

**OHL México, S. A. B. de
C. V. and Subsidiaries
(Subsidiary of OHL
Concesiones, S. A. U.)**

Consolidated Financial
Statements for the Years
Ended December 31, 2016,
2015 and 2014 and as of
January 1, 2014 and
Independent Auditors' Report
Dated February 22, 2017

OHL México, S.A.B. de C.V. and Subsidiaries
(Subsidiary of OHL Concesiones, S.A.U.)

Independent Auditors' Report and
Consolidated Financial Statements as
of December 31, 2016, 2015 and 2014
and as of January 1, 2014

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Independent Auditors' Report to the Board of Directors and Stockholders of OHL México, S.A.B. de C.V.

Opinion

We have audited the consolidated financial statements of OHL México, S.A.B. de C.V. and Subsidiaries (the Company) which comprise the consolidated statements of financial position as of December 31, 2016, 2015 and 2014 and as of January 1, 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2016, 2015 and 2014, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, 2015 and 2014 and as of January 1, 2014, and its financial performance and its cash flows for the years ended December 31, 2016, 2015 and 2014 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the Ethics Code issued by the Mexican Institute of Public Accountants, A.C. (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and IMCP Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Paragraph's

As discussed by the Company's management in Note 1 to the accompanying consolidated financial statements, during 2015, the National Banking and Securities Commission (the "Commission") performed an inspection visit to the Company and its subsidiaries Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. ("OPI") and Concesionaria Mexiquense, S.A. de C.V. ("CONMEX"). As a result of this and the process that the Company carried out with the Commission, on March 10, 2016, the Commission issued several rulings, which concluded with the imposition of administrative fines for different matters, including, among others, the application of accounting principles accepted by such Commission, and the records related to the concessions which recognize a return on its investment in conformity with that established in the concession titles and laws related to their financial statements for the years 2012, 2013 and 2014, and on March 15, 2016 the Commission requested, through official notices, the filing of the Company's consolidated financial statements for 2015, without considering the recording of the return on the investment, and to do so on a comparative basis with 2013 and 2014.

On March 18, 2016, the Company and its subsidiaries OPI and CONMEX filed letters informing the Commission of the form and terms under which they would address the observations contained in the official notices described above, offering as a remediation process, to review the way in which it should make the record of the investment in concessions and their stipulated return, by considering the nature and terms of the Concession Titles, in order to seek an interpretation of the record for the investment in concessions and its stipulated return, considering the nature and terms of the Concession Titles, in accordance with CINIIF 12, "Services Concession Agreements", issued by the Interpretations Committee of International Financial Reporting Standards, which is reasonable for the Commission, for which reason it was requested to continue presenting in its financial statements the recognition of its investment in concessions and their return in a form consistent with the previous years and to show in a note to the comparative consolidated financial statements of 2015, 2014 and 2013 the effects which would arise from applying the accounting treatment requested by the Commission until such time as the aforementioned reasonable presentation is defined.

On March 23, 2016, the Commission authorized the remediation plan discussed in the preceding paragraph the Company and its subsidiaries OPI and CONMEX.

On February 17, 2017, the Company filed a follow-up letter informing the Commission of how the record of its investment in concessions and their respective return will be made in accordance with CINIIF 12, considering the nature and terms of the concession titles and the laws applicable thereto. (See Notes 1 and 2 to the consolidated financial statements).

On February 21, 2017, the Commission acknowledged the follow-up letter in conformity with the official notices described in the preceding paragraphs.

The consolidated financial statements of the previous years which are presented in the accompanying consolidated financial statements have been reclassified solely for comparative purposes.

Our opinion does not contain a qualification in relation to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the last exercise. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the following key audit matters are the ones that should be included in our report.

Investment in concessions and compliance with laws and regulations

As discussed in the emphasis paragraph of this report, on February 17, 2017, the Company filed a letter informing the Commission of the way in which the record of its investment in concessions and their return will be made in accordance with CINIIF 12, considering the nature and terms of the concession titles and the laws applicable thereto, as follows:

As of December 31, 2016, the Company has identified two types of concessions based on the economic nature and specific characteristics of each concession title, as discussed below:

- a) Concessions whose concession titles establish that the deficit determined between the investment in infrastructure, plus the return established in the concession titles themselves, compared with the toll flows obtained during the concession period is covered by the granting entity, in conformity with applicable legal provisions.
- b) Concession titles which establish that the recovery of the investment in infrastructure and the return established in the titles themselves will be recovered only by the toll flows.

The assets related to the concession titles whose recovery is through the toll flows and, if, at the end of the concession period there were a deficit to be covered by the granting entity, are recorded 1) based on the future discounted flows equivalent to the fair value expected to be received directly from the users of the service, and 2) as applicable, the defined deficit assumed by the granting party as established in paragraph 16 of CINIIF No. 12.

The assets related to the concession titles which establish that the recovery of the investment in infrastructure will be through the toll flows, are recorded at their investment cost, which is amortized over the concession period.

How our audit addressed the Key Audit Matter:

We focused our audit tests on ascertaining and inquiring regarding the following:

- 1.- In relation to the Concessions whose concession titles establish that the deficit determined between the investment in the infrastructure plus the return established in the concession titles themselves, compared to the toll flows obtained during the concession period is covered by the granting entity, in accordance with applicable legal provisions, we carried out the following:
 - a) We confirmed with the Company's management that the concession titles and their modifications were in effect up to the date of issuance of the consolidated financial statements of the Entity.

- b) We reviewed the modifications to the concession titles made during the period from January 1, 2016 until the date of issuance of the consolidated financial statements and their impact on the accounting treatment defined by the Company.
 - c) We obtained from the Company written opinions of their outside legal advisers on the rights and obligations of the Company included in the concession titles. We confirmed the independence of the aforementioned outside legal advisers of the Company.
 - d) We obtained a written opinion from an independent attorney as an expert of the auditor on the rights and obligations established in the concession titles. Furthermore, they confirmed to us that there were no changes in the applicable law. We confirmed the independence of both the Company and ourselves.
 - e) We reviewed the accounting policy defined by the Company, which is included in the notes to the consolidated financial statements, for the accounting recognition of these concessions based on International Financial Reporting Standards.
 - f) With the support of specialists from our audit team, we reviewed the financial model used as the basis for the determination of the financial projections.
 - g) We reviewed the financial projections prepared by the company, including the assumptions used in their preparation.
 - h) For the projection of future cash flows, management was assisted by independent specialized experts. We confirmed their independence from the Company.
- 2.- In relation to the Concessions whose concession titles establish that the recovery of the investment in infrastructure and the return established in the titles themselves will be recovered only by the toll flows, we carried out the following:
- a) We confirmed with the Company's management that the concession titles and their modifications were in effect until the date of issuance of the consolidated financial statements of the Entity.
 - b) We reviewed the modifications to the concession titles made during the period from January 1, 2016 until the date of issuance of the consolidated financial statements and their impact on the accounting treatment defined by the Company.
 - c) We reviewed the probable indicators of impairment in the investment of the concession which might require modification to the amount of the investment recorded in the financial statements.

The results of our tests were satisfactory.

Other information

The Company's management is responsible for the other information. The other information will include the information that will be incorporated into the annual report which the Company is required to prepare in accordance with Article 33, section I, subsection b) of Title Fourth, Chapter First of the General Provisions Applicable to Issuers and Other Stock Market Participants in Mexico and the instructions accompanying such provisions (the Provisions). The Annual Report is expected to be available for reading after the date of this audit report.

Our opinion on the consolidated financial statements will not cover the other information and we will not express any form of assurance thereon.

In relation to our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when it is available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or appears to contain a material misstatement. When we read the Annual Report we will issue a legend about the reading of the annual report, as required in Article 33, section I, subsection b) numeral 1.2 of the Provisions.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of Independent Auditors' for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The accompanying financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited



C.P.C. Rafael Molar Oloarte
February 22, 2017

OHL México, S. A. B. de C. V. and subsidiaries
(Subsidiary of OHL Concesiones, S. A. U.)

Consolidated Statements of Financial Position

As of December 31, 2016, 2015 and 2014 and as of January 1, 2014
(In thousands of Mexican pesos)

Assets	Notes	2016	2015	2014	January 1, 2014
Current assets:					
Cash, cash equivalents and restricted trust funds	6	Ps. 3,266,670	Ps. 6,970,418	Ps. 3,032,197	Ps. 3,642,112
Due from related parties	17	803,246	529,491	223,643	66,119
Recoverable taxes	7	393,366	649,371	336,172	708,524
Derivative financial instruments	15	31,345	-	4,437	-
Other accounts receivable and other assets	8	<u>411,767</u>	<u>482,854</u>	<u>305,239</u>	<u>150,943</u>
Total current assets		4,906,394	8,632,134	3,901,688	4,567,698
Non-current assets:					
Long-term restricted trust funds	6	2,558,817	2,099,692	1,966,368	1,512,806
Investment in recoverable infrastructure through future toll flows		51,613,036	50,856,219	51,216,109	48,841,806
Portion of intangible asset recoverable through future toll flows		<u>47,044,024</u>	<u>39,006,437</u>	<u>32,147,684</u>	<u>24,149,875</u>
Intangible asset by concessions		98,657,060	89,862,656	83,363,793	72,991,681
Deficit by the grantor		<u>16,200,304</u>	<u>12,996,971</u>	<u>10,428,201</u>	<u>7,722,873</u>
Total investment in concessions	9	114,857,364	102,859,627	93,791,994	80,714,554
Advances to suppliers for construction work		273,087	94,447	149,398	43,748
Due from related parties	17	1,166,790	830,599	-	-
Office furniture and equipment, net		31,116	27,946	36,002	45,180
Derivative financial instruments	15	336,804	7,511	21,064	33,574
Investment in shares of associated entity and joint ventures	10	7,164,820	6,313,529	4,694,773	3,609,209
Other assets, net		<u>119,183</u>	<u>92,943</u>	<u>64,551</u>	<u>39,949</u>
Total non-current assets		<u>126,507,981</u>	<u>112,326,294</u>	<u>100,724,150</u>	<u>85,999,020</u>
Total assets		<u>Ps.131,414,375</u>	<u>Ps.120,958,428</u>	<u>Ps.104,625,838</u>	<u>Ps. 90,566,718</u>

Liabilities and stockholders' equity	Notes	2016	2015	2014	January 1, 2014
Current liabilities					
Current portion of long-term debt	12	Ps. 1,379,483	Ps. 1,254,213	Ps. 6,927,761	Ps. 522,276
Trade accounts payable to suppliers, taxes payable and accrued expenses	11	1,195,382	2,545,440	951,357	816,191
Derivative financial instruments		-	-	3,764	-
Provision for major maintenance	13	254,271	144,442	-	-
Accounts and notes payable to related parties	17	<u>685,733</u>	<u>684,287</u>	<u>1,725,366</u>	<u>766,630</u>
Total current liabilities		3,514,869	4,628,382	9,608,248	2,105,097
Non-current liabilities:					
Long-term debt	12	32,933,548	32,133,069	27,593,189	30,901,131
Notes payables to related parties	17	1,028,194	1,337,894	-	-
Derivative financial instruments	15	-	490,435	624,975	154,583
Provision for major maintenance	13	475,907	493,196	595,234	331,742
Employee benefits	14	59,110	60,696	53,865	38,383
Consolidated tax		827,078	905,464	949,434	978,996
Deferred income taxes	19	<u>16,446,155</u>	<u>12,951,570</u>	<u>10,283,129</u>	<u>7,985,194</u>
Total non-current liabilities		<u>51,769,992</u>	<u>48,372,324</u>	<u>40,099,826</u>	<u>40,390,029</u>
Total liabilities		<u>55,284,861</u>	<u>53,000,706</u>	<u>49,708,074</u>	<u>42,495,126</u>
Stockholders' equity:	16				
Capital stock		15,334,502	15,334,502	15,334,502	15,334,502
Additional paid-in capital		10,270,547	10,267,969	10,267,969	10,267,969
Retained earnings		42,743,569	36,240,757	29,621,022	22,446,292
Reserve for employee retirement benefits		(8,491)	(11,455)	(9,465)	(3,296)
Effect on the valuation of derivative financial instruments		<u>132,632</u>	<u>(352,205)</u>	<u>(432,420)</u>	<u>(105,864)</u>
Stockholders' equity attributable to the controlling interest		68,472,759	61,479,568	54,781,608	47,939,603
Non-controlling interest		<u>7,656,755</u>	<u>6,478,154</u>	<u>136,156</u>	<u>131,989</u>
Total stockholders' equity		<u>76,129,514</u>	<u>67,957,722</u>	<u>54,917,764</u>	<u>48,071,592</u>
Total liabilities and stockholders' equity		<u>Ps.131,414,375</u>	<u>Ps.120,958,428</u>	<u>Ps.104,625,838</u>	<u>Ps. 90,566,718</u>

The accompanying notes are part of these consolidated financial statements.

OHL México, S. A. B. de C. V. and subsidiaries
(Subsidiary of OHL Concesiones, S. A. U.)

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2016, 2015 and 2014
(In thousands of Mexican pesos, except for earnings per common share)

	Notes	2016	2015	2014
Revenues:				
Tolls	Ps.	5,396,104	Ps. 4,704,329	Ps. 3,728,577
Revenues from valuation of intangible assets		8,037,587	6,858,753	8,341,018
Adjustment for valuation of the deficit by the grantor		<u>3,203,333</u>	<u>2,568,770</u>	<u>2,705,328</u>
Total revenues from concession operation		16,637,024	14,131,852	14,774,923
Construction		2,129,386	280,880	1,371,909
Services and others		<u>132,713</u>	<u>110,104</u>	<u>96,368</u>
		18,899,123	14,522,836	16,243,200
Costs and expenses:				
Costs of construction		2,110,213	247,203	1,373,402
Costs and operating expenses	18	1,498,381	1,313,755	1,301,644
Amortization of investments in concessions and depreciation		80,207	101,359	91,386
General and administrative expenses	18	<u>570,436</u>	<u>386,559</u>	<u>266,537</u>
		4,259,237	2,048,876	3,032,969
Other (income) expenses, net		(35,677)	464	(49,300)
Financing cost		4,040,627	3,707,707	3,995,334
Financing interest		(355,422)	(282,217)	(529,380)
Foreign exchange loss, net		77,336	94,261	513,149
Effect on the valuation of derivative financial instruments	15	<u>(47,604)</u>	<u>(31,507)</u>	<u>(307,436)</u>
		3,714,937	3,488,244	3,671,667
Equity in income of associated entity and joint ventures	10	<u>688,410</u>	<u>901,364</u>	<u>466,723</u>
Income before income taxes		11,649,036	9,886,616	10,054,587
Income taxes	19	<u>3,357,348</u>	<u>2,327,926</u>	<u>2,861,705</u>
Consolidated net income		8,291,688	7,558,690	7,192,882

	Notes	2016	2015	2014
Other components of comprehensive income, net income taxes:				
Items that may be reclassified subsequently to profit or loss:				
Effect from the valuation of derivative financial instruments		803,470	132,759	(466,508)
Effect from the deferred tax from derivative financial instruments		<u>(241,041)</u>	<u>(39,828)</u>	<u>139,952</u>
		<u>562,429</u>	<u>92,931</u>	<u>(326,556)</u>
Items that will not be reclassified subsequently to profit or loss:				
Actuarial losses on defined benefit plans		4,320	(2,902)	(8,813)
Effect of deferred taxes on actuarial losses on defined benefit plans		<u>(1,296)</u>	<u>871</u>	<u>2,644</u>
		<u>3,024</u>	<u>(2,031)</u>	<u>(6,169)</u>
Net comprehensive income		<u>Ps. 8,857,141</u>	<u>Ps. 7,649,590</u>	<u>Ps. 6,860,157</u>
Net income for the period attributable to:				
Controlling interest		Ps. 7,169,840	Ps. 6,883,351	Ps. 7,188,715
Non-controlling interest		<u>1,121,848</u>	<u>675,339</u>	<u>4,167</u>
		<u>Ps. 8,291,688</u>	<u>Ps. 7,558,690</u>	<u>Ps. 7,192,882</u>
Net comprehensive income for the period attributable to:				
Controlling interest		Ps. 7,657,641	Ps. 6,961,576	Ps. 6,855,990
Non-controlling interest		<u>1,199,500</u>	<u>688,014</u>	<u>4,167</u>
		<u>Ps. 8,857,141</u>	<u>Ps. 7,649,590</u>	<u>Ps. 6,860,157</u>
Basic earnings per common share:				
Net income attributable to controlling interest		<u>Ps. 4.1392</u>	<u>Ps. 3.9738</u>	<u>Ps. 4.1501</u>
Weighted average shares outstanding		<u>1,732,185,269</u>	<u>1,732,185,269</u>	<u>1,732,185,269</u>

(Concluye)

The accompanying notes are part of these consolidated financial statements.

OHL México, S. A. B. de C. V. and Subsidiaries
(Subsidiary of OHL Concesiones, S. A. U.)

Consolidated Statements of Changes in Stockholders’ Equity

For the years ended December 31, 2016, 2015 and 2014
(In thousands of Mexican pesos)

	Notes	Additional paid-in capital									
		Capital stock	Capital stock in circulation	Upon replacement of repurchased shares	Retained earnings	Reserve for employee retirement benefits	Effect on the valuation of derivative financial instruments	Stockholders' equity attributable to controlling interest	Non-controlling interest	Total stockholders' equity	
Balance as of January 1, 2014		Ps. 15,334,502	Ps. 10,267,587	Ps. 382	Ps. 22,446,292	Ps. (3,296)	Ps. (105,864)	Ps. 47,939,603	Ps. 131,989	Ps. 48,071,592	
Repurchase of shares		-	-	-	(13,985)	-	-	(13,985)	-	(13,985)	
Consolidated comprehensive income											
Consolidated net income for the year		-	-	-	7,188,715	-	-	7,188,715	4,167	7,192,882	
Reserve for employee retirement benefits		-	-	-	-	(6,169)	-	(6,169)	-	(6,169)	
Effect on the valuation of derivative financial instruments, net of taxes		-	-	-	-	-	(326,556)	(326,556)	-	(326,556)	
Consolidated comprehensive income for the year		-	-	-	7,188,715	(6,169)	(326,556)	6,855,990	4,167	6,860,157	
Balance as of December 31, 2014		15,334,502	10,267,587	382	29,621,022	(9,465)	(432,420)	54,781,608	136,156	54,917,764	
Repurchase of shares	16.d	-	-	-	(475,050)	-	-	(475,050)	-	(475,050)	
Dividends paid to the noncontrolling interest		-	-	-	-	-	-	-	(7,705)	(7,705)	
Sale of shares of subsidiary	16.f	-	-	-	2,111,582	-	-	2,111,582	5,661,689	7,773,271	
Expenses from sale of shares of subsidiary	16.f	-	-	-	(1,900,148)	-	-	(1,900,148)	-	(1,900,148)	
Consolidated comprehensive income											
Consolidated net income for the year		-	-	-	6,883,351	-	-	6,883,351	675,339	7,558,690	
Reserve for employee retirement benefits, net of taxes		-	-	-	-	(1,990)	-	(1,990)	(41)	(2,031)	
Effect on the valuation of derivative financial instruments, net of taxes		-	-	-	-	-	80,215	80,215	12,716	92,931	
Consolidated comprehensive income for the year		-	-	-	6,883,351	(1,990)	80,215	6,961,576	688,014	7,649,590	
Balance as December 31, 2015		15,334,502	10,267,587	382	36,240,757	(11,455)	(352,205)	61,479,568	6,478,154	67,957,722	
Sale/repurchase of proprietary shares	16.e	-	2,578	-	17,908	-	-	20,486	-	20,486	
Dividends paid to the noncontrolling interest	16.j	-	-	-	-	-	-	-	(8,629)	(8,629)	
Dividends declared to the noncontrolling interest	16.i	-	-	-	-	-	-	-	(12,270)	(12,270)	
Dividends paid	16.h	-	-	-	(684,936)	-	-	(684,936)	-	(684,936)	
Consolidated comprehensive income											
Consolidated net income for the year		-	-	-	7,169,840	-	-	7,169,840	1,121,848	8,291,688	
Reserve for employee retirement benefits, net of taxes		-	-	-	-	2,964	-	2,964	60	3,024	
Effect on the valuation of derivative financial instruments, net of taxes		-	-	-	-	-	484,837	484,837	77,592	562,429	
Consolidated comprehensive income for the year		-	-	-	7,169,840	2,964	484,837	7,657,641	1,199,500	8,857,141	
Balance as of December 31, 2016		Ps. 15,334,502	Ps. 10,270,165	Ps. 382	Ps. 42,743,569	Ps. (8,491)	Ps. 132,632	Ps. 68,472,759	Ps. 7,656,755	Ps. 76,129,514	

The accompanying notes are part of these consolidated financial statements.

OHL México, S. A. B. de C. V. and subsidiaries
(Subsidiary of OHL Concesiones, S. A. U.)

Consolidated Statements of Cash Flows

For the years ended December 31, 2016, 2015 and 2014

(In thousands of Mexican pesos)

(Indirect Method)

	2016	2015	2014
Cash flows from operating activities:			
Consolidated income before income taxes	Ps. 11,649,036	Ps. 9,886,616	Ps. 10,054,587
Revenues from valuation of the intangible assets	(8,037,587)	(6,858,753)	(8,341,018)
Adjustment for valuation of the deficit by the grantor	(3,203,333)	(2,568,770)	(2,705,328)
Equity in income of associated entity and joint venture	(688,410)	(901,364)	(466,723)
Amortization of investments in concessions and depreciation	80,207	101,359	91,386
Major maintenance	400,140	302,245	486,709
Loss on sale of fixed assets	-	6,842	22
Interest income from joint venture	(96,289)	(64,789)	(6,256)
Interest income from third parties	-	-	(3)
Unrealized gain from construction activities with related parties	(19,173)	(33,677)	1,492
Unrealized exchange differences	70,422	83,707	523,354
Interest expense	4,040,627	3,707,707	3,995,334
Effect on the valuation of derivative financial instruments	(47,604)	(31,507)	(307,436)
	<u>4,148,036</u>	<u>3,629,616</u>	<u>3,326,120</u>
(Increase) decrease:			
Due from and due to related parties, net	(34,387)	(768,047)	111,731
Recoverable taxes	256,005	(313,199)	406,739
Other accounts receivable and other assets	71,087	(177,615)	(154,288)
Increase (decrease):			
Trade accounts payable to suppliers, taxes and accrued expenses	(82,212)	285,507	40,793
Major maintenance	(307,602)	(259,841)	(223,217)
Employee benefits	1,438	4,801	9,312
Income taxes paid	(1,543,226)	(81,339)	(93,114)
Net cash generated by operating activities	<u>2,509,139</u>	<u>2,319,883</u>	<u>3,424,076</u>
Cash flows from investing activities:			
Adquisition of office furniture and equipment	(56,537)	(58,055)	(42,659)
Investment in shares of joint venture	(383,903)	(723,012)	(637,194)
Dividends received from joint ventures	-	-	12,724
Investment in concessions	(956,624)	(363,432)	(2,140,078)
Loans to joint ventures	(486,234)	(275,000)	(146,000)
Interest collected from others	-	-	3
Loans to related parties	(40,000)	-	-
Loans receivable from related parties	40,000	-	-
Net cash flows used in investing activities	<u>(1,883,298)</u>	<u>(1,419,499)</u>	<u>(2,953,204)</u>
	<u>625,841</u>	<u>900,384</u>	<u>470,872</u>

	2016	2015	2014
Cash flows from financing activities:			
Reduction of contributions for future capital increases of the noncontrolling interest	(309,700)	(69,937)	-
Sale of shares of subsidiary to the noncontrolling interest	-	9,181,103	-
Dividends paid to non-controlling interests	(8,629)	(7,705)	-
Dividends paid	(684,936)	-	-
Additional paid-in capital	2,578	-	-
Sale of recovered proprietary shares	25,350	-	-
Loans paid to associates and joint ventures	(256,632)	(337,500)	(62,375)
Interest paid to related parties	-	(26,156)	-
Interest paid to associates and joint ventures	(41,915)	(12,483)	(18,543)
Repurchase of shares	(7,442)	(475,050)	-
Loans paid to related parties	-	(500,000)	-
Loans obtained from joint ventures	483,610	455,532	-
Loan received from related parties	-	-	500,000
Financings paid fiduciary local bonds	(58,657)	(48,213)	(38,308)
Loans paid to financial institutions	(609,100)	(6,430,600)	(159,600)
Loans obtained from financial institutions	-	-	1,332,000
Payment of Senior Secured Notes	-	-	(1,092,389)
Interest paid	(2,280,887)	(2,378,860)	(2,365,364)
Financing received from bond issuance	-	4,100,000	1,105,210
Expenses from the issuance of debt	-	(198,545)	(27,551)
Interest paid for fiduciary local bonds	(124,104)	(124,375)	(123,462)
Gain Received from Financial Instruments (Forwards)	-	43,950	323,157
Net cash (used in) provided by financing activities	<u>(3,870,464)</u>	<u>3,171,161</u>	<u>(627,225)</u>
Net (decrease) increase in cash, cash equivalents and restricted trust funds	(3,244,623)	4,071,545	(156,353)
Cash, cash equivalents and restricted trust funds at beginning of year	<u>9,070,110</u>	<u>4,998,565</u>	<u>5,154,918</u>
Cash, cash equivalents and restricted trust funds at the end of year	<u>Ps. 5,825,487</u>	<u>Ps. 9,070,110</u>	<u>Ps. 4,998,565</u>

The accompanying notes are part of the consolidated financial statements.

(Concluded)

OHL México, S. A. B. de C. V. and Subsidiaries
(Subsidiary of OHL Concesiones, S. A. U.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2016, 2015, 2014 and as of January 1, 2014

(In thousands of Mexican pesos, except as otherwise indicated)

1. Activities and significant operations

Activity - OHL México, S. A. B. de C. V. and subsidiaries ("OHL México" or the "Entity"), a subsidiary of OHL Concesiones, S.A.U. was incorporated on March 31, 2005. Its main activity is to invest in shares of companies engaged in the design, operation and construction of road infrastructure projects, airports and ports, as well as to enter into contracts on its own related to the above activities.

The Entity is a stock corporation, whose shares are traded in the Mexican Stock Exchange, was incorporated in México and its offices are located at Avenue Paseo de la Reforma 222, 25th floor, Colonia Juárez, CP 06600, México, Ciudad de México.

Significant operations -

Payment of dividends

On December 20, 2016, a cash dividend of Ps.684,936 was paid to the shareholders for the sum of Ps..40 per outstanding share; such dividend was declared on April 29, 2016 at the Stockholders' Annual General Meeting of the Entity.

The payment of dividends comes from the Net Tax Income Account of the Entity generated as of December 31, 2013, for which reason it is not subject to withholding by the Entity.

Income tax

On March 31, 2016, the Entity paid Ps.1,199,160, mainly related to income tax incurred related to the indirect sale to IFM Global Infrastructure Fund ("IFM"), for 24.99% of the common stock of Concesionaria Mexiquense, S.A. de C.V. ("CONMEX") through the sale of common stock shares of its subsidiary Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. ("OPI"). This transaction also involved the sale to IFM by the Entity of 24.99% of the equity of OPCEM, S.A.P.I. de C.V., a subsidiary responsible for the operation and maintenance of CONMEX.

OHL Mexico agrees to the increase in the indirect equity which IFM Global Infrastructure Fund holds in its subsidiary Circuito Exterior Mexiquense, S.A. de C.V. ("Conmex")

On October 4, 2016, the Entity reached agreement with IFM Global Infrastructure Fund ("IFM"), to increase its holding by 24.01% in Organización de Proyectos de Infraestructura ("OPI"), a subsidiary. The form and terms in which the increase in the holding of IFM in OPI will be made is subject to obtaining third party consent and government authorization. Once the form and terms in which such increase will be made have been determined, such situation will be reported to small investors in accordance with the terms established in applicable provisions.

Once this transaction has been completed, IFM will increase its holding in OPI from 24.99% to 49%, while the Entity will hold the remaining 51%. OPI is the holding company of Conmex, a company responsible for the operation of the Circuito Exterior Mexiquense, S.A. de C.V. ("CONMEX"), a toll highway in Mexico, which has a remaining useful life of 35 years. With a length of 110 km, this highway constitutes a ring road in the north east part of Mexico City, and is located in a densely populated industrial area with significant vehicular traffic.

IFM has agreed to pay MXN Ps.8,644 million as consideration for the increase in its holding in OPI. At the date of this report, this transaction has not been completed.

Audit of SAASCAEM by the Internal Controllershship of Mexico State - In relation to the Concession for the Viaducto Bicentenario

On August 21, 2016, the Entity reported that it was aware of the results of the audit which the Internal Controllershship of Mexico State conducted of the System of Highways, Airports, Related and Ancillary Services ("SAASCAEM") with regard to the concession granted for the Viaducto Bicentenario.

As it is an internal government audit, the Entity was not notified or summoned during the review process performed.

Based on the results issued by the Internal Controllershship of Mexico State, we may assert the following:

The bidding process was performed in accordance with the bases for bidding. The award was made in accordance with the law and was in line with the regulations of Mexico State and the modification to the Concession Title was in accordance with current provisions.

We recommend a rebalancing to recognize the investments made by the Entity, which include the second section of the Viaducto in the part from Lomas Verdes to Toreo.

The legality of the guaranteed profitability is not questioned.

With regard to the recognized investment, the audit identified three aspects:

There is supporting documentation for the construction work performed for MX Ps.37 million, which would represent less than one half of one percentage point (0.5%) of the investment, which totals a little more than MX Ps.11 billion. The Entity will make available the necessary information to clarify any doubt regarding this amount.

There is an administrative observation for MX Ps.62 million which refers to the methodology used in the restatement of the prices for the construction materials. The methodology used by the company is that established in both the Regulations of the Twelfth Book of the Administrative Code of Mexico State, and in the Concession Title. Furthermore, it is the one currently used in all the concessions of the Entity and in federal public works contracts.

An observation was made about the increase in the recognized investment made in the toll system for MX Ps.197 million. This situation is related to an adjustment of the unit prices which had not yet been resolved. However, it was resolved and concluded this year, which was not considered by the audit.

At the date of this report, the process remains in the review and submission of evidence phase.

Modification to the Concession Title

On June 23, 2016, the Entity informed the Mexican Stock Exchange that its subsidiary Grupo de Autopistas Nacionales, S.A. (GAN) signed the Second Amendment to the Concession Title which it was awarded on November 24, 2003, by the Federal Government through the Department of Communications and Transportation ("SCT") in order to construct, operate, exploit, conserve and maintain the High Specification Federal Highway beginning at the Amozoc III Junction, of the México-Orizaba Toll Highway and ending with the Perote III Junction, located on the Amozoc-Perote Federal Highway, in the States of Puebla, Tlaxcala and Veracruz; and to operate, exploit, conserve and maintain the Perote Bypass, of the Acatzingo-Zacatepec-Perote-Jalapa Federal Highway, known as the "Amozoc-Perote Highway".

With this amendment, the SCT recognizes specific additional investments and balances the Concession Title by expanding its effective term and gradually increasing over the next six years the toll rates on the "Amozoc-Perote Highway".

New Tariff Scheme

On June 7, 2016, the Entity reported that in accordance with article 50, section I, subsection b) of the General Provisions Applicable to Issuers of Securities and Other Stock Market Participants in Mexico, it informed small investors that its subsidiary (100%) Autopista Urbana Norte, S.A. de C.V. ("AUNORTE"), received a duly signed new tariff scheme which recognizes the additional investments required by the project.

Oversight by the National Banking and Securities Commission

On May 15, 2015, the Entity reported through a significant event that the National Banking and Securities Commission (the "Commission"/"CNBV"), based on article 359 of the Stock Market Law ("LMV"), and in the exercise of its official powers and its continued oversight functions of issuers listed on the Mexican Stock Market, initiated an inspection visit of the Entity to ascertain compliance with that established in the LMV and in the applicable provisions, for purposes of protecting the interests of investors and the market in general.

As a result of the aforementioned inspection initiated by the Commission, on October 23, 2015, the Commission granted the right to a hearing to the Entity, its subsidiaries Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. ("OPI") and Concesionaria Mexiquense, S.A. de C.V. ("CONMEX"), and the different officers of the Entity, in order to address certain administrative proceedings initiated against them (the "Administrative Proceedings").

As part of the Administrative Proceedings, the Commission alleges noncompliance with applicable regulations, including among others; (a) Inappropriate application of accounting principles accepted by the Commission, including the records related to the concessions which recognize guaranteed profitability and the fact that, according to the Commission, such recognition is invalid; (b) supposed improper information to the market related to the current traffic levels and their projections in the concessions of the Entity; (c) verifiability in certain operations and; (d) noncompliance in the authorization processes for transactions with related parties.

On November 25, 2015, the Entity and its subsidiaries OPI and CONMEX responded to the questions raised by the Commission.

On March 10, 2016, the CNBV issued official notices to the Entity and its subsidiaries OPI and CONMEX.

The rulings on the Administrative Proceedings establish the following:

1. With regard to the Administrative Proceedings related to the application of accounting principles recognized by CNBV for certain accounting records relative to the guaranteed profitability of the concessions of its subsidiaries, the CNBV concluded that during the years 2012, 2013 and 2014 (collectively referred to as the "Issuers") inappropriately recorded the guaranteed profitability, in accordance with their interpretation of CINIIF 12 (Service Concessions Agreements). After considering the extenuating circumstances described above, the CNBV levied an administrative penalty on the Issuers and the Individuals for such information.
2. In the ruling on the Administrative Proceedings related to information on the traffic levels in its concessions, the CNBV ruled that there was an inconsistency in the description of one of the processes included in the section of the Principal Accounting Policies of the financial statements of the Issuers in comparison with the rest of the information disclosed by the Issuers. The CNBV, after considering the extenuating circumstances described above, levied an administrative penalty on the Issuers and the Individuals for such violation.
3. In relation to the Administrative Proceedings on the verifiability in the recording of certain operations of the Issuers, the CNBV ruled that the respective support documentation was not provided in every case. The CNBV, after considering the extenuating circumstances described above, levied an administrative penalty on the Issuer and the Individuals for such violation.

4. In accordance with the ruling on the Administrative Proceeding related to the authorization procedure for certain transactions with related parties of the Issuer, the CNBV ruled that not all of the documentation was provided to certify that the formalities in such authorization procedure had been effectively fulfilled. The CNBV, after considering the extenuating circumstances described above, levied an administrative penalty on the Issuer. No individuals were summoned as part of this Administrative Proceeding.

After considering the extenuating circumstances in this case, specifically the absence of deceit, fraud or any impact on the Mexican financial system or third parties, the CNBV levied administrative penalties on the Issuers and the Individuals for a total amount of MX Ps.61.2 million for the Issuers, and the amount of MX Ps.10 2 million for the Individuals who are currently directors of the Issuer.

By the same token, on March 15, 2016, the CNBV issued official notices instructing changes to the financial statements of the Issuers for 2013, 2014 and 2015, granting a deadline of five days for them to submit to the Commission the form and terms under which they will comply with the official notices.

Notwithstanding, as the interpretations that the Issuers and their outside advisers gave to the accounting provisions applicable to the recording of the guaranteed profitability in their financial statements are not consistent with the interpretation of the CNBV, with the aim of improving transparency for small investors, providing comparable financial information and, considering that the accounting treatment for the guaranteed profitability does not have and has not had any effect on the cash flow of the Issuers, the latter proposed to the CNBV the remediation process described in the following paragraph.

On March 18, 2016, the Issuers submitted letters informing the CNBV of the form and terms in which they will comply with the observations contained in the official notices, offering as a remediation process to review the way in which they must carry out the recording of the guaranteed profitability by considering the nature and terms of the Concession Titles, in order to seek an interpretation of the recording of the guaranteed profitability in accordance with CINIIF 12 which is reasonable for the CNBV, for which reason they were requested to continue presenting in their financial statements the recognition of the guaranteed profitability consistently with previous years and show in a note to the financial statements the effects which would arise from applying the accounting treatment required by the CNBV until such time as the aforementioned reasonable presentation for the CNBV is determined.

On March 23, 2016, the CNBV approved the proposal presented by the Issuers, as follows:

- (i) In the 2015 audited financial statements of the Issuers, the recording of the guaranteed profitability as a financial asset will be maintained and a note with financial information for the respective periods will be included in the section "Notes to the Financial Statements", solely for comparative purposes, reflecting the record of the guaranteed profitability in accordance with the accounting treatment requested by the CNBV;
- (ii) In the 2015 annual report, the financial statements of the last three years in which the recording of the guaranteed profitability is kept as a financial asset will be included, and a note with information for the respective periods will be included in the section "Notes to the Financial Statements", solely for comparative purposes, reflecting the record of the guaranteed profitability in accordance with the accounting treatment requested by the CNBV, both in the notes to the financial statements attached to the annual report, and in the section "Selected Financial Information"; and
- (iii) In the quarterly and annual consolidated financial reports, as of the third quarter of 2016 (a) the recording of the guaranteed profitability as a financial asset will be maintained and (b) a note with comparative information for the respective periods will be included in the section "Notes to the Financial Statements", solely for comparative purposes, reflecting the record of the guaranteed profitability in accordance with the accounting treatment requested by the CNBV, until such time as the form in which the record of the guaranteed profitability must be made in the financial statements of the Issuer is determined in conformity with CINIIF 12.

On February 17, 2017, the Entity filed a letter informing the CNBV of the form in which the recording of its investment in concessions and their return will be made, by considering the economic nature and the terms established in the concession titles and the laws applicable thereto, in accordance with that established in CINIIF 12, which is explained in Note 2 below.

On February 21 2017, the Commission admitted the follow-up letter in accordance with the official instruction notices described in the preceding paragraphs.

2. Effects in the consolidated financial statements as a result of the proposal presented by the Entity in the process with the National Banking and Securities Commission (the “Commission”)

As a result of the process which the Entity has carried out with the Commission, the Entity’s management performed an analysis of the nature of the concession titles, their accounting record and their presentation in the financial statements, as well as the detail included in the notes thereto with the aim of improving the information provided. Therefore, the Entity’s management determined it would present the investment in concessions in two captions based on the economic nature and characteristics of the concession titles, as follows:

1. Concession titles which establish that the deficit determined between the investment in infrastructure plus the return established in the concession titles themselves, compared with the real toll flows, is covered by the granting entity. The assets which are recorded in this caption are valued 1) based on the discounted future cash flows, equivalent to their fair value which is expected to be received for tolls collected directly from the users of the service, in what is known as intangible assets; and 2) the defined deficit assumed by the granting party which refers to a financial asset as established in paragraph 16 of Interpretation No. 12 of the Interpretation Committee of International Financial Reporting Standards, “Services Concession Agreements” (“CINIIF 12”).
2. Concession titles which establish that the recovery of the investment in infrastructure and the return established in the titles themselves will be made only from the toll flows. These concessions are recorded as intangible assets.

The Entity’s management considers that the separation provides better elements for analysis to users of the financial information, in relation to the nature of its assets for purposes of better decision-making, by demonstrating the performance of each of the concessions and the source of recovery of the investment and the return thereon. According to management, the accounting treatment of the concession titles and the aforementioned disclosures are in compliance with International Financial Reporting Standards.

In the consolidated statements of financial position prepared up to December 31, 2015, the investments related to the concession titles which establish that the deficit determined between the investment in infrastructure plus the return established in the concession titles themselves, compared with the real toll flows, is covered by the granting entity, were presented in a single caption, without differentiating, as they are now presented, the sources of recovery which are the future toll flows in each concession, including, as applicable, the deficit receivable from the granting entities at the end of the term of each concession.

As a result of the aforementioned changes, the total investment in concessions is presented by separating the amount equivalent to the value of the future toll flows measured at present value, known as an intangible asset, in accordance with the revaluation model according to IAS 38, “Intangible Assets” (“IAS 38”), and the estimated deficit recoverable through the granting party, if the toll flows are insufficient.

The estimated deficit recoverable through the granting party may be reduced or eliminated through the increase in rates, an increase in the term of the concession or a combination of both, previously authorized by the competent authority, which constitutes a financial rebalancing.

By the same token, in the consolidated statements of profit or loss and other comprehensive income and cash flows prepared up to December 31, 2015, the caption of Other revenues from operations was presented as a complement to the revenues from tolls, without differentiating in separate captions of the statements, the revenues from each of the sources of recovery of their investments in concessions.

The caption other revenues presented in the consolidated statements of profit or loss and other comprehensive income up to December 31, 2015 is eliminated, to incorporate the captions of: revenues from valuation of the intangible assets based on discounted future flows, equivalent to fair value, and the effect of the adjustment for valuation of the deficit assumed by the granting party, with the latter represented by the difference between the established return and the effect from the valuation of the intangible assets at fair value. The amortization of the intangible asset of this type of concession titles is also eliminated because it is considered that the valuation of this caption is made through the expected future toll flows at present value, based on the revaluation model established in IAS 38. This asset will tend to become depleted as the end of the concession approaches. In accordance with the IAS 36, “Impairment in Value of Assets” (“IAS 36”), the recoverable amount of the revalued asset will have to be close to or greater than its revalued value. In this case, after applying the revaluation criteria it is unlikely that the revalued asset will have been impaired.

The revenues from future toll rates which will be generated through the operation of the concession assets during the terms of the concession titles and the extensions granted, at present value, represent the value of the intangible assets. The difference between the investment in infrastructure, plus the return stipulated in the concession titles and the amount equivalent to the intangible assets, represents, as applicable, the amount to be recovered by the Entity through the granting party. The concession titles stipulate the option of extending their effective term and/or obtaining authorization from the granting entity to increase the rates, which constitutes a financial rebalancing. In these cases, the amounts recoverable through the future toll flows would be increased and would reduce the amount of the deficit to be recovered through the granting entity, or could even eliminate it.

In accordance with NIC 1, "Presentation of Financial Statements" ("NIC 1"), the Entity's management retroactively presents the effects of the reclassifications mentioned in the preceding paragraphs, in the consolidated financial statements as of December 31, 2015 and 2014 and as of January 1, 2014; the total amounts of investments in concessions, total assets, stockholders' equity, consolidated net profits and cash flows from operation, have not been modified as a result of such changes. The recorded effects are presented below:

The recorded effects are presented below:

Consolidated statement of financial position as of December 31, 2015	Adjusted figures	Changes	Figures originally presented
Investment in recoverable infrastructure through future toll flows	Ps. 50,856,219	Ps. 50,856,219	Ps -
Portion of intangible asset recoverable through future toll flows	<u>39,006,437</u>	<u>39,006,437</u>	<u>-</u>
Intangible asset by concessions	<u>89,862,656</u>	<u>89,862,656</u>	<u>-</u>
Deficit by the grantor	<u>12,996,971</u>	<u>12,996,971</u>	<u>-</u>
Investment in infrastructure	-	(47,019,996)	47,019,996
Guaranteed profitability	<u>-</u>	<u>(55,839,631)</u>	<u>55,839,631</u>
Total investment in concessions	<u>Ps. 102,859,627</u>	<u>Ps -</u>	<u>Ps. 102,859,627</u>
Consolidated statement of financial position as of December 31, 2014	Adjusted figures	Changes	Figures originally presented
Investment in recoverable infrastructure through future toll flows	Ps. 51,216,109	Ps. 51,216,109	Ps -
Portion of intangible asset recoverable through future toll flows	<u>32,147,684</u>	<u>32,147,684</u>	<u>-</u>
Intangible asset by concessions	<u>83,363,793</u>	<u>83,363,793</u>	<u>-</u>
Deficit by the grantor	<u>10,428,201</u>	<u>10,428,201</u>	<u>-</u>
Investment in infrastructure	-	(48,072,278)	48,072,278
Guaranteed profitability	<u>-</u>	<u>(45,719,716)</u>	<u>45,719,716</u>
Total investment in concessions	<u>Ps. 93,791,994</u>	<u>Ps. -</u>	<u>Ps. 93,791,994</u>
Consolidated statement of financial position as of January 1, 2014	Adjusted figures	Changes	Figures originally presented
Investment in recoverable infrastructure through future toll flows	Ps. 48,841,806	Ps. 48,841,806	Ps -
Portion of intangible asset recoverable through future toll flows	<u>24,149,875</u>	<u>24,149,875</u>	<u>-</u>
Intangible asset by concessions	<u>72,991,681</u>	<u>72,991,681</u>	<u>-</u>
Deficit by the grantor	<u>7,722,873</u>	<u>7,722,873</u>	<u>-</u>
Investment in infrastructure	-	(46,365,646)	46,365,646
Guaranteed profitability	<u>-</u>	<u>(34,348,908)</u>	<u>34,348,908</u>
Total investment in concessions	<u>Ps. 80,714,554</u>	<u>Ps. -</u>	<u>Ps. 80,714,554</u>

Consolidated statements of Profit or Loss and Other Comprehensive Income as of December 31, 2015	Adjusted figures	Changes	Figures originally presented
Tolls revenues	Ps. 4,704,329	Ps -	Ps. 4,704,329
Revenues from valuation of the intangible assets	6,858,753	6,858,753	-
Adjustment for valuation of the deficit by the grantor	2,568,770	2,568,770	-
Other operating revenue	<u>-</u>	<u>(10,119,915)</u>	<u>10,119,915</u>
Total revenues from concession operation	14,131,852	(692,392)	14,824,244
Construction revenues	<u>280,880</u>	<u>-</u>	<u>280,880</u>
Services and others revenues	<u>110,104</u>	<u>-</u>	<u>110,104</u>
	14,522,836	(692,392)	15,215,228
Costs and expenses:			
Costs of construction	247,203	-	247,203
Costs and operating expenses	1,313,755	-	1,313,755
Amortization of investments in concessions and depreciation	101,359	(692,392)	793,751
General and administrative expenses	<u>386,559</u>	<u>-</u>	<u>386,559</u>
	<u>2,048,876</u>	<u>(692,392)</u>	<u>2,741,268</u>
Net	<u>Ps. 12,473,960</u>	<u>Ps -</u>	<u>Ps. 12,473,960</u>
Consolidated Statements of Profit or Loss and Other Comprehensive Income as of December 31, 2014	Adjusted figures	Changes	Figures originally presented
Tolls revenues	Ps. 3,728,577	Ps. -	Ps. 3,728,577
Revenues from valuation of the intangible assets	8,341,018	8,341,018	-
Adjustment for valuation of the deficit by the grantor	2,705,328	2,705,328	-
Other operating revenue	<u>-</u>	<u>(11,714,446)</u>	<u>11,714,446</u>
Total revenues from concession operation	14,774,923	(668,100)	15,443,023
Construction revenues	1,371,909	-	1,371,909
Services and others revenues	<u>96,368</u>	<u>-</u>	<u>96,368</u>
	16,243,200	(668,100)	16,911,300
Costs and expenses:			
Costs of construction	1,373,402	-	1,373,402
Costs and operating expenses	1,301,644	-	1,301,644
Amortization of investments in concessions and depreciation	91,386	(668,100)	759,486
General and administrative expenses	<u>266,537</u>	<u>-</u>	<u>266,537</u>
	<u>3,032,969</u>	<u>(668,100)</u>	<u>3,701,069</u>
Net	<u>Ps. 13,210,231</u>	<u>Ps. -</u>	<u>Ps. 13,210,231</u>

3. Basis of presentation

a. ***Application of new and revised International Financing Reporting Standards (“IFRSs” or “IAS”) and interpretations that are mandatorily effective for the current year***

In the current year, the Entity has applied a number of amendments to IFRSs and new Interpretation issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

Amendments to IAS 1, Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The application of these amendments to IAS 1 did not have impacts on the Entity’s consolidated financial statements.

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

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3, “Business Combinations”. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12, “Income Taxes”, regarding the recognition of deferred taxes at the time of acquisition and IAS 36, “Impairment of Assets”, regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments are applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after January 1, 2016.

The application of these amendments to IFRS 11 did not have an impact on the Entity’s consolidated financial statements.

Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortization

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) When the intangible asset is expressed as a measure of revenue; or
- b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, *the Entity uses the straight-line method for depreciation and amortization for its property, plant and equipment, and for the intangible asset from concessions is amortized based on the use-of-unit methods, which considers the cost of vehicle traffic that has occurred over the period respectively. The management of the Entity believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the application of these amendments to IAS 16 and IAS 38 did not have an impact on the Entity’s consolidated financial statements.*

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after January 1, 2016.

The application of these amendments to IFRS 10 and IAS 28 may had no impact on the Entity's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The application of these amendments to IFRS 10, IFRS 12 and IAS 28 had no material impact on the Entity's consolidated financial statements as the Entity is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply.

The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments had no material effect on the Entity's consolidated financial statements.

b. *New and revised IFRSs in issue but not yet effective*

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments ²
IFRS 15	Revenue from Contracts with Customers ²
IFRS 16	Leases ³
Amendments to IAS 12	Income taxes ¹
Amendments to IAS 7	Statements of Cash Flows ¹
Amendments to IFRS 2	Classification and measurement of share-based payments ²

¹ Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

² Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

IFRS 9, Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2014 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39, "Financial Instruments: Recognition and Measurement", are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in net income (loss).
- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management of the Entity anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Entity's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Entity undertakes a detailed review.

IFRS 15, Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, "Revenue", IAS 11, "Construction Contracts", and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The management of the Entity anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Entity's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Entity performs a detailed review.

IFRS 16, Leases

IFRS 16, "Leases", was issued in January 2016 and supersedes IAS 17, "Leases", and related interpretations. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15, "Revenue from Contracts with Customers", has also been applied.

Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

However, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term for leases with a lease term of 12 months or less and containing no purchase options (this election is made by class of underlying asset); and leases where the underlying asset has a low value when new, such as personal computers or small items of office furniture (this election can be made on a lease-by-lease basis).

IFRS 16 establishes different transitional provisions, including retrospective application or the modified retrospective application where the comparative period is not restated.

The Entity is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements, although given the nature of its operations it would expect insignificant impacts.

Amendments to IAS 12, Income Tax: Recognition of Deferred Tax Assets for Unrealized Losses, clarify how to account for deferred tax assets related to debt instruments measured at fair value.

IAS 12 provides requirements on the recognition and measurement of current or deferred tax liabilities or assets. The amendments clarify the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice.

Entities are required to apply the amendments for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The management of the Entity does not expect significant impacts as a result of these amendments.

Amendments to IAS 7, Statements of Cash Flows: Provide disclosures.

The amendments in disclosure initiative (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Entities are required to apply the amendments for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The management of the Entity expects that there may be some impacts as a result of these amendments.

4. Significant accounting policies

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released by IASB.

b. *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

- i. Historical cost - Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
- ii. Fair value - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

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

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

c. ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Entity and entities (including structured entities) controlled by the Entity and its subsidiaries. Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Entity, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

As of December 31, 2016, 2015 and 2014 and as of January 1, 2014, the equity in the capital stock of the principal subsidiaries are shown below:

Subsidiaries	Activity	Direct and Indirect Ownership Participation %	
		2016 and 2015	2014 and as of January 1, 2014
Organización de Proyectos de Infraestructura, S.A.P.I. de C. V. y subsidiaria ("OPI") ⁽¹⁾	Holding of CONMEX	75.01	99.99
Grupo Autopistas Nacionales, S. A. ("GANA")	Owner of the Amozoc- Perote Highway concession	69.18	69.18
Viaducto Bicentenario, S. A. de C. V. ("VIADUCTO BICENTENARIO")	Owner of the Viaducto Elevado concession, comprised of the following sections: Periférico Manuel Avila Camacho from Toreo of Cuatro Caminos in Naucalpan to Tepotzotlan	99.99	99.99
Autovías Concesionadas OHL, S. A. de C.V. ("AUTOVIAS")	Owner of the North Bypass concession in the City of Puebla	99.99	99.99
OHL Toluca, S. A. de C. V. ("OHL TOLUCA")	Investment of the Toluca Airport concession	99.99	99.99
Construcciones Amozoc Perote, S. A. de C. V. ("CAPSA")	Constructor	69.18	69.18
Operadora Concesionaria Mexiquense, S. A. de C. V. ("OPCOM")	Operating services provider to the toll road concessions	99.99	99.99
Autopista Urbana Norte, S. A. de C. V. ("AUNORTE")	Owner of the concession Vía Periferia Elevada	99.99	99.99
Latina México, S. A. de C. V. ("LATINA")	Constructor	99.99	99.99
Seconmex Administración, S.A. de C.V. ("SECONMEX")	Professional, technical and administrative services	98.00	98.00
Concesionaria AT- AT, S. A. de C. V.	Owner of the North Bypass concession to Atizapan- Atlacomulco	99.99	99.99
OPCEM, S. A.P.I. de C. V.	Service provider operating the Circuito Exterior Mexiquense	75.01	99.99

⁽¹⁾ Direct and indirect equity of the Entity in CONMEX, holder of 75.01% of the equity in the concession for Circuito Exterior Mexiquense.

The non-controlling interests in subsidiaries are identified separately in relation to the investments the non-controlling interest has in such subsidiaries. The non-controlling interests may be initially valued, either at fair value or at the proportional interest in the non-controlling interests over the fair value of the identifiable assets of the entity acquired. The choice of the valuation basis is made individually for each transaction. After the acquisition, the carrying value of the non-controlling interests represents the amount of such interests as of the initial recognition plus the portion of the subsequent non-controlling interest in the statements of changes in stockholders' equity of the subsidiary.

A summary of the consolidated financial information of OPI, which has a significant noncontrolling interest, is detailed below. The summary of the financial information which is presented below represents the amounts before intercompany eliminations.

In thousands of Mexican pesos:

OPI	2016	2015	2014	January 1, 2014
Current assets	<u>Ps. 737,716</u>	<u>Ps. 1,173,567</u>	<u>Ps. 1,433,659</u>	<u>Ps. 454,279</u>
Non-current assets	<u>Ps. 65,915,854</u>	<u>Ps. 59,248,239</u>	<u>Ps. 54,105,310</u>	<u>Ps. 47,999,883</u>
Current liabilities	<u>Ps. 756,136</u>	<u>Ps. 635,214</u>	<u>Ps. 4,843,096</u>	<u>Ps. 6,171,312</u>
Non-current liabilities	<u>Ps. 35,121,217</u>	<u>Ps. 33,589,178</u>	<u>Ps. 22,047,792</u>	<u>Ps. 23,143,820</u>
Stockholders' equity attributable to the controlling interest	<u>Ps. 30,776,217</u>	<u>Ps. 26,197,414</u>	<u>Ps. 27,147,551</u>	<u>Ps. 17,899,219</u>
Non-controlling interest	<u>Ps. -</u>	<u>Ps. -</u>	<u>Ps. 1,500,530</u>	<u>Ps. 1,239,811</u>
	2016	2015	2014	
Revenues	<u>Ps. 9,778,687</u>	<u>Ps. 8,336,776</u>	<u>Ps. 8,471,722</u>	
Costs and expenses	<u>Ps. 1,201,624</u>	<u>Ps. 1,085,146</u>	<u>Ps. 1,109,595</u>	
Financing cost	<u>Ps. 2,433,846</u>	<u>Ps. 2,133,799</u>	<u>Ps. 2,130,266</u>	
Income taxes	<u>Ps. 1,874,907</u>	<u>Ps. 1,626,936</u>	<u>Ps. 1,519,458</u>	
Net income	<u>Ps. 4,268,310</u>	<u>Ps. 3,490,895</u>	<u>Ps. 3,712,403</u>	
Net income for the year attributable to controlling interest	Ps. 4,268,310	Ps. 3,349,619	Ps. 3,439,391	
Net income for the year attributable to non-controlling interest	<u>-</u>	<u>141,276</u>	<u>273,012</u>	
Net income	<u>Ps. 4,268,310</u>	<u>Ps. 3,490,895</u>	<u>Ps. 3,712,403</u>	
Other comprehensive loss, net of income	Ps. 310,493	Ps. 45,020	Ps. (189,934)	

	2016	2015	2014
Net comprehensive income for the year attributable to controlling interest	Ps. 4,578,803	Ps. 3,391,914	Ps. 3,261,750
Net comprehensive income for the year attributable to non-controlling interest	<u>-</u>	<u>144,001</u>	<u>260,719</u>
Net comprehensive income	<u>Ps. 4,578,803</u>	<u>Ps. 3,535,915</u>	<u>Ps. 3,522,469</u>
Net cash generated by operating activities	<u>Ps. 2,670,117</u>	<u>Ps. 2,120,452</u>	<u>Ps. 1,764,419</u>
Net cash flows used in investing activities	<u>Ps. (35,248)</u>	<u>Ps. (6,783)</u>	<u>Ps. (48,693)</u>
Net cash provided by (used in) financing activities	<u>Ps. (2,615,317)</u>	<u>Ps. (2,336,446)</u>	<u>Ps. (197,204)</u>
Net increase in cash, cash equivalents and restricted trust funds	<u>Ps. 2,965,864</u>	<u>Ps. 2,946,313</u>	<u>Ps. 3,169,090</u>

The reconciliation of the financial information that was summarized above of the book value of the noncontrolling interest in OPI, was recognized in the consolidated financial statements:

	2016	2015	2014	January 1, 2014
Net assets of OPI	\$ 30,776,217	\$ 26,197,414	\$ -	\$ -
Attributable to non-controlling interest of OPI	<u>7,455,036</u>	<u>6,311,435</u>	<u>-</u>	<u>-</u>
Book value of the Entity's equity to non-controlling interest of OPI	<u>\$ 7,455,036</u>	<u>\$ 6,311,435</u>	<u>\$ -</u>	<u>\$ -</u>

- i. **Subsidiaries** - Subsidiaries are companies over which the Entity exercises control. The existence and effects of the potential voting rights which are currently exercisable or convertible are considered when the Entity evaluates if it controls the investee. Subsidiaries are consolidated from the date on which their control is transferred to Entity, and they cease to consolidate from the date on which control is lost.

The accounting policies of subsidiaries have been modified to conform to the policies adopted by the Entity.

- ii. **Associated companies** - Associated companies are all the entities over which the Entity exercises significant influence, but not control. Generally speaking, these entities are those in which the Entity holds between 20% and 50% of the voting stock. The investments in associated companies are recognized initially at historical cost and subsequently through the equity method.
- iii. **Interests in joint operations** - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint venture arrangements which involve the creation of a separate entity in which each participant holds equity are referred to as jointly-controlled entities or joint ventures. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting.

Changes in the Entity's ownership interests in existing subsidiaries

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Entity.

When the Entity loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Entity had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

- d. ***Investment in concessions*** - For accounting purposes the Entity recognizes the investments made in infrastructure projects in accordance with Interpretation No. 12 of the Interpretation Committee of the International Financial Reporting Standards "Services Concession Agreements" CINIIF 12.

CINIIF 12 refers to the recording by private sector operators involved in providing infrastructure assets and services to the public sector established in concession agreements, classifying the assets into financial assets, intangible assets or a combination of both. In accordance with CINIIF 12, the Entity records the investment in concessions in two captions based on the economic nature and characteristics of the concession titles, as follows:

- 1 Concession titles which establish that the deficit between the investment in infrastructure and the return established in the concession titles themselves, compared to the real cash flows, is covered by the granting entity. The assets recorded in this caption are valued 1) based on discounted future flows, equivalent to their fair value which is expected to be received for tolls collected directly from users of the service, in what is known as an intangible asset; and 2) the defined deficit assumed by the granting party, which refers to a financial asset as established in paragraph 16 of CINIIF 12. These concessions are valued at present value as of the date of the financial statements.

The determination of the amount defined as intangible assets, in accordance with IAS 38, involves the use of financial projections which are prepared together with management experts and independent outside experts. Such financial projections are prepared annually, and will be updated in the event of indicators or events which significantly affect the assumptions used for their preparation.

The revenues from valuation of intangible assets are determined based on the future toll flows discounted at an appropriate discount rate. The revenues from valuation of the deficit assumed by the granting party are determined based on the difference between the total return established under the concession title and the revalued book value determined for intangible assets in each period.

- 2 Concession titles which establish that the recovery of the investment in infrastructure and the return established in the titles themselves will be recovered only from the toll flows. These concessions are recorded as intangible assets.

The intangible asset from concessions where the recovery is only through future toll flows and there is no supplemental liability assumed by the granting entity, is valued at cost and is amortized by the units of activity method, and are subject to quarterly impairment testing.

CINIIF 12 establishes that in the concession titles the infrastructure assets should not be recognized as property, plant and equipment by the operator.

The revenues and costs related to the construction or improvements are recognized in revenues and costs during the construction phase. The interest cost accrued during the construction period is capitalized in the case of concessions classified as intangible assets.

Construction revenues are recognized by the percentage of completion method, whereby the revenue is matched with the costs incurred to reach the stage of progress required to terminate the concession, resulting in the recording of revenues and costs attributable to the percentage of work finished at the close of each year. To construct the highways for which it holds concessions, in general the Entity and its subsidiaries subcontract related parties or independent construction companies; as a result of the construction subcontracts signed, the builders are responsible for the performance, termination and quality of the work. The contracting prices with the subcontracting companies are at fair market values, for which reason the Entity does not recognize a profit margin in its statements of income for the performance of such construction work. The construction subcontracts do not release the Entity from its obligations acquired in relation to the concession titles. Profit margins in the construction are recognized for construction work performed directly by the Entity.

- e. **Advances to suppliers for construction work** - Advances to suppliers correspond to payments made for specific works that will be carried out in the near future for the construction of infrastructure under the concessions. Amounts are recorded as advances given that the risks and rewards of the assets or services to be acquired or received have not yet been transferred to the Entity.
- f. **Government grants and government assistance** - Government grants are not recognized until there is reasonable assurance that the Entity will comply with the conditions corresponding IAS 20, "Government grants" and that the grants will be received.

Based on the application of IAS 20, such government assistance is deducted systematically from the value of the related investment in infrastructure asset.

Grants for the acquisition of assets are presented net against the related asset, and are applied to results over the same period and using the same amortization criteria as that of the related asset.

- g. **Office furniture and equipment** - Office furniture and equipment are recorded at cost less depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is calculated under the straight-line method based on useful life, as follows:

	<u>Annual percentage</u> %
Computer equipment	30
Transportation equipment	25
Office equipment	10
Machinery	10
Road signs and signals	10
Electrical power equipment	10
Installation expenditures in leased facilities	10

Residual values, useful lives and depreciation methods are reviewed at the end of each year, and the effect of any change in the estimate is recognized on a prospective basis.

An element of furniture and equipment and other assets is derecognized when sold or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising from the sale or retirement of an item of furniture and equipment, is calculated as the difference between the resources received from sales and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss and other comprehensive income.

- h. **Borrowing costs** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

- i. **Impairment of long-lived assets in use** - Management periodically evaluates the impairment of long-lived assets in order to determine whether there is evidence that those assets have suffered an impairment loss. If impairment indicators exist, the recoverable amount of assets is determined, with the help of independent experts, to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

- j. **Other assets** - Other assets mainly includes costs incurred on the electronic toll project and other development costs. Costs incurred with respect to these assets, which give rise to future economic benefits and meet certain requirements for recognition are capitalized and amortized over their useful lives. Costs that do not comply with the criteria to be capitalized are recognized directly in the consolidated statements of profit or loss and other comprehensive income.
- k. **Provisions** - Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation, at the end of the reporting period. When a provision is valued using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

- l. **Provision for major maintenance** - The Entity records the provision of major maintenance of road sections based on its best estimate of the cost of major maintenance, on a straight-line basis, from the last maintenance incurred, in order to comply with contractual obligations that require the Entity to return the infrastructure assets to the government in optimal working conditions at the end of the concession term.

m. ***Employee benefits***

Employee benefits from termination and retirement

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Entity presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expense within other operating costs and expenses. Gains and losses for reduction of service are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Entity's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term employee benefits

A liability is recognized for employee benefits in relation to wages and salaries, annual vacations, paid leave, vacations and vacation premium.

The liabilities recognized for short-term employee benefits are valued at the amount not discounted for the benefits expected to be paid for this service.

Statutory employee profit sharing (PTU)

PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses and cost line item in the consolidated statement of profit or loss and other comprehensive income.

Based on the 2014 Income Tax Law, as of December 31, 2016 and 2015, PTU is determined based on taxable income, according to Section I of Article 9 of the Law.

n. ***Income taxes*** - The Entity is subject to the relevant provisions of the Income Tax Law ("LISR" for its acronym in Spanish).

The expense for income taxes represents the sum of current income taxes and deferred income taxes.

On March 14, 2014, OHL México, S.A.B. de C.V. filed a letter reporting that it elects to be taxed under this new Optional Regime for Groups of Companies referred to in Chapter VI of Title II of the Income Tax Law, for which reason as of this date the Entity is taxed under this new regime.

1. Current tax

Current income tax ("ISR") is recognized in the results of the year in which is incurred.

2. Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

- o. ***Fund for repurchase of shares*** - Shares acquired are shown as a decrease in the fund for repurchase of shares included in the statement of financial position in the line of retained earnings and are valued at acquisition cost.

In the case of a resale of shares from the fund for repurchase of shares, the amount received in excess or deficit of the historical cost is recognized in the premium on sale of repurchased shares.

- p. ***Toll revenues and services*** - Toll revenues are recognized when the services are provided, determined based on the collected toll road. In GANA and CONMEX concessions, a percentage of the tolls collected belong to Caminos y Puentes Federales (“CAPUFE” for its name in Spanish). For these tolls, which are remitted to CAPUFE and which for the years ended December 31, 2016, 2015 and 2014 were Ps.437,540, Ps.409,523 and Ps.320,782, respectively, OPCOM and OPCEM (beginning April 2015) earned a 2.76% and 3.5%, respectively, commission for the related collection service, equivalent to Ps.12,483, Ps.13,014 and Ps.9,345, respectively. The amount remitted to CAPUFE is not included as part of toll revenues in the consolidated statements of profit or loss and other comprehensive income, but rather the commission earned by OPCOM is included in the services and other caption in the consolidated statement of profit or loss and other comprehensive income.

Revenue from the services is recognized when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
 - It is probable that the economic benefits associated with the transaction will flow to the Entity; and
 - The services have been provided and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- q. ***Basic and diluted earnings per share*** - Basic and diluted earnings per share is computed by dividing income of the controlling interest available to common stockholders by the weighted average number of common shares outstanding during the year. The Entity does not have any potentially dilutive instruments, for which reason diluted earnings per share is equal to basic earnings per share.
- r. ***Financial instruments*** - Financial assets and liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- s. ***Financial assets*** - Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Entity only holds financial assets classified as FVTPL (derivative financial instruments) and loans and receivables.

1. Effective interest method

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

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

2. Loans and accounts receivable

Accounts receivable from customers, loans and other receivables with fixed or determinable payments, are non-derivative financial assets which are not traded in an active market. Loans and accounts receivable are valued at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables if the recognition of interest is immaterial.

3. Impairment of financial assets

Financial assets different from fair value financial assets through profit or loss, are subjected to impairment testing at the end of each reporting period. It is considered that the financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the future cash flows from the investment have been affected.

4. Elimination of financial assets

The Entity ceases recognition of a financial asset only when the contractual rights to the cash flows from the financial asset expire or when the risks and benefits inherent to ownership of the financial asset are substantially transferred. If the Entity does not transfer or substantially retain all the risks and benefits inherent to the ownership and continues to retain control over the asset transferred, the Entity will recognize its equity in the asset and the associated obligation for the amounts that it would have to pay. If the Entity substantially retains all the risks and benefits inherent to the ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateral loan for the resources received.

When a financial asset is totally eliminated, the difference between the book value of the assets and the sum of the consideration received and to be received and any accumulated gain or loss that was recognized in other comprehensive profit and loss and retained earnings are recognized in results.

t. ***Financial liabilities and equity instrument***

1. Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Entity's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Entity's own equity instruments.

3. Financial liabilities

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

4. Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

5. Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

u. *Derivative financial instruments*

The Entity obtains financing under different conditions. When financing is obtained under a variable interest rate, the Entity attempts to minimize the potential negative effects of the risk of fluctuations in the interest rate by entering into interest rate "SWAPS" and / or CAPS, which convert the variable profile of interest payments from variable to fixed, and attempts to minimize the potential negative effects of the risk of security exchange by entering into "FORWARD" which convert the variable profile of interest payments from variable to fixed. The Entity only enters into derivative transactions with institutions of recognized solvency and limits have been established for each institution. The Entity's policy is not to enter into derivative transactions for speculative purposes.

The Entity recognizes all assets or liabilities arising from derivative transactions in the statement of financial position at fair value, regardless of the purpose for which they are held. Fair value is determined based on recognized market prices, when the instrument is not traded in an active market, fair value is determined based on valuation techniques accepted in the financial community.

When derivatives are entered into to hedge certain risks and the derivative instrument complies with all accounting hedge requirements, their designation as a hedging instrument is documented at the start of the hedge transaction, documenting the objective, characteristics, accounting recognition and how the effectiveness will be measured for such transaction.

Accounting for the changes in the fair value of derivatives designated as hedges depends on the type of hedge transaction: (1) for fair value hedges, fluctuations in the fair value of both the derivative and the hedged item are recognized in current earnings; (2) for cash flow hedges, the effective portion is recognized temporarily in other comprehensive income within stockholders' equity and is reclassified to current earnings when affected by the hedged item; the ineffective portion is recognized immediately in current earnings.

For interest rate CAPS that are designated as hedges and which establish a ceiling, the effective portion of the CAP is determined by the intrinsic value of the CAP or the amount that exceeds the ceiling. With respect to measuring effectiveness, the Entity opted to exclude the time value of money, which such effect is recognized directly in results.

The Entity suspends accounting for hedges when the derivative has matured, has been sold, is canceled or exercised, when the derivative does not reach a sufficiently high effectiveness to offset the changes in fair value or cash flows of the hedged item, or when the Entity decides to cancel the hedge designation.

When discontinuing hedge accounting for cash flow hedges, any amounts recorded in stockholders' equity as part of other comprehensive income remain in equity until the effects of the forecasted transaction or firm commitment affect the current earnings. If it is no longer probable that the firm commitment or forecasted transaction will occur, the gains or losses that were accumulated in other comprehensive income are recognized immediately in results. If the forecasted transaction will occur but subsequently it becomes ineffective, the gains or losses that were accumulated in other comprehensive income are recognized proportionally in results.

Even though certain derivatives are contracted for hedging purposes from an economic standpoint, because they do not comply with all the requirements for hedge accounting established in financial reporting standards, they have been designated as trading derivatives for accounting purposes. The fluctuation in fair value of these derivatives is recognized in interest expense or income.

- v. ***Foreign currency balances and transactions*** - Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded as a component of exchange loss, net in the statements of profit or loss and other comprehensive income.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 4, the management of the Entity is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgments, apart from those involving estimations, that the management of the Entity has made in the process of applying the Entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Management has decided not to recognize a profit margin on the construction revenues and costs in its concessionaire subsidiaries, because the amount of such revenues and costs is substantially the same and has no effect on the Entity's net income.
- Management has decided to recognize the asset generated on the investments in concessions and the return stipulated in the concession titles whose recovery is through the operation of the concessions themselves, during the concession term and the extensions granted, by considering the future toll flows and the deficit to be recovered through the granting government when so established in the concession titles themselves and applicable laws.

The sources of key uncertainty in the estimates made at the date of the statement of financial position, and which have a significant risk of resulting in an adjustment in the carrying values of assets and liabilities during the following financial period, are as follows:

- The Entity has accumulated recoverable tax losses, whose recoverability has been assessed, and has concluded that it is appropriate to recognize a deferred income tax asset.
- The Entity prepares valuations of its financial derivatives which are contracted to mitigate the risk of interest rate fluctuations. The transactions which comply with the requirements for using hedge accounting have been designated as cash flow hedges. Note 15 describes the valuation techniques and methods of the financial derivatives.
- The Entity revises the estimate of the useful life and amortization method of its assets due to investment in concessions at the end of each reporting period and the effect of any change in the estimate is recognized prospectively. Furthermore, at the end of each period, the Entity revises the book values of its investment in concessions in order to determine whether there is an indication that they have suffered any loss from impairment.

The concessions in which the recovery of the investment in infrastructure and of the return established in the concession titles themselves is made from its operation during the concession terms and the extensions granted and, if the deficit to be covered by the granting entity were not fully recovered from the operation, are valued at their present value at the date of the financial statements. To determine the amount identified as intangible assets, projections are used which are prepared together with management experts and independent outside expert. Such financial projections are prepared annually except when there are indicators or events which significantly affect the assumptions used in their preparation.

- Management prepares an estimate to determine and recognize the provision to cover the major maintenance expenses of the concessioned routes, which affect the results of the periods from the time the concessioned highways are available for use until the major maintenance works are performed.

6. Cash, cash equivalents and restricted trust funds

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts and restricted cash. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	2016	2015	2014	January 1, 2014
Cash and bank deposit	Ps. 878,561	Ps. 376,935	Ps. 220,502	Ps. 118,322
Cash equivalents (overnight investments)	664,168	4,619,656	1,616,106	2,873,001
Restricted cash ⁽⁸⁾	26,531	120,028	140,992	91,752
Restricted trust funds ^(1A)	6,129	5,686	98,902	54,153
Restricted trust funds ^{(1) (2)} ^{(3)(4)(5)(6)(7) (8)}	<u>4,250,098</u>	<u>3,947,805</u>	<u>2,922,063</u>	<u>2,017,690</u>
	<u>5,825,487</u>	<u>9,070,110</u>	<u>4,998,565</u>	<u>5,154,918</u>
Less: Long-term portion of trust funds	<u>(2,558,817)</u>	<u>(2,099,692)</u>	<u>(1,966,368)</u>	<u>(1,512,806)</u>
Current portion of cash, cash equivalents and trust funds	<u>Ps. 3,266,670</u>	<u>Ps. 6,970,418</u>	<u>Ps. 3,032,197</u>	<u>Ps. 3,642,112</u>

Restricted trust funds are as follows:

- (1) **CONMEX:** Funds held in administration trust number 429 and a fund for the easement of rights-of-way held in administration trust number 406, both entered with Banco Invex, S. A.

The balances of the trust were as follows:

	2016	2015	2014	January 1, 2014
Reserve fund for debt service	Ps. 1,120,526	Ps. 1,080,707	Ps. 1,055,042	Ps. 516,388
Fund for major maintenance	259,803	250,572	244,621	21,129
Hub Fund (Invex 429)	1,071,795	674,984	446,133	797,005
Hub Fund (Additional revenues) ^(A)	6,129	5,686	98,902	54,153
Fund for release of right of way	<u>7,994</u>	<u>7,926</u>	<u>7,949</u>	<u>7,950</u>
Total funds in trust	<u>2,466,247</u>	<u>2,019,875</u>	<u>1,852,647</u>	<u>1,396,625</u>
Trust CPAC (Concesionaria Pac, S. A. de C. V.)	<u>9,200</u>	<u>9,200</u>	<u>9,200</u>	<u>9,200</u>
Total funds in trust	<u>2,475,447</u>	<u>2,029,075</u>	<u>1,861,847</u>	<u>1,405,825</u>
Short-term reserve fund for debt service	(70,927)	(46,568)	-	-
Short-term concentration fund (additional revenues)	<u>(6,129)</u>	<u>(5,686)</u>	<u>-</u>	<u>-</u>
Total funds in trust long - term	<u>Ps. 2,398,391</u>	<u>Ps. 1,976,821</u>	<u>Ps. 1,861,847</u>	<u>Ps. 1,405,825</u>

On October 7, 2004, in compliance with the obligations derived from the financing agreement, the Entity, in its capacity as trustor and second beneficiary, entered into irrevocable trust number 429 with Banco Invex, S.A., as fiduciary institution and BBVA Bancomer, S. A., Banco Nacional de Obras y Servicios Públicos, S. N. C. (“BANOBRA”) and the Instituto de Crédito Oficial (“ICO”), as first beneficiaries. The purpose of the trust was to administer the totality of the resources derived from the operation of the concession, and the other resources from the concession route. The trust agreement was modified and updated to ensure compliance with all obligations related to the financing agreement signed on August 29, 2014, and to establish new conditions that the trust has to guarantee. CONMEX undertakes to hold in trust the totality of the amounts resulting from the concession’s operation, which will be administered, based on the terms established in the financing agreement and which CONMEX will be able to pay the Notes.

As a result of the issuance of the UDI Notes and the Zero Coupon Notes, a debt service fund was established, whereby based on the debt service hedge ratio (RCSD) for the benefit of the lenders under those notes and the credit line issued by CONMEX, as well as any indebtedness derived from the refinancing and any additional senior debt. However, this account will not be available to guarantee the hedge obligations or the obligations derived from the termination of the CONMEX’s hedges. The RCSD will be financed quarterly in advance by an amount equivalent to the interest and payments required for the UDI Notes, the Zero-Coupon Notes and the installment credit line over the next 12 months (the “Requirement of the Debt Service Reserve”). If the Requirement of the Debt Service Reserve is not fully financed, the available cash after covering the debt service in accordance with the Installment Credit Line and the Notes will be deposited in the RCSD to fulfill the Requirement of the Debt Service Reserve according to the Cash Flow Waterfall.

(A) This amount related to Sistema de Verificación de Aforo Vehicular SIVA/ Additional revenues.

- (2) **VIADUCTO BICENTENARIO:** Funds held in administration trust fund number 915, contracted with Invex, S. A. and funds held for administration and payment for easement of rights-of-way in trust fund 11032265, which was executed with Scotiabank Inverlat.

The fund balances in those trusts are as follows:

	2016	2015	2014	January 1, 2014
Invex Bank Trust	Ps. 106,769	Ps. 86,271	Ps. 41,152	Ps. 47,722
Fund to release of right of way	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>
Total funds in trust	<u>Ps. 106,795</u>	<u>Ps. 86,297</u>	<u>Ps. 41,178</u>	<u>Ps. 47,748</u>

- (3) **GANÁ:** Management trust number F/2001293, with Banco Santander (México) Institución de Banca Múltiple, Grupo Financiero Santander, S. A. (“Santander”), whose purpose is to administer all the resources derived from operation of the concession, as well as the other resources related to the route under concession and the Perote Bypass over the term of the concessions.

Management trust number F/300861, with HSBC México, S. A., whose purpose is to provide the administration, and establish the program to issue debt up to Ps.1,700 million or the equivalent in 370,225,400 UDIS and receive any other resource from the operation of the concession and use it to fund the payments of such related debt.

The fund balances in those trusts are as follows:

	2016	2015	2014	January 1, 2014
Operation fund	Ps. 190,579	Ps. 135,521	Ps. 75,898	Ps. 102,360
Maintenance fund	182,312	143,054	150,084	111,991
HSBC trust fund	160,425	122,871	154,476	111,338
Consolidation bank	8,982	5,490	4,622	4,054
Fund for release of right of way	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
Total trust fund	542,306	406,944	385,088	329,751
HSBC trust fund long term	<u>(160,426)</u>	<u>(122,871)</u>	<u>(104,521)</u>	<u>(106,981)</u>
Total trust fund short term	<u>Ps. 381,880</u>	<u>Ps. 284,073</u>	<u>Ps. 280,567</u>	<u>Ps. 222,770</u>

- (4) **AUTOVIAS:** Management trust with Scotiabank Inverlat, S.A. Institución de Banca Múltiple, whose purpose is to pay the cost of release of rights-of-way.

The balance of the trust is as follows:

	2016	2015	2014	January 1, 2014
Fund release of right of way	<u>Ps. -</u>	<u>Ps. -</u>	<u>Ps. -</u>	<u>Ps. 48,434</u>

As a result of the revocation of the AUTOVIAS concession mentioned in Note 1, on November 24, 2014, the trust agreement No. 11033487, dated 19 August, 2009 entered into between AUTOVIAS and Scotia Bank Inverlat, was legally terminated and became unenforceable by both parties.

- (5) **AUNORTE:** Irrevocable Payment Trust F/834 with IXE Banco, S. A. Institución de Banca Múltiple, IXE Grupo Financiero, division fiduciaria, which is to cover the expenses related to technical supervision and project construction.

Irrevocable guarantee of payment trust, management trust and source of payment trust with Bank No. 1177 Invex, S. A. Institución de Banca Múltiple, Invex Grupo Financiero, which is to cover the expenses related to technical supervision and project construction.

As December 31, the balance of the trust is as follows:

	2016	2015	2014	January 1, 2014
INVEX Trust Fund	Ps. 47,467	Ps. 48,911	Ps. 91,630	Ps. 38,755
INVEX Trust Fund reserve	120,358	274,939	99,656	198,875
IXE Trust Fund	<u>4</u>	<u>92</u>	<u>236</u>	<u>2,455</u>
Trust fund	<u>Ps. 167,829</u>	<u>Ps. 323,942</u>	<u>Ps. 191,522</u>	<u>Ps. 240,085</u>

- (6) **OPI:** On December 13, 2013, Guarantee Trust Contract No. 2001 was executed with Banco INVEX, S.A. Institución de Banca Múltiple, Invex Grupo Financiero as the resource administrator (Trustee), Banco Monex, S.A. Institución de Banca Múltiple, Monex Grupo Financiero as the security agent, trust beneficiary and for the representation and benefit of Goldman International, which is intended to administer and guarantee the debt service payment.

The trust balance is composed as follows:

	2016	2015	2014	January 1, 2014
INVEX Controlling Trust	Ps. 84,472	Ps. 480,490	Ps. 327,066	Ps. -
Trust 2001 Invex - debt service reserve fund	<u>309,498</u>	<u>301,355</u>	<u>102,634</u>	<u>-</u>
Total short-term trust funds	<u>Ps. 393,970</u>	<u>Ps. 781,845</u>	<u>Ps. 429,700</u>	<u>Ps. -</u>
(7) AT- AT: Administrative trust number 1760 and right-of-way release fund, executed with Banco Monex, S. A.				

The trust balance is composed as follows:

	2016	2015	2014	January 1, 2014
Right-of-way release fund	<u>Ps. 569,880</u>	<u>Ps. 325,388</u>	<u>Ps. 111,630</u>	<u>Ps. -</u>

Right-of-way release fund number 1760 created on April 21, 2014, executed by AT-AT in its capacity as trustor with Banco Monex, S. A. as the trustee, which is primarily intended to administer all the resources received as part of the trust's net worth, including those derived from the operation of the concession, while ensuring compliance with the obligations established by the concession title and bases.

- (8) **OPCOM:** Cash received for prepayments by the users for utilization of the concession routes, which will be paid by OPCOM to the concessionaires when the users actually utilize such routes for Ps 26,531, Ps 120,028, Ps 140,992 and Ps.91,752 as of December 31, 2016, 2015 and 2014 and as of January 1, 2014.

7. Recoverable taxes

	2016	2015	2014	January 1, 2014
Value-added tax	Ps. 247,018	Ps. 471,799	Ps. 235,310	Ps. 579,149
Tax on cash deposits	-	-	-	45,491
Income tax	146,348	169,818	94,826	78,253
Recoverable IETU and others	<u>-</u>	<u>7,754</u>	<u>6,036</u>	<u>5,631</u>
	<u>Ps. 393,366</u>	<u>Ps. 649,371</u>	<u>Ps. 336,172</u>	<u>Ps. 708,524</u>

8. Other accounts receivable and other assets

	2016	2015	2014	January 1, 2014
Sundry debtors	Ps. 32,316	Ps. 49,879	Ps. 130,405	Ps. 16,184
Prepaid expenses	108,324	92,725	88,236	81,347
Toll receivables (Telepass) and others	241,508	293,930	46,979	27,891
Guarantee deposits	7,453	8,433	6,676	6,069
Completed work to be approved included within projects in progress	-	-	-	2,909
Notes receivable	-	-	-	57
Others	<u>22,166</u>	<u>37,887</u>	<u>32,943</u>	<u>16,486</u>
	<u>Ps. 411,767</u>	<u>Ps. 482,854</u>	<u>Ps. 305,239</u>	<u>Ps. 150,943</u>

9. Investment in concessions

Intangible asset from concessions	2016	2015	2014	January 1, 2014
Civil works completed	Ps. 45,098,946	Ps. 45,062,138	Ps. 43,775,021	Ps. 43,179,335
Construction in-progress	2,711,905	1,951,528	3,491,848	2,729,178
Initial contribution	1,827,949	1,827,949	1,827,949	750,000
Capitalized loan cost	3,259,159	3,259,159	3,300,894	3,301,071
Other investment assets	<u>310,462</u>	<u>310,462</u>	<u>310,462</u>	<u>310,462</u>
	53,208,421	52,411,236	52,706,174	50,270,046
Federal Infrastructure Fund (“FINFRA” for its acronym in Spanish) contribution received	(1,159,412)	(1,159,412)	(1,159,412)	(1,159,412)
Accumulated amortization	<u>(435,973)</u>	<u>(395,605)</u>	<u>(330,653)</u>	<u>(268,828)</u>
Investment in recoverable infrastructure through future toll flows	51,613,036	50,856,219	51,216,109	48,841,806
Portion of intangible asset recoverable through future toll flows	<u>47,044,024</u>	<u>39,006,437</u>	<u>32,147,684</u>	<u>24,149,875</u>
Intangible asset by concessions	98,657,060	89,862,656	83,363,793	72,991,681
Deficit by the grantor	<u>16,200,304</u>	<u>12,996,971</u>	<u>10,428,201</u>	<u>7,722,873</u>
Total investment in concession	<u>Ps. 114,857,364</u>	<u>Ps. 102,859,627</u>	<u>Ps. 93,791,994</u>	<u>Ps. 80,714,554</u>

Below is a composition of the total investment by concession:

As of December 31, 2016	CONMEX	VIADUCTO	AUNORTE	GANA	AT AT	Total	
Investment in recoverable infrastructure through future toll flows	Ps. 24,812,506	Ps. 11,749,269	Ps. 11,532,917	Ps. 1,463,329	Ps. 2,055,015	Ps. 51,613,036	
Portion of intangible asset recoverable through future toll flows	<u>35,376,862</u>	<u>4,106,977</u>	<u>7,560,185</u>	<u>-</u>	<u>-</u>	<u>47,044,024</u>	
Intangible asset by concessions	60,189,368	15,856,246	19,093,102	1,463,329	2,055,015	98,657,060	
Deficit by the grantor	<u>3,072,215</u>	<u>7,534,843</u>	<u>5,593,246</u>	<u>-</u>	<u>-</u>	<u>16,200,304</u>	
Total investment in concession	<u>Ps. 63,261,583</u>	<u>Ps. 23,391,089</u>	<u>Ps. 24,686,348</u>	<u>Ps. 1,463,329</u>	<u>Ps. 2,055,015</u>	<u>Ps. 114,857,364</u>	
As of December 31, 2015	CONMEX	VIADUCTO	AUNORTE	GANA	AT AT	Total	
Investment in recoverable infrastructure through future toll flows	Ps. 24,782,624	Ps. 11,742,345	Ps. 11,514,530	Ps. 1,503,697	Ps. 1,313,023	Ps. 50,856,219	
Portion of intangible asset recoverable through future toll flows	<u>29,924,019</u>	<u>3,282,739</u>	<u>5,799,679</u>	<u>-</u>	<u>-</u>	<u>39,006,437</u>	
Intangible asset by concessions	54,706,643	15,025,084	17,314,209	1,503,697	1,313,023	89,862,656	
Deficit by the grantor	<u>2,545,967</u>	<u>6,335,585</u>	<u>4,115,419</u>	<u>-</u>	<u>-</u>	<u>12,996,971</u>	
Total investment in concession	<u>Ps. 57,252,610</u>	<u>Ps. 21,360,669</u>	<u>Ps. 21,429,628</u>	<u>Ps. 1,503,697</u>	<u>Ps. 1,313,023</u>	<u>Ps. 102,859,627</u>	
As of December 31, 2014	CONMEX	VIADUCTO	AUNORTE	GANA	AT AT	AUTOVÍAS	Total
Investment in recoverable infrastructure through future toll flows	Ps. 24,775,068	Ps. 11,585,571	Ps. 11,436,520	Ps. 1,568,650	Ps. 1,103,277	Ps. 747,023	Ps. 51,216,109
Portion of intangible asset recoverable through future toll flows	<u>25,319,832</u>	<u>2,667,216</u>	<u>4,160,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,147,684</u>
Intangible asset by concessions	50,398,916	14,252,787	15,597,156	1,568,650	1,103,277	747,023	83,363,793
Deficit by the grantor	<u>2,123,814</u>	<u>5,374,477</u>	<u>2,929,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,428,201</u>
Total investment in concession	<u>Ps. 52,218,714</u>	<u>Ps. 19,627,264</u>	<u>Ps. 18,527,066</u>	<u>Ps. 1,568,650</u>	<u>Ps. 1,103,277</u>	<u>Ps. 747,023</u>	<u>Ps. 93,791,994</u>
As of January 1, 2014	CONMEX	VIADUCTO	AUNORTE	GANA	AT AT	AUTOVÍAS	Total
Investment in recoverable infrastructure through future toll flows	Ps. 24,728,098	Ps. 10,411,807	Ps.11,334,470	Ps. 1,630,475	Ps. -	Ps. 736,956	Ps. 48,841,806
Portion of intangible asset recoverable through future toll flows	<u>20,146,675</u>	<u>1,962,741</u>	<u>2,040,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,149,875</u>
Intangible asset by concessions	44,874,773	12,374,548	13,374,929	1,630,475	-	736,956	72,991,681
Deficit by the grantor	<u>1,691,003</u>	<u>4,317,397</u>	<u>1,714,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,722,873</u>
Total investment in concession	<u>Ps. 46,565,776</u>	<u>Ps. 16,691,945</u>	<u>Ps. 15,089,402</u>	<u>Ps. 1,630,475</u>	<u>Ps. -</u>	<u>Ps. 736,956</u>	<u>Ps. 80,714,554</u>

A description of the Entity's primary concessions is provided as follows:

I. CONMEX - Sistema Carretero del Oriente del Estado de México

On February 25, 2003, the Government of the State of México (GEM), as a grantor, granted a concession to CONMEX, for the construction, operation, conservation and maintenance of the Sistema Carretero del Oriente del Estado de México (the Highway System in the Eastern Portion of the State of México or "El Sistema Carretero" for its name in Spanish) which is comprised of the following four sections or phases:

- I. Phase I – Integrated for the highway located between Mexico – Queretaro highway and Peñón- Texcoco highway, with a length of 52 kilometers. The construction of this phase started in the last quarter of 2003 and began commercial operation in November 2005.
- II. Phase II – is the continuation to the south of the Phase I, with a length of 38.3 kilometers and is integrated by three toll sections.
 - Section 1, is the continuation of Phase I southwards and links such section on the Autopista Peñón- Texcoco, for a length of 7 km, as far as the Carretera Bordo-Xochiaca, to provide service to the Nezahualcóyotl region. This section went into operation in December 2009.
 - Section 2A, which covers the section from the Entronque Lago Nabor Carrillo to the federal highway Los Reyes- Texcoco, for a length of 11 km. This section went into operation on April 29, 2011, together with Section 2B.
 - Section 2B, which covers the section from the highway Los Reyes- Texcoco to the Carretera Federal México- Puebla, for a length of 20 km. This section went into operation on April 29, 2011, together with Section 2A.
- III. Phase III – to tie the Phase I in Tultepec with the México- Querétaro highway and the Chamapa- Lechería highway, it is integrate for two toll sections and is the link between the North of the Mexico City and the Northwest.
 - Section 1, which links the Autopista Chamapa- Lechería with the Vialidad Mexiquense, for a length of 9.4 km. This section went into operation in October 2010.
 - Section 2, which links the Vialidad Mexiquense with Phase I (Crucero Tultepec), for a length of 10.6 km. This section went into operation in April 2011.
- IV. Phase IV, which links the Mexico- Puebla Highway with the border of the State of Morelos. The Entity has not yet begun the construction for this phase, which will commence, as established in the concession title, when the traffic flow for Federal Highway 115 México- Cuautla has reached specified levels that will guarantee the projected return established in the concession.

The original duration of the concession under the concession title was 30 years; in its fifth amendment dated December 14, 2012, the effective duration of the concession was extended until the year 2051.

In accordance with article 17.42 of the Administrative Code of Mexico State, the useful life of the concession may only be extended for a maximum of one additional period equal to the term originally granted. The concession title establishes that the minimum proprietary financing that the concessionaire will have to contribute in the project is equal to 20% of its own funds, and the concessionaire may make combinations of resources at its discretion, as long as the aforementioned percentages are fulfilled. This means that the concessionaire may become indebted and reduce its own resources until they reach the minimum required under the concession title.

Pursuant to clauses third and eighth of the concession title, if as part of the highway operation the vehicle flow were less than that established in the projected vehicle flows, CONMEX will be entitled to request the extension of the concession term in order to obtain the total recovery of the investment made, plus the return stipulated in the concession title itself. For such purpose, it must submit to the Infrastructure Department of Mexico State (SAASCAEM) the respective studies to support such circumstance or, if the concessionaire is unable to operate the system partially or totally for a period of one year for reasons not attributable thereto, the deadline will be extended so that the damage may be redressed.

Pursuant to nineteenth clause of the concession title, in its sixth amendment, the maximum authorized rate will be increased automatically based on the National Consumer Price (INPC) each year or when it reflects an increase greater than 5% as of the last adjustment.

In accordance with the concession title and applicable laws, the amount of the investment in infrastructure and the amount of the return stipulated in such title, which cannot be recovered through toll flows during the concession term and its respective extensions, will be covered by the granting entity, which constitutes the deficit assumed by the granting party described in these consolidated financial statements.

II. VIADUCTO BICENTENARIO - Viaducto Elevado

On April 21, 2008, the GEM, through the SAASCAEM as the grantor, awarded the concession for the VIADUCTO BICENTENARIO to the Entity as concessionaire, which related to the construction, operation, conservation and maintenance of the Viaducto Elevado in the following sections: from the Periférico Manuel Ávila Camacho, beginning in the Toreo de Cuatro Caminos in Naucalpan to Valle Dorado in Tlalnepantla (km. 23+000 of the México-Querétaro Highway) and from km. 23+000 to km. 44+000 of the México-Querétaro Highway, in Tepotzotlan.

Viaducto Bicentenario is comprised of the following three phases:

- I. Phase I, which consists of 21.8 kilometers from the Toreo de Cuatro Caminos to Tepalcapa (a reversible route that will operate south-north in the afternoons/evenings and north-south in the mornings), which went into as operation as follows:
 - A stretch from El Toreo to Lomas Verdes with a length of approximately 4 km, which went into operation on September 21, 2009.
 - A section from Lomas Verdes to Lago de Guadalupe with a length of approximately 11 km, which went into operation on September 2, 2010.
 - A section from Lago de Guadalupe to Tepalcapa with a length of approximately 6 km, which went into operation on November 23, 2010.
- II. Phase II, which doubles Phase I with three additional lanes in the north-south direction to eliminate the need to make Phase I reversible; this phase links the “Tepalcapa” exit with the “Toreo Cuatro Caminos” exit, for a length of 21.8 km.
- III. Phase III extends Phase I and Phase II and connects the Tepalcapa exit with the “Tepotzotlán” exit, for a length of 10 km. The Company has not yet begun construction of this section.

On March 7, 2013, construction began on the return lanes of the Viaducto Bicentenario on Periférico Norte for a length of 3.5 km, from the Lomas Verdes Junction to Cuatro Caminos on Periférico Norte (Phase II), of which the first stage is the section from Avenida Primero de Mayo with a length of approximately 0.9 km was concluded on January 31, 2014; the second stage is the section from Avenida Primero de Mayo to Lomas Verdes with a length of approximately 2.6 km was concluded on December 19, 2014. The obligation to construct Phase II and III will arise once the traffic levels established in the Concession are reached.

The duration of the concession is for 30 years.

In accordance with article 17.42 of the Administrative Code for Mexico State, the concession term may only be extended for one maximum additional term equal to the period originally granted. The concession title establishes that the minimum proprietary financing that the concessionaire will have to contribute to the project will be equivalent to 20% of its own resources, and the concessionaire may make combinations of resources at its discretion, as long as the aforementioned percentages are fulfilled. This means that the concessionaire may possibly become indebted and reduce its own resources until they reach the minimum required under the concession title.

In accordance with fortieth clause of the concession title, the concessionaire certifies that for reasons not attributable thereto, it has not recovered its investment plus the return stipulated in the concession title itself, the Infrastructure Department of Mexico State (SAASCAEM) must grant the respective extension; if the Department believes that it is not advisable to grant the respective extension, it may be released from the obligation established in the preceding paragraph through the payment to the concessionaire of the investment made in the concession plus the return stipulated in the title itself which has not been recovered.

Pursuant to clause twelve of the concession title, in the operation of the concession it may apply the toll rates which do not exceed the maximum authorized rates. The maximum authorized rates will be increased based on the National Consumer Price Index (INPC) each year in January using a pre-established formula in the concession title itself.

If the increase in the INPC exceeds 5% before one year elapses since the last restatement, the concessionaire will present to SAACAEM an analysis to justify the advance application of rates with the accumulated inflation percentage, which is subject to the approval of the SAACAEM.

Consequently, based on the concession title and applicable laws, the amount of the investment in infrastructure and the return stipulated in the title itself which cannot be recovered through the toll flows during the concession term and its extensions, would be covered by the granting entity, which constitutes the deficit assumed by the granting entity mentioned in these financial statements.

III. GANA - Carretera de altas especificaciones Amozoc-Perote

On November 24, 2003, the Mexican Federal Government, through the Ministry of Communication and Transportation ("SCT" for its acronym in Spanish) as the grantor, awarded to GANA, as concessionaire, the concession for the construction, operation, conservation and maintenance of the Carretera de Altas Especificaciones de Jurisdicción Federal (the High-Specification Federal Highway) with a length of 104.9 km, from the Amozoc III Junction, located at kilometer 137+455 of the México-Orizaba Highway, ending at the Perote III Junction, located at kilometer 104+971 of the Amozoc-Perote Highway, in the states of Puebla, Tlaxcala and Veracruz.

The Amozoc-Perote highway is divided into three sections:

Section I, which links the Entronque Amozoc III and the Entronque Cuapixtla, with a length of 39.74 km. This section went into operation in January 2007.

Section II, which links the Entronque Cuapixtla and the Entronque Oriental-Libres, with a length of 21.72 km. This section commenced operations in October 2008.

Section III, which links the Entronque Oriental and the Entronque Perote III, with a length of 43.51 km. This section commenced operations in April 2008.

The Libramiento Perote, with a length of 17.6 km, starting at kilometer 94+000 of the Acatzingo-Zacatepec-Perote-Jalapa federal highway and ending at kilometer 111+581 of the same highway, in the State of Veracruz. The Libramiento Perote commenced operations in June 2004.

The construction of the entire concession route was concluded in October 2008.

The effective concession term is 30 years for the Entronque Amozoc III, ending at the Entronque Perote III, and 20 years for the Libramiento Perote of the Acatzingo-Zacatepec-Perote-Jalapa federal highway.

On May 20, 2016 the Department of Communications and Transportation (SCT) granted the second amendment to the Concession Title under the following terms:

- i) The concessions are extended up to a term equal to the original period: for the Highway, 30 years expiring in 206; and for the Perote Bypass, 20 years expiring in 2043.
- ii) The Maximum Average Rate (TPM) is given a 36% increase, applicable in six annual stages. The first adjustment is for 6%, beginning July 1, 2016.
- iii) The commitment is made to perform the necessary work for the installation and operation of the automated toll collection and video surveillance systems under the technical specifications determined by the SCT.

Government grants - As part of the concession agreement, FINFRA agreed to make an initial contribution to be used in the construction of the concession route. As such, on October 14, 2005, GANA entered into a Contribution Agreement related to the Highway System of the States of Puebla, Tlaxcala and Veracruz, which includes the Amozoc-Perote section, with INVEX, under the management trust number 392; and with Banco Nacional de Obras y Servicios Públicos, S. N. C., Institución Fiduciaria, under the FINFRA trust. The purpose of the contributions from FINFRA to these funds was to provide financial viability for the construction of the concession route. FINFRA contributed Ps.1,116,700 (restated for inflation through September 2005).

As of December 31, 2016, 2015 and 2014 and as of January 1, 2014, the Entity has utilized funds of Ps. 1,159,412 for construction works. If the income generated by the concession highway exceeds the projected amount and, as a result, GANA attains the internal rate of return ("TIR") over its capital risk, established in the concession agreement, before the end of the concession period, the generated economic surpluses will be shared between GANA and FINFRA based on a calculation detailed in the concession agreement. The Entity has not recognized a liability for this item at December 31, 2016, 2015 and 2014 and as of January 1, 2014, because it has not yet attained the project TIR and therefore has no obligation to share any surpluses with FINFRA.

Capital at risk - On November 22, 2010, the SCT, based on official document No. 3.4.105.665 D.G. of D.C. approved the protocols for the valuation of capital at risk based on UDIS and the proposed application of the TIR and the recovery of capital at risk and its related returns. As of December 31, 2016, 2015, 2014 and January 1, 2014 the authorized capital and performance risk thereof is Ps. 3,839,753 (690,244,758 UDIS), Ps. 3,456,016 (642,241,943 UDIS), Ps. 3,135,612 (594,951,318 UDIS), and Ps. 2,887,688 (570,832,425), respectively. This amount will be updated monthly as stipulated in the concession agreement and the procedures authorized by the SCT.

IV. AUTOVIAS - Viaducto Elevado de Puebla

On August 18, 2014, the Puebla State Government granted a concession to AUTOVIAS for the construction, operation, conservation and maintenance of an Elevated Roadway Viaduct on the Mexico City-Puebla Highway, from kilometer 114+000 to kilometer 129+300 in the Puebla metropolitan zone.

Subsequently, authorization was requested to assign the concession title granted by the State Government of Puebla through the decentralized government agency "Carreteras de Cuota-Puebla, to the company Libramiento Elevado de Puebla, S.A. de C.V. (LEP).

The State of Puebla authorized Autovías Concesionadas OHL, S.A. de C.V. to grant the concession title to LEP.

OHL México has executed an agreement with Promotora y Operadora de Infraestructura, S.A.B. de C.V. to establish the terms and conditions applicable to the development of this alternative project, in which OHL México will hold 51% equity, while Promotora y Operadora de Infraestructura, S.A.B. de C.V. will hold the remaining 49%, share control of the operation of concession.

V. AUNORTE - Vía Periferia Elevada

On July 16, 2010, the GDF, granted a concession to AUNORTE for the construction, use, exploitation, operation, and administration of the infrastructure of public domain of the Vía Periferia Elevada in the upper of the Periférico Manuel Ávila Camacho (Anillo Periférico), in the section between the Distribuidor Vial San Antonio which ends at the boundary between the State of México and the Federal District, on Manuel Ávila Camacho at Parque de Chapultepec Avenue (“Concessioned route”) around 9.8 kilometers.

The AUNORTE highway has the following sections, which are now in operation:

On November 3, 2011, was opened the first stretch of highway known as North Urban Section 0 was opened, which connects Mexico City with the State of Mexico.

On December 14, 2011, was opened Phase I of Section I of the Urban Highway North in the Federal District was opened. This section is from the Ingenieros Militares peripheral side in the Federal District at the height of the Ejercito Nacional avenue.

On April 2, 2012, a new section within Section 1 of the Autopista Urbana Norte was opened. This section links up with the two others already opened, allowing for a continuous connection from the Viaducto Elevado as far as Palmas and includes the junction at Conscripto avenue.

October 29, 2012, Phase III of the Autopista Urbana Norte was opened to the public, running from San Antonio to Alencastre in both directions.

On December 3, 2012, Phase II of the Autopista Urbana Norte went into operation, running from Avenida de las Palmas to Alencastre in both directions (this section includes the tunnel at the Petróleos fountain).

The duration of the concession is for 30 years.

Furthermore, the concession title establishes that if during its term, the concessionaire does not recover its total investment plus the return stipulated in the concession title, the GDF undertakes to: i) extend the term of the concession for the time necessary for the concessionaire to recover the total investment, plus the return stipulated in the concession title or ii) provide the resources necessary for the concessionaire to recover the total investment and the return stipulated in the concession title that is still pending on the termination date of the concession.

Consequently, in accordance with the concession title and applicable laws, the amount of the investment in infrastructure and the return stipulated in the title itself which cannot be recovered through the toll flows during the concession term and its extensions, will be covered by the granting entity, which constitutes the deficit assumed by the granting entity mentioned in these financial statements.

In conformity with thirteenth clause of the concession title, to maintain the balance and financial viability of the concession, every calendar year the base average rates will be adjusted automatically in accordance with the National Consumer Price Index (INPC), so that inflation will not decrease the value of the base average rates in real terms over the term of the concession. For such purposes, on January 15 each year the amount of rates in effect at that time will be multiplied by the restatement factor obtained from dividing the INPC in effect at the time by the INPC in effect on January 15 of the immediately previous year.

The support agency may authorize adjustments before the established dates for such purpose if 1) at least three months have elapsed since the last adjustment, and 2) the INPC has registered an increase of more than 5% compared to the INPC used in the previous restatement, provided there is justified cause evidenced in a study prepared by the concessionaire.

The concession title establishes a minimum of 20% of its own financing which the concessionaire will have to contribute to the project.

VI. AT-AT - Autopista de altas especificaciones Atizapán - Atlacomulco

On April 25, 2014, through the Department of Communications and Transportation (“SCT”), the Federal Government, in its capacity as the grantor, awarded a concession to AT-AT (the “concession holder”) for the construction, conservation and maintenance of a high-specification, 77 kilometers section of the Atizapán - Atlacomulco federal highway, starting at kilometer 19+620 of the Chiluca junction, located at kilometer 14+500 of the Chamapa - Lechería highway, and ending at kilometer 100+046 of the Atlacomulco junction, located at the intersection of the Atlacomulco – Maravatío highway, the Mexico City Bypass and the Atlacomulco – Palmillas highway in Mexico State.

The AT-AT highway has the following sections,

- I. Section I, comprised of 21.19 km from the Chiluca junction to the Villa del Carbón junction, in four lanes (two in each direction).
- II. Section II, comprised of 32.38 kilometers from the Villa del Carbón junction to the Ixtlahuaca junction, in four lanes (two in each direction).
- III. Section III, comprised of 23.63 kilometers from the Ixtlahuaca junction to the Atlacomulco junction, in four lanes (two in each direction).

On March 31, 2016, the Department of Communications and Transportation, through the Highway Development Agency, granted the Entity: “Authorization to Begin Construction” for the work on the Atizapán-Atlacomulco Highway in Mexico State, with construction due to begin on April 1, 2016, on the Ixtlahuaca Junction of Section 3, located at approximately kilometer 76+200, in accordance with fifth clause of the Concession Title. At the date of this report, the highway is in the construction stage.

The duration of the concession is for 30 years.

10. Investment in shares of associated entity and joint ventures

- a. As of December 31, 2016, 2015 and 2014 and as of January 1, 2014, investment in associated entities and joint arrangements are as follows:

Entities	Activities	December 31, 2016		
		Percentage of equity %	Investment in shares	Equity in results
Administradora Mexiquense del Aeropuerto Internacional de Toluca, S.A. de C.V. (“AMAIT”) ⁽¹⁾	Administer, operate, construct and/or operate the International Airport “Adolfo López Mateos”.	49.00	1,712,195	Ps. (2,746)
Controladora Vía Rápida Poetas, S.A.P.I. de C. V. (“POETAS”) ^{(2) (3)}	Viaducto concession, beginning at Centenario Av. and ending at Luis Cabrera Av.	50.00	3,463,640	590,289

December 31, 2016				
Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
Coordinadora Vía Rápida Poniente, S.A.P.I. de C. V. ("PONIENTE") ⁽⁴⁾	Construction company	50.00	28,887	536
Prestadora de Servicios Vía Rápida Poniente, S.A.P.I. de C.V. ("PSVRP")	Provider of professional, technical administrative services.	50.00	1,950	189
Operadora Vía Rápida Poetas, S.A.P.I. de C.V. ("OVRP")	Provider of operating services for the concessioned highways	50.00	21,405	6,674
Libramiento Elevado de Puebla, S.A. de C.V. ("LEP") ⁽⁵⁾	Concession for the Elevated Viaducto of the Mexico City-Puebla highway.	51.00	1,689,010	(29,579)
Constructora del Libramiento Elevado de Puebla, S.A. de C.V. ("CLEP") ⁽⁶⁾	Builder of the Elevated Viaduct of the Mexico City-Puebla highway	51.00	247,707	123,047
Operadora del Libramiento Elevado de Puebla, S.A. de C.V. ("OLEP") ⁽⁷⁾	Provider of operating services for the concessioned highways	51.00	<u>26</u>	<u>-</u>
			<u>7,164,820</u>	<u>Ps. 688,410</u>

December 31, 2015				
Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
Administradora Mexiquense del Aeropuerto Internacional de Toluca, S.A. de C.V. ("AMAIT") ⁽¹⁾	Administer, operate, construct and/or operate the International Airport "Adolfo López Mateos".	49.00	1,720,562	Ps. (1,569)
Controladora Vía Rápida Poetas, S.A.P.I. de C. V. ("POETAS") ^{(2) (3)}	Viaducto concession, beginning at Centenario Av. and ending at Luis Cabrera Av.	50.00	2,873,351	611,596
Coordinadora Vía Rápida Poniente, S.A.P.I. de C. V. ("PONIENTE")	Construction company	50.00	44,851	(14,015)
Prestadora de Servicios Vía Rápida Poniente, S.A.P.I. de C.V. ("PSVRP")	Provider of professional, technical administrative services.	50.00	1,761	313
Operadora Vía Rápida Poetas, S.A.P.I. de C.V. ("OVRP")	Provider of operating services for the concessioned highways	50.00	14,731	5,332
Libramiento Elevado de Puebla, S.A. de C.V. ("LEP") ⁽⁵⁾	Concession for the Elevated Viaducto of the Mexico City-Puebla highway.	51.00	1,334,712	(25,459)
Constructora del Libramiento Elevado de Puebla, S.A. de C.V. ("CLEP") ⁽⁶⁾	Builder of the Elevated Viaduct of the Mexico City-Puebla highway	51.00	<u>323,561</u>	<u>325,166</u>
			<u>6,313,529</u>	<u>Ps. 901,364</u>

December 31, 2014				
Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
Administradora Mexiquense del Aeropuerto Internacional de Toluca, S.A. de C.V. ("AMAIT") ⁽¹⁾	Administer, operate, construct and/or operate the International Airport "Adolfo López Mateos".	49.00	1,727,751	Ps. (18,752)
Controladora Vía Rápida Poetas, S.A.P.I. de C. V. ("POETAS") ^{(2) (3)}	Viaducto concession, beginning at Centenario Av. and ending at Luis Cabrera Av.	50.00	2,261,755	470,261
Coordinadora Vía Rápida Poniente, S.A.P.I. de C. V. ("PONIENTE") ⁽⁴⁾	Construction company	50.00	58,866	11,097
Prestadora de Servicios Vía Rápida Poniente, S.A.P.I. de C.V. ("PSVRP")	Provider of professional, technical administrative services.	50.00	1,448	324
Operadora Vía Rápida Poetas, S.A.P.I. de C.V. ("OVRP")	Provider of operating services for the concessioned highways	50.00	9,399	5,424
Libramiento Elevado de Puebla, S.A. de C.V. ("LEP") ⁽⁵⁾	Concession for the Elevated Viaducto of the Mexico City-Puebla highway.	51.00	637,185	-
Constructora del Libramiento Elevado de Puebla, S.A. de C.V. ("CLEP")	Builder of the Elevated Viaduct of the Mexico City-Puebla highway	51.00	(1,631)	(1,631)
			<u>Ps.4,694,773</u>	<u>Ps. 466,723</u>

January 1, 2014				
Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
Administradora Mexiquense del Aeropuerto Internacional de Toluca, S.A. de C.V. ("AMAIT") ⁽¹⁾	Administer, operate, construct and/or operate the International Airport "Adolfo López Mateos".	49.00	1,752,123	Ps. (29,866)
Controladora Vía Rápida Poetas, S.A.P.I. de C. V. ("POETAS") ^{(2) (4)}	Viaducto concession, beginning at Centenario Av. and ending at Luis Cabrera Av.	50.00	1,791,494	722,575
Coordinadora Vía Rápida Poniente, S. A. P. I. de C. V. ("PONIENTE") ⁽³⁾	Construction company	50.00	60,493	(39,554)
Prestadora de Servicios Vía Rápida Poniente, S. A. P. I. de C. V. ("PSVRP")	Provider of professional, technical administrative services.	50.00	1,124	430
Operadora Vía Rápida Poetas, S. A. P. I. de C.V. ("OVRP")	Provider of operating services for the concessioned highways	50.00	3,975	3,950
			<u>3,609,209</u>	<u>Ps. 657,535</u>

- 1) AMAIT was established on December 19, 2003 as a company majority-owned by the Government of México State, whose primary activity is to construct, administer and operate the International Airport “Adolfo López Mateos” located in the city of Toluca (the “Airport”) and to provide airport, complementary and commercial services for the exploitation of such airport. Accordingly, in September 2005, the Communications and Transportation Department (“SCT”) granted AMAIT the concession to administer and operate, and, as the case may be, construct the Airport for a 50 years period.

The investment in AMAIT includes intangible assets which as of December 31, 2016 and 2015 total Ps. 264,147, less accumulated amortization as of December 31, 2016 and 2015 of Ps. 50,581 and Ps.44,961, respectively.

- 2) On April 6, 2010, the GDF, granted a concession to POETAS for the construction of the infrastructure project related to the use, operation and management of the state-owned asset identified as the urban toll route, with a length of 5 km, starting at the junction with Avenida Centenario in the Delegación Álvaro Obregón, and ending at the junction with Avenida Luis Cabrera, in the Delegación, Las Torres, Las Águilas and Centenario (“the Concessioned Route”). The term of the concessions is 30 years.
- 3) For the years ended December 31, 2016 and 2015, “POETAS” has recognized Ps. 2,023,979 and Ps.2,048,575, respectively, under other operating revenues (Guaranteed Profitability).
- 4) During the year ended December 31, 2016, the Entity received dividends of Ps. 16,500 from Coordinadora Vía Rápida Poniente, S.A.P.I. de C. V. (“PONIENTE”).
- 5) On August 18, 2014, the Libramiento Elevado de Puebla, S.A. de C.V. was established for the construction, exploitation, conservation, and maintenance of the elevated viaducto over the Mexico City-Puebla federal highway, from kilometer 115 to kilometer 128+300 in the metropolitan area of Puebla.

OHL México executed an agreement with Promotora y Operadora de Infraestructura, S.A.B. de C.V., to establish the terms and conditions for the performance of the LEP alternate project, in which OHL México will have 51% of the equity and Promotora y Operadora de Infraestructura, S.A.B. de C.V. will have the remaining 49%, share control of the operation of concession.

During 2016 and 2015, the Entity made capital contributions of Ps. 383,877 and Ps. 637,185, respectively, to Libramiento Elevado de Puebla, S.A. de C.V. (“LEP”).

- 6) On November 26, 2014, Constructora Libramiento Elevado de Puebla, S.A. de C.V. was established.

During the year ended December 31, 2016, the Entity received dividends of Ps. 198,900 from Constructora del Libramiento Elevado de Puebla, S.A. de C.V. (“CLEP”).

- 7) On April 11, 2016, Operadora Libramiento Elevado de Puebla, S.A. de C.V. was established.

During 2016, the Entity made capital contributions of Ps.26 to Operadora Libramiento Elevado de Puebla, S.A. de C.V. (“OLEP”).

- b. The financial information related to the Entity's associated companies is summarized below:

The financial information summarized below represents the amounts in thousands of pesos shown in the financial statements:

	2016	2015	2014	January 1, 2014
AMAIT				
Current assets	<u>Ps. 487,478</u>	<u>Ps. 488,096</u>	<u>Ps. 498,773</u>	<u>Ps. 546,987</u>
Non-current assets	<u>Ps. 3,516,916</u>	<u>Ps. 3,572,112</u>	<u>Ps. 3,625,347</u>	<u>Ps. 3,644,977</u>
Current liabilities	<u>Ps. 78,753</u>	<u>Ps. 58,464</u>	<u>Ps. 67,032</u>	<u>Ps. 72,170</u>
Non-current liabilities	<u>Ps. 867,212</u>	<u>Ps. 912,203</u>	<u>Ps. 965,248</u>	<u>Ps. 1,006,944</u>
Stockholders' equity attributable to the controlling interest	<u>Ps. 3,058,428</u>	<u>Ps. 3,089,467</u>	<u>Ps. 3,091,769</u>	<u>Ps. 3,112,796</u>
	2016	2015	2014	
Revenues	<u>Ps. 226,749</u>	<u>Ps. 210,191</u>	<u>Ps. 213,969</u>	
Costs and expenses	<u>Ps. 239,666</u>	<u>Ps. 235,874</u>	<u>Ps. 261,852</u>	
Financing cost	<u>Ps. 18,123</u>	<u>Ps. 10,697</u>	<u>Ps. 10,984</u>	
Income taxes benefit	<u>Ps. -</u>	<u>Ps. (34,081)</u>	<u>Ps. (37,857)</u>	
Loss before non-controlling interest	<u>Ps. (31,040)</u>	<u>Ps. (2,299)</u>	<u>Ps. (21,010)</u>	
Non-controlling interest	<u>Ps. -</u>	<u>Ps. (3)</u>	<u>Ps. (17)</u>	
Net loss	<u>Ps. (31,040)</u>	<u>Ps. (2,302)</u>	<u>Ps. (21,027)</u>	

The reconciliation of the financial information summarized below of the book value of the equity in AMAIT, was recognized in the consolidated financial statements:

	2016	2015	2014	January 1, 2014
Net assets of associated	Ps. 3,058,428	Ps. 3,089,467	Ps. 3,091,769	Ps. 3,112,796
Percentage of the Entity's equity in AMAIT	1,498,630	1,513,839	1,514,967	1,525,270
Intangible asset	213,565	219,186	224,806	230,426
Insufficiency from valuation in investment in shares	<u>-</u>	<u>(12,463)</u>	<u>(12,022)</u>	<u>35,798</u>
Book value of the Entity's equity in AMAIT	<u>Ps. 1,712,195</u>	<u>Ps. 1,720,562</u>	<u>Ps. 1,727,751</u>	<u>Ps. 1,791,494</u>

POETAS, PONIENTE, PSVRP, OVRP	2016	2015	2014	January 1, 2014
Current assets	<u>Ps. 1,448,266</u>	<u>Ps. 829,661</u>	<u>Ps. 1,353,678</u>	<u>Ps. 1,700,753</u>
Non-current assets	<u>Ps. 15,069,040</u>	<u>Ps. 13,135,034</u>	<u>Ps. 11,272,347</u>	<u>Ps. 9,338,260</u>
Current liabilities	<u>Ps. 1,313,669</u>	<u>Ps. 1,797,983</u>	<u>Ps. 2,119,437</u>	<u>Ps. 2,097,373</u>
Non-current liabilities	<u>Ps. 8,171,873</u>	<u>Ps. 6,297,324</u>	<u>Ps. 5,843,653</u>	<u>Ps. 5,227,469</u>
Stockholders' equity	<u>Ps. 7,031,764</u>	<u>Ps. 5,869,388</u>	<u>Ps. 4,662,935</u>	<u>Ps. 3,714,171</u>

	2016	2015	2014
Revenues	<u>Ps. 2,947,689</u>	<u>Ps. 2,812,664</u>	<u>Ps. 2,652,688</u>
Costs and expenses	<u>Ps. 536,452</u>	<u>Ps. 299,786</u>	<u>Ps. 755,448</u>
Financing cost	<u>Ps. 635,115</u>	<u>Ps. 496,863</u>	<u>Ps. 484,278</u>
Income taxes	<u>Ps. 568,094</u>	<u>Ps. 809,562</u>	<u>Ps. 438,750</u>
Net income	<u>Ps. 1,208,028</u>	<u>Ps. 1,206,453</u>	<u>Ps. 974,212</u>

The reconciliation of the financial information summarized below of the book value of the equity in POETAS, PONIENTE, PSVRP and OVRP, was recognized in the consolidated financial statements:

	2016	2015	2014	January 1, 2014
Net assets of joint ventures	Ps. 7,031,764	Ps. 5,869,388	Ps. 4,662,935	Ps. 3,714,171
Percentage of the Entity's equity in POETAS, PONIENTE, PSVRP and OVRP	<u>3,515,882</u>	<u>2,934,694</u>	<u>2,331,468</u>	<u>1,857,085</u>
Book value of the Entity's equity in POETAS, PONIENTE, PSVRP y OVRP	<u>Ps. 3,515,882</u>	<u>Ps. 2,934,694</u>	<u>Ps. 2,331,468</u>	<u>Ps. 1,857,085</u>

LEP, CLEP	2016	2015	2014	January 1, 2014
Current assets	<u>Ps. 5,089,256</u>	<u>Ps. 6,799,162</u>	<u>Ps. 2,610,961</u>	<u>Ps. -</u>
Non-current assets	<u>Ps. 10,179,338</u>	<u>Ps. 5,748,778</u>	<u>Ps. 46,051</u>	<u>Ps. -</u>
Current liabilities	<u>Ps. 11,473,436</u>	<u>Ps. 9,296,425</u>	<u>Ps. 1,410,828</u>	<u>Ps. -</u>
Stockholders' equity	<u>Ps. 3,795,158</u>	<u>Ps. 3,251,515</u>	<u>Ps. 1,246,184</u>	<u>Ps. -</u>
	2016	2015	2014	
Revenues	<u>Ps. 7,639,807</u>	<u>Ps. 10,710,268</u>	<u>Ps. 78,090</u>	
Costs and expenses	<u>Ps. 7,360,832</u>	<u>Ps. 9,848,819</u>	<u>Ps. 81,738</u>	
Financing cost	<u>Ps. (34,522)</u>	<u>Ps. 15,347</u>	<u>Ps. (449)</u>	
Income taxes	<u>Ps. 132,604</u>	<u>Ps. 266,734</u>	<u>Ps. -</u>	
Net income	<u>Ps. 180,893</u>	<u>Ps. 579,368</u>	<u>Ps. (3,199)</u>	

The reconciliation of the financial information summarized below of the book value of the equity in LEP and CLEP, was recognized in the consolidated financial statements:

	2016	2015	2014	January 1, 2014
Net assets of joint ventures	Ps. 3,795,158	Ps. 3,251,515	Ps. 1,246,184	Ps. -
Percentage of the Entity's equity in LEP, and CLEP	<u>1,936,743</u>	<u>1,658,273</u>	<u>635,554</u>	<u>-</u>
Book value of the Entity's equity in LEP y CLEP	<u>Ps. 1,936,743</u>	<u>Ps. 1,658,273</u>	<u>Ps. 635,554</u>	<u>Ps. -</u>

11. Trade accounts payable to suppliers, taxes payable and accrued expenses

	2016	2015	2014	January 1, 2014
Trade accounts payable to suppliers	Ps. 891,325	Ps. 832,321	Ps. 701,267	Ps. 596,965
Trade accounts payable (Additional revenues)	6,129	5,686	98,902	54,153
Taxes payable	193,815	169,751	125,744	133,793
Income taxes	84,975	1,519,074	-	-
Accrued expenses	13,896	15,777	23,996	30,014
Statutory employee profit sharing	<u>5,242</u>	<u>2,831</u>	<u>1,448</u>	<u>1,266</u>
	<u>Ps. 1,195,382</u>	<u>Ps. 2,545,440</u>	<u>Ps. 951,357</u>	<u>Ps. 816,191</u>

12. Long-term debt

a. The long-term debt is as follows:

	2016	2015	2014	January 1, 2014
CONMEX				
(1) On August 29, 2014, UDI denominated securitization certificates were issued for the amount of Ps.7,546,435, equal to (1,464,078,000 UDIS), with maturity in 2046, which were placed with a discount as they will not pay a coupon or interest during their term. At December 31, 2016 and 2015 the value of the senior secured notes was Ps. 8,144,490, and Ps. 7,878,453 respectively equal to (1,464,078,000 UDIS), with a discount of Ps. 6,198,548 (1,114,268,946 UDIS) and Ps. 6,288,724 (1,168,653,457 UDIS) respectively.	Ps. 1,945,942	Ps. 1,589,729	Ps. 1,343,778	Ps. -
(2) On December 18, 2013, UDI senior secured notes were issued for the historical amount of Ps.8,450,669, equal to (1,663,624,000 UDIS), with maturity in 2035 and a fixed interest rate of 5.95%. At December 31, 2016 and 2015 the value of the secured notes was Ps. 9,087,654 and Ps. 8,790,808, respectively, equal to (1,633,624,000 UDIS), with a discount of Ps. 1,403,103 (252,225,989 UDIS), Ps. 1,484,273 (275,827,164 UDIS), respectively.	7,684,551	7,306,535	7,045,536	6,618,266

	2016	2015	2014	January 1, 2014
(2) On December 18, 2013, Zero Cupon Notes were issued for Ps.10,541,862 (2,087,278,000 UDIS) with maturity in 2046, which such notes will not accrue interest during their term. On August 29, 2014, a portion of the notes were refinanced with the zero coupon UDI senior notes mentioned above. At December 31, 2016 and 2015 the value of the secured notes was Ps. 3,466,787 and Ps. 3,353,545, respectively, equal to (623,200,000 UDIS) and with a discount of Ps. 3,015,029 (541,990,411 UDIS) and Ps. 3,039,998 (564,932,598 UDIS), respectively.	451,758	313,547	222,066	1,017,116
On December 18, 2013 CONMEX entered into a loan agreement with Goldman Sachs Bank USA, in which it was granted a line of credit of up to Ps. 6,465,000. This line of credit must be paid over a term of 14 years (matures in 2027) accruing interest during the first part of the term of the loan stage at the 91 days TIE plus 2.10 percentage points (from December 18, 2013 to December 15, 2027). At December 31, 2016 and 2015 the discount was of Ps. 381,192 and Ps. 436,659, respectively.	6,083,808	6,028,341	5,973,487	5,919,592
OPI				
On March 31, 2015, through its subsidiary Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. "OPI", the Entity issued securitized certificates denominated in UDIs for the amount of 773,908,000 UDIs, equivalent to Ps.4,100,000, at an interest rate of 6.95%, maturing in 2035. As of December 31, 2016 and 2015, the revalued securitized certificates amounted to 773,907,165 UDIS and 773,908,000 UDIS, respectively.	4,305,155	4,164,529	-	-
(2) On December 18, 2013, OPI entered into a credit contract with Goldman Sachs International, for US Ps.300,000,000, equivalent to December 31, 2014 and 2013 Ps. 4,422,420 and Ps. 3,909,450 (historical Ps. 3,897,609). This credit line must be settled in a term of two years through a single payment at the maturity date (December 12, 2015), and will accrue interest at the one-month LIBOR rate, plus five percentage points in the first year, and plus six percentage points in the second year. Such credit was granted at a discount of Ps. 56,272 and Ps. 114,817 (historical Ps.116,928), the original discount of. 9,000,000 USD.	-	-	4,366,148	3,794,633

	2016	2015	2014	January 1, 2014
(3) VIADUCTO BICENTENARIO				
On November 27, 2009, VIADUCTO BICENTENARIO held simple credit facility (the contracts) with BANOBRAS and National Infrastructure Fund (FONADIN).				
BANOBRAS (preferential credit A)				
The amount of credit of Ps.2,000,000 was destined to pay the initial contribution to the State Government of México, the payment of the investments made and to be undertaken in connection with the construction of the project. This facility must be paid within 15 years through 60 exhibits and bears interest at 8.2550% plus a spread (ranging from 2.75% to 4.5%). As of December 31, 2016 and 2015, repayments have been made for Ps. 159,200 and Ps. 78,400, respectively.	1,840,800	1,921,600	1,978,200	2,000,000
FONADIN (subordinated loan)				
The maximum amount of credit extended to VIADUCTO BICENTENARIO is Ps.1,500,000. The amount of Ps. 1,200,000 of the loan was to cover partial payment of principal and interest on the loans, preferential payment of the costs of derivative contracts, payment of commissions for the subordinated loan, the capitalization of interest on the subordinated loan and accrued and unpaid expenses of structuring this contract, including without limitation, fees and expenses FONADIN advisers. The remaining Ps. 300,000 was earmarked to pay the costs of the work, studies, permits, control equipment and other costs associated with project construction.				
This facility must be paid within 15 years through 60 exhibits, the amortization of the credit line will start from March 2014, according to the sixth clause of the credit agreement., and accrues interest based on the 91 days TIE plus certain percentage points (in a range of 2.75% to 4.5%) which vary during the term of financing. The balance payable at December 31, 2016 and 2015, includes capitalized interest of Ps. 433,381 and Ps. 234,018, respectively. No payments have been made as of the date of these consolidated financial statements.	1,933,381	1,734,018	1,573,975	1,500,000

	2016	2015	2014	January 1, 2014
<p>On March 16, 2010, VIADUCTO BICENTENARIO entered into a loan agreement with Banco Inbursa, S. A. (Inbursa), in which it was granted a line of credit of up to Ps.2,000,000. This line of credit must be paid over a term of 15 years through 60 payments, taking the unpaid balance of the credit disposed at the date of the payments and accruing interest at the 91 days TIIE, plus a spread which varies over the term of the financing (ranging from 2.75% to 4.5%) which vary during the term of financing. As of December 31, 2016 and 2015, payments of Ps. 159,200 and Ps. 78,400, respectively, have been made.</p>	1,840,800	1,921,600	1,978,200	2,000,000
<p>(3) AUNORTE On August 11, 2011, AUNORTE entered into a loan agreement with BBVA Bancomer, S.A. and BANOBRAS, which granted a line of credit of up to Ps.5,300,000.</p> <p>After the end of the grace period the borrower must pay the line of credit (the sum of unpaid principal) through 58 consecutive quarterly payments from March 15, 2014 until September 15, 2028, accruing interest at the 91 days TIIE, plus a spread (ranging from 2.75% to 4.00%) which vary during the term of financing. As of December 31, 2016 and 2015, payments of Ps. 569,500 and Ps. 122,000, respectively, have been made.</p>	4,730,500	5,178,000	5,279,000	5,300,000
<p>On August 11, 2011, AUNORTE entered into loan agreements in which the lender is Banco Nacional de Obras y Servicios Públicos, S. N. C. in its capacity as fiduciary institution in trust number "1936" denominated FONADIN and BBVA Bancomer, S.A. acting as the agent bank; this credit is divided into two tranches, (i) the tranche "A" for a maximum amount of Ps.690,000 and (ii) the tranche "B", for up to a maximum amount of Ps.1,450,000. The credit term will be 20 years computed as of the first disposition; accruing interest at the 91 day TIIE rate plus 1.75% base points plus a spread (ranging from 2.75 % to 4.00%) that will vary over the term of the loan. As of December 31, 2016 the total amount of the credit for Section "A" has been exercised, plus the respective commissions and interest, for Ps.426,103. The part applicable to Section "B" is intended for debt servicing and has not been exercised.</p>	1,116,103	994,395	892,688	799,829

	2016	2015	2014	January 1, 2014
(3) GANA				
On April 19, 2011, GANA issued Fiduciary Securitization Certificates (“Securitization Certificates”) in the Mexican debt market for the amount of Ps.1,700 million or its equivalent in Investment Units (370,225,400 UDIS) with a maximum term of 20 years and an interest rate of 6.64%, denominated in investment units. The resources from the Securitization Certificates were used by GANA to refinance the existing debt in relation to its toll road concession of the Autopista Amozoc-Perote and the Libramiento de Perote, mainly. The balance in UDIS as of December 31, 2016 and 2015 are (331,907,071 UDIS) and (342,643,607 UDIS), respectively.	1,846,360	1,843,825	1,853,757	1,816,685
OHL MÉXICO				
On December 18, 2014, OHL Mexico entered into a credit line agreement with Santander (Mexico), SA IBM Grupo Financiero Santander, with borrowings available up to an amount of Ps. 321,000, accruing regular interest on unpaid balances based on the 28-day TIIE plus 2 percentage points, payable on June 16, 2015. At December 31, 2014, the full amount of the credit has been withdrawn.	-	-	321,000	-
On December 18, 2014, OHL Mexico entered into a credit line agreement with Santander (Mexico), SA IBM Grupo Financiero Santander, with borrowings available up to an amount of Ps. 576,000, accruing regular interest on unpaid balances based on the 28-day TIIE plus 2 percentage points, payable on June 16, 2015. At December 31, 2014, the full amount of the credit has been withdrawn.	-	-	576,000	-
On July 23, 2014, OHL Mexico entered into a current account credit line with Banco Actinver, SA IBM, Actinver Financial Group, amounting to Ps. 250,000 the maximum term of each provision shall be 12 months from the date of signing the promissory note evidencing each cash withdrawal. Ordinary interest on the unpaid principal amount of each withdrawal accrues based on the 28 days TIIE plus 1.90 percentage points. On November 25, 2014, the full amount of the credit was withdrawn, through a promissory note with maturity on July 23, 2015.	-	-	250,000	-

	2016	2015	2014	January 1, 2014
On March 6, 2012, OHL México entered into an investment agreement with COFIDES in which the latter agrees to invest a maximum of 25 million euros, disbursed capital funds as are necessary for the development of concession, representing an approximate percentage of 11% stake in AUNORTE.				
OHL México will pay as equivalent to the amount paid by COFIDES investment, plus an interest rate of 13% annually. The payment term is five years from the date of the first withdrawal (on April 27, 2012, the first withdrawal was made). As of December 31, 2013, COFIDES has paid Ps.425,445 historical, (€25 million).	540,105	469,683	447,955	449,294
On August 7, 2012 OHL México obtained a current account credit up to the amount of Ps. 95,000,000, with Banco del Bajío, S. A., for a 6 years term as of the contract signing date. Interest will be calculated on unpaid balances of cash dispositions, calculated and paid monthly, at a 28 days interbank (TIIE) rate plus two percentage points as of the first disposition. On April 1, 2014, this credit has been paid.	-	-	-	95,000
On December 2, 2014, the Entity signed a promissory note with Banco Regional de Monterrey, S.A., Institución de Banca Múltiple, Banregio Grupo Financiero for Ps.100 million Mexican pesos, bearing an annual interest rate of 5.80% and maturing on February 2, 2015.	-	-	100,000	-
On April 10, 2013 OHL México obtained an unsecured credit for up to Ps. 400,000 million with BANORTE.				
The term of the credit will be up to two years computed as of the contract signing date, earning interest at the 28 days interbank (TIIE) rate, plus 2.75 percentage points (in a range between 2.75% and 3.00%), which varies over the term of the financing. On May 15, September 17 and September 26, 2013, dispositions were made for Ps.100,000, Ps.100,000 and Ps. 200,000, respectively. These credits mature on April 10, 2015.	-	-	400,000	400,000

	2016	2015	2014	January 1, 2014
On November 20, 2012, OHL México obtained a simple loan for up to Ps. 85 million with BANORTE for a term of 36 months, maturing on November 19, 2015. On September 19, 2014, the Entity withdrew Ps. 85 million accruing interest at the 28 days TIIE plus 2.5 percentage point and mature on May 18, 2015.	-	-	85,000	-
Interest and fees on bank debt and senior notes	483,684	463,468	329,842	231,139
Borrowing costs – net	<u>(489,916)</u> 34,313,031	<u>(541,988)</u> 33,387,282	<u>(495,682)</u> 34,520,950	<u>(518,147)</u> 31,423,407
Current portion of long-term debt	(938,299)	(1,020,293)	(6,849,200)	(418,407)
Current portion of interest and fees for long-term debt and senior notes	(483,683)	(277,680)	(180,029)	(149,327)
Current portion of borrowing costs	<u>42,499</u>	<u>43,760</u>	<u>101,468</u>	<u>45,458</u>
	<u>Ps. 32,933,548</u>	<u>Ps. 32,133,069</u>	<u>Ps. 27,593,189</u>	<u>Ps. 30,901,131</u>

- (1) The resources obtained from the UDI-denominated securitization certificates were used to partially pay the Zero Coupon Notes for 1,464,078,000 UDIs, issued by CONMEX on December 18, 2013.
- (2) The Issuer will have the right and the option to redeem a portion or all of the series of unpaid Notes at any time for a redemption price equal to the Cancellation Amount of the Zero-Coupon, or the Cancellation Amount of the UDI Note, as the case may be, plus the interest accrued and payable in the case of the UDI Notes and, in both cases, any Additional Amounts related to the principal amount on the date of redemption or reimbursement. Optional Redemption with 12 Cancellation Amounts.

The Notes will be subject to a compulsory redemption that will be paid (on a prorated basis with the Installment Credit Line, the securitized certificates issued to repurchase the Zero-Coupon Notes not sold and kept by the Initial Buyer after the Closing Date and the Hedge Agreements, apart from those detailed in the “Description of the Notes-Account to Accrue Excess Cash Flows”).

Notwithstanding the above, at any time during and as of 2016, the Issuer will be able to make Restricted Payments for an amount up to Ps. 400,000,000 a year as long as (i) the Debt Service Hedge Ratio is greater than 1.75 to 1.00 and lower than or equal to the ratio of 2.00 to 1.00 on the last day of each Fiscal Quarter during the last four most recent consecutive Quarterly Test Periods before making such Restricted Payment, and (ii) the ProForma Debt Service Hedge Ratio is greater than 1.75 to 1.00 or lower than or equal to a ratio of 2.00 to 1.00 at the end of the Fiscal Quarter which ended most recently before making such Restricted Payment (such as the limited payments of dividends or other capital distributions (the “Limited Amount of the PR”).

The Notes are mainly secured by i) the collection rights to the toll rates of the “Circuito Exterior Mexiquense; such route is concessioned to CONMEX, ii) the related rights of the Circuito Exterior Mexiquense, and iii) 100% of its common stock shares.

- (3) CONMEX; The Notes are mainly secured by i) the collection rights to the toll rates of the “Circuito Exterior Mexiquense; such route is concessioned to CONMEX, ii) the related rights of the Circuito Exterior Mexiquense, and iii) 100% of its common stock shares.

On January 7, 2014, CONMEX, in its capacity as pledgor, and the guarantee broker Conmex, in its capacity as pledgee, executed a pledge agreement without transfer of possession with the guarantee broker Conmex as first beneficiary (acting on behalf and for the benefit of preferred creditors of Conmex) on all the tangible and intangible assets of CONMEX, excluding: ia) assets and rights belonging to the patrimony in the Conmex payment trust and ib) assets to be transferred in conformity with the Conmex payment trust provided the assets are not reversed in favor of CONMEX, ic) the rights of CONMEX beneficiaries under the Conmex payment trust and, id) assets and rights granted as time collateral in conformity with any other Conmex guarantee document and ii) any assets or rights requiring authorization from the State of Mexico Transportation Department belonging to CONMEX, whatever their location, if they exist, will exist, or will be acquired. In this regard, the “Circuito Exterior Mexiquense” brand owned by CONMEX, is part of the assets subject to the pledge.

OPI; the securitized certificates are secured in accordance with the Payment Trust of OPI and the other OPI Surety Documents. Furthermore, the OPI Payment Trust will constitute the source of payment of the Securitized Certificates. The holders of the Securitized Certificates will share the OPI Surety (as well as the source of payment) on an equal basis with the OPI Preferred Creditors, and in certain circumstances with Banobras, in its capacity as third-party surety under the Contract with GPO Banobras.

VIADUCTO BICENTENARIO: the financing terms required the execution of a management and guarantee trust between VIADUCTO BICENTENARIO, OHL México and OHL Concesiones as trustors and third beneficiaries; BANOBRAS and Banco Inbursa as first beneficiaries; FONADIN as second beneficiary and Banco Invex as trustee. The trust assets are mainly composed of; (i) all but one of the common stock shares of VIADUCTO BICENTENARIO, as guarantee (the only unaffected share was pledged to BANOBRAS, in its capacity as guarantee broker); (ii) the toll booth collection rights; (iii) the rights derived from both loans; (iv) the collection rights derived from any insurance policies; and (v) payments received by Viaducto Bicentenario under the concession title and any other contract related to the project.

AUNORTE; the financing terms required the execution of a management and guarantee trust between Autopista Urbana Norte and OHL México, as trustors and third beneficiaries; BANOBRAS and BBVA Bancomer as first beneficiaries; FONADIN as second beneficiary; and Banco Invex as trustee. The trust assets are mainly composed of; (i) all but one of the common stock shares of Autopista Urbana Norte, as guarantee; (ii) the toll booth collection rights; (iii) the resources derived from the loans; (iv) the collection rights derived from any insurance policies; and (v) the payments received by Autopista Urbana Norte under the concession title and any other contract related to the project.

GANÁ; this debt is guaranteed by (i) beneficiary rights under trust F/2001293 and ii) other items included in the trust assets.

Trust rights are the remnants generated from the trust which may be withdrawn by GANÁ, and are mainly composed of risk capital.

Risk capital is the amount contributed by the trustor for construction or any other amount contributed to the trust for the performance of its obligations, whose delivery, availability, application and payment are in conformity with the Concession Title terms and conditions.

- (4) Long-term loans obtained by some subsidiaries included restrictive clauses, which prohibit any merger or spin-off without prior authorization from creditor institutions, changes in the shareholding structure and bylaws without their express consent, changes in the line of business, dissolution, guaranteeing additional financing with their assets, tax payment obligations, selling assets, limitations on dividend distribution, while also maintaining certain financial ratios. As of December 31, 2016 and 2015, these restrictions were satisfactorily fulfilled.

- b. The rates and exchange rates in effect on the date of the consolidated financial statements were as follows:

	2016	2015	2014	January 1, 2014	February 22, 2017
28 days THIE	6.110000%	3.555000%	3.320500%	3.795000%	6.590000%
91 days THIE	6.192500	3.588600	3.324500	3.804500	6.685000
UDI	5.562883	5.381175	5.270368	5.058731	5.679838
Euro	21.774100	18.787300	17.918200	18.007900	20.905300
US dollar	20.619400	17.248700	14.741400	13.084300	19.912700

- c. As of December 31, 2016, long term debt matures as follows:

Expiration year	Amount
2018	Ps. 975,035
2019	1,277,876
2020	1,550,920
2021	2,064,721
Later years	<u>38,510,285</u>
Total long term liabilities	<u>Ps. 44,378,837</u>

- d. As of December 2016 and 2015, the Entity has lines of credit, for which amounts available to be withdrawn are Ps. 1,118,897 and Ps. 1,240,605, respectively.

13. Provision for major maintenance

As of December 31, 2016, 2015 and 2014 and as of January 1, 2014, the long-term provisions for major maintenance to concessioned assets, are as follows:

	CONMEX	VIADUCTO BICENTENARIO	GANÁ	AUNORTE	Total
Balance at January 1, 2015	Ps. 282,017	Ps. 175,295	Ps. 47,467	Ps. 90,455	Ps. 595,234
Additions	200,255	55,400	79,200	56,821	391,676
Applications	<u>(240,682)</u>	<u>(2,943)</u>	<u>(105,351)</u>	<u>(296)</u>	<u>(349,272)</u>
Balance at December 31, 2015	<u>241,590</u>	<u>227,752</u>	<u>21,316</u>	<u>146,980</u>	<u>637,638</u>
Additions	239,210	57,418	114,500	75,311	486,439
Applications	<u>(280,607)</u>	<u>-</u>	<u>(112,137)</u>	<u>(1,155)</u>	<u>(393,899)</u>
Balance at December 31, 2016	<u>Ps. 200,193</u>	<u>Ps. 285,170</u>	<u>Ps. 23,679</u>	<u>Ps. 221,136</u>	<u>Ps. 730,178</u>

	CONMEX	VIADUCTO BICENTENARIO	GANÁ	AUNORTE	Total
Balance at January 1, 2014	Ps. 166,304	Ps. 116,698	Ps. 1,660	Ps. 47,080	Ps. 331,742
Additions	318,618	59,576	94,632	44,086	516,912
Applications	<u>(202,905)</u>	<u>(979)</u>	<u>(48,825)</u>	<u>(711)</u>	<u>(253,420)</u>
Balance at December 31, 2014	<u>Ps. 282,017</u>	<u>Ps. 175,295</u>	<u>Ps. 47,467</u>	<u>Ps. 90,455</u>	<u>Ps. 595,234</u>

As of December 31, 2016 and 2015 the classification of the short and long-term parts of the provision established by the Entity for maintenance is as follows:

December 31, 2016					
	CONMEX	VIADUCTO BICENTENARIO	GANÁ	AUNORTE	Total
Short - term	<u>Ps. 145,205</u>	<u>Ps. 50,930</u>	<u>Ps. 16,306</u>	<u>Ps. 41,830</u>	<u>Ps. 254,271</u>
Long - term	<u>Ps. 54,988</u>	<u>Ps. 234,240</u>	<u>Ps. 7,373</u>	<u>Ps. 179,306</u>	<u>Ps. 475,907</u>
Total	<u>Ps. 200,193</u>	<u>Ps. 285,170</u>	<u>Ps. 23,679</u>	<u>Ps. 221,136</u>	<u>Ps. 730,178</u>
December 31, 2015					
	CONMEX	VIADUCTO BICENTENARIO	GANÁ	AUNORTE	Total
Short - term	<u>Ps. 80,140</u>	<u>Ps. -</u>	<u>Ps. 21,316</u>	<u>Ps. 42,986</u>	<u>Ps. 144,442</u>
Long - term	<u>Ps. 161,450</u>	<u>Ps. 227,752</u>	<u>Ps. -</u>	<u>Ps. 103,994</u>	<u>Ps. 493,196</u>
Total	<u>Ps. 241,590</u>	<u>Ps. 227,752</u>	<u>Ps. 21,316</u>	<u>Ps. 146,980</u>	<u>Ps. 637,638</u>

14. Employee benefits

The Entity recognizes obligations for defined benefits which cover all employees who complete 65 years of age.

These obligations also cover seniority premium, which consists of a one-time payment of 12 days for each year worked based on the last wage, and cannot exceed twice the minimum wage established by law. The liability and the annual cost of benefits are calculated by an independent actuary in accordance with the bases defined in the plans, using the projected unit credit method.

Rate used in actuarial calculations are:

	Valuation to			
	2016 %	2015 %	2014 %	January 1, 2014 %
Discount rate	9.00	8.25	8.00	8.75
Inflation rate in the long term	3.50	3.50	3.50	3.50
Wage increase	4.75	4.75	4.75	4.50

The amounts recognized in results related to these defined benefit plans are:

	2016		
	Retirement Benefits	Seniority Premium	Total
Service cost	Ps. 5,640	Ps. 775	Ps. 6,415
Interest cost	<u>4,502</u>	<u>303</u>	<u>4,805</u>
	<u>Ps. 10,142</u>	<u>Ps. 1,078</u>	<u>Ps. 11,220</u>

	2015		
	Retirement Benefits	Seniority Premium	Total
Service cost	Ps. 5,192	Ps. 707	Ps. 5,899
Interest cost	<u>3,874</u>	<u>237</u>	<u>4,111</u>
	<u>Ps. 9,066</u>	<u>Ps. 944</u>	<u>Ps. 10,010</u>
	2014		
	Retirement Benefits	Seniority Premium	Total
Service cost	Ps. 3,966	Ps. 596	Ps. 4,562
Interest cost	<u>3,007</u>	<u>177</u>	<u>3,184</u>
	<u>Ps. 6,973</u>	<u>Ps. 773</u>	<u>Ps. 7,746</u>

The net periodic cost is included in other operating costs and expenses in the statement of income and comprehensive income.

The amount included in the statement of financial position arising from the Entity's obligation with respect to defined benefit plans is as follows:

	2016		
	Retirement Benefits	Seniority Premium	Total
Present value of defined benefit obligation	<u>Ps. 55,077</u>	<u>Ps. 4,033</u>	<u>Ps. 59,110</u>
	2015		
	Retirement Benefits	Seniority Premium	Total
Present value of defined benefit obligation	<u>Ps. 56,882</u>	<u>Ps. 3,814</u>	<u>Ps. 60,696</u>
	2014		
	Retirement Benefits	Seniority Premium	Total
Present value of defined benefit obligation	<u>Ps. 50,787</u>	<u>Ps. 3,078</u>	<u>Ps. 53,865</u>
	January 1, 2014		
	Retirement Benefits	Seniority Premium	Total
Present value of defined benefit obligation	<u>Ps. 36,270</u>	<u>Ps. 2,113</u>	<u>Ps. 38,383</u>

Other disclosures required by IFRS are not considered material.

15. Financial instruments

Entity	Instrument	Item hedged	Beginning	Maturity	Notional amount			Fair value				
					2016	2015	2016	2015				
Asset												
OHL MÉXICO	FORWARD	security exchange	July 11, 2012	May 3, 2017	Ps.	108,859	Ps.	108,859	Ps.	13,309	Ps.	812
OHL MÉXICO	FORWARD	security exchange	June 20, 2012	May 3, 2017		112,761		112,761		6,563		-
OHL MÉXICO	FORWARD	security exchange	January 20, 2013	May 3, 2017		99,602		99,602		11,473		130
AUNORTE	CAP	interest rate	June 17, 2013	September 15, 2020		1,028,639		953,981		18,319		6,569
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026		1,892,200		1,951,200		42,914		-
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026		1,892,200		1,951,200		39,029		-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		2,262,750		2,262,750		101,425		-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		1,293,000		1,293,000		64,474		-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		1,293,000		1,293,000		70,643		-
VIADUCTO	CAP	interest rate	December 15, 2009	December 15, 2016		-		960,800		-		-
VIADUCTO	CAP	interest rate	December 15, 2009	December 15, 2016		-		950,000		-		-
VIADUCTO	CAP	interest rate	December 15, 2009	December 15, 2016		-		960,800		-		-
									Ps.	368,149	Ps.	7,511
Entity	Instrument	Item hedged	Beginning	Maturity	Notional amount			Fair value				
					2016	2015	2016	2015				
(Liability)												
OHL MÉXICO	FORWARD	security exchange	June 20, 2012	May 3, 2017	Ps.	112,761	Ps.	112,761	Ps.	-	Ps.	(5,450)
OHL MÉXICO	SWAP	interest rate	May 15, 2013	June 10, 2015		100,000		100,000		-		-
OHL MÉXICO	SWAP	interest rate	July 1, 2013	June 10, 2015		300,000		300,000		-		-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		2,262,750		2,262,750		-		(107,245)
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		1,293,000		1,293,000		-		(53,356)
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		1,293,000		1,293,000		-		(46,419)
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026		1,892,200		1,951,200		-		(136,668)
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026		1,892,200		1,951,200		-		(141,297)
									Ps.	-	Ps.	(490,435)
Entity	Instrument	Item hedged	Beginning	Maturity	Notional amount			Fair value				
					2014	January 1, 2014	2014	January 1, 2014				
Asset												
OHL MÉXICO	FORWARD	security exchange	July 11, 2012	May 3, 2017	Ps.	108,859	Ps.	108,859	Ps.	-	Ps.	2,356
OHL MÉXICO	FORWARD	security exchange	January 20, 2013	May 3, 2017		99,602		99,602		-		1,591
VIADUCTO	CAP	interest rate	December 15, 2009	December 15, 2016		989,100		1,000,000		-		193
VIADUCTO	CAP	interest rate	December 15, 2009	December 15, 2016		950,000		950,000		-		197
VIADUCTO	CAP	interest rate	December 15, 2009	December 15, 2016		989,100		1,000,000		-		193
AUNORTE	CAP	interest rate	June 17, 2013	September 15, 2020		842,932		795,744		21,064		29,044
OPI	FORWARD	security exchange	December 12, 2014	January 30, 2015		4,417,650		-		4,437		-
CONMEX	CAP	interest rate	March 31, 2011	December 15, 2013		-		-		-		-
CONMEX	CAP	interest rate	March 31, 2011	December 15, 2013		-		-		-		-
CONMEX	CAP	interest rate	March 31, 2011	December 15, 2013		-		-		-		-
									Ps.	25,501	Ps.	33,574

Entity	Instrument	Item hedged	Beginning	Maturity	Notional amount				Fair value			
					2014	January 1, 2014	2014	January 1, 2014				
(Liability)												
OHL MÉXICO	FORWARD	security exchange	June 20, 2012	May 3, 2017	Ps.	112,761	Ps.	112,761	Ps.	(7,484)	Ps.	(3,349)
OHL MÉXICO	FORWARD	security exchange	July 11, 2012	May 3, 2017		108,859		108,859		(1,534)		-
OHL MÉXICO	FORWARD	security exchange	January 20, 2013	May 3, 2017		99,602		99,602		(1,979)		-
OHL MÉXICO	SWAP	interest rate	May 15, 2013	October 31, 2015		100,000		100,000		(654)		(339)
OHL MÉXICO	SWAP	interest rate	July 1, 2013	November 3, 2015		300,000		300,000		(3,110)		(3,463)
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		2,262,750		-		(138,280)		-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		1,293,000		-		(70,373)		-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025		1,293,000		-		(62,682)		-
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026		1,991,600		2,000,000		(174,102)		(77,942)
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026		1,991,600		2,000,000		(168,541)		(69,490)
CONMEX	SWAP	interest rate	December 1, 2008	December 24, 2013		-		-		-		-
CONMEX	SWAP	interest rate	December 29, 2006	December 24, 2013		-		-		-		-
CONMEX	SWAP	interest rate	August 7, 2009	December 23, 2013		-		-		-		-
CONMEX	SWAP	interest rate	August 7, 2009	December 31, 2013		-		-		-		-
CONMEX	SWAP	interest rate	August 7, 2009	December 23, 2013		-		-		-		-
CONMEX	SWAP	interest rate	August 7, 2009	December 23, 2013		-		-		-		-
									Ps.	(628,739)	Ps.	(154,583)

a. **Capital Risk Management**

The Entity's ability to commence operations at current and new concessions depends on its ability to contribute equity and obtain financing, as required under the terms of its concessions.

The increases in construction costs or delays, including delays in the release of rights-of-way, could adversely affect the Entity's ability to meet the schedules established in its concessions and have a negative effect on its activities, its financial position and its results of operations.

The Entity is exposed to the risks related to the construction, operation and maintenance of its projects.

The Entity's management reviews its capital structure routinely. As part of such review, it considers the cost of equity and the risks associated with each class of equity. The gearing ratio as of December 31, 2016, 2015, 2014 and January 1, 2014 as follows:

Net debt to equity ratio as of December 31, 2016, 2015 and 2014, and as of January 1, 2014 are as follows:

- Gearing ratio

The gearing ratio at end of the reporting period was as follows.:

	2016	2015	2014	January 1, 2014
Debt ⁽ⁱ⁾	Ps. 34,313,031	Ps. 33,387,282	Ps. 34,520,950	Ps. 31,423,407
Cash, cash equivalents and restricted trust funds	<u>(5,825,487)</u>	<u>(9,070,110)</u>	<u>(4,998,565)</u>	<u>(5,154,918)</u>
Net debt	<u>Ps. 28,487,544</u>	<u>Ps. 24,317,172</u>	<u>Ps. 29,522,385</u>	<u>Ps. 26,268,489</u>
Equity ⁽ⁱⁱ⁾	<u>Ps. 76,129,514</u>	<u>Ps. 67,957,722</u>	<u>Ps. 54,917,764</u>	<u>Ps. 48,071,592</u>
Net debt to equity ratio	<u>37.42%</u>	<u>35.78%</u>	<u>53.76%</u>	<u>54.64%</u>

(i) Debt is defined as long- and short-term borrowings excluding derivatives, as described in Notes 12 and 15.

(ii) Equity includes all capital and reserves of the Entity that are managed as capital.

b. **Significant accounting policies**

The details of the significant accounting policies and methods adopted (including recognition criteria, valuation bases and the bases for recognition of revenues and expenses) for each class of financial asset, financial liability and equity instruments are disclosed in Note 4.

c. **Categories of financial instruments**

	2016	2015	2014	January 1, 2014
Financial assets				
Cash, cash equivalents and restricted trust funds	Ps. 5,825,487	Ps. 9,070,110	Ps. 4,998,565	Ps. 5,154,918
Loans and receivables:				
Accounts and notes receivable to related parties	1,970,036	1,360,090	223,643	66,119
Deficit by the grantor	16,200,304	12,996,971	10,428,201	7,722,873
Other accounts receivable	295,990	381,696	210,327	63,527
Derivative financial instruments	368,149	7,511	25,501	33,574
Financial liabilities				
Financial liabilities at amortized cost:				
Short-term debt	Ps. 1,379,483	Ps. 1,254,213	Ps. 6,927,761	Ps. 522,276
Long-term debt	32,933,548	32,133,069	27,593,189	30,901,131
Trade accounts payable to suppliers and other accounts payable	897,454	838,007	800,169	651,118
Accounts and notes payable to related parties	1,713,927	2,022,181	1,725,366	766,630
Derivative financial instruments	-	490,435	628,739	154,583

The assets and liabilities of the Entity are exposed to various financial risks, including market risks, credit risk and liquidity risk.

d. **Financial risk management objectives**

The Entity's finance department handles and supervises financial risks through internal risk reports, which analyze the exposures by degree and size of the risks. These risks include market risk (including pricing risk, interest rate risk and exchange rate risk), credit risk and liquidity risk.

The Entity's internal control policy establishes that the issuance of debt and the risks involved in projects requires a comprehensive analysis by the representatives from the finance, legal and administration an operation areas prior to their authorization. Such analysis also evaluates the use of derivatives to hedge financial risks. The internal control policy establishes that entering into derivative financial instrument transactions is the responsibility of the Entity's finance and administrative areas, once the aforementioned analysis has been concluded.

The Entity seeks to minimize the potential negative effects of the aforementioned risks in its financial performance through different strategies. Financial derivatives are used to hedge certain exposures to the financial risks of transactions recognized in the statement of financial position (recognized assets and liabilities). The financial derivatives which are contracted may be designated as hedges for accounting purposes or for trading purposes, without affecting the objective of mitigating the risks to which the Entity is exposed in its projects.

e. ***Market risk***

The Entity's activities expose it primarily to interest rate, exchange rate and pricing risk.

Sensitivity analyses in the following paragraph, consider that all variables are held constant, except for those in which the sensitivity is displayed.

Price risk management

The Entity is exposed to price risks, mainly due to the maintenance costs of the highways which are linked to international oil prices.

By the same token, the tolls which the Entity collects are regulated and adjusted based on the national consumer price index ("INPC" for its acronym in Spanish).

The Entity considers that its exposure to price risk is immaterial, because if the Entity's investment in a concession is not recovered through the toll rates established, it may be possible to renegotiate both the concession term and the rates in question.

Management of currency exchange risk

The Entity is exposed to currency exchange risk as a result of placing securitized certificates on the Mexican debt market in 2011 for the amount of Ps. 1,700 million or its equivalent in UDIS (370,225,400 UDI's) of GANA; as of December 31, 2016 the balance is Ps. 1,846 million or its equivalent in UDIS (331,907,071 UDI's).

On August 29, 2014, CONMEX placed zero coupon UDI denominated securitization certificates for the amount of Ps. 7,546 million or the equivalent in UDI's (1,464,078,000 UDI's) at December 31, 2016, the balance is Ps. 8,144 million, which is equal to 1,464,078,000 UDI's at that date.

On December 18, 2013, CONMEX carried out the placement of guaranteed senior notes, denominated in UDI's for the amount of Ps. 18,792 million or its equivalent in UDI's (3,720,902,000 UDI's); as of December 31, 2016, the balance is Ps. 12,554 million, equivalent to 2,256,824,000 UDI's at that date.

On March 6, 2012, OHL México entered into an investment contract with COFIDES, whereby the latter undertakes to invest up to a maximum of €25 million; as of December 31, 2016, the balance is Ps. 540 million.

On March 31, 2015, OPI issued securitized certificates denominated in UDI's for the amount of 773,908,000 UDI's, equivalent to Ps. 4,100 million, at an interest rate of 6.95%, maturing in 2035. As of December 31, 2016, the revalued securitized certificates amounted to Ps. 4,305 million, equivalent to (773,907,165 UDI's).

This debt represents the maximum exposure to exchange risk. For the remaining debt, the Entity contracts its financing in the same currency as the repayment source. Management believes that the positions in UDIS do not expose the Entity to significant exchange risk for its financial position, performance or flows, because the increases in the rates of the concessions, the main source of payment for the financing, are closely related to inflation and, therefore, with the value of the UDI.

- Foreign currency sensitivity analysis

The following table details the Entity's sensitivity to a 10% increase and decrease in the UDI and Euros. This fluctuation represents management's evaluation of the possible reasonable change in the value of the UDI and Euros. The sensitivity analysis includes only the monetary position at the close of the 2016 period. When the peso appreciates by 10% against the UDI and Euros, it would result in an increase in results and in stockholders' equity. When the peso depreciates by 10% against the UDI and Euros, it would result in a decrease in results and stockholders' equity.

	2016
Profit or loss and equity	Ps. 2,739,055

This effect would represent an increase/decrease of 33% in income for the 2016 annual period.

The sensitivity analysis may not be representative of the foreign exchange risk during the period due to variances in the net position denominated in UDIS and Euros.

Current exchange rate hedge transactions.

a) Exchange rate instrument (FORWARD).

OHL México

As discussed in Note 12, on March 6, 2012 OHL México entered into an investment contract with COFIDES whereby the latter undertakes to invest up to a maximum of €25 million.

To reduce its exchange rate risk exposure, on September 20, 2012, 11 July 2012 and January 21, 2013 OHL Mexico entered into forward contracts for each disposal. At December 31, 2016 and 2015 debt is 63% hedged.

The following table shows the financial instruments to hedge fluctuations through the FORWARD OHL México has contracted to date.

Instrument	Counterparty	Notional	Underlying EURO December 31, 2016	Ceiling	Maturity	Fair value			
						2016	2015	2014	January 1, 2014
FORWARD	BANKIA	Ps.108,859	21.7741	19.7925	03/05/2017	Ps. 13,309	Ps. 812	Ps. (1,534)	Ps. 2,356
FORWARD	BANKIA	112,761	21.7741	21.0150	03/05/2017	6,563	(5,450)	(7,484)	(3,349)
FORWARD	BANKIA	<u>99,602</u>	21.7741	19.9205	03/05/2017	<u>11,473</u>	<u>130</u>	<u>(1,979)</u>	<u>1,591</u>
		<u>Ps.321,222</u>				<u>Ps. 31,345</u>	<u>Ps. (4,508)</u>	<u>Ps.(10,997)</u>	<u>Ps. 598</u>

OPI

On December 18, 2013, OPI executed a credit line contract with Goldman Sachs International, which must be settled through a single payment at the two-year maturity date; it will accrue interest at the one-month LIBOR rate plus five percentage points in the first year and six percentage points in the second year.

To reduce its exchange rate risk exposure, on January 17, 21, 27 and 28, 2014, OPI contracted forward financial instruments for each disposal. On May 19, 2014, the maturity date, these instruments were settled.

In order to continue reducing the interest rate risk exposure derived from the credit line, on May 13, 14 and 15, OPI contracted forward financial instruments for each disposal. On September 15, 2014, the maturity date, these instruments were settled.

In order to continue reducing its interest rate risk exposure derived from the credit line, on September 9, OPI contracted forward financial instruments for each disposal, with maturity on December 12, 2014, with this same date, it contracts again with a maturity date of January 30, 2015. At December 31, 2016, the debt was fully hedged.

The following table indicates the forward financial instruments contracted to hedge against interest rate fluctuations:

Instrument	Counterparty	Notional	Underlying EURO December 31, 2014	Ceiling	Maturity	Fair value	
						2014	January 1, 2014
FORWARD	GOLDMAN SACHS PARIS INC.	4,417,650	14.7414	14.7255	30/01/2015	Ps. 4,437	Ps. -

Interest rate risk management

The Entity is exposed to interest rate risks because its subsidiaries obtain loans at variable interest rates.

The exposure to interest rates mainly arises due to the long-term debts which are contracted at variable rates (TIIE).

The contracts related to the current debt of the Entity's subsidiaries could impose restrictions on the latter's capacity to operate.

To mitigate the risk of interest rate fluctuations, the Entity uses SWAPS, as well as CAP options, to fix variable rates or establish a ceiling and link it to the generation of cash flows derived from the revenue sources.

Sensitivity analyses for interest rates

The following sensitivity analyses have been determined based on the exposure to interest rates both for derivatives and for non-derivatives at the end of the reporting period. For variable rate liabilities, an analysis is prepared on the assumption that the amount of the liability in effect at the end of the reporting period was the liability in effect throughout the year. When key management personnel are internally informed of the interest rate risk, an increase or decrease of 100 basis points is used, which represents management's assessment of the reasonable possible change in interest rates.

If the interest rates were 100 basis points above/below and all other variables remain constant:

The income for the period ended December 31, 2016, 2015 and 2014 and as of January 1, 2014 would decrease/increase by Ps. 187,738, Ps.187,432, Ps.204,873 and Ps.123,913, respectively. This is mainly attributable to the Entity's exposure to interest rates on its variable rate loans.

- Current interest rate hedge transactions

The transactions which comply with hedging requirements have been designated as cash flow hedged.

The following tables detail the amounts of notional equity and the remaining terms of the financial derivatives contracted by the Entity through its subsidiaries.

b) *Financial derivatives, interest rate SWAPS.*

AUNORTE

As discussed in Note 12, on August 11, 2011, AUNORTE obtained financing which establishes the payment of interest at the 91 day TIIE rate plus a spread (2.75 % will apply from the first disposition until the date on which the third anniversary is completed; this margin will increase every three years until the contract expires), contracting an interest rate SWAP with the aim of fulfilling the obligation of paying 80% of the interest on the credit.

As of December 31, 2016, 2015 and 2014 and as of January 1, 2014, it was recognized asset of Ps. 81,943 and a liability of Ps. 277,965, Ps. 342,643 and Ps. 147,432, respectively, was recognized, with an effect in other comprehensive income for Ps.359,908, Ps. 64,678, Ps. (195,211) and Ps.251,512, respectively, the accumulated deferred income tax is Ps. 24,583, Ps. 83,390, Ps.102,793 and, Ps.44,230, respectively. The amount included in other comprehensive result as part of stockholders' equity will be recycled to results simultaneously when the interest on the debt is charged to results; such amount is subject to changes due to market conditions.

As of December 31, 2016, 2015 and 2014, and as of January 1, 2014, there was no ineffectiveness related to the hedge.

The following table shows the detail of the interest rate swaps entered into by AUNORTE.

Instrument	Counterparty	Notional (Current)	Underlying, 91 days TIIE	Fixed rate	Maturity	Fair Value			
						2016	2015	2014	January 1, 2014
IRS 1	BBVA BANCOMER	Ps.1,892,200	6.1925%	7.39%	15/09/2026	Ps. 42,914	Ps. (136,668)	Ps. (174,102)	Ps. (77,942)
IRS 2	BANOBAS	<u>1,892,200</u>	6.1925%	7.34%	15/09/2026	<u>39,029</u>	<u>(141,297)</u>	<u>(168,541)</u>	<u>(69,490)</u>
		<u>Ps.3,784,400</u>				<u>Ps. 81,943</u>	<u>Ps. (277,965)</u>	<u>Ps. (342,643)</u>	<u>Ps. (147,432)</u>

OHL MEXICO

As mentioned in Note 12, on April 10, 2013, OHL México obtained financing from Banorte, which stipulates the payment of interest at the 28 days TIIE plus a spread (between 2.75 % and 3.00%), and contracted an interest rate "SWAP", to cover the obligation to pay 100% of the interest at a variable rate for the unsecured credit.

As of December 31, 2014 and as of January 1, 2014, a liability of Ps.3,764, and Ps.3,802, respectively, were recognized with a charge to other comprehensive income of Ps. 41 for the year then ended; the deferred tax asset balance is Ps.12 and Ps.1,141 as of December 31, 2014 and as of January 1, 2014. The amount included in other comprehensive income or loss as part of stockholders' equity will be recycled to results at the same time that the interest in the loan is charged to results; such amount is subject to changes due to market conditions. At December 31, 2014 the debt is 83% hedged.

Through December 31, 2014 and as of January 1, 2014, there was no ineffectiveness related to the hedge.

The following table shows the detail of the interest rate swaps entered into by OHL México.

Instrument	Counterparty	Notional (Current)	Underlying, 28 days TIIE 31/12/2014	Fixed rate	Maturity	Fair Value	
						2014	January 1, 2014
IRS 1	BANORTE	Ps. 100,000	3.3205%	4.45%	31/10/2015	Ps. (654)	Ps. (339)
IRS 2	BANORTE	<u>300,000</u>	3.3205%	4.91%	03/11/2015	<u>(3,110)</u>	<u>(3,463)</u>
		<u>Ps. 400,000</u>				<u>Ps. (3,764)</u>	<u>Ps. (3,802)</u>

CONMEX

As discussed in Note 12, on December 18, 2013, CONMEX executed a credit contract with Goldman Sachs Bank USA, which establishes the payment of interest at the 91 days TIIE rate plus a spread (interest plus 2.10% percentage), an interest rate swap was also contracted to hedge against the variable interest rate risk. At December 31, 2016, 75% of the debt has been hedged.

At December 31, 2016, 2015 and 2014, an asset was recognized for Ps. 236,542 and a liability was recognized for Ps. 207,020 and Ps.271,335, with an effect in other comprehensive income of Ps.443,562, Ps. 64,315 and Ps. (271,335), respectively and a deferred tax effect of Ps. 70,963, Ps. 62,106 Ps.81,401, respectively. The amount included in other comprehensive income under stockholders' equity will be recycled to results when the interest on the loan is charged to results; this amount is subject to changes derived from market conditions.

As of December 31, 2016, 2015 and 2014 there was no ineffectiveness related to the hedge.

The following table shows the interest rate swaps entered into by CONMEX.

Instrument	Counterparty	Notional (Current)	Underlying, 28 days TIIE 31/12/2016	Fixed rate	Maturity	Fair Value		
						2016	2015	2014
IRS 1	GOLDMAN SACHS USA	Ps.2,262,750	6.1100%	6.915%	15/12/2025	Ps. 101,425	Ps.(107,245)	Ps.(138,280)
IRS 2	GOLDMAN SACHS USA	1,293,000	6.1100%	6.8175%	15/12/2025	64,474	(53,356)	(70,373)
IRS 3	GOLDMAN SACHS USA	<u>1,293,000</u>	6.1100%	6.7350%	15/12/2025	<u>70,643</u>	<u>(46,419)</u>	<u>(62,682)</u>
		<u>Ps.4,848,750</u>				<u>Ps. 236,542</u>	<u>Ps.(207,020)</u>	<u>Ps.(271,335)</u>

In December 2013, CONMEX paid in advance the total amount of bank debt which was hedged by the following financial derivatives, and also settled in advance the derivatives that it had entered into. Detail of those derivatives is as follows:

CONMEX obtained financing which establishes the payment of the 28 days TIIE plus a spread, which varied throughout the term of the loan.

CONMEX contracted an interest rate swap in order to comply with the obligation to hedge 80% of the interest on the bank loan (Tranche A and Tranche B).

CONMEX paid accrued interest based on the fixed interest rates established below, and received amounts calculated based on the 28 days TIIE.

- c) Financial derivatives, interest rate CAP options:

VIADUCTO BICENTENARIO

In December 2009, to hedge the interest rate fluctuations on the financing obtained, VIADUCTO BICENTENARIO contracted options CAP to fulfill the obligation to hedge 80% of the interest on the bank loan obtained. To obtain this CAP, VIADUCTO BICENTENARIO paid the amount of Ps.98,800. As of December 31, 2016 and 2015, VIADUCTO BICENTENARIO paid accrued interest based on a fixed interest rate of 10.60% and receives amounts calculated based on the 91 day TIIE rate. VIADUCTO BICENTENARIO designated the CAP as a cash flow hedge instrument, documenting the objective of the hedge, the measurement of effectiveness and other requirements established in accounting regulations.

On December 15, 2016, the three financial instruments denominated CAP expired.

The following table shows the financial instruments to hedge fluctuations through interest rate CAP that VIADUCTO BICENTENARIO has contracted to date.

Instrument	Counterparty	Notional (Current)	Underlying 91-day TIIE 31/12/2014	Fixed rate	Maturity	Fair value		
						2015	2014	January 1, 2014
CAP	BBVA BANCOMER	Ps. 989,100	3.3245%	10.60%	15/12/2016	Ps. -	Ps. -	Ps. 193
CAP	BBVA BANCOMER	950,000	3.3245%	10.60%	15/12/2016	-	-	197
CAP	SANTANDER	<u>989,100</u>	3.3245%	10.60%	15/12/2016	<u>-</u>	<u>-</u>	<u>193</u>
		<u>Ps.2,928,200</u>				<u>Ps. -</u>	<u>Ps. -</u>	<u>Ps. 583</u>

As of December 31, 2015 and 2014 the fair value of the instruments were immaterial.

AUNORTE

As discussed in Note 12, in September 2011 AUNORTE contracted CAP options to hedge interest rate fluctuations on the financing obtained, and to comply with the obligations to hedge 77% of the interest on the bank loan received. To obtain this CAP, AUNORTE paid a premium for Ps.68,500. As of December 31, 2016 and 2015, AUNORTE paid accrued interest based on the 91 days TIIE, which has not exceeded the ceiling fixed at 9%. Accordingly, the options have not reached an intrinsic value and there have been exchanges of cash flows. AUNORTE designated the CAP as a cash flow hedge, documenting the objective of the hedge, the measurement of effectiveness based on its intrinsic value and other requirements established in accounting regulations.

The following table shows the financial instruments to hedge fluctuations through interest rate CAPs that AUNORTE has contracted to date.

Instrument	Counterparty	Notional (Current)	Underlying 91-day TIIE 31/12/2016	Fixed rate	Maturity	Maturity			January 1, 2014
						2016	2015	2014	
CAP	BBVA BANCOMER	<u>Ps.1,028,639</u>	6.1925%	9.00%	15/09/2020	<u>Ps. 18,319</u>	<u>Ps. 6,569</u>	<u>Ps. 21,064</u>	<u>Ps. 29,044</u>

CONMEX

In December 2013, CONMEX sold its CAP options, which were comprised of the following:

On December 14, 2010, CONMEX signed a subordinated credit contract for up to Ps. 2,000,000. Interest accrued on this credit at the 28 day TIIE, plus a spread. To hedge CONMEX's exposure to interest rate fluctuations, on the same date that the debt contract was signed, CONMEX contracted CAP financial derivatives, purchased at a 9% ceiling or cap to cover 100% of such debt. To obtain this CAP, CONMEX paid the amount of Ps. 82,085. CONMEX designated the CAPs as cash flow hedges, documenting the objective of the hedge, the measurement of effectiveness based on the intrinsic value of the options and other requirements established in accounting regulations.

Within the elapsed term of the options, the 28 day TIIE rate has remained below the 9% ceiling established, for which reason the options have not produced intrinsic value and their fluctuation in valuation has been recognized in the statement of income.

The following table shows the financial instruments to hedge fluctuations through interest rate CAP that CONMEX has contracted to date:

Instrument	Counterparty	Notional (Current)	Underlying 28-day TIIE 31/12/2014	Fixed rate	Maturity	Fair value	
						2014	January 1, 2014
CAP	BANORTE	Ps. -	3.3205%	9.00%	15/12/2013	Ps. -	Ps. -
CAP	BBVA BANCOMER	-	3.3205%	9.00%	15/12/2013	-	-
CAP	BBVA BANCOMER	-	3.3205%	9.00%	15/12/2013	-	-
		<u>Ps. -</u>				<u>Ps. -</u>	<u>Ps. -</u>

f. *Credit risk management*

Credit risk refers to the risk that one of the parties will default on its contractual obligations, thus resulting in a financial loss for the Entity. The Entity has adopted a policy of only becoming involved with solvent parties and obtaining sufficient collateral, when appropriate, as a way to mitigate the risk of financial loss from default. The Entity only performs transactions with entities which have a risk rating equivalent to investment grade or above. This information is provided by independent ratings agencies and, if it is not available, the Entity uses other available public financial information and its own commercial records to rate its principal customers. The maximum exposure to credit risk as of December 31, 2016 is approximately Ps. 2,267,332, as shown in subsection c, which describes the principal financial assets subject to credit risk.

g. *Liquidity risk management*

The Entity manages liquidity risk by establishing an appropriate framework to administer its short, medium and long-term financing, and the requirements of liquidity management. The Entity manages liquidity risk by maintaining adequate reserves, banking facilities and to obtain loans, through constant oversight of projected and real cash flows. Note 12 specifies the details of the financing contracted by the Entity, as well as the respective maturities. The Entity maintains reserves based on its contractual obligations, whose funds are intended for the payment of debt, maintenance and highway expansion work, among others.

The following tables detail the Entity's remaining contractual expirations for its current non-derivative liabilities with payment periods agreed. The tables have been designed based on the undiscounted cash flows of the financial liabilities, using the most recent date on which the Entity has to make payments. The tables include both cash flows from interest and principal. As long as the interest is variable-rate, the undiscounted amount derives from curves in the interest rate at the end of the reporting period. Contractual maturity is based on the minimum date on which the Entity has to make the payments:

2016	Less than 1 year	1 to 5 years	5 years +	Total
Bank loans	Ps. 2,262,417	Ps.11,238,319	Ps.15,492,011	Ps.28,992,747
Note payable under securitization certificates	1,050,609	4,878,643	58,489,018	64,418,270
Note payable under investment agreement	725,212	-	-	725,212
Accounts payable to related parties	685,733	-	-	685,733
Note payable to related parties	<u>897,454</u>	<u>-</u>	<u>-</u>	<u>897,454</u>
Total	<u>Ps. 5,621,425</u>	<u>Ps.16,116,962</u>	<u>Ps.73,981,029</u>	<u>Ps.95,719,416</u>

h. ***Fair value of financial instruments***

– ***Fair value of financial instruments carried at amortized cost***

Management considers that the carrying values of financial assets and liabilities recognized at their amortized cost in the financial statements does not differ significantly from their fair value at December 31, 2016:

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Cash, cash equivalents and restricted trust funds	Ps. 5,825,487	Ps. 5,825,487	Ps. 9,070,110	Ps. 9,070,110
Accounts and Notes receivable				
Accounts receivable to related parties	1,970,036	1,970,036	1,360,090	1,360,090
Other accounts receivable	295,990	295,990	381,696	381,696
Deficit by the grantor	16,200,304	16,200,304	12,996,971	12,996,971
Financial liabilities:				
Financial liabilities at amortized cost:				
Bank loans and note payable	Ps. 34,313,031	Ps. 34,313,031	Ps. 33,387,282	Ps. 33,387,282
Notes payables to related parties	1,713,927	1,713,927	2,022,181	2,022,181
Accounts and Notes payables to suppliers	897,454	897,454	838,007	838,007

	2014		January 1, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Cash, cash equivalents and restricted trust funds	Ps. 4,998,565	Ps. 4,998,565	Ps. 5,154,918	Ps. 5,154,918
Accounts and notes receivable				
Accounts receivable to related parties	223,643	223,643	66,119	66,119
Other accounts receivable	210,327	210,327	63,527	63,527
Deficit by the grantor	10,428,201	10,428,201	7,722,873	7,722,873
Financial liabilities:				
Financial liabilities at amortized cost:				
Bank loans and note payable	Ps. 34,520,950	Ps. 34,520,950	Ps. 31,423,407	Ps. 31,423,407
Notes payables to related parties	-	-	-	-
Accounts payables to related parties	1,725,366	1,725,366	766,630	766,630
Accounts and Notes payables to suppliers	800,169	800,169	651,118	651,118

– **Fair value measurements recognized in the statements of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss				
Derivative financial instruments (CAP)	Ps. -	Ps. 18,319	Ps. -	Ps. 18,319
Financial assets designated at fair value through profit or loss				
Derivative financial instruments (FORWARD)	Ps. -	Ps. 24,782	Ps. -	Ps. 24,782
Financial assets designated at fair value through profit or loss				
Derivative financial instruments (FORWARD)	Ps. -	Ps. 6,563	Ps. -	Ps. 6,563
Financial assets designated at fair value through comprehensive income				
Derivative financial instruments (SWAP)	Ps. -	Ps. 318,485	Ps. -	Ps. 318,485

To determine the fair value of the other financial instruments, valuation techniques are used such as discounted cash flows, considering the respective dates of cash flows and the related market interest rates, discounting such cash flows with rates that reflect the counterparty's risk and the Entity's risk for the period in question.

The fair value of interest rate SWAPs is determined by discounting future cash flows using the curves at the end of the reporting and the credit risk inherent in the contract.

European CAP options are evaluated using the Black-Scholes model which measures the probability that the ceiling will be exceeded based on market inputs.

16. Stockholders' equity

Par value common stock as of December 31, 2016, 2015 and 2014 and as of January 1, 2014 is composed as follows:

	<u>2016, 2015 and 2014 and as of January 1, 2014</u>	
	<u>Number of shares</u>	<u>Amount</u>
Fixed capital	5,648	Ps. 50
Variable capital	<u>1,732,179,621</u>	<u>15,334,452</u>
Total	<u>1,732,185,269</u>	<u>Ps. 15,334,502</u>

- a. During 2016, the Entity carried out the repurchase of 454,118 shares at an average cost of Ps.16.39. Furthermore, it made sales of 1,045,800 shares at an average price of Ps.24.24. As of December 31, 2016, the Entity has 19,846,373 repurchased shares in its possession.
- b. During 2015, the Entity carried out the repurchase of 19,988,055 shares at an average cost of Ps.23.77. As of December 31, 2015, the Entity has 20,438,055 repurchased shares in its possession.
- c. On April 30, 2015, a stockholders' resolution approved the establishment of a fund for the repurchase of proprietary shares up to the amount of Ps.550,000 for the period from April 2015 through April 2016.
- d. On November 25, 2015, a stockholders' resolution agreed that the maximum limit for the fund to repurchase the Entity's proprietary shares in the period November 2015 - April 2016, will be Ps.2,000,000.
- e. On April 29, 2016, a stockholders' resolution agreed that fund for the repurchase of proprietary shares may be a maximum of Ps.2,000,000, which amount does not exceed the total balance of the Entity's net income, including retained earnings.
- f. On April 29, 2015, in accordance with its strategy to optimize the value of its assets and maximize stockholder value, the Entity completed the indirect sale to IFM Global Infrastructure Fund ("IFM") of 24.99% of the common stock of Concesionaria Mexiquense, S.A. de C.V. ("Connex") through the sale of the common stock shares of its subsidiary Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. ("OPI"). The transaction also involved the sale to IFM by OHL Mexico of 24.99% of the equity of OPCEM, S.A.P.I. de C.V., a subsidiary that will be responsible for the operation and maintenance of Connex. The final price of the transaction was Ps.9,181,103. Furthermore, expenses derived from this transaction were Ps.1,900,148.
- g. On October 4, 2016, the Entity reached agreement with IFM Global Infrastructure Fund ("IFM") to increase its equity by 24.01% in Organización de Proyectos de Infraestructura ("OPI") Entidad Subsidiaria. The form and terms regulating the increase of the equity of IFM in OPI is subject to obtaining the consent of third parties and government authorization. Once the form and terms under which such increase will be performed have been determined, small investors will be informed of the situation according to the terms established in applicable laws.

Once this transaction has been completed, IFM will increase its holding in OPI from 24.99% to 49% while the Entity will hold the remaining 51%. OPI is the holding company of Connex, a company responsible for the operation of the Circuito Exterior Mexiquense ("CEM"), a toll highway in Mexico which has a remaining useful life of 35 years. With a length of 110 km, this highway constitutes a ring road in the northeast part of Mexico City and is located in a densely populated industrial area with significant vehicular traffic.

IFM has agreed to pay MX Ps.8,644 million as consideration for the increase of its holding in OPI.

At the date of this report, this transaction has not been completed.

- h. On December 20, 2016, a cash dividend of Ps.684,936 was paid to the stockholders for of Ps..40 for each share outstanding; such dividend was declared on April 29, 2016 at the Stockholders' Annual Ordinary General Meeting of the Company, and its Board of Directors was authorized to determine the date of the payment.

The payment of the dividend comes from the Net Tax Income Account of the Entity generated as of December 31, 2013, for which reason it is not subject to withholding by the Entity.

- i. At a Stockholders' Annual General Meeting held on April 28, 2016, OPCEM, S.A.PI. de C.V. (a Subsidiary of OHL México) agreed to declare dividends to its stockholders derived from the results from the year 2015, in the amount of Ps.49,100, of which Ps.12,270 refers to the noncontrolling interest.
- j. On May 27 and June 8, 2016, the Entity paid dividends through its subsidiary CAPSA, S.A. de C.V. to the noncontrolling interest for Ps.8,629.

17. Transactions and balances with related parties

- a. Transactions with related parties performed in the regular course of the Entity's business for the year ended December 31, 2016, 2015 and 2014 were as follows:

	2016	2015	2014
Construction services received, includes capitalized	Ps. 51,417	Ps. 266,038	Ps. 1,133,002
Services received	-	91,308	53,604
Services provided	(80,340)	(75,011)	(68,394)
Other expenses	27,983	1,168	-
Other income	(8,900)	(24,412)	(13,335)
Accrued interest income	(96,289)	(64,789)	(6,256)
Accrued interest payable	45,452	47,389	37,176
Interest paid	(41,915)	-	-
Financing payments	(256,632)	(837,500)	(50,000)
Loans granted	526,234	275,000	146,000
Loans received	(483,610)	(455,532)	-
Loans paid	(40,000)	-	-
Acquisition of assets	4,231	-	-
Dividend received	(215,400)	-	-
Dividend paid	(684,936)	-	-

b. Balances with related parties are as follows:

	2016	2015	2014	January 1, 2014
Receivable:				
Controladora Vía Rápida Poetas, S. A. P. I. de C. V. ⁽²⁾	Ps. 534,787	Ps. 497,481	Ps. 202,051	Ps. 53,207
Constructora Libramiento Elevado de Puebla, S.A. de C.V.	218,892	-	-	-
Coordinadora Vía Rápida Poniente, S. A. P. I. de C. V.	16,500	-	-	-
Libramiento Elevado de Puebla, S.A. de C.V.	12,322	-	-	-
Obrascón Huarte Lain, S. A. (Branch Mexico)	8,899	10,460	5,711	2,329
Operadora Vía Rápida Poetas, S.A.P.I. de C.V.	8,748	6,792	14,120	7,944
IEPI México, S. A. de C. V.	150	1,726	460	1,004
Obrascón Huarte Lain, S. A. (Branch Spain)	1,115	1,115	361	769
Other Related Parties	<u>1,833</u>	<u>11,917</u>	<u>940</u>	<u>866</u>
	<u>Ps. 803,246</u>	<u>Ps. 529,491</u>	<u>Ps. 223,643</u>	<u>Ps. 66,119</u>
	2016	2015	2014	January 1, 2014
Long-term receivable				
Libramiento Elevado de Puebla, S.A. de C.V. ⁽¹⁾	Ps. 662,309	Ps. 830,599	Ps. -	Ps. -
Libramiento Elevado de Puebla, S.A. de C.V. (Loand) ⁽⁵⁾	<u>504,481</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>Ps. 1,166,790</u>	<u>Ps. 830,599</u>	<u>Ps. -</u>	<u>Ps. -</u>
Payables:				
Constructora Libramiento Elevado de Puebla, S.A. de C.V. ⁽³⁾	Ps. 506,012	Ps. 473,830	Ps. -	Ps. -
Constructora de Proyectos Viales de México, S. A. de C. V. ("CPVM")	162,773	136,806	769,743	320,044
OHL Concesiones, S. A. U.	16,533	71,740	116,432	58,311
OHL Infrastructure, Inc.	-	-	685	-

	2016	2015	2014	January 1, 2014
Coordinadora Vía Rápida Poniente, S. A. P. I. de C. V.	-	-	-	775
Other Related Parties	<u>415</u>	<u>1,911</u>	<u>-</u>	<u>-</u>
	<u>685,733</u>	<u>684,287</u>	<u>886,860</u>	<u>379,130</u>
Notes payable:				
OHL Concesiones, S. A. U (6)	-	-	501,006	-
AMAIT (1)	<u>-</u>	<u>-</u>	<u>337,500</u>	<u>387,500</u>
Accounts and notes payable	<u>Ps. 685,733</u>	<u>Ps. 684,287</u>	<u>Ps. 1,725,366</u>	<u>Ps. 766,630</u>
Long-term notes payable:				
IFM Global Infrastructure Fund ("IFM") ⁽⁴⁾	<u>Ps. 1,028,194</u>	<u>Ps. 1,337,894</u>	<u>Ps. -</u>	<u>Ps. -</u>

- (1) On August 19, 2014, the State Government of Puebla granted the concession to AUTOVÍAS, for the construction, exploitation, conservation and maintenance of the Elevated Viaduct above the Mexico-Puebla federal highway, from kilometer 115 to kilometer 128+300 in the Metropolitan zone of Puebla. On January 8, 2015, the First Amendment agreement was made to the concession title assignment agreement dated August 20, 2014, whereby the Entity assigned to Libramiento Elevado de Puebla, S.A. de C.V. the work of construction, exploitation, operation, conservation and maintenance of the Bypass (Libramiento). The amount of the consideration for the assignment of the concession title which at the date of this report has not been collected, generates interest on the unpaid balance of 10% annually, plus any inflation registered in the period of the respective calculation.
- (2) On July 16, 2012, the Entity, acting as borrower, entered into an unsecured credit contract with POETAS for up to Ps.400,000, payable as of December 31, 2012, earning interest at two percentage points above the TIIE rate. On November 30, 2012, a first amendment agreement to this contract was signed, establishing December 31, 2013 as the expiration date. On November 30, 2013, a second amendment agreement was signed to extend the maturity date to December 31, 2014. On December 1, 2014, a third amendment agreement was signed to extend the maturity date to December 31, 2015. On October 7, 2015, a fourth amendment agreement was signed to expand the line of credit for up to Ps.550,000, and extend the maturity date to December 31, 2016.
- (3) On June 4, 2015, the Entity, acting as borrower, signed an unsecured credit contract with CLEP for up to an amount of Ps.561,000, payable up to the 12 month anniversary of the disposition date of each of the amounts exercised, accruing interest at an annual rate of 9%.
- On May 10, 2016, the Entity, acting as borrower, signed a second unsecured credit contract with CLEP for up to Ps.433,500, payable in a 10 month period computed as of the signing date of this contract, accruing interest at an annual rate of 9%.
- (4) During the year 2015, the Entity considered the provisions for future capital increases (AFAC) of the noncontrolling interest (IFM), as long-term notes payable to related parties. The amount of the reclassification was Ps.1,407,832.

On November 6, 2015, the Entity reduced the AFACs in favor of IFM for Ps.69,938.

On October 10, 2016, the Entity reduced the AFACs in favor of IFM for Ps.309,700.

- (5) On May 17, 2016, the Entity, acting as lender, signed an unsecured credit contract with LEP, for up to Ps.969,000, payable up to the completion of 36 months after the disposition date of each of the amounts exercised, accruing interest at 230 base points above the 28 days TIIE rate.
- (6) On December 19, 2014, OHL México obtained a line of credit from its holding company OHL Concesiones, S. A. U. for up to Ps.800 million Mexican pesos at 2.74% above the 28 days TIIE rate, maturing on June 18, 2015. As of December 31, 2015, Ps.500 million Mexican pesos had been exercised. On June 6, 2015, this credit was paid
- c. The total compensation of the key directors includes base salary, performance bonuses and benefits in cash and other benefits which amounted to Ps. 86 and Ps. 63 million for the years ended December 31, 2016 and 2015, respectively.

18. Integration of cost and expenses by nature

a. Other operating costs and expenses

	2016	2015	2014
Operating expenses	Ps. 692,594	Ps. 668,478	Ps. 522,786
Major maintenance	400,140	302,245	486,709
Administrative expenses and others	292,107	268,013	208,101
Insurance and bonds	108,607	72,398	82,754
PTU	4,933	2,621	1,294
	<u>Ps. 1,498,381</u>	<u>Ps. 1,313,755</u>	<u>Ps. 1,301,644</u>

b. General and administrative expenses

	2016	2015	2014
Services contracted	Ps. 179,472	Ps. 142,745	Ps. 105,769
Other extraordinary expenses	249,086	73,483	-
Project expenses	13,429	11,464	26,831
Fees	41,322	95,705	78,171
Other expenses	66,281	47,165	39,896
Leases	20,846	15,997	15,870
	<u>Ps. 570,436</u>	<u>Ps. 386,559</u>	<u>Ps. 266,537</u>

19. Income taxes

The Entity is subject to ISR. The rate of current income is 30%. The Entity incurred ISR on a consolidated basis until 2014 with its Mexican subsidiaries. As a result of the 2014 Tax Law, the tax consolidation regime was eliminated, and the Entity and its subsidiaries have the obligation to pay the deferred income tax benefit calculated as of that date over a 10 year period beginning in 2014, as illustrated below.

In accordance with current tax provisions, this ISR will be due and payable as follows:

	2009	2010	2011	2012	2013	Accumulated
2017	Ps. 23,650	Ps. 14,407	Ps. 40,329	Ps. -	Ps. -	Ps. 78,386
2018	17,738	11,524	40,329	108,701	-	178,292
2019	17,738	8,644	32,263	108,701	51,750	219,096
2020	-	8,644	24,197	86,961	51,750	171,552
2021	-	-	24,197	65,220	41,400	130,817
2022	-	-	-	65,220	31,050	96,270
2023	-	-	-	-	31,051	31,051
	<u>Ps. 59,126</u>	<u>Ps. 43,219</u>	<u>Ps. 161,315</u>	<u>Ps. 434,803</u>	<u>Ps. 207,001</u>	<u>Ps. 905,464</u>

While the 2014 Tax Law repealed the tax consolidation regime, an option was established, which allows groups of companies to determine a joint calculation of ISR (tax integration regime). The new regime allows groups of consolidated companies that share common direct or indirect ownership of more than 80%, certain benefits in the tax payment (when the group of companies include both profit and loss entities in the same period), which can be deferred over three years and reported, as updated, at the filing date of the tax declaration corresponding to the tax year following the completion of the abovementioned three-year period.

On March 14, 2014, OHL México, S.A.B. de C.V. filed a notice to confirm its intention to pay tax according to the new Optional Regime for Company Groups referred to by Chapter VI of Title II of the Income Tax Law.

In accordance with the Mexican Miscellaneous Tax Resolution in 2014, entities at December 31, 2013 that have tax loss carryforwards to be amortized at the subsidiary level cannot include such losses in the determination of the taxable income of the consolidated entity until such losses have been amortized at the individual subsidiary level, corresponding to tax years prior to 2014.

Subsidiaries of the Entity that do not meet the characteristics to be included in the optional consolidation regime mentioned above are GANA and CAPSA, as the Entity does not hold more than 80% of their shares.

Due to capital movements in different entities, neither OPI, CONMEX and OPCEM are currently included.

a. Income tax expense for the years ended December 31, 2016, 2015 and 2014 are as follows:

	2016	2015	2014
Deferred income tax	Ps. 3,252,248	Ps. 2,229,635	Ps. 2,782,687
Current income tax	<u>105,100</u>	<u>98,291</u>	<u>79,018</u>
	<u>Ps. 3,357,348</u>	<u>Ps. 2,327,926</u>	<u>Ps. 2,861,705</u>

b. As of December 31, 2016, 2015 and 2014 and as of January 1, 2014, the main items comprising the liability balance of deferred ISR are as follows:

	2016	2015	2014	January 1, 2014
Deferred ISR asset:				
Effect of				
unconsolidated tax				
losses of the				
subsidiaries which				
have not been				
applied	Ps. 5,267,221	Ps. 5,159,738	Ps. 4,347,486	Ps. 3,541,440
Derivative financial				
instruments	-	145,493	185,321	45,369
Customer advances	2,259	614	5,536	6,058
Other assets	20	-	-	-
Accounts payable to				
suppliers,				
subcontractors,				
accrued expenses and				
labor obligations	<u>492,452</u>	<u>462,899</u>	<u>624,084</u>	<u>780,773</u>
	<u>5,761,952</u>	<u>5,768,744</u>	<u>5,162,427</u>	<u>4,373,640</u>

	2016	2015	2014	January 1, 2014
Derivative financial instruments	95,545	-	-	-
FINFRA	514	825	3,360	26,048
	-	-	-	86,745
Investment in concession, including guaranteed profitability	22,112,048	18,314,130	15,430,112	12,201,669
Other assets	-	5,509	12,084	44,372
	<u>22,208,107</u>	<u>18,320,464</u>	<u>15,445,556</u>	<u>12,358,834</u>
Deferred income taxes	<u>16,446,155</u>	<u>12,551,720</u>	<u>10,283,129</u>	<u>7,985,194</u>
Short-term deferred income taxes	<u>-</u>	<u>399,850</u>	<u>-</u>	<u>-</u>
Total liability, Net	<u>Ps. 16,446,155</u>	<u>Ps. 12,951,570</u>	<u>Ps. 10,283,129</u>	<u>Ps. 7,985,194</u>

- c. The reconciliation of the statutory ISR rate and the effective rate expressed as a percentage of income before taxes on income is:

	2016 %	2015 %	2014 %	January 1, 2014 %
Statutory rate	30.00	30.00	30.00	30.00
Add (less) the effect of permanent differences, mainly the effects of inflation, net	(1.00)	(0.52)	2.50	3.40
Effect of change in the estimate for the valuation reserve	1.59	(3.19)	(2.65)	1.28
Equity in the income of associated entity	<u>(1.77)</u>	<u>(2.74)</u>	<u>(1.39)</u>	<u>(1.98)</u>
Effective rate	<u>28.82</u>	<u>23.55</u>	<u>28.46</u>	<u>32.70</u>

- d. At December 31, 2016, 2015 and 2014 and as of January 1, 2014, the deferred income tax liability recognized in the balance sheet is Ps. 16,446,155, Ps. 12,951,570, Ps. 11,232,563 and Ps. 8,964,190, respectively.

According to rule I.3.4.31 of the Omnibus Tax Ruling in effect on April 29, 2009, taxpayers engaged in the exploitation of a concession, authorization or permit granted by the Federal Government may apply their tax losses until they are depleted, the concession, authorization or permit ends or the Entity is liquidated, whichever occurs first. The advantage represented by restated individual tax loss carryforwards is Ps.18,765,273, for which a deferred income tax asset of Ps.5,629,582 has been recognized, of which Ps.362,361 as deferred income tax estimate tax losses.

20. Business segment data

For management purposes, the Entity is organized into five reportable segments, corresponding to the six concession projects. These represent strategic divisions of the Entity. The divisions offer different services and are administrated separately by a General Director, who is in charge of the operating decisions and the review of the internal administrative reports.

A summary of certain segment information is as follows, as of December 31, 2016, 2015 and 2014:

	2016						
	CONMEX	VIADUCTO	GANÁ	AUNORTE	AT-AT	Other and eliminations	Total consolidated
Revenues for tolls	Ps. 3,377,699	Ps. 720,382	Ps. 607,079	Ps. 690,944	Ps. -	Ps. -	Ps. 5,396,104
Revenues from valuation of the intangible assets	5,452,843	824,238	-	1,760,506			8,037,587
Adjustment for valuation of the deficit by the grantor	<u>526,247</u>	<u>1,199,258</u>	<u>-</u>	<u>1,477,828</u>	<u>-</u>	<u>-</u>	<u>3,203,333</u>
Total revenues from concession operation	9,356,789	2,743,878	607,079	3,929,278	-	-	16,637,024
Revenues for construction	29,883	6,924	-	18,391	2,055,015	19,173	2,129,386
Revenues for services and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,713</u>	<u>132,713</u>
	9,386,672	2,750,803	607,079	3,947,669	2,055,015	151,886	18,899,123
Income before other income, net	8,614,639	2,469,361	303,015	3,627,170	-	(338,622)	14,675,563
Amortization of investments in concessions and depreciation	4,822	738	49,117	421	-	25,109	80,207
Financing cost	1,996,777	566,804	156,886	640,696	-	353,774	3,714,937
Equity in income of associated entity and joint ventures	-	-	-	-	-	688,410	688,410
Income taxes	1,874,907	511,556	52,474	861,534	-	56,877	3,357,348
Intangible asset by concessions							
Investment in recoverable infrastructure through future toll flows	24,812,506	11,749,269	1,463,329	11,532,917	2,055,015	-	51,613,036
Portion of intangible recoverable through future toll flows	<u>35,376,862</u>	<u>4,106,977</u>	<u>-</u>	<u>7,560,185</u>	<u>-</u>	<u>-</u>	<u>47,044,024</u>
Intangible asset by concessions	60,189,368	15,856,246	1,463,329	19,093,102	2,055,015	-	98,657,060
Deficit by the grantor	<u>3,072,215</u>	<u>7,534,843</u>	<u>-</u>	<u>5,593,246</u>	<u>-</u>	<u>-</u>	<u>16,200,304</u>
Total investment in concession	<u>63,261,583</u>	<u>23,391,089</u>	<u>1,463,329</u>	<u>24,686,348</u>	<u>2,055,015</u>	<u>-</u>	<u>114,857,364</u>
Total assets	66,230,253	23,636,128	2,475,831	25,013,617	2,916,287	11,142,259	131,414,375
Long-term debt and current portion	16,146,231	5,572,716	1,840,382	5,724,345	-	5,029,357	34,313,031
Total liabilities	34,055,816	8,614,631	1,936,588	10,019,419	40,378	618,029	55,284,861

	2015													
	CONMEX		VIADUCTO		GANA		AUNORTE		AT-AT		Other and eliminations		Total consolidated	
Revenues for tolls	Ps.	2,940,896	Ps.	668,351	Ps.	548,176	Ps.	546,906	Ps.	-	Ps.	-	Ps.	4,704,329
Revenues from valuation of the intangible assets		4,604,187		615,523		-		1,639,043		-		-		6,858,753
Adjustment for evaluation of the deficit by the grantor		422,154		961,107		-		1,185,509		-		-		2,568,770
Total revenues from concession operation		7,967,237		2,244,981		548,176		3,371,458		-		-		14,131,852
Revenues for construction		7,555		161,573		-		111,752		-		-		280,880
Revenues for services and other		-		-		-		-		-		110,104		110,104
		7,974,792		2,406,556		548,176		3,483,209		-		110,104		14,522,837
Income before other income, net		7,311,037		2,020,179		272,454		3,114,527		-		(244,701)		12,473,496
Amortization of investment of infrastructure and depreciation		5,166		787		65,108		496		-		29,803		101,360
Finance cost		1,698,102		525,533		148,283		670,571		-		445,755		3,488,244
Equity in income of associates and joint ventures		-		-		-		-		-		901,364		901,364
Income taxes		1,626,936		377,704		48,405		719,110		-		(444,229)		2,327,926
Intangible asset by concessions														
Investment in recoverable infrastructure through future toll flows		24,782,624		11,742,345		1,503,697		11,514,530		1,313,023		-		50,856,219
Portion of intangible recoverable through future toll flows		29,924,019		3,282,739		-		5,799,679		-		-		39,006,437
Intangible asset by concessions		54,706,643		15,025,084		1,503,697		17,314,209		1,313,023		-		89,862,656
Deficit by the grantor		2,545,967		6,335,585		-		4,115,419		-		-		12,996,971
Total investment in concession		57,252,610		21,360,669		1,503,697		21,429,628		1,313,023		-		102,859,627
Total asset		59,618,133		21,694,945		2,376,480		22,053,474		1,685,994		13,529,402		120,958,428
Long-term debt and current portion		15,190,604		5,516,349		1,835,235		6,034,415		-		4,810,679		33,387,282
Total liabilities		24,714,837		8,072,927		1,906,698		9,530,319		14,767		8,761,158		53,000,706

	2014															
	CONMEX		VIADUCTO		GANA		AUNORTE		AUTOVIAS		AT-AT		Other and eliminations		Total consolidated	
Revenues for tolls	Ps.	2,361,005	Ps.	465,530	Ps.	479,748	Ps.	422,294	Ps.	-	Ps.	-	Ps.	-	Ps.	3,728,577
Revenues from valuation of the intangible assets		5,306,690		852,189		-		2,182,139		-		-		-		8,341,018
Adjustment for evaluation of the deficit by the grantor		<u>432,811</u>		<u>1,057,080</u>		<u>-</u>		<u>1,215,437</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>2,705,328</u>
Total revenues from concession operation		8,100,506		2,374,799		479,748		3,819,870		-		-		-		14,774,923
Revenues for construction		50,568		1,224,079		-		97,262		-		-		-		1,371,909
Revenues for services and other		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>96,368</u>		<u>96,368</u>
		8,151,074		3,598,878		479,748		3,917,131		-		-		96,368		16,243,200
Income before other income, net		7,385,909		2,168,640		206,671		3,562,702		(22,709)		-		(41,682)		13,259,531
Amortization of investment of infrastructure and depreciation		4,837		848		60,491		936		-		-		24,273		91,385
Finance cost		1,636,749		523,471		184,239		635,767		(402)		-		691,843		3,671,667
Equity in income of associates and joint ventures		-		-		-		-		-		-		466,723		466,723
Income taxes		1,519,458		426,981		11,979		828,690		-		-		74,597		2,861,705
Intangible asset by concessions																
Investment in recoverable infrastructure through future toll flows		24,775,068		11,585,572		1,568,650		11,436,520		747,023		1,103,277		-		51,216,110
Portion of intangible recoverable through future toll flows		<u>25,319,832</u>		<u>2,667,216</u>		<u>-</u>		<u>4,160,636</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>32,147,684</u>
Intangible asset by concessions		50,094,900		14,252,787		1,568,650		15,597,156		747,023		1,103,277		-		83,363,793
Deficit by the grantor		<u>2,123,814</u>		<u>5,374,477</u>		<u>-</u>		<u>2,929,910</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>10,428,201</u>
Total investment in concession		<u>52,218,714</u>		<u>19,627,264</u>		<u>1,568,650</u>		<u>18,527,066</u>		<u>747,023</u>		<u>1,103,277</u>		<u>-</u>		<u>93,791,994</u>
Total assets		55,098,881		19,964,299		2,345,501		18,811,655		790,977		1,218,665		6,395,860		104,625,838
Long-term debt and current portion		14,531,930		5,453,569		1,842,738		5,990,592		-		-		6,702,121		34,520,950
Total liabilities		22,519,185		7,893,896		1,931,271		9,696,160		24,359		3,201		7,640,002		49,708,074

21. Non cash transactions

During the current year, the Entity entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- A stockholders’ annual general meeting held on April 27, 2016, it was approved a declaration of dividends by the associated company “Constructora Libramiento Elevado de Puebla, S.A. de C.V.” (“CLEP”) to OHL for the amount of Ps.198,900. These dividends were paid with the account payable held by the Entity with CLEP, for which reason as of December 31, 2016 this transaction did not affect the cash flows of the Entity.
- On July 5, 2016, a resolution was approved declaring a payment of dividends from Coordinadora Vía Rápida Poniente, S.A.P.I. de C. V. (“PONIENTE”) to the Entity in the amount of Ps.16,500. At the date of this report, the respective payments have not been received.
- During the year 2016, the Entity recognized construction revenues and costs for Ps.1,313,023, for which no cash flows were received or required.

22. Approval of the issuance of the financial statements

On February 22, 2017, the issuance of the consolidated financial statements prepared in accordance with IFRS was authorized by Sergio Hidalgo Monroy Portillo, General Director of OHL México, S. A. B. de C. V. and these consolidated financial statements are subject to approval at the Board of Directors and the general ordinary stockholders’ meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law.

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