of article 9 of the Royal Decree Law 13/2010 of the 3rd of December and from the agreement of the Council of Ministers of the 3rd of June 2011, the company was authorised to increase its share capital, which was fully subscribed by its sole shareholder at that time, the public entity "Aeropuertos Españoles y Navegación Aérea". Said capital increase was subscribed through the contribution of the entirety of the property, rights, debts and obligations affected by the undertaking of the airport, commercial and other State services activities relating to airport management, including those of the air traffic services. On the 23rd of May 2011, the Board of Directors of the public enterprise "Aeropuertos Españoles y Navegación Aérea" approved the contribution to the company the activity and its prepared valuation by its technical services, taking as a reference the net equity of the branch of activity as at the 31st of May 2011, in accordance with the current accounting regulations and particularly, the Spanish General Accounting Plan approved by the Royal Decree 1514/2007 amended by the Royal Decree 1159/2010.

For this reason, all the assets and liabilities included in the non-cash contribution were done so at their net book value, except for the assets relating to investments in equity of Group. multi-group and associated companies, which are incorporated at their consolidated value in the AENA Group, as at the 8th of June 2011, the effective date of the transaction. Similarly, in accordance with valuations standard 4-a and 4-b, the assets relating to fixed assets were disclosed at their net book value at the time of the transaction as broken down in the notes on intangible and tangible fixed assets.

The Company's Single Shareholder at the time, the Public Business Entity "Aeropuertos Españoles y Navegación Aérea", adopted the following single shareholder resolutions on 6 June 2011:

- Reduce the par value of the Company's THOUSAND EURO (€1,000) shares by dividing the SIXTY ONE outstanding shares into SIX THOUSAND ONE HUNDRED new shares, consisting of ONE HUNDRED new shares for each old share, without changing the amount of the Company's share capital. As a result, the Company's share capital is SIXTY ONE THOUSAND EURO represented by SIX THOUSAND ONE HUNDRED shares with a par value of TEN EURO each, and all shares are of the same class and bear the same financial and voting rights.

- Increase the Company's share capital from €61,000 to €1,500,000,000 (ONE POINT FIVE BILLION EURO) and, therefore, the share capital increase amounts to €1,499,939,000.

- Issue of 149,993,900 common shares with a par value of €10 each, all with the same rights and obligations as those already in existence. These new shares were issued with a total share premium of €1,100,868,000 (ONE BILLION ONE HUNDRED MILLION EIGHT HUNDRED AND SIXTY EIGHT THOUSAND EURO), and therefore the total amount to be paid in as capital and share premium is €2,600,807,000 (TWO BILLION SIX HUNDRED MILLION EIGHT HUNDRED AND SEVEN THOUSAND EURO).

- In accordance with Article 9 of Royal Decree Law 13/2010 and the Resolutions dated 25 February and 3 June 2011, the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" fully subscribed and paid the total par value of the shares and the share premium through the contribution of the activity referred to in paragraph 1 of this section of the report.

- The Public Business Entity "Aeropuertos Españoles y Navegación Aérea" contributes to all of the activities as an operating unit in the state in which they are located (ownership, usage rights, situation, charges, etc.) in the terms of RDL 13/2010. The Public Business Entity “Aeropuertos Españoles y Navegación Aérea” in accordance with Article 66 of the Corporate Enterprises Law approved by Royal Decree Law 1/2010 (2 July) is only liable, with respect to the contribution, if the defect or encumbrance affects all or an essential part of the Activity. For these purposes, it shall be understood as an essential part that affects 20% or more the total value of the Activity contribution or when it affects an individual airport such that the airport activity cannot be carried out, notwithstanding jurisdictional control over the applicable legal system.

In addition to the above, any difference that could arise, during the period between the date of contribution to the date of transfer to private investors of part of the Company’s capital, between the estimated value of the contributed assets and liabilities one which the Company’s necessary share capital increase and the value of the assets and liabilities actually contributed will be adjusted, in the same amount, as an increase or decrease in the loan granted by the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” to the Company, without the adjustment affecting the share capital increase in any event.

- All of the personnel of the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” that are necessary to render the Activity will be transferred and integrated into the Company under the same collective agreements and conditions currently in force, respecting length of service and any other rights vested when the Company starts to perform its duties.

  The Split and the measurement of the contributed activity will be approved by the Board of Directors of the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” dated 23 May 2011 in accordance with the assessment report prepared that stated that the transferred Activity is valued at €2,600,807,000. This measurement took place using the carrying value of the contributed line of business as a reference in accordance with current accounting standards and, specifically, the Spanish General Chart of Accounts, and complied with the requirements of Article 114 of the LPIA.

- In accordance with Articles 70 and 300.1 of the Corporate Enterprises Law, the members of the Company’s Board of Directors have endorsed the report that has been examined by the Single Shareholder.

- The Company will start to carry out the activity on an effective basis on the date determined by the Order of the Ministry of Public Works under the Second Transitory Provision of Royal Decree Law 13/2010.

- The contribution of the Activity is subject to the application of the special system established by Title VII, Chapter VIII of Royal Decree Law 4/2004 (5 March), which approves the Revised Text of the Corporate Income Tax Act, in accordance with the third additional provision 2 of Royal Decree Law 13/2010.

The non-monetary contribution and the measurement prepared by the technical services was gathered in the "Measurement Report", which used the carrying value of the line of business at 31 May 2011 as a reference, in accordance with the accounting standards in force and, specifically, the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 (16 November), partially amended by Royal Decree 1159/2010 (17 September), as provided for in the Resolution of 25 February 2011.

The tangible fixed assets contribution relates to the rights of any nature that Aena, S.A. has on the land, buildings, plant and equipment of the airports managed or used by the activity. It similarly includes the usage rights that relate to Aena, S.A. of certain land located in airports, military airfields and air bases. The contributed rights refer to the following airports, aerodromes and air bases:

- Civil airports: La Coruña, Alicante, Almería, Asturias, Barcelona, Bilbao, Burgos, Córdoba, El Hierro, Fuerteventura, Girona, Granada, Huesca Pirineos, Ibiza, Jerez de la Frontera, La Gomera, La Palma, Logroño, Adolfo Suárez Madrid-Barajas, Melilla, Menorca, Palma de Mallorca-Son Bonet, Pamplona, Reus, Sabadell, San Sebastián, Santander, Seville, Tenerife Sur, Valencia, Vigo and Vitoria.

- Civil part of jointly used airports with the Defence Ministry: Gran Canaria-Gando, Lanzarote, Tenerife Norte, Madrid-Cuatro Vientos, Málaga, Palma de Mallorca-Son Sant Joan, Santiago and Zaragoza

- Air bases and military airports open to civil use: Talavera La Real (Badajoz), Matacán (Salamanca), San Javier (Murcia), Villanubla (Valladolid), Los Llanos (Albacete), and León military airfield.

- Heliports: Heliport in Ceuta and Algeciras.

4. Recording and valuation rules

The main recording and valuation rules used in the preparation of the company's annual financial statements, in accordance with the Spanish General Accounting Plan, were the following:

a) <u>Fixed intangible assets</u>

The elements of fixed intangible assets are recorded in the assets of the balance sheet at their price of acquisition, production cost or market value, written down by their depreciation and the losses from impairment they may have experienced.

The “Development costs” are individualized by project and their capitalisation is done on the basis of studies that support their viability and profitability and which are reviewed annually during the period of development of the project. In the event that the circumstances that allowed a project to be capitalised undergo changes, the accumulated cost is realised on the income statement.

In the caption “IT applications” the company encompasses the amounts paid relating to the acquisition and development of IT programmes. The maintenance costs of the IT applications are recorded in the profit and loss account of the period in which they were incurred.

As "Other fixed intangible assets" the Company mainly capitalizes the Airport Steering Plans and the studies associated with them, and they are amortized over 8 years.

The Steering Plans are resources controlled by the company from which legal rights are derived, as these are required by Law and are approved by the Ministry of Public Works.

<u>Concession agreement, regulated asset</u>

The Sectoral Public Infrastructure Plan of concessionary companies, regulates the treatment of contracts of the concession service agreements, defining these as those by virtue of which the granting entity entrusts to a concessionary company the construction, including the improvement and operation of infrastructures that are intended for the providing of public services of a financial nature for the period of time envisaged in the agreement, obtaining in exchange the right to receive a remuneration.

Any concessionary agreement must comply with the following requirements:

- The granting entity shall control or regulate which public services must be provided by the concessionary company, to whom it must provide them and at what price; and

- The granting entity shall control any significant residual stake in the infrastructure at the end of the term of the agreement.

In these concession agreements, the concessionary company acts as a service provider, specifically on one hand in services for the construction or improvement of the infrastructure, and on the other, in operation and maintenance services for the duration of the agreement. The remuneration received by the concessionary company relating to the service of construction or improvement of the infrastructure is accounted for using the fair value of said service and it may be recorded for accounting purposes as:

- *Fixed intangible assets*: In such cases in which the right to charge a price to users for the use of the public service received and insofar as it is not unconditional but depends on the users actually using the service, the remuneration for the construction or improvement service shall be recorded as a fixed intangible asset within the caption “Concession agreement, regulated asset” under the caption “Fixed intangible assets” in application of the model of the intangible, in which the demand risk is assumed by the concessionary company. In the case of the company, the fixed intangible assets include the investment made in installations that the company has received and that, once construction has been completed, is operated as an administrative concession.

- *Financial asset*: In such cases in which the unconditional right is received, to receive from the granting entity (or on its account) cash or another financial asset and the granting entity were to have little or no capacity to prevent the payment, the consideration for the construction or improvement service shall be recorded as a financial asset within the caption “Concession agreement, right of collect” in application of the financial model in which the concessionary company does not assume the risk of demand (it collects even in the absence of use of the infrastructure as the granting entity guarantees payment to the concessionary company of a fixed or determinable amount or of the deficit, if there were any).

The right of access to the infrastructure in order to provide the operating service that the granting entity has granted to the concessionary company, is recognised by the latter as a fixed intangible asset in accordance with recording and valuation standard 5 for Fixed intangible assets of the Spanish General Accounting Plan.

If there is no consideration, the consideration shall be recognised in accordance with recording and valuation standard 18 for Subsidies, donations and legacies of the Spanish General Accounting Plan.

If there is a consideration but it were substantially less than the reasonable value of the aforementioned right, the difference will be dealt with in accordance with that provided for in the previous paragraph.

In any event, it shall be understood that there is a consideration and that this corresponds to the reasonable value of said right, provided that the cession of the infrastructure is included within the conditions of an invitation to tender in which the concessionary company commits itself to make an investment or provide another type of consideration and in return obtains the right to operate only the pre-existing infrastructure or otherwise the cited infrastructure together with the newly constructed infrastructure.

The subsequent costs incurred in the fixed intangible assets shall be recorded as a expense, unless they increase the future economic benefits expected from the assets.

The company shall assess for each fixed intangible asset acquired, whether its useful life is finite or indefinite. For these purposes it is understood that a fixed intangible asset has an indefinite useful life when there is no foreseeable limit to the period during which it will generate net cash flow income.

The company has no fixed intangible assets with an indefinite useful life.

With regards to the elements of fixed intangible assets with finite lives, the amortisation is calculated on a straight-line basis, based on the useful life of the different related assets, using the following percentages:

	Years
Development	4
Software	6
Other fixed intangible assets	4-8

For these purposes the amortisable amount is understood to be the acquisition cost less, if applicable, the residual value.

The company reviews the residual value, the useful life and the amortisation method of the fixed intangible assets at the end of each financial year. The modifications to the initially set criteria are recognised as a change in estimate.

Impairment of the value of intangible and tangible fixed assets

Assets that have an indefinite useful life and fixed intangible assets that are not in a state of use are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and fixed intangible assets subject to depreciation/amortisation are subject to impairment reviews provided that some event or change in circumstances indicates that carrying value may not be recoverable. Al loss from impairment of the value is recognized for the book value that exceeds the recoverable amount. The recoverable amount is determined as the fair value less sales costs or the value-in-use, whichever is higher.

Aena, S.A. deems that all its assets are cash flow generators. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (Cash Generating Units). Company Management has identified cash-generating units in the individual assets that make up the Off-terminal services segment (which consist primarily of each of the property assets and the car parks as a whole), in the financial investments and in the airport network for the Airports segment (consisting of the aviation activity infrastructure and the commercial space included in it).

For the periods presented in these financial statements, the determination of the cash-generating units has been influenced by the rules applicable in each period and the mechanisms for establishing the economic benefits associated with the assets in these cash-generating units.

Since 2011, the regulation applicable to equity benefits is Law 1/2011, which regulates the determination of equity benefits associated with the assets related to airport activity, establishing a single criterion for recovery of assets, considering exclusively in the calculation of equity benefits the investments and costs of the airport network as a whole, excluding the car parks. As mentioned above, the Company considers the airport network as a whole to be a cash-generating unit, due to the equity benefit regulations, primarily for the following reasons:

- Individually speaking, the airports do not have independence with respect to the management of revenues, as management is carried out on a joint basis and fees are calculated based on the entire network.
- Control over airport operations is carried out by Company management on a joint basis.

- The fees that are received by the Company for performing its activities are calculated taking into account practically all of the activities carried out by the Company and they seek a balanced budget such that commercial revenues could give rise to a reduction in aviation fees, with the beneficiaries being the users of the airport infrastructure, notwithstanding the provisions of Royal Decree Law 20/2012.
- Finally, the regulatory framework established by Law 1/2011 stipulates that the fees must be calculated based on the entire network, allowing the recovery of the cost of the network taken as a whole, and not at the level of individual airports.

In relation to the cash-generating unit of the car parks within the Off-terminal services segment, the Company has also considered them as a network as a whole, taking into account all applicable regulations and reasons considered for the airport network, primarily for the following reasons:

- Income generated by the network of car parks is intimately dependent on airport activity, since they cannot operate independently of the other integral assets of the network. Consequently, the recovery of such assets is also considered as a whole, with car parking being considered an accessory to airport activity.
- Parking management is considered as a whole, due to its interdependence with airport assets and the nature of the compulsory service that must be provided in relation to airport activity. In this regard, it worth noting that Company Management assesses the adequacy of the infrastructure at airports depending on the traffic, and as the car parks form part of the airport service, evaluates investment, management and operating decisions taking passenger traffic into account.
- The price of parking is based on the characteristics described above, so the said prices are comparable to prices set according to the parameters for public services. Therefore, the car parks should be considered as a whole and not separately, since their existence is conditional on the existence of the airport assets as a whole.
- Valet parking is considered a mandatory public service for the provision of airport services in accordance with the rules governing the management of airports of general interest and their service areas.

As regards the calculation of the recoverable value, the procedure implemented by Company Management to perform impairment tests at the cash-generating unit level, where appropriate, is as follows:

- Management prepares a business plan on an annual basis that generally covers a period of five years, including the current year. The main components of that plan, on which the impairment tests are based, are as follows:
  - Projected results
  - Projected investments and working capital
- Other variables that influence the recoverable value calculation are:
  - Discount rate to be applied, which is understood to be the average weighted cost of capital and the main variables that influence its calculation is the cost of liabilities and the specific of risks affecting the assets.
  - The cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets or projections.
- The business plans are prepared based on the best estimates available and are approved by the Board of Directors.

In the event that an impairment loss must be recognised, the Company reduces the assets of the cash generating unit, in proportion to their carrying value, to the recoverable value of that unit. Impairment is charged against the income statement.

The possible reversal of impairment losses affecting the value of non-financial assets is analysed at all dates on which financial information is reported. When an impairment loss subsequently reverses, the carrying value of the cash generating unit increases up to the limit of the carrying value that the unit's assets would have if the impairment had not been recognized. This reversal is classified in the same line in which the impairment loss was originally recognised.

During the year 2012, additional regulations came into force concerning equity benefits under Royal Decree Law 20/2012, which made changes to the determination of equity benefits. In substance, the effect of Royal Decree Law 20/2012, the property benefits from year 2014 are calculated taking into account only a percentage, decreasing to zero in 2018, income and expenses affects the activity commercial terminals.

Furthermore, as stated in Note 1 dated 5 July 2014, the integrity of the airport network insofar as its survival ensures the mobility of citizens and economic, social and territorial cohesion in terms of accessibility, adequacy, suitability, sustainability and continuity, is also established in Royal Decree Law 8/2014. The latter sets out the framework to which the basic airport services are subject and the characteristics and conditions that the said network must boast in order to guarantee the objectives of general interest. Thus, the closure or sale of all or part of any facilities or airport infrastructure necessary to maintain the provision of airport services is prohibited, unless authorised by the Council of Ministers or the Ministry of Public Works, and which authorisation can only be granted provided it does not affect the objectives of general interest that must guarantee the said network or compromise its sustainability; the absence of such authorisation will render the foregoing as a guarantee for the entire maintenance of the state airport network null and void. Airport charges and their key elements, basic airport services and the framework to determine minimum standards of quality, capacity and conditions for the provision of the services and investments required for compliance, as well as the conditions for recovering the costs of providing these basic airport services have been defined.

While these regulations have no impact on the determination of the cash-generating units for the years 2014 and 2015, hereinafter the determination of cash generating units could be affected by this legislation, according to the criteria established for the calculation of economic benefits.

b) Fixed assets

The elements of the tangible fixed assets are valued at their acquisition cost, production cost or value of the non-monetary contribution corrected by the accumulated depreciation and losses for impairment that they may have experienced, if any, in accordance with the criteria mentioned in the previous note.

Subsequent additions are valued at their acquisition price which includes all the costs required to put assets in operating condition.

The company capitalises as greater value of the fixed assets, the initial estimate of the costs of rehabilitation of the site on which it stands, when these constitute obligations incurred by company pursuant to using the element.

The interest and other finance charges incurred that are directly attributable to the acquisition or construction of assets at the different airports, which necessarily require a period of at least 12 months to be in operating condition, are considered as a greater cost of these. The assets not included in the network of airports do not include the finance charges relating to their financing. The capitalisation is done through the caption "Capitalisation of finance charges" of the profit and loss account.

The replacements or renovations of complete elements that increase the useful life of the asset or its economic capacity, are accounted for as a greater amount of the tangible fixed assets, with the consequent accounting withdrawal of the elements replaced or renovated.

The periodic maintenance, preservation and repair expenses are expensed, following the accrual principle, as a cost of the financial year in which they were incurred.

(Thousand euro unless otherwise stated)

The company depreciates its tangible fixed assets once these are in condition for use on a straight-line basis, distributing the book value of the assets over the years of their estimated useful lives, except for land which is considered an asset with an indefinite useful life and is not depreciated. Depreciation is calculated on a straight-line basis, based on the useful lives of the related assets:

	Years
Buildings	12-51
Plant	4-22
Machinery	5-20
Other installations	6-12
Furnishings	4-13
Other property, plant and equipment	5-7

The fixed assets relating to the airports are depreciated following the useful life criterion, the years of useful life being those specified below:

	Years
Passenger and cargo terminals	32-40
Airport civil engineering	25-44
Terminal equipment	4-22
Transport of passengers between terminals	15-50
Airport civil engineering equipment	15

c) Investment properties

Investment properties consist of buildings, other properties and spaces outside of the owned airport terminals that are maintained to obtain long-term income and are not occupied by the Group. The items included under this heading are stated at acquisition cost less accumulated depreciation and any impairment losses.

The company recognises and values real estate investments following the criteria established for tangible fixed assets.

Depreciation is applied to real estate investments on a straight line basis in accordance with the estimated useful lives of the assets concerned.

	Years
Buildings	32-51
Parking	20-51
Plant	15

d) Inventories

The inventories include spare parts and sundry materials stored at the Central Warehouses and at the Logistics Support Depot and are initially valued at the acquisition price (weighted average price). Acquisition cost is determined based on the historical price for the items identified in the purchase orders. Subsequently, if the replacement cost of the inventories is lower than the acquisition price, the corresponding valuation corrections are made. If the circumstances which caused the valuation correction of the inventories were to cease to exist, the amount of the correction is reversed.

e) Leases

Financial leases

Leases are classified as financial leases whenever their conditions substantially transfer to the lessor the inherent risks and rights of ownership of the asset that is the object of the contract. All other leases are classified as operating leases.

Initially, an asset is recorded according to its nature, depending on whether it is an element of tangible or intangible fixed assets and a financial liability for the same amount, which will be the lower of the reasonable value of the leased asset and the present value at the beginning of the lease of the minimum agreed payments, including the payment for the purchase option when there is no reasonable doubt that it will be exercised and any amount that has been directly or indirectly guaranteed and that excludes amounts of a contingent nature, the cost of the services and the taxes attributable by the lessor. The total finance charge is spread over the duration of the lease and is imputed to the profit and loss account of the financial year in which it is accrued, using the effective interest rate method. The contingent amounts are an expense of the financial year in which they were incurred. The related lease obligations, net of finance charges are included under “Financial lease creditors”.

The lessee shall apply to the assets to be recognised in the balance sheet as a result of the lease, the criteria of amortisation, impairment and disposal as relate to these according to their nature.

Operating lease

- The income and expense relating to operating lease agreements are recorded in the profit and loss account of financial year in which they were accrued.

- Any collection or payment that may occur on contracting an operating lease is treated as a prepayment or pre-collection that is imputed to the profit and loss account throughout the lease period.

f) Financial instruments

f.1) Financial assets

The company's financial assets are classified into the following categories:

1. Loans and amount receivable: are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Are included in current assets, except for those with maturities greater than 12 months as from the balance sheet date that are classified as non-current assets. The loans and amounts receivable are included in “Trade debtors and other accounts receivable” in the balance sheet.

   These financial assets are initially valued at their reasonable value, including the directly imputable transaction costs and subsequently at their amortised cost. Notwithstanding the above, the credit given for trade transactions with a maturity not exceeding one year are valued, both at the time of their initial recognition and subsequently at their nominal value so that the effect of not updating the work flows is not significant.

At least at the end of the financial year, the required impairment valuation adjustment are made if there is objective evidence that all amounts owing shall not be collected.

The amount of the impairment value loss is the difference between the book value of the asset and the present value of the future estimated cash flows, discounted at the effective interest rate at the time of initial recognition. The value adjustments, as well as if applicable their reversal, are recognised in the profit and loss account.

2. Financial assets held for trading: are those acquired in order to dispose of them in the short term or those that are part of a portfolio of which there is evidence of recent actions with this aim. This category also includes financial derivatives that are not financial guarantee contracts (i.e. securities) or that have been designated as hedging instruments. As at the 31st of December 2014 and 2015 no assets have been recorded in this category.

3. Investments in group, associated and multi-group companies' equity: group companies are considered to be those related to the company by a relationship of direct or indirect control through subsidiaries and associated companies those on which the company exerts a significant direct or indirect influence through subsidiaries. Moreover, the multi-group category includes such companies that by virtue of an agreement over which joint control is exerted by one or more shareholders. The investments were recognised at the consolidated valuation as at the date of the non-monetary contribution.

   If there were objective evidence that the book value is not recoverable, the appropriate valuation corrections shall be made for the differences between their book values and the recoverable amount, the latter being understood as the greater of the reasonable value less the selling costs and the present value of the cash flows derived from the investment. Barring better evidence of the recoverable amount, in the estimation of the impairment of these investments the net equity of the investee company is taken into account corrected by the tacit capital gains existing as at the date of the valuation. The valuation correction and, where appropriate, its reversal are recorded in the profit and loss account of the financial year in which they occur.

   The effect of applying consolidation principles compared with the individual annual financial statements involves an increase of assets amounting to 717,176 thousand euro in 2015 (2014: 666,377 thousand euro), an increase in the net equity of 133,396 thousand euro in 2015 (2014: 111,208 thousand euro), the net turnover increased by 205,928 thousand euro in 2015 (2014: 44,562 thousand euro) and an increase in the profit for financial year 2015 of 21,861 thousand euro (2014: 26,449 thousand euro).

4. Financial assets available for sale: involves equity instruments of other companies. This category includes securities and debt instruments of the equity that are not classified under any of the previous categories. They are included under non-current assets unless Management intends to dispose of the investment in the 12 months after the balance sheet date. They are valued at their reasonable value, recording the changes that occur directly in the net equity until the asset is disposed of or impaired, at which time the accumulated profits and losses in the net equity are imputed to the profit and loss account, insofar as it is possible to ascertain the aforementioned reasonable value. If this is not the case, they are stated at cost less impairment losses. In the case of financial assets available for sale, valuation corrections are made if there is objective evidence that their value has been impaired as a result of a reduction or delay in the future estimated cash flows in the case of acquired debt instruments or due to the lack of recoverability of the book amount of the asset in the case of investments in equity instruments. The valuation correction is the difference between its cost or amortised cost less, where applicable, any valuation correction previously recognised in the profit and loss account and the reasonable value at the time that the valuation was made. In the case of equity instruments that are valued at their cost as their reasonable value cannot be ascertained, the valuation is corrected in the same manner as for investments made in the equity of group, multi-group and associated companies.
   If there is objective evidence of impairment, the company recognises in the profit and loss account the cumulative losses previously recognised in net equity by a decrease in the reasonable value.
   The losses from impairment in the profit and loss account from equity instruments are not reversed

through the profit and loss account. The reasonable values of the quoted investments are based on current purchase prices. If the market for a financial asset is not active (and for securities that are not publicly traded), the company establishes the reasonable value using valuation techniques that include the use of recent transactions between interested and duly informed parties, transaction references to other substantially equal instruments, methods for discounted future estimated cash flows and models for setting the prices of options making the utmost use of observable market data and relying as little as possible on subjective considerations of the company. The financial assets are disposed of on the balance sheet when all the risks and benefits inherent in the ownership of the asset are substantially transferred. In the specific case of accounts receivables it is understood that this fact occurs in general if the risks of insolvency and delinquent debts have been transferred. The assets that are assigned as covering items are subject to the requirements of the accounting coverage valuation requirements.

f.2) Financial liabilities

This category includes debits for trading operations and amounts owed for non-trading operations. These external resources are classified as current liabilities unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

These debts are initially recognised at their reasonable value adjusted for directly attributable transaction costs, subsequently being recorded at their amortised cost.

Notwithstanding the above, the debts for trade transactions with a maturity not exceeding one year and that do not have a contract interest rate shall be valued, both at the time of their initial recognition and subsequently at their nominal value insofar as the effect of not updating the cash flows is insignificant.

The company disposes of a financial liability when the obligation has expired.

When an interchange of debt instruments with a lender occurs, insofar as these have substantially different terms, the disposal of the original financial liability is recorded and the new financial liability that arises is recognised. Similarly, a substantial modification of the current conditions of a financial liability is recorded.

The difference between the book value of the financial liability or a part thereof that may have been disposed of and the consideration paid, including the attributable transaction costs and which similarly any asset ceded other than cash or liabilities assumed, is recognised in the profit and loss account of the financial year in which it occurred.

When an interchange occurs of debt instruments that do not have substantially different terms, the original financial liability is not written off the balance sheet, the amount of the commissions paid being recorded as an adjustment of its book value. The new amortised cost of the financial liability is ascertained by applying the effective interest rate, which is that which equals the book value of the financial liability as at the date of amendment of the cash flows payable according to the new conditions.

For these purposes, it is considered that the terms of the contracts are substantially different when the lender is the same as the one who granted the initial loan and the present value of the cash flows of the new financial liability, including the net commissions, differs by at least 10% of the present value of the outstanding cash flows of the original financial liability, both updated at the effective interest rate of the original liability.

f.3) Derivative instruments

The company uses derivative financial instruments to largely cover variations in interest rates.

The company documents the coverage relationships and verifies at the end of each financial year that the coverage is effective, in other words, that it is expected that the changes in the cash flows of the covered item are almost entirely offset by the coverage instrument and that, in retrospect, the coverage results have oscillated within a range of variation of the 80 to 125% with regards to the result of the coverage instrument.

The qualified derivative financial instruments, in accordance with the previous paragraph, as coverage are recorded as an asset or liability, according to its sign, at its reasonable value, plus, if applicable, the transaction costs that are directly attributable to the contracting of these, with a contra entry in the account "Coverage operations" of the net equity, up until their due date, when they are imputed to the profit and loss account as well as to the covered element.

Nevertheless, the transaction costs are subsequently recognised in the profit and loss account insofar as they are not part of the effective variation of the coverage.

The inefficient part of the coverage is directly expensed to the profit and loss account in the financial year.

The accounting of coverages is interrupted when the coverage instrument expires or is sold, terminated or exercised or no longer meets the criteria for the accounting of coverages. At that time, any accumulated profit or loss relating to the coverage instrument is transferred to the profit and loss account of the period.

g) Cash and other similar liquid assets

The cash and other equivalent liquid assets include cash on hand and the bank deposits at credit institutions. Other short-term high liquidity investments that are readily convertible into certain amounts of cash and that are subject to an insignificant risk of changes in value are also included under this concept. Thus these include investments with maturities of less than three months as from the date of acquisition.

In its cash flow statement the company presents the cash payments and receipts from financial assets and liabilities with high rotation by their net amounts. For these purposes the rotation period is considered high when the time between the acquisition date and the maturity date does not exceed six months.

h) Net equity

The share capital is represented by ordinary shares. The costs of issuance of new shares or options are disclosed directly against the net equity, as lower reserves. In the event of the acquisition of own shares of the company, the consideration paid, including any directly attributable incremental costs, is deducted from the net equity until its cancellation, a new issue or a sale. When these shares are sold or are subsequently issued, any proceeds received, net of any incremental directly attributable transaction cost, is included in the net equity.

i) Subsidies, donations and legacies received

The subsidies, donations and legacies of non-refundable capital are accounted for as such when there is an individualised agreement of the awarding of the subsidy, having fulfilled the conditions set out for granting it and there are no reasonable doubts about his receipt. The company has applied Order EHA/733/2010, of the 25th of March, which approved accounting aspects of public companies operating in certain circumstances, in the case of subsidies granted for the construction of an asset whose execution has not been completed, the subsidy is treated as non-refundable in proportion to the work executed provided that there is no reasonable doubt that the construction will conclude according to the conditions set out in the concession agreement. In general, these are valued at the reasonable value of the amount or the ceded asset and are recorded in the net equity, after deducting the tax effect, being imputed to the profit and loss account in proportion to the depreciation experienced by the assets financed by these subsidies, unless it involves non-depreciable assets, in which case they are imputed to the profit and loss of the financial year in which their disposal or the valuation adjustment occurs. The official subsidies granted to offset costs are recognised as income on a systematic basis over the periods in which the costs are spread that they are intended to balance.

The subsidies, donations and legacies of a refundable nature will be recorded as liabilities until they become non-refundable or their refund occurs.

The operating subsidies are credited to income at the time they are granted. If they are granted to finance specific expenses the imputation is done as the expenses are accrued, in the meantime being recorded as a liability or as net equity on the basis of their consideration of refundable or otherwise.

j) Provisions and contingencies

In the presentation of the annual financial statements the company differentiates between:

- Provisions: credit balances that cover current obligations derived from past events, whose cancellation it is probable will cause an outflow of resources but that they are indeterminate in terms of their amount and/or time of cancellation.

- Contingent liabilities: possible obligations arising as the result of past events, whose future materialisation is conditioned to the occurrence, or otherwise, of one or more future events that are beyond the company's control.

The balance sheet includes all the provisions with regards to which it is expected that the probability that the obligation will have to be met is greater than otherwise. Contingent liabilities are not booked but are reported in the annual report.

Provisions are recorded at their present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party, recording the adjustments arising from the provision as a financial expense as they are accrued.

k) Provisions for labour commitments acquired

The cost of the obligations derived from commitments concerning personnel is recognised on an accrual basis, according to the best estimate calculated with the data available to the company.

The company has the commitment pay long-term remuneration to its staff both for defined contribution as well as for defined benefit. In the case of defined contribution remuneration there shall be liabilities for remuneration when, as at the end of the financial year, unmet accrued contributions were to occur. In the case of defined benefit remunerations the amount to be recognised as a provision relates to the difference between the current value of committed remunerations and the reasonable value of the eventual assets subject to the commitments, with which the obligations shall be settled.
Specifically, the accompanying balance sheet encompasses the following provisions for labour commitments

(Thousand euro unless otherwise stated)

acquired:

<u>*Length of service awards*</u>

Article 138 of the I Collective Bargaining Agreement for the Aena Group of Companies (Public Business Entity Aena and Aena, S.A.) stipulates length of service awards for services effectively rendered for a period of 25, 30 or more years. The Company makes provision for the present value of the best estimate possible of future commitments, based on actuarial calculation. The most relevant assumptions taking into account to obtain the actuarial calculation are as follows:

	2015	**2014**
Technical interest rate:	2.09%	1.60%
Salary increases:	2.0%	2.0%
Mortality table:	PERMF 2000 NP	PERMF 2000
Financial system used:	Individual capitalisation	Individual capitalisation
Accrual method:	Projected Unit Credit	Projected Unit Credit
Retirement age:	According to Law 27/2011	65 years
Disability tables:	OM 1977	OM 77

<u>*Early-Retirement Bonuses*</u>

Article 154 of the I Collective Bargaining Agreement for the Aena Group of Companies (Public Business Entity ENAIRE and Aena, S.A.) stipulates that any employee between the ages of 60 and 64 who, in accordance with current provisions is entitled thereto, may take voluntary early retirement and will receive an indemnity, taken together with the vested rights in the Pension Plan, at the time their employment contract is terminated, equal to four monthly base salary payments and length of service bonuses for each year remaining until reaching the age of 64, or the relevant pro-rate amount.

In 2004 the early retirement awards were externalized by obtaining a lump sum-payment insurance policy from Mapfre Vida on 25 March 2004. Currently, pension obligations are insured through Group Life Insurance policies.
The Company makes provision for the present value of the best estimate possible of future commitments, based on actuarial calculation. The most relevant assumptions taking into account to obtain the actuarial calculation are as follows:

	2015	**2014**
Technical interest rate:	2.28 %	1.70 %
Long-term salary growth:	3.00% (1% for 2016)	3.00%
Yield on Defined Contribution Fund:	4.00%	4.00%
Rate guaranteed by Mapfre:	3.10%	3.10%
Mortality table:	PERMF 2000 NP	PERMF 2000
Financial system used:	Individual capitalisation	Individual capitalisation
Accrual method:	Projected Unit Credit	Projected Unit Credit
Retirement age:	Between 60-63 years and 11 months	Between 60-63 years and 11 months

l) <u>Severance indemnities</u>

In accordance with the current labour laws, the company is obliged to pay indemnities to employees with whom it terminates their employment relationships under certain circumstances.

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary severance in exchange for these benefits. The company recognises these costs when it is demonstrably committed to terminate the jobs of workers in accordance with a formal detailed plan without the possibility of withdrawal or providing severance indemnities as the result of an offer to encourage a voluntary resignation. Benefits which are not going to be paid within 12 months of the balance sheet date are discounted at present value.

m) <u>Variable remuneration</u>

The company recognises a liability and an expense for variable remuneration based on the results of the annual performance evaluation of the workers. The company recognises a provision when it is contractually obliged or when practice in the past has created an implicit obligation.

n) <u>Profits Tax:</u>

The expense or income form corporate income tax comprises the part relating to the expense or income for current taxation and the part relating to the expense or income relating for deferred tax.

Current tax is the amount that the Company pays as a result of the tax returns it files in relation to its tax on profits for a particular financial year.

Deductions and other tax benefits applicable to tax payable, excluding withholdings and interim payments, and tax-loss carry-forwards applied in the current year, result in a reduction in current tax.

The expenditure or income for deferred tax relates to the recognition and cancellation of deferred tax liabilities and assets. These include timing differences that are identified as such amounts expected to be payable or recoverable arising from the differences between the amounts of book values of assets and liabilities and their tax value, as well as the loss carry-forwards pending offsetting and tax credit deductions that have not been applied for tax purposes. These amounts are recorded by applying to the timing difference or deduction that relates to tax rate at which it is expected to recover or settle these.

In general deferred tax liabilities are recognised for all tax timing differences.

On the other hand, the deferred tax assets are only recognised insofar as it is deemed likely that the company will have future taxable profits against which it can offset them.

The deferred tax assets and liabilities are recognised in the balance sheet as non-current assets and liabilities, regardless of their expected date of realisation or settlement.

Similarly, the deferred tax assets and liabilities resulting from transactions with direct debits or credits to equity accounts are also accounted for with their contra entry in net equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Deferred tax assets not recognised in the balance sheet are also reviewed at each year end in order to recognise the extent to which it is likely that they may be offset against future taxable profits.

The Company taxes under the tax consolidation system within the scope of consolidation of its single shareholder at the time together with certain Subsidiaries since the conditions established to do so are met.

The Companies that formed part of the tax group in 2014 were as follows:

1. ENAIRE
2. Aena, S.A.
3. Aena Desarrollo Internacional, S.A. ("ADI")
4. Concesionaria del Aeropuerto Madrid-Barajas, S.A.
5. Concesionaria del Aeropuerto Barcelona-El Prat, S.A.

The listing of the Company on the stock exchange in February 2015 (see Note 1), as explained above, via the IPO of 49 % of Aena S.A.'s capital, meant that the Parent Entity, ENAIRE's holding in Aena S.A. fell to 51 %, compared to its previous holding of 100%.

In accordance with the tax regulations in force (art. 59.2 of Law 27/2014 on Corporation Tax), and with effect from 1 January 2015, Aena S.A. and its subsidiaries withdrew from the tax consolidation group headed by ENAIRE.

On the occasion of such termination, at 1 January 2015, the AENA Tax Group to which they belonged, together with ENAIRE, as subsidiaries AENA and AENA International Development, and according to the will expressed by the Boards of both companies, at 7 April 2015, Aena informed the Tax Office on the application to the tax consolidation system of companies AENA S.A. and Aena Desarrollo Internacional S.A.U.

Consequently, the debit balances of pending deductions credits and of credits for tax losses which, within the tax Group, where owned by Aena S.A. vis-à-vis ENAIRE, and therefore, they were included in the "Other receivables" heading on the Balance Sheet, are owned since the date of termination of 1 January 2015, against the Treasury, so since that date these were reclassified to heading "Deferred tax assets" (see Note 22.3)

At year-end 2015, such balances have been cancelled when used in the calculation of tax for that year. Standing just as a receivable vis-à-vis ENAIRE the outcome of the outstanding repayment on corporate tax for the financial year 2014 amounting to 50,217 thousand euro (see Note 12).

On 5 June 2015, the Tax Office announced the creation of the new Tax Group 471/15 comprised by AENA S.A. as parent company and Aena Desarrollo Internacional as subsidiary and, henceforth, be taxed at the corporate income tax in the year 2015 as Tax Group.

o) Transactions denominated in foreign currency

The company's functional currency is the euro. Consequently, transactions in currencies other than the euro are deemed to be denominated in "foreign currency" and are recorded in accordance with the exchange rates prevailing on the dates of the transactions.

The exchange differences of monetary amounts in foreign currency arising both when settling them, as well as when converting them to year-end exchange rate, are recognised, as a general rule, in the profit and loss account.

p) Incomes and expenses

Ordinary revenues are measured at the fair value of the compensation received or to be received, and represent the amounts receivable for the assets sold, net of discounts, refunds and value added tax. Ordinary revenues are recognised when the income may be reliably measured, when it is likely that the company will receive a future financial benefit, and when certain conditions are met for each of the Group's activities.

Ordinary revenues are recognised as follows:

- Sales of assets are recognised when the Company has delivered the products to the customer, the customer has accepted the products and the collectability of the relevant accounts receivable is reasonably assured.

- Sales of services are recognised in the financial year in which the services are rendered, with reference to the end of the specific transaction evaluated based on the actual service provided as a percentage of the total service to be provided, when the income and the costs relating to the service contract, as well as the percentage of completion, may be reliably estimated and it is likely that the related receivables will be recoverable. Where one or more of these service agreement items cannot be reliably estimated, service sales revenues are only recognized up to the limit of contract costs incurred that are likely to be recovered.

Rendering of services:

Most of the Company's revenues derived from airport services rendered, which mainly relate to the use of airport infrastructure by airlines and passengers (including public equity gains and private prices). In addition, the Company records commercial revenues that mainly consist of the rental of space in airport terminals for stores, restaurants and advertising and off-terminal facilities such as the rental of premises and land, vehicle parking and rental cars.

Aviation (Public charges):

The establishment of fees for public charges is carried out in accordance with Law 1/2011 (4 March), which establishes the State Operational Security Programme for Civil Aviation and amends Law 21/2003 (7 July) on Air Security. Furthermore, Article 68 of Law 21/2003 defines the following items as equity benefits of a public nature:

- Use of runways at civil and joint-use airports and the airbases open to civil aircraft traffic and the rendering of the necessary services for that use, other than ground handling of aircraft, passengers and cargo.

- Airport air traffic services provided by the airport manager, regardless of whether such services are rendered through duly certified air traffic service providers that may have been contracted by the airport manager and designated as such by the Ministry of Public Works.

- Weather services provided by the airport manager, regardless of whether such services are rendered through duly certified weather service suppliers and, furthermore, designated in this respect by the Ministry of the Environment and Rural and Marine Resources.

- Inspection and screening services of passengers and luggage in airport premises as well as the means, facilities and equipment necessary for the provision of services for control and monitoring in the areas of aircraft movement, open access areas, controlled access areas and restricted security areas around the airport grounds linked to the public property contributions.

- Airport facilities made available to passengers, not accessible to visitors, in terminals, platforms and runways necessary to enforce its air transport contract.

- Services that allow the general mobility of passengers and the necessary assistance to persons with reduced mobility to allow them to travel between the point of arrival at the airport to the aircraft, or from the aircraft to the exit, including boarding and exiting the aircraft.

- Use of aircraft stand areas prepared for this purpose at airports.

- Use of the airport installations to facilitate the boarding and exiting of passengers for airlines through telescopic boarding gates or the mere use of a platform that impedes the use by other users of the relevant boarding gate.

- Use of the airport facilities for the transportation and supply of fuel and lubricants, regardless of the mode of transportation or supply.

- Use of the airport facilities to render ground assistance services that are not subject to any specific compensation.

Title VI of Royal Decree Law 20/2012 (13 July), on measures to guarantee budgetary stability and to encourage competitiveness, amends the adjustment of the public charges received by Aena Aeropuertos, S.A., in order to change the formula applied to updates, under which the revenues, expenses and investments deriving from commercial services and activities not strictly related to economics are not included when calculating airport fees.

However, in order to smooth the increase in airport charges, it states that from 2014 and for a period of five years to obtain the Regulated Revenues Required, it will add to the match resulting formula, the costs exploitation generated by activities related to private rates Terminal Areas and deducted likewise, the corresponding income to private prices resulting from these Terminal Areas affected both by the correction coefficient K, which is represented in 2014 by the 80% of sales revenues, in 2015 by 60%, in 2016 by 40%, in 2017 by 20% and 0% in 2018.

In article 71 of Law 36/2014, of the 26th of December, on the General State Budget for 2015 is set the maintaining of prices with effect as from the 1st of March 2015. In accordance with it, the amount of equity services of a public nature of Aena, S.A., established in Title VI, Chapters I and II of Law 21/2003, of the 7th of July on Aviation Safety, these shall be kept at the same levels as those called for as at the 28th of February 2015 and in 2014.

On 5 July 2014, Royal Decree Law 8/2014 of 4 July was published in the Official State Gazette (BOE), further amended by Law 18/2014 of 15 October, approving urgent measures for growth, competitiveness and efficiency. These regulations set out:

- The regime governing the network of airports of general interest as a service of general economic interest, with the objective of guaranteeing the mobility of citizens and economic, social and territorial cohesion, to ensure the accessibility, adequacy and suitability of the airport infrastructure capacity, the economic sustainability of the network, as well as the continuity and adequate provision of basic airport services. Moreover, the network management guarantees the economic sustainability of the airports included in the network by allowing, under conditions of transparency, objectivity and non-discrimination, support for loss-making infrastructures.

- The closure or sale of all or part of any facilities or airport infrastructures required to maintain the provision of airport services is prohibited, unless authorised by the Council of Ministers or the Secretary of State for Infrastructure, Transport and Housing. (Amount as appropriate).

- On a regulatory level, a procedure could be implemented making it possible to close down or sell airport facilities or infrastructures. Such a regulatory development could also contemplate transfers to the State of capital gains generated during the disposal process.

- The Airport Regulation Document (DORA) is created with a five-year term, which will determine the maximum revenue per Aena passenger in the period, quality conditions of the provision of services, the capacity of facilities and the investments to be made.

- Regarding revenue of the airport operator in relation to the basic airport services, these are considered as public service benefits. Their regulation respects the legal right established by Law 21/2003, on Air Safety, as amended by Law 1/2011, and the determination of its essential elements. Non-essential airport services, as well as the commercial management of infrastructures and their urban operation, are subject to the free market.

- In compliance with Law 18/2014, the DGAC is responsible for drafting the Airport Regulation Document (DORA) and forwarding it to the competent bodies at the Ministry of Public Works for its subsequent approval by the Council of Ministers.

- The revenue of the airport operator associated with basic airport services will be subject to compliance with a maximum annual income per passenger, determined on the basis of the recovery of efficient costs as recognised by the regulator along with traffic forecasts; this figure may be adjusted upwards or downwards depending on compliance with the quality standards set and any delays in implementing strategic investments.

- For the 2015-2025 period, the maximum increase in charges will be zero. Charges may only be increased above this maximum increment if during the period of the second Airport Regulation Document (DORA) and for exceptional reasons, such as unpredictable and non-deferrable investments, the annual average investment is increased above the amount approved, subject to the prior approval of the Council of Ministers. For the first DORA, which should enter into force within a maximum of three years from the publication date of Law 8/2014, it has been determined that at its completion any accumulated shortfall in charges corresponding to previous years (see Note 28) may not be transferred to the following DORA.

The supervision of the fees proposed by Aena, S.A. for 2013 applied, for the first time, the new regulatory framework deriving from Directive 2009/12/EC of 11 March 2009 on airport charges. This framework consists mainly of Law 21/2003 of 7 July on Air Security (Law 21/2003), in accordance with the wording provided by Law 1/2011 of 4 March, which establishes the State Operational Security Program for Civil Aviation and amends Law 21/2003 of 7 July on Air Security, and furthermore Royal Decree Law 11/2011 of 26 August, which creates the Airport Economic Regulatory Commission, and regulates its composition and duties, and Law 3/2013 of 4 June, which creates the National Commission on Financial Markets and Competition (CNMC).

As a result of this new regulatory framework, a significant portion of the income received by Aena, S.A. is considered to be equity benefits of a public nature and, as a result, they must be established, updated and modified through legislation with the rank of law. In addition, the update of these benefits are first subject to a transparency and consultation procedure involving the airline, user and other associations or organisations and, secondly, to a supervisory procedure by the supervisory authority.

On 23 April 2015, the CNMC issued an Agreement establishing criteria for the separation of the costs of airport and commercial activities of Aena, S.A. airports. In that Agreement, the CNMC states that the share of costs between regulated activity should be performed in a different manner than that of the previous year. Pursuant to such agreement, part of the costs relating to airport terminals amounting to 69.8 million euro per year, which were accounted as regulated airport activity costs, should be considered as commercial activity costs. This agreement has been appealed by Aena. This administrative appeal was declared inadmissible at first instance by ruling of 29 July and 10 November 2015 of the Spanish National High Court. AENA has appealed before the Supreme Court, the ruling is still pending.

On 23 July 2015, the CNMC issued its "Resolution adopting the proposal for modification of tariffs of Aena, S.A. for 2016, and establishing the measures to be adopted in future consultation procedures".

Under this Resolution, the CNMC agrees that public service benefits of Aena, S.A. for 2016 should be reduced by 1.9% compared to those adopted for 2015, instead of the proposed fees freeze by Aena, S.A. The CNMC establishes that this proposal must be included in the Draft Bill on the General State Budget for 2016. Against this Resolution, the Company filed and administrative appeal before the National High Court, which is still pending. However, Article 80 of Law 48/2015 of 29 October, on the State General Budget for 2016, reflects the reduction agreed by the CNMC, with effect from 1 March 2016 and which shall remain in force indefinitely.

All the new regulatory rules and the CNMC public consultation have not resulted in any change to the revenue recognition policy of the Company, which continues to be subject to the rules set out at the beginning of this Note (see also Note 28 with regard to Contingent assets -Tariffs shortfall).

Commercial

Revenues from the rental of commercial spaces located within the airport infrastructures are recognised on a straight-line basis in accordance with the lease agreements concluded with the counterparties. The contingent part of the receivables for leases relating to the variable level of revenues generated by commercial spaces is recognised as revenue in the period in which it accrues.

Off-terminal services

Off-terminal service revenues relate to the management of parking areas, land leases, warehouses and hangars, and the management and operation of cargo centres. Revenues from the rental agreements are recognized on a straight-line basis in accordance with the lease agreements concluded with the counterparties. The conditional portion of revenues from leases is recognized as revenues in the period in which they accrue. Revenues from parking garages are recognised to the degree that services are rendered.

q) Interest and dividends

Interest income is recognised using the effective interest method. When a loan or receivable are impaired, the carrying amount is reduced to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, unwinding the discount as interest income. Interest income on impaired loans is recognised either when cash is collected or on a cost-recovery basis when the conditions are guaranteed.

Dividend income is recognized when the right to receive payment is established.

r) Activities affecting the environment

Any operation designed mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

In this sense, the investments derived from environmental activities are valued at their acquisition cost and are capitalised as a greater cost of the fixed assets in the financial year in which they are incurred, according to the criteria described section b) of this same note.

Costs incurred to protect and improve the environment are taken to the income statement when they accrue, irrespective of when the related monetary or financial flows take place.

The provisions relating to probable or certain liabilities underway and indemnities or obligations pending of an undetermined amount of an environmental nature, not covered by the subscribed insurance policies, are constituted at the time of the inception of the liability or obligation that determines the indemnity.

s) Related party transactions

The company does all its transactions with related parties at market values. In addition, transfer prices are appropriately supported, and therefore the Directors of the Company do not consider that any significant risks that could give rise to material liabilities in the future exist in this connection.

In general, the transactions between group companies are accounted for they occur at their reasonable value. If applicable, if the agreed on price were to differ from the reasonable value, the difference is recorded according to the economic reality of the transaction. The subsequent valuation is made in accordance with that provided for in the relevant standards.

Notwithstanding the above, in transactions for the merger, split or non-monetary contribution to a business that comprise the acquired business, these are valued at the amount which relates to them, after the transaction has been realised, in the annual consolidated financial statements of the group or subgroup.

When the parent company of the group or subgroup and their subsidiary do not intervene, the annual financial statements for these purposes shall be those of the main group or subgroup in which to equity elements are integrated, the parent company of which is Spanish.
In these cases the difference that may arise between the net value of the assets and liabilities of the acquired company, adjusted for the balance of the groupings of subsidies, donations and legacies received and adjustments for changes in value and any amount of the capital and the share premium, if applicable, issued by the acquiring company are recorded as reserves.

t) Business combinations

The mergers, splits and non-cash contribution transactions between group companies are recorded as provided for in that set out for related party transactions.

The merger and split transactions other than the above and the business combinations arising from the acquisition of all the assets of an company or a part that constitute one or more businesses, are recorded according to the acquisition method.

In the case of business combinations arising as a result of the acquisition of shares or holdings in the capital of a company, the company recognises the investment in accordance with that set out investments in the equity of group, multi-group and associated companies.

u) Joint ventures

A joint venture is an business activity that is jointly controlled by two or more natural or legal persons. For this purpose, joint control is a statutory or contractual agreement by virtue of which two or more participants agree to share the power of managing the financial and operating policies of an economic activity in order to obtain economic benefits, so that the strategic decisions, both financial as well as operational, relating to the activity require the unanimous consent of all the venture partners.

The joint ventures may be:

– The joint ventures that do not bear fruit through the constitution of a company or the establishment of a financial structure independent of the participants, such as temporary ventures of companies and communities of assets and among which one can distinguish:

- Jointly controlled operations: activities that involve the use of assets and other resources owned by the participants.
- Jointly controlled assets: assets that are owned or are jointly controlled by the participants.

– Joint ventures that are expressed through the constitution of an independent legal person or jointly-controlled companies.

Jointly controlled operations and assets

Through an Agreement with the Ministry of Defence, the Company has interests in assets controlled jointly with the said Ministry to operate Air Bases Open to Civil Traffic (BAATC). This agreement establishes the key distribution and compensation criteria for the use of air bases open to civil traffic in Villanubla, León, Albacete, Matacán, Talavera, San Javier, and the aerodrome in Zaragoza used jointly by civil aircraft. This Agreement is based on the application of Royal Decree 1167/1995 (7 July) on the system for using airports jointly used by an airbase and an airport and the airbases open to civil traffic.

In this sense, in its annual accounts the company recognises the assets and liabilities derived from this agreement pursuant to usage of the BAATCs. Similarly, in the profit and loss account the part relating to the income generated and the expenses incurred from the operation of the jointly controlled assets is recognised.

5. Managing operational and financial risks

Description of the main operating risks

Regulatory risks

Aena, S.A. operates in a regulated sector, and any change or future developments to the applicable regulations can have negative impacts on revenues, operating results and the Aena's financial position. Law 18/2014 introduces the mechanism governing the determination of airport charges for the first Airport Regulation Document (DORA), which is the basic regulation instrument that establishes for five-year periods the minimum conditions of operation of airports in terms of levels of service quality and capacity, investment and associated costs, by establishing at the aggregate level of the airport network the maximum annual price per passenger which may be charged for each year of the 2017-2021 period.

On 22 December 2015, Aena sent its DORA proposal to the Directorate General of Civil Aviation (DGAC), which is the regulatory body, suggesting a tariff freeze for the 2017-2021 period. This proposal is, at the time of writing this report, under consultation process with airline associations, which will end with the final proposal made by Aena on March 2016. From that moment, a review period of such proposal will start by the DGAC, which will end, at the latest, in September 2016, with the approval of DORA for the 2017-2021 period. This document determines the maximum charge per passenger for the next five years.

In addition, the activity of Aena, S.A., is regulated by both domestic and international law in terms of operational safety regarding persons, property and the environment, which may limit activities or growth of Aena airports, and/or require significant expenditure.

Operating risks

The activity of Aena, S.A. directly is related to the levels of traffic of passengers and of air operations in its airports, which can leave it affected by the following factors:

- Economic developments both in Spain and in the main countries that are the source/destination of traffic (United Kingdom, Germany, France and Italy, among others).
- It operates in a competitive environment both with respect to other airports and compared to other means of transport that can affect its revenue.
- It faces risks arising from the concentration of airlines and depends on the income of its two main airports.
- Revenues from commercial activities are linked to sales of commercial areas by tenant companies of, which can be affected both by the volume of passengers and their degree of spending power.
- In the operations of its airports, Aena depends on third-party services, which can have an impact on its activity.

On the other hand, the international activity of Aena, S.A. is subject to risks associated with the development of operations in third-party countries and with the fact that the profitability outlooks may not be those predicted.

Aena is, and will continue to be in the future, exposed to the risk of losing in judicial or administrative proceedings in which it is involved (see Notes 21 and 28).

The management bodies of the Company have implemented mechanisms to identify, quantify and cover risk situations. Notwithstanding the foregoing, those situations that may pose a risk as well as the relevant the measures taken thereof, will be closely monitor. Risk identification and control is developed in more detail in section "E. S Risk Management and Control System" in the Annual Corporate Governance Report, which is part of the Management Report attached to this financial statements.

Description of the main financial risks

The activities of the Company are exposed to several financial risks: market risk (including exchange rate risk, fair value risk due to interest rates and price risk), credit risk and liquidity risk. The global risk management programme of the Company focuses on the uncertainty of the financial markets and strives to minimise the potential adverse effects on its financial profitability. In very limited cases, the Company uses derivative financial instruments to hedge against certain risk exposures.

The Board of Management provides policies for the management of global risk, as well as for specific areas such as currency risk, interest rate risk, liquidity risk, use of derivatives and investment of liquidity surpluses.

There is a financial debt recognition agreement between Aena, S.A. and its parent company, originating with the non-monetary contribution that gave rise to the creation of Aena, S.A. (see Note 3), according to which 94.9% of the parent company's bank borrowings was initially assumed. On 29 July 2014 this contract has been novated as is explained in point a) of this note.

Below are the main risks of a financial nature:

a) <u>Market risk</u>

Currency risk

The company does not usually do significant commercial transactions in a currency other than the euro.

Interest rate risk on cash flows and fair value

The interest rate risk of the Company arises from the financial debt. The loans issued at variable rates expose the Company to risk of interest rate fluctuating in cash flows. The fixed interest rate loans expose the Company to fair value interest rate risk.

The aim of the Company in its interest rate risk management is the optimisation of the financial expense within the established limits, the risk variable being 3 month Euribor, main references for long term debt.

Additionally, it the value of the risk of financial expenditure for a multi-year horizon and scenarios are established for the evolution of rates for the period considered are calculated.

The financial expenses are mainly due to the financial debt recognised with the parent company. Likewise, the parent company has concluded interest rate hedging agreements for an extremely limited number of loans and which are transferred to the Company, as described in Note 15. 95.23% of the cost of these derivatives is charged to the Company, given that Aena, S.A. is responsible to the parent company in this proportion for some loans.

In regard to reviewable rate loans, the Company has modified the system for those loans due to be revised in 2015. The total amount revised is 2,432,139 thousand euro, of which 945,372 thousand euro pertain to BEI loan and have been set at a fixed rate to maturity at an average rate of 1.04% and 1,486,767 thousand euro pertain to FMS and DEPFA loans that have become variable interest rate loans (3 month Euribor + 0.11).

During the month of December, variable rate loans have been renegotiated with spreads above 1,58% (with an average spread of 4.42%) for a total of 613.239 thousand euro, achieving a reduction in the spread of 0.98%.

The Company manages interest rate risk on cash flows by variable to fixed interest rate swaps (see note 15). On 10 June 2015, a hedging variable to fixed interest rate operation was signed, for a notional amount of 4,195 million euro. The average spread over 3 and 6 month Euribor of these loans is of 1.0379%. The execution fixed rate was 1.9780%. The purpose of this transaction was:

- To adapt the structure of debt at fixed/variable rate to comparable companies 79% fixed/21% variable (previously 50% fixed/50% variable)
- To have a stable framework of interest rates for the period DORA 2017-2021.

On 31 December 2015, the total amount of liabilities for interest rate swaps amounted to 72,217 thousand euro (see Note 15).

At 31 December 2015, if the interest rate of variable loans would have increased or decreased by 20 basis points, while all other variables remained constant, the pre-tax profit of the year would have been 3,928 thousand euro lower and 3,928 thousand euro higher, respectively (2014: 10,072 thousand euro lower and 10,072 thousand euro higher, respectively). However, the Regulatory Framework established by Law 1/2011 of 4 March, establishing the State Programme for Operational Security for Civil Aviation and modifying Law 21/2003 of 7 July on Aviation Safety, establishes a system of tariff updates that protects Aena SA, in terms of the regulated part, against increases in costs of financing, in that it enables the recovery of its capital costs via the remuneration of its asset base, according to the legislation in force.

b) <u>Credit Risk</u>

The Credit risk of the Company is due to the cash and other liquid assets, derivative financial instruments and deposits in banks and financial institutions, as well as exposure to trade accounts receivable and agreed transactions.

Credit risk relating to trade accounts is reduced, given that the main clients are airlines, usually collected in cash or in advance. As for retail customers who have leased premises in the various airports, their risk is managed by obtaining sureties and guarantees.

The BOE of the 5 March 2011 published the Law 1/2011 of 4 March, modifying Law 21/2003 of 7 July on Aviation Safety, allowing the use of legal proceedings for collection, managed by the collection agencies of the State Tax Administration Agency, in the management, settlement and collection of all amounts for public services owed to Aena, S.A. or its subsidiaries.

Credit limits have not been exceeded during the year and the management does not expect any losses not provisioned as a result of default by these counterparties.

c) <u>Liquidity Risk</u>

The main risk variables are: limitations in financial markets, increase in the projected investment and reduction of the generation of cash flows.

The credit risk policy and the Company operations in its sector results in highly favourable average collection periods. In addition, the Company has carried out a substantial reduction in costs and needs for investment in the coming years, which have had a positive effect on the Company's cash flow generation. Despite the Company's negative working capital at 31 December 2015 of 712,265 thousand euro (2014: 1,006,126 thousand euro), has a profit for the year of 811,676 thousand euro (2014: 452,169 thousand euro in profit over the year), and it is considered that there is no risk with respect to satisfying its current commitments, given the positive cash flows which have reduced the negative working capital of the previous years, and which the Company expects to remain positive in the short term. On the other hand, on 29 July 2015 loan agreements were signed with banking entities for 1 billion euro to meet timely cash needs (see Note 15).

Furthermore, credit rating agencies have supported the financial soundness of Aena, confirming its solvency and creditworthiness. n June, the credit rating agencies Moody's Investors Service and Fitch Rating assigned a credit rating to Aena for the first time. The rating given by Moody's to Aena was "Baa1 with stable outlook", which represents a rating a grade higher than this agency currently gives to the Kingdom of Spain. The rating given by Fitch to Aena was "BBB+ with stable outlook".

In these circumstances, the Company Directors consider that there will be no problem to meet payment commitments.

6. Fixed intangible assets

The movements in the accounts included in the fixed intangible assets for financial years 2015 and 2014 were the following:

	2015					
	Thousands of euro					
	Development	**Fixed intangible assets, concession agreement**	**Software**	**Other Fixed Intangible Assets**	**Fixed intangible assets Fixed assets in progress**	**Total**
Cost						
Beginning balance	813	15,838	112,494	7,180	35,566	171,891
Additions	-	51	13,813	33	7,650	21,547
Disposals (*)	-	(66)	45	(212)	(950)	(1,273)
Transfers (Note 7 and 8) (*)	-	(40)	4,188	440	(4,530)	58
Final balance	813	15,783	130,450	7,441	37,736	192,223
Depreciation:						
Beginning balance	(173)	(2,939)	(70,059)	(2,920)	-	(76,091)
Allocation	(265)	(694)	(22,397)	(1,267)	-	(24,623)
Transfers (Note 7 and 8)	-	24	(153)	153	-	24
Disposals	-	23	29	113	-	165
Final balance	(438)	(3,586)	(92,580)	(3,921)	-	(100,525)
Net:	**375**	**12,197**	**37,870**	**3,520**	**37,736**	**91,698**

(*) The disposals relating to the assets that entered at net book value in the non-cash contribution are done so at net book value.

	2014					
	Thousands of euro					
	Development	**Fixed intangible assets, concession agreement**	**Software**	**Other Fixed Intangible Assets**	**Fixed intangible assets in progress**	**Total**
Cost						
Opening balance	20	15,721	94,007	6,100	39,787	155,635
Additions	-	105	13,373	10	3,888	17,376
Disposals	(1)	-	(86)	-	(223)	(310)
Transfers (Note 7 and 8) (*)	794	12	5,200	1,070	(7,886)	(810)
Final balance	813	15,838	112,494	7,180	35,566	171,891
Depreciation:						
Beginning balance	(20)	(2,232)	(42,779)	(1,886)	-	(46,917)
Allocation	(154)	(709)	(27,266)	(1,034)	-	(29,163)
Depreciation adjustment	-	2	(99)	-	-	(97)
Disposals	1	-	85	-	-	86
Closing balance	(173)	(2,939)	(70,059)	(2,920)	-	(76,091)
Net:	**640**	**12,899**	**42,435**	**4,260**	**35,566**	**95,800**

(*) The transfers and disposals relating to the assets that entered at net book value in the non-cash contribution are done so at net book value.

Similarly, the cost of the additions and the accumulated depreciation of the non-cash contribution made in financial year 2011 amounted to 241,788 and 244,231 thousand euro, respectively.

During the financial years 2014 and 2015 the company acquired from the related company Ingeniería y Economía del Transporte, S.A. (INECO) the following elements of its fixed intangible assets:

	Thousands of euro			
	2015		2014	
	Book value (gross)	**Accumulated depreciation**	**Book value (gross)**	**Accumulated depreciation**
Development	-	-	25	2
Software	42	-	18	-
Other Fixed Intangible Assets	2,414	-	1,528	-
	2,456	**-**	**1,571**	**2**

The main additions in 2015 and 2014 under the heading "IT applications" and "Fixed intangible assets under development" were acquisitions, as well as upgrades and developments, of new technologies for IT applications relating to central airport services, as well as works performed with Aena's public web site.

Of the total capitalized costs at 31 December 2015 and 2014 relating to the various classes of fixed intangible assets, assets in progress are included as follows:

	Thousands of euro	
	2015	**2014**
Software	6,293	3,191
Other fixed intangible assets	31,443	32,375
Total	**37,736**	**35,566**

The "Other fixed intangible assets" heading includes mainly the master plans for airports.

In 2015, 274 thousand euro were capitalised as financial expenses associated with fixed intangible assets (2014: 314 thousand euro).

As at the 31st of December 2015, there were fixed intangible assets in use with an original cost of 287,903 thousand euro (2014: 259,807 thousand euro) that is fully amortised. On the other hand, due to the fact that the non-cash contribution was made at net book value, in 2015 the original cost of said fixed intangible assets was greater than the cost of fixed intangible assets disclosed in the movement. The breakdown is as follows:

	Thousands of euro	
	2015	**2014**
Concessions	81	78
Software	162,043	134,129
Other fixed intangible assets	125,779	125,600
Total	**287,903**	**259,807**

(Thousand euro unless otherwise stated)

Concession agreement, regulated asset

The company operates the heliports of Ceuta and Algeciras under administrative concession contracts. The main conditions are described below:

- Ceuta Heliport: The Company operates the civil Ceuta heliport with all services under a service concession contract made with the Port Authority of Ceuta. This concession has a start date of 28 March 2003 with a maturity of 30 years. The Company pays an annual fee of €39,000 for the occupancy of the public port. Likewise, in accordance with Article 69 of Law 27/92, the Company pays a fee amounting to €0.823386 per passenger, depending on volume of passengers.

- Algeciras Heliport: The Company has an administrative concession agreement with the Port of Algeciras Bay for the occupation of the facilities that will be used for the installation and operation activities of publicly owned heliport at the Port of Algeciras. This concession has a start date of 3 February 2009 with duration of 25 years. The contract establishes an occupancy rate of public port deprivation of 82 thousand euro per year and a rate of special use of the public domain of 1 euro per passenger loaded or unloaded at the facility.

Impairment tests for unamortised intangible assets (under development)

In accordance with the procedure described in the Note 4a) and for the cash-generating units also described in said note, the company has performed an impairment test of the unamortised fixed intangible assets not identifying adjustments as at the 31st of December 2015 and 2014, even after having applied the sensitivities on the variables used.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on five year financial budgets approved by management, including a four year period. Cash flows beyond these four years are extrapolated using the estimated growth rate indicated below.

The main assumptions used to calculate value-in-use are as follows:

	2015	**2014**
Growth rate	2.00%	2.00%
Post-tax discount rate	5.33%	5.02%

The Company has calculated the recoverable value based on the four year projections of profits approved by Management.

The discount rate after tax applied to the cash flow projections is the weighted average cost of capital (WACC), and is determined by the weighted average of the cost of own funds and the cost of the external funds, according to the financial structure determined for each CGU.

The data used for the calculation of WACC come from external and independent sources of information, and reflect specific risks relating to the Company's activities.

From the fifth year, cash flow projections are calculated using a constant rate of expected growth, taking into account the consensus of analysts and air traffic growth.

The Company performed a sensitivity analysis of the impairment calculation, using reasonable variations of the main financial assumptions considered in the calculation, assuming the following increases or decreases in percentage points (p.p.):

- Discount rate (-1 p.p./+1 p.p.)
- Perpetuity growth rates (+1 p.p./-1 p.p.)

As a result of the sensitivity analysis performed at year-end 2015, it appears that there are no significant risks associated with reasonably possible changes to the assumptions, considered on an individual basis. That is, Management believes that, within the above ranges, no corrections for impairment will be necessary.

The main assumptions affecting the Company's cash flows are passenger traffic, change in prices, investment levels and efficiencies in operating costs.

7. Property, plant and equipment

The movements in the accounts included in the fixed intangible assets for financial years 2015 and 2014 were the following:

	2015					
	Thousands of euro					
	Land and buildings	**Plant and machinery**	**Other facilities, tools and furnishings**	**Other fixed assets**	**Fixed assets in progress**	**Total**
Cost						
Beginning balance	13,862,149	670,241	3,022,429	6,560	309,195	17,870,574
Additions	90,629	25,837	49,665	104	76,281	242,516
Disposals (*)	(153,370)	(4,585)	(11,065)	(7)	(10,376)	(179,403)
Transfers (Note 6 and 8) (*)	127,310	7,675	32,078	(144)	(229,981)	(63,062)
Final balance	13,926,718	699,168	3,093,107	6,513	145,119	17,870,625
Depreciation and impairments						
Beginning balance	(1,343,596)	(193,866)	(930,493)	(3,818)	-	(2,471,773)
Allocation	(388,878)	(69,678)	(298,058)	(885)	-	(757,499)
Transfers (*)	23,992	605	60	80	-	24,737
Disposals	21,890	3,524	6,373	6	-	31,793
Final balance	(1,686,592)	(259,415)	(1,222,118)	(4,617)	-	(3,172,742)
Net:	**12,240,126**	**439,753**	**1,870,989**	**1,896**	**145,119**	**14,697,883**

(*) The transfers and disposals relating to the assets that entered at net book value in the non-cash contribution are done so at net book value.

	2014					
	Thousands of euro					
	Land and buildings	**Plant and machinery**	**Other facilities, tools and furnishings**	**Other fixed assets**	**Fixed assets in progress**	**Total**
Cost						
Beginning balance	12,981,626	652,051	2,950,349	6,437	350,177	16,940,640
Additions	884,724	12,268	46,461	214	76,561	1,020,228
Disposals	74,436	4,707	15,465	93	7,443	102,144
Transfers (Note 6 and 8) (*)	70,235	10,629	41,084	2	110,100	11,850
Beginning balance	13,862,149	670,241	3,022,429	6,560	309,195	17,870,574
Depreciation and impairments						
Beginning balance	952,897	124,842	632,463	2,517	-	1,712,719
Allocation	384,258	72,498	309,563	1,390	-	767,709
Depreciation adjustment	2,188	1	101	-	-	2,288
Disposals	4,253	3,473	11,634	89	-	10,943
Final balance	1,343,596	193,866	930,493	3,818	-	2,471,773
Net:	**12,518,553**	**476,375**	**2,091,936**	**2,742**	**309,195**	**15,398,801**

(*) The transfers and disposals relating to the assets that entered at net book value in the non-cash contribution are done so at net book value.

At year-end 2015 and 2014, the Company owns properties with separate net value from buildings and the land, which is as follows:

	Thousands of euro	
	2015	**2014**
Land	4,341,700	4,405,834
Buildings	7,898,426	8,112,719
Total	**12,240,126**	**12,518,553**

During the financial years 2014 and 2015 the company acquired from the related company Ingeniería y Economía del Transporte, S.A. (INECO) the following elements of its fixed tangible assets:

	Thousands of euro			
	2015		2014	
	Book value (gross)	**Accumulated depreciation**	**Book value (gross)**	**Accumulated depreciation**
Land and buildings	894	12	728	12
Technical installations and other tangible fixed assets	10	-	45	3
Fixed assets in progress and prepayments	3,011	-	3,421	-
Total	**3,915**	**12**	**4,194**	**15**

During the financial year 2015 a total of 2,646 thousand euro of financial expenses accrued in the related financial year have been capitalised relating to the financing of the fixed assets in progress (2014: 5,393 thousand euro), as well as 4,212 thousand euro of internal work done by the company for its tangible fixed assets (2014: 4.302 thousand euro).

a) Additions to Fixed assets

The main additions recognized in 2015 and 2014 are described below:

Land and buildings

In 2015, additions to Land and buildings totalled 90,629 thousand euro, mainly motivated by the work related to the Noise Insulation Scheme in Tenerife Norte and Madrid airports, by the screed of the runway of A Coruña, the lengthening of the 36L/18R runway of Adolfo Suárez Madrid-Barajas airport, the conditioning of the southern entrance of Málaga airport and the works performed on taxiways, runways and platform at the airport of Palma de Mallorca.

The most significant ongoing investments in buildings are related to the remodelling and adaptation of five VIP lounges in Terminal 1, 2 and 3, and the upgrading works of the boarding area of regional traffic at T4 Airport Adolfo Suárez Madrid-Barajas; the supply and installation of a new check-in desks set, and remodelling of the passenger boarding bridges at T2 in Barcelona; and works in the new FPP building of Ibiza airport.

In terms of completed and operational works, the most representative work has been the new terminal (south embankment) at Gran Canaria Airport and the new group of continuity for the supply of electricity to Barcelona airport.

In 2014, additions to Land and buildings totalled 884.724 thousand euro and corresponded mainly to increases in the estimated final amount payable for fair values for the expropriation of land purchased in relation to the expansion of Adolfo Suárez Madrid-Barajas Airport, as well as for the airports of Málaga and Vigo, due to various legal proceedings that Aena, S.A. considers as ongoing in the area of expropriations, and which have been offset by increasing the amounts set aside for the Provision for expropriations.

Such proceedings include, in particular, several rulings concerning the revaluation of expropriation procedures conducted in connection with the expansion of the Adolfo Suárez Madrid-Barajas Airport, as well as the risk involved in the cancellation of the delimitation of the Public Water Domain in force, which allows the former owners of the lands included within the delimited area to claim payment for surface areas previously acquired at zero cost. Over the period, all of these rulings and risks has resulted in the addition of land amounting to 52,910 thousand euro. Moreover, particularly noteworthy is the ruling notified to Aena, S.A. on 29 October 2014 and delivered by the High Court of Justice in Madrid (TSJ) on 1 October, in Ordinary Procedure 1/2011, which recognises the right for the revaluation of a number of properties acquired for the extension of the Adolfo Suárez Madrid-Barajas Airport, along with two other similar procedures, resulted last year in the addition of land amounting to 758,605 thousand euro (see Note 21).

Likewise, the largest investments in terms of ongoing building work have been the extension of the terminal building at Gran Canaria and the extension of the runway at A Coruña. Regarding completed work and commissioning, it is worth noting the electrical co-generation plant at Barajas (lease liabilities), parking platform at Seville, the extension to the North/South platform at Gran Canaria, the extension to the aircraft waiting area at Alicante, and the expansion of the parking area and new controls for vehicles accessing Seville Airport; regarding terminals, a northern extension to the terminal building at Vigo and new commercial areas at Gran Canaria airport have started operating; the development and upgrading of commercial spaces in T4 and T4S of Adolfo Suárez Madrid-Barajas airport; work on the new terminal at Menorca; refurbishment of the passenger terminal building at Girona and upgrading work at the departures terminal at Lanzarote airport.

Installations and other fixed assets

The most representative additions in 2015 correspond to installations related to the provision of luggage trolleys at Barcelona and Madrid airports, and to works in such period as new boarding bridges and all its ancillary elements (power and air conditioning systems for aircraft, docking guide display systems, etc.) at Adolfo Suárez Madrid-Barajas and Gran Canaria airports, the new kiosks, printers and boarding card readers at Adolfo Suarez Madrid-Barajas, and the activities associated with the landing aid system of Palma de Mallorca airport.

As for installations in progress, of note are the works being carried out for the new boarding bridges and assistance equipment for aircraft at the airport of Malaga, the renovation of the network of radio-links and radio-assistance and the new signalling of the taxiing lane C7 at the airport Adolfo Suárez Madrid-Barajas; and the extension of the HVAC system and remodelling of the boarding bridges at the airport of Palma de Mallorca.

In other installations, it is worth mentioning the new explosive trace detectors installed in all airports in the networks and the works carried on the electrical system of the airports of Adolfo-Suárez Madrid-Barajas and Palma de Mallorca.

In addition, among other installations in progress, the most significant is the renovation of the WiFi network of the Barcelona airport and the new fuel supply connection at the airport Adolfo Suárez Madrid-Barajas.

The additions and most representative commissioning of fixed assets in financial year 2014 related to:

- New luminous beaconing system for the airfield at the Adolfo Suárez Madrid-Barajas airport.
- Plan for renewal of explosive detection systems (EDS) at various airports and adaptation of the baggage handling system at various airports.
- Installation of telescopic boarding gates at Vigo.
- Installation of air conditioning at Menorca Airport.
- Control of access to the P-1 parking building at Seville.
- Air conditioning system and extension of signage at T4 and T4S at Adolfo Suárez Madrid-Barajas Airport.
- CCTV systems, access and air conditioning in the new commercial areas of Gran Canaria Airport.

Property, plant and equipment under construction

In 2015 the most works currently in progress are those relating to the new fuel supply connection at the airport Adolfo Suárez Madrid-Barajas, the new electricity plant of Asturias, the adaptation of unfinished areas in the airport of Santiago, actions to raise the airport of Zaragoza to category II/III, the multi-service extension to the new extension built in the terminal building of the airport of Gran Canaria, the supply with installation of boarding bridges and aircraft assistance equipment fin T2 in Málaga, the extension of the terminal building of Reus and actions required for the certification of the Vigo airport.

The main items under the heading of construction work in progress during the year ended 31 December 2014, related to the extension of the terminal building and construction of a new parking area (P3) at Gran Canaria Airport, the extension of runways at A Coruña Airport, and the construction of a new power plant in Asturias.

(Thousand euro unless otherwise stated)

b) Profits/losses from the sales/disposals of tangible fixed assets

During 2015, land disposals are motivated by favourable rulings that have led to the calculation of a new revaluation of open procedures, particularly for Adolfo Suárez Madrid-Barajas airport. Similarly, favourable rulings from creditors' claims on works performed in the parking area at the airports of Barcelona and La Palma, and the runway at Adolfo Suárez Madrid-Barajas airport has been cancelled due to the upgrade of the screed. Facilities renewed at Gran Canaria and Adolfo Suárez Madrid-Barajas airports relating to passenger boarding and check-in counters, respectively, have also been cancelled, so have the signage and beacons system at Palma de Mallorca airport, the walkways at Málaga airport and the explosives detection systems at Adolfo Suárez Madrid-Barajas airport.

In addition, the disposals in 2015 included the following items, the amount of which has not been charged to the profit or loss account:

- Reversals of provisions recorded in previous years for fair value differences arising primarily from land expropriations and estimated environmental investments to comply with current legislation, and for litigation related to works. In these cases, the disposals were carried out and charged to accounts of provisions for risks and expenses (see Note 21) amounted to a total of 127,441 thousand euro.

- Payments to suppliers of fixed assets in relation to amounts activated in previous years, amounted to 12,848 thousand euro.

In 2015, there have been gains amounting to 524 thousand euro from the asset repurchase by computer vendors.

In the financial year 2014 profits arose of 6,193 thousand euro from the sale of different equipment. Moreover, disposals occurred in tangible fixed assets during 2014 which have gave rise to a loss of 9,654 thousand euro, which coincides with the net book value of various assets, among which it is worth highlighting different fixed assets (EDS, control and access systems, UCA systems, X-ray equipment, collecting machines, SACTA, etc.), pursuant to their renovation at several airports of the network.

c) Impairment in the value of tangible fixed assets

In accordance with the procedure described in the Note 4a) and for the cash-generating units also described in said note, as at the close of financial year 2015 and 2014 the company underwent the impairment test of impairment for the network of airports not identifying significant impacts on the annual accounts as at the 31st of December 2015 to 2014, even after applied sensitivities on the variables used. The main assumptions used were:

	2015	2014
Growth rate	2.00%	2.00%
Post-tax discount rate	5.33%	5.02%

At the end of 2015, the Management has no recognized any asset impairment.

d) Subsidies received

As at the 31st of December 2015, the company had subsidies relating to the fixed assets for an amount of 457,687 thousand euro net of taxes (2014: 486,301 thousand euro) (see Note 19e). The gross cost of the assets affected by these subsidies was of 2,504 million euro, relating to tangible fixed assets (2014: 2,504 million euro).

Of the above amount, Aena, S.A. has a recognised debit balance for this concept of 10,790 thousand euro (see Note 22).

e) Limitations

Contributed land, buildings and other construction have lost their status as public domain assets due to the effect of the release established by Article 9 of Royal Decree Law 13/2011 (3 December), which stipulates that all state public domain assets associated with the Public Business Entity "ENAIRE" that are not linked to air traffic services, including those used for airport air traffic services, will cease to be public domain assets but this does not mean that the purpose of the expropriation is not altered and therefore the reversal of that process is not appropriate.

There are certain restrictions on the sale of airport assets (see Note 15).

f) Fully depreciated assets

As at the 31st of December 2015 and 2014 there were tangible assets that were fully depreciated and that are still in use, in accordance with the following detail:

	Thousand euro (*)	
	2015	**2014**
Buildings	809,718	738,134
Plant and machinery	351,086	319,029
Other facilities, tools and furnishings	828,533	695,378
Other property, plant and equipment	9,969	9,872
Total	**1,999,306**	**1,762,413**

(*) *these amounts refer to the original cost of the assets (the non-monetary contribution was done at net book value).*

g) Commitments

At 31 December 2015, outstanding investments amount to approximately 303.6 million euro (2014: 265.3 million euro), which include allocated investments pending formalisation by contract and confirmed investments awaiting execution.

h) Insurance policies

The company's policy is to formalise insurance policies to adequately cover the possible risks that it various fixed tangible assets are subject to. As at the close of financial years 2015 and 2014 it was estimated that there was no coverage shortfall.

i) Leases

The company leases part of its tangible fixed assets from third parties for its business operation. The operating and financial leases of company are detailed in Note 9.

j) Jointly controlled assets

The Company has an agreement with the Ministry of Defence to establish the key distribution and compensation criteria for the use by civil aircraft of the Air Bases Open to Civil Traffic in Villanubla, León, Albacete, Matacán, Talavera, San Javier and the joint-use aerodrome in Zaragoza. This Agreement is based on the application of Royal Decree 1167/1995 (7 July) on the system for using airports jointly used by an airbase and an airport and the airbases open to civil traffic.

The amounts displayed below represent the company's holdings in the assets and liabilities, without including the imputation of indirect costs, which have been included in the balance sheet (in thousands of euro):

	2015	**2014**
Non-current assets	268,945	275,788

Non-current/current liabilities	-	-
Net assets	**268,945**	**275,788**
Income	24,620	25,005
Expenses	42,197	44,065
Net profit/loss	**17,577**	**19,060**

There are no contingent liabilities relating to the Company's interest in the joint venture or contingent liabilities in the joint venture itself.

k) Refurbishing costs

In accordance with the accounting policy described in note 4b), the company capitalises as an increase in the value of its fixed assets, the initial estimate of the costs for refurbishing the site on which it stands, when these constitute obligations incurred by Aena as the result of using the asset. Thus, these are capitalised as a higher value of the airport assets for all the obligations laid down for carrying out the works of acoustic insulation and soundproofing of residential areas in order to comply with current legislation on noise generated by the airport infrastructures (see Note 21 with regards to the Provision of acoustic insulation).

l) Assets by business branch

The following is a breakdown of the assets by business branch as at the 31st of December 2015 and 2014:

	Thousands of euro	
	2015	**2014**
Airports	14,041,637	14,629,989
Parking	656,246	768,812
Total	**14,697,883**	**15,398,801**

8. Investment properties:

The movement of the investment on real estate as at the 31st of December 2015 and 2014 is as follows:

	2015		
	Thousands of euro		
	Real estate land and buildings	**Other installations**	**Total**
Cost			
Beginning balance	146,083	3,652	149,735
Additions	224	-	224
Transfers (Note 6 and 7) (*)	63,008	(4)	63,004
Final balance	209,315	3,648	212,963
Depreciation:			
Beginning balance	(9,306)	(2,798)	(12,104)
Allocation	(4,189)	(400)	(4,589)
Transfers (Note 6 and 7)	(24,765)	3	(24,762)
Final balance	(38,260)	(3,195)	(41,455)
Impairment			
Opening and closing balance	(6,243)	-	(6,243)
Net:	**164,812**	**453**	**165,265**

(*) The transfers relating to the assets that entered at net book value in the non-cash contribution are done so at net book value.

	2014		
	Thousands of euro		
	Real estate land and buildings	**Other installations**	**Total**
Cost			
Beginning balance	154,688	3,652	158,340
Additions	50	-	50
Transfers (Note 6 and 7) (*)	(8,655)	-	(8,655)
Final balance	146,083	3,652	149,735
Depreciation:			
Beginning balance	(5,311)	(2,383)	(7,694)
Allocation	(3,995)	(415)	(4,410)
Final balance	(9,306)	(2,798)	(12,104)
Impairment			
Beginning balance	-	-	-
Impairment provisions	(6,243)	-	(6,243)
Final balance	(6,243)	-	(6,243)
Net:	**130,534**	**854**	**131,388**

(*) The transfers are done at net book value as they are assets coming from the non-cash contribution made in 2011 at the net book value.

This heading mainly includes immoveable assets used for operations in rental form (land, offices and warehouses used by third parties) with the exception of surface areas used by the Company itself to conduct its activities.

In financial year 2015, 38,242 thousand euro of net book value of tangible fixed assets have been transferred to real estate investments as it involves assets that fulfil the accounting regulations to be classified as such.

In financial year 2014, 8,655 thousand euro of net book value of the tangible fixed assets were transferred to real estate investments as assets that are leased to a third party or have a plan to be leased.

As at the 31st of December 2015 and 2014 there were tangible assets that were fully depreciated and that are still in use, in accordance with the following detail:

	Thousands of euro	
	2015	**2014**
Real estate constructions	14,431	9,881
Real estate installations	2,945	1,644
Total	**17,376**	**11,525**

The fair value of investment properties, taking into account current values (some of which are being revised) at the presented dates are as follows:

	Thousands of euro	
	2015	**2014**
Land	301,359	363,201
Buildings	489,615	468,475
Total	**790,974**	**831,676**

The Company is reviewing the Company's property portfolio in order to determine with additional market information the fair value of its real estate investments for the future. As a result of the first evaluation, an adjustment for impairment of property investments amounting to 6,243 thousand euro was determined in 2014 and the fair value of these assets therefore adjusted. Accordingly, the Management of the Company does not believe that any significant impairment exists other than that recognised in 2014.

The calculation of the fair value of Tier 3 (figures for the asset that are not based on observable market data) has been obtained by internal estimations based on discounted cash flows, tailored individually for each of the assets. The main assumptions used at 31 December 2015 and 2014 are as follows:

	2015	2014
Growth rate	1.5%	2%
Discount rate	7-9% (*)	6.14%

(*) Range of discount rates used for assets according to the location, activity level and category of the airport.

This discount rate reflects a specific premium based on the characteristics of the real estate business. When determining the fair value of property investments, the management carried out an analysis contract by contract; for ongoing contracts the rentals stipulated in the contracts were used on the assumption that the contracts would be settled within a fixed term. Flows were estimated for the years that each contract was in force with rent in perpetuity from the year of their completion. For assets undergoing an awarding process, only assets for which no debts exist in relation to their future awarding and generation of cash flows were included. For the calculation of cash flows, annual guaranteed minimum rents (in the case of awards) or rents determined according to market conditions were used.

9. Leases

<u>Operating leases</u>

The Company records operating leases obtained from third parties covering certain assets, notably those indicated below together with the main characteristics of the relevant agreements:

Asset	Location	Maturity date	Annual rent excluding VAT (in thousand of euro)	Remarks
Edificio Piovera	Madrid	31/01/2019	3,454	Rent may be reviewed in accordance with the contractual terms

Total minimum future payments for irrevocable operating leases are as follows:

	Thousands of euro	
	2015	**2014**
Less than one year	3,595	3,454
Between one and five years	7,925	8,611
More than 5 years	-	-
Total	**11,520**	**12,065**

The Company leases several shops and warehouses under irrevocable operating leases. These contracts have a duration of between five and ten years, mostly being renewable at their expiry in accordance with market conditions.

The total minimum payments, for non-cancellable operating leases are as follows for the designated terms:

	Thousands of euro	
	2015	**2014 (*)**
Less than one year	503,700	511,500
Between one and five years	1,784,000	1,902,800
More than 5 years	53,500	453,100
	2,341,200	**2,867,400**

(*) Added the period for more than five years in 2014 for comparison purposes.

Financial leases

In its fixed assets the company has an electricity cogeneration plant of the Adolfo Suarez Madrid Barajas airport that is under a financial lease contract in which the company is the lessee. The amount for which the assets were initially recognised amounted to 17,829 thousand euro, relating to its estimated reasonable value. The amounts shown below are expressed in thousands of euro:

	Thousands of euro	
	2015	**2014**
Cost- capitalized finance leases	17,829	17,829
Accumulated depreciation	2,971	1,486
Carrying amount	**14,858**	**16,343**

As at the 31st of December 2014 and 2015 the current value of the minimum lease instalments payable in the future, excluding inflation increases or other contingent amounts, derived from said financial lease contract is as follows (in thousands of euro):

	Thousands of euro	
	2015	**2014**
Less than one year	1,506	1,469
Between one and five years	6,410	7,915
More than 5 years	8,956	8,957
	16,872	**18,341**

10. Financial instruments

Analysis by categories

The book value of each of the categories of the financial instruments set out in the standard for the recording and valuation of "Financial instruments", except for investments in the equity of group, multi-group and associated companies (Note 11), is as follows (in thousands of euro):

Long-term financial assets

	Equity instruments		Credit to companies		Other financial instruments		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Investments held until their due date (*)	-	-	-	-	54,241	43,565	**54,241**	**43,565**
Loans and receivables (Note 12)	-	-	-	55,866	-	-	**-**	**55,866**
Available-for-sale assets:								
- Valued at cost (Note 11.3)	180	180	-	-	-	-	**180**	**180**
Total	**180**	**180**	**-**	**55,866**	**54,241**	**43,565**	**54,421**	**99,611**

Short-term financial assets

	Equity instruments		Credit to companies		Other financial instruments		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Investments held until their due date (*)	-	600	-	-	2,169	2,038	**2,169**	**2,638**
Loans and receivables (**)	-	-	53,481	196,603	307,067	259,058	**360,548**	**455,661**
Total	**-**	**600**	**53,481**	**196,603**	**309,236**	**261,096**	**362,717**	**458,299**

(*) The caption "Other financial instruments" largely encompasses deposits left due to legal requirement in the different public institutions of the Autonomous Regional Governments,relating to the deposits previously received from lessees of the commercial spaces of Aena, S.A., in compliance with Law 29/1994, of the 24th of November, on Urban Leases.
(**) The caption "Other financial instruments" contains the entirety of the caption "Trade debtors and other accounts receivable", excluding "Other liabilities with Public Administrations".

(Thousand euro unless otherwise stated)

	Long-term financial liabilities							
	Financial lease creditors and others		Group debts		Deposits and Derivatives		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Debits and accounts payable (*)	15,936	17,647	8,309,601	9,456,390	63,605	47,018	**8,389,142**	**9,521,055**
Hedging derivatives (**)	-	-	-	-	31,547	1,636	**31,547**	**1,636**
Total	**15,936**	**17,647**	**8,309,601**	**9,456,390**	**95,152**	**48,654**	**8,420,689**	**9,522,691**

(*) Including in the caption "Debts with the Group" the effect of the novation expenses and expenses recorded following the criterion of amortised cost for a total amount of 8,821 thousand euro (2014: 12,520 thousand euro), but without including the amount imputed for the liabilities of the "swaps" with Enaire in the amount of 151 thousand euro (2014: 1,636 thousand euro)(see note 15).
(**) Includes the amount of the swaps imputed by Enaire, for an amount of 151 thousand euro (2014:1,636 thousand euro), which were disclosed in the balance sheet under the caption "Long-term debts with Group and associated companies".

	Short-term financial liabilities					
	Debts with Group and Associated companies		Others		Total	
	2015	2014	2015	2014	2015	2014
Loan to the ultimate parent company (note 15)	1,125,488	1,055,128	-	-	**1,125,488**	**1,055,128**
Accrued loan interest pending payment (note 15)	26,453	48,346	-	-	**26,453**	**48,346**
ENAIRE company current a/c	-	998	-	-	**-**	**998**
Associated company fixed assets supplier	1,636	1,211	-	-	**1,636**	**1,211**
Coverage derivatives (note 15)	1,535	5,172	40,821	-	**42,356**	**5,172**
Subtotal	**1,155,112**	**1,110,855**	**40,821**	-	**1,195,933**	**1,110,855**
Amortised cost criterion commissions	(1,709)	(1,466)	-	-	**(1,709)**	**(1,466)**
Subtotal	**1,153,403**	**1,109,389**	**40,821**	-	**1,194,224**	**1,109,389**
Amounts payable (*)	-	-	259,708	259,389	**259,708**	**259,389**
Financial leases payable	-	-	1,506	1,469	**1,506**	**1,469**
Other financial liabilities	-	-	92,506	78,121	**92,506**	**78,121**
Total	**1,153,403**	**1,109,389**	**394,541**	**338,979**	**1,547,944**	**1,448,368**

(*) Caption "Trade creditors and other accounts payable" excluding "Other debts with Public Administrations".

Analysis by due dates

As at the 31st of December 2015, the amounts of the financial instruments with a determined or determinable maturity classified by year of maturity are as follows (in thousands of euro):

Financial assets	2016	2017	2018	2019	2020	2021 and subsequent	Total
Investments held until their maturity	2,169	1,478	3,557	4,640	30,047	14,519	**56,410**
Loans with ADI (*)	614	-	-	-	-	-	**614**
Other receivables	307,067	-	-	-	-	-	**307,067**
Tax effect credit with ENAIRE (*)	50,217	-	-	-	-	-	**50,217**
Tax effect credit with ADI (*)	2,161						**2,161**
Other credit to companies	489	-	-	-	-	-	**489**
Equity instruments	-	-	-	-	-	180	**180**
Total	**362,717**	**1,478**	**3,557**	**4,640**	**30,047**	**14,699**	**417,138**

(*) Included in the caption "Credit to Group companies" of "Short-term investments in group and associated companies" for a total of 52,992 thousand euro.

Financial liabilities	2016	2017	2018	2019	2020	2021 and subsequent	Total
Loans with ultimate parent company (*) (note 15)	1,125,488	826,393	747,995	749,755	731,835	5,262,444	**9,443,910**
Accrued loan interest pending payment	26,453	-	-	-	-	-	**26,453**
Associated company fixed assets supplier	1,636	-	-	-	-	-	**1,636**
Enaire coverage derivatives (note 15)	1,535	151	-	-	-	-	**1,686**
Subtotal debts of Group and associated companies	**1,155,112**	**826,544**	**747,995**	**749,755**	**731,835**	**5,262,444**	**9,473,685**
Aena coverage derivatives (note 15)	40,821	33,991	24,128	13,602	5,106	(45,431)	**72,217**
Financial lease creditors	1,506	1,544	1,582	1,622	1,662	8,956	**16,872**
Other long-term debts	121	121	121	121	121	87	**692**
Trade creditors and other accounts payable	318,493	-	-	-	-	-	**318,493**
Securities received	33,600	88	1,842	3,851	30,497	27,327	**97,205**
Total	**1,549,653**	**862,288**	**775,668**	**768,951**	**769,221**	**5,253,383**	**9,979,164**

(*) Excluding the effect of the commissions and costs of novation booked following an amortised cost criterion for a total amount of 10,530 thousand euro (see note 15), as these concepts do not involve any cash disbursement.

(Thousand euro unless otherwise stated)

The net profits and losses of the financial assets and liabilities as at the 31st of December 2015 and 2014 are disclosed in note 23f).

11. Investments in group and associated companies and other holdings

Equity Instruments

The main data of the holdings in Group and Associated companies, as well as that of other holdings, none o which are quoted on a stock exchange as at the 31st of December 2014 and 2015, are shown below:

1) Holdings in group companies

The breakdown of the Group's subsidiaries at 31 December 2015 and 2014, all consolidated using the full consolidation method in the consolidated financial statements, is as follows:

2015

Subsidiaries	Address	Activity	%		Owner of the Shareholding
			Direct	Indirect	
Aena Desarrollo Internacional, S.A. (1) ("ADI")	Madrid	Operation, maintenance, management and administration of Airport infrastructures, as well as supplementary services.	100	-	Aena, S.A.
London Luton Airport Holdings III Limited ("LLAH III")	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	Aena Desarrollo Internacional, S.A
London Luton Airport Holdings II Limited ("LLAH II")	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings III Limited ("LLAH III")
London Luton Airport Holdings I Limited ("LLAH I")	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings II Limited ("LLAH II")
London Luton Airport Group Limited ("LLAGL")	London	Guarantor company for the acquisition of the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings I Limited (LLAH I)
London Luton Airport Group Limited ("LLAOL")	London	Company holding the concession for the operation of Luton Airport.	-	51	London Luton Airport Group Limited ("LLAGL")

(1) Companies audited by the PwC network.

(Thousand euro unless otherwise stated)

2014

Subsidiaries	Address	Activity	% Direct	% Indirect	Owner of the Shareholding
Aena Desarrollo Internacional, S.A. (1) ("ADI")	Madrid	Operation, maintenance, management and administration of Airport infrastructures, as well as supplementary services.	100	-	Aena, S.A.
Concesionaria del Aeropuerto de Madrid-Barajas, S.A.U.	Madrid	Dormant	100	-	Aena S.A.
Concesionaria del Aeropuerto Barcelona-El Prat, S.A.U.	Barcelona	Dormant	100	-	Aena, S.A.
London Luton Airport Holdings III Limited ("LLAH III")	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	Aena Desarrollo Internacional, S.A
London Luton Airport Holdings II Limited ("LLAH II")	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings III Limited ("LLAH III")
London Luton Airport Holdings I Limited ("LLAH I")	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings II Limited ("LLAH II")
London Luton Airport Group Limited ("LLAGL")	London	Guarantor company for the acquisition of the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings I Limited (LLAH I)
London Luton Airport Group Limited ("LLAOL")	London	Company holding the concession for the operation of Luton Airport.	-	51	London Luton Airport Group Limited ("LLAGL")

(1) Companies audited by the PwC network.

On 30 September 2015 the articles of termination of the two Concessionary Company (Concesionaria del Aeropuerto de Madrid-Barajas S.A. y Concesionaria del Aeropuerto de Barcelona-El Prat S.A) are signed. These companies did not present any activity since their establishment on 26 July 2011.

(Thousand euro unless otherwise stated)

The main amounts of share capital, equity, profit and loss and book values relating to the group companies as at the end of 2015 and 2014, were as follows:

	31 December 2015						
	Thousand euro (**)						
Name/ Address / Activity	Fraction of the Direct Capital (%)	Share capital	Profit 2015 Operation	Profit 2015 Net	Rest of Equity	Total Equity	Value in Books (*)
Aena Desarrollo Internacional, S.A. Arturo Soria, 109. Madrid/ Operation, maintenance, management and administration of Airport infrastructures (1)	100%	161,182	27,477	31,629	59,855	252,665	165,032
Total							**165,032**

(*) No holding has any recorded or accumulated impairment in the financial year, being valued at cost price.
(**) Data obtained from the individual financial statements at 31 December 2015
(1) Company audited by the PwC network.

	31 December 2014						
	Thousand euro (**)						
Name/ Address / Activity	**Fraction of the Direct Capital (%)**	**Share capital**	**Profit 2014 Operation**	**Profit 2014 Net:**	**Rest of Equity**	**Total Equity**	**Value in Books (*)**
Aena Desarrollo Internacional, S.A. Arturo Soria, 109. Madrid/ Operation, maintenance, management and administration of Airport infrastructures (1)	100%	161,182	18,976	18,943	40,912	221,037	165,032
Concesionaria del Aeropuerto de Madrid- Barajas, S.A.U.	100%	61	-	-	-	61	61
Concesionaria del Aeropuerto Barcelona-El Prat, S.A.U.	100%	61	-	-	-	61	61
Total							**165,154**

(*) No holding has any recorded or accumulated impairment in the financial year, being valued at cost price.
(**) Data obtained from the individual financial statements at 31 December 2014
(1) Company audited by the PwC network.

In the years 2015 and 2014, Aena Desarrollo Internacional, S.A. ("ADI") has not distributed dividends.

On the other hand the company Aena, S.A. owns the control of London Luton Airport Holding III Limited (hereinafter "LLAH III") and all its subsidiaries through Aena Desarrollo Internacional, S.A. (hereinafter "ADI"). The main amounts of share capital, equity, profit and loss and book value expressed in local currency and under local accounting principles and including the valuation of the identifiable assets acquired and liabilities assumed as at the date of acquisition, relating to this company to this company as at the end of financial year 2015 and 2014 are the following (expressed in thousands):

	31 December 2015				
Name / Address / Line of business	**% Holding**	**Share capital and share premium**	**Profit for the year**	**Other equity**	**Total equity**
		GBP	GBP	GBP	GBP
London Luton Airport Holdings III Limited (*) (1)	51.0%	98,600	4,080	9,714	84,806

	31 December 2014				
Name / Address / Line of business	**% Holding**	**Share capital and share premium**	**Profit for the year**	**Other equity**	**Total equity**
		GBP	GBP	GBP	GBP
London Luton Airport Holdings III Limited (*) (1)	51.0%	98,600	15,555	16,079	99,124

(*) Data obtained from the consolidated financial statements at 31 December 2015 and 2014.
(1) Company audited by other auditors.

During 2013, AENA INTERNACIONAL subscribed shares representing 40% of the capital of the company London Luton Airport Holdings III Limited (LLAHL III) for an amount of 39.4 million pounds sterling (corresponding to 47.3 million euro), Aerofi S.a.r.l. is the other shareholder of the Company, with 60% of the shares.

LLAHL III is a purpose vehicle created with the objective, through its 100% owned subsidiary London Luton Airport Holdings II Limited (LLAHL II), which turn owns 100% of London Luton Airport Holdings I Limited (LLAHL I), to carry out the acquisition, dated 27 November 2013, of London Luton Airport Group Limited and its subsidiary London Luton Airport Operations Limited, management company of Luton airport in the United Kingdom. As part of the transaction, AENA INTERNACIONAL and Aerofi signed an agreement under which AENA INTERNACIONAL had the option (purchase option) to acquire from Aerofi the shares representing 11% of the capital stock of LLAHL III, for a period of eleven months from 27 November 2013, equivalent to the subscription price of such shares adjusted for certain factors related to dividends received by Aerofi, the financial costs of 51% of debt signed by Aerofi in LLAHL II, a shareholder profitability and emissions LLAHL III new shares that have occurred during the exercise period.

On 16 October 2014, AENA INTERNATIONAL, after obtaining the necessary approvals, proceeded with the purchase option, buying 51% capital in LLAHL III amounting to 13.7 million pounds (corresponding to 17.2 million euro). Likewise, AENA INTERNACIONAL took 51% of the debt underwritten by Aerofi in LLAHL II amounting to 48.3 million pounds (corresponding to 61.9 million euro in 2014 and 65.5 million euro in 2015). Such debt corresponds to a 10-year shareholders loan at 8% interest, with semi-annual interest payments and repayment at maturity in November 2023. Funding for the operation was implemented via capital increase in AENA INTERNATIONAL subscribed 100% by AENA matrix. During 2015 this loan generated interest in favour of AENA INTERNACIONAL of 5,452,195 euro (in 2014 this amount was 1,035,482 euro).

As a consequence of this transaction, AENA INTERNACIONAL acquired control of LLAHL III in 2014 and, therefore, the AENA Group now consolidates this company (and its subsidiaries) by the full consolidation method.

The Company, through its part-held company ADI and with advice from independent experts, completed in 2014 the process of preparing valuations of (i) the fair value of the previous 40% stake that it had in LLAH III and (ii) the fair values of the assets and liabilities of the business acquired. Therefore, the consolidated financial statements of the

Aena Group proceeded to recognise and value the identifiable assets acquired and the liabilities accepted on the acquisition date.

The main amounts of the stakes in LLAH III referred to above, in relation to capital, equity, results and carrying value, expressed in local currency and under local accounting principles and including the valuation of the identifiable assets acquired and the liabilities accepted on the acquisition date, related with these companies at the closure of 2015 and 2014 are as follows (expressed in thousands):

	31 December 2015				
Name / Address / Line of business	**% Sharehol.**	**Share capital and share premium**	**Profit for the year**	**Other equity**	**Total equity**
		GBP	GBP	GBP	GBP
London Luton Airport Holdings II Limited (*) (1)	51.0%	98,600	(0.757)	(54,308)	43,535
London Luton Airport Holdings I Limited (*) (1)	51.0%	193,011	6,842	(61,321)	138,532
London Luton Airport Group Limited (*) (1)	51.0%	5,274	21,548	22,732	49,554
London Luton Airport Operations Limited (**) (1)	51.0%	5,274	22,273	21,695	49,242

(*) Data obtained from the consolidated financial statements at 31 December 2015
(**) Data obtained from the individual financial statements at 31 December 2015
(1) Company audited by other auditors.

	31 December 2014				
Name / Address / Line of business	**% Sharehol.**	**Share capital and share premium**	**Profit for the year**	**Other equity**	**Total equity**
		GBP	GBP	GBP	GBP
London Luton Airport Holdings II Limited (*) (1)	51.0%	98,600	(15,361)	(28,509)	54,730
London Luton Airport Holdings I Limited (*) (1)	51.0%	193,011	(7,800)	(35,783)	149,428
London Luton Airport Group Limited (*) (1)	51.0%	5,274	25,829	17,040	48,143
London Luton Airport Operations Limited (**) (1)	51.0%	5,274	26,301	16,531	48,106

(*) Data obtained from the consolidated financial statements at 31 December 2014
(**) Data obtained from the individual financial statements at 31 December 2014
(1) Company audited by other auditors.

2) <u>Stakes in associated companies</u>

On 30 January 2015, the Extraordinary Shareholders Meeting of Sociedad Restauración de Aeropuertos Españoles, S.A (in liquidation) approves the final liquidation balance sheet, a complete report on the liquidation transactions, and a proposal for dividing the remaining assets and proceeds of liquidation between the shareholders, resulting in payment of liquidation proceeds in the amount of 697 thousand euro on 16 March 2015.

In 2015 and 2014 the Company did not receive dividends from Sociedad Restauración de Aeropuertos Españoles, S.A (in liquidation).

At 31 December 2014 the Company was in the process of liquidation and its financial statements showed the following details:

	Thousand euro (**)					
Name / Address / Line of business	**Fraction of Capital Direct (%)**	**Capital**	**Profit 2015**	**Rest of Equity**	**Total equity**	**Carrying value (*)**
Restauración de Aeropuertos Españoles, S.A. (in liquidation)	48.99%	601	295	617	1513	600
Total						**600**

However, the Company has an indirect stake in other Companies through Aena Desarrollo Internacional, S.A. The principal figures for capital, equity, results and carrying value expressed in local currency and under local accounting principles, related with these companies at the closure of 2015 and 2014, are as follows (expressed in thousands):

Name / Address / Line of business	% Sharehol.	Capital	Profit for the year	Other equity	Total equity
	31 December 2015				
Aeropuertos del Caribe, S.A. (ACSA) Ernesto Cortissoz Airport. Barranquilla-Colombia Operation of Barranquilla Airport (*)	-	-	-	-	-
Sociedad Aeroportuaria de la Costa S.A. (SACSA) Rafael Núñez Airport. Cartagena de Indias-Colombia	37.89%	COP 3,698,728	COP 17,451,373	COP 8,203,196	COP 29,353,297
Operation of Cartagena Airport (**) Aeropuertos Mexicanos del Pacifico, S.A. de CV (AMP) México DF Operador de 12 aeropuertos en México (*)	33.33%	Thousands of MXN 2,378,400	Thousands of MXN 449,160	Thousands of MXN 880,261	Thousands of MXN 3,707,821
Aerocali, S.A. Alfonso Bonilla Aragón Airport Cali-Colombia Operation of Cali Airport (**)	50.00%	COP 3,800,000	COP 21,182,045	COP 21,347,992	COP 46,330,037

(*) Concession without activity.
(*) Data obtained from the financial statements at 31 December 2015

Name / Address / Line of business	% Sharehol.	Capital	Profit for the year	Other equity	Total equity
	31 December 2014				
Aeropuertos del Caribe, S.A. (ACSA) Ernesto Cortissoz Airport. Barranquilla-Colombia Operation of Barranquilla Airport (*)	-	-	-	-	-
Sociedad Aeroportuaria de la Costa S.A. (SACSA) Rafael Núñez Airport. Cartagena de Indias-Colombia	37.89%	COP 3,698,728	COP 13,200,330	COP 18,000,185	COP 34,899,243
Operation of Cartagena Airport (**) Aeropuertos Mexicanos del Pacifico, S.A. de CV (AMP) México DF Operador de 12 aeropuertos en México (*)	33.33%	Thousands of MXN 2,378,400	Thousands of MXN 586,801	Thousands of MXN 1,846,001	Thousands of MXN 4,811,202
Aerocali, S.A. Alfonso Bonilla Aragón Airport Cali-Colombia Operation of Cali Airport (**)	50.00%	COP 3,800,000	COP 16,484,541	COP 5,989,373	COP 26,273,914

(*) Concession without activity.
(*) Data obtained from the financial statements at 31 December 2014

The net equity of part-held Companies in Colombia and México includes the item of adjustments for inflation, following the standards established for the purpose in the respective country.

Given the progress of these Companies the Administrators have not considered it necessary to make provisions for impairment, except for ACSA, where the concession ended in 2012 and in which the investment value was entirely written off.

On 29 May 2014, the subsidiary Aena Desarrollo Internacional, S.A. purchased 63,355 Aerocali, S.A. additional ordinary shares, corresponding to 16.67%. In light of this acquisition Aena Desarrollo Internacional, S.A. came to hold a 50% interest in the company. The amount paid for this acquisition amounted to 2,036 thousand euro. In accordance with the analysis made by the Management of Aena Desarrollo Internacional, S.A. this acquisition does not bring control of the part-held company as there is already joint control, so that on 31 December 2014 and 31 December 2015 it continued to be recorded by the equity method with the change in percentage stake since the acquisition of the new shares.

On 24 February 2006, Grupo Aeroportuario del Pacifico, S.A. (a company in which AMP has invested) began to be listed on the Mexican and New York stock markets through an IPO carried out by the Mexican Government (former owner of the remaining 85% of the share capital). In addition, Aeropuertos Mexicanos del Pacífico acquired 2.296% of Grupo Aeroportuario del Pacífico, S.A. on the stock market for 286,297,895 Mexican pesos (MXN), thereby increasing its stake to 17.296% of its share capital. In May 2008, 640,000 shares were acquired on the stock market for 26,229,376 Mexican pesos (capital MXN), representing 0.11396%, thereby raising the stake held by Grupo Aeroportuario del Pacífico, S.A. to 17.40996%. The average acquisition price for the shares that Aeropuertos Mexicanos del Pacífico holds in Grupo Aeroportuario del Pacífico totals 23.12 Mexican pesos (MXN), while the listed value at 31 December 2015 was 152.05 Mexican pesos (MXN) (2014: 92.72 Mexican pesos (MXN)).

(Thousand euro unless otherwise stated)

On 22 May 2014, at the General Meeting of Shareholders of the investee company Aeropuertos Mexicanos del Pacífico, S.A.P.I. de C.V., the reduction of the share capital in its variable part was approved by 75 thousand shares (2.378,350 thousand Mexican pesos). As a result of this transaction, Aena Desarrollo Internacional, S.A. recognised a cash receipt of 1,410 thousand euro, reduced the shareholding in the associate by 1,369 thousand euro and recorded in equity the difference as a result of this transaction. This transaction did not generate changes in the shareholding percentage.

In 2014, the investment in AMP was adjusted to 21,303 thousand euro through harmonisation, recognising the debt to the Parent Company and retained earnings amounting to 2,131 thousand euro. Taking into account the impact of deferred tax, these adjustments accounted for a net impact on the valuation of assets contributed through the non-cash contribution described in Note 3 of €16.486 thousand, which, in application of the adjustment mechanism explained in the aforementioned Note, was the reason for an increase of the same amount of the Parent Company loan.

3) Other stakes

The most important information on the stakes included in this heading is as follows:

	Thousand euro (*)						
Name / Address / Line of business	**% Sharehol.**	**Capital**	**Profit 2015 Exploitation**	**Profit 2015 Net**	**Rest of Equity**	**Total Equity**	**Carrying Value at 31 December 2015**
Agencia Barcelona Regional	11.76%	1,533	19	4	324	1,861	180
Town planning consultant and environmental promoter Edificio Centreservei, Zona Franca Carrer 60, 25-27 Barcelona (*)							
Total							**180**

(*) Data obtained from the provisional financial statements at 31 December 2015

	Thousand euro (*)						
Name / Address / Line of business	**% Sharehol.**	**Capital**	**Profit 2014 Exploitation**	**Profit 2014 Net**	**Rest of Equity**	**Total Value at 31 December 2015**	**Carrying Value at 31 December 2014**
Agencia Barcelona Regional Town planning consultant and environmental promoter Edificio Centreservei, Zona Franca Carrer 60, 25-27 Barcelona (*)	11.76%	1,533	24	3	317	1853	180
Total							**180**

(*) Data obtained from the provisional financial statements at 31 December 2014

12. Related party transactions and balances

The details of the debtor and creditor balances maintained with Group and related companies at the closure of 2015 and 2014 are as follows:

2015

	Thousands of euro									
	Debtor	**Long-term Credits**	**Long-term Credits (taxes) (Note 22)**	**Short-term Credits**	**Short-term Credits (taxes) (Note 22)**	**Long-term Debts**	**Short-term Debts**	**Supplier Fixed assets**	**Account Payable**	**Creditors**
Parent company:										
ENAIRE	249	-	-	-	50,217	(8,309,752)	(1,151,767)	-	-	(27,487)
Transactions with group and associated companies										
Aena Desarrollo Internacional, S.A.	66	-	-	614	2,161	-	-	-	-	(330)
Ingeniería y Economía del Transporte, S.A. (INECO)	3	-	-	-	-	-	-	(1,636)	-	(5,395)
	318	**-**	**-**	**614**	**52,378**	**(8,309,752)**	**(1,151,767)**	**(1,636)**	**-**	**(33,212)**

2014

	Thousands of euro									
	Debtor	**Long-term Credits**	**Long-trem Credits (Taxes) (Note 22)**	**Short-term Credits**	**Short-term Credits (Taxes) (Note 22)**	**Long-term Debts**	**Short-term Debts**	**Supplier Fixed assets**	**Account Receivable - Cash Pooling**	**Creditors**
Parent company:										
ENAIRE	665		55,252		168,196	(9,458,026)	(1,107,180)	-	(997)	(30,366)
Transactions with group and associated companies										
Aena Desarrollo Internacional, S.A.	-	614	-	27,905	-					(3,378)
Ingeniería y Economía del Transporte,	(2)		-					(1,212)		(2,541)

(Thousand euro unless otherwise stated)

S.A. (INECO)										
	663	**614**	**55,252**	**27,906**	**168,196**	**(9,458,026)**	**(1,107,180)**	**(1,212)**	**(997)**	**(36,285)**

The details of transactions with group and associated companies during 2015 are as follows (in thousand euro):

	ENAIRE (Public Body)	Aena Desarrollo Internacional	INECO
Agreement to render services:	(1,212)	(60)	(47)
Services received (*)	146,561	1,854	12,520
Acquisitions of fixed assets (Note 6 and 7)	-	-	6,371
Financial revenue (Note 23f)	-	(276)	-
Losses imputed in hedge instruments (Note 23f)	5,120	-	-
Financial expenses (Note 23f)	167,698	-	-

(*) Services received from Enaire include principally those mentioned in Note 23.a ,for an amount of 145,580 thousand euro, and other outside services.

The details of transactions with group and associated companies during 2014 are as follows (in thousand euro):

	ENAIRE (Public Body)	Aena Desarrollo Internacional	INECO
Agreement to render services:	(4,483)	(4)	(16)
Services received	157,757	1,469	11,399
Acquisitions of fixed assets (Note 6 and 7)	-	-	5,765
Acquisitions of Stocks (Note 17)	2,222	-	-
Financial revenue (Note 23f)	(466)	(496)	-
Losses imputed in hedge instruments (Note 23f)	4,922	-	-
Financial expenses (Note 23f)	208,212	-	-

Long-term investments in Group and associated companies - Credits to companies

This heading includes a loan granted to Aena Desarrollo Internacional, S.A. for an amount of 9.8 million euro, with constant quarterly instalments of redemption, and at 31 December 2015 showed a balance outstanding of 0.6 million euro (2014: 1.8 million euro), with maturity at 26 June 2016. It is referenced to the average rate of financing of Aena, S.A. plus a differential of 125 base points.

Aena Desarrollo Internacional, S.A. had another loan granted for an amount of 40 million euro, with a balance at 31 December 2014 of 26.7 million euro, formalised at an interest rate referenced to Euribor plus a differential of 1.25 points and with maturity at 31 December 2015. This loan was cancelled on 30 June 2015.

Principal contracts:

The contracts in force between Public Business Entity “ENAIRE” and Aena S.A. in 2015 and 2014 are set out below;

Financial year 2015:

- ATM (Air Traffic Management) and CNS (Communication, Navigation Surveillance) Agreement.

Financial year 2014:

- Agreement to render airport planning services and territorial integration.
- Agreement to render services: Financial-administrative, quality management, contracting management, infrastructure management, management of personal data protection measures, environmental area, administrative-financial processes, promotion and support for excellence, organisation and human resources, general services and I.C.T. services.
- Cash pooling service procedures.
- Commitment to supply services associated with strategic and structural processes/activities of the Public Business Entity ENAIRE and Aena, S.A.
- Airport facility use agreement
- ATM (Air Traffic Management) and CNS (Communication, Navigation Surveillance) Agreement.
- Agreement for the provision of air navigation services.
- Appendix on Financial Aspects of Service Provision Agreements.

In implementing the decision to effectively and definitively finalise the process of segregating the organisational structures of each of the businesses, so that they operate independently, the Company has reversed these contracts in 2015 as part of the privatisation process, with the exception of the ATM (Air Traffic Management) and CNS (Communication, Navigation Surveillance) Agreement, which will remain in force for subsequent years. The "Cash pooling service procedures" contract was already invalid with effect from the first half of 2014.

On 1 October 2014 and with effects from 1 April 2012 a contract was signed with the subsidiary Aena Desarrollo Internacional, S.A. in which the latter supplied AENA with in-flight verification services. The duration is for 3 years with annual renewals unless expressly terminated.

In addition, the following contract with the related party INECO is also in existence, which is also subject to annual renewal:

- Partnership agreement with Ingeniería y Economía del Transporte, S.A. for the drafting and review of projects, project management and technical assistance, monitoring surveillance, engineering certification, maintenance and operation of airport facilities and processes, planning, airport development and environment, business development and airport logistics studies and designs terminals to improve operational efficiency and achieve greater cost reduction buildings.

13. Trade and other receivables

The balance on the heading "Trade debtors and other receivables" of the Balance Sheet attached at the closure of 2015 and 2014 is broken down as follows:

	Thousands of euro	
	2015	**2014**
Clients for services supplied	324,192	274,854
Clients with doubtful debts	96,243	101,046
Less: provision for impairment	(121,636)	(126,469)
Clients, group and associated companies	318	663
Sundry debtors (*)	7,428	7,506
Personnel	522	1,458
Assets for current tax (Note 22)	107,840	-
Other receivables from public administrations (Note 22)	16,935	42,091
	431,842	**301,149**

**) The heading on sundry debtors includes the outstanding balance corresponding to the invasion of the tracks incident in the El Prat Airport on 28 July 2006 amounting to 7,422 thousand euro, the Company has accrued this amount.*

The BOE of the 5 March 2011 published the Law 1/2011 of 4 March, modifying Law 21/2003 of 7 July on Aviation Safety, allowing the use of legal proceedings for collection, managed by the collection agencies of the State Tax Administration Agency, in the management, settlement and collection of all amounts for public services owed to Aena, S.A. or its subsidiaries.

A significant part of the balances in the heading of clients for services supplied pertains to the following companies:

	Thousands of euro	
	2015	**2014**
World Duty Free	67,532	31,227
Vueling Airlines, S.A.	44,468	39,355
Iberia, Líneas Aéreas de España, S.A.	24,295	25,288
Áreas,S.A.	15,502	14,152
Air Europa Líneas Aéreas, S.A.	15,255	14,659
Cemusa Corporación Europea	15,066	14,990
Air Nostrum	9,741	10,224
Easy Jet Airlines Co. Ltd.	6,295	6,571
Pansfood S.A	4,188	3,729
Select Service Partner, S.A.	3,888	3,532
Lagardere Travel Retail,S.A.	3,502	3,572
Norwegian Air International LTD	3,384	-
Others	111,076	107,555
	324,192	**274,854**

The movement in the account of provisions for trading transactions in 2015 and 2014 was as follows:

	Thousands of euro	
	2015	**2014**
Beginning balance	126,469	129,352
Variation in provision for impairment	(5,495)	(8,117)
Disposals	-	(600)
Encumbrance adjustment	662	5,834
	121,636	**126,469**

In addition to the positive variation of 5,495 thousand euro (2014: 8,117 thousand euro) in the provision for impairment of transactions, during 2015, in the heading of "Losses, impairment and variation in provisions for transactions" of the Profit & Loss Account, losses were recorded of 8,846 thousand euro (2014: 0 thousand euro), for final cancellations by the State Taxation Authorities of debts transferred to the enforcement route.

On 31 December 2015 and 2014 there were no balances receivable in currencies other than the euro.

14. Short-term Financial investments

The balance on the accounts under the heading "Short-term Financial Investments" at the closure of 2015 and 2014 was as follows:

	Thousands of euro	
	2015	**2014**
Credits to companies	489	502
Short-term sureties and deposits	2,169	2,038
	2,658	**2,540**

15. Borrowings

Debts with group and associated companies

The heading "Long-term debts with group and associated companies" shows an amount of 8,309,752 thousand euro (2014: 9,458,026 thousand euro), of which 8,309,601 thousand euro (2014: 9,456,390 thousand euro) refer to loans payable to the group for the financing of airports with an established schedule and 151 thousand euro refer to the long-term imputation derived (2014: 1.636 thousand euro). In the same way, the heading "Short-term debts with group and associated companies" shows a total amount of 1,153,403 thousand euro (2014: 1,109,389 thousand euro), of which 1,125,488 thousand euro (in 2014: 1,055,128 thousand euro) refers to current loans payable to the group for the financing of airports with an established repayment schedule, as well as 26,453 thousand euro (2014: 48,346 thousand euro) for interest due on loans with the final parent Company; it also shows 1,535 thousand euro for the short-term imputation derived (2014: 5,172 thousand euro). In addition, it includes the short-term balance for fixed asset suppliers of 1,636 thousand euro (2014:1,211 thousand euro) and -1,709 thousand euro for commissions on costs written down (2014: -1,466) (see Note 10).

The Company's loans and credits are formalised, as to 79%, at fixed/fixed reviewable interest rates varying between 0.29% and 4.88% annual and the remaining percentage is formalised at variable rates generally referenced to Euribor (2014: 52% of the loans and credits are formalised at fixed/fixed reviewable interest rates varying between 0.98% and 4.88% annual and the rest at variable rates referenced to Euribor). The average interest rate on debts during 2015 was 1.86% (2014: 1.89%).

In connection with the non-financial contribution described in Note 3, the Company and its sole shareholder at that time signed a financing contract through which the debts corresponding to the branch of activity contributed in the increase of capital described in that Note 3 were transferred from the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” to Aena, S.A. That contract between both parties recognised the initial debt and the conditions for future cancellation of the debt and procedures for the settlement of interest and repayment of the debt. It also specifies that the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” is the formal borrower as regards the financial lending institutions, but it also recognises that Aena, S.A. is obliged to pay the percentage of the active balance of the debt of the Public Entity Aena attributable to the airport line of business at the time of the contribution of any of the payments that the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” is required to pay to the financial institutions, in accordance with the financial conditions and the other terms and stipulations established in the Financing Agreements.

Moreover, in the Council of Ministers' meeting of 11 July 2014, the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” was authorised to initiate proceedings for the sale of the share capital of Aena, S.A. and to dispose of up to 49% of its capital.

In the context of offering company shares to private investors, and in order to ensure the process was compatible with the financing agreements (long- and short-term financial debt) and hedging agreements taken out with all of the financial institutions, on 29 July 2014, the Public Business Entity “ENAIRE”, Aena S.A. and the respective financial institutions agreed a novation amending but not extinguishing the corresponding financial agreements.

The re-wording of the new financing agreements supersedes entirely, and for all legal effects, the original contracts and their novations, in order to, amongst other amendments, eliminate any contractual restriction that may affect the privatisation process and to include Aena S.A. as jointly liable together with the Public Business Entity “ENAIRE” under the various Financing Contracts and to make all the necessary adjustments to these financing contracts that may be required for this purpose.

(Thousand euro unless otherwise stated)

These novations did not alter the financial terms of the loan transactions granted at the time to the Public Business Entity “ENAIRE”, nor those outlined in the model loans taken out with Aena, S.A. (such as, among others: repayment of principal, maturity dates, interest rate regime, terms of repayment, etc.). The main clauses that were modified are summarised below:

- The joint and several nature of the borrowers, namely the Public Business Entity “ENAIRE” and Aena, S.A., which are jointly and severally obliged vis-à-vis the bank to repay the amount of the loan which had been arranged by either of them and to pay any interest, commissions, costs, expenses and any other concept owed by them directly to the bank under the contracts. The banks recognise expressly that payment under any heading received from any of the borrowers in accordance with the contractual provisions, will have full releasing effect for the item and amount.

- The removal of clauses imposing limitations on the transfer of Aena, S.A. shares and the sale of a percentage of shares exceeding 49%.

- The obligatory nature of compliance with certain financial ratios, on the basis of the consolidated financial statements of the Aena group, is to be certified through the delivery of a certificate proving compliance with these ratios, on a semi-annual and annual basis. The definition of terms included in the calculation of these ratios (net financial debt, EBITDA and financial expenses) are established in novated contracts.

Ratio	2014	2015	2016	2017	2018 and subsequent
Net debt/adjusted EBITDA less than or equal to:	9.00x	8.00x	8.00x	7.00x	7.00x
EBITDA / Financial expenses greater than or equal to:	2.75x	3.00x	3.00x	3.00x	3.00x

- In terms of the option of granting charges and levies, a more favourable framework compared to the one stipulated in the initial financing contracts has been established, to allow the granting of certain real guarantees on international assets in relation to international financing operations without recourse to Aena, S.A. or the Public Business Entity “ENAIRE”, contrary to the prohibition stipulated in many initial contracts which in many cases hinder business expansion.

- The unification of clauses that restrict the disposal of assets: Aena, S.A. shall retain, directly or indirectly, proprietary ownership of all airport assets and shall not dispose of them in a single transaction or in a series of transactions, whether linked or unlinked, with a few exceptions in relation to airport assets located outside Spain.

- Certain clauses will be unified in order to qualify the events subject to which financing contracts could be subject to early termination, as a result of defaults arising from the commercial relationships of Aena, S.A.

The novations of these financing contracts mean that Aena, S.A. had to pay novation fees to all the financial institutions, as well as the costs of legal advisers amounting to a total of €12,163 thousand, of which €11,772 thousand were recognised in the carrying amount of the liability.

As a result of these novations, and in order to include the changes to the contractual loan relationship with the Public Business Entity “ENAIRE”, on 29 July 2014, the Company signed an amending and non-extinguishing novation to the debt recognition contract with the Public Business Entity “ENAIRE”, which amends the contract of 1 July 2011 transferring to Aena, S.A. all property, rights, debts and obligations of the Public Business Entity “ENAIRE” earmarked for the development of airport and commercial activities and other state services linked to airport management, including amounts allocated to the airfield’s air traffic services, amounting to €11,672,857 thousand.

By virtue of this novation, the parties agreed to amend certain aspects of the debt-recognition contract solely for the effect of novation and under no circumstances with extinguishing effect, in order to, among others, i) indicate the updated amount of the debt recognised, ii) regulate the payment by the Public Business Entity “ENAIRE” and Aena, S.A. of the amounts owed under the Financing Agreements, iii) specify the exercising of powers by the co-borrowers under the scope of these Financing Agreements, iv) determine the mandatory compliance by Aena, S.A. of the same financial ratios, as detailed in the novations of the financial agreements, and v) commit to the future pledging of receivables (the amount corresponding to one year of servicing the debt owed under financing agreements) by the Company to the benefit of the Public Business Entity “ENAIRE” in the event of any breach of its obligations under the debt-recognition contract or loss of the majority of the share capital of Aena by the Public Business Entity “ENAIRE”.

During the debt novation process, the parties expressly agreed that, without prejudice to their status as joint-debtors who are jointly and severally responsible for compliance with the obligations stipulated in the financing agreements, any payments to be made for reason under the scope of these financing agreements, would be paid by the Public Business Entity “ENAIRE”; therefore, the contractual relationship between Aena S.A. and the Public Business Entity “ENAIRE” shall be maintained through the debt recognition contract.

Without prejudice to joint and principal responsibility that Aena, S.A. and the Public Business Entity “ENAIRE” assume vis-à-vis financial entities under the financing agreements, payments made by Aena, S.A. will reduce proportionally, for the Public Business Entity “ENAIRE”, its payment obligations stemming from the contribution.

In any event, the failure by Aena, S.A. to pay its obligations arising from the debt-recognition contract, shall not exempt the Public Business Entity “ENAIRE” from complying with its payment commitments under the provisions stipulated in the financing agreements.

Consequently, any amendments made to the financing contracts with banks and the Public Business Entity “ENAIRE” did not change the accounting treatment of the Company's financial debt with the Parent Company, the Public Business Entity “ENAIRE”.

The financial agreements set out the following reasons for early termination under ordinary market terms:

a) Any breach of the payment obligations arising from each and every one of the financing agreements.
b) Any breach of the payment obligations arising from other financing contracts.
c) The breach of any payment obligation stemming from usual business relationships in the ordinary activities of Aena, unless it has filed a judicial or extra-judicial challenge against the corresponding payment claim in relation to the breach and/or it has filed, or intends to file the corresponding procedural actions to which Aena, S.A. is entitled to bring by law, and when no contrary ruling has been made regarding the payment.
d) Generalised seizure of the property of Aena, S.A. and/or ENAIRE.
e) The constitution by ENAIRE and/or by the Companies, organisations and entities of the ENAIRE Group (with the exception of Aena, S.A. and the Companies of its group, which are governed by the limitation indicated in the point below) of any right in rem, charge, encumbrance or privilege over any of the (present or future) assets or rights.
f) The constitution by Aena, S.A. and/or by Companies of its group of any right in rem, charge, encumbrance or privilege over any of the existing assets or rights existing in its balance sheet, with exception of any right in rem, charge, encumbrance or privilege constituted over assets located outside of Spain (this exception includes shares or holdings in Companies domiciled in Spain provided that all of its operating assets are located outside of Spain) exclusively, to guarantee financing or other obligations without recourse to Aena, S.A. and contracted by subsidiaries and/or other companies of the Aena group.
g) Unless the bank had given its written consent: Aena shall retain, directly or indirectly, proprietary ownership of all its airport assets and shall not dispose of them in a single transaction or in a series of transactions, whether linked or unlinked, with the exception in relation to airport assets located outside Spain owned directly or indirectly by Aena, of disposals to an aggregate amount set for the duration of the contract that shall not exceed 20% (twenty percent) of the consolidated assets of Aena, determining the value of both the consolidated and the disposed asset at all times by reference to the values recorded in Aena's consolidated balance at 31 December of the last financial year closed at the time of signing the agreement on disposal of assets. For the purposes of this clause "Airport Assets" means any property part of the airport activity, included in Aena's consolidated property plant and equipment.
h) Any change to the risk weighting of ENAIRE or the loans or credit granted through the financial agreements.

Only the occurrence of the above reasons for early termination entitle the financial entities, in accordance with the specific terms and conditions stipulated in the respective agreements, to declare the early termination of their respective financing agreements.

All this, without prejudicing the need for competition in good faith and the essential nature of the reason put forward.

If Aena, S.A. breaches its obligations under the debt-recognition contract:

- Aena, S.A. agrees to the future constitution of a first-ranking pledge contract for certain credit rights (the amount corresponding to one year of servicing the debt accrued under the financial agreements) in favour of ENAIRE (this obligation also arises if ENAIRE loses control of Aena); any amounts Aena, S.A. fails to pay shall bear late-payment interest.
- The amounts unpaid by Aena, S.A. shall accrue penalty interest.
- In the event that ENAIRE is required to pay amounts to the financial institutions that, under the terms of the debt-recognition contract, Aena, S.A. should have paid, ENAIRE will be subrogated in the rights and guarantees of the creditor vis-à-vis Aena, S.A. and the debt acknowledged in the debt recognition contract will be automatically incremented by the amount paid by ENAIRE.
- Moreover, if, as a result of the breach of an obligation by Aena, S.A. under the terms of the financing agreements, one or more of the financing contracts are terminated early and the actual payment of any amounts is requested, Aena, S.A. must pay to ENAIRE a penalty equivalent to 3% of the principal amount due on the respective unfulfilled finance contract. This provision also applies in the event that the defaulting party is ENAIRE, in which case ENAIRE will be the party required to pay the above-mentioned penalty to Aena, S.A.

The breakdown of the **"total financial debt with financial institutions in relation to which ENAIRE"** (hereinafter "joint borrowers' debt") with financial entities on 31 December 2015 is as follows (in thousands of euro):

Financial institutions	Amount
EIB	4,792,034
ICO	2,420,000
DEPFA	1,166,667
FMS	866,667
BBVA	164,233
SABADELL	110,000
DEXIA SABADELL	75,000
BANKINTER	57,167
BANKIA	36,900
LA CAIXA	36,500
POPULAR	35,167
KfW	33,333
SANTANDER	18,000
SOCIETE GENERAL	17,100
BARCLAYS	6,250
TARGOBANK	3,333
Total Joint-borrowers	**9,838,351**

Of the 9,838,351 thousand euro above, Aena S.A owes to the Public Entity "ENAIRE" a debt stemming from the contribution of the airport activity, which on 31 December 2015 amounted to 9,443,910 thousand euro, 96% of the total (see Note 10).

With regard to the causes of declaration of early termination, ENAIRE as principal in the financing contracts is not in breach of any of the conditions leading to early termination, so that this does not affect the Company's balance at 31 December 2015 and 31 December 2014.

The maturity schedule of outstanding contributions of the principal payment of the short and long-term debt with the shareholder for financing airports (Note 10), at the end of 2015, is as follows:

Contributions with Maturity	Thousands of euro 2015
2016	1,125,488
2017	826,393
2018	747,995
2019	749,755
2020	731,835
Following	5,262,444
Total	**9,443,910**

The details of the headings "Long-term debts with group and associated companies" and "Short-term debts with group and associated companies" in the liabilities of the Balance Sheet at 31 December 2015 and 2014 are shown below:

	Thousand euro		
	2015		
	Long term	**Short term**	**Total**
Debts with group and associated companies - Debt with ENAIRE (Note 12)	8,318,422	1,125,488	9,443,910
Debts with group and associated companies. - Debt commissions (Note 12)	(8,821)	(1,709)	(10,530)
Debts with group and associated companies - Derivatives (Note 12)	151	1,535	1,686
Debts with group and associated companies - Interest due (Note 12)	-	26,453	26,453
Other (Note 12)	-	-	-
Fixed asset suppliers - Group and associated companies (Note 12)	-	1,636	1,636
Total	**8,309,752**	**1,153,403**	**9,463,155**

(Thousand euro unless otherwise stated)

	Thousand euro		
	2014		
	Long term	Short term	Total
Debts with group and associated companies - Debt with ENAIRE (Note 12)	9,468,910	1,055,128	10,524,038
Debts with group and associated companies. - Debt commissions (Nota 12) (*)	(12,520)	(1,466)	(13,986)
Debts with group and associated companies - Derivatives (Note 12)	1,636	5,172	6,808
Debts with group and associated companies - Interest due (Note 12)		48,346	48,346
Other (Note 12)		997	997
Fixed asset suppliers - Group and associated companies (Note 12)	-	1,212	1,212
Total	**9,458,026**	**1,109,389**	**10,567,415**

(*) Accounted for in accordance with the criterion of costs written off. Corresponds to amounts paid, principally 11,772 thousand euro of novation costs.

At 31 December 2015 and 2014 the long-term and short-term debts were denominated in Euro.

The accounting values and fair values of the non-current debts with ENAIRE are as follows:

	Carrying amount		Fair value	
	At 31 December		At 31 December	
	2015	2014	2015	2014
Debt with ENAIRE	8,309,601	9,456,390	8,052,886	8,870,632
Debt with ENAIRE - Derivatives	151	1,636	151	1,636
Total (Note 12)	**8,309,752**	**9,458,026**	**8,053,037**	**8,872,268**

The fair value of current borrowings is equal to their carrying value, as the impact of the discount is not significant. Fair values of non-current borrowings are based on cash flows discounted at a rate based on external borrowings valued at the 0 coupon curve plus spread of 1.14% (2014: 0 coupon curve plus spread of 1.66%) and are in Tier 3 in the fair value hierarchy.

As a result of a review process of variable rate loans, a loan from CaixaBank amounting to 25,000 thousand euro whose due date was 14 March 2016 was cancelled in advanced, and spreads have been renegotiated downwards for an outstanding amount of debt on 30 November 2015 of 613,239 thousand euro (see Note 5). The maturity of the 300,000 thousand euro loans have been extended from 28 December 2018 to 15 December 2020.

The modification of the conditions described above have not led to a substantial change in debt, thus fees paid have meant an adjustment to the effective interest rate.

Debts with lending entities

On 29 July Credit Policies were signed with Banking Entities for an amount of 1,000 million euro to provide for possible occasional treasury needs, for which a sum of 1,575 thousand euro was paid for commissions on opening. At the close of 2015 the amount of this sum not written off, 1,247 thousand euro, is shown in the heading “short-term year-end adjustments” in the Assets of the Balance Sheet (see note 20).

Banks and contracted amounts for each, the term, conditions, interest rate, and amount employed by bank is the following:

BANKING ENTITY	AMOUNT (thousands of euro)	EURIBOR	SPREAD	MATURITY
POPULAR	100,000	1M	0.70	July 2017
BANKINTER	100,000	1M	0.75	July 2017
KUTXA BANK	50,000	1M	0.80	July 2017
SABADELL	100,000	1M	0.85	July 2017
UNICAJA	100,000	1M	0.90	July 2017
TARGO BANK	50,000	1M	0.90	July 2017
SOCIETE GENERAL	100,000	1M	0.93	July 2017
SANTANDER	100,000	1M	0.93	July 2017
CAIXA	200,000	1M	0.97	July 2017
BBVA	100,000	1M	0.98	July 2017
	1,000,000			

All amounts are not available.

Cash flow hedges

The parent company has contracted certain financial instruments for interest rate cover which are transferred to Aena, S.A. to cover the debt between the two companies. At 31 December 2015 and 31 December 2014, the breakdown was as follows:

	Classification	Type	Amount contracted	Start	Maturity	Liquidation
Swap	Interest rate hedging	Variable (Euribor 3M) to Fixed (2.57%)	255,000	15/12/2011	15/03/2016	Quarterly
Swap	Interest rate hedging	Variable (Euribor 6M) to Fixed (0.98%)	66,500	13/12/2012	13/12/2017	Semi-annual

The main variable interest rates references are EURIBOR 3 and 6 Months. These parent company loans and derivatives are intended to finance airports and, therefore, the parent attributed the interest and depreciation to the Company.

Fair value recorded in "Non-Current Liabilities" at 31 December 2015 (in thousands of euro) through the mirror debt	Fair value recorded in "Current Liabilities" at 31 December 2015 (in thousands of euro) through the mirror debt
151	1,535

Fair value recorded in "Non-Current Liabilities" at 31 December 2014 (in thousands of euro) through the mirror debt	Fair value recorded in "Current Liabilities" at 31 December 2014 (in thousands of euro) through the mirror debt
1,636	5,172

On 10 June 2015, Aena signed a fixed variable interest hedged transaction with financial institutions with credit rating of or above BBB (Standard&Poors), in order to avoid the risk of fluctuations in interest rates of several loans totalling to 4,195.9 million euro, and in order to place Aena S.A.'s percentage of fixed debt by 79% on average, a similar level to that of its peers in the market, providing stability to tariff framework DORA until 2026 and taking advantage of the situation in interest rates which are at record low. Once the transaction is performed, between 31 December 2015 and 31 December 2026, Aena will stand at an average of 79% Fixed+Adjustable debt rate and 21% Variable debt. Aena pays interest for these credits at Euríbor at three and six months, plus a differential of 1.0379%, the average fixed rate of the derivative being 1.978%. This transaction gives cover until 15 December 2026. This cover protects Aena from the fluctuations in interest rates foreseeable in a stage of economic growth.

At 31 December 2015, the breakdown is as follows:

	Classification	Type	Amount contracted	Start	Maturity	Liquidation
Swap	Interest rate hedging	Variable (Euribor 3M) to Fixed (0.9384%)	30,41,833	15/06/2015	15/12/2026	Quarterly
Swap	Interest rate hedging	Variable (Euribor 6M) to Fixed (1.1735%)	854,100	15/06/2015	15/12/2026	Semi-annual
Swap	Interest rate hedging	Variable (Euribor 6M) to Fixed (0.2941%)	300,000	27/06/2015	27/12/2018	Semi-annual

The main variable interest rates references are EURIBOR 3 and 6 Months.

The fair value of these new derivatives is the following:

Fair value recorded in "Non-Current Liabilities" at 31 December 2015 (in thousands of euro)	Fair value recorded in "Current Liabilities" at 31 December 2015 (in thousands of euro)
31,396	40,821

The Company's notional principal amounts in the interest rate swap contracts outstanding at 31 December 2015 amounted to 4,095,596 thousand euro (2014: 243,623 thousand euro).

During 2015 sums have been imputed to the Profit & Loss Account for "mirror" derivatives with Enaire of 5,120 thousand euro and for derivatives contracted by Aena of 20,083 thousand euro, up to a total of 25,203 thousand euro for losses on cover instruments (2014: 4,922 thousand euro) (Note 23f).

At December 31 2015 and 2014, the hedging derivatives are effective and meet the requirements for applying hedge accounting, so that there is no ineffectiveness recorded in the profit and loss account.

16. Trade creditors and other accounts payable

The details of creditor balances for trading transactions are as follows:

	Thousands of euro	
Trade creditors and other payables	**2015**	**2014**
Suppliers	3	164
Suppliers, group and associated companies (Note 12)	33,212	36,285
Sundry payables	145,834	162,304
Personnel	26,807	26,178
Other debts with Public Authorities (Note 22.1)	18,720	17,058
Prepayments from customers:	53,852	34,458
Total	**278,428**	**276,447**

Information on the average period of payment to suppliers is as follows:

	2015
	Days
Average supplier payment period	56
Ratio of transactions paid	59
Ratio of transactions outstanding payment	25

These parameters have been calculated in accordance with what is set forth in Art. 5 of *Ruling of 29 January 2016, of the Institute of Accounting and Accounts Auditing, on the information to include in the financial statements report in regard to Days Payment Outstanding to suppliers in commercial transactions*, as follows:

1 Average supplier payment period = (Ratio of transactions paid * total amount of payments made + ratio of outstanding transactions * total amount of pending payments)/ (total amount of payments made + total payments outstanding).
2 Ratio of operations paid = ∑ (days payment outstanding* amount of transaction paid)/ total amounts paid.
Days Payment Outstanding is understood to mean the calendar days that have elapsed since the date the calculation begins until the actual payment of the transaction.
3 Ratio of operations outstanding payment = ∑ (days payment outstanding * amount of transaction outstanding)/total amount of payments outstanding.
Days Payment Outstanding is understood to mean the calendar days that have elapsed since the date the calculation begins until the last day referred to in the financial statements.
4 For the calculation of both the number of days of payment as well as the days' payment outstanding, the company calculates the term as of the date of provision of the services. However, given the lack of reliable information on the time that this has taken place, the date of receipt of the invoice is used.

	Amount (thousands of euro)
Total payments made	882,676
Total payments outstanding	93,357

In 2015 the average payment periods have been significantly reduced, adapting to the periods set forth in Law 15/2010. The cases in which a payment has been made outside of the legally stipulated period are due mainly to reasons not attributable to the Company: invoices not received on time, AEAT expired certificates, lack of certificates of proof of supplier bank accounts and other minor causes.

17. Inventories

The balance on the heading of stocks at the close of 2015 and 2014 is broken down in the following items:

	Thousand euro	
	2015	**2014**
Spare parts	6,218	6,803
Provision for impairment of stocks	134	134
	6,084	**6,669**

The balance of stocks includes principally materials and spare parts used by the Company in airport operations. At 31 December 2015, this includes 151 thousand euro (2014: 2,222 thousand euro) for spare parts purchased from the Parent Company ENAIRE.

18. Trade creditors and other accounts payable

The details of the heading of cash and other equivalent liquid assets are as follows:

	Thousand euro	
	2015	**2014**
Short-term investments with high liquidity	-	73,000
Cash and bank deposits	510,784	176,309
	510,784	**249,309**

As of 31 December 2015 and 2014, cash balances and other equivalent liquid assets are not available for use.

(Thousand euro unless otherwise stated)

19. Net Equity

a) Share Capital

The Company was formed on 31 May 2011 with initial capital of 61,000 euro (61 shares of 1,000 euro each) subscribed in its entirety by the Public Business Entity ENAIRE. On 6 June 2011 the ENAIRE Shareholders' Meeting approved an increase of capital with the non-monetary contribution of the airport branch of activity, in which it was agreed:

- To reduce the par value by splitting the 61 shares, leaving them at 10 euro per share for a total of 6,100 shares.
- To increase the share capital to 1,500,000 thousand euro by the contribution of 1,499,939 thousand euro (issuing 149,993,900 shares at 10 euro each). These shares were issued with a share premium of 1,100,868 thousand euro. So that capital and issue premium would amount to 2,600,807 thousand euro.

On 23 January 2015 the Council of Ministers approved the sale of 49% of Aena by an Initial Public Offering, registering the IPO prospectus with the CNMV on 23 January 2015. The quotation of Aena, S.A. shares on the Continuous Market, in the four Spanish stock markets, began on 11 February 2015.

The listing of the Company on the stock exchange, as explained above, via the IPO of 49% of Aena S.A.'s capital, meant that the Entity, ENAIRE's holding in Aena S.A. fell to 51%, compared to its previous 100%.

On 31 December 2015 and 2014, the Aena S.A.'s share capital was represented by 150,000,000 ordinary fully paid shares of 10 euro each. These shares bear the same financial and voting rights.

On 31 December 2015, there are no capital increases in progress nor authorisations to operate in own shares.

According to the information available at 31 December 2015, the most significant holdings are:

Enaire	51.00%
TCI Fund Management Limited [1]	11.32%

[1] The Children's Investment Fund Management is the indirect owner of 3.61% through certain equity swaps (CFDS)

b) Reserves

Share premium

The redrafted text of the Corporate Enterprises Law expressly allows the share premium balance to be used to increase the capital and sets no specific restriction on the disposal of that balance.

This reserve is of free disposal provided that, as a consequence of its distribution the net equity value of the Company does not fall below the share capital figure.

At 31 December 2015 and 2014, the Share Premium of the Company amounted to 1,100,868 thousand euro.

Legal reserves

The legal reserve must be funded in accordance with Article 274 of the Corporate Enterprises Law. This article requires that, in any event, a figure equal to 10% of the profits from the period is earmarked for the legal reserve, until its amount attains at least 20% of the share capital. At 31 December 2015 and 2014, the Legal Reserve was not fully funded.

The legal reserve, as long as it does not exceed the amount indicated above, can only be used to offset losses if no other reserves are available for this purpose.

After the application of the Result for 2014, at the close of 2015 the legal reserve amounted to 103,225 thousand euro (31 December 2014: 58,008 thousand euro).

Other reserves

(Thousand euro unless otherwise stated)

At the closure of 2015, this heading included 766,543 thousand euro corresponding, principally, to disposable voluntary reserves.

At 31 December 2014 the amount of Other Reserves, a total of 359,533 thousand euro, was fully disposable.

c) Distribution of the result

The distribution of the result for 2015 proposed by the Board of Directors to the General Shareholders' Meeting was the following:

	Thousand euro
Basis of allocation:	
Profit for the year	811,676
Distribution:	
Dividends	406,500
Legal Reserves	81,168
Capitalisation Reserve	42,406
Voluntary Reserves	281,602

The company has used for the calculation of Corporation Tax the tax profit established in art. 25 of the Act 27/2014 on Corporation Tax, the Capitalisation Reserve, for which a reduction has been made in the taxable base, with an appropriation to the capitalisation reserve for an amount of 42,406 thousand euro, and a commitment to maintain both the non-disposable reserve funded for this purpose and the increase in Own Funds used as a basis for this reduction during the next 5 years. This implies that new distributions cannot reduce net equity under its level in 2015 by Aena, S.A, although this does not prevent distributions under results generated subsequently.

With the suggested distribution of the profits/losses from 2015, the Legal Reserve stands at 184,393 thousand euro, 61.4% of the legally established minimum amount for Aena, S.A. which is set at 300,000 thousand euro in accordance with Article 274 of the aforementioned Corporate Enterprises Law.

The Company provides a capitalisation reserve amounting to 42,406 thousand euro corresponding to the entire reduction in the tax base of the tax group, of which 40,701 thousand euro correspond to Aena, S.A.

The distribution of the profits of the Company for the year ended 31 December 2014, adopted by the General Shareholders Meeting on 3 June 2015 was as follows:

	Thousand euro
Basis of allocation:	
Profit for the year	452,169
Distribution:	
Legal Reserves	45,217
Voluntary Reserves	406,952

The Company's freely disposable reserves and the profit for the year are, however, subject to the limitation on their distribution that the net equity value may not fall below the share capital figure as a result of the distribution.

d) Adjustments for value changes

(Thousand euro unless otherwise stated)

The movements in 2015 and 2014 in this reserve due to value corrections in the cash flow hedges (see Note 15) are as follows:

	Beginning balance	Variations in Fair value	Adjustments for Reform of Tax Act 27/2014	Amount attributed to the income statement	Balance 31/12/2015
Cash flow hedges					
Enaire interest rate swaps	6,807	71	-	(5,120)	1,758
Aena interest rate swaps	-	92,300	-	(20,083)	72,217
Tax effect	(1,856)	(25,864)	2,115	7,057	(18,548)
Total	**4,951**	**66,507**	**2,115**	**(18,146)**	**55,427**

	Beginning balance	Variations in Fair value	Adjustments for Reform of Tax Act 27/2014	Amount attributed to the income statement	Balance 31/12/2014
Cash flow hedges					
Enaire interest rate swaps	9,306	2,423	-	(4,922)	6,807
Tax effect	(2,791)	(727)	185	1,477	(1,856)
Total	**6,515**	**1,696**	**185**	**(3,445)**	**4,951**

A breakdown of the years in which this reserve is expected to affect the Profit & Loss Account is included in Note 10, in the section “Derivatives” of the Analysis by maturity dates.

e) Grants, donations and legacies received

The breakdown and movements for this heading at 31 December 2014 and 2015 are as follows:

	Beginning balance	Additions	Adjustments for Reform of Tax Act 27/2014 (*)	Amount attributed to the income statement	Balance 31/12/2015
Capital grants from official European bodies					
Amount	650,065	6,113	-	(45,928)	610,250
Tax effect	(163,764)	(1,712)	53	12,860	(152,563)
Net	**486,301**	**4,401**	**53**	**(33,068)**	**457,687**

	Beginning balance	Additions	Adjustments for Reform of Tax Act 27/2014 (*)	Amount attributed to the income statement	Balance 31/12/2014
Capital grants from official European bodies					
Amount	669,351	27,443	-	(46,729)	650,065
Tax effect	(200,805)	(8,166)	31,188	14,019	(163,764)
Net	**468,546**	**19,277**	**31,188**	**(32,710)**	**486,301**

(*) The balances on grants have been increased, with the corresponding value adjustment in Liabilities for deferred tax, as a consequence of approval of the Act 27/2014 on Corporation Tax (see note 22).

Grants from the European Regional Development Fund (ERDF)

The details by operative programmes of gross grants received during 2015 and 2014 are as follows, in thousand euro:

	Thousands of euro	
	2015	2014
Com. Canarias Operative Programme	22,287	43,110
Com. Galicia Operative Programme	-	19,608
Com Andalucía Operative Programme	-	13,259
Com. Murcia Operative Programme	-	169
C.Extremadura Operative Programme	-	1,577
Com.Valencia Operative Programme	-	857
Melilla Operative Programme	-	216
A.T. Governance	-	154
Total Funds from ERDF	**22,287**	**78,950**

On 4 April 2013 Aena, S.A. received a communication from the Directorate-General for Regional and Urban Policy of the European Community notifying the freezing of receipts in the ERDF Operative Programme for Galicia (2007 – 2013) in view of deficiencies detected in the review of this operative programme by the State Administration General Inspection (IGAE). During 2013 the Company carried out the actions required by the European Commission, receiving a favourable report from the IGAE on 13 December 2013. During 2014 Aena, S.A. received 78,950 thousand euro of these ERDF funds.

At the end of 2015, the Company understands that it has complied with all requirements necessary to receive and enjoy the above grants.

20. Accruals and prepayments

On 14 February 2013, Aena, S.A. signed three contracts with World Duty Free Group Spain, S.A. for the commercial rental of the duty free and duty paid stores across the entire network of airports in Spain. These contracts are valid until 31 October 2020 and included an advance by € 332,442 thousand, which is periodically offset by billing. In this sense, at 31 December 2015 the short-term advance amounted to 37,769 thousand euro, and the long-term advance amounted to 159,993 thousand euro.

	Long-term liability		Short-term liability	
	2015	2014	2015	2014
Sureties	6,115	7,037	-	-
Year-end adjustments	159,993	197,802	37,769	35,190
Total	**166,108**	**204,839**	**37,769**	**35,190**

	Short-term asset	
	2015	2014
Year-end adjustments	6,903	5,145
Total	**6,903**	**5,145**

At 31 December 2015, the balance on Year-end adjustments of Assets included 5,656 thousand euro corresponding principally to insurance premiums paid in advance and 1,247 thousand euro for commissions on opening the credit lines that the Company has contracted with Lending Entities (see Note 15).

21. Provisions

The movements in 2015 and 2014 in the accounts included under this heading were as follows:

	2015							
	Thousands of euro							
	Provision for Employment Commitments	**Expropriations and late-payment**	**Liabilities**	**Taxes**	**Environmental action**	**Other operating provisions**	**Voluntary Redundancy Plan**	**Total**
Beginning balance	**8,263**	**1,110,328**	**74,106**	**21,959**	**131,207**	**29,800**	**24,211**	**1,399,874**
Charge for the Year	5	36,620	11,437	5,064	21,893	49,740	-	**124,759**
Discount additions	140	-	-	-	1,022	-	-	**1,162**
Reversals / Excesses	-	(88,780)	(45,693)	(2,544)	(19,253)	(5,470)	(24,211)	**(185,951)**
Amounts Used	(424)	(24,246)	(5,367)	(7,112)	(6,410)	(23,822)		**(67,381)**
Final balance	**7,984**	**1,033,922**	**34,483**	**17,367**	**128,459**	**50,248**	**-**	**1,272,463**
Short-term part	-	35,665	7,429	6,252	19,501	50,248	-	**119,095**
Long-term part	7,984	998,257	27,054	11,115	108,958	-	-	**1,153,368**

	2014							
	Thousands of euro							
	Provision for Employment Commitments	**Expropriations and late-payment**	**Liabilities**	**Taxes**	**Environmental action**	**Other operating provisions**	**Voluntary Redundancy Plan**	**Total**
Beginning balance	**6,618**	**210,552**	**120,986**	**39,158**	**159,310**	**8,640**	**25,503**	**570,767**
Charge for the Year	1,833	1,018,905	9,765	4,212	6,310	24,887	-	**1,065,912**
Discount additions	207	-	-	-	4,358	-	-	**4,565**
Reversals / Excesses	-	(5,494)	(50,943)	(6,574)	(29,973)	-	(1,230)	**(94,214)**
Amounts Used	(395)	(113,635)	(5,702)	(999)	(8,798)	(3,727)	(62)	**(133,318)**
Transfers	-	-	-	(13,838)	-	-	-	**(13,838)**
Final balance	**8,263**	**1,110,328**	**74,106**	**21,959**	**131,207**	**29,800**	**24,211**	**1,399,874**
Short-term part	-	147,358	47,196	-	18,458	29,800	24,211	**267,023**
Long-term part	8,263	962,970	26,910	21,959	112,749	-	-	**1,132,851**

The movements on the accounts of Provision for employment commitments during 2015 and 2014, in thousand euro, were as follows:

	2015		
	Provision for long service awards	**Provision for early retirement bonuses**	**Total Provision for employment commitments**
Opening balance 1 January 2015	**7,861**	**402**	**8,263**
Charge for the Year	577	72	649
Retained (profits)/losses	567	77	644
Increase due to discounts	132	8	140
Reversals/Excesses	-	-	-
Amounts Used	424	-	424
Transfers	-	-	-
Closing balance 31 December 2015	**7,579**	**405**	**7,984**

(Thousand euro unless otherwise stated)

	2014		
	Provision for long service awards	**Provision for early retirement bonuses**	**Total Provision for employment commitments**
Opening balance 1 January 2014	6,618	-	**6,618**
Charge for the Year	1,440	244	1,684
Retained (profits)/losses	-	149	149
Increase due to discounts	198	9	207
Reversals/Excesses	-	-	-
Amounts Used	395	-	395
Transfers	-	-	-
Closing balance 31 December 2014	**7,861**	**402**	**8,263**

a) Provision for employment commitments

Length of service awards

The balance corresponds to the provision made for long service awards, with an appropriation in 2015 of 709 thousand euro (2014: 1,638 thousand euro), of which 132 thousand euro are for the financial expense (2014: 198 thousand euro), having obtained actuarial gains of 567 thousand euro (2014: 0 thousand euro).

Early-retirement bonuses

At 31 December 2015, the balance of the Liability recognised in the Balance Sheet was 405 thousand euro (2014: 402 thousand euro), corresponding to the difference between the current value of the obligation due at 31 December 2015 of 427 thousand euro (2014: 470 thousand euro) and the fair value of the assets attached to the Plan of -22 thousand euro (2014: -68 thousand euro). The net additions for the year corresponded to the Normal cost of services for the year: -25 thousand euro (2014: 15 thousand euro), financial expense: 8 thousand euro (2014: 9 thousand euro), rebates: 48 thousand euro (2014: 292 thousand euro), actuarial gains of 77 thousand euro (2014: actuarial losses of 149 thousand euro), returns on assets attached -2 thousand euro (2014: -11 thousand euro).

Other employment commitments

The Convention stipulates a pension plan as post-employment remuneration for the employees. For this benefit the Company has made defined contributions to the fund in recent years. However, in 2015, 2014 and 2013, the Company did not make these contributions due to the suppression established in the Act 36/2014, of 26 December, Act 22/2013 of 23 December and Royal Decree Act 17/2012 of 27 December, respectively. In these it is established that public business enterprises cannot make contributions to pension plans for employees or group insurance contracts which include cover for retirement.

b) Expropriations and late-payment

The provision for expropriations and late-payment interest records the best estimate of the amount relating to the difference between the prices paid for the appropriation of land required for the expansion of airports and the estimates of the prices that the Company will have to pay, considering that it is likely that certain legal claims in progress regarding some of the prices paid will be successful for the claimants. When estimating the amount of the differences affecting these prices, the Company has taken into account late-payment interest using the current legal interest rate in force for each year as a basis of calculation.

At 31 December 2015, the provisions set aside corresponded mainly to judicial proceedings relating to the expropriation of land at Adolfo Suárez Madrid-Barajas Airport. Such proceedings include, in particular, several rulings concerning the revaluation of expropriation procedures conducted in connection with the expansion of the Adolfo Suárez Madrid-Barajas Airport, as well as the risk involved in the cancellation of the delimitation of the Public Water Domain in force, which allows the former owners of the lands included within the delimited area to claim payment for surface areas previously acquired at zero cost.

Moreover, particularly noteworthy is the ruling notified to Aena on 29 October 2014 and delivered by the High Court of Justice in Madrid (TSJ) on 1 October, in Ordinary Procedure 1/2011, recognised the right for the revaluation of a number of properties acquired for the extension of the Adolfo-Suárez Madrid-Barajas Airport, along with two other similar procedures, resulted in the addition of land amounting to 758,605 thousand euro (see Note 23). The rulings are based on the existence of “positive administrative silence” and consequently cancel the Ministry of Public Works Order dismissing appeals to a higher court lodged by appellants against the dismissals (by administrative silence) of their applications for revaluations of the properties expropriated.

This ruling resulted in that year 2014 in a provision for expropriations and default interest on expropriations of 925,556 thousand euro, of which 758,605 thousand euro corresponded to differences in valuation (396,400 thousand euro under those Proceedings 1/2011 referred to, the rest of the amount corresponding to two other cases related with the first: Proceedings 66/2011, with a sum provided of 351,403 thousand euro, and proceedings 427/2011 with an amount of 10,802 thousand euro), with a greater land value as counterpart, and 166,951 thousand euro of default interest due at 31 December 2014, with the cost of default interest on expropriations as counterpart. During 2015, an additional 26,618 thousand additional euro have been accrued by default interest up to a total for this item of 193,569 thousand euro, so that the total provision for fair values and default interest arising from these proceedings amounts to 952,174 thousand euro as of 31 December 2015.

The rulings do not go into the basis of the matter, accepting that positive administrative silence has occurred. Those corresponding to Proceedings 1/2011 and 427/2011 were appealed to the Supreme Court by Aena and the State Attorney; that corresponding to Proceedings 66/2011 was appealed by Aena and the expropriated parties.

In respect of the expropriation proceedings arising from Ordinary Procedure Nº 66/2011, it is stated that:

> On 15 January 2015, Aena was notified of Ruling No 2/2015, of 8 January 2015, of the High Court of Justice of Madrid (TSJ), which partially upheld the administrative appeal lodged by the various parties affected against the Ministry of Public Works Order of 12 November 2010, which expressly dismissed the appeal to a higher court filed against the presumed dismissal of the application for revaluation of the properties expropriated, given that the literal tenor of the ruling was subject to interpretation and clarification was requested, so that:
>
> On 3 February 2015, Aena submitted a statement pointing out an error in this ruling and seeking its correction, which resulted in the TSJ making a clarification order dated 11 February 2015, in which the Court clarified that it is not necessary for the Expropriation Board to decide on revaluation as this is not going ahead and that this ruling could be appealed. On 30 March 2015, Aena formalised the appeal.

A special feature of these proceedings with respect to numbers 1/2011 and 427/2011 is the ambiguity of the ruling, in contrast to the other two which are categorical.

As this ruling is not final, and as significant uncertainties still remain in respect of this and other related proceedings, it is considered necessary to retain the provision allocated to these cases.

Reversals identified in the movement of the provision are the consequence of the result of several procedures considered at that time, by the experience in similar cases, which would be resolved contrary to the interests of Aena. In these procedures, the TSJ of Madrid has extended the consideration of out-of-time repricing claim for all cases where the owner did not make the reservation of shares at the time of payment, restricting and significantly delimiting the cases in which the right to reprice occurs depending on the attitude of the owner at that time of payment. Additionally, relative to the risk meant by cancellation of the delimitation of the Public Hydraulic Domain in force, some rulings, valuations by the Provincial Compulsory Expropriation Board and reports from the Ministry of Public Works have been obtained which reduce both the estimated area in litigation and the valuation to be applied to it. From the total reversals of 88,780 thousand euro in this provision during 2015 (2014: 5,494), 67,516 thousand euro have been added to the fixed asset value against which the provisions were made at the time. The remaining reversals (21,264 thousand euro) have been credited to the profit/loss account, mainly under the “Interest expenses on expropriations” heading.

Interest expense on expropriations on 31 December 2015, after taking into account the above reversals, amounting to 9,922 thousand euro (31 December 2014: 191,119 thousand euro) (See Note 23.f).

c) <u>Liabilities</u>

This heading mainly records provisions made based on the best estimates available to Company Directors to cover risks relating to litigation, claims and commitments in progress that are known at the end of the year and for which the expectation is that an outflow of resources in the medium or long-term is likely. At 31 December 2015 and 2014, the allocations made by the Company mainly related to claims made by contractors. During 2015, reversals for an amount of 45,693 thousand euro (2014:

50,943 thousand euro) correspond mainly to rulings favourable to the Company in disputes with constructors for which it is estimated that no unfavourable financial consequences will arise, so that a sum of 40,750 thousand euro has been reversed (2014: 32,459 thousand euro) credited to the value of fixed assets against which the provision was made at the time. The rest of the reversals, for an amount of 4,943 thousand euro (2014: 18,484 thousand euro) has been credited to the results account, principally to "excess provisions".

On the other hand, there are other proceedings pending rulings with construction companies for which the Company has made a provision amounting to approximately 23 million euro at 31 December 2015 (31 December 2014: 65 million euro).

The Company's Directors do not believe that liabilities in addition to those already known that could significantly affect these financial statements will arise.

d) Taxes

This heading mainly records provisions allocated with respect to appeals filed by the Company due to its disagreement with the proposed settlements received from the Tax Authorities regarding certain local taxes associated with airport assets and for which final decisions have yet to be made, of which the expectation is that an outflow of cash is likely, the definitive amounts and the definitive settlement of which are uncertain on the date that these financial statements were prepared.

At 31 December 2014, the current amount for these matters was recorded in the heading "Other debts with Public Authorities" in Current Liabilities and amounted to approximately 6 million euro.

e) Provision for environmental action

This heading recognises provisions amounting to 128,459 thousand euro (2014: 131,207 thousand euro), mainly relating to the expected obligations in regard to noise abatement and sound-proofing residential areas, in order to comply with current legislation on environmental evaluation of projects and noise generated by airport infrastructures.

Additionally, during the year 2015, an environmental allocation of 8,327 thousand euro was provided in relation to the additional measures under Resolution 9 April 2015, of the Ministry of Environment, by which the 9th condition of the Environmental Impact Statements of project Madrid Barajas Airport of 30 November 2001 is modified, and foresees actions in Gravera de Arganda, biological corridors and in the Jarama River.

The rest of the allocation that was provisioned for environmental activities during the year 2015 was due mainly to the increase in 652 dwellings pending to be soundproofed in Tenerife Norte airport, upon receipt from the city council of the corresponding population census data regarding the update of the sound print. Reversals / Excesses during the year are explained mainly by refusals of dwellings pending to be soundproofed at airports in Bilbao (49), Gran Canaria (60 dwellings), Alicante-Elche (79 dwellings) and A Coruña (520 dwellings) as well as the decrease in the average estimated price in the soundproofing of dwellings of 13,154 euro to 12,407 euro.

Environmental evaluation legislation (currently Law 21/2013), requires that certain Aena projects are submitted to an environmental impact assessment (particularly runway extensions exceeding 2,100 m), finalised by the formulation of the corresponding Environmental Impact Statements by the Ministry of Agriculture, Food and Environment, which confer environmental feasibility on the execution of projects, and contain the obligation to develop and execute Soundproofing Plans. Regarding the environmental impact statements published up to now, soundproofing work has been taken into account when establishing the provisions.

In terms of noise, Law 5/2010 of 17 March, amending Law 48/1960, of July 21, on Air Navigation, stipulates the adoption of action plans, including any corrective measures, when acoustic easements are established to achieve acoustic quality objectives in relation to building exteriors, flight paths, number of flights and associated environmental impacts in airports with more than 50,000 flights/year.

On the date of preparation of these consolidated financial statements, a Royal Decree had approved acoustic easements and their corresponding action plans at the airports of Adolfo Suárez Madrid-Barajas (RD 1003/2011 of 8 July, BOE (Official State Gazette) No. 174 of 21 July 2011), Barcelona-El Prat (RD 1002/2011 of 8 July, BOE No. 174 of 21 July 2011) and Palma de Mallorca (RD 769/2012 of 27 April, BOE No. 119 of 18 May 2012).

At the airports where acoustic easements have been approved (Adolfo Suárez Madrid-Barajas, Barcelona-El Prat and Palma de Mallorca), the number of homes where soundproofing work is required is estimated to be 321 (all relating to Palma de

Mallorca Airport). These actions are already included in the accounting provisions established. In the case of the airports of Adolfo Suárez Madrid-Barajas and Barcelona El Prat, no additional dwellings have been added, since the area delimited by the current easement scenario is smaller than the isophonic area determined by the Soundproofing Plans already in force.

Moreover, on the date of these consolidated financial statements, acoustic easements and action plans are currently being processed in relation to the airports of Bilbao, Ibiza, Málaga-Costa del Sol, Seville and Valencia; the expected time frame for the completion of the formalities and the approval by Royal Decree is still pending by the Ministry of Public Works and Transport. The estimated increase in additional dwellings to be included in the scope of the respective Soundproofing Plans amounts to 2,742 for all of the aforementioned airports. These properties are not covered by the provisions as the corresponding acoustic easements have not been approved. For all other airports with more than 50,000 flights a year (Gran Canaria, Tenerife Norte and Alicante-Elche), the process of updating and approving the acoustic easements has not yet started; full compliance with Law 5/2010 in relation to these airports is estimated to be completed during the period from 2016 to 2020.

The Company will recognise in the accounts the corresponding provisions at the moment in which the need arises to soundproof dwellings, that is, either when an easement and its action plan have been approved (by Royal Decree), or following the adoption of a new Environmental Impact Statement as the result of environmental assessment of projects requiring such measures.

f) Other provisions

This heading records the provision for credits applicable to public service benefits for landing services and passenger departures, accrued by airlines operating during certain days of the week at airports located in the Canary Islands. At the same time the General State Budgets Acts for 2014 and 2015 established incentives in public service benefits for growth in passenger departures on the routes operated in the Aena, S.A. network. The reversal for an amount of 5,470 thousand euro (2014: 0 thousand euro), is principally due to the difference between the sum estimated at the closure of 2014 as probably payable to Aena and that which was finally paid as incentive in application of the legal mechanisms laid down by the Act referred to.

At 31 December 2015 the sum estimated for all these items amounted to 50,248 thousand euro (31 December 2014: 29,800 thousand euro).

g) Provisions for the voluntary severance plan

This heading recorded the provision for voluntary severance of employees of Aena, S.A., as a result of the approval in June 2012 by the Ministry of Public Works of the airport efficiency plan proposed by Aena, S.A. to adapt the offer of services at certain airports and heliports to actual demand at any given time.

With the aim of carrying out this plan, in October 2012 Aena, S.A. signed an agreement with the employees' representatives with a series of measures directed to improving flexibility in hours, geography and functions, and conditions for voluntary severance for those employees who had certain requirements of access and who might apply for severance before 31 December 2012. In relation with the applications received, Aena, S.A. checked that the employees who applied for it had complied with the conditions of the plan and in January 2013 those employees were advised of the approval of their requests and their conformity with the plan. The employees left the Company in the period between January 2013 and 30 June 2013. The amount of the compensation was settled with a charge to the provision funded in 2012.

The voluntary severance scheme was considered to be an employment termination benefit and the provision totalling €134.468 thousand allocated in 2012 was estimated on the basis of actuarial calculations.

On 31 December 2014, Aena, S.A. kept a provision of 24,211 thousand euro for the assessment of the potential cost to Aena, S.A. in connection with its voluntary severance scheme as a result of contributory unemployment benefits for those affected by the scheme. However, at the end of 2015, Aena has reversed this provision, since, considering the circumstances, it no longer considered feasible a future outflow of resources for this reason, although there has been no legal change.

22. Public Administrations and tax situation

22.1 Balances with Public Authorities

The composition of the debtor and creditor balances with the Public Authorities was the following:

Tax Authorities, debtor	Thousand euro			
	2015		2014	
	Current	Non-current	Current	Non-current
Assets for deferred tax (Note 22.3)	-	120,642	-	96,821
Current tax assets	107,840	-		-
Tax Authorities debtor for VAT	6,145	-	14,856	-
Tax Authorities debtor for IGIC (Canaries Indirect Tax)	-	-	9	-
Tax Authorities debtor for grants awarded (Note 7d)	10,790	-	27,226	-
	124,775	**120,642**	**42,091**	**96,821**

The heading of Tax Authorities debtor for grants awarded showed at 31 December 2015 a sum of 10,790 thousand euro related with accounts receivable for ERDF grants awarded to the Company (2014: 27,226 thousand euro). During 2015 the Company received 22,287 thousand euro for this item (see Note 19e).

Tax Authorities, creditor	Thousand euro			
	2015		2014	
	Current	Non-current	Current	Non-current
Liabilities for deferred tax (Note 22.3)	-	157,939	-	169,140
Tax Authorities creditor for IRPF (Personal Income Tax)	5,947	-	6,103	-
Tax Authorities creditor for local taxes	895	-	646	-
Social Security organisations, creditors	11,128	-	9,580	-
Tax Authorities creditor for other taxes	560	-	183	-
Tax Authorities creditor for VAT	190	-	546	-
	18,720	**157,939**	**17,058**	**169,140**

On 27 November 2014 the regulation texts reforming Corporation Tax, Personal Income Tax, Non-residents Tax and VAT were approved.

22.2 Reconciliation of the accounting result and the taxable base

The reconciliation between the accounting result and the taxable base for Corporation Tax for 2015 is as follows:

	Thousands of euro					
	2015					
	Profit & Loss Account			Income and expenses directly imputed to net equity		
Balance of income and expenses for the year			811,676			
	Increases	Reductions	Total	Increases	Reductions	Total
Corporate Tax	219,323	-	219,323			
Profit/loss before tax	-	-	1,030,999			
Permanent differences:	1,156	(32,107)	(30,951)			
Temporary differences:						
- Depreciation	59,699	(74,738)	(15,039)	-	-	-
- Losses for impairment	11,471	(8,536)	2,935	-	-	-
- Pension plans	741	(426)	315	-	-	-
- Provisions	838	(25,840)	(25,002)	-	-	-
- Cover derivative				25,203	(92,371)	(67,168)
- Grants, donations and legacies received				6,113	(45,928)	(39,815)
- Others	1,022	(753)	269	77	-	77

	73,771	(110,293)	(36,522)	
Set-off of Negative Taxable Bases			(132,807)	
Taxable base (tax result)			**830,719**	(106,906)
Total tax quota (28% on the taxable base)			232,601	(29,934)
Deductions			(112,007)	
Liquid quota			120,594	
Withholdings and payments on account			(227,026)	
Quota payable to Tax Authorities			**106,432**	

The main permanent differences of the year relate mainly to non-deductible expenses and a reduction in Taxable Income derived from capitalisation reserve adjustment established in Article 25 of Law 27/2014 on Corporate Tax. (See Note 19c). The main temporary differences relate to the difference between tax depreciation and book depreciation, provision for insolvency and contingencies and staffing costs.

The standard rate of corporation tax for the financial year 2015 is 28%. Law 27/2014 of 27 November on Corporation Tax, which entered into force on 1 January 2015, provides that the standard rate for those subject to this tax will be 28% in 2015 and 25% from 2016. For 2014, the tax rate was 30%.

In 2015, as a result of this reduction in the standard rate of tax and other amendments included in Law 27/2014 of 27 November, deferred tax assets and liabilities were reassessed according to their estimated reversion period, with the following effects:

- Decreased expenses under the heading “Income tax expenses” in the financial statement for the amount of 19,350 thousand euro which was credited, increasing them, to assets for temporary differences (heading “Deferred tax assets” under Non-current assets in the balance sheet).

- A reduction in the heading “Liabilities for deferred tax” for an amount of 53 thousand euro, with its balancing entry in the heading “Grants, donations and legacies received” in Net Equity (Note 19e).

- A charge in “Hedging transactions” under net equity to the amount of 2,115 thousand euro to reduce “deferred tax assets” in respect of items previously paid under the aforementioned heading in net equity (Note 19.e).

- A charge in “Actuarial gains and losses” under net Equity to the amount of 2 thousand euro, to reduce “deferred tax assets” in respect of items previously paid under the aforementioned heading in net equity.

In 2014, the impact of such Law 27/2014 was as follows:

- Increased expenses under the heading “Income tax expenses” in the financial statement for the amount of €18,736 thousand, €15,481 thousand of which was credited to reduce assets for temporary differences (heading “Deferred tax assets” under Non-current assets in the balance sheet), and the remaining €3,255 thousand was credited to reduce tax credits for tax-loss carry-forwards in respect of ENAIRE (heading "Loans to Group companies and associated" of the current balance assets).

- A reduction in the heading “Liabilities for deferred tax” for an amount of 31,188 thousand euro, with its balancing entry in the heading “Grants, donations and legacies received” in Net Equity (Note 19e).

- A charge in “Hedging transactions” under Equity to the amount of €185 thousand, to reduce “deferred tax assets” in respect of items previously paid under the aforementioned heading in net Equity.

The expense for Corporation Tax is composed of:

	Thousands of euro	
	2015	**2014**
Current income tax	269,787	230,616
Deferred tax	10,226	(33,839)
Recorded tax deductions	(38,884)	(14,450)
Others	(21,806)	17,103
	219,323	199,430

The heading “Others” shows in 2015:

- The effect of the differences in the expense for Corporation Tax accounted for at the close of 2014 and the expenses recorded in the final tax return to the Authorities for the Tax (-2,456 thousand euro).
- The effect of changes in the rate of burden (from 28% to 25%) on assets for temporary differences pending recovery (-19,350 thousand euro). Of this amount, -21,944 thousand euro correspond to the credit amount activated by differences in tax depreciation and book depreciation non-deductible by temporary measures at 30%, resulting from the deduction provided for in the transitory provision of Law 27/2014, of which 933 thousand euro have been used in 2015 (see table of deductions ahead).

At 31 December 2014, the heading “Others” included, principally, the expense of 18,736 thousand euro for value adjustments arising from approval of the Act 27/2014 explained above, and other adjustments with respect to previous years which correspond to the regularisation between the estimate made at the closure of the period and that shown on the tax return for Corporation Tax. Additionally it included the positive effect, for an amount of 1,633 thousand euro, of supplementary tax returns for Corporation Tax for the years 2012 and 2013.

In 2015 the Company recognised and applied tax deductions for Corporation Tax for an amount of 38,884 thousand euro (2014: 14,450 thousand euro).

The Balance Sheet headings Investments in group and associated companies at long and short term include the credit that the Company keeps with its shareholder on the basis of negative taxable bases, payments on account not used in the year and other deductions activated by tax consolidation, originated by the settlement of Corporation Tax for the year. At 31 December 2015 the account receivable in the short term for this item amounted to 50,217 thousand euro (2014: short-term account receivable for 168,196 thousand euro; long-term account receivable for 55,252 thousand euro), corresponding to payments on account of Corporation Tax not set off at the closing date of these financial statements, and not yet received at January 2016.

The Balance Sheet heading Short-term Assets for Current tax includes the account receivable that the Company keeps with the Tax Authorities for payments on account not used in 2015 for an amount of 107,840 thousand euro. Of this sum, in accordance with the reconciliation set out above, 106,432 thousand euro corresponds to Aena, while the rest corresponds to Aena Desarrollo Internacional, S.A.

Other information:

Law 16/2012 (27 December), which adopts several tax measures intended to consolidate public finances and to drive economic activity, establishes the possibility of a voluntary update of the value of certain assets (property, plant and equipment and real estate investments), in company balance sheets. The Company has decided not to update its assets.

22.3 Deferred taxes

The details of deferred taxes at 31 December 2015 and 2014 were as follows:

	Thousands of euro	
	2015	**2014**
Deferred tax assets:		
- Temporary differences (Note 22.1)	120,642	96,821
	120,642	96,821
Deferred tax liabilities:		
- Temporary differences (Note 22.1)	(157,939)	(169,140)
	(157,939)	(169,140)
Deferred taxes	**(37,297)**	**(72,319)**

The details of assets and liabilities for deferred tax where the period of implementation or reversal is greater than 12 were as follows:

	Thousands of euro	
	2015	**2014**
Deferred tax assets:		
- Temporary differences	88,891	79,760
	88,891	79,760
Deferred tax liabilities:		
- Temporary differences	(146,984)	(156,828)
	(146,984)	(156,828)
	(58,093)	**(77,068)**

The movements during 2015 and 2014 in the assets and liabilities for deferred taxes, without taking into account a set-off of balances, were as follows:

Thousand euro

Deferred tax assets	Amortisation	Losses for impairment	Pension plans	Provisions Liabilities	Cover derivative	B.I.N credits	Credits deductions	Increase in value of stakes	Others	Total
Opening balance	**72,251**	**8,329**	**1,147**	**14,196**	**1,858**	**-**	**-**	**(1,154)**	**194**	**96,821**
Charge (payment) to Profit & Loss Account	(4,211)	822	88	(7,001)	-			-	76	(10,226)
Charge (payment) to net equity	-	-	-	-	18,734			-	-	18,734
Addition tax break	-	-	-	-	-	37,186	63,548	-	-	100,734
Use of credits in the year	-	-	-	-	-	(37,186)	(63,548)	-	-	(100,734)
Valuation adjustments Law 27/2014 (*)	19,572	(993)	(13)	(130)	(2,115)			23	(45)	16,299
Others	(76)	(1,084)	(7)	230	-			-	(49)	(986)
Balance at 31 December 2015	**87,536**	**7,074**	**1,215**	**7,295**	**18,477**	**-**	**-**	**(1,131)**	**176**	**120,642**

Deferred tax assets	Amortisation	Losses for impairment	Pension plans	Provisions Liabilities	Cover derivative	B.I.N credits	Credits deductions	Increase in value of stakes	Others	Total
Opening balance	**48,627**	**6,622**	**980**	**15,419**	**2,792**			**5,911**	**231**	**80,582**
Charge (payment) to Profit & Loss Account	36,045	(2,988)	380	(903)	-			-	1,305	33,839
Charge (payment) to net equity	-	-	-	-	(749)			-	-	(749)
Valuation adjustments Law 27/2014	(12,995)	(595)	(213)	(1,653)	(185)			-	(25)	(15,666)
Others	574	5,290	-	1,333	-			(7,065)	(1,317)	(1,185)
Balance at 31 December 2014	**72,251**	**8,329**	**1,147**	**14,196**	**1,858**			**(1,154)**	**194**	**96,821**

(*) The heading of depreciation includes 21,011 thousand euro of the balance outstanding of the credit initially recognised for an amount of 21,944 thousand euro (see Note 22.2), having considered the 933 thousand euro used during 2015 (see table of deductions below).

	Thousands of euro		
	Grants	**Increase in value of stakes**	**Total**
Deferred tax liabilities			
Opening balance	**(163,763)**	**(5,377)**	**(169,140)**
Valuation adjustments Law 27/2014	53	-	53
Charge to net equity	11,148	-	11,148
Balance at 31 December 2015	**(152,562)**	**(5,377)**	**(157,939)**
Deferred tax liabilities			
Opening balance	**(200,805)**	**(5,377)**	**(206,182)**
Valuation adjustments Law 27/2014	31,188	-	31,188
Charge to net equity	5,854	-	5,854
Balance at 31 December 2014	**(163,763)**	**(5,377)**	**(169,140)**

As stated in Note 4n, the listing of the Company on the stock exchange in February 2015 (see Note 1) via the IPO of 49% of Aena S.A.'s capital, meant that the Parent Entity, ENAIRE's holding in Aena S.A. fell to 51%, compared to its previous holding of 100%.

In accordance with the tax regulations in force (art. 59.2 of Law 27/2014 on Corporation Tax), and with effect from 1 January 2015, Aena S.A. and its subsidiaries withdrew from the tax consolidation group headed by ENAIRE.

On the occasion of such termination, at 1 January 2015, the AENA Tax Group to which they belonged, together with ENAIRE, as subsidiaries AENA and AENA International Development, and according to the will expressed by the Boards of both companies, at 7 April 2015, Aena informed the Tax Office on the application to the tax consolidation system of companies AENA S.A. and Aena Desarrollo Internacional S.A.U.

Consequently, the debit balances of pending deductions credits and of credits for tax losses which, within the tax Group, where owned by Aena S.A. vis-à-vis ENAIRE, and therefore, they were included in the "Other receivables" heading on the Balance Sheet, are owned since the date of termination of 1 January 2015, against the Treasury, so since that date these were reclassified to heading "Deferred tax assets" totalling 63,548 and 37,186 thousand euro, respectively.

At year-end 2015, such balances have been cancelled when used in the calculation of tax for that year. Standing just as a receivable vis-à-vis ENAIRE (see Note 12) the outcome of the outstanding repayment on corporate tax for the financial year 2014 amounting to 50,217 thousand euro.

Years open to checking and inspection actions

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or until four years have elapsed since filing. At 31 December 2015, inspection is open for all taxes between 01 January 2012 and 31 December 2015.

Inspection is open for the following taxes of the Public Business Entity "ENAIRE", the head of the former tax group (see Note 4m): Corporation Tax: years from 2011 to 2015; Personal Income Tax: years from 2012 to 2015; Value Added Tax: years from 2012 to 2015; Canaries General Indirect Tax: years from 2012 to 2015 and Production, Services and Imports Tax: years from 2012 to 2015.

The Directors of Aena, S.A. believe that taxes have been appropriately settled, so that even in case of discrepancies arising in the interpretation of the rules in effect for the tax treatment of the transactions, any resulting liabilities, should there be any, would not have a significant effect on the accompanying financial statements.

(Thousand euro unless otherwise stated)

Tax deductions

In 2015, the following deductions have been applied in the corporation tax settlement:

Tax deductions for 2015

	Year generated	Amount recognised in 2015	Registered amount generated in 2015	Amount applied	Amount pending	Year due
Deductions in the Canary Islands due to investments in fixed assets	2011	34,411	-	34,411	-	2016
	2012	37,779	-	37,779	-	2027
	2013	-	-	-	-	2028
	2014	-	-	-	-	2029
	2015	-	38,884	38,884		2030
Deduction 30% Depreciation	2015	-	933	933	-	2025
	Total	**72,190**	**39,817**	**112,007**	**-**	

The column "Amount recognised in 2015" includes the deductions pending after accounting for the expense of Corporation Tax for 2014 (63,548 thousand euro) plus the differences between the deductions applied in the calculation for the expense of Corporation Tax for 2014 and those effectively applied in the final settlement for that year filed with the Taxation Agency (8,642 thousand euro).

The "Registered amount generated in 2015" column reflects the actual deductions generated in 2015.

(Thousand euro unless otherwise stated)

In 2014, the following deductions were applied for the settlement of corporate tax, and the following outstanding deductions were recognised in the shareholder tax account:

Tax deductions for 2014

	Year generated	Amount recognised in 2014	Registered amount generated in 2014	Amount applied	Amount pending	Year due
Deductions in the Canary Islands due to investments in fixed assets	2008	5,449	-	(5,449)	-	2013
	2009	-	-	-	-	2014
	2010	-	-	(57,386)	-	2015
	2011	-	-	(16,975)	25,769	2016
	2012	(1,012)	-	-	37,779	2027
	2013	-	-	-	-	2028
	2014	-	14,450	(14,450)	-	2029
Deductions in the Canary Islands for contributions to pension plans	2006	-	-	(129)	-	2021
	2007	-	-	(125)	-	2022
	2008	-	-	(122)	-	2023
	2009	-	-	(113)	-	2024
	2010	-	-	(66)	-	2025
Environmental deductions	2006	(730)	-	-	-	2021
	2007	(771)	-	-	-	2022
Internal double taxation	2011	-	-	(220)	-	2018
	2012	-	-	(28)	-	2019
Pension plans	2006	(252)	-	-	-	2021
	2007	(179)	-	-	-	2022
	2008	-	-	(148)	-	2023
	2009	-	-	(102)	-	2024
	2010	-	-	(58)	-	2025
R&D&I	2012	-	-	(321)	-	2030
	2013	81	-	(81)	-	2031
Promotion of employment for the disabled	2012	-	-	(167)	-	2027
	2013	44	-	(44)	-	2028
Professional training	2006	(330)	-	-	-	2021
	2007	(277)	-	-	-	2022
	2008	-	-	(329)	-	2023
	2009	-	-	(136)	-	2024
	2010	-	-	(43)	-	2025
	2011	-	-	(4)	-	2026
	2012	-	-	(3)	-	2027
	2013	2	-	(2)	-	2028
Deductions	2011	-	-	(7)	-	2021
	2012	-	-	(23)	-	2022
	2013	21	-	(21)	-	2023
	Total	**2,046**	**14,450**	**(96,552)**	**63,548**	

23. Income and expenses

a) Supplies

The breakdown of the heading of Supplies for 2015 and 2014 was as follows:

	Thousands of euro	
	2015	**2014**
Purchases of other supplies	(1,140)	(626)
Works carried out by other companies	(181,682)	(181,236)
Total	**(182,822)**	**(181,862)**

The works carried out by other companies correspond, principally, to services supplied by the Ministry of Defence amounting to 3,128 thousand euro (2014: 4,358 thousand euro), and Communication, navigation and vigilance services (CNS), Air traffic management (ATM), and Aeronautical information services (AIS) supplied by ENAIRE which amount to 145,480 thousand euro (2014: 145,955 thousand euro). This heading also includes the Convention signed in March 2014 with AEMET for the Supply of meteorological services to the airport network managed by Aena for an amount of 10,000 thousand euro (2014: 8,333 thousand euro).

b) Distribution of the net amount of business turnover

The Company's activity is developed geographically in the national territory, obtaining revenues in 2015 and 2014 as set out below:

	Thousands of euro	
	2015	**2014**
Airport services	**2,332,976**	**2,241,536**
Monetary benefits	***2,264,966***	***2,171,663***
Landings/Air Traffic Management /Meteorological Service	632,790	603,982
Parking	28,617	27,933
Passengers	1,017,609	977,510
Telescopic boarding gates	104,228	99,577
Cargo	-	4,573
Security	363,539	345,898
Handling	80,276	75,569
Fuel	29,092	28,050
Catering	8,815	8,571
Other airport services(1)	***68,010***	***69,873***
Commercial Services	**743,835**	**631,393**
Leases	26,490	26,917
Stores	82,353	69,919
Duty-Free Shops	254,893	188,029
Food & Beverage	132,086	112,892
Car Rental	104,526	100,355
Advertising	28,564	27,610
Other commercial revenue (2)	114,923	105,671
Off-terminal services	**167,970**	**160,528**
Parking	110,767	102,601
Land	12,739	13,161
Warehouses and hangars	17,961	19,349
Cargo Logistic Centres	21,165	21,270
Real Estate Operations	5,338	4,147
Total Net Business Turnover	**3,244,781**	**3,033,457**

(1) Includes Check-in desks, Use of 400Hz, Fire services, Left-luggage offices, Fast-track and Other revenues.
(2) Includes Commercial operations, Commercial supplies, Use of conference rooms, and Filming and recording.

c) Personnel expenses

The personnel expenses in 2015 and 2014 break down as follows:

	Thousands of euro	
	2015	**2014**
Wages and salaries and compensation	252,517	241,712
Voluntary Separation Plan (Note 21)	(24,211)	(1,230)
Social Security charged to the company and other social charges	95,557	95,384
Contributions to employment commitments	6	8
Excess of provision for remuneration and other benefits	(2,221)	(2,064)
Others	36	1,456
	321,684	**335,266**

The reduction in this heading is due to the reversal, for an amount of 24,211 thousand euro, of the Provision for the Voluntary Severance Plan (see Note 21). Furthermore, the heading "Wages, salaries and allowances" includes, pursuant to the provisions of LPGE 2016 (General State Budget Law), an estimate amounting to 7.8 million euro, the extra salary for 2012 which each employee failed to receive pursuant to Article 2 of Royal Decree-law 20/2012.

d) Outside services

The breakdown of this heading in 2015 and 2014 was as follows:

	Thousands of euro	
	2015	**2014**
Rent and royalties	5,858	3,288
Repairs and maintenance	244,611	235,550
Independent professional services	28,784	25,564
Insurance premiums	11,494	10,930
Bank services	1,420	1,752
Advertising and public relations	3,780	3,245
Utilities	96,856	100,108
Vigilance and security services	123,682	104,697
Expenses for services with ENAIRE	(251)	11,354
Other services	106,544	106,334
	622,778	**602,822**

The heading “Repairs and maintenance” includes mainly the maintenance of the ABHS system (automatic baggage handling system). Utilities relates mainly to lighting, water and telephone costs. “Other services” relate mainly to car park management services, the cost of services to assist passengers with limited mobility and public information services.

The analysis of variations in this group shows:

- Increase in the heading of Security by 19.0 million euro, due principally to new regulations for the inspection of hand baggage operating since March 2015.

- The suppression of the Service Agreements between Aena and ENAIRE has meant a reduction in the expense of the account assigned to that end of 11.6 million euro, although the expenses are now dealt with directly by Aena (personnel expense, office rentals, insurance and others).

e) Taxes

Balance collected in Taxes mainly corresponds to the amounts paid in local taxes, mainly in property tax (IBI) and tax on commercial and professional activities (IAE).

f) Financial results

The financial results obtained in 2015 and 2014 were as follows:

	Thousands of euro	
	2015	**2014**
Financial income	**6985**	**10142**
On negotiable securities and other financial instruments		
- Of group and associated companies (Note 12)	276	962
- Of third parties	3,789	3,473
Activation of financial expenses (Notes 6 and 7)	2,920	5,707
Financial expenses	**(193,866)**	**(407,996)**
- For debts with group and associated companies (Note 12)	(167,698)	(208,212)
- For debts with third parties	(25,005)	(195,219)
- For updating provisions	(1,163)	(4,565)
Variation in the fair value of financial instruments (Notes 15 and 18d)	**(25,203)**	**(4,922)**
Exchange differences	**(20)**	**(19)**
Impairment and results of disposals of financial instruments	**97**	**-**
FINANCIAL PROFIT/LOSS	**(212,007)**	**(402,795)**

The Company records the provisions for financial adjustments under the heading "Update of provisions" as a result of the modification of the provisions concerned (Note 21).

The main variations in 2015 with respect to 2014 are the following:

- Reduction in "Financial expenses for debts with group and associated companies" in an amount of 40.5 million euro, as a consequence of the fact that during 2015 the average debt was down, the average interest rate was reduced by a fall in the reference rates Euribor 3m and 6m and, additionally, due to carrying out the policy of reviewing the interest rates on EIB loans (see Note 15).

- Reduction in interest for debts with third parties by 170.2 million euro. This heading includes, principally, the expense for default interest associated with contentious expropriations: as explained in Note 21, in 2014 an appropriation was made of 167 million euro, for default interest for the claims by the owners of properties expropriated for the extension of the Adolfo Suarez Madrid-Barajas airport who called for revaluation; however in 2015 various rulings were given which led, due to the reversals effected, to the net expense in this heading only amounting to 9.9 million euro.

- Rise in losses on cover instruments of 20.3 million euro. As is set out in Note 15, in June 2015 a cover transaction was contracted for an underlying debt of 4,195 million euro with the aim of suiting the debt profile of Aena, S.A. to a Fixed/Variable percentage of 79/21 (previously 52/48).

g) Excess provisions

Of the total amount of 7,913 thousand euro included in the heading "Excess Provisions" in the results account for 2015, 2,970 thousand euro correspond to favourable resolutions in settlements of local taxes which were controversial (2014: 11,797 thousand euro) and the remaining 4,743 thousand euro correspond to excess Provisions for liabilities of a different kind (Trade contracts, court rulings altering amounts in litigation, etc.) originating in the years 2011 to 2014 (2014: 17,648 thousand euro). In 2014 the most significant reversal corresponds to “Excess provisions for Taxes” for an amount of 29,445 thousand euro included in the heading “Excess provisions”, 11,797 thousand euro correspond to rulings favourable in settlements of local taxes which were controversial and the rest, 17,648 thousand euro, corresponds to excess Provisions for liabilities of a different kind (Trade contracts, court rulings altering amounts in litigation, etc.) originating in the years 2011 to 2013.

24. Other information

a) Information on employees

The number of employees at the closure of 2015 and 2014 by categories and sexes was as follows:

	2015 (*)			2014 (*)		
Professional Category	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Senior management	8	2	10	7	2	9
Executives and graduates	776	591	1,367	771	580	1,351
Coordinators	779	276	1,055	809	286	1,095
Technicians	2,853	1,420	4,273	2,847	1,401	4,248
Support personnel	241	258	499	247	270	517
Total	**4,657**	**2,547**	**7,204**	**4,681**	**2,539**	**7,220**

(*)The number of temporary employees at the close of 2015 was 748 employees (2014: 640 employees).

The average number of employees by professional category is as follows:

Professional Category	**2015 (*)**	**2014 (*)**
Senior management	9	7
Executives and graduates	1,361	1,327
Coordinators	1,073	1,098
Technicians	4,258	4,289
Support personnel	495	535
Total	**7,196**	**7,256**

(*) The average number of temporary employees in 2015 was 701 (2014: 704 temporary employees).

With regard to the members of the Board of Directors, this is formed of 15 people (11 men and 4 women) at the date of formulation (2014: 9 men and 3 women).

b) Remuneration to Administrators and Senior Management

The remuneration received during 2015 and 2014 by the Administrators and Senior Management of the Company, classified by concepts, was as follows (in thousand euro):

	2015			2014		
	Senior management	**Board of Directors**	**Total**	**Senior management**	**Board of Directors**	**Total**
Salaries	1,190		1,190	842	-	842
Per Diems	26	131	157	23	121	144
Pension plans	0	0	0	-	-	-
Insurance premiums	6		6	5	-	5
	1,222	**131**	**1,353**	**870**	**121**	**991**

The compensation received during 2015 corresponds to those perceived by Aena, S.A. for 9 senior management positions and for the Chairman-CEO.

The difference in salaries between the periods under review does not relate to any salary increases, but corresponds only to the organisational affiliation of the members of the senior management Group: 4 of them have always been attached to Aena, S.A. (formerly Aena Aeropuertos) and 6 were organisationally affiliated to ENAIRE until July 2014, providing services for the whole Group and their salaries, together with those of the Group's Chairman, were paid directly by the Parent Company and invoiced proportionately to Aena S.A. under a service agreement: (2014: 291 thousand euro).

Once the procedural framework for the sale of Aena S.A.'s share capital had been authorised, the functions and organisational structure of ENAIRE and Aena S.A. were fully segregated, and therefore, from July 2014, the Chairman and Chief Executive Officer and 5 Senior Management posts (of the 6 mentioned above), which provided services to the whole group from ENAIRE, were effectively incorporated into Aena S.A., providing services exclusively to the latter.

Finally, with less economic impact, 2015 is included in the Wages section, for those Senior Management members who served during 2012, the credit corresponding to the recovery of 50.27% of the fourteenth of total annual remuneration, which was discounted as equivalent to the extra salary of December 2012, suspended the application of Royal Decree Law 20/2012 of 13 July.

There were no advances or credits granted at the close of 2015 of 2014. Similarly, there are no obligations in matters of pensions contracted with former or current Administrators.

c) <u>Shareholdings and positions held, and activities carried out, by members of the Board of Directors in other similar companies.</u>

In 2015 and 2014 the members of the Board of Directors did not have any interest in the share capital of companies that directly carry out activities that are the same, similar or supplementary to those forming part of the Company's corporate purpose. In addition, no activities that are the same, similar or complementary to the Company's corporate purpose have been carried out or are currently being carried out by Members on their own behalf or on behalf of third parties.

At 31 December 2015 and 2014 there are no members of the Board of Directors that hold directorship or executive positions at other Group companies.

None of the persons associated with the members of the Board of Directors hold any shareholding whatsoever in the share capital of Companies, and hold no position and fulfil no duties within any Company with the same, similar or supplementary corporate purpose as the Company.

d) <u>Directors' conflicts of interest</u>

As part of the duty to avoid any conflicts with the interests of the Company, throughout the year Directors holding positions on the Board of Directors have complied with the obligations set out in article 228 of the re-drafted text of the Corporate Enterprises Law. Similarly, they and those related to them, have refrained from engaging in any conflict of interest situations mentioned in article 229 of that Act, except where the relevant authorisation has been granted.

25. Audit fees

The fees earned or contracted during the year by PricewaterhouseCoopers Auditores, S.L. for the services of audit of accounts amounted to 46.7 thousand euro in 2015 (2014: 40 thousand euro) and the fees earned for other services of verification amounted to 34 thousand euro in 2015 (2014: 20 thousand euro). PricewaterhouseCoopers earned 76.6 thousand euro for other services during 2015 (2014: 132.5 thousand euro).

26. Commitments and other guarantees

At 31 December 2015 and 2014 Aena, S.A had no warranty or guarantee granted to third parties. The Administrators of the Company do not expect any liabilities of consideration to arise.

27. Environmental commitments

Company management, faithful to its commitment to preserve the environment and the quality of life in the surrounding areas, has been making investments in this area to minimize the environmental impact of its actions and to protect and improve the environment.

Property, plant and equipment at 31 December 2015 included investments of an environmental nature for an amount of 538.2 million euro, for which the accumulated depreciation amounted to 197.9 million euro (2014: investments for 529.5 million euro and depreciation for 181.5 million euro).

The fixed asset additions for the 2015 financial year amounted to 26,058 thousand euro (2014: 28,488 thousand euro), broken down as follows:

	Thousands of euro	
	2015	**2014**
Málaga	114	559
Valencia	824	3,110
Menorca	4	70
Madrid/Barajas	10,511	4,364
Barcelona	-	742
Girona	-	274
Alicante	1,887	2,885
Tenerife Norte	7,457	1,931
Palma Mallorca	1,439	2,854
Bilbao	513	1,220
Santiago	40	15
Gran Canaria	834	1,185
Ibiza	1,723	1,862
Pamplona	1	9
A Coruña	253	6,599
Other airports	458	809
Total	**26,058**	**28,488**

The Profit & Loss Account for 2015 and 2014 includes the following expenses of an environmental nature, detailed by concepts:

	Thousands of euro	
	2015	**2014**
Repairs and maintenance	7,466	7,272
Independent professional services	1,351	1,103
Other environmental services	2,511	2,950
Total	**11,328**	**11,325**

The provisions and contingencies of an environmental nature are detailed in Nota 21. The Administrators of the Company do not expect any additional liabilities or contingencies to appear for this concept which could be significant.

With respect to the Barajas Plan and based on the specifications of the resolutions dated 10 April 1996 issued by the Directorate General for Environmental Information and Evaluation, and 30 November 2001 by the General Secretariat for the Environment, the Company is soundproofing a number of homes surrounding Adolfo Suárez Madrid-Barajas Airport, which involved 12,828 homes as at 31 December 2015 (2014: 12,820 homes).

In accordance with the Environmental Impact Statements relating to the projects to expand Alicante-Elche and Malaga-Costa del Sol airports, the Company is executing the Soundproofing Plans associated with those declarations, which involved the soundproofing of 2,087 homes in Alicante-Elche and 810 homes in Malaga-Costa del Sol at the end of 2015 (2014: 1,936 homes in Alicante-Elche and 810 in Malaga-Costa del Sol).

In addition, work to soundproof homes located in the areas surrounding the airports in Gran Canaria, La Palma, Menorca, Palma de Mallorca, Tenerife Norte, Valencia, Bilbao, Ibiza, Pamplona, Barcelona, Sabadell, Santiago de Compostela, Vigo, La

Coruña and Melilla, was started in 2007 and is ongoing as at the end of 2015.

In addition, in accordance with the resolutions issued by the Ministry of the Environment under which Environmental Impact Statements are prepared for the Company's airports, measures are being taken to prevent, correct and compensate for matters indicated in the above-mentioned environmental impact studies and in the Environmental Impact Statements, in accordance with a series of conditions relating mainly to the protection of the hydrological and hydrogeological system, the protection and preservation of soil, the protection of air quality, acoustic protection, the protection of vegetation, fauna and natural habitats, the protection of cultural heritage, the restoration of services and livestock trails, and the location of quarry dump sites, landfill and auxiliary installations.

28. Contingencies

Contingent liabilities

At the end of 2015 and 2014 the Company was involved in claims and legal disputes against it which arose during the normal course of and as a natural consequence of its business, and for which Management considers it unlikely that there will be an outflow of resources, or which involve an amount that cannot be reasonably estimated.

Environmental action

As was described in the "Provisions for environmental actions" heading, as a result of the necessary actions to comply with environmental regulations regarding the airport network's various expansion and improvement works, the Company is obliged to make a series of investments to minimise the impact of noise on homes affected by such works. At the end of 2015 and 2014, the Company was involved with several claims which, if resolved in an unfavourable manner, could give rise to liabilities that cannot yet be quantified at the end of the aforementioned years.

As a result of overflying aircraft in the settlement named Ciudad Santo Domingo (Algete, Madrid), some inhabitants of this area consider that their fundamental rights have been violated due to excessive noise levels in their homes. The residents have filed a judicial appeal (109/2004) against Aena, S.A. and the Ministry of Public Works, demanding that the use of runway 18R (one of four at Adolfo Suárez Madrid-Barajas Airport) should be halted. Up to now, the Supreme Court has not agreed to this measure.

On 31 January 2006, the High Court of Justice in Madrid (TSJ) issued a judgement rejecting the aforementioned judicial appeal. The ruling was appealed by five of the initial appellants, and the Supreme Court partially upheld the appeal in a ruling of 13 October 2008 on the grounds of violation of the right to privacy at home.

Subsequently, there have been various pronouncements and motions for enforcement that have been appealed by both parties to the proceedings.

Under the scope of a third motion for enforcement, the High Court of Justice in Madrid (TSJ) issued an Order of 2 December 2014 (the "Order of 2 December 2014"), communicated to ENAIRE and Aena, S.A. on 5 December 2014, in which (i) it declares that the judgement of the Supreme Court of 13 October 2008 has not been executed, as it concludes that the breach to the fundamental rights as a result of the distress caused by flyovers still remains; and (ii) it orders, via an enforcement writ, a 30% reduction in the number of flights flying over the area of Ciudad Santo Domingo, a percentage calculated on the basis of the number of flyovers in 2004, which amounted to 20,730 approaches to runway 18R.

With respect to this measure, the TSJ clarified the following:

- The 30% reduction in the number of overflights must begin within a period not exceeding two months following the notification of the decree of 2 December 2014, and imposing the obligation to inform the court of the start date. The deadline expired on 5 February 2015.

- Six months after the start of the reduction, ENAIRE, Aena, SA and the Ministry of Public Works are required to inform the court within a period of one month of the impact of the measure on noise levels in the area. In this same one-month period the appellants are required to furnish their own corresponding arguments and measurements in this respect.

The Order of 2 December 2014 has also been the subject of an appeal for reversal before the same chamber of the TSJ. Along with the presentation of this appeal, the suspension of the Order of 2 December 2014 has also been requested. By a Ruling of 18 December 2014, the TSJ agreed the suspension applied for so that, at the present time, the Adolfo Suárez Madrid-Barajas airport can continue operating in the same conditions as hitherto, without needing to start the reduction in the number of overflights taking place over Ciudad Santo Domingo until these are 30% below those for 2004. On 9 April 2015, the TSJ of Madrid dismissed all the appeals for reversal filed against the order of 2 December 2014; on 27 April 2015 Aena and ENAIRE submitted the preparations for the appeal to the Supreme Court and on 15 June notification was received of its admission to process and the time allowed for formalising the appeal. In July 2015 the appeal was formalised.

The Company is analysing the measures to be taken to mitigate the possible economic impact of a potential unfavourable ruling.

If the outcome of this claims process is unfavourable, this could give rise to liabilities at the close of this period that cannot be quantified.

Expropriations

The Company is also involved in proceedings relating to claims involving expropriations that have taken place and which at the end of 2015 and 2014 could not be quantified as final since a court decision is yet to be reached and which could give rise to additional cash outflows for expropriations.

Commercial activities

At the end of the financial year, the Company is involved in legal disputes with certain hospitality and catering companies with concessions in airports within the Aena network, which are either pending final decisions or suspended pending a potential agreement between the parties.

Construction company claims

In addition to the above, at the end of 2015 and 2014, there are claims that have been filed against the Company by several construction companies, deriving from the execution of various construction contracts relating to the airport network. The Company's Management does not consider that such claims will give rise to financial penalties against it.

Airline claim relating to fees

After the increase in fees implemented by the General State Budget Act for 2012, the airlines have appealed against the amounts charged before the Central Administrative-Economic Court.

Airlines operating in Spain extended their claims against the Spanish State before the European Commission, alleging irregularities in the system established by Spanish law for the updating of benefits to be received by Aena, S.A., in 2012. The aviation sector called for intervention by the Community body in the raising of prices in 2012 and after the rise in 2013, and urged the creation of an independent body to supervise civil aviation. In the year 2013 the National Commission on Financial Markets and Competition (CNMC), which is an independent body was created. Until its operation in October 2013, the supervision of the proposed 2014 rates was attributed to temporary Committee and Airport Railway Regulation (CRFA) acting in the exercise of their work impartially and transparently. The process of consultation of proposed tariffs for 2014 ended with a tariff agreement covering several years, for the period 2014-2018. After the agreement reached with the airline companies the latter suggested to their associates the withdrawal of the claims made. The situation at 31 December 2015 is as follows: the percentage of companies whose claims have been dismissed by the TEAC or which have withdrawn from the claims filed is 97%.

Additionally:

- 108 notifications were received from the Central Economic-Administrative Tribunal, withdrawing all of the corresponding economic-administrative claims submitted by several companies

- As of 31 December 2015, various airlines have filed 38 administrative appeals in the National High Court against the withdrawing decisions of the administrative appeals filed by these companies before the Central Administrative-Economic Court.

The Company's management does not consider economic consequences may arise against it.

Claims against local councils

At the end of 2015 the Company was involved in legal disputes with local councils for discrepancies in the settlement of fees for trade concessions related to the exclusive use of public property.

Reus airport

The Supreme Court issued a judgment in February 2010 under which the reversion of certain land at Reus Airport was agreed. The amount that may arise as a result of the impossibility of obtaining this land has not been determined as the court decision quantifying the amount of the reversal has not yet been issued. In any event, the Company's Management believes that any compensation payable will not be significant.

Employment

There are several proceedings involving the dismissal of contractor employees that commenced in 2012 and prior years that are in various stages of resolution, but have not yet been completed as no judgment has been issued or the judgment that has been issued is not final.

In the event of rulings being unfavourable to the Company, employees could receive payment for salary differences between the amount received from the concessionaire and the amount that would have been received in accordance with the Company's Collective Wage Agreement (as the salaries set out in this Agreement are higher), and/or payment of severance compensation for unfair dismissal, if the dismissals were to be declared unfair, and if the employees chose not to be reemployed.

In addition, there have been other dismissals of employees by the Company which, if there is an unfavourable ruling against the Company, would involve reemploying the employees or paying them the relevant compensation for unfair dismissal and, in any event, payment of the relevant salary amounts accrued during the process.

Furthermore, there are several procedures in which employees have filed claims against the termination of their contracts due to forced retirement. These procedures are in various stages of completion but have not been completed as no judgments have been issued or the judgments that have been issued are not final. In the event of judgments that are unfavourable for the Company, the employees must be reemployed and the salary amounts they did not receive must be paid up until the time that they are reemployed.

In addition, there are challenges against (internal and external) hiring procedures, the composition of reserve candidate pools and the right to conclude contracts, that started in 2015 and prior years, which may lead to the claimants being awarded positions or the entitlement to conclude contracts. If the courts allow the claims, positions must be awarded to the claimants and the salaries or the salary differences that have arisen must be paid.

The Company is involved in several business liability administrative procedures (which in some cases have resulted in legal proceedings) that establish its liability for social security surcharges relating to occupational accidents.

It is not considered that any of these employment disputes would be significant, either in terms of the amount claimed or in terms of the low probability that Aena, S.A. would ultimately have to bear any financial consequence. When assessing the likelihood of success of these cases, an individual analysis of their content and legal basis is carried out and, based upon experience drawn from previous similar disputes and existing case law in this area, it is considered possible.

Claims by airlines

The Company is involved in claims and disputes over specific incidents that have generated damage to aircraft at airports within the network. As at 31 December 2015, the Management of Aena, S.A. considers that these would not be significant.

Government of the Canary Islands

The government of the Canary Islands lodged administrative appeal nº 2/05/2015 with the Administrative Litigation Chamber of the Supreme Court against the Council of Ministers' agreement of 11 July 2014, extended by the Council of Ministers' agreement of 23 January 2015, on the authorisation granted to ENAIRE to initiate the sale of up to 49% of the share capital in AENA. In the extension of this administrative appeal, the Government of the Canary Islands sought interim measures to exclude airports of general interest situated in the Canary Islands from the fixed assets making up the assets of Aena and to include information relating to the lodging of the appeal in Aena S.A.'s IPO prospectus, precautionary measure dismissed by the Supreme Court.

ENAIRE considered (and this was communicated to the CNMV on 10 February 2015 as a Relevant Fact) that the application for precautionary measures referred to lacked legal foundations and that the claim from the Government of the Canary Islands, if successful, should in no case affect the AENA's ownership or management of the aforesaid airports (which are competences reserved to the State).

Last 19 January 2016, the vote and decision were made, awaiting the decision of the Court (see Note 29).

Contingent assets – Fee shortfall

In September 2012, the Directorate General for Civil Aviation (DGAC) supervised the proposal to update and modify fees for 2013 that was presented by Aena, S.A., and applied, for the first time, the new regulatory framework deriving from Directive 2009/12/EC of 11 March 2009 on airport charges. This framework consists mainly of Law 21/2003 of 7 July on Air Security (Law 21/2003), in accordance with the wording provided by Law 1/2011 of 4 March, which establishes the State Operational Security Program for Civil Aviation and amends Law 21/2003 of 7 July on Air Security, and furthermore Royal Decree Law 11/2011 of 26 August, which creates the Airport Economic Regulatory Commission, and regulates its composition and duties, and Law 3/2013 of 4 June, which creates the National Commission on Financial Markets and Competition (CNMC).

According to the Oversight Report on Aena, S.A.'s fee modification proposal for 2014, issued by the Railway and Airport Regulatory Committee (CRFA) on 12 September 2013, the fees shortfall for 2013 remained the same at €298 million (which corresponds to the shortfall agreed by the DGAC, adjusted for inflation using the real consumer price index).

Furthermore, in the above-mentioned Oversight Report on Aena, S.A.'s fee modification proposal for 2014, the CRFA verified that the modified fees for 2014 set out a shortfall adjustment for 2014 of €286,8 million. That report also stated that, once the

CPI was published in October 2013, the value of the deficit in 2014 should be updated, finally reaching an amount of 312.0 million euro.

The same applies for the consultation process of the tariffs for 2015, the tariff deficit forecast by Aena amounted to 45.6 million euro, thus, capitalised tariff deficit for 2014-2016 amounted to 555.3 million euro.

The fees shortfall declared by the CNMC for 2013 in the Resolution approving Aena, S.A.'s fee modification proposal for 2015 and setting out the measures that should be adopted in future consultation processes, amounts to €179.33 million. The resolution of the CNMC adopting the proposed tariff amendment is approved by Aena S.A. for 2016 and the measures to be taken in future consultation procedures dated 23 July 2015 are set. On this vein, it is established that Aena will fully compensate in 2016 the deficit corresponding to financial year 2013 which, capitalised, amounted to 199.2 million.

Against the decision of the CNMV of 23 July adopting Aena, S.A.'s fee modification proposal for 2016 and setting out the measures that should be adopted in future consultation processes, Aena S.A. lodged an administrative appeal.

The Company considers that these types of assets do not comply with all of the requirements to be recognized in the balance sheet since they involve an asset that depends on future events.

29. Post balance sheet events

No significant events, subsequent to the close of the balance sheet, have taken place to affect the financial statements, the application of the going concern principle or that may be useful for the user of the financial statements, other than those mentioned below:

- On 10 February 2016, the Supreme Court (Administrative Litigation Chamber of the Supreme Court) handed down a ruling, notified on 12 February 2016, by which it dismissed the appeal by the Government of the Canary Islands against the rejection of the request for silence directed to the State Administration to amend the Agreement of the Council of Ministers of 11 July 2014 and against the decision of the Council of Ministers of 23 January 2015 on the disposal of shares of AENA, S.A. through a public offering (IPO) (see Note 28).
- On February 9, Circular 2/2016 of the Bank of Spain, to financial institutions, about supervision and solvency, which completes the adaptation of the Spanish legal framework to Directive 2013/36/EU and to Ruling (EU) number 575/2013, which adapts the Spanish legal framework to the requirements of Basilea III, establishes the weight in the lenders balance sheet of the loans Public Sector entities.

  Regardless of the fact that in the current solvency status of the Company the potential impact of this Circular in its funding structure is deemed not relevant according to the documentation analyzed, given the recent publication of this Circular, the Company is still completing an in-depth analysis of its application in relation to the borrowing contracts that could be affected, and in particular of the joint borrowers' debt (see Note 15).

Management Report
for the year ended on 31 December 2015

AENA, S.A.

CONTENTS

Aena, S.A.
Individual Management Report for 2015

1. KEY HIGHLIGHTS

1.1 Highlights of the financial year

Aena is the world's first airport operator in terms of passenger volume, which in 2015 reached a total of 207.4 million passengers (+5.9% compared to 2014). It also owns two of the top ten airports in the European Union in terms of passengers: Madrid (5th position in the ranking) and Barcelona (9th position). Aena's extensive airport network (46 airports and 2 heliports in Spain), coupled with their diversity, has enabled the Company to gain ample experience in the management of airports of different types and sizes.

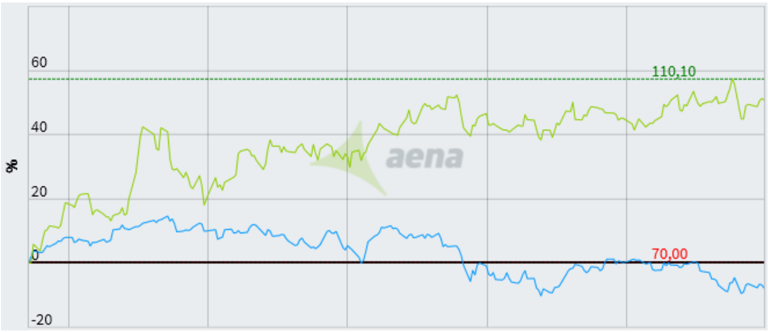
Regarding airport regulation, on 17 October 2014, Law 18/2014, which establishes the regulatory framework for aviation activity of the Company in Spain it, was approved. The main aspects of the current regulatory framework are:

- Compulsory maintenance of the airport network.
- Compliance with operating parameters (quality of service, infrastructure capacity, etc.) and efficiency.
- It provides visibility and predictability of long-term tariffs. For the period 2015-2025, the maximum tariff increase is 0%. In addition, a maximum annual average investment of the regulated activity is set at 450 million euros.
- Progressive implementation of a dual till system.
- Airport Regulation Document (DORA) will establish the main aspects of airport regulation for five-year periods.

In 2015, the average increase in tariffs was 0% since March 2015, thus remaining frozen on prices of 2014. The Section "10. Perspectives for 2016" of this report gives details of important features of the regulation framework for 2016 and following years.

On 11 February, 2015 Aena, S.A. led the biggest IPO operation carried out in Europe since 2011 and in Spain since 2007. It was listed on the four Spanish stock exchanges following the IPO for 49% of their capital, with a starting price of 58 euros per share, retaining the remaining 51% owned by the State, through public Business Entity ENAIRE. Later, in June 2015, Aena joined Ibex 35, an indicator that includes the top 35 Spanish companies listed on the stock exchange.

The price performance of Aena, S.A. during the year 2015 has been very positive, with a revaluation at year end of 81.7% to 105.4 euros per share compared to the evolution of the IBEX 35, which fell by 7.9%.



In connection with the acquisition and disposal of treasury shares at 31 December 2015, Aena, S.A. does not own shares so that there has been no impact for this reason or on the yield obtained by the shareholders or on the value of the shares.

Furthermore, credit rating agencies have supported the financial soundness of Aena, confirming its solvency and creditworthiness. In June 2015, credit rating agency Moody's Investors Service and Fitch Rating, first assigned credit rating to Aena. The rating assigned by Moody's to Aena was "Baa1 with a stable outlook", which means obtaining a rating one notch above what this agency currently gives to the Kingdom of Spain. Regarding Fitch, the rating assigned to Aena was "BBB+ with a stable outlook".

Finally, in relation to the dividend policy and in accordance with what is reflected in the Prospectus for the IPO, in which the Company adopted a policy of distributing 50% of net profit for each year, the Board of Directors Aena, SA resolved to propose the General Shareholders Meeting the distribution of a dividend of 2.71 euros per share, to be paid after the approval by the latter.

1.2 Business trends

Traffic growth registered in the network of airports in Spain in 2015 makes it the second best year in the history of Aena, after the figure achieved in 2007 (210.4 million passengers), confirming the trend of continued growth in passenger traffic, which is now maintained for more than two years (26 consecutive months). This recovery is based on the growth of international traffic, given that in 2015 Spain registered the thirds consecutive annual record in the number of tourists received, which totalled nearly 68.1 million tourists (+4.9% compared to 2014). Amongst others, one of the results of this greater influx of tourists is that Aena has, once again, registered a new record in the number of international passengers, up +5.9% compared to 2014 (70% of the total number of commercial passengers in the network). Also contributing to this change in traffic trends is the consolidation of the recovery of domestic traffic which, in 2015, registered a 6.1% growth compared to 2014, and particularly Adolfo Suarez Madrid-Barajas airport which experienced a 11.9% growth in 2014.

As concerns revenue, the increase in total revenue from commercial activities (+15.1% in the period), both commercial and off-terminal, is worthy of mention. This increase is the result of improved contractual conditions, increased sales, pricing and marketing strategies and the implementation of the new business model of parking, among others.

The fundamental pillars of the results of the Company have been increasing the volume of revenues, improving management efficiency and cost containment.

In this regard, improved efficiency stands out, which led to the containment in operating expenses (supplies, personnel costs and other operating expenses) of the Company in recent years. During 2015, the base of comparable operating costs has increased by 44.9 million euro (+3.6%), while the growth rate of passenger traffic was +5.9%.

Among the adopted measures, the Airport Efficiency Plan stands out, which has meant the implementation of different efficiency measure in services, operating and labour measures in all airports, with special relevance in those with lesser traffic volumes. In this sense, joint EBITDA (1) of loss-making airports has remained at 42 million euros in 2015.

Over the last decade, Aena has made significant investments that have placed its airports amongst the world's most modern and competitive, with first class infrastructures and a high growth potential. There has been a significant reduction in investment requirements as a result of having provided the network's airports with the necessary capacity to absorb future traffic growth in the coming years. After concluding a period of important investments in new infrastructures, a new scenario is being considered, giving priority maintenance and investment in security, without reducing the quality of services. In 2015, the annual investment amounted to 227 million euros compared to 308 million euros in 2014.

This set of measures that has had an impact on both revenues and expenses, has meant that the restructuring of the Company has already been achieved and its profitability has been secured, with EBITDA (1) increasing to 2,007.4 billion euros at the end of 2015, which entails 7.8% growth compared to 2014 and means reaching an EBITDA margin(1) of 60.6%. In 2015, reported EBITDA amounted to 2,029.7 million euros compared to 1,855.7 million euros in 2014 (+9.4%).

In turn, Aena achieved pre-tax profit of 1,031,0 million euros in 2015, compared to 651.6 million euros in 2014, whereas net profit totalled 811.7 million euros in 2015, 79.5% less than that registered during the previous year (452.2 million euros). This increase was justified by the very positive development of business and financial results.

The aforementioned improvement in results is reflected in the Company's cash flow generation (1.523 million euros in operational cash flow, after tax and interests, at 31 December 2015), and in the decrease of leverage, which have led to reducing the Net Financial Debt/EBITDA ratio (according to what is established in the debt novation contracts for the calculation of the covenants) of 5.6x in 2014 to 4.5x in 2015.

(1) Adjusted EBITDA. Excludes fixed assets impairments and Voluntary Redundancy Plan (VRP) provision excess.

2. MACROECONOMIC ENVIRONMENT AND ACTIVITY DETAILS

2.1 Macroeconomic situation and sector details

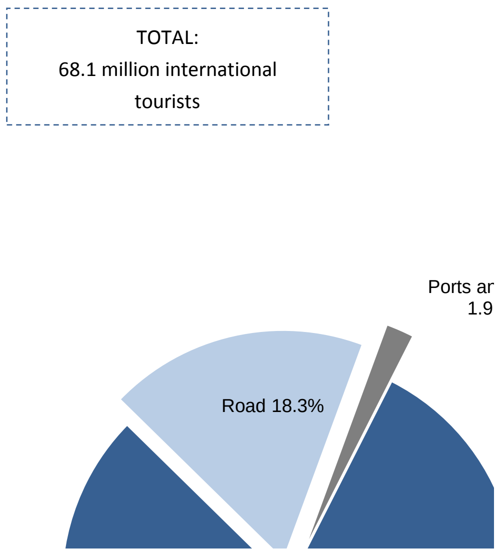
The Spanish economy continued with its gradual recovery reflected in the main economic figures. According to provisional data published from the Spanish National Institute of Statistics, in 2015 Spain's GDP increased by 3.2%, coinciding with the last forecast offered by the Bank of Spain, which means that the Spanish economy has returned to growth, already since 2014 (with a GDP growth of 1.4%) following 3 consecutive years of recession.

Air transport is a strategic sector for Spain due to its economic and social impact. Furthermore, it contributes in terms of connectivity, accessibility, cohesion and territorial connection.

Tourism-related indicators have continued the favourable trend witnessed in 2013 and 2014, reaching in 2015 for the third consecutive year record numbers of foreign tourists, an aspect of significant relevance given that tourism accounts for 10.9% of Spain's GDP. According to the data published by the Spanish National Institute of Statistics, during 2015, 68.1 million international tourists visited Spain, 4.9% more than in 2014.

Main issuing countries have contributed to this growth, and the relative inter-annual growth of the USA (+23.6%), Switzerland (+9.0%) and France (+8.9%) should be noted. In absolute terms, the United Kingdom, France and Germany lead the issuing countries ranking, and add up together 55.1% of the total number of tourists visiting Spain during 2015. By communities, Catalonia is the first tourist destination (17.4 million, + 3.7% compared to 2014), followed by the Balearic Islands (11.7 million, + 2.7%) and the Canary Islands (11.6 million, + 1.0%)

By type of access, of the total foreign tourists that visited Spain during 2015, 54.4 million (79.8% of the total figure) travelled by air, 18.3% travelled by road and 1.9% used other means of transport (rail and sea). Having said this, it should not be forgotten that Spain is the gateway to Latin America by air.

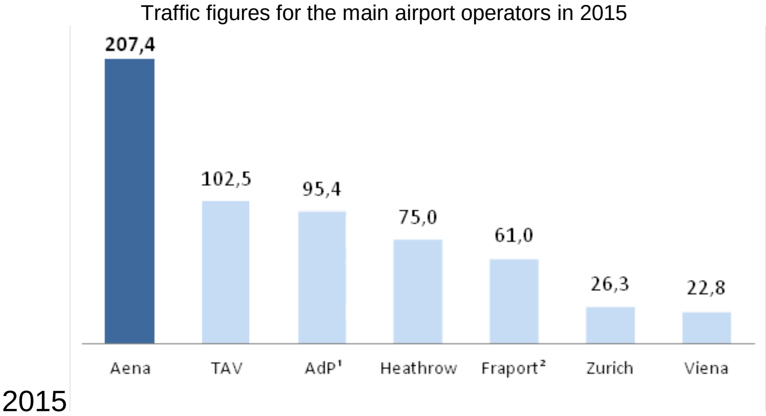


Source: National Institute of Statistics Frontier Tourist Movements (Frontur) – December 2015

2.2 Aena, world leader in airport management

Since its origin, Aena has worked non-stop to achieve the place it has today: the world's leading airport operator in terms of passenger volume.

Traffic figures for the main airport operators in 2015



1AdP only includes the Paris airports
2Fraport only includes Frankfurt airport
Source: Data published by the companies

Aena's airports and heliports, taken as a whole, include two of the European Union's top ten airports in terms of passenger volume: Madrid-Barajas and Barcelona-El Prat, in fifth and ninth place, respectively.

Ranking of European Union airports by passenger volume 2015

Rk	Airport	Million Passengers
1	London -Heathrow	75.0
2	Paris-Charles de Gaulle	65.8
3	Frankfurt	61.0
4	Amsterdam	58.3
5	Adolfo Suárez Madrid-Barajas	46.8
6	Munich	41.0
7	Rome-Fiumicino	40.5
8	London -Gatwick	40.3
9	Barcelona-El Prat	39.7
10	Paris-Orly	29.6

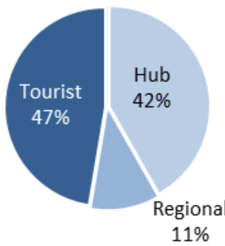
Source: Data published by the companies

2.3 Main figures of the Aena network

The 46 airports and 2 heliports have provided Aena with a broad and diverse network that has enabled it to gain experience in managing airports of different types and sizes.

In a climate of incipient economic recovery, in 2015, the airports in the Aena network handled a total of 207.4 million passengers, up 5.9% from the previous year, operated more than 1.9 million flights (+3.8%) and transported around 715,000 tonnes of cargo (+4.6%). With the growth registered in December, there are now 26 months of consecutive growth, confirming the change in trend in passenger traffic that started in November 2013.

In 2015, Aena's 14 tourist airports accounted for 47% of the total passengers, the 2 hubs accounted for 42% and the 25 regional airports accounted for 11%.



Typology of the Aena network's airports

Typology of airports	Number of airports	Passengers 2015 (million)
TOURIST Palma Mallorca, Malaga, Alicante, Gran Canaria, Tenerife Sur, Ibiza, Lanzarote, Valencia, Fuerteventura, Girona, Menorca, Reus, La Palma and Almeria	14	98.2
HUB Adolfo Suárez Madrid-Barajas and Barcelona-El Prat	2	86.5
REGIONAL Seville, Bilbao, Tenerife Norte, Santiago, Asturias, Santander, Jerez, A Coruña, Vigo, FGL Granada-Jaén, Zaragoza, Melilla, San Sebastián, Pamplona, El Hierro, Burgos, La Gomera, Vitoria, Logroño, Murcia-San Javier, Valladolid, León, Badajoz, Salamanca and Albacete	25	22.7
HELIPORTS (Ceuta and Algeciras) GENERAL AVIATION (Córdoba, Huesca-Pirineos, Madrid-Cuatro Vientos, Son Bonet and	7	0.02
Total:	**46 airports + 2 heliports**	**207.4**

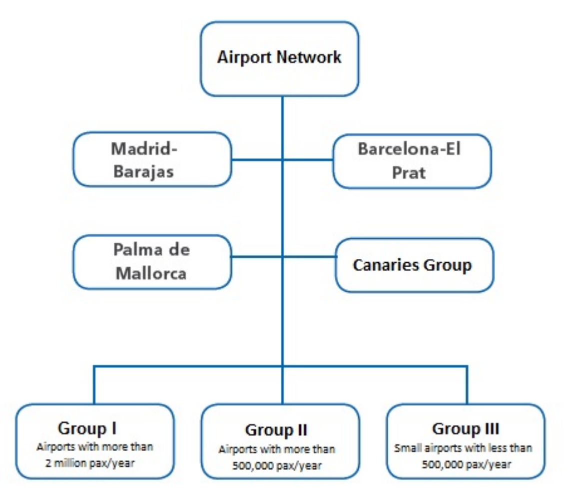
Note: The references in this document to Aena's traffic data must be understood as referring to the details of provisional data as of the date of publication of this document.

2.4 Aena's airport network

The broad and diverse network sets Aena apart as the leading airport management company in terms of passenger volume.

This situation makes it possible to optimise costs through synergies and economies of scale that result from a higher turnover, thus enabling it to offer a higher and more standardised level of quality. The network's structure also enables each airport to operate independently, thus offering its customers a service that is tailored to their needs and demands.

To improve co-ordination amongst all its airports, the Aena network is structured as shown in the following diagram, with airports being differentiated according to passenger volume so as to better coordinate their services:



The three main airports in the network are: Adolfo Suárez Madrid-Barajas, Barcelona-El Prat and Palma de Mallorca, with the rest coming under one of the following groups:

Canarias Group: comprising all 8 airports of the Autonomous Community of the Canary Islands. Given their distance from the mainland and the importance of inter-insular traffic, the features of these airports set them apart from the rest of the network.

Group I: comprising large airports that handle more than 2 million passengers per year. This Group comprises 8 airports: Malaga-Costa del Sol, Alicante-Elche, Ibiza, Valencia, Bilbao, Seville, Girona-Costa Brava and Menorca.

Group II: comprising airports that handle between 0.5 and 2 million passengers per year. This group comprises 11 airports: Almería, Asturias, FGL Granada-Jaén, Jerez, A Coruña, Reus, Santander, Santiago, Vigo and the air bases of Murcia-San Javier and Zaragoza.

Group III: comprises airports that handle less than 0.5 million passengers per year. It is a mixed group that comprises:

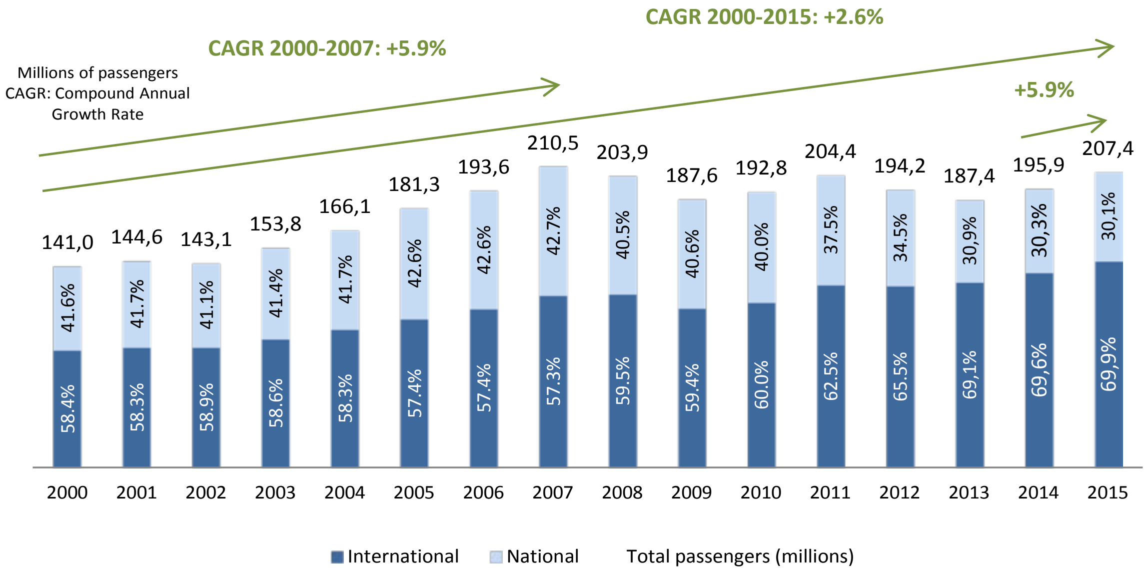
- Air bases open to civil traffic: Valladolid, León, Badajoz, Salamanca and Albacete.
- Civil airports with commercial traffic: Melilla, San Sebastián, Pamplona, Burgos and Logroño-Agoncillo.
- Cargo airport: Vitoria.
- Heliports: Ceuta and Algeciras.
- General aviation airports: Córdoba, Sabadell, Son Bonet, Madrid-Cuatro Vientos and Huesca-Pirineos.

Compared to an individualised management, the network management model grants Aena major advantages to optimize operation (for example, generating interconnection traffic), safety and management of business income and significant synergies of costs.

2.5 Typology of traffic

During the economic crisis, international traffic has had a better performance than domestic traffic, due to the linkage of traffic growth to the global economic cycle. In 2015, this trend has changed with growth of domestic traffic (+ 6.1%) slightly higher than the growth in international traffic (+ 5.9%), mainly due to the reactivation of the Spanish economy.

Total passenger traffic by traffic type
(domestic/international share)



International traffic improves the positive trend registered in 2014 (+2.1%), having grown by +5.9% during 2015, due to the effects of the economic recovery in the tourist sending countries and the political instability in some alternative tourist destinations that has attracted more tourists towards Spain, boosting the growth of air traffic in the Aena network.

In terms of domestic traffic, recovery consolidates since 2014 (+2%), given that in 2015 there was a +6.1% increase to 62.1 million domestic passengers (compared to the drops registered in both 2012 and 2013), despite the still difficult economic environment and competition from the high speed train.

The combination of both effects has maintained the market-share quotas practically unaltered between the domestic traffic (30%) and international traffic (70%).

Regarding traffic distribution by geographical area, increased traffic to Latin America (+ 10.1% vs. 2014) is worth mentioning, and to the Middle East (+ 23.5%), while traffic share remained virtually unchanged compared to 2014.

Breakdown of passenger traffic by geographical area

Region	Passengers 2015	Passengers 2014	Variation %	Variation Passengers	Share of total (%) 2015	Share of total (%) 2014
Europe[1]	129079165	122602927	5.3%	6480282	62.2%	62.6%
Spain	62497142	58937965	6.0%	3564435	30.1%	30.1%
Latin America and the Caribbean	6141010	5579738	10.1%	561709	3.0%	2.8%
North America[2]	4195162	3835555	9.4%	359427	2.0%	2.0%
Africa	2716880	2566538	5.9%	143115	1.3%	1.3%
Middle East	2416054	1957100	23.5%	458967	1.2%	1.0%
Asia-Pacific	368728	383776	-3.9%	-15072	0.2%	0.2%
Total:	**207414141**	**195863599**	**5.9%**	**11552863**	**100%**	**100%**

[1] Excludes Spain

[2] Includes the USA and Canada

As for the distribution of passenger traffic by type of carrier, 50.0% are of low cost carriers (49.1% in 2014) and the remaining 50.0% are traditional carriers (50.9% in 2014).

The major carriers who are Aena customers are, on one hand, the IAG Group (Iberia, Vueling, Iberia Express and British Airways) with a share of 25.9% of all passenger traffic in 2015 (24.7% in 2014) and, on on the the other, Ryanair with a share of 17.0% (16.2% in 2014).

Breakdown of passenger traffic by carrier

Carrier	Passengers 2015	Passengers 2014	Variation %	Variation Passengers	Share of total (%) 2015	Share of total (%) 2014
Ryanair	35161301	31702929	10.9%	3458372	17.0	16.2
Vueling	29573818	26916956	9.9%	2656862	14.3	13.7
Air Europa	15586043	14855898	4.9%	730145	7.5	7.6
Iberia	15035115	13367644	12.5%	1667471	7.2	6.8
Easyjet Airline Co. Ltd.	11023407	10682075	3.2%	341332	5.3	5.5
Air Berlin	8817387	9517608	-7.4%	-700221	4.3	4.9
Air Nostrum	7166273	6651973	7.7%	514300	3.5	3.4
Iberia Express	6823752	6131408	11.3%	692344	3.3	3.1
Norwegian Air Shuttle A.S.	4588026	4693661	-2.3%	-105635	2.2	2.4
Thomson Airways	4297599	4182268	2.8%	115.33	2.1	2.1
Total:	**207414141**	**195863599**	**5.9%**	**11550542**	**100%**	**100%**
Total Low Cost Passengers*	**103780114**	**96218160**	**7.9%**	**7561954**	**50.0**	**49.1**

*Includes low-cost carrier's traffic in scheduled flights.

2.6 Details of the traffic in the main airports of the network

Traffic concentrates significantly in the network’s main airports.

Main traffic figures by airports and groups of airports of the Aena network.

Airports and Airport Groups	Passengers			Aircraft			Cargo		
	Millions	Variation 2015/2014	Share s/Total	Thousands	Variation 2015/2014	Share s/Total	Tonnes	Variation 2015/2014	Share s/Total
Adolfo Suárez Madrid-Barajas	46.8	11.9%	22.6%	367	7.0%	19.3%	381069	3.8%	53.3%
Barcelona-El Prat	39.7	5.7%	19.1%	289	1.8%	15.2%	117219	14.1%	16.4%
Palma Mallorca	23.7	2.7%	11.4%	178	3.3%	9.4%	11374	-0.8%	1.6%
Total Canary Islands Group	35.9	3.0%	17.3%	323	-0.6%	17.0%	37838	-7.5%	5.3%
Total Group I	49.7	5.1%	24.0%	445	4.2%	23.4%	32102	7.6%	4.5%
Total Group II	10.4	2.9%	5.0%	160	1.7%	8.4%	88823	-0.3%	12.4%
Total Group III	1.1	0.8%	0.5%	141	13.4%	7.4%	46587	10.0%	6.5%
Total:	**207.4**	**5.9%**	**100%**	**1903**	**3.8%**	**100%**	**715011**	**4.6%**	**100%**

The Adolfo Suárez Madrid-Barajas airport is the network's top airport by traffic of passengers, operations and cargo. Since February 2014 and after twenty-five months of consecutive year-on-year drops, its traffic data is once again positive. In 2015, the number of passengers increased by +11.9% with regard to the previous year (+14.1% in international traffic and +6.9% in domestic traffic).

In terms of the operations, in 2015 this airport operated a total of 366,605 movements, 7.0% more than the previous year. Cargo, which accounts for more than half of the total volume that passes through the network, registered an increase of +3.8% up to 381,069 tonnes transported.

At Barcelona-El Prat airport, passengers have increased by +5.7% with regard to 2014 (+6.7% in international traffic and +3.2% in domestic traffic), to 39.7 million. A total of 288,878 aircraft operations were registered, which accounts for an increase of +1.8% compared to 2014, and cargo has consolidated its growth trend with a +14.1% increase in the volume of goods to 117,219 tonnes.

Palma de Mallorca traffic reached 23.7 million passengers (+ 2.7%), maintaining almost a stable share of passenger traffic compared to the network's total. International traffic reached 18 million (+0.6%) and domestic traffic reached 5.6 million, with a significant 10.3% increase.

With regard to the Canary Islands Group, the number of passengers that passed through the airports in the Canary Islands rose to 35.9 million (up +3.0% compared to 2014), of which 11.9 million correspond to domestic flight passengers (up +5.5% compared to 2014) and 23.5 million international flights (up +2.1%).

The set of 8 airports in Group I, grew + 5.1% during 2015, to 49.7 million passengers, highlighting the growth recorded in Seville (+ 10.9%), Valencia (+ 9.9%) and Menorca (+ 8.9%) which was partially offset by the sharp decline in traffic at Girona airport (-17.8%).

All 11 airports of Group II registered a global increase in passenger traffic of +2.9% during 2015, which dropped to a total of 10.4 million passengers. These figures represent the recovery in traffic, following the decreases in both 2014 (-1.7%) and 2013 (-9.1%). In this group, the very different behaviour between its different airports is noteworthy. Zaragoza airport maintains its position as the third cargo operator of the network, with 85,741 tons.

Group III airports, with lower volumes of traffic, registered 1,078,643 passengers during 2015, equivalent to a +0.8% drop compared to the previous year. It is important to stress the significant increase over 2014 registered in this group of airports both in the number of aircraft (+ 13.4%) and in cargo volume (10.0%), the latter led by the growth in Vitoria airport, specialised in cargo handling, which recorded 46,371 tons (+ 10.0%).

Throughout 2015, a total of 297 new routes were established from Aena network’s airports, with domestic, European and international destinations. Specifically, the airports with the greatest number of routes were specifically, the airports with the greatest number of routes were Barcelona-El Prat (42 new routes), Adolfo Suárez Madrid-Barajas (36), Palma de Mallorca (35), Group I (97), the Canary Islands (63), and Group II (24). New routes are those that had fewer than 1,000 passengers in 2014 and exceeded 5,000 passengers in 2015.

The opening of 5 new regular long-haul routes stands out, one from Barcelona to Sao Paolo - TAM and 4 from AS Madrid Barajas Airport to Abu Dhabi - Etihad, Havana, Cali and Medellin with Iberia. By carriers, the number of new Vueling routes (55 new routes), followed by Ryanair (30) Iberia + Iberia Express + (27) and Norwegian (25) stand out.

3. BASIS FOR GROWTH

During the last 4 years, Aena has carried out a significant turnaround process which has laid down the basis for its future growth. The main pillars upon which this turnaround is based are: (i) management efficiency; (ii) growth in both aeronautical and commercial revenues and (iii) adjusting investments.

3.1 Efficient management

Since 2012, Aena has developed an ambitious plan to reduce costs, as well as measures for improving operational and productivity efficiency, which has already yielded results.

This effort on cost containment, in a context of strong growth in air traffic, is reflected in an increase of only 44.9 million euros in operating expenses in 2015 compared to 2014, representing an increase of 3.6%, thus absorbing traffic growth without harming these efficiency ratios.

Trend of current expenses

(Million Euros)	2015	2014	Variation	% Change
Supplies	182.8	181.9	1.0	0.5%
Staff expenses[(1)]	345.9	336.5	9.4	2.8%
Other operating expenses	775.1	740.6	34.5	4.7%
Total current expenses	**1303.8**	**1258.9**	**44.9**	**3.6%**

[(1)]Excluding Voluntary Redundancy Plan [VRP] provisions excess (-1.2 million euros in 2014 and -24.2 million euros in 2015)

3.2 Increase in revenue

3.2.1 Commercial and off-terminal income

Aena's commercial contracts vary by type of business activity based on, generally speaking, variable income on sales (percentages that may vary according to product and/or services) and with minimum guaranteed annual income that establishes a minimum amount to be paid by the tenant, regardless of the level of sales achieved. In this regard, the following chart shows the calculation of minimum income guaranteed by lines of business:

Minimum Annual Guaranteed (MAG) by business's lines [(1)]

(1) Figures in millions of euros of existing contracts. Potential new contracts are not considered. MAG have been prorated to the actual days of the beginning and end of contract. Commercial services contracts include contracts from other commercial operations: financial and regulated services (exchange, pharmacy, tobacco, etc.).

In 2015, ordinary commercial revenue (from services provided both inside and outside the terminals) reached 911.8 million euros, an increase of +15.1% with respect to 2014.

Aena continues on its path to boost commercial revenues through actions geared to generating higher returns on its commercial activities. Highlights include:

- Further growth in business at duty free shops driven by the creation of new walk-through shops in commercial areas and their addition to the Canary Island airports.
- The increase in and remodelling of the spaces allocated to the commercial activity. The number of commercial premises (stores and premises for food & beverage outlets) in Aena's airport network increased by more than 7% during 2014, reaching more than 900 premises.
- The addition of leading Spanish and international restaurant and retail chains. Specifically: (i) in restaurants, brands adapted to user profiles covering a range of concepts; e.g. ethnic cuisine, fast food and Michelin rated restaurants, (ii) the new strategy for shops focused on thorough remodelling, including tenders for new anchors and the creation of a new luxury business line designed to spur sales in the high-end fashion and accessories segments. The newly added luxury stores offer Aena passengers more than 40 Spanish and international brands.
- Promotion of airport's VIP lounges, adopting an integrated management approach, including remodelling of the lounges.
- New integrated parking management business model for the parking lots at the network's 32 airports, which includes improved pricing and promotion policies.

In addition to the actions above, the favourable behaviour of traffic also contributed to promoting commercial revenue, having a positive effect on the Company's profitability.

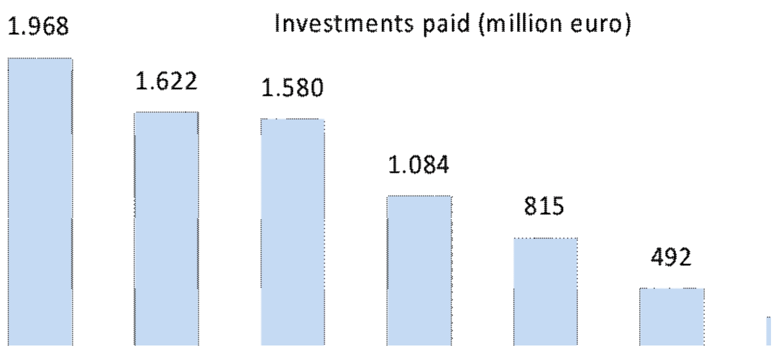
3.2.2 Legal framework for airport charges

Pursuant to Law 36/2014, of 26 December, establishing the General State Budget for 2015, airport charges have increased by an average of 0% since March 2015, thus charges remain frozen compared to 2014. Section "10. Outlook for 2016" of this report, is developed in more detail the evolution of the charges for 2016 and subsequent years.

3.3 Suitability of investments

Aena has invested heavily over the past decade to make its airports among the most modern and competitive in the world, with top-flight infrastructure and strong growth potential.

At the year-end 2015 the investments paid amounted to 227.2 million euro:



In 2015 these have been the most significant investments:

Land and construction

Works associated with the Noise Insulation Plan at the airports of Tenerife Norte and Madrid, the extension of the airstrip in A Coruña, the raising of the airstrip 36L/18R of the airport Adolfo Suárez in Madrid-Barajas, the refurbishment of the south Access to the airport of Malaga and the Works carried out in taxiing lanes, airstrip and platform in the airport of Palma de Mallorca.

The most significant investments in buildings in progress are those related with the remodelling and adaptation of the five VIP lounges in terminals 1, 2 and 3 and the adaptation of the boarding area for regional traffic in T4 of the Adolfo Suárez airport Madrid-Barajas; the supply and installation of a new island in check-in counters and the remodelling of the passenger boarding bridges in T2 in the airport of Barcelona; and the works in the new fire-fighting service building at the airport of Ibiza.

In terms of completed and operating works, the most representative has been the new terminal (south) at the airport of Gran Canaria, the new electricity plant at the airport of Asturias and the new power continuity group for the supply of electricity to the airport of Barcelona.

<u>Installations and other fixed assets</u>

Installations relating to the supply of luggage trolleys at the airports of Barcelona and Madrid, and works carried out in the period such as the new passenger boarding bridges and all ancillary items (power and air cooling/heating systems for aircraft, systems for visual docking guidance systems, etc.) and Gran Canaria, the new booths, printers and boarding card readers at the airport Adolfo Suárez Madrid-Barajas and the actions related to the system of landing assistance at the airport of Palma de Mallorca.

As for installations in progress, of note are the works being carried out for the new boarding bridges and assistance equipment for aircraft at the airport of Malaga, the renovation of the network of radio-links and radio-assistance and the new signalling of the taxiing lane C7 at the airport Adolfo Suárez Madrid-Barajas; and the extension of the HVAC system and remodelling of the boarding bridges at the airport of Palma de Mallorca.

In other installations, it is worth mentioning the new explosive trace detectors installed in all airports in the networks and the works carried on the electrical system of the airports of Adolfo-Suárez Madrid-Barajas and Palma de Mallorca.

In addition, among other installations in progress, the most significant is the renovation of the WiFi network of the Barcelona airport and the new fuel supply connection at the airport Adolfo Suárez Madrid-Barajas.

<u>Fixed assets in progress</u>

In 2015 the most works currently in progress are those relating to the new fuel supply connection at the airport Adolfo Suárez Madrid-Barajas, the new electricity plant of Asturias, the adaptation of unfinished areas in the airport of Santiago, actions to raise the airport of Zaragoza to category II/III, the multi-service extension to the new extension built in the terminal building of the airport of Gran Canaria, the supply with installation of boarding bridges and aircraft assistance equipment fin T2 in Málaga, the extension of the terminal building of Reus and actions required for the certification of the Vigo airport.

3.3.1 Analysis of investments by areas of action

Investments to date have provided airports with quality infrastructures in order to benefit from their performance, increasing their activity levels and occupation.

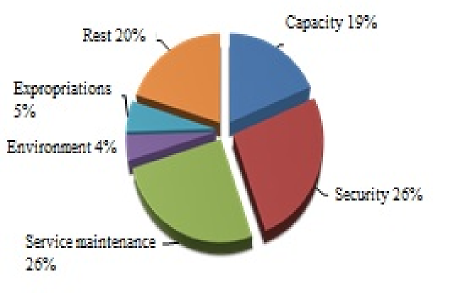
For all these reasons, the investment budget for 2015 was aimed to generate higher returns and to streamline existing facilities and their maintenance and security on its two fronts; operations and people and facilities. All this thanks to realistic and efficient planning to identify the truly viable and profitable projects, without neglecting quality and the environment and helping to support the commercial income increase strategy.

Total investments performed by the Spanish airport network in 2015 (based on payment) have increased to 227.2 million euros, representing a drop of 26.2% regarding 2014. This reduction illustrates the efforts made to scale back investment of recent years, undertaking those that are necessary to maintain and improve the quality of the service.

On the other hand, payments for expropriation, if not taken into account, the execution in 2015 amounts to 215.2 million euros, would mean a decrease of 5.6% from 2014 execution without expropriations, which was of only 228.1 million euros.

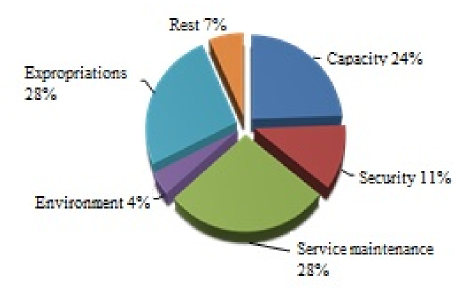
By concepts:

2014



307.8 million euros

2015



227.2 million euros

- The percentage of investment aimed at improving the facilities (Service maintenance) decreased slightly from 28% in 2014 to 26% in 2015 (58.1 million euros), highlighting the most relevant performances on "Supply and installation of boarding bridges and equipment to serve aircraft in different airports "and "Actions in the taxiway connecting tracks at Palma de Mallorca".
- The investments made in 2015 in Security amounts to 26% of Aena's total investment (compared to 11% of the total in 2014). Regarding the safety of people and facilities, the "Operational status supply of trace detection equipment (TDE)" for various airports in the network is noteworthy, and with regard to operational safety the "Regeneration of the pavement of track 18R-36L" at Adolfo Suárez Madrid-Barajas airport and the "Supply self-extinguishing vehicles" for several airports.
- The investments in Capacity made in 2015 total 42.5 million euros, amounting to 19% of Aena's total investment (compared to 24% of the total in 2014). Within this chapter of investments, the most significant investment projects are: "Extension of runways at A Coruña Airport" and "Supply and installation of the check-in desks set No. 6 in Terminal T1 at Barcelona-El Prat airport". Also noteworthy is the "Actions for the commissioning to II/III category of Zaragoza airport", framed under this heading because it will allow operations in poor visibility, which now are not possible to be performed.
- Regarding Expropriation (excluding late-payment interest) in 2015, 12 million euros (5% of total) have been paid. This decrease is due to lower payment of rulings relating to expropriations made above. Payments for significant rulings relate to the expropriation of land expropriated for the development of the Master Plan at Adolfo Suarez Madrid Barajas airport and the expropriation of land for regularisation at Vigo airport.
- In the field of Environment, 9.8 million euros was invested (4% of Aena's total investment). This amount has mainly concentrated on the actions derived from the Environmental Impact Statements (Acoustic Insulation) in several airports.
- Investments classified as "Other" include information technology and communications, most notably the "Network communications equipment" and "Servers and storage networks" are included. They also include those aimed at improving commercial revenues, which highlights the "Adaptation of plots and roads in the Rejas area" and "Remodelling and adaptation of 5 VIP rooms" both at the Adolfo Suarez Madrid Barajas airport.

R&D+i activities

Aena's 2015 investment in R&D+i was primarily focused on the development and implementation of development projects in the field of Information Technology and Communications (ICT), especially in the management field with business information systems and airport operation support systems: Airport Collaborative Decision Making (A-CDM). Aena has also invested in R&D+i projects focused on airport security, such as the installation of liquids, aerosols and gels (LAG) screening equipment, at several airports and improving Airport Planning, such as the development of the traffic forecasts office in Aena and the "Runway" application.

In promoting creativity and contribution of innovative ideas, a new section on the corporate intranet has been developing; it will allow the launch of business challenges so that all employees can contribute their innovative ideas to draw on the experience and internal knowledge with the aim of modernising and innovating our processes, products and services.

4. PROFIT AND LOSS ANALYSIS

4.1 Income statement

Aena's **total income** rose to 3,311.1 million euro in 2015, 6.1% up on the figure for 2014. **Ordinary revenue** increased to 3,244.8 million euros in 2015, 7.0% compared to financial year 2014. The increase of 211.3 million euros was due primarily to:

- The positive impact on airport revenue (an increase in ordinary aviation revenue of 91.4 million euros, +4.1%) of, on the one hand, the improvement in traffic, with growth in operations of 3.8% and in passengers of 5.9% and, on the other hand but to a lesser degree, the new meteorological charge implemented since March 2014 which means an increase of 1.7 million euros. Revenue growth was undermined by the cost of measures approved to increase traffic incurred in the period:

  - For passenger growth both in routes and airports amounting to 44.2 million euros in 2015 (compared to 25.1 million euros in 2014).

  - The bonus on connecting passenger' fare has been of 59.0 million euros in 2015 (compared to 41.2 million euros in 2014), due to an increase in the percentage of bonus (30% in 2014 to 35% in 2015) and an increase in the number of connecting passengers (8.3 million passengers in 2015 compared to 7.0 million in 2014).

  Other factors that have reduced airport revenues have been; the disappearance of the freight fare from 6 July 2014 (-4.6 million euros), eliminating Service Agreements between Aena and Enaire (-3.3 million euros) and the penalty for noise landings (-2.3 million euros).

- The effect on commercial revenues due to better contractual terms, the increase in sales, pricing and marketing strategies and the implementation of a new business model for the integral management of parking spaces, have driven growth in commercial revenues from the operation of services both in and off-terminal at 119.9 million euros (+ +15.1%). As negative aspects, we must highlight the decline in income from real estate activities amounting to 0.7 million euros (-1.2% compared to 2014), due to lower contract warehouses and hangars.

- **Other operating income** decreased by 21.9 million euros compared to the same period in 2014 (24.9%), mainly due to the reversal in 2014 of excess provisions recorded in prior years by an amount of 21.5 million euros (12.7 million for other liabilities and 8.8 for taxes) and by the reduction in the allocation of grants from non-financial assets (-0.9 million euros) of ERDF funds. In 2015, corresponding grant receipts rose to 22.3 million euros, compared to 78.9 million euros in 2014.

Operating costs remained practically stable (+0.75 million euro) as a consequence of the savings measures introduced in previous years, leading to their containment and the release of provisions for the Voluntary Separation Scheme (24.2 million euro in 2015 and 1.2 million euro in 2014). Eliminating the effect of this release of provisions, the operating costs increased by only 1.1% (+23.7 million euro) in 2015 as against 2014. Next, the most important variations by cost concepts are analysed:

- <u>Supplies</u>, which rose slightly (+0.5%), meaning nearly a million euro more than in 2014 (182.8 million euro in 2015 as against 181.9 million euro in 2014). This increase is due principally to the new agreement with the State Meteorology Agency which has meant an increase of 1.7 million euro and to more purchases and replacements in Air Navigation (+0.5 million euro). These higher costs were offset by declines in spending in the agreement with the Ministry of Defence (-1.2 million euros) and the agreement for the provision of air navigation services (-0.3 million euros).

- <u>Personnel costs</u>, down by 4.1%, moving from 335.3 million euro in 2014 to 321.7 million euro in 2015 (-13.6 million euro) due to the release of provisions for the Voluntary Separation Scheme (24.2 million euro in 2015 and 1.2 million euro in 2014). Eliminating this effect, personnel costs were up by 2.8% (+9.4 million euro) as a consequence of accounting for the payments associated with 50% of the extra payment outstanding from 2012 (+7.8 million euro) and the transfer of personnel from Enaire to Aena after July 2014 (+1.7 million euro).

- <u>Other operating expenses</u> is the expenditure where there has been the most significant increase, 4.7% (+34,5 million euros) to 775.1 million euros. The change in this item is due to the increase in security spending (+15.0 million euros) due to the new regulations for hand-luggage inspection, and the change in the movement of provisions for customer insolvency (+11.5 million euros in 2014), increased maintenance expenses in 2015 (+9.1 million euros) and higher expenses for professional services (+3.2 million euros).
  This increased spending has been partly offset by the reduction in the items of electricity (-3.7 million euros) and other external services (-2.6 million euros).

- Depreciation of fixed assets amounted to 786.7 million euro and was down with respect to 2014 by 14.6 million euro (-1.8%) due to expiry of the useful life of some assets and a reduction in the volume of investment.

- The impairment and results from fixed asset sales has amounted to 1.8 million euros and is 6.5 million less than in 2014 (-78.0%), mainly due to the impairment in 2014 of the value of land with no plan for exploitation in the coming years in the airports of Barcelona and Valencia, which has been partially offset by the sale of fixed assets subject to renovation.

- The amount of other results includes mainly seizures of guarantees and bonds, as well as late payment penalties and surcharges; losses include mainly compensation payments and provision for contingencies.

EBITDA increased from 1,855.7 million euros in 2014 to 2,029.7 million euros in 2015, representing a 9.4% increase.

Adjusted EBITDA reached 2,007.4 million euros (+7.8%, + +144.5 million euros), representing a 60.6% margin.

Meanwhile, the **net financial result** amounted to 212.0 million euros, a reduction in spending of 191.0 million euros compared to 2014 (-47.4%). A notable provision in September 2014 of 159.9 million euros for claims of owners of expropriated land for the expansion of Adolfo Suarez Madrid-Barajas airport applying for revaluation, and the reduction in financial expenses of 20.2 million euros, which, on the one hand, combine the reduction of costs associated with the debt for the average debt reduction of 793.9 million euros and lowering the average rate at 0.034% per annum (including loans and derivatives) and the increased cost of the derivative. The rest of the changes are due to updates of default interest of expropriation and open judicial proceedings concerning works.

On 10 June 2015, a hedging variable to fixed interest rate operation was signed, for a notional amount of 4,195 million euros. The average spread over 3 and 6 moths Euribor of such loans is 1.0379%. The execution fixed rate was 1.9780%. The purpose of this transaction was:

- To adapt the structure of debt at fixed/variable rate to comparable companies 79% fixed/21% variable (previously 50% fixed/50% variable)
- To have a stable framework of interest rates for the period DORA 2017-2021.

As for the **corporate income tax**, the resulting expenditure stood at 219.3 million euros in 2015, an increase in spending of 19.9 million euros compared to the previous period due to the increase in the result. However, taking into account the effective tax rate in 2015, it has just been a 21%, while at 31% in 2014. This result was obtained by deductions by activation of investments in the Canary Island's airports, reduced by the implementation of the capitalisation reserve, and the activation of a tax credit associated to the decreasing tax rate (from 30% to 28%) (impact of 21.0 million euros) as well as the decrease in rate itself.

The application of the capitalisation reserve implies the creation of a restricted reserve of 42.4 million euros until 2020, as well as the maintenance of the increase in Shareholders' Equity of 2015 until that same date.

The **Net Result for the year amounted to 811.7** million euro, 359.5 million euro more than was achieved in 2014 (452.2 million euro)

4.2 Consolidated balance sheet, capital structure and cash flow statement

Net assets and capital structure

With regard to non-financial fixed assets, the figure is reduced principally due to the effect of appropriations to depreciation, for an amount of 786.3 million euro, which was partially set off by the 264.3 million euro of additions.

In turn, the rise in current assets is the result of improvements in the Company's cash generation and the lesser level of investments, which is reflected in the figure for treasury at the year-end of 510.8 million euro in the balance of the heading "Cash and cash equivalents". In the contrary sense, the figure has been influenced by the application of tax credits for deductions of Corporation Tax for an amount of 112.0 million euro and the collection of 22.3 million euro of credits for FEDER subsidies granted to the Company.

The improvement in the Company's operating cash flow and cost savings has contributed to improving the Company's working capital, usually negative owing to the Company's operations and financing, from -1.006.1 million euros in 2014 to -712.3 million euros at year-end 2015.

Net Equity has significantly grown as a result of the results for the period ended 31 December 2015 (+732.6 million euros).

Non-current liabilities have fallen due to amortization of the principal of Aena's debt with ENAIRE for a total of 1,080.1 million euro and as a consequence of the increase in 2014 in provisions for risks and long-term expenses of 874.0 million euro, due principally to the appropriation for contentious expropriations and new debt drawn down in 2014 for an amount of 150 million euro.

The reduction in current liabilities is due to improvements in the average payment time and to the savings in costs and investments mentioned above.

Aena's net accounting financial debt (calculated as current financial debt plus non-current financial debt minus cash and cash equivalents) at 31 December 2015 was 9,063.8 million euro, as against 10,413.1 million euro recorded in 2014.

The Company's net financial debt, for the purposes of the covenants agreed in novation financing contracts dated 29 July, totalled 9103 million euros on 31 December 2015 compared with 10382 million euros on 31 December 2014. The decrease was due to the accumulated effect of the improvement of EBITDA and the amortisation of debt:

Thousands of euros	**2015**	**2014**
Gross financial debt covenants	9,614,211	10,631,562
Cash and cash equivalents	510,784	249,309
Net Financial Debt covenants	**9,103,427**	**10,382,253**
Net Financial Debt covenants / EBITDA1	**4.5x**	**5.6x**

[1] *Net Financial Debt / EBITDA ratio calculated according to the criteria defined in debt novation contracts signed with banking entities dated 29 July 2014*

Credit rating agencies have endorsed the financial solidity of Aena, confirming its solvency and credit rating. n June, the credit rating agencies Moody's Investors Service and Fitch Rating assigned a credit rating to Aena for the first time. The rating given by Moody's to Aena was "Baa1 with stable outlook", which represents a rating a grade higher than this agency currently gives to the Kingdom of Spain. The rating given by Fitch to Aena was "BBB+ with stable outlook".

Information on the average period of payment to suppliers is as follows:

Thousands of euros	**2015 (days)**
Average supplier payment period	56
Ratio of transactions paid	59
Ratio of transactions outstanding payment	25

These parameters have been calculated in accordance with what is set forth in Art. 5 of Ruling of 29 January 2016, of the Institute of Accounting and Accounts Auditing, on the information to include in the financial statements report in regard to Days Payment Outstanding to suppliers in commercial transactions, as follows:

1. Average supplier payment period = (Ratio of transactions paid * total amount of payments made + ratio of outstanding transactions * total amount of pending payments)/ (total amount of payments made + total payments outstanding).
2. Ratio of operations paid = ∑ (days payment outstanding* amount of transaction paid)/ total amounts paid.
   Days Payment Outstanding is understood to mean the calendar days that have elapsed since the date the calculation begins until the actual payment of the transaction.
3. Ratio of operations outstanding payment = ∑ (days payment outstanding * amount of transaction outstanding)/total amount of payments outstanding.
   Days Payment Outstanding is understood to mean the calendar days that have elapsed since the date the calculation begins until the last day referred to in the financial statements.
4. For the calculation of both the number of days of payment as well as the days' payment outstanding, the company calculates the term as of the date of provision of the services. However, given the lack of reliable information on the time that this has taken place, the date of receipt of the invoice is used.

	Amount (thousands of euros)
Total payments made	88,2676
Total payments outstanding	93,357

The average period of payment to suppliers in 2014 was 69 days. In 2015 the average payment periods have been significantly reduced, adapting to the periods set forth in Law 15/2010. The cases in which there were payments outside the maximum legal period were due, principally, to causes outside the Company: invoices not received in time, expired AEAT certificates, lack of certificates justifying the supplier bank accounts and other minor causes.

Explanations regarding the consolidated cash flow statement

Summary of consolidated cash flow statement

Thousands of euros	2015	2014	Variation	% Variation
Net cash generated from operating activities	1,523,022	1,332,738	190,284	14.3%
Net cash used in investment activities	-209,187	-315,158	-105,971	-33.6%
Net cash generated from/(used in) financing activities	-1,052,360	-769,021	283,339	36.8%
Cash and cash equivalents at the start of the fiscal year	249,309	750	248,559	33,141.2%
Cash and cash equivalents at end of the fiscal year	**510,784**	**249,309**	**261,475**	**104.9%**

Net cash flow from operating activities

The main cash inflows from transactions represent payments from customers, by airlines and lessees of commercial space, and the main outflows represent payments for sundry services rendered, personnel and local and state taxes.

The cash generated by operating activities before changes in working capital increased significantly in 2015 (10.7%), to 2,013.6 million euros, from 1,818.2 million euros in 2014. This is mainly due to the Company's improved operations, as reflected in the EBITDA figure of 2,209.7 million euros at the end of 2015 compared to 1,855.7 million euros in 2014.

The net cash generated by the exploitation activities increased notably in 2015, to 1,523.0 million euro, from the 1,332.7 million euro in 2014, as a consequence of the above and in spite of, among others, an increase in tax paid (163 million euro in 2015).

Net cash flow from investment activities

The main outflows from investing activities arise from purchases and replacements of non-financial fixed assets related to airport infrastructure.

Net cash used in investment activities in 2015 amounted to 209.2 million euros compared with 315.2 million euros the previous year. The reduction is due principally to the strategy of rationalising investments. In this way, investment in non-financial fixed assets in 2015 mainly corresponded to investment in improving facilities and operational security, and payment of expropriations, given that significant investment to increase capacity was not necessary except for that relating to investment projects already underway.

As a whole, the Net Cash Flows of the exploitation and investment activities have contributed to an improvement in cash generated by assets of 296.3 million euro (1,313.8 million euro in 2015 against 1,017.6 million euro in 2014).

Cash flow from financing activities

The main positive flows of financing during 2014 relate to the collection of FEDER Subsidies for an amount of 22.3 million euro and 13.2 million euro for long-term warranties.

The main financing outflows represent the repayment of the principal corresponding to the mirrored Enaire debt. Debt repayments increased from 966.5 million euros in 2014 to 1,080.1 million euros in 2015 as the result of compliance with the schedule of payments established under contract.

5 BUSINESS AREAS

5.1 Aviation income

Aviation activity revenue increased to 2,333.0 million euros in 2015, up 4.1% compared to fiscal year 2014. This increase reflects the positive growth in traffic in 2015 and the tariff freeze in 2015.

5.2 Commercial Services

Revenue from commercial activity increased by +17.8% in 2014 compared with 2014, rising to 743.8 million euros.

This increase is a result of the improvement in contractual terms of the recent tenders for Duty-Free Shops, and the enlargement and remodelling of the spaces for commercial activity (shops, duty free and eateries). As noted above, the commercial contracts of Aena vary according to the type of business activity, being based, generally, on rent which varies according to realised sales (percentages can vary by categories of products and/or services). Some annual minimum rents (RMG) are guaranteed, establishing a minimum amount to be paid by the renter, independent of the level of sales reached.

5.3 Off-terminal services

Off-terminal services comprise car parks and various assets of an immovable nature, such as land, warehouses, hangars and air cargo. Ordinary income reached a figure of 168.0 million euro, 4.6% above the income obtained in 2014, as a result of the drive provided by a business model of comprehensive management affecting the car parks of 32 airports in the network, including improvements in the management of prices and promotion.

6. OPERATING AND FINANCIAL RISKS

6.1 Description of the main financial risks

6.1.1 Regulatory risks

Aena, S.A. operates in a regulated sector and future changes or developments in the applicable regulations can have negative impacts on the revenue, operating profit/loss and financial position of Aena. Law 18/2014 introduces the mechanism that governs the determination of airport tariffs for the first Document of Airport Regulation ("DORA"), which is the basic instrument of regulation that establishes the minimal conditions of operation of the airports for five-year periods regarding capacity and service quality levels, and the associated investments and costs, establishing at the higher level of the network of airports the maximum annual price per passenger which can be charged for each of years in the 2017-2021 period.

On 22 of December of 2015, Aena sent its DORA proposal to the Office of Civil Aviation (DGAC), which is the regulatory body, proposing a tariff freeze for the 2017-2021 period. This proposal is, at the time of the writing of this report, in the review process with the airline associations, which will conclude with the final proposal that Aena will put forward in March of 2016. As of that moment, a period of revision on the part of the DGAC of the proposal in question will begin, which will end significantly behind schedule in September of 2016, with the approval of DORA for the 2017-2021 period. This document will determine the maximum tariff per passenger for the next the five years.

Additionally, the activity of Aena, S.A., is regulated by national and international norms regarding the safety of operations, people and goods, and the environment, which could limit the activities or the growth of the airports of Aena, and/or require significant payments.

6.1.2 Operating risks

The activity of Aena, S.A. directly is related to the levels of traffic of passengers and of air operations in its airports, which can leave it affected by the following factors:

- The economic situation in Spain and the main countries that are origin/destination of traffic (the United Kingdom, Germany, France and Italy, among others).
- It operates in competition with other airports, as well as other means of transport, which can affect to its income.

- It faces risks derived from the concentration the airlines and depends on the income of its two main airports.
- Revenue from commercial activity is tied to the sales of the companies renting commercial spaces, which can be affected by the volume of passengers as well as their wholesale or retail cost capacity.
- In the operations of its airports, Aena depends on third-party services, which can have an impact on its activity.

Aena is, and may be in the future, exposed to risks of loss in the judicial or administrative procedures in which it is held liable. (See notes 21 and 28 of 2015 Financial Statements)

The Company organs of management of the have implemented mechanisms directed at the identification, quantification and coverage of risk situations. Independently of the foregoing, a close follow-up of the situations that could pose a relevant risk, as well as the measures taken on the matter. The identification and control of risks is treated in greater detail in section "E. System of Risk Control and Management" of the Annual Corporate Governance Report, which is part of this Management Report.

6.2 Description of the main financial risks

The Company's activities are exposed to various financial risks: market risk (including exchange rate risk and reasonable value risk due to interest rates), credit risk and liquidity risk. The global risk management programme of the Company focuses on the uncertainty of the financial markets and strives to minimise the potential adverse effects on its financial profitability. In very limited cases, the Company uses derivative financial instruments to hedge against certain risk exposures.

The Board of Management provides policies for the management of global risk, as well as for specific areas such as currency risk, interest rate risk, liquidity risk, use of derivatives and investment of liquidity surpluses.

There is a contract of recognition of financial debt between Aena SA and its parent company, which came about as a result of the non-monetary contribution that led to the creation of Aena, S.A. (see Note 3 of the Financial Statements), by which 94.9% of the bank debt of the parent company was assumed. On 29 July 2014 this contract has beeb novated as is explained in point a) of this note.

Below are the main risks of a financial nature:

a) Market risk

Currency risk

The Company does not normally carry out significant trading transactions in a currency other than the euro.

Interest rate risk on cash flows and fair value

The interest rate risk of the Company arises from the financial debt. The loans issued at variable rates expose the Company to risk of interest rate fluctuating in cash flows. The fixed interest rate loans expose the Company to fair value interest rate risk.

The aim of the Company in its interest rate risk management is the optimisation of the financial expense within the established limits, the risk variable being 3 month Euribor, main references for long term debt.

Additionally, the value of the financial expenses risk is calculated for a multiannual horizon and scenarios are established for movements in rates during the period considered.

The financial expenses are mainly due to the financial debt recognised with the parent company. In addition, the parent company has taken out, for a very limited number of loans, interest rate hedge transactions that are transferred to the Company, as described in Note 15 of the Financial Statements. 95.23% of the cost of these derivatives is charged to the Company, given that Aena, S.A. is responsible to the parent company in this proportion for some loans.

In regard to reviewable rate loans, the Company has modified the system for those loans due to be revised in 2015. The total amount revised is 2,432,139 thousand euros, of which 945,372 thousand euros pertain to BEI loan and have been set at a fixed rate to maturity at an average rate of 1.04% and 1,486,767 thousand euros pertain to FMS and DEPFa loans that have become variable interest rate loans (3 month Euribor + 0.11).

During the month of December, variable rate loans have been renegotiated with spreads above 1,58% (with an average spread of 4.42%) for a total of 613.239 thousand euros, achieving a reduction in the spread of 0.98%.

The Company manages interest rate risk of cash flows using floating to fixed interest rate swaps (see note 15 of Financial Statements). On 10 June 2015, a hedging variable to fixed interest rate operation was signed, for a notional amount of 4,195 million euros. The average spread over 3 and 6 month Euribor of these loans is of 1.0379%. The execution fixed rate was 1.9780%. The purpose of this transaction was:

- To adapt the structure of debt at fixed/variable rate to comparable companies 79% fixed/21% variable (previously 50% fixed/50% variable)
- To have a stable framework of interest rates for the period DORA 2017-2021.

At 31 December 2015, the total amount of liabilities pertaining to these interest rate swaps amounted to 72,217 thousand euros (see note 15 of Financial Statements).

At 31 December 2015, if the interest rate of variable loans would have increased or decreased by 20 basis points, while all other variables remained constant, the pre-tax profit of the year would have been 3,928 thousand euros lower and 3,928 thousand euros higher, respectively (2014: 10,072 thousand euros lower and 10,072 thousand euros higher, respectively). However, the Regulatory Framework established by Law 1/2011 of 4 March, establishing the State Programme for Operational Security for Civil Aviation and modifying Law 21/2003 of 7 July on Aviation Safety, establishes a system of tariff updates that protects Aena SA, in terms of the regulated part, against increases in costs of financing, in that it enables the recovery of its capital costs via the remuneration of its asset base, according to the legislation in force.

b) Credit Risk

The Credit risk of the Company is due to the cash and other liquid assets, derivative financial instruments and deposits in banks and financial institutions, as well as exposure to trade accounts receivable and agreed transactions.

Credit risk relating to trade accounts is reduced, given that the main clients are airlines, usually collected in cash or in advance. As for retail customers who have leased premises in the various airports, their risk is managed by obtaining sureties and guarantees.

The BOE of the 5 March 2011 published the Law 1/2011 of 4 March, modifying Law 21/2003 of 7 July on Aviation Safety, allowing the use of legal proceedings for collection, managed by the collection agencies of the State Tax Administration Agency, in the management, settlement and collection of all amounts for public services owed to Aena, S.A. or its subsidiaries.

Credit limits have not been exceeded during the year and the management does not expect any losses not provisioned as a result of default by these counterparties.

c) Liquidity Risk

The principal risk variables are: limitations on finance markets, increases in forecast investment and a reduction in cash generation.

The credit risk policy and the Company operations in its sector results in highly favourable average collection periods. In addition, the Company has carried out a substantial reduction in costs and needs for investment in the coming years, which have had a positive effect on the Company’s cash flow generation. Despite the Company’s negative working capital at 31 December 2015 of 712,265 thousand euros (2014: 1,006,126 million euro), there was a profit on the year of 811,676 thousand euro (2014: 452,169 thousand euro of positive results for the year), and it is not considered that there is a risk in dealing with short-term commitments due to the positive operating cash flows, which have allowed a reduction in the negative working capital in recent years, and that the Company forecasts will continue to be positive in the short term. On the other hand, on 29 July 2015 Credit Policies were signed with Banks for 1,000 million euro to deal with possible occasional treasury needs (see Note 15 of the Financial Statements).

Furthermore, credit rating agencies have supported the financial soundness of Aena, confirming its solvency and creditworthiness. n June, the credit rating agencies Moody's Investors Service and Fitch Rating assigned a credit rating to Aena for the first time. The rating given by Moody's to Aena was “Baa1 with stable outlook”, which represents a rating a grade higher than this agency currently gives to the Kingdom of Spain. The rating given by Fitch to Aena was “BBB+ with stable outlook”.

In these circumstances, the Company Directors consider that there will be no problem to meet payment commitments.

7. HUMAN RESOURCES

Generally, 2015 saw the completion of actions principally intended to adapt the organization to the new management model of Aena, S.A. (publicly listed company).

The main relevant aspects, are summarised as follows:

7.1 Workforce data

The total number of the Aena workforce was 7,204 employees at 31 December 2015, which is a reduction of 0.2% with regard to the workforce at 31 December 2014 (7,220 employees). The above figures include temporary employees which at the end of 2015 totalled 748 (1,283 in 2014).

The average workforce in 2015 was 7,196 employees, compared to 7,256 employees in 2014. The above figures include temporary employees which at the end of 2015 totalled 701 (704 in 2014).

Mention should be made of the good results obtained in terms of productivity in 2015, with a notable improvement in the passenger/workforce ratio, increased by 6.1% in 2015 with respect to 2014.

Equality

Of the total number of Aena employees, 65% are men and 35% are women. These percentages change if we take into account only executive and line-management posts within the organisation, 44% of which are held by women.

Dated 13 July 2015, the “Action Protocol against sexual harassment based on gender” entered into force, approved by the Joint Commission on Equality, in accordance with the commitment established in the Plan of Equality taken up in the First Collective Agreement of the Group, as well as of the provisions of Organic Law 3/2007, of 22 March, for the Effective Equality of Men and Women.

The pursuit of Equality continues with training actions for “Equal opportunity between men and women,” with the aim of sensitising and facilitating training on the matter for the entire workforce.

7.2 Selection

On 20 October 2015, the selection process for slates of candidates in reserve began, with the intention of covering future needs in permanent or temporary hiring (Levels D-F) in the different Aena work centres, with more than 40,000 requests received and final decisions anticipated in the first half of 2016.

7.3 Training, Professional Development and Management of Talent

Generally, actions have been undertaken which contribute to the transformation of organisational culture and the modernisation of human resources management for the company, increasing employee motivation and commitment.

Aena’s Mentoring Programme, “Leaders Developing Leaders” began in January 2015, as a strategy for knowledge management, professional development and a driver for change. The third and fourth phase of the program has been launched, with 107 participants as of December 2015.

The “Plan of Young Emancipation”, through the Ministry of Public Works and the Economy, has been continued, with 45 scholarships for internships during 2015 and around 80 students.

In 2015, training related to the Plans for Operational Security has been completed, to comply with the requirements of the State Agency for Aviation Security (AESA). Airport Directors and Department Heads have been called to attend all the courses of their plan.

During the 2015 the Training Model Programs and Verification of Competence that have allowed certification in matters of operational security have been updated for the initial airports (Seville, Bilbao and Menorca) in accordance with the new Regulation EU 139/2014. Also, support for the rest of airports in the process of certification or certificate renewal has been facilitated, with special emphasis on the Airports of Group III.

On the occasion of the approval of the Coordination Protocol for assistance to the victims of civil aviation accidents and their relatives, which establishes some rules of procedure in the case of civil aviation accidents, Aena has given training to the people designated as Persons Responsible for Assistance to Victims of Aviation Accidents (RAAV), to explain the procedural protocol. This training has been completed in the second half, with a pilot edition for psycho-social training, communication abilities, emotional self-control, stress management and situational training for personnel designated as RAAV.

This year new initiatives they have been designed and planned in the matter of internal communication and motivation, such as courses on motivation and cohesion and alignment of teams.

A process of training need detection and office automation training has been completed, along with calling the entire workforce to complete two online courses as required by law: “Criminal responsibility of the Legal Person” and “Awareness ICT (Information and Communication Technologies)”.
Towards the end of 2015, Conecta2 was rolled out. This web allows the advantages of collaborative participation by employees to be enjoyed, in order to facilitate interaction between people making up the organisation.

The personnel of Aena has completed a total of 257,456 hours of training in 2015. 7,172 employees have been trained, which represents training for 99% of the group.

8. PROCUREMENT

8.1 General procurement

The amount awarded to Aena through contracts reached 660.9 million euros (excluding taxes). Contracts awarded centrally represented 87.3% of this volume (576.9 million euros), compared to 12.7% (84.0 million euros) awarded locally by the airports.

The breakdown of contracts awarded according to their nature is as follows (in millions of euros):

Centralised investment

Works 89.4
Provisions 79.2
Assistance, consultancy and services 18.4

Centralised expenses

Works 1.9
Provisions 93.3
Assistance and services 294.7

Decentralised investment:

Works 36.6
Provisions 10.1
Assistance, consultancy and services 1.4

Decentralised expenses:

Works 13.6
Provisions 7.3
Assistance and services 15.0

On the other hand, the amount awarded Aena through smaller contracts, during year 2015, was 25.2 million Euros.

8.2 Commercial procurement

The total volume of contracts awarded in relation with leases for the trading activity amounted to 28.4 million euro (excluding taxes) for the first year of the contract.

The breakdown of amounts relating to commercial lease contracts awarded during the period, by line of business, is as follows:

Lines of business	Nº files	Amount (1st annual period) *in euros*	% amount
Travel agencies	7	134,232	0.47%
Aircraft maintenance and hangarage	2	148,322	0.52%
Car Rental	7	962,614	3.39%
Car parking	10	-	0.00%
Leasing of hangars	1	30,174	0.11%
Land leases	3	747,854	2.63%
Bars and restaurants	15	7,395,936	26.02%
Telecommunications concessions	3	1,302,884	4.58%
FBOS	1	364,472	1.28%
Fuelling stations	4	668,867	2.35%
Machinery	10	4,614,581	16.24%

Other real estate operations	2	232,508	0.82%
VIP lounges	8	1,312,739	4.62%
Regulated commercial services	1	31,044	0.11%
Finance services	19	1,997,144	7.03%
Shops under the normal tax regime	59	8,475,717	29.82%
Total:	**152**	**28,419,088**	**100.0%**

9. CORPORATE RESPONSIBILITY

The new company model implemented in 2015 establishes the policies and the basic principles that will inspire the action of Aena in the matters of good governance, corporate responsibility and transparency, whose stewardship corresponds to the Board of Directors and the Management bodies of the company.

The Aena Corporate Responsibility Policy permits the unification and strengthening of its identity, culture and behaviour patterns and serves as a tool for guiding its actions in economic, social, environmental and ethical issues across the whole Company. Throughout the year, the working line based on the results attained in previous years has been continued, particularly:

- Report on the strategy of Corporate Responsibility of Aena through internal and external tools of communication (annual summaries, webpage, etc.) presented to employees, clients, investors, communities with which we interact and the company in general, regarding the performance in sustainability and good governance.
- Helping to strengthen the positioning and corporate reputation of Aena by publicising the corporate values internally through the monthly CR Bulletin, the Aena Magazine, etc.
- Active participation in external benchmarking with the main institutions of reference in the matter of corporative responsibility, as well as the diffusion and interchange of good practices in sustainability.
- Over this period, we have carried out a large number of projects geared towards improving the overall productivity of the company, and specifically improving essential aspects such as excellence in quality, safety of people and facilities, the environment, energy savings and efficiency, planning, infrastructure development and optimisation of management processes and operations.

Through the Code of Conduct Aena's corporate culture, values and principles are defined and guidelines for company conduct and people included in its scope of action are reinforced, internally and in its relations with clients, partners, suppliers and, generally with all those people and organizations, public and private, with which they interact in the performance of its professional activity.

Organization

The functioning of management bodies and Company decision making processes is described in detail in the Annual Corporate Governance Report, which is part of this Management Report, highlighting the functions of the Shareholders' Meeting and the Board of Directors as the ultimate government bodies of the company.

For the purposes of Company management, the functioning and composition of the Board of Directors should be emphasized. Under the direction of the Managing Director different department heads are brought together, strengthening the integration of business and strategy.

9.1 Economic performance

Aena has continued working to put the new airport management model into practice, showcasing Aena as a leading supplier of efficient, quality services with the capacity for international presence.

Likewise, it remains committed to including responsibility criteria in its trade relations with third parties, promoting transparency and market competition. The offer of a varied selection of quality products that takes into account the needs and expectations of its interest groups while providing added value to the airport facilities, continues to be a management maxim.

9.2 Environmental performance

For Aena, as a leading provider of air transport services, the search for sustainability is essential in areas such as ensuring the compatibility of airport operations and the development of airport facilities with the local environment, reducing the emission of greenhouse gases, minimising the impact of noise pollution, as well as everything related to the promotion of initiatives which increase energy efficiency and the use of renewable energies. This is all in keeping with the Company's strategic objectives and its Environmental and Energy Policy.

In the area of environmental performance, the following actions are worthy of mention:

- Noise insulation plans (NIP). Throughout 2015, 420 homes and buildings for sensitive uses have been soundproofed, making a total of 19,639 properties insulated from noise since the beginning of the NIP in 2000.
- Evaluation of the environmental impact of planning projects and instruments.
- Acoustic evaluations, emphasizing the incorporation of weather data in the Interactive Maps of Noise in A.S. airports. Madrid-Barajas and Barcelona-El Prat .
- Atmospheric evaluations - and renewal of "Airport Carbon Accreditation" Certificates for the Adolfo Suárez Madrid-Barajas, Barcelona-El Prat, Palma de Mallorca, Málaga-Costa del Sol and Lanzarote airports.
- Management of the quality of soil and underground water of the airports in the Aena network.
- Energy Efficiency actions (Framework Agreement on Efficient Illumination Systems) and renewable energies, (Solar Plan for the canary airports)
- Development and evolution of the Integrated Quality and Environmental Management System, which allows for control, follow-up and systemisation of the mechanisms for continued improvement of all organisation processes from an integrated perspective. This provides a unique certification and the improvement of information for strategic decision-making by upper management.

9.3 Social performance

The development of good practices in recent years together with the establishment of collaboration agreements with social entities has permitted, within the scope of our interest groups, the consolidation of solidarity projects that benefit groups in risk of social exclusion.

Up to 31 December 2015, the following initiatives are worthy of note:

Within the scope of the internal social dimension:

Aena has taken on board a series of support plans for the employee the aims of which are to encourage positive measures for workers and their surroundings that improve their occupational well-being and facilitate conciliation between their working, family and personal lives. This commitment has acted as a basis for developing a number of activities directed towards staff registered on the Aena Collective Agreement I, independently of their contract type, occupation or shift:

- Consolidation of the Integrated Assistance Programme (guidance, counselling, referral to social resources and "health protocols" or services within the contexts of birth, death, disability, ageing parents and geographic mobility).
- Programme for the Treatment and Prevention of Addictive Behaviour, and programmes on Emotional Support and Health Education
- Social Aid Programme: more than 10,147 aids have been processed and validated for studies for employees and their families, summer camps, the disabled, health, etc.
- Development of the policy for the reconciliation of work and family life: 645 services were provided under the Employee Service Programme (PAE).

Within the scope of the external social dimension:

Aena remains committed to integrating sustainability values into its corporate management and relationship with its interest groups, adapting its business strategies to favour the promotion of improvements for the communities with which it interacts and society in general, especially the less favoured social groups.

- Assistance Services for Persons with Reduced Mobility (PRM). At 31 December 2014, assistance had been given more than 1.2 times, and the highest levels of quality maintained. From March 2005 an agreement of collaboration with CERMI (Spanish Committee of Representatives of People with Incapacity) has been kept with Aena, in order to carry out advisory work related to accessibility and assistance for handicapped persons and persons with reduced mobility in the air transport sector, specifically within airports.

- Celebration of Solidarity and Cultural days in the Aena workplaces, which allow special workplaces or entities that promote the sale of fair-trade products to come to our offices to distribute their products and sensitise the employees to their objectives and projects.

- Empowerment of the "Solidarity Spaces" project, implementing it at thirteen of the network's airports and rolling out awareness campaigns in large organisations such as Unicef, Intermon-Oxfam and Aldeas Infantiles.

- For the fifth consecutive year in the Adolfo Suárez Madrid-Barajas airport a new edition of the Solidarity Event, a showcase of social reality, in which associations that work for the integration of handicapped persons, or entities focused on the promotion of fair-trade, support to infants, the environment, etc.
- Since 2014, the organisation has been a member of the "Network of Companies for a society free of gender-based violence", of the Ministry of Health, Social Affairs and Equality, having offered its facilities as the site of campaigns against gender-based violence.

9.4 Alliances

In matters of Corporate Responsibility, Aena is working to keep pace with other companies, and, if possible, to lead from the front. With the aim of exchanging and spreading good practice in sustainability, whilst contributing to making its products and services known, in 2015 Aena strengthened its collaboration with some of the leading associations and organisations in this field, such as Forética, Club de Excelencia en Sostenibilidad and Fundación Corresponsables, which are associated with the Spain's large public and private corporations.
Likewise, collaboration has continued with representatives of the sector for the promotion of education, the environment, science, employee training, the promotion of culture, sport, solidarity, etc.

10. PERSPECTIVE FOR 2016

The evolution of air traffic in the Spanish airports depends on three fundamental factors: the evolution of our economy, the evolution of the British, German, Italian and French economies, (main markets of origin/destination) and tourist activity, given the strong link between air travel and tourism in Spain (four out of five international tourists enter and leave by air).

In this context, some positive forecasts of growth exist, but they are not exempt from the influence of important factors of risk related to economic activity and its major or minor impact on tourism, such as the evolution of the economies of surrounding countries, which are the main points of origin, and their influence on the arrival of international tourists, the occurrence of unforeseeable and uncontrollable events, the high competition of high-speed trains in some air corridors, the volatility of the routes operated by low-cost companies which have a continually more preponderant weight in the airports of the network, the increase in the price of petroleum, possible regulatory changes, etc.

The traffic data for January 2016 confirms the tendency of growth in the number of passengers, with an increase of 12.3% for the Aena airport network in Spain, and growth of 13.9% in domestic traffic and 11.6% in international traffic.

In relation to the regulatory framework, on 23 July 2015 the National Commission on Markets and Competition (CNMC), approved the proposal of tariff modification of Aena, S.A. for 2016 (taking effect 1 March 2016, the tariffs of the regulated business are reduced 1.9% with respect to those of 2015) and measures are established to adopt in future consulting procedures. This resolution incorporates the criteria established in the Agreement of the CNMC on 23 April 2015:

- In that Agreement, the CNMC establishes that the accounting that should be used as a basis for updating rates for 2016 should reflect in a different manner than that of the previous year the "costs arising from the commercial revenue generated by a higher volume of traffic". Pursuant to this Agreement, that consequence would establish that part of the costs arising in airport terminals, and which were recorded as regulated airport activity, would be part of business activities and be considered as costs thereof. Following the gradual application of the criterion of the double till system, reallocation of regulated business activities costs supported by the contested Agreement corresponds to 40% of the amount of 69.8 million, that is, a variation of 27.9 million.
- In relation to the recovery of the tariff deficit, the CNMC establishes for its calculation the criterion of "real deficit" against the criterion of "prospective deficit" applied in previous processes of tariff supervision.

Aena, S.A., has brought action against this resolution before the National High Court, that is pending resolution (see notes 21 and 28 of the Annual Financial Statements).

Additionally, with respect to the completion of the Document of Airport Regulation (DORA) for the 2017-2021 period. On 22 of December of 2015, Aena sent its DORA proposal to the Office of Civil Aviation (DGAC), which is the regulatory body, proposing a tariff freeze for the 2017-2021 period. This proposal is, at the time of the writing of this report, in the review process with the airline associations, which will conclude with the final proposal that Aena will put forward in March of 2016. As of that moment, a period of revision on the part of the DGAC of the proposal in question will begin, which will end significantly behind schedule in September of 2016, with the approval of DORA for the 2017-2021 period.

With respect to commercial income, Aena will continue with the measures directed toward its improvement, benefitting from the dual till regime, through actions intended to make its commercial assets profitable, beginning with actions already underway derived from new contracts, of the expansion and remodelling of the commercial spaces, the addition of leading Spanish and international brands,, emphasizing in 2016 the bidding and awarding vehicle rental concessions for the 39 airports in the Aena network. In addition to the actions above, the favourable behaviour of traffic also contributed to promoting commercial revenue, having a positive effect on the Company's profitability.

Finally, in relation to investment needs, the airports of the Aena network in Spain have the capacity necessary to absorb traffic growth in the coming years. It will therefore attempt to undertake viable investments with the intention of obtaining yield and optimisation of available capacity, without neglecting security and the environment.

11. EVENTS AFTER THE BALANCE SHEET DATE

No significant events, subsequent to the close of the balance sheet, have taken place to affect the financial statements, the application of the going concern principle or that may be useful for the user of the financial statements, other than those mentioned below:

- On 10 February 2016 the Supreme Court (Administrative Dispute Chamber) issued a ruling, notified 12 February 2016, rejecting the action brought by the Government of the Canary Islands against the implied rejection of the request directed towards the Administration of the State for it to modify the Cabinet Agreement of 11 July 2014 and against the Cabinet Agreement of 23 January 2015 for the authorization of the alienation of AENA, S.A. shares through public offer (OPV) (see Note 28 of Financial Statements).
- On February 9, Circular 2/2016 of the Bank of Spain, to financial institutions, about supervision and solvency, which completes the adaptation of the Spanish legal framework to Directive 2013/36/EU and to Ruling (EU) number 575/2013, which adapts the Spanish legal framework to the requirements of Basilea III, establishes the weight in the lenders balance sheet of the loans Public Sector entities.
  Regardless of the fact that in the current solvency status of the Company the potential impact of this Circular in its funding structure is deemed not relevant according to the documentation analyzed, given the recent publication of this Circular, the Company is still completing an in-depth analysis of its application in relation to the borrowing contracts that could be affected, and in particular of the joint borrowers´debt (see note 20 of the Financial Statements).

APPENDIX: ANNUAL REPORT OF CORPORATE GOVERNANCE

The Annual Report on Corporate Governance corresponding to fiscal year 2015 is included below.

FORMULATION OF THE INDIVIDUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR 2015

The Board of Directors of Aena, S.A. on 23 February 2016, in compliance with the requirements established in article 253 of the Capital Companies Act and article 37 of the Commercial Code, prepared the individual Financial Statements and Management Report for the year ended on 31 December 2015, comprising the attached documents preceding this statement.

Position	Name	Signature
Chairman:	José Manuel Vargas Gómez	
Director:	Mrs. Mrs. María Victoria Marcos Cabero	
Director:	Mrs. Pilar Arranz Notario	
Director:	Mr. Juan Miguel Báscones Ramos	
Director:	Mrs. Tatiana Martínez Ramos e Iruela	
Director:	Mr. Rodrigo Madrazo García de Lomana	
Director:	Mr. José María Araúzo González	
Director:	Mrs. Pilar Fabregat Rosemary	
Director:	TCI Advisory Services, LLP, represented by Mr. Christopher Anthony Hohn	
Director:	Mr. Juan Ignacio Acha-Orbea Echeverría	
Director:	Mr. Eduardo Fernández-Cuesta Luca de Tena	
Director:	Mr. Simón Pedro Barceló Vadell	
Director:	Mr. Jaime Terceiro Lomba	
Director:	Mr. Amancio Lopez Seijas	
Director:	Mr. Jose Luis Bonet Ferrer	
Secretary (non-Director):	Mrs. Matilde García Duarte	