CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. AND SUBSIDIARIES COMPOSING THE CAF GROUP (CONSOLIDATED) SUMMARISED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MOTH PERIOD ENDED 30 JUNE 2016

JULY 2016

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 18). In the event of a discrepancy, the Spanish-language version prevails.

Construcciones y Auxiliar de Ferrocarriles, S.A.
and Subsidiaries composing the CAF Group

Summarised Consolidated Balance Sheets at 30 June 2016 and 31 December 2015 (Notes 1 and 2)
(Thousands of Euros)

Assets	30.06.16	31.12.15 (*)	Equity and Liabilities	30.06.16	31.12.15 (*)
Non-current assets:			**Equity (Note 10):**		
Intangible assets (Note 5)-			**Shareholders' equity-**		
Goodwill	15	15	Registered share capital	10,319	10,319
Other intangible assets	36,385	34,719	Issue premium	11,863	11,863
	36,400	**34,734**	Revaluation reserve	39,119	39,119
Property, plant and equipment, net (Note 7)	**234,154**	**240,787**	Other reserves of the Parent and of fully consolidated companies and companies		
Investments accounted for using the equity method	**17,429**	**14,308**	using the equity method	757,696	734,288
Non-current financial assets (Note 6)	**636,748**	**612,897**	Profit for the year attributable to the Parent	14,760	41,041
Deferred tax assets (Note 17)	**153,615**	**161,108**		**833,757**	**836,630**
Total non-current assets	**1,078,346**	**1,063,834**	**Valuation Adjustments-**		
			Hedges (Notes 10 and 14)	(7,893)	(5,142)
			Translation differences	(87,148)	(127,748)
				(95,041)	**(132,890)**
			Equity attributable to the Parent	**738,716**	**703,740**
			Minority interest	**9,548**	**11,187**
			Total equity	**748,264**	**714,927**
			Non-current liabilities:		
			Long-term provisions (Note 11)	**4,035**	**4,526**
			Non-current financial liabilities (Notes 9)-		
			Bank borrowings	624,236	662,168
			Other financial liabilities	53,488	74,924
				677,724	**737,092**
			Deferred tax liabilities (Note 17)	**155,219**	**156,817**
			Other non-current liabilities	**56,707**	**63,996**
			Total non-current liabilities	**893,685**	**962,431**
			Current liabilities:		
			Short-term provisions (Note 11)	**223,354**	**228,766**
Current assets:			**Current financial liabilities (Note 9)-**		
Inventories (Note 8)	**87,370**	**86,253**	Bank borrowings	139,443	203,722
Trade and other receivables-			Other financial liabilities (Note 4)	110,165	53,700
Trade receivables for sales and services (Notes 6 and 8)	1,287,151	1,120,483		**249,608**	**257,422**
Other accounts receivable (Notes 6 and 17)	200,747	169,306	**Trade and other payables-**		
Current tax assets	9,778	8,451	Suppliers	342,844	352,153
	1,497,676	**1,298,240**	Other accounts payable (Notes 8, 9 and 17)	639,573	355,596
Other current financial assets (Note 6)	**145,670**	**122,423**	Current tax liabilities (Note 17)	1,968	647
Other current assets	**5,486**	**5,939**		**984,385**	**708,396**
Cash and cash equivalents	**285,030**	**297,440**	**Other current liabilities**	**282**	**2,187**
Total current assets	**2,021,232**	**1,810,295**	**Total current liabilities**	**1,457,629**	**1,196,771**
Total assets	**3,099,578**	**2,874,129**	**Total liabilities and equity**	**3,099,578**	**2,874,129**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 18 are an integral part of the summarised consolidated balance sheet at 30 June 2016.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 18). In the event of a discrepancy, the Spanish-language version prevails.

Construcciones y Auxiliar de Ferrocarriles, S.A.
and Subsidiaries
composing the CAF Group

Summarised Consolidated Income Statement for the six month periods ended 30 June 2016 and 2015 (Notes 1 and 2)

(Thousands of Euros)

	(Debit) Credit	
	30.06.16	**30.06.15 (*)**
Continuing operations:		
Revenue (Note 15)	631,868	660,000
+/- Changes in inventories of finished goods and work in progress	(33,334)	(32,890)
In-house work on non-current assets	4,403	2,628
Supplies	(246,300)	(243,289)
Other operating income	1,623	5,345
Staff costs (Notes 9, 11 and 16)	(205,669)	(212,904)
Other operating expenses (Note 11)	(87,883)	(83,549)
Depreciation and amortisation charge (Notes 5 and 7)	(18,519)	(20,749)
Impairment and gains or losses on disposals of non-current assets (Notes 3, 6 and 7)	4,425	(735)
Other profit(loss)	-	-
Profit from operations	**50,614**	**73,857**
Finance income (Note 6)	3,545	6,509
Finance costs (Note 9)	(30,569)	(28,610)
Change in fair value of financial instruments	135	(37)
Exchange gains/(losses)	229	(6,873)
Impairment and gains or losses on disposals of financial instruments (Note 6)	(315)	(605)
Financial profit (loss)	**(26,975)**	**(29,616)**
Result of companies accounted for using the equity method	329	99
Profit before tax	**23,968**	**44,340**
Income tax (Note 17)	(8,956)	(11,673)
Profit(loss) for the year from continuing operations	**15,012**	**32,667**
Profit (Loss) for the year from discontinued operations	-	-
Consolidated profit (loss) for the year	**15,012**	**32,667**
Attributable to:		
The Parent Company	14,760	32,088
Minority interest	252	579
Earnings per share (in euros)		
Basic	4.31	9.36
Diluted	4.31	9.36

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 18 are an integral part of the summarised consolidated income statement for the six month period ended 30 June 2016

Construcciones y Auxiliar de Ferrocarriles, S.A.
and Subsidiaries
composing the CAF Group

Summarised Consolidated Statements of Recognised Income and Expense for the six month periods ended 30 June 2016 and 2015 (Notes 1 and 2)

(Thousands of Euros)

	30.06.16	30.06.15 (*)
A) Consolidated profit for the year:	**15,012**	**32,667**
B) Other comprehensive income - Items not reclassified to the profit or loss for the year	**364**	**-**
Reserves for actuarial gains and losses	364	-
Tax effect	-	-
C) Items that may be reclassified to the profit or loss for the year:	**37,849**	**(12,705)**
Cash flow hedges:	**(1,663)**	**(1,590)**
Revaluation gains/losses	(9,679)	(985)
Amounts transferred to profit and loss account	8,016	(605)
Translation differences:	**40,659**	**(12,396)**
Revaluation gains/losses	40,659	(12,396)
Amounts transferred to profit and loss account	-	-
Share in other comprehensive income recognised through the investments in joint ventures and associates	**(1,710)**	**802**
Revaluation gain/losses		
Cash flow hedges	(1,963)	508
Translation differences	(13)	10
	(1,976)	518
Amounts transferred to profit and loss account-		
Cash flow hedges	312	284
Translation differences	(46)	-
	266	284
Tax effect	**563**	**479**
Total recognised income and expense (A+B+C)	**53,225**	**19,962**
Attributable to:		
The Parent Company	52,973	19,386
Minority interest	252	576

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 18 are an integral part of the summarised consolidated statement of recognised income and expense for the six month period ended 30 June 2016

Construcciones y Auxiliar de Ferrocarriles, S.A.
and Subsidiaries composing the CAF Group

Summarised consolidated statement of changes in equity for the six month periods ended 30 June 2016 and 2015 (Notes 1 and 2)
(Thousands of Euros)

	Equity Attributable to the Parent Company								
	Shareholders' equity								
	Share capital	Share premium	Unrealised assets and liabilities revaluation reserve	Other Reserves	Net profit for the year	Equity adjustments for valuation	Translation differences	Non-controlling interests	Total Equity
Balances at 31 December 2014 (*)	**10,319**	**11,863**	**39,119**	**691,777**	**59,679**	**(6,212)**	**(70,336)**	**12,704**	**748,913**
Total recognised income/expense	**-**	**-**	**-**		**32,088**	**(319)**	**(12,383)**	**576**	**19,962**
Transactions with shareholders or owners	**-**	**-**	**-**	**-**	**(17,997)**	**-**	**-**	**(3,224)**	**(21,221)**
Dividends paid (Note 4)	-	-	-	-	(17,997)	-	-	(3,224)	(21,221)
Transactions with Non-controlling interests	-	-	-	-	-	-	-	-	-
Other changes in equity	**-**	**-**	**-**	**41,682**	**(41,682)**	**-**	**-**	**-**	**-**
Business combinations	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	-	-	41,682	(41,682)	-	-	-	-
Balances at 30 June 2015 (*)	**10,319**	**11,863**	**39,119**	**733,459**	**32,088**	**(6,531)**	**(82,719)**	**10,056**	**747,654**
Balances at 31 December 2015 (*)	**10,319**	**11,863**	**39,119**	**734,288**	**41,041**	**(5,142)**	**(127,748)**	**11,187**	**714,927**
Total recognised income/expense	**-**	**-**	**-**	**364**	**14,760**	**(2,751)**	**40,600**	**252**	**53,225**
Transactions with shareholders or owners	**-**	**-**	**-**	**-**	**(17,997)**	**-**	**-**	**(1,354)**	**(19,351)**
Dividends paid (Note 4)	-	-	-	-	(17,997)	-	-	(1,935)	(19,932)
Transactions with Non-controlling interests	-	-	-	-	-	-	-	581	581
Other changes in equity	**-**	**-**	**-**	**23,044**	**(23,044)**	**-**	**-**	**(537)**	**(537)**
Business combinations	-	-	-	-	-	-	-	(537)	(537)
Transfers between equity items	-	-	-	23,044	(23,044)	-	-	-	-
Balances at 30 June 2016	**10,319**	**11,863**	**39,119**	**757,696**	**14,760**	**(7,893)**	**(87,148)**	**9,548**	**748,264**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 18 are an integral part of the summarised consolidated statement of changes in equity for the six month period ended 30 June 2016.

Construcciones y Auxiliar de Ferrocarriles, S.A. and Subsidiaries composing the CAF Group

Summarised Consolidated Statements of Cash Flows for the six month periods ended 30 June 2016 and 2015 (Notes 1 and 2) (Thousand of euros)

	30.06.16	30.06.15 (*)
Cash flows from operating activities:		
Profit (Loss) before tax for the year from continuing and discontinued operations	23,968	44,340
Adjustments for-		
Depreciation and amortisation charge (Notes 5 and 7)	18,519	20,749
Other adjustments to profit(loss) net	17,729	5,532
Changes in working capital-	132,158	(109,750)
Other cash flows from operating activities-		
Income tax recovered (paid)	(2,257)	(7,925)
Other amounts received (paid) relating to operating activities	(919)	(1,105)
Cash flows from operating activities (I)	**189,198**	**(48,159)**
Cash flows from investing activities:		
Payments due to investment-		
Group companies, associates and business units	(35)	(1,595)
Property, plant and equipment, intangible assets and investment property (Notes 5 and 7)	(10,823)	(7,194)
Business unit (changes in the scope of consolidation)	-	-
Other net financial assets (Note 6)	(24,993)	(2,591)
Proceeds from disposal-		
Group companies, associates and business units (Note 3)	581	-
Property, plant and equipment, intangible assets and investment property (Notes 5 and 7)	55	93
Other financial assets (Note 6)	9,252	12,335
Other cash flows from investing activities		
Interest received	1,888	4,801
Cash flows from investing activities (II)	**(24,075)**	**5,849**
Cash flows due to financing activities:		
Proceeds (payments) relating to equity instruments-		
Issuance	-	-
Acquisition	-	-
Proceeds/(Payments) relating to financial debts (Note 9)-		
Issuance	99,233	137,794
Repayment	(247,020)	(83,105)
Dividends and returns on other equity instruments		-
Other cash flows from financing activities (Note 9)-		
Interest paid	(30,545)	(26,343)
Cash flows from financing activities (III)	**(178,332)**	**28,346**
Effect of foreign exchange rate changes and equivalents (IV)	**799**	**(501)**
Net increase in cash and cash equivalents (I+II+III +IV)	**(12,410)**	**(14,465)**
Cash and cash equivalents at beginning of year	297,440	197,111
Cash and cash equivalents at the end of year	**285,030**	**182,646**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 18 are an integral part of the summarised consolidated statement of cash flows for the six month period ended 30 June 2016.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 18). In the event of a discrepancy, the Spanish-language version prevails.

Construcciones y Auxiliar de Ferrocarriles, S.A. and Subsidiaries (CAF Group)

Notes to the Summarised Consolidated Financial Statements for the six-month period ended 30 June 2016

1. Description and activities of the Parent Company

Construcciones y Auxiliar de Ferrocarriles, S.A. ("CAF" or "the Parent Company") was incorporated for an indefinite period of time in San Sebastián (Guipúzcoa).

The Parent Company's object is described in Article 2 of its bylaws.

The Parent Company's main activity is the manufacture of railway materials.

The Parent Company, as part of its business activities, owns majority ownership interests in other companies (see Note 3).

The CAF Group's consolidated financial statements for 2015 were approved by the shareholders at the CAF´s Annual General Meeting held on 11 June 2016.

2. Basis of presentation of the summarised consolidated interim financial statements

a) Basis of presentation

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, every company governed by the laws of a European Union member state, and having its equity shares listed on a regulated market of any of its member states is required to file its consolidated financial statements for the reporting periods starting on or after 1 January 2005, in compliance with such International Financial Reporting Standards (IFRS) as may have been previously adopted by the European Union.

The Group's 2015 consolidated financial statements were prepared by the Parent Company Directors in compliance with the International Financial Reporting Standards adopted by the European Union, and applying the basis of consolidation, accounting standards and measurement bases described in Note 3, so as to present fairly the Group's consolidated equity and financial position, consolidated results of operations, consolidated changes in equity, and consolidated cash flows for the reporting period ended on 31 December 2015.

These summarised consolidated interim financial statements are in compliance with IAS 34 on interim financial reporting, and were prepared by the Group Directors on 27 July 2016, all the above in accordance with Section 12 of Royal Decree 1362/2007. This summarised interim consolidated financial information is based on the accounting records of Construcciones y Auxiliar de Ferrocarriles, S.A. and the other companies comprising the Group, and includes all necessary adjustments and reclassifications to make the accounting and reporting policies applied by all the Group companies (in all cases, regional legislation) consistent with those applied by Construcciones y Auxiliar de Ferrocarriles, S.A. for the purposes of the consolidated financial statements.

Pursuant to IAS 34, the only purpose of interim financial reporting is to update the contents of the latest consolidated financial statements presented by the Group, placing emphasis on any new activity, event or circumstance occurred over the six-month period, but not repeating the information previously reported on the

2015 consolidated financial statements. Therefore, for a better understanding of the information contained in these summarised consolidated six-month financial statements, they should be read together with the Group's 2015 consolidated financial statements.

These six-monthly summarised consolidated financial statements were prepared using the same accounting policies and methods used for the 2015 consolidated financial statements, except for the standards and interpretations which came into force during the first half of 2016, which are detailed below.

b) New accounting standards in force

During the first half of 2016, no new standards have become effective with a significant impact in the preparation of the summarised consolidated financial statements.

On the day of preparation of the summarised consolidated financial statements, the IFRS 15 "Revenue recognition", the IFRS 9 "Financial Instruments" and the IFRS 16 "Leases" which will enter into force in future years, had been published by the IASB but were not endorsed by the European Union. The Group is currently studying all the possible impacts that the implementation of such standards will have in the future and it is not possible to provide a fair estimate of their effects until such analysis have been completed.

c) Estimates

The consolidated profit(loss) and equity are sensitive to the accounting standards and principles, measurement bases and estimates applied by the Parent Company Directors when preparing the summarised consolidated interim financial statements. The main accounting policies and principles and measurement criteria are indicated in Note 3 to the consolidated financial statements for 2015.

The summarised consolidated interim financial statements incorporate a number of estimates made by the Senior Management of the Parent Company and consolidated entities to measure certain items of their assets, liabilities, income, expense and commitments registered therein. These estimates, which are based on the best available information, basically refer to:

1. The corporate tax expense, which under IAS 34 is recognised on interim periods according to the best estimate of weighted average tax rate calculated by the Group for the whole year;

2. The assessment of possible impairment losses on certain assets.

3. The assumptions used in the actuarial calculations of pension and other staff-related obligations;

4. The useful life of the property, plant and equipment and intangible assets;

5. The market value of certain financial assets;

6. The calculation of provisions;

7. The assessment of the possibility to have future taxable profits to which to apply any recognised and unused tax credits.

8. The evolution of costs estimated in the budgets of construction projects carried out.

Even though these estimates were made according to the best available information on the analysed facts, future events might make it necessary to change these estimates (upward or downward) at 2016 year-end or in coming years. These changes would be applied prospectively in accordance with IAS 8, recognising the effects of the change in estimates in the consolidated income statements for the years concerned.

No significant changes were made to the estimates used at 2015 year-end during the six-month period ended on 30 June 2016.

d) *Contingent assets and liabilities*

Note 25 to the Group's consolidated financial statements for the reporting period ended on 31 December 2015 contains information on the contingent assets and liabilities as at that date.

In March 2014, the Brazilian Administrative Council for Economic Defence (CADE), after completing the administrative investigation started in May 2013 due to the involvement of several railway manufacturers, including the subsidiary of CAF Group in Brazil, initiated some administrative procedures as a result of possible anti-competitive practices. The Company filed its preliminary reply and has been cooperating on an ongoing basis with the authorities and providing the requested information. The related penalties of such processes could include some administrative fines, reimbursements of additional costs, a disqualification order to operate for a certain period in new bids and /or criminal charges. At the date of preparation of these consolidated interim financial statements, no financial claim whatsoever had been filed against this subsidiary. Likewise, as a result of the process, a bank account has been blocked for an amount of EUR 208 thousand and an appeal has been filed. On 30 June 2016 the actions filed by CAF Brasil against such blocking have been upheld and it is being expected the final unblocking to be communicated.

In addition, as a result of the investigations carried out by the CADE, other authorities such as the public authorities of Sao Paulo (Ministerio Público Estadual de Sao Paulo-MP/SP) have initiated legal procedures. On the date of the preparation of these consolidated interim financial statements, the Group was not summoned to provide evidence and it did not responded as the involved parts were not summoned. Likewise, and as a result of the investigations undertaken by CADE, an administrative procedure was opened by the Court of Auditors, and the subsidiary presented the related interim response in the first half of 2016. The investigations related to this procedure are expected to continue in the second half of 2016.

e) *Comparative information*

The information reported on these summarised consolidated interim financial statements for 2015 is presented exclusively for comparison purposes with the information relating to the six-month period ended on 30 June 2016.

f) *Seasonal nature of the Group's transactions*

Given the nature of the activities conducted by the Group's Companies and the percentage of completion accounting criterion, the Group's transactions are not cyclical or seasonal. Therefore, these notes to the summarised consolidated financial statements for the six-month period ended 30 June 2016 do not contain any specific breakdown.

g) *Relative importance*

Pursuant to IAS 34, when determining which details to disclose in these notes to the summarised consolidated financial statements in relation to the various items of the financial statements or other issues, the Group has considered the relative importance of the summarised consolidated financial statements for the six-month period.

h) *Subsequent events*

At 30 June 2016, the firm backlog amounted to EUR 5,874 million.

In addition, on 15 July 2016 the contract awarded to CAF by Municipio del Distrito Metropolitano from Quito entered into force, for an amount close to USD 183 million, including the supply of 18 trains of 6 carriages each. Such units will operate in the first line of Quito Metro, which will cross the city between Quitumbe in the South and El Labrador in the North.

No other significant events have taken place since the end of these consolidated interim financial statements.

i) Summarised consolidated cash flow statement

The following terms, with the meanings specified, are used in the summarised consolidated cash flow statement:

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities are activities that result in changes in the size and composition of the equity and borrowings of the Group.

3. Changes in the Group's structure

The Note 2.f to the consolidated financial statements for the year ended 31 December 2015 provides relevant information on the Group companies that were consolidated on that date and on the companies accounted for using the equity method.

During the first six months of 2016, the Group did not undertake any business combinations nor did it make any acquisitions or increases in the shareholdings in subsidiaries or associates.

In the first half of 2016, the following transactions of ownership interests decrease were carried out:

DECREASE IN OWNERSHIP INTERESTS HELD IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATES OR OTHER SIMILAR TRANSACTIONS (CURRENT PERIOD)					
Name of the company (or business line) disposed of, separated or written off	Category	Effective transaction date	% voting rights disposed of or written off	% total voting rights in the company after disposal	Earnings/loss obtained (thousand of Euros)
Nuevas Etrategias de Mantenimiento, s.l.	Disposal of ownership interest	18/05/2016	35%	50%	4,608

On 18 May 2016 the CAF Group sold 35% of the shares of Nuevas Estrategias de Mantenimiento, S.L. (NEM). This transaction involved the loss of control on said company, and a joint-control with the new partner is now in place. The transaction amounts to EUR 3,150 thousand approximately (considering a treasury in the company of EUR 2,591 thousand on the date of the operation), which was fully paid. After the company loss of control, the Group recorded under the heading "Investments accounted for by using the equity method" its remaining shareholding initially valued at its fair value, estimated in EUR 4,500 thousand. The remaining gain of the transaction, amounting to EUR 4,608 thousand, was recorded under "Impairment and gains or losses on disposals of non-current assets" in the accompanying summarised consolidated income statement.

4. Dividends payable by the Parent Company

Detailed below are the dividends payable by the Parent Company as at July 2016 and 2015, respectively, for the distribution of profits approved for the previous year. All of them were for common shares. The Group recognised those amounts (net of any applicable tax withholding) by crediting them to "Current financial liabilities – Other financial liabilities" on the summarised consolidated balances sheets at 30 June 2016 and 2015, respectively:

	30.06.16			30.06.15		
	% par value	Euros per share	Amount (Thousands of Euros)	% par value	Euros per share	Amount (Thousands of Euros)
Total dividends payable (Note 9)	174 %	5.25	17,997	174%	5.25	17,997

5. Intangible assets

The changes in "Intangible assets" and the related accumulated amortisation during the six-month period ended 30 June 2016 is as follows:

	Thousands of Euros			
	Development expenditure	Computer software and others	Goodwill	Total
Balance at 31.12.15				
Cost	106,979	18,981	15	125,975
Accumulated amortisation	(59,697)	(14,923)	-	(74,620)
Impairment	(16,621)	-	-	(16,621)
Net balance at 31.12.15	**30,661**	**4,058**	**15**	**34,734**
Cost-				
Translation differences	2	65	-	67
Inflows	5,839	707	-	6,546
Write-downs	-	-	-	-
Transfers (Note 8)	(357)	(1)	-	(358)
Cost at 30.06.16	**112,463**	**19,752**	**15**	**132,230**
Accumulated amortisation-				
Translation differences	(2)	(39)	-	(41)
Additions or provisions	(4,040)	(643)	-	(4,683)
Write-downs	-	-	-	-
Transfers (Note 8)	146	(11)	-	135
Accumulated amortisation at 30.06.16	**(63,593)**	**(15,616)**	**-**	**(79,209)**
Impairment-				
Impairment Balance at 30.06.16	**(16,621)**	**-**	**-**	**(16,621)**
Net balance at 30.06.16	**32,249**	**4,136**	**15**	**36,400**

Additions during 2016 first semester recognised as "Development expenditure" were related to the costs incurred in projects to develop new products and projects after considering that there were no reasonable doubts for their economic and commercial profitability.

During the first half of 2016 and 2015 there was no impairment whatsoever and there were no substantial changes in the profitability assumptions and estimates of the development projects for which impairments had been recorded in previous years.

6. Financial assets

a) Composition and breakdown

Below is a breakdown of the Group's financial assets at 30 June 2016 and 31 December 2015, by nature and category, for measurement purposes:

	Thousands of euros						
	30.06.16						
	Financial assets held for negotiation (**)	Other financial assets at fair value through profit or loss	Financial assets held for sale (*)	Loans and accounts receivable (*)	Held-to-Maturity Investments	Hedging derivatives (***)	Total
Equity instruments	-	-	9,448	-	-	-	9,448
Derivatives	-	-	-	-	-	5,930	5,930
Other financial assets	-	-	-	604,904	16,466	-	621,370
Long-term / Non-current	**-**	**-**	**9,448**	**604,904**	**16,466**	**5,930**	**636,748**
Derivatives	-	-	-	-	-	33,197	33,197
Other financial assets	51,457	-	-	893	60,123	-	112,473
Short-term / Current	**51,457**	**-**	**-**	**893**	**60,123**	**33,197**	**145,670**
Total	**51,457**	**-**	**9,448**	**605,797**	**76,589**	**39,127**	**782,418**

(*) Amounts net of the relevant impairment losses (Note 6.b).
(**) Measured at fair value (Level 1)
(***) Measured at fair value (Level 2)

	Thousands of euros						
	31.12.15						
	Financial assets held for negotiation (**)	Other financial assets at fair value through profit or loss	Financial assets held for sale (*)	Loans and accounts receivable (*)	Held-to-Maturity Investments	Hedging derivatives (***)	Total
Equity instruments	-	-	9,660	-	-	-	9,660
Derivatives	-	-	-	-	-	22,068	22,068
Other financial assets	-	-	-	567,535	13,634	-	581,169
Long-term / Non-current	**-**	**-**	**9,660**	**567,535**	**13,634**	**22,068**	**612,897**
Derivatives	-	-	-	-	-	32,864	32,864
Other financial assets	50,814	-	-	2,254	36,491	-	89,559
Short-term / Current	**50,814**	**-**	**-**	**2,254**	**36,491**	**32,864**	**122,423**
Total	**50,814**	**-**	**9,660**	**569,789**	**50,125**	**54,932**	**735,320**

(*) Amounts net of the relevant impairment losses (Note 6.b).
(**) Measured at fair value (Level 1)
(***) Measured at fair value (Level 2)

At 30 June 2016, the Group recognised EUR 15,260 thousand (EUR 12,602 thousand at 31 December 2015) under "Non-current held-to-maturity investments" on account of guarantees related to the extension of the financial debt held by the subsidiary Ctrens Companhia de Manutençao, S.A. (Note 9). This guarantee accrues a market interest rate and corresponds to six monthly payments of the loan, and will be released in the last six instalments of the loan between November 2025 and April 2026.

On 30 June 2016, the Group had recorded an impairment of equity instruments for an amount of EUR 2,073 thousand (EUR 1,824 thousand at 31 December 2015) and had charged EUR 249 thousand in the first half of the year under "Impairment and gains or losses on disposals of financial instruments".

Columns "Financial Assets held to negotiation" and “Held-to-maturity investments” basically include the Group’s investments in government debt securities, repos, deposits, promissory notes, and term deposits or investments funds. This amount includes EUR 25,000 thousand in both deposits or Repos related to the borrowings of the Provetren subsidiary. Such deposits will be unavailable until the full amortisation of the borrowings and until the completion of the Overhaul works related to the train fleet respectively. Such deposit may be released by means of guarantee of the same amount.

The breakdown of “Non-current loans and accounts receivable” is as follows:

	Thousands of euros	
	30.06.16	31.12.15
Loans to employees	5,133	5,126
Share ownership scheme	143	230
Non-current tax receivables	56,982	46,660
Provisions for tax payables	(15,352)	(12,404)
Non-current trade receivables	534,191	505,132
Loans to associates (Note 12)	23,507	22,329
Loans to third parties	300	462
Total	**604,904**	**567,535**

Column “Loans and receivables” under items “Other non-current financial assets” and “Other current financial assets” includes, among others, the Parent Company’s rights under the “Share Ownership Scheme”, acquired from Cartera Social, S.A., for a corresponding provision total net of EUR 143 thousand and EUR 630 thousand, respectively (EUR 230 thousand and EUR 832 thousand, respectively, at 31 December 2015), and the terms of which are detailed in Note 9.e to the Group’s consolidated financial statements for 2015. In 2016 first semester, an amount of EUR 3 thousand was reversed and credited to “Impairment and gains or losses on disposals of financial instruments” in the summarised consolidated income statement.

Likewise, at 30 June 2016, the Group recognised a net total of EUR 41,630 thousand under “Non-current financial assets – Loans and receivables” for the VAT refundable by foreign tax authorities (EUR 34,256 thousand at 31 December 2015). In the six-month period ended on 30 June 2016, an additional provision of EUR 216 thousand was recognised and charged to “Impairment and gains or losses on disposals of non-current assets” in the accompanying summarised consolidated income statement for the six-month period.

The non-current trade receivables include an amount of EUR 6,526 thousand and EUR 1,139 thousand for current receivables (EUR 7,018 thousand and EUR 1,106 thousand respectively at 31 December 2015) related to a financial lease agreement for rolling stock for which the Group will receive regular lease payments in monthly instalments for a period of 120 months.

In 2010 the Group signed two concession contracts in Brazil and Mexico, respectively, whose terms and conditions are described in Note 9.e to the consolidated financial statements for 2015. These concession contracts are accounted for by applying IFRIC 12 – Financial Asset Model, given that they both meet the eligibility criteria, and the Group thus segregated the different services being rendered (construction, operation/maintenance and financing), as provided in that standard. Consequently, the Group recorded a total of EUR 527,665 thousand and EUR 128,491 thousand in “Loans and receivables” of non-current financial assets and “Other receivables” of current assets, respectively, at 30 June 2016, related to the construction activity and the services provided to date, net of invoicing (EUR 498,114 thousand and EUR 112,306 thousand at 31 December 2015). The Group began providing services essentially in the first half of 2011 in the case of Line 8 (Brazil) and in the second half of 2012 in the case of Line 12 (Mexico).

In both contracts, the future flows from instalments have been fully assessed and guaranteed from the time they were originally signed. The only potentially variable amount in the instalments refers exclusively to the penalties that may exist in relation to the technical performance of the railway material provided to the customer. There is no demand risk for the CAF Group with regard to these contracts given that the financial flows receivable are not related to the influx of passengers.

At 30 June 2016, the Group had recorded EUR 505 thousand under “Trade and other receivables – Other receivables” as a receivable from Cartera Social, S.A., being fully paid before the date of preparation of these summarised consolidated financial statements (Note 12).

b) Valuation adjustments for impairment

Below are the changes that have taken place during the first half of 2016 and 2015 in the amounts of the provisions covering asset impairment losses, including non-current balances with Public Authorities, which form part of the balance in “Non-current financial assets”.

Non-current Financial Assets	Thousands of Euros	
	30.06.16	30.06.15
Opening balance	**(14,228)**	**(17,771)**
Translation differences	(2,732)	1,178
Provisions charged to “Impairment and gains or losses on disposals of non-current assets”	(216)	(87)
Provisions charged to “Impairment and gains or losses on disposals of financial instruments”	(249)	(418)
Ending balance	**(17,425)**	**(17,098)**

7. Tangible assets

a) Changes in the period

During the six first months of 2016 and 2015 there have been new additions of property, plant and equipment amounting to EUR 4,203 thousand and EUR 2,758 thousand respectively. The main additions in the first half of 2016 are related to the automation of the lines of machines and improvements in rolling stock division of the Parent Companies. Besides, during 2016 and 2015 first semesters, certain items were disposed of at the net book value of EUR 11 thousand and EUR 67 thousand, respectively, resulting in EUR 33 thousand and EUR 26 thousand in net profit, respectively.

Provisions for depreciation for the six-month periods ended 30 June 2016 and 2015 amounted to EUR 13,832 thousand and EUR 15,283 thousand, respectively. Translation differences for the abovesaid semesters resulted in a positive amount of EUR 3,277 thousand and EUR 18 thousand, respectively.

The Group deducts the amount of any grants received for the acquisition of an asset from the carrying amount of the asset acquired. At 30 June 2016, the net amount of the grants received yet to be amortised totalled EUR 1,974 thousand (EUR 2,130 thousand at 31 December 2015). An amount of EUR 327 thousand was allocated to income for the six-month period ended on 30 June 2016 (EUR 505 thousand for the six-month period ended on 30 June 2015).

b) Impairment losses

The changes in Impairment losses during 2016 and 2015 first semesters are as follows:

	Thousands of Euros	
	30.06.16	30.06.15
Opening balance	**(8,484)**	**(7,003)**
Translation differences	35	-
Write-downs	10	-
Impairment charged to profit and loss for the Period	-	(674)
Ending balance	**(8,439)**	**(7,677)**

c) Commitments to purchase property, plant and equipment

At 30 June 2016 and 31 December 2015, the Group had firm capital expenditure commitments amounting to approximately EUR 4,381 thousand and EUR 6,023 thousand, respectively.

8. Inventories and Construction Contracts

The detail of inventories at 30 June 2016 and 31 December 2015 is as follows:

	Thousands of Euros	
	30.06.16	31.12.15
Raw materials and other procurements, work in progress and finished and semi-finished goods	59,411	58,298
Advances to suppliers	27,959	27,955
Total	**87,370**	**86,253**

The Group registers customer advances for its contracts on the portfolio by crediting them to “Trade and other payables – Other payables”. At 30 June 2016, this amount totalled EUR 535,931 thousand (EUR 261,850 thousand at 31 December 2015).

On the other hand, the Group recorded under the Heading "Trade and other receivables-Trade receivables for sales and services" the amount related to "Amounts to be billed for work performed", representing 64% approximately of the balance of such heading at 30 June 2016 (65% at 31 December 2015). At 30 June 2016 and 31 December 2015 the invoiced balances include an amount of EUR 137,790 thousand related to the contract with Metro de Caracas, an overdue balance for the works completed and invoiced to the customer whose recoverability will be made effective through the insurance police in force and through the offsetting of liabilities with the customer, mainly the provision stated in Note 11 and according to Note 12 of the consolidated financial statements for the fiscal year 2015. The balance of receivables includes withholdings in collections at 30 June 2016, totalling EUR 2,447 thousand (EUR 1,259 thousand at 31 December 2015).

The Group derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, and factoring without recourse of trade receivables. The amount of the outstanding accounts receivable which were cancelled by the Group, resulting from the above said transactions of "factoring without recourse" at 30 June 2016 is EUR 3,853 thousand (EUR 31,364 thousand at 31 December 2015).

9. Financial liabilities

Below is a breakdown of the Group's financial liabilities at 30 June 2016 and 31 December 2015, by nature and category, for measurement purposes:

Financial Liabilities: Nature/ Category	Thousands of Euros 30.06.16				
	Held-for-Trading Financial Liabilities	Other Financial Liabilities at Fair Value through Profit or Loss	Accounts Payable	Hedging derivatives (Note 14)	Total
Bank borrowings:	-	-	624,236	-	624,236
Other financial liabilities (without hedging derivatives)	-	-	47,138	-	47,138
Hedging derivatives	-	-	-	6,350	6,350
Long-term payables / Non-current financial liabilities	**-**	**-**	**671,374**	**6,350**	**677,724**
Bank borrowings:	-	-	139,443	-	139,443
Other financial liabilities (without hedging derivatives)	-	-	33,955	-	33,955
Hedging derivatives	-	-	-	76,210	76,210
Short-term payables / Current financial liabilities	**-**	**-**	**173,398**	**76,210**	**249,608**
Total	**-**	**-**	**844,772**	**82,560**	**927,332**

Financial Liabilities: Nature/ Category	Thousands of Euros 31.12.15				
	Held-for-Trading Financial Liabilities	Other Financial Liabilities at Fair Value through Profit or Loss	Accounts Payable	Hedging derivatives (see Note 14)	Total
Bank borrowings:	-	-	662,168	-	662,168
Other financial liabilities (without hedging derivatives)	-	-	51,833	-	51,833
Hedging derivatives	-	-	-	23,091	23,091
Long-term payables / Non-current financial liabilities	**-**	**-**	**714,001**	**23,091**	**737,092**
Bank borrowings:	-	-	203,722	-	203,722
Other financial liabilities (without hedging derivatives)	-	-	18,202	-	18,202
Hedging derivatives	-	-	-	35,498	35,498
Short-term payables / Current financial liabilities	**-**	**-**	**221,924**	**35,498**	**257,422**
Total	**-**	**-**	**935,925**	**58,589**	**994,514**

a) Bank borrowings:

The subsidiary Ctrens – Companhia de Manutençao, S.A. subscribed a financing contract with Banco Nacional de Desenvolvimiento Econômico e Social (BNDES) related to the CPTM concession transaction. At 30 June 2016 the outstanding balance amounts to BRL 741,314 thousand, equivalent to EUR 206,530 thousand, from which EUR 191,896 thousand mature in the long term and EUR 14,634 thousand mature in the short term (EUR 164,924 thousand on the long term and EUR 11,659 thousand on the short term at 31 December 2015).

Likewise, on 7 December 2012, the subsidiary Provetren, S.A. de C.V. subscribed a long-term financing contract totalling US$ 300 million. At 30 June 2016 the financial liability recorded amounts to USD 172,278 thousand, equivalent to EUR 155,171 thousand, from which EUR 131,852 thousand mature in the long term and EUR 23,319 thousand mature in the short term (EUR 146,040 thousand on the long term and EUR 23,201 thousand on the short term at 31 December 2015).

The main terms of both loans are detailed in the Note 16 of the consolidated financial statements for 2015.

During the first half of 2016, the Parent Company signed new financing policies maturing within 1 and 7 years for a total of EUR 69,007 thousand, and the loan repayments amounted to EUR 136,765 thousand. At 30 June 2016, the Parent Company had drawn non-current and current loans for a total of EUR 299,391 thousand and EUR 14,007 thousand (EUR 350,053 thousand in non-current and EUR 30,917 in current at 31 December 2015). Out of such drawn amount EUR 280 millions are subject to a market fixed interest rate (20 millions through an interest swap, Note 14).

In the 2016, the subsidiary CAF Brasil Industria e Comercio, S.A. has drawn down, approximately, EUR 28 millions of new financing and has paid an amount of EUR 22 millions so as to finance its working capital amounting the balance at 30 June 2016 to EUR 83,180 thousand, maturing in the short term. The rest of the financial payable totalling EUR 5,400 thousand, of which EUR 4,303 thousand has a current maturity, is related to loans received by other subsidiaries and to outstanding interest payments. Likewise, the company CAF USA, Inc. which at 31 December 2015 had used borrowing for EUR 27,586 thousand, settled its position in the first months of 2016.

At 30 June 2016 the consolidated companies held credit facilities not used maturing in less than a year for an amount of EUR 199,775 thousand.

The effects of translations differences during 2016 first semester under "Non-current financial liabilities – Bank borrowings" and "Current financial liabilities – Bank borrowings" increased the balance in an amount of EUR 29,301 thousand and EUR 16,465 thousand, respectively.

b) Other financial liabilities

Below is a breakdown of items "Non-current financial liabilities – Other financial liabilities" and "Current financial liabilities (without hedging derivatives) – Other financial liabilities" on the summarised consolidated balance sheet at 30 June 2016 and 31 December 2015:

Non-current financial liabilities – Other financial liabilities	Thousands of Euros	
	30.06.16	31.12.15
Refundable advances	43,374	47,172
Commitments to employees	2,616	3,005
Other	1,148	1,656
	47,138	**51,833**

Current financial liabilities – Other financial liabilities	Thousands of Euros	
	30.06.16	31.12.15
Refundable advances	14,055	15,021
Net dividends payable (Note 4) (*)	18,047	-
Other	1,853	3,181
	33,955	**18,202**

(*) It includes EUR 1,935 thousand for dividend payable to non-controlling interests.

Refundable advances

By reason of various research and development programmes, the Group received certain grants to conduct research and development projects, which were recognised when actually collected or, if applicable, when collected by the coordinator of the joint project. This aid consisted of:

- Grants to partially meet the expenses and costs of these projects.

- Refundable advances generally in the form of interest-free loans, which usually have an initial grace period of 3 years and are taken to income in a period of over 10 years.

Grants must be refunded together with the related interest if the R&D investments envisaged under these projects are not made.

Commitments to employees

At 30 June 2016, “Non-current financial liabilities – Other financial liabilities” and “Trade and other payables – Other accounts payable” in the accompanying summarised consolidated balance sheet included about EUR 2,616 thousand and EUR 2,471 thousand, respectively (EUR 3,005 thousand and EUR 2,298 thousand, respectively, at 31 December 2015), relating to the present value estimated by the Directors of the future payments to be made to employees of the Parent Company who had entered into hand-over contracts and employees who would be beneficiaries of the early retirement plan approved in 2013. To that end, in the 2016 six months period the Group allocated an amount of EUR 1,028 thousand, charged to “Staff costs” in the summarised consolidated income statement (charge for EUR 84 thousand in the first half of 2015).

The obligations undertaken with certain employees described in Note 15 to the 2015 consolidated financial statements, as well as their future amendments and any amount accrued for the services rendered, are charged to the corresponding income statement, which resulted in expenses totalling EUR 315 thousand and an Income totalling EUR 169 thousand, recorded under “Staff costs” for the six-month periods ended on 30 June 2016 and 2015, respectively.

10. Equity

a) Issued capital

At 30 June 2016, the Parent Company's share capital consisted of 3,428,075 fully subscribed and paid shares of EUR 3.01 par value each, traded by the book-entry system. CAF’s shares are listed on Madrid, Barcelona, Bilbao and Valencia stock exchanges. During the last two years, the Parent Company held this amount of Share Capital.

On 11 June 2016, the CAF’s Annual General Meeting, in its point five of the agenda, approved the split of the Parent Company shares through a par value reduction of EUR 3.01 to EUR 0.301 per share, in the proportion of 10 new shares per one old share, without changing the amount of share capital, empowering the Board of Directors to undertake any necessary actions for executing such agreement. Notwithstanding the foregoing, at 30 June 2016, the Board of Directors had not executed this transaction.

b) Equity adjustments for changes in value

Cash flow hedges

This item of the summarised consolidated balance sheet contains the net valuation change in financial derivatives designated as cash flow hedges.

The changes in this item during the first half of 2016 are as follows:

	Thousands of euros
Balance at 31.12.15	**(5,142)**
Income and expenses recognised	(11,642)
Transfer to profit or loss	8,328
Tax effect	563
Balance at 30.06.16	**(7,893)**

Translation differences

This item of the summarised consolidated balance sheet contains the net translation differences from non-monetary items having a fair value adjusted against equity, and especially, those resulting from converting into Euros the functional-currency-denominated balances of the consolidated companies having a functional currency other than the Euro.

Detailed below are the changes in this item during the first semesters of 2016 and 2015:

	Thousands of Euros	
	30.06.16	30.06.15
Opening balance	**(127,748)**	**(70,336)**
Net changes in the period	40,600	(12,383)
Ending balance	**(87,148)**	**(82,719)**

The currency that generated more variation in translation differences during the first six months of 2016 is the Brazilian real.

c) *Capital management*

The Group's capital management is aimed at achieving a financial structure that optimises the cost of capital while ensuring a sound financial position. This policy makes it possible to make the creation of value for shareholders compatible with access to financial markets at a competitive cost in order to meet both debt refinancing needs and the investment plan financing requirements not covered by funds generated by the business activities carried on.

The directors of the CAF Group consider that the fact that the leverage ratio with recourse to the Parent Company is minimal is a good indicator of the degree to which the objectives set are being achieved. At 30 June 2016 and 31 December 2015, most of the borrowings were directly assigned to activities such as the concessions in Brazil and Mexico (Note 6). Leverage is taken to be the ratio of net financial debt to equity:

	Thousands of Euros	
	30.06.16	31.12.15
Net financial debt:		
Refundable advances with interests (Note 9)	12,340	11,431
Bank borrowings – Non-current liabilities (Note 9.a)	624,236	662,168
Bank borrowings – Current liabilities (Note 9.a)	139,443	203,722
Financial Investments - Non current assets (Note 6.a)	(15,260)	(12,602)
Temporary financial investments (Note 6.a)	(111,879)	(88,623)
Cash and cash equivalents	(285,030)	(297,440)
	363,850	**478,656**
Equity:		
Attributable to the Parent Company	738,716	703,740
Jointly-controlled interests	9,548	11,187
	748,264	**714,927**

11. Provisions and contingent liabilities

a) Composition

The breakdown of the balance of this item is shown below:

	Thousands of Euros	
	30.06.16	31.12.15
Long-term provisions for contingent liabilities and commitments	4,035	4,526
Short-term provisions	223,354	228,766
Total	**227,389**	**233,292**

b) Long-term provisions for contingent liabilities and commitments

No significant changes occurred in 2016 first semester compared to 2015 reporting period, and EUR 431 thousand were charged to "Staff costs", in the accompanying summarised consolidated income statement (EUR 858 thousand in the first half of 2015).

c) Short-term provisions

This item of the accompanying summarised consolidated balance sheet contains the Group's provisions basically for costs relating to contractual warranty and support services and other issues associated with its activity. The consolidated companies credited EUR 5,694 thousand to "Other operating expenses" (EUR 19,885 thousand credited to the same item during 2015 first semester) in the accompanying summarised consolidated income statement for 2016 due to the difference between the provisions required in this respect at the end of the reporting period and those recognised at the end of the previous one. The expenses incurred in 2016 and 2015 first semesters for the provision of contractual warranty services (approximately EUR 23,348 thousand and EUR 21,491 thousand, respectively) were recognised under "Supplies" and "Staff costs" in the accompanying summarised consolidated income statements for the abovesaid semesters.

The changes in this item during 2016 and 2015 are as follows (in thousands of Euros):

	Short-term provisions					Long-term provisions
	Contractual obligations	Technical guarantees and assistance	Litigation	Other provisions (*)	Total other short-term provisions	
Balance at 31.12.14	**147,133**	**108,123**	**7,694**	**2,379**	**265,329**	**5,075**
Net charge	(20,737)	40,961	(3,355)	(340)	16,529	1,636
Charges	(3,513)	(44,994)	(179)	(137)	(48,823)	(2,008)
Translation differences	(706)	(594)	-	-	(1,300)	(254)
Transfers	(1,081)	(1,888)	-	-	(2,969)	77
Balance at 31.12.15	**121,096**	**101,608**	**4,160**	**1,902**	**228,766**	**4,526**
Net charge	4,419	17,053	-	-	21,472	431
Charges	(716)	(23,348)	(3,052)	(50)	(27,166)	(919)
Translation differences	547	1,055	-	-	1,602	(3)
Transfers	(1,320)	-	-	-	(1,320)	-
Balance at 30.06.16	**124,026**	**96,368**	**1,108**	**1,852**	**223,354**	**4,035**

The provisions for contractual liabilities are mainly related to the late deliveries according to the production and shipment schedule and the agreed contractual obligations, as well as provisions for onerous contracts. The provisions for guarantees and technical assistance are related to the estimates of future consumptions (based on records and technical analysis) committed according to the term of guarantee agreed on the contracts.

In furtherance of the contractual obligations undertaken with Caracas Metro, the Group recorded a provision for EUR 66,535 thousand (EUR 66,535 thousand at 31 December 2015) (Note 8).

As for the litigation due to the cancellation of a contract stated in Note 20 of the consolidated financial statements for fiscal year 2015, in May 2016 the Supreme Court handed down a judgment, justifying the contract termination, which involved a payment by CAF Group of EUR 13,327 thousand in June. The charge for the year recorded under “Other operating expenses”, in the summarised consolidated income statement for 2016, after taking into account the provisions existing at 31 December 2015 was EUR 1,664 thousand.

12 Related parties

In addition to the Group’s subsidiaries, associates and jointly-controlled entities, the Group’s “related parties” are deemed to encompass the “key staff” of the Company Management (members of its Board of Directors and Directors, including their close relatives), as well as any entity over which the Management key staff may have significance influence or control.

Detailed below are the transactions carried out by the Group with related parties during the first six months of 2016 and 2015, with a distinction between significant shareholders, members of the Board of Directors and Directors of the Parent Company and other related parties. The terms and conditions of the transactions performed with related parties were at arm’s length, and the related compensation in kind was recognised.

Income and expense	Thousands of Euros 30.06.16 Significant shareholders	Group's individuals, companies or entities	Other related parties	Total
Expenses:				
Purchase of goods	-	-	1,254	1,254
	-	-	**1,254**	**1,254**
Income:				
Sales	-	-	14,158	14,158
Finance income	-	-	1,181	1,181
	-	-.	**15,339**	**15,339**

Income and expense	Thousands of Euros 30.06.15 Significant shareholders	Group's individuals, companies or entities	Other related parties	Total
Expenses:				
Purchase of goods	-	-	27	27
	-	-	**27**	**27**
Income:				
Sales	-	-	11,519	11,519
Finance income	-	-	652	652
	-	-	**12,171**	**12,171**

Sales with "Other related parties" during 2015 and 2016 first semesters involved mainly Ferrocarriles Suburbanos, S.A. de C.V. and Plan Metro, S.A., companies in which CAF Group holds jointly controlled interest with other partners.

13. Remuneration and other payments to the Company's Board of Directors and Senior Management

In 2016 and 2015 first semesters, the Parent Company recognised approximately EUR 685 thousand and EUR 662 thousand for remunerations, per diems and life insurances earned by its Directors, whereas the Directors of the subsidiaries did not accrue any amount on this account. At 30 June 2016 and 31 December 2015, neither the Parent Company's Board of Directors nor their subsidiaries' had granted any advance, guarantee or loan to their current or former board members.

The remuneration to the Parent Company's Senior Management, as required in the Corporate Governance Report, according to its binding definition of "Senior Management", amounts to EUR 1,106 thousand in the first half of 2016. In the first half of 2015 they were broken down in the previous section, for being simultaneously members of the Board of Directors.

In the first half of 2016 and 2015 there were no other transactions with senior executives.

14. Derivative financial instruments

The CAF Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly risks arising from changes in exchange rates (for further details, see Note 17 to the 2015 consolidated financial statements). The CAF Group uses derivatives as foreign currency hedges in order to mitigate the potential adverse effect that changes in exchange rates might have on future cash flows relating to transactions and loans in currencies other than the functional currency of the company concerned.

The breakdown of the net balances of derivatives, basically fair value hedges, recognised in the consolidated balance sheets at 30 June 2016 and 31 December 2015 is as follows:

Valuation	Thousands of euros			
	Fair Value		Cash flows	
	30.06.16	31.12.15	30.06.16	31.12.15
Coverage-				
USD foreign currency hedges	(16,707)	(18,467)	-	-
GBP foreign currency hedges	(535)	195	-	-
MXP foreign currency hedges	(3,017)	(64)	-	-
BRL foreign currency hedges	(7,662)	6,041	-	-
CHF foreign currency hedges	(131)	(131)	-	-
EUR foreign currency hedges	(12,007)	(101)	-	-
AUD foreign currency hedges	77	-	-	-
SEK foreign currency hedges	(288)	(365)	-	-
NZD foreign currency hedges	(42)	-	-	-
SAR foreign currency hedges	6,195	7,217	-	-
TWD foreign currency hedges	263	739	-	-
ZAR foreign currency hedges	(20)	(7)	-	
HUF foreign currency hedges	(66)	191	-	
CAD foreign currency hedges	5		-	
Interest rate hedges	40	(100)	(9,538)	1,195
Measurement at year-end (*)	**(33,895)**	**(4,852)**	**(9,538)**	**1,195**

(*) Before considering the related tax effect.

On top of the items of the table above, at 30 June 2016, the associate SEM Los Tranvías de Zaragoza, S.A. arranged various financial swaps relating to the face value of its financial debt. These financial swaps were designated as cash flow interest rate hedges, and the negative assessment thereof attributable to the Group amounted to EUR 6,880 thousand, net of the related tax effect.

The maturities of the interest rate derivatives, cash flows hedges are as follows:

Maturity (in currency)	30.06.16		
	2016	2017	2018 and subsequent years
Swap Euribor (EUR)	-	-	EUR 20,000,000
Cross-currency-swap CDI (BRL)	BRL 114,800,000	BRL 72,000,000	-
Swap LIBOR (USD)	USD 10,199,320	USD 21,238,584	USD 108,832,744

The maturities of the exchange rate derivatives are as follows:

Maturity (in Currency)	30.06.16		
	2016	2017	2018 and subsequent years
Sales hedged			
Fair value hedge			
USD foreign currency hedges (*)	373,146,357	138,545,005	56,019,600
GBP foreign currency hedges	28,952,963	7,433,882	231,256,419
EUR foreign currency hedges	16,816,253	-	-
BRL foreign currency hedges	145,316,183	8,417,000	-
SEK foreign currency hedges	228,978,584	-	-
NZD foreign currency hedges	500,000	-	-
SAR foreign currency hedges	495,772,864	-	-
AUD foreign currency hedges	2,015,596	14,289,903	64,919,838
TWD foreign currency hedges	619,378,780	-	-
MXP foreign currency hedges	2,218,378,240	-	-
CAD foreign currency hedges	1,114,411	-	-
HUF foreign currency hedges	4,265,748,916	-	-
Purchases hedged			
Fair value hedge			
USD foreign currency hedges	19,147,850	17,028,630	-
EUR foreign currency hedges	123,383,520	-	-
GBP foreign currency hedges	2,000,000	782,000	-
MXP foreign currency hedges	59,767,000	-	-
BRL foreign currency hedges	11,654,562	-	-

(*) Including the hedge of the net investment in CAF USA, Inc. and in Provetren, S.A. de C.V. amounting to USD 179,938 thousand.

Maturity (in Currency)	31.12.15 2016	2017	2018 and subsequent years
Sales hedged			
Fair value hedge			
USD foreign currency hedges (*)	366,133,945	138,995,784	-
GBP foreign currency hedges	28,999,253	-	68,204,871
EUR foreign currency hedges	20,550,367	-	-
BRL foreign currency hedges	115,113,533	-	-
SEK foreign currency hedges	276,206,561	-	-
AUD foreign currency hedges	500,000	-	-
TWD foreign currency hedges	687,732,668	-	-
SAR foreign currency hedges	520,982,164	-	-
MXP foreign currency hedges	2,257,637,478	-	-
CAD foreign currency hedges	3,027,862	-	-
ZAR foreign currency hedges	18,357,300	-	-
HUF foreign currency hedges	5,019,184,783	-	-
Purchases hedged			
Fair value hedge			
USD foreign currency hedges	36,048,990	17,028,630	-
EUR foreign currency hedges	65,653,484	-	-
BRL foreign currency hedges	44,983,891	-	-
MXP foreign currency hedges	59,767,000	-	-
GBP foreign currency hedges	2,500,000	-	-
SAR foreign currency hedges	3,638,765	-	-

(*) Including the hedge of the net investment in CAF USA, Inc. and in Provetren, S.A. de C.V. amounting to USD 163,940 thousand.

In 2016 and 2015 first semesters, the CAF Group's hedging transactions were barely inefficient.

The reconciliation between the valuation at the year end and the balances included in the balance sheet is as follows (in thousand of euros):

	30.06.16	31.12.15
Non-current assets	5,930	22,068
Current assets	33,197	32,864
Non-current liabilities	(6,350)	(23,091)
Current liabilities	(76,210)	(35,498)
Total, net	**(43,433)**	**(3,657)**
Fair Value	(33,895)	(4,852)
Cash flows	(9,538)	1,195
Total derivatives valuation	**(43,433)**	**(3,657)**

15. Segment information

Note 6 to the consolidated financial statements for the year ended on 31 December 2015 details the criteria used by the Company to define its operating segments. The criteria applied for segment definition remained unchanged.

Below is a breakdown of revenues, by geographical area, at 30 June 2016 and 2015:

Revenue by Geographical Area	Thousands of Euros	
	30.06.16	30.06.15
Domestic market	140,322	119,685
Exports		
a) European Union	125,428	166,310
b) OECD countries	212,559	145,177
c) Other countries	153,559	228,828
Total	**631,868**	**660,000**

The breakdown of sales by product type and services rendered is as follows (thousands of euros):

	30.06.16	30.06.15
High-speed trains	23,787	-
Regional and local trains	162,089	222,314
Metros	133,122	71,532
Trams and light rails	55,917	106,131
Bogies, renovations and others	16,918	34,393
Trains	**391,833**	**434,370**
Services	**169,521**	**161,826**
Wheelsets and components	**37,920**	**46,343**
Remainder	**32,594**	**17,461**
Total	**631,868**	**660,000**

The reconciliation of revenue by segment and consolidated revenue at 30 June 2016 and 2015 is as follows:

Revenue	Thousands of Euros					
	30.06.16			30.06.15		
	External income	Inter-segment income	Total Revenue	External income	Inter-segment income	Total Revenue
Rolling Stock	593,948	-	593,948	613,657	-	613,657
Wheelsets and components	37,920	14,826	52,746	46,343	18,227	64,570
(-) Revenue adjustments and write-offs among segments	-	(14,826)	(14,826)	-	(18,227)	(18,227)
Total	**631,868**	**-**	**631,868**	**660,000**	**-**	**660,000**

Reconciliation of segment revenues with consolidated revenues at 30 June 2016 and 2015 is as follows:

	Thousands of Euros	
	30.06.16	30.06.15
Rolling Stock	37,547	52,637
Wheelsets and components	234	5,349
General (*)	(22,769)	(25,319)
Profit(loss) after tax	**15,012**	**32,667**

(*) In addition to some non-allocated overheads, it includes the non-allocated finance income and Corporate Tax expense corresponding to segments “Railway” and “Rolling stock and components”, as both segments overlap at several entities and there is no reasonable criteria to apply for their allocation.

16. Average headcount

The average headcounts for the six-month periods ended on 30 June 2016 and 2015 are as follows:

	Number of employees	
	30.06.16	30.06.15
Men	6,450	6,938
Women	974	1,025
Total	**7,424**	**7,963**

17. Tax matters

The Group calculated the provision for Corporate Tax at 30 June 2016 by applying the tax regulations in force. However, should a new tax treatment arise from tax legislation amendments which comes to be different from the current tax treatment, the new treatment will be immediately applied to the financial statements presented as of the date of its entry into force.

The amount payable on the estimated Corporate Tax for the six-month period ended on 30 June 2016 was recognised under “Trade and other payables – Current tax liabilities” in the accompanying summarised consolidated balance sheet.

For recognition and application of tax credits, the Group’s Directors apply them based on their assessment of backlog.

At 30 June 2016, the Group had recorded a total of EUR 59,826 thousand of receivables from Public Authorities for tax assessments, mainly VAT, under “Trade and other receivables – Other receivables” in the summarised consolidated statement of financial position. The Group recorded EUR 26,509 thousand under “Trade and other payables – Other payables” in the accompanying summarised consolidated statement of financial position, mainly in relation to withholdings on employee income, employer social security costs and VAT.

18. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.