ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Consolidated Directors' Report for the six-month period ended 30 June 2013, together with Report on Limited Review

Translation of a report originally issued in Spanish based on our work performed in accordance with the limited review regulations in force in Spain and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1.a and 20). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the limited review regulations in force in Spain and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1.a and 20). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of ACS, Actividades de Construcción y Servicios, S.A., at the request of the Board of Directors of the Company:

1. We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of ACS, Actividades de Construcción y Servicios, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position at 30 June 2013 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's Directors are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

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

3. As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might lead us to conclude that the accompanying interim financial statements for the six-month period ended 30 June 2013 were not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, in conformity with Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

4. Without affecting our conclusion, we draw attention to Note 1-a) to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2012.

5. The accompanying interim consolidated Directors' report for the first six months of 2013 contains the explanations which the Parent's Directors consider appropriate about the significant events that took place in that period and their effect on the interim half-yearly financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim directors' report is consistent with that contained in the consolidated financial statements included in the half-yearly financial information for 2013 referred to in paragraph 1 above. Our work was confined to checking the interim Directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries.

6. This report was prepared at the request of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. in relation to the publication of the half-yearly financial report required by Article 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Ignacio Alcaraz Elorrieta
29 August 2013

ACS Actividades de Construcción y Servicios, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2013

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ASSETS	Note	Thousands of Euros	
		30/06/2013	31/12/2012
		(*)	(**)
NON-CURRENT ASSETS		**15,297,316**	**15,172,747**
Intangible assets	2	**4,406,416**	**4,540,185**
Goodwill		2,546,540	2,559,822
Other intangible assets		1,859,876	1,980,363
Tangible assets - property, plant and equipment	3	**2,937,224**	**2,950,977**
Non-current assets in projects	4	**1,007,553**	**729,893**
Investment property		**68,889**	**71,086**
Investments accounted for using the equity method	5	**1,727,256**	**1,731,614**
Non-current financial assets	6	**1,804,351**	**1,848,469**
Long term cash collateral deposits	10	**442,890**	**362,722**
Derivative financial instruments	11	**505,859**	**470,697**
Deferred tax assets	12	**2,396,878**	**2,467,104**
CURRENT ASSETS		**25,687,783**	**26,390,629**
Inventories	7	**1,990,584**	**1,920,115**
Trade and other receivables		**11,557,245**	**11,414,486**
Trade receivables for sales and services		10,279,191	10,158,368
Other receivable		1,137,439	1,173,250
Current tax assets		140,615	82,868
Other current financial assets	6	**1,665,509**	**1,705,449**
Derivative financial instruments	11	**14,903**	**9,014**
Other current assets		**171,120**	**212,238**
Cash and cash equivalents		**3,737,898**	**4,527,836**
Non-current assets held for sale and discontinued operations	1 f)	**6,550,524**	**6,601,491**
TOTAL ASSETS		**40,985,099**	**41,563,376**

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of financial position at 30 June 2013.

(*) Unaudited

(**) Restated unaudited

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		30/06/2013	31/12/2012
		(*)	(**)
EQUITY	8	**5,979,059**	**5,711,508**
SHAREHOLDERS' EQUITY		**3,659,346**	**3,382,358**
Share capital		**157,332**	**157,332**
Share premium		**897,294**	**897,294**
Reserves		**2,332,476**	**4,830,361**
(Treasury shares and equity interests)		**(84,450)**	**(574,696)**
Profit for the period of the parent		**356,694**	**(1,927,933)**
(Interim dividend)		**-**	**-**
ADJUSTMENTS FOR CHANGES IN VALUE		**(676,223)**	**(725,840)**
Available-for-sale financial assets		**7,160**	**154**
Hedging instruments		**(661,478)**	**(801,806)**
Exchange differences		**(21,905)**	**75,812**
EQUITY ATTRIBUTED TO THE PARENT		**2,983,123**	**2,656,518**
NON-CONTROLLING INTERESTS		**2,995,936**	**3,054,990**
NON-CURRENT LIABILITIES		**11,843,074**	**10,917,000**
Grants		**51,787**	**54,215**
Non- current provisions	9	**1,809,917**	**1,892,041**
Non-current financial liabilities	10	**7,794,770**	**6,956,583**
Bank borrowings, debt instruments and other marketing securities		6,508,293	5,745,365
Project finance with limited recourse		1,153,761	1,103,847
Other financial liabilities		132,716	107,371
Derivative financial instruments	11	**569,975**	**594,363**
Deferred tax liabilities	12	**1,391,969**	**1,232,499**
Other non-current liabilities		**224,656**	**187,299**
CURRENT LIABILITIES		**23,162,966**	**24,934,868**
Current provisions		**1,036,994**	**1,213,613**
Current financial assets	10	**4,016,041**	**4,591,375**
Bank borrowings, debt , and other held-for-trading liabilities		3,479,476	3,943,345
Project finance with limited recourse		266,955	278,575
Other financial liabilities		269,610	369,455
Derivative financial instruments	11	**20,488**	**23,865**
Trade and other payables		**13,413,905**	**14,741,614**
Suppliers		8,570,001	8,726,149
Other payables		4,714,618	5,945,128
Current tax liabilities		129,286	70,337
Other current liabilities		**692,131**	**275,121**
Liabilities relating to non-current assets held for sale and discontinued operations	1 f)	**3,983,407**	**4,089,280**
TOTAL EQUITY AND LIABILITIES		**40,985,099**	**41,563,376**

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of financial position at 30 June 2013.

(*) Unaudited

(**) Restated unaudited

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

	Note	Thousands of Euros	
		30/06/2013	**30/06/2012**
		(*)	**(**)**
REVENUE	13	**19,121,264**	**18,833,251**
Changes in inventories of finished goods and work in progress		113,340	55,300
Capitalised expenses of in-house work on assets		3,262	6,825
Procurements		(11,934,976)	(11,877,211)
Other operating income		239,179	303,306
Staff costs		(4,465,346)	(4,249,156)
Other operating expenses		(1,550,533)	(1,515,062)
Depreciation and amortisation charge		(678,035)	(728,400)
Allocation of grants relating to non-financial assets and others		1,747	1,771
Impairment and gains on the disposal of non-current assets		(16,184)	(1,790)
Other profit or loss		(128)	15,411
OPERATING INCOME		**833,590**	**844,245**
Financial income	14	192,218	370,485
Financial costs		(545,226)	(722,838)
Changes in the fair value of financial instruments	17	18,740	(145,176)
Exchange differences		(5,391)	17,688
Impairment and gains or losses on the disposal of financial instruments	16	196,781	(2,356,063)
FINANCIAL RESULT		**(142,878)**	**(2,835,904)**
Results of companies accounted for using the equity method	5	120,901	265,505
PROFIT BEFORE TAX		**811,613**	**(1,726,154)**
Income tax	12	(228,968)	623,874
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**582,645**	**(1,102,280)**
Profit after tax from discontinued operations	1.f) (***)	-	107,465
PROFIT FOR THE PERIOD		**582,645**	**(994,815)**
Profit attributed to non-controlling interests	8	(225,951)	(238,637)
Profit from discontinued operations attributable to non-controlling interests		-	(11)
PROFIT ATTRIBUTABLE TO THE PARENT		**356,694**	**(1,233,463)**

(***) Profit after tax from discontinued operations attributable to non-controlling interests	1.f)	-	107,454

EARNINGS PER SHARE

		Thousands of Euros	
		30/06/2013	**30/06/2012**
Basic earnings per share	1.n)	1.15	(4.26)
Diluted earnings per share	1.n)	1.12	(4.26)
Basic earnings per share from discontinued operations	1.n)		0.37
Basic earnings per share from discontinued operations	1.n)	1.15	(4.63)
Diluted earnings per share from continuing operations	1.n)	1.15	(4.63)

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated income statement at 30 June 2013.

(*) Unaudited

(**) Restated unaudited

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

	Thousands of Euros					
	30/06/2013 (*)			30/06/2012 (**)		
	Of the Parent	Of non-controlling interests	Total	Of the Parent	Of non-controlling interests	Total
A) Total consolidated profit	**356,694**	**225,951**	**582,645**	**(1,233,463)**	**238,648**	**(994,815)**
Profit/(Loss) from continuing operations	356,694	225,951	582,645	(1,340,917)	238,637	(1,102,280)
Profit/(Loss) from discontinued operations	-	-	-	107,454	11	107,465
B) Income and expenses recognised directly in equity	**45,893**	**(112,404)**	**(66,511)**	**(1,020,622)**	**7,119**	**(1,013,503)**
Measurement of financial instruments	10,001	(1,554)	8,447	(1,288,424)	(6,305)	(1,294,729)
Cash flow hedges	162,261	25,417	187,678	(127,951)	(2,593)	(130,544)
Exchange differences	(96,692)	(134,197)	(230,889)	22,394	54,697	77,091
Arising from actuarial profit and loss and losses (***)	8,342	6,918	15,260	(62,607)	(58,442)	(121,049)
Tax effect	(38,019)	(8,988)	(47,007)	435,966	19,762	455,728
C) Transfers to consolidated income statement	**8,392**	**(2,266)**	**6,126**	**1,619,797**	**11,698**	**1,631,495**
Measurement of financial instruments	-	-	-	2,211,830	-	2,211,830
Cash flow hedges	12,402	(3,194)	9,208	80,961	16,711	97,672
Exchange differences	(1,025)	-	(1,025)	(56)	-	(56)
Tax effect	(2,985)	928	(2,057)	(672,938)	(5,013)	(677,951)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**410,979**	**111,281**	**522,260**	**(634,288)**	**257,465**	**(376,823)**

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of comprehensive income at 30 June 2013.

(*) Unaudited

(**) Restated unaudited

(***) The only item of income and expense recognized directly in equity which cannot be subsequently subject to transfer to the income statement is the one corresponding to actuarial profit and losses.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

	Thousands of Euros (*)								
	Share capital	**Share premium**	**Retained earnings and other reserves**	**Treasury shares**	**Valuation adjustments**	**Profit/(Loss) attributed to the Parent**	**Interim dividend**	**Non-controlling interests**	**TOTAL**
Balance at 31 December 2011	**157,332**	**897,294**	**4,709,557**	**(760,651)**	**(2,363,192)**	**961,940**	**(283,198)**	**2,872,182**	**6,191,264**
Income/(expenses) recognised in equity	-	-	(41,237)	-	639,683	(1,232,734)	-	257,465	**(376,823)**
Stock options	-	-	4,354	-	-	-	-	-	**4,354**
Distribution of profit from the prior year									
To reserves	-	-	462,045	-	-	(462,045)	-	-	**-**
To dividends	-	-	24,143	-	-	(499,895)	283,198	(99,841)	**(292,395)**
Treasury shares	-	-	(16,432)	(30,631)	-	-	-	-	**(47,063)**
Change in listed investees as a result of actuarial and other gains	-	-	(60,791)	-	-	-	-	-	**(60,791)**
Change in the scope of consolidation and other effects of a lesser amount	-	-	(254)	-	-	-	-	(133,851)	**(134,105)**
Balance at 30 June 2012	**157,332**	**897,294**	**5,081,385**	**(791,282)**	**(1,723,509)**	**(1,232,734)**	**-**	**2,895,955**	**5,284,441**
IAS 19 revised	-	-	729	-	-	(729)	-	-	**-**
Balance at 30 June 2012 adjusted	**157,332**	**897,294**	**5,082,114**	**(791,282)**	**(1,723,509)**	**(1,233,463)**	**-**	**2,895,955**	**5,284,441**

	Thousands of Euros (*)								
	Share capital	**Share premium**	**Retained earnings and other reserves**	**Treasury shares**	**Valuation adjustments**	**Profit/(Loss) attributed to the Parent**	**Interim dividend**	**Non-controlling interests**	**TOTAL**
Balance at 31 December 2012	**157,332**	**897,294**	**4,828,866**	**(574,696)**	**(725,840)**	**(1,926,438)**	**-**	**3,054,990**	**5,711,508**
IAS 19 revised	-	-	1,495	-	-	(1,495)	-	-	**-**
Balance at 31 December 2012 adjusted	**157,332**	**897,294**	**4,830,361**	**(574,696)**	**(725,840)**	**(1,927,933)**	**-**	**3,054,990**	**5,711,508**
Income/(expenses) recognised in equity	-	-	4,668	-	49,617	356,694	-	111,281	**522,260**
Stock options	-	-	3,525	-	-	-	-	-	**3,525**
Distribution of profit from the prior year									
To reserves	-	-	(2,277,840)	-	-	2,277,840	-	-	**-**
To dividends	-	-	-	-	-	(349,907)	-	(99,065)	**(448,972)**
Treasury shares	-	-	(198,831)	490,246	-	-	-	-	**291,415**
Change in listed investees as a result of actuarial and other gains	-	-	(23,908)	-	-	-	-	-	**(23,908)**
Change in the scope of consolidation and other effects of a lesser amount	-	-	(5,499)	-	-	-	-	(71,270)	**(76,769)**
Balance at 30 June 2013	**157,332**	**897,294**	**2,332,476**	**(84,450)**	**(676,223)**	**356,694**	**-**	**2,995,936**	**5,979,059**

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of changes in equity at 30 June 2013.

(*) Restated unaudited

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

		Thousands of Euros	
		30/06/2013	**30/06/2012**
		(*)	**(**)**
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**	**(334,443)**	**395,682**
1.	**Profit/(Loss) before tax**	**811,613**	**(1,726,154)**
2.	**Adjustments for:**	**703,953**	**2,983,073**
	Depreciation and amortisation charge	678,035	728,400
	Other adjustments to profit (net) (Note 1.j)	25,918	2,254,673
3.	**Changes in working capital**	**(1,539,492)**	**(728,286)**
4.	**Other cash flows from operating activities:**	**(310,517)**	**(132,951)**
	Interest payable	(534,180)	(675,981)
	Dividends received	198,631	378,656
	Interest received	112,261	179,810
	Income tax payment/proceeds	(87,229)	(15,436)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES**	**(649,138)**	**522,152**
1.	**Investment payables:**	**(1,261,138)**	**(1,591,017)**
	Group companies, associates and business units	(277,449)	(351,121)
	Property, plant and equipment, intangible assets and property investments	(824,418)	(892,072)
	Other financial assets	(129,195)	(317,693)
	Other assets	(30,076)	(30,131)
2.	**Divestment:**	**612,000**	**2,113,169**
	Group companies, associates and business units	524,020	1,047,549
	Property, plant and equipment, intangible assets and investment property	70,412	255,389
	Other financial assets	14,537	806,423
	Other assets	3,031	3,808
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**	**260,086**	**(1,181,345)**
1.	**Equity instrument proceeds (and payment):**	**291,416**	**(30,631)**
	Acquisition	(159,571)	(73,024)
	Disposal	450,987	42,393
2.	**Liability instrument proceeds (and payment):**	**261,113**	**(634,827)**
	Issue	1,889,947	2,772,362
	Refund and repayment	(1,628,834)	(3,407,189)
3.	**Dividends paid and remuneration relating to other equity instruments**	**(130,316)**	**(357,542)**
4.	**Other cash flows from financing activities:**	**(162,127)**	**(158,345)**
	Other financing activity proceeds and payables	(162,127)	(158,345)
D)	**EFFECT OF CHANGES IN EXCHANGE RATES**	**(66,443)**	**56,345**
E)	**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**	**(789,938)**	**(207,166)**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR**	**4,527,836**	**4,155,177**
G)	**CASH AND CASH EQUIVALENTS AT END OF THE YEAR**	**3,737,898**	**3,948,011**

1. CASH FLOWS FROM OPERATING ACTIVITIES	-	-
2. CASH FLOWS FROM INVESTING ACTIVITIES	-	80,860
3. CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CASH FLOWS FROM DISCONTINUED OPERATIONS	**-**	**80,860**

CASH AND CASH EQUIVALENTS AT END OF PERIOD

Cash and banks	2,920,075	2,893,051
Other financial assets	817,823	1,054,960
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,737,898**	**3,948,011**

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of cash flows at 30 June 2013.

(*) Unaudited

(**) Restated unaudited

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

ACS Actividades de Construcción y Servicios, S.A. and Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements for the six-month ended 30 June 2013

1.- Introduction and basis of presentation for the interim condensed consolidated financial statements

ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Companies Law. Its registered office is at Avenida de Pío XII, nº 102 in Madrid.

ACS, Actividades de Construcción y Servicios, S.A. heads a group of companies engaging in a range of different activities, mainly construction, industrial services, the environment, concessions and energy. The Company is therefore obliged to prepare, in addition to its own separate financial statements, the consolidated financial statements for the ACS Group, which include the subsidiaries, interests in joint ventures and investments in associates.

a) Basis of presentation and principles for consolidation

- *Basis of presentation*

The Interim Condensed Consolidated Financial Statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries (hereafter, the ACS Group) for the six-month period ended 30 June 2013 were approved by the Directors of the Parent at its Board of Directors Meeting held on 29 August 2013, and were prepared using the accounting records kept by the Parent and the other companies within the ACS Group.

The Directors approved the Interim Condensed Consolidated Financial Statements on the presumption that anyone who reads them will also have access to the consolidated financial statements for the year ended 31 December 2012, prepared in accordance with International Financial Reporting Standards (IFRSs), which were authorised for issue on 21 March 2013 and approved by shareholders at the General Shareholders' Meeting held on 10 May 2013. Consequently, and as they have been prepared using the accounting principles and standards employed in preparing the consolidated financial statements, it was not necessary to repeat or update the notes that are included in these condensed consolidated financial statements. Instead, the accompanying explanatory notes include an explanation of events and transactions that are significant to an understanding of the changes in the consolidated financial position and consolidated performance of the ACS Group since the date of the above-mentioned Consolidated Financial Statements.

This interim consolidated financial information was prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, taking into account International Accounting Standard (IAS) 34, on Interim Financial Reporting, and all the mandatory accounting principles and rules and measurement bases and, accordingly, they present fairly the ACS Group's consolidated equity and financial position at 30 June 2013, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the interim period then ended. All of this is pursuant to article 12 of Royal Decree 1362/2007.

However, since the accounting policies and measurement bases used in preparing the consolidated financial information for the ACS Group for the six-month period ended 30 June 2013 may differ from those used by certain Group entities, the required adjustments and reclassifications were made on consolidation to unify such policies and bases and to make them compliant with International Financial Reporting Standards. In order to uniformly present the various items composing the consolidated financial information, the policies and measurement bases used by the Parent were applied to all the consolidated companies.

In preparing this consolidated financial information for the ACS Group for the six-month period ended 30 June 2013, estimates were occasionally made by the Senior Executives of the Group and of the consolidated entities, later ratified by the Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates essentially refer to the same aspects detailed in the consolidated financial statements for the year ended 31 December 2012:

- The assessment of impairment losses on certain assets.
- The fair value of assets acquired in business combinations.
- The measurement of goodwill and the allocation of assets in acquisitions.
- The recognition of earnings in construction contracts.
- The amount for certain provisions.

- The assumptions used in calculating liabilities and obligations to employees.
- The market value of the derivatives (such as equity swaps, call spreads, etc.).
- The useful life of intangible assets and tangible assets - property, plant and equipment.

Although these estimates were made using the best information available on the date when these interim condensed consolidated financial statements were approved with regard to the facts reviewed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming periods or years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future consolidated financial statements.

- *Principles of consolidation*

Except for that indicated in the following paragraph, the bases of consolidation applied in the first half of 2013 are consistent with those applied in the consolidated financial statements for 2012.

On 1 January 2013, the ACS Group restated the consolidated financial statements for 2012 for comparison purposes as a result of the entry into force of revised IAS 19, which is applied retrospectively. This standard affects the recognition and valuation of defined benefit pension plans and only has a significant impact on the performance of assets associated with plans that are recognised in the income statement which, as a result of the change, are determined based on the interest rate used to discount the defined benefit liability, instead of market expectations.

For these reasons and in accordance with IAS 1, the condensed financial statements for the comparative period of the previous year however do not present the third statement of financial position for 1 January 2012 since, as a result of that established in the 2009-2011 improvements project endorsed by the EU with regard to IAS 1 (specifically paragraph 40 A), it does not have a material effect (of relative importance) on the financial statements taken as a whole. The impact of applying this standard to the ACS Group at 31 December 2012 and 30 June 2012 is a loss of EUR 1,495 thousand and EUR 729 thousand, respectively. The consolidated statement of financial position at 31 December 2012 includes a reclassification between "Reserves" and "Profit for the period of the parent" amounting to EUR 1,495 thousand.

b) Entry into force of new accounting standards

In 2013 the following standards and interpretations came in to force and were adopted by the European Union and, where applicable, were used by the Group in the preparation of these interim condensed consolidated financial statements:

(1) New standards, amendments and interpretations whose application is mandatory in the year beginning 1 January 2013:

New standards, amendments and interpretations:		**Mandatory application in the years beginning on or after**:
Approved for use in the European Union		
Amendment to IAS 12 - Income taxes - deferred taxes relating to investment property (published in December 2010)	Regarding the calculation of deferred taxes relating to investment properties in accordance with the fair value model of IAS 40.	Annual periods beginning on or after 1 January 2013
IFRS 13 - Fair value measurement (published in May 2011)	Establishes a framework for measuring fair value.	Annual periods beginning on or after 1 January 2013
Amendment to IAS 1 - Presentation of other comprehensive income (published in June 2011)	Minor amendment in relation to the presentation of other comprehensive income	Annual periods beginning on or after 1 July 2012
Amendment to IAS 19 - Employee benefits (published in June 2011)	The amendments mainly affect defined benefit plans given that one of the main changes is the elimination of the corridor approach.	Annual periods beginning on or after 1 January 2013
Amendment to IFRS 7. Financial Instruments: Disclosures - Offsetting financial assets and liabilities (published in December 2011)	Introduction to new disclosures related to offsetting financial assets and financial liabilities of IAS 32.	Annual periods beginning on or after 1 January 2013
Improvements to IFRSs, 2009-2011 Cycle (published in May 2012)	Minor amendments to a series of standards.	Annual periods beginning on or after 1 January 2013
IFRIC 20: Stripping costs in the production phase of a surface mine (published in October 2011)	The IFRS Interpretations Committee deals with the accounting treatment of waste removal costs in surface mines.	Annual periods beginning on or after 1 January 2013

In relation to these standards, the effect on revised IAS 19, which is explained in section a) Bases of consolidation of this Note, is noteworthy.

In addition, in relation to the entry into force of IFRS 13, the most significant effect is the consideration of credit risk in measuring derivative instruments that are measured at fair value. In accordance with IFRS 13, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date (for example, an exit price), regardless of whether or not this price is directly observable or estimated using another valuation technique.

The new definition of the fair value of a liability or an asset in IRFS 3 takes the view that both own credit risk and the counterparty risk in the fair value of the derivatives must be included in the measurement. This effect was not considered in the definition of fair value given in IAS 39, which was based on the concept of liquidation.

In order to determine the fair value of the ACS Group's derivatives, various valuation techniques based on total expected exposure (which includes current exposure and potential exposure) adjusted by the probability of default and by potential losses in the case of default on the part of one of the counterparties.

The total expected exposure of the derivatives is obtained by using the observable effects on the market, such as interest rate curves, exchange rates and volatilities according to the market conditions at the measurement date.

The amounts applied to the probability of default are based mainly on the application of spreads of comparable companies and to counterparties with available credit information, the credit spreads are obtained from the CDS (Credit Default Swap) listed on the market and/or the rating thereof. In addition, credit enhancements and collateral associated with these derivatives were taken into account to adjust the credit risk.

The effect of applying this standard to all those derivative financial instruments that are measured at fair value through profit or loss at 1 January 2013 gave rise to a gain in the consolidated income statement of EUR 176 thousand included under "Changes in fair value of financial instruments". This effect is currently under review by the Group and, therefore, the financial statements could change at the end of the year are audited, however these changes are not considered to be material in relation to the consolidated financial statements of the ACS Group.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning 1 January 2013 (applicable from 2014 onwards):

At the date of approval of these interim condensed consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the interim condensed consolidated financial statements or because they had not yet been adopted by the European Union:

New standards, amendments and interpretations:		**Mandatory application in the years beginning on or after**:
Approved for use in the European Union		
IFRS 10 - Consolidated financial statements (published in May 2011)	Replaces current consolidation requirements of IAS 27.	Annual periods beginning on or after 1 January 2014 (1)
IFRS 11 - Joint arrangements (published in May 2011)	Replaces current IAS 31 on joint ventures.	Annual periods beginning on or after 1 January 2014 (1)
IFRS 12 - Disclosure of interests in other entities (published in May 2011)	Separate standard establishing the disclosures relating to interests in subsidiaries, associates, joint ventures and unconsolidated companies.	Annual periods beginning on or after 1 January 2014 (1)
IAS 27 (Revised) - Separate financial statements (published in May 2011)	The standard has been revised given that following its the issue of IFRS 10, it will only comprise an entity's separate financial statements	Annual periods beginning on or after 1 January 2014 (1)
IAS 28 (Revised) - Investments in associates and joint ventures (published in May 2011)	Parallel revision in relation to the issue of IFRS 11 Joint Ventures	Annual periods beginning on or after 1 January 2014 (1)
Transition rules: Amendment to IFRS 10, 11 and 12 (published in June 2012)	Clarification of the transition rules of these standards.	Annual periods beginning on or after 1 January 2014
Amendment of IAS 32 Offsetting financial assets and financial liabilities (Published in December 2011)	Additional clarifications to the rules for offsetting financial assets and financial liabilities of IAS 32.	Annual periods beginning on or after 1 January 2014
Not approved for use in the European Union		
IFRS 9 Financial Instruments: Classification and measurement (published in November 2009 and in October 2010) and subsequent amendment to IFRS 9 and IFRS 7 on the effective date and transition disclosures (published in December 2011)	Replaces the requirements for classifying, measuring and derecognising financial assets and liabilities of IAS 39.	Annual periods beginning on or after 1 January 2015
Investment companies: Amendment to IFRS 10, IFRS 12 and IAS 27 (published in October 2012)	Exceptions in consolidation for parent companies that meet the definition of an investment company.	Annual periods beginning on or after 1 January 2014
Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets (published in May 2013)	Clarifies when certain disclosures are necessary and extends those required when the recoverable amount is based on the fair value less costs to sell.	Annual periods beginning on or after 1 January 2014
IFRS 21 - Levies (published in May 2013)	An interpretation on when to recognise a liability for a tax or levy that is contingent on the investment of an entity in an activity at a specific date.	Annual periods beginning on or after 1 January 2014

(1) The European Union delayed the date of obligatory application by one year. The original date of application stipulated by the IASB is 1 January 2013.

The Group is in the process of analysing the impact of these standards; however they are not expected to have a significant impact. Certain comments are included below regarding these standards:

- The partially published IFRS 9 (not yet complete to date) replaces IAS 39 in the classification and measurement of financial assets (part published in November 2009) and financial liabilities (published in October 2010). The standard published in October 2010 also includes recognition and derecognition requirements, which are essentially the same as in IAS 39. The remaining phases of IFRS 9 are expected to be carried out in 2013 (impairment and hedge accounting) to finally fully replace IAS 39. Although the application date for IFRS 9 is 1 January 2015, it may be voluntarily applied early once adopted for use by the European Union.

- The fundamental change introduced by IFRS 10, IFRS 11 and IFRS 12 with respect to the current standard is the elimination of the option of proportionate consolidation for jointly controlled entities, which will begin to be accounted for using the equity method. Besides this noteworthy amendment, IFRS 11 also change the approach of analysing joint arrangement in certain contexts. Under IAS 31 the conclusion depends to great extent on the legal structure of the agreement, whereas in IFRS 11, this is more of a secondary step, whereby the primary approach of the analysis is whether or not the joint arrangement is structured through a separate vehicle or whether it represents a distribution of net benefits or right or obligation of one party in proportion to its assets and liabilities, respectively. In this regard, the standard defines two unique types of joint arrangements which will be either a joint transaction or jointly controlled investees. With respect to the recognition of joint arrangements, the standard is not expected to have a significant effect for the ACS Group since it accounts for its jointly controlled companies using the equity method; however its impact is currently being evaluated.

c) Contingent assets and liabilities

There were no significant changes in the Group's main contingent assets or liabilities in the first six months of 2013.

d) Correction of errors

No significant error was corrected in the interim condensed consolidated financial statements for the six-month period ended 30 June 2013.

e) Comparative information

The information contained in these interim condensed consolidated financial statements for the first six months of 2012 and/or at 31 December 2012 is presented solely for the purposes of comparison with the information for the six-month period ended 30 June 2013. The comparative information is affected by the entry into force of revised IAS 19, as explained in section a) of this Note. The restatement in the statement of financial position entails a reclassification from "Profit for the year attributable to the Parent" to "Reserves" of EUR 1,495 thousand and EUR 729 thousand at 31 December 2012 and 20 June 2012, respectively.

As a result of that explained above, the effect on the income statement is detailed in this note. The ACS Group has not presented the statement of financial position from the beginning of the first comparative year (i.e. 1 January 2012), since its effect is not material in accordance with that indicated in IAS 1, paragraph 40 A.

For these reasons, the comparative information included in the accompanying consolidated statement of income for the six-month period ended 30 June 2012 was restated. The main effects are as follows:

	Thousands of Euros		
	30/06/2012 Restated	**Effect review IAS 19**	**30/06/2012**
	(*)	**(*)**	**(*)**
REVENUE	**18,833,251**	**-**	**18,833,251**
OPERATING INCOME	**844,245**	**-**	**844,245**
Financial income	370,485	-	370,485
Financial costs	(722,838)	(2,453)	(720,385)
Changes in the fair value of financial instruments	(145,176)	-	(145,176)
Exchange differences	17,688	-	17,688
Impairment and gains or losses on the disposal of financial instruments	(2,356,063)	-	(2,356,063)
FINANCIAL RESULT	**(2,835,904)**	**(2,453)**	**(2,833,451)**
Results of companies accounted for using the equity method	265,505	-	265,505
PROFIT BEFORE TAX	**(1,726,154)**	**(2,453)**	**(1,723,701)**
Income tax	623,874	1,041	622,833
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**(1,102,280)**	**(1,412)**	**(1,100,868)**
Profit after tax from discontinued operations (**)	107,465	-	107,465
PROFIT FOR THE PERIOD	**(994,815)**	**(1,412)**	**(993,403)**
Profit attributed to non-controlling interests	(238,637)	683	(239,320)
Profit from discontinued operations attributable to non-controlling interests	(11)	-	(11)
PROFIT ATTRIBUTABLE TO THE PARENT	**(1,233,463)**	**(729)**	**(1,232,734)**

(*) Unaudited

(**) Profit after tax from discontinued operations attributable to non-controlling interests	107,454	-	107,454

The explanatory notes include events or changes that might appear significant in explaining changes in the financial position and consolidated results of the ACS Group since the date of the above-mentioned consolidated financial statements.

f) Non-current assets held for sale and liabilities associated with non-current assets held for sale and discontinued operations

At 30 June 2013, non-current assets held for sale relate mainly to the line of business of renewable energy (wind farms and solar thermal plants), assets related to airports managed by Hochtief, assets related to facility management business of Hochtief services, highway concession assets and logistics activities. In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale.

The main change since the previous year is due on one hand to the sale of 70% of the telecommunication assets belonging to Leighton, which gave rise to the derecognition of these assets, and on the other hand to the addition of assets related to facility management business in Hochtief Europe.

- On 28 March 2013, Leighton Holding reached an agreement with the Ontario Teachers' Pension Plan for the sale of approximately 70% of its telecommunication assets, which include the following companies: Nextgen Networks, Metronode and Infoplex. The sale price valued all of these assets at AUD 771 million (approximately EUR 590 million). The sale was completed on 28 June 2013 (see Note 1.k).

- On 28 June 2013, Hochtief agreed to sell the facility management business to Spie, effective for economic purposes on 1 January 2013, for approximately EUR 250 million, subject to certain adjustments, which is expected to close prior to the end of 2013.

In this regard, on 7 May, Hochtief announced the sale of its airport assets to a subsidiary of the Canadian Public Sector Pension Investment Board for approximately EUR 1,100 million. This transaction, which is subject to obtaining the relevant permits from the authorities, is expected to conclude during the second half of 2013. It is noteworthy of mention that the renewable assets and most of the concessions, which were classified as held for sale, were held in this category for a period of over twelve months. However, they were not sold due to certain circumstances, which at the time of their classification were not likely, mainly relating to regulatory uncertainties in the electricity sector and the situation of the financial markets. However, the Group continues to be committed to the plans for selling these assets, which are being actively marketed, and there is a high probability that the sale will take place in the short term. In other cases, sales agreements were signed where the customary conditions precedents have yet to be met in agreements of this type in order to definitively derecognise the assets.

Discontinued operations

No discontinued operations were carried out during the six-month period ended 30 June 2013.

After the sale by the ACS Group of the 23.5% ownership interest in the Clece Group (formed by Clece, S.A. and its subsidiaries) on 8 March 2012, Clece was no longer classified under discontinued operations and became accounted for using the equity method on having joint control with the new shareholder. Therefore, the net unrealised gain on the sale of Clece amounted to EUR 150,100 thousand and was recognised under "Profit after tax from discontinued operations" in the consolidated income statement for the first half of 2012. This profit included both the unrealised gain on the sale of the 23.5% ownership interest, which amounted to EUR 39.7 million, and the revaluation to its market value of the investment held as a result of the loss of control, which amounted to EUR 110.3 million.

In addition to the foregoing, it includes profit from this activity during the first two months of 2012 amounting to EUR 7,354 thousand, net of taxes and non-controlling interests.

The breakdown of the profit from discontinued operations in the period ended 30 June 2012 was as follows:

	Thousands of Euros
	30/06/2012
	Clece
Revenue	183,043
Operating expenses	(171,082)
Operating profit	11,961
Profit before tax	**10,508**
Income tax	(3,143)
Profit after tax from discontinued operations	-
Profit attributed to non-controlling interests	(11)
Profit after tax and non-controlling interests	**7,354**
Profit before tax from disposal of discontinued operations	216,496
Profit before tax from the disposal of discontinued operations	(66,396)
Net profit from the disposal of discontinued operations	**150,100**
Profit after tax and non-controlling interests from discontinued operations	**157,454**

At 30 June 2013 and 31 December 2012, there were no assets or liabilities relating to any discontinued operation.

No income and expenses were recognised under "Adjustments for changes in value" in the consolidated statement of changes in equity in relation to discontinued operations at 30 June 2013 or 31 December 2012.

At 30 June 2013 and 31 December 2012, the discontinued operations had no effect on the consolidated statement of comprehensive income other than the effects on profit or loss listed above.

The detail of the effect of the discontinued operations on the statement of cash flows at 30 June 2012 is as follows:

	Thousands of Euros
	30/06/2012
	Clece
Cash flows from operating activities	-
Cash flows from investing activities	80,860
Cash flows from financing activities	-
Net cash flows from discontinued operations	**80,860**

In addition, a provision net of taxes of EUR 50,000 thousand was recognised in the first half of 2012 for future possible contingencies relating to discontinued operations sold that reduce the amount under "Profit after tax from discontinued operations attributable to non-controlling" in the consolidated income statement to a profit of EUR 107,454 thousand.

Non-current assets held for sale

The lines of business relating to the renewable energy assets and power transmission lines are included under the Industrial Services segment, certain of the remaining port and logistics assets are included in the Environment activity segment and lastly, certain concession assets such as airports managed by Hochtief and the activity related to Hochtief's facility management business, as well as highways are included in the Construction activity segment.

In addition to the aforementioned assets and liabilities, certain non-significant immaterial assets and liabilities held for sale from among the ACS Group companies are also included as non-current assets and liabilities relating to non-current assets.

The detail of the main assets and liabilities held for sale at 30 June 2013 and 31 December 2012 is as follows:

	Thousands of Euros						
	30/06/2013						
	Logistics Services	Renewable energy	Concessions	Airports managed by Hochtief	Services and Facilities Management	Other	Total
Tangible assets - property, plant and equipment	27,361	20,240	640	177	19,316	18,366	86,100
Intangible assets	37,324	15,563	601	5,901	5,272	21,546	86,207
Non-current assets in projects	-	2,611,308	788,068	-	-	28,588	3,427,964
Financial Assets	2,640	96,157	33,923	1,424,526	6,786	236,003	1,800,035
Deferred tax assets	1,785	90,728	48,513	1,375	20,585	6,345	169,331
Other non-current assets	-	-	-	36	20	342,610	342,666
Current assets	43,717	242,974	58,982	48,234	192,782	51,532	638,221
Financial assets held for sale	**112,827**	**3,076,970**	**930,727**	**1,480,249**	**244,761**	**704,990**	**6,550,524**
Non-current liabilities	11,731	2,455,352	746,462	4,062	13,795	306,915	3,538,316
Current liabilities	32,850	185,192	25,914	11,390	153,915	35,830	445,091
Liabilities relating to assets held for sale	**44,581**	**2,640,544**	**772,376**	**15,452**	**167,710**	**342,745**	**3,983,407**
Non-controlling interests held for sale	**317**	**(252)**	**-**	**-**	**-**	**12,362**	**12,427**

On 12 July, Royal Decree-Law 9/2013 was published, whereby urgent measures were adopted to ensure the financial stability of the electric system that affects the remuneration framework of the renewable energies that applies to the majority of the ACS Group's power plants located in Spain.

This new regulation envisages that, in addition to the remuneration for the sale of energy generated and valued at market prices, the facilities may receive specific remuneration made up of the term per unit of installed capacity, which covers any standard facility investment costs that cannot be recovered through the sale of the energy and a term at the operation that covers, where applicable, the difference between the operating costs and the income for the investment in the market of this standard facility.

In order to calculate this specific remuneration for a standard facility, the following will be considered throughout its regulatory useful life and in reference to the activity carried out and well managed by an efficient company:

a) Standard income for the sale of energy generated and valued at market production prices
b) Standard operating costs
c) Standard value of the initial investment

The purpose of these parameters is not to exceed the minimum level necessary to cover the costs that allow the facilities to be completed in conditions that are equal to other technologies on the market and that offer the possibility of obtaining a reasonable return. With regard to the reasonable return, the Royal Decree indicates that it will draw from, prior to taxes, on the average return in the secondary market of the ten-year government bonds by applying the appropriate differential. Additional provision one of Royal Decree-Law 9/2013 sets forth the appropriate differential for those facilities included in the economic regime given priority at around 300 basis points, all without prejudice to a possible revision every six years.

Therefore, the current remuneration model of the existing facilities is amended by this new remuneration model. At the date of publication of these financial statements, Group management was unable to assess the impact that this regulation will have, since it is not able to measure or draw a conclusion on the minimum degree of reliability regarding the impact that this remuneration framework will have on the assets of the energy division until the implementing regulation is published that expressly describes the methodology for calculating this remuneration model and quantifies, among others, the items of operating costs, the initial standard investment value for each standard facility and the regulatory useful life, since slight changes to any of these terms on which the remuneration will now be based may significantly affect the final valuation of the assets.

As a result of these regulatory changes, certain divestment processes have been placed on hold and even postponed until the affected regulatory framework is effectively clarified.

Likewise, and in relation to certain regulatory amendments published during the last months of 2012 and prior to the preparation of the 2012 financial statements, the Group evaluated, based on its best estimates, the impact that these amendments may have on the value of its energy assets, and then made the appropriate adjustments.

	Thousands of Euros						
	31/12/2012						
	Logistics Services	Renewable energy	Concessions	Airports managed by Hochtief	TelCo	Other	Total
Tangible assets - property, plant and equipment	27,239	19,029	709	185	464,178	16,661	528,001
Intangible assets	37,326	23,095	592	5,905	15,080	21,986	103,984
Non-current assets in projects	-	2,610,991	797,787	-	-	10,026	3,418,804
Financial Assets	4,524	96,157	29,171	1,312,146	-	15,270	1,457,268
Deferred tax assets	2,099	110,281	48,955	-	-	7,344	168,679
Other non-current assets	-	-	-	1,278	20,002	548,497	569,777
Current assets	43,550	167,329	57,996	16,000	17,130	52,973	354,978
Financial assets held for sale	**114,738**	**3,026,882**	**935,210**	**1,335,514**	**516,390**	**672,756**	**6,601,491**
Non-current liabilities	10,960	2,626,331	763,469	4,373	30,056	301,029	3,736,218
Current liabilities	32,940	137,358	20,754	13,675	107,056	41,279	353,062
Liabilities relating to assets held for sale	**43,900**	**2,763,689**	**784,223**	**18,048**	**137,112**	**342,308**	**4,089,280**
Non-controlling interests held for sale	**12,454**	**(1,180)**	**-**	**372,861**	**-**	**16,840**	**400,975**

The net debt recognised under assets and liabilities held for sale at 30 June 2013 amounted to EUR 2,117,004 thousand (EUR 2,170,058 thousand at 31 December 2012) in renewable energies, EUR 599,285 thousand (EUR 596,367 thousand at 31 December 2012) in concession assets, EUR 61,129 thousand (EUR 53,550 thousand at 31 December 2012) in transmission lines, and EUR 150,201 thousand (EUR 168,331 thousand at 31 December 2012) in other assets.

The income and expenses recognised under "Adjustments for changes in value" in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at 30 June 2013 and 31 December 2012, are as follows:

	Thousands of Euros						
	30/06/2013						
	Logistics Services	Renewable energy	Concessions	Airports managed by Hochtief	Services and Facilities Management	Other	Total
Financial assets held for sale	-	-	-	138,854	-	-	138,854
Exchange differences	2,200	(389)	(51,555)	10	283	(7,359)	(56,810)
Cash flow hedges	-	(180,231)	-	(117,587)	-	(68,787)	(366,605)
Adjustments for changes in value	**2,200**	**(180,620)**	**(51,555)**	**21,277**	**283**	**(76,146)**	**(284,561)**

	Thousands of Euros					
	31/12/2012					
	Logistics Services	Renewable energy	Concessions	Airports managed by Hochtief	Other	Total
Financial assets held for sale	-	-	-	138,854	-	138,854
Exchange differences	2,068	(822)	(72,933)	(1,444)	(6,163)	(79,293)
Cash flow hedges	-	(226,919)	(167)	(117,425)	(81,865)	(426,376)
Adjustments for changes in value	**2,068**	**(227,741)**	**(73,100)**	**19,985**	**(88,028)**	**(366,816)**

g) Seasonality of the Group's transactions

In view of the business activities in which the Group companies engage and its geographical diversity, their transactions are not significantly cyclical or seasonal. Accordingly, no specific disclosures are included in this connection in these explanatory notes to the condensed consolidated financial statements for the six-month period ended 30 June 2013.

h) Materiality

In accordance with IAS 34, in deciding the information to be disclosed on the various items in the financial statements or other matters in the explanatory notes to the financial statements, the Group took into account their materiality in relation to the condensed consolidated financial statements.

i) Events after the reporting date

The following subsequent events took place prior to the date of approval of these interim condensed consolidated financial statements and are noteworthy of mention:

- On 23 July 2013, Dragados, S.A., a subsidiary wholly owned by ACS Actividades de Construcción y Servicios, S.A., launched a delisting takeover bid on its investee, the Polish company Przedsiębiorstwo Robót Inżynieryjnych POL-AQUA, S.A. This bid was aimed at a total of 9,350,034 shares of this company, which represent 34% of the share capital, which is currently owned by third parties. The total price offered for the aforementioned 9,350,034 shares amounts to PLN 33,369,099 (approximately EUR 7.9 million).

- As a result of the resolution adopted by the shareholders at the General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 10 May 2013, on 20 June 2013 the Company resolved to carry out the first capital increase, establishing the maximum reference value at EUR 362 million with a charge to the Company's reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company's shares. After the decision-making period granted to the shareholders had elapsed, on 18 July 2013 the following events took place:

  a) The dividend was determined to be a total gross amount of EUR 192,708,608.096 and was paid on 23 July 2013.
  b) The number of final shares subject to the capital increase was 7,853,637 for a nominal amount of EUR 3,926,818.50.

- On 25 July 2013, the Cobra Group successfully placed the Project Bond of the Castor Project, the first of these characteristics issued with the guarantee of the PBCE (Project Bond Credit Enhancement) programme of the European Investment Bank. The issue amounted to EUR 1,400 million, with a term of 21.5 years and a final rate of 5.756% (BBB+ rating from Fitch and a BBB rating from S&P).

j) Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows with the meanings specified:

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

In preparing the consolidated statement of cash flows, cash and cash equivalents were considered to be cash on hand, demand deposits at banks and short-term, highly liquid investments that are easily convertible into cash and are subject to an insignificant risk of changes in value.

The detail of "Other adjustments to profit (net)" is as follows:

	Thousands of Euros	
	30/06/2013	**30/06/2012**
Financial income	(192,218)	(370,485)
Financial costs	545,226	720,385
Impairment and gains or losses on disposals of non-current assets	(223,891)	968,480
Results of companies accounted for using the equity method	(120,901)	(265,505)
Adjustments related to the assignment of net assets of Hochtief	(18,017)	(257,955)
Impairment Iberdrola	20,498	1,374,598
Other effects	15,221	85,155
Total	**25,918**	**2,254,673**

k) Changes in the scope of consolidation

The main changes in the consolidation scope of the ACS Group (consisting of ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries) in the six-month period ended 30 June 2013 are detailed in Appendix I.

Acquisitions, sales, and other corporate transactions

During the first six months of 2013, there were no relevant acquisitions of ownership interests in the share capital of subsidiaries, joint ventures or associates, and changes in the scope of consolidation mainly related to the inclusion of newly incorporated companies. The most noteworthy acquisitions of ownership interests in the share capital of other companies were as follows:

Business Combinations and other Acquisitions or Increases in Ownership Interest in Subsidiaries						
			Net cost of combination (Thousands of Euros)			
Name of the Company (or line of business) acquired or merged	**Category**	**Effective transaction date**	**Amount (net) paid in the acquisition and other costs directly attributable to the combination**	**Fair value of the equity instruments issued for the acquisition of the company**	**% of voting rights acquired**	**% of total voting rights in the company after the acquisition**
Torre de Miguel Solar, S.L.	Subsidiary	29/05/2013	40,894	-	50.00%	100.00%
Parque Eólico Valcaire, S.L.	Subsidiary	29/05/2013	21,609	-	100.00%	100.00%
Leighton Holdings Limited	Subsidiary	28/06/2013	76,400	-	1.54%	54.96%

The most significant disposals of ownership interests in the share capital of subsidiaries, joint ventures or associates in the first six months of 2013 were as follows:

Decrease in ownership interest in Subsidiaries, Joint Ventures and/or Investments in Associates or Other Operations of a Similar Nature					
Name of the company (line of business)sold, spun-off or winded-up	**Category**	**Effective transaction date**	**% of voting power disposed of or derecognised**	**% of voting power in the company following disposal**	**Profit/(Loss) before tax (Thousands of Euros)**
Telco Entities (Nextgen, Metronode, Infoplex)	Subsidiary	28/06/2013	70.00%	30.00%	164,649

The main changes in the scope of consolidation in the first six months of 2012 were as follows:

- On 8 March 2012, the ACS Group sold its ownership interest of 23.25% in Clece S.A. to various funds managed by Mercapital, to which it has also granted the option to purchase the remaining capital. Following this date, control of Clece, S.A. is to be exercised jointly by the acquiring funds and by ACS, and the company is to be accounted for using the equity method rather than being fully consolidated. The sale price was EUR 80 million, which represented a total business value of EUR 505.7 million.

- The sale of all ownership interest in Abertis Infraestructuras, S.A. and a profit before taxes of EUR 201,699 thousand recognised under "Impairment and gains or losses on the disposal of financial instruments" in the accompanying income statement. After ACS, Actividades de Construcción y Servicios, S.A. disposed of its ownership interest in Abertis Infraestructuras, S.A., ACS and Trebol Holdings S.à.r.l. reached an agreement to terminate the shareholders agreement that was published on 1 September 2010.

l) Functional currency

These interim condensed consolidated financial statements are presented in euros, since this is the functional currency in the area in which the Group operates. Details of sales in the main countries in which the Group operates are set out in Note 13.

m) Dividends paid by the Parent

The Parent did not pay out any dividends in the first half of 2013. However, subsequent to the end of the first half of the year (see Note 1.i) and as a result of the resolution adopted by the shareholders at the General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 10 May 2013, on 20 June 2013 the Company resolved to carry out the first capital increase, establishing the maximum reference value at EUR 362 million with a charge to the Company's reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company's shares. In this regard, on 28 June 2013 the matters that are summarised below, in relation to the first increase capital mentioned above, were determined:

a) The maximum number of new shares to be issued in the first capital increase would be 17,481,366 shares.
b) The number of bonus issue rights necessary to receive new shares is eighteen.
c) The maximum nominal amount of the first capital increase amounts to EUR 8,740,683.
d) The acquisition price of each bonus issue right, by virtue of the purchase agreement assumed by ACS, is EUR 1.112.

Lastly, after the decision-making period granted to the shareholders, on 18 July 2013 the dividend was determined at a total gross amount of EUR 192,708,608.96 and was paid on 23 July. However, in accordance with the instructions given by the ESMA through the EECS (European Enforcers Coordination Sessions), the ACS Group recognised the maximum amount of the possible liability at this date under "Other current liabilities" in the accompanying balance sheet for 100% of the fair value of the approved dividend, which amounted to EUR 349,907 thousand, however the final amount was EUR 192,709 thousand.

The following dividends were paid in the first half of 2012:

	First half of 2012		
	% of par value	**Euros per Share**	**Thousands of Euros**
Ordinary shares	180.00	0.900	283,198
Total dividends paid	**180.00**	**0.900**	**283,198**

Dividends were paid against profits of the Parent.

n) Earnings per share from ordinary activities and discontinued operations

- *Basic earnings per share*

Basic earnings per share are calculated by dividing the net profit attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	30/06/2013	30/06/2012	Change (%)
Net profit for the period (Thousands of Euros)	356,694	(1,233,463)	(128.92)
Weighted average number of shares outstanding	309,464,963	289,807,219	6.78
Basic earnings per share (Euros)	**1.15**	**(4.26)**	**(127.00)**
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	-	107,454	(100.00)
Basic earnings per share from discontinued operations (Euros)	**-**	**0.37**	**(100.00)**
Basic earnings per share from continuing operations (Euros)	**1.15**	**(4.63)**	**(124.84)**

- *Diluted earnings per share*

In calculating diluted earnings per share, the amount of profit attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted to take into account all the dilutive effects inherent to potential ordinary shares (share options, warrants and convertible debt instruments). For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period. At 30 June 2013, as a result of the capital increase of July 2013, this was taken into account in calculating the diluted earnings per share and the diluted earnings per share of continuing operations for the first half of 2013, which amounted to EUR 1.12 per share.

2.- Intangible assets

2.01. Goodwill

The breakdown of goodwill, based on the companies giving rise thereto, is as follows:

	Thousands of Euros	
	30/06/2013	31/12/2012
Parent	780,939	780,939
Construction	1,597,555	1,617,777
Industrial Services	76,653	76,748
Environment	91,393	84,358
Total	**2,546,540**	**2,559,822**

In accordance with the table above, the most significant goodwill is the result of the full consolidation of Hochtief, A.G., amounting to EUR 1,433,801 thousand, and the result of the merger of the Parent with Grupo Dragados, S.A., which amounted to EUR 780,939 thousand. There were no significant changes during the six-month period ended 30 June 2013.

According to that set out in IAS 36, the Group has not found any evidence as of 30 June 2013 of any relevant indications of impairment in goodwill or in the other assets subject to the impairment test. There are no significant changes in the assumptions used when testing for impairment of the Group's goodwill that could give rise to a relevant risk of recognising an impairment loss in the future.

The impairment losses on goodwill during the first six months of 2013 amounted to EUR 10,033 thousand. No impairment losses were recognised in relation to goodwill for the ACS Group in the same period of 2012.

2.02. Other intangible assets

The additions and changes to the scope of consolidation in the first half of 2013 amounted to EUR 90,175 thousand (EUR 45,842 thousand in the first half of 2012) relating mainly to Hochtief for EUR 20,976 thousand (EUR 38,887 thousand in the first half of 2012) and Industrial Services for EUR 36,370 thousand (EUR 1,415 thousand in the first half of 2012).

In the first half of 2013 losses were recognised on the value of the items classified under "Other intangible assets" amounting to EUR 3,201 thousand (EUR 6,280 thousand in the first half of 2012) relating mainly, in both cases, to the Construction business. Losses in value have not been carried forward into the income statement of the first half of 2013 and 2012.

3.- Tangible assets - property, plant and equipment

In the first six months of 2013 and 2012 items of property, plant and equipment were acquired for EUR 917,186 thousand and EUR 926,073 thousand, respectively.

In the first half of 2013, the most noteworthy additions relate to the Construction Area amounting to EUR 617,376 thousand, mainly from Hochtief as the result of acquiring equipment for the Leighton mining operations in Leighton for EUR 571,700 thousand, to the Industrial Services Area for EUR 34,673 thousand for the acquisition of machinery and equipment to carry out new projects, and to the Environmental Area for EUR 265,132 thousand mainly for the incorporation of its activities in Chile.

In the first six months of 2012 the most relevant acquisitions, by line of business, related to the Construction Area amounting to EUR 862,441 thousand, mainly from Hochtief as the result of acquiring equipment for the Leighton mining operations in Leighton for EUR 589,243 thousand, to the Industrial Services Area for EUR 40,192 thousand for the acquisition of machinery and equipment to carry out new projects, and to the Environment Area for EUR 23,438 thousand, mostly earmarked for the acquisition and renovation of machinery and tools.

In the first half of 2013 and 2012, assets were also sold for a total carrying amount of EUR 112,485 thousand and EUR 351,114 thousand, respectively, which did not give rise to significant profit or loss as a result of the disposals.

At 31 December 2012, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment amounting to EUR 421,428 thousand, including most notably EUR 405,388 thousand relating mainly to mining operations in Leighton. The commitments entered into at 30 June 2013 amounted to EUR 289,551 thousand.

The impairment losses recognised in the income statement at 30 June 2013 amounted to EUR 1,303 thousand and mainly related to the impairment of machinery of Dragados (EUR 978 thousand at 30 June 2013). No impairment losses were reversed or recognised in the income statement in the first half of 2013 or 2012.

4.- Non-current assets in projects

The balance of "Non-current assets in projects" in the consolidated statement of financial position at 30 June 2013, includes the costs incurred by the fully consolidated companies in the construction of transport, services and power generation centres whose operation constitutes the purpose of their respective concessions. These amounts relate to property, plant and equipment associated with projects financed under a project finance arrangement if they are identified as intangible assets or as financial assets according to the criteria discussed in Note 03.04 to the consolidated financial statements at 31 December 2012. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to present its infrastructure projects in a grouped manner, although they are broken down by type of asset (financial or intangible) in this note.

All the project investments made by the ACS Group at 30 June 2013 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Waste treatment	2017 - 2050	462,555	(115,833)	**346,722**
Solar thermal plants	ns	287,751	(47,783)	**239,968**
Highways/roads	2024 - 2038	237,735	(25,051)	**212,684**
Police stations	2014 - 2032	71,488	-	**71,488**
Water management	2028 - 2033	51,699	(8,199)	**43,500**
Wind farms	ns	37,557	(7,834)	**29,723**
Car parks	2040 - 2051	32,611	(6,557)	**26,054**
Security	2014	64,128	(53,154)	**10,974**
Energy transmission	2040	10,742	(3)	**10,739**
Other infrastructures	-	16,426	(725)	**15,701**
Total		**1,272,692**	**(265,139)**	**1,007,553**

The breakdown of this heading by type, in accordance with IFRIC 12, is as follows:

The concession assets identified as intangible assets, as a result of the Group assuming demand risk, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Waste treatment	2020 -2050	329,089	(79,013)	**250,076**
Highways/roads	2024 -2038	237,708	(25,031)	**212,677**
Water management	2028	33,558	(8,199)	**25,359**
Car parks	2040 -2051	32,611	(6,557)	**26,054**
Other infrastructures	-	2,675	(546)	**2,129**
Total		**635,641**	**(119,346)**	**516,295**

The concession assets identified as financial assets, given that the Group does not assume demand risk, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros
		Collection rights arising from concession arrangements
Police stations	2014 - 2032	**71,488**
Waste treatment	2040	**32,116**
Water management	2032 - 2033	**18,141**
Energy transmission	2040	**10,700**
Other infrastructures	-	**9,993**
Total		**142,438**

The details of the financial assets financed under a project finance arrangement that do not meet the requirements for recognition in accordance with IFRIC 12 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Solar thermal plants	ns	287,751	(47,783)	**239,968**
Waste treatment	2017 - 2041	101,350	(36,820)	**64,530**
Wind farms	ns	37,557	(7,834)	**29,723**
Security	2014	64,128	(53,154)	**10,974**
Energy transmission	ns	42	(3)	**39**
Highways/roads	2026	27	(20)	**7**
Other infrastructures	-	3,758	(179)	**3,579**
Total		**494,613**	**(145,793)**	**348,820**

In the first six months of 2013, the most significant changes in this heading of the consolidated statement of financial position arose as a result of changes in the scope of consolidation of renewable energies amounting to EUR 301,787 thousand. In the first six months of 2012, the most significant changes related to additions in renewable energies amounting to EUR 84,493 thousand.

There were no significant disposals during the first half of 2013 or 2012.

Impairment losses in the consolidated income statement at 30 June 2013 amounted to EUR 54,749 thousand. No impairment losses were recognised in the income statement at 30 June 2012.

At 30 June 2013 and 31 December 2012, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 30,381 thousand and EUR 35,787 thousand, respectively, which mainly relate to the Group's current concession agreements.

The financing relating to non-current assets in projects is explained in Note 10.

The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under "Other current financial assets" (see Note 6).

5.- <u>Investments accounted for using the equity method</u>

The detail, by line of business, of the investments in companies accounted for by the equity method at 30 June 2013 and 31 December 2012 is as follows:

Line of Business	30/06/2013			31/12/2012		
	Share of net assets	Profit/Loss for the year	Total carrying amount	Share of net assets	Profit/Loss for the year	Total carrying amount
Construction	1,070,664	106,747	**1,177,411**	886,443	264,087	**1,150,530**
Industrial Services	182,678	3,588	**186,266**	192,545	4,073	**196,618**
Environment	353,189	10,566	**363,755**	356,559	26,781	**383,340**
Corporation and adjustments	(176)	-	**(176)**	(43,286)	44,412	**1,126**
Total	**1,606,355**	**120,901**	**1,727,256**	**1,392,261**	**339,353**	**1,731,614**

- *Construction*

At 30 June 2013, noteworthy of mention in the Construction Area is the ownership interest from the Hochtief Group accounted for using the equity method, both if they are associates and joint ventures, in accordance with the alternative included in IAS 31, amounting to EUR 1,018,845 thousand (EUR 1,062,102 thousand at 31 December 2012). The most noteworthy of mention are the investments in Aurelis Real Estate amounting to EUR 286,296 thousand (EUR 284,040 thousand at 31 December 2012) and in Leighton Welspun Contractors EUR 140,500 thousand (EUR 178,381 thousand at 31 December 2012).

- *Environment*

The main change in the Environment Area relates to accounting for the Clece Group using the equity method, the reason for which the ACS Group acquired joint control over certain funds managed by Mercapital on 8 March 2012. The carrying amount at 30 June 2013 amounted to EUR 277,873 thousand (EUR 269,713 thousand at 31 December 2012).

- *Corporation*

In April 2012, the ACS Group sold all of its ownership interest held in Abertis Infraestructuras, S.A. through Admirabilia, S.L., with a profit before tax of EUR 201,699 thousand, which until now was accounted for using the equity method.

6.- Financial assets

a) Composition and breakdown

The breakdown of the Group's financial assets at 30 June 2013 and 31 December 2012, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	30/06/2013		31/12/2012	
	Non-Current	Current	Non-Current	Current
Equity instruments	490,526	112,416	504,512	110,855
Loans to associates	860,578	102,932	859,467	131,773
Other loans	329,149	154,163	362,747	111,537
Debt securities	2,616	769,783	3,155	802,325
Other financial assets	121,482	526,215	118,588	548,959
Total	**1,804,351**	**1,665,509**	**1,848,469**	**1,705,449**

b) Iberdrola

The Group's most significant equity instrument relates to Iberdrola.

At 30 June 2013, the ACS Group held 74,269,791 shares representing 1.21% of the share capital of Iberdrola, S.A. at that date (75,190,459 shares at 31 December 2012). The consolidated carrying amount totalled EUR 4.056 per share (EUR 4.195 per share at 31 December 2012).

The ownership interest in Iberdrola is recognised at its market price at the end of each year (EUR 4.056 per share at 30 June 2013 and EUR 4.195 per share at 31 December 2012) amounting to EUR 301,238 thousand (EUR 315,423 thousand at 31 December 2012). At 30 June 2013, a positive valuation adjustment of EUR 7,122 thousand, net of the related tax effect, was recognised in equity under "Adjustments for changes in value - Available-for-sale financial assets".

Following all the transactions carried out in 2012, at 30 June 2013, the ACS Group only held the aforementioned 1.21% ownership interest in Iberdrola and the following derivative financial instruments, which were measured at fair value through profit or loss at year end:

- A group of financial derivatives on 597,286,512 Iberdrola, S.A. shares that limit the ACS Group's exposure to fluctuations in the market of the aforementioned company's shares (see Note 11).

- An equity swap signed with Natixis on 277,971,800 Iberdrola, S.A. shares (see Note 11), in which the ACS Group continues holding the usufruct rights on these shares.

In the first half of 2013, the ACS Group recognised an impairment loss on its ownership interest in Iberdrola amounting to EUR 20,498 thousand recognised under "Impairment and gains or losses on the disposal of financial instruments" of the accompanying consolidated income statement as a result of the drop in the quoted price of the third quarter of 2013.

In the first half of 2012, the ACS Group calculated a recoverable amount of EUR 5.6 per share, which gave rise to a loss of EUR 1,374,598 thousand included under "Impairment and gains or losses on the disposal of financial instruments" of the accompanying consolidated income statement by recycling the effects included in the ACS Group's equity under "Adjustments for changes in value - Available-for-sale financial assets" through the income statement.

The most significant transaction in the first half of 2012, in relation to Iberdrola, was performed on 18 April 2012, whereby ACS Actividades de Construcción y Servicios, S.A. carried out an accelerated bookbuilding process through UBS and Société Générale among professional and qualified investors both in Spain and abroad, of a package of 220,518,120 Iberdrola, S.A. shares, representing 3.69% of its share capital. The placement price resulting from the process was EUR 3.62 per share. As a result of this transaction, the ACS Group incurred a loss before tax, along with other expenses related thereto, amounting to EUR 855,689 thousand recognised under "Impairment and gains or losses on the disposal of financial instruments" in the accompanying consolidated income statement (see Note 16).

c) Xfera Móviles (Yoigo)

At 30 June 2013 and 31 December 2012, the ACS Group had a 17% ownership interest in the share capital of Xfera Móviles, S.A. through ACS Telefonía Móvil, S.L.

The carrying amount of the ownership interest in Xfera amounted to EUR 198,376 thousand at 30 June 2013 and 31 December 2012, which, following write-downs carried out in previous years prior to the sale in 2006 to the Telia Sonera Group, relates to the contributions made in 2006 onwards, including the participating loans related thereto included under "Other loans".

d) Loans to associates

The most noteworthy of mention in the balance of non-current “Loans to associates” are mainly the loans amounting to EUR 397,500 thousand (EUR 402,500 thousand at 31 December 2012) to the Habtoor Leighton Group and EUR 88,459 thousand (EUR 88,459 thousand at 31 December 2012) in relation to the acquisition by Hochtief, A.G. of Aurelis Real Estate in 2007.

In relation to the loan to the Habtoor Leighton Group, the investment in this company was fully provisioned in the accompanying condensed financial statements, and other provisions were also recognised to cover other risks relating to this ownership interest.

e) Other loans

Non-current loans at 30 June 2013 include mainly the debt that continues to be refinanced to local corporations, amounting to EUR 99,769 thousand (EUR 101,798 thousand at 31 December 2012), and the participating loans to Xfera Móviles, S.A., amounting to EUR 119,170 thousand, the same amount as at 31 December 2012.

f) Debt securities

At 30 June 2013, this heading included the investments in securities maturing in the short term, relating mainly to Hochtief for EUR 474,027 thousand (EUR 517,948 thousand at 31 December 2012), to Cobra for EUR 110,396 thousand (EUR 121,251 thousand at 31 December 2012) and to Urbaser for EUR 122,971 thousand (EUR 79,633 at 31 December 2012).

g) Other financial assets

At 30 June 2013, "Other financial assets" included short-term deposits amounting to EUR 377,476 thousand (EUR 418,123 thousand at 31 December 2012). This heading most notably includes the amounts contributed to meet the coverage ratios of certain financing for the ownership interest in Hochtief amounting to EUR 53,897 thousand (see Note 10) and certain derivatives arranged by the Group (see Note 11). These amounts earn interest at market rates and their availability depends on the compliance with the coverage ratios.

h) Impairment losses

In the first half of 2013, impairment losses on financial assets amounted to EUR 20,498 thousand (EUR 1,375,722 thousand at 30 June 2012) and related to the ACS Group's ownership interest in Iberdrola (see section b) of this Note and Note 16).

There were no significant reversals of impairment losses on financial assets in the first six months of 2013 or in the first half of 2012.

7.- Inventories

The detail of "Inventories" is as follows:

	Thousands of Euros	
	30/06/2013	**31/12/2012**
Merchandise	231,233	225,092
Raw materials and other procurements	392,832	413,760
Products in progress	1,174,038	1,126,536
Finished goods	11,709	7,472
By-products, waste and recovered materials	327	197
Work in progress	180,445	147,058
Total	**1,990,584**	**1,920,115**

Impairment losses on inventories recognised and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 109 thousand and EUR 6,432 thousand, respectively, in the six-month period ended 30 June 2013 (EUR 330 thousand and EUR 5,638 thousand, respectively, for the same period in 2012).

8.- Equity

8.01. Share capital

At 30 June 2013, the share capital of the Parent amounted to EUR 157,332 thousand and was represented by 314,664,594 fully subscribed and paid shares of EUR 0.5 par value each, all with the same voting and dividend rights.

Expenses directly attributable to the issue or acquisition of new shares are recognised in equity as a deduction from the amount thereof.

The General Shareholders' Meeting held on 25 May 2009 authorised the Company's Board of Directors to increase share capital by up to 50% at the date of this resolution on one or several occasions, and at the date, in the amount and under the conditions freely agreed in each case, within five years following 25 May 2009, and without having previously submitted a proposal to the General Shareholders' Meeting. Accordingly, the Board of Directors may set the terms and conditions under which capital is increased as well as the features of the shares, investors and markets at which the increases are aimed and the issue procedure, freely offer the unsubscribed shares in the preferential subscription period; and in the event of incomplete subscription, cancel the capital increase or increase capital solely by the amount of the subscribed shares.

The capital increase or increases may be carried out through the issue of new shares, either ordinary, without voting rights, preference or recoverable. The new shares shall be payable by means of monetary contributions equal to the par value of the shares and any share premium which may be agreed.

The Board of Directors was expressly empowered by the General Shareholders' Meeting to exclude preferential subscription rights in full or in part in relation to all or some of the issues agreed under the scope of this authorisation, where it is in the interest of the company and as long as the par value of the shares to be issued plus any share premium agreed is equal to the fair value of the Company's shares based on a report to be drawn up at the Board's request, by an independent auditor other than the Company's auditor, which is appointed for this purpose by the Spanish Mercantile Registry on any occasion in which the power to exclude preferential subscription rights is exercised.

Additionally, the Company's Board of Directors is authorised to request the listing or delisting of any shares issued, in Spanish or foreign organised secondary markets.

Similarly, at the General Shareholders' Meeting held on 25 May 2009, the shareholders resolved to grant the Board of Directors the power, in accordance with the applicable legal provisions, to issue simple, exchangeable or convertible fixed-income securities as well as warrants on newly issued shares or Company shares currently in circulation. Securities may be issued on one or more occasions within five years following the resolution date. The total amount of the issue or issues of securities, plus the total number of shares listed by the Company, plus the total number of shares listed by the Company and outstanding at the issue date may not exceed a maximum limit of eighty per cent of the equity of ACS Actividades de Construcción y Servicios, SA. according to the latest approved statement of financial position. Based on the aforementioned authorisation, in the first half of 2013 ACS, Actividades de Construcción y Servicios, S.A. formally executed a Euro Commercial Paper programme for a maximum amount of EUR 500 million, the balance of which at 30 June 2013 amounted to EUR 83,323 thousand (see Note 10).

The Ordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 10 May 2013 resolved, among other matters, to a share capital increase and reduction.

In this regard, the Company resolved to increase share capital to a maximum of EUR 504 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 362 million and the second increase may not exceed EUR 142 million, thereby equally granting the Executive Commission, the Chairman of the Board of Directors and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the two months following the date of the General Shareholders' Meeting for 2012 and, in the case of the second increase, within the first quarter of 2014, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend.

With regard to the capital reduction, the resolution adopted by the Board consists of reducing share capital through the retirement of the Company's treasury shares for a nominal amount equal to the nominal amount for which the aforementioned capital increase was effectively carried out. The Board of Directors is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases.

In addition to the aforementioned authorisation to reduce capital, at the General Shareholders' Meeting held on 10 May 2013, the shareholders resolved, among other matters, to expressly allow the treasury shares acquired by the Company or its subsidiaries to be earmarked, in full or in part, for sale or retirement, for delivery to the employees or Directors of the Company or the Group and for reinvestment plans for dividends or similar instruments. The Board of Directors is granted the power for its execution.

Specifically, and by virtue of this delegation, on 20 June 2013 the Company resolved to carry out the first capital increase for a maximum amount of EUR 362 million. This capital increase is aimed at establishing an alternative remuneration system, as in many Ibex companies, that would allow shareholders to receive bonus shares from ACS or cash through the sale of the related bonus issue rights which are traded on the stock market, or that may be sold to ACS at a certain price based on a formula approved by the Board.

In relation to the foregoing, the Parent increased its share capital by EUR 3,926,818.50, relating to 7,853,637 ordinary shares of EUR 0.5 par value each, subsequent to the end of the six-month period ended 30 June 2013.

The shares of ACS, Actividades de Construcción y Servicios, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerised trading system.

8.02. <u>Treasury shares</u>

The changes in “Treasury shares” are as follows:

	First half of 2013		First half of 2012	
	Number of Shares	**Thousands of Euros**	**Number of Shares**	**Thousands of Euros**
At beginning of the year	**21,368,766**	**574,696**	**23,608,833**	**760,651**
Purchases	8,608,526	159,572	4,082,667	73,023
Sales	(25,283,639)	(645,945)	(1,055,496)	(33,123)
2013/2012 Bonus pay	(208,529)	(3,873)	(287,700)	(9,269)
At end of the reporting period	**4,485,124**	**84,450**	**26,348,304**	**791,282**

On 24 January 2013, the ACS Group sold a total of 20,200,000 treasury shares amounting to EUR 360,166,000 to three entities, which gave rise to a negative effect on equity of EUR 170,698 thousand. In addition, the Group entered into certain derivative contracts for the same number of ACS shares, payable only in cash and within a period of two years that may be extended for a further year (see Notes 11 and 17).

On 7 July 2012, 7,332,095 treasury shares were retired for a carrying amount of EUR 217,304 thousand in accordance with the resolutions adopted by the General Shareholders' Meeting held on 31 May 2012 in relation to the shareholder remuneration system.

8.03. Adjustments for changes in value

The changes in "Adjustments for changes in value" are as follows:

	Thousands of Euros	
	First half of 2013	**2012 annual reporting period**
Beginning balance	**(725,840)**	**(2,363,192)**
Hedging Instruments	140,328	(153,685)
Available-for-sale financial assets	7,006	1,839,515
Exchange differences	(97,717)	(48,478)
Ending balance	**(676,223)**	**(725,840)**

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges. They relate mainly to interest rate hedges and, to a lesser extent, foreign exchange rate hedges, tied to asset and liability items in the balance sheet, and to future transaction commitments qualifying for hedge accounting because they meet the requirements provided for in IAS 39 on hedge accounting.

The changes relating to available-for-sale financial assets include the unrealised gains or losses arising from changes in their fair value net of the related tax effect. The change arose mainly as a result of the transactions carried out in relation to the ownership interest in Iberdrola, S.A. (see Note 6.b).

9.- Non-current provisions

The breakdown of the balance of this heading is as follows:

	Thousands of Euros	
	30/06/2013	**31/12/2012**
Funds for pensions and similar obligations	492,611	524,584
Provisions for taxes and third-party liability	1,296,584	1,348,099
Provisions for actions on infrastructure	20,722	19,358
Provisions	**1,809,917**	**1,892,041**

Note 20 to the ACS Group's consolidated financial statements for the year ended 31 December 2012 describes the main disputes, including the main litigation of a tax and legal nature, affecting the Group at that date. The total amount of payments made by the ACS Group arising from lawsuits in the first six months of 2013 and 2012 is not material with respect to these interim condensed consolidated financial statements.

10.- Financial liabilities

The detail of the ACS Group's non-current financial liabilities at 30 June 2013 and 31 December 2012, by nature and category, for valuation purposes, is as follows:

	Thousands of Euros			
	30/06/2013		31/12/2012	
	Non-Current	Current	Non-Current	Current
Debt instruments and other marketable securities	2,186,302	191,187	1,483,824	157,670
Bank borrowings	5,475,752	3,555,244	5,365,388	4,064,250
- with limited recourse	1,153,761	266,955	1,103,847	278,575
- Other	4,321,991	3,288,289	4,261,541	3,785,675
Other financial liabilities	132,716	269,610	107,371	369,455
Total	**7,794,770**	**4,016,041**	**6,956,583**	**4,591,375**

At 30 June 2013, the ACS Group has non-current debentures and bonds issued amounting to EUR 2,186,302 thousand and EUR 191,187 thousand in current issues (EUR 1,483,824 thousand in non-current and EUR 157,670 thousand in current, respectively, at 31 December 2012) from Leighton Holdings and Hochtief, A.G. At 30 June 2013 the most relevant changes with regard to 31 December 2012 arose from a corporate bond issued by Hochtief, A.G. on 14 March 2013 for a nominal amount of EUR 750 million, maturing at seven years and with an annual coupon of 3.875%. In March 2012, Hochtief, A.G. issued a corporate bond for a nominal amount of EUR 500 million maturing in five years and with an annual coupon of 5.5%.

On 22 March 2013, ACS, Actividades de Construcción y Servicios, S.A. formally executed a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 500 million, which was registered in the Irish Stock Exchange, in using the authorisation granted by the General Shareholders' Meeting held on 25 May 2009 and in executing the Board of Directors resolution on 8 November 2012. Banesto is the coordinator of the programme operations (arranger), a company which also acts as the appointed intermediary (dealer). By means of this programme, ACS will be able to issue promissory notes maturing between 1 and 364 days, thereby enabling it to diversify its means of obtaining financing on capital markets.

Various issues were carried out under this programme for a total of EUR 84,500 thousand. At 30 June 2013, the issues outstanding under the aforementioned programme amounted to EUR 83,323 thousand.

“Project finance and limited recourse borrowings” on the liability side of the consolidated statement of financial position mainly includes, in addition to the financing for the acquisition of Hochtief, A.G., the amount of the financing related to infrastructure projects. The detail of the balance of this heading, by type of financed asset at 30 June 2013, is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Hochtief Aktiengesellschaft	25,651	592,025	**617,676**
Project financing			
Property assets (Inventories)	214,785	137,756	**352,541**
Waste treatment	11,518	203,550	**215,068**
Highways	3,705	131,393	**135,098**
Police station	5,116	59,837	**64,953**
Water management	1,979	20,069	**22,048**
Energy transmission	-	8,625	**8,625**
Security	4,192	-	**4,192**
Photovoltaic plants	9	506	**515**
	266,955	**1,153,761**	**1,420,716**

The detail of this heading, by type of financial asset, at 31 December 2012 was as follows:

	Thousands of Euros		
	Current	Non-current	Total
Hochtief Aktiengesellschaft	12,076	589,631	**601,707**
Project financing			
Property assets (Inventories)	239,353	117,340	**356,693**
Waste treatment	12,147	173,243	**185,390**
Highways	388	131,469	**131,857**
Police station	4,161	60,214	**64,375**
Water management	1,996	21,766	**23,762**
Energy transmission	-	9,655	**9,655**
Security	8,446	-	**8,446**
Photovoltaic plants	8	529	**537**
	278,575	**1,103,847**	**1,382,422**

In relation to the initial package of Hochtief, A.G. shares acquired in 2007, on 27 October 2011 Cariátide, S.A. entered into a refinancing agreement with a bank syndicate for a nominal amount of EUR 602,000 thousand until 24 July 2015. At 31 December 2012 and at the date of approval of these condensed financial statements, the coverage ratios envisaged by this financing had been met.

Other non-current bank borrowings most notably include the agreement for refinancing the syndicated loan maturing in July 2015 entered into by ACS, Actividades de Construcción y Servicios, S.A. on 9 February 2012 with a syndicate of banks, made up of 32 Spanish and international entities. At 31 December 2012, the amount contracted totalled EUR 1,430,300 thousand and was classified as non-current. In addition, in May 2012 the Group renewed the syndicated loan with Urbaser for EUR 506,300 thousand (EUR 750,000 thousand at 31 December 2011) maturing on 28 November 2014, which was then reclassified as non-current. In the first half of 2013, Leighton resolved to receive syndicated bank financing amounting to EUR 765,800 thousand (AUD 1,000,000 thousand) maturing on 21 June 2016, which replaces the previous syndicated bank financing of AUD 600,000 thousand that matured in December 2013 with a disbursement at 30 June 2013 of EUR 153,200 thousand (AUD 200,000 thousand).

Also noteworthy of mention, within other bank borrowings, is the long-term financing obtained for the acquisition of Hochtief, A.G. shares for a nominal amount of EUR 450,000 thousand maturing in June and July 2014 through the SPV Major Assets, S.L., all with an in rem guarantee on the Hochtief shares deposited therein. In addition, EUR 200,000 thousand maturing in February 2014 through the SPV Equity Share, S.L. with an in rem guarantee secured by Iberdrola shares.

The long-term financing from the investee Hochtief, A.G. for EUR 1,302,401 thousand (EUR 1,148,815 thousand at 31 December 2012) is also noteworthy of mention.

In the first half of 2013 and in 2012, the ACS Group has satisfactorily met its bank borrowing payment obligations on maturity. At the date of preparation of the condensed consolidated financial statements, the Group had also complied with all its financial obligations.

Note 21 to the financial statements for 2012 details the main financial risks to which the ACS Group is exposed (interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk of listed shares). No significant changes took place during the first half of 2013 regarding the ACS Group's financial risks detailed in the financial statements, except for those that arose in connection with:

- The issue of a Hochtief corporate bond amounting to EUR 750 million, maturing at seven years, and the new syndicated financing entered into by Leighton until 2016 that was mentioned in this Note.
- The sale agreements that have yet to enter their final phase regarding the airports managed by Hochtief, the facility management business, and the sale already made for the assets relating to the telecommunications in Leighton, which will allow a high degree of liquidity to be obtained.
- The issue of the Euro Commercial Paper (ECP) programme mentioned in this Note.

The amount relating to "Other financial liabilities" includes mainly payables to associates.

11.- Derivative financial instruments

The detail of the financial instruments is as follows:

	Thousands of Euros			
	30/06/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Hedges	2,021	86,444	481	124,004
Non-qualified hedges	503,838	483,531	470,216	470,359
Non-current	**505,859**	**569,975**	**470,697**	**594,363**
Hedges	14,167	17,794	4,871	20,272
Non-qualified hedges	736	2,694	4,143	3,593
Current	**14,903**	**20,488**	**9,014**	**23,865**
Total	**520,762**	**590,463**	**479,711**	**618,228**

The assets and liabilities designated as hedging instruments include the amount corresponding to the effective part of the changes in fair value of these instruments designated and classified as cash flow hedges. They relate mainly to interest rate hedges (interest rate swaps) and foreign exchange rate hedges, tied to asset and liability items in the balance sheet, and to future transaction commitments qualifying for hedge accounting because they meet the requirements provided for in IAS 39, on hedge accounting.

The assets and liabilities relating to financial instruments not qualified as hedges include the fair value of the derivatives which do not meet hedging conditions. Noteworthy of mention within assets relating to financial instruments is the measurement at fair value of the call spread contracted in relation to the refinancing on Iberdrola, S.A. shares carried out in July 2012 (see Note 6) on an underlying amount of 597,286,512 Iberdrola shares. The market value at 30 June 2013 gave rise to the recognition of an asset of EUR 461,877 thousand (EUR 460,506 thousand at 31 December 2012). The change with regard to 31 December 2012 was recognised as income under "Changes in the fair value of financial instruments" in the accompanying consolidated income statement.

In addition, the ACS Group entered into derivative contracts on ACS shares, payable only in cash and within a period that ranges from January to March 2015. The value of the asset recognised in this connection amounts to EUR 28,633 thousand at 30 June 2013, and the change in value was recognised under "Changes in the fair value in financial instruments" in the accompanying consolidated income statement.

With regard to liabilities arising from financial instruments, the most significant at 30 June 2013 relates to the fair value of the equity swap on Iberdrola, S.A. shares, which amounts to EUR 299,744 thousand (EUR 266,327 thousand at 31 December 2012). The difference between these valuations was recognised as a loss under "Changes in the fair value of financial instruments" in the accompanying consolidated income statement (see Note 17). In addition, other liabilities relate to the derivative included in the outsourcing to a financial institution of the 2010 stock option plan amounting to EUR 86,675 thousand (EUR 95,092 thousand at 31 December 2012). The financial institution acquired these shares on the market for delivery to management, who are beneficiaries of this Plan in accordance with the conditions included therein, at the exercise price of the option. The measurement of fair value of this instrument is included under "Changes in fair value of financial instruments" (see Note 17).

In the contract with the financial institution, the latter does not assume any risk relating to the drop in the market price of the share below the exercise price. The exercise price of the option for the 2010 Plan is EUR 34.155 per share. Therefore, this risk relating to the drop in the market price below the option price is assumed by ACS, Actividades de Construcción y Servicios, S.A., and was not subject to any hedging with another financial institution. This put option in favour of the financial institution is recognised at fair value at the end of the reporting period and, therefore, the Group recognises a liability in the consolidated income statement with respect to the value of the option in the previous year. The risk of an increase in the share price is not assumed by either the financial institution or the Group, since, in this case, management would exercise its call option and directly acquire the shares from the financial institution, which agrees to sell them to the beneficiaries at the exercise price. Consequently, upon completing the plan, if the shares have a higher market price than the value of the option, the derivative will have zero value at this date.

Additionally, according to the contract, at the time of final maturity of the Plan, in the event that there are options that have not been exercised by their Directors (i.e. due to voluntary resignation in the ACS Group), the pending options are settled by differences. In other words, the financial institution sells the pending options on the market, and the result of the settlement, whether positive or negative, is received by ACS in cash (never in shares). Consequently, at the end of the Plan, the Company does not ever receive shares derived from the same, and therefore it is not considered treasury stock.

At 30 June 2013, the ACS Group held other derivatives that did not qualify for hedge accounting, which included the measurement at fair value of the financial instruments that are settled by differences and whose negative market value amounted to EUR 85,097 thousand (EUR 93,513 thousand at 31 December 2012), thereby giving rise to a loss of EUR 8,416 thousand recognised under "Changes in the fair value of financial instruments" (see Note 17).

The Group has recognised both its own credit risk and that of the counterparty based on each derivative, whereby the impact on the income statement was a gain of EUR 900 thousand for a derivative instruments measured at fair value through profit or loss, in accordance with the new IFRS 13 that entered into force on 1 January 2013.

With regard to the assets and liabilities measured at fair value, the ACS Group followed the hierarchy set out in IFRS 7, in accordance with that indicated in Note 03.08.06.

Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities.

Level 2: Inputs other than prices quoted 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).

Level 3: Inputs for the asset or liability that are not based on observable market data.

	Thousands of Euros			
	Value at 30/06/2013	**Level 1**	**Level 2**	**Level 3**
Assets	**1,880,776**	**810,315**	**1,002,327**	**68,134**
Equity instruments	587,876	334,818	184,924	68,134
Debt securities	772,138	475,497	296,641	-
Financial instrument receivables				
Non-current	505,859	-	505,859	-
Current	14,903	-	14,903	-
Liabilities	**590,463**	**-**	**590,463**	**-**
Financial instrument receivables				
Non-current	569,975	-	569,975	-
Current	20,488	-	20,488	-

	Thousands of Euros			
	Value at 31/12/2012	**Level 1**	**Level 2**	**Level 3**
Assets	**1,900,558**	**866,874**	**958,611**	**75,073**
Equity instruments	615,367	348,926	191,368	75,073
Debt securities	805,480	517,948	287,532	-
Financial instrument receivables				
Non-current	470,697	-	470,697	-
Current	9,014	-	9,014	-
Liabilities	**618,228**	**-**	**618,228**	**-**
Financial instrument receivables				
Non-current	594,363	-	594,363	-
Current	23,865	-	23,865	-

The changes in financial instruments included under Level 3 during the six-month period ended 30 June 2013 are as follows:

	Thousands of Euros
Balance at 1 January 2013	**75,073**
Additions	124
Currency adjustments	(7,063)
Balance at 30 June 2012	**68,134**

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy during the first half of 2013. There were also no transfers to or from Level 3 with regard to 31 December 2012. The decrease in the fair value of Level 3 was recognised directly in equity.

12.- Tax matters

- *Deferred tax assets and liabilities*

The detail of the deferred tax assets at 30 June 2013 is as follows:

	Thousands of Euros					
	30/06/2013			31/12/2012		
	Tax Group in Spain	**Other companies**	**Total**	**Tax Group in Spain**	**Other companies**	**Total**
Credit for tax loss	710,127	103,689	813,816	707,173	69,952	777,125
Other temporary differences	474,271	726,040	1,200,311	495,970	837,804	1,333,774
Tax credits and tax relief	350,337	32,414	382,751	355,932	273	356,205
Total	**1,534,735**	**862,143**	**2,396,878**	**1,559,075**	**908,029**	**2,467,104**

Credit for tax loss of the ACS Tax Group in Spain arise from the estimated consolidated tax loss for 2012, and expire after a period of 18 years.

The temporary differences of the companies not included in the Spanish Tax Group arose mainly from the companies of the Hochtief Group.

The deferred tax assets indicated above were recognised in the consolidated statement of financial position because the Group's Directors considered that, based on their best estimate of the Group's future earnings, it is probable that these assets will be recovered.

Deferred tax liabilities have not substantially changed with respect to 31 December 2012.

- *Change in income tax expense*

The main items affecting the quantification of income tax expense are as follows:

	Thousands of Euros	
	30/06/2013	**30/06/2012**
Consolidated profit/(loss) before tax	811,613	(1,726,154)
Profit or loss of companies accounted for using the equity method	(120,901)	(265,505)
	690,712	**(1,991,659)**
Tax charge at 30%	207,214	(597,498)
Tax credit for double taxation of dividends of Iberdrola, S.A.	(16,908)	(50,572)
Net impact of other permanent differences, tax credits, national tax rate spreads and adjustments	38,662	24,196
Income tax expense/(income)	**228,968**	**(623,874)**

The most significant item included at 30 June 2013 under "Net impact of other permanent differences, tax credits, national tax rate spreads and adjustments" relates mainly to the existence of subsidiaries not included in Tax Group 30/99, which does not include the tax effect related to their accounting losses.

13.- Business segments

In accordance with the ACS Group's internal organisational structure, and consequently, its internal reporting structure, the Group carries on its business activities through lines of business which are the operating reporting segments as indicated in IFRS 8. The Construction segments includes Hochtief, A.G. and the concession business carried out through Iridium. Note 25 to the consolidated financial statements of the ACS Group for the year ended 31 December 2012 details the bases used by the Group to define its operating segments.

The reconciliation of revenue, by segment, to consolidated revenue at 30 June 2013 and 2012 is as follows:

Segments	Thousands of Euros					
	30/06/2013			30/06/2012		
	External income	Inter-segment income	**Total income**	External income	Inter-segment income	**Total income**
Construction	14,592,561	9,120	**14,601,681**	14,344,544	3,931	**14,348,475**
Environment	896,963	134	**897,097**	858,668	143	**858,811**
Industrial Services	3,631,740	8,747	**3,640,487**	3,630,039	10,642	**3,640,681**
(-) Adjustments and eliminations of ordinary inter-segment income	-	(18,001)	**(18,001)**	-	(14,716)	**(14,716)**
Total	**19,121,264**	**-**	**19,121,264**	**18,833,251**	**-**	**18,833,251**

Inter-segment sales are made at market prices.

The reconciliation of the profit/loss, by business, with consolidated profit/loss before taxes at 30 June 2013 and 2012 is as follows:

	Thousands of Euros	
	30/06/2013	30/06/2012
Segments		
Construction	319,715	350,326
Environment	47,957	195,686
Industrial Services	261,402	238,711
Total profit of the segments reported upon	**629,074**	**784,723**
(+/-) Unallocated profit	(46,429)	(1,779,549)
(+/-) Elimination of internal profit (between segments)	-	-
(+/-) Other profits (loss)	-	-
(+/-) Income tax and /or profit (loss) from discontinued operations	228,968	(731,328)
Profit before tax	**811,613**	**(1,726,154)**

Revenue, by geographical area, at 30 June 2013 and 2012 is as follows:

Net amount of turnover by Geographical Area	Thousands of Euros	
	30/06/2013	30/06/2012
Domestic market	2,949,163	3,527,989
Foreign market	16,172,101	15,305,262
a) European Union	1,983,564	1,892,521
b) O.E.C.D countries	11,828,468	11,083,748
c) Rest of countries	2,360,069	2,328,993
Total	**19,121,264**	**18,833,251**

The detail of sales by principal countries is as follows:

Net Revenue by Geographical Area	Thousands of Euros	
	30/06/2013	30/06/2012
Australia	6,137,484	5,929,290
United States	4,174,831	3,898,851
Spain	2,949,163	3,527,989
Germany	965,261	856,902
Mexico	648,901	648,635
Indonesia	464,750	505,014
Canada	636,538	452,938
United Arab Emirates	356,210	349,116
Poland	281,521	270,872
China	365,572	243,594
Brazil	164,418	242,645
United Kingdom	287,796	217,762
Portugal	93,217	195,198
Other	1,595,602	1,494,445
Total	**19,121,264**	**18,833,251**

14.- Financial income

At 30 June 2013, financial income included, among other items, the dividends from Iberdrola, S.A. which amounted to EUR 58,120 thousand (EUR 172,799 thousand at 30 June 2012).

15.- Average workforce

The detail of the average number of employees, by professional category and gender, is as follows:

Category	Average number of employees					
	30/06/2013			30/06/2012		
	Men	Women	TOTAL	Men	Women	TOTAL
University graduates	23,771	6,244	**30,015**	24,173	6,206	**30,379**
Junior college graduates	6,262	1,681	**7,943**	5,947	1,709	**7,656**
Non-graduate line personnel	11,617	1,397	**13,014**	10,644	1,426	**12,070**
Clerical personnel	3,381	6,079	**9,460**	3,496	6,478	**9,974**
Other employees	97,089	10,471	**107,560**	96,182	8,119	**104,301**
Total	**142,120**	**25,872**	**167,992**	**140,442**	**23,938**	**164,380**

16.- Impairment and gains or losses on disposal of financial instruments

In the first half of 2013, this heading of the accompanying consolidated income statement includes mainly the profit from the sale of Leighton's telecommunication business amounting to EUR 164,649 thousand. This profit includes the effect of recognising the ownership interest of 30% that it still holds at fair value. Likewise, the effect of the impairment in the first quarter on the ownership interest in Iberdrola was also recognised (see Note 6).

Noteworthy in this heading of the income statement for the six-month period ended 30 June 2012 is the amount relating to the valuation adjustment made to the ownership interest in Iberdrola, S.A. of EUR 1,374,598 thousand, the unrealised gains obtained from the sale of the 3.69% holding in Iberdrola, S.A. for EUR 855,869 thousand, and the profit earned from the sale of the 10.28% holding in Abertis Infraestructuras, S.A. for EUR 201,699 thousand.

17.- Changes in fair value of financial instruments

This heading includes the effect on the income statement of derivative instruments which do not meet the efficiency criteria provided in IAS 39, or which are not hedging instruments. At 30 June 2013, the most significant effect, on one hand, relates to the loss arising from the measurement at fair value of the equity swap on Iberdrola shares and, on the other hand, the profit arising from the derivatives on ACS shares, as described in Note 11.

The most significant losses incurred in the first half 2012 were mainly a result of the valuation of the derivative of the ACS Group's 2010 stock option plan and the market valuation of certain derivatives amounting to EUR 140,866 thousand.

18.- Transactions and balances with related parties

The following information relating to transactions with related parties is disclosed in accordance with the Spanish Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, and applied through the Spanish National Securities Market Commission.

Transactions between individuals, companies or Group entities related to Group shareholders or Directors

The transactions performed at 30 June 2013 were as follows (in thousands of euros):

Related transactions June 2013	**Significant shareholders**		**Other related parties**							**Total**
Expenses and revenue	**Grupo Iberostar**	**Total**	**Fidalser, S.L.**	**Rosán Inversiones, S.L.**	**Terratest Técnicas Especiales, S.A.**	**Indra**	**Zardoya Otis, S.A.**	**March-JLT, S.A.**	**Total**	
Management or cooperation agreements	-	**-**	-	-	631	-	-	-	**631**	**631**
Leases	-	**-**	88	-	-	-	-	-	**88**	**88**
Reception of services	-	**-**	91	-	136	527	928	-	**1,682**	**1,682**
Other expenses	-	**-**	-	-	-	-	-	17,355	**17,355**	**17,355**
Expenses	**-**	**-**	**179**	**-**	**767**	**527**	**928**	**17,355**	**19,756**	**19,756**
Provision of services	81	**81**	-	208	-	1,022	-	-	**1,230**	**1,311**
Revenue	**81**	**81**	**-**	**208**	**-**	**1,022**	**-**	**-**	**1,230**	**1,311**

Related transactions June 2013	**Significant shareholders**		**Other related parties**		**Total**
Other transactions	**Banca March**	**Total**	**Banco Sabadell**	**Total**	
Financing agreements: loans and capital contributions (lender)	56,060	**56,060**	774,167	**774,167**	**830,227**
Guarantees given	35,600	**35,600**	-	**-**	**35,600**
Other transactions	30,609	**30,609**	-	**-**	**30,609**

The transactions performed at 30 June 2012 were as follows (in thousands of euros):

Related transactions June 2012	**Significant shareholders**		**Directors and Management**	**Other related parties**							**Total**
Expenses and revenue	**Grupo Iberostar**	**Total**	**Total**	**Fidalser, S.L.**	**Rosán Inversiones, S.L.**	**Terratest Técnicas Especiales, S.A.**	**Indra**	**Zardoya Otis, S.A.**	**Unipsa, Correduría de Seguros, S.A.**	**Total**	
Management or cooperation agreements	-	**-**	-	-	-	1,823	-	-	-	**1,823**	**1,823**
Leases	-	**-**	-	93	-	-	-	-	-	**93**	**93**
Reception of services	-	**-**	-	42	-	710	1,376	715	-	**2,843**	**2,843**
Purchase of goods (unfinished or finished)	-	**-**	-	-	-	-	-	-	-	**-**	**-**
Other expenses	-	**-**	-	-	-	-	-	-	15,156	**15,156**	**15,156**
Expenses	**-**	**-**	**-**	**135**	**-**	**2,533**	**1,376**	**715**	**15,156**	**19,915**	**19,915**
Provision of services	219	**219**	93	-	120	-	1,029	5	-	**1,154**	**1,466**
Revenue	**219**	**219**	**93**	**-**	**120**	**-**	**1,029**	**5**	**-**	**1,154**	**1,466**

Related transactions June 2012	**Significant shareholders**		**Other related parties**					**Total**
Other transactions	**Banca March**	**Total**	**Banco Sabadell Guipuzcoano**	**Fidwei Inversiones, S.L.**	**Lynx Capital, S.A.**	**Fidalser, S.L.**	**Total**	
Financing agreements: loans and capital contributions (lender)	59,170	**59,170**	921,132	-	-	-	**921,132**	**980,302**
Guarantees given	42,420	**42,420**	-	-	-	-	**-**	**42,420**
Dividends and other distributed profit	-	**-**	-	378	308	450	**1,136**	**1,136**
Other transactions	80,639	**80,639**	-	-	-	-	**-**	**80,639**

Banca March is considered to be a significant shareholder given that it is a shareholder of Corporacion Financiera Alba, S.A., the main direct shareholder of ACS, Actividades de Construcción y Servicios, S.A. Banca March has performed typical transactions relating to its ordinary course of business such as granting loans, providing guarantees for bid offers and/or the execution of works, reverse factoring and non-recourse factoring to several ACS Group companies.

The Iberostar Group is disclosed due to its tie as a direct shareholder of ACS, Actividades de Construcción y Servicios, S.A. As a tourism and travel agency, this Group has provided services to ACS Group companies as part of its business transactions. In addition, the ACS Group has mainly carried out air-conditioning activities in hotels owned by Iberostar.

Rosán Inversiones, S.L. is disclosed as a result of its relationship with the Chairman and CEO of the Company, which holds a significant ownership interest through Inversiones Vesán, S.A.

In relation to transactions with other related parties, these are listed due to the relationship of certain Directors of ACS, Actividades de Construccion y Servicios, S.A. with companies in which they are either shareholders or senior executives. In this regard, the transactions with Fidalser, S.L., Terratest Tecnicas Especiales, S.A., Fidwei Inversiones, S.L. and Lynx Capital, S.A. are listed due to the relationship of the director, Pedro Lopez Jimenez, with these companies. Transactions with Indra are listed due to its relationship with the director Javier Monzon. The transactions performed with the Zardoya Otis, S.A. are indicated due to its relationship with the director José María Loizaga. The transactions with Banco Sabadell are listed due the bank's relationship with the director Javier Echenique. The transactions with the insurance broker, March-JLT, S.A., are listed due to the company's relationship with Banca March, although in this case the figures listed are intermediate premiums paid by ACS Group companies, rather than considerations for insurance brokerage services.

"Other transactions" includes all transactions not related to the specific sections included in the periodic public information reported in accordance with the regulations published by the CNMV. In the first half of 2013, "Other transactions" relates exclusively to Banca March, since it is the main shareholder of Corporacion Financiera Alba, S.A., which is a direct shareholder of the ACS Group. Banca March, as a financial institution, provides various financial services to ACS Group companies in the ordinary course of business amounting to a total EUR 30,609 thousand (EUR 80,639 thousand in the first half of 2012), and in this case they relate to the reverse factoring lines of credit for suppliers.

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business, and relate to ordinary Group company transactions.

The transactions performed between ACS consolidated Group companies were eliminated in the consolidation process and form part of the normal business activities of the companies in terms of their company object and conditions. The transactions are performed on an arm's length basis and the related information is not necessary to fairly present the equity, financial position and results of the Group's operations.

In accordance with the information available to ACS, Actividades de Construcción y Servicios, S.A., the members of the Board of Directors had no conflicts of interest in the first half of 2013 or 2012, in accordance with that indicated in Article 229 of the Spanish Companies Law.

19.- <u>Board of Directors and Senior Executives</u>

Remuneration of Directors

In the six-month period ended 30 June 2013 and 2012, the Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as members of the Boards of Directors of the Parent and the Group companies or as Senior Executives of Group companies.

	Thousands of Euros	
	30/06/2013	**30/06/2012**
Fixed remuneration	1,981	1,877
Variable remuneration	2,003	1,943
By-law stipulated director’s emoluments	1,510	1,418
Total	**5,494**	**5,238**

In addition, at 30 June 2013 EUR 732 thousand (EUR 904 thousand at 30 June 2012) were charged to income as a result of the share options granted to members of the Board of Directors with executive posts. This amount relates to the proportion of the value of the plan on the date it was granted.

The benefits relating to pension funds and plans, and life insurance premiums are as follows:

Other Benefits	Thousands of Euros	
	30/06/2013	**30/06/2012**
Pension funds and plans: contributions	925	886
Life insurance premiums	8	8

The amount recognised under "Pension funds and plans: Contributions” includes the portion relating to the payments made by the Company every six months.

The ACS Group has not granted any advances, loans or guarantees to any of the Board members of the ACS Group.

Remuneration of the Senior Executives

The remuneration of the Group's Senior Executives in the periods ended 30 June 2012 and 2013, excluding those who are simultaneously Executive Directors, was as follows:

	Thousands of Euros	
	30/06/2013	**30/06/2012**
Total remuneration	11,191	12,132

EUR 2,793 thousand at 30 June 2013 (EUR 3,451 thousand at 30 June 2012) were charged to income as a result of the share options granted to the Group's Senior Executives, and were not recognised under "Total remuneration". Similarly, as indicated in the case of Directors, the amounts relate to the proportion of the value of the plan on the date it was granted. In addition, EUR 830 thousand (EUR 1,107 thousand at 30 June 2012) related to pension plans and EUR 13 thousand (EUR 16 thousand at 30 June 2012) related to life insurance premiums.

Share option plans

At its meeting held on 27 May 2010, the Executive Committee agreed to set up a share option plan, in keeping with the resolution adopted by the shareholders at the General Shareholders' Meeting held on 25 May 2009, and at the request of the Appointments and Remuneration Committee. The features of this Plan are as follows:

- Number of shares: 6,203,454 shares
- Beneficiaries: 57 managers: 1 manager with 936,430 shares; 4 managers with between 752,320 and 351,160 shares; 8 managers with 92,940 shares; 16 managers with 69,708 shares and 28 managers with 46,472 shares.
- Acquisition price: EUR 34.155 per share.

The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the fourth and fifth years after 1 May 2010, inclusive. However, in the case of an employee is terminated without just cause or if it is the beneficiary's own will, the options may be exercised six months following the event in question in the cases of death, retirement, early retirement or permanent disability, and after 30 days in all other cases. Tax withholdings and the taxes to be paid as a result of exercising the share options will be borne exclusively by the beneficiaries. The method for exercising the option is settled through equity instruments. No option was exercised with regard to this Plan during the six-month periods ended 30 June 2013 and 2012.

The commitments arising from this plan are hedged through a financial institution (see Note 11).

The stock market price of ACS shares at 30 June 2013 and 31 December 2012 was EUR 20.350 and EUR 19.040 per share, respectively.

Within the Hochtief Group, there are also share-based remuneration systems for Group management. These plans were set up in 2004, following the sale of the ownership interest of RWE in Hochtief and have continued up to the present year. All of these share option plans form part of the remuneration system for senior executives of Hochtief, and long-term incentive plans. The total amount provisioned for these share-based payment plans at 30 June 2013 is EUR 23,892 thousand (EUR 27,992 thousand at 30 June 2012). To hedge the risk of exposure to changes in the market price of the Hochtief shares, it has a number of derivatives which are not considered to be accounting hedges.

20.- Explanation added for translation to English

These interim condensed consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 1.a). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I

CHANGES IN THE SCOPE OF CONSOLIDATION

The main companies included in the scope of consolidation are as follows:

Masa do Brasil Manutençao e Montagens, Ltda.
Dragados Australia PTY, Ltd.
Imesapi Colombia, SAS
Cymi DK, LLC
ACS OLRT Holdings, INC.
ACS RTG Partner, INC.
Rideau Transit Maintenance General Partnership
ACS RT Maintenance Partner, INC.
Rideau Transit Group General Partnership
Semi Ingenieria, S.r.L.
Antanarinas, S.A.
Schloss Herrenhausen GmbH
Hochtief PPP 1. Holding Verwaltungsgesellschaft mbH
UK Jena Beteiliguungs GmbH
Hochtief Kankenhaus UK JenaVerwaltungs GmbH
Projekt DuO Baufeld Nord Verwaltungs-GmbH
SAAone Holding B.V.
SAAone Maintenance B.V.
Projekt DuO Baufeld Nord GmbH & Co. KG
Hochtief Management Services B.V.
Hochtief Madarij Ltd.
Turner-Marhnos S A P I De CV
Turner Southeast Europe d.o.o Beograd
Turner-Arellano Joint Venture
Turner Sabinal JV
Valoram, S.A.S.
Drace Infraestructuras Venezuela, C.A.
Electren UK Limited
Semi Chile Spa
Maessa France SASU
Grupo Imesapi S.L.
Cymi Canada INC
Iridium Colombia Concesiones Viarias, SAS
Iridium Colombia Desarrollo de Infraestructuras
Maetel Romania SRL
Maetel Chile LTDA
Cobra Instalaciones y Servicios Benin
Remodelación Diesel Cadereyta, S.A. de C.V.
Concesionaria Linea de Transmisión CCNCM SAC
Cogeneración Cadereyta, S.A. de C.V.
Constructora Las Pampas de Siguas, S.A.
Cobra Railways UK Limited
Parque Eólico Valcaire, S.L.
Sistema Eléctrico de Conexión Valcaire, S.L.
Termosesmero, S.L.
City East Alliance
formart GmbH & Co. KG
formart Management GmbH
Hochtief Gayrimenkul Gelistirme Limited Sirketi
Hochtief Ppp 1. Holding Gmbh & Co. Kg
HTFM GmbH
Inspire Schools Finance Pty Limited
John Holland Pty. Ltd. & Lend Lease Project Management & Constraction (Australia) Pty. Ltd.
John Holland Pty. Ltd. & Pindan Contracting Pty. Ltd.
Kings Square No.4 Unit Trust

Kings Square Pty Ltd
Leighton Companies Management Group Llc
Leighton Fulton Hogan JV
Leighton Fulton Hogan JV (SH16 Causeway Upgrade)
Leighton M&E Limited
Leighton Offshore Eclipse Pte. Ltd.
Leighton Offshore Faulkner Pte. Ltd.
Leighton Offshore Mynx Pte. Ltd.
Leighton Offshore Stealth Pte. Ltd.
Marieninsel Ost Verwaltungs GmbH
Marieninsel West Verwaltungs GmbH
Murray & Roberts Marine Malaysia - Leigton Constractors Malaysia JV
New Future Alliance (SIHIP)
Nextgen Group Holdings Pty. Ltd.
Northern Gateway Alliance
Projekt DuO Baufeld Nord GmbH & Co. KG
Southern Gateway Alliance (Mandura)
Turner/HGR
Turner/Hoist
Turner/Omega/Ho
Turner/Winter
Wellington Tunnel Alliance

The main companies no longer included in the scope of consolidation are as follows:

Trenmedia, S.A.
Servicios Generales de Jaén, S.A.
Soc.Inversora de Infraestructuras de la Mancha, S.L
Project SP sp. z o.o.
HDM Schools Solutions (Holdings), Limited
SALTA Verwaltungs-GmbH
Dinsa Eléctricas y Cymi, S.A. de CV
Sice Puerto Rico, Inc.
Estacionamientos El Pilar, S.A.
Corporación Ygnus Air, S.A.
Audeli, S.A.
Red Eléctrica del Sur, S.A. (Redesur)
Parque Eólico Región de Murcia, S.A.
ASI-Flatiron Inc.
Aspire Schools (Qld) Pty. Ltd.
Aspire Schools Financing (Qld) Pty Limited
Aspire Schools Financing Services (Qld) Pty. Ltd.
Aspire Schools Holdings (Qld) Pty Limited
Australia-Singapore Cable (Australia) Pty Limited
Australia-Singapore Cable (International) Limited
Australia-Singapore Cable (Singapore) Pte Ltd
Bonaventura Straßenerhaltungs-GmbH
Frontier Kemper/Flatiron
Hochtief Pandion Isarauen Verwaltungs GmbH
HT Sol RE Projekt 4 GmbH & Co. KG
Infoplex Pty. Ltd.
Leighton Hsin Chong Joint Venture
Metronode (NSW) Pty Ltd
Metronode Investments Pty Limited (formerly Vytel Investments)
Metronode M2 Pty Ltd
Metronode New Zealand Limited
Metronode Pty Ltd.
Metronode S2 Pty Ltd
Nextgen Networks Pty. Ltd.

Nextgen Pure Data Pty Ltd
Nextgen Telecom (WA) Pty Ltd (formerly known as Silk Telecom (WA))
Nextgen Telecom Pty Limited (formerly Silk Telecom Pty. Limited)
SA Health Partnership Holding Nominees Pty. Ltd.
SA Health Partnership Pty. Ltd.
Wai Ming Contracting Company Limited