

**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 2014,
together with Report on Limited Review

*Translation of a report originally issued in Spanish based
on our work performed in accordance with the audit
regulations in force in Spain. 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:

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (“the interim financial statements”) of 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 2014, 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 the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, 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.

Conclusion

As a result of our limited review, which under no circumstances may be considered an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2014 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 condensed interim financial statements.

Emphasis of matter paragraph

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 2013. This matter does not qualify our conclusion.

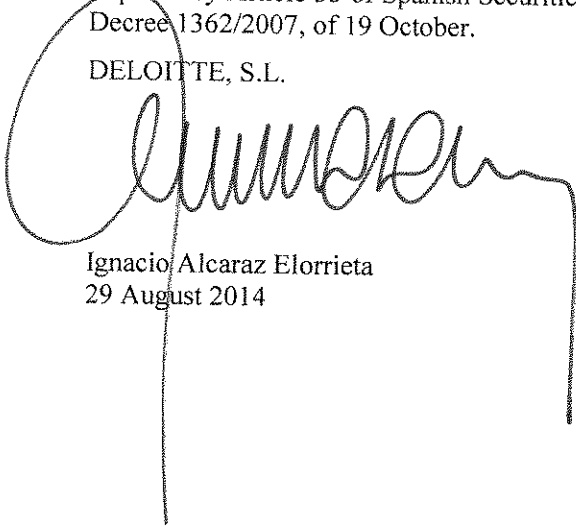
Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2014 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in this period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2014. 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.

Other matters paragraph

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.

A large, stylized handwritten signature in black ink, appearing to read 'Ignacio Alcaraz Elorrieta', is written over the printed name and date. The signature is fluid and cursive, with a long vertical line extending downwards from the end of the signature.

Ignacio Alcaraz Elorrieta
29 August 2014

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

Interim Condensed Consolidated Financial
Statements for the six-month period ended 30
June 2014

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 2014

ASSETS	Note	Thousands of Euros	
		30/06/2014	31/12/2013
		(*)	(**)
NON-CURRENT ASSETS		14,519,175	14,411,592
Intangible assets	2	4,537,881	4,491,505
Goodwill		2,783,706	2,726,108
Other intangible assets		1,754,175	1,765,397
Tangible assets - property, plant and equipment	3	2,539,672	2,434,559
Non-current assets in projects	4	759,089	757,470
Investment property		63,617	63,922
Investments accounted for using the equity method	5	1,333,593	1,366,466
Non-current financial assets	6	2,511,900	2,317,846
Long term cash collateral deposits	11	472,814	559,432
Derivative financial instruments	11	9,931	40,692
Deferred tax assets	12	2,290,678	2,379,700
CURRENT ASSETS		26,066,589	25,553,787
Inventories	7	1,851,416	1,827,001
Trade and other receivables		12,423,656	11,315,953
Trade receivables for sales and services		11,151,768	10,130,157
Other receivable		1,102,464	1,082,950
Current tax assets		169,424	102,846
Other current financial assets	6	2,514,222	2,980,141
Derivative financial instruments	11	51,755	11,981
Other current assets		166,932	185,155
Cash and cash equivalents		3,757,022	3,923,960
Non-current assets held for sale and discontinued operations	1 f)	5,301,586	5,309,596
TOTAL ASSETS		40,585,764	39,965,379

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of financial position at 30 June 2014.

(*) 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 2014

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		30/06/2014	31/12/2013
		(*)	(**)
EQUITY	8	5,009,894	5,488,908
SHAREHOLDERS' EQUITY		3,664,968	3,802,827
Share capital		157,332	157,332
Share premium		897,294	897,294
Reserves		2,307,415	2,111,618
(Treasury shares and equity interests)		(92,000)	(64,958)
Profit for the period of the parent		394,927	701,541
ADJUSTMENTS FOR CHANGES IN VALUE		(468,739)	(534,914)
Available-for-sale financial assets		162,362	27,927
Hedging instruments		(563,860)	(442,697)
Exchange differences		(67,241)	(120,144)
EQUITY ATTRIBUTED TO THE PARENT		3,196,229	3,267,913
NON-CONTROLLING INTERESTS		1,813,665	2,220,995
NON-CURRENT LIABILITIES		12,134,628	11,323,513
Grants		61,013	49,748
Non-current provisions	9	2,038,440	1,794,809
Non-current financial liabilities	10	8,246,934	7,411,353
Bank borrowings, debt instruments and other marketing securities		7,156,648	6,171,352
Project finance with limited recourse		901,033	1,035,693
Other financial liabilities		189,253	204,308
Derivative financial instruments	11	244,019	497,868
Deferred tax liabilities	12	1,400,983	1,381,273
Other non-current liabilities		143,239	188,462
CURRENT LIABILITIES		23,441,242	23,152,958
Current provisions		1,093,773	1,107,675
Current financial liabilities	10	4,309,200	3,863,246
Bank borrowings, debt, and other held-for-trading liabilities		4,034,474	3,593,400
Project finance with limited recourse		196,777	221,447
Other financial liabilities		77,949	48,399
Derivative financial instruments	11	24,319	70,552
Trade and other payables		13,634,930	13,677,296
Suppliers		8,088,127	8,745,384
Other payables		5,247,555	4,602,275
Current tax liabilities		299,248	329,637
Other current liabilities		434,129	555,849
Liabilities relating to non-current assets held for sale and discontinued operations	1 f)	3,944,891	3,878,340
TOTAL EQUITY AND LIABILITIES		40,585,764	39,965,379

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of financial position at 30 June 2014.

(*) 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 2014

	Note	Thousands of Euros	
		30/06/2014	30/06/2013
		(*)	(**)
REVENUE	13	18,758,874	19,736,842
Changes in inventories of finished goods and work in progress		33,258	113,340
Capitalised expenses of in-house work on assets		4,443	3,262
Procurements		(12,433,262)	(12,459,612)
Other operating income		227,566	239,179
Staff costs		(3,968,406)	(4,571,974)
Other operating expenses		(1,354,634)	(1,573,022)
Depreciation and amortisation charge		(432,194)	(676,983)
Allocation of grants relating to non-financial assets and others		2,805	1,747
Impairment and gains on the disposal of non-current assets		14,668	(15,909)
Other profit or loss		2,123	(128)
OPERATING INCOME		855,241	796,742
Finance income	14	174,328	193,852
Financial costs		(529,713)	(545,226)
Changes in the fair value of financial instruments	17	110,404	18,740
Exchange differences		15,840	(4,111)
Impairment and gains or losses on the disposal of financial instruments	16	36,676	196,781
FINANCIAL RESULT		(192,465)	(139,964)
Results of companies accounted for using the equity method	5	56,365	155,930
PROFIT BEFORE TAX		719,141	812,708
Income tax	12	(222,820)	(230,063)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		496,321	582,645
Profit after tax from discontinued operations	1.f) (***)	-	-
PROFIT FOR THE PERIOD		496,321	582,645
Profit attributed to non-controlling interests		(101,394)	(225,951)
Profit from discontinued operations attributable to non-controlling interests		-	-
PROFIT ATTRIBUTABLE TO THE PARENT		394,927	356,694

(***) Profit after tax from discontinued operations attributable to non-controlling interests	1.f)	-	-
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EARNINGS PER SHARE

		Thousands of Euros	
		30/06/2014	30/06/2013
Basic earnings per share	1.n)	1.27	1.15
Diluted earnings per share	1.n)	1.25	1.12
Basic earnings per share from discontinued operations	1.n)	-	-
Basic earnings per share from continuing operations	1.n)	1.27	1.15
Diluted earnings per share from continuing operations	1.n)	1.25	1.12

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated income statement at 30 June 2014.

(*) 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 2014

	Thousands of Euros					
	30/06/2014 (*)			30/06/2013 (**)		
	Of the Parent	Of non-controlling interests	Total	Of the Parent	Of non-controlling interests	Total
A) Total consolidated profit	394,927	101,394	496,321	356,694	225,951	582,645
Profit/(Loss) from continuing operations	394,927	101,394	496,321	356,694	225,951	582,645
Profit/(Loss) from discontinued operations	-	-	-	-	-	-
B) Income and expenses recognised directly in equity	32,780	58,857	91,637	45,893	(112,404)	(66,511)
Measurement of financial instruments	191,711	8,551	200,262	10,001	(1,554)	8,447
Cash flow hedges	(171,608)	(11,543)	(183,151)	162,261	25,417	187,678
Exchange differences	52,903	72,394	125,297	(96,692)	(134,197)	(230,889)
Arising from actuarial profit and loss and losses (***)	(21,088)	(15,515)	(36,603)	8,342	6,918	15,260
Tax effect	(19,138)	4,970	(14,168)	(38,019)	(8,988)	(47,007)
C) Transfers to profit or loss	17,967	842	18,809	8,392	(2,266)	6,126
Measurement of financial instruments	-	-	-	-	-	-
Cash flow hedges	22,783	842	23,625	12,402	(3,194)	9,208
Exchange differences	-	-	-	(1,025)	-	(1,025)
Tax effect	(4,816)	-	(4,816)	(2,985)	928	(2,057)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	445,674	161,093	606,767	410,979	111,281	522,260

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of comprehensive income at 30 June 2014.

(*) 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 2014

	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	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	-	-	(1,927,933)	-	-	1,927,933	-	-	-
2012 acquisition of bonus issue rights	-	-	(349,907)	-	-	-	-	-	(349,907)
To dividends	-	-	-	-	-	-	-	(99,065)	(99,065)
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

	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 2013	157,332	897,294	2,111,618	(64,958)	(534,914)	701,541	-	2,220,995	5,488,908
Income/(expenses) recognised in equity	-	-	(15,428)	-	66,175	394,927	-	161,093	606,767
Capital increases/(reductions)	1,281	-	(1,281)	-	-	-	-	-	-
Stock options	-	-	1,244	-	-	-	-	-	1,244
Distribution of profit from the prior year	-	-	-	-	-	-	-	-	-
To reserves	-	-	701,541	-	-	(701,541)	-	-	-
2013 acquisition of bonus issue rights	-	-	(222,468)	-	-	-	-	-	(222,468)
To dividends	-	-	-	-	-	-	-	(61,297)	(61,297)
Treasury shares	(1,281)	-	(58,532)	(27,042)	-	-	-	-	(86,855)
Change in listed investees as a result of actuarial and other gains	-	-	2,478	-	-	-	-	-	2,478
Additional ownership interest in controlled entities	-	-	(277,989)	-	-	-	-	(463,781)	(741,770)
2013 bonus issue rights excess	-	-	71,497	-	-	-	-	-	71,497
Change in the scope of consolidation and other effects of a lesser amount	-	-	(5,265)	-	-	-	-	(43,345)	(48,610)
Balance at 30 June 2014	157,332	897,294	2,307,415	(92,000)	(468,739)	394,927	-	1,813,665	5,009,894

The accompanying notes 1 to 20 and Appendix I are an integral part of the statement of changes in consolidated equity at 30 June 2014

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 2014

		Thousands of Euros	
		30/06/2014	31/12/2013
		(*)	(**)
A)	CASH FLOWS FROM OPERATING ACTIVITIES	(687,680)	(306,318)
1.	Profit/(Loss) before tax	719,141	812,708
2.	Adjustments for:	570,809	665,964
	Depreciation and amortisation charge	432,194	676,983
	Other adjustments to profit (net) (Note 1.j)	138,615	(11,019)
3.	Changes in working capital	(1,555,499)	(1,493,707)
4.	Other cash flows from operating activities:	(422,131)	(291,283)
	Interest payable	(525,874)	(534,180)
	Dividends received	93,882	218,537
	Interest received	104,102	113,895
	Income tax payment/proceeds	(94,241)	(89,535)
B)	CASH FLOWS FROM INVESTING ACTIVITIES	(274,626)	(573,005)
1.	Investment payables:	(630,113)	(1,185,280)
	Group companies, associates and business units	(74,440)	(201,049)
	Property, plant and equipment, intangible assets and property investments	(450,379)	(824,960)
	Other financial assets	(87,177)	(129,195)
	Other assets	(18,117)	(30,076)
2.	Divestment:	355,487	612,275
	Group companies, associates and business units	246,444	524,020
	Property, plant and equipment, intangible assets and investment property	101,434	70,687
	Other financial assets	7,592	14,537
	Other assets	17	3,031
C)	CASH FLOWS FROM FINANCING ACTIVITIES	729,645	183,686
1.	Equity instrument proceeds (and payment):	(831,868)	215,016
	Acquisition	(848,213)	(235,971)
	Disposal	16,345	450,987
2.	Liability instrument proceeds (and payment):	1,683,305	261,113
	Issue	3,190,272	1,889,947
	Refund and repayment	(1,506,967)	(1,628,834)
3.	Dividends paid and remuneration relating to other equity instruments:	(173,476)	(130,316)
4.	Other cash flows from financing activities:	51,684	(162,127)
	Other financing activity proceeds and payables:	51,684	(162,127)
D)	EFFECT OF CHANGES IN EXCHANGE RATES	65,723	(80,276)
E)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(166,938)	(775,913)
F)	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,923,960	4,654,232
G)	CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,757,022	3,878,319

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 YEAR END

Cash and banks	3,238,665	3,060,496
Other financial assets	518,357	817,823
TOTAL CASH AND CASH EQUIVALENTS AT YEAR END	3,757,022	3,878,319

The accompanying notes 1 to 20 and Appendix I are an integral part of the consolidated statement of cash flows at 30 June 2014.

(*) Unaudited

(**) Restated unaudited

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

Explanatory Notes to the Half-Yearly Condensed Consolidated Financial Statements for the six months ended 30 June 2014

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

ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Public Limited Liability Companies Law, and its registered office is at Avenida de Pío XII, 102, 28036 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, environment, concessions and energy. For this reason it is under an obligation to prepare consolidated financial statements for the ACS Group, besides its own separate annual accounts, that take in subsidiaries, interests in joint ventures and investments in associates.

a) **Basis of presentation and principles for consolidation**

- Basis of presentation

The half-yearly condensed consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries (hereinafter, the ACS Group) for the six month period ended 30 June 2014 were approved by the directors of the Parent at its Board of Directors meeting held on 29 August 2014, and were prepared using the accounting records kept by the Parent and the other integrated entities within the ACS Group.

The directors approved the half-yearly 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 2013, prepared in accordance with International Financial Reporting Standards (IFRSs), which were authorised for issue on 26 March 2014 and approved by shareholders at the Annual General Shareholders' Meeting held on 29 May 2014. 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 consolidated interim 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 2014, 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 2014 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 present uniformly 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 the ACS Group's consolidated financial statements for the six-month period ended 30 June 2014 were occasionally used estimates those were 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 2013:

- The 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 commitments to employees.
- The market value of the derivatives (such as equity swaps, put spreads, etc.)
- The useful life of intangible assets and property, plant and equipment.

- The recoverability of deferred tax assets.
- Financial risk management.
- The income tax expense which, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average tax rate expected by the Group for the annual period.

Although these estimates were made using the best information available on the date when these half-yearly 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.

- *Bases of consolidation*

Except for that indicated in the following paragraph, the bases of consolidation applied in the first half of 2014 are consistent with those applied in the consolidated financial statements for 2013.

On 1 January 2014, the ACS Group restated the consolidated financial statements for 2013 for comparison purposes as a result of the entry into force of IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosures of Interests in Other Entities, along with the revisions of IAS 27 - Separate Financial Statements, and IAS 28 - Investments in Associates and Joint Ventures, which are retroactively applied. The basic change addressed by IFRS 10, IFRS 11 and IFRS 12 with regard to the previous standard is the elimination of the option of proportional consolidation for entities that are jointly controlled, which would then be accounted for using the equity method. IFRS 10 modified the definition of control existing until its entry into force. The new definition of control sets out the following three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. Besides this noteworthy amendment, IFRS 11 also change the approach of analysing joint arrangement in certain contexts. Under the previous IAS 31 the conclusion depended 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 regard to accounting for joint arrangements, the standard has not had any significant impact for the ACS Group. The first application of IFRS 11 in the ACS Group entails reclassifying jointly controlled entities using the equity method as jointly controlled operations within Leighton.

For this reason, and in accordance with IAS 1, comparative information for the previous year is restated. The effect on the ACS Group as a result of applying this standard is detailed in Note 1.e) "Comparative information".

b) Entry into force of new accounting standards

In 2014 the following standards and interpretations came into force and were adopted by the European Union and, where applicable, were used by the Group in the preparation of these half-yearly condensed consolidated financial statements:

- (1) ***New standards, amendments and interpretations whose application is mandatory in the year beginning 1 January 2014:***

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 the consolidation requirements of IAS 31.	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 entities.	Annual periods beginning on or after 1 January 2014 (1)
IAS 27 (Revised) - Individual 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 arrangements	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 (1)
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 investment companies.	Annual periods beginning on or after 1 January 2014
Amendment to IAS 32 - Financial instruments: Presentation - Offsetting financial assets and financial liabilities (published in December 2011)	Further clarifications of the rules for offsetting financial assets and financial liabilities of IAS 32.	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 certain disclosure requirements and requires additional information when the recoverable amount is based on fair value less costs to sell.	Annual periods beginning on or after 1 January 2014
Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting (published in June 2013)	The amendments determine in which cases and under what criteria the novation of a derivative does not make the interruption of hedge accounting necessary.	Annual periods beginning on or after 1 January 2014

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

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning 01 January 2014 (applicable from 2015 onwards):

At the date of approval of these 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 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		
IFRIC 21 - Levies (published in May 2013)	Guidance on when to recognise a liability for levies charged for participation by the entity in an activity market on a specified date.	17 June 2014 (2)
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) and hedge accounting and other amendments (published in November 2013)	Replaces the requirements for classifying and measuring of financial assets and financial liabilities, derecognitions and hedge accounting of IAS 39.	Undefined

New standards, amendments and interpretations:	Mandatory application in the years beginning on or after:	
IFRS 15 - Revenue from contracts with customers (published in May 2014)	New standard for recognising revenue (Replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31)	Annual periods beginning on or after 1 January 2017
Amendment to IAS 19 - Employee contributions to defined benefit plans (published November 2013)	The amendment is issued in order to allow employee contributions to be deducted from the cost of the service in the same period that they were paid, if certain requirements are met.	1 July 2014
Improvements to the IFRSs 2010-2012 Cycle and the 2011-2013 Cycle (published in December 2013)	Minor amendments to certain standards.	1 July 2014
Amendment to IAS 16 and IAS 38 - Acceptable methods of depreciation and amortisation (published in May 2014)	Clarifies the acceptable methods of amortisation and depreciation of property, plant and equipment and intangible assets	Annual periods beginning on or after 1 January 2016
Amendment to IFRS 11 - Accounting for acquisitions of interests in joint operations	Specifies the accounting treatment for the acquisition of an interest in a joint operation that constitutes a business	Annual periods beginning on or after 1 January 2016

(2) The European Union endorsed IFRIC 21 (EU Journal 14 June 2014), changing the original date of entry into force established by the IASB from 1 January 2014 to 17 June 2014.

The Group is in the process of analysing the impact of these standards, however they are not expected to have a significant impact. 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.

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 2014.

d) Correction of errors

No significant error was corrected in the half-yearly condensed consolidated financial statements for the six-month period ended 30 June 2014.

e) Comparative information

The information contained in these condensed consolidated financial statements for the first six months of 2013 and/or at 31 December 2013 is presented solely for the purposes of comparison with the information for the period ended 30 June 2014. This comparative information is affected by the entry into force of IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosures of Interests in Other Entities, along with the revisions of IAS 27 - Separate Financial Statements, and IAS 28 - Investments in Associates and Joint Ventures, as explained in Note 1.a.

The effect on the statement of financial position at 31 December 2013 is as follows:

ASSETS	Thousands of Euros		
	31/12/2013 Restated	Effect IFRS 11	31/12/2013
NON-CURRENT ASSETS	14,411,592	21,078	14,390,514
Intangible assets	4,491,505	260	4,491,245
Goodwill	2,726,108	260	2,725,848
Other intangible assets	1,765,397	-	1,765,397
Tangible assets-property, plant and equipment / Property investments	2,498,481	20,818	2,477,663
Non-current assets in projects	757,470	-	757,470
Non-current financial assets	4,243,744	-	4,243,744
Other current assets	2,420,392	-	2,420,392
CURRENT ASSETS	25,553,787	173,144	25,380,643
Inventories	1,827,001	9,802	1,817,199
Trade and other receivables	11,315,953	(54)	11,316,007
Other current financial assets	2,980,141	-	2,980,141
Derivative financial instruments	11,981	-	11,981
Other current assets	185,155	8,514	176,641
Cash and cash equivalents	3,923,960	154,882	3,769,078
Non-current assets held for sale	5,309,596	-	5,309,596
TOTAL ASSETS	39,965,379	194,222	39,771,157

EQUITY AND LIABILITIES	Miles de Euros		
	31/12/2013 Restated	Effect IFRS 11	31/12/2013
EQUITY	5,488,908	-	5,488,908
Equity attributed to the Parent	3,267,913	-	3,267,913
Non-controlling interests	2,220,995	-	2,220,995
NON-CURRENT LIABILITIES	11,323,513	58	11,323,455
Grants	49,748	-	49,748
Non-current financial liabilities	7,411,353	-	7,411,353
Bank borrowings, debt instruments and other marketable securities	6,171,352	-	6,171,352
Limited recourse project financing	1,035,693	-	1,035,693
Other financial liabilities	204,308	-	204,308
Derivative financial instruments	497,868	-	497,868
Other non-current liabilities	3,364,544	58	3,364,486
CURRENT LIABILITIES	23,152,958	194,164	22,958,794
Current financial liabilities	3,863,246	(268,731)	4,131,977
Bank borrowings, debt instruments and other marketable securities	3,593,400	-	3,593,400
Limited recourse project financing and debt	221,447	-	221,447
Other financial liabilities	48,399	(268,731)	317,130
Derivative financial instruments	70,552	-	70,552
Trade and other payables	13,677,296	457,631	13,219,665
Other current liabilities	1,663,524	5,264	1,658,260
Liabilities relating to non-current assets held for sale	3,878,340	-	3,878,340
TOTAL EQUITY AND LIABILITIES	39,965,379	194,222	39,771,157

The effect on the consolidated income statement is as follows:

At 30 June 2013

	Thousands of Euros		
	30/06/2013 Restated	Effect IFRS 11	30/06/2013
REVENUE	19,736,842	615,578	19,121,264
Changes in inventories of finished goods and work in progress	113,340	-	113,340
Capitalised expenses of in-house work on assets	3,262	-	3,262
Procurements	(12,459,612)	(524,636)	(11,934,976)
Other operating income	239,179	-	239,179
Staff costs	(4,571,974)	(106,628)	(4,465,346)
Other operating expenses	(1,573,022)	(22,489)	(1,550,533)
Depreciation and amortisation charge	(676,983)	1,052	(678,035)
Allocation of grants relating to non-financial assets and other	1,747	-	1,747
Impairment and gains on the disposal of non-current assets	(15,909)	275	(16,184)
Other profit or loss	(128)	-	(128)
OPERATING INCOME	796,742	(36,848)	833,590
Finance income	193,852	1,634	192,218
Finance costs	(545,226)	-	(545,226)
Changes in the fair value of financial instruments	18,740	-	18,740
Exchange differences	(4,111)	1,280	(5,391)
Impairment and gains on the disposal of non-current assets	196,781	-	196,781
FINANCIAL PROFIT /LOSS	(139,964)	2,914	(142,878)
Results of companies accounted for using the equity method	155,930	35,029	120,901
PROFIT BEFORE TAX	812,708	1,095	811,613
Corporate income tax	(230,063)	(1,095)	(228,968)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	582,645	-	582,645
Profit after tax from discontinued operations	-	-	-
PROFIT FOR THE YEAR	582,645	-	582,645
Profit attributed to non-controlling interests	(225,951)	-	(225,951)
Profit from discontinued operations attributed to non-controlling interests	-	-	-
PROFIT ATTRIBUTABLE TO THE PARENT	356,694	-	356,694

At 31 December 2013

	Thousands of Euros		
	31/12/2013 Restated	Effect IFRS 11	31/12/2013
REVENUE	39,701,462	1,328,941	38,372,521
Changes in inventories of finished goods and work in progress	(41,447)	-	(41,447)
Capitalised expenses of in-house work on assets	8,881	-	8,881
Procurements	(25,883,199)	(1,049,089)	(24,834,110)
Other operating income	570,851	-	570,851
Staff costs	(8,582,561)	(242,667)	(8,339,894)
Other operating expenses	(2,829,245)	(41,088)	(2,788,157)
Depreciation and amortisation charge	(1,208,647)	(739)	(1,207,908)
Allocation of grants relating to non-financial assets and other	5,014	-	5,014
Impairment and gains on the disposal of non-current assets	(199,240)	279	(199,519)
Other profit or loss	98,431	-	98,431
OPERATING INCOME	1,640,300	(4,363)	1,644,663
Finance income	363,963	3,219	360,744
Finance costs	(1,123,676)	-	(1,123,676)
Changes in the fair value of financial instruments	555,294	-	555,294
Exchange differences	(23,343)	1,756	(25,099)
Impairment and gains on the disposal of non-current assets	255,707	-	255,707
FINANCIAL PROFIT /LOSS	27,945	4,975	22,970
Results of companies accounted for using the equity method	96,767	785	95,982
PROFIT BEFORE TAX	1,765,012	1,397	1,763,615
Corporate income tax	(518,087)	(1,397)	(516,690)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	1,246,925	-	1,246,925
Profit after tax from discontinued operations	-	-	-
PROFIT FOR THE YEAR	1,246,925	-	1,246,925
Profit attributed to non-controlling interests	(545,384)	-	(545,384)
Profit from discontinued operations attributed to non-controlling interests	-	-	-
PROFIT ATTRIBUTABLE TO THE PARENT	701,541	-	701,541

The effect on the statement of cash flows at 30 June 2013 is as follows:

		Thousands of Euros		
		30/06/2013 Restated	Effect IFRS 11	30/06/2013
A)	CASH FLOWS FROM OPERATING ACTIVITIES	(306,318)	28,125	(334,443)
1.	Profit/(Loss) before tax	812,708	1,095	811,613
2.	Adjustments for:	665,964	(37,989)	703,953
	Depreciation and amortisation charge	676,983	(1,052)	678,035
	Other adjustments to profit (net)	(11,019)	(36,937)	25,918
3.	Changes in working capital	(1,493,707)	45,785	(1,539,492)
4.	Other cash flows from operating activities:	(291,283)	19,234	(310,517)
	Interest payable	(534,180)	-	(534,180)
	Dividends received	218,537	19,906	198,631
	Interest received	113,895	1,634	112,261
	Income tax payment/proceeds	(89,535)	(2,306)	(87,229)
B)	CASH FLOWS FROM INVESTING ACTIVITIES	(573,005)	76,133	(649,138)
1.	Investment payables:	(1,185,280)	75,858	(1,261,138)
	Group companies, associates and business units	(201,049)	76,400	(277,449)
	Property, plant and equipment, intangible assets and property investments	(824,960)	(542)	(824,418)
	Other financial assets	(129,195)	-	(129,195)
	Other assets	(30,076)	-	(30,076)
2.	Divestment:	612,275	275	612,000
	Group companies, associates and business units	524,020	-	524,020
	Property, plant and equipment, intangible assets and investment property	70,687	275	70,412
	Other financial assets	14,537	-	14,537
	Other assets	3,031	-	3,031
C)	CASH FLOWS FROM FINANCING ACTIVITIES	183,686	(76,400)	260,086
1.	Equity instrument proceeds (and payment):	215,016	(76,400)	291,416
	Acquisition	(235,971)	(76,400)	(159,571)
	Disposal	450,987	-	450,987
2.	Liability instrument proceeds (and payment):	261,113	-	261,113
	Issue	1,889,947	-	1,889,947
	Refund and repayment	(1,628,834)	-	(1,628,834)
3.	Dividends paid and remuneration relating to other equity instruments:	(130,316)	-	(130,316)
4.	Other cash flows from financing activities:	(162,127)	-	(162,127)
	Other financing activity proceeds and payables:	(162,127)	-	(162,127)
D)	EFFECT OF CHANGES IN EXCHANGE RATES	(80,276)	(13,833)	(66,443)
E)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(775,913)	14,025	(789,938)
F)	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,654,232	126,396	4,527,836
G)	CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,878,319	140,421	3,737,898

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

CASH AND CASH EQUIVALENTS AT YEAR END			
Cash and banks	3,060,496	140,421	2,920,075
Other financial assets	817,823	-	817,823
TOTAL CASH AND CASH EQUIVALENTS AT YEAR END	3,878,319	140,421	3,737,898

The explanatory notes include an account of 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, liabilities relating to non-current assets held for sale and discontinued operations

At 30 June 2014, non-current assets held for sale relate mainly to renewable energy activities (wind farms and solar thermal plants), highway concession assets, logistics activities and Hochtief's activities as they are certain assets of PT Thiess Contractors in Indonesia. 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 in the six-month period ended 30 June 2014 is due to the sale of the ownership interest in aurelis Real Estate at the end of January 2014 by Hochtief.

The main changes in 2013 were as follows:

- On 28 June 2013, Leighton Holding completed the sale to the Ontario Teachers' Pension Plan of approximately 70% of its telecommunication assets, which include the following companies: Nextgen Networks, Metronode and Infoplex. The sale price entailed valuing 100% of these assets at 771 million Australian dollars (approximately 590 million euros) for a profit before tax of 154,282 thousand euros.
- The sale of all airports managed by Hochtief, A.G. to a subsidiary of the Canadian pension fund, Public Sector Pension Investment Board, for 1,083 million euros completed in September 2013 for a profit before tax of 122,701 thousand euros.
- In addition, in June 2013 the Facility Management business was included under assets held for sale, which was sold to Spie, S.A. in September, effective for accounting purposes from 1 January 2013, for a price of 236 million euros and profit before tax of 157,755 thousand euros.
- At the end of 2013, aurelis Real Estate was also included which was sold in January 2014, as well as certain assets of PT Thiess Contractors in Indonesia, from the subsidiary, Hochtief, A.G., which are held at 30 June 2014.

It should be noted that the renewable assets and most of the concessions, which were classified as held for sale, were held in this category for more than 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. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one-year period as the maximum period for classifying an asset as held for sale if, during the aforementioned period, circumstances arise which were previously considered unlikely (such as is the case with the aforementioned regulatory changes), the assets continue to be actively for sale at a reasonable price, they fulfil the requirements undertaken by management and there is a high probability that the sale will occur within one year from the reporting date. To the extent that the environment improves and investor confidence increases, ACS may continue with its sale processes to which it remains committed.

Discontinued operations

No discontinued operations were carried out in the six-month period ended 30 June 2014 or in 2013.

Non-current assets held for sale

The lines of business relating to 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 Environmental business segment and lastly, highways and the assets of PT Thiess Contractors are included in the Construction business segment.

In addition to the aforementioned assets and liabilities, certain 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 held for sale and liabilities associated with these assets at 30 June 2014 is as follows:

	Thousands of Euros				
	30/06/2014				
	Renewable energy	Concessions	PT Thiess Contractors Indonesia	Other	Total
Tangible assets - property, plant and equipment	20,332	529	140,013	60,783	221,657
Intangible assets	8	550	-	58,562	59,120
Non-current assets in projects	2,698,927	776,091	-	-	3,475,018
Financial Assets	113,926	48,907	-	22,093	184,926
Deferred tax assets	93,324	61,643	-	17,513	172,480
Other non-current assets	-	-	-	639,180	639,180
Current assets	342,187	69,760	18,586	118,672	549,205
Financial assets held for sale	3,268,704	957,480	158,599	916,803	5,301,586
Non-current liabilities	2,448,587	788,533	-	297,292	3,534,412
Current liabilities	223,574	37,437	62,537	86,931	410,479
Liabilities relating to assets held for sale	2,672,161	825,970	62,537	384,223	3,944,891
Non-controlling interests held for sale	6,696	(11,304)	-	(2,283)	(6,891)

On 12 July 2013, Royal Decree-Law 9/2013 was published, whereby urgent measures were adopted to ensure the financial stability of the electricity system affecting the remuneration framework for renewable energy to which most of the ACS Group's power plants in Spain were subject.

This new regulation envisages that, in addition to compensation for the sale of power generated valued at market prices, facilities will be eligible to receive specific compensation consisting of a term per unit of installed capacity, which, where applicable, covers the investment costs of a standard facility that cannot be recovered through the sale of energy and, where appropriate, the difference between the operating costs and the revenue received from the aforementioned standard facility's participation in the market.

As a result of the publication of the proposed ministerial order, for the approval of the remuneration parameters of standard facilities applicable to certain electrical power production from renewable energy sources, cogeneration and waste, on 3 February 2014, subject to a consultation period, the ACS Group made a preliminary estimate of the impact that such a regulation would have on the Group's wind farms and solar thermal plants and recognised such impact in the 2013 financial statements.

The ACS Group prepared the impairment test using internal projections, estimated based on this new regulation, discounting the cash flows at a weighted average cost of capital (WACC) of 7%, considering the remuneration established in the aforementioned draft ministerial order based on the age of the assets and the remuneration for operating and maintenance costs. On this basis, the ACS Group recognised an impairment loss of 199,256 thousand euros which reduced the balance of "Assets held for sale". The provision made at 31 December 2013 was added to certain regulatory changes published during the final months of 2012. Based on its best estimates, the Group evaluated the possible impact that such changes could have on the value of its energy assets, and recognised an impairment loss amounting to 300,000 thousand euros. Consequently, assets related to renewable energy decreased by 499,256 thousand euros at 31 December 2013.

On 20 June 2014, Ministerial Order IET/1045/2014, of 16 June, approving the remuneration parameters of standard facilities applicable to certain electrical power production from renewable energy sources, cogeneration and waste, was published in the Spanish Official State Gazette. The ACS Group once again calculated the impact of this newly-published regulation, discounting shareholder flows, and there were no significant differences with the valuation as a whole made based on the aforementioned draft ministerial order.

As a result of these regulatory changes, certain divestment processes have been delayed and even postponed until the related regulatory framework is effectively clarified.

In this connection, the Group considers that the exceptional criteria set out in IFRS 5 to continue classifying the assets as held for sale were met at 30 June 2014 since:

- The sale was not completed due to circumstances which, at the time of their classification, were not considered likely, mainly related to regulatory uncertainties in the electricity sector and the situation of financial markets, matters which have progressed

favourably in recent months until the publication of the aforementioned Ministerial Order IET/1045/2014, of 16 June, in the Spanish Official State Gazette on 20 June 2014.

- 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.

At 30 June 2014 and 31 December 2013, "Non-current assets held for sale" includes the investment in the Castor underground gas storage facility made by Escal UGS, S.A., accounted for using the equity method, amounting to 284,418 thousand euros (228,486 thousand euros in 2013). This amount includes the participating loan for 292,546 thousand euros at 30 June 2014 (235,469 thousand euros at 31 December 2013) granted by ACS Servicios, Comunicaciones y Energía, S.L.

The ACS Group's ownership interest in this company amounts to 66.67%. However, the directors consider that it does not have control over the business based on the following circumstances:

- The activity and the control mechanisms of Escal UGS, S.L. are regulated by the protocol agreement between ACS Servicios Comunicaciones y Energía, S.L., Castor UGS, L.P. (owners of 33.33% of the shares) and Enagás, S.A. entered into in 2007. Pursuant to this agreement, ACS undertakes to sell to Enagás and Enagás undertakes to purchase from ACS 50% of its ownership interest once the condition regarding the inclusion of the facilities into the gas system is met (entry into commercial service of the plant and start of operations and access to the system's remuneration). The agreement includes the possibility that Enagás may be included in the shareholder structure prior to the facilities being admitted into the system.
- The sale price of the aforementioned ownership interest is set as the present value of the cash flows of the Escal UGS, S.L. business plan discounted to the financing rate for remuneration established by the applicable regulation. The price floor (minimum value) will be the nominal value of the funds contributed by ACS to the project, i.e., ACS is not exposing itself to any "risk" in a literal sense.
- The protocol establishes Enagás' control parameters and functions during the operating phase.
- The business of Escal UGS, S.L. consists of developing an integrated product which includes the design, construction, financing, operation and maintenance of the financed project. All decisions relating to the significant activities to be carried out are basically grouped in the following two differentiated phases: the construction phase and the operating phase. The concession was granted for a period of 30 years, which may be extended for two successive periods of 10 years each.

IFRS 10 modified the definition of control existing until its entry into force, whereby the new definition sets out the following three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use this power over the investee to affect the amount of the investor's returns. Although the conclusion is similarly, IAS 27 established that control over a business, considered as a whole, is the power to manage a company's financial and operating policies in order to benefit from its activities. The concept of "financial and operating policies" is not defined as such therein, although it should be understood that they are comprised of the policies which guide the Company's main activities, such as sales, human resources or the manufacturing process itself.

Taking into account the company object of Escal UGS, S.L., it must be understood that the operating policies begin to be implemented effectively from the time the facility enters into service, at which point, in accordance with the agreements entered into by the parties, ACS has no control over them whatsoever. In other words, taking into account the unique characteristics of the operations and the importance of the transaction, the directors consider that the ACS Group does not have control over the business' significant activities which, logically, are focused mainly on the operation phase of gas storage, with the construction activity consisting only of performing the activities necessary for the business' entry into service. In this respect, ACS fundamentally acts as an EPC contractor (turnkey) for a facility which is strongly regulated (including in the construction and development phase). The entry of the Castor underground gas storage facility in the gas system requires that Enagás acquire 50% of the ownership interest of ACS. Enagás will supervise the operations and maintenance of the storage. As stated in the concession document, the facilities related to the Castor underground storage facility shall be operated in accordance with the instructions of the technical system manager, in accordance with that established in Article 64.1 of Hydrocarbon Law 34/1998, of 7 October. As a result the directors consider, based on the required performance of the commitment to exit upon the entry into service of the main business, that the Group does not have control over the main business' significant activities during the construction phase or the operation phase.

In relation specifically to the construction phase, given the nature of the project described above, certain matters must be considered which are related to the significant activities carried out by the company in this phase, where the existence of a third party associated with the project requires additional analysis (beyond those which have ownership interests in the share capital or in the voting rights of the project companies) of the capacity to govern and take decisions which affect this phase in a differentiated manner. In this connection, the Castor underground gas storage facility is considered an integral part of the mandatory planning and, consequently, is considered basic storage for the purposes of that set forth in Article 59.2 of Hydrocarbon Law 34/1998, of 7 October. This facility is therefore considered unique and part of national strategy, forming part of a strongly regulated sector. The regulator's control over the energy activity grants it a very active role in the current construction phase and entry into service, participating in the project's design and construction, which is very complex with regard to technical and budgetary matters, and the monitoring of the development of the

process' milestones. The regulator therefore periodically reviews whether the project is meeting the requirements and subjects it to a technical and financial audit. This audit is essential in order for management to obtain the definitive start-up certificate and for the asset to be included in the Spanish gas system, with the definitive remuneration being obtained only for those costs incurred which comply with the provisions determined by the regulator during the construction phase, who, thus maintains additional control over the variances which could arise in the project. Consequently, the power held by the government regulator and the significant activities managed during the construction phase is sufficiently great that the Company is not truly governing through its voting rights. ACS' substantive exercise of its voting rights is therefore, in practice, limited during the construction phase.

Additionally, at the beginning of 2012, once the construction activity reached a significant degree of completion, the ACS Group began negotiation processes for the sale of all of its ownership interest, opening various data room and bilateral negotiation processes with potential investors in order to complete its definitive departure from the project upon its entry into service.

In 2013 the company cancelled the initial financing for the project and 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 1.4 billion, 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).

Furthermore, during the final months of 2013, certain events took place in relation to Escal's performance that caused the Ministry of Industry, Energy and Tourism to suspend the plant's gas injection and extraction activities, thereby preventing the plant's commercial entry into service and its connection to the gas system. In any case, the ACS Group understands that Escal UGS, S.L. has the right to return the concession at any time during the 25 years following the award of the concession and has the right to collect the total carrying amount thereof, unless fraud or negligence is evidenced, in which case it will have the right to collect the residual amount. Consequently, the ACS Group considers the value of the investment to be recoverable in any scenario related to this investment and, therefore, no impairment loss was recognised on this investment at 30 June 2014 or 31 December 2013.

In this regard, on 25 June 2014 Escal UGS decided to waive the concession to operate the Castor natural gas underground storage facility, granted by Royal Decree 855/2008, of 16 May. For such purpose and in accordance with that stipulated in the documents entered into on 30 July 2013 regarding the issue of the bond programme financing the Castor storage facility, the process of obtaining prior authorisation from the European Investment Bank and, eventually, from the assembly of bondholders began.

Subsequent to the end of this period, 18 July 2014, once prior authorisation was obtained from the European Investment Bank, in accordance with that stipulated in the documents entered into on 30 July 2013 regarding the issue of the bond programme financing the Castor storage facility, and in accordance with Ministerial Order 3995/2006, of 29 December, modified by Order 2805/2012, of 27 December, Escal UGS, an investee of the ACS Group, submitted the related waiver of the concession for operating the Castor natural gas underground storage facility granted by Royal Decree 855/2008, of 16 May.

The breakdown of the main assets and liabilities held for sale at 31 December 2013 was as follows:

	Thousands of Euros					
	31/12/2013					
	Renewable energy	Concessions	aurelis Real Estate	PT Thiess Contractors Indonesia	Other	Total
Tangible assets - property, plant and equipment	20,266	591	-	130,896	97,074	248,827
Intangible assets	8	576	-	-	37,326	37,910
Non-current assets in projects	2,678,715	787,482	-	-	-	3,466,197
Financial Assets	116,629	52,349	132,307	-	21,342	322,627
Deferred tax assets	96,042	39,244	-	-	7,427	142,713
Other non-current assets	-	-	38,458	-	594,230	632,688
Current assets	249,804	63,584	14,281	17,830	113,135	458,634
Financial assets held for sale	3,161,464	943,826	185,046	148,726	870,534	5,309,596
Non-current liabilities	2,341,450	757,889	-	68,116	323,179	3,490,634
Current liabilities	284,566	27,639	-	-	75,501	387,706
Liabilities relating to assets held for sale	2,626,016	785,528	-	68,116	398,680	3,878,340
Non-controlling interests held for sale	1,163	(3,317)	-	-	19,817	17,663

The amount relating to net debt included under assets held for sale and liabilities associated with these assets at 30 June 2014 totalled 2,056,971 thousand euros (2,073,186 thousand euros at 31 December 2013) in renewable energies, 577,630 thousand euros (593,403 thousand euros at 31 December 2013) in concession assets, 59,964 thousand euros (57,633 thousand euros at 31

December 2013) in transmission lines, and 237,914 thousand euros(248,849 thousand euros at 31 December 2013) in other assets. Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets and cash and cash equivalents.

The income and expenses recognised under “Valuation adjustments” in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at 30 June 2014 and 31 December 2013, are as follows:

	Thousands of Euros			
	30/06/2014			
	Renewable energy	Concessions	Other	Total
Exchange differences	(949)	(61,390)	(10,487)	(72,826)
Cash flow hedges	(192,190)	-	(13,776)	(205,966)
Adjustments for changes in value	(193,139)	(61,390)	(24,263)	(278,792)

	Thousands of Euros				
	31/12/2013				
	Renewable energy	Concessions	aurelis Real Estate	Other	Total
Exchange differences	(1,639)	(43,186)	-	(13,850)	(58,675)
Cash flow hedges	(153,719)	-	(1,914)	(61,347)	(216,980)
Adjustments for changes in value	(155,358)	(43,186)	(1,914)	(75,197)	(275,655)

g) Seasonality of Group transactions

In view of the business activities in which the Group companies engage and its geographical diversity, the Group's transactions are not significantly cyclical or seasonal. For this reason no specific itemisations are included in these explanatory notes to the abridged consolidated financial statements for the six-month period to 30 June 2014.

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 period

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

As mentioned in Note 1.f), once prior authorisation was obtained from the European Investment Bank and from the assembly of bondholders for the waiver, in accordance with that stipulated in the documents entered into on 30 July 2013 regarding the issue of the bond programme financing the Castor storage facility, and in accordance with Ministerial Order 3995/2006, of 29 December, modified by Order 2805/2012, of 27 December, on 18 July 2014, Escal UGS, an investee of the ACS Group, submitted the related waiver of the concession for operating the Castor natural gas underground storage facility granted by Royal Decree 855/2008, of 16 May.

On 22 July 2014, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the first capital increase with a charge to reserves, which was approved at the Annual General Shareholders' Meeting held on 29 May 2014. The purpose of the increase is to set up a flexible formula for compensating shareholders (“optional dividend”), such that shareholders may opt to continue receiving remuneration in cash or receive the Company's new shares. The period for negotiating the free allotment rights relating to the first scrip approved by the General Shareholders' Meeting (on 29 May 2014) ended on 17 July 2014. The irrevocable commitment to purchase rights assumed by ACS has been accepted by holders of 40.89% of the free allotment rights, which has determined the acquisition by ACS of 128,663,637 rights for a total gross amount of 90,965,191.36 euros. The definitive number of ordinary shares, of 0.5 euros each par value, to be issued is 3,875,019, and the nominal value of the related capital increase is 1,937,509.50 euros (see Note 8.02).

At the request of the Appointments and Remuneration Committee in July 2014, the ACS Group agreed, in executing the resolution adopted by the shareholders at the Annual General Meeting of ACS Actividades de Construcción y Servicios, S.A. held on 15 April 2010, to set up a share option plan for ACS, Actividades de Construcción y Servicios, S.A. shares (2014 Option Plan). The Plan is governed as follows:

- a. The number of shares subject to the Option Plan will be a maximum of 6,293,291 shares, of 0.50 euros par value each.
- b. The beneficiaries are 62 executives with options from 540,950 to 46,472.
- c. The acquisition price will be 33.8992 euros per share. In the event that a dilution takes place, said price will be modified accordingly.
- d. The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the second and third years after 1 May 2014, inclusive. However, in the event that 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.
- e. Tax withholdings and taxes to be paid as a result of exercising the share option will be borne exclusively by the beneficiary.
- f. The commitments arising from this plan are hedged through a financial institution.

In August 2014, the ACS Group purchased approximately a 25% ownership interest in Clece, S.A. from various funds managed by Mercapital Private Equity and the contracts and agreements previously entered into with such funds related to Clece were rendered null and void. Following this transaction, the ACS Group became the holder of 100% of Clece's share capital, whereby this company will now be fully consolidated in the ACS Group rather than accounted for using the equity method. Taking into account this transaction, the company's total value was 542 million euros.

j) Consolidated Statements 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	
	30/06/2014	30/06/2013 (*)
Financial income	(174,328)	(193,852)
Financial costs	529,713	545,226
Impairment and gains or losses on disposals of non-current assets	(14,668)	15,909
Results of companies accounted for using the equity method	(56,365)	(155,930)
Adjustments related to the assignment of net assets of Hochtief	-	(18,017)
Impairment and gains or losses on disposal of financial instruments	(36,676)	(196,781)
Adjustments related to the restructuring of Iberdrola and other effects	(110,404)	(18,740)
Other effects	1,343	11,166
Total	138,615	(11,019)

(*) Restated unaudited

Payments for equity instruments recognised under cash flows from financing activities include not only the acquisitions of ACS treasury shares but also, mainly, the increase in the ownership interest of Hochtief and Leighton (the latter of which was the result of the launch in March 2014 by Hochtief, A.G. of a proportional takeover bid as described in Note 1.k) carried out in the first half of 2014 and 2013.

k) Changes in the scope of consolidation

The main variations 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 2014 are detailed in Appendix I.

Acquisitions, sales, and other corporate transactions

In the first half of 2014 and in 2013, the inclusion of companies into the scope of consolidation occurred mainly due to the incorporation thereof.

As a result of the launch in March 2014 by Hochtief, A.G. of a proportional takeover bid over the Australian company Leighton Holdings Ltd in order to increase its current ownership interest from the current 58.77% to a maximum of 73.82%, at an ex-dividend price per share of 22.50 Australian dollars, payable in cash, on 9 May 2014, once the offer period had ended, Hochtief, A.G. reached a 69.62% holding in Leighton, which represents a 10.85% increase on the ownership interest at 31 March 2014 and a disbursement of 577 million euros, which impacted the ACS Group's equity as it was previously fully consolidated.

The most notable sales in the six-month period ended 30 June 2014 include the sale of the ownership interest in the Seville Underground for 60,149 thousand euros with a profit before tax of 12,708 thousand euros (see Note 5), and the sale by Hochtief, A.G. on 31 January 2014 of 50% of its ownership interest in aurelis Real Estate at a price approaching its carrying amount at 31 December 2013.

The most notable acquisition in 2013 related to the purchase of Leighton Welspun Contractors (a company accounted for using the equity method) for 78,935 thousand euros, thereby increasing its ownership interest in this company by 39.90% to reach 100% at 27 December 2013. The fair value of this ownership interest prior to the purchase was 119,021 thousand euros and, therefore, the fair value of the acquisition amounted to 197,956 thousand euros. This acquisition entailed the recognition of goodwill amounting to 155,752 thousand euros and a loss of 56,199 thousand euros in the last quarter of 2013 because the translation differences were taken to loss. The acquisition included 31,472 thousand euros in non-current assets, 191,021 euros in current assets and 180,936 thousand euros in liabilities. In 2013 annual sales amounted to 310,071 thousand euros and the annual net loss amounted to 6,171 thousand euros.

In 2013 the most relevant disposals of ownership interest in the share capital of subsidiaries, joint ventures or associates relate to the sale of 70% of Leighton's telecommunication assets for a profit before tax and non-controlling interests of Hochtief and ACS of 154,282 thousand euros in June 2013, the sale of all of the airports managed by Hochtief to a subsidiary of the Canadian pension fund, Public Sector Pension Investment Board, for 1.083 billion euros completed in September 2013, and the sale of the facility management business of Hochtief, which was sold to Spie, S.A. in September 2013, effective for accounting purposes from 1 January 2013, for a price of 236 million euros (see Note 1.f).

l) Functional currency

These half-yearly 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

In the first half of 2014, as a result of the resolution adopted by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 10 May 2013, the Company, at its Board of Directors meeting held on 12 December 2013, resolved to carry out the second capital increase, establishing the maximum reference value at 142 million euros with a charge to the Company's reserves in order for shareholders to be able to choose whether they wish to be compensated in cash or in the Company's shares. On 13 February 2014, after the decision period granted to the shareholders, the following events took place:

- The dividend was determined to be a total gross amount of 69,472,569.48 euros (0.446 euros per share) and was paid on 18 February 2014.
- The number of final shares subject to the capital increase was 2,562,846 for a nominal amount of 1,281,423 euros.

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 statement of financial position at 31 December 2013 for the entire fair value of the approved dividend, which amounted to 140,970 thousand euros, however the final amount was 69,473 thousand euros. Therefore, 71,497 thousand euros were reversed to the ACS Group's equity in the first half of 2014.

In addition, 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 Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 29 May 2014, on 18 June 2014 the Company resolved to carry out the first capital increase, establishing the maximum reference value at 224 million euros 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 27 June 2014 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 6,555,512 shares.
- b) The number of free allotment rights necessary to receive a new share is 48.
- c) The maximum nominal amount of the first capital increase amounts to 3,277,756 euros.
- d) The acquisition price of each bonus issue right, by virtue of the purchasing commitment assumed by ACS, is 0.707 euros.

Lastly, after the decision-making period granted to the shareholders, on 17 July 2014 the dividend was determined at a total gross amount of 90,965,191.36 euros and was paid on 22 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 statement of financial position at 30 June 2014 for the entire fair value of the approved dividend, which amounted to 222,468 thousand euros, however the final amount was 90,965 thousand euros.

In 2013, as a result of the resolution adopted by the shareholders at the Annual General 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 362 million euros with a charge to the Company's reserves in order for 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:

- e) The maximum number of new shares to be issued in the first capital increase was 17,481,366 shares.
- f) The number of free allotment rights necessary to receive a new shares was eighteen.
- g) The maximum nominal amount of the first capital increase amounted to 8,740,683 euros.
- h) The acquisition price of each bonus issue right, by virtue of the purchasing commitment assumed by ACS, was 1.112 euros.

Lastly, after the decision-making period granted to the shareholders, on 18 July 2013 the dividend was determined at a total gross amount of 192,708,608.96 euros and was paid on 23 July 2013.

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:

	30/06/2014	30/06/2013	Change (%)
Net profit for the period (thousands of Euros)	394,927	356,694	10.72
Weighted average number of shares outstanding	311,994,238	309,464,963	0.82
Basic earnings per share (Euros)	1.27	1.15	10.43
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	-	-	n/a
Basic earnings per share from discontinued operations (Euros)	-	-	n/a
Basic earnings per share from continuing operations (Euros)	1.27	1.15	10.43
Diluted earnings per share from discontinued operations (Euros)	-	-	n/a
Diluted earnings per share from continuing operations (Euros)	1.25	1.12	11.61

- *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 2014, as a result of the capital increase of July 2014, 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 2014, which amounted to 1.25 euros 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	
	30/06/2014	31/12/2013 (*)
Parent	780,939	780,939
Construction	1,839,703	1,778,890
Industrial Services	75,109	89,676
Environment	87,955	76,603
Total	2,783,706	2,726,108

(*) Restated unaudited

In accordance with the table above, the most significant goodwill is the result of the full consolidation of Hochtief, A.G., amounting to 1,433,801 thousand euros, and the result of the merger of the Parent with Grupo Dragados, S.A., which amounted to 780,939 thousand euros. The most significant change in 2013 related to the goodwill arising from the acquisitions made by Hochtief, A.G. for a total of 181,639 thousand euros, of which the acquisition of 39.9% of Welspun Contractors Private Limited mentioned in Note 1.k) is noteworthy of mention.

There were no significant changes during the six-month period ended 30 June 2014.

According to that set out in IAS 36, the Group has not found any evidence as of 30 June 2014 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 the Group's goodwill for impairment 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 2014 amounted to 2,000 thousand euros. In the same period of 2013 impairment losses of 10,033 thousand euros were recognised in relation to goodwill for the ACS Group.

2.02. Other intangible assets

The additions to and changes in the scope of consolidation in the first half of 2014 amounted to 21,480 thousand euros (90,175 thousand euros in the first half of 2013) relating mainly to Hochtief for 17,445 thousand euros (38,706 thousand euros in the first half of 2013), the Environment business for 2,167 thousand euros (13,926 thousand euros in the first half of 2013) and Industrial Services business for 801 thousand euros (36,370 thousand euros in the first half of 2013).

In the first half of 2014, losses were recognised on the value of items classified under "Other intangible assets" amounting to 270 thousand euros (3,201 thousand euros in the first half of 2013) relating mainly, in both cases, to the Construction business and were recognised under "Impairment and gains or losses on disposals of non-current assets" in the accompanying consolidated income statement. Losses in value have not been carried forward into the income statement of the first half of 2014 or 2013.

3.- Tangible assets – property, plant and equipment

In the first six months of 2014 and 2013 items of property, plant and equipment were acquired for 432,841 and 917,186 thousand euros, respectively.

The most noteworthy additions in the first half of 2014 relate to the Construction business amounting to 348,685 thousand euros, mainly from Hochtief as the result of acquiring equipment for the Leighton mining operations in Leighton for 303,915 thousand euros, to the Environment business for 47,109 thousand euros, mostly for the acquisition and renovation of machinery and equipment, and the Industrial Services business for 18,150 thousand euros for the acquisition of machinery and equipment to carry out new projects.

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

Additionally, assets were also sold in the first half of 2014 and 2013 for a total carrying amount of 74,523 thousand euros and 112,485 thousand euros, respectively, which did not give rise to significant profit or loss as a result of the disposals. Accordingly, the most significant disposal in the first half of 2014 relates to the sale of Streif Baulogistik assets (Hochtief Europa).

At 31 December 2013, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment amounting to 145,935 thousand euros, including most notably 137,395 thousand euros relating mainly to mining operations in Leighton. The commitments entered into at 30 June 2014 amount to 94,780 thousand euros.

The impairment losses recognised in the consolidated income statement at 30 June 2014 amount to 1,444 thousand euros and mainly relate to the sale and impairment of Dragados machinery (1,303 thousand euros at 30 June 2013 relating mainly to the sale and impairment of Dragados machinery). No impairment losses were reversed or recognised in the income statement in the first half of 2014 or 2013.

4.- Non-current assets in projects

The balance of "Non-current assets in projects" in the consolidated statement of financial position at 30 June 2014, includes the costs incurred by the fully consolidated companies in the construction of transport infrastructure, services and power generation centres whose operation forms the subject matter 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 2013. 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 2014 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	510,697	(117,030)	393,667
Highways/roads	2024 - 2038	238,885	(36,484)	202,401
Police stations	2024 - 2032	67,881	-	67,881
Wind farms	2030	46,076	(10,358)	35,718
Water management	2028 - 2033	35,649	(9,895)	25,754
Energy transmission	2040	18,730	-	18,730
Security	2014	64,128	(61,605)	2,523
Other infrastructures	-	21,775	(9,360)	12,415
Total		1,003,821	(244,732)	759,089

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 the demand risk are as follow:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways/roads	2024 -2038	238,859	(36,464)	202,395
Waste treatment	2020 -2050	304,762	(80,739)	224,023
Water management	2028	33,559	(9,894)	23,665
Other infrastructures	-	295	-	295
Total		577,475	(127,097)	450,378

The concession assets identified as financial given that the Group does not assume the demand risk were as follow:

Type of infrastructure	End date of operation	Thousands of Euros
		Collection rights arising from concession arrangements
Waste treatment	2040	109,481
Police stations	2024 - 2032	67,881
Energy transmission	2040	18,730
Water management	2032 - 2033	2,089
Other infrastructures	-	8,721
Total		206,902

The detail 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
Waste treatment	2017 - 2041	96,455	(36,292)	60,163
Wind farms	2030	46,076	(10,358)	35,718
Security	2014	64,128	(61,605)	2,523
Highways/roads	2026	27	(21)	6
Other infrastructures	-	12,758	(9,359)	3,399
Total		219,444	(117,635)	101,809

Simultaneously, there are concession assets that are not financed by project finance amounting to 158,574 thousand euros (279,567 thousand euros at 31 December 2013) which are recognised as "Other intangible assets".

In the first six months of 2014 and 2013 non-current assets in projects were acquired for 23,111 thousand euros and 38,641 thousand euros, respectively.

The main investments in projects made in the first six months of 2014 correspond to the Environment business in relation to waste treatment amounting to 21,924 thousand euros (36,565 thousand euros at 30 June 2013). In the first six months of 2014, 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 in waste treatment amounting to 92,734 thousand euros (301,787 thousand euros in renewable energy in the first half of 2013).

There were no significant disposals during the first half of 2014 or 2013.

Impairment losses in the consolidated income statement at 30 June 2014 amounted to 17,553 thousand euros (54,749 thousand euros at 30 June 2013).

At 30 June 2014 and 31 December 2013, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to 17,010 thousand euros and 36,645 thousand euros, 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.- Investments in companies accounted for using the equity method

The detail, by line of business, of the investments in companies accounted for by the equity method at 30 June 2014 and 31 December 2013 is as follows:

Line of Business	Thousands of Euros					
	30/06/2014			31/12/2013		
	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	716,415	45,696	762,111	732,806	74,053	806,859
Industrial Services	229,709	(2,698)	227,011	201,903	3,110	205,013
Environment	331,280	13,367	344,647	335,951	18,819	354,770
Corporate Unit	(176)	-	(176)	(176)	-	(176)
Total	1,277,229	56,365	1,333,593	1,270,484	95,982	1,366,466

- Construction

The investments from the Hochtief Group accounted for using the equity method for 599,734 thousand euros (545,909 thousand at 31 December 2013) are the most notable in the Construction business at 30 June 2014 and 31 December 2013.

The ownership interest in the Seville Underground was sold in the six-month period ended 30 June 2014 for 60,149 thousand with a profit before tax 12,708 thousand euros.

- Environment

With regard to the Environment business, it should be noted that the 75% ownership interest in the Clece Group was accounted for using the equity method, thereby giving the ACS Group joint control over certain funds managed by Mercapital in 2012. The carrying amount at 30 June 2014 amounted to 278,508 thousand (285,608 thousand at 31 December 2013). As indicated in Note 1.i) on subsequent events, the ACS Group acquired the remaining 25% interest in Clece in August 2014.

6.- Financial Assets

a) Composition and breakdown

The breakdown of the Group's financial assets at 30 June 2014 and 31 December 2013, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	30/06/2014		31/12/2013	
	Non-Current	Current	Non-Current	Current
Equity instruments	1,286,180	86,657	1,097,535	81,982
Loans to associates	828,652	100,958	773,191	87,391
Other loans	298,041	150,936	323,596	127,645
Debt securities	1,825	870,317	1,857	1,369,409
Other financial assets	97,202	1,305,354	121,667	1,313,714
Total	2,511,900	2,514,222	2,317,846	2,980,141

b) Iberdrola

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

At 30 June 2014, the ACS Group held 188,187,412 shares representing 3.02% of the share capital of Iberdrola, S.A. at that date (188,188,889 shares representing 3.02% of the share capital of Iberdrola, S.A. at 31 December 2013). The average consolidated cost amounts to 4,134 euros per share at these dates.

The ownership interest in Iberdrola is recognised at its market price at the end of each year (5.583 euros per share at 30 June 2014 and 4.635 euros per share at 31 December 2013) amounting to 1,050,650 thousand euros (872,256 thousand euros at 31 December 2013). At 30 June 2014 and 31 December 2013, a positive valuation adjustment of 190,878 thousand euros and 65,999 thousand euros, respectively and net of the related tax effect, was recognised in equity under "Valuation adjustments - Available-for-sale financial assets".

During the six-month period ended 30 June 2014, the most relevant transaction in relation to the ownership interest in Iberdrola took place on 13 March 2014, whereby ACS, Actividades Finance 2 B.V. (a Dutch wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A.) announced that upon completion of the accelerated bookbuilding process, the amount, the interest rate and the conversion price as well as other definitive conditions of the bond issue exchangeable for Iberdrola shares have been set, as follows:

- The final amount of the issue totalled 405.6 million euros.
- The bonds which were issued at par, will mature on 27 March 2019, unless they are exchanged or redeemed in advance. The redemption price on maturity of the bonds will be 100% of the nominal amount, unless they are exchanged.
- The bonds will accrue interest at an annual nominal fixed rate of 1.625%, payable quarterly in arrears.
- The bonds will be exchangeable, at the choice of the bondholders, for 63,187,412 ordinary shares of Iberdrola, representing approximately 0.9914% of its share capital. However, in accordance with the terms and conditions of the bonds, the issuer may opt to deliver the corresponding number of Iberdrola shares, cash or a combination thereof when the bondholders exercise their exchange right.
- The conversion price of the bonds is 6.419 euros per Iberdrola share, representing a premium of 32.5% over the weighted average of the quoted price of these shares from the announcement of the issue until the time it was set. As of 17 April 2017 (3 years and 21 days from the closing date), the Company will have the option of redeeming the bonds early at par if the value of the Iberdrola shares exceeds 130% of the exchange price applicable during at least 20 trading days in any period of 30 consecutive trading days.
- The bondholders will have the right to redeem their bonds early from the issuer for an amount equal to the sum of the nominal amount and the interest accrued:
 - o on 27 March 2017 (3 years from the closing date); and
 - o in the event that there is any change of control of ACS (as this concept is defined under the terms and conditions of the bonds).
- On 17 March 2014, a request was made to list the bonds on the open market Freiverkehr (a multilateral trading facility) on the Frankfurt Stock Exchange.

The most relevant transactions in 2013 in relation to the ownership interest in Iberdrola were as follows:

On 22 October 2013, ACS, Actividades Finance, B.V. (a Dutch subsidiary wholly owned by ACS, Actividades de Construcción y Servicios, S.A.) issued bonds that are exchangeable for Iberdrola shares for a nominal amount of 721,100 thousand (see Note 10), with the following characteristics:

- A term of five years maturing on 22 October 2018, unless they are exchanged or redeemed in advance. The redemption price on maturity of the bonds will be 100% of the nominal amount, unless they are exchanged.
- Annual nominal fixed interest of 2.625%, payable quarterly in arrears.
- The exchange price is 5.7688 euros per Iberdrola share, which represents a premium of 35% on the reference quoted price of the session in which the issue was launched. As of 12 November 2016, ACS will have the option of redeeming the bonds early if the value of the Iberdrola shares exceeds 130% of the exchange price applicable during at least 20 trading days in any period of 30 consecutive trading days.
- The bondholders will have the option of redeeming the bonds in the third year or if there is any change of control of ACS.
- The bonds are listed in the open market Freiverkehr on the Frankfurt Stock Exchange.

As a result of the foregoing, ACS, Actividades de Construcción y Servicios, S.A. partially cancelled the equity swap agreement signed with Natixis for 113,619,098 Iberdrola shares, whereby 164,352,702 Iberdrola, S.A. shares are outstanding, with the resulting change

in the fixed guarantee of 247,670 thousand euros. This partial cancellation led to the recognition of 8,885 thousand euros in profit under "Changes in fair value of financial instruments" in the accompanying consolidated income statement.

The ACS Group had several financial derivative contracts with various financial institutions over Iberdrola (call spreads), which offered an exposure on an underlying asset of 597,286,512 Iberdrola shares. As a result of the increase in the quoted price of the aforementioned underlying asset, on 20 December 2013 the parties agreed to replace the previous structure with a new one (a put spread), which has the same exposure profile and maturity periods, however the strike price and the price of the 595,601,946 Iberdrola shares of the underlying asset were slightly adjusted as a result of the changes in Iberdrola's dividend policy. This change enabled the ACS Group to monetise the value of these derivatives for a total of 856.5 million euros included in the consolidated statement of financial position at year-end 2013. The market value at 30 June 2014, whereby the quoted price of Iberdrola exceeded the maximum exercise value of the put spread by more than 15%, means that a liability was not recognised in this connection, whereas at 31 December 2013 this amounted to 62,896 thousand euros (see Note 11).

Following these transactions, at 30 June 2014, the ACS Group only held the aforementioned 3.02% ownership interest in Iberdrola, relating to 188,187,412 shares which are pledged in two exchangeable bonds and the following derivative financial instruments, which were measured at fair value through profit or loss at the end of the year:

- A group of financial derivatives which, as a result of the changes in Iberdrola's dividend policy, amounted to 591,618,408 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 164,352,702 Iberdrola, S.A. shares (see Note 11), in which the ACS Group continues holding the usufruct rights on these shares, the maturity of which has been extended to 31 March 2018.

In relation to the impairment of the investment in Iberdrola, given that at 30 June 2014 and 31 December 2013, the quoted price was significantly above the carrying amount, the ACS Group did not consider that any signs of impairment existed and, therefore, did not perform any tests aimed at verifying such possibility.

c) Xfera Móviles (Yoigo)

At 30 June 2014 and 31 December 2013, 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 198,376 thousand euros at 30 June 2014 and 31 December 2013, 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", whereby in prior years the Group recognised very significant provisions in relation to this ownership interest. In relation to the aforementioned sale transaction, there is an unrecognised contingent price and, in certain scenarios, call and put options on the ownership interest of ACS, the terms of exercise of which are not likely to be met.

In the last quarter of 2013, the ACS Group calculated the recoverable value of this investment using the discounted cash flow method, on the basis of the company's internal projections until 2018, using the weighted average cost of capital (WACC) of 10.32% as the discount rate and a perpetual growth rate of 1.2% in accordance with the 2018 Spanish CPI made by the IMF. A sensitivity analysis was also performed taking into consideration different discount rates, a perpetual growth rate and even deviations of up to minus 30% in the business plan estimates for the company. Both in the baseline and in the rest of the scenarios considered, the recoverable value of this investment would be above its carrying value. This conclusion is consistent with the valuations of Xfera published by analysts and by its controlling shareholder. However, in accordance with the principle of prudence, and considering that Xfera is in the final stages of its launch phase, the Group has not revalued its ownership interest to its estimated market value, although it considers that there is no risk of recovery of the cost associated with the investment or indications of impairment thereof at 30 June 2014.

d) Loans to associates

"Non-current loans to associates" relates mainly to the loans granted to Habtoor Leighton Group amounting to 392,210 thousand euros (373,990 thousand euros at 31 December 2013).

Likewise, at 30 June 2014 non-current loans granted in euros (net of the associated provisions) were granted to Línea Nueve (Tranches Two and Four) for 71,928 thousand euros (68,501 thousand euros at 31 December 2013), Celtic Road Group (Waterford and Portlaoise) for 45,566 thousand euros (45,566 thousand euros at 31 December 2013), Circunvalación de Alicante, S.A. for 15,888 thousand euros (15,888 thousand euros at 31 December 2013), Infraestructuras y Radiales, S.A. for 29,630 thousand euros (29,577

thousand euros at 31 December 2013), and TP Ferro Concesionaria, S.A. for 43,238 thousand euros (33,427 thousand euros at 31 December 2013).

Regarding the loan and investment in the Habtoor Leighton Group, provisions were made that for the most part cover the ACS Group's exposure in the accompanying condensed financial statements, given that the assumptions and considerations used at 31 December 2013 were not significantly changed.

e) Other loans

Non-current loans include mainly the debt that continues to be refinanced to local corporations amounting to 61,180 thousand euros at 30 June 2014 (62,806 thousand euros at 31 December 2013) and the participating loans to Xfera Móviles, S.A., amounting to 119,170 thousand euros at 30 June 2014 and 31 December 2013.

f) Debt securities

At 30 June 2014, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-interest securities maturing at more than three months and which it does not intend to hold until maturity arising from Hochtief for 517,612 thousand euros (1,041,278 thousand euros at 31 December 2013). Other amounts that are noteworthy of mention include those held by Cobra amounting to 85,520 thousand euros (101,843 thousand euros at 31 December 2013) and Urbaser amounting to 223,717 thousand euros (179,037 thousand euros at 31 December 2013).

g) Other financial assets

At 30 June 2014, "Other financial assets" included short-term deposits amounting to 1,079,230 thousand euros (1,178,777 thousand euros at 31 December 2013). This heading includes the amounts contributed to meet the coverage ratios of certain financing for the ownership interest in Hochtief amounting to 2 thousand euros (359 thousand euros at 31 December 2013) (see Note 10) and certain derivatives arranged by the Group amounting to 156,480 thousand euros (306,380 thousand euros at 31 December 2013) (see Note 11). These amounts earn interest at market rates and their availability depends on compliance with coverage ratios.

h) Impairment losses

In the first half of 2014 impairment losses amounted to 3,490 thousand euros. In the first half of 2013 impairment losses on financial assets amounted to 20,498 thousand euros (see Note 16).

There were no significant reversals of impairment losses on financial assets in the first six months of 2014 or in the first half of 2013.

7.- Inventories

The detail of "Inventories" is as follows:

	Thousands of Euros	
	30/06/2014	31/12/2013
Merchandise	217,775	218,531
Raw materials and other supplies	377,408	365,563
Work in progress	946,547	981,577
Finished goods	24,549	13,024
By-products, waste and recovered materials	175	276
Advances to suppliers and subcontractors	284,962	248,030
Total	1,851,416	1,827,001

Impairment losses on inventories recognised and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to 43 thousand euros and 1,667 thousand euros, respectively, in the six-month period ended 30 June 2014 (109 thousand euros and 6,432 thousand euros, respectively, for the same period in 2013).

8.- Equity

8.01. Share capital

At 30 June 2014 and 31 December 2013, the share capital of the Parent amounted to 157,332 thousand euros and was represented by 314,664,594 fully subscribed and paid shares with a par value of 0.5 euros 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.

At the Annual General Meeting held on 29 May 2014, and in accordance with Article 297 of the Consolidated Spanish Limited Liability Companies Law, the shareholders 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 29 May 2014, and without previously consulting shareholders at the General Meeting. Accordingly, the Board of Directors may set all 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 new unsubscribed shares within the pre-emption rights period; and in the event the issue is not fully subscribed, render the capital increase null and void or increase capital only by the amount subscribed.

The share capital increase or increases may be carried out by issuing new shares, either ordinary, without voting rights, preference or redeemable shares. 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.

In accordance with the provisions of Article 506 of the Consolidated Spanish Limited Liability Companies Law, the Board of Directors was expressly empowered to disapply pre-emption 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 Mercantile Registry on any occasion in which the power to disapply pre-emption 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 Annual General Meeting held on 29 May 2014, the shareholders resolved to delegate to the Board of Directors the power to issue non-convertible, exchangeable or convertible fixed-income securities, as well as warrants on the newly issued shares or outstanding shares of the Company or other companies in accordance with the following summary:

1. The securities that the Board of Directors is authorised to issue may be debentures, bonds, promissory notes and other similar fixed-income securities, which may be non-convertible, in the case of debentures and bonds, exchangeable for shares of the Company or any other Group company or other companies, and/or convertible into shares of the Company or other companies, as well as warrants on newly issued shares or outstanding shares of the Company or other companies.
2. Securities may be issued on one or more occasions at any time within five years from the date on which this resolution was adopted.
3. The total amount of the issue or issues of securities agreed under this delegation of authority, regardless of their nature, plus the total number of shares listed by the Company and outstanding at the issue date may not exceed a maximum limit of 3 billion euros.
4. Based on this authorisation granted, the Board of Directors must determine for each issue, including but not limited to, the following: the amount within the aforementioned maximum limit; the location, date and currency of the issue, further establishing the equivalent amount in euros, where applicable; the type of security, whether bonds or debentures, subordinate or not, warrants or any other security permitted under the law; the interest rate and payment dates and procedures; in the case of warrants, the amount and method used, where applicable to calculate the premium and exercise price; whether the securities are non-redeemable or redeemable and, in the case of the latter, the redemption period and the expiration dates; the type of repayment, premiums and lots; any related guarantees; how the securities are represented, whether as certificates or book entries; pre-emption rights, if applicable, and the subscription scheme; the applicable legislation; request for permission to trade the securities issued on official or unofficial, organised or unorganised, national or foreign secondary markets; the designation, if applicable, of the delegate and approval of the regulations that govern the legal relationships between the Company and the union of holders of the issued securities.

These authorisations are similar to those granted by shareholders at the Annual General Meeting on 25 May 2009, based on which in 2013 ACS, Actividades de Construcción y Servicios, S.A. formally executed a Euro Commercial Paper programme for a maximum amount of 500 million euros, which was renewed upon maturity by another Euro Commercial Paper programme for a maximum of 750 million euros, whereby the total balance of the two programmes was 542,115 thousand euros at 30 June 2014 (see Note 10). Likewise, based on the aforementioned delegation of powers, the Board of Directors took into consideration and provided guarantees in relation to the issue of bonds exchangeable for Iberdrola shares carried out by ACS, Actividades Finance B.V. amounting to 721,100 thousand euros and carried out by ACS Actividades Finance 2 B.V. amounting to 405,600 thousand euros in the first quarter of 2014 (see Notes 6.b and 10).

The shareholders, at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 29 May 2014, 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 366 million euros with a charge to voluntary reserves, whereby the first capital increase may not exceed 224 million euros and the second increase may not exceed 142 million euros, 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 three months following the date of the General Shareholders' Meeting held in 2014 and, in the case of the second increase, within the first quarter of 2015, 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 29 May 2014, 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 18 June 2014 the Company resolved to carry out the first capital increase for a maximum amount of 224 million euros. This capital increase was 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 free allotment 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 this regard, it was determined on 27 June 2014 that the maximum number of shares to be issued in the first capital increase would be 6,555,512 shares for a maximum nominal amount of 3,277,756 euros. Subsequent to the six-month period ended 30 June 2014, in 2013 the Parent increased its share capital by 1,937,509.50 euros relating to 3,875,019 ordinary shares of 0.5 euros par value each.

The shareholders, at the Annual General 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 504 million euros with a charge to voluntary reserves, whereby the first capital increase may not exceed 362 million euros and the second increase may not exceed 142 million euros, 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 held in 2013 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 362 million euros. This capital increase was 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 free allotment 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, in 2013 the Parent increased its share capital by 3,926,818.50 euros relating to 7,853,637 ordinary shares of 0.5 euros par value each. Subsequent to this capital increase and in the same year, share capital was reduced by 3,926,818.50 euros relating to 7,853,637 ordinary shares of 0.5 euros par value each through the retirement of the Parent's treasury shares (see Note 15.04).

In addition, by virtue of this delegation, on 12 December 2013 the Company resolved to carry out a second share capital increase for a maximum amount of 142 million euros for the same purpose as that of the first increase mentioned above. After a period of negotiating the free allotment rights relating to this second increase, 2,562,846 ordinary shares of 0.5 euros par value each were issued in February 2014 for a nominal amount of 1,281,423 euros. On 18 March 2014, share capital was reduced by the same amount at which it was increased in February 2014, in other words, 1,281,423 euros relating to 2,562,846 ordinary shares of 0.5 euros par value each through the retirement of the Parent's treasury shares (see Note 8.02).

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.

In addition to Parent, the companies included in the scope of consolidation whose shares are listed on securities markets are Hochtief A.G. on the Frankfurt Stock Exchange (Germany), Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina), Leighton Holdings Ltd., Macmahon Holdings Limited, and Sedgman Limited on the Australia Stock Exchange.

8.02. Treasury shares

The changes in "Treasury shares" were as follows:

	First half of 2014		First half of 2013	
	Number of Shares	Thousands of Euros	Number of Shares	Thousands of Euros
At beginning of the year	2,766,973	64,958	21,368,766	574,696
Purchases	3,604,272	103,200	8,608,526	159,572
Scrip dividend	45,810	-	-	-
Sales	(422,532)	(10,399)	(25,283,639)	(645,945)
Bonus payments 2014-2013	(159,919)	(3,861)	(208,529)	(3,873)
Depreciation	(2,562,846)	(61,898)	-	-
At end of the reporting period	3,271,758	92,000	4,485,124	84,450

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 12 December 2013 the Company resolved to carry out the second capital increase, establishing the maximum reference value at 142 million euros 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 13 February 2014 the following events took place:

- The dividend was determined to be a total gross amount of 69,472,569.48 euros and was paid on 18 February 2014.
- The number of final shares subject to the capital increase was 2,562,846 for a nominal amount of 1,281,423 euros.

Subsequently, on 18 March 2014 ACS Actividades de Construcción y Servicios S.A. reduced share capital by 1,281,423 euros through the retirement of 2,562,846 treasury shares for a carrying amount of 61,898 thousand euros, with a charge to unrestricted reserves, and 1,281,423 euros was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law.

On 24 January 2013, the ACS Group sold a total of 20,200,000 treasury shares amounting to 360,166,000 euros to three entities, which gave rise to a negative effect on equity of 170,698 thousand euros. 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 Note 11).

At 30 June 2014, the Group held 3,271,758 treasury shares of the Parent, of 0.5 euros par value each, representing 1.04% of the share capital, with a consolidated carrying amount of 91,999 thousand euros which is recognised in equity under "Treasury shares" in the consolidated statement of financial position. At 31 December 2013, the Group held 2,766,973 treasury shares of the Parent, with a par value of 0.5 euros each, representing 0.88% of the share capital, with a consolidated carrying amount of 64,958 thousand euros which was recognised in equity under "Treasury shares" in the consolidated statement of financial position.

8.03. Valuation adjustments

The changes in "Valuation adjustments" are as follows:

	Thousands of Euros	
	First half of 2014	2013 annual reporting period
Beginning balance	(534,914)	(725,840)
Hedging Instruments	(121,163)	359,109
Available-for-sale financial assets	134,435	27,773
Exchange differences	52,903	(195,956)
Ending balance	(468,739)	(534,914)

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 consolidated statement of financial position, and to future transaction commitments qualifying for hedge accounting because they meet the requirements provided for in IAS 39 on hedge accounting and, to a lesser extent, due to the pension commitments of the Hochtief subgroup.

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	
	30/06/2014	31/12/2013
Funds for pensions and similar obligations	477,298	427,179
Provisions for taxes and third-party liability	1,538,054	1,345,835
Provisions for actions on infrastructure	23,088	21,795
Provisions	2,038,440	1,794,809

Note 20 to the ACS Group's consolidated financial statements for the year ended 31 December 2013 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 arising from lawsuits involving the ACS Group during the first six months of 2014 and 2013 is not significant in relation to these consolidated condensed financial statements, except with regard to the claim affecting Alazor Inversiones, S.A. (Alazor), the sole shareholder of Accesos de Madrid, C.E.S.A. and the company awarded the Radial 3 and Radial 5 (R3 and R5) concessions, due to the fact that in February 2014 it received a notice stating that enforcement proceedings would be initiated against ACS, Actividades de Construcción y Servicios, S.A. for 73,350 thousand euros (which includes both the principal and interest) which was reported, although the Company maintains claims open in this connection, in relation to which the Company believes they will be resolved favourably, in accordance with that indicated in Note 36 to the ACS Group's consolidated financial statements for the year ended 31 December 2013.

10.- Financial liabilities

The detail of the ACS Group's non-current financial liabilities at 30 June 2014 and 31 December 2013, by nature and category, for valuation purposes, is as follows:

	Thousands of Euros			
	30/06/2014		31/12/2013	
	Non-Current	Current	Non-Current	Current
Debt instruments and other marketable securities	3,525,871	808,172	2,619,916	600,462
Bank borrowings	4,531,810	3,423,079	4,587,129	3,214,385
- with limited recourse	901,033	196,777	1,035,693	221,447
- Other	3,630,777	3,226,302	3,551,436	2,992,938
Other financial liabilities	189,253	77,949	204,308	48,399
Total	8,246,934	4,309,200	7,411,353	3,863,246

At 30 June 2014, the ACS Group had non-current debentures and bonds issued amounting to 3,525,871 thousand euros and 808,172 thousand euros in current issues (2,619,916 thousand euros in non-current and 600,462 thousand euros in current, respectively, at 31 December 2013) mainly from Leighton, Hochtief and ACS. The change at 30 June 2014 with regard to 31 December 2013 is the result of two transactions, one carried out by ACS Actividades Finance 2 B.V. for 405.6 million euros and the other by Hochtief for 500 million euros.

The transaction carried out by ACS Actividades Finance 2 B.V (a Dutch subsidiary wholly owned by ACS, Actividades de Construcción y Servicios, S.A.) took place in March 2014 and consisted of a bond issue exchangeable for Iberdrola shares, with the features indicated in Note 6.b above.

The transaction carried out by Hochtief took place in May 2014 and consisted of an unrated bond issue for 500 million euros, maturing in 2019 and with an annual coupon of 2.625%. This issue is listed on the Luxembourg stock exchange and on all German stock exchanges.

In using the authorisation granted by the shareholders at the Annual General Meeting held on 25 May 2009 and in executing the resolution of the Board of Directors of 27 February 2014, on 20 March 2014 ACS, Actividades de Construcción y Servicios, S.A. formally executed the Euro Commercial Paper (ECP) programme for a maximum of 750 million euros, which has been subscribed by the Irish Stock Exchange. Santander Global Banking & Markets is the programme implementation coordinator (arranger), the entity which also acts as designated 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. This programme renewed that issued in March 2013 for a maximum of 500 million euros and which was in force until 19 March 2014.

At 30 June 2014, the issues outstanding under the aforementioned programmes amounted to 542,115 thousand euros (310,194 thousand euros at 31 December 2013).

At 31 December 2013, the most significant issues were as follows:

- On 14 March 2013, Hochtief, A.G. issued a corporate bond for a nominal amount of 750 million euros, maturing in March 2020 and with an annual coupon of 3.875%. (In March 2012, Hochtief, A.G. issued a corporate bond for a nominal amount of 500 million euros, maturing in March 2017 and with an annual coupon of 5.5%).
- On 22 October 2013, ACS, Actividades Finance, B.V. (a Dutch subsidiary wholly owned by ACS, Actividades de Construcción y Servicios, S.A.) issued bonds that are exchangeable for Iberdrola shares for a nominal amount of 721,100 thousand euros, with the following characteristics:
 - A term of five years maturing on 22 October 2018, unless they are exchanged or redeemed in advance. The redemption price on maturity of the bonds will be 100% of the nominal amount, unless they are exchanged.
 - Annual nominal fixed interest of 2.625%, payable quarterly in arrears.
 - The exchange price is 5.7688 euros per Iberdrola, S.A. share, which represents a premium of 35% on the reference quoted price of the session in which the issue was launched. As of 12 November 2016, ACS will have the option of redeeming the bonds early if the value of the Iberdrola shares exceeds 130% of the exchange price applicable during at least 20 trading days in any period of 30 consecutive trading days.

- The bondholders will have the option of redeeming the bonds in the third year or if there is any change of control of ACS.
- The bonds are listed in the open market Freiverkehr on the Frankfurt Stock Exchange.

“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 this heading, by type of financed asset, at 30 June 2014 is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Hochtief Aktiengesellschaft	20,674	396,068	416,742
Project financing			
Waste treatment	8,756	287,453	296,209
Property assets (Inventories)	155,246	7,141	162,387
Highways	4,275	124,055	128,330
Police station	5,787	54,413	60,200
Water management	2,030	18,257	20,287
Security	-	13,176	13,176
Photovoltaic plants	9	470	479
	196,777	901,033	1,097,810

The detail of this heading, by type of financial asset, at 31 December 2013 was as follows:

	Thousands of Euros		
	Current	Non-current	Total
Hochtief Aktiengesellschaft	13,479	558,929	572,408
Project financing			
Waste treatment	12,030	243,546	255,576
Property assets (Inventories)	181,711	23,072	204,783
Highways	7,932	124,113	132,045
Police station	4,277	55,461	59,738
Water management	2,009	19,164	21,173
Security	-	10,902	10,902
Photovoltaic plants	9	506	515
	221,447	1,035,693	1,257,140

In relation to the initial package of Hochtief, A.G. shares acquired in 2007, on 27 October 2011 Cariatide, S.A. entered into a refinancing agreement with a bank syndicate for a nominal amount of 602,000 thousand euros until 24 July 2015. The main characteristics of the financing agreement include maintaining a coverage ratio over the market value of the shares of Hochtief, A.G. If this ratio were not met, the pledge on the acquired shares could be enforced. In the event that the aforementioned coverage ratio is not maintained, ACS, Actividades de Construcción y Servicios, S.A. would be obligated to contribute additional funds. On 30 June 2014, the Group had repaid 167,000 thousand euros of this financing.

At 30 June 2014 and at the date of approval of these condensed financial statements, the coverage ratios stipulated in this agreement had been met.

Other non-current bank borrowings most notably include the syndicated loan maturing in July 2015 and entered into by ACS, Actividades de Construcción y Servicios, S.A. with a syndicate of banks, made up of 32 Spanish and international entities. The amount contracted totalled 1,430,300 thousand euros at 30 June 2014 (1,430,300 thousand euros at 31 December 2013). In addition, on 8 May 2014 the Group renewed the syndicated loan with Urbaser for 600,000 thousand (506,300 thousand euros at 31 December 2013) maturing on 28 May 2017, which was then reclassified as non-current at 30 June 2014.

Also noteworthy under other bank borrowings is the long-timer financing obtained (and renewed before 31 December 2013) for the acquisition of Hochtief, A.G. shares for a nominal amount of 200,000 thousand euros maturing on 24 July 2015 and 250,000 thousand euros maturing on 5 January 2015 through the SPV Major Assets, S.L., both with an in rem guarantee secured by Hochtief, A.G.

shares deposited therein, which at 31 December 2013, amounted to 13,948,778 shares. In addition, 200,000 thousand euros maturing in February 2014 through the SPV Equity Share, S.L. with an in rem guarantee secured by Iberdrola shares were cancelled upon maturity and the aforementioned guarantee was released.

The long-term financing from the investee Hochtief for 646,453 euros thousand (708,375 thousand euros at 31 December 2013) is also noteworthy of mention. In 2013, Leighton agreed to receive syndicated bank financing amounting to 689,180 thousand euros (1,000,000 thousand Australian dollars) maturing on 21 June 2016, which replaces the previous syndicated bank financing of AUD 600,000 thousand that matured in December 2013. At 30 June 2014, the amount paid totalled 500,000 thousand Australian dollars (at 31 December 2013 no payment had been made in relation to this financing).

In the six-month period ended 30 June 2014 and in 2013, the ACS Group satisfactorily met its bank borrowing payment obligations upon 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 2013 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). The most significant changes in the first half of 2014 regarding the financial risks of the ACS Group detailed in these financial statements are as follows:

- The issue of a bond exchangeable for Iberdrola shares for 405.6 million euros and maturing on 27 March 2019.
- The issue of an unrated bond by Hochtief amounting to 500 million euros and maturing in May 2019.
- The renewal of the Euro Commercial Paper (ECP) programme for 50 million euros.
- The renewal of the syndicated loan with Urbaser for 600 million euros until 2017.
- The maturity of the combined credit line and guarantee for 2,000,000 thousand euros (the tranche relating to the guarantees amounts to 1,500,000 thousand euros and the tranche in cash is 500,000 thousand euros) that Hochtief A.G. held with an international syndicated of banks at 31 December 2013 and that had a five-year term until 13 December 2016, was extended until April 2019 and its conditions were improved to current market levels, which are therefore much more favourable for Hochtief.

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			
	30/06/2014		31/12/2013	
	Assets	Liabilities	Assets	Liabilities
Hedges	750	77,051	7,741	65,762
Non-qualified hedges	9,181	166,968	32,951	432,106
Non-current	9,931	244,019	40,692	497,868
Hedges	4,000	7,789	7,906	16,860
Non-qualified hedges	47,755	16,530	4,075	53,692
Current	51,755	24,319	11,981	70,552
Total	61,686	268,338	52,673	568,420

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 statement of financial position, 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.

With regard to liabilities arising from financial instruments, the most significant at 30 June 2014 and 31 December 2013 relates to the fair value of the equity swap on Iberdrola, S.A. shares, the fair value of which at 30 June 2014 amounts to 64,837 thousand euros (217,466 thousand euros at 31 December 2013). In addition, other liabilities relate to the derivative included in the outsourcing to a financial institution of the 2010 stock option plan amounting to 4,720 thousand euros (57,458 thousand euros at 31 December 2013).

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 change in 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 34.155 euros 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 profit or loss with respect to the value of the option in the previous year. The risk of an increase in the market price of the share 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.

In addition and 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, the Company never receives the shares arising from the Plan upon completion and, therefore, they are not considered treasury shares.

At 30 June 2014 and 31 December 2013, the ACS Group held other derivatives that did not qualify for hedge accounting, which included the measurement at fair value of financial instruments that are settled by differences and whose negative market value amounted to 3,142 thousand euros (55,879 thousand euros at 31 December 2013), as well as the put spread on 591,618,408 Iberdrola shares (595,601,946 shares at 31 December 2013). The market value at year end did not give rise to the recognition of a liability, whereas 62,896 thousand euros were recognised at 31 December 2013. The amounts provided as security for the aforementioned derivatives arranged by the Group total 468,318 thousand euros at 30 June 2014 (554,337 thousand euros at 31 December 2013) and are included under "Long-term deposits" in the accompanying statement of financial position. These amounts earn interest at market rates. The current portion is detailed in Note 6.g.

In accordance with that indicated in Note 8.02, in January 2013 the ACS Group sold a total of 20,200,000 treasury shares to three entities and entered into certain derivative contracts for the same number of ACS shares, payable only in cash and within a period of two years that could be extended for a further year, and which were settled in 2013. The main characteristics of these derivative contracts were as follows:

- Two agreements were signed on 23 January 2013, one for 7,703,351 shares and the other for 12,496,649 shares.
- ACS sold a cash-settled European put option on ACS shares as an underlying asset at a strike price of 17.83 euros per share, which may be exercised on 23 January 2015 and extended for another year. If the quoted price is below the strike price on maturity, ACS must settle the difference in cash. If the period is extended for another year, the strike price is 18.72 euros per share.
- ACS purchased a cash-settled European call option at a strike price of 18.38 euros per share, which may be exercised on this same date, and extended for an additional year with a strike price of 19.30 euros per share, if applicable. If the quoted price is above the strike price at maturity, ACS collects in cash 50% of the difference for the first 25% of the revaluation, 45% of the difference for the second 25% of the revaluation, and 40% of the difference for a revaluation greater than 50%.
- The put and call options are settled by differences, where there is no possibility of the shares being returned to ACS and, therefore, the shares are freely available to the entity with which the derivative is signed.
- The right to receive the dividends corresponds to their legal owners (the buyers) and they do not have to be repaid in any way.
- ACS must deposit cash equal to 20% of the notional amount as cash collateral, which will become 25% in the event the quoted price is equal to or less than 90% of the strike price. If the quoted price is greater than 110% of the strike price, ACS must deposit 15%.
- There is no adjustment for the dividends of the underlying shares.

With regard to the effect on the sales transaction and the arrangement of the derivatives, paragraph B6 of the implementation guidelines of IAS 39 has been considered. In this case, although the sales agreements and derivative contracts were entered into on the same day and for the same underlying asset, the counterparty is different, since the shares were sold to the market through three different financial institutions and the derivatives are arranged with Tyrus. In accordance with the IASs, the economic basis of the transaction providing immediate liquidity to the Group must be analysed, and, in the case at hand, the economic basis consisted of an actual sale of treasury shares and the arrangement of dividends which allows part of the possible increase in the value of the shares to be recovered, whereby ACS runs the risk of a drop in the quoted price. When the derivatives are settled exclusively by differences, the treasury shares will not return to ACS under any circumstances. In other words, control over the financial assets resides with the acquirers. Therefore, the conclusion is that the contracts must be treated separately.

With regard to this last transaction, the Group settled the transaction in the second half of 2013 with a profit of 58,400 thousand euros, whereby only a limited risk was maintained at 30 June 2014 and 31 December 2013 for 14.1 million shares at 50% of the drop in the quoted price between 23.90 euros and 17.83 euros per share, and for 3.4 million shares at 50% of the drop between 23.90 euros and 18.38 euros per share.

The Group has recognised both its own credit risk and that of the counterparty based on each derivative for all 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.

In relation to the issue of bonds exchangeable for Iberdrola shares amounting to 1,126,700 thousand euros (see Note 10), it is worth noting that there are derivatives embedded in the financing, the fair value of which at 30 June 2014 amounts to 99,131 thousand euros (49,714 thousand euros at 31 December 2013), included under "Non-current financial instruments receivable" on the accompanying consolidated statement of financial position.

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 30/06/2014	Level 1	Level 2	Level 3
Assets	2,292,598	1,579,849	645,383	67,366
Equity instruments	1,358,770	1,138,375	153,029	67,366
Debt securities	872,142	441,474	430,668	-
Financial instrument receivables				
Non-current	9,931	-	9,931	-
Current	51,755	-	51,755	-
Liabilities	268,338	-	262,393	5,945
Financial instrument receivables				
Non-current	244,019	-	244,019	-
Current	24,319	-	18,374	5,945

	Thousands of Euros			
	Value at 31/12/2013	Level 1	Level 2	Level 3
Assets	2,588,558	1,920,898	608,562	59,098
Equity instruments	1,164,619	954,286	151,235	59,098
Debt securities	1,371,266	966,612	404,654	-
Financial instrument receivables				
Non-current	40,692	-	40,692	-
Current	11,981	-	11,981	-
Liabilities	568,420	-	562,475	5,945
Financial instrument receivables				
Non-current	497,868	-	497,868	-
Current	70,552	-	64,607	5,945

The changes in financial instruments included under Level 3 during the six-month period ended 30 June 2014 are as follows:

	Thousands of Euros		
	01/01/2014	Adjustments for changes in value	30/06/2014
Assets – Equity instruments	59,098	8,268	67,366
Liabilities – Derivative financial instruments	5,945	-	5,945

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 six-month period ended 30 June 2014. There were also no transfers to or from Level 3 with regard to 31 December 2013. The increase 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 2014 is as follows:

	Thousands of Euros					
	30/06/2014			31/12/2013		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total
Credit for tax loss	641,563	107,239	748,802	683,551	169,330	852,881
Other temporary differences	535,962	757,757	1,293,719	453,504	723,298	1,176,802
Tax credits and tax relief	246,724	1,433	248,157	343,451	6,566	350,017
Total	1,424,249	866,429	2,290,678	1,480,506	899,194	2,379,700

Tax loss carry forwards of the ACS Tax Group in Spain arose from the estimated consolidated tax loss for 2012, arising mainly from impairment and unrealised losses related to the investment in Iberdrola, S.A., and expire after a period of 18 years. The deferred tax asset related to the adjustment for non-deductible finance costs amounting to 79,386 thousand euros at 30 June 2014 (90,983 thousand euros at 31 December 2013) for companies that belong to the Spanish Tax Group is the only item included under "Temporary differences" that is set to expire.

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 and as no extraordinary losses are expected such as those that were incurred in 2012, it is probable that these assets will be recovered.

The deferred tax liabilities amounting to 1,400,983 thousand euros (1,381,273 thousand euros at 31 December 2013) have not substantially changed with respect to 31 December 2013.

Subsequent to the end of the period, the Spanish government approved a draft of the income tax law. The Group is currently assessing the impact that the changes included in this new regulation may have on its financial statements with regard to tax assets and liabilities.

- Change in income tax expense

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

	Thousands of Euros	
	30/06/2014	30/06/2013 (*)
Consolidated profit/(loss) before tax	719,141	812,708
Profit or loss of companies accounted for using the equity method	(56,365)	(155,930)
	662,776	656,778
Tax charge at 30%	198,833	197,033
Tax credit for double taxation of dividends of Iberdrola, S.A.	(15,230)	(16,908)
Net impact of other permanent differences, tax credits, national tax rate spreads and adjustments	39,217	49,938
Income tax expense/(income)	222,820	230,063

(*) Restated unaudited

The most significant item included at 30 June 2014 and 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 include 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 2013 details the bases used by the Group to define its operating segments.

The reconciliation of revenue, by segment, to consolidated revenue at 30 June 2014 and 2013 is as follows:

Segments	Thousands of Euros					
	30/06/2014			30/06/2013 (*)		
	External income	Inter-segment income	Total income	External income	Inter-segment income	Total income
Construction	14,273,109	4,319	14,277,428	15,208,137	9,122	15,217,259
Environment	851,661	43	851,704	896,963	135	897,098
Industrial Services	3,634,104	8,392	3,642,496	3,631,742	8,745	3,640,487
(-) Adjustments and eliminations of ordinary inter-segment income	-	(12,754)	(12,754)	-	(18,002)	(18,002)
Total	18,758,874	-	18,758,874	19,736,842	-	19,736,842

(*) Restated unaudited

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 2014 and 2013 is as follows:

Segments	Thousands of Euros	
	30/06/2014	30/06/2013 (*)
Construction	194,323	319,715
Environment	50,226	47,957
Industrial Services	249,013	261,402
Total profit of the segments reported upon	493,562	629,074
(+/-) Non-assigned profit	2,759	(46,429)
(+/-) Elimination of internal profit (between segments)	-	-
(+/-) Other profits (loss)	-	-
(+/-) Income tax and /or profit (loss) from discontinued operations	222,820	230,063
Profit/(Loss) before tax	719,141	812,708

(*) Restated unaudited

Revenue, by geographical area, at 30 June 2014 and 2013 is as follows:

Net amount of turnover by Geographical Area	Thousands of Euros	
	30/06/2014	30/06/2013 (*)
Domestic market	3,037,579	2,949,163
Foreign market	15,721,295	16,787,679
a) European Union	1,682,733	1,968,443
b) O.E.C.D countries	11,611,411	12,377,177
c) Rest of countries	2,427,151	2,442,059
Total	18,758,874	19,736,842

(*) Restated unaudited

The detail of sales by principal countries is as follows:

Net Revenue by Geographical Area	Thousands of Euros	
	30/06/2014	30/06/2013 (*)
Australia	5,944,770	6,686,193
United States	4,323,511	4,174,831
Spain	3,037,579	2,949,163
Germany	629,426	954,977
Mexico	704,696	648,901
Canada	451,967	636,538
Indonesia	349,312	464,750
China	543,882	447,563
United Arab Emirates	15,922	356,210
Poland	315,297	281,497
United Kingdom	333,233	283,795
Brazil	114,980	164,418
Portugal	104,163	93,217
Other	1,890,136	1,594,789
Total	18,758,874	19,736,842

(*) Restated unaudited

14.- Finance income

At 30 June 2014, finance income included, among other items, the dividends from Iberdrola, S.A. which amounted to 52,529 thousand euros (58,120 thousand euros at 30 June 2013).

15.- Average workforce

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

Category	Average number of employees					
	30/06/2014			30/06/2013		
	Men	Women	TOTAL	Men	Women	TOTAL
University graduates	21,592	5,779	27,371	23,771	6,244	30,015
Junior college graduates	6,268	1,822	8,090	6,262	1,681	7,943
Non-graduate line personnel	11,394	1,649	13,043	11,617	1,397	13,014
Clerical personnel	2,858	5,590	8,448	3,381	6,079	9,460
Other employees	87,160	11,179	98,339	97,089	10,471	107,560
Total	129,272	26,019	155,291	142,120	25,872	167,992

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

In the first half of 2014, this heading of the accompanying consolidated income statement includes mainly the profit from the sale of the Seville amounting to Underground 12,708 thousand euros. In the first six months of 2013, this heading included the profit from the sale of Leighton's telecommunications business amounting to 164,649 thousand euros. This profit included the effect of recognising the 30% ownership interest that it still holds at fair value. Likewise, the effect of the impairment in the first quarter on the ownership interest in Iberdrola amounting to 20,498 thousand euros was also recognised.

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. The most significant effect in the first half of 2014 relates to the market value of the

derivative financial instruments held at year end in relation to Iberdrola, S.A. shares and to the profit generated from the derivatives on ACS shares, as described in Note 11.

At 30 June 2013, the most significant effect, on one hand, related 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.

18.- Related party balances and transactions

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 2014 were as follows (in thousands of euros):

Related transactions June 2014	Significant shareholders		Directors and Management	Other related parties							Total	
	Grupo Iberostar	Total		Total	Fidalsar, 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	-	-	-	-	-	82	-	-	-	-	82	82
Leases	-	-	-	89	-	-	-	-	-	-	89	89
Reception of services	-	-	-	36	-	149	679	414	-	-	1,278	1,278
Other expenses	-	-	-	-	-	-	-	-	17,324	-	17,324	17,324
Expenses	-	-	-	125	-	231	679	414	17,324	-	18,773	18,773
Provision of services	1,245	1,245	1,373	-	111	-	995	-	-	-	1,106	3,724
Revenue	1,245	1,245	1,373	-	111	-	999	-	-	-	1,106	3,724

Related transactions June 2014	Significant shareholders		Other related parties				Total
	Banca March	Total	Banco Sabadell	Lynx Capital, S.A.	Fidalsar, S.L.	Total	
Financing agreements: loans and capital contributions (lender)	48,590	48,590	687,227	-	-	687,227	735,817
Guarantees given	24,930	24,930	-	-	-	-	24,930
Other transactions	-	-	-	109	288	397	397
Financing agreements: loans and capital contributions (lender)	21,375	21,375	-	-	-	-	21,375

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

Related transactions June 2013	Significant shareholders		Other related parties							Total	
	Grupo Iberostar	Total	Fidalsar, 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
	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

At 30 June 2014, the outstanding balance payable to Banca March for credit facilities and loans granted to ACS Group companies amounted to 43,829 thousand euros (47,812 thousand euros at 31 December 2013). The transactions being maintained at 30 June 2014, in accordance with the information available regarding ACS Group companies, amounted to 23,675 thousand euros (35,988 thousand euros at 31 December 2013) in guarantees, 16,364 thousand euros (14,079 thousand euros at 31 December 2013) in reverse factoring transactions to suppliers.

At 30 June 2014 the balance payable to Banco Sabadell amounted to 181,615 thousand euros (205,393 thousand euros at 31 December 2013) for loans and credit facilities granted to ACS Group companies. Accordingly, the transactions maintained by this bank at 30 June 2014, in accordance with the information available regarding ACS Group companies, amounted to 304,171 thousand euros (415,600 thousand euros at 31 December 2013) in guarantees and sureties, 23,055 thousand euros (16,858 thousand euros at 31 December 2013) in reverse factoring transactions to suppliers.

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. La Banca March, as a financial entity, has carried out transactions which are normal in its business, such as the conceding of loans, the provision of guarantees and sureties for the tenders and execution of public works, confirming and non-recourse factoring to the various companies of the ACS Group.

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. The ACS Group has also carried out air-conditioning activities in main 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.

The transactions with other related parties are listed due to the relationship of certain board members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives. In this regard, the transactions with Fidalse, 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 Monzón. 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 2014, "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 21,375 thousand euros (30,609 thousand euros in the first half of 2013), and in this case they relate to the reverse factoring lines of credit for suppliers.

Directors and Management includes a housing construction contract between Dragados, S.A. and director Joan David Grimà Terré, signed in 2013 for 2,534 thousand euros, of which 1,373 thousand euros were billed in the first half of 2014.

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

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 were carried out

on an arm's length basis and they do not have to be disclosed to present fairly the equity, financial position and results of the operations of the Group.

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 2014 or 2013, in accordance with that indicated in Article 229 of the Spanish Limited Liability Companies Law.

19.- Board of Directors and senior executives

Remuneration of Directors

In the six-month period ended 30 June 2014 and 2013, 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	
	30/06/2014	30/06/2013
Fixed remuneration	1,986	1,981
Variable remuneration	2,009	2,003
By-law stipulated director's emoluments	1,693	1,510
Total	5,688	5,494

In addition, at 30 June 2014 258 thousand euros (732 thousand euros at 30 June 2013) 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 at the date on which it was granted.

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

Other Benefits	Thousands of Euros	
	30/06/2014	30/06/2013
Pension funds and plans: contributions	850	925
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.

Remuneration of senior executives

The remuneration of the Group's senior executives in the six-month periods ended 30 June 2014 and 2013, excluding those who are simultaneously executive directors, was as follows:

	Thousands of Euros	
	30/06/2014	30/06/2013
Total remuneration	12,433	11,191

The increase in remuneration between the periods is due to the additional compensation paid to those executives working abroad. 986 thousand euros at 30 June 2014 (2,793 thousand euros at 30 June 2013) 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, 810 thousand euros (830 thousand euros at 30 June 2013) related to pension plans and 15 thousand (13 thousand euros at 30 June 2013) related to life insurance premiums.

Stock 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 with shares between 752,320 y 351,160; 8 managers with 92,940 shares; 16 managers with 69,708 shares and 28 managers with 46,472 shares
- Acquisition price: 34.155 euros 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 event that 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 period ended 30 June 2014 and or in 2013.

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

As detailed in Note 1.i on subsequent events at the end of the period, the ACS Group agreed to set up a share option plan for ACS, Actividades de Construcción y Servicios, S.A. shares (2014 Option Plan), with a maximum of 6,293,291 shares.

The market price of ACS shares at 30 June 2014 and 31 December 2013 was 33.400 euros and 25.020 euros per share, respectively.

Within the Hochtief Group there are also share-based payment remuneration systems for the Group's 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 2014 is 16,514 thousand euros (EUR 20,095 thousand euros at 31 December 2013). The effect on the consolidated income statement in this connection for the six-month period ended 30 June 2014 and for 2013 was not significant. 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 to that regulatory framework may not conform to other generally accepted accounting principles and rules.

APPENDIX I

CHANGES IN THE SCOPE OF CONSOLIDATION

Main companies included in the scope of consolidation are as follows:

Sertego, C.A.
Semi Procoin
ACS Actividades Finance 2 B.V.
Binding Statement, S.A.
Consorcio Constructor Piques y Túneles Línea 6 Metro, S.A.
Grupo Cobra South Africa Proprietary Limited
Conyblox Proprietary Limited
Dankocom Pty, Ltd
Drazigystix Pty, Ltd
Turner/Top Grade/Flatiron
Topgrade/Flatiron
Topgrade/Flatiron/Gallagher
Leighton Joint Venture
Victoria Point Docklands Pty. Ltd.
Fleetco Rentals No.1 Pty Ltd.
Bachus Marsh JV
Casey Fields JV
Deer Park JV
Henry Road Pakenham JV
Leighton - Chun Wo JV
Turrumurra JV
Leighton Abigroup Consortium (Epping to Thornleigh)
Leighton OSE JV
HTP Projekt 1 Verwaltungs GmbH
Metro de Lima Línea 2, S.A.
ACS Infrastructure Australia PTY LTD
Serveis Educatius Cavall de Cartró, S.L.
Sermicro do Brasil Servicos e Informática, Ltda.
Ipar Imesapi, S.A.
Maetel Japan KK
Prince Contracting, LLC.
Cobra Operaciones, S.A. de C.V.
Cobra Recursos Administrativos, S.A. de C.V.
Concesionaria Desaladora del Sur, S.A.
Etra Eurasia Entegre Teknoloji Hizmetleri Ve Insaat Anonim Sirketi
Consorcio Tempo Real Rio
All Care (GB) Limited
Flatiron-Blythe Development Company
Turner-Kiewit JV
Turner-SG Contracting
Turner/Ozanne/VAA
TMA JV III
Turner-Acura-Lindahl
Imatis Australia Pty. Ltd.
Thiess - Ngarda JV
Thiess Southbase JV
Coleman Rail Pty. Ltd. & John Holland Pty. Ltd. (Activate)
Colin Joss & Co Pty. Ltd. & John Holland Pty. Ltd.
Edenbrook Estate
John Holland Pty. Ltd. and Kellogg Brown & Root Pty. Ltd.
Leighton Boral Amey NSW Pty. Ltd.
Leighton Boral Amey QLD Pty. Ltd.

Devine Building Management Services Pty Ltd
DoubleOne 3 Building Management Services Pty Ltd
Lei Shun Employment Limited
Leighton Africa Mozambique Limitada
Emrail-Leighton Joint Venture
Leighton Gbs Sdn. Bhd.
Leighton Superannuation Pty. Ltd.
Leighton Engineering Sdn Bhd
Leighton Equity Incentive Plan Trust

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

Tecmed Environment, S.A.S.
Entaban Biocombustibles del Pirineo
Corfica 1, S.L.
Servicios Dinsa, S.A. de C.V.
Metro de Sevilla Sdad Conces Junta Andalucia, S.A.
HPAL Freehold Pty. Ltd.
Menette Pty. Limited
John Holland Veolia Water Australia Joint Venture (Hong Kong Sludge)
Leighton OSE Joint Venture - Indore
Leighton OSE Joint Venture - Agra
Aurelis Real Estate GmbH & Co. KG
Streif Baulogistik Österreich GmbH
HOCHTIEF PPP Schulpartner Köln P 1 GmbH & Co. KG
HOCHTIEF PPP Schulpartner Köln Rodenkirchen GmbH & Co. KG
HOCHTIEF PPP Schulpartner Frankfurt am Main GmbH & Co. KG
HOCHTIEF PPP Bundeswehrpartner FWK München GmbH & Co. KG
HOCHTIEF PPP 1. Holding GmbH & Co. KG
HOCHTIEF PPP 1. Holding Verwaltungsgesellschaft mbH
HOCHTIEF PPP Verwaltungs GmbH
HOCHTIEF PPP Schulpartner Köln Rodenkirchen Verwaltungs GmbH
HOCHTIEF PPP Schulpartner Frankfurt am Main Verwaltungs GmbH
HOCHTIEF PPP Bundeswehrpartner FWK München Verwaltungs GmbH
Dravo, S.A.
Beijing Citic Xinlong Contracting Co., Ltd.
HTP Projekt 1 (eins) GmbH & Co KG
BAB A7 Neumünster-Hamburg Autobahnverwaltungsgesellschaft mbH
HTP Projekt 1 Verwaltungs GmbH
North Parramatta No. 1 Pty. Ltd.
North Parramatta No. 1 Unit Trust
BGC & John Holland & Macmahon Joint Venture (Roy Hill Rail JV)
Leighton Kumagai JV (Route 9 - Eagle's Nest Tunnel)
Leighton Kumagai JV (Wanchai East & North Point Trunk Sewerage)
Inspire Schools Finance Pty Limited
Leighton Offshore Arabia Co. Ltd.

Results Report

1H14



29th August, 2014



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1 Executive Summary

1.1 Main figures

Grupo ACS			Key operating & financial figures			
Million Euro	6M13	6M14	Var.	2Q13	2Q14	Var.
Turnover	19,737	18,759	-5.0%	10,630	9,959	-6.3%
Backlog	69,786	63,103	-9.6%	69,786	63,103	-9.6%
Months	20	19				
EBITDA	1,506	1,277	-15.2%	749	629	-16.0%
Margin	7.6%	6.8%				
EBIT	813	838	+3.2%	385	417	+8.5%
Margin	4.1%	4.5%		0.0%	0.0%	+0.0%
Attributable Net Profit	357	395	+10.7%	189	193	+1.9%
EPS	1.15 €	1.27 €	+9.8%	0.61 €	0.62 €	+1.5%
Cash Flow from Activities	1,187	868	-26.9%	628	418	-33%
Net Investments	649	1,019	+57.0%	64	1,044	n.s.
Investments	1,262	1,375	+9.0%	594	1,122	
Disposals	612	355	-42.0%	531	78	
Total Net Debt	5,620	5,812	+3.4%			
Businesses' Net Debt	4,817	5,131	+6.5%			
Project Financing	803	681	-15.2%			

Note: data presented according to Grupo ACS management criteria. Balance sheet, income statement and cash flow have been restated as a result of the entry into force of the IFRS 10, 11 and 12 new standards. The main impact comes from the application of the IFRS 11 that affects the affiliate Leighton. This establishes the requirements to make an analysis of the joint ventures, their structuring or not through a separate vehicle, and if there is a net profit distribution or a right or liability over a proportional part of its assets and liabilities, respectively..

- Sales in the period accounted for € 18,759 million, a decrease of 5.0%, as a consequence of the exchange rate impact, specially the Australian Dollar depreciation, and the sale of assets in 2013. Excluding these effects, sales would have grown by 5.1%. International activity currently accounts for an 83.8% on total sales.
- Backlog accounts for € 63,103 million, showing a decrease of a 9.6% in the last twelve months. The total reduction of € 6,683 million is explained after the exchange rate variations, mainly the appreciation of the Euro versus the Australian dollar (1.9%) and the US dollar (5.2%). Additionally, perimeter changes explain € 2,430 million, corresponding mainly to the sales of services in HOCHTIEF Europe and the exit of Dragados from the highways in Greece. In comparable terms, backlog decreases by 3.5%, equivalent to € 2,329 million.

Grupo ACS			Forex impact	
Euro Million	6M13	6M14	Var.	Comp. Var.*
Backlog	69,786	63,103	-9.6%	-3.5%
Direct	64,462	57,864	-10.2%	-4.3%
Proportional**	5,324	5,239	-1.6%	+6.3%
Production	20,867	19,740	-5.4%	+1.6%
Direct	19,737	18,759	-5.0%	+5.1%
Proportional**	1,130	981	-13.2%	-20.2%
EBITDA	1,506	1,277	-15.2%	-4.6%
EBIT	813	838	+3.2%	+13.9%
Net Profit	357	395	+10.7%	+19.2%

* Comparable variation not considering exchange rates and/or consolidation perimeter variations

** Backlog and production equivalent to the proportional participation of the Group in the Joint Ventures not fully consolidated

- EBITDA of the Group accounts for € 1,277 million, a 15.2% less than in the same period last year. This reduction is coming from the Construction activity, affected by the depreciation of the Australian Dollar, the asset sale in Hochtief and the impact of the creation of the FleetCo, the affiliate of Leighton that gathers all the mining related assets, where the financial leasing has been substituted by operating leasing. Excluding the exchange rates impact, EBITDA of the Group would have decreased by 8.5%. Eliminating additionally the impact of the sale of the assets and the FleetCo creation, Grupo ACS EBITDA would have decreased by 2.1%.
- EBIT accounts for € 838 million and grows by 3.2%, affected by the reduction of the depreciation figure of the PPA and in HOCHTIEF, after the creation of the FleetCo already mentioned. Excluding the aforementioned exchange rates impacts and the perimeter changes, EBIT would have grown by 13.9%.
- Net profit of Grupo ACS accounts for € 395 million, showing a 10.7% growth.

Grupo ACS				Net Profit		
Euro Million	6M13	6M14	Var.	2Q13	2Q14	Var.
<i>Net Profit Construction</i>	120	109	-9.2%	62	59	-4.1%
<i>Net Profit Industrial Services</i>	237	237	0.0%	113	112	-1.1%
<i>Net Profit Environment</i>	46	46	+0.2%	26	25	-1.0%
<i>Net Profit Corporation</i>	(46)	3	n.a.	(12)	(4)	n.a.
Net Profit	357	395	+10.7%	189	193	+1.9%

- Grupo ACS's net debt has grown in the last twelve months a 3.4% up to € 5,812 million.

1.2 Relevant facts

- The 12th of December, 2013 the Board of Directors approved the distribution of a dividend of € 0.446 per share. Its distribution has been carried out during the month of February 2014 using the scrip dividend system.

Moreover, the Shareholder Annual General Meeting approved last 29th of May the distribution of a complementary dividend of 0.71 Euros per share. This dividend has been paid during the month of July using the script dividend system. In this process, 40.89% of ACS's shareholders chose to sell their rights to ACS, thus meaning a total gross payment of 91 million Euros. Additionally 3,875,019 shares have been issued by the 30th of July for those shareholders that chose the payment in shares. By the end of the first semester of 2014 the share capital was represented by 314,664,594 shares.

- Last 31st of January 2014 HOCHTIEF sold 50% of its stake in the Real Estate company *aurelis* as a new step on its strategy to dispose of non core assets.
- The 10th of March 2014 the Australian company HOCHTIEF Australia Holding Ltd (fully owned by HOCHTIEF, A.G., affiliate of Grupo ACS) announced a proportional offer over Leighton Holdings Ltd. The transaction was completed last 12th of May 2014, with Hochtief increasing its stake to 69.62%. The investment performed by HOCHTIEF in this transaction accounts for 577 million Euros.
- The 20th of March, 2014, ACS issued a Euro Commercial Paper (ECP) program for a maximum amount of € 750 million, listed in the Irish Stock Exchange. Through this program ACS will be able to issue promissory notes with maturities between 1 and 364 days, contributing in this way to the diversification of the financial sources of the company.

- The 27th of March, 2014 ACS Actividades Finance 2 B.V. (wholly-owned Dutch subsidiary of ACS, Actividades de Construcción y Servicios S.A.) issued exchangeable bonds for shares in Iberdrola S.A., for a total amount of € 405.6 million, with the following characteristics:
 - a) The Bonds, which were issued at par value, will mature on 27 March 2019 unless they are cancelled or redeemed in advance. The redemption price upon the Bonds' maturity will be 100% of their face value, unless previously exchanged.
 - b) The Bonds will accrue annual nominal fixed interest of 1.625%, payable every three months in arrears.
 - c) The Bonds can be exchanged, at the bondholders' discretion, for 63,187,412 existing ordinary shares in Iberdrola representing approximately 0.9914% of its share capital. However, as established in the terms and conditions of the Bonds, the Issuer may choose, when the bondholders exercise their exchange right, to deliver either the corresponding number of shares in Iberdrola, or cash, or a combination of both.
 - d) The exchange price of the Bonds is 6.419 euros per share in Iberdrola, which represents a premium of 32.5% over the weighted average of the market price of said shares, as from the announcement of the Issue, until the moment the exchange price is set. The Company will have the option, on or after 17 April 2017 (3 years and 21 days as from Closing Date), to redeem the Bonds in advance at par value, if the market price of the shares in Iberdrola exceeds 130% of the exchange price in force during at least 20 trading days out of any consecutive period of 30 trading days.
 - e) The bondholders will have the right to request the Issuer to redeem their Bonds for an amount equal to the sum of their face value and the accrued interest on 27 March 2017 (3 years as from the Closing Date); and in case a Change of Control (as defined in the terms and conditions of the Bonds) of ACS takes place.
- The 25th of June 2014 Escal UGS, an affiliate company of Grupo ACS took the decision to renounce to the concession for the exploitation of the subterranean gas storage facility named “Castor”, granted via Royal Decree 855/2008, 16th of May. Subsequently, the 18th of July of 2014, and after obtaining the authorization, according to the documents signed the 30th of July 2013 during the emission of the bond program financing Castor, and according to the Ministry Order 3995/2006, 29th of December, modified by the order 2805/2012, 27th of December, the company Escal UGS presented the required renounce document.
- In August 2014 Grupo ACS has bought back the stake of approximately 25% of Clece, S.A., to several funds managed by Mercapital Private Equity, and all the previous agreements and contracts have been cancelled related to Clece. Grupo ACS, after this transaction, is the owner of 100% of Clece, meaning that the accounting consolidation method will change from the current equity method to a global integration. The total EV considered in the deal has been 542 million Euros.

2 Consolidated Financial Statements

2.1 Income Statement

Grupo ACS			Income statement		
Million Euro	6M13		6M14		Var.
Net Sales	19,737	100.0 %	18,759	100.0 %	-5.0%
Other revenues	239	1.2 %	228	1.2 %	-4.9%
Total Income	19,976	101.2 %	18,986	101.2 %	-5.0%
Operating expenses	(13,898)	(70.4 %)	(13,741)	(73.3 %)	-1.1%
Personnel expenses	(4,572)	(23.2 %)	(3,968)	(21.2 %)	-13.2%
Operating Cash Flow (EBITDA)	1,506	7.6 %	1,277	6.8 %	-15.2%
Fixed assets depreciation	(677)	(3.4 %)	(432)	(2.3 %)	-36.2%
Current assets provisions	(17)	(0.1 %)	(6)	(0.0 %)	-61.1%
Ordinary Operating Profit (EBIT)	813	4.1 %	838	4.5 %	+3.2%
Impairment & gains on fixed assets	(16)	(0.1 %)	15	0.1 %	n.a.
Other operating results	(0)	(0.0 %)	2	0.0 %	n.a.
Operating Profit	797	4.0 %	855	4.6 %	+7.3%
Financial income	194	1.0 %	174	0.9 %	-10.1%
Financial expenses	(545)	(2.8 %)	(530)	(2.8 %)	-2.8%
Ordinary Financial Result	(351)	(1.8 %)	(355)	(1.9 %)	+1.1%
Foreign exchange results	(4)	(0.0 %)	16	0.1 %	n.a.
Changes in fair value for financial instruments	19	0.1 %	110	0.6 %	n.a.
Impairment & gains on financial instruments	197	1.0 %	37	0.2 %	-81.4%
Net Financial Result	(140)	(0.7 %)	(192)	(1.0 %)	+37.5%
Results on equity method	156	0.8 %	56	0.3 %	-63.9%
PBT of continued operations	813	4.1 %	719	3.8 %	-11.5%
Corporate income tax	(230)	(1.2 %)	(223)	(1.2 %)	n.a.
Net profit of continued operations	583	3.0 %	496	2.6 %	-14.8%
Profit after taxes of the discontinued operations	0	0.0 %	0	0.0 %	n.a.
Consolidated Result	583	3.0 %	496	2.6 %	-14.8%
Minority interest	(226)	(1.1 %)	(101)	(0.5 %)	-55.1%
Net Profit Attributable to the Parent Company	357	1.8 %	395	2.1 %	+10.7%

2.1.1 Sales and Backlog

- Net sales of Grupo ACS in the period accounted for € 18,759 million, 5.0% less than last year. This figure is affected by the forex impact and the changes of perimeter. Not taking these effects into account, sales would have grown by 5.1%.
- Sales by geographical area demonstrate the diversification of income sources of the Group, where Asia Pacific represents 40.2% of sales, America a 33.8% and Europe a 25.2%. Spain represents a 16.2% of the total.

Grupo ACS					
Sales per Geographical Areas					
Euro Million	6M13	%	6M14	%	Var.
Spain	2,949	14.9 %	3,038	16.2%	+3.0%
Rest of Europe	2,030	10.3 %	1,699	9.1%	-16.3%
America	6,403	32.4 %	6,334	33.8%	-1.1%
Asia Pacific	8,149	41.3 %	7,546	40.2%	-7.4%
Africa	206	1.0 %	143	0.8%	-30.8%
TOTAL	19,737		18,759		-5.0%

Sales per Geographical Area <i>(inter area of activity adjustments excluded)</i>									
Euro Million	Construction			Industrial Services			Environment		
	6M13	6M14	Var.	6M13	6M14	Var.	6M13	6M14	Var.
Spain	795	789	-0.7%	1,578	1,700	+7.7%	595	561	-5.6%
Rest of Europe	1,598	1,299	-18.8%	297	261	-12.0%	134	139	+3.3%
America	4,744	4,812	+1.4%	1,516	1,390	-8.3%	143	132	-7.7%
Asia Pacific	8,080	7,377	-8.7%	70	169	+142.2%	0	0	n.s.
Africa	0	0	n.s.	181	123	-32.1%	25	20	-21.3%
TOTAL	15,217	14,277	-6.2%	3,640	3,642	+0.1%	897	852	-5.1%

- By areas of activity, in Construction is worth noting the growth in North America and the stabilization in Spain. Europe and Asia Pacific show decreases as a result of the sale of the Services business and the forex impact. Industrial Services shows a recovery in Spain that compensates the drops in Environment in Spain. The reduction of Industrial Services activity in America is transitory and is due to the finalization of several contracts in US, Dominican Republic and Panama.
- Backlog, that accounts for € 63,103 million, has decreased by 9.6% after the depreciation of several currencies versus the Euro, mainly the Australian Dollar and the U.S. Dollar and the impact of the disposals of the period. In comparable terms, excluding the exchange rates and the changes in the consolidation perimeter, the drop of the backlog accounts for a 3.5%, equivalent to € 2,329 million.

Grupo ACS					
Backlog per Geographical Areas					
Euro Million	Jun-13	%	Jun-14	%	Var.
Spain	10,255	14.7 %	10,197	16.2%	-0.6%
Rest of Europe	11,879	17.0 %	8,648	13.7%	-27.2%
America	16,747	24.0 %	17,486	27.7%	+4.4%
Asia Pacific	30,317	43.4 %	26,225	41.6%	-13.5%
Africa	588	0.8 %	546	0.9%	-7.1%
TOTAL	69,786		63,103		-9.6%

Backlog per Geographical Area									
Euro Million	Construction			Industrial Services			Environment		
	Dec-11	Jun-14	Var.	Dec-11	Jun-14	Var.	Dec-11	Jun-14	Var.
Spain	3,263	3,249	-0.4%	2,030	2,144	+5.6%	4,962	4,803	-3.2%
Rest of Europe	8,137	5,267	-35.3%	839	530	-36.8%	2,903	2,851	-1.8%
America	12,596	13,302	+5.6%	3,417	3,257	-4.7%	734	928	+26.4%
Asia Pacific	29,708	25,099	-15.5%	609	1,126	+84.8%	0	0	n.s.
Africa	0	0	n.a.	504	498	-1.2%	84	49	-42.2%
TOTAL	53,704	46,918	-12.6%	7,399	7,555	+2.1%	8,683	8,630	-0.6%

2.1.2 Operating Results

Grupo ACS		Operating Results		
Million Euro	6M13	6M14	Var.	
EBITDA	1,506	1,277	-15.2%	
<i>EBITDA Margin</i>	<i>7.6%</i>	<i>6.8%</i>		
Depreciation	(677)	(432)	-36.2%	
<i>Construction</i>	<i>(578)</i>	<i>(338)</i>	<i>-41%</i>	
<i>Industrial Services</i>	<i>(28)</i>	<i>(26)</i>	<i>-8.1%</i>	
<i>Environment</i>	<i>(70)</i>	<i>(68)</i>	<i>-3.7%</i>	
<i>Corporation</i>	<i>(1)</i>	<i>(0)</i>	<i>n.a.</i>	
Current assets provisions	(17)	(6)	-61.1%	
EBIT	813	838	+3.2%	
<i>EBIT Margin</i>	<i>4.1%</i>	<i>4.5%</i>		

- EBITDA accounts for € 1,277 million, decreasing by 15.2%. This reduction is coming from the Construction activity, affected by the depreciation of the Australian Dollar, the sale of the telecomm and services businesses and the impact of the creation of the FleetCo, the affiliate of Leighton that gathers all the mining related assets, where the financial leasing has been substituted by operating leasing. Excluding the exchange rates impact, EBITDA of the Group would have decreased by 8.5%. Eliminating additionally the impact of the sale of the assets and the FleetCo creation, Grupo ACS EBITDA would have decreased by 2.1%.
- The Construction depreciation includes the amortization of the higher value of certain assets because of the purchase price allocation "PPA", which have been accounted in the period for € 59.0 million gross, a 39.0% less than last year. There has been also a reduction of the depreciation after the creation of the FleetCo in Leighton.
- EBIT of the Group accounts for € 838 million, a 3.2% lower than in the same period of 2013. Not taking into consideration the Exchange rates impact nor the perimeter changes, it would have grown by 13.9%.

2.1.3 Financial Results

Grupo ACS		Financial Results		
Million Euro	6M13	6M14	Var.	
Financial income	194	174	-10.1%	
Financial expenses	(545)	(530)	-2.8%	
Ordinary Financial Result	(351)	(355)	+1.1%	
<i>Construction</i>	<i>(140)</i>	<i>(158)</i>	<i>+13.1%</i>	
<i>Industrial Services</i>	<i>(73)</i>	<i>(77)</i>	<i>+5.9%</i>	
<i>Environment</i>	<i>(32)</i>	<i>(19)</i>	<i>-40.7%</i>	
<i>Corporation</i>	<i>(107)</i>	<i>(101)</i>	<i>-5.3%</i>	

- Ordinary financial result grew by 1.1% after a decrease of 10.1% in the financial income, after the sale of the Sydney Airport and the reduction in the contribution of Iberdrola, whose DPS has been reduced by 10%.

- Financial expenses decrease by 2.8%, even including a higher than expected non recurrent costs related to derivatives. Not considering such effect, financial expenses would have been reduced by 4.2%.

Grupo ACS		<i>Financial Results</i>	
Millones de Euros	6M13	6M14	Var.
Ordinary Financial Result	(351)	(355)	+1.1%
<i>Foreign exchange Results</i>	(4)	16	<i>n.a.</i>
<i>Impairment non current assets results</i>	19	110	<i>n.a.</i>
<i>Results on non current assets disposals</i>	197	37	-81.4%
Net Financial Result	(140)	(192)	+37.5%

- Net financial result includes an impairment of fair value of certain financial instruments amounting to € 110 million. Additionally, the results on non current assets disposals account for € 37 million, include the capital gains before taxes and minorities of the sale of the Iridium's stake in the Seville Subway.
- Results by equity method of associated companies include the contribution of HOCHTIEF affiliates, as well as several PPA adjustments on some of those assets. In this figure are also included the benefits from various projects in Leighton and HOCHTIEF America developed in collaboration with other partners through shared management joint entities.

Grupo ACS		<i>Profit from Associates</i>	
Million Euro	6M13	6M14	Var.
Results on equity method	156	56	-63.9%
Construction	142	46	-67.8%
Industrial Services	4	(3)	<i>n.a.</i>
Environment	11	13	+26.5%

- The reduction in Construction is due to the sale of Airports and aurelis Real Estate.

2.1.4 Net Profit Attributable to the Parent Company

- Net result of the Group in the period accounts for € 395 million showing a 10.7% growth.
- Profit attributable to minority interests of € 101 million comes mainly because of HOCHTIEF, both because of the full consolidation into ACS and because of minorities coming from the consolidation of Leighton.
- Grupo ACS's effective tax rate, adjusted from the net financial investments contributions and the equity method, stands at 36.5%.

2.2 Consolidated Balance Sheet

Grupo ACS			<i>Consolidated balance sheet</i>		
Million Euro	Dec-13 Restated		June-14		Var.
Intangible Fixed Assets	4,950	12.4 %	4,990	12.3 %	+0.8%
Tangible Fixed Assets	2,607	6.5 %	2,704	6.7 %	+3.7%
Investments accounted by Equity Method	1,366	3.4 %	1,334	3.3 %	-2.4%
Long Term Financial Investments	2,508	6.3 %	2,719	6.7 %	+8.4%
Long Term Deposits	559	1.4 %	473	1.2 %	-15.5%
Financial Instruments Debtors	41	0.1 %	10	0.0 %	-75.6%
Deferred Taxes Assets	2,380	6.0 %	2,291	5.6 %	-3.7%
Fixed and Non-current Assets	14,412	36.1 %	14,519	35.8 %	+0.7%
Non Current Assets Held for Sale	5,310	13.3 %	5,302	13.1 %	-0.2%
Inventories	1,827	4.6 %	1,851	4.6 %	+1.3%
Accounts receivables	11,316	28.3 %	12,424	30.6 %	+9.8%
Short Term Financial Investments	2,980	7.5 %	2,514	6.2 %	-15.6%
Financial Instruments Debtors	12	0.0 %	52	0.1 %	+332.0%
Other Short Term Assets	185	0.5 %	167	0.4 %	-9.8%
Cash and banks	3,924	9.8 %	3,757	9.3 %	-4.3%
Current Assets	25,554	63.9 %	26,067	64.2 %	+2.0%
TOTAL ASSETS	39,965	100 %	40,586	100 %	+1.6%
Shareholders' Equity	3,803	9.5 %	3,665	9.0 %	-3.6%
Adjustments from Value Changes	(535)	(1.3 %)	(469)	(1.2 %)	-12.4%
Minority Interests	2,221	5.6 %	1,814	4.5 %	-18.3%
Net Worth	5,489	13.7 %	5,010	12.3 %	-8.7%
Subsidies	50	0.1 %	61	0.2 %	+22.6%
Long Term Financial Liabilities	7,411	18.5 %	8,247	20.3 %	+11.3%
Deferred Taxes Liabilities	1,381	3.5 %	1,401	3.5 %	+1.4%
Long Term Provisions	1,795	4.5 %	2,038	5.0 %	+13.6%
Financial Instruments Creditors	498	1.2 %	244	0.6 %	-51.0%
Other Long Term Accrued Liabilities	188	0.5 %	143	0.4 %	-24.0%
Non-current Liabilities	11,324	28.3 %	12,135	29.9 %	+7.2%
Liabilities from Assets Held for Sale	3,878	9.7 %	3,945	9.7 %	+1.7%
Short Term Provisions	1,108	2.8 %	1,094	2.7 %	-1.3%
Short Term Financial Liabilities	3,863	9.7 %	4,309	10.6 %	+11.5%
Financial Instruments Creditors	71	0.2 %	24	0.1 %	-65.5%
Trade accounts payables	13,677	34.2 %	13,635	33.6 %	-0.3%
Other current payables	556	1.4 %	434	1.1 %	-21.9%
Current Liabilities	23,153	57.9 %	23,441	57.8 %	+1.2%
TOTAL EQUITY & LIABILITIES	39,965	100 %	40,586	100 %	+1.6%

2.2.1 Non Current Assets

- Intangible assets include € 2,784 million corresponding to goodwill, of which € 1,434 million come from the acquisition of HOCHTIEF and € 781 million from ACS's merger with Dragados.
- Iberdrola investment is accounted in the balance sheet as follows:
 - a) In long term financial investments are included the direct stake of ACS in Iberdrola (188 million shares by 30th June 14) at market prices. All of them are pledged in the

exchangeable bonds issued by October 2013 (125 million shares) and March 2014 (63 million shares).

b) In the liabilities account “Financial Instruments Creditors” the following derivatives are included:

- ✓ The equity swap of 164 million shares, out of which ACS holds the usufruct
- ✓ The put spread that has substituted the call spread in the monetization process completed in December, for the notional value of the 592 million underlying shares.

c) In the Long Term Deposits account are included the funds acting as collateral in Iberdrola position, both for the equity swap and the put spread.

- The balance of the investments held by equity method includes, amongst others, various holdings in associated companies from HOCHTIEF and the stake of the Group in Clece. The later after its recent acquisition will be fully consolidated from July 1st, 2014.
- The net deferred taxes account for € 890 million and corresponds mainly to previous tax losses and deductions.

2.2.2 Working Capital

Grupo ACS		<i>Working Capital evolution</i>			
Million Euro	Jun-13	Sep-13	Sep-12	Mar-14	Jun-14
Construction	(595)	(399)	(1,045)	(21)	51
Industrial Services	(1,330)	(1,139)	(1,091)	(977)	(1,026)
Environment	168	176	72	132	125
Corporation	(23)	1	(7)	24	157
TOTAL	(1,781)	(1,360)	(2,071)	(842)	(693)

Note: 2013 data has been reexpressed after the IFRS 11 standards changes

- Net working capital has decreased its credit balance in the last 12 months by € 1,088 million, corresponding mainly to the variation of the operating working capital, due to:
 - a) The accumulated activity drop in Spain, that implies a reduction in the creditor accounts of the operating working capital in the Construction activity.
 - b) The *underclaims* (works pending certification) in Leighton, very relevant in several energy contracts in Australia.
 - c) A transitory situation in Industrial Services, with an increase in the debtor account and prepayments reduction.
- It's worth highlighting the factoring figure accounts by the period's end € 396 million, an account € 129 million lower than twelve months ago, as a consequence of the lower activity registered in Spain.

2.2.3 Net Debt

Net Debt (€ mn) <i>June 30, 2014</i>	Construction	Industrial Services	Environmental Services	Corporation / Adjustments	Grupo ACS
LT loans from credit entities	896	239	751	1,745	3,631
ST loans from credit entities	1,584	834	279	530	3,226
Debt with Credit Entities	2,479	1,073	1,030	2,275	6,857
Bonds	2,767	0	0	1,567	4,334
Non Recourse Financing	351	27	303	417	1,098
Other financial liabilities	133	76	0	0	210
Total External Gross Debt	5,731	1,176	1,334	4,258	12,499
Net debt with Group's companies & Affiliates	(230)	(406)	(169)	762	(43)
Total Gross Debt	5,501	770	1,165	5,020	12,455
ST & other financial investments	845	243	303	1,496	2,886
Cash & Equivalents	2,696	914	143	4	3,757
Total cash and equivalents	3,541	1,157	446	1,500	6,643
NET DEBT	1,960	(387)	719	3,520	5,812

Note: Construction includes Dragados, Iridium and Hochtief.

- Grupo ACS's total net debt at the end of period amounts to € 5,812 million, a 3.4% more than in June 13.
- Out of the total operating activities net debt, € 1,186 million correspond to HOCHTIEF, A.G. net debt, whilst € 1,105 million come from the rest of the operating activities of the Group.
- ACS Corporation accounts a net debt of € 3,520 million, including mainly € 871 million derived from the acquisition of the stake that ACS currently holds on HOCHTIEF, A.G., the syndicated loan refinanced up to July 2015, as well as other bilateral loans.
- In the last twelve months ACS has increased significantly the fixed income financing after issuing the exchangeable bonds on Iberdrola shares and the Euro Commercial Paper program. By the end of June 14 the bonds account of the Group stood at € 4,334 million, an 82.3% higher than in June 2013.
- The net debt from Assets Held for Sale accounted for € 2.932 million. The detail of the debt is as follows:
 - ✓ € 2,057 million from renewable assets
 - ✓ € 578 million from infrastructure concessions
 - ✓ € 213 million from other energy projects

2.2.4 Net Worth

Grupo ACS		Net Worth	
Million Euro	Dec-13	Jun-14	Var.
Shareholders' Equity	3,803	3,665	-3.6%
Adjustment s from Value Changes	(535)	(469)	-12.4%
Minority Interests	2,221	1,814	-18.3%
Net Worth	5,489	5,010	-8.7%

- The Net Worth of ACS accounts for € 5,010 million by period end, decreasing by 8,7% due to the increase in the stake in Leighton Holdings and in HOCHTIEF AG.

- In the period the company has distributed the interim dividend referred to the results of 2013, approved in December 2013 and paid in February 2014 under the scrip dividend scheme. Additionally the complementary dividend has been accrued, approved in the AGM the last 29th of May, paid last July 2014.
- The Adjustments from Value Changes, which account for € 469 million, includes mainly the impact of the interest and exchange rates coverage variations in several capital intensive assets.
- The balance of minority interests includes the equity participation of minority shareholders of HOCHTIEF as well as minority interests included in the balance of the German company, mainly related to minority shareholders of Leighton Holdings.

2.3 Net Cash Flows

Grupo ACS							Net Cash Flows	
Euro Million	6M13			6M14			Var.	
	TOTAL	HOT	ACS exHOT	TOTAL	HOT	ACS exHOT	TOTAL	ACS exHOT
Cash Flow from Operating Activities before Working Capital	1,187	704	484	868	441	426	-26.9%	-11.9%
Operating working capital variation	(1,494)	(904)	(590)	(1,556)	(774)	(782)		
Cash Flow from Operating Activities	(306)	(200)	(106)	(688)	(332)	(356)	+124.5%	+235%
1. Payments due for investments	(1,262)	(912)	(350)	(1,375)	(1,016)	(358)		
2. Cash collected from disposals	612	534	79	356	265	90		
Cash flow from Investing Activities	(649)	(378)	(272)	(1,019)	(751)	(268)	+57.0%	-1.2%
1. Treasury stock acquisition	291	(22)	314	(87)	0	(87)		
2. Dividends paid	(130)	(130)	0	(174)	(102)	(72)		
3. Other financial sources	(193)	(184)	(9)	22	(43)	65		
Other Cash Flows	(32)	(336)	305	(239)	(145)	(94)	-648%	n.a.
Total Cash Flow generated / (Consumed)	(988)	(915)	(73)	(1,946)	(1,228)	(718)	+97.0%	+883.8%

Note: A restatement of the 2013 cash flows has been performed as a consequence of the entry in force of the IFRS 10, 11 and 12. The main impact refers to the application of the IFRS 11 that affects the stake in Leighton, and consequently in HOCHTIEF.

2.3.1 Operating Activities

- Cash flows from operating activities have accounted for a cash outflow of € 688 million, where several factors have influenced:
 - a) The cash flow from operating activities before working capital variations have generated a cash inflow of € 868 million, out of which € 441 come from HOCHTIEF and € 426 from the rest of Grupo ACS activities. The drop in Hochtief is due to the sale of assets and the exchange rates impact, whilst the decrease in ACS comes from the combined effect of a higher tax payment, a lower EBITDA and lower Iberdrola dividends, amongst others.
 - b) Operating working capital has required cash of € 1,556 million, out of which € 774 million come from HOCHTIEF, mainly from Leighton and the growth experienced in America, and € 782 million from the rest of Grupo ACS activities, mainly from Construction and Industrial Services.

2.3.2 Investments

Grupo ACS				Investments			
Euro Million	Operating Capex	Investments in Projects & Financial	Total Investments	Operating Disposals	Financial Disposals	Total Disposals	Net Investments
Construction	368	703	1,072	(91)	(246)	(338)	734
<i>Dragados</i>	18		38	(5)	(8)	(13)	26
<i>Hochtief</i>	350	667	1,016	(87)	(178)	(265)	751
<i>Iridium</i>	0	17	17	0	(60)	(60)	(43)
Environmental Services	47	25	72	(2)	(6)	(8)	64
Industrial Services	7	89	96	(2)	(8)	(10)	86
Corporation & others	0	135	135	0	(0)	(0)	135
TOTAL	422	953	1,375	(95)	(260)	(355)	1,019

- Operational investments in Construction activity are related mainly to the acquisition of machinery for mining contracts by Leighton (€ 284 million net from operating disposals), showing a significant reduction after the drop in activity experienced and the more efficient management thanks to the creation of FleetCo.
- Concessional projects required € 703 million, including mainly the public offer from Hochtief on Leighton, as well as the investments from Iridium and the HOCHTIEF joint ventures. The financial disposals in HOCHTIEF correspond to the sale of aurelis and Streif, whilst in Iridium correspond to the sale of the Seville Subway.
- Investments in Industrial Services are mainly devoted to finish renewable energy projects under construction (€ 25 million) and to the development of gas and oil projects in Mexico (€ 8 million). Urbaser is building the treatment plant of Essex, in the UK, dedicating € 21 million in the period.
- In the Corporation are accounted the investments for the acquisition of Hochtief shares, equivalent to a 2.88% of its share capital, for € 135 million. The ACS's stake in Hochtief by the end of the period accounts for a 58.9%.

2.3.3 Other Cash Flows

- In the period the Group has dedicated € 87 million to the acquisition of treasury stock, as a consequence of the scrip dividend payment.
- Hochtief and Leighton have paid to its minority shareholders € 163 million as dividends.

3 Areas of Activity Evolution

3.1 Construction

Construction				<i>Key Figures</i>		
Million Euro	6M13	6M14	Var.	2Q13	2Q14	Var.
Turnover	15,217	14,277	-6.2%	8,386	7,739	-7.7%
EBITDA	902	692	-23.3%	443	349	-21.2%
<i>Margin</i>	5.9%	4.8%		5.3%	4.5%	
EBIT	316	361	+14.2%	136	193	+42.6%
<i>Margin</i>	2.1%	2.5%		1.6%	2.5%	
Recurrent Net Profit	120	109	-9.2%	62	59	-4.1%
<i>Margin</i>	0.8%	0.8%		0.7%	0.8%	+0.0%
Backlog	53,704	46,918	-12.6%	53,704	46,918	-12.6%
<i>Months</i>	19	18		19	18	
Net Investments	441	734	n.a.	(78)	803	
<i>Projects & financial (Gross Inv.)</i>	316	703		23	634	
Working Capital	(595)	51	n.a.			
Net Debt	1,936	1,960	+1.2%			
<i>ND/Ebitda</i>	1.1x	1.4x				

- Construction total sales accounted for € 14,277 million representing a decrease of a 6.2%. This figure includes the activity of all construction companies worldwide, including the contribution of HOCHTIEF and Iridium, the concessions activity of Grupo ACS. The sales decrease accounted is the result of the depreciation of the Australian Dollar and the US Dollar, and the sale of assets in Hochtief in 2013 (Telecomm and Services). Excluding these effects, sales would have grown by 5.6%.
- EBITDA accounts for € 692 million, decreasing by 23.3%. This reduction is coming from the depreciation of the Australian Dollar, the sale of the telecomm and services businesses and the impact of the creation of the FleetCo, the affiliate of Leighton that gathers all the mining related assets, where the financial leasing has been substituted by operating leasing. Excluding all these effects the EBITDA would have decreased by 4.1%.
- EBIT accounted for € 361 million, a 14.2% higher than in 2013. This figure includes the impact of the lower depreciation of assets from the acquisition of HOCHTIEF, that account for € 59.0 million in the period, a figure 39.0% below the one accounted in June 13. Also, there is a decrease in the depreciation of Leighton after the creation of FleetCo in Australia.
- Construction net profit reaches € 109 million, a 9.2% lower than in 2013. In comparable terms, eliminating the forex effect, Construction net profit would have grown by 6.2%.
- Domestic business start showing some stabilization signals. In the rest of Europe, eliminating the effect after the sale of Services in HOCHTIEF, sales would have grown by 2.7%. America grows as a result of the increase in USA, whilst in Asia Pacific the reduction is caused by the exchange rate effect and the sale of Telco in Australia.

Construction		<i>Sales per geographical areas</i>		
Million Euro	6M13	6M14	Var.	
Spain	795	789	-0.7%	
Rest of Europe	1,598	1,299	-18.8%	
America	4,744	4,812	+1.4%	
Asia Pacific	8,080	7,377	-8.7%	
Africa	0	0	n.s.	
TOTAL	15,217	14,277	-6.2%	

- The backlog accounted at the end of the period, € 46,918 million drops by a 12.6% compared to the figure recorded 12 months ago. To this drop contribute the depreciation of the AU\$ in Asia Pacific and the sale of assets in Europe. In comparable terms the backlog drops by 5.1% after the impact of the drop in mining contracts in Australia.

Construction		<i>Backlog per geographical areas</i>		
Million Euro	Jun-13	Jun-14	Var.	
Spain	3,263	3,249	-0.4%	
Rest of Europe	8,137	5,267	-35.3%	
America	12,596	13,302	+5.6%	
Asia Pacific	29,708	25,099	-15.5%	
Africa	0	0	n.a.	
TOTAL	53,704	46,918	-12.6%	

Construction														
Euro Million	Dragados			Iridium			HOCHTIEF (ACS contr.)			Adjustments		Total		
	6M13	6M14	Var.	6M13	6M14	Var.	6M13	6M14	Var.	6M13	6M14	6M13	6M14	Var.
Sales	1,939	1,937	-0.1%	52	46	-12.3%	13,226	12,294	-7.0%	0	0	15,217	14,277	-6.2%
EBITDA	154	152	-0.8%	23	23	-1.4%	707	517	-26.9%	18	(0)	902	692	-23.3%
Margin	7.9%	7.9%		44.5%	50.0%		5.3%	4.2%				5.9%	4.8%	
EBIT	126	136	+7.8%	9	7	-20.4%	260	277	+6.5%	(79)	(59)	316	361	+14.2%
Margin	6.5%	7.0%		16.7%	15.2%		2.0%	2.3%				2.1%	2.5%	
Net Financial Results	(16)	(24)		(36)	(37)		(88)	(98)		0	0	(140)	(158)	
Equity Method	1	1		8	9		99	30		34	6	142	46	
Other Results	(17)	(11)		(1)	12		181	57		0	(0)	162	57	
EBT	93	101	+8.8%	(20)	(9)	+54.7%	453	267	-41.1%	(45)	(53)	480	306	-36.4%
Taxes	(31)	(32)		8	5		(166)	(102)		28	18	(161)	(111)	
Minorities	6	(1)		1	1		(220)	(106)		14	21	(200)	(85)	
Net Profit	68	68	+0.2%	(11)	(3)	+73.3%	66	58	-12.4%	(3)	(14)	120	109	-9.2%
Minorities	3.5%	3.5%		-20.6%	-6.3%		0.5%	0.5%				0.8%	0.8%	
Backlog	8,390	7,845	-6.5%	n.a.	n.a.		45,314	39,073	-13.8%			53,704	46,918	-12.6%
Net Investments	30	26		34	(43)		378	751				441	734	
Net Debt	(409)	(49)		722	822		1,622	1,186				1,936	1,960	

Note: the financial expenses associated to the acquisition of the stake of HOCHTIEF have been reclassified to Corporation. The column "Adjustments" includes the PPA adjustments, the PPA depreciation and the tax and minorities from both.

- The net impact of HOCHTIEF to the profit, after the minority interests, accounts for € 58 million, proportional to the effective stake of ACS in the period, which by the end of June 2013 accounted for a 58.9% of the share capital.

HOCHTIEF														
Euro Million	America			Asia Pacific			Europe			Holding*		Total		
	6M13	6M14	Var.	6M13	6M14	Var.	6M13	6M14	Var.	6M13	6M14	6M13	6M14	Var.
Sales	3,830	3,981	+4.0%	8,053	7,342	-8.8%	1,291	918	-28.9%	52	54	13,226	12,294	-7.0%
EBITDA	34	73	+116.0%	709	503	-29.0%	(3)	(31)	n.s.	(33)	(29)	707	517	-26.9%
<i>Margin</i>	0.9%	1.8%		8.8%	6.9%		-0.2%	-3.3%		0.0%	0.0%	5.3%	4.2%	
EBIT	20	62	n.a.	303	287	-5.4%	(28)	(41)	+45.6%	(35)	(30)	260	277	+6.5%
<i>Margin</i>	0.5%	1.6%		3.8%	3.9%		-2.2%	-4.4%		0.0%	0.0%	2.0%	2.3%	
Net Financial Results	(10)	(8)		(85)	(65)		(17)	(13)		23	(12)	(88)	(98)	
Equity Method	27	14		14	22		25	(6)		33	0	99	30	
Other Results	0	0		174	10		2	43		4	4	181	57	
EBT	38	69	+80.9%	407	253	-37.7%	(18)	(17)	-4.2%	26	(38)	453	267	-41.1%
Taxes	(5)	(19)		(148)	(85)		(8)	(11)		(6)	13	(166)	(102)	
Minorities	(6)	(7)		(122)	(57)		(5)	(0)		(26)	(0)	(160)	(64)	
Net Profit	27	43	+56.3%	136	112	-18.2%	(31)	(28)	-8.5%	(7)	(25)	126	101	-20.4%
<i>Margin</i>	0.7%	1.1%		1.7%	1.5%		-2.4%	-3.1%		0.0%	0.0%	1.0%	0.8%	

(*) the results from the Airports activity in 1Q13 have been included in the Holding accounts.

- The good evolution of HOCHTIEF Americas, due to the end of several projects in the period, and the improvement in the NPBT of Leighton have compensated the losses in Europe and in the Holding, that include the restructuring costs in 2014 and a lower contribution from asset disposals.

3.2 Industrial Services

Industrial Services			Key Figures			
Million Euro	6M13	6M14	Var.	2Q13	2Q14	Var.
Turnover	3,640	3,642	+0.1%	1,809	1,792	-0.9%
EBITDA	481	480	-0.3%	238	230	-3.4%
<i>Margin</i>	<i>13.2%</i>	<i>13.2%</i>		<i>13.2%</i>	<i>12.8%</i>	
EBIT	450	446	-0.8%	219	211	-3.6%
<i>Margin</i>	<i>12.3%</i>	<i>12.2%</i>		<i>12.1%</i>	<i>11.8%</i>	
Recurrent Net Profit	237	237	-0.0%	113	112	-1.1%
<i>Margin</i>	<i>6.5%</i>	<i>6.5%</i>		<i>6.3%</i>	<i>6.3%</i>	
Backlog	7,399	7,555	+2.1%	7,399	7,555	+2.1%
<i>Months</i>	<i>13</i>	<i>13</i>		<i>13</i>	<i>13</i>	
Net Investments	141	86	-38.7%	95	71	
Working Capital	(1,330)	(1,026)	-22.8%			
Net Debt	(882)	(387)	-56.1%			
<i>ND/Ebitda</i>	<i>-0.9x</i>	<i>-0.4x</i>				

- Industrial Services sales have accounted for € 3,642 million, slightly ahead of those in 2013 even after the reduction in the activity in Europe and America (after the end of several jobs in US, Panama and in Dominican Republic). On the other hand, there is a significant increase in the Middle East and Spain shows recovery signals, especially in Maintenance activities.

Industrial Services		Sales per geographical areas	
Euro Million	6M13	6M14	Var.
Spain	1,578	1,700	+7.7%
Rest of Europe	297	261	-12.0%
America	1,516	1,390	-8.3%
Asia Pacific	70	169	+142.2%
Africa	181	123	-32.1%
TOTAL	3,640	3,642	+0.1%

- The increase in Support Services in Spain compensates the drop in EPC Projects, after the finalization of the aforementioned projects in America, not yet substituted by recent awards.

Industrial Services		Turnover breakdown by activity	
Million Euro	6M13	6M14	Var.
Support Services	1,896	2,352	+24.1%
<i>Networks</i>	<i>339</i>	<i>476</i>	<i>+40.1%</i>
<i>Specialized Products</i>	<i>1,138</i>	<i>1,479</i>	<i>+29.9%</i>
<i>Control Systems</i>	<i>418</i>	<i>398</i>	<i>-4.9%</i>
EPC Projects	1,596	1,109	-30.5%
Renewable Energy: Generation	170	196	+14.9%
<i>Consolidation Adjustments</i>	<i>(21)</i>	<i>(14)</i>	
TOTAL	3,640	3,642	+0.1%
International	2,063	1,943	-5.8%
<i>% over total sales</i>	<i>56.7%</i>	<i>53.3%</i>	

- The income from energy generation is increasing by 14.9% after the incorporation of a new thermosolar plant in Spain and the larger contribution from the wind parks.

Industrial Services		<i>Backlog per geographical areas</i>	
Euro Million	jun-13	jun-14	Var.
Spain	2,030	2,144	+5.6%
Rest of Europe	839	530	-36.8%
America	3,417	3,257	-4.7%
Asia Pacific	609	1,126	+84.8%
Africa	504	498	-1.2%
TOTAL	7,399	7,555	+2.1%

- Backlog grows by 2.1% up to € 7,555 million. International backlog represents 71.6% of the total amount.

Industrial Services		<i>Backlog breakdown by activity</i>	
Million Euro	6M13	6M14	Var.
Support Services	4,536	4,707	+3.8%
<i>Domestic Backlog</i>	<i>1,669</i>	<i>1,773</i>	<i>+6.3%</i>
<i>International Backlog</i>	<i>2,868</i>	<i>2,933</i>	<i>+2.3%</i>
EPC Projects & Renewables	2,862	2,848	-0.5%
<i>Domestic Backlog</i>	<i>361</i>	<i>371</i>	<i>+2.7%</i>
<i>International Backlog</i>	<i>2,501</i>	<i>2,477</i>	<i>-1.0%</i>
TOTAL	7,399	7,555	+2.1%
Domestic	2,030	2,144	+5.6%
International	5,369	5,410	+0.8%
<i>% over total backlog</i>	<i>72.6%</i>	<i>71.6%</i>	

- Operating results remain flat compared to 2013, whilst net profit accounted € 237 million.

3.3 Environment

Environment				<i>Key Figures</i>		
Million Euro	6M13	6M14	Var.	2Q13	2Q14	Var.
Turnover	897	852	-5.1%	448	433	-3.3%
EBITDA	138	131	-5.1%	71	65	-8.6%
<i>Margin</i>	<i>15.4%</i>	<i>15.4%</i>		<i>15.8%</i>	<i>14.9%</i>	
EBIT	63	58	-7.7%	33	27	-17.7%
<i>Margin</i>	<i>7.0%</i>	<i>6.8%</i>		<i>7.4%</i>	<i>6.3%</i>	
Recurrent Net Profit	46	46	+0.2%	26	25	-1%
<i>Margin</i>	<i>5.1%</i>	<i>5.4%</i>		<i>5.7%</i>	<i>5.8%</i>	
Backlog	8,683	8,630	-0.6%	8,683	8,630	-0.6%
<i>Months</i>	<i>60</i>	<i>60</i>		<i>60</i>	<i>60</i>	
Net Investments	70	64	-9.4%	45	39	
Working Capital	168	125	-25.4%			
Net Debt	748	719	-3.9%			
<i>ND/Ebitda</i>	<i>2.7x</i>	<i>2.7x</i>				

- Sales in the area of Environment decrease by 5.1% as a consequence of the exchange rate. Excluding its effect, sales would have grown by 0.3%. In parallel, EBITDA grows, in comparable terms by 1.6% and EBIT grows by 3.8%. Net profit grows by 0.2% (8.8% in comparable terms) leaving the margin in the 5.4%.

Environment		<i>Sales breakdown</i>	
Million Euro	6M13	6M14	Var.
Waste Treatment	258	239	-7.6%
Urban Services	574	545	-5.1%
Logistics	65	68	+5.1%
TOTAL	897	852	-5.1%
International	302	291	-3.9%
<i>% over total sales</i>	<i>33.7%</i>	<i>34.1%</i>	

- Waste Treatment activity, which includes capital-intensive recycling, treatment and incineration plants, landfills and the facilities to produce methane and other kinds of renewable energy, has decreased by 7.6% affected by the exchange rate impact.
- Urban Services activity includes the collection of municipal solid waste, landscaping, street cleaning and other management services to municipalities. This is primarily an activity that takes place in Spain, is labor intensive and has experienced a sales decrease of 5.1%.
- Logistics activity includes the residual assets of transportation.
- From the 1st of July 2014 Clece will be fully consolidated in to ACS accounts, as the Facility Management activity. In the 1H14 Clece accounted for € 654 million, a 7.9% more than in 2013.
- International sales drop by 3.9% as a consequence of the exchange rate evolution, mainly in Latam. Not taking this effect into consideration, would have grown by 12.0%. By the end of June represented 34.1% of the total.

Environment		<i>Sales per geographical areas</i>	
Million Euro	6M13	6M14	Var.
Spain	595	561	-5.6%
Rest of Europe	134	139	+3.3%
America	143	132	-7.7%
Asia Pacific	0	0	n.a.
Africa	25	20	-21.3%
TOTAL	897	852	-5.1%

- Environment backlog accounts for € 8,630 million, equivalent to 5 years and a half of production. It is a 0.6% lower than the figure accounted last year.

Environment		<i>Backlog breakdown by activity</i>	
Million Euro	6M13	6M14	Var.
Waste Treatment	6,382	6,118	-4.1%
Urban Services	2,301	2,512	+9.2%
TOTAL	8,683	8,630	-0.6%
International	3,721	3,827	+2.8%
<i>% over total backlog</i>	<i>42.9%</i>	<i>44.3%</i>	

- International backlog, which mainly corresponds to Waste Treatment, weights 44.3% of the total. Grows by 2.8% after the incorporation of several Urban Services projects in Latam.

Environment		<i>Backlog per geographical areas</i>	
Million Euro	Dec-11	6M14	Var.
Spain	4,962	4,803	-3.2%
Rest of Europe	2,903	2,851	-1.8%
America	734	928	+26.4%
Asia Pacific	0	0	n.a.
Africa	84	49	-42.2%
TOTAL	8,683	8,630	-0.6%

4 Relevant facts after the end of the period

- The Shareholder Annual General Meeting approved last 29th of May the distribution of a complementary dividend of 0.71 Euros per share. This dividend has been paid during the month of July using the script dividend system. In this process, 40.89% of ACS's shareholders chose to sell their rights to ACS, thus meaning a total gross payment of 91 million Euros. Additionally 3,875,019 shares have been issued by the 30th of July for those shareholders that chose the payment in shares. By the end of the first semester of 2014 the share capital was represented by 314,664,594 shares.
- The 25th of June 2014 Escal UGS, an affiliate company of Grupo ACS took the decision to renounce to the concession for the exploitation of the subterranean gas storage facility named "Castor", granted via Royal Decree 855/2008, 16th of May. Subsequently, the 18th of July of 2014, and after obtaining the authorization, according to the documents signed the 30th of July 2013 during the emission of the bond program financing Castor, and according to the Ministry Order 3995/2006, 29th of December, modified by the order 2805/2012, 27th of December, the company Escal UGS presented the required renounce document.
- In August 2014 Grupo ACS has bought back the stake of approximately 25% of Clece, S.A., to several funds managed by Mercapital Private Equity, and all the previous agreements and contracts have been cancelled related to Clece. Grupo ACS, after this transaction, is the owner of 100% of Clece, meaning that the accounting consolidation method will change from the current equity method to a global integration. The total EV considered in the deal has been 542 million Euros.

5 Description of the main risks and opportunities

- Grupo ACS operates in different sectors, countries and economic and legal environments involving exposure to different levels of risk, inherent in the businesses in which it operates.
- ACS monitors and controls these risks in order to avoid a decline in the profitability of its shareholders, a danger to its employees or its corporate reputation, a problem for customers or a negative impact for the Group as a whole. To perform this task to control the risk, Grupo ACS has instruments to identify and to manage them properly in sufficient time, either by preventing its materialization or minimizing impacts, prioritizing, depending on their importance, as necessary. Notable are those systems related to control the bidding, contracting, planning and management of works and projects, systems of quality management, environmental management and human resources.
- In addition to the risks specific to the various businesses in which it operates, ACS is exposed to various financial risks, either by changes in interest or exchange rates, liquidity risk or credit risk.
 - a) The risks arising from changes in interest rates on cash flows are mitigated by ensuring the rates of financial instruments to cushion its fluctuation.
 - b) Risk management of exchange rates is done by taking debt in the same functional currency as that of the assets that the Group finances overseas. To cover the net positions in currencies other than euro, the Group arranges various financial instruments in order to reduce such exposure to exchange rate risk.
 - c) The most important aspects impacting the liquidity financial risks of ACS during the period are:
 - ✓ The issuance of an exchangeable bond on Iberdrola shares for € 405.6 million, maturing by the 27th of March, 2019.

- ✓ The issuance of a non rated bond by Hochtief for € 500 million maturing by May 2019.
 - ✓ The renovation of the Euro Commercial Paper program for € 750 million.
 - ✓ The renovation of the Urbaser syndicated loan for € 600 mn up to 2017.
 - ✓ The combined credit and guarantees line of € 2,000 million held by Hochtief with a syndicate of international banks has been extended in time up to April 2019
 - ✓ Grupo ACS holding accounts more than € 1,000 million in cash.
- d) Lastly, credit risk of commercial loans is countered through preventive screening of "rating" of creditworthiness of potential customers of the Group, both at the beginning of the relationship for each work or project and for the duration the contract, evaluating the credit quality of outstanding amounts and checking the estimated amounts recoverable from those considered as doubtful.
- Corporate Governance and Corporate Responsibility Annual Reports, and the Consolidated Financial Statements of Grupo ACS (www.grupoacs.com), develops more in detail the risks and the tools for control. Likewise the Annual Report of Hochtief (www.hochtief.com) details the risks inherent in the German company and its control mechanisms.
 - For the next six months since the date of closure of the accounts referred in this document, Grupo ACS, based on information currently available, does not expect to deal with situations of risk and uncertainty significantly different to those of the last six months of the period closed, except those arising from:
 - a) The internationalization of the Group's activities;
 - b) The impact in the growth slowdown in Asia Pacific
 - c) Economic and financial uncertainties arising from the European crisis.
 - d) The reduction in construction activity due to national plans to cut public investment by the Government of Spain, in line with the policies of fiscal adjustment in order to ensure fiscal consolidation required by the European Union.

6 Corporate Social Responsibility

- Grupo ACS is a worldwide reference in the infrastructure development industry, participating in sectors which are fundamental to the economy. It defines itself as a company committed to economic and social progress in the countries where it is present. This commitment with society is summarized in four fields of action:
 - ✓ Respect for the ethics, integrity and professionalism in the Group’s relationship with stakeholders.
 - ✓ Respect for the social, economic and environmental setting
 - ✓ Promotion of innovation and research in its application to infrastructure development
 - ✓ Creation of employment and well-being, as an economic motor for its stakeholders
- To tackle the Corporate Responsibility policy coordination, taking into consideration its operational decentralization and geographic breadth, has developed project “one”, which aims to promote good management practices and the spread of corporate culture. The areas of non-financial management which affects are ethics, efficiency and employee.
- The details on Corporate Responsibility of Grupo ACS are included in the web page of the Group (www.grupoacs.com) and in the CR Report.

6.1 Ethics

- Grupo ACS and its affiliated companies are fully committed to promoting, strengthening and controlling issues related to ethics and integrity, through measures to prevent, detect and eradicate bad practices.
- The Group has developed and implemented the General Code of Conduct, which applies to 100% of employees, suppliers and subcontractors. Additionally, develops training initiatives to publicize the Code to all of them, as well as the implementation of the Grupo ACS Ethical Channel, that allows anyone to communicate any misconducts or any breaches of the Code of Conduct if applicable.

6.2 Efficiency

- Grupo ACS has identified a number of non-financial functional areas that are key to the development of its activities, which are part of the industrial production process and that generate a significant portion of the profitability and productivity of the operating companies.

Contracting and Production

- The commitment to clients is one of the most important corporate values of Grupo ACS. Almost all of the Group’s companies have a customer management system, controlled by the bidding department. Aspects common to all companies are:
 - ✓ Tracking of customer needs.
 - ✓ Periodic measurement of customer satisfaction.
 - ✓ Development of new business.
- Quality is a determining factor for the ACS Group, as it represents the factor distinguishing it from the competition in the infrastructure and services industry, with high technical sophistication.

- Each company in the group adapts its needs to the specific characteristics of its type of production, but a series of common lines of action have been identified within their Quality Management Systems:
 - ✓ Objectives are set periodically as regards quality and their fulfillment is assessed.
 - ✓ Initiatives and actions are carried out aimed at improving the quality of the services provided.
 - ✓ Specific actions are carried out in collaboration with suppliers and subcontractors to improve quality.
- The decentralization of procurement and suppliers in the Group requires a detailed monitoring and control process, which have the following points in common in all companies:
 - ✓ Implementation of specific rules and a management, classification, approval and risk management system of suppliers and subcontractors.
 - ✓ Analysis of the level of compliance within these systems.
 - ✓ Collaboration with suppliers and transparency in contractual relations.

Activities in Research, Development and Innovation

- Grupo ACS is committed to a policy of continuous improvement of its processes and applied technology in all areas of activity. Involvement with research, development and innovation is evident in the increased investment and effort in R + D + i, year after year. This effort translates into tangible improvements in productivity, quality, customer satisfaction, job security, development of new and better materials, product and process design or more efficient production systems, among others.
- To this end, ACS maintains its own program of research to develop new technological knowledge to the design of processes, systems, new materials, etc. for each area of activity. The management of R + D + i is done through a system that broadly follows the guidelines of the UNE 166002:2006 rule and is audited by independent experts.
- This program is based on three premises for action:
 - a) Development of individualized strategic research lines per company.
 - b) Development of projects with prestigious research institutions, both of domestic and European level to complement the capabilities of Grupo ACS researchers.
 - c) Increased investment in order to implement the research, to generate patents and operational techniques more consistent and efficient.

Environmental Protection

- ACS develops activities that involve a significant environmental impact, directly as a result of altering the environment or indirectly by the consumption of materials, energy and water. ACS develops its activities in a manner respectful to the law, adopting the most efficient measures to reduce these negative effects, and reports its activity through the mandatory impact studies.
- Additionally, develops policies and processes suited to encourage a high percentage of the Group's business to certify under ISO 14001 rule, which represents an additional commitment to those required by law towards best environmental practices.
- In addition, ACS has ongoing action plans in its companies to reduce environmental impacts in more specific areas. The main initiatives are:
 - a) Actions to help reduce climate change.
 - b) Initiatives to enhance energy efficiency in their activities.

- c) Procedures to help reduce to a minimum the impact on biodiversity in those projects where necessary.
- d) Promoting good practices designed to save water in locations with water stress.

6.3 Employees

Human Resources

- Grupo ACS employed at the end of the period a total of 153,620 people, of which 47,197 are university graduates.
- Some of the fundamental principles governing corporate human resources policies of the Group companies are based on the following joint actions:
 - a) To attract, retain and motivate talented people.
 - b) To promote teamwork and quality control as tools to encourage the excellence of a job well done.
 - c) To act quickly, promoting accountability and minimizing bureaucracy.
 - d) To support and increase training and learning.
 - e) To innovate to improve processes, products and services.

Health and Safety

- The prevention of occupational risks is one of the strategic pillars of all Grupo ACS companies. The risk prevention policy complies with the various Occupational Health and Safety regulations which govern the area in the countries where it is operates, at the same time as promoting integration of occupational risks into the company strategy by means of advanced practices, training and information. Despite the fact that they operate independently, the great majority of the Group's companies share common principles in the management of their employees' health and safety. These principles are the following:
 - ✓ Compliance with current legislation on occupational risk prevention and other requirements voluntarily observed
 - ✓ Integration of occupational risk prevention into the set of initiatives and at all levels, implemented through correct planning and its putting into practice
 - ✓ Adoption of all those measures necessary to ensure employees' protection and well-being
 - ✓ Achieving continuous improvement of the system by means of appropriate training and information as regards risk prevention
 - ✓ Qualification of staff and application of technological innovations

7 Information on affiliates

- Information regarding transactions with related parties is carried out in the relevant section of the annual financial report submitted to the CNMV.
- During the twelve months preceding the closing of the accounts to which this document relates, transactions with related parties have not materially affected the financial position or results of operations during this period.
- All these trade relations with related parties have been made in the ordinary course of business, market conditions and correspond to normal operations of the Group Companies.

8 Annexes

8.1 Main figures per area of activity*

TURNOVER										
Million Euro	6M13		6M14		Var.	2Q13		2Q14		Var.
Construction	15,217	77 %	14,277	76 %	-6.2%	8,386	79 %	7,739	78 %	-7.7%
Industrial Services	3,641	18 %	3,643	19 %	+0.1%	1,809	17 %	1,792	18 %	-0.9%
Environmental Services	897	5 %	852	5 %	-5.1%	448	4 %	433	4 %	-3.3%
Corporation / Adjustments	(18)		(13)			(12)		(6)		
TOTAL	19,737		18,759		-5.0%	10,630		9,959		-6.3%

EBITDA										
Million Euro	6M13		6M14		Var.	2Q13		2Q14		Var.
Construction	902	59 %	692	53 %	-23.3%	443	59 %	349	54 %	-21.2%
Industrial Services	481	32 %	480	37 %	-0.3%	238	32 %	230	36 %	-3.4%
Environmental Services	138	9 %	131	10 %	-5.1%	71	9 %	65	10 %	-8.6%
Corporation / Adjustments	(15)		(26)			(2)		(14)		
TOTAL	1,506		1,277		-15.2%	749		629		-16.0%

EBIT										
Million Euro	6M13		6M14		Var.	2Q13		2Q14		Var.
Construction	316	38 %	361	42 %	+14.2%	136	16 %	193	45 %	+42.6%
Industrial Services	450	54 %	446	51 %	-0.8%	219	26 %	211	49 %	-3.6%
Environmental Services	63	8 %	58	7 %	-7.7%	33	4 %	27	6 %	-17.7%
Corporation / Adjustments	(16)		(27)			(3)		(14)		
TOTAL	813		838		+3.2%	385		417		+8.5%

NET PROFIT										
Million Euro	6M13		6M14		Var.	2Q13		2Q14		Var.
Construction	120	30 %	109	29 %	-9.2%	62	15 %	59	30 %	-4.1%
Industrial Services	237	59 %	237	60 %	-0.0%	113	28 %	112	57 %	-1.1%
Environmental Services	46	11 %	46	11 %	+0.2%	26	6 %	25	13 %	-1.0%
Corporation / Adjustments	(46)		3							
TOTAL	357		395		+10.7%	(169)		0		-100.0%

BACKLOG										
Million Euro	jun-13		jun-14		Var.	2Q13		2Q14		Var.
Construction	53,704	19	46,918	18	-12.6%	(5,336)		(1,238)		-76.8%
Industrial Services	7,399	13	7,555	13	+2.1%	39		47		+21.1%
Environmental Services	8,683	60	8,630	60	-0.6%	(402)		420		n.a.
TOTAL	69,786	20	63,103	19	-9.6%	(5,699)		(771)		-86.5%

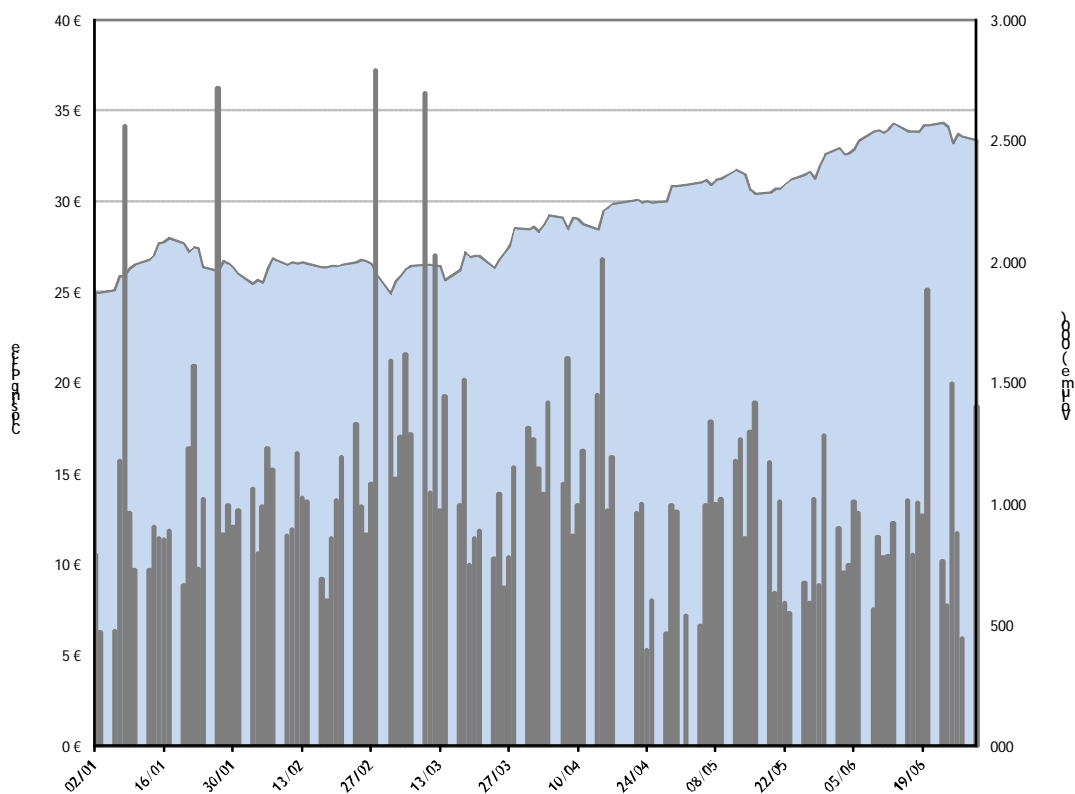
NET INVESTMENTS										
Million Euro	6M13		6M14		Var.	2Q13		2Q14		Var.
Construction	441		734		+66.4%	(78)		803		n.s.
Industrial Services	141		86		-38.7%	95		71		-25.9%
Environmental Services	70		64		-9.4%	45		39		-12.9%
Corporation / Adjustments	(3)		135		n.a.	1		132		n.s.
TOTAL	649		1,019		n.a.	64		1,044		n.s.

NET DEBT									
Million Euro	jun-13		jun-14		Var.				
Construction	1,936	32 %	1,960	34 %	+1.2%				
Industrial Services	(882)	(15 %)	(387)	(7 %)	-56.1%				
Environmental Services	748	13 %	719	12 %	-3.9%				
Corporation / Adjustments	4,162	70 %	3,520	61 %	-15.4%				
TOTAL	5,965		5,812		-2.6%				

* Percentages are calculated according to the sum of the data for each activity

8.2 Share data

ACS Shares Data (YTD)	6M13	6M14
Closing price	20.35 €	33.40 €
Performance	6.04%	33.49%
Maximum in the period	22.69 €	34.50 €
Maximum Date	15-May-13	23-Jun-14
Minimum in the period	16.68 €	24.56 €
Minimum Date	06-Feb-13	06-Jan-14
Average in the period	19.10 €	28.75 €
Total volume ('000)	97,870	131,528
Daily average volume ('000)	783	1,052
Total traded effective (€ mn)	1,869	3,781
Daily average effective (€ mn)	14.95	30.25
Number of shares (mn)	314.66	314.66
Market cap (€ mn)	6,403	10,510



8.3 Exchange rate effect

EXCHANGE RATE EFFECT (€ vs. currency)	Average Exchange Rate			
	jun-13	jun-14	difference	Var.
1 US Dollar	1.3104	1.3707	0.0604	+4.6%
1 Australian Dollar	1.3105	1.4970	0.1865	+14.2%
1 Mexican Peso	16.5236	17.9442	1.4206	+8.6%
1 Brazilian Real	2.7002	3.1312	0.4310	+16.0%

EXCHANGE RATE EFFECT (€ vs. currency)	Closing Exchange Rate			
	jun-13	jun-14	difference	%
1 US Dollar	1.3008	1.3690	0.0682	+5.2%
1 Australian Dollar	1.4238	1.4510	0.0272	+1.9%
1 Mexican Peso	16.8272	17.7478	0.9207	+5.5%
1 Brazilian Real	2.9027	3.0308	0.1281	+4.4%

EXCHANGE RATE EFFECT Euro million	Grupo ACS			
	USD	AUD	Others	Total
Backlog	(555)	(761)	(608)	(1,924)
Sales	(222)	(1,087)	(204)	(1,514)
EBITDA	(4)	(74)	(24)	(102)
EBIT	(3)	(42)	(21)	(66)
Net Profit	(2)	(16)	(12)	(30)

EXCHANGE RATE EFFECT Euro million	Construction			
	USD	AUD	Others	Total
Backlog	(511)	(761)	(143)	(1,416)
Sales	(206)	(1,087)	(41)	(1,334)
EBITDA	(5)	(74)	0	(78)
EBIT	(4)	(42)	1	(44)
Net Profit	(3)	(16)	1	(18)

EXCHANGE RATE EFFECT Euro million	Industrial Services			
	USD	AUD	Others	Total
Backlog	(44)	(0)	(217)	(261)
Sales	(16)	(0)	(115)	(132)
EBITDA	0	(0)	(15)	(15)
EBIT	1	(0)	(15)	(14)
Net Profit	1	(0)	(9)	(8)

EXCHANGE RATE EFFECT Euro million	Environment			
	USD	AUD	Others	Total
Backlog	0	0	(247)	(247)
Sales	0	0	(48)	(48)
EBITDA	0	0	(9)	(9)
EBIT	0	0	(7)	(7)
Net Profit	0	0	(4)	(4)

8.4 Impact in the 2013 financial accounts of the IFRS 11 changes

8.4.1 Balance Sheet

Grupo ACS			<i>Consolidated balance sheet</i>		
Million Euro	Jun-13		Adj.	Jun-13 Reexpressed	
Intangible Fixed Assets	4,923	12.0 %	0	4,923	12.0 %
Tangible Fixed Assets	3,355	8.2 %	7	3,362	8.2 %
Investments accounted by Equity Method	1,727	4.2 %	0	1,727	4.2 %
Long Term Financial Investments	1,947	4.7 %	0	1,947	4.7 %
Long Term Deposits	443	1.1 %	0	443	1.1 %
Financial Instruments Debtors	506	1.2 %	0	506	1.2 %
Deferred Taxes Assets	2,397	5.8 %	0	2,397	5.8 %
Fixed and Non-current Assets	15,297	37.3 %	7	15,305	37.2 %
Non Current Assets Held for Sale	6,551	16.0 %	0	6,551	15.9 %
Inventories	1,991	4.9 %	21	2,012	4.9 %
Accounts receivables	11,557	28.2 %	25	11,582	28.1 %
Short Term Financial Investments	1,666	4.1 %	0	1,666	4.0 %
Financial Instruments Debtors	15	0.0 %	0	15	0.0 %
Other Short Term Assets	171	0.4 %	10	181	0.4 %
Cash and banks	3,738	9.1 %	140	3,878	9.4 %
Current Assets	25,688	62.7 %	196	25,884	62.8 %
TOTAL ASSETS	40,985	100 %	203	41,188	100 %
Shareholders' Equity	3,659	8.9 %	0	3,659	8.9 %
Adjustments from Value Changes	(676)	(1.6 %)	0	(676)	(1.6 %)
Minority Interests	2,996	7.3 %	0	2,996	7.3 %
Net Worth	5,979	14.6 %	0	5,979	14.5 %
Subsidies	52	0.1 %	0	52	0.1 %
Long Term Financial Liabilities	7,795	19.0 %	0	7,795	18.9 %
Deferred Taxes Liabilities	1,392	3.4 %	0	1,392	3.4 %
Long Term Provisions	1,810	4.4 %	0	1,810	4.4 %
Financial Instruments Creditors	570	1.4 %	0	570	1.4 %
Other Long Term Accrued Liabilities	225	0.5 %	0	225	0.5 %
Non-current Liabilities	11,843	28.9 %	0	11,843	28.8 %
Liabilities from Assets Held for Sale	3,983	9.7 %	0	3,983	9.7 %
Short Term Provisions	1,037	2.5 %	6	1,043	2.5 %
Short Term Financial Liabilities	4,016	9.8 %	(204)	3,812	9.3 %
Financial Instruments Creditors	20	0.0 %	0	20	0.0 %
Trade accounts payables	13,414	32.7 %	401	13,815	33.5 %
Other current payables	692	1.7 %	0	692	1.7 %
Current Liabilities	23,163	56.5 %	203	23,366	56.7 %
TOTAL EQUITY & LIABILITIES	40,985	100 %	203	41,188	100 %

8.4.2 Income Statement

Grupo ACS			Income statement		
Million Euro	6M13		Adj.	6M13 Reexpressed	
Net Sales	19,121	100.0 %	616	19,737	100.0 %
Other revenues	239	0.1 %	0	239	0.1 %
Total Income	19,360	100.1 %	616	19,976	100.1 %
Operating expenses	(13,350)	(68.7 %)	(547)	(13,898)	(69.1 %)
Personnel expenses	(4,465)	(22.9 %)	(107)	(4,572)	(22.7 %)
Operating Cash Flow (EBITDA)	1,545	8.4 %	(38)	1,506	8.3 %
Fixed assets depreciation	(678)	(3.7 %)	1	(677)	(3.6 %)
Current assets provisions	(17)	(0.0 %)	0	(17)	(0.0 %)
Ordinary Operating Profit (EBIT)	850	4.7 %	(37)	813	4.7 %
Impairment & gains on fixed assets	(16)	(0.2 %)	0	(16)	(0.2 %)
Other operating results	(0)	0.7 %	(0)	(0)	0.7 %
Operating Profit	834	5.2 %	(37)	797	5.2 %
Financial income	192	1.4 %	2	194	1.4 %
Financial expenses	(545)	(3.0 %)	0	(545)	(2.9 %)
Ordinary Financial Result	(353)	(1.6 %)	2	(351)	(1.6 %)
Foreign exchange results	(5)	(0.1 %)	1	(4)	(0.1 %)
Changes in fair value for financial instruments	19	(1.7 %)	0	19	(1.7 %)
Impairment & gains on financial instruments	197	0.5 %	0	197	0.5 %
Net Financial Result	(143)	(3.0 %)	3	(140)	(2.9 %)
Results on equity method	121	0.7 %	35	156	0.6 %
PBT of continued operations	812	2.9 %	1	813	2.8 %
Corporate income tax	(229)	(0.0 %)	(1)	(230)	(0.0 %)
Net profit of continued operations	583	2.9 %	0	583	2.8 %
Profit after taxes of the discontinued operations	0	0.0 %	0	0	0.0 %
Consolidated Result	583	2.9 %	0	583	2.8 %
Minority interest	(226)	(1.0 %)	0	(226)	(1.0 %)
Net Profit Attributable to the Parent Company	357	1.9 %	0	357	1.8 %

8.4.3 Cash Flow Statement

Grupo ACS			Net Cash Flows			
Euro Million	6M13			6M13 Reexpressed		
	TOTAL	HOT	ACS exHOT	TOTAL	HOT	ACS exHOT
Cash Flow from Operating Activities before Working Capital	1,205	721	484	1,187	704	484
Operating working capital variation	(1,540)	(950)	(590)	(1,494)	(904)	(590)
Cash Flow from Operating Activities	(334)	(228)	(106)	(306)	(200)	(106)
1. Payments due for investments	(1,261)	(911)	(350)	(1,262)	(912)	(350)
2. Cash collected from disposals	612	534	79	612	534	79
Cash flow from Investing Activities	(649)	(378)	(272)	(649)	(378)	(272)
1. Treasury stock acquisition	291	(22)	314	291	(22)	314
2. Dividends paid	(130)	(169)	38	(130)	(130)	0
3. Other financial sources	(259)	(212)	(47)	(193)	(184)	(9)
Other Cash Flows	(98)	(403)	305	(32)	(336)	305
Total Cash Flow generated / (Consumed)	(1,082)	(1,009)	(73)	(988)	(915)	(73)

8.5 Main Awards of the Period

In light blue the new awards of the period

8.5.1 Construction

Project	Type of Project	Region	€ mn
Works for the construction of Line 2 and stretch from Av. Faucett-Av Gambetta of the Lima subway network (Peru)	Civil Works	America	900,2
Design and construction of a 56km highway plus five interchanges of New Orbital Highway in Doha (Qatar)	Civil Works	Asia Pacific	684,0
Construction of a passenger clearance building for Hong Kong's International Airport	Building	Asia Pacific	607,0
Construction, rehabilitation and upgrading works in the Pacific Highway 1 connection which includes the construction of a new dual carriageway with a length of 23.6 km. including two tunnels (1.6 and 4.1 km.) and 20 bridges of varying lengths; rest 23.3 km. operating and maintenance (Colombia)	Civil Works	America	434,7
Works for the project "Jewel of the Creek" in Dubai comprising of buildings, marina, bridges and landscaping works (United Arab Emirates)	Building	Asia Pacific	420,0
Project for the construction of the motorway A7 between Hamburg and Bordesholm (Germany)	Civil Works	Europe	406,0
Construction of tunnel buildings, systems and fitting out works for Central Wanchai Bypass in Hong Kong	Civil Works	Asia Pacific	292,0
Construction of structural, mechanical, piping, electrical and instrumentation works for the Roy Hill iron ore mine, Western Australia	Mining	Asia Pacific	224,0
Supply and installation of 120 kilometers of ductile iron pipes in the Mega Reservoir Corridor Main 1 project to supply water in Doha (Qatar)	Civil Works	Asia Pacific	219,0
Project for the construction of the S7 national road in the Random ring-road with the Voivodato Mazowieckie border (Poland)	Civil Works	Europe	162,8
Works for the Optus project for the installation and upgrade of LTE internet networks in rural areas (Australia)	Civil Works	Asia Pacific	159,0
Building of the new Stockton Courthouse in California (USA)	Building	America	148,9
Project for the construction of a 5.6 kilometers of the Noth Luzon Expressway Segment 10 in Manila (Philippines)	Civil Works	Asia Pacific	146,0
Construction of a hydroelectric power station in the Inn river (Austria)	Civil Works	Europe	132,2
Project for the construction of a motorway tunnel in the D3 Highway in Czech Republic	Civil Works	Europe	102,0
Three-year mining contract with Western Desert Resources for Rope Bar Iron Ore (Australia)	Mining	Asia Pacific	97,0
Building of the new health complex of Clinica Cruz Blanca Salud (Chile)	Building	America	90,5
Contract for the design and construction project of the I-73 connector with the Piedmont Triad International Airport in Greensboro (North Carolina, USA)	Civil Works	America	90,3
Design and building of the Cleveland Convention Center (United States)	Building	America	68,6

Project	Type of Project	Region	€ mn
Construction of mine infrastructure for Rio Tinto Pilbara (Australia)	Mining	Asia Pacific	66,0
rehabilitation and upgrading works in the I-295 highway in Florida (United States)	Civil Works	America	65,3
2 year NBN contract extension for design and construction of fiber optic networks for new developments estates in Victoria, Tasmania, Queensland (Australia)	Civil Works	Asia Pacific	63,0
Construction of a subway tunnel in the area of Nordhavnen (Copenhagen, Denmark)	Civil Works	Europe	59,9
Project for the widening of the SR 101L highway with 17.7 kilometers of new construction between the cities of Scottsdale, Tempe and Mesa and Salt River Pima-Maricopa Indian Community (Arizona, USA)	Civil Works	America	53,3
Building of the new headquarter office of Banco Popular (Madrid, Spain)	Building	Europe	44,6
Construction of a new watergate in Mosela river in the city of Trier (Germany)	Civil Works	Europe	43,2
Renovation and expansion works of the Columbus main library as well as the new construction of 10 library branches (United States)	Building	America	43,2
Building of the Mannheim fire station (Germany)	Building	Europe	34,0
Bath Corridor construction of railway electrification (United Kingdom)	Civil Works	Europe	33,3
Project for the construction of a new museum in Madrid, Spain	Building	Europe	33,1
Construction and extension of a highway lane in the A4 in Austria	Civil Works	Europe	32,1
Works in the Almodévar dam for the improvement in the system of irrigation of Alto Aragón (Huesca, Spain)	Civil Works	Europe	28,5
Works for the improvement of Levante highway to Mercapalma (Palma de Mallorca, Spain)	Civil Works	Europe	27,4
Construction of an office building in Warsaw (Poland)	Building	Europe	26,7
Contract for the planning, construction and operation of of the Wolfgang-Borchert-Gymnasium (secondary school), in the municipality of Halstenbek (Germany)	Building	Europe	26,6
Construction of a new bridge in Langenfeld (Germany)	Civil Works	Europe	24,3
Project for the rebuilding and enlargement of the Orense University Hospital Complex (Spain)	Building	Europe	23,0
Works for the construction of the Ruskin Dam (Canada)	Civil Works	America	19,9
Project for the reconfiguration and upgrade of the Johnson Avenue Yard in Long Island (USA)	Civil Works	America	18,8
Infrastructures works for the enlargement of Los Angeles subway network (USA)	Civil Works	America	18,6
Modernization of irrigation area of Molinar del Flumen with the construction of a pumping station, distribution network for irrigation water and automation and control of all the facilities (Huesca, Spain)	Civil Works	Europe	17,9
Project for the enlargement of the line D of Buenos Aires subway (Argentina)	Civil Works	America	17,6

8.5.2 Industrial Services

Project	Type of Project	Region	€ mn
Contract for the maintenance and energy management of urban facilities in the city of Madrid (Spain)	Specialized Products	Europe	171,2
Contract for the construction of new facilities within the Ma'aden Phosphate Company (MPC) complex for storage and interconnection to the Ras Al-Khair Port (Saudi Arabian)	Specialized Products	Asia Pacific	162,3
Design, supply and construction of the Renace III hydroelectric plant in Alta Verapaz (Guatemala)	EPC Projects	America	96,9
Project for the construction of 520 kilometers of high voltage transmission line in Brazil	Specialized Products	America	70,3
Thermal power station construction with an installed capacity of 182 MW in the Cerro Verde mine (Peru)	EPC Projects	America	66,6
EPC project for the construction of the Penonomé windfarm in Panama	EPC Projects	America	48,6
Mechanical EPC contract for Suez thermal plant with an installed capacity of 650 MW (Egypt)	EPC Projects	Asia Pacific	42,8
Design, supply and construction of 281 kilometers of electricity transmission lines in Bangladesh	Specialized Products	Asia Pacific	37,6
Works for Entel telecommunication company as well as supply and maintenance services for its clients (Chile)	Specialized Products	America	24,8
Two contracts for public lighting of two areas (center and west areas) of the city of Madrid (Spain)	Control Systems	Europe	23,4
Construction of electricity transmission lines in Belo Monte (Brazil)	Specialized Products	America	18,8
Contract for maintenance and operation road services in the A-6 and N-IV in the Community of Madrid (Spain)	Control Systems	Europe	17,3
Contract for public lighting services in Mostoles municipality (Madrid, Spain)	Control Systems	Europe	16,3
Two contract for the traffic lighting management in two areas of the city of Madrid (Spain)	Control Systems	Europe	15,6
Construction of the El Salvado photovoltaic plant with an installed capacity of 68 MW (Chile)	EPC Projects	America	14,7
Works for the rehabilitation and improvement of the Washington International Airport en Baltimore (USA)	Specialized Products	America	14,7

8.5.3 Environment

Project	Type of Project	Region	€ mn
Extension of the street cleaning and urban waste collection contract for the eastern area of Barcelona (Spain)	Urban Services	Europe	98,9
Contract for street cleaning and urban waste collection in the municipality of Arrecife (Lanzarote, Spain)	Urban Services	Europe	54,1
Street cleaning contract extension for the sector 7 in Buenos Aires (Argentina)	Urban Services	America	22,8
Contract for urban waste collection in the municipality of San Fernando (Argentina)	Urban Services	America	22,6
Contract for urban waste collection and street cleaning in the municipality of Santa Cruz de Tenerife (Spain)	Urban Services	Europe	18,4
Urban waste collection and street cleaning contract extension for Santa Cruz de Tenerife	Urban Services	Europe	17,3
Street Cleaning and waste collection in the municipality of Coronel (Chile)	Urban Services	America	15,3
Street cleaning contract extension for the city of Paris (France)	Urban Services	Europe	12,5
Renewal of the gardening services contract in the municipality of Dos Hermanas (Sevilla, Spain)	Urban Services	Europe	10,4

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