AENA, S.A. and its subsidiaries

Report on the Condensed Interim Consolidated Financial Statements for the six months period ended June 30, 2016

REPORT ON LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

To the shareholders of Aena, S.A. at the request of the Management:

Report on the Condensed Interim Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Aena S.A. (hereinafter, "the parent company") and its subsidiaries (hereinafter, "the group"), which comprise the statement of financial position as at June 30, 2016, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the six months period then ended. The parent company´s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended June 30, 2016 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw attention to Note 2, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2015. This matter does not modify our conclusion.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' Report for the six months period ended June 30, 2016 contains the explanations which the parent company´s directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' Report is in agreement with that of the interim financial statements for the six months period ended June 30, 2016. Our work is limited to checking the interim consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Aena, S.A. and its subsidiaries´ accounting records.

Other Matter

This report has been prepared at the request of the Management of Aena, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Alejandro García López

26 july 2016

AENA, S.A. AND SUBSIDIARIES

Interim Summary Consolidated Financial Statements and Interim Management Report for the period of six months ended on 30 June 2016

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(Thousand euros unless otherwise stated)

Interim summary consolidated Statements of Financial Position at 30 June 2016 and 31 December 2015

	Note	30 June 2016	31 December 2015
ASSETS			
Non-current assets			
Fixed assets	6	13,823,152	14,869,922
Intangible assets	7	554,838	634,764
Property Investment	8	137,009	165,266
Investments in subsidiaries	9	75,491	77,379
Other receivables	11	2,421	-
Deferred tax assets	16	158,866	127,876
Financial assets available for sale	10	1,680	4,823
Other financial assets	10	57,230	54,241
Derivative financial instruments	10	-	1,280
		14,810,687	**15,935,551**
Current assets			
Inventories		7,420	8,545
Clients and other receivables	11	446,903	522,543
Cash and cash equivalents	12	1,025,933	556,741
		1,480,256	**1,087,829**
Total assets		**16,290,943**	**17,023,380**
NET EQUITY AND LIABILITIES			
Net equity attributable to the owners of the parent			
Share capital	13	1,500,000	1,500,000
Share premium	13	1,100,868	1,100,868
Retained profits/(losses)		1,849,989	1,763,434
Accumulated exchange differences		(12,543)	(3,852)
Other reserves		(150,383)	(56,568)
Non-controlling interests		34,721	56,399
		4,322,652	**4,360,281**
Liabilities			
Non-current liabilities			
Financial debt	15	8,314,763	8,760,484
Derivative financial instruments	10.b	151,812	31,547
Deferred tax liabilities	16	105,667	118,761
Employee benefits	17.a	41,881	31,138
Provisions for other liabilities and expenses	17.b	153,360	1,145,737
Grants	18	557,140	566,430
Other long-term liabilities	14	152,251	166,108
		9,476,874	**10,820,205**
Current liabilities			
Providers and other payables	14	1,112,366	439,688
Financial debt	15	1,197,431	1,197,935
Derivative financial instruments	10.b	43,104	42,356
Grants	18	43,820	43,820
Provisions for other liabilities and expenses	17.b	94,696	119,095
		2,491,417	**1,842,894**
Total liabilities		**11,968,291**	**12,663,099**
Total net equity and liabilities		**16,290,943**	**17,023,380**

Notes 1 to 25 form an integral part of these interim summary consolidated financial statements.

(Thousand euros unless otherwise stated)

Interim summary consolidated Profit & Loss Account for the six month periods ended on 30 June 2016 and 30 June 2015

	Note	30 June 2016	30 June 2015
Continuing operations			
Ordinary revenue	5	1,702,386	1,567,258
Other operating income		3,133	4,937
Own work capitalised		2,304	2,187
Supplies		(91,003)	(90,126)
Personnel expenses		(197,943)	(192,292)
Other operating expenses	19	(509,813)	(487,773)
Fixed asset depreciation	6,7,8	(410,746)	(424,845)
Release of non-financial fixed asset grants and other	18	20,092	19,969
Excess provisions		4,573	3,370
Impairment and loss on disposal of fixed assets	6,7,8	(2,079)	(1,503)
Other net profits / (losses)		58	400
Operating profit/loss		**520,962**	**401,582**
Financial income		207,500	1,717
Financial expenses		(56,369)	(117,168)
Other net financial income/(expenses)		(33,228)	3,903
Net financial income / (expense)	20	**117,903**	**(111,548)**
Share in profits obtained by associates	9	7,616	5,507
Profit/loss before tax		**646,481**	**295,541**
Income tax	21	(157,297)	(26,042)
Consolidated profit/loss for period		**489,184**	**269,499**
Profit/loss for period attributable to Non-controlling interests		**(3,116)**	**(6,064)**
Profit/loss for year attributable to the shareholders of the Parent Company		**492,300**	**275,563**
Earnings per share (Euro per share)	22		
Basic earnings per share based on profit for year		3.28	1.84
Diluted earnings per share based on profit for year		3.28	1.84

Notes 1 to 25 form an integral part of these interim summary consolidated financial statements.

(Thousand euros unless otherwise stated)

Global interim summary Profit & Loss Account for the six month periods ending on 30 June 2016 and 30 June 2015

	Note	30 June 2016	30 June 2015
Profit for the year		**489,184**	**269,499**
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	21	(92,579)	(19,459)
- Foreign currency exchange differences		(13,647)	15,440
Actuarial gains and losses	21	(11,492)	(3,885)
		(117,718)	**(7,904)**
Other comprehensive income for the period, net of taxes		**(117,718)**	**(7,904)**
Consolidated comprehensive income for the period		**371,466**	**261,595**
Global profit/loss for the period attributable to the shareholders of the Parent Company		**389,794**	**262,533**
Non-controlling interests		**(18,328)**	**(938)**

The items shown in this statement of comprehensive income are presented net of taxes.

Notes 1 to 25 form an integral part of these interim summary consolidated financial statements.

(Thousand euros unless otherwise stated)

Interim summary consolidated statement of changes in net equity for the six month periods ended on 30 June 2016 and 30 June 2015

	Share capital (Note 13)	Share premium (Note 13)	Retained earnings	Hedging reserves	Actuarial gains and losses	Accumulated exchange differences	Total	Non-controlling interests	Total net equity
Balance at 01 January 2015	**1,500,000**	**1100868**	**930,230**	**7,053**	**2,684**	**(5,120)**	**3,516,241**	**62,063**	**3,578,304**
Profit/loss for the period	-	-	275,563	-	-	-	275,563	(6,064)	269,499
Other comprehensive income for the period	-	-	-	(20,194)	(1,982)	9,146	(13,030)	5,126	(7,904)
Total comprehensive income for the period	**-**	**-**	**275,563**	**(20,194)**	**(1,982)**	**9,146**	**262,533**	**(938)**	**261,595**
Distribution of dividends	-	-	-	-	-	-	-	(3,771)	**(3,771)**
Other movements	-	-	19	-	-	-	(19)	-	**(19)**
Total contributions by and distributions to shareholders recognised directly under equity	-	-	**19**	-	-	-	**19**	**(19)**	**(3,771)**
Balance at 30 June 2015	**1,500,000**	**1100868**	**1,205,774**	**(27,247)**	**(4,666)**	**4,026**	**3,778,755**	**57,354**	**3,836,109**
Balance at 01 January 2016	**1,500,000**	**1100868**	**1,763,434**	**57,082**	**514**	**3,852**	**4,303,882**	**56,399**	**4,360,281**
Profit/loss for the period	-	-	492,300	-	-	-	492,300	(3,116)	489,184
Other comprehensive income for the period	-	-	-	(87,954)	(5,861)	(8,691)	(102,506)	(15,212)	(117,718)
Total comprehensive income for the period	**-**	**-**	**492,300**	**(87,954)**	**(5,861)**	**(8,691)**	**389,794**	**(18,328)**	**371,466**
Distribution of dividends (Notes 13 and 23.c)	-	-	(406,500)	-	-	-	(406,500)	(3,350)	(409,850)
Other movements	-	-	755	-	-	-	755	-	**755**
Total contributions by and distributions to shareholders recognised directly under equity	-	-	**(405,745)**	-	-	-	**(405,745)**	**(3,350)**	**(409,095)**
Balance at 30 June 2016	**1,500,000**	**1,100,868**	**1,849,989**	**(145,036)**	**(5,347)**	**(12,543)**	**4,287,931**	**34,721**	**4,322,652**

Notes 1 to 25 form an integral part of these interim summary consolidated financial statements.

(Thousand euros unless otherwise stated)

Interim summary consolidated statement of cash flow accounts for the six month periods ended on 30 June 2016 and 30 June 2015

	Note	30 June 2016	30 June 2015
Profit/loss before tax		**646,481**	**295,541**
Adjustments for:		**306,128**	**550,102**
Depreciation and amortisation	6,7,8	410,746	424,845
(Profit)/loss on fixed assets disposal	6	2,079	1,503
(Profit)/loss on disposal of financial instruments	20	3,143	(97)
- Losses/(gains) in the fair value of financial instruments	20	22,124	2,545
- Attribution of grants	18	(20,092)	(19,969)
- Trade receivable impairment adjustments	11, 19	5,457	155
- Change in provisions		33,920	16,062
- Financial income	20	(207,500)	(1,717)
- Financial expenses	20	56,369	117,168
- Exchange differences		7,961	(6,351)
- Other income and expenses		(463)	21,465
- Share in losses /(gains) in associates	9	(7,616)	(5,507)
Changes in working capital:		**69,634**	**(14,991)**
Inventories		239	361
- Debtors and other receivables		28,550	(73,778)
- Other current assets		(33)	(8)
- Creditors and other payables		59,411	84,111
- Other current liabilities		(17,940)	(18,189)
- Other non-current assets and liabilities		(593)	(7,488)
Cash generated from operations		**(22,386)**	**(44,362)**
Interest paid		(69,018)	(104,784)
Interest receivable		992	810
Taxes collected (paid)		45,213	60,007
Other collections (payments)		427	(395)
Net cash generated from operating activities		**999,857**	**786,290**

(Thousand euros unless otherwise stated)

Interim summary consolidated statement of cash flow accounts for the six month periods ended on 30 June 2016 and 30 June 2015

	Note	30 June 2016	30 June 2015
Cash flows from investment activities			
Acquisitions of property, plant and equipment		(115,368)	(71,838)
Acquisitions of intangible assets		(7,406)	(8,792)
Acquisitions of investment properties		(628)	(69)
Payments for acquisitions of other financial assets		(2,434)	(8,251)
Payments received from loans to Companies in the group and associates		2,029	696
Payments received from other financial assets		11	-
Dividends received		7,149	3,476
Net cash used in investment activities		**(116,647)**	**(84,778)**
Cash flow from financing activities			
Income from external financing (ERDF grants)		6,112	-
Income from bank financing		22,254	10,065
Other payments received		11,873	1,766
Repayment of bank borrowings		(167)	(436)
Repayment of Group financing		(442,982)	(434,663)
Dividends paid	23.c	(3,350)	(3,771)
Other payments		(4,626)	(25,462)
Net cash used in financing activities		**(410,886)**	**(452,501)**
Effect of changes in exchange rate		**(3,132)**	**2,102**
Net (decrease)/increase in cash and cash equivalents		469,192	251,113
Cash and cash equivalents at start of the year	12	**556,741**	**290,305**
Cash and cash equivalents at end of the year	12	**1,025,933**	**541,418**

Notes 1 to 25 form an integral part of these interim summary consolidated financial statements.

Notes to the summary consolidated financial statements for the six month periods ended on 30 June 2016

1 General information

Aena, S.A. ("the Company", or "Aena") is the Parent Company of a group of companies (the "Group") consisting of 6 subsidiaries and 4 associates at 30 June 2016. Aena, S.A. was incorporated as an independent legal entity by virtue of Article 7 of Royal Decree Law 13/2010 (3 December), which authorised the Council of Ministers to incorporate the Company. The authorisation for effective incorporation took place on 25 February 2011 by resolution adopted by the Council of Ministers on that date authorising the incorporate of the State-owned corporation Aena Aeropuertos, S.A. as provided in Article 166 of Law 33/2003 (3 November) on Public Institution Assets (LPIA).

Under article 18 of Law 18/2014, of 15 October, approving urgent measures for growth, competitiveness and efficiency, the name of Aena Aeropuertos, S.A. is changed to Aena, S.A. and the public business entity "Aeropuertos Españoles y Navegación Aérea" becomes ENAIRE ("Parent company"). The integrity of the airport network insofar as its survival ensures the mobility of citizens and economic, social and territorial cohesion in terms of accessibility, adequacy, suitability, sustainability and continuity, was also established in the aforementioned Law. The latter sets out the framework to which the basic airport services are subject and the characteristics and conditions that the said network must boast in order to guarantee the objectives of general interest. Thus, the closure or sale of all or part of any facilities or airport infrastructure necessary to maintain the provision of airport services is prohibited, unless authorised by the Council of Ministers or the Ministry of Public Works, and which authorisation can only be granted provided it does not affect the objectives of general interest that must guarantee the said network or compromise its sustainability; the absence of such authorisation will render the foregoing as a guarantee for the entire maintenance of the state airport network null and void. Airport charges and their key elements, basic airport services and the framework to determine minimum standards of quality, capacity and conditions for the provision of the services and investments required for compliance, as well as the conditions for recovering the costs of providing these basic airport services have been defined.

Previous to the formation of the Company, the economic activity of management and exploitation of the airport services and the subsidiaries (except those of the LLAH III group, acquired in 2014) and associated companies in the Aena perimeter of consolidation were integrated into the public business entity "Aeropuertos Españoles y Navegación Aérea", its single shareholder and controlling entity at that time. The public business entity "Aeropuertos Españoles y Navegación Aérea," was set up under Article 82 of Law 4/1990 of 29 June on the State General Budget for 1990. It was effectively incorporated on 19 June 1991, once its Statute entered into force, as approved by Royal Decree 905/1991 (14 June).

The Company was incorporated to the issue of 61 fully subscribed and paid shares with a par value of €1,000 by the public business entity "Aeropuertos Españoles y Navegación Aérea". The public business entity "Aeropuertos Españoles y Navegación Aérea" will maintain, in any event, a majority of the share capital in Aena Aeropuertos, S.A. in the terms established by Article 7.1.2 of Royal Decree Law 13/2010 (3 December), and may sell the rest in accordance with Law 33/2003 (3 November) on Public Institution Equity.

The incorporation of the Company was entered into the trade register based on the resolution adopted by the Board of Directors on 23 May 2011, which approved the contribution of the airport activity to the Company and its measurement, which took place on 31 May 2011. The non-monetary contribution and the measurement took place using the carrying value of the airport line of business at 31 May 2011 as a reference, in accordance with the accounting standards in force and, specifically, the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 (16 November), partially amended by Royal Decree 1159/2010 (17 September), as provided for in the Resolution of 25 February 2011.

The Resolution adopted by the Council of Ministers on 3 June 2011 subsequently approved the Company's share capital increase in order to support the Company's activity, and in accordance with Article 9 of Royal Decree Law 13/2010 (3 December), through which the single shareholder made a non-monetary contribution of all of the assets, rights, debts and obligations associated with the airport and commercial activities and other state services associated with the airport management, including the air traffic services at the airport.

The Company's single shareholder at the time, the public business entity "Aeropuertos Españoles y Navegación Aérea", adopted the following single shareholder resolutions on 6 June 2011:

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

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

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

d) In accordance with Article 9 of Royal Decree Law 13/2010 and the Resolutions dated 25 February and 3 June 2011, the public business entity "Aeropuertos Españoles y Navegación Aérea" fully subscribed and paid the total par value of the shares and the share premium through the contribution of the activity previously referred to.

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

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

f) All of the personnel of the public business entity "Aeropuertos Españoles y Navegación Aérea" that are necessary to render the airport activity will be transferred and integrated into the Company under the same collective agreements and conditions currently in force, respecting length of service and any other rights vested when the Company starts to perform its duties.

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

h) In accordance with Articles 70 and 300.1 of the Corporate Enterprises Act, the members of the Company's Board of Directors have endorsed the report that has been examined by the single shareholder.

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

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

The property, plant and equipment contributed relates to rights of any type that were held by the public business entity "Aeropuertos Españoles y Navegación Aérea" regarding the land, buildings and equipment at the airports managed or used by the activity. It also includes the use of rights relating to the public business entity "Aeropuertos Españoles y Navegación Aérea" regarding certain land located at airports, military airport and air bases. The contributed rights refer to the following airports, aerodromes and air bases:

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

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

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

d) Heliports: Heliport in Ceuta and Algeciras.

The functional ownership of the Company falls to the Ministry of Development, together with the authority to propose the appointment of one-third of the members of the Board of Directors. Aena Aeropuertos, S.A., is the beneficiary of the expropriations associated with the infrastructures it manages.

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

The organisation, management, co-ordination, exploitation, maintenance, administration and management of general interest, state-owned airports, heliports and associated services.

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

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

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

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

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

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

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

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

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

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

The price performance of Aena, S.A. during the year 2015 was very positive, with a revaluation at year end 81.7 % to 105.4 Euros per share compared to the evolution of the IBEX 35, which fell by 7.9 %. The movement in the price of Aena, S.A. during the first half of 2016 was also positive, with a revaluation of 12.2 % to 118.25 euro per share as against movements in the IBEX 35, which fell by 14.5 %.

2 Basis of presentation

As is described in Note 1 above, Aena Aeropuertos, S.A. was incorporated as an independent legal entity and as a group during the year 2011 (23 May 2011 and 31 May 2011 respectively), in virtue of Royal Decree Law 13/2010, due to the effect of the non-monetary contribution of all of the assets and liabilities associated with the airport activity. Prior to the creation of Aena Aeropuertos, S.A., the economic activity in terms of the management and operation of the airport services carried out by the Company, its subsidiaries and associates formed part of the public business entity "Aeropuertos Españoles y Navegación Aérea".

In the preparation of the consolidated financial statements for the years ended 31 December 2015, 2014, 2013, 2012 and 2011 and in accordance with the IFRS-EU, the Company, taking into account the framework for the reorganisation of the airport activity provided for by the above-mentioned Royal Decree Law 13/2010, recorded the non-monetary contribution described in Note 1 as a corporate reorganisation in the context of its shareholder, the public business entity "Aeropuertos Españoles y Navegación Aérea". This posting responds to the analysis and consideration on the part of the Company management of several factors, taking into account that this type of transaction is not regulated in the regulatory framework of IFRS, and specifically in the framework of the IFRS 3, Business Combinations, as a result of which the company developed an accounting policy for the said transaction to reflect the substance of the same and its underlying transactions. In this context, the Company considered that the combination of a new recently created entity (Aena Aeropuertos, S.A. incorporated on 23 May 2011) with a pre-existing reporting unit did not constitute a business combination, due to it not being the newly created entity nor the purchaser nor a business acquired by the pre-existing reporting unit.

In the development of the accounting policy adopted by the Company for this transaction, it was taken into account that the airport operations previously integrated into the public business entity "Aeropuertos Españoles y Navegación Aérea", which were reported in the financial information of the latter as a separate business segment, maintained their accounting records in a segregated manner and constitute an independent reporting unit, subject to an applicable specific regulatory framework, although integrated into the public business entity "Aeropuertos Españoles y Navegación Aérea" and not into a separate legal entity; this circumstance enabled the various assets to be reliably allocated to the new entity. This conclusion reflected the spirit of Royal Decree Law 13/2010, the purpose of which was to provide the separate legal form, hitherto lacking, to the set of roles and responsibilities previously exercised by the public business entity "Aeropuertos Españoles y Navegación Aérea" with regard to the management and operation of airport services, in order that the said set of roles and responsibilities constitutes, as has been indicated, an independent economic unit capable of developing an independent business activity, in the course of business succession, configured as an operating unit and therefore a separate and determinable reporting unit from a historical financial information point of view, whose management has been carried out in the same manner before and after the non-monetary contribution, maintaining continuity in the key management positions of Aena Aeropuertos, S.A..

In this context, the Company considered also that to take the legal form of the transaction into account for the purpose of presentation of historical information would have altered the substantial presentation of airport operations, which were carried out in the same way before and after the non-monetary contribution, so that the presentation of 2011 after the date of the transaction would not have reflected the substantial financial reality of the Aena Aeropuertos, S.A. business, when the legal event described was carried out exclusively, as has been said, with the aim of providing a separate legal form for a pre-existing reporting unit.

Therefore, considering that Aena Aeropuertos, S. A. was an existing single reporting unit before and after the non-monetary contribution, this was recorded as a corporate reorganisation in the context of the public business entity "Aeropuertos Españoles y Navegación Aérea". Consequently, the financial information for the year 2011 was presented for the full 12-month financial year, to its historical accounting values, considering the existence of Aena Aeropuertos, S. A. as a separate reporting unit, irrespective of its legal establishment in the course of the year 2011.

The Group's consolidated financial statements for 2015 were formulated by Company administrators in accordance with the International Financial Reporting Standards adopted by the European Union, applying the accounting policies described in Note 2 of the aforesaid consolidated financial statements, to show a fair image of the consolidated equity and the consolidated financial situation of the Group at 31 December 2015, and the consolidated results of its operations, consolidated changes in net equity and consolidated cash flow accounts for the year ended on that date.

These interim summary consolidated financial statements at 30 June 2016 have been reviewed by the auditors. The figures corresponding to 30 June 2015 (which were also reviewed) and 31 December 2015 (audited) are presented for purposes of comparison.

These summary consolidated financial statements are presented in accordance with IAS 34 on interim financial information and were approved for use by the Group administrators on 26 July 2016.

In accordance with IAS 34, the interim financial information is presented only with the intention to update the content of the latest consolidated financial statements formulated by the Group, putting an emphasis on new activities, events and circumstances occurring and not duplicating information published previously. For this reason, for adequate understanding of the information included in these interim summary consolidated financial statements, they must be read jointly with the Group's consolidated financial statements for 2015, which were prepared on 23 February 2016 and approved by the Ordinary and Universal General Meeting of Shareholders of Aena, S. A. held on 28 June 2016.

2.1 Accounting policies

Except where indicated below, the accounting policies are in uniformity with those applied in the Group's consolidated financial statements for 2015.

2.1.1 Standards, interpretations and amendments to published standards adopted by the Group

The Group adopted the following standards for the first time during the financial year which began on 1 January 2016:

Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"

The amendment to IFRS 11 requires an investor to apply the principles of accounting for a business combination when it acquires an interest in a joint operation that constitutes a business, applying the relevant principles of IFRS 3 for the accounting of business combinations. Specifically, the investor must value identifiable assets and liabilities at a fair value; recognise the costs related with the acquisition as expenses; recognise deferred tax; and recognise the residual value as goodwill. All the other accounting principles for a combination of businesses apply, unless they come into conflict with IFRS 11. The amendments also clarify that the shares previously held in the joint venture are not revalued on the acquisition of additional shares while joint control is maintained. In addition, it added an exception to the scope of these amendments so they do not apply when the parties sharing joint control are under the common control of an ultimate parent company. The changes apply to the initial acquisition of shares in a joint operation and the acquisition of any additional interest in the same joint operation. The IASB shall apply prospectively for financial years beginning on or after 1 January 2016, although its early implementation is permitted.

This standard has not had an effect on the interim summary consolidated financial statements.

Amendments to IAS 1, "Breakdown initiatives"

These amendments, which the IASB has established as applicable to years which begin on 1 January 2016, encourage entities to apply professional judgment in the determination of what information to reveal in the financial statements, and clarify some of the requirement of IAS 1:

- Entities shall not add or disaggregated information so that it conceals useful information.
- Intangible information shall not be included, neither in main statements nor in the notes, even if it is minimum information required in a paragraph of the standards.
- Specific items from the income statement and comprehensive income statement can be disaggregated.
- If main statements contain additional subtotals to those required by IAS 1, they shall be displayed and express so that the subtotal can be understood, they should be consistent from period to period and they may only be items recognised and valued according with IFRS.
- Besides, if these subtotals belong to the income statement or comprehensive income, they cannot be displayed more prominently than the subtotals and totals provided in IAS 1, and must be reconciled with subtotals and totals required by this standard.
- The notes do not have to be included in the systematic order indicated in paragraph 114 of IAS 1.
- Each item in the main statements shall be referenced to any related information in the notes.
- Examples of significant accounting policies in paragraph 120 of IAS 1 are removed.
- The part corresponding to another comprehensive income of investments in associates and joint ventures accounted for by the equity method are not classified based on their nature, rather they fall into two specific items, one in which the result is reclassifies and another in which they are not reclassified.

This amendment has not had a significant effect on the interim summary consolidated financial statements.

Annual Improvements 2012-2014

These annual improvements addressed four aspects of financial reporting 2012-2014 comprising:

• IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". When a business reclassifies an asset or group for disposal from “held for sale” to “held for distribution to shareholders” (or vice versa) this will not be considered as a change in a sales plan.
IFRS 7 “Financial instruments” Disclosures”. Additional guidelines are given to classify whether a contract for administration services of an asset transferred is or is not of continued implication for breakdowns under IFRS 7. It is clarified that these breakdowns are not explicitly required in interim financial statements under IAS 34 (unless logically, due to material nature, etc., IAS 34 so requires).
• IAS 19 "Employee benefits". On the rate to be used when there is no deep market of high-quality corporate bonds in a particular currency.
• IAS 34 “Interim financial information”. Requires that if any information has been presented outside the interim financial statements (in some part of the management report presented to users at the same time) it must be incorporated with crossed references clearly indicating its localization.

These amendments have not had a significant effect on the interim summary consolidated financial statements.

2.1.2 Standards, interpretations and amendments to published standards that have not yet entered into force and have not been adopted early by the Group

At the date of formulation of these interim summary consolidated financial statements, the Group had not adopted early any other standard, interpretation or amendment which had not yet come into force.

In addition, at the date of formulation of these interim summary consolidated financial statements, the IASB and IFRIC had published a series of standards, amendments and Interpretations which are pending adoption by the European Union. These standards, amendments and interpretations are described in Note 2.1.4 on the consolidated financial statements for 2015:

- IFRS 15: “Revenue from contracts with customers” (issued in May 2014). This standard replaces the following standards: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue from Ordinary Activities. IFRS 15 shall come into effect for financial years beginning on or after 01 January 2018, although its early adoption is permitted. However, not being yet endorsed by the European Union, its early adoption is not possible.

- IFRS 9: “Financial instruments” (issued in July 2014). Replaces guideline IAS 39. This final version includes the requirements for the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the model for impairment losses incurred that is currently used and the hedge accounting. IFRS 9 comes into effect for financial years beginning on or after 1 January 2018, although its early adoption is permitted. However, not being yet endorsed by the European Union, it early adoption is not possible.

- IFRS 16 "Leases". The new international rule on leases (IFRS 16) was approved on January 2016, which implies a significant change in approach to the applicable standard (IAS 17).
  Under this new standard, in the case of tenants, companies will be required to include most of the leases in their Statements of Financial Positions, as both their assets and liabilities increase. IFRS 16 comes into effect for financial years beginning on or after 1 January 2019.

The Group is analysing the impact that these standards and amendments may have on its financial statements should they be adopted by the European Union.

2.2 Consolidation and changes in the scope

The consolidation principles used in preparing the interim summary consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for 2015 and are as indicated in Note 2.1.

The principal transaction carried out by the Group in the six month period ended on 30 June 2016 without a significant impact on the interim summary consolidated financial statements is described hereunder:

✓ On 28 April 2016 the General Meeting of Shareholders of the associate company Aeropuertos Mexicanos del Pacífico, S.A.P.I. de C.V. approved a reduction of share capital in its variable part by 135,000 thousand shares, leaving it set at 2,243,350 thousand Mexican pesos. As a result of this transaction, the Group has recognised a cash receipt of 2,294 thousand euros, has reduced the shareholding in the associate by 1,472 thousand euros and has recorded in equity the difference as a result of this transaction. This transaction has not generated changes in the shareholding percentage (see note 9).

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

2.3 Changes in accounting policies and estimations

During the six month period ended on 30 June 2016 there were no significant changes in accounting policies or estimations other than those arising from the entry into force of the new standards described in Note 2.1.1 above and with respect to the criteria applied in 2015.

2.4 Comparison of information

During the six month period ended on 30 June 2016 there were no significant changes in accounting criteria with respect to the criteria applied in 2015, other than those arising from the coming into force of the new standards described in Note 2.1.1 above.

2.5 Seasonal factors in Group transactions

The activity of the main segments in terms of the Group's ordinary revenue is subject to seasonal factors, which are set out below:

- Air traffic revenue is affected by passenger movements, with the highest figures being reached in holiday months and on festival dates (Christmas, summer holidays, Easter week and other festivals). Commercial revenue is also affected by increased passenger traffic and the better development of purchases in airport terminal shops, which usually takes place at the Christmas season.
- Revenue for services outside the terminal, in the specific case of parking, is influenced by passenger traffic.

In the same way, the airport segment expenses are influenced by weather conditions and, in particular, by the winter season, which results in drawing up plans of action for the prevention of winter ice and snow incidents at airports at risk of these adverse weather conditions.

3 Managing operational and financial risks

3.1 Description of key operational risks

Regulatory risks

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

Aena, S.A. is at present in the process of review and approval by the regulator "DGAC" (General Directorate of Civil Aviation) of the first five-year regulatory framework of the company in Spain. On 22 December 2015 the Company published its initial proposal for this framework, or "DORA" (Airport Regulation Document), which has been subject to an exhaustive process of consultation with the associations of airlines which include its main customers. As a result of this process of consultation, on 8 March 2016, Aena, S.A. sent the DGAC its final proposal for DORA, which incorporated a proposal of fee freezing for the period 2017-2021 (both inclusive). The freezing proposal resulted from application of the Sixth Transitional Provision of Law 18/2014, which imposes freezing as the ceiling on movements in fees until 2025.

As has been said, this proposal is subject to the process of review and approval established by Law 18/2014 so that in no case can it be considered as a final document. As is established in current regulations, the DGAC will send its final proposal to the Ministry of Works for review and approval before 30 September 2016, following a report by the CNMC (National Commission on Markets and Competition) and AESA (State Air Safety Agency). On 21 June 2016 the CNMC issued its non-binding supervision and control report under the new framework established by the aforementioned Law 18/2014 in which it sets out its recommendation to update the fees in the DORA period by -2.02% per year (compared to Aena's proposed fee freeze). The main divergences between this CNMC report and Aena's proposal are as follows:

- The CNMC maintains its principle of 23 July 2015 on the allocation of costs between regulated airport activity and commercial activity, under which 69.8 million euros a year should move from the regulated cost base to commercial activity. Aena appealed against this allocation of costs and has not applied this principle in its final DORA proposal.
- The WACC proposed by the CNMC is 6.26% pre-tax (with a risk-free rate of 2.3% and a risk premium of 4.9%), while the WACC in Aena's final proposal is 8.4% pre-tax (with a risk-free rate of 3.38% and a risk premium of 6.85%).

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

Operating risks

The Group's business is directly related to passenger traffic levels and aircraft operations at its airports, so it can be influenced by the following factors:

- ✓ Economic developments both in Spain and in the main countries that are the source/destination of traffic (United Kingdom, Germany, France and Italy, among others).

- ✓ Following the outcome of the referendum in the United Kingdom for its departure from the European Union (Brexit), there are no additional risks from the operational point of view since in terms of passengers the United Kingdom already has specific treatment as it is not in the Schengen Area while with regard to aircraft operations an agreement that enables the movement of aircraft between the European Union and the United Kingdom is expected.

The impact on traffic would be determined by the behaviour of UK market demand arising from the evolution of the pound. It has been estimated that a 10% devaluation of the pound would lead to a 1.5 million decrease in UK passengers. Since the fall of the pound against the euro estimated by experts is around 15%, the resulting impact is small and limited to the short term, and furthermore it has had a positive impact on the risk-free rate (the marginal rate on Spanish 10-year bonds fell to 1.05% compared with the 1.75% considered in the impairment test conducted at the end of 2015). The combined effect of the above factors leads to the conclusion that there are no signs of impairment.

Additionally, the impact on Luton airport has been analysed by reference to the Business Plan 2015, which was the business plan used for the impairment test carried out at the end of 2015, and whose traffic estimates are lower than the company's current estimates. This can be considered a pessimistic scenario in the event of harm caused by Brexit since:

- This conservative scenario would entail an increase in passenger numbers of 4.4% in 2016. In June 2016 passenger growth over the previous year was 20.6%.
- The possible consequences of Brexit include, among others, the potential suspension or delay of the decision over the London airport system expansion, which would positively impact Luton Airport both from a traffic and fee point of view.

Notwithstanding the foregoing, at the end of the first half of 2016 sensitivity analysis of the calculation of the recoverable amount based on changes in discount rates has been conducted, and these scenarios, even for rates higher by 2 percentage points than the one considered in the test carried out at the end of 2015, have not yielded a fair value below the carrying amount of the fixed assets from the acquisition of LLAH III.

- ✓ It operates in a competitive environment both with respect to other airports and compared to other means of transport that can affect its revenue.
- ✓ It faces risks arising from the concentration of airlines and depends on the income of its two main airports.
- ✓ Revenues from commercial activities are linked to sales of commercial areas by tenant companies of, which can be affected both by the volume of passengers and by their degree of spending power.
- ✓ In the operation of its airports, the Group depends on the services provided by third parties, which may have an impact on its activity.
- ✓ Events such as terrorist attacks, wars or global epidemics could have a negative impact on international air traffic.

Moreover, the Group's international activity is subject to risks associated with the development of operations in third countries and the fact that prospects for profitability cannot be expected. In the case of Luton airport and after the Brexit result, it could be affected by a reduction in its activity levels as a result of restrictions on the free movement of people or of macroeconomic developments in the UK.

The Group is, and will continue to be in the future, exposed to the risk of losing in judicial or administrative proceedings in which it is involved, especially in relation to A.S. Madrid-Barajas airport.

The management bodies of the Company have implemented mechanisms to identify, quantify and cover risk situations. Notwithstanding the foregoing, those situations that may pose a risk as well as the relevant the measures taken thereof, will be closely monitor.

3.2 Description of the main financial risks

The activities of the Aena Group expose it to several financial risks: market risk (including exchange rate risk, fair value risk due to interest rates and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the uncertainty of financial markets and attempts to minimize the potential adverse effects on the Group’s financial yields. In specific cases, the Group uses derivative financial instruments to hedge certain risk exposures.

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

There is a financial debt recognition agreement between Aena, S.A. and its parent company ENAIRE, originating with the non-monetary contribution that gave rise to the creation of Aena Aeropuertos, S.A. (see Note 1), according to which 94.9 % of the parent company’s bank borrowings was initially assumed. On 29 July 2014, this agreement was renewed as detailed in section c) of this Note.

There are no significant changes in the management of financial risk at 30 June 2016, compared to the year ended on 31 December 2015.

The main risks of a financial nature are described below:

(a) Market risk

(i) Exchange rate risk

The Group is exposed to exchange-rate fluctuations that may affect its sales, results, equity and cash flows, stemming primarily from:

1. Investment in foreign countries (mainly in the United Kingdom, Mexico and Colombia).

2. Transactions undertaken by subsidiaries and other related parties who conduct business in non-euro countries (mainly the United Kingdom, Mexico and Colombia).

The exchange rate risk on the net assets of the Group’s foreign operations is mainly managed through borrowings denominated in the relevant foreign currency. In particular, with respect to the operation of Luton airport its business is hedged as its operational collections and payments are in pounds.

(ii) Interest rate risk affecting cash flows and fair value

The Group’s interest rate risk results from borrowings. Loans issued at variable rates expose the Group to interest rate risk from cash flows. Fixed interest rate loans expose the Group to fair value interest rate risks.

The Group's objective with respect to the management of interest rates is to optimise financial expenses within the established risk limits, where the risk variables are the 3- and 6-month Euribor, the main reference for long-term debt.

In addition, the value of the financial expense risk over the horizon of the projects is calculated and rate trend scenarios are established for the period to be taken into consideration.

The financial expenses are mainly due to the financial debt recognised with the parent company. Likewise, the parent company has concluded interest rate hedging agreements for an extremely limited number of loans which are transferred to the Company. 95.23 % of the cost of such derivatives is charged to the Company, as this represents the percentage for which Aena is answerable to the parent company in respect of certain loans.

With respect to loans with revisable rates, the Group has modified the interest rate regime for loans likely to be revised in 2016. The total amount revised is 531,155 thousand euros, of which 456,155 thousand euros pertain to BEI loan and have been set at a fixed rate to maturity at an average rate of 1.066 % and 75,000 thousand euros pertain to DEXIA SABADELL loans that have become variable interest rate loans (3 month Euribor + +0.850).

The Group manages interest rate risk on cash flows by variable to fixed interest rate swaps. On 10 June 2015 a floating to fixed interest rate hedge transaction was entered into for a notional amount of 4,195 million euros. The average differential over 3 and 6 month Euribor of these loans is of 1.0379 %. The execution fixed rate was 1.9780 %. The objectives pursued in this transaction were:

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

The total amount of liabilities for these interest rate swaps at 30 June 2016 and 31 December 2015, calculated at fair value, is detailed in Note 10.b.

At 30 June 2016, if the interest rate on the variable rate loans had increased or reduced by 20 basic points, with the rest of the variables remaining constant, the profit before tax for the six month period ended on 30 June 2016 would have been 4,134 thousand euros less and 4,134 thousand euros greater, respectively (for the six month period ended on 30 June 2015: 2,840 thousand euros lower and 2,840 thousand euros higher, respectively). However, the Regulatory Framework established by Law 1/2011 of 4 March, establishing the State Programme for Operational Security for Civil Aviation and modifying Law 21/2003 of 7 July on Aviation Safety, establishes a system of fee updates that protects Aena SA, in the long term, in terms of the regulated part, against increases in costs of financing, in that it enables the recovery of its capital costs via the remuneration of its asset base, according to the legislation in force.

In this sense, the Company has carried out a sensitivity analysis in relation to possible interest rate fluctuations that could occur; on the basis of this analysis the directors of the Company considered that any potential changes in these would not have a significant effect on the "Equity" of the Company.

(b) Credit Risk

The Group's credit risk originates from cash and cash equivalents, derivative financial instruments and bank and other deposits, as well as exposure to trade receivables and agreed transactions.

Credit risk for trade receivables is low since the main customers are airlines and they are usually paid in cash or in advance, and guarantees and sureties are obtained for them. As for retail customers who have leased premises in the various airports, their risk is managed by obtaining sureties and guarantees.

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

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

(Thousand euros unless otherwise stated)

(c) Liquidity Risk

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

The credit risk policy described in the previous section results in short average collection periods. In addition, the Group has committed to substantially reducing costs and investment needs over the coming years, which has had a positive effect on its cash generation. Although on 30 June 2016 the Group has negative working capital (calculated as total current assets less total current liabilities) of 1,011,161 thousand euros (31 December 2015: 755,065 thousand euros), it has an EBITDA in the six months ended 30 June 2016 (see Note 5) of 931,708 thousand euros (826,427 thousand euros in the six months ended 30 June 2015). and it is not considered that there is any risk in meeting short-term commitments, given the positive operating cash flows which have allowed a reduction of the negative working capital in recent years and which the Group expects to continue being positive in the short term. The Group is monitoring the generation of cash to ensure its ability to meet its financial commitments. Under these circumstances, the directors of the Group do not believe that there will be any problems with respect to satisfying payment commitments.

On 30 June 2016 Aena has 1,000 million euros in undrawn credit lines, having drawn down a total of 192 thousand euros in arrangement fees. The dependent subgroup LLAH III has 65 million pounds in undrawn credit lines.

The table below includes an analysis of the cash flows generated by financial liabilities related to the Group and financial liabilities related to the ENAIRE loan. The classification of debts with financial institutions has been made and complies with the schedule of maturities and the clauses included in the respective financing agreements with these institutions based on the events that might affect each agreement.

At 30 June 2016	**2016 (*)**	**2017**	**2018**	**2019**	**2020**	**Followings**	**Total**
ENAIRE loan (Note 15)	682,506	861,981	730,201	731,961	731,835	5,262,444	**9,000,928**
Interest accrued on ENAIRE loans (Note 15)	30,625	-	-	-	-	-	**30,625**
Bank borrowings (Note 15)	10,017	20,938	-	-	-	264,642	**295,597**
Financial lease liabilities (note 15)	1,263	2,005	2,192	2,276	2,358	16,077	**26,171**
Loans from shareholders to LLAH III (Note 15)	-	-	-	-	-	55,936	**55,936**
Interest accrued on loan from shareholders to LLAH III (Note 15)	429	-	-	-	-	-	**429**
Other financial liabilities (Note 15)	27,540	2,858	5,761	6,820	33,299	35,366	**111,644**
Trade and other payables (excluding advances from customers) (Note 14)	982,332	-	-	-	-	-	**982,332**
Interest on Aena, S.A. debt (**)	63,287	111,754	100,483	89,992	79,507	361,723	**806,746**
Interest on LLAH III bank debt	4,950	10,194	10,392	9,334	9,953	12,254	**57,077**
Interest on LLAH III shareholder loan (Ardian)	2,244	4,475	4,475	4,475	4,487	12,959	**33,115**

(*) For the period from 1 July 2016 to 31 December 2016.

At 31 December 2015	**2016**	**2017**	**2018**	**2019**	**2020**	**Followings**	**Total**
ENAIRE loan (Note 15)	1,125,488	826,393	747,995	749,755	731,835	5,262,444	9,443,910
Interest accrued on ENAIRE loans (Note 15)	26,453	-	-	-	-	-	26,453
Bank borrowings (Note 15)	11,421	333	-	-	-	296,831	308,585
Financial lease liabilities (note 15)	2,080	2,096	2,134	2,174	2,214	17,974	28,672
Loans from shareholders to LLAH III (Note 15)	-	-	-	-	-	62,953	62,953
Interest accrued on loan from shareholders to LLAH III (Note 15)	482	-	-	-	-	-	482
Other financial liabilities (Note 15)	33,721	209	1,963	3,972	30,618	27,412	97,895
Trade and other payables (excluding advances from customers) (Note 14)	323,265	-	-	-	-	-	323,265
Interest on Aena, S.A. debt (**)	199,047	174,764	156,165	138,833	123,682	568,421	1,360,912
Interest on LLAH III bank debt	11,143	11,473	11,695	10,505	11,201	13,791	69,808
Interest on LLAH III shareholder loan (Ardian)	5,050	5,036	5,036	5,036	5,050	14,585	39,793

(**) Estimated calculation of interest on the average annual debt with ENAIRE in each period calculated with the average interest rate in force at 30 June 2016 and 31 December 2015.

The details of loans with related parties by interest rate applicable and average interest rate at 30 June 2016 and 31 December 2015 were as follows:

Thousands of euros	30 June 2016		31 December 2015	
	Balance	**Average rate**	**Balance**	**Average rate**
Variable	2,067,137	0.17	1,964,242	1.23
Reviewable	904,393	1.41	1,473,656	1.98
Fixed	6,029,398	1.82	6,006,012	2.23
TOTAL	**9,000,928**	**1.40**	**9,443,910**	**1.86**

The reviewable interest rate, which is applicable, principally, to debt with the European Investment Bank, is a fixed interest rate which is maintained during a period (normally 4 years). At the end of this period, it is reviewed by the Group and it is decided whether to continue with the same regime or change it for a fixed or variable rate regime to maturity.

In the first six months of 2016 the reviewable interest rate was due for review on a total of 518 million euros. Of this total, 447 million eurosare with the European Investment Bank and have been altered to a fixed rate regime on maturity with an average fixed rate of 1.074 %, and the remaining 71 million euroswith DEXIA SABADELL have passed to a variable regime with a spread on Euribor at 3 months of 0.85 %.

3.3 Capital management

The Group's objectives when managing the capital are to safeguard its capacity to continue as a going concern, to provide yields to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors the capital structure on the basis of the debt index. This index is calculated according to ratios defined in the financing agreements.

The debt ratios at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Net financial debt according to covenants / EBITDA according to covenants	3.9x	4.5x

The change in the debt ratio corresponds to the added effect of an improvement in the EBITDA derived from containment and expenditure savings, as well as an improvement in revenues resulting from an increase in air traffic, and the amortisation of debt with the Parent Company in accordance with the debt amortisation schedule.

3.4 Estimation of fair value

The following table presents an analysis of the financial instruments that are measured at fair value, classified by measurement method. A hierarchy of fair value is established which classifies in three levels the entry data for the techniques of valuation used to measure fair value, as follows:

- Listed prices (not adjusted) on active markets for identical assets and liabilities (Tier 1).
- Information other than market prices included in Tier 1 which are observable for the asset or liability, both directly (that is, prices) and indirectly (that is, derived from prices) (Tier 2).
- Information regarding the asset or liability that is not based on observable market data (non-observable data) (Tier 3).

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2016:

(Thousand euros unless otherwise stated)

	Tier 1	Tier 2	Tier 3	Total balance
Assets				
Derivatives (Note 10.b)	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Derivatives (Note 10.b)		194,916		194,916
Total liabilities		**194,916**		**194,916**

The following table presents the Group's liabilities measured at fair value at 31 December 2015:

	Tier 1	Tier 2	Tier 3	Total balance
Assets				
Derivatives (Note 10.b)	-	1,280	-	1,280
Total assets	**-**	**1,280**	**-**	**1,280**

	Tier 1	Tier 2	Tier 3	Total balance
Liabilities				
Derivatives (Note 10.b)	-	73,903	-	73,903
Total liabilities	**-**	**73,903**	**-**	**73,903**

There were no transfers of financial instruments between Tier 1 and Tier 2 during the period.

a) Financial instruments in Tier 1:

The fair value of the financial instruments that are negotiated on active markets is based on listed market prices at the reporting period date. A market is considered to be active when the listed prices are easily and regularly available through a stock market, financial brokers, industry institution, a pricing service or a regulatory entity and those prices reflect current market transactions that take place on a regular basis between parties that operate under conditions of mutual independence. The listed market price used for the financial assets held by the Group is the current purchasing price. These instruments are included in Tier 1. There are no Tier 1 financial instruments at any date.

b) Financial instruments in Tier 2:

The fair value of financial instruments that are not listed on an active market (for example, derivatives not listed on an official market) is calculated using measurement techniques. The measurement techniques maximize the use of observable market information that is available and are based as little as possible on specific estimates made by the companies. If the significant inputs that are required to calculate the fair value of an instrument are observable, the instrument is included in Tier 2. The financial instruments included under Tier 2 are those deriving from interest rates (swaps) to hedge variable-rate loans.

If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in Tier 3.

The specific measurement techniques applied to financial instruments are:

- Listed market prices or the prices established by financial brokers for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows, based on estimated interest rate curves.
- Other techniques, such as an analysis of discounted cash flows, are used to analyse the fair value of all other financial instruments.

4 Accounting estimates and judgements

The preparation of the interim summary consolidated financial statements under IFRS requires assumptions and estimates to be made where they have an impact on the amounts recognised for assets, liabilities, revenue, expenses and the breakdowns related with them. The estimates and hypotheses used are based, among others, on historical experience and other factors, including forecast future events, considered reasonable in view of the facts and circumstances considered on reporting period date. Actual results may differ from the estimates.

The understanding of the accounting policies for these items is important for the understanding of the consolidated financial statements. Hereunder better information is given with respect to the estimates and suppositions used for these elements in accordance with the IFRS, and which must be considered jointly with the notes on the interim summary consolidated financial statements.

4.1 Main accounting estimates and judgements

The more critical accounting policies, which reflect the significant management assumptions and estimates for determining amounts in the interim summary consolidated financial statements, are the following:

(a) Possible impairment of intangible assets, tangible fixed assets and investment property.
(b) Useful lives of property, plant and equipment.
(c) Evaluation of litigation, provisions, commitments, assets and contingent liabilities at closing date.
(d) Fair value of derivative financial instruments.
(e) Hypotheses used in the determination of liabilities for commitments to pensions and other commitments to the personnel.

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

At the date these interim consolidated financial statements were prepared no relevant changes in the estimates were expected, and therefore there are no significant perspectives for adjustments to the values of recognised assets and liabilities and 30 June 2016.

Although these estimates were based on the best information available at the end of each year, future events may require these estimates to be modified (increased or decreased) in subsequent years, which would be done in accordance with the provisions of IAS 8 on a prospective basis, recognising the effects of the change in the estimate in the corresponding consolidated income statement.

At 30 June 2016 there are no changes in critical accounting policies reported in the consolidated financial statements at 31 December 2015 other than those referred to in Note 2.1.

The estimates and judgements 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.

(a) Impairment of goodwill, intangible assets, and property, plant and equipment

The Group verifies annually whether there is an impairment loss in respect of the goodwill, intangible assets, and property, plant and equipment, in accordance with the accounting policy described in Note 2.8 of the consolidated financial statements as of 31 December 2015, which describes how management identifies the cash generating units (CGUs) and the method used to submit the assets allocated to them to the impairment tests. Identification and grouping of the CGU is based on income generation and flow of identifiable assets for these groups of cash as well as in certain other assumptions based on how the management manages the assets and the regulatory framework applicable to them. Also, the recoverable amounts of the CGUs have been determined based on value in use calculations. These calculations are based on estimates based on assumptions relating to projections of results, investments and working capital, discount rates and growth rates. Changes and variations in one or more of those assumptions could affect the identification of CGU and the estimated recoverable amount used for the purpose of impairment testing thereof.

At 30 June 2016 the Group management reviewed the results for the first six months of 2016 to evaluate whether there were significant changes which could lead to indications of impairment in the intangible assets, tangible fixed assets and investment property, concluding that there were no indications of impairment (see Notes 6, 7 and 8).

(b) Useful lives of property, plant and equipment

The recognition of investments in property, plant and equipment implies the application of estimates to determine the useful life of the property, plant and equipment for the purposes of depreciation. The calculation of useful lives is associated with estimates relating to the level of use of the assets and expected technological evolution. The assumptions relating to the level of use, technological framework and future developments imply a significant degree of judgment, taking into account that these aspects are very difficult to predict. Changes in the level of the use of assets or changes in technological development could result in revisions of the useful lives and, consequently, in their depreciation.

(c) Evaluation of litigation, provisions, commitments, assets and contingent liabilities

Provisions are recognised when it is probable that a present obligation, resulting from past events, will require the application of resources and when the amount of the obligation may be reliably estimated. The Group estimates the amounts to be paid in the future with respect to employment, expropriation, litigation, taxes, environmental action and other liability commitments. Those estimates are subject to interpretations of current and future events and circumstances, and the relevant estimates of the financial effects of those events and circumstances.

(d) Fair value of derivative financial instruments

The Group uses derivative financial instruments in order to mitigate the risks that are mainly derived from changes in the interest rates associated with its financing. Derivative financial instruments are recognised at their fair value at the beginning of the contract, and that value is subsequently adjusted at the end of each year.

The data used to calculate the fair value of derivative financial instruments are based on available observable market data, whether based on listed market prices or to the application of measurement techniques (Tier 2). The measurement techniques used to calculate the fair value of derivative financial instruments include the discounting of future cash flows associated with them, using assumptions based on market conditions at the measurement date or the use of prices established for similar instruments, among other methods. These estimates are based on available market information and adequate measurement techniques. The use of different market assumptions and/or estimation techniques could have a significant effect on the calculated fair values.

(e) Provisions for staff obligations

The calculation of the expense for pensions, other expenses for benefits following retirement and the liability associated with employment commitments, requires the application of various hypotheses. The Aena Group regularly estimates the provision necessary to meet the commitments for pensions and similar obligations, in accordance with advice from independent actuaries. The changes affecting such assumptions may result in the recording of different amounts and liabilities. The most important assumptions are inflation, retirement age and the discount rate used. Any changes to these assumptions will have an impact on the expenses and future pension liabilities.

4.2 Main judgements in applying the accounting policies of the entity

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

During 2013, Aena, S.A. awarded to World Duty Free Group (WDFG) a multi-annual contract for the management of duty free and duty paid stores in three airport lots until 2020, whose fees are based on sales volumes made by those stores. The management of the Group has evaluated the substantial characteristics of the contract in accordance with the accounting policies described in Notes 2.21 and 2.22 of the consolidated financial statements as of 31 December 2015 and has concluded that the revenue from the contract should be recognised on an accrual basis, considering the charges imposed as contingent, although contractually certain fees are set regardless of the volume of sales made by stores. The judgement of management when determining the variability of contract fees is based on the substance thereof and future variability factors that influence the determination of such fees, including spaces allocated to stores, duration of availability of such spaces, the variability of airport passenger traffic and the ability of parties to obtain a minimum cost associated with contract, among other factors. Future changes to contract conditions evaluated by the management of the Group could result in a different revenue recognition compared to that which Aena, S.A. has applied to this contract up to now. For new contracts with features similar to this one, the Group has continued to follow the same revenue recognition criteria.

(b) Recoverability of tax deductions for investments in Canary Islands

The management of the Group has decided to offset the tax deductions for investments in the Canary Islands from the total state tax due. Deductions for investments in the Canary Islands were applied at the end of 2013, after consultation with the Directorate General of Taxes regarding the recoverability conditions, where the necessary conditions were in existence. For the six month period ended on 30 June 2016 an additional sum of 4,548 thousand euros was activated which corresponds to deductions for investments in the Canaries.

The Group management has no tax deductions activated for investment in the Canaries at 30 June 2016 (31 December 2015: 0 thousand euros) (see Notes 16 and 21).

5 Segment reporting

The Group carries out its business activities in the following segments: Airports, Off-terminal services, and International.

The Airports segment substantially includes the Group's operations as the airport operator as described in Note 1, which are identified with the so-called Aviation activity. In addition, the Airports segment includes the management of commercial spaces in airport terminals, which are identified with the so-called Commercial activity.

The Off-terminal services segment substantially includes the Group's operation of the parking garages located outside the airport terminals and the industrial and real estate assets that are not included in those terminals.

The International segment relates to the Group's international development, which coincides with the operations carried out by the subsidiary Aena Desarrollo Internacional, S.A., and consists of investments in other airport operators, mainly in the United Kingdom, Mexico and Colombia. Information relating to the dependent subgroup LLAH III is included in the International segment, since the revenue, profit and assets are less than 10 % of the aggregate values of the Group.

The Chairman and CEO is the maximum authority with respect to taking operational decisions. The Group has defined the operating segments based on information reviewed by the Chairman and CEO for the purposes of assigning resources and evaluating performance.

The Chairman and CEO evaluates the performance of the operating segments based on EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). At 30 June 2016 the EBITDA, calculated as explained above, was adjusted for effects linked to fixed asset impairment and disposals (30 June 2015: EBITDA calculated as explained above, was adjusted for effects linked to fixed asset impairment and disposals).

The financial information by segments supplied to the maximum authority for the taking of decisions at 30 June 2016 and 30 June 2015 was obtained from the Group management's information systems, and has been assessed in accordance with criteria in line with those applied in these interim summary consolidated financial statements. Financial information per segment is presented as analysed at the present time by the highest decision-making authority. No modification has been made to the criteria for distributing costs monuments during the years presented.

The financial information by segment at 30 June 2016 is as follows (in thousands of euros):

	Airports						
30 June 2016	**Aeronautics**	**Commercial**	**Off-terminal services**	**Sub-Total**	**International**	**Adjustments**	**Total consolidated**
Ordinary revenue	1,142,456	367,708	90,644	1,600,808	102,711	(1,133)	1,702,386
External customers	*1,142,423*	*367,708*	*90,644*	*1,600,775*	*101,611*	*-*	*1,702,386*
Inter-segments	*33*	*-*	*-*	*33*	*1,100*	*(1,133)*	*-*
Other operating income	24,181	2,870	2,912	29,963	139	-	30,102
Total income	**1,166,637**	**370,578**	**93,556**	**1,630,771**	**102,850**	**(1,133)**	**1,732,488**
Supplies	(92,103)	-	-	(92,103)	-	1,100	(91,003)
Staff	(156,559)	(13,684)	(6,537)	(176,780)	(21,163)	-	(197,943)
Other operating expenses	(372,064)	(53,786)	(37,048)	(462,898)	(46,948)	33	(509,813)
Depreciation and Amortisation	(328,972)	(31,907)	(24,165)	(385,044)	(25,702)	-	(410,746)
Fixed assets impairments	(1,073)	(738)	(268)	(2,079)	-	-	(2,079)
Other results	31	208	(181)	58	-	-	58
Total expenditure	**(950,740)**	**(99,907)**	**(68,199)**	**(1,118,846)**	**(93,813)**	**1,133**	**(1,211,526)**
EBITDA	**544,869**	**302,578**	**49,522**	**896,969**	**34,739**	**-**	**931,708**
Fixed assets impairments	(1,073)	(738)	(268)	(2,079)	-	-	(2,079)

Adjusted EBITDA	**545,942**	**303,316**	**49,790**	**899,048**	**34,739**	-	**933,787**
Operating profit/loss	**215,897**	**270,671**	**25,357**	**511,925**	**9,037**	-	**520,962**
Financial result	128,095	(1,610)	9,017	135,502	(17,599)	-	117,903
Share in profits obtained by associates	-	-	-	-	7,616	-	7,616
Profit/loss before tax	**343,992**	**269,061**	**34,374**	**647,427**	**(946)**	-	**646,481**
Total Assets at 30 June 2016				15,629,705	831,813	(170,575)	16,290,943
Total Liabilities at 30 June 2016				11,402,530	571,398	(5,637)	11,968,291

The financial information by segment as of 30 June 2015 is as follows (in thousands of euros):

	Airports						
30 June 2015	**Aeronautics**	**Commercial**	**Off-terminal services**	**Sub-Total**	**International**	**Adjustments**	**Total consolidated**
Ordinary revenue	1,065,898	327,982	80,468	1,474,348	93,947	(1,037)	1,567,258
External customers	*1,065,890*	*327,982*	*80,468*	*1,474,340*	*92,918*	-	*1,567,258*
Inter-segments	*8*	-	-	*8*	*1,029*	*(1,037)*	-
Other operating income	25,394	2,793	2,134	30,321	142	-	30,463
Total income	**1,091,292**	**330,775**	**82,602**	**1,504,669**	**94,089**	**(1,037)**	**1,597,721**
Supplies	(91,155)	-	-	(91,155)	-	1,029	(90,126)
Staff	(154,201)	(13,628)	(5,748)	(173,577)	(18,715)	-	(192,292)
Other operating expenses	(357,661)	(49,223)	(35,791)	(442,675)	(45,106)	8	(487,773)
Depreciation and Amortisation	(338,234)	(32,412)	(24,296)	(394,942)	(29,903)	-	(424,845)
Fixed assets impairments	(1,350)	(84)	(69)	(1,503)	-	-	(1,503)
Other results	54	(165)	(3)	(114)	*514*	-	400
Total expenditure	**(942,547)**	**(95,512)**	**(65,907)**	**(1,103,966)**	**(93,210)**	**1,037**	**(1,196,139)**
EBITDA	**486,979**	**267,675**	**40,991**	**795,645**	**30,782**	**-**	**826,427**
Fixed assets impairments	(1,350)	(84)	(69)	(1,503)	-	-	(1,503)
Adjusted EBITDA	**488,329**	**267,759**	**41,060**	**797,148**	**30,782**	-	**827,930**
Operating profit/loss	**148,745**	**235,263**	**16,695**	**400,703**	**879**	-	**401,582**
Financial result	(93,142)	(6,929)	(7,969)	(108,040)	(3,508)	-	(111,548)
Share in profits obtained by associates	-	-	-	-	5,507	-	5,507
Profit/loss before tax	**55,603**	**228,334**	**8,726**	**292,663**	**2,878**	-	**295,541**
Total Assets at 30 June 2015				16,660,199	961,456	(202,784)	17,418,871
Total Liabilities at 30 June 2015				12,947,986	672,530	(37,754)	13,582,762

The reconciliation of EBITDA and EBITDA adjusted with the Results for the period, for the six month periods ended on 30 June 2016 and 30 June 2015 was as follows:

Item	**30 June 2016**	**30 June 2015**
Total adjusted EBITDA	**933,787**	**827,930**
Fixed assets impairments	(2,079)	(1,503)
Total segment EBITDA	**931,708**	**826,427**
Fixed asset depreciation	(410,746)	(424,845)
Net financial expense	117,903	(111,548)
Share in profits obtained by associates	7,616	5,507
Income tax	(157,297)	(26,042)
Profit/Loss for the year	**489,184**	**269,499**
Results attributable to external partners	**(3,116)**	**(6,064)**
Profit/(loss) for the year attributable to the parent	**492,300**	**275,563**

The forecast for the calculation of regulated tariffs in the future is based, as stated in Law 18/2014 (see Note 3.1), on the fact that during 2014 the total costs of basic airport services to be recovered decreased by the amount resulting from 80% of the result of commercial activities subject to private prices within the terminal; this percentage was 60%

(Thousand euros unless otherwise stated)

for 2015, is 40% for 2016, and will be 20% for 2017 and 0% in 2018 and subsequent years. As a result starting in 2018 the dual till system will apply entirely.

The breakdown of ordinary revenues from the subtotal included in the financial information by segments (excluding the International segment and the Adjustments), by type of service rendered, is as follows:

	30 June 2016	30 June 2015
Airport services	**1,142,456**	**1,065,898**
Public Fees	**1,106,803**	**1,033,539**
Landings	314,048	292,984
Parking	15,900	13,712
Passengers	488,509	462,532
Telescopic boarding gates	52,624	49,115
Security	176,984	161,289
Handling	39,149	35,927
Fuel	14,589	13,423
In-flight meals service	5,000	4,557
Other airport services [(1)]	**35,653**	**32,359**
Commercial Services	**367,708**	**327,982**
Leases	12,856	13,241
Stores	41,756	36,261
Duty-Free Shops	124,924	107,726
Food & Beverage	67,062	56,007
Car Rental	50,171	48,225
Advertising	13,882	12,766
Other commercial revenue (2)	57,057	53,756
Off-terminal services	**90,644**	**80,468**
Parkings	58,374	52,280
Leases [(3)]	4,496	-
Land	13,338	6,201
Warehouses and hangars	5,784	8,857
Cargo logistic centres	6,178	10,701
Real Estate Operations	2,474	2,429

1) Includes Check-in desks, Use of 400 Hz, Fire services, Left-luggage offices, Fast-track and Other revenues.
2) Includes Commercial operations (banking services, plastic-wrapping machines, telecommunications services, vending machines, etc.), Commercial supplies, Use of conference rooms, and Filming and recording.
3) In 2016 this item includes revenue which in June 2015 was mainly included in “warehouses and hangars”.

An important part (42.1 %) of the revenue for airport services at 30 June 2016 was centred on three customers, with revenue figures of 168.3 million euros, 156.8 million euros and 155.2 million euros, respectively (30 June 2015: 146.5 million euros, 144.5 million euros and 139.1 million euros, respectively, 40.4 % of the revenue figure for airport services).

(Thousand euros unless otherwise stated)

Geographical information:

At 30 June 2016, ordinary revenue from external customers is distributed geographically as follows:

Country	Volume
Spain	1,601,466
United Kingdom	97,866
Colombia	556
Mexico	2,498
TOTAL	**1,702,386**

At 30 June 2016 non-current non-financial assets valued at net carrying value, are located as follows:

Country	Property, plant and equipment	Intangible assets	Investment property	**TOTAL**
Spain	13,658,826	87,860	137,009	**13,883,695**
United Kingdom	164,326	466,978	-	**631,304**
	13,823,152	**554,838**	**137,009**	**14,514,999**

At 30 June 2015, ordinary revenue from external customers were distributed geographically as follows:

Country	Volume
Spain	1,474,984
United Kingdom	88,252
Cuba	28
Angola	800
Colombia	515
Mexico	2,679
TOTAL	**1,567,258**

At 30 June 2015 non-current non-financial assets valued at net carrying value, were located as follows:

Country	Property, plant and equipment	Intangible assets	Investment property	**TOTAL**
Spain	15,096,372	93,347	130,538	**15,320,257**
United Kingdom	165,514	585,276	-	**750,790**
	15,261,886	**678,623**	**130,538**	**16,071,047**

(Thousand euros unless otherwise stated)

6 Property, plant and equipment

	Land and buildings	Plant and machinery	Other facilities, tools and furnishings	Other property, plant and equipment	Property, plant and equipment under construction	Total
At 1 January 2015						
Cost or valuation	17,419,132	1,351,902	4,429,925	267,703	318,974	23,787,636
Rectification cost LLAH III (*)	(60,255)	(53,133)	-	(52,680)	-	(166,068)
Accumulated depreciation	(4,850,293)	(851,496)	(2,336,788)	(190,648)	-	(8,229,225)
Rectification depreciation LLAH III (*)	60,255	53,133	-	52,680	-	166,068
Impairment	-	-	-	(581)	-	(581)
Carrying amount at 1 January 2015	**12,568,839**	**500,406**	**2,093,137**	**76,474**	**318,974**	**15,557,830**
Additions	35,648	10,723	6,902	37	64,702	118,012
Disposals	(50,181)	(10,289)	(13,097)	(129)	(7,957)	(81,653)
Transfers (Notes 7 and 8)	233,359	5,367	26,723	(133,590)	(133,905)	(2,046)
Difference in cost conversion	11,477	2,020	-	(415)	1,399	14,481
Allocation to depreciation	(203,341)	(39,020)	(150,160)	(620)	-	(393,141)
Transfers (Notes 7 and 8)	(56,414)	43	(2)	57,361	-	988
Eliminations of accumulated depreciation	22,906	9,708	12,559	130	-	45,303
Difference in depreciation conversion	(2,631)	685	-	4,058	-	2,112
Carrying amount at 30 June 2015	**12,559,662**	**479,643**	**1,976,062**	**3,306**	**243,213**	**15,261,886**
At 30 June 2015						
Cost or valuation	17,589,180	1,306,590	4,450,453	80,926	243,213	23,670,362
Accumulated depreciation	(5,029,518)	(826,947)	(2,474,391)	(77,039)	-	(8,407,895)
Impairment	-	-	-	(581)	-	(581)
Carrying amount at 30 June 2015	**12,559,662**	**479,643**	**1,976,062**	**3,306**	**243,213**	**15,261,886**
At 1 January 2016						
Cost or valuation	17,490,910	1,329,218	4,500,603	140,454	185,538	23,646,723
Accumulated depreciation	(5,143,374)	(867,127)	(2,628,772)	(136,947)	-	(8,776,220)
Impairment	-	-	-	(581)	-	(581)
Carrying amount at 01 January 2016	**12,347,536**	**462,091**	**1,871,831**	**2,926**	**185,538**	**14,869,922**
Additions	15,912	8,196	18,206	963	79,292	122,569
Disposals	(801,060)	(11,503)	(22,557)	(468)	(2,559)	(838,147)
Transfers (Notes 7 and 8)	66,258	12,394	40,906	3	(73,242)	46,319
Difference in cost conversion	(13,277)	(3,194)	-	-	(6,245)	(22,716)
Allocation to depreciation	(196,936)	(36,422)	(146,510)	(510)	-	(380,378)
Transfers (Notes 7 and 8)	(18,916)	(699)	(83)	-	-	(19,698)
Eliminations of accumulated depreciation	9,023	11,344	21,824	462	-	42,653
Difference in depreciation conversion	1,868	760	-	-	-	2,628
Carrying amount at 30 June 2016	**11,410,408**	**442,967**	**1,783,617**	**3,376**	**182,784**	**13,823,152**
At 30 June 2016						
Cost or valuation	16,758,743	1,335,111	4,537,158	140,952	182,784	22,954,748
Accumulated depreciation	(5,348,335)	(892,144)	(2,753,541)	(136,995)	-	(9,131,015)
Impairment	-	-	-	(581)	-	(581)
Carrying amount at 30 June 2016	**11,410,408**	**442,967**	**1,783,617**	**3,376**	**182,784**	**13,823,152**

(*)*These corrections come from the fact that* the "contribution from change in the scope", *included in the consolidated financial statements for 2014,* derived from the integration of LLAH III property, plant and equipment in 2014 was held at its net book value at the date of the contribution, totalling 149,819 thousand euros of which 315,887 thousand euros corresponded to acquisition cost and -166,068 thousand euros to accumulated depreciation, and these amounts were included in the cost breakdown and accumulated depreciation at 31 December 2014. *The breakdown has been modified in these interim financial statements, without any effect over net book value at 31 December 2014.*

Lease income amounting to 2,355 thousand euros was recognised in the income statement (30 June 2015): 1,958 thousand euros) and 642 thousand euros (30 June 2015: 561 thousand euros) corresponding to the leasing of real estate and machinery and others, respectively.

The main additions recognized at 30 June 2016 and 2015 are described below:

Land and buildings

At 30 June 2016 additions in land and buildings amounted to 15,912 thousand euros. The main additions in the period were remodelling and upgrading of the VIP lounges at Adolfo Suárez Madrid-Barajas airport, regeneration of the runway surface at Ibiza Airport and the new footbridge at Vigo airport.

As for works in progress, the most significant investments in the first half of 2016 in Spain are renewing the paving in Street T at Tenerife Sur airport, renewal of flooring in T1 at Adolfo Suárez Madrid-Barajas airport and works for compliance with operational safety requirements at Gran Canaria airport. Outside Spain there has been the work on the "Curium" project to expand the capacity of London Luton airport which affects the terminal building and its accesses and car parks. In addition the new power plant has been brought into service at Asturias airport and there have been actions for the commissioning to II/III category at Zaragoza airport.

At 30 June 2015 the additions in land and buildings amounted to 35,648 thousand euros. The principal entries were for rises in the estimated amount of final payments for commitments acquired during the period in environmental matters (see Note 17), as well as work carried out in Palma de Mallorca airport on the taxiway linkage from perpendicular taxiway 06-24, appropriations to the provision for litigation in expropriations of land for an amount of 1.1 million euros, mostly for the Adolfo Suárez Madrid-Barajas airport, and investments of various kinds in the Group's airports as a whole.

Also, in construction work in progress, the most important investments were in widening the runway at A Coruña and reconditioning the paving of runway 18R-36L at Adolfo Suárez Madrid-Barajas airport, replacing the previous reconditioning, which was deregistered. In works finished and brought into use there were the new terminal (Dique Norte) in Gran Canaria and its associated installations (electricity distribution, fire detection system, air conditioning, megaphones, CCTV, signposting, roadways, furniture, etc.).

The disposals of land and buildings at 30 June of 2016 and 2015 corresponded, mostly, to reversions of provisions made for expropriations or claims by suppliers, following judgments favourable to Aena (see Note 17).

Plant and other property, plant and equipment

The most important additions at 30 June 2016 were:

- Broadening the multiservice network at Gran Canaria airport.
- Updating the ground signs on the taxiways, wing bars and obstacles in Alicante airport.
- Replacement of various lifts in the airport terminals at Adolfo Suárez Madrid-Barajas.
- Replacement of escalators and travelators at Adolfo Suárez Madrid-Barajas airport.
- Replacement of various self check-in desks at Adolfo Suárez Madrid-Barajas airport.
- Communication network equipment at Palma de Mallorca airport.
- Remodelling of the airfield medium voltage circuit at Fuerteventura airport.

The most typical additions at 30 June 2015 were for:

- Supply and installation of boarding bridges at Malaga airport.
- New electrical connections at Jerez airport.
- Work on extending the air conditioning ring at Palma de Mallorca airport.
- Supply and installation of boarding bridges at Gran Canaria airport.
- Installation of radio support at Adolfo Suárez Madrid-Barajas airport.
- Fire extinguisher vehicles for Palma de Mallorca and Menorca airports.

(Thousand euros unless otherwise stated)

- Control of access to the P-1 parking building at Seville.
- Air conditioning system and extension of signage at T4 and T4S at Adolfo Suárez Madrid-Barajas Airport.
- CCTV systems, access and air conditioning in the new commercial areas of Gran Canaria airport.

The disposals registered in the first half of 2016 were caused mostly by the replacement of installations at Adolfo Suárez Madrid-Barajas airport (lifts, travelators and escalators, self check-in desks) and Málaga Costa del Sol (replacement of telescopic boarding bridge).

Of the disposals in 2015, most were for old baggage inspection equipment (EDS) at Adolfo Suárez Madrid-Barajas airport, telescopic boarding bridges in Gran Canaria and Málaga Costa del Sol airports which have been replaced, removal of the multi-service network from Tenerife Sur and a damaged fire-fighting vehicle at Adolfo Suárez Madrid-Barajas.

Property, plant and equipment under construction

The main actions in progress at 30 June 2016 in Spain were the works in the area of the new terminal at Santiago airport, extension of the terminal building in Reus, and supply and installation of new boarding bridges at Málaga Costa del Sol airport; and, outside Spain, actions related to the “Curium” project to expand the capacity of London Luton Airport.

The main projects in progress at 30 June 2015 were concerned with expansion of the runway at A Coruña airport, construction of a new power plant in Asturias, works for the new fuel connection and regeneration of runway 18R-36L in Madrid, extension of the multiservice network in Gran Canaria and works for the new terminal in Reus.

Disposals of non-financial fixed assets

The disposals of fixed assets during the first half of 2016 with imputation to results affected, mostly, the tangible fixed assets, and gave a total negative result of 2,079 thousand euros, which coincides with the net accounting value of various assets (-2,377 thousand euros) and the positive result obtained in the repurchase of equipment by the suppliers (+298 thousand euros). In addition, the disposals in 2015 included the following items, the amount of which has not been charged to the profit or loss account:

- Reversals of provisions recorded in previous years for fair value differences arising primarily from land expropriations and estimated environmental investments to comply with current legislation, and for litigation related to works carried out and charged to accounts of provisions for risks and expenses (see Note 17) amounted to a total of 791,329 thousand euros (30 June 2015: 29,803 thousand euros).

- Payments to suppliers of fixed assets in relation to amounts activated in previous years, amounted to 2,038 thousand euros (30 June 2015: 4,844 thousand euros).

Capitalized interest costs

At 30 June 2016 the Group had capitalized costs for interest for an amount of 330 thousand euros (30 June 2015: 1,661 thousand euros).

Impairment in the value of tangible fixed assets

At 31 December 2015 the Group applied the impairment test to the airport network, not finding any impact on the consolidated financial statements, even after applying sensitivities on the variables used. The main assumptions used were:

	2015
Growth rate	2.00 %
Discount rate	5.33 %

(Thousand euros unless otherwise stated)

The Group has calculated the recoverable value based on the 4-year projections of profits approved by management. The discount rates used are after tax, and reflect specific risks relating to the Group's activities.

The discount rate after tax applied to the cash flow projections is the weighted average cost of capital (WACC), and is determined by the weighted average of the cost of own funds and the cost of the external funds, according to the financial structure determined for each CGU. The data used for the calculation of WACC come from external and independent sources of information, and reflect specific risks relating to the Company's activities.

From the fifth year, cash flow projections are calculated using a constant rate of expected growth, taking into account the consensus of analysts' estimates and air traffic growth forecasts stated in industry reports.

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

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

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

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

At 30 June 2016, the Group did not apply the impairment test, but did review the results for the first half-year to ascertain whether there were significant changes which could indicate the existence of signs of impairment of value in the tangible fixed assets. In this context, during the first six months of the year there was an improvement in passenger traffic numbers (+10.7 %) and in operations (+7.3 %) compared to the same period last year, which has led to an improvement in revenues (+ 8.1%) and EBITDA in the airport segment (+12.1%). These increases are larger than those envisaged in the scenario considered in the impairment test conducted at the end of 2015. This, together with the favourable resolution of the main expropriation disputes (Note 17), has had a positive impact on results for the first six months, offsetting the possible negative effects of changes in tariffs in the future in accordance with the new regulatory framework and the impact on traffic of the outcome of the recent referendum in the United Kingdom (Note 3.1).

The combined effect of all the above leads to the conclusion that there are no indications of impairment.

Leasing agreements

The provision for property, plant and equipment includes an automated flight inspection system, an electrical co-generation plant at Adolfo Suárez Madrid-Barajas Airport, and an aircraft parking platform at London Luton airport, which are covered by financial lease agreements in which the Group is the lessee; the relevant amounts of these agreements are as follows:

	30 June 2016	30 June 2015
Cost- capitalized finance leases	27,645	28,017
Accumulated depreciation	(10,142)	(5,559)
Carrying amount	**17,503**	**22,458**

Jointly controlled assets

The Group has an agreement with the Ministry of Defence to establish the key distribution and compensation criteria for the use by civil aircraft of the Air Bases Open to Civil Traffic in Villanubla, León, Albacete, Matacán, Talavera, San Javier and the joint-use aerodrome in Zaragoza. This Agreement is based on the application of Royal Decree 1167/1995 (7 July) on the system for using airports jointly used by an airbase and an airport and the airbases open to civil traffic. The following amounts represent the Group's stake in the assets and liabilities, and the sales and profits of the joint venture, which have been included in the Statements of Financial Position and the income statement:

(Thousand euros unless otherwise stated)

	30 June 2016	31 December 2015
- Non-current assets	261,580	268,945
- Non-current/current liabilities	-	-
Net assets	**261,580**	**268,945**

	30 June 2016	30 June 2015
- Revenues	11,395	10,971
- Expenses	(21,272)	(21,701)
Profit after taxes	**(9,877)**	**(10,730)**

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

Property, plant and equipment subject to guarantees

The assets of London Luton Airport Holdings I Limited ("LLAH I"), of London Luton Airport Group Limited ("LLAGL") and of London Luton Airport Operations Limited ("LLAOL") guarantee the bank debt of the London Luton Airport Holdings III Limited Group ("LLAH III").

Limitations

Contributed land, buildings and other construction the substance of the non-monetary contribution referred to in Note 1 have lost their status as public domain assets due to the effect of the release established by Article 9 of Royal Decree Law 13/2010 (3 December), which stipulates that all state public domain assets associated with the public business entity "Aeropuertos Españoles y Navegación Aérea" that are not linked to air traffic services, including those used for airport air traffic services, will cease to be public domain assets but this does not mean that the purpose of the expropriation is not altered and therefore the reversal of that process is not appropriate.

There are certain restrictions on the sale of airport assets, agreed in the novation which amends but does not extinguish the financing agreements signed by Aena and ENAIRE with the lending entities, dated 29 July 2014 (see Note 20 Consolidated financial statements for the financial year 2015).

(Thousand euros unless otherwise stated)

7 Intangible assets

	Service concessions	Development	Software	Goodwill	LLAH III concession	Other fixed intangible assets	Intangible assets under development	Total
Cost								
At 1 January 2015	**17,774**	**1,608**	**203,024**	**1,872**	**551,730**	**135,868**	**35,566**	**947,442**
Additions	3	-	4,883	-	-	1	3,897	8,784
Disposals	(58)	-	(45)	-	-	-	(34)	(137)
Transfers (Note 6 and 8)	-	-	244	-	-	108	(286)	66
Differences on exchange	-	-	-	-	59,456	-	-	59,456
At 30 June 2015	**17,719**	**1,608**	**208,106**	**1,872**	**611,186**	**135,977**	**39,143**	**1,015,611**
At 1 January 2016	**17,718**	**1,608**	**220,980**	**1,872**	**585,554**	**136,130**	**37,736**	**1,001,598**
Additions	16	-	3,696	-	-	2	3,692	7,406
Disposals	(11)	-	(581)	-	-	(30)	(174)	(796)
Transfers (Note 6 and 8)	(357)	-	1,433	-	-	41	(1,579)	(462)
Differences on exchange	-	-	-	-	(65,265)	-	-	(65,265)
At 30 June 2016	**17,366**	**1,608**	**225,528**	**1,872**	**520,289**	**136,143**	**39,675**	**942,481**

	Service concessions	Development	Software	Goodwill	LLAH III concession	Other fixed intangible assets	Intangible assets under development	Total
Accumulated depreciation and impairment losses								
At 1 January 2015	**(4,874)**	**(968)**	**(160,590)**	**-**	**(7,825)**	**(131,608)**	**-**	**(305,865)**
Allocation to depreciation	(349)	(132)	(10,113)	-	(18,565)	(636)	-	**(29,795)**
Disposals	20	-	45	-	-	-	-	**65**
Differences on exchange	-	-	-	-	(1,393)	-	-	**(1,393)**
At 30 June 2015	**(5,203)**	**(1,100)**	**(170,658)**	-	**(27,783)**	**(132,244)**	-	**(336,988)**
At 1 January 2016	**(5,521)**	**(1,233)**	**(183,110)**	**-**	**(44,361)**	**(132,609)**	**-**	**(366,834)**
Allocation to depreciation	(346)	(132)	(9,709)	-	(17,115)	(511)	-	(27,813)
Disposals	5	-	519	-	-	30	-	554
Transfers (Note 6 and 8)	134	-	23	-	-	-	-	157
Differences on exchange					6,293			6,293
At 30 June 2016	**(5,728)**	**(1,365)**	**(192,277)**	**-**	**(55,183)**	**(133,090)**	**-**	**(387,643)**

	Service concessions	Development	Software	Goodwill	LLAH III concession	Other fixed intangible assets	Intangible assets under development	Total
Carrying amount								
Cost	17,774	1,608	203,024	1,872	551,730	135,868	35,566	947,442
Accumulated depreciation and impairment losses	(4,874)	(968)	(160,590)	-	(7,825)	(131,608)	-	(305,865)
At 1 January 2015	**12,900**	**640**	**42,434**	**1,872**	**543,905**	**4,260**	**35,566**	**641,577**
Cost	17,719	1,608	208,106	1,872	611,186	135,977	39,143	1,015,611
Accumulated depreciation and impairment losses	(5,203)	(1,100)	(170,658)	-	(27,783)	(132,244)	-	(336,988)
At 30 June 2015	**12,516**	**508**	**37,448**	**1,872**	**583,403**	**3,733**	**39,143**	**678,623**
Cost	17,718	1,608	220,980	1,872	585,554	136,130	37,736	1,001,598
Accumulated depreciation and impairment losses	(5,521)	(1,233)	(183,110)	-	(44,361)	(132,609)	-	(366,834)
At 1 January 2016	**12,197**	**375**	**37,870**	**1,872**	**541,193**	**3,521**	**37,736**	**634,764**
Cost	17,366	1,608	225,528	1,872	520,289	136,143	39,675	942,481
Accumulated depreciation and impairment losses	(5,728)	(1,365)	(192,277)	-	(55,183)	(133,090)	-	(387,643)
At 30 June 2016	**11,638**	**243**	**33,251**	**1,872**	**465,106**	**3,053**	**39,675**	**554,838**

At 30 June 2016 and 2015 there were no intangible assets subject to guarantees.

Of the total capitalized costs at 30 June 2016 and 2015, assets in progress are included as follows (thousand euros):

	30 June 2016	30 June 2015
Software	7,852	5,690
Other fixed intangible assets	31,823	33,453
Total	**39,675**	**39,143**

The main additions in the first half of 2016, and in the same period of 2015, in the headings of “Computer Software Applications” and “Intangible Fixed Assets in progress” corresponded to acquisitions, improvements and developments of new technology for computer software applications in the central airport services, particularly the *Checkpoint* Licence in June 2015 and the renewal of UCA equipment at Adolfo Suárez Madrid-Barajas airport.

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

At 30 June 2016 a total of 39 thousand euros was activated (30 June 2015: 88 thousand euros) in financial expenses associated with intangible fixed assets.

(Thousand euros unless otherwise stated)

Concession of services:

The heading "Service concessions" includes the helicopter concessions in Ceuta and Algeciras, accounted for as indicated in Note 2.24 of the consolidated financial statements for 2015. The Group exploits the heliports in Ceuta and Algeciras under administrative concession contracts whose main conditions are described below:

Ceuta Heliport:

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

Algeciras Heliport:

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

London Luton administrative concession

Since 16 October 2014, the Group's scope of consolidation has globally included the accounts of London Luton Airport Holdings III Limited (LLAHL III), created with the objective, through its 100 % owned subsidiary London Luton Airport Holdings II Limited (LLAHL II), which in turn owns 100 % of London Luton Airport Holdings I Limited (LLAHL I), of carrying out the acquisition, on 27 November 2013, of London Luton Airport Group Limited. Luton Airport is managed, as a concession, by LLAOL. The concession contract was signed on 20 August 1998 and ends on 31 March 2031. The concession contract contemplates the existence of the company London Luton Airport Group Limited ("LLAGL") as a guarantee of the operator. The Luton airport concession does not meet the requirements set out in IFRIC 12 for its consideration as a service concession (see Note 2.24 of the consolidated financial statements for 2015), given that the tariffs at this airport are not subject to regulated prices, so that it is accounted for as an operative lease in accordance with NIC 17.

Impairment tests for unamortised intangible assets (under development)

In accordance with the procedure described in Note 2.8 of the Consolidated financial statements for the financial year 2015 and for the network of airports that constitutes the Airports segment, at the end of 2015 the Group performed impairment tests on the non-amortised intangible assets and did not identify any adjustments, even after applying sensitivities to the variables used.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on five year financial budgets approved by management, including the current year. Cash flows beyond these five years are extrapolated using the estimated growth rate indicated below. At 30 June 2016, management reviewed the projections and results over six months (in 2016) and did not identify any changes suggesting the existence of any impairment (see the explanation in Note 6).

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

	31 December 2015
Growth rate	2.00 %
Discount rate	5.33 %

Sensitivity to changes to the assumptions

On 31 December 2015, the Group performed a sensitivity analysis of the impairment calculation, using reasonable variations of the main financial assumptions considered in the calculation, assuming the following increases or decreases in percentage points (p. p.):

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

As a result of the sensitivity analysis performed at year-end 2015, it appeared that there were no significant risks associated with reasonably possible changes to the assumptions, considered on an individual basis. That is, management believed that, within the above ranges, no corrections for impairment will be necessary. At 30 June 2016 the management reviewed the results for the first half year without finding indications of impairment.

Fixed assets stemming from the acquisition of LLAH III

As for intangible and tangible fixed assets resulting from the acquisition of LLAH III Company, the Group estimated, at the end of 2015, the recoverable amount of the investment and the present value of future cash flows, taking into account the estimates contained in the business plan prepared by the Board of Directors of the Company, which extend until 2031, the year of legal expiry of the concession contract. By applying discount rates consistent with recent historical experience, a recoverable amount was obtained that exceeded fixed assets' carrying amount. At the end of 2015 a sensitivity analysis of the calculation of the recoverable amount based on changes in the key assumptions (growth in incomes coming from passengers, inflation rate, discount rate) was also performed. On the basis of the foregoing, the Group Management considered that the recoverable amount calculated, at 31 December 2015, was greater than the carrying amount of the fixed assets mentioned.

At 30 June 2016 the management reviewed the result for the first six months, analysing also the possible negative impacts on traffic arising from the results of the recent referendum in the United Kingdom ("Brexit") (Note 3.1).

The combined effect of all the above leads to the conclusion that there are no indications of impairment.

Goodwill stemming from the acquisition of LLAH III

In accordance with the impairment calculations carried out, at the end of 2015, it was considered that there was no need to adjust the goodwill, as the recoverable value (in all cases understood as the value-in-use) is greater than the carrying value. Likewise, a sensitivity analysis was carried out on changes in the main valuation variables considered to be reasonably possible, and the recoverable value remained above the net carrying amount in all cases.

At 30 June 2016 the management reviewed the result for the first six months, analysing also the possible negative impacts on traffic and the discount rate arising from the recent referendum in the United Kingdom, as has been explained in the preceding paragraph, without indentifying any indications of impairment.

(Thousand euros unless otherwise stated)

8 Investment properties

	Land and buildings	Technical installations and other property, plant and equipment	Total
Cost			
At 1 January 2015	**204,144**	**6,319**	**210,463**
Additions	69	-	69
Transfers (Note 6 and 7)	1,984	(4)	1,980
At 30 June 2015	**206,197**	**6,315**	**212,512**
At 1 January 2016	**267,379**	**6,315**	**273,694**
Additions	628	-	628
Disposals	(50)	-	(50)
Transfers (Note 6 and 7)	(45,600)	(257)	(45,857)
At 30 June 2016	**222,357**	**6,058**	**228,415**
Accumulated depreciation and impairment losses			
Accumulated depreciation at 1 January 2015	**(67,369)**	**(5,465)**	**(72,834)**
Impairment at 1 January 2015	**(6,243)**	**-**	**(6,243)**
Allocation to depreciation	(1,702)	(207)	(1,909)
Transfers (Note 6 and 7)	(991)	3	(988)
Accumulated depreciation at 30 June 2015	**(70,062)**	**(5,669)**	**(75,731)**
At 30 June 2015	**(6,243)**	**-**	**(6,243)**
Accumulated depreciation at 1 January 2015	**(96,323)**	**(5,862)**	**(102,185)**
Impairment at 1 January 2015	**(6,243)**	**-**	**(6,243)**
Allocation to depreciation	(2,525)	(30)	(2,555)
Disposals	36	-	36
Transfers (Note 6 and 7)	19,432	109	19,541
Accumulated depreciation at 30 June 2016	**(79,380)**	**(5,783)**	**(85,163)**
Impairment at 30 June 2016	**(6,243)**	**-**	**(6,243)**

Carrying amount			
Cost	204,144	6,319	210,463
Accumulated depreciation and impairment losses	(73,612)	(5,465)	(79,077)
At 1 January 2015	**130,532**	**854**	**131,386**
Cost	206,197	6,315	212,512
Accumulated depreciation and impairment losses	(76,305)	(5,669)	(81,974)
At 30 June 2015	**129,892**	**646**	**130,538**
Cost	267,379	6,315	273,694
Accumulated depreciation and impairment losses	(102,566)	(5,862)	(108,428)
At 1 January 2016	**164,813**	**453**	**165,266**
Cost	222,357	6,058	228,415
Accumulated depreciation and impairment losses	(85,623)	(5,783)	(91,406)
At 30 June 2016	**136,734**	**275**	**137,009**

(Thousand euros unless otherwise stated)

At 30 June 2016 and 2015 there were no investment properties subject to guarantees.

The Company's policy is to obtain insurance policies to cover all risks that could affect its investment properties. At 30 June 2016 and 2015, the Company had reasonably covered these risks.

This heading mainly includes immoveable assets used for operations in rental form (land, offices and warehouses). In the cases in which these properties are composed of one part which obtains rent and another part which is used in the production or supply of goods or services or for administrative purposes, such properties are considered as investment properties when only an insignificant portion of them is used for the production or supply of goods or services or for administrative purposes.

At 30 June 2016 transfers from tangible fixed assets to investment property were made of those properties which were leased to third parties or where there was a plan for them to be leased, having begun their development for marketing, for a net accounting value of 8,563 thousand euros, and a fair value of 12,801 thousand euros. In the contrary sense, there were transfers from investment property to tangible fixed assets of those buildings which do not fulfil the above requirements, as well as buildings which are being used, in a not insignificant part, for the production or supply of goods or services or for administrative purposes, for a net accounting value of 34,879 thousand euros, and a fair value of 117,929 thousand euros. The net accounting result of both movements, -26,316 thousand euros, is shown in the movements in investment properties for the first six months of 2016 in this note (transfer of cost for -45,857 thousand euros plus transfer of depreciation for 19,541 thousand euros).

The revenues deriving from rent and direct operating expenses (including repairs and maintenance) of investment properties are as follows:

	30 June 2016	30 June 2015
Rent Revenues	31,182	28,165
Direct operating expenses	(20,393)	(19,064)

The fair value of investment properties of the Group at the indicated dates is as follows:

	30 June 2016	At 31 December 2015
Land	328,958	301,359
Buildings	380,767	489,615
Total	**709,725**	**790,974**

In the first half of 2016 the Group commissioned an independent valuation company to undertake a review and valuation of the Group's real estate portfolio with the aim of determining the fair value of its investment property. The asset valuation was carried out following the rules of "RICS Valuation- Professional Standards 2014 "Red Book" UK edition", as well as the terms of International Accounting Standard number 40 (IAS 40- Investment property), defining the fair value as the amount for which an asset can be exchanged between interested and informed parties, in a transaction carried out in conditions of mutual independence. After analysing the values of all the assets the subject of study, based on their current contractual situation, state of preservation and age, it was considered that the value which would best reflect the situation was that obtained by the cash flow discount method. Additionally, apart from the data studied, the entity observed that the rate of discount or yield in the industrial/service market was around 7.0 %-9.0 %, depending on the location, level of activity and category of the airport, the lower part of the range corresponding to prime locations. This percentage rate is in accord with average profitability in the sector and results from the internal return in the Public Debt market, increased by a differential in view of the volume of investment, building type, physical characteristics and location factor, corrected for inflation.

This profitability was weighted in accordance with the characteristics of each investment project, additionally adapted to the methodology adopted as the basis of calculation (discounted cash flow). The yield on real estate assets represents the profitability before taxes expected by an average investor, associated with a lease contract, generally referenced to a price index (CPI) and, therefore, is a real profitability (not nominal).

As a growth rate to apply on future returns, an average rate of 1.5 % was used for the calculation of the fair value, the rate used for each property depending on its characteristics, location and level of activity at the airport.

(Thousand euros unless otherwise stated)

As a result of this first evaluation, the fair value of these assets has been adjusted. Accordingly, the management of the Group does not believe that any significant impairment exists other than that recognised at 30 June 2016. The reduction observed in the fair value of investment properties at 30 June 2016, with respect to that given for 31 December 2015, is largely explained by the transfers to and from tangible fixed assets referred to above, which by themselves result in a lower figure for that value, in 105,128 thousand euros.

At 31 December 2015 the calculation of fair value in Tier 3 was obtained by internal calculations based on discounted cash flows individualised for each asset. The principal assumptions used were as follows:

	31 December 2015
Growth rate	1.50 %
Discount rate	7-9 % (*)

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

This discount rate reflects a specific premium based on the characteristics of the real estate business. In the determination of the fair value for investment property in 2015 the Group analysed the situation contract by contract; for contracts in force using the rents established in the contracts and supposing that the contracts would be complied with in the term fixed; the flows were estimated for ten years with a perpetual return after year eleven. For assets undergoing an awarding process, only assets for which no debts existed in relation to their future awarding and generation of cash flows were included. For the calculation of cash flows, annual guaranteed minimum rents (in the case of awards) or rents determined according to market conditions were used.

9 Investments in associated companies and joint business

The breakdown and movement of the heading "Investment in associates" at 30 June 2016 and 2015 is a follows (thousand euros):

30 June 2016

	Opening balance	Additions/Reductions (Reduction of capital) (Note 2.2)	Profit sharing	Dividends received	Differences on exchange	Others (Wealth tax payment)	Closing balance
SACSA	3,219	-	1,452	(1,303)	127	-	3,495
AMP (**)	67,456	(1,472)	4,475	(3,126)	(4,166)	-	63,167
AEROCALI (*)	6,704	-	1,689	-	506	(70)	8,829
Total	**77,379**	**(1,472)**	**7,616**	**(4,429)**	**(3,533)**	**(70)**	**75,491**

30 June 2015

	Opening balance	Profit sharing	Dividends received	Differences on exchange	Others	Closing balance
SACSA	3,555	1,033	(1,352)	13	-	3,249
AMP	69,87	2,894	(6,595)	2,539	-	68,525
AEROCALI (*)	4,410	1,580	-	44	(148)	5,886
Total	**77,652**	**5,507**	**(7,947)**	**2,596**	**(148)**	**77,660**

(*) Investment with joint control. As a result of the acquisition of shares in this company and the obtainment of a 50 % holding, the Group has evaluated the rights therein and has concluded there is joint control since primarily decisions are taken unanimously by partners. The articles of association of the company, which set out the rights of partners, were not modified by this acquisition; in addition no agreement was reached between the partners during this period. No contingent liabilities exist in relation to the Group's holding in the joint venture.
(**) The impact of the reduction of capital in AMP explained in Note 2.2. on accumulated profits was 825 thousand euros.

AMP has a holding of 17.4 % of the Grupo Aeroportuario del Pacífico (GAP), which, on 20 April 2015, acquired Sociedad Desarrollo de Concesiones Aeroportuarias, S.L. ("DCA") from Abertis for 190.8 million USD.

DCA has a holding of 74.5 % in company MBJ Airports Limited (MBJA), which operates at Sangster International airport (MBJ) in the city of Montego Bay in Jamaica. MBJ Airports Limited has a concession to operate, maintain and exploit the airport for a period of 30 years, counting from 3 April 2003. DCA also has a 14.77 % stake in the company SCL Terminal Aéreo Santiago, S.A. ("SCL"), the operator of the international terminal at Santiago de Chile airport until 30 September 2015.

Sangster International airport is the main airport in Jamaica, located in the city of Montego Bay, right in the centre of the tourist corridor that runs from Negril to Ocho Rios, where 90 % of the hotel capacity of the island is concentrated.

The audited information expressed under IFRS relating to Associates at 30 June 2016 and 30 June 2015, measured in euros at the exchange rate in force at the end of each of the years, is as follows:

Name	Country of constitution	Assets	Liabilities	Operating revenue	Profit/(Loss)	% of Ownership
30 June 2016 (*)						
- SACSA	Colombia	37,226	28,002	14,634	3,831	37.89 %
- AMP	Mexico	186,841	3,696	6,629	13,427	33.33 %
- AEROCALI	Colombia	44,814	27,157	2,807	3,377	50.00 %
30 June 2015 (*)						
- SACSA	Colombia	26,437	17,864	10,838	2,724	37.89 %
- AMP	Mexico	221,209	21,987	15,553	8,683	33.33 %
- AEROCALI	Colombia	26,462	14,691	14,012	3,161	50.00 %

(*) The financial statements at 30 June 2016 and 2015 are not audited. The financial statements of AMP and AEROCALI give the forecast result for the month of June 2016. At 30 June 2015 the financial statements gave the forecast result for the month of June.

Assets, liabilities, revenues and results expressed in thousands of euros of the main partner company (AMP) are detailed below:

	30 June 2016	31 December 2015
Non-current assets	160,507	192,108
Current assets	26,334	29,101
Non-current liabilities	-	-
Current liabilities	3,696	21,987
Ordinary revenue	6,629	15,553
Results of the year from ongoing operations	13,427	8,683
Results after tax from discontinued operations	-	-
Other overall profit/(loss):	-	-
Total overall profit/(loss)	13,427	8,683

(Thousand euros unless otherwise stated)

10 Financial instruments

a) Financial instruments by category

	30 June 2016			
	Loans and receivables	Hedging derivatives	Available for sale	Total
Assets on the Statements of Financial Position				
Financial assets available for sale	-	-	1,680	**1,680**
Other financial assets	57,230	-	-	**57,230**
Trade and other payables (excluding pre- payments and non-financial assets) (Note 11)	312,147	-	-	**312,147**
Cash and cash equivalents (Note 12)	1,025,933	-	-	**1,025,933**
Total	**1,395,310**	**-**	**1,680**	**1,396,990**

	30 June 2016			
	Liabilities at fair value through profit or loss	Hedging derivatives	Other financial liabilities at amortized cost	Total
Liabilities on the Statements of Financial Position				
Financial debt (excluding finance lease liabilities) (Note 15)	-	-	9,486,026	**9,486,026**
Finance leases (Note 15)	-	-	26,171	**26,171**
Derivative financial instruments (Note 10.b)	-	194,916	-	**194,916**
Trade and other payables (excluding non- financial liabilities) (Note 14)	-	-	706,398	**706,398**
Total		**194,916**	**10,218,595**	**10,413,511**

	31 December 2015			
	Loans and receivables	Hedging derivatives	Available for sale	Total
Assets on the Statements of Financial Position				
Financial assets available for sale	-	-	4,823	**4,823**
Derivative financial instruments (Note 10.b)	-	1,280	-	**1,280**
Other financial assets	54,241	-	-	**54,241**
Trade and other payables (excluding pre- payments and non-financial assets) (Note 11)	397,730	-	-	**397,730**
Cash and cash equivalents (Note 12)	556,741	-	-	**556,741**
Total	**1,008,712**	**1,280**	**4,823**	**1,014,815**

	31 December 2015			
	Liabilities at fair value through profit or loss	Hedging derivatives	Other financial liabilities at amortized cost	Total
Liabilities on the Statements of Financial Position				
Financial debt (excluding finance lease liabilities) (Note 15)	-	-	9,929,747	**9,929,747**
Finance leases (Note 15)	-	-	28,672	**28,672**
Derivative financial instruments (Note 10.b)	-	73,903	-	**73,903**
Trade and other payables (excluding non- financial liabilities) (Note 14)	-	-	302,195	**302,195**
Total	**-**	**73,903**	**10,260,614**	**10,334,517**

b) Derivative financial instruments

	30 June 2016		31 December 2015	
	Assets	Liabilities	Assets	Liabilities
ENAIRE interest rate swaps transferred to AENA- Cob. FE		347	-	1,686
Interest rate swaps – cash flow hedges Aena, S.A.	-	184,409	-	72,217
Interest rate swaps - cash flow hedges LLAH III	-	10,160	1,280	-
Total	**-**	**194,916**	**1,280**	**73,903**
Current portion	**-**	**43,104**	**-**	**42,356**
Non-current portion	**-**	**151,812**	**1,280**	**31,547**

The breakdown of the derivative financial instruments at 30 June 2016 and 31 December 2015 is shown in the following table.

The total fair value of a hedging derivative is classified as non-current assets or liabilities if the time remaining to maturity of the hedged item is more than 12 months and as current assets or liabilities if the time remaining to maturity of the hedged item is less than 12 months.

During the six month periods ended on 30 June 2016 and 30 June 2015 derivatives for cover were 100 % effective and met the requirements for hedge accounting to apply, so that there was no ineffective item recorded in the Profit & Loss Account.

Interest rate swaps

- ENAIRE derivatives transferred to Aena, S.A.

In accordance with the description provided in Note 15, a financing agreement exists between the public business entity "ENAIRE" and Aena, S.A., which transfers the financing assigned to Aena, S.A. in the contribution of the line of business (see Note 1) and any obligations that may exist in the agreements with financial institutions that financed the public business entity. The interest rate swaps indicated below relate to the original agreements signed between ENAIRE and the relevant financial institutions, with ENAIRE being responsible for compliance with the obligations of this agreement. As a result of the agreement between Aena, S.A. and ENAIRE, the measurement and recognition of the effect of the interest rate swap agreements relating to the financing between the two companies has been reflected in the Group's Statements of Financial Position.

Their main characteristics are as of 30 June 2016 are as follows:

	Classification	Type	Contracted amount (thousand euros)	Date of agreement:	Start date for the derivative	Maturity	Designation date of the hedge
Interest rate swaps	Cash flow hedge	Fixed interest rate swap at 0.98 % against variable interest rate	66,500	13/12/2012	13/12/2012	13/12/2017	13/12/2012

Their main characteristics are as of 31 December 2015 were as follows:

	Classification	Type	Contracted amount (thousand euros)	Date of agreement:	Start date for the derivative	Maturity	Designation date of the hedge
Interest rate swaps	Cash flow hedge	Fixed interest rate swap at 2.57 % against variable interest rate	255,000	28/07/2010	15/12/2011	15/03/2016	28/07/2010
Interest rate swaps	Cash flow hedge	Fixed interest rate swap at 0.98 % against variable interest rate	66,500	13/12/2012	13/12/2012	13/12/2017	13/12/2012

Of the interest rate swap with a contracted sum of 255,000 thousand euros, only 94.9 % had been transferred to Aena, S.A., up to the moment of its due date on 15 March 2016; of the interest rate swap with a contracted sum of 66,500 thousand euros, 66.67 % had been transferred to Aena. The amounts of notional principal of these interest rate swap contracts outstanding at 30 June 2016 amounted to 29,556 thousand euros (31 December 2015: 214,611 thousand euros).

At 30 June 2016, the fixed interest rate of the swap was 0.98 % (2015: 0.98 % to 2.57 %) and the variable interest rate was EURIBOR at 6 months (2015: EURIBOR at 3 months and 6 months). These parent company loans and derivatives are intended to finance airports and, therefore, the parent company attributed the interest and depreciation to the Group. The profits and losses recognised in the reserve for net equity cover in interest rate swap contracts at 30 June 2016 and 31 December 2015 will be continuously transferred to the results account until the bank loans are repaid. During the six month period ended on 30 June 2016 1,376 thousand euros were imputed to the Profit & Loss Account in concept of losses on cover instruments (six month period ended at 30 June 2015: 2,545 thousand euros) (see Note 20).

- Aena, S.A. derivatives

As was explained in Note 3, on 10 June 2015 Aena signed a cover transaction from variable interest rate to fixed, with lending entities with a credit rating equal to or better than BBB (Standard&Poors), in order to avoid the risk of fluctuation in interest rates on various credits, for an amount of 4,195.9 million euros.

Their main characteristics are as of 30 June 2016 and 31 December 2015 are as follows:

	Classification	**Type**	**Contracted amount (thousand euros)**	**Date of agreement:**	**Start date for the derivative**	**Maturity**	**Designation date of the hedge**
Interest rate swaps	Cash flow hedge	Fixed interest rate swap at 0.2941 % against variable interest rate	300,000	10/06/2015	27/06/2015	27/12/2018	10/06/2015
Interest rate swaps	Cash flow hedge	Fixed interest rate swap at 1.1735 % against variable interest rate	854,100	10/06/2015	15/06/2015	15/12/2026	10/06/2015
Interest rate swaps	Cash flow hedge	Fixed interest rate swap at 0.9384 % against variable interest rate	3,041,833	10/06/2015	15/06/2015	15/12/2026	10/06/2015

The sums of notional principal in those interest rate swap contracts outstanding at 30 June 2016 amounted to 3,705,552 thousand euros (31 December 2015: 4,095,596 thousand euros).

At 30 June 2016, fixed interest rate swaps ranged between 0.2941 % and 1.1735 % and the main variable interest rates are EURIBOR 3 Months and 6 Months. The profit and loss recognised in the reserve for net equity cover in interest rate swap contracts at 30 June 2016 will be continuously transferred to the results account until the bank loans are repaid. During the six month period ended on 30 June 2016 a sum of 20,747 thousand euro was imputed to the Profit & Loss Account for losses on cover instruments (six month period ended on 30 June 2015: 0 thousand euros) (see Note 20).

- LLAH III group derivatives

The LLAH I loan agreement with banks (Note 15) required that 70 % of the nominal value of the loans (154 million pounds) was covered by fixed rates. Regarding the debt with banks mentioned in the aforementioned Note, the LLAH III group contracted various interest rate swaps. These swaps had a fixed interest rate at 1.8525 % against variable interest rate. The principal initial characteristics of the LLAH III group derivatives were the following:

	Classification	**Contracted amount (thousand euros)**	**Date of agreement:**	**Start date for the derivative**	**Maturity**	**Designation date of the hedge**
Interest rate swaps	Cash flow hedge	38,334	29/11/2013	27/11/2013	27/11/2018	29/11/2013
Interest rate swaps	Cash flow hedge	39,612	29/11/2013	27/11/2013	27/11/2018	29/11/2013
Interest rate swaps	Cash flow hedge	39,612	29/11/2013	27/11/2013	27/11/2018	29/11/2013

Interest rate swaps	Cash flow hedge	39,612	29/11/2013	27/11/2013	27/11/2018	29/11/2013
Interest rate swaps	Cash flow hedge	39,612	29/11/2013	27/11/2013	27/11/2018	29/11/2013

On the occasion of the refinancing transaction described in Note 15.b, these swaps were cancelled, being replaced by new swaps for 70 % of the new loan (notional principal of 159.6 million pounds), with a new maturity at 7 years (with a date in December 2021), of fixed interest rate at 1.685% against variable rate, the value of which, recognised in the long-term liabilities at 30 June 2016, amounted to 10,160 thousand euros (31 December 2015: long-term asset of 1,280 thousand euros).

The characteristics of these new swaps are the following:

	Classification	Contracted amount (thousand euros)	Date of agreement	Start date for the derivative	Maturity	Designation date of the hedge
Interest rate swaps	Cash flow hedge	34,059	26-03-15	26-03-15	28-03-22	26-03-15
Interest rate swaps	Cash flow hedge	34,059	26-03-15	26-03-15	28-03-22	26-03-15
Interest rate swaps	Cash flow hedge	34,059	26-03-15	26-03-15	28-03-22	26-03-15
Interest rate swaps	Cash flow hedge	34,059	26-03-15	26-03-15	28-03-22	26-03-15
Interest rate swaps	Cash flow hedge	34,059	26-03-15	26-03-15	28-03-22	26-03-15
Interest rate swaps	Cash flow hedge	34,059	26-03-15	26-03-15	28-03-22	26-03-15
Interest rate swaps	Cash flow hedge	12,261	26-03-15	26-03-15	28-03-22	26-03-15

11 Trade and other receivables

	30 June 2016	31 December 2015
Trade receivables for sales and services rendered	409,931	449,012
Credit right to receive a building	2,584	-
Lower: provision for impairment losses on receivables	(120,606)	(121,742)
Trade receivables for sales and services rendered – net	291,909	327,270
Trade receivables from related parties (Note 23)	1,861	2,871
Other receivables from related parties (Note 23)	-	46,318
Sundry debtors and other assets (*)	24,074	20,742
Staff	387	529
Assets for current tax	107,840	107,840
Other receivables from public administrations	23,253	16,973
Total	**449,324**	**522,543**
Less non-current portion	**2,421**	-
Current portion	**446,903**	**522,543**

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

The fair value of "Trade and other receivables" is similar to their carrying value.

At 30 June 2016 this heading showed 32,025 thousand euros denominated in foreign currency, of which 29,818 thousand euros were denominated in pounds sterling (31 December 2015: 34,505 thousand euros in foreign currency, of which 32,131 thousand euros in pounds sterling).

The heading "Credit right to receive a building" includes the Group's right to receive the asset that the tenant company builds on a site assigned to it, at the end of the land assignment contract, to the degree that the building put up on the site constitutes another consideration in the leasing transaction. The non-current value of this right amounted to 2,421 thousand euros at 30 June 2016.

(Thousand euros unless otherwise stated)

Movements in the provision for the impairment of the value of the Group's trade and other receivables were as follows:

	30 June 2016	31 December 2015
Beginning balance	121,742	126,565
Provision of the impairment of the value of receivables	(891)	(5,491)
Other movements	(245)	6
Encumbrance adjustment	-	662
Final balance	**120,606**	**121,742**

The allocation and application of the provision for impaired trade receivables has been included under "Other operating expenses" in the income statement. The amounts charged against the provision account are normally eliminated from the accounts when there is no expectation to receive additional cash.

In addition to the positive variation of 891 thousand euros in the provision for impairment on operations, during the six month period ended 30 June 2016 definitive reductions in debts previously provided for were recorded in the heading "Losses, impairment and variation in provisions for operations" in the Profit & Loss Account, for an amount of 6,348 thousand euros, principally due to the impossibility of collection communicated by the State Agency of the Taxation Authorities on debts sent to enforcement, up to a total net loss of 5,457 thousand euros (see Note 19).

The rest of the accounts included in trade and other receivables contain no assets that have suffered impairment.

The maximum exposure to credit risk at the reporting period date is the carrying amount of each of the categories of the aforementioned receivables. The Group does not maintain any guarantee as insurance.

At 30 June 2016, the heading "Other receivables from Public Administrations"" records 18,829 thousand euros relating to ERDF grants receivable conceded to Aena (31 December 2015: 10,790 thousand euros). In the period from January to June 2016 Aena collected 6,112 thousand euros of FEDER grants (in 2015: 22,287 thousand euros of FEDER grants). At 30 June 2016 and 31 December 2015 the rest of the heading records receivables relating to indirect taxes.

The heading of "Other receivables with related parties" mainly recorded the credit of Aena, S.A. and Aena Desarrollo Internacional, S.A. with ENAIRE in respect of interim payments not offset and other deductions triggered by fiscal consolidation, arising from the settlement of corporate income tax over the period under the tax consolidation system. After the breakup of the tax group, these balances were settled (see Note 21). At 31 December 2015, the receivable by the total of these items amounted to 46,318 thousand euros (see Note 13 to the Consolidated financial statements as of 2015).

The heading of Sundry Debtors includes mainly period adjustments for advances on expenses and non-commercial debtors.

12 Cash and cash equivalents

	30 June 2016	31 December 2015
Cash and bank deposits	875,933	556,741
Short-term bank deposits	150,000	-
Cash and cash equivalents	**1,025,933**	**556,741**

At 30 June 2016 and 31 December 2015, cash balances and other equivalent liquid assets are not available for use. At 30 June 2016 and 31 December 2015 the Group does not have any bank overdrafts.

The breakdown of cash and cash equivalents in currencies other than the euro is as follows:

	30 June 2016	At 31 December 2015
Cash and cash equivalents in US dollars (USD)	205	223
Cash and cash equivalents in Great Britain Pound (GBP)	30,063	16,532

13 Share capital, share premium, legal reserve and capitalisation reserve

Changes in the number of shares and in the amount of share capital and share premium of the Company at 30 June 2015 and 2014 were as follows:

	Number of shares	Share capital (thousand euros)	Share premium (thousand euros)	Total (thousand euros)
At 30 June 2015	150,000,000	1,500,000	1,100,868	2,600,868
At 30 June 2016	150,000,000	1,500,000	1,100,868	2,600,868

The company was created on 31 May 2011 with an initial share capital of 61 shares each with a par value of €1,000 each, fully subscribed by the public business entity Aeropuertos Españoles y Navegación Aérea, the Company's single shareholder at the time.

On 6 June 2011, the Company's single shareholder at the time adopted the following resolutions:

- Reduce the par value of the Company's €1,000 shares by dividing the 61 outstanding shares into 6,100 shares, consisting of 100 new shares for each old share, without changing the amount of the Company's share capital. As a result the Company's share capital was represented at that date by 6,100 shares with a par value of 10 euros each.

- Increase share capital to 1,500,000 thousand euros by issuing 149,993,900 new shares with a par value of 10 euros each, all with the same rights and obligations as the previously existing shares. The shares were issued with a share premium of €1,100,868 thousand, and therefore the amount payable for share capital and share premium totals €2,600,807 thousand. The share capital was fully subscribed and paid by the single shareholder at the time through a non-monetary contribution of the airport line of business described in Note 1 of these interim consolidated financial statements.

Through the effect of earlier decisions, the share capital at 31 December 2011 was set at 150,000,000 shares, of par value 10 euro each. Since then, there has been no change in the number of shares, the share capital or the share premium, this last being of free disposal.

On 23 January 2015 the Council of Ministers approved the sale of 49 % of Aena by an Initial Public Offer, registering the IPO prospectus with the CNMV (National Securities Market Commission) on 23 January 2015. Trading in Aena, S.A. shares opened on the Continuous Market, in the four Spanish stock markets, on 11 February 2015.

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

On 30 June 2016, there are no capital increases in progress nor authorisations to operate in own shares.

According to the information available at 30 June 2016, the most significant holdings are:

ENAIRE	51.00 %
TCI Fund Management Limited [1]	7.714 %

[1] The Children's Investment Fund Management is the indirect owner of 3.607 % through certain equity swaps (CFDS)

Following approval by the General Meeting of Shareholders, in the meeting held on 28 June 2016, of the proposal of distribution of the results for 2015 submitted by the Board of Directors, which included a dividend distribution of 406,500 thousand euros, on 30 June 2016 the legal reserve amounted to 184,393 thousand euros (31 December 2015: 103,225 thousand euros) and was included in the heading "Accumulated Profits". The legal reserve has been funded in accordance with Article 274 of the Corporate Enterprises Act. This article requires that, in any event, a figure equal to 10 % of the profits from the period is earmarked for the legal reserve, until its amount attains at least 20 % of the share capital. The legal reserve, as long as it does not exceed the amount indicated above, can only be used to offset losses if no other sufficient reserves are available for this purpose.

Also, after that approval, in 2016 the Company formed, in compliance with article 25 of the Corporation Tax Act 27/2014, of 27 November, a capitalisation reserve for an amount of 42,405,783.68 euros, resulting from the application of the reduction fixed in that article for the settlement of Corporation Tax for 2015. This allocation originated a commitment to maintain for the next five years both the non-disposal reserve created for this item and the increase in shareholders' equity used as a basis for the reduction. This means that no new distribution can be made with a charge to the results generated by Aena, S.A. in 2014, although it does not prevent distributions with a charge to results generated subsequently.

(Thousand euros unless otherwise stated)

14 Trade and other payables

	30 June 2016	31 December 2015
Suppliers	506	178
Sundry payables	177,553	181,253
Trade payables to related parties (Note 23.e)	29,037	32,882
Asset suppliers	72,790	58,785
Payables to related parties for property, plant and equipment (Note 23.e)	687	1,636
Dividend to pay (Note 13)	406,500	-
Staff	19,325	27,461
Current tax liabilities	153,434	4,457
Social Security and other taxes	122,500	21,070
Prepayments from customers:	130,034	111,966
	1,112,366	**439,688**

The balance on this heading is higher, with respect to that for 31 December 2015, as a consequence, mainly, of the item "dividend to pay", for an amount of 406,500 thousand euros, which corresponds to the dividend approved in the Aena General Meeting of Shareholders of 28 June (see Note 13), paid on 5 July, and Corporation Tax due at 30 June 2015 by the tax Group constituted by the parent Company and Aena Desarrollo Internacional (Note 21), recorded in the item "Liability for current tax". In addition, the heading "Social Security and other taxes" included at 30 June 2016, in application of IFRIC 21, local taxes outstanding for payment which, at the start of the financial year 2016, were due for the annual amount of the burdens affected by that rule (see Note 19).

At 30 June 2016 this heading included 63,058 thousand euros which had originally been expressed in pounds sterling (31 December 2015: 62,985 thousand euros).

The carrying value of Trade and other payables approximate their fair value given that the effect of the discount is not significant.

On 14 February 2013, Aena Aeropuertos, S.A. signed three contracts with World Duty Free Group Spain, S.A. for the commercial rental of the duty free and duty paid stores across the entire network of airports in Spain. These contracts are valid until 31 October 2020 and included an advance by 332,442 thousand euros, which is periodically offset by billing. In this sense, at 30 June 2016 short-term advances amounted to 66,982 thousand euros (31 December 2015: 53,852 thousand euros), and long-term advances included in the heading "Other long-term liabilities", amounted to 140,273 thousand euros (31 December 2015: 159,993 thousand euros). The balance on "Advances from customers" at 30 June was increased with respect to the balance at 31 December 2015, as a consequence of the seasonal variations typical of airport operations (see Note 2.5).

(Thousand euros unless otherwise stated)

15 Borrowings

	30 June 2016	31 December 2015
Non-current		
ENAIRE loan (Note 23)	7,885,558	8,309,601
Bank borrowings	264,809	297,164
Loans from LLAHIII shareholders	55,936	62,953
Finance lease liabilities	24,355	26,592
Other financial liabilities	84,105	64,174
	8,314,763	**8,760,484**
Current		
ENAIRE loan (Note 23)	1,136,859	1,150,231
Bank borrowings	30,788	11,421
Loans from LLAHIII shareholders	429	482
Finance lease liabilities	1,816	2,080
Other financial liabilities	27,539	33,721
	1,197,431	**1,197,935**
Total current and non-current	**9,512,194**	**9,958,419**

The variations in the balance on the ENAIRE loan, produced during the six month period ended on 30 June 2016, corresponded to amortising the principal for an amount of 442,982 thousand euros and, in reverse, 4,172 thousand euros for an increase in interest payable and 1,395 thousand euros for the effects of expenses written off. The variations in loans from lending entities and financial lease liabilities were for payments made in the period and fluctuations in the euro/pound exchange rate. The variation in the item "Loans from LLAHIII shareholders" was due exclusively to fluctuations in the euro/pound exchange rate. The item of other financial liabilities varied as a consequence of collections and payments of warranties in Aena, S.A.

The carrying and fair values of non-current borrowings are as follows:

	Carrying amount		Fair value	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
ENAIRE loan (Note 23)	7,885,558	8,309,601	7,699,956	8,052,886
Bank borrowings	264,809	297,164	264,809	297,164
Loans with LLAH III shareholders	55,936	62,953	55,936	62,953
Finance lease liabilities	24,355	26,592	24,355	26,592
Other financial liabilities	84,105	64,174	84,105	64,174
Total	**8,314,763**	**8,760,484**	**8,129,161**	**8,503,769**

The fair value of current borrowings is equal to their carrying value, as the impact of the discount is not significant. The fair values for debt with a term of over one year were based on discounted cash flows at a rate based on the rate for outside resources valued at the 0 coupon curve plus a differential of 1.14 % (2015: the 0 coupon curve plus a differential of 1.14 %) and were at Tier 3 of the fair value hierarchy.

(a) Financial debt with the parent company

	30 June 2016	31 December 2015
Non-current		
Loan to Aena S.A. from ENAIRE	7,893,403	8,318,422
Adjustment of the loan from ENAIRE using the effective cost criteria.	(7,845)	(8,821)
Sub-total of loans from related parties	**7,885,558**	**8,309,601**
Non-current hedge derivatives attributed by ENAIRE	87	151
Subtotal of Aena S.A.'s non-current borrowings in respect of ENAIRE	**7,885,645**	**8,309,752**
Current		
Loan from ENAIRE	1,107,525	1,125,488
Others	(1,291)	(1,710)
Interest accrued on loans from ENAIRE	30,625	26,453
Sub-total of loans from related parties	**1,136,859**	**1,150,231**
Current hedge derivatives attributed by ENAIRE	260	1,535
Subtotal of Aena S.A.'s current borrowings in respect of ENAIRE	**1,137,119**	**1,151,766**
Total	**9,022,764**	**9,461,518**

As stated in Note 20 a) of the Consolidated financial statements of 2015, as a result of the non-monetary contribution described in Note 1, the Company and ENAIRE have concluded a financing agreement under which the debts relating to the contributed line of business forming part of the share capital increase described in Note 1 are transferred from ENAIRE to Aena, S.A. In this agreement between both parties, the initial debt and future debt cancellation conditions are recognised, as is the procedure for settling interest and the repayment of the debt. It also specifies that the public business entity "Aeropuertos Españoles y Navegación Aérea" is the formal borrower as regards the financial lending institutions, but it also recognises that Aena, S.A. is obliged to pay the percentage of the active balance of the debt of the public entity Aena attributable to the airport line of business at the time of the contribution of any of the payments that the public business entity "Aeropuertos Españoles y Navegación Aérea" is required to pay to the financial institutions, in accordance with the financial conditions and the other terms and stipulations established in the Financing Agreements.

In the Council of Ministers' meeting of 11 July 2014, the public business entity "Aeropuertos Españoles y Navegación Aérea" was authorised to initiate proceedings for the sale of the share capital of Aena, S.A. and to dispose of up to 49 % of its capital.

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

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

These novations do not alter the financial terms of the loan transactions granted at the time to the public business entity "ENAIRE", nor those outlined in the model loans taken out from Aena, S.A. (such as, among others: repayment of principal, maturity dates, interest rate regime, terms of repayment, etc.). The main clauses which were the subject of amendment were summarised in that Note 20 a) on the consolidated financial statements for 2015.

The breakdown of the total financial debt with financial entities, in which ENAIRE and Aena, S.A. were co-borrowers at 30 June 2016, was as follows (in thousand euros):

Financial institutions	**Amount**
EIB	4,579,750
ICO	2,345,000
DEPFA	1,166,667
FMS	800,000
BBVA	135,900
SABADELL	60,000
LA CAIXA	30,600
DEXIA SABADELL	75,000
BANKINTER	44,667
BANKIA	36,900
KFW	33,333
POPULAR	28,500
SANTANDER	18,000
SOCIETE GENERAL	17,100
TOTAL	**9,371,417**

Of the 9,371,417 thousand euros above, Aena S.A. owes to the public entity "ENAIRE" a debt stemming from the contribution of the airport activity, which on 30 June 2016 amounted to 9,000,928 thousand euros.

Aena did not meet the financial ratios referred to in Note 20 a) of the consolidated financial statements for 2015.

On 9 February 2016, the Bank of Spain Circular 2/2016 was published in the Official State Gazette, on supervision and solvency for lending entities, completing the adaptation of the Spanish legal ordinance to the requirements of Basel III, establishing, among other aspects, the risk weighting that the lending entities must apply in their Statements of Financial Positions to the debt with various public sector entities.

In accordance with this Circular, the debt that ENAIRE, the Company's principal shareholder, has contracted with various financial entities and which, in turn, is reflected in the Company's co-accredited debt (mirrored debt) with ENAIRE, could cease to be weighted as 0% risk in their Statements of Financial Positions, for the purposes of determining their capital requirements.

Although the Company is still carrying out an analysis of that Circular, in the current context of the Company's liquidity and financial solvency it is deemed that the possible impact of the Circular will not be significant.

The schedule of due dates for quotas outstanding for the payment of debts at short and long term with the shareholder, for the financing of the airports at 30 June 2016, is included in Note 3.

At 30 June 2016, the Company's loans and credits were formalised (see Note 3) in approximately 77 %, at fixed/fixed reviewable interest rates, and the remaining percentage was formalised at variable rates, generally referenced to Euribor (2015: 80 % of the loans and credits were formalised at fixed reviewable interest rates, and the remaining percentage at variable rates referenced to Euribor).

(b) Loans with credit institutions and loans with LLAH III shareholders

These loans correspond to the subsidiary Aena Desarrollo Internacional, S.A. (ADI) and the LLAH III Group. At 30 June 2016, total debts with credit institutions amounted to 295,597 thousand euros (295,096 thousand euros belonging to the LLAH III group, and 501 thousand euros belonging to ADI), of which 264,809 thousand euros are non-current debt (264,642 thousand euros belonging to the LLAH III group and 167 thousand euros belonging to ADI) and 30,788 thousand euros is current debt (30,454 thousand euros belonging to the LLAH III group and 334 thousand euros belonging to ADI).

At 31 December 2015, total debts with credit institutions amounted to 308,585 thousand euros (307,918 thousand euros belonging to the LLAH III group, and 667 thousand euros belonging to ADI), of which 297,164 thousand euros are non-current debt (296,831 thousand euros belonging to the LLAH III group and 333 thousand euros belonging to ADI) and 11,421 thousand euros is current debt (11,087 thousand euros belonging to the LLAH III group and 334 thousand euros belonging to ADI).

The carrying amount of Group bank borrowings is denominated in the following currencies:

	30 June 2016	**31 December 2015**
Thousands of euros (ADI)	501	667
Thousands of pounds sterling (LLAH III group)	295,096	307,918

Equally, the carrying amount of the loan with LLAH III shareholders is also entirely denominated in pounds sterling for an amount of 46,384 thousand pounds (2015: 46,384 thousand pounds).

As stated in Note 20 of the Consolidated financial statements, on 26 February 2015, the London Luton Airport Holdings III Group, decided to refinance the existing loans and lines of funding by a total of 285 million pounds (5-year bullet loan of 220 million pounds maturing on 27 November 2018, credit line of 50 million pounds for investment and credit policy of 15 million pounds for working capital) and the restructuring of existing swap interest rate by 154 million pounds (see Note 10.b), in order to:

- Extend the maturity of bank loans and swaps.
- Reduce the financial cost of the loan.
- Increase the credit line for investment to reflect the business needs of the airport.
- To enhance financial flexibility.

The new financing, totalling 318 million pounds, consists of:

(Thousand euros unless otherwise stated)

- 7-year Bullet loan of 228 million pounds to refinance the existing loan and pay the refinancing costs. An amount of 10 million pounds paid in the financing and refinancing transactions is shown at 30 June 2015 adjusting the carrying value of the liabilities.
- 75 million pounds credit line to finance and refinance the investment plan.
- 15 million pounds credit facility, for corporate and working capital needs.

This note gives details also of the main features of the new financing and its comparison with that previously existing.

(c) *Finance lease liabilities*

At 30 June 2016 and 31 December 2015, the Group took out financial leases for an automated flight inspection system, an electrical co-generation plant at Adolfo Suárez Madrid-Barajas Airport and an aircraft parking platform at London Luton Airport, which were recognised under "property, plant and equipment" in the consolidated Statements of Financial Position at 31 December 2015 and 30 June 2016.

The carrying amount of debt entered into the accounts denominated in currencies other than the euro was as follows:

	30 June 2016	**31 December 2015**
Pounds sterling	9,761	11,226

Lease liabilities are effectively secured given that the rights to the leased asset revert to the lessor in the event of default.

	30 June 2016	**31 December 2015**
Gross finance lease liabilities, minimum lease payments:		
– Less than one year	3,299	2,808
– Between 1 and 5 years	12,435	12,869
– More than 5 years	17,068	20,979
	32,802	36,656
Future financial charge by financed lease	(6,631)	7,984
Present value of finance lease liabilities	**26,171**	**28,672**

The present value of finance lease liabilities is as follows:

	30 June 2016	**31 December 2015**
– Less than one year	2,261	2,080
– Between 1 and 5 years	9,051	8,617
– More than 5 years	14,859	17,975
Total	**26,171**	**28,672**

(d) *Other financial liabilities*

The amounts included under other financial liabilities include the security deposits received to guarantee compliance with obligations, as well as from parties leasing premises and facilities.

(Thousand euros unless otherwise stated)

16 Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

	30 June 2016	31 December 2015
Deferred tax assets:		
–Deferred tax assets to be recovered in more than 12 months	119,926	96,125
– Deferred tax assets to be recovered within 12 months	38,940	31,751
	158,866	**127,876**
Deferred tax liabilities:		
–Deferred tax liabilities to be recovered in more than 12 months	98,613	110,200
–Deferred tax liabilities to be recovered within 12 months	7,054	8,561
	105,667	**118,761**
Net deferred tax assets	**53,199**	**9,115**

Gross movement in the Deferred taxes heading was as follows:

	30 June 2016	30 June 2015
At 1 January	9,115	(25,277)
Tax (charged) against/credited to the income statement	4,573	4,940
Tax charged/paid relating to components of other overall results	32,307	6,869
Addition for tax group break (Note 21)	-	53,610
Effect of Law 27/2014	-	20,559
Reclassifications	476	1,025
Use of credits	(1,167)	-
Exchange differences	7,593	(12,853)
Others	302	-
At the close of the period	**53,199**	**48,873**

Movements during the year in deferred tax assets and liabilities, not taking into account the offset of balances relating to the same tax authorities are as follows:

Deferred tax assets	Amortisation	Impairment losses	Derivatives	Credit deductions	B.I.N. credits	Others	Total
As of 01 January 2015	**71,712**	**3,034**	**3,675**	**-**	**-**	**23,708**	**102,129**
Charged/(credited) to the income statement	(967)	225	-	-	-	43	(699)
Charged directly against equity	-	-	6,715	-	-	971	7,686
Addition for tax group break (Note 21)	-	-	-	36,938	16,672		53,610
Effect of Law 27/2014	20,738	(153)	-	-	-	(26)	20,559
Reclassifications	-	-	4,537	-	-	-	4,537
Exchange differences	-	-	42	-	-	860	902
At 30 June 2015	**91,483**	**3,106**	**14,969**	**36,938**	**16,672**	**25,556**	**188,724**
At 1 January 2016	**86,986**	**1,782**	**20,011**	**-**	**-**	**19,097**	**127,876**
Charged/(credited) to the income statement	(522)	1,145	-	-	-	122	745
Direct charge to net equity	-	-	29,785	-	-	2,522	32,307
Use of credits	(1,167)			-	-	-	(1,167)
Exchange differences	-	-	(191)	-	-	(704)	(895)
At 30 June 2016	**85,297**	**2,927**	**49,605**	**-**	**-**	**21,037**	**158,866**

(Thousand euros unless otherwise stated)

Deferred tax liabilities	Amortisation	Derivatives	Others	Total
At 1 January 2015	**126,526**	**-**	**880**	**127,406**
Reclassifications	3,512	-	-	3,512
Charged/(credited) to the income statement	(5,639)	-	-	(5,639)
Charged directly against equity	-	817	-	817
Exchange differences	13,755	-	-	13,755
At 30 June 2015	**138,154**	**817**	**880**	**139,851**
At 1 January 2016	**117,881**	**-**	**880**	**118,761**
Reclassifications	(476)	-	-	(476)
Charged/(credited) to the income statement	(4,026)	-	-	(4,026)
Charged directly against equity	-	-	-	-
Exchange differences	(318)	-	-	(318)
Others	(8,274)	-	-	(8,274)
At 30 June 2016	**104,787**	**-**	**880**	**105,667**

At 30 June 2016 the following deductions were applied in the settlement of Corporation Tax:

	Year generated (1)	**Year due (2)**	**Amount outstanding at 1 January 2015**	**Amount recognised in 2015**	**Registered amount generated in 2015**	**Amount applied**	**Amount pending at 31/12/2015**	**Amount recognised in 2016**	**Amount applied**	**Amount pending at 30/06/2016**
Deductions in the Canary Islands due to investments in fixed assets	**2011**	**2026**	25,769	8,642	-	(34,411)	-	-	-	-
	2012	**2027**	37,779	-	-	(37,779)	-	-	-	-
	2014	**2029**	-	-	38,884	(38,884)	-	-	-	-
	2015	**2030**	-	-	-	-	-			
	2016	**2031**					-	4,548	(4,548)	-
International double taxation deductions	**2015**	**2026**	-	-	585	(585)	-			
	2016	**2027**		-	-	-	-	300	(300)	-
Recovery of 30% depreciation not deductible (3)	**2015**		-	-	934	(934)	-			
	2016	**-**		-	-	-	-	1,167	(1,167)	-
Total			**63,548**	**8,642**	**40,403**	**(112,593)**	**-**	**6,015**	**(6,015)**	**-**

(1) The year of generation responds to the period in which the assets or personnel who qualified for the generation thereof were associated with the branch of airport activity.
(2) Deduction in the Canaries for investment in fixed assets, Royal Decree Law 15/2014, Fourth Transitional Provision, establishes a period of use of 15 years; Deduction recoverable at 30 % adjusted for depreciation on Corporation Tax, Thirty-seventh Transitional Provision and Deduction to avoid International Double Taxation, art. 31.6 of the Corporation Tax Law, does not set any limit on its use.
(3) The 1,167 thousand euros of this deduction, recognised and applied to taxation in the first six months of 2016, does not reduce the expense for tax in that period since it were recognised in the accounting in 2015 (see Notes 21 and 31 of the consolidated financial statements for 2015).

(Thousand euros unless otherwise stated)

17 Provisions and contingencies

a) Employee benefits

The following table shows where the amounts for post-employment benefits have been included in the Group's interim summary consolidated financial statements:

	30 June 2016	31 December 2015
Commitments in the Statements of Financial Position in respect of:		
- Length of service awards	7,678	7,579
- Length of service awards	420	405
- Defined benefit pension plans of the LLAH III group	33,783	23,154
Liabilities for employee benefits	**41,881**	**31,138**
- Defined contribution pension plans (Other payables)	-	-
- Defined benefit pension plans	-	-
Total liabilities on the Statements of Financial Position	**41,881**	**31,138**

	30 June 2016	31 December 2015
Charges in the income statement included in the operating profit/loss account:		
- Length of service awards	264	288
- Length of service awards	10	13
Defined contribution pension plans	11	-
- Defined benefit pension plans of the LLAH III group	2,040	2,033
	2,325	**2,334**
Revaluations for:		
- Length of service awards	-	-
- Defined benefit pension plans of the LLAH III group	25,073	4,277
- Length of service awards	-	-
	25,073	**4,277**

(a) Defined benefit pension plans of the LLAH III group

The defined benefit commitments from the LLAH III group recognised in the consolidated Statements of Financial Position, as well as changes to the present value of the obligations and the fair value of the plan's assets, are as follows:

	Present value of the obligations	Total
At 31 December 2015	**137,226**	**137,226**
Expense /(Income) Interest	2,461	2,461
Past service cost and gains and losses on settlements	2,040	2,040
	4,501	**4,501**
Recalculation of Ratings:		
- (Gains)/losses due to changes in actuarial assumptions	25,073	25,073
	25,073	**25,073**
Differences on exchange	(17,490)	(17,358)
Returns (Premiums)	-	-

Contributions from Plan members	571	571
Plan payments:		
- Benefit payments	(1,846)	(1,978)
At 30 June 2016	**148,035**	**148,035**

	Fair value of plan assets	Total
At 31 December 2015	**(114,072)**	**(114,072)**
Expense /(Income) Interest	(2,114)	(2,114)
Expected return of the funds affected	(11,059)	(11,059)
	(13,173)	**(13,173)**
Recalculation of Ratings:		
- (Gains)/losses due to changes in actuarial assumptions	-	-
Differences on exchange	13,818	13,818
Returns (Premiums)	-	-
Contributions to the Plan	(2,664)	(2,664)
Plan payments:		
- Benefit payments	1,839	1,839
At 30 June 2016	**(114,252)**	**(114,252)**
Provisions for pensions and similar obligations	**33,783**	**33,783**

b) Provisions and contingencies

Movements in this heading at 30 June 2016 and 2015 are set out below:

	Environmental action	Liabilities	Taxes	Expropriations and late-payment	Other operating provisions	Voluntary separation plan	Total
Balance at 1 January 2016	**128,459**	**34,483**	**17,367**	**1,033,922**	**50,601**	**-**	**1,264,832**
Charge for the Year	-	5,066	201	12,750	35,517	-	53,534
Increase due to discounts	142	-	-	-	-	-	142
Reversals/Excesses	(15,449)	(6,338)	(3,359)	(985,464)	(4,504)	-	(1,015,114)
Amounts Used	(6,407)	(700)	(475)	(1,660)	(46,096)	-	(55,338)
At 30 June 2016	**106,745**	**32,511**	**13,734**	**59,548**	**35,518**	**-**	**248,056**

	Environmental action	Liabilities	Taxes	Expropriations and late-payment	Other operating provisions	Voluntary separation plan	Total
Balance at 01 January 2015	**131,207**	**74,106**	**21,959**	**1,110,328**	**29,800**	**24,211**	**1,391,611**
Charge for the Year	20,537	16,168	1,106	15,843	14,085	-	67,739
Increase due to discounts	510	-	-	-	-	-	510
Reversals/Excesses	(6,611)	(4,215)	(285)	(33,436)	-	-	(44,547)
Amounts Used	(2,038)	(3,596)	(6,987)	(9,881)	(23,822)	-	(46,324)
At 30 June 2015	**143,605**	**82,463**	**15,793**	**1,082,854**	**20,063**	**24,211**	**1,368,989**

(Thousand euros unless otherwise stated)

Analysis of total provisions:

	30 June 2016	31 December 2015
Non-current	153,360	1,145,737
Current	94,696	119,095
Total	**248,056**	**1,264,832**

Provision for environmental action

This heading recognises provisions amounting to 100,361 thousand euros (30 June 2015: 134,505 thousand euros), relating to the expected obligations in regard to noise abatement and sound-proofing residential areas, in order to comply with current legislation on noise generated by airport infrastructures.

Additionally, during the first half of 2015 an allocation of 9,100 thousand euros was made to the environmental provision, bringing it up to a total of 143,605 thousand euros, in relation with the additional measures referred to in the Resolution of the Secretary of State for the Environment of 9 April 2015, which amended condition nine of the Declaration of Environmental Impact of Adolfo Suárez Madrid-Barajas airport of 30 November 2001, and envisaged actions on Gravera de Arganda, biological corridors and the River Jarama. The balance on this provision at 30 June 2016 was 6,384 thousand euros, so that the total provision for environmental actions at 30 June 2016 was 106,745 thousand euros.

The reversal for an amount of 15,449 thousand euros is fundamentally related with the fall in the estimated average cost of insulation per home to an amount of 11,196 euros, as against the 12,407 euros used in the consolidated financial statements for 2015. This reversal has been set against the value of the assets for which the provision was made at the time.

The rest of the increase in the provision for environmental activities during the first half of 2015 was due mainly to the increase in 652 dwellings pending to be soundproofed in Tenerife Norte airport, upon receipt from the city council of the corresponding population census data regarding the update of the sound print. The rise in Reversions/Excesses during that period is explained, mostly, by the reduction, through denials, in the number of dwellings pending for soundproofing at the airports of Gran Canaria (20 homes), Alicante-Elche (46 homes) and A Coruña (229 homes).

Environmental evaluation legislation (currently Law 21/2013), requires that certain Aena projects are submitted to an environmental impact assessment (particularly runway extensions exceeding 2,100 m), finalised by the formulation of the corresponding Environmental Impact Statements (DIA) by the Ministry of Agriculture, Food and Environment, which confer environmental feasibility on the execution of projects, and contain the obligation to develop and execute Soundproofing Plans. The provisions include the soundproofing actions set out in the Declarations of Environmental Impact published up till now.

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

At the date of preparing these interim summary financial statements, the acoustic easements and the relevant action plans had been approved by Royal Decree for the airports of Adolfo Suárez Madrid-Barajas (RD 1003/2011 of 8 July, Official Bulletin no. 174 of 21 July 2011), Barcelona-El Prat (RD 1002/2011 of 8 July, Official Bulletin no. 174 of 21 July 2011) and Palma de Mallorca (RD 769/2012 of 27 April, Official Bulletin no. 119 of 18 May 2012).

At the airports where acoustic easements have been approved (Adolfo Suárez Madrid-Barajas, Barcelona-El Prat and Palma de Mallorca), the number of homes where soundproofing work is required is estimated to be 321 (all relating to Palma de Mallorca Airport). These actions are already included in the accounting provisions established. In the case of the airports of Adolfo Suárez Madrid-Barajas and Barcelona El Prat, no additional dwellings have been added, since the area delimited by the current easement scenario is smaller than the isophonic area determined by the Soundproofing Plans already in force.

In addition, at the date of preparation of these interim summary consolidated financial statements, the public information stage had closed for sound easements and action plans for the airports of Bilbao, Ibiza, Málaga-Costa del

Sol, Seville and Valencia, the processing of the Royal Decrees of approval being pending with the Ministry of Public Works. The estimated increase in additional dwellings to be included in the scope of the respective Soundproofing Plans amounts to 2,742 for all of the aforementioned airports. These properties are not covered by the provisions as the corresponding acoustic easements have not yet been approved. For all other airports with more than 50,000 flights a year (Gran Canaria, Tenerife Norte and Alicante-Elche), the process of updating and approving the acoustic easements has not yet started; full compliance with Law 5/2010 in relation to these airports is estimated to be completed during the period from 2016 to 2020.

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

Provisions for liabilities

This heading mainly records provisions made based on the best estimates available to Group directors to cover risks relating to litigation, claims and commitments in progress that are known at the end of the period and for which the expectation is that an outflow of resources in the short or long-term is likely. At 30 June 2016 the allocations made by the Group corresponded, mainly, to unfavourable rulings given on claims made by airlines, for an amount of 4,111 thousand euros, against the fees applicable from 1 July 2012, which sum could not be passed on to the final passengers (see, below, section c) of this Note 17 on contingent liabilities for claims from airlines). At 30 June 2015, the allocations made by the Group mainly related to claims made by works contractors.

During the January-June period of 2016, reversions for an amount of 4,215 thousand euros corresponded, principally, to rulings favourable to the Group in litigation with construction companies for an amount of 1,206 thousand euros, for which it is estimated that no unfavourable financial consequences will ensue, so that this amount has been reversed with a credit to the fixed asset value against which the provisions were debited at the time. The remaining reversals (3,009 thousand euros) have been credited to the interim consolidated profit/loss account, mainly under the "Excess provisions" heading.

The Group directors do not consider that, in responsibilities in progress as a whole, additional liabilities will arise which could significantly affect these interim consolidated financial statements.

Provisions for taxes

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

The amount of the reversals, credited in full in the interim consolidated results account in the heading "Excess provisions", is related with prescriptions of the said tax settlements in favour of the parent Company.

Provisions for expropriations and late-payment interest

The provision for expropriations and late-payment interest records the best estimate of the amount relating to the difference between the prices paid for the appropriation of land required for the expansion of airports and the estimates of the prices that the Group will have to pay, considering that it is likely that certain legal claims in progress regarding some of the prices paid will be successful for the claimants.

When estimating the amount of the differences affecting these prices, the Group has taken into account late-payment interest using the current legal interest rate in force for each year as a basis of calculation.

At 30 June 2016 there were provisions allocated, principally, for legal proceedings related with the expropriation of land for the Adolfo Suárez Madrid-Barajas airport. Such proceedings include, in particular, several rulings concerning the revaluation of expropriation procedures conducted in connection with the expansion of the Adolfo Suárez Madrid-Barajas Airport, as well as the risk involved in the cancellation of the delimitation of the Public Water Domain in force, which allows the former owners of the lands included within the delimited area to claim payment for surface areas previously acquired at zero cost. As a whole, these rulings and risks have given place to a provision for an amount of 22,717 thousand euros at 30 June 2016, of which 15,981 thousand euros corresponded to differences in assessment, balanced against the higher land value, and 6,736 thousand euros for interest on delay due at 30 June 2016, balanced against the expense for interest for delay on expropriations (30 June 2015: 75,894 thousand euros, of which 52,910 thousand euros were for differences in assessment, balanced against higher land value, and 22,984 thousand euros in interest for delay due at 30 June 2015, balanced against the expense for interest for delay on expropriations, of which only 926 thousand euros were imputable to the six months period to 30 June 2015).

Moreover, particularly noteworthy is the ruling notified to Aena on 29 October 2014 and delivered by the High Court of Justice in Madrid (TSJ) on 1 October, in Ordinary Procedure 1/2011, recognised the right for the revaluation of a number of properties acquired for the extension of the Adolfo-Suárez Madrid-Barajas Airport, along with two other similar procedures, resulted in the addition of land amounting to 758,605 thousand euros (see Note 23). The rulings were based on the occurrence of what is called “positive administrative silence” and, in consequence, cancel the Ministry of Public Works Order which dismissed the appeals to a higher court filed by the appellants against the dismissals (by administrative silence) of their applications for revaluation of the expropriated plots. This ruling gave rise to an accumulated value of the provision for expropriations and interest for delay on expropriations of 963,491 thousand euros, of which 758,605 thousand euros were for differences in assessment (396,400 thousand euros for Proceedings 1/2011 referred to, the rest of the amount being for two other cases relating to the first: Proceedings 66/2011 with an amount provided for of 351,403 thousand euros, and Proceedings 427/2011 with an amount of 10,802 thousand euros), which were balanced against the higher land value, and 204,886 thousand euros for due interest for delay, balanced against the expense for interest for delay on expropriations (30 June 2015: 938,832 thousand euros, of which 758,605 thousand euros were for differences in assessment, balanced against the higher land value, and 180,227 thousand euros for interest for delay due at 30 June 2015, balanced against the expense for interest for delay on expropriations (of which only 13,276 thousand euros were imputable to the six months period to 30 June 2015).

In relation with the 3 proceedings mentioned, Aena has received the respective notifications of Rulings favourable to its interests from the Supreme Court, dated 20 and 27 June 2016 in relation with the Ministry of Works Resolutions of 12 November 2010 and that notified on 15 February 2011, mentioned above, dismissing the appeal to a higher court lodged by various expropriated owners against the presumed dismissal of their application for revaluation of various expropriated properties in relation with the Madrid-Barajas Airport expansion project. In consequence, it is estimated that the risk of these proceedings is nonexistent and the aforesaid provisions have been reversed for the total amount of 963,491 thousand euros, of which 758,605 thousand euros are credited to the value of the land for which they were made at the time, and the rest, 204,886 thousand euros, is shown as financial income in the Profit & Loss Account.

The rest of reversals identified in the movement of the provision are the consequence, in favour of Aena, of the result of several procedures considered at that time, by the experience in similar cases, which would be resolved contrary to the interests of Aena. In these procedures, the TSJ of Madrid has extended the consideration of out-of-time repricing claim for all cases where the owner did not make the reservation of shares at the time of payment, restricting and significantly delimiting the cases in which the right to reprice occurs depending on the attitude of the owner at that time of payment.

To sum up, of the total reversions indicated in this provision, for an amount of 985,464 thousand euros, 770,788 thousand euros were credited to the fixed asset values against which the provision was charged at the time, and the rest –214,676 thousand euros– was credited in the interim consolidated Profit & Loss Account, under the heading “Expense for interest on expropriations” (30 June 2015: total of 33,436 thousand euros, of which 21,985 thousand euros were credited to the fixed asset values against which the provisions were charged at the time, and the rest – 11,451 thousand euros– was credited in the interim consolidated Profit & Loss Account, under the heading “Expense for interest on expropriations”).

There are additional provisions for an amount of 36.8 million euros, corresponding to other less significant cases regarding the Adolfo Suárez Madrid-Barajas airport and for other airports in the network.

The expense of interest for expropriations at 30 June 2016, having taken into account the reversals mentioned and the 12,108 thousand euro set aside, has a positive effect in the Profit & Loss Account, amounting to -202,568 thousand euro (30 June 2015: 3,316 thousand euros) (see Note 20).

<u>Other operating provisions</u>

This heading records the provision for credits applicable to public service benefits for landing services and passenger departures, accrued by airlines operating during certain days of the week at airports located in the Canary Islands. Also the General State Budgets for the years 2015 and 2016 established incentives in the public service benefits for passenger traffic, for growth in passenger numbers on the routes operated in the Aena network. At 30 June 2016 the sum estimated for all these items amounted to a balance of 35,518 thousand euros (30 June 2015: 20,063 thousand euros).

c) Contingent liabilities

At 30 June 2016 and 30 June 2015 the Group was involved in claims and legal disputes against it which arose during the normal course of and as a natural consequence of its business, and for which management considers it unlikely that there will be an outflow of resources, or which involve an amount that cannot be reasonably estimated.

Environmental action

As was described in the "Provisions for environmental actions" heading, as a result of the necessary actions to comply with environmental regulations regarding the airport network's various expansion and improvement works, the Group is obliged to make a series of investments to minimise the impact of noise on homes affected by such works. At 30 June 2016 and 30 June 2015, the Group was involved with several claims which, if resolved in an unfavourable manner, could give rise to liabilities that cannot yet be quantified at the end of the period ended on the aforementioned date.

As a result of overflying aircraft in the settlement named Ciudad Santo Domingo (Algete, Madrid), some inhabitants of this area consider that their fundamental rights have been violated due to excessive noise levels in their homes. These residents lodged appeal for judicial review 109/2004 against Aena, S.A., ENAIRE and the Ministry of Public Works, claiming a cessation of the violation of their rights, which for them would mean paralysing the use of runway 18R (one of the four at the Adolfo Suárez Madrid-Barajas airport). Up till now, the Court has not agreed to this measure.

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

Subsequently, there have been various pronouncements and incidents of execution which have been appealed by all the parties involved in the proceedings.

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

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

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

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

The Order of 2 December 2014 has also been the subject of an appeal for reversal before the same chamber of the TSJ. Along with the presentation of this appeal, the suspension of the Order of 2 December 2014 has also been requested. By an Order of 18 December the Supreme Court acceded to the suspension applied for so that, at the present time, the Adolfo Suárez Madrid-Barajas airport can go on operating in the same conditions as hitherto, without having to reinitiate the reduction in the number of flights over Ciudad Santo Domingo until they are down to 30 % less than those existing in 2004. On 9 April 2015, the Supreme Court in Madrid dismissed all the appeals for review against the order of 2 December 2014; on 27 April 2015 Aena and ENAIRE filed the preparation of their appeal to the Supreme Court and on 15 June a Certificate of Ordinance was received accepting the appeal as prepared, giving a term for it to be lodged. Aena's appeal to the Supreme Court was lodged on 27 July 2015. All the appeals to the Supreme Court against the

Order of 2 December 2014, both by Aena and of the rest of the parties involved, were admitted by a Resolution of the Supreme Court of 9 May 2016; at the present time, the parties have been summonsed to formulate their opposition to these appeals. The term for filing opposition ends on 1 July. In addition, the residents appealed for reversal of the Order of 18 December 2014 which agreed the suspension of the 30 % reduction. This appeal to the Supreme Court was admitted by Order of the Supreme Court of 9 May 2016. Aena was summonsed to file its opposition to these appeals for reversal against the Order of 18 December 2014, having now filed its opposition on 1 July. These actions are at present awaiting scheduling for voting and decision.

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

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

<u>Expropriations</u>

The Company is also involved in proceedings relating to claims involving expropriations that have taken place and which at 30 June 2016 and 30 June 2015 could not be quantified since a court decision is yet to be reached and which could give rise to additional cash outflows for expropriations, although the directors do not anticipate that a decision that is contrary to the interests of the Group is likely.

<u>Commercial activities</u>

At 30 June 2016 and 30 June 2015 the Group is involved in legal disputes with certain hospitality and catering companies with concessions in airports within the Aena network, which are either pending final decisions or suspended pending a potential agreement between the parties.

<u>Construction company claims</u>

In addition to the above, at 30 June 2016 and 30 June 2015, there are claims that have been filed against the Group by several construction companies, deriving from the execution of various construction contracts relating to the airport network. The Group's management does not anticipate that such claims will give rise to financial penalties against it.

<u>Claims against local councils</u>

At 30 June 2016 and 30 June 2015 the Company was involved in legal disputes with local councils for discrepancies in the settlement of fees for trade concessions related to the exclusive use of public property.

<u>Airline claim relating to fees</u>

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

The airlines operating in Spain broadened their claim against the Spanish State, filed with the European Commission, complaining of irregularities in the system established by Spanish Law for updating the benefits to be received by Aena, S.A., in 2012. The aviation sector asked for the Community body's intervention on the price rise 2012 and after the rise in 2013, also calling for the setting up of an independent supervisory body for air transport. In the year 2013 the National Commission on Financial Markets and Competition (CNMC), which is an independent body was created. Until its operation in October 2013, the supervision of the proposed 2014 rates was attributed to temporary Committee and Airport Railway Regulation (CRFA) acting in the exercise of their work impartially and transparently. The process of consultation on the fee proposal for 2014 ended long-term agreement on fees for the period 2014-2018. After the agreement reached with the airlines the latter suggested to their associates to withdraw from the claims filed. Currently, 97 % of companies have introduced withdrawals. Additionally:

The Central Administrative-Economic Court resolved the judicial review claims filed by various companies, dismissing them, confirming the settlements issued by Aena.

As of 30 June 2016, various airlines have filed 38 administrative appeals in the National High Court against the withdrawing decisions of the administrative appeals filed by these companies before the Central Administrative-Economic Court.

The National High Court resolved several of the administrative appeals by rulings which considered that the rise in rates applied under Law 2/2012, in not having been through a period of consultation or been published two months in advance, contravened article 6 of Directive 2009/12/EC, of 11 March. On this basis, considering that article 6 recognises rights for users clearly and directly, and in virtue of the principle of primacy of Union Law, it concluded that the rise in rates under Law 2/2012 should not be applied and in consequence cancelled the settlements made in application of that rule. These rulings by the National High Court specified that this could not involve any application for repayment of the difference in payments due in relation with those indicated as paid without first turning to the procedure for the return of payments unduly made. In the procedure, the claimant must evidence payment of the settlement made and the determination of what would be correct, having recorded that in the period under study the amounts of the benefits due were not passed on to the passengers, as is envisaged in article 77 paragraph 2 of Law 21/03 on Air Safety. These unfavourable rulings gave rise to the allocation of a provision for liabilities of 4,111 thousand euros (see the section on Provision for liabilities in this same Note 17.b).

For all this, the Group management does not consider that any further financial consequences can arise against it.

<u>Employment contingencies</u>

There are various proceedings on the dismissals of employees, both of Aena and under contracts, which are in various stages of processing, but cannot be taken as finalised as no ruling has been given, or if it has, it is not yet firm.

In the event that there should be rulings unfavourable to Aena, declaring the dismissals unfair, and that the option of readmission should be taken, this would mean that the Company would have to pay the salaries of processing corresponding to the employees. In the event that termination of the relationship was chosen, this would mean paying the appropriate compensation for unfair dismissal, and in those dismissals prior to 12 February 2012, there would also be the payment of the salaries while in process.

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

In addition, there are challenges against (internal and external) hiring procedures, the composition of reserve candidate pools and the right to conclude contracts, which may lead to the claimants being awarded positions or the entitlement to conclude contracts. In the event of the claims being upheld, periods of time would have to be awarded to the claimants and they would have to be paid their salaries (or equivalent compensation) or the salary differences generated.

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

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

<u>Other claims by airlines</u>

The Company is involved in claims and disputes over specific incidents that have generated damage to aircraft at airports within the network. As at 30 June 2016, the management of the Parent Group considers that these would not be significant.

Contingent assets – Fee shortfall

In September 2012 the General Directorate of Civil Aviation (DGAC) carried out the supervision of the proposal of updating and fee amendment submitted by Aena, S.A. for 2013.

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

As a result of this new regulatory framework, a significant portion of the income received by Aena, S.A. is considered to be equity benefits of a public nature and, as a result, they must be established, updated and modified through legislation with the rank of law. Additionally, the updating and modification of the greater part of these benefits is submitted, first, to a procedure of transparency and consultation with the associations and organizations of user airlines and, second, to a procedure of supervision by the supervising authority.

According to the Supervision Report on the Proposal of fee changes by Aena, S.A. for 2014, issued by the Committee Regulating Railways and Airports (CRFA) on 12 September 2013, the fee deficit for 2013 was set at 298 million euros (which corresponds with that approved by the DGAC adjusted to the real consumer price index) which, capitalised at 7.04 % to obtain the value at 31 December 2014, took the value of 318.98 million euros. The fees shortfall declared by the CNMC for 2013 in the Resolution approving Aena, S.A.'s fee modification proposal for 2015 and setting out the measures that should be adopted in future consultation processes, amounts to €179,33 million.

Furthermore, in the above-mentioned Oversight Report on Aena, S.A.'s fee modification proposal for 2014, the CRFA has verified that the modified fees for 2014 sets out a shortfall adjustment for 2014 of €286,790 million. This Report also establishes that in the event that, having published the CPI in October 2013, it was decided that the increase to be applied to the amounts of the benefits should be less than 2.5 %, the value of the shortfall for 2014 must be updated in accordance with the value of the regulated income forecast for 2014 at that time.

On 13 May 2015 Aena filed a judicial review appeal against the CNMC Resolution of 23 April 2015. In that Agreement, the CNMC establishes that the accounting that should be used as a basis for updating rates for 2016 should reflect in a different manner than that of the previous year the "costs arising from the commercial revenue generated by a higher volume of traffic". Pursuant to the contested Agreement, that consequence would establish that part of the costs arising in airport terminals, and which were recorded as regulated airport activity, would be part of business activities and be considered as costs thereof. Following the gradual application of the criterion of the dual till system, reallocation of regulated business activities costs supported by the contested Agreement corresponds to 40% of the amount of 69.8 million euros, that is, a variation of 27.9 million euros. This administrative appeal was declared inadmissible at first instance by ruling of 29 July and 10 November 2015 of the Spanish National High Court, which AENA has appealed before the Supreme Court. This appeal is awaiting resolution.

On 23 July 2015, the CNMC issued the "Resolution adopting the Proposal for modification of fees of Aena for 2016, and establishing the measures to be adopted in future consultation procedures". This Resolution incorporates the criteria established in the Agreement of 23 April 2015, for the purpose of the proposed fee review which has been submitted for approval by the General State Budgets Law for 2016. Against this Resolution, the Company has filed an administrative appeal before the National High Court. The processing of this administrative appeal has been suspended until Aena's appeal to the Supreme Court against the National High Court Rulings of 29 July and 10 November 2015 has been settled.

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

18 Grants

There are no significant changes with respect to the figures given in the consolidated financial statements for 2015. The imputation to results during the six month period ended on 30 June 2016 amounted to 20,092 thousand euros (30 June 2015: 19,969 thousand euros).

(Thousand euros unless otherwise stated)

19 Other operating expenses

At 30 June 2016 and 2015, the breakdown of the heading "Other operating expenses" is as follows:

	30 June 2016	30 June 2015
Rent and royalties	2,997	2,519
Repairs and maintenance	126,094	119,037
Independent professional services	16,216	15,770
Bank services	541	2
Public relations	2,508	2,595
Utilities	45,996	48,020
Other services	68,761	68,341
Security	65,946	58,029
Taxes	146,827	149,113
Losses, impairment and changes in provisions for commercial transactions (Note 11)	5,457	155
Other ordinary expenses	28,470	24,192
Other operating expenses	**509,813**	**487,773**

As a consequence of the full consolidation method being applied to the LLAH III group since 16 October 2014, the heading of “Other operating expenses” includes, for the first six months of 2016, 45,825 thousand euros originating in this associated company, of which 23,373 thousand euros are included in the heading “Other current management expenses” (30 June 2015: 43,477 thousand euros originating in this associate, of which 22,557 thousand euros are included in the heading “Other current management expenses”). This "Other ordinary expenses" item shows, mainly, the administrative concession of LLAH III royalty (see note 7), for an amount of 23,358 thousand euros (30 June 2015: 19,988 thousand euros) and also includes, for the six month period ended on 30 June 2016, the allocation to the provision for liabilities related with claims by airlines of an amount of 4,111 thousand euros (see Note 17).

The heading of “Repairs and maintenance” includes, principally, maintenance of the SATE system (automatic baggage handling system) and cleaning for the buildings and passenger terminals. "Utilities" relates mainly to lighting, water and telephone costs. "Other services" relate mainly to car park management services, the cost of services to assist passengers with limited mobility, insurance premiums and public information services.

By application of IFRIC 21, the item of Taxes recognised at the start of the financial year 2016 the annual amount of the burdens affected by this standard, for an amount of 145,104 thousand euros (2015: 144,289 thousand euros).

At 30 June 2016 balances provided for with customers were recovered for an amount of 9,622 thousand euros and trade credits were impaired and deregistered for an amount of 15,079 thousand euros (30 June 2015: 7,868 thousand euros and 8,023 thousand euros, respectively).

The increase in the heading of Security is due to the entry into force of new regulations on the inspection of hand baggage since March 2015. During the six month period ended on 30 June 2016, “Other operating expenses” have remained steady in comparison with the six month period ended on 30 June 2015, as a consequence of continuity in the application of efficiency and operational measures introduced throughout recent years. In short, the most important measures have allowed costs to be rationalised and optimised in the following services: maintenance, private vigilance, shuttle transport at Adolfo Suárez Madrid-Barajas and Barcelona-El Prat, information to the public, energy efficiency, technical services and other items of expense (communications, office materials, etc.).

20 Financial income and expenses

The details of “Net financial income / (expenses)” for the six month periods ended on 30 June 2016 and 2015 were as follows:

	30 June 2016	30 June 2015

Financial expense:		
Financial expense on amounts owed to third parties	(11,833)	(26,869)
Financial expenses on loans from ENAIRE	(44,675)	(91,467)
Update of provisions (Note 17)	(230)	(581)
Lower: financial expenses capitalised for qualifying assets (Notes 6 and 7)	369	1,749
Total financial expense	**(56,369)**	**(117,168)**

	30 June 2016	30 June 2015
Financial income:		
Financial income from equity instrument holdings (Note 23)	3,484	250
Financial income of interest for expropriations (Note 17.b)	202,568	-
Other financial income	1,448	1,467
Total finance income	**207,500**	**1,717**

	30 June 2016	30 June 2015
Other net financial income/(expense)		
Net exchange differences	(7,961)	6,351
Impairment of financial assets held for sale (Note 23.c)	(3,143)	-
Raesa settlement (Note 2.2)	-	97
Profit/(Loss) on interest rate derivatives: cash flow hedges (Note 10)	(22,124)	(2,545)
Total other net financial income/(expense)	**(33,228)**	**3,903**
Net financial income / (expense)	**117,903**	**(111,548)**

The most significant amounts in the six month periods ended on 30 June 2016 and 2015 corresponded to financial expenses for the ENAIRE loans.

The heading "Financial expense on amounts owed to third parties" included 9,992 thousand euros in the first half of 2016 (first half of 2015: 9,874 thousand euros) consequent on the full consolidation integration of the LLAH III group; as well as 253 thousand euros of provision for interest on possible liabilities in litigation (30 June 2015: 12,789 thousand euros). At 30 June 2015 this heading also included financial expenses for interest for delay on expropriation litigation for a sum of 3,316 thousand euros (Note 17.b).

The reduction in financial expenses on the ENAIRE loan was due to the reduction in average debt and a fall in the average interest rate. The average debt reduces due to the Group generating sufficient cash flow to deal with its payment commitments without needing to take on more debt. The fall in interest rates was due to the general reduction in the reference rates of Euribor 3 m and 6 m and the policy of reviewing interest rates (see Note 3).

The Group records the provisions for financial adjustments under the heading "Update of provisions" as a result of the modification of the provisions concerned.

The heading of financial income includes profits of 202,568 thousand euros from interest for delay in expropriation litigation (Note 17).

21 Income tax

	30 June 2016	30 June 2015
Current tax:		
Current tax on income for the year	(165,128)	(87,302)
Effect of Law 27/2014	-	20,558
Other adjustments	(1,590)	(1,091)

(Thousand euros unless otherwise stated)

Total current taxes	**(166,718)**	**(67,835)**
Deferred tax (Note 16)	4,573	4,940
Deductions generated and activated (Note 16)	4,848	36,853
Income tax	**(157,297)**	**(26,042)**

At 30 June 2016 and 30 June 2016, the other adjustments principally corresponded to negative adjustments in previous years in the LLAH III group and negative adjustments in the associated company ADI.

The main permanent differences in the year were, fundamentally, for non-deductible expenses. The main temporary differences relate to the difference between tax depreciation and book depreciation, provision for insolvency and contingencies and staffing costs.

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

As a result of this reduction in the standard rate of tax and other amendments included in Law 27/2014 of 27 November, at 30 June 2015 deferred tax assets and liabilities were reassessed according to their estimated reversion period, with the following effects:

- Decreased expenses under the heading “Income tax expenses” in the financial statement for the amount of 20,558 thousand euros which was credited, increasing them, to assets for temporary differences (heading “Deferred tax assets” under Non-current assets in the Statements of Financial Position) (see Note 16).
- A charge in "Hedging transactions" under Equity to the amount of €401 thousand, to reduce “deferred tax assets” in respect of items previously paid under the aforementioned heading in net Equity.

The Group’s income tax differs from the theoretical amount that would have been obtained had the average weighted tax rate applicable to the consolidated companies’ profits been used as follows:

	30 June 2016	30 June 2015
Profit/loss before tax	**646,481**	**295,541**

(Thousand euros unless otherwise stated)

Tax calculated at standard national applicable rate	(161,620)	(82,751)
- Tax effects of:		
- Profits from associates, net of taxes	1,904	1,542
- Revenues not subject to taxation	-	3,544
- Effect minus rates applicable to the LLAH III group	(184)	(1,140)
- Non-deductible expenses for tax purposes	(173)	(233)
- Utilization of negative taxable bases not registered	-	-
- Tax credits deductions recorded in the year with the tax group (Note 16)	4,848	36,853
- Effect of Law 27/2014	-	20,558
- Negative tax adjustment	(1,588)	(1,091)
- Other	(484)	(3,324)
Tax expense	**(157,297)**	**(26,042)**

The applicable tax rate before tax credits and deductions and activation tax losses stood at 25 % (2015: 28 %), except for the results relating to the LLAH III group, upon which tax is paid at the rate of 20 % (2015: 20.25 %).

The charge/credit for taxes relating to the components of Other comprehensive income is as follows:

	30 June 2016			**30 June 2015**		
	Before taxes	**Tax (charge)/credit**	**After taxes**	**Before taxes**	**Tax (charge)/credit**	**After taxes**
Cash flow hedges	(122,364)	29,785	(92,579)	(25,357)	5,898	(19,459)
Actuarial gains and losses	(14,014)	2,522	(11,492)	(4,856)	971	(3,885)
Share in other comprehensive income of associates	-	-	-	-	-	-
Other overall profit/(loss):	**(136,378)**	**32,307**	**(104,071)**	**(30,213)**	**6,869**	**(23,344)**
Current income tax						
Deferred tax (Note 16)	-	32,307	-	-	6,869	-
	(133,378)	**32,307**	**(104,071)**	**(30,213)**	**6,869**	**(23,344)**

<u>Other issues</u>

As was indicated in Note 2.18 of the consolidated financial statements for 2015, the Company's listing on the Stock Exchange, through the IPO of 49 % of the capital of Aena S.A. (see Note 1), meant that the parent company ENAIRE now had a stake of 51 % of Aena, S.A., instead of the 100 % it had before.

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

As a result of this withdrawal on 1 January 2015 from the AENA Tax Group, to which, together with ENAIRE, Aena and Aena Desarrollo Internacional belonged as subsidiaries, and in accordance with the declared wishes of the Directors of both companies, on 7 April 2015 Aena submitted to the Taxation Authorities an application to take up the tax consolidation regime for the companies Aena, S.A. and Aena Desarrollo Internacional S.A.U. On 5 June 2015 the Taxation Authorities communicated the creation of the new Tax Group 471/15 comprising AENA, S.A. as parent company and Aena Desarrollo Internacional as subsidiary, therefore being taxed under Corporation Tax for 2015 as a Tax Group.

Consequently, the debit balances of pending deductions credits and of credits for tax losses which, within the tax Group, where owned by Aena S.A. vis-à-vis ENAIRE, and therefore, they were included in the "Other receivables" heading on the Statements of Financial Position, are owned since the date of termination of 1 January 2015, against the Treasury, so since that date these were reclassified to heading "Deferred tax assets". At 30 June 2016, these balances had already been settled (see Notes 11 and 16).

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or until four years have elapsed since filing. At 30 June 2016, inspection is open for all taxes between 31 May 2012 and 31 May 2016.

The public business entity ENAIRE, head of the previous tax group, has open the period of prescription of Corporation Tax: years from 2011 to 2015: Personal Income Tax: years from 2012 to 2015; Value Added Tax: years from 2012 to 2015; Canaries General Indirect Tax: years from 2012 to 2015 and the Tax on Production, Services and Imports: years from 2012 to 2015.

The administrators of Aena consider that the tax settlements have been properly prepared and dealt with, so that, even in the event that discrepancies should arise in the interpretation of the current standards for the tax treatment granted to the operations, the possible resulting liabilities, should there be such, would not significantly affect the interim summary consolidated Financial Statements attached.

Also open to tax inspection are the first six months of 2016.

The taxes for the last 6 years in the United Kingdom companies comprised in the LLAH III group are open to inspection by that taxation authority.

22 Earnings per share

Basic earnings per share are calculated by dividing the profit/loss for the year attributable to the Company's shareholders by the weighted average number of outstanding shares during the year.

	30 June 2016	30 June 2015
Result attributable to shareholders (thousand euros)	492,300	275,563
Weighted average number of ordinary shares	150,000,000	150,000,000
Basic earnings per share (euro per share)	**3.28**	**1.84**

Diluted earnings per share are calculated by dividing the results for the year attributable to the Company's shareholders by the average weighted number of outstanding ordinary shares during the year, taking into account the diluting effects inherent in ordinary shares potentially outstanding during the year. At 30 June 2016 and 2015 there were no diluting factors that modify the amount of the basic earnings per share and therefore the figures are the same as those for diluted earnings per share.

23 Transactions with related parties

The Group is controlled by the public business entity "ENAIRE".

All transactions with related parties are conducted at market values. In addition, transfer prices are appropriately supported, and therefore the directors of the Group do not consider that any significant risks that could give rise to material liabilities in the future exist in this connection.

(Thousand euros unless otherwise stated)

The transactions carried out with related parties are set out below:

(a) Sales of goods and services

	30 June 2016	30 June 2015
Rendering of services:		
- The Public Business Entity "ENAIRE"	687	1,632
- Associated companies	3,054	3,193
- Related parties	61	20
Total	**3,802**	**4,845**

(b) Purchases of goods and services

	30 June 2016	30 June 2015
Services received:		
- The Public Business Entity "ENAIRE"	73,084	72,740
- Related parties	6,098	6,522
Total	**79,182**	**79,262**
Acquisition of assets		
- Related parties	2,366	1,926
Total	**2,366**	**1,926**

The amount for the service provided to ENAIRE belongs mainly to services received from airport traffic control. In this respect, the appropriate service agreement was concluded between the airport manager and the supplier of the air traffic services in order to determine the compensation to be paid for the services. The cost of these services is recognised under the heading "Raw materials and consumables" in the attached consolidated profit and loss account. At 30 June 2016 the services supplied by the parent company for ATM and CNS services amounted to 72,721 thousand euros (30 June 2015: 72,740 thousand euros). This heading also includes the compensation paid by Aena for the special authorisation for temporary use of the office building in Arturo Soria, owned by ENAIRE, for an amount of 471 thousand euros for the six month period ended on 30 June 2016 (30 June 2015: 0 thousand euros).

(c) Income from shareholdings in Related parties

	30 June 2016	30 June 2015
- Related parties	3,484	250
Total	**3,484**	**250**

On 15 February 2016 the shareholders of ACDL decided to reduce the share capital, allocating 25,000 thousand pounds to reserves of free disposal and approving a dividend for that sum. The amount of the dividend recognised by the Group amounted to 3,234 thousand euros. As a result of the disinvestment carried out in ACDL through TBI, the Group recognised a loss for impairment of that investment amounting to 3,143 thousand euros (Note 20). This impairment is caused as a consequence of the reduction in recoverable value of the investment following the disinvestment mentioned above.

See dividends received from associated companies in Note 9.

During the first half of 2016, the subsidiary LLAH III distributed to its shareholders dividends amounting to GBP 5,200 thousand (6,836 thousand euros at the exchange rate transaction), of which Aena Desarrollo Internacional has received 3,486 thousand euros, and the remaining 3,350 thousands euros were received by external partners.

(d) Key management personnel compensation

See Note 24. Other information

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

	30 June 2016	31 December 2015
Receivables from related parties:		
- Associated companies	1,571	2,374
- Related parties	2	3
- The Public Business Entity "ENAIRE"	288	494
Total receivables from related parties (Note 12)	**1,861**	**2,871**

Payables to related parties:		
- Related parties	5,481	7,031
- The public business entity "ENAIRE"	24,243	27,487
Total payables to related parties (Note 14)	**29,724**	**34,518**

The accounts receivable with related parties arise, mainly, from transactions of the supply of services. Accounts receivable with the Parent company arising for Corporation Tax presented in the regime of tax consolidation, up to the time of breaking up the taxation group with ENAIRE (Note 21), were included, together with the balances for tax deductions activated, in "Other accounts receivable from related parties" (see Note 11). The receivables are not secured due to their nature and do not accrue interest. There is no provision for receivables from related parties.

Payables to related parties derive mainly from the acquisition of fixed assets and receipt of the ATM and CNS services referred to in section b). The above balances are included under the heading "Payables to related parties" (see Note 14). Payables do not accrue any interest. The accounts payable to the Parent company which emerge for Corporation Tax submitted in the regime of tax consolidation, up to the time of breaking up the taxation group with ENAIRE (Note 21), were included, together with the balances for tax deductions activated, in "Other accounts receivable from related parties", for a value at 30 June 2015 of 2,152 thousand euros.

(f) Loans and derivatives with related parties (See Note 15)

24 Other information

Average workforce

The number of employees at 30 June of 2016 and 2015 by category and gender, at the fully consolidated companies forming part of the Group were as follows:

	30 June 2016 (*)			30 June 2015 (*)		
Professional Category	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Senior management	8	2	10	7	2	9
Executives and graduates	837	609	1,446	832	600	1,432
Coordinators	806	282	1,088	832	290	1,122
Technicians	2,913	1,434	4,347	2,914	1,425	4,339
Support personnel	551	467	1,018	517	437	954
	5,115	**2,794**	**7,909**	**5,102**	**2,754**	**7,856**

(*) The earlier figures included temporary employees, which in the first half of 2016 amounted to 756 (first half of 2015: 687)

The integration of the figures for LLAH III into the interim summary consolidated financial statements at 30 June 2016 brings the average workforce up to x employees (30 June 2015: 615 employees).

With regard to the Board of Directors of the Parent company at 30 June 2016, it comprised 11 men and 4 women (first half of 2015: 11 men and 4 women).

At 30 June 2016, an average of 114 employees were disabled (2015: 114).

Compensation for Senior Management and directors

Compensation received during the first half of 2016 and 2015 by the Senior Management and directors of the Group, classified by item, was as follows (thousand euros):

(Thousand euros unless otherwise stated)

	30 June 2016			30 June 2015		
Item	**Senior management**	**Board of Directors**	**Total**	**Senior management**	**Board of Directors**	**Total**
Salaries	585	-	**585**	514	-	**514**
Per Diems	13	68	**81**	9	95	**104**
Insurance premiums	4	-	**4**	3	-	**3**
Total	**602**	**68**	**670**	**526**	**95**	**621**

Directors' conflicts of interest

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

Shareholdings and positions held, and activities carried out, by members of the Board of Directors in other similar companies.

At 30 June 2016 and 31 December 2015 the members of the Board of Directors did not have any interest in the share capital of companies that directly carry out activities that are the same, similar or supplementary to those forming part of the Company's corporate purpose. In addition, no activities that are the same, similar or complementary to the Company's corporate purpose have been carried out or are currently being carried out by Members on their own behalf or on behalf of third parties.

At 30 June 2016 there are no members of the Board of Directors that hold directorship or executive positions at other Group companies.

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

Government of the Canary Islands

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

On 10 February the Supreme Court gave a favourable judgment, dismissing the claim by the Canaries Government.

ENAIRE considered (and this was communicated to the CNMV on 10 February 2016 as a Relevant Fact) that the application for precautionary measures referred to lacked legal foundations and that the claim from the Government of the Canary Islands, if successful, should in no case affect the AENA's ownership or management of the aforesaid airports (which are competences reserved to the State).

Commitments to acquire fixed assets

At 30 June 2016, outstanding investments amount to approximately 333.3 million euros (31 December 2015: 303.6 million euros), which include allocated investments pending formalisation by contract and confirmed investments awaiting execution.

Warranties

The bank warranties submitted to various Organisations at 30 June 2016 amounted to 477 thousand euros (31 December 2015: 1,126 thousand euros).

On 27 March 2013 the TBI Group sold its stake in Cardiff International Airport Limited to WGC Holdco Limited, leaving TBI subject to certain guarantees as vendor (the Guarantee). On 29 December 2015 Abertis replaced TBI in the Guarantee. Given Aena Internacional's stake in ACDL, on 15 February 2016 Abertis and Aena Internacional signed an agreement by which Aena Internacional undertook, in the event that Abertis were to be obliged to pay some sum under the Guarantee, to pay Abertis 10% of that sum, up to a maximum of 2,941 thousand pounds, which is 10% of the total guaranteed. The validity of this undertaking is until 31 January 2018, on which date the Guarantee expires.

25 Events after the reporting period date

No significant events have occurred subsequent to 30 June 2016 and up to the date of preparing these interim summary consolidated financial statements.

Consolidated Management Report
for the six-month period ending on 30 June 2016

AENA, S.A. AND SUBSIDIARIES

Webcast / Conference-call:
Wednesday, July, 27th 2016
13:00 hours (Madrid time)
http://edge.media-server.com/m/p/eth5hbde

Telephone numbers:
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1. EXECUTIVE SUMMARY

Aena, S.A. is still in the process of review and elaboration by its regulator the DGAC (Directorate General of Civil Aviation) of the first five-year regulatory framework of the company in Spain. On 22 December 2015 the Company announced its initial proposal for this framework, or "DORA" (Airport Regulatory Document), which has been the subject of extensive consultation with associations of airlines that bring together its main customers. The culmination of this consultation process occurred on 8 March 2016, when Aena, S.A. submitted its final DORA proposal to the DGAC, which included a proposal for a fee freeze for the period 2017-2021 (both inclusive). This fee freeze proposal stems from the application of the 6th Transitional Provision of Law 18/2014, which imposes the fee freeze as a cap to fee increases until 2025.

The following table reflects the most relevant elements that served as the basis for the establishment of the fee freeze proposal, maintaining the decision taken by the Board of Directors on 22nd December 2015.

Proposal submitted on 8 March 2016

	2016	2017	2018	2019	2020	2021
Operating expenses (€M)		1,816.4	1,831.1	1,824.7	1,851.0	1,876.2
Commercial operating margin associated with regulated activity (€M)		(129.8)	0.0	0.0	0.0	0.0
Cost of capital (€M)		923.7	881.3	865,5	856,5	849.7
Average RAB(1) of airport activity (€M)		10,729.1	10,491.3	10,303.9	10,196.1	10,116.0
WACCBT(2)				**8.4%**		
Estimated traffic (M passengers)	220.3	225.8	230.4	234.2	237.6	240.4
X Component				**1.94%**		

(1) Regulated Asset Base
(2) Average Weighted Cost of Capital

As noted, this proposal is subject to the review and approval process established by Law 18/2014, and therefore should not be considered in any way as a final document. As established in the current regulation, the DGAC will submit its final proposal to the Ministry of Public Works for its referral and approval before 30 September 2016, following a report of the "CNMC" (National Commission of Markets and Competition) and AESA (State Air Safety Agency). On 21 June 2016 the CNMC issued its non-binding supervision and control report under the new framework established by the aforementioned Law 18/2014 in which it sets out its recommendation to update the fees in the DORA period by -2.02% per year (compared to Aena's proposed fee freeze).

Regarding the fee framework, on 1 March 2016 the new airport fee for this year entered into force, approved under the General Budget Law of 2016. This new rate represents a reduction of 1.9% compared to that in effect in the previous year.

As for business performance in the first half of 2016, the Aena airport network continues to show traffic growth above expectations, although the pace of growth is easing as the year progresses. During this period, passenger traffic grew by 12.2% to around 110.6 million as a whole, including Luton airport with traffic of 6.7 million passengers, an increase of 20.6%.

Growth in the Aena airport network in Spain (11.7% up to 103.9 million passengers) is a traffic historic record in the first half of the year and it has been reflected both in domestic traffic which has grown 11.3% (31.8 million passengers) and international traffic, exceeding 71.6 million passengers, an increase of 11.8%, and is general across the main airports of the network: Adolfo Suárez Madrid-Barajas (8.6%), Barcelona-El Prat (12.7%), Palma de Mallorca (11.2%), Málaga-Costa del Sol (14.6%), Gran Canaria (14.2%) and Alicante-Elche (16.1%).

This positive evolution in traffic has resulted in a 7.2% increase in ordinary aeronautical revenues taking into account that the entry into force of the 1.9% reduction was on 1 March 2016 and has involved a cumulative impact of 15.8 million until 30 June 2016. The increase of total revenues from commercial activities (+12.3% in the period), both on the air side and off terminal, is also noteworthy. This rise is a result of awarding new tenders with improved contractual conditions including the minimum annual guarantees and increased commercial spaces, increased sales, pricing strategies and marketing and consolidation of the new business model of parking and VIP lounges, among other activities.

Moreover, revenues from international activities reflect the good performance of traffic both from Luton Airport (UK) and the other airports in which Aena, S.A. has minority stakes, which has allowed operating income in this segment to reach 102.7 million euros, with a contribution from Luton to EBITDA of 31.9 million euros.

Aena, S.A., continues to base its income on three pillars; the increased volume of revenues, improving management efficiency and cost containment. These efforts are reflected in improved efficiency embodied in the containment of the Company's operating expenses (procurement, staff costs and other operating expenses) in recent years and continuing in 2016, although efficiency levels have been reached that leave little room for improvement in the future. In the first half of 2016, the base of comparable operating costs (excluding Luton) has increased by 16.8 million euros (+3.4%), while the growth rate of passenger traffic was +11.7%.

In connection with the implementation of necessary investments, a period of significant investments in new infrastructure was completed leading to a new stage with priority for maintenance improvements and safety investments without reducing service quality. In the first half of 2016, the investment paid reached 123.4 million euros (this figure includes 23.3 million euros invested in Luton airport).

The continuity of the set of measures undertaken for expenses as well as income consolidates the restructuring of the Company and strengthens its profitability, increasing EBITDA to 931.7 million euros at the end of the first half of 2016. This is an increase of 12.7% over the same period in 2015, and means reaching a 53.8% EBITDA margin that is impacted mainly by the seasonality of business operations, as passenger traffic is lower in the first half of the year than it is in the second half.

Aena, S.A. recorded profit before-tax of 646.5 million euros against 295.5 million euros in the same period in 2015, while net profit amounted to 492.3 million euros in the first half of 2016, a 78.7% increase over that registered during the same period last year (275.6 million euros). This increase is due to positive business development and the reversal of provisions for legal proceedings related to the expropriation of land at Adolfo Suárez Madrid-Barajas Airport (204.9 million euros).

This improvement in earnings is reflected in a significant increase in operating cash flow to 999.9 million euros compared to 786.3 million euros in the first half of 2015 (up 27.2%) and in the reduction of debt, which led to reducing the ratio of net financial debt to EBITDA, as established in debt renewal agreements for the calculation of covenants, from 4.5x in 2015 to 3.9x at the end of the first half of 2016.

The share price performance of Aena, S.A. during the first six months of 2016 has been very positive, with an increase at the end of this period of 13.5% to €118.25 per share compared to the evolution of the IBEX 35, which fell by 12.3%. During this period Aena, S.A. stock peaked at €125.25 and registered a minimum of €94.07 per share.

2. MACROECONOMIC ENVIRONMENT AND ACTIVITY DETAILS

2.1 Macroeconomic situation and sector details

The Spanish economy continued with its gradual recovery reflected in the main economic figures. According to data published by the National Statistics Institute, Spanish GDP recorded growth of 0.8% in the first quarter of 2016, which comes as confirmation of the recovery of the Spanish economy begun in 2014 (with GDP growth of 1.4%) and 2015 (+3.2%) after three consecutive years of recession.

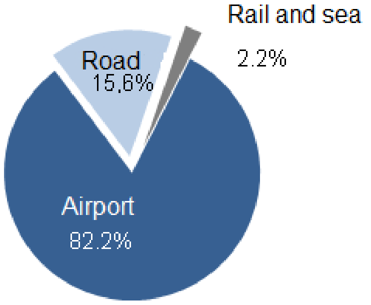
Air transport is a strategic sector for Spain due to its economic and social impact. Furthermore, it contributes in terms of connectivity, accessibility, cohesion and territorial connection.

Tourism-related indicators have continued the favourable trend witnessed in the last three years in which record numbers of foreign tourists have been achieved, an aspect of great significance given that tourism accounts for 10.9% of Spain's GDP. According to the data published by the Spanish National Statistics Institute, during the first five months of 2016, 25.2 million international tourists visited Spain, 11.4% more than in the same period of 2015.

The main source countries in the year to date are the United Kingdom (with 5.8 million tourists, an increase of 16.1% over the first five months of 2015), Germany (3.8 million tourists and an increase of 5.6%) and France (3.7 million tourists and an increase of 7.6%). With respect to the countries of origin and following the UK's referendum vote to leave the European Union (Brexit), it is worth pointing out that in 2015 passengers with origin/destination in the UK accounted for approximately 17.5% of total passenger traffic in the Aena network in Spain.

By regions, Catalonia is the leading tourist destination (5.9 million, +4.1% over the same period in 2015), followed by the Canary Islands (5.4 million, +11.0%) and Andalusia (3.7 million, +18.1%).

By type of access, of the total foreign tourists that visited Spain during the first five months of 2016, 20.7 million (82.2% of the total figure) travelled by air, 15.6% travelled by road and 2.2% used other means of transport (rail and sea). Having said this, it should not be forgotten that Spain is the gateway to Latin America by air.



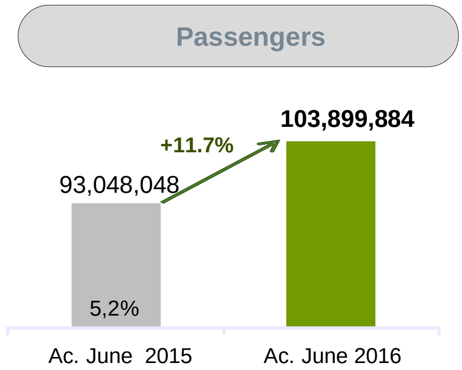
Total:
25.2 million international tourists

Source: National Statistics Institute Frontier Tourist Movements (Frontur) – May 2016

2.2 Traffic in the Aena airport network in Spain

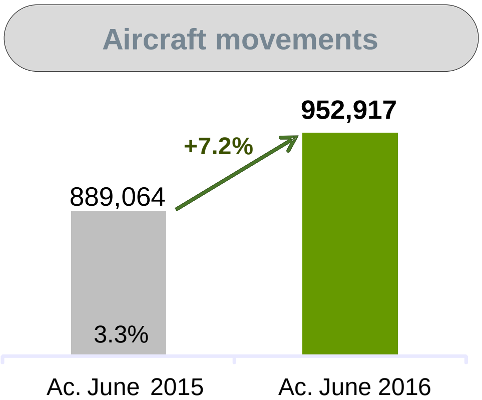
During the first half of 2016 passenger traffic grew by 11.7% to more than 103.9 million in Aena's Spanish airports. The growth has moderated compared to the first quarter and, although robust, continues to be favoured by instability in major tourist destinations in the Mediterranean and the current situation of low fuel prices.

The contribution of international and domestic traffic is in line with the first half of 2015 at 69% and 31% respectively, and the growth of international passengers (+11.8%) and domestic traffic (+11.3%) has also moderated compared to the first quarter of 2016.

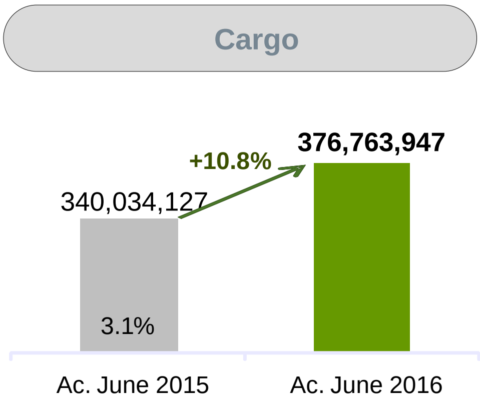


Last twelve months passenger traffic increased by 8.9%, up to 218,3 million, Aena Spanish network highest on record.

As regards the number of aircraft, approximately 953,000 flights were registered, representing an increase of 7.2% over the first half of 2015.

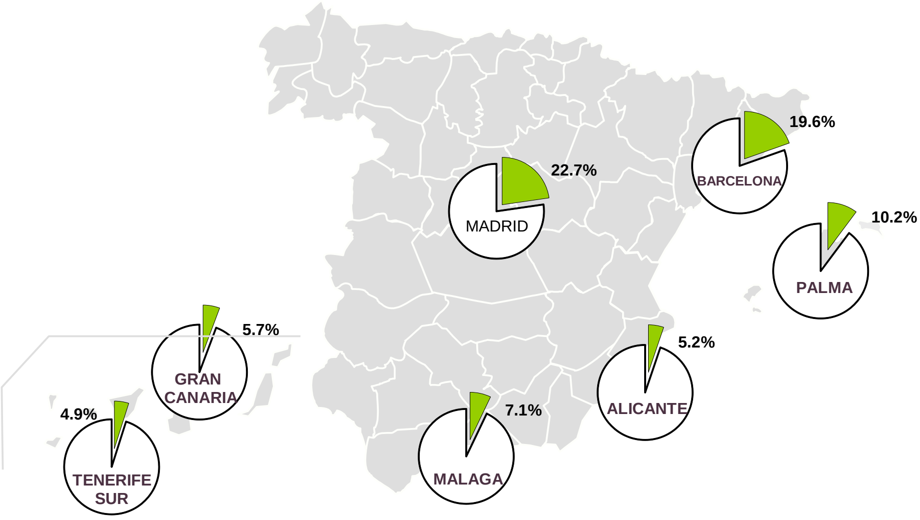


Freight traffic has increased by 10.8% during the first six months of 2016, exceeding 376,000 tonnes of cargo.



2.3 Analysis of passenger traffic by airports and airlines

As usual the percentage share of passengers during the first half of 2016 is significantly concentrated in the major airports in the network, although virtually all network airports have experienced significant growth:



Airports and Airport Groups	Passengers			Aircraft			Cargo		
	Millions	Variation 1H 2016 / 1H 2015	Share of total	Thousands	Variation 1H 2016 / 1H 2015	Share of total	Tonnes	Variation 1H 2016 / 1H 2015	Share of total
Adolfo Suárez Madrid-Barajas	23.6	8.6%	22.7%	183.9	3.7%	19.3%	197.551	7.1%	52.4%
Barcelona-El Prat	20.4	12.7%	19.6%	146.4	6.8%	15.4%	63.421	14.3%	16.8%
Palma Mallorca	10.6	11.2%	10.2%	82.6	10.6%	8.7%	5.090	-6.5%	1.4%
Total Canary Islands Group	19.4	13.1%	18.7%	174.0	9.8%	18.3%	18.886	3.7%	4.5%
Total Group I	24.2	13.0%	23.3%	216.0	9.4%	22.7%	17.007	10.3%	12.9%
Total Group II	5.2	12.1%	5.0%	81.0	6.9%	8.5%	48.480	24.3%	7.0%
Total Group III	0.6	7.0%	0.5%	69.0	1.1%	7.2%	26.329	19.5%	5.0%
TOTAL	**103.9**	**11.7%**	**100%**	**952.9**	**7.2%**	**100%**	**376.764**	**10.8%**	**100%**

Adolfo Suárez Madrid-Barajas is the main airport in the network for passenger traffic, flights and cargo, representing 22.7% of total passengers. In the first half of 2016, the number of passengers has increased by 8.6% over the same period last year (11.3% domestic traffic and 7.5% international).

A total of 183,943 aircraft have operated out of this airport during the first six months of 2016, 3.7% more than in the same period of the previous year. In addition, cargo, which accounts for more than half of the total volume passing through the network, registered an increase of 7.1% to 197,551 tonnes transported.


Terminal T4 of Adolfo Suarez Madrid-Barajas Airport

At **Barcelona-El Prat** Airport, passengers have increased by 12.7% over the first six months of 2015 (14.4% in domestic traffic and 12.1% in international traffic), reaching 20.4 million.

There have been 146,397 flights registered, an increase of 6.8% over 2015, while cargo has continued its growth trend with a significant 14.3% increase in the volume of goods to 63,421 tonnes.


Barcelona-El Prat Airport Terminal

Palma de Mallorca Airport registered 10.6 million passengers in traffic in the first half of the year (up 11.2%), with a significant 12.1% rise in international traffic to 14.7 million passengers while domestic traffic came to 2.7 million, an increase of 5.6%.

Equally significant are the figures showing growth of aircraft flights during the first half of 2016, which totalled 82,637 (10.6%).

Palma de Mallorca Airport Terminal

In the **Canary Islands Group**, the number of passengers who passed through the airports in the Canary Islands came to 19.4 million (up 13.1% compared to the first half of 2015), of which over 6 million were passengers on domestic flights (up 13.9%) and 12.9 million on international flights (12.4% more than in the same period in the previous year).

Tenerife-Sur Airport Terminal

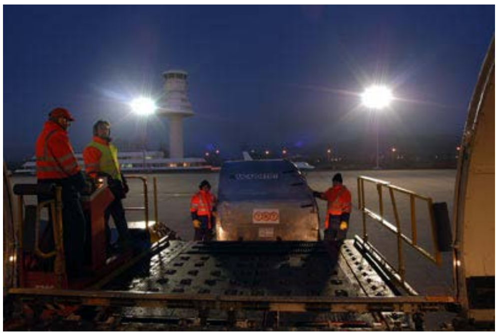
The eight airports in **Group I** grew by 13.0% during the first half of 2016 to reach 24.2 million passengers, with especially high growth in Ibiza (17.0%), Alicante-Elche (16.1%), Málaga-Costa del Sol (14.6%), Valencia (13.1%) and Menorca (12.3%). Both domestic traffic (8.0%) and international traffic (15.2%) have contributed to the growth of this group of airports.

Ibiza Airport Terminal

The 11 airports in **Group II** recorded a total increase in passenger traffic of +12.1% during the first six months of 2016, reaching a total of 5.2 million passengers. These figures confirm the recovery in traffic both domestically (14.2%) and internationally (8.7%).

Vigo Airport Terminal

The **Group III** airports (those with lowest traffic) have recorded over 561,000 passengers, an increase of +7.0% over the same period in the previous year. Vitoria airport, which specialises in handling goods, continues to record significant growth of cargo volume (606.4%).



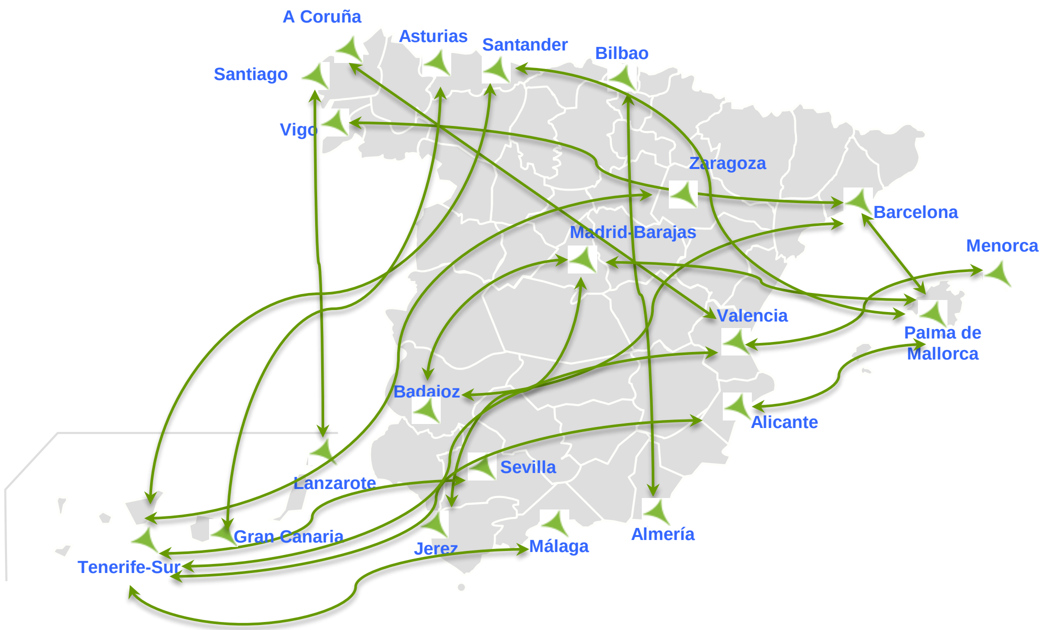
Air Cargo at Vitoria Airport

As a result of the airport marketing activity that Aena has carried out in recent years, 231 new routes were opened during the first half of 2016 from airports in the Aena network in Spain with domestic, European and international destinations. Specifically the airports with the highest number of new routes are Alicante (31 new routes), Adolfo Suárez Madrid-Barajas (29), Barcelona El Prat (27), Palma de Mallorca (21) and Málaga-Costa del Sol (18). The companies with the largest number of new routes are Vueling (41), Grupo Iberia (31) and Ryanair (19).

Special mention should be made of the opening of 8 new regular long-haul routes, one from Barcelona to Washington – United, and 7 from the AS Madrid-Barajas Airport to San Jose - Iberia, Hong Kong - Cathay Pacific, Lima and Santo Domingo - Plus Ultra, Bogota - Air Europa and Shanghai - Iberia and China Eastern.

Also during the first half of 2016 in Palma de Mallorca Airport easyJet has established a base for one aircraft (summer season only) and Norwegian one for two aircraft throughout the year.

Opening of new domestic routes



Opening of new international routes

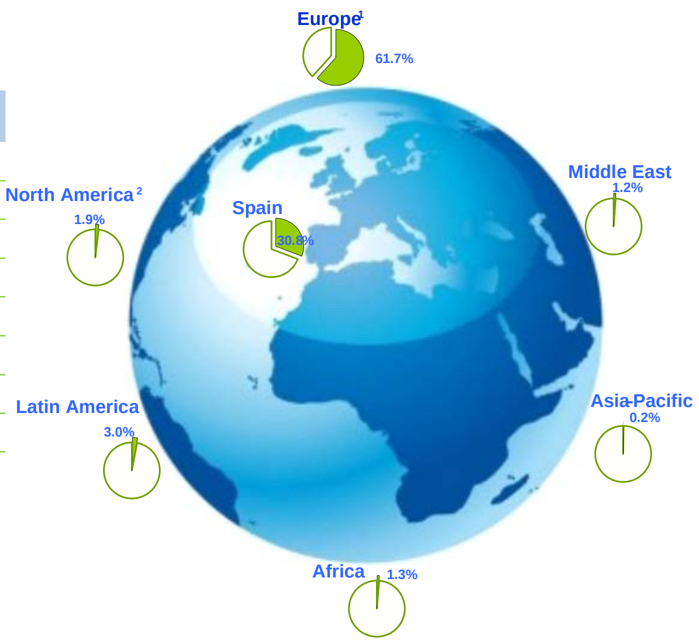
Origin	Destinations
Alicante-Elche	Amsterdam, Belfast, Birmingham, Bucharest, Bordeaux, Doncaster, Dusseldorf, Edinburgh, Frankfurt, Ivano-Frankivsk, London City, Manchester, Milan, Moscow, Munich, Nantes, Newquay, Norwich, Rome, Sofia, Warsaw, Vienna, Zurich
A.S. Madrid-Barajas	Bacau, Bari, Biarritz, Birmingham, Bogota, Bucharest, Cork, Frankfurt, Goteborg, Hong Kong, Iasi, Krakow, Valletta, Liege, Lima, Marseille, Oslo, Rennes, San Juan, Santo Domingo, Santorini, Shanghai, Trieste, Turin, Zurich
Barcelona-El Prat	Alghero, Billund, Bordeaux, Constantine, Copenhagen, Edinburgh, Eindhoven, Yekaterinburg, Iasi, Leeds, Liverpool, London Luton, Manchester, Marrakech, Moscow, Naples, Newcastle, Rostov, St. Petersburg, Warsaw, Washington
Málaga	Aalborg, Amsterdam, Budapest, Copenhagen, Doncaster, Dresden, Erfurt, Leeds, Manchester, Marseille, Moscow, Munster, Nantes, Newcastle, Norwich, Paderborn, Rome, Toulouse
Palma de Mallorca	Aalborg, Amsterdam, Birmingham, Frankfurt, Hamburg, Lille, Manchester, Milan, Moscow, Munich, Nuremberg, Paderborn, Pisa, Stuttgart, Turin, Zurich
Valencia	Amsterdam, Algiers, Ivano-Frankivsk, Lyon, Moscow, Munich, Tel Aviv, Turin, Vienna

Origin	Destinations
Ibiza	Amsterdam, Dusseldorf, Frankfurt, Hamburg, Nuremberg, Paderborn, Paris, Turin, Venice
Gran Canaria	Aberdeen, Amsterdam, Budapest, Edinburgh, Eindhoven, London, Milan, Nuremberg, Zurich
Lanzarote	Edinburgh, Metz/Nancy, Milan, Rotterdam, Toulouse
Tenerife-Sur	Birmingham, Edinburgh, Katowice, Paris, Zurich
Girona	Brussels, Glasgow, Manchester, Moscow, Newcastle
Menorca	Dusseldorf, London, Paris, Turin
Reus	Bristol, Glasgow, Liverpool, Moscow
Fuerteventura	Paderborn, Paris, Poznan
Almería	London, Luxembourg, Paderborn
Asturias	London, Venice
Santander	Lisbon, Paris
Seville	Munich, Zurich
Vigo	Bologna, Dublin
Santiago	London
Bilbao	Milan
Jerez	Brussels
Murcia-San Javier	Dublin
La Palma	Amsterdam
Tenerife-Norte	Agadir

Regarding distribution of traffic by geographical areas, widespread increases occurred in all regions except Asia and Other, which was down by 4.7% (as a result of the disappearance of the Thai Airways Bangkok route), while traffic shares remained virtually unchanged over the same period in 2015.

Breakdown of passenger traffic by geographical area

Region	Passengers 1H 2016	Variation %
Europe[1]	64,098,950	12.1%
Spain	32,035,294	11.3%
Latin America	3,125,920	9.9%
North America[2]	1,940,717	8.6%
Africa	1,306,331	4.5%
Middle East	1,219,337	16.0%
Asia and Other	173,335	-4.7%
TOTAL	**103,899,884**	**11.7%**



[1] Excludes Spain

[2] Includes USA, Canada and Mexico

With regard to distribution of passenger traffic by type of airline company, 51.0% are low cost carriers (49.5% in the first half of 2015) and the remaining 49.0% are legacy carriers (50.5% in the same period in 2015), confirming the distribution shown at the end of 2015.

The main airline clients of Aena are the IAG Group (Iberia, Vueling, Iberia Express, British Airways and Air Lingus) with a share of 26.6% of all passenger traffic in the first half of 2016 (26.1% in 1H 2015) and Ryanair with a share of 17.6% (16.9% in 1H 2015).

Breakdown of passenger traffic by carrier

Carrier	Passengers 1H 2016	Passengers 1H 2015	Variation		Share of total (%)	
			%	Passengers	1H 2016	1H 2015
Ryanair	18,327,228	15,750,748	16.4%	2,576,480	17.6%	16.9%
Vueling	14,475,726	12,652,387	14.4%	1,823,339	13.9%	13.6%
Iberia	7,924,431	7,000,002	13.2%	924,429	7.6%	7.5%
Air Europa	7,786,781	7,368,828	5.7%	417,953	7.5%	7.9%
Easyjet Airline Co. Ltd.	5,431,922	5,081,960	6.9%	349,962	5.2%	5.5%
Air Nostrum	3,550,802	3,497,271	1.5%	53,531	3.4%	3.8%
Air Berlin	3,468,916	3,955,704	-12.3%	-486,788	3.3%	4.3%
Iberia Express	3,449,349	3,021,184	14.2%	428,165	3.3%	3.2%
Norwegian Air	3,192,948	2,396,553	33.2%	796,395	3.1%	2.6%
Thomson Airways	2,106,447	1,736,528	21.3%	369,919	2.0%	1.9%
TOTAL	**103,899,884**	**93,048,048**	**11.7%**	**10,851,836**	**100%**	**100%**
Total Low Cost Passengers*	**52,943,140**	**46,025,632**	**15.0%**	**6,917,508**	**51.0%**	**49.5%**

*Includes low-cost carrier's traffic in scheduled flights.

International presence

Aena has a direct interest in 15 airports outside Spain (twelve in Mexico, two in Colombia, and one in the United Kingdom), and indirectly through GAP in the Montego Bay Airport in Jamaica.

Passenger traffic in investee airports

(Million passengers)	1H 2016 /	1S 2015	% Variation	% Aena share
Grupo Aeroportuario del Pacífico (GAP)1 (Mexico)	17.8	15.3	16.3%	5.8%
London Luton (United Kingdom)	6.7	5.5	20.6%	51.0%
Aerocali (Cali, Colombia)	2.7	2.4	12.3%	50.0%
SACSA (Cartagena de Indias, Colombia)	2.1	1.8	15.6%	37.9%
TOTAL	**29,277**	**25,064**	**16.8%**	--

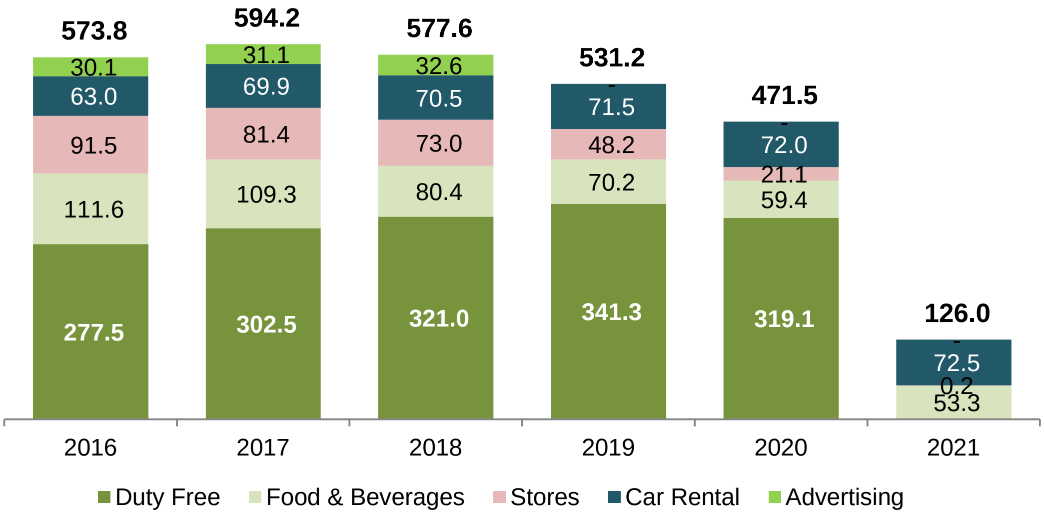
[1] *GAP includes the annual traffic at the Montego Bay Airport, MBJ (Jamaica)*

Luton airport has registered a significant increase in traffic during the first half of this year (20.6%) exceeding 6.6 million passengers and over 62,000 aircraft flights (14.8%).

2.4 Commercial activity

Aena's commercial contracts vary by type of business activity based on, generally speaking, variable income on sales (percentages that may vary according to product and/or services) and with minimum guaranteed annual income that establishes a minimum amount to be paid by the tenant, regardless of the level of sales achieved. In this regard, the following chart shows the calculation of minimum income guaranteed by lines of business:

Minimum Annual Guaranteed Rents (MAG) by business line[(1)]



(1) Figures in millions of euros of existing contracts. Potential new contracts are not considered. MGAI have been prorated to the actual days of the beginning and end of contract. Commercial services contracts include contracts from other commercial operations: financial and regulated services (exchange, pharmacy, tobacco, etc.).

In the year to June 2016, revenue from both commercial and off terminal grew by 12.2% over the same period in 2015, from 408.4 million euros to 458.3 million euros, representing a difference of 49.9 million euros. Aena continues on its path to boost commercial revenues through actions geared to generating higher returns on its commercial activities. Highlights include:

- The activity of the Duty Free shops continues to grow as a result of new contracts and the development of walkthrough stores integrated into commercial plazas and their inclusion at the main Canary Island airports. The main actions in the first half of 2016 have been remodelling the Duty Free Shop at Jerez de la Frontera airport (342 m^2), and the implementation of other measures for promotion (price reduction for 400 perfumery and cosmetics items and 60 alcoholic beverages from June), loyalty (launch of the "RED" loyalty card and the Reserve & Collect service in May) and sponsorship of the Madrid Tennis Open (May 2016).

- The expansion and remodelling of places for commercial activity. The retail offerings of Stores and Food & Beverages have continued to improve during the first half of 2016 with the addition of new options to the Aena network, such as an electronics store and another focusing on fashion at Barcelona-El Prat Airport, another for accessories in Palma de Mallorca and two food courts, one at each airport in Palma de Mallorca (100 m^2) Gran Canaria (490 m^2). Additionally, during the second quarter of 2016 module C at Palma de Mallorca airport was put out to tender with a change from the current position of a single operator to several operators in both Stores and Food & Beverages.

- The consolidation of leading domestic and international brands in Stores and Food & Beverages. Consolidation of the luxury business line, mainly in Madrid and Barcelona.

- The development of VIP airport lounges based on a strategy for promotion, remodelling and improvement of facilities. In the first half of 2016, following the remodelling of the "Cibeles" VIP Lounge at Adolfo Suárez Madrid-Barajas airport, all the airport's new lounges are open and operational. Also noteworthy is the opening of the VIP lounges at Seville (April) and Ibiza (June) airports.

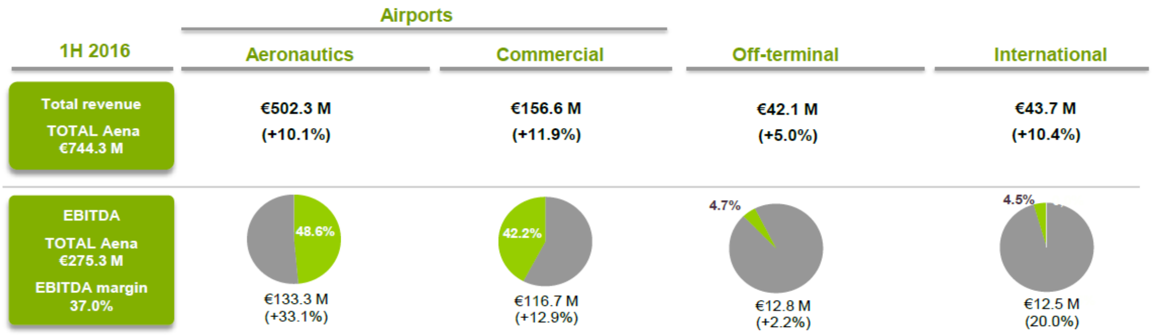
- Driving a business model of integrated management for car parks at 32 airports in the network, which includes improved price management, promotion and new marketing channels. In particular there is the consolidation of the booking system and mobile payment, already up and running since late March at the two main airports in the network. A summer campaign has been drawn up for the main airports in the network for stays longer than five days and long-stay parking has been opened at Palma de Mallorca airport.

- Aena has awarded driverless vehicle rental in 36 airports in the network to 16 companies. The new lease companies will begin operations on 1 November and the duration of their contracts is 6 years. The 16 companies together total 152 licences for 203 sets of premises, with 15,000 rent-a-car parking spaces sited in the best locations to assist the operation of their business. Aena will increase revenue from this activity by 36% in the first year, from 98 million euros in 2015 to 133 million euros.

In addition to the actions above, the favourable behaviour of traffic also contributed to promoting commercial revenue, having a positive effect on the Company's profitability. There is more in-depth analysis of each of the lines of business in commercial activity in "3.2 Commercial segment" and "3.3 Off Terminal services segment" in this report.

3. BUSINESS SEGMENTS

Below are Aena's main income figures at 30 June 2016 broken down by line of business:



Aeronautical activity represents 58.5% of Aena's EBITDA, commercial activity contributes 32.5% and the off terminal services segment provides 5.3%. International business accounts for 3.7%.

3.1 Aeronautical segment

In application of Law 48/2015 of 29 October, on the State General Budget for 2016, airport charges have decreased by 1.9% since March 2016.

The most significant figures for aeronautical activity are summarised below:

(Thousands of euros)	1H 2016	1H 2015	Variation	% Variation
Ordinary revenue	1,142,456	1,065,898	76,558	7.2%
Monetary benefits	1,106,803	1,033,539	73,264	7.1%
Passengers	518,767	476,754	42,013	8.8%
Landings	314,800	292,848	21,952	7.5%
Security	176,984	161,289	15,695	9.7%
Telescopic boarding bridges	52,624	49,115	3,509	7.1%
Handling	39,149	35,927	3,222	9.0%
Parking	15,900	13,712	2,188	16.0%
Fuel	14,589	13,423	1,167	8.7%
Catering	5,000	4,557	443	9.7%
Incentives (Landings, Passengers and Safety)	-31,014	-14,085	-16,929	120.2%
Other Airport Services[1]	35,653	32,359	3,294	10.2%
Other operating income	24,181	25,394	-1,213	-4.8%
Total income	**1,166,637**	**1,091,292**	**75,345**	**6.9%**
Total expenditure (including amortisation)	**-950,740**	**-942,547**	**-8,193**	**0.9%**
EBITDA	**544,869**	**486,979**	**57,890**	**11.9%**
Adjusted EBITDA (2)	**545,942**	**488,329**	**57,613**	**11.8%**

[1] Includes Airport Products, Use of 400 Hz, Fire Service, Counters, and Other Income.

[2] Excludes impairment of fixed assets.

Total revenues in aeronautical activity rose to 1,166.6 million euros (6.9% over the same period in 2015) due to the positive evolution of traffic (11.7% increase in passenger traffic and 7.2% increase in the number of aircraft) which has been partially offset by the reduction in airport charges from 1 March 2016, incentives for new routes, and the increase of the rebate per connecting passenger, which has risen from 35% in 2015 to 40% in 2016 (for details see section 4. Income Statement).

As regards expenses in aeronautical activity, they amounted to 950.7 million euros, 0.9% higher than those recorded in the same period in 2015. This slight increase is due to actions not executed in 2015 associated with maintenance and activity growth as well as planned wage rises.

The above effects have made it possible to improve EBITDA by 11.9% (544.9 million euros).

3.2 Commercial segment

The following table shows the most significant figures for commercial activity:

(Thousands of euros)	1H 2016	1H 2015	Variation	% Variation
Ordinary revenue	367,708	327,982	39,726	12.1%
Other operating income	2,870	2,793	77	2.8%
Total income	**370,578**	**330,775**	**39,803**	**12.0%**
Total expenditure (including amortisation)	**-99,907**	**-95,512**	**-4,395**	**4.6%**
EBITDA	**302,578**	**267,675**	**34,903**	**13.0%**
Adjusted EBITDA [1]	**303,316**	**267,759**	**35,557**	**13.3%**

[1] Excludes fixed assets impairments.

In the first half of 2016, total revenues of commercial activity increased +12.0% compared to 2015, coming to 370.6 million euros. Ordinary revenue amounted to 367.7 million euros (21.6% of the total ordinary revenue) having increased by 12.1% compared with the same period in 2015 (39.7 million euros).

The bulk of this increase comes from the improved contractual conditions for Duty Free Store tenders and the expansion and remodelling of spaces for retail business (shops, duty free and food & beverages). Aena commercial contracts vary according to the type of business activity, and are based, in general, on a variable income as a percentage of sales (percentages vary by product category and/or services) and with a minimum guaranteed annual income (MGAI) which sets a minimum amount to be paid by the tenant regardless of the level of sales achieved.

The detail and analysis of the commercial lines of business (inside the terminal) is set out below:

Commercial Services (Thousands of euros)	1H 2016	1H 2015	Variation	% Variation	Guaranteed Minimum Income	
					1H 2016	1H 2015
Duty-Free Shops	124,924	107,726	17,198	16.0%		
Food & Beverage	67,062	56,007	11,055	19.7%		
Car Rental	50,171	48,225	1,946	4.0%		
Stores	41,756	36,261	5,495	15.2%		
Leases	12,856	13,241	-385	-2.9%		
Advertising	13,882	12,766	1,116	8.7%		
Other commercial revenue [1]	57,057	53,756	3,301	6.1%		
Ordinary revenue from commercial services	**367,708**	**327,982**	**39,726**	**12.1%**	**30,983**	**25,109**

[1] Includes Other Commercial Operations, Banking Services, Travel Agencies, Vending Machines, Commercial Supplies, Use of Conference Rooms, and Filming and Recording.

In the first half of 2016, the amount recorded in revenue from guaranteed minimum income represents 10.2% of revenues corresponding to these lines (9.4% in the same period in 2015).

Total expenses (including depreciation) increased by 4.6%, resulting in an EBITDA of 302.6 million euros, 13.0% better than the first half of 2015.

These figures have been achieved thanks to various strategies implemented as a part of the revitalisation and rethinking of commercial activity by:

- Expansion and optimisation of commercial space (i.e. redesign of walkthrough duty free shops) with a view to taking maximum advantage of passenger traffic.
- Optimisation of commercial tenders (i.e. improvement in the commercial mix, adding renowned Spanish and international brands) and the development of promotional and marketing activities.

Duty-Free Shops

The activity of the Duty Free shops represents, in the first half of 2016, 34.0% of the revenue of Aena's commercial activity (32.8% in the first half of 2015), an increase of 16.0% over the same period last year, coming to a total of 124.9 million euros. Aena has more than 70 Duty Free shops in 25 airports (45,800 m^2). Almost half of the points of sale are concentrated in the Adolfo Suarez Madrid-Barajas and Barcelona El-Prat airports.

Duty Free shops with more than 20 walkthrough shops offer products that are included in the key categories of this sector (spirits, tobacco, perfumery, cosmetics and food).

Key factors contributing to this performance include, among others, remodelled layout configurations and promotional campaigns by season and product category. The main actions in the first half of 2016 have been remodelling the Duty Free Shop at Jerez de la Frontera airport (342 m^2) and the implementation of other promotion, loyalty and sponsorship measures.

Food & Beverages

Food and beverage services totalled 67.1 million euros during the first six months of 2016, representing 18.2% of commercial business revenue, with a positive variation of 19.7% from the first half of 2015.

The excellent performance of the business line has been maintained with remarkable and sustained growth and all activity ratios evolving positively.

The main activities of this half of 2016 have been:

- Tender and award of a new food and beverage area covering 100 m^2 (Food Truck) in Palma de Mallorca airport
- Implementation, follow-up, and fine-tuning of the food and beverage Quality Plan in AS Madrid-Barajas, Barcelona-El Prat, Lanzarote Norte and Tenerife.
- Follow-up and control of renter Business Plans in various airports, including the prices for public sale.
- Award of the full range of restaurants at Bilbao airport.
- Tender and award of the Hamburger Restaurant on the land-side of Terminal T4 to the operator McDonald's.
- Refurbishment of two units at Barcelona-El Prat airport.
- Commencement of renovation work at Menorca airport.
- Tender for six units in Fuerteventura Airport, nine units in Ibiza airport and two units in Palma de Mallorca airport.

It should be noted that there are considerable improvements in the tenders for new units with increased requirements such as service term, variety of product range and in prices, as it is mandatory to offer high street prices plus at most 10% or at most 15% in the case of burger bars.

Aena has more than 300 food & beverage establishments (primarily bars, cafes and restaurants). As in the rest of the commercial area, the catering areas are being renovated and improved with the incorporation of new renowned brands.

Car Rental

Car rental services, coming to more than 50.2 million euros and accounting for 13.6% of ordinary commercial revenue in the first half of 2016, saw revenue growth of 4.0%, mainly due to the higher number of incoming international passengers and the addition of secondary brands on the part of the main contractors (Avis, Hertz, Europcar, Atesa and Gold Car). The increase was spread across various airports within the network, with the highest increase being seen at the airports of Palma de Mallorca (+0.4 million euros) due to the commencement of the summer season, and also in Alicante and Ibiza (+0.3 million euros each).

Aena has awarded driverless vehicle rental in 36 airports in the network to 16 companies. The new lease companies will begin operations on 1 November and the duration of their contracts is 6 years. The 16 companies together total 152 licenses for 203 sets of premises, with 15,000 rent-a-car parking spaces sited in the best locations to assist the operation of their business. Aena will increase revenue from this activity by 36% in the first year, from 98 million euros in 2015 to 133 million euros.

Stores

In the first half of 2016 this business line accounted for 11.3% of revenue from commercial activity, growing 15.2% over the same period in 2015 to 41.7 million euros mainly due to the airports of Barcelona-El Prat (+2.5 million euros); A.S. Madrid-Barajas (+0.6 million euros), due to revenue from new fashion and accessories contracts that had not begun in 2015; and Alicante (+0.5 million euros) due to the settlement in April and May of the minimum annual guaranteed income of old contracts (+0.2 million euros) and an improvement in the income from new contracts.

During this half of the year tenders have been begun for terminals T123 at Adolfo Suárez Madrid-Barajas and Module C at Palma de Mallorca airport. In February, eight stores were awarded in Gran Canaria airport.

The launch of support and advisory services to help improve the experience of passengers shopping at Aena has also helped drive revenue. This service, called "Personal Shopper", has been launched in Terminal T4S at Adolfo Suárez Madrid-Barajas. An electronics store and a fashion store have been opened at Barcelona el Prat, as well as an accessories store (glasses) at Palma de Mallorca airport.

Advertising

In the first half of 2016 this activity accounted for 3.8% of revenue from commercial activity, an increase of 8.7%. This revenue was virtually unchanged as a result of the guaranteed annual minimum income and the gradual addition of digital media at the two main airports in the Aena network where most of the growth takes place (Barcelona +0.6 million euros and Madrid-Barajas +0.5 million euros).

Other commercial revenue

The analysis of the rest of commercial revenue can be broken down into two large blocks:

- VIP Lounge activities (10.6%, +0.5 million euros). This business line has continued to follow the positive trend from last year due to the pricing strategy applied together with sales actions that are increasing the number of users and resulting in a higher penetration rate.
  The fastest growth is at Madrid-Barajas (+0.3 million euros), Málaga and Bilbao (+0.2 million euros each). In June the Cap des Falcó lounge was opened at Ibiza airport with a capacity of 40 people.

- At the end of the first half of 2016 other commercial operations (including banking services, plastic-wrapping machines, other vending machines, telecommunications services and regulated services) were up 7.6% (+1.3 million euros) on the same period in 2015. The greatest increase was seen in Barcelona (+1.2 million euros), mainly due to increased income from the plastic-wrapping machine contract. A.S. Madrid-Barajas airport shows an increase of +0.2 million euros derived from contractual improvements in Wi-Fi, plastic-wrapping machines, internet machines, tobacconist and pharmacy.

3.3 Off-terminal services segment

Key financial data for the off-terminal commercial services segment are set out below:

(Thousands of euros)	1H 2016	1H 2015	Variation	% Variation
Ordinary revenue	90,644	80,468	10,176	12.6%
Parking	58,374	52,280	6,094	11.7%
Real estate services[1]	32,270	28,188	4,082	14.5%
Other operating income	2,912	2,134	778	36.5%
Total income	**93,556**	**82,602**	**10,954**	**13.3%**
Total expenditure (including amortisation)	**-68,199**	**-65,907**	**-2,292**	**3.5%**
EBITDA	**49,522**	**40,991**	**8,531**	**20.8%**
Adjusted EBITDA [2]	**49,790**	**41,060**	**8,730**	**21.3%**

(1) Includes Warehouses, Hangars, Real Estate Operations, Supplies Off-Terminal and Others.
(2) Excludes fixed assets impairments.

Off-terminal services comprise car parks and real estate, such as land, warehouses, hangars and air cargo. In the first half of 2016 total revenue increased 13.3% to 93.6 million euros. Ordinary revenue totalled 90.6 million euros, an increase of 12.6% on the same period in 2015.

Car parks

Turnover totalled 58.4 million euros in the first six months of 2016 (64.4% of off-terminal revenue), up 11.7% on the same period in 2015. The excellent growth rate is continuing in this business line, taking into account its share of total commercial revenue (12.7%). Revenue grew most at Barcelona-El Prat (+1.7 million euros), AS Madrid-Barajas (+1.2 million euros) and Alicante-Elche (+0.7 million euros) airports due to a series of strategies implemented in this business line (pricing, marketing, etc.).

In recent years numerous measures have been put in place that have improved the activity, including expanding the product portfolio, pricing and marketing strategies (communication and promotion), as well as the implementation of the booking management system and reaching agreements with a number of channels (edreams, empark, parkcloud), which is contributing to the achievement of these positive results. Furthermore, there has been an improvement in the operation of employee season tickets while the gradual addition of new technologies to the business means it can be managed better.

Innovative payment options have also been introduced including the “VIA-T” toll collection system at the T4 car park at Adolfo Suárez Madrid-Barajas airport and in the general car park in Bilbao, along with mobile payment, already up and running since late March at the two main airports in the network. In addition, a new express car park at Alicante-Elche airport and a long-stay car park at Palma de Mallorca airport have been opened. Finally, a summer campaign has been drawn up for the main airports in the network for stays longer than five days.

Real estate (land, warehouses and hangars, cargo logistic centres and real estate operations)

In the first half of 2016 revenue from real estate assets accounted for 35.6% of off-terminal revenue, generating 32.3 million euros, up 4.1 million euros (+14.5%). This month includes the creation of new accounts designed to reflect the accounting value of a property pending reversal, built on a leased plot, at the end of the contract. Similarly, in June the current value of the properties corresponding to contracts in force since their start date was recognised as income in kind; the accruals will be reflected on a monthly basis until the end date.

Recent sales efforts include the tender for four hangars during the first six months of the year at Sabadell (2), Son Bonet (1) and Madrid-Cuatro Vientos (1) airports, and for a new service station at Alicante-Elche Airport, and the tender for the analysis and development of the Master Plan for saleable land at A.S. Madrid-Barajas and Barcelona-El Prat airports.

With respect to cargo activity, during the first half of the year Aena received an award from the association of couriers and forwarding agents UNO Logística and recognition of Aena by IATA for its work on the CEIV Pharma certification project. With respect to the marketing of space for air cargo, of particular note was the signing of a surface rights agreement with DHL in Vitoria to expand the current facilities and the open tender for the lease of one of the Cargo Terminals in Barcelona.

3.4 International segment

The key financial data for the international segment are set out below, and mainly reflect the consolidation of Luton airport in London (the 5th largest airport in the UK in terms of passenger numbers), as well as consultancy services for international airports.

(Thousands of euros)	1H 2016	1H 2015	Variation	% Variation
Ordinary revenue	102,711	93,947	8,764	9.3%
Other operating income	139	142	-3	-2.1%
Total income	**102,850**	**94,089**	**8,761**	**9.3%**
Total expenditure (including amortisation)	**-93,813**	**-93,210**	**-603**	**0.6%**
EBITDA	**34,739**	**30,782**	**3,957**	**12.8%**
Adjusted EBITDA[1]	**34,739**	**30,782**	**3,957**	**12.8%**

(1) Excludes fixed assets impairments.

More detailed information on the performance of Luton airport can be found below. Its consolidation made a 31.9 million euros contribution to EBITDA, 18.0% higher than in the same period in 2015 (27.0 million euros).

Luton's impact in terms of consolidation on the International segment

(Thousands of euros)[(1)]	1H 2016	1H 2015	Variation	% Variation
Fee revenue	47,050	42,406	4,644	10.9%
Commercial revenue	50,816	45,846	4,970	10.8%
Total income	**97,866**	**88,252**	**9,614**	**10.9%**
Staff	20,161	17,754	2,407	13.6%
Other operating expenses	45,825	43,477	2,348	5.4%
Depreciation and impairments	25,432	29,150	-3,718	-12.7%
Total expenditure	**91,418**	**90,381**	**1,037**	**1.1%**
EBITDA	**31,880**	**27,021**	**4,859**	**18.0%**
Operating profit/loss	**6,448**	**-2,129**	**8,577**	**402.9%**
Financial result	-12,424	-12,576	152	1.2%
Profit/loss before tax	**-5,976**	**-14,705**	**8,729**	**59.4%**

(1) Euro/Pound exchange rate 0.7639

Luton airport saw a significant traffic increase during the first half of the year (20.6%), exceeding 6.6 million passengers and over 62,000 aircraft operations (14.8%), resulting in a +10.9% increase in revenue (97.9 million euros in 1H 2016 compared with 88.3 million euros in 1H 2015).

Aeronautical revenue was up +10.9% and commercial revenue was up +10.8%, in particular due to the good performance of car parks thanks to the increase in traffic and the management and pricing strategies implemented. Retail and food and beverage revenue also grew significantly (the second phase of the new walkthrough store opened on 18 June 2016), although the business is being affected by physical limitations due to the performance of the airport expansion works.

In pounds, Luton's revenue in 1H 2016 is up by +13.7% (£9.0 million) compared to 1H 2015, aeronautical revenue has grown +13.8% and commercial revenue by +13.6%, while EBITDA has risen +21.0% (£4.2 million) over 1H 2015.

Another factor to consider in terms of the profit/loss for the segment is the **equity method applied to the profit/(loss) of investees**, the details of which are set out below:

(Thousands of euros)	1H 2016	1H 2015	Variation	% Variation
SACSA (Colombia)	1,451,8	1,032,2	419,6	40.7%
GAP (Mexico)	4,475,2	2,893,8	1,581,4	54.6%
AEROCALI (Colombia)	1,688,7	1,580,3	108,4	6.9%
Total share in profit/(loss) of investees	**7,615,7**	**5,506,3**	**2,109,4**	**38.3%**

In past investments two effects should be considered: the companies' operating results and the evolution of exchange rates. In this respect the concessions generated improved results in the first half of 2016 due to the increase in traffic at all of them and as a result of the exchange rate impact.

4. INCOME STATEMENT

(Thousands of euros)	1H 2016	1H 2015	Variation	% Variation
Ordinary revenue	1,702,386	1,567,258	135,128	8.6%
Other operating income	30,102	30,463	-361	-1.2%
Total income	**1,732,488**	**1,597,721**	**134,767**	**8.4%**
Supplies	-91,003	-90,126	877	1.0%
Staff costs	-197,943	-192,292	5,651	2.9%
Other operating expenses	-509,813	-487,773	22,040	4.5%
Fixed asset depreciation	-410,746	-424,845	-14,099	-3.3%
Impairment and profit/loss on fixed asset disposals	-2,079	-1503	576	38.3%
Other net profit/loss	58	400	-342	-85.5%
Total expenses	**-1,211,526**	**-1,196,139**	**15,387**	**1.3%**
EBITDA	**931,708**	**826,427**	**105,281**	**12.7%**
Adjusted EBITDA[1]	**933,787**	**827,930**	**105,857**	**12.8%**
OPERATING PROFIT/LOSS	**520,962**	**401,582**	**119,380**	**29.7%**
Financial expenses	4,932	1,717	3,215	187.2%
Expenses from interest on net expropriations	112,971	-113,265	-226,236	-199.7%
FINANCIAL PROFIT/LOSS	**117,903**	**-111,548**	**-229,451**	**-205.7%**
Share in profits obtained by associates	7,616	5,507	2,109	38.3%
PROFIT /LOSS BEFORE TAX	**646,481**	**295,541**	**350,940**	**118.7%**
Corporate Income Tax	-157,297	-26,042	131,255	504.0%
NET PROFIT/LOSS FOR THE YEAR	**489,184**	**269,499**	**219,685**	**81.5%**
Profit/loss for period attributable to minority interests	-3,116	-6,064	-2,948	-48.6%
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**492,300**	**275,563**	**216,737**	**78.7%**

1 Excludes fixed asset impairments.

As a result of the positive business performance shown in virtually all its lines, Aena's **total revenues** increased to 1,732.5 million euros in the first half of 2016, up 8.4% over the same period last year. Revenue from the commercial area (both on airside and off-terminal) accounts for 26.8% of the total, which is slightly above its share for the same period in 2015 (25.9%).

Ordinary income increased to 1,702.4 million euros in the first half of 2016, 8.6% over the first half of 2015. The 135.1 million euros increase is mainly due to the following factors:

- The positive impact that the improvement in traffic (with growth of operations of 7.2% and passengers of 11.7%) has had on **airport revenues**, with an increase in aeronautical revenue of 76.6 million euros, representing +7.2% growth. This positive variation of income was partially offset due to the following:
  - The reduction in airport fees of 1.9% which came into force on 1 March 2016, leading to an estimated cumulative impact from March to June of 15.8 million euros lower income.
  - Due to incentives for new routes and passenger growth: 31.0 million euros in the first half of 2016 (net of a release of 4.5 million euros of provisions from previous years), compared to 14.1 million euros in the same period in 2015.
  - The rebates for connecting passengers have increased from 35% in 2015 to 40% in 2016, which translated to 31.5 million euros in the first half of 2016 versus 26.0 million euros during the same period in 2015.

- The impact of improved contractual terms on **commercial revenues**, the increase in sales, pricing and marketing strategies and implementation of a new business model for the integrated management of car parks have together driven the growth of commercial revenue, both on airside and off-terminal, at 49.9 million euros (+12.2%). These results include the impact of accounting recognition of 3.1 million euros in credit rights on properties built by third parties on land subject to transfer agreements.

- **International business** is up by 8.8 million euros, reflecting the strong traffic growth experienced at both Luton Airport as well as other investee airports.

Operating expenses increased slightly (+15.4 million euros, +1.3%) as a result of cost-saving measures initiated in previous years, which have resulted in a containment of these expenses despite the strong growth in traffic.

Next, the most important variations by cost items are analysed:

- Supply costs have increased 1.0%, representing +0.9 million euros compared to the same period in 2015, mainly as a result of increased execution of ATM/CNS purchases and spare parts (+0.9 million euros).
- Staff costs increased by 2.9% from 192.3 million euros in the first half of 2015 to 197.9 million euros in the same period in 2016 (+5.6 million euros). This increase is explained by the increase in compensation (+2.0 million euros; salary review of 1% and benefits associated with years of service and occupation, as well as wage level changes).
- Other operating expenses have seen the most significant increase at 4.5% (+22.0 million euros) up to 509.8 million euros. The variation in this item is mainly due to increased maintenance costs associated with safeguarding quality in the current environment of traffic growth (+7.8 million euros), the new safety regulations implemented since March 2015 (+5.7 million euros), the provision for customer bad debt (+5.3 million euros) and the unfavourable judgement associated with the fee increase of 2012 (+4.2 million euros). These increases have been partially offset by a reduction of 2.2 million euros, mainly due to the downward revision of Property Tax at Barcelona airport and the provision for risks pending the ruling in May 2015 at Málaga airport (-1.1 million euros).
- Depreciation of fixed assets came to 410.7 million euros and has been reduced over the same period in 2015 by 14.1 million euros (-3.3%) mainly due to the effect of full depreciation of assets.
- The impairment and profit/loss from the disposal of fixed assets came to 2.1 million euros and increased by 0.6 million euros when compared to the first half of 2015, mainly due to the increase of the losses from fixed assets.
- Other results include, for the most part, seizures of guarantees, pledges, late fees and emergency charges; the losses mainly reflected allowances and allocations for risk provisions.

Reported **EBITDA** has increased from 826.4 million euros in the first half of 2015 to 931.7 million euros in the same period in 2016, representing an increase of 12.7% and a margin of 53.8% mainly due to the seasonality of the activity because passenger activity is lower in the first half of the year than it is in the second half. In 2016, it included 31.9 million euros for the consolidation of Luton (27.5 million euros in the first half of 2015).

Meanwhile, **net financial result** shows a year-on-year increase of 229.5 million euros as a result of the reversal of 204.9 million euros due to Supreme Court decisions in favour of Aena in three proceedings for expropriations at A.S. Madrid-Barajas airport and a 46.8 million euros decrease in debt expenses (average debt down by 1,113.2 million euros with a decrease in the average interest rate at 0.79%). Conversely, financial expenses rose by 19.6 million euros due to interest on derivatives (increase in notional average debt following the contraction in June 2015 of interest rate hedges) and a 14.3 million euros increase due to exchange differences as a result of the valuation of the shareholder loan to Luton.

The profit from equity method accounting of **investee companies** has increased by 2.1 million euros due to increased traffic and the effect of the exchange rate.

As for **corporate income tax**, it stood at 157.3 million euros in the first half of 2016, an increase of 131.3 million euros compared to the previous period due to the improvement in earnings (impacted in turn by the reversal of the provision for late payment interest for the expropriations at A.S. Madrid-Barajas Airport), as well as the recognition of credits in the same period in 2015 associated with generation of losses in previous periods before taxes (-14.8 million euros), tax credits related to investments in the Canary Islands (-31.9 million euros), International double taxation credits (-0.1 million euros) and the difference in the applicable tax rate (28% in 2015, 25% in 2016).

The **net profit/loss for the year (before minority shareholders)** was **489.2** million euros.

The consolidated net result for Luton is a loss of 6.4 million euros with 49% or -3.1 million euros corresponding to minority shareholders, bringing the **profit for the year attributable to shareholders of the parent company to 492.3** million euros, 216.7 million euros greater than that achieved in the first half of 2015.

5. INVESTMENTS

At the end of the first half of 2016, investment payments had risen to 123.4 million euros (this figure includes 23.3 million euros invested in Luton airport), representing a 42.7 million euros increase (+52.9%) on the same period in the previous year.

Total investment in the Spanish airport network based on payments came to 100.1 million euros, representing a 25.3 million euros (+33.8%) increase on the 74.8 million euros in the same period in 2015. This increase was mainly due to service maintenance investments.

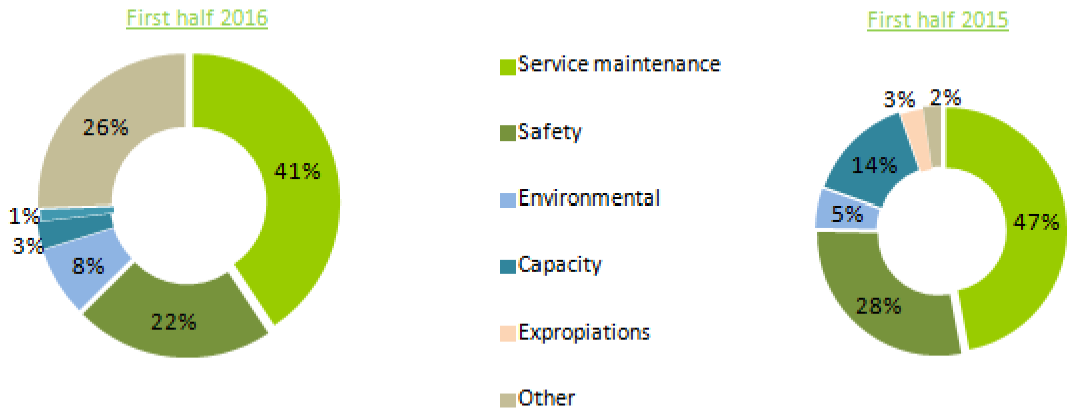
The main achievements since the start of the year have been the putting into operation of the "Actions for the Commissioning to II/III Category (improved operability in low visibility conditions)" at Zaragoza airport, the "New Power Plant" at Asturias, the "Supply and Installation of Check-in Island No. 6 in Terminal T1" at Barcelona El Prat airport, "Refurbishment and upgrading of 5 VIP Lounges" at Adolfo Suárez Madrid-Barajas airport and "Regeneration of the Runway Surface" at Ibiza airport. Major projects underway include the "Renewal of Flooring on Floor P10 at T1 Terminal" at Adolfo Suárez Madrid-Barajas airport, "Upgrading the Roof of the Terminal Building – Stage II" at Bilbao airport and "Implementation of the Cargo Terminal and Border Inspection Post" at Tenerife Norte airport.

Projects to be completed in the coming months include "Renewing the Paving in Street T" at Tenerife Sur airport, "New Terminal Building and Modules Waterproofing" at Palma de Mallorca airport and "Strengthening the surface of runways 03L-21R and associated taxiways" at Gran Canaria airport. Work is to start in the coming months on "General Upgrading of the Apron" at Tenerife Sur airport, "Runway Resurfacing" at Valladolid and "Upgrading the General Aviation Apron" at Ibiza airport.

At Luton airport investment continues both on maintaining and upgrading installations and in the Curium Project to expand the airport's capacity, which is making significant progress in all its areas and will see the construction of a car park, the remodelling and improvement of airport access routes, the expansion and refurbishment of the terminal building and the expansion of retail areas.

5.1 Analysis of investments by areas of action

Information on the breakdown of investment across the Spanish airport network in the first half of 2016 can be found below, along with a comparison with the previous year:



- The percentage investment used to improve facilities to ensure **Service Maintenance** in 2016 has fallen compared to the same period in 2015, down from 47% in 2015 to 41% in 2016. Nevertheless, in absolute terms it was up in 2016 over 2015, from 35.2 million euros in 2015 to 40.8 million euros in 2016, representing a 15.9% increase. The main projects include minor works carried out by airports to maintain existing infrastructure, which totalled 10.1 million euros.

- Investments in 2016 in the field of **Safety** accounted for 21.8% of Aena's total investment in the first six months (compared with 28.4% in the same period of 2015). Nevertheless, it was up 0.6 million euros between 2015 and 2016, from 21.2 to 21.8 million euros. Projects include "Paving Renewal" at Ibiza airport, "Supply of 6x6 fire tenders with a capacity of 10,000 l of water" for various airports and the "Supply and installation of an Integrated Access Control System" for various airports.

- A total of 7.6 million euros was invested in **Environmental** protection in the first half of 2016, 3.9 million euros up on the same period in 2015 (7.7% of total Aena investment). This investment was primarily concentrated on the Countervailing Measures Agreement at Adolfo Suárez Madrid-Barajas airport and the measures deriving from the Environmental Impact Statements (Noise Pollution) at various airports.

- Investments in **Capacity** in the first half of 2016 totalled 3.0 million euros, 7.6 million euros down on the first half of 2015. The largest investment projects include the "Supply and Installation of Check-in Island no. 6 in Terminal T1" at Barcelona-El Prat airport, the "New INNER 8 Street between Gate 1 and Gate 2" at Adolfo Suárez Madrid-Barajas and "Actions for the Commissioning to II/III Category (improved operability in low visibility conditions)" at Zaragoza airport, making it possible to increase the number of operations by virtue of being able to operate in poor visibility conditions.

- With respect to **Expropriations**, there were virtually no payments in the first half of 2016, totalling a mere 1.2 million euros and mostly in connection with rulings relating to land expropriated at Adolfo Suárez Madrid-Barajas.
- The investments classified under "**Other**" include investments in Information Technology, including the "Fitting out of communications networks and storage networks and servers". It is also important to highlight the measures taken to increase commercial revenue, including in particular the "Refurbishment and upgrading of 5 VIP Lounges" at Adolfo Suárez Madrid-Barajas airport.

6. BALANCE SHEET

6.1 Net assets and capital structure

Summary of the consolidated balance sheets

Thousands of euros	1H 2016	2015	Variation	% Variation
ASSETS				
Non-current assets	14,810,687	15,935,551	-1,124,864	-7.1%
Current assets	1,480,256	1,087,829	392,427	36.1%
Total assets	**16,290,943**	**17,023,380**	**-732,437**	**-4.3%**
NET EQUITY AND LIABILITIES				
Total net equity	4,322,652	4,360,281	-37,629	-0.9%
Non-current liabilities	9,476,874	10,820,205	-1,343,331	-12.4%
Current liabilities	2,491,417	1,842,894	648,523	35.2%
Net equity and liabilities	**16,290,943**	**17,023,380**	**-732,437**	**-4.3%**

Under non-current assets, the 1,124.9 million euros decline in the carrying amount during the period was mainly due to the 1,046.8 million euros decline in Property, Plant and Equipment in the Balance Sheet, due in turn to the reversal of the provision (coming to 770.8 million euros) made for the value of the land in the expropriations at A.S. Madrid-Barajas airport. Furthermore there have also been other derecognitions in the period, most of which are due to provision reversals, and the negative impact of the adverse movement of the pound euro exchange rate on the property, plant and equipment and intangible assets of the LLAHIII group.

In turn the 392.4 million euros increase in current assets was due to the 469.2 million euros increase in the "Cash and cash equivalents" line item, which was partly offset by the 75.6 million euros decline in the "Trade and other receivables" line item as a result of the improvement in average days sales outstanding and the receipt of 51.5 million euros in tax credits included in this line item at end-2015.

Although a 492.3 million euros profit was generated over the period, equity was down 37.6 million euros mainly as a result of the 93.8 million euros decline in "Other reserves", as a result of the effect on the Hedging reserves of the change in the yield curve and its negative impact on the valuation at 30 June 2016 of the derivatives purchased by the group. Given that the derivatives primarily mature in 2026 and that interest rates are at historic lows, the expectation is that these reserves will be reversed prior to the maturity of the main liabilities.

The 1,343.3 million euros decline in non-current liabilities is due mainly to the abovementioned reversal of the provision for expropriations at A.S. Madrid-Barajas airport and the reduction in financial debt of 445.7 million euros, caused primarily by the amortisation of the principal of Aena's debt with ENAIRE for a total of 443.0 million euros under the debt amortisation calendar. In contrast, "Derivative financial instruments" grew 120.3 million euros for the reason detailed in the paragraph on "Equity", and in "Dividend payable" the obligation to pay the dividend is recognised charged to earnings in 2015 and amounting to 406.5 million euros (this amount was paid on 5 July).

The 648.5 million euros increase in current liabilities is due primarily to the 672.7 million euros increase in "Trade and other payables", originating in the full accrual at the start of the period of the annual sum payable for certain municipal taxes, as established in IFRIC 21- Levies.

This accounting aspect related to the application of IFRIC 21 is the main cause of the reduction of working capital (usually negative at the Company given its operations and financing) from -755.1 million euros in 2015 to -1,011.2 million euros at the close of the six-month period ending on 30 June 2016.

6.2 Evolution of net financial debt

The Aena Group's consolidated net financial debt, which is calculated as Current Financial Debt plus Non-Current Financial Debt minus Cash and Cash Equivalents, was 8,486.3 million euros at 30 June 2016, including 331.2 million euros as a result of the LLAH III debt consolidation, compared to 9,401.7 million euros recorded in 2015.

The Company's net financial debt, for the purposes of the covenants agreed in novation financing contracts dated 29 July, totalled 8,353.6 million euros on 30 June 2016 compared with 9,103 million euros on 31 December 2015. The decrease was due to the accumulated effect of the improvement of EBITDA and the amortisation of debt:

Thousands of euros	1H 2016	2015
Gross financial debt covenants	9,302,546	9,614,211
Cash and cash equivalents	948,947	510,784
Net Financial Debt covenants	**8,353,599**	**9,103,427**
Net Financial Debt covenants / EBITDA[1]	**3.9x**	**4.5x**

[1] *Net Financial Debt/EBITDA Ratio calculated according to the criteria set in debt novation agreements reached with banks on 29 June 2014*

The difference between the net financial debt in Aena's accounts on 30 June 2016 (8,486.3 million euros) and the net financial debt calculated for the purposes of the covenants (8,354.6 million euros) is essentially due to the fact that the latter does not include the debt (without recourse) associated with Aena subsidiaries (including that of LLAH III) or short-term guarantees, although it does include the fair value of derivative financial instruments.

In the first half of 2016 443.0 million euros of debt was amortised through cash generation. Similarly, the following operations were performed:

- 1,487 million euros (Depfa Bank and FMS loans) were shifted from a revisable rate (2.324%) to variable Euribor 3m + average spread 0.095%.
- 447 million euros (European Investment Bank loans), were moved from revisable-rate to fixed term rate, with the average rate ranging from 2.175% to 1.074%.
- 71.2 million euros (Dexia Sabadell loan) moved from revisable fixed rate (3.35%) to variable (Euribor + 0.85% spread).

On 9 February 2016 the Official Gazette published the Bank of Spain Circular 2/2016 to credit institutions on supervision and solvency which completes the adaptation of the Spanish legal system to the requirements of Basel III, establishing inter alia the risk weighting that lenders must apply in their balance sheets to debt with public sector entities.

Under this Circular the debt that ENAIRE, the company's main shareholder, has contracted with various financial institutions and which, in turn, is reflected in the company's co-borrower debt (mirror debt) to ENAIRE could cease to have a 0 % risk weight in their balance sheets for the purposes of determining their capital requirements.

While the company is still analysing the above Circular, it is believed that in the current context of the company's liquidity and financial soundness the potential impact of this Circular would not be material.

Credit rating agencies have endorsed the financial solidity of Aena, confirming its solvency and credit rating. In June 2016, Moody's Investors Service maintained the credit rating assigned to Aena last year (Baa1 with stable outlook), which is one step above the rating currently being given by the agency to the Kingdom of Spain. In the same month Fitch Ratings improved its rating outlook for Aena from stable to positive (BBB + with a positive outlook). This rating means Aena's credit risk is in a slightly better position than the one this agency currently gives to the Kingdom of Spain and confirms backing for the company's financial soundness. Fitch's positive outlook is based on strong traffic growth, improved company operations and reduced debt levels.

Information on the average supplier payment period of Aena, S.A. and Aena Desarrollo Internacional, S.A. is as follows:

Thousands of euros	1H 2016 (days)
Average supplier payment period	53
Ratio of paid operations	56
Ratio of outstanding payment operations	36

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

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

This balance refers to supplier who, given their nature, are suppliers of goods and services, so that it includes data regarding the items "Trade creditors and other accounts payable" in the balance sheet.

(Thousands of euros)	Amount
Total payments made	426,477
Total payments outstanding	62,184

In the first half of 2016 there was a decline in the average length of payment terms, adjusted to the deadlines stipulated in Law 15/2010. The cases in which a payment has been made outside of the legally stipulated period are due mainly to reasons not attributable to the Group: invoices not received on time, AEAT expired certificates, lack of certificates of proof of supplier bank accounts, etc.

7. CASH FLOW

Summary of consolidated cash flow statement

Thousands of euros	1H 2016	1H 2015	Variation	% Variation
Net cash generated from operating activities	999,857	786,290	213,567	27.2%
Net cash used in investment activities	-116,647	-84,778	-31,869	37.6%
Net cash generated from/(used in) financing activities	-410,886	-452,501	41,615	-9.2%
Cash and cash equivalents at the start of the fiscal year	556,741	290,305	266,436	91.8%
Cash and cash equivalents at end of the period	**1,025,933**	**541,418**	**484,515**	**89.5%**

In the first half of 2016 the Group covered its financing needs with significant cash flows from operations (+999.9 million euros), which financed the non-financial fixed asset investment programme (123.4 million euros) and debt amortisation, in addition to generating a positive cash flow balance (+469.2 million euros).

Net cash flow from operating activities

The main cash inflows from transactions represent payments from customers, by airlines and lessees of commercial space, and the main outflows represent payments for sundry services rendered, staff and local and state taxes.

Cash generated from operating activities before variations in working capital increased significantly in this half year (12.6%) up to 952.6 million euros from 845.6 million euros in the same period in 2015, mainly as a result of progress made by the Company's operations reflected in the EBITDA figure of 931.7 million euros at the end of the first half of 2016 compared with 826.4 million euros for the same period in 2015.

As for variations in working capital, the variation in the "Debtors and other receivables" balance is a result of Vueling having changed its payment terms from 60 days net to prepayment, and of the minimum guaranteed annual income accruing on 31 December 2015 being paid in. The main reason for the change in "Creditors and other payables" was the accrual of the property tax (IBI) for the full year, in keeping with IFRIC 21, and the recognition of dividends payable amounting to 406.5 million euros.

Net cash generated by operating activities grew significantly in the first half of 2016 to 999.9 million euros compared with 786.3 million euros in the first half of 2015 as a result of the foregoing in addition to lower interest payments (69.0 million euros in 1H 2016 compared with 104.8 million euros in 1H 2015).

Net cash flow from investment activities

The main outflows from investing activities arise from purchases and replacements of non-financial fixed assets related to airport infrastructure.

Net cash used in investment activities in this period amounted to 123.4 million euros compared with 80.7 million euros in the previous year. Investment in non-financial fixed assets in the first six months of 2016 mainly corresponded to investment in improving facilities and operational security, given that significant investment to increase capacity was not necessary except for that relating to investment projects already underway (see section 5. Investments).

There are also inflows from Aena Desarollo Internacional for dividends from its investee companies in the amount of 7.1 million euros, along with other minor inflows.

Cash flow from financing activities

The main financing inflows are from ERDF grants (6.1 million euros), income from bank financing (22.2 million euros) and other income (11.9 million euros).

The main financing outflows represent the repayment of the principal corresponding to the mirrored Enaire debt. Debt repayments in this first half of the year amount to 443.0 million euros owing to compliance with the schedule of payments established in the contract.

8. OPEATING AND FINANCIAL RISKS

8.1 Description of the main operating risks

Regulatory risks

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

Aena, S.A. is currently in the process of review and elaboration by its regulator “DGAC” (Directorate General of Civil Aviation) of the first five-year regulatory framework of the company in Spain. On 22 December 2015 the Company announced its initial proposal for this framework, or “DORA” (Airport Regulatory Document), which has been the subject of extensive consultation with associations of airlines that bring together its main customers. The culmination of this consultation process occurred on 8 March 2016, when Aena, S.A. submitted its final DORA proposal to DGAC, which included a proposal for a fee freeze for the period 2017-2021 (both inclusive). This fee freeze proposal stems from the application of the 6th Transitional Provision of Law 18/2014, which imposes the fee freeze as a cap to fee increases until 2025.

As noted, this proposal is subject to the review and approval process established by Law 18/2014, and therefore should not be considered in any way as a final document. As established in the current regulation, the DGAC will submit its final proposal to the Ministry of Public Works for its referral and approval before 30 September 2016, following a report of the “CNMC” (National Commission of Markets and Competition) and AESA (State Air Safety Agency). On 21 June 2016 the CNMC issued its non-binding supervision and control report under the new framework established by the aforementioned Law 18/2014 in which it sets out its recommendation to update the fees in the DORA period by -2.02% per year (compared to Aena’s proposed fee freeze). The main divergences between this CNMC report and Aena’s proposal are as follows:

- The CNMC maintains its principle of 23 July 2015 on the allocation of costs between regulated airport activity and commercial activity, under which 69.8 million euros a year should move from the regulated cost base to commercial activity. Aena appealed against this allocation of costs and has not applied this principle in its final DORA proposal.
- The WACC proposed by the CNMC is 6.26% pre-tax (with a risk-free rate of 2.3% and a risk premium of 4.9%), while the WACC in Aena's final proposal is 8.4% pre-tax (with a risk-free rate of 3.38% and a risk premium of 6.85%)

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

Operating risks

The Group's business is directly related to passenger traffic levels and aircraft operations at its airports, so it can be influenced by the following factors:

✓ Economic developments both in Spain and in the main countries that are the source/destination of traffic (United Kingdom, Germany, France and Italy, among others).

✓ Following the outcome of the referendum in the United Kingdom for its departure from the European Union (Brexit), there are no additional risks from the operational point of view since in terms of passengers the United Kingdom already has specific treatment as it is not in the Schengen Area while with regard to aircraft operations an agreement that enables the movement of aircraft between the European Union and the United Kingdom is expected.
The impact on traffic would be determined by the behaviour of UK market demand arising from the evolution of the pound. It has been estimated that a 10% devaluation of the pound would lead to a 1.5 million decrease in UK passengers. Since the fall of the pound against the euro estimated by experts is around 15%, the resulting impact is small and limited to the short term, and furthermore it has had a positive impact on the risk-free rate (the marginal rate on Spanish 10-year bonds fell to 1.05% compared with the 1.75% considered in the impairment test conducted at the end of 2015). The combined effect of the above factors leads to the conclusion that there are no signs of impairment.

  Additionally, the impact on Luton airport has been analysed by reference to the Business Plan 2015, which was the business plan used for the impairment test carried out at the end of 2015, and whose traffic estimates are lower than the company's current estimates. This can be considered a pessimistic scenario in the event of harm caused by Brexit since:

  - This conservative scenario would entail an increase in passenger numbers of 4.4% in 2016. In June 2016 passenger growth over the previous year was 20.6%.
  - The possible consequences of Brexit include, among others, the potential suspension or delay of the decision over the London airport system expansion, which would positively impact Luton Airport both from a traffic and fee point of view.

  Notwithstanding the foregoing, at the end of the first half of 2016 sensitivity analysis of the calculation of the recoverable amount based on changes in discount rates has been conducted, and these scenarios, even for rates higher by 2 percentage points than the one considered in the test carried out at the end of 2015, have not yielded a fair value below the carrying amount of the fixed assets from the acquisition of LLAH III.

✓ It operates in a competitive environment both with respect to other airports and compared to other means of transport that can affect its revenue.

✓ It faces risks arising from the concentration of airlines and depends on the revenue of its two main airports.

✓ Commercial activity revenues are linked to the sales of the tenants of retail areas, which can be affected by both the volume of passengers and their greater or lesser spending power.

✓ In the operation of its airports, the Group depends on the services provided by third parties, which may have an impact on its activity.

✓ Events such as terrorist attacks, wars or global epidemics could have a negative impact on international air traffic.

Moreover, the Group's international activity is subject to risks associated with the development of operations in third countries and the fact that prospects for profitability cannot be expected. In the case of Luton airport and after the Brexit result, it could be affected by a reduction in its activity levels as a result of restrictions on the free movement of people or of macroeconomic developments in the UK.
The Group is, and will continue to be in the future, exposed to a risk of losing court or administrative proceedings in which it is involved, especially in relation to A.S. Madrid-Barajas airport.

The management bodies of the Company have implemented mechanisms to identify, quantify and cover risk situations. Notwithstanding the foregoing, those situations that may pose a risk as well as the relevant the measures taken thereof, will be closely monitor.

8.2 Description of the main financial risks

The activities of the Aena Group expose it to several financial risks: market risk (including exchange rate risk, fair value risk due to interest rates and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the uncertainty of financial markets and attempts to minimize the potential adverse effects on the Group's financial yields. In specific cases, the Group uses derivative financial instruments to hedge certain risk exposures.

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

There is a financial debt recognition agreement between Aena, S.A. and its parent company ENAIRE, originating with the non-monetary contribution that gave rise to the creation of Aena Aeropuertos, S. A., under which 94.9% of the parent company's bank borrowings was initially assumed. On 29 July 2014 this contract was novated as is explained in the section on "Liquidity risk".

There are no significant changes in the management of financial risk at 30 June 2016, compared to the year ended on 31 December 2015.

The main risks of a financial nature are described below:

Market risk

Currency risk

The Group is exposed to exchange-rate fluctuations that may affect its sales, results, equity and cash flows, stemming primarily from:

- Investments in foreign countries (mainly in the UK, Mexico and Colombia).
- Operations carried out by associates and other related parties which operate in countries whose currency is not the euro (mainly in the UK, Mexico and Colombia).

The exchange rate risk on the net assets of the Group's foreign operations is mainly managed through borrowings denominated in the relevant foreign currency. In particular, with respect to the operation of Luton airport its business is hedged as its operational collections and payments are in pounds.

Interest rate risk on cash flows and fair value

The Group's interest rate risk results from borrowings. Loans issued at variable rates expose the Group to interest rate risk from cash flows. Fixed interest rate loans expose the Group to fair value interest rate risks.
The Group's objective with respect to the management of interest rates is to optimise financial expenses within the established risk limits, where the risk variables are the 3- and 6-month Euribor, the main reference for long-term debt.
In addition, the value of the financial expense risk over the horizon of the projects is calculated and rate trend scenarios are established for the period to be taken into consideration.

The financial expenses are mainly due to the financial debt recognised with the parent company. Likewise, the parent company has concluded interest rate hedging agreements for an extremely limited number of loans which are transferred to the Company. 95.23 % of the cost of such derivatives is charged to the Company, as this represents the percentage for which Aena is answerable to the parent company in respect of certain loans.

With respect to loans with revisable rates, the Group has modified the interest rate regime for loans likely to be revised in 2016. The revised total amounts to 531,155 thousand euros, of which 456,155 thousand euros correspond to EIB loans and have been set at a fixed rate to maturity at an average rate of 1.066%, and 75,000 thousand euros relate to DEXIA SABADELL bank loans which have moved to a variable rate (Euribor 3-month +0.850).

The Group manages interest rate risk on cash flows by variable to fixed interest rate swaps. On 10 June 2015 a floating to fixed interest rate hedge transaction was entered into for a notional amount of 4,195 million euros. The average differential over 3 and 6 month Euribor of these loans is of 1.0379 %. The execution fixed rate was 1.9780 %. The objectives of this operation were:

- Adjust the fixed rate/variable rate debt structure to match that of comparable companies: 79% fixed / 21% variable (previously 50% fixed / 50% Variable).
- Have a stable framework of interest rates in the DORA 2017-2021 period.

At 30 June 2016, if the interest rate of variable rate loans had increased or decreased by 20 basis points while keeping all other variables constant, profit before tax for the six months ended 30 June 2016 would have been 4,134 thousand euros lower and 4,134 thousand euros higher respectively (for the six months ended 30 June 2015, 2,840 thousand euros lower and 2,840 thousand euros higher respectively). However, the regulatory framework established by Law 1/2011 of 4 March, which establishes the State Operational Safety Programme for Civil Aviation and amends Law 21/2003, of 7 July, on Aviation Safety, establishes a system for updating fees that protects Aena, S.A. in the long term in the regulated part against increases in financing costs, since it enables the recovery of its capital costs via the remuneration of the asset base under current legislation.

In this regard the company has conducted sensitivity analysis in relation to possible fluctuations in interest rates that could occur in the markets in which it operates, and on the basis of this analysis the directors of the company consider that any variations that might occur in them would not involve a significant effect on the company's "Equity".

Credit Risk

The Group's credit risk originates from cash and cash equivalents, derivative financial instruments and bank and other deposits, as well as exposure to trade receivables and agreed transactions.

Credit risk for trade receivables is low since the main customers are airlines and they are usually paid in cash or in advance, and guarantees and sureties are obtained for them. With regard to the commercial customers that maintain leased premises in the airports, risk is managed by obtaining guarantees and sureties.

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

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

Liquidity Risk

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

The credit risk policy described in the preceding section leads to short average collection periods. The Group has also undertaken a substantial reduction in costs and investment to be carried out over the next few years which have had a positive effect on its cash generation. Although on 30 June 2016 the Group has negative working capital (calculated as total current assets less total current liabilities) of 1,011,161 thousand euros (31 December 2015: 755,065 thousand euros), it has an EBITDA in the six months ended 30 June 2016 of 931,708 thousand euros (826,427 thousand euros in the six months ended 30 June 2015) and it is not believed that there is any risk in meeting its short-term commitments given the positive operating cash flows that have enabled a reduction of negative working capital in recent years and which the Group expects to remain positive in the short term. The Group monitors cash flow generation to ensure that it is able to meet its financial commitments. Under these circumstances, the directors of the Group do not believe that there will be any problems with respect to satisfying payment commitments.

On 30 June 2016 Aena has 1,000 million euros in undrawn credit lines. The dependent subgroup LLAH III has £65 million in undrawn credit lines.

The table below includes an analysis of the cash flows generated by financial liabilities related to the Group and financial liabilities related to the ENAIRE loan. The classification of loans with financial institutions has been made and complies with the schedule of maturities and the clauses included in the respective financing agreements with these institutions based on the events that might affect each agreement.

At 30 June 2016	2016 (*)	2017	2018	2019	2020	Following	Total
ENAIRE loan	682,506	861,981	730,201	731,961	731,835	5,262,444	**9,000,928**
Accrued interest on ENAIRE loans	30,625	-	-	-	-	-	**30,625**
Loans from credit institutions	10,017	20,938	-	-	-	264,642	**295,597**
Finance lease liabilities	1,263	2,005	2,192	2,276	2,358	16,077	**26,171**
Shareholder loans to LLAH III	-	-	-	-	-	55,936	**55,936**
Accrued interest on shareholder loans to LLAH III	429	-	-	-	-	-	**429**
Other financial liabilities	27,540	2,858	5,761	6,820	33,299	35,366	**111,644**
Trade and other payables (excluding advances from customers)	982,332	-	-	-	-	-	**982,332**
Interest on Aena, S.A. debt (**)	63,287	111,754	100,483	89,992	79,507	361,723	**806,746**
Interest on LLAH III bank debt	4,950	10,194	10,392	9,334	9,953	12,254	**57,077**
Interest on LLAH III shareholder loan (Ardian)	2,244	4,475	4,475	4,475	4,487	12,959	**33,115**

(*) Includes the period from 1 July 2016 to 31 December 2016.

At 31 December 2015	2016	2017	2018	2019	2020	Following	Total
ENAIRE loan	1,125,488	826,393	747,995	749,755	731,835	5,262,444	9,443,910
Accrued interest on ENAIRE loans	26,453	-	-	-	-	-	26,453
Loans from credit institutions	11,421	333	-	-	-	296,831	308,585
Finance lease liabilities	2,080	2,096	2,134	2,174	2,214	17,974	28,672
Shareholder loans to LLAH III	-	-	-	-	-	62,953	62,953
Accrued interest on shareholder loans to LLAH III	482	-	-	-	-	-	482
Other financial liabilities	33,721	209	1,963	3,972	30,618	27,412	97,895
Trade and other payables (excluding advances from customers)	323,265	-	-	-	-	-	323,265
Interest on Aena, S.A. debt (**)	199,047	174,764	156,165	138,833	123,682	568,421	1,360,912
Interest on LLAH III bank debt	11,143	11,473	11,695	10,505	11,201	13,791	69,808
Interest on LLAH III shareholder loan (Ardian)	5,050	5,036	5,036	5,036	5,050	14,585	39,793

(**) Estimated calculation of interest on the average annual debt with ENAIRE for each period calculated by the average interest rate prevailing at 30 June 2016 and 31 December 2015.

9. LITIGATION

With respect to disputes dealing with the fair values paid to the owners of land expropriated mainly for the expansion of Adolfo Suárez Madrid-Barajas airport, Aena has received notification of Supreme Court rulings upholding its position dated 20 and 27 June 2016, which rejected the appeals lodged by several expropriated persons against the implied rejection of the request for revaluation of several properties expropriated in connection with the expansion of Madrid-Barajas Airport. Consequently, the provisions cited have been reversed by the total amount of 963,491 thousand euros, of which 758,605 thousand euros is credited at the value of the land against which it was made, and the rest, 204,886 thousand euros, is finance income recognised in the income statement.

Finally, as of today there has been no relevant legal action related to the environment procedure for the “Ciudad Santo Domingo” residential complex.

10. HUMAN RESOURCES

10.1 Workforce details

The average workforce total at 30 June, 2016 remains practically stable at 7,909 employees (including 714 employees from the Luton airport), compared with 7,856 employees (615 employees from Luton) at 30 June, 2015, with an average temporary workforce of 756 employees compared to 687 employees at 30 June 2015.

It is important to highlight the good results obtained in terms of accumulated productivity of the parent Company, with a notable increase of the passengers/workforce ratio that increased 12.4 % in the first half of 2016 in comparison with the same period of 2015.

Productivity (Traffic / Total workforce)

1H 2015: 12,866.16

1H 2016:14,460.67

+ 12.4%

Compensation Policy

In the January 2016 payroll, the payment was made for 49.73 % of the December 2012 bonus that was suspended due to the application of Royal Decree Law 20/2012 of 13 July.

As a consequence of the rigorous austerity and control policy of the personnel expense, the retributions of the Public Sector have been frozen since 2010. However, the General State Budget Law for 2016 articulates certain conditions and procedures for the modification of the retributions of the workforce and non-public servants, implemented, –as of 1 January 2016–, an increase of 1 % in salaries, (except certain concepts that, according to the current applicable regulations, will continue frozen with values of 2015).

10.2 Equality

Of the total number of professionals of the parent Company, 65 % are men and 35 % women. These percentages change if we take into account only executive and line-management posts within the organisation, 44 % of which are held by women.

In compliance with the commitment established in the Equality Plan included in the Group's 1st Collective Agreement, as well as the previsions of Organic Law 3/2007, of 22 March, for the Effective Equality of Men and Women, the "Action Protocol for sexual harassment and reason of gender" continues to be applicable.

10.3 Selection

During this term, two differentiated lines of hiring processes have coexisted:

a) Constitution of candidates in reserve job boards. Levels D-F.

This hiring process, which started on 20 October 2015, to cover the future permanent and/or temporary hiring needs in the different Aena work centres, had more than 40,000 requests, finally being surpassed with a total of 5,295 candidates.

Once the process finishes, in July 2016, job boards will be created that will supply the future hiring needs during the next five years.

b) Call for 110 internship contracts for University Graduates.

One of the different actions that Aena, S.A. develops in the area of employment, among others, is its participation in the Youth Emancipation Plan 2012-2015 and in the Youth Strategy 2020, funded by the Spanish government, which includes the power to give continuity to these initiatives, through the creation of internship contracts for university graduates that allows the interested parties to gain work experience that complements the academic training received and facilitate their entry into the business world and workforce.

To this end, on 4 May, 2016, with prior authorization from the Board of Directors of Aena S.A., a hiring process was set up to create 110 internship contracts, for an initial period of a year and extendable to a maximum of two. Its finalization is scheduled for the last quarter of 2016.

Also, continuity has been given to the 2014-2016 Action Plan for the Youth Strategy 2020, offering new scholarships for the realization of external academic internships. During the 2015-2016 academic course, around 80 students took advantage of this opportunity to enrich and complement their academic and professional training.

10.4 Training, Professional Development and Talent Management

In general, actions have been supported that hope to contribute to the transformation of the organizational culture and the modernization of the management of human resources, increasing motivation, commitment and implication, the improvement of work conditions, development of professional capabilities, diversity and equality, also maintenance of high safety levels in the prevention of occupational hazards.

For this, during this term, there have been training actions in diverse area: Operating Safety, European Regulatory Framework for the certification of airports (RE 139/2014), Refresher actions for operating safety, Assistance to the victims of civil aviation accidents and family members, Improvement of the quality perceived by the passenger and boost in client excellence, etc.

In this period, a volume of 166,966 training hours were managed, for a total of 5,263 employees, more than 70 % of the workforce. At the same time, more than €90,000 were billed for training services aimed at external personnel, for more than 1,600 people from more than 430 different companies.

The talent and commitment of the employees of Aena are the pillars that make up the success of its performance and are its best asset for the adaptation to the challenges that the company will face in the future.

During 2016, it continues to consolidate different, specific programs as tools for professional development, individually or in a team. Among them, it is important to highlight two specific programs:

a) Mentoring

The Mentoring Program, Leaders Developing Leaders, continues it growth, launching its 5^{th} and 6^{th} edition in 2016, accumulating up to June 2016, a total of 135 participants.

Through this program, Aena continues broadening in the implementation of key tools in professional development:

- Transfer of knowledge and know-how.
- Development of key competencies for leadership.
- Promote commitment and cultural transformation.
- Stimulate internal networking.

b) Coaching

In the first half of 2016, the Coaching Program had a participation of 33 employees (10 with external coaches + with 23 internal coaches); 15 of which have finished the process. 18 are women and 15 are men.

11. CORPORATE RESPONSIBILITY

During the first half of 2016, the corporate responsibility government and management system was created through the approval of the Corporate Responsibility (CR) Framework Policy by the Board of Directors.

This policy updates the previous one adopted in 2009 to align itself to the new reality to address the Recommendations of the CNMV on matters of Good Corporate Governance and implement a corporate responsibility strategy that puts the company at the cutting-edge of best practices in this area, such as contributing to the compliance of social interest as a fundamental part of the strategy of excellence and improvement of company competitiveness.

Highlighted actions:

- Publication of the **Annual and Corporate Responsibility Report 2015** created in accordance to the guidelines of the **G4 Guide**, and following some indications of the International Integrated Reporting Council (IIRC).
- For the first time in its history, **Aena has entered the MERCO ranking, Corporate Reputation Monitor,** a reference in Spain and Latin America that every year classifies the companies with the best reputation.
  Aena occupies the 2nd place in the ranking sector of 'Infrastructures, services and construction' and the 48th position among more than 100 companies with the best reputation.
- Reinforcement of the positioning and corporate reputation of Aena through the promotion and development of actions related to the dissemination of corporate values and the establishment of strategic alliances.
- Aena leads **Forética's Transparency, Good Governance and Integrity Cluster**.
- Deployment of internal and external communication tools (annual reports, web pages, etc.) in order to present the performance in sustainability and good governance to employees, clients, investors, local communities and society in general.
- Active participation in external benchmarking activities with the principal institutions of corporate responsibility, such as the promotion and exchange of good sustainability practices.
- Development of projects orientated to the improvement of the global productivity of the company and, specifically, to excellence in quality, safety of people and facilities, the environment, energy saving and efficiency, planning, development of infrastructures or the optimization of management processes and operations.
- Fostering of innovative activities to improve service, increase airport capacity and optimize the development of its activity in the areas of environment, airport management, commercial services, facilitation and security, hiring and the projects in common with air navigation.
- The start up of a "Management system of ideas and innovative good practices" where the employees, using the INNOVA tool on the intranet, exchange their ideas and reach the people in the organization with decision-making power.
- Quality and Environment Integrated Management System (SGI) for the follow-up and systematization of mechanisms for the continuous improvement of all the organizational processes, from an integrated perspective, providing a unique certification and the improvement of information for upper management to make strategic decisions.

11.1 Environmental protection

The need to ensure compatibility of airport management with the territory it is located in requires an action model that allows sustainable coexistence with local communities and the natural environment that surrounds us.

To do this, a wide variety of environmental actions are carried out that guarantee the compliance of the current environmental regulation, such as initiatives focused on the reduction of the emissions of greenhouse gases, the minimization of sound impact, the protection of the biodiversity, the minimization of the consumption of natural resources and the impulse of strategies and action plans that allow the increase of energy efficiency and use of renewable energy.

Highlighted actions:

- Execution of **Sound Insulation Plans**. As of 30 June 2016 the financing of the sound insulation of 20,032 properties has been given, making the protection of the quality of life of the towns around the airport one of Aena's priorities.
- **Assessment of environmental impact** of projects and planning instruments.
- **Sound assessments**: Meetings of the Combined Commissions of the airports of Málaga-Costa del Sol, Seville, Ibiza and Bilbao held to inform about the Noise Easements proposals.
- **Atmospheric assessment**: Renewal of the "Airport Carbon Accreditation" Certifications in the airports of Adolfo Suárez Madrid-Barajas and Barcelona-El Prat, on level 2, and Palma de Mallorca, Málaga-Costa del Sol, Menorca and Lanzarote on level 1. Another important aspect is the incorporation in the handling agent contracts of the obligation to reduce the emissions of their vehicles by 20 % before 2020, which will positively result in the minimization of emissions of greenhouse gases at the airports.
- Management of the **quality of the land and groundwater** of the airports of the Aena network.
- Actions related to **energy efficiency** (Framework Agreement of Efficient Illumination Systems) and renewable energy, (Photovoltaic Plan for the Canary Islands airports).

11.2 Social performance

Aena's social performance in this first half of 2016 is marked by new objectives and challenges that focus on the improvement of the visibility of projects and the internal and external social dimension of our organization.

Highlighted actions

a) From the internal social dimension area, a new objective is to impulse a new balance and benefits program for the employees that facilitate improvement in their work, personal and family lives:

- Call for two tenders that hope to help the employee in vital situations in a comprehensive and professional manner. In situations of birth, death, disability, etc., the employee can use informational and specialized resources to adequately balance and face these situations.
- New action and coordination protocols are being prepared among the different areas involved in the Program of Emotional Support and Prevention and Treatment of Addictive Behaviours.
- Establishment of a collaborative procedure between different divisions associated to work conflict incidents and in some cases associated to structural situations. It plans to use an inclusive communication methodology that identifies improvement areas in situations of communication, decision-making and conflict resolution in a participative, collaborative manner and with follow-up, assessment and impact agreements.

Through the **Employee Social Aid Program**, a total of **€1,246,340** has been designated for 10,631 aid requests for health, studies for employees' children, mediation, births or disability.

b) In the area of external social dimension, the following elements stand out:

- Advances in the projects related to interest groups, adapting to the needs of strategic planning in this area and to the compliance with the law in matters of disability and social integration. During the first term, the **first call for action programs in employment for entities with disabilities designated €100,000** to employment programs for a total of 8 disability awardees entities and means the guarantee for the creation of employment for people with disabilities until 2018.

- Creation of a new channel to request the care service for **People with Reduced Mobility** through the Aena APP.
- **CERMI-AENA Accessibility** Seminar with the presentation of the "Care manual for people with disabilities or reduced mobility", whose objective is to offer all organisms and agents involved in passenger assistance and information processes, the care and action guidelines necessary for these users.
- Celebration of **Charitable and Cultural Workshops** in the Aena work centres. More than 10 social entities that foster special employment centres or professional integration companies or those that designate their objectives to the consolidation of the fair trade.
- Inclusion of the Lanzarote airport in the **network of charitable places**. Within the Charitable Places Program, the average of employment during the first term was more than 70 %, and more than 30 different entities participated.

12. PROCUREMENT

In 2016, Aena began a new project whose goal is to carry out the analysis, definition and implementation of electronic contracting. This multi-annual project is made up of more than 10 measures or individual programs and will allow the adaptation, improvement and reengineering of the contracting processes through the intensive use of electronic media, as well as define and establish a global and unique strategy, in a medium-term, on the evolution and development of contracting information systems.

The list of the measures to analyse and develop is the following:

- Implementation of the electronic signature in Aena contracting processes.
- Electronic registration (inclusive measure).
- Reliable electronic notifications (inclusive measure).
- Electronic communications (inclusive measure).
- Electronic tendering.
- Electronic invoicing.
- Certified digitalization of invoices and other documents (inclusive measure).
- Development of the document management system compliant with ENI.
- Decision making on bid management systems. Possible new system.
- Automation of dashboards and tracking reports.

During the first half of 2016, the analysis and definition phase was completed for the functional requirements of practically all the previously disclosed measures. The implementation of these actions will allow the progressive substitution of the traditional contracting methods, based on printed paper, for new methods and processes based on the information and communications technologies and the use of electronic media. These measures add value to the contracting processes, generate saving in costs (consumption of paper and printing expenses, among others), simplify administrative procedures, improve the effectiveness of the processes and allow better adaptation to the compliance with public contracting principles on transparency, publicity, equality, competition, non-discrimination and confidentiality.

On the other hand, within the area of electronic contracting, Aena is already applying the electronic bidding system in the processes of awarding of specific contracts and orders for Framework Agreements, always in accordance with that stipulated in Law 31/2007, of 30 of October, on contracting procedures in the water, energy, transportation and postal services sectors and in Royal Legislative Decree 3/2011, of 14 of November, which approves the reformed text of the Public Sector Contract Law.

Since the implementation of this process, a total of 96 electronic bids have been carried out (70 bids in the first half of 2016). As of February 2016, the Decentralised contracting units (airports) have incorporated this system in their contracting process, having done electronic bids in the centres of Adolfo Suárez Madrid-Barajas, Barcelona, Alicante, Gran Canaria, Palma de Mallorca, Tenerife Sur, Lanzarote, Fuerteventura, Bilbao, Girona and Santiago.

The REVLA - Voluntary Aena Bidders Registration - system is another project related to electronic contracting that is being developed and incorporated in the Aena contracting processes. This action allows, through a web application and the application of a target procedure, the voluntary inscription of the economic operators in the REVLA software program, being able to incorporate electronic documents online related to administrative documentation and referring to the personality, legal capacity, representation and annual accounts of the economic operator. The procurement and presentation of the corresponding REVLA Certificate by the bidders, simplifies the administrative procedure of presentation of paper documents, recurring in each Aena contracting process.

Lastly, it is important to point out that during the first half of 2016, phases were carried out for the definition, development and construction of a new subscription system for economic operators in the Contracting Portal of the Public Web of Aena. This system has been developed to improve the publicity of the Aena call for tenders and foster competition in the contracting processes.

The economic operators that register in this system will receive informative notices, via email, of the publication of the Aena call for tenders that are associated with their activity sectors (based on the CPV code or Common Vocabulary of Public Contracts).

12.1 General procurement

From January to June, 2016, the amount awarded by Aena in bids reached 324.8 million euros (before taxes). Contracts awarded centrally represented 82.8% of this volume (269.1 million euros), compared to 17.2% (55.7 million euros) awarded locally by the airports.

The breakdown of contracts awarded according to their nature is as follows (in millions of Euros):

Centralised investment

Works 35.6
Supplies 28.2
Assistance, consultancy and services 13.3

Centralised expenses

Works 0.0
Provisions 65.6
Assistance and services 126.4

Decentralised investment:

Works 27.8
Provisions 6.3
Assistance, consultancy and services 2.4

Decentralised expenses:

Works 5.9
Provisions 3.8
Assistance and services 9.5

On the other hand, during the first half of 2016, the amount awarded by Aena in minor contracts was 11.57 million euros.

12.2 Commercial procurement

From January to June, 2016, the total contracting volume awarded related to leases designated to commercial activity reached 85.9 million euros (before taxes) for the first annuity of the contract.

The breakdown of amounts relating to commercial lease contracts awarded during the period, by line of business, is as follows:

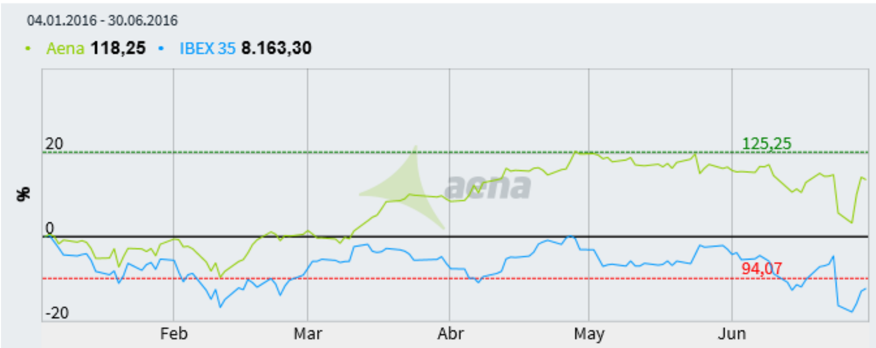
Lines of business	No. files	Award amount (€) (1st annuity)	% over Total
Vehicle rental[1]	4	66,824,811	77.7%

Shops under the normal tax regime	20	4,248,498	4.9%
Bars and restaurants	7	4,043,654	4.7%
Cargo	5	3,700,130	4.3%
Machinery	4	3,281,581	3.8%
Leasing of hangars	1	2,218,534	2.6%
Finance services	9	934,285	1.1%
Other passenger services	1	240,300	0.3%
Other real estate operations	1	176,708	0.2%
Aircraft maintenance and hangarage	6	142,740	0.2%
Travel agencies	3	128,534	0.1%
Land leases	1	6,666	0.0%
VIP lounges	18	-	0.0%
Car parking	6	-	0.0%
Other lounges	1	-	0.0%
TOTAL	**87**	**85,946,441**	**100%**

[1] The award amount corresponds with the fixed income of annualized 2016.

13. STOCK PERFORMANCE

The price performance of Aena, S.A. during the first six months of 2016 has been very positive, with a revaluation at the end of this period of 13.5% to €118.25 per share compared to the evolution of the IBEX 35, which fell by 12.3%. During this period Aena, S.A. stock peaked at €125.25 and registered a minimum of €94.07 per share.



The following table tracks the price performance of Aena stock in summarised fashion:

1H 2016 (30/06/2016)	Aena, S.A.
Total volume traded (no. shares)	108,574,157
Daily average volume traded in the period (no. shares)	854,915
Market capitalisation €	17,737,500,000
Closing price	€118.25
Number of shares	150,000,000
Free Float (%)	49%
Free Float (shares)	73,500,000
Turnover	72.4%

In connection with the acquisition and disposal of treasury shares at 30 June 2016, Aena, S.A. does not own shares so that there has been no impact for this reason or on the yield obtained by the shareholders or on the value of the shares.

14. OTHER EVENTS

The General Shareholders' Meeting of Aena, S.A. held last 28 June 2016 approved the appointment of KPMG Auditores, S.L. as auditor of the accounts of the Company and its consolidated group for the financial years 2017, 2018 and 2019, as proposed by the Board of Directors at its meeting on 24 May 2016.

APPENDICES:

I. Interim consolidated financial statements for the 6-month period ending 30 June 2016

II. Summary of Price Sensitive Information

APPENDIX I: I. Interim consolidated financial statements for the 6-month period ending 30 June 2016

Interim consolidated financial statements as at 30 June 2016 and 31 December 2015

Thousands of euros	30 June 2016	31 December 2015
ASSETS		
Non-current assets		
Fixed assets	13,823,152	14,869,922
Intangible assets	554,838	634,764
Property Investment	137,009	165,266
Investments in subsidiaries	75,491	77,379
Other receivables	2,421	-
Deferred tax assets	158,866	127,876
Financial assets available for sale	1,680	4,823
Other financial assets	57,230	54,241
Derivative financial instruments	-	1,280
	14,810,687	**15,935,551**
Current assets		
Inventories	7,420	8,545
Clients and other receivables	446,903	522,543
Cash and cash equivalents	1,025,933	556,741
	1,480,256	**1,087,829**
Total assets	**16,290,943**	**17,023,380**
NET EQUITY AND LIABILITIES		
Net equity attributable to the owners of the parent		
Share capital	1,500,000	1,500,000
Share premium	1,100,868	1,100,868
Retained profits/(losses)	1,849,989	1,763,434
Accumulated exchange differences	(12,543)	(3,852)
Other reserves	(150,383)	(56,568)
Minority interests	34,721	56,399
	4,322,652	**4,360,281**
Liabilities		
Non-current liabilities		
Financial debt	8,314,763	8,760,484
Derivative financial instruments	151,812	31,547
Deferred tax liabilities	105,667	118,761
Employee benefits	41,881	31,138
Provisions for other liabilities and expenses	153,360	1,145,737
Grants	557,140	566,430
Other long-term liabilities	152,251	166,108
	9,476,874	**10,820,205**
Current liabilities		
Providers and other payables	1,112,366	439,688
Financial debt	1,197,431	1,197,935
Derivative financial instruments	43,104	42,356
Grants	43,820	43,820
Provisions for other liabilities and expenses	94,696	119,095
	2,491,417	**1,842,894**
Total liabilities	**11,968,291**	**12,663,099**
Total net equity and liabilities	**16,290,943**	**17,023,380**

Interim consolidated income statement for the 6-month period ending 30 June 2016 and 30 June 2015

Thousands of euros	30 June 2016	30 June 2015
Continuing operations		
Ordinary revenue	1,702,386	1,567,258
Other operating income	3,133	4,937
Own work capitalised	2,304	2,187
Supplies	(91,003)	(90,126)
Gastos de personal	(197,943)	(192,292)
Other operating expenses	(509,813)	(487,773)
Fixed asset depreciation	(410,746)	(424,845)
Release of non-financial fixed asset grants and other	20,092	19,969
Excess provisions	4,573	3,370
Impairment and loss on disposal of fixed assets	(2,079)	(1,503)
Other net profits / (losses)	58	400
Operating profit/loss	**520,962**	**401,582**
Financial income	207,500	1,717
Financial expenses	(56,369)	(117,168)
Other net financial income/(expenses)	(33,228)	3,903
Net financial expense	**117,903**	**(111,548)**
Share in profits obtained by associates	7,616	5,507
Profit/loss before tax	**646,481**	**295,541**
Income tax	(157,297)	(26,042)
Consolidated profit/loss for period	**489,184**	**269,499**
Profit/loss for period attributable to minority interests	**(3,116)**	**(6,064)**
Profit/loss for year attributable to the shareholder of the Parent Company	**492,300**	**275,563**
Earnings per share (euro per share)		
Basic earnings per share based on profit for year (euros)	3.28	1.84
Diluted earnings per share based on profit for year (euros)	3.28	1.84

Interim consolidated cash flow statement for the 6-month period ending 30 June 2016 and 30 June 2015

Thousands of euros	30 June 2016	30 June 2015
Profit/loss before tax	**646,481**	**295,541**
Adjustments for:	**306,128**	**550,102**
- Depreciation and amortisation	410,746	424,845
- (Profit)/loss on fixed assets disposal	2,079	1,503
- (Profit)/loss on disposal of financial instruments	3,143	(97)
- Losses/(gains) in the fair value of financial instruments	22,124	2,545
- Attribution of grants	(20,092)	(19,969)
- Trade receivable impairment adjustments	5,457	155
- Change in provisions	33,920	16,062
- Financial income	(207,500)	(1,717)
- Financial expenses	56,369	117,168
- Exchange differences	7,961	(6,351)
- Other income and expenses	(463)	21,465
- Share in losses /(gains) in associates	(7,616)	(5,507)
Changes in working capital:	**69,634**	**(14,991)**
- Inventories	239	361
- Debtors and other receivables	28,550	(73,778)
- Other current assets	(33)	(8)
- Creditors and other payables	59,411	84,111
- Other current liabilities	(17,940)	(18,189)
- Other non-current assets and liabilities	(593)	(7,488)
Cash generated from operations	**(22,386)**	**(44,362)**
Interest paid	(69,018)	(104,784)
Interest receivable	992	810
Taxes collected (paid)	45,213	60,007
Other collections (payments)	427	(395)
Net cash generated from operating activities	**999,857**	**786,290**
Cash flows from investment activities		
Acquisitions of property, plant and equipment	(115,368)	(71,838)
Acquisitions of intangible assets	(7,406)	(8,792)
Acquisitions of investment properties	(628)	(69)
Payments for acquisitions of other financial assets	(2,434)	(8,251)
Payments received from loans to group companies and associates	2,029	696
Payments received for other financial assets	11	-
Dividends received	7,149	3,476
Net cash used in investment activities	**(116,647)**	**(84,778)**
Cash flow from financing activities		
Income from external financing (ERDF grants)	6,112	-
Income from bank financing	22,254	10,065
Other payments received	11,873	1,766
Repayment of bank borrowings	(167)	(436)
Repayment of Group financing	(442,982)	(434,663)
Dividends paid	(3,350)	(3,771)
Other payments	(4,626)	(25,462)
Net cash generated from/(used in) financing activities	**(410,886)**	**(452,501)**
Effect of changes in exchange rate	**(3,132)**	**2,102**
Net (decrease)/increase in cash and cash equivalents	469,192	251,113
Cash and cash equivalents at start of the year	**556,741**	**290,305**
Cash and cash equivalents at the end of the period	**1,025,933**	**541,418**

APPENDIX II: Summary of Price Sensitive information

Register	Date	Type of Event	Description
234765	10/02/2016	Calls for meetings or informative events	The company sends notices informing of the scheduled date and time for publishing Aena S.A. results for the January-December 2015 period.
235174	23/02/2016	Interim financial information	The company sends information on results for the second half of 2015.
235176	23/02/2016	Information on results	Presentation of results for FY 2015.
235178	23/02/2016	Information on dividends	The Board of Directors of Aena, S.A. has agreed to propose to the General Shareholders' Meeting the approval of the distribution of a dividend charged to FY 2015 profit.
235364	25/02/2016	Annual Corporate Governance Report	The company submits the Annual Corporate Governance Report for FY 2015.
235497	26/02/2016	Annual report on Board member compensation	The Company submits the Annual Report on Board member compensation for FY 2015.
236058	08/03/2016	Other on business and financial situation	Notice of approval by the Board of Directors of Aena, S.A., in a meeting held today, of the final proposal for the Airport Regulatory Document.
237631	21/04/2016	Calls for meetings or informative events	The company sends notices informing of the scheduled date and time for holding the conference-call on presentation of the results of Aena, S.A. for the period January-March 2016.
237778	26/04/2016	Calls for meetings or informative events	Due to a last minute change by our conference-call service provider, the phone number for access from the UK to the conference-call on first quarter results 2016 has been changed.
237849	27/04/2016	Interim financial information	The company sends information on results for the first quarter of 2016.
239041	24/05/2016	Calls and resolutions of Board and General Shareholders’ Meetings	The company announces a Board of Directors resolution approving the calling of the General Shareholders’ Meeting.
239096	26/05/2016	Calls and resolutions of Board and General Shareholders’ Meetings	The company announces the calling of the General Shareholders’ Meeting.
239139	27/05/2016	Credit ratings	Fitch Ratings has confirmed the credit rating of AENA, S.A. (BBB +), improving its outlook from stable to positive.
240219	28/06/2016	Resolution of court or administrative proceedings	Supreme Court ruling on revaluation of properties expropriated at Madrid-Barajas Airport.
240243	28/06/2016	Calls and resolutions of Board and General Shareholders’ Meetings	The company announces the approval of resolutions of the General Shareholders’ Meeting.
240244	28/06/2016	Information on dividends	Approval of dividend payment.
240306	29/06/2016	Resolution of court or administrative proceedings	Supreme Court rulings on revaluation of properties expropriated at Madrid-Barajas Airport.

FORMULATION OF THE INTERIM SUMMARY CONSOLIDATED FINANCIAL STATEMENTS AND INTERIM CONSOLIDATED MANAGEMENT REPORT AT 30 JUNE 2016

The Board of Directors of the company Aena, S.A. on 26 July 2016, in compliance with the requirements set out in article 253 of the Corporate Enterprises Act and article 37 of the Commercial Code, proceed to formulate the interim summary consolidated financial statements and interim consolidated management report for the period of six months ended on 30 June 2016, which comprise the attached documents preceding this letter.

Position	Name	Signature
Chairman:	Mr. José Manuel Vargas Gómez	
Director:	Mrs. María Victoria Marcos Cabero	
Director:	Mrs. Pilar Arranz Notario	
Director:	Mr. Juan Miguel Báscones Ramos	
Director:	Mrs. Tatiana Martínez Ramos e Iruela	
Director:	Mr. Rodrigo Madrazo García de Lomana	
Director:	Mr. José María Araúzo González	
Director:	TCI Advisory Services, LLP, represented by Mr. Christopher Anthony Hohn	
Director:	Mr. Simón Pedro Barceló Vadell	
Director:	Mr. Eduardo Fernández-Cuesta Luca de Tena	
Director:	Mr. Juan Ignacio Acha-Orbea Echeverría	
Director:	Mr. Amancio López Seijas	
Director:	Mr. Jaime Terceiro Lomba	
Director:	Mr. José Luis Bonet Ferrer	
Director:	Mrs. Pilar Fabregat Romero	
Secretary (non-Director):	Mrs. Matilde García Duarte	

Results Presentation

for the first half of 2016

27 July 2016

Disclaimer

This report includes the most significant data regarding Aena, S.A. and its subsidiary companies (hereafter “Aena” or “the Company”) and its management during the first half of 2016, including information relevant to all business areas, the main figures and the lines of action that have guided the management of the Company.

The Presentation has been prepared:

(i) Only for use during the presentation of the financial results of the first half of 2016. The Report does not constitute an offer or invitation: (a) to purchase or subscribe to shares, in accordance with the provisions of Law 24/1988, of 28 July (with its amendments and reformulations), on the stock market and its rules of application; or (b) to purchase, sell, exchange or request a purchase offer, sale or exchange of securities, or to request any vote or authorisation, in any other jurisdiction; nor should it be interpreted in this sense .

(ii) For informative purposes, given that the information it contains is purely explanatory; to this end, it should be indicated that the information and any opinion or statement made in the Presentation (including the information and statements on forecasts, as defined below) (hereafter, the “Information”) has not been the subject of revision or verification by any independent third party or any auditor of the Company, and certain financial and statistical information of this Presentation is subject to rounding adjustments. As a result, the Company, the directors, managers, employees, or any of their subsidiaries or other subsidiaries of the Company group do not:

(a) Offer any guarantee, express or implicit, with regard to the impartiality, precision, integrity or correction of the Information.

(b) Assume any kind of responsibility, due to negligence or any other reason, for any damage or loss resulting from any use of the Presentation, its content or any Information it contains.

The Presentation contains information and statements on forecasts regarding the Company and its group (the "Information and Statements on Forecasts"); said Information and Statements on Forecasts (which, in general terms, are identified by means of the words 'expects', 'anticipates', 'foresees', 'considers', 'estimates', ‘hopes', 'determines' or similar expressions, amongst others) may include statements regarding the expectations or forecasts of the Company, as well as assumptions, estimations or statements about future operations, future results, future economic data and other conditions such as the development of its activities, trends in the activity sector, future capital expenditure and regulatory risks and acquisitions. However, it is important to take into account that the Information and Statements on Forecasts:

(i) Is not a guarantee of expectations, future results, operations, capital expenditure, prices, margins, exchange rates or other data or events.

(ii) Is subject to material and other kinds of uncertainties and risks (including, amongst others, the risks and uncertainties described in any presentation that the Company makes before Spain's *Comisión Nacional del Mercado de Valores* [National Securities Commission]), changes and other factors that may escape the control of the Company or may be difficult to foresee, which could condition and cause the results to be different (in their entirety or in part) from those contemplated in the Information and Statements on Forecasts.

It should also be considered that, except wherever required by legislation in force, the Company does not commit to updating the Information and Statements on Forecasts if the facts are not exactly as described, or following any event or circumstance that may take place after the date of the Presentation, even though such events or circumstances make it possible to determine clearly that the Information and Statements on Forecasts will not materialise or will make said Information and Statements on Forecasts inexact, incomplete or incorrect.

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I. Key highlights

Passenger traffic

- Passenger traffic[1] grew to 110.6 million.
- H1 traffic record in Aena with +11.7% growth in the airport network in Spain. This trend slows down in the second quarter of 2016 compared with 14.4% increase in passengers in the first quarter.
  - The proportion of international and domestic traffic remains in line with 1H 2015 at a 69/31 ratio with growth in both the international passenger base by +11.8% and domestic traffic by +11.3%.

Results

- Total consolidated revenue increased to 1,732.5 million euros (+8.4% compared to 1H 2015), of which commercial revenue both on and off-terminal accounts for 26.8% (25.9% in 1H 2015).
  - Commercial revenue and revenue from off-terminal services grew by +12.3%, arising from increased traffic and the result of contractual terms reviewed in previous years.
- EBITDA for the period stood at 931.7 million euros, representing an increase of +12.7% compared to 1H 2015, reaching a margin of 53.8% affected by the seasonality of the activity.
- Consolidated net profit increased up to 492.3 million euros (+78.7% increase over the same period in 2015), reflecting positive business development, the reversal of provisions for legal proceedings related to land expropriations at Adolfo Suárez Madrid-Barajas Airport and higher corporate tax expense. Excluding the exceptional reversal of provisions for expropriations, net profit amounted to 338.6 million euros (+22.9% growth).

Cash flow

- Significant increase in operating cash flow by 27.2% to 1 billion euros against 786.3 million euros in 1H 2015.
- Accounting net financial debt[2] has fallen to 8,486.3 million euros (including the consolidation of Luton's net financial debt amounting to 331.2 million euros) compared with 9,401.7 million euros at the end of 2015, reducing the ratio of financial debt to EBITDA[3] from 4.5x in 2015 to 3.9x in 1H 2016.
- Investment paid in 1H 2016 amounted to 123.4 million euros (including 23.3 million euros at Luton).

Regulatory framework

- The -1.9% reduction in airport fees entered into force on 1 March 2016. Its cumulative effect at the end of 1H 2016 amounts to 15.8 million euros.
- In accordance to Law 18/2014 the DGAC is expected to submit their final DORA proposal to the Ministry of Public Works to be revised and approved by the Cabinet prior to 30 September 2016. On 21 June 2016 the CNMC issued its non-binding supervision and control report in which it sets out its recommendation to reduce fees in the DORA period by 2.02% per year (compared to Aena's proposal for a tariff freeze).

Macro

- Slow down in economic growth in EU countries.
- Volatility associated with Brexit.

(1) Total passengers in the airport network in Spain and Luton Airport. Does not include traffic at airports with minority interests.
(2) Accounting net financial debt calculated as Financial Debt (current and non-current) minus Cash and cash equivalents.
(3) Net Financial Debt / EBITDA Ratio calculated according to the criteria set in debt novation agreements reached with banks on 29 July 2014.

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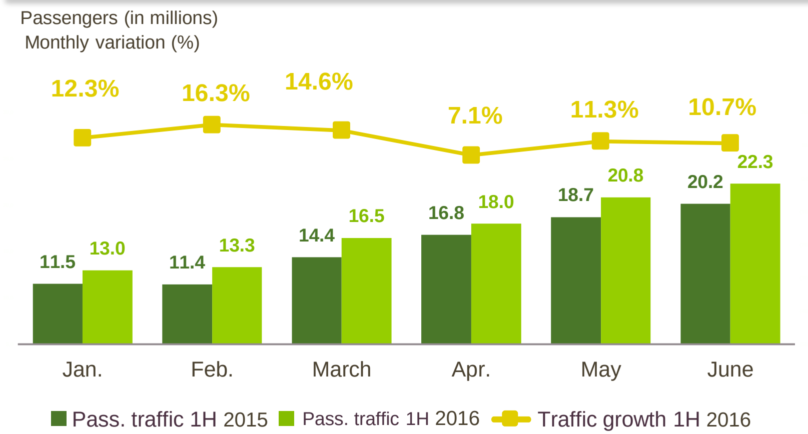
II. Traffic data

- Solid growth in both the airport network in Spain and at Luton Airport.
- Last twelve months passenger traffic increased by +8.9% (up to 218.3 million), Aena Spanish network highest on record

Network in Spain	1H 2016	1H 2015	Variation
Passengers	103,899,884	93,048,048	+11.7%
Operations	952,917	889,064	+7.2%
Cargo (kg)	376,763,947	340,034,127	+10.8%

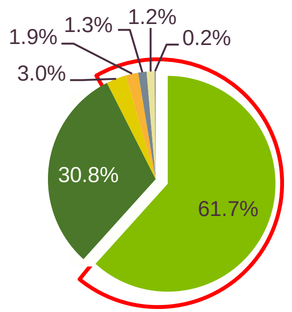
Luton	1H 2016	1H 2015	Variation
Passengers	6,653,000	5,515,000	+20.6%
Operations	62,214	54,188	+14.8%
Cargo (kg)	13,343	12,418	+7.4%

Monthly evolution of Aena's passenger traffic(1)

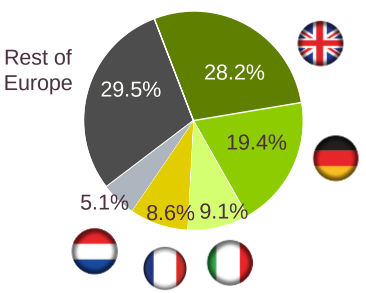


Breakdown of passenger traffic(1) by market

Total 1H 2016



Europe, excl. Spain 1H 2016



- Europe (excl. Spain)
- Spain
- Latin America/ Caribbean
- North America (USA, Canada and Mexico)
- Africa
- Middle East
- Asia and Other

Airports/Groups(2)	Passengers (millions)(1)	Variation (%) 1H 2016 / 1H 2015	Share
Adolfo Suárez Madrid-Barajas	23.6	8.6%	22.7%
Barcelona-El Prat	20.4	12.7%	19.6%
Palma de Mallorca	10.6	11.2%	10.2%
Canary Islands Group	19.4	13.1%	18.7%
Group I	24.2	13.0%	23.3%
Group II	5.2	12.1%	5.0%
Group III	0.6	7.0%	0.5%
TOTAL	**103.9**	**11.7%**	**100.0%**

See the Appendix for the breakdown between domestic and international traffic.

Source: Aena

(1) Total passengers in the airport network in Spain.

(2) Group I: Alicante-Elche, Bilbao, Girona, Ibiza, Málaga-Costa del Sol, Menorca, Seville and Valencia.
Group II: A Coruña, Almería, Asturias, FGL Granada-Jaén, Jerez de la Frontera, Murcia-San Javier, Reus, Santiago, SB-Santander, Vigo and Zaragoza.
Group III: Albacete, Algeciras-Helip., Badajoz, Burgos, Ceuta-Helip., Córdoba, Huesca-Pirineos, Logroño, Madrid-Cuatro Vientos, Melilla, Pamplona, Sabadell, Salamanca, San Sebastián, Son Bonet, Valladolid and Vitoria.

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II. Performance by business line

1H 2016

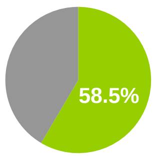
Total revenue
TOTAL Aena
€1,732.5 M

EBITDA
TOTAL Aena
€931.7 M
EBITDA margin
53.8%

Airports

Aeronautics

€1,166.6 M
(+6.9%)



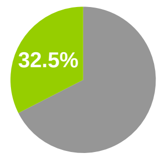
€544.9M
(+11.9%)

Highlights

- Traffic growth[1] : +11.7% in passengers +7.2% in operations.
- Reduction in airport fees -1.9% from 1 March 2016 representing an impact of -€15.8 M.
- Increased ordinary aeronautical revenues +7.2% (+€76.6 M).
- Incentives for increased passengers and new routes: €31.0 M in 1H 2016, net of the adjustment of €4.5 M of provisions from previous years (compared with €14.1 M in 1H 2015).
- Rebates for connecting passengers: €31.5 M in 1H 2016 (compared to €26.0 M in 1H 2015).

Commercial

€370.6 M
(+12.0%)



€302.6M
(+13.0%)

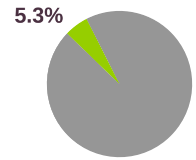
- +12.1% growth in ordinary revenue compared to 1H 2015 due to:
  - Impact of improved terms of commercial contracts.
  - Growth in passenger traffic.
  - Effect of the evolution of MAG [2] recognised in commercial contracts.

Highlights include:

- Duty Free: +16.0% up to €124.9 M.
- Food and beverage: +19.7% up to €67.1 M.
- Shops: +15.2% up to €41.8 M.

Off-terminal

€93.6 M
(+13.3%)



€49.5M
(+20.8%)

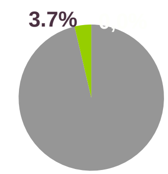
- +12,6% growth in ordinary revenue compared to 1H 2015 driven by:
  - Car parks: +11.7% (up to €58.4 M) linked to the increase in domestic traffic (+11.3% in passengers) and pricing strategies and marketing and loyalty measures.
  - Land: accounting recognition of €3.1 M for credit rights on properties built on land subject to transfer agreements.

Partially offset by :

- Real estate: -1.5% (-€0.4 M) affected by the decline in warehouse and hangar rentals.

International

€102.9 M
(+9.3%)



€34.7M
(+12.9%)

- Includes Luton's contribution which comes to €97.9 M in Revenue and €31.9 M in EBITDA in 1H 2016.
- Luton traffic growth +20.6% compared to 1H 2015.

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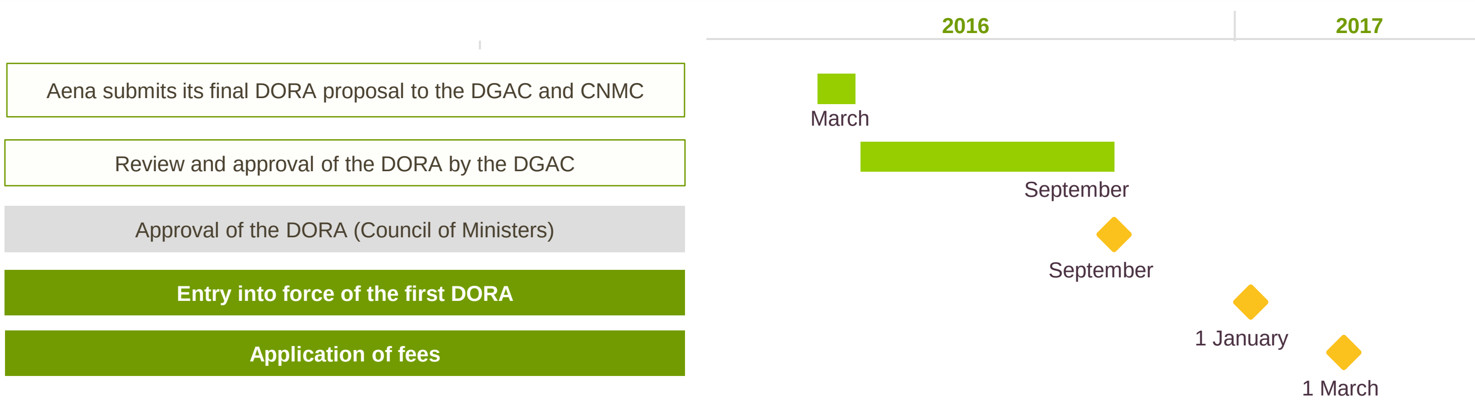
(1) Total passengers in the airport network in Spain.
(2) Minimum Annual Guaranteed rents (MAG).

II. Regulation. Final DORA 2017-2021 proposal

Main differences between the supporting information submitted by Aena on 8 March 2016 for the proposed fee freeze and the advisory report of the CNMC

	Aena	CNMC
Total operating expenses[1] (€M)	9,199.4	8,850.4
WACCBT[2]	8.40%	6.26%
Risk-free rate	3.38%	2.30%
Market risk premium	6.85%	4.90%
X component	**1.94%**	**-2.02%**

Milestones in the adoption and entry into force of the first DORA (2017–2021 period)



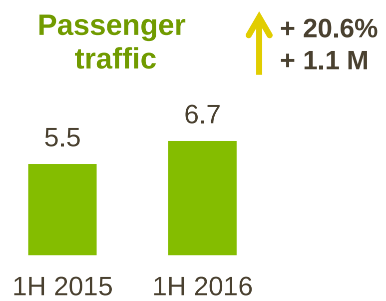
Source: Aena

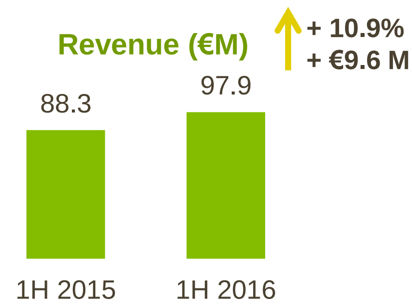
(1) Difference due to the application by the CNMC of the externality adjustment.

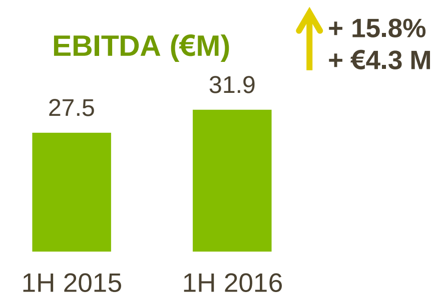
(2) Weighted Average Cost of Capital Before Tax.

II. International shareholdings

Luton







- Revenue from Luton in pounds increased in 1H 2016 by +13.7% (£9.0 M) compared to 1H 2015.
- In pounds, aeronautical revenue was up +13.8% and commercial revenue +13.6%. The latter includes the good performance of car parks, reflecting traffic growth and the management and pricing strategies implemented, as well as food and beverages and shops despite the restrictions on access and visibility caused by the remodelling of the retail area. The second phase of the new walkthrough store opened to the public on 18 June 2016.
- EBITDA in pounds has risen by +21.0% (£4.2 M) compared to 1H 2015.

Other shareholdings

- Solid growth in traffic.

Main aggregated figures (1)		1H 2016	1H 2015	Variation (%)	Exchange rate(2)	1H 2016	1H 2015	Variation (%)
GAP	Traffic(3)	17.8	15.3	*16.3%*	EUR / MNX	20.11	17.12	*17.42%*
	Revenue	- (4)	243.7	-				
	EBITDA	- (4)	150.4	-				
AEROCALI	Traffic	2.7	2.4	*12.3%*	EUR / COP	3493.71	2770.44	*26.11%*
	Revenue	17.4	16.8	*3.8%*				
	EBITDA	6.1	5.7	*7.7%*				
SACSA	Traffic	2.1	1.8	*15.6%*	EUR / COP	3494.17	2776.62	*25.84%*
	Revenue	16.4	12.8	*14.1%*				
	EBITDA	9.1	6.9	*31.9%*				

Source: company information.
(1) Aggregate figures for illustrative purposes. Traffic in millions of passengers accumulated to March and financial data in actual millions of euro to February with March budget.
(2) Average exchange rate weighted by sales revenue for the period.
(3) GAP includes traffic at Sangster International Airport in Montego Bay (Jamaica).
(4) Not published.

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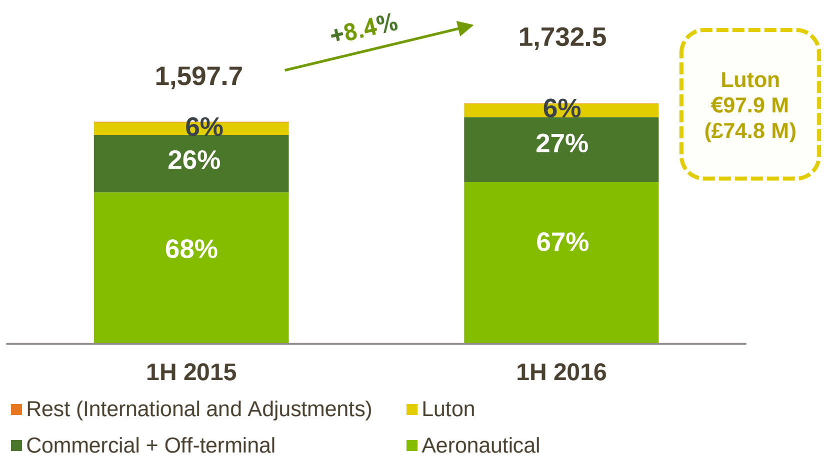
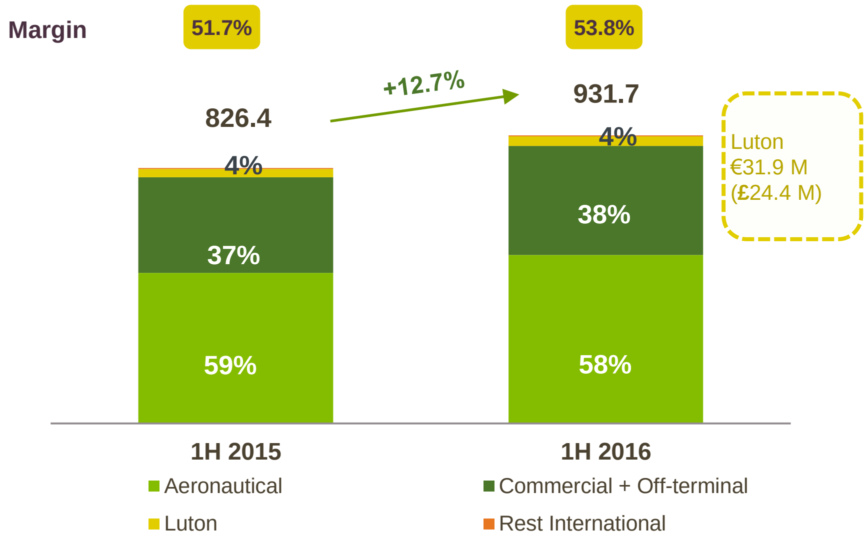
III. Financial results

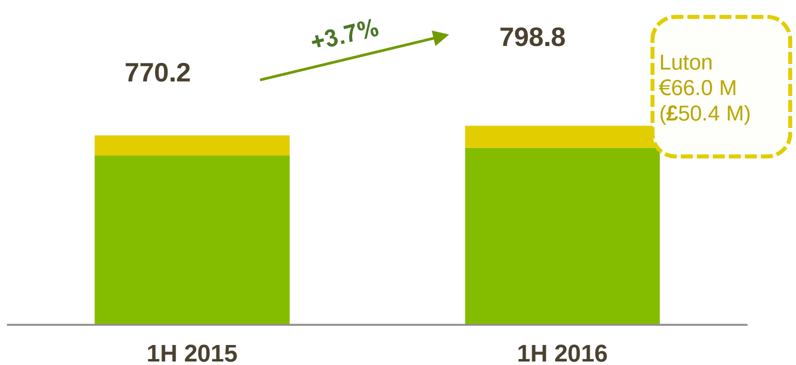
Total revenue (€M)



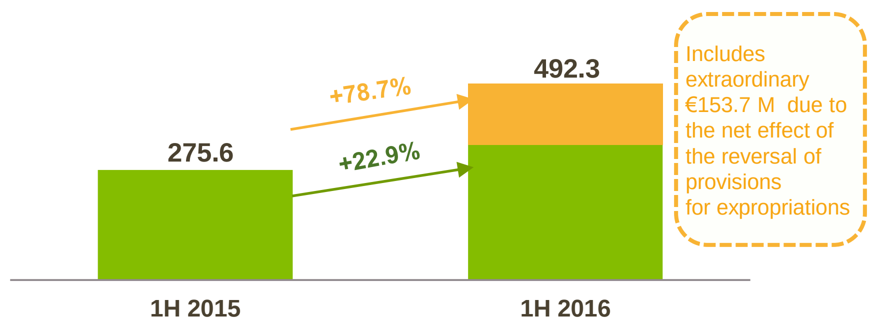
EBITDA (€M)



OPEX(1) (€M)



Net Profit (€M)



(1) OPEX includes: Supplies, Personnel expenses and Other operating expenses .

III. Income statement

€M	1H 2016	1H 2015	Variation €M	%
Ordinary revenue	**1,702.4**	**1,567.3**	135.1	**8.6%**
Aeronautics	1,142.5	**1,065.9**	76.6	**7.2%**
Commercial	367.7	**328.0**	39.7	**12.1%**
Off-terminal	90.6	**80.5**	10.2	**12.6%**
International	102.7	**93.9**	8.8	**9.3%**
Adjustments(1)	-1.1	**-1.0**	-0.1	**9.3%**
Other operating income	30.1	**30.5**	-0.4	**-1.2%**
Total income	**1,732.5**	**1,597.7**	**134.8**	**8.4%**
Supplies	-91.0	**-90.1**	0.9	**1.0%**
Personnel expenses	-197.9	**-192.3**	5.7	**2.9%**
Other operating expenses	-509.8	**-487.8**	22.0	**4.5%**
Impairment and profit/(loss) on fixed asset disposals	-2.1	**-1.5**	0.6	**38.3%**
Other results	0.1	**0.4**	-0.3	**-85.5%**
Fixed asset depreciation	-410.7	**-424.8**	-14.1	**-3.3%**
Total expenditure	**-1,211.5**	**-1,196.1**	**15.4**	**1.3%**
EBITDA	**931.7**	**826.4**	**105.3**	**12.7%**
% Margin (of Total Revenue)	*54%*	**52%**	-	-
EBIT	**521.0**	**401.6**	**119.4**	**29.7%**
% Margin (of Total Revenue)	*30%*	*25%*	-	-
Financial expenses and Other financial results	-84.7	-108.2	-23.5	**-21.7%**
Interest expense on expropriations	202.6	-3.3	-205.9	**-6,208.1%**
Share in profits obtained by associates	7.6	5.5	2.1	**38.3%**
Profit/loss before tax	**646.5**	**295.5**	**350.9**	**-118.74%**
Income tax	-157.3	-26.0	131.3	**504.0%**
Consolidated profit/loss for period	**489.2**	**269.5**	**219.7**	**81.5%**
Profit/loss for period attributable to minority interests	-3.1	-6.1	2.9	**48.6%**
Profit/loss for the year attributable to parent company shareholders	**492.3**	**275.6**	**216.7**	**78.7%**

- **Total passenger traffic**(2) in 1H 2016: **+12.2%** compared with 1H 2015.
- The impact associated with **lowering tariffs** by 1.9% from 1 March totalled -€15.8 M. The **rebate per connecting passenger** amounted to €31.5M in 1H 2016 against €26.0M in the same period of 2015. **Incentives**, arising from strong growth in air traffic, amounted to €31.0 M against €14.1 M in 1H 2015, reduced by the reversal of €4.5 M in incentive provisions allocated in 2015 and unclaimed.
- Growth in **commercial revenues and from off-terminal services** (combined increase in ordinary revenue of **+12.3% compared to 1H 2015**) driven by traffic growth, improved contractual conditions and commercial activities (pricing and marketing strategies). Additionally the cumulative accounting effect of the reversionary rights of land whose use is transferred to third parties is recognised (+€3.1 M).
- The **consolidation of Luton** contributes €97.9 M in revenue.
- Increase in **Total operating expenses** by +1.3% (+€15.4 M).
  - **Personnel expenses:** excluding Luton they increased by +1.9% due to the wage review and benefits associated with years of service and occupation.
  - **Other operating expenses:** up by +4.5% (+€22.0 M) mainly due to: maintenance costs (+ €7.8 M), for baggage inspection rules applied since March 2015 (+€2.2 M), the allocation of the provision for an unfavourable ruling associated with the tariff rise in 2012 (+€4.2 M), the effect of the change in provisions for bad debts (+€5.5 M) and the effect of increased activity.
  - **Fixed asset depreciation:** decreases -3.3% (-€14.1 M), mainly due to the effect of full depreciation of assets.
- **Financial expenses and Other financial results:** decreases -€23.5 M (-21.7%) mainly as a result of the fall in interest rates (-€36.9 M), reduction of debt principal (-€9.7M) and withdrawal of appeals (-€12.5 M), partially offset by payments associated with interest rate hedges (+€19.6 M) and the evolution of the €/pound exchange rate (+ €14.3 M).
- **Interest expense on expropriations:** decreases €205.9 M mainly due to the reversal of default interest in land expropriation disputes at Adolfo Suárez Madrid-Barajas Airport amounting to €204.9 M.
- **Income tax**: rises +€131.38 M due to increased results arising from the reversal of the provision for default interest in expropriations, as well as business development. The effective rate for the period stood at 24.4%.
- **Net profit** coming to €492.3; increases by +216.7% due to the positive development of business resulting from traffic growth, the reversal of the provision for expropriations and reduced financial expenses. Excluding the extraordinary reversal of provisions for expropriations, net growth amounted to 22.9%.

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(1) Inter-segment adjustments.
(2) Total passengers in the airport network in Spain and at Luton airport.

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Ordinary revenue

Business line (M€)	Income		Variation		GMI[2]	
	1H 2016	1H 2015	€M	%	1H 2016	1H 2015
Duty-Free Shops	124.9	107.7	17.2	16.0%		
Food & Beverage	67.1	56.0	11.1	19.7%		
Rent a Car	50.2	48.2	1.9	4.0%		
Stores	41.8	36.3	5.5	15.2%		
Advertising	13.9	12.8	1.1	8.7%		
Leases	12.9	13.2	-0.4	-2.9%		
Other commercial revenue[1]	57.1	53.8	3.3	6.1%		
Commercial activity at terminal	**367.7**	**328.0**	**39.7**	**12.1%**	**31.0**	**25.1**
Car parks	58.4	52.3	6.1	11.7%		
Real estate	32.3	28.2	4.1	14.5%		
Off-terminal commercial services	**90.6**	**80.5**	**10.2**	12.6%		
Commercial total	**458.4**	**408.5**	**49.9**	**12.2%**		
Average revenue / passenger	**4.4**	**4.4**				

The total business revenue includes the minimum annual guaranteed rents (MAG) recognised under contract in the following business lines: Duty Free Shops, Food & Beverage, Stores, Advertising and Commercial operations.

In 1H 2016, the amount booked for guaranteed minimum income (MAG) represents 10.2% of income from those lines (9.4% in 1H 2015).

(1) Includes: Other commercial activities, commercial supplies, use of conference rooms and filming and recording
(2) Guaranteed Minimum Income

IV. Appendix. Other financial information

Main figures. Quarterly evolution

€M	First Quarter			Second Quarter			Total		
	2016	2015	Var.	2016	2015	Var.	2016	2015	Var.
Traffic (thousands of passengers)[1]	**45,488.2**	**39,546.0**	**15.0%**	**65,064.7**	**59,017.0**	**10.2%**	**110,552.9**	**98,563.0**	**12.2%**
Aena domestic network traffic (thousands of passengers)	**42,742.2**	**37,360.0**	**14.4%**	**61,157.7**	**55,688.0**	**9.8%**	**103,899.9**	**93,048.0**	**11.7%**
Total revenue	**744.3**	**675.2**	**10.2%**	**988.2**	**922.6**	7.1%	**1732.5**	**1597.7**	**8.4%**
Aeronautical revenue	489.8	443.9	**10.3%**	652.6	622.0	4.9%	1142.5	1065.9	7.2%
Commercial revenue	196.4	177	**11.0%**	261.9	231.5	13.2%	458.4	408.4	12.2%
International	43.6	39.6	**10.3%**	58.4	53.9	8.3%	101.6	92.9	9.3%
Other revenue	14.8	15.3	**-3.1%**	15.3	15.2	0.8%	30.1	30.5	-1.2%
Total operating expenses	**-674.6**	**-661.8**	**1.9%**	**-537.0**	**-534.3**	**0.5%**	**-1211.5**	**-1196.1**	**1.3%**
Supplies	-46.3	-45.0	**2.8%**	-44.7	-45.1	-0.9%	-91.0	-90.1	1.0%
Personnel	-99.2	-95.8	**3.5%**	-98.7	-96.4	2.4%	-197.9	-192.3	2.9%
Other operating expenses	-322.1	-308.4	**4.4%**	-187.7	-179.4	4.7%	-509.8	-487.3	4.6%
Depreciation and Amortisation	-205.6	-213.1	**-3.5%**	-205.1	-211.7	-3.1%	-410.7	-424.8	-3.3%
Impairment and profit/loss disposal, and Other results	-1.4	0.0	**-**	-0.6	-1.6	-60.6%	-2.0	-1.6	25.0%
Total operating expenses (without Luton)	**-631.5**	**-618.6**	**2.1%**	**-488.6**	**-487.1**	**0.3%**	**-1120.1**	**-1105.8**	**1.3%**
Supplies	-46.3	-45.0	**2.8%**	-44.7	-45.1	-0.9%	-91.0	-90.1	1.0%
Personnel	-89.4	-87.1	**2.6%**	-88.4	-87.5	1.1%	-177.8	-174.5	1.9%
Other operating expenses	-301.7	-288.9	**4.4%**	-162.3	-155.4	4.5%	-464.0	-444.3	4.4%
Depreciation and Amortisation	-192.8	-197.6	**-2.4%**	-192.5	-197.6	-2.6%	-385.3	-395.2	-2.5%
Impairment and profit/loss disposal, and Other results	-1.4	0.0	**-**	-0.6	-1.6	-60.6%	-2.0	-1.6	25.0%
EBITDA	**275.3**	**226.4**	**21.6%**	**656.4**	**600.0**	**9.4%**	**931.7**	**826.5**	**12.7%**
EBITDA (without Luton)	**264.1**	**217.6**	**21.4%**	**635.8**	**581.3**	**9.4%**	**899.8**	**798.9**	**12.6%**
Consolidated profit/loss for period	**26.8**	**7.1**	**265.9%**	**462.4**	**262.4**	**76.2%**	**489.2**	**269.5**	**81.5%**

(1) Total passengers in the airport network in Spain and at Luton airport.

IV. Appendix. Other financial information
Cash flow statement

€M	1H 2016	1H 2015	Variation €M	Variation %
Profit/loss before tax	**646.5**	**295.5**	350.9	*118.7%*
Depreciation and amortisation	410.7	424.8		
Changes in working capital	90.5	4.2		
Financial result	-117.9	111.5		
Shareholding in associates	-7.6	-5.5		
Interest flow	-67.6	-104.4		
Tax flow	45.2	60.0		
Operating activities flow	**999.9**	**786.3**	*213.6*	*27.2%*
Acquisitions of property, plant and equipment	-123.4	-80.7		
Operations with associates	2.0	0.7		
Dividends received	7.1	3.5		
Repayment / Obtaining financing	-420.9	-425.0		
Other flows from investment/financing activities	7.6	-35.7		
Cash flow from investment/financing	**-527.5**	**-537.3**	*9.7*	*-1.8%*
Exchange rate impact	-3.1	2.1		
Cash and cash equivalents at start of the year	556.7	290.3		
Net (decrease)/increase in cash and cash equivalents	469.2	251.1	*218.1*	*86.8%*
Cash and cash equivalents at end of the year	1,025.9	541.4	*484.5*	*89.5%*

IV. Appendix. Other financial information

Balance sheet

€M	1H 2016	2015
Property, plant and equipment[(1)]	13,823.2	14,869.9
Intangible assets	554.8	634.8
Property investment	137.0	165.3
Investments in associates	75.5	77.4
Other non-current assets	220.2	188.2
Non-current assets	**14,810.7**	**15,935.6**
Inventories	7.4	8.5
Trade and other receivables	446.9	522.5
Cash and cash equivalents	1025.9	556.7
Current assets	**1,480.3**	**1,087.8**
Total assets	**16,290.9**	**17,023.4**

€M	1H 2016	2015
Share capital	1,500.0	1,500.0
Share premium	1,100.9	1,100.9
Retained profits/(losses)	1,850.0	1,763.4
Other reserves	-162.9	-60.4
Minority interests	34.7	56.4
Total net equity	**4,322.7**	**4,360.3**
Financial debt	8,314.8	8,760.5
Provisions for other liabilities and expenses[(1)]	153.4	1,145.7
Grants	557.1	566.4
Other long-term liabilities	451.6	347.6
Non-current liabilities	**9,476.9**	**10,820.2**
Financial debt	1,197.4	1,197.9
Grants	43.8	43.8
Provisions for other liabilities and expenses	94.7	119.1
Other current liabilities	1,155.5	482.0
Current liabilities	**2,491.4**	**1,842.9**
Total liabilities	**11,968.3**	**12,663.1**
Total net equity and liabilities	**16,290.9**	**17,023.4**

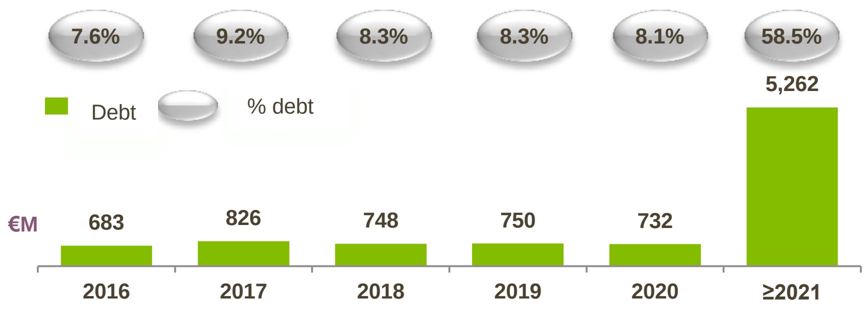
(1) It includes the reversal of provisions for expropriations: €758.6 M for the value assigned to the land in PP&E and €963.5 M recorded as liabilities in the balance sheet under "Provisions for other liabilities and expenses".

IV. Appendix. Other financial information

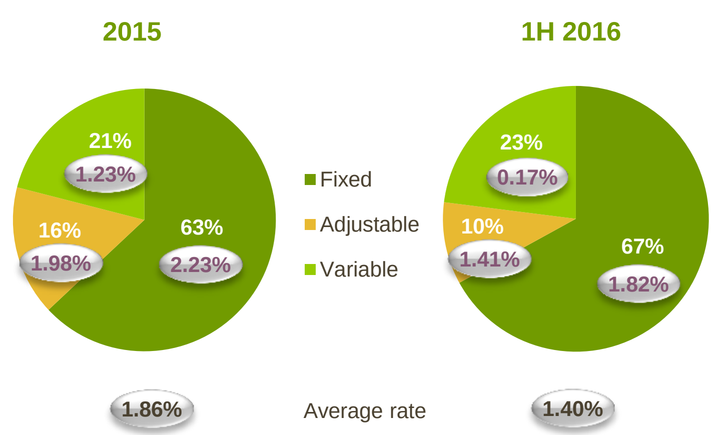
Aena debt ex-Luton

- In 1H 2016 443 million euros of debt was repaid.
- The volume of annual future maturities is significantly lower than in previous years.
- In this period 447 million euros has been converted from an adjustable to a fixed rate. The average rate for the debt in these operations has gone down from 2.175% to 1.074%.

Timetable of Aena debt maturity(1) (Total: €9,000.9 M; Average life: 12.2 years)



Distribution of debt by type and average interest rate in the period



Net financial debt according to covenants(2)

€M	2015	1H 2016
Gross financial debt covenants	(9,614)	(9,303)
Cash and cash equivalents	511	949
Net financial debt covenants	(9,103)	(8,354)
Net financial debt covenants / EBITDA	4.5x	3.9x

(1) As of 30 June 2016
(2) Net debt in accordance with covenants calculated in accordance with that set out in the novation agreements for debt signed on 29 July 2014. Does not include Luton's non-recourse debt.

IV. Appendix. Passenger figures by airport group

Traffic 1H 2016

Solid growth in all airports and Groups in the network in Spain in both international and domestic traffic.

(1) Total passengers in the airport network in Spain.

IV. Appendix. Traffic information

Traffic by airline (Top 10)

Carrier	Passengers[1] 1H 2016	Passengers[1] 1H 2015	Variation %	Variation Passengers	Share of total (%) 1H 2016	Share of total (%) 1H 2015
Ryanair	18,327,228	15,750,748	16.4%	2,576,480	17.6	16.9
Vueling	14,475,726	12,652,387	14.4%	1,823,339	13.9	13.6
Iberia	7,924,431	7,000,002	13.2%	924,429	7.6	7.5
Air Europa	7,786,781	7,368,828	5.7%	417,953	7.5	7.9
Easyjet Airline Co. Ltd.	5,431,922	5,081,960	6.9%	349,962	5.2	5.5
Air Nostrum	3,550,802	3,497,271	1.5%	53,531	3.4	3.8
Air Berlin	3,468,916	3,955,704	-12.3%	-486,788	3.3	4.3
Iberia Express	3,449,349	3,021,184	14.2%	428,165	3.3	3.2
Norwegian Air	3,192,948	2,396,553	33.2%	796,395	3.1	2.6
Thomson Airways	2,106,447	1,736,528	21.3%	369,919	2.0	1.9
TOTAL	**69,714,550**	**62,461,165**	**11.6%**	**7,253,385**	**67.1%**	**67.1%**
Total Low Cost Passengers[2]	**52,943,140**	**46,025,632**	**15.03%**	**6,917,508**	**51.0%**	**49.5%**

- Low-cost airlines' share of the distribution of passenger traffic by type of carrier has increased (51.0% in 1H 2016 versus 49.5% in 1H 2015) compared to legacy airlines. However, the degree of concentration is moderate.
- The major airlines are:
  - The IAG Group (Iberia, Vueling, Iberia Express, British Airways and Aer Lingus) which has increased its share of total passenger traffic in 1H 2016 to 26.6% (26.1% in 1H 2015 on a comparable basis)
  - Ryanair with a share of 17.6% (16.9% in 1H 2015)

(1) Total passengers in the airport network in Spain.
(2) Includes low-cost carriers' traffic in scheduled flights.