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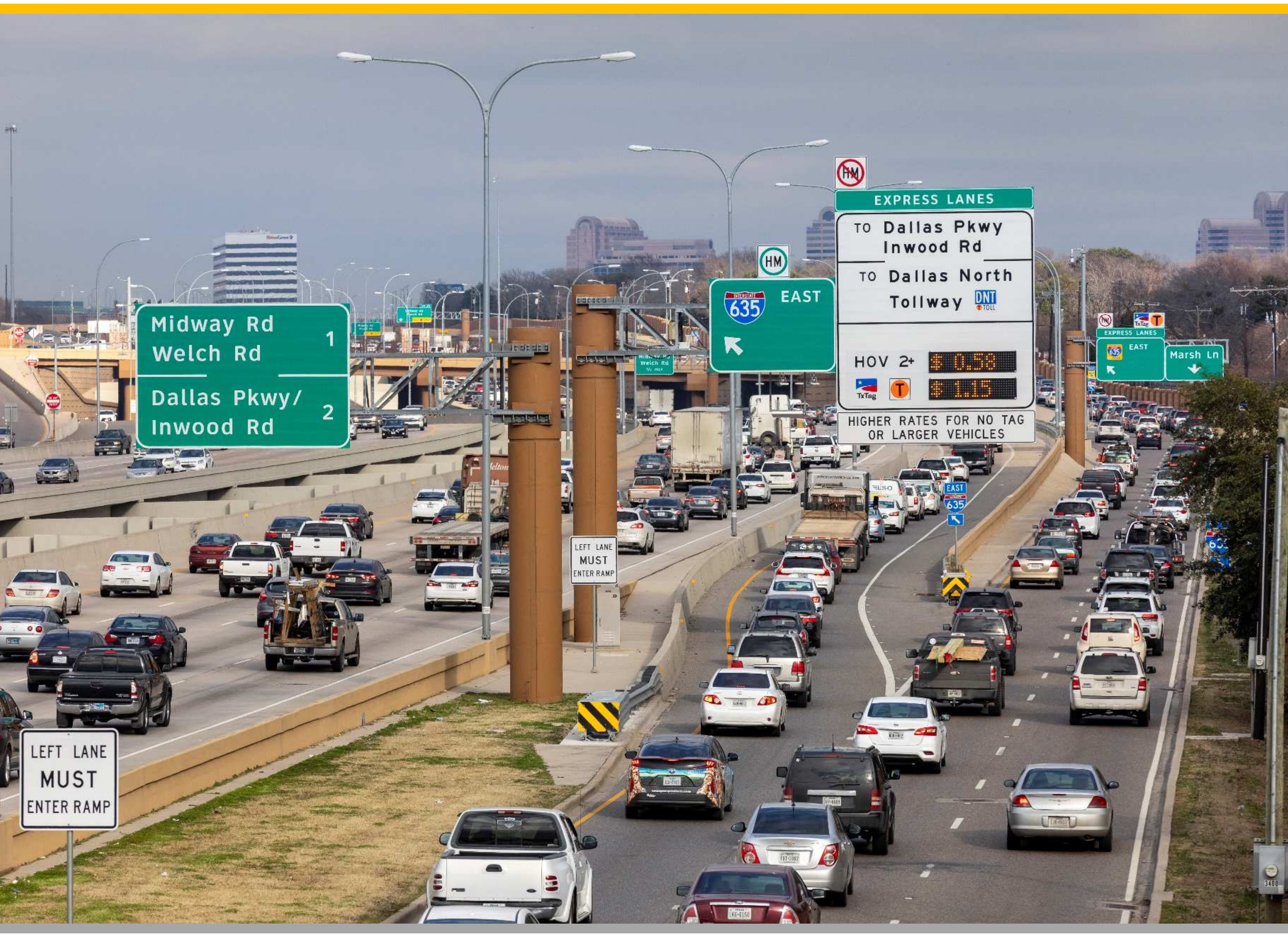

FERROVIAL, S.A. & SUBSIDIARIES

Interim Condensed Consolidated Financial Statements

June 2019

30 July 2019

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A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 AND 31 DECEMBER 2018

ASSETS (Millions of euros)	NOTE	30.06.2019	31.12.2018
Non-current assets		**11,690**	**12,055**
Goodwill on consolidation	4.2	304	372
Intangible assets		29	32
Right of use on financial leasing assets		89	-
Fixed assets in infrastructure projects	4.3	6,732	7,155
Intangible asset model		5,827	6,280
Assets, receivable model		905	875
Investment property		8	9
Property, plant and equipment		251	251
Investments in associates	4.4	2,339	2,455
Non-current financial assets	8	825	754
Long-term loans to associates		178	173
Restricted cash relating to infrastructure projects and other financial assets	6	537	473
Other receivables		111	108
Deferred taxes	4.7	649	664
Long-term financial derivative instruments at fair value	8.2	464	364
Current assets		**12,040**	**10,758**
Assets classified as held for sale	1.3	6,136	4,892
Inventories		670	594
Current income tax assets		101	97
Short-term trade and other receivables	4.5	1,342	1,090
Trade receivables for sales and services		1,015	801
Other short-term receivables		327	289
Cash and cash equivalents	6	3,759	4,005
Infrastructure project companies		218	239
Restricted cash		6	9
Other cash and cash equivalents		212	230
Ex-infrastructure project companies		3,541	3,766
Short-term financial derivative instruments at fair value	8	32	80
TOTAL ASSETS		**23,730**	**22,813**

LIABILITIES AND EQUITY (Millions of euros)	NOTE	30.06.2019	31.12.2018
Equity	5	**5,135**	**5,363**
Equity attributable to shareholders		4,319	4,530
Equity attributable to non-controlling interests		816	833
Deferred income		**1,282**	**1,241**
Non-current liabilities		**8,525**	**8,912**
Pension plan deficit		3	3
Long-term provisions	4.6	429	459
Long-term lease liabilities		64	-
Financial borrowings	6	7,022	7,419
Infrastructure project obligations and debts		4,935	5,342
Debt securities and borrowings of ex-infrastructure project companies		2,087	2,077
Other borrowings		21	135
Deferred taxes	4.7	565	574
Derivative financial instruments at fair value	8	421	321
Current liabilities		**8,788**	**7,297**
Liabilities classified as held for sale	1.3	4,247	3,259
Short-term lease liabilities		55	-
Financial borrowings	6	982	773
Debt securities and borrowings of infrastructure project companies		19	43
Bank borrowings ex-infrastructure project companies		963	730
Hedging instruments at fair value	8	83	69
Current income tax liabilities		77	65
Short-term trade and other payables	4.5	2,712	2,700
Trade payables		1,272	1,314
Advance payments from clients		1,127	1,089
Other short-term payables		313	297
Trade provisions	4.6	632	431
TOTAL LIABILITIES AND EQUITY		**23,730**	**22,813**

The accompanying Notes 1 to 17 form an integral part of the interim condensed consolidated financial statements as at 30 June 2019.

B. CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIODS ENDED AT 30 JUNE 2019 AND 30 JUNE 2018

		30.06.2019			30.06.2018 (*)		
(Millions of euros)	NOTE	BEFORE FAIR VALUE ADJUSTMENTS	(**) FAIR VALUE ADJUSTMENTS	TOTAL 2019	BEFORE FAIR VALUE ADJUSTMENTS	(*) FAIR VALUE ADJUSTMENTS	TOTAL 2018
Revenues	3	2,603	0	2,603	2,701	0	2,701
Other operating income		1	0	1	1	0	1
Total operating income		**2,605**	**0**	**2,605**	**2,702**	**0**	**2,702**
Materials consumed		420	0	420	434	0	434
Other operating expenses		1,808	0	1,808	1,588	0	1,588
Staff costs	11	493	0	493	472	0	472
Total operating expenses		**2,721**	**0**	**2,721**	**2,494**	**0**	**2,494**
EBITDA		**-116**	**0**	**-116**	**208**	**0**	**208**
Fixed asset depreciation		74	0	74	57	0	57
Operating income before impairment losses and fixed asset disposals		**-190**	**0**	**-190**	**151**	**0**	**151**
Impairment and fixed asset disposals	9.1	0	-21	-21	1	-18	-16
Operating profit/(loss)		**-190**	**-21**	**-211**	**152**	**-18**	**135**
Net financial income/(expense) from financing		-126	0	-126	-108	0	-108
Profit/(loss) on derivatives and other net financial income/(expense)		-3	-1	-3	-2	0	-2
Net financial income/(expense) from infrastructure projects		**-129**	**-1**	**-129**	**-110**	**0**	**-111**
Net financial income/(expense) from financing		13	0	13	2	0	2
Profit/(loss) on derivatives and other net financial income/(expense)		4	11	15	0	11	11
Net financial income/(expense) excl. projects		**17**	**11**	**28**	**2**	**11**	**13**
Net financial income/(expense)	9.2	**-112**	**11**	**-101**	**-109**	**11**	**-98**
Share of profits of equity-accounted companies	4.4	112	-36	76	94	31	125
Pre-tax consolidated profit/(loss)		**-190**	**-46**	**-236**	**138**	**24**	**161**
Corporate income tax	9.3	48	3	50	-12	3	-9
Consolidated profit/(loss) from continuing operations		**-142**	**-43**	**-185**	**126**	**26**	**152**
Net profit/(loss) from discontinued operations	9.4	135	0	135	-202	-3	-206
Consolidated profit/(loss) for the year		**-7**	**-43**	**-50**	**-76**	**23**	**-53**
Profit/(loss) for the year attributed to non-controlling interests		44	0	44	-19	0	-19
Profit/(loss) for the year attributed to the Parent		**37**	**-43**	**-6**	**-95**	**23**	**-72**
Net earnings per share attributed to the Parent Company (Basic /Diluted)				-0.01/-0.01			-0.10/-0.10

(*) Adjusted amounts (see Note 1.3)

(**) Relating to profit/(loss) arising from changes in the fair value of derivatives and other financial assets and liabilities and impairment losses on assets and liabilities (see Note 8)

The accompanying Notes 1 to 17 form an integral part of the interim condensed consolidated financial statements as at 30 June 2019.

C. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED AT 30 JUNE 2019 AND 2018

(Millions of euros)	30.06.2019	30.06.2018
a) Consolidated profit/(loss) for the year	**-50**	**-53**
Attributed to the Parent	-6	-72
Attributed to non-controlling interests	-44	19
b) Other income and expenses recognised directly in equity	**28**	**60**
Fully-consolidated companies	**-11**	**13**
Impact on reserves of hedging instruments	-4	-1
Impact on reserves of defined benefit plans (*)	0	34
Translation differences	-8	-16
Tax effect	1	-4
Companies classified as held for sale	**-9**	**47**
Impact on reserves of hedging instruments	-6	23
Impact on reserves of defined benefit plans (*)	0	67
Translation differences	-6	-28
Tax effect	3	-15
Equity-accounted companies	**48**	**47**
Impact on reserves of hedging instruments	-12	23
Impact on reserves of defined benefit plans (*)	-26	67
Translation differences	78	-28
Tax effect	7	-15
c) Transfers to the income statement	**0**	**0**
Fully-consolidated companies	0	0
Equity-consolidated/Held-for-sale companies	0	0
b+c) Total income and expenses recognised directly in equity	***28***	***60***
a+b+c) TOTAL COMPREHENSIVE INCOME	**-22**	**6**
Attributed to the Parent	-2	-19
Attributed to non-controlling interests	-20	26

(*) The impact on reserves of defined benefit plans is the only item of income and expenses recognised directly in equity that cannot subsequently be reclassified to the income statement (see Note 5).

The accompanying Notes 1 to 17 form an integral part of the interim condensed consolidated financial statements as at 30 June 2019.

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018

(Millions of euros)	SHARE CAPITAL	SHARE PREMIUM	MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.2018	**148**	**1,202**	**71**	**-128**	**504**	**-1,261**	**3,993**	**4,530**	**833**	**5,363**
Transition to IFRS 16 (Note 2.2)							-24	-24	0	**-24**
Balance at 01/01/2019	**148**	**1,202**	**71**	**-128**	**504**	**-1,261**	**3,969**	**4,505**	**833**	**5,339**
Consolidated profit/(loss) for the year							-6	-6	-44	**-50**
Income and expenses recognised directly in equity						4		4	24	**28**
Total recognised income and expenses	**0**	**0**	**0**	**0**	**0**	**4**	**-6**	**-2**	**-20**	**-22**
Scrip dividend agreement	1						-103	-102	0	**-102**
Other dividends								0	-21	**-21**
Treasury share transactions			-66	-66			66	-66	0	**-66**
Shareholder remuneration	**1**	**0**	**-66**	**-66**	**0**	**0**	**-37**	**-168**	**-21**	**-190**
Share capital increases/reductions								0	24	**24**
Share-based remuneration scheme							-6	-6	0	**-6**
Perpetual subordinated bonds					-5		-4	-9	0	**-9**
Other changes			0	0			-1	-1	1	**0**
Other transactions	**0**	**0**	**0**	**0**	**-5**	**0**	**-11**	**-16**	**25**	**9**
Balance at 30.06.2019	**149**	**1,202**	**5**	**-194**	**499**	**-1,257**	**3,915**	**4,319**	**816**	**5,135**

(Millions of euros)	SHARE CAPITAL	SHARE PREMIUM	MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.2017	**146**	**1,202**	**349**	**-42**	**500**	**-1,277**	**4,624**	**5,503**	**731**	**6,234**
Transition to IFRS 9							-6	-6	0	**-6**
Balance at 01.01.2018	**146**	**1,202**	**349**	**-42**	**500**	**-1,277**	**4,618**	**5,497**	**730**	**6,228**
Consolidated profit/(loss) for the year							-72	-72	19	**-53**
Income and expenses recognised directly in equity						53		53	6	**60**
Total recognised income and expenses	**0**	**0**	**0**	**0**	**0**	**53**	**-72**	**-19**	**26**	**6**
Scrip dividend	1						-107	-106	0	**-106**
Other dividends								0	-51	**-51**
Dealings in treasury shares			-97	-97			97	-97	0	**-97**
Shareholder remuneration	**1**	**0**	**-97**	**-97**	**0**	**0**	**-10**	**-203**	**-51**	**-254**
Share capital increases/reductions								0	30	**30**
Share-based remuneration scheme							2	2	0	**2**
Changes in the consolidation scope							0	0	-3	**-3**
Perpetual subordinated bonds					-1			-1	0	**-1**
Other changes							-2	-2	-2	**-4**
Other transactions	**0**	**0**	**0**	**0**	**-1**	**0**	**-1**	**-2**	**25**	**23**
Balance at 30.06.2018	**148**	**1,202**	**252**	**-139**	**499**	**-1,224**	**4,535**	**5,273**	**731**	**6,004**

The accompanying Notes 1 to 17 form an integral part of the interim condensed consolidated financial statements as at 30 June 2019.

E. CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 30 JUNE 2018

(Millions of euros)	NOTE	2019	2018
Net profit/(loss) attributed to the Parent		-6	-72
Adjustments to profit/(loss)		98	195
Non-controlling interests		-44	19
Net profit/(loss) from discontinued operations		-135	206
Tax		-50	9
Profit/(loss) from equity-accounted companies		-76	-125
Net financial income/(expense)		101	98
Fixed asset impairments and disposals		21	16
Amortisations		74	57
Gross operating profit/(loss) (EBITDA) from discontinued operations	*9.4*	208	-86
Gross operating profit (EBITDA) including discontinued operations		**92**	**122**
Income taxes paid		-21	-1
Working capital variation (receivables, payables and other)	4.5 and 7	-451	-341
Dividends and other cash flows from equity-accounted companies	4.4	242	229
Operations cash flow		**-137**	**10**
Investments in property, plant and equipment/intangible assets		-78	-64
Investments in infrastructure projects	4.3	-55	-71
Loans granted to associates/acquisition of companies		-12	-36
Interest received		42	14
Investment of long-term restricted cash		-99	-59
Divestment of infrastructure projects		0	145
Divestment/sale of companies	1	3	48
Investment cash flow		**-199**	**-23**
Cash flows before financing activities		**-336**	**-13**
Capital proceeds from non-controlling interests		31	31
Scrip dividend		-102	-100
Acquisition of treasury shares		-66	-97
Shareholder remuneration	5	-168	-197
Dividends paid to non-controlling shareholders of investees		-17	-48
Other changes in shareholders' funds		-6	-4
Cashflows from shareholders and non-controlling interests		-161	-219
Interest paid		-131	-132
Lease instalments		-59	0
Increase in borrowings		476	704
Decrease in borrowings		-104	-578
Financing cash flow		**22**	**-225**
Effect of exchange rates on cash and cash equivalents		**41**	**22**
Change in cash and cash equivalents due to changes in the consolidation scope		**0**	**-5**
Change in cash and cash equivalents for discontinued operations and assets held for sale		**26**	**0**
Change in cash and cash equivalents	**6**	**-246**	**-221**
Cash and cash equivalents at beginning of the year		4,005	4,601
Cash and cash equivalents at end of year		3,759	4,380

The accompanying Notes 1 to 17 form an integral part of the interim condensed consolidated financial statements as at 30 June 2019.

F. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

1. Company activities and changes in the consolidation scope

1.1 Company activities

The consolidated Ferrovial group (hereinafter "the Group" or "Ferrovial") comprises the parent company, Ferrovial, S.A., and its subsidiaries. Its registered office is in Madrid, at Calle Príncipe de Vergara 135.

Through these companies, Ferrovial engages in the following lines of business, which are its primary reporting segments pursuant to IFRS 8: construction, services, toll roads and airports.

For a more detailed description of the various areas of activity in which the consolidated Group conducts its business operations, please consult the annual accounts as at December 2018 and the website: www.ferrovial.com.

For the purpose of understanding these consolidated financial statements, it should be noted that a significant part of the activity carried out by the Group consists of developing infrastructure projects, mainly in the toll roads and airports areas, but also in the construction and services fields. The modus operandi of these projects is described in the annual accounts as at 31 December 2018.

From an accounting standpoint, most of these arrangements fall within the scope of application of IFRIC 12, "Service concession arrangements".

Accordingly, and in order to help understand the Group's financial performance, these financial statements separately present the impact of projects of this nature on both non-financial fixed assets ("fixed assets in infrastructure projects" includes the property, plant and equipment, intangible assets and investment property assigned to these projects) and non-current financial assets, borrowings and cash flows.

It is also important to highlight that two of the Group's main assets are its 25% stake in Heathrow Airport Holdings (HAH), the company that owns Heathrow Airport in London, and its 43.23% stake in ETR 407, the concession operator of the ETR 407 toll road in Toronto (Canada), which have been equity-accounted since 2011 and 2010, respectively. Detailed information on the two companies is included in Note 4, (investments in associates), and this information is further added to in other notes to the interim condensed consolidated financial statements with data considered to be of interest.

1.2 Changes in the consolidation scope

There have been no significant changes to the consolidation scope during the first six months of 2019.

1.3 Assets and liabilities held for sale and discontinued operations

Services division

As of 31 December 2018 it was decided to reclassify all assets and liabilities linked to the Services Division to discontinued operations, due to the decision to focus the Group's business activity on the infrastructure business.

At the closing date of these financial statements, the divestment process is progressing as planned, following approval at the Annual General Meeting on 5 April 2019.

Impact on financial statements

The reclassification of the Services Division to discontinued operations has had the following impacts on these financial statements:

- The profit/(loss) after tax generated by the Services business is not reported in each line of the income statement, instead it is reported in one line "net profit/(loss) from discontinued operations", both for 2019 and 2018. Note 9.4 includes the disclosures required in connection with profit/(loss) from discontinued operations, including a breakdown of the main lines. In accordance with the requirements of IFRS 15, since January 2019 these assets have stopped being depreciated, the net impact of which amounts to EUR 119 million at June 2019.

- For cash flow purposes, Note 7 includes the portion of cash flows from operating, investing and financing activities related to the discontinued operations, included in the total amount reported in this respect.

- For the purposes of the balance sheet, all assets and liabilities attributed to Services activity have been reclassified as "assets/liabilities held for sale and discontinued operations". This reclassification was made with effect at 31 December 2018.

- Note 10 on "Contingent assets and liabilities and investment commitments", also details the impacts relating to discontinued operations for the Services Division.

Autopista del Sol

In the first half of 2019, an agreement was reached to transfer 65% of the Autopista del Sol toll road to the French infrastructures fund Meridiam for EUR 447 million (approximate capital gain of EUR 474 million), with Ferrovial retaining a 15% interest in respect of which it has reserved an option to sell and has granted an option to buy to Meridiam. At the closing date of these financial statements, this sale is pending authorisation from the competent bodies and the related assets and liabilities have therefore been reclassified to held for sale. As this does not involve a business segment or activity, the results generated by the toll roads are still reported on each of the income statement lines.

The following table details the different types of assets and liabilities that have been reclassified to discontinued operations as at June 2019 and December 2018:

Services division **(Millions of euros)**	**2019.JUN**	**2018.DEC**	**Change**
Non-current assets	**3,826**	**3,501**	**325**
Goodwill	1,665	1,659	6
Intangible assets	416	413	3
Fixed assets in infrastructure projects	428	427	1
Property, plant and equip-ment	466	422	44
Rights of use	320	0	320
Other non-current assets	530	580	-50
Current assets	**2,352**	**2,165**	**187**
Inventories	57	57	0
Short-term trade and other receivables	1,643	1,552	92
Cash and cash equivalents	471	522	-51
Other current assets	180	35	146
TOTAL assets	**6,178**	**5,666**	**512**
Fair value provision (*)	-777	-774	-3
TOTAL assets classified as discontinued operations	**5,401**	**4,892**	**509**

(*) Fair value provision December 2018 translated at the June 2019 closing exchange rate

Services division **((Millions of euros)**	**2019.JUN**	**2018.DEC**	**Change**
Deferred income	**55**	**53**	**2**
Non-current liabilities	**1,452**	**1,196**	**256**
Long-term provisions	281	323	-42
Long-term lease liabilities	173	0	173
Financial borrowings	568	442	126
Other non-current liabilities	430	431	0
Current liabilities	**2,076**	**2,010**	**66**
Short-term lease liabilities	76	0	76
Financial borrowings	87	64	23
Short-term trade and other payables	1,554	1,573	-19
Trade provisions	291	347	-56
Other current liabilities	69	27	42
TOTAL Liabilities classi-fied as discontinued operations	**3,584**	**3,259**	**324**

To have a better understanding of the cash flow, a working capital table related to the evolution of its principal items of discontinued operations is presented as follows:

Millons of euros	**2018**	**Ex-change rate**	**Changes in the consoli-dation scope**	**Other**	**2019**
Total inventories	**57**	**0**	**0**	**0**	**57**
Total short-term trade and other receivables	**1,552**	**6**	**0**	**85**	**1,643**
Total short-term trade and other payables	**-1,573**	**-8**	**0**	**27**	**-1,554**
TOTAL	**36**	**-2**	**0**	**112**	**146**

The following table details the different types of assets and liabilities that have been reclassified as held for sale as at June 2019:

Ausol **(Millions of euros)**	**2019.JUN**	**2018.DEC (*)**	**Change**
Non-current assets	**702**	**729**	**-27**
Goodwill	70	70	0
Fixed assets in infrastructure projects	510	532	-22
Other non-current assets	122	128	-6
Current assets	**33**	**31**	**3**
Cash and cash equivalents	24	25	0
Other current assets	9	6	3
TOTAL Assets classified as held for sale	**735**	**760**	**-24**

Ausol **(Millions of euros)**	**2019.JUN**	**2018.DEC (*)**	**Change**
Non-current liabilities	**608**	**644**	**-35**
Long-term provisions	23	50	-26
Financial borrowings	475	484	-9
Other non-current liabilities	110	110	0
Current liabilities	**55**	**47**	**8**
Financial borrowings	22	24	-3
Trade provisions	18	13	5
Other current liabilities	15	10	5
TOTAL Liabilities classified as held for sale	**663**	**691**	**-28**

(*) Includes balance sheet information for comparative periods.

2. Summary of the main accounting policies

2.1 Basis of presentation.

The accompanying interim condensed consolidated financial statements of Ferrovial, S.A. for the six-month period ended 30 June 2019 have been prepared in accordance with IAS 34, "interim financial reporting".

As established in IAS 34, the interim financial information is intended only to provide an update on the content of the latest complete annual consolidated annual accounts prepared by the Group, focusing on new activities, events and circumstances occurring during the six-month period, and does not duplicate information previously reported in the consolidated annual accounts for 2018. Consequently, for a proper understanding of the information included in these interim condensed consolidated financial statements, they should be read together with the Group's consolidated annual accounts for the year ended 31 December 2018, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) in force.

2.2 New standards, amendments and interpretations adopted by the European Union mandatorily applicable for the first time in the six-month period ended 30 June 2019.

As commented in the 2018 annual accounts, of the standards adopted for the first time at 1 January 2019, the most relevant impact relates to IFRS 16 Leases. This standard establishes one sole accounting model for lessees, where the amounts in the balance sheet increase by the recognition of right-of-use assets and the liabilities for the future payment obligations relating to leases previously classified as operating leases. Except for low-value leases (assets valued at below €5,000) or short-term leases (term of less than 12 months), the Group considers that a contract contains a lease if it transfers the right to control the use of an identified asset for a period of time, in exchange for a consideration.

The transition method applied is the modified retrospective approach, without restating the information for comparative periods in which IAS 17 was applied. For leases carried under the former standard as operating leases, a lease liability has been recognised for the present value of outstanding payments discounted at the incremental rate, taking into consideration the type of asset, country, term and amount of the lease. The right of use has been valued at 1 January 2019 in the same amount as the liability adjusted for incentives and prepayments. As regards leases related to the real estate business in Poland, the rights of use have been recognised in investment property, if they comply with the definition of investment property. Land leases that form part of its production activity are included in the inventories item. The Group has also availed itself of the following practical solutions permitted by the standard:

- exclusion of the adjustment on first-time adoption for those leases having maturities of less than 12 months at 1 January (calculated in accordance with IFRS 16),
- exclusion of the adjustment on first-time adoption for leases which are accounted for as low-value leases in accordance with IFRS 16, and
- for long-term lease agreements with initial direct costs, these have been excluded from the right-of-use asset calculation.

Leases carried as finance leases under IAS 17 have been reclassified using their carrying amount just before the date of first-time adoption.

During the transition, the Group has recognised right-of-use assets in the amount of EUR 119 million and additional lease liabilities of EUR 119 million. When calculating lease liabilities at 1 January 2019, the Group applied discount rates of between 2% and 6%, depending on the lease term and the country of the company holding the lease. There is also an impact on equity of EUR -24 million related to the equity consolidation of HAH (see Note 4). The right of use assets have been calculated in transition at their carrying amount as if the standard had been applicable since lease inception, for the net depreciation amount.

The detailed breakdown of the financial statements affected by this adjustment at 1 January 2019 is as follows:

(Millions of euros)	Transition to IFRS 16 01/01/2019
Right of use	90
Investment property	2
Investments in associates	-24
Deferred taxes	0
Inventories	27
TOTAL ASSETS	**95**
Equity	**-24**
Long-term lease liabilities	88
Short-term lease liabilities	31
Liabilities	**119**
TOTAL LIABILITIES AND EQUITY	**95**

For the Services Division classified as discontinued operations, the transition adjustment at 1 January 2019 for the rights of use and lease liabilities amounts to EUR 244 million.

Set out below is the reconciliation of operating lease commitments at 31 December 2018 and the liabilities recognised at 1 January 2019 under IFRS 16:

(Millions of euros)	CORPORATE BUSINESS AND AIRPORTS	CONSTRUCTION	TOLL ROADS	TOTAL
Operating lease commitments at 31 December 2018	**11**	**93**	**4**	**108**
Present value of the lease commitments	**10**	**86**	**3**	**99**
Low-value and short-term leases	-2	-2	0	**-4**
Extension and early termination options	12	0	0	**12**
Other changes	-1	13	0	**13**
Lease liabilities at 1 January 2019	**19**	**97**	**3**	**119**

* At 31 December, of the total EUR 389 million for operating lease commitments, EUR 282 million relate to Services.

In 2018, leases were accounted for in accordance with IAS 17. From the viewpoint of both the lessee and the lessor, there were two categories of lease: finance leases and operating leases.

In terms of the presentation, of note is that the lease liabilities do not form part of the net cash position (Note 6) and are presented in the "long- and short-term liability" balance sheet lines, based on their expiry.

2.3 New standards and amendments not applied in the six-month period ended 30 June 2019 that will be applicable in future years.

The new standards, amendments and interpretations that might have an effect on the Group, but that have not yet been approved by the IASB are as follows: Amendments to the references to the conceptual framework; Amendments to IAS 1 and IAS 8 for the Definition of material or with relative importance; Amendment to IFRS 3 Definition of a business. None of these standards are expected to have any significant impact on the company.

2.4 Accounting estimates and judgements.

In the interim condensed consolidated financial statements as at 30 June 2019 estimates were made to measure certain of the assets, liabilities, revenues, expenses and commitments reported in those statements, which match those described in the consolidated annual accounts for the financial year ended 31 December 2018 except for the estimate related to the new standard on leases (IFRS 16): estimation to determine the term of lease agreements when they include cancellation or extension options; assessment of whether the exercise of such options, which affect the value of the right-of-use asset and the lease liability, is reasonably certain.

2.5 Basis of consolidation

The basis of consolidation applied at 30 June 2019 are consistent with those applied in the consolidated annual accounts for the year ended 31 December 2018.

3. Reporting by segment and geographic market.

The Board of Directors of the Parent analyses the performance of the Group mainly from a business perspective. From this perspective, the Board assesses the performance of the construction, toll road, airport and service (as a discontinued operation) divisions. These segments are the same as those used in the consolidated annual accounts for 2018. The "other" column in the accompanying segment income statement includes consolidation adjustments between business division.

The detail of revenue by segment and the comparison with the previous year is as follows:

	30/06/2019			
(Millions of euros)	EXTERNAL REVENUE	INTERSEGMENT REVENUE	TOTAL	CHANGE 19/18
Construction	2,229	79	2,308	-5%
Toll roads	287	1	287	38%
Airports	9	0	9	25%
Other segments	3	70	74	-53%
Adjustments	0	-75	-75	-31%
Total	**2,528**	**75**	**2,603**	**-4%**

	30/06/2018		
(Millions of euros)	EXTERNAL REVENUE	INTERSEGMENT REVENUE	TOTAL
Construction	2,150	286	2,437
Toll roads	207	1	208
Airports	7	0	7
Other segments	83	75	158
Adjustments	0	-109	-109
Total	**2,447**	**254**	**2,701**

The total amount of revenue from client contracts is EUR 2,546 million (30 June 2018: EUR 2,650 million).

The inter-segment revenue that is not eliminated in the Group's consolidated financial statements are those made by the Construction Division to the project companies, as discussed in Note 13.

The income statement by segment for the six-month periods ended 30 June 2019 and 30 June 2018 is detailed in the Appendices.

Geographic areas

Business volume by geographic area breaks down as follows:

(Millions of euros)	2019	2018	Change 19/18
Spain	468	492	-5%
UK	172	164	5%
Australia	55	135	-64%
USA	812	826	-2%
Canada	21	30	-30%
Poland	760	779	-3%
Other	316	274	12%
TOTAL	**2,603**	**2,701**	**-4%**

4. Main changes in the consolidated statement of financial position.

4.1 Exchange rate effect

In the first half of 2019 there was a appreciation in the main currencies in which the Group operates, such as the Canadian dollar (-4.67%), the American dollar (-0.81%), the Polish zloty (-0.41%) and Pound sterling (-1.04%).

CLOSING EXCHANGE RATE	2019	2018	CHANGE 19/18 (*)
Pound sterling	0.8948	0.8984	-0.41%
US dollar	1.1359	1.1452	-0.81%
Canadian dollar	1.4873	1.56013	-4.67%
Australian dollar	1.6202	1.62595	-0.35%
Polish zloty	4.2444	4.2888	-1.04%
Chilean peso	770.65	794.66	-3.02%

AVERAGE EXCHANGE RATE	2019	2018	CHANGE 19/18 (*)
Pound sterling	0.8721	0.8802	-0.91%
US dollar	1.1299	1.20667	-6.37%
Canadian dollar	1.5006	1.54682	-2.99%
Australian dollar	1.5967	1.57296	1.51%
Polish zloty	4.2810	4.24612	0.82%
Chilean peso	763.3750	743.54333	2.67%

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

This change has had a positive impact on shareholders' funds attributable to the Parent of EUR 56 million. The main impact arose as a result of the appreciation of the Canadian dollar (EUR 56 million). It should be noted that, as discussed in the annual accounts for 2018, the Company has arranged various hedging instruments (see Note 8.2) the purpose of which is to hedge the foreign currency risk of the dividends that will foreseeably be received in future years and a portion of the cash balances invested in currencies other than the euro.

4.2 Acquisitions and goodwill

a) Main changes in the period:

The changes in "goodwill on consolidation" for June 2019 are as follows:

(Millions of euros)	BALANCES AT 31/12/2018	RECLASS. TO HELD FOR SALE	EXCHANGE RATE	BALANCES AT 31/05/2019
Construction	**202**	**0**	**2**	**204**
Budimex	68	0	1	69
Webber	134	0	1	135
Toll roads	**128**	**-70**	**0**	**58**
Ausol	70	-70	0	0
Autema	58	0	0	58
Airports	**42**	**0**	**0**	**42**
Transchile	42	0	0	42
TOTAL	**372**	**-70**	**2**	**304**

The most significant change during the first half relates to Autopista del Sol and is the result of the sale agreement reached with the French infrastructure fund Meridiam (see Note 1.3) and its consequent reclassification to Assets held for sale.

b) Possible indications of impairment:

The impairment tests on the Group's existing goodwill were not updated since there were no indications that they might have become impaired at the date of preparation of these interim condensed consolidated financial statements.

4.3 Fixed assets in infrastructure projects.

The detail of "fixed assets in infrastructure projects" at 30 June 2019 and 31 December 2018 is as follows:

(Millions of euros)	BALANCE AT 31/12/2018	TOTAL ADDITIONS	TOTAL DISPOSALS	RECLASS. TO HELD FOR SALE	EXCHANGE RATE EFFECT	BALANCE AT 30/06/2019
Spanish toll roads	736	0	-22	-713	0	0
US toll roads	5,581	65	0	0	45	5,692
Other toll roads	386	0	0	0	0	386
Investment in toll roads	**6,703**	**65**	**-22**	**-713**	**45**	**6,079**
Accumulated amortisation	-424	-37	4	203	-1	-255
Net investment in toll roads	**6,279**	**28**	**-18**	**-510**	**44**	**5,824**
Investment in other infrastructure projects	2	3	0	0	0	4
Amortisation of other infrastructure projects	-1	0	0	0	0	-1
Total net investment in other infrastructure projects	**1**	**3**	**0**	**0**	**0**	**3**
Total investment	**6,705**	**68**	**-22**	**-713**	**45**	**6,083**
Total amortisation and provision	**-425**	**-37**	**4**	**203**	**-1**	**-256**
Total net investment	**6,280**	**31**	**-18**	**-510**	**44**	**5,827**

There was a total net change of EUR -453 million in the net investment in assets accounted for using the intangible asset model in the first half of 2019, with the most significant change being the Autopista del Sol being reclassified to held for sale in the amount of EUR -510 million (see Note 1.3), offset by the US toll roads.

- The appreciation of the US dollar (see Note 4.1) in the first six months of the year increased these assets by a total net amount of EUR 44 million.
- There was also an increase in assets of EUR 65 million (excluding the exchange rate effect), primarily at I-77 Mobility Partners LLC for EUR 32 million and at North Tarrant Express Seg. 3 for EUR 33 million.

The assets accounted for using the receivable asset model pursuant to IFRIC 12, amounting to EUR 905 million (31 December 2018: EUR 875), relate mainly to long-term receivables (more than one year) from governments in return for services rendered or investments made under the framework of a concession arrangement. The most significant balance relates to the Terrassa Manresa toll road for EUR 661 million at 30 June 2019 (31 December 2018: EUR 642 million).

There were no material changes in this line item.

The total cash flow impact of the additions to projects accounted for using the intangible and receivable asset models amounted to EUR -55 million (see Note 7), which differs from the additions recognised in the balance sheet, primarily due to the following reasons:

- In projects in which the intangible asset model is applied, due to differences between the accrual basis and cash basis of accounting, as well as the capitalisation of the borrowing costs attributable to projects under construction, which do not generate cash outflows.
- In projects in which the receivable asset model is applied, due to the increases in receivables as a balancing entry to income for services rendered, which do not generate cash outflows either.

4.4 Investments in Associates

The detail of the investments in equity-accounted companies at 30 June 2019 and of the changes therein in the period is shown in the following table. Due to their significance, the investments in 407 ETR (43.23%) and HAH (25%) are presented separately.

2018 (Millions of euros)	HAH (25%)	407 ETR (43.23%)	OTHER	TOTAL
Balance at 31.12.18	**705**	**1,475**	**275**	**2,455**
Transition to IFRS 16	-24	0	0	**-24**
Balance at 01.01.19	**681**	**1,475**	**275**	**2,431**
Share of profit/(loss)	-2	62	17	**76**
Dividends	-58	-144	-15	**-217**
Foreign exchange differences	6	71	2	**78**
Pensions	-19	0	-3	**-21**
Other	10	0	-17	**-8**
Balance at 30.06.19	**617**	**1,463**	**258**	**2,339**

Change: the changes in this item were primarily due to the distribution of dividends of EUR -217 million.

Impact on cash flow: The difference between the dividends of EUR 217 million in the foregoing table and dividends of EUR 242 million disclosed in the consolidated cash flow statement (see Note 7) relate mainly to interest received on and repayments of loans granted to equity-accounted companies and the effect of certain currency hedges related to dividends received.

In view of the importance of the investments in 407 ETR and HAH, below is a detail of the balance sheets and income statements of these two companies, adjusted to bring them in line with Ferrovial's accounting policies, together with comments on the changes therein in the first six months of 2019.

a. Information relating to Heathrow Airport Holding (HAH)

a. Impairment test

The operational performance of this asset in 2019 was positive compared with 2018 and in line with expectations. Based on the above, it was concluded that there were no indications of impairment giving rise to the need to conduct a new impairment test for these half-yearly accounts.

b. Changes in the Balance Sheet 2019-2018

HAH (100%) GBP (MILLION)	Jun. 2019	Dec. 2018	Change 19/18
Non-current assets	**17,373**	**16,766**	**608**
Goodwill	2,753	2,753	0
Fixed assets in infrastructure projects	13,764	13,391	373
Non-current financial assets	50	50	0
Pension plan surplus	0	28	-28
Deferred taxes	0	0	0
Financial derivatives	806	543	263
Other non-current assets	0	0	0
Current assets	**1,142**	**1,084**	**58**
Trade and other receivables	662	419	243
Financial derivatives	0	0	0
Cash and cash equivalents	468	652	-184
Other current assets	12	13	-1
Total assets	**18,515**	**17,849**	**666**

HAH (100%) GBP (MILLION)	Jun. 2019	Dec. 2018	Change 19/18
Equity	**-115**	**212**	**-327**
Non-current liabilities	**17,248**	**16,389**	**858**
Provisions for pensions	71	32	39
Financial borrowings	14,546	14,060	486
Deferred taxes	701	763	-62
Financial derivatives	1,475	1,523	-48
Other non-current liabilities	454	11	443
Current liabilities	**1,383**	**1,248**	**135**
Financial borrowings	854	742	111
Trade payables	402	412	-10
Financial derivatives	66	39	27
Other current liabilities	62	55	7
Total liabilities	**18,515**	**17,849**	**666**

<u>Accounting policies:</u>
The balance analysed in this note includes the impact of the standardisation adjustments with the aim of adapting the accounting criteria for HAH to the accounting criteria applied by Ferrovial Although both companies apply IFRS accounting criteria, the main standardisation adjustment relates to the valuation of investment property, given that in accordance with the alternatives detailed in IAS 40, HAH applies fair value to its valuation, while Ferrovial applies the historical cost alternative. The adjustment to historic equity due to this difference is GBP -766 million.

<u>Equity:</u>
At 30 June 2019, equity amounted to GBP -115 million, (GBP 651 million without considering the standardisation adjustment of the aforementioned investment property valuation), a reduction of GBP 327 million compared to December 2018. In addition to the profit of GBP -8 million for the period, the main noteworthy changes are the dividends paid to shareholders amounting to GBP -200 million, the impact due to pension plans of GBP -65 million and the impact due to the application of the new IFRS 16 accounting standard amounting to GBP -88 million. In the opposite direction, noteworthy is the positive impact of GBP 30 million recognised in reserves relating to effective hedges.

Finally, as regards equity, of particular note is that the 25% of the shareholders' funds that appear in the attached balance sheet do not correspond to the carrying amount of the ownership interest, since the carrying amount also includes the amount of the gain arising from the remeasurement at fair value of the investment retained following the loss of control on the sale of a 5.88% ownership interest of this company in October 2011. The gain was recognised as an addition to goodwill. Therefore, in order to obtain the carrying amount of Ferrovial, it would be necessary to increase the 25% of the shareholders' funds presented above (GBP -29 million) by the amount of the aforementioned gain (GBP 581 million), giving a total of GBP 552 million which, translated at the year-end exchange rate (EUR 1 = GBP 0.89475), equates to an ownership interest of EUR 617 million.

<u>Financial borrowings:</u>

The borrowings of HAH (short and long-term) amounted to GBP 15,400 million at 30 June 2019, an increase of GBP 597 million with respect to December 2018 (GBP 14,802 million). This increase is primarily due to the bond issues for GBP 787 million and bank borrowings for GBP 265 million, as well as the negative impact of exchange rates and fair value of GBP 272 million (of this impact GBP 252 million related to the fair value adjustment of the bonds issued in foreign currency hedging of Cross Currency Swaps), offset by bond depreciation for an amount of GBP -262 million and bank borrowings for GBP -429 million and a reduction in accrued interest payable for an amount of GBP -27 million and bond issue expenses for EUR -7 million.

<u>Derivative financial instruments at fair value</u>

The notional principal amount of HAH's derivatives portfolio at 30 June 2019 totalled GBP 13,561 million, including cross-currency swaps with a notional value of GBP 4,733 million to hedge issues in currencies other than the pound sterling, interest rate swaps (IRSs) with a notional value of GBP 2,309 million to hedge the interest rate risk relating to the borrowings, and index-linked swaps (ILSs) with a notional value of GBP 6,519 million to convert certain debt issues into index-linked debt.

The net change in the value (asset/liability position) of these financial instruments gave rise to a GBP 284 million reduction in liabilities in the financial year. The main impacts relate to:

- Cash settlements (net payments) of GBP +169 million.
- Accrual of financial expenses (financial income/(expense)) of GBP -37 million.

- Fair value adjustments to these instruments (fair value-related result) with a positive impact of GBP 115 million, due to the following concepts:
  - Cross Currency Swaps (GBP 248 million). This effect is offset by the fair value adjustment of the bonds issued in foreign currency hedging of these instruments as discussed above, with a negative impact in P&L for fair value of EUR -252 million.
  - Index Linked Swaps (GBP -97 million),
  - Interest Rate Swaps (GBP -35 million).
- Effect on reserves of GBP 37 million in relation to effective hedges.

c. Changes in the income statement 2019-2018

HAH (100%) GBP (MILLIONS)	June 2019	June 2018	Change 19/18
Operating income	1,461	1,405	55
Operating expenses	-553	-554	1
EBITDA	**907**	**852**	**56**
Depreciation charges	-414	-374	-39
Operating profit/(loss) before impairment and disposals	**494**	**477**	**17**
Impairment and fixed asset disposals	0	0	0
Operating profit/(loss)	**494**	**477**	**17**
Net financial income/(expense)	-486	-226	-259
Pre-tax profit/(loss)	**8**	**251**	**-243**
Income tax	-17	-53	36
Profit/(loss) from continuing operations	**-8**	**198**	**-207**
Profit/(loss) from discontinued operations	0	0	0
Net profit/(loss)	**-8**	**198**	**-207**
Profit/(loss) attributed to Ferrovial (Millions of euros)	**-2**	**56**	**-59**

Particularly noteworthy with respect to the income statement is the net financial income/(expense), which was affected by the fair value adjustments to derivatives and liabilities at fair value (mainly index linked swaps and interest rate swaps), totalling GBP -136 million (EUR -32 million net attributable to Ferrovial). At June 2018, these items totalled GBP 137 million (effect of EUR 32 million on the net profit/(loss) of Ferrovial).

The management report includes detailed disclosures on the changes in HAH's results.

b. Information relating to 407 ETR

a. Impairment test

At 30 June 2019, there was no indication that the carrying amount of the 407 ETR toll road in the Group's consolidated financial statements had become impaired. As indicated in the annual accounts for 2018, there is a very significant buffer between the measurement and the carrying amount of the company.

b. Changes in the Balance Sheet 2019-2018.

407 ETR (100%) CAD MILLION	June 2019	Dec. 2018	Change 19/18
Non-current assets	**4,486**	**4,469**	**17**
Fixed assets in infrastructure projects	3,968	3,978	-10
Non-current financial assets	485	459	26
Deferred taxes	34	33	1
Other non-current assets	0	0	0
Current assets	**1,005**	**791**	**214**
Trade and other receivables	269	242	27
Cash and cash equivalents	736	549	187
Total assets	**5,491**	**5,260**	**231**
Equity	**-4,071**	**-3,813**	**-258**
Non-current liabilities	**9,390**	**8,865**	**525**
Financial borrowings	8,872	8,351	521
Deferred taxes	518	514	5
Current liabilities	**172**	**209**	**-37**
Financial borrowings	113	105	9
Trade and other payables	59	104	-45
Total liabilities	**5,491**	**5,260**	**231**

Below is a description of the main changes in the balance sheet of 407 ETR at 30 June 2019 compared to the previous year:

- Equity: Equity dropped by CAD 258 million compared to the previous year, as a result of a profit for the year of CAD 242 million and a reduction due to the payment of a dividend of CAD 500 million to shareholders.

43.23% of the shareholders' funds of the investee do not correspond to the consolidated carrying amount of the ownership interest, since the latter also includes the amount of the gain arising from the remeasurement at fair value of the investment retained following the disposal of a 10% ownership interest in this company in 2010, which was recognised as an addition to the value of the concession, and the goodwill arising in 2009 as a result of the merger of Ferrovial, S.A. and Cintra Infraestructuras, S.A. Therefore, in order to obtain the consolidated carrying amount at Ferrovial, it is necessary to increase the 43.23% of the shareholders' funds presented above (CAD -1,760 million) by the aforementioned gain and the goodwill (CAD 2,617 million and CAD 1,319 million, respectively) giving a total of CAD 2,177 million which, translated at the closing exchange rate (EUR 1 = CAD -1,4873), amounts to the investment of EUR 1,463 million.

- Financial borrowings: Financial borrowings as a whole increased by CAD 530 million compared to December 2018, primarily due to the two bond issues in March 2019 (Series 19-A1 with a nominal value of CAD 300 million and maturing in 2030 and Series 19-A2 with a nominal value of CAD 500 million maturing in March 2049). This increase is offset by the early redemption of the Series 10-A2 bond in March 2019 (maturity June 2020), which had a nominal value of USD 300 million.

c. Changes in the income statement 2019-2018.

The table below details the income statement for 407 ETR in the period June 2019 and June 2018:

407 ETR (100%) CAD MILLION	June 2019	June 2018	Change 19/18
Operating income	700	651	49
Operating expenses	-89	-81	-8
EBITDA	**610**	**570**	**40**
Depreciation charges	-52	-53	1
Operating profit/(loss)	**558**	**517**	**41**
Net financial income/(expense)	**-228**	**-210**	**-18**
Pre-tax profit/(loss)	**330**	**307**	**22**
Income tax	-87	-81	-6
Net profit/(loss)	**242**	**226**	**16**
Profit/(loss) attributable to Ferrovial (millions of euros)	62	57	5

The management report includes detailed disclosures on the changes in 407ETR's results.

c. *Other associates*

Appendix II to the Consolidated Annual Accounts as at December 2018 includes a list of the investments in equity-accounted companies, indicating their name, the country in which they were incorporated, the business segment to which they belong, the percentage of ownership interest, the aggregate assets and liabilities, net revenue and the profit or loss for the year.

The share of the profits includes most notably the contribution of the Norte-Litoral and Algarve Portuguese toll roads (EUR 8 million).

The dividends received primarily relate to AGS (EUR 8 million) and the Norte Litoral and A66 Benavente Zamora toll roads (EUR 4 million and EUR 3 million respectively).

I-66 toll road

Although at the close of June 2019 the investment in the capital of the I-66 toll road was not material, of note is that there is a commitment to invest an additional EUR 670 million in the next five years.

At 30 June 2019, the main toll road asset is the fixed assets used in infrastructure projects in the amount of EUR 992 million. In terms of liabilities, of particular note is financial borrowings in the amount of EUR 1,121 million.

4.5 Working capital

This note reflects changes in the asset items inventories and short-term trade and other receivables and the liability item short-term trade and other payables. The net balance of these items is called working capital (see section 4 of the consolidated annual accounts as at December 2018).

The following table shows the changes in these items:

Millions of euros	2018	IFRS 16	Exchange rate	Changes in the consolidation scope	Other	2019
Total inventories	**594**	**27**	**6**	**1**	**42**	**670**
Trade receivables for sales and services	528	0	4	5	170	707
Completed work pending certification	273	0	4	0	31	308
Other receivables	289	0	1	1	36	327
Total short-term trade and other receivables	**1,090**	**0**	**9**	**6**	**237**	**1,342**
Trade payables	-1,313	0	-8	-2	51	-1,272
Work certified in advance	-486	0	-2	3	-89	-574
Advance payments from clients	-604	0	-6	0	57	-553
Other short-term payables	-297	0	-1	4	-19	-313
Total short-term trade and other payables	**-2,700**	**0**	**-17**	**5**	**0**	**-2,712**
TOTAL	**-1,016**	**27**	**-3**	**12**	**280**	**-700**

The main changes relate to short-term trade and other receivables, with a total increase of EUR 252 million during 2019 as a result of different effects:

- The exchange rate effect had a positive impact on this line item of EUR 9 million.
- Changes in the consolidation scope had a positive impact of EUR 6 million on these line items.
- The "other" column includes changes arising from trading of the year, with the increase for this concept amounting to EUR 237 million. The main reason for this variation in the semester is explained by the seasonality in collections.

As regards the line item "trade and other payables", although the total change in the year is not material, of note is the increase of EUR 89 million in "Work certified in advance". This change is primarily due to the recognition in the first quarter of the future loss provision in relation to construction contracts in the US, which has lead to a loss of EUR 345 million being recognised. Part of this loss (more specifically EUR 100 million) has been recognised as an adjustment attributed to income, given that in said works, the income is registered based on the measure of progress against costs, and applying said methodology means there is an adjustment of the cost estimate, which implies an adjustment of the historic revenue recognised. The balancing entry of this adjustment in revenue has been recognised in "Work certified in advance" in the same amount of EUR 100 million, with the remainder of the loss (EUR 245 million) being recognised against the account "Provision for budgeted losses".

4.6 Provisions

The provisions recognised by the consolidated Group are intended to cover the risks arising from its various operating activities. They are recognised using the best estimates of the existing risks and uncertainties and their possible evolution.

This note provides a breakdown of all the line items composing "long-term provisions" and "operating provisions" on the liability side of the balance sheet. At 30 June 2019, the changes have been as follows:

(Millions of euros)	Long-term provisions	Short-term provisions	TOTAL
Balance at 31 December 2018	459	431	890
Impact of changes in the consolidation scope and other transfers	-39	-3	-42
Impact of exchange rate	1	3	4
Other changes in the year:	8	201	209
Charges/reversals with an impact on gross operating profit	*2*	*219*	221
Charges/reversals with an impact in other income and expense items	*37*	*0*	37
TOTAL impacts charges/reversals	*39*	*219*	258
Amounts used with an impact on working capital	*-8*	*-18*	-26
Other amounts used	*-23*	*0*	*-23*
TOTAL impact of amounts used	*-31*	*-18*	*-49*
Balance at 30 June 2019	429	632	1,061

- The main change in the year in the line item "Recognition/reversal with an impact on EBITDA", arises from the loss recognised in the first quarter of the year relating to construction contracts in the US for EUR 345 million, of which, and as detailed in Note 4.5, EUR 100 million has been recognised as reduced income with a balancing entry in "Works certified in advance" and the remainder (EUR 245 million), as a provision charge as a balancing entry to the account "Provision for budgeted losses" within the Short-term provisions balance.

- Use of provisions in the amount of EUR -49 million with no impact on profit/(loss) and had balance entries on working capital amounted to EUR -26 million (see Note 7).

- In the first quarter of the year, the profit/(loss) of the Services business classified as discontinued operations, recognised a net provision of EUR 59 million, and in addition, the total applied amounted to EUR -276 million against working capital, of which, EUR -242 million relates to costs incurred from the Birmingham contract, the impact of which on cash flow amounts to EUR -115 million (GBP -100 million), see Note 7.2.

4.7 Deferred taxes

The detail of the changes to deferred tax assets and liabilities at 30 June 2019 is as follows:

Deferred taxes (Millions of euros)	2018	Change	2019
Assets	**664**	**-15**	**649**
Tax losses	177	2	179
Other deferred tax assets	487	-17	470
Liabilities	**574**	**-9**	**565**

There are no significant changes in the total assets and liabilities balance. As regards assets, the reduction of EUR 15 million relates to the reclassification of assets held for sale of the deferred items at Ausol (primarily related to the capitalisation of financial expenses), offset by the recognition of a deferred asset related to provisions for budgeted construction losses, which will be tax deductible, as and when the losses materialise.

4.8 Other non-current assets and liabilities

- Non-current financial assets and financial derivatives: the changes in non-current financial assets and derivative financial instruments at fair value, both assets and liabilities, are explained in Note 8.2.
- Net debt: The changes in cash and cash equivalents and borrowings are explained in Note 6.

5. Equity

Changes in Equity

The detail of the changes in equity in the six-month period ended 30 June 2019 is as follows:

2019 Millions of euros	Attributed to shareholders	Attributed to non-controlling interests	Total equity
Equity at 31/12/2018	**4,530**	**833**	**5,363**
Transition to IFRS 16	-24	0	-24
Equity at 01/01/2019	**4,506**	**833**	**5,339**
Consolidated profit/(loss) for the year	**-6**	**-44**	**-50**
Impact on reserves of hedging instruments	-32	15	-17
Impact on reserves of defined benefit plans (*)	-20	0	-20
Translation differences	56	9	65
Income and expenses recognised directly in equity	**4**	**24**	**28**
Amounts transferred to the income statement	**0**	**0**	**0**
Scrip and other dividends	-102	-21	-123
Treasury share transactions	-66	0	-66
Shareholder remuneration	**-168**	**-21**	**-190**
Share capital increases/reductions	0	24	24
Share-based remuneration schemes	-6	0	-6
Subordinated hybrid bond	-9	0	-9
Other changes	-1	1	0
Other transactions	**-16**	**25**	**8**
Equity at 30.06.19	**4,319**	**816**	**5,135**

(*) Pursuant to the amendments to IAS 1, presentation of financial statements, the impact on reserves of defined benefit plans is the only item of income and expenses recognised directly in equity that cannot subsequently be reclassified to profit or loss.

The reduction in equity in the first half of the year relates to the following effects:

Transition to IFRS 16: As explained in Note 2.2., IFRS 16 came into force on 1 January 2019. The impact of first-time adoption on the parent's reserves was EUR -24 million.

Consolidated profit/(loss) for the period: the consolidated profit/(loss) for the period attributable to the Parent amounted to EUR -6 million.

Income and expenses recognised directly in equity: unlike the detail presented in the main statement of changes in equity, the impacts are shown net of the related tax effect.

Impact on reserves of hedging instruments: the recognition of the fair value changes in derivative financial instruments designated as hedges gave rise to a negative impact of EUR -32 million on the Parent Company shareholders' funds, of which EUR -20 million corresponds to fully consolidated companies, EUR -9 million to equity-accounted companies and EUR -3 million to services classified as discontinued operations.

Impact on reserves of defined benefit plans: this reflects the impact on equity of the actuarial gains and losses arising from adjustments and changes to the Group's defined benefit plan assumptions, which had a net impact in the period of EUR -20 million, relating to the equity-accounted companies (HAH/AGS).

Translation differences: this had a positive impact on shareholders' funds attributable to the Parent of EUR 56 million. The main impact arose as a result of the appreciation of the Canadian dollar (EUR +56 million).

Shareholder remuneration:

Scrip dividend: The impact in this connection relates to the first tranche of the shareholder remuneration scheme approved by the General Shareholders' Meeting of Ferrovial, S.A. held on 5 April 2019. Under this scheme, the shareholders can freely choose to receive newly issued shares of the Company by subscribing a share capital increase with a charge to reserves or an amount in cash through the transfer to the Company (if they have not already done so in the market) of the free allocation rights corresponding to the shares held by them. It should be noted that 55.47% of the shareholders opted to receive shares of the Company, whereas 44.53% availed themselves of the Company's commitment to purchase rights.

Consequently, in the first half of 2019, a share capital increase was carried out for a total amount of 5,936,542 shares with a par value of EUR0.20 per share, representing an increase in share capital of EUR 1.2 million. Also, free allocation rights amounting to EUR 102 million were purchased, representing a price per share of EUR 0.311.

Treasury stock transactions: the changes in treasury shares in the first half of 2019 were as follows:

TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES
BALANCE AT 31 DECEMBER 2018			**7,411,668**
Treasury stock for capital reduction	1,573,236		1,573,236
Discretionary and other treasury stock	1,500,960		1,500,960
Treasury stock to cater for remuneration schemes	351,104	-661,633	-310,529
Shares received - scrip dividend	108,332		108,332
BALANCE AT 30 JUNE 2019			**10,283,667**

The Annual General Meeting of Ferrovial, S.A. held on 5 April 2019 approved a treasury share buy-back programme of up to a maximum of 19 million shares for a maximum amount of EUR 275 million, the objective of which is a subsequent share capital reduction through the retirement thereof. Over the course of 1H 2019 3,074,196 shares were acquired at an average price of EUR 21.52 per share, giving rise to a payment totalling EUR 66 million.

In addition, at 30 June 2019, 351,104 treasury shares had been acquired in order to implement various remuneration schemes, and 661,633 shares had been used for this purpose. The remuneration schemes had an impact of EUR -6 million on the Company's equity (see Other transactions section).

The market value of the treasury shares held by Ferrovial at 30 June 2019 (10,283,667 shares) was EUR 231 million.

Other transactions:

Share capital increases: There was an increase of EUR 24 million in the equity attributable to non-controlling interests, primarily relating to the I-77 Mobility Partners LLC and North Tarrant Express Segments 3 toll roads for EUR 18 million and EUR 2 million, respectively and at Sugar Creek Construction LLC for EUR 4 million.

Share-based remuneration schemes**:** this reflects mainly the treasury stock transactions relating to share-based remuneration schemes for management, which had an impact of EUR -6 million on equity, as mentioned in the preceding section.

Subordinated hybrid bond. As described in the consolidated accounts at 31 December 2018, the Group issued perpetual subordinated bonds for a nominal amount of EUR 500 million, the features of which remain unchanged at 30 June 2019. The impact of accrued interest and the coupon payment is reflected in reserves, in a similar manner to dividends, amounting to EUR -9 million at the close of June 2019.

6. Net cash position

In order to present an analysis of the Group's net debt position, the following table contains a breakdown of the net cash position. The net cash position is understood to be the balance of the items included under "cash and cash equivalents", together with the "long-term restricted cash of infrastructure projects", less borrowings (short and long-term bank borrowings and bonds). The net cash position also includes forwards totalling EUR -28 million that hedge the cash held by the Group in Australian dollars and Canadian dollars, as well as cross currency swaps, with a value of EUR -6 million, associated with the borrowings denominated in dollars. The derivatives are accounted for in this way because they are associated in full with the aforementioned borrowings/cash and the related exchange rate effect is netted off therefrom.

The method used to define the Group's net cash position coincides with that used in the preparation of the Consolidated Annual Accounts for 2018.

The net cash position is in turn broken down into that relating to infrastructure projects and to other Group companies.

The following tables show the detail of the net cash position for both June 2019 and December 2019

30.06.2019								
(Millions of euros)	BANK BORROWINGS /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-3,051	-6	3,541	-28	6	462	-35	427
Infrastructure project companies	-4,954	0	218	0	531	-4,204	35	-4,169
Total net consolidated debt	**-8,004**	**-6**	**3,759**	**-28**	**537**	**-3,742**	**0**	**-3,742**

31.12.2018								
(Millions of euros)	BANK BORROWINGS /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-2,807	-6	3,766	55	1	1,009	-34	975
Infrastructure project companies	-5,385	0	239	0	472	-4,673	34	-4,640
Total net consolidated debt	**-8,192**	**-6**	**4,005**	**55**	**473**	**-3,664**	**0**	**-3,664**

Breakdown of net debt for discontinued operations and assets held for sale:

	JUNE 2019			DECEMBER 2018			
(Millions of euros)	BANK BORROWINGS /BONDS	CASH AND CASH EQUIVALENTS	NET BORROWING POSITION	BANK BORROWINGS /BONDS	CASH AND CASH EQUIVALENTS	NET BORROWING POSITION	Var.
Ex-infrastructure project companies	-322	377	55	-145	406	261	-206
Infrastructure project companies	-333	94	-239	-361	116	-245	6
Net debt from discontinued operations	**-655**	**471**	**-184**	**-506**	**522**	**16**	**-199**
Ausol toll road	-497	62	-435	-508	65	-443	9
Net debt for discontinued operations and assets held for sale	**-1,151**	**533**	**-618**	**-1,014**	**586**	**-428**	**-191**

The net cash position excluding discontinued operations was reduced by EUR -78 million, falling from EUR -3,664 million in December 2018 to EUR -3,742 million in June 2019 while the net cash position for discontinued operations and asset held for sale was reduced by EUR -191 million. A more detailed analysis of this change is included in Note 7 on cash flow and in the Interim management report that has been formally prepared together with these interim condensed consolidated financial statements.

6.1. Infrastructure projects

a) Cash and cash equivalents and restricted cash

Infrastructure project financing agreements occasionally impose the obligation to arrange certain restricted accounts to cover short-term or long-term obligations relating to the payment of the principal or interest on the borrowings and to infrastructure maintenance and operation.

In this regard, restricted cash at 30 June 2019 amounted to EUR 537 million (December 2018: EUR 481 million), including both long-term and short-term amounts. The most noteworthy changes were as follows:

- The exchange rate effect had a positive impact of EUR 3 million (see Note 4).
- The EUR 95 million increase in restricted cash, mainly at the NTE toll road (EUR 43 million) and the LBJ toll road (EUR 34 million) and at the NTE Segment 3 (EUR 19 million), because of the requirements under the financing agreement (relating to extraordinary maintenance and debt servicing).
- The impact due to changes in the consolidation scope, primarily due to the reclassification of Autopista del Sol to held for sale for EUR -43 million.

"Other cash and cash equivalents" (excluding restricted cash), which decreased by EUR 17 million in this period, and relates to bank accounts and highly liquid investments subject to interest rate risk. Particularly noteworthy is the impact from the reclassification of Autopista del Sol to held for sale for EUR -19 million. The changes therein are analysed in Note 7, Cash flow.

b) Infrastructure project borrowings

Millions of euros	Dec 2018	Net drawdowns	Exchange rate	Changes in consolidation scope	Jun. 2019
Toll roads	4,982	38	28	-497	4,552
Airports	247	-1	2	0	248
Other	155	-2	0	0	154
Total infrastructure project borrowings	**5,385**	**36**	**30**	**-497**	**4,954**

Infrastructure project borrowings decreased by EUR -431 million compared to December 2018, a change that was mainly due to the following reasons:

- Reclassification of Autopista del Sol to held for sale for EUR 497 million.
- The appreciation of the dollar against the euro (see Note 4) increased indebtedness by EUR 30 million (EUR 12 million at the LBJ toll road; EUR 9 million at North Tarrant Express Managed Lanes Mobility Partners; EUR 6 million at NTE Mobility Partners Segments 3 LLC, EUR 2 million at I-77 Mobility Partners and EUR 2 million at Denver Great Hall).
- With regard to net drawdowns (EUR 36 million), noteworthy were toll roads (EUR +38 million), primarily the US toll roads (EUR 10 million at NTE Mobility Partners Segments 3 LLC, EUR 20 million at LBJ Infrastructure Group, EUR 16 million at North Tarrant Express Mobility Partners and EUR 3 million at the I-77), primarily due to the accrual of debt with no impact on cash (payable accrued interest and interest capitalisation).

The following table shows changes to gross borrowings on infrastructure projects, broken down into changes in borrowings with balancing entries in cash flow, exchange rate effects and changes in the consolidation scope, along with changes in debt resulting from the accrual of interest, which do not involve any changes to cash positions during the financial year:

(Millions of euros)	DEC 2018	INCREASE/REDUCTION IN IMPACT ON CASH FLOW	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE CONSOLIDATION SCOPE	CAPITALISED/ACCRUED INTEREST	OTHER	JUN. 2019
Bank borrowings/bonds for projects	5,385	-16	30	-497	52	0	4,954
Gross debt position projects	**5,385**	**-16**	**30**	**-497**	**52**	**0**	**4,954**

At 30 June 2019, all the project companies were achieving the significant covenants in force.

6.2 Other companies

The net cash position excluding infrastructure projects amounted to EUR 427 million, a change of EUR -548 million compared with December 2018.

a) Cash and cash equivalents of other companies

At 30 June 2019 there were certain restricted accounts totalling EUR 54 million (December 2018: EUR 78 million), of which EUR 6 million related to long-term and EUR 48 million to short-term, primarily in the Construction Division, to service debts and operating payments for projects in progress in the US.

b) Breakdown of borrowings of other companies

(Millions of euros)	31/12/2018	Other companies - net change	Exchange rate	30/06/2019
Construction	59	-4	1	55
Corporate and other	2,749	245	2	2,995
Total ex-infrastructure project company borrowings	**2,807**	**241**	**3**	**3,051**
Cross currency swaps	6	0	0	6
Total ex-infrastructure project company borrowings, including CCSs	**2,813**	**241**	**3**	**3,056**

The borrowings of ex-infrastructure project companies amounted to EUR 3,056 million, an increase of EUR 243 million. Excluding the exchange rate effect, the variation is EUR 241 million. The increase in borrowings is primarily due to the issue of Euro commercial papers in the amount EUR 245 million. The company has arranged an issue of Euro commercial papers for a maximum of up to EUR 1,000 million on the Irish Stock Exchange, approximately EUR 950 million having been issued at June 2019, with an average interest rate of -0.212%. Through this programme, Ferrovial is able to issue commercial paper notes maturing between 1 and 364 days as of the issue date so as to diversify funding sources in capital markets and manage cash surpluses more efficiently.

The following table shows changes to gross borrowings on ex-infrastructure projects, broken down into changes in borrowings with balancing entries in cash flow, exchange rate effects and changes in the consolidation scope, along with changes in borrowings resulting from the accrual of interest, which did not involve any changes to cash positions during the financial year:

(Millions of euros)	DEC 2018	INCREASE/REDUCTION IN IMPACT ON CASH FLOW	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE CONSOLIDATION SCOPE	CAPITALISED/ACCRUED INTEREST	OTHER	JUN. 2019
Bank borrowings/ex-project bonds	2,807	248	3	0	-7	0	3,051
Cross currency swaps	6	0	0	0	0	0	6
Gross debt position ex-infrastructure projects	**2,813**	**248**	**3**	**0**	**-7**	**0**	**3,056**

7. Cash flow

7.1. Cash flow statement

The consolidated cash flow statement has been prepared in accordance with IAS 7. This note provides an additional breakdown in this connection. This breakdown is based on internal criteria established by the Company for business purposes, which in certain cases differ from the provisions of IAS 7. The main criteria applied are as follows:

In order to provide a clearer explanation of the cash generated, the Group separates cash flows into "cash flows excluding infrastructure projects", where infrastructure project concession operators are treated as financial assets and the investments in the capital of these companies are therefore included in cash flows from investing activities and the yields from the investments (dividends and capital reimbursements) are included in cash flows from operating activities, and "cash flows of infrastructure projects", consisting of cash flows from the operating and financing activities of infrastructure project concession operators.

- The treatment given to interest received on cash and cash equivalents differs from that in the cash flow statement prepared in accordance with IAS 7, since this interest is included in cash flows from financing activities, as a reduction of the amount of interest paid, under "interest cash flow".

- The cash flows endeavour to present the changes in the net cash position as the net amount of borrowings, cash and cash equivalents and restricted cash. This method also departs from that established in IAS 7, which explains the changes in cash and cash equivalents.

With regard to the treatment of finance leases, as the nature of the payment is also tied to business operations, the related cash flow is included in changes in working capital in cash flows from operating activities, which differs from the treatment afforded in the cash flow statement, where it is included in cash flows from financing activities (EUR -59 million at June 2019).

It should finally be noted that dividends received derive mainly from infrastructure projects and equity-consolidated companies. This includes both dividends and other similar items, mainly interest on subordinated borrowings and participating loans, and repayments of capital, debt and loans.

As outlined in Note 1.3, the cash flow reported in this note includes cash flows from operating activities, investment and financing for discontinued operations and assets held for sale in the main lines.

The change in cash flow is also discussed in the interim management report that was formally prepared together with these interim condensed consolidated financial statements.

Cash flow detail June 2019 (Millions of euros)	**Note:**	**June 2019 (figures in millions of euros)** Cash flow excluding infrastructure project companies	Cash flow of infrastructure project companies	Eliminations	Consolidated cash flow
EBITDA including discontinued operations		-195	287	0	92
Dividends received	4.4	244	0	-1	242
Working capital variation (receivables, payables and other)	4.5/7.2	-440	-69	0	-510
Pre-tax operating cash flows		**-392**	**218**	**-1**	**-175**
Taxes paid in the year		-17	-4	0	-21
Operations cash flow		**-409**	**214**	**-1**	**-196**
Investment		-117	-55	27	-145
Divestment		3	0	0	3
Investment cash flow		**-114**	**-55**	**27**	**-142**
Cash flows from operating activities		**-523**	**159**	**25**	**-338**
Interest cash flows		3	-91	0	-89
Capital proceeds from non-controlling interests		4	54	-27	31
Scrip dividend		*-102*	*0*	*0*	*-102*
Acquisition of treasury shares		*-66*	*0*	*0*	*-66*
Shareholder remuneration	5	-168	0	0	-168
Dividends paid to non-controlling shareholders of investees		-17	-2	1	-17
Other changes in shareholders' funds		-6	0	0	-6
Exchange rate effect		-40	-26	0	-66
Changes in the consolidation scope		-1	0	0	-1
Other changes in borrowings (not giving rise to cash flows)		-6	-52	0	-57
Cash flows from financing activities		**-231**	**-117**	**-25**	**-374**
Var. net debt from discontinued operations		**206**	**-6**	**0**	**199**
Disposal of net debt from assets held for sale		**0**	**435**	**0**	**435**
Change in net cash position		**-548**	**470**	**0**	**-78**
Opening position	6	975	-4,640	0	-3,664
Closing position	6	427	-4,169	0	-3,742

Cash flow detail June 2018 (Millions of euros)	**Note:**	**June 2018 (figures in millions of euros)** Cash flow excluding infrastructure project companies	Cash flow of infrastructure project companies	Eliminations	Consolidated cash flow
EBITDA including discontinued operations		-93	216	0	122
Dividends received	4.4	307	0	-77	229
Birmingham Provision with no impact on cash flow		198	0	0	198
Working capital variation (receivables, payables and other)	4.5	-482	-57	0	-539
Pre-tax operating cash flows		**-71**	**159**	**-77**	**11**
Taxes paid in the year		2	-2	0	-1
Cash flows from operating activities		**-69**	**156**	**-77**	**10**
Investment		-135	-71	35	-171
Divestment		48	145	0	193
Cash flows from investment activities		**-87**	**74**	**35**	**22**
Cash flows from operating activities		**-156**	**230**	**-43**	**32**
Interest cash flows		-23	-95	0	-118
Capital proceeds from non-controlling interests		0	66	-35	31
Scrip dividend		*-100*	*0*	*0*	*-100*
Acquisition of treasury stock		*-97*	*0*	*0*	*-97*
Shareholder remuneration	5	-197	0	0	-197
Dividends paid to non-controlling shareholders of investees		-48	-78	77	-48
Other changes in shareholders' funds		-4	0	0	-4
Exchange rate effect		-16	-90	0	-106
Changes in the consolidation scope		-5	0	0	-5
Other changes in borrowings (not giving rise to cash flows)		15	-45	0	-30
Cash flows from financing activities		**-278**	**-242**	**43**	**-478**
Change in net cash position		**-434**	**-12**	**0**	**-446**
Opening position	6	1,341	-4,804	0	-3,463
Closing position	6	906	-4,816	0	-3,909

Cash flow from discontinued operations and assets held for sale:

The cash flow from discontinued operations in the Services Division is set out below, which is recognised in the reported cash flow line:

	Discontinued operations				Held for sale
2019	**Ex-infrastructure project companies**	**Infrastructure projects**	**Adjustments**	**Consolidated services**	**Ausol**
Cash flows from operating activities	**-175**	**25**	**-1**	**-152**	**22**
Investment	-78	-9	0	-87	-1
Divestment	1	0	0	1	0
Cash flows from operating activities	**-252**	**16**	**-1**	**-238**	**21**
Cash flows from financing activities (non-controlling interests)	-4	-10	0	-14	-10
2018	**Ex-infrastructure project companies**	**Infrastructure projects**	**Adjustments**	**Consolidated services**	**Ausol**
Cash flows from operating activities	**-71**	**16**	**-70**	**-124**	**22**
Investment	-79	-4	0	-82	-5
Divestment	41	145	0	185	0
Cash flows from operating activities	**-109**	**157**	**-70**	**-21**	**17**
Cash flows from financing activities (non-controlling interests)	-4	-11	0	-15	-10

7.2 Changes in working capital:

The variations in working capital (EUR -510 million) are the metric that explain the difference between the Group's gross operating profit and its pre-tax operating cash flow and arose from the difference between the timing of recognition of revenue and expenses for accounting purposes and the date on which the aforementioned revenue and expenses were transformed into cash, due mainly to changes in the balances of trade receivables and payables to suppliers or other items in the statement of financial position. Thus, a reduction in the balance of trade receivables will give rise to an improvement in working capital and a reduction of the balance of payables to suppliers will give rise to a worsening of working capital.

The changes in this item do not exactly coincide with the changes in working capital reported in Note 4.5 for the following reasons:

	Ex-infrastructure project companies	Infrastructure projects and adjustments	TOTAL
Change in working capital (Note 4.5)	**-247**	**-33**	**-280**
Change in working capital for discontinued operations and assets held for sale	-96	-16	-112
Change in working capital including discontinued operations	**-343**	**-49**	**-391**
Changes in working capital with an impact on other lines in the cash flow statement	-9	-10	-19
Continuing operations	*-5*	*-12*	*-17*
Discontinued operations	*-4*	*2*	*-2*
Changes in provisions with an impact on EBITDA or on working capital	-22	0	-22
Continuing operations	*195*	*0*	*195*
Discontinued operations	*-217*	*0*	*-217*
Changes in other balance sheet items with an impact on operating cash flow	-67	-10	-77
Continuing operations	-25	-15	-40
Discontinued operations	-42	5	-37
Total working capital reported in the cash flow statement (Note 7.1)	**-440**	**-69**	**-510**
Impact of IFRS 16 reported in financing cash flow statement	59	0	59
Continuing operations	17	0	17
Discontinued operations	42	0	42
Total working capital reported in cash and cash equivalents statement	**-381**	**-69**	**-451**

The differences discussed above relate to the following items:

- Changes in working capital with an impact on other lines in the cash flow statement (mainly investment cash flow). The working capital accounts reported in Note 4.5, in particular the payables to suppliers, can relate to transactions that do not affect operating cash flow, such as fixed asset purchases.
- Changes in provisions with an impact on EBITDA or on working capital for EUR -22 million, which relates to:
  - net provision charge of EUR 280 million (EUR 221 million continuing operations; EUR 59 million discontinued operations) with a negative impact on EBITDA, but with no cash impact (see Note 4.6).
  - an allocation of provisions with an impact on working capital of EUR -302 million (EUR -26 million continuing operations; EUR -276 million discontinued operations. See Note 4.6).
- Changes in other statement of financial position items with an impact on operating cash flow. The changes in working capital reported in Note 4.5 reflect only movements in items included under "short-term trade and other receivables", "short-term trade and other payables" and "inventories". In certain cases, operating income and expenses relate not only to items shown in working capital (short-term items) but also to certain items recognised as long-term assets and liabilities, such as long-term trade receivables and long-term trade payables, or even to items in equity accounts such as operations relating to share-based remuneration schemes.

8. Non-current financial assets and derivative financial instruments at fair value

The main changes in derivative financial instruments at fair value (in assets and liabilities) and non-current financial assets were as follows:

Millions of euros	30.06.2019	31.12.2018	Change
Non-current financial assets	**825**	**754**	**71**
Long-term loans to associates	178	173	5
Restricted cash and other non-current financial assets	537	473	64
Other receivables	111	108	2
Derivative financial instruments at fair value (net)	**-8**	**54**	**-63**
Derivative financial instruments at fair value (assets)	496	445	51
Derivative financial instruments at fair value (liabilities)	-504	-390	-114

8.1. Non-current financial assets

"Long-term loans to associates" mainly includes the loan granted to AGS amounting to EUR 101 million (31 December 2018: EUR 100 million), as well as other loans to associates amounting to EUR 78 million (2018: EUR 73 million), primarily in the toll road division.

"Restricted cash relating to infrastructure projects and other financial assets" relates primarily to deposits made at toll road concession operators, the use of which is limited to certain purposes established in the concession arrangement, such as payment of future investments or operating expenses and debt servicing. This item forms part of the net cash position.

8.2. Derivative financial instruments at fair value

In general, the Group's position in derivatives and its hedging strategies remained in line with the situation described in detail in the financial statements for the year ended 31 December 2018. Derivatives are recognised at market value at the trade date and at fair value at subsequent dates.

The detail of the asset and liability balances relating to derivative financial instruments at fair value and of the main impacts on reserves and on profit or loss is as follows:

Millions of euros	Notional amounts at 30.06.19	MTM value at 30.06.2019	MTM value at 31.12.2018	Change	Impact on reserves	Impact on P&L - Fair value	Other effects on statement of financial position or P&L
Interest rate derivatives	1,792	-444	-345	-99	-97	1	-3
Index-linked derivatives	55	447	358	90	95	-1	-5
Equity swaps	50	11	-2	13	0	13	0
Corporate exchange rate derivatives	3,584	-16	51	-67	1	-3	-65
Cross currency swaps	500	-6	-6	0	-2	0	2
Other	0	-1	-1	1	-1	0	1
Total	**5,981**	**-8**	**54**	**-63**	**-4**	**10**	**-70**

The net change in the fair value of the Group's financial derivatives amounts to EUR -63 million, its asset position switching from EUR 54 million at December 2018 to a liability position of EUR 8 million at June 2019.

The main changes relate to the following:

- Corporate foreign exchange derivatives (EUR -67 million), the main impacts of which have been caused by cash settlements (EUR 40 million), currency translation differences (EUR -104 million), fair value impact on profit and loss (EUR -3 million), reserves (EUR 1 million) and other (EUR -1 million).
- Interest rate derivatives (EUR -99 million), the main variations being explained by impacts on reserves (EUR -97 million).
- Inflation derivatives (EUR 90 million), relating to the concession operator Autema. The main cause of this change is the impact on reserves (EUR 95 million), primarily due to lower inflation figures than expected in Spain.

9. Disclosures relating to the income statement

9.1 Impairments and disposals of fixed assets

"Impairment and disposals of fixed assets" includes mainly asset impairment and the gains or losses on the sale and disposal of investments in Group companies and associates.

The main impacts recognised in this line item at 30 June 2019 relate to:

- Terrassa Manresa toll road (Autema): in 1H 2019 a provision of EUR -21 million was recognised for the profit/(loss) generated by this company during the first six months of the year, due to the situation of the project (see Note 10.1 on litigation) (effect of EUR -16 million on the net profit/(loss) of Ferrovial).

The main impacts recognised in this line item at 30 June 2018 relate to:

- Terrassa Manresa toll road (Autema): as outlined in the previous section, a provision of EUR -18 million was recognised (effect of EUR -13 million on the net profit/(loss) of Ferrovial).

9.2 Net financial income/(expense)

- *Net financial income/(expense) on financing*

The net financial income/(expense) on the financing of the infrastructure project companies amounted to EUR -126 million (30 June 2018: EUR -108 million), primarily relating to these companies' external borrowing costs. The change in net financial income/(expense) is explained largely by the reduction in financial expenses capitalised due to the completion and entry into use of the NTE segment 3 toll road, in the United States in July 2018. This year, the amount of EUR -17 million is recognised, having accrued over 6 months, as compared with EUR -3 million in June 2018, due to the part accrued following the partial opening of the toll road.

The net financial income/(expense) from financing of the other companies (excluding infrastructure project information) amounted to EUR 13 million (30 June 2018: EUR 2 million), corresponding to external borrowing costs (EUR -23 million) and interest obtained on financial investments and other items for EUR 37 million. The improvement in net financial income/(expense) on financing is due mainly to the increase in cash resources in Canada compared with the previous year (bearing higher interest rates than in Europe).

- *Other net financial income/(expense)*

"Other net financial income/(expense)" for ex-infrastructure project companies includes mainly the result of changes in the fair value of financial instruments with no impact on cash. At 30 June 2019, these changes gave rise to income of EUR 11 million, classified in the fair value adjustments column of the income statement. Also noteworthy in this amount is the positive impact of the equity swaps arranged by the Group to hedge the effect on equity of the share option plans; these swaps had an impact of EUR 13 million in the period (see Note 8) due to the increase in the share price in the first six months of the year.

Disregarding the fair value impact, the remainder of the net financial income/(expense) (EUR 4 million) primarily relates to income from the billing of security deposits to equity-accounted projects (EUR 9 million), bank guarantee costs (EUR -14 million), exchange rate differences (EUR 3 million), late payment interest (EUR 3 million), as well as interest from loans with equity-consolidated companies (EUR 4 million). The change on the previous year is primarily explained by foreign exchange differences, a gain of EUR 3 million having been recognised this year, as compared with a loss of EUR -3 million in the same period of the previous year.

There were no significant changes at the infrastructure project companies with respect to the previous year, with the main component of this line item being the financial accrual from the restatement of provisions (EUR - 2 million).

9.3 Corporate income expense

The corporate income tax expense for the first six months of 2019 has been calculated on the basis of the tax rate that is expected to be applicable to total annual earnings. Accordingly, at 30 June 2019 this gave rise to income of EUR 50 million. However, it should be taken into account that this amount includes EUR -2 million of prior years' adjustments. Excluding this impact, corporate tax income amounts to EUR 52 million.

Also, the pre-tax profit/(loss) (EUR -236 million at 30 June 2019) includes certain impacts, with no tax impact, that have to be excluded when calculating the effective corporate income tax rate, of note are:

- Impact of the results of equity-accounted companies (EUR 76 million) which, in accordance with accounting standards, are presented net of the related tax effect.
- Losses that are generated in construction projects performed outside Spain and do not generate a tax credit (EUR 9 million).
- Various different types of non-deductible expenses, primarily related to Budimex for EUR 16 million.
- Profit/(loss) in infrastructure project companies in the US and Canada, in which other companies have ownership interests and which are fully consolidated (EUR 12 million).

Following adjustment for the main items, the profit/(loss) before tax amounts to EUR -275 million. After applying the aforementioned adjustments, the effective tax rate is 19% (income tax income of EUR 52 million on EUR -275 million of profit/(loss) before tax).

9.4 Profit/(loss) from discontinued operations

As discussed in note 1.3, at 31 December 2018 the Services division was reclassified to discontinued operations, the impact on the income statement of this business area is now reported in one line item "net profit/(loss) from discontinued operations".

The June 2019 results show the same fair value estimate for the group of held-for-sale assets as was used in December 2018 because the businesses performed in line with the forecasts made by the company when the calculation was effected.

In this regard, the recognised impact on Services UK deriving from the agreement reached with Birmingham City Council to terminate the contract on the restoration and subsequent maintenance and replacement of certain infrastructures in the city had no impact on the Division's results, since they were already covered by the fair value provision recognised in December 2018, as mentioned in the Significant Event published by the company on 29 June 2019.

For a better understanding of the profit/(loss) of the Service business and the way in which it has been included in the Group's consolidated profit/(loss), the accompanying table provides a breakdown by line of the profit/(loss) of the discontinued operation:

Services division (Millions of euros)	JUN. 2019	JUN. 2018	Change
Revenues	3,597	3,238	359
EBITDA	**210**	**-83**	**293**
Fixed asset depreciation	149	-99	248
Operating income before impairment losses and fixed asset disposals	**60**	**-183**	**243**
Impairment and fixed asset disposals	0	-1	1
Operating profit/(loss)	**60**	**-184**	**244**
Net financial income/(expense)	**-41**	**-38**	**-3**
Share of profits of equity-consolidated companies	13	10	3
Pre-tax consolidated profit/(loss)	**32**	**-212**	**244**
Income tax	-4	-6	2
Post-tax profit/(loss)	**27**	**-217**	**244**
Profit/(loss) for the year attributed to non-controlling interests	-3	0	-3
Profit/(loss) for the year attributed to the Parent company	**24**	**-218**	**242**
Adjustments from discontinued operations	111	12	99
Profit/(loss) from discontinued operations	**135**	**-206**	**341**

The adjustments related to discontinued operations for 2019 are primarily made of eliminations of asset amortizations (EUR 119 million), in addition of eliminations of internal operations.

10. Contingent assets and liabilities, and investment commitments

As indicated in note 1.3. the breakdowns included in this note also incorporate the information corresponding to the discontinued activities.

10.1. Litigation

The annual accounts for 2018 contain detailed disclosures on the main litigation in which the various Group companies were involved at year-end. The following is an explanation of the main changes in the situation of those lawsuits in the first half of 2019:

a) <u>Litigation relating to the toll road business</u>

- **Terrassa Manresa toll road (Autema)**

On 18 March 2019, the company was notified of the High Court's judgement upholding Autema's contentious-administrative appeal against Decrees 61/2015 and 337/2016 approved by the Government of Catalonia. A cassation appeal has been lodged against this judgement at the Supreme Court so it is not final. Its effects are suspended until the Supreme Court rules whether or not to give the appeal leave to proceed, which is estimated to take between six and nine months as from June 2019.
The company's legal advisors consider that there are strong arguments to uphold the cassation appeal and that the appeal will be subsequently upheld on its merits.
Based on these arguments, the company has decided to continue to treat this asset as a financial asset. However, in the first six months of 2019, a provision of EUR -21 million was recognised for the profit/(loss) generated by this company (effect of EUR -16 million on the net profit/(loss) of Ferrovial (see Note 9)).

- **M-203 toll road**

As previously mentioned in the 2018 annual accounts, the Company entered into negotiations with the Grantor when it received the Order for Termination, to agree on the net investment value (NIV).
In view of the time that had elapsed without the Madrid Regional Government having issued a ruling on the amount relating to NIV, in April 2019 the company submitted a notification to the Regional Government on the grounds of the failure to take the necessary steps. As three months elapsed with no reply, on 15 July 2019 the company lodged a contentious-administrative appeal requesting a precautionary measure whereby the court would force the Regional Government to issue a ruling expeditiously.
In addition, the company is taking steps in connection with the damages payable by the Regional Government due to the early termination of the concession.

- **Radial R4 toll road**

In relation to the lawsuit with the banks financing the R4 motorway regarding a guarantee granted by the former shareholders of the project, in the case of Cintra for a value of EUR 14.95 million (which is fully provisioned for by the company), and which had been resolved in favour of Cintra both in the first instance and by the Madrid Court of Appeal, in 2019 the Supreme Court admitted for processing the extraordinary appeal for procedural infraction filed by the banks, which at the end of 2018 (as outlined in the annual accounts) was pending resolution. The time limit for lodging the notice of opposition is currently open.

- **SH-130 (toll roads)**

In relation to SH-130, the fundamental change during 1H 2019 was the Judge's dismissal of the motions to dismiss that were pending resolution, and which referred to the breach of fiduciary duties and the unjust enrichment action invoked by the claimant in the modification of its lawsuit filed in September 2018. The discovery stage is not yet over and will be followed by the presentation and discussion of the statement of claim, a definitive ruling being expected for the second half of 2020.

An analysis of the current situation would lead to the conclusion that the Ferrovial Group companies have strong arguments to defend their interests in these legal proceedings, and it is reasonable to assume that they could succeed in having the actions brought against them rejected by the Court. Based on the above, Ferrovial has not set aside any provision in relation to this legal proceeding.

b) <u>Litigation relating to the Construction business:</u>

- ***Construction works at the SH-130 toll road in Texas***

As regards the arbitration relating to the alleged construction defects, the main change compared to the situation as at 31 December 2018 has been that the SH130 Concession Company LLC, filed a statement of claim on 1 March 2019 for USD 161 million (which added to the initial USD 130 million, amounts to a total claim of USD 291 million), which consist of the amounts that SH130 alleges it has incurred or will incur to repair the damages claimed for Segments 5 and 6 of the "State Highway 130" (the installation).

Of this amount, 50% (EUR 145 million) would be attributable to the stake held by the Ferrovial Group. The company's legal advisors still believe that construction work at the toll road was carried out in accordance with the terms of the contract and industry best practices, and that, in any case, any liability that may result from this lawsuit could be reduced by certain factors, such as:

- The existence of an insurance policy to the benefit of the construction company.
- Liability for the defects being alleged should rest with the companies that were subcontracted by the construction company, both with regard to design and as regards the work done to lay the road surface.
- It would appear that the Texas Department of Transport and the concession operator have reached an agreement to carry out the work required to repair the defects at a value of USD 60 million, which represents much less than the amount being claimed.

On the basis of the foregoing, it was concluded that, at the close of June 2019, it was not necessary to allocate any additional provision to the USD 10 million currently set aside by the company to cover deferred expenses in relation to guaranteeing the construction work completed as part of this project. The ruling on this complaint is not expected until 2020.

Other than the arbitration process reported in the preceding paragraph in relation to the SH-130 toll road, as of 30 June 2019 there has not been any substantial change from the situation described in the annual accounts for the 2018 financial year as regards litigation involving the construction business, nor have any new legal proceedings been initiated that might represent a significant contingency for the Group.

c) Litigation relating to the Services business:

In relation to the Services business in the UK:

The main current lawsuit for this business division at 31 December 2018 relates to the Amey contract (Services business in the UK) with Birmingham City Council.

In accordance with the structure of this contract, the relationship with Birmingham City Council is conducted through the special purpose vehicle (SPV) Amey Birmingham Highways Limited (ABHL), 33.3% owned by Amey, which acts as the SPV's subcontractor.

Over the past few months, the parties have been negotiating a settlement, having reached an agreement with Amey Birmingham Highways Limited (ABHL) on 29 June 2019. Pursuant to this agreement, Amey is required to pay GBP 215 million to ABHL over a six-year period (GBP 100 million paid on 29 June 2019, two payments of GBP 30 million each at the end of September and December 2019, GBP 10 million each year from 2020 to 2024 and GBP 5 million in 2025) to fully discharge Amey's liability with respect to the Birmingham project and stakeholders. The agreement for services between Amey and ABHL will remain in force, including certain amendments, to 30 September 2019 and may be extended to a date no later than 31 March 2020. In accordance with the said amendments, Amey's liability during this period will be limited to GBP 0.9 million to September 2019 and a further GBP 0.15 million per month should the agreement be extended to March 2020. In addition, Amey will be entitled to offset the amounts not paid by ABHL under the agreement for services against the payments owed by Amey to ABHL under the settlement agreement, subject to certain limits.

Pursuant to the agreement reached, Amey has sold its interest in ABHL for two pounds sterling to the SPV's other two shareholders, retaining the loan granted to that company.

In order to finance the payment of the part contained within the agreement, Ferrovial granted Amey a loan valued at GBP 75 million.

This agreement has no impact on Ferrovial's profit, as it falls into the calculation of the fair value provision recognised in December 2018 in relation to Ferrovial's stake in Amey.

In relation to the Services business in Spain:

a) Litigation relating to the Ruling of the Spanish National Markets and Competition Commission (CNMC) in relation to the Municipal Solid Waste sector.

On 12 June 2019, the CNMC set forth a list of the established facts in which it outlined anti-trust conduct or practices, divided into two blocks:

(i) participation in market-sharing agreements and recommendations in the municipal solid waste sector as a partner of ASELIP (Association of Waste Management and Street Cleaning Companies); and

(ii) bilateral client-sharing agreements with a competitor in the non-hazardous industrial waste sector in Catalonia and Andalusia, and with another competitor in the same industrial waste sector in Andalusia. CESPA and CESPA GR filed claims against this list on 02/07/19.

As reported last year, Ferrovial has filed a contentious-administrative appeal with the National Court on the grounds that the initiation of these new proceedings violates the basic right of Cespa S.A. and Cespa Gestión de Residuos S.A.U. not to be tried twice for the same offence, since proceedings were previously initiated for the same reason and later dismissed by the Courts. The appeal has been concluded and is now pending a date to be set for the voting and handing down of the judgement. The Group has decided not to set aside any provision, given that the Company's legal advisors believe that the arguments set out in the appeal seeking protection for basic rights are robust.

b) Litigation relating to the Ruling of the Spanish National Markets and Competition Commission (CNMC) in relation to the road maintenance sector:

Following a period of investigation into reserved information, on 16 July 2019, the CNMC initiated penalty proceedings against FERROSER INFRAESTRUCTURAS, S.A. and its Parent FERROVIAL, S.A., along with other companies in the sector (ACS, ACCIONA, FCC, OHL, SACYR, ELECNOR, and others), due to potential anti-trust practices during tendering for providing maintenance and operations services for the State Road Network, arranged by the Ministry of Public Works. The CNMC has only announced initiation and has provided access to part of the proceedings. In relation to the investigation period related to the reserved information, the Group has filed a contentious-administrative appeal with the Nation Court seeking protection for basic rights, essentially based on the fact that the Inspection order was very generalised and that the indicators of the investigation were not provided, and this has been admitted for process and has been challenged by the Public Prosecutor. For the same reasons, on 11 January 2019, an appeal was filed with the Madrid High Court, asking for the Court Ruling that authorised the inspection to be revoked.

c) Empresa de Mantenimiento y Explotación M-30, S.A. (Emesa).

As indicated in the 2018 annual accounts, Emesa (a company in which Ferrovial holds a 50% stake), the holder of the maintenance contract for the M-30 toll road and 20% of the capital of the concession company, had filed an appeal against the resolution in which the City Council approved the Report by the Investigation Committee in relation to various aspects relating to these contracts.

On 3 June 2019, a judgement was issued on the appeal, declaring that it was inadmissible due to a lack of legal standing on the part of the appellant (Emesa). Nonetheless, although it was not given leave to proceed, point of law four of the appeal states that the Investigation Committee's rulings are mere recommendations and are not binding on Emesa. In other words, the company could only be affected by any possible rulings that may be issued in the future that contain the said recommendations. In the opinion of the legal advisors, this judgement is positive for the company's interests. On this basis, together with the opinion that there are grounds for arguing that the power supply must be paid for by Madrid Calle 30 and not by Emesa and that, in the event that the concession is bailed out, under the bidding specifications of the contract Emesa's shareholders would recover the value of the participating loans granted to this company and Emesa would recover the value of its stake in Madrid Calle 30, along with the subordinated loan it granted to the said company.

d) Other litigation relating to the Services business:

Other than the litigation mentioned in the previous paragraph, as of 30 June 2019 there had not been any substantial change from the situation described in the 2018 annual accounts as regards litigation in the services business, nor had any new court proceedings been initiated that might represent a significant contingency for Ferrovial.

e) Litigation relating to the Airports business:

Denver Great Hall, LLC, 80% owned by Ferrovial Aeropuertos and concessionaire of the Great Hall remodelling project of the Denver Airport Jeppesen Terminal, has filed a complaint to the grantor, the Denver City Council (which acts in this contract through the Denver Airport). Denver Great Hall, LLC claims, according to the procedures set forth in the concession contract, the costs and extension of time required to execute the work in the new conditions created as a result of differences observed between the characteristics of the contractually anticipated concrete and those actually existing in part of the terminal, as well as the modifications requested by the grantor during the execution of the design and construction of the project. The grantor is analysing the claim, to express his conformity. If an agreement is not reached, an arbitration proceeding may be initiated. The claim does not suspend or affect the execution of the project, which is ongoing.

10.2. Guarantees

a) Bank guarantees and other guarantees provided by insurance companies

At 30 June 2019, the Group companies had given bank guarantees and other guarantees issued by insurance companies for a total of EUR 7,347 million (EUR 7,524 million in December 2018), which break down as follows: i) EUR 3,382 million in bank guarantees (EUR 3,511 million in December 2018), ii) EUR 3,966 million in guarantees issued by bonding agencies and insurance companies (EUR 4,013 million in December 2018). These guarantees are given to clients to cover liability for the proper execution of construction contracts or services involving Group companies. The guarantee would be enforced by the client were a project not executed.

Of the total amount of the guarantees, EUR 853 million (31 December 2018: EUR 873 million) are securing commitments to invest in the capital of infrastructure projects (see Note 10.3 below).

b) Guarantees provided by Group companies for other Group companies

Guarantees are provided among Group companies to cover third-party liability arising from contractual, commercial or financial relationships. In general, these guarantees do not have any impact on the analysis of the Group's consolidated financial statements. However, there are certain guarantees provided by ex-infrastructure project companies to infrastructure project companies which, due to the classification of project borrowings as being without recourse, it is relevant to disclose. It is also important to mention the guarantees provided to companies accounted for using the equity method, whether or not they are infrastructure project companies, to the extent that they could give rise to future additional capital disbursements at these companies if the guaranteed events took place.

The detail of the outstanding guarantees at 30 June 2019 and of the changes therein with respect to 31 December 2018 is as follows:

b.1) Guarantees provided by ex-infrastructure project companies to fully-consolidated infrastructure project companies (contingent capital).
These guarantees totalled EUR 214 million at 30 June 2019 (31 December 2018: EUR 236 million). Of that amount, only EUR 14 million are secured.

b.2) Guarantees provided by ex-infrastructure project companies to equity-accounted infrastructure project companies (contingent capital).
The guarantees in relation to the financing of the infrastructure projects amount to EUR 60 million based on the Ferrovial Group's percentage of ownership (31 December 2018: EUR 59 million).

b.3) Other guarantees provided for equity-accounted companies.
Certain construction and services contracts are performed by equity-accounted companies often created specifically to perform contracts previously awarded to their shareholders. In these cases, the shareholders of those companies provide performance bonds relating to those contracts. The liability secured is similar to that indicated in Note 10.2.a).
Notable in this respect are the guarantees provided by the Services Division – primarily in the UK – in favour of various equity-consolidated companies, which totalled EUR 378 million at 30 June 2019 (31 December 2018: EUR 439 million). It should be noted that the aforementioned amount corresponds to work not yet performed in proportion to Ferrovial's percentage of ownership.

10.3. Commitments

a) Investment commitments

The investment commitments undertaken by the Group in relation to the capital for infrastructure projects amount to EUR 977 million (December 2018: EUR 1,013 million) and the commitments to acquire property, plant and equipment and companies amount to EUR 140 million (December 2018: EUR 181 million). A portion of the infrastructure project commitments are secured by bank guarantees received from third parties amounting to EUR 853 million (see Note 10.2). It should be mentioned that the EUR 977 million include EUR 3 million that also appear in the guarantees referred to in Note 10.2 section b.1) corresponding to the contingent capital of Ausol.

It should be noted that, although it is not included in the aforementioned commitments, in relation to the I-77 toll road, Ferrovial is guaranteeing the investment commitments of another shareholder amounting to EUR 22.2 million. In return for providing this guarantee, if the shareholder fails to make the related disbursements, its ownership interest will be diluted in proportion to the disbursements not made.

Finally, regarding the process of selling a percentage stake in 407 Highway initiated by one of the shareholders of the company, in May 2019, Ferrovial informed the seller of its interest in exercising the preferential right of acquisition for additional 5% interest stake. The operation is currently subject to the resolution of a legal dispute in which is being discussed if Ferrovial meets the right conditions to execute this operation. In case all the requirements and approvals are granted, the company should face a disbursement for an estimated value of CAD 1,600 million.

b) Environmental commitments

There were no changes with respect to the information disclosed in the annual accounts for 2018 on the provisions for probable or certain environmental liability, litigation in progress and indemnities or other outstanding obligations of undetermined amount.

11. Workforce

The detail of the number of employees at 30 June 2019 and 2018, by professional category and gender, is as follows:

CONTINUING OPERATIONS CATEGORY	30/06/2019 MEN	WOMEN	TOTAL	CHANGE 19/18
Executive directors	2	0	**2**	0%
Senior executives	9	2	**11**	-15%
Executives	267	29	**296**	-19%
University and further education college graduates	5,518	2,255	**7,773**	0.2%
Administrative personnel	476	500	**976**	8%
Manual workers and unqualified technicians	7,530	602	**8,132**	-5%
Total	**13,802**	**3,388**	**17,190**	-2%

CONTINUING OPERATIONS CATEGORY	30/06/2018 MEN	WOMEN	TOTAL
Executive directors	2	0	**2**
Senior executives	11	2	**13**
Executives	331	33	**364**
University and further education college graduates	5,576	2,179	**7,755**
Administrative personnel	431	470	**901**
Manual workers and unqualified technicians	8,337	255	**8,592**
Total	**14,688**	**2,939**	**17,627**

DISCONTINUED OPERATIONS CATEGORY	30/06/2019 MEN	WOMEN	TOTAL	CHANGE 19/18
Executive directors	0	0	**0**	0%
Senior executives	0	0	**0**	0%
Executives	190	48	**238**	-2%
University and further education college graduates	5,897	2,461	**8,358**	37%
Administrative personnel	2,796	3,909	**6,705**	-5%
Manual workers and unqualified technicians	40,658	19,438	**60,096**	-5%
Total	**49,541**	**25,856**	**75,397**	-2%

DISCONTINUED OPERATIONS CATEGORY	30/06/2018 MEN	WOMEN	TOTAL
Executive directors	0	0	**0**
Senior executives	0	0	**0**
Executives	198	46	**244**
University and further education college graduates	4,544	1,537	**6,081**
Administrative personnel	3,101	3,944	**7,045**
Manual workers and unqualified technicians	44,412	19,024	**63,436**
Total	**52,255**	**24,551**	**76,806**

The average number of employees, by business division, in the first six months was as follows:

BUSINESS	30/06/2019 MEN	WOMEN	TOTAL	CHANGE 18/17
Construction	13,786	2,606	**16,392**	-1%
Toll roads	396	206	**602**	-3%
Airports	40	21	**61**	13%
Other	237	175	**412**	-2%
Total continuing operations	**14,459**	**3,008**	**17,467**	-1%
Total discontinued operations	50,326	24,873	**75,199**	-3%
Total	**64,785**	**27,881**	**92,666**	-3%

BUSINESS	30/06/2018 MEN	WOMEN	TOTAL
Construction	14,044	2,539	**16,584**
Toll roads	409	209	**618**
Airports	33	21	**54**
Other	238	182	**420**
Total continuing operations	**14,724**	**2,951**	**17,676**
Total discontinued operations	52,852	25,017	**77,869**
Total	**67,576**	**27,968**	**95,543**

12. Comments on seasonality

Ferrovial's business activities are subject to a certain degree of seasonality over the various months of the year, making it impossible to extrapolate figures to a full year on the basis of figures for a six-month period.

In general, activity across nearly all the business areas is slightly greater in the second half of the year than the first, of particular note is:

a. In the case of toll roads, due to holiday periods and weather conditions there is more traffic in July, August and September as well as in December, although in a toll road-by-toll road analysis the cycle varies depending on the type of road and the proportion of industrial vehicles.
b. In construction, weather conditions are also important, since in general they are better in the second half of the year.

Noteworthy in terms of cash flows are the greater cash flows from operating activities generated in the second half of the year, which is due to the fact that, generally speaking, the way public sector customers budgets work, proceeds received in the second half of the year tend to be higher than in the first.

13. Related party transactions

The following table details the main transactions (within the ordinary course of business of the Company and of its Group), performed by the Company (or companies in its group) on an arm's length basis with related parties in the first six months of 2019 and 2018 (if they were considered a related party during a part of the six-month period, the transactions carried out during that period are indicated), in line with the following line items:

a. Transactions between Ferrovial S.A. and significant shareholders

This section includes the transactions performed by the Company with its significant shareholders, their close family members or the entities over which those mentioned above might exercise significant influence.

b. Transactions between Ferrovial S.A. and its directors and executives

This consists of transactions carried out between the Company and its directors and senior management members, their close family members or entities in which one or the other could exercise significant influence.

c. Transactions between subsidiaries of Ferrovial, S.A and its significant shareholders, directors and executives.

This line item includes transactions carried out (i) between subsidiaries of the Company and its significant shareholders, their close family members or the entities in which one or the other could exercise significant influence; and (ii) between the subsidiaries of the Company and its directors, members of senior management, their close family members, or entities in which one or the other can exercise significant influence.

(Thousands of euros)	30/06/2019					30/06/2018				
EXPENSES AND INCOME:	a)	b)	c)	Transaction Profit	Balance Sheet 30/06/2019	a)	b)	c)	Transaction Profit	Balance Sheet 30/06/2018
Financial expenses			896	**896**				364	**364**	
Services received		180	7,601	**7,780**	**-1,032**		146	5,107	**5,253**	**-735**
EXPENSES	**0**	**180**	**8,497**	**8,676**	**-1,032**	**0**	**146**	**5,472**	**5,617**	**-735**
Financial income			33	**33**				40	**40**	
Services rendered			5,090	**5,090**	**1,909**			5,646	**5,646**	**4,445**
INCOME	**0**	**0**	**5,123**	**5,123**	**1,909**	**0**	**0**	**5,686**	**5,686**	**4,445**

(Thousands of euros)	30/06/2019					30/06/2018				
OTHER TRANSACTIONS:	a)	b)	c)	Transaction Profit	Balance Sheet 30/06/2019	a)	b)	c)	Transaction Profit	Balance Sheet 30/06/2018
Financing agreements: loans and capital contributions (borrower)			90,855	**90,855**	**-90,855**			86,570	**86,570**	**-86,570**
Guarantees received		52,260	94,530	**146,790**	**-146,790**		38,350	91,140	**129,490**	**-129,490**
Settlement of derivatives			-781	**-781**				-967	**-967**	

There are also transactions between subsidiaries of the Company which, in all cases forming part of their ordinary businesses as regards purpose and conditions, were not eliminated on consolidation for the following reasons.

As explained in detail in Note 1.2.2 to the consolidated annual accounts for the year ended 31 December 2018, the balances and transactions relating to construction work performed by the construction division for Group infrastructure concession operators are not eliminated on consolidation since, at consolidated level, contracts of this type are classed as construction contracts in which the work – to the extent that it is completed – is deemed to be performed for third parties, as the ultimate owner of the work, from both a financial and a legal viewpoint, is the grantor.

In the first half of 2019, at 30 June 2019 Ferrovial's Construction Division recognised revenue of EUR 75,289,000 relating to the aforementioned construction work (30 June 2018: EUR 254,176,000).

In the first half of 2019 the profit from these transactions attributable to Ferrovial's holdings in the concession operators in question and not eliminated on consolidation, net of taxes and non-controlling interests, was EUR -82,296,000. At 30 June 2018, this amounted to EUR 21,216,000.

14. Remuneration of the Board of Directors

The following is a detail, by item, of the remuneration received by all the Company's directors as members of the Board of Directors of Ferrovial, S.A., and by the senior executives of Ferrovial, deemed to be the persons belonging to the Company's management committee or those who report directly to the Board, the executive committee or the Company's CEOs (except for those who are also executive directors, whose remuneration is included in that received by the Board of Directors):

DIRECTORS:	**Amount (thousands of euros)**	
Remuneration item:	**June 2019**	**June 2018**
Fixed remuneration	1,328	1,328
Variable remuneration	2,391	4,371
Bylaw-stipulated emoluments:		
– *Fixed Remuneration*	210	210
– *Attendance fees*	532	265
Transactions involving shares and/or other financial instruments	2,194	2,408
TOTAL	**6,655**	**8,582**

SENIOR EXECUTIVES:	**Amount (thousands of euros)**	
	June 2019	**June 2018**
Total remuneration received by senior executives	**7,661**	**12,914**

The reduction in remuneration paid to the executive directors and senior managers is due mainly to (i) a decrease in variable remuneration because objectives achieved in 2018 were lower than in the previous year; and (ii) the degree of fulfilment of metrics related to long-term incentives.

With regard to the remuneration of directors of Ferrovial, S.A. for their membership of other managing bodies of Group companies and associates, it is noted that one director received EUR 15,000 in this connection.

Also, in order to cover the extraordinary remuneration of certain senior executives (including the CEO), which is subject to the circumstances discussed in Note 6.6.7 to the consolidated financial statements, on an annual basis the Parent company of the Group makes contributions to a group savings insurance plan of which the Company itself is the policy holder and beneficiary, quantified based on a certain percentage of the total monetary remuneration of each Senior Executive member. The contributions made in the first six months of 2019 amounted to EUR 2,077,000.

15. Events after the reporting date

There have been no events after the close of 1H 2019.

16. Appendices

16. Appendix I. Information by segment

Consolidated income statement as at 30 June 2019

(Millions of euros)	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER SEGMENTS	ADJUSTMENTS FOR DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenues	2,308	287	9	3,597	71	-3,597	-72	2,603
Other operating income	1	0	0	1	0	-1	0	1
Total operating income	**2,309**	**287**	**9**	**3,598**	**71**	**-3,598**	**-72**	**2,605**
Materials consumed	419	1	0	255	0	-255	0	420
Other operating expenses	1,775	48	13	1,546	46	-1,546	-74	1,808
Staff costs	432	31	4	1,588	26	-1,588	0	493
Total operating expenses	**2,626**	**80**	**17**	**3,388**	**71**	**-3,388**	**-74**	**2,721**
EBITDA	**-317**	**207**	**-8**	**210**	**-1**	**-210**	**2**	**-116**
Fixed asset depreciation	30	40	1	149	3	-149	0	74
Operating income before impairment losses and fixed asset disposals	**-346**	**167**	**-9**	**60**	**-3**	**-60**	**2**	**-190**
Impairment and fixed asset disposals	0	-21	0	0	0	0	0	-21
Operating profit/(loss)	**-346**	**146**	**-9**	**60**	**-3**	**-60**	**2**	**-211**
Net financial income/(expense) from financing	-4	-120	-1	-10	0	10	0	-126
Profit/(loss) on derivatives and other net financial income/(expense)	0	-3	0	0	0	0	0	-3
Net financial income/(expense) from infrastructure projects	-5	-123	-2	-10	0	10	0	-129
Net financial income/(expense) from financing	16	20	0	-22	-5	22	-18	13
Profit/(loss) on derivatives and other net financial income/(expense)	-10	7	8	-9	10	9	0	15
Net financial income/(expense) from other ex-infrastructure project companies	6	27	8	-32	6	32	-19	28
Net financial income/(expense)	**2**	**-96**	**6**	**-41**	**6**	**41**	**-18**	**-101**
Share of profits of equity-accounted companies	-1	75	2	13	0	-13	0	76
Pre-tax consolidated profit/(loss)	**-345**	**125**	**-1**	**32**	**2**	**-32**	**-16**	**-236**
Income tax	28	42	1	-4	-23	4	3	50
Consolidated profit/(loss) from continuing operations	**-318**	**167**	**0**	**27**	**-21**	**-27**	**-13**	**-185**
Net profit/(loss) from discontinued operations	0	0	0	0	0	135	0	135
Consolidated profit/(loss) for the year	**-318**	**167**	**0**	**27**	**-21**	**108**	**-13**	**-50**
Profit/(loss) for the year attributed to non-controlling interests	71	-23	0	-3	0	3	-3	44
Profit/(loss) for the year attributed to the Parent	**-247**	**144**	**0**	**24**	**-21**	**111**	**-16**	**-6**

Consolidated income statement as at 30 June 2018

(Millions of euros)	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER SEGMENTS	ADJUSTMENTS FOR DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenues	2,437	208	7	3,238	153	-3,238	-104	2,701
Other operating income	1	0	0	1	0	-1	0	1
Total operating income	**2,437**	**208**	**7**	**3,239**	**154**	**-3,239**	**-104**	**2,702**
Materials consumed	404	1	0	253	60	-253	-31	434
Other operating expenses	1,563	43	10	1,258	48	-1,258	-76	1,588
Staff costs	406	29	4	1,812	34	-1,812	0	472
Total operating expenses	**2,373**	**72**	**14**	**3,323**	**141**	**-3,323**	**-107**	**2,494**
EBITDA	**64**	**136**	**-7**	**-83**	**12**	**83**	**3**	**208**
Fixed asset depreciation	18	37	1	99	1	-99	0	57
Operating income before impairment losses and fixed asset disposals	**47**	**99**	**-8**	**-183**	**11**	**183**	**3**	**151**
Impairment and fixed asset disposals	1	-18	0	-1	0	1	0	-16
Operating profit/(loss)	**48**	**81**	**-8**	**-184**	**11**	**184**	**3**	**135**
Net financial income/(expense) from financing	-5	-103	-1	-11	0	11	0	-108
Profit/(loss) on derivatives and other net financial income/(expense)	0	-2	0	-1	0	1	0	-2
Net financial income/(expense) from infrastructure projects	-5	-105	-1	-12	0	12	0	-111
Net financial income/(expense) from financing	14	13	1	-21	-9	21	-17	2
Profit/(loss) on derivatives and other net financial income/(expense)	-12	12	6	-4	6	4	-1	11
Net financial income/(expense) other companies	2	25	7	-25	-3	25	-17	13
Net financial income/(expense)	**-3**	**-80**	**5**	**-38**	**-3**	**38**	**-17**	**-98**
Share of profits of equity-accounted companies	0	68	57	10	0	-10	0	125
Pre-tax consolidated profit/(loss)	**46**	**69**	**54**	**-212**	**7**	**212**	**-14**	**161**
Income tax	-12	-1	1	-6	0	6	3	-9
Consolidated profit/(loss) from continuing operations	**34**	**68**	**55**	**-217**	**8**	**217**	**-12**	**152**
Net profit/(loss) from discontinued operations	0	0	0	0	0	-206	0	-206
Consolidated profit/(loss) for the year	**34**	**68**	**55**	**-217**	**8**	**12**	**-12**	**-53**
Profit/(loss) for the year attributed to non-controlling interests	-9	-5	0	0	-4	0	0	-19
Profit/(loss) for the year attributed to the Parent Company	**25**	**63**	**55**	**-218**	**4**	**12**	**-12**	**-72**

16. Appendix II. Individual Financial Information Selected

a) Basis of presentation

Accounting legislation applied

The individual financial information selected and provided below has been prepared in accordance with regulatory framework detailed in:

- The Spanish Chart of Accounts approved by Royal Decree 1514/2007 and its subsequent modifications.
- Spanish Securities Market Act, Royal Decree 1362/2007, Royal Decree 878/2015 and the Spanish Stock Market Commission Circular 3 dated 28 June 2018.

This individual financial information selected does not therefore include all of the information that some full interim individual financial statements would require, prepared in line with the generally accepted accounting principles and standards. In particular, the individual financial information selected has been prepared with the content needed to comply with the financial information requirements established in the fourth standard in circular 3/2018, which allows the issuer, when required to prepare interim consolidated financial information, to only complete the relevant individual information for the half-yearly financial information to be sufficiently understood.

The individual financial information selected should therefore be read in conjunction with the Company's annual accounts for the year ended at 31 December 2018 and the interim condensed consolidated financial statements for the six-month period ended at 30 June 2018.

b) Interim Individual Financial Information Selected

b.1. Balance sheet at 30 June 2019 and 31 December 2018

ASSETS	30/06/2019	31/12/2018
NON-CURRENT ASSETS	**8,232**	**8,157**
Long-term investments in Group companies and associates	7,988	7,971
Equity instruments	7,970	7,953
Loans to group companies	17	19
Other non-current assets	1	1
Long-term financial derivatives	54	4
Deferred tax assets	189	181
CURRENT ASSETS	**796**	**1,090**
Financial assets held for sale	268	268
Receivables	123	112
Trade receivables from Group companies and associates	42	41
Other receivables	49	44
Current tax assets	33	27
Short-term investments in group companies and associates	291	657
Short-term financial derivatives	20	14
Short-term accruals	2	2
Cash and cash equivalents	92	37
TOTAL ASSETS	**9,028**	**9,247**

LIABILITIES	30/06/2019	31/12/2018
EQUITY (Note b.5.1)	**4,005**	**4,200**
Shareholders' funds	4,005	4,199
Share capital	149	148
Share premium and merger premium	1,207	1,274
Reserves	2,864	2,896
Legal reserve	29	29
Reserves subject to but exempt from Article 21 and 22 of TRLIS	2,477	2,580
Other reserves	357	286
Shares and own equity interests	-194	-128
Profit/(loss) for the year	-21	10
Adjustments for changes in value	**-1**	**1**
NON-CURRENT LIABILITIES	**3,479**	**3,799**
Long-term provisions	152	148
Long-term payables	300	261
Bank borrowings	245	244
Long-term financial derivatives	55	17
Long-term payables to Group companies and associates	2,985	3,356
Deferred tax liabilities	42	35
CURRENT LIABILITIES	**1,544**	**1,248**
Short-term borrowings	966	708
Obligations and bonds	951	699
Short-term financial derivatives	11	5
Other financial liabilities	4	4
Short-term payables to Group companies and associates	553	508
Trade and other payables	25	32,314
Trade payables	6	7
Other payables	19	25
TOTAL LIABILITIES	**9,028**	**9,247**

b.2. Income Statements for the six-month periods ended 30 June 2019 and 30 June 2018

	30/06/2019	30/06/2018
Revenue (Note b.5.2)	27	26
Dividends	1	3
Provision of services	21	17
Other returns received from subsidiaries	5	6
Staff costs (Note b.5.3)	-14	-19
Other operating expenses	-13	-5
OPERATING PROFIT/(LOSS)	**0**	**2**
Financial income	6	4
Financial expenses	-38	-37
Change to fair value of financial instruments	18	-4
Foreign exchange differences	-8	-2
Impairment and profit/(loss) on disposals of financial instruments	0	0
NET FINANCIAL INCOME/(EXPENSE)	**-22**	**-38**
PROFIT/(LOSS) BEFORE TAX	**-22**	**-36**
Corporate income tax	**2**	**10**
PROFIT/(LOSS) FOR THE YEAR	**-21**	**-26**

b.3. Statement of changes in equity for the six-month periods ended at 30 June 2019 and 30 June 2018

b.3.i) Statement of recognised income and expenses for the six-month periods ended at 30 June 2019 and 30 June 2018

(Millions of euros)	2019	2018
Total profit/(loss) for the year	**-21**	**-26**
Income and expenses attributed to equity	-2	0
On cash flow hedging	-2	0
Tax effect	1	0
Transfer to income statement	**0**	**0**
On cash flow hedging	0	0
Tax effect	0	0
Total recognised income and expenses	**-22**	**-26**

b.3.ii) Statement of changes in equity for the six-month periods ended at 30 June 2019 and 30 June 2018

(Millions of euros)	Share capital	Share/merger premium	Reserves	Treasury shares	Prior-year profit/(loss)	Other shareholder contribution	Profit/(loss) for the year	Adjustments for changes in value	TOTAL
Balance at 01/01/2019	**148**	**1,274**	**2,896**	**-128**	**0**	**0**	**10**	**1**	**4,200**
Total recognised income and expenses							**-21**	**-2**	**-22**
Distribution of profit/(loss)			**10**				**-10**		**0**
Shareholder remuneration	**1**	**-66**	**-37**	**-66**	**0**	**0**	**0**	**0**	**-168**
Scrip dividend agreement	1		-103						-102
Treasury share transactions		-66	66	-66					-66
Share-based remuneration schemes			**-5**						**-5**
Balance at 30/06/2019	**149**	**1,207**	**2,864**	**-194**	**0**	**0**	**-21**	**-1**	**4,005**

(Millions of euros)	Share capital	Share/merger premium	Reserves	Treasury shares	Prior-year profit/(loss)	Other shareholder contribution	Profit/(loss) for the year	Adjustments for changes in value	TOTAL
Balance at 31/12/2017	**146**	**1,551**	**2,693**	**-42**	**0**	**0**	**98**	**1**	**4,448**
Merger impact (Note b.5.1)	**0**	**0**	**404**	**0**	**0**	**0**	**0**	**0**	**404**
Inclusion of FISLU's shareholders' funds	625	5,396	822	0	-61	17	7	0	6,805
Elimination of investment in FISLU's Shareholders' Funds	-625	-5,396	-354	0	61	-17	-7	0	-6,337
Consolidation of shares	0	0	-64	0	0	0	0	0	-64
Balance at 01/01/2018	**146**	**1,551**	**3,097**	**-42**	**0**	**0**	**98**	**1**	**4,852**
Total recognised income and expenses							**-26**	**0**	**-26**
Distribution of profit/(loss)			**98**				**-98**		**0**
Shareholder remuneration	**1**	**-97**	**-10**	**-97**	**0**	**0**	**0**	**0**	**-203**
Scrip dividend agreement	1		-107						-106
Treasury share transactions		-97	97	-97					-97
Share-based remuneration schemes			2						2
Merged balance sheet at 30/06/2018	**148**	**1,454**	**3,186**	**-139**	**0**	**0**	**-26**	**1**	**4,624**

b.4. Cash flow statement for the six-month periods ended at 30 June 2019 and 30 June 2018

(Millions of euros)	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	**-53**	**-48**
Profit/(loss) before tax	**-22**	**-36**
Profit/(loss) adjustments:	**17**	**32**
Fixed asset/provisions depreciation	0	0
Other adjustments to profit/loss (net)	17	32
Changes in working capital	**-14**	**-4**
Other cash flows from operating activities:	**-34**	**-40**
Interest paid	-33	-40
Interest received	5	1
Income tax recovered (paid) and tax consolidation	-7	0
CASH FLOWS FROM INVESTING ACTIVITIES	**-18**	**-116**
Payments on investments:	**-18**	**-125**
Group companies, associates and business units (Note 6)	-18	-125
Other financial assets	0	0
Collections from divestments:	**0**	**9**
Group companies, associates and business units (Note 6)	0	0
Other financial assets	0	9
CASH FLOWS FROM FINANCING ACTIVITIES	**126**	**161**
Collections and payments on financial liability instruments:	**300**	**364**
Change in Group companies credit accounts	45	-230
Issuance, repayment and depreciation	255	594
Dividends and returns on other equity instruments paid	**-168**	**-197**
Scrip dividend	-102	-100
Acquisition of treasury shares	-66	-97
Collections and (payments) on equity instruments:	**-6**	**-6**
Effect of changes to exchange rates	**0**	**0**
Net increase/decrease in cash and cash equivalents	**55**	**-3**
Cash and cash equivalents at beginning of the year	**37**	**25**
Cash and cash equivalents at end of year	**92**	**22**

b.5. Explanatory notes related to the interim individual financial information selected

b.5.i) Equity and comparable information

The merger between Ferrovial S.A. and Ferrovial Internacional S.L.U. (hereinafter referred to as FISLU) was registered on 19 March 2019, under the terms detailed in Note 2.5 of the Company individual annual accounts at 31 December 2018. Pursuant to paragraph 2.2.2 of the recognition and measurement standard 21 of the Spanish Chart of Accounts, for accounting purposes this merger came into effect on 01 January 2018.

Therefore the balances at 31 December 2018 have been restated in order to reflect the accounting effects of the aforementioned merger, according to the details provided in the aforementioned Note 2.5 of the Company's individual accounts. The statement of changes in equity provides a detailed breakdown of the merger impacts in the Company's shareholders' funds.

b.5.ii) Revenue

In line with the criteria described in consultation report 5 of the ICAC Official Bulletin number 79, the revenue figure includes both services rendered, dividends received, and interest accrued from financing granted to Company investees.

The revenue breakdown by geographic area is as follows:

(Millions of euros)	30/06/2019	30/06/2018
Single market	26	26
Non Euro Zone	1	0
TOTAL	**27**	**26**

b.5.iii) Staff

The average workforce of the company in the periods ended on 30 June 2019 and 30 June 2018 is as follows:

	30/06/2019	30/06/2018
Men	53	56
Women	29	27
TOTAL	**82**	**83**

17. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 1.1.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 1). In the event of a discrepancy, the Spanish-language version prevails.

BOARD APPROVAL

The foregoing pages contain the interim consolidated condensed financial statements of Ferrovial, S.A. and its subsidiaries for the six-month period ended 30 June 2019, which were approved by the Board of Directors of the Company at its meeting held in Madrid on 30 July 2019 pursuant to Article 119 of the consolidated text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October 2015, and applicable regulations (including CNMV Circular 3/2018 on periodic information on issuers of securities, rule 4.2.); and which the directors attending sign below.

Rafael del Pino y Calvo-Sotelo
Chairman

Santiago Bergareche Busquet
Vice-Chairman

Joaquín Ayuso García
Vice-Chairman

Íñigo Meirás Amusco
CEO

María del Pino y Calvo-Sotelo
Director

Santiago Fernández Valbuena
Director

José Fernando Sánchez-Junco Mans
Director

Joaquín del Pino y Calvo-Sotelo
Director

Óscar Fanjul Martín
Director

Philip Bowman
Director

Hanne Birgitte Breinbjerg Sørensen
Director

Bruno Di Leo
Director

Formal note made by the Secretary and Non-Board Member to record that Hanne Birgitte Breinbjerg Sørensen did not sign this document as she was absent due to unavoidable professional commitments. She was represented via a proxy granted to Non-executive Director Óscar Fanjul Martín. I also hereby state that I have no record that Mrs Sørensen objected to the approval of the Ferrovial S.A. and subsidiaries interim condensed consolidated accounts for the first half of the 2019 financial year.

Santiago Ortiz Vaamonde
Secretary and Non-Board Member

FERROVIAL, S.A.
and Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Directors' Report for the six-month period ended 30 June 2019, together with Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

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Plaza Pablo Ruiz Picasso, 1
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España

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www.deloitte.es

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Ferrovial, S.A., at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Ferrovial, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position as at 30 June 2019, and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing 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 interim condensed financial information, in conformity with 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 the audit regulations in force 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 the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2019 are not 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 interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw attention to Note 2 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018. Our conclusion is not modified in respect of this matter.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2019 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2019. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Ferrovial, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the directors of Ferrovial, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Miguel Laserna Niño
30 July 2019