

# Cintra Infrastructures SE

**Annual Report and Financial Statements**

**30 December 2017**

*Company registration number: SE0000099*

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## **Cintra Infrastructures SE**

### **Annual Report and Financial Statements 2017**

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# Cintra Infrastructures SE

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### General information

#### Board of Directors

Enrique Díaz-Rato Revuelta (appointed on 22 April 2016)

Javier Romero Sullá (appointed on 30 November 2016)

Francisco Jose Clemente Sanchez (appointed on 30 November 2016)

#### Company registration number

SE000099

#### Registered address

The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX44DQ, United Kingdom

#### Main Bankers

BBVA, Paseo de Recoletos 10, ala sur PL. Baja, 28001 Madrid, Spain

Banco Santander, Plaza de Canalejas 1, 28014 Madrid, Spain

#### Auditor

Deloitte LLP

Statutory Auditor

2 New Street Square

London, United Kingdom

EC4A3BZ

#### Web

<http://www.ferrovial.com/en/>

## Cintra Infrastructures SE Annual Report and Financial Statements 2017

### Strategic Report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### Business trends and significant events

The economic recovery has been very positive on the performance of major Cintra's assets. This good global performance once again reflects both the quality of assets as well as the results of management, directed at providing a high-quality service to users and improving the profitability of highways via innovation and active project management. Also during this period some exit processes of some troubled highways has almost be completed, this has taken place during 2018, as described below.

Highway operations.

Spain:

- In Spain, **traffic** continues with its positive trend, driven by a national economy in clear recovery.
- **Investments in Inversora Autopistas Sur, S.L. (Radial 4) and Inversora de Autopista Madrid Levante, S.L. (AP36)**, both companies undergoing bankruptcies since 4 February 2013 and December 2012, have come to an end at the beginning of 2018 and both concessions have reverted to the Local Administrations.
- In **Autema**, decree 161/2015 was published in the Official Gazette of the Generalitat on 16 July 2015, which unilaterally approves the modification to the administrative concession contract for the Tarrasa-Manresa highway. On October 9, 2015, Autema lodged an appeal against the new decree 161/2015 before the High Court of Justice of Catalonia (TSJC), which was received for processing on 13 October. Since 4 January 2016, the new rates (discounts) corresponding to the new decree have applied.

The Company believes that there are very strong arguments to conclude that the Administration, on ruling on Decree 161/2015, has very clearly exceeded its limits of authority for modifying contracts, which led to this Decree being appealed before the Catalonia High Court of Justice. After Autema established its appeal on 21 October 2016, on 21 March 2017 Autema was notified that the Generalitat de Catalunya and the Consell Comarcal del Bages, a local authority which appeared as a co-defendant in the proceedings, had responded to the appeal. Since the response to the appeal, there hasn't been any progress. The company is awaiting resolution and continues operating on a going concern basis.

United States:

- In November 2017, the financial close of the project "**Transform I-66 Project**" (**Virginia, USA**), a concession project under real toll regime in Washington D.C., with the issuance of PABs bonds for an amount reached of 800.4 million US dollars.
- During 2017 the constructions of **NTE35W and I77** have reached 98.9% and a 49% completion respectively and NTE35W has opened partial lanes of the motorway.
- The SH-130 motorway on June 2017 the Company has been sold as part of the Companys' exit process of the motorway.

Portugal:

- Portuguese concessions maintain steady growth since mid-2013, supported by the recovery of the economy.
- **Sale of Norte and Algarve shares:** On April and September 2017 the process for the authorisation and approval from financial and administrative entities to complete the sale of a portion of the shares that Cintra holds in Norte Litoral AENL, Algarve and Algarve International were finally given, and the sale became effective to the Dutch fund DIF for 156 million euros, with Cintra remaining the primary manager of the companies with a share of 49% in Norte Litoral and 48% in Algarve.

## Future developments

### Highways under construction:

#### USA

The highways that are currently under construction whose operations launch is expected during the following corporate years are:

- **NTE 35W:** the progress of design and construction work as of December 2017 is 98.9% of the total cost of the project, which amounts to \$983 billion. Progress is being made as planned with respect to the schedule of work, with complete opening being planned for mid-2018. The opening of segment 3B was open to traffic on 2017.
- **I-77:** the progress of design and construction work as of December 2017 is 49% of the total cost of the project, which amounts to \$543 million. Progress is being made as planned in the schedule of work, with final opening being planned for the end of 2018.
- **Transform I-66 Project (Virginia, USA):** the financial closing was done during 2017 and construction works have started.

### Tendering of highway new projects

In the USA we continue working on several projects of interest in several states such as Illinois, Maryland, Virginia and Texas. We continue to pay close attention to private initiatives. In this regard, we are in the final stages of negotiations with the Texas Department of Transportation (TxDOT) regarding the development of the "3C segment of the North Tarrant Express project" (Texas, USA). This project consists of the northward expansion of segment 3B, rebuilding the existing toll-free lanes and adding two new lane managed lanes in each direction. The project is being negotiated as a variation to the concession contract of NTE 3A and 3B.

## Going forward, prospects and opportunities

Given the straightforward nature of the business as at 30 December 2017, the company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the Company.

## Principal risks and uncertainties

Cintra is exposed to a variety of risks stemming from the nature of its business and the countries in which it operates. Risk is managed centrally by the Risk Unit of Ferrovial. To gain a better understanding, details of principal risks and uncertainties are contained in the Integrated Report of the ultimate parent (Ferrovial S.A.).

The Company identifies and assesses these risks, then proactively implements the appropriate measures to mitigate the probability of their occurrence and/or potential impact, in accordance with the established strategic objectives. Similarly, thanks to an effective and efficient management of specific risks, new business opportunities can be detected.

### Main risks

These are the principal risks facing the company, as described in the ultimate Parent Company's Annual Report 2017:

- **Strategic risks.** Risk related to the market and the environment in which the Company operates and stemming from the regulatory and legislative framework in effect and from alliances with partners, as well as those associated with the organisation of the Company and its relationship with external agents.
- **Compliance risks.** Risks associated with the fulfilment of obligations stemming from applicable legislation, from third-party contracts, and from obligations imposed internally by the companies, primarily through their codes of ethics and of conduct

## Cintra Infrastructures SE Annual Report and Financial Statements 2017

### Principal risks and opportunities

- **Financial risks.** Risks associated with changes in financial figures, access to financial markets, cash flow management, the reliability of financial information, as well as those of a tax nature.
- **Operational risks.** Risks associated with production processes, service provision, revenue generation and costs incurred. The Company pays particular attention to risks related to weaknesses or delays in the provision of services for customers and users and to occupational risks.

The main risks affecting Cintra's strategy and therefore its capacity to create value are inherent to the markets in which it operates, the most noteworthy of which are listed below:

**Increased competition in the markets in which the Company operates,** which may undermine its profitability and ability to create value in activities with substantial execution risks.

The financial crisis in emerging countries, as a result of a slowdown in growth and lower commodities prices, has reduced the demand for infrastructures in these regions. This circumstance heightens the risk of competitors concentrating in the remaining international markets, thus placing pressure on prices and margins.

The Company studies the competitive climate of the target geographic areas, has a procedure in place for approving investment and disinvestment operations and establishes limits on the acceptable risk per project type. Once an investment decision has been made, the risks are monitored throughout the life of the projects, so as to proactively detect any new risks arising.

**Economic stagnation and tax consolidation:** the impact that these situations may have on public investment capacity.

The potential worsening of the macroeconomic data in the countries where Cintra Infrastructures' activity is based and the tax consolidation policies implemented in those countries reduce the financial capacity of public authorities and the confidence of private investors. All of this could reduce demand and margins or lead to an increase in disputes with customers.

This risk is mitigated by a selective-internationalisation strategy focusing on geographic areas with a high degree of legal certainty and which are expected to enjoy socio-economic and tax-regulation stability, most notably the United Kingdom, Australia and Canada.

In addition, the Company conducts ongoing business opportunity studies by activity and geographic area, to predict any upcoming changes and/or decreases in demand.

**Changes that modify the legal and regulatory environment** in which the Company operates, limiting its ability to run the business and turn a profit.

The Company continuously monitors the regulatory and legislative process affecting its activities in order to proactively anticipate possible changes and manage them appropriately, while maximising the potential opportunities resulting from such changes.

The Company also evaluates and monitors trends in the emerging risks that may negatively affect the achievement of the strategic objectives, in order to adapt its strategy in a timely fashion. The most noteworthy of these risks include natural disasters or disasters caused by human action, terrorism in any form, humanitarian crises, protectionist and anti-globalisation political movements that discourage international investment and pose a risk to the free market and technological obsolescence, among others.

Lastly, in addition to what is mentioned above, the current context of global economic, social and political uncertainty may heighten some risks now considered unlikely or insignificant.

## Cintra Infrastructures SE

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#### Principal risks and uncertainties (continued)

##### Financial risks

The Group's businesses are exposed to various financial risks, the most significant of which are interest rate risks, exchange rate risk, credit risk, liquidity risk, inflation risk and equity risk. Cintra Infrastructures' policies for managing each of these risks are detailed below:

- **Interest rate risk.** The Group practices comprehensive asset and liability management, ensuring active risk management and allowing it to optimise the cost of financing, volatility in the income statement, the level of required liquidity and fulfilment of business commitments. This management focus aims to minimise the variation in capital owing to mismatches between assets and liabilities.
- **Exchange rate risk.** Cintra Infrastructures has significant investments in countries using currencies other than the euro, most notably in pounds sterling, Australian dollars and Canadian dollars.

In general, exchange rate risk is centrally managed by the Ferrovial S.A. Finance Department, which arranges hedges to cover the forecast cash flows over the coming years as well as for dividends, contributions to equity on new projects and intergroup loans.

- **Credit and counterparty risk.** In managing risk stemming from the placement of investments in financial products and the arranging of derivatives, the Group continually monitors the ratings of its counterparties, establishing diversification criteria and minimum rating requirements for financial counterparties.

Regarding the risk associated with trade receivables as well as other accounts receivable, the Company itself does not have many customers, although its underlying investment companies do, most of which are public institutions. In this regard, the Group also has sound control mechanisms that minimise the impact of these risks by monitoring receivables from existing and potential customers.

- **Liquidity risk.** The Group manages liquidity risk by maintaining adequate cash reserves by reviewing the forecast and actual cash flows.
- **Capital management.** The Company capital management objective is to safeguard the capability to continue managing its recurring activities as well as to continue growing in new projects, maintaining an optimum relationship between capital and debt, thus creating value for shareholders.

One of the Company's objective regarding its level of financial debt is to maintain a low level of borrowing. Consequently, the Group finances its growth primarily through its internal cash flow.

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## Cintra Infraestructuras SE Annual Report and Financial Statements 2017

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### Events after the balance sheet date

On 1 March 2018, the company SH-130 Concession Company, LLC filed a complaint with the United States Bankruptcy Court Western District of Texas against Cintra Infraestructuras, SE, Ferrovial Agroman, S.A., Ferrovial, S.A. and other subsidiaries of the Ferrovial group, as well as against the partner in the project related to the SH-130 toll road.

Until 28 June 2017, when it emerged from a voluntary petition for relief under Chapter 11 (submitted on the 2 March 2016) and transferred to its current owners, SH-130 Concession Company LLC was 65 % owned by Cintra TX 56 LLC.

This complaint is based on the fact that part of the payments made by the concession company to the construction company in 2011 and 2012, during the design and construction stage of the toll road, were allegedly made in the creditor's fraud, as, in the plaintiff's view, it was known that (i) the works were being executed incorrectly and therefore their payment did not proceed, and (ii) the concession company was insolvent. Cintra Infraestructuras, SE, Ferrovial Agroman, S.A, Ferrovial, S.A. and other companies of the group are also accused of benefitting from such allegedly fraudulent payments being aware of that situation.

The complaint requires the return of these payments, amounting to 329 million dollars.

Likewise, the complaint also accuses Cintra Infraestructuras, SE and other companies of the group of causing SH-130 Concession Company, LLC to make such transfers, and doing that, breaching "fiduciary duties" that should be fulfilled according to the commercial legislation of the State of Delaware, and that they aided and abetted to breach them.

The analysis made to this date by the legal advisors allows concluding that there are solid arguments to defend the interests of Cintra Infraestructuras SE and that it is reasonable to consider that a dismissal of the causes of action exercised in the complaint can be achieved. To that end Cintra Infraestructuras SE have filed motions to dismiss the complaint on various grounds, which are currently set for hearing before the Court on August 9, 2018. It is reasonable to expect a ruling on those motions sometime thereafter.

On 29 May 2018 the Company has sold and transferred its loan in its subsidiary Cintra Inversora de Autopistas de Cataluña, S.L. to Cintra Infraestructuras España, S.L. for an amount of 125.000.000 euros.

Bankruptcy processes of Inversora Autopistas Sur, S.L. (Radial 4) and Inversora de Autopista Madrid Levante, S.L. (AP36), have come to an end at the beginning of 2018 and both motorway concessions have reverted to the Local Administrations.



Francisco Clemente Sánchez  
Director  
31 July 2018



# Cintra Infrastructures SE

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### Directors' Report

The Directors hereby present their annual report together with the financial statements of the Cintra Infrastructures SE (Cintra or The Company) for the year ended at 31 December 2017. Cintra Infrastructures SE is the parent of a group whose primary subsidiaries are detailed in Note 17 to the financial statements.

The registered office is The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX44DQ, United Kingdom. The Company was incorporated under the Spanish Law on 8 June 2009 and was registered as a European company on 26 April 2016 under register number SE000099 in the Company House (see note 1).

### Infrastructure

Cintra Infrastructures SE is dedicated to the bidding, design, construction, execution, operation, management, administration and upkeep of all types of infrastructures and works, public and private, within the international scope of Ferrovial Group. This Group has been changing as part of the Ferrovial Group's corporate restructuring carried out during the year 2015 in order to reorganize together some of the international activities in a single subsidiary.

### Human capital

#### People

Cintra provides its employees with undertakings that encourage them to perform better every day, as well as, unique training in decision-making and in assuming controlled risks.

Cintra aims to measure and increase the level of commitment of its professionals, with a view to enhanced performance. As such, it promotes the mobility of talent, ensuring that the most capable professionals are placed in the locations and on the projects that require their expertise, in line with the Company's priorities and those of its employees.

#### Employee remuneration policies

Cintra is committed to its employees and to retaining talent. This is reflected in Ferrovial Group policies, which are benchmarked against those of our competitors in each of the main markets in which it operates.

Cintra considers that the current annual variable remuneration model is appropriate for the objectives and needs of the Company. This system is based on a series of performance-tied indicators and on the achievement of specific, pre-determined and quantifiable economic-financial, industrial and operating targets in line with the Company's strategy.

#### Health and safety

Safety is a key factor for achieving corporate excellence. The Company works hard to create risk-free environments for everyone. Two principles govern the actions in this area: the aspirational objective of "Target Zero" (zero accidents every day) and that any accident can be avoided.

To this end, the Company has established a number of safety requirements for all its projects and in every country where it operates. Furthermore, it has defined Group-wide safety requirements that apply to all the workplaces of the business areas. The Company also focuses its efforts on occupational health and safety training in order to progressively involve its employees in the common goal of creating risk-free work environments.

#### Human rights

Ferrovial Group is committed to minimising risks and maximising controls in order to ensure that human rights are respected throughout the organisation and throughout the supply chain, by performing exhaustive checks throughout the entire value chain.

Furthermore, the Company supports diversity management as a business, social and legal imperative, in addition to complying with current regulations on equal opportunity on the basis of merit. This applies to appropriate training, career development and promotion for all employees, regardless of physical ability, gender, sexual orientation, religion, age or ethnic origin or any other unfair discriminatory reason. The services of any existing employees who became disabled during their period of employment are retained wherever possible.

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#### Highways projects

Innovation in highways projects efforts mainly focus centre on the optimisation of traffic models, new payment methods, relationship models, services for users, and solutions that boost operating efficiency.

#### Operational and financial efficiencies

Cintra's highways aims to maximise operating cash flows by efficient management and innovation, incorporating the most advanced technology possible and the search for synergies with the company's other highways, while always guaranteeing user satisfaction and responding to their needs. Cintra also aims to find sources of finance for its projects that optimize cash shareholder return, while adapting as far as possible to the generation of project cash flows. In order to maximize operating cash flows, Cintra uses Big Data techniques to understand driver behaviour better, with a twin goal, which is improving the reliability of traffic estimations and new project revenues. In this sense, for example the traffic study on the I-77 toll road has used new ways of collecting data of traffic congestions and travel patterns through GPS technology never used before. This provided information on congestion and the movement of users which was more detailed and reliable than the result generated in previous projects. It allowed connectivity to be improved, thus increasing use of the highway.

#### Environment and natural capital

The Company is aware of its responsibility to address climate change and is firmly committed to reduce the environmental impact of all its activities. Likewise, it encourages the generation of new ideas and business models to be able to offer its customers innovative solutions with a lower impact in the highways.

The Group's commitment to the environment takes shape through four priority objectives:

- Reducing its carbon footprint,
- Biodiversity and natural capital,
- Reduction of the environmental impact of the Company's activity,

#### Social capital

Cintra creates value for society by reducing territorial imbalances in the places where it operates. The nature of its businesses allows the Company to play a key role in reducing territorial imbalances: it contributes to the advancement and development of the communities and countries where it operates by creating jobs, increasing purchases from local suppliers, paying taxes and transferring its capacities and know-how as well as innovation and technology.

#### Profitability and performance

The income statement appears on page 15 and shows a profit after tax for the year of 114,666,024 euros (2016: 100,368,057 euros); total revenue of 24,732,123 euros (2016: 54,290,654 euros).

The Company's operating profit was 15,205,653 euros (2016: operating profit of 47,401,306 euros).

The Company did not distribute dividends in 2017 nor 2016.

## Cintra Infrastructures SE

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#### Directors

The following persons served as Company Directors in 2017:

- Enrique Díaz-Rato Revuelta (appointed on 22 April 2016)
- Javier Romero Sullá (appointed on 30 November 2016)
- Francisco Jose Clemente Sanchez (appointed on 30 November 2016)

And no changes occurred during the period.

#### Contributions to Political Parties

No contributions have been made to political parties in the current year or the previous year.

#### Going Concern Assumption

On the basis of the information available to them, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

#### Future Developments

Future developments of the Company and its subsidiaries can be found in the Strategic report Note.

#### Accounting Regulation

The accounting regulation of the Company has been disclosed in the Strategic report Note.

#### Auditor

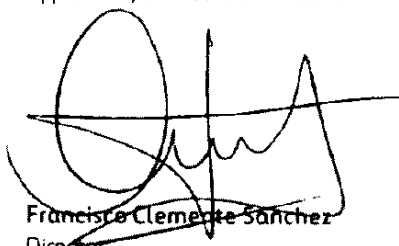
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP was appointed as auditor and has expressed its willingness to continue in office as auditor. A resolution to reappoint this firm will be proposed at the next Annual General Meeting.

Approved by the Board of Directors



Francisco Clemente Sanchez  
Director  
31 July 2018

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## Cintra Infrastructures SE Annual Report and Financial Statements 2017

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### Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101, 'Reduced Disclosure Framework'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

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#### Report on the audit of the financial statements

##### Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cintra Infrastructures, S.E. (the 'company') which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 1 to 38.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### Our responsibility

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

##### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## Cintra Infrastructures SE Annual Report and Financial Statements 2017

### Report on the audit of the financial statements for the Period

#### Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk](http://www.frc.org.uk). This description forms part of our auditor's report.

#### Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Report on other legal and regulatory requirements

##### Information on other matters required by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial Period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

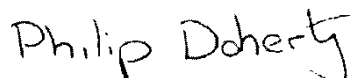
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Philip Doherty FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, UK

~~31 July 2018~~

3 August 2018

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

#### Income Statement

For the year ended 30 December 2017

€	Note	30/12/2017	30/12/2016
Revenue	4	24,732,123	54,290,654
Personnel Expenses	6	(201,116)	850,703
Other operating expenses	7	(3,102,952)	(1,057,021)
Impairment of investments	8	492,898	(2,880,079)
Provisions	9	(11,261,976)	(3,589,381)
Other provisions	10	4,546,677	(213,569)
<b>Operating profit</b>		<b>15,205,654</b>	<b>47,401,306</b>
Finance Income	11	5,117	77,957
Finance costs	12	(9,723,339)	(14,529,476)
Exchange Differences	13	(214,543)	(1,852,678)
Profit on sale of the investments	14	103,523,093	61,107,228
Other gains from derivatives results	15	19,092,911	12,891,489
<b>Financial result</b>		<b>112,683,239</b>	<b>57,694,520</b>
<b>Profit before taxation</b>		<b>127,888,893</b>	<b>105,095,826</b>
Tax	16	(13,222,869)	(4,727,769)
<b>Profit for the financial year attributable to owners of the Company</b>		<b>114,666,024</b>	<b>100,368,057</b>

Operating profit is all derived from continuing operations.

## Cintra Infrastructures SE Annual Report and Financial Statements 2017

### Statement of Comprehensive Income

For the year ended 30 December 2017

€	Note	30/12/2017	30/12/2016
<b>Profit for the year</b>	29	<b>114,666,024</b>	<b>100,368,057</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<b>Cash flow gains / (losses) hedges:</b>			
Gains / (losses) arising during the period	30	5,879,414	(31,674,486)
Less: reclassification adjustments for gains included in profit	30	1,928,745	11,841,398
Income tax relating to items that may be reclassified subsequently to profit or loss	30	(1,952,040)	4,958,272
<b>Other comprehensive income/ (loss) for the period net of tax</b>		<b>5,856,120</b>	<b>(14,874,816)</b>
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<b>120,522,143</b>	<b>85,493,241</b>



# Cintra Infrastructures SE

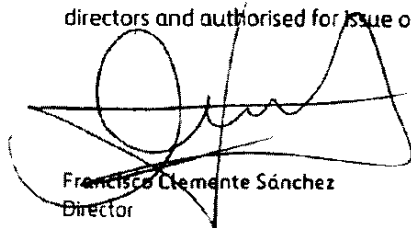
## Annual Report and Financial Statements 2017

### Statement of financial position

As at 30 December 2017

€	Note	30/12/2017	30/12/2016
<b>Non-current assets</b>		<b>1,007,870,579</b>	<b>862,701,190</b>
Investments in subsidiaries	17	911,566,514	810,086,188
Investment in associates	18	68,863,698	12,666,685
Other investments	19	370	370
Deferred tax assets	20	27,243,239	39,761,174
Loans to related parties	21	196,758	186,773
<b>Current assets</b>		<b>155,360,133</b>	<b>381,681,790</b>
Derivative financial instruments	23	7,785,933	-
Loans to related parties	21	129,750,380	373,482,423
Trade and other receivables	22	11,524,107	5,509,360
Current tax assets	16	5,849,095	-
Cash and bank balances		450,618	2,690,007
<b>Total assets</b>		<b>1,163,230,712</b>	<b>1,244,382,980</b>
<b>Current liabilities</b>		<b>38,299,956</b>	<b>353,951,122</b>
Trade and other payables	24	9,533,168	10,725,243
Current tax liabilities	16	-	16,102,885
Borrowings	25	28,765,788	323,642,816
Other debts		1,000	-
Derivative financial instruments	23	-	3,480,178
<b>Net current assets</b>		<b>117,060,177</b>	<b>27,732,476</b>
<b>Total assets less current liabilities</b>		<b>1,124,930,756</b>	<b>890,433,666</b>
<b>Non-current liabilities</b>		<b>278,039,885</b>	<b>378,930,757</b>
Borrowings	25	121,909,260	220,621,148
Long term provisions	26	91,789,976	95,438,814
Deferred tax liabilities	20	64,340,649	62,870,795
<b>Total liabilities</b>		<b>316,339,841</b>	<b>732,880,071</b>
<b>Net assets</b>		<b>846,890,871</b>	<b>511,502,909</b>
<b>Equity</b>	27		
Share capital	28	151,878,486	130,391,904
Share premium account	29	978,327,457	784,948,220
Retained earnings	30	(287,724,632)	(402,390,656)
Cash flow hedge reserve	31	4,409,560	(1,446,559)
<b>Equity attributable to owners of the Company</b>		<b>846,890,871</b>	<b>511,502,909</b>

The financial statements of Cintra Infrastructure SE (registered number S000099) were approved by the board of directors and authorised for issue on 31 July 2018. They were signed on its behalf by:



Francisco Clemente Sánchez  
Director

## Cintra Infrastructures SE Annual Report and Financial Statements 2017

### Statement of Equity, in € million

As at 30 December 2017

€	Note	Share capital	Share premium account	Retained earnings	Cash flow hedge reserve	Total
<b>Balance at 31 December 2015</b>						
		130,391,904	1,360,590,552	(502,758,713)	13,428,257	1,001,652,000
Profit for the period		-	-	100,368,057	-	100,368,057
Other comprehensive loss for the period		-	-	-	(14,874,816)	(14,874,816)
<b>Total comprehensive income</b>		-	-	100,368,057	(14,874,816)	85,493,241
<b>Reduction of share premium</b>	29	-	(575,642,332)	-	-	(575,642,332)
<b>Balance at 30 December 2016</b>						
		130,391,904	784,948,220	(402,390,656)	(1,446,559)	511,502,909
Profit for the period		-	-	114,666,024	-	114,666,024
Other comprehensive income for the period		-	-	-	5,856,120	5,856,120
<b>Total comprehensive income</b>		-	-	114,666,024	5,856,120	120,522,143
<b>Reduction of share premium</b>	29	21,486,582	193,379,237	-	-	214,865,819
<b>Balance at 30 December 2017</b>						
		151,878,486	978,327,457	(287,724,632)	4,409,560	846,890,871

# Cintra Infrastructures SE

## Annual Report and Financial Statements 2017

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### Notes to the financial statements

For the year ended 30 December 2017

#### 1. General information

The Company is a private Company limited by shares and was incorporated under the Spanish Law on 8 June 2009 under the Company name of Cintra Infraestructuras, S.A., and was then registered as a European company on 30 July 2015, changing its name to Cintra Infraestructuras, S.E.

On 22 April 2016 the Company was incorporated in the United Kingdom under the Companies Act 2006 as an European Company and is registered in England and Wales. The address of the Company's registered office is shown on page 3.

The Company has tax office address in Spain, at Plaza Manuel Gomez Moreno 2 and N8267093F company tax identification number.

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 9.

These financial statements are presented in Euros because that is the currency of the primary economic environment in which the Company operates.

The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Ferrovial, S.A. The group accounts of Ferrovial, S.A. are available to the public and can be obtained as set out in note 37.

On 2016 the Company, as a result of his change in the registered office from Spain to the United Kingdom, changed the applying legislation from IFRS to apply Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

#### Adoption of new and revised Standards

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### Change in year end reference date

For the 2016 accounting period the Company changed its year reference date from 31 December 2016 to 30 December 2016. However the Company included all journal entries dated 31 December 2016 in the 2016 Financial Statements. The 2017 accounting period comprises from 30 December 2016 to 30 December 2017 and includes journal entries from 1 January 2017 to 31 December 2017.

#### 2. Significant accounting policies

##### Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, in the year ended 30 December 2016 the Company undertook transition from reporting under IFRSs adopted by the European Union to FRS 101 'Reduced Disclosure Framework'. Therefore, the first financial statements been prepared in accordance with FRS 101 were 2016. This transition did not have material effect on the financial statements.

On 22 April 2016, the Company transferred its registered office from Spain to the United Kingdom, and from that date the Companies Act 2016 applies, consequently, the directors decided to change to FRS 101, in line with the Companies Act as they have not changed their accounting standards in the period of five years preceding the first day of this financial year.

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

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#### 2. Significant accounting policies (continued)

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Ferrovial, S.A.

The financial statements have been prepared on the historical cost basis, except for the certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

#### Going concern

On the basis of the information available to them, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

#### Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

#### Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, provisions for impairment.

#### Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

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#### 2. Significant accounting policies (continued)

##### Foreign currencies

The financial statements are presented in euros, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

##### Borrowing costs

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

##### Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

##### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

## Cintra Infrastructures SE Annual Report and Financial Statements 2017

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### 2. Significant accounting policies (continued)

#### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### *Financial assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

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#### 2. Significant accounting policies (continued)

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

##### *Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition, it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

##### *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

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#### 2. Significant accounting policies (continued)

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### ***Reclassification of financial assets***

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

#### ***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.



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#### 2. Significant accounting policies (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

#### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

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#### 2. Significant accounting policies (continued)

##### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### *Derivative financial instruments*

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 23.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

##### *Embedded derivatives*

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

##### *Hedge accounting*

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 23 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in note 31.

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

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#### 2. Significant accounting policies (continued)

##### *Fair value hedges*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the profit and loss account relating to the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

##### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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## Cintra Infrastructures SE

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#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant.

##### **Impairment of investments in subsidiaries**

Determining whether the Company's investments in subsidiaries have been impaired is a key Judgement, which requires a key estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the reporting date was 911,566,514 euros with non impairment loss recognised in 2017 (note 8 and 17).

##### **SH-130 legal case**

In relation to SH-130 Concession company claim noted in the Strategic report and after the consideration made by the legal advisors, the Company believes that there are solid arguments to defend the interests of the Ferrovial Group companies, and that it is reasonable to consider that a dismissal of the claim can be achieved. As a result, the Company has not recognised any provision in relation to this matter.

##### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes, such as derivatives, etc. The Company has developed several procedures and IT tools to help the Company to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available.

##### **Impairment of receivables**

The Company is the sole partner of Cintra Inversora de Autopistas de Cataluña, S.L. (CINCA), a company that has an indirect holding of 76.28% over Autema. In addition, the Company has granted a loan to CINCA for 137 million euro. This loan is currently partially impaired and therefore covered by a provision of 41,621,482 euros (note 21). In the estimate of the recoverable value of the equity loan granted to Cintra Inversora Autopistas de Cataluña, S.L., a model that takes into consideration the entirety of the lifespan of the Autema concession was used, as this is a business with very distinct investment and growth phases, with there thus existing visibility to use a specific economic financial plan during the lifespan of the concession. Therefore, no residual values are estimated in this valuation. The forecasts used have been updated based on the historical evolution and specificities of the concession assets, using long-term modelling tools to estimate traffic, out of the ordinary maintenance, etc.

Impairment has been calculated as the difference between the book value of the loan granted and the current value of future cash flows that have been estimated will be received, discounting them at the effective interest rate calculated at the time of their initial recognition.

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#### 3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Specifically, at the end of the 2017 corporate year, the recoverable value of the loan granted was calculated as the greater of the fair value minus estimated sales costs or the value in use. In the model, a Ke constant discounting rate of 13,27% and a market premium of 6% are used.

#### 4. Revenues

An analysis of the Company's revenue is as follows:

€	2017	2016
Services with group companies	744,859	-
Dividends received from subsidiaries	9,193,267	36,595,827
Interest on loans with group companies	8,935,443	11,054,281
Other revenues with group companies	5,858,554	6,640,546
<b>Revenues</b>	<b>24,732,123</b>	<b>54,290,654</b>

2017 services correspond to the bidding projects of the highway I66 in the US:

€	2017	2016
Cintra Servios de Infraestructuras, S.A.	744,859	-
<b>Service to subsidiaries</b>	<b>744,859</b>	<b>-</b>

The detail of the dividends received during 2017 and 2016 is as follows:

€	2017	2016
Autoestrada do Algarve – Via do infante – Sociedade concessionária -, S.A. (Portugal)	2,063,995	12,609,985
Vialivre, S.A. (Portugal)	240,000	1,147,985
Auto-estradas Norte Litoral, S.A. (Portugal)	5,389,999	22,239,998
Algarve International Bv (Netherlands)	1,499,273	597,859
<b>Dividends received from subsidiaries</b>	<b>9,193,267</b>	<b>36,595,827</b>

Interest on loans with group companies, comprises all the finance incomes from loans to group companies;

€	2017	2016
Austopista del Sol, S.A (Spain)	139	-
Autopista Terrasa Manresa, S.A (Spain)	1,295	1
Cinsac, Ltd	94	-
Cintra Global Ltd (UK)	11,061	126
Cintra Internacional, S.L. (Spain)	1	37,837
Cintra Inversiones, S.L. (Spain)	45,679	56,642
Cintra Inversora de Autopistas de Cataluña, S.A. (Spain)	7,808,457	8,824,294
Cintra Servicios de Infraestructuras, S.A. (Spain)	11,188	2,893
Cintra US Services (USA)	-	408
Ferrofin, S.L. (Spain)	143,935	518,739
Ferrovial Aeropuertos Internacional, S.A. (Spain)	79	243
Ferrovial, S.A (Spain)	-	240,384
Serranopark, S.A. (Spain)	-	508,915
<b>Total Group Companies</b>	<b>8,021,928</b>	<b>10,190,482</b>
Autopista Madrid Sur, S.A. (Spain)	68,579	59,538
Inversora de Autopista Madrid Sur, S.L (Spain).	844,936	793,787
Autovía de la Almazora, S.A. (Spain)	-	10,474
<b>Total Associates Companies</b>	<b>913,515</b>	<b>863,799</b>
<b>Interest on loans with group companies</b>	<b>8,935,443</b>	<b>11,054,281</b>

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#### 4. Revenues (continued)

Other operating revenues include incomes for the guarantees that the Company contract for guarantying group company projects and are detailed below:

€	2017	2016
I77 Mobility partners (US)	3,462,679	3,571,846
Scot Roads Partnerships (UK)	51,116	67,252
Autopista del Sol, S.A (Spain)	225,419	179,718
Auto-estrada Norte Litoral, S.A (Portugal)	-	14,463
NTE M.P. SEGMENTS 3 (US)	1,167,053	2,057,416
Autovía de la plata, S.L. (Spain)	97,387	103,637
Zero Bypass Limited (Slovakia)	744,599	420,002
Serranopark, S.A (Spain)	9,036	9,036
MB M73 M74 Scotland Gantries (UK)	-	217,176
Autopista Alcalá O'Donnell, S.A. (Spain)	101,145	-
Cintra Serivios de Infraestructuras, S.A. (Spain)	65	-
Cintra Global, Ltd (Spain)	33	-
Cintra Inversiones, S.L. (Spain)	22	-
<b>Other Revenues Group Companies</b>	<b>5,858,554</b>	<b>6,640,546</b>

#### 5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's financial statements were 30,000 euros (2016: 30,000 euros).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company were nil (2016: nil).

#### 6. Personnel costs

The average monthly number of employees was:

	2017 Number	2016 Number
Graduates of higher and intermediate grade	3	4
Administrative	1	1
<b>Total Staff</b>	<b>4</b>	<b>5</b>

Their aggregate remuneration comprised:

€	2017	2016
Wages and salaries	(157,588)	(245,959)
Social security costs	(43,528)	(64,337)
Performance shares cost	-	1,160,999
<b>Total personnel cost</b>	<b>(201,116)</b>	<b>850,703</b>

## Cintra Infrastructures SE

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#### 7. Other operating expenses

The breakdown of other operating expenses for the 2016 and 2017 financial years is as follows:

€	2017	2016
Group companies' expenses	(2,986,999)	(944,072)
Third parties' expenses	(104,016)	(97,507)
Other taxes	(11,938)	(15,442)
<b>Total operating expenses</b>	<b>(3,102,952)</b>	<b>(1,057,021)</b>

The detail of the services provided by group companies is as follows:

Companies	2017	2016
Cintra Servicios de Infraestructuras, S.A. (Spain)	(2,556,976)	940,000
Cintra Servicios de Infraestructuras, S.A. Sucursal Portugal (Portugal)	(426,152)	-
Ferrovial, S.A. (Spain)	(3,871)	4,072
<b>Total group companies</b>	<b>(2,986,999)</b>	<b>(944,072)</b>

The group company expenses for the 2017 are mainly provided by Cintra Servicios de Infraestructuras, S.A. (and also in 2016).

Both, the third party expenses and the group company expenses correspond to legal, technical, financial, administrative and system services received by the Company as support for finalised project bidding, asset management of its investment portfolio and the administration of the Company itself.

#### 8. Impairment of investments

Impairment of investments from subsidiaries and associates for 2017 and 2016 are as follow:

€	2017	2016
Euroscut Azores, S.A. (Portugal)	-	(2,850,177)
Autostrada Poludnie, S.A. (Poland)	-	(17,602)
<b>Subsidiaries investments (impairment)</b>	<b>-</b>	<b>(2,867,779)</b>
Autovía de la Almazora, S.A. (Spain)	492,898	(12,300)
<b>Associated investments (impairment) / reversal</b>	<b>492,898</b>	<b>(12,300)</b>
<b>Total (impairment) / reversal</b>	<b>492,898</b>	<b>(2,880,079)</b>

More information is disclosed in note 17 and 18.

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#### 9. Provisions

Provisions for loans and other risk for 2017 and 2016 are as follows:

	2017	2016
Serranopark, S.A (Spain)	-	5,490,136
Cintra Inversora de autopistas de Cataluña, S.A. (Spain)	(10,348,458)	(17,264,293)
<b>Loans provisions group companies</b>	<b>(10,348,458)</b>	<b>(11,774,157)</b>
Autopistas Madrid-Sur, S.L (Spain)	(68,579)	(65,051)
Inversora Autopistas Madrid-Sur, S.L (Spain)	(844,939)	(800,350)
<b>Loans provisions Associates companies</b>	<b>(913,518)</b>	<b>-865,401</b>
Cintra Autopistas Integradas, S.A. (Spain)	-	6,200,000
Euroscut Azores, S.A. (Portugal)	-	2,850,177
<b>Other risk provisions Group companies</b>	<b>-</b>	<b>9,050,177</b>
<b>Total Provisions</b>	<b>(11,261,976)</b>	<b>(3,589,381)</b>

#### 10. Other provisions

The breakdown of the expenses related to tax provisions for the 2016 and 2017 financial years is as follows:

€	2017	2016
Other taxes (includes tax provisions)	4,546,677	(213,569)
<b>Total other provisions</b>	<b>4,546,677</b>	<b>(213,569)</b>

During 2017 the Company, after a favourable court sentence, has reversed a VAT provision for the period 2009-2013 of 5,371,409 euros and has recorded a VAT provision for the period 2017 of 824,372 euros (213,569 euros in 2016) (See note 26).

#### 11. Finance Incomes

Finance incomes for 2017 and 2016 are as follows:

€	2017	2016
Interest receivable	4,016	20,976
Bank deposits	1,100	56,768
Other loans and receivables	1	213
<b>Total finance income</b>	<b>5,117</b>	<b>77,957</b>



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#### 12. Finance costs

Finance cost for 2017 and 2016 are as follows:

€	2017	2016
Interest payable to group companies	(4,550,029)	(7,769,079)
Interest payable on other liabilities	(1,727,291)	(1,727,291)
Interest on guarantees	(3,446,020)	(5,033,106)
<b>Total interest payable</b>	<b>(9,723,339)</b>	<b>(14,529,476)</b>

“Interest payable on other liabilities” comprises the accrued interest from tax inspection deeds.

The interest guarantees contain costs invoiced by other group companies for 1,689,822 euros (and 2,476,669 euros in 2016) costs from third parties of 1,756,198 euros (2,556,437 euros in 2016). (See note 4 and note 32).

Detail of interest guarantees invoiced by group companies in 2017 and 2016:

€	2017	2016
Ferrovial, S.A.	1,689,822	2,205,395
Ferrovial Agroman, S.A.	-	271,274
<b>Total guarantees interest invoiced by group companies</b>	<b>1,689,822</b>	<b>2,476,669</b>

The “Interest payable to group companies” includes the finance costs company group borrowings (see note 25), the detail is as follows:

€	2017	2016
Cintra Inversora de Autopistas de Cataluña, S.L.U. (Spain)	724	2,556
Inversora de Autopistas de Cataluña, S.L.U. (Spain)	455	1,090
Autopista del Sol, S.A. (Spain)	202	12,445
Cintra Inversiones, S.L. (Spain)	4,157,170	7,636,328
Cintra Servicios de Infraestructuras, S.L. (Spain)	-	2,110
Cintra Autopistas Integradas, S.A. (Spain)	41	154
Laertida, S.L. (Spain)	-	-
Serranopark, S.A. (Spain)	-	41,211
Autopistas Alcalá O'Donnell, S.A. (Spain)	41	38
Cintra Internacional, S.L. (Spain)	53	-
Cintra Infraestructuras España, S.L. (Spain)	15	-
Autovia de la Plata, S.A. (Spain)	83,839	-
Cintra Global Ltd (UK)	193	43
Autoestrada do Algarve - Via do Infante - Sociedade Concessionaria (Portugal)	-	1
Cintra ITR LLC (USA)	-	271,259
Cintra US Services LLC (USA)	199	-
Cintra US LLC (USA)	-	659
Ferrovial, S.A. (Spain)	271,183	-200,860
Ferrovial Aeropuertos, S.A. (Spain)	84	257
Ferrovial Agroman, S.A. (Spain)	432	1,788
<b>Total group companies</b>	<b>4,514,631</b>	<b>7,769,079</b>
Autopista Madrid Sur, S.A. (Spain)	35,399	-
<b>Total associates companies</b>	<b>35,399</b>	<b>-</b>
<b>Total group companies and associates</b>	<b>4,550,029</b>	<b>7,769,079</b>

## Cintra Infrastructures SE

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#### 13. Exchange differences

€	2017	2016
Exchange differences	(214,543)	(1,852,678)
<b>Exchange differences</b>	<b>(214,543)</b>	<b>(1,852,678)</b>

The exchange differences are generated by bank balances, loans and suppliers in foreign currencies.

#### 14. Profit on sale of investments

€	2017	2016
Profit on sale of the investment	103,523,093	61,107,228

Profit from sales in 2017 of 103,523,093 euros was made up of the following items:

- Profit from the sale of Norte Litoral, 61,241,454 euros (see note 17)
- Profit from the sale of Algarve, 41,103,634 euros (see note 17)
- Profit from the sale of Algarve BV, 1,178,006 euros (see note 17)

Profit from sales in 2016 of 61,107,228 euros was made up of the following items:

- Profit from the sale of Ausol, 55,401,659 euros
- Profit from the sale of Bip&Drive 2,705,569 euros
- Reverse of the risk provision from the sale of Cintra Chile 3,000,000 euros

#### 15. Other gains and losses from derivatives results

€	2017	2016
(Loss) / gains arising on derivatives in a designated fair value hedge accounting relationship	(2,358,387)	11,841,398
Gains arising on non-hedge accounting derivatives	21,451,298	1,050,091
<b>Other Gains and losses from derivatives</b>	<b>19,092,911</b>	<b>12,891,489</b>

Losses arising on Exchange rates derivatives during 2017 has been 2,358,387 euros (2016 gains of 11,841,398 euros) mainly hedging dividends and foreign investments.

## Cintra Infrastructures SE

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#### 16. Tax

The Company files consolidated tax returns as part of the consolidated Spanish tax group headed by Ferrovial, S.A.

Corporation tax is calculated at 25% of the estimated taxable for the year.

Analysis of the charge in the year

€	2017	2016
Current Income tax	7,001,860	(16,102,885)
Deferred Income tax	(14,045,427)	11,351,908
Current tax adjustments of prior years	(8,187,903)	806,354
Deferred tax adjustments of prior years	2,009,678	(806,352)
Tax-rate change	-	87,152
Withholding tax other countries	(1,077)	(63,946)
<b>Total taxation tax</b>	<b>(13,222,869)</b>	<b>(4,727,769)</b>

The charge for the year can be reconciled to the profit in the income statement as follows:

€	2017	2016
<b>Profit before taxation</b>	<b>127,888,893</b>	<b>105,095,826</b>
<b>Profit on ordinary activities multiplied by standard rate of corporation tax</b>	<b>(31,972,223)</b>	<b>(26,273,957)</b>
<i>Adjusted for:</i>		
Incomes not taxable in determining taxable profit	28,302,315	25,138,308
Expenses not deductible for tax purposes	(3,373,658)	(3,615,327)
Adjustments of previous years	(6,178,226)	-
Tax-rate change	-	87,152
Withholding tax other countries	(1,077)	(63,945)
<b>Tax charge</b>	<b>(13,222,869)</b>	<b>(4,727,769)</b>

#### Reconciliation of accounting profit and taxable income/ (tax loss)

The reconciliation between accounting profit / (loss) and taxable income/ (tax loss) is as follows:

€	2017			2016		
	Increase	Decrease	Total	Increase	Decrease	Total
<b>Accounting profit for the year before tax</b>	-	-	<b>127,888,893</b>	-	-	<b>105,095,826</b>
Permanent differences	13,493,429	(113,209,259)	<b>(99,715,830)</b>	14,461,309	(100,553,232)	<b>(86,091,923)</b>
Temporary differences	10,348,458	(66,528,962)	<b>(56,180,504)</b>	62,843,268	(17,435,633)	<b>45,407,635</b>
<b>Tax base (taxable profit/(loss))</b>	-	-	<b>(28,007,441)</b>	-	-	<b>64,411,538</b>
<b>Current Income tax</b>	-	-	<b>7,001,860</b>	-	-	<b>(16,102,885)</b>

During 2017 the Company has made corporate tax payments in advance of 1,152,766 euros.

## Cintra Infrastructures SE

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#### 16. Taxes (continued)

During 2017 the permanent differences adjustments increases due to the reverse of the fiscal impairments (13,493,429 euros) and decreases due to dividends (-9,193,267 euros) and exempt sale of the Portugal concessions of (-103,523,093 euros).

Temporary differences are generated by the movements in the credits provisions (such like the provision increase of the credit to Cintra Inversora de Auopistas de Cataluña, S.A. for the amount of 10,348,458 euros) and the effective deductibility of the impairment in Inversora Madrid Sur, S.L. (66,528,962 euros).

In 2014, the Company opted to apply the tax regime established in articles 107 and 108 of Corporate Income Tax Law 27/2014, of 27 November (Ley del Impuesto sobre Sociedades, LIS). The application of said regime affects the taxation of possible dividends and gains obtained by the Company's shareholders. Taxable yet exempt income amounted to 9,193,267 euros in 2017, (36,595,827 euros in 2016). The information necessary for the application of this regime is detailed below.

€	2017	2016
Autoestrada do Algarve – Via do infante – Sociedade concessionária – , S.A. (Portugal)	2,063,995	12,609,985
Vialivre, S.A. (Portugal)	1,499,273	1,147,985
Auto-estradas Norte Litoral, S.A. (Portugal)	5,389,999	22,239,998
Algarve international Bv (Netherlands)	240,000	597,859
<b>Dividends received from subsidiaries</b>	<b>9,193,267</b>	<b>36,595,827</b>

In 2017, the Company did not distribute dividends against taxable yet exempt income.

In 2017, no taxes were paid abroad on account of dividend repatriation from an external source.

The next foreign capital gains have been obtained during 2017, and they could apply for exemptions included in article 21 of the Corporate Tax law (LIS).

€	2017
Autoestrada do Algarve – Via do infante – Sociedade concessionária – , S.A. (Portugal)	41,103,634
Autoestrada Norte Litoral, S.A. (Portugal)	61,241,454
Algarve international Bv (Netherlands)	1,178,006
<b>Capital gains from subsidiaries sales</b>	<b>103,523,094</b>

Under the new regime stated above, the Company must separate “taxable yet exempt reserves” generated from investments in the equity of non-resident operating companies (representing at least 5% of the capital of these companies or whose acquisition value was over 20 million euros) and of permanent establishments abroad, from the rest of reserves.

For the purposes of classification, the Company has used the following criterion:

During 2017, dividends received from non-resident companies for the amount of 9,193,267 euros were classified as taxable yet exempt reserves. The foreign capital gains obtained in 2017 for an amount of 103,523,094 euros have also been considered as taxable yet exempt reserves.

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

#### 16. Taxes (continued)

##### Details of deferred taxes during 2017 and 2016

Assets	2017	2016
Tax credits for deductions	11,521,849	3,994,541
Non-deductible accounting provisions	15,721,690	35,284,447
Forwards	-	482,186
<b>Final balance</b>	<b>27,243,539</b>	<b>39,761,174</b>
Liabilities	2017	2016
Forwards	1,469,854	-
Merger with Laertida, S.L. (accounting provision)	62,870,795	62,870,795
<b>Final balance</b>	<b>64,340,649</b>	<b>62,870,795</b>

##### Years open for review and tax audits

Under current legislation, taxes cannot be deemed definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year examination period has expired. The Tax authorities have a 10 years period to check and investigate the tax losses and tax deduction pendent to compensate

The Tax Agency notified on 19 July 2017, the initiation of inspection actions of the Corporate Tax for the 2012 periods to 2014 of Ferrovial, SA, as the dominant entity of the consolidated tax group. As of this date, the Company is not involved in said procedure, without prejudice to a subsequent extension of the inspection proceedings.

At 30 December 2017, the Company has the financial year 2012-2017 open to possible inspection. The Company's Directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, any liabilities that might arise would not have a material effect on the accompanying financial statements.

The Directors state that there are no significant contingencies of a tax nature at the close of the 2017 financial year, other than the ones described in note 32.

## Cintra Infrastructures SE

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#### 17. Investments in subsidiaries

The movement of investments in subsidiaries during 2017 and 2016 are as follows:

€	2017	2016
<b>Cost</b>		
At 1 January	893,667,005	1,408,458,521
Additions	214,865,819	50,279,328
Disposals	(113,385,493)	(565,070,844)
<b>At 30 December</b>	<b>995,147,331</b>	<b>893,667,005</b>
<b>Provisions for impairment</b>		
At 1 January	(83,580,817)	(109,140,180)
Written off	-	(2,867,779)
Written back	-	28,427,142
<b>At 30 December</b>	<b>(83,580,817)</b>	<b>(83,580,817)</b>
<b>Carrying amount</b>		
<b>At 1 January</b>	<b>810,086,188</b>	<b>1,299,318,341</b>
<b>At 30 December</b>	<b>911,566,514</b>	<b>810,086,188</b>

Note 38 includes details of all related undertakings and forms part of these financial statements.

Below are the transactions with regard to investments:

€	% 2017	2016	Additions	Disposals	2017
Cintra Inversora Autopistas de Cataluña, S.A (Spain)	100.00%	6,020	-	-	6,020
Auto-estrada Norte Litoral, S.A. - Sociedade Concessionaria, S.A (Portugal)	49.00%	83,088,190	-	(83,088,190)	-
Autoestrada do Algarve - Via do infante - Sociedade Concessionaria, S.A. (Portugal)	48.00%	29,683,443	-	(29,683,443)	-
Euroscut Açores, S.A. (Portugal)	89.20%	65,035,176	-	-	65,035,176
Via Livre, S.A. (Portugal)	84.04%	42,020	-	-	42,020
Algarve Internacional BV (Netherlands)	48.00%	613,860	-	(613,860)	-
Autostrada Poludnie, S.A. (Poland)	93.68%	19,081,017	-	-	19,081,017
Cintra UK I77 Ltd (UK)	100.00%	1,777,251	-	-	1,777,251
Ferrovial Holding US Corp (USA)	100.00%	694,340,028	214,865,819	-	909,205,847
<b>Total cost of investments in subsidiaries</b>		<b>893,667,005</b>	<b>214,865,819</b>	<b>(113,385,493)</b>	<b>995,147,331</b>

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#### 17. Investment in subsidiaries (continued)

The explanation of the movements during the 2017 financial year is as follows:

- With accounting effects as of 1 January 2017, the Company has acquired Webber equipment & materials, Llc for 214,865,819 euros (through allotment of 21,486,582 ordinary shares of €1 each at a total premium of 193,379,237 euros). Subsequently Cintra has sold to Ferrovial Holding US Corp its investment in Webber equipment & materials, Llc.
- On 21 April, the Company sold its 51% share in Auto-estrada Norte Litoral, S.A. - Sociedade Concessionaria, S.A. to DIF Infrastructure IV Cooperatief U.A. and to DIF participations 4 Luxembourg S.A.R.L for an amount of 103,616,431 euros. This sale has produced a profit in the Income Statement of 61,241,454 euros. After the sale, the remaining 49% investment has been transferred to investment in associates companies.
- On 26 September, the Company sold its 49% share in Autoestrada do Algarve - Via do infante - Sociedade Concessionaria, S.A. to DIF Infrastructure IV Cooperatief U.A. and to DIF participations 4 Luxembourg S.A.R.L for an amount of 56,099,909 euros. This sale has produced a profit in the Income Statement of 41,103,634 euros. After the sale, the remaining 48% investment has been transferred to investment in associates companies.
- On 26 September, the Company sold its 49% share in Algarve Internacional BV to DIF Infrastructure IV Cooperatief U.A. and to DIF participations 4 Luxembourg S.A.R.L for an amount of 1,488,132 euros. This sale has produced a profit in the Income Statement of 1,178,006 euros. After the sale, the remaining 48% investment has been transferred to investment in associates companies.

Below are the details of transactions with regards to portfolio provisions for the corporate year:

€	% 2017	2016	Additions	Disposals	2017
Cintra Inversora Autopistas de Cataluña, S.L. (Spain)	100.00%	(6,020)	-	-	(6,020)
Euroscut Açores, S.A. (Portugal)	89.20%	(65,035,176)	-	-	(65,035,176)
Autostrada Poludnie, S.A. (Poland)	93.68%	(18,539,621)	-	-	(18,539,621)
<b>Total impairment of investments in subsidiaries</b>		<b>(83,580,817)</b>	-	-	<b>(83,580,817)</b>

The Euroscut Açores motorway has been affected by various outside factors which have made it difficult for the project to generate sufficient cash flows to deal with the future payment of specific commitments. This has mainly been due to the fact that during the first and second year of Concession operation, the traffic recorded a decline of 32% and 34% respectively, in comparison with traffic planned in the bid, mainly due to the financial crisis.

As a result of the foregoing, on 26 June 2013 the Company started arbitration proceedings leading to the recognition of its right to financial compensation due to the unforeseeable decline in traffic compared to its bid, along with the Administration granting the concession's refusal to recognise it.

- a) 4.8 million euros for damages suffered in 2012 and 2013.
- b) the 45% difference between worst-case scenario planned traffic and actual traffic for the period between 1 January and 30 June 2014.
- c) the interest applicable to the amounts indicated in a) and b) above.

On 11 April 2017, the concessionaire received the compensation amount from the Government (7,135,550 euros), on 1 June 2017 the amount corresponding to the interest (955,954 euros).

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#### 18. Investment in associates

The movements for investments in associated companies during the 2017 and 2016 corporate year are the following:

€	2017	2016
<b>Cost</b>		
At 1 January	253,091,936	264,556,860
Additions	55,704,115	-
Disposals	-	(11,464,924)
At 30 December	308,796,051	253,091,936
<b>Provisions for impairment</b>		
At 1 January	(240,425,251)	(250,055,791)
Written off	-	(12,300)
Written back	492,898	9,642,840
At 30 December	(239,932,353)	(240,425,251)
<b>Carrying amount</b>		
At 1 January	12,666,685	14,501,069
At 30 December	68,863,698	12,666,685

Note 38 includes details of all related undertakings and forms part of these financial statements.

Transactions from the 2017 corporate year are the following:

	% 2017	2016	Additions	Disposals	2017
Auto-estrada Norte Litoral, S.A. (Portugal)	49.00%	-	40,713,213	-	40,713,213
Autoestrada do Algarve - Via do infante - Sociedade Concessionaria, S.A. (Portugal)	48.00%	-	14,687,168	-	14,687,168
Algarve Internacional BV (Netherlands)	48.00%	-	303,734	-	303,734
Autovia de la Plata, S.A (Benavente Zamora (A66)) (Spain)	23.75%	11,531,253	-	-	11,531,253
Autovia del Almanzora, S.A. (Spain)	20.00%	1,628,330	-	-	1,628,330
Inversora Autopistas de Levante, S.L (Spain)	51.84%	50,097,881	-	-	50,097,881
Inversora Autopista del Sur, S.L. (Spain)	55.00%	189,834,472	-	-	189,834,472
<b>Total cost of investments in associates</b>		253,091,936	55,704,115	-	<b>308,796,051</b>

During 2017 the Company has done the next provisions movements in its associated investments:

€	% 2017	2016	Disposals	2017
Autovia del Almanzora, S.A. (Spain)	23.75%	(492,898)	492,898	-
Inversora Autopistas de Levante, S.L (Spain)	51.84%	(50,097,881)	-	(50,097,881)
Inversora Autopista del Sur, S.L. (Spain)	55.00%	(189,834,472)	-	(189,834,472)
<b>Total Impairments of investments in associates</b>		(240,425,251)	492,898	(239,932,353)



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#### 18. Investment in associates (continued)

On 21 February 2018 SEITTSA, the government company that manage several motorway concessions, took control of the Motorways Autopista de Levante SL and Autopista del Sur, S.L., while the companies that were the owners of the concession will continue its liquidation process under the control of the Joint government administrators.

The investment in not operating motorways, as Autovía del Almanzora, S.A, are beeing valued for the invested amounts, for this reason the provision has been reverted.

The Company had during 2017 and 2016 the next commitments not disbursed in associated investments:

	%	2016	Disposals	2017
Autovia del Almanzora, S.A.	23.75%	(2,586,375)	-	(2,586,375)
<b>Total not disbursed of investments in associates</b>		<b>(2,586,375)</b>	<b>-</b>	<b>(2,586,375)</b>

#### 19. Other investments

The movements for the other investments during the 2017 corporate year are the following:

	2016	2017
Other	370	370
<b>Other Investments</b>	<b>370</b>	<b>370</b>

#### 20. Deferred Taxes

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

Deferred tax assets	2016	Movements	2017
Deferred asset tax for deductions	3,994,541	7,527,008	11,521,549
Impairment provisions non-deductible	35,284,447	(19,562,757)	15,721,690
Derivatives (forwards)	482,186	(482,186)	-
<b>Total</b>	<b>39,761,174</b>	<b>(12,517,935)</b>	<b>27,243,239</b>

Deferred tax liabilities	2016	Movements	2017
Derivatives (forwards)	-	1,469,854	1,469,854
Deferred tax - Merger with Laetida, S.L.	62,870,795	-	62,870,795
<b>Total</b>	<b>62,870,795</b>	<b>1,469,854</b>	<b>64,340,649</b>

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#### 20. Deferred Taxes (continued)

The deferred tax assets mentioned above have been recorded in the accompanying balance sheet as the Directors of the Company consider that, based on the best estimate of the Company's future results, these assets are likely to be recovered.

The main deferred tax asset balances correspond to (note 16):

- Deferred tax accounting provision of 15,721,690 euros, mainly due to loan losses to group companies.

During 2017, the impairment and credit provisions for Inversora Madrid Sur S.L. and Inversora Madrid Levante S.L. were reversed amounting to 19,137,135 euros due to the investment disposal and its provisions reversal. Also, the deferred tax for the provision of the credit to Cintra Inversora de Autopistas de Cataluña, S.L. has increased by 2,587,115 euros due to the increase of the provision.

- Tax credits for deductions, which have not yet been used by the Company, amounting to 11,521,549 euros.

During 2017, the derred credit tax for deductions has increased in 7,527,008 euros due to the Norte Litoral dividends.

As regards the balances of deferred tax liabilities, they correspond to (note 16):

- Tax provisions integrated into the Company after the merger with Laertida, S.L., for impairment of the investment in Cintra US Holding, which have been applied and which generate the corresponding deferred tax liabilities (62,870,795 euros).

The Company has the following credit taxes for losses and allowances unrecognised, the majority comes from the merger with Laertida in 2015.

#### *Unrecognised deferred tax assets*

Tax credits for tax losses		Period usable
2008	13,472,542	Do not expire
2009	21,053,404	Do not expire
2010	17,118,457	Do not expire
	<b>51,644,403</b>	
Tax credits for allowances		Period usable
2005	54,527,413	2020
2006	70,660,230	2021
2007	6,712,663	2022-2025
2008	2,153,761	2023-2026
2009	1,217,437	2024-2027
2010	2,764,469	2025-2028
	<b>138,035,973</b>	

## Cintra Infrastructures SE

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#### 21. Loans to related parties

The summary of debts to group and associated companies over the long and short term for the 2017 and 2016 corporate years is the following:

€	2017	2016
<b>Loans to related parties (non-current assets)</b>	<b>196,758</b>	<b>186,773</b>
Long-term loans	196,758	186,773
Impairment in long-term loans	-	-
<b>Loans to related parties (current assets)</b>	<b>129,750,380</b>	<b>373,482,423</b>
Short-term loans	185,830,565	177,108,593
Impairment in short-term loans	(60,885,288)	(49,623,312)
Current accounts with group companies	4,805,103	245,997,142
<b>Total debts to group companies</b>	<b>129,947,138</b>	<b>373,669,196</b>

#### a) Loans to group and associated companies

The net final balance of loans as of 30 December 2017 and 2016 is the following:

€	2017	2016
<b>Long-term loans</b>	<b>196,758</b>	<b>186,773</b>
Autovia del Almanzora, S.A.	196,758	186,773
<b>Short-term loans</b>	<b>124,945,280</b>	<b>127,485,281</b>
Cintra Inversora de Autopistas Cataluña S.L.	124,960,000	127,500,001
Current account Inversora Autopista Madrid Sur, S.A.	(14,720)	(14,720)
<b>Total credits</b>	<b>125,142,038</b>	<b>127,672,054</b>

The loan transactions before impairment with group and associated companies as of 30 December 2017 are the following:

	2016	Capitalization Interest	amortized cost	2017
<b>Long-term loans</b>	<b>186,773</b>	<b>4,589</b>	<b>5,395</b>	<b>196,758</b>
Autovia del Almanzora, S.A.	186,773	4,589	5,395	196,758
<b>Short-term loans</b>	<b>177,108,594</b>	<b>8,721,971</b>	<b>-</b>	<b>185,830,565</b>
Inversora de Autopista Madrid Levante S.L.	2,751,530	-	-	2,751,530
Inversora de Autopistas del Sur S.L. - 1	10,854,867	593,405	-	11,448,272
Inversora de Autopistas del Sur S.L. - 2	3,014,814	210,505	-	3,225,319
Inversora de Autopistas del Sur S.L. - 3	641,698	41,023	-	682,721
Autopista Madrid Sur S.L.	1,072,661	68,580	-	1,141,241
Cintra Inversora de Autopistas Cataluña S.L.	158,773,024	7,808,458	-	166,581,482
<b>Total credits</b>	<b>177,295,367</b>	<b>8,726,560</b>	<b>5,395</b>	<b>186,027,323</b>

## Cintra Infrastructures SE Annual Report and Financial Statements 2017

### 21. Loans to related parties (continued)

For loans that are partially or completely impaired, the impairment transactions for the 2017 corporate year are as follows:

	2016	(Allotment) / Reversal	2017
<b>Short-term loans</b>	<b>(49.623.312)</b>	<b>(11.261.976)</b>	<b>(60.885.288)</b>
Inversora de Autopista Madrid Levante, S.L.	(2.751.530)	-	(2.751.530)
Inversora de Autopistas del Sur, S.L. -1	(10.854.867)	(593.405)	(11.448.272)
Inversora de Autopistas del Sur, S.L. -2	(3.014.814)	(210.505)	(3.225.319)
Inversora de Autopistas del Sur, S.L. -3	(641.695)	(41.023)	(682.718)
Autopista Madrid Sur, S.L.	(1.072.662)	(68.580)	(1.141.242)
Cintra Inversora de Autopistas Cataluña S.L.	(31.273.024)	(10.348.463)	(41.621.487)
Cuenta corriente Inversora Autopista Madrid Sur, S.A.	(14.720)	-	(14.720)
<b>Total credits</b>	<b>(49.623.312)</b>	<b>(11.261.976)</b>	<b>(60.885.288)</b>

Interest transactions for the 2017 corporate year are as follows:

	2016	Accrual (*)	Collections	Retention	Capitalisation/ Amortised cost	2017
Autovia del Almanzora, S.A.	-	5.666	-	(1.077)	(4.589)	-
Inversora de Autopistas del Sur S.L. - 1	-	593.405	-	-	(593.405)	-
Inversora de Autopistas del Sur S.L. - 2	-	210.505	-	-	(210.505)	-
Inversora de Autopistas del Sur S.L. - 3	-	41.023	-	-	(41.023)	-
Autopista Madrid Sur, S.L.	-	68.580	-	-	(68.580)	-
Cintra Inversora de Autopistas Cataluña S.L.	-	7.808.458	-	-	(7.808.458)	-
<b>Total</b>	-	<b>8.727.637</b>	-	<b>(1.077)</b>	<b>(8.726.560)</b>	-

(\*) Accruals includes amortised cost

The conditions of loans are the following:

#### ➤ Almanzora, S.A.

- Type: Subordinated loan
- Date formalised: 1/06/2012
- Maturity date: 31/12/2018
- Balance: the balance as of 30/12/2017 is 196,757 euros.
- Interest rate: 6 month Euribor rate plus 3.5%
- Interest: interest accrued for 5,666 euros (11,062 euros including amortized cost), 4,589 euros of which have been capitalised minus the 19% retention.

#### ➤ Inversora Madrid Levante, S.L.

- Type: Subordinated equity loan
- Date formalised: 30/07/2004
- Maturity date: 4/12/2012 (date of the declaration of bankruptcy proceedings)
- Balance: the available balance as of 30/12/2017 is 2,751,530 euros
- Interest rate: 50% of excess cash flows
- Interest: no interest is currently accrued due to being involved in bankruptcy proceedings.
- Provision: This loan has been impaired as its borrower is undergoing voluntary bankruptcy and there are doubts with regards to its recoverability. Because of this, it is completely covered by a provision for 2,751,530 euros.

## Cintra Infrastructures SE

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#### 21. Loans to related parties (continued)

##### ➤ Inversora de Autopistas del Sur, S.L - 1

- Type: Subordinated loan
- Date formalised: 24/11/2009 (effective as of 27/01/2009)
- Maturity date: 04/10/2012 (date of the declaration of bankruptcy proceedings)
- Balance: the balance available as of 30/12/2017 is 11,448,272 euros, an amount which is greater than the limit due to the capitalisation of interest.
- Interest rate: 3 month Euribor plus 3% plus 2% interest for tardiness.
- Interest: interest accrued for 593,405 euros, which has been capitalised during the corporate year.
- Impairment: This loan has been completely impaired due to the fact that the borrower is undergoing voluntary bankruptcy proceedings and there exist doubts with respect to its recoverability. The amount of the provision is euros 11,448,272.

##### ➤ Inversora de Autopistas del Sur, S.L - 2

- Type: Subordinated loan
- Date formalised: 27/07/2011
- Maturity date: 04/10/2012 (date of the declaration of bankruptcy proceedings)
- Balance: the balance available as of 30/12/2017 is 3,225,319 euros, an amount which is greater than the limit due to the capitalisation of interest.
- Interest rate: 3 month Euribor plus 4.5% plus 2% interest for tardiness.
- Interest: 210,505 euros have been accrued, which have been capitalised during the corporate year.
- Impairment: This loan has been completely impaired due to the fact that the borrower is undergoing voluntary bankruptcy proceedings and there exist doubts with respect to its recoverability. The amount of the provision is 3,225,319 euros.

##### ➤ Inversora de Autopistas del Sur, S.L. - 3 / Autopista Madrid Sur, S.A

- Type: Subordinated loan granted to Inversora de Autopista del Sur, S.L. and to Autopista Madrid Sur, S.A.
- Date formalised: 15/9/2011
- Maturity date: 04/10/2012 (date of the declaration of bankruptcy proceedings)
- Balance: the balance available as of 30/12/2017 is 1,823,960 euros, because of which it is not available in its entirety.
- Interest rate: 3 month Euribor plus 4.5% plus 6.5% interest for tardiness.
- Interest: 109,603 euros have been accrued (41,023 euros Inversora de Autopista del Sur, S.L. and 68,580 euros Autopista Madrid Sur, S.A.), which have been capitalised during the corporate year.
- Impairment: This loan has been completely impaired due to the fact that the borrower is undergoing voluntary bankruptcy proceedings and there exist doubts with respect to its recoverability. Because of this, it is covered by a provision for 1,823,960 euros.

##### ➤ Cintra Inversora de Autopistas de Cataluña, S.L.U

- Type: Equity loan
- Date formalised: 7/5/2008
- Maturity date: 31/12/2018
- Balance: the balance available as of 30/12/2017 is 166,581,483 euros, an amount which is greater than the limit due to the capitalisation of interest.
- Interest rate: Fixed Rate: EURIBOR minus 1%; Variable rate: 40% of the financial earnings from the loan with Inversora de Autopistas de Cataluña. At the 1 year CAP Euribor plus 5%.
- Interest: 7,808,458 euros have been accrued, which have been capitalised during the corporate year.
- Impairment: This loan is currently partially impaired and therefore covered by a provision of 41,621,487 euros. In the estimate of the recoverable value of the equity loan granted to Cintra Inversora Autopistas de Cataluña, S.L., a model that takes into consideration the entirety of the lifespan of the Autema concession was used, as this is a business with very distinct investment and growth phases, with there thus existing visibility to use a specific economic financial plan during the lifespan of the concession. Therefore, no residual values are estimated in this valuation. The forecasts used have been updated based on the historical evolution and specificities of the concession assets, using long-term modelling tools to estimate traffic, out of the ordinary maintenance, etc.

## Cintra Infrastructures SE

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#### 21. Loans to related parties (continued)

Impairment has been calculated as the difference between the book value of the loan granted and the current value of future cash flows that have been estimated will be received, discounting them at the effective interest rate calculated at the time of their initial recognition.

Specifically, at the end of the 2017 corporate year, the recoverable value of the loan granted was calculated as the greater of the fair value minus estimated sales costs or the value in use. In the model, a Ke constant discounting rate of 13,27% and a market premium of 6% are used.

The impairment test considers the scenario in which the dispute in which the Company Autopista Terrassa-Manresa is involved is resolved in favour of the Company based on an external judgement from legal advisers that states that there exist solid arguments to sustain that the publication of the new Decree implies an excess of jurisdiction with respect to the legal authority to modify the concession regime by the government granting the concession.

The details of the Court proceedings regarding Decree 161/2015 expanded with Decree 337/2016 modifying the foregoing: In January 2015, the Generalitat de Catalunya notified Autema of its intention to modify the project's concession system, established pursuant to Decree 137/1999, changing from a system where the Generalitat undertakes to pay the concessionaire company the difference between the tolls levied and the operating surplus fixed in the Economic & Financial Plan, to a system where the concessionaire's payment will depend on the number of infrastructure users, with the Generalitat subsidising the toll portion paid by the user. On 14 July 2015, the Generalitat de Catalunya officially published Decree 161/2015 which contains the modification to the motorway concession contract. The Company believes that there are very strong arguments to conclude that the Administration, on ruling on Decree 161/2015, has very clearly exceeded its limits of authority for modifying contracts, which led to this Decree being appealed before the Catalonia High Court of Justice. After Autema established its appeal on 21 October 2016 following the end of the financial year, on 21 March 2017 Autema was notified that the Generalitat de Catalunya and the Consell Comarcal del Bages, a local authority which appeared as a co-defendant in the proceedings, had responded to the appeal.

Furthermore, it should be noted that on 31 December 2016, the Generalitat de Catalunya's published its Decree 337/2016 in the Official Gazette, which modifies Decree 161/2015 and extends the discount system. Given the connection between both decrees, on 23 February 2017 the Company presented an appeal to extend the proceedings covering Decree 161/2015 to this new Decree and the Catalonia HCJ agreed to this extension.

#### b) Current accounts with group and associated companies

As of 30 December 2017, and 30 December 2016, this balance is the following:

	2017	2016
Autopista Terrassa Manresa, S.A. (Spain)	1,354	-
Autopista del Sol, S.A. (Spain)	45,073	-
Ferrovial Aeropuertos Internacional, S.L. (Spain)	-	86
Cintra Servicios Infraestructuras, S.A. (Spain)	3,331,114	14,429
Autoestrada do Algarve - Via do Infante - Sociedade Concessionaria (Portugal)	9	9
Auto-estradas Norte Litoral, S.A. (Portugal)	297	297
Euralink Motorway (Ireland)	7,782	7,782
Skyway Concession Company (USA)	27,908	27,908
Cintra Texas Corp (USA)	1,727	1,726
Ferrovial Aeropuertos Internacional, S.L. (Spain)	86,812	-
Ferrovial S.A. (Spain)	1,295,631	-
Ferrovial, S.A. (Spain)	-	245,798,278
<b>Total Group Companies</b>	<b>4,797,709</b>	<b>245,850,515</b>
Inversora Madrid Sur (Spain)	1,768	516
Autopista Madrid Levante S.A. (Spain)	2,904	2,973
Inversora de Autopista Madrid Levante, S.L. (Spain)	2,719	1,908
Autopista Madrid Sur, S.A. (Spain)	3	54,500
<b>Total Associates Companies</b>	<b>7,394</b>	<b>59,897</b>
<b>Total Current Accounts</b>	<b>4,805,103</b>	<b>245,910,326</b>

The current accounts with group and associated companies were bearing interest at market interest rate and had no fixed repayment date.

## Cintra Infrastructures SE

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#### 22. Trade and other receivables

€	2017	2016
Amounts owed by group companies (Clients)	2,216,340	1,697,422
Other receivables	14,716,819	3,798,841
VAT	3,956,856	3,748,970
Corporate Tax (foreign withholding tax)	4,908,866	47,790
Others	2,003	2,081
Prepayments and accrued income	440,042	13,097
<b>Included in current assets</b>	<b>11,524,107</b>	<b>5,509,360</b>
<b>Included in non-current assets</b>	<b>-</b>	<b>-</b>
<b>Total trade and other receivables</b>	<b>11,524,107</b>	<b>5,509,360</b>

The VAT receivable is made up of refunds due by the Spanish Tax Authority in relation to the years 2009, 2010, 2011 and 2012.

The Foreign withholding tax is made up to of the corporate tax payments on accounts for the Portuguese sold companies, and it will be recovered during 2018.

Below are the details of Group Company Clients for the years 2017 and 2016:

€	2017	2016
Cintra Servicios de Infraestructuras, S.A. (Spain)	907,773	-
Autopista Terrasa-Manresa, S.A. (Spain)	-	15,140
Autopista del Sol, S.A. (Spain)	405,137	620,807
Serranopark, S.A. (Spain)	13,542	0
Cintra Inversiones, S.L. (Spain)	22	420,002
407 EAST Delopment Group (Canada)	-	-
OM&R 407 East Development GP (Canada)	52,453	153,194
Auto-Estradas Norte Litoral, S.A. (Portugal)	-	52,453
Sucursal Portugal, S.A. (Portugal)	-	9,036
Cintra US Services, LLC (USA)	2,597	14,463
LBJ Infrastructure LLC (USA)	-	179,718
NTE 3S LLC (USA)	55,661	-
I-77 Mobility Partners LLC (USA)	548,914	-
Cintra Global Holding, LTD (UK)	33	-
Zero Bypass Limited (Slovakia)	-	2,597
Ferrovial, S.A. (Spain)	-87,859	43,148
Ferrovial Corporación, S.A. (Spain)	7,513	18,150
Ferrovial Aeropuertos, S.A. (Spain)	43,148	226,288
Ferrovial Agromán, S.A. (Spain)	226,288	7,513
Ferrovial Agromán Ireland (Ireland)	18,150	-87,859
Cintra Development Australia PTY (Australia)	196	-
<b>Total Group Companies Clients</b>	<b>2,193,568</b>	<b>1,674,650</b>
Scot Roads Partnership Project Ltd (UK)	22,772	22,772
Autopista Madrid Sur, S.A. (Spain)	-	-
<b>Total Associates Companies Clients</b>	<b>22,772</b>	<b>22,772</b>
<b>Total Companies Clients</b>	<b>2,216,340</b>	<b>1,697,422</b>

This balances are secure, with no special commitments and no bad or doubt debts recognised.

## Cintra Infraestructures SE

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#### 23. Derivative financial instruments

The details of derivatives with respect to the nature of the contract:

€	2017	2016
<b>Derivatives that are designated and effective as hedging instruments carried at fair value</b>		
Forward foreign currency contracts	(311,378)	(527,181)
<b>Financial assets carried at fair value through profit or loss (FVTPL)</b>		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Foreign currency options	8,097,311	(3,275,358)
Deliverable Forward	-	322,361
	<b>7,785,933</b>	<b>(3,480,178)</b>

The derivatives that are designated and effective as hedging instruments carried at fair value are euro/canadian dollars forwards with a short term expiration.

The financial assets carried at fair value through profit or loss are foreign currency options also to cover the group exposure to the exchange rate risk of euro-canadian dollar.

#### 24. Trade and other payables

€	2017	2016
Trade payables	37,567	12,106
Amounts owed to group companies (suppliers)	9,470,918	4,285,066
Corporate Tax (consolidated tax returns, anticipated refunds)	-	6,372,425
Other taxation and social security	8,626	33,454
Other payables	16,057	20,384
<b>Total</b>	<b>9,533,168</b>	<b>10,725,243</b>

Transactions carried out between group companies are due to services received as support for tendering, support for the management of assets and the costs of providing guarantees for different projects.

Below are the details of group company suppliers for the years 2017 and 2016:

€	2017	2016
Cintra Servicios de Infraestructuras, S.L. (Spain)	3,128,834	34,893
Autopista Alcalá O'Donnell, S.A. (Spain)	620	620
Cintra Servicios de Infraestructuras, S.A. Sucursal Portugal	426,152	-
Amey Ventures LTD (UK)	9,316	9,316
Ferrovial, S.A. (Spain)	5,030,681	3,336,254
Ferrovial Corporación, S.A. (Spain)	353,596	353,596
Ferrovial Aeropuertos, S.A. (Spain)	19,019	19,019
Ferrovial Agromán, S.A. (Spain)	519,048	519,048
Ferrovial Internacional, S.L.U. (Spain)	11,685	11,686
<b>Total Group Companies</b>	<b>9,498,953</b>	<b>4,284,432</b>
Intervial Chile, S.A. (Chile)	542	542
<b>Total Associated</b>	<b>542</b>	<b>542</b>
<b>Exchange rate differences</b>	<b>-28,577</b>	<b>92</b>
<b>Total group and associated companies' suppliers</b>	<b>9,470,918</b>	<b>4,285,066</b>

This balances are secure, with no special commitments and no bad or doubtful debts recognised.



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#### 25. Borrowings

This note refers to both the loans received from group and associated companies as well as the current accounts that the Company maintains with group and associated companies.

Company	Balance at 30/12/2016	Transfers	Dispositions	Repayments	Amortised cost	Capitalisations	Balance at 30/12/2017
Cintra Inversiones, S.L.1	217,871,148	268,282,807	193,231	(374,729,568)	20,911	4,134,970	115,773,499
Autovía de la plata	2,750,000	-	3,357,149	-	(8,604)	37,216	6,135,761
<b>Drawn down and long-term int.</b>	<b>220,621,148</b>	<b>268,282,807</b>	<b>3,550,380</b>	<b>(374,729,568)</b>	<b>12,307</b>	<b>4,172,186</b>	<b>121,909,260</b>
Cintra Inversiones, S.L.2	268,282,807	(268,282,807)	-	-	-	-	-
Current accounts	55,358,201	-	-	(26,640,720)	-	-	28,717,481
<b>Drawn down and short-term int.</b>	<b>323,641,008</b>	<b>(268,282,807)</b>	<b>-</b>	<b>(26,640,720)</b>	<b>-</b>	<b>-</b>	<b>28,717,481</b>
<b>Total Loans EG</b>	<b>544,262,156</b>	<b>-</b>	<b>3,550,380</b>	<b>(401,370,288)</b>	<b>12,307</b>	<b>4,172,186</b>	<b>150,626,741</b>

The detail of interest flows corresponding to 2017 is as follows:

Company	Balance at 30/12/2016	Expenses	Capitalisation	Withholdings	Payment of interest	Balance at 30/12/2017
Cintra Inversiones, S.L.	-	4,134,970	(4,134,970)	-	-	-
Autovía de la plata	1,808	92,443	(37,216)	(8,728)	-	48,307
<b>Drawn down and short-term int. total</b>	<b>1,808</b>	<b>4,227,413</b>	<b>(4,172,186)</b>	<b>(8,728)</b>	<b>-</b>	<b>48,307</b>

#### a) Loans received from Group companies

The details of loan conditions are as follows:

##### ➤ Cintra Inversiones, S.L. -1

- **Type:** Line of Credit
- **Formalisation date:** 31/12/2011
- **Maturity date:** 31/12/2019
- **Balance:** the balance drawn down at 30/12/2017 is 115,773,499. The nominal amount is 115,332,161 euros, and the balance of amortised cost 441,288. The current limit of the loan is 150,000,000 euros
- **Interest Rate:** interest fixed by the Ferrovial, S.A. Economic and Financial Department (last interest rate applied 1.38%)
- **Interest:** interest has been accrued for 4,134,970 euros and it has been fully capitalised.
- **Repayments:** During 2017, 374,729,568 euros have been repaid.
- **Transfers:** Short-term credit has been transferred to the long-term facility.

##### ➤ Autovía de la Plata

- **Type:** Loan
- **Formalisation date:** 19/12/2016
- **Maturity date:** 31/12/2037
- **Balance:** the balance drawn down at 30/12/2017 is 6,135,761 euros. The current limit of the loan is 6,481,435 with the draw down made on January 2018
- **Dispositions:** During 2017 there have been withdrawals for a total amount of 3,357,149 euros.
- **Interest Rate:** 2% fixed interest rate.

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#### b) Current accounts with Group and Associated companies

The balance of the current accounts is as follows at 30 December 2017 and 2016:

€	Balance 30/12/2017	Balance 30/12/2016
Autopista Alcalá-O'Donnell (Spain)	400	-
Cintra Infraestructuras España, S.L. (Spain)	110,819	-
Cintra Infraestructuras Internacional, S.L.	394,692	-
Cintra Servicios Infraestructuras, S.L. (Spain)	14,429	14,429
Cintra Autopistas Integradas S.A.U. (Spain)	281,069	-
Cintra Inversiones, S.L. (Spain)	9,375,886	-
Cintra Global Ltd (UK)	193	-
Autoestrada do Algarve - Via do Infante - Sociedade Concessionária,	9	9
Auto-estradas Norte Litoral, S.A. (Portugal)	297	297
Cintra Sucursal Portugal (Portugal)	-	-
Eurolink Motorway (Ireland)	7,782	8
Skyway Concession Company (USA)	27,908	28
Cintra US Services LLC (USA)	199	-
Cintra Texas Corp (USA)	1,726	2
Ferrovial, S.A. (Spain)	18,501,855	54,942,075
Ferrovial Agromán, S.A. (Spain)	214	364
<b>Total Group Companies</b>	<b>28,717,478</b>	<b>55,358,201</b>
Autopista Madrid Sur, S.A. (Spain)	3	-
<b>Total Associated Companies</b>	<b>3</b>	<b>-</b>
<b>Total Current Accounts</b>	<b>28,717,481</b>	<b>55,358,201</b>

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#### 26. Provisions

Item	31/12/2016	Provisions	Reversals/ Applications	31/12/2017
Tax provision	80,488,814	1,722,571	(5,371,409)	76,839,976
Provision for liabilities	14,950,000	-	-	14,950,000
<b>Long-term provisions</b>	<b>95,438,814</b>	<b>1,722,571</b>	<b>(5,371,409)</b>	<b>91,789,976</b>

Tax provision of 76,839,976 euros includes a provision for the Inspection Act on Corporate Income Tax for the years 2003-2005 amounting to 74,013,197 euros (2016: 72,243,413 euros) and a provision for 2009 to 2016 VAT for amount of 2,826,778 euros (2016: 8,245,401 euros).

The Company, on 19 February 2010, requested the suspension of the Corporate Tax Act with the provision of guarantees to the Unit of the Regional Inspectorate of Madrid, using this verification report through an Administrative Economic Claim which is expected to Resolution in the long term. As a result of this claim, bank guarantees have been formalized in the name of Ferrovial, S.A. As taxable person, amounting to 58,690,914 euros plus interest for late payment resulting in the suspension, as well as any surcharges that may be incurred. On 24 May 2010, the sanction resolution was confirmed for an amount of 11,315,981 euros, which the Company appealed and was rectified in 2015 to 7,308,006 euros, since the claim to the penalty has been partially estimated.

The provision for the 2003-2005 Corporate Income Tax Inspection Act of 74,013,197 euros is made up of tax installment of 45,329,927 euros, interests of 21,328,049 euros and a fine of 7,308,006 euros.

The VAT provision of 2,826,778 euros includes the appealed minutes for the years 2009-2011 and its interest for late payment. During 2017 Cintra has reverted provision for the years 2009-2013 of 5,371,409 euros.

The Tax provision has decreased in 2017 by 3,648,838 euros, mainly due to the reverse of the VAT provisions of 5,371,409 euros and to an increase of 1,722,571 euros of the interest accrued on the Corporation Tax Inspection claim.

On the other hand, the provision for liabilities has no changes, and it continues to be 14,950,000 euros for possible claims of the Autopista Madrid Sur project.

#### 27. Equity

€	2017	2016
Share Capital	151,878,486	130,391,904
Share Premium Account	978,327,457	784,948,220
Profit and loss reserve	470,083,130	355,417,107
Profit and loss reserve from 2015 Laertida Merger	(757,807,762)	(757,807,763)
Cash flow hedge reserve	4,409,560	(1,446,559)
<b>Total</b>	<b>846,890,871</b>	<b>511,502,909</b>

During 2016, the company was incorporated in the United Kingdom under the Companies Act 2006, the Legal reserves accumulated under the Spanish law have been netted with the profit and loss reserve in order to comply with the Companies Act 2006.

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### 28. Share capital

€	Total
<b>Balance at 31 January 2015</b>	<b>130,391,904</b>
Share capital increase	—
<b>Balance at 30 December 2016</b>	<b>130,391,904</b>
Share capital increase	21,486,582
<b>Balance at 30 December 2017</b>	<b>151,878,486</b>

	<b>2017</b>
<b>Authorised:</b>	
In 2017 151,878,486 ordinary shares of 1 € each	151,878,486
<b>Issued and fully paid:</b>	
In 2017 151,878,486 ordinary shares of 1 € each	151,878,486

The Company has one class of ordinary shares which carry no right to fixed income.

The Company is not listed on the Stock Exchange and its sole member is Ferrovial International Ltd.

The share capital has been increased during 2017 in 21,486,582 shares of 1 euro each.

The capital at 30 December 2017 is represented by 151,878,486 shares, represented by registered, equal, accumulable and indivisible securities and with a nominal value of one euro each.

### 29. Share premium account

€	Total
<b>Balance at 31 December 2015</b>	<b>1,360,590,552</b>
Reduction of Premium Account	(575,642,332)
<b>Balance at 30 December 2016</b>	<b>784,948,220</b>
Premium arising on issue of equity shares	193,379,237
<b>Balance at 30 December 2017</b>	<b>978,327,457</b>

Cintra's shareholder increased its share premium in 193,379,237 euros on September 2017 with economics effects 1 January 2017 to attend the described transaction in Ferrovial Holdings US in the note of 17.

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#### 30. Retained earnings

€	Total
<b>Balance at 1 January 2016</b>	<b>(502,758,713)</b>
Profit for the year 2016	100,368,057
<b>Balance at 30 December 2016</b>	<b>(402,390,656)</b>
Profit for the year 2017	114,666,024
<b>Balance at 30 December 2017</b>	<b>(287,724,632)</b>

#### 31. Cash flow hedge reserve

€	Total
<b>Balance at 1 January 2016</b>	<b>13.428.257</b>
Foreign currency forward contracts	-19.833.089
Income tax related to gains/(losses) recognised in other comprehensive income	4.958.273
<b>Balance at 30 December 2016</b>	<b>-1.446.559</b>
Foreign currency forward contracts	7.808.159
Income tax related to gains/(losses) recognised in other comprehensive income	-1.952.040
<b>Balance at 30 December 2017</b>	<b>4.409.560</b>

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the income statement, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

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#### 32. Contingent liabilities

The financial risks to which the Company is exposed include those derived from the guarantees and bonds required in order for the Company to undertake its activities.

##### a) Letter of credits

Cintra is secured with third parties to cover potential risks and to guarantee compliance with specific contractual obligations.

Formalisation of the bond can take place, either with its own lines, essentially to guarantee its own portfolio projects, or otherwise to guarantee projects of other companies in the Ferrovial Group, and in some cases, it has underwritten insurance policies.

The Company also has bonds made available corresponding to lines from other companies in the Ferrovial Group.

The bonds at 30 December 2017 and 2016 where the lines are owned by Cintra can be classified by purpose as follows:

Concept	Type	Guarantor	2017	2016
Operation 407 EAST	T	Santander	-	562,204
Capital contributions 407 EAST	E	ING	-	2,964,398
407 East Operation and Maintenance Contingent Equity	E	BBVA	9,840,178	10,446,548
Aportaciones Deuda Subordinada MB	E	ING	-	9,108,776
Construction, conservation y operation M-203	T	Santander	6,180,970	6,180,970
Process TSJ Madrid M-203	E	Bankia	-	180
Operation Serranopark	T	Bankia	1,101,955	1,101,955
Equity NTE SG3	E	ING	26,214,717	40,984,808
Equity NTE SG3	E	Deutsche Bank	-	8,885,282
Equity NTE SG3	E	BBVA Compass Bank	-	11,239,932
Equity I-77	E	BBVA Compass Bank	29,108,225	33,179,016
Act VAT 2011	E	Banco Popular	2,200,967	2,319,217
Contingent Equity Ausol	E	BBVA	34,154,457	34,154,457
Equity D4R7	E	Barclays	-	40,235,738
Equity D4R7	E	ING	31,294,463	-
Fiscal appeal Portuguese treasury	E	Popular	2,275,450	2,275,450
Construction, conservation y operation A-66	T	Popular	3,339,237	3,339,237
Equity I-66	E	ING	103,976,044	-
Equity I-66	E	Deutsche Bank	36,599,568	-
Administrative issues	E	BBVA	136,771	145,489
Administrative issues	E	Popular	80,400	24
Administrative issues	E	Barclays	39,114	41,186
<b>Total Third parties</b>			<b>286,462,920</b>	<b>207,164,867</b>
Capital Contribution I-66	E	Ferrovial, S.A.	505,314,309	-
Capital Contribution NTE SG3	E	Ferrovial, S.A.	-	11,237,021
Capital Contribution OSars	E	Ferrovial, S.A.	30,465,729	0
Capital Contribution & contingent capital Blackbird	E	Ferrovial, S.A.	15,784,820	16,757,510
Capital Contribution I-77	E	Ferrovial, S.A.	134,231,189	143,608,379
Tender Offer I-70	T	Ferrovial, S.A.	8,318,084	-
Corporate tax Cintra 2003-2005	E	Ferrovial, S.A. / F. Agromán / Ferrovial Servicios / Ferroses Infraestructuras	57,419,039	57,419,039
<b>Total Group Companies</b>			<b>751,533,170</b>	<b>229,021,949</b>
<b>Total</b>			<b>1,037,996,090</b>	<b>436,186,816</b>

T: Technical; E: Economic

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#### 32. Contingent liabilities (continued)

The costs incurred in the 2017 financial year for available letter of credit on its own lines was 1,561,401 euros, those for the 2016 year amounted to 2,605,544 euros, with the average rates applied for economic bonds for concessions and others at 0.84% for 2017 and 1.27% for 2016 and for technical bonds for tenders and concessions at 0.60% in 2017 and 0.60% in 2016.

The costs incurred as a result of bonds on behalf of other Group companies are invoiced in compliance with the terms agreed in each case, and have led to a cost in the 2017 financial year of 1,689,817 euros. This cost was 2,476,669 euros in 2016.

The letters of credit were presented for the payment of fees and fulfilment of obligations in accordance with the terms established in the various concession contracts of investee companies, amounting to 978,199,395 euros in 2017 and 380,035,360 euros in 2016. These bonds serve to guarantee subsequent processes in the construction and operation of the concession-holding companies.

Finally, there are other bonds of different types, with the most relevant being those established by the Inspection Report for 59,795,891 euros, the same as 2016.

The Company is of the opinion that any liabilities not foreseen at 31 December 2017 and which could be based on the guarantees presented, should these occur, would not be significant. Except those which are provisioned, Cintra 2003-2005 Corporation Tax Inspection Report, 2011 VAT report (Note 26).

In addition to the bonds, the Company also holds insurance policies to deal with potential risks and to guarantee its obligations.

#### b) Guarantees

Cintra has a series of guarantees corresponding to its investment in projects, the most relevant of which at 31 December 2017 are detailed below:

Project	Purpose	2017	2016
Auto-Estradas Norte Litoral, S.A.	Limited guarantee to cover expropriation additional costs (1)	962,234	1,917,829
407 East Extension	Contingent capital to possibly cover a cash deficit for O&M and Renovation	11,377,804	12,078,926
Blackbird	Contingent capital to possibly cover a cash deficit for O&M and Renovation	6,009,318	2,400,145
R4 Madrid Sur	Concession termination guarantee	14,950,000	14,950,000
Serrano Park	Guarantee to anticipated repayment loan under novation loan model	2,309,530	2,309,530
Serranopark	Contingent Capital contribution additional cost building modification	2,800,000	4,900,000
<b>Total</b>		<b>38,408,886</b>	<b>38,556,430</b>

1 The current estimate is that the contingency will disappear in the year 2016. Subject to court rulings.

#### c) SH-130 post year end litigation

Post year end litigation in relation to SH-130 has been disclosed within the Strategic Report and as a post year-end balance sheet event affecting the financial statements (Note 34).

### 33. Laertida Merger 2015

During fiscal year 2015, the company continued with the corporate restructuring process of the Ferrovial Group and carried out the merger by absorption of its wholly owned subsidiary Laertida S.L., head of its business in the United States. The accounting date of the merger had been 1 January 2015.

The merger in 2015 led to a decline in the Company's assets of 465 million euros, an increase in liabilities of 287 million euros and a decrease in shareholders' equity of 752 million euros (758 million euros corresponding to equity and 5 million euros corresponding to the changes due to changes in value).

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#### 34. Events after the balance sheet date

On 1 March 2018, the company SH-130 Concession Company, LLC filed a complaint with the United States Bankruptcy Court Western District of Texas against Cintra Infraestructuras, SE, Ferrovial Agroman, S.A., Ferrovial, S.A. and other subsidiaries of the Ferrovial group, as well as against the partner in the project related to the SH-130 toll road.

Until 28 June 2017, when it emerged from a voluntary petition for relief under Chapter 11 (submitted on the 2 March 2016) and transferred to its current owners, SH-130 Concession Company LLC was 65 % owned by Cintra TX 56 LLC.

This complaint is based on the fact that part of the payments made by the concession company to the construction company in 2011 and 2012, during the design and construction stage of the toll road, were allegedly made in the creditor's fraud, as, in the plaintiff's view, it was known that (i) the works were being executed incorrectly and therefore their payment did not proceed, and (ii) the concession company was insolvent. Cintra Infraestructuras, SE, Ferrovial Agroman, S.A, Ferrovial, S.A. and other companies of the group are also accused of benefitting from such allegedly fraudulent payments being aware of that situation.

The complaint requires the return of these payments, amounting to 329 million dollars.

Likewise, the complaint also accuses Cintra Infraestructuras, SE and other companies of the group of causing SH-130 Concession Company, LLC to make such transfers, and doing that, breaching "fiduciary duties" that should be fulfilled according to the commercial legislation of the State of Delaware, and that they aided and abetted to breach them.

The analysis made to this date by the legal advisors allows concluding that there are solid arguments to defend the interests of Cintra Infraestructuras SE and that it is reasonable to consider that a dismissal of the causes of action exercised in the complaint can be achieved. To that end Cintra Infraestructuras SE have filed motions to dismiss the complaint on various grounds, which are currently set for hearing before the Court on August 9, 2018. It is reasonable to expect a ruling on those motions sometime thereafter.

On 29 May 2018 the Company has sold and transferred its loan in its subsidiary Cintra Inversora de Autopistas de Cataluña, S.L. to Cintra Infraestructuras España, S.L. for an amount of 125.000.000 euros.

Bankruptcy processes of Inversora Autopistas Sur, S.L. (Radial 4) and Inversora de Autopista Madrid Levante, S.L. (AP36), have come to an end at the beginning of 2018 and both motorway concessions have reverted to the Local Administrations.

#### 35. Related party transactions

The main balances for the 2017 and 2016 financial years between the Company and its shareholder and group of companies are detailed under Notes 17 and 18, loans and items receivable, debts and items payable under Notes 21, 22, 24 and 25 and the revenue and expenses incurred during the financial year in Note 4 and 7.

##### Remuneration of the Board of Directors and Members of the Executive Management Committee

###### Remuneration of Directors

The Board of Directors is made up of four people, all male, the same as in 2016.

The Company's Board of Directors have not received remuneration for their duties during 2017 or 2016.

During the 2017 financial year there were no life insurance or medical assistance insurance policies given to members of the Board of Directors, nor in 2016.

On 30 December 2017, there were no loans granted to members of the Board of Directors pending repayment, nor in 2016.

###### Remuneration of Executive Management

The Company does not hold any executive management contract with its staff, and additionally during the financial year ending 31 December 2017 it had no staff in the Company which could be classified as executive management.



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#### **35. Related party transactions (continued)**

During the 2017 financial year, the Company's management work was carried out through a service contract provided by its parent company Ferrovial S.A., through Cintra Servicios. Having paid the sum of 367,130 euros for these services in 2017 and 395,000 euros in 2017, these figures also include the cost of services provided by members of the Board of Directors who are part of the company's Executive Management Committee.

#### **36. Controlling party**

In the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is Ferrovial, S.A., a Company incorporated in Spain. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is Ferrovial International Ltd, a Company incorporated in Great Britain The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX4 4DQ, United Kingdom. Copies of the group financial statements of Ferrovial International Ltd are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company's immediate controlling party is Ferrovial International Ltd.

#### **37. Information on the ultimate parent**

Ferrovial, S.A. registered in Spain is considered to be the ultimate controlling party and the parent of the group, a company registered in Spain which is the only Group in which the Company is consolidated. Copies of its accounts are available from:

General Secretariat  
Ferrovial, S.A.  
Príncipe de Vergara, 135  
28002 Madrid  
Spain

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#### 38. Subsidiaries and associates companies detail

##### Group Companies

Company	Auditor	Parent Company	% Equity <small>Direct and indirect</small>	Registered office
<b>SPAIN</b>				
Cintra Inversora Autopistas de Cataluña, S.A.	Deloitte	Cintra Infrastructures, SE	100,00%	Plaza Manuel Gomez Moreno, 2, Madrid, Spain
Inversora Autopistas de Cataluña, S.A.	Deloitte	Cintra Inversora Autopistas de Cataluña, S.A.	100,00%	Plaza Manuel Gomez Moreno, 2, Madrid, Spain
Autopista Terrasa Manresa, S.A.	Deloitte	Inversora Autopistas de Cataluña, S.A.	76,28%	
<b>PORTUGAL</b>				
Euroscut Azores S.A.	Deloitte	Cintra Infrastructures, SE	89,20%	Rua Joaquim Marques nº35, Ribeira Grande, Açores, Portugal
Madine, S.A.	Deloitte	Cintra Infrastructures, SE	84,04%	Rua de Agra Nova, nº 704, Vila do Conde, Portugal
<b>POLAND</b>				
Autostrada Poludnie, S.A.	Deloitte	Cintra Infrastructures, SE	93,68%	Marzalkowska nº 82, Warsaw, Poland
<b>USA</b>				
Ferroval Holding US Corp		Cintra Infrastructures, SE	100,00%	1209 Orange Street, Wilmington, Delaware 19801
<b>Highway Activities</b>				
Cintra Holding US Corp.		Ferroval Holding US Corp	100,00%	9600 Great Hills Trail, Suite 250E, Austin, Texas 78759
Cintra Texas Corp.		Cintra Holding US Corp	100,00%	9600 Great Hills Trail, Suite 250E, Austin, Texas 78759
Cintra US Services, LLC		Cintra Texas Corp	100,00%	9600 Great Hills Trail, Suite 250E, Austin, Texas 78759
Cintra Skyway LLC		Cintra Holding US Corp	100,00%	233 North Michigan Avenue, Suite 1980, Chicago, Illinois 60601
Cintra ITR LLC		Cintra Holding US Corp / Cintra Texas Corp	49% / 1%	Chevy Chase Dr. Chase Park One, Suite 500 Austin, Texas, USA
Cintra Texas 56, LLC		Cintra Holding US Corp	100,00%	10800 N US 183 Hwy NB, Buda, 78410, Texas
Cintra LB3, LLC		Cintra Holding US Corp	100,00%	9600 Great Hills Trail, Suite 250E, Austin, Texas 78759
LB3 Infrastructure Group Holding LLC		Cintra LB3, LLC	54,60%	4545 LB3 Freeway, Dallas, 75244 Texas
LB3 Infrastructure Group	Deloitte	LB3 Infrastructure Group Holding LLC	100,00%	4545 LB3 Freeway, Dallas, 75244 Texas
Cintra NTE, LLC		Cintra Holding US Corp	100,00%	9600 Great Hills Trail, Suite 250E, Austin, Texas 78759
NTE Mobility Partners Holding, LLC		Cintra NTE, LLC	62,96%	9001 Airport Freeway, Suite 600, North Richland Hills, 76180 Texas
NTE Mobility Partners, LLC	Deloitte	NTE Mobility Partners Holding, LLC	100,00%	9001 Airport Freeway, Suite 600, North Richland Hills, 76180 Texas
Cintra NTE Mobility Partners Seg 3 LLC		Cintra Holding US Corp	100,00%	9600 Great Hills Trail, Suite 250E, Austin, Texas 78759
NTE Mobility Partners Seg 3 Holding LLC		Cintra NTE Mobility Partners Seg 3 LLC	53,66%	9001 Airport Freeway, Suite 600, North Richland Hills, 76180 Texas
NTE Mobility Partners Seg 3 LLC	Deloitte	NTE Mobility Partners Seg 3 Holding LLC	100,00%	9001 Airport Freeway, Suite 600, North Richland Hills, 76180 Texas
Cintra Toll Services, LLC		Cintra Holding US Corp	100,00%	9600 Great Hills Trail, Suite 250E, Austin, Texas 78759
Cintra I-77 Mobility Partners LLC		Cintra Holding US Corp	100%	ORANGE STREET County of Newcastle, Wilmington, USA
I-77 Mobility Partners Holding LLC		Cintra I-77 Mobility Partners LLC	50,10%	ORANGE STREET County of Newcastle, Wilmington, USA
I-77 Mobility Partners LLC	Deloitte	I-77 Mobility Partners Holding LLC	100%	ORANGE STREET County of Newcastle, Wilmington, USA
Cintra 2 I-66		Cintra Holding US Corp	100%	
I-66 Express Mobility Partners Holding LLC		Cintra 2 I-66	40,00%	
I-66 Express Mobility Partners LLC	Deloitte	I-66 Express Mobility Partners Holding LLC	100%	
<b>Construction Activities</b>				
Webber Management Group, LLC	Deloitte	Norvarem S.A.U. (a)	100,00%	HUGHES LANDING SUITE 1200, nº 1725, The Woodlands, USA
Southern Crushed Concrete, LLC	Deloitte	Norvarem S.A.U. (a)	100,00%	HUGHES LANDING SUITE 1200, nº 1725, The Woodlands, USA
Ferroval Agroman Texas, LLC	Deloitte	Ferroval Agroman US Corp.	100,00%	9600 Great Hills Trail, Suite 250W, Austin USA
Ferroval Agroman 56, LLC	Deloitte	Ferroval Agroman Texas, LLC	100,00%	9600 Great Hills Trail, Suite 250W, Austin USA
Webber, LLC	Deloitte	Ferroval US Construction Corp	100,00%	HUGHES LANDING SUITE 1200, nº 1725, The Woodlands, USA
Webber Barrier Services, LLC	Deloitte	Webber, LLC	100,00%	HUGHES LANDING SUITE 1200, nº 1725, The Woodlands, USA
Bluebonnet Constructors, LLC	Deloitte	Ferroval Agroman Texas, LLC	60,00%	NE LOOP B20, SUITE 102, nº 6851, North Richland Hills, USA
Bluebonnet Constructors, LLC	Deloitte	DBW Construction, LLC	40,00%	NE LOOP B20, SUITE 102, nº 6851, North Richland Hills, USA
Trinity Infrastructure, LLC	Deloitte	Ferroval Agroman Texas, LLC	60,00%	5520 LB3 Freeway, Suite 150, Dallas USA
Trinity Infrastructure, LLC	Deloitte	DBW Construction, LLC	40,00%	5520 LB3 Freeway, Suite 150, Dallas USA
DBW Construction, LLC	Deloitte	Webber, LLC	100,00%	HUGHES LANDING SUITE 1200, nº 1725, The Woodlands, USA
Ferroval Agroman Indiana, LLC	Deloitte	Ferroval Agroman US Corp	100,00%	9600 Great Hills Trail, Suite 250W, Austin USA
US 460 Mobility Partners LLC	Deloitte	Ferroval Agroman Southeast LLC	70,00%	HARBOR VIEW BLVD, SUITE 120, nº 7025, Suffolk, USA
Ferroval Agroman US Corp	Deloitte	Ferroval US Construction Corp	100,00%	Wilmington-Newcastle, EELUJ
Central Texas Mobility Constructors, LLC	Deloitte	Webber LLC	55,00%	NEW TRAILS DRIVE, SUITE 200, nº 9303, The Woodlands, USA
North Tarrant Infrastructure LLC	Deloitte	Ferroval Agroman Texas LLC	75,00%	NORTH FREEWAY, nº 4282, Fort Worth, Texas, USA
North Tarrant Infrastructure LLC	Deloitte	DBW Construction, LLC	25,00%	NORTH FREEWAY, nº 4282, Fort Worth, Texas, USA
Ferroval Agroman Southeast, LLC	Deloitte	Ferroval Agroman US Corp	100,00%	PERIMETER CENTER EAST, SUITE 290, nº 47, Atlanta, USA
Ferroval US Construction Corp	Deloitte	Ferroval Holding US Corp	100,00%	9600 Great Hills Trail, Suite 250W, Austin USA
Sugar Creek Construction LLC	Deloitte	Ferroval Agroman Southeast, LLC	70,00%	LAKEVIEW ROAD, SUITE 250, nº 6135, Charlotte, Virginia, USA
Cintra ITR LLC		Ferroval Agroman US Corp	44,00%	7700 CHEVY CHASE DR, BLDG. 500, nº 78752, Austin USA.
Cintra ITR LLC		Webber, LLC	6,00%	7700 CHEVY CHASE DR, BLDG. 500, nº 78752, Austin USA.
<b>UK</b>				
Cintra UK I-77 Limited	Deloitte	Cintra Infrastructures, SE	100,00%	EDMUND HALLEY ROAD, Oxford, UK

## Cintra Infrastructures SE

### Annual Report and Financial Statements 2017

#### Associates Companies

Company	Auditor	Parent Company	% Equity	Registered office
<b>Spain</b>				
A-334 Autovía de Almazora	Ernst & Young	Cintra Infrastructures, SE	23,75%	Colle de la Esclusa, Nº 3, Seville, Spain
A-66 Benavente - Zamora	Deloitte	Cintra Infrastructures, SE	25,00%	Plaza Manuel Gomez Moreno, 2, Madrid, Spain
Inversora de Autopistas del Sur, S.L	Deloitte	Cintra Infrastructures, SE	55,00%	Plaza Manuel Gomez Moreno, 2, Madrid, Spain
Autopista Madrid Sur C.E.S.A.	Deloitte	Inversora de Autopistas del Sur, S.L	100,00%	Plaza Manuel Gomez Moreno, 2, Madrid, Spain
Inversora de Autopistas del Levante, S.L	Deloitte	Cintra Infrastructures, SE	51,84%	Plaza Manuel Gomez Moreno, 2, Madrid, Spain
Autopista Madrid Levante, C.E.S.A.	Deloitte	Inversora de Autopistas del Levante, S.L	100,00%	Plaza Manuel Gomez Moreno, 2, Madrid, Spain
<b>Portugal</b>				
Autoestradas Norte, S.A.	Deloitte	Cintra Infrastructures, SE	48,99%	Rua de Agra Nova, n.º 704, Aveleda, Vila do Conde Portugal
Autoestradas do Algarve, S.A.	Deloitte	Cintra Infrastructures, SE	47,99%	Avda. Liberdade nº245, Lisboa, Portugal
<b>NETHERLANDS</b>				
Algarve International B.V.	Deloitte	Cintra Infrastructures, SE	48,00%	Naritaweg, 165 Telestone, 8, Amsterdam, Netherlands