

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

Condensed Consolidated Financial
Statements for the year ended
31 December 2015

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 31 DECEMBER 2015

ASSETS	Note	Thousands of euros	
		31/12/2015	31/12/2014
		(*)	
NON-CURRENT ASSETS		13,779,268	14,000,876
Intangible assets	2	4,448,055	4,620,123
Goodwill		2,915,141	2,894,222
Other intangible assets		1,532,914	1,725,901
Property, plant and equipment	3	2,320,355	2,499,928
Non-current assets in projects	4	702,574	753,143
Investment property		61,601	62,207
Investments in companies accounted for using the equity method	5	1,906,898	1,231,256
Non-current financial assets	6	2,140,713	2,227,705
Long-term cash collateral deposits	11	5,774	404,180
Derivative financial instrument	11	11,831	6,414
Deferred tax assets	12	2,181,467	2,195,920
CURRENT ASSETS		21,500,560	25,319,859
Inventories	7	1,467,918	1,522,355
Trade and other receivables		10,915,856	12,719,329
Trade receivables for sales and services		9,340,591	9,869,610
Other accounts receivable		1,278,309	1,409,856
Receivables from the sale of discontinued operations	1.f)	-	1,108,112
Current tax assets		296,956	331,751
Other current financial assets	6	2,311,313	1,892,686
Derivative financial instrument	11	2,734	34,010
Other current assets		139,545	162,206
Cash and cash equivalents		5,803,708	5,167,139
Non-current assets held for sale and discontinued operations	1.f)	859,486	3,822,134
TOTAL ASSETS		35,279,828	39,320,735

(*) Unaudited

The accompanying Notes 1 to 20 and Appendix I are an integral part of the consolidated statement of financial position at 31 December 2015.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

EQUITY AND LIABILITIES	Note	Thousands of euros	
		31/12/2015	31/12/2014
		(*)	
EQUITY	8	5,197,269	4,897,888
SHAREHOLDERS' EQUITY		3,454,752	3,451,843
Share capital		157,332	157,332
Share premium		897,294	897,294
Reserves		1,951,433	1,881,249
(Treasury shares)		(276,629)	(201,122)
Profit for the year attributable to the Parent		725,322	717,090
VALUATION ADJUSTMENTS		(33,744)	(418,331)
Available-for-sale financial assets		141,837	65,760
Holding instruments		(233,940)	(532,015)
Translation differences		58,359	47,924
EQUITY ATTRIBUTABLE TO THE PARENT		3,421,008	3,033,512
NON-CONTROLLING INTERESTS		1,776,261	1,864,376
NON-CURRENT LIABILITIES		10,689,424	9,534,953
Grants		58,776	59,745
Long-term provisions	9	1,619,934	1,763,509
Non-current financial liabilities	10	7,382,116	6,090,901
Bank borrowings, debt instruments and other marketable securities		6,683,555	5,386,591
Project finance and limited recourse borrowings		486,266	491,308
Other financial liabilities		212,295	213,002
Derivative financial instrument	11	114,670	196,758
Deferred tax liabilities	12	1,333,750	1,268,739
Other non-current liabilities		180,178	155,301
CURRENT LIABILITIES		19,393,135	24,887,894
Short-term provisions		1,034,341	1,342,220
Current financial liabilities	10	3,362,744	6,203,509
Bank borrowings, debt instruments and other marketable securities		3,221,482	5,669,702
Project finance and limited recourse borrowings		54,579	491,389
Other financial liabilities		86,683	42,418
Derivative financial instrument	11	124,037	78,258
Trade and other payables		13,922,567	13,962,196
Payable to suppliers		8,005,585	7,988,149
Other accounts payable		5,772,202	5,725,181
Current tax liabilities		144,780	248,866
Other current liabilities		424,722	411,064
Liabilities associated with non-current assets held for sale and discontinued operations	1.f)	524,724	2,890,647
TOTAL EQUITY AND LIABILITIES		35,279,828	39,320,735

(*) Unaudited

The accompanying Notes 1 to 20 and Appendix I are an integral part of the consolidated statement of financial position at 31 December 2015.

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

**CONSOLIDATED INCOME STATEMENT FOR THE
YEAR ENDED 31 DECEMBER 2015**

	Note	Thousands of euros	
		31/12/2015	31/12/2014
		(*)	
REVENUE	13	34,924,662	34,880,860
Changes in inventories of finished goods and work in progress		81,725	(12,385)
Capitalised expenses of In-house work on assets		6,627	38,449
Procurements		(22,329,889)	(22,538,088)
Other operating income		421,120	622,740
Staff costs		(7,926,852)	(7,761,394)
Other operating expenses		(2,956,131)	(2,814,852)
Depreciation and amortisation charge		(788,001)	(824,005)
Allocation of grants related to non-financial assets and others		6,003	6,490
Impairment and gains or losses on disposal of non-current assets		(31,578)	(3,900)
Other profit or loss	18	(186,388)	(634,274)
PROFIT FROM OPERATIONS		1,221,298	959,641
Finance income	14	243,180	353,613
Finance costs		(776,632)	(1,036,007)
Changes in the fair value of financial instruments	17	36,232	233,550
Exchange differences		38,228	(23,856)
Impairment and gains or losses on the disposal of financial instruments	16	299,288	163,441
FINANCIAL LOSS		(159,704)	(309,259)
Results of companies accounted for using the equity method	5	303,243	131,824
PROFIT BEFORE TAX		1,364,837	782,206
Income tax	12	(310,590)	(318,591)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		1,054,247	463,615
Profit after tax from discontinued operations	1.f) (**)	-	464,115
PROFIT FOR THE YEAR		1,054,247	927,730
Profit/(Loss) attributable to non-controlling interests		(328,925)	58,666
Profit/(Loss) from discontinued operations attributable to non-controlling interests		-	(269,306)
PROFIT OF THE PARENT		725,322	717,090

(**) Profit after tax and non-controlling interests from discontinued operations	1.f)	-	194,809
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EARNINGS PER SHARE		Euros per share	
		31/12/2015	31/12/2014
Basic earnings per share	1.m)	2.35	2.31
Diluted earnings per share	1.m)	2.35	2.31
Basic earnings per share from discontinued operations	1.m)	-	0.63
Basic earnings per share from continuing operations	1.m)	2.35	1.68
Diluted earnings per share from discontinued operations	1.m)	-	0.63
Diluted earnings per share from continuing operations	1.m)	2.35	1.68

(*) Unaudited

The accompanying Notes 1 to 20 and Appendix I are an integral part of the consolidated income statement at 31 December 2015.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Thousands of euros					
	31/12/2015 (*)			31/12/2014		
	Of the Parent	Of non-controlling interests	Total	Of the Parent	Of non-controlling interests	Total
A) Total consolidated profit	725,322	328,925	1,054,247	717,090	210,640	927,730
Profit/(Loss) from continuing operations	725,322	328,925	1,054,247	522,281	(58,666)	463,615
Profit/(Loss) from discontinued operations	-	-	-	194,809	269,306	464,115
B) Income and expense recognised directly in equity	139,115	103,929	243,044	24,148	114,340	138,488
Measurement of financial instruments	113,456	18,675	132,131	228,938	11,709	240,647
Cash flow hedges	(17,875)	3,014	(14,861)	(300,097)	(19,284)	(319,381)
Translation differences	61,030	87,340	148,370	171,488	168,145	339,633
Actuarial gains and losses (**)	20,308	8,208	28,516	(95,044)	(62,729)	(157,773)
Tax effect	(37,804)	(13,308)	(51,112)	18,863	16,499	35,362
C) Transfers to profit or loss	260,472	(18,881)	241,591	28,108	17,968	46,076
Measurement of financial instruments	-	-	-	(175,673)	-	(175,673)
Cash flow hedges	427,033	2,043	429,076	215,445	30,292	245,737
Exchange differences	(50,595)	(20,924)	(71,519)	(3,420)	(3,921)	(7,341)
Tax effect	(115,966)	-	(115,966)	(8,244)	(8,403)	(16,647)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,124,909	413,973	1,538,882	769,346	342,948	1,112,294

(*) Unaudited

(**) The only item of income and expense recognised directly in equity which cannot be subsequently transferred to the income statement is the corresponding actuarial gains and losses.

The accompanying Notes 1 to 20 and Appendix I are an integral part of the consolidated statement of comprehensive income at 31 December 2015.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Thousands of euros							
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributable to the Parent	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/(expense) recognised in equity	-	-	(64,327)	-	116,583	717,090	342,948	1,112,294
Capital increases/(reductions)	3,219	-	(3,219)	-	-	-	-	-
Share options	-	-	5,153	-	-	-	-	5,153
Distribution of profit from the previous year								
To reserves	-	-	701,541	-	-	(701,541)	-	-
2013 acquisition of bonus issue rights	-	-	(90,965)	-	-	-	-	(90,965)
Remaining 2013 allotment rights	-	-	71,497	-	-	-	-	71,497
To dividends	-	-	-	-	-	-	(114,838)	(114,838)
Treasury shares of the Parent	(3,219)	-	(170,192)	(136,164)	-	-	-	(309,575)
Treasury shares through investees	-	-	(29,680)	-	-	-	(18,624)	(48,304)
Additional ownership interest in controlled entities	-	-	(466,369)	-	-	-	(490,216)	(956,585)
2014 bonus issue rights	-	-	(141,599)	-	-	-	-	(141,599)
Change in the scope of consolidation and other effects of a lesser amount	-	-	(42,209)	-	-	-	(75,889)	(118,098)
Balance at 31 December 2014	157,332	897,294	1,881,249	(201,122)	(418,331)	717,090	1,864,376	4,897,888
Income/(expense) recognised in equity	-	-	15,000	-	384,587	725,322	413,973	1,538,882
Capital increases/(reductions)	3,398	-	(3,398)	-	-	-	-	-
Share options	-	-	6,607	-	-	-	-	6,607
Distribution of profit from the previous year								
To reserves	-	-	717,090	-	-	(717,090)	-	-
2014 acquisition of supplementary bonus issue rights	-	-	(97,813)	-	-	-	-	(97,813)
Remaining 2014 allotment rights	-	-	84,303	-	-	-	-	84,303
To dividends	-	-	-	-	-	-	(206,271)	(206,271)
Treasury shares of the Parent	(3,398)	-	(190,210)	(75,507)	-	-	-	(269,115)
Treasury shares through investees	-	-	(173,044)	-	-	-	(71,565)	(244,609)
Additional ownership interest in controlled entities	-	-	(116,958)	-	-	-	(194,892)	(311,850)
2015 bonus issue rights	-	-	(139,711)	-	-	-	-	(139,711)
Change in the scope of consolidation and other effects of a lesser amount	-	-	(31,682)	-	-	-	(29,360)	(61,042)
Balance at 31 December 2015	157,332	897,294	1,951,433	(276,629)	(33,744)	725,322	1,776,261	5,197,269

The accompanying Notes 1 to 20 and Appendix I are an integral part of the consolidated statement of changes in equity at 31 December 2015.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

		Thousands of euros	
		31/12/2015	31/12/2014
		(*)	
A)	CASH FLOWS FROM OPERATING ACTIVITIES	2,009,357	824,023
1.	Profit before tax	1,364,837	782,206
2.	Adjustments for:	697,653	1,429,828
	Depreciation and amortisation charge	788,001	824,005
	Other adjustments to profit (net) (Note 1.i)	(90,348)	605,823
3.	Changes in working capital	625,117	(570,866)
4.	Other cash flows from operating activities:	(678,250)	(817,145)
	Interest paid	(803,389)	(1,060,604)
	Dividends received	270,935	256,971
	Interest received	196,544	247,612
	Income tax recovered/(paid)	(342,340)	(261,124)
B)	CASH FLOWS FROM INVESTING ACTIVITIES	709,865	(190,666)
1.	Payments due to investments:	(1,917,604)	(1,419,881)
	Group companies, associates and business units	(1,030,087)	(376,553)
	Property, plant and equipment, intangible assets and investment property	(722,022)	(843,009)
	Other financial assets	(48,824)	(160,283)
	Other assets	(116,671)	(40,036)
2.	Proceeds from disposals:	2,627,469	1,229,215
	Group companies, associates and business units	1,610,647	192,237
	Property, plant and equipment, intangible assets and investment property	982,574	171,132
	Other financial assets	30,455	865,384
	Other assets	3,793	462
C)	CASH FLOWS FROM FINANCING ACTIVITIES	(2,231,042)	416,224
1.	Proceeds and (payments) relating to equity instruments:	(824,554)	(1,195,235)
	Acquisition	(841,138)	(1,242,626)
	Disposal	16,584	47,391
2.	Proceeds and (payments) relating to financial liabilities:	(1,133,646)	1,874,161
	Issue	4,310,570	5,339,790
	Redemption and repayment	(5,444,216)	(3,465,629)
3.	Dividends paid and returns on other equity instruments	(344,510)	(317,984)
4.	Other cash flows from financing activities:	71,668	55,282
	Other amounts received from (paid for) financing activities	71,668	55,282
D)	EFFECT OF CHANGES IN EXCHANGE RATES	148,389	193,598
E)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	636,569	1,243,179
F)	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,167,139	3,923,960
G)	CASH AND CASH EQUIVALENTS AT END OF YEAR	5,803,708	5,167,139

1. CASH FLOWS FROM OPERATING ACTIVITIES	-	(198,737)
2. CASH FLOWS FROM INVESTING ACTIVITIES	-	(27,576)
3. CASH FLOWS FROM FINANCING ACTIVITIES	-	(2,785)
CASH FLOWS FROM DISCONTINUED OPERATIONS	-	(229,098)

COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR

Cash on hand and at banks	4,681,157	4,628,415
Other financial assets	1,122,551	538,724
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	5,803,708	5,167,139

(*) Unaudited

The accompanying Notes 1 to 20 and Appendix I are an integral part of the consolidated statement of cash flows at 31 December 2015.

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

Explanatory notes to the condensed consolidated financial statements for the year ended 31 December 2015

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 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, the environment, logistics, concessions and energy. The Company is therefore obliged to prepare, in addition to its own separate financial statements, the consolidated financial statements for the ACS Group, which include subsidiaries, interests in joint ventures and investments in associates.

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

- Basis of presentation

The condensed consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries (hereinafter, the ACS Group) for the year ended 31 December 2015 were approved by the directors of the Parent at its Board of Directors meeting held on 25 February 2016, and were prepared using the accounting records kept by the Parent and the other companies within the ACS Group.

The directors approved the 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 2014, prepared in accordance with International Financial Reporting Standards (IFRSs), which were authorised for issue on 24 March 2015 and approved by shareholders at the General Shareholders' Meeting held on 28 April 2015. 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 31 December 2015, 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 2015 may differ from those used by certain Group entities, the required adjustments and reclassifications were made on consolidation to unify such policies and bases and to make them compliant with International Financial Reporting Standards. In order to uniformly present the various items composing the consolidated financial information, the policies and measurement bases used by the Parent were applied to all the consolidated companies.

In preparing this consolidated financial information for the ACS Group for the year ended 31 December 2015, estimates were occasionally made by the senior executives of the Group and of the consolidated entities, later ratified by the directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates essentially refer to the same aspects detailed in the consolidated financial statements for the year ended 31 December 2014:

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

- The assumptions used in calculating liabilities and obligations to employees.
- The market value of the derivatives (such as equity swaps, put spreads, etc.)
- The useful life of the intangible assets and property, plant and equipment.
- The recoverability of deferred tax assets.
- Financial risk management.

Although these estimates were made using the best information available on the date when these 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*

The bases of consolidation applied in 2015 are consistent with those applied in the consolidated financial statements for 2014.

b) Entry into force of new accounting standards

The following mandatory standards and interpretations, already adopted in the European Union, came into force in 2015 and, where applicable, were used by the Group in these preparation of the consolidated financial statements:

(1) New standards, amendments and interpretations whose application is mandatory in the year beginning 1 January 2015:

Approved for use in the European Union		Mandatory application in the years beginning on or after:
IFRS 21 Levies (published in May 2013)	Guidance on when to recognise a liability for a levy imposed by a government.	Annual periods beginning on or after 17 June 2014 ⁽¹⁾
Improvements to IFRSs 2011-2013 cycle (published in December 2013)	Amendment to IFRS 3 Business combinations, regarding the scope for joint ventures; amendment to IFRS 13 Fair value, regarding the scope for the portfolio exemption; and amendment to IAS 40 Investment property, to clarify the interrelationship of IFRS 3.	1 January 2015 ⁽²⁾

- (1) 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.
- (2) The IASB date of entry into force was for annual periods beginning on or after 1 July 2014.

The application of the aforementioned new standards did not have a significant impact on the ACS Group.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning 1 January 2015 (applicable from 2016 onwards):

At the date of preparation of these 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 consolidated financial statements or because they had not yet been adopted by the European Union:

Approved for use in the European Union		Mandatory application in the years beginning on or after:
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (published in November 2013)	The amendments were issued to allow employee contributions to be deducted from the service cost in the same period in which they are paid, provided certain requirements are met.	1 February 2015 ⁽¹⁾
Improvements to IFRSs 2010-2012 cycle (published in December 2013)	Minor amendments to a series of standards.	1 February 2015 ⁽¹⁾
Amendments to IAS 16 and IAS 38 Acceptable Methods of Depreciation and Amortisation (published in May 2014)	Clarifies acceptable methods of depreciation of property, plant and equipment and amortisation of intangible assets, which do not include revenue-based methods	1 January 2016
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published in May 2014)	Specifies the accounting treatment for the acquisition of an interest in a joint operation that constitutes a business	1 January 2016

Approved for use in the European Union		Mandatory application in the years beginning on or after:
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published in June 2014)	Bearer plants will now be recognised at cost, rather than at fair value.	1 January 2016
Improvements to IFRSs 2012-2014 cycle (published in May 2014)	Minor amendments to a series of standards.	1 January 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements (published in August 2014)	An investor may now be accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IAS 1 Disclosure Initiative (December 2014)	A number of clarifications concerning disclosures (e.g. materiality, aggregation, order of notes, etc.).	1 January 2016
Not approved for use in the European Union		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)	1 January 2018
IFRS 9 Financial Instruments (last phase published in May 2014)	Replaces the IAS 39 requirements relating to the classification, measurement, recognition and derecognition of financial assets and liabilities, hedge accounting and impairment.	1 January 2018
IFRIC 16 Leases (published in January 2016)	New leases standard which replaces IAS 17. Lessees shall include all leases on the balance sheet as if they were financed purchases.	1 January 2019
Amendments to IFRS 10, IFRS 12, and IAS 28: Investment Entities (December 2014)	Clarifications concerning consolidation exceptions for investment companies.	1 January 2016
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published in September 2014)	Clarification regarding the results of these transactions if they are businesses or assets	Date undetermined

(1) The IASB date of entry into force was for annual periods beginning on or after 1 July 2014.

The Group is in the process of analysing the impact of these standards.

c) Contingent assets and liabilities

There were no significant changes in the Group's main contingent assets or liabilities in 2015.

d) Correction of errors

No significant error was corrected in the condensed consolidated financial statements for the year ended 31 December 2015.

e) Comparative information

The information contained in these condensed consolidated financial statements for the year ended 31 December 2014 is presented solely for comparison purposes with similar information relating to the year ended 31 December 2015. With regard to the comparative information, it should be taken into account that the business of John Holland and Thies Services & Leighton Contractors ("Services") was classified as discontinued operations at 31 December 2014, both owned by Cimic (formerly Leighton and a subsidiary of Hochtief) and sold in December 2014, as explained in Note 1.f), which meant that IFRS 5 Non-current Assets Held for Sale and Discontinued Operation was applied.

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

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

Non-current assets held for sale

31 December 2015

At 31 December 2015, non-current assets held for sale related mainly to certain assets relating to the renewable energy business and transmission lines that are included in the Industrial Services business segment, as well as the assets of PT Thiess Contractors in Indonesia from Hochtief, which are included in the Construction business segment. In addition to the aforementioned assets and associated liabilities, certain assets held for sale and liabilities associated with these assets from among ACS Group companies are also included as non-current assets and liabilities associated with non-current assets held for sale.

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. It should be noted that the renewable assets, which were classified as held for sale at 31 December 2015, 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. 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, the assets were actively sold 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.

The detail of the main assets held for sale and liabilities associated with these assets at 31 December 2015 is as follows:

	Thousands of euros			
	31/12/2015			
	Renewable energies	PT Thiess Contractors Indonesia	Other	Total
Property, plant and equipment	24	130,488	20,897	151,409
Intangible assets	-	-	591	591
Non-current assets in projects	397,989	-	53,511	451,500
Financial assets	-	-	4,818	4,818
Deferred tax assets	2,694	-	11,029	13,723
Other non-current assets	-	-	116,862	116,862
Current assets	58,115	27,793	34,675	120,583
Assets held for sale	458,822	158,281	242,383	859,486
Non-current liabilities	311,280	-	106,072	417,352
Current liabilities	6,781	32,682	67,909	107,372
Liabilities associated with assets held for sale	318,061	32,682	173,981	524,724
Non-controlling interests held for sale	(1)	-	(1,030)	(1,031)

The main changes in the year ended 31 December 2015, with regard to the assets included in the balance sheet at 31 December 2014, are due to the admission to listing of Saeta Yield, S.A. (an ACS Group company that holds various renewable energy assets that currently total 689 MW in operation distributed over 16 wind farms and 3 solar thermal plants, all of which are in Spain) and to the agreement reached during this period with the funds managed by the infrastructure investment fund Global Infrastructure Partners (GIP), which also acquired up to 24.0% of Saeta Yield, S.A. With this transaction, the ACS Group's ownership interest in Saeta Yield stands at 24.21%. By virtue of the same agreement, GIP also acquired a 49% ownership interest in a joint venture (Bow Power, S.L.), which at 31 December 2015 included three solar thermal plants in Spain as well as two wind farms located abroad that were classified as renewable energy assets held for sale at 31 December 2014 from the ACS Group's Industrial business area. The economic conditions of this ownership interest will be set based on the price at which the Saeta Yield, S.A. shares are offered on the market, and based on the specific assets acquired by the development company, respectively. This process demonstrates the ACS Group's commitment to selling the renewable assets. After the regulatory uncertainties were dispelled to levels acceptable to investors, with the approval of the most recent royal decrees in 2014, the process concluded with the effective sale of the assets classified as held for sale. Accordingly, certain assets were still classified as non-current assets held for sale at the reporting date, however the Group maintains its divestment commitment and estimates that they will be sold in the short term.

Consequently, the reduction in 2015 of the total value of the non-current assets held for sale amounting to EUR 2,962,648 thousand and the reduction in liabilities associated with these assets amounting to EUR 2,365,923 thousand corresponds mainly to the transaction described in the previous paragraph.

The amount relating to net debt included under assets held for sale and liabilities associated with these assets at 31 December 2015 totalled EUR 266,530 thousand (EUR 2,001,417 thousand at 31 December 2014) in renewable energies, EUR 39,964

thousand (EUR 43,477 thousand at 31 December 2014) in transmission lines, and EUR 130,479 thousand (EUR 168,389 thousand at 31 December 2014) 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.

In relation to the disposal transactions, the sale of the ownership interest in Saeta Yield, in accordance with the listing price, gave rise to a profit of EUR 13,649 thousand for the period. In accordance with this transaction, the remaining ownership interest (24.21%) was recognised at fair value, which gave rise to a profit of EUR 6,993 thousand. Likewise, the various sale transactions and contribution to Bow Power gave rise to a loss of EUR 35,731 thousand.

With regard to the carrying amount of the other assets related to renewable energies, the Group assessed their recoverable amount in accordance with the changes in the main factors affecting their valuation, and within the context of the purchase options granted to Saeta Yield, concluding that no impairment losses needed to be recognised.

The changes in the assets held for sale and liabilities associated with the assets of PT Theiss Contractors arose from reclassifying these assets to property, plant and equipment as they could no longer be classified as held for sale.

The main changes in 2014 were as follows:

- The sale in December 2014 of the ownership interest in John Holland and Thiess Services & Leighton Contractors ("Services"), both investees of Cimic, a subsidiary of Hochtief, which was included in the accompanying consolidated income statement as a discontinued operation.
- An agreement was reached in August 2014 with the Dutch fund manager DIF Infrastructure III, for the sale of 80% of the ACS Group's ownership interest in the following projects: Intercambiadores de Transporte de Madrid (Madrid Transportation Hubs) (via Desarrollo de Estacionamientos Públicos, S.L.), Hospital de Majadahonda, S.A., Hospital de Majadahonda Sociedad Explotadora, S.L., and Línea 9 Tramo IV, S.A. (Line 9 Section IV) (Barcelona Underground). This agreement was subject to the fulfilment of certain conditions precedent mainly related to obtaining the relevant administrative authorisations and authorisations from the entities financing the projects. Having fulfilled these conditions for the Intercambiadores de Transporte de Madrid and Línea 9 Tramo IV, S.A. assets, the sale transaction was completed in December. This gave rise to a total gain of EUR 47,085 thousand under "Impairment and gains or losses on disposal of financial instruments" in the accompanying consolidated income statement. This gain includes the effect of the revaluation of ACS' remaining ownership interest in these projects, as set forth in paragraphs 9 and 22 of IAS 28. Based on the shareholders' resolutions, the structure of the governing bodies, and the non-controlling position of ACS in these bodies, the loss of influence in the management of Intercambiadores de Transporte de Madrid and Línea 9 Tramo IV was considered to be significant.

In addition, on the same dates mentioned above, a Call Option & Co-Management Agreement was reached with the same investor regarding Autovía de la Mancha, S.A. Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concesionaria de la Generalitat de Catalunya, S.A., and Autovía de los Pinares, S.A. The effective date of this agreement was conditional upon concluding the sale of at least one of the three concession assets listed in the above paragraph. The agreement grants DIF Infrastructure III the option of purchasing 50% of the aforementioned companies during a period of five years. The price would be set at the time of exercising the option at the higher of the carrying amount of the investment in these concession operators and the market value thereof, as assessed by an independent third party. Furthermore, the agreement grants DIF Infrastructure III a veto right over any decision affecting the operations of the concession operators listed above during the period in which the call option remains in effect. The primary mechanisms through which this right is exercised are listed below:

With regard to the management of Autovía de La Mancha, S.A. Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Eix Diagonal Concesionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concesionaria de la Generalitat de Catalunya, S.A., and Autovía de los Pinares, S.A., DIF has the right to veto any decision concerning the following: (i) appointment, reappointment, removal or replacement of the CEO, CFO, and COO; (ii) approval of the distribution of dividends and reserves not approved in the business plan; (iii) any change in the business activity; (iv) approval of the business plan and approval of the budget (in the event of a lack of agreement between the parties, the business plan and budget from the previous year will be adopted, with a 3% increase); (v) refinancing, or restructuring or rebalancing agreements; (vi) changes in financial policies (hedges, leverage, etc.), among others.

Based on the provisions of paragraph 7 *et seq.* of IFRS 10, ACS considered that although signing the Call Option & Co-Management Agreement did not imply a change in ACS' exposure to yields from the investees, it did mean that ACS lost its capacity to manage the relevant activities of the concession operators, primarily due to DIF's veto right over activities significantly affecting the income from the investees. In the specific case of the concession operators, the activities most

affecting yields are those involving changes in the financing agreements or derivative instruments related to the financing agreements, and changes in the concession agreements (rebalancing); the investor has veto right over both of these.

This agreement therefore implied joint control of these projects by the investor and ACS. For that reason, since the agreement came into effect, the ACS Group recognised these ownership interests in consolidated accounts using the equity method. In those cases in which there was a change in the consolidation method, the cumulative effects on equity resulting from the fair valuation of the hedging instruments were recycled in the income statement. The aggregate amount of this recycling was EUR 73,341 thousand.

- Escal UGS, S.L., as a result of the waiver of the concession approved by Royal Decree-Law 13/2014, of 3 October, adopting urgent measures for the gas system and ownership of nuclear power plants.
- The sale of the ownership interest in Aurelis Real Estate at the end of January 2014 by Hochtief.

31 December 2014

At 31 December 2014, the lines of business relating to renewable energy assets and transmission lines were included under the Industrial business segment and the assets of PT Thiess Contractors were included in the Construction business segment. In addition to the aforementioned assets and associated liabilities, certain assets held for sale and liabilities associated with these assets from among ACS Group companies were also included as non-current assets and liabilities associated with non-current assets.

The detail of the main assets held for sale and liabilities associated with these assets at 31 December 2014 was as follows:

	Thousands of euros			
	31/12/2014			
	Renewable energies	PT Thiess Contractors Indonesia	Other	Total
Property, plant and equipment	20,136	150,994	30,807	201,937
Intangible assets	18,643	-	593	19,236
Non-current assets in projects	2,434,293	-	-	2,434,293
Financial assets	(87,158)	-	18,771	(68,387)
Deferred tax assets	166,105	-	11,617	177,722
Other non-current assets	-	-	204,157	204,157
Current assets	784,699	20,584	47,893	853,176
Assets held for sale	3,336,719	171,578	313,838	3,822,134
Non-current liabilities	2,409,815	-	155,957	2,565,772
Current liabilities	225,675	63,263	35,937	324,875
Liabilities associated with assets held for sale	2,635,490	63,263	191,894	2,890,647
Non-controlling interests held for sale	7,041	-	(2,291)	4,750

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 31 December 2015 and 31 December 2014, are as follows:

	Thousands of euros		
	31/12/2015		
	Renewable energies	Other	Total
Available-for-sale financial assets	-	-	-
Translation differences	8,054	(132,207)	(124,153)
Cash flow hedges	(1,631)	(5,126)	(6,757)
Valuation adjustments	6,423	(137,333)	(130,910)

	Thousands of euros		
	31/12/2014		
	Renewable energies	Other	Total
Available-for-sale financial assets	-	-	-
Translation differences	5,507	(6,726)	(1,219)
Cash flow hedges	(218,363)	(15,046)	(233,409)
Valuation adjustments	(212,856)	(21,772)	(234,628)

Discontinued operations

At 31 December 2015, there were no assets or liabilities relating to any discontinued operation.

The ownership interest in John Holland and Thiess Services & Leighton Contractors ("Services"), both investees of Cimic (a subsidiary of Hochtief, and formerly Leighton), was sold in December 2014 and was included in the consolidated income statement at 31 December 2014 as a discontinued operation.

The breakdown of the profit and loss from discontinued operations, including the effect of the depreciation of the assets assigned to the businesses sold in the PPA process carried out in 2011 by the ACS Group, in the year ended 31 December 2014 was as follows:

	Thousands of euros
	31/12/2014
	JH and the Service Business
Revenue	3,688,767
Operating expenses	(3,543,510)
Profit from operations	145,257
Profit before tax	155,715
Income tax	(35,919)
Profit after tax from discontinued operations	119,796
Profit/(Loss) attributable to non-controlling interests	(72,254)
Profit after tax and non-controlling interests	47,542
Profit before tax from the disposal of discontinued operations	569,240
Tax on the disposal of discontinued operations	(224,921)
Profit after tax from the disposal of discontinued operations	344,319
Profit/(Loss) attributable to non-controlling interests	(197,052)
Net profit from the disposal of discontinued operations	147,267
Profit after tax and non-controlling interests from discontinued operations	194,809

This sale transaction, which had yet to be collected as of 31 December 2014, amounting to EUR 1,108,112 thousand and included under "Receivables from the sale of discontinued operations" in the accompanying consolidated statement of financial position, was collected during the first few months of 2015.

g) Materiality

In determining 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, in accordance with IAS 34, took into account their materiality in relation to the condensed consolidated financial statements.

h) Events after the reporting date

On 17 December 2015, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. approved the distribution of the interim dividend of EUR 0.45 per share. The dividend was distributed by means of a flexible dividend system in February 2016. This process enabled ACS, Actividades de Construcción y Servicios, S.A. to acquire 44.25% of the bonus issue rights by virtue of the purchase commitment assumed by the company. A total of 2,941,011 shares were issued for the remaining shareholders, which were simultaneously redeemed in accordance with that approved at the General Shareholders' Meeting of 28 April 2015 (see Note 8.02).

i) Consolidated statement of cash flows

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

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

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

In preparing the consolidated statement of cash flows for 2015, under the section on cash flows from financing activities, "Proceeds and (payments) relating to equity instruments" includes, in addition to the acquisitions of ACS treasury shares, the increase in the ownership interest of Hochtief, A.G. through the investment made directly by ACS, Actividades de Construcción y Servicios, S.A. and the treasury shares purchased by Hochtief, A.G. In 2014 payments relating to equity instruments recognised under cash flows from financing activities also included the increase in the ownership interest in Cimic (which was mainly the result of the launch in March 2014 by Hochtief, A.G. of a proportional takeover bid as described in Note 1.k).

For comparison purposes, it should also be noted that the amounts effectively collected, net of the tax effect paid in relation to the amounts from the disposal of John Holland and from the Services business of Cimic amounting to EUR 934,017 thousand (AUD 1,325.9 million) were included as proceeds from disposals in the preparation of the consolidated statement of cash flows for 2015 and were recognised at 31 December 2014 under "Receivables from the sale of discontinued operations" in the accompanying consolidated statement of financial position.

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

	Thousands of euros	
	31/12/2015 (*)	31/12/2014
Finance income	(243,180)	(353,613)
Finance costs	776,632	1,036,007
Impairment and gains or losses on disposal of non-current assets	31,578	3,900
Results of companies accounted for using the equity method	(303,243)	(131,824)
Impairment of CIMIC accounts receivable	-	458,467
Impairment and gains or losses on disposal of financial instruments	(299,288)	(163,441)
Changes in fair value of financial instruments	(36,232)	(233,550)
Other effects	(16,615)	(10,123)
Total	(90,348)	605,823

(*) Unaudited figures

j) Changes in the scope of consolidation

The main changes in the scope of consolidation of the ACS Group (consisting of ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries) in the year ended 31 December 2015 are detailed in Appendix I.

Acquisitions, sales, and other corporate transactions

The following transactions were of particular note in 2015:

The shares of Saeta Yield, S.A., a company in which the ACS Group has a 24.21% ownership interest, began to be listed on the stock exchange in 2015. This company invests in energy infrastructure assets that are expected to generate highly stable and predictable cash flows, financed by long-term regulatory or contracted revenues. Initially, the Company's assets are wind farms and solar thermal plants in Spain, which were part of ACS' renewable energy backlog (see Note 1.f). In the future, the Company plans to expand its presence both in Spain and abroad, by acquiring other renewable or conventional electricity generation assets and electricity distribution and transmission assets, as well as any other infrastructure related to energy, in all cases with contracted or regulated revenues. These acquisitions will be conducted based on a Right of First Offer and Call Option Agreement.

In addition, the ACS Group has entered into an agreement with funds managed by the infrastructure investment fund Global Infrastructure Partners (GIP), under which, in addition to acquiring 24.0% of Saeta Yield, S.A., it acquired a 49% ownership interest in Bow Power, S.L., a company which included renewable energy assets from the Industrial business of the ACS Group, to which Saeta Yield, S.A. will hold right of first offer (see Note 1.f).

On 13 October 2015, the ACS Group acquired 4,050,000 shares of Hochtief, A.G., representing 5.84% of its share capital, at a price of EUR 77 per share. The total number of Hochtief, A.G. shares owned by the ACS Group following this acquisition totalled 46,118,122 shares, representing 66.54% of its share capital. This transaction, along with the treasury shares purchased by Hochtief, had an effect of EUR 116,958 thousand on consolidated reserves, as it was considered a transaction with non-controlling interests since the Group maintains control over the company.

In November 2015, the ACS Group sold 75% of its ownership interest of the 50% in the concession operator Nouvelle Autoroute 30, of Quebec (Canada), for a total business value of EUR 811 million and entered into a service agreement with the buyer, whereby the ACS Group will continue to manage 50% of the concession operator. The net gain (after tax) totalled EUR 16.5 million. Similarly, the ACS Group entered into a joint investment agreement with Teachers Insurance and Annuity Association of America for a total value of USD 665 million for the investment, financing and operation of infrastructure projects in North America, the primary asset of which is the aforementioned ownership interest in the Canadian concession operator, Nouvelle Aoutoroute 30.

In December 2015, the ACS Group sold 80% of its ownership interest in Servicios, Transportes y Equipamientos Públicos Dos, S.L., which in turn holds a 50% interest in the concession operator Línea 9 tramo II for the Barcelona Underground and in the company in charge of maintaining both section II and section IV of this underground line, the total business value of which was EUR 874 million, at a price of approximately EUR 110 million (subject to potential adjustments), and with a gain of approximately EUR 70 million recognised under "Gains and losses on disposal of financial instruments". This agreement is subject to the customary authorisations for these types of agreements.

The following transactions were of particular note in 2014:

As a result of the launch in March 2014 by Hochtief, A.G. of a proportional takeover bid over the Australian company Cimic Holdings Ltd in order to increase its current ownership interest from the 58.77% to a maximum of 73.82%, at an ex-dividend price per share of AUD 22.50, payable in cash, on 9 May 2014, once the offer period had ended, Hochtief, A.G. reached a 69.62% holding in Cimic, which represented a 10.85% increase on the ownership interest at 31 March 2014 and a disbursement of EUR 617 million, which impacted the ACS Group's equity as it was previously fully consolidated.

It is important to note the purchase in the second half of 2014 of a 25% ownership interest in Clece, S.A. from various funds managed by Mercapital Private Equity, thus voiding all previous contracts and agreements entered into with these funds concerning the management of the Clece Group, as well as the call option held by these funds on the ACS Group's ownership interest in Clece, S.A. Following this transaction, the ACS Group recovered control of the group and now holds 100% of Clece, S.A.'s share capital, which caused the company to be accounted for using the equity method rather than being fully consolidated. Therefore, for comparison purposes, it must be taken into account that the consolidated income statement for 2014, unlike the 2015 statement, included the profit for the first half of 2014 under "Results of companies accounted for using the equity method". On the other hand, the income and expenses for 2015 are recognised, according to the nature of these items, under the various headings of the consolidated income statement.

Pursuant to accounting standards (IFRS 3.42), the ACS Group assessed the fair value of the previous ownership interest upon full consolidation of the Clece Group. Regarding the fair value at the moment that control was obtained, the ACS Group did not consider that the price paid for the 25% purchased from the funds managed by Mercapital Private Equity represented the fair value of the ownership interest, given that the price paid for the purchased ownership interest included the cost of cancellation of the aforementioned call option held by the funds to 75% of Clece, as well as a premium for recovering control over the Clece Group. In addition, as part of the "Purchase Price Allocation" process, ACS produced a valuation of the Clece Group based on an assessment of the fair value.

At that time, in accordance with IFRS 3, it was necessary to conduct a valuation to separately recognise the goodwill, the fair value of the identifiable assets, and the liabilities assumed from the Clece Group ("Purchase Price Allocation" or PPA) at the date of acquisition. Pursuant to this standard, a provisional allocation was conducted, with a twelve-month period set forth therein, in order to conduct the definitive allocation of the purchase of the assets. The allocation of the identified assets and the liabilities assumed in the acquisition of Clece is as follows:

	Thousands of euros		
	Carrying amount	Allocation to assets	Fair value of assets
Property, plant and equipment	65,351	-	65,351
Investment property	662	-	662
Intangible assets	1,796	141,490	143,286
Other non-current assets	25,009	-	25,009
Current assets	339,541	-	339,541
Non-current liabilities	(14,794)	(42,447)	(57,241)
Current liabilities	(276,216)	-	(276,216)
Total net assets	141,349	99,043	240,392
Non-controlling interests	(4,923)	-	(4,923)
Fair value of the net assets acquired (100.00%)	136,426	99,043	235,469
Fair value of assets attributable to non-controlling interests			(1,942)
Fair value of the net assets of the acquirer			237,411
Fair value at the time of the takeover			353,313
Goodwill (Note 2.01)			115,902

- The main assets to which a higher value was attributed are from the services backlog and customer relations. The balances of these assets are amortisable based on their estimated useful life and, accordingly, their effect on amortisation in 2015 amounted to EUR 9,433 thousand (the effect in 2014 corresponded to the last six months of the year and amounted to EUR 4,698 thousand).
- There were no changes in the PPA. The sale of the revalued assets in the PPA did not have any effect on profit or loss in 2015.
- The Clece Group's sales in 2014 amounted to EUR 1,304,285 thousand and net profit attributable to the Parent was EUR 32,871 thousand.

The most notable disposals in 2014 include the sale of the ownership interest in the Seville Underground for EUR 60,149 thousand with a profit before tax of EUR 12,708 thousand, 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. In addition, in the second half of 2014 the company sold 80% of its ownership interest in various concession assets, such as Intercambiadores de Transportes de Madrid and Línea 9 Tramo IV of the Barcelona Underground, giving rise to a profit of EUR 47,085 thousand after tax, and in December 2014 it sold 100% of its interest in John Holland and 50% of the Cimic Services business for EUR 1,108,112 thousand (see Note 1.f).

k) 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.

l) Dividends paid by the Parent

On 15 January 2015, ACS, Actividades de Construcción y Servicios, S.A., in exercising the authority conferred by resolution of the Company's General Shareholders' Meeting held on 29 May 2014, and pursuant to the 18 December 2014 authorisation by the Board of Directors, resolved to carry out the second capital increase with a charge to reserves for a maximum of EUR 142 million (equal to EUR 0.45 per share). This was approved at the aforementioned General Shareholders' Meeting 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 period for negotiating the bonus issue rights relating to the second scrip, the irrevocable commitment to purchase rights assumed by ACS was accepted by holders of 40.46% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, on 12 February 2015 the following events took place:

- The dividend was determined to be a total gross amount of EUR 57,296,272 (EUR 0.45 per share) and was paid on 17 February 2015.
- The number of final shares subject to the capital increase was 2,616,408 for a nominal amount of EUR 1,308,204.

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 2014 for the entire fair value of the approved dividend, which

amounted to EUR 141,599 thousand, though the final amount was EUR 57,296 thousand. For this reason, EUR 84,303 thousand were reversed to the ACS Group's equity in 2015.

In addition, 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 28 April 2015, on 18 June 2015 the Company resolved to carry out the first capital increase, establishing the maximum reference value at EUR 224 million with a charge to the Company's reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company's shares. After the decision-making period granted to the shareholders, on 17 July 2015 the dividend was determined at a total gross amount of EUR 97,812,807.65 and was paid on 21 July.

On 4 January 2016, ACS, Actividades de Construcción y Servicios, S.A., in exercising the authority conferred by resolution of the Company's General Shareholders' Meeting held on 28 April 2015, and pursuant to the 17 December 2015 authorisation by the Board of Directors, resolved to carry out the second capital increase with a charge to reserves for a maximum of EUR 142 million (equal to EUR 0.45 per share). This was approved at the aforementioned General Shareholders' Meeting 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 period for negotiating the bonus issue rights relating to the second scrip, the irrevocable commitment to purchase rights assumed by ACS was accepted by holders of 44.25% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, on 30 January 2016 the following events took place:

- The dividend was determined to be a total gross amount of EUR 61,816,692.98 (EUR 0.444 per share) and was paid on 03 February 2016.
- The number of final shares subject to the capital increase was 2,941,011 for a nominal amount of EUR 1,470,505.50.

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 2015 for the entire fair value of the approved dividend, which amounted to EUR 139,711 thousand, though the final amount was EUR 61,817 thousand. For this reason, EUR 77,894 thousand were reversed to the ACS Group's equity in 2016.

In 2014, 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, 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 EUR 142 million 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. 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 EUR 69,472,569.48 (EUR 0.446 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 EUR 1,281,423.
-

The ACS Group recognised the maximum amount of the possible liability at this date under "Other current liabilities" in the statement of financial position at 31 December 2013 for the entire fair value of the approved dividend, which amounted to EUR 140,970 thousand, though the final amount was EUR 69,473 thousand. For this reason, EUR 71,497 thousand were reinvested in the ACS Group's equity in 2014.

In addition, 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 29 May 2014, on 18 June 2014 the Company resolved to carry out the first capital increase, establishing the maximum reference value at EUR 224 million with a charge to the Company's reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company's shares. After the decision-making period granted to the shareholders, on 17 July 2014 the dividend was determined at a total gross amount of EUR 90,965,191.36 and was paid on 22 July.

m) Earnings per share from continuing 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:

	31/12/2015 (*)	31/12/2014	Change (%)
Net profit for the year (thousands of euros)	725,322	717,090	1.15
Weighted average number of shares outstanding	308,516,473	310,969,083	(0.79)
Basic earnings per share (Euros)	2.35	2.31	1.73
Diluted earnings per share (Euros)	2.35	2.31	1.73
Profit after tax and non-controlling interests from discontinued operations (thousands of euros)	-	194,809	n/a
Basic earnings per share from discontinued operations (Euros)	-	0.63	n/a
Basic earnings per share from continuing operations (Euros)	2.35	1.68	39.88
Diluted earnings per share from discontinued operations (Euros)	-	0.63	n/a
Diluted earnings per share from continuing operations (Euros)	2.35	1.68	39.88

(*) Unaudited

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 31 December 2015, as a result of the capital increase and reduction of February 2016 by the same number of shares, the basic and diluted earnings per share from continuing operations for 2015 are the same.

2.- Intangible assets**2.01. Goodwill**

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

	Thousands of euros	
	31/12/2015	31/12/2014
Parent	780,939	780,939
Construction	1,798,342	1,797,656
Industrial Services	91,955	76,888
Environment	243,905	238,739
Total	2,915,141	2,894,222

In accordance with the table above, the most significant goodwill is the result of the full consolidation of Hochtief, A.G., amounting to EUR 1,388,901 thousand, and the result of the merger of the Parent with Grupo Dragados, S.A., which amounted to EUR 780,939 thousand.

There were no significant changes in goodwill in 2015.

The most relevant addition to goodwill in 2014 related to the acquisition of 25% of Clece, amounting to EUR 115,902 thousand (see Note 1.j). Also noteworthy was the sale of John Holland and 50% of the Cimic Services business, which led to a decrease of EUR 44,900 thousand in the goodwill associated with the purchase of Hochtief, in addition to the assets allocated as the value of the construction backlog and associated customer relations under "Other intangible assets" in the accompanying consolidated statement of financial position, for the amount of EUR 195,182 thousand (see Note 2.02).

As regards goodwill, each year the ACS Group compares the carrying amount of the related company or cash-generating unit (CGU) against its value in use, determined by the discounted cash flow method.

In relation to the goodwill generated by the purchase of Hochtief, A.G. in 2011, in accordance with IAS 36.80, this goodwill was allocated to the main cash-generating units, Hochtief Asia Pacific and Hochtief Americas. The amount of goodwill allocated to the cash-generating unit (CGU) Hochtief Asia Pacific amounts to EUR 1,102 million, while the Hochtief Americas CGU was allocated EUR 287 million. In 2015 the ACS Group assessed the recoverability of this goodwill.

For the Hochtief goodwill allocated to the business conducted in the Asia Pacific region, the ACS Group based its preparation of the impairment test on internal projections for 2016 to 2018 made according to the Hochtief business plan for this division, as well as estimates for the 2019-2020 period, discounting free cash flows at a weighted average cost of capital (WACC) of 9.47% and using a perpetual growth rate of 2.5%. The weighted average cost of capital (WACC) entails a premium on the profitability of the long-term interest rate (Australian Bond 10-year rate) published by Factset on 31 December 2015, at 665 basis points. Likewise, the perpetual growth rate used corresponds to the CPI estimated for Australia for 2020 published by the IMF in its World Economic Outlook in October 2015.

The internal business projections for the Asia Pacific business are based on historical data and internal forecasts by Hochtief for the Asia Pacific region up to December 2018; for the 2019-2020 period, estimates in line with forecasts for previous years are used.

In terms of the sensitivity analysis of the impairment test for the goodwill allocated to Hochtief's Asia Pacific business, the most relevant aspects are that the goodwill test would bear a discount rate up to approximately 17.4%, representing a range of approximately 800 basis points, as well as a perpetual growth rate of minus 9%. Furthermore, it would bear an annual drop in cash flows of approximately -75% compared to projected cash flows.

In addition, this value was compared with that obtained by discounting the average free cash flows based on the projections of the Cimic analysts, using the same WACC and the same perpetual growth rate, and it was concluded that there are no impairment losses in any of the scenarios analysed.

In the case of the Hochtief Americas CGU, the following basic assumptions were used:

- Projections used for five years, until 2018 according to the Hochtief business plan for the division and estimates for the 2019-2020 period.
- Perpetual growth rate of 2.4%, according to IMF estimates of the 2020 U.S. CPI, according to the World Economic Outlook report published by the IMF in October 2015.
- Discount rate of 8.8%.

In terms of the sensitivity analysis of the impairment test for the goodwill allocated to Hochtief's Americas business, the most relevant aspects are that the goodwill test, even assuming a cash position of zero euros, would bear a discount rate of approximately 30%, representing a range of 2,100 basis points, as well as a perpetual growth rate of minus 5%. Furthermore, it would bear an annual drop in cash flows of more than 70% compared to projected cash flows.

In addition, this figure was compared with valuations by analysts at this division of Hochtief, with the conclusion that there is no impairment of this value in any of the scenarios analysed. It should also be noted that the stock market price at 31 December 2015 (EUR 85.87 per share) was significantly higher than the average consolidated carrying amount.

Along with the goodwill generated by the full consolidation of Hochtief, A.G. mentioned above, the most relevant goodwill was that resulting from the merger with Dragados Group in 2003 for EUR 780,939 thousand. This goodwill was based on the excess amount paid compared to the value of the assets at the date of acquisition, and is mainly allocated to cash-generating units in the Construction and Industrial Services businesses, as follows:

Cash-generating unit	Goodwill allocated (Thousands of euros)
Construction	554,420
Industrial Services	188,720
Services and Concessions	37,799
Total goodwill	780,939

The goodwill generated by the merger with Grupo Dragados, S.A. is based on the excess amount paid compared to the value of the assets at the date of acquisition and is mainly allocated to the cash-generating units in the Construction (Dragados), Environment (Urbaser) and Industrial Services businesses.

In 2015 and 2014 the Company assessed the recoverability of such goodwill in accordance with an impairment test performed in the fourth quarter based on the September figures for each year; and no issues arose in the fourth quarter that might have had a significant impact on this impairment test.

For the valuation of the various business generating units, in the case of Dragados Construcción, Industrial Services, and the Environment business, the valuation was conducted with the discounted cash flow method.

The discount rate used in each business unit is its weighted average cost of capital. The following are used to calculate the discount rate for each business unit: the Spanish 10-year bond yield; the unleveraged beta of the sector according to Damodaran, releveraged by the target debt of each business unit; and the market risk premium according to Damodaran. The cost of gross debt is the consolidated effective real cost of the debt for each business unit at September 2015 and the tax rate used is the Spanish theoretical rate. The perpetual growth rate (g) used is the increase in the 2020 CPI for Spain according to the IMF's October 2015 report.

The key assumptions used in the valuation of the most relevant cash-generating units are as follows:

- Dragados Construcción:
 - Sales: compound annual growth rate for the 2015-2020 period of 1.5%.
 - EBITDA margins: 2016-2020 average margin of 7.0% and terminal margin of 7%.
 - Amortisation/Operating investments: convergence to a sales ratio of up to 1.2% in the last projected year.
 - Working capital: maintenance of the days of working capital for the period, calculated based on the end of September 2015.
 - Perpetual growth rate of 1.5%.
 - Discount rate of 6.4%.
- Industrial Services:
 - Sales: compound annual growth rate for the 2015-2020 period of 1.3%.
 - EBITDA margins: 2016-2020 average margin of 10.1% and terminal margin of 10%.
 - Amortisation/Operating investments: convergence to a sales ratio of up to 1.6% in the last projected year.
 - Working capital: maintenance of the days of working capital for the period, calculated based on the end of September 2015.
 - Perpetual growth rate of 1.5%.
 - Discount rate of 6.4%.

Upon performing the impairment tests of each of the cash-generating units with goodwill resulting from the merger with Dragados Group in 2003, based on the above assumptions, it was determined that in none of the cases is the estimated recoverable amount of the cash-generating unit less than its carrying amount; therefore, there is no evidence of impairment of this carrying amount.

Furthermore, for all divisions a sensitivity analysis was performed considering different scenarios for the two key parameters in determining value by discounting cash flows: the perpetual growth rate (g) and the discount rate used (weighted average cost of capital) for each of the cash-generating units. No need to recognise an impairment was demonstrated in any reasonable scenario. By way of example, the impairment tests of the main cash-generating units, such as Dragados Construction and Industrial Services, bear increases in the discount rates of 750 and 1,700 basis points, respectively, without becoming impaired. The aforementioned tests also bear decreases in the estimated cash flows of 60% for Dragados Construcción and 80% for Industrial Services.

Accordingly, the directors feel that the sensitivity levels of the aforementioned tests with regard to key assumptions are within a sufficiently comfortable range that allowed them to conclude that there were no impairment losses in 2015 or 2014.

The remaining goodwill, excluding that generated by the merger between ACS and the Dragados Group and the goodwill resulting from the full consolidation of Hochtief A.G., is highly fragmented. Thus, in the case of the Industrial business, the total goodwill accounted for is EUR 91,955 thousand (EUR 76,888 thousand at 31 December 2014), which relates to 30 companies in this business area. The most significant goodwill is that resulting from the acquisition of Midasco, Llc. for EUR 18,065 thousand (EUR 16,218 thousand at 31 December 2014).

In the Environment business, the total amount is EUR 243,905 thousand (EUR 238,739 thousand at 31 December 2014), from over 50 different companies. The largest part is that resulting from the purchase of 25% of Clece, mentioned above, for EUR 115,902 thousand, followed by the part from the share of the non-controlling interests in Tecmed, now integrated into Urbaser, amounting to EUR 38,215 thousand.

In the Construction business, the most notable goodwill, in addition to that arising from the full consolidation of Hochtief, A.G., relates to the acquisitions of Pol-Aqua for EUR 11,067 thousand (EUR 14,572 thousand at 31 December 2014), Pulice for EUR 56,948 thousand (EUR 51,125 thousand at 31 December 2014), John P Picone for EUR 49,785 thousand (EUR 44,694 thousand at 31 December 2014) and Schiavone for EUR 54,982 thousand (EUR 49,360 thousand at 31 December 2014) and J.F. White for EUR 7,448 thousand (EUR 19,645 thousand at 31 December 2014 from the acquisition made in 2014). With the exception of the Pol-Aqua goodwill, which was partially impaired in 2015 for EUR 3,670 thousand and in 2014 for EUR 10,000 thousand, and the reallocation of the assets of J.F. White for EUR 12,164 thousand, the differences in goodwill are produced by the translation difference with the US dollar.

In these businesses, the impairment tests are calculated based on similar assumptions to those described for each business, or, in the case of the Dragados Group goodwill, taking into account the necessary clarifications based on the particularities, geographic markets, and specific circumstances of the companies concerned.

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units or groups of cash-generating units to which the goodwill is allocated will make it possible to recover the carrying amount of the goodwill recognised at 31 December 2015 and 2014.

The impairment losses in relation to goodwill for the ACS Group in 2015 amounted to EUR 4,088 thousand (EUR 19,366 thousand in 2014).

2.02. Other intangible assets

The additions in 2015 amounted to EUR 48,642 thousand (EUR 36,595 thousand in 2014), relating mainly to the Environment business in the amount of EUR 21,493 thousand (EUR 7,285 thousand in 2014), Dragados in the amount of EUR 8,008 thousand (EUR 1,202 thousand in 2014), Hochtief in the amount of EUR 11,812 thousand (EUR 25,714 thousand in 2014), and the Industrial Services business in the amount of EUR 5,117 thousand (EUR 2,152 thousand in 2014).

At 31 December 2014, this heading most notably included the allocation at fair value of intangible assets of Clece amounting to EUR 141,490 thousand included under "Other intangible assets" (see Note 1.j). Business combinations have been concentrated in businesses characterised by having a significant customer backlog, among other characteristics, thereby establishing ongoing relations with their most significant clients. In these cases, the ACS Group considers that, pursuant to IFRS 3, part of the gain paid should be allocated to contractual relations with customers. This valuation entails the creation of an intangible asset, which must be amortised over the period in which it is deemed that this contractual relation will be maintained, proportionally to the estimated cash flows.

In connection with the sale of John Holland and Thiess Services & Leighton Contractors ("Services"), both investees of Cimic as described in Notes 1.e) and 1.f), the assets primarily related to the value of the construction backlog and customer relations associated thereto have been derecognised. These were identified and allocated as a result of the Price Purchase Allocation (PPA) made when goodwill arose in the process of the first full consolidation of Hochtief. The amount of derecognised assets in this regard amounted to EUR 195,182 thousand.

The losses incurred in 2015 on the value of items classified under "Other intangible assets" amounting to EUR 1,056 thousand and relating to the Construction business were recognised under "Impairment and gains or losses on disposal of non-current assets" in the accompanying consolidated income statement. The losses incurred in 2014 on the value of items classified under "Other intangible assets" amounting to EUR 560 thousand and relating to the Construction business were recognised under "Impairment and gains or losses on disposal of non-current assets" in the accompanying consolidated income statement. Losses in value have not been carried forward into the income statements for 2015 or 2014.

3.- **Property, plant and equipment**

In 2015 and 2014 items of property, plant and equipment were acquired for EUR 560,692 thousand and EUR 798,520 thousand, respectively.

The most noteworthy additions in 2015 relate to the Construction business amounting to EUR 332,408 thousand, mainly from Hochtief for EUR 264,017 thousand as a result of acquiring machinery for Cimic's mining operations, to the Environment business for EUR 126,928 thousand, primarily due to the acquisition of machinery and equipment, and to the Industrial Services business for EUR 101,179 thousand for the acquisition of machinery and equipment to carry out new projects.

The most noteworthy additions in 2014 related to the Construction business amounting to EUR 609,653 thousand, mainly from Hochtief as the result of acquiring equipment for Cimic's mining operations for EUR 565,243 thousand, to the Environment business for EUR 127,990 thousand, primarily due to the incorporation of Clece and the acquisition and renovation of machinery and equipment, and the Industrial Services business for EUR 60,860 thousand for the acquisition of machinery and equipment to carry out new projects.

In addition, there was an increase under "Plant and machinery" in the amount of EUR 91,951 thousand as a result of recognising the assets of PT Thiess Contractors Indonesia as assets held for sale in 2015.

Similarly, assets were also sold in 2015 and 2014 for a total carrying amount of EUR 265,231 thousand and EUR 199,126 thousand, respectively, which did not give rise to significant profit or loss as a result of the disposals. The most significant decreases in 2015 relate to Hochtief as a result of the disposals in various companies. Accordingly, the most significant disposal in 2014 related to the sale of Streif Baulogistik assets (Hochtief Europe).

At 31 December 2015, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment for EUR 185,502 thousand, corresponding most notably to the investment commitments for the post-closure sealing and maintenance of the landfills of KDM (Chile), Servicios de Aguas de Misiones, S.A. and the waste treatment plants of Tratamiento Integral de Residuos Zonzamas, S.A.U. and UTE Dehesas. The commitments entered into at 31 December 2014 amounted to EUR 29,633 thousand.

The impairment losses recognised in the consolidated income statement at 31 December 2015 amount to EUR 8,271 thousand and mainly relate to Cobra Gestión de Infraestructuras and the sale and impairment of Dragados machinery (EUR 2,355 thousand at 31 December 2014 relating mainly to the sale and impairment of Dragados machinery). No impairment losses were reversed or recognised in the income statement in 2015 or 2014.

4.- **Non-current assets in projects**

The balance of "Non-current assets in projects" in the consolidated statement of financial position at 31 December 2015, 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 2014. 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 project investments made by the ACS Group at 31 December 2015 are as follows:

Type of infrastructure	End date of operation	Thousands of euros		
		Investment	Accumulated amortisation	Carrying amount of non-current assets in projects
Waste treatment	2019 - 2040	573,991	(146,521)	427,470
Motorways/roads	2020 - 2026	185,678	(44,394)	141,284
Police stations	2024 - 2032	61,295	-	61,295
Wind farms	-	25,292	(10,805)	14,487
Water management	2028 - 2033	36,498	(12,438)	24,060
Power transmission	2040 - 2044	13,266	-	13,266
Other infrastructures	-	21,533	(821)	20,712
Total		917,553	(214,979)	702,574

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

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

Type of infrastructure	End date of operation	Thousands of euros		
		Investment	Accumulated amortisation	Carrying amount of non-current assets in projects
Waste treatment	2020 - 2040	326,603	(101,093)	225,510
Motorways/roads	2026	185,648	(44,368)	141,280
Water management	2028	33,589	(12,439)	21,150
Total		545,840	(157,900)	387,940

The concession assets identified as financial assets, as a result of the Group not assuming demand risk, are as follows:

Type of infrastructure	End date of operation	Thousands of euros
		Collection rights arising from concession arrangements
Waste treatment	2040	138,977
Police stations	2024 - 2032	61,295
Power transmission	2040 - 2044	13,266
Water management	2032 - 2033	2,910
Other infrastructures	-	14,804
Total		231,252

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 is as follows:

Type of infrastructure	End date of operation	Thousands of euros		
		Investment	Accumulated amortisation	Carrying amount of non-current assets in projects
Waste treatment	2019 - 2032	108,411	(45,428)	62,983
Wind farms	-	25,292	(10,805)	14,487
Motorways/roads	2026	30	(26)	4
Solar thermal plants	-	-	-	-

Other infrastructures	-	6,728	(820)	5,908
Total		140,461	(57,079)	83,382

Simultaneously, there are concession assets that are not financed by project finance amounting to EUR 306,858 thousand (EUR 307,834 thousand at 31 December 2014) which are recognised as "Other intangible assets".

In 2015 and 2014, investments were made in non-current assets in projects for EUR 31,058 thousand and EUR 143,468 thousand, respectively.

The main non-current assets in projects in 2015 correspond to the Industrial Services business for EUR 23,304 thousand, primarily in wind farms amounting to EUR 19,016 thousand (EUR 61,268 thousand in 2014), and to the Environment business in waste treatment amounting to EUR 15,070 thousand (EUR 44,125 thousand in 2014). Besides the aforementioned investments, there were no significant changes in the scope of consolidation in 2015. In 2014 the entrance of Ecoparc del Besós into the scope of consolidation implied an addition of EUR 97,722 thousand to this heading of the statement of financial position.

There were no significant disposals in 2015 or 2014.

Impairment losses in the consolidated income statement at 31 December 2015 amounted to EUR 41,863 thousand (EUR 53,009 thousand at 31 December 2014). No impairment losses were reversed in either 2015 or 2014.

At 31 December 2015 and 31 December 2014, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 40,330 thousand and EUR 17,010 thousand, respectively, which mainly relate to the Group's current concession agreements.

The financing relating to non-current assets in projects is explained in Note 10. The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under "Other current financial assets" (see Note 6).

5.- 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 31 December 2015 and 2014 is as follows:

Line of business	Thousands of euros					
	31/12/2015			31/12/2014		
	Share of net assets	Profit for the period	Total carrying amount	Share of net assets	Profit for the period	Total carrying amount
Construction	806,344	274,527	1,080,871	755,621	106,069	861,690
Industrial Services	736,672	12,585	749,257	263,965	6,805	270,770
Environment	70,468	14,960	85,428	80,022	18,950	98,972
Corporate unit and adjustments	(9,829)	1,171	(8,658)	(176)	-	(176)
Total	1,603,655	303,243	1,906,898	1,099,432	131,824	1,231,256

- Construction

The investments from the Hochtief Group accounted for using the equity method for EUR 990,945 thousand (EUR 722,425 thousand at 31 December 2014) are the most notable in the Construction business at 31 December 2015 and 31 December 2014. The increase is mainly due to the investments made in joint ventures by Hochtief in America and Australia.

The ownership interest in the Seville Underground was sold in 2014 for EUR 60,149 thousand with a profit before tax of EUR 12,708 thousand. In addition, in 2014 Autovía de la Mancha, S.A., Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brion, S.A., Eix Diagonal Concesionaria de la Generalitat de Catalunya, S.A., and Reus-Alcover Concesionaria de la Generalitat de Catalunya, S.A. were accounted for using the equity method after the end of the co-management agreement described in Note 1.f.

In 2015 the provisions associated with the PPA in the amount of EUR 186,612 thousand were reversed, since the risks with which they were associated were considered to have disappeared.

- Industrial Services

As a result of the agreements entered into with GIP described in Note 1.f), the shares of Saeta were admitted to listing and a joint venture (Bow Power, S.L.) was incorporated in 2015. Therefore, the assets that were recognised as held for sale included in these companies were accounted for using the equity method, which gave rise to an increase of EUR 324,659 thousand.

With regard to the potential impairment of the shareholding in Saeta Yield, S.A., it should be noted that the ACS Group has a 24.21% ownership interest in Saeta Yield. At 31 December 2015, the carrying amount of the ownership interest in Saeta Yield in the ACS Group's consolidated financial statements reached EUR 10.31/share and the market price at this date amounted to EUR 8.60/share. Since Saeta's market price was below the carrying amount of the ownership interest in the ACS Group, the Company considered the possibility that there were indications of impairment on this shareholding and, therefore, it performed the relevant impairment tests using the figures at 30 September 2015:

- For the purpose of carrying out this impairment test, the Company used a valuation obtained by discounting dividends based on the public information on the company and external information on the markets.
- The dividend announced by the company for 2016, the estimates on dividends per share set by Factset for 2017-2018 and estimates made for 2019-2020 in line with perpetual growth estimates were used for this purpose. A cost of capital (Ke) of 6.98% (risk premium of 5.75% according to Damodaran, 10-year Spanish bond of 1.89%, average deleveraging beta of the sector according to Factset, releveraged by the average debt of the sector) and a perpetual growth rate (g) of 1.50% (IMF growth estimates for the CPI in Spain for 2020) was used as the discount rate.
- The result is greater than the carrying amount of Saeta's ownership interest in the ACS Group and, therefore, no indications of impairment were detected on the shareholding in Saeta.
- However, a sensitivity analysis was performed with regard to changes in the discount rate (from 6% to 8.5%) and the perpetual growth rate for dividends (from 3.5% to 0.5%), whereby the discount rate and dividends growth rate are able to bear a reduction of approximately 100 basis points.

- Environment

There were no significant changes in 2015 following the purchase in the second half of 2014 by the ACS Group of an ownership interest of approximately 25% of Clece, S.A. from various funds managed by Mercapital Private Equity; all previous contracts and agreements entered into regarding Clece with these funds have been rendered null and void.

6.- Financial assets

a) Composition and breakdown

The breakdown of the Group's financial assets at 31 December 2015 and 31 December 2014, by nature and category for valuation purposes, is as follows:

	Thousands of euros			
	31/12/2015		31/12/2014	
	Non-current	Current	Non-current	Current
Equity instruments	290,940	658,116	785,220	86,254
Loans to associates	1,018,464	112,544	1,009,517	112,599
Other loans	453,124	290,576	318,971	86,560
Debt securities	1,215	721,041	1,565	983,584
Other financial assets	376,970	529,036	112,432	623,689
Total	2,140,713	2,311,313	2,227,705	1,892,686

b) Iberdrola

The Group's most significant equity instruments relate to Iberdrola.

At 31 December 2015, the ACS Group held 89,983,799 shares representing 1.4% of the share capital of Iberdrola, S.A. at that date (88,921,671 shares representing 1.4% of the share capital of Iberdrola, S.A. at 31 December 2014). The average consolidated cost amounts to EUR 4.174 per share and EUR 4.147 per share at 31 December 2015 and 31 December 2014, respectively.

The ownership interest in Iberdrola is recognised at its market price at the end of each year (EUR 6.550 per share at 31 December 2015 and EUR 5.597 per share at 31 December 2014) amounting to EUR 589,394 thousand (EUR 497,695 thousand at 31 December 2014). At 31 December 2015 and 31 December 2014, a positive valuation adjustment of EUR 152,683 thousand and EUR 90,254, respectively and net of the related tax effect, was recognised in equity under "Valuation adjustments - Available-for-sale financial assets".

The shares, which are recognised as current equity instruments in the accompanying consolidated statement of financial position at 31 December 2015, are pledged as collateral for bonds convertible into Iberdrola shares issued through ACS Actividades Finance B.V. and ACS Actividades Finance 2 B.V. at 31 December 2015 and 31 December 2014 (see Note 10), finally maturing for EUR 297,600 thousand in October 2018 and EUR 235,300 thousand in March 2019, respectively, and the bondholders have the option of early cancellation under certain conditions.

The most significant transaction in 2015 in relation to the ownership interest in Iberdrola was the cancellation of the equity swap entered into with Natixis for 164,352,702 shares of Iberdrola, S.A. (see Note 11), in which the ACS Group holds the usufruct right on these shares. At 31 December 2015, the ACS Group therefore only had a put spread with an underlying asset relating to 158,655,797 shares of Iberdrola, S.A., which implies limited exposure for the ACS Group to market fluctuations of this company's shares, which are measured at the reporting date at market value, with any changes taken to profit or loss. The market value at 31 December 2015, whereby the market price of Iberdrola exceeded the maximum exercise value of the put spread by more than 30%, means that a liability was not recognised in this connection, which was also the case at 31 December 2014 (see Note 11).

The most significant transaction in 2014 in relation to the ownership interest in Iberdrola was the issue of EUR 405,600 in bonds exchangeable for Iberdrola shares, maturing on 27 March 2019 and with an annual fixed interest rate of 1.625%. In December 2014, the ACS Group subsequently made an offer for early exchange of the bond issues exchangeable for shares of Iberdrola, S.A., for both the bond issue of ACS Actividades Finance B.V. for EUR 721,100 thousand and for the bond issue of ACS Actividades Finance 2 B.V. for EUR 405,600 thousand. As a result of that offer, for the bond issue by ACS Actividades Finance B.V., bonds amounting to EUR 423,500 thousand were exchanged, with EUR 297,600 thousand outstanding after the exchange. For the bond issue by ACS Actividades Finance 2 B.V., bonds amounting to EUR 170,300 thousand were exchanged, with the amount of EUR 235,300 thousand outstanding following the exchange. In order to cover these cancellations, 100,906,096 Iberdrola shares were delivered to the bondholders.

In relation to the impairment of the investment in Iberdrola, given that at 31 December 2015 and 31 December 2014, 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 31 December 2015 and 31 December 2014, the ACS Group had a 17% ownership interest in the share capital of Xfera Móviles, S.A. through ACS Telefonía Móvil, S.L.

The carrying amount of the ownership interest in Xfera amounted to EUR 198,376 thousand at 31 December 2015 and 2014, 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" for EUR 119,170 thousand, 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 2015, 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 2020, using the weighted average cost of capital (WACC) of 7.96% as the discount rate and a perpetual growth rate of 1.5% in accordance with the 2020 Spanish CPI made by the IMF. A sensitivity analysis was also performed taking into consideration different discount rates, a perpetual growth rate and deviations in the business plan estimates for the company. The impairment test is sensitive to variations in its key assumptions, but both in the baseline and in the rest of the scenarios considered with a reasonable degree of sensitivity, the recoverable value of this investment would be above its carrying amount.

d) Loans to associates

“Non-current loans to associates” relates mainly to the loans granted to Habtoor Leighton Group amounting to EUR 487,544 thousand (EUR 436,679 thousand at 31 December 2014).

Likewise, at 31 December 2015 non-current loans granted in euros (net of the associated provisions) were granted to Eix Diagonal for EUR 157,490 thousand (EUR 150,843 thousand at 31 December 2014), Celtic Road Group (Waterford and Portlaoise) for EUR 45,566 thousand (EUR 45,566 thousand at 31 December 2014), Autovía del Pirineo for EUR 54,581 thousand (EUR 39,186 thousand at 31 December 2014), Circunvalación de Alicante, S.A. for EUR 15,655 thousand (EUR 15,888 thousand at 31 December 2014), and Infraestructuras y Radiales, S.A. for EUR 29,538 thousand (EUR 29,629 thousand at 31 December 2014).

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 2014 were not significantly changed.

e) Other loans

Non-current loans include mainly the debt that continues to be refinanced to local corporations amounting to EUR 117,201 thousand at 31 December 2015 (EUR 55,380 thousand at 31 December 2014) and the participating loans to Xfera Móviles, S.A., amounting to EUR 119,170 thousand at 30 June 2014 and 31 December 2014.

f) Debt securities

At 31 December 2015, 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 EUR 510,717 thousand (EUR 658,082 thousand at 31 December 2014). Other amounts that are noteworthy of mention include those held by Urbaser amounting to EUR 129,427 thousand (EUR 206,632 thousand at 31 December 2014) and Cobra amounting to EUR 46,032 thousand (EUR 84,964 thousand at 31 December 2014).

g) Other financial assets

At 31 December 2015, “Other financial assets” included short-term deposits amounting to EUR 296,088 thousand (EUR 398,756 thousand at 31 December 2014). This amount includes the amounts provided to cover certain derivatives arranged by the Group totalling EUR 203,347 thousand (EUR 222,566 thousand at 31 December 2014) (see Note 11). These amounts earn interest at market rates and their availability is restricted and depends on compliance with coverage ratios.

h) Impairment losses

There were no significant impairment losses in 2015 or 2014. There were no significant reversals of impairment losses on financial assets in 2015 or 2014.

7.- Inventories

The detail of "Inventories" is as follows:

	Thousands of euros	
	31/12/2015	31/12/2014
Goods held for resale	197,199	217,586
Raw materials and other supplies	334,224	305,815
Work in progress	683,563	800,770
Finished goods	41,524	18,228
By-products, waste and recovered materials	378	268
Advances to suppliers and subcontractors	211,030	179,688
Total	1,467,918	1,522,355

Inventories at 31 December 2015 mostly relate to the EUR 767,760 thousand (EUR 919,505 thousand at 31 December 2014) contributed by the Hochtief Group, including work in progress amounting to EUR 614,388 thousand (EUR 753,619 thousand at 31 December 2014), and mainly real estate (land and buildings), of Hochtief and its Australian subsidiary Cimic, of which EUR 322,703 thousand were restricted at 31 December 2015 (EUR 455,208 thousand at 31 December 2014). In addition to the aforementioned restrictions, no inventories were pledged and/or mortgaged as collateral for the repayment of debts at 31 December 2015 (EUR 6,479 thousand at 31 December 2014).

Impairment losses on inventories recognised and reversed in the consolidated income statement for 2015, relating to the various ACS Group companies, amounted to EUR 4,879 thousand and EUR 2,364 thousand, respectively (EUR 3,159 thousand and EUR 197 thousand in 2014).

8.- Equity**8.01. Share capital**

At 31 December 2015 and 31 December 2014, the share capital of the Parent amounted to EUR 157,332 thousand and was represented by 314,664,594 fully subscribed and paid shares with a par value of EUR 0.5 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 General Shareholders' 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 General Shareholders' 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 EUR 3 billion.
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.

In accordance with the authorisations granted by the shareholders at the General Shareholders' Meeting on 29 May 2014, in 2015 ACS, Actividades de Construcción y Servicios, S.A. formally executed the issue, under the Euro Medium Term Note Programme (EMTN Programme), of notes on the Euromarket for EUR 500 million, admitted to listing on the Irish Stock Exchange, maturing in five years and payable on 1 April 2015, with an annual coupon of 2.875% and a issue price of 99.428%. The Euro Commercial Paper programme was also renewed upon maturity for a maximum amount of EUR 750 million (see Note 10).

On 17 February 2015, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves, approved at the Ordinary General Shareholders' Meeting held on 29 May 2014. The definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 2,616,408, and the nominal value of the related capital increase is EUR 1,308,204. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,308,204 through the retirement of 2,616,408 treasury shares. The same amount as the nominal value of the retired shares, EUR 1,308,204, was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (see Note 8.02).

The shareholders, at the Ordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 28 April 2015, resolved, among other matters, to a share capital increase and reduction. In this regard, the Company resolved to increase share capital to a maximum of EUR 366 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 224 million and the second increase may not exceed EUR 142 million, thereby equally granting the Executive Commission, the Chairman of the Board of Directors and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the General Shareholders' Meeting held in 2015 and, in the case of the second increase, within the first quarter of 2016, 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 28 April 2015, 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 2015 the Company resolved to carry out the first capital increase for a maximum amount of EUR 224 million. 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 bonus issue rights which are traded on the stock market, or that may be sold to ACS at a certain price based on a formula approved by the Board.

Accordingly, on 17 July 2015, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves, approved at the Ordinary General Shareholders' Meeting held on 28 April 2015. The definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 4,719,245, and the nominal value of the related capital increase is EUR 2,089,622.50.

Subsequent to year-end, ACS, Actividades de Construcción y Servicios, S.A., in exercising the authority conferred by resolution of the Company's General Shareholders' Meeting held on 28 April 2015, and pursuant to the 17 December 2015 authorisation by the Board of Directors, resolved to carry out the second capital increase with a charge to reserves for a maximum of EUR 142 million (equal to EUR 0.45 per share). This was approved at the aforementioned General Shareholders' Meeting 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 period for negotiating the bonus issue rights relating to the second scrip, the irrevocable commitment to purchase rights assumed by ACS was accepted by holders of 44.25% of the bonus issue rights. This determined the acquisition by ACS of rights for a total gross amount of EUR 57,296 thousand. The definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 2,941,011, and the nominal value of the related capital increase is EUR 1,470,505.50.

On 4 February 2016, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,470,505.50 through the retirement of 2,941,011 treasury shares. The same amount as the nominal value of the retired shares, EUR 1,470,505.50, was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (see Note 8.02).

The shareholders, at the Ordinary General Shareholders' 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 EUR 366 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 224 million and the second increase may not exceed EUR 142 million, thereby equally granting the Executive Commission, the Chairman of the Board of Directors and the Director Secretary the power to execute the resolution. The capital increase was 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 EUR 224 million. This capital increase was aimed at establishing an alternative remuneration system, as in

many Ibox 35 companies, that would allow shareholders to receive bonus shares from ACS or cash through the sale of the related bonus issue rights which are traded on the stock market, or that may be sold to ACS at a certain price based on a formula approved by the Board.

On 22 July 2014, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves, approved at the Ordinary General Shareholders' Meeting held on 29 May 2014. The definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 3,875,019, and the nominal value of the related capital increase is EUR 1,937,509.50.

ACS, Actividades de Construcción y Servicios, S.A., in exercising the authority conferred by resolution of the Company's General Shareholders' Meeting held on 29 May 2014, and pursuant to the 18 December 2014 authorisation by the Board of Directors, resolved to carry out the second capital increase with a charge to reserves for a maximum of EUR 142 million (equal to EUR 0.45 per share). This was approved at the aforementioned General Shareholders' Meeting 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 period for negotiating the bonus issue rights relating to the second scrip, the irrevocable commitment to purchase rights assumed by ACS was accepted by holders of 40.46% of the bonus issue rights. This determined the acquisition by ACS of rights for a total gross amount of EUR 57,296 thousand. The definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 2,616,408, and the nominal value of the related capital increase is EUR 1,308,204.

On 18 March 2014, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,281,423 through the retirement of 2,562,846 treasury shares. The same amount as the nominal value of the retired shares, EUR 1,281,423, was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (see Note 8.02).

On 10 September 2014, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,937,509.50 through the retirement of 3,875,019 treasury shares. The same amount as the nominal value of the retired shares, EUR 1,937,509.50, was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (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 the 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), Cimic Group Limited, Macmahon Holdings Limited, Devine Limited, and Sedgman Limited on the Australia Stock Exchange. The shares of its investee, Saeta Yield, S.A., were listed in the Spanish stock markets as of 16 February 2015.

8.02. Treasury shares

The changes in "Treasury shares" were as follows:

	2015		2014	
	Number of shares	Thousands of euros	Number of shares	Thousands of euros
At beginning of year	6,919,380	201,122	2,766,973	64,958
Purchases	10,134,317	285,693	12,093,722	356,965
Scrip dividend	173,839	6	114,543	-
Sales	(532,999)	(15,456)	(1,458,074)	(40,738)
Bonus payments 2015-2014	-	-	(159,919)	(3,862)
Retirement	(6,795,653)	(194,736)	(6,437,865)	(176,201)
At end of year	9,898,884	276,629	6,919,380	201,122

On 17 February 2015, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves, approved at the Ordinary General Shareholders' Meeting held on 29 May 2014. The definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 2,616,408, and the nominal value of the related capital increase is EUR 1,308,204. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,308,204 through the retirement of 2,616,408 treasury shares. The same amount as the nominal value of the retired shares, EUR 1,308,204, was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (see Note 8.01).

On 17 July 2015, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves, approved at the Ordinary General Shareholders' Meeting held on 28 April 2015. The definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 4,719,245, and the nominal value of the related capital increase is EUR 2,089,622.50 (see Note 8.01).

On 6 August 2015, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 2,089,622.50 through the retirement of 4,179,245 treasury shares with a carrying amount of EUR 118,771 thousand, with a charge to unrestricted reserves. The same amount as the nominal value of the retired shares, EUR 2,089,622.50, was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (see Note 8.01).

On 4 February 2016, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,470,505.50 through the retirement of 2,941,011 treasury shares. The same amount as the nominal value of the retired shares was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (see Notes 11 and 20).

On 18 March 2014, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,281,423 through the retirement of 2,562,846 treasury shares with a carrying amount of EUR 61,898 thousand, with a charge to unrestricted reserves. The same amount as the nominal value of the retired shares, EUR 1,281,423, was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (see Note 8.01).

On 22 July 2014, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves, approved at the Ordinary General Shareholders' Meeting held on 29 May 2014. The definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 3,875,019, and the nominal value of the related capital increase is EUR 1,937,509.50 (see Note 8.01).

On 10 September 2014, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,937,509.50 through the retirement of 3,875,019 treasury shares with a carrying amount of EUR 114,303 thousand, with a charge to unrestricted reserves. The same amount as the nominal value of the retired shares, EUR 1,937,509.50, was allocated to the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law (see Note 8.01).

At 31 December 2015, the Group held 9,898,884 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 3.1% of the share capital, with a consolidated carrying amount of EUR 276,629 thousand which was recognised in equity under "Treasury shares" in the consolidated statement of financial position. At 31 December 2014, the Group held 6,919,380 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 2.2% of the share capital, with a consolidated carrying amount of EUR 201,122 thousand 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	
	2015	2014
Beginning balance	(418,331)	(534,914)
Hedging instruments	298,075	(89,318)
Available-for-sale financial assets	76,077	37,833
Translation differences	10,435	168,068
Ending balance	(33,744)	(418,331)

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. The changes in the year arose mainly as a result of the disposals of renewable assets held for sale and concession assets.

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 change in market price in relation to the ownership interest in Iberdrola, S.A. (see Note 6.b).

9.- Long-term provisions

The breakdown of this heading is as follows:

	Thousands of euros	
	31/12/2015	31/12/2014
Provisions for pensions and similar obligations	508,386	566,046
Provisions for taxes and third-party liability	1,078,072	1,188,642
Provisions for actions on infrastructure	33,476	8,821
Provisions	1,619,934	1,763,509

Note 20 to the ACS Group's consolidated financial statements for the year ended 31 December 2014 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 in 2015 and 2014 is not significant in relation to these condensed consolidated 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 EUR 73,350 thousand included under "Other current financial assets" in the consolidated statement of financial position (which includes the principal, interest and estimated costs), which was reported, although the Company maintains claims open in this connection, in accordance with that indicated in Note 36 to the ACS Group's consolidated financial statements for the year ended 31 December 2014. Specifically, in March 2015 the Company received an order issued by the Courts that dismissed the objection to the enforcement, and ordered it to deliver the aforementioned amounts to the banks. This decision was appealed by the sentenced defendant and, in theory, there is the possibility that these amounts will not be enforced until a ruling has been handed down by the Court of Second Instance

In relation to the claim filed against ACS and others for exercising the put options on the shares of Alazor Inversiones, S.A. (the sole shareholder of Accesos de Madrid, S.A), in September 2015 the Supreme Court handed down a judgment which dismissed the appeal filed by other shareholders against the award published in May 2014, which thus completely dismissed the claims. The latter gave rise to a motion for annulment, which was upheld in December 2015, thereby ordering that the appeal proceedings be backdated to the phase for taking evidence. Consequently, evidence will once again be gathered in February 2016 (with two new witnesses). Depending on the outcome, the judgment dismissing the appeal will therefore be subsequently confirmed or amended.

On 15 January 2015 the Spanish National Commission of Markets and Competition (CNMC) informed of a resolution imposing a fine of EUR 23,289 thousand on certain ACS Group companies, Urbaser and Sertego, due to the CNMC's understanding that there were anti-competitive practices in the fields of waste management (urban solid waste, industrial waste, and recovery of paper and cardboard) and urban sanitation. The ACS Group and its legal advisors consider that no anti-competitive practices have been conducted and, therefore, it appealed this ruling before the competent court, which is why no liability was recognised in this regard. Once this appeal was filed with the Madrid National Appellate Court, an injunctive stay, requested by Urbaser, was handed down on the penalty, without any other guaranteed needing to be provided.

TP Ferro, and investee 50% owned by the ACS Group, submitted a request on 17 July 2015 with the Girona Commercial Court to initiate voluntary insolvency proceedings when, after notifying this Court on 18 March 2015 that it had begun negotiations with regard to refinancing (pre-insolvency), they had still not reached an agreement with regard to the debt restructuring. The report issued by the insolvency managers in November 2015 did not raise any ancillary insolvency claims. The process is currently in the agreement phase, which will be completed in June 2016. As of today, ACS Group management considers that the Group has recognised sufficient provisions to cover any scenarios that would imply not recovering the funds invested in the project and, therefore, does not consider it necessary to recognise any additional provisions, since the Group has not provided any guarantees in relation to this project.

10.- Financial liabilities

The detail of the ACS Group's non-current financial liabilities at 31 December 2015 and 2014, by nature and category, for valuation purposes, is as follows:

	Thousands of euros			
	31/12/2015		31/12/2014	
	Non-current	Current	Non-current	Current
Debt instruments and other marketable securities	2,815,259	1,028,432	2,928,519	760,847
Bank borrowings	4,354,562	2,247,629	2,949,380	5,400,244
- with limited recourse	486,266	54,579	491,308	491,389
- other	3,868,296	2,193,050	2,458,072	4,908,855
Other financial liabilities	212,295	86,683	213,002	42,418
Total	7,382,116	3,362,744	6,090,901	6,203,509

- *Debentures and bonds*

At 31 December 2015, the ACS Group had non-current debentures and bonds issued amounting to EUR 2,815,259 thousand and EUR 1,028,432 thousand in current issues (EUR 2,928,519 thousand in non-current and EUR 760,847 thousand in current, respectively, at 31 December 2014) mainly from Cimic, Hochtief y ACS.

The most significant change at 31 December 2015 with regard to 31 December 2014 is due to the issue of notes on the Euromarket for EUR 500 million, with a total demand of EUR 1,337 million, carried out on 16 March 2015 by ACS, Actividades de Construcción y Servicios, S.A., under the Euro Medium Term Note Programme (EMTN Programme), which was approved by the Central Bank of Ireland, the most recent draft of which was approved on 11 March 2015. This issue matures in five years and is payable on 1 April 2015, with an annual coupon of 2.875% and an issue price of 99.428%. These bonds are admitted to trading on the Irish Stock Exchange. In October 2015, under the same EMTN programme, the Group also issued EUR 85 million, which are also admitted to trading on the Irish Stock Exchange, maturing in October 2018 and with an annual coupon of 2.5%.

With regard to the secured bonds issued by Cimic for a nominal amount of USD 500 million at 10 years (maturing in November 2022) and with an annual fixed rate of 5.95%, the early repayment of EUR 267 million (USD 299 million) with a carrying amount at 31 December 2015 amounting to EUR 180 million (EUR 416 million at 31 December 2014) is noteworthy as mentioned.

In 2015, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which was registered in 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. At 31 December 2015, the issues outstanding under the aforementioned programmes amounted to EUR 419,842 thousand (EUR 529,820 thousand at 31 December 2014).

The market price of the ACS Group's bonds at 31 December 2015 is as follows:

	Market price at 31/12/2015
ACS 500, 2.875% Maturity 2020	93.45%
ACS Exchangeable 298, 2.625% Maturity 2018	124.25%
ACS Exchangeable 235, 1.625% Maturity 2019	114.72%

- *Bank borrowings*

"Project finance and limited recourse borrowings" on the liability side of the consolidated statement of financial position mainly includes the amount of the financing related to infrastructure projects. The detail of this heading, by type of financed asset, at 31 December 2015 is as follows:

	Thousands of euros		
	Current	Non-current	Total
Waste treatment	14,285	299,086	313,371
Motorways	5,901	79,958	85,859
Property assets (Inventories)	23,798	31,158	54,956
Police station	6,013	43,785	49,798
Water management	1,801	15,709	17,510
Security	434	5,125	5,559
Photovoltaic plants	-	430	430
Other infrastructures	2,347	11,015	13,362
	54,579	486,266	540,845

The detail of this heading, by type of financial asset, at 31 December 2014 was as follows:

	Thousands of euros		
	Current	Non-current	Total
Hochtief Aktiengesellschaft	389,515	-	389,515
Project finance			
Waste treatment	39,435	273,262	312,697
Property assets (Inventories)	48,602	17,728	66,330
Motorways	5,600	85,393	90,993
Police station	5,027	49,841	54,868
Wind farms	1,163	39,604	40,767
Water management	2,047	17,321	19,368
Security	-	7,702	7,702
Photovoltaic plants	-	457	457
	491,389	491,308	982,697

The main change in relation to "Project finance and limited recourse borrowings" arose as a result of repaying the financing that Cariátide, S.A. had in relation to the acquisition made in 2007 for the initial package of Hochtief, A.G. shares on 20 February 2015 by renewing the aforementioned syndicated loan of ACS, Actividades de Construcción y Servicios, S.A. Consequently, the guarantees provided and the coverage ratios on Hochtief, A.G. shares in relation to the repaid financing were released. In 2014, the Group had repaid EUR 182,000 thousand of this financing.

On 13 February 2015, ACS, Actividades de Construcción y Servicios, S.A. entered into a financing agreement with a syndicate of banks, composed of forty-three Spanish and foreign institutions, for a total of EUR 2,350 million, divided into two tranches (tranche A of a loan for EUR 1,650 million and tranche B of the liquidity facility for EUR 700 million) and maturing on 13 February 2020. A portion of this financing was allocated to repay the current syndicated loan entered into on 9 February 2012, with a principle of EUR 1,430.3 million, and three credit facilities granted to finance the acquisition of Hochtief, A.G. shares, for a total principal amount at that time of EUR 694.5 million.

The remainder of the bank borrowings at 31 December 2014 most notably included the financing obtained for the acquisition of Hochtief, A.G. shares for a nominal amount of EUR 450,000 thousand through the SPV Major Assets, S.L., with an in rem guarantee secured by Hochtief, A.G. shares deposited therein, which at 31 December 2014 amounted to 13,948,778 shares and which will be paid on 20 February 2015 by means of the aforementioned syndicated financing agreement and the aforementioned guarantees were released.

In addition, the Group extended the maturity of Urbaser's syndicated loan amounting to EUR 600,000 thousand, just as at 31 December 2014, by two years, such that the loan now matures on 28 May 2019.

The long-term financing from the investee Hochtief for EUR 87,096 thousand (EUR 619,614 thousand at 31 December 2014) is noteworthy of mention.

In 2013, Cimic entered into a syndicated bank financing agreement of EUR 689,180 thousand (AUD 1,000,000 thousand) maturing on 21 June 2016. On 8 December 2014, the maturity date was extended to 8 December 2017. No amounts had been drawn down at 31 December 2015 (AUD 600,000 thousand were drawn down at 31 December 2014).

In 2015 and 2014, the ACS Group satisfactorily met its bank borrowing payment obligations on maturity. At the date of preparation of the condensed consolidated financial statements, the Group had also complied with all its financial obligations.

Note 21 to the financial statements for 2014 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 2015 regarding the financial risks of the ACS Group detailed in the 2014 financial statements are as follows:

- The renewal in February 2015 of the syndicated loan to ACS, Actividades de Construcción y Servicios, S.A. for EUR 2,350 million until 2020, which guarantees both the existing financing from the syndicated loan and the bank financing for the ownership interest in Hochtief via Cariátide and Major Assets.
- The extension of Urbaser's syndicated loan by two years.
- The renewal of the Euro Commercial Paper (ECP) programme for EUR 750 million.
- The issue of notes on the Euromarket for EUR 585 million maturing between three and five years.
- The strengthening of the financial position due to the effective collection from the sale of the John Holland and Thiess Services & Leighton Contractors ("Services") businesses owned by Cimic, as well as the admission to listing of Saeta Yield and the transaction with GIP carried out in February 2015.

The amount corresponding to "Other financial liabilities" includes mainly the financing obtained from public bodies in various countries to carry out certain infrastructure projects.

11.- Derivative financial instruments

The detail of the financial instruments is as follows:

	Thousands of euros			
	31/12/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
Designated as hedges	2,094	113,980	22	94,811
Not classified as hedges	9,737	690	6,392	101,947
Non-current	11,831	114,670	6,414	196,758
Designated as hedges	2,358	60,103	1,858	11,880
Not classified as hedges	376	63,934	32,152	66,378
Current	2,734	124,037	34,010	78,258
Total	14,565	238,707	40,424	275,016

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 financial instruments not qualified as hedges, the derivative corresponding to the equity swap on 164,352,702 Iberdrola, S.A. shares, the fair value of which at 31 December 2014 amounted to a liability of EUR 62,537 thousand, was cancelled in 2015 and the related profit of EUR 75,490 thousand was recognised in the income statement for the year (see Note 17). However, a put spread on 158,655,797 Iberdrola, S.A. shares was maintained (452,568,115 shares at 31 December 2014). The market value at the reporting date did not give rise to a liability, which was also the case at 31 December 2014.

It should be noted that there were embedded derivatives in the issues of bonds exchangeable for Iberdrola shares in the amount of EUR 532,900 thousand (see Note 10). With regard to this financing, in order for the Group to be able to guarantee the possible future monetisation of the Iberdrola, S.A. shares, which are exchangeable and currently pledged in favour of the bondholders, and ensure their share options can be settled in cash, a future sales agreement was entered into at the end of 2015 (instrumented

into derivatives: share forward sale and equity swap). The fair value of all derivatives related to the issue of exchangeable Iberdrola bonds amounted to EUR 56,143 thousand at 31 December 2015 (EUR 38,654 thousand at 31 December 2014) and was recognised under "Current financial instruments receivable" in the accompanying consolidated statement of financial position

At 31 December 2015, the Company had recognised a liability for the derivative relating to the outsourcing to a financial institution of the 2014 stock option plan amounting to EUR 43,324 thousand (EUR 31,021 thousand at 31 December 2014). The financial institution acquired these shares on the market to be delivered to executives who are beneficiaries of the plan in accordance with the conditions included therein and 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" in the accompanying consolidated income statement (see Note 17).

In the contract with the financial institution, the latter does not assume any risk relating to the drop in the market price of the share below the exercise price. The exercise price of the option for the 2010 plan is EUR 33.8992 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 the financial institution or the Group, since, in this case, executives would exercise their 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, if there are options that have not been exercised by executives (i.e., due to voluntary resignation in the ACS Group), the outstanding options are settled by differences. In other words, the financial institution sells the options that have yet to be exercised on the market and the result of the settlement, whether positive or negative, is received by ACS, Actividades de Construcción y Servicios, S.A. in cash (never in shares). Consequently, the Company never receives shares arising from the plan upon completion and, therefore, they are not considered treasury shares.

As a result of the 2010 stock option plan having expired, the derivative associated therewith, which was recognised in the amount of EUR 32,599 thousand at 31 December 2014, was cancelled in 2015. The changes in fair value of these instruments, as a result of the cancellation and measurement at fair value thereof, were recognised under "Changes in fair value of financial instruments" (see Note 17) for EUR 3,241 thousand.

In addition, ACS, Actividades de Construcción y Servicios, S.A. had other derivatives on ACS shares that did not qualify for hedge accounting, including the measurement at fair value of the financial instruments, which are settled by differences and whose negative market value amounted to EUR 18,412 thousand at 31 December 2015 (positive market value of EUR 28,745 thousand at 31 December 2014). At 31 December 2015, these amounts include the shares that the financial institution have to be delivered to executives who are beneficiaries of the plan once the option exercise price is assigned thereto. The change in fair value of this instrument is included under "Changes in fair value of financial instruments" in the accompanying consolidated income statement (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 amounts provided as collateral (see Note 6.g) relating to the aforementioned derivatives arranged by the Group totalled EUR 203,347 thousand at 31 December 2015 (EUR 621,252 thousand at 31 December 2014).

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.

With regard to the assets and liabilities measured at fair value, the ACS Group followed the hierarchy set out in IFRS 7:

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 31/12/2015	Level 1	Level 2	Level 3
Assets	1,677,649	1,072,474	463,314	141,861
Equity instruments	940,828	656,620	142,347	141,861

Debt securities	722,256	415,854	306,402	-
Financial instrument receivables				
Non-current	11,831	-	11,831	-
Current	2,734	-	2,734	-
Liabilities	238,707	-	238,707	-
Financial instrument payables				
Non-current	114,670	-	114,670	-
Current	124,037	-	124,037	-

	Thousands of euros			
	Value at 31/12/2014	Level 1	Level 2	Level 3
Assets	1,886,405	1,157,325	607,667	121,413
Equity instruments	860,832	584,990	154,429	121,413
Debt securities	985,149	572,335	412,814	-
Financial instrument receivables				
Non-current	6,414	-	6,414	-
Current	34,010	-	34,010	-
Liabilities	275,016	-	275,016	-
Financial instrument payables				
Non-current	196,758	-	196,758	-
Current	78,258	-	78,258	-

The changes in financial instruments included under Level 3 in 2015 are as follows:

	Thousands of euros				
	01/01/2015	Valuation adjustments	Transfer Level 2	Other	31/12/2015
Assets – Equity instruments	121,413	5,494	-	14,954	141,861
Liabilities – Current financial instruments receivable	-	-	-	-	-

The changes in financial instruments included under Level 3 in 2014 were as follows:

	Thousands of euros				
	01/01/2014	Valuation adjustments	Transfers Level 2	Other	31/12/2014
Assets – Equity instruments	59,098	6,508	46,723	9,084	121,413
Liabilities – Current financial instruments receivable	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 year ended 31 December 2015.

The changes in fair value for Level 3 arose mainly as a result of changes in the scope of consolidation and the increase in value taken directly to equity.

12.- Tax matters

- *Deferred tax assets and liabilities*

The detail of the deferred tax assets at 31 December 2015 and 2014 is as follows:

	Thousands of euros					
	31/12/2015			31/12/2014		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total

Tax loss carryforwards	494,496	213,400	707,896	525,497	186,572	712,069
Other temporary differences	473,451	782,694	1,256,145	404,229	819,093	1,223,322
Tax withholdings	214,637	2,789	217,426	257,057	3,472	260,529
Total	1,182,584	998,883	2,181,467	1,186,783	1,009,137	2,195,920

Tax loss carryforwards 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. Under the new Corporate Tax Law, this tax asset does not 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 EUR 1,333,750 thousand (EUR 1,268,739 thousand at 31 December 2014) have not substantially changed with respect to 31 December 2014.

- Change in income tax expense

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

	Thousands of euros	
	31/12/2015	31/12/2014
Consolidated profit before tax	1,364,837	782,206
Profit or loss of companies accounted for using the equity method	(303,243)	(131,824)
	1,061,594	650,382
Tax charge at 28% / 30%	297,246	195,115
Elimination of the double taxation of Iberdrola, S.A. dividends	(6,788)	(28,728)
Effect of regulatory changes in tax rates	3,405	123,614
Net impact of other permanent differences, tax credits, national tax rate spreads and adjustments	16,727	28,590
Income tax expense/(income)	310,590	318,591

As a result of the approval in 2014 of the new Corporate Income Tax Law in Spain, which amended the nominal tax rate in several phases effective in 2015 and 2016, the Group assessed the impact of the changes on its financial statements with regard to deferred tax assets and liabilities, and recognised an expense of EUR 123,614 thousand under "Income tax" in the accompanying consolidated income statement for 2014. At 31 December 2015, the impact arising from the items generated during the year itself was also added.

The most significant item included at 31 December 2015 and 31 December 2014 under "Net impact of other permanent differences, tax credits, national tax rate spreads and adjustments" relates to the existence of subsidiaries not included in Tax Group 30/99, which does not include the tax effect related to their accounting losses.

13.- Business segments

In accordance with the ACS Group's internal organisational structure and, consequently, its internal reporting structure, the Group carries on its business activities through lines of business, which are the operating reporting segments as indicated in IFRS 8. The Construction segments includes Hochtief, A.G. and the concession business carried out through Iridium. Note 25 to the consolidated financial statements of the ACS Group for the year ended 31 December 2014 details the bases used by the Group to define its operating segments.

The reconciliation of revenue, by segment, to consolidated revenue at 31 December 2015 and 2014 is as follows:

Segment	Thousands of euros
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	31/12/2015			31/12/2014		
	Outside revenue	Inter-segment revenue	Total income	Outside revenue	Inter-segment revenue	Total income
Construction	25,313,888	5,601	25,319,489	25,812,669	6,893	25,819,562
Environment	3,136,251	2,293	3,138,544	2,335,886	2,333	2,338,219
Industrial Services	6,474,523	26,200	6,500,723	6,732,305	17,710	6,750,015
(-) Inter-segment revenue adjustments and eliminations	-	(34,094)	(34,094)	-	(26,936)	(26,936)
Total	34,924,662	-	34,924,662	34,880,860	-	34,880,860

Inter-segment sales are made at market prices.

The reconciliation of the profit/loss, by business, with consolidated profit/loss before taxes at 31 December 2015 and 2014 is as follows:

	Thousands of euros	
	31/12/2015	31/12/2014
Segment		
Construction	573,594	438,065
Environment	83,115	80,171
Industrial Services	368,142	406,955
Total profit from reporting segments	1,024,851	925,191
(+/-) Profit or loss not allocated	29,396	(266,767)
(+/-) Elimination of inter-segment profit	-	-
(+/-) Other profit/(loss)	-	-
(+/-) Income tax and/or profit from discontinued operations	310,590	123,782
Profit before tax	1,364,837	782,206

Revenue, by geographical area, at 31 December 2015 and 2014 is as follows:

Revenue by geographical area	Thousands of euros	
	31/12/2015	31/12/2014
Spain	5,887,262	5,581,401
Abroad	29,037,400	29,299,459
a) European Union	2,916,205	3,347,634
b) OECD countries	20,501,366	20,787,347
c) Other countries	5,619,829	5,164,478
Total	34,924,662	34,880,860

The detail of sales by principal countries is as follows:

Revenue by country	Thousands of euros	
	31/12/2015	31/12/2014
US	11,271,924	9,192,530
Australia	6,033,011	6,781,411
Spain	5,887,262	5,581,401
China	2,073,269	1,461,110
Mexico	1,584,140	1,571,154
Canada	1,060,403	1,050,198
Germany	894,380	1,270,010
Indonesia	632,171	739,630

Poland	571,680	620,387
United Kingdom	506,309	593,990
Saudi Arabia	486,875	357,960
Chile	483,684	368,164
Argentina	420,119	315,912
Peru	396,835	356,815
France	302,672	245,227
Portugal	254,521	220,834
Other countries	2,065,407	4,154,127
Total	34,924,662	34,880,860

14.- Finance income

At 31 December 2015, finance income included, among other items, the dividends from Iberdrola, S.A. which amounted to EUR 25,335 thousand (EUR 97,522 thousand at 31 December 2014).

15.- Average headcount

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

	Average number of employees					
	2015			2014		
	Men	Women	Total	Men	Women	Total
University graduates	16,031	4,804	20,835	20,726	5,976	26,702
Further education college graduates	6,866	3,277	10,143	6,323	3,117	9,440
Non-graduate line personnel	12,778	4,457	17,235	11,420	4,317	15,737
Administrative staff	4,152	4,814	8,966	2,830	5,997	8,827
Other employees	79,898	60,574	140,472	97,979	59,223	157,202
Total	119,725	77,926	197,651	139,278	78,630	217,908

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

This heading in the accompanying consolidated income statement for 2015 mainly includes the most notable gains, which correspond to the concession assets of Iridium as a result of the sale of virtually all ownership interest in the Majadahonda Hospital for EUR 36,978 thousand, the sale of 75% of its ownership interest of the 50% interest in the concession operator Nouvelle Autoroute 30, of Quebec (Canada), and the sale of 80% of its ownership interest in Servicios, Transportes y Equipamientos Públicos Dos, S.L., which in turn holds a 50% interest in the concession operator Línea 9 tramo II for the Barcelona Underground and the company in charge of maintaining both section II and section IV of this underground line, with a gain of approximately EUR 70 million. This heading also includes the gains from the admission to listing of Saeta Yield (see Note 1.f) and the sale of certain shareholdings in concession assets and non-strategic assets for EUR 92,104 thousand from the Hochtief Corporation and its subsidiary Cimic.

In 2014, this heading of the accompanying consolidated income statement included mainly the profit from the sale of the Seville Underground, amounting to EUR 12,708 thousand, as well as the profit from the delivery to bondholders of 100,906,096 Iberdrola shares as a result of the partial early exchange of exchangeable Iberdrola bonds amounting to EUR 79,570 thousand (see Note 6.b).

This heading also included EUR 47,085 thousand relating to the profit from the sale to the Dutch fund manager DIF Infrastructure III of 80% of ACS' ownership interest in the following projects: the Madrid Transportation Hubs and Line 9 of the Barcelona Underground. This included the effect of the revaluation of ACS' remaining ownership interest in these projects at the fair value established in the transaction; since, in accordance with the shareholder resolutions and ACS' non-controlling position therein, it was considered to have lost significant influence over the management thereof.

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 2015 and 2014 relates to the cancellation of the derivative financial instruments in relation to the equity swap of Iberdrola, S.A. and to the profit generated from the derivatives on ACS shares, as described in Note 11.

18.- Other profit or loss

The most significant effect in 2015 relates to the costs incurred in the restructuring carried out in international investees as well as other non-recurring costs for certain construction projects abroad.

This heading included the effect on the income statement in 2014 of the provision made for EUR 458,457 thousand regarding Cimic. As part of the year-end review of the recoverability of trade and other receivables, the Group considered the need for a provision amounting to EUR 458,457 thousand (AUD 675 million). This amount was calculated based on the customer backlog and takes into account the residual value of the risks by assessing their exposure thereto due to the possibility that the outstanding receivables may not be recovered.

19.- 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 in 2015 were as follows (in thousands of euros):

2015 Related transactions	Significant shareholders		Directors and executives	Other related parties									Total
	Iberostar Group	Total		Fidalsar, S.L.	Rosán Inversiones, S.L.	MAF Inversiones, S.A.	Terratest Técnicas Especiales, S.A.	Indra	Zardoya Otis, S.A.	March-JLT, S.A.	Other	Total	
Management or collaboration agreements	-	-	-	-	-	-	683	-	-	-	-	683	683
Leases	-	-	-	177	-	-	-	-	-	-	-	177	177
Services received	166	166	-	66	-	94	1,177	218	878	-	-	2,433	2,599
Other expenses	-	-	-	-	-	-	-	-	-	38,914	-	38,914	38,914
Expenses	166	166	-	243	-	94	1,860	218	878	38,914	-	42,207	42,373
Services rendered	1,655	1,655	810	-	337	-	-	368	66	-	-	771	3,236
Sale of goods	-	-	-	-	-	-	-	-	-	-	631	631	631
Income	1,655	1,655	810	-	337	-	-	368	66	-	631	1,402	3,867

2015 Related transactions	Significant shareholders		Other related parties				Total
	Banca March	Total	Banco Sabadell	Fapin Mobi, S.L.	Fidalsar, S.L.	Total	
Financing agreements: loans and capital contributions (lender)	16,940	16,940	526,109	-	-	526,109	543,049
Guarantees and other sureties provided	14,620	14,620	-	-	-	-	14,620
Dividends and other profit distributed	-	-	-	435	255	690	690

Other transactions	30,320	30,320	-	-	-	-	30,320
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The transactions performed in 2014 were as follows (in thousands of euros):

2014 Related transactions	Significant shareholders		Directors and executives	Other related parties						Total	
	Iberostar Group	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 collaboration agreements	-	-	-	-	-	202	-	-	-	202	202
Leases	-	-	-	175	-	-	-	-	-	175	175
Services received	63	63	-	59	-	337	2,255	824	-	3,475	3,538
Other expenses	-	-	-	-	-	-	-	-	37,973	37,973	37,973
Expenses	63	63	-	234	-	539	2,255	824	37,973	41,825	41,888
Services rendered	1,743	1,743	3,056	-	246	-	3,292	-	-	3,538	8,337
Income	1,743	1,743	3,056	-	246	-	3,292	-	-	3,538	8,337

2014 Related transactions	Significant shareholders			Other related parties				Total
	Banca March	Iberostar Group	Total	Banco Sabadell	Lynx Capital, S.A.	Fidalsar, S.L.	Total	
Financing agreements: loans and capital contributions (lender)	36,180	-	36,180	765,135	-	-	765,135	801,315
Guarantees and other sureties provided	19,050	-	19,050	-	-	-	-	19,050
Dividends and other profit distributed	-	12,474	12,474	-	109	751	860	13,334
Other transactions	24,726	-	24,726	-	-	-	-	24,726

At 31 December 2015, the outstanding balance payable to Banca March for credit facilities and loans granted to ACS Group companies amounted to EUR 12,353 thousand (EUR 31,397 thousand at 31 December 2014). The transactions being maintained at 31 December 2015, in accordance with the information available regarding ACS Group companies, amounted to EUR 14,709 thousand (EUR 18,056 thousand at 31 December 2014) in guarantees and EUR 31,561 thousand (EUR 24,042 thousand at 31 December 2014) in reverse factoring transactions with suppliers.

At 31 December 2015, the balance payable to Banco Sabadell amounted to EUR 186,572 thousand (EUR 183,274 thousand at 31 December 2014) for loans and credit facilities granted to ACS Group companies. Accordingly, the transactions maintained by this bank at 31 December 2015, in accordance with the information available regarding ACS Group companies, amounted to EUR 366,188 thousand (EUR 314,220 thousand at 31 December 2014) in guarantees and sureties and EUR 43,310 thousand (EUR 23,451 thousand at 31 December 2014) in reverse factoring transactions with suppliers.

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

The Iberostar Group is disclosed due to its tie as a direct shareholder of ACS, Actividades de Construcción y Servicios, S.A. As a tourism and travel agency, this group has provided services to ACS Group companies as part of its business transactions. 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 as a result of the relationship of certain directors 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 Fidalser, S.L., Terratest Tecnicas Especiales, S.A., Fapin Mobi, 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 the relationship it had with director Javier Monzon. The transactions performed with Zardoya Otis, S.A. are indicated due to its relationship with director José María Loizaga. The transactions with Banco Sabadell are listed due the bank's relationship with 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 2015 "Other transactions" related exclusively to Banca March. Banca March, as a financial institution, provides various financial services to ACS Group companies in the ordinary course of business for a total of EUR 30,320 thousand (EUR 24,726 thousand in 2014), and in this case they relate to the reverse factoring lines of credit for suppliers.

"Directors and executives" included a housing construction contract between Dragados, S.A. and director Joan David Grimà Terré, signed in 2013, for which EUR 809 thousand were paid in 2015 (EUR 3,055 thousand in 2014).

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

The transactions performed between ACS consolidated Group companies were eliminated in the consolidation process and form part of the normal business activities of the companies in terms of their company object and conditions. The transactions 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 Group's operations.

In accordance with the information available to ACS, Actividades de Construcción y Servicios, S.A., the members of the Board of Directors had no conflicts of interest in 2015 or 2014, in accordance with that indicated in Article 229 of the Spanish Limited Liability Companies Law.

20.- **Board of Directors and senior executives**

Remuneration of directors

In 2015 and 2014 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	
	2015	2014
Fixed remuneration	3,972	3,972
Variable remuneration	5,019	4,019
Bylaw-stipulated directors' emoluments	3,678	3,404
Other	-	1
Total	12,669	11,396

In addition, in 2015 EUR 1,419 thousand (EUR 1,205 thousand in 2014) were charged to income as a result of the share options granted to members of the Board of Directors with executive posts. This amount relates to the proportion of the value of the plan on the date it was granted.

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

Other benefits	Thousands of euros	
	2015	2014
Pension funds and plans: Contributions	1,686	1,798
Life insurance premiums	19	18

The amount recognised under "Pension funds and plans: Contributions" includes the portion relating to the payments made by the Company during the year.

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

Remuneration of senior executives

The remuneration in 2015 and 2014 of the Group's senior executives who are not also executive directors was as follows:

	Thousands of euros	
	2015	2014
Total remuneration	30,332	26,153

The increase in remuneration between the periods is due to the remuneration mix in the composition of the Group's senior executives and to the additional compensation paid to those executives working abroad.

EUR 7,756 thousand at 31 December 2015 (EUR 6,157 thousand at 31 December 2014) were charged to income as a result of the share options granted to the Group's senior executives, and were not recognised under the aforementioned remuneration heading. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted. In addition, EUR 1,630 thousand (EUR 1,628 thousand at 31 December 2014) related to pension plans and EUR 35 thousand (EUR 34 thousand at 31 December 2014) related to life insurance premiums.

Stock option plans

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

- The number of shares subject to the option plan will be a maximum of 6,293,291 shares, of EUR 0.50 par value each.
- The beneficiaries are 62 executives with options from 540,950 to 46,472.
- The acquisition price will be EUR 33.8992 per share. In the event that a dilution takes place, said price will be modified accordingly.
- 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 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 taxes to be paid as a result of exercising the share option will be borne exclusively by the beneficiary.

The ACS Group's 2010 stock option plan expired in 2015. No options relating to these plans were exercised in 2014 or 2015. The commitments arising from the plan in force are hedged through a financial institution (see Note 11).

The market price of ACS shares at 31 December 2015 and 31 December 2014 was EUR 27.015 and EUR 28.97 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 stock 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 31 December 2015 is EUR 14,811 thousand (EUR 11,766 thousand at 31 December 2014). EUR 8,335 thousand (EUR 1,784 thousand in 2014) were taken to the consolidated income statement in this connection in 2015. 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.

APPENDIX I

CHANGES IN THE SCOPE OF CONSOLIDATION

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

Valoram, S.A.S.
Suma Tratamiento, S.A.
INBISA Servicios y Medioambiente, S.A.U.
Concesionaria Nueva Vía al Mar, S.A.
Nuevo Hospital de Toledo, S.A.
Valveni Soluciones para el Desarrollo Sostenible, S.L.
Flatiron-Skanska-Stacy and Witbec
Dicentra sp.z.o.o.
Hunaser, Servicios Energeticos, A.I.E.
Saco 3 Escombros, S.L.
Concesiones de Infraestructuras Chile Uno, S.A.
Dracena I Parque Solar, S.A.
Dracena II Parque Solar, S.A.
Dracena III Parque Solar, S.A.
Dracena IV Parque Solar, S.A.
Guaimbe I Parque Solar, S.A.
Guaimbe II Parque Solar, S.A.
Guaimbe III Parque Solar, S.A.
Guaimbe IV Parque Solar, S.A.
Guaimbe V Parque Solar, S.A.
CIS-WRC, LLC
Humiclíma USA Inc
O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.
Karoshoek Solar One
Sarl Ofiteco Argelia
Transmissora José Maria de Macedo de Electricidade, S.A.
SEMI Saudi
Geotecnia y Cimientos del Perú, S.A.C.
Dragados Infraestructuras Colombia, SAS
Goodfellow Top Grade/Flatiron JV
HOCHTIEF Canada Holding 4 Inc.
HOCHTIEF SSLG Partner Inc.
Signature on the Saint Lawrence Construction G.P.
Signature on the Saint-Laurent Group G.P.
Boggo Road Lots 6 and 7 Pty. Ltd.
Canberra Metro Finance Pty. Ltd.
Fleetco Rentals CT. Pty. Ltd.
Fleetco Rentals GE. Pty. Ltd.
Fleetco Rentals HD. Pty. Ltd.
Fleetco Rentals LB. Pty. Ltd.
Fleetco Rentals OO. Pty. Ltd.
Fleetco Rentals RR. Pty. Ltd.
Leighton Commercial Properties Pty. Ltd.
LNWR Trust
Pacific Partnerships Investments Trust
Thiess Chile SPA
Akudjura Facilities Management
Leighton Samsung John Holland Joint Venture
S.A.N.T. (MGT-HOLDING) PTY LTD

S.A.N.T. (TERM-HOLDING) PTY LTD
 Leighton - China State Joint Venture
 Rizzani Leighton Joint Venture
 Gorey to Enniscorthy M11 PPP Holdings Limited
 Gorey to Enniscorthy M11 PPP Limited
 New Ross N25 By-Pass Holdings Limited
 New Ross N25 By-Pass Limited
 ACS Infraestructuras Mexico, S. R. L. de C. V.
 Sociedad Concesionaria Nuevo Complejo Fronterizo Los Libertadores, S.A.
 ACS Portsmouth Holdings, L.L.C.
 Portsmouth Gateway Group, L.L.C.
 ACS St. Lawrence Bridge Holding Inc.
 ACS SSLG Partner Inc.
 Signature on the Saint-Lawrence Group General Partnership
 SSL Finance Inc.
 ACS EgLRT Holdings Inc.
 ACS Crosslinx Partner Inc.
 Crosslinx Transit Solutions General Partnership
 ACS Crosslinx Maintenance Inc.
 Crosslinx Transit Solutions Maintenance GP
 Sertego G.R.I. Mexico S.A. de C.V.
 Enerxico Energía Mexico, S.A. de C.V.
 Makiber Kenya Limited
 Fides Facility Services, S.L.
 Gercobra GMBH, S.L.
 Cobra Industrial Services Pty
 Biosteam Energía, S.L.
 Belmond Investment, S.L.
 Culmore Invest, S.L.
 Belwood Spain, S.L.
 Donley Invest, S.L.
 Fairview Investment, S.L.
 HOCHTIEF Canada Holding 5 Inc.
 HOCHTIEF Bau und Betrieb GmbH
 HOCHTIEF PP Südothessen Bewirtschaftungs GmbH
 HOCHTIEF PP Südothessen Vermietungs GmbH
 HOCHTIEF PPP Solutions Chile Tres Ltda.
 Dragados/Flatiron JV
 Dragados/Flatiron, LLC.
 Brilhante Transmissora de Energias 2, S.A.
 1867 Infrastructure Holdings Inc.
 Urbaser LLC
 Somervell Invest, S.L.
 Trentwood Invest, S.L.
 Stowe Invest, S.L.
 Bartow Inversiones, S.L.
 Pinetta Invest, S.L.
 Bostford Invest, S.L.
 Clece, S.A. (Portugal)
 Urbaproprete IDF
 Laketown S.L.
 Compton Spain, S.L.
 Servicios Transportes Equipamientos Públicos Dos S.L.
 O&M Lesedi PV Plant Pty Ltd
 O&M Letsatsi PV Plant Pty Ltd
 Lathrop / D.A.G. JV
 Turner-Welty JV

Devine Colton Avenue Pty Ltd
Fleetco Rentals AN PTY Limited
Leighton Services Australia Pty Limited
Thiess Africa Investments Pty Ltd
HOCHTIEF Boreal Health Partner Inc.
Leighton - Chun Wo Joint Venture
LEIGHTON DRAGADOS SAMSUNG JOINT VENTURE
LEIGHTON M&E - SOUTH A JOINT VENTURE
LEIGHTON YORK JOINT VENTURE
OWP JOINT VENTURE
Donley's Turner JV
Turner Clayco Brampton JV
Boreal Health Partnership Inc.

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

Green Canal Golf, S.A.
Mantenimientos Integrales Senax, S.A.
Weneda Sp.z o.o.
Systelec Quebec, Inc.
Systelec S.E.C
Blas Moreno, S.L.
Gridcomm Pty. Ltd.
John Holland Development & Investment Pty. Ltd.
John Holland Engineering Pty. Ltd.
HOCHTIEF A5 Holding GmbH
TERRA CZ s.r.o.
Valentinka a.s.
BAB A7 Neumünster-Hamburg Betriebsverwaltungsgesellschaft mbH
Neva Traverse GmbH i.L.
Copperstring Pty. Ltd.
Shield Infrastructure Partnership
CLECE INC
SEMI Colombia S.A.S.
Projektgesellschaft Marieninsel Ost GmbH & Co. KG
Projektgesellschaft Marieninsel West GmbH & Co. KG
HOCHTIEF Canada Holding 1 Inc.
HOCHTIEF Shield Investment Inc.
Marieninsel Ost Verwaltungs GmbH
Marieninsel West Verwaltungs GmbH
Sociedad Concesionaria Túnel San Cristóbal, S.A.
HIP Philipp-Loewenfeld Straße Verwaltungs GmbH
HGO InfraSea Solutions GmbH & Co. KG
Wellington Gateway Partnership No 1 Ltd. partnership
Wellington Gateway Partnership No 2 Ltd. partnership
VR Pakenham Pty. Ltd.
VR Pakenham Trust
ACN 112 829 624 Pty Ltd
Emrail-Leighton Joint Venture
Leighton Fabrication and Modularization Ltd.
Leighton Motorway Investments No. 2 Pty. Ltd.
Mode Apartments Pty. Ltd.
Mode Apartments Unit Trust
Nestdeen Pyt. Ltd.
PT Ngawi Kertosono Jaya
PT Solo Ngawi Jaya

River Links Developments Pty. Ltd.
 LS Midco Pty Ltd
 LS NewCo Pty Ltd
 Henry Road Pakenham JV
 Taiwan Track Partners Joint Venture
 Electra de Montanez, S.A.
 Ewenissa Pty Ltd.
 Leighton Arranging Pty. Ltd.
 Leighton Finance International Pty Ltd.
 Leighton Group Property Services No.1 Pty Ltd
 Leighton Offshore Australia Pty. Ltd.
 Leighton Staff Shares Pty Ltd.
 Leighton Superannuation Pty. Ltd.
 Plant & Equipment Leasing Pty Ltd.
 Technical Resources Pty Ltd.
 AVN Chile Fünfte Holding GmbH
 AVN Chile Vierte Holding GmbH
 HOCHTIEF Equipos y Servicios Chile, S.A.
 Kennedy-Ufer Köln GmbH & Co. KG
 Infocus Infrastructure Management Pty Limited
 D1 Construction s.r.o.
 IWH ImmobilienWerte Hamburg GmbH & Co. KG
 Superco Orense, S.L.
 Bidelan Guipuzkoako Autobideak, S.A.
 Técnicas Aplic de Recuperaciones Industriales, S.A.
 Linhas de Transmissao de Montes Claros, Ltda.
 Energía de la Loma, S.A.
 Semicosta Inc Sociedad Anónima
 NGS - New Generation Services Ltda.
 JC Decaux & Cevasa, S.A.
 Cotefy S.A. de C.V.
 Servicios Proyectos Industriales de Méjico, S.A. CV
 Parqa, S.A.
 Villanueva Cosolar, S.L.
 Cataventos Acarau, Ltda.
 Atlântico-Concessões Transp Energia do Brasil Ltda
 ACSA
 North Africa Infrastructures, S.L.
 HWE Maintenance Services Pty Ltd
 PT Cinere Serpong Jaya
 Thiess Services John Holland Services Joint Venture
 Copernicus 5B Sp. z o.o.
 Copernicus Apartments Sp. z o.o.
 Copernicus B1 Sp. z o.o.
 Copernicus D Sp. z o.o.
 HOCHTIEF Gayrimenkul Gelistirme Limited Sirketi
 HOCHTIEF Solutions Insaat Hizmetleri A.S.
 HTD Smart Office Nr.1 GmbH & Co. KG
 Inversiones HOCHTIEF PPP Solutions Chile dos Ltda.
 SCE Chilean Holding, S.A.
 Bau und Grund GmbH & Co. KG
 HOCHTIEF Krankenhauspartner UK Jena GmbH Co. KG
 Wellington Gateway General Partner No.2 Limited
 SYNTAS Energiemanagement GmbH
 Core Resources
 FES GmbH & Co. RPU I Berlin KG
 RREEF Waterfront GmbH & Co. KG

Deer Park JV
Garlanja JV
Leighton China State Van Oord JV
Thiess John Holland Motorway Services
Akudjura Facilities Management
Hollywood Apartments Pty Ltd
Hollywood Apartments Trust
Riverina Estate Developments Pty Ltd1
Riverina Estate Developments Trust1
Thiess Black and Veatch Joint Venture (VIC)
Thiess Black and Veatch Joint Venture1

**EXPLANATORY NOTE TO THE
SELECTED INDIVIDUAL FINANCIAL INFORMATION OF
ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.
FOR THE YEAR ENDED
31 DECEMBER 2015**

Separate financial statements

Basis of presentation of the selected individual financial information

Accounting standards applied

The Selected Individual Financial Information (hereinafter, the selected financial information) was prepared in accordance with commercial legislation in force and the Spanish National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, and its subsequent amendment by Royal Decree 1159/2010, of 17 September, adapted to the summarised models set forth under Article 13 of Royal Decree 1362/2007, pursuant to that set forth under Article 12 of said Royal Decree, and in CNMV Circular 1/2008, of 30 January.

This selected financial information does not include all the information required by complete separate financial statements prepared in accordance with generally accepted accounting principles and standards under Spanish regulations. Specifically, the accompanying selected financial information has been prepared with the necessary content for compliance with the requirements for selected individual financial information, established in rule two of the aforementioned Circular 1/2008 for those cases in which the issuer, in applying the regulations in force, is required to prepare condensed consolidated financial statements. Consequently, the selected financial information must be read together with the Company's financial statements for the year ended 31 December 2014 and together with the condensed consolidated financial statements for the period from 1 January 2015 to 31 December 2015.

In relation to the preparation of the selected individual financial information, the consideration of the dividends received and the interest earned from the financing granted to the investees as revenue, in accordance with the ruling published in number 79 of the Spanish Accounting and Audit Institute Official Gazette of September 2009, is noteworthy of mention.

The detail of individual revenue is as follows (thousands of euros):

	2015	2014
Dividends from Group companies and associates	358,759	426,304
Dividends from non-current financial assets	5,205	44,610
Financial income from Group companies and associates	94,190	142,481
Services rendered	13,519	12,605
Total	471,673	626,000

This Selected Individual Financial Information was prepared in relation to the publication of the six-monthly financial report as required under Article 35 of Securities Market Law 24/1998, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.