ANNUAL REPORT OF ACS GROUP 2013

www.grupoacs.com


ACTIVITY REPORT OF ACS GROUP 2013

Cover photo: Manzanillo Combined Cycle Plant (Mexico).

MAIN FIGURES OF THE ACS GROUP

FINANCIAL AND OPERATING DATA

MILLION EUROS	2008(1)	2009(2)	2010(3)	2011	2012(4)	2013
Turnover	15,275.6	15,387.4	14,328.5	28,471.9	38,396.2	38,372.5
Gross operating profit (EBITDA)	1,382.5	1,429.3	1,431.7	2,317.7	3,088.4	3,001.9
Net operating profit (EBIT)	1,042.7	1,073.9	1,039.2	1,333.3	1,579.4	1,745.8
Attributable net result	1,805.0	1,946.2	1,312.6	961.9	-1,927.9	701.5
Cash-flow (*)	2,144.8	2,301.5	1,705.1	1,946.4	-418.8	1,957.7
Dividends paid	600.2	653.2	618.2	613.9	639.2	398.0
Net investments/(Divestments)	170.5	(1,327.2)	2,317.2	2,901.9	(2,285.2)	476.4
Total assets	51,398.4	31,361.2	34,184.5	47,987.6	41,563.4	39,771.2
Equity	9,913.0	4,507.9	4,442.4	6,191.3	5,711.5	5,488.9
Shareholders´ equity	3,402.4	4,219.6	4,178.5	3,319.1	2,656.5	3,267.9
Non- controlling interests	6,510.6	288.3	263.8	2,872.2	3,055.0	2,221.0
Total net debt	9,355.8	9,089.3	8,003.1	9,334.2	4,952.0	4,234.7
Net debt with recourse	2,933.7	219.4	956.6	3,368.7	3,569.5	2,977.5
Non recourse financing	6,422.1	8,870.0	7,046.5	5,965.5	1,382.4	1,257.1
Order book (5)	27,679.0	28,581.0	27,602.0	74,333.4	74,587.9	63,419.1
Number of employees	138,117	137,015	89,039	162,262	162,471	157,689

(*) Net result+ Depreciation + Change in povisions.

DATA PER SHARE

EUROS	2008(1)	2009(2)	2010(3)	2011	2012(4)	2013
Earnings	5,43	6,26	4,38	3,24	-6,62	2,26
Gross dividend (**)	2,050	2,050	2,050	1,968	1,112	1,150
Cash-flow	6,45	7,40	5,70	6,56	-1,44	6,31
Shareholders' equity	10,23	13,57	13,96	11,19	9,12	10,53

(**) The final amount of the gross dividend of 2013 will be determined according to the scrip dividend result.

STOCK MARKET DATA

	2008	2009	2010	2011	2012	2013
Listed shares (6)	335,390,427	314,664,594	314,664,594	314,664,594	314,664,594	314,664,594
Market capitalization (million euros)	10,950.5	10,953.3	11,036.7	7,205.7	5,991.1	7,872.8
Year-end closing price	32.65 €	34.81 €	35.08 €	22.90 €	19.04 €	25.02 €
Annual revaluation	-19.68%	6.62%	0.76%	-34.71%	-16.86%	31.41%

KEY RATIOS

	2008(1)	2009(2)	2010(3)	2011	2012(4)	2013
Operating margin	6.8%	7.0%	7.3%	4.7%	4.1%	4.5%
Net margin	11.8%	12.6%	9.2%	3.4%	-5.0%	1.8%
ROE	41.2%	50.0%	32.5%	23.3%	n.a.	22.7%
Gearing (7)	94.4%	201.6%	180.2%	150.8%	86.7%	77.1%
Dividend yield	6.3%	5.9%	5.8%	8.6%	5.8%	4.6%

(1) 2008 data proforma, SPL has been reclassified as "Assets held for sale", using the same criteria that it has been used in 2009.
(2) 2009 are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria that it has been used in 2010.
(3) 2010 data proforma, Clece has been reclassified as "Discontinued Operation", using the same criteria that it has been used in 2011.
(4) 2012 data have been reestated as a result of the entry into force of the revised IAS 19, which applies retroactively.
(5) Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.
(6) On July 2008, there was a reduction in the share capital by a nominal amount of € 8,741,385 through the redemption of 17,482,707 shares of treasury stock. Additionally, on January 2009, there was a reduction in the sharecapital by a nominal amount of € 8,373,255, through the redemption of 16,746,453 shares of the treasury stock, according to the resolution that was approved in the Extraordinary General Shareholder's meeting, held in December 2008. On May 25th, 2009, there was a reduction in the stock capital by a nominal amount of € 1,989,690 through the redemption of 3,979,380 shares of treasury stock.
(7) Gearing: Net Debt / (Shareholders' Equity+Non-controlling interests).

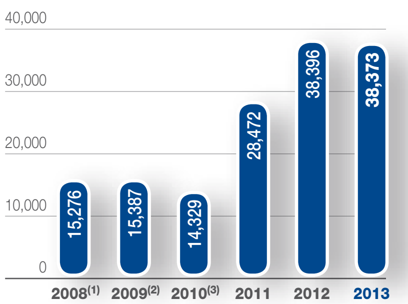
MAIN FIGURES OF THE ACS GROUP

INTERNATIONAL PRESENCE

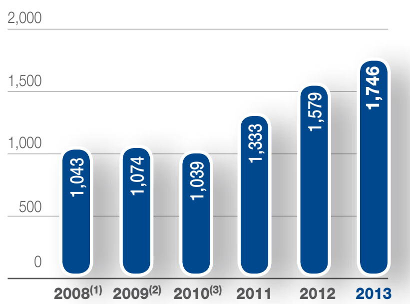
MAIN COUNTRIES IN WHICH ACS GROUP IS PRESENT

ALGERIA
ANGOLA
ARGENTINA
AUSTRALIA
AUSTRIA
BAHREIN
BELGIUM
BOLIVIA
BRAZIL
CANADA
CHILE
CHINA
COLOMBIA
CZECH REPUBLIC
DENMARK
DOMINICAN REPUBLIC
ECUADOR
EGYPT
EL SALVADOR
ETHIOPIA
FRANCE
GEORGIA
GERMANY
GREECE
GUATEMALA
HONDURAS
HUNGARY
INDIA
INDONESIA
IRELAND
ITALY
LUXEMBOURG
MALAYSIA
MEXICO
MONGOLIA
MOROCCO
NEW ZEALAND
NICARAGUA
NORWAY
PANAMA
PERU
POLAND
PORTUGAL
PUERTO RICO
QATAR
ROMANIA
RUSSIA
SAUDI ARABIAN
SOUTH AFRICA
SOUTH KOREA
SPAIN
SWEDEN
SWITZERLAND
THE NETHERLANDS
TURKEY
UNITED ARAB EMIRATES
UNITED KINGDOM
UNITED STATES
UZBEKISTAN
VENEZUELA
VIETNAM

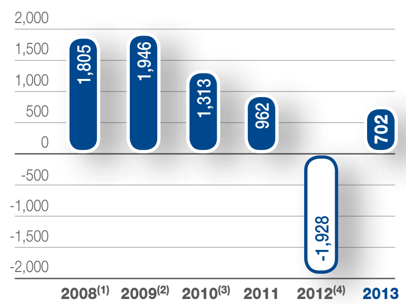
TURNOVER
MILLION EUROS



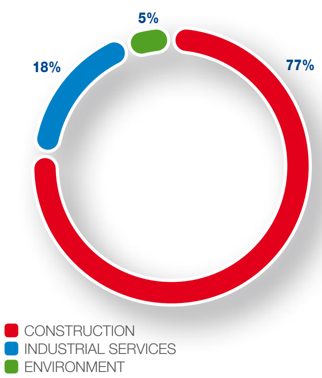
NET OPERATING PROFIT (EBIT)
MILLION EUROS



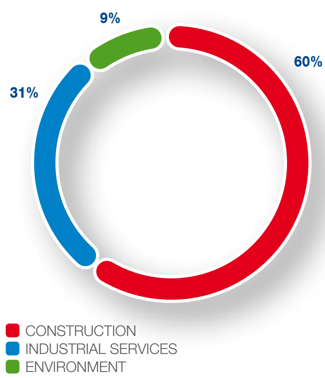
ATTRIBUTABLE NET PROFIT
MILLION EUROS



2013 TURNOVER BY BUSINESS (5)



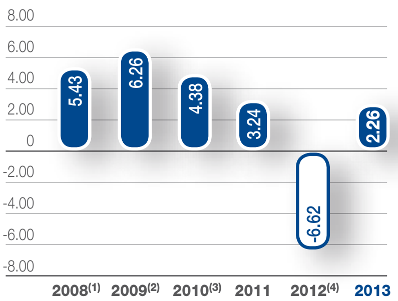
2013 GROSS OPERATING PROFIT (EBITDA) BY BUSINESS (5)



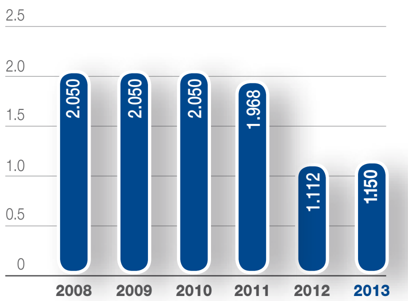
INTERNATIONALIZATION
MILLION EUROS

(1) 2008 data proforma, SPL has been reclassified as "Assets held for sale", using the same criteria that it has been used in 2009.
(2) 2009 are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria that it has been used in 2010.
(3) 2010 data proforma, Clece has been reclassified as "Discontinued Operation", using the same criteria that it has been used in 2011.
(4) 2012 data have been reestated as a result of the entry into force of the revised IAS 19, which applies retroactively.
(5) Percentages are calculated considering the sum of activities included in the graph. Construction includes Dragados, HOCHTIEF and Iridium.

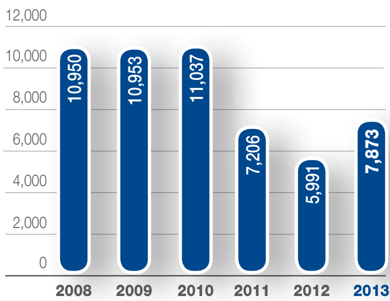
EARNING PER SHARE
EUROS



DIVIDEND PER SHARE
EUROS



MARKET CAPITALIZATION
MILLION EUROS



CONSTRUCTION 2013 (1)
MILLION EUROS

Turnover	29,559
International	95.3%
Gross operating profit (EBITDA)	1,826
Margin	6.2%
Net profit	189
Margin	0.6%
Order book(2)	47,563
Employees	87,457

INDUSTRIAL SERVICES 2013
MILLION EUROS

Turnover	7,067
International	61.2%
Gross operating profit (EBITDA)	937
Margin	13.3%
Net profit	418
Margin	5.9%
Order book	7,413
Employees	41,635

ENVIRONMENT 2013
MILLION EUROS

Turnover	1,781
International	35.5%
Gross operating profit (EBITDA)	275
Margin	15.4%
Net profit	58
Margin	3.2%
Order book	8,443
Employees	28,545

(1) Construction includes the activity of Dragados, HOCHTIEF and Iridium.
(2) Construction order book includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.

ACTIVITY REPORT OF ACS GROUP

LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDER

Once again this year I am writing to thank you for the support and confidence you have shown in our company. These have been difficult times, but the ACS Group has shown its strength in a hugely competitive environment.

With sales reaching 38,373 million euros in 2013, our Group has positioned itself as one of the largest infrastructure development companies in the world, with a strong presence in the economically developed countries. ACS is today the largest construction company in the United States and Australia, the second largest in Latin America and one of the five largest in Europe, which provides us with an unrivalled competitive advantage that allows us to keep growing in an increasingly global market.

By region, Europe accounts for 26% of total turnover, North America for 29%, South America for 5%, Australia for 31%, Asia for 8% and Africa for 1%. In short, more than 86% of the ACS Group's total sales are generated outside Spain, which shows the international nature of the Group.

The order book for works stood at 63,419 million euros at the close of 2013, almost the same figure as in 2012 in comparable terms, supported by the experience, technical capacity and commercial skills of our highly qualified professionals who make the difference in the complex projects we manage.

The work carried out in 2013 has translated into good results for the ACS Group, which earned a gross operating profit of 3,002 million euros and a net profit of 702 million euros. These solid results are the consequence of our operational profitability and industrial management.

I would also like to mention the significant effort made by the Group to continue reducing its financing debt, which has fallen by 14.5% over the last twelve months and by 55% since December 2011. To achieve this we have carried out a significant divestment of non-strategic assets and have promoted the generation of operating cash flow, in addition to strengthening the financial structure by successfully going to the bond markets. The ACS Group's net debt currently stands at 4,235 million euros, equivalent to 1.4 times the gross operating profit earned in 2013.

These operating and financial results have had a positive impact on the ACS share price, which closed the year at 25.02 euros per share, representing an annual gain of 31.4%. This upward trend has been maintained during the first quarter of 2014 and I am confident that it will continue over the next few months, basing this opinion on the good economic, operational and financial outlook for the Group.

I would also like to mention the changes made during 2013 by HOCHTIEF, which had started a restructuring process at the end of 2012. This process has allowed it to meet its strategic objectives. The company has significantly improved its results, which rose to 208 million euros in terms of recurring net profit, a figure more than twice that obtained in 2012. This good result has undoubtedly been achieved thanks to the organisational simplification carried out, which includes a reduction in overheads and a standardisation of the risk control system. The company has also focussed its activity on construction, divesting itself of non-strategic assets such as airports, services, telecommunications and property activity.

In 2013 we also increased our holding in our listed subsidiary Leighton Holdings. This has risen to 58% and is expected to increase further to a maximum of 75% once the proportional takeover bid made at the start of 2014 is completed. This investment, which could be worth around 800 million euros, confirms the Group's clear commitment to the Australian market in general, and to Leighton in particular, where our greater influence and management capacity will allow us to improve its operating efficiency.

We are going to continue developing our corporate strategy over the next few years, basing this on a clear commitment to customer service, a strong focus on profits and a strict control of risks. These values, which have formed part of the Group's culture since its foundation and which have led to our main competitive advantages, will allow us to retain our leadership of the sector. This is why it is essential to continue to have an efficient, agile and decentralised organisation, one which promotes operational excellence. In this way we can offer the best products and services to our customers in a form which is sustainable.

Our commitment to sustainability is inescapable and continues to result in significant progress being made each year. The main milestones achieved in 2013 relate to the generalisation of our code of conduct, already implemented in all of the Group's companies, and to occupational health and safety, where the Group has invested more than 168 million euros in strengthening the measures in place to prevent accidents and reduce risks.

Today we have the ability to compete effectively in the most advanced markets and are in the enviable position of having more than 157,000 employees spread across 65 countries, who keep working so that the ACS Group can continue to be a leading company in the international infrastructure sector, without ever forgetting that our mission is, and always has been, to create value for you, our shareholder.

Florentino Pérez
Chairman of the ACS Group

MANAGEMENT BODIES

BOARD OF DIRECTORS

CHAIRMAN AND CEO

Mr. Florentino Pérez Rodríguez
Civil Engineer
Civil Engineer
Chairman and CEO of ACS Group since 1993
Member of the Board of Directors of ACS since1989

EXECUTIVE VICE CHAIRMAN

Mr. Antonio García Ferrer
Civil Engineer
Member of the Board of Directors of ACS since 2003

VICE CHAIRMAN

Mr. Pablo Vallbona Vadell
Naval Engineer and MBA from the IESE
Member of the Board of Directors of ACS since 1997
First Vice Chairman of Banca March
Vice Chairman of Consulnor

MEMBER OF THE BOARD OF DIRECTORS

Mr. José María Loizaga Viguri
Economist
Member of the Board of Directors of ACS since 1989
Chairman of Cartera Industrial REA
Vice Chairman of Zardoya Otis

Mr. Agustín Batuecas Torrego
Civil Engineer
Member of Board of Directors of ACS since 1999

Mr. Álvaro Cuervo García
Doctorate in Economics
Professor of Business Economics -
Universidad Complutense de Madrid
Chairman of Colegio Universitario de
Estudios Financieros (CUNEF)
Member of the Board of Directors of ACS since 1997
Member of the Advisory Board of Privatisations
Member of the Board of Directors of SONAE SGPS
Member of the Board of Directors of
Bolsas y Mercados Españoles (BME)

Mr. Manuel Delgado Solís
B.S. in Pharmacy and Lawyer
Member of the Board of Directors of ACS since 2003

Mr. Javier Echenique Landiribar
B.A. in Economics
Member of the Board of Directors of ACS since 2003
Vice Chairman of Banco Sabadell
Member of the Board of Directors of Telefónica Móviles México
Member of the Board of Directors-Advisor of Telefónica Europa
Member of the Board of Directors of ENCE
Member of the Board of Directors of Repsol YPF
Member of the Board of Directors of Celistics L.L.C.
Vice Chairman of Calcinor,S.L.

Iberostar Hoteles y Apartamentos, S.L.
Represented by:

Ms. Sabina Fluxà Thienemann
B.A. in Business Administration
and MBA from ESADE
Member of the Board of Directors of ACS since 2009
Executive Vice Chairwoman and Chief Executive Officer
of Grupo Iberostar

Mr. Joan-David Grimà i Terré
Doctorate in Economics and Business Studies
Member of the Board of Directors of ACS since 2003
Member of the Board of Directors of Cory Environmental Holdings Limited (UK)
Member of the Board of Directors of INVIN

Mr. Pedro López Jiménez
Civil Engineer
Member of the Board of Directors of ACS since 1989
Member of the Supervisory Board of Hochtief and member of its Executive Committee
Member of the Board of Directors of Leighton
Member of the Board of Directors of GHESA

Mr. Juan March de la Lastra
B.A. in Business Administration
Member of the Board of Directors of ACS Group since 2008
Member of the Board of Directors of Corporación Financiera Alba
Member of the Board of Directors of Indra Sistemas
Vice Chairman of Banca March

Mr. Santos Martínez-Conde Gutiérrez-Barquín
Civil Engineer
Member of the Board of Directors of ACS since 2001
Chief Executive Officer (CEO) of Corporación Financiera Alba
Member of the Board of Directors of Acerinox
Member of the Board of Directors of Banca March
Member of the Board of Directors of Indra
Member of the Board of Directors of Inversis

Mr. Javier Monzón de Cáceres
B.A. in Economics
Member of the Board of Directors of ACS since 2003
Chairman of Indra

Mr. Miquel Roca i Junyent
Lawyer
Member of the Board of Directors of ACS since 2003
Secretary of the Board of Directors of Abertis Infraestructuras
Secretary of the Board of Directors of Banco de Sabadell
Member of the Board of Directors de Endesa

Mr. Julio Sacristán Fidalgo
B.S. in Chemistry
Member of the Board of Directors of ACS since 1998

MEMBER OF THE BOARD OF DIRECTORS-SECRETARY GENERAL

Mr. José Luis del Valle Pérez
Lawyer and State Attorney
Member of the Board of Directors of ACS since 1989
Member of the Supervisory Board of HOCHTIEF
Member of the Board of Directors of Leighton

Member of the Executive Committee
Member of the Audit Committee
Member of the Appointment and Remuneration Committee
Secretary non-member

MANAGEMENT BODIES

MANAGEMENT COMMITTEE

MR. ANTONIO GARCÍA FERRER
Executive Vice Chairman

Born in 1945.
Civil Engineer.

Mr. García started his career in Dragados y Construcciones, S.A. in 1970. After assuming various positions of responsibility in the construction Company, in 1989 he was appointed Regional Manager for Madrid. Then, in 1998, he was placed at the head of the Building business and in 2001, he became General Manager of the Industrial and Services Divisions. In 2002 Mr. García was appointed as the Chairman of Grupo Dragados, S.A., and in December 2003 he became the Executive Vice Chairman of the ACS Group.

MR. JOSÉ LUIS DEL VALLE PÉREZ
General Secretary

Born in 1950.
Lawyer and State Attorney.

From 1975 until 1983 Mr. del Valle held various positions in the Public Administration and was a member of the Parliament from 1979 to 1982 and Deputy Secretary of the Ministry of Territorial Administration. He has been a member of the Board of Directors of the ACS since 1989 and has been the Secretary General to the Board of Directors since 1997.

MR. FLORENTINO PÉREZ RODRÍGUEZ
Chairman and CEO

Born in 1947.
Civil Engineer.

Although Mr. Pérez started his career in the private sector, he held different posts in the Public Administration between 1976 and 1982 when he was Delegate for Sanitation and Environment of the Madrid City Council, General Sub-Director of Promotion of the Centre for the Development of Industrial Technology in the Ministry of Industry and Energy, General Manager of Transport Infrastructures in the Ministry for Transport, as well as Chairman of IRYDA in the Ministry of Agriculture. In 1983, he returned to the private sector as top executive of Construcciones Padrós, S.A. since 1984, of which he was one of the main shareholders. Since 1993, he has been the Chairman and CEO of the ACS Group, first as the chairman of OCP Construcciones S.A., as result of the merger of Construcciones Padrós with OCISA, and since 1997 as the chairman and CEO of the so-called ACS Group, as result of the merger of OCP Construcciones S.A. with Ginés Navarro, S.A.

MR. ÁNGEL GARCÍA ALTOZANO
Corporate General Manager

Born in 1949.
Civil Engineer and MBA.

Mr. García Altozano started his professional career in the construction sector. He was General Manager of the Instituto Nacional de Industria (INI) and President of Bankers Trust for Spain and Portugal. In 1997 he joined the ACS Group as Corporate General Manager with responsibility over the economic-financial areas, corporate development and affiliates.

MR. EUGENIO LLORENTE GÓMEZ
Chairman and CEO of the Industrial Services and Area

Born in 1947.
Industrial Technical Engineer and MBA, Madrid Business School.

Mr. Llorente started his professional career in Cobra Instalaciones y Servicios, S.A. in 1973. After occupying different positions of responsibility, in 1989 was named director of Downtown, in 1998 he was promoted Corporate General Manager and in 2004 General Manager. Currently, he is General Manager of ACS Services, Communications and Energy and responsible for the Industrial Services Area of the Group.


MR. ANTONIO GARCÍA FERRER


MR. JOSÉ LUIS DEL VALLE PÉREZ


MR. FLORENTINO PÉREZ RODRÍGUEZ


MR. ÁNGEL GARCÍA ALTOZANO


MR. EUGENIO LLORENTE GÓMEZ

MANAGEMENT BODIES

MANAGEMENT TEAM

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

Mr. Florentino Pérez Rodríguez
Chairman and
Chief Executive Officer (CEO)

Mr. Antonio García Ferrer
Executive Vice Chairman

Mr. Ángel García Altozano
Corporate General Manager

Mr. José Luis del Valle Pérez
Secretary General

CONSTRUCTION

HOCHTIEF

Mr. Marcelino Fernández Verdes
Chairman of the Vorstand* of HOCHTIEF AG.
Chief Executive Officer (CEO)
Chief Executive Officer (CEO) of Leighton Holdings since March 2014

Mr. Peter Sassenfeld
Member of the Vorstand* of HOCHTIEF AG.
Chief Financial Officer (CFO)

Mr. José Ignacio Legorburo Escobar
Member of the Vorstand* of HOCHTIEF AG.
Chief Operating Officer (COO)

Mr. Nikolaus Graf von Matuschka
Member of the Vorstand* of HOCHTIEF AG.
Chief Executive Officer (CEO) of HOCHTIEF Solutions.

Mr. Hamish Tyrwhitt (until Mach 2014)
Chief Executive Officer (CEO) of Leighton Holdings

Mr. Peter Gregg (until Mach 2014)
Deputy Chief Executive Officer and Chief Financial Officer (CFO) of Leighton Holdings.

Mr. Adolfo Valderas
Chief Operating Officer (COO) of Leighton Holdings

Mr. Javier Loizaga Jiménez (since March 2014)
Chief Financial Officer (CFO) of Leighton Holdings

Mr. Malcolm Ashcroft
Deputy Chief Financial Officer (Deputy CFO) of Leighton Holdings

Mr. Peter Davoren
Chairman and Chief Executive Officer (CEO) of Turner Construction

Mr. John DiCiurcio
Chairman and Chief Executive Officer (CEO) of Flatiron

DRAGADOS

Mr. Ignacio Segura Suriñach
Chief Executive Officer (CEO)

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. Diego Zumaquero García
Exploitation Manager of Spain

Mr. Ricardo Martín de Bustamante
Manager of North America

Mr. Román Garrido Sánchez
Manager of Australia

Mr. Fernando Bolinaga Hernández
Manager of South America

IRIDIUM

Mr. Juan Santamaría Cases
Chief Executive Officer (CEO)

INDUSTRIAL SERVICES

Mr. Eugenio Llorente Gómez
Chairman and Chief Executive Officer (CEO)

Mr. José Alfonso Nebrera García
General Manager

Mr. Epifanio Lozano Pueyo
Corporate General Manager

Mr. Ramón Jiménez Serrano
Cobra General Manager

Mr. Cristóbal González Wiedmaier
Finance Manager

ENVIRONMENT

Mr. José M.ª López Piñol
Chief Executive Officer (CEO)

* Executive Board.

THE ACS GROUP IN 2013

A WORLDWIDE LEADER IN THE INFRASTRUCTURE DEVELOPMENT SECTOR

SPAIN
REVENUE 5,245
ORDER BOOK 10,177

REST OF EUROPE
REVENUE 4,549
ORDER BOOK 9,044

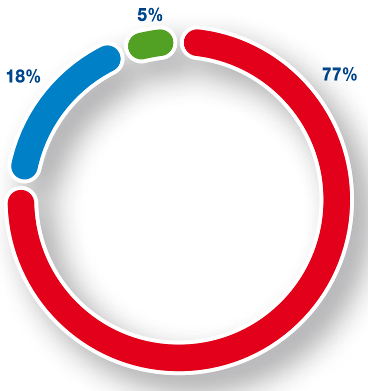
AMERICA
REVENUE 13,054
ORDER BOOK 16,255

ASIA-PACIFIC
REVENUE 15,061
ORDER BOOK 27,544

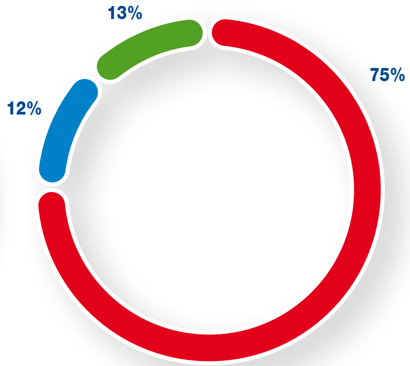
AFRICA
REVENUE 411
ORDER BOOK 398

MILLION EUROS

REVENUE
38,373
MILLION EUROS



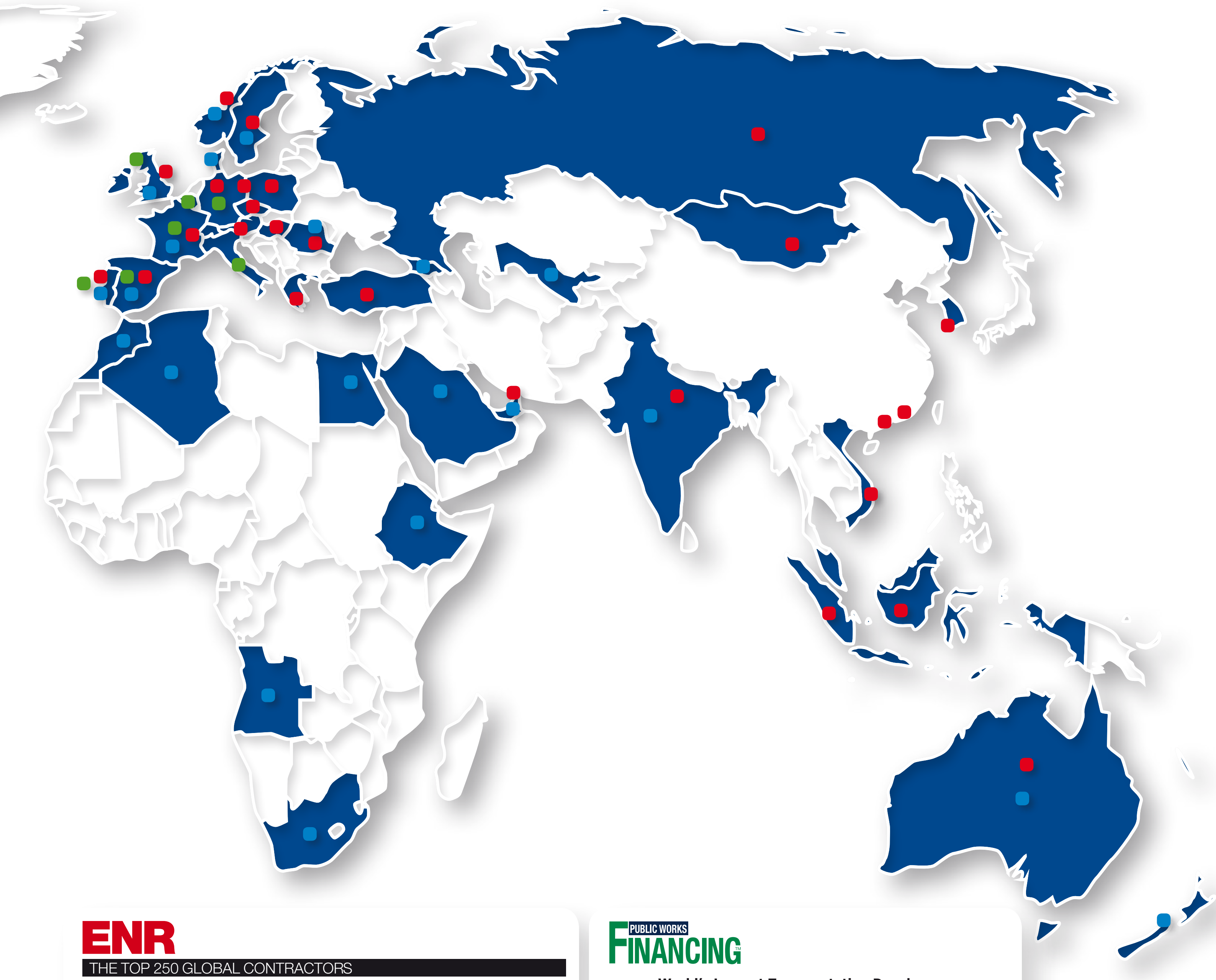
ORDER BOOK*
63,419
MILLION EUROS



CONSTRUCTION
INDUSTRIAL SERVICES
ENVIRONMENT

* Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.

EBITDA	NET PROFIT	GROSS INVESTMENTS	EMPLOYEES
3,002 MILLION EUROS	702 MILLION EUROS	2,484 MILLION EUROS	157,689



ENR

THE TOP 250 GLOBAL CONTRACTORS

RANK 2013	2012	FIRM	2012 REVENUE $ MIL. TOTAL	INT'L
1	2	**CHINA RAILWAY CONSTRUCTION CORP. LTD.,** Beijing, China	84,642.0	2,147.0
2	1	**CHINA RAILWAY GROUP LTD.,** Beijing, China	81,805.7	3,799.6
3	3	**CHINA STATE CONSTRUCTION ENG'G CORP.,** Beijing, China	81,366.8	4,987.8
4	6	**GRUPO ACS,** Madrid, Spain	50,654.6	42,772.0
5	4	**VINCI,** Rueil-Malmaison, France	50,338.7	18,419.5
6	5	**CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD.,** Beijing, China	47,327.3	11,187.2
7	7	**HOCHTIEF AG,** Essen, Germany	36,452.7	34,563.3
8	8	**BOUYGUES,** Paris, France	33,885.0	14,196.0
9	9	**CHINA METALLURGICAL GROUP CORP.,** Beijing, China	31,522.6	2,295.7
10	10	**BECHTEL,** San Francisco, Calif., U.S.A.	29,436.0	23,255.0

Source: ENR The top 250 global contractors.

PUBLIC WORKS FINANCING

World's Largest Transportation Developers

2013 SURVEY OF PUBLIC-PRIVATE PARTNERSHIPS WORLDWIDE

Ranked by Number of Concessions Developed Alone Or In JV Since 1985

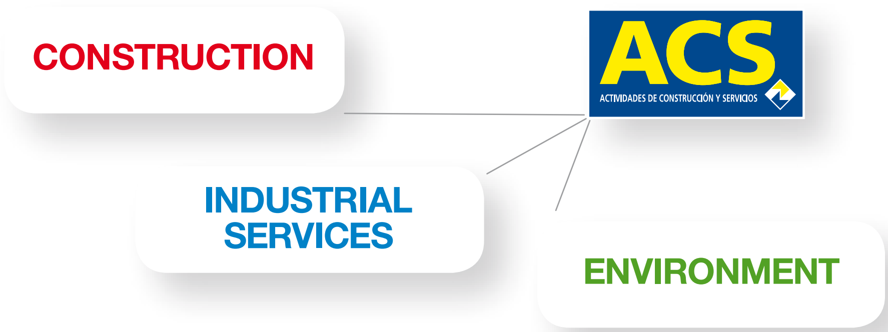
Company	Operating or under const.	# sold or expired	Bid Targets	No. operating or under construction in: U.S.	Canada	Home country	All other
ACS Group/Hochtief (Spain)	56	44	55	2	6	19	29
Global Via-FCC-Bankia (Spain)	45	1	3	1	1	30	13
Macquarie Group (Australia)	44	13	16	4	1	1	38
Abertis (Spain)	41	14	0	0	0	12	29
Vinci (Spain)	38	3	17	1	2	11	24
Hutchison Whampoa (China)	34	5	0	0	0	9	25
Ferrovial/Cintra (Spain)	32	23	30	6	2	9	15
NWS Holdings (China)	27	0	1	0	0	27	0
EGIS Projects (France)	25	1	14	0	1	5	19
Bouygues (France)	24	3	13	1	1	9	13

Source: Public Works Finanacing.

CORPORATE STRATEGY

VISION

A **worldwide reference** in the **industry of infrastructure development**, both civil and industrial engineering projects. A Group which participates in the **development** of sectors which are fundamental for the economy. A Company committed to **economic and social progress** in the countries where it is present.



MISSION

PURSUING GLOBAL LEADERSHIP

- Positioning itself as one of the main players in all those sectors in which it takes part as a means of boosting its competitiveness, maximising value creation in relation to its clients and continuing to attract talent to the organisation.
- Meeting the needs of our clients by offering a diversified portfolio of products, innovating daily and selectively investing to increase the range of services and activities offered.
- Continuously improving quality, safety and reliability standards in the services offered in order to foster stability and to guarantee recurring income.
- Expanding the Group's current client base through a permanent commercial effort in new markets.

OPTIMISING THE PROFITABILITY OF THE RESOURCES MANAGED

- Increasing operating and financial efficiency and offering attractive profitability to our shareholders.
- Applying strict investment criteria in line with the company's strategy of expansion and growth.
- Maintaining a solid financial structure which facilitates the raising of resources and the maintenance of a low cost thereof.

PROMOTING SUSTAINABLE GROWTH

- Improving the society in which we live by helping to grow the economy, generating wealth through the ACS Group's own activities, thereby guaranteeing the well-being of citizens.
- Respecting the economic, social and environmental backdrop, innovating in the establishment of company procedures and respecting in each of the activities carried out by the Group, the recommendations of the main domestic and international institutions.
- Helping the economy to grow by creating stable, respectable and fairly-remunerated employment.

VALUES

All ACS Group activities show a determined customer orientation, with a contracting culture and as a guarantee for future, building solid long-term relationships based on **trust** and mutual knowledge.

The flexible and decentralized Group structure promotes the responsibility and entrepreneurship of the employees, being a basic tool for maximising **profitability** and encouraging the **excellence** necessary to offer the best services and products to the customers.

The ACS Group maintains an unavoidable **commitment** to sustainable development, in order to serve society in an efficient and ethically responsible manner through its capacity to create value for shareholders and all stakeholders, demanding the maximum **integrity** standards from its employees and collaborators.

These values, which have formed part of the Group's culture since its foundation, have created the main competitive advantages which are the cornerstone of its past and future growth.

CORPORATE STRATEGY

COMPETITIVE ADVANTAGES

CIVIL ENGINEERING

- Specialization in Infrastructure development.
- Large projects management.
- Development, Construction and Operation of Concessions.

INDUSTRIAL ENGINEERING

- Integrated value chain: Engineering, development and maintenance contracts.
- Energy turnkey projects.
- Investment capacity: energy concessional assets, high-voltage lines, desalination plants.

CONTRACTING CULTURE

TECHNICAL ENGINEERING CAPABILITIES

ENTREPRENEUR SHIP

- Client Knowledge.
- Flexibility.
- Global clients.

- Efficient management of resources.
- Constant growth and profitability targets.
- Investment Opportunities.

STRATEGY OF CORPORATE SOCIAL RESPONSIBILITY IN THE ACS GROUP

Improving society, generating wealth to guarantee the well-being of the citizens it serves, in the final analysis, is a primordial part of the ACS Group's mission.

The ACS Group's commitment to society is summarised in four fields of action:

- Respect for ethics, integrity and professionalism in the Group's relationship with its Stakeholders.
- Respect for the social, economic and environmental setting.
- Promotion of innovation and research in its application to infrastructure development.
- Creation of employment and well-being, as an economic motor for society.

To face up to the challenge of coordinating the **ACS Group's Corporate Responsibility** policy, given its characteristics of operational decentralisation and geographical scope, a project related to the ACS Group's Corporate Responsibility over the coming years, known as **Project one**.

Project one seeks to promote good management practices and is framed in the Group's general strategy, focused on reinforcing ACS's world leadership.

The promotion of good management practices focuses on the following major areas:

THE GROUP'S POSITION IN TERMS OF ETHICS.

oneEthics

IN TERMS OF EFFICIENCY, INVOLVING CLIENT, QUALITY, SUPPLIER, ENVIRONMENTAL AND R&D+I POLICIES.

oneEfficiency

IN TERMS OF EMPLOYEES, PERSONNEL, HEALTH AND SAFETY AND SOCIAL ACTION POLICIES OF THE ACS GROUP.

oneEmployees

In practice, Project one analyses and evaluates the performance of the Group and its companies in relation to a scorecard of control indicators, aligned with Dow Jones Sustainability Index requirements, which is supervised by independent external consultants and inspectors who qualify the inclusion of improvements periodically, both at the functional and procedural levels.

HISTORY

1983

Construcciones Padrós, S.A.

Founded in 1968

Construction company based in Badalona (Spain), restructured and relaunched after acquisition. It was the seed for today's ACS Group.

1986

OCISA

Founded in 1942

Spanish construction company, the acquisition of which represented a leap in size for the Group in the 80s.

1988

SEMI

Founded in 1919

A company specialised in power lines, developer of the Spanish grid, the Group's first diversification into industrial services.

1989

cobra GRUPO

Founded in 1948

A leading industrial services company in Spain and Latin America, acquired in the market to lead the Group's expansion in this area.

1992

OCP CONSTRUCCIONES

Founded in 1992

The result of the merger between Ocisa and Construcciones Padrós, creating one of Spain's 10 biggest companies at the time.

1996

AUXINI CONSTRUCCION

Founded in 1945

State-owned construction company, increasing the Group's domestic presence.

1997

GINÉS NAVARRO CONSTRUCCIONES S.A.

Founded in 1930

One of Spain's most important construction companies, specialised in civil works.

1997

VIAS

Founded in 1928

One of Spain's most practised companies in railway development, with over 80 years' experience. Joined the ACS Group as a Ginés Navarro subsidiary.

ACS

1997

ACS

Founded in 1997

A world leader in infrastructure development. Created from the merger between OCP and Ginés Navarro in 1997.

2003

Grupo Dragados

Founded in 1941

A leader in Spain and a highly diversified company. Its merger with ACS created one of the world's five biggest companies and laid the foundations for the Group's future growth.

2003

urbaser

Founded in 1983

Created to provide value-added services to local councils and corporations, it is now a world leader in performing environmental activities.

2011

HOCHTIEF

Founded in 1873

A leading company in Germany and involved in over 50 countries, it is the ACS Group's platform for international growth.

2011

Turner

Founded in 1902

A HOCHTIEF subsidiary since 1999, it is a leading "General Contractor" in the United States and is involved in executing large non-residential building projects across almost the whole country.

2011

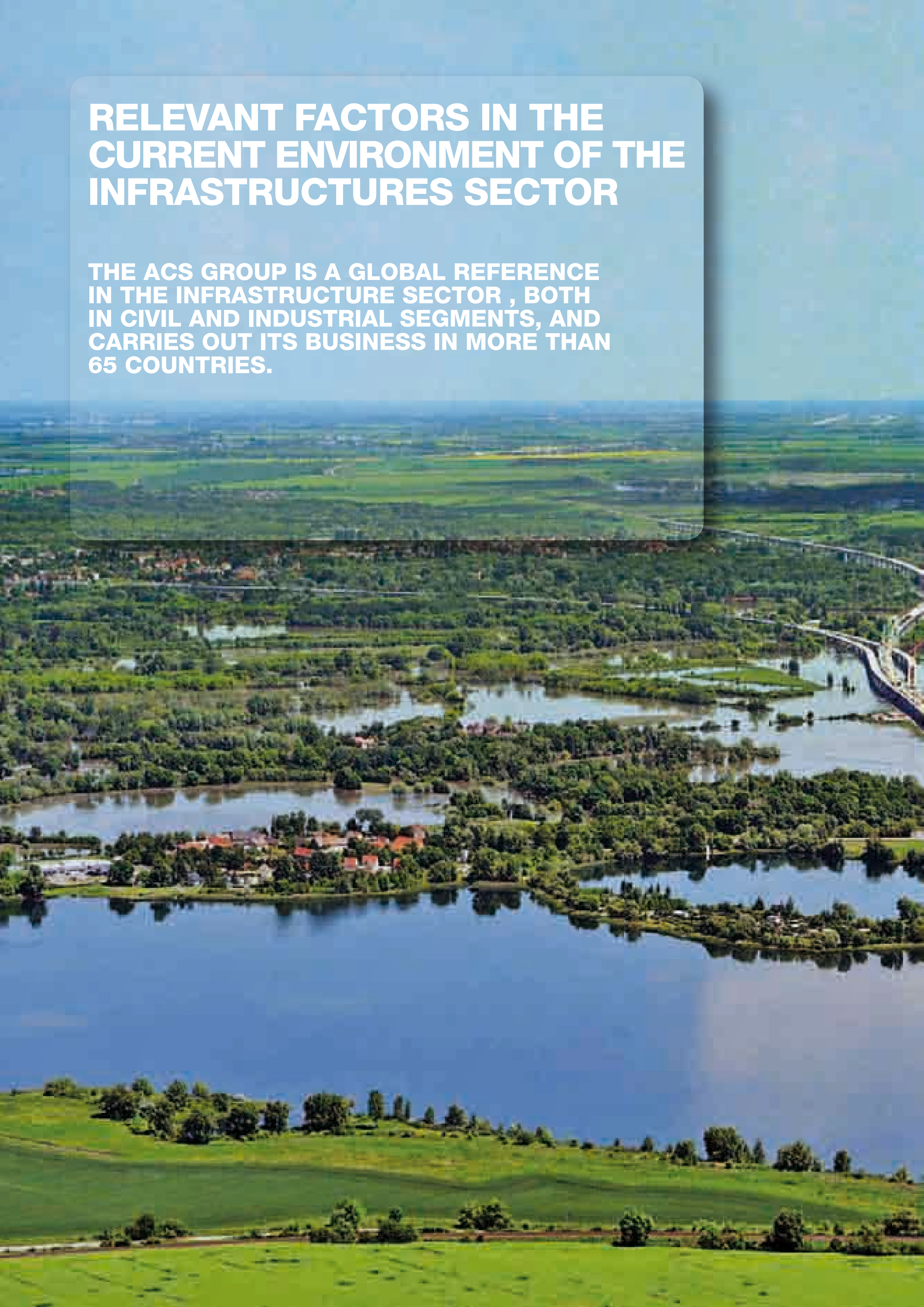
Leighton Holdings

Founded in 1949

A subsidiary of HOCHTIEF, which holds a 58% of the company's shares at December 31, 2013, acquired in 1983. It is Australia's leading construction company and a world leader in mining concessions.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

THE ACS GROUP IS A GLOBAL REFERENCE IN THE INFRASTRUCTURE SECTOR , BOTH IN CIVIL AND INDUSTRIAL SEGMENTS, AND CARRIES OUT ITS BUSINESS IN MORE THAN 65 COUNTRIES.



RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

The growth of the infrastructure sector is influenced by the evolution of the macroeconomic environment, principally by structural, demographic, geographic, political and social development factors.

All these factors are specific to each of the different geographical areas, thus making it necessary to perform an analysis of these peculiarities, in each of the different countries, to identify risks and opportunities for investment in infrastructures.

MACROECONOMIC ENVIRONMENT

According to estimates by the International Monetary Fund[1], in 2013 the world's gross domestic product grew by 3%, representing a decrease of 20 basis points compared to 2012. This diminished growth is due to the fiscal consolidation measures implemented in advanced economies and slower growth in emerging countries owing to a decline in domestic demand and reduced availability of funds in foreign markets.

1 "World Economic Outlook", International Monetary Fund, January 2014.

ACCORDING TO THE IMF, IN 2014 THE GROSS DOMESTIC PRODUCT WORLWIDE WILL GROW BY 3.7%, UP BY 70 BASIS POINT ON 2013.

However, in the second half of 2013 advanced economies showed stronger recovery, especially the United States and the European Union, improving the growth prospects for both regions in 2014. The International Monetary Fund also predicts an improvement in the GDP growth rates in emerging countries, although these recovery forecasts are more modest than those observed in advanced countries, mainly due to more moderate commodities prices, lower growth margins in private consumption and decreased growth China that will affect the global exports of these countries. Thus, by 2014 the gross domestic product worldwide will grow by 3.7%, up by 70 basis points on 2013.

	% GDP CHANGE					% INVESTMENT OVER GDP				
%	2011	2012	2013E	2014E	2015E	2011	2012	2013E	2014E	2015E
WORLWIDE	**3.9%**	**3.2%**	**3.0%**	**3.7%**	**3.9%**	**24.1%**	**24.5%**	**24.7%**	**25.1%**	**25.4%**
EUROPEAN UNION	1.7%	-0.3%	0.0%	1.3%	1.6%	19.1%	18.1%	17.7%	17.9%	18.1%
UNITED STATES	1.8%	2.8%	1.9%	2.8%	3.0%	18.4%	19.0%	19.4%	20.2%	20.9%
CANADA	2.5%	1.7%	1.7%	2.2%	2.4%	23.8%	24.7%	24.3%	24.3%	24.4%
LATIN AMERICA	4.6%	2.9%	2.6%	3.0%	3.3%	22.2%	21.6%	22.1%	22.2%	22.2%
AUSTRALIA	2.4%	3.7%	2.5%	2.8%	3.0%	27.4%	28.9%	28.5%	28.4%	27.9%
ASEAN-5*	4.5%	6.2%	5.0%	5.1%	5.6%	28.5%	30.0%	29.5%	29.1%	29.5%
CHINA	9.3%	7.7%	7.7%	7.5%	7.3%	48.3%	48.9%	48.9%	48.7%	48.4%
INDIA	6.3%	3.2%	4.4%	5.4%	6.4%	35.0%	35.6%	35.0%	35.1%	35.2%
UNITED ARAB EMIRATES	3.9%	4.4%	4.0%	3.9%	3.8%	23.0%	22.7%	24.9%	25.0%	25.2%

	% FISCAL (DEFICIT)/SURPLUS					% PUBLIC EXPENDITURE OVER GDP				
%	2011	2012	2013E	2014E	2015E	2011	2012	2013E	2014E	2015E
WORLWIDE										
EUROPEAN UNION	-4.4%	-4.2%	-3.4%	-2.9%	-2.5%	48.5%	48.8%	48.6%	47.9%	47.4%
UNITED STATES	-9.7%	-8.3%	-5.8%	-4.7%	-3.9%	40.2%	38.8%	38.3%	37.7%	37.7%
CANADA	-3.7%	-3.4%	-3.4%	-2.9%	-2.3%	41.8%	41.1%	41.0%	40.6%	40.4%
LATIN AMERICA	-2.9%	-3.5%	-3.6%	-3.6%	-3.0%	33.7%	34.5%	33.8%	33.8%	33.0%
AUSTRALIA	-4.5%	-3.7%	-3.1%	-2.3%	0.8%	36.8%	37.1%	37.0%	36.7%	35.7%
ASEAN-5*	-1.3%	-2.3%	-2.6%	-2.8%	-2.7%	21.6%	22.7%	22.8%	23.0%	22.8%
CHINA	-1.3%	-2.2%	-2.5%	-2.1%	-1.5%	23.9%	24.9%	24.6%	24.5%	24.3%
INDIA	-8.5%	-8.0%	-8.5%	-8.5%	-8.3%	27.3%	27.3%	28.0%	28.2%	28.0%
UNITED ARAB EMIRATES	11.0%	13.3%	11.1%	10.8%	9.7%	23.3%	21.8%	23.3%	22.7%	22.8%

* Indonesia, Malaysia, Singapore, Philippines and Thailand.
Source: "World Economic Outlook", International Monetary Fund, October 2013 and January 2014.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

Among the components of gross domestic product, according to the IMF, the percentage allocated to investment in gross fixed capital formation continued to grow in 2013 reaching 25.7% of total GDP and in 2014 it will stand at 25.1% of total GDP, implying a rise in investments of 5.1%. Emerging countries will continue to show the highest ratios of investment linked to increased growth in activity, leading to significant growth opportunities, although slightly lower than in previous periods.

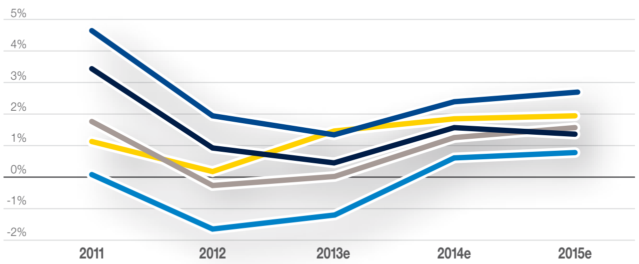
Moreover, the deficit reduction targets, particularly in advanced countries, result in a reduction in public spending that, to a lesser extent, is also observed in emerging countries. Therefore, there will be a general tendency where gross fixed capital formation will be more significant in private sector investment or through public-private partnership models.

By region, one of the major drivers of global growth in 2014 will be the **European Union**, where the outlook is positive following the

EVOLUTION OF THE MAIN MACROECONOMIC INDICATORS IN EUROPE

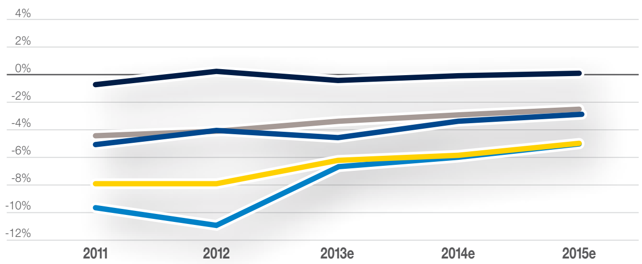
GDP EVOLUTION

% GDP ANNUAL CHANGE



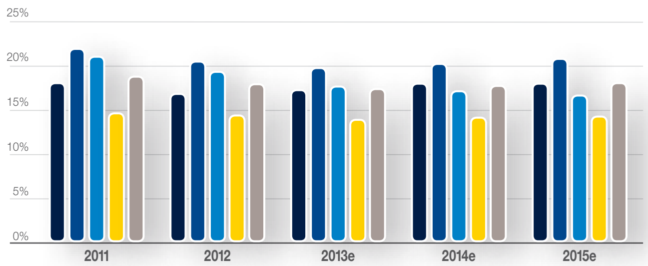
FISCAL (DEFICIT)/SURPLUS EVOLUTION

% FISCAL (DEFICIT)/SURPLUS



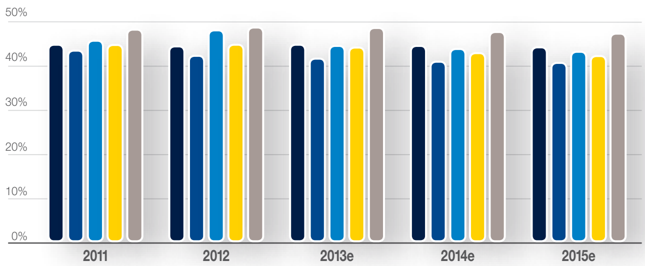
INVESTMENT EVOLUTION

% INVESTMENT OVER GDP



PUBLIC EXPENDITURE EVOLUTION

% PUBLIC EXPENDITURE OVER GDP



- GERMANY
- POLAND
- SPAIN
- UNITED KINGDOM
- EUROPEAN UNION

Source: "World Economic Outlook", International Monetary Fund, October 2013 and January 2014.

stabilisation of the financial market and the strengthening of banking systems. In the second half of 2013, according to data from "World Economic Outlook", a positive growth trend has returned after six semesters of recession, with expected growth of 1.3% in 2014 supported by an increase in external demand and greater financial market availability. Nevertheless growth will continue to be moderated by high unemployment rates in certain member states, decreased public spending to control financial deficit and the lower growth rate of Eastern European countries. As to investment rates in the European Union, the outlook improves in 2014 to 17.9%, but without reaching pre-crisis levels.

According to this report, in **America** the United States will be the main driver of global growth with an expected increase in activity in 2014 of 2.8% compared to 1.9% in 2013. This increase will come from higher growth in private consumption, recovery in the real estate market and improved banking conditions which will favour increased financing. Also of particular relevance, is the expected increase in investment in the United States, where lower investment rates than those in other advanced countries have traditionally been observed. Thus in 2014 an investment rate of 20.2% of GDP is estimated, up 5.8% on the 2013 investment figure.

In Canada, growth and investment prospects remain sound, although more moderate than in the United States.

Moreover, the IMF's outlook for Latin America forecasts a growth in GDP of 3.0% compared to 2.6% in 2013, due to an improvement in external demand and a stabilisation of financial markets and capital flows in these countries.

In the **Asia Pacific** region, despite Australia registering higher growth than other advanced countries, its economy during 2013 was affected by lower domestic demand as well as the decrease in commodities prices derived from lower growth in emerging economies, especially China, which represents 25% of Australia's total exports. For 2014, the IMF predicts an increase in Australia's gross domestic product of 2.8%. This growth will be upheld by an increase in private consumption, prospects of stability in the price of mining products, improved competitiveness and increased exports along with increased investment in infrastructures and public spending stemming from infrastructure investment programs announced by Australia's new government. Notwithstanding this, the growth rates of the activity experienced in previous years are not expected to be achieved.

In China, according to the IMF, GDP growth of 7.5% is expected in 2014, and although this rate is still very high, it is 20 basis points lower than in 2013. India and Southeast Asian countries will continue to show strong growth in 2014, while in the oil exporting countries of the Middle East region, including the United Arab Emirates, growth will slow down because the increase in external demand is likely to be offset by more moderate prices for oil products, as well as an increase in production and exports from countries outside the OECD.

As for the rate of investment in this area, the general lack of infrastructure means that the investment ratios forecast by the IMF remain very high, although growth will be more moderate. In China the high investment ratio (above 48% of total GDP) has led to rapid growth in the offer of infrastructure projects and a decrease in their profitability, resulting in a stabilisation of growth.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

INFRASTRUCTURE NEEDS AND DEMAND

CIVIL INFRASTRUCTURES AND BUILDING

Civil and building infrastructures are composed mainly of transport and logistics infrastructures, as well as those related to housing and public services (hospitals, schools, water and waste management, etc.).

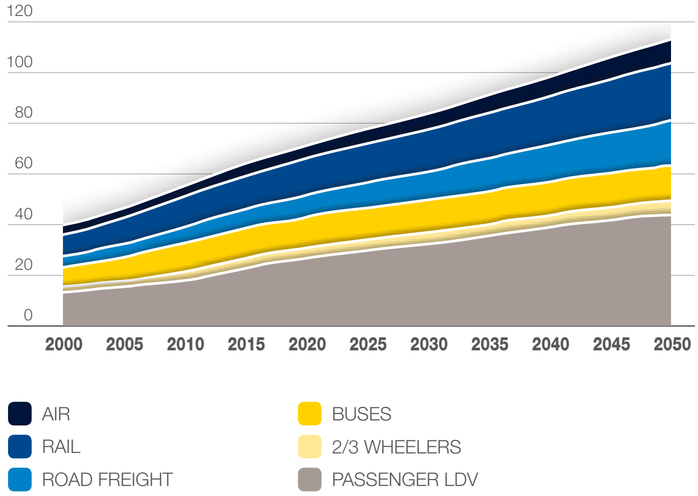
Regarding the need for **investment in transport infrastructure and logistics,** according to the report of the International Energy Agency[2], transport of passengers and goods is expected to double compared with 2010 to reach 115 trillion passengers (measured in person-kilometres) and freight (measured in tonne-kilometres) per year by 2050. Seventy percent of this increase corresponds to the mobility of people while, by region, 90% of this growth is expected to come from non-OECD countries.

For road transport this report estimates that to accommodate the growth in demand the construction of an additional 25 million kilometres will be required by 2050, representing an increase of 60% on infrastructure in 2010.

In the case of rail transport, according to the International Energy Agency, demand could double by 2050 compared to 2010, requiring investment for building 334,000 kilometres of additional tracks by 2050 (a 30% increase over the current rail network).

GLOBAL EVOLUTION OF TRANSPORT IN THE PERIOD 2000-2050

GLOBAL TRAVEL GROWTH
(TRILLION PASSANGER-AND TONNE-KM)



Source: "Global Land Transport Infrastructure Requirements", International Energy Agency, 2013.

NEW TRANSPORT INFRASTRUCTURE NEEDS UNTIL THE YEAR 2050 WORLDWIDE

	INFRASTRUCTURE REQUIREMENTS	INVESTMENT (BILLION US DOLLARS)
OECD COUNTRIES		
Road (thousand of paved lane-km)	3,300	29,600
Rail (thousand of track-km)	136	4,100
High speed railway (thousand of track-km)	11	580
Parking (thousand of km^2)	4,700	18,900
TOTAL	-	**53,200**
NON- OECD COUNTRIES		
Road (thousand of paved lane-km)	22,000	45,800
Rail (thousand of track-km)	198	3,700
High speed railway (thousand of track-km)	18	820
Parking (thousand of km^2)	39,700	14,700
TOTAL		**65,000**
WORLD		
Road (thousand of paved lane-km)	25,300	75,400
Rail (thousand of track-km)	334	7,800
High speed railway (thousand of track-km)	29	1,400
Parking (thousand of km^2)	44,400	33,600
TOTAL		**118,200**

Source: "Global Land Transport Infrastructure Requirements", International Energy Agency, 2013.

2 "Global Land Transport Infrastructure Requirements", International Energy Agency, 2013.

With regard to rail networks it is worth noting the evolution of high-speed lines, since in accordance with this report they are expected to go from 16,000 kilometres of HSR lines in 2010 to 44,000 km in 2030; an increase of 28,000 kilometres of new construction, of which over 60% will be in China and the rest mostly in Europe. These estimates, given their uncertainty, do not include new projects in countries like the United States, Latin America and Russia. In 2050 with these estimates only 3% of the total number of railway passengers/freight would travel via high-speed lines, meaning that there is significant scope for improvement in this type of transport.

Overall, according to the International Energy Agency, for the implementation of these land transport infrastructures (roads and railways), investments for a value of 45 trillion dollars would be needed in the period from 2010 to 2050, that combined with the investments for operation, maintenance, conservation and transmission of assets required by the networks could total 120 trillion dollars in the period. This is around 3 trillion dollars per year and represents 2% of estimated GDP for 2050.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

Investments in civil infrastructure and construction are strongly influenced by factors of population growth and density, as well as regulatory and policy changes, meaning that investment estimates are variable, although for the year 2030 according to PWC[3], the world's population will have increased by 1.4 billion people and more than 60% of the inhabitants are expected to live in urban areas, which will require considerable investment to meet the housing and social services needs of the population in these nuclei.

Both for transport and infrastructure investments, either for civil works or for buildings, one of the main challenges that arises is the need for the mobilisation of funding. Historically, these investments were made mainly with public funds, but in a context of restrained public expenditure, it is necessary to search for new financing schemes. This is why investment funds specialising in infrastructure, as well as so-called public-private partnership (PPP) financing agreements, are playing a greater role in the financing of infrastructure projects.

3 "Transport and Logistics 2030", PWC, 2011.

PUBLIC-PRIVATE PARTNERSHIP PROJECTS IN THE WORLD BY TYPE OF PROJECT

MILLION US DOLLARS	ROADS		RAILWAY		WATER		BUILDING		TOTAL	
WORLWIDE	Projects	Investment	Projects	Investment	Projects	Investment	Projects	Investment	**Projects**	**Investment**
ANNOUNCED PROJECTS SINCE 1985 TO OCTOBER 2013	1,159	767,455	355	468,315	944	177,512	777	180,598	**3,232**	**1,593,880**
FUNDED PROJECTS UP TO OCTOBER 2013	737	424,799	181	192,086	662	125,050	579	134,475	**2,159**	**876,410**

Source: Public Works Financing, October 2013.

PUBLIC-PRIVATE PARTNERSHIP PROJECTS IN THE WORLD BY GEOGRAPHIC AREA

MILLION US DOLLARS	EUROPE		UNITED STATES		CANADA		LATIN AMERICA		AUSTRALIA AND ASIA		AFRICA AND MIDDLE EAST		TOTAL	
MUNDO	Projects	Investment	Projects	Investment	Projects	Investment	Projects	Investment	Projects	Investment	Projects	Investment	**Projects**	**Investment**
ANNOUNCED PROJECTS SINCE 1985 TO OCTOBER 2013	1,092	707,685	552	175,304	206	76,737	548	246,566	686	314,815	150	72,773	**3,232**	**1,593,880**
FUNDED PROJECTS UP TO OCTOBER 2013	756	398,422	413	76,014	145	56,343	326	108,483	445	205,014	74	32,134	**2,159**	**876,410**

Source: Public Works Financing, October 2013.

ENERGY AND NATURAL RESOURCES RELATED INFRASTRUCTURES

According to the World Energy Outlook report[4], in 2035 the demand for primary energy will increase by 33% from 2011, with more than 90% of this increase coming from emerging countries, especially China, India, Southeast Asia and the Middle East.

With regard to primary energy sources, demand is expected to increase for all types of energy sources, although a drop is expected in the weight of fossil fuels (oil, natural gas and coal), representing 75% of the total energy mix in 2035 against 82% today, while low-carbon energy sources (nuclear power and renewable sources) will meet 40% of the rise in demand.

Coal, which is currently the main source of primary energy is expected to grow by 17% until 2035, according to the WEO. This growth is lower than in previous decades, because of various plans to promote energy efficiency and reduce environmental pollution implemented by various governments, especially in emerging countries.
Despite this, 90% of the increase in coal consumption will come from India (which according to these estimates will become the largest importer of coal in 2035), China and Southeast Asia, while in OECD countries coal consumption will decrease by 25%. Because of its proximity to areas of demand, the report predicts that Australia is the only country in the OECD that will increase its production.

Demand for natural gas will double by 2035 according to this report, becoming the first primary energy source, while oil production will increase from 89 million barrels/day in 2012 to 101 million barrels/day in 2035.

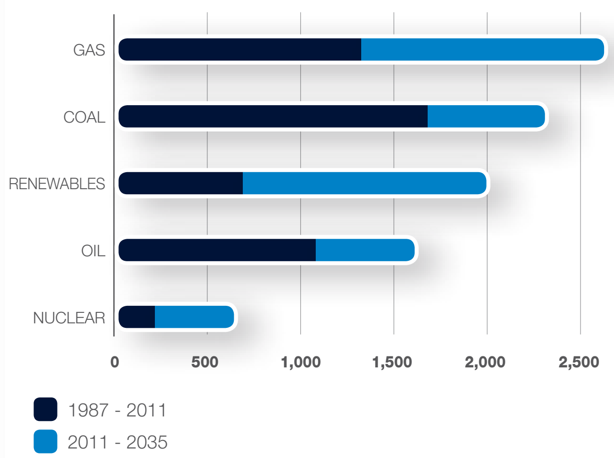
4 "World Energy Outlook", International Energy Agency, 2013.

In the petrochemicals sector it is worth highlighting the increase in production from unconventional sources, such as light oil from tight formations or ultra-deepwater deposits, where a strong investment effort will be made to compensate for the fall in production from conventional sources. Thus, according to the IEA report, investments in upstream oil and gas projects amounted to 700,000 million annually in 2013 and investment is expected to remain at these levels over the next decade.

By region, the IEA highlights a change in trade flows between the different regions. Thus, the United States is expected to achieve self-sufficiency with its own energy resources by 2035, while China will be the largest importer of oil. Oil consumption in the Middle East will be higher than in Europe, and it will become the second largest consumer of natural gas in 2020, redefining its role as an exporter within the energy sector.

GLOBAL EVOLUTION OF DEMAND FOR PRIMARY ENERGY

GROWTH IN TOTAL PRIMARY ENERGY DEMAND



Source: "World Energy Outlook", International Energy Agency, 2013.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

As for electricity, according to the report, demand will increase more than 75% in 2035 compared to 2011, mainly in emerging countries.

According to “World Energy Outlook”, fossil fuels will remain the main source of power generation, but the overall weight of such fuels will drop from 68% in 2011 to 57% in 2035.

Meanwhile, by 2035 generation from renewable sources is expected to represent 31% of the total compared to 20% today, and it will become the second largest source of electricity generation. As far as types of renewable energy are concerned, water and wind will remain the main sources of energy but the greatest increase will be in solar and bioenergy sources.

By region, 34% of energy generation will come from renewable sources with an increase in production from 2,365 TWh in 2011 to 4,434 in 2035. While in emerging countries electricity production from renewable sources in 2035 will stand at 7,718 TWh (compared to 2,365 TWh in 2011), implying 30% of the total production.

The estimated investment required to meet the growing demand for electricity in the period will be 17 trillion dollars, according to the IEA, of which 40% will be allocated to transmission and distribution assets, while the investment necessary in generation assets will exceed 10 trillion dollars for the construction of more than 5,000 GW of installed capacity.

Around 40% of the new installed capacity will come from China and India, while in OECD countries 60% of the new capacity will be used to replace obsolete facilities.

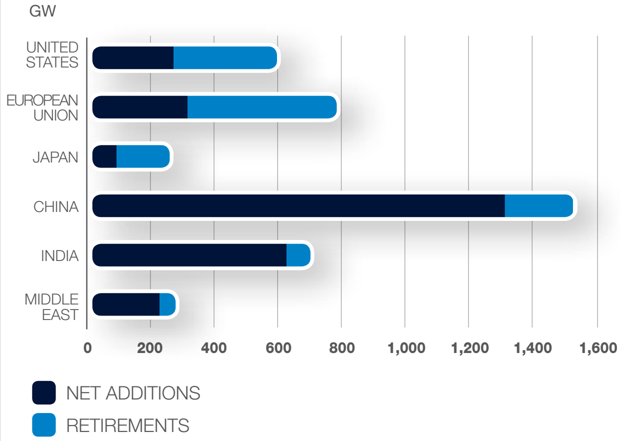
Of these investments, 62% of generation assets will be for renewable energy plants, which together with investment in the associated transmission and distribution related assets, will imply more than 6 trillion dollars in the period 2011-2035.

GLOBAL ELECTRICITY GENERATION FROM RENEWABLE SOURCES BY TYPE

	2010	2020	2035
PRIMARY ENERGY DEMAND (MTOE)	**1,727**	**2,193**	**3,059**
UNITED STATES	140	196	331
EUROPE	183	259	362
CHINA	298	392	509
BRAZIL	116	148	207
ELECTRICITY GENERATION (TWh)	**4,482**	**7,196**	**11,612**
BIOENERGY	424	762	1.477
HYDRO	3,490	4,555	5,827
WIND	434	1,326	2,774
GEOTHERMAL	69	128	299
PHOTOVOLTAIC SOLAR	61	379	951
THERMOSOLAR	2	43	245
MARINE	1	3	39

Source: "World Energy Outlook", International Energy Agency, 2013.

EXPECTED INCREASE IN ELECTRICITY GENERATION CAPACITY IN THE PERIOD 2013-2035



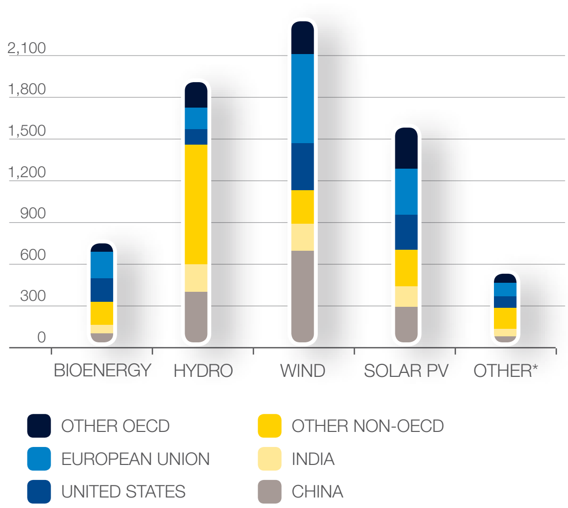
Source: "World Energy Outlook", International Energy Agency, 2013.

EVOLUTION OF ELECTRICITY GENERATION FROM RENEWABLE ENERGY SOURCES

RENEWABLE GENERATION (TWh)	2011	2020	2030	2035
OECD COUNTRIES	**2,116**	**2,994**	**3,943**	**4,434**
AMERICA	**1,041**	**1,313**	**1,733**	**1,965**
UNITED STATES	544	740	1,039	1,211
EUROPE	**900**	**1,353**	**1,710**	**1,889**
ASIA PACIFIC	**203**	**329**	**500**	**581**
JAPAN	133	213	304	343
NON-OECD COUNTRIES	**2,365**	**4,202**	**6,099**	**7,178**
EASTERN EUROPE/EURASIA	**290**	**357**	**457**	**528**
RUSSIA	169	200	265	312
ASIA PACIFIC	**1,173**	**2,569**	**3,787**	**4,423**
CHINA	814	1,888	2,515	2,804
INDIA	183	350	666	850
MIDDLE EAST	**21**	**48**	**141**	**226**
AFRICA	**116**	**205**	**403**	**550**
LATIN AMERICA	**765**	**1,023**	**1,312**	**1,451**
BRAZIL	463	614	782	862
WORLD	**4,482**	**7,196**	**10,042**	**11,612**

Source: "World Energy Outlook", International Energy Agency, 2013.

OVERALL INVESTMENT FORECAST FOR ENERGY GENERATION FROM RENEWABLE SOURCES IN THE PERIOD 2013-2035



* Other includes geothermal, marine and solar CSP.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

CHALLENGES AND OPPORTUNITIES IN THE INFRASTRUCTURE SECTOR

GROWTH PROSPECTS AND INVESTMENT OPPORTUNITIES IN AUSTRALIA

On 7 September 2013 parliamentary elections were held in Australia, which were won by the coalition between the National Party and the Liberal Party and resulted in the election of the conservative Tony Abbot as Australian Prime Minister.

During his election campaign, a key area was the infrastructures sector and the need to solve Australia's problems of lack of infrastructure by addressing the following points included in the coalition's plan[5]:

- **Establishing a national 15-year infrastructure plan** working in collaboration with the Infrastructure Australia agency to establish priorities and deadlines. This plan will be reviewed every 3 years and investments will be made at state level together with Commonwealth projects.
- **Strengthening the role of the Infrastructure Australia** agency and enhance its performance. Publish justifications for all projects, choosing those with the best cost/benefit ratio.
- Require **cost-effectiveness analyses** for all co-financed projects exceeding 100 million Australian dollars.
- Within **12 months of the election the government has promised to announce a new priority plan for infrastructure and construction**. Within this plan, emphasis has been place on the commitment to invest in roads and highways to cut congestion and increase safety with firm investments of around 20,000 million Australian dollars in various projects to improve and build new infrastructure. Furthermore, work will continue to develop the new national broadband network, for which a review of the existing plan has already announced with an investment of 41,000 million dollars by 2020.
- **Encouraging private investment** through new forms of funding, for example, the creation of a system of bonds for infrastructure is being contemplated.

A KEY AREA FOR THE NEW GOVERNMENT IS TO SOLVE AUSTRALIAN PROBLEMS OF LACK OF INFRASTRUCTURE.

These electoral promises will materialise in specific projects during 2014. Australia is a country with great opportunities for investment in infrastructures. According to the latest "Infrastructure Priority List" of December 2013, the investment needed just for the projects considered as priorities amounts to between 82,000 and 91,200 million Australian dollars.

5 www.liberalparty.org.au.

NEED TO INCREASE INFRASTRUCTURE INVESTMENTS IN GERMANY

On 22 September 2013 the German federal elections were held in which the Christian Democratic Union party won most of the seats, resulting in the re-election of Chancellor Angela Merkel.

The infrastructure sector was one of the topics discussed by all the parties during the election campaign, since experts note that in recent years there has been a shortfall in infrastructure investment in Germany, leading to a progressive deterioration in the conditions of existing infrastructures. In 2012 the German government announced a revision to its 2011-2015 transport infrastructure investment plan, bringing it to 41,500 million euros and representing an investment of just over 10,000 million euros a year. According to the 2012 report by the Daehere Commission, an additional 7.200 million per year would be needed to meet the current investment needs of the infrastructure system.

Since the elections, specific infrastructure programs have not yet been defined, but the improved economic environment coupled with these electoral pledges means that in 2014 the civil engineering sector in Germany is expected to increase by 3.6% compared to 0.8% in 2012 according to IHS Global Insight[6].

6 "Global Construction Outlook, Q4 2013", IHS Global Insight.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

UNITED KINGDOM NATIONAL INFRASTRUCTURE PLAN 2013

In December 2013, the UK government published the “National Infrastructure Plan 2013”, identifying 646 infrastructure projects and programs related to transport, communications, energy, waste and water. The deadline for implementation of these projects goes beyond 2020. Within this plan more than 45% of the projects are already under construction or were included in an active investment program in 2013.

Planned investment in these projects exceeds 375,000 million pounds, compared to 309,000 million pounds under the 2012 plan. According to the types of infrastructure, 340,000 million pounds will go towards covering the combined investment in 498 active transport and energy projects and programs.

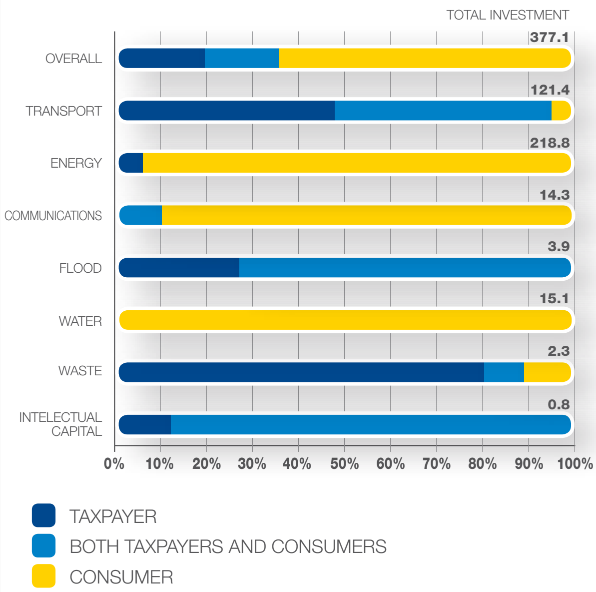
To finance these projects, the plan calls for a mixed funding through public funds, co-financing and payments by end-users. The level of funding raised through each of these methods will vary considerably, depending on the characteristics and type of infrastructure the funds will go to.

Following the publication of the first plan in 2010, the average annual investment in infrastructure[7] in the United Kingdom has increased from 41,000 million pounds in 2005/2010 to 45,000 million pounds in 2011/2013. This new national infrastructure plan reinforces the positive growth prospects for this sector and according to IHS[8] report, in 2014 civil engineering will increase by 6.6% in the UK compared to 2013.

7 “National Infrastructure Plan 2013”, HM Treasury.
8 IHS Global Insight: Global Construction Outlook, Q4 2013.

FUNDING OF PROJECTS UNDER THE INFRASTRUCTURE PLAN 2013

BILLION



Source: “National Infrastructure Plan 2013”, HM Treasury.

THE CONSTRUCTION SECTOR IN SPAIN

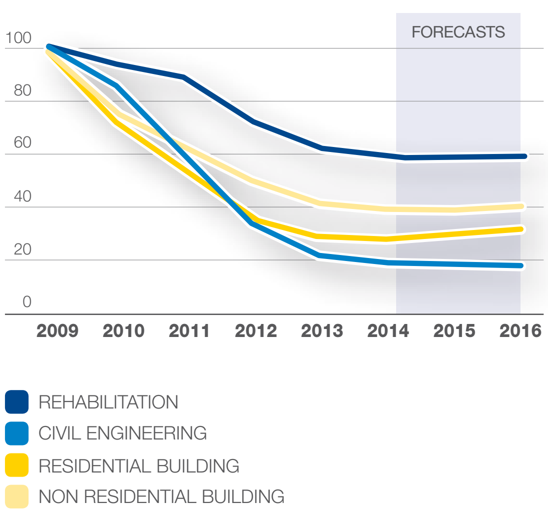
Despite the expected improvement in the macroeconomic environment, the outlook in the construction segment in Spain continues to be negative with a decrease in the sector of -6.7% in 2014 according to Euroconstruct, although this decrease will be more moderate than the drop observed in 2013.

However, this report forecasts stabilisation in the sector by 2015 with a production variation of -0.5% stemming from better performance in the building segment and for 2016 it predicts an increase in production of 2.9% with the recovery of civil works projects.

Despite this situation in the short term, within the Transport and Housing Infrastructure Plan (PITVI) for 2012-2024 published by the Ministry of Development, 136,627 million euros are earmarked for transport infrastructure related investment. Also in Spain, in other segments such as the water management system, the Ministry of Development has recently announced investments of 1,100 million euros and 400 hydraulic works related to water purification in the next 5 years to meet the objectives of the European directive on wastewater.

EVOLUTION OF THE DIFFERENT SUB-SECTORS IN THE EUROPEAN MARKET

PRODUCTION INDICES AT CONSTANT PRICES, BASE: 2009=100



Source: ITec-Euroconstruct, december 2013.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

INFRASTRUCTURE DEFICIT IN THE UNITED STATES

Historically, levels of investment in gross fixed capital formation in the United States have been lower than those of other developed countries. This has led to a progressive deterioration of the existing infrastructure networks.

According to the ASCE[9], 2020 the infrastructure investments required for the maintenance, expansion and improvement of transport, water, waste management and power transmission systems will reach 3.6 trillion dollars, representing an annual investment exceeding 450,000 million dollars in the period 2012-2020. According to this agency, if the investment in infrastructures is not increased to these levels, the costs related to problems and inefficiencies in the systems will result in an increase in costs of 1.2 trillion dollars for companies and 611,000 million for households.

9 "2013 Report Card for America´s Infrastructure", American Society of Civil Engineers, 2013.

As in other countries, the main problem faced to meet this investment is the need to raise funding, since, according to this report, the deficit for financing the projects required by 2020 is 1.6 trillion dollars. Thus, in the United States funding through public-private partnership projects is more widespread, although this formula is not as popular as in other countries, meaning that the government is trying to promote these type of contracts through the TIFIA program ("Transportation Infrastructure Finance and Innovation Act"), granting loans with better terms for funding this type of project.

OVERALL INVESTMENT NEEDED IN INFRASTRUCTURE UP TO 2020

BILLIONS OF DOLLARS	TOTAL NEEDS	ESTIMATED FUNDING	FUNDING GAP
LAND TRANSPORT	1,723	877	846
WATER/WASTERWATER INFRASTRUCTURE	126	42	84
ELECTRICITY	736	629	107
AIPORTS	134	95	39
INLAND WATERWAYS AND MARINE PORTS	30	14	16
DAMS	21	6	15
WASTE TREATMENT	56	10	46
LEVEES	80	8	72
GREEN AREAS	238	134	104
RAIL	100	89	11
SCHOOLS	391	120	271
TOTALS	**3,635**	**2,024**	**1,611**
YEARLY INVESTMENT NEEDED	454	253	201

Source: "2013 Report Card for America´s Infrastructure", American Society of Civil Engineers, 2013.

PUBLIC-PRIVATE PARTNERSHIP PROJECTS IN THE UNITED STATES

MILLION US DOLLARS	ROADS		RAILWAY		WATER		BUILDING		TOTAL	
	Projects	Investment	Projects	Investment	Projects	Investment	Projects	Investment	Projects	Investment
ANNOUNCED PROJECTS SINCE 1985 TO OCTOBER 2013	117	97,447	42	44,449	219	19,353	174	14,055	**552**	**175,304**
FUNDED PROJECTS UP TO OCTOBER 2013	61	34,640	25	16,789	164	15,324	163	9,261	**413**	**76,014**

Source: Public Works Financing, October 2013.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

ENERGY REFORM IN MEXICO

On 18 December 2013 the Constitutional Reform on Energy was approved by the Mexican Congress.

This reform aims to introduce structural changes in the hydrocarbon and electricity sectors as well as their institutional design, to ensure the security of supply, competitiveness, sustainability and financial viability of these sectors in Mexico's current economic and energy context.

One of the main points of the reform is that Pemex and Comisión Federal de Electricidad (CFE), which were the only companies with the authority to operate and manage the oil and electricity resources in Mexico, will continue to have public participation but will no longer be part of the Mexican administration.

The reform also proposes to facilitate the entry of other companies in the oil and electricity sectors. Thus, the government may grant production sharing contracts to Pemex and private companies to extract oil and gas, in addition to granting permits to Pemex and private companies for the refining, petrochemical processing, transportation and storage of oil, gas and petroleum products. While in the field of electricity, the reform proposes the participation of private sector companies, in partnership with CFE in the generation of electricity. Although the State will maintain exclusive control of the national grid, private-sector contracts will be authorised for the financing, maintenance, management, operation and expansion of power transmission and distribution systems.

The Mexican government's main objectives with the energy system reform are as follows:

In the hydrocarbons sector:

- **Increasing oil output** from the current figure of 2.5 million barrels/day to 3 million barrels in 2018 and 3.5 million by 2025 and to **increase natural gas production** from today's output of 5,700 million cubic feet per day to 8,000 million in 2018 and 10,400 million in 2025. According to the Mexican government, over 50% of the country's prospective resources are located in unexploited ultra-deep water deposits located in the Gulf of Mexico basin, with a potential for recovering 29,500 barrels of oil equivalent. Furthermore, Mexico imports 30% of the natural gas consumed in the country. However, the Government estimates that it has large reserves of associated petroleum gas and the world's third largest reserves of shale gas, that have not been exploited due to lack of resources. Therefore, this reform intends to bring about a transfer of technology and capital through the entry of private companies, thus allowing higher output and a more competitive to be obtained. According to this report, to obtain optimal performance, the exploration and extraction industry requires 60,000 million dollars a year while only the annual budget of Pemex amounts to just 20,000 million dollars.
- **Cheaper natural gas and petroleum products, as well as reduced dependence on imports.**
- **Achieving rates of return on proved reserves of oil and gas exceeding 100%.**
- Generating about one percentage point more than **economic growth** by 2018 and around 2 percentage points by 2025, thus increasing the budgets derived from oil revenues.
- **Creating 2.5 million jobs in 2025.**

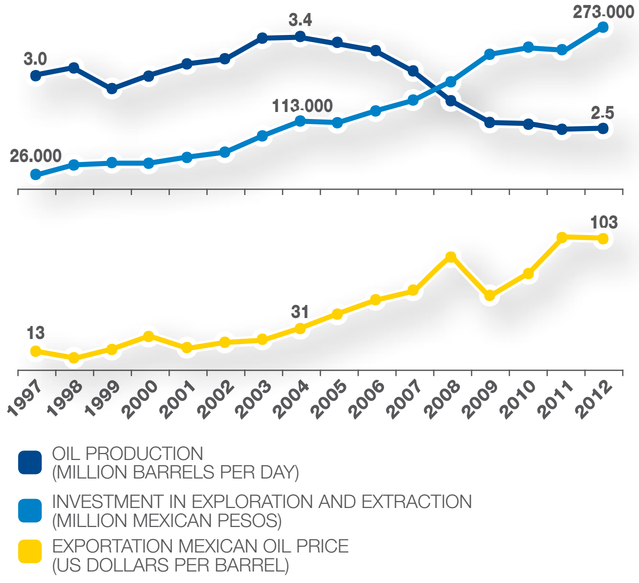
In the electricity sector:

- **Reducing the cost of electricity** through greater diversity of generating sources, including cheaper gas and renewable energy and other generation sources that are not being developed due to lack of resources or budget constraints.
- **Improving the transmission and distribution networks** whose lack of investment means lower industry growth and increased operational inefficiencies.
- Designation of an **independent authority** to ensure a more competitive price.

According to the Mexican Regulatory Commission, the first phase of the energy reform is expected to attract an investment of 10,000 million dollars, representing 50% of the foreign capital input in one year, and that by 2018 these measures would contribute to infrastructure investments of 30,000 million dollars[10].

10 El Economista, January 28, 2014.

INVESTMENT IN OIL EXPLORATION AND EXTRACTION, OIL PRODUCTION AND EXPORTATION MEXICAN OIL PRICE (1997-2012)



RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

RENEWABLE ENERGY PROGRAM IN SOUTH AFRICA

In 2010, the South African government presented its national energy plan, the "Integrated Resource Plan (IRP)", which contemplates an increase in the installed generation capacity of up to 89,500 MW in 2030 (compared to 33,000 MW installed in 2010). In addition, the progressive introduction of renewable energies aims to achieve 30% of total power generated in South Africa in 2030.

The success of South Africa's Renewable Energy Program is a major boost to the promotion of renewable energies worldwide since the system combines a number of concepts and attractive features:

- Ambitious medium-term targets for renewables, based on strong growth in demand and an obvious difficulty to address it using domestic coal, owing to the combination of rising coal costs, environmental costs and the geographical concentration of deposits.
- Development through successive tenders, with variable power demands in each call for bids depending on the evolution of technologies and generation costs, but always maintaining minimum power quotas for the most promising bids based on the country's natural resources: wind and solar (both photovoltaic and thermosolar).
- Guaranteed energy buyback schemes with sufficient incentives to create Project Finance conditions and attract local and foreign capital.

RENEWABLE ENERGY PROGRAM IN SOUTH AFRICA

	TOTAL CAPACITY (2010)		CAPACITY INCREASE (2010-2030)	TOTAL CAPACITY (2030)	
	MW	% OVER TOTAL	MW	MW	% OVER TOTAL
COAL	24,668 MW	74.8%	16,386 MW	41,071 MW	46%
NATURAL GAS	2,400 MW	7.2%	4,930 MW	7,330 MW	8.2%
NUCLEAR	1,800 MW	5.4%	9,600 MW	11,400 MW	12.7%
HYDRO	2,100 MW	6.3%	3,339 MW	4,759 MW	5.3%
WIND	0 MW	0%	9,200 MW	9,200 MW	10.3%
PHOTOVOLTAIC SOLAR	0 MW	0%	8,400 MW	8,400 MW	9.4%
THERMOSOLAR	0 MW	0%	1,200 MW	1,200 MW	1.3%
TOTAL	**32,993 MW**		**56,539MW**	**89,532 MW**	

Source: ICEX, 2013.

RENEWABLE ENERGIES AIMS TO ACHIEVE A 30% OF TOTAL POWER GENERATED IN SOUTH AFRICA IN 2030.

The system continues to be refined through successive stages, and is achieving unprecedented success in its objectives:

- Regarding the **offered capacity**, in the first two bidding rounds (November 2012 and May 2013) a total of 2,470.42 MW have been awarded in 47 projects, and in November 2013 the “preferred bidders” in the third round of bidding were announced for an additional 1,450 MW in 17 new projects.
- In terms of **reducing the costs of the energy** acquired.
- In terms of the **territorial distribution of power allocated**.
- In terms of the local content of the projects and compliance with the requirements of the **“Black Empowerment”** regulations.

The success of the program in South Africa is expected to serve as a stimulus to other countries with large renewable potential and similar programs, some of which are quite ambitious, as is the case in Morocco, India, China, Germany, Great Britain and Saudi Arabia, among many others.

RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

WASTE MANAGEMENT IN THE CONTEXT OF EUROPE 2020

Within the policy strategy of the European Union for 2020, in the field of the energy and climate change policies, three fundamental targets were established:

- A 20% reduction in emissions of greenhouse gases compared to 1990.
- Increasing consumption of energy generated from renewable sources to 20% of total consumption in the European Union.
- Improving energy efficiency in the European Union by 20%.

Among the directives issued for compliance with these goals in the field of waste management, the European Union issued a directive which set targets in all Member States for 2020 so that the amount of domestic and commercial waste destined for reuse and recycling for fractions of paper, metals, glass, plastic, bio-waste and other recyclable fractions, must reach altogether at least 50% by weight. For this purpose the European Union aims to encourage the use of the resources contained in waste always within the established hierarchy of actions, as it gives priority to prevention, reuse, recycling, material recovery and energy recovery on the discharge or deposit in landfill.

With regard to the achievement of these targets, according to Eurostat, there is wide diversity among the different member countries. Thus, while some countries such as Germany or the Netherlands are very close to achieving the objectives, other countries in Eastern Europe or Spain and the United Kingdom in Western Europe, are still far from complying with this directive.

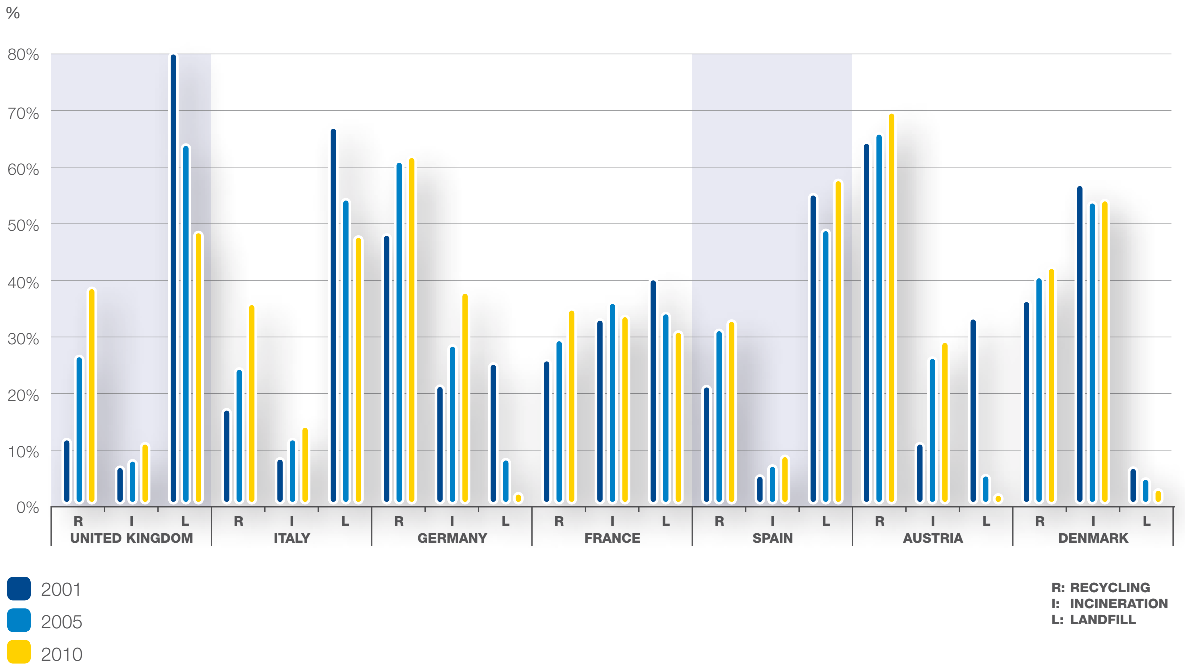
However, according to a sectorial association new waste management models are starting to be implemented, showing positive trends towards the fulfilment of these targets.

According to the European Commission, compliance with these waste management targets would create 400,000 new jobs in the sector and increased industry profits of 42,000 million euros.

Similarly, the reduction of greenhouse gases resulting from improved waste management, would represent 30% of the total reduction target established under the Europe 2020 strategy.

In January 2014 the European Commission proposed a new package of measures related to energy and climate change for 2030. Among the targets established is a 40% reduction in emissions compared to 1990 levels, a 27% commitment for energy consumption from renewable sources (without targets per state) while maintaining the commitment to energy efficiency, thus reaffirming the European Union's pledge to climate change and resource efficiency, which in the field of waste management implies the need for continuous improvement in the efficiency of processing systems, as well as greater control and assistance towards reducing greenhouse gas emissions.

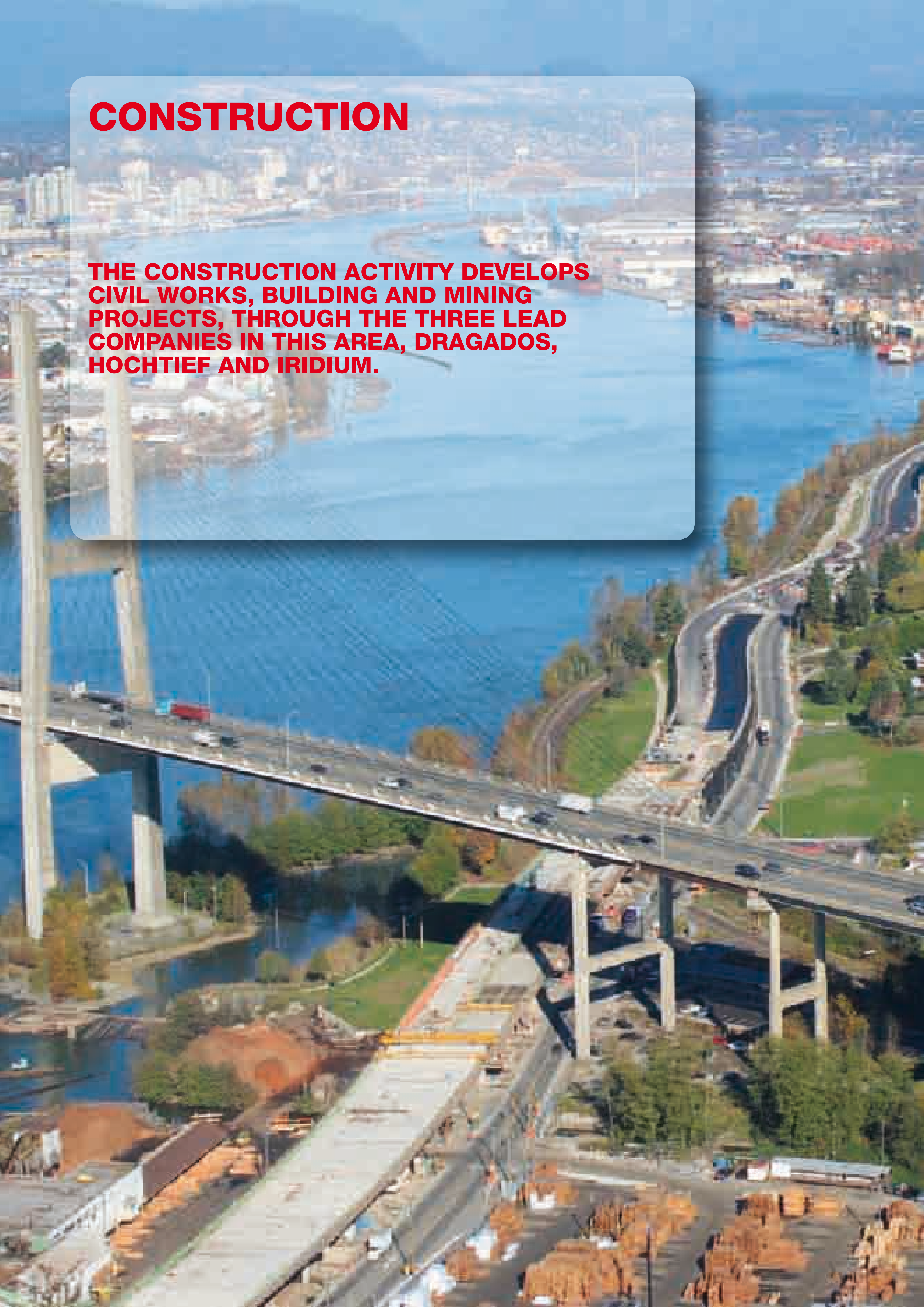
EVOLUTION OF WASTE TREATMENT IN SEVERAL COUNTRIES OF THE EUROPEAN UNION



Source: Eurostat, Aselip.

CONSTRUCTION

THE CONSTRUCTION ACTIVITY DEVELOPS CIVIL WORKS, BUILDING AND MINING PROJECTS, THROUGH THE THREE LEAD COMPANIES IN THIS AREA, DRAGADOS, HOCHTIEF AND IRIDIUM.



CONSTRUCTION

The ACS Group's **Construction activity** is aimed at executing of all kinds of **Civil Works projects** (infrastructure-related developments such as highways, railways, maritime and airport works), **Building** (residential, social infrastructure and facilities) and projects related to the **Mining** (contracts for the provision of mining services and execution of works and infrastructure required for mining activities).

The ACS Group carries out its Construction activity through the three lead companies in this area, **Dragados**, **HOCHTIEF** and **Iridium**, which in turn encompass an extensive group of companies.

THE ACS GROUP DEVELOPS LARGE AND TECNICALLY COMPLEX PROJECTS , WITH A STRONG GEOGRAPHICALLY DIVERSIFICATION ALL OVER THE WORLD.

The construction companies of the ACS Group execute their projects through different contractual models, whether by direct construction for clients, both public and private, or under concession arrangements through various public-private partnership contract models, covering the whole concession business value chain, from project design to financing, construction, commissioning and operation.

During 2013, the Construction area has continued its strategy of maximising operational efficiency, optimising its financial strength and improving risk monitoring and control. By taking advantage of the complementary nature and experience of the Group's companies in different geographic areas and techniques, the Group has been able to tackle larger and more technically complex projects in more than 40 countries worldwide.

The ACS Group's Construction activity has a highly decentralised structure with strong geographic and sectorial diversification, positioning the group as one of the leading construction companies worldwide.

CONSTRUCTION

MAIN FIGURES

In 2013, the **revenue** for the ACS Group's Construction area totalled 29,559 million euros, 0.4% down on the 2012 figure. This decrease in sales is mainly due to the decline in activity in Spain and the evolution of exchange rates, particularly the Australian dollar and US dollar. Excluding the effect of exchange rates, the growth in sales compared to 2012 would have been 6.7%.

CONSTRUCTION SALES CAME MAINLY FROM ASIA PACIFIC AREA, REPRESENTING 50% OF THE TOTAL ACTIVITY.

By market, in 2013 sales in Spain fell by 23.1% compared to 2012 and now account for only 5% of the amount of total activity. Meanwhile, revenue in the international area grew by 1.1% compared to 2012, due to a 6.7% activity increase in the Americas and a 5.7% growth in sales other European countries. Sales in Asia Pacific fell by 3.3% compared to 2012 due to the depreciation of the Australian dollar. Notwithstanding this, Construction sales came mainly from Asia Pacific area, representing 50% of the total activity, followed by the Americas, mainly North America, with 33% of total sales.

In 2013, the **gross operating profit** of the Construction activity reached 1,826 million euros, while the margin on sales was 6.2%. The **recurrent net profit** was 261 million euros, representing an increase of 4.9% over the previous year.

CONSTRUCTION

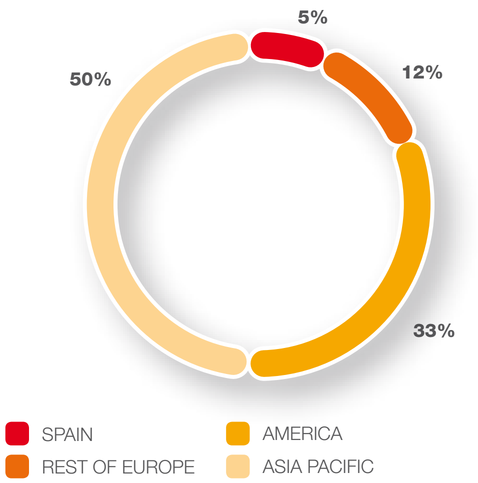
MILLIONS EUROS	2012*	2013	% Var.
REVENUE	29,683	29,559	-0.4%
EBITDA	1,995	1,826	-8.5%
MARGIN	6.7%	6.2%	
EBIT	685	780	+14.0%
MARGIN	2.3%	2.6%	
RECURRENT NET PROFIT	249	261	+4.9%
MARGIN	0.8%	0.9%	
ORDER BOOK**	58,227	47,563	-18.3%
MONTHS	21	17	
EMPLOYEES	94,392	87,457	

* 2012 data presented according to the revised IAS 19, which applies retroactively.
** Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.

The **order book** of the Construction activity stood at 47,563 million euros at 31 December 2013, implying a coverage ratio of 17 months of activity. The order book value decreased by 18.3% compared to 2012, primarily due to the depreciation of the Australian dollar and the sale of assets during 2013. Excluding these effects, the order book would have been down 2.7% on the previous year, owing to the decrease in bid offers in Spain and fewer mining sector contracts.

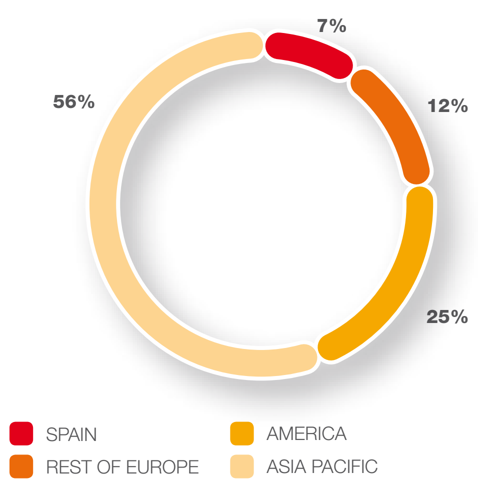
REVENUE BREAKDOWN BY GEOGRAPHICAL AREAS

%



ORDER BOOK BREAKDOWN BY GEOGRAPHICAL AREA

%



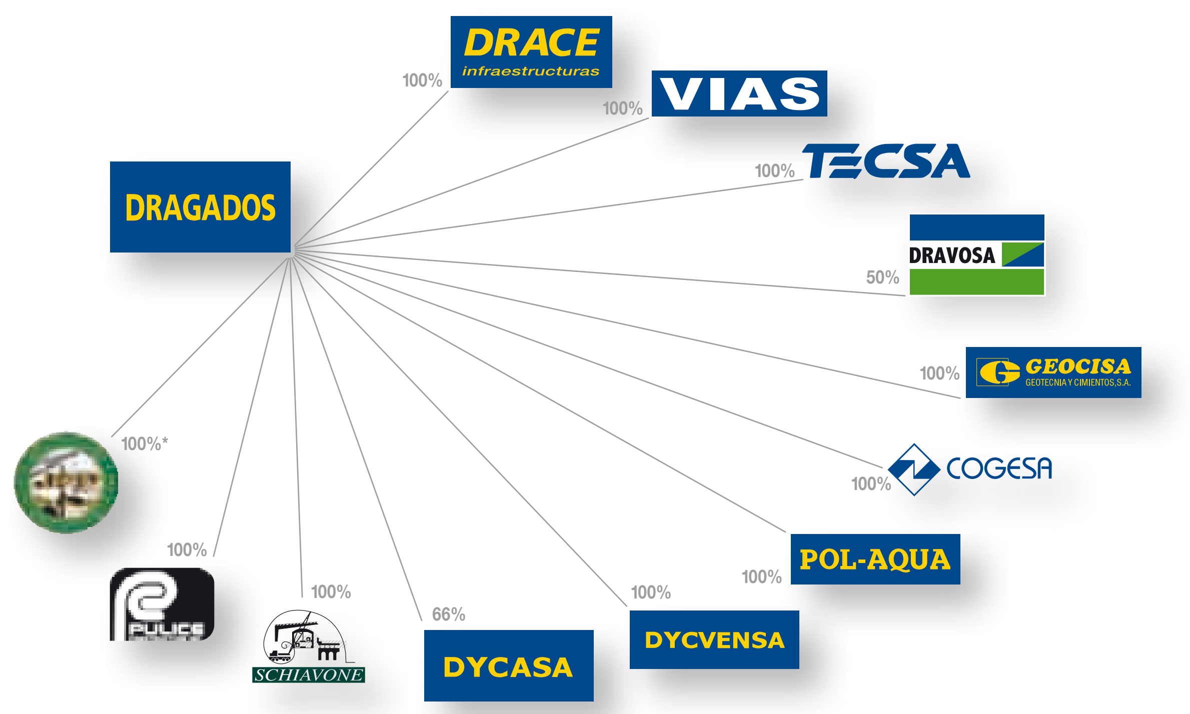
CONSTRUCTION

DRAGADOS

Dragados is the leading company in Spain's Construction sector, oriented towards developing Civil Works infrastructures (highways, railways, maritime, water and airport works) and Building projects (residential and non-residential).

In addition to its leadership position in Spain, Dragados carries out infrastructure projects in other European countries, with noteworthy activities in Poland, Portugal, the United Kingdom and Ireland. Furthermore, the activity expansion in the United States and Canada is particularly significant, where the company has consolidated its position thanks to its activity and with its North American subsidiaries (Schiavone, Pulice and John P. Picone) activity and through synergies in the concession business with Iridium. Dragados is also has extensive experience in project execution in Latin America, especially in Colombia, Chile, Argentina and Venezuela, where it has its own subsidiaries (Dycasa and Dycvensa).

For the next few years, Dragados' strategy will focus on maintaining its leadership position in the Spanish construction sector and to continue consolidating its activity in international markets, although always with a rigorous risk and cost control policy, allowing it to maximise operational efficiency and ensuring the profitability of projects.



* 100% stake since January 2014. At 31 December 2013, the stake was 80%.

Dragados' revenue for 2013 totalled 3,760 million euros, representing a reduction of 6.9% compared to 2012, resulting from the contraction of public investment in Spain and the decline in building activity. However, the Dragados' activity in foreign markets grew by 5.5% over the previous year, with the increased activity being particularly significant in countries like the United Kingdom, Canada or Colombia. Thus, activity outside Spain already represents 65% of the total activity, strengthening the prospects for growth in this sector.

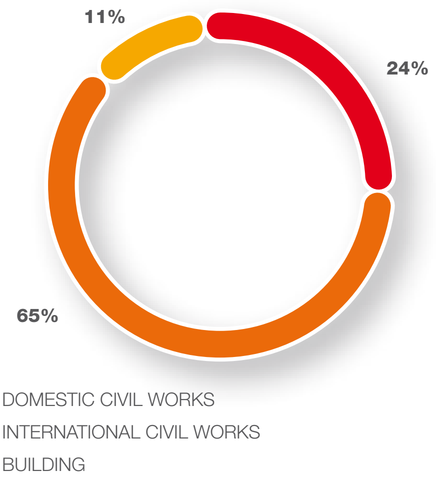
Its **order book** totalled 7,622 million euros, representing coverage of 24 months of activity. 56% of Dragados' order book comes from Civil Works projects awarded abroad.

DRAGADOS

MILLIONS EUROS	2012	2013	% Var.
REVENUE	**4,039**	**3,760**	**-6.9%**
SPAIN	1,721	**1,314**	-23.6%
INTERNATIONAL	2,318	**2,446**	+5.5%
EBITDA	**305**	**319**	**+4.6%**
MARGIN	7.6%	**8.5%**	
EBIT	**258**	**234**	**-9.0%**
MARGIN	6.4%	**6.2%**	
NET PROFIT	**110**	**101**	**-8.1%**
MARGIN	2.7%	**2.7%**	
ORDER BOOK	**8,433**	**7,622**	**-9.6%**
MONTHS	25	**24**	
SPAIN	3,598	**3,354**	-6.8%
INTERNATIONAL	4,835	**4,268**	-11.7%
EMPLOYEES	**13,474**	**11,746**	

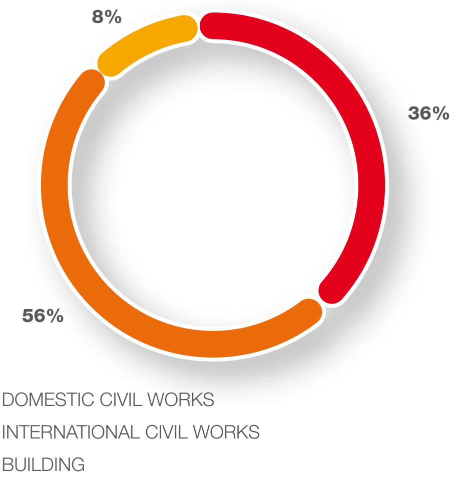
DRAGADOS REVENUE BREAKDOWN BY TYPE OF ACTIVITY

%



DRAGADOS ORDER BOOK BREAKDOWN BY TYPE OF ACTIVITY

%



CONSTRUCTION

HOCHTIEF

HOCHTIEF is one of the world's leading construction groups, with more than 140 years' experience in the sector and a consolidated presence in the Asia-Pacific, Middle East, United States and Canadian markets, as well as in Central Europe.

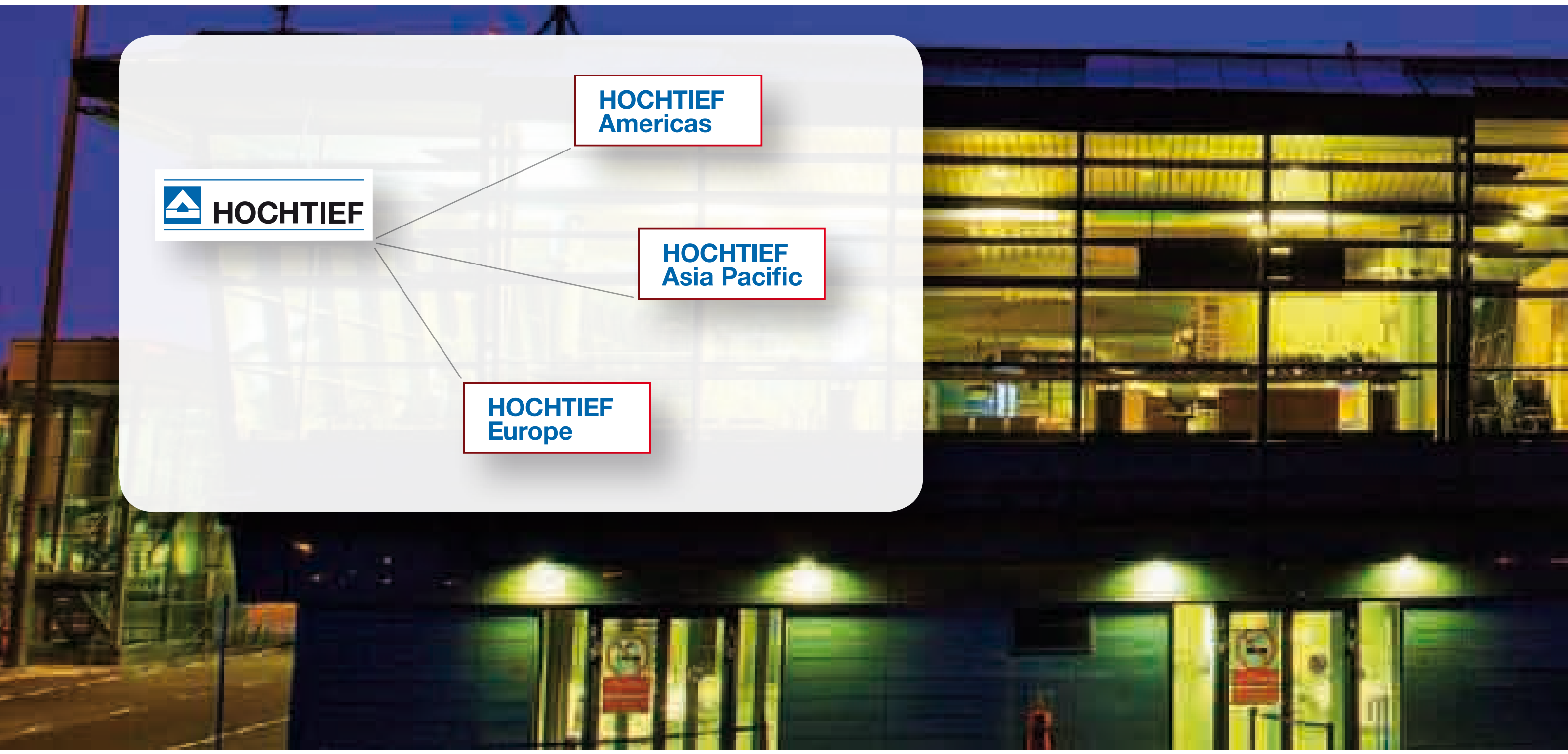
According to the magazine ENR, HOCHTIEF is the seventh largest company in the world in the sector and one of the largest as regards its level of globalisation, with almost 93% of its sales from outside its own market, Germany, where it is also a benchmark in the sector.

HOCHTIEF's business focuses on development, construction and operation of complex infrastructure projects, many of which are carried out under a concession system, in the transport, energy and mining spheres. The company also carries out residential building, social facilities and urban installations projects.

HOCHTIEF's strategic focus is based on its orientation towards the infrastructure sector by means of unique solutions, continual improvement of risk management and with the support of an excellent team; objectives which are in line with the ACS Group's strategy.

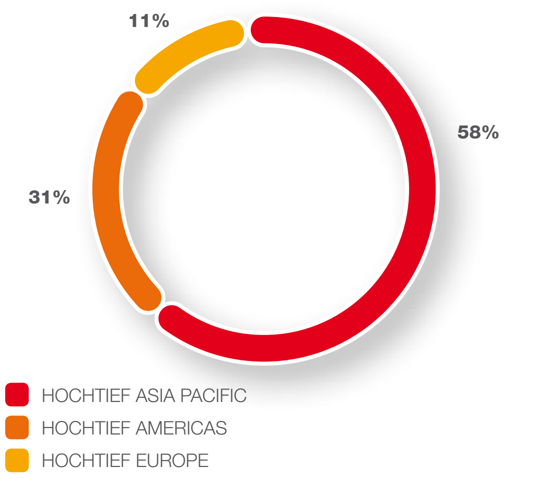
During 2013, HOCHTIEF has continued the restructuring of its divisions, as well as the divestment of non-strategic businesses, which has resulted in the sale of the airports business, the telecommunications business in Australia, the maintenance services business and Aurelis, in order to focus on its core activities.

HOCHTIEF's businesses are divided into the three large geographical areas in which the company operates: HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe.



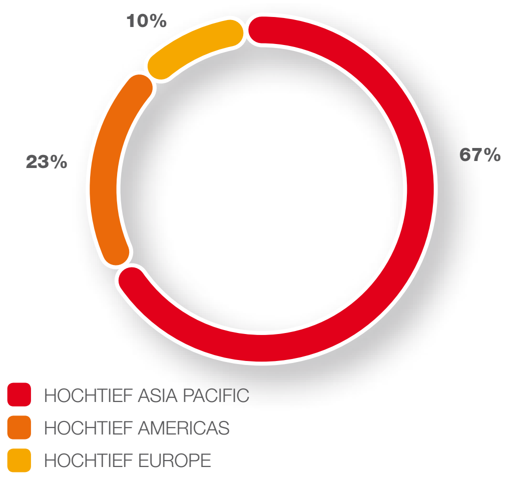
HOCHTIEF REVENUE BREAKDOWN BY DIVISION

%



HOCHTIEF ORDER BOOK BREAKDOWN BY DIVISION

%



During 2013, HOCHTIEF's **revenue** was 25,693 million euros, equivalent to 0.6% up on 2012. By division, the sales of HOCHTIEF Americas and HOCHTIEF Europe were up 7.7% and 0.5% respectively, while in the HOCHTIEF Asia Pacific division turnover was 2.7% lower than in 2012 due to the depreciation of the Australian dollar.

HOCHTIEF's **order book** stood at 39,940 million in 2013, equivalent to 16 months of activity, highlighting the strong presence of the Group in the Asia Pacific region, especially in Australia, where around 67% of the projects in the order book originated.

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CONSTRUCTION

HOCHTIEF

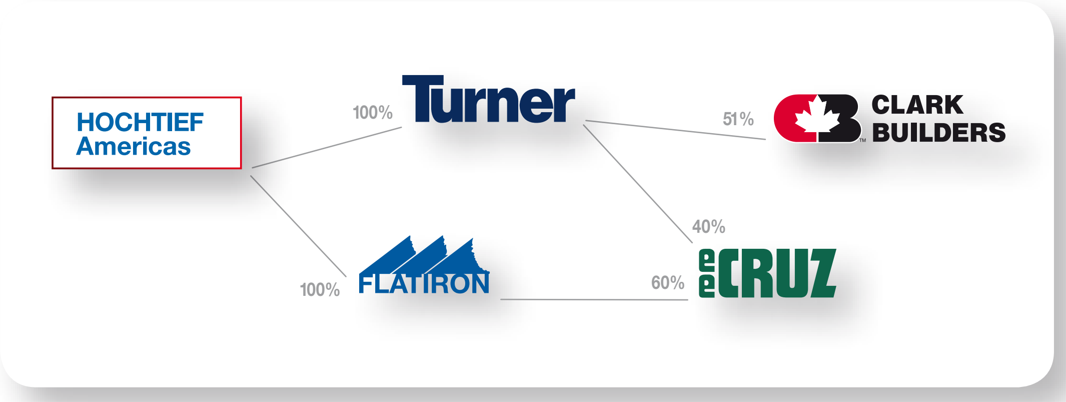
	HOCHTIEF*			CONSOLIDATION ADJUSTMENTS	
MILLIONS EUROS	2012*	2013	% Var.	2012*	2013
REVENUE	25,528	**25,693**	+0.6%	0	**0**
EBITDA	1,303	**1,256**	-3.7%	342	**201**
MARGIN	5.1%	**4.9%**		n.a.	n.a.
EBIT	349	**496**	+42.0%	59	**28**
MARGIN	1.4%	**1.9%**		n.a.	n.a.
NET PROFIT (HOCHTIEF A.G.)	155	**171**	+10.3%		
MARGEN	0.6%	**0.7%**			
NET PROFIT (CONTRIBUTION TO ACS)**	81	**91**	+11.7%	77	**6**
CORDER BOOK***	49,794	**39,940**	-19.8%		
MONTHS	20	**16**			
EMPLOYEES	80,593	**75,433**			

* Data presented according to ACS management criteria. 2012 data presented according to the revised IAS 19, which applies retroactively.
** HOCHTIEF contribution to ACS Group during 2012 and 2013 fully integrated consolidation. Neither in 2012 nor in 2013, financial expenses related to Hochtief's acquisition were included.
*** Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.

HOCHTIEF. EARNINGS BY BUSINESS AREA IN 2013*

	HOCHTIEF Americas			HOCHTIEF Asia Pacific			HOCHTIEF Europe			Headquarter/ Adjustments*		TOTAL		
MILLIONS EUROS	2012	2013	% Var.	2012	2013	% Var.	2012	2013	% Var.	2012	2013	2012	2013	% Var.
REVENUE	7,375	**7,944**	+7.7%	15,180	**14,767**	-2.7%	2,856	**2,870**	+0.5%	117	**112**	25,528	**25,693**	+0.6%
EBITDA	67	**83**	+23.8%	1,376	**1,241**	-9.8%	(59)	**(11)**	+80.6%	(81)	**(57)**	1,303	**1,256**	-3.7%
MARGIN	0.9%	**1.0%**		9.1%	**8.4%**		-2.1%	**-0.4%**				5.1%	**4.9%**	
EBIT	38	**55**	+43.3%	528	**574**	+8.9%	(117)	**(73)**	+37.6%	(99)	**(60)**	349	**496**	+42.0%
MARGIN	0.5%	**0.7%**		3.5%	**3.9%**		-4.1%	**-2.6%**				1.4%	**1.9%**	
NET PROFIT	43	**59**	+39.8%	153	**184**	+20.4%	(54)	**32**	n.a.	14	**(104)**	155	**171**	+10.3%
MARGIN	0.6%	**0.7%**		1.0%	**1.2%**		-1.9%	**1.1%**				0.6%	**0.7%**	
ORDER BOOK**	10,900	**9,279**	-14.9%	32,486	**26,525**	-18.4%	6,420	**4,138**	-35.5%	(13)	**(1)**	49,794	**39,940**	-19.8%

* Data presented according to ACS management criteria. 2012 data presented according to the revised IAS 19, which applies retroactively.The results from the Airports activity, sold during 3Q13, have been included in the Holding accounts.
** Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.



HOCHTIEF AMERICAS

The HOCHTIEF Americas division unites and coordinates HOCHTIEF's activities in the North American market through its four companies (Turner, Flatiron, E.E. Cruz, and Clark Builders) whose serve in the United States and Canada. With their respective focal areas, these four companies cover the building construction, civil engineering, and infrastructure construction segments in the world's largest construction market.

The US subsidiaries of HOCHTIEF have shown improved operating results during 2013. Thanks to their position and recognised experience in the market, they obtained important new contracts.

Turner continued to hold its own as number one U.S. general builder, as reflected in the latest ranking from Engineering News-Record (ENR). The company is also ranked first in the healthcare, education, offices, industrial, cultural facilities, sports facilities, and hotels categories.

Turner is also market leader in green building and was recognized as such for the sixth time running by the Building Design and Construction magazine. The HOCHTIEF subsidiary has the largest LEED[11] -accredited staff in the industry.

Furthermore, Turner is one of the leading companies in the application and development of virtual construction. Building Information Modelling (BIM) allows risks to be identified and controlled at an early stage and workflows to be organized more efficiently, this benefits both the company and its clients.

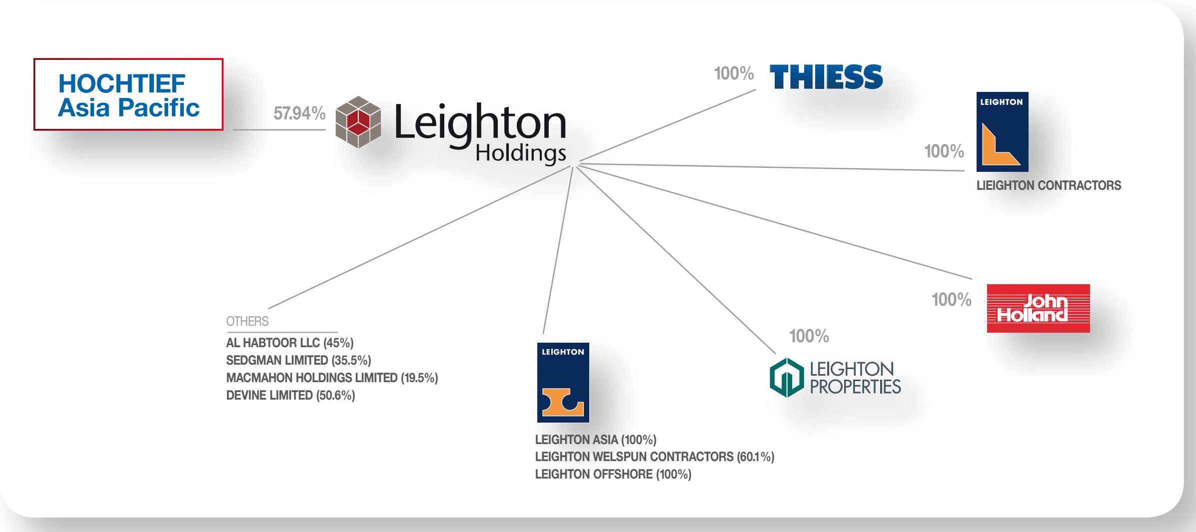
Meanwhile, Flatiron, specialising in civil engineering, has also been recognised in the ENR rankings with seventh place in highway construction and sixth place in bridge construction.

In recent years, the civil engineering market in the United States has faced increased competition, which has led to growing pressure on Flatiron's bidding margins. Therefore, work has continued on its program to improve risk management and measures to maximise efficiency, which is performing well. Flatiron's focus on risk management includes selection criteria regarding the risk of the projects, as well as an efficient management of the contracts.

HOCHTIEF aims to further enhance synergies in the US market through cooperation among the Group companies and the exchange of technical expertise.

11 LEED (Leadership in Energy and Environmental Design) is the rating system of the US Green Building Council and defines the specific standards to be met in the construction of "green" buildings.

CONSTRUCTION



HOCHTIEF ASIA PACIFIC

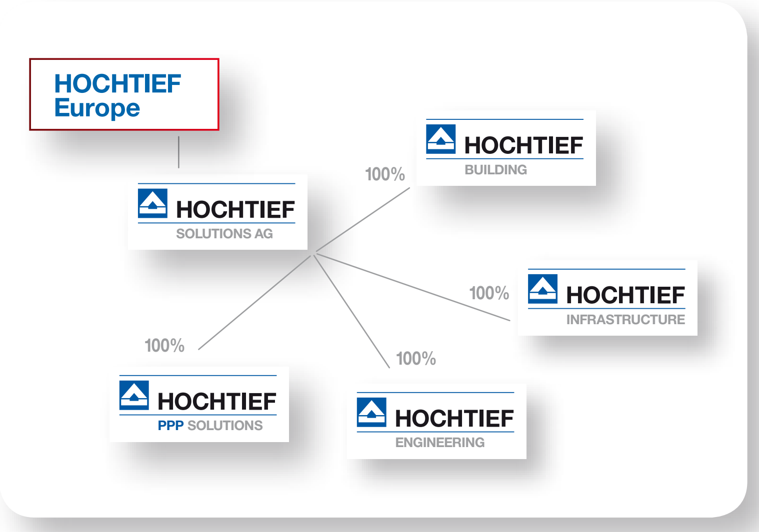
The Australian Leighton Group together with its subsidiaries holds a leading position in the Australian, Asian, and Middle East construction markets and has operations in more than 20 countries. Leighton's operating units include Leighton Contractors, Thiess, John Holland, and Leighton Properties, the Leighton Asia, India and Offshore Group, and the Habtoor Leighton Group. Through these companies, the Leighton Group boasts a broad portfolio of capabilities for the infrastructure, resources, and real estate market and is also the world's largest contract miner.

During 2013, Leighton has continued the transformation process initiated in 2012 to implement the group's strategic reorientation project. The results are already visible in 2013, registering a substantial improvement in activity, especially in the core of its business operations with the financial results heading back to their usual strong levels. The main objective of this plan is to orient the business towards achieving better operating margins and improving return on capital.

A key aspect of the strategic reorientation is the disposal of non-core activities from the Leighton portfolio. During the reporting period, Leighton sold approximately 70% of its telecommunications assets, including the subsidiaries Nextgen Networks, Metronode, and Infoplex. The 475 million euros (620 million Australian dollars) transaction was closed in June 2013. Leighton will continue providing services in the network expansion and maintenance segments with its remaining subsidiaries in the sector, Visionstream and Silcar.

In the past two years, the Leighton Group has made strong efforts to redirect its strategy, with significant commercial and business transformations, aimed to "Stabilise, Rebase and Grow" the business.

In the 2013 financial year, the Leighton Group continued to win major contracts in the segments of energy, transport and social and urban infrastructure. Furthermore, despite the decline in the prospects in the mining and natural resources sectors, Leighton has obtained a high volume of new long-term contracts in this sector, that offer increased visibility and stability of results.



HOCHTIEF EUROPE

The HOCHTIEF Europe division combines the core business in Europe and selected high-growth regions around the world. The division's main company is HOCHTIEF Solutions AG, which offers customers a full range of construction and construction-related services for infrastructure projects, real estate, and facilities.

Due to the volatility of HOCHTIEF Europe's revenue in recent years, a restructuring of HOCHTIEF Solutions AG was undertaken in 2013 in order to help maximise its profitability and the visibility of its results. To do this, HOCHTIEF Europe will seek to focus on its core business, creating tighter structures and grouping the different technical specialisations in the same unit. In this context, in 2013 the services business HOCHTIEF Solutions was sold.

Starting January 2014, operating activities are conducted by four subsidiaries under the single roof of HOCHTIEF Solutions: HOCHTIEF Building, HOCHTIEF Infrastructure, HOCHTIEF Engineering, and HOCHTIEF PPP Solutions.

CONSTRUCTION

IRIDIUM

Iridium manages national and international public-private partnership projects for transport infrastructures and public facilities.

Iridium, together with the rest of the ACS Group, is a worldwide reference in infrastructure development, as shown by its current portfolio of over 90 managed companies. Furthermore, in 2013 ACS once again headed the ranking of the world's main concession-holders, according to the report published by the specialist journal Public Works Financing.

With an accumulated experience of over 45 years, Iridium operates by implementing a strict risk control policy. In this way, Iridium identifies, assesses and minimises each specific risk of the different projects.

In 2013, the Spanish market has continued to be marked by an unfavourable economic situation, characterised by generalised contraction of credit, the difficult financial situation of many administrations and the maturity of a market with few infrastructure improvement needs. However, while the restructuring and refinancing of the sector has continued throughout 2013, the risk perceived by investors, particularly if we focus on the Spanish market, has decreased considerably. In that sense, the expectations of interest in the market towards mature operations projects are good for some investors, given the greater confidence in markets in general, low interest rates and the high level of liquidity worldwide.

PUBLIC WORKS FINANCING

World's Largest Transportation Developers

2013 Survey of Public-Private Partnerships Worldwide

Ranked by Number of Concessions Developed Alone Or In JV Since 1985

Company	Operating or under const.	# sold or expired	Bid Targets	No. operating or under construction in: U.S.	Canada	Home country	All other
ACS Group/Hochtief (Spain)	56	44	55	2	6	19	29
Global Via-FCC-Bankia (Spain)	45	1	3	1	1	30	13
Macquarie Group (Australia)	44	13	16	4	1	1	38
Abertis (Spain)	41	14	0	0	0	12	29
Vinci (Spain)	38	3	17	1	2	11	24
Hutchison Whampoa (China)	34	5	0	0	0	9	25
Ferrovial/Cintra (Spain)	32	23	30	6	2	9	15
NWS Holdings (China)	27	0	1	0	0	27	0
EGIS Projects (France)	25	1	14	0	1	5	19
Bouygues (France)	24	3	13	1	1	9	13

IRIDIUM

MILLIONS EUROS	2012	2013	% Var.
REVENUE	116	106	-8.9%
EBITDA	45	50	11.5%
EBIT	19	22	15.8%
NET PROFIT	(21)	(9)	n.a.
EMPLOYEES	325	278	

In this context, besides the development of the activity in its priority markets of United States and Canada, Iridium has continued the development of its strategy of expansion and internationalisation, through the search for opportunities in those markets with legal and personal security, with stable legal frameworks that allow the development of contracts of this nature and with developed financial systems that are solvent and capable of financing in local currency, especially the markets of Australia, Latin America, United Kingdom and Ireland.

Australia is without doubt one of the most attractive markets for Iridium, since it is ideal for the development of public-private partnership projects owing to the volumes of investment required and the great potential for public tenders in the short and medium term.

The Latin America region represents a growth opportunity for Iridium with Colombia in particular that offers significant investment possibilities with its recent legislation on private-public partnership agreements and the Government’s commitment to infrastructure investments over the next decade of more than 70,000 million euros.

However, the key markets remain the United States and Canada, where Iridium continues to have a significant presence in the market of infrastructure concessions in North America with 7 projects awarded, 3 projects in operation and 4 under construction.

For 2013, Iridium has continued bidding in tenders for projects in different markets. Thus, in the United States, Iridium has prequalified to bid on six projects worth 7,000 million US dollars. Also in September 2013, the Linking Melbourne Authority in Australia pre-qualified the consortium formed by Iridium and Leighton Contractors in the bidding process for the project East West Link, also featuring participation from ACS Group companies John Holland and Dragados. In Europe, Iridium is prequalified for two projects in Ireland and has reached the offer stage for a road project in Scotland. In Colombia it has prequalified for a project to recover navigability in the Magdalena River and eight road projects, the latter with representing an overall investment of more than 5,000 million euros.

CONSTRUCTION

Shown below is a detail of the projects making up the Iridium's current portfolio at 31 December 2013:

Concession-Description	ACS Group stake	Country	Activity	Phase	Units	Expiry date	Total investment (millions euros)	ACS Group investment (millions euros)
A8/AP1 - Bidelan	50.0%	Spain	Highways	Operation	124	2018	57	3
Autovía de La Mancha	75.0%	Spain	Highways	Operation	52	2033	128	21
Circunvalación de Alicante	50.0%	Spain	Highways	Operation	148	2040 (1)	464	79
Autopista del Henares (R2 y M50)	35.0%	Spain	Highways	Operation	87	2039	898	81
Accesos Madrid (R3/R5 y M50)	19.7%	Spain	Highways	Operation	90	2049	1,665	54
Reus-Alcover	100.0%	Spain	Highways	Operation	10	2038	72	16
Santiago Brión	70.0%	Spain	Highways	Operation	16	2035	118	15
Autovía de los Pinares	53.3%	Spain	Highways	Operation	44	2041	96	14
Autovía Medinaceli-Calatayud	95.0%	Spain	Highways	Operation	93	2026	183	23
Autovia del Camp del Turia (CV 50)	65.0%	Spain	Highways	Construction	20	2043	110	10
Autovía del Pirineo (AP21)	72.0%	Spain	Highways	Operation	45	2039	226	58
Autovía de la Sierra de Arana	40.0%	Spain	Highways	Construction	39	2041	200	8
EMESA (Madrid Calle 30)	50.0%	Spain	Highways	Operation	33	2040	221	48
Eje Diagonal	100.0%	Spain	Highways	Operation	67	2042	406	154
A-30 Nouvelle Autoroute 30	50.0%	Canada	Highways	Operation	74	2043	1,279	77
Capital City Link (NEAH)	25.0%	Canada	Highways	Construction	27	2046	1,023	12
FTG Transportation Group	50.0%	Canada	Highways	Operation	45	2034	506	11
Windsor Essex	33.3%	Canada	Highways	Construction	11	2044	890	7
Ruta del Canal	51.0%	Chile	Highways	Construction	55	2050	169	21
Autopista Jónica (NEA ODOS)	33.3%	Greece	Highways	Constr./Operation	380	2037	1,391	41
Central Greece	33.3%	Greece	Highways	Constr./Operation	231	2038	1,146	22
CRG Waterford - Southlink	33.3%	Ireland	Highways	Operation	23	2036	321	22
CRG Portlaoise - Midlink	33.3%	Ireland	Highways	Operation	41	2037	328	23
Sper - Planestrada (Baixo Alentejo)	49.5%	Portugal	Highways	Construction	347	2038	539	79
Rotas do Algarve - Marestrada	45.0%	Portugal	Highways	Construction	260	2039	271	50
A-13, Puerta del Támesis	25.0%	U.K.	Highways	Operation	22	2030	288	7
I595 Express	50.0%	U.S.A.	Highways	Construction	17	2044	1,190	76
Total Highways (km)					**2,401**		**14,188**	**1,032**
Figueras Perpignan - TP Ferro	50.0%	Spain-France	Railways	Operation	45	2057	1,206	51
Línea 9 Tramo II	50.0%	Spain	Railways	Constr./Operation	11	2042	728	41
Línea 9 Tramo IV	50.0%	Spain	Railways	Operation	11	2040	615	30
Metro de Sevilla	34.0%	Spain	Railways	Operation	18	2040	683	45
Metro de Arganda	8.1%	Spain	Railways	Operation	18	2029	149	3
ELOS - Ligações de Alta Velocidade	15.2%	Portugal	Railways	Construction	167	2050	1,649	19
Rideau Transit Group (Ligth RT Ottawa)	40.0%	Canada	Railways	Construction	13	2048	1,656	21
Total Railways (km)					**282**		**6,686**	**210**
Cárcel de Brians	100.0%	Spain	Jail	Operation	95,182	2034	106	14
Comisaría Central (Ribera norte)	100.0%	Spain	Police Station	Operation	60,330	2024	70	12
Comisaría del Vallés (Terrasa)	100.0%	Spain	Police Station	Operation	8,937	2032	17	3
Comisaría del Vallés (Barberá)	100.0%	Spain	Police Station	Operation	9,269	2032	16	4
Public Facilities (m^2)					**173,718**		**209**	**33**
Hospital Majadahonda	55.0%	Spain	Hospitals	Operation	749	2035	257	19
Hospital Son Dureta	49.5%	Spain	Hospitals	Operation	987	2039	306	17
Hospital de Can Misses (Ibiza)	40.0%	Spain	Hospitals	Construction	297	2042	130	12
Centros de Salud de Mallorca	49.5%	Spain	Health Centre	Operation	n.a.	2021	19	3
Public Facilities (number of beds)					**2,033**		**711**	**51**
Intercambiador Plaza de Castilla	22.2%	Spain	Transfer stations	Operation	59,650	2041	167	14
Intercambiador Príncipe Pío	42.0%	Spain	Transfer stations	Operation	28,300	2040	66	6
Intercambiador Avda América	60.0%	Spain	Transfer stations	Operation	41,000	2038	75	30
Transfer stations (m^2)					**128,950**		**308**	**50**
Iridium Aparcamientos	100.0%	Spain	Parkings	Constr. /Operation (2)	17,994	2058	58	58
Serrano Park	50.0%	Spain	Parkings	Operation	3,297	2048	130	20
Total Parkings (number of places)					**21,291**		**188**	**78**
TOTAL CONCESSIONS							**22,289**	**1,454**

*The investment paid already by ACS up to December 2013 accounted for1,241 million euros, while 2013 milllion euros where pending.
(1) Extendable by 2044.
(2) Cover main contracts manaaged by Iridium Aparcamientos.

CONSTRUCTION

THE ACS GROUP'S CONSTRUCTION ACTIVITY IN 2013*

MILLIONS EUROS

REVENUE

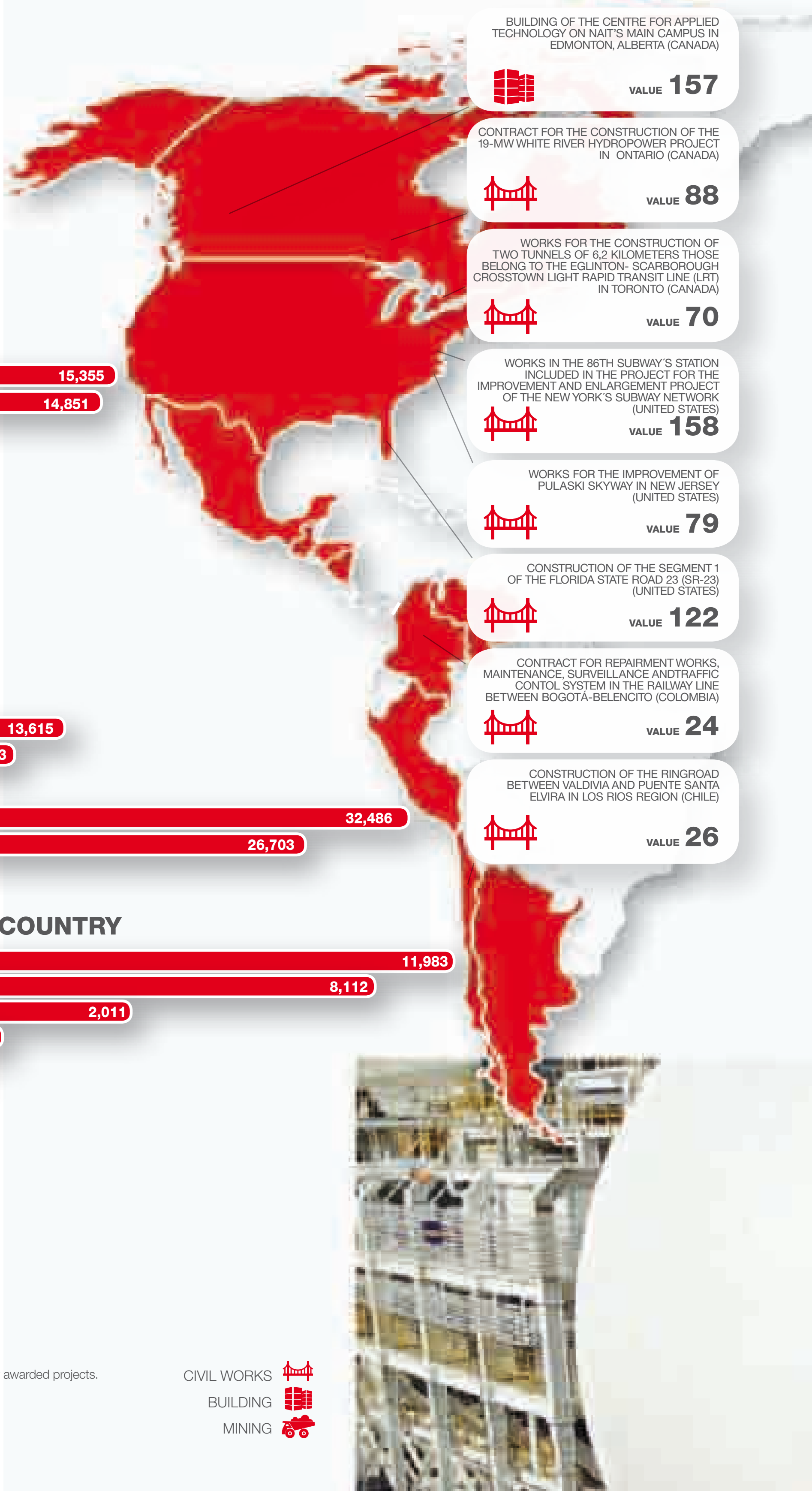
	2012	2013
SPAIN	1,810	1,393
REST OF EUROPE	3,370	3,560
AMERICA	9,146	9,754
ASIA PACIFIC	15,355	14,851

ORDER BOOK

	2012	2013
SPAIN	3,598	3,354
REST OF EUROPE	8,527	5,569
AMERICA	13,615	11,973
ASIA PACIFIC	32,486	26,703

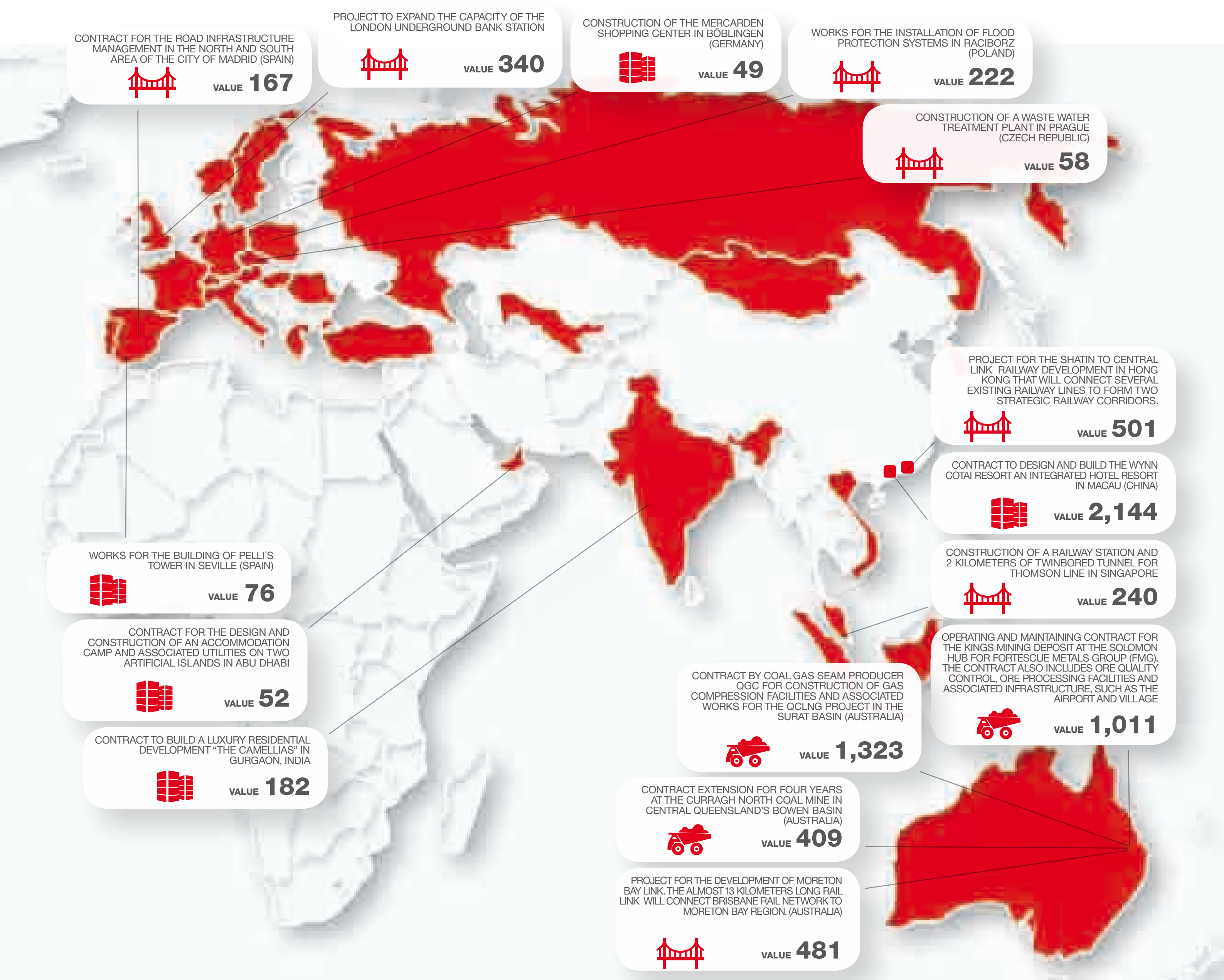
2013 REVENUE BREAKDOWN BY COUNTRY

AUSTRALIA	11,983
UNITED STATES	8,112
GERMANY	2,011
SPAIN	1,393
CANADA	1,250
INDONESIA	901
CHINA	876
UNITED ARAB EMIRATES	770
POLAND	695
UNITED KINGDOM	376
INDIA	167
CZECH REPUBLIC	165
ARGENTINA	134
CHILE	119
MONGOLIA	95
OTHERS	513



* Main countries where the Construction Area reported ongoing projects or new awarded projects.

CIVIL WORKS
BUILDING
MINING


CONTRACT FOR THE ROAD INFRASTRUCTURE MANAGEMENT IN THE NORTH AND SOUTH AREA OF THE CITY OF MADRID (SPAIN)
VALUE 167
PROJECT TO EXPAND THE CAPACITY OF THE LONDON UNDERGROUND BANK STATION
VALUE 340
CONSTRUCTION OF THE MERCARDEN SHOPPING CENTER IN BÖBLINGEN (GERMANY)
VALUE 49
WORKS FOR THE INSTALLATION OF FLOOD PROTECTION SYSTEMS IN RACIBORZ (POLAND)
VALUE 222
CONSTRUCTION OF A WASTE WATER TREATMENT PLANT IN PRAGUE (CZECH REPUBLIC)
VALUE 58
PROJECT FOR THE SHATIN TO CENTRAL LINK RAILWAY DEVELOPMENT IN HONG KONG THAT WILL CONNECT SEVERAL EXISTING RAILWAY LINES TO FORM TWO STRATEGIC RAILWAY CORRIDORS.
VALUE 501
CONTRACT TO DESIGN AND BUILD THE WYNN COTAI RESORT AN INTEGRATED HOTEL RESORT IN MACAU (CHINA)
VALUE 2,144
CONSTRUCTION OF A RAILWAY STATION AND 2 KILOMETERS OF TWINBORED TUNNEL FOR THOMSON LINE IN SINGAPORE
VALUE 240
WORKS FOR THE BUILDING OF PELLI'S TOWER IN SEVILLE (SPAIN)
VALUE 76
CONTRACT FOR THE DESIGN AND CONSTRUCTION OF AN ACCOMMODATION CAMP AND ASSOCIATED UTILITIES ON TWO ARTIFICIAL ISLANDS IN ABU DHABI
VALUE 52
CONTRACT TO BUILD A LUXURY RESIDENTIAL DEVELOPMENT "THE CAMELLIAS" IN GURGAON, INDIA
VALUE 182
OPERATING AND MAINTAINING CONTRACT FOR THE KINGS MINING DEPOSIT AT THE SOLOMON HUB FOR FORTESCUE METALS GROUP (FMG). THE CONTRACT ALSO INCLUDES ORE QUALITY CONTROL, ORE PROCESSING FACILITIES AND ASSOCIATED INFRASTRUCTURE, SUCH AS THE AIRPORT AND VILLAGE
VALUE 1,011
CONTRACT BY COAL GAS SEAM PRODUCER QGC FOR CONSTRUCTION OF GAS COMPRESSION FACILITIES AND ASSOCIATED WORKS FOR THE QCLNG PROJECT IN THE SURAT BASIN (AUSTRALIA)
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CONTRACT EXTENSION FOR FOUR YEARS AT THE CURRAGH NORTH COAL MINE IN CENTRAL QUEENSLAND'S BOWEN BASIN (AUSTRALIA)
VALUE 409
PROJECT FOR THE DEVELOPMENT OF MORETON BAY LINK. THE ALMOST 13 KILOMETERS LONG RAIL LINK WILL CONNECT BRISBANE RAIL NETWORK TO MORETON BAY REGION. (AUSTRALIA)
VALUE 481


Bertha
SR 99 Tunnel Project

CONSTRUCTION

EUROPE

In 2013, Construction revenue in Europe totalled 4,953 million euros, representing 16.8% of the total for the area.

In Europe, Dragados and Iridium occupy a leading position in the sectors of construction and concessions in Spain, and HOCHTIEF is one of the main companies in the German construction sector. Furthermore, the companies belonging to the ACS Group's Construction area have a strong presence and proven track record in implementing projects in countries such as United Kingdom, Ireland, Poland and in Central European, such as Austria or the Czech Republic.

Sales in Spain for 2013 stood at 1,393 million euros. The fall experienced in this market caused by public investment cutbacks, means that in 2013 Spain represented only 5% of the Construction activity.

In 2013, the most significant projects executed by Dragados in the fields of Civil Works and Building include:

- Project for the adaptation and renovation of the A-2 highway along the stretch between Calatayud and Medinaceli in the provinces of Soria and Zaragoza.
- Construction of underground stations Sagrera Meridiana-Honduras and Sagrera A.V. on line 9 of the Barcelona metro as well as the architecture and facilities design of the Onze de Setembre and Santa Rosa stations.
- Refurbishment of the old model prison in Valencia for the construction of the new Ciudad Administrativa 9 de Octubre complex that will house several departments of the Generalitat Valenciana with facilities for 4,000 workers.

DRAGADOS AND IRIDIUM OCCUPY A LEADING POSITION IN THE SECTORS OF CONSTRUCTION AND CONCESSIONS IN SPAIN, AND HOCHTIEF IS ONE OF THE MAIN COMPANIES IN THE GERMAN CONSTRUCTION SECTOR.

- Project for the development of a social housing estate in Arroyo del Fresno (Madrid) with an area of 708,658 square metres.
- Expansion of the Bellvitge hospital in Hospitalet de Llobregat, Barcelona, through the execution of a new technical block, comprising intensive care, surgical services, emergency, consultations and outpatients departments.
- Construction of the platform of the Basauri-Galdakao stretch of the high-speed line between Vitoria-Bilbao-San Sebastian.
- Demineralized water plant and piping for CEPSA facilities in Santa Cruz de Tenerife.

In addition, Iridium manages 14 motorways, 5 railway works and 14 public and social facilities in Spain.

CONSTRUCTION

In other European countries, sales have experienced a growth of 5.7%, reaching 3,560 million euros in 2013. This growth is the result both of the expanding business of Dragados' subsidiaries in Poland the United Kingdom or Ireland where in recent years it has been awarded significant projects related to transport infrastructures, in addition to the evolution of HOCHTIEF's activities in Europe that focus on executing building and civil engineering works in countries such as Germany, Austria, the Czech Republic, the United Kingdom, Netherlands or Poland.

In 2013 the activity in the rest of European countries represented 12% of total sales, and the most significant projects being carried out in this area include:

- Execution of two vocational training centres, a skills centre for creative businesses and a public car park for the city of Dortmund (Germany).
- Construction of the Saale-Elster viaduct near Halle, forming part of the express train link between Nuremberg and Berlin, comprising the longest bridge structure in Germany with a length of 8.6 km (Germany).
- Modernisation of the E-20 railway line between Lukow and Siedice (Poland).
- Design and construction of a new cable-stayed bridge over the Firth of Forth (Scotland).
- Project for the construction of the S-17 highway section between Lubartow and Witosa (Poland).
- Project for the construction of section 5 of the S8 highway in the stretch between Sieradz Poludnie and Lask (Poland).

IN THE RESTO OF EUROPE, SALES HAVE EXPERIENCED A GROWTH OF 5.7% AND REPRESENTED 12% OF TOTAL SALES.

- Construction of the DreiEins office and commercial building in Düsseldorf (Germany).
- Design and construction of the Supersam shopping centre in Katowice (Poland).
- Construction of the LUX residential complex in Berlin (Germany).
- Refitting and improvement works at Riga International airport (Czech Republic).

Iridium in 2013 has continued with the management of five highways in Europe, namely in Ireland, United Kingdom and Portugal. Furthermore it also prequalified this year for the N25 highway and M11 highway from Gorey to Enniscorthy in Ireland, in addition to entering the offer stage for the Aberdeen Western Peripheral Route project in Scotland. Also noteworthy are the agreements signed in Greece for restructuring the Nea Odos and Central Greece highways concession contracts, through which the ACS Group significantly reduces its exposure in both projects and maintains the original profitability expectations for the capital invested in the concession holders.

The order book in Europe, including Spain along with the rest of European countries, amounted to 8,923 million euros, representing 19% of the total Construction orders for 2013. The area that has experienced the greatest growth in 2013 is the United Kingdom, where the order book has increased by 38.3%, thanks to major awards for the execution of transport infrastructure projects, such as expanding the capacity of Bank station in London, at the intersection of three of the most important underground lines in the City of London (Central Line, Northern Line and DLR), for 340 million euros.

CONSTRUCTION

CONCESSION CONTRACT FOR THE CONSTRUCTION, PRESERVATION, EXPLOITATION AND MAINTENANCE OF SECTION 4 OF BARCELONA METRO LINE 9

CLIENT
Infraestructuras Ferroviarias de Cataluña

PROJECT EXECUTION DATES
2008-2039

LOCATION
Barcelona

TYPE OF WORKS
Civil Works (Railway)

VALUE
615 millions of euros

COMPANIES INVOLVED IN THE PROJECT
Iridium

FULL PROJECT DESCRIPTION
When it is finished, Line 9 of the Barcelona Metro will be the longest underground line in Europe with a length of 47.8 km.

It will connect 5 municipalities of the Metropolitan Area of Barcelona: Santa Coloma de Gramenet, Badalona, Barcelona, L'Hospitalet de Llobregat and el Prat de Llobregat, from which it will connect with the Airport of el Prat.

It will consist of 52 stations, 20 of which will be interchanges, significantly improving public transportation in the Metropolitan Area of Barcelona.

From the point of view of financing, the Generalitat de Catalunya has divided the project into two parts: the tunnel, which is financed under budget and the stations included in a concession model that involves the construction, conservation and maintenance of the stations for thirty years.

Iridium is taking part in the station concessions on two stretches Barcelona Metro Line 9: Section 2 with a length of 10.8 km and 15 stations and Section 4 with a length of 10.8 km and 13 stations.

The Section 4 concession of the Barcelona metro is the only one with fully completed works (November 2013). It has been at operation and maintenance stage since December 2009 because the different stations have been placed into service progressively after their completion.

The Concession Agreement was signed with IFERCAT (Infraestructuras Ferroviarias de Catalunya) on December 19, 2008 and has an expected duration of 31 years and 9 months.

Section 4 of Barcelona Metro Line 9 connects the municipalities of Santa Coloma de Gramenet and Badalona with the San Andreu neighbourhood in Barcelona. Eleven of its 13 stations are in operation: Can Zam, Singuerlin, Esglesia, Fondo, Santa Rosa, Can Peixauet, Gorg, La Salut, LLefia, Bon Pastor and Onze de Setembre, a two completed stations (Sagrera Honduras and Sagrera TAV) awaiting the completion of Sagrera AVE station and the commissioning of the section 1 tunnel by the Generalitat.

The construction of the stations includes the civil works, architecture and facilities of each station, with the exception of the transversal services (lifts, escalators, ticket systems, communications, remote control, video surveillance, etc.). Furthermore, the urban facilities affected by these stations are also executed.

CONSTRUCTION

PROJECT FOR THE CONSTRUCTION OF AN UNDERGROUND RAILWAY TUNNEL FOR THE CROSSRAIL LINE IN LONDON

CLIENT
Crossrail Ltd

PROJECT EXECUTION DATES
2011-2016

LOCATION
London (United Kingdom)

TYPE OF WORKS
Civil Works (Railway)

VALUE
570 millions of euros

COMPANIES INVOLVED IN THE PROJECT
Dragados SA and Sisk Ltd

FULL PROJECT DESCRIPTION
Crossrail is a subsidiary company of "Transport for London", created for the construction of a new railway line, which will travel through the city of London from East to West, featuring 118 km of lines of which 21 km are in underground tunnels. The contract executed by Dragados is C-305 which includes excavation with 4 tunnel drives (client-owned) and excavation of part of the larger diameter caverns built with SCL (sprayed concrete lining).

The length of the tunnels is 11.8 kilometres, divided into 3 sections: Drive Y: two parallel tunnels of 8.2 km between Limmo Peninsula and Farringdon Station. Drive Z: two parallel tunnels of 2.7 km between Stepney Green and Pudding Mill Lane. Drive G: two parallel tunnels of 0.9 kilometres between Limmo Peninsula and Victoria Dock.

Drives and Y&G start from the launch shaft at Limmo Peninsula, while Drive Z will start from the Pudding Mill Lane shaft and will be dismantled at the Stepney Green shaft. This project has several important factors to consider: The aim of minimising settlement, noise, and alterations to the city. The use of the River Thames for transporting supplies and clearing the rubble to the point of storage.

The execution of the tunnels has currently exceeded 50%, with the completion of various launch shafts as well as the tunnel bypass caverns excavated using conventional methods and with digging work commenced on the connecting safety galleries between tunnels.

A1/A6 HIGHWAY

CLIENT
Ministry of Infrastructure and the Environment of the Kingdom of the Netherlands, Rijkswaterstaat

PROJECT EXECUTION DATES
Construction 2014 to 2017, subsequent operation for 25 years

LOCATION
Between Amsterdam and Almere (Netherlands)

TYPE OF WORKS
Civil Works (Roads)

VALUE
> 1,000 million euros (HOCHTIEF Solutions share 20%)

COMPANIES INVOLVED IN THE PROJECT
HOCHTIEF Solutions (20%), VolkerWessels (20%), Boskails (17%), Dutch Infrastructure Fund (43%)

FULL PROJECT DESCRIPTION
The Dutch government has awarded a contract to the SAAone consortium to build, upgrade and later operate an important section of the highway between Amsterdam and Almere.

The consortium in which HOCHTIEF Solutions has a 20 percent share will plan, finance and build a section of the A1 and a section of the connecting A6 on the basis of a public-private partnership (PPP) and will subsequently operate these sections for 25 years.

The project has a total volume of more than 1 billion euros. HOCHTIEF's partners in the project are the Dutch construction companies Boskalis and VolkerWessels, and the institutional investor Dutch Infrastructure Fund.

The 20-kilometer stretch of road is part of one of the most important highway spur routes to the Dutch capital Amsterdam and one out of a total of four PPP projects which are planned to improve transportation capacities between Amsterdam, Schiphol Airport and the city of Almere.


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CONSTRUCTION

AMERICA

In America, the ACS Group through its various subsidiaries carries out the activities of civil engineering, infrastructure development and building in the United States and Canada, where it continues to lead the infrastructure concessions market. Similarly, it has sound solid experience in executing projects in Latin American countries like Argentina, Chile, Peru and Venezuela.

America became the second largest market for the Construction activity in 2013, with a weight of 33% of total sales. The marketing effort performed by all the Construction subsidiaries of ACS Group in 2013 had an impact on the growth of revenue of 6.7% in America which stood at 9,754 million euros.

In the United States and Canada, sales exceed 9,300 million euros in 2013, 5.3% above the turnover of the previous year. This data confirms the growing consolidation of the Group in the civil engineering and building market in these countries, thanks to the efforts of all the Group's subsidiaries operating in this sector: Pulice, Picone, Flatiron, Turner, E.E. Cruz and Clarks Builder.

IN THE UNITED STATES AND CANADA, THE ACS GROUP CONTINUES TO LEAD THE INFRASTRUCTURE CONCESSIONS MARKET.

The most noteworthy major projects in the United States and Canada during 2013 included the following:

- Construction of light rail line in the city of Ottawa, Canada, with a length of over 12.5 km and 13 stations, 3 of which are underground.
- Works for the construction of the Northeast Anthony Henday Drive highway in Edmonton, Alberta (Canada).
- Construction of the Presa del Portugués dam in Puerto Rico.
- Execution of the Calaveras Dam consisting building a dam downstream from an existing one in Freemont, California.
- Execution of SR 303L construction project on the stretch between Glendale Avenue and Peoria Avenue (Arizona, USA).
- Execution of improvement works on I-25 in Colorado.
- Construction of the bridge between San Francisco and Oakland Bay.
- Execution of several sections to improve the subway in New York, including the refurbishment of 96th Street station on the Second Avenue subway line in Manhattan.
- Building works at the Wilshire Grand Center complex in Los Angeles in compliance with "green" building criteria.
- Refurbishment and improvement of Terminal 4 of the Los Angeles International Airport.
- Construction of the Concord Carlisle High School in Massachusetts.
- Execution of the Medicine Learning Center for the University of Georgia.

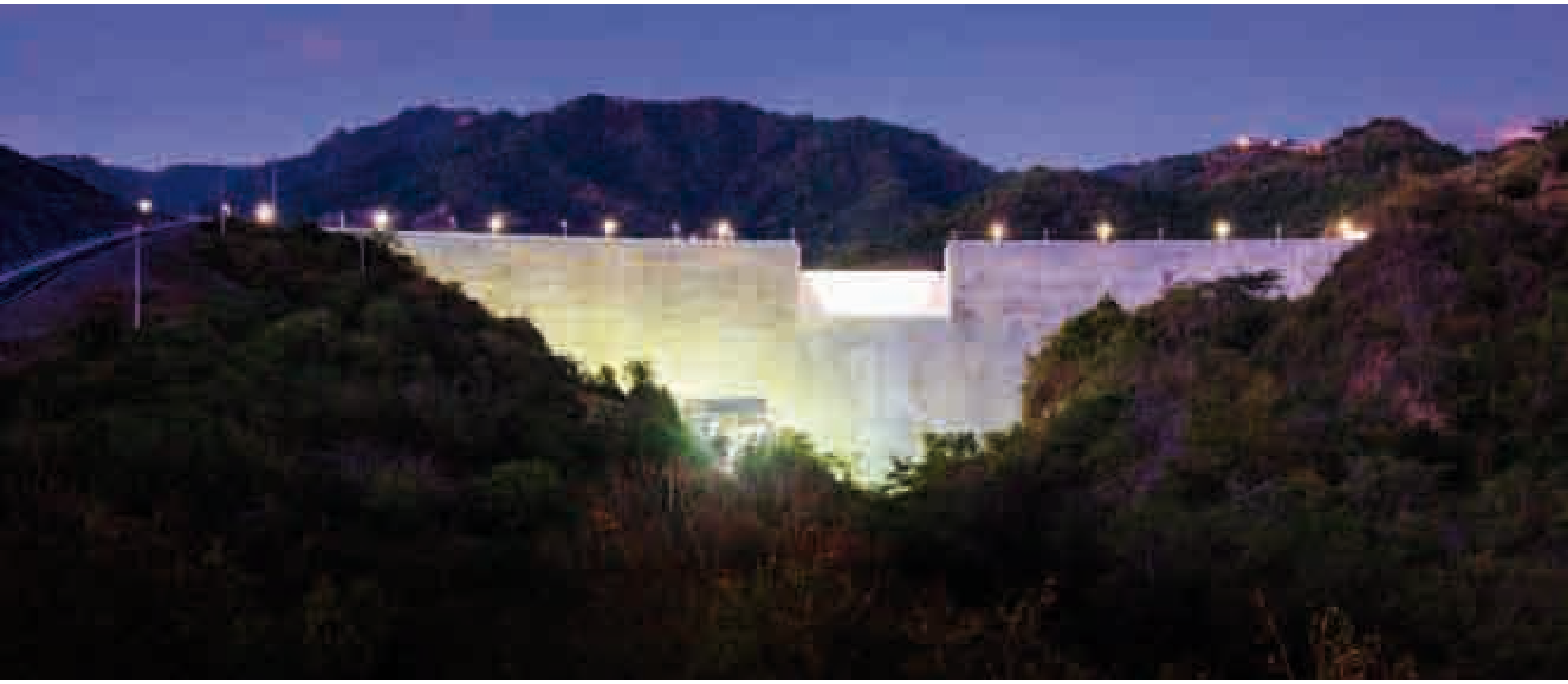
IN LATIN AMERICA, THE CONSTRUCTION ACTIVITY CARRIES OUT MAINLY CIVIL ENGINEERING PROJECTS IN ARGENTINA, CHILE, COLOMBIA OR PERU.

In the concession sector, Iridium has continued to consolidate its position in the North American market with the entry into service of the South Fraser Perimeter Road freeway, in addition to prequalifying for five projects in the United States and one in Canada which are; the I-77 HOT Lanes (North Carolina), the Portsmouth Bypass (Ohio), SH 288 Toll Lanes Project in Harris County (Texas), Neon Project (Nevada), Illiana Expressway (Illinois) and the Eglinton Crosstown LRT (Ontario).

In addition to these projects, in 2013 ACS Group companies were awarded major projects in the United States and Canada the such as the construction of Section 1 and Section 2 of Florida State Road 23, the Pulaski Skyway Bridge refurbishment in New Jersey or the building of the Center for Applied Technology at the Northern Alberta Institute of Technology in Edmonton. As such, contracting in these two countries exceeded 11,500 million euros during 2013 and its current order book level represents 24% of the Construction total.

In Latin America, the Construction activity carries out mainly civil engineering projects such as roads, railway or water and has a strong presence in Argentina and Chile, where Dragados has its own subsidiaries in addition to executing projects in developing countries with high growth potential such as Colombia or Peru. In addition, HOCHTIEF is entering this sector with the development of complex projects as demonstrated by the award of the project for the Alto Maipo hydropower plant in Chile.

In the concessions area, the ACS Group, through Iridium and HOCHTIEF, has experience in managing assets in various Latin American countries and keeps a close eye on all opportunities.



CONSTRUCTION

During 2013 Iridium has prequalified for a project to recover navigability in the Magdalena river and a total of eight road projects, representing an overall investment of more than 5,000 million euros.

Among the project ACS Group companies carried out during 2012 in Latin America, the following can be highlighted:

- Construction of several sections of the new road between Bogotá and Villavicencio in Colombia.
- Repair of docks and different structures of the Talcahuano Naval Base in Chile.
- Project for the renovation and improvement of different road sections of the Q-90 highway in Chile.
- Construction and maintenance of highways on Route 40 in the province of Chubut (Argentina).

SOUTH FRASER PERIMETER ROAD

CLIENT
Province of British Columbia

PROJECT EXECUTION DATES
2010-2034

LOCATION
Vancouver (Canada)

TYPE OF WORKS
Civil Works (Roads)

VALUE
765 million Canadian dollars

COMPANIES INVOLVED IN THE PROJECT
ACS Infrastructure Canada Inc. 50%

Ledcor Inc.25%

Star America Infrastructure Fund 25%

The construction of the Project has been outsourced to the Joint Venture led by Dragados Canada (41.8%) and local contractors Ledcor (25%), Bel Pacific (16.6%) and Vancouver Pile Driving (16%)

PROJECT DESCRIPTION
In July 2010, the consortium led by ACS Infrastructure Canada achieved financial closure for the completion of the South Fraser Perimeter Road project. The contract includes the construction, financing, operation, maintenance and renovation of the South Fraser Perimeter Road over a period of 24 years. The aim is to build a 4-lane road highway, 40 km long from the port of Delta to Fraser Heights in Surrey, with connections to highways 1, 15, 91, 99, and 17. In December 2012 Substantial Completion was obtained for the Eastern Segment and put into operation and in December 2013 the Western Segment received Substantial Completion thus completing the construction works and opening the highway for operation. Both the Eastern and Western Segments were completed before the contractual deadline; in the latter case, six months before the scheduled date. Since the day after its commissioning the SFPR has been the preferred route for drivers in the area and has experienced a large influx of traffic.

The completion of the project has meant a considerable improvement in Vancouver's metropolitan traffic network and a significant increase in the quality of life for drivers in the area.

The trucking and tourism industries have also benefited from this project, improving their access to the American border, the Tsawwassen Ferry Terminal and the interior of British Columbia. The South Fraser Perimeter Road offers businesses an outstanding freight corridor while reducing truck traffic in the adjacent municipalities of Delta and Surrey. During the 24-year concession period, the concessionaire will take care of routine maintenance, winter maintenance and renovation of this new route, and will receive income from the Province of British Columbia in the form of availability payments.

CONSTRUCTION

SR 99 SEATTLE BORED TUNNEL

CLIENT
Washington Department of Transportation (WSDOT)

PROJECT EXECUTION DATES
2011-2015

LOCATION
Seattle, Washington (USA)

TYPE OF WORKS
Civil Works (Roads)

VALUE
1,005 millions of euros

COMPANIES INVOLVED IN THE PROJECT
Joint Venture: DRAGADOS Usa (55%) - Tutor Perini Corporation (45%)

PROJECT DESCRIPTION
The S99 Bored Tunnel project is located in Seattle, United States. With a budget of 1,362 million euros the aim of the works is to replace part of the SR99 highway the stretch of the Alaskan Way Viaduct damaged in the Nisqually earthquake in 2001, via a 2.8 km tunnel below the city's financial centre.

The tunnel consists of two overlapping roadways with two lanes in each direction, plus ventilation shafts and escape and maintenance corridors. All this is possible thanks to "Bertha", the largest tunnel boring machine ever built, with a diameter of 17.5 metres, weighing 7,000 tons and with a length of 120 metres. Furthermore, "Bertha" incorporates significant technical innovations, such as the system to change cutters from inside the machine in atmospheric conditions.

Another particular feature of the project is that, due to the tight contract period, the inner structure formed by the double cast walls and slabs must be fitted in parallel with the excavation of the tunnel, which involves uniquely challenging organisation and logistics tasks.

In addition to digging the tunnel, the works consist of the access portals, two control and maintenance buildings, settlement monitoring points along the path of the tunnel, the diversion of all affected services and the installation of all mechanical and electrical equipment.

The project is at the design and construction stage and the tunnel is scheduled to enter service in early 2016.

PORT MANN BRIDGE IN VANCOUVER

CLIENT
Province of British Columbia

PROJECT EXECUTION DATES
2009 - 2013

LOCATION
Vancouver (British Columbia), Canada

TYPE OF WORKS
Civil Works (Roads)

VALUE
1,930 million US dollars

COMPANIES INVOLVED IN THE PROJECT
Kiewit/Flatiron General Partnership (joint venture between Peter Kiewit Sons Co. and Flatiron Constructors Canada Limited)

PROJECT DESCRIPTION
Flatiron was part of the joint venture team designing and building the new Port Mann Bridge over the Fraser River in Vancouver, British Columbia. The new cable-stayed bridge increases the crossing's capacity from five to ten lanes.

Work also included upgrading a total of 37 kilometers of Highway 1 on each side of the Fraser River. The new bridge alleviates the nearly 14 hours of traffic congestion on the existing bridge and reduces travel times by up to 30 percent. The project was completed for completion in 2013.

Tolls collected at the new bridge will finance the project, which will create an estimated 8,000 construction jobs in the area.

The Port Mann/Highway 1 project is part of the Province's larger Gateway Program established by the Province of British Columbia to address the region's growing congestion and to improve mobility throughout Metro Vancouver.


© Flatiron/Roger Marble Photography

CONSTRUCTION

ASIA PACIFIC

With total revenue of 14,851 million euros in 2013 and a project order book of 26,703 million euros. The Asia Pacific region remains the main area for Construction activities, and represents 50% of the total sales and 56% of the total Construction order book. The significant investment opportunities in this area will make it the Group's main growth area for the Construction activity in the coming years.

The business is carried out mainly by Leighton and its subsidiaries -Leighton Contractors, Thiess, John Holland and the Habtoor Leighton Group. Leighton is the world's biggest mining operation company, as well as carrying out activities in building, infrastructure construction and development, concessions and services. In the sphere of infrastructures, activity is focused on developing installations for mine operation, transport infrastructures, and oil and gas project infrastructures. Furthermore, in recent years Dragados has won bids on the Australian market, either as the sole contractor -Werribee purifying plant- or in partnership with other Leighton companies such as the North West Rail Link project in New South Wales awarded in 2013 to the joint venture between Thiess, John Holland and Dragados Australia.

In the concession sector, Iridium is also exploring new opportunities in Australia and for example, the consortium between Iridium and Leighton Contractors in the concession role, and John Holland and Dragados for the construction work, has been prequalified for the construction of the East West Link project.

THE ASIA PACIFIC REGION REMAINS THE MAIN AREA FOR CONSTRUCTION ACTIVITIES, AND REPRESENTS 50% OF THE TOTAL SALES.

During 2013, sales for the Construction business in Australia stood at 11,983 million euros and among the projects undertaken this year, the following can be highlighted:

- Execution of various contracts related to natural gas liquefaction and regasification plants worth more than 1,600 million, among which is the Development of the natural gas liquefaction and regasification plant included in the Gorgon project where Leighton is working on building the port facilities at the plant and other associated infrastructure.
- Various contracts for design and construction of the transmission network and telecommunications infrastructures for Visionstream in Australia and New Zealand.
- Execution of various contract assets for the rail network project in Queensland.
- Contract for the improvement and maintenance of the power grid belonging to Western Power in the Perth metropolitan area and various regions of Western Australia.
- Project to improve the access road network to Perth airport and surrounding areas.
- Five-year contract for the operation and maintenance of Sydney's water management and treatment systems.
- Construction of three commercial buildings in the Kings Square complex in Perth.
- Renovation and improvement works at Royal Hobart Hospital in Tasmania.
- Construction of new facilities for the School of Business at the University of Sydney.
- Construction of the WRAP tower with 294 apartments located at 133-139 City Road in Southbank, Melbourne.
- Contract for the provision of mining services at the Lake Vermont coal mine in Queensland.
- Mining services at the Isaac Plains coal mine in the Queensland mining basin.
- Construction of coal processing and preparation plant at the Boggabri coal mine in New South Wales.
- Construction of internal rail transport facilities at the Roy Hill iron ore mine project.
- Expansion project of Dock B at Cape Lambert as part of the Rio Tinto iron mine expansion project.

CONSTRUCTION

Leighton also carries out its activities in Southeast Asian countries as well as the two major powers in Asia; China and India, where in 2013 it was awarded contracts for the construction of a railway project in Hong Kong and for a hotel resort for Wynn Resorts in Macau as well as the construction of the luxury residential area of Gurgaon (India). Similarly, the Group executes major projects in the Middle East through its subsidiary Habtoor Leighton Group, with a presence in Qatar and the United Arab Emirates.

MINE PROMINENT HILL

CLIENT
Oz Minerals

PROJECT EXECUTION DATES
2006 - 2018

LOCATION
South Australia

TYPE OF WORKS
Mining

VALUE
1,100 million AUD (30 June 2013)

COMPANIES INVOLVED IN THE PROJECT
Thiess

PROJECT DESCRIPTION

Thiess, a subsidiary of Leighton, extracts copper and gold from an opencast mine at the Prominent Hill mine in South Australia. In 2006 it first received the award of a contract to establish mining infrastructures, which included the construction of workshops, offices and fuel facilities. In January 2012, Thiess was awarded a contract extension of six years, with a cumulative expected value of 1,000 million dollars.

The initial contract was signed for the construction of mining infrastructures, which included the construction of workshops, offices and fuel facilities along with mining activities for six years. Following the extension of the contract awarded in January 2012, Thiess increased its mining and training capacity to manage a fleet of five excavators and increased its trucks from 20 in 2006 to 49 in 2012. To achieve this a fundamental change was introduced in staff shifts, going from fourteen days active and seven days of rest to seven days active and eight days of rest, providing a balance between work and personal life, while creating new job opportunities at the mine.

After initial preparations, Thiess currently exploits 2.5 million cubic metres of rock (CMR) per month. Throughout the life of the mine approximately 267 million CMR are expected to be exploited.

As part of the company's commitment to staff training and development, Thiess is using a truck and excavator simulator to develop the skills of the mine's operators. Thiess continues to place special emphasis on hiring local workers and currently employs 650 people at the site.

CONSTRUCTION

NORTH WEST RAIL LINK

CLIENT
Transport for New South Wales

PROJECT EXECUTION DATES
2013-2016 (for tunnels and stations)

LOCATION
Sydney Region, New South Wales, Australia

TYPE OF WORKS
Civil Works (Railway)

VALUE
743.6 millions of euros (exchange rate of 1.54212 A$/euros)

COMPANIES INVOLVED IN THE PROJECT
Thiess (50%) & John Holland (25%) & Dragados Australia (25%)

FULL PROJECT DESCRIPTION
The 8.3 billion US dollars North West Rail Link is Australia's largest public transport infrastructure project currently under construction and a priority rail project for the NSW Government.

It will be the first fully-automated rapid transit rail system in Australia and is expected to open to customers by the end of 2019.

The North West Rail Link Project (NWRL) is being delivered in major contracts. The NWRL Tunnel and Stations Civil [TSC] Works is being delivered by ACS/Dragados and includes construction of twin 15km tunnels from Bella Vista to Epping. Four TBM machines will be used to construct the tunnels. Two will launch from Bella Vista and tunnel 9km to Cherrybrook with the remaining two launching at Cherrybrook and tunnelling 6km to Epping.

The tunnels are lined with around 100,000 concrete segments which will be manufactured onsite at Bella Vista in the Precast Facility. The project also includes the excavation and civil works for five new stations at Cherrybrook, Castle Hill, Showground, Norwest and Bella Vista and two service facilities at Epping and Cheltenham.

The existing Epping station will be connected to the new rail line by 300 meter tunnels constructed using roadheader. The project also includes construction of a train crossover cavern to the east of Castle Hill Station.

Conventional excavation methods will be used to construct the stations and 58 cross passages between the twin tunnels.

Image courtesy of Transport for New South Wales.

WYNN PALACE

CLIENT
Wynn Resorts (Macao) S.A. and Palo Real Estate Development Company S.A.

PROJECT EXECUTION DATES
Start of works in 2013

LOCATION
Macau (China)

TYPE OF WORKS
Building

VALUE
Approx. 20,000 million HKD

COMPANIES INVOLVED IN THE PROJECT
Leighton Asia

PROJECT DESCRIPTION
Leighton has been chosen as the contractor to design and build a resort with a luxury hotel casino -the Wynn Palace- for Wynn Resorts, one of the largest gambling establishment operators worldwide. Described by the company as its “single most important project”, the Wynn Palace covers an area of 21 hectares on land reclaimed from the sea between the islands of Taipa and Coloane.

The highest levels of craftsmanship, quality and workmanship are required for the exceptional design and world-class facilities of the Wynn Palace, which aims to set new standards of excellence and elegance. The project involves painstaking attention to detail and the highest standards of construction throughout the scope of the works, including excavations and the main foundation works, along with the construction of a luxury hotel and a base platform for mixed use that will consist of gaming, catering, shopping and conference establishments and facilities with numerous special attractions, including a lake scenario of 30,000 square metres to be used for a spectacular light show.

The resort compound covers a constructed area of more than 450,000 square metres.

INDUSTRIAL SERVICES

THE ACS GROUP'S INDUSTRIAL SERVICES AREA IS ONE OF THE WORLD'S LEADING COMPETITORS IN THE FIELD OF APPLIED INDUSTRIAL ENGINEERING, WITH PROJECTS IN OVER 55 COUNTRIES.

INDUSTRIAL SERVICES

The activity of ACS Group **Industrial Services area** is focused on the development, construction, maintenance and operation of energy, industrial and mobility infrastructures through a large group of companies.

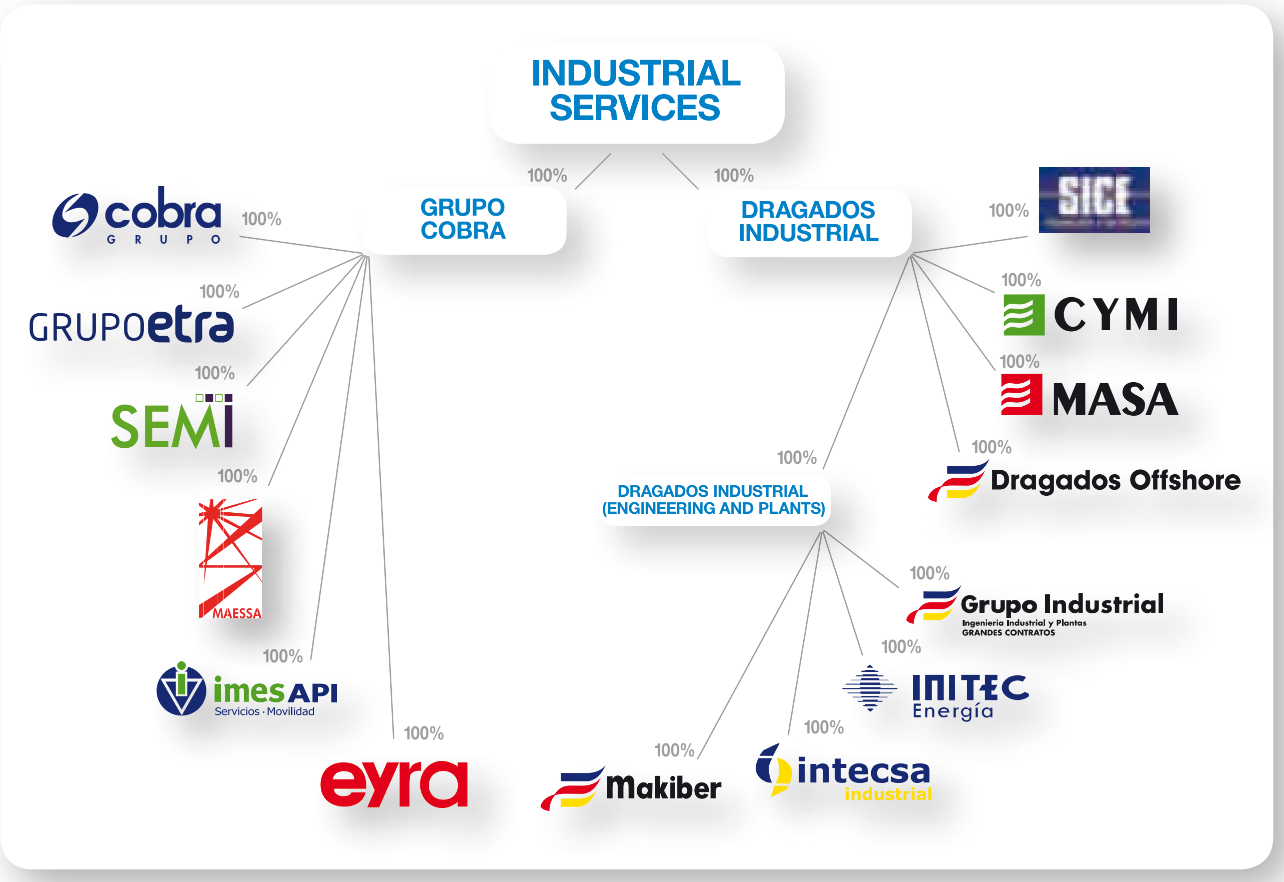
The Industrial Services area holds a leading position in the Spanish market, as well as having extensive experience and steady involvement in executing projects and providing services in Latin America where it occupies a leading position in several of the most significant countries such as Mexico and Peru. Similarly, in Europe it is consolidating its position in the performance of projects and services in countries like Germany, Portugal, Italy, Romania and Ireland. It is also increasingly involved in the remaining geographic areas, such as North America, Africa, the Middle East and Asia Pacific countries, where the Group has been awarded significant industrial engineering projects in recent years, reaffirming its positioning as a global benchmark in this sector.

The Industrial Services area's strategy focuses on consolidating its position as a global benchmark in the sector, thanks to its continuing technological innovation and technical excellence, efficiently and profitably combining Industrial Support activities which provide greater recurrence and stability with integrated projects specifically designed to adapt to clients' needs.

THE INDUSTRIAL SERVICES AREA HOLDS A LEADING POSITION IN THE SPANISH MARKET AND IT IS FOCUSED ON CONSOLIDATING ITS POSTION AS A GLOBAL BENCHMARK IN THE SECTOR.

The Industrial Services area seeks sustainable growth in its activities, driven by expansion of the global market in renewable power generation (especially solar and wind power), environmental projects, sustainable mobility, power transmission projects and those related to hydrocarbon development and use. These are fields in which the ACS Group's Industrial Services area has extensive experience and in which it has recognition from the sector. Furthermore, it seeks to expand or consolidate activities in new fields with good growth prospects, such as off shore wind power generation, HVDC power transmission technology, electric vehicle charging infrastructure and underground hydrocarbon storage.

Another of the Industrial Services area's strategic goals is to continue consolidating its position in the countries where it already has a strong presence, combined with sustainable expansion into new geographic markets, exploiting synergies through joint action with other subsidiaries of the ACS Group, including companies like Dragados, HOCHTIEF and Leighton, possessing knowledge and an established presence in these new markets.



INDUSTRIAL SERVICES

MAIN FIGURES

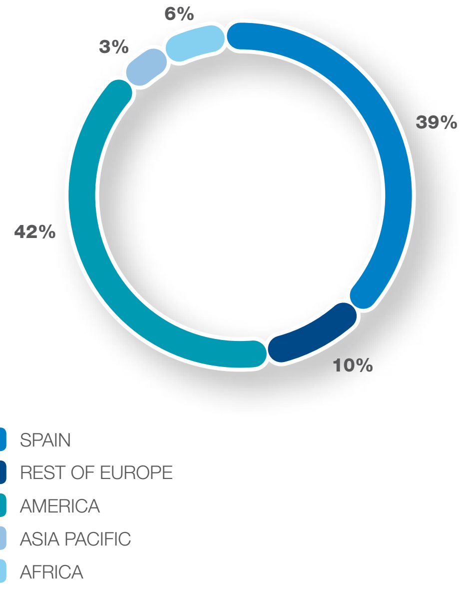
In 2013 **revenue** of ACS Group's Industrial Services area was 7,067 million euros, up 0.2% over the previous year.

Revenues from international markets grew by 5.2% to 4,328 million euros, mainly due to the significant increase in activity in the Asia-Pacific and African regions. Thus, the turnover in international markets already represents 61.2% of the area's total sales, with America, primarily Latin America, representing the main area of activity for Industrial Services, accounting for 42% of sales in 2013 from projects in this region.

Furthermore, activities in Spain fell by 6.8% due to the adverse macroeconomic conditions and the resulting decline in public and private sector investment.

REVENUE BREAKDOWN BY GEOGRAPHICAL AREA

%



INDUSTRIAL SERVICES

MILLIONS EUROS	2012	2013	% Var.
REVENUE	7,050	**7,067**	+0.2%
EBITDA	904	**937**	+3.7%
MARGIN	12.8%	13.3%	
EBIT	849	**881**	+3.7%
MARGIN	12.0%	12.5%	
RECURRENT NET PROFIT	416	**418**	+0.5%
MARGIN	5.9%	5.9%	
ORDER BOOK	7,161	**7,413**	+3.5%
MONTHS	12	13	
EMPLOYEES	39,140	**41,635**	

Within the ACS Group's Industrial Services area, two fundamental lines of business can be distinguished: Support Services to Industry and Integrated Projects.

Support Services to Industry are aimed at industrial maintenance contracts and services, as well as support services to the clients' operational activities, and in turn cover three areas of activity:

- **Networks:** electricity, gas and water network maintenance services and activities, in which the ACS Group has over 80 years' experience.
- **Specialised Products:** covering construction, installation and maintenance activities for high-voltage electricity lines, telecommunications systems, railway installations, electricity facilities, mechanical assemblies and heating and cooling systems.
- **Control Systems:** activities for installing and operating control systems for industrial and municipal services, noteworthy among which are traffic and transport control systems and systems for comprehensive management of public infrastructures, segments in which ACS has become the leading engineering supplier.

INDUSTRIAL SERVICES

The ACS Group's activity in **Integrated Projects** is aimed at the execution of "turnkey" or EPC[12] projects relating to the design, construction and commissioning of projects connected to the energy sector (electricity generation, also being noteworthy for the execution of projects related to renewable energies, assets related to the oil and gas sector, among others) and engineering applied to industry.

The ACS Group also has outstanding experience in developing and taking a stake in concession assets, basically related to energy, such as wind farms, solar thermal plants (either with central tower or with parabolic trough concentrators and storage based on molten salt technology), transmission lines, purifying plants and desalinating plants.

At 31 December 2013, the ACS Group held stakes in 18 wind farms in Spain, with a gross installed capacity of 547.7 MW and net capacity of 490.8 MW and 9 wind farms abroad, 8 in Portugal and one in Mexico, with gross installed capacity of 230.8 MW and net capacity of 198 MW, in addition to another plant under construction of 33 MW in Peru. In thermal solar energy, the ACS Group had 5 plants in operation at 31 December 2013, each with 49.9 MW of installed power, representing an installed power of 249.6 MW, as well as a 10% stake in two other plants, also of 49.9 MW, in addition to another plant under construction of 49.9 MW.

Total energy production generated from renewables during 2013 from plants operated by the ACS Group in Spain, was 1,166.5 GWh[13] in wind farms and 939.9 GWh from solar thermal, giving total production of 2,106.4 GWh in 2013. In Portugal the energy produced by wind farms was 305.8 GWh during 2013, while in Mexico the production was 269.3 GWh.

12 EPC stands for Engineering, Procurement and Construction.
13 This figure is composed of electricity production which obtained the guarantee of renewable origin from the Spanish National Energy Commission (CNE).

The ACS Group also has a stake in several concession projects for the management and maintenance of high-voltage lines in Brazil, with secured financing from the Banco Nacional de Desenvolvimento Economico e Social do Brasil (BNDES). At 31 December 2013, after sale of transmission lines in the previous year, the ACS Group held stakes in 6 transmission lines, with a total length of 2,376 kilometres, and the Sete Lagoas electricity substation.

On the other hand, the ACS Group has been developing equipment and technologies for water purification and desalination since 1983.

The ACS Group is a global leader in this field, especially in water desalination by reverse osmosis, thanks to its extensive experience in carrying out projects in countries such as Algeria, Australia, Mexico, Qatar, etc. Furthermore, the ACS Group had stakes in two desalination plants at 31 December 2012 –one in Spain and one in Algeria– with a capacity of 272,000 m^3/day of water production for human consumption.

ENERGY CONCESSIONAL ASSETS IN SPAIN

WIND FARMS	Number of wind farms	Installed capacity (MW)
WIND FARMS IN OPERATION (1)	18	547.7
WIND FARMS UNDER CONSTRUCTION	-	
SOLAR THERMAL PLANTS	**Number of plants**	**Installed capacity (MW)**
SOLAR THERMAL PLANTS IN OPERATION (2)	5	249.6
STAKE IN SOLAR THERMAL PLANTS IN OPERATION (3)	2	99.8
SOLAR THERMAL UNDER CONSTRUCTION	1	49.9
PHOTOVOLTAIC PLANTS	**Number of plants**	**Installed capacity (MW)**
PHOTOVOLOTAIC PLANTS	1	3.5
OTHER CONCESSIONAL ASSETS	**Number**	**Capacity**
DESALINATION PLANTS	1	72,000 m^3/day
WATER TREATMENT PLANTS	30	20,715 m^3/day
GAS STORAGE ASSETS	1	1.6 trillion m^3 of storage capacity

INTERNATIONAL ENERGY CONCESSIONAL ASSETS

WIND FARMS	Number of wind farms	Installed capacity (MW)
WIND FARMS IN OPERATION (4)	9	230.8
WIND FARMS IN OPERATION IN MEXICO	*1*	*102.0*
WIND FARMS IN OPERATION IN PORTUGAL	*8*	*128.8*
WIND FARMS UNDER CONSTRUCTION	1	33.0
SOLAR THERMAL PLANTS	**Number of plants**	**Installed capacity (MW)**
SOLAR THERMAL PLANTS UNDER CONSTRUCTION	1	110.0
PHOTOVOLTAIC PLANTS	**Number of plants**	**Installed capacity (MW)**
PHOTOVOLTAIC PLANTS UNDER CONSTRUCTION	1	10.0
ELECTRICITY TRANSMISSION ASSETS	**Number**	**Kilometres**
TRANSMISSION LINES	6	2,376 kilometres
ELECTRICAL SUBSTATION	1	
OTHER CONCESSIONAL ASSETS	**Number**	**Capacity**
COMBUSTION CYCLE	1	223 MW
WATER TREATMENT PLANTS	1	1,754,000 m^3/day
DESALINATION PLANTS	1	200,000 m^3/day

(1) The average stake is 89,6%.
(2) The average stake is 100%.
(3) The average stake is 10%.
(4) The average stake is 85,9%.

INDUSTRIAL SERVICES

THE DIVERSIFICATION OF THE BUSINESSES OPERATING IN THE INDUSTRIAL SERVICES AREA ENABLES IT TO ACHIEVE A BALANCED BUSINESS MIX WHICH IS CAPABLE OF FACING CHANGES IN SITUATION AND RETAINING ITS PROFITABILITY.

By activities, sales in the area of Integrated Projects were up 6.2% on 2012, mainly due to major contracts awarded in the international market. Meanwhile in the activity of Support Services to Industry, turnover decreased by 3.1% due to the contraction of the Spanish market, and sales of Renewable Energy Generation fell 8.4% over the previous year owing to divestments of assets in 2012.

REVENUE BREAKDOWN BY ACTIVITY

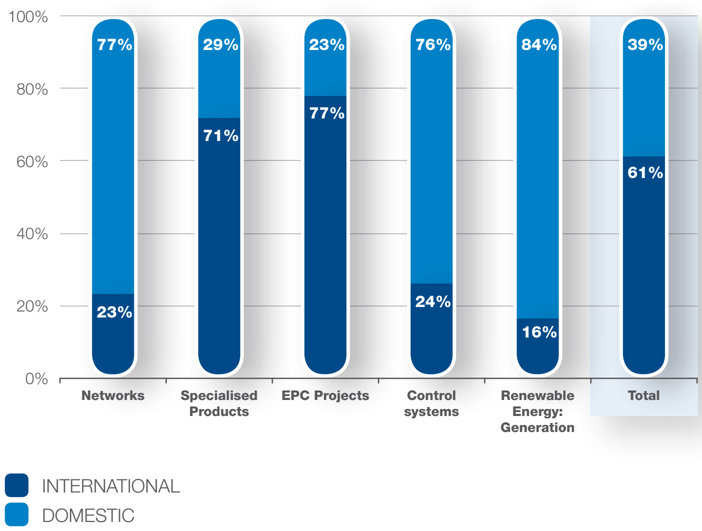
MILLIONS EUROS	2012*	2013	% Var.
SUPPORT SERVICES	**4,031**	**3,904**	**-3.1%**
NETWORKS	577	647	+12.0%
SPECIALIZED PRODUCTS	2,598	2,396	-7.8%
CONTROL SYSTEMS	856	862	+0.7%
EPC PROJECTS	**2,704**	**2,872**	**+6.2%**
RENEWABLE ENERGY: GENERATION	**374**	**343**	**-8.4%**
CONSOLIDATION ADJUSTMENTS	(59)	(53)	-11.3%
TOTAL	**7,050**	**7,067**	**+0.2%**

* 2012 ProCME activity has been reclasified between the diferent activity areas.

The diversification of the businesses operating in the Industrial Services area enables it to achieve a balanced business mix which is capable of facing changes in situation and retaining its profitability. In this way the Integrated Projects activity (representing 40% of the total) combines with the Specialised Products activity, (33.7% of the total) which features technologically complex businesses with higher margins such as Networks, Control Systems and Energy Generation that contribute greater stability and visibility to the Industrial Services area with their recurrence.

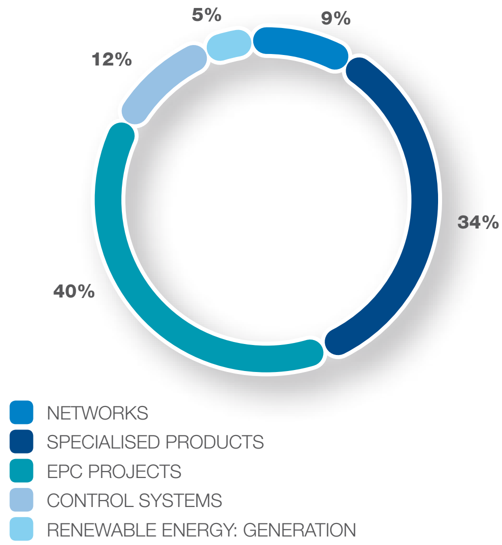
REVENUE BREAKDOWN BY MARKET

%



REVENUE BREAKDOWN BY ACTIVITY

%



INDUSTRIAL SERVICES

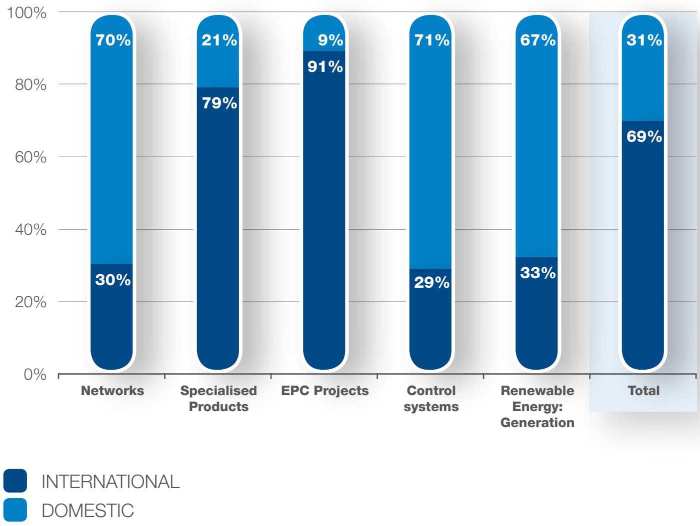
The ACS Group continues its intense expansion process supported by its acknowledged technological capability and experience in this area, enabling it to cover all the infrastructure development, financing, construction, operation and maintenance aspects with substantial technical requirements in different areas. The geographic diversification of these activities, especially in Integrated Projects and Specialised Installations, with turnover outside Spain of over 70%, contributes greater stability in the case of fluctuations in the domestic market.

The Industrial Services area recorded an **EBITDA** of 937 million euros in 2013, representing growth of 3.7% compared to 2012. Meanwhile **recurrent net profit** during 2013 increased by 0.5% compared to 2012, standing at 418 million euros.

In 2013, Industrial Services' **order book** grew by 3.5% to 7,413 million euros, driven by projects awarded in the international sphere, especially those related to the field of energy and the development of turnkey industrial plants in Latin America and countries like Saudi Arabia and South Africa. So, in 2013, Integrated Project's and Specialised Installations' activity represented 70 % of the total order book, with 91% and 71% respectively of their order book projects located abroad.

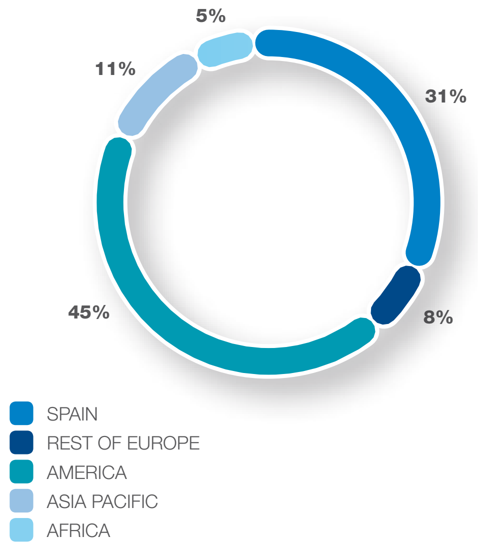
ORDER BOOK BREAKDOWN BY TYPE OF ACTIVITY

%



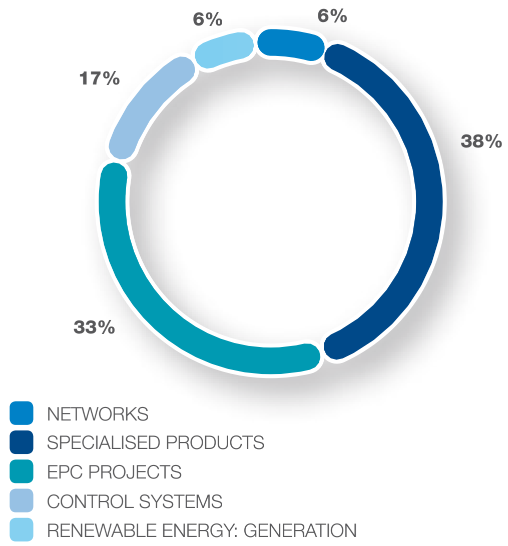
ORDER BOOK BREAKDOWN BY GEOGRAPHICAL AREA

%



ORDER BOOK BREAKDOWN BY TYPE OF ACTIVITY

%



INDUSTRIAL SERVICES

INDUSTRIAL SERVICES' ACTIVITY 2013*

MILLIONS EUROS

REVENUE

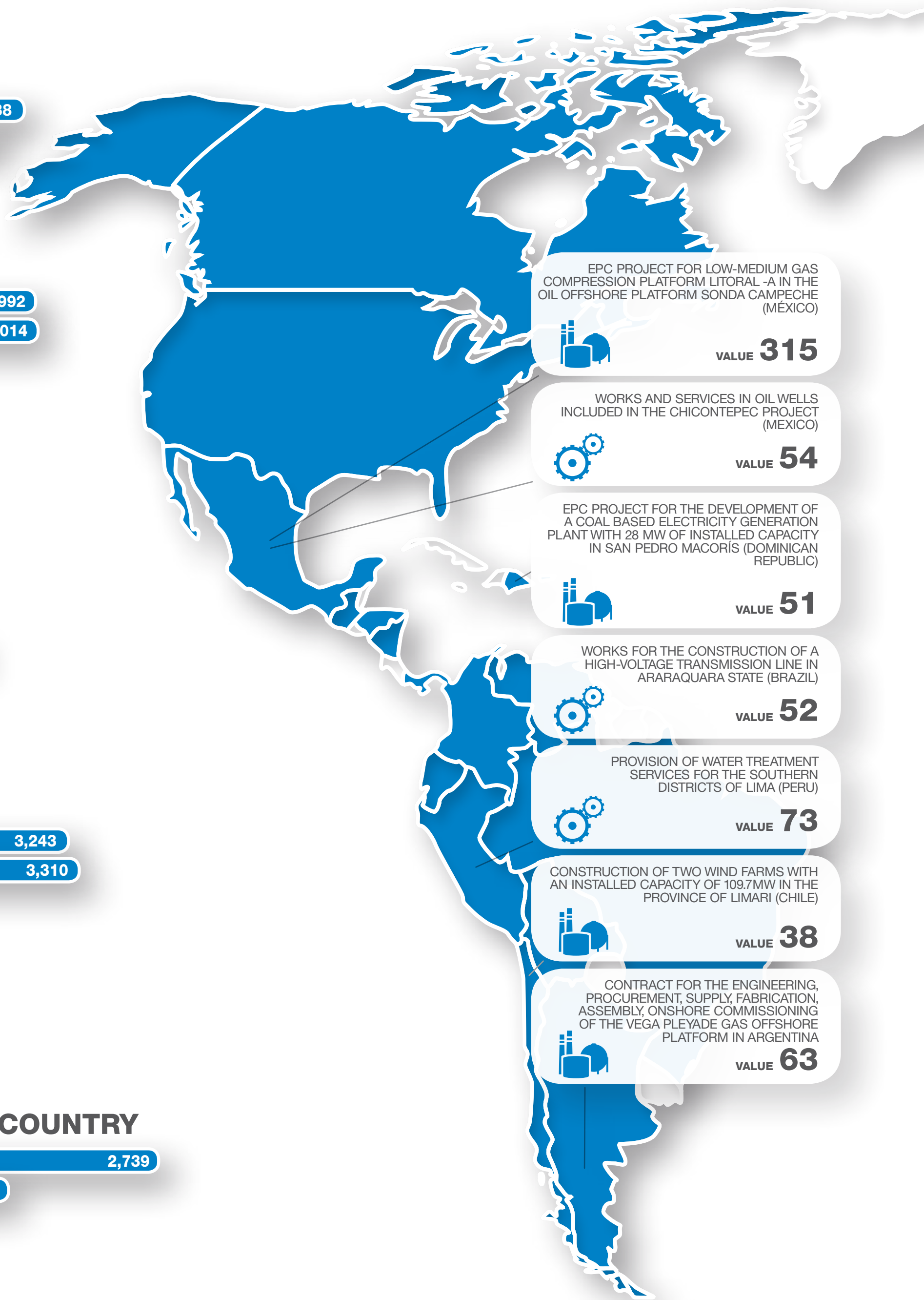
	2012	2013
SPAIN	2,938	2,739
REST OF EUROPE	782	693
AMERICA	2,992	3,014
AFRICA	172	411
ASIA PACIFIC	166	210

ORDER BOOK

	2012	2013
SPAIN	2,545	2,327
REST OF EUROPE	631	597
AMERICA	3,243	3,310
AFRICA	533	337
ASIA PACIFIC	209	841

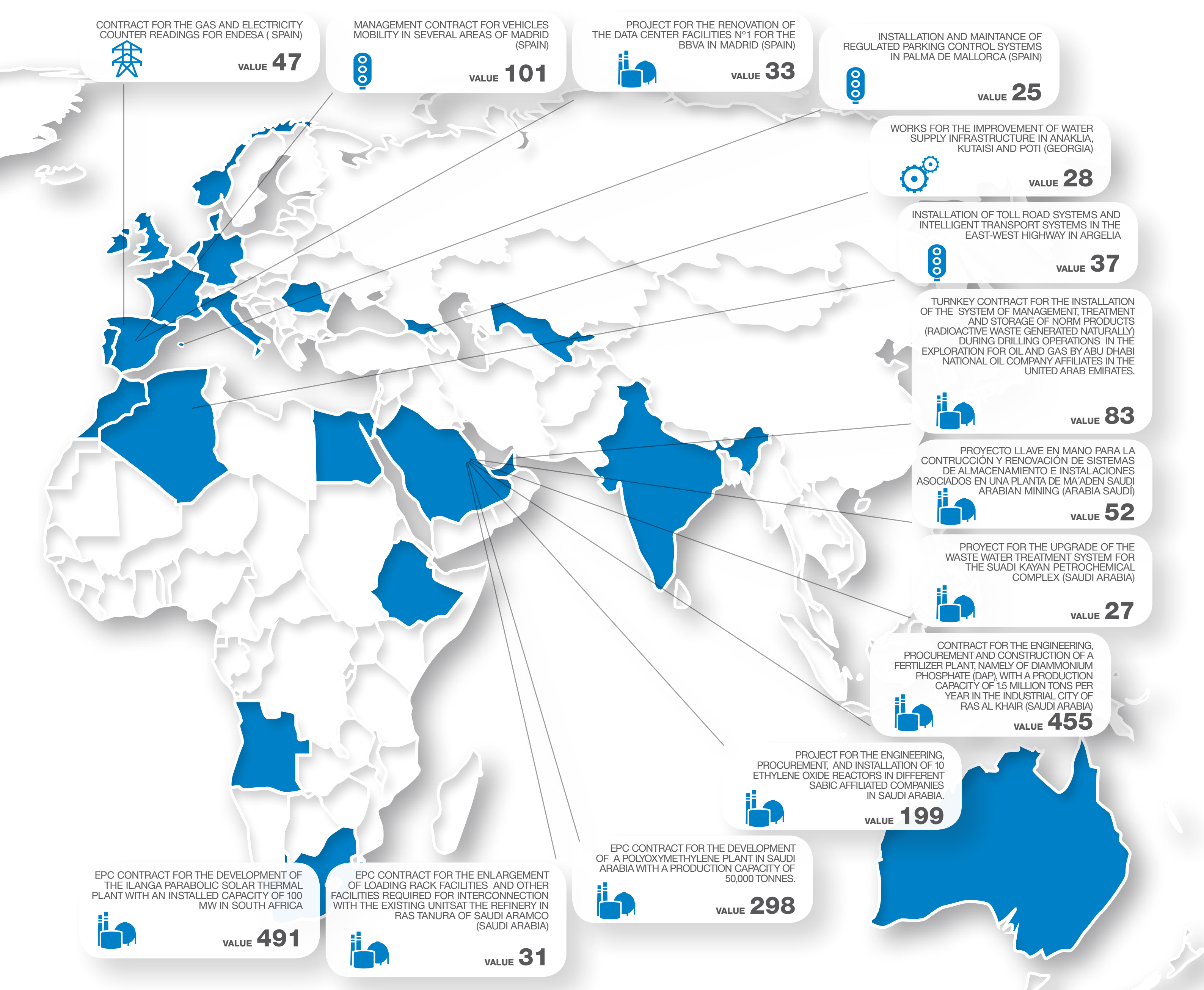
2013 REVENUE BREAKDOWN BY COUNTRY

SPAIN	2,739
MEXICO	1,256
UNITED STATES	412
BRAZIL	306
SOUTH AFRICA	232
PERU	231
PORTUGAL	206
UNITED KINGDOM	182
SAUDI ARABIA	151
PANAMA	128
CHILE	121
GUATEMALA	121
OTHERS	982



* Main countries where Industrial Services área reported ongoing projects or new awards.

EPC PROJECTS
SPECIALISED PRODUCTS
CONTROL SYSTEMS
NETWORKS


CONTRACT FOR THE GAS AND ELECTRICITY COUNTER READINGS FOR ENDESA (SPAIN)
VALUE 47
MANAGEMENT CONTRACT FOR VEHICLES MOBILITY IN SEVERAL AREAS OF MADRID (SPAIN)
VALUE 101
PROJECT FOR THE RENOVATION OF THE DATA CENTER FACILITIES Nº1 FOR THE BBVA IN MADRID (SPAIN)
VALUE 33
INSTALLATION AND MAINTANCE OF REGULATED PARKING CONTROL SYSTEMS IN PALMA DE MALLORCA (SPAIN)
VALUE 25
WORKS FOR THE IMPROVEMENT OF WATER SUPPLY INFRASTRUCTURE IN ANAKLIA, KUTAISI AND POTI (GEORGIA)
VALUE 28
INSTALLATION OF TOLL ROAD SYSTEMS AND INTELLIGENT TRANSPORT SYSTEMS IN THE EAST-WEST HIGHWAY IN ARGELIA
VALUE 37
TURNKEY CONTRACT FOR THE INSTALLATION OF THE SYSTEM OF MANAGEMENT, TREATMENT AND STORAGE OF NORM PRODUCTS (RADIOACTIVE WASTE GENERATED NATURALLY) DURING DRILLING OPERATIONS IN THE EXPLORATION FOR OIL AND GAS BY ABU DHABI NATIONAL OIL COMPANY AFFILIATES IN THE UNITED ARAB EMIRATES.
VALUE 83
PROYECTO LLAVE EN MANO PARA LA CONTRUCCIÓN Y RENOVACIÓN DE SISTEMAS DE ALMACENAMIENTO E INSTALACIONES ASOCIADOS EN UNA PLANTA DE MA'ADEN SAUDI ARABIAN MINING (ARABIA SAUDÍ)
VALUE 52
PROYECT FOR THE UPGRADE OF THE WASTE WATER TREATMENT SYSTEM FOR THE SUADI KAYAN PETROCHEMICAL COMPLEX (SAUDI ARABIA)
VALUE 27
CONTRACT FOR THE ENGINEERING, PROCUREMENT AND CONSTRUCTION OF A FERTILIZER PLANT, NAMELY OF DIAMMONIUM PHOSPHATE (DAP), WITH A PRODUCTION CAPACITY OF 1.5 MILLION TONS PER YEAR IN THE INDUSTRIAL CITY OF RAS AL KHAIR (SAUDI ARABIA)
VALUE 455
PROJECT FOR THE ENGINEERING, PROCUREMENT, AND INSTALLATION OF 10 ETHYLENE OXIDE REACTORS IN DIFFERENT SABIC AFFILIATED COMPANIES IN SAUDI ARABIA.
VALUE 199
EPC CONTRACT FOR THE DEVELOPMENT OF A POLYOXYMETHYLENE PLANT IN SAUDI ARABIA WITH A PRODUCTION CAPACITY OF 50,000 TONNES.
VALUE 298
EPC CONTRACT FOR THE ENLARGEMENT OF LOADING RACK FACILITIES AND OTHER FACILITIES REQUIRED FOR INTERCONNECTION WITH THE EXISTING UNITSAT THE REFINERY IN RAS TANURA OF SAUDI ARAMCO (SAUDI ARABIA)
VALUE 31
EPC CONTRACT FOR THE DEVELOPMENT OF THE ILANGA PARABOLIC SOLAR THERMAL PLANT WITH AN INSTALLED CAPACITY OF 100 MW IN SOUTH AFRICA
VALUE 491

INDUSTRIAL SERVICES

EUROPE

In Europe, the turnover of the Industrial Services area stood at 3,432 million euros in 2013, representing 49% of total sales in the area, while the order book totalled 2,924 million euros.

In Spain, the Industrial Services area's leading position in the field of applied engineering along with strong business diversification, managed to partially offset the cuts in investment, both public and private, and the effects of regulatory changes in the field of energy. Accordingly, turnover in the domestic market stood at 2,739 million euros, 6.8% below the previous year, while contracting during the year exceeded 2,520 million euros and the Group continued to execute significant projects, such as:

- Contract for installation and maintenance of telephone, broadband services, voice and television networks for Movistar in various Spanish provinces. In addition to engineering, installation and maintenance services for more than 12,000 kilometres of fibre optic networks for ONO deployed in central Spain.
- Contract for the execution of electrical, mechanical and electromechanical facilities at the bodywork assembly hall of the Ford factory in Almussafes (Valencia).
- Operation and maintenance services for the waste treatment networks and complementary facilities of different areas of the sewer system of the city of Madrid and Rivas Vaciamadrid.
- Various contracts for the implementation and maintenance of HSR systems, including the contract for the construction of the catenary on the HSR line between Madrid and Albacete; maintenance of the high-speed overhead contact lines on parts of the Madrid-Seville, Toledo-La Sagra and Córdoba-Málaga routes; or the supply and installation of falling object detectors on different sections of the HSR network in Spain.
- Electromechanical and electrical installations and control systems in the high-voltage interconnection tunnel (HVDC) between Spain and France.

In the rest of Europe, ACS Group's Industrial Services area is present in major European countries such as Germany, Italy, Ireland, the United Kingdom or Romania, developing power generation projects and infrastructures related to oil and gas production. Sales in this area reached 693 million in 2013, representing 10% of the total turnover of the area, while the order book for the rest of Europe stood at 597 million euros, accounting for 8% of the total order book.

Among the projects carried out by the Industrial Services area in the rest of Europe during 2013, the following are worthy of note:

- Construction and commissioning of the Great Island combined cycle plant in Ireland, with an installed capacity of 450 MW.
- Turnkey supply and construction of a combined cycle thermal power generation plant in Mittelsbüren (Bremen, Germany).
- A project for the replacement and modernisation of the Humber Bridge toll system in Hull (England).
- Supply of 512 traffic regulators and supply of the ADIMOT centralised traffic control software in Moscow (Russia).
- Expansion and renovation of the drinking water treatment plant in Urziceni (Romania).

GREAT ISLAND COMBINED CYCLE POWER PLANT

CLIENT
SSE Generation Ireland

PROJECT EXECUTION DATES
2011 - 2014

LOCATION
Ireland

CONTRACT TYPE
EPC Projects

AMOUNT
130 million euros

COMPANIES INVOLVED IN THE PROJECT
Dragados, Cobra, Initec (Joint Venture)

FULL PROJECT DESCRIPTION
The Great Island Combined Cycle Power Plant features a “single shaft” configuration (a gas turbine, a boiler to generate steam through heat recovery, a steam turbine and an electric generator, coupled to a common turbine shaft) yielding a total of 450 MW of electric power. It is a turnkey EPC project executed as a Brownfield development at the Great Island site in Campile, County Wexford in Ireland.

The main equipment of the plant’s Power Island (gas turbine and auxiliary equipment, steam turbine, recovery boiler, condenser and generator) as well as the main transformer are the scope of the customer (SSE Generation Ireland, formerly ENDESA IRELAND).

The power island consists of the following main equipment:

1. The M701 (F4) gas turbine, manufactured by Mitsubishi, is the essential part of the air-gas power generation cycle at the combined cycle plant. The main fuel is natural gas and with distillate oil as auxiliary fuel.

2. The TC2F-40.5 multi-pressure steam turbine, also manufactured by Mitsubishi, is composed of a body comprising high and medium pressure turbines and another low pressure chamber with output to the condenser.

3. The multi-pressure heat recovery steam generator, manufactured by the company Nooter Eriksen, is designed to optimally take advantage of the remnant heat from the gas turbine exhaust. The 60 metre tall chimney is supplied by Steelcon.

5. The condenser, supplied by Mitsubishi, installed below the steam turbine, is a dual-pass model cooled with water from the Barrow River Estuary pumped from the circulation pump house.

INDUSTRIAL SERVICES

AMERICA

In 2013, America remained the main area of activity for Industrial Services, with a revenue of 3,014 million euros, representing 42% of this division's total sales. Important projects were awarded in 2013 in the development of energy infrastructure assets and those related to mobility, as endorsed by a 2.1% growth in the order book compared to 2012 and now accounting for about 45% of the total sales figure for Industrial Services.

In Latin America, the ACS group is a forerunner in the applied engineering sector, as well as occupying a leading position in several of the most significant countries, such as Mexico and Peru. Thus, in 2013, sales in this area exceeded 2,592 million euros.

The order book stood at 3,100 million, implying a growth of 13.1% on 2012, primarily due to the awarding of major contracts in Mexico and Peru.

The order book in Mexico increased by more than 33% in 2013 compared to the previous year, reaffirming the group's strong presence in Mexico where it is a leader in the development of engineering projects applied to the oil, gas and electricity sectors. It is one of the Federal Electricity Commission's top suppliers and can also point to its participation in oil projects such as the construction of the gas compression platform at the Campeche Sound oil complex or participation in oil wells within the Chicontepec project. Prospects for growth in this area are favourable following the passing of new legislation on hydrocarbons and electricity which will accelerate medium-term investments in the sector. Similarly, there are possibilities for growth in the segment of mobility infrastructures, as evidenced by the award in 2013 of the contract for the installation of control and communication systems in Mexico City's metro network.

In the remaining Latin American countries, the Group has a sound presence in countries such as Brazil, Peru, Chile, Argentina, Colombia, Ecuador or Panama, where it is developing projects for electricity generation, hydroelectricity and other renewable energies along with electricity transmission projects, and projects related to oil products, mobility systems and water treatment.

As such, the group was carrying out the following projects among others, in Latin America in 2013:

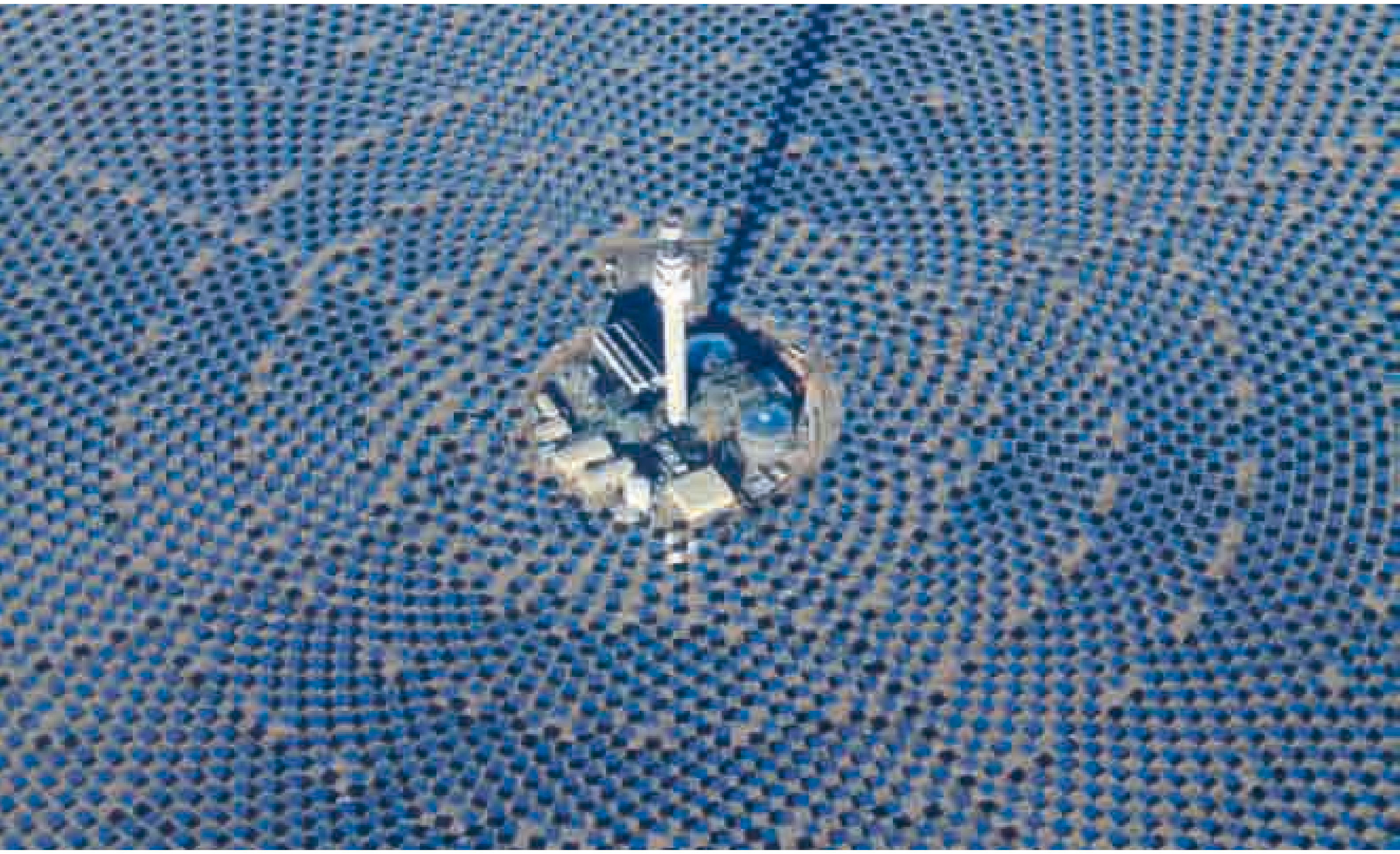
- Project for retrofitting the Manzanillo I electric power plant (Mexico).
- Execution of detailed engineering, construction and commissioning of the CCR Platforming process unit, auxiliary services and integration into the PEMEX Cangrejera petrochemical complex in Veracruz (Mexico).
- Contract for the engineering, procurement, construction and commissioning of various units, including the middle distillates hydrotreatment plant, sulphur recovery plant or 35 MW gas turbine generator at the "Ingeniero Héctor R. Lara Sosa" refinery in Cadereyta Jiménez (Nuevo León, Mexico).
- Various construction contracts for the installation of transmission lines and substations for the Federal Electricity Commission including 4 transmission lines in the states of Jalisco and Nayarit; 6 transmission lines and 7 substations in the State of Tabasco or 7 transmission lines and 10 substations in the Federal District and the State of Mexico.
- Construction of transmission substations associated with the 300 MW power plant in San Diego de Cabrutica, Anzuategui State (Venezuela).

- Engineering, supply and implementation of civil and electromechanical works of the Suyamarca supplementary transmission system in Peru.
- EPC for the construction of 16.8 kilometres of high-voltage line from the Paso de Patria electrical substation to the Corrientes substation in Argentina.
- Supply and construction of civil, electromechanical and automation works for the LPG marine terminal and storage facility project in Monteverde (Ecuador).
- Project for the construction of civil works at El Coco wind farm Panama or the construction of Los Cururos wind farm in Chile.
- Turnkey water treatment plant project in Campos Rubiales (Colombia).
- Several contracts for installing and maintaining telephone networks, as well as broadband services, voice and television over copper and fibre optic cables in Argentina, Chile, Colombia and Peru.
- Contract for execution of the catenary and electrical substation installations of Metro Line 2, and refurbishment of substations and catenary of Metro Line 1 in Valencia (Venezuela).

INDUSTRIAL SERVICES

In the United States, thanks to the marketing efforts of the Industrial Services area in previous years, there has been a growth in turnover of 17.9% over the previous year with turnover reaching 412 million in this area thanks to the projects being carried such as the Tonopah solar thermal plant or the management of the SR-99 tunnel control systems in Seattle. Despite this strong growth in sales and a consolidated order book, the presence of the Industrial Services area is still developing in this market, thus offering great growth prospects. Therefore, the goal is to consolidate the group's position in one of world's major infrastructure markets, particularly in relation to mobility and renewable energy infrastructures. The United States Federal Government's renewable energy policies, particularly solar power, will strongly determine the Group's rate of development in this market.

There are also growth opportunities in Canada, where there is strong demand for infrastructure, especially in activities related to mining, renewable energy and transport. Thus, in 2013 the ACS Group was awarded a contract for lighting and safety systems on the Windsor Essex highway.



RETROFIT OF THE MANZANILLO COMBINED CYCLE PLANT (CFE) EN MEXICO

CLIENT
CFE

PROJECT TYPE
EPC projects

PROJECT EXECUTION DATES
2010-2013

AMOUNT
981 million US dollars

LOCATION
Manzanillo, Colima, Mexico

COMPANIES INVOLVED IN THE PROJECT
Cobra Gestión de Infraestructuras

FULL PROJECT DESCRIPTION
The ACS Group has developed the project for Mexico's Federal Electricity Commission for repowering the Manzanillo combined cycle plant, by reusing two steam turbines that operated with fuel oil, removing the existing boilers and adding six gas turbines and their recovery boilers, involving a significant technical challenge for the team.

In its final configuration, the Manzanillo Combined Cycle Power Plant is a double combined cycle design, with two modules comprising 3 gas turbines, three boilers and two steam turbines each.

The total net production of the two modules is 1,413.4 MW in the combined cycle, which will be enhanced by approximately 13.7 MW per turbine - an additional 160 MW for all the turbines- with the entry into operation of the synergy between the thermoelectric plant and the Liquefied Natural Gas Terminal (LNGT) through temperature exchanges that will improve the efficiency of the gas turbines. The performance of the LNGT's gas vaporizers will be improved through the use of higher temperature water from the gas turbines. This system means that the temperature of the air entering the gas turbine is lower than the ambient temperature, compacting its volume and allowing the equipment to operate more efficiently, in accordance with the design created in conjunction with General Electric (GE). While the ambient temperature is 32-36°C, thanks to this system the temperature of the air reaching the turbines is 10°C lower. The synergy system improves three conditions of the turbines to achieve greater efficiency: pressure, temperature and flow rate.

INDUSTRIAL SERVICES

SAN PEDRO BIOMASS PLANT

CLIENT
San Pedro Bio-Energy S.R.L.

PROJECT EXECUTION DATES
2013-2015

LOCATION
San Pedro de Macoris - Dominican Republic

PROJECT TYPE
EPC projects

AMOUNT
67 million dollars

COMPANIES INVOLVED IN THE PROJECT
Energía y Recursos Ambientales Internacional, S.L. Dominican Branch,

Energía y Recursos Ambientales Internacional, S.L.

Cobra Energía

FULL PROJECT DESCRIPTION
Development of engineering, procurement, construction (EPC) and commissioning of a biomass cogeneration plant for the company San Pedro Bio-Energy S.R.L.

The biomass cogeneration plant will be interconnected with the Cristóbal Colón sugar mill where bagasse is obtained (fibrous matter from the sugar production process) for use as fuel in the cogeneration plant and to which electricity will be provided for the operation of the facilities and steam for use as thermal energy in the sugar production process.

The cogeneration plant will consume bagasse produced by the sugar mill in a boiler with a capacity of 140 TPH (tonnes of steam per hour), providing steam that will be used in a 30MW turbine to generate electricity or diverted to the sugar mill in order to supply both electricity and heat to the sugar mill during the harvesting campaign (when the cane is cut and the juice is extracted to obtain sugar). The excess electrical energy obtained in the turbine will be transferred to the national grid.

The cogeneration plant will be capable of using alternative fuels or mixtures of different fuels to optimize its use both during the sugarcane harvest and in periods when no thermal energy is required at the mill, by adapting the turbine cycle in the most efficient way to work with each configuration.

It will be the first time Cobra Energy implements a project of this nature and thus consolidates its leading position by covering the entire spectrum of market demand for renewable energy technologies, namely; wind (onshore and offshore), solar thermal, photovoltaic, biomass and geothermal.

ASIA PACIFIC AND AFRICA

IN 2013 THE ASIA PACIFIC, MIDDLE EAST AND AFRICA REGION HAS EXPERIENCED THE LARGEST GROWTH IN THE INDUSTRIAL SERVICES AREA.

In 2013 the Asia Pacific, Middle East and Africa region has experienced the largest growth in the Industrial Services area. Sales totalled 621 million euros, almost double the production of 2012, mainly due to the strong increase in activity in South Africa, specially due to the development of renewable energy assets in the United Arab Emirates and in Saudi Arabia. Sales in this region now account for 9% of the total activity of the Industrial Services area.

The ACS Group carried out the following projects, among others, during 2013:

- Turnkey contract for the construction of the ore handling units and mine-related infrastructure at the Ma'aden Bauxite and Alumina Company mining facilities in Saudi Arabia.
- Implementation of two photovoltaic plants with a capacity of 75 MW each in South Africa.
- Supply and construction of electrical distribution networks and substations in Nashik District (Maharashtra) in India.
- Turnkey projects for the development of ammonia storage facilities and steam production unit at the Jorf Lasfar OCP plant in Morocco.
- Engineering, procurement, construction and installation of the modernisation and improvement project of the Saudi Kayan wastewater treatment plant at the Jubail industrial complex in Saudi Arabia.
- Installation of the entire flare gas recovery and compression system at the Ruwais Refineries in Abu Dhabi, located in the Emirate of Abu Dhabi in the United Arab Emirates.
- Project for a HSR line between the cities of Mecca and Medina in Saudi Arabia.
- Project for the design, construction, operation and maintenance of a wastewater treatment plant in Werribee, Australia.

The order book in this geographic area has grown by 58.8% in 2013 and stands at 1,178 million euros, as a result of major projects awarded during the year such as the contract for the development of the Ilanga solar thermal plant in South Africa, a sector where the successful renewables program offers significant growth opportunities. Activity in Saudi Arabia also showed very significant growth in 2013, with the award of major contracts such as a fertiliser plant project for 455 million euros, the construction of a plastics plant for more than 298 million euros or the installation of 10 reactors in power generation plants.

In short, Africa, Asia-Pacific and the Middle East represent significant expansion opportunities for the Industrial Services area, where the ACS Group is developing projects in countries with strong growth prospects and investment needs in energy and mobility infrastructures such as India, South Africa, Australia, United Arab Emirates and Saudi Arabia, in addition to possible alliances between the various units of the ACS Group that allow an increased level of activity.

INDUSTRIAL SERVICES

LESEDI AND LETSATSI PHOTOVOLTAIC PLANTS

CLIENT
Lesedi Power Company (Pty) Ltd
Letsatsi Power Company (Pty) Ltd

PROJECT EXECUTION DATES
2012 – 2014

LOCATION
South Africa

CONTRACT TYPE
EPC projects

AMOUNT
Approximately 196 million dollars for each project, totalling 392 million dollars

COMPANIES INVOLVED IN THE PROJECT
Cobra Instalaciones y Servicios Internacional, S.L.

Conycento (Pty) Ltd – Lesedi

Firefly Investments 261 (Pty) Ltd – Letsatsi

FULL PROJECT DESCRIPTION
Engineering, Procurement, Construction (EPC) and Commissioning of two photovoltaic solar plants each with a capacity of 75MWdc. The projects are located in the provinces of Free State (Letsatsi) and Northern Territory (Lesedi) in South Africa and are being built in the framework of the first bidding window of the energy program of 3 August 2010 (REIPPP - Renewable Energy Independent Power Producer Programme).

Each solar photovoltaic site includes the installation of a total of 277,000 polycrystalline solar panels (295Wp) mounted on a fixed steel structure and covering an area of approximately 150Ha. Additionally, 64 inverter units of 1MWac capacity each will be installed (located inside prefabricated concrete cabins together with other auxiliary electromechanical equipment) to produce a total of 64MWac electricity for feeding to the transmission and distribution grid belonging to the state company Eskom. The expected production of the plant is 160GWh/year.

The implementation of the project (except for the supply of solar panels from China and inverters from Germany) will be entirely executed in South Africa. Both projects are subject to the economic development obligations for the socio-economic benefit of the country which are very strict, both with respect to the preparation and consideration of the bidding processes and in the actual execution of work (job creation, meaningful presence of locally made components, development of rural communities, knowledge transfer, education, business development and participation of historically marginalised groups). Cobra Energy’s commitment in all these areas has been highly valued by the authorities and institutions in both provinces where these PV plants are located.

This is the first time that Cobra Energy and the Cobra Group in general has worked in South Africa, which will allow it to consolidate a foothold leading to the development of future renewable energy generation, mainly photovoltaic and solar thermal. In 2013, Cobra Energy was awarded a parabolic-cylinder concentrating solar power plant project with a capacity of 100MW in the Northern Territory province where it is bidding for a second CSP plant using the same technology.

INDUSTRIAL SERVICES

ENGINEERING, PROCUREMENT AND CONSTRUCTION OF DIAMMONIUM PHOSPHATE PLANT (DAP)

CLIENT
MA'ADEN. Saudi Arabian Mining Co.

PROJECT EXECUTION DATES
2013 - 2016

LOCATION
Saudi Arabia

CONTRACT TYPE
EPC projects

AMOUNT
600 million dollars

COMPANIES INVOLVED IN THE PROJECT
Intecsa Industrial

FULL PROJECT DESCRIPTION

Saudi Arabian Mining Company (Ma'aden) has awarded to Intecsa Industrial a contract for the engineering, procurement and construction of a diammonium phosphate (DAP) fertiliser plant with a capacity of 1.5 million tonnes a year. The DAP, with a specific particle size and composition, is the final product in the fertilizer production chain and is used directly in the fields. The plant will be starting production at the end of 2016 and will be located in the industrial city of Ras al-Khair, in the Gulf area.

Precisely for this same customer, Intecsa Industrial successfully launched a fertilizer plant of the same capacity at the end of 2011. At that time this plant became the largest DAP (diammonium phosphate) plant in the world. With the new project, Ma'aden will double its production capacity.

This new project will have greater scope than the previous one, because in addition to the processing plants, it includes storage and ship loading facilities in the port area close to the industrial plant.

This investment is part of the so-called Umm Wual Project, through which Ma'aden along with its partners, SABIC and Mosaic, are developing a new industrial city in the North of the country, an area rich in phosphate rock.

Including this one, Intecsa Industrial now has eleven contracts in the Middle East, establishing itself as one of the most important engineering firms in the area. It has a portfolio of major clients including Saudi Aramco, SABIC, Takreer, KOC and Ma'aden among others, and is present in a variety of important sectors such as fertilizers, refining, petrochemical, chemical, mining and environment.

TURNKEY CONTRACT FOR THE CONSTRUCTION OF A POLYOXYMETHYLENE (POM) PLANT

CLIENT
Ibn Sina (National Methanol Company: JV SABIC - CELANESE Corp.)

PROJECT EXECUTION DATES
2013 – 2016

LOCATION
Saudi Arabia

CONTRACT TYPE
EPC projects

AMOUNT
385 million dollars

COMPANIES INVOLVED IN THE PROJECT
Intecsa Industrial

FULL PROJECT DESCRIPTION
Turnkey contract for the project “Ibn Sina POM (Polyoxymethylene)”. The scope of work includes the detailed engineering, procurement and construction of a polyoxymethylene (POM) plant as well as auxiliary and offsite services. The project will be conducted at the company’s existing facilities in Jubail Industrial City, Saudi Arabia.

The plant will consist of:formaldehyde unit, monomer unit, tanks for storing of raw materials and intermediate products, four-stage polymerization of unit.

Both the monomer and polymerization unit use technology from the company Celanese.

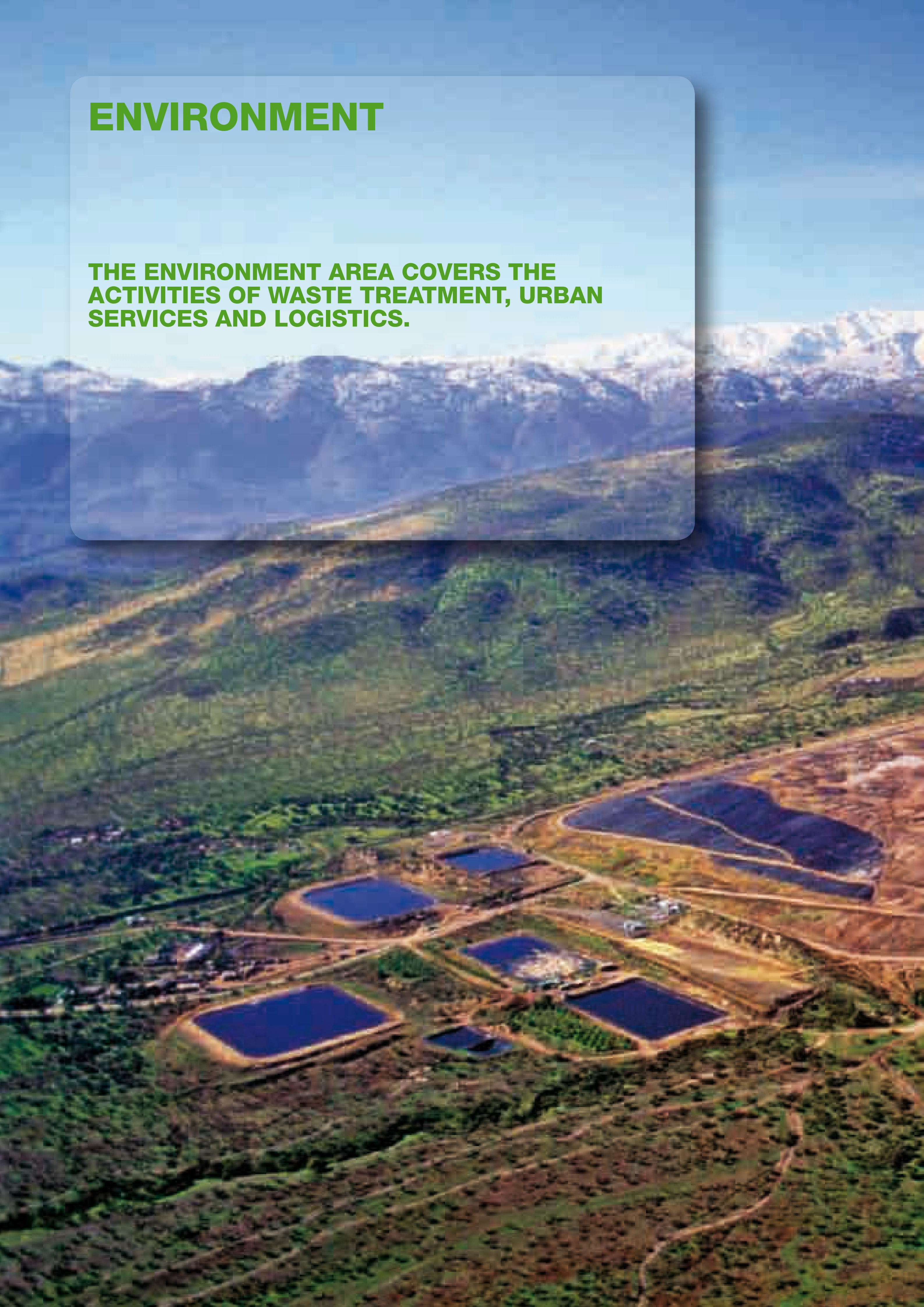
The plant’s production capacity will be 50,000 tpa of POM.

Conventional applications for POM are found in the sectors of general mechanics, automotive industry, household appliances and sanitary equipment, sprockets and other transmission parts, fuel gauges and carburettor components, pump components in contact with hot water or fuel, mixer taps, shower heads, valves and other assorted accessories. Other applications include hooks, screws, lock parts, containers for aerosols, fruit machine mechanisms and sports and office equipment.

The contract came into force in July 2013 and the completion deadline for the project is 30 months for delivery and final acceptance of the plant.

ENVIRONMENT

THE ENVIRONMENT AREA COVERS THE ACTIVITIES OF WASTE TREATMENT, URBAN SERVICES AND LOGISTICS.



ENVIRONMENT

In the **Environment area**, the ACS Group carries out its Environmental Services mainly through Urbaser while through Sintax it also performs the activities of multimodal and vehicle transport.

Urbaser's activity is divided into two main areas, Urban Services and Waste Treatment. The Urban Services area focuses on urban solid waste collection and cleaning services (including selective collection programs, beach cleaning and office cleaning), landscaping, integral water cycle management, through its affiliate Socamex, as well as collecting and processing construction and demolition waste.

The Waste Treatment area includes the processing of urban solid waste, where Urbaser is a world leader with numerous facilities in different countries, and the treatment of industrial, hazardous and household waste, through its affiliate Sertego.

Urbaser's extended experience in the Spanish market, both in waste treatment and urban services, together with its commitment to technological innovation, have led it to reinforce its position in the European market in recent years, especially in France and the United Kingdom, as well as to continue its activities in Latin America and North Africa, while marking as a primary objective for the coming years its development in North America: United States and Canada.

Furthermore, Urbaser stands out for its in-depth understanding of the different processes applicable for the correct management of waste, applying in each case the best available technology, with industrially proven processes designed to recover waste optimally, always within an environmentally sustainable framework. Sensitive to emissions of greenhouse gases (GHGs), Urbaser has developed and implemented a tool for calculating its carbon footprint which has allowed it to evaluate GHG emissions between 2012 and 2013.

MAIN FIGURES IN 2013

In 2013, **revenue** in the Environment area grew by 5.3% compared to 2012, standing at 1,781 million euros. In this respect, it needs to be borne in mind that all the 2013 operating figures have been affected by the full consolidation of the business in Chile and the sale of Tangshan port in China in 2013.

By region, Spain remains the main market in the Environment area, representing 64% of total sales in 2013. However, the strengthening of the Environment activity in international markets should also be remarked, registering a growth of 45% over 2012. This increase comes mainly from greater activity in the United Kingdom and France, following successful bidding processes and major contracts awarded in previous years, together with the integration of the business in Chile, bringing international sales to 36% of the Environment area's total revenue in 2013.

SPAIN REMAINS THE MAIN MARKET IN THE ENVIRONMENT AREA, ALTHOUGH THE STRENGTHENING OF THE ENVIRONMENT ACTIVITY IN INTERNATIONAL MARKETS SHOULD ALSO BE REMARKED.

The Environment area groups its activities into Waste Treatment, Urban Services and Logistics.

ENVIRONMENT

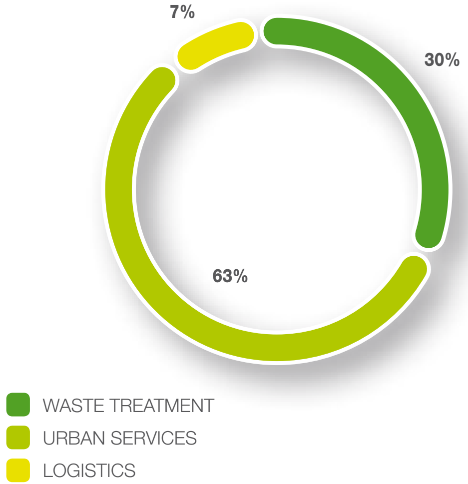
MILLIONS EUROS	2012	2013	% Var.
REVENUE	**1,691**	**1,781**	**+5.3%**
SPAIN	1,254	1,148	-8.5%
INTERNATIONAL	437	633	+45.0%
EBITDA	**241**	**275**	**+14.0%**
MARGIN	14.3%	15.4%	
EBIT	**106**	**123**	**+16.1%**
MARGIN	6.3%	6.9%	
RECURRENT NET PROFIT	**72**	**79**	**+8.9%**
MARGIN	4.3%	4.4%	
ORDER BOOK	**9,201**	**8,443**	**-8.2%**
MONTHS	65	57	
SPAIN	5,304	4,496	-15.2%
INTERNATIONAL	3,897	3,947	+1.3%
EMPLOYEES	**28,886**	**28,545**	

ENVIRONMENT

Urbaser covers the entire value chain in the provision of **Waste Treatment** services, from the design, development and implementation of the project to the construction, financing and operation of plants for sorting, processing and recycling waste, biomethanization, energy recovery, landfills and landfill degasification, in addition to generating power from materially unrecoverable waste. Waste treatment represents 30% of the Environment area's activities in 2013 and there has been a significant increase in sales, up by 42.9% compared to 2012, owing to the incorporation of Chile and the commissioning of plants outside Spain. The revenue of the waste treatment activity in 2013 stood at 533 million euros.

REVENUE BREAKDOWN BY TYPE OF ACTIVITY

%



ENVIRONMENT

MILLIONS EUROS	2012	2013	% Var.
REVENUE	1,691	**1,781**	+5.3%
WASTE TREATMENT	373	**533**	+42.9%
URBAN SERVICES	1,151	**1,118**	-2.9%
LOGISTICS	167	**130**	-21.9%

Urban Services revenue reached 1,118 million euros, implying a decrease of 2.9% compared to 2012, and accounting for 63% of total sales in the area in 2013.

The Logistics area covers the remaining multimodal transport assets. This activity had a turnover of 130 million euros, following the sale of the Port of Tangshan in 2013.

EBITDA of the Environment area stood at 275 million euros in 2013, 14.0% higher than last year and with a margin over sales of 15.4%. This improvement in profitability is due to the greater weight, in the mix of businesses, of Waste Treatment activities with higher returns that are mainly capital-intensive and of the concession-type. Meanwhile, the Urban Services business is based on recurring contracts in the medium and long term that provide visibility in revenue generation and sustained performance.

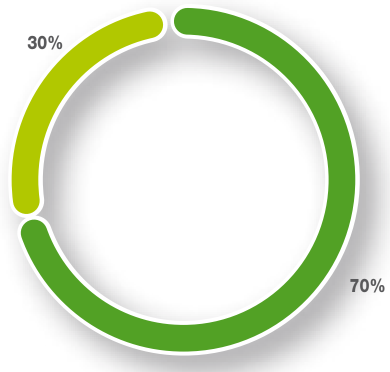
The **recurrent net profit** registered in the Environment area in 2013 was 79 million euros, 8.9% higher than 2012.

The ACS Group Environment area's **order book** stood at 8,443 million euros in 2013, implying 57 months of activity. The order book is down 8.2% compared to 2012, primarily due to a 15.2% decrease in orders in Spain and the impact of exchange rates and changes in the scope of consolidation. In comparable terms, excluding these effects, the order book would have decreased 3.3%.

In international markets the order book stands at 3,947 million euros, representing 75 months of activity and an increase of 1.3% over 2012. In comparable terms, the international order book would have increased by 12.8% compared to 2012, resulting from obtaining major contracts in international markets, mainly in the United Kingdom, Mexico and Argentina. As such, the international order book represents 47% of the Environment area's total order book.

ORDER BOOK BREAKDOWN BY TYPE OF ACTIVITY

%



ENVIRONMENT

MILLIONS EUROS	2012	2013	% Var.
ORDER BOOK	**9,201**	**8,443**	**-8.2%**
WASTE TREATMENT	6,045	**5,868**	-2.9%
URBAN SERVICES	2,707	**2,575**	-4.9%
LOGISTICS	449	**0**	N/A

By type of activity, the Waste Treatment area represents 70% of the total backlog, while Urban Services represents 30%.

ENVIRONMENT

2013 ENVIRONMENT ACTIVITY*

MILLIONS EUROS

REVENUE

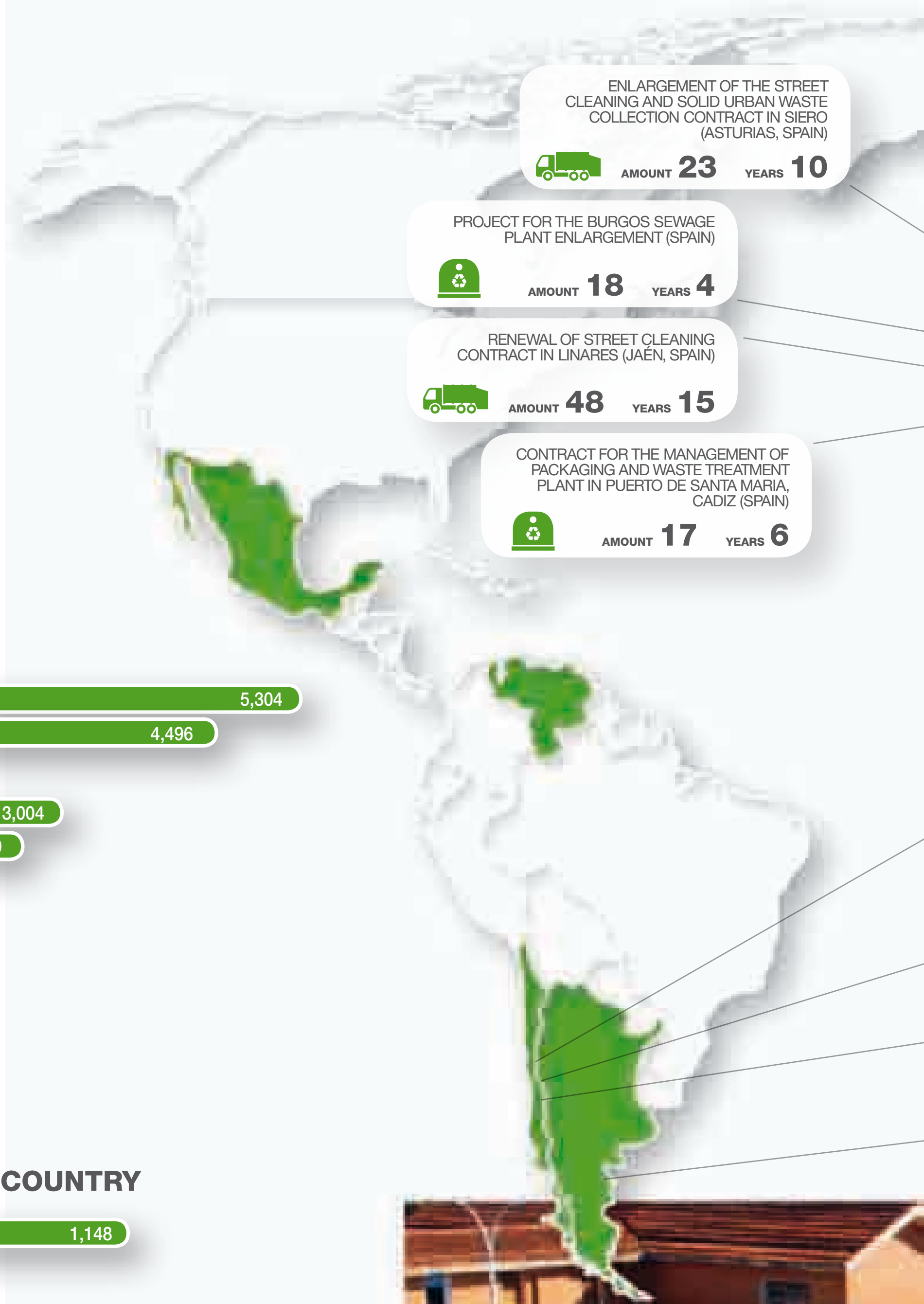
	2012	2013
SPAIN	1,254	1,148
REST OF EUROPE	196	296
AMERICA	162	286
AFRICA	48	52

ORDER BOOK

	2012	2013
SPAIN	5,304	4,496
REST OF EUROPE	3,004	2,879
AMERICA	350	1,008
AFRICA	94	61

2013 REVENUE BREAKDOWN BY COUNTRY

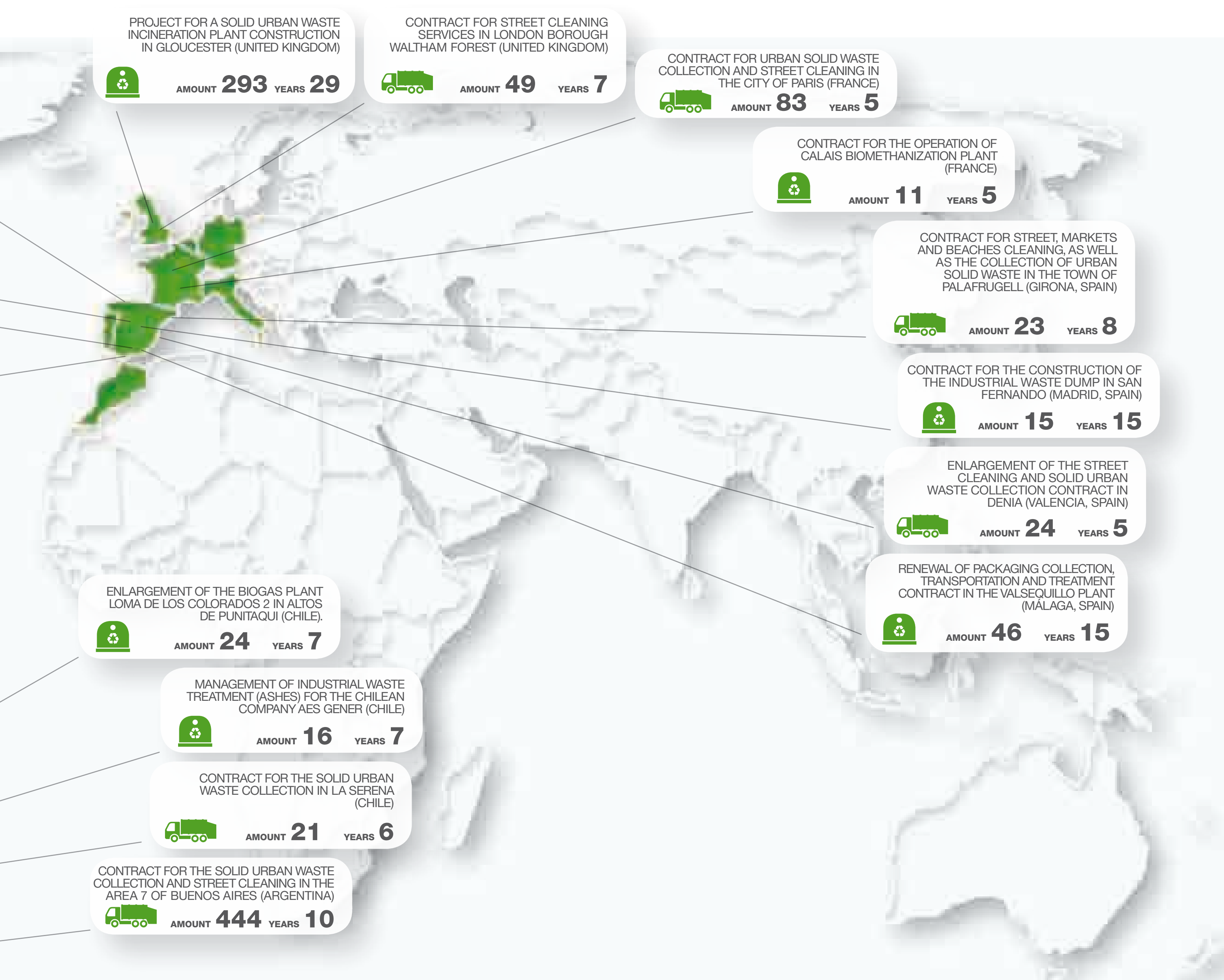
SPAIN	1,148
FRANCE	184
ARGENTINA	136
CHILE	116
UNITED KINGDOM	99
MOROCCO	52
VENEZUELA	24
MEXICO	10
OTHERS	12



*Main countries where the Environment Area has reported ongoing projects or new awards.

URBAN SERVICES

WASTE TREATMENT



PROJECT FOR A SOLID URBAN WASTE INCINERATION PLANT CONSTRUCTION IN GLOUCESTER (UNITED KINGDOM)
AMOUNT 293 YEARS 29
CONTRACT FOR STREET CLEANING SERVICES IN LONDON BOROUGH WALTHAM FOREST (UNITED KINGDOM)
AMOUNT 49 YEARS 7
CONTRACT FOR URBAN SOLID WASTE COLLECTION AND STREET CLEANING IN THE CITY OF PARIS (FRANCE)
AMOUNT 83 YEARS 5
CONTRACT FOR THE OPERATION OF CALAIS BIOMETHANIZATION PLANT (FRANCE)
AMOUNT 11 YEARS 5
CONTRACT FOR STREET, MARKETS AND BEACHES CLEANING, AS WELL AS THE COLLECTION OF URBAN SOLID WASTE IN THE TOWN OF PALAFRUGELL (GIRONA, SPAIN)
AMOUNT 23 YEARS 8
CONTRACT FOR THE CONSTRUCTION OF THE INDUSTRIAL WASTE DUMP IN SAN FERNANDO (MADRID, SPAIN)
AMOUNT 15 YEARS 15
ENLARGEMENT OF THE STREET CLEANING AND SOLID URBAN WASTE COLLECTION CONTRACT IN DENIA (VALENCIA, SPAIN)
AMOUNT 24 YEARS 5
RENEWAL OF PACKAGING COLLECTION, TRANSPORTATION AND TREATMENT CONTRACT IN THE VALSEQUILLO PLANT (MÁLAGA, SPAIN)
AMOUNT 46 YEARS 15
ENLARGEMENT OF THE BIOGAS PLANT LOMA DE LOS COLORADOS 2 IN ALTOS DE PUNITAQUI (CHILE).
AMOUNT 24 YEARS 7
MANAGEMENT OF INDUSTRIAL WASTE TREATMENT (ASHES) FOR THE CHILEAN COMPANY AES GENER (CHILE)
AMOUNT 16 YEARS 7
CONTRACT FOR THE SOLID URBAN WASTE COLLECTION IN LA SERENA (CHILE)
AMOUNT 21 YEARS 6
CONTRACT FOR THE SOLID URBAN WASTE COLLECTION AND STREET CLEANING IN THE AREA 7 OF BUENOS AIRES (ARGENTINA)
AMOUNT 444 YEARS 10

ENVIRONMENT

ACTIVITIES IN 2013

SPAIN

In Spain, Urbaser has developed and manages the following **facilities for the treatment, recovery and disposal of urban solid waste**:

- 35 Plants for the pre-treatment of urban solid waste, managing 5,648,417 tonnes.
- 4 Energy recovery plants, where 1,163,000 tonnes were treated, with an installed electrical power of 101.35 MW.
- 13 plants for biomethanization of organic fractions, with a total of 864,193 tonnes handled, an installed capacity of 40.29 MW and an average annual production of 94.08 Hm^3 biogas.
- 39 Composting plants, managing 2,349,400 tonnes.
- 74 Transfer plant installations in which 3,304,406 tonnes were managed.
- 32 Packaging treatment facilities, where 354,450 tonnes were treated.
- 35 Controlled landfills, with an annual theoretical dumping capacity of 5,246,378 tonnes.
- 9 landfill degasification installations with an average annual production of 136.65 Hm^3 of biogas, and an installed capacity of 38.75 MW.

Urbaser consolidated itself in the waste treatment sector, increasing the quantity of recyclable products recovered in the plants, as well as achieving better yield in biogas production from anaerobic digestion of organic fractions from urban solid waste, an activity in which Urbaser is a world leader. During 2013 Urbaser built and commissioned the first and only plant in Spain for injecting biogas into the natural gas network, located at the facilities of the Valdemingómez Technology Park, belonging to the City of Madrid.

Another highlight this year was the award for 15 years of the service for collecting and processing light packaging, including the modification and automation of the Valsequillo plant in Malaga, implying a turnover for Urbaser of 46 million euros during the contract period. Also noteworthy is the award of the management contract for the municipal packaging classification and packaging waste plant in Puerto de Santa Maria, in Cadiz for 6 years, representing a total turnover of more than 17 million euros; and the award of a contract for the operation of the packaging classification plant at Colmenar Viejo, Madrid for a period of two years and a turnover of more than 3 million euros.

Furthermore in 2013 the Caudete composting plant opened, representing a key facility in the Community of Valencia’s zoning plan, designed to process 40,000 tons of solid waste per year and with a landfill for rejected waste from Liria and Caudete.

Several management activities were performed, such as the implementation of new landfill cells, including the non-hazardous waste cells of the Tenerife environmental complex or the rejected waste landfill at the Elche treatment plant. Projects have also been undertaken for sealing exhausted cells, for example; at the municipal solid waste treatment centre in Las Dehesas, Madrid, at the Tenerife environmental complex or the rejected waste cells of the Zaragoza municipal waste treatment complex.

Urbaser places great emphasis on its R&D+i policy with the objective of distinguishing itself through the technological level of its solutions, as well as supporting our client's urban sustainability. In this sense, Urbaser has invested heavily in the creation of the ground-breaking "Alfonso Maíllo" Technological Innovation Centre for waste treatment in Spain that was certified by AENOR in 2013 under standard UNE 166.002 for R&D+i Management, where the group has its laboratory to study the implementation of the latest technologies.

Marked contraction was observed in the **construction and demolition waste sector** due to the influence of the current economic environment in the construction sector, which has been felt in the five facilities Urbaser manages in Spain.

ENVIRONMENT

The **integral management of industrial wastes** area, through the company Sertego, has an operational and logistics network consisting of 12 laboratories, 37 transfer centres and 20 treatment facilities, a dedicated fleet of 268 vehicles and 320 collaborating agents, enabling it to handle around 711,000 tonnes of waste per year. Its main features include four plants for regenerating waste oils to obtain base oil from which to manufacture new lubricating oils, fuel production from Marpol residue from ships and the recovery and treatment of packaging and other industrial waste, allowing around 110,000 tonnes of managed waste to be recovered. Furthermore, for waste that cannot be recovered, Sertego has six landfills for hazardous and non-hazardous industrial waste.

This area included the construction this year of the secure industrial waste deposit in the municipality of San Fernando de Henares, Madrid.

In the **urban solid waste collection activity** in 2013, over 5,000,000 tonnes of waste were collected in cities such as Barcelona, Buenos Aires, Paris and Santiago de Chile, among others.

The **street cleaning** activity has developed in Madrid and other cities with new waste collection and street cleaning contracts throughout Spain, including Linares, Denia, and Siero.

In **management of green spaces**, covering both landscaping and the maintenance of these areas, Urbaser provided services for over 50,000,000 square metres. In this area, it is worth noting the award of the service contract for the comprehensive maintenance of the gardens, parks and green zones of Móstoles and San Sebastián de los Reyes in Madrid.

Socamex, the company that oversees the **integral water cycle**, manages the following facilities:

- 206 Industrial water purifying stations for 1,337,369 cubic metres per day for the equivalent of 5,922,619 inhabitants.
- 19 Sewage operations for the equivalent of 1,385,000 inhabitants.
- 15 Water supply facilities for 312,834 cubic metres per day for the equivalent of 505,319 inhabitants.
- 9 Drinking water treatment plants at 286,194 cubic metres per day for the equivalent of 415,819 inhabitants.
- 7 analysis and control laboratories for the equivalent of 1,423,000 inhabitants and certified under UNE EN ISO 9001.
- A central laboratory certified under UNE EN ISO 9001 and 14001 and accredited by UNE EN ISO 17025 for potable water, waste water and sludge. This laboratory is accredited as a Collaborating Body for the Water Authority.
- 3,455 kilometres of sewer systems managed under the various contracts.
- 23 self-filling cistern trucks for industrial cleaning, cleaning of drainage, and transportation of hazardous waste to third parties.

Starting in 2014, the activity related to the integral water cycle at European level faces the challenge of making the services more sustainable, primarily by optimizing the management and energy efficiency of each of the processes.

On the legislative front, the need is maturing to increase the quality requirements for the use of sewage sludge in agriculture, in order to guarantee proper sanitation prior to application. Urbaser has in-house technology and patents in the field of energy use and the treatment of sludge that have kept up with the evolution of the market.

Nationally, the lack of European funds contrasts with need for implementing and upgrading the water infrastructure, and therefore the sector is progressing towards the creation of a sustainable technical-economic model, bringing together public and private participation.

Urbaser continues the diversification of its activities into the ESCOs sector (energy service companies) in order to offer councils a **comprehensive and efficient energy management** system, thus completing the range of services offered to local authorities.

ENVIRONMENT

THE REST OF EUROPE, AMERICA AND NORTH AFRICA

In the international field, Urbaser focused its efforts in 2013 on tendering for contracts in the United Kingdom, France, Latin America, the United States and Canada.

Urbaser has developed and manages the following **facilities for the treatment, recovery and disposal of urban solid waste:**

- 8 Plants for the pre-treatment of urban solid waste, managing 1,676,760 tonnes.
- 4 Energy recovery plants, where 935,000 tonnes were treated, with an installed electrical power of 90.90 MW.
- 6 plants for biomethanization of organic fractions, with a total of 511,973 tonnes handled, an installed capacity of 17.73 MW and an average annual production of 52,33 Hm^3 biogas.
- 9 Composting plants, managing 780,661 tonnes.
- 11 Transfer plant installations in which 2,540,400 tonnes were managed.
- 3 Packaging treatment facilities, where 150,000 tonnes were treated.
- 25 Controlled landfills, with an annual theoretical dumping capacity of 4,834,802 tonnes.
- 3 landfill degasification installations with an average annual production of 110.07 Hm^3 of biogas, and an installed capacity of 28.37 MW.

In recent years, Urbaser has managed to position itself as one of the leading operators in France, standing out for its high technological added value. During 2013 Urbaser was awarded the contract for the operation of the biogas plant in Calais for a period of 5 years, overseeing the anaerobic digestion of 25,000 tons of solid waste per year. Urbaser continues managing the integrated municipal solid waste plant in Marseille which began commercial operation in 2010. Additionally, construction work was completed of the integrated biogas plant in Bayonne that incorporates pre-treatment, biogas production and composting processes for 85,000 tonnes per year of urban solid waste, 20,000 tons per year of bulk waste, 6,500 tons per year of green waste and classification of 15,000 tons of packaging per year. This contract includes the operation of the facility for a period of 6 years and its overall turnover amounts to 98 million euros.

With respect to collection services, Urbaser has been awarded a contract in Paris to provide collection and street cleaning services amounting to a total of 83 million euros. Furthermore, services awarded in previous years continue to be provided, including the collection service in Olonnes, cleaning in La Rochelle (Charente-Maritime), Charleville-Mezieres and Givet, and waste collection in Boucle de Seine and in the towns of Ceyrense and Carnoux-en-Provence.

Most noteworthy is the consolidation of environmental services in the United Kingdom. Urbaser has begun construction of the facilities corresponding to the 967 million euro contract awarded in early 2012 for the mechanical biological treatment plant (MBT) for urban solid waste in Essex, with a capacity of 400,000 tonnes per year. Environmental permits have been applied for under the contract for the plant for energy recovery from urban solid wastes with capacity for 185,000 tonnes per year in Gloucestershire.

URBASER HAS MANAGED TO POSITION ITSELF AS ONE OF THE LEADING OPERATORS IN FRANCE, IN ADDITION TO CONSOLIDATING ITS POSITION IN THE UNITED KINGDOM.

With respect to Urban Services, the award of the street cleaning contract in the London Borough of Waltham Forest, amounting to more than 49 million euros, is noteworthy.

In Chile the expansion works have concluded of the degasification facility to use biogas for electricity generation at Colorados dump, which currently has an installed capacity of 20.37 MW.

Noteworthy in the activity of urban waste collection is the award of the tender for collection and cleaning in Zone 7 of Buenos Aires for a period of 10 years, for a total amount of 444 million euros. The company continues with its contracts in cities like Casablanca and Santiago among others, and during 2013 it obtained new contracts in Chile, Morocco and Argentina.

Urbaser is driving the development of the North America market, in particular in Canada, where it is bidding on several contracts for energy recovery and anaerobic digestion plants.

ENVIRONMENT

BAYONNE RECYCLING CENTRE

CLIENT
Syndicat Mixte Bil Ta Garbi

EXECUTION DATA
Construction: 2012-2013
Operation 2014-2020

LOCATION
Bayonne (France)

PROJECT TYPE
Waste Treatment

AMOUNT
98 million euros

PARTICIPATING COMPANIES
Urbaser

PROJECT DESCRIPTION
The waste recycling centre in Bayonne is one of the most remarkable examples of landscape integration and environmental commitment in the field of Solid Urban Waste treatment. It serves 266,000 inhabitants in 13 community groups. The centre's facilities, especially closed and sealed to prevent odours and noise, are formed by three modules where pre-treatment, biogas production and composting processes are performed, with a treatment capacity of 85,000 tonnes per year. At the pre-treatment stage the waste received is sorted and the recoverable fraction is separated from the organic fraction destined for the biomethanization process. To this end, two pre-treatment lines have been installed. Recoverable waste is separated into paper/cardboard, clear PET, dark PET, HDPE, bricks, ferrous metals and aluminium.

The biomethanization process uses anaerobic digestion for energy recovery from the organic fraction of waste. Biomethanization is a biological process in which the organic fraction of urban solid waste is subjected to chemical decomposition in the absence of oxygen, producing a combustible biogas (methane) that powers internal combustion engines connected to CHP generators. Both electricity and heat are produced. The residue left over from the process (digested matter) passes to the composting phase. In the drying/composting stage, high quality compost is obtained from the biomethane solids. The compost is refined so that the final product has a uniform particle size that meets the rigorous French regulations on fertilisers (NFU 44051).

Concern about the scarcity of energy resources and environmental protection has played an important role in the design of this plant. Therefore the processes performed at the Bayonne plant are specially designed and optimised to ensure the maximum use of waste energy and a minimal impact on the environment.

The waste treatment plant in Bayonne will also have a visitors' centre with guided tours, where visitors can see the different stages of waste treatment. This information centre is designed to raise public awareness and promote sustainable development, in order to inform the public on the responsible generation and management of waste, and the need to maintain economic growth without compromising future generations.

ENVIRONMENT

URBAN WASTE COLLECTION, STREET CLEANING AND MECHANISED BIN COLLECTION IN PARIS (FRANCE)

CLIENT
Ville de Paris

PROJECT TYPE
Urban Services

EXECUTION DATA
2013-2018

AMOUNT
83 million euros

LOCATION
Paris (France)

PARTICIPATING COMPANIES
Urbaser (80%)
Urbaser Environnement (20%)

PROJECT DESCRIPTION
The project consists of three separate services: collection of municipal solid waste in the thirteenth arrondissement, mechanised cleaning in 16 arrondissements and the collection of all the litter bins in the City of Paris.

The population served directly is 1,511,000 inhabitants, and to provide these services 41 state-of-the-art rear-loading collection vehicles are deployed, with noise suppression systems and eco-efficient engines to reduce the environmental impact of collection operations in the city, 19 mechanical sweepers adapted to the specific characteristics of the city, highly manoeuvrable and with low noise emissions, as well as 14 high-pressure cistern trucks for mechanical street rinsing operations. This fleet is completed by two vehicles equipped with mobile workshops to immediately address any issues that arise during operations. These services are performed by a staff of 215 workers. Achieving these services reinforces the presence of Urbaser in the City of Paris, by incorporating urban waste collection to the range of services provided in the French capital.

STREET CLEANING, GARDENING AND OTHER SERVICES IN WALTHAM FOREST, LONDON (UNITED KINGDOM)

CLIENT
London Borough of Waltham Forest

PROJECT TYPE
Urban Services

EXECUTION DATA
2013-2019

AMOUNT
49 million euros

LOCATION
Borough of Waltham Forest, London

PARTICIPATING COMPANIES
Urbaser, Ltd.

PROJECT DESCRIPTION
The London Borough of Waltham Forest is a neighbourhood outside London with an area of approximately 39 square kilometres and located in the northeast of the city. Currently the population of Waltham Forest district is about 258,000 inhabitants, making this district one of the most populated in London. The project includes the provision of manual and mechanised road cleaning and the maintenance of green spaces. The street cleaning service involves the manual and mechanised sweeping of approximately 414 kilometres of public roadways. The service also includes emptying bins and cleaning and the mechanical washing down of strategic locations in the borough. The landscape maintenance service involves looking after 85 public parks and open spaces, 4 leisure centres, 7 schools and 14 community centre, representing an area of approximately 1,800,000.00 square metres. The service has 207 employees and a total of 50 vehicles and mechanised units. Winning the bid has confirmed the presence of Urbaser in the waste collection and street cleaning market in the United Kingdom after the experiences of previous years in Gosport and the Isle of Wright.

MAIN ECONOMIC-FINANCIAL FIGURES OF ACS GROUP

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

ACS GROUP GOVERNANCE

MAIN ECONOMIC-FINANCIAL FIGURES OF ACS GROUP

PERFORMANCE OF THE ACS GROUP IN 2013

HIGHLIGHTS

KEY OPERATING & FINANCIAL AGGREGATES

Million euros	2012	2013	Change
Sales	**38,396**	**38,373**	**(0.1)%**
Backlog [(1)]	**74,588**	**63,419**	**(15.0)%**
Months	21	18	
EBITDA	**3,088**	**3,002**	**(2.8)%**
Margin	8.0%	7.8%	
EBIT	**1,579**	**1,746**	**10.5%**
Margin	4.1%	4.5%	
Recurring net profit [(2)]	**582**	**580**	**(0.3)%**
Attributable Net Profit [(3)]	**(1,928)**	**702**	**n.a.**
EPS	**€(6.62)**	**€2.26**	**n.a.**
Cash Flow from Activities	**1,506**	**1,959**	**30.1%**
Net Investments	**(2,285)**	**476**	**n.a.**
Investments	2,496	2,484	(0.5)%
Divestments	4,781	2,008	(58.0)%
Net debt	**4,952**	**4,235**	**(14.5)%**
Net Business Debt	4,171	3,550	(14.9)%
Project Financing	781	685	(12.3)%

NOTE: Data presented in accordance with ACS Group management criterion.
(1) Includes backlog proportional to the participation in the joint ventures which the Group has not fully consolidated. The comparable change is (2.0)%, or 1,482 million euros.
(2) Net profit excluding extraordinary results and the net contribution of the investees, Abertis and Iberdrola.
(3) The balance sheet, the income statement and the statement of cash flows have been restated as a result of the entry into force of revised IAS 19 which is applied retroactively. This standard affects the recognition and measurement of the defined contribution pension plans and only has a significant impact on the performance of assets related to the plans which are recognised in the income statement which, as a result of the change, are determined based on the interest rate used to discount the defined benefit liability, instead of the market expectations. The effect on the ACS Group is a loss of 1.5 million euros in 2012, also included under equity.

Sales for the year amounted to 38,373 million euros, 0.1% less than in 2012 as a result of the change in the exchange rates, particularly the depreciation of the Australian dollar. Without this impact, sales would have grown by 6.1%. The activity outside of Spain represents 86.3% of sales with growth of 2.2%.

In backlog amounts to 63,419 million euros, down 15.0% in the last twelve months. Of the total reduction of 11,169 million euros, 6,877 million euros are due mainly to the depreciation of the AUD/EUR (-17.7%) and USD/EUR (-4.0%) exchange rates. Additionally, the variations due to changes in the scope of consolidation amount to 2,811 million euros and relate basically to the sale of the Services businesses of Hochtief Europa and the Telecommunications business of Leighton and the fact that Dragados no longer includes the concessions in Greece within its scope of consolidation. By way of comparison, the 2.0% decrease, equal to 1,482 million euros, mainly in Spain, is due the reduction in public spending and in Australia to the hiring slowdown in the mining sector.

PERFORMANCE OF THE BACKLOG AND PRODUCTION

Million euros	2012	2013	Change	Comp. Change*
Backlog	**74,588**	**63,419**	**(15.0)%**	**(2.0)%**
Direct	65,626	54,007	(17.7)%	(3.7)%
Proportional**	8,962	9,412	5.0%	10.8%
Production	**42,563**	**41,729**	**(2.0)%**	**4.1%**
Direct	38,396	38,373	(0.1)%	6.1%
Proportional**	4,167	3,356	(19.5)%	(16.3)%

* Comparable change not including the effects of exchange rate and/or changes in the scope of consolidation.
** Backlog and production equal to the proportional participation in the joint ventures which the Group has not fully consolidated.

EBITDA for the Group amounts to 3,002 million euros, representing a decrease of 2.8% compared to the same period for 2012. This decrease arises from the Construction activity which reduced its operating margin due to the depreciation of the Australian dollar, the sale of Leighton's telecommunications business, the gross margin of which is larger than average and the drop in activity in Spain. Without the impact of the change in exchange rates, EBITDA would have grown by 3.1%.

In turn, EBIT grew 10.5%, thanks to a smaller depreciation and amortisation charge in Hochtief, mainly to a decrease in the amortisations of the PPA and the aforementioned sale of the telecommunications activity. Without the effect of the changes in the euro exchange rates, EBIT would have grown 16.9%.

The net profit attributable to the Group amounted to 702 million euros, while the 2012 figure was significantly affected by the restructuring ACS carried out related to its investment in Iberdrola.

RECONCILIATION OF NET RECURRING PROFIT

Million euros	2012	2013	Change
Recurring Net Profit Construction	249	261	4.9%
Recurring Net Profit Industrial Services	416	418	0.5%
Recurring Net Profit Environment	72	79	8.9%
Recurring Net Profit Corporation	(154)	(177)	14.3%
Net structural costs	(39)	(33)	(14.5)%
Net financial result	(136)	(141)	4.0%
Other	21	(2)	n.s.
Recurring Net Profit	**582**	**580**	**(0.3)%**
Net ordinary contribution ABE	44	0	
Net ordinary contribution IBE	31	25	
Gains and other extraordinary profit	(2,585)	96	
Attributable Net Profit	**(1,928)**	**702**	**n.a.**

Eliminating the contributions of Abertis and Iberdrola, and all of the extraordinary results in both periods, which in 2013 included mainly the positive performance of the fair value of the derivatives and the provisions for risks, the recurring profit of the ACS Group in 2013 amounted to 580 million euros, 0.3% down on 2012 as a result of the increased equivalent tax rate.

The net debt for the ACS Group dropped by 14.5% in the last twelve months to 4,235 million euros, as a result of the divestments carried out in the period.

MAIN ECONOMIC-FINANCIAL FIGURES OF ACS GROUP

THE FOLLOWING SIGNIFICANT EVENTS OCCURRED DURING 2013

- On 23 January 2013, the ACS Group sold 20.2 million treasury shares to three financial institutions amounting to 360 million euros, equal to euros 17.83 per share. In addition, the Group entered into a derivative contract for the same number of ACS shares, payable only in cash and within a period of two years that may be extended for a further year.

- On 14 March, Hochtief, A.G. issued a corporate bond amounting to 750 million euros maturing in seven years and an annual coupon of 3.875%.

- On 21 March, ACS formally executed a Euro Commercial Paper (ECP) programme for a maximum amount of 500 million euros, which was registered in the Irish Stock Exchange. Banco Santander is the programme implementation coordinator (arranger), the entity who also acts as designated intermediary (dealer). By means of this programme, ACS regularly issues promissory notes maturing between 1 and 364 days, thereby enabling it to diversify its means of obtaining financing on capital markets. The outstanding balance at 31 December 2013 was 310 million euros.

- On 10 May 2013, the ACS Group held the Annual General Meeting in which the shareholders approved the distribution of a dividend of 1.15 euros per share. It was distributed in July 2013 using a flexible dividend system through which 55.07% of ACS shareholders chose to sell their rights to ACS through the Purchase Commitment, entailing the acquisition by ACS of 173,299,108 rights for a gross amount of 192.7 million euros. The remaining shareholders chose the share option, as a result of which 7,853,637 shares of ACS were issued which were admitted to listing on 26 July 2013. Subsequently, on 29 August 2013, the retirement of the same number of ACS treasury shares was approved, which was carried out in September 2013. Consequently, the ACS shares admitted to listing from 23 September 2013 are the same as those which at the beginning of the year amounted to 314,664,594.

- On 13 June 2013, Hochtief announced a plan to acquire treasury shares equal to approximately 5.6% of its share capital. The aforementioned plan was completed in December 2013 and, thus at 2013 year end the company held 10% of its treasury shares.

- On 21 June 2013, Leighton launched a debt issue with a bank syndicate for 1,000 million australian dollars in order to finance the Company's working and general capital needs, whereby it refinanced an instrument similar to the one which matured in December 2013 and which consisted of 600 million australian dollars in capital.

- On 28 June 2013, Leighton Holding completed the sale to Ontario Teachers' Pension Plan of approximately 70% of its telecommunication assets which included the companies Nextgen Networks, Metronode and Infoplex. The sale price of 771 million australian dollars represented 100% of the aforementioned assets.

- At 23 July 2013, Dragados launched a delisting takeover bid for its Polish investee POL-AQUA. On 19 September the takeover bid was completed in which 8.3 million shares, representing 30.18% of the share capital were acquired for 6.9 million euros. Subsequently, a compulsory purchase process was carried out on the remaining 3.82% of the share capital to reach 100% of the share capital of POL-AQUA.

- On 25 July 2013, the Cobra Group successfully placed the "Project Bond" for the Castor Project, the first with these characteristics issued with the European Investment Bank's Project Bond Credit Enhancement (PBCE) guarantee programme. The issue amount was 1,400 million euros, for a 21.5 year period and a final rate of 5.756% (BBB+ Fitch rating and BBB S&P rating). Furthermore, during the final months of 2013, certain events occurred which lead the plant's activity to be suspended by the Ministry of Industry, Energy and Tourism, thereby preventing the plant's entry into service. The ACS Group expects that, after the appropriate technical studies and the corresponding technical and accounting audit which have been carried out, the aforementioned problems will be resolved satisfactorily. In any case, the ACS Group understands that Escal UGS (owner of the Castor project) has the right to return the concession at any time, whereby it has the right to collect the total net carrying amount thereof and, consequently, the investment is fully recoverable.

- On 30 September, Hochtief, A.G. completed the sale of its airport assets to a subsidiary of the Canadian pension fund, Public Sector Pension Investment Board, for 1,083 million euros.

- In September 2013 Hochtief also announced the final closing of the sale of its services line of business to Servicios a Spie, S.A., for 236 million euros.

- On 4 October 2013, ACS, Actividades Finance, B.V. (a Dutch subsidiary wholly owned by ACS, Actividades de Construcción y Servicios, S.A.) issued bonds that are exchangeable for Iberdrola shares for 721.1 million euros, with the following characteristics: a term of five years maturing on 22 October 2018, unless they are exchanged or redeemed early. The price for redeeming the bonds on maturity will be 100% of the nominal value, unless they are exchanged; annual nominal fixed interest of 2.625%, payable quarterly in arrears; the exchange price is 5.7688 euros per each Iberdrola share, which represents a premium of 35% on the reference quoted price of the session in which the issue was launched, as of 12 November 2016, ACS will have the option of redeeming the bonds early if the value of the Iberdrola shares exceeds 130% of the exchange price applicable during at least 20 trading days in any period of 30 consecutive trading days; the bond holders will have the option of redeeming the bonds in the third year or if there is any change of control of ACS;the bonds are listed in the open market (Freiverkehr) on the Frankfurt Stock Exchange.

- Since mid-2012, the ACS Group has had several financial derivative contracts with various financial institutions over Iberdrola (call spreads), which offered an increased exposure from 3.26 euros to 4.73 euros per share for a notional amount of 597.3 million underlying shares. As a result of the increase in the quoted price of the aforementioned underlying asset, on 20 December the parties agreed to replace the previous structure with a new one (put spread), which has the same exposure profile and maturity periods, however the strike price and the number of underlying shares were slightly adjusted as a result of the changes in Iberdrola's dividend policy. This change enabled the ACS Group to monetise the value of these derivatives for a total of 856 million euros included in the balance sheet at 2013 year end.

MAIN ECONOMIC-FINANCIAL FIGURES OF ACS GROUP

- On 12 December 2013, the Board of Directors of ACS approved the distribution of the interim dividend of 0.446 euros per share. It was distributed in February 2014 using a flexible dividend system through which 49.5% of ACS shareholders chose to sell their rights to ACS through the Purchase Commitment, entailing the acquisition by ACS of 155,768,093 rights for a gross amount of 69.5 million euros. The remaining shareholders chose the share option, as a result of which 2,562,846 shares of ACS were issued which were admitted to listing on 26 February 2014.

- As a result of the publication of this proposed ministerial order, for the approval of the remuneration parameters of the standard facilities applicable to certain electrical power production from renewable energy sources, cogeneration and waste, on 3 February 2014, subject to a consultation period, the ACS Group made a preliminary estimate of the impact that such a regulation would have on the Group's wind farms and solar thermal plants and recognised a provision of 199 million euros at 31 December 2013, in addition to the provision of 300 million euros recognised in 2012 in relation to these assets.

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

- On 12 December 2013, the Board of Directors of ACS approved the distribution of the interim dividend. It was distributed in February 2014 using a flexible dividend system through which 49.5% of ACS shareholders chose to sell their rights to ACS through the Purchase Commitment, entailing the acquisition by ACS of 155,768,093 rights for a gross amount of 69.5 million euros, or 0.446 euros per share. The remaining shareholders chose the share option, as a result of which 2,562,846 shares of ACS were issued which were admitted to listing on 26 February 2014.

- On 31 January 2014, Hochtief sold 50% of its ownership interest in aurelis Real Estate at a price close to its carrying amount within its strategy of divesting non-strategic assets.

- The proposed ministerial order for the approval of the remuneration parameters of renewable energy facilities was published in February 2014 served to evaluate the impact of the aforementioned regulation on the ACS Group.

- In March 2014, Hochtief, A.G., launched a proportional take overbid over the Australian company Leighton Holdings Ltd in order to increase its current ownership interest from 58.77% to a maximum of 73.82%, at an ex-dividend price per share of AUD 22.50, payable in cash, which will entail a maximum investment of AUD 1,155 million (approximately, 787 million euros) which will be financed by Hochtief, A.G. with its own available cash and credits. The takeover bid is subject to the relevant authorisation and other usual conditions.

- On 13 March 2014, ACS, Actividades Finance 2, B.V. (a Dutch wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A.) announced that upon completion of the accelerated bookbuild, the amount, the interest rate and the conversion price as well as the definitive conditions of the exchangeable bond issue over Iberdrola shares have been set, as follows: the final amount of the issue totalled 405.6 million euros;the bonds which were issued at par will mature on 27 March 2019, unless they are exchanged or redeemed early,the price for redeeming the bonds on maturity will be 100% of the nominal value, unless they are exchanged;the bonds accrue annual nominal fixed interest of 1.625%, payable quarterly in arrears, the bonds will be exchangeable, at the choice of the bondholders, for 63,187,412 ordinary shares of Iberdrola, representing approximately 0.9914% of its share capital, however, in accordance with the terms and conditions of the bonds, the Issuer may opt, when the bondholders exercise their exchange right, to deliver the corresponding number of Iberdrola shares, cash or a combination thereof; the conversion price of the bonds is 6.419 euros per each Iberdrola share, representing a premium of 32.5% over the weighted average quoted price of these shares since the announcement of the issue until the time it was set,as of 17 April 2017 (3 years and 21 days from the closing date), the Company will have the option of redeeming the bonds early at par if the value of the Iberdrola shares exceeds 130% of the conversion price applicable during at least 20 trading days in any period of 30 consecutive trading days; the bondholders will have the right to redeem their bonds early from the Issuer for an amount equal to the sum of the nominal amount and the interest accrued: on 27 March 2017 (3 years from the closing date) and in the event that there is any change of control of ACS (as this concept is defined under the terms and conditions of the bonds); the subscription and payment of the bonds will take place at the closing date, initially set for 27 March 2014 provided that the conditions envisaged in the subscription agreement that the Company, Issuer and the Underwriter signed on 13 March 2014 with the Lead Managers; as part of the subscription agreement, the Issuer, the Company and the Underwriter have formalised a lock-up agreement, from the signature date for a period of 90 days from the subscription and payment of the bonds, pursuant to which they undertake not to perform any issues, offers or sales of the shares offered in exchange or in similar transactions in relation to the Iberdrola shares and/or any convertible or exchangeable security for Iberdrola shares, subject to certain exceptions; on 17 March 2014, a request was made to list the bonds on the open market (Freiverkehr) (a multilateral trading facility) on the Frankfurt Stock Exchange.

- On 18 March 2014, ACS, Actividades de Construcción y Servicios, S.A. reduced its share capital by 1,281,423 euros relating to 2,562,846 ordinary shares of 0.5 euros par value each through the retirement of the Parent's treasury shares.

- In using the authorisation granted by the shareholders at the Annual General Meeting held on 25 May 2009 and in executing the resolution of the Board of Directors of 27 February 2014, ACS, Actividades de Construcción y Servicios, S.A., on 20 March 2014 has formally executed a Euro Commercial Paper (ECP) programme for a maximum amount of 750 million euros, which has been subscribed by the Irish Stock Exchange. Santander Global Banking & Markets is the programme implementation coordinator (arranger), the entity who 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 in the capital markets.

MAIN ECONOMIC-FINANCIAL FIGURES OF ACS GROUP

CONSOLIDATED FINANCIAL STATEMENTS OF THE ACS GROUP

CONSOLIDATED INCOME STATEMENT

Million euros	2012	%	2013	%	Change
Net Sales	**38,396**	**100.0%**	**38,373**	**100.0%**	**(0.1)%**
Other income	404	1.1%	571	1.5%	41.4%
Total Income	**38,800**	**101.1%**	**38,943**	**101.5%**	**0.4%**
Operating expenses	(27,031)	(70.4)%	(27,602)	(71.9)%	2.1%
Staff costs	(8,681)	(22.6)%	(8,340)	(21.7)%	(3.9)%
Operating Cash Flow (EBITDA)	**3,088**	**8.0%**	**3,002**	**7.8%**	**(2.8)%**
Depreciation and amortisation charge	(1,469)	(3.8)%	(1,208)	(3.1)%	(17.8)%
Current assets provisions	(40)	(0.1)%	(48)	(0.1)%	19.9%
Ordinary Operating Profit (EBIT)	**1,579**	**4.1%**	**1,746**	**4.5%**	**10.5%**
Impairment losses and gains and losses on disposal of non-current assets	37	0.1%	(200)	(0.5)%	n.a.
Other gains or losses	(25)	(0.1)%	98	0.3%	n.a.
Operating Profit	**1,591**	**4.1%**	**1,645**	**4.3%**	**3.3%**
Financial Income	508	1.3%	361	0.9%	(29.0)%
Financial expenses	(1,295)	(3.4)%	(1,124)	(2.9)%	(13.2)%
Ordinary Financial Result	**(787)**	**(2.0)%**	**(763)**	**(2.0)%**	**(3.0)%**
Exchange Differences	-	0.0%	(25)	(0.1)%	n.a.
Change in fair value of financial instruments	105	0.3%	555	1.4%	n.a.
Impairment and gains or losses on disposal of financial instruments	(3,770)	(9.8)%	256	0.7%	n.a.
Net Financial Result	(4,451)	(11.6)%	23	0.1%	n.a.
Results on equity method	339	0.9%	96	0.3%	(71.7)%
PBT of continued operations	**(2,520)**	**(6.6)%**	**1,764**	**4.6%**	**n.a.**
Income tax	1,005	2.6%	(517)	(1.3)%	n.a.
Net profit of continued operations	**(1,515)**	**(3.9)%**	**1,247**	**3.2%**	**n.a.**
Profit after taxes of the discontinued operations	107	0.3%	-	-	n.a.
Consolidated Result	**(1,408)**	**(3.7)%**	**1,247**	**3.2%**	**n.a.**
Non-controlling Interests	(520)	(1.4)%	(545)	(1.4)%	4.8%
Profit Attributable to the Parent Company	**(1,928)**	**(5.0)%**	**702**	**1.8%**	**n.a.**

NET CASH FLOWS

	2012			2013			Change	
Million euros	TOTAL	HOT	ACS exHOT	TOTAL	HOT	ACS exHOT	TOTAL	ACS exHOT
Cash Flows from Operating Activities before working capital:	**1,506**	**1,347**	**159**	**1,959**	**1,076**	**884**	**30.1%**	**454.3%**
Changes in working capital	(207)	(424)	217	(948)	(658)	(290)		
Net Cash Flows from Operating Activities	**1,299**	**923**	**377**	**1,012**	**418**	**594**	**(22.1)%**	**57.7%**
1. Payments due to investment	(2,496)	(1,724)	(772)	(2,484)	(1,650)	(834)		
2. Collections from disposals	4,781	588	4,194	2,008	1,912	96		
Net Cash Flows from Investing Activities	**2,285**	**(1,136)**	**3,422**	**(476)**	**262**	**(738)**	**n.a.**	**n.a.**
1. Treasury stock acquisition	(84)	1	(85)	157	-	157		
2. Dividends paid	(639)	(151)	(488)	(398)	(180)	(218)		
3. Other adjustments	(124)	(12)	(112)	379	(128)	508		
Other Net Cash Flows	**(847)**	**(162)**	**(685)**	**139**	**(308)**	**447**	**n.a.**	**n.a.**
Cash Flow Generated/(Used)	**2,737**	**(376)**	**3,113**	**674**	**372**	**302**	**(75.4)%**	**(90.3)%**

CONSOLIDATED BALANCE SHEET

Million euros	Dec-12	%	Dec-13	%	Change
Intangible Assets	5,049	12.1%	4,949	12.4%	(2.0)%
Property, Plant and Equipment	3,131	7.5%	2,587	6.5%	(17.4)%
Investments accounted for using the equity method	1,732	4.2%	1,366	3.4%	(21.1)%
Non-current Financial Assets	1,961	4.7%	2,508	6.3%	27.9%
Long Term Deposits	363	0.9%	559	1.4%	54.2%
Financial Instruments Receivables	471	1.1%	41	0.1%	(91.4)%
Deferred Taxes Assets	2,467	5.9%	2,380	6.0%	(3.5)%
Fixed and Non-current Assets	**15,173**	**36.5%**	**14,391**	**36.2%**	**(5.2)%**
Non-Current Assets Held for Sale	6,601	15.9%	5,310	13.4%	(19.6)%
Inventories	1,920	4.6%	1,817	4.6%	(5.4)%
Trade and Other Receivables	11,414	27.5%	11,316	28.5%	(0.9)%
Other Current Financial Assets	1,705	4.1%	2,980	7.5%	74.7%
Financial Instruments Debtors	9	0.0%	12	0.0%	32.9%
Other Current Assets	212	0.5%	177	0.4%	(16.8)%
Cash and Cash Equivalents	4,528	10.9%	3,769	9.5%	(16.8)%
Current Assets	**26,391**	**63.5%**	**25,381**	**63.8%**	**(3.8)%**
ASSETS	**41,563**	**100%**	**39,771**	**100%**	**(4.3)%**
Shareholders' Equity	3,382	8.1%	3,803	9.6%	12.4%
Valuation Adjustments	(726)	(1.7)%	(535)	(1.3)%	(26.3)%
Non-controlling Interests	3,055	7.4%	2,221	5.6%	(27.3)%
Equity	**5,712**	**13.7%**	**5,489**	**13.8%**	**(3.9)%**
Grants	54	0.1%	50	0.1%	(8.2)%
Non-current Financial Liabilities	6,957	16.7%	7,411	18.6%	6.5%
Deferred Tax Liabilities	1,232	3.0%	1,381	3.5%	12.1%
Non-current Provisions	1,892	4.6%	1,795	4.5%	(5.1)%
Financial Instruments Creditors	594	1.4%	498	1.3%	(16.2)%
Other Long Term Accrued Liabilities	187	0.5%	188	0.5%	0.6%
Non-current Liabilities	**10,917**	**26.3%**	**11,323**	**28.5%**	**3.7%**
Liabilities relating to assets held for sale	4,089	9.8%	3,878	9.8%	(5.2)%
Current provisions	1,214	2.9%	1,102	2.8%	(9.2)%
Current financial liabilities	4,591	11.0%	4,132	10.4%	(10.0)%
Financial Instruments Payables	24	0.1%	71	0.2%	195.6%
Trade and Other Payables	14,742	35.5%	13,220	33.2%	(10.3)%
Other Current Liabilities	275	0.7%	556	1.4%	102.0%
Current Liabilities	**24,935**	**60.0%**	**22,959**	**57.7%**	**(7.9)%**
EQUITY AND LIABILITIES	**41,563**	**100%**	**39,771**	**100%**	**(4.3)%**

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABILITY IN THE ACS GROUP

The ACS Group is a worldwide reference in the infrastructure development industry, participating in sectors which are fundamental to the economy. It defines itself as a company committed to economic and social progress in the countries where it is present.

ACS is positioned as a world leader in the infrastructure development industry, with a clear and defined mission:

TO PURSUE GLOBAL LEADERSHIP, OPTIMISING THE PROFITABILITY OF THE RESOURCES EMPLOYED AND PROMOTING SUSTAINABLE DEVELOPMENT.

Improving society, generating wealth to guarantee the well-being of the citizens it serves, in the final analysis, is a primordial part of the ACS Group's mission.

The ACS Group's commitment to society is summarised in four fields of action:

1. RESPECT FOR ETHICS, INTEGRITY AND PROFESSIONALISM IN THE GROUP'S RELATIONSHIP WITH ITS STAKEHOLDERS.

2. RESPECT FOR THE SOCIAL, ECONOMIC AND ENVIRONMENTAL SETTING.

3. PROMOTION OF INNOVATION AND RESEARCH IN ITS APPLICATION TO INFRASTRUCTURE DEVELOPMENT.

4. CREATION OF EMPLOYMENT AND WELL-BEING, AS AN ECONOMIC MOTOR FOR SOCIETY.

This performance and all the Group's activities are impregnated with the corporate values ACS has developed over its nearly 30 years of history and form the basis of the actions of all the Group's employees:

Profitability and integrity, together with commitment to stakeholders, especially commitment to clients, and operational excellence, are the ACS Group's identifying features.

The ACS has a decentralised structure based around its three areas of:

Construction,

Industrial Services and

Environment,

and it carries out its activities through dozens of different companies. This complex but highly efficient organisation encourages the Group's companies to compete and carry out their work independently, at the same time sharing common guidelines which add value for their clients.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

Each of the ACS Group's companies is managed autonomously, with independent functional managements and flexible and sovereign executive bodies. The aim of this type of organisation is to promote:

The objective is for all the ACS Group's companies to share the Group's values and culture, at the same time as each operates in a standalone manner, individually contributing numerous valid and profitable management formulas, thanks to the multiple factors involved in their decision making and generating know-how and good practices which are also independent.

Therefore, contributions from a multitude of companies come together in the ACS Group's Sustainability effort, defining its policies for action autonomously and managing their resources in the most efficient manner possible, always covered by a common objective.

PROJECT ONE

To face up to the challenge of coordinating the **ACS Group's Corporate Responsibility** policy, given its characteristics of operational decentralisation and geographical scope, what is to become the functional, strategic and operational paradigm related to the ACS Group's Corporate Responsibility over the coming years, known as **Project one**, was developed in 2013.

PROJECT ONE SEEKS TO PROMOTE GOOD MANAGEMENT PRACTICES AND IS FRAMED IN THE GROUP'S GENERAL STRATEGY, FOCUSED ON REINFORCING ACS'S WORLD LEADERSHIP. THE OBJECTIVE OF PROJECT ONE IS TO PROMOTE THE EMINENTLY INDUSTRIAL NATURE OF ACS'S ACTIVITIES BY SPREADING ITS CORPORATE CULTURE.

The promotion of good management practices focuses on the following major areas:

THE GROUP'S POSITION IN TERMS OF ETHICS.

oneEthics

IN TERMS OF EFFICIENCY, INVOLVING CLIENT, QUALITY, SUPPLIER, ENVIRONMENTAL AND R&D+I POLICIES.

oneEfficiency

AND IN TERMS OF EMPLOYEES, PERSONNEL, HEALTH AND SAFETY AND SOCIAL ACTION POLICIES OF THE ACS GROUP.

oneEmployees

In practice, Project one analyses and evaluates the performance of the Group and its companies in relation to a scorecard of control indicators, aligned with Dow Jones Sustainability Index requirements, which is supervised by independent external consultants and inspectors who qualify the inclusion of improvements periodically, both at the functional and procedural levels. The results expected from Project one can be summarised as:

- Continuing redefinition of a repository of non-financial, best governance, environmental and social best practices.
- Regular assurance of their implementation in the various Group companies and of the monitoring of their management indicators.
- Aligning the ACS Group with the Dow Jones Sustainability Index, in which the Group appears currently in its European scope.
- The creation of the Corporate Responsibility.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

ETHICS

ETHICS AND INTEGRITY: SUMMARY, OBJECTIVES AND GENERAL PRINCIPLES

THE ACS GROUP AND THE COMPANIES WHICH MAKE IT UP ARE FULLY COMMITTED TO PROMOTION, REINFORCEMENT AND CONTROL IN MATTERS RELATED TO ETHICS AND INTEGRITY, THROUGH MEASURES WHICH ENABLE THEM TO PREVENT, DETECT AND ERADICATE BAD PRACTICES.

The ACS Group promotes knowledge of the general principles of conduct, ethics and integrity by all employees, clients, suppliers and contractors.

Integrity is a very important aspect in the ACS Group. In 2011, important measures were promoted from the Board of Directors' Executive Committee to advance these values included in the ACS Group's Code of Conduct. Currently, the ACS Group has equipped itself with two corporate tools: the Code of Conduct and the Ethical Channel, which are widely adopted in the various business areas, and a control system reporting to the Board of Directors, called the Code of Conduct Monitoring Committee.

ETHICS AND INTEGRITY: CODE OF CONDUCT

Since its foundation, the ACS Group and its companies have made a commitment to the various parties forming part of its operations and interacting with the company or its employees. This commitment is based on the ethical principles governing the ACS Group's operations, which shape its corporate culture.

ACS's General Code of Conduct[14] constitutes a guide for the professional performance of all the Group's employees and managers in relation to their daily work, the resources used and the business environment, as well as for all the investee companies in which the ACS Group has control of management.

The basic principles for action in the General Code of Conduct are as follows:

- **Integrity:**
  the ACS Group promotes recognition of behaviour in accordance with loyalty and good faith, and against corruption and bribery, among its employees.

- **Professionalism:**
  the ACS Group's employees and management should be recognised for their high professionalism based on proactive and efficient performance focused on excellence, quality and willingness to provide service.

- **Respect for Others and the Environment:**
  ACS undertakes the commitment to act at all times in accordance with the United Nations Global Compact, to which it has been a signatory since its foundation, the objective of which is the adoption of universal principles in the areas of human and labour rights and the protection of the environment.

All actions taken by the ACS Group and its employees shall maintain scrupulous respect for the Human Rights and Civil Liberties included in the Universal Declaration of Human Rights. The relationship of the Group with its employees, as well as the relationship among employees, therefore, shall be based on the following commitments:

- Prevention of corruption and bribery.
- Equal opportunities.
- Non-discrimination.
- Confidentiality in information management, when applicable.
- Avoidance of anti-competitive practices.
- Promotion of training and professional and personal development.
- Occupational health and safety.
- Eradication of child labour.
- Reduction of negative impacts on local and indigenous communities.
- Channels for appropriate reporting of those inappropriate practices identified (Ethical Channel).

The General Code of Conduct was approved by the ACS Group's Board of Directors in its meeting of 15 March 2007 and modified by agreement of the Board of Directors' Executive Committee of 30 August 2011.

14 The ACS Group's Code of Conduct can be seen at http://www.grupoacs.com/index.php/es/c/responsabilidadcorporativ_eticayprofesionalidad.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

MANAGEMENT PRINCIPLES

The ACS Group understands due diligence as the set of activities carried out and aimed at minimising the possibility of bad practices arising in the Group as regards ethics and integrity. The ACS Group understands that the following are necessary for this:

- Allocation of responsibilities as regards supervision of the company's performance in this field This responsibility falls to the Code of Conduct Monitoring Committee, reporting to the Board of Directors.

- Establishing procedures which enable the prevention, detection, notification and eradication of bad practices in this field In this regard, specific initiatives are defined in Group companies were additional risks (operational, geographical or mixed) are detected, to expand on the Code of Conduct at the same time as promoting training in fields related to Ethics and encouraging use of the Ethical Channel.

- The knowledge and understanding by the company's people of what is expected of them in relation to ethics and integrity. Companies representing 82.8% of Group employees report the existence of a specific training plan in matters of Human Rights, Ethics and Integrity and Conduct. A total of 629 training courses, attended by 77,350 employees, were given in this field in ACS in 2013. Indeed, the level of penetration of training in terms of Human Rights, Ethics and Integrity and Conduct has already reached 51.7% of the Group's total number of employees.

- The adoption of good practices has begun to be promoted relating to performance assessment in terms of Ethics and variable remuneration according to parameters related to the control of Ethical risks. As such, formal, documented commitments to the Universal Declaration of Human Rights are included in companies representing 49.3% of ACS employees. Additionally, compliance with the precepts of the Code of Conduct is confirmed in 63.0% of employee performance assessments.

- Establishing commitments which make clear the behaviour expected of the people who make up the company. An outstanding cultural characteristic in compliance terms in the ACS Group is the adoption of "Zero Tolerance" policies to breaches in this field. Companies representing 98.6% of Group employees report the existence of such a policy.

- Supervision and monitoring of the whole process by means of audits or inspections by independent companies. Companies representing 6.7% of Group employees perform periodic (annual or at least biennial) independent external audits.

- Promotion and monitoring of ethical standards in suppliers and subcontractors. ACS Group companies representing 92% of sales explicitly include compliance with the ACS Code of Conduct in the contracts they sign with Suppliers and Subcontractors. Furthermore, 37% internally or externally verify such compliance. Companies representing 80% of ACS's sales promote and positively assess their suppliers' adherence to international standards such as the Global Compact, UN and ILO conventions, etc.

- In terms of avoiding monopoly practices, the ACS Group sets itself against such practices, through its Code of Conduct, and assesses annually the level of risk this aspect represents. In 2013, the Group's Contract managers reported that only in companies representing 0.7% of total turnover were situations faced in which they needed to act against monopoly practices. Leighton, in turn, published a detailed antitrust policy, affecting 38% of ACS Group sales. This policy can be found on its website.

The main tool available to the Monitoring Committee is the Ethical Channel, created in September 2011, enabling anyone to notify of irregular conduct in any of the companies making up the ACS Group or any non-compliance with the standards included in the General Code of Code of Conduct, through:

- the e-mail address: canaletico@grupoacs.com

- or the postal address: Canal Ético, Grupo ACS, Av. Pío XII 102, 28036 Madrid, Spain.

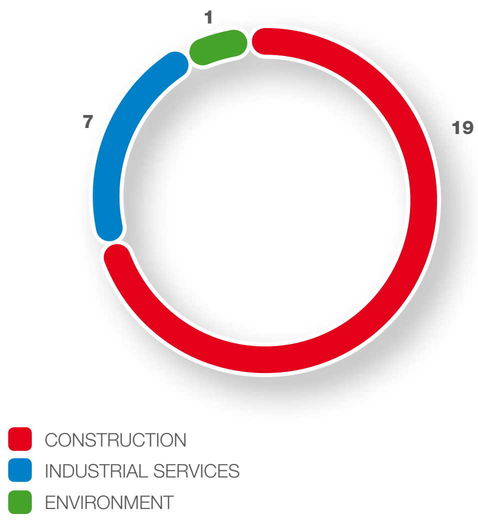
The Ethical Channel is both a route for denouncing breaches of the rules in the ACS Group's General Code of Conduct and a means for resolving doubts which may be raised on applying the General Code of Conduct.

A total of 27 communications were received in 2013, which due to defects in form, the Code of Conduct Monitoring Committee not being the competent body or other reasons for inadmissibility did not lead to the opening of any cases. In all cases the means used was the digital channel.

THE FINAL AIM OF ACS'S ACTIONS WITH REGARDS TO ETHICS AND INTEGRITY IS THE ESTABLISHMENT OF A FRAMEWORK FOR ACTION WHICH STIMULATES EVERYONE TO EXECUTE THEIR RESPONSIBILITIES IN AN UPRIGHT, RESPONSIBLE AND TRANSPARENT MANNER.

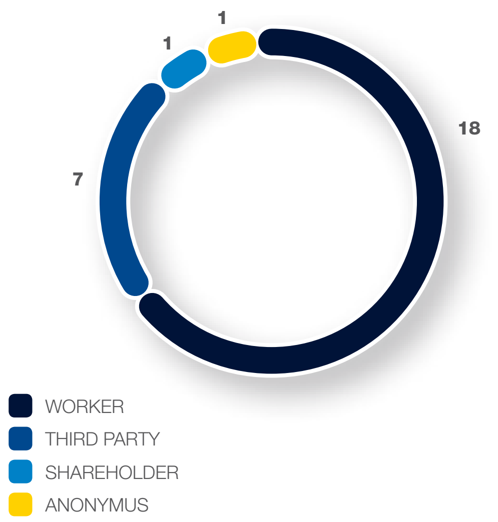
The details of the communications received are as follows:

COMMUNICATIONS BY ACTIVITY

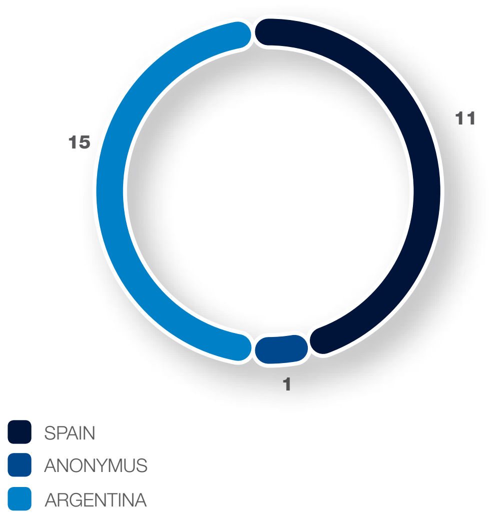


THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

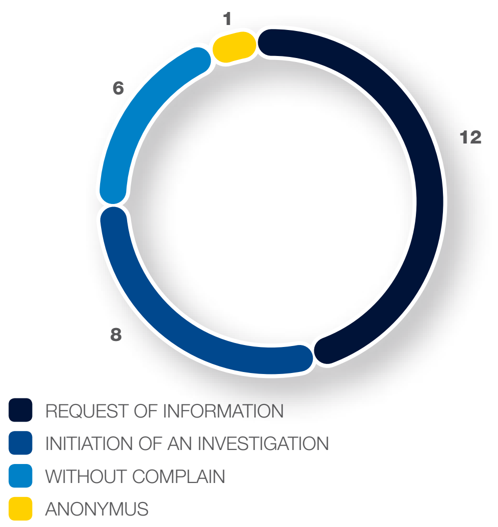
SOURCE OF COMMUNICATIONS



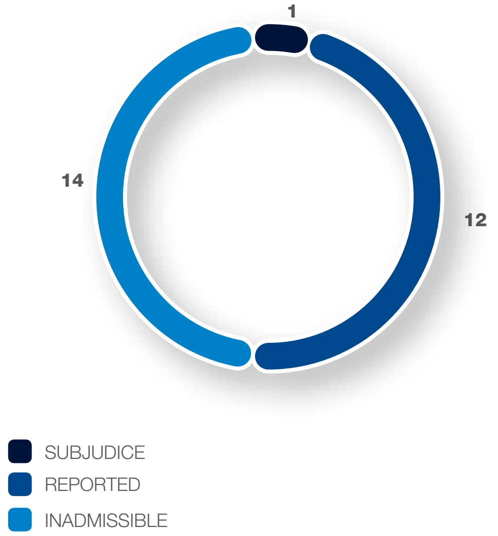
COUNTRY OF ORIGIN



REASON FOR COMMUNICATION



METHOD OF RESOLUTION



MANAGEMENT INDICATORS

In terms of Ethics, the ACS Group has established that the following management indicators are material, measurable, relevant and representative of the function analysed and form a part of the process for disseminating the good practices developed by Project one.

MAIN MANAGEMENT INDICATORS - ETHICS

	2012	2013	Objective for 2015
Percentage of total ACS Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career with the company	n.a.	52%	> 2013
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct (% of total ACS employees)	n.a.	7%	n.a.
Level of implementation in the ACS Group of contractual clauses on the compliance with the Code of Conduct in contracting with suppliers and subcontractors (% of sales)	83%	92%	> 2013
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct by suppliers or contractors through clauses related to the Code of Conduct (% of sales)	35%	37%	n.a.
Communications received by the Ethical Channel	11	27	n.a.

The increase in the percentage of employees who have received Ethics courses during their career is due in large part to the increase in the scope of the data, which went from 29% of employees in 2012 to 98% in 2013.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

EFFICIENCY

The ACS Group has identified a series of non-financial functional areas which are key to carrying out its business, forming part of the production process and with which it generates a significant part of its profitability and productivity in its operating companies. These are the areas of Clients and Contracting, Quality, the Environment, Suppliers and R&D+i.

These functional areas exist in all the Group companies and they have heads who are responsible for collaborating in preparing this report annually. These are the people responsible for defining the main policies for controlling and reducing costs and promoting and achieving Group revenue.

CLIENTS AND CONTRACTING

The commitment to clients is one of the ACS Group's most important corporate values. Not for nothing is there a high level of trust between the client and the Group, thanks to the high added value services the company offers throughout time, promoting this close relationship.

This commitment to its clients is tackled from a clear strategy based around the following points:

- Problem-solving orientation.
- Client relationship feedback.
- Information on the ACS Group's capabilities.
- Identification of future needs and opportunities for collaboration.

In addition, the ACS Group seeks appropriate solutions to improve its approach to the client, particularly in technological matters of importance. This leads to the search for collaboration with detail engineering companies, specialised in the specific field required for each project. The most suitable alliances are created for each case in this way and, as such, the final client can be offered the best technical and economic solution.

Another important value for the Group's businesses is confidentiality. ACS Group companies' contracting and client relationship departments carry out periodic initiatives to promote responsible use of information, so guaranteeing client confidentiality.

MANAGEMENT PRINCIPLES

Given the characteristics of ACS's business, where large infrastructure projects are carried out or general agreements are entered into for the provision of services (such as the cleaning of a city or maintenance of an electricity grid), the number of clients with whom ACS deals is very limited or they are large corporations or public institutions from around the world.

In 2013, companies representing 73.2% of ACS Group[15] sales reported the existence of a client management system, managed by each company's contracting department. The management aspects common to the whole ACS Group are as follows:

- Monitoring of client needs.
- Periodic measurement of client satisfaction.
- Promotion of commercial activity.

ACS's second key client relationship management policy is the measurement of their satisfaction. Companies representing 57.0% of ACS Group sales carry out this type of process, either in a standalone form or within the framework of quality management systems. Furthermore, Group companies representing 55.5% of sales implement measures and plans to improve client satisfaction.

MAIN MANAGEMENT INDICATORS - CLIENTS

	2012	2013	Objective for 2015
Number of client satisfaction surveys carried out	1,290	2,363	> 2013
Number of client satisfaction surveys received	860	1,214	> 2013
Percentage of client responses of "satisfied" or "very satisfied" over the total number of surveys RECEIVED (%)	86.2%	87.6%	> 2013
Number of complaints received from clients	2,839	26,459	< 2013
Number of complaints dealt with	98.8%	100.0%	= 2013
Number of complaints satisfactorily resolved (proportion of those received)	85%	97%	= 2013

In the client satisfaction survey indicators, the scope of the data increased from 37% in 2012 to 75.7% in 2013.

An increase in the scope of the report occurred in the Complaints indicator, as ACS's activities in Argentina are included, which were not reported in 2012. ACS mainly carries out street collection and cleaning activities in Argentina, which is an activity that brings it very close to consumers and where a large number of complaints are processed.

15 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

QUALITY

Quality is a determining factor for the ACS Group, as it represents the factor distinguishing it from the competition in the infrastructure and services industry, with high technical sophistication.

The Quality Department in the Group's different companies is the entity responsible for implementing their own Quality Management Systems. Companies representing 74.8% of ACS Group sales[16] presented some form of quality management system in 2013. In this period and as a consequence of these systems, the ACS Group invested a total of €4.45 million in promoting quality[17].

These quality systems are audited regularly in order to certify Group activities, mainly according to the ISO 9001 standard, held by companies representing 72.7% of the Group's sales.

PRODUCTION CERTIFIED UNDER ISO 9001

	2011	2012	2013
Construction	71.4%	67.1%	67.6%
Industrial Services	94.7%	92.0%	93.5%
Environment	75.1%	89.2%	82.1%
ACS Group	**77.1%**	**72.5%**	**72.7%**

16 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

17 A 58% decrease has occurred in investment in ACS Group company Quality Departments.

MANAGEMENT PRINCIPLES

Each company in the group adapts its needs to the specific characteristics of its type of production, but a series of common lines of action have been identified within their Quality Management Systems:

- Objectives are set periodically as regards quality and their fulfilment is assessed.
- Initiatives and actions are carried out aimed at improving the quality of the services provided.
- Specific actions are carried out in collaboration with suppliers and subcontractors to improve quality.

The quality management for the ACS Group's various companies sets general quality objectives for the following financial year. In 2013, companies representing 96.3% of ACS Group sales defined formal objectives in this respect.

According to its characteristics, each project or work adopts the general objectives applicable to it, which generally focus on obtaining, renewing or expanding quality certifications, especially when a Group company develops a new technique or expands its activity into a new geographical area.

At the same time, another common aspiration is to minimise incidents through quantifiable improvement activities, as well as to obtain information relating to clients.

The most important objectives reported by the ACS Group's companies can be summarised in the following overall framework:

- Obtaining and expanding the scope of certifications.
- Implementing tools to improve quality.
- Improving specific performance indicators.

- Improving the training of supervisors, operators and works managers.
- Increasing client satisfaction indices, reducing complaints due to problems in execution.
- Meeting delivery schedules globally and with maximum quality.
- Increasing the number and capacity of internal quality auditors.

The concern with quality in all the group's companies reflects not only the effort to achieve the objectives set, but also the specific actions by the companies. A significant percentage of the Group's companies carry out quality improvement actions. According to the reported data, companies representing 83.1% of ACS Group sales carried out at least one initiative of this type in 2013.

MAIN MANAGEMENT INDICATORS - QUALITY

	2012	2013	Objective for 2015
Percentage of sales from activities certified under the ISO 9001 standard (%)	72.5%	72.7%	> 2013
Number of Quality audits per million euros of turnover	0.041	0.029	> 2013
Intensity of investment in measures to promote and improve Quality (€ investment per €million of turnover)	348	116	> 2013

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

SUPPLIERS

In Group companies, the purchasing department manages the relationship with suppliers[18] and contractors by means of specific systems for managing, classifying and approving them and controlling risks.

As a characteristic differentiating the Group from its competitors, it is important to highlight the distinct decentralisation of purchasing and supplier management departments in this area. There are a variety of systems in ACS in this aspect, which vary according to operating company needs. From a central, reference, corporate department, which defines policies and prices, to the most complete decentralisation where the works managers themselves define their needs and meet them using a common, widespread policy.

Furthermore, Group companies face three different types of suppliers or subcontractors:

- Suppliers of materials and/or services defined by the client.
- Suppliers of services or subcontractors contracted by the ACS Group.
- Materials suppliers contracted by the ACS Group.

18 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

In the first case, in which an ACS Group company carries out a project in which the client defines the type of suppliers contractually, as well as the quantity and characteristics of the materials to be used, the Group companies, in general, obey these requirements. Even so, the ACS Group's purchasing and suppliers departments have a control procedure established to verify the efficiency of the supplier designated by the client.

This contracting format, in which ACS has very little capability for managing the suppliers, is not watertight as, as mentioned in the section on clients in this report, the Company carries out feedback actions with the client. This means that, in cases in which the suppliers defined by the client have given problems or presented areas for improvement, the client will be notified of these and corrective measures will be promoted.

It is worth highlighting that, once the special features of the different markets in which the ACS Group is present have been considered, specific purchasing procedures are developed when necessary to increase competitiveness.

For suppliers of services and materials contracted by the ACS Group, whether through a central purchasing department or in a decentralised manner by works managers, detailed management and control processes are defined, which share the following points in common in all Group companies:

- There are specific standards and a system for management, classification and approval of suppliers and subcontractors and risk control.
- The level of compliance with these systems is assessed.
- Collaboration with suppliers and transparency in contractual relationships are promoted.

- The purchasing system supports suppliers in driving a broad policy in its comparison which promotes the participation of various suppliers in selection processes. Given that the works managers tend to use the same suppliers, a study of common suppliers has been started to put decisions into objective terms and give access to new suppliers in different parts of the world.

- Visible purchasing portals for all services are being developed, offering a wide range of products from different suppliers. This is a real aid to cost saving (because the most competitive prices are identified) and to controlling material consumption by employees or works managers. In Spain this portal helps local suppliers to sell their products domestically, promoting their development and growth.

MANAGEMENT PRINCIPLES

Companies representing 57.0% of ACS Group have a formal system for approving suppliers and subcontractors, in line with a series of clearly established criteria, which is subsequently used by the project works managers and provides them with information on the suitability or otherwise of a supplier to fulfil the anticipated task. The main concepts used for approving suppliers, both in the formal systems and informally are:

- Cost, payment and collection term, experience, professional prestige and technical capability.

- History of fulfilment of contractual clauses in their prior relationship with ACS.

- Additional non-financial criteria (see table attached).

LEVEL OF IMPLEMENTATION OF NON-FINANCIAL IN SUPPLIER APPROVAL (% OF ACS GROUP SALES)

	2012	2013
Adherence to the ACS Group Code of Conduct	82.7%	92.0%
Adherence to international standards as regards human rights and labour rights	54.7%	79.7%
Adherence to standards for fulfilment of commitments in ethical, social and environmental matters	44.4%	79.7%
Certification in quality aspects (ISO9001)	67.1%	66.4%
Certification in environmental aspects (ISO14001, EMAS or similar)	64.6%	74.2%
Analysis of labour standards and practices of suppliers and subcontractors	66.7%	79.1%

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

Additionally, companies representing 13.6% of ACS sales specifically promote the use of recycled and/or certified construction materials in the supplier approval process, offering the client this type of option when the type of procurement is decided.

Within the approval system, an after the fact analysis is carried out on suppliers. This process feeds back into the approval system. This system, which seeks to guarantee compliance with contractual clauses and agreements, is based fundamentally on detection and on corrective measures or management of non-compliance.

In the case of the initiatives for detection and control, the policy is based on regular audits, both internal and independent. In this case, companies representing 7.3% of ACS Group sales report carrying out internal audits of suppliers (affecting and average of 35.2% of suppliers) and 54.8% report that they carry out independent audits (affecting an average of 19.0% of suppliers).

Specifically, compliance with the ACS Group Code of Conduct by suppliers is verified internally or externally in companies representing 37.3% of Group sales.

The corrective measures taken in cases of poor performance are adapted taking the following circumstances into account:

- If it is a critical supplier for the company, the reasons for the negative assessment are analysed and initiatives proposed to strengthen the identified areas for improvement including, among others, training and collaboration activities.
- If the company is not critical for the company, it is classified as not approved in the database.
- Companies representing 94.9% of ACS Group sales immediately cancel contracts or relationship agreements with suppliers if breaches occur in clauses related to performance.

MAIN MANAGEMENT INDICATORS - SUPPLIERS

	2012	2013	Objective for 2015
Analysis of supplier and subcontractor criticality	49.6%	77.6%	> 2013
Inclusion of compliance with the Code of Conduct in supplier and subcontractor contract clauses	82.7%	92.0%	> 2013
Existence of formal systems for supplier and subcontractor approval	47.3%	57.0%	> 2013
Carrying out of internal audits on suppliers and subcontractors	18.8%	7.3%	> 2013
Development of corrective plans for suppliers and subcontractors to improve their performance in economic, social or environmental matters	15.9%	53.7%	> 2013

An increase in the scope of the Supplier data occurred on including data from 2013 from a larger number of companies in the reporting process. The scope for critical suppliers went from 68% of sales to over 95%.

Companies representing 77.6% of ACS Group sales have carried out an analysis to identify whether they have critical suppliers. Specifically, a supplier is defined as critical when it concentrates a significantly higher percentage of procurement or subcontracting costs than the average for the rest of the company's suppliers.

As a result of this analysis, and due to the characteristics of its business, it has been found that in several of the ACS Group's main companies (representing 23.5% of ACS Group sales), the suppliers are highly atomised, geographically dispersed and do not reach the critical mass to be determined as critical. On the contrary, in companies representing 76.5% of Group sales, such critical suppliers have been detected.

In these companies, the main data from the analysis of critical suppliers are as follows:

- 54.5% of the suppliers to these companies are covered by this analysis.
- Of these, 22.3% are considered critical suppliers.
- These suppliers represent 32.4% of the total costs for Group companies with critical suppliers.
- Almost all these suppliers consider ACS to be a key client to their business.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

TECHNOLOGICAL DEVELOPMENT. R&D+I IN THE ACS GROUP

The ACS Group is an organisation which is continually evolving, adapting to the needs of its clients and demands from society. The diversification process through which the ACS Group is passing during these years has led it to undertake a wide range of activities which approach innovation and development differently, but resolutely. Through this commitment to technological development, the ACS Group responds to the growing demand for improvements in processes, technological progress and quality of service from its clients and from society.

Its involvement in research, development and innovation are clear in its increased investment and the R&D+i[19] efforts the ACS Group makes year after year.

19 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

This effort leads to tangible improvements in productivity, quality, client satisfaction, occupational safety, the obtaining of new and better materials and products and the design of more efficient production processes and systems, among others.

The ACS Group's largest companies have governing bodies for technology, which are usually the Technological Development Committee, which leads the development of research activities in each company. The existence of this governing body or committee was reported by companies representing 52.0% of ACS Group sales in 2013.

R&D management takes place through a system which, in the largest companies and in general, follows the guidelines in the UNE 166002:2006 standard and is audited by independent specialists. There is a formal management system in companies representing 25.3% of Group sales. Furthermore, independent audits are carried out in companies representing 21.1% of sales.

This management system serves the general research strategy of each of the companies which, whatever their specific features, share the following lines of action:

- Development of strategic lines of research individualised by company.
- Strategic collaboration with external organisations.
- Growing and responsible investment in order to promote research and generate patents and operational techniques constantly and efficiently.

Each Group company's strategic decisions on the execution of R&D projects seek to maximise the positive impact of ACS's technical and technological progress. The companies have analysis and discrimination procedures to decide which projects to undertake.

At 31 December 2013, the ACS Group had 247 projects in progress and had registered 7 patents during the year.

Furthermore, collaboration with external organisations is crucial for the success of the projects tackled. Hence ACS Group companies collaborate with research and technological centres and with universities, as well as will other diverse centres, institutes or institutions related to R&D+i. These prestigious international research institutions complement the ACS Group's own research capabilities.

The ACS Group invested a total of €44.5 million in research, development and innovation in 2013, which represents a decrease of around 9.3% compared to 2012.

MAIN MANAGEMENT INDICATORS - R&D+I

	2012	2013	Objective for 2015
Investment in R&D+i (€ million)	49.0	44.5	> 2013
Level of implementation of a specific R&D+i department	87.0%	90.5%	> 2013
Level of implementation of a formal system for R&D+i management	60.4%	84.5%	> 2013

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

The ACS Group[20] combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. ACS's environmental policy is intended to be a framework in which, on the one hand, the general lines to be followed (principles) are defined and, on the other hand, the particular features of each business line and each project are collected (articulation).

The principles are the ACS Group's general environmental commitments. These are sufficiently flexible as to accommodate the elements of policy and planning developed by the companies in the different business areas. In addition, these commitments need to keep within the requirements of the ISO 14001 Standard:

- Commitment to complying with the legislation.
- Commitment to preventing pollution.
- Commitment to continuous improvement.
- Commitment to transparency, communication and the training of Group employees, suppliers, clients and other stakeholders.

In order to be able articulate and deploy a policy on these environmental commitments, the most significant are identified at corporate level and are compared with each company's management system and the environmental priorities for each business. These common priorities, which then become common to the majority of the ACS Group members, establish objectives and programs to individually improve each company.

20 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

MANAGEMENT PRINCIPLES

The following is a map outlining the main common features of ACS Group company management models and summarising their initiatives and degree of implementation:

LEVEL OF IMPLEMENTATION OF GOOD ENVIRONMENTAL MANAGEMENT PRACTICES IN THE ACS GROUP

EXPRESSED AS % OF SALES	2012	2013
Implementation of an environmental management system	55.8%	98.9%
Implementation of ISO 14001 certification	68.0%	65.5%
Implementation of certifications other than ISO 14001	10.6%	11.2%
Existence of specific targets for reducing CO_2 emissions	71.3%	74.5%
Execution of projects to reduce waste generation	73.2%	95.4%
Existence of plans to reduce water consumption	15.1%	53.0%
Setting of objectives to minimise the impact of the company's activities on biodiversity	32.8%	55.8%
The remuneration of workers, middle management and/or executives is linked to the achievement of formal environmental objectives	25.0%	10.3%
There is some kind of non-economic incentive/recognition for the achievement of formal environmental objectives	0.1%	43.1%
The environmental management system has been audited by an external independent third party	55.8%	77.8%
Number of environmental audits carried out in your company	724	1,811
Number of environmental incidents which occurred	967	719
Existence of a system for collecting data on environmental near misses	33.0%	16.9%
Existence of a centralised database to collect data on environmental matters	71.6%	60.3%

An increase in the scope of a large part of the Environment data occurred, mainly due to the inclusion of information from HOCHTIEF and Leighton, meaning that the scope went from 55% of sales to over 98%.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

The significant level of implementation of an environmental management system, present in companies representing 98.87% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is already implemented in 65.52% of ACS Group sales[21].

The responsibility of overseeing the ACS Group's environmental performance falls to the Environmental Department in each company. In general, and as summarised in the Management Principles table, the following common, general and most significant characteristics were found in ACS Group companies' management of environmental impacts:

21 Other certifications cover 11.23% of Group sales and companies representing 5.75% of ACS's sales have analysed the possibility of implementing SA8000 certification.

- They themselves, in a decentralised and autonomous manner, develop their own policies and action plans.
- They implement projects for certification and/or independent external auditing.
- They carry out environmental audits.
- They have some kind of centralised database for collecting environmental data.
- They have a system for collecting incidents, non-conformities or near misses related to the environment.

Specifically and operationally, the main environmental measures revolve around four key risks, on which the ACS Group's companies position themselves explicitly: **the fight against climate change, promotion of eco-efficiency, water saving and respect for biodiversity.**

MAIN MANAGEMENT INDICATORS - ENVIRONMENT[22]

	2011	2012	2013	Objective for 2015
Percentage of sales covered by ISO14001 Certification	72.6%	68.0%	65.5%	> 2013
Total Water consumption (m^3)	5,577,931	10,067,651	30,389,759	n.a.
Ratio: m^3 of Water / Sales (€ million)	151.3	262.2	792.0	< 2013
Direct emissions (Scope 1) (tCO_2 equiv.)	1,742,344	322,758	351,021	n.a.
Scope 1 Carbon Intensity Ratio: Emissions / Sales (€ million)	47.3	8.4	9.1	< 2013
Indirect emissions (Scope 2) (tCO_2 equiv.)	151,738	392,331	346,861	n.a.
Scope 2 Carbon Intensity Ratio: Emissions / Sales (€ million)	4.1	10.2	9.0	< 2013
Indirect emissions (Scope 3) (tCO_2 equiv.)	13,620	1,451,662	5,147,151	n.a.
Scope 3 Carbon Intensity Ratio: Emissions / Sales (€ million)	0.4	37.8	134.1	< 2013
Total Emissions (tCO_2 equiv.)	**1,907,702**	**2,166,750**	**5,845,034**	**n.a.**
Total Carbon Intensity Ratio: Total Emissions / Sales (€ million)	**51.7**	**56.4**	**152.3**	**< 2013**
Non-hazardous waste sent for management (t)	1,168,706	1,274,102	3,115,697	n.a.
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	31.7	33.2	81.2	< 2013
Hazardous waste sent for management (t)	186,989	88,182	268,135	n.a.
Ratio: Tonnes of hazardous waste / Sales (€ million)	5.1	2.3	7.0	< 2013

* Due to employee travel and to the supply chain.

22 A methodology has been adopted in this report to account for CO_2 emissions in both 2012 and 2013 under which Urbaser classifies the emissions from water and waste treatment centres as indirect under Scope 3, as it does not own or have operational control over these facilities, as included in the international GHG Protocol (Appendix F) and EPE Protocol (waste sector methodology) standards Urbaser has invoked to calculate its Carbon Footprint. The Public Authorities, as the owners of the facilities, impose the operating requirements, with the management companies limiting themselves to operating them temporarily.

The Scope 1 emissions do not include data from Leighton as the company's systems do not allow emissions for the report's year of reference before it ends.

Included under Scope 3 emissions in 2013 is Leighton's information that was not included in 2012. This contributes 1.4 million tonnes of CO_2 as a consequence of the carbon footprint of its suppliers in its mining activity. Furthermore, Urbaser has developed an emissions measurement system which has enabled it to increase the scope of its Scope 3 emissions measurement. This represents an increase compared to 2012 emissions of nearly 2 million tonnes of CO_2.

Water consumption in 2013 was affected by the inclusion of data from Leighton, adding 8.8 million m^3 of water, and the inclusion of Tedagua in Cobra, also in 2013, contributing 10 million m^3.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

EMPLOYEES

THE ACS GROUP'S PEOPLE

The ACS Group's[23] business success comes from its team. Hence the company maintains its commitment to continuously improving their skills, capabilities and level of responsibility and motivation, at the same time as it attends to working and safety conditions with the greatest dedication.

The ACS Group applies modern and efficient human resource management tools with the objective of retaining the best professionals.

Some of the fundamental principles governing the Group companies' corporate human resources policies are based on the following common actions:

- ATTRACTING, RETAINING AND MOTIVATING TALENTED INDIVIDUALS
- PROMOTING TEAMWORK AND QUALITY CONTROL AS TOOLS TO DRIVE EXCELLENCE AS WORK WELL DONE
- ACTING QUICKLY, PROMOTING THE ASSUMPTION OF RESPONSIBILITIES AND MINIMISING BUREAUCRACY
- SUPPORTING AND INCREASING TRAINING AND LEARNING
- INNOVATING TO IMPROVE PROCESSES, PRODUCTS AND SERVICES

The ACS Group is an active defender of the human and labour rights recognised by various international organisations. The company promotes, respects and protects the forming of labour unions and employees' rights to freedom of association and guarantees equal opportunities and treatment, without discriminating on the basis of sex, ideology, religion or any other social or individual circumstance or condition.

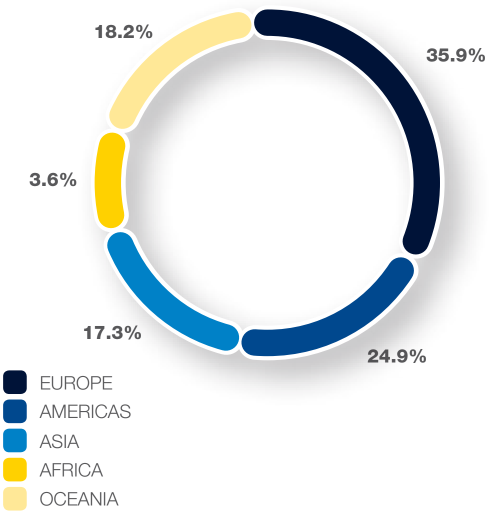
Likewise, the Group promotes the professional development of its workers. With this aim, it has an employment policy which generates wealth in the zones where it operates and produces links which create positive synergies for the environment. Furthermore, it shows special interest in ensuring dignified working conditions, subject to the most advanced measures for health and safety at work. It promotes management by competences, performance assessment and management of the professional careers of its workers.

23 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by number of employees. The data is expressed in terms of percentage of total Group employees at 31 December 2013.

The ACS Group employs a total of 157,689 people, of whom 43,853 work in Spain and 113,836 abroad. Of all the employees, 41,255 people are of a different nationality to that of their company's head office. The ACS Group has employees in more than 65 countries, in which it promotes its workers' economic and social development.

PERSONNEL BY GEOGRAPHIC AREA

%



NUMBER OF EMPLOYEES BY AREA OF ACTIVITY

	2012	2013	Var.
Construction	94,392	87,457	-7.3%
Industrial Services	39,140	41,635	6.4%
Environment	28,886	28,545	-1.2%
Corporate Unit	53	52	-1.9%

PERSONNEL BY PROFESSIONAL CATEGORY AND AREA OF ACTIVITY

	Construction	Industrial Services	Environment	Corporate Unit	Total
University graduates	25,666	3,551	704	32	29,953
Junior college graduates	4,005	3,112	486	4	7,607
Non-graduate line personnel	7,759	5,797	479	0	14,035
Administrative staff	5,191	2,589	595	12	8,387
Other staff	44,836	26,586	26,281	4	97,707

TYPES OF CONTRACT

	2011	2012	2013
Permanent Contracts	95,325	100,132	94,057
Temporary Contracts	66,937	62,339	63,632

PERSONNEL BY PROFESSIONAL CATEGORY AND GENDER

	Women	Men
University graduates	6,294	23,659
Junior college graduates	1,608	5,999
Non-graduate line personnel	1,736	12,299
Administrative staff	5,502	2,885
Other staff	8,246	89,460
Total	**23,387**	**134,302**
Proportion of ACS Group total	14.8%	85.2%

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

MANAGEMENT PRINCIPLES

Equality of opportunity, lack of discrimination and respect for human rights, which are basic principles included in the Group's Code of Conduct, are also determining factors when advancing the professional and personal development of all the ACS Group's employees. Companies representing 49.30% of Group employees express their formal, documented commitment to the Universal Declaration of Human Rights in the development of their Human Rights policy.

The ACS Group rejects any type of discrimination, in particular that due to age, sex, religion, race, sexual orientation, nationality or disability. This commitment extends to selection and promotion processes, which are based on assessment of the person's capabilities, on the analysis of the requirements of the job post and on individual performance.

Currently, companies representing 81.03% of ACS Group employees have formal programmes to ensure equality of opportunities. These Equality Plans include specific actions as regards selection and hiring of personnel, salary, training, working days, professional promotion, assistance, bonuses and social, health and occupational risk prevention policies, as well as in matters of gender violence. A result of these programmes is that no incidents occurred due to discrimination. A total of 1,033 women were reported in management posts in the company in 2013.

The ACS Group also promotes the hiring of people with disabilities and offers them a working environment which enables them to develop under conditions of equality. In this regard, 1,190 disabled people were working in the ACS Group at 31 December 2013.

The ACS Group also understands the relevance that having local roots and being sensitive to each place's particular nature has in the company's success. For that reason, it promotes direct hiring of local employees and managers. The number of executives from the local community totalled 808 in 2013.

All the ACS Group's employees, including expatriate Spanish workers, are subject to the collective agreements in force applicable to the sector in which they work, as well as the regulations relating to management personnel and, in all cases, the labour legislation in the countries where they work. For example, collective agreements on matters of notice period(s) regarding organisational changes are rigorously respected.

In the field of labour relations, the ACS Group considers dialogue to be an essential element. For this reason, it holds regular meetings with union representatives for all its companies. Of Group employees, 24.4% are members of trade unions or union organisations.

Furthermore, only in companies representing 11.47% of ACS Group employees were activities detected in countries where rights of association and union representation are threatened, it being ACS Group policy to promote good labour practices and respect for the legislation in force.

Companies representing 90.3% of ACS Group employees offer their employees social benefits of a variety of natures. Companies representing 94.05% of Group employees have programmes promoting balance between family life and work available to them.

The following are noteworthy among the different initiatives applied by ACS Group companies to promote balance between family life and work:

- The workforce can take up the offer of flexible working time schemes, with a margin of one hour, to accommodate their periods for entering or leaving work to their personal needs.
- Reduced working day: there are people in ACS who have a working day without a break or who have a reduced day.
- Accumulation of breast-feeding periods.
- Time off or part-time working for fathers and mothers after childbirth.
- Change of work centre due to change of residence.
- Management of shift changes between workers in services.

DEVELOPMENT OF HUMAN RESOURCES

% OF TOTAL EMPLOYEES	2012	2013
Employees covered by a formal professional development system	84.7%	85.5%
Employees in posts defined according to a formal competency map	14.5%	36.9%
Employees subject to performance assessment processes	36.3%	51.6%
Employees covered by variable remuneration systems	90.4%	94.0%
Of these, the percentage of variable remuneration systems that include aspects related to Corporate Responsibility	47.4%	64.9%
Level of coverage of working environment surveys (% of total employees)	50.5%	54.2%
Employees satisfied or very satisfied	78.8%	82.7%

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

The performance assessment models in ACS companies are based on the competences and parameters for each work post, as described in the management systems.

Each ACS Group company manages its professionals' development independently, adapting this to its needs and the specific nature of its activities. A significant majority of ACS Group companies adopt competence management models to improve personal knowledge and skills and use training as a tool to achieve ideal performance of the work.

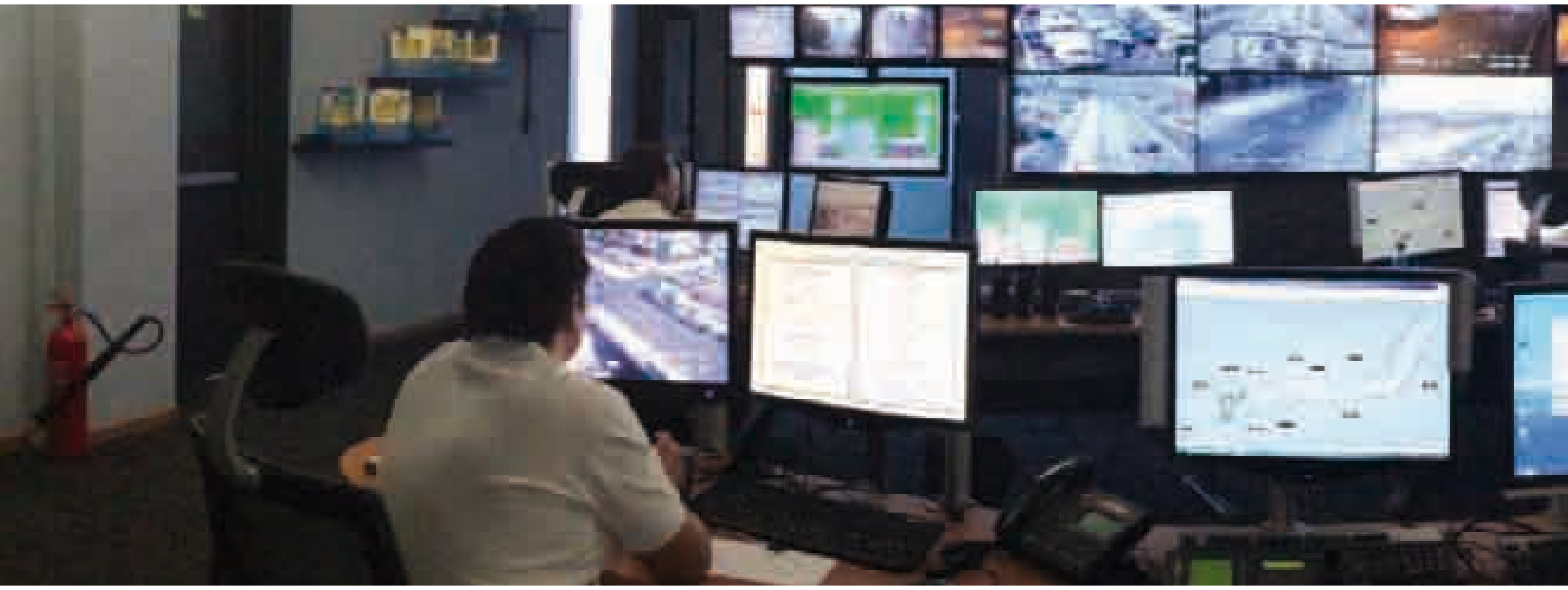
Competence maps, prepared in ACS Group companies, are aligned with the strategy and particular features of each one. These maps, which are reviewed regularly, define the basic and specific competences of each work post which are essential for its effective performance.

Companies representing 54% of Group workers stated that they have formal processes for measuring employee satisfaction. Of these, those which had carried out satisfaction surveys in 2013 reported that, on average, 82.67% of employees responded that they were "satisfied" or "very satisfied".

TRAINING[24]

	2011	2012	2013
Total teaching hours given	943,890	2,273,361	2,389,976
Teaching hours per employee (over total employees)	5.8	14.0	15.2
Employees participating in training activities	55,613	114,822	110,102
Teaching hours per employee (over employees trained during the year)	17.0	19.8	21.7
Investment in training (€ million)	18.6	87.2	85.7
Investment in training per employee (over total employees) (€)	114.7	536.6	543.4
Investment in training per employee (over employees trained during the year) (€)	334.7	759	778

24 The contribution from Leighton is included in the information for 2012 and 2013. This was not included in the 2012 report.



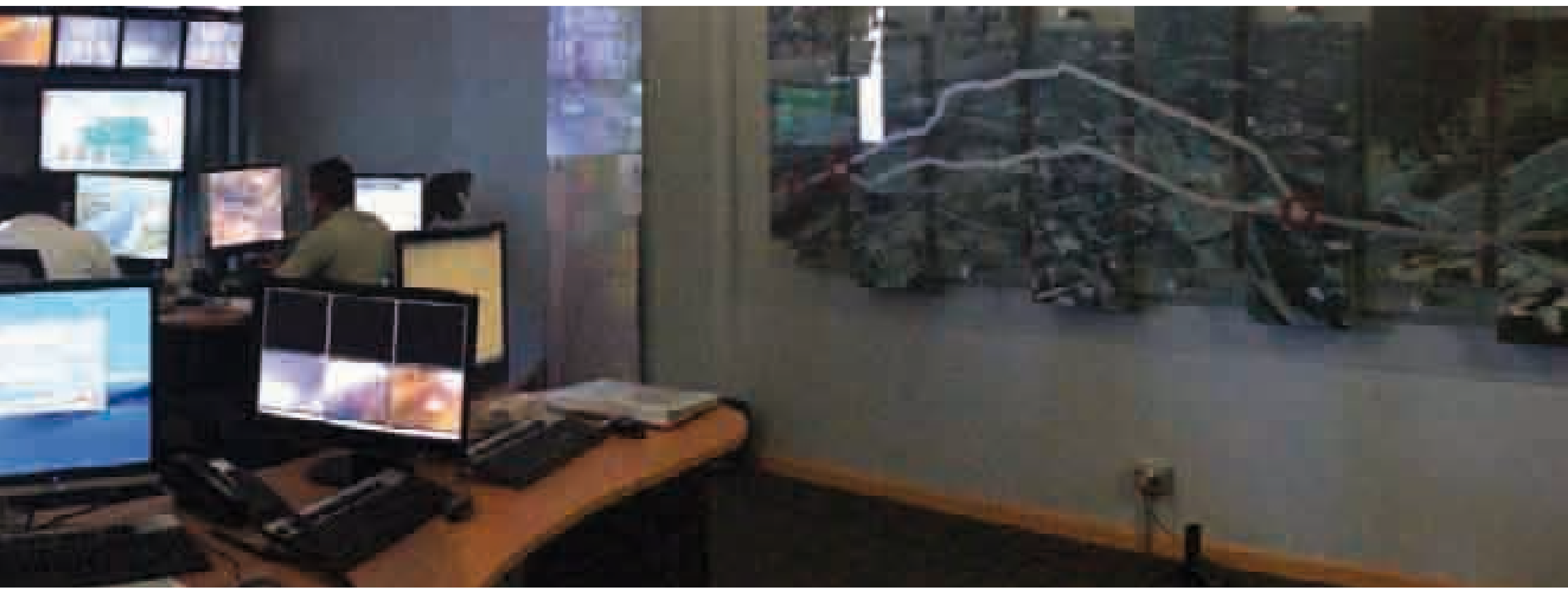
The ACS Group has programmes for continuous training and skills development, aimed at covering the employees' training wants and needs, as identified during the year and in line with the competences established in the management models. The aim of the training plans is to meet the employees' training needs for correct execution of their work and for their personal and professional development.

The training plans for the different companies are updated regularly to adapt them to the needs of each business and, in the end, of each person. Companies representing 93.66% of Group employees report the existence of tools for managing development of human resources such as training platforms, on-line training or even agreements with training centres.

MAIN MANAGEMENT INDICATORS - PEOPLE

	2012	2013	Objective for 2015
Percentage days lost through absenteeism	4.1%	2.1%	< 2013
Employees covered by a formal professional development system	84.7%	85.5%	> 2013
Employees in posts defined according to a formal competency map	14.5%	36.9%	> 2013
Employees subject to performance assessment processes	36.3%	51.6%	> 2013
Employees covered by variable remuneration systems	90.4%	94.0%	> 2013
Investment in training per employee (over total employees) (€)	536.6	543.4	> 2013
Percentage of total current Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career	8.7%	51.7%	> 2013

The increase in the percentage of employees who have received Ethics courses during their career is due in large part to the increase in the scope of the data, which went from 29% of employees in 2012 to 98% in 2013.



THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

SAFETY IN THE WORKPLACE IN THE ACS GROUP

The prevention of occupational risks is one of the strategic pillars of all ACS Group companies. Each of these companies and the Group in general maintain the commitment to reach the most demanding standards in this area and so become a reference in health and safety protection, not only for its own employees, but also for its suppliers, contractors and collaborating companies.

The main challenge lies in designing and implementing, in all its operating fields, a risk prevention service which meets expectations. Furthermore, the company considers it fundamental to reinforce its commitment to a risk prevention culture and to optimising resources.

Thanks to the individual commitment of all its employees and the involvement of suppliers, contractors and collaborating companies, the ACS Group continues to advance in building the desired risk prevention culture, approaching its ultimate objective of achieving an accident rate of zero.

MANAGEMENT MODEL

The ACS Group's risk prevention policy complies with the various Occupational Health and Safety regulations which govern the area in the countries where it is operates, at the same time as promoting integration of occupational risks into the company strategy by means of advanced practices, training and information.

Despite the fact that they operate independently, the great majority of the Group's companies share common principles in the management of their employees' health and safety. These principles are the following:

- Compliance with current legislation on occupational risk prevention and other requirements voluntarily observed.
- Integration of occupational risk prevention into the set of initiatives and at all levels, implemented through correct planning and its putting into practice.
- Adoption of all those measures necessary to ensure employees' protection and well-being.
- Achieving continuous improvement of the system by means of appropriate training and information as regards risk prevention.
- Qualification of staff and application of technological innovations.
- Definition and spreading worldwide of shared, homogeneous standards which enable assessment of Group companies in Safety terms.
- Variable remuneration depending on the success of the risk prevention and safety policy.

The great majority of Group companies report the existence of a health and safety management function and system which deals with the implementation of the policy and of the action plans developed in accordance with the priorities identified. In general, these ACS Group companies share a series of characteristics in risk prevention management:

- Implementation of systems for management of health and safety risk prevention, developed according to the OHSAS 18001 reference standard. This policy was reported by companies representing 70.75% of Group employees.
- The existence of systems audited internally and/or externally, in addition to the audits regulated by law (90.67% of Group employees).
- Definition of objectives and planning of preventive actions in the framework of the policy and particular nature of each company, an aspect which affects 97.63% of the Group's employees.
- A worldwide system affecting 70.25% of ACS's people.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

In line with the risk prevention policy, and within these Group companies' management systems, these are the main common characteristics:

- There are systems for regular assessment of the risks to which workers are exposed in companies representing 70.75% of ACS Group employees.
- Risk prevention plans are defined which take in the improvements detected in these assessment procedures (97.63% of Group employees).
- Systems which could have resulted in an incident are identified and recorded (analysis of near misses) in companies representing 97.56% of ACS's employees.
- Workers' and managers' remuneration are referenced to fulfilment of formal targets as regards health and safety in 89.68% of the ACS Group.
- There are integrated computerised systems in the great majority of Group companies, which are used to monitor data related to employee and subcontractor health and safety.

The supervision and optimisation of these systems involves setting and monitoring objectives, which are generally annual, approved by senior management and transferred to the company's various levels to be fulfilled.

The Risk Prevention Plans prepared in the Group companies include the conclusions from the regular risk assessments and guidelines for action are laid down for achieving the objectives set. Likewise, in many of the Group's companies, specific assessments are carried out for activities and centres, leading to Specific Risk Prevention Plans.

Along these lines, certain groups of workers who, due to their occupation, are at high risk of contracting specific diseases, are given special consideration. In 2013, there 2,378 people were identified in this category.

SPENDING ON HEALTH AND SAFETY[25]

	2011	2012	2013
Spending (€ million)	26.6	220.1	168.1
Spending per employee (€)	163.7	1,354.8	1,066.1

25 Information for Leighton is included for 2012 and 2013, which was not available in the 2012 report.

La formación e información son fundamentales para el desarrollo de la política preventiva del Grupo ACS y son el medio más eficaz para sensibilizar a las personas de la compañía hacia la seguridad y la salud.

TRAINING IN HEALTH AND SAFETY

	2012	2013
Employees who have received training in Health and Safety matters during the year (%)	58.9%	76.4%
Employees who have received training on Health and Safety matters during their career with the company (%)	71.2%	89.5%

ACCIDENT RATE INDICES EMPLOYEES[26]

	2011	2012	2013
Frequency	**24.43**	**27.84**	**15.14**
Construction	10.09	10.70	3.67
Industrial Services	21.27	16.83	12.25
Environment	67.93	64.89	56.79
Severity	**0.75**	**0.73**	**0.44**
Construction	0.33	0.27	0.12
Industrial Services	0.51	0.54	1.70
Environment	2.30	1.63	0.31
Incident rate	**22.63**	**30.20**	**28.11**
Construction	9.31	8.47	6.89
Industrial Services	25.32	22.39	100.26
Environment	87.37	109.29	22.89

In the Frequency Rate, the scope of the employees covered for 2012 is 52% and for 2013 is 99%. This is due to Leighton not reporting its information for 2012, but doing so for 2013.

MAIN MANAGEMENT INDICATORS - HEALTH AND SAFETY

	2012	2013	Objective for 2015
Percentage of total employees covered by OSHAS18001 certification	88.9%	70.8%	> 2013
Frequency Rate	27.84	15.14	< 2013
Total number of Accidents with employee time off	4,723	4,326	< 2013
Spending per employee on Safety (€)	1,354.82	1,066.11	> 2013
Employees who have received training on Health and Safety matters during their career with the company (%)	71.2%	89.5%	> 2013

In the Frequency Rate, the scope of the employees covered for 2012 is 52% and for 2013 is 99%. This is due to Leighton not reporting its information for 2012, but doing so for 2013.

26 Frequency Rate: Number of accidents that have occurred during the working day per million hours worked.
Severity Rate: Number of working days missed due to accidents per 1,000 hours worked.
Incident Rate: Number of accidents with time off per thousand workers.
Professional disease rate: Total number of cases of occupational diseases over the total number of hours worked, times 200,000.

THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

SOCIAL ACTION IN THE ACS GROUP

The ACS Group channels its social action through the ACS Foundation, the formal social action policy of which is stated in its foundation charters and which is guided by several principles for action:

- Philanthropic action by means of donations and contributions to specialised institutions.
- Actions in various fields of work: accessibility, assistance to development, environment, cultural and educational promotion, dissemination and restoration of Spanish national heritage, collaboration with scientific institutions and sponsorship and patronage of philanthropic institutions, universities, technical schools and other learning centres.
- Selection of projects which provide the greatest social benefit –carried out with prestigious bodies, leaders in their field– and of great general interest.
- Setting up of mixed monitoring committees, between donor and beneficiary, to monitor the execution of significant projects.

The ACS Foundation was created to return part of the profits generated by our business to society to improve the quality of life of its citizens in any physical, human, training, cultural or environmental aspect and in support of human rights and the achievement of millennium goals.

To carry out this Social Action, the ACS Group's Board approves a budget annually to make it possible to implement projects framed in the Foundation's ideology and charter, which are executed by the institutions that receive them. An agreement is drawn up with each of them to define each party's obligations, so guaranteeing complete transparency in the management of the Foundation.

In 2013, the ACS Foundation spent €3.985 million, equivalent to 94.9% of its budget. A budget of €4.244 million has been approved for 2014.

Category	**Amount allocated**
MILLION EUROS	
Elimination of barriers (disability)	0.793
Environment	0.105
Research	0.502
Promotion of cultural activities	0.923
Aid to other foundations and institutions	1.257
Others[32]	0.405
TOTAL	**3.985**

27 Personnel and other costs for actions, such as training, payment of teachers, publishing of materials, etc.

INFORME GLOBAL REPORTING INITIATIVE (GRI)

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Grupo ACS** has presented its report "Corporate Social Responsibility Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 19 March 2014

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

The "+" has been added to this Application Level because Grupo ACS has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on <<date>>. GRI explicitly excludes the statement being applied to any later changes to such material.*

ACS GROUP GOVERNANCE

ACS GROUP SHAREHOLDERS

ACS, Actividades de Construcción y Servicios, S.A., (ACS), the ACS Group's parent company, is a Spanish quoted limited company, the share capital of which totalled €157,332,297 at 31 December 2013, represented by 314,664,594 shares, with a face value of €0.50 per share, fully subscribed and paid up, all of a single class and with the same rights.

ACS's shares are represented by means of book entries and admitted to trading in all Spain's Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). You can access the main data relating to the company's ownership structure in real time through the company's corporate website, www.grupoacs.com, and that of the Spanish Stock Market Commission (C.N.M.V.), www.cnmv.es, as reflected in the following table as at 31 December 2013:

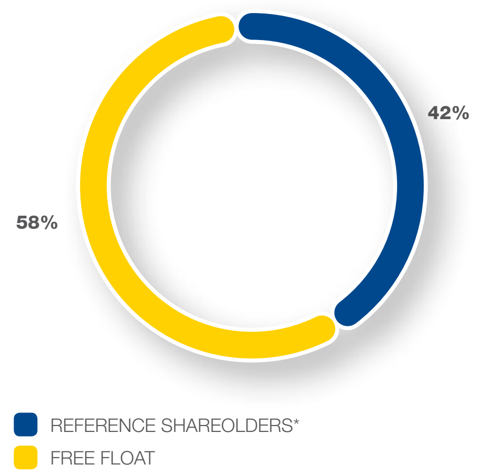
Shareholder's name or corporate name	Number of shares	Percentage of the total number of shares
Corporación Financiera Alba, S.A.	51,305,942	16.30%
Inversiones Vesán, S.A.	39,397,625	12.52%
Sayglo Holding, S.L.	17,741,012	5.64%
Mr. Alberto Cortina Alcocer	12,277,713	3.90%
Mr. Alberto Alcocer Torra	11,502,616	3.66%

The information obtained from IBERCLEAR, the Spanish Central Securities Depository, for the call to the company's most recent General Shareholders' Meeting, held on 10 May 2013, showed a total of 47,237 shareholders. There were 42,857 resident minority shareholders, who held 15.2% of the share capital. There were 4,380 non-resident shareholders and domestic institutional shareholders with a remaining stake of 84.8%.

According to the stated data and bearing in mind those shareholders who, with a share of over 4% of the capital, also have representation on the board of directors, the distribution of capital ownership is as follows:

CAPITAL OWNERSHIP DISTRIBUTION

%



*Representation on the Board.

ACS is a company committed to generating value for its shareholders, both from the point of view of dividend distribution and share price appreciation. In terms of total shareholder return, an investor who bought one share in ACS on 31 December 1996, just before the creation of ACS in its current form, would have obtained, at the end of 2013, annual profitability of 25.28%. If he or she had invested €100 on that day, at the end of 2013 he or she would have had €4,613, meaning that the investment would have multiplied by 46.13. Total shareholder return includes stock market appreciation and the dividends paid by the ACS Group.

ACS STOCK

	2011	2012	2013
Closing Price	**€22.90**	**€19.04**	**€25.02**
Appreciation of ACS shares	-34.71%	-16.86%	31.41%
Appreciation of the IBEX35	-13.11%	-4.66%	21.42%
Maximum closing price	**€37.94**	**€25.10**	**€25.02**
Minimum closing price	**€21.75**	**€10.38**	**€16.76**
Average price over the period	**€29.67**	**€16.77**	**€21.11**
Total volume (thousands)	**220,147**	**227,383**	**201,945**
Average daily volume of shares (thousands)	857	888	792
Turnover (€ million)	**6,531**	**3,812**	**4,248**
Average daily turnover (€ million)	25.41	14.89	16.66
Number of shares (millions)	314.66	314.66	314.66
Capitalisation at the end of the period (million)	**7,206**	**5,991**	**7,873**

ACS GOVERNANCE STRUCTURE

It is laid down in the Company's Articles of Association and the Rules of the Board of Directors that ACS will be governed by a Board of Directors made up of a minimum of eleven (11) and a maximum of twenty-one (21) members. ACS's Board Members are named according to a procedure to assess their competences, knowledge, experience and dedication to proper fulfilment of their task, carried out by the Board of Directors' Appointments and Remuneration Committee.

As ACS's decision-making body, it falls to the Shareholders' Meeting, at the proposal of the Board of Directors, both to set the exact number of members of the Board, within these limits, and to name the people to occupy these posts.

ACS GROUP GOVERNANCE

The composition of the Board of Directors is based on a proportional principle, by means of which the interests of all ACS's groups of shareholders are represented on the Board. In this way, at 31 December 2013, ACS's Board of Directors was made up of 17 Board Members: 4 executive members, 8 members representing major shareholders, 4 independent members and 1 external member. There is one woman board member representing major shareholders, Sabina Fluxá Thienemann[28]. The ACS Group promotes all the policies necessary to ensure equality of opportunities and to avoid implicit bias and any discrimination in selection processes not just for members of the Board of Directors, but also for any work position and to guarantee that the applicants meet the competence, knowledge and experience requirements to carry out their work, as stated in point 1.3.1 of the ACS Code of Conduct. The number of women Board Members represents 5.88% of the total number of members of the Board of Directors. Although this is less than half, it must be borne in mind that all the vacancies occurring on the Board in recent years have been closed or filled by a woman.

28 Personal information on ACS's board members can be found on the ACS Group's website: http://www.grupoacs.com/index.php/es/c/gobiernocorporativo_consejodeadministracion

The mission of these independent and external board members is to represent the interests of the free-float capital on the Board of Directors. The Chairman of the Board of Directors, Florentino Pérez, is also the CEO of ACS.

Board Member	Year of birth
Florentino Pérez Rodríguez	1947
Antonio Garcia Ferrer	1945
Pablo Vallbona Vadell	1942
Agustín Batuecas Torrego	1949
José Álvaro Cuervo García	1942
Manuel Delgado Solís	1948
Javier Echenique Landiríbar	1951
Sabina Fluxá Thienemann	1980
Joan-David Grimà i Terré	1953
José María Loizaga Viguri	1936
Pedro López Jiménez	1942
Juan March de la Lastra	1973
Santos Martínez-Conde Gutiérrez-Barquín	1955
Javier Monzón de Cáceres	1956
Miquel Roca i Junyent	1940
Julio Sacristán Fidalgo	1940
José Luis del Valle Pérez	1950

GOVERNANCE PROCEDURES IN ACS

As regards the function of the Board of Directors, this acts jointly and is granted the broadest of powers to represent and govern the company as the body supervising and controlling its activity, but also with the capacity to assume the responsibilities and decision-making powers directly on the management of the businesses.

In particular, the Board of Directors fully reserves the authority to approve the following general policies and strategies:

- Investment and financing policy.
- Definition of the corporate group structure.
- Corporate governance policy.
- Policy for Corporate Responsibility.
- The Strategic or Business Plan, as well as management targets and annual budgets.
- Senior executive management assessment and remuneration policies.
- The risk control and management policy, in addition to the periodic monitoring of internal information and control systems.
- The policy on dividends, as well as on treasury stock and its limits.
- Related-party transactions, except in those cases anticipated by the Regulations.

For greater efficiency in its functions, a series of Commissions are constituted within the Board of Directors, the task of which consists of controlling and monitoring those areas of greatest importance for good governance of the company. The Board of Directors is currently made up of three commissions: the Executive Commission, the Audit Committee and the Appointments and Remuneration Committee.

The Executive Committee is a delegated committee which can exercise all the Board of Directors' powers except those which cannot be delegated or which the Board reserves as its competence.

The Audit Committee has the main functions detailed in the ACS Group's Corporate Governance Report (Section C.2.3), outstanding among which are the accounting control functions, supervision of compliance with the ACS Group Code of Conduct and risk management, among others.

Finally, the Appointments and Remuneration Committee has the main functions detailed in the ACS Group's Corporate Governance Report (Section C.2.4), outstanding among which are control of board member and senior management remuneration and performance, proposals for their appointments and matters relating to gender diversity on the Board of Directors, among others.

ACS GROUP GOVERNANCE

The Board Members' remuneration is defined by a general policy approved by the full Board, heeding the recommendations of the Appointments and Remuneration Committee. The total remuneration of the ACS Group's Board Members in 2013 was €12.86 million, 1.8% of the company's net profit. Within the ACS Group's transparency and information policy, the remuneration received by both the members of the Board of Directors and the Senior Executives during the financial year, both of which are summarised here, is shown in the Annual Corporate Governance Report.

Remuneration to the Board of Directors	Thousands euros
Remuneration to the Board of Directors	10,793
Value of the overall remuneration corresponding to rights accumulated by the Board Members as regards pensions	2,070
Overall remuneration to the Board of Directors	**12,863**
Total remuneration of Senior Executives (52 Executives)	**24,638**

The detail of individualised remunerations to the Board of Directors is delivered to the General Shareholders' Meeting in the Annual Remuneration Report, which is also available via the CNMV.

Assessment of the Board of Directors quality and efficiency of performance is a task which falls to the Board itself and cannot be delegated. It is carried out after receiving a report from the Appointments and Remuneration Committee. Furthermore, the General Shareholders' Meeting submits approval of the Board of Directors' management to a vote every year.

Finally, the ACS Group, through the Rules of the ACS Board of Directors, has detailed rules on the mechanisms laid down for detecting, determining and resolving possible conflicts of interest between the company and/or its group and its board members, managers or significant shareholders, as detailed in point D.6 of the ACS Group's Corporate Governance Report.

SHAREHOLDERS RIGHTS AND THE GENERAL SHAREHOLDERS' MEETING

The operation of the Shareholders' Meeting and the rights of the shareholders are regulated in ACS's Company Articles of Association and in the Rules of the Shareholders' Meeting. According to Article 1 of the latter, the Shareholders' Meeting is the supreme body for the expression of the will of the company and its decision making.

As such, according to these Rules, the Group's shareholders represented in the General Shareholders' Meeting will decide all matters within the Meeting's powers by majority. This meeting will be made up of those holders of at least one hundred shares present or represented, such that holders of less than one hundred shares can group together to reach this number.

In addition, shareholders' attendance and voting rights are laid down in these Rules, by means of which egalitarian treatment is guaranteed for all and a series of measures aimed at encouraging shareholders' participation in the General Meeting are included. As such, not only is delegation or representation of votes permitted during the Meeting, but the possibility of shareholders casting their vote remotely is also expressly established. Furthermore, since the Ordinary General Shareholders' Meeting of 19 May 2005, the necessary procedures have been articulated for exercising the right to vote in advance remotely. The measures adopted by the Group to encourage attendance of the Meeting are positively reflected in their attendance percentages.

Likewise, the shareholders' and investors' rights to information are detailed in several parts of the Rules of the Shareholders' Meeting. Indeed, all the necessary information is made available to the shareholders prior to holding each Meeting, in that, in addition to the standard information provided by the company in the annual, half-yearly or quarterly reports, the Group maintains a website with all the fundamental data on it. Periodic meetings are also held with analysts for this information to reach both shareholders and the general market in the fairest, most symmetrical and efficient way possible.

The ACS Group not only sets up permanent communications channels with its shareholders and investors, but also ensures that all the information made available to them is truthful and rigorous. The Audit Commission reviews this information before it is transmitted to confirm that it is prepared in accordance with the professional principles, criteria and practices with which the accounts are prepared.

ACS's Board of Directors has, over a number of years, also been promoting measures to guarantee the transparency of the company's action in the financial markets and to exercise as many functions as result from its position as a listed company on the stock exchanges. To this effect, we try to ensure that knowledge of significant events is restricted, until made public, to the minimum number of identified people.

Attendance at Shareholders' Meetings	**2009 Ordinary**	**2010 Ordinary**	**2010 Extraordinary**	**2011 Ordinary**	**2012 Ordinary**	**2013 Ordinary**
Shareholders Present	208	213	115	179	216	226
Quorum Shareholders Present	7.66%	19.44%	19.93%	20.55%	20.05%	20.19%
Shareholders Represented	2,763	2,776	2,183	2,792	2,368	2,214
Quorum Shareholders Represented	70.88%	58.22%	57.11%	54.41%	51.40%	55.06%
Quorum Total	**78.54%**	**77.66%**	**77.04%**	**74.96%**	**71.45%**	**75.25%**

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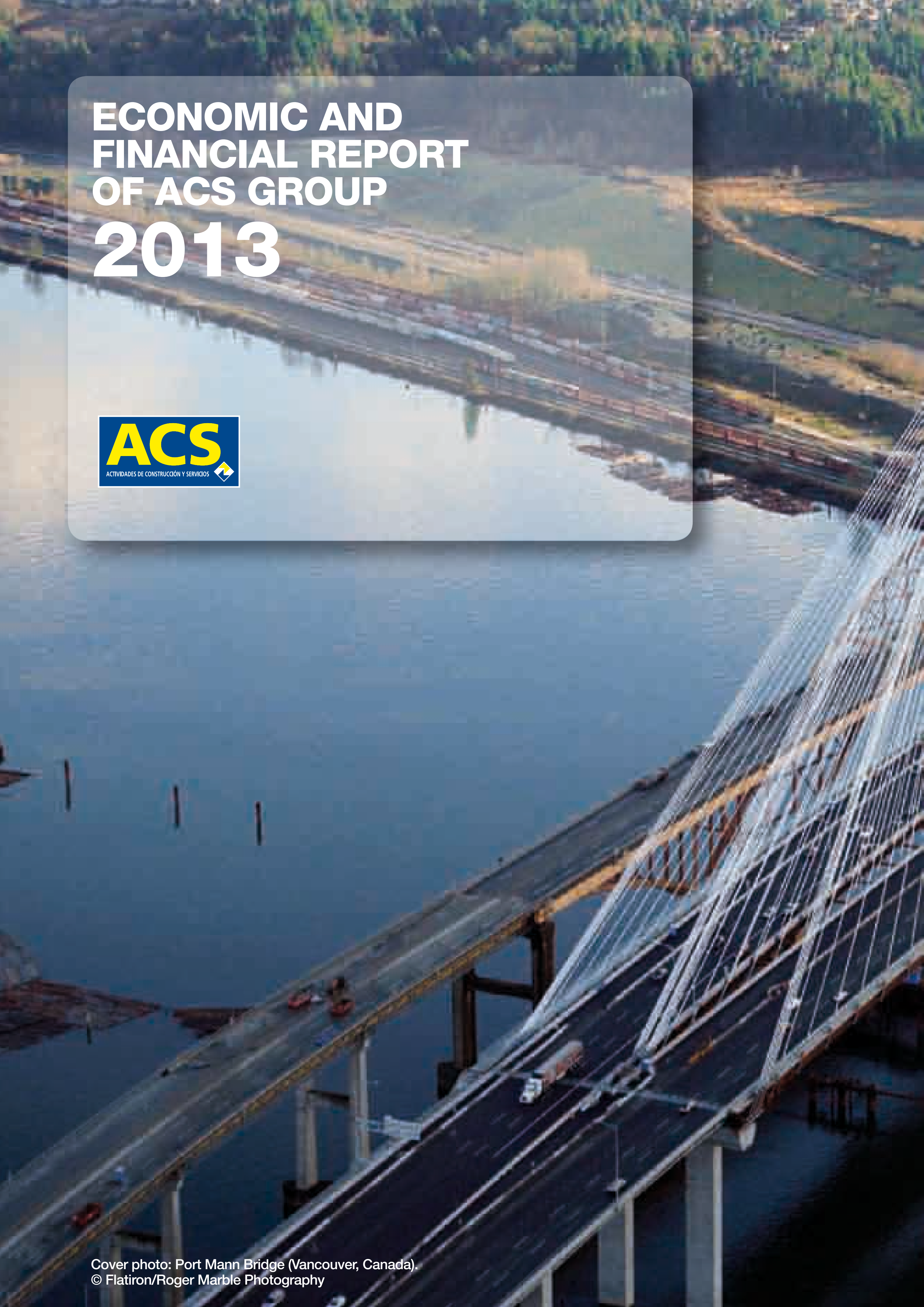
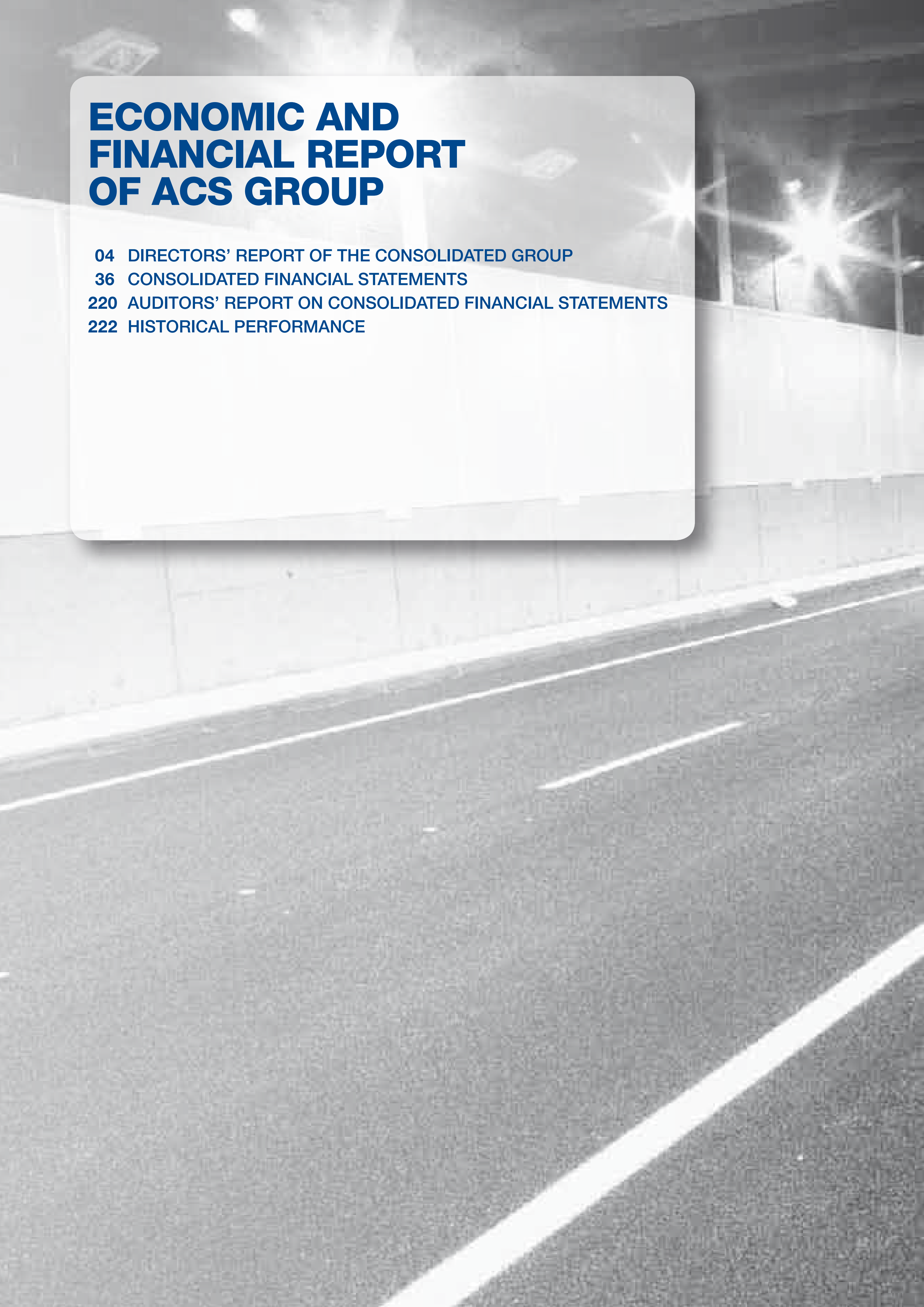
ECONOMIC AND FINANCIAL REPORT OF ACS GROUP 2013

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



Cover photo: Port Mann Bridge (Vancouver, Canada).



ECONOMIC AND FINANCIAL REPORT OF ACS GROUP

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1. PERFORMANCE OF THE ACS GROUP IN 2013

1.1. HIGHLIGHTS

KEY OPERATING & FINANCIAL AGGREGATES

Millions of euros	2012	2013	Change
Sales	**38,396**	**38,373**	**(0.1)%**
Backlog (1)	**74,588**	**63,419**	**(15.0)%**
Months	21	18	
EBITDA	**3,088**	**3,002**	**(2.8)%**
Margin	8.0%	7.8%	
EBIT	**1,579**	**1,746**	**10.5%**
Margin	4.1%	4.5%	
Recurring net profit (2)	**582**	**580**	**(0.3)%**
Attributable Net Profit (3)	**(1,928)**	**702**	**n.a.**
EPS	**€(6.62)**	**€2.26**	**n.a.**
Cash Flow from Activities	**1,506**	**1,959**	**30.1%**
Net Investments	**(2,285)**	**476**	**n.a.**
Investments	2,496	2,484	(0.5)%
Divestments	4,781	2,008	(58.0)%
Net debt	**4,952**	**4,235**	**(14.5)%**
Net Business Debt	4,171	3,550	(14.9)%
Project Financing	781	685	(12.3)%

NOTE: Data presented in accordance with ACS Group management criterion.
(1) Includes backlog proportional to the participation in the joint ventures which the Group has not fully consolidated. The comparable change is (2.0)%, or EUR 1,482 million.
(2) Net profit excluding extraordinary results and the net contribution of the investees, Abertis and Iberdrola.
(3) The balance sheet, the income statement and the statement of cash flows have been restated as a result of the entry into force of revised IAS 19 which is applied retroactively. This standard affects the recognition and measurement of the defined contribution pension plans and only has a significant impact on the performance of assets related to the plans which are recognised in the income statement which, as a result of the change, are determined based on the interest rate used to discount the defined benefit liability, instead of the market expectations. The effect on the ACS Group is a loss of EUR 1.5 million in 2012, also included under equity.

Sales for the year amounted to EUR 38,373 million, 0.1% less than in 2012 as a result of the change in the exchange rates, particularly the depreciation of the Australian dollar. Without this impact, sales would have grown by 6.1%. The activity outside of Spain represents 86.3% of sales with growth of 2.2%.

In backlog amounts to EUR 63,419 million, down 15.0% in the last twelve months. Of the total reduction of EUR 11,169 million, EUR 6,877 million are due mainly to the depreciation of the AUD/EUR (-17.7%) and USD/EUR (-4.0%) exchange rates. Additionally, the variations due to changes in the scope of consolidation amount to EUR 2,811 million and relate basically to the sale of the Services businesses of Hochtief Europa and the Telecommunications business of Leighton and the fact that Dragados no longer includes the concessions in Greece within its scope of consolidation. By way of comparison, the 2.0% decrease, equal to EUR 1,482 million, mainly in Spain, is due the reduction in public spending and in Australia to the hiring slowdown in the mining sector

PERFORMANCE OF THE BACKLOG AND PRODUCTION

Millions of euros	2012	2013	Change	Comp. Change*
Backlog	**74,588**	**63,419**	**(15.0)%**	**(2.0)%**
Direct	65,626	54,007	(17.7)%	(3.7)%
Proportional**	8,962	9,412	5.0%	10.8%
Production	**42,563**	**41,729**	**(2.0)%**	**4.1%**
Direct	38,396	38,373	(0.1)%	6.1%
Proportional**	4,167	3,356	(19.5)%	(16.3)%

* Comparable change not including the effects of exchange rate and/or changes in the scope of consolidation.
** Backlog and production equal to the proportional participation in the joint ventures which the Group has not fully consolidated.

EBITDA for the Group amounts to EUR 3,002 million, representing a decrease of 2.8% compared to the same period for 2012. This decrease arises from the Construction activity which reduced its operating margin due to the depreciation of the Australian dollar, the sale of Leighton's telecommunications business, the gross margin of which is larger than average and the drop in activity in Spain. Without the impact of the change in exchange rates, EBITDA would have grown by 3.1%.

In turn, EBIT grew 10.5%, thanks to a smaller depreciation and amortisation charge in Hochtief, mainly to a decrease in the amortisations of the PPA and the aforementioned sale of the telecommunications activity. Without the effect of the changes in the euro exchange rates, EBIT would have grown 16.9%.

The net profit attributable to the Group amounted to EUR 702 million, while the 2012 figure was significantly affected by the restructuring ACS carried out related to its investment in Iberdrola.

RECONCILIATION OF NET RECURRING PROFIT

Millions of euros	2012	2013	Change
Recurring Net Profit Construction	249	261	4.9%
Recurring Net Profit Industrial Services	416	418	0.5%
Recurring Net Profit Environment	72	79	8.9%
Recurring Net Profit Corporation	(154)	(177)	14.3%
Net structural costs	(39)	(33)	(14.5)%
Net financial result	(136)	(141)	4.0%
Other	21	(2)	n.s.
Recurring Net Profit	**582**	**580**	**(0.3)%**
Net ordinary contribution ABE	44	0	
Net ordinary contribution IBE	31	25	
Gains and other extraordinary profit	(2,585)	96	
Attributable Net Profit	**(1,928)**	**702**	**n.a.**

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

Eliminating the contributions of Abertis and Iberdrola, and all of the extraordinary results in both periods, which in 2013 included mainly the positive performance of the fair value of the derivatives and the provisions for risks, the recurring profit of the ACS Group in 2013 amounted to EUR 580 million, 0.3% down on 2012 as a result of the increased equivalent tax rate.

The net debt for the ACS Group dropped by 14.5% in the last twelve months to EUR 4,235 million, as a result of the divestments carried out in the period.

The following significant events occurred during 2013:

- On 23 January 2013, the ACS Group sold 20.2 million treasury shares to three financial institutions amounting to EUR 360 million, equal to EUR 17.83 per share. In addition, the Group entered into a derivative contract for the same number of ACS shares, payable only in cash and within a period of two years that may be extended for a further year.

- On 14 March, Hochtief, A.G. issued a corporate bond amounting to EUR 750 million maturing in seven years and an annual coupon of 3.875%.

- On 21 March, ACS formally executed a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 500, million which was registered in the Irish Stock Exchange. Banco Santander is the programme implementation coordinator (arranger), the entity who also acts as designated intermediary (dealer). By means of this programme, ACS regularly issues promissory notes maturing between 1 and 364 days, thereby enabling it to diversify its means of obtaining financing on capital markets. The outstanding balance at 31 December 2013 was EUR 310 million.

- On 10 May 2013, the ACS Group held the Annual General Meeting in which the shareholders approved the distribution of a dividend of EUR 1.15 per share. It was distributed in July 2013 using a flexible dividend system through which 55.07% of ACS shareholders chose to sell their rights to ACS through the Purchase Commitment, entailing the acquisition by ACS of 173,299,108 rights for a gross amount of EUR 192.7 million. The remaining shareholders chose the share option, as a result of which 7,853,637 shares of ACS were issued which were admitted to listing on 26 July 2013. Subsequently, on 29 August 2013, the retirement of the same number of ACS treasury shares was approved, which was carried out in September 2013. Consequently, the ACS shares admitted to listing from 23 September 2013 are the same as those which at the beginning of the year amounted to 314,664,594.

- On 13 June 2013, Hochtief announced a plan to acquire treasury shares equal to approximately 5.6% of its share capital. The aforementioned plan was completed in December 2013 and, thus at 2013 year end the company held 10% of its treasury shares.

- On 21 June 2013, Leighton launched a debt issue with a bank syndicate for AUD 1,000 million in order to finance the Company's working and general capital needs, whereby it refinanced an instrument similar to the one which matured in December 2013 and which consisted of AUD 600 million in capital.

- On 28 June 2013, Leighton Holding completed the sale to Ontario Teachers' Pension Plan of approximately 70% of its telecommunication assets which included the companies Nextgen Networks, Metronode and Infoplex. The sale price of AUD 771 million represented 100% of the aforementioned assets.

- At 23 July 2013, Dragados launched a delisting takeover bid for its Polish investee POL-AQUA. On 19 September the takeover bid was completed in which 8.3 million shares, representing 30.18% of the share capital were acquired for EUR 6.9 million. Subsequently, a compulsory purchase process was carried out on the remaining 3.82% of the share capital to reach 100% of the share capital of POL-AQUA.

- On 25 July 2013, the Cobra Group successfully placed the “Project Bond” for the Castor Project, the first with these characteristics issued with the European Investment Bank’s Project Bond Credit Enhancement (PBCE) guarantee programme. The issue amount was EUR 1,400 million, for a 21.5 year period and a final rate of 5.756% (BBB+ Fitch rating and BBB S&P rating). Furthermore, during the final months of 2013, certain events occurred which lead the plant’s activity to be suspended by the Ministry of Industry, Energy and Tourism, thereby preventing the plant’s entry into service. The ACS Group expects that, after the appropriate technical studies and the corresponding technical and accounting audit which have been carried out, the aforementioned problems will be resolved satisfactorily. In any case, the ACS Group understands that Escal UGS (owner of the Castor project) has the right to return the concession at any time, whereby it has the right to collect the total net carrying amount thereof and, consequently, the investment is fully recoverable.

- On 30 September, Hochtief, A.G. completed the sale of its airport assets to a subsidiary of the Canadian pension fund, Public Sector Pension Investment Board, for EUR 1,083 million.

- In September 2013 Hochtief also announced the final closing of the sale of its services line of business to Servicios a Spie, S.A., for EUR 236 million.

- On 4 October 2013, ACS, Actividades Finance, B.V. (a Dutch subsidiary wholly owned by ACS, Actividades de Construcción y Servicios, S.A.) issued bonds that are exchangeable for Iberdrola shares for EUR 721.1 million, with the following characteristics:

  - A term of five years maturing on 22 October 2018, unless they are exchanged or redeemed early. The price for redeeming the bonds on maturity will be 100% of the nominal value, unless they are exchanged.

  - Annual nominal fixed interest of 2.625%, payable quarterly in arrears.

  - The exchange price is EUR 5.7688 per each Iberdrola share, which represents a premium of 35% on the reference quoted price of the session in which the issue was launched. As of 12 November 2016, ACS will have the option of redeeming the bonds early if the value of the Iberdrola shares exceeds 130% of the exchange price applicable during at least 20 trading days in any period of 30 consecutive trading days.

  - The bond holders will have the option of redeeming the bonds in the third year or if there is any change of control of ACS.

  - The bonds are listed in the open market (Freiverkehr) on the Frankfurt Stock Exchange.

- Since mid-2012, the ACS Group has had several financial derivative contracts with various financial institutions over Iberdrola (call spreads), which offered an increased exposure from EUR 3.26 to EUR 4.73 per share for a notional amount of 597.3 million underlying shares. As a result of the increase in the quoted price of the aforementioned underlying asset, on 20 December the parties agreed to replace the previous structure with a new one (put spread), which has the same exposure profile and maturity periods, however the strike price and the number of underlying shares were slightly adjusted as a result of the changes in Iberdrola’s dividend policy. This change enabled the ACS Group to monetise the value of these derivatives for a total of EUR 856 million included in the balance sheet at 2013 year end.

- On 12 December 2013, the Board of Directors of ACS approved the distribution of the interim dividend of EUR 0.446 per share. It was distributed in February 2014 using a flexible dividend system through which 49.5% of ACS shareholders chose to sell their rights to ACS through the Purchase Commitment, entailing the acquisition by ACS of 155,768,093 rights for a gross amount of EUR 69.5 million. The remaining shareholders chose the share option, as a result of which 2,562,846 shares of ACS were issued which were admitted to listing on 26 February 2014.

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- As a result of the publication of this proposed ministerial order, for the approval of the remuneration parameters of the standard facilities applicable to certain electrical power production from renewable energy sources, cogeneration and waste, on 3 February 2014, subject to a consultation period, the ACS Group made a preliminary estimate of the impact that such a regulation would have on the Group's wind farms and solar thermal plants and recognised a provision of EUR 199 million at 31 December 2013, in addition to the provision of EUR 300 million recognised in 2012 in relation to these assets.

1.2. CONSOLIDATED INCOME STATEMENT OF THE ACS GROUP

CONSOLIDATED INCOME STATEMENT

Millions of euros	2012	%	2013	%	Change
Net Sales	**38,396**	**100.0%**	**38,373**	**100.0%**	**(0.1)%**
Other income	404	1.1%	571	1.5%	41.4%
Total Income	**38,800**	**101.1%**	**38,943**	**101.5%**	**0.4%**
Operating expenses	(27,031)	(70.4)%	(27,602)	(71.9)%	2.1%
Staff costs	(8,681)	(22.6)%	(8,340)	(21.7)%	(3.9)%
Operating Cash Flow (EBITDA)	**3,088**	**8.0%**	**3,002**	**7.8%**	**(2.8)%**
Depreciation and amortisation charge	(1,469)	(3.8)%	(1,208)	(3.1)%	(17.8)%
Current assets provisions	(40)	(0.1)%	(48)	(0.1)%	19.9%
Ordinary Operating Profit (EBIT)	**1,579**	**4.1%**	**1,746**	**4.5%**	**10.5%**
Impairment losses and gains and losses on disposal of non-current assets	37	0.1%	(200)	(0.5)%	n.a.
Other gains or losses	(25)	(0.1)%	98	0.3%	n.a.
Operating Profit	**1,591**	**4.1%**	**1,645**	**4.3%**	**3.3%**
Financial Income	508	1.3%	361	0.9%	(29.0)%
Financial expenses	(1,295)	(3.4)%	(1,124)	(2.9)%	(13.2)%
Ordinary Financial Result	**(787)**	**(2.0)%**	**(763)**	**(2.0)%**	**(3.0)%**
Exchange Differences	-	0.0%	(25)	(0.1)%	n.a.
Change in fair value of financial instruments	105	0.3%	555	1.4%	n.a.
Impairment and gains or losses on disposal of financial instruments	(3,770)	(9.8)%	256	0.7%	n.a.
Net Financial Result	(4,451)	(11.6)%	23	0.1%	n.a.
Results on equity method	339	0.9%	96	0.3%	(71.7)%
PBT of continued operations	**(2,520)**	**(6.6)%**	**1,764**	**4.6%**	**n.a.**
Income tax	1,005	2.6%	(517)	(1.3)%	n.a.
Net profit of continued operations	**(1,515)**	**(3.9)%**	**1,247**	**3.2%**	**n.a.**
Profit after taxes of the discontinued operations	107	0.3%	-	-	n.a.
Consolidated Result	**(1,408)**	**(3.7)%**	**1,247**	**3.2%**	**n.a.**
Non-controlling Interests	(520)	(1.4)%	(545)	(1.4)%	4.8%
Profit Attributable to the Parent Company	**(1,928)**	**(5.0)%**	**702**	**1.8%**	**n.a.**

1.2.1. Revenue and backlog

ACS Group's turnover in 2013 amounted to EUR 38,373 million, 0.1% less than in 2012. This figure is affected by the drop in activity in Spain and also by the impact of exchange rates. Without this impact, sales would have grown by 6.1%.

Sales according to geographical area show the diversification of the Group's sources of income, where Asia Pacific represented 39.2% of sales, Americas 34% and Europe 25.6%. Spain represented 13.7% of the Group's total sales.

SALES BY GEOGRAPHICAL AREAS

Millions of euros	2012	%	2013	%	Change
Spain	5,975	15.6%	5,245	13.7%	(12.2)%
Rest of Europe	4,349	11.3%	4,549	11.9%	4.6%
Americas	12,298	32.0%	13,054	34.0%	6.1%
Asia Pacific	15,551	40.5%	15,061	39.2%	(3.2)%
Africa	223	0.6%	463	1.2%	108.1%
Total	**38,396**		**38,373**		**(0.1)%**

SALES PER GEOGRAPHICAL AREA

(excluding adjustments between areas of activity)

	Construction			Environment			Industrial Services		
Millions of euros	2012	2013	Change	2012	2013	Change	2012	2013	Change
Spain	1,810	1,393	(23.1)%	2,938	2,739	(6.8)%	1,254	1,148	(8.5)%
Rest of Europe	3,370	3,560	5.7%	782	693	(11.5)%	196	296	50.5%
Americas	9,146	9,754	6.7%	2,992	3,014	0.7%	162	286	76.3%
Asia Pacific	15,355	14,851	(3.3)%	166	210	26.2%	30	-	n.s.
Africa	2	1	n.s.	172	411	139.1%	48	52	8.3%
Total	**29,683**	**29,559**	**(0.4)%**	**7,050**	**7,067**	**0.2%**	**1,691**	**1,781**	**5.3%**

By lines of business, the growth in Europe and North America is notable, compensating for the drop in Spain. Industrial Services compensates the decline in its activity in Spain and Europe with projects mainly in Latin America, the Middle East and incipient activity in countries like South Africa. Environment offsets the reduced activity in Spain, as a result of government budget cuts, with strong growth in Europe and America, which will be solidified by the recent concessions obtained.

The backlog, which amounts to EUR 63,419 million, recorded a 15.0% slide as a result of the divestments carried out in the year and the performance of the euro against various currencies, mainly the Australian dollar and the North American dollar. In comparable terms, excluding the impact of exchange rate fluctuations, in addition to the changes in the scope of consolidation, the drop would be 2.0%, or EUR 1,482 million.

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BACKLOG BY GEOGRAPHICAL AREAS

Millions of euros	Dec-12	%	Dec-13	%	Change
Spain	11,448	15.3%	10,177	16.0%	(11.1)%
Rest of Europe	12,162	16.3%	9,044	14.3%	(25.6)%
America	17,208	23.1%	16,255	25.6%	(5.5)%
Asia Pacific	33,145	44.4%	27,544	43.4%	(16.9)%
Africa	626	0.8%	398	0.6%	(36.4)%
TOTAL	**74,588**		**63,419**		**(15.0)%**

BACKLOG BY GEOGRAPHICAL AREAS

	Construction			Environment			Industrial Services		
Thousands of euros	Dec-12	Dec-13	Change	Dec-12	Dec-13	Change	Dec-12	Dec-13	Change
Spain	3,598	3,354	(6.8)%	2,545	2,327	(8.6)%	5,304	4,496	(15.2)%
Rest of Europe	8,527	5,569	(34.7)%	631	597	(5.4)%	3,004	2,879	(4.2)%
America	13,615	11,937	(12.3)%	3,243	3,310	2.1%	350	1,008	188.1%
Asia Pacific	32,486	26,703	(17.8)%	209	841	301.6%	449	-	n.s.
Africa	-	-	n.a.	533	337	(36.7)%	94	61	(35.0)%
TOTAL	**58,227**	**47,563**	**(18.3)%**	**7,161**	**7,413**	**3.5%**	**9,201**	**8,443**	**(8.2)%**

1.2.2. Operating Results

OPERATING RESULTS

Millions of euros	2012	2013	Change
EBITDA	**3,088**	**3,002**	**(2.8)%**
EBITDA Margin	8.0%	7.8%	
Depreciation and amortisation charge	(1,469)	(1,208)	(17.8)%
Construction	(1,290)	(1,009)	(21.8)%
Industrial Services	(49)	(56)	14.0%
Environment	(128)	(141)	10.3%
Corporation	(1)	(1)	(18.7)%
Current assets provisions	(40)	(48)	19.9%
EBIT	**1,579**	**1,746**	**10.5%**
EBIT Margin	4.1%	4.5%	

EBITDA decreased by 2.8% due to the impact of the exchange rate fluctuations, mainly in Hochtief (without this effect, EBITDA would grow by 3.1%). Conversely, both Industrial Services (+3.7%) and Environment (+14.0%) grew at a robust pace thanks to the mix both are experiencing towards more profitable activities (EPCs and Treatment Plants).

The Construction depreciation and amortisation charge includes the higher value of certain assigned assets generated as a result of the Hochtief purchase price allocation (PPA), the gross amount of which amounted to EUR 193.5 million at December 2013, i.e., 31.6% less than in 2012.

Group EBIT for the year amounted to EUR 1,746 million, 10.5% greater than in 2012 due to the substantial decrease in the Construction depreciation and amortisation charge, mainly in Leighton and in the aforementioned impact of the PPA. Without the impact of the change in exchange rates, growth would have been 16.9%.

1.2.3 Financial Results

FINANCIAL RESULTS

Millions of euros	2012	2013	Change
Financial Income	508	361	(29.0)%
Financial expenses	(1,295)	(1,124)	(13.2)%
Ordinary Financial Result	**(787)**	**(763)**	**(3.0)%**
Construction	(245)	(324)	32.4%
Industrial Services	(179)	(156)	(12.7)%
Environment	(106)	(59)	(44.8)%
Corporation	(257)	(224)	(12.8)%

Finance income fell by 29.0% due to the reduced contribution of the Iberdrola dividends in comparison to the previous year after the reduction of the ownership interest held by ACS in 2012.

Finance costs decreased by 13.2% due to the substantial drop in the average gross debt as a result of the divestment carried out in 2012, particularly in Iberdrola.

Consequently, ordinary financial results fell by 3%.

FINANCIAL RESULTS

Millions of euros	2012	2013	Change
Ordinary Financial Result	**(787)**	**(763)**	**(3.0)%**
Exchange Differences	-	(25)	n.a.
Changes in fair value of financial instruments	105	555	n.a.
Impairment and gains or losses on disposal of financial instruments	(3,770)	256	n.a.
Net Financial Result	**(4,451)**	**23**	**n.a.**

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Net financial results included a change in the fair value of certain financial instruments amounting to EUR 555 million, as a result of the fluctuations in the value of the derivatives, both in Iberdrola and in treasury shares.

The impairment and gains or losses on disposal of financial instruments, which amounts to EUR 256 million, include the gains before taxes and non-controlling interests on the sale of Nextgen by Leighton (EUR 154 million), Airports by Hochtief (EUR 123 million, mainly from the sale of the ownership interest in the Sydney airport) and Services in Hochtief Europe (EUR 158 million). The net impact on ACS after taxes, after subtracting taxes and non-controlling interests (very significant with regard to the Sydney airport), amounts to EUR 81 million. It also includes the provisions for risks and changes in the value of certain financial assets.

1.2.4 Income from equity-accounted method

Income from associates accounted for using the equity method includes mainly the contribution of Hochtief, as well as the adjustments due to PPA of certain of these assets. The gains and losses arising from various projects in Leighton and Hochtief Americas carried out in collaboration with other shareholders through shared management joint ventures are also included.

EQUITY METHOD

Millions of euros	2012	2013	Change
Results on equity method	**339**	**96**	**(71.7)%**
Construction	264	74	(72.0)%
Industrial Services	4	3	(23.6)%
Environment	27	19	(29.7)%
Abertis	44	-	n.a.

The decrease in Construction is due to the change in the value of certain financial assets accounted for using the equity method in accordance with the current market conditions. The contraction in Environment is due to the change in consolidation of the Urbaser activity in Chile, which has been fully consolidated in the Group's financial statements since January 2013.

1.2.5. Net profit attributable to the Group

In 2013 net attributable profit amounted to EUR 702 million. In 2012 net attributable profit included the impact of the partial sale and subsequent valuation adjustment of Iberdrola and, therefore, it is not comparable to that recognised in 2013.

RECONCILIATION OF NET RECURRING PROFIT

Millions of euros	2012	2013	Change
Recurring Net Profit Construction	249	261	4.9%
Recurring Net Profit Industrial Services	416	418	0.5%
Recurring Net Profit Environment	72	79	8.9%
Recurring Net Profit Corporation	(154)	(177)	14.3%
Net structural costs	(39)	(33)	(14.5)%
Net financial result	(136)	(141)	4.0%
Other	21	(2)	n.s.
Recurring Net Profit	**582**	**580**	**(0.3)%**
Net ordinary contribution ABE	44	-	
Net ordinary contribution IBE	31	25	
Gains and other extraordinary results	(2,585)	96	
Attributable Net Profit	**(1,928)**	**702**	**n.a.**

Eliminating the contributions of Abertis, in 2012, and Iberdrola in 2012 and 2013, and all of the extraordinary results in both periods, which in 2013 included mainly the positive performance of the fair value of the derivatives and the provisions for risks, the recurring net profit of the ACS Group amounted to EUR 580 million, 0.3% down on 2012. This drop is a result of the increased equivalent tax rate.

Profit attributable to non-controlling interests amounting to EUR 545 million relates mainly to the non-controlling interests of Hochtief, arising from the full consolidation in the ACS Group, as well as the non-controlling interests from Hochtief as a result of the consolidation of Leighton.

The effective rate, once the net contributions of financial assets are adjusted and accounted for using the equity method, amounts to 33.0%.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1.3 CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2013.

CONSOLIDATED BALANCE SHEET

Millions of euros	Dec-12	%	Dec-13	%	Change
Intangible Assets	5,049	12.1%	4,949	12.4%	(2.0)%
Property, Plant and Equipment	3,131	7.5%	2,587	6.5%	(17.4)%
Investments accounted for using the equity method	1,732	4.2%	1,366	3.4%	(21.1)%
Non-current Financial Assets	1,961	4.7%	2,508	6.3%	27.9%
Long Term Deposits	363	0.9%	559	1.4%	54.2%
Financial Instruments Receivables	471	1.1%	41	0.1%	(91.4)%
Deferred Taxes Assets	2,467	5.9%	2,380	6.0%	(3.5)%
Fixed and Non-current Assets	**15,173**	**36.5%**	**14,391**	**36.2%**	**(5.2)%**
Non-Current Assets Held for Sale	6,601	15.9%	5,310	13.4%	(19.6)%
Inventories	1,920	4.6%	1,817	4.6%	(5.4)%
Trade and Other Receivables	11,414	27.5%	11,316	28.5%	(0.9)%
Other Current Financial Assets	1,705	4.1%	2,980	7.5%	74.7%
Financial Instruments Debtors	9	0.0%	12	0.0%	32.9%
Other Current Assets	212	0.5%	177	0.4%	(16.8)%
Cash and Cash Equivalents	4,528	10.9%	3,769	9.5%	(16.8)%
Current Assets	**26,391**	**63.5%**	**25,381**	**63.8%**	**(3.8)%**
ASSETS	**41,563**	**100%**	**39,771**	**100%**	**(4.3)%**
Shareholders' Equity	3,382	8.1%	3,803	9.6%	12.4%
Valuation Adjustments	(726)	(1.7)%	(535)	(1.3)%	(26.3)%
Non-controlling Interests	3,055	7.4%	2,221	5.6%	(27.3)%
Equity	**5,712**	**13.7%**	**5,489**	**13.8%**	**(3.9)%**
Grants	54	0.1%	50	0.1%	(8.2)%
Non-current Financial Liabilities	6,957	16.7%	7,411	18.6%	6.5%
Deferred Tax Liabilities	1,232	3.0%	1,381	3.5%	12.1%
Non-current Provisions	1,892	4.6%	1,795	4.5%	(5.1)%
Financial Instruments Creditors	594	1.4%	498	1.3%	(16.2)%
Other Long Term Accrued Liabilities	187	0.5%	188	0.5%	0.6%
Non-current Liabilities	**10,917**	**26.3%**	**11,323**	**28.5%**	**3.7%**
Liabilities relating to assets held for sale	4,089	9.8%	3,878	9.8%	(5.2)%
Current provisions	1,214	2.9%	1,102	2.8%	(9.2)%
Current financial liabilities	4,591	11.0%	4,132	10.4%	(10.0)%
Financial Instruments Payables	24	0.1%	71	0.2%	195.6%
Trade and Other Payables	14,742	35.5%	13,220	33.2%	(10.3)%
Other Current Liabilities	275	0.7%	556	1.4%	102.0%
Current Liabilities	**24,935**	**60.0%**	**22,959**	**57.7%**	**(7.9)%**
EQUITY AND LIABILITIES	**41,563**	**100%**	**39,771**	**100%**	**(4.3)%**

1.3.1. Non-current assets

Intangible assets include goodwill amounting to EUR 2,726 million, of which EUR 1,434 million arose from the acquisition of Hochtief and EUR 781 million from the merger of ACS with Dragados.

The following items in the balance sheet include the exposure of ACS in Iberdrola:

- Non-current financial assets include the shares of the direct ownership interest of ACS in Iberdrola (188 million shares at 31 December 2013) at market price, of which 125 million shares are pledge in the exchangeable bond issued in October 2013.
- Non-current payables for financial instruments includes the following derivatives for Iberdrola shares:
  - The equity swap with Natixis for 164 million shares over which ACS maintains the usufruct right.
  - The put spread, which replaced the call spread in the monetisation process completed in December, for a notional amount of 595.6 million underlying shares.
- Non-current deposits includes, mainly, those acting as collateral in the related derivative instruments, both the equity swap and the put spread, related to the ownership interest in Iberdrola.

The balance of investments accounted for using the equity method includes various ownership interests in associates of Hochtief and the ownership interest in Clece.

The net balance of deferred taxes amounts to EUR 998 million and relates mainly to tax losses in prior years and tax credits.

1.3.2. Assets Held for Sale

The Group maintains its rotation strategy for investments in projects which, once they have reached their operating maturing, are totally or partially disposed. In 2013 the Group disposed of airport assets amounting to EUR 1,083 million, with the resulting drop in the net balance of assets held for sale.

At 2013 year end the detail of the main financial aggregates related to assets held for sale was as follows:

ACS GROUP

	31 December 2013				
Millions of euros	Renewable energy	Transport Concessions	Energy Concessions	Other Assets	TOTAL
Financial assets held for sale	3,161	944	702	502	**5,310**
Liabilities related to AHS	2,626	786	317	150	**3,878**
Net Assets Held for Sale	**535**	**158**	**385**	**352**	**1,431**
Net debt related to AHS	2,073	593	219	87	**2,973**
EBITDA of the AHS	230	48	6	15	**299**
Net Debt/EBITDA	9.0x	12.2x	35.1x	6.0x	**9.9x**

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The net debt corresponding to these projects held for sale amounts to EUR 2,973 million, while the gross operating profit obtained from these assets in 2013 amounted to EUR 299 million.

As a result of the publication of this proposed ministerial order, for the approval of the remuneration parameters of the standard facilities applicable to certain electrical power production from renewable energy sources, cogeneration and waste, published on 3 February 2014, subject to a consultation period, the ACS Group made a preliminary estimate of the impact that such a regulation would have on the Group's wind farms and solar thermal plants and recognised a provision of EUR 199 million already recognised under net assets held for sale. Furthermore, certain divestment processes were slowed and even postponed until the related legislative framework is effectively clarified.

1.3.3. Working Capital

WORKING CAPITAL EVOLUTION

Millions of euros	Dec-12	Mar-13	June-13	Sept-13	Dec-13
Construction	(1,519)	(199)	(244)	(122)	(600)
Industrial Services	(1,445)	(1,235)	(1,330)	(1,139)	(1,091)
Environment	108	232	168	176	72
Corporation/Adjustments	158	(9)	(23)	1	(7)
TOTAL	**(2,698)**	**(1,211)**	**(1,430)**	**(1,083)**	**(1,627)**

Note: Construction does not include the working capital arising from the PPA of Hochtief.

Net working capital decreased its credit balance in 2013 by EUR 1,072 million, which relates basically to the change in operating capital in the year (EUR 948 million) due to:

- The drop in activity in Spain which entailed a decrease in the credit balance of Construction operating working capital.
- The increase in works executed works pending certification in Leighton (underclaims), very significant in various Australian energy projects.
- The decrease in the balance of current advances and provisions in the Industrial Services line of business.

At year end factoring and securitisation amounted to EUR 458 million, a drop on 2012 as a result of reduced activity in Spain and the implementation of the supplier payment plan by the government, which reduced the debit balance for working capital in the last quarter of 2013 in the Environment line of business.

In the last quarter, operating working capital improved substantially (EUR 615 million) due, in addition to the seasonality of the sector itself, to the measures implemented in all of the Group's lines of business in order to obtain greater control and more efficient management.

1.3.4. Net Debt

NET DEBT

Millions of euros	Construction	Environment	Industrial Services	Corporation/ Adjustments	ACS Group
Non-current Bank Borrowings	933	80	314	1,989	3,316
Current Bank Borrowings	978	820	664	414	2,876
Bank borrowings	**1,911**	**900**	**978**	**2,403**	**6,192**
Bonds and Debentures	2,261	-	-	959	3,220
Non-Recourse Financing	397	263	25	572	1,257
Other financial liabilities	412	63	74	-	550
Total External Gross Debt	**4,981**	**1,226**	**1,077**	**3,935**	**11,219**
Payable to Group Companies	679	168	-	(524)	324
Loans to Group Companies	784	302	662	(1,661)	88
Net Payables to Group companies and Associates	**(105)**	**(134)**	**(662)**	**1,137**	**236**
Total Gross Debt	**4,876**	**1,092**	**415**	**5,072**	**11,456**
Current Financial Assets and Term Deposits	1,276	242	246	1,689	3,452
Cash and Cash Equivalents	2,771	191	791	16	3,769
Total Cash and Cash Equivalents	**4,047**	**432**	**1,036**	**1,705**	**7,221**
NET DEBT	**829**	**660**	**(621)**	**3,367**	**4,235**

Note: Construction includes Dragados, Hochtief and Iridium.

The ACS Group's total net debt at year end amounted to EUR 4,235 million, i.e., 14.5% down on 2012 after having reduced the net balance by EUR 717 million.

Of total net debt for operating activities amounts, EUR 401 million related to Hochtief's net debt, while EUR 467 million relates to the Group's other operating activities.

Corporation had net debt of EUR 3,367 million, which includes EUR 1,024 million from the acquisition of the ownership interest that ACS holds in Hochtief, A.G., the syndicated loan refinanced until July 2015 amounting to EUR 1,430 million and other bilateral loans.

Bank borrowings were significantly reduced in 2013, by more than EUR 1,100 million, and replaced by greater access to fixed-income capital markets. At 31 December 2013, there was an outstanding balance related to corporate bond issues of other types amounting to EUR 3,220 million, practically double that of 2012.

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1.3.5. Equity

EQUITY

Millions of euros	Dec-12	Dec-13	Change
Shareholders' Equity	3,382	3,803	12.4%
Valuation Adjustments	(726)	(535)	(26.3)%
Non-controlling Interests	3,055	2,221	(27.3)%
Equity	5,712	5,489	(3.9)%

Equity for the ACS Group amounts to EUR 5,489 million at year end and includes EUR 3,803 million in shareholders' equity, which increased by 12.4% since December 2012 due to cumulative profit from that date.

The sale of treasury shares carried out in January 2013 offset the dividends paid during the year, both the dividend charged to 2012 income paid in July 2013, as well as the interim dividend charged to 2013 profit, approved in December 2013 and paid in February 2014, both through a flexible payment system.

Valuation adjustments amount to EUR 535 million and include mainly the impact of the change in interest and exchange rate hedges on certain capital intensive assets.

The balance of non-controlling interests includes both the holdings of the non-controlling shareholders of Hochtief as well as its non-controlling interests included in the balance sheet of the German company, which mainly relate to the non-controlling shareholders of Leighton Holdings. The substantial reduction is due to the sale of the airport assets and the treasury share purchase programme carried out by Hochtief until it reached 10% of its share capital, as well as the acquisition of an additional 6% ownership interest in its subsidiary, Leighton.

1.3.6. Net Cash Flows

NET CASH FLOWS

	2012			2013			Change	
Millions of euros	TOTAL	HOT	ACS exHOT	TOTAL	HOT	ACS exHOT	TOTAL	ACS exHOT
Cash Flows from Operating Activities before working capital:	**1,506**	**1,347**	**159**	**1,959**	**1,076**	**884**	**30.1%**	**454.3%**
Changes in working capital	(207)	(424)	217	(948)	(658)	(290)		
Net Cash Flows from Operating Activities	**1,299**	**923**	**377**	**1,012**	**418**	**594**	**(22.1)%**	**57.7%**
1. Payments due to investment	(2,496)	(1,724)	(772)	(2,484)	(1,650)	(834)		
2. Collections from disposals	4,781	588	4,194	2,008	1,912	96		
Net Cash Flows from Investing Activities	**2,285**	**(1,136)**	**3,422**	**(476)**	**262**	**(738)**	**n.a.**	**n.a.**
1. Treasury stock acquisition	(84)	1	(85)	157	-	157		
2. Dividends paid	(639)	(151)	(488)	(398)	(180)	(218)		
3. Other adjustments	(124)	(12)	(112)	379	(128)	508		
Other Net Cash Flows	**(847)**	**(162)**	**(685)**	**139**	**(308)**	**447**	**n.a.**	**n.a.**
Cash Flow Generated/(Used)	**2,737**	**(376)**	**3,113**	**674**	**372**	**302**	**(75.4)%**	**(90.3)%**

Note: In Hochtief the treasury share purchase (EUR 255 million) and the dividends paid to ACS (EUR 38 million) were reclassified under "Other financing sources". These dividends received by ACS are also included in "Other financing sources", which also include the cash flows from derivative transactions.

Cash flows from operating activities gave rise to a cash inflow of EUR 1,012 million, which was influenced by the following matters:

- Cash flows from operating activities before working capital grew by 30.1% in comparison to 2012, entailing the generation of EUR 1,959 million in funds over the year, of which EUR 1,076 million came from Hochtief and EUR 884 million came from the other activities of ACS.
- Conversely, the operating working capital required funds totalling EUR 948 million, of which EUR 658 million came from Hochtief, mainly from its subsidiary, Leighton, and EUR 290 came from the other activities of ACS.

1.3.7. Investments

BREAKDOWN OF NET INVESTMENTS

Millions of euros	Operating Investments	Investments in Projects and Financial Investments	Total Investments	Operating Divestments	Financial Divestments	Total Divestments	Net Investments
Construction	**986**	**870**	**1,856**	**(135)**	**(1,822)**	**(1,957)**	**(101)**
Dragados	72	11	**82**	(30)	(9)	**(38)**	**44**
HOCHTIEF	914	736	**1,650**	(105)	(1,806)	**(1,912)**	**(262)**
Iridium	1	124	**125**	-	(7)	**(7)**	**117**
Environment	**74**	**125**	**198**	**(6)**	**(19)**	**(25)**	**173**
Industrial Services	**29**	**372**	**401**	**(6)**	**(7)**	**(14)**	**388**
Corporation	**-**	**28**	**28**	**-**	**(12)**	**(12)**	**16**
TOTAL	**1,089**	**1,395**	**2,484**	**(147)**	**(1,860)**	**(2,008)**	**476**

Operating investments in Construction related mainly to the acquisition of machinery for mining contracts by Leighton (EUR 761 million net of operating divestments).

The total investment in concession projects and financial assets amounted to EUR 870 million, divided between Iridium and Hochtief's joint ventures, as well as the increase in the ownership interest in Leighton Holdings.

The financial divestments in Hochtief relate mainly to Leighton's the sale of Nextgen for EUR 470 million, the sale of airports for EUR 1,083 million and the sale of Services for EUR 236 million.

The investments in Industrial Services projects were used mainly for the purchase of non-controlling interests in oil and gas projects in Mexico (EUR 136 million), the completion of renewable energy assets in the course of construction (EUR 107 million) the Castor gas storage project (EUR 58 million) and transmission lines in Brazil (EUR 28 million).

Urbaser is constructing a waste treatment plant in Essex, to which it has allocated EUR 90 million in 2013.

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1.3.8. Other Cash Flows

In 2013 the ACS Group obtained net funds for changes to its treasury shares amounting to EUR 157 million and includes the sale carried out in January to different international institutional funds and the acquisition of treasury shares to offset the new shares issued by the flexible dividend payment procedure.

ACS paid its shareholders EUR 193 million in dividends, corresponding to 55% of the share capital of ACS, the owners of which chose to sell their ACS rights through the purchase commitment in the flexible dividend procedure established by the Company. The remainder, up to EUR 218 million, relate to the dividends paid to the non-controlling shareholders of the subsidiaries of ACS, ex Hochtief.

Hochtief and certain of its subsidiaries, mainly Leighton, paid their shareholders EUR 219 million in dividends with a charge to their results for the year ended December 2012, of which EUR 38 million relate to ACS and the remainder (EUR 180 million) to non-controlling shareholders.

Other sources of financing include mainly (i) the acquisition by Hochtief of treasury shares amounting to EUR 255 million, (ii) the reduction of debt by EUR 332 million as a result of the creation, on the part of Leighton in the last quarter of 2013, of the company responsible for managing the fleet of mining activity machinery, "FleetCo", which allowed it to reduce its finance lease agreements related to this activity, and (iii) the cash flows related to derivative transactions, which, regard to Iberdrola are summarised as follows:

- The partial cancellation and modification of the equity swap, together with the issue in October 2013 of the exchangeable bond over 125 million Iberdrola shares, which generated a cash outflow of EUR 398 million.
- The transaction carried out in December 2013 (see Note 1.1 of this report), which allowed the call spread to be monetised and which gave rise to a cash inflow of EUR 856 million.

1.4. PERFORMANCE OF BUSINESS AREAS

1.4.1. Construction

CONSTRUCTION

Millions of euros	2012	2013	Change
Sales	**29,683**	**29,559**	**(0.4)%**
EBITDA	**1,995**	**1,826**	**(8.5)%**
Margin	6.7%	6.2%	
EBIT	**685**	**780**	**14.0%**
Margin	2.3%	2.6%	
Recurring Net Profit	**249**	**261**	**4.9%**
Margin	0.8%	0.9%	
Backlog	**58,227**	**47,563**	**(18.3)%**
Months	21	17	
Net Investments	**1,209**	**(101)**	**n.a.**
Projects (Gross Inv.)	497	870	
Working Capital	**(1,519)**	**(600)**	**(60.5)%**
Net Debt	**1,314**	**829**	**(36.9)%**
ND/EBITDA	0.7x	0.5x	

Total Construction sales amounted to EUR 29,559 million, representing a 0.4% decrease. This figure takes into account the activity of all ACS construction companies, including the contributions from Hochtief and Iridium, the ACS Group's Concession activity. The 0.4% fall in sales was a result of the drop in activity in Spain (-23.1%) and was affected by the depreciation of the Australian and North American dollars. Without this impact, Construction sales would have grown by 6.7%. On the other hand, there was 6.7% increase in sales in the Americas (even after the depreciation of the North American dollar), and a 5.7% increase in Europe (ex - Spain).

The EBITDA margin in Construction stood at 6.2%, down on 2012 and affected by various factors:

- the drop in Leighton's gross margin due to the sale of its telecommunications business which was very capital intensive;
- the improvements experienced in Hochtief Americas and Europe, as well as lower structure costs in Corporation;
- Dragados demonstrated an exceptional increase in its margin as a result of the reversal of certain operating costs recognised in prior years and which were offset with certain improvements to provisions, all in relation to concession projects in Spain.

Net operating profit for the year increased by 14.0% to EUR 780 million as a result of the increased contribution of Leighton, particularly due to a smaller depreciation and amortisation charge, as well as the reduced impact of the depreciation and amortisation of the assets assigned in the acquisition of Hochtief, amounting to EUR 193.5 million during the year, 31.6% lower than in 2012.

Recurring net profit in Construction amounted to EUR 261 million, down 4.9% on 2012. Extraordinary loss (EUR 72 million) is allocated between Dragados, Iridium and Hochtief.

There was a downturn in activity in Spain as a result of the contraction of public investment in infrastructures. In the rest of Europe, similar to North America, activity grew after new agreements were reached in the United Kingdom, while activity dropped off in the Asia Pacific region as a result of the exchange rate.

CONSTRUCTION - SALES BY GEOGRAPHICAL AREAS

Millions of euros	2012	2013	Change
Spain	1,810	1,393	(23.1)%
Rest of Europe	3,370	3,560	5.7%
Americas	9,146	9,754	6.7%
Asia Pacific	15,355	14,851	(3.3)%
Africa	2	1	n.s.
TOTAL	**29,683**	**29,559**	**(0.4)%**

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CONSTRUCTION - BACKLOG BY GEOGRAPHICAL AREAS

Millions of euros	Dec-12	Dec-13	Change
Spain	3,598	3,354	(6.8)%
Rest of Europe	8,527	5,569	(34.7)%
Americas	13,615	11,937	(12.3)%
Asia Pacific	32,486	26,703	(17.8)%
Africa	-	-	n.a.
TOTAL	**58,227**	**47,563**	**(18.3)%**

The backlog at year end amounted to EUR 47,563 million, an 18.3% drop compared to that recorded twelve months earlier. This drop was a result of both the depreciation of the AUD/EUR exchange rate and the sale of assets. In comparable terms, the Construction backlog dropped by 2.7%, or EUR 1,580 million, due to the effect of the recession in Spain, and the hiring slowdown in the Australian mining sector.

CONSTRUCTION - DATA PER COMPANY GROUP

	Dragados			Iridium			Hochtief (Contribution to ACS)			Adjustments			Total		
Millions of euros	2012	2013	Change	2012	2013	Change	2012	2013	Change	2012	2013	Change	2012	2013	Change
Sales	4,039	3,760	(6.9)%	116	106	(8.9)%	25,528	25,693	0.6%	-	-		29,683	29,559	(0.4)%
EBITDA	305	319	4.6%	45	50	11.5%	1,303	1,256	(3.7)%	342	201		1,995	1,826	(8.5)%
Margin	7.6%	8.5%		38.7%	47.4%		5.1%	4.9%					6.7%	6.2%	
EBIT	258	234	(9.0)%	19	22	15.8%	349	496	42.0%	59	28		685	780	14.0%
Margin	6.4%	6.2%		16.2%	20.6%		1.4%	1.9%					2.3%	2.6%	
Net Financial Profit/(Loss)	(29)	(40)		(68)	(70)		(150)	(215)		2	-		(245)	(324)	
Profit/(Loss) of companies accounted for using the equity method.	(4)	5		6	23		81	153		181	(106)		264	74	
Other Profit	(78)	(49)		12	(3)		261	366		-	173		195	487	
EBT	147	150	1.7%	(32)	(28)	11.2%	541	800	47.7%	242	96		899	1,017	13.2%
Taxes	(48)	(52)		10	18		(159)	(254)		15	(51)		(182)	(340)	
Non-controlling Interests	10	3		1	1		(301)	(454)		(179)	(38)		(470)	(488)	
Net Profit/(Loss)	110	101	(8.1)%	(21)	(9)	55.6%	81	91	11.7%	77	6		248	189	(23.8)%
Margin	2.7%	2.7%		-18.1%	-8.8%		0.3%	0.4%					0.8%	0.6%	
Backlog	8,433	7,622	(9.6)%	n.a.	n.a.		49,794	39,940	(19.8)%				58,227	47,563	(18.3)%
Months	25	24		n.a.	n.a.		23	19					24	19	
Net Investments	30	44		43	117		1,136	(262)					1,209	(101)	
Net Debt	(531)	(412)		680	840		1,164	401					1,314	829	

Note: The finance costs associated with the acquisition by ACS of the ownership interest in Hochtief are included under Corporation. The "Adjustments" column includes adjustments due to the PPA, amortisation of the PPA and the resulting impact on taxes and non-controlling interests.

Hochtief's contribution to the net profit of ACS, after subtracting non-controlling interest, amounts to EUR 91 million, proportionate to its effective ownership interest in the period, which amounted to 55.9% at 2013 year end.

HOCHTIEF, A.G.

	Americas			Asia Pacific			Europe			Corporation		Total		
Millions of euros	2012	2013	Change	2012	2013	Change	2012	2013	Change	2012	2013	2012	2013	Change
Sales	7,375	7,944	+7.7%	15,180	14,767	(2.7)%	2,856	2,870	0.5%	117	112	25,528	25,693	0.6%
EBITDA	67	83	+23.8%	1,376	1,241	(9.8)%	(59)	(11)	(80.6)%	(81)	(57)	1,303	1,256	(3.7)%
Margin	0.9%	1.0%		9.1%	8.4%		(2.1)%	(0.4)%				5.1%	4.9%	
EBIT	38	55	+43.3%	528	574	8.9%	(117)	(73)	37.6)%	(99)	(60)	349	496	42.0%
Margin	0.5%	0.7%		3.5%	3.9%		-4.1%	-2.6%				1.4%	1.9%	
Net Financial Profit/(Loss)	(17)	(19)		(161)	(182)		(37)	(23)		65	9	(150)	(215)	
Profit/(Loss) of companies accounted for using the equity method	26	46		(59)	42		37	5		77	60	81	153	
Other Profit/(Loss)	10	13		104	65		146	154		2	134	261	366	
EBT	57	94	+64.6%	411	500	21.6%	29	63	118.9%	44	143	541	800	47.7%
Taxes	(14)	(22)		(97)	(190)		(57)	(23)		9	(19)	(159)	(254)	
Non-controlling Interests	(1)	(12)		(161)	(126)		(26)	(8)		(40)	(228)	(227)	(374)	
Net Profit/(Loss)	43	59	+39.8%	153	184	20.4%	(54)	32	n/a	14	(104)	155	171	10.3%
Margin	0.6%	0.7%		1.0%	1.2%		(1.9)%	1.1%				0.6%	0.7%	

The net profit of Hochtief, A.G. includes gains on sales carried out during the year (basically the telecommunications, airports and services lines of business), the net impact of which amounted to EUR 161 million, offset by various provisions made to cover the impairment losses on certain assets and the restructuring process planned in Hochtief Europe for 2014 with a total net impact of EUR 198 million. Without these effects, the net recurring profit for 2013 of Hochtief, A.G. stood at EUR 208 million.

1.4.2 Industrial Services

INDUSTRIAL SERVICES

Millions of euros	2012	2013	Change
Sales	7,050	7,067	0.2%
EBITDA	904	937	3.7%
Margin	12.8%	13.3%	
EBIT	849	881	3.7%
Margin	12.0%	12.5%	
Recurring Net Profit	416	418	0.5%
Margin	5.9%	5.9%	
Backlog	7,161	7,413	3.5%
Months	12	13	
Net Investments	(10)	388	n.a.
Projects (Gross Inv.)	430	372	
Working Capital	(1,445)	(1,091)	(24.5)%
Net debt	(1,255)	(621)	(50.5)%
ND/Ebitda	(1.4)x	(0.7)x	

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Industrial Services sales amounted to EUR 7,067 million, slightly more than in 2012, despite the drop in activity in Europe, mainly in Spain and Portugal.

INDUSTRIAL SERVICES - SALES BY GEOGRAPHICAL AREAS

Millions of euros	2012	2013	Change
Spain	2,938	2,739	(6.8)%
Rest of Europe	782	693	(11.5)%
Americas	2,992	3,014	0.7%
Asia Pacific	166	210	26.2%
Africa	172	411	139.1%
TOTAL	**7,050**	**7,067**	**0.2%**

International sales increased by 5.2% up to 61.2% of total sales, and amounted to EUR 4,328 million. This increase arises from the new agreements arranged in Latin America and in South Africa.

INDUSTRIAL SERVICES - TURNOVER BREAKDOWN BY ACTIVITY

Millions of euros	2012	2013	Change
Industrial Maintenance	**4,031**	**3,904**	**(3.1)%**
Networks	577	647	12.1%
Specialised Facilities	2,598	2,396	(7.8)%
Control Systems	856	862	0.7%
Integrated Projects	**2,704**	**2,872**	**6.2%**
Renewable Energy: Generation	**374**	**343**	**(8.4)%**
Consolidation Adjustments	(59)	(53)	
TOTAL	**7,050**	**7,067**	**0.2%**
Total International	**4,112**	**4,328**	**5.2%**
% over total sales	58.3%	61.2%	

Industrial Maintenance activities decreased as a result of less demand for these services in Spain, where the sales of Specialised Facilities decreased as a result of the drop in public investment.

Production in the Integrated Projects area increased by 6.2%. Its international activity grew by 12.8%, with the Americas and the Middle East being the main markets for this type of activity.

The income from renewable energy production fell by 8.4% a result, among other factors, of the sales of assets in the year and the impact of the regulatory changes introduced in 2013.

INDUSTRIAL SERVICES - BACKLOG BY GEOGRAPHICAL AREAS

Millions of euros	2012	2013	Change
Spain	2,545	2,327	(8.6)%
Rest of Europe	631	597	(5.4)%
Americas	3,243	3,310	2.1%
Asia Pacific	209	841	301.6%
Africa	533	337	(36.7)%
TOTAL	**7,161**	**7,413**	**3.5%**

The robust 10.2% growth in the backlog in all areas in international markets was of particular note. The Industrial Services backlog abroad Spain already represents 68.6% of the total.

INDUSTRIAL SERVICES - BACKLOG BY ACTIVITY

Millions of euros	2012	2013	Change
Industrial Maintenance	**4,052**	**4,507**	**11.2%**
Domestic Backlog	1,850	1,806	(2.4)%
International Backlog	2,201	2,702	22.7%
EPC Projects and Renewables	**3,109**	**2,905**	**(6.5)%**
Domestic Backlog	695	521	(24.9)%
International Backlog	2,414	2,384	(1.2)%
TOTAL	**7,161**	**7,413**	**3.5%**
Spain	**2,545**	**2,327**	**(8.6)%**
International	**4,616**	**5,086**	**10.2%**
% over total backlog	64.5%	68.6%	

In addition, operating results have performed well and both EBITDA and EBIT grew by 3.7% despite a drop in contribution from the renewable energy production assets.

- Specifically, in 2013, renewable energy assets obtained EBITDA of EUR 230 million, 8.6% down on 2012.
- The other activities performed well in terms of operations and increased their contribution to the Group's EBITDA by 8.4% to reach EUR 707 million.

Additionally, net recurring profit increased by 0.5% to EUR 418 million.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1.4.3 Environment

ENVIRONMENT

Millions of euros	2012	2013	Change
Sales	**1,691**	**1,781**	**5.3%**
EBITDA	**241**	**275**	**14.0%**
Margin	14.3%	15.4%	
EBIT	**106**	**123**	**16.1%**
Margin	6.3%	6.9%	
Recurring Net Profit	**72**	**79**	**8.9%**
Margin	4.3%	4.4%	
Backlog	**9,201**	**8,443**	**(8.2)%**
Months	65	57	
Net Investments	**(30)**	**173**	**n.a.**
Projects (Gross Inv.)	-	125	
Working Capital	**108**	**72**	**(33.5)%**
Net Debt	**706**	**660**	**(6.6)%**
ND/EBITDA	2.9x	2.4x	

Sales in the Environment area grew by 5.3%. EBITDA grew by 14.0%, while EBIT grew by 16.1%, mainly due to the full consolidation of the business in Chile since January 2013. Recurring net profit grew by 8.9% and increased its margin slightly to 4.4%.

ENVIRONMENT - BREAKDOWN OF SALES BY LINE OF BUSINESS

Millions of euros	2012	2013	Change
Waste Treatment	373	533	42.9%
Urban Services	1,151	1,118	(2.9)%
Logistics	167	130	(21.9)%
Total	**1,691**	**1,781**	**5.3%**
International	**437**	**633**	**45.0%**
% sales	25.8%	35.5%	

The capital intensive waste treatment activity, which includes recycling, treatment and incineration plants, landfills and methane production and other renewable energy production facilities, recorded growth of 42.9% thanks mainly to the incorporation of the business in Chile and the entry into service of plants outside of Spain.

Urban Services includes urban solid waste collection, gardening, urban cleaning and other management services provided to city councils. This is a labour-intensive business, the sales of which dropped by 2.9%.

Logistics activities relate mainly to residual transport assets.

International sales grew by 45.0% and represented 35.5% of the total.

ENVIRONMENT - SALES BY GEOGRAPHICAL AREAS

Millions of euros	2012	2013	Change
Spain	1,254	1,148	(8.5)%
Rest of Europe	196	296	50.5%
Americas	162	286	76.3%
Asia Pacific	30	-	n.a.
Africa	48	52	8.3%
Total	**1,691**	**1,781**	**5.3%**

The Environment backlog was EUR 8,443 million, equivalent to approximately five years of production, and up 8.2% on the previous year. The downturn in Spain is a result, basically, of Urban Services activities due to the budget restrictions faced by local governments.

ENVIRONMENT - BACKLOG BREAKDOWN BY ACTIVITY

Millions of euros	2012	2013	Change
Waste Treatment	6,045	5,868	(2.9)%
Urban Services	2,707	2,575	(4.9)%
Logistics	449	-	n.a.
Total	**9,201**	**8,443**	**(8.2)%**
International	**3,896**	**3,947**	**1.3%**
% backlog	42.3%	46.8%	

The international backlog, which relates mainly to waste treatment, represents 46.8% of the total and grew by 1.3% year-on-year thanks to the concessions awarded during the last quarter in several Latin American countries.

ENVIRONMENT - BACKLOG BY GEOGRAPHICAL AREAS

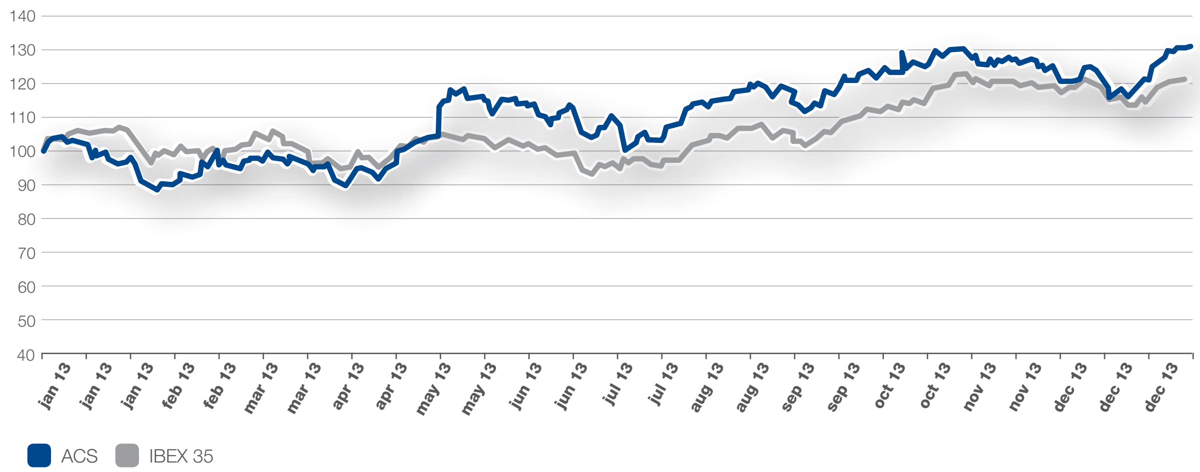
Millions of euros	2012	2013	Change
Spain	5,304	4,496	(15.2)%
Rest of Europe	3,004	2,879	(4.2)%
Americas	350	1,008	188.1%
Asia Pacific	449	-	n.a.
Africa	94	61	(35.0)%
Total	**9.201**	**8.443**	**(8,2)%**

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

2. STOCK MARKET PERFORMANCE

2.1 STOCK MARKET INFORMATION FOR 2013

STOCK MARKET INFORMATION FOR 2013

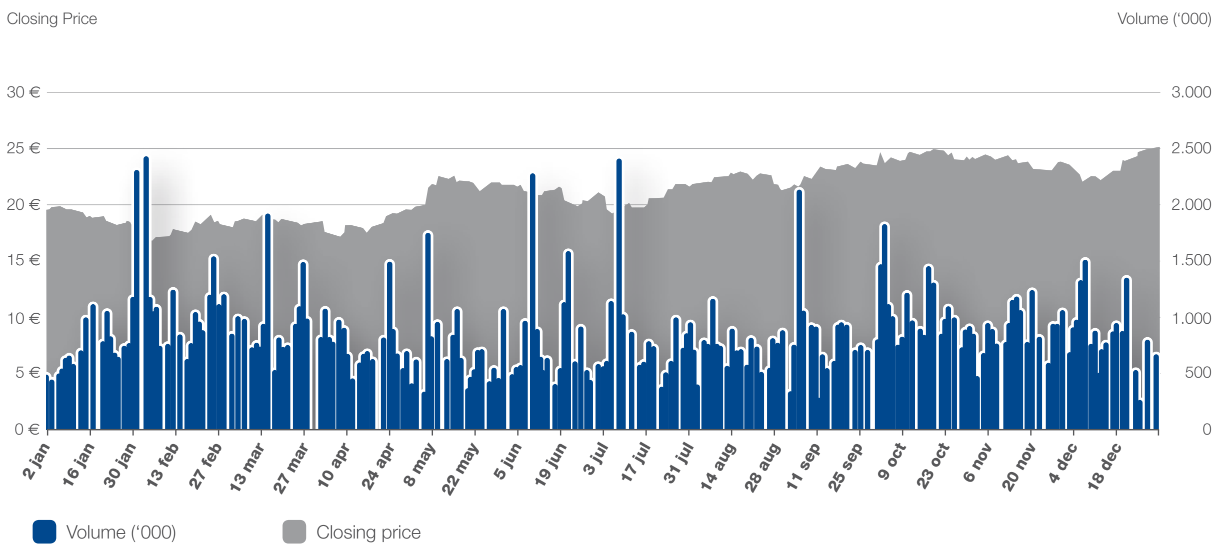


The detail of the ACS Group's main market data is as follows:

ACS SHARE DATA

	2012	2013
Closing price	EUR 19.04	EUR 25.02
Period performance	(16.86)%	31.41%
Maximum in the period	EUR 25.10	EUR 25.20
Maximum date in the period	06-Feb	30-Dec
Minimum in the period	EUR 10.38	EUR 16.68
Minimum Date	25-July	06-Feb
Average in the period	EUR 16.77	EUR 21.03
Total volume of shares (thousands)	227,383	201,976
Daily average volume of shares (thousands)	888.22	792.06
Total effective volume of trading (millions of euros)	3,812	4,249
Average daily effective volume of trading (millions of euros)	14.89	16.66
Number of shares (millions)	314.66	314.66
Market capitalisation (millions of euros)	5,991	7,873

SHARE INFORMATION FOR 2013



2.2. TREASURY SHARES

At 31 December 2013, the ACS Group had 2,766,973 treasury shares, accounting for 0.87% of its share capital. The detail of the transactions performed in the year is as follows:

	2013		2012	
	Number of shares	Thousands of euros	Number of shares	Thousands of euros
At beginning of the year	**21,368,766**	**574,696**	**23,608,833**	**760,651**
Purchases	15,112,383	306,280	9,393,512	155,880
Scrip dividend	251,471	-	-	-
Sales	(25,903,481)	(659,616)	(4,013,784)	(115,262)
Bonus Payments 2013/2012	(208,529)	(3,874)	(287,700)	(9,269)
Depreciation	(7,853,637)	(152,528)	(7,332,095)	(217,304)
At year end	**2,766,973**	**64,958**	**21,368,766**	**574,696**

On 23 January 2013, the ACS Group sold a total of 20,200,000 treasury shares amounting to EUR 360,166,000 to three entities with a negative effect on equity of EUR 170,698 thousand.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

3. INFORMATION ON THE MAIN RISKS AND UNCERTAINTIES FACING THE ACTIVITY OF THE ACS GROUP AND FINANCIAL RISK MANAGEMENT

The Group carries on its activities in different industries, countries and socio-economic and legal environments, which entails exposure to different levels of risk inherent to the businesses in which it operates.

The ACS Group monitors and controls these risks in order to prevent them from reducing shareholder returns, jeopardising its employees or its corporate reputation, causing problems for its customers or giving rise to a negative impact on the Group as a whole. In order to carry out this risk control, the ACS Group has instruments which enable it to identify the risks early enough so as to be able to manage them appropriately, either by avoiding their materialisation or by minimising their impact, and to prioritise them, where necessary, according to their importance. Particularly worthy of note are the systems related to risk control in the tenders, contracts, planning and management of construction work and projects, as well as quality management, environmental management and human resources systems.

In addition to the risks inherent to its different business activities, the ACS Group is exposed to various risks of a financial nature due to interest or exchange rate fluctuations, liquidity risk and credit risk.

- Risks arising from changes in interest rates on cash flows are mitigated by hedging the interest rates through financial instruments that curb the effect of any fluctuations therein.
- Foreign currency risk is managed by arranging debt in the same functional currency as that of the asset financed by the Group abroad. In order to hedge net positions in currencies other than the euro, the Group uses various financial instruments in order to mitigate exposure to foreign currency risk.
- The most important matters in 2013 regarding financial risks related to the liquidity of the ACS Group are as follows:
  - The sales of the airports managed by Hochtief, the facility management and maintenance activity and the Leighton telecommunications assets, enabling the Group to obtain high liquidity levels.
  - The formal execution of the Euro Commercial Paper (ECP) programme.
  - The issue of bonds exchangeable for Iberdrola shares amounting to EUR 721.1 million and maturing in 5 years.
  - The monetisation of the call spread on Iberdrola shares.
- Lastly, credit risk, which arises from defaulted trade receivables, is managed by means of the preventive assessment of the solvency rating of the Group's potential customers, both at the beginning of the relationship for each work or project and throughout the duration of the contract, evaluating the credit rating of the amounts receivable and reviewing the estimated recoverable amounts from those considered to be doubtful.

A more in-depth explanation of these risks and of the related risk control instruments is provided in the ACS Group's Annual Corporate Governance and Corporate Responsibility reports and the ACS Group's consolidated financial statements (www.grupoacs.com). Likewise, the Annual Report of Hochtief (www.hochtief.com) details its inherent risks and its control mechanisms.

Based on the information currently available, in the next six months following the closing of the accounts referred to in this document, the ACS Group expects to face risk situations and uncertainty similar to those faced in the second half of 2013, especially those arising from:

- The internationalisation of the Group's activities.
- The impact of moderate growth in Asia Pacific.
- The economic and financial uncertainties in Europe.
- The low expectations for growth in the investment in infrastructures in Spain as a result of the government's plans to cut public investment.

4. CORPORATE SOCIAL RESPONSIBILITY

The ACS Group is a worldwide reference in the infrastructure development industry, and it is deeply committed to economic and social progress in the countries where it is present. This commitment to society is summarised in three spheres of operation:

- Respect for ethics, integrity and professionalism in the Group's relationship with its stakeholders.
- Respect for the social, economic and environmental setting
- Promotion of innovation and research in its application to infrastructure development
- Creation of employment and well-being, as an economic motor for society.

In order to coordinate the Corporate Responsibility of the ACS Group, in view of the fact that its operations are decentralised and that the Group covers a broad geographic area, the One Project was developed which seeks to promote good management practices and to spread corporate culture. The non-financial management areas on which it has an impact are ethics, efficiency and employees.

The detail of the results of Corporate Responsibility and environmental policies of the ACS Group are frequently gathered and published on the web page of the ACS Group (www.grupoacs.com) and in the Annual Corporate Responsibility Report.

4.1. ETHICS

The ACS Group and the companies which make it up are fully committed to promotion, reinforcement and control in matters related to ethics and integrity, through measures which enable them to prevent, detect and eradicate bad practices.

The Group has developed and implemented its General Code of Conduct which is applicable to its employees, suppliers and subcontractors. In addition, training initiatives are carried out in order to inform all three groups of the Code, as well as the implementation of the ACS Group Ethics Channel which enables any person to communicate inappropriate conduct or breaches of the Code of Conduct if there were to occur.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

4.2 EFFICIENCY

The ACS Group has identified a series of functional non-financial areas which are key to the performance of its business, which form part of the production process and which generate a significant portion of its profitability and productivity in the operating companies.

Purchasing and Production

The commitment to clients is one of the ACS Group's most important corporate values. Practically all of the ACS Group companies have a customer management system managed by its purchasing management. The management aspects common to the whole ACS Group are as follows:

- Monitoring of client needs
- Periodic measurement of client satisfaction
- Promotion of the commercial activity

Quality is a determining factor for the ACS Group, as it represents the factor distinguishing it from the competition in the infrastructure and services industry, with high technical sophistication. Each company in the group adapts its needs to the specific characteristics of its type of production, but a series of common lines of action have been identified within their Quality Management Systems:

- Objectives are set periodically as regards quality and their fulfilment is assessed.
- Initiatives and actions aimed at improving the quality of the services provided.
- Specific actions are carried out in collaboration with suppliers and subcontractors.

The decentralised nature of the Group's management of its purchases and suppliers requires detailed monitoring and control processes which have the following commonalities in all of the companies:

- Implementation of specific standards and a system for management, classification, approval and control of supplier and subcontractor risk.
- Analysis of the level of compliance with these systems.
- Collaboration with suppliers and transparency in contractual relationships.

Research, development and innovation activities

The ACS Group is committed to a policy providing for the on-going improvement of its processes and of applied technology in all activities. Its involvement in research, development and innovation are clear in its increased investment and the R&D+i efforts the Group makes year after year. This effort leads to tangible improvements in productivity, quality, customer satisfaction, occupational safety, the obtaining of new and better materials and products and the design of more efficient production processes and systems, among others.

For this purpose, the ACS Group has an in-house research programme aimed at developing new technological know-how in the design of processes, systems, new materials, etc. in each activity. R&D management takes place through a system which, in the largest companies and in general, follows the guidelines in the UNE 166002:2006 standard and is audited by independent specialists. This program is based on three premises of action:

- Development of strategic lines of research individualised by company.
- Strategic collaboration with external organisations.
- Growing and responsible investment in order to promote research and generate patents and operational techniques constantly and efficiently.

Environmental protection

The ACS Group has a significant environmental impact, either directly as a consequence of changes in the environment or indirectly through the consumption of materials, energy and water resources. The Group carries out its activities in accordance with the law, by adopting the most efficient measures to reduce these effects, and by reporting its activity in the mandatory environmental impact studies.

Additionally, it adapts processes so that a high percentage of the Group's activity is certified to the ISO 14001 standard, which involves an additional commitment required by the law in respect of good environmental practice.

ACS has on-going action plans in their companies to specifically reduce the environmental impact. The main initiatives in development are:

- Actions that contribute to the reduction of climate change.
- Initiatives to enhance energy efficiency in its activities.
- Procedures that help to minimise the impact on biodiversity in those projects where necessary.
- Promotion of good practices aimed at saving water in those locations considered to have high water stress.

4.3 EMPLOYEES

Human Resources

At the end of 2013, the ACS Group employed a total of 157,689 people, 37,560 of whom are university graduates. The number of ACS Group employees is 2.9% less than in 2012 after the sale of Hochtief's Airport and Facility Management activities in September 2013.

Some of the fundamental principles governing the corporate human resource policies of the Group companies are based on the following common actions:

- Attracting, retaining and motivating talented individuals.
- Promoting teamwork and quality control as tools to drive excellence as work well done.
- Acting quickly, promoting the assumption of responsibilities and minimising bureaucracy
- Supporting and increasing training and learning.
- Innovating to improve processes, products and services.

Health and Safety

The prevention of occupational risks is one of the strategic pillars of all ACS Group companies. The ACS Group's risk prevention policy complies with the various Occupational Health and Safety regulations which govern the area in the countries where it is operates, at the same time as promoting integration of occupational risks into the company strategy by means of advanced practices, training and information. Despite the fact that they operate independently, the great majority of the Group's companies share common principles in the management of their employees' health and safety.

- Compliance with current legislation on occupational risk prevention and other requirements voluntarily observed.
- Integration of occupational risk prevention into the set of initiatives and at all levels, implemented through correct planning and its putting into practice.
- Adoption of all those measures necessary to ensure employees' protection and well-being.
- Achieving continuous improvement of the system by means of appropriate training and. information as regards risk prevention
- Qualification of staff and application of technological innovations.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

5. SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

On 12 December 2013, the Board of Directors of ACS approved the distribution of the interim dividend. It was distributed in February 2014 using a flexible dividend system through which 49.5% of ACS shareholders chose to sell their rights to ACS through the Purchase Commitment, entailing the acquisition by ACS of 155,768,093 rights for a gross amount of EUR 69.5 million, or EUR 0.446 per share. The remaining shareholders chose the share option, as a result of which 2,562,846 shares of ACS were issued which were admitted to listing on 26 February 2014.

On 31 January 2014, Hochtief sold 50% of its ownership interest in aurelis Real Estate at a price close to its carrying amount within its strategy of divesting non-strategic assets.

The proposed ministerial order for the approval of the remuneration parameters of renewable energy facilities was published in February 2014 served to evaluate the impact of the aforementioned regulation on the ACS Group, as detailed in Note 1.1 of this report.

In March 2014, Hochtief, A.G., launched a proportional take overbid over the Australian company Leighton Holdings Ltd in order to increase its current ownership interest from 58.77% to a maximum of 73.82%, at an ex-dividend price per share of AUD 22.50, payable in cash, which will entail a maximum investment of AUD 1,155 million (approximately, EUR 787 million) which will be financed by Hochtief, A.G. with its own available cash and credits. The takeover bid is subject to the relevant authorisation and other usual conditions.

On 13 March 2014, ACS, Actividades Finance 2, B.V. (a Dutch wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A.) announced that upon completion of the accelerated bookbuild, the amount, the interest rate and the conversion price as well as the definitive conditions of the exchangeable bond issue over Iberdrola shares have been set, as follows:

- The final amount of the issue totalled EUR 405.6 million.
- The bonds which were issued at par will mature on 27 March 2019, unless they are exchanged or redeemed early. The price for redeeming the bonds on maturity will be 100% of the nominal value, unless they are exchanged.
- The bonds accrue annual nominal fixed interest of 1.625%, payable quarterly in arrears.
- The bonds will be exchangeable, at the choice of the bondholders, for 63,187,412 ordinary shares of Iberdrola, representing approximately 0.9914% of its share capital. However, in accordance with the terms and conditions of the bonds, the Issuer may opt, when the bondholders exercise their exchange right, to deliver the corresponding number of Iberdrola shares, cash or a combination thereof.
- The conversion price of the bonds is EUR 6.419 per each Iberdrola share, representing a premium of 32.5% over the weighted average quoted price of these shares since the announcement of the issue until the time it was set. As of 17 April 2017 (3 years and 21 days from the closing date), the Company will have the option of redeeming the bonds early at par if the value of the Iberdrola shares exceeds 130% of the conversion price applicable during at least 20 trading days in any period of 30 consecutive trading days.
- The bondholders will have the right to redeem their bonds early from the Issuer for an amount equal to the sum of the nominal amount and the interest accrued:

  – on 27 March 2017 (3 years from the closing date); and
  – in the event that there is any change of control of ACS (as this concept is defined under the terms and conditions of the bonds).

- The subscription and payment of the bonds will take place at the closing date, initially set for 27 March 2014 provided that the conditions envisaged in the subscription agreement that the Company, Issuer and the Underwriter signed on 13 March 2014 with the Lead Managers.
- As part of the subscription agreement, the Issuer, the Company and the Underwriter have formalised a lock-up agreement, from the signature date for a period of 90 days from the subscription and payment of the bonds, pursuant to which they undertake not to perform any issues, offers or sales of the shares offered in exchange or in similar transactions in relation to the Iberdrola shares and/or any convertible or exchangeable security for Iberdrola shares, subject to certain exceptions.
- On 17 March 2014, a request was made to list the bonds on the open market (Freiverkehr) (a multilateral trading facility) on the Frankfurt Stock Exchange.

On 18 March 2014, ACS, Actividades de Construcción y Servicios, S.A. reduced its share capital by EUR 1,281,423 relating to 2,562,846 ordinary shares of EUR 0.5 par value each through the retirement of the Parent's treasury shares.

In using the authorisation granted by the shareholders at the Annual General Meeting held on 25 May 2009 and in executing the resolution of the Board of Directors of 27 February 2014, ACS, Actividades de Construcción y Servicios, S.A., on 20 March 2014 has formally executed a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which has been subscribed by the Irish Stock Exchange. Santander Global Banking & Markets is the programme implementation coordinator (arranger), the entity who 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 in the capital markets.

6. OUTLOOK FOR 2014

The ACS Group expects to increase its net recurring profit in 2014 by maintaining a moderate gearing ratio.

In order to achieve these objectives, the ACS Group will continue to grow in all of its developed reference markets. It will do so in North America, Pacific Asia and Latin America by taking advantage of the opportunities which arise as a result of its privileged position and in Europe by retaining its roots. Likewise, it will continue to invest in infrastructure development projects.

The ACS Group will promote more measures to increase the profitability of its operating companies, standardising the risk control system and strengthening the growth of its activities with high added value in new markets.

One of the ACS Group's objectives also is to improve in terms of financing efficiency, promoting adequate management of working capital and increasing access to capital markets in order to, thus, reduce its finance costs and diversify its sources of financing.

7. ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with corporate law, following is the Annual Corporate Governance Report, which forms an integral part of the 2013 Directors' Report.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

ASSETS

Thousands of euros	Note	31/12/2013	31/12/2012 (*)
NON-CURRENT ASSETS		14,390,514	15,172,747
Intangible assets	04	4,491,245	4,540,185
Goodwill		2,725,848	2,559,822
Other intangible assets		1,765,397	1,980,363
Tangible assets - property, plant and equipment	05	2,413,741	2,950,977
Non-current assets in projects	06	757,470	729,893
Investment property	07	63,922	71,086
Investments accounted for using the equity method	09	1,366,466	1,731,614
Non-current financial assets	10	2,317,846	1,848,469
Long term cash collateral deposits	10	559,432	362,722
Derivative financial instruments	22	40,692	470,697
Deferred tax assets	26.06	2,379,700	2,467,104
CURRENT ASSETS		25,380,643	26,390,629
Inventories	11	1,817,199	1,920,115
Trade and other receivables	12	11,316,007	11,414,486
Trade receivables for sales and services		10,130,211	10,158,368
Other receivable		1,082,950	1,173,250
Current tax assets	26	102,846	82,868
Other current financial assets	10	2,980,141	1,705,449
Derivative financial instruments	22	11,981	9,014
Other current assets	13	176,641	212,238
Cash and cash equivalents	14	3,769,078	4,527,836
Non-current assets held for sale and discontinued operations	03.09	5,309,596	6,601,491
TOTAL ASSETS		39,771,157	41,563,376

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated statement of financial position at 31 December 2013.
(*) Data restated

EQUITY AND LIABILITIES

Thousands of euros	Note	31/12/2013	31/12/2012 (*)
EQUITY	15	5,488,908	5,711,508
SHAREHOLDERS' EQUITY		3,802,827	3,382,358
Share capital		157,332	157,332
Share premium		897,294	897,294
Reserves		2,111,618	4,830,361
(Treasury shares and equity interests)		(64,958)	(574,696)
Profit for the period of the parent		701,541	(1,927,933)
ADJUSTMENTS FOR CHANGES IN VALUE		(534,914)	(725,840)
Available-for-sale financial assets		27,927	154
Hedging instruments		(442,697)	(801,806)
Exchange differences		(120,144)	75,812
EQUITY ATTRIBUTED TO THE PARENT		3,267,913	2,656,518
NON-CONTROLLING INTERESTS		2,220,995	3,054,990
NON-CURRENT LIABILITIES		11,323,455	10,917,000
Grants	16	49,748	54,215
Non-current provisions	20	1,794,751	1,892,041
Non-current financial liabilities		7,411,353	6,956,583
Bank borrowings, debt instruments and other marketing securities	17	6,171,352	5,745,365
Project finance with limited recourse	18	1,035,693	1,103,847
Other financial liabilities	19	204,308	107,371
Derivative financial instruments	22	497,868	594,363
Deferred tax liabilities	26.06	1,381,273	1,232,499
Other non-current liabilities		188,462	187,299
CURRENT LIABILITIES		22,958,794	24,934,868
Current provisions	20	1,102,411	1,213,613
Current financial liabilities		4,131,977	4,591,375
Bank borrowings, debt, and other held-for-trading liabilities	17	3,593,400	3,943,345
Project finance with limited recourse	18	221,447	278,575
Other financial liabilities	19	317,130	369,455
Derivative financial instruments	22	70,552	23,865
Trade and other payables	23	13,219,665	14,741,614
Suppliers		8,307,953	8,726,149
Other payables		4,582,075	5,945,128
Current tax liabilities	26	329,637	70,337
Other current liabilities	24	555,849	275,121
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	3,878,340	4,089,280
TOTAL EQUITY AND LIABILITIES		39,771,157	41,563,376

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated statement of financial position at 31 December 2013.
(*) Data restated

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

Thousands of euros	Note	31/12/2013	31/12/2012 (*)
REVENUE	**27**	**38,372,521**	**38,396,178**
Changes in inventories of finished goods and work in progress		(41,447)	83,704
Capitalised expenses of in-house work on assets	27	8,881	25,581
Procurements	28.01	(24,834,110)	(23,918,513)
Other operating income		570,851	403,684
Staff costs	28.02	(8,339,894)	(8,680,555)
Other operating expenses		(2,788,157)	(3,265,407)
Depreciation and amortisation charge	04,05,06 and 07	(1,207,908)	(1,468,872)
Allocation of grants relating to non-financial assets and others	16	5,014	3,550
Impairment and gains on the disposal of non-current assets	03.09	(199,519)	36,913
Other profit or loss	28.07	98,431	(24,766)
OPERATING INCOME		**1,644,663**	**1,591,497**
Finance income	28.06	360,744	507,853
Financial costs		(1,123,676)	(1,294,777)
Changes in the fair value of financial instruments	22 and 28.05	555,294	105,476
Exchange differences		(25,099)	219
Impairment and gains or losses on the disposal of financial instruments	29	255,707	(3,769,932)
FINANCIAL RESULT		**22,970**	**(4,451,161)**
Results of companies accounted for using the equity method	09	95,982	339,353
PROFIT BEFORE TAX		**1,763,615**	**(2,520,311)**
Income tax	26.04	(516,690)	1,005,216
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**1,246,925**	**(1,515,095)**
Profit after tax from discontinued operations	(**)	-	107,465
PROFIT FOR THE PERIOD		**1,246,925**	**(1,407,630)**
Profit attributed to non-controlling interests	15.07	(545,384)	(520,292)
Profit from discontinued operations attributable to non-controlling interests	15.07	-	(11)
PROFIT ATTRIBUTABLE TO THE PARENT		**701,541**	**(1,927,933)**
(**) Profit after tax from discontinued operations attributable to non-controlling interests	03.09	-	107,454

EARNINGS PER SHARE

Euros per share	Note	2013	2012
Basic earnings per share	31	2.26	(6.62)
Diluted earnings per share	31	2.26	(6.62)
Basic earnings per share from discontinued operations	31	-	0.37
Basic earnings per share from continuing operations	31	2.26	(6.99)
Diluted Basic earnings per share from continuing operations	31	2.26	(6.99)

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated income statement at 31 December 2013.
(*) Data restated

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

Thousands of euros	31/12/2013			31/12/2012 (*)		
	Of the Parent	Of non-controlling interests	Total	Of the Parent	Of non-controlling interests	Total
A) Total consolidated profit	**701,541**	**545,384**	**1,246,925**	**(1,927,933)**	**520,303**	**(1,407,630)**
Profit/(Loss) from continuing operations	701,541	545,384	1,246,925	(2,035,387)	520,292	(1,515,095)
Profit/(Loss) from discontinued operations	-	-	-	107,454	11	107,465
B) Income and expenses recognised directly in equity	**118,375**	**(193,873)**	**(75,498)**	**(1,250,758)**	**(70,238)**	**(1,320,996)**
Measurement of financial instruments	93,494	(2,107)	91,387	(1,314,582)	7,852	(1,306,730)
Cash flow hedges	335,745	63,251	398,996	(289,663)	(5,195)	(294,858)
Exchange differences	(219,214)	(238,838)	(458,052)	(48,421)	(27,752)	(76,173)
Arising from actuarial profit and loss and losses (**)	37,058	28,406	65,464	(66,651)	(62,174)	(128,825)
Tax effect	(128,708)	(44,585)	(173,293)	468,559	17,031	485,590
C) Transfers to profit or loss	**94,873**	**(22,086)**	**72,787**	**2,844,907**	**11,793**	**2,856,700**
Measurement of financial instruments	(39,241)	(106,669)	(145,910)	3,925,165	-	3,925,165
Cash flow hedges	119,133	63,631	182,764	117,782	16,847	134,629
Exchange differences	23,258	19,306	42,564	(56)	-	(56)
Tax effect	(8,277)	1,646	(6,631)	(1,197,984)	(5,054)	(1,203,038)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**914,789**	**329,425**	**1,244,214**	**(333,784)**	**461,858**	**128,074**

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated statement of comprehensive income at 31 December 2013.
(*) Data restated.
(**) The only item of income and expense recognized directly in equity which cannot be subsequently subject to transfer to the income statement is the corresponding actuarial gains and losses.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

Thousands of euros	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Interim dividend	Non-controlling interests	TOTAL
Balance at 31 December 2011	**157,332**	**897,294**	**4,709,557**	**(760,651)**	**(2,363,192)**	**961,940**	**(283,198)**	**2,872,182**	**6,191,264**
Income/(expenses) recognised in equity	-	-	(44,698)	-	1,637,352	(1,926,438)	-	461,858	**128,074**
Capital increases/(reductions)	3,666	-	(3,666)	-	-	-	-	-	**-**
Stock options	-	-	8,709	-	-	-	-	-	**8,709**
Distribution of profit from the prior year									
To reserves	-	-	462,045	-	-	(462,045)	-	-	**-**
To dividends	-	-	24,143	-	-	(499,895)	283,198	(178,907)	**(371,461)**
Treasury shares	(3,666)	-	(266,043)	185,955	-	-	-	-	**(83,754)**
Change in listed investees as a result of actuarial and other gains	-	-	(54,773)	-	-	-	-	-	**(54,773)**
Change in the scope of consolidation and other effects of a lesser amount	-	-	(6,408)	-	-	-	-	(100,143)	**(106,551)**
Balance at 31 December 2012	**157,332**	**897,294**	**4,828,866**	**(574,696)**	**(725,840)**	**(1,926,438)**	**-**	**3,054,990**	**5,711,508**
IAS 19 revised	-	-	1,495	-	-	(1,495)	-	-	**-**
Balance at 31 December 2012 adjusted (*)	**157,332**	**897,294**	**4,830,361**	**(574,696)**	**(725,840)**	**(1,927,933)**	**-**	**3,054,990**	**5,711,508**
Income/(expenses) recognised in equity	-	-	22,322	-	190,926	701,541	-	329,425	**1,244,214**
Capital increases/(reductions)	3,927	-	(3,927)	-	-	-	-	-	**-**
Stock options	-	-	5,391	-	-	-	-	-	**5,391**
Distribution of profit from the prior year									
To reserves	-	-	(1,927,933)	-	-	1,927,933	-	-	**-**
2012 acquisition of bonus issue rights	-	-	(192,709)	-	-	-	-	-	**(192,709)**
To dividends	-	-	-	-	-	-	-	(383,173)	**(383,173)**
Treasury shares	(3,927)	-	(261,303)	509,738	-	-	-	-	**244,508**
Treasury shares through investees	-	-	(142,811)	-	-	-	-	(112,501)	**(255,312)**
Change in listed investees as a result of actuarial and other gains	-	-	9,585	-	-	-	-	-	**9,585**
Additional ownership interest in controlled entities	-	-	(70,035)	-	-	-	-	(147,448)	**(217,483)**
2013 bonus issue rights	-	-	(140,970)	-	-	-	-	-	**(140,970)**
Change in the scope of consolidation and other effects of a lesser amount	-	-	(16,353)	-	-	-	-	(520,298)	**(536,651)**
Balance at 31 December 2013	**157,332**	**897,294**	**2,111,618**	**(64,958)**	**(534,914)**	**701,541**	**-**	**2,220,995**	**5,488,908**

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated statement of changes in equity at 31 December 2013.
(*) Data restated

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

Thousands of euros	31/12/2013	31/12/2012 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES	1,011,813	1,299,550
1. Profit/(Loss) before tax	1,763,615	(2,520,311)
2. Adjustments for:	917,144	4,688,045
Depreciation and amortisation charge	1,207,908	1,468,872
Other adjustments to profit (net) (Note 1.i)	(290,764)	3,219,173
3. Changes in working capital	(947,638)	(206,989)
4. Other cash flows from operating activities:	(721,308)	(661,195)
Interest payable	(1,113,692)	(1,292,736)
Dividends received	375,648	542,588
Interest received	233,465	242,574
Income tax payment/proceeds	(216,729)	(153,621)
B) CASH FLOWS FROM INVESTING ACTIVITIES	(97,744)	2,285,124
1. Investment payables:	(2,100,711)	(2,496,027)
Group companies, associates and business units	(534,687)	(515,952)
Property, plant and equipment, intangible assets and property investments	(1,279,283)	(1,749,222)
Other financial assets	(202,218)	(135,468)
Other assets	(84,523)	(95,385)
2. Divestment:	2,002,967	4,781,151
Group companies, associates and business units	1,816,439	1,457,507
Property, plant and equipment, intangible assets and investment property	149,832	640,884
Other financial assets	33,663	2,678,297
Other assets	3,033	4,463
C) CASH FLOWS FROM FINANCING ACTIVITIES	(1,496,073)	(3,174,971)
1. Equity instrument proceeds (and payment):	(476,556)	(83,754)
Acquisition	(942,222)	(155,880)
Disposal	465,666	72,126
2. Liability instrument proceeds (and payment):	(1,251,044)	(2,323,237)
Issue	2,685,747	4,584,893
Refund and repayment	(3,936,791)	(6,908,130)
3. Dividends paid and remuneration relating to other equity instruments:	(397,979)	(639,150)
4. Other cash flows from financing activities:	629,506	(128,830)
Other financing activity proceeds and payables:	629,506	(128,830)
D) EFFECT OF CHANGES IN EXCHANGE RATES	(176,754)	(37,044)
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(758,758)	372,659
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,527,836	4,155,177
G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,769,078	4,527,836

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

CASH AND CASH EQUIVALENTS AT YEAR END

Cash and banks	3,159,531	3,583,950
Other financial assets	609,547	943,886
TOTAL CASH AND CASH EQUIVALENTS AT YEAR END	3,769,078	4,527,836

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated statement of cash flows at 31 December 2013.
(*) Data restated

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

01. GROUP ACTIVITY

ACS, Actividades de Construcción y Servicios, S.A., the Parent, is a company incorporated in Spain in accordance with the Spanish Public Limited Liability Companies Law, and its registered office is at Avda. de Pío XII, 102, 28036 Madrid.

In addition to the operations carried on directly thereby, ACS, Actividades de Construcción y Servicios, S.A. is the head of a group of subsidiaries that engage in various business activities and which compose, together with the Company, the ACS Group. Therefore, ACS, Actividades de Construcción y Servicios, S.A. is obliged to prepare, in addition to its own individual financial statements, the Group's consolidated financial statements, which also include the interests in joint ventures and investments in associates.

In accordance with its company object, the main business activities of ACS, Actividades de Construcción y Servicios, S.A., the Parent of the ACS Group, are as follows:

1. The business of constructing all kinds of public and private works, as well as the provision of services, for the conservation, maintenance and operation of motorways, freeways, roads and, in general any type of public or private ways and any other type of works, and any kind of industrial, commercial and financial actions and operations which bear a direct or indirect relationship thereto.

2. The promotion, construction, restoration and sale of housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either alone or through third parties. The conservation and maintenance of works, facilities and services, whether urban or industrial.

3. The direction and execution of all manner of works, facilities, assemblies and maintenance related to production plants and lines, electric power transmission and distribution, substations, transformation, interconnection and switching centres, generation and conversion stations, electric, mechanical and track installations for railways, metros and light rail, railway, light rail and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements, and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering - either directly remotely - for industries and buildings as well as those suited to the above listed, facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of, facilities related to the production, transmission, distribution, upkeep, recovery and use of electric energy in all its stages and systems, as well as the operation repair, replacement and upkeep of the components thereof. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerization and rationalisation of all kinds of energy consumption.

4. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signalling and S.O.S. communications, civil defence, defence and traffic, voice and data transmission and use, measurements and signals, as well as propagation, broadcast, repetition and reception of all kinds of waves, antennas, relays, radio-links, navigation aids, equipment and elements required for the execution of such works, assemblies and facilities.

5. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the development, production, transformation, storage, transmission, channelling, distribution, use, metering and maintenance of any other kind of energy and energy product, and of any other energy that may be used in the future, including the supply of special equipment, elements required for installation and erection, and materials of all kinds.

6. The direction and execution of all manner of works, assemblies, facilities and maintenance of hydroelectric works to develop, store, raise, drive or distribute water, and its piping, transport and distribution, including water and gas treatment facilities.

7. The direction and execution of all manner of works, assemblies, facilities and maintenance for developing, transporting, channelling and distributing liquid and solid gases for all kinds of uses.

8. The direction and execution of all manner of works, assemblies, facilities and maintenance of ventilation, heating, air conditioning and refrigeration works and works to improve the environment, for all kinds of uses.

9. The direction and execution of all manner of works, facilities, assemblies and maintenance related to cable cars, gondola lifts, chair lifts and aerial lifts for both passenger and material transport by means of systems of cables or any type of mechanical element. The retrieval of ships and submerged elements, maritime salvages, ship breaking, naval fleet repairs, repairs and assembly of engines and mechanical elements for ships, and underwater work and sale of aquatic and sports material.

10. The manufacture, transformation, processing, handling, repair, maintenance and all manner of operations of an industrial nature for commercialisation related to machinery, elements, tools, equipment, electric protection material, bare and insulated conductors, insulators, metal fittings, machines, tools and auxiliary equipment for assemblies and installation of railways, metros and light trains, electric power transmission and distribution plants, lines and networks and for telephone and telegraph communications, telecommunication, security, traffic, telematics and voice and data transmission systems; of elements and machines for the development, transformation, transmission and use of all kinds of energies and energy products; of fluid and gas lift pumps, piping and other elements, mechanisms, accessory instruments, spare parts and materials required for execution and performance of any industrial, agricultural, naval, transport, communication and mining works, facilities and assemblies and others listed in the preceding paragraphs. The production, sale and use of electricity and of other energy sources and the performance of studies relating thereto, and the production, exploration, sale and use of all manner of solid, liquid or gaseous primary energy resources, including specifically all forms and kinds of hydrocarbons and natural, liquefied or any other type of gas. Energy planning and rationalisation of the use of energy and combined heat and power generation. The research, development and exploitation of communications and information technologies in all their facets.

11. The manufacture, installation, assembly, erection, supply, maintenance and commercialisation of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; as well as metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.

12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general, and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, crossties for railways and barricades, and the production and commercialisation of antiseptic products and running of procedures for preserving wood, elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.

13. The management and execution of reforestation and agricultural and fishery restocking works, as well as the maintenance and improvement thereof. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.

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14. The manufacture, installation, distribution and use in any way of all manner of ads and advertising supports. The design, construction, fabrication, installation, maintenance, cleaning, upkeep and advertising use of all manner of street furniture and similar elements.

15. The provision of all manner of public and private services of an urban nature, including the execution of any necessary works and facilities, either by administrative concession or leasing. The treatment, recycling and recovery of all kinds of urban, urban-similar, industrial and sanitary waste; the treatment and sale of waste products, as well as the management and operation of waste treatment and transfer plants. Drafting and processing of all manner of environment-related projects.

16. The cleaning services for buildings, constructions and works of any kind, of offices, commercial premises and public places. Preparation, upkeep, maintenance, sterilisation, disinfection and extermination of rodents. Cleaning, washing, ironing, sorting and transportation of clothing.

17. Furniture assemblies and installations, including tables, shelves, office material, and similar or complementary objects.

18. Transports of all kinds, especially ground transportation of passengers and merchandise, and the activities related thereto. Management and operation, as well as provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas, and bus or intermodal transportation stations.

19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centres, therapeutic communities and other shelters and rehabilitation centres; transportation and accompaniment of the above-mentioned collectives; home hospitalisation and medical and nursing home care; supply of oxygen therapy, gas control, electro-medicine, and associated activities.

20. Provision of auxiliary services in housing developments, urban properties, industrial facilities, roadway networks, shopping centres, official agencies and administrative departments, sports or recreational facilities, museums, fairgrounds, exhibition galleries, conference and congress halls, hospitals, conventions, inaugurations, cultural and sports centres, sporting, social and cultural events, exhibits, international conferences, annual general meetings and owners' association meetings, receptions, press conferences, teaching centres, parks, farming facilities (agricultural, livestock and fisheries), forests, rural farms, hunting reserves, recreational and entertainment areas, and in general all kinds of properties and events, by means of porters, superintendents, janitors, ushers, guards or controllers, console operators, auditorium personnel, concierges, receptionists, ticket clerks (including ticket collection), telephone operators, collectors, caretakers, first aid personnel, hostesses and similar personnel or personnel who complement their functions, consisting of the maintenance and upkeep of the premises, as well as attention and service to neighbours, occupants, visitors and/ or users, by undertaking the appropriate tasks, excluding in all cases those which the law reserves for security firms. Collection and tallying of cash, and the making, collection and charging of bills and receipts. The development, promotion, exhibition, performance, acquisition, sale and provision of services in the field of art, culture and recreation, in their different activities, forms, expressions and styles.

21. Provision of emergency, prevention, information, telephone switchboard, kitchen and dining hall services. Opening, closing and custody of keys. Turning on and off, running, supervision, maintenance and repair of engines and heating and air conditioning, electricity and lift installations, water, gas and other supply pipes, and fire protection systems. The operation of rapid communication systems with public assistance services, such as police, firemen, hospitals and medical centres. Fire fighting and prevention services in general, in woodlands, forests, rural farms, and industrial and urban facilities.

22. Integral management or operation of public or private educational or teaching centres, as well as surveillance, service, education and control of student bodies or other educational collectives.

23. Reading of water, gas and electricity meters, maintenance, repair and replacement thereof, monitoring and transcription of readouts, meter inspection, data acquisition and updating, and instalment of alarms. Temperature and humidity measurements on roadways and, in general, all kinds of properties and real estate, and public and private facilities, providing all the controls required for proper upkeep and maintenance thereof, or of the goods deposited or guarded therein.

24. Handling, packing and distribution of food or consumer products; processing, flavouring and distribution of food for own consumption or supply to third parties; servicing, replacement and maintenance of equipment, machinery and dispensing machines of the mentioned products; and participation in operations with raw materials, manufactured goods and supplies.

25. Provision of ground services to passengers and aircraft. Integral logistic freight services, such as: loading, unloading, stowing and unstowing, transport, distribution, placement, sorting, warehouse control, inventory preparation, replacement, control of warehouse stocks and storage of all kinds of merchandise, excluding the activities subject to special legislation. Management and operation of places of distribution of merchandise and goods in general, and especially perishable products, such as fish exchanges and wholesale and retail markets. Reception, docking, mooring and service connections to boats.

26. Direct advertising services, postage and mailing of printed advertising and publicity material and, in general, all kinds of documents and packages, on behalf of the clients.

27. Management, operation, administration, maintenance, upkeep, refurbishment and fitting out of all kinds of concessions in the broadest sense of the word, including those that are part of the concessionary firm's shareholders and those that have any type of contractual relation to develop any of the above-listed activities.

28. The acquisition, holding, use, administration and disposal of all manner of own-account securities, excluding activities that special legislation, and in particular the legislation on the stock market, exclusively ascribes to other entities.

29. To manage and administer fixed-income and equity securities of companies not resident in Spain, through the related organisation of the appropriate material and human resources in this connection.

30. Preparation of all manner of studies, reports and projects, and entering into contracts concerning the activities indicated in this article, as well as supervision, direction and consulting in the execution thereof.

31. Occupational training and recycling of people who provide the services described in the preceding points.

CONSOLIDATED FINANCIAL STATEMENTS

02. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BASIS OF CONSOLIDATION

02.01.- BASIS OF PRESENTATION

The consolidated financial statements for 2013 of the ACS Group were prepared:

- By the directors of the Parent, at the Board of Directors' Meeting held on 26 March 2014.
- In accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council and subsequent amendments. The consolidation bases and the principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2013 are summarised in Notes 02 and 03.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant legislation in this connection, which are specified in Note 03 (Accounting Policies).
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2013, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2013 (IFRSs as adopted by the European Union) differ from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted in Europe.

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

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

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

As a result of the foregoing, the effect on the 2012 consolidated income statement is detailed in this note. The ACS Group did not present the statement of financial position for the first comparative year (i.e., 1 January 2012) since its effect is not material in accordance with that indicated in paragraph 40 A of IAS 1. The main effects were:

Thousands of euros	31/12/2012 Restated	Effect review IAS 19	31/12/2012
REVENUE	**38,396,178**	**-**	**38,396,178**
OPERATING INCOME	**1,591,497**	**-**	**1,591,497**
Finance income	507,853	-	507,853
Financial costs	(1,294,777)	(4,992)	(1,289,785)
Changes in the fair value of financial instruments	105,476	-	105,476
Exchange differences	219	-	219
Impairment and gains or losses on the disposal of financial instruments	(3,769,932)	-	(3,769,932)
FINANCIAL RESULT	**(4,451,161)**	**(4,992)**	**(4,446,169)**
Results of companies accounted for using the equity method	339,353	-	339,353
PROFIT BEFORE TAX	**(2,520,311)**	**(4,992)**	**(2,515,319)**
Income tax	1,005,216	2,112	1,003,104
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**(1,515,095)**	**(2,880)**	**(1,512,215)**
Profit after tax from discontinued operations (*)	107,465	-	107,465
PROFIT FOR THE PERIOD	**(1,407,630)**	**(2,880)**	**(1,404,750)**
Profit attributed to non-controlling interests	(520,292)	1,385	(521,677)
Profit from discontinued operations attributable to non-controlling interests	(11)	-	(11)
PROFIT ATTRIBUTABLE TO THE PARENT	**(1,927,933)**	**(1,495)**	**(1,926,438)**
(*) Profit after tax from discontinued operations attributable to non-controlling interests	107,454	-	107,454

The ACS Group's consolidated financial statements for 2012, (IFRSs as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 10 May 2013.

The 2013 consolidated financial statements of the ACS Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent's Board of Directors considers that the aforementioned financial statements will be approved without any material changes.

Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the directors of the Group's Parent.

The consolidated financial statements were prepared from the 2013 accounting records of ACS, Actividades de Construcción y Servicios, S.A. and of its Group companies, whose respective separate financial statements were approved by the directors of each company and business segment, once they had been adapted for consolidation in conformity with International Financial Reporting Standards as adopted by the European Union.

In the ACS Group's consolidated financial statements estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

- The measurement aimed at determining any impairment losses on certain assets (Notes 03.01, 03.06 and 10.01).

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- The fair value of assets acquired in business combinations (Note 02.02.f).
- The measurement of goodwill and the allocation of assets on acquisitions (Note 03.01).
- The recognition of earnings in construction contracts (Note 03.16.01).
- The amount of certain provisions (Note 03.13).
- The assumptions used in the calculation of liabilities and obligations to employees (Note 03.12).
- The market value of the derivatives (such as equity swaps, put spreads, etc.) mentioned in Notes 09 and 10.
- The useful life of the intangible assets and property, plant and equipment (Notes 03.02 and 03.03).
- The recovery of deferred tax assets (Note 26).
- Financial risk management (see Note 21).

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years.

Changes in accounting estimates and policies and correction of fundamental errors

Changes in accounting estimates- The effect of any change in accounting estimates is recognised in the same income statement line item as that in which the expense or income measured using the previous estimate had been previously recognised.

Changes in accounting policies and correction of fundamental errors.- In accordance with IAS 8, the effect of any change in accounting policies and of any correction of fundamental errors is recognised as follows: the cumulative effect at the beginning of the year is adjusted in reserves, whereas the effect on the current year is recognised in profit or loss. Also, in these cases the financial date for the comparative year presented together with the year in course is restated.

No errors were corrected in the 2012 Financial Statements.

Except as indicated in the following paragraphs and the entry into force of new accounting standards, the bases of consolidation applied in 2013 are consistent with those applied in the 2012 consolidated financial statements.

Functional currency

These consolidated financial statements are presented in euros, since this is the functional currency in the area in which the Group operates. Transactions in currencies other than the euro are recognised in accordance with the policies established in Note 03.21.

02.02. BASIS OF CONSOLIDATION

a) Balances and transactions with Group companies and associates

The significant intra-Group balances and transactions are eliminated on consolidation. Accordingly, all gains obtained by associates up to their percentage of ownership interest and all gains obtained by fully consolidated companies were eliminated.

However, in accordance with the criteria provided by IFRIC 12, balances and transactions relating to construction projects undertaken by companies of the Construction and Industrial Services division for concession operators are not eliminated on consolidation since these transactions are considered to have been performed for third parties as the projects are being completed.

b) Standardisation of items

In order to uniformly present the various items comprising these consolidated financial statements, accounting standardisation criteria have been applied to the individual financial statements of the companies included in the scope of consolidation.

In 2013 and 2012 the reporting date of the financial statements of all the companies included in the scope of consolidation was the same or was temporarily brought into line with that of the Parent.

c) Subsidiaries

"Subsidiaries" are defined as companies over which the ACS Group has the capacity to exercise effective control; control is, in general but not exclusively, presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the investee or, even if this percentage is lower or zero, when, for example, there are agreements with other shareholders of the investee that give the Parent control. In accordance with IAS 27, control is the power to govern the financial and operating policies of a company so as to benefit from its activities.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

Likewise, the ACS Group at 31 December 2013 does not have an effective interest of less than 50% in companies considered subsidiaries. At 2012 year end, the most significant Company in this section was Hochtief, A.G. with 49.90% (see Note 02.02.f). At 2013 year end, the ACS Group held 50.35% of Hochtief, A.G.

The main companies of the ACS Group with dividend rights of more than 50% which are not fully consolidated include: Clece, S.A., Escal UGS, S.L., Hospital Majadahonda, S.A., Autovía de los Pinares, S.A., Desarrollo de Equipamientos Públicos, S.L., FTG Fraser Transportation Group Partnership and Sociedad Concesionaria Ruta del Canal, S.A. This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders, and consequently, they have been recognised as joint ventures or companies accounted for using the equity method.

The sale and purchase agreements for Intercambiador de Transportes de Avenida de América, S.A. and Sociedad Concesionaria Ruta del Canal, S.A. carried out in 2012 included various clauses and addenda which determined how the governing bodies of the aforementioned companies would be comprised after the sale and purchase transactions, and what their decisions and competencies would be.

In both cases, the main decisions related to the companies' operations always require the affirmative vote of the non-controlling shareholders. The main mechanisms pursuant to which these agreements are articulated are as follows:

- In the case of Sociedad Concesionaria Ruta del Canal, S.A., 77.5% of the shareholders in the Annual General Meeting must vote in favour of the resolutions adopted with respect to matters for which it has sole responsibility, such as: (i) changes to the bylaws, (ii) approval of financing plans for the concession company, (iii) modification, cancellation or termination of the Concession Agreement, (iv) allocation/distribution of the results for the year, (v) appointment of the Company's auditor, (vi) approval of the financial statements, (vii) provision of guarantees, (viii) dissolution of the Company, (ix) approval of non-monetary contributions, (x) decrease in the number of members of the Board.

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Likewise, with regard to the Board, the Company's Governing Body, the decisions must be taken by a qualified majority, taking into account that the non-controlling shareholders must always vote in favour of matters which are the sole responsibility of the Board. Some of the most important matters are as follows: (i) approval of modifications of the Concession Agreement, Related Agreements or Financing Documents, (ii) creation, sale or acquisition of subsidiaries, (iii) acquisition or disposal of assets, (iv) arrangement of guarantees, (v) authorisation of changes to the accounting policies, (vi) changes to the dividend policy or (vii) approval of the annual budget.

- In the case of Desarrollo de Equipamientos Públicos, S.L. (a holding company which holds the shares which ACS has in Intercambiador de Transportes de Avenida de América, S.A.) 81% of the shareholders in the Annual General Meeting must vote in favour of the resolutions adopted with respect to matters for which they have sole responsibility, such as (i) the appointment, removal or termination of directors, (ii) changes to the bylaws, (iii) resolutions which entail a change to the capital structure, (iv) the dissolution and/or liquidation of the Company or application for insolvency proceedings, (v) approval of the financial statements, (vi) relevant modifications which affect the dividend policy, (vii) the appointment of the Company's auditor and (viii) authorising the Company to carry out activities outside of their company object.

  Likewise, with regard to the Board of Directors, comprised of three members from Iridium and two of the non-controlling shareholders, four out of the five members must approve the resolutions regarding matters for which the Board has sole responsibility. In this regard, matters for which it has sole responsibility are related to important issues such as the following: (i) approval of the annual budget, (ii) approval of modifications to the Company's financial models or its annual budget, (iii) approval or substantial modification to hedge contracts, (iv) financing agreements, refinancing or restructuring of special relevance, (v) substantial changes with respect to the ordinary course of business, (vi) creation, sale or acquisition of subsidiaries, (vii) appointment and removal of the Chairman, Deputy Chairman, Secretary and Deputy Secretary of the Board of Directors, or (viii) contracts with annual billings of more than EUR 100 thousand, for example.

Thus, ACS considers that the rights of the non-controlling shareholders are far from being merely protection rights, and represent authentic management rights over the Companies in question and, therefore, ACS does not exercise exclusive control over them. The loss of control entail, as indicated in paragraph 34 of IAS 27, the recognition of the fair value of the residual ownership interest held.

In the case of Clece, S.A., after the sale of 23.5% of the ownership interest held by the ACS Group in 2012, it was consolidated using the equity method because it is jointly controlled with the non-controlling shareholders even though the Group holds 76.5% of the remaining share capital. The existence of joint control is demonstrated by certain clauses included in the Shareholder Agreement entered into by the parties with regard to Company governance. Thus, firstly, the parties agreed that the Governing Body of Clece would be a Board of Directors comprised of six member, of which three are appointed by ACS and the other three are buyers and, therefore, the percentage of economic participation does not coincide with the voting rights granted to one party or the other. Secondly, resolutions are adopted by the Board with the favourable vote of at least four Board members, which entails the need for an agreement to exist between both parties in order for decisions to be taken. Furthermore, in the same Shareholders Agreement, it was resolved that the decisions regarding certain matters for which the shareholders at the Annual General Meeting have sole responsibility (changes to the bylaws, capital increases or reductions, distribution of dividends, etc.) can only be voted with the favourable vote of ACS and the buyers. Due to all of the foregoing, there must be unanimity between the parties, both for decisions to be adopted by the Board, as well with respect to matters for which the shareholders at the Annual General Meeting have sole responsibility, which is a clear indication of joint control, requiring that the ownership interest which ACS still holds in Clece be consolidated using the equity method.

With regard to the aforementioned ownership interest, after the sale performed in 2012, the ACS Group granted the buyers a purchase option over its shares which can only be exercised once and may not be partially exercised, until 31 December 2014. The Group, given the financial market conditions, analysed the requirements included in IFRS 5 in order to classify it as an asset held for sale and concluded that they were not met at 2012 year end. In the opinion of the directors of the Parent, there were no changes which required that the conclusions reached in 2012 be changed and, therefore, they believe that the equity method was the correct basis of consolidation to be applied at 2013 year end.

At 31 December 2013, the ownership interest held by the ACS Group in Escal UGS, S.L. amounted to 66.67%. However, the directors consider that it does not have control over the business based on the following circumstances:

- The activity and the control mechanisms of Escal UGS, S.L. are regulated by the protocol agreement between ACS Servicios Comunicaciones y Energía, S.L., Castor UGS, L.P.(owners of 33.33% of the shares) and Enagás, S.A. entered into in 2007. Pursuant to this agreement, ACS undertakes to sell to Enagás and Enagás undertakes to purchase from ACS, 50% of its ownership interest once the condition regarding the inclusion of the facilities into the gas system is met (entry into commercial service of the plant and start of operations and access to the system's remuneration). The agreement includes the possibility that Enagás may enter into the shareholder structure prior to the facilities entering into the system.

- The sale price of the aforementioned ownership interest is set as the present value of the cash flows of the Escal business plan discounted to the financing rate for remuneration established by the applicable regulation. The price floor (minimum value) will be the nominal value of the funds contributed by ACS to the project, i.e., ACS is not exposing itself to any "risk" in a literal sense.

- The protocol establishes Enagás' control parameters and functions during the operating phase.

- The business of Escal UGS, S.L. consists of developing an integrated product which includes the design, construction, financing, operation and maintenance of the financed project. All of the decisions related to the significant activities to be carried out are basically grouped in the following two differentiated phases: on the one hand the construction phase and on the other hand the operating phase. The concession was granted for a period of 30 years, which may be extended for 2 successive periods of 10 years each.

IAS 27 establishes that the control over the business, considered as a whole, is the power to manage a company's financial and operating policies in order to obtain profit from its activities. The concept of "financial and operating policies" is not defined as such therein, although it should be understood that they are comprised of the policies which guide the Company's main activities, such as sales, human resources or the manufacturing process itself.

Taking into account the company object of Escal UGS, S.L., it must be understood that the operating policies begin to be implemented effectively from the time the facility enters into service, at which point, in accordance with the agreements entered into by the parties, ACS has no control over them whatsoever. That is to say, taking into account the unique characteristics of the operations and the importance of the transaction, the directors consider that the ACS Group does not have control over the business' significant activities which, logically, are focused mainly on the operations phase of gas storage, with the construction activity consisting only of performing the activities necessary for the business' entry into service. In this respect, ACS fundamentally acts as an (turnkey) EPC contractor for a facility which is strongly regulated (including in the construction and development phase). The entry of the Castor underground gas storage facility requires that Enagás acquire 50% of the ownership interest of ACS. Enagás will supervise the operations and maintenance of the storage. As stated in the concession document, the operation of the facilities related to the "Castor" underground storage facility shall be carried out in accordance with the instructions of the technical system's technical manager, in accordance with that established in section 1 of article 64 of Law 34/1998, of 7 October, on the Hydrocarbon Sector. As a result the directors consider, based on the required performance of the commitment to exit upon the entry into service of the main business, that the Group does not have control over the main business' significant activities, neither during the construction phase nor the operation phase.

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In relation specifically to the construction phase, given the nature of the project described above, certain matters must be considered which are related to the significant activities carried out by the company in the aforementioned phase, where the existence of a third party associated with the project requires additional analysis (beyond those which have ownership interests in the share capital or in the voting rights of the project companies) of the capacity to govern and take decisions which affect this phase in a differentiated manner. In this connection, the Castor underground gas storage facility is considered an integral part of the mandatory planning and is, consequently, considered basic storage for the purposes of that set forth in article 59.2 of Law 34/1998, of 7 October, on the Hydrocarbons Sector. Thus, it is a facility which is considered part of national strategy and unique, forming part of a strongly regulated sector. The regulator's control over the energy activity grants it a very active role in the current construction phase and entry into service, participating in the project's design and construction, which is very complex with regard to technical and budget matters, and the monitoring of the development of the process' milestones. Thus, the regulator periodically reviews whether the project is meeting the requirements and subjects it to a technical and financial audit, an audit which is essential in order for the Administration to obtain the definitive start-up certificate and for the asset to be included in the Spanish gas system, with the definitive remuneration being obtained only for those costs incurred which comply with the provisions determined by the regulator during the construction phase, who, thus maintains additional control over the variances which could arise in the project. Consequently, the power held by the government regulator and the management of the significant activities carried out during the construction phase is sufficiently great that the Company is not truly governing through its voting rights. Thus, ACS' substantive exercise of its voting rights is, in practice, limited during the construction phase.

Additionally, at the beginning of 2012, once the construction activity reached a significantly advanced stated, the ACS Group initiated negotiations for the sale of all of its ownership interest, opening various data room and bilateral negotiation processes with potential investors in order to complete its definitive departure from the project upon its entry into service and, thus, it is included under assets held for sale (see Note 03.09).

Furthermore, during the final months of 2013, certain events occurred related to the performance of Escal which lead the plant's activity to be suspended by the Ministry of Industry, Energy and Tourism, thereby preventing the plant's commercial entry into service and its connection to the gas system. The entry of the Castor system for the underground gas storage facility requires that Enagás acquire 50% of the ownership interest of ACS. The Group's directors believe that the circumstances exist for the Group to maintain the ownership interest recognised as "held for sale".

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e., a discount on acquisition) is credited to profit and loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under "Non-controlling interests" in the consolidated statement of financial position.

- The profit for the year is presented under "Profit attributable to non-controlling interests" and "Profit from discontinued operations attributable to non-controlling interests" in the consolidated income statement and in the consolidated statement of changes in equity.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these notes to the consolidated financial statements details the subsidiaries and information thereon.

Section f) of this Note contains information on acquisitions and disposals, as well as increases and decreases in ownership interest.

d) Joint ventures

A joint venture is a contractual arrangement whereby two or more companies (venturers) have interests in entities (jointly controlled entities) or undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers. By applying the alternative provided in IAS 31 on Interests in joint ventures, the ACS Group has accounted for jointly controlled companies using the equity method under "Investments accounted for using the equity method" in the accompanying consolidated statement of financial position. The share in the profit after tax of these companies is included under "Results of companies accounted for using the equity method" in the accompanying consolidated income statement.

Within the area of business in which the ACS Group operates, mention should be made of the Spanish Unincorporated Joint Ventures (Uniones Temporales de Empresas - UTEs) and similar entities (various types of joint ventures) abroad, which are entities through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time. In cases where individual control of the assets and associated operations is evidenced, the companies are accounted for proportionately in the accompanying consolidated financial statements based upon the Group's ownership interest therein, in accordance with IAS 31.

The assets and liabilities assigned to these types of entities are recognised in the consolidated statement of financial position, classified according to their specific nature on the basis of the existing percentage of ownership. Similarly, income and expense arising from these entities is presented in the consolidated income statement on the basis of their specific nature and in proportion to the Group's ownership interest.

Note 08 and Appendix IV contain relevant information on the main joint ventures.

e) Associates

Associates are companies over which the Group is in a position to exercise significant influence and which are not subsidiaries or interests in joint ventures. Generally, this capacity relates to the fact that it holds -directly or indirectly- 20% or more of the voting power of the investee.

Exceptionally, the following entities (in which the Group owns 20% or more of the voting rights) are not considered to be Group associates since they do not have a significant influence, or are fully inoperative and irrelevant for the Group as a whole. The concession operators for motorways in Greece, Nea Odos Concession Société Anonyme and Central Greece Motorway Concession, S.A., were no longer consolidated using the equity method in 2013 as a result of the agreements reached with the other partners, bringing the lack of significant influence to an end. Therefore, the equity method is no longer used as the bases for consolidation, and the investments are recognised as available-for-sale financial assets under valuation adjustments to equity.

Investments in associates are accounted for using the equity method, whereby they are initially recognised at acquisition cost. Subsequently, on each reporting date, they are measured at cost, plus the changes in the net assets of the associate based on the Group's percentage of ownership. The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess in the Group's share in the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in profit or loss.

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The profit or loss, net of tax, of the associates is included in the Group's consolidated income statement under "Share of results of entities accounted for using the equity method", in proportion to the percentage of ownership. Previously, the appropriate adjustments are made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

If as a result of losses incurred by an associate its equity is negative, the investment should be presented in the Group's consolidated statement of financial position with a zero value, unless the Group is obliged to give it financial support.

Note 09 and Appendix III contain relevant information on the main joint ventures.

f) Changes in the scope of consolidation

The main changes in the scope of consolidation of the ACS Group (formed by ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries) in the year ended 31 December 2013 are described in Appendix V.

Acquisitions, sales, and other corporate transactions

During 2013, the inclusion of companies into the scope of consolidation occurred mainly due to the incorporation thereof.

The most notable acquisition in the year related to the purchase of Leighton Welspun Contractors (a company consolidated using the equity method) for EUR 78,935 thousand, increasing the ownership interest in the aforementioned company by 39.90% to reach 100% at 27 December 2013. The fair value of the aforementioned ownership interest prior to the purchase was EUR 119,021 thousand, and therefore the fair value of the acquisition amounted to EUR 197,956 thousand. This acquisition entailed the recognition of goodwill amounting to EUR 155,752 thousand and a loss of EUR 56,199 thousand (see Note 29) because the translation differences were taken to loss. The acquisition included EUR 31,472 thousand of non-current assets, EUR 191,021 of current assets and EUR 180,936 thousand of liabilities. The annual sales amounted to EUR 310,071 thousand and the annual net loss amounted to EUR 6,171 thousand.

On 23 July 2013, Dragados, S.A., a wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A., launched a delisting takeover bid over its polish investee, Przedsiębiorstwo Robót Inżynieryjnych POL-AQUA, S.A., which was completed on 19 September with the acquisition of 8.3 million shares, representing 30.8% of the share capital, for EUR 6.9 million. Subsequently, a compulsory purchase process was carried out on the remaining 3.82% of the share capital to reach 100%. The aforementioned transaction entailed the recognition of EUR 3.8 million directly in equity, corresponding to negative reserves for the surplus paid over the value of the non-controlling interests acquired at said date.

Hochtief, A.G.

The ACS Group considered the conditions to be appropriate to fully consolidate its investment in Hochtief A. G, with effect from 1 June 2011. Therefore, at that date, in accordance with IFRS 3, it was necessary to make an assessment so as to recognise the fair value of identifiable assets and liabilities acquired from Hochtief, A.G. separately from goodwill, the fair value of the identifiable assets and liabilities assumed from Hochtief, A.G. (Purchase Price Allocation - PPA) at the acquisition date. Once the twelve-month period laid down in the standard for the definitive assignment of the assets identified and the liabilities assumed as a result of the acquisition of Hochtief, A.G. has elapsed, it was established for 2012 as follows:

Thousands of euros	Carrying Amount	Allocation of net assets	Fair value of net assets
Tangible assets - property, plant and equipment	2,041,252	-	2,041,252
Intangible assets	565,832	1,504,370	2,070,202
Other non-current assets	3,825,626	56,580	3,882,206
Current assets	9,131,438	(68,355)	9,063,083
Non-current liabilities	(2,903,875)	(1,847,616)	(4,751,491)
Current liabilities	(8,836,023)	(381,625)	(9,217,648)
Total net assets	**3,824,250**	**(736,646)**	**3,087,604**
Non-controlling interests	(1,268,420)	195,532	(1,072,888)
Fair value of the fully acquired net assets (100%)	**-**	**-**	**2,014,716**
Fair value of assets relating to non-controlling interests	-	-	1,105,734
Fair value of the net assets of the acquirer	**-**	**-**	**908,982**
Cumulative reserves from the purchase to the first date of full consolidation	-	-	(28,353)
Purchase price	-	-	2,371,136
Goodwill (Note 04.01)	**-**	**-**	**1,433,801**

- The main assets to which a higher value was attributed relate to the backlog of construction work and the relationships with customers, whose balances are amortised based on the useful life taken into account and whose effect on amortisation in 2013 amounted to EUR 193,517 thousand (EUR 282,900 thousand in 2012).

  In accordance with IAS 27, the goodwill arising from the acquisition of Hochtief, A.G. shares subsequent to 1 June 2011, given that the ACS Group had already fully consolidated this ownership interest, was recognised in reserves (EUR 10,609 thousand in 2013 and EUR 29,289 thousand in 2012).

In 2013 the most relevant disposals of ownership interest in the share capital of subsidiaries, joint ventures or associates relate to the sale of 70% of Leighton's telecommunication assets for a profit before tax and non-controlling interests of Hochtief and ACS of EUR 154,282 thousand, the sale of all of the airports managed by Hochtief to a subsidiary of the Canadian pension fund, Public Sector Pension Investment Board, for EUR 1,083 million completed in September 2013 and the sale of the facility management business of Hochtief, which were sold to Spie, S.A. in September with financial impact from 1 January 2013, for a price of EUR 236 million (see Note 03.09). The proceeds from the sale of the airports and the facility management business gave rise to profit before tax and non-controlling interests of EUR 122,704 thousand and EUR 157,755 thousand, respectively.

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

- On 8 March 2012, the ACS Group sold its ownership interest of 23.25% of Clece, S.A. to various funds managed by Mercapital, to which it has also granted the option to purchase the remaining capital. Following this date control of Clece, S.A. is to be exercised jointly by the acquiring funds and by ACS, and the company is to be accounted for using the equity method rather than being fully consolidated. The sale price was EUR 80 million, which represents a total business value of EUR 505.7 million (see Note 03.09).

- The sale of all ownership interest in Abertis Infraestructuras, S.A. and a profit before tax of EUR 196,699 thousand recognised under "Impairment and gains or losses on disposals of financial instruments" in the accompanying consolidated income statement. After ACS, Actividades de Construcción y Servicios, S.A. disposed of its ownership interest in Abertis Infraestructuras, S.A., ACS and Trebol Holdings S.à.r.l. reached an agreement to terminate the shareholders agreement published on 1 September 2010.

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- With regard to Sociedad Concesionaria Vespucio Norte Express, S.A., a portion of these gains were not recognised in the ACS Group's consolidated income statement, since these gains were eliminated as a result of the adjustments made in the PPA.

03. ACCOUNTING POLICIES

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, were as follows:

03.01. GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group. Those attributable to specific intangible assets, recognising it explicitly in the consolidated statement of financial position provided that the fair value at the acquisition date can be measured reliably.

- Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.

- Goodwill acquired on or after 1 January 2004, is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003.

In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e., a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to “Impairment and gains or losses on the disposal of non-current assets” in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated statement of financial position, and changes are recognised as translation differences or impairment, as appropriate.

Any negative differences between the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

- If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group.

- The remaining amounts are presented under “Other gains or losses” in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

03.02. OTHER INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets, without physical substance, which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their useful life.

The ACS Group recognises any impairment loss on the carrying amount of these assets with a charge to “Impairment and gains or losses on the disposal of non-current current assets” in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for property, plant and equipment (Note 03.06).

03.02.01. Development expenditure

Development expenditure is only recognised as intangible assets if all of the following conditions are met:

a) an identifiable asset is created (such as computer software or new processes);

b) it is probable that the asset created will generate future economic benefits; and

c) the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

03.02.02. Administrative concessions

Concessions may only be recognised as assets when they have been acquired by the company for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the State or from the related public agency.

Concessions are generally amortised on a straight-line basis over the term of the concession.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

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03.02.03. Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recorded with a charge to "Other intangible assets" in the consolidated statement of financial position.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets will be recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over a period of between three and four years from the entry into service of each application.

03.02.04. Other intangible assets

This heading basically includes the intangible assets related to the acquired companies' construction backlog and customer base, mainly of the Hochtief Group. These intangible assets are measured at fair value on the date of their acquisition, and if material, on the basis of independent external reports. The assets are amortised in the five to ten year period in which it is estimated that profit will be contributed to the Group.

03.03. PROPERTY, PLANT AND EQUIPMENT

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the statement of financial position at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

The capitalised costs include borrowing costs incurred during the asset construction period only, provided that it is probable that they will give rise to future economic benefits for the Group. Capitalised borrowing costs arise from both specific borrowings expressly used for the acquisition of an asset and general borrowings in accordance with the criteria established in IAS 23. Investment income earned on the temporary investment of specific borrowings not yet used to acquire qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other interest costs are recognised in profit or loss in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss on an accrual basis as incurred.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Amortisation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment amortisation charge is recognised in the consolidated income statement and is basically based on the application of amortisation rates determined on the basis of the following average years of estimated useful life of the various assets:

	Years of Estimated Useful Life
Buildings	20-50
Plant and machinery	3-20
Other fixtures, tools and furniture	3-14
Other items of tangible assets - property plant and equipment	4-12

Notwithstanding the foregoing, the property, plant and equipment assigned to certain contracts for services that revert to the contracting agency at the end of the contract term are amortised over the shorter of the term of the contract or the useful life of the related assets.

Assets held under finance leases are recognised in the corresponding asset category, are measured at the present value of the minimum lease payments payable and are amortised over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are amortised on a basis similar to that of owned assets. If there is no reasonable certainty that the lessee will ultimately obtain ownership of the asset upon the termination of the lease, the asset is depreciated over the shorter of its useful life or the term of the lease.

Interest relating to the financing of non-current assets held under finance leases is charged to consolidated profit for the year using the effective interest method, on the basis of the repayment of the related borrowings. All other interest costs are recognised in profit or loss in the year in which they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated income.

The future costs that the Group will have to incur in respect of dismantling, restoration and environmental rehabilitation of certain facilities are capitalised to the cost of the asset, at present value, and the related provision is recognised. The Group reviews each year its estimates of these future costs, adjusting the value of the provision recognised based on the related studies.

03.04. NON-CURRENT ASSETS IN PROJECTS

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures which are operated by ACS Group subsidiaries and which are financed under a project finance arrangement (limited recourse financing applied to projects).

These financing structures are applied to projects capable in their own right of providing sufficient guarantees to the participating financial institutions with regard to the repayment of the funds borrowed to finance them. Each project is performed through specific companies in which the project assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a given amount, and on the other, generally representing a larger amount, through borrowed funds in the form of l non-current debt. The debt servicing of these credit facilities or loans is supported mainly by the cash flows to be generated by the project in the future and by security interests in the project's assets.

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These assets are valued at the costs directly allocable to construction incurred through their entry into operation (studies and designs, compulsory purchases, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the portion relating to other indirectly allocable costs, to the extent that they relate to the construction period.

Also included under this heading will be the borrowing costs incurred prior to the entry into operation of the assets arising from external financing thereof. Capitalised borrowing costs arise from specific borrowings expressly used for the acquisition of an asset.

Upkeep and maintenance expenses that do not lead to a lengthening of the useful life of the assets or an increase in their production capacity are expensed currently.

The residual value, useful life and depreciation method applied to the companies' assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the non-current assets in projects are consumed.

This heading also includes the amount of the concessions to which IFRIC 12 has been applied. These mainly relate to investments in transport, energy and environmental infrastructures operated by ACS Group subsidiaries and financed under a project finance arrangement (limited recourse financing applied to projects), regardless of whether the demand risk is assumed by the group or the financial institution. In general, the loans are supported by security interests over the project cash flows.

The main features to be considered in relation to non-current assets in projects are as follows:

- The concession assets are owned by the concession grantor in most cases.
- The grantor controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
- The assets are operated by the concession operator as established in the concession tender specifications for an established concession period. At the end of this period, the assets are returned to the grantor, and the concession operator has no right whatsoever over these assets.
- The concession operator receives revenues for the services provided either directly from the users or through the grantor.

In general, a distinction must be drawn between two clearly different phases: the first in which the concession operator provides construction or upgrade services which are recognised under intangible or financial assets by reference to the stage of completion pursuant to IAS 11, "Construction contracts" and; a second phase in which the concession operator provides a series of maintenance or operation services of the aforementioned infrastructure, which are recognised in accordance with IAS 18, "Ordinary income".

An intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

In certain mixed arrangements, the operator and the grantor may share the demand risk, although this is not common for the ACS Group.

All the infrastructures of the ACS Group concession operators were built by Group companies, and no infrastructures were built by third parties. The revenue and expenses relating to infrastructure construction or improvement services are recognised at their gross amount (record of sales and associated costs), the construction margin being recognised in the consolidated financial statements.

Intangible assets

For concessions classified as intangible assets, provisions for dismantling, removal and rehabilitation and any steps to improve and increase capacity, the revenue from which is contemplated in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the adjustment for provision discounting are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

Intangible assets are amortised on the basis of the pattern of consumption, taken to be the changes in and best estimates of the production units of each activity. The most important concession business in quantitative terms is the motorways activity, whose assets are depreciated or amortised on the basis of the concession traffic.

Financial assets

Concessions classified as a financial asset are recognised at the fair value of the construction or improvement services rendered. In accordance with the amortised cost method, the related revenue is allocated to profit or loss at the interest rate of the receivable arising on the cash flow and concession payment projections, which are presented as revenue on the accompanying consolidated income statement. As described previously, the revenue and expense relating to the provision of the operation and maintenance services are recognised in the consolidated income statement in accordance with IAS 18, “Ordinary income”, and the finance costs relating to the concession are recognised in the accompanying consolidated income statement according to their nature.

Interest income on the concessions to which the accounts receivable model is applied is recognised as sales, since these are considered to be ordinary activities, forming part of the overall objective of the concession operator, and are carried on and provide income on a regular basis.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

The work performed by the Group on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price.

Concession operators amortised these assets so that the carrying amount of the investment made is zero at the end of the concession.

Non-current assets in projects are depreciated on the basis of the pattern of use which, in the case of motorways, is generally determined by the traffic projected for each year. However, certain contracts have terms shorter than the useful life of the related non-current assets, in which case they are depreciated over the contract term.

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At least at each balance sheet date, the companies determine whether there is any indication that an item or group of items of property, plant and equipment is impaired so that, as indicated in Note 03.06, an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use.

The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

03.05. INVESTMENT PROPERTY

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services or for administrative purposes; or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for the acquisition thereof, including transaction costs. Subsequently, accumulated depreciation, and where applicable, impairment losses are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically revaluate its investment property on the basis of its market value, but rather to recognise it at cost, net of the related accumulated depreciation, following the same criteria as for “Property, plant and equipment”.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset, and is recognised in profit or loss in the period of the retirement or disposal.

Investment property is depreciated on a straight-line basis over its useful life, which is estimated to range from 25 to 50 years based on the features of each asset, less its residual value, if material.

03.06. IMPAIRMENT OF TANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, as well as its investment properties, to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

03.07. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realisable value of the inventories at year-end and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

03.08. NON-CURRENT AND OTHER FINANCIAL ASSETS

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognised at fair value, plus any directly attributable transaction costs. The Group classifies its non-current and current financial assets, excluding investments in associates and those held for sale, in four categories.

In the statement of financial position, financial assets maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.

03.08.01. Loans and receivables

These are non-derivative financial assets with fixed or determinable payments not traded in an active market. After their initial recognition, they are measured at amortised cost using the effective interest method.

The “amortised cost” is understood to be the acquisition cost of a financial asset or liability minus principal repayments, plus or minus the cumulative amortisation taken to profit or loss of any difference between that initial cost and the maturity amount. In the case of financial assets, amortised cost also includes any reduction for impairment.

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The effective interest rate is the discount rate that exactly matches the net carrying amount of a financial instrument to all its estimated cash flows of all kinds through its residual life.

Deposits and guarantees given are recognised at the amount delivered to meet contractual commitments, regarding gas, water and lease agreements, etc.

Period changes for impairment and reversals of impairment losses on financial assets are recognised in the consolidated income statement for the difference between their carrying amount and the present value of the recoverable cash flows.

03.08.02. Held-to-maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to the date of maturity. After their initial recognition, they are also measured at amortised cost.

03.08.03. Financial assets at fair value through profit or loss

These include the financial assets held for trading and financial assets managed and measured using the fair value model. These assets are measured at fair value in the consolidated statement of financial position and changes are recognised in the consolidated income statement.

03.08.04. Available-for-sale investments

These are non-derivative financial assets designated as available for sale or not specifically classified within any of the previous categories. These relate mainly to investments in the share capital of companies not included in the scope of consolidation.

After their initial recognition at cost of acquisition, these investments are measured at fair value, recognising the gains or losses arising thereon in equity until the investment is sold or suffers impairment losses, at which time the cumulative gain or loss previously presented in equity under “Valuation Adjustments” is transferred to profit or loss as gains or losses on the corresponding financial assets.

The fair value of investments actively traded in organised financial markets is determined by reference to their closing market price at year-end. Investments for which there is no active market and whose fair value cannot be reliably determined are measured at cost or at their underlying carrying amount, or at a lower amount if there is any evidence of impairment.

03.08.05. Derecognition of financial assets

The Group derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting, with-recourse factoring, sales of financial assets under an agreement to repurchase them at a fixed price or at the selling price plus interest and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

03.08.06. Fair value hierarchies

Financial assets and liabilities measured at fair value are classified according to the hierarchy established in IFRS 7, as follows:

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.

03.09. NON-CURRENT ASSETS HELD FOR SALE, LIABILITIES RELATING TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

At 31 December 2013, non-current assets held for sale relate mainly to the renewable energy activities (wind farms and solar thermal plants), motorway concession assets, logistics activity and certain assets from Hochtief, A.G., as well as the ownership interest in aurelis Real Estate. In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale.

The main changes in 2013 are due to:

- On 28 June 2013, Leighton Holding completed the sale to Ontario Teachers' Pension Plan of approximately 70% of its telecommunication assets which included the companies Nextgen Networks, Metronode and Infoplex. The sale price entailed valuing 100% of the aforementioned assets at AUD 771 million (approximately, EUR 590 million) for a profit before tax of EUR 154,282 thousand (see Note 29).

- The sale of all of the airports managed by Hochtief, A.G. to a subsidiary of the Canadian pension fund, Public Sector Pension Investment Board, for EUR 1,083 million completed in September 2013 for a profit before tax of EUR 122,701 thousand (see Note 29).

- Additionally, in 2013, the sale of the Facility Management business was included as assets held for sale. They were sold to Spie, S.A. in September with financial impact from 1 January 2013, for a price of EUR 236 million and profit before tax of EUR 157,755 thousand (see Note 29).

- In 2013, aurelis Real Estate was also included which was sold in January 2014, as well as certain assets of PT Thiess Contractors in Indonesia, from the subsidiary, Hochtief, A.G.

The main change in 2012 was due to the sale of 23.5% of Clece to various funds managed by Mercapital, to which a purchase option was granted on the remaining share capital. As of 8 March 2012, the date of the sale, the company became jointly controlled. Other significant changes were caused the sale of the waste collection activity carried out by Thiess, and the sale of certain transmission lines in Brazil and certain wind farms.

It is noteworthy that the renewable assets and most of the concessions, which were classified as held for sale, were held in this category for a period of over twelve months. However, they were not sold due to certain circumstances, which at the time of their classification were not likely, mainly related to regulatory uncertainties in the electricity sector and the situation of the financial markets. However, the Group continues to be committed to the plans for selling these assets, which are being actively marketed, and there is a high probability that the sale will take place in the short term. Paragraph B1 (c) of appendix B of IFRS 5 exempts a

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company from using a one year period as the maximum period for classifying an asset as held for sale if, during the aforementioned period, circumstances arise which were previously considered unlikely (such as is the case with the regulatory changes), the assets continue to be actively for sale at a reasonable price and they fulfil the requirements undertaken by Management and there is a high probability that the sale will occur within one year from the balance sheet date. To the extent that the environment improves and investor confidence increases, ACS may continue with its sale processes which it remains committed to.

Discontinued operations

No operations discontinued operations were carried out in 2013.

After the sale of 23.5% of the ownership interest of the ACS Group in the Clece Group (comprised of Clece, S.A. and its subsidiaries) on 8 March 2012, Clece was no longer considered discontinued activity and was fully consolidated using the equity method since it has joint control together with the new partner. For this reason, in the 2012 income statement, the net gain on the sale of Clece amounted to EUR 150,100 thousand, which was recognised under “Profit after tax from discontinued activities” in the consolidated income statement. This profit included both the unrealised gain on the sale of the 23.5% ownership interest, which amounted to EUR 39.7 million, and the revaluation to its market value of the investment held as a result of the loss of control, which amounted to EUR 110.3 million.

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

The breakdown of the profit from discontinued operations in the period ended 31 December 2012 was as follows:

Thousands of euros	31/12/2012
	Clece
Revenue	183,043
Operating expenses	(171,082)
Operating income	11,961
Profit before tax	**10,508**
Income tax	(3,143)
Profit after tax from discontinued operations	-
Profit attributed to non-controlling interests	(11)
Profit after tax and non-controlling interests	**7,354**
Profit before tax from the disposal of discontinued operations	216,496
Tax on the disposal of discontinued operations	(66,396)
Net profit from the disposal of discontinued operations	**150,100**
Profit after tax and non-controlling interests from discontinued operations	**157,454**

At 31 December 2013 and 31 December 2012, there were not assets or liability corresponding to any discontinued activity.

No income and expenses were recognised under the heading “Adjustments for changes in value” in relation to the discontinued operation at 31 December 2013 or 31 December 2012.

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

The breakdown of the effect of the discontinued operations on the statement of cash flows at 31 December 2012 was as follows:

Thousands of euros	31/12/2012
	Clece
Cash flows from operating activities	-
Cash flows from investing activities	80,860
Cash flows from financing activities	-
Net cash flows from discontinued operations	**80,860**

In addition, in 2012 a net provision of taxes of EUR 50,000 thousand was recognised for future possible contingencies relating to discontinued operations sold that reduced the amount under “Profit after tax and non-controlling interests from discontinued operations” in the consolidated income statement to a profit of EUR 107,454 thousand. In 2013 an agreement was reached with the buyer which reduced the original gain by an amount lower than the provision recognised at 2012 year end. Subsequent to 2013 year end, and based on the agreements reached with Mercapital, the ACS Group’s ownership interest in Clece stood at 75%.

Non-current assets classified as held for sale

The lines of business relating to the renewable energy assets and power transmission lines are included under the Industrial Services activity area. Certain of the remaining port and logistics assets are included in the Environment area and lastly, the motorways, the investment in aurelis and the assets of PT Thiess Contractors are included in the Construction activity area.

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

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

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

On 12 July Royal Decree-Law 9/2013 was published adopting urgent measures to guarantee the financial stability of the electricity system affecting the remuneration framework for renewable energy which the majority of the electricity production facilities of the ACS Group in Spain had availed themselves of.

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

The following will be taken into consideration to calculate the aforementioned specific remuneration for a standard facility, throughout its regulatory useful life and based on the activity performed by an efficient and well-managed company:

a) The standard revenue from the sale of energy generated measured at the production market price.

b) The standard operating costs.

c) The standard value of the initial investment.

The objective of these parameters is not to exceed the minimum level necessary to cover the costs which allow the facilities to compete on an equal basis with the other technologies in the market and which allow reasonable profitability to be obtained. With regard to reasonable profitability, the Royal Decree indicates that, before taxes, it will be approximately the average profitability in the secondary market of ten-year government bonds applying an appropriate spread. The first additional provision of Royal Decree-Law 9/2013 sets the appropriate spread for those facilities which have availed themselves of the premium economic regime at 300 basis points, all of the foregoing, notwithstanding a possible review every 6 years.

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

In order to prepare the impairment test, the ACS Group used internal projections, estimated based on this new regulation, discounting the cash flows to an average weighted average cost of capital (WACC) after taxes of 7%, considering the remuneration established in the aforementioned draft ministerial order based on the age of the assets and the remuneration for operating and maintenance costs. On this basis, the ACS Group recognised an impairment loss of EUR 199,256 thousand which reduced the balance of "Assets held for sale" and was recorded under the heading "Impairment and gains on the disposal of non-current assets" of the accompanying consolidated income statement. Likewise, and in relation to certain laws published during the final months of 2012 and prior to the preparation of the 2012 financial statements, the Group, based on its best estimates, evaluated their possible impact on the value of its energy assets, and recognised an impairment loss amounting to EUR 300,000 thousand.

As a result of these legislative changes, certain divestment processes were slowed and even postponed until the related legislative framework is effectively clarified.

In this connection, the Group considers that at 2013 year end, the exceptional criteria established in IFRS 5 in order to continue to classify them as held for sale based on the following:

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

- The Group continues to be committed to the sale plans for these assets, which are either actively for sale or a high probability exists that their sale will occur. In other cases, sale agreements have been signed and are pending fulfilment of the conditions precedent, standard in these types of agreements, in order for them to be definitively derecognised.

At 31 December 2013 and 2012, "Non-current assets held for sale" includes the investment in the Castor underground gas storage facility made by Escal UGS, S.A. accounted for using the equity method amounting to EUR 228,486 thousand (EUR 164,268 thousand in 2012). This amount includes the participating loan for EUR 235,469 thousand at 31 December 2013 (EUR 184,697 thousand at 31 December 2012) granted by ACS Servicios, Comunicaciones y Energía, S.L.

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

- The activity and the control mechanisms of Escal UGS, S.L. are regulated by the protocol agreement between ACS Servicios Comunicaciones y Energía, S.L., Castor UGS, L.P.(owners of 33.33% of the shares) and Enagás, S.A. entered into in 2007. Pursuant to this agreement, ACS undertakes to sell to Enagás and Enagás undertakes to purchase from ACS, 50% of its ownership interest once the condition regarding the inclusion of the facilities into the gas system is met (entry into commercial service of the plant and start of operations and access to the system's remuneration). The agreement includes the possibility that Enagás may enter into the shareholder structure prior to the facilities entering into the system.

- The sale price of the aforementioned ownership interest is set as the present value of the cash flows of the Escal UGS, S.L. business plan discounted to the financing rate for remuneration established by the applicable regulation. The price floor (minimum value) will be the nominal value of the funds contributed by ACS to the project, i.e., ACS is not exposing itself to any "risk" in a literal sense.

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- The protocol establishes Enagás' control parameters and functions during the operating phase.
- The business of Escal UGS, S.L. consists of developing an integrated product which includes the design, construction, financing, operation and maintenance of the financed project. All of the decisions related to the significant activities to be carried out are basically grouped in the following two differentiated phases: on the one hand the construction phase and on the other hand the operating phase. The concession was granted for a period of 30 years, which may be extended for two successive periods of 10 years each.

IAS 27 establishes that the control over the business, considered as a whole, is the power to manage a company's financial and operating policies in order to obtain profit from its activities. The concept of "financial and operating policies" is not defined as such therein, although it should be understood that they are comprised of the policies which guide the Company's main activities, such as sales, human resources or the manufacturing process itself.

Taking into account the company object of Escal UGS, S.L., it must be understood that the operating policies begin to be implemented effectively from the time the facility enters into service, at which point, in accordance with the agreements entered into by the parties, ACS has no control over them whatsoever. That is to say, taking into account the unique characteristics of the operations and the importance of the transaction, the directors consider that the ACS Group does not have control over the business' significant activities which, logically, are focused mainly on the operations phase of gas storage, with the construction activity consisting only of performing the activities necessary for the business' entry into service. In this respect, ACS fundamentally acts as an (turnkey) EPC contractor for a facility which is strongly regulated (including in the construction and development phase). The entry of the Castor system for the underground gas storage facility requires that Enagás acquire 50% of the ownership interest of ACS. Enagás will supervise the operations and maintenance of the storage. As stated in the concession document, the operation of the facilities related to the "Castor" underground storage facility shall be carried out in accordance with the instructions of the technical system's technical manager, in accordance with that established in section 1 of article 64 of Law 34/1998, of 7 October, on the Hydrocarbon Sector. As a result the directors consider, based on the required performance of the commitment to exit upon the entry into service of the main business, that the Group does not have control over the main business' significant activities, neither during the construction phase nor the operation phase.

In relation specifically to the construction phase, given the nature of the project described above, certain matters must be considered which are related to the significant activities carried out by the company in the aforementioned phase, where the existence of a third party associated with the project requires additional analysis (beyond those which have ownership interests in the share capital or in the voting rights of the project companies) of the capacity to govern and take decisions which affect this phase in a differentiated manner. In this connection, the Castor underground storage of gas is considered an integral part of the mandatory planning and is, consequently, considered basic storage for the purposes of that set forth in article 59.2 of Law 34/1998, of 7 October, on the Hydrocarbons Sector. Thus, it is a facility which is considered part of national strategy and unique, forming part of a strongly regulated sector. The regulator's control over the energy activity grants it a very active role in the current construction phase and entry into service, participating in the project's design and construction, which is very complex with regard to technical and budget matters, and the monitoring of the development of the process' milestones. Thus, the regulator periodically reviews whether the project is meeting the requirements and subjects it to a technical and financial audit, an audit which is essential in order for the Administration to obtain the definitive start-up certificate and for the asset to be included in the Spanish gas system, with the definitive remuneration being obtained only for those costs incurred which comply with the provisions determined by the regulator during the construction phase, who, thus maintains additional control over the variances which could arise in the project. Consequently, the power held by the government regulator and the management of the significant activities carried out during the construction phase is sufficiently great that the Company is not truly governing through its voting rights. Thus, ACS' substantive exercise of its voting rights is, in practice, limited during the construction phase.

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

In 2013 the company cancelled the initial financing for the project and successfully placed the “Project Bond” for the Castor Project, the first with these characteristics issued with the European Investment Bank’s Project Bond Credit Enhancement (PBCE) guarantee programme. The issue amounted to EUR 1,400 million, for a 21.5 year period and a final rate of 5.756% (BBB+ Fitch rating and a BBB S&P rating).

Furthermore, during the final months of 2013, certain events occurred related to the performance of Escal which lead the plant’s activity to be suspended by the Ministry of Industry, Energy and Tourism, thereby preventing the plant’s commercial entry into service and its connection to the gas system. The ACS Group considers that, after the appropriate technical studies, which are currently being carried out, as well as the corresponding technical and accounting audit, which have been completed and delivered to the Ministry, the aforementioned problems will be resolved satisfactorily. In any case, the ACS Group understands that Escal UGS, S.L. has the right to return the concession at any time during the 25 years following the awarding of the concession and has the right to collect the total net carrying amount thereof, unless fraud or negligence is demonstrated, in which case it will have the right to collect the residual amount. Consequently, the ACS Group considers that the value of the investment is recoverable in any scenario related to this investment and, thus, at 31 December 2013 and 2012, no impairment was recognised on this investment.

The amount of the construction surety bond granted by ACS Servicios, Comunicaciones y Energía, S.L. to Escal UGS, S.L. amounts to EUR 59 million (EUR 59 million at 31 December 2012).

The breakdown of the main assets and liabilities held for sale at 31 December 2012 was as follows:

Thousands of euros	31/12/2012					
	Renewable energy	Concessions	Airports managed by Hochtief	TelCo	Other	Total
Tangible assets - property, plant and equipment	19,029	709	185	464,178	43,900	528,001
Intangible assets	23,095	592	5,905	15,080	59,312	103,984
Non-current assets in projects	2,610,991	797,787	-	-	10,026	3,418,804
Financial Assets	96,157	29,171	1,312,146	-	19,794	1,457,268
Deferred tax assets	110,281	48,955	-	-	9,443	168,679
Other non-current assets	-	-	1,278	20,002	548,497	569,777
Current assets	167,329	57,996	16,000	17,130	96,523	354,978
Financial assets held for sale	**3,026,882**	**935,210**	**1,335,514**	**516,390**	**787,495**	**6,601,491**
Non-current liabilities	2,626,331	763,469	4,373	30,056	311,989	3,736,218
Current liabilities	137,358	20,754	13,675	107,056	74,219	353,062
Liabilities relating to assets held for sale	**2,763,689**	**784,223**	**18,048**	**137,112**	**386,208**	**4,089,280**
Non-controlling interests held for sale	**(1,180)**	**-**	**372,861**	**-**	**29,294**	**400,975**

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The net debt recognised under assets and liabilities held for sale at 31 December 2013 amounted to EUR 2,073,186 thousand (EUR 2,170,058 thousand at 31 December 2012) in renewable energies, EUR 593,403 thousand (EUR 596,367 thousand at 31 December 2012) in concession assets, EUR 57,633 thousand (EUR 53,550 thousand at 31 December 2012) in transmission lines, and EUR 248,849 thousand (EUR 168,331 thousand at 31 December 2012) in other assets. The net debt is calculated using the arithmetical sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets and cash and other cash equivalents.

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

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

Thousands of euros	31/12/2012				
	Renewable energy	Concessions	Airports managed by Hochtief	Other	Total
Financial assets held for sale	-	-	138,854	-	138,854
Exchange differences	(822)	(72,933)	(1,444)	(4,095)	(79,294)
Cash flow hedges	(226,919)	(167)	(117,425)	(81,865)	(426,376)
Adjustments for changes in value	**(227,741)**	**(73,100)**	**19,985**	**(85,960)**	**(366,816)**

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable.

Discontinued operations represent Group components that have been sold or disposed of by any other means, or that have been classified as held for sale. These components comprise groups of operations and cash flows that can be distinguished, operationally and for financial reporting purposes, from the rest of the Group. They represent business lines or geographical areas that can be considered separately from the others.

03.10. EQUITY

An equity instrument represents a residual interest in the net assets of the Group after deducting all of its liabilities.

Capital and other equity instruments issued by the Parent are recognised in equity at the proceeds received, net of direct issue costs.

03.10.01. Share capital

Ordinary shares are classified as capital. There are no other types of shares.

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

03.10.02. Treasury shares

The transactions involving treasury shares in 2013 and 2012 are summarised in Note 15.04. Treasury shares were deducted from equity in the accompanying statement of financial position at 31 December 2013 and 2012.

When the Group acquires or sells treasury shares the amount paid or received for the treasury shares is recognised directly recognised in equity. No loss or gain from the purchase, sale, issue or amortisation of the Group's own equity instruments is recognised in the consolidated income statement for the year.

The shares of the Parent are measured at average acquisition cost.

03.10.03. Share options

The Group has granted options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the options granted are considered equity-settled share-based payment. Accordingly, they are measured at their fair value on the date they are granted and charged to income, with a credit to equity, over the period in which they accrue based on the various periods of irrevocability of the options.

Since market prices are not available, the value of the share options has been determined using valuation techniques taking into consideration all factors and conditions that would have been applied in an arm's length transaction between knowledgeable parties (Note 28.03).

In addition, the Hochtief Group has granted options on Hochtief, A.G. shares to management members.

03.11. GOVERNMENT GRANTS

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment for its Environment business. Evidence of compliance with the conditions established in the relevant decisions granting the subsidies was provided to the relevant competent agencies.

Government grants received by the Group to acquire assets are taken to income over the same period and on the same basis as those used to depreciate the asset relating to the aforementioned grant.

Government grants to compensate costs are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support with no future related costs is recognised in profit or loss of the period in which it becomes receivable.

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03.12. FINANCIAL LIABILITIES

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group companies relate to held-to-maturity financial liabilities which are measured at amortised cost.

The financial risk management policies of the ACS Group are detailed in Note 21.

03.12.01. Bank borrowings, debt and other securities

Interest-bearing bank loans and overdrafts are recognised at the amount received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the end of the reporting period.

03.12.02. Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ significantly from their fair value.

03.12.03. Current/Non-current classification

In the accompanying consolidated statement of financial position debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

Limited recourse financing of projects and debts is classified based on the same criteria, and the detail thereof is shown in Note 18.

03.12.04. Retirement benefit obligations

a) Post-employment benefit obligations

Certain Group companies have post-employment benefit obligations of various kinds to their employees. These obligations are classified by group of employees and may relate to defined contribution or defined benefit plans.

Under the defined contribution plans, the contributions made are recognised as expenditure under "Staff costs" in the consolidated income statements as they accrue, whereas for the defined benefit plans actuarial studies are conducted once a year by independent experts using market assumptions and the expenditure relating to the obligations is recognised on an accrual basis, classifying the normal cost for the current employees over their working lives under "Staff costs" and recognising the associated finance cost, in the event that the obligation were to be financed, by applying the rates relating to investment-grade bonds on the basis of the obligation recognised at the beginning of each year (see Note 20).

The post-employment benefit obligations include, inter alia, those arising from certain companies of the Hochtief Group, for which the Group has recognised the related liabilities and whose recognition criteria are explained in Note 03.13.

b) Other employee benefit obligations

The expense relating to termination benefits is recognised in full when there is an agreement or when the interested parties have a valid expectation that such an agreement will be reached that will enable the employees, individually or collectively and unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recognised in situations in which the Group considers that it will give its consent to the termination of the employees.

03.12.05. Termination benefits

Under current legislation, the Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees terminated without just cause. There are no employee redundancy plans making it necessary to record a provision in this connection.

03.13. PROVISIONS

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the end of 2013 certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations, no representative at the individual level. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

The main legal proceedings and claims open at 31 December 2013 are those related to the Budapest airport and the Radial 3 and Radial 5 (R3 and R5) concessions (see Note 36). Likewise, claims have been made by the customer due to the increase in the costs for the Leighton Gorgon Jetty & Marine STR projects and other projects in Iraq (see Note 12).

Provisions for employee termination benefit costs

Pursuant to current legislation, a provision is recognised to meet the cost of termination of temporary employees with a contract for project work.

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Provisions for pensions and similar obligations

In the case of foreign companies whose post-employment benefit obligations are not externalised, noteworthy are the provisions for pensions and similar obligations recorded by various Hochtief Group companies as explained below.

Provisions for pensions and similar obligations are recognised for current and future benefit payments to active and former employees and their surviving dependants. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. The individual benefit obligations vary from one country to another and are determined for the most part by length of service and pay scales. The Turner Group's obligations to meet healthcare costs for retired staff are likewise included in pension provisions due to their pension-like nature.

Provisions for pensions and similar obligations are computed by the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The computation is based on actuarial appraisals using biometric accounting principles. Plan assets as defined in IAS 19 are shown separately as deductions from pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements, and qualifying insurance policies in the form of pension liability insurance. If the fair value of plan assets is greater than the present value of employee benefits, the difference is reported—subject to the limit in IAS 19—under "Other non-current assets".

The restatement of the defined benefit plans are recognised directly in the consolidated income statement during the period in which they arise. The current cost for the year is recognised under staff costs. The effect of interest on the increase in pension obligations, diminished by anticipated returns on plan assets, is reported in net investment and interest income.

Provisions for project completion

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under "Current provisions" on the liability side of the consolidated statements of financial position.

Dismantling of non-current assets and environmental restoration

The Group is obliged to dismantle certain facilities at the end of their useful life, such as those associated with the closing of landfills, and to ensure the environmental restoration of the sites where they are located. The related provisions have been made for this purpose and the present value of the cost of carrying out these tasks has been estimated, recognising a concession asset as a balancing entry.

Other provisions

Other provisions include mainly provisions for warranty costs.

03.14. RISK MANAGEMENT POLICY

The ACS Group is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Compliance with corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (see Note 21).

The Group's risk management is of a preventative nature and is aimed at the medium and long term, taking into account the most probable scenarios with respect to the future changes in the variables affecting each risk.

03.15. FINANCIAL DERIVATIVES

The Group's activities are exposed mainly to financial risks of changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group.

Derivatives are initially recognised at acquisition cost in the consolidated statement of financial position and the required valuation adjustments are subsequently made to reflect their fair value at all times. These adjustments are recorded under "Financial instrument receivables" in the consolidated statement of financial position if they are positive and under "Financial instrument payables" if they are negative. Gains and losses from fair value changes are recognised in the consolidated income statement, unless the derivative has been designated and is highly effective as a hedge, in which case they are recognised according to their classification.

Classification

- **Fair value hedges**

The hedged item and hedging instrument are both measured at fair value, and changes in fair value are recognised in the consolidated income statement for their net amount under "Change in fair value of financial instruments".

- **Cash flow hedges**

Changes in the fair value of the derivatives are recognised, in respect of the effective portion of the hedges, in equity under "Valuation adjustments" in the accompanying consolidated statement of financial position. Hedges giving results of between 80% and 125% in the effectiveness test are considered to be or effective or efficient. The cumulative gain or loss recognised in this account is transferred to the consolidated income statement to the extent that the underlying has an impact on this account in relation to the hedged risk, and the related effect is deducted from the same heading in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

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Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

Assessment

The fair value of the various derivative financial instruments is calculated using techniques widely used in financial markets, by discounting the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule based on spot and futures market conditions at the end of each year. The fair value includes the valuation of the counterparty credit risk in the case of assets or, in the case of liabilities, the ACS Group itself, in accordance with IFRS 13 which entered into force this year.

Interest rate hedges are measured by using the zero-coupon rate curve, determined by employing the Black-Scholes methodology in the case of caps and floors for the deposits and rates that are traded at any given time, to obtain the discount factors.

Equity swaps are measured as the result of the difference between the quoted price at year end and the strike price initially agreed upon, multiplied by the number of contracts reflected in the swap.

Derivatives whose underlying asset is quoted on an organised market and are not qualified as hedges, are measured using the Black-Scholes methodology and applying market parameters such as implicit volatility and estimated dividends.

For those derivatives whose underlying asset is quoted on an organised market, but in which the derivative forms part of financing agreement and where its arrangement substitutes the underlying assets, the measurement is based on the calculation of its intrinsic value at the calculation date.

03.16. REVENUE RECOGNITION

Revenue is recognised to the extent that the economic benefits associated with the transaction flow to the Group. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when substantially all the risks and rewards arising from their ownership have been transferred.

Revenue associated with the rendering of services is also recognised by reference to the stage of completion of the transaction at the reporting date, provided the outcome of the transaction can be estimated reliably.

In an agency relationship, when the reporting company acts as a commission agent, the gross inflows of economic benefits for amounts collected on behalf of the principal do not result in increases in equity for the company. Therefore, these inflows are not revenue and, instead, only the amount of the commissions is recognised as revenue.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Following is a disclosure of specific revenue recognition criteria for certain activities carried on by the Group.

03.16.01. Construction business

In the construction business, the outcome of a construction contract is recognised by the percentage of completion method. The amount of production carried out until the reporting date is recognised as revenue on the basis of the percentage of completion of the entire project. The percentage of completion is measured by reference to the state of completion of the construction work, i.e., the percentage of work performed until the reporting date with respect to the total contract work performed.

In the construction industry, the estimated revenue and costs of construction projects are susceptible to changes during contract performance which cannot be readily foreseen or objectively quantified. In this regard, the budgets used to calculate the stage of completion and the production of each year include the measurement at the sale price of the units completed, for which management of the consolidated companies consider there is reasonable assurance of their being collected, as well as their estimated costs.

Should the amount of output from inception, measured at the sale price, of each project be greater than the amount billed up to the end of the reporting period, the difference between the two amounts is recognised under "Trade and other receivables" on the asset side of the consolidated statement of financial position. Should the amount of output from inception be lower than the amount of the progress billings, the difference is recognised under "Trade and other payables - Customer advances" in liabilities in the consolidated statement of financial position.

Machinery or other fixed assets acquired for a specific project are amortised over the estimated project execution period and on the basis of the consumption pattern thereof. Permanent facilities are depreciated on a straight-line basis over the project execution period. The other assets are depreciated in accordance with the general criteria indicated in these notes to financial statements.

Late-payment interest arising in relation to delays in the collection of certification amounts is recognised when collected.

03.16.02. Industrial services, environment and other businesses

Group companies recognise as the outcome from the rendering of services for each year the difference between production (valued at the sale price of the services provided during the period, which are covered by the initial contract entered into with the customer or in approved modifications or addenda thereto, and of services which have not yet been approved but there is reasonable assurance of recovery) and the costs incurred in the year.

Price increases agreed in the initial contract entered into with the customer are recognised as revenue on an accrual basis, regardless of whether they have been approved annually by the customer.

Late-payment interest is recognised as financial income when finally approved or collected.

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03.17. EXPENSE RECOGNITION

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits as a result of a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recognition of the increase in a liability or the reduction of an asset.

Additionally, an expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

In the specific case of expenses associated with commission income when the commission agent does not have any inventory risk, as in the case of certain Group logistics service companies, the cost to sell or to render the related service does not constitute an expense for the company (commission agent) since the latter does not assume the inherent risks. In these cases, as indicated in the section on revenue recognition, the sale or service rendered is recognised for the net amount of the commission.

03.18. OFFSETTING

Asset and liability balances must be offset and the net amount is presented in the consolidated statement of financial position when, and only when, they arise from transactions in which, contractually or by law, offsetting is permitted and the Group companies intend to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

03.19. INCOME TAX

The corporation tax expense represents the sum of the current tax expense and the change in deferred tax assets and liabilities.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss). The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at the end of each reporting period in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

The Spanish companies more than 75% owned by the Parent file consolidated tax returns, as part of Tax Group 30/99, in accordance with current legislation.

03.20. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent held by the Group companies (see Note 31.01).

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. 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.

03.21. FOREIGN CURRENCY TRANSACTIONS

The Group's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognised in the functional currency of the Group, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing at the end of the reporting period. Non-monetary items measured at historical cost are translated to euros at the exchange rates prevailing on the date of the transaction.

The exchange rates of the main currencies in which the ACS Group operates in 2013 and 2012 are as follows:

	Average exchange rate		Closing exchange rate	
	2013	2012	2013	2012
1 U.S. Dollar (USD)	0.752	0.775	0.728	0.758
1 Australian Dollar (AUD)	0.717	0.803	0.648	0.788
1 Polish Zloty (PLN)	0.238	0.240	0.241	0.246
1 Brazilian Real (BRL)	0.345	0.395	0.308	0.370
1 Mexican Peso (MXN)	0.059	0.059	0.056	0.059
1 Canadian Dollar (CAD)	0.726	0.776	0.685	0.764
1 British Pound (GBP)	1.178	1.234	1.205	1.232
1 Venezuela Bolivar (VEB)	0.123	0.181	0.116	0.177
1 Argentine Peso (ARS)	0.135	0.169	0.112	0.154
1 South Africa Rand (ZAR)	0.077	0.095	0.070	0.090

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All exchange rates are in euros.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognised in the consolidate income statement for the year, except for items that form part of an investment in a foreign operation, which are recognised directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 21 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Any exchange differences arising are classified as equity. Such exchange differences are recognised as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a company the functional currency of which is not the euro are treated as assets and liabilities of the foreign company and are translated at the closing rate.

03.22. ENTITIES AND BRANCHES LOCATED IN HYPERINFLATIONARY ECONOMIES

Given the economic situation in Venezuela and in accordance with the definition of hyperinflationary economy provided by IAS 29, the country has been classified as hyperinflationary since 2009 and at the end of 2013 it continued to be classified as such. The ACS Group has investments in Venezuela through its subsidiaries of the Construction, Environment and Industrial Services segments, the amounts outstanding at 31 December 2013 and 2012, and the volume of transactions in the years 2013 and 2012 being immaterial.

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2013 and 2012 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

03.23. CONSOLIDATED STATEMENTS OF CASH FLOWS

The following terms are used in the consolidated cash flow statements with the meanings specified:

Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

In view of the diversity of its businesses and activities, the Group opted to report cash flows using the indirect method.

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 can be converted into cash and are subject to an insignificant risk of changes in value.

The breakdown of “Other adjustments to profit (net)” in the consolidated statement of cash flows is as follows:

Thousands of euros	31/12/2013	31/12/2012
Financial income	(360,744)	(507,853)
Financial costs	1,123,676	1,289,785
Impairment and gains or losses on disposals of non-current assets	199,519	(36,913)
Results of companies accounted for using the equity method	(95,982)	(339,353)
Adjustments related to the assignment of net assets of Hochtief	(222,002)	(335,365)
Impairment and gains or losses on disposal of financial instruments	(255,707)	3,769,932
Adjustments related to the restructuring of Iberdrola and other effects	(555,294)	(105,476)
Other effects	(124,230)	(515,584)
Total	**(290,764)**	**3,219,173**

Payments for equity instruments recognised under cash flows from financing activities include, not only the acquisitions of ACS treasury shares but also, mainly, the increase in the ownership interest of Hochtief and Leighton, carried out in 2013.

The amount included under “Other cash flows from financing activities” includes, mainly, the monetisation of the Iberdrola “call spread” and “put spread” mentioned in Note 10.01.

As a result of the novation of the equity swap on 277,971,800 shares of Iberdrola, S.A. carried out in December 2012, which ACS may choose to pay in shares or in cash, the reduction of the financial liability amounting to EUR 1,432 million was not considered to be a cash outflow in the accompanying statement of cash flows.

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03.24. ENTRY INTO FORCE OF NEW ACCOUNTING STANDARDS

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

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

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS:

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

In relation to these standards, the effect of revised IAS 19, which is explained in Note 02.01 - Basis of presentation, is of particular note.

In addition, with regard to the entry into force of IFRS 13, the most important effect is the inclusion of credit risk in the valuation of derivative instruments which are measured at fair value. In accordance with IFRS 13, the fair value is defined as the price which would be collected from selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date (for example, a public offering price), regardless of whether this prices is directly observable or an estimate using another measurement technique.

The new definition of the fair value of a liability or an asset in IFRS 13 states that both the credit risk, as well as the counterparty risk, must be included in the fair value of derivatives. This effect was not included in the definition of fair value under IAS 39, which was based on the liquidation concept.

In order to determine the fair value of derivatives, the ACS Group used measurement techniques based on the total expected exposure (which includes both the current exposure and the potential exposure) adjusted by the probability of default and the potential loss in the event of non-compliance by each one of the counterparties. The total expected exposure of the derivatives is obtained using the impacts observable in the market, such as interest rate curves, exchange rates and volatilities according to the market conditions at the measurement date. The amounts used for the probability of default are based mainly on the use of spreads of comparable companies, as well as, for counterparties with available credit information, the credit spreads are obtained from the Credit Default Swap (CDS) quoted in the market and/or the ratings thereof. In addition, the credit or collateral improvements associated with the aforementioned derivatives are taken into account for the credit risk adjustment.

The effect of applying this standard to all of the derivative financial instruments measured at fair value through profit of loss at 1 January 2013, gave rise to income of EUR 176 thousand recognised under "Changes in fair value of financial instruments" in the consolidated income statement and reduced consolidated equity by EUR 5,193 thousand, recognised under "Valuation adjustments - Hedges".

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

At the date of the approval of these condensed consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet entered into force, either because the date they were to enter into force was subsequent to the date of the financial statements, or because they had not yet been adopted by the European Union:

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS:

		Mandatory application in the years beginning on or after:
Approved for use in the European Union		
IFRS 10 - Consolidated financial statements (published in May 2011)	Replaces the current consolidation requirements of IAS 27.	Annual periods beginning on or after 1 January 2014 (1)
IFRS 11 - Joint arrangements (published in May 2011)	Replaces IAS 31 on interests in joint ventures.	Annual periods beginning on or after 1 January 2014 (1)
IFRS 12 - Disclosure of interests in other entities (published in May 2011)	A single standard that sets out the requirements for disclosures relating to an entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.	Annual periods beginning on or after 1 January 2014 (1)
IAS 27 (Revised) - Separate financial statements (published in May 2011)	The standard has been revised given that following its the issue of IFRS 10, it will only comprise an entity's separate financial statements	Annual periods beginning on or after 1 January 2014 (1)
IAS 28 (Revised) - Investments in associates and joint ventures (published in May 2011)	Parallel revision in relation to the issue of IFRS 11 - Joint arrangements	Annual periods beginning on or after 1 January 2014 (1)
Transition rules: Amendment to IFRS 10, 11 and 12 (published in June 2012)	Clarification of the transition rules of these standards.	Annual periods beginning on or after 1 January 2014 (1)
Investment companies: Amendment to IFRS 10, IFRS 12 and IAS 27 (published in October 2012)	Exception in consolidation for parent companies that meet the definition of an investment entity.	Annual periods beginning on or after 1 January 2014
Amendment of IAS 32 - Offsetting financial assets and financial liabilities (published in December 2011)	Further clarifications of the rules for offsetting financial assets and financial liabilities of IAS 32.	Annual periods beginning on or after 1 January 2014
NOT APPROVED FOR USE IN THE EUROPEAN UNION		
IFRS 9 - Financial instruments: Classification and measurement (published in November 2009 and in October 2010) and subsequent amendment to IFRS 9 and IFRS 7 on the effective date and transition disclosures (published in December 2011) and hedge accounting and other amendments (published in November 2013)	Replaces the requirements for classification and measurement of financial assets and financial liabilities, derecognitions and hedge accounting of IAS 39.	Undefined (2)
Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets (published in May 2013)	Clarifies certain disclosure requirements and requires additional information when the recoverable amount is based on fair value less costs to sell.	Annual periods beginning on or after 1 January 2014
Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting (published in June 2013)	The amendments determine in which cases and under what criteria the novation of a derivative does not make the interruption of hedge accounting necessary.	Annual periods beginning on or after 1 January 2014
Amendment to IAS 19 - Employee contributions to defined benefit plans (published in November 2013)	The amendment is issued in order to allow these contributions to be deducted from the cost of the service in the same period that they were paid, if certain requirements are met.	Annual periods beginning on or after 1 January 2014
Improvements to the IFRSs 2010-2012 Cycle and the 2011-2013 Cycle (published in December 2013).	Minor amendments to a series of standards.	Annual periods beginning on or after 1 January 2014
IFRS Interpretation 21 - Levies (published in May 2013)	An interpretation on when to recognise a liability for a tax or levy that is contingent on the investment of an entity in an activity at a specific date.	Annual periods beginning on or after 1 January 2014

(1) The European Union delayed the date of mandatory application by one year. The original date of application stipulated by the IASB is 1 January 2013.
(2) In November 2013, the IASB eliminated the date of mandatory application of IFRS 9, and establishment of a new date was left pending until the standard is complete. The new date is not expected to be before 1 January 2017.

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

- The partially published IFRS 9 (not yet complete to date) replaces IAS 39 in the classification and measurement of financial assets (part published in November 2009) and financial liabilities (published in October 2010). The standard published in October 2010 also includes recognition and Derecognition requirements, which are essentially the same as in IAS 39.

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

04. INTANGIBLE ASSETS

04.01. GOODWILL

The detail by line of business of the changes in goodwill in 2013 and 2012 is as follows:

Thousands of euros

División	Balance at 31/12/2012	Change in consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Balance at 31/12/2013
Parent	**780,939**	-	-	-	-	-	**780,939**
Construction	**1,617,777**	181,639	-	(1,705)	(12,776)	(6,305)	**1,778,630**
Industrial Services	**76,748**	-	758	(405)	-	(498)	**76,603**
Environment	**84,358**	5,751	-	(39)	-	(394)	**89,676**
Total	2,559,822	**187,390**	**758**	**(2,149)**	**(12,776)**	**(7,197)**	**2,725,848**

Thousands of euros

División	Balance at 31/12/2011	Additions	Disposals and allocations	Impairment	Exchange differences	Balance at 31/12/2012
Parent	780,939	-	-	-	-	**780,939**
Construction	1,553,932	85,520	(16,246)	(1,673)	(3,756)	**1,617,777**
Industrial Services	76,965	1,218	-	(1,152)	(283)	**76,748**
Environment	84,602	-	(72)	-	(172)	**84,358**
Total	**2,496,438**	**86,738**	**(16,318)**	**(2,825)**	**(4,211)**	**2,559,822**

In accordance with the table above, the most significant goodwill is the result of the full consolidation of Hochtief, A.G. amounting to EUR 1,433,801 thousand and the result of the merger of the Parent with Grupo Dragados, S.A. which amounts to EUR 780,939 thousand. The most important change in 2013 related to the goodwill arising from the acquisitions made by Hochtief, A.G. amounting to EUR 181,639 thousand of which the acquisition of 39.9% of Welspun Contractors Private Limited mentioned in Note 02.02 f).

In 2012, in addition to the change in provisional goodwill of Hochtief, A.G. at 31 December 2011 amounting to EUR 55,019 thousand, the acquisition of Clark Builders for EUR 30,501 thousand stood out.

In the case of goodwill, each year the ACS Group 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 arising from the purchase of Hochtief, A.G. in 2011, in accordance with IAS 36.80, the aforementioned goodwill has been assigned to the main cash-generating units which are Hochtief Asia Pacific and Hochtief Americas, mainly related to the value of the construction backlog and to customer relationships for the initial amounts of EUR 708 and EUR 813 million, respectively. The measurement used in the first two cases was the Multi-Period Exceed Earnings Method (MEEM), which measures based on the operation cash flows. Likewise, current and non-current provisions and associated deferred tax assets were included for EUR 1,565 million and EUR 664 million, respectively. The aforementioned provisions were mainly recognised to cover the risks which relate to the investments held by the Hochtief Group in its ownership interest in Habtoor Leighton Group, to certain projects which had given rise to the “profit warning” in Leighton, and in certain concessions, as well as the liabilities arising from the Hochtief Group’s investment in various projects in the Asia Pacific division and the Europa/Latin America division. Likewise, the deferred tax liabilities related to the tax effect of the adjustments to the fair value of the PPA performed were recognised.

With regard to the good will arising from the purchase of Hochtief, EUR 1,147 million was assigned to the Cash-Generation Unit (CGU) Hochtief Asia Pacific and EUR 287 million was assigned to the Hochtief Americas CGU. In 2013 the ACS Group assessed the recoverability of this goodwill.

For the purpose of testing the impairment of the goodwill of Hochtief assigned to the business carried out by Hochtief Asia Pacific, the ACS Group based its valuation on the internal projections made according to the Hochtief business plan for this line of business and the estimates for 2017 and 2018, discounting the free cash flows at a weighted average cost of capital (WACC) of 9.8%, and using a perpetual growth rate of 2.5%. The weighted average cost of capital (WACC) gives rise to a premium on the long-term interest rate return (Australian Ten-year Bond) published by Factset at 30 September 2013, of 600 basis points. Likewise, the perpetual growth rate used corresponds to the CPI estimated for Australia for 2018 published by the IMF in its World Economic Outlook in October 2013.

The in-house forecasts for the Asia Pacific business are based on historical data and on Hochtief’s in-house forecasts until December 2016, and estimates in line with forecasts for previous years are used for the 2017-2018 period.

In addition, this value was compared with that obtained by discounting the average free cash flows based on the projections of the Leighton 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.

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With regard to the sensitivity analysis of the impairment test of the goodwill assigned to Hochtief's Asia Pacific business, the most important aspect is that the goodwill test withstands a discount rate of, approximately, 11.1% which represents a range of 130 basis points. It would withstand an annual drop in cash flows of approximately 15% with respect to the flows forecast, as well as a reduction in the perpetual growth rate of approximately 175 basis points. Based on the foregoing, the Group's Management considers that the test is highly sensitive to changes in its key assumptions, but that said levels are within a reasonable degree of sensitivity which allows them to identify impairment losses on assets related to the CGU in 2013.

With regard to the Hochtief Americas CGU, the following basic assumptions were used:

- Forecasts used for the division for 5 years, until 2016, according to the Hochtief Business Plan and estimates for the 2017-2018 period.
- Perpetual growth rate of 2.1%, according to the IMF estimate with regard to the CPI for the US in 2018, based on the World Economic Outlook report published by the IMF in October 2013.
- Discount rate of 8.8%.

In addition, this value was compared with the valuations of the analysts for this Hochtief line of business, and it was concluded that there were no impairment losses in the scenarios analysed.

Along with the goodwill arising from the aforementioned full consolidation of Hochtief A.G., the most significant goodwill, which amounted to EUR 780,939 thousand, arose from the merger with Dragados Group in 2003 and related to the amount paid in excess of the value of the assets on the acquisition date. This goodwill was assigned mainly to the cash-generating units of the Construction and Industrial Services areas according to the following breakdown:

Thousands of euros

Cash Generating Unit	Goodwill assigned
Construction	554,420
Industrial Services	188,720
Environment	37,799
Total Goodwill	**780,939**

In order to measure the various business generating units, in the case of Dragados Construction, Industrial Services, Urbaser and Clece the valuation is carried out using the discounted cash flow method. ACS SyC is measured using an EV/EBITDA multiple and Concessions is measured conservatively as one time its carrying amount at September 2013. The concessions business (Iridium) has no goodwill assigned to it.

The discount rate used in each business unit is its weighted average capital cost. In order to calculate the discount rate of each business unit the yield of 10-year Spanish government bonds at 30 September 2013 was used, the deleveraging beta of the sector according to Damodaran, releveraged by the debt of each business unit and the market risk premium according to Damodaran. The cost of the gross debt is the consolidated actual effective cost of the debt of each business unit at September 2013 and the tax rate used is the theoretical tax rate for Spain. The perpetual growth rate (g) used is the CPI increase in 2018 for Spain according to the IMF report issued in October 2013.

The key assumptions used to measure the most significant cash-generating units were as follows:

Dragados Construction:

- Sales: compound annual growth rate in the 2012 (last year closed)-2018 period of 0.8%.

- EBITDA Margins: average margin from 2013 to 2018 of 7.2% and final margin of 7%.
- Amortisations/Operating investments: convergence at a ratio to sales up to 1.9% in the last year forecast.
- Working capital: maintain the days of the working capital for the period, calculated in line with 2012 year-end.
- Perpetual growth rate of 1.2%.
- Cash flow discount rate of 8.65%.

Industrial Services:

- Sales: compound annual growth rate in the 2012 (last year closed)-2018 period of 1.0%.
- EBITDA Margins: average margin from 2013 to 2018 of 12.6% and final margin of 11.5%.
- Amortisations/Operating investments: convergence at a ratio to sales up to 1.7% in the last year forecast.
- Working capital: maintain the days of the working capital for the period, calculated based on the estimate envisaged at 2013 year-end.
- Perpetual growth rate of 1.2%.
- Cash flow discount rate of 7.34%.

After testing the impairment of each of the cash-generating units to which the goodwill arising from the merger with Dragados Group in 2003 is assigned, it has been determined, with the aforementioned assumptions that under no circumstances is the estimated recoverable amount of the cash-generating unit less than its carrying amount, as there is no evidence of its impairment.

Similarly, a sensitivity analysis was carried out for all divisions by considering different scenarios for the two key parameters in determining the value through discount cash flows, which are the perpetual growth rate (g) and the discount rate used (weighted average cost of capital) of each of the cash-generating units. No reasonable scenario gave rise for the need to recognise an impairment loss. By way of example, the impairment tests on the main cash-generating units, such as Dragados Construction and Industrial Services, withstand increases in the discount rates of 750 and 900 basis points, respectively, without any impairment being recognised.

The remaining goodwill, excluding that generated by the merger between ACS and the Grupo Dragados and the goodwill arising from the full consolidation of Hochtief, A.G., is highly fragmented. Thus, in the case of the Industrial Services area, the total goodwill on the statement of financial position amounts to EUR 76,603 thousand (EUR 76,748 thousand at 31 December 2012), which relates to 19 companies from this business area, the most significant relating to the acquisition of Midasco, LLC for EUR 14,273 thousand (EUR 15,177 thousand at 31 December 2012).

In the Environment area, total goodwill amounted to EUR 89,676 thousand (EUR 84,358 thousand at 31 December 2012), relating to 25 different companies, the largest amount being related to the purchase of the portion corresponding to the non-controlling interests of Tecmed, now merged into Urbaser, for EUR 38,215 thousand.

In the Construction area, in addition to the goodwill arising from the full consolidation of Hochtief A.G., noteworthy is the goodwill arising on the acquisitions of Leighton Welspun Contractors EUR 155,752 thousand, Pol-Aqua EUR 25,182 thousand (EUR 41,487 thousand at 31 December 2012), Pulice EUR 44,995 thousand (EUR 46,873 thousand at 31 December 2012), John P. Picone EUR 39,335 thousand (EUR 40,977 thousand at 31 December 2012), and Schiavone EUR 43,442 thousand (EUR 45,255 thousand at 31 December 2012). With the exception of the goodwill of Pol Aqua, which was partially amortised in 2013 in the amount of EUR 12,776 thousand, the differences in the goodwill arose as a result of translation differences with the US dollar.

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In these areas, the calculated impairment tests are based upon scenarios similar to those that have been described for each area of activity or in the case of Dragados Group goodwill, taking into account the necessary adjustments based upon the peculiarities, geographic markets and specific circumstances of the affected companies.

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 units) to which the goodwill is allocated will make it possible to recover the net value of the goodwill recognised at 31 December 2013 and 2012. The impairment losses on goodwill in 2013 and 2012 amounted to EUR 12,776 thousand and EUR 2,825 thousand, respectively.

04.02. OTHER INTANGIBLE ASSETS

The changes in this heading in the consolidated statement of financial position in 2013 and 2012 were as follows:

Thousands of euros	Development expenditure	Computer software	Concessions	Other intangible assets	Total other intangible assets	Accumulated amortisation	Impairment losses	Total other intangible assets, net
Balance at 1 January 2012	**11,815**	**31,765**	**404,008**	**2,242,759**	**2,690,347**	**(390,022)**	**(43,331)**	**2,256,994**
Changes in the scope of consolidation	-	4	26,815	(57,779)	**(30,960)**	919	-	**(30,041)**
Additions or charges for the year	1,503	1,996	46,118	12,062	**61,679**	(355,360)	(47,252)	**(340,933)**
Disposals or reductions	(59)	(1,065)	(27,533)	21,395	**(7,262)**	3,596	(287)	**(3,953)**
Exchange differences	10	71	(1,335)	4,106	**2,852**	1,188	(1,489)	**2,551**
Transfers to/from other assets	14	313	(2,884)	225,909	**223,352**	(127,607)	-	**95,745**
Balance at 31 December 2012	**13,283**	**33,084**	**445,189**	**2,448,452**	**2,940,008**	**(867,286)**	**(92,359)**	**1,980,363**
Changes in the scope of consolidation	(3,365)	509	(5,388)	417	**(7,827)**	10,573	-	**2,746**
Additions or charges for the year	901	1,896	41,630	51,907	**96,334**	(271,497)	(55,005)	**(230,168)**
Disposals or reductions	(321)	(687)	(1,703)	(52,504)	**(55,215)**	4,955	41,346	**(8,914)**
Exchange differences	(5)	(348)	(36,153)	(12,154)	**(48,660)**	13,787	1,673	**(33,200)**
Transfers to/from other assets	26	(27)	(30,002)	109,646	**79,643**	(25,367)	294	**54,570**
Balance at 31 December 2013	**10,519**	**34,427**	**413,573**	**2,545,764**	**3,004,283**	**(1,134,835)**	**(104,051)**	**1,765,397**

At 31 December 2013, the transfers recognised under “Other intangible assets” relate mainly to UTE Albada and Iridium Aparcamientos, which in 2012 were classified under “Non-current assets in projects”. These assets are now classified as intangible assets since their financing matured in 2013. At 31 December 2012, the transfers recognised under “Other intangible assets” related mainly to Tirmadrid, S.A. and UTE Dehesas, which in 2011 were classified under “Non-current assets in projects”. These assets are now classified as intangible assets since their financing matured in 2012.

The disposals and reductions in in 2013 relate mainly to the derecognition of goodwill which had been fully amortised. The disposals and reductions in 2012 relate mainly to concession assets arising from the Hochtief Group.

In 2013 the losses on items classified as other intangible assets amounting to EUR 5,027 thousand relating to the Construction area (EUR 46,269 thousand at 31 December 2012) were recognised under "Impairment and gains or losses on disposals of non-current assets" in the accompanying consolidated income statement. No impairment losses were reversed in the income statements for 2013 and 2012.

The main assets recognised under "Other intangible assets" relate to Hochtief's construction backlog (mainly due to contracts in the Americas and Pacific Asia) amounting to EUR 708,476 thousand, to the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand and to the contractual relationships with clients of the Hochtief Group amounting to EUR 813,140 thousand generated in the first consolidation process (PPA).

No significant development expenditure was recognised as an expense in the consolidated income statement for 2013 and 2012.

At 31 December 2013, the amount of assets with an indefinite useful life other than those reported as goodwill, relate mainly to several trademarks of the Hochtief Group amounting to EUR 50,017 thousand (EUR 54,895 thousand at 31 December 2012). Trademarks are not amortised systematically, but are checked for possible impairment annually. No impairment losses were recognised in this connection in 2013 or 2012.

There were no material intangible asset items whose title was restricted in 2013 or 2012.

05. PROPERTY, PLANT AND EQUIPMENT

The changes in this heading in the consolidated statement of financial position in 2013 and 2012 were as follows:

Thousands of euros	Land and buildings	Plant and machinery	Other intangible assets	Advances and Property, plant and equipment in the course of construction	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 1 January 2012	**776,158**	**5,389,706**	**988,779**	**130,551**	**7,285,194**	**(3,915,628)**	**(26,028)**	**3,343,538**
Changes in the scope of consolidation	(485)	(44)	6,242	-	**5,713**	288	449	**6,450**
Additions or charges for the year	64,795	1,132,036	86,388	42,301	**1,325,520**	(1,054,086)	(2,406)	**269,028**
Disposals or reductions	(77,018)	(887,686)	(89,517)	(17,418)	**(1,071,639)**	882,164	1,720	**(187,755)**
Exchange differences	1,219	(41,716)	(3,202)	(645)	**(44,344)**	26,293	(222)	**(18,273)**
Transfers from/to other assets	(30,153)	(497,702)	(3,098)	(54,370)	**(585,323)**	122,662	650	**(462,011)**
Balance at 31 December 2012	**734,516**	**5,094,594**	**985,592**	**100,419**	**6,915,121**	**(3,938,307)**	**(25,837)**	**2,950,977**
Changes in the scope of consolidation	40,536	64,219	72,479	(468)	**176,766**	(83,135)	-	**93,631**
Additions or charges for the year	55,639	884,075	80,922	40,092	**1,060,728**	(880,542)	(20,749)	**159,437**
Disposals or reductions	(41,637)	(1,082,943)	(80,824)	(867)	**(1,206,271)**	760,496	(27)	**(445,802)**
Exchange differences	(37,125)	(442,163)	(27,673)	(1,320)	**(508,281)**	301,243	487	**(206,551)**
Transfers from/to other assets	(19,578)	(313,981)	(25,766)	(44,651)	**(403,976)**	266,020	5	**(137,951)**
Balance at 31 December 2013	**732,351**	**4,203,801**	**1,004,730**	**93,205**	**6,034,087**	**(3,574,225)**	**(46,121)**	**2,413,741**

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In 2013 and 2012 items of property, plant and equipment were acquired for EUR 1,060,728 thousand and EUR 1,325,520 thousand, respectively.

In 2013 the most noteworthy additions relate to the Construction area amounting to EUR 941,084 thousand, mainly from Hochtief as the result of acquiring equipment for the Leighton mining operations in Leighton for EUR 871,908 thousand, to the Industrial Services area for EUR 42,713 thousand for the acquisition of machinery and equipment to carry out new projects, and to the Environment area for EUR 76,921 thousand, mainly for the incorporation of its activity in Chile.

In 2012 the most relevant acquisitions, by line of business, related mainly to the Construction area amounting to EUR 1,213,146 thousand, mainly from Hochtief as the result of acquiring equipment for the Leighton mining operations in Leighton for EUR 1,073,595 thousand, to the Industrial Services area for EUR 63,112 thousand for the acquisition of machinery and equipment to carry out new projects, and to the Environment area for EUR 49,256 thousand, mostly earmarked for the acquisition and renovation of machinery and tools.

In 2013 and 2012 gains on the disposal of non-current assets totalled a net carrying amount of EUR 445,802 and EUR 187,755 thousand, respectively, which did not generate significant results. The most significant disposal relates to the effect of the sale by Leighton of its machinery to the Fleetco group company, responsible for managing the fleet of mining activity machinery, which subsequently leases the assets to Leighton under an operating lease agreement. This transaction represented a decrease of EUR 331,700 thousand.

Operating expenses relating directly to property, plant and equipment capitalised in the course of construction were not material in 2013 or 2012.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The indemnities received for claims covered by insurance policies recognised in profit or loss were not significant in 2013 or 2012.

At 31 December 2013, there were restrictions on technical equipment and machinery of the Australian subsidiary, Leighton, amounting to EUR 126,419 thousand (EUR 171,718 thousand at 31 December 2012). In addition to the aforementioned restrictions, the ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 74,868 thousand (EUR 67,149 thousand in 2012) to secure banking facilities granted to the Group.

At 31 December 2013 the Group had recognised a net EUR 1,988,385 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 2,276,614 thousand in 2012).

At 31 December 2013, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment amounting to EUR 145,935 thousand (EUR 421,428 thousand at 31 December 2012), including most notably EUR 137,395 thousand (EUR 405,388 thousand at 31 December 2012) relating mainly to mining operations in Leighton.

The impairment losses recognised in the consolidated income statement at 31 December 2013 amounted to EUR 1,909 thousand mainly related to the sale and impairment of machinery of Dragados (EUR 2,417 thousand in 2012 mainly related to the sale and impairment of machinery of Dragados).

No impairment losses were reversed or recognised in the income statement in 2013 and 2012.

The leased assets recognised under property, plant and equipment were as follows:

Thousands of euros	Land and buildings	Plant and machinery	Other tangible assets - property, plant and equipment	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 31 December 2012	2,033	671,622	42,574	716,229	(18,719)	(15)	697,495
Balance at 31 December 2013	1,258	430,644	81,444	513,346	(35,181)	(15)	478,150

The decrease in assets under finance leases in 2013 relates mainly to the effect of the sale by Leighton of its machinery and its subsequent lease mentioned in this Note. In 2012 there were no significant changes in the scope of consolidation.

06. NON-CURRENT ASSETS IN PROJECTS

The balance of "Non-current assets in projects" in the consolidated statement of financial position at 31 December 2013, includes the costs incurred by the fully consolidated companies in the construction of transport, service and power plant infrastructures 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 and concessions identified as intangible assets or those that are included as a financial asset according to the criteria discussed in Note 03.04 above. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to present its infrastructure projects in a grouped manner, although they are broken down by type of asset (financial or intangible) in this note.

All the project investments made by the ACS Group at 31 December 2013 are as follows:

Thousands of euros

Type of infrastructure	End date of operation	Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Waste treatment	2019 - 2050	464,886	(93,017)	371,869
Highways/roads	2024 - 2038	239,511	(30,044)	209,467
Police stations	2024 - 2032	72,835	-	72,835
Wind farms	2030	46,410	(9,264)	37,146
Water management	2025 - 2033	35,541	(9,048)	26,493
Energy transmission	2040	15,703	-	15,703
Security	2014	64,128	(57,379)	6,749
Other infrastructures	-	27,033	(9,825)	17,208
Total		**966,047**	**(208,577)**	**757,470**

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The changes in this heading in 2013 and 2012 were as follows:

Thousands of euros	2013			2012		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**919,964**	**(190,071)**	**729,893**	**1,115,680**	**(280,988)**	**834,692**
Changes in the scope of consolidation	22,961	(1,196)	**21,765**	-	-	**-**
Additions or charges for the year	143,468	(54,142)	**89,326**	147,062	(56,320)	**90,742**
Exchange differences	(6,204)	1,113	**(5,091)**	1,938	632	**2,570**
Disposals or reductions	(4,122)	(14,866)	**(18,988)**	(19,116)	3,560	**(15,556)**
Transfers	(110,020)	50,585	**(59,435)**	(325,600)	143,045	**(182,555)**
Ending balance	**966,047**	**(208,577)**	**757,470**	**919,964**	**(190,071)**	**729,893**

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

The concession assets identified as intangible assets, as a result of the Group assuming the demand risk, and the changes in the balance of this heading in 2013 are as follows:

Thousands of euros				
Type of infrastructure	End date of operation	Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Waste treatment	2020 - 2050	279,322	(57,359)	**221,963**
Highways/roads	2024 - 2038	239,471	(30,023)	**209,448**
Water management	2025 - 2028	33,558	(9,048)	**24,510**
Other infrastructures	-	2,674	(595)	**2,079**
Total		**555,025**	**(97,025)**	**458,000**

Thousands of euros	2013			2012		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**614,617**	**(106,242)**	**508,375**	**816,093**	**(217,253)**	**598,840**
Changes in the scope of consolidation	-	-	**-**	-	-	**-**
Additions or charges for the year	43,666	(38,023)	**5,643**	117,161	(41,533)	**75,628**
Exchange differences	(1,275)	1,113	**(162)**	1,938	632	**2,570**
Disposals or reductions	2,199	-	**2,199**	(23,704)	2,967	**(20,737)**
Transfers	(104,182)	46,127	**(58,055)**	(296,871)	148,945	**(147,926)**
Ending balance	**555,025**	**(97,025)**	**458,000**	**614,617**	**(106,242)**	**508,375**

The concession assets identified as financial assets, as a result of the Group non assuming the demand risk, and the changes in the balance of this heading in 2013 are as follows:

Thousands of euros

Type of infrastructure	End date of operation	Collection rights arising from concession arrangements
Waste treatment	2040	88,141
Police stations	2024 - 2032	72,835
Energy transmission	2040	15,703
Water management	2032 - 2033	1,983
Other infrastructures	-	11,601
Total		**190,263**

Thousands of euros

	2013	2012
Beginning balance	**112,521**	**108,154**
Investment	85,546	26,883
Finance income	11,990	8,991
Collections	(13,433)	(14,613)
Disposals or reductions	(1,463)	7,243
Exchange differences	(4,898)	-
Transfers from/to other assets	-	(24,137)
Ending balance	**190,263**	**112,521**

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under “Revenue” amounted to EUR 31,323 thousand in 2013 (EUR 128,365 thousand in 2012), of which EUR 19,333 thousand corresponding to concession assets identified as financial assets are classified as “Non-current assets held for sale and discontinued operations” (EUR 119,374 thousand in 2012).

The borrowing costs accrued in relation to the financing of the concessions classified under the financial asset model amounted to EUR 642 thousand in 2013 (EUR 12,534 thousand in 2012).

The detail of the financial assets financed through a project finance arrangement that do not meet the requirements for recognition in accordance with IFRIC 12, and the changes in the balance of this heading in 2013 were as follows:

Thousands of euros

Type of infrastructure	End date of operation	Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Waste treatment	2019 - 2041	97,423	(35,658)	**61,765**
Wind farms	2030	46,410	(9,264)	**37,146**
Security	2014	64,128	(57,379)	**6,749**
Highways/roads	2026	40	(21)	**19**
Energy transmission	-	6,417	(6,417)	**-**
Other infrastructures	-	6,341	(2,813)	**3,528**
Total		**220,759**	**(111,552)**	**109,207**

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Thousands of euros	2013			2012		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**192,826**	**(83,829)**	**108,997**	**191,433**	**(63,735)**	**127,698**
Changes in the scope of consolidation	22,961	(1,196)	**21,765**	-	-	**-**
Additions or charges for the year	15,699	(16,119)	**(420)**	8,640	(14,787)	**(6,147)**
Exchange differences	(31)	-	**(31)**	-	-	**-**
Disposals or reductions	(4,858)	(14,866)	**(19,724)**	(2,655)	593	**(2,062)**
Transfers	(5,838)	4,458	**(1,380)**	(4,592)	(5,900)	**(10,492)**
Ending balance	**220,759**	**(111,552)**	**109,207**	**192,826**	**(83,829)**	**108,997**

Simultaneously, at 31 December 2013 there are concession assets that are not financed by project finance amounting to EUR 279,567 thousand (EUR 220,867 thousand at 31 December 2012) which are recognised as “Other intangible assets”.

In 2013 and 2012 non-current assets in projects were acquired for EUR 143,468 thousand and EUR 147,062 thousand, respectively.

The main investments in projects made in 2013 relate to the Environment business related to waste treatment amounting to EUR 115,220 thousand (EUR 37,181 thousand in 2012). In addition, in 2012 non-current assets in projects were transferred as a result of selling the 40% ownership interest held in the Avenida de América transfer point and 29% in Concesionaria Ruta del Canal, S.A. In both cases the percentage held became accounted for using the equity method and represented a decrease in the cost of non-current assets in projects of EUR 24,137 thousand and EUR 98,822 thousand, respectively. No unrealised gains arose as a result of these transactions or from the sale or revaluation of the ownership interest held.

After the maturity of the project debt in 2013 of UTE Albada, Iridium Aparcamientos, Parking Nou Hospital del Camp, Parking Palau de Fires and Parking Mérida III, they were no longer considered non-current assets in projects and were included under intangible assets for EUR 74,148 thousand, EUR 16,004 thousand, EUR 8,154 thousand, EUR 4,370 thousand and EUR 3,836 thousand, respectively. In 2012 Tirmadrid, S.A. and UTE Dehesas, they were no longer considered non-current assets in projects and were included under intangible assets for EUR 136,304 thousand and EUR 69,066 thousand, respectively.

In 2013 and 2012 no significant divestments were performed.

Impairment losses recognised in the consolidated income statement at 31 December 2013 amounted to EUR 1,432 thousand. No impairment losses were recognised in the income statement at 31 December 2012.

At 31 December 2013 and 31 December 2012, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 36,645 thousand and EUR 35,787 thousand, respectively, which mainly relate to the Group’s current concession agreements.

The financing relating to non-current assets in projects is explained in Note 18.

The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under “Other current financial assets” (see Note 10.05).

Lastly, it should be noted that the Group has non-current assets in projects classified under “Non-current assets held for sale and discontinued operations” (see Note 03.09).

07. INVESTMENT PROPERTY

The changes in this heading in 2013 and 2012 were as follows:

Thousands of euros	2013	2012
Beginning balance	**71,086**	**79,511**
Sales	(3,335)	(2,442)
Charges for the year	(3,160)	(3,106)
Transfers from/to other assets	(669)	(2,877)
Ending balance	**63,922**	**71,086**

The Group’s investment property relates mostly to subsidized housing in Madrid earmarked for lease by the lessee IVIMA (Madrid Housing Institute) and maturing from 2023 to 2024. The rest relates to housing, car parks and commercial premises to be leased.

The rental income earned from investment property amounted to EUR 9,386 thousand in 2013 (EUR 9,913 thousand in 2012). The average occupancy level of the aforementioned assets was 58% (56% in 2012) with an average rentable area of 174,557 square meters in 2013 (183,540 square meters in the 2012).

The direct operating expenses arising from investment properties included under “Other operating expenses”, amounted to EUR 9,202 thousand in 2013 (EUR 8,296 thousand in 2012).

There were no contractual commitments for the acquisition, construction or development of investment property, or for repairs, maintenance and improvements.

At the beginning of 2013, the gross carrying amount was EUR 118,561 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 47,475 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 113,159 thousand and EUR 49,236 thousand, respectively. There were no material differences with respect to fair value in the accompanying consolidated financial statements.

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08. JOINT VENTURES

The main aggregates included in the accompanying consolidated financial statements relating to joint ventures for 2013 and 2012, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

Thousands of euros	UTE´s, EIG´s		Companies	
	Balance at 31/12/2013	Balance at 31/12/2012	Balance at 31/12/2013	Balance at 31/12/2012
Non-current assets	374,813	349,395	6,031,059	2,607,362
Current assets	2,397,465	2,639,239	1,679,542	1,257,506
Non-current liabilities	345,322	381,152	5,406,464	1,840,488
Current liabilities	2,190,066	2,359,260	1,655,551	1,242,862
Revenue	2,811,342	2,561,789	3,082,859	3,175,811
Profit for the year	261,304	272,865	149,174	100,234

In accordance with the opinion set forth in IAS 31, the companies are accounted for using the equity method (see Note 02.02.d).

The identification data relating to the main ACS Group's unincorporated joint ventures are detailed in Appendix II.

09. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The changes in the balance of this heading were as follows:

Thousands of euros	2013	2012
Beginning balance	**1,731,614**	**1,569,911**
Additions	629,287	604,132
Disposals	(76,802)	(519,353)
Change in consolidation method	(368,148)	285,835
Profit for the year	95,982	339,353
Changes in the equity of associates		
Exchange differences/other	(662,468)	(209,994)
Cash flow hedges	261,164	(111,153)
Transfer to non-current assets held for sale/discontinued operations	2,449	1,185
Distribution of dividends	(246,612)	(228,302)
Ending balance	**1,366,466**	**1,731,614**

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

Thousands of euros	31/12/2013			31/12/2012		
Line of Business	Share of net assets	Profit/Loss for the year	Total carrying amount	Share of net assets	Profit/Loss for the year	Total carrying amount
Construction	732,806	74,053	**806,859**	886,443	264,087	**1,150,530**
Industrial Services	201,903	3,110	**205,013**	192,545	4,073	**196,618**
Environment	335,951	18,819	**354,770**	356,559	26,781	**383,340**
Corporate Unit	(176)	-	**(176)**	(43,286)	44,412	**1,126**
Total	**1,270,484**	**95,982**	**1,366,466**	**1,392,261**	**339,353**	**1,731,614**

Construction

At 31 December 2013, in the Construction area the ownership interest from the Hochtief Group accounted for using the equity method are noteworthy, both if they are associates and if they are joint ventures, in accordance with the alternative included in IAS 31, amounting to EUR 545,909 thousand (EUR 1,062,102 thousand at 31 December 2012). Among these investees, at 31 December 2012 the most noteworthy included the investment in aurelis Real Estate amounting to EUR 284,040 thousand, which was classified as held for sale at 31 December 2013, and the investment in Leighton Welspun Contractors of EUR 178,381 thousand at 31 December 2012, which was fully consolidated at 31 December 2013 (see Note 02.02 f).

Environment

In the Environment area accounting for the Clece Group using the equity method is noteworthy, since the ACS Group acquired joint control over certain funds managed by Mercapital on 8 March 2012. The carrying amount at 31 December 2013 amounted to EUR 285,608 thousand (EUR 269,713 thousand at 31 December 2012). Subsequent, to 2013 year end, and based on the agreements reached with Mercapital, the ACS Group's ownership interest in Clece stands at 75% (see Note 03.09).

Corporate Unit

In April 2012 the ACS Group sold all of its ownership interest held in Abertis Infraestructuras, S.A., which until then was accounted for using the equity method through Admirabilia, S.A., with a profit before tax of EUR 196,699 thousand. This was the main change that occurred in the equity method relating to the Corporate Unit.

In addition to the aforementioned impairment tests, the ACS Group has performed the corresponding impairment testing to verify the recoverability of the rest of the assets in those cases in which there were indications. For the purpose of carrying out these impairment tests, the Group considered the future cash flow projections as well as the discounting of dividends and external market valuations for each of the ownership interests in accordance with available information. Especially in relation to the underlying goodwill, the tests did not disclose the need to for a provision to cover significant impairment in the consolidated income statement at the end of 2013 and 2012.

The assets, liabilities, attributable equity, sales and profit for the year the companies included under this heading, as well as the ownership interest of the ACS Group in this company are presented in Appendix III.

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10. FINANCIAL ASSETS

The detail of the balance of this heading in the consolidated statements of financial position in 2013 and 2012 is as follows:

Thousands of euros	31/12/2013		31/12/2012	
	Non-Current	Current	Non-Current	Current
Equity instruments	1,097,535	81,982	504,512	110,855
Loans to associates	773,191	87,391	859,467	131,773
Other loans	323,597	127,647	362,747	111,537
Debt securities	1,857	1,369,409	3,155	802,325
Other financial assets	121,666	1,313,712	118,588	548,959
Total	**2,317,846**	**2,980,141**	**1,848,469**	**1,705,449**

10.01. EQUITY INSTRUMENTS

The detail of the balance of this heading at 31 December 2013 and 2012 is as follows:

Thousands of euros	31/12/2013	31/12/2012
Iberdrola, S.A.	872,256	315,423
Xfera Móviles, S.A.	79,206	79,206
Other smaller investments	146,073	109,883
Total	**1,097,535**	**504,512**

In accordance with IAS 39 these investments are considered to be available-for-sale financial assets. They have been measured at cost since there is no reliable market for them, except for in the case of Iberdrola, S.A.

Iberdrola, S.A.

The most significant equity instruments relate to Iberdrola.

At 31 December 2013, the ACS Group holds 188,188,889 shares representing 3.02% of the share capital of Iberdrola, S.A. at that date (75,190,459 shares representing 1.22% of the share capital of Iberdrola, S.A. at 31 December 2012). The consolidated average cost amounted to EUR 4.134 per share (EUR 4.195 per share, prior to taking into account the valuation adjustments at 31 December 2012).

The ownership interest in Iberdrola is recognised at its market price at the end of each year (EUR 4.635 per share in 2013 and EUR 4.195 per share in 2012) amounting to EUR 872,256 thousand (EUR 315,423 thousand at 31 December 2012). At 31 December 2013, a positive valuation adjustment of EUR 65,999 thousand, net of the related tax effect, is recognised in equity under “Valuation adjustments - Available-for-sale financial assets”.

In 2013 the most significant transactions in relation to the ownership interest in Iberdrola were as follows:

On 22 October 2013, ACS, Actividades Finance, B.V. (a Dutch subsidiary wholly owned by ACS, Actividades de Construcción y Servicios, S.A.) issued bonds that are exchangeable for Iberdrola shares for a nominal amount of EUR 721,100 thousand (see Note 17), with the following characteristics:

- A term of five years maturing on 22 October 2018, unless they are exchanged or redeemed early. The price for redeeming the bonds on maturity will be 100% of the nominal value, unless they are exchanged.

- Annual nominal fixed interest of 2.625%, payable quarterly in arrears.

- The exchange price is EUR 5.7688 per Iberdrola share, which represents a premium of 35% on the reference quoted price of the session in which the issue was launched. As of 12 November 2016, ACS will have the option of redeeming the bonds early if the value of the Iberdrola shares exceeds 130% of the exchange price applicable during at least 20 trading days in any period of 30 consecutive trading days.

- The bondholders will have the option of redeeming the bonds in the third year or if there is any change of control of ACS.

- The bonds are listed in the open market (Freiverkehr) on the Frankfurt Stock Exchange.

As a result of the foregoing, ACS, Actividades de Construcción y Servicios, S.A. partially cancelled the equity swap agreement signed with Natixis for 113,619,098 Iberdrola shares, whereby 164,352,702 Iberdrola, S.A. shares are outstanding, with the resulting change in the fixed guarantee of EUR 247,670 thousand maturing on 31 March 2015. This partial cancellation led to the recognition of EUR 8,885 thousand in profit under “Changes in fair value of financial instruments” in the accompanying consolidated income statement. Subsequent to year end, this agreement was extended until 31 March 2018.

As of mid-2012, the ACS Group had several financial derivative contracts with various financial institutions over Iberdrola (call spreads), which offered an exposure on an underlying asset of 597,286,512 Iberdrola shares As a result of the increase in the quoted price of the aforementioned underlying asset, on 20 December 2013 the parties agreed to replace the previous structure with a new one (put spread), which has the same exposure profile and maturity periods, however the strike price and the price of the 595,601,946 Iberdrola shares of the underlying asset were slightly adjusted as a result of the changes in Iberdrola’s dividend policy. This change enabled the ACS Group to monetise the value of these derivatives for a total of EUR 856.5 million included in the consolidated statement of financial position at 2013 year-end. The market value at 2013 year end gave rise to the recognition of an liability amounting to EUR 62,896 thousand (see Note 22).

Following these transactions, at 31 December 2013, the ACS Group only held the aforementioned 3.02% ownership interest in Iberdrola (of which 125 million shares are pledged in the exchangeable bond) and the following derivative financial instruments, which were measured at fair value through profit or loss at 2013 year-end:

- A group of financial derivatives on 595,601,946 Iberdrola, S.A. shares that limit the ACS Group’s exposure to fluctuations in the market of the aforementioned company’s shares (see Note 22).

- An equity swap signed with Natixis on 164,352,702 Iberdrola, S.A. shares (see Note 22), in which the ACS Group continues to hold the usufruct rights over said shares.

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The most relevant transactions in 2012 with regard to Iberdrola were as follows:

- On 18 April 2012, ACS, Actividades de Construcción y Servicios, S.A. carried out an accelerated bookbuilding process through UBS and Société Générale among professional and qualified investors both in Spain and abroad, of a package of 220,518,120 Iberdrola, S.A. shares, representing 3.69% of its share capital. The placement price resulting from the process was EUR 3.62 per share. As a result of this transaction, the ACS Group incurred a loss before tax, along with other expenses related thereto, amounting to EUR 855,689 thousand recognised under “Impairment and gains or losses on disposals of financial instruments” in the accompanying consolidated income statement (see Note 29).

- In addition, on 13 July 2012, Residencial Monte Carmelo, S.A., a company wholly owned by ACS, Actividades de Construcción y Servicios, S.A., entered into a prepaid forward finance transaction with Société Générale, which allowed the company to cancel the syndicated loan of EUR 1,599,223 thousand it had entered into with a financial institutions syndicate, in which Banco Bilbao Vizcaya Argentaria, S.A. acted as the agent. This agreement was amended on 21 December 2012 and the prepaid forward was cancelled subsequent to 2012 year-end.

- In 2012 ACS, Actividades de Construcción y Servicios, S.A. also signed several amendments to the equity swap agreement entered into with Natixis, which entailed changing the repayment of the underlying value from EUR 1,000 million to EUR 1,432 million on 277,971,800 Iberdrola, S.A. shares, the elimination of the margin calls, the arrangement of a fixed guarantee of EUR 355,531 thousand, establishing the maturity date as 31 March 2015 and amending the method of terminating the agreement.

With regard to the impairment of the ownership interest in Iberdrola, given that at 31 December 2013 the quoted price was greater than the carrying amount, the ACS Group did not consider there to be any indications of impairment and, therefore, did not perform any impairment test to verify a such possibility. In contrast, in 2012 the ACS Group internally tested its ownership interest for impairment based on the discounting of future dividends and other information available on its investee, which also allowed it to conclude that there was no impairment since the recoverable value of the investment was below the consolidated average cost. A loss to the market price at the end of the year amounting to EUR 222,139 thousand was therefore recognised under “Impairment and gains or losses on disposals of financial instruments” in the accompanying consolidated income statement (see Note 29).

“Impairment and gains or losses on disposals of financial instruments” in the accompanying consolidated income statement for 2012 (see Note 29) includes the aforementioned loss with regard to the sale of the 3.69% of the share capital of Iberdrola, the impairment of the 1.22% ownership interest and additional losses of EUR 2,873,344 thousand as a result of the Residencial Monte Carmelo, S.A. transactions and the aforementioned equity swap. Likewise, in 2013, the market value of the derivative financial instruments held at year end in relation to Iberdrola shares represented earnings of EUR 404,050 thousand (EUR 232,333 thousand in 2012) which were recognised under “Changes in fair value of financial instruments” (see Note 28.05).

Xfera Moviles, S.A. (Yoigo)

At 31 December 2013 and 2012, the ACS Group had a 17% ownership interest in the share capital of Xfera Móviles, S.A. through ACS Telefonía Móvil, S.L. after the sale of part of its holding in 2006 to the Telia Sonera Group. In relation to this sale transaction, there is an unrecognised contingent price and in certain scenarios, call and put options on the ownership interest of ACS, the conditions of which are not likely to be met.

The carrying amount of the ownership interest in Xfera amounted to EUR 198,376 thousand at 31 December 2013 and 2012, which correspond to the contributions made in 2006 and thereafter, including the participating loans related thereto included under “Other non-current loans”. In prior years, the Group recognised very important provisions related to the aforementioned ownership interest.

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

Other investments

At 31 December 2013, other investments relates mainly to non-controlling interests including, among others, the ownership interests held by subsidiaries of Hochtief amounting to a net EUR 75,008 thousand (EUR 91,492 thousand at 31 December 2012).

The Group has assessed the recoverability of the assets included under this heading, recognising the related impairment on the basis of the recoverability analysis performed.

10.02. LOANS TO ASSOCIATES

The detail of the balances of "Loans to associates" and of the scheduled maturities at 31 December 2013, is as follows:

Thousands of euros	Current	Non-current				
	2014	2015	2016	2017	2018 and subsequent years	**Total non-current**
Loans to associates	**87,391**	501,162	12,553	747	258,729	**773,191**

The detail of the balances of "Loans to associates" and of the scheduled maturities at 31 December 2012, is as follows:

Thousands of euros	Current	Non-current				
	2013	2014	2015	2016	2017 and subsequent years	Total non-current
Loans to associates	**131,773**	560,931	32,803	12,480	253,253	**859,467**

"Non-current loans to associates" relates mainly to the loans granted to Habtoor Leighton Group amounting to EUR 373,990 thousand (EUR 402,500 thousand at 31 December 2012).

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Likewise, at 31 December 2013 non-current loans granted in euros (net of the associated provisions) were granted to Línea Nueve (Tranches Two and Four) for EUR 68,501 thousand (EUR 62,868 thousand in 2012), Celtic Road Group (Waterford and Portlaoise) for EUR 45,566 thousand (EUR 45,566 thousand in 2012), Circunvalación de Alicante, S.A. for EUR 15,888 thousand (EUR 52,161 thousand in 2012), Infraestructuras y Radiales, S.A. for EUR 29,577 thousand (EUR 41,177 thousand in 2012), and TP Ferro Concesionaria, S.A. for 33,427 thousand (EUR 32,138 thousand in 2012).

Regarding this loan and investment in the Habtoor Leighton Group, provisions amounting to EUR 488 million were made that for the most part cover the ACS Group's exposure in the accompanying condensed financial statements.

The loan granted in relation to the acquisition of aurelis Real Estate for EUR 38,458 thousand (EUR 88,459 thousand at 31 December 2012) was reclassified as a non-current asset held for sale at 31 December 2013 (see Note 03.09).

These loans bear interest at market rates.

10.03. OTHER LOANS

The detail of the balances of "Other loans" and of the scheduled maturities at 31 December 2013, is as follows:

Thousands of euros	Current	Non-current				
	2014	2015	2016	2017	2018 and subsequent years	**Total non-current**
Other loans	**127,647**	253,510	10,335	5,834	53,918	**323,597**

The detail of the balances of "Other loans" and of the scheduled maturities at 31 December 2012, is as follows:

Thousands of euros	Current	Non-current				
	2013	2014	2015	2016	2017 and subsequent years	**Total non-current**
Other loans	**111,537**	285,258	10,108	6,487	60,894	**362,747**

Non-current loans include mainly the debt that continues to be refinanced to local corporations amounting to EUR 62,806 thousand at 31 December 2013 (see Note 12) (EUR 101,798 thousand at 31 December 2012) and the participating loans to Xfera Móviles, S.A., amounting to EUR 119,170 thousand at 31 December 2012.

These loans earn interest tied to Euribor plus a market spread.

10.04. DEBT INSTRUMENTS

At 31 December 2013, 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 1,041,278 thousand (EUR 517,948 thousand at 31 December 2012). The increase between years arises basically from the collections obtained from the disposals carried out in the year. Of the other amounts, those held by Cobra amounting to EUR 101,843 thousand (EUR 121,251 thousand at 31 December 2012) and Urbaser amounting to EUR 179,037 thousand (EUR 79,633 thousand at 31 December 2012) are of note.

10.05. OTHER FINANCIAL ASSETS

At 31 December 2013, “Other financial assets” included short-term deposits amounting to EUR 1,178,777 thousand (EUR 418,123 thousand at 31 December 2012). This amount includes the amounts contributed to meet the coverage ratios of certain financing for the ownership interest in Hochtief amounting to EUR 359 thousand (see Note 18) and certain derivatives arranged by the Group amounting to EUR 306,380 thousand (see Note 22). These amounts earn interest at market rates and their availability depends on the compliance with the coverage ratios.

The balance of this heading also includes the current account with the securitisation SPV (see Note 12) and the balance of the reserve accounts relating to activity of the projects.

Impairment losses

In 2013 the impairment losses on financial assets amounted to EUR 20,498 thousand (see Note 29). In 2012 no significant impairment losses were recognised on the financial assets in addition to those relating to the ACS Group’s ownership interest in Iberdrola (see Note 10.01 and 29).

There were no significant reversals due to the impairment of financial assets in 2013 or 2012.

11. INVENTORIES

The detail of “Inventories” is as follows:

Thousands of euros	31/12/2013	31/12/2012
Merchandise	218,531	225,092
Raw materials and other supplies	362,656	413,760
Work in progress	974,682	1,126,536
Finished goods	13,024	7,472
By-products, waste and recovered materials	276	197
Advances to suppliers and subcontractors	248,030	147,058
Total	**1,817,199**	**1,920,115**

Inventories at 31 December 2013 mostly relates to the EUR 1,149,541 thousand (EUR 1,362,941 thousand at 31 December 2012) contributed by the Hochtief Group, including work in progress amounting to EUR 933,840 thousand (EUR 1,099,627 thousand at 31 December 2012), and mainly real estate (land and buildings), of Hochtief and its Australian subsidiary Leighton, of which EUR 422,276 thousand were restricted at 31 December 2013 (EUR 699,284 thousand at 31 December 2012). In addition to the aforementioned restrictions, inventories with a carrying amount of EUR 7,672 thousand in 2013 (EUR 7,579 thousand in 2012) have been pledged and/or mortgaged as security for the repayment of debts.

Impairment losses on inventories recognised and reversed in the consolidated income statement for 2013, relating to the various ACS Group companies, amounted to EUR 236 thousand and EUR 7,552 thousand, respectively (EUR 212 thousand and EUR 6,129 thousand in 2012).

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12. TRADE AND OTHER RECEIVABLES

The carrying amount of trade and other receivables reflects their fair value, the detail, by line of business, being as follows:

2013

Thousands of euros	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2013
Trade receivables for sales and services	6,864,804	2,627,006	446,822	568	9,939,200
Receivable from group companies and associates	134,691	75,083	3,508	(22,271)	191,011
Other receivables	367,692	593,613	118,558	3,087	1,082,950
Current tax assets	55,092	32,846	16,543	(1,635)	102,846
Total	**7,422,279**	**3,328,548**	**585,431**	**(20,251)**	**11,316,007**

2012

Thousands of euros	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2012
Trade receivables for sales and services	6,473,517	2,585,646	504,862	1,193	9,565,218
Receivable from group companies and associates	235,930	385,875	3,901	(32,556)	593,150
Other receivables	412,480	647,530	113,744	(504)	1,173,250
Current tax assets	56,125	53,063	6,119	(32,439)	82,868
Total	**7,178,052**	**3,672,114**	**628,626**	**(64,306)**	**11,414,486**

Trade receivables for sales and services - Net trade receivables balance

The detail of trade receivables for sales and services and net trade receivables balance, by line of business, at 31 December 2013 and 2012, is as follows:

2013

Thousands of euros	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2012
Trade receivables and notes receivable	3,260,058	1,596,222	340,256	5,049	5,201,585
Completed work pending certification	3,865,088	1,135,076	127,460	16	5,127,640
Allowances for doubtful debts	(260,342)	(104,292)	(20,894)	(4,497)	(390,025)
Total receivables for sales and services	**6,864,804**	**2,627,006**	**446,822**	**568**	**9,939,200**
Advances received on orders (Note 23)	(904,370)	(969,422)	(15,159)	-	(1,888,951)
Total net trade receivables balance	**5,960,434**	**1,657,584**	**431,663**	**568**	**8,050,249**

2012

Thousands of euros	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2012
Trade receivables and notes receivable	3,371,245	1,402,984	418,074	5,671	5,197,974
Completed work pending certification	3,291,857	1,274,815	107,979	17	4,674,668
Allowances for doubtful debts	(189,585)	(92,154)	(21,191)	(4,494)	(307,424)
Total receivables for sales and services	**6,473,517**	**2,585,645**	**504,862**	**1,194**	**9,565,218**
Advances received on orders (Note 23)	(1,039,643)	(1,768,535)	(6,078)	1	(2,814,255)
Total net trade receivables balance	**5,433,874**	**817,110**	**498,784**	**1,195**	**6,750,963**

At 31 December 2013, retentions held by customers for contract work in progress amounted to EUR 530,232 thousand (EUR 517,209 thousand at 31 December 2012).

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The balance of receivables was reduced by EUR 258,886 thousand in this connection at 31 December 2013 (EUR 307,872 thousand at 31 December 2012).

Substantially all the risks and rewards associated with the receivables, as well as control over them, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised in the consolidated statement of financial position. The Group companies continued to manage collection in 2013.

The balance of “Trade receivables and notes receivable” was reduced by the amounts received from the “CAP-TDA2 Fondo de Titulizacion de Activos”, a securitisation SPV which was set up on 19 May 2010.

The ACS Group companies fully and unconditionally assign receivables to the securitisation SPV. By means of this mechanism, at the date of assignment, the Company charges a set price (cash price) which does not reverse back to the securitisation SPV for any reason. This securitisation SPV, which is subject to Spanish law, transforms the receivables acquired into bonds. It is managed by a management company called Titulizacion de Activos, Sociedad Gestora de Fondos de Titulizacion, S.A.

The amount of the receivables sold to the Securitisation SPV was EUR 198,954 thousand at 31 December 2013 (EUR 229,531 thousand at 31 December 2012), of which EUR 49,192 thousand (EUR 48,792 thousand at 31 December 2012) were recognised as a current account with the Securitisation SPV included under “Other current financial assets - Other loans” (see Note 10.05).

There was no customer at 31 December 2013 and 2012 that represented more than 10% of total revenue.

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Changes in the allowances for doubtful debts

The following is a breakdown, by line of business, of the changes in the "Allowances for doubtful debts" in 2013 and 2012:

Thousands of euros

Allowance for doubtful debts	Construction	Industrial Services	Environment	Corporate unit and adjustments	Total
Balance at 31 December 2011	**(193,533)**	**(102,372)**	**(21,946)**	**(4,627)**	**(322,478)**
Charges for the year	(20,402)	(22,098)	(6,028)	-	(48,528)
Reversals/Excesses	26,005	30,297	6,225	133	62,660
Changes in scope and other	(1,655)	2,019	558	-	922
Balance at 31 December 2012	**(189,585)**	**(92,154)**	**(21,191)**	**(4,494)**	**(307,424)**
Period provisions	(108,647)	(12,860)	(4,961)	(3)	(126,471)
Reversals/Excesses	35,163	16,509	2,301	-	53,973
Changes in scope and other	2,727	(15,787)	2,957	-	(10,103)
Balance at 31 December 2013	**(260,342)**	**(104,292)**	**(20,894)**	**(4,497)**	**(390,025)**

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities.

The net trade receivables balance at 31 December 2013 amounted to EUR 8,050,249 thousand (EUR 6,750,963 thousand at 31 December 2012), of which EUR 737,122 thousand (EUR 1,122,587 thousand at 31 December 2012) relate to domestic activity and EUR 7,313,127 thousand (EUR 5,628,377 thousand at 31 December 2012) to international activity.

With regard to domestic activity, EUR 393,870 thousand (EUR 703,124 thousand at 31 December 2012), 53% of the balance (63% of the balance at 31 December 2012) relates to the net balance receivable from the Spanish public authorities, the remainder relating to the private sector, without large concentrations thereof.

With regard to foreign activities, the majority arises from the private sector amounting to EUR 6,345,880 thousand (EUR 5,145,046 thousand at 31 December 2012), the majority of which relate to the Hochtief Group. This figure includes amounts which were outstanding but not impaired at 31 December 2013 of which EUR 113,127 thousand was up to 30 days overdue, EUR 47,857 thousand between 31 and 90 days overdue and EUR 105,669 thousand more than 90 days overdue (EUR 126,043 thousand was up to 30 days overdue, EUR 94,257 thousand between 31 and 90 days overdue and EUR 86,152 thousand more than 90 days overdue at 31 December 2012).

Group management considers that the carrying amount of the trade receivables reflects their fair value. The Group companies are responsible for managing the accounts receivable and determining the need for an allowance, since each Company best knows its exact position and the relationship with each of its clients. However, each line of business lays down certain guidelines on the basis that each client has its own peculiarities depending on the business activity performed. In this regard, for the Construction area, the accounts receivable from public authorities pose no recoverability problems of significance, and international activity mainly relates to work performed for public authorities in foreign countries, which reduces the possibility of experiencing significant insolvency. On the other hand, for private clients there is an established guarantee policy prior to the beginning of construction, which significantly reduces the risk of insolvency. In the latter case, it is worth noting the substantial increase in costs and executed works pending certification related to the Gorgon Jetty & Marine STR project and other projects in Iraq, for which the customers' claims are under negotiation. These claims have been recognised in the consolidated financial statements at their expected recoverable amount.

In the Environment area, the main problems are related to arrears from local public authorities. In these cases, the affected companies renegotiate with the public authorities involved for the collection of the receivable if it is not possible to recover the receivable in the short-term, by setting a long-term payment schedule. At 31 December 2013, this amount totalled EUR 62,806 thousand (see Note 10.03) (EUR 101,798 thousand at 31 December 2012), which was included under the heading "Other Loans", and matures as follows:

Thousands of euros

2015	2016	2017	2018 and subsequent years	Total
54.724	4.487	661	2.934	**62.806**

Additionally, the existence of arrears and of a possible default are low since besides the fact that the Group also has the right to request late interest from public authorities, its private clients are assigned a maximum risk level before contracting a service.

In the Industrial Services area, of most significance are private contracts, for which a maximum level of risk is assigned and collection conditions are based upon the solvency profile that is initially analysed for a client and for a specific project, depending on its size. In the case of foreign private clients, the practice is to require payments in advance at the beginning of the project and establish collection periods based on the type of project, which are either short term or non-recourse discounts are negotiated, allowing for positive management of working capital.

13. OTHER CURRENT ASSETS

This heading in the statement of financial position includes mainly short-term accruals of prepaid expenses and interest.

14. CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets amounting to EUR 65,553 thousand (EUR 50,222 thousand at 31 December 2012) reflect their fair value and there are no restrictions as to their use.

15. EQUITY

15.01. SHARE CAPITAL

At 31 December 2013, the share capital of the Parent amounted to EUR 157,332 thousand and was represented by 314,664,594 fully subscribed and paid shares 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.

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

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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.

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

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

Similarly, at the Annual General Meeting held on 25 May 2009, the shareholders resolved to delegate to the Board of Directors the power to issue fixed income securities, either simple and exchangeable or convertible, and warrants on the Company's newly issued shares or shares in circulation. Securities may be issued on one or more occasions within five years following the resolution date. The total amount of the issue or issues of securities, plus the total number of shares listed by the Company, plus the total number of shares listed by the Company and outstanding at the issue date may not exceed a maximum limit of eighty per cent of the equity of ACS, Actividades de Construcción y Servicios, SA. according to the latest approved balance sheet. Based on the aforementioned authorisation, in 2013 ACS, Actividades de Construcción y Servicios, S.A. formally executed a Euro Commercial Paper programme for a maximum amount of EUR 500 million, the balance of which amounted to EUR 310,194 thousand at 31 December 2013 (see Note 17.01). Likewise, based on the aforementioned delegation of powers, the Board of Directors took into consideration and provided guarantees in relation to the issue of bonds exchangeable for Iberdrola shares carried out by ACS, Actividades Finance BV amounting to EUR 721,100 thousand (see Notes 10.01 and 17.01).

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

In this regard, the Company resolved in increase share capital to a maximum of EUR 504 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 362 million and the second increase may not exceed EUR 142 million, indistinctly granting the Executive Commission, the Chairman of the Board of Directors and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the two months following the date of the Annual General Meeting held in 2013 and, in the case of the second increase, within the first quarter of 2014, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend.

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

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

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

In relation to the foregoing, in 2013 the Parent increased its share capital by EUR 3,926,818.50 relating to 7,853,637 ordinary shares of EUR 0.5 par value each. Subsequent to the aforementioned capital increase and during the same year, share capital was reduced by EUR 3,926,818.50 relating to 7,853,637 ordinary shares of EUR 0.5 par value each through the retirement of the Parent’s treasury shares (see Note 15.04).

In addition, by virtue of this delegation, on 12 December 2013 the Company resolved to carry out a second share capital increase for a maximum amount of EUR 142 million for the same purpose as that of the first increase mentioned above. After a period of negotiating the bonus issue rights relating to this second increase, 2,562,846 ordinary shares of EUR 0.5 par value each were issued in February 2014 for a nominal amount of EUR 1,281,423. Subsequent to year end, share capital was reduced by EUR 1,281,423 relating to 2,562,846 ordinary shares of EUR 0.5 par value each through the retirement of the Parent’s treasury shares.

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

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

At 31 December 2013, the shareholders with an ownership interest of over 10% in the share capital of the Parent were Corporación Financiera Alba, S.A. with an ownership interest of 16.30% and Inversiones Vesan, S.A. with an ownership interest of 12.52%.

15.02. SHARE PREMIUM

At 31 December 2013 and 2012, the share premium amounted to EUR 897,294 thousand and there had been no changes therein in the previous two years.

The Consolidated Text of the Spanish Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

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15.03. RETAINED EARNINGS AND OTHER RETURNS

The detail of this heading at 31 December 2013 and 2012 is as follows:

Thousands of euros	Balance at 31/12/2013	Balance at 31/12/2012
Reserves of the Parent	2,319,377	2,358,036
Reserves at consolidated companies	(207,759)	2,472,325
Total	**2,111,618**	**4,830,361**

15.03.01. Reserves of the Parent

This heading includes the reserves set up by the Group's Parent, mainly in relation to retained earnings, and if applicable, in compliance with the various applicable legal provisions.

The detail of this heading at 31 December 2013 and 2012 is as follows:

Thousands of euros	Balance at 31/12/2013	Balance at 31/12/2012
Legal reserve	35,287	35,287
Voluntary reserves	547,913	1,078,092
Capital redemption reserve fund	7,593	3,666
Reserve for redenomination of share capital in euros	162	162
Goodwill reserve	206,039	164,831
Retained earnings	2,141,954	1,075,998
Accumulated losses	(619,571)	-
Total	**2,319,377**	**2,358,036**

Legal reserve

Under the Consolidated Text of the Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The legal reserve of the Group's Parent, which amounts to EUR 35,287 thousand, has reached the stipulated level at 31 December 2013 and 2012.

Voluntary reserves

These are reserves, the use of which is not limited or restricted, freely set up by means of the allocation of the Parent's profits, after the payment of dividends and the required appropriations to the legal or other restricted reserves in accordance with current legislation.

Pursuant to the Consolidated Text of the Spanish Companies Law, profit may not be distributed unless the amount of the unrestricted legal reserves is at least equal to the amount of research and development expenses included under assets in the statement of financial position. In this case the reserves allocated to meet this requirement are considered to be restricted reserves.

Reserve for retired capital

As a result of the retirement of the Parent's shares carried out in 2013 and 2012, in accordance with that established in Article 335.c of the Consolidated Text of the Spanish Companies Law, ACS, Actividades de Construcción y Servicios, S.A. arranged a "restricted reserve for retired capital" amounting to EUR 7,593 thousand (EUR 3,666 thousand at 31 December 2012), which is equivalent to the nominal value of the reduced share capital.

15.03.02. Reserves at consolidated companies

The detail, by line of business, of the balances of these accounts in the consolidated statement of financial position after considering the effect of consolidation adjustments, is as follows:

Thousands of euros	Balance at 31/12/2013	Balance at 31/12/2012
Construction	223,551	277,884
Environment	748,984	605,946
Industrial Services	706,852	752,479
Corporate Unit	(1,887,146)	836,016
Total	**(207,759)**	**2,472,325**

Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) that place restrictions on the distribution of dividends until certain ratios are met.

15.04. TREASURY SHARES

The changes in "Treasury shares" in 2013 and 2012 were as follows:

	2013		2012	
	Number of Shares	Thousands of euros	Number of Shares	Thousands of euros
At beginning of the year	**21,368,766**	**574,696**	**23,608,833**	**760,651**
Purchases	15,112,383	306,280	9,393,512	155,880
Scrip dividend	251,471	-	-	-
Sales	(25,903,481)	(659,616)	(4,013,784)	(115,262)
Bonus payments 2013/2012	(208,529)	(3,874)	(287,700)	(9,269)
Depreciation	(7,853,637)	(152,528)	(7,332,095)	(217,304)
At end of the reporting period	**2,766,973**	**64,958**	**21,368,766**	**574,696**

On 24 January 2013, the ACS Group sold a total of 20,200,000 treasury shares amounting to EUR 360,166,000 to three entities with a negative effect on equity of EUR 170,698 thousand. In addition, the Group entered into certain derivative contracts for the same number of ACS shares, payable only in cash and within a period of two years that may be extended for a further year (see Note 22).

As a result of the resolution adopted by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 10 May 2013, on 20 June 2013 the Company resolved to carry out the first capital increase, establishing the maximum reference value at EUR 362 million with a charge to reserves of the Company 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 18 July 2013 the following events occurred:

a) The dividend was set at a total gross amount of EUR 192,708,608.096 and was paid on 23 July 2013.

b) The definitive number of shares object of the share capital increase was 7,853,637 for a nominal amount of EUR 3,926,818.50

Subsequent to 23 September 2013, through the pertinent registration in the Mercantile Registry, a reduction in the share capital of ACS, Actividades de Construcción y Servicios S.A. amounting to EUR 3,926,818.50 has been executed, by means of the retirement of 7,853,637 treasury shares for a carrying amount of EUR 152,528 thousand, with a charge to unrestricted reserves and through the allocation, for the same amount as the nominal value of the retired shares: EUR 3,926,818.50, to the reserve provided for in section c) of article 335 of the Spanish Companies Law. In this same connection, on 7 July 2012, 7,332,095 treasure shares were retired with a carrying amount of EUR 217,304 thousand in accordance with the resolutions adopted by the shareholders at the Annual General Meeting held on 31 May 2012 in relation to the shareholder remuneration system (see Note 15.01).

At 31 December 2013, the Group held 2,766,973 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 0.88% of the share capital, with a consolidated carrying amount of EUR 64,958 thousand which is recognised under "Treasury shares" under equity in the consolidated statement of financial position. At 31 December 2012, the Group held 21,368,766 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 6.79% of the share capital, with a consolidated carrying amount of EUR 574,696 thousand which was recognised under "Treasury shares" under equity in the consolidated statement of financial position.

The average purchase price of ACS shares in 2013 was EUR 20.27 per share and the average selling price of the shares in 2013 was EUR 25.46 per share (EUR 16.59 and EUR 28.72 per share, respectively, in 2012).

15.05. INTERIM DIVIDEND

In its meeting held on 12 December 2013, the Parent's Boards of Directors, using the powers granted to it by the shareholders at the Annual General Meeting held on 10 May 2013, resolved to carry out a second share capital increase with a charge to reserves for a maximum amount of EUR 142 million. On 16 January 2014, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second increase setting the maximum reference value (amount of the option exercised) at EUR 142 million for the purpose of creating a flexible remuneration formula for the shareholders ("optional dividend"), so that they may opt to continue receiving remuneration in cash or to receive new Company shares. After the decision-making period granted to the shareholders, on 13 February 2014 the following events occurred:

a) The dividend was set at a total gross amount of EUR 0.446 which was paid on 18 February 2014.

b) The definitive number of shares object of the share capital increase was 2,562,846 for a nominal amount of EUR 1,281,423.

The interim dividend is recognised as the maximum amount of the potential liability at the aforementioned date of 100% of the fair value of the dividend approved amounting to EUR 140,970 thousand, in accordance with the instructions of the ESMA by way of the European Enforcers Coordination Sessions (EECS), under “Reserves”, thereby reducing the amount of “Equity attributable to the Parent” recognised at 31 December 2013 under “Other current assets” in the consolidated statement of financial position (see Note 24) for the maximum amount of the potential liability at the aforementioned date for 100% of the fair value of the dividend approved which amounted to EUR 140,970 thousand, although the final amount was EUR 69,473 thousand (see Note 32).

At 31 December 2012, as a result of the losses incurred by the Parent and in accordance with Article 277 of the Consolidated Text of the Spanish Companies Law, no interim dividends were paid.

15.06. ADJUSTMENTS FOR CHANGES IN VALUE

The changes in the balance of this heading in 2013 and 2012 were as follows:

Thousands of euros	2013	2012
Beginning balance	**(725,840)**	**(2,363,192)**
Hedging Instruments	359,109	(153,686)
Available-for-sale financial assets	27,773	1,839,515
Exchange differences	(195,956)	(48,477)
Ending balance	**(534,914)**	**(725,840)**

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

The changes relating to available-for-sale financial assets include the unrealised gains or losses arising from changes in their fair value net of the related tax effect. The change arose mainly as a result of the transactions carried out in relation to the ownership interest in Iberdrola, S.A. (see Note 10.01).

The translation differences at 1 January 2004 were recognised in the transition to IFRSs as opening reserves. Consequently, the amount presented in the Group’s consolidated statement of financial position at 31 December 2013 relates exclusively to the difference arising in the period from 2004 to 2013, net of the related tax effect, between the closing and opening exchange rates, on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionately consolidated companies and as companies accounted for using the equity method whose functional currency is not the euro.

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The main translation differences, by currency, were as follows:

Thousands of euros	Balance at 31/12/2013	Balance at 31/12/2012
U.S. Dollar (USD)	(25,812)	7,680
Australian Dollar (AUD)	(13,921)	81,762
Polish Zloty (PLN)	560	2,264
Brazilian Real (BRL)	22,359	55,724
Mexican Peso (MXN)	(24,605)	(7,473)
Canadian Dollar (CAD)	836	1,610
British Pound (GBP)	(2,409)	(1,730)
Venezuela Bolivar (VEB)	(22,842)	(18,818)
Argentine Peso (ARS)	(34,607)	(21,732)
Colombian Peso (CLP)	(5,463)	3,283
Other currencies	(14,240)	(26,759)
	(120,144)	**75,812**

In addition to the balance of translation differences at 31 December 2013, the balance of "Valuation adjustments" include a loss of EUR 442,697 thousand for hedging instruments (EUR -801,806 thousand at 31 December 2012) and a gain of EUR 27,927 thousand for assets available for sale (EUR 154 thousand at 31 December 2012).

15.07. NON-CONTROLLING INTERESTS

The detail, by line of business, of the balance of "Non-controlling interests" in the consolidated statement of financial position at 31 December 2013 and 2012 is as follows:

Thousands of euros	Balance at 31/12/2013			Balance at 31/12/2012		
División	Non-controlling interests	Profit attributed to non-controlling interests	Profit from discontinued operations	Non-controlling interests	Profit attributed to non-controlling interests	Profit from discontinued operations
Construction	1,600,390	488,012	-	2,418,313	471,079	-
Industrial Services	21,039	50,978	-	72,683	49,558	-
Environment	54,182	6,394	-	42,306	1,040	11
Total	**1,675,611**	**545,384**	**-**	**2,533,302**	**521,677**	**11**

Non-controlling interests mainly relates to the full consolidation of Hochtief which includes both the ownership interests of the non-controlling shareholders of Hochtief as well as the non-controlling interests included in the statement of financial position of the German company, amounting to EUR 1,028,085 thousand at 31 December 2013 (EUR 1,603,445 thousand at 31 December 2012), which mainly relate to the non-controlling shareholders of Leighton Holdings.

”Non-controlling interests” in the accompanying consolidated statement of financial position reflects the proportionate share of the equity of Group companies in which there are non-controlling shareholders. The changes in 2013, by item, were as follows:

Thousands of euros	
Balance at 31 December 2012	**3,054,990**
Profit for the year from continuing operations	545,384
Dividends received	(383,173)
Change in scope of consolidation	(445,517)
Changes in share capital and other	(334,730)
Adjustments for changes in value	(215,959)
Balance at 31 December 2013	**2,220,995**

The changes to the scope of consolidation arose mainly due to the sale by the Hochtief Group of the airport business.

The changes in 2012, by item, were as follows:

Thousands of euros*	
Balance at 31 December 2011	**2,872,182**
Profit for the year from continuing operations	521,677
Loss for the year from discontinued operations	11
Dividends received	(178,907)
Change in scope of consolidation	(113,177)
Changes in share capital and other	11,649
Adjustments for changes in value	(58,445)
Balance at 31 December 2012	**3,054,990**

(*) Data restated

The detail of this balance at 31 December 2013, by business segment, is as follows:

Thousands of euros

Line of Business	Share Capital	Reserves	Profit for the year	Total
Construction	681,795	918,595	488,012	**2,088,402**
Industrial Services	50,124	(29,085)	50,978	**72,017**
Environment	30,458	23,724	6,394	**60,576**
Total	**762,377**	**913,234**	**545,384**	**2,220,995**

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The detail of this balance at 31 December 2012, by business segment, was as follows:

Thousands of euros

Line of Business	Share Capital	Reserves	Profit for the year	Profit from discontinued operations	Total
Construction	1,407,456	1,010,857	471,079	-	**2,889,392**
Industrial Services	43,425	29,258	49,558	-	**122,241**
Environment	20,657	21,649	1,040	11	**43,357**
Total	**1,471,538**	**1,061,764**	**521,677**	**11**	**3,054,990**

At 31 December 2013, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's main subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
Construction		
John P. Picone, Inc. (*)	20.00%	John P. Picone
Autovía de La Mancha S.A. Conces. JCC Cast-La Mancha	25.00%	CYOP, S.A.
Concesionaria Santiago Brión, S.A.	30.00%	Francisco Gómez y CIA, S.L. (15%) Extraco Construcciones e Proyectos, S.A. (15%)
Autovía del Pirineo, S.A.	28.00%	Construcciones Mariezcurrena, S.L. (20%)
FTG Holding Limited Partnership	33.32%	Fraser Saif Acquisition Company Inc. (16,66%) Ledcor Development Ltd. (16,66%)
Industrial Services		
Beni Saf Water Company Spa.	49.00%	Algerian Energy Company -SPA
Procme, S.A.	25.46%	José Reis Costa
Serpista, S.A.	49.00%	Temg Mantenimiento, S.A. (10%) Iberia, S.A. (39%)
Dragados-Swiber Offshore, S.A.P.I. de C.V.	49.00%	Swiber Offshore Construction Pte. Ltd.
Sistemas Sec, S.A.	49.00%	Compañía Americana de Multiservicios Limitada
Environment		
Centro de Transferencias, S.A.	30.00%	Emgrisa
Residuos Sólidos Urbanos de Jaén, S.A.	40.00%	Diputación Provincial de Jaén
Demarco S.A.	50.00%	Waste Investment, S.A. (39,81 %) S.A. Holding INC (10,19%)
KDM S.A.	50.00%	Kiasa, S.A.
Urbana de Servicios Ambientales, S.L.	30.00%	Construcciones Sánchez Domínguez (20%)
Residuos Industriales de Zaragoza, S.A.	36.30%	Marcor Ebro, S.A.
Vertederos de Residuos, S.A.	16.03%	Fomento de Construcciones y Contratas, S.A.

(*) There is a purchase commitment of 20% for which the related liability was recognised.

In addition, according to the available information, at 31 December 2013, the non-controlling shareholder of Hochtief, A.G. with an ownership percentage greater than or equal to 10% is Qatar Holding Luxembourg (10%), there being no non-controlling shareholders in the case of Leighton Holdings, Ltd.

16. GRANTS

The changes in the balance of this heading in 2013 and 2012 were as follows:

Thousands of euros	2013	2012
Beginning balance	**54,215**	**58,132**
Changes in the scope of consolidation	(864)	-
Additions	853	1,966
Transfers	(1,008)	(3,398)
Recognition in income statement	(3,448)	(2,485)
Ending balance	**49,748**	**54,215**

The grants related to assets recognised in the consolidated income statement (recognised under “Allocation to profit or loss of grants related to non-financial non-current assets and other grants” in the consolidated income statement) amounted to EUR 5,014 thousand before tax in 2013 (EUR 3,550 thousand in 2012). The timing of recognition in profit or loss is detailed as follows:

Thousands of euros	2013			2012		
	< 1	2 - 5	> 5	< 1	2 - 5	> 5
Grants related to assets	6,114	17,183	26,451	6,315	18,268	29,632

17. BANK BORROWINGS, DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

17.01. DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

At 31 December 2013, the ACS Group had non-current debentures and bonds issued amounting to EUR 2,619,916 thousand and EUR 600,462 thousand in current issues (EUR 1,483,824 thousand in non-current and EUR 157,670 thousand in current, respectively, at 31 December 2012) from Leighton Holdings and Hochtief, and ACS. The most significant changes at 31 December 2013 with regard to 31 December 2012 are as follows:

- Corporate bond issue launched by Hochtief, A.G on 14 March 2013 for a nominal amount of EUR 750 million maturing in seven years and with an annual coupon of 3.875%. (On March 2012, Hochtief, A.G. issued a corporate bond for an nominal amount of EUR 500 million maturing in seven years and with an annual coupon of 5.5%.)

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

  – A term of five years maturing on 22 October 2018, unless they are exchanged or redeemed early. The price for redeeming the bonds on maturity will be 100% of the nominal value, unless they are exchanged.

  – Annual nominal fixed interest of 2.625%, payable quarterly in arrears.

  – The exchange price is EUR 5.7688 per Iberdrola share, which represents a premium of 35% on the reference quoted price of the session in which the issue was launched. As of 12 November 2016, ACS will have the option of redeeming the bonds early if the value of the Iberdrola shares exceeds 130% of the exchange price applicable during at least 20 trading days in any period of 30 consecutive trading days.

  – The bondholders will have the option of redeeming the bonds in the third year or if there is any change of control of ACS.

  – The bonds are listed in the open market (Freiverkehr) on the Frankfurt Stock Exchange. The market price at 31 December 2013 amounted to EUR 759,030 thousand.

On 22 March 2013, ACS, Actividades de Construcción y Servicios, S.A. formally executed a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 500 million, which was registered in the Irish Stock Exchange, making use of the authorisation granted by the shareholders at the Annual General Meeting held on 25 May 2009 and in execution of the resolution of the Board of Directors on 8 November 2012. Banco Santander is the programme implementation coordinator (arranger), the entity who also acts as designated intermediary (dealer). By means of this programme, ACS will be able to issue promissory notes maturing between 1 and 364 days, thereby enabling it to diversify its means of obtaining financing on capital markets. This programme was renewed for EUR 750 million in March 2014 (see Note 32).

From its execution until 31 December 2013, various issues were launched under this programme for a total of EUR 430,245 thousand and redemptions amounted to EUR 120,051 thousand. At 31 December 2013, the issues outstanding under the aforementioned programme amounted to EUR 310,194 thousand.

In addition to that mentioned above, noteworthy under this heading is the issue by Leighton of certain ten-year guaranteed bonds for a nominal amount of USD 500 million (maturity in November 2022) at a fixed annual rate of 5.95% and a carrying amount of EUR 354,907 thousand (EUR 371,912 thousand at 31 December 2012). In 2010 Leighton issued a bond of USD 350 million with an equivalent value in euros of EUR 251,689 thousand (EUR 263,987 thousand at 31 December 2012). This bond has three tranches with maturities in 2015, 2017 and 2020, and interest rates ranging from 4.51% to 5.78% based on the maturity. This heading also includes a bond issued in 2009 amounting to EUR 181,538 thousand (EUR 220,265 thousand at 31 December 2012), with a nominal value of AUD 280 million maturing at five years, and with a fixed coupon of 9.5%. In 2008 Leighton Holding issued USD 280 million through a private placement. The first tranche was repaid at its due date in 2013. The other tranches mature in 2015 and 2017, with an interest rate which varies between 7.19% and 7.66%. The carrying amount of this private placement at 31 December 2013 amounted to EUR 121,760 thousand (EUR 211,422 thousand at 31 December 2012). Finally, the debentures and bonds issued include EUR 68,918 thousand (EUR 57,719 thousand at 31 December 2012) relating to various additional bonds with floating interest rates held by Leighton Holdings.

The detail, by maturity, of these debentures and bonds at 31 December 2013 is as follows:

Thousands of euros	Current	Non-current				
	2014	2015	2016	2017	2018 and subsequent years	Total non-current
Debentures and bonds	**600,462**	131,988	-	600,560	1,887,368	**2,619,916**

The detail, by maturity, of these debentures and bonds at 31 December 2012 is as follows:

Thousands of euros	Current	Non-current				
	2013	2014	2015	2016	2017 and subsequent years	Total non-current
Debentures and bonds	**157,670**	225,598	136,152	-	1,122,074	**1,483,824**

17.02. LOANS AND CREDIT FACILITIES

The detail of the bank borrowings at 31 December 2013 and the repayment schedules are as follows:

Thousands of euros	Current	Non-current				
	2014	2015	2016	2017	2018 and subsequent years	Total non-current
Bank loans in euros	2,588,249	2,429,954	162,478	38,413	208,705	**2,839,550**
Foreign currency loans	287,330	264,753	14,672	4,481	192,897	**476,803**
Finance lease obligations	117,359	76,565	93,362	44,555	20,601	**235,083**
Total	**2,992,938**	**2,771,272**	**270,512**	**87,449**	**422,203**	**3,551,436**

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The detail of the bank borrowings at 31 December 2012 and the repayment schedules are as follows:

Thousands of euros	Current	Non-current				
	2013	2014	2015	2016	2017 and subsequent years	**Total non-current**
Bank loans in euros	3,169,859	1,142,227	1,933,731	160,226	96,080	**3,332,264**
Foreign currency loans	434,317	259,847	13,520	18,273	41,399	**333,039**
Finance lease obligations	181,499	160,745	107,250	137,890	190,353	**596,238**
Total	**3,785,675**	**1,562,819**	**2,054,501**	**316,389**	**327,832**	**4,261,541**

The ACS Group's most significant bank loans are as follows:

- The long-term financing from the investee Hochtief, A.G. amounted to EUR 708,375 thousand (EUR 1,148,816 thousand at 31 December 2012). The bank financing amount includes EUR 50,000 thousand of bilateral financing formalised at 13 December 2012 at a fixed interest rate, initially maturing in four years. This heading also includes EUR 44,500 thousand for a five-year loan with an initial amount of EUR 120,600 thousand issued on 25 November 2011 and placed among Spanish and international banks. This loans bears interest tied to six-month Euribor plus a market spread. There is also a loan of EUR 240,000 thousand issued in 2010 in two tranches of EUR 59,500 thousand and EUR 180,500 thousand, respectively, with a maturity of five years and an interest rate tied to six-month Euribor plus a market spread. Four loans issued by Hochtief in 2009 for an initial amount of EUR 300,000 thousand maturing between three and five years, earning interest at fixed and floating rates, the principle of which amounted to EUR 30,000 thousand at 31 December 2013. Of the two additional bank loans amounting to EUR 193,750 thousand from 2008, one with a nominal amount of EUR 154,750 thousand maturing in five years, was paid upon its maturity in 2013, and the other for EUR 39,000 thousand maturing in seven years, bearing interest at six-month Euribor plus a market spread. An international syndicate of banks granted a five-year forward market credit facility which amounted to EUR 1,500,000 thousand in a tranche for guarantees and EUR 500,000 thousand credit facility which at 31 December 2013 were unused (EUR 200,000 thousand had been drawn down at 31 December 2012). In addition, there are bank loans amounting to EUR 117,981 thousand (EUR 326,794 thousand at 31 December 2012) arising from Leighton Holding.

  In 2013 Leighton formalised syndicated bank loan amounting to EUR 765,800 thousand (AUD 1,000,000 thousand) maturing on 21 June 2016 which replaced a previous syndicated bank loan of AUD 600,000 thousand which matured in December 2013. At 31 December 2013, no amount of this financing had been drawn down.

- Also noteworthy is the financing obtained (and renewed before 31 December 2013) for the acquisition of Hochtief, A.G. shares for a nominal amount of EUR 200,000 thousand maturing on 24 July 2015 and EUR 250,000 thousand maturing on 5 January 2015 through the SPV Major Assets, S.L., both with an in rem guarantee secured by Hochtief, A.G. shares deposited therein, which at 31 December 2013, amounted to 13,948,778.

- On 9 February 2012 ACS, Actividades de Construcción y Servicios, S.A. entered into a contract with a syndicate of banks, comprised of 32 Spanish and foreign entities, for the refinancing of the syndicated loan which now matures in July 2015. At 31 December 2013 and 2012, the amount arranged totalled EUR 1,430,300 thousand and was classified as non-current.

- In May 2012 the Group renewed the syndicated loan with Urbaser for EUR 506,300 thousand maturing at 28 November 2014, which was then reclassified as non-current at 31 December 2013.

- The ACS Group held mortgage loans amounting to EUR 55,739 thousand at 31 December 2013 (EUR 59,261 thousand at 31 December 2012).

- At 31 December 2013 the Group companies had been granted credit facilities with limits of 5,531,848 thousand (EUR 5,873,865 thousand in 2012), of which the amount of EUR 3,066,426 thousand (EUR 2,149,665 thousand at 31 December 2012) were undrawn. These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

At 31 December 2013, the current and non-current bank borrowings in foreign currency amounted to EUR 764,134 thousand (EUR 767,356 thousand in 2012), of which EUR 370,684 thousand were in US dollars (EUR 237,464 thousand in 2012), EUR 117,981 thousand were in Australian dollars (EUR 326,794 thousand in 2012), EUR 77,978 thousand were in Canadian dollars (EUR 82,663 thousand in 2012), EUR 74,205 thousand were in Chilean pesos (EUR 36,006 thousand in 2012), EUR 46,837 thousand were in Brazilian reals (EUR 9,345 thousand in 2012), EUR 20,770 thousand were in Moroccan dirham (EUR 20,258 thousand in 2012), EUR 6,680 thousand were in Indian rupee, (EUR 9,406 thousand in 2012) EUR 11,009 thousand were in Polish zloty (EUR 5,154 thousand in 2012), EUR 3,311 thousand were in Argentine pesos (EUR 5,760 thousand in 2012) and EUR 10,611 thousand were in Colombian pesos (EUR 174 thousand in 2012) and EUR 8,056 thousand were in Venezuelan bolivars (EUR 14,903 thousand in 2012).

Foreign currency loans and credits are recognised at their equivalent euro value at each year-end, calculated at the exchange rates prevailing at 31 December (see Note 03.21).

In 2013 the Group's euro loans and credits bore average annual interest of 4.20% (3.63% in 2012). Foreign currency loans and credits bore average annual interest of 5.44% (6.12% in 2012).

In accordance with its risk management policy and in order to reduce liquidity risk, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, limited recourse financing as described in Note 18) and current financing for the management of working capital. The effect of the changes in interest rates on finance costs are indicated in Note 21.

In 2013 and 2012 the ACS Group satisfactorily met its bank borrowing payment obligations on maturity. Additionally, up to the date of the preparation of the consolidated financial statements, the Group had not failed to meet any of its financial obligations. Accordingly, at 31 December 2013, the ACS Group met all ratios required by its financing arrangement.

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17.03. FINANCE LEASE OBLIGATIONS

The amounts payable under finance leases which are included under the heading "Bank borrowings, debt instruments and other marketable securities" in the accompanying consolidated statement of financial position at 31 December 2013 and 2012, were as follows:

2013

Thousands of euros	Within one year	Between two and five years	More than five years	Balance at 31/12/2013
Present value of minimum lease payments	117,359	214,483	20,600	**352,442**
Unaccrued finance charges	15,041	14,711	2,885	**32,637**
Total amounts payable under finance leases	**132,400**	**229,194**	**23,485**	**385,079**

2012

Thousands of euros	Within one year	Between two and five years	More than five years	Balance at 31/12/2012
Present value of minimum lease payments	181,499	405,885	190,353	**777,737**
Unaccrued finance charges	29,362	56,119	4,908	**90,389**
Total amounts payable under finance leases	**210,861**	**462,004**	**195,261**	**868,126**

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. Most of these leases were arranged by Leighton Holding for its mining activity. The average lease term is three to four years. Interest rates are set at the contract date. All leases are on a fixed repayment basis. The contingent rental payments were not material at 31 December 2013 or at 31 December 2012. The main change between years relates to the creation by Leighton in the last quarter of 2013 of Fleetco, the company responsible for managing the fleet of mining activity machinery, which after acquiring the assets from Leighton leases them back to Leighton under an operating lease agreement.

The Group's finance lease obligations are secured by the lessors' charges on the leased assets.

18. LIMITED RECOURSE FINANCING OF PROJECTS AND DEBTS

“Project finance and limited recourse borrowings” on the liability side of the statement of financial position includes, in addition to the financing for the acquisition of Hochtief, A.G., the amount of the financing related to infrastructure projects.

The detail of the balance of this heading, by type of financed asset at 31 December 2013, is as follows:

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

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

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

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The detail, by maturity, of non-current financing at 31 December 2013 and 2012 is as follows:

Thousands of euros	Maturity in				
	2015	2016	2017	2018 and subsequent years	Total
Balance at 31 December 2013	641,915	28,120	25,601	340,057	**1,035,693**

Thousands of euros	Maturity in				
	2014	2015	2016	2017 and subsequent years	Total
Balance at 31 December 2012	152,136	613,523	28,908	309,280	**1,103,847**

Financing of the acquisition of Hochtief, A.G.

In relation to the initial package of Hochtief, A.G. share acquired in 2007, on 27 October 2011 Cariátide, S.A. entered into a refinancing agreement with a bank syndicate for a nominal amount of EUR 602,000 thousand until 24 July 2015.

The main characteristics of the financing arrangement include the maintenance of a coverage ratio over the market value of the shares of Hochtief, A.G. If this ratio were not to be met, the pledge on the acquired shares could be enforced. In the event that the aforementioned coverage ratio is not maintained, ACS, Actividades de Construcción y Servicios, S.A. would be obligated to contribute additional funds.

At 31 December 2013, and at the date of the preparation of these financial statements, this coverage ratio stipulated in this agreement was being met.

To cover the ratios required in the financing of Hochtief A.G., the Group contributed funds amounting to EUR 359 thousand at 31 December 2013 (EUR 90,957 thousand at 31 December 2012). These funds reduced the limited recourse financing and was recognised on the asset sided of the statement of financial position under “Other current financial assets” (see Note 10.05).

Project financing

Project financing most notably includes that from Hochtief with regard to real estate assets (classified for accounting purposes as inventories in the accompanying consolidated statement of financial position) obtained for the development of real estate assets, both of Hochtief, A.G. and Leighton.

At 31 December 2013, other project financing most notably included that relating to Urbaser Limited. The purpose of the loan is to finance the project for the construction and operation of the waste treatment plant in the county of Essex (United Kingdom).

The Group has arranged various interest rate hedges in connection with the aforementioned financing (see Note 22).

The average interest rate for this type of project financing amounted to an annual 5.32% in 2013 and 4.15% in 2012.

The debts relating to limited recourse financing are secured by non-current assets in projects and include clauses requiring that certain ratios be complied with by the project and which were being met in all cases at 31 December 2013.

In 2013 and 2012 the ACS Group satisfactorily settled all its project financing debts with limited recourse on maturity. Additionally, up to the date of the preparation of the consolidated financial statements, the Group had complied with all its financial obligations.

19. OTHER FINANCIAL LIABILITIES

The breakdown of the balances of this heading in the consolidated statements of financial position is as follows:

Thousands of euros	Balance at 31/12/2013		Balance at 31/12/2012	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	73,934	6,587	52,338	6,620
Payable to associates	19,485	304,405	4,475	348,497
Other	110,889	6,138	50,558	14,338
Total	**204,308**	**317,130**	**107,371**	**369,455**

At 31 December 2013, “Other financial liabilities” includes mainly “Payable to associates”, which most notably includes the payment obligation in relation to the various projects in the Asia Pacific division of Hochtief.

The “Non-bank borrowings at a reduced interest rate” are loans at reduced or zero interest rates granted by the Ministry of Industry, Commerce and Tourism and dependent agencies. The effect of the financing at market interest rates would not be material.

20. PROVISIONS

The changes in non-current provisions in 2013 were as follows:

Thousands of euros Non-Current	Provision for pensions and similar obligations	Provision for taxes	Provision for third-party liability	Provisions for actions on infrastructure	Total
Balance at 31 December 2012	**524,584**	**18,517**	**1,329,581**	**19,359**	**1,892,041**
Additions or charges for the year	61,936	3,418	493,209	3,421	561,984
Reversals and amounts used	(111,036)	(5,249)	(462,369)	(985)	(579,639)
Increases due to the passing of time and the effect of exchange rates on discount rates	(26,179)	-	1,609	-	(24,570)
Exchange differences	(22,166)	(211)	(32,478)	-	(54,855)
Changes in the scope of consolidation	(18)	(2,543)	2,351	-	(210)
Balance at 31 December 2013	**427,121**	**13,932**	**1,331,903**	**21,795**	**1,794,751**

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The Group companies recognise provisions on the liability side of the accompanying consolidated statement of financial position for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity. These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying consolidated financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the consolidated income statement.

Following is detailed information on the Group's provisions, distributed into three large groups:

Provisions for pensions and similar obligations

On the one hand, defined benefit pension commitments were entered into by companies included in the group as a result of the merger by absorption of Dragados Group in 2003. These commitments were externalised through collective life insurance contracts, in which investments have been allocated whose flows coincide in time and amounts with the amounts and payment timetable of the insured benefits. Based on the valuation made, the amounts required to meet the commitments to current and retired employees amounted to EUR 14,417 thousand at 31 December 2013 (EUR 19,643 thousand at 31 December 2012) and EUR 191,761 thousand at 31 December 2012 (EUR 193,162 thousand in 2012), respectively. The actuarial assumptions used in the 2013 and 2012 valuations detailed above, are as follows:

Annual rate of increase of maximum social security pension deficit	2.00%
Annual wage increase	2.35%
Annual CPI growth rate	2.00%
Mortality table (*)	PERM/F-2000 P

(*) Guaranteed assumptions which will not vary.

The interest rates applied since the pension obligations were externalised ranged from a maximum of 5.93% to a minimum 3.02%. The interest rate applied was 3.66% in 2013 and 4.90% in 2012.

The aforementioned amounts relating to pension obligations recognised under "Staff costs" in the consolidated income statement for 2013, gave rise to income of EUR 113 thousand in 2013 (EUR 49 thousand of expense in 2012). The income is a result of the rebate received by the Parent from the insurance company due mainly to certain insured persons reaching the age envisaged in the actuarial calculations without having retired.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other Group companies have alternative pension system obligations to certain members of the management team and Board of Directors of the Parent. These obligations have been formalised through several group savings insurance policies which provide benefits in the form of a lump sum, which represented a contribution in 2013 of EUR 3,669 thousand and was recognised under "Staff costs" in the consolidated statement of financial position. In 2012 the contribution in this connection amounted to EUR 3,757 thousand. The portion relating to the Parent's directors who performed executive duties in 2013 amounted to EUR 1,805 thousand (EUR 1,811 thousand in 2012) (see Note 34).

Except as indicated above, in general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees. The Group has no liability in this connection.

Some of the Group's foreign companies are obligated to supplement the retirement benefit and other similar obligations to its employees, including those from the Hochtief Group. The accrued obligations and, where appropriate, the related plan assets were measured by independent actuarial experts using generally accepted actuarial methods and techniques and the related amounts are recognised under "Non-current provisions – Provisions for pensions and similar obligations" in the accompanying consolidated statement of financial position, in accordance with IFRSs.

Defined benefit plans

Under defined benefit plans, the Company's obligation is to provide agreed benefits to current and former employees. The main pension obligations in Germany consist of direct commitments under the current 2000+ pension plan and deferred compensation plans. The 2000+ plan in force since 1 January 2000 consists of a basic pension in the form of a modular defined contribution plan and a supplementary pension linked to company performance. The size of the basic pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by Hochtief, A.G. every three years. The size of the supplementary pension component depends on growth in IFRS-basis profit after taxes. The basic pension can be supplemented in this way by up to 20%. The pension amount at retirement is the sum total of the pension components vested each year. The pension arrangements in force until 31 December 1999 featured benefit groups based on collective agreements. These legacy benefits were frozen and integrated into the new system of retirement benefits. In this way, the impact of salary increases was largely eliminated. In isolated instances, length-of-service and final salary pension arrangements are still in existence for executive staff, although except at Executive Board level such arrangements have no longer been offered since 1995. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension, and in almost all cases are granted as a lifelong annuity.

Up to 31 December 2013, employees in Germany additionally had the option of deferred compensation in a company pension plan. The deferred compensation was invested in selected investment funds. The pension amount is based on the present value of acquired fund units at retirement, subject to a minimum of the deferred compensation amount plus an increment that is guaranteed by Hochtief, A.G. and ranges from 3.50% down to 1.75% p.a. There is a choice at retirement between a lump sum payment and an annuity for five or six years.

Outside of Germany, there are defined benefit plans at Turner in the USA and Hochtief UK in the United Kingdom. The plan at Turner was frozen as of 31 December 2003, and no new entitlements can be earned under it. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension. There is a choice at retirement between a lifelong annuity and a lump sum payment. Commitments at Turner also include post-employment benefits in the form of medical care for pensioners. Hochtief UK has a length-of-service, final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension.

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Defined benefit obligations in the Hochtief Group were made up as follows as of 31 December 2013:

Thousands of euros	Germany	USA	UK
Active Members	131,025	76,456	8,495
Final salary	[16,973]	-	[8,495]
Not final salary	[114,052]	[76,456]	-
Vested benefits	129,228	48,555	12,012
Current benefits payments	459,716	77,728	12,943
Similar obligations	82	38,909	-
Total	**720,051**	**241,648**	**33,450**
Duration in years (weighted)	**13.1**	**8.1**	**22.0**

Plan assets

There are no statutory or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are largely funded, with a small portion financed through accounting provisions. The funded plans take the form of a contractual trust arrangement (CTA). The transferred assets are administered in trust by Hochtief Pension Trust e. V. and serve exclusively to fund pension obligations. The transferred cash is invested in the capital market in accordance with investment principles set out in the trust agreement. The investment guidelines and decisions are based on the findings of an asset liability matching (ALM) study compiled by outside specialists at regular intervals of three to five years. This uses Monte Carlo simulation to model the development of the pension liabilities and other key economic factors over a very long forward horizon and in numerous combinations. Based on the ALM study, a range of criteria are then applied to determine the optimum asset allocation in order to ensure that pension liabilities can be met in the long term. To assure an optimum conservative risk structure, we have also established risk overlay management using the services of a professional external overlay manager who is given a fixed risk budget and works fully autonomously in a clearly structured risk overlay management process. Hochtief aims to ensure full funding of pension obligations and to fund new vested benefits on the basis of current service cost annually or at least on a timely basis. The companies pay in additional amounts from time to time in the event of any shortfall. Pension commitments in Germany in excess of the contribution assessment ceiling applied in the statutory pension insurance scheme are additionally covered using pension liability insurance. Pension liabilities from deferred employee compensation are funded by the purchase of retail fund units. Funding of the obligations served by Hochtief Pension Trust e.V. as of 31 December 2013 is about 71%; the figure for Germany as a whole is about 75%. It should be noted in this connection that the size of pension obligations has increased significantly in recent years due to the low level of market interest rates and that the funding ratio will go up again when interest rates recover.

The frozen defined benefit obligations in the Turner Group are likewise managed in a pension fund. Plan assets are administered in trust by BNY Mellon and serve exclusively to fund the plan. The trust's independence is reviewed annually and attested to by auditors. Investment decisions are not made by the trust but by a special committee. The investment of plan assets is based on a regularly compiled ALM study. The investment objectives are to maximize the funding ratio and reduce volatility in the funding ratio. With the pension obligations fully funded, high-risk investments in equities are to be reduced in favour of fixed-interest bonds. These ideally perform in line with plan liabilities, thus ensuring full funding. There is no statutory minimum funding requirement, but low funding levels result in higher contributions to the Pension Benefit Guarantee

Corporation, hence maximum funding is aimed for. The funding of obligations covered by plan assets at Turner as of 31 December 2013 is about 96%; funding at Turner overall is about 80%. Funding of plan assets at Hochtief UK is likewise on a trust basis. Statutory minimum funding requirements apply. If funding is insufficient to make up a funding shortfall, an additional restructuring plan is drawn up. Plan funding is reviewed at least once every three years. Funding of pension obligations at Hochtief UK is about 86%.

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

Thousands of euros	31/12/2013		31/12/2012	
	Defined benefit obligation	Plan assets	Defined benefit obligation	Plan assets
Uncovered by plan assets	44,707	-	54,348	-
Partially covered by plan assets	894,256	696,492	983,169	727,870
Incompletely covered by plan assets	**938,963**	**696,492**	**1,037,517**	**727,870**
Fully covered by plan assets	56,186	66,482	55,872	63,687
Total	**995,149**	**762,974**	**1,093,389**	**791,557**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used are as follows:

Per cent	2013			2012	
	Germany	USA	UK	Germany	USA
Discount factor *	3.50	4.65	4.60	3.50	3.45
Salary increases	3.25	-	2.20	3.00	-
Pension increases *	2.00	-	4.52	2.00	-
Health cost increases	-	5.00	-	-	5.00

* Weighted average.

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The discount factors are derived from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities. Salary and pension increases ceased to be taken into account in the USA (Turner Group) in 2004 due to the changeover in pension arrangements. Biometric mortality assumptions are based on published country-specific statistics and experience. Domestically, they are determined using the Prof. Dr. Klaus Heubeck 2005 G tables. Turner uses the RP-2000 Mortality Table for employees and Hochtief UK uses the S1PxA CMI_2013 [1%] year of birth mortality tables.

Changes in the present value of defined benefit obligations and of the market value of plan assets are as follows:

Changes in the present value of defined benefit obligations

Thousands of euros	2013			2012		
	Germany	Other countries	Total	Germany	Other countries	Total
Defined benefit obligations at start of year	**817,209**	**279,475**	**1,096,684**	**681,292**	**261,935**	**943,227**
Current service cost	9,841	2,089	**11,930**	8,641	1,632	**10,273**
Past service cost	813	–	**813**	1,599	-	**1,599**
Interest expense	27,032	10,642	**37,674**	31,070	10,889	**41,959**
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	–	3,963	**3,963**	–	(577)	**(577)**
Actuarial gains / (losses) arising from changes in financial assumptions	265	(26,806)	**(26,541)**	136,633	23,508	**160,141**
Actuarial gains / (losses) arising from changes in experience adjustments	3,882	131	**4,013**	(7,087)	2,354	**(4,733)**
Benefits paid from Company assets	(594)	(2,103)	**(2,697)**	(726)	(1,957)	**(2,683)**
Benefits paid from fund assets	(36,721)	(13,030)	**(49,751)**	(35,860)	(12,794)	**(48,654)**
Employee contributions	842	189	**1,031**	1,599	-	**1,599**
Effect of transfers	(120)	–	**(120)**	(98)	-	**(98)**
Consolidation changes	(102,398)	31,069	**(71,329)**	146	-	**146**
Currency adjustments	–	(10,521)	**(10,521)**	–	(5,515)	**(5,515)**
Defined benefit obligation at end of year	**720,051**	**275,098**	**995,149**	**817,209**	**279,475**	**1,096,684**
Reclassification as liabilities associated with assets held for sale	–	–	**–**	(3,295)	-	**(3,295)**
Defined benefit obligation at end of year after reclassification	**720,051**	**275,098**	**995,149**	**813,914**	**279,475**	**1,093,389**

Changes in the market value of plan assets

Thousands of euros	2013			2012 (*)		
	Germany	Other countries	Total	Germany	Other countries	Total
Plan assets at start of year	602,115	191,612	793,727	589,549	180,799	770,348
Interest on plan assets	20,471	7,374	27,845	28,029	7,543	35,572
Plan expenses paid from plan assets recognized in profit or loss	–	(927)	(927)	–	–	-
Remeasurements						
Return on plan assets not included in net interest expense/income	(4,279)	17,840	13,561	16,250	15,477	31,727
Difference between plan expenses expected and recognized in profit or loss	–	(11)	(11)	–	–	-
Employer contributions	48,046	717	48,763	2,503	4,372	6,875
Employee contributions	842	189	1,031	1,599	-	1,599
Effect of transfers	(8)	–	(8)	(8)	-	(8)
Benefits paid	(36,721)	(13,030)	(49,751)	(35,860)	(12,794)	(48,654)
Consolidation changes	(89,633)	26,490	(63,143)	53	-	53
Currency adjustments	–	(8,113)	(8,113)	–	(3,785)	(3,785)
Plan assets at end of year	540,833	222,141	762,974	602,115	191,612	793,727
Reclassification as liabilities associated with assets held for sale	–	–	–	(2,170)	–	(2,170)
Plan assets at end of year after reclassification	540,833	222,141	762,974	599,945	191,612	791,557

(*) Restated for IAS 19.

Investing plan assets to cover future pension obligations generated actual returns of EUR 41,406 thousand in 2013 (2012: EUR 67,299 thousand).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

Thousands of euros	31/12/2013	31/12/2012
Defined benefit obligations	995,149	1,093,389
Less plan assets	762,974	791,557
Funding status	232,175	301,832
Adjustments arising from limit in IAS 19.58	-	-
Assets from overfunded pension plans	10,296	7,815
Provision for pensions and similar obligations	242,471	309,647

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The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets 31 Dec. 2013:

Thousands of euros	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	46,595	-	46,595	6.11
European equities	88,720	18,616	107,336	14.07
Emerging market equities	48,679	-	48,679	6.38
Other equities	16,231	-	16,231	2.13
Bonds				
U.S. government bonds	-	-	-	-
European government bonds	118,979	-	118,979	15.59
Emerging market government bonds	39,442	-	39,442	5.17
Corporate bonds	169,035	11,822	180,857	23.70
Other bonds	-	-	-	-
Investment funds	43,505	-	43,505	5.70
Real estate	-	33,391	33,391	4.38
Insurance policies	-	73,792	73,792	9.67
Commodities	38,342	-	38,342	5.03
Cash	15,606	-	15,606	2.04
Other	115	104	219	0.03
Total	**625,249**	**137,725**	**762,974**	**100.00**

Composition of plan assets 31 Dec. 2012:

Thousands of euros	Fair value		Total	%
	Listed on active markets	Not listed on active markets		
Stock				
U.S. equities	64,706	-	64,706	8.17
European equities	91,080	18,616	109,696	13.86
Emerging market equities	28,196	-	28,196	3.56
Other equities	23,513	-	23,513	2.97
Bonds				
U.S. government bonds	18,889	-	18,889	2.39
European government bonds	185,317	-	185,317	23.41
Emerging market government bonds	36,239	-	36,239	4.58
Corporate bonds	118,566	11,199	129,765	16.39
Other bonds	17,859	-	17,859	2.26
Investment funds	32,460	-	32,460	4.10
Real estate	-	32,681	32,681	4.13
Insurance policies	-	63,196	63,196	7.98
Commodities	29,310	-	29,310	3.70
Cash	13,815	-	13,815	1.75
Other	166	5,749	5,915	0.75
Total	**660,116**	**131,441**	**791,557**	**100.00**

As of 31 December 2013, anticipated pension payments for future years are as follows:

Thousands of euros	
Due in 2014	55,884
Due in 2015	56,867
Due in 2016	57,862
Due in 2017	58,530
Due in 2018	59,356
Due in 2019 to 2023	290,967

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Pension expense under defined benefit plans is made up as follows:

Thousands of euros	2013			2012 (*)		
	Germany	Other countries	Total	Germany	Other countries	Total
Current service cost	9,841	2,089	11,930	8,641	1,632	10,273
Past service cost	813	-	813	1,599	-	1,599
Total personnel expense	**10,654**	**2,089**	**12,743**	**10,240**	**1,632**	**11,872**
Interest expense for accrued benefit obligations	27,032	10,642	37,674	31,070	10,889	41,959
Return on plan assets	(20,471)	(7,374)	(27,845)	(28,029)	(7,543)	(35,572)
Net interest expense / income (net investment and interest income)	**6,561**	**3,268**	**9,829**	**3,041**	**3,346**	**6,387**
Plan expenses paid from plan assets recognized in profit or loss	**-**	**927**	**927**	**-**	**-**	**-**
Total amount recognized in profit or loss	**17,215**	**6,284**	**23,499**	**13,281**	**4,978**	**18,259**

(*) Restated for IAS 19.

In addition to the expenses recognized in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 62,585 thousand in actuarial gains recognized in 2013 before deferred taxes and after consolidation changes and exchange rate adjustments (2012: EUR 123,104 thousand* actuarial losses). Before deferred taxes, the cumulative amount of actuarial losses is EUR 313,815 thousand (2012: EUR 376,400 thousand).

The Turner Group's obligations to meet healthcare costs for retired staff are included in pension provisions due to their pension-like nature. The defined benefit obligation as of 31 December 2013 came to EUR 38,909 thousand (2012: EUR 45,028 thousand). Healthcare costs accounted for EUR 1,838 thousand (2012: EUR 1,569 thousand) of the current service cost and EUR 1,614 thousand (2012: EUR 1,692 thousand) of the interest expense.

Sensitivity analysis

Pension obligations in the Hochtief Group are subject to various risks. The main risks result from general changes in interest and inflation rates; there is no unusual risk inherent in the pension obligations.

One major risk is interest rate risk. For defined benefit plans, (notional) contributions are calculated into benefits using a table of fixed interest rates, independent of the current market interest rate. Hochtief thus bears the risk of general capital market interest rate changes with regard to the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of capital market interest rates. The correspondingly large impact is due to the relatively long term of the obligations.

There is also inflation risk. By law, company pensions in Germany must be raised level with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at a fixed 1% p.a., hence only older pension commitments are subject to inflation risk in the pension phase. Turner plans are free from inflation risk as the main defined benefit plan was frozen and no more adjustments to the company pension are made.

In addition, there is longevity risk. The granting of lifelong pensions means that Hochtief bears the risk of pensioners living longer than actuarial calculations predict. This risk normally cancels out collectively across all pension plan members and only comes into play if general longevity is longer than expected.

The impact of the stated risks on the defined benefit obligations under a corresponding change in actuarial assumptions is shown in the sensitivity analysis that follows.

Impact on the defined benefit obligation

Thousands of euros	31/12/2013					
	Germany		Other countries		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(43,509)	49,666	(12,732)	13,193	(56,241)	62,859
Discount rate +1.00% / -1.00%	(83.023)	104,909	(25,066)	26,912	(108,089)	131,821
Salary increases +0.50% / -0.50%	557	(438)	369	(342)	926	(780)
Pension increases +0.25% / -0.25%	16,324	(15,565)	818	(638)	17,142	(16,203)
Medical costs +1.00% / -1.00%	-	-	2	(3)	2	(3)
Life expectancy +1 year	28,164	N. p.	5,605	N. p.	33,769	N. p.

Defined contribution plans

Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with statutory or contractual stipulations. It has no obligation to pay further contributions.

There are defined contribution plans at Turner, Flatiron, and E.E. Cruz in the USA as well as at Leighton in Australia. Turner changed over from defined benefit to defined contribution plans with effect from 1 January 2004. Depending on length of service and salary level, between 3% and 6% of an employee's salary is paid into an external fund. In addition, Turner employees have an option to pay up to 25% of their salaries into an investment fund as part of a 401 (k) plan. Turner tops up the first 5% of the deferred compensation by up to 100% depending on length of service. Employees can join the plan after three years' service. Tax relief is granted on payments into the fund; the investment risk is borne by employees. The defined contribution plans at Flatiron and E.E. Cruz are likewise 401 (k) plans. All non-union employees are entitled. Flatiron pays a contribution in the amount of 6.0% of the wage or salary, while E.E. Cruz doubles one-third of employee contributions, in each case up to the statutory maximum. In Australia, since 1 July 2013 Leighton has paid 9.25% (previously 9.0%) of the wage and salary total into the statutory pension (superannuation) scheme. The contribution rate is expected to rise incrementally up to 12.0% by 2021. Employees have a choice of investment funds and bear the investment risk. They are able to pay top-up contributions on a voluntary basis. Tax relief is granted on top-up contributions.

EUR 293,045 thousand was paid into defined contribution plans in 2013 (2012: EUR 323,187 thousand), mostly in the Leighton Group (EUR 260,134 thousand; 2012: EUR 290,108 thousand) and the Turner Group (EUR 29,572 thousand; 2012: EUR 28,502 thousand). An additional EUR 86,617 thousand was paid into state pension schemes in 2013 (2012: EUR 83,834 thousand). Costs of defined contribution plans are reported as part of personnel expenses.

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Provisions for taxes

Non-current provisions include the amounts estimated by the Group to settle claims brought in connection with the payment of various taxes, levies and local taxes, mainly property tax and other possible contingencies, as well as the estimated consideration required to settle probable or certain liabilities and outstanding obligations for which the exact amount of the corresponding payment cannot be determined or for which the actual settlement date is not known, since they are contingent upon meeting certain terms and conditions. These provisions have been provided in accordance with the specific analysis of the probability that the related tax contingency or challenge, might be contrary to the interests of the ACS Group, under the consideration of the country in which it has its origin, and in accordance with the tax rates in this country. Since the timing for these provisions is dependent on certain facts, in some cases associated with the decisions handed down by the courts or similar bodies, the Group does not update these provisions given the uncertainty of the exact time in which the related risk may arise or disappear.

Provisions for third-party liability

These relate mainly to the following:

Provisions for litigation

These provisions cover the risks arising from ACS Group companies which are party to certain legal proceedings due to the liability inherent to the activities carried on by them. The lawsuits, although numerous, represent scantly material amounts when considered individually based on the size of the ACS Group. Period charges to these provisions are made based on an analysis of the lawsuits or claims in progress, according to the reports prepared by the legal advisers of the ACS Group. As in the case of provisions for taxes, these amounts are not updated to the extent that the time at which the risk arises or disappears depends on circumstances linked to judgements or arbitration and it is impossible to determine the date on which they will be resolved. Additionally, these provisions are not derecognised until the judgements handed down are final and payment is made, or there is no doubt as to the disappearance of the associated risk.

Environmental Provisions

The ACS Group has an environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by the Group. These provisions are made to cover any likely environmental risks which might arise.

Guarantees and contractual and legal obligations

This heading includes the provisions to cover the expenses relating to obligations arising from contractual and legal obligations which are not of an environmental nature. A significant portion of these provisions is made by increasing the value of those assets related to the obligations in relation to administrative concession, whose effect on profit or loss occurs when the asset is depreciated in accordance with depreciation rates. Additionally, it includes provisions for motorway concession companies, in relation to the costs of future expropriations borne by the concession companies in accordance with agreements with the grantors, as well as the current value of the investments made in concession contracts, according to the respective financial economic models.

Period charges to these provisions are generally mainly made to cover the costs of sealing and post-closing maintenance, as well as amounts associated with motorway concession contracts and other activities undertaken in the form of a concession. The additions for the year relate mainly to companies which have initiated their activity and assume the contractual obligation of sealing or replacement. The uses and reversals of such provisions arise from the sealing of different vessels associated with waste treatment companies in the Group, in addition to the payment of amounts associated with the expropriation of land on which there are real estate assets.

Such provisions are made when the associated commitments arise, the timing of their use being conditional in the case of waste treatment, on the number of tonnes treated and the fill rate of the different vessels, and in the case of concessions or other activities, on the use of the infrastructure and/or its wear. Timing is analysed according to the financial and economic model of each concession, considering related historical information in order to adjust for possible deviations that might arise in the payment schedule set for these models.

At 31 December 2013, the breakdown of provisions for third-party liabilities, by line of business, is as follows:

Line of Business	Thousands of euros
Construction	647,866
Industrial Services	124,891
Environment	168,483
Corporate unit	390,663
Total	**1,331,903**

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at 31 December 2013 amounting to EUR 321,396 thousand (EUR 309,835 thousand at 31 December 2012) for employee obligations and claims. In addition to these amounts, as a result of the liabilities assumed due to the full consolidation of Hochtief, provisions were made to cover risks associated with certain investments and other liabilities of this group (see Note 10.02). Lastly, the provisions under Corporation at 31 December 2013 cover the risks associated with domestic activity and related to the contingent liabilities indicated in Note 36.

The changes in current provisions in 2013 were as follows:

Thousands of euros

Current	Provision for termination benefits	Provision for contract work completion	Operating allowance	Total
Balance at 31 December 2012	**12,906**	**100,525**	**1,100,182**	**1,213,613**
Additions or charges for the year	6,698	9,992	703,235	719,925
Amounts used	(5,967)	(40,279)	(589,124)	(635,370)
Reversals	(2,030)	(1,325)	(114,338)	(117,693)
Exchange differences	(1,668)	(820)	(79,273)	(81,761)
Changes in the scope of consolidation	878	1,773	1,046	3,697
Balance at 31 December 2013	**10,817**	**69,866**	**1,021,728**	**1,102,411**

Provisions for project completion relate to the losses budgeted or estimated during execution of the projects and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the project based on experience in the construction business.

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21. FINANCIAL RISK AND CAPITAL MANAGEMENT

In view of its activities, the ACS Group is exposed to various financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro. The financial risks to which the operating units are subject include mainly interest rate, foreign currency, liquidity and credit risk.

Cash flow interest rate risk

This risk arises from changes in future cash flows relating to borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on the cost of the debt arising from fluctuations in interest rates. For this purpose, financial derivatives which guarantee fixed interest rates or rates with caps and floors are arranged for a substantial portion of the borrowings that may be affected by this risk (see Note 22).

The sensitivity of the ACS Group's profit and equity to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, is as follows:

Thousands of euros

Year	Increase / Decrease in the interest rate (basic points)	Effect on profit or loss (prior to tax)	Effect on equity (after tax)
	50	(2,517)	114,643
2013	-50	2,517	(114,643)
	50	(2,721)	91,557
2012	-50	2,721	(91,557)

Foreign currency risk

The foreign currency risk arises mainly from the foreign operations of the ACS Group which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge the risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group endeavours to make these investments in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses various financial instruments for the purpose of mitigating exposure to foreign currency risk (see Note 22).

The sensitivity analysis shown below reflects the potential effect on the ACS Group, both on equity and on the consolidated income statement, of a five per cent fluctuation in the most significant currencies in comparison with the functional currency of each Group company, based on the situation at the end of the reporting period.

Effect on profit or loss before tax

Thousands of euros		2013		2012	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	14.7	-15.9	5.8	-5.7
AUD	USD	6.8	-6.8	5.2	-5.2
EUR	MAD	3.4	-3.4	-0.1	0.1
QAR	EUR	3.1	-3.1	2.1	-2.1
EUR	RON	-2.8	2.8	-1.8	1.8
EUR	PLN	2.4	-2.4	0.4	-0.4

Effect on equity before tax

Thousands of euros		2013		2012	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	29.0	-29.0	29.1	-29.0
EUR	BRL	7.6	-7.6	10.4	-10.4
EUR	DZD	7.1	-7.1	7.6	-7.6
EUR	PEN	3.7	-3.7	2.5	-2.5
EUR	ARS	3.3	-3.3	2.0	-2.0

Following is the breakdown of the major foreign currencies of the financial assets and liabilities of the ACS Group:

Thousands of euros At 31 December 2013	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2013
Marketable securities (portfolio of short- and long-term investments)	243,615	-	-	1,597	13,590	-	3,679	262,481
Loans to associates	12,462	3,142	-	1,326	-	415,806	10	432,746
Other loans	108,764	4,684	-	2,476	1,038	47,947	17,639	182,548
Bank borrowings (non-current)	175,468	881	-	63,016	133,153	995,676	114,662	1,482,856
Bank borrowings (current)	36,998	36,208	15,290	30,227	20,949	382,207	80,045	601,924

Thousands of euros At 31 December 2012	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2012
Marketable securities (portfolio of short- and long-term investments)	223,724	312	-	1,671	-	657	1,833	228,197
Loans to associates	14,121	8,493	-	9,748	-	410,170	244	442,776
Other loans	123,341	-	215	662	18	76,646	8,612	209,494
Bank borrowings (non-current)	98,614	19	-	-	827	1,672,559	3,820	1,775,839
Bank borrowings (current)	119,111	33	14,902	45,753	5,927	499,011	52,661	737,398

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Liquidity risk

This risk arises from the timing differences between borrowing requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the conduct of the Group's ordinary operations, different forms of bank financing, capital market transactions and divestments.

The current financial market environment is marked by the general downturn of credit. The ACS Group has a policy for the proactive management of liquidity risk through the comprehensive monitoring of cash and anticipation of the expiration of financial operations. The Group also manages liquidity risk through the efficient management of investments and working capital and the arrangement of lines of long-term financing.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements. In this connection, noteworthy is the use of limited recourse financing of projects and debts as described in Note 18, and current financing for working capital requirements.

In this connection, in 2013, certain transactions were carried out which significantly reduced the liquidity risk of the ACS Group. Noteworthy were the following:

- The issue of a Hochtief, A.G. corporate bond amounting to EUR 750 million maturing at seven years mentioned in Note 17.
- The new syndicated financing entered into by Leighton until 2016 amounting to AUD 1,000 million mentioned in Note 17, of which nothing has been drawn down at 31 December 2013.
- The issue of a bond exchangeable for Iberdrola shares amounting to EUR 721 million mentioned in Note 17.
- The sale carried out and collected on the assets related to telecommunications in Leighton, the airports of Hochtief and the facility management business, which considerably increased the Group's liquidity (see Note 03.09).
- The issue of the Euro Commercial Paper (ECP) programme mentioned in Note 17 and renewed in 2014 (see Note 32).
- The monetisation of Iberdrola's call spread and put spread mentioned in Note 10.01. The amount of the collateral associated with this operation is set based on Iberdrola's quoted price, the maximum amount of which is the monetised amount.
- The sale of the treasury shares carried out in January mentioned in Note 15.04.

These refinancing transactions improved the liquidity of the ACS Group's operations.

Lastly, it should be noted in relation to this risk that as a precautionary measure, at its General Meeting of Shareholders held in 2009 and for a period of five years the ACS Group authorised the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. to increase the share capital, as well as the issuance of debt securities, simple, exchangeable or convertible, etc. as detailed in Note 15.01.

At its Annual General Meeting held in 2011, the shareholders of the Hochtief Group also took measures to allow for an increase in capital.

Credit risk

This risk mainly relates to the non-payment of trade receivables. The objective of credit risk management is to reduce the impact of credit risk exposure as far as possible by means of the preventive assessment of the solvency rating of the Group's potential clients. When contracts are being performed, the credit rating of the outstanding amounts receivable is periodically evaluated and the estimated recoverable doubtful receivables are adjusted and written down with a charge profit and loss for the year. The credit risk has historically been very limited.

Additionally, the ACS Group is exposed to the risk of breach by its counterparties in transactions involving financial derivatives and cash placement. The Corporate management of the ACS Group establishes counterparty selection criteria based on the quality of credit of the financial institutions which translates into a portfolio of entities of high quality and solvency. In this regard, there were no significant payment defaults in 2013 or 2012.

Exposure to publicly traded share price risk

The ACS Group is exposed to risks relating to the performance of the share price of listed companies.

This exposure relates to derivative agreements which are related to remuneration systems linked to the performance of the ACS share price (see Note 22). These equity swaps eliminate the uncertainty regarding the exercise price of the remuneration systems, however, since the derivatives do not qualify for hedge accounting, their market value has an effect on the consolidated income statement (positive in the case of an increase in share price and negative if this is not the case).

With regard to the exposure to price fluctuations of the shares of Abertis, Hochtief, Iberdrola and ACS itself, in 2012 this risk with Abertis shares disappeared when the shares were sold and the exposure to this risk with Iberdrola was reduced as a result of the partial divestment indicated in Note 10.01 and the other transactions mentioned in said Note. In the case of Hochtief, the exposure is mainly focused on the possible risk of impairment that fluctuations in the price of Hochtief shares entail (see Notes 04.01, 18 and 28.03) and the contribution of funds from the loan from Cariátide, S.A. y Major Assets, S.L.

It should be indicated that changes in the price of the shares of listed companies, with regard to which the ACS Group has derivative instruments, financial investments, etc., will have an impact on the income statement thereof.

Capital management

The objectives of capital management at the ACS Group are to maintain an optimum financial and net worth structure to reduce the cost of capital and at the same time to safeguard the Group's ability to continue to operate with sufficiently sound debt/equity ratios.

The capital structure is controlled mainly through the debt/equity ratio, calculated as net financial debt divided by equity.Net financial debt is taken to be:

+ Net debt with recourse:
  + Non-current bank borrowings
  + Current bank borrowings
  + Issue of bonds and debentures
  - Cash and other current financial assets
+ Project financing debt.

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The Group's directors consider that the gearing ratio at 31 December 2013 and 2012 was adequate, the detail being as follows:

Thousands of euros	31/12/2013	31/12/2012
Net recourse debt	**2,977,539**	**3,569,529**
Non-current bank borrowings	3,551,436	4,261,541
Current bank borrowings	2,992,938	3,785,675
Issue of bonds and debentures	3,220,378	1,641,494
Other financial liabilities	521,438	476,826
Long term deposits, other current financial assets and cash	(7,308,651)	(6,596,007)
Project financing	**1,257,140**	**1,382,422**
Equity	**5,488,908**	**5,711,508**
Leverage	77%	87%
Leverage to net recourse debt	54%	62%

Estimate of fair value

The breakdown at 31 December 2013 and 2012 of the ACS Group's assets and liabilities measured at fair value according to the hierarchy levels mentioned in Note 03.08.06 is as follows:

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

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

Level 2 of the Fair Value Hierarchy includes all of the ACS Group's financial derivatives, as well as the other assets and liabilities which are not listed in organised markets.

They are measured internally and on a quarterly basis, using customary financial market techniques and compared, as appropriate, with the measurements received from the counterparties.

In this connection, based on the nature of the derivative, the use of the following methodologies is noteworthy:

- For Interest rate hedges the zero-coupon rate curve is used, determined based on the deposits and rates that are traded at the closing date, and obtaining from that the discount rates and applying it to the schedule of future flows of collections and payments.
- Derivatives the underlying asset for which is quoted on an organised market and are not qualified as hedges, are measured using the Black-Scholes methodology and applying market parameters such as implicit volatility, repo costs and market interest rates and estimated dividends.
- For those derivatives whose underlying asset is quoted on an organised market, but for which the intention of the Group is to hold them to maturity, either because the derivative forms part of financing agreement or because its arrangement substitutes the underlying assets, the measurement is based on the calculation of its intrinsic value at the closing date.

The changes in financial instruments included under Level 3 in 2013 are as follows:

Thousands of euros	
Balance at 1 January 2013	**75,073**
Adjustments for change in value	(12,900)
Effect on income	(13,307)
Other changes	10,232
Balance at 31 December 2013	**59,098**

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

22. DERIVATIVE FINANCIAL INSTRUMENTS

The ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. In order to minimise the impact of these risks and in accordance with its risk management policy (see Note 21), the ACS Group has arranged various financial derivatives, most of which have non-current maturities.

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Following is the detail, by maturity, of the notional amounts of the aforementioned hedging instruments at 31 December 2013 and 2012, based on the nature of the contracts:

2013

Thousands of euros	Notional value	2014	2015	2016	2017	2018	Subsequent years	Net fair value
Interest rate	3,216,078	1,505,877	973,392	112,832	31,327	-	592,650	(71,608)
Exchange rate	591,351	516,104	48,410	26,837	-	-	-	4,633
Price		-	-	-	-	-	-	-
Non-qualified hedges	4,643,996	644,337	3,278,549	-	-	721,110	-	(448,772)
TOTAL	**8,451,425**	**2,666,318**	**4,300,351**	**139,669**	**31,327**	**721,110**	**592,650**	**(515,747)**

2012

Thousands of euros	Notional value	2013	2014	2015	2016	2017	Subsequent years	Net fair value
Interest rate	3,360,318	332,249	1,475,776	914,239	119,029	33,209	485,816	(134,413)
Exchange rate	502,207	411,121	68,099	2,476	20,511	-	-	(4,511)
Price		-	-	-	-	-	-	-
Non-qualified hedges	4,289,831	267,535	226,180	3,721,927	13,420	13,752	47,017	407
TOTAL	**8,152,356**	**1,010,905**	**1,770,055**	**4,638,642**	**152,960**	**46,961**	**532,833**	**(138,517)**

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2013 was as follows:

Thousands of euros	Notional value	2013	2014	2015	2016	2017	Subsequent years
Interest rate	2,099,781	2,819	-	-	198,741	-	1,898,221

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2012 was as follows:

Thousands of euros	Notional value	2013	2014	2015	2016	2017	Subsequent years
Interest rate	2,428,630	-	2,819	-	-	199,008	2,226,803

The following table shows the fair value of the hedging instruments based on the nature of the contract, at 31 December 2013 and 2012 (in thousands of euros):

Thousands of euros	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate				
Cash flows	5,002	76,610	7	134,420
Non-efficient	-	-	-	-
Exchange rate	10,645	6,012	5,345	9,856
Price	-	-	-	-
Non-qualified hedges	37,026	485,798	474,359	473,952
TOTAL	**52,673**	**568,420**	**479,711**	**618,228**

The Group does not have any hedges of its foreign investments, since the foreign currency risk is hedged by the transactions performed in the local currency. Also, most significant foreign investments were made with long-term financing in which the interest rates on project financing debt are hedged.

Cash flow hedges (interest rate)

The purpose of using these derivatives is to limit changes in interest rates on its borrowings and to guarantee fixed interests rates, mainly by arranging interest rate swaps as the borrowings are arranged and used.

Most hedges are interest rate swaps that expire at the same time or slightly sooner than the underlying that they are hedging.

Hedges of this type are mainly related to the various syndicated loans within the Group and to project and other non-current financing, both at 31 December 2013 and 31 December 2012 (see Notes 17 and 18).

In relation to syndicated loans, the following hedges were arranged:

- Syndicated loan of ACS, Actividades de Construcción y Servicios, S.A. for EUR 1,430,300 thousand. Various interest rate swaps amounting to EUR 1,183,000 thousand were arranged maturing between July 2014 and 2015.
- The syndicated financing of the Urbaser Group is hedged by interest rate swaps amounting to EUR 506,300 thousand, which mature in November 2014.
- The volume of interest rate hedging derivatives related to the financing of Hochtief A.G. amounted to EUR 444,432 thousand at 31 December 2013 (EUR 614,893 thousand at 31 December 2012).

Noteworthy are the following hedges in relation to limited recourse project and debt financing:

- Coverage of the syndicated loan for the acquisition of Hochtief, A.G. amounting to EUR 375,000 thousand at 31 December 2013 (EUR 452,025 thousand at 31 December 2012), with final maturity in July 2014 through an interest rate swap.

- The derivative liabilities relating to solar thermal plants, wind powered facilities and motorway concessions were reclassified to liabilities relating to assets held for sale. In this regard, there are interest rate swaps to hedge 75 to 100% of the financing of the solar thermal plants, which mature between 2019 and 2025, and interest rate swaps to hedge the financing of the wind powered facilities, which mature between 2019 and 2024.

In the case of motorway concessions, noteworthy are the following interest rate hedges:

- Autovía de La Mancha, S.A. and Inversora de La Mancha, S.A. have hedges amounting to EUR 139,060 thousand instrumented in an interest rate swap expiring in 2032.

- Autovía del Pirineo, S.A. has hedges amounting to EUR 152,000 thousand instrumented in an interest rate swap expiring in 2030.

- Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A. has interest rate swaps amounting to EUR 248,759 thousand the final maturity of which is in 2017.

These companies are classified as held for sale.

Cash flow hedges (exchange rate)

The foreign currency risk relates mainly to projects in which payments and/or collections are made in a currency other than the functional currency.

The most significant derivatives contracted to hedge these risks relate to foreign currency hedges arranged mostly by Hochtief Europa (subsidiary of the Hochtief group) for a notional amount of EUR 318,545 thousand, which mature between 2014 and 2016.

In the case of Industrial Services, the most significant derivatives relate to exchange rate hedges for foreign projects for a nominal amount of EUR 58,839 thousand in 2013, which mature in 2014 (EUR 47,108 thousand in 2012 maturing in 2013).

Price hedges

There were no price hedges in 2013 and 2012.

Derivative instruments not classified as hedges

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. At 31 December 2012, noteworthy within assets relating to financial instruments is the measurement at fair value of the call spread amounting to EUR 460,506 thousand contracted in relation to the refinancing on Iberdrola, S.A. shares carried out in July 2012 (see Note 10.01) on an underlying amount of 597,286,512 Iberdrola shares and which was cancelled in 2013. In its place a put spread was contracted on 595,601,946 Iberdrola shares. The market value at 2013 year-end gave rise to the recognition of a liability amounting to EUR 62,896 thousand. The effect of the market value in 2013 of these derivatives was recognised as income under "Changes in fair value of financial instruments" in the accompanying consolidated income statement (see Note 28.05).

With regard to liabilities related to financial instruments the most significant at 31 December 2013 and 2012 relates to the fair value of the equity swap on Iberdrola, S.A. shares. The fair value thereof at 31 December 2013 amounted to EUR 217,466 thousand (EUR 266,327 thousand at 31 December 2012). In addition, other liabilities relate to the derivative included in the outsourcing to a financial institution of the 2010 share option plan amounting to EUR 57,458 thousand (EUR 95,092 thousand at 31 December 2012). The financial institution acquired these shares on the market for delivery to management who are beneficiaries of this Plan in accordance with the conditions included therein, at the exercise price of the option. The changes in fair value of these instruments is included under “Changes in fair value of financial instruments” of the accompanying consolidated income statement (see Note 28.05).

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

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

At 31 December 2013 and 2012, the ACS Group held other derivatives that did not qualify for hedge accounting, which included the measurement at fair value of the financial instruments that are settled by differences and whose negative market value amounted to EUR 55,879 thousand (EUR 93,513 thousand at 31 December 2012), thereby giving rise to a profit of EUR 37,634 thousand (loss of EUR 45,909 thousand in 2012) recognised under “Changes in fair value of financial instruments” (see Note 28.05). The amounts provided as collateral relating to the derivatives arranged by the Group mentioned above amounted to EUR 554,337 thousand at 31 December 2013 and were included under “Long-term deposits” in the accompanying statement of financial position. These amounts are remunerated at market rates. The short-term portion is indicated in Note 10.05.

In accordance with that indicated in Note 15.04, in January 2013 the ACS Group sold three entities for a total of 20,200,000 treasury shares, by entering into certain derivative contracts for an equal number of ACS shares that can only be settled in cash in a two-year period that may be extend an additional year, and that were settled in 2013. The main characteristics of the aforementioned derivative contracts were as follows:

- Two agreements were signed on 23 January 2013, one for 7,703,351 shares and the other for 12,496,649 shares.

- ACS sells a cash-settled European put option on ACS shares as an underlying asset at a strike price of EUR 17.83 per share, which may be exercised on 23 January 2015 and extended for another year. If the quoted price is below the strike price on maturity, ACS must settle the difference in cash. If the period is extended for another year, the strike price is EUR 18.72 per share.

- ACS purchased a cash-settled European call option at a strike price of EUR 18.38 per share, which may be exercised on this same date, and extended for an additional year with a strike price of EUR 19.30 per share, if applicable. If the quoted price is above the strike price at maturity, ACS collects in cash 50% of the difference for the first 25% of the revaluation, 45% of the difference for the second 25% of the revaluation, and 40% of the difference for a revaluation greater than 50%.

- The put and call options are settled by differences, where there is no possibility of the shares being returned to ACS and, therefore, the shares are freely available to the entity with which the derivative is signed.

- The right to receive the dividends corresponds to their legal owners (the buyers) and they do not have to be repaid in any way.

- ACS must deposit cash equal to 20% of the notional amount as cash collateral which will become 25% in the event the quoted price is equal to or less than 90% of the strike price. If the quoted price is greater than 110% of the strike price, ACS must deposit 15%.

- There is no adjustment for the dividends of the underlying shares.

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

With regard to this last objective, in 2013 the Group settled the transaction with a profit of EUR 58,400 thousand included under “Changes in fair value of financial instruments” (see Note 28.05). Only a limited risk was maintained at year end for 14.1 million shares at 50% of the drop in the quoted price between EUR 23.90 and EUR 17.83 per share, and for 3.4 million shares at 50% of the drop between EUR 23.90 and EUR 18.38 per share.

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

In relation to the issue of the bond exchangeable for Iberdrola shares amounting to EUR 721,100 thousand (see Note 17.01), it is worth noting that there is a derivative embedded in the financing, the fair value of which at 31 December 2013 amounts to EUR 49,714 thousand, included under “Non-current financial instruments receivable” on the accompanying consolidated statement of financial position.

23. TRADE AND OTHER PAYABLES

This heading mainly includes the amounts outstanding for trade purchases and related costs, as well as customer advances for contract work amounting to EUR 1,888,951 thousand in 2013 (EUR 2,814,255 thousand in 2012) (see Note 12).

Disclosures on deferred payments to suppliers Additional Provision Three. Additional Provision Three. “Duty of Disclosure” of Law 15/2010, of 5 July.

In relation to the disclosures required by Additional Provision Three of Law 15/2010, of 5 July prepared since the entry into force of the Law, at 31 December 2012, there were balances payable to suppliers that were past due by more than the legal maximum payment period at 31 December 2013 amounting to EUR 187,832 thousand (EUR 271,731 thousand at 31 December 2012).

This balance relates to Spanish consolidated group companies which due to their nature are trade creditors with payables to suppliers of goods and services and included under the heading “Current liabilities” in the consolidated statement of financial position at 31 December 2013 and 2012. Amounts payable to non- current asset suppliers and finance lease payables are not included in this balance.

The legal maximum payment period applicable to the Spanish consolidated group companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions ranges between 60 and 120 days.

The following table provides information relating to the deferral of payments to suppliers, in accordance with the Spanish Accounting and Audit Institute (ICAC) resolution of 29 September 2010 implementing the duty of disclosure regulations provided in Law 15/2010 of 5 July:

	Thousands of euros	%
With maximum legal period	4,176,636	79%
Other	1,143,761	21%
Total	**5,320,397**	**100%**
Weighted average days outstanding	**93 days**	
Deferrals exceeding legal maximum limit at 31 December (PMPE)	187,832	

PMPE is understood to be the "Weighted average period past due", in other words, the ratio between the payments made to all suppliers in the year within a period exceeding the legal payment term and the number of days by which this deadline was exceeded, over the total amount of payments made in the year subsequent to the legal deadline.

24. OTHER CURRENT LIABILITIES

The details of "Non-current payables" at 31 December 2013 and 2012 are as follows:

Thousands of euros	Balance at 31/12/2013	Balance at 31/12/2012
Advance payments received	33,481	56,824
Payable to non-current asset suppliers	44,863	18,447
Interim dividend payable (Note 15.05)	140,970	-
Deposits and guarantees received	2,105	2,756
Other	334,430	197,094
Total	**555,849**	**275,121**

25. SEGMENTS

25.01. BASIS OF SEGMENTATION

The structure of the ACS Group reflects its focus on different lines of business or activity areas. Segment reporting based on the different lines of business includes information regarding the Group's internal organisation, taking into account the bodies involved in monitoring operations and taking decisions.

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25.01.01. Primary segments - business segments

The business segments used to manage the ACS Group are as follows:

- Construction. Incorpora las actividades desarrolladas principalmente por Dragados, Hochtief, A.G. e Iridium y se centra en la construcción de obra civil, edificación residencial y no residencial, actividad concesional (principalmente infraestructuras de transportes), minería e inmobiliaria.
- Industrial services. This area engages in the provision of applied engineering services and the installation and maintenance of industrial infrastructure in the energy, communications and control systems industries.
- Environment. This segment groups together environmental services such as road cleaning, waste collection and transport, treatment and recycling of urban, commercial and industrial waste, integral management of the water cycle and urban landscaping. Also included in this segment are the outsourcing of integral building maintenance activities (carried on through Clece).
- Corporate Unit. This comprises the business activity carried on by ACS, Actividades de Construcción y Servicios, S.A., and also groups mainly investments in Iberdrola, S.A. and Xfera Moviles, S.A.

25.01.02. Geographical segments

The ACS Group is managed by business segments and the management based on geographical segments is irrelevant. Accordingly, a distinction is made between Spain and the rest of the world, in accordance with the stipulations of IFRS 8.

25.02. BASIS AND METHODOLOGY FOR BUSINESS SEGMENT REPORTING

The reporting structure is designed in accordance with the effective management of the various segments comprising the ACS Group. Each segment has its own resources based on the entities engaging in the related business, and accordingly, has the assets required to operate the business.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to perform its business activities in an autonomous manner.

The following is the business segment reporting before the allocation of expenses to subsidiaries in the income statement.

25.02.01. Income statement by business segment: 2013

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	**29,559,270**	**1,781,206**	**7,067,065**	**(35,020)**	**38,372,521**
Changes in inventories of finished goods and work in progress	(43,370)	1,847	76	-	**(41,447)**
Capitalised expenses of in-house work on assets	4,310	4,526	46	(1)	**8,881**
Procurements	(20,087,117)	(509,197)	(4,268,542)	30,746	**(24,834,110)**
Other operating income	455,151	58,709	53,994	2,997	**570,851**
Staff costs	(6,265,318)	(778,596)	(1,269,080)	(26,900)	**(8,339,894)**
Other operating expenses	(1,833,191)	(297,476)	(648,526)	(8,964)	**(2,788,157)**
Depreciation and amortisation charge	(1,009,466)	(141,388)	(55,884)	(1,170)	**(1,207,908)**
Allocation of grants relating to non-financial assets and other	194	3,342	1,478	-	**5,014**
Impairment and gains on the disposal of non-current assets	11,882	(469)	(210,933)	1	**(199,519)**
Other profit or loss	(92,797)	1,802	192,439	(3,013)	**98,431**
OPERATING INCOME	**699,548**	**124,306**	**862,133**	**(41,324)**	**1,644,663**
Finance income	189,560	38,068	100,336	32,780	**360,744**
Finance costs	(513,879)	(96,729)	(256,190)	(256,878)	**(1,123,676)**
Changes in the fair value of financial instruments	3,473	-	478	551,343	**555,294**
Exchange differences	4,140	(2,967)	(26,260)	(12)	**(25,099)**
Impairment and gains on the disposal of non-current assets	560,384	(3,755)	(14,379)	(286,543)	**255,707**
FINANCIAL PROFIT /LOSS	**243,678**	**(65,383)**	**(196,015)**	**40,690**	**22,970**
Results of companies accounted for using the equity method	74,053	18,819	3,110	-	**95,982**
PROFIT BEFORE TAX	**1,017,279**	**77,742**	**669,228**	**(634)**	**1,763,615**
Corporate income tax	(340,377)	(13,682)	(200,665)	38,034	**(516,690)**
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**676,902**	**64,060**	**468,563**	**37,400**	**1,246,925**
Profit after tax from discontinued operations	-	-	-	-	**-**
PROFIT FOR THE YEAR	**676,902**	**64,060**	**468,563**	**37,400**	**1,246,925**
Profit attributed to non-controlling interests	(488,012)	(6,394)	(50,978)	-	**(545,384)**
Profit from discontinued operations attributed to non-controlling interests	-	-	-	-	**-**
PROFIT ATTRIBUTABLE TO THE PARENT	**188,890**	**57,666**	**417,585**	**37,400**	**701,541**

25.02.02. Income statement by business segment: 2012

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	**29,682,756**	**1,690,799**	**7,050,012**	**(27,389)**	**38,396,178**
Changes in inventories of finished goods and work in progress	83,009	1,037	(342)	-	83,704
Capitalised expenses of in-house work on assets	5,087	20,372	122	-	25,581
Procurements	(19,612,238)	(455,635)	(3,878,645)	28,005	(23,918,513)
Other operating income	359,572	52,268	3,155	(11,311)	403,684
Staff costs	(6,498,197)	(790,895)	(1,360,651)	(30,812)	(8,680,555)
Other operating expenses	(2,045,387)	(287,089)	(915,399)	(17,532)	(3,265,407)
Depreciation and amortisation charge	(1,290,238)	(128,177)	(49,020)	(1,437)	(1,468,872)
Allocation of grants relating to non-financial assets and other	185	3,264	101	-	3,550
Impairment and gains on the disposal of non-current assets	71,106	(1,577)	(32,616)	-	36,913
Other profit or loss	506	1,753	2,097	(29,122)	(24,766)
OPERATING INCOME	**756,161**	**106,120**	**818,814**	**(89,598)**	**1,591,497**
Finance income	227,998	27,800	95,094	156,961	507,853
Finance costs	(473,018)	(134,055)	(273,706)	(413,998)	(1,294,777)
Changes in the fair value of financial instruments	(45,138)	(47)	-	150,661	105,476
Exchange differences	(10,970)	(600)	11,812	(23)	219
Impairment and gains on the disposal of non-current assets	179,914	22,506	(7,536)	(3,964,816)	(3,769,932)
FINANCIAL PROFIT /LOSS	**(121,214)**	**(84,396)**	**(174,336)**	**(4,071,215)**	**(4,451,161)**
Results of companies accounted for using the equity method	264,087	26,781	4,073	44,412	339,353
PROFIT BEFORE TAX	**899,034**	**48,505**	**648,551**	**(4,116,401)**	**(2,520,311)**
Corporate income tax	(181,574)	(8,483)	(183,320)	1,378,593	1,005,216
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**717,460**	**40,022**	**465,231**	**(2,737,808)**	**(1,515,095)**
Profit after tax from discontinued operations	-	157,465	-	(50,000)	107,465
PROFIT FOR THE YEAR	**717,460**	**197,487**	**465,231**	**(2,787,808)**	**(1,407,630)**
Profit attributed to non-controlling interests	(469,669)	(1,040)	(49,558)	(25)	(520,292)
Profit from discontinued operations attributed to non-controlling interests	-	(11)	-	-	(11)
PROFIT ATTRIBUTABLE TO THE PARENT	**247,791**	**196,436**	**415,673**	**(2,787,833)**	**(1,927,933)**

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25.02.03. Statement of financial position by business segment: 2013

ASSETS

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
Non-current assets	**8,619,860**	**2,182,587**	**740,279**	**2,847,788**	**14,390,514**
Intangible assets	3,662,161	458,881	95,086	275,117	4,491,245
Goodwill	2,284,455	89,676	76,603	275,114	2,725,848
Other intangible assets	1,377,706	369,205	18,483	3	1,765,397
Tangible assets-property, plant and equipment / Property investments	1,844,737	468,815	155,981	8,130	2,477,663
Non-current assets in projects	288,412	375,852	93,205	1	757,470
Non-current financial assets	1,829,117	804,657	295,121	1,314,849	4,243,744
Other current assets	995,433	74,382	100,886	1,249,691	2,420,392
Current assets	**15,186,846**	**1,495,206**	**9,231,989**	**(533,398)**	**25,380,643**
Inventories	1,520,109	46,606	258,493	(8,009)	1,817,199
Trade and other receivables	7,422,274	585,429	3,328,549	(20,245)	11,316,007
Other current financial assets	2,052,492	543,538	907,542	(523,431)	2,980,141
Derivative financial instruments	11,981	-	-	-	11,981
Other current assets	124,602	10,810	39,301	1,928	176,641
Cash and cash equivalents	2,771,253	190,821	790,645	16,359	3,769,078
Non-current assets held for sale	1,284,135	118,002	3,907,459	-	5,309,596
TOTAL ASSETS	**23,806,706**	**3,677,793**	**9,972,268**	**2,314,390**	**39,771,157**

EQUITY AND LIABILITIES

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
Equity	5,276,099	1,287,511	912,439	(1,987,141)	5,488,908
Equity attributed to the Parent	3,187,525	1,226,935	840,422	(1,986,969)	3,267,913
Non-controlling interests	2,088,574	60,576	72,017	(172)	2,220,995
Non-current liabilities	**5,765,150**	**752,970**	**699,375**	**4,105,960**	**11,323,455**
Grants	1,871	45,897	1,980	-	49,748
Non-current financial liabilities	3,427,536	379,167	408,351	3,196,299	7,411,353
Bank borrowings, debt instruments and other marketable securities	3,086,316	128,809	316,601	2,639,626	6,171,352
Limited recourse project financing	202,645	250,358	23,760	558,930	1,035,693
Other financial liabilities	138,575	-	67,990	(2,257)	204,308
Derivative financial instruments	44,138	21,027	1,599	431,104	497,868
Other non-current liabilities	2,291,605	306,879	287,445	478,557	3,364,486
Current liabilities	**12,765,457**	**1,637,312**	**8,360,454**	**195,571**	**22,958,794**
Current financial liabilities	2,232,994	1,014,801	669,397	214,785	4,131,977
Bank borrowings, debt instruments and other marketable securities	1,370,724	834,400	665,649	722,627	3,593,400
Limited recourse project financing and debt	193,919	12,758	1,289	13,481	221,447
Other financial liabilities	668,351	167,643	2,459	(521,323)	317,130
Derivative financial instruments	19,195	637	28	50,692	70,552
Trade and other payables	8,469,752	510,798	4,308,301	(69,186)	13,219,665
Other current liabilities	1,189,872	59,845	409,263	(720)	1,658,260
Liabilities relating to non-current assets held for sale	853,644	51,231	2,973,465	-	3,878,340
TOTAL EQUITY AND LIABILITIES	**23,806,706**	**3,677,793**	**9,972,268**	**2,314,390**	**39,771,157**

25.02.04. Statement of financial position by business segment: 2012

ASSETS

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
Non-current assets	**9,700,079**	**2,123,766**	**787,360**	**2,561,542**	**15,172,747**
Intangible assets	3,690,050	465,741	109,276	275,118	4,540,185
Goodwill	2,123,602	84,358	76,748	275,114	2,559,822
Other intangible assets	1,566,448	381,383	32,528	4	1,980,363
Tangible assets-property, plant and equipment / Property investments	2,388,569	422,338	201,868	9,288	3,022,063
Non-current assets in projects	270,401	326,529	132,963	-	729,893
Non-current financial assets	2,277,773	840,155	293,213	531,664	3,942,805
Other current assets	1,073,286	69,003	50,040	1,745,472	2,937,801
Current assets	**17,022,775**	**1,402,499**	**9,670,263**	**(1,704,908)**	**26,390,629**
Inventories	1,727,446	42,638	157,818	(7,787)	1,920,115
Trade and other receivables	7,178,049	628,628	3,672,115	(64,306)	11,414,486
Other current financial assets	1,822,044	437,173	1,104,902	(1,658,670)	1,705,449
Derivative financial instruments	5,225	-	-	3,789	9,014
Other current assets	172,602	8,925	28,303	2,408	212,238
Cash and cash equivalents	3,320,216	170,397	1,017,565	19,658	4,527,836
Non-current assets held for sale	2,797,193	114,738	3,689,560	-	6,601,491
TOTAL ASSETS	**26,722,854**	**3,526,265**	**10,457,623**	**856,634**	**41,563,376**

EQUITY AND LIABILITIES

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
Equity	**6,059,283**	**1,236,404**	**917,864**	**(2,502,043)**	**5,711,508**
Equity attributed to the Parent	3,169,721	1,193,047	795,623	(2,501,873)	2,656,518
Non-controlling interests	2,889,562	43,357	122,241	(170)	3,054,990
Non-current liabilities	**6,013,416**	**1,109,075**	**423,679**	**3,370,830**	**10,917,000**
Grants	1,957	50,001	2,257	-	54,215
Non-current financial liabilities	3,357,727	749,243	164,606	2,685,007	6,956,583
Bank borrowings, debt instruments and other marketable securities	2,993,646	567,781	87,872	2,096,066	5,745,365
Limited recourse project financing	279,794	181,462	52,960	589,631	1,103,847
Other financial liabilities	84,287	-	23,774	(690)	107,371
Derivative financial instruments	63,054	35,688	10,658	484,963	594,363
Other non-current liabilities	2,590,678	274,143	246,158	200,860	3,311,839
Current liabilities	**14,650,155**	**1,180,786**	**9,116,080**	**(12,153)**	**24,934,868**
Current financial liabilities	3,108,309	564,346	706,296	212,424	4,591,375
Bank borrowings, debt instruments and other marketable securities	2,190,470	359,071	686,409	707,395	3,943,345
Limited recourse project financing and debt	243,902	12,880	9,717	12,076	278,575
Other financial liabilities	673,937	192,395	10,170	(507,047)	369,455
Derivative financial instruments	23,331	6	528	-	23,865
Trade and other payables	9,353,035	518,177	4,965,430	(95,028)	14,741,614
Other current liabilities	1,226,097	54,357	337,829	(129,549)	1,488,734
Liabilities relating to non-current assets held for sale	939,383	43,900	3,105,997	-	4,089,280
TOTAL EQUITY AND LIABILITIES	**26,722,854**	**3,526,265**	**10,457,623**	**856,634**	**41,563,376**

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The detail of revenue from Construction is as follows:

Thousands of euros	2013	2012
Spain	**1,392,825**	**1,810,091**
Dragados	1,313,980	1,720,580
Hochtief	-	25
Concessions	78,845	89,486
International	**28,166,445**	**27,872,665**
Dragados	2,446,330	2,318,350
Hochtief	25,693,245	25,527,697
Concessions	26,870	26,618
Total	**29,559,270**	**29,682,756**

The detail of revenue from Industrial Services is as follows:

Thousands of euros	2013	2012
Networks	646,539	769,351
Specialized facilities	2,395,788	2,420,780
Integrated projects	2,872,450	2,688,605
Control systems	862,097	856,327
Renewable energy: generation	342,823	374,266
Eliminations	(52,632)	(59,317)
Total	**7,067,065**	**7,050,012**

Of the total revenues from Industrial Services, EUR 4,327,601 thousand related to international operations in 2013 and EUR 4,111,801 thousand in 2012, representing 61.2% and 58.3%, respectively

The detail of revenue from the Environment area is as follows:

Thousands of euros	2013	2012
Environment	1,650,837	1,523,919
Integral services	130,369	166,880
Total	**1,781,206**	**1,690,799**

In 2013 total revenue from the Environment area amounted to EUR 633,131 thousand, relating to international operations, and represented 35.5% and EUR 436,650 thousand representing 25.8% in 2012.

Revenue is allocated on the basis of the geographical distribution of clients.

The reconciliation of revenue, by segment, to consolidated revenue at 31 December 2013 and 2012 is as follows:

Thousands of euros	2013			2012		
Segmentos	External income	Inter-segment income	**Total income**	External income	Inter-segment income	**Total income**
Construction	29,544,221	15,049	**29,559,270**	29,672,154	10,602	**29,682,756**
Environment	1,781,009	197	**1,781,206**	1,690,167	632	**1,690,799**
Industrial Services	7,047,291	19,774	**7,067,065**	7,033,857	16,155	**7,050,012**
(-) Adjustments and eliminations of ordinary inter-segment income	-	(35,020)	**(35,020)**	-	(27,389)	**(27,389)**
Total	**38,372,521**	**-**	**38,372,521**	**38,396,178**	**-**	**38,396,178**

Inter-segment sales are made on an arm's length basis at market prices.

The reconciliation of the profit/loss, by business, with consolidated profit/loss before taxes at 31 December 2013 and 2012 is as follows:

Thousands of euros	2013	2012 (*)
Segments		
Construction	676,902	717,460
Environment	64,060	197,487
Industrial Services	468,563	465,231
Total profit of the segments reported upon	**1,209,525**	**1,380,178**
(+/-) Non-assigned profit	37,400	(2,787,819)
(+/-) Elimination of internal profit (between segments)	-	-
(+/-) Other profits (loss)	-	-
(+/-) Income tax and /or profit (loss) from discontinued operations	516,690	(1,112,670)
Profit/(Loss) before tax	**1,763,615**	**(2,520,311)**

(*) Data restated

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Revenue, by geographical area, at 31 December 2013 and 2012 was as follows:

NET AMOUNT OF TURNOVER BY GEOGRAPHICAL AREA

Thousands of euros	2013	2012
Domestic market	5,245,344	5,975,062
Foreign market	33,127,177	32,421,116
a) European Union	4,431,605	4,234,636
b) O.E.C.D countries	23,514,257	23,276,437
c) Rest of countries	5,181,315	4,910,043
Total	**38,372,521**	**38,396,178**

The following table shows the detail, by geographical area, of certain of the Group's consolidated balances:

Thousands of euros	Spain		Rest of the world	
	2013	2012	2013	2012
Revenue	5,245,344	5,975,062	33,127,177	32,421,116
Segment assets	15,932,767	15,952,695	23,838,390	25,610,681
Total net investments	200,891	(3,445,163)	(103,147)	1,160,039

The assets at 31 December 2013, by geographical area, are as follows:

Thousands of euros	31/12/2013	31/12/2012
Europe	**21,388,839**	**22,220,151**
Spain	15,932,767	15,952,695
Germany	2,906,781	3,946,036
Rest of Europe	2,549,291	2,321,420
Rest of geographic areas	**18,382,318**	**19,343,225**
Americas	7,838,768	7,590,082
Asia	4,854,198	6,260,526
Australia	5,413,043	5,392,491
Africa	276,309	100,126
Total	**39,771,157**	**41,563,376**

The additions to non-current assets, by line of business, were as follows:

Thousands of euros	2013	2012
Construction	983,145	1.360,099
Environment	203,508	95,046
Industrial Services	113,867	78,654
Corporate unit and adjustments	10	10
Total	**1,300,530**	**1,533,809**

26. TAX MATTERS

26.01. CONSOLIDATED TAX GROUP

Pursuant to current legislation, ACS, Actividades de Construcción y Servicios, S.A. is the Parent of the Tax Group 30/99, which includes the Spanish subsidiaries in which the Parent has a direct or indirect ownership interest of at least 75% which meet the requirements provided for in Spanish legislation regulating the tax consolidation regime.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country, either individually or with groups of companies.

26.02. TAX AUDIT

In 2012 and 2013 there was no inspection by the tax authorities with a significant effect. Likewise, at 2013 year end, there is no activity in progress which is expected to have such an effect.

In general, the years which have not exceeded the statute of limitations period in the various jurisdictions are open for review. In particular, the 30/99 Consolidated Tax Group in Spain has 2006 and subsequent years open for review.

In view of the varying interpretations that can be made of the applicable tax legislation, the outcome of the tax audits of the open years that could be conducted by the tax authorities in the future could give rise to tax liabilities which cannot be objectively quantified at the present time. However, the directors of the ACS Group consider that the liabilities that might arise, if any, would not have a material effect on the Group's earnings.

26.03. RECONCILIATION OF THE CURRENT INCOME TAX EXPENSE TO ACCOUNTING PROFIT

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain to the current tax expense recognised, as well as the determination of the average effective tax rate, are as follows:

Thousands of euros	2013	2012
Consolidated profit before tax	1,763,615	(2,520,311)
Net profit from equity accounted investments	(95,982)	(339,353)
Permanent differences	(101,535)	53,429
Taxable profit	1,566,098	(2,806,235)
Tax at 30%	469,829	(841,871)
Tax credits and tax relief	(72,310)	(179,517)
Effect of different standard tax rate in other countries	12,089	8,327
Current tax income expense	409,608	(1,013,061)
Effective rate, excluding equity method	24.56%	35.43%

The permanent differences, as regards increases, are due to various items including impairments which, in accordance with applicable legislation, are not deductible for tax purposes, as well as, as regards decreases, exempt income. In 2013 this mainly includes the exempt gains obtained by the Hochtief Group from the sale of investee companies.

The 2013 tax credits include the credits for double taxation, in particular the EUR 30,233 thousand corresponding to the Iberdrola, S.A. dividends as well as the tax incentives, mainly for R&D, obtained for the most part from non-resident companies in Spain. Likewise, the 2012 tax credits relate to the elimination of the double taxation totalling EUR 143,774 thousand (in particular those related to gains and Iberdrola dividends) as well as tax incentives mainly in connection with R&D.

26.04. DETAIL OF INCOME TAX EXPENSE

The detail of the income tax expense is as follows:

Thousands of euros	2013	2012
Current income tax expense (Note 26.03)	409,608	(1,013,061)
Expense/(income)relating to adjustments to prior year's tax	11,045	(5,474)
(Income) arising from the application of prior year's deferred tax assets	(3,733)	(26,674)
Expense arising from deferred tax assets generated in the year and not capitalised	68,307	68,233
Expense / (Income) other adjustments to tax for the year	31,463	(28,240)
Final balance of the corporation tax expense	**516,690**	**(1,005,216)**

The expenses relating to the deferred tax assets generated in the year and not recognised are a result mainly of the decision, in accordance with the principle of prudence, not to recognise the tax assets associated to tax losses incurred by the Group companies whose registered office is in Germany.

26.05. TAX RECOGNISED IN EQUITY

In addition to the tax effects recognised in the consolidated income statement, in 2013 a charge of EUR 179,924 thousand was recognised directly in the Group's equity (a credit of EUR 717,448 thousand in 2012). These amounts relate to tax effects due to adjustments of assets available for sale, with a charge of EUR 24,732 thousand in 2013 (a credit of EUR 773,852 thousand in 2012), the cash flow derivatives, with a credit of EUR 130,701 thousand in 2013 (EUR 16,764 thousand in 2012), and actuarial losses, with a credit of EUR 24,491 thousand in 2012 (EUR 39,640 thousand in 2012).

26.06. DEFERRED TAX ASSETS AND LIABILITIES

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein in 2013 and 2012 is as follows:

Thousands of euros

			Charge/credit to equity				Business combinations		
	Balance at 31 December 2012	Current movement in the year	Actuarial gains and losses	Charge/ credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	Balance at 31 December 2013
Assets	**2,467,104**	**(67,711)**	**(24,491)**	**(2,091)**	**298**	**15,669**	**15,643**	**(24,721)**	**2,379,700**
-Temporary differences	1,307,981	(103,479)	(24,491)	(2,091)	263	19,921	(2,571)	(18,731)	1,176,802
-Tax losses	808,466	36,500	-	-	35	(4,344)	18,214	(5,990)	852,881
-Tax credits	350,657	(732)	-	-	-	92	-	-	350,017
Liabilities	**1,232,499**	**146,890**	**-**	**1,239**	**-**	**(2,703)**	**11,473**	**(8,125)**	**1,381,273**
-Temporary differences	1,232,499	146,890	-	1,239	-	(2,703)	11,473	(8,125)	1,381,273

Thousands of euros

			Charge/credit to equity				Business combinations		
	Balance at 31 December 2011	Current movement in the year	Actuarial gains and losses	Charge/ credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	Balance at 31 December 2012
Assets	**2,083,324**	**878,229**	**41,751**	**2,606**	**(558,310)**	**(10,697)**	**39,250**	**(9,049)**	**2,467,104**
-Temporary differences	1,784,832	9,335	41,751	2,606	(558,310)	(2,882)	39,250	(8,601)	1,307,981
-Tax losses	107,448	709,281	-	-	-	(7,815)	-	(448)	808,466
-Tax credits	191,044	159,613	-	-	-	-	-	-	350,657
Liabilities	**1,174,599**	**81,122**	**-**	**32**	**(15,110)**	**(7,370)**	**-**	**(774)**	**1,232,499**
-Temporary differences	1,174,599	81,122	-	32	(15,110)	(7,370)	-	(774)	1,232,499

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Deferred tax assets and liabilities have not been offset.

The tax loss carryforward includes, mainly, EUR 683,551 thousand (EUR 707,173 thousand in 2012), for the tax asset related to the consolidated tax loss of the ACS Tax Group in Spain arising in 2012, which expires after a period of 18 years, and which arose, mainly, due to the impairments and losses arising from the investment in Iberdrola, S.A.

In addition, the breakdown of the deferred tax assets and liabilities at 2013 year end due to temporary differences is as follows:

Thousands of euros	31/12/2013	31/12/2012
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	22,414	193,207
Other provisions	345,122	279,450
Pension costs	128,496	153,880
Income with different tax and accounting accruals	55,866	70,336
Business combinations	92,632	205,482
Financial expenses not deductible	90,983	129,570
Other	441,289	276,056
Total	**1,176,802**	**1,307,981**
Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	591,584	642,709
Income with different tax and accounting accrual	362,198	213,961
Other	427,491	375,829
Total	**1,381,273**	**1,232,499**

With regard to deferred tax assets generated as a result of temporary differences, the only significant item for which tax legislation considers a specific expiry period is that of non-deductible finance costs arising from the application of the new income tax regulation in Spain approved in 2012, which limits the deductibility of these costs to 30% of the operating profit, thereby allowing adjustments for excess to be offset by the differences to the contrary generated over the following eighteen years.

The deferred tax assets indicated in this Note were recognised in the consolidated statement of financial position because the Group's directors considered that, based on their best estimate of the Group's future earnings, it is probable that these assets will be recovered. In particular, the key assumptions used in the preparation of the recoverability test for the tax assets for the tax group 30/99 were:

- Profit before tax, in calculable terms of taxable profit, of the business areas in Spain in 2014 equal to 90% of that obtained in 2013, which between 2015 and 2019 increases to annual rates of 6% to 9% and, from 2020, to rates of 3%.
- Continuation of the current scope of companies of the Tax Group.
- Iberdrola share price of EUR 5 per share at mid and long term

It is worth noting that negative variances of more than 10% between the aforementioned profits and the estimates used in the impairment test, in overall terms, i.e., that they may not be offset by subsequent positive variances within the expiration period, which is up to 17 years, could represent a recoverability risk with regard to current tax assets.

In addition to the amounts recognised on the asset side of the statement of financial position, as detailed above, the Group has other deferred tax assets and tax loss and tax credit carryforwards not recognised on the asset side of the statement of financial position because it is impossible to predict the related future flows of profit, which are significant in the Group companies domiciled in Germany. Therefore the tax assets relating to income tax loss carryforwards amounting to EUR 1,149,129 thousand (EUR 970,282 thousand in 2012), and to municipal taxes amounting to EUR 1,376,328 thousand (EUR 1,229,886 thousand in 2012) were not recognised.

27. REVENUE

The distribution of revenue relating to the Group's ordinary operations, by business segment, is as follows:

Thousands of euros	2013	2012
Construction	29,559,270	29,682,756
Industrial Services	7,067,065	7,050,012
Environment	1,781,206	1,690,799
Corporate unit and other	(35,020)	(27,389)
Total	**38,372,521**	**38,396,178**

In 2013 foreign currency transactions relating to sales and services amounted to EUR 30,020,128 thousand (EUR 28,006,322 thousand in 2012) and those relating to purchases and services received amounted to EUR 20,588,309 thousand (EUR 19,569,347 thousand in 2012).

The distribution of revenue relating to the Group's ordinary operations, by the main countries where it operates, is as follows:

NET REVENUE BY GEOGRAPHICAL AREA

Thousands of euros	2013	2012
Australia	11,995,039	12,494,377
United States	8,523,739	8,250,834
Spain	5,245,344	5,975,062
Germany	2,081,268	1,916,208
Mexico	1,276,568	1,305,731
Canada	1,260,428	935,953
Indonesia	900,533	1,015,674
China	875,861	539,630
United Arab Emirates	786,539	925,054
Poland	698,777	722,052
United Kingdom	657,404	487,734
Brazil	305,868	504,625
Portugal	217,673	337,137
Other	3,547,480	2,986,107
Total	**38,372,521**	**38,396,178**

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The backlog by line of business at 31 December 2013 and 2012 was as follows:

Thousands of euros	2013	2012
Construction	47,562,840	49,264,770
Industrial Services	7,412,934	7,160,659
Environment	8,443,294	9,200,577
Total	**63,419,068**	**65,626,006**

Capitalised expenses amounting to EUR 8,881 thousand (EUR 25,581 thousand in 2012), relating mainly to in-house work on property, plant and equipment and intangible assets, were recognised under "In-house work on tangible and intangible assets" in the consolidated income statement in 2013.

"Other operating income" includes mainly the amounts billed to joint ventures in the Construction area and to grants related to income received by the Group.

28. EXPENSES

28.01. PROCUREMENTS

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

Thousands of euros	2013	2012
Cost of merchandise sold	1,359,977	1,569,340
Cost of raw materials and other consumables used	18,639,458	18,277,138
Contract work carried out by other companies	4,834,847	4,072,355
Impairment of merchandise, raw material and procurements	(172)	(320)
Total	**24,834,110**	**23,918,513**

28.02. STAFF COSTS:

The detail of "Staff costs" is as follows:

Thousands of euros	2013	2012
Wages and salaries	7,205,398	7,447,514
Social security costs	788,110	841,482
Other staff costs	341,416	385,603
Provisions	4,970	5,956
Total	**8,339,894**	**8,680,555**

Staff costs amounting to EUR 5,391 thousand in 2013 (EUR 8,709 thousand in 2012) relating to the ACS, Actividades de Construcción y Servicios, S.A. share option plans were recognised under "Wages and salaries" in the consolidated income statement.

The average number of employees at Group companies in 2013 was 164,750 (164,342 employees in 2012).

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

Miles de euros	Average number of employees 2013			Average number of employees 2012		
	Men	Women	TOTAL	Men	Women	TOTAL
University graduates	23,718	6,248	**29,966**	24,280	6,308	**30,588**
Junior college graduates	6,078	1,622	**7,700**	5,820	1,677	**7,497**
Non-graduate line personnel	11,424	1,489	**12,913**	10,727	1,415	**12,142**
Clerical personnel	3,367	6,357	**9,724**	3,462	6,354	**9,816**
Other employees	95,353	9,094	**104,447**	96,047	8,252	**104,299**
Total	**139,940**	**24,810**	**164,750**	**140,336**	**24,006**	**164,342**

The distribution of the average number of employees, by line of business, was as follows:

Number of employees	2013	2012
Construction	93,770	94,357
Industrial Services	40,165	40,276
Environment	30,762	29,654
Corporate Unit and Other	53	55
Total	**164,750**	**164,342**

28.03. SHARE-BASED PAYMENT SYSTEMS

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

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

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

The commitments arising from this plan are hedged through a financial institution (see Note 22). In relation to the aforementioned plan, the share options are to be settled through equity instruments and never in cash. However, since the Group has hedged the commitments arising from these plans with a financial institution, their settlement shall not involve, under any circumstances, the issue of equity instruments additional to those outstanding at 31 December 2013 and 2012. In 2013 EUR 5,391 thousand (see Note 28.02) (EUR 8,709 thousand in 2012) related to share-based remuneration were recognised under staff costs in the consolidated income statement, with a balancing entry in equity. For the calculation of the total cost of the aforementioned share plans, the Company considered the financial cost of the shares on the date on which the plan was granted based upon the futures curve on the notional value of each of them, the effect of the estimate of future dividends during the period, as well as the "put" value granted to the financial institution by applying the Black Scholes formula. This cost is distributed over the years of plan irrevocability.

The stock market price of ACS shares at 31 December 2013, was EUR 25.020 (EUR 19.040 at 31 December 2012).

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, A.G. and have continued up to the present year. All of these share option plans form part of the remuneration system for senior executives of Hochtief, A.G., and long-term incentive plans. The total amount provisioned for these share-based payment plans amounted to EUR 20,095 thousand at 31 December 2013 (EUR 21,456 thousand at 31 December 2012). The effect on the consolidated income statement for 2013 and 2012 in this connection was not significant. To hedge the risk of exposure to changes in the market price of the Hochtief, A.G. shares, it has a number of derivatives which are not considered to be accounting hedges.

The following Group-wide share-based payment systems were in force for managerial staff of Hochtief Aktiengesellschaft and its affiliates in 2013:

Long-term Incentive Plan 2008

The Long-term Incentive Plan intended for issue in 2008 was already launched as the Long-term Incentive Plan 2008 (LTIP 2008) by resolution of the Supervisory Board in November 2007 and is open to Executive Board members and upper managerial employees of Hochtief Aktiengesellschaft and its affiliates. Alongside grants of stock appreciation rights (SARs), LTIP 2008 also provided for grants of stock awards.

The plan ended in 2013.

The SARs could only be exercised if, for at least ten consecutive stock market trading days before the exercise date, the ten-day average (arithmetic mean) stock market closing price of Hochtief stock was higher relative to the issue price compared with the ten-day average closing level of the MDAX index relative to the index base (relative performance threshold) and, additionally, return on net assets (RONA) in the then most recently approved set of consolidated financial statements was at least 10% (absolute performance threshold). The relative performance threshold was waived if the average stock market price of Hochtief stock exceeded the issue price by at least 10% on ten consecutive stock market trading days after the end of the waiting period.

Provided that the targets were met, the SARs could be exercised at any time after a two-year waiting period except during a short period before publication of any business results. When SARs were exercised, the issuing entity paid out the difference between the then current stock price and the issue price. The difference was capped at 50% of the issue price.

The LTIP conditions for stock awards stipulated that for each stock award exercised within a two-year exercise period following a three-year waiting period, entitled individuals received at Hochtief Aktiengesellschaft's discretion either a Hochtief share or a compensatory cash amount equal to the closing price of Hochtief stock on the last stock market trading day before the exercise date. The gain on each stock award was limited to 150% of the stock market closing price on the day before the issue date.

The SARs could not be exercised in 2013.

Retention Stock Awards 2008

In May 2008, the Supervisory Board adopted a resolution to launch for members of the Executive Board, on the basis of LTIP 2008 (stock awards), a Retention Stock Award plan (RSA 2008) consisting of three tranches and running for seven years, and granted a first tranche of awards under the plan. The conditions for the first tranche of RSA 2008 differ from LTIP 2008 (stock awards) solely with regard to the cap, which is set at EUR 160 per stock award. The second tranche was granted in March 2009. The conditions for the second tranche differ from LTIP 2008 (stock awards) solely in the time frame being one year later and with regard to the cap, which is set for the second tranche at EUR 66.50 per stock award. The third tranche was granted in March 2010. The conditions for the third tranche differ from LTIP 2008 (stock awards) solely in the time frame being two years later and with regard to the cap, which is set for the third tranche at EUR 133.12 per stock award.

The first tranche was exercised in full by the members of the Executive Board in 2011.

Top Executive Retention Plan 2008

The Executive Board also resolved in June 2008 to launch a Top Executive Retention Plan 2008 (TERP 2008) for selected managerial employees.

This plan is likewise based on stock awards and consists of three tranches. The first tranche was granted in July 2008, the second in July 2009, and the third in July 2010.

The total term of the plan is ten years. The waiting period after the granting of each tranche is three years. The exercise period is between five and seven years, depending on the tranche.

The conditions stipulate that, after the waiting period, entitled individuals receive for each stock award either a Hochtief share or, at Hochtief Aktiengesellschaft's discretion, a compensatory cash amount equal to the closing price of Hochtief stock on the last stock market trading day before the exercise date. The gain is capped for each year of the exercise period. The cap rises annually up to a maximum gain at the end of the term. The maximum gain is set to EUR 160 per stock award for the first tranche, EUR 81.65 for the second tranche, and EUR 166.27 for the third tranche.

Long-term Incentive Plan 2009

The Long-term Incentive Plan 2009 (LTIP 2009) was launched by resolution of the Supervisory Board in 2009 and is open to Executive Board members and upper managerial employees of Hochtief Aktiengesellschaft and its affiliates. The conditions do not differ in any material respect from those of LTIP 2008. The maximum gain is set to EUR 40.10 per stock award.

The SARs have been exercised in full.

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Long-term Incentive Plan 2010

The Long-term Incentive Plan 2010 (LTIP 2010) was launched by resolution of the Supervisory Board in 2010 and is open to Executive Board members and upper managerial employees of Hochtief Aktiengesellschaft and its affiliates. Except for the longer waiting period (four years instead of two) for the SARs, the conditions do not differ in any material respect from those of LTIP 2009. The maximum gain is set to EUR 81.83 per stock award.

Long-term Incentive Plan 2011

The Long-term Incentive Plan 2011 (LTIP 2011) was launched by resolution of the Supervisory Board in 2011 and is open to Executive Board members and upper managerial employees of Hochtief Aktiengesellschaft and its affiliates. The conditions do not differ in any material respect from those of LTIP 2010. The maximum gain is set to EUR 98.01 per stock award.

Long-term Incentive Plan 2012

The Long-term Incentive Plan 2012 (LTIP 2012) was launched by resolution of the Supervisory Board in 2012 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The plan conditions differ from those of LTIP 2011 in two points:

1. Return on net assets (RONA) as per the most recently approved Consolidated Financial Statements must be at least 15%.
2. The waiting time for stock awards was extended from three to four years and the total term of the plan accordingly from five to six years.

The maximum gain is set to EUR 75.81 per stock award.

Long-term Incentive Plan 2013

The Long-term Incentive Plan 2013 (LTIP 2013) was launched by resolution of the Supervisory Board in 2013 and is open to Executive Board members. The plan conditions differ from those of LTIP 2012 in only one point:

The number of SARs that can be exercised depends on attainment of the planned value range for adjusted free cash flow. This value range is set in the business plan for each exercise year.

The maximum gain is set to EUR 73.83 per stock award.

Other information

The conditions of all plans stipulate that on the exercise of SARs or stock awards—and the fulfilment of all other requisite criteria—HOCHTIEF Aktiengesellschaft normally has the option of delivering HOCHTIEF shares instead of paying out the gain in cash. Where the entitled individuals are not employees of HOCHTIEF Aktiengesellschaft, the expense incurred on exercise of SARs or stock awards is met by the affiliated company concerned.

The quantities of SARs and stock awards granted, expired, and exercised under the plans are as follows:

	Originally granted	Outstanding at 31 Dec. 2012	Granted in 2013	Expired in 2013	Exercised / settled in 2013	Disposal / sale 2013	Outstanding at 31 Dec. 2013
LTIP 2008 – SARs	304,575	194,695	–	194,695	–	–	–
LTIP 2008 – stock awards	101,985	14,425	–	1,525	12,900	–	–
TERP 2008/Tranche 1	130,900	41,300	–	–	36,500	–	4,800
TERP 2008/ Tranche 2	359,000	133,200	–	–	38,300	9,400	85,500
TERP 2008/ Tranche 3	174,100	159,500	–	–	132,600	–	26,900
RSA 2008/ Tranche 2	347,478	187,104	–	–	106,916	–	80,188
RSA 2008/ Tranche 3	146,884	146,884	–	–	106,824	–	40,060
LTIP 2009 – stock awards	273,400	1,600	–	–	600	500	500
LTIP 2010 – SARs	353,200	247,200	–	11,700	–	33,000	202,500
LTIP 2010 – stock awards	166,000	114,750	–	500	100,750	2,900	10,600
LTIP 2011 – SARs	275,250	219,300	–	9,400	–	29,650	180,250
LTIP 2011 – stock awards	124,850	94,100	–	3,750	5,500	12,550	72,300
LTIP 2012 – SARs	457,406	439,406	–	35,800	–	63,100	340,506
LTIP 2012 – stock awards	82,991	79,631	–	5,985	7,447	11,370	54,829
LTIP 2013 – SARs	–	–	38,288	–	–	–	38,288
LTIP 2013 – stock awards	–	–	9,297	–	–	–	9,297

Provisions recognized for the stated share-based payment arrangements totalled EUR 20,095 thousand as of the balance sheet date (2012: EUR 21,456 thousand). Further provisions totalling EUR 1,850 thousand were reported in the prior year as part of liabilities associated with assets held for sale. The total expense recognized for the stated arrangements in 2013 was EUR 17,334 thousand (2012: EUR 10,949 thousand). The intrinsic value of SARs exercisable at the end of the reporting period was EUR 7,658 thousand (2012: EUR 7,589 thousand).

28.04. OPERATING LEASES

The most significant information relating to the operating leases held by the Group as lessee is as follows:

Thousands of euros	2013	2012
Lease payments under operating leases recognised in profit for the year	682,213	751,695

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At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Thousands of euros	2013	2012
Within one year	400,254	345,820
Between two and five years	946,684	730,924
Over five years	178,716	132,500

The Group does not have any material operating leases as a lessor.

28.05. 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 at 31 December 2013 relates to the market value of the derivative financial instruments held at year end in relation to Iberdrola, S.A. shares, which represented gains of EUR 404,050 thousand (EUR 232,333 thousand in 2012) and to the gains from the derivatives on ACS shares amounting to EUR 151,714 thousand, as described in Note 22.

The most significant losses in 2012 were a result of the measurement of the derivative of the ACS Group's 2010 share option plan and the market value of certain derivatives amounting to EUR 60,751 thousand.

28.06. FINANCIAL INCOME

At 31 December 2013, finance income includes, among other items, the dividends from Iberdrola, S.A. amounting to EUR 102,540 thousand (EUR 223,435 thousand in 2012), as well as interest on loans to associates, deposits and current accounts held by the ACS Group.

28.07. OTHER GAINS OR LOSSES

At 31 December 2013, this heading includes, among other items, the net reversal of operating allowances in the Industrial Services area, as well as the operating allowances related to certain projects in the Construction area.

29. IMPAIRMENT AND GAINS OR LOSSES ON DISPOSALS OF FINANCIAL INSTRUMENTS

In 2013 this heading of the accompanying consolidated income statement includes, mainly, the proceeds from the sale of Leighton's telecommunication business amounting to EUR 154,282 thousand. The aforementioned proceeds include the effect of the recognition of the fair value of 30% of the ownership interest which it still holds, the proceeds from the sale of the Hochtief airports and Hochtief's facility management business to SPIE, S.A. Likewise, this heading includes the provisions (net of reversals) related to the contingent liabilities held by the ACS Group amounting to EUR 92,965 thousand, the effect of the first quarter impairment of the ownership interest in Iberdrola amounting to EUR 20,498 thousand, as well as the loss of EUR 56,199 thousand due to the reclassification of the translation difference existing at the time of the purchase of Leighton Welspun Contractors mentioned in Note 02.02 f) to the income statement.

This heading for 2012 included the losses incurred in relation to the sale of the 3.69% share capital of Iberdrola, the impairment losses on the 1.22% ownership interest, and the additional losses as a result of the Residencial Monte Carmelo, S.A. transactions and the equity swap of Iberdrola, the transactions of which are described in Note 10.01. In 2012 also noteworthy were the gains on the sale of the 10.28% holding of Abertis Infraestructuras, S.A. amounting to EUR 196,699 thousand.

30. DISTRIBUTION OF PROFIT

As in previous years, at the date of the call notice of the Annual General Meeting, the Parent's Board of Directors agreed to propose an alternative remuneration system allowing shareholders to receive bonus shares of the Company, or cash through the sale of the corresponding bonus issue rights. This option would be instrumented through an increase in paid-in capital, which will be subject to approval by the shareholders at the Annual General Meeting. In the event that it is approved, the increase in paid-in capital may be executed by the Board of Directors up to two times, in July and at the start of the following year, coinciding with the times when dividends are customarily paid. During each capital increase, each shareholder of the Company receives a bonus issue right for each share. The free allotment rights will be traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. Depending on the alternative chosen, shareholders would be able to either receive additional paid-in shares of the Company or sell their bonus issue rights on the market or sell them to the company at a specific price calculated using the established formula.

The distribution of the profit for 2013 that the Board of Directors of the Parent will propose for approval by the shareholders at the Annual General Meeting is as follows:

- Offset of accumulated losses: EUR 619,571 thousand.
- To voluntary reserves: EUR 599,503 thousand.
- To the restricted goodwill reserve: EUR 41,208 thousand.

The proposed allocation of loss for 2012, prepared by the directors of the Parent Company consisted of offsetting the loss for the year with a charge to future profits.

31. EARNINGS PER SHARE

31.01. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributed 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:

	2013	2012 (*)	Change
Net profit for the period (thousands of euros)	701,541	(1,927,933)	n/a
Weighted average number of shares outstanding	310,211,964	291,343,082	6.48
Basic earnings per share (euros)	**2.26**	**(6.62)**	**(134.14)**
Profit after tax and non-controlling interests from discontinued operations (Thousands of euros)	-	107,454	(100.00)
Basic earnings per share from discontinued operations (euros)	**-**	**0.37**	**(100.00)**
Basic earnings per share from continuing operations (euros)	**2.26**	**(6.99)**	**n/a**
Diluted earnings per share from discontinued operations (euros)		**0.37**	**(100.00)**
Diluted earnings per share from continuing operations (euros)	**2.26**	**(6.99)**	**n/a**

(*) Data restated.

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31.02. 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 2013, as a result of the share capital increase and reduction in February 2014 and March 2014, respectively for the same number of shares, the basic and diluted earnings per share for continuing operations for 2013 is the same.

At 31 December 2012, the diluted earnings per share were the same as basic earnings per share.

32. EVENTS AFTER THE REPORTING DATE

At 16 January 2014, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out a second share capital increase with a charge to reserves, approved the shareholders at the Annual General Meeting held on 10 May 2013. The purpose of the transaction is to create a flexible remuneration formula for the shareholders ("optional dividend"), so that they may opt to continue receiving remuneration in cash or to receive new Company shares. The negotiation period ended on 13 February 2014 for the bonus issue rights corresponding to the second paid-in capital increase approved by the shareholders at the Annual General Meeting held on 10 May 2013. The irrevocable commitment to purchasing rights assumed by ACS has been accepted by holders of 49.5% of the free allotment rights, which has determined the acquisition by ACS of 155,768,093 rights for a total gross amount of EUR 69,472,569.48. The definitive number of ordinary shares issued, of a nominal value of EUR 0.5 each, is 2,562,846, and the nominal value of the corresponding capital increase is EUR 1,281,423 (see Note 15.01).

On 31 January 2014, Hochtief A.G. sold 50% of its ownership interest in aurelis Real Estate at a price close to its carrying amount within its strategy of divesting non-strategic assets.

In February 2014, the proposed ministry order was published, as indicated in section f) above, which was used to evaluate the impact of the aforementioned regulation on the ACS Group.

In March 2014, Hochtief, A.G., launched a proportionate takeover bid over the Australian company Leighton Holdings Ltd in order to increase its current ownership interest from 58.77% to a maximum of 73.82%, at an ex-dividend price per share of AUD 22.50, payable in cash, which will entail a maximum investment of AUD 1,155 million (approximately, EUR 787 million) which will be financed by Hochtief, A.G. with its own available cash and credits. The takeover bid is subject to the relevant authorisation and other usual conditions.

On 13 March 2014, ACS, Actividades Finance 2 B.V. (a Dutch wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A.) announced that upon completion of the accelerated bookbuild, the amount, the interest rate and the conversion price as well as the definitive conditions of the exchangeable bond issue over Iberdrola shares have been set, as follows:

- The final amount of the issue totalled EUR 405.6 million.
- The bonds which were issued at par will mature on 27 March 2019, unless they are exchanged or redeemed early. The price for redeeming the bonds on maturity will be 100% of the nominal value, unless they are exchanged.
- The bonds accrue annual nominal fixed interest of 1.625%, payable quarterly in arrears.

- The bonds will be exchangeable, at the choice of the bondholders, for 63,187,412 ordinary shares of Iberdrola, representing approximately 0.9914% of its share capital. However, in accordance with the terms and conditions of the bonds, the Issuer may opt, when the bondholders exercise their exchange right, to deliver the corresponding number of Iberdrola shares, cash or a combination thereof.
- The conversion price of the bonds is EUR 6.419 per each Iberdrola share, representing a premium of 32.5% over the weighted average quoted price of these shares since the announcement of the issue until the time it was set. As of 17 April 2017 (3 years and 21 days from the closing date), the Company will have the option of redeeming the bonds early at par if the value of the Iberdrola shares exceeds 130% of the conversion price applicable during at least 20 trading days in any period of 30 consecutive trading days.
- The bondholders will have the right to redeem their bonds early from the Issuer for an amount equal to the sum of the nominal amount and the interest accrued:
  – on 27 March 2017 (3 years from the closing date); and
  – in the event that there is any change of control of ACS (as this concept is defined under the terms and conditions of the bonds).
- The subscription and payment of the bonds will take place at the closing date, initially set for 27 March 2014 provided that the conditions envisaged in the subscription agreement that the Company, Issuer and the Underwriter signed on 13 March 2014 with the Lead Managers.
- As part of the subscription agreement, the Issuer, the Company and the Underwriter have formalised a lock-up agreement, from the signature date for a period of 90 days from the subscription and payment of the bonds, pursuant to which they undertake not to perform any issues, offers or sales of the shares offered in exchange or in similar transactions in relation to the Iberdrola shares and/or any convertible or exchangeable security for Iberdrola shares, subject to certain exceptions.
- On 17 March 2014, a request was made to list the bonds on the open market (Freiverkehr) (a multilateral trading facility) on the Frankfurt Stock Exchange.

On 18 March 2014, ACS, Actividades de Construcción y Servicios, S.A. reduced its share capital by EUR 1,281,423 relating to 2,562,846 ordinary shares of EUR 0.5 par value each through the retirement of the Parent's treasury shares.

In using the authorisation granted by the shareholders at the Annual General Meeting held on 25 May 2009 and in executing the resolution of the Board of Directors of 27 February 2014, ACS, Actividades de Construcción y Servicios, S.A., on 20 March 2014 has formally executed a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which has been subscribed by the Irish Stock Exchange. Santander Global Banking & Markets is the programme implementation coordinator (arranger), the entity who 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.

33. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Parent and its subsidiaries and associates are disclosed in the Parent's individual financial statements.

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

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33.01. TRANSACTIONS WITH ASSOCIATES

In 2013 Group companies performed the following transactions with related parties which do not form part of the Group:

Thousands of euros	2013	2012
Sale of goods and services	66,180	101,340
Purchase of goods and services	7,466	8,868
Accounts receivable	1,066,393	1,585,106
Accounts payable	360,213	489,960

Transactions between related parties are carried under normal market conditions.

33.02. BALANCES AND TRANSACTIONS WITH OTHER RELATED PARTIES

Information relating to the transactions with related parties carried out in 2013 is disclosed in accordance with the Order EHA/3050/2004, of 15 September of the Ministry of Economy and Finance and the CNMV Circular 1/2005, of 1 April.

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

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

Thousands of euros

2013 Related transactions	Significant shareholders		Directors and managers	Other related parties							
Expenses and revenue	Iberostar Group	**Total**	**Total**	Fidalser, S.L.	Rosán Inversiones, S.L.	Terratest Técnicas Especiales, S.A.	Indra	Zardoya Otis, S.A.	March-JLT, S.A.	**Total**	**Total**
Management or cooperation agreements	-	**-**	**-**	-	-	1,046	-	-	-	**1,046**	**1,046**
Leases	-	**-**	**-**	177	-	-	-	-	-	**177**	**177**
Reception of services	-	**-**	**-**	125	-	548	1,678	1,496	-	**3,847**	**3,847**
Other expenses	-	**-**	**-**	-	-	-	-	-	38,110	**38,110**	**38,110**
Expenses	**-**	**-**	**-**	**302**	**-**	**1,594**	**1,678**	**1,496**	**38,110**	**43,180**	**43,180**
Provision of services	553	**553**	**257**	-	384	-	2,362	-	-	**2,746**	**3,556**
Revenue	**553**	**553**	**257**	**-**	**384**	-	**2,362**	**-**	**-**	**2,746**	**3,556**

Thousands of euros

2013 Related transactions	Significant shareholders		Other related parties					
Other transactions	Banca March	Total	Banco Sabadell	Fidwei Inversiones, S.L.	Lynx Capital, S.A.	Fidalser, S.L.	Total	Total
Financing agreements: Loans and capital contributions (lender)	52,630	**52,630**	750,534	-	-	-	**750,534**	**803,164**
Guarantees given	30,820	**30,820**	-	-	-	-	**-**	**30,820**
Dividends and other distributed profit	-	**-**	-	-	326	679	**1,005**	**1,005**
Other transactions	23,813	**23,813**	-	-	-	-	**-**	**23,813**

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

Thousands of euros

2012 Related transactions	Significant shareholders		Directors and managers	Other related parties							
Expenses and revenue	Iberostar Group	Total	Total	Fidalser, S.L.	Rosán Inversiones, S.L.	Terratest Técnicas Especiales, S.A.	Indra	Zardoya Otis, S.A.	March-JLT, S.A.	Total	Total
Management or cooperation agreements	-	**-**	**-**	-	-	3,211	-	-	-	**3,211**	**3,211**
Leases	-	**-**	**-**	182	-	-	-	-	-	**182**	**182**
Reception of services	-	**-**	**-**	66	-	1,092	2,756	1,113	-	**5,027**	**5,027**
Other expenses	-	**-**	**-**	-	-	-	-	-	41,806	**41,806**	**41,806**
Expenses	**-**	**-**	**-**	**248**	**-**	**4,303**	**2,756**	**1,113**	**41,806**	**50,226**	**50,226**
Provision of services	538	**538**	**97**	-	276	-	2,130	5	-	**2,411**	**3,046**
Revenue	**538**	**538**	**97**	**-**	**276**	-	**2,130**	**5**	**-**	**2,411**	**3,046**

Thousands of euros

2012 Related transactions	Significant shareholders		Other related parties					
Other transactions	Banca March	Total	Banco Sabadell	Fidwei Inversiones, S.L.	Lynx Capital, S.A.	Fidalser, S.L.	Total	Total
Financing agreements: Loans and capital contributions (lender)	52,120	**52,120**	859,603	–	–	–	**859,603**	**911,723**
Guarantees given	41,120	**41,120**	-	-	-	-	**-**	**41,120**
Dividends and other distributed profit	-	**-**	-	554	674	1,059	**2,287**	**2,287**
Other transactions	30,645	**30,645**	-	-	-	-	**-**	**30,645**

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At 31 December 2013, the outstanding balance payable to Banca March for credit facilities and loans granted to ACS Group companies amounted to EUR 47,812 thousands (EUR 47,075 thousand in 2012). The transactions being maintained at 31 December 2013, in accordance with the information available regarding ACS Group companies, amounted to EUR 35,988 thousand (EUR 22,893 thousand at 31 December 2012) in guarantees, EUR 14,079 thousand (EUR 18,123 thousand at 31 December 2012) in reverse factoring transactions to suppliers.

At 31 December 2013, the balance payable to Banco Sabadell amounted to EUR 205,393 thousand (EUR 261,191 thousand in 2012) for loans and credit facilities granted to ACS Group companies. Accordingly, the transactions maintained by this bank at 31 December 2013, in accordance with the information available regarding ACS Group companies, amounted to EUR 415,600 thousand (EUR 209,706 thousand at 31 December 2012) in guarantees and sureties, EUR 16,858 thousand (EUR 35,429 thousand at 31 December 2012) in reverse factoring transactions to 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. In addition, the ACS Group has mainly carried out air-conditioning activities in hotels owned by Iberostar.

Directors and Executives includes a housing construction contract between Dragados, S.A. and the Director Joan David Grimà Terré entered into in 2013 for EUR 2,534 thousand of which EUR 257 thousand were billed in 2013.

Rosan Inversiones, S.L. is listed due to its relationship with the Chairman and CEO of the Company which holds a significant ownership interest through Inversiones Vesan, S.A., since it has received services by part of certain Group companies in 2013 and 2012.

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

"Other transactions" includes all transactions not related to the specific sections included in the periodic public information reported in accordance with the regulations published by the CNMV. In 2013 "Other transactions" related exclusively to Banca March, since it is the main shareholder of Corporación Financiera Alba, S.A., which is a direct shareholder of the ACS Group. Banca March, as a financial institution, provides various financial services to ACS Group companies in the ordinary course of business amounting to a total EUR 23,813 thousand (EUR 30,645 thousand in 2012), and in this case they relate to the reverse factoring lines of credit for suppliers.

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

The transactions performed between ACS consolidated Group companies were eliminated in the consolidation process and form part of the normal business activities of the companies in terms of their company object and conditions. The transactions were carried out on an arm's length basis and they do not have to be disclosed to present fairly the equity, financial position and results of the operations of the Group.

In accordance with the information available to ACS, Actividades de Construcción y Servicios, S.A., the members of the Board of Directors were not involved in any conflicts of interest in 2013 or 2012, in accordance with that indicated in article 229 of the Spanish Companies Law.

34. BOARD OF DIRECTORS AND SENIOR EXECUTIVES

In 2013 and 2012 the Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as members of the boards of directors of the Parent and the Group companies or as senior executives of Group companies.

Thousands of euros	2013	2012
Fixed remuneration	3,961	3,862
Variable remuneration	4,006	3,885
By-law stipulated director's emoluments	2,825	2,734
Other	1	1
Total	**10,793**	**10,482**

EUR 1,119 thousand were charged to income in relation to share options granted to members of the Board of Directors with executive duties in 2013 (EUR 1,808 thousand 2012). This amount relates to the proportion of the value of the plan at the date on which it was granted.

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

OTHER BENEFITS

Thousands of euros	2013	2012
Pension funds and plans: contributions	1,805	1,811
Life insurance premiums	16	16

The amount recognised under "Pension funds and plans: Contributions" includes the portion corresponding to the payments made by the Company in 2013.

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

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34.01. TRANSACTIONS WITH MEMBERS OF THE BOARD OF DIRECTORS

The transactions with members of the Board of Directors or with companies in which they have an ownership interest giving rise to a relation with the ACS Group are indicated in Note 33.02 on transactions with related parties.

34.02. REMUNERATION OF SENIOR EXECUTIVES

The remuneration of the Group's senior executives in 2013 and 2012, excluding those who are simultaneously executive directors, was as follows:

Thousands of euros	2013	2012
Salaries (fixed and variable)	24,638	21,025
Pension Plans	1,599	1,690
Life insurance	29	25

The increase in remuneration between 2012 and 2013 is due, on the one hand, to the increase in the number of people considered senior executives in 2013 and, on the other, to the additional compensation paid to those executives working abroad. In addition, EUR 4,272 thousand were charged to the consolidated income statement in relation to share options granted to the Group's senior executives in 2013 (EUR 6,901 thousand in 2012). Similarly, as indicated in the case of directors, the amounts relate to the proportion of the value of the plan on the date it was granted.

With regard to the Group's senior executives, in 2012 only one transaction was recognised with Group companies, which consisted of purchasing assets for EUR 453 thousand on an arm's-length basis.

35. OTHER DISCLOSURES CONCERNING THE BOARD OF DIRECTORS

Pursuant to Article 229 of the Spanish Companies Law, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of ACS, Actividades de Construcción y Servicios, S.A., in which the members of the Board of Directors at 2013 year-end own equity interests, and of the functions, if any, that they discharge thereat:

Owner	Investee	Line of Business	Ownership Interest	Function
Joan David Grimá Terré	Cory Environmental Management Limited	Environment	0.000%	Board Member
Pedro López Jiménez	GTCEISU Construcción, S.A. (the Terratest Group)	Special Foundations	45.00%	Chairman (through Fapindus, S.L.)
Santos Martinez-Conde Gutiérrez-Barquín	Fomento de Construcciones y Contratas, S.A.	Construction and Services	0.004%	None
Santos Martinez-Conde Gutiérrez-Barquín	Técnicas Reunidas, S.A.	Construction of Industrial Facilities	0.002%	None
Santos Martinez-Conde Gutiérrez-Barquín	Repsol YPF, S.A.	Energy	0.001%	None
Santos Martinez-Conde Gutiérrez-Barquín	Indra Sistemas, S.A.	Information technologies and defence systems	0.005%	Board Member
Santos Martinez-Conde Gutiérrez-Barquín	Endesa, S.A.	Energy	0.000%	None
Santos Martinez-Conde Gutiérrez-Barquín	Ferrovial, S.A.	Construction and Services	0.001%	None
Santos Martinez-Conde Gutiérrez-Barquín	Telefónica, S.A.	Telephony	0.001%	None
Santos Martinez-Conde Gutiérrez-Barquín	Abertis Infraestructuras, S.A.	Concessions	0.001%	None
Santos Martinez-Conde Gutiérrez-Barquín	Gás Natural SDG, S.A.	Energy	0.001%	None
Santos Martinez-Conde Gutiérrez-Barquín	Enagás, S.A.	Energy	0.002%	None
Santos Martinez-Conde Gutiérrez-Barquín	Iberdrola, S.A.	Energy	0.001%	None
Julio Sacristán Fidalgo	Abertis Infraestructuras, S.A.	Concessions	0.000%	None
José Luis del Valle Pérez	Del Valle Inversiones, S.A.	Real estate	33.33%	Director acting severally
José Luis del Valle Pérez	Sagital, S.A.	Private security and integral building maintenance	5.10%	None
Juan March de la Lastra	Indra Sistemas, S.A.	Information technologies and defence systems	0.012%	Board Member
Antonio García Ferrer	Ferrovial, S.A.	Construction and Services	0.000%	None

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Also pursuant to the aforementioned law, set forth below are the activities carried on, as independent professionals or as employees, by the various members of the Board of Directors that are identical, similar or complementary to the activity that constitutes the company object of ACS, Actividades de Construcción y Servicios, S.A. for 2013.

Name	Activity performed	Type of arrangement	Company through which the activity is performed	Position or function at the company concerned
Pablo Valbona Vadell	Finance	Employee	Banca March, S.A.	First Deputy Chairman
Manuel Delgado Solís	Construction	Employee	Dragados, S.A.	Board Member
Javier Echenique Landiribar	Finance	Employee	Banco Sabadell	Deputy Chairman
Javier Echenique Landiribar	Energy	Employee	Repsol YPF, S.A.	Board Member
Javier Echenique Landiribar	Paper	Employee	Ence, S.A.	Board Member
Javier Echenique Landiribar	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member
Juan March de la Lastra	Holding	Employee	Corporación Financiera Alba, S.A.	Deputy Chairman
Juan March de la Lastra	Information Technologies	Employee	Indra Sistemas, S.A.	Board Member
Juan March de la Lastra	Finance	Employee	Banca March, S.A.	Deputy Chairman
José María Loizaga Viguri	Lifts	Employee	Zardoya Otis, S.A.	Deputy Chairman
José María Loizaga Viguri	Venture Capital	Independent Professional	Cartera Industrial REA, S.A.	Chairman
Antonio García Ferrer	Construction	Employee	Dragados, S.A.	Board Member
Antonio García Ferrer	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member
Antonio García Ferrer	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member
Agustín Batuecas Torrego	Transport interchange	Employee	Intercambiador de Transporte de Avenida de América	Chairman
Agustín Batuecas Torrego	Rail transport of goods	Employee	Continental Raíl, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
Agustín Batuecas Torrego	Transport interchange	Employee	Intercambiador de Transportes Príncipe Pío S.A.	Individual representing Continental Auto, S.L. Chairman
Agustín Batuecas Torrego	Transport interchange	Employee	Intercambiador de Transportes Plaza de Castilla, S.A.	Individual representing Continental Auto, S.L., Board Member
Agustín Batuecas Torrego	Rail transport of goods	Employee	Construrail, S.A.	Board Member
Pedro José López Jiménez	Construction and Services	Employee	Hochtief, A.G.	Board Member
Pedro José López Jiménez	Construction	Employee	Leighton Holdings Ltd.	Board Member
Pedro José López Jiménez	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Deputy Chairman
Pedro José López Jiménez	Construction	Employee	Dragados, S.A.	Acting Chairman and Deputy Chairman
Pedro José López Jiménez	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Acting Chairman and Deputy Chairman

Nombre	Actividad Realizada	Tipo de Régimen de Prestación de Actividad	Sociedad a través de la cual se presta la Actividad	Cargo o Funciones que se ostentan o realizan en la Sociedad indicada
Pedro José López Jiménez	Special Foundations	Employee	GTCEISU Construction, S.A.	Chairman (through Fapindus, S.L.)
Santos Martínez-Conde Gutiérrez-Barquín	Finance	Employee	Banca March, S.A.	Board Member
Santos Martínez-Conde Gutiérrez-Barquín	Holding	Employee	Alba Participaciones, S.A.	Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Steel	Employee	Acerinox, S.A.	Board Member
Santos Martínez-Conde Gutiérrez-Barquín	Information Technologies	Employee	Indra Sistemas, S.A.	Board Member
Santos Martínez-Conde Gutiérrez-Barquín	Holding	Employee	Corporación Financiera Alba, S.A.	Board Member - CEO
Javier Monzón de Cáceres	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member
Javier Monzón de Cáceres	Information Technologies	Employee	Indra Sistemas, S.A.	Chairman
Miguel Roca Junyent	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Non-Board Member secretary
Miguel Roca Junyent	Finance	Employee	Banco Sabadell, S.A.	Non-Board Member secretary
Miguel Roca Junyent	Energy	Employee	Endesa	Independent External Board Members
Álvaro Cuervo García	Stock Exchange	Employee	BME-Bolsas y Mercados Españoles, S.A.	Board Member
José Luis del Valle Pérez	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member secretary
José Luis del Valle Pérez	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member secretary
José Luis del Valle Pérez	Construction	Employee	Dragados, S.A.	Board Member secretary
José Luis del Valle Pérez	Engineering and Assembly work	Employee	Cobra Gestión de Infraestructuras, S.L.	Board Member secretary
José Luis del Valle Pérez	Integral Maintenance	Employee	Clece, S.A.	Chairman
José Luis del Valle Pérez	Investments	Employee	Del Valle Inversiones, S.A.	Director acting severally
José Luis del Valle Pérez	Construction and Services	Employee	Hochtief, A.G.	Member of the Supervisory Board
Joan David Grimá Terré	Environment	Employee	Cory Environmental Management Limited	Board Member
Florentino Pérez Rodríguez	Holding	Independent Professional	Inversiones Vesán, S.A.	Board Member
Julio Sacristán Fidalgo	Holding	Employee	Inversiones Vesán, S.A.	Board Member
Sabina Fluxá Thienemann	Tourism	Employee	Iberostar Hoteles y Apartamentos, S.L.	Board Member

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In 2013 the ACS Group had commercial relationships with companies in which certain of its directors hold management functions. All these commercial transactions were carried out on an arm's length basis in the ordinary course of business, and related to ordinary Group transactions.

The members of the Company's Board of Directors have had no conflicts of interest over the year.

36. GUARANTEE COMMITMENTS TO THIRD PARTIES

At 31 December 2013, the ACS Group had provided guarantees to third parties in connection with its business activities totalling EUR 18,428,840 thousand (EUR 22,649,600 thousand in 2012).

Of the guarantees listed in the previous paragraph, those obtained by Hochtief, A.G. are of particular note. In this connection the syndicated guarantee lines obtained by Hochtief A.G. in 2007 were refinanced together with a syndicated credit facility in December 2011, with a combined credit and guarantee line of EUR 2,000,000 thousand by an international syndicate of banks. The guarantee tranche amounted to EUR 1,500,000 thousand, of which EUR 1,020,000 thousand had been used at year end and at 31 December 2013 the cash tranche of EUR 500,000 thousand has not been drawn down (EUR 200,000 thousand at 31 December 2012). This line is available for ordinary activities, mainly relating to the concession are and Europe division of Hochtief, and has been granted for a five year term, expiring on 13 December 2016.

The Hochtief Group also has undrawn guarantee lines amounting to EUR 5,640,000 thousand from insurance companies and banks (EUR 6,110,000 thousand at 31 December 2012).

Hochtief A.G. has arranged a limited guarantee line for US insurance companies in relations to the obligations of the Turner and Flatiron Groups. This is the type of Financing used in the United Sates to guarantee the performance of public works and for certain clients. As in the previous year, the financing totalled USD 6,500,000 thousand of which USD 4,027,000 thousand has been used in 2013 (USD 5,191,000 thousand in 2012). The guarantee furnished by Hochtief has never been called and it is not projected that this will occur in the future.

Likewise, in addition to that mentioned in the previous paragraphs, other ACS Group companies have guarantees and commitments in relation to bonding lines arranged as security for the execution of transactions performed by ACS Group companies in the United States, Canada and the United Kingdom with various insurance companies, amounting to EUR 3,310,149 thousand.

The Group's directors do not expect any material liabilities additional to those recognised in the accompanying consolidated statement of financial position to arise as a result of the transactions described in this Note.

The contingent liabilities include the ordinary liability of the companies with which the Group carries on its business activities. Normal liability is that concerning compliance with the contractual obligations undertaken in the course of construction, industrial services or urban services by the companies themselves or the unincorporated joint ventures in which they participate.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession contracts, etc.

All of the project financing, including that recognised under "Non-current assets in projects" as well as that recognised under "Non-current asset held for sale and discontinued operations" on the accompanying consolidated statement of financial position, whether fully consolidated or consolidated using the equity method, have construction guarantees until their entry into service.

In this connection the Group, in its construction activity has income recognition policies in place based on the collection certainty, in accordance with the contractual conditions of the agreements it executes. However, as indicated in Note 12, there are certain outstanding balances receivable which are under dispute with the corresponding customers and even, particularly with regard to international works, which require certain necessary experts to intermediate as arbitration processes have commenced to resolve them. Accordingly, the Group has significant balances in large infrastructures in progress abroad of which, the Gorgon Jetty platform (Australia), the gas oil (Iraq) and the wind farm (Germany) are of particular note with recognised amounts totalling EUR 953.8 million, and over which the Group is involved in negotiations for their certification and/or collection and, based on prior experiences, the Group does not believe that significant variances will arise with regard to the amounts ultimately collected.

Lastly, the various Group companies are exposed to the risk of having court and out-of-courts claims filed against them. In this connection, Alazor Inversiones, S.A. (Alazor), the sole shareholder of Accesos de Madrid, C.E.S.A., the company awarded the Radial 3 and Radial 5 (R3 and R5) concessions, pursuant to the shareholder agreements entered into at the time, the “non-constructing shareholders” of Alazor have a potential sale option right over their shares with regard to the “construction shareholders”, among which ACS is included.

The Group and its legal advisors consider that the circumstances envisaged contractually in order for the aforementioned option to no longer be effective or for it no longer to be in force, have been met and, therefore, no financial liability has been recognised in that regard. Accordingly, the aforementioned concession companies have suffered significant losses since their entry into service, with the consequent alteration of the financial and economic equilibrium envisaged in the concession and problems settling their financial liabilities and, thus, Alazor and Accesos de Madrid are subject to insolvency proceedings. Given the discrepancies between the parties’ interpretation, an arbitration process is currently underway which will determine whether or not the sale option is in force. In these cases, the Company’s directors consider that the possible effect on the consolidated financial statements would not be material.

The ACS Group’s consolidated financial statements for 2013 include a provision for the full amount of the ACS Group’s investment in Alazor, as well as the receivables from Alazor. For the reasons stated above, no liability was recognised for the sale option, which, in any case, would not be material with regard to the ACS Group’s financial statements. In this connection, in February 2014 notification was received that enforcement proceedings had been initiated regarding the guarantees granted to ACS, Actividades de Construcción y Servicios, S.A., amounting to EUR 73,350 thousand (which includes both the principal and the interest), however, the Company has filed claims related thereto which it considers will be resolved in its favour.

In relation to the ownership interest held by Hochtief in the Budapest airport, the non-controlling shareholders have the option to sell their interest in the event of a change of control in Hochtief, at a price that would be set by a third party. One of the non-controlling shareholders has announced that it is processing the sale option and has initiated arbitration proceedings since, in its opinion, the additional purchase of Hochtief shares by the ACS Group gave rise to the aforementioned change of control. The arbitration proceedings began in 2011 and it has yet to be determined when the corresponding arbitration award will be handed down. On 27 September 2013, the sale of Hochtief’s indirect ownership interest in the Budapest airport was closed and, therefore, there is no longer any risk related to the consolidation of the financial debt. With regard to the recognition of a financial liability in relation to the aforementioned put, the ACS Group considers that it will not be material and therefore it has not recognised any amount. In this connection, the Group is convinced that the arbitration will be resolved in favour of its interests or, in the event that it is deemed that a change of control does exist for the purposes of the agreement, that the reference value for the purchase will be close to zero due to the Airport’s financial situation.

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37. INFORMATION ON THE ENVIRONMENT

The ACS combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. The environmental policy of ACS is intended to be a framework in which, on the one hand, the general lines to be followed (principles) are defined and, on the other hand, the particular features of each business line and each project are collected (articulation).

The principles are the ACS Group's general environmental commitments. These are sufficiently flexible as to accommodate the elements of policy and planning developed by the companies in the different business areas. In addition, these commitments need to keep within the requirements of the ISO 14001 Standard:

- Commitment to complying with the legislation.
- Commitment to preventing pollution.
- Commitment to continuous improvement.
- Commitment to transparency, communication and the training of Group employees, suppliers, clients and other stakeholders.

In order to be able articulate and deploy a policy on these environmental commitments, the most significant are identified at corporate level and are compared with each company's management system and the environmental priorities for each business.

These common priorities, which then become common to the majority of the ACS Group members, establish objectives and programs to individually improve each company.

The following is a table outlining the main common features of ACS Group company management models and summarising their initiatives and degree of implementation:

GRUPO ACS ENVIRONMENTAL GOOD PRACTICES. DEGREE OF IMPLANTATION

Expressed as a % of sales)	2012	2013
Environmental management system existence	55.8%	98.9%
ISO14001 certification	68.0%	65.5%
Other certifications (different from ISO14001)	10.6%	11.2%
CO_2 emissions reduction objectives defined	71.3%	74.5%
Waste reduction objectives defined	73.2%	95.4%
Water consumption reduction objectives defined	15.1%	53.0%
Biodiversity impact reduction objectives defined	32.8%	55.8%
Employee variable remuneration linked to environmental objectives	25.0%	10.3%
Non-monetary rewards for employees related to environmental performance	0.1%	43.1%
Environmental management system audited by an independent party	55.8%	77.8%
Number of environmental audits carried out in your company	724	1.811
Number of environmental incidents occurred in the year	967	719
Environmental near misses identification systems	33.0%	16.9%
Environmental centralized database existence	71.6%	60.3%

The significant level of implementation of an environmental management system, present in companies representing 98.87% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is already implemented in 65.52% of ACS Group sales.

The responsibility of overseeing the ACS Group's environmental performance falls to the Environmental Department in each company. In general, and as summarised in the Management Principles table, the following common, general and most significant characteristics were found in ACS Group companies' management of environmental impacts:

- They themselves, in a decentralised and autonomous manner, develop their own policies and action plans
- They implement projects for certification and/or independent external auditing
- They carry out environmental audits.
- They have some type of centralised database to collect environmental data.
- They have an incident reporting system for detailing near misses relating to environmental matters.

Specifically and operationally, the key environmental measures revolve around four key risks regarding which the ACS Group explicitly positions itself: the fight against climate change , fostering of eco-efficiency , saving water and respect for biodiversity.

KEY PERFORMANCE INDICATORS - ENVIRONMENT

	2012	2013
Sales certified under ISO14001	68.0%	65.5%
Total water consumption (m^3)	10,067,651	30,389,759
Ratio: m^3 water / Sales (€mn)	262.2	792.0
Direct emissions (Scope 1) (tCO_2 equiv.)	322,758	351,021
Ratio Carbon intensity Scope 1: emissions / sales (€mn)	8.4	9.1
Indirect emissions (Scope 2) (tCO_2 equiv.)	392,331	346,861
Ratio Carbon intensity Scope 2: emissions / sales (€mn)	10.2	9.0
Indirect emissions (Scope 3) (tCO_2 equiv.)	1,451,662	5,147,151
Ratio Carbon intensity Scope 3: emissions / sales (€mn)	37.8	134.1
Total emissions (tCO_2 equiv.)	2,166,750	5,845,034
Ratio Carbon intensity total emissions / sales €mn))	56.4	152.3
Non-hazardous waste sent to treatment (t)	1,274,102	3,115,697
Ratio: Non-hazardous waste (t) / Sales (€mn)	33.2	81.2
Hazardous waste sent to treatment (t)	88,182	268,135
Ratio: Hazardous waste (t) / Sales (€mn)	2.3	7.0

* due to employees traveling and supply chain carbon footprint

The main environmental assets relate to the water treatment facilities, biogas, incineration and leachate systems to prevent and reduce environmental pollution and damage. At 31 December 2013, the value of these assets, net of depreciation, was EUR 21,499 thousand (EUR 17,511 thousand in 2012).

Environmental expenses incurred in 2013 amounted to EUR 1,561 thousand (EUR 1,979 thousand in 2012).

1) In the environmental data reported, a methodology was used to account for the CO2 emissions, both for 2012 and for 2013. As a result, pursuant to the GHG Protocol (appendix F) and EPE Protocol (waste sector methodology) which Urbaser has followed in order to calculate its carbon footprint, it classifies the emissions from the waste and water treatment facilities as indirect, Scope 3 emissions, since it does not own or have operational control within the facilities. The public authorities, as owners of the facilities, impose the operating requirements, whereas the managing companies are limited to operating them temporarily.

The Scope 1 emissions do not include the data from Leighton since the company's systems do not allow emissions to be calculated for the report's reference year prior to year end.

2) The 2013 waste data includes information from Leighton, but the 2012 data does not.

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38. AUDITORS' FEES

The fees for financial audit services provided to the various companies in 2013 and 2012 were as follows:

Thousands of euros	2013	2012
Audit service fees	**12,986**	**15,189**
Main auditor	11,005	11,204
Other auditors	1,981	3,985
Fees for tax services	**871**	**1,892**
Main auditor	493	370
Other auditors	378	1,522
Other services	**1,763**	**3,963**
Main auditor	1,572	2,508
Other auditors	191	1,455
Total	**15,620**	**21,044**

39. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

APPENDICES

As stated in Note 02 to the financial statements, Appendices I, II, III and IV list the subsidiaries, joint ventures and associates of most significance in the ACS Group in 2013, including their registered office and the Group's effective percentage of ownership. The effective percentage indicated in the Appendices includes, in the event it is applicable to subsidiaries, the proportionate part of the treasury shares held by the subsidiary.

The information is grouped in accordance with the management criteria of the ACS Group on the basis of the different business segments or lines of business carried on.

1. Corporate Unit

This includes the Parent of the Group, ACS, Actividades de Construcción y Servicios, S.A., and companies with ownership interests mainly in energy and telecommunications.

2. Construction

Information is separated on the basis of the two companies heading this line of business:

- **Dragados.** This includes both domestic and foreign activities relating to civil construction works (motorways and roads, railways, hydraulic infrastructures, coasts and ports, etc.), as well as residential and non-residential buildings.
- **Hochtief.** This segment includes the activities carried on by the different business segments of this company:
  - **Hochtief Americas** – Its activity is mainly carried on in the USA and Canada and relates to the construction of buildings (public and private), infrastructures, civil engineering, and educational and Sports facilities.
  - **Hochtief Asia Pacific** – Its activities are carried on by its Australian subsidiary Leighton, noteworthy being construction, mining contracts and the operation and development of real estate infrastructures.
  - **Hochtief Europe** – This segment mainly operates through Hochtief Solutions A.G., which designs, develops, constructs and operates infrastructure projects, real estate and facilities.
- **Iridium**. It carries out infrastructure promotion and development, both in relation to transport and public facilities, managing different public-private collaboration models.

3. Industrial Services

This segment is engaged in the development of applied engineering services, installations and the maintenance of industrial infrastructures in the energy, communications and control systems sectors.

4. Environment

This segment groups together environmental services such as road Cleaning, waste collection and transport, treatment and recycling of urban, commercial and industrial waste, integral management of the water cycle and urban landscaping.

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APPENDIX I. SUBSIDIARIES

Company	Registered Office	% Effective Ownership
PARENT		
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	
ACS Actividades Finance, B.V.	Amsterdam. Holland.	100.00%
ACS Telefonía Móvil, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Admirabilia, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Equity Share, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Funding Statement, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Major Assets, S. L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Novovilla, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Residencial Monte Carmelo, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Statement Structure, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
CONSTRUCTION - DRAGADOS		
Acainsa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain.	100.00%
Aparcamiento Tramo C. Rambla-Coslada, S.L.	C/ Orense, 34-1º. 28020 Madrid. Spain.	100.00%
Besalco Dragados, S.A.	Avda. Tajamar nº 183 piso 1º Las Condes. Santiago de Chile. Chile.	50.00%
Cesionaria Vallés Occidental, S.A.	Avda. Josep Tarradellas, nº 8-10. 08029 Barcelona. Spain.	100.00%
Comunidades Gestionadas, S.A. (COGESA)	C/ Orense, 34-1º. 28020 Madrid. Spain.	100.00%
Consorcio Constructor Bahía Chilota, S.A.	Avda. Tajamar 183, piso 5. Las Condes. Santiago de Chile. Chile.	49.99%
Consorcio Constructor Puente Santa Elvira, S.A.	Avda. Tajamar 183, piso 5. Las Condes. Santiago de Chile. Chile.	49.99%
Consorcio Dragados Conpax Dos S.A.	Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile. Chile.	55.00%
Consorcio Dragados Conpax, S.A.	Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile. Chile.	60.00%
Consorcio Tecdra, S.A.	Almirante Pastene, 244. 702 Providencia. Santiago de Chile. Chile.	100.00%
Construcciones y Servicios del Egeo, S.A.	Alamanas,1 151 25 Maroussi. Athens. Greece.	100.00%
Constructora Dycven, S.A.	Avda. Veracruz Edif. Torreón, Piso 3 Ofic 3-B, Urbaniz. Las Mercedes. Caracas. Venezuela.	100.00%
Constructora Vespucio Norte, S.A.	Avda. Vitacura 2939 ofic. 2201, Las Condes. Santiago de Chile. Chile.	54.00%
Construrail, S.A.	C/ Orense, 11. 28020 Madrid. Spain.	51.00%
Continental Rail, S.A.	C/ Orense, 11. 28020 Madrid. Spain.	100.00%
DRACE Infraestructuras S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Drace Infraestructures UK, Ltd.	Regina House second floor, 1-5 Queen Street. London EC4N 15W. United Kingdom.	100.00%
Drace Infrastructures USA, Llc.	701 5 th Avenue, Suite 7170 Seattle, WA 98104. Washington. United States of America.	100.00%
Dragados Australia PTY Ltd.	Level 3. 44 Caroline Street.South Yarra VIC 3141. Australia.	100.00%
Dragados Canada, Inc.	150 King Street West, Suite 2103. Toronto ON. Canada.	100.00%
Dragados Construction USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. United States of America.	100.00%
Dragados CVV Constructora, S.A.	Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile. Chile.	80.00%
Dragados Inversiones USA, S.L.	Avda. Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Dragados Ireland Limited	The Oval, Block 3, end floor 160, Shelbourn Road Dublin 4. Dublin. Ireland.	100.00%
Dragados Obra Civil y Edificac Mexico S.A de C.V.	C/ Hamburgo, 172, piso 1. Juarez Distrito Federal. 06000. Mexico.	100.00%
Dragados UK Ltd.	Hill House 1 Little New Street. London EC4A3TR United Kingdom.	100.00%
Dragados USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. United States of America.	100.00%
Dragados, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Dycasa S.A.	Avda. Leandro N.Alem. 986 Piso 4º. Buenos Aires. Argentina.	66.10%
Gasoductos y Redes Gisca, S.A.	C/ Orense, 11. 28020 Madrid. Spain	52.50%
Geocisa UK Ltd.	6 Mitre Passage, Floor 8. Greenwich Peninsula - Peninsula Central. London SE10 0ER. United Kingdom.	100.00%
Geocisa USA Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. United States of America.	100.00%
Geotecnia y Cimientos, S.A.	C/ Los Llanos de Jerez, 10-12. 28823 Coslada. Madrid. Spain.	100.00%
Gestifisa, S.A.	C/ Orense, 34 1º. 28020 Madrid. Spain.	100.00%
Inmobiliaria Alabega, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain.	100.00%
John P. Picone Inc.	31 Garden Lane. Lawrence. NY 11559. United States of America.	80.00%
Lining Precast, L.L.C .	P.O. Box 12274.Seattle, WA 98102. United States of America.	100.00%
Lucampa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain.	100.00%
Manteniment i Conservació del Vallés, S.A.	Avda. Josep Tarradellas, nº 8 2º puerta 4. 08029 Barcelona. Spain.	100.00%
Mostostal Pomorze, S.A.	80-557 Gdansk ul. Marynarki Polskiej 59. Poland.	100.00%
Muelle Melbourne & Clark, S.A.	Avda. Tajamar 183, piso 5. Las Condes. Santiago de Chile. Chile.	50.00%
Newark Real Estate Holdings, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. United States of America.	100.00%
PA CONEX Sp. z.o.o.	09-500 Gostynin ul. Ziejkowa 2a. Poland.	100.00%
PA Wyroby Betonowe Sp. z.o.o.	82-300 Elblag ul. Plk. Dabka 215. Poland.	100.00%
Placidus Investments Sp. z.o.o.	00-728 Warszawa ul. Kierbedzia 4. Poland.	60.00%

Company	Registered Office	% Effective Ownership
Pol-Aqua Wostok Sp. z.o.o.	115184 Moscow ul. Nowokuznieckaja 9. Russia.	51.00%
Pol-Aqua, S.A.	Dworska 1, 05-500 Piaseczno (Wólka Kozodawska). Poland.	100.00%
Protide, S.A.	C/ Orense, 34-1º 28020 Madrid. Spain.	100.00%
Pulice Construction, Inc.	2033 W Mountain View Rd. Phoenix. AZ 85021 Phoenix. United States of America.	100.00%
Remodelación Ribera Norte, S.A.	Avda. Josep Tarradellas, nº 8 2º puerta 4. 08029 Barcelona. Spain.	100.00%
Residencial Leonesa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain.	100.00%
Schiavone Construction Company	150 Meadowlands Parkway Seacaucus. 3rd Fl.New Jersey 07068. United States of America.	100.00%
Sicsa Rail Transport, S.A.	C/ Orense, 11. 28020 Madrid. Spain.	76.00%
Sussex Realty, Llc.	31 Garden Lane Lawrence, NY 11559. United States of America.	90.00%
Técnicas e Imagen Corporativa, S.L.	Avda. de Paris, 1. 19200 Azuqueca de Henares. Guadalajara. Spain.	100.00%
TECO Sp. z.o.o.	51-502 Wroclaw ul. Mydlana 1. Poland.	100.00%
Tecsa Empresa Constructora, S.A.	Avda. Madariaga 1. 48014 Bilbao. Spain.	100.00%
Tedra Australia Pty. L.T.D.	293 Queen Street, Altona, Meadows VIC 3028. Australia.	100.00%
Vias Canada Inc.	150 King Street West, Suite2103. Toronto ON. Canada.	100.00%
Vias USA Inc.	2711 Centerville Road, Suite 400, Wilmington. New Castle. Delaware. United States of America.	100.00%
Vias y Construcciones UK Limited	Regina House 2nd Floor, 1-5. Queen Street. London. United Kingdom.	100.00%
Vías y Construcciones, S.A.	C/ Orense, 11. 28020 Madrid. Spain.	100.00%
Weneda Sp. z.o.o.	45-355 Opole ul. 1-go Maja 77/1. Poland.	100.00%
CONSTRUCTION - IRIDIUM (Concessions)		
ACS Infrastructure Canada, Inc.	155 University Avenue, Suite 1800, Toronto, Ontario M5H 3B7. Canada.	100.00%
ACS Infrastructure Development, Inc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street.Wilmington New Castle. Delaware 19801. United States of America.	100.00%
ACS NA30 Holding Inc.	3700-1 Place Ville-Marie.Montreal, Quebec H3B 3P4. Canada.	100.00%
ACS Neah Partner Inc.	2800 Park Place. 666 Burrard Street.Vancouver BC V6C 2Z7. Canada.	100.00%
ACS OLRT Holdings INC.	100 King Street West, Suite 6000. Toronto. Ontario M5X 1E2. Canada.	100.00%
ACS RT Maintenance Partner INC.	100 King Street West, Suite 6000. Toronto. Ontario M5X 1E2. Canada.	100.00%
ACS RTG Partner INC.	100 King Street West, Suite 6000. Toronto. Ontario M5X 1E2. Canada.	100.00%
ACS WEP Holdings, Inc.	1 Germain Street Suite 1500. Saint John NB E2L4V1. Canada.	100.00%
Autovía de La Mancha, S.A. Concesionaria J CC Castilla La Mancha	21.500 de la CM-42 en el 45.430 de Mascaraque. Toledo. Spain.	75.00%
Autovia del Camp del Turia, S.A.	C/ Álvaro de Bazán, nº 10 Entlo. 46010 Valencia. Spain.	65.00%
Autovía del Pirineo, S.A.	Autovía del Pirineo A-21, pk. 39, 31487 Liédena, Navarra. Spain.	72.00%
Autovía Medinaceli-Calatayud Soc.Conces.Estado, S.A.	Avda. Camino de Santigo, 50 - 28050 Madrid. Spain.	95.00%
Can Brians 2, S.A.	Avda. Josep Tarradellas, 8, 2º. 08029 Barcelona. Spain.	100.00%
CAT Desenvolupament de Concessions Catalanes, S.L.	Avda. Josep Tarradellas, 8, 2º. 08029 Barcelona. Spain.	100.00%
Concesionaria Santiago Brión, S.A.	Centro de Control AG-56 Enlace de Pardiñas - Costola. 15895 Ames. A Coruña. Spain.	70.00%
Concesiones Viarias Chile Tres, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile.	100.00%
Concesiones Viarias Chile, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile.	100.00%
Desarrollo de Concesionarias Viarias Dos, S.L.	Avda. del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Desarrollo de Concesionarias Viarias Uno, S.L.	Avda. del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Desarrollo de Concesiones Ferroviarias, S.L.	Avda. del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. United Kingdom.	100.00%
Dragados Waterford Ireland, Ltd.	The Oval, Building 3. 160 Shelbourne Rd. Ballsbridge. Dublin. Ireland.	100.00%
Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A.	Avda. Josep Tarradellas, nº 8, Planta 2, puerta 4. 08029 Barcelona. Spain.	100.00%
Estacionament Centre Direccional, S.A.	Avda. de la Universitat, s/n. 43206 Reus. Tarragona. Spain.	100.00%
Explotación Comercial de Intercambiadores, S.A.	Avda. de America, 9A (Intercambiador de Tptes.) 28002 Madrid. Spain.	100.00%
FTG Holding Limited Partnership	1300 - 777 Dunsmuir Street Po Box 10424 Stn Pacific Ctr. Vancouver Bc V7Y 1K2. Canada.	66.68%
FTG Holdings, Inc.	1300 - 777 Dunsmuir Street Po Box 10424 Stn Pacific Ctr. Vancouver Bc V7Y 1K2. Canada.	100.00%
Green Canal Golf, S.A.	Avda. Filipinas, s/n esquina Avenida Pablo Iglesias s/n 28003 Madrid. Spain.	100.00%
I 595 ITS Solutions, Llc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street.Wilmington New Castle. Delaware 19801. United States of America.	100.00%
Inversora de la Autovía de la Mancha, S.A.	Avda. Camino de Santigo, 50. 28050 Madrid. Spain.	75.00%
Iridium Aparcamientos, S.L.	Avda. Camino de Santigo, 50. 28050 Madrid. Spain.	100.00%
Iridium Colombia Concesiones Viarias, SAS	Carrera 16 No. 95-70, Oficina 701, Código Postal 110221. Bogotá. Colombia.	100.00%
Iridium Colombia Desarrollo de Infraestructuras	Carrera 16 No. 95-70, Oficina 701, Código Postal 110221. Bogotá. Colombia.	100.00%
Iridium Concesiones de Infraestructuras, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Iridium Nouvelle Autoroute 30, Inc.	1, Place Ville-Marie 37e étage Montreal. Quebec H3B 3P4. Canada.	100.00%
Iridium Portlaoise Ireland Limited	The Oval, Building 3. 160 Shelbourne Rd. Ballsbridge. Dublin. Ireland.	100.00%
Marestrada-Operações e Manutenção Rodoviária, S.A.	Rua Julieta Ferrão, nº 10 – 6º andar 1600-131 Lisboa. Portugal.	70.00%
Parking Mérida III, S.A.U.	Avda. Lusitania, 15 1º Puerta 7. Mérida. Badajoz. Spain.	100.00%
Parking Nou Hospital del Camp, S.L.	Avda. de la Universitat, s/n. 43206 Reus. Tarragona. Spain.	100.00%

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Company	Registered Office	% Effective Ownership
Parking Palau de Fires, S.L.	Avda. de la Universitat, s/n.Spain. 43206 Reus. Tarragona. Spain.	100.00%
PLANESTRADA - Operação e Manutenção Rodoviária, SA	CAM Grândola EN120. Bairro da Tirana 7570 Grândola. Portugal.	70.00%
Reus-Alcover Conc de la Generalitat de Catalunya, S.A.	Avda. Josep Tarradellas, 8, 2º. 08029 Barcelona. Spain.	100.00%
The Currituck Development Group, Llc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street.Wilmington New Castle. Delaware 19801. United States of America.	100.00%
CONSTRUCTION - HOCHTIEF		
Hochtief Aktiengesellschaft	Essen, Germany.	55.94%
Beggen PropCo Sàrl	Strassen, Luxembourg.	55.94%
Builders Direct SA	Luxembourg, Luxembourg.	55.94%
Builders Insurance Holdings S.A.	Steinfort, Luxembourg.	55.94%
Builders Reinsurance S.A.	Steinfort, Luxembourg.	55.94%
Eurafrica Baugesellschaft mbH	Essen, Germany.	55.94%
Hochtief Concessions India Private Limited	Haryana, India.	55.94%
Hochtief Global One GmbH	Essen, Germany.	55.94%
Hochtief Insurance Broking and Risk Management Solutions GmbH	Essen, Germany.	55.94%
Steinfort Capital Growth SICAV-SIF	Bertrange, Luxembourg.	55.94%
Steinfort Fund of Funds SICAV-SIF	Hesperange, Luxembourg.	55.94%
Steinfort Propco Sàrl	Strassen, Luxembourg.	55.94%
Vintage Real Estate HoldCo Sàrl	Strassen, Luxembourg.	55.94%
HOCHTIEF AMERICAS		
2501 Constructors LLC	DC, United States of America.	55.94%
Auburndale Company, Inc.	Ohio, United States of America.	55.94%
Audubon Bridge Constructors	New Roads, United States of America.	30.21%
Bethesda View Constructors LLC	Maryland, United States of America.	55.94%
Canadian Turner Construction Company (Nova Scotia)	Nueva Escocia, Canada.	55.94%
Canadian Turner Construction Company Ltd.	Markham, Canada.	55.94%
Capitol Building Services LLC	Maryland, United States of America.	55.94%
Caribbean Operations, Inc.	Delaware, United States of America.	55.94%
CB Finco Corporation	Alberta, Canada.	28.53%
CB Resources Corporation	Alberta, Canada.	28.53%
Clark Builders Partnership Corporation	Alberta, Canada.	28.53%
E. E. Cruz and Company Inc.	Holmdel, United States of America.	55.94%
Facilities Management Solutions, LLC	Delaware, United States of America.	55.94%
FCI Constructors/Balfour Beatty	San Marco, United States of America.	39.16%
FECO Equipment	Denver, United States of America.	55.94%
Flatiron Construction Corp.	Wilmington, United States of America.	55.94%
Flatiron Construction International LLC	Wilmington, United States of America.	55.94%
Flatiron Constructors Canada Limited	Vancouver, Canada.	55.94%
Flatiron Constructors Inc.	Wilmington, United States of America.	55.94%
Flatiron Constructors Inc. Canadian Branch	Vancouver, Canada.	55.94%
Flatiron Electric AL Group	Wilmington, United States of America.	55.94%
Flatiron Equipment Company Canada	Calgary, Canada.	55.94%
Flatiron Holding Inc.	Wilmington, United States of America.	55.94%
Flatiron Parsons	Washington, United States of America.	39.16%
Flatiron West Inc.	Wilmington, United States of America.	55.94%
Flatiron/Kiewit, a Joint Venture	Longmont, United States of America.	36.36%
Flatiron/Turner Construction of New York LLC	New York, United States of America.	55.94%
Flatiron/United	Chocowinity, United States of America.	33.56%
Flatiron-Lane	Longmont, United States of America.	30.76%
Flatiron-Manson	Minneapolis, United States of America.	39.16%
Flatiron-Tidewater Skanska	Tampa, United States of America.	33.56%
Henry Street Builders, LLC	Virginia, United States of America.	55.94%
Hochtief Americas GmbH	Essen, Germany.	55.94%
Hochtief Argentina S.A.	Buenos Aires, Argentina.	55.94%
Hochtief USA INC.	Dallas, United States of America.	55.94%
HT CONSTRUCTION INC.	Dover, United States of America.	55.94%
Lacona, Inc.	Tennessee, United States of America.	55.94%
Maple Red Insurance Company	Vermont, United States of America.	55.94%
McKissack & McKissack, Turner, Tompkins, Gilford JV(MLK Jr. Memorial)	New York, United States of America.	30.76%

Company	Registered Office	% Effective Ownership
Metacon Technology Solutions, LLC	Texas, United States of America.	55.94%
Mideast Construction Services, Inc.	Delaware, United States of America.	55.94%
Misener Constru-Marina S.A. de C.V.	Ciudad Juárez, Mexico.	55.94%
Misener Servicios S.A. de D.V.	Ciudad Juárez, Mexico.	55.94%
North Carolina Constructors	Longmont, United States of America.	33.56%
O'Brien Edwards/Turner Joint Venture	New York, United States of America.	27.97%
Offshore Services, Inc.	Delaware, United States of America.	55.94%
OMM Inc.	Plantation, United States of America.	55.94%
Saddleback Constructors	Mission Viejo, United States of America.	30.21%
Services Products Buildings, Inc.	Ohio, United States of America.	55.94%
TC Professional Services, LLC	Delaware, United States of America.	55.94%
TCCO of South Carolina, LLC	South Carolina, United States of America.	55.94%
TGS/SamCorp JV (Paso del Norte - Port of Entry)	New York, United States of America.	55.94%
The Lathrop Company, Inc.	Delaware, United States of America.	55.94%
The Turner Corporation	Dallas, United States of America.	55.94%
Tompkins Builders, Inc.	Washington, United States of America.	55.94%
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen)	Distrito de Columbia, United States of America.	28.53%
Tompkins/Ballard JV (Richmond City Jail)	Distrito de Columbia, United States of America.	41.95%
Tompkins/Gilford JV (Prince George's Community College Center)	Distrito de Columbia, United States of America.	39.16%
Turner (East Asia) Pte. Ltd.	Singapore.	55.94%
Turner Alpha Limited	Trinidad, Trinidad and Tobago.	39.16%
Turner Canada Holdings Inc.	New Brunswick, Canada.	55.94%
Turner Caribe, Inc.	Delaware, United States of America.	55.94%
Turner Cayman Ltd.	Great Britain.	55.94%
Turner Construction Company	New York, United States of America.	55.94%
Turner Construction Company - Singapore (US)	Singapore.	55.94%
Turner Construction Company of Indiana, LLC	Indiana, United States of America.	55.94%
Turner Construction Company of Ohio LLC	Ohio, United States of America.	55.94%
Turner Cornerstone Korea	Südkorea.	55.94%
Turner Cross Management (Blackrock)	New York, United States of America.	33.56%
Turner Cross Management IV (Blackrock Wilmington 400 Bellevue)	New York, United States of America.	39.16%
Turner Davis JV (Laurelwood/Rowney)	New York, United States of America.	28.53%
Turner Development Corporation	Delaware, United States of America.	55.94%
Turner Harmon JV (Clarian Hospital - Fishers)	New York, United States of America.	41.95%
Turner HGR JV(Smith County Jail-Precon/Early Release)	New York, United States of America.	33.56%
Turner International (East Asia) Pte. Limited	Sri Lanka.	55.94%
Turner International (Hong Kong) Limited	Hong Kong.	55.94%
Turner International (UK) Ltd.	London, Great Britain.	55.94%
Turner International Industries, Inc.	Delaware, United States of America.	55.94%
Turner International Korea LLC	Südkorea.	55.94%
Turner International Limited	Bermuda, United States of America.	55.94%
Turner International LLC	Delaware, United States of America.	55.94%
Turner International Malaysia SDN BHD	Malaysia.	55.94%
Turner International Mexico SRL	United States of America.	55.94%
Turner International Professional Services, S. de R. L. de C.V.	Mexico.	55.94%
Turner International Pte. Limited	Singapore.	55.94%
Turner International Support Services, S. de R. L. de C.V.	Mexico.	55.94%
Turner Lee Lewis (Lubbock Hotel)	New York, United States of America.	33.56%
Turner Logistics Canada Ltd.	New Brunswick, Canada.	55.94%
Turner Logistics, LLC	Delaware, United States of America.	55.94%
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai, China.	55.94%
Turner Partnership Holdings Inc.	New Brunswick, Canada.	55.94%
Turner Project Management India Private Ltd.	India.	55.94%
Turner Sabinal JV	New York, United States of America.	44.75%
Turner Southeast Europe d.o.o Beograd	Beograd, Serbia.	55.94%
Turner Support Services, Inc.	Delaware, United States of America.	55.94%
Turner Surety & Insurance Brokerage Inc.	New Jersey, United States of America.	55.94%
Turner Trotter II(IPS Washington School)	New York, United States of America.	27.97%
Turner Trotter JV (Clarian Fishers Medical Center)	New York, United States of America.	41.95%
Turner Vietnam Co. Ltd.	Vietnam.	55.94%
Turner/ADCo DTA (OUSD downtown education center)	New York, United States of America.	39.16%

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Company	Registered Office	% Effective Ownership
Turner/Con-Real - Forest/JV	New York, United States of America.	33.56%
Turner/Con-Real (Tarratn County college District SE Campus New Wing)	New York, United States of America.	39.16%
Turner/CON-REAL-University of Arkansas	Texas, United States of America.	28.53%
Turner/Hallmark JV1 (Beaumont ISD Athletic Complex)	New York, United States of America.	55.94%
Turner/HGR	Texas, United States of America.	28.53%
Turner/Hoist	Distrito de Columbia, United States of America.	28.53%
Turner/HSC JV (Cooper University Hospital)	New York, United States of America.	39.16%
Turner/JGM JV (Proposition Q)	New York, United States of America.	37.48%
Turner/Trevino JV1 (HISD Program Management)	New York, United States of America.	36.36%
Turner/White JV (Sinai Grace Hospital)	New York, United States of America.	33.56%
Turner-Arellano Joint Venture	New York, United States of America.	33.56%
Turner-Davis Atlanta Airport joint Venture (Hartsfield Jackson Intnl Ariport DOA Secutiry Office Renovation)	New York, United States of America.	33.56%
Turner-Marhnos S A P I De CV	Ciudad de Mexico City, Mexico.	28.53%
Turner-Penick JV (US Marine Corp BEQ Pkg 4 & 7)	New York, United States of America.	33.56%
Turner-Powers & Sons (Lake Central School Corporation)	New York, United States of America.	33.56%
Turner-Tooles JV (Cobo Conference Center)	New York, United States of America.	44.75%
Universal Construction Company, Inc.	Delaware, United States of America.	55.94%
West Coast Rail Constructors	San Marco, United States of America.	36.36%
White/Turner Joint Venture (New Munger PK-8)	New York, United States of America.	27.97%
White/Turner Joint Venture Team (DPS Mumford High School)	New York, United States of America.	27.97%
White-Turner JV (City of Detroit Public Safety)	New York, United States of America.	27.97%
HOCHTIEF ASIA PACIFIC		
111 Margaret Street Pty Limited	Victoria, Australia.	16.53%
145 Ann Street Pty. Ltd.	Australia.	32.41%
145 Ann Street Trust	Australia.	32.41%
512 Wickham Street Pty. Ltd.	Australia.	32.41%
512 Wickham Street Trust	Australia.	32.41%
A.C.N. 126 130 738 Pty. Ltd.	Australia.	32.41%
A.C.N. 151 868 601 Pty Ltd	Victoria, Australia.	32.41%
ACN 112 829 624 Pty Ltd	Australia.	32.41%
Ashmore Developments Pty Limited	Australia.	32.41%
Ausindo Holdings Pte. Ltd.	Singapore.	32.41%
Boggo Road Project Pty Limited	Singapore.	32.41%
Boggo Road Project Trust	Queensland, Australia.	32.41%
BOS Australia Pty. Ltd.	South Bank, Australia.	32.41%
Broad Construction Services (NSW/VIC) Pty. Ltd.	Newcastle, Australia.	32.41%
Broad Construction Services (QLD) Pty. Ltd.	Gold Coast, Australia.	32.41%
Broad Construction Services (WA) Pty Ltd.	Australia.	32.41%
Broad Group Holdings Pty. Ltd.	Perth, Australia.	32.41%
Delron Cleaning Pty Ltd	Australia.	25.93%
Delron Group Facility Services Pty Limited	Australia.	25.93%
Devine Bacchus Marsh Pty Limited	WA, Australia.	8.43%
Devine Constructions Pty Limited	Queensland, Australia.	8.43%
Devine Funds Pty Limited	Queensland, Australia.	8.43%
Devine Funds Unit Trust	Victoria, Australia.	8.43%
Devine Homes Pty Limited	Australia.	8.43%
Devine Land Pty Limited	Queensland, Australia.	8.43%
Devine Ltd.	Brisbane, Australia.	16.53%
Devine Management Services Pty Limited	Queensland, Australia.	8.43%
Devine Queensland No. 10 Pty Limited	Queensland, Australia.	8.43%
Devine Springwood No. 1 Pty Limited	Queensland, Australia.	8.43%
Devine Springwood No. 2 Pty Limited	NSW, Australia.	8.43%
Devine Springwood No. 3 Pty Ltd.	Australia.	8.43%
DMB Pty Limited	Queensland, Australia.	8.43%
DoubleOne 3 Pty Ltd	Australia.	8.43%
DPS Leighton Offshore Engineering Sdn Bhd	Queensland, Australia.	32.41%
Ewenissa Pty Ltd.	Sydney, Australia.	32.41%
Fleetco Finance Pty. Ltd.	Australia.	32.41%
Fleetco Holdings Pty. Ltd.	Australia.	32.41%

Company	Registered Office	% Effective Ownership
Fleetco Management Pty. Ltd.	Australia.	32.41%
Fleetco Rentals Pty. Ltd.	Australia.	32.41%
Fleetco Services Pty. Ltd.	Australia.	32.41%
Giddens Investment Ltd.	Hong Kong.	32.41%
Green Construction Company	Wilmington, United States of America.	32.41%
Gridcomm Pty. Ltd.	Melbourne, Australia.	32.41%
Hamilton Harbour	Australia.	24.31%
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Australia.	24.31%
Hochtief Asia Pacific GmbH	Essen, Germany.	55.94%
Hochtief Australia Holdings Limited	Sydney, Australia.	55.94%
Hunter Valley Earthmoving Co. Pty Ltd.	Rutherford, Australia.	32.41%
HWE Cockatoo Pty Ltd	Australia.	32.41%
HWE Maintenance Services Pty. Ltd.	Australia.	32.41%
HWE Mining Pty Ltd	Australia.	32.41%
HWE Newman Assets Pty Ltd	Australia.	32.41%
Inspire Schools Finance Pty Limited	Australia.	32.41%
Jarrah Wood Pty. Ltd.	Australia.	32.41%
JH Rail Holdings Pty. Limited	Australia.	19.12%
JH Rail Investments Pty. Limited	Australia.	19.12%
JH Rail Operations Pty. Limited	Australia.	19.12%
JHG Mutual Limited	Australia.	32.41%
Joetel Pty. Limited	Australia.	19.12%
John Holland - Leighton (South East Asia) Joint Venture	Hong Kong.	32.41%
John Holland (NZ) Ltd.	New Zealand.	32.41%
John Holland AD Holdings Pty. Ltd.	Abbotsford, Australia.	32.41%
John Holland AD Investments Pty. Ltd.	Abbotsford, Australia.	32.41%
John Holland AD Operations Pty. Ltd.	Abbotsford, Australia.	32.41%
John Holland Aviation Services Pty. Ltd.	Australia.	32.41%
John Holland Development & Investment Pty. Ltd.	Abbotsford, Australia.	32.41%
John Holland Engineering Pty. Ltd.	Australia.	32.41%
John Holland Group Pty Ltd.	Abbotsford, Australia.	32.41%
John Holland Infrastructure Nominees Pty. Ltd.	Australia.	32.41%
John Holland Infrastructure Pty. Ltd.	Australia.	32.41%
John Holland Infrastructure Trust	Australia.	32.41%
John Holland Investment Pty. Ltd.	Australia.	32.41%
John Holland Melbourne Rail Franchise Pty. Ltd.	Australia.	32.41%
John Holland Pty Ltd.	Abbotsford, Australia.	32.41%
John Holland Queensland Pty. Ltd.	Australia.	32.41%
John Holland Rail Pty. Ltd.	Abbotsford, Australia.	32.41%
John Holland Services Pty. Ltd.	Australia.	32.41%
Kings Square Developments Pty Ltd (100%)	Australia.	32.41%
Kings Square Developments Unit Trust (100%)	Australia.	32.41%
Kingscliff Resort Trust	Australia.	32.41%
LCPL (PNG) Limited	Papua New Guinea.	32.41%
Leighton (PNG) Limited	Papua New Guinea.	32.41%
Leighton Admin Services Pty Ltd.	Sydney, Australia.	32.41%
Leighton Africa Botswana (Proprietary) Limited	Botswana.	32.41%
Leighton Arranging Pty. Ltd.	Australia.	32.41%
Leighton Asia (China) Limited	Hong Kong.	32.41%
Leighton Asia (Hong Kong) Holdings (No. 2) Limited	Hong Kong.	32.41%
Leighton Asia Ltd.	Hong Kong.	32.41%
Leighton Asia Southern Pte. Ltd.	Singapore.	32.41%
Leighton Companies Management Group LLC	United Arab Emirates.	15.88%
Leighton Construction and Mining Africa (Pty) Ltd	Botswana.	32.41%
Leighton Contractors (Asia) Ltd.	Hong Kong.	32.41%
Leighton Contractors (China) Ltd.	Hong Kong.	32.41%
Leighton Contractors (Indo-China) Ltd.	Hong Kong.	32.41%
Leighton Contractors (Laos) Sole Company Ltd.	Laos.	32.41%
Leighton Contractors (Malaysia) Sdn. Bhd.	Malaysia.	32.41%
Leighton Contractors (Philippines) Inc.	Philippines.	32.41%
Leighton Contractors Asia (Cambodia) Co. Ltd.	Cambodia.	32.41%

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Company	Registered Office	% Effective Ownership
Leighton Contractors Asia (Vietnam) Limited	Vietnam.	32.41%
Leighton Contractors Inc.	Wilmington, United States of America.	32.41%
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Australia.	32.41%
Leighton Contractors Infrastructure Pty. Ltd.	Australia.	32.41%
Leighton Contractors Infrastructure Trust	Australia.	32.41%
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka.	32.41%
Leighton Contractors Mauritius Ltd.	Mauritius.	32.41%
Leighton Contractors Pty Ltd.	Sydney, Australia.	32.41%
Leighton Engineering & Construction (Singapore) Pte Ltd	Singapore.	32.41%
Leighton Engineering Joint Venture	Malaysia.	22.69%
Leighton Fabrication and Modularization Ltd.	Tailandia.	32.41%
Leighton Finance (USA) Pty. Ltd.	Australia.	32.41%
Leighton Finance International Pty Ltd.	Australia.	32.41%
Leighton Finance Ltd.	Sydney, Australia.	32.41%
Leighton Foundation Engineering (Asia) Ltd.	Hong Kong.	32.41%
Leighton Funds Management Pty Ltd.	Sydney, Australia.	32.41%
Leighton Geotech Ltd.	Bangkok, Tailandia.	32.41%
Leighton Group Property Services Pty. Ltd.	Australia.	32.41%
Leighton Harbour Trust	Australia.	32.41%
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Australia.	32.41%
Leighton Holdings Infrastructure Pty. Ltd.	Australia.	32.41%
Leighton Holdings Infrastructure Trust	Australia.	32.41%
Leighton Holdings Investments Pty. Ltd.	Australia.	32.41%
Leighton Holdings Limited	Sydney, Australia.	32.41%
Leighton Holland Browse JV	Australia.	32.41%
Leighton Infrastructure Investments Pty. Ltd.	Sydney, Australia.	32.41%
Leighton International Holdings Limited	Islas Caiman, Great Britain.	32.41%
Leighton International Ltd.	Islas Caiman, Great Britain.	32.41%
Leighton International Mauritius Holdings Limited No. 4	Mauritius.	32.41%
Leighton International Projects (India) Private Limited	India.	32.41%
Leighton Investments Mauritius Limited	Mauritius.	32.41%
Leighton Investments Mauritius Limited No. 2	Hong Kong.	32.41%
Leighton Investments Mauritius Limited No. 4	Mauritius.	32.41%
Leighton John Holland Joint Venture (Lai Chi Kok)	Hong Kong.	32.41%
Leighton LLC	Mongolia.	32.41%
Leighton M&E Limited	Hong Kong.	32.41%
Leighton Mauritius (Africa) Limited	Mauritius.	32.41%
Leighton Middle East and Africa (Holding) Limited	Great Britain.	32.41%
Leighton Motorway Investments No. 2 Pty. Ltd.	Sydney, Australia.	32.41%
Leighton Offshore Arabia Co. Ltd.	Arabia Saudí.	32.41%
Leighton Offshore Australia Pty. Ltd.	Australia.	32.41%
Leighton Offshore Eclipse Pte. Ltd.	Singapore.	32.41%
Leighton Offshore Faulkner Pte. Ltd.	Singapore.	32.41%
Leighton Offshore Mynx Pte. Ltd.	Singapore.	32.41%
Leighton Offshore Pte. Ltd.	Singapore.	32.41%
Leighton Offshore Sdn Bhd (formerly Leighton International Sdn. Bhd.)	Malaysia.	32.41%
Leighton Offshore Stealth Pte. Ltd.	Singapore.	32.41%
Leighton Offshore-John Holland Joint Venture (LTA Project)	Australia.	32.41%
Leighton Pacific St Leonards Pty. Ltd.	Australia.	32.41%
Leighton Pacific St Leonards Unit Trust	Australia.	32.41%
Leighton Portfolio Services Pty Ltd.	Sydney, Australia.	32.41%
Leighton Projects Consulting (Shanghai) Ltd.	China.	32.41%
Leighton Properties (Brisbane) Pty Ltd.	Sydney, Australia.	32.41%
Leighton Properties (NSW) Pty Ltd (100%)	Australia.	32.41%
Leighton Properties (VIC) Pty Ltd.	Sydney, Australia.	32.41%
Leighton Properties (WA) Pty. Ltd.	Australia.	32.41%
Leighton Properties Pty Ltd.	Sydney, Australia.	32.41%
Leighton Properties Resorts Pty Limited	Australia.	32.41%
Leighton Property Development Pty Ltd.	Sydney, Australia.	32.41%
Leighton Property Funds Management Ltd.	Sydney, Australia.	32.41%

Company	Registered Office	% Effective Ownership
Leighton Property Management Pty Ltd.	Sydney, Australia.	32.41%
Leighton Residential Investments Pty. Ltd.	Australia.	32.41%
Leighton Services Australia Pty Ltd.	Sydney, Australia.	32.41%
Leighton Staff Shares Pty Ltd.	Sydney, Australia.	32.41%
Leighton USA Inc.	United States of America.	32.41%
Leighton Welspun Contractors Private Ltd.	Kala Ghoda Fort, India.	32.41%
Leighton-John Holland Joint Venture	Australia.	32.41%
Leighton-John Holland JV (Thomson Line)	Singapore.	32.41%
Leighton-LNS Joint Venture	Hong Kong.	25.93%
Leigthon Offshore / Leighton Engineering & Construction JV	Singapore.	32.41%
LH Holdings Co Pty Ltd	Australia.	32.41%
LMENA No. 1 Pty. Ltd.	Australia.	32.41%
LMENA Pty. Ltd.	Australia.	32.41%
LPWRAP Pty Ltd	Australia.	32.41%
LSE Technology (Australia) Pty Ltd.	Sydney, Australia.	32.41%
Martox Pty. Ltd.	Australia.	19.12%
Menette Pty. Limited	Australia.	32.41%
Mode Apartments Pty. Ltd.	Australia.	16.53%
Mode Apartments Unit Trust	Australia.	16.53%
Moonamang Joint Venture Pty Ltd	Australia.	32.41%
Moorookyle Devine Pty Limited	Victoria, Australia.	2.19%
Nestdeen Pyt. Ltd.	Australia.	32.41%
Nexus Point Solutions Pty. Ltd.	Sydney, Australia.	32.41%
Opal Insurance (Singapore) Pte Ltd.	Singapore.	32.41%
Pioneer Homes Australia Pty Limited	Queensland, Australia.	4.30%
Plant & Equipment Leasing Pty Ltd.	Sydney, Australia.	32.41%
PT Cinere Serpong Jaya	Indonesia.	32.41%
PT Leighton Contractors Indonesia	Indonesia.	32.41%
PT Ngawi Kertosono Jaya	Indonesia.	30.79%
PT Solo Ngawi Jaya	Indonesia.	30.79%
PT Thiess Contractors Indonesia	Jakarta, Indonesia.	32.41%
River Links Developments Pty. Ltd.	Australia.	32.41%
Riverstone Rise Gladstone Pty Ltd	Australia.	8.43%
Riverstone Rise Gladstone Unit Trust	Australia.	8.43%
Silcar New Caledonia SAS	Australia.	32.41%
Silcar Pty. Ltd.	Bayswater, Australia.	32.41%
Silverton Group Pty. Ltd.	Australia.	32.41%
Talcliff Pty Limited	Queensland, Australia.	8.43%
Technical Resources Pty Ltd.	Sydney, Australia.	32.41%
Telecommunication Infrastructure Pty. Ltd.	Abbotsford, Australia.	32.41%
Thai Leighton Ltd.	Bangkok, Tailandia.	32.41%
Thiess (Mauritius) Pty. Ltd.	Mauritius.	32.41%
Thiess Contractors (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia.	32.41%
Thiess Contractors (PNG) Ltd.	Papua New Guinea.	32.41%
Thiess India Pvt Ltd	India.	32.41%
Thiess Infraco Pty. Limited	Australia.	32.41%
Thiess Infrastructure Nominees Pty. Ltd.	Australia.	32.41%
Thiess Infrastructure Pty. Ltd.	Australia.	32.41%
Thiess Infrastructure Trust	Australia.	32.41%
Thiess John Holland Joint Venture (Airport Link)	Australia.	32.41%
Thiess John Holland Joint Venture (Eastlink)	Australia.	32.41%
Thiess John Holland Joint Venture (Lane Cove Tunnel)	Australia.	32.41%
Thiess John Holland Motorway Services	Australia.	32.41%
Thiess Minecs India Pvt. Ltd.	India.	29.17%
Thiess Mining Maintenance Pty. Ltd.	South Bank, Australia.	32.41%
Thiess NC	Nueva Caledonia.	32.41%
Thiess NZ Limited	Auckland, New Zealand.	32.41%
Thiess Pty Ltd.	South Bank, Australia.	32.41%
Thiess Services John Holland Services Joint Venture	Australia.	32.41%
Thiess Services Ltd.	New Zealand.	32.41%
Thiess Services Pty Ltd.	South Bank, Australia.	32.41%

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Company	Registered Office	% Effective Ownership
Thiess Southland Pty Ltd.	South Bank, Australia.	32.41%
Think Consulting Group Pty. Ltd.	Australia.	32.41%
Townsville City Project Pty Ltd	Australia.	24.31%
Townsville City Project Trust	Australia.	24.31%
Vision Hold Pty Ltd.	St. Leonards, Australia.	32.41%
Visionstream Australia Pty Ltd.	St. Leonards, Australia.	32.41%
Visionstream Pty Ltd.	Sydney, Australia.	32.41%
Visionstream Services Pty Ltd.	Sydney, Australia.	32.41%
Vytel Pty Ltd.	Sydney, Australia.	32.41%
Western Port Highway Trust	Australia.	32.41%
Yoltax Pty. Limited	Australia.	19.12%
Zelmex Pty. Limited	Australia.	19.12%
HOCHTIEF Europe		
A.L.E.X.-Bau GmbH	Essen, Germany.	55.94%
ACL Investment a.s.	Prag, Czech Republic.	55.94%
Area of Sports mbH & Co. KG	Mönchengladbach, Germany.	27.97%
AVN Chile Fünfte Holding GmbH	Essen, Germany.	55.94%
AVN Chile Vierte Holding GmbH	Essen, Germany.	55.94%
Constructora Cheves S.A.C.	Lima, Peru.	36.36%
Constructora Hochtief - Tecsa S.A.	Santiago de Chile, Chile.	39.16%
Constructora Nuevo Maipo S.A.	Santiago de Chile, Chile.	39.16%
Copernicus Apartments Sp. z o.o.	Warschau, Poland.	55.94%
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen, Germany.	55.94%
Deutsche Baumanagement GmbH	Essen, Germany.	55.94%
DURST-BAU GmbH	Wien, Austria.	55.94%
Entreprise Générale de Construction Hochtief-Luxembourg S.A.	Luxembourg, Luxembourg.	55.94%
Euripus s.r.o.	Prag, Czech Republic.	55.94%
Europaviertel Baufeld 4d GmbH & Co. KG	Essen, Germany.	55.94%
FM Holding GmbH	Essen, Germany.	55.94%
formart GmbH & Co. KG	Essen, Germany.	55.94%
formart Immobilien GmbH	Essen, Germany.	55.94%
forum am Hirschgarten Nord GmbH & Co. KG	Essen, Germany.	55.94%
forum am Hirschgarten Süd GmbH & Co. KG	Essen, Germany.	55.94%
Grundstücksgesellschaft Köbis Dreieck GmbH & Co. Development KG	Essen, Germany.	50.34%
GVG mbH & Co. Objekt RPU Berlin 2 KG	Essen, Germany.	52.58%
Hochtief (UK) Construction Ltd.	Swindon, Great Britain.	55.94%
Hochtief A5 Holding GmbH	Wien, Austria.	55.94%
Hochtief ABC Schools Partner Inc.	Calgary, Canada.	55.94%
Hochtief Ackerstraße 71-76 GmbH & Co. KG	Berlin, Germany.	55.94%
Hochtief Asset Services GmbH	Essen, Germany.	55.94%
Hochtief Aurestis Beteiligungsgesellschaft mbH	Essen, Germany.	55.94%
Hochtief Building GmbH	Essen, Germany.	55.94%
Hochtief Canada Holding 1 Inc.	Toronto, Canada.	55.94%
Hochtief Canada Holding 2 Inc.	Toronto, Canada.	55.94%
Hochtief Canada Holding 3 Inc.	Calgary, Canada.	55.94%
Hochtief Construction Austria GmbH & Co. KG	Wien, Austria.	55.94%
Hochtief Construction Chilena Ltda.	Santiago de Chile, Chile.	55.94%
Hochtief Construction Erste Vermögensverwaltungsgesellschaft mbH	Essen, Germany.	55.94%
Hochtief Construction Management Middle East GmbH	Essen, Germany.	55.94%
Hochtief CZ a.s.	Prag, Czech Republic.	55.94%
Hochtief Development Austria GmbH	Wien, Austria.	55.94%
Hochtief Development Austria Verwaltungs GmbH & Co. KG	Wien, Austria.	55.94%
Hochtief Development Czech Republic s.r.o.	Prag, Czech Republic.	55.94%
Hochtief Development Hungary Kft.	Budapest, Hungary.	55.94%
Hochtief Development Poland Sp. z o.o.	Warschau, Poland.	55.94%
Hochtief Development Project One SRL	Bucarest, Romania.	55.94%
Hochtief Development Project Three SRL	Bucarest, Romania.	55.94%
Hochtief Development Project Two SRL	Bucarest, Romania.	55.94%

Company	Registered Office	% Effective Ownership
Hochtief Development Romania SRL	Bucarest, Romania.	55.94%
Hochtief Development Schweden AB	Stockholm, Sweden.	55.94%
Hochtief Development Schweiz Projekt 2 AG	Opfikon, Switzerland.	55.94%
Hochtief Engineering GmbH	Essen, Germany.	55.94%
Hochtief Gayrimenkul Gelistirme Limited Sirketi	Istambul, Turkey.	55.94%
Hochtief Hamburg GmbH	Hamburg, Germany.	39.16%
Hochtief Infrastructure GmbH	Essen, Germany.	55.94%
Hochtief Kirchberg Services S.A.	Luxembourg, Luxembourg.	55.94%
Hochtief NEAH Partner Inc.	Edmonton, Canada.	55.94%
Hochtief Offshore Crewing GmbH	Essen, Germany.	55.94%
Hochtief ÖPP Projektgesellschaft mbH	Essen, Germany.	55.94%
Hochtief Polska S.A.	Warschau, Poland.	55.94%
Hochtief PPP 1. Holding GmbH & Co. KG	Essen, Germany.	55.94%
Hochtief PPP Bundeswehrpartner FWK München GmbH & Co. KG	Essen, Germany.	55.94%
Hochtief PPP Europa GmbH	Essen, Germany.	55.94%
Hochtief PPP Schools Capital Limited	Swindon, Great Britain.	28.53%
Hochtief PPP Schulpartner Braunschweig GmbH	Braunschweig, Germany.	55.94%
Hochtief PPP Schulpartner Frankfurt am Main GmbH & Co. KG	Frankfurt am Main, Germany.	55.94%
Hochtief PPP Schulpartner GmbH & Co. KG	Heusenstamm, Germany.	53.08%
Hochtief PPP Schulpartner Köln P 1 GmbH & Co. KG	Essen, Germany.	55.94%
Hochtief PPP Schulpartner Köln Rodenkirchen GmbH & Co. KG	Essen, Germany.	55.94%
Hochtief PPP Solutions (Ireland) Limited	Dublin, Ireland.	55.94%
Hochtief PPP Solutions (UK) Limited	Swindon, Great Britain.	55.94%
Hochtief PPP Solutions GmbH	Essen, Germany.	55.94%
Hochtief PPP Solutions Netherlands B.V.	Vianen, Holland.	55.94%
Hochtief PPP Solutions North America Inc.	Delaware, United States of America.	55.94%
Hochtief Presidio Holding LLC	Wilmington, United States of America.	55.94%
Hochtief Projektentwicklung GmbH	Essen, Germany.	55.94%
Hochtief Projektentwicklung 'Helfmann Park' GmbH & Co. KG	Essen, Germany.	55.94%
Hochtief Property Management GmbH	Essen, Germany.	55.94%
Hochtief Shield Investment Inc.	Toronto, Canada.	55.94%
Hochtief Solutions AG	Essen, Germany.	55.94%
Hochtief Solutions Insaat Hizmetleri A.S.	Istambul, Turkey.	55.94%
Hochtief Solutions Middle East Qatar W.L.L.	Doha, Qatar.	27.41%
Hochtief Solutions Real Estate GmbH	Essen, Germany.	55.94%
Hochtief Trade Solutions GmbH	Essen, Germany.	55.94%
Hochtief ViCon GmbH	Essen, Germany.	55.94%
Hochtief ViCon Qatar W.L.L.	Doha, Qatar.	27.41%
HT Sol RE formart Objekt 'Flensburg K' GmbH & Co. KG	Essen, Germany.	55.94%
HT Sol RE formart Objekt 'Flensburg P' GmbH & Co. KG	Essen, Germany.	55.94%
HT Sol RE Projekt 6 GmbH & Co. KG	Essen, Germany.	55.94%
HTD Smart Office Nr.1 GmbH & Co. KG	Wien, Austria.	55.94%
HTP Grundbesitz Blue Heaven GmbH	Essen, Germany.	52.58%
HTP Immo GmbH	Essen, Germany.	55.94%
HTP Projekt 1 (eins) GmbH & Co KG	Essen, Germany.	55.94%
HTP Projekt 2 (zwei) GmbH & Co KG	Essen, Germany.	55.94%
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH	Essen, Germany.	55.94%
Immobilière de Hamm S.A.	Luxembourg, Luxembourg.	55.94%
Inserta s.r.o.	Prag, Czech Republic.	55.94%
Inversiones Hochtief PPP Solutions Chile dos Ltda.	Santiago de Chile, Chile.	55.94%
LOFTWERK Eschborn GmbH & Co. KG	Essen, Germany.	55.94%
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG	Essen, Germany.	55.94%
MOLTENDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Mainoffice KG	Frankfurt am Main, Germany.	55.94%
OOO Hochtief	Moscu, Russia.	55.94%
Project Development Poland 3 B.V.	Amsterdam, Holland.	55.94%
Project SP1 Sp. z o.o.	Warschau, Poland.	55.94%
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG	Essen, Germany.	55.94%
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen, Germany.	55.94%
Projektgesellschaft Marco Polo Tower GmbH & Co. KG	Hamburg, Germany.	39.16%

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Company	Registered Office	% Effective Ownership
Projektgesellschaft Marieninsel Ost GmbH & Co. KG	Essen, Germany.	55.94%
Projektgesellschaft Marieninsel West GmbH & Co. KG	Essen, Germany.	55.94%
Projektgesellschaft Quartier 21 mbH & Co. KG	Essen, Germany.	30.76%
PSW Hainleite GmbH	Sondershausen, Germany.	55.94%
PSW Leinetal GmbH	Freden, Germany.	55.94%
PSW Lippe GmbH	Lüdge, Germany.	55.94%
PSW Zollernalb GmbH	Hechingen, Germany.	55.94%
RheinauArtOffice GmbH & Co. KG	Essen, Germany.	27.97%
SCE Chile Holding GmbH	Essen, Germany.	55.94%
SCE Chilean Holding S.A.	Santiago de Chile, Chile.	55.94%
Soduker B.V.	Amsterdam, Holland.	55.94%
Spiegel-Insel Hamburg GmbH & Co. KG	Essen, Germany.	55.94%
Streif Baulogistik GmbH	Essen, Germany.	55.94%
STREIF Baulogistik Polska Sp. z o.o.	Warschau, Poland.	55.94%
TERRA CZ s.r.o.	Prag, Czech Republic.	55.94%
Tirpser B.V.	Amsterdam, Holland.	55.94%
Tivoli Garden GmbH & Co. KG	Essen, Germany.	55.94%
Tivoli Office GmbH & Co. KG	Essen, Germany.	55.94%
Uferpalais Projektgesellschaft mbH & Co. KG	Essen, Germany.	39.16%
Valentinka a.s.	Prag, Czech Republic	55.94%
INDUSTRIAL SERVICES		
ACS industrial Services, LLC.	3511 Silverside road suite 105 Wilmington Delaware 19810 County of New Castle. United States of America.	100.00%
ACS Peru	Avda. Víctor Andrés Belaúnde 887 Distrito Carmen de Le Legua Reinoso. Lima. Peru.	100.00%
ACS Servicios Comunicac y Energía de Mexico SA CV	C/ Juan Racine, 112 Piso 8. 11510 Mexico DF. Mexico.	100.00%
ACS Servicios Comunicaciones y Energía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Actividades de Instalaciones y Servicios, Cobra, S.A.	C/ 21 nº 7070, Parque Empresarial Montevideo. Bogotá. Colombia.	100.00%
Actividades de Montajes y Servicios, S.A. de C.V.	C/ Melchor Ocampo, 193 Torre C, Piso 14, Letra D Colonia Verónica Anzures. Mexico.	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A.	2 Avda. 13-35 Zona 17, Ofibodegas los Almendros Nº 3. 01017 Ciudad de Guatemala. Guatemala.	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A.	Avda. Amazonas 3459-159 e Iñaquito Edificio Torre Marfil. Oficina 101. Ecuador.	100.00%
Actividades y Servicios, S.A.	Nicaragua 5935 3 Piso. Buenos Aires. Argentina.	100.00%
Agadirver	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal.	74.54%
Agua Energía e Meio Ambiente, Ltda.	Rua Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil.	100.00%
Al-Andalus Wind Power, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Albatros Logistic, Maroc, S.A.	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10. Casablanca. Morocco.	75.00%
Albatros Logistic, S.A.	C/ Franklin 15 P.I. San Marcos 28906 Getafe. Madrid. Spain.	100.00%
Albufera Projetos e Serviços, Ltda.	Avda. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil.	100.00%
Aldebarán S.M.E., S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Aldeire Solar, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Aldeire Solar-2, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Alfrani, S.L.	C/ Manzanares, 4. 28005 Madrid. Spain.	100.00%
Alianz Petroleum S de RL de CV	Avda. Rio Churubusco, 455 Iztapalapa. Mexico.	100.00%
Altomira Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Andasol 3 Central Termosolar Tres, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Andasol 4 Central Termosolar Cuatro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Andasol 5 Central Termosolar Cinco, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Andasol 6 Central Termosolar Seis, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Andasol 7 Central Termosolar Siete, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Antarinas, S.A.	Plaza Cagancha nº 1335, Apart. 1102.11100 Montevideo. Uruguay.	100.00%
Antennea Technologies, S.L.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain.	100.00%
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce. São Domingos de Rana. 2775, Portugal.	100.00%
API Fabricación, S.A.	Raso de la Estrella, s/n. 28300 Aranjuez. Spain.	100.00%
API Movilidad, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%
Aplied Control Technology, LLC.	5005 N. Stateline Av. Texarcana Texas TX 75503. United States of America.	100.00%
Araucária Projetos e Serviços de Construção, Ltda.	Avda. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil.	50.00%
Argencobra, S.A.	Nicaragua 5935 2 Piso. CP C1414BWK Buenos Aires. Argentina.	100.00%
Asistencia Offshore, S.A.	Bajo de la Cabezuela, s/n.11510 Puerto Real. Cadiz. Spain.	100.00%
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Atlântico-Concessôes Transp Energia do Brazil Ltda.	Rua Marcos Macedo 1333 sala 1410 Ed. P tio D.Luiz Torre II. 60150-190. Fortaleza. Brazil.	74.54%
Audeli, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%

Company	Registered Office	% Effective Ownership
Avante MPG1 B.V.	Park Hoornowijck, 2 2289CZ. Netherlands.	100.00%
Avante MPG2 B.V.	Park Hoornowijck, 2 2289CZ. Netherlands.	100.00%
Aztec Energy Holdings, S.L.	Avda. Linares Rivas, 1-4.15005 La Coruña. Spain.	100.00%
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
Barra do Peixe Montagens e Serviços, Ltda.	Avda. Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil.	99.90%
Benisaf Water Company, Spa	29 Bis Rue Abou Nouas, Hydra - Alger. Argel. Argelia.	51.00%
Berea Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	70.00%
Biobeiraner, Lda.	3475-031 Caramulo.Fresquesia do Guardao - Conelho de Tondela. Portugal.	21.62%
Biorio, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal.	74.54%
BTOB Construccion Ventures, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. Spain.	100.00%
C. A. Weinfer de Suministro de Personal	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
Cachoeira Montages e Serviços, Ltda.	Marechal Camera,160 20020 Rio de Janeiro. Brazil.	100.00%
Calidad e Inspecciones Offshore, S.L.	Bajo de la Cabezuela, s/n.11510 Puerto Real. Cadiz. Spain.	100.00%
Calvache Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	70.00%
Catalana de Treballs Públics, S.A.	Carretera del Mig, 37. 08940 Cornella de Llobregat. Barcelona. Spain.	100.00%
Cataventos Acarau, Ltda.	Fazenda Libra Acarau S/N. 62.580-000. Acarau, Estado do Cear. Brazil.	74.54%
Cataventos de Paracuru, Ltda.	Sitio Freixeiras S/N. 62.680-000. Paracuru, Estado do Cear. Brazil.	74.54%
Cataventos Embuaca, Ltda.	Fazenda Bodes S/N Praia da Embuaca. 62.690-000. Trairi, Estado do Cear. Brazil.	74.54%
CCR Platforming Cangrejera S.A. de C.V.	C/ Juan Racine, 112 Piso 8. 11510 Mexico DF. Mexico.	68.00%
Central Solar Termoeléctrica Cáceres, S.A.U.	Cardenal Marcelo Spínola 10. 28016 Madrid. Spain.	100.00%
Central Térmica de Mejillones, S.A	Avda. José Pedro Alessandri 2323 Macul. Santiago de Chile. Chile.	100.00%
Centro de Control Villadiego, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Chaparral Wind Power, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
CIL	Avda. Marechal Camera 160. Rio de Janeiro. Brazil.	100.00%
CM- Constriçoes, Ltda.	Rua, XV de Novembro 200, 14º Andar San Paulo. Brazil CPE 01013-000.	74.54%
Cme Águas, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal.	74.54%
Cme Angola, S.A.	Avda. 4 de Fevereiro, 42. Luanda. Angola.	74.54%
CME Cabo Verde, S.A.	Achada Santo António. Praia. Cabo Verde.	74.54%
CME Chile, SPA.	Puerto Madero 9710, Ofic 35-36A. Pudahuel. Chile.	74.54%
CME Construction Mecano Electric, S.A.	332 Bd. Brahim Roudani 12 Ma rif. Casablanca 01. Morocco.	74.54%
Cme Madeira, S.A.	Rua Alegria N.º 31-3º. Madeira. Portugal.	37.79%
CME Peru, S.A.	Avda. Víctor Andrés Belaunde 395. San Isidro. Lima. Peru.	74.54%
Cobra Bahía Instalaçoes e Serviços	Cuadra 4, 10 47680 Estrada do Coco/Bahia. Brazil.	100.00%
Cobra Bolivia, S.A.	Rosendo Gutierrez, 686 Sopocachi. Bolivia.	100.00%
Cobra Concesiones Brazil, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Concesiones, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Energy Investment Finance, LLC	7380 West Sahara, suite 160.Las Vegas. Nevada. United States of America.	100.00%
Cobra Energy Investment, LLC.	7380 West Sahara, Suite 160.Las Vegas NV 89117. United States of America.	100.00%
Cobra Energy, Ltd	60 Solonos street, Athens. Greece.	100.00%
Cobra Georgia, Llc.	Old Tbilisi Region, 27/9 Brother Zubalashvili Street. Georgia.	100.00%
Cobra Gestión de Infraestructuras, S.A.U	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Gibraltar Limited	Suites 21&22 Victoria House, 26 Main Street. Gibraltar.	100.00%
Cobra Great Island Limited	160 Shelbourne Road Ballbridge. Dublin. Ireland.	100.00%
Cobra Group Australia Pty, Ltd.	Level 5 Mayne Building 390 ST Kilda Road. Melbourne. Australia.	100.00%
Cobra Industrial Services, Inc.	3511Silverside road suite 105.Wilmington Delaware 19810 County of New Castle. United States of America.	100.00%
Cobra Infraestructuras Hidráulicas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Infraestructuras Internacional, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Ingeniería de Montajes, S.A.	Fernando Villalon, 3. 41004 Sevilla. Spain.	100.00%
Cobra Ingeniería Uruguay, S.A.	Colinia Apartamento 305. Montevideo. Uruguay.	100.00%
Cobra Instalaciones Mexico, S.A. de C.V.	C/ Melchor Ocampo, 193 Colonia Verónica Anzures. Mexico.	100.00%
Cobra Instalaciones y Servicios Benin	Quartier Boulevard Saint Michel.Saint Felicite Cotonou. Benin.	100.00%
Cobra Instalaciones y Servicios India PVT	B-324 New Friends Colony New Delhi-110 025. India.	100.00%
Cobra Instalaciones y Servicios Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Instalaciones y Servicios Dominican Republic	Avda. Anacanoa Hotel Dominican Fiesta Santo Domingo, DN. Santo Domingo. Dominican Republic.	100.00%
Cobra Instalaciones y Servicios, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Instalaçoes y Servicios, Ltda.	Rua Uruguai, 35, Porto Alegre, Rio Grande do Sul. Brazil.	100.00%
Cobra Inversiones y Gestión, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra La Rioja Sur	Concepción Arenal 2630 CP 1426 Capital Federal Buenos Aires. Argentina.	100.00%
Cobra Peru II, S.A.	Avda. Víctor Andrés Belaúnde 887 Distrito: Carmen de Le Legua Reinoso. Peru.	100.00%
Cobra Peru, S.A.	Avda. Víctor Andrés Belaúnde 887 Distrito: Carmen de Le Legua Reinoso. Peru.	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Cobra Railways UK Limited	Vintage Yard 59-63 Bermondsey Street. London. United Kingdom.	100.00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Solar del Sur, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Termosolar USA, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Cobra Thermosolar Plants, Inc.	3773 Howard Hughes. Las Vegas, Nevada. United States of America.	100.00%
Cobra-Udisport Conde de Guadalhorce, S.L.	Paseo Cerrado de Calderón, 18. Edif.Mercurio 1ª Plta. 29018 Málaga. Spain.	51.00%
Cogeneración Cadereyta S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico D.F. Mexico.	99.00%
COICISA Industrial, S.A. de C.V.	Melchor Ocampo, 193 Verónica Anzures 11300. Mexico.	60.00%
Coinsal Instalaciones y Servicios, S.A. de C.V.	Residencial Palermo, Pasaje 3, polígono G Casa #4 San Salvador, El Salvador.	100.00%
Coinsmar Instalaciones y Servicios, SARLAU	210 Boulevard Serketouni Angle Boulevard Roudani nº 13, Maarif 2100. Casablanca. Morocco.	100.00%
Concesionaria Angostura Siguas, S.A.	Avda. Victor Andrés Belaunde, 887. Lima. Peru.	60.00%
Concesionaria Linea de Transmisión CCNCM Sac	Avda. Victor Andres Belaunde, 887 Provincia de Callao. Lima. Peru.	100.00%
Consorcio Especializado Medio Ambiente, S.A.de C.V	Melchor Ocampo,193 piso 14. Mexico D.F. Mexico.	60.00%
Consorcio Ofiteco Geoandina	Ctra 25 N.96 81. Oficina 203. Bogotá. Colombia.	60.00%
Consorcio Sice Disico	Ctra 25 N.96 81. Oficina 203. Bogotá. Colombia.	50.00%
Consorcio Sice-Comasca TLP S.A.	Avda. Vitacura 2670. Oficina 702 – piso 7. Las Condes Santiago de Chile. Chile.	50.00%
Construçao e Manutençao Electromecánica S.A. (CME)	Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal.	74.54%
Construcciones Dorsa, S.A.	Cristóbal Bordiú, 35-5º oficina 515-517. Madrid. Spain.	99.73%
Constructora Las Pampas de Siguas, S.A.	Avda. Victor Andres Belaunde, 887 Provincia de Callao. Lima. Peru.	60.00%
Contrato en Participación PV SIBO	Avda. Ofibodegas Los Almendros nº 3 13-35 Zona 17. Guatemala.	51.00%
Control y Montajes Industriales Cymi Chile, Ltda.	C/ Apoquindo 3001 Piso 9. 206-744 Las Condes. Santiago de Chile. Chile.	100.00%
Control y Montajes Industriales CYMI, S.A.	C/ Teide 4, 2ª Planta. 28709 San Sebastián de los Reyes. Madrid. Spain.	100.00%
Control y Montajes Industriales de Méjico, S.A. de C.V.	C/ Juan Racine, 116- 6º. 11510 Mexico D.F	100.00%
Conyceto Pty Ltd.	22 On Kildare. 22 Kildare Road. 7700 Newlands. South Africa.	92.00%
Corporación Ygnus Air, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%
Cosersa, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	100.00%
Cotefy S.A. de C.V.	Calzada de las Águilas, 1948. Ensenada. Mexico.	80.00%
Cymi Canada. INC.	160 Elgin Street, Suite 2600.Ottawa, Ontario. Canada K1P1C3.	100.00%
Cymi DK, LLC	12400 Coit Rd, Suite 700.Dallas, TX 75251. United States of America.	70.00%
Cymi do Brazil, Ltda.	Avda. Presidente Wilson 231, sala 1701 20030-020. Rio de Janeiro. Brazil.	100.00%
Cymi Holding, S.A.	Avda. Presidente Wilson 231, sala 1701 Parte Centro. Rio de Janeiro. Brazil.	100.00%
Cymi Investment USA, S.L.	C/ Teide, 4-2ª Planta. 28709 San Sebastián de los Reyes. Madrid. Spain.	100.00%
Cymi Seguridad, S.A.	C/ Teide, 4-2ª Planta. 28709 San Sebastián de los Reyes. Madrid. Spain.	100.00%
Cymi USA INC.	5005N State Line Ave.Texarkana - TX75503. United States of America.	100.00%
Cymimasa Consultoria e Projetos de Construção Ltda	Avda. Presidente Wilson nº 231, Sala 1701 Parte cero. Rio de Janeiro. Brazil.	100.00%
Delta P I, LLC.	400-A Georgia Avda. Deer Park Texas 77536. United States of America.	100.00%
Depuradoras del Bajo Aragón S.A.	Paraíso 3- 50410 Cuarte de Huerva. Zaragoza. Spain.	55.00%
Desarrollo Informático, S.A.	Avda. de Santa Eugenia, 6. 28031 Madrid. Spain.	100.00%
Dimática, S.A.	C/ Saturnino Calleja, 20. 28002 Madrid. Spain.	100.00%
Dragados Construc. Netherlands, S.A.	Claude Debussylaan 24, 1082 MD Amsterdam. Holland.	100.00%
Dragados Gulf Construction, Ltda.	P. O Box 3140 Al Khobar 31952 Kingdom of Saudi Arabia.	100.00%
Dragados Industrial , S.A.U.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Dragados Industrial Algerie S.P.A.	Lot nº7 - Ville Coopérative El Feteh - El Bihar. Alger. Algérie.	100.00%
Dragados Industrial Canada, Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal. Quebec. Canada.	100.00%
Dragados Offshore de Méjico KU-A2, S.A de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	100.00%
Dragados Offshore de Méjico, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	100.00%
Dragados Offshore USA, Inc.	One Riwerway, Suite 1700.77056 Texas. Houston. United States of America.	100.00%
Dragados Offshore, S.A.	Bajo de la Cabezuela, s/n. 11510 Puerto Real. Cádiz. Spain.	100.00%
Dragados Proyectos Industriales de Méjico, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 Mexico DF. Mexico.	100.00%
Dragados-Swiber Offshore, S.A.P.I. de C.V.	Juan Racine, 112. Piso 8, Col. Los Morales 11510 Mexico D.F. Mexico.	51.00%
Dyctel infraestructura de Telecomunicaçoes, Ltda.	C/ Rua Riachuelo, 268. 90010 Porto Alegre. Brazil.	100.00%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain.	100.00%
Ecocivil Electromur G.E., S.L.	C/ Paraguay, Parcela 13/3. 30169 San Ginés. Murcia. Spain.	100.00%
EGPI-Empresa global de Proyectos de Ingenieria SAS	Avda. 6 Norte 47N-32. Cali Valle. Colombia.	40.00%
El Otero Wind Power, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	100.00%
El Recuenco Eólica, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	100.00%
Electren UK Limited	Regina House 1-5 Queen Street. London. United Kingdom.	100.00%
Electren USA Inc.	500 Fifth Avenue, 38th floor. Nueva York 10110. United States of America.	100.00%
Electrén, S.A.	Avda. del Brazil, 6. 28020 Madrid. Spain.	100.00%

Company	Registered Office	% Effective Ownership
Electromur, S.A.	C/ Cuatro Vientos, 1. San Ginés. Murcia. Spain.	100.00%
Electronic Traffic, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain.	100.00%
Electronic Trafic de Mexico, S.A. de C.V.	Melchor Ocampo 193 Torre C Piso 14D. Veronica Anzures . D.F. 11300. Mexico.	100.00%
Emplogest, S.A.	Rua Alfredo Trinidade, 4 Lisboa. 01649 Portugal.	98.21%
Emurtel, S.A.	C/ Carlos Egea, parc. 13-18. P.I. Oeste. Alcantarilla. Murcia. Spain.	100.00%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain.	100.00%
Enelec, S.A.	Avda. Marechal Gomes da Costa 27. 1800-255 Lisboa. Portugal.	100.00%
Energía Sierrezuela, S.L.	Cardenal Marcelo Spínola, 10. Madrid 28016. Spain.	100.00%
Energía y Recursos Ambientales Internacional, S.L.	Cardenal Marcelo Spínola, 10. Madrid 28016. Spain.	100.00%
Energías Ambientales de Guadalajara, S.L.	Cardenal Marcelo Spínola, 10. Madrid 28016. Spain.	100.00%
Energías Ambientales de Oaxaca, S.A. de C.V.	Juan Racine, 112 piso 6 Mexico D.F.	100.00%
Energías Ambientales de Soria, S.L.	Cardenal Marcelo Spínola, 10. Madrid 28016. Spain.	100.00%
Energias Mexicanas, S.L.U.	Avda. Linares Rivas, 1-4.15005 La Coruña. Spain.	100.00%
Energías Renovables Andorranas, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. Spain.	75.00%
Energías y Recursos Ambientales, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Engemisa Engenharia Limitida	Ruas das Patativas, 61 41720-100. Salvador de Bahía. Brazil.	100.00%
Enipro, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal.	74.54%
Enq, S.L.	C/ F, nº 13. P.I. Mutilva Baja. Navarra. Spain.	100.00%
Eólica del Guadiana, S.L.	C/ Manuel Siurot, 27. 21004 Huelva. Spain.	90.00%
Eólica Majadillas, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	100.00%
EPC Ciclo Combinado Norte, S.A. de C.V.	Melchor Ocampo, 193, Torre C piso 14D. 11300 Mexico D.F. Mexico.	75.00%
EPC Plantas Fotovoltáicas Lesedi y Letsatsi, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	84.78%
Equipos de Señalización y Control, S.A.	C/ Severino Covas, 100. Vigo. Pontevedra. Spain.	100.00%
Etra Bonal, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. Spain.	100.00%
Etra Interandina, S.A.	C/ 100, nº 8 A-51, Ofic. 610 Torre B. Santafe de Bogota. Colombia.	100.00%
Etra Investigación y Desarrollo , S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain.	100.00%
Etrabras Mobilidade e Energia Ltda.	Avda. Marechal Camara, 160, Sala 1619. 20020-080 Centro. Rio de Janeiro. Brazil.	100.00%
Etracontrol, S.L.	Avda. Manoteras, 28.28050 Madrid. Spain.	100.00%
Etralux, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain.	100.00%
Etranorte, S.A.	C/ Errerruena, pab. G. P.I. Zabalondo. Munguia. Vizcaya. Spain.	100.00%
Extresol 2, S.L.	Torre de Miguel Sesmero. Badajoz Carretera N-432 Badajoz-Granada km 32,700. Spain.	100.00%
Extresol 3, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Extresol-1, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Extresol-4 S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Eyra Energías y Recursos Ambientais, Lda.	Avda. Sidonio Pais, 28 Lisboa. Portugal.	98.00%
Eyra Instalaciones y Servicios, S.L.	Cardenal Marcelo Spínola,10. 28016 Madrid. Spain.	100.00%
Firefly Investments 261	22 On Kildare. 22 Kildare Road. 7700 Newlands. South Africa.	92.00%
France Semi, S.A.	20/22 Rue Louis Armand rdc. 75015 Paris. France.	99.73%
Fuengirola Fotovoltaica, S.L.	C/ Sepulveda, 6 28108 Alcobendas. Madrid. Spain.	100.00%
Garby Aprovechamientos Energéticos, S.L.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain.	100.00%
Geida Beni Saf, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Gerovitae La Guancha, S.A.	Ctra. del Rosario Km 5,2. La Laguna. 38108 Santa Cruz Tenerife. Islas Canarias. Spain.	100.00%
Gestâo de Negocios Internacionais SGPS, S.A.	Rua Rui Teles Palhinha 4 - 3º Lei o 2740-278. Porto Salvo. Portugal.	74.54%
Gestión Inteligente de Cargas, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	100.00%
Gestway - Gestão de infra estruturas Ltda.	Avda. Rouxinol n.º 1041 conj. 1008, Moema, CEP 04516-001. São Paulo. Brazil.	51.00%
Global Spa, S.L.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain.	100.00%
Golden State Environmental Tedagua Corporation, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Grafic Planet Digital, S.A.U.	C/ Anable Segura,10 2º. 28109 Madrid. Spain.	100.00%
Grupo Imesapi S.L.	Avda. de Manoteras nº 26. 28050 Madrid. Spain.	100.00%
Grupo Maessa Saudi Arabia LTD	Khobar -31952 P.O. Box 204. Arabia Saudi.	100.00%
Guatemala de Tráfico y Sistemas, S.A.	C/ Edificio Murano Center, 14. Oficina 803 3-51. Zona 10. Guatemala.	100.00%
H.E.A Instalaçoes Ltda.	Rua das Patativas, 61 Salvador de Bahía.	77.50%
Hidra de Telecomunicaciones y Multimedia, S.A.	C/ Severo Ochoa, 10. 29590 Campanillas. Málaga. Spain.	100.00%
Hidraulica de Cochea, S.A.	Dr. Ernesto Perez Balladares, s/n.Chiriqui. Panama.	100.00%
Hidráulica de Mendre, S.A.	Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama.	100.00%
Hidráulica de Pedregalito S.A.	Urbanización Doleguita Calle D Norte, Edificio Plaza Real, Apto/Local 1. Chiriqui. Panama.	100.00%
Hidraúlica del Alto, S.A.	Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama.	75.00%
Hidráulica del Chiriqui, S.A.	Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama.	100.00%
Hidráulica Río Piedra, S.A.	Dr. Ernesto Pérez Balladares David.Chiriqui. Panama.	100.00%
Hidraúlica San José, S.A.	Dr. Ernesto Perez Balladares, s/n.Chiriqui. Panama.	100.00%
Hidrogestión, S.A.	Avda. Manoteras, 28. Madrid. Spain.	100.00%

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Company	Registered Office	% Effective Ownership
Hidrolazan, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Hochtief Cobra Grid Solutions GmbH	Alfredstrade,236. Essen. Germany.	100.00%
Humiclima Caribe Cpor A.Higüey	Ctra Cruce De Friusa, s/n. Higüey. Altagracia. Dominican Republic.	100.00%
Humiclima Centro, S.A.	C/ Orense, 4 1º planta. 28020 Madrid. Spain.	100.00%
Humiclima Est Catalunya, S.L.	Carretera del Mig, 37. 08940 Cornella de Llobregat. Barcelona. Spain.	100.00%
Humiclima Est, S.A.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain.	100.00%
Humiclima Haiti, S.A.	Angle Rue Clerveau et Darguin, 1 Petion Ville. Port au Prince. Haiti.	99.98%
Humiclima Jamaica Limited	Corner Lane 6 Montego Bay. St James. Jamaica.	100.00%
Humiclima Magestic Grupo, S.L.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain.	100.00%
Humiclima Mexico, S.A. de C.V.	Cancun (Quintana De Roo). Mexico.	100.00%
Humiclima Panamá, S.A.	C/ 12, Corregimiento de Rio Abajo Panama.	100.00%
Humiclima Sac, S.A.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain.	100.00%
Humiclima Sur, S.L.	C/ Morocco, 12. Jérez de La Frontera. Cádiz. Spain.	100.00%
Humiclima Valladolid, S.L.	C/ Puente Colgante, 46. Valladolid. Spain.	100.00%
Hydro Management, S.L.	Avda. Teneniente General Gutierrez Mellado, 9. 30008 Murcia. Spain.	79.63%
Iberoamericana de Hidrocarburos, S.A. de C.V.	C/ Melchor Ocampo 193. Colonia Verónica Anzures. Mexico.	87.63%
Imesapi Colombia SAS	C/ 134 bis nº. 18 71 AP 101. Bogotá D.C. Colombia.	100.00%
ImesAPI Maroc	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10. Casablanca. Morocco.	100.00%
Imesapi, Llc.	The Corporation Trust Center, 1209 Orange Street. Wilmington, Delaware 19801. U.S.A.	100.00%
ImesAPI, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%
Imocme, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal.	74.54%
Infraest. Energéticas Medioambi. Extremeñas, S.L.	Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. Spain.	100.00%
Infraestructuras Energéticas Aragonesas, S.L.	C/ Paraíso, 3. 50410 Cuarte de Huerva. Zaragoza. Spain.	100.00%
Infraestructuras Energéticas Castellanas, S.L.	Aluminio, 17. 47012 Valladolid. Spain.	51.00%
Ingenieria de Transporte y Distribución de Energía Eléctrica, S.L. (Intradel)	Cardenal Marcelo Spínola,10. 28016 Madrid. Spain.	100.00%
Initec do Brazil Engenharia e Construçoes, Ltda.	Avda. Rio Branco, 151 5º andar, Grupo 502, Centro.20040 - 911 Rio de Janeiro. Brazil.	100.00%
Initec Energía Ireland, LTD.	Great Island CCGT PROJECT, Great Island, Campile - New Ross - CO. Wexford. Ireland.	100.00%
Initec Energía, S.A.	Vía de los Poblados, 11. 28033 Madrid. Spain.	100.00%
Injar, S.A.	C/ Misiones 13. Las Palmas de Gran Canaria. Spain.	100.00%
Innovantis, S.A.	Avda. Rua Vlamir Lenni Nº179 andar 6º. Maputo. Mozambique.	100.00%
Innovtec, S.R.L.U.	Immeuble les Baux RN 8.13420 Gemenos. France.	100.00%
Inotec	Rua Vula Matadi, 154 - Vila Alice, Luanda. Angola.	33.75%
Instalaciones y Montajes de Aire Climatizado, S.L.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain.	100.00%
Instalaciones y Servicios Codeni, S.A.	De la Casa del Obrero 1C Bajo, 2C Sur, 75 Varas abajo, Casa #1324 Bolonia Managua. Nicaragua.	100.00%
Instalaciones y Servicios Codepa, S.A.	C/ 12, Rio Abajo Ciudad de Panamá. Panama.	100.00%
Instalaciones y Servicios Codeven, C.A.	Avda.S.Fco Miranda. Torre Parque Cristal. Torre Este, planta 8. Oficina 8-10. Chacao. Caracas. Venezuela.	100.00%
Instalaciones y Servicios INSERPA, S.A.	Urb. Albrook C/ Principal Local 117. Panama.	100.00%
Instalaciones y Servicios Uribe Cobra, S.A. de C.V	José Luis Lagrange, 103 piso 8 Los Morales Miguel Hidalgo. Mexico D.F. Mexico.	51.00%
Intebe, S.A.	C/ Tarragones, 12. L´Hospitalet de L´Infant. Tarrragona. Spain.	99.40%
Intecsa Ingeniería Industrial, S.A.	Vía de los Poblados, 11. 28033 Madrid. Spain.	100.00%
Integrated Technical Producs, LLC.	1117 Joseph Street Shreveport Louisiana LA 71107. United States of America.	100.00%
Invexta Recursos, S.L.	Cardenal Marcelo Spínola 10.28016 Madrid. Spain.	100.00%
Iscobra Instalacoes e Servicios, Ltda.	General Bruce,810 Rio de Janeiro. Brazil 20921.	100.00%
Itumbiara Marimbondo, Ltda.	Marechal Camera,160 Rio de Janeiro. Brazil 20020.	100.00%
La Caldera Energía Burgos, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	61.79%
LestEnergía	Calçada Da Rabaça, Nº 11. Penamacor. Portugal.	74.54%
Linhas de Transmissao de Montes Claros, Ltda.	Avda. Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil.	100.00%
Litran do Brazil Partipaçoes S.A.	Avda. Marechal Camera 160, sala 1808. Rio de Janeiro. Brazil.	75.00%
LTE Energía, Ltda.	Pz. Centenario - Av. Naçoes Unidas 12995. 04578-000. Sao Paulo. Brazil.	74.54%
Lumicán, S.A.	C/ Arco, nº 40. Las Palmas de Gran Canaria. Islas Canarias. Spain.	100.00%
Lusobrisa	Rua Rui Teles Palhinha, 4-3º. Leião 2740-278 Porto Salvo. Portugal.	74.54%
Luziana Montagens e Servicios, Ltda.	Avda. Marechal Camara, 160. Rio de Janeiro. Brazil.	100.00%
Maessa France SASU	115, rue Saint Dominique. 75007 Paris. France.	100.00%
Maessa Telecomunicaciones, S.A. (MAETEL)	C/ Bari, 33 - Edificio 3. 50197 Zaragoza. Spain.	99.40%
Maetel Chile LTDA	Huerfanos 779, oficina 608.Santiago de Chile. Chile.	100.00%
Maetel Peru, S.A.C.	C/ Julian Arias Araguez nº 250. Lima. Peru.	100.00%
Maetel Romania SRL	Constantin Brancoveanu nr.15, ap 4, Biroul 3. Cluj-Napoca. Romania.	100.00%
Maintenance et Montages Industriels S.A.S	64 Rue Montgrand. Marseille .13006 Marseille. France.	100.00%
Makiber, S.A.	Paseo de la Castellana, 182-2º. 28046 Madrid. Spain.	100.00%
Manchasol 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%

Company	Registered Office	% Effective Ownership
Manchasol 2 Central Termosolar Dos, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Mantenimiento y Montajes Industriales, Masa Chile, Ltda.	C/ Apoquindo 3001 Piso 9. 206-744 Las Condes. Santiago de Chile. Chile.	100.00%
Mantenimiento y Montajes Industriales, S.A.	C/ Teide, nº 4 Edificio F-7.28770 San Sebastián de los Reyes. Madrid. Spain.	100.00%
Mantenimientos Integrales Senax, S.A.	C/ Tarragones, 12.L´Hospitalet de L´Infant. Tarrragona. Spain.	100.00%
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	C/ Cardenal Marcelo Spinola Nº 42 - planta 11ª. 28016 Madrid. Spain.	100.00%
Mas Vell Sun Energy, S.L.	C/ Prósper de Bofarull, 5. Reus. Tarragona. Spain.	100.00%
Masa Algeciras, S.A.	Avda. Blas Infante, Edificio Centro Blas Infante, local 8. 11201 Algeciras. Cádiz. Spain.	100.00%
Masa do Brazil Manutençao e Montagens Ltda.	Avda. presidente Wilson, nº231,sala 1701 (parte), Centro. Río de Janeiro. Brazil.	100.00%
Masa Galicia, S.A.	Políg. Ind. De la Grela - C/ Guttember, 27, 1º Izqd. 15008 La Coruña. Spain.	100.00%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1. 21002 Huelva. Spain.	100.00%
Masa Méjico, S.A. de C.V.	C/ Juan Racine, 112, 8º - Colonia Los Morales, Del. Miguel Hidalgo - 11510 Mexico D.F. Mexico.	100.00%
Masa Norte, S.A.	C/ Ribera de Axpe, 50-3º. 48950 Erandio Las Arenas. Vizcaya. Spain.	100.00%
Masa Puertollano, S.A.	Crta. Calzada de Calatrava, km. 3,4. 13500 Puertollano. Ciudad Real. Spain.	100.00%
Masa Servicios, S.A.	Políg. Ind. Zona Franca, Sector B, Calle B. 08040 Barcelona. Spain.	100.00%
Masa Tenerife, S.A.	Pº Milicias de Garachico, 1, 4º, Ofic. 51 - Edif. Hamilton. 38002 Sta. Cruz de Tenerife. Islas Canarias. Spain.	100.00%
MASE Internacional, CRL	PO Box 364966. San Juan. Puerto Rico.	100.00%
Mencli, S.L.	C/ Biniarroca s/n, Local 16. 07710 Sant Lluis. Menorca. Islas Baleares. Spain.	100.00%
Mexicana de Servicios Auxiliares, S.A. de C.V.	Avda. Paseo de la Reforma, 404. Piso 15.1502. Colonia Juarez. Delegación Cuauhtemoc. 06600 Mexico D.F. Mexico.	100.00%
Mexicobra, S.A.	Colonia Polanco C/ Alejandro Dumas,160. 11500 Mexico D.F. Mexico.	100.00%
Mexsemi, S.A. de C.V.	Avda. Dolores Hidalgo 817 CD Industrial Irapuato Gto. 36541. Mexico.	99.73%
Midasco, Llc.	7121 Dorsey Run Road Elkrige. Maryland 21075-6884. United States of America.	100.00%
Mimeca, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
Minuano Montangens e Servicios, Ltda.	Avda. Marechal Camera, 160 Sala 1626. Rio de Janeiro. Brazil.	100.00%
Miramar Energias, S.L.U.	Avda. Linares Rivas, 1-4.15005 La Coruña. Spain.	100.00%
Monclova Pirineos Gas, S. A. de C. V.	Padre Larios, 105 colonia Carranza. Coahuilla 25760. Mexico.	69.45%
Moncobra Canarias Instalaciones, S.A.	León y Castillo, 238. 35005 Las Palmas de Gran Canaria. Islas Canarias. Spain.	100.00%
Moncobra Constructie si Instalare, S.R.L.	Floresca, 169-A floresca Business Park. Bucarest. Romania.	100.00%
Moncobra Dom	3296 Bld Marquisat de Houelbourg- ZI de Jarry97122 Baie Mahault. Guadalupe.	100.00%
Moncobra Peru	Avda. Víctor Andrés Belaúnde 887 Distrito: Carmen de le Legua Reinoso. Peru.	100.00%
Moncobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Monelec, S.L.	C/ Ceramistas, 14. Málaga. Spain.	100.00%
Montrasa Maessa Asturias, S.L.	C/ Camara, nº 54-1º dcha. 33402 Avilés. Asturias. Spain.	50.00%
Moyano Maroc SRALU	269 8D Zertouni Etg 5 Appt 1.Casablanca. Morocco.	100.00%
Murciana de Tráfico, S.A.	Carril Molino Nerva, s/n. Murcia. Spain.	100.00%
New Generation Sistems, S.R.L.	139, rue Simone Signoret - Tournezy II.34070 Motpellier. France.	100.00%
NGS - New Generation Services, Ltda.	Pz. Centenario - Av. Naçoes Unidas 12995. 04578-000. Sao Paulo. Brazil.	74.54%
North Africa Infraestructures, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	51.00%
OCP Peru	Avda. Víctor Andrés Belaúnde 887 Distrito: Carmen de le Legua Reinoso.	100.00%
Oficina Técnica de Estudios y Control de Obras, S.A	C/ Sepúlveda 6. 28108 Alcobendas. Madrid. Spain.	100.00%
Opade Organización y Promoción de Actividades Deportivas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
P. E. Sierra de las Carbas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	61.79%
P.E. Marcona, S.R.L.	Alfredo Salazar, 409 Miraflores. Lima. Peru.	99.99%
P.E. Monte das Aguas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	60.00%
P.E. Monte dos Nenos, S.L.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain.	100.00%
P.E.Donado, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
P.E.Tesosanto, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	61.79%
Parque Cortado Alto, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	51.00%
Parque Eólico Buseco, S.L.	Comandante Caballero, 8. 33005 Oviedo. Asturias. Spain.	80.00%
Parque Eólico de Valdecarro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Parque Eólico La Val, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	51.00%
Parque Eólico Santa Catalina, S.L.	La Paz, 23-2ºB. Valencia. Spain.	100.00%
Parque Eólico Tadeas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	51.48%
Parque Eólico Tres Hermanas, S.A.C	Avda. Víctor Andrés Belaunde, 887. Carmen de la Legua Reynoso Callao. Lima. Peru.	100.00%
Parque Eólico Valcaire, S.L.	Ayuntamiento, 7 Padul Granada. Spain.	100.00%
Parque Eólico Valdehierro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	51.48%
Percomex, S.A.	Melchor Ocampo, 193 Torre C-Colonia Verónica Anzures. Mexico.	100.00%
Pilatequia, S.L.	C/ Velazquez 61 Planta 1, Puerta IZQ. 28001 Madrid. Spain.	52.18%
Planta de Tratamiento de Aguas Residuales, S.A.	Avda. Argentina, 2415 Lima. Peru.	100.00%
Procme, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal.	74.54%

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Company	Registered Office	% Effective Ownership
Promservi, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%
Railways Infraestructures Instalac y Servicios LLC	Hai Al-Basatin - Prince Sultan Road 7346 Kingdom of Arabia Saudí.	100.00%
Recursos Ambientales de Guadalajara, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	100.00%
Recursos Eólicos de Mexico, S.A. de C.V.	Juan Racine, 112 piso 6. Mexico D.F. Mexico.	100.00%
Remodelación Diesel Cadereyta, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico D.F. Mexico.	99.00%
Remodelación el Sauz, S.A. de C.V.	José Luis Lagrande, 103 P-8. Los Morales Polanco. Mexico.	95.00%
Repotenciación C.T. Manzanillo, S.A. de C.V.	Juan Racine,112 piso 8. Mexico D.F. Mexico.	100.00%
Riansares Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	70.00%
Ribagrande Energía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Rioparque, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal.	74.54%
Robledo Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Roura Cevasa, S.A.	Caracas, 5. Barcelona. Spain.	100.00%
Salmantina de Seguridad Vial, S.A.	Cascalajes, 65-69. 37184 Villares de la Reina. Salamanca. Spain.	100.00%
Sao-Simao Montagens e Servicos de Electricidade, Ltda.	Rua Marechal Camara, 160. Rio de Janeiro. Brazil.	100.00%
Sedmiruma, S.R.L.	Bucarest, sector 3, Str Ion Nistor 4. Romania.	100.00%
Sedmive, C.A. (Soc. Españ. Montajes Indus Venezuela)	Avda. Rómulo Gallegos con 4ta. Av. Palos Grandes, 1ra. Avda. Santa Eduvigis, edificio KLM, piso 2 oficina 2-D Urb. Los Palos Grandes, zona postal 1060. Caracas. Venezuela.	100.00%
Seguridad Integral Metropolitana, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain.	90.00%
SEMI Bulgaria, S.L.U.	C/ Stara Planina, 5. Sofia. Bulgaria.	100.00%
Semi Chile Spa	Almirante Pastene 333.Santiago de Chile. Chile.	100.00%
SEMI Colombia S.A.S.	Bogotá D.C. Colombia.	100.00%
Semi Germany, S.A.	Schlüter Str.17 10625. Berlin. Germany.	100.00%
Semi Ingenieria, S.r.L.	C/ Proyecto Central 8, Distrito Nacional. Santo Domingo. Dominican Republic.	99.90%
Semi Italy, SRL.	Via Uberto Visconti Di Modrone 3. Milan. Italy.	100.00%
Semi Maroc, S.A.	5 Rue Fakir Mohamed. Casablanca Sidi Belyout. Morocco.	99.73%
SEMI Panamá, S.A.	Edificio El Peñón, C/ 40, Bellavista. Panama.	100.00%
Semi Peru Montajes Industriales S.A.C.	Avda. Victor Andres Belaunde Nro. 210. Lima. San Isidro. Peru.	100.00%
Semi Servicios de Energia Industrial y Comercio SL	Gülbahar Mah. Altan Erbulak Sok. Atasoy Is Hani No: 3/1. Istambul. Turkey.	100.00%
Semi USA Corporation	2800 Post Oak Blvd. Suite 5858. Houston. Texas. United States of America.	100.00%
Semicosta Inc Sociedad Anónima	Diagonal al parque del Centro Comercial el Pueblo. San José. Costa Rica.	100.00%
Semona, S.R.L.	Avda. John Kennedy, Esq Lope de Vega, Edif. Scotiabank. Santo Domingo. Dominican Republic.	70.00%
Sermacon Joel, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
Sermicro, S.A.	C/ Pradillo, 46. 28002 Madrid. Spain.	100.00%
Serpimex, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco. 11510 Mexico DF. Mexico.	100.00%
Serpista, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	51.00%
Serrezuela Solar II, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Serveis Catalans, Serveica, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%
Servicios Administrativos Offshore, S.A. de C .V .	Juan Racine Nº 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F. Mexico.	100.00%
Servicios Cymimex, S.A. de C.V.	Juan Racine 112 6º piso Colonia Los Morales 11510. Mexico D.F. Mexico.	100.00%
Servicios Dinsa, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco. 11510 Mexico DF. Mexico.	100.00%
Servicios Logísticos y Auxiliares de Occidente, SA	Avda. Ofibodegas Los Almendros, 3 13-35 Guatemala.	100.00%
Servicios Operativos Offshore, S.A. de C. V .	Juan Racine Nº 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F. Mexico.	100.00%
Servicios Proyectos Industriales de Méjico, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco. 11510 Mexico DF. Mexico.	100.00%
Sete Lagoas Transmissora de Energia, Ltda.	Avda. Marechal Camera, 160. Río de Janeiro. Brazil.	100.00%
Setec Soluçoes Energeticas de Transmissao e Controle, Ltda.	Avda. Presidente Wilson 231, sala 1701 20030-020 Rio de Janeiro. Brazil.	100.00%
Sice Canada, Inc.	100 King Street West, Suite 1600.Toronto On M5X 1G5. Canada.	100.00%
Sice do Brazil, S.A.	C/ Joaquim Eugenio de Lima, 680. Sao Paulo. Brazil.	100.00%
Sice Energía, S.L.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain.	100.00%
Sice Hellas Sistemas Tecnológicos Sociedad Unipersonal de Responsabilidad Limitada	C/ Omirou. 14562 Kifissia. Greece.	100.00%
Sice NZ Limited	Level 4, Corner Kent & Crowhurst Streets, New Market. Auckland, 1149. Australia.	100.00%
SICE PTY, Ltd.	Level 5, Mayne Building. 390 St. Kilda Road. Melbourne, Vicotira 3004. Australia.	100.00%
Sice Societatea de Inginerie Si Constructii Electrice, S.R.L.	Calea Dorobantilor, 1. Timisiora. Romania.	100.00%
Sice South Africa Pty, Ltd.	C/ PO Box 179. 009 Pretoria, Sudáfrica.	100.00%
Sice Tecnología en Minería, S.A.	Avda. Vitacura 2670. Oficina 702 – piso 7. Las Condes Santiago de Chile. Chile.	60.00%
Sice Tecnología y Sistemas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain.	100.00%
SICE, Inc.	Two Alhambra Plaza,suite 1106. Coral Gables. Fl 33134. Miami. United States of America.	100.00%
SICE, LLC.	Rublesvkoye Shosse 83/1 121467 Moscu. Russia	100.00%
Sidetel, S.A.	Avda. Manoteras, 28. Madrid. Spain.	100.00%
Sistemas Integrales de Mantenimiento, S.A.	C/ Teide, 5-1º. 28709 San Sebastián de los Reyes. Madrid. Spain.	100.00%
Sistemas Radiantes F. Moyano, S.A.	C/ De La Cañada, 53. 28850 Torrejón de Ardoz. Madrid. Spain.	100.00%

Company	Registered Office	% Effective Ownership
Sistemas Sec, S.A.	C/ Miraflores 383. Santiago de Chile. Chile.	51.00%
Small Medium Enterprises Consulting, B.V.	Claude Debussylaan, 44, 1082 MD. Amsterdam. Holland.	74.54%
Soc Iberica de Construcciones Electricas de Seguridad, S.L.	C/ La Granja 29. 28108 Alcobendas. Madrid. Spain.	100.00%
Soc. Española de Montajes Industriales, S.A. (SEMI)	C/ Manzanares, 4. 28005 Madrid. Spain.	99.73%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain.	100.00%
Sociedad Industrial de Construccion Eléctricas, S.A	C/ Aquilino de la Guardia. Edificio IGRA Local 2. Urbanización Bella Vista. Panama.	100.00%
Sociedad Industrial de Construcciones Eléctricas de Costa Rica, S.A.	C/ San Jose Barrio Los Yoses - Final Avenida Diez. 25 m. norte y 100 este. San José. Costa Rica	100.00%
Sociedad Industrial de Construcciones Eléctricas Siceandina, S.A.	C/ Chinchinal, 350. Barrio El Inca. Pichincha - Quito. Ecuador.	100.00%
Sociedad Industrial de Construcciones Eléctricas, S.A. de C.V.	Paseo de la Reforma, 404. Despacho 1502, Piso 15 Col. Juarez 06600 Delegación Cuauhtemoc Mexico D.F. Mexico.	100.00%
Sociedad Industrial de Construcciones Eléctricas, S.L., Ltda.	C/ 94 NO. 15 32 P 8. Bogotá D.C. Colombia.	100.00%
Société Industrielle de Construction Electrique, S.A.R.L.	Espace Porte D Anfa 3 Rue Bab Mansour Imm C 20000 Casa Blanca. Morocco.	100.00%
Soluciones Auxiliares de Guatemala, S.A.	2 Avda. 13-35 Zona 17, Ofibodegas los Almendros Nº 3. 01017 Ciudad de Guatemala. Guatemala	100.00%
Soluciones Eléctricas Integrales de Guatemala, S.A.	2 Avda. 13-35 Zona 17, Ofibodegas los Almendros Nº 3. 01017 Ciudad de Guatemala. Guatemala.	100.00%
Spcobra Instalaçoes e Serviços, Ltda.	Joao Ventura Batista,986 02054 Sao Paulo. Brazil.	56.00%
Sti Telecom Spa	Avda. Vitacura 2670. Oficina 702 – piso 7. Las Condes Santiago de Chile. Chile.	100.00%
Sumipar, S.A.	C/ B Sector B Zona Franca 4. 08040 Barcelona. Spain.	100.00%
Taxway, S.A.	Colonia, 981.Montevideo. Uruguay.	100.00%
Tecneira Acarau Geraçao e Comercialiçao de Energia Eletrica S.A.	Rua Marcos Macedo 1333 Sala 416 CEP 60.150-190 Aldeota. Fortaleza. Brazil.	74.54%
Tecneira Brazil Participações S.A.	Rua Marcos Macedo n.º 1333 Torre II sala 416, CEP 60.150-190. Aldeota, Fortaleza. Brazil.	100.00%
Tecneira Embuaca Geração e Comerc. de Energia SA	Fazenda Bodes, CEP 62.690-000 Praia de Embuaca.Município de Trairi, Estado do Cear. Brazil.	100.00%
Tecneira Novas Enerias SGPS, S.A.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal.	74.54%
Tecneira, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal.	74.54%
Técnicas de Desalinización de Aguas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Tecnicas de Sistemas Electrónicos, S.A. (Eyssa-Tesis)	Rua General Pimenta do Castro 11-1. Lisboa. Portugal.	100.00%
Tecnotel Clima, S.L.	Pg Ind.Valle Guimar Manz, 6. Arafo. Santa Cruz de Tenerife. Islas Canarias. Spain.	100.00%
Tecnotel de Canarias, S.A.	Misiones, 13. Las Palmas de Gran Canaria. Spain.	100.00%
Tedagua Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Tedagua Mexico, S.A. de C.V.	Calzada Melchor Ocampo, 193 Edif C 14D Anzures. Mexico D.F. Mexico.	100.00%
Tedagua Renovables, S.L.	Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. Spain.	100.00%
Telcarrier, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain.	100.00%
Telsa Instalaciones de Telecomunicaciones y Electricidad, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain.	100.00%
Termosesmero, S.L.	Cardenal Marcelo Spínola 10. 28016 Madrid. Spain.	100.00%
Tesca Ingenieria del Ecuador, S.A.	Avda. 6 de diciembre N37-153 Quito. Ecuador.	100.00%
TNG Brazil, Ltda.	Avda. Dom Luis Paracuru 1200, Bairro de Meireles. 60.160-230.Fortaleza. Estado do Cear. Brazil.	74.54%
Tonopah Solar Energy Holdings I, LLC.	7380 West Sahara, Suite 160. Las Vegas NV 89117. United States of America.	36.60%
Tonopah Solar Energy Holdings II, LLC.	2425 Olympic Blvd, suite 500E.Santa Monica, CA 90404. United States of America.	36.60%
Tonopah Solar Energy, LLC	2425 Olympic Blvd, suite 500E.Santa Monica, CA 90404. United States of America.	36.60%
Torre de Miguel Solar, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Trafiurbe, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Rana. Portugal.	76.20%
Triana do Brazil Projetos e Serviços, Ltda.	Avda. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil.	50.00%
Trigeneración Extremeña, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Tucurui Dourados Montagens e Serviços, Ltda.	Avda. Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil.	99.00%
UrbaEnergía Instalaciones y Servicios, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Urbaenergía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Valdelagua Wind Power, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Venelin Colombia SAS	C/ 107 A Nº. 8-22. Bogotá D.C. Colombia.	82.80%
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
Ventos da Serra Produção de Energía, Ltda.	Monte do Poço Branco, Estrada de Sines EN121. 7900-681. Ferreira do Alentejo. Portugal.	74.54%
Vetra MPG Holdings 2, LLC	10900 NW 21ST Street, suite 190. 33172 Miami. Florida. United States of America.	100.00%
Vetra MPG Holdings, LLC	10900 NW 21ST Street, suite 190. 33172 Miami. Florida. United States of America.	100.00%
Viabal Manteniment i Conservacio, S.A.	Roders, 12. 07141 Marratxi. Islas Baleares. Spain.	100.00%
Vieyra Energía Galega, S.A.	José Luis de Bugallal Marchesi, 20-1 izq. 15008 La Coruña. Spain.	51.00%
Villanueva Cosolar, S.L.	Guadalajara, 14. 19193 Guadalajara. Spain.	59.63%
ENVIROMENT		
ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50.28050 Madrid. Spain.	100.00%
Blas Moreno, S.L.	Avda. Diagonal, nº 611 2º. Barcelona. Spain.	60.00%

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Company	Registered Office	% Effective Ownership
Centro de Transferencias, S.A.	Polígono Los Barriales, s/n. Valladolid. Spain.	70.00%
Cytrar, S.A. de C.V.	Avda. Homero 229, Desp. 401. Chapultepec Morales. CP 11570. Mexico D.F. Mexico.	100.00%
Demarco, S.A.	Alcalde Guzmán,18. Quilicura. Chile.	50.00%
Eco Actrins, S.L.U.	C/ Alcalde Luis Pascual, 17 Bajo Caudete. Albacete. Spain.	50.00%
Ecoentorno Ambiente, S.A.	Camino de la Muñoza, s/n. Ctra. Madrid-Barcelona, km. 15,200 - 28042 Madrid. Spain.	51.00%
Ecoparc de Barcelona S.A.	C/ A . Políg. Industrial Zona Franca. Barcelona. Spain.	66.40%
Empordanesa de Neteja, S.A.	Avda. Diagonal, nº 611 2º. Barcelona. Spain.	60.00%
Evere, S.A.S.	Avda. Albert Einstein. 34000 Montpellier. France.	100.00%
France Auto Service Transport, E.U.R.L.	Place de la Madeleine, 6. 75008 Paris. France.	100.00%
Gestión Medioambiental de Torrelavega, S.A.	Boulevard Demetrio Herrero, 6. 39300 Torrelavega. Santander. Spain.	60.00%
Gestión y Protección Ambiental, S.L.	Condado de Treviño, 19. Burgos. Spain.	70.00%
KDM, S.A.	Alcalde Guzmán,18. Quilicura. Chile.	50.00%
Laboratorio de Gestión Ambiental, S.L.	C/ Cobalto,12.Pol. Ind. San Cristobal .47012 Vallodolid. Spain.	100.00%
Monegros Depura, S.A.	Pza. Antonio Beltrán Martínez, nº 1 Edificio Trovador, oficina 6 C. 50002 Zaragoza. Spain.	55.00%
Mora la Nova Energía, S. L.	C/ Lincoln, 11. 08006 Barcelona. Spain.	71.00%
Octeva, S.A.S.	ZA Marcel Doret rue Jacques Monod. 62100 Calais. France.	71.00%
Olimpia, S.A. de C.V.	Avda. Reforma Sur 916. CP 75700 Centro Tehuacan Puebla. Mexico D.F. Mexico.	100.00%
Orto Parques y Jardines, S.L.	Luçar Dòcean s/n. Parroquía de Orto. A Coruña. Spain.	100.00%
Pruvalsa, S.A.	C/ Independencia, Sector centro, Edificio Ariza, piso 2, ofic. 2-2, Valencia, Edo. Carabobo. Venezuela.	82.00%
Puerto Seco Santander-Ebro, S.A.	C/ Ramón y Cajal, 17. Luceni. Zaragoza. Spain.	62.50%
Residuos de la Janda, S.A.	C/ La Barca de Vejer s/n. Vejer de La Frontera. Cádiz. Spain.	60.00%
Residuos Industriales de Teruel, S.A.	Ctra. de Madrid, km. 315,800 Edif. Expo Zaragoza, 3 Ofic. 14 50012 Zaragoza. Spain.	63.70%
Residuos Industriales de Zaragoza, S.A	Crta de Madrid Edif. Expozaragoza Km. 315.8 3 of 14. 50012 Zaragoza. Spain.	63.70%
Residuos Sólidos Urbanos de Jaén, S.A.	Palacio de la Excma. Diputación de Jaén. Jaén. Spain.	60.00%
Salins Residuos Automoción, S.L.	C/ 31 c/v calle 27 - Nave 715-701, P.I. Qatarroja. Valencia. Spain.	80.00%
SCI Sintax	Route de Phaffans. 90380 Roppe. France.	100.00%
Sertego Maroc, S.A.	Avda. Mohamed tazi, 1er piso. Tánger-marshan. Morocco.	100.00%
Sertego TGMD, S.A.	Station Marpol. Zone Franche Ksar El Majaz, Oued R´mel. Commune Anjra. Province Fahs - Anjra. Morocco.	100.00%
Sertego, S.L.	Camino de Hormigueras, 171.28031 Madrid. Spain.	100.00%
Servicios de Aguas de Misiones, S.A.	Avda. López y Planes, 2577. Misiones. Argentina.	90.00%
Servicios Selun, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain.	100.00%
Sevicios Corporativos TWC, S.A. de C.V.	C/ Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico D.F. Mexico.	100.00%
Sintax Est S.A.R.L.	Place de la Madeleine, 6. 75008 Paris. France.	100.00%
Sintax Ile de France S.A.R.L.	7 Rue du Docteur Fourniols, 95420 Magny en Vexin. France.	100.00%
Sintax Logística Transportes, S.A.	Vale Ana Gomez, Ed. Síntax Estrada de Algeruz. Setubal. Portugal.	100.00%
Sintax Logística, S.A.	C/ Diputación, 279, Atico 6ª. Barcelona. Spain.	100.00%
Sintax Logístics Zeebrugge, S.A.R.L.	283 Avenue Louise, Bruxelles. Belgium.	100.00%
Sintax Logistique France, S.A.S.	Place de la Madeleine, 6. 75008 Paris. France.	100.00%
Sintax Logistique Maroc, S.A.R.L.	332 Boulevard Brahim Roudani - Maarif. Casablanca. Morocco.	100.00%
Sintax Logístique Mediterraneé, E.U.R.L.	Place de la Madeleine, 6. 75008 Paris. France.	100.00%
Sintax Logístique Region Parisienne, E.U.R.L.	Place de la Madeleine, 6. 75008 Paris. France.	100.00%
Sintax Logistique Valenciennes, S.A.R.L.	Place de la Madeleine, 6. 75008 Paris. France.	100.00%
Sintax Navigomes, Ltda.	Avda. Luisa Todi, 73. 2900 Setúbal. Portugal.	51.00%
Sintlogistica, Ltda.	Vale Ana Gomez, Ed. Síntax Estrada de Algeruz. Setubal. Portugal.	100.00%
Socamex, S.A.	C/ Cobalto s/n Par. 213. Pol. San Cristóbal. Valladolid. Spain.	100.00%
Somasur, S.A.	20, Rue Meliana Hai Ennahada. Rabat. Morocco.	100.00%
Starco, S.A.	Alcalde Guzmán,18. Quilicura. Chile.	50.00%
Tecmed Environment, S.A.S.	21 Rue Jules Guesde. 69230 Saint Genis Laval. Lyon. France.	100.00%
Tecmed Maroc, S.A.R.L.	Avda. capitaine Sidi Omar Elaissaoui cite OLM-Suissi II. Rabat. Morocco.	65.00%
Tecmed Servicios de Recolección, S.A. de C.V.	Avda. Homero 229, Desp. 401. Chapultepec Morales. CP 11570 Mexico D.F. Mexico.	100.00%
Tecmed Técnicas Mediamb. de Mexico, S.A. de C.V.	Avda. Homero 229, Desp. 401. Chapultepec Morales. CP 11570 Mexico D.F. Mexico.	100.00%
Técnicas Aplicadas de Recuperaciones Industriales, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain.	95.00%
Tirmadrid, S.A.	C/ Cañada Real de las Merinas, s/n. Madrid. Spain.	100.00%
Trans Inter Europe, S.A.S.	Route de Phaffans. 90380 Roppe. France.	100.00%
Trans Inter Uberherrn, E.U.R.L.	33 Langwies, D-66 802 Überherrn. Germany.	100.00%
Tratamiento de Residuos Sólidos Urbanos, S.A. de C.V.	C/ Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico D.F. Mexico.	100.00%
Tratamiento Integral de Residuos de Cantabria S.L.U.	Barrio de Vierna s/n.39192 San Bartolomé de Meruelo. Cantabria. Spain.	100.00%
Tresima Limpiezas Industriales, S.A. (TRELIMSA)	C/ Copérnico, 1 1ª dcha., P.I. La Gresla. A Coruña. Spain.	80.00%
Urbacet, S.L..	C/ Fray Junipero Serra nº 65 3º, 08030 Barcelona. Spain.	100.00%
Urbamar Levante Residuos Industriales, S.L.	C/ 31 c/v calle 27 - Nave 715-701, P.I. Qatarroja. Valencia. Spain.	80.00%

Company	Registered Office	% Effective Ownership
Urbana de Servicios Ambientales, S.L.	Avda. José Ortega y Gasset, nº 194-196. Madrid. Spain.	70.00%
Urbaser Argentina, S.A.	L.N. Alem 986, Piso 3 - Capital Federal. Buenos Aires. Argentina.	100.00%
Urbaser Barquisimeto, C.A.	Carrera, 4 Zona Ind Barquisimeto. Lara. Venezuela.	100.00%
Urbaser de Méjico, S.A. de C.V.	Avda. Homero 229, Desp. 401. Chapultepec Morales. CP 11570 Mexico D.F. Mexico.	100.00%
Urbaser Environnement, S.A.S.	1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France.	100.00%
Urbaser INC.	Hunton&William LLP,1111 Brickell Av. Suite 2500 33131 Miami, Florida. United States of America.	100.00%
Urbaser Libertador, C.A.	Avda. Paseo Cabriales, Sector Kerdell, Torre Movilnet, piso 11, ofic. 4. Valencia. Estado de Carabobo. Venezuela.	100.00%
Urbaser Limited	Unit F, 2nd Floor, Pate Court, St. Margaret's Road.Cheltenham, GL50 4DY. United Kingdom.	100.00%
Urbaser Mérida, C.A.	C/ 26, entre Av. 2 y 3, C.C. La Casona, piso 2, local 18. Mérida. Estado Mérida.Venezuela.	100.00%
Urbaser S.r.l.	Vía Archimede, 161. Roma. Italy.	100.00%
Urbaser San Diego, C.A.	Cent Com Fin de Siglo, pta baja, Av. D. Julio Centeno, Sector La Esmeralda, Local 11. Venezuela.	65.00%
Urbaser Transportes, S.L.	Avda. Diagonal, nº 611 - 2º. Barcelona. Spain.	100.00%
Urbaser Valencia, C.A.	C/ 123, s/n, cruce con avenida 94, avda. lizandro Alvarado, zona industrial la Guacamaya, Galpon, Urbaser, Valencia Estado Carabobo. Venezuela.	100.00%
Urbaser, S.A.	Camino de Hormigueras, 171.28031 Madrid. Spain.	100.00%
Urbasys, S.A.S.	Route de Tremblay, F-91480 Varennes-Jarcy. France.	100.00%
Vadereli, S.L.	Avda. Tenerife, 4 y 6.28703 San Sebastian de los Reyes. Madrid. Spain.	51.00%
Valenciana de Eliminación de Residuos, S.L.	Paraje "El Cabezo del Pino". Real de Montroi. Valencia. Spain.	85.00%
Valenciana de Protección Ambiental, S.A.	L' Alcudia de Crepins - Polig. El Caneri - Parcela 6. Valencia. Spain	99.55%
Valoram, S.A.S.	1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France.	100.00%
Valorga International, S.A.S.	1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France	100.00%
Valorgabar, S.A.S.	1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France	100.00%
Valortegia, S.A.S.	1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France.	100.00%
Vertederos de Residuos, S.A. (VERTRESA)	Camino de Hormigueras, 171. 28031 Madrid. Spain.	83.97%

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APPENDIX II. UTE´S / EIG´S

UTE / AIE	Address	% Effective Ownership	Revenue (100%)
CONSTRUCTION - DRAGADOS			
Yesa	C/ Rene Petit, 25. Yesa.	33.33%	23,466
Gorg Línea 9	C/ Via Laietana, 33. Barcelona.	43.50%	48,880
Puente de Cádiz	Avda. Tenerife, 4 y 6 - San Sebastián de los Reyes.	100.00%	30,309
Ave Girona	C/ Acanto, 22 - 5ª Planta - Madrid.	40.00%	14,111
Complejo Administrativo 9 de Octubre	C/ Álvaro de Bazan, 10 - Valencia.	54.00%	10,593
Kinopraxia Euro Ionia	Avda. Messogeion, 85 - Athens.	33.33%	10,368
Viaducto Río Ulla	C/ Wenceslao Fernández Florez, 1 - A Coruña.	100.00%	45,907
Metro de Granada	C/ Lope de Vega, 4 - Granada.	70.00%	10,287
Ave Túnel de Serrano	C/ Cardenal Marcelo Spínola, 52 - Madrid.	42.00%	10,012
Estacions L9-Besos	C/ Via Laietana, 33 - Barcelona.	50.00%	39,579
Vía Litoral	C/ Candelaria, 28 - 3ª Planta - Ed. Olympo - Santa Cruz de Tenerife.	100.00%	12,435
Tolosa	C/. Gran Vía, 53 - Bilbao.	40.00%	11,342
Centro Polivalente Barceló	Avda. Europa, 18 - Alcobendas.	50.00%	15,523
Ave San Isidro - Orihuela	C/ Álvaro de Bazan, 10 - Valencia.	70.00%	27,963
Estacions L9-Llobregat	C/ Via Laietana, 33 - Barcelona.	50.00%	17,980
Urumea	C/ Gran Vía, 53 - Bilbao.	37.00%	30,491
Dragados-Sisk Crosrail Eastern R. Tunnels	25 Canal Sq. 33 fl. Canary Wharf - London.	90.00%	230,678
Forth Crossing Bridge Constractors	Grange House West Main Road, Grange Mouth - Scotland.	28.00%	205,602
Edar Estiviel	Avda. Camino de Santiago, 50 - Madrid.	100.00%	10,379
HVDC Tunnel GEIE	C/ 2, Rue Helene Boucher - 93330 Neuilly Sur Marne.	50.00%	41,115
Consorcio Dragados - Concay	C/ 94 A, Nº 13-08 Barrio Chico - Bogotá.	70.00%	59,246
Cubrición Cajón Ferroviario	C/ Wenceslao Fernández Florez, 1 - A Coruña.	100.00%	11,637
Aduna	C/ Ergoyen, 21 - Urnieta.	26.00%	14,855
Dique de Protección	C/ Compostela, 8 - A Coruña.	40.00%	12,483
Túnel de Prado. Vía izquierda	C/ Wenceslao Fernández Florez, 1 - A Coruña.	100.00%	10,727
Vía Utrera Las Cabezas	C/ Almendralejo, 5 - Sevilla.	50.00%	12,692
Gat	C/ Valencia, 87 - Barcelona.	33.33%	10,254
Adamuz	C/ Orense, 11 - Madrid.	33.33%	10,535
Medinacelli	C/ Acanto, 22 - 5ª Planta - Madrid.	22.40%	11,858
Hospital Ibiza	C/ Antigua Senda de Senet, 11 - Valencia.	50.00%	40,857
Antequera	C/ Orense, 11 - Madrid.	90.00%	15,828
317 Viviendas Ceuta	Parcela B4-Actuación Loma Colmenar, s/n - Ceuta.	75.00%	14,363
Prado Porto	C/ Orense, 11 - Madrid.	67.50%	23,676
Urzaiz-Soutomaior	C/ Orense, 11 - Madrid.	50.00%	26,381
Picone/Schiavone/Frontier-Kemper/Dragados (519)	West 30th Street, NY, NY.	82.50%	25,038
41G Constructors (520)	460 Kingsland Ave, NY, NY.	100.00%	20,863
Schiavone/Kiewit (521)	29-60 Northern Blvd, NY, NY.	60.00%	14,716
Plaza Schiavone (523)	195 Broadway, 18th Floor, NY, NY.	40.00%	53,009
SSK Constructors (524)	1181 Broadway, 5th Floor, NY, NY .	42.50%	103,931
Dragados / Judlau a JV	26-15 Ulmer Street, College Point, NY 11354.	100.00%	48,119
Seattle Tunnel Partners a JV	999 3rd Avenue, 22nd Floor, Seattle, WA 98104.	55.00%	247,076
Dragados/ FlatIron/ Sukut a JV	P.O Box 608, Sunol CA 94586.	40.00%	47,404
Windsor Essex Parkway	340-2187 Huron Church Rd, Windsor, ON N9C 2L8, Canada.	33.33%	221,603
Ottawa LRT	Confederation Line. 1600 Carling Avenue, Suite 450, PO Box 20. Ottawa, Ontario K1Z 1G3.	40.00%	210,702
South Fraiser - FTG	8100 Nodel Way Delta BC, Canada.	41.80%	214,745
Neahd	12009 Meridian Street NE, Edmonton, Alberta T6S 1B8; Auditors.	33.75%	260,671
Thiess John Holland Dragados Joint Venture	Level 7, 345 George Street, NSW 2000.	25.00%	51,985
Dragados Cobra Initec JV- Great Ireland	The Oval Building , Block 3, 2nd Floor 160, Shelbourne Road, Ballsbridge, Dublin.	99.99%	67,860
Techint- Dycasa	Hipólito Bouchard 557 piso 17 - Buenos Aires.	40.00%	44,054
Skanska / Picone II (47)	20 North Central Ave, Valley Stream, NY 11580.	27.50%	45,413
Skanska / Picone I (50)	20 North Central Ave, Valley Stream, NY 11580.	45.00%	12,541
CM013A, 55th Street Ventilation Facility	150 Meadowlands Pkwy Secaucus, NY 07094	50.00%	11,604
Picone-Bove-Tully J.V	31 Garden Lane, Lawrence NY 11559.	33.33%	23,397
Picone / Schiavone (312)	31 Garden Lane, Lawrence NY 11559.	100.00%	15,448
Rondout Constructor (185)	150 Meadowlands Pkwy Secaucus, NY 07094	76.40%	16,077
CONSTRUCTION - HOCHTIEF			
Baltic 2 OWF (FOU/LGS) (incl. HT OC-Anteil)	D - Offshore.	50.00%	281,385

UTE / AIE	Address	% Effective Ownership	Revenue (100%)
Forth Replacement Crossing	GB - Schottland.	28.00%	192,817
Bau-ARGE BAB A8 Ulm - Augsburg	D - 86441 Zusmarshausen / Im Zusamtal 7.	50.00%	105,811
Crossrail C310 Thames Tunnel (incl. HT UK-Anteil)	GB - London / Hiview House, Highgate Road.	50.00%	95,347
E6 Dovrebanen FP2	NO - Eidsvoll/ Minnesund.	40.00%	87,710
Gotthard Basis Tunnel, Lose Bodio&Faido	CH - 6743 - Bodio / Consorzio TAT.	25.00%	107,457
Maliakos Kleidi CJV/OJV	GR - Itea-Gonnoi.	60.64%	41,371
ARGE Neubau EKZ Böblingen	D - 71032 Böblingen / Uhlandstraße 8.	80.00%	25,500
Schiphol Amsterdam-Almere (SAA) A1/A6	NL - 1112XH Diemen / Eekholt 54.	35.00%	51,199
EKPPT CJV/OJV	GR - Nea Kifissia, Athen / 25 Ermou Str.	41.90%	29,921
Arge Saale - Elster - Brücke	D - 06258 Schkopau / Hallesche Straße 174.	36.00%	31,626
INDUSTRIAL SERVICES			
Ute Reserva Fría Eten	C/ Cardenal Marcelo Spinola, 10 28016 Madrid.	100.00%	26,120
Ute CC Bremen	C/ Cardenal Marcelo Spinola, 10 28016 Madrid	100.00%	24,966
Ute Metro Caracas	C/ Padilla, 17 28006 Madrid.	19.00%	89,602
Consorcio Larreynaga	Reparto San Juan-Esq opuesta al hotel Brandts Casa 247 Nicaragua.	100.00%	14,710
Ute Ampliación BBG	C/ Zugazarte, 56 49830 Vizcaya.	100.00%	32,711
Ute Marcona	C/ Cardenal Marcelo Spinola, 10 28016 Madrid.	100.00%	24,067
Ute V-408	C/ Jesus, 81 46007 Madrid.	50.00%	47,887
Ute C.S.M. V.Ute Metro Valencia	C/ Padilla, 17 28006 Madrid.	28.42%	108,925
Ute Los Cocos	C/ Cardenal Marcelo Spinola, 10 28016 Madrid.	100.00%	15,484
Ep Ute FZ Ptar Taboada	Avda. Victor Andres Belounde, 887 Peru.	100.00%	12,637
Ute OM Castor	C/ Cardenal Marcelo Spinola, 10 28016 Madrid.	100.00%	17,833
Ute Luz Madrid	Evaristo San Miguel 4 28008 Madrid.	60.00%	23,704
Ute Vea	C/ Orense, 68 28020 Madrid.	50.00%	11,000
Enwesa- Maessa EAE UTE	C/ Tarragones 12, bajo planta 4ª- 43890 Hospitalet del Infante - Tarragona.	50.00%	12,533
ENVIRONMENT			
UTE Legio	C/ Valle de Portugal, s/n - San Román de La Vega (León).	50.00%	11,424
UTE Ebro	Parque Tecnológico de Reciclados. Parc. C1-18. Crta. La cartuja a Torrecilla de Valmadrid. Km. 1,195. 50720 Zaragoza.	100.00%	15,784
UTE La Paloma	Crta. De Valencia Km. 14, Valdemingomez- Madrid.	62.00%	10,727
UTE BKU - Tecmed (Albada)	Nostian s/n, 15010, La Coruña.	100.00%	11,321
UTE Vertresa Rwe Proces (Las Dehesas)	Ctra. Valencia, km 14. Complejo Valdemíngomez - Madrid.	100.00%	18,809
UTE Logroño Limpio	Polg. Ind. Portalada II C/ La Nevera, nº 18. 26006 Logroño, La Rioja.	50.00%	10,499
UTE Ecoparque V	Ctra. Terrasa - Manresa C-58 Barcelona.	20.00%	14,557
UTE Ecored	C/ Soliraditat 41, Aldaia, Valencia.	100.00%	13,661
UTE Melilla	Polígono Industrial Avda. de los Perales S/N, Camino de Coín, Km 1,3.	50.00%	10,713
UBB (Essex) Construction JV	Unit F, Pate Court, St Margaret's Road, Cheltenham, Gloucestershire, GL50 4DY.	70.00%	57,151
UTE Vertresa - FCC (Tenerife)	Pol. Ind. San Isidro - El Rosario (Tenerife).	90.00%	24,669
UTE Moron (Urbaser Argentina, S.A)	Gral. J. M. de Pueyrredón 937, Morón.	100.00%	16,277
UTE Urbasur (Urbaser Argentina, S.A.)	Brandsen 2720, CABA.	70.00%	52,660
UTE Espacios Verdes II (Urbaser Argentina, S.A.9	Brandsen 2720, CABA.	60.00%	22,383

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APPENDIX III. ASSOCIATES

Company	Address	% Effective Ownership	Data on the investee (100%) Assets	Liabilities	Equity*	Revenue	Profit for the year
CONSTRUCTION - DRAGADOS							
Cleon, S.A.	Avda. General Perón, 36 1º. 28020 Madrid. Spain.	25.00%	131,338	31,360	99,978	-	(257)
Constructora DCB, S.A.	Avda. Tajamar nº 183 piso 5º. Las Condes. Santiago de Chile. Chile.	33.33%	19,120	18,193	927	55,786	1,224
FPS Brunet Inc.	1625 Monseigneur-Langlois Boulevard. Salaberry de Valleyfield, Quebec, J6S 1C2. Canada.	50.00%	58	-	58	-	-
Juluna, S.A.	C/ Sorni, 3 bajo. 46004 Valencia. Spain.	24.45%	688	11	677	-	-
SDE (OLRT) Inc.	1600 Carling Avenue, Suite 450. Otawa. ON K1Z1G3. Canada.	40.00%	-	-	-	-	-
Superco Orense, S.L.	C/ Copérnico,7 Edificio Work Center 2ºA , Polígono la Grela. 15008 La Coruña. Spain.	35.00%	3	27	(24)	-	-
Vía Olmedo Pedralba, S.A.	C/ Orense, 11.28020 Madrid. Spain.	50.40%	7,667	7,652	15	7,649	-
CONSTRUCTION - HOCHTIEF							
HOCHTIEF Asia Pacific							
Al Habtoor Engineering Enterprises Co. LLC	Dubai, United Arab Emirates.	14.58%	1,043,020	819,269	223,751		753
MacMahon Holding Ltd.	Australia.	6.48%	119,330	68,870	50,460		5,713
Metro Trains Melbourne Pty. Ltd.	Australia.	9.72%	52,856	45,364	7,492		9,580
Sedgman Pty. Ltd.	Australia.	11.34%	67,351	25,851	41,500		(2,970)
Leighton associates in other		-	5,599	5,083	516		(9,341)
HOCHTIEF Europe							
Am Opernboulevard GmbH & Co. KG	Hamburg, Germany.	26.29%	8,365	1,475	6,890		(1,089)
Arbeitsgemeinschaft GÜ Köbis Dreieck KPMG	Berlin, Germany.	27.97%	164	23	141		(1)
Copernicus JV B.V.	Amsterdam, Holland.	27.97%					(32)
Perlo Sp. z o.o.	Warschau, Poland.	27.41%					(1)
Sociedad Concesionaria Túnel San Cristóbal S.A.	Santiago de Chile, Chile.	27.97%	40,648	40,648	-		(2,150)
INDUSTRIAL SERVICES							
Afta, S. A.	Nucleo Central, 100 Tagus Park, 2780.Porto Salvo. Portugal.	24.84%	-	-	-	-	-
Andasol 1, S.A.	Plaza Rodrigo s/n. 18514 Aldeire Granada. Spain.	10.00%	292,468	229,307	63,161	46,917	8,023

(*) Non-controlling interests not included.

			Data on the investee (100%)				
Company	Address	% Effective Ownership	Assets	Liabilities	Equity*	Revenue	Profit for the year
Andasol 2, S.A.	Plaza Rodrigo s/n. 18514 Aldeire Granada. Spain.	10.00%	327,575	270,830	56,745	53,835	9,898
AR Sieniawa sp z. o. o.	Al. Jerozolimskie 56 C, Warsaw. Poland.	22.36%	-	-	-	-	-
Brilhante Transmissora de Energias, S.A.	Avd.Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil.	50.00%	112,828	40,638	72,190	11,399	2,381
C.I.E.R. S.L.	Pol Ind. Las Merindades Calle B s/n 09550 Villarcayo. Burgos. Spain.	50.00%	-	-	-	-	-
CME Al Arabia, Lda.	PO BOX 42651. 11551Riad. Arabia Saudí.	37.27%	-	-	-	-	-
Concesionaria Jauru Transmissora de Energia	Rua Marechal Camara,160. Sala 1534 Rio de Janeiro. Brazil.	33.00%	165,170	90,750	74,420	15,933	(3,090)
Consorcio de Telecomunicaciones Avanzadas, S.A.	Avda. Juan Carlos I, 59-6. Espinardo. Murcia. Spain.	21.00%	3,940	1,225	2,715	1,985	74
Consorcio GSI Spa	Avda. Los Leones 936.Providencia, Santiago de Chile. Chile.	24.50%	3,619	3,102	517	3,064	261
Desarrollos Energéticos Asturianos, S.L.	Pol. Industrial Las Merindades calle B, s/n. 09550 Villarcayo. Burgos. Spain.	50.00%	551	88	463	-	(2)
Dora 2002, S.L.	C/ Monte Esquinza, 34. 28010 Madrid. Spain.	45.39%	47	-	47	-	-
Dragados Micoperi Offshore, S A P I De C.V.	Juan Racine, 112. Piso 8, Col. Los Morales.11510 Mexico D.F. Mexico.	50.00%	149	146	3	-	
Electra de Montanchez, S.A.	Periodista Sánchez Asensio, 1. Cáceres. Spain.	40.00%	284	23	261	-	(40)
Energía de la Loma S.A.	C/ Las Fuentecillas, s/n - Villanueva del Arzobispo.23330 Jaén. Spain.	20.00%	15,538	6,100	9,438	8,879	554
Energia Olmedo - Ourense. Fase I, S.A.	Plaza Carlos Trías Beltrán, 7 -4ª planta.28020 Madrid. Spain.	63.00%	1,586	1,534	52	1,575	-
Energías Alternativas Eólicas, S.L.	Gran Vía Juan Carlos I, 9. 26002 Logroño. Spain.	37.50%	25,450	16,450	9,000	8,305	1,560
Energías Renovables de Ricobayo, S.A.	Avda. Europa,6 Parque Empresarial La Moraleja. 28108 Alcobendas. Madrid. Spain.	50.00%	962	739	223	-	(81)
Enervouga - Energias do Vouga, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278.Porto Salvo. Portugal.	37.50%	-	-	-	-	-
Escal UGS, S.L.	C/ San Francisco de Sales, Nº 38-1ª Plta. Madrid. Spain.	66.67%	1,648,710	1,681,987	(33,277)	-	(5,300)
Hydrotua - Hidroelectricas do Tua, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278.Porto Salvo. Portugal.	37.50%	-	-	-	-	-
Interligaçao Elétrica Norte e Nordeste, S.A.	Avda. Marechal Camara 160 sala 1833 y 1834. 20030-020 Rio de Janeiro. Brazil.	25.00%	218,145	116,467	101,678	18,878	-
Interligação Elétrica Sul ,S.A.	Rua Casa do Ator, 1115, 8º andar Vila Olímplia.São Paulo. Brazil.	49.90%	82,080	27,218	54,862	20,670	-
Ofiteco WLL	9th Floor Salam Tower, Al Corniche Street P.O.Box 15224, Doha. Qatar	49.00%	10	237	(227)	-	(276)
Operadora OCACSA-SICE, S.A. de C.V.	Montecito n 38, piso 36 oficina 3y4, colonia Napoles.03810 Mexico D.F. Mexico.	30.00%	471	463	8	10,131	3
Parqa, S. A.	Rua Dr. António Loureiro Borges 9. Portugal.	37.27%	-	-	-	-	-
Planta de Reserva Fría Eten, S.A.	Avda. Argentina 2415. Lima. Peru.	50.00%	122,604	118,909	3,695	-	(192)

(*) Non-controlling interests not included.

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Company	Address	% Effective Ownership	Data on the investee (100%) Assets	Liabilities	Equity*	Revenue	Profit for the year
Portwind sp z. o. o.	Warszawa, UL. Aleje, Jerozolimskie, 56 C 00-803. Poland.	37.50%	-	-	-	-	-
Salam Sice Tech Solutions, Llc.	Salam Tower West Bay P.O. Box 15224 DOHA (Qatar)Box 15224 Doha. Qatar.	49.00%	5	536	(531)	796	(498)
Sistema Eléctrico de Conexión Valcaire S.L.	C/ Ribera del Loira, 60. Madrid. Spain.	25.00%	8,019	7,936	83	-	(75)
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	Doctor Aznar molina, 15-17. 50002 Zaragoza. Spain.	40.00%	21,849	16,861	4,988	2,962	220
Sociedad de Aguas Residuales Pirineos, S.A.	Doctor Aznar molina, 15-17. 50002 Zaragoza. Spain.	37.50%	11,248	278	10,970	1,443	208
Somozas Energías Renovables, S.A.	Lg Iglesia,1. 15565 La Coruña. Spain.	25.00%	7,119	5,650	1,469	2,485	174
Tonopah Solar Investments, LLC.	7380 West Sahara, Suite 160. Las Vegas NV 89117. United States of America.	50.00%	564,606	448,986	115,620	-	(1,721)
ENVIRONMENT							
Aguas del Gran Buenos Aires, S.A.	C/ 48 Nº 877, piso 4 oficina 408. La Plata Provincia de Buenos Aires. Argentina.	26.34%	1,618	2,138	(520)	-	(90)
Betearte, S.A.	Colón de Larrategui, 26. Bilbao. Spain.	33.33%	17,854	15,960	1,894	3,027	(394)
Centre D'Integracio Social Balear Ceo, S.L.	C/ Pescadors, 1.Palma de Mallorca. 07012 Illes Balears. Spain.	38.88%	472	281	191	963	176
Clece Care Services, Ltd.	2 Queen Caroline Street, Hammershith, London, United Kingdom.	76.24%	325	58	267	-	(92)
Clece Seguridad S.A.U.	Avda. de Manoteras, 46, Bis 1ª Pl. Mod. C 28050 Madrid. Spain.	76.24%	1,550	547	1,003	2,460	(131)
Clece, Inc.	1111 Brickell Avenue 11Th Floor. Florida 33131. Miami. EE.UU.	76.24%	1	-	1	-	-
Clece, S.A.	Avda. Manoteras, 46 Bis 2ª Planta. 28050 Madrid. Spain.	76.24%	479,407	331,388	148,019	1,072,755	29,102
Ecoparc del Besós, S.A.	Rambla de Catalunya, 91-93, 9º3ª.08080 Barcelona. Spain.	28.00%	75,203	67,612	7,591	27,216	1,253
Ecoparc del Mediterrani, S.A.	Avda. Eduard Maristany, s/n. 08930 Sant Adria de Besós. Barcelona. Spain.	32.00%	14,575	4,280	10,295	11,895	1,437
Energías y Tierras Fértiles, S.A.	Pascual y Genís, 19. 46002 Valencia. Spain.	33.36%	63	-	63	-	-
Entaban Biocombustibles del Pirineo, S.A.	Paseo Independencia, 28. Zaragoza. Spain.	37.50%	2,307	9,208	(6,901)	-	7
Gestión de Marpol Galicia, S.L.	C/ Canovas del Castillo, 10, 1º, oficina 8. Vigo. Spain.	50.00%	5	9	(4)	-	(4)
GPL Limpiezas, S.L.	C/ Diputación, 180-1ª Planta. 08011 Barcelona. Spain.	76.24%	2,324	1,544	780	7,205	507
Huesca Oriental Depura, S.A.	Ctra. de Madrid, km. 315,800 Edif. Expo Zaragoza, 3 Ofic. 14, 50012 Zaragoza. Spain.	60.00%	5,890	1,568	4,322	-	-
Integra Formación Laboral y Profesional, S.L.	C/ Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	76.24%	42	34	8	44	(13)
Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	76.24%	774	603	171	995	19

(*) Non-controlling interests not included.

Company	Address	% Effective Ownership	Data on the investee (100%) Assets	Liabilities	Equity*	Revenue	Profit for the year
Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L.	C/ Pamplona, 54 Bajo. 08005 Barcelona. Spain.	76.24%	1,040	745	295	2,504	292
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Andalucia, S.L.	C/ Industria Edif Metrópoli, 1 Esc 4, Pl MD P20. 41927 Mairena de Aljarafe. Sevilla. Spain.	76.24%	802	577	225	1,439	31
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Extremadura, S.L.	Avda Santiago Ramón y Cajal, 11, entreplanta 2, Pta 3.06001 Badajoz. Spain.	76.24%	233	203	30	89	28
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L.	Avda. Hispanidad, 75. 36203 Vigo. Pontevedra. Spain.	76.24%	51	35	16	131	6
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Valencia, S.L.	Avda. Cortes Valencianas, 45B 1º 46015 Valencia. Spain.	76.24%	311	117	194	227	57
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	76.24%	10,229	8,531	1,698	10,796	460
International City Cleaning Company	Bordi Masser Lel-Siaha, Maydan. Al-Abbasia Aawan. Egipto.	30.00%	676	1,347	(671)	-	(398)
Lavintec Centre Especial D'Ocupació, S.L.	C/ Francesc Valduví , 5. Polig Industrial Can Valero.07011 Palma de Mallorca. Spain.	76.24%	3	-	3	-	-
Limpiezas Deyse, S.L.	C/ Lérida, 1. Manresa. Barcelona. Spain.	76.24%	3,080	1,764	1,316	8,877	731
Limpiezas Lafuente, S.L.	C/ Puerto de Santa María, 8. 46015 Valencia. Spain.	76.24%	1,784	1,508	276	8,563	(256)
Lireba Serveis Integrats, S.L.	Cami de Jesús, s/n edificio Son Valentí Pol Son Valentí 1ª Planta. 07012 Palma de Mallorca. Islas Baleares. Spain.	38.88%	6,016	3,808	2,208	11,301	358
Mac Insular, S.L.	C/ Julián Álvarez, nº 12-A-1º. Palma de Mallorca. Spain.	8.00%	50,940	42,928	8,012	12,453	576
Net Brill, S.L.	Camino Les Vinyes, 15. Mataró. 08302 Barcelona. Spain.	76.24%	2,373	1,317	1,056	7,357	604
Talher, S.A.	Avda. de Manoteras,46 Bis, 2º Planta 28050 Madrid. Spain.	76.24%	33,456	15,387	18,069	51,812	1,340
Tirme, S.A.	Ctra. de Soller, Km 8,2. 07120 Son Reus. Palma de Mallorca. Spain.	20.00%	544,402	486,251	58,151	75,026	5,615
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91. 08008 Barcelona. Spain.	33.33%	8,143	4,254	3,889	9,125	(4,277)
UFS-United Facility Solutions	Rue Colonel Bourg 101.1030 Bruselas. Belgium.	25.41%	319	37	282	100	(28)
Zaintzen, S.A.U.	Landabarri Zeharbidea 3 Zbekia, 4ª Pisua G.48940 Leoia (Bizkaia). Spain.	76.24%	99	-	99	-	-
Zenit Traffic Control, S.A.	Avda. de Manoteras, 46 Bis.28050 Madrid. Spain.	76.24%	2,402	2,142	260	8,674	206

(*) Non-controlling interests not included.

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APPENDIX IV. JOINT VENTURES

			Data on the investee (100%)				
Company	Address	% Effective Ownership	Assets	Liabilities	Equity*	Revenue	Profit for the year
CONSTRUCTION - DRAGADOS							
Beijing Citic Xinlong Contracting Co., Ltd.	Xidaqiao Lu,69. Distrito Miyun. Beijing. República Popular China.	50.00%	1,825	28	1,797	-	44
Blue Clean Water, Llc.	150 Meadowlands Parkway Seacaucus. 3rd Fl.New Jersey 07068. United States of America.	76.40%	4,069	56	4,013	669	443
Constructora ACS Sacyr Chile, S.A.	Avda. Vitacura, 2939, ofic. 1102. Las Condes. Santiago de Chile. Chile.	50.00%	1,184	1,087	97	-	(3)
Constructora Comsa Dragados, S.A.	Avda. Vitacura, 2939, ofic. 2201. Las Condes. Santiago de Chile. Chile.	50.00%	1,685	1,067	618	6	-
Corfica 1, S.L.	C/ Los Vergos, 26-5º. 08017 Barcelona. Spain.	50.00%	65	1	64	-	-
Draga, S.A.	Crta.de la Comella, 11, Edif. Cierco AD500. Andorra.	50.00%	4,141	3,109	1,032	4,001	5
Dragados Besalco, S.A.	Avda Vitacura, 2939 ofic 2201.Las Condes. Santiago de Chile. Chile.	50.00%	2,447	2,373	74	585	167
Dragados Fomento Canada, S.A.L.	Queen Street, 570 Fredericton NB. Canada.	50.00%	3,792	4,892	(1,100)	2,991	542
Dravo, S.A	Plaza de Castilla, 3 Piso 21-A. 28046. Madrid. Spain.	50.00%	17,189	9,046	8,143	12,999	626
Elaboración de Cajones Pretensados, S.L.	Avda. general Peron, 36. 28020 Madrid. Spain.	50.00%	100	96	4	-	-
Empresa Mantenimiento y Explotación M-30, S.A.	C/ Méndez Alvaro, 95. 28053 Madrid. Spain.	50.00%	216,888	213,648	3,240	27,058	10,496
SDD Shanganagh (Water Treatment) Limited	Wilton Works, Naas Road, Clondalkin. Dublin 22. Ireland.	50.00%	674	673	1	-	1
CONSTRUCTION - IRIDIUM (Concessions)							
Autovía de la Sierra de Arana, S.A.	C/ Acera del Darro 72.18005 Granada. Spain.	40.00%	8,753	3,780	4,973	-	-
Autovía de los Pinares, S.A.	Km 20.200 A-601. 47160 Portillo. Valladolid. Spain.	53.33%	103,280	105,267	(1,987)	5,108	(875)
Bidelan Guipuzkoako Autobideak, S.A.	Asti Auzoa, 631 B.20800 Zarauz. Gipuzkoa. Spain.	50.00%	14,261	8,544	5,717	38,754	1,885
Capital City Link General Partnership	12009 Meridian St, Edmonton. Alberta T6S 1B8. Canada.	25.00%	369,976	373,411	(3,435)	19,059	153
Celtic Roads Group (PortLaoise) Limited	Toll Plaza Balgeen Co. Meath Ireland.	33.33%	291,731	354,838	(63,106)	19,215	(3,991)
Celtic Roads Group (Waterford), Ltd.	Toll Plaza, Balgeen , Co. Meath Ireland.	33.33%	220,665	259,151	(38,486)	12,255	(1,680)
Circunvalación Alicante, S.A.C.E.	Autopista AP 7.pk 703. Area Monforte del Cid. 03670 Monforte del Cid. Alicante. Spain.	50.00%	352,825	523,465	(170,640)	5,735	(16,568)
Concesionaria Aparcamiento La Fe, S.A.	Tres Forques, 149 Accesorio.46014 Valencia. Spain.	50.00%	10,558	9,333	1,224	1,374	210
Concesionaria Atención Primaria, S.A.	Plaza Es Fortí, 4, 1º A. 07011 Palma de Mallorca. Islas Baleares. Spain.	49.50%	19,726	13,774	5,952	3,351	981
Concessionària Hospital Universitari Son Espases, S.A.	Carretera Valldemosa, 79. 07120 Palma de Mallorca. Islas Baleares. Spain.	49.50%	398,680	394,800	3,880	42,413	3,346
Desarrollo de Equipamientos Públicos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. Spain.	60.00%	62,029	14,651	47,377	132	1,493
FTG Fraser Transportation Group Partnership	1138- 1100 Melville Street.Vancouver Bc V6E 4A6 Canada.	50.01%	133,504	118,133	15,370	15,381	3,427
Gran Hospital Can Misses, S.A.	C/ Corona, S/N, (Casetas de Obra). 07800 Ibiza. Islas Baleares.	40.00%	128,243	115,988	12,255	5,931	(1,117)
Hospital de Majadahonda, S.A.	C/ Joaquín Rodrigo, 2. 28220 Majadahonda. Madrid. Spain.	55.00%	264,940	244,713	20,227	43,562	5,044
I 595 Express, LLC	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States of America.	50.00%	1,240,426	1,043,716	196,710	84,871	6,514

(*) Non-controlling interests not included.

Company	Address	% Effective Ownership	Data on the investee (100%) Assets	Liabilities	Equity*	Revenue	Profit for the year
Infraestructuras y Radiales, S.A.	Ctra. M-100 Alcalá de Henares a Daganzo Km 6.300. 28806 Alcalá de Henares. Madrid. Spain.	35.00%	842,903	981,891	(138,989)	12,931	(29,175)
Intercambiador de Transportes de Avda. de América, S.A.	Avda. América, 2-17-B.28028 Madrid. Spain.	60.00%	62,968	46,629	16,339	8,182	2,055
Intercambiador de Transportes de Príncipe Pío, S.A.	Avda. América 2 17-B.28028 Madrid. Spain.	42.00%	80,660	66,380	14,280	10,175	3,241
Intercambiador de transportes Plaza de Castilla, S.A.	Avda. de Asturias, s/n. 28029 Madrid. Spain.	22.20%	233,718	174,873	58,845	31,371	13,284
Línea Nou Manteniment, S.L.	Avda. Josep Tarradellas, 34-36 4º Dcha. 08029 Barcelona. Spain.	50.00%	4,250	1,821	2,429	5,361	2,425
Línia Nou Tram Dos, S.A.	Avda. Josep Tarradellas, 34-36 4º Dcha. 08029 Barcelona. Spain.	50.00%	714,038	749,407	(35,369)	70,618	9,573
Línia Nou Tram Quatre, S.A.	Avda. Josep Tarradellas, 34-36 4º Dcha. 08029 Barcelona. Spain.	50.00%	642,053	641,718	334	56,937	10,597
Metro de Sevilla Sdad Conce Junta Andalucia, S.A.	C/ Carmen Vendrell, s/n (Prolongación de Avda. de Hytasa) 41006 Sevilla. Spain.	34.01%	418,833	288,137	130,696	50,751	6,788
Nouvelle Autoroute 30, S.E.N.C.	5388 Pierre Danseream. Salaberry-de-Vallefield. Quebec H9R 5B1. Canada.	50.00%	775,131	693,607	81,524	71,254	11,919
Operadora Can Misses, S.L.	C/ Corona, s/n.07800 Ibiza. Spain.	40.00%	82	74	7	74	6
Rideau Transit Group General Partnership	1545 Carling Avenue, Suite 406. Ottawa, Ontario K1Z 8P9. Canada.	40.00%	213,273	211,726	1,547	11,368	586
Rideau Transit Maintenance General Partnership	1545 Carling Avenue, Suite 406. Ottawa, Ontario K1Z 8P9. Canada.	40.00%	419	395	24	357	24
Road Management (A13), Plc.	24 Birch Street, Wolverhampton, WV1 4HY.	25.00%	160,819	302,358	(141,539)	35,381	(590)
Rotas Do Algarve Litoral, S.A.	Rua Julieta Ferrão, nº 10 – 6º andar 1600-131 Lisboa. Portugal.	45.00%	128,491	124,649	3,841	-	-
Serranopark, S.A.	Pza. Manuel Gomez Moreno, 2. 28020 Madrid. Spain.	50.00%	108,262	103,894	4,369	5,112	(3,731)
Sociedad Concesionaria Ruta del Canal, S.A.	Ruta 5 Sur Kilómetro 1053,4. Comuna de Maullin, Región de Los Lagos. Casilla 13-DPuerto Montt. Chile.	51.00%	141,614	120,779	20,835	-	-
Sociedad Hospital de Majadahonda Explotaciones, S.L	C/ Joaquín Rodrigo, 2. 28220 Majadahonda. Madrid. Spain.	55.00%	22,339	20,511	1,828	26,859	1,814
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	Rua Julieta Ferrão, nº 10 – 6º andar 1600-131 Lisboa. Portugal.	49.50%	322,806	324,426	(1,619)	-	-
Systelec Limited Partnership	3700-1 place Ville-Marie.Montréal (Quebec) H3B3P4. Canada.	50.00%	2,111	3,345	(1,234)	6,880	2,240
Systelec Quebec, Inc.	3700-1 place Ville-Marie.Montréal (Quebec) H3B3P4. Canada.	50.00%	-	-	-	-	-
Tag Red, S.A.	Avda. Vitacura nº 2939 piso 8. Las Condes. Santiago de Chile. Chile.	25.00%	5	2,088	(2,083)	-	-
TP Ferro Concesionaria, S.A.	Ctra. de Llers a Hostalets GIP-5107 p.k. 1, s/n 17730 Llers (Girona) Spain.	50.00%	1,219,058	1,175,519	43,539	4,469	(724)
Windsor Essex Mobility Group	2187 Huron Church Road, Suite 218, Windsor. Ont N9C 2L8. Canada.	33.33%	662,506	671,497	(8,990)	49,065	3,838
CONSTRUCTION - HOCHTIEF							
HOCHTIEF America							
DPR/Turner JV	New York, United States of America.	27.97%	5,467	4,192	1,275		1,068
Dragados/Flatiron/Sukut	Sacramento, United States of America.	16.78%	22,059	25,341	(3,282)		1,870
E.E. Cruz/Nicholson Joint Venture (Columbia)	Holmdel, United States of America.	28.53%	9,705	2,775	6,930		1,014
E.E. Cruz/Tully Construction, LLC	Holmdel, United States of America.	27.97%	20,578	19,539	1,039		14,975
FCI/Fluor/Parsons	La Mirada, United States of America.	25.17%	17,076	6,431	10,645		9
Flatiron - Dragados - Aecon - LaFarge - Joint Venture	Richmond, United States of America.	18.88%	35,189	37,629	(2,440)		9,471
Kiewit/Flatiron	Richmond, United States of America.	15.38%	38,961	25,877	13,084		6,851

(*) Non-controlling interests not included.

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			Data on the investee (100%)				
Company	Address	% Effective Ownership	Assets	Liabilities	Equity*	Revenue	Profit for the year
Kiewit-Turner JV	New York, United States of America.	27.97%	12,821	8,823	3,998		2,356
Tully Construction/E.E.Cruz, LLC	New York, United States of America.	27.97%	6,991	6,941	50		4,245
Turner - PCL - Flatiron	New York, United States of America.	28.53%	15,602	9,151	6,451		2,652
Turner/STV	New York, United States of America.	27.97%	26,122	25,398	724		1,028
Turner-Peter Scalamdre & Sons JV	New York, United States of America.	41.39%	2,834	864	1,970		821
Flatiron jointly controlled entities in other		-	50,442	28,087	22,355		(8,429)
Turner jointly controlled entities other		-	50,202	42,259	7,943		7,712
HOCHTIEF Asia Pacific							
City West Property Holding Trust (Section 63 Trust)	Australia.	16.20%	36,211	7	36,204		540
Kentz E & C Pty Ltd.	Australia.	16.20%	12,760		12,760		630
Majwe Mining (Proprietary) Limited	Botswana.	19.44%	41,282	33,632	7,650		7,549
Mosaic Apartments Holdings Pty. Ltd.	Australia.	16.20%	11,067		11,067		(142)
Nextgen Group Holdings Pty. Ltd.	Australia.	9.72%	96,351		96,351		(6,025)
Wrap Southbank Unit Trust	Australia.	16.20%	35,549	23,364	12,185		(26)
Leighton jointly controlled entities other		-	142,085	106,713	35,372		35,818
HOCHTIEF Europe							
1. WohnArt-Projektentwicklung GmbH & Co. KG	Hamburg, Germany.	27.97%	21	21			
ABC Schools Partnership	Calgary, Canada.	27.97%	38,335	38,334	1		
Aegean Motorway S.A.	Larissa, Greece.	19.58%	173,266	173,266	-		(9,211)
Aurelis Real Estate GmbH & Co. KG	Calgary, Canada.	27.97%	542,485	410,178	132,307		(6,488)
B2L Partnership	Calgary, Canada.	0.00%					1,240
Bangor and Nedrum Schools Services Holdings Limited	Belfast, Great Britain.	11.41%	19,821	19,821	-		38
Capital City Link General Partnership	Edmonton, Canada.	13.98%	94,100	92,634	1,466		1,562
CONTUR Wohnbauentwicklung und Projektsteuerung GmbH & Co. KG	Köln, Germany.	27.69%	122	122	-		(15)
CSM PPP Services (Holdings) Limited	Dublin, Ireland.	14.26%	39,561	39,561	-		66
D1 Construction s.r.o.	Bratislava, Eslovaquia.	27.97%	58	53	5		5
FCC (East Ayrshire) Holdings Limited	Edinburgh, Great Britain.	14.26%	58,364	58,364	-		163
FHH Fondshaus Hamburg Gesellschaft für Immobilienbeteiligungen mbH & Co. KG	Hamburg, Germany.	27.97%	1,913		1,913		(1,087)
Golden Link Concessionaire LLC (Presidio Parkway)	New York, United States of America.	27.97%	64,203	42,410	21,793		4,259
Herrentunnel Lübeck GmbH & Co. KG	Lübeck, Germany.	27.97%	29,727	29,727	-		
HGO InfraSea Solutions GmbH & Co. KG	Bremen, Germany.	27.97%	120,717	103,065	17,652		4,264
HKP Dahlemer Weg Objekt 1 tertius PE GmbH & Co. KG	Essen, Germany.	27.97%	661	628	33		(12)
HKP Dahlemer Weg Objekt 2 ETW PE GmbH & Co. KG	Essen, Germany.	27.97%	10,209	5,299	4,910		(505)
Hochtief Cobra Grid Solutions GmbH	Essen, Germany.	27.97%	25	20	5		(131)
Hochtief Offshore Development Solutions S. à r.l.	Luxembourg, Luxembourg.	27.97%	10,072	3,528	6,544		(796)
Hochtief Pandion Oettingenstsraße GmbH & Co. KG	Essen, Germany.	27.97%	9,115	9,113	2		1
HTP PSP LIMTED	Swindon, Great Britain.	27.97%	14,409	14,318	91		38
Le Quartier Central Teilgebiet C GmbH & Co. KG	Essen, Germany.	27.97%	30,026	26,758	3,268		2,059
Lusail Hochtief Q.S.C.	Doha, Qatar.	27.41%	1,225	380	845		59
Manchester School Services Holdings Limited	Swindon, Great Britain.	14.26%	15,760	15,760	-		92
Olympia Odos Concession Company S.A.	Athens, Greece.	9.51%	144,557	144,557	-		
Olympia Odos Operation Company S.wA.	Athens, Greece.	9.51%	3,668	692	2,976		2,806
PANSUEVIA GmbH & Co. KG	Jettingen-Scheppach, Germany.	27.97%	138,477	138,477	-		2,108
PANSUEVIA Service GmbH & Co. KG	Jettingen-Scheppach, Germany.	27.97%	1,646	1,139	507		281

(*) Non-controlling interests not included.

Company	Address	% Effective Ownership	Data on the investee (100%) Assets	Liabilities	Equity*	Revenue	Profit for the year
PPP Services (North Ayrshire) Holdings Limited	Edinburgh, Great Britain.	14.26%	65,467	65,467	-		260
Projekt DoU Baufeld Nord GmbH & Co. KG	Stuttgart, Germany.	27.97%	13,303	11,725	1,578		540
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG	Kriftel, Germany	27.97%	18,360	9,063	9,297		5,200
Raststätten Betriebs GmbH	Großebersdorf, Austria.	27.97%	15,096	13,557	1,539		124
S&W TLP (PSP ONE) Limited	Swindon, Great Britain.	27.97%	33,108	33,108	-		(18)
S&W TLP (PSP Three) Limited	Swindon, Great Britain.	27.97%	2,610	2,254	356		269
S&W TLP (PSP TWO) Limited	Swindon, Great Britain.	27.97%	37,193	37,179	14		5
SAAone Holding B.V.	Vianen, Holland.	11.19%	31,318	31,318	-		153
Salford Schools Solutions Holdco Limited	Swindon, Great Britain.	14.26%	22,811	22,811	-		64
Schools Public / Private Partnership (Ireland) Limited	Dublin, Ireland.	27.97%	39,692	39,691	1		277
SEVERINS WOHNEN GmbH & Co. KG	Köln, Germany.	27.97%	209	158	51		76
Shield Infrastructure Partnership (OPP)	Toronto, Canada.	27.97%	41,174	38,480	2,694		603
Skyliving GmbH & Co. KG	Oststeinbek, Germany.	27.97%	13,415	13,415	-		-
Süddeutsche Geothermie-Projekte GmbH & Co. KG	München, Germany.	27.97%	66,620	66,620	-		(429)
Via Solutions Thüringen GmbH & Co. KG	Eisenach, Germany.	27.97%	128,312	128,312	-		(2,450)
Wohnentwicklung Theresienstraße GmbH & Co. KG	München, Germany.	27.97%	28,213	20,852	7,361		(151)
Wohnpark Gießener Straße GmbH & Co. KG	Kriftel, Germany.	27.97%	2,371	1,845	526		3,396
INDUSTRIAL SERVICES							
Carreteras Pirenaicas, S.A.	Pza. de Aragón, nº 11 1º Izqda. 50004 - Zaragoza. Spain.	47.50%	3,513	19	3,494	-	(7)
Hospec, S.A.	Tamer Bldg., Sin El Deirut. Líbano.	50.00%	59,779	114,253	(54,474)	-	-
Incro, S.A.	Serrano, 27. 28016 Madrid. Spain	50.00%	18,015	14,670	3,345	10,131	3,168
JC Deaux Cevasa	Avda. de Aragón 328 28022.Madrid.	50.00%	259	49	210	77	(23)
ENVIRONMENT							
CCR Las Mulas, S.L.	Camino de Las Mulas, s/n. 28945 Fuenlabrada. Madrid. Spain.	41.98%	10,305	13,071	(2,766)	1,577	(1,729)
Desarrollo y Gestión De Residuos, S.A. (Degersa)	Avda. Barón de Carcer, 37. Valencia. Spain.	40.00%	22	-	22	-	-
Electrorecycling, S.A.	Ctra.BV 1224, Km. 6,750 El Pont de Villomara i Rocafort. Barcelona. Spain.	33.33%	5,491	1,171	4,320	4,939	993
Empresa Mixta de Aguas del Ferrol, S.A.	C/ Praza da Ilustracion, 5-6 Baixo. Ferrol. La Coruña. Spain.	49.00%	14,437	8,980	5,457	5,418	90
Empresa Mixta de Limpieza, S.A.	Av. Logroño II, 10. 24001 León. Spain.	49.00%	4,116	1,772	2,344	3,778	207
Gestión Medioambiental de L'Anoia, S.L.	C/ Viriato, 47. 08000 Barcelona. Spain.	50.00%	1	90	(89)	-	17
Indira Container Terminal Private Limited	Indira Dock, Green Gate, Mumbai Port, Mumbai 400038. India.	50.00%	62,746	55,940	6,806	2	(307)
Multiservicios Aeroportuarios, S.A.	Avda. Manoteras 46 Bis 2ª Planta. 28050 Madrid. Spain.	38.88%	21,503	13,798	7,705	60,030	922
Pilagest, S.L.	Ctra.BV 1224, Km. 6,750 El Pont de Villomara i Rocafort - Barcelona- Spain.	50.00%	1,224	6	1,218	-	692
Salmedina Tratamiento de Residuos Inertes, S.L.	Cañada Real de las Merinas, s/n. Cº de los Aceiteros, 101. Madrid. Spain.	41.98%	12,550	11,238	1,312	5,614	(1,173)
Servicios Urbanos E Medio Ambiente, S.A.	Avda. Julio Dinis, 2. Lisboa. Portugal.	38.50%	203,759	120,274	83,485	121,904	9,555
Técnología Medioambientales del Golfo, S.A de C.V.	Mier y Teran No. 260 4to piso en Cd Victoria Tamaulipas. Mexico.	50.00%	7,300	3,948	3,352	2,330	324
Tractaments Ecologics, S.A.	P.I. La Valldan C/ Serra Farriols, 137 Berga. Barcelona. Spain.	50.00%	2,926	1,417	1,509	2,654	398
Valdemingomez 2000, S.A.	C/ Albarracín 44.28037 Madrid. Spain.	33.59%	13,751	10,374	3,377	5,529	(565)
Zoreda Internacional, S.A.	C/ Rodriguez San Pedro, 5. Gijón. Asturias. Spain.	40.00%	50	-	50	-	-

(*) Non-controlling interests not included.

CONSOLIDATED FINANCIAL STATEMENTS

APPENDIX V. CHANGES IN THE SCOPE OF CONSOLIDATION

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

Masa do Brazil Manutençao e Montagens, Ltda.	Tivoli Office GmbH & Co. KG
Dragados Australia PTY, Ltd.	John Holland Laing O'Rourke Joint Venture NRW
Imesapi Colombia, SAS	John Holland Veolia Water Australia Joint Venture (Hong Kong Sludge)
Cymi DK, LLC	John Holland & Bouygues Travaux Publics (Glenfield Junction Alliance)
ACS OLRT Holdings, INC.	John Holland & Bouygues Travaux Publics (North Strathfield Rail Underpass Alliance)
ACS RTG Partner, INC.	Double One 3 Unit Trust1
Rideau Transit Maintenance General Partnership	Erskineville Residential Project Pty. Ltd.
ACS RT Maintenance Partner, INC.	Thiess York
Rideau Transit Group General Partnership	US Utility Services Joint Venture
Semi Ingenieria, S.r.L.	Thiess John Holland Dragados Joint Venture
Antanarinas, S.A.	Projektgesellschaft Marieninsel West GmbH & Co. KG
Schloss Herrenhausen GmbH	Projektgesellschaft Marieninsel Ost GmbH & Co. KG
Turner-Marhnos S A P I De CV	Leighton Fabrication and Modularization Ltd.
Turner Southeast Europe d.o.o Beograd	Leighton Group Property Services Pty. Ltd.
Turner-Arellano Joint Venture	Clece Care Services, Ltd
Turner Sabinal JV	Consorcio Constructor Puente Santa Elvira, S.A.
Valoram, S.A.S.	Statement Structure, S.A.
Drace Infraestructuras Venezuela, C.A.	Zaintzen, S.A.U.
Electren UK Limited	Sertego TGMD, S.A.
Semi Chile Spa	Sice Societatea de Inginerie Si Constructii Electrice, S.R.L.
Maessa France SASU	Consorcio Sice Disico
Grupo Imesapi S.L.	Consorcio Ofiteco Geoandina
Cymi Canada INC	Dragados Micoperi Offshore, S A P I De C.V.
Iridium Colombia Concesiones Viarias, SAS	Energia Olmedo - Ourense. Fase I, S.A.
Iridium Colombia Desarrollo de Infraestructuras	SEMI Colombia S.A.S.
Maetel Romania SRL	Aztec Energy Holdings, S.L.
Maetel Chile LTDA	Miramar Energias, S.L.U.
Cobra Instalaciones y Servicios Benin	Energias Mexicanas, S.L.U.
Remodelación Diesel Cadereyta, S.A. de C.V.	Avante MPG1 B.V.
Concesionaria Linea de Transmisión CCNCM SAC	Avante MPG2 B.V.
Cogeneración Cadereyta, S.A. de C.V.	Alianz Petroleum S de RL de CV
Constructora Las Pampas de Siguas, S.A.	Vetra MPG Holdings 2, LLC.
Cobra Railways UK Limited	Vetra MPG Holdings LLC
Parque Eólico Valcaire, S.L.	Monclova Pirineos Gas, S.A. de C.V.
Termosesmero, S.L.	Valortegia, S.A.S
City East Alliance	Lavintec Centre Especial D'Ocupació, S.L.
Hochtief Gayrimenkul Gelistirme Limited Sirketi	EGPI- Empresa global de Proyectos de Ingenieria, S.A.S.
HTFM GmbH	Innovantis, S.A.
Inspire Schools Finance Pty Limited	Tecneira Brazil Participações, S.A.
John Holland Pty. Ltd. & Lend Lease Project Management & Constraction (Australia) Pty. Ltd.	Tecneira Embuaca Geração e Comercialização de Energia, S.A.
John Holland Pty. Ltd. & Pindan Contracting Pty. Ltd.	Gestway – Gestão de infra estruturas Ltda.
Kings Square No.4 Unit Trust	SDE (OLRT) Inc.
Kings Square Pty Ltd	Builders Direct SA
Leighton Companies Management Group Llc	Fleetco Finance Pty. Ltd.
Leighton Fulton Hogan JV	Fleetco Holdings Pty. Ltd.
Leighton Fulton Hogan JV (SH16 Causeway Upgrade)	Fleetco Management Pty. Ltd.
Leighton M&E Limited	Fleetco Rentals Pty. Ltd.
Leighton Offshore Eclipse Pte. Ltd.	Fleetco Services Pty. Ltd.
Leighton Offshore Faulkner Pte. Ltd.	Garlanja
Leighton Offshore Mynx Pte. Ltd.	Grundstücksgesellschaft Köbis Dreieck GmbH & Co. Development KG
Leighton Offshore Stealth Pte. Ltd.	Hochtief Building GmbH
Murray & Roberts Marine Malaysia - Leigton Constractors Malaysia JV	Hochtief Engineering GmbH
New Future Alliance (SIHIP)	Hochtief Infrastructure GmbH
Nextgen Group Holdings Pty. Ltd.	Hochtief Pandion Oettingenstsraße GmbH & Co. KG
Northern Gateway Alliance	Hollywood Apartments Pty Ltd (50% - Joint Venture)
Southern Gateway Alliance (Mandura)	Hollywood Apartments Trust (50% - Joint Venture)
Turner/HGR	HTP Projekt 1 (eins) GmbH & Co KG
Turner/Hoist	HTP Projekt 2 (zwei) GmbH & Co KG
Turner/Omega/Ho	Inserta s.r.o.
Turner/Winter	Kings Square Developments Pty Ltd (100%)
Wellington Tunnel Alliance	Kings Square Developments Unit Trust (100%)
Muelle Melbourne & Clark, S.A.	LCS Employment Agency, Ltd.
Consorcio Constructor Bahía Chilota, S.A.	Leighton Boral Amey NSW JV
UFS-United Facility Solutions	Leighton Boral Amey QLD JV
Sice Canada, Inc.	Leighton Infra 12 Joint Venuture
Consorcio GSI Spa	Leighton OSD Joint Venture - Agra
Ofiteco WLL	Leighton OSE Joint Venture- Indore
Semi Peru Montajes Industriales S.A.C.	Leighton Properties (NSW) Pty Ltd (100%)
Grupo Maessa Saudi Arabia LTD	Leighton-John Holland JV (Thomson Line)
Humiclima Haiti, S.A.	Mode Apartments Pty. Ltd.
Tedagua Mexico, S.A. de C.V.	Mode Apartments Unit Trust
Cobra Energy Investment Finance, LLC	Moonee Ponds Pty. Ltd.
Projekt DuO Baufeld Nord GmbH & Co. KG	North Parramatta No. 1 Pty. Ltd.
formart GmbH & Co. KG	North Parramatta No. 1 Unit Trust

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

- Paradip Mutli Cargo Berth Ltd.
- Silcar New Caledonia SAS
- SmartReo Ltd.
- Task JV (Thiess & Sinclair Knight Merz)
- Thiess Black and Veatch JO
- Turner International/Acropolis Management Consultants
- Turner International/TiME Proje Yonetimi Limited Sirketi
- Turner/CON-REAL-University of Arkansas
- Turner/Goodfellow Top Grade/Flatiron-Oakland Army Base
- Turner/Smoot
- Vizag General Cargo Berth Ltd.

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

- Trenmedia, S.A.
- Servicios Generales de Jaén, S.A.
- Soc.Inversora de Infraestructuras de la Mancha, S.L
- Project SP sp. z o.o.
- HDM Schools Solutions (Holdings), Limited
- SALTA Verwaltungs-GmbH
- Dinsa Eléctricas y Cymi, S.A. de CV
- Sice Puerto Rico, Inc.
- Estacionamientos El Pilar, S.A.
- Red Eléctrica del Sur, S.A. (Redesur)
- Parque Eólico Región de Murcia, S.A.
- ASI-Flatiron Inc.
- Aspire Schools (Qld) Pty. Ltd.
- Aspire Schools Financing (Qld) Pty Limited
- Aspire Schools Financing Services (Qld) Pty. Ltd.
- Aspire Schools Holdings (Qld) Pty Limited
- Australia-Singapore Cable (Australia) Pty Limited
- Australia-Singapore Cable (International) Limited
- Australia-Singapore Cable (Singapore) Pte Ltd
- Bonaventura Straßenerhaltungs-GmbH
- Frontier Kemper/Flatiron
- Hochtief Pandion Isarauen Verwaltungs GmbH
- Infoplex Pty. Ltd.
- Leighton Hsin Chong Joint Venture
- Metronode (NSW) Pty Ltd
- Metronode Investments Pty Limited (formerly Vytel Investments)
- Metronode M2 Pty Ltd
- Metronode New Zealand Limited
- Metronode Pty Ltd.
- Metronode S2 Pty Ltd
- Nextgen Networks Pty. Ltd.
- Nextgen Pure Data Pty Ltd
- Nextgen Telecom (WA) Pty Ltd (formerly known as Silk Telecom (WA))
- Nextgen Telecom Pty Limited (formerly Silk Telecom Pty. Limited)
- SA Health Partnership Holding Nominees Pty. Ltd.
- SA Health Partnership Pty. Ltd.
- Wai Ming Contracting Company Limited
- Airport Holding Kft.
- Athens International Airport S.A.
- Flughafen Hamburg GmbH
- HKG Holding AG
- Hochtief Société Iranienne
- Hochtief PPP 1. Holding Verwaltungsgesellschaft mbH
- Access for Wigan (Holdings) Limited
- Flughafen Düsseldorf GmbH
- Tirana International Airport SH.P.K.
- Thiess Services Arkwood Joint Venture
- car.e. Facility Management Kft.
- HOST GmbH Hospital Service + Technik
- Joint Venture J&P-AVAX SA - Hochtief Facility Management Hellas S.A
- Hochtief AirPort Capital Verwaltungs GmbH & Co. KG
- HAP Hamburg Airport Partners GmbH & Co. KG
- Sydney Airport Intervest GmbH
- Airport Partners GmbH
- Hochtief AirPort Retail SHPK
- Schloss Herrenhausen GmbH
- Hochtief Facility Management Bahrain Airport W.L.L.
- Hochtief Energy Management Harburg GmbH
- Advago S.A.
- Hochtief AirPort GmbH
- HTFM GmbH
- car.e Facility Management GmbH
- Hochtief Hungaria Facility Management Kft.
- Hochtief Facility Management Polska Sp. z o.o.
- Hochtief Facility Management Bahrain W.L.L.
- FM Go! GmbH
- Hochtief Energy Management GmbH
- Stadion Nürnberg Betriebs - GmbH
- Hochtief Facility Management UK Limited
- Hochtief Facility Management Hellas S.A.
- APC Airport Partners Consult GmbH
- BBI Flughafen Berlin Brandenburg International Verwaltungs GmbH i.L.
- HAP Hamburg Airport Partners Verwaltungsgesellschaft mbH
- Hochtief AirPort Capital Management GmbH
- Sydney Airport Intervest Verwaltungs GmbH i.L.
- Airport Strategic Consulting Pty. Ltd.
- Broad Construction Services (SA) Pty. Ltd.
- Broad Construction Services (VIC) Pty. Ltd.
- Broad Construction Services (NT) Pty. Ltd.
- Deep Blue Consortium Pty Ltd
- DoubleOne 3 Unit Trust
- Metro Developments Australia Pty. Ltd.
- Silverton Group (Aust) Pty. Ltd.
- Drace Infraestructuras Venezuela C.A.
- Castellano Leonesa de Minas, S.A.U.
- Tangshan International Container Terminal Co. Ltd.
- Eix Diagonal Construccions, S.L.
- Gaviel, S.A.
- Dragados SPL del Caribe, S.A. C.V.
- CITIC Construction Investment Co., Ltd.
- Waste Syclo, S.A.
- Biodemira, Lda.
- Bioparque Mira, Lda.
- NGS - New Generation Supplier, Unipessoal Lda
- Tecneira do Paracuru, Ltda.
- CME Construçao E Manutençao Eletromecania Romania, SARL
- Equipamentos Informaticos, Audio e Imagem, S.A.
- Cobra CSP USA, Inc.
- Cobra Sun Power USA Inc.
- California Sun Power, LLC
- Carta Valley Wind Power LLC
- Eyra Wind Power USA Inc
- Red Top Wind power LLC
- Desorción Térmica S.A.
- PKO BP Inwestycje-Sarnia Dolina, Ltd Liability Co
- 400 George Street Partnership
- APN No. 19 Pty Ltd and Leighton Properties (VIC) Pty Ltd
- B2L Partnership
- Bayview Project Noosa Partnership
- California Steel Advisory Services
- Dematteo/Flatiron
- Dematteo/Flatiron/Interbeton
- Flatiron Construction Services
- Flatiron/C.M. Piech
- Hochtief B2L Partner Inc.
- Hochtief Canada Holding Inc.
- Immobiliengesellschaft Curia Kirchberg S.A.
- Leighton International FZ LLC
- Leighton-Macmahon Joint Venture
- Palmetto Transportation Constructors
- SLC Rail Constructors

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Consolidated Financial Statements tor the year ended 31 December 2013 and Directors' Report,together with Independent Auditors' Report.

Deloitte.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 39). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
ACS, Actividades de Construcción y Servicios, S.A.,

1. We have audited the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries, which comprise the consolidated statement of financial position at 31 December 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2.1 to the accompanying consolidated financial statements, the Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying consolidated financial statements for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries at 31 December 2013, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

3. The accompanying consolidated directors' report for 2013 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2013. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ignacio Alcaraz Elorrieta
27 March 2014

HISTORICAL PERFORMANCE

CONSOLIDATED INCOME STATEMENT EVOLUTION

Million of euros	2008	2009(1)	2010(2)	2011	2012(3)	2013	GAGR(4) 13/08
Revenues	**15,275.6**	**15,387.4**	**14,328.5**	**28,471.9**	**38,396.2**	**38,372.5**	**20.2%**
Construction	6,691.5	6,151.2	5,703.3	19,801.5	29,682.8	29,559.3	34.6%
Industrial Services	6,476.7	6,849.6	7,157.8	7,045.0	7,050.0	7,067.1	1.8%
Environment	2,413.8	2,469.8	1,510.7	1,685.7	1,690.8	1,781.2	-5.9%
Holding / Adjustments	(306.5)	(83.2)	(43.3)	(60.4)	(27.4)	(35.0)	
EBITDA	**1,382.5**	**1,429.3**	**1,431.7**	**2,317.7**	**3,088.4**	**3,001.9**	**16.8%**
Construction	517.5	474.5	426.8	1.209.7	1.995.5	1.825.6	28.7%
Industrial Services	591.2	686.9	821.4	907.3	904.2	937.2	9.7%
Environment	314.8	304.1	237.3	253.3	241.2	274.9	-2.7%
Holding / Adjustments	(40.9)	(36.2)	(53.9)	(52.6)	(52.4)	(35.9)	
EBIT	**1,042.7**	**1,073.9**	**1,039.2**	**1,333.3**	**1,579.4**	**1,745.8**	**10.9%**
Construction	418.7	384.4	343.2	448.9	684.6	780.5	13.3%
Industrial Services	471.9	547.8	627.7	827.5	849.3	880.6	13.3%
Environment	195.3	180.3	124.8	112.0	105.9	123.0	-8.8%
Holding / Adjustments	(41.0)	(38.5)	(56.6)	(55.1)	(60.5)	(38.3)	
Net Profit	**1,805.0**	**1,946.2**	**1,312.6**	**961.9**	**(1,927.9)**	**701.5**	**-17.2%**
Construction	295.3	219.5	187.5	424.4	247.8	188.9	-8.5%
Industrial Services	316.7	346.7	399.5	491.6	415.7	417.6	5.7%
Environment	144.6	146.2	152.3	128.2	196.4	57.7	-16.8%
Holding / Adjustments*	1,048.5	1,233.8	573.3	(82.3)	(2,787.8)	37.4	n.a.

(1) 2009 are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria that it has been used in 2010.
(2) 2010 data proforma, Clece has been reclassifi ed as"Discontinued Operation", using the same criteria that it has been used in 2011 and Hochtief results has been included in Construction area.
(3) 2012 data have been restated as a result of the entry into force of revised IAS 19 which is applied retroactively.
(4) CAGR: Compound Annual Growth Rate.
*From 2011 the financial expenses derived from Hochtief stake´s acquisition were included in Holding/Adjustments.

CONSOLIDATED BALANCE SHEET

Million of euros	2008	2009	2010	2011	2012	2013
Fixed and other noncurrent assets	**37,837.5**	**17,505.7**	**19,422.3**	**25,630.3**	**18,851.7**	**16,414.8**
Property, plant and equipment	5,207.6	4,435.9	1,469.1	3,550.4	3,130.8	2,586.6
Intangible assets	503.2	1,272.5	1,545.2	2,856.2	2,489.0	2,223.6
Non-current financial assets	7,081.7	9,888.8	11,007.4	9,053.3	4,163.3	3,915.3
Assets held for sale (1)	24,350.6	1,134.0	4,576.7	8,087.1	6,601.5	5,309.6
Deferred tax assets	694.4	774.5	824.0	2,083.3	2,467.1	2,379.7
Goodwill	**1,132.6**	**1,108.4**	**1,149.4**	**2,496.4**	**2,559.8**	**2,725.8**
Working capital	**(2,294.9)**	**(2,799.3)**	**(3,386.3)**	**(3,733.7)**	**(2,698.4)**	**(1,626.6)**
TOTAL ASSETS	**36,675.1**	**15,814.8**	**17,185.4**	**24,393.0**	**18,713.2**	**17,514.0**
Equity	**9,913.0**	**4,507.9**	**4,442.4**	**6,191.3**	**5,711.5**	**5,488.9**
Shareholder´s Equity	4,404.6	5,225.8	5,519.2	5,682.3	3,382.4	3,802.8
Adjustments for changes in value	(1,002.2)	(1,006.1)	(1,340.7)	(2,363.2)	(725.8)	(534.9)
Non controlling interests	6,510.6	288.3	263.8	2,872.2	3,055.0	2,221.0
Other non-current liabilities	**17,406.3**	**2,217.6**	**4,739.9**	**8,867.6**	**8,049.7**	**7,790.4**
Liabilities held for sale (2)	15,912.9	800.3	3,590.1	4,995.3	4,089.3	3,878.3
Other non-current liabilities	1,493.4	1,417.3	1,149.8	3,872.2	3,960.4	3,912.1
Non-current liabilities	**9,576.3**	**11,636.8**	**9,621.2**	**9,604.3**	**6,593.9**	**6,851.9**
Non-recourse project financing	6,245.2	8,591.9	4,860.1	5,888.1	1,103.8	1,035.7
Non-current bank borrowings	3,331.0	3,044.9	4,761.1	3,716.2	5,852.7	6,375.7
Long- term deposits					(362.7)	(559.4)
Current payables/ Current liabilities	**(220.5)**	**(2,547.5)**	**(1,618.1)**	**(270.1)**	**(1,641.9)**	**(2,617.2)**
Non-recourse project financing	176.8	278.0	2,186.4	77.4	278.6	221.4
Current bank borrowings	3,968.8	2,103.6	2,150.3	6,813.8	4,312.8	3,910.5
Other current financial assets	(2,185.1)	(2,757.9)	(3,502.2)	(3,006.2)	(1,705.4)	(2,980.1)
Cash and cash equivalents	(2,181.0)	(2,171.3)	(2,452.6)	(4,155.2)	(4,527.8)	(3,769.1)
TOTAL EQUITY AND LIABILITIES	**36,675.1**	**15,814.8**	**17,185.4**	**24,393.0**	**18,713.2**	**17,514.0**

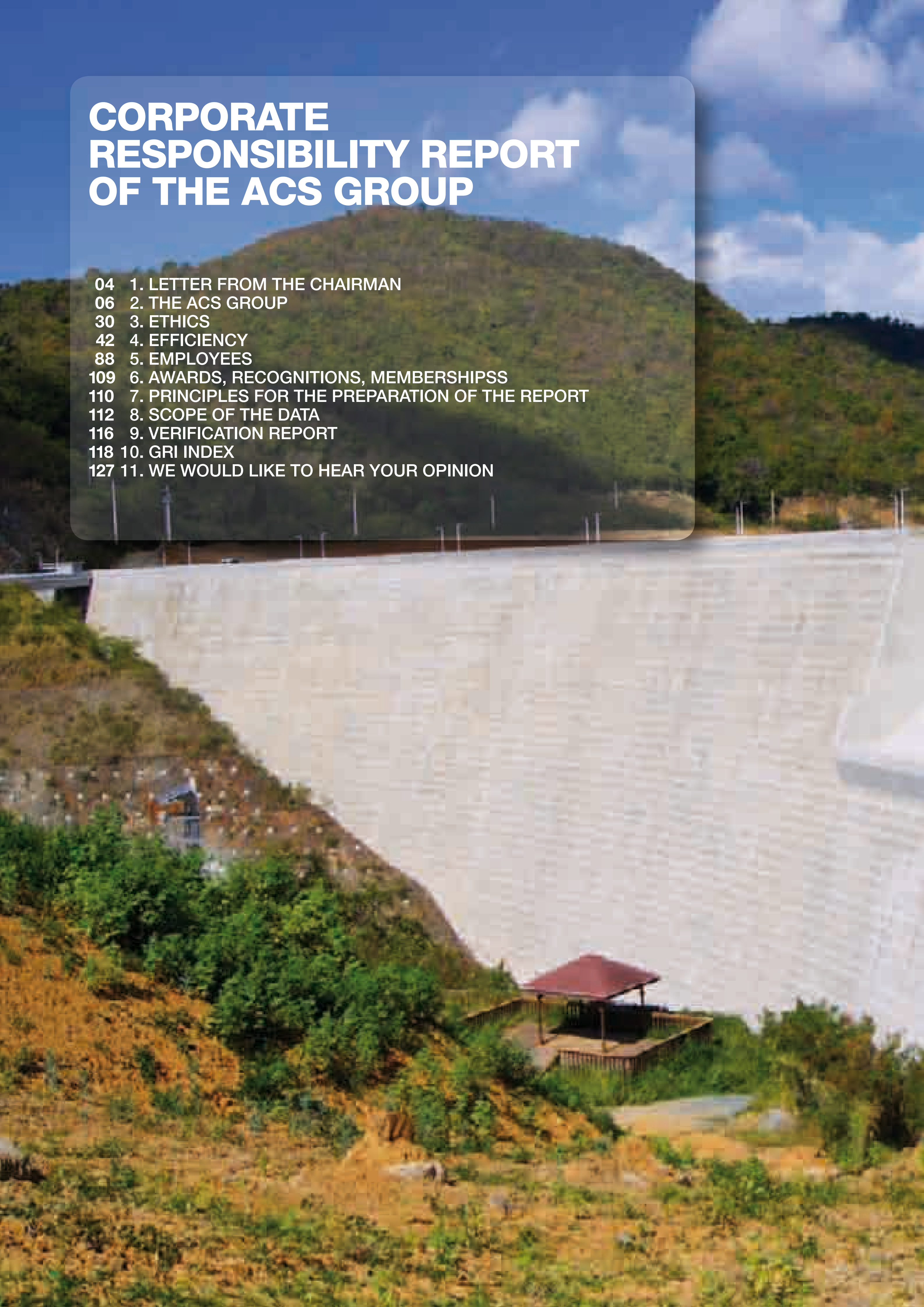
(1) In 2008, there were included "Non-current assets held for sale" accounted for 24,351 million of euros derived from the sale of Union's Fenosa stake. In 2009 there is included 1,177 million of euros related to SPL. In 2010 there were included 4,010.7 million of euros related to renewable energy assets, 152.6 million of euros related to Murcia desalinisation plants, 181.2 million of euros related to Brazilian transmission lines and 231.6 million of euros related to SPL assets. In 2011 there were included 3,563.2 million of euros related to renewable energy assets, 371.3 million euros related to desalinisation plants, 852.7 million of euros related to Brazilian transmission lines, 127 million of euros related to SPL assets, 443.6 million of euros related to Clece assets, 1,118.9 million of euros related to Iridium concessional assets, 1,455.8 million of euros related to Hochtief airport assets and 154.5 million of euros related to other assets held for sale. In 2012 there were included "Non-current assets held for sale" accounted for 3,026.8 million of euros related to renewable energy assets, 357.4 million of euros related to desalination plants, 123.6 million of euros related to Brazilian transmission lines, 114.7 million of euros related to SPL assets, 935.2 million of euros related to Iridium concessional assets, 1,851.9 million of euros related to Hochtief Airport assets and 191.8 million of euros related to other assets held for sale. In 2013 there were included " Non-current assets held for sale" accounted for 3,161.5 million of euros related to renewable energy assets, 352.5 million of euros related to desalination plants, 121.5 million of euros related to Brazilian transmission lines, 118 million of euros related to SPL assets, 943.8 million of euros related to Iridium concessional assets, 333.8 million of euros related to Hochtief/Leighton assets and 50.1 million of euros related to otherassets.

(2) In 2008, there were included "Non-current liabilities held for sale" accounted for 15,931 million of euros derived from the sale of Union's Fenosa stake. In 2009 there is included 845 million of euros related to SPL.In 2010 there were included 3,294.7 million of euros related to renewable energy assets, 147 million of euros related to Murcia desalinisation plan, 83.4 million of euros related to Brazilian transmission lines and 65 million of euros related to SPL assets. In 2011 there were included 3.036,7 million of euros related to renewable energy assets, 274,6 million euros related to desalinisation plants, 343.9 million of euros related to Brazilian transmission lines, 50.6 million of euros related to SPL assets, 326 million of euros related to Clece assets, 928.7 million of euros related to Iridium concessional assets, 19.3 million of euros related to Hochtief airport assets and 15.4 million of euros related to other assets held for sale. In 2012 there were included 2,736.7 million of euros related to renewable energy assets, 266.9 million of euros related to desalination plants, 61.9 million of euros related to Brazilian transmission lines, 43.9 million of euros related to SPL assets, 784.2 million of euros related to Iridium concessional assets, 155.2 million of euros related to Hochtief airport assets and 13.5 million of euros related to other assets. In 2013 there were included 2,626.0 million of euros related to renewable energy assets, 251.6 million of euros related to desalination plants, 65.5 million of euros related to Brazilian transmission lines, 51.2 million of euros related to SPL assets, 785.5 million of euros related to Iridium concessional assets, 68.1 million of euros related to Hochtief/ Leighton assets and 30.3 million of euros related to other assets.

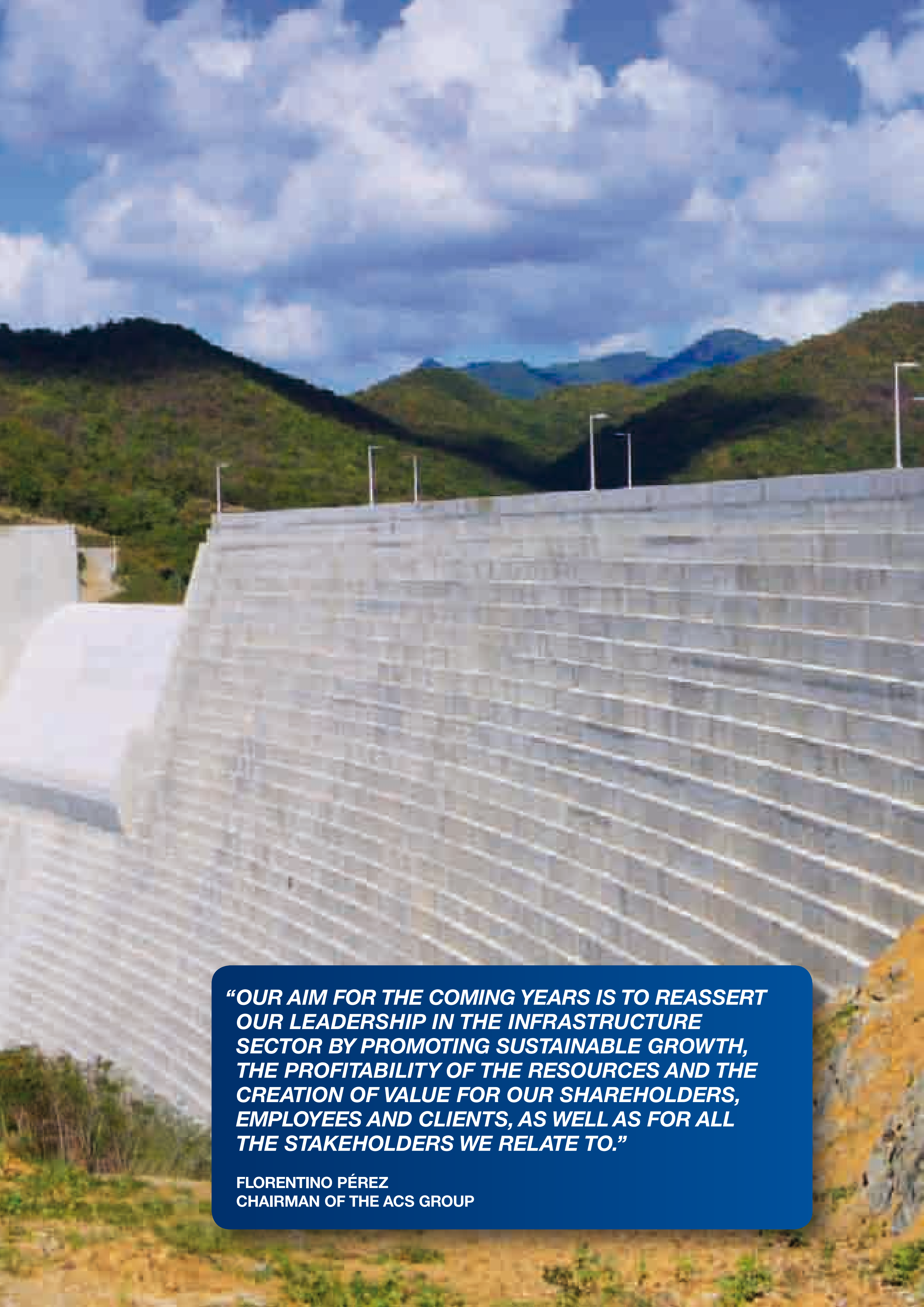
CORPORATE RESPONSIBILITY REPORT OF THE ACS GROUP 2013

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

Cover photo: Project Jasmine, oil platform development (North Sea).



CORPORATE RESPONSIBILITY REPORT OF THE ACS GROUP



“OUR AIM FOR THE COMING YEARS IS TO REASSERT OUR LEADERSHIP IN THE INFRASTRUCTURE SECTOR BY PROMOTING SUSTAINABLE GROWTH, THE PROFITABILITY OF THE RESOURCES AND THE CREATION OF VALUE FOR OUR SHAREHOLDERS, EMPLOYEES AND CLIENTS, AS WELL AS FOR ALL THE STAKEHOLDERS WE RELATE TO.”

FLORENTINO PÉREZ
CHAIRMAN OF THE ACS GROUP

1. LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDER

We present you with the ACS Group's Corporate Responsibility Report for another year, including the main policies and initiatives implemented in 2013 in the ethical, operational management and social fields for the various companies that make up the Group around the world.

With a turnover of €38,373 million and 157,689 employees, the ACS Group is a world leader in infrastructure development and is involved in the majority of developed markets through companies which are worldwide benchmarks in operational, technical and organisational aspects. The ACS Group is the market leader in the United States, Asia and Australia, is the second largest in Latin America and fifth in Europe in the infrastructure sector, which is crucial in the social and economic development of the global economy.

Our Corporate Responsibility policy seeks to endorse this global leadership and, to tackle this challenge we launched Project "one" in 2013. The objective of this initiative is to promote the best practices to be found in ACS's businesses by spreading and expanding our corporate culture. This project supports the ACS Group's Corporate Responsibility strategy around ethics, efficiency in management activities and appropriate employee development.

We consider one to be the most appropriate tool for tackling Corporate Responsibility in a decentralised Group, in which our companies autonomously apply economic, social and environmental initiatives according to their markets and target stakeholders, but with the obligation to share best practices in management and ACS's corporate culture. In practice, Project one analyses and evaluates the Group's performance and that of its companies in relation to a scorecard of control indicators aligned with the requirements of the Dow Jones Sustainability Index. This process enables us to incorporate improvements periodically, at both a functional and procedural level, in the various Group companies.

The ACS Group's main achievements related to Corporate Social Responsibility in 2013 centre on the level of implementation and adoption of the ACS Group's Code of Conduct, efficiency improvements in approving suppliers and another year of successes achieved in safety terms.

In relation to the level of our implementation of the Code of Conduct, 100% of Group companies had implemented the Code in general terms by the end of 2013, 51.7% of ACS Group employees had received training on Human Rights and ethics in their career in the company and the level of implementation of contractual clauses to fulfil the Code of Conduct in suppliers and subcontractors exceeded 92%. This represents a high level of control and management of the Company's processes to ensure ethical behaviour in its operations.

As regards efficiency, I would like to highlight the efforts made in purchasing departments, suppliers and subcontractors to modernise their management systems and adapt them to the global nature of the Company. This involves augmenting processes to control working capital and carrying out significant initiatives such as supplier approval, which is already implemented in 57.0% of the ACS Group.

Finally, I want to spotlight our firm commitment to safety in the workplace for another year. Across all the business areas we allotted funds totalling €168.1 million, 5.6% of Gross Operating Profit, which were destined for safety-related functions, training and improving management processes. This resulted in a reduction in all our accident rate indices compared to those recorded in 2012.

Our aim for the coming years is to continue promoting management policies aligned with our business culture, enabling us to reassert our leadership in the infrastructure sector by promoting sustainable growth, the profitability of the resources and the creation of value for our shareholders, employees and clients, as well as for all the Stakeholders we relate to.

Florentino Pérez
Chairman of the ACS Group

2. THE ACS GROUP

2.1. COMPANY PROFILE

2.1.1. CORPORATE STRATEGY

The ACS Group[1] is a worldwide reference in the infrastructure development industry, participating in sectors which are fundamental to the economy. It defines itself as a company committed to economic and social progress in the countries where it is present.

ACS is positioned as a world leader in the infrastructure development industry, with a clear and defined mission:

TO PURSUE GLOBAL LEADERSHIP, OPTIMISING THE PROFITABILITY OF THE RESOURCES EMPLOYED AND PROMOTING SUSTAINABLE DEVELOPMENT.

1 The parent company of which is ACS, Actividades de Construcción y Servicios S.A., with registered offices in Madrid, Spain.

IMPROVING SOCIETY, GENERATING WEALTH TO GUARANTEE THE WELL-BEING OF THE CITIZENS IT SERVES, IN THE FINAL ANALYSIS, IS A PRIMORDIAL PART OF THE ACS GROUP'S MISSION.

The ACS Group's commitment to society is summarised in four fields of action:

1. RESPECT FOR ETHICS, INTEGRITY AND PROFESSIONALISM IN THE GROUP'S RELATIONSHIP WITH ITS STAKEHOLDERS.

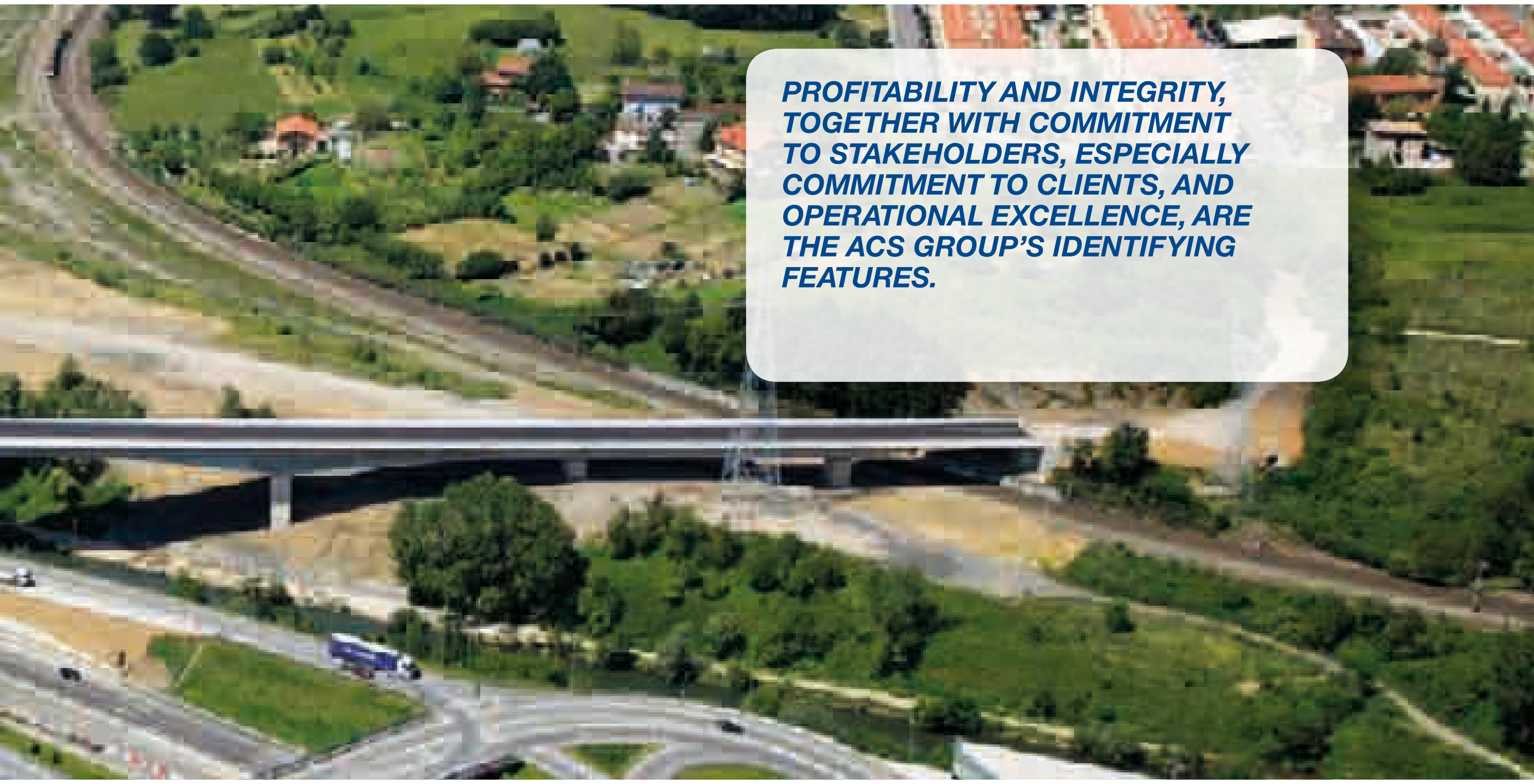
2. RESPECT FOR THE SOCIAL, ECONOMIC AND ENVIRONMENTAL SETTING.

3. PROMOTION OF INNOVATION AND RESEARCH IN ITS APPLICATION TO INFRASTRUCTURE DEVELOPMENT.

4. CREATION OF EMPLOYMENT AND WELL-BEING, AS AN ECONOMIC MOTOR FOR SOCIETY.

This performance and all the Group's activities are impregnated with the corporate values ACS has developed over its nearly 30 years of history and form the basis of the actions of all the Group's employees:

- **ACHIEVING PROFITABILITY**
- **RESPECTING INTEGRITY**
- **COMMITMENT TO THEIR WORK**
- **SEEKING THE CLIENT'S TRUST**
- **EXCELLENCE IN THEIR PROFESSIONAL ACTIVITIES**



PROFITABILITY AND INTEGRITY, TOGETHER WITH COMMITMENT TO STAKEHOLDERS, ESPECIALLY COMMITMENT TO CLIENTS, AND OPERATIONAL EXCELLENCE, ARE THE ACS GROUP'S IDENTIFYING FEATURES.

2. THE ACS GROUP

2.1.2. DESCRIPTION OF THE ACS GROUP'S ACTIVITIES

The ACS Group is a worldwide leader in the infrastructure development industry. The company operates in over 65 countries and employs a total of 157,689 employees. Of these, 43,853 work in Spain and the rest – 113,836 – abroad. The five countries with the highest levels of activity are Spain, Australia, the United States, Germany and Mexico.

In 2013, the year to which this report refers, ACS turned over €38,373 million. This sales figure makes the Group one of the world's biggest construction and services companies[2] by revenue. It recorded a recurring net profit of €580 million and ended the year with an order book of €63,419 million, equivalent to 18 months' activity. At 31 December 2013, the ACS Group recognised equity of €5,489 million and net balance sheet debt of €4,235 million, 14.5% lower than recorded in 2013.

In the construction area, ACS mainly carries out projects in the fields of civil works, residential and non-residential building, development and management of infrastructure concessions and mining operations. The ACS Group's construction activity is based on the provision of services to third parties, both private and public clients, in countries where ACS has a consolidated local presence or where it carries out infrastructure concession projects. The Construction area had turnover of €29,559 million in 2013 and employed 87,457 people; 55.5% of the total workforce.

In turn, the Industrial Services area provides maintenance and support services to industrial clients, electricity, oil, gas and telecommunications companies. In addition, it carries out turnkey energy and industrial projects for its clients worldwide. This area had turnover of €7,067 million in 2013 and employed 28,545 people; 18.1% of the total employees.

The Environment area focuses its activity on the carrying out of municipal solid waste collection, cleaning and gardening services, as well as the management of large infrastructures for waste treatment and recycling, incinerating and biomethanisation plants and also dumps. Additionally, it offers facility management services for buildings and infrastructures. Net sales totalled €1,781 million in 2013. A total of 41,635 employees participated in its activities; 26.4% of the Group total.

2 According to ENR in its August publication Top Global Contractors 2013.

2.1.3. THE VALUE OF OUR BUSINESSES

ACS is committed to creating value for all its stakeholders. Providing growing and sustained profitability is one of the company's main objectives.

ACS GROUP

MILLION EUROS	2012	2013
Net revenue	38,396	38,373
Gross operating profit EBITDA	3,088	3,002
Gross total investments	2,496	2,484
Recurring net profit	582	580
Net debt	4,952	4,235

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

MILLION EUROS	2012	2013
Total Income	38,800	38,943
Finance income	508	361
Disposals	4,781	2,008
(1) Economic value generated	**44,089**	**41,312**
Operating and purchasing expenses	27,031	27,602
Staff costs	8,681	8,340
Taxes	-1,005	517
Dividends	639	398
Finance expenses	1,295	1,124
Resources for the community	3.89	3.99
(2) Economic value distributed	**36,640**	**37,980**
Economic value retained (1-2)	**7,449**	**3,332**

2. THE ACS GROUP

2.2. THE ACS GROUP AND CORPORATE RESPONSIBILITY

The ACS has a decentralised structure based around its three areas of:

Construction,

Industrial Services and

Environment,

and it carries out its activities through dozens of different companies. This complex but highly efficient organisation encourages the Group's companies to compete and carry out their work independently, at the same time sharing common guidelines which add value for their clients. Included in this report are the data for the following companies:

3 Dragados, Vías, TECSA, Geocisa, Drace, POLAQUA, Pulice, Picone, Schiavone, Dragados USA & Canada, Iridium and Dragados Poland.

4 Cobra, ETRA, SEMI, MAESSA, IMESAPI.

5 HOCHTIEF Américas, HOCHTIEF Europe and Leighton.

6 Dragados Offshore, CYMI, MASA, SICE, INITEC, INTECSA, MAKIBER.

Each of the ACS Group's companies is managed autonomously, with independent functional managements and flexible and sovereign executive bodies. The aim of this type of organisation is to promote:

The objective is for all the ACS Group's companies to share the Group's values and culture, at the same time as each operates in a standalone manner, individually contributing numerous valid and profitable management formulas, thanks to the multiple factors involved in their decision making and generating know-how and good practices which are also independent.

Therefore, contributions from a multitude of companies come together in the ACS Group's Sustainability effort, defining its policies for action autonomously and managing their resources in the most efficient manner possible, always covered by a common objective.

2. THE ACS GROUP

2.2.1. PROJECT ONE

To face up to the challenge of coordinating the **ACS Group's Corporate Responsibility** policy, given its characteristics of operational decentralisation and geographical scope, what is to become the functional, strategic and operational paradigm related to the ACS Group's Corporate Responsibility over the coming years, known as **Project one**, was developed in 2013.

PROJECT ONE SEEKS TO PROMOTE GOOD MANAGEMENT PRACTICES AND IS FRAMED IN THE GROUP'S GENERAL STRATEGY, FOCUSED ON REINFORCING ACS'S WORLD LEADERSHIP. THE OBJECTIVE OF PROJECT ONE IS TO PROMOTE THE EMINENTLY INDUSTRIAL NATURE OF ACS'S ACTIVITIES BY SPREADING ITS CORPORATE CULTURE.

The promotion of good management practices focuses on the following major areas:

THE GROUP'S POSITION IN TERMS OF ETHICS.

IN TERMS OF EFFICIENCY, INVOLVING CLIENT, QUALITY, SUPPLIER, ENVIRONMENTAL AND R&D+I POLICIES.

AND IN TERMS OF EMPLOYEES, PERSONNEL, HEALTH AND SAFETY AND SOCIAL ACTION POLICIES OF THE ACS GROUP.

The process of promoting good practices is divided into two phases implemented every year; a first one in which the Project focuses on the production of a detailed analysis of the position of the Group's different companies in terms of Corporate Responsibility and the on the aforementioned management areas, comparing them with the overall average for ACS, the companies heading their business area and the main competitors acknowledged for their good practices in the field of Sustainability.

The second phase is where the implementation of a series of strategies and good practices in each company is recommended. These are a result of the Group's strategic vision, in line with the aforementioned company values and represent an area for substantial improvement. This exercise of information, dissemination and improvement of good practices takes place from the ACS corporation as a link between all the companies in this field.

In practice, Project one analyses and evaluates the performance of the Group and its companies in relation to a scorecard of control indicators, aligned with Dow Jones Sustainability Index requirements, which is supervised by independent external consultants and inspectors who qualify the inclusion of improvements periodically, both at the functional and procedural levels.

The results expected from Project one can be summarised as:

- Continuing redefinition of a repository of non-financial, best governance, environmental and social best practices.
- Regular assurance of their implementation in the various Group companies and of the monitoring of their management indicators.
- Aligning the ACS Group with the Dow Jones Sustainability Index, in which the Group appears currently in its European scope.
- The creation of the Corporate Responsibility Report, including a summary of ACS's governance, environmental and social policies.

Hence this document is structured according to the functional analysis and control areas of Project one. The information gathered from the businesses is presented ordered in terms of strategy, management principles, main performance indicators, risks and good practices.

2. THE ACS GROUP

2.2.1.1. Project one: defining material aspects in the CR field

Project one also enables the Corporation to determine the most significant subjects, by weighting information sources, to promote these within the Group in the Corporate Responsibility area. The process involves several steps:

- The repository of good practices the Dow Jones Sustainability Index (DJSI) represents is the first input to the process. Included in Project one are all the initiatives the DJSI identifies as relevant, ordered by importance and weighting.
- Confirmation of the level of applicability and materiality of these good practices takes place with over 140 functional directors and middle managers from all the Group companies. In the Project one information process it is confirmed that the proposed good practices are relevant to the companies and that the monitoring indicators measure them correctly.

2.2.1.2. The ACS Group's Main Management Indicators in CR

MAIN MANAGEMENT INDICATORS - ETHICS

	2012	2013	Objective for 2015
Percentage of total ACS Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career with the company	n.a.	52%	> 2013
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct (% of total ACS employees)	n.a.	7%	n.a.
Level of implementation in the ACS Group of contractual clauses on the compliance with the Code of Conduct in contracting with suppliers and subcontractors (% of sales)	83%	92%	> 2013
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct by suppliers or contractors through clauses related to the Code of Conduct (% of sales)	35%	37%	n.a.
Communications received by the Ethical Channel	11	27	n.a.

MAIN MANAGEMENT INDICATORS - CLIENTS

	2012	2013	Objective for 2015
Number of client satisfaction surveys carried out[7]	1,290	2,363	> 2013
Number of client satisfaction surveys received	860	1,214	> 2013
Percentage of client responses of "satisfied" or "very satisfied" over the total number of surveys RECEIVED (%)	86.2%	87.6%	> 2013
Number of complaints received from clients	2,839	26,459[8]	< 2013
Number of complaints dealt with	98.8%	100.0%	= 2013
Number of complaints satisfactorily resolved (proportion of those received)	85%	97%	= 2013

MAIN MANAGEMENT INDICATORS - QUALITY

	2012	2013	Objective for 2015
Percentage of sales from activities certified under the ISO 9001 standard (%)	72.5%	72.7%	> 2013
Number of Quality audits per million euros of turnover	0.041	0.029	> 2013
Intensity of investment in measures to promote and improve Quality (€ investment per €million of turnover)[9]	348	116	> 2013

7 In the client satisfaction survey indicators, the scope of the data increased from 37% in 2012 to 75.7% in 2013.

8 An increase in the scope of the report occurred in this indicator, as ACS's activities in Argentina are included, which were not reported in 2012. ACS mainly carries out street collection and cleaning activities in Argentina, which is an activity that brings it very close to consumers and where a large number of complaints are processed.

9 A 58% decrease has occurred in investment in ACS Group company Quality Departments.

2. THE ACS GROUP

MAIN MANAGEMENT INDICATORS - SUPPLIERS

	2012	2013	Objective for 2015
Analysis of supplier and subcontractor criticality	49.6%	77.6%	> 2013
Inclusion of compliance with the Code of Conduct in supplier and subcontractor contract clauses	82.7%	92.0%	> 2013
Existence of formal systems for supplier and subcontractor approval	47.3%	57.0%	> 2013
Carrying out of internal audits on suppliers and subcontractors	18.8%	7.3%	> 2013
Development of corrective plans for suppliers and subcontractors to improve their performance in economic, social or environmental matters	15.9%	53.7%	> 2013

MAIN MANAGEMENT INDICATORS - R&D+I

	2012	2013	Objective for 2015
Investment in R&D+i (€ million)	49.0	44.5	> 2013
Level of implementation of a specific R&D+i department	87.0%	90.5%	> 2013
Level of implementation of a formal system for R&D+i management	60.4%	84.5%	> 2013

MAIN MANAGEMENT INDICATORS - ENVIRONMENT

	2012	2013	Objective for 2015
Percentage of sales covered by ISO14001 Certification	68.0%	65.5%	> 2013
Total Water consumption (m^3)	10,067,651	30,389,759	n.a.
Ratio: m^3 of Water / Sales (€ million)	262.2	792.0	< 2013
Direct emissions (Scope 1) (tCO_2 equiv.)	322,758	351,021	n.a.
Scope 1 Carbon Intensity Ratio: Emissions / Sales (€ million)	8.4	9.1	< 2013
Indirect emissions (Scope 2) (tCO_2 equiv.)	392,331	346,861	n.a.
Scope 2 Carbon Intensity Ratio: Emissions / Sales (€ million)	10.2	9.0	< 2013
Indirect emissions (Scope 3) (tCO_2 equiv.)	1,451,662	5,147,151	n.a.
Scope 3 Carbon Intensity Ratio: Emissions / Sales (€ million)	37.8	134.1	< 2013
Total Emissions (tCO_2 equiv.)	**2,166,750**	**5,845,034**	**n.a.**
Total Carbon Intensity Ratio: Total Emissions / Sales (€ million)	**56.4**	**152.3**	**< 2013**
Non-hazardous waste sent for management (t)	1,274,102	3,115,697	n.a.
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	33.2	81.2	< 2013
Hazardous waste sent for management (t)	88,182	268,135	n.a.
Ratio: Tonnes of hazardous waste / Sales (€ million)	2.3	7.0	< 2013

A methodology has been adopted in this report to account for CO_2 emissions in both 2012 and 2013 under which Urbaser classifies the emissions from water and waste treatment centres as indirect under Scope 3, as it does not own or have operational control over these facilities, as included in the international GHG Protocol (Appendix F) and EPE Protocol (waste sector methodology) standards Urbaser has invoked to calculate its Carbon Footprint. The Public Authorities, as the owners of the facilities, impose the operating requirements, with the management companies limiting themselves to operating them temporarily.

The Scope 1 emissions do not include data from Leighton as the company's systems do not allow emissions for the report's year of reference before it ends.

Included under Scope 3 emissions in 2013 is Leighton's information that was not included in 2012. This contributes 1.4 million tonnes of CO_2 as a consequence of the carbon footprint of its suppliers in its mining activity. Furthermore, Urbaser has developed an emissions measurement system which has enabled it to increase the scope of its Scope 3 emissions measurement. This represents an increase compared to 2012 emissions of nearly 2 million tonnes of CO_2.

Water consumption in 2013 was affected by the inclusion of data from Leighton, adding 8.8 million m^3 of water, and the inclusion of Tedagua in Cobra, also in 2013, contributing 10 million m^3.

MAIN MANAGEMENT INDICATORS - PEOPLE

	2012	2013	Objective for 2015
Percentage days lost through absenteeism	4.1%	2.1%	< 2013
Employees covered by a formal professional development system	84.7%	85.5%	> 2013
Employees in posts defined according to a formal competency map	14.5%	36.9%	> 2013
Employees subject to performance assessment processes	36.3%	51.6%	> 2013
Employees covered by variable remuneration systems	90.4%	94.0%	> 2013
Investment in training per employee (over total employees) (€)	536.6	543.4	> 2013
Percentage of total current Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career	8.7%	51.7%	> 2013

MAIN MANAGEMENT INDICATORS - HEALTH AND SAFETY

	2012	2013	Objective for 2015
Percentage of total employees covered by OSHAS18001 certification	88.9%	70.8%	> 2013
Frequency Rate	27.84	15.14	< 2013
Total number of Accidents with employee time off	4,723	4,326	< 2013
Spending per employee on Safety (€)	1,354.82	1,066.11	> 2013
Employees who have received training on Health and Safety matters during their career with the company (%)	71.2%	89.5%	> 2013

The increase in the percentage of employees who have received Ethics courses during their career is due in large part to the increase in the scope of the data, which went from 29% of employees in 2012 to 98% in 2013.

In the Frequency Rate, the scope of the employees covered for 2012 is 52% and for 2013 is 99%. This is due to Leighton not reporting its information for 2012, but doing so for 2013.

2. THE ACS GROUP

2.2.2. THE ACS GROUP AND ITS STAKEHOLDERS

The ACS Group defines stakeholders as groups with the capacity to have an influence on the achievement of the organisation's objectives. Outstanding among them are shareholders, employees, clients, suppliers, infrastructure users and society in general, who benefit from its policies in quality, R&D+i, philanthropy and the environment.

To generate trust and identify these groups, a priority is to keep channels open for honest, plural and transparent dialogue in the ACS Group's various companies, as well as in its fields of action and functional areas, something the ACS Group carries out regularly and in a sustained manner and has done for years.

- Shareholders relate to the company daily through the communications channels established, such as the permanently open website, the shareholder services forum, the Investor Relations Department and the Shareholders' Meeting itself, which is held at least once per year. This relationship is detailed in the ACS Shareholders section.

- The employees are key to carrying out the ACS Group's activities, as a company mainly intensive in human resources. The employees' relationship with the company is continuous, but it is especially intense over the performance assessment period, which usually takes place annually. Personnel policies and management are detailed in the corresponding section of this report. They also have the ACS Group's Ethical Channel available, as detailed in the Ethics section.

- The relationship with clients and suppliers and how ACS deals with their management is part of the Efficiency section of this report. However, the frequency of the ACS Group's relationships with its clients is practically daily, meaning that there are numerous meetings each year. The relationship with suppliers is also fluid as the Group's purchasing directors and works managers hold frequent meetings, and they also come to have daily contact.

- The ACS Group's relationship with society in general and in particular with infrastructure users is detailed in several of the report's chapters dealing with quality, social action and the environment. It should be emphasised that the ACS Foundation holds several meetings each month with organisations in the civil field with the aim of defining its philanthropic activities. Furthermore, the ACS Group's various Environment departments analyse the environmental needs and risks affecting society several times each year and, especially, every time that general plans are dealt with in this subject within the company or Environmental Impact Studies are undertaken.

2.2.2.1. Transparency in Institutional Relationships

The ACS Group is an organisation with a very significant impact on social, labour, economic and political fields in those countries in which it operates. This impact is managed directly by ACS's Chairman, Florentino Pérez, and his team. In this respect, it is important to highlight the influence that ACS has on the decision making or behaviour of those levels and clients with whom it habitually relates.

ACS incorporates responsibility into its whole organisation and its daily practices, sharing knowledge, information and experience. It also carries out projects in collaboration, promotes fair practices, builds alliances with organisations, associations and other sector members, working in a responsible manner and open to dialogue and attending to calls from Government and from the industrial institutions representing its sector.

In short, through its businesses, ACS intervenes in its environment with the intention of contributing voluntarily and actively to social improvement, complying with the law and additionally developing policies and initiatives which boost the excellence and quality of its activities. The ACS Group Chairman is the leading exponent of this policy.

The nature of ACS's political and institutional relationships is augmented by the presence of its Chairman in the most important political and business meetings[10], as well as in various public functions, always guided by the ethical principles of social responsibility and the intention to improve competitiveness and general and added value.

10 The ACS Group made no financial or in kind contributions to political parties during 2013.
The Subsidies received by the ACS Group in 2013, as shown in the Group's Consolidated Balance Sheet, included in the Economic/ Financial Report published together with this Report, totalled €49.8 million.

2. THE ACS GROUP

2.3. ACS GROUP GOVERNANCE

2.3.1. ACS GROUP SHAREHOLDERS

ACS, Actividades de Construcción y Servicios, S.A., (ACS), the ACS Group's parent company, is a Spanish quoted limited company, the share capital of which totalled €157,332,297 at 31 December 2013, represented by 314,664,594 shares, with a face value of €0.50 per share, fully subscribed and paid up, all of a single class and with the same rights.

ACS's shares are represented by means of book entries and admitted to trading in all Spain's Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). You can access the main data relating to the company's ownership structure in real time through the company's corporate website, www.grupoacs.com, and that of the Spanish Stock Market Commission (C.N.M.V.), www.cnmv.es, as reflected in the following table as at 31 December 2013:

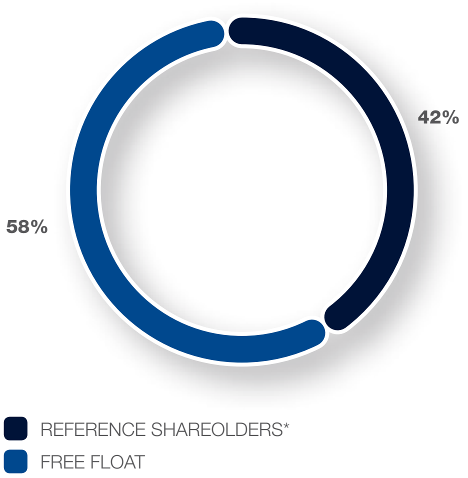
Shareholder's name or corporate name	Number of shares	Percentage of the total number of shares
Corporación Financiera Alba, S.A	51,305,942	16.30%
Inversiones Vesán, S.A	39,397,625	12.52%
Sayglo Holding, S.L.	17,741,012	5.64%
D. Alberto Cortina Alcocer	12,277,713	3.90%
D. Alberto Alcocer Torra	11,502,616	3.66%

The information obtained from IBERCLEAR, the Spanish Central Securities Depository, for the call to the company's most recent General Shareholders' Meeting, held on 10 May 2013, showed a total of 47,237 shareholders. There were 42,857 resident minority shareholders, who held 15.2% of the share capital. There were 4,380 non-resident shareholders and domestic institutional shareholders with a remaining stake of 84.8%.

According to the stated data and bearing in mind those shareholders who, with a share of over 4% of the capital, also have representation on the board of directors, the distribution of capital ownership is as follows:

CAPITAL OWNERSHIP DISTRIBUTION

%



*Representation on the Board.

ACS is a company committed to generating value for its shareholders, both from the point of view of dividend distribution and share price appreciation. In terms of total shareholder return, an investor who bought one share in ACS on 31 December 1996, just before the creation of ACS in its current form, would have obtained, at the end of 2013, annual profitability of 25.28%. If he or she had invested €100 on that day, at the end of 2013 he or she would have had €4,613, meaning that the investment would have multiplied by 46.13. Total shareholder return includes stock market appreciation and the dividends paid by the ACS Group.

ACS STOCK

	2011	2012	2013
Closing Price	**€22.90**	**€19.04**	**€25.02**
Appreciation of ACS shares	-34.71%	-16.86%	31.41%
Appreciation of the IBEX35	-13.11%	-4.66%	21.42%
Maximum closing price	**€37.94**	**€25.10**	**€25.02**
Minimum closing price	**€21.75**	**€10.38**	**€16.76**
Average price over the period	**€29.67**	**€16.77**	**€21.11**
Total volume (thousands)	**220,147**	**227,383**	**201,945**
Average daily volume of shares (thousands)	857	888	792
Turnover (€ million)	**6,531**	**3,812**	**4,248**
Average daily turnover (€ million)	25.41	14.89	16.66
Number of shares (millions)	314.66	314.66	314.66
Capitalisation at the end of the period (million)	**7,206**	**5,991**	**7,873**

2.3.1.1. Communication with Shareholders

The Group's commitment to the markets, shareholders and investors is upheld in its information transparency. As such, and in order to offer them the best service, the company has specific communications procedures, as detailed in the section on transparency in this document. As a summary, the following stand out among these:

- **Relationship with investors.** A total of 215 meetings were held in different places worldwide. These meetings enable the Group to pass information on its prospects and on relevant events which may affect the company or its sector. Specific events are also held regularly, of which 13 took place in 2013.
- **Shareholder service.** Service is provided from the Investor Relations Department to numerous minority shareholders seeking to resolve doubts and obtain detailed information on their investment. In 2013, 372 problems raised by the shareholders were dealt with, of which 100.0% received a satisfactory solution to the problem (as stated by the shareholders).
- **Communications with financial analysts and institutional investors.** Regular sending of information of interest to those analysts and investors who follow the Group most closely.
- Participation in conferences and seminars of interest.
- Corporate Website and start-up of the Shareholder Services Web Forum.

2. THE ACS GROUP

2.3.1.2. Information Transparency

An essential requirement for the ACS Group to be able to fulfil its mission of generating profitability for its shareholders and the society in which it operates is information transparency. The objective of this strategy is to ensure that its activity is as open as possible and that the interests of its clients and the company's other stakeholders are respected. The ACS Group is committed to total rigour in the information transmitted, especially with respect to the media.

This general objective of transparency is stated by means of the following guidelines:

- Transmitting the Company's overall corporate strategies, as well as those specific to each of the Company's business areas, to the outside world.
- Projecting the Group's business reality so that the Group's different stakeholders recognise it as being sound and well-managed in Spain and abroad.
- Contributing to the make-up of a positive corporate image which aids in the achievement of business objectives and in commercial activity.
- Maintaining a fluent relationship with external agents, particularly with representatives of the media.
- All of the above leads to an increase in the value of the ACS brand and of its different companies and businesses.

The ACS Group manages its commitment to transparency towards its stakeholders by three main means:

- The ACS Group's Communications Department.
- The ACS Group Website.
- Shareholder and investor information activities.

The ACS Group's relationship with all forms of media is fluently and transparently led by the Group's Communications Department and involves interviews, press releases and contact on the corporate website, as well as meetings with journalists.

Numerous examples of contact with journalists took place in 2013: 6 press releases were published, several press conferences were held and many individual interviews were given by the Chairman and Corporate General Manager.

The **website**, www.grupoacs.com, is a commitment from the Group to clarity accessibility and information. Its objectives are specified below:

- To open a "window" to society through which the company may be analysed with greater transparency and ease.
- To maintain a permanently open communication channel both with the Group's priority stakeholders and with any individual or company needing any type of information on the Group.
- To offer, completely transparently, the company's economic and financial information, information on its systems of governance and management and the activities it undertakes.
- To enable searches for historical information on the company for more in-depth analysis of trends and performance.

www.grupoacs.com

	2013
Website visits	524,149
Pages viewed	2,265,282
Unique visitors	402,805
Pages per visit	4
Average visit time (mins)	2.26
% New visitors	76.8%

TRANSPARENCY AND RIGOR ARE TWO KEY ELEMENTS IN THE COMMUNICATION STRATEGY OFACS GROUP, WITH THE AIM TO GRANT ITS BUSINESS THE GREATEST CLARITY.

Similarly, to aid in their commercial and informational activity, the ACS Group's lead companies and large subsidiaries own and promote a large number of complementary websites and information portals, intranets, on-line tools and remote reporting and training systems.

On the other hand, the **shareholders' right to information** is detailed in several rules in the regulations of the Shareholders' Meeting. Hence, in order for the Company Shareholders' Meeting to properly serve the function for which it was designed, prior to each Shareholders' Meeting, the Board of Directors makes all the information which is legally required to be provided to shareholders available to them all, in addition to information that is not legally required to be provided, but that reasonably should be made available, given the interests of the company and of the shareholders, for them to form their opinion. In this regard, the Group makes every effort to respond duly to requests formulated by shareholders for the purpose of the General Shareholders' Meeting, regardless of whether these requests are formulated before or after Shareholders' Meetings, provided that the Company's interests are not jeopardised.

The ACS Group uses various channels to fulfil this commitment to communication and transparency. Its objective is to promote flexibility, fairness and immediacy and to achieve greater reach with the published information by means of:

- The Group's website.
- The shareholder service office (+34 91 343 9200).
- The shareholder information e-mail address (irgrupoacs@grupoacs.com).
- The shareholder service web forum.
- Fluid communication with the Spanish Stock Market Commission (CNMV).
- The information offered by the Investor Relations Department.

2. THE ACS GROUP

Furthermore, a Shareholder Service Web Forum has been operating since October 2010 to attend to requests for information resulting from the General Shareholders' Meetings. This tool acts as a support in each period leading up to the General Shareholders' Meeting and will be available to all the Group's shareholders.

In addition, the Spanish Stock Market Commission (CNMV) is the main means through which the ACS Group communicates and announces its development and its main actions. Thirty-seven "Significant Events" were communicated to the Commission during 2013.

The ACS Group publishes standardised financial information and information on the development of its businesses annually and quarterly. Similarly, the company attends to requests for information from other market agents through meetings. These meetings are intended to complement the Group's reporting efforts and the objective thereof is to clarify information already published in accordance with investors' and shareholders' needs.

The measures aimed at promoting information transparency affect the Company's reputation and the dissemination of its corporate values, its technical capacities and its business successes.

2.3.1.3. ACS Governance Structure

It is laid down in the Company's Articles of Association and the Rules of the Board of Directors that ACS will be governed by a Board of Directors made up of a minimum of eleven (11) and a maximum of twenty-one (21) members. ACS's Board Members are named according to a procedure to assess their competences, knowledge, experience and dedication to proper fulfilment of their task, carried out by the Board of Directors' Appointments and Remuneration Committee.

As ACS's decision-making body, it falls to the Shareholders' Meeting, at the proposal of the Board of Directors, both to set the exact number of members of the Board, within these limits, and to name the people to occupy these posts.

The composition of the Board of Directors is based on a proportional principle, by means of which the interests of all ACS's groups of shareholders are represented on the Board. In this way, at 31 December 2013, ACS's Board of Directors was made up of 17 Board Members: 4 executive members, 8 members representing major shareholders,

4 independent members and 1 external member. There is one woman board member representing major shareholders, Sabina Fluxá Thienemann[11]. The ACS Group promotes all the policies necessary to ensure equality of opportunities and to avoid implicit bias and any discrimination in selection processes not just for members of the Board of Directors, but also for any work position and to guarantee that the applicants meet the competence, knowledge and experience requirements to carry out their work, as stated in point 1.3.1 of the ACS Code of Conduct. The number of women Board Members represents 5.88% of the total number of members of the Board of Directors. Although this is less than half, it must be borne in mind that all the vacancies occurring on the Board in recent years have been closed or filled by a woman.

The mission of these independent and external board members is to represent the interests of the free-float capital on the Board of Directors. The Chairman of the Board of Directors, Florentino Pérez, is also the CEO of ACS.

Board Member	Year of birth
Florentino Pérez Rodríguez	1947
Antonio García Ferrer	1945
Pablo Vallbona Vadell	1942
Agustín Batuecas Torrego	1949
José Álvaro Cuervo García	1942
Manuel Delgado Solís	1948
Javier Echenique Landiríbar	1951
Sabina Fluxá Thienemann	1980
Joan-David Grimà i Terré	1953
José María Loizaga Viguri	1936
Pedro López Jiménez	1942
Juan March de la Lastra	1973
Santos Martínez-Conde Gutiérrez-Barquín	1955
Javier Monzón de Cáceres	1956
Miquel Roca i Junyent	1940
Julio Sacristán Fidalgo	1940
José Luis del Valle Pérez	1950

11 Personal information on ACS's board members can be found on the ACS Group's website: http://www.grupoacs.com/index.php/es/c/gobiernocorporativo_consejodeadministracion

2. THE ACS GROUP

2.3.1.4. Governance Procedures in ACS

As regards the function of the Board of Directors, this acts jointly and is granted the broadest of powers to represent and govern the company as the body supervising and controlling its activity, but also with the capacity to assume the responsibilities and decision-making powers directly on the management of the businesses.

In particular, the Board of Directors fully reserves the authority to approve the following general policies and strategies:

- Investment and financing policy.
- Definition of the corporate group structure.
- Corporate governance policy.
- Policy for Corporate Responsibility.
- The Strategic or Business Plan, as well as management targets and annual budgets.
- Senior executive management assessment and remuneration policies.
- The risk control and management policy, in addition to the periodic monitoring of internal information and control systems.
- The policy on dividends, as well as on treasury stock and its limits.
- Related-party transactions, except in those cases anticipated by the Regulations.

For greater efficiency in its functions, a series of Commissions are constituted within the Board of Directors, the task of which consists of controlling and monitoring those areas of greatest importance for good governance of the company. The Board of Directors is currently made up of three commissions: the Executive Commission, the Audit Committee and the Appointments and Remuneration Committee.

The Executive Committee is a delegated committee which can exercise all the Board of Directors' powers except those which cannot be delegated or which the Board reserves as its competence.

The Audit Committee has the main functions detailed in the ACS Group's Corporate Governance Report (Section C.2.3), outstanding among which are the accounting control functions, supervision of compliance with the ACS Group Code of Conduct and risk management, among others.

Finally, the Appointments and Remuneration Committee has the main functions detailed in the ACS Group's Corporate Governance Report (Section C.2.4), outstanding among which are control of board member and senior management remuneration and performance, proposals for their appointments and matters relating to gender diversity on the Board of Directors, among others.

Remuneration to the Board of Directors	Thousands euros
Remuneration to the Board of Directors	10,793
Value of the overall remuneration corresponding to rights accumulated by the Board Members as regards pensions	2,070
Overall remuneration to the Board of Directors	**12,863**
Total remuneration of Senior Executives (52 Executives)	**24,638**

** Errata: The data in the original document, included in the table "Remuneration to the Board of Directors", approved by the Board included an error. The data published in the current version is updated correctly.*

The Board Members' remuneration is defined by a general policy approved by the full Board, heeding the recommendations of the Appointments and Remuneration Committee. The total remuneration of the ACS Group's Board Members in 2013 was €12.6 million, 1.8% of the company's net profit. Within the ACS Group's transparency and information policy, the remuneration received by both the members of the Board of Directors and the Senior Executives during the financial year, both of which are summarised here, is shown in the Annual Corporate Governance Report.

The detail of individualised remunerations to the Board of Directors is delivered to the General Shareholders' Meeting in the Annual Remuneration Report, which is also available via the CNMV.

Assessment of the Board of Directors quality and efficiency of performance is a task which falls to the Board itself and cannot be delegated. It is carried out after receiving a report from the Appointments and Remuneration Committee. Furthermore, the General Shareholders' Meeting submits approval of the Board of Directors' management to a vote every year.

Finally, the ACS Group, through the Rules of the ACS Board of Directors, has detailed rules on the mechanisms laid down for detecting, determining and resolving possible conflicts of interest between the company and/or its group and its board members, managers or significant shareholders, as detailed in point D.6 of the ACS Group's Corporate Governance Report.

2.3.1.5. Shareholders Rights and the General Shareholders' Meeting

The operation of the Shareholders' Meeting and the rights of the shareholders are regulated in ACS's Company Articles of Association and in the Rules of the Shareholders' Meeting. According to Article 1 of the latter, the Shareholders' Meeting is the supreme body for the expression of the will of the company and its decision making.

As such, according to these Rules, the Group's shareholders represented in the General Shareholders' Meeting will decide all matters within the Meeting's powers by majority. This meeting will be made up of those holders of at least one hundred shares present or represented, such that holders of less than one hundred shares can group together to reach this number.

In addition, shareholders' attendance and voting rights are laid down in these Rules, by means of which egalitarian treatment is guaranteed for all and a series of measures aimed at encouraging shareholders' participation in the General Meeting are included. As such, not only is delegation or representation of votes permitted during the Meeting, but the possibility of shareholders casting their vote remotely is also expressly established. Furthermore, since the Ordinary General Shareholders' Meeting of 19 May 2005, the necessary procedures have been articulated for exercising the right to vote in advance remotely. The measures adopted by the Group to encourage attendance of the Meeting are positively reflected in their attendance percentages.

Attendance at Shareholders' Meetings	2009 Ordinary	2010 Ordinary	2010 Extraordinary	2011 Ordinary	2012 Ordinary	2013 Ordinary
Shareholders Present	208	213	115	179	216	226
Quorum Shareholders Present	7.66%	19.44%	19.93%	20.55%	20.05%	20.19%
Shareholders Represented	2,763	2,776	2,183	2,792	2,368	2,214
Quorum Shareholders Represented	70.88%	58.22%	57.11%	54.41%	51.40%	55.06%
Quorum Total	**78.54%**	**77.66%**	**77.04%**	**74.96%**	**71.45%**	**75.25%**

2. THE ACS GROUP

Likewise, the shareholders' and investors' rights to information are detailed in several parts of the Rules of the Shareholders' Meeting. Indeed, all the necessary information is made available to the shareholders prior to holding each Meeting, in that, in addition to the standard information provided by the company in the annual, half-yearly or quarterly reports, the Group maintains a website with all the fundamental data on it. Periodic meetings are also held with analysts for this information to reach both shareholders and the general market in the fairest, most symmetrical and efficient way possible.

The ACS Group not only sets up permanent communications channels with its shareholders and investors, but also ensures that all the information made available to them is truthful and rigorous. The Audit Commission reviews this information before it is transmitted to confirm that it is prepared in accordance with the professional principles, criteria and practices with which the accounts are prepared.

ACS's Board of Directors has, over a number of years, also been promoting measures to guarantee the transparency of the company's action in the financial markets and to exercise as many functions as result from its position as a listed company on the stock exchanges. To this effect, we try to ensure that knowledge of significant events is restricted, until made public, to the minimum number of identified people.

2.3.2. RISK CONTROL SYSTEMS

The ACS Group's risk control system is based on a range of strategic and operational actions which seek to mitigate risks in addition to fulfilling the objectives set by the Board of Directors. The manager responsible for risk management is Angel García Altozano, Corporate General Manager.

The diversity and complexity of the sectors in which the Group carries out its activities involve a great variety of risks and the Corporation is responsible for defining the basic guidelines to homogenise operating criteria in each of the divisions and so guarantee an appropriate level of internal control. The companies and divisions of which ACS is made up are responsible for developing the necessary internal regulations so as to implement appropriate internal control according to the particular nature of their activity.

In order to be able to respond in the face of global and homogeneous risk, the Corporation has established a risk management model which includes the identification, assessment, classification, valuation, management, correlation analysis and monitoring of risks at the Group and Operating Area levels. Once risks have been located, a risk map is prepared which is systematically updated periodically.

In accordance with that explained above, the following risks have been identified:

- Operational risks, stemming from the Group's different businesses and which vary depending on the area of activity, but which, in short, are related to entering into contracts, planning and control of the execution of the works and projects, quality-related risks, environmental impact and risks related to international activities.

- Non-operational risks, which also stem from the different activities the Group carries out, but which in this case relate to image, human resources, legal or regulatory matters, tax, financial matters and insurance coverage.

As indicated previously, the Group's risk control systems are common to all the Group's areas of activity, but organised according to a decentralised model, which enables each business unit to exercise its risk control and assessment policies in accordance with certain basic principles. These basic principles are the following:

- Definition of the maximum risk limits that may be assumed by each business in accordance with its characteristics and its profitability expectations and which are implemented at the time contracts are entered into.
- Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.
- Coordination and communication to ensure that each business area's risk policies are consistent with the Group's overall risk strategy.
- Carrying out of sensitivity and stress analyses to confirm these policies and procedures.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management reports for decision making with monitoring of the appropriate indicators.

The control systems developed in each business area may be classified into the following categories:

- Management systems for entering into contracts and bidding processes for works and projects.
- Management systems for planning and execution of works and projects.
- Quality management systems.
- Human resources management systems.
- Financial risk control systems.
- Environmental management systems.
- Incorporation of the most advanced technologies as regards environmental matters, such as:
  - Conservation of energy and raw materials.
  - Using recyclable and biodegradable materials.
  - Minimising waste production and environmentally-friendly treatment.
  - Promoting the reforestation and landscaping of construction sites.
  - Carrying out specific actions for activities that require them, depending on the effect of the impact and the setting.
  - Informing the client continuously on the environmental risks and possible preventive measures.
- Other systems: For risks of a legal or fiscal type, ACS has appropriate departments in each company, division or at a corporate level and with prestigious external support in each specific field of action. Additionally, the signing of contracts is supervised by each company's legal adviser and, depending on its relevance, by the legal counsel of the different divisions or of the Group.

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of various insurance policies for any coverable risks. The characteristics of these policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

3. ETHICS

3.1. ETHICS AND INTEGRITY: SUMMARY, OBJECTIVES AND GENERAL PRINCIPLES

THE ACS GROUP AND THE COMPANIES WHICH MAKE IT UP ARE FULLY COMMITTED TO PROMOTION, REINFORCEMENT AND CONTROL IN MATTERS RELATED TO ETHICS AND INTEGRITY, THROUGH MEASURES WHICH ENABLE THEM TO PREVENT, DETECT AND ERADICATE BAD PRACTICES.

Integrity is a very important aspect in the ACS Group. In 2011, important measures were promoted from the Board of Directors' Executive Committee to advance these values included in the ACS Group's Code of Conduct. Currently, the ACS Group has equipped itself with two corporate tools: the Code of Conduct and the Ethical Channel, which are widely adopted in the various business areas, and a control system reporting to the Board of Directors, called the Code of Conduct Monitoring Committee.

THE ACS GROUP PROMOTES KNOWLEDGE OF THE GENERAL PRINCIPLES OF CONDUCT, ETHICS AND INTEGRITY BY ALL EMPLOYEES, CLIENTS, SUPPLIERS AND CONTRACTORS.

3.1.1. ETHICS AND INTEGRITY: CODE OF CONDUCT

Since its foundation, the ACS Group and its companies have made a commitment to the various parties forming part of its operations and interacting with the company or its employees. This commitment is based on the ethical principles governing the ACS Group's operations, which shape its corporate culture.

ACS's General Code of Conduct[12] constitutes a guide for the professional performance of all the Group's employees and managers in relation to their daily work, the resources used and the business environment, as well as for all the investee companies in which the ACS Group has control of management.

The basic principles for action in the General Code of Conduct are as follows:

- **Integrity:** the ACS Group promotes recognition of behaviour in accordance with loyalty and good faith, and against corruption and bribery, among its employees.
- **Professionalism:** the ACS Group's employees and management should be recognised for their high professionalism based on proactive and efficient performance focused on excellence, quality and willingness to provide service.
- **Respect for Others and the Environment:** ACS undertakes the commitment to act at all times in accordance with the United Nations Global Compact, to which it has been a signatory since its foundation, the objective of which is the adoption of universal principles in the areas of human and labour rights and the protection of the environment.

All actions taken by the ACS Group and its employees shall maintain scrupulous respect for the Human Rights and Civil Liberties included in the Universal Declaration of Human Rights. The relationship of the Group with its employees, as well as the relationship among employees, therefore, shall be based on the following commitments:

- Prevention of corruption and bribery. See the section.
- Equal opportunities.
- Non-discrimination.
- Confidentiality in information management, when applicable.
- Avoidance of anti-competitive practices.
- Promotion of training and professional and personal development.
- Occupational health and safety.
- Eradication of child labour.
- Reduction of negative impacts on local and indigenous communities.
- Channels for appropriate reporting of those inappropriate practices identified (Ethical Channel).

The General Code of Conduct was approved by the ACS Group's Board of Directors in its meeting of 15 March 2007 and modified by agreement of the Board of Directors' Executive Committee of 30 August 2011.

12 The ACS Group's Code of Conduct can be seen at http://www.grupoacs.com/index.php/es/c/responsabilidadcorporativ_eticayprofesionalidad

3. ETHICS

3.1.2. MANAGEMENT PRINCIPLES

3.1.2.1.Field of action and scope of the Code of Conduct

The General Code of Conduct and the procedures laid down for disseminating and safeguarding it are basic elements in the Group's integrity framework. In this respect, the General Code of Conduct has been extended to the whole organisation:

- The Code applies to all members of management bodies and to all employees of Group companies, regardless of the contractual form determining their labour relationship, the post they occupy or the place in which they carry out their work. They are all obliged to know and comply with the General Code of Conduct and collaborate in its implementation in the Group. Additionally, the ACS Group's management team shall make the necessary means available to such companies to fulfil the regulations contained in the General Code of Conduct.

- The scope of application of the Code may be extended contractually to any other individual or legal entity with commercial or business relations with the ACS Group when, due to the nature of that relationship, its activities could affect the ACS Group's image and reputation.
- The scopes of application contained in this Code affect all companies which form a part of the ACS Group due to the latter having control over their management. Although the Hochtief Group became fully consolidated in the ACS Group as of 1 June 2011, both the Hochtief Group's parent company, Hochtief AG, and the parent company of its Leighton subgroup, Leighton Holdings Limited, are companies quoted on the German and Sydney stock exchanges, respectively, hence they are subject to their own regulatory bodies' rules and have both their own Codes of Conduct and their own internal channels for complaints and control, under similar terms to those of the ACS Group. For this reason, the ACS Group's General Code of Conduct does not apply to investee companies belonging to the Hochtief Group and the Leighton Group.

All ACS Group companies adhere to the Code of Conduct. In addition, companies representing 79.8% of ACS Group employees have developed initiatives to expand the precepts of the Code of Conduct as a consequence of the needs they have detected resulting from their type of business, their presence in countries or geographical areas with additional risks or as a consequence of additional legal requirements.

THE FINAL AIM OF ACS'S ACTIONS WITH REGARDS TO ETHICS AND INTEGRITY IS THE ESTABLISHMENT OF A FRAMEWORK FOR ACTION WHICH STIMULATES EVERYONE TO EXECUTE THEIR RESPONSIBILITIES IN AN UPRIGHT, RESPONSIBLE AND TRANSPARENT MANNER.

3.1.2.2. Actions to promote good ethical practices

The ACS Group understands due diligence as the set of activities carried out and aimed at minimising the possibility of bad practices arising in the Group as regards ethics and integrity. The ACS Group understands that the following are necessary for this:

- Allocation of responsibilities as regards supervision of the company's performance in this field This responsibility falls to the Code of Conduct Monitoring Committee, reporting to the Board of Directors
- Establishing procedures which enable the prevention, detection, notification and eradication of bad practices in this field In this regard, specific initiatives are defined in Group companies were additional risks (operational, geographical or mixed) are detected, to expand on the Code of Conduct at the same time as promoting training in fields related to Ethics and encouraging use of the Ethical Channel.
- The knowledge and understanding by the company's people of what is expected of them in relation to ethics and integrity. Companies representing 82.8% of Group employees report the existence of a specific training plan in matters of Human Rights, Ethics and Integrity and Conduct. A total of 629 training courses, attended by 77,350 employees, were given in this field in ACS in 2013. Indeed, the level of penetration of training in terms of Human Rights, Ethics and Integrity and Conduct has already reached 51.7% of the Group's total number of employees.
- The adoption of good practices has begun to be promoted relating to performance assessment in terms of Ethics and variable remuneration according to parameters related to the control of Ethical risks. As such, formal, documented commitments to the Universal Declaration of Human Rights are included in companies representing 49.3% of ACS employees. Additionally, compliance with the precepts of the Code of Conduct is confirmed in 63.0% of employee performance assessments.
- Establishing commitments which make clear the behaviour expected of the people who make up the company. An outstanding cultural characteristic in compliance terms in the ACS Group is the adoption of "Zero Tolerance" policies to breaches in this field. Companies representing 98.6% of Group employees report the existence of such a policy.
- Supervision and monitoring of the whole process by means of audits or inspections by independent companies. Companies representing 6.7% of Group employees perform periodic (annual or at least biennial) independent external audits.
- Promotion and monitoring of ethical standards in suppliers and subcontractors. ACS Group companies representing 92% of sales explicitly include compliance with the ACS Code of Conduct in the contracts they sign with Suppliers and Subcontractors. Furthermore, 37% internally or externally verify such compliance. Companies representing 80% of ACS's sales promote and positively assess their suppliers' adherence to international standards such as the Global Compact, UN and ILO conventions, etc.
- In terms of avoiding monopoly practices, the ACS Group sets itself against such practices, through its Code of Conduct, and assesses annually the level of risk this aspect represents. In 2013, the Group's Contract managers reported that only in companies representing 0.7% of total turnover were situations faced in which they needed to act against monopoly practices. Leighton, in turn, published a detailed antitrust policy, affecting 38% of ACS Group sales. This policy can be found on its website.

3. ETHICS

3.1.2.3. General Code of Conduct Monitoring Committee

Since its foundation, the ACS Group and its companies have made a commitment to the various parties forming part of its operations and interacting with the company or its employees. This commitment is based on the ethical principles governing the ACS Group's operations, which shape its corporate culture: integrity, professionalism and respect.

The ACS Group's General Code of Conduct summarises these basic principles of ethics and integrity and guides the action of its employees and managers in the performance of their daily work, with the due diligence in terms both of the resources used and of the corporate environment in which it takes place. The Code applies to all investee companies in which the ACS Group has control over management.

Although the Hochtief Group is fully consolidated in the ACS Group, both the Hochtief Group's parent company, Hochtief AG, and the parent company of its Leighton subgroup, Leighton Holdings Limited, are companies quoted on the German and Sydney stock exchanges, respectively, hence they are subject to their own regulatory bodies' rules and have both their own Codes of Conduct and their own internal channels for complaints and control, under similar terms to those of the ACS Group. For this reason, the ACS Group's General Code of Conduct does not directly apply to investee companies belonging to the Hochtief Group and the Leighton Group.

In the case of Hochtief, the Group has its own Code of Conduct which covers the ethical principles on which the company's business is based. Compliance with this Code is mandatory for all its employees and managers.

In the case of Leighton Holdings, a set of 12 internal codes covering Group commitment to compliance with standards in terms of good corporate governance, high ethical standards and excellence in service go under the name of "Group Policies".

If the ACS Group's parent company receives formal complaints relating to the actions of members of the Hochtief Group or its subgroup, Leighton, it would inform the complaining party of the internal complaints mechanisms, in each case, and would consider the complaint to have been transferred to the body or management area responsible in each of these subgroups.

The General Code of Conduct applies to all members of management bodies and to all employees of Group companies, regardless of the contractual form determining their labour relationship, the post they occupy or the place in which they carry out their work.

They are all obliged to know and comply with the General Code of Conduct and collaborate in its implementation in the Group. It is the responsibility of the ACS Group's management team to make the necessary means available to them to have them comply with the rules contained in the Code.

The scope of application of the Code may be extended contractually to any other individual or legal entity with commercial or business relations with the ACS Group when, due to the nature of that relationship, its activities could affect the ACS Group's image and reputation.

The objective of the General Code of Conduct Monitoring Committee is to ensure compliance with the General Code of Conduct and to resolve incidents or doubts about its interpretation, adopting all the necessary measures to achieve this. Specifically, the Committee has been assigned the following functions:

- Promoting the dissemination, knowledge of and compliance with the code in each and every Group company.
- Establishing the appropriate communications channels to ensure that any employee can seek or provide information regarding compliance with this code, ensuring the confidentiality of complaints processed at all times.
- Interpreting the regulations derived from the Code and supervising their implementation.
- Ensuring the accuracy and fairness of any proceedings commenced, as well as the rights of persons allegedly involved in possible breaches.
- Defining the cases in which the scope of the Code should be extended to third parties that are to have business or trade relations or with the ACS Group.
- Gathering data on levels of compliance with the Code and disclosing the specific related indicators.
- Preparing an annual report on its actions, making the recommendations it deems appropriate to the Board of Directors through the Audit Committee.

3. ETHICS

3.1.2.4. Ethical Channel

The main tool available to the Monitoring Committee is the Ethical Channel, created in September 2011, enabling anyone to notify of irregular conduct in any of the companies making up the ACS Group or any non-compliance with the standards included in the General Code of Conduct, through:

- the e-mail address: canaletico@grupoacs.com

- or the postal address: Canal Ético, Grupo ACS, Av. Pío XII 102, 28036 Madrid, Spain.

The Ethical Channel is both a route for denouncing breaches of the rules in the ACS Group's General Code of Conduct and a means for resolving doubts which may be raised on applying the General Code of Conduct.

Based on Opinion 1/2006 issued by the Working Party created by Article 29 of Directive 95/46/EC – on the application of EU data protection rules to internal whistleblowing schemes in the fields of accounting, internal accounting controls, auditing matters, fight against bribery, banking and financial crime – the Spanish Data Protection Agency (Agencia Española de Protección de Datos - AEPD) laid down, by means of Legal Report 0128/2007, the characteristics with which all internal whistleblowing systems must comply in accordance with that set forth in Spanish Organic Law 15/1999, of 13 December, concerning the Protection of Data of a Personal Nature and the regulations which develop it.

Following the AEPD guidelines, the Monitoring Committee laid down the regulation for the internal system for denouncing breaches, implemented by the ACS Group through the Ethical Channel:

- Accusations will only be accepted in which the whistle blower is identified, so preventing the existence of anonymous accusations.

- The whistle blowers and accused parties who use the internal whistleblowing system shall be people with a link to the company under employment, civil or commercial law, thus the internal whistleblowing system cannot be made available to third parties, even if they have a legitimate interest.

- Users – potential whistle blowers and accused parties – shall be expressly informed of the existence and operation of an internal whistleblowing system and its existence shall be incorporated in the contractual relationship.

- The accusations shall refer to internal or external matters or standards which involve non-compliance with the employment or contractual duties of the accused party or events which could result in criminal liability for the accused party or the company, based on regulations on money laundering and the reform to the criminal code which establishes criminal liability for legal entities.

- The accusation system will guarantee that the identity of the whistle blower remains confidential throughout all the stages of processing, making it impossible for it to be revealed to the accused party, and the whistle blower must be informed of the following circumstances:

  - His or her identity will be kept confidential throughout all the stages of the process.

  - His or her identity will not be disclosed to third parties, nor the accused person, nor the employee's managers, except if its disclosure to the relevant people involved is necessary in any subsequent investigation or legal proceedings initiated as a result of the investigation carried out by the internal whistleblowing system.

- The internal whistleblowing system must set a maximum period for holding the data related to the accusations, this being limited to that needed for the processing of the necessary internal auditing measures and, as a maximum, to the processing of the legal procedures resulting from the investigation carried out.

3. ETHICS

As indicated in the latest Biennial Internal Audit of files with data of a personal nature, of April 2013, the Security Document sets a period of one year for holding data related to the accusations, to be extended if necessary either for processing internal auditing measures or for the arbitration or legal proceeding deriving from the investigation carried out.

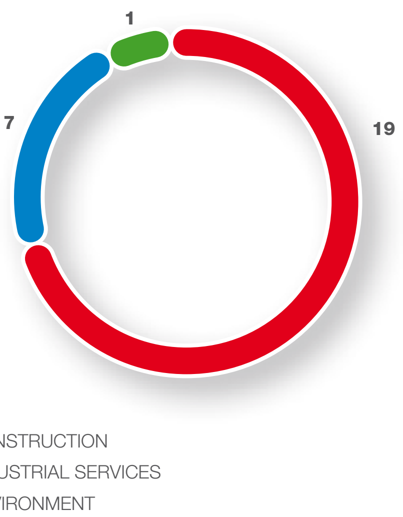
- The accused party shall be notified, as soon as possible, of the following circumstances:
  - The body responsible for the whistleblowing system.
  - Of what he or she is accused.
  - The departments and offices which may receive the report within the company.
  - How the accused party can exercise his or her rights of access and correction.
- Only in cases where the company's capacity may be put at risk may the duty of informing the accused party be delayed. This delay may not, under any circumstances, exceed three months to be counted from the time that the accusation was made.
- The high level file shall be registered in the General Data Protection Register.
- The high level security measures laid down in Spanish Royal Decree 1720/2007, of 21 December, approving the Regulations developing the Organic Law on Data Protection must be implemented.

In adherence to all the above, the appropriate registration in the Spanish Data Protection Agency was requested and the latter registered the handling in the General Data Protection Register on 16 February 2012.

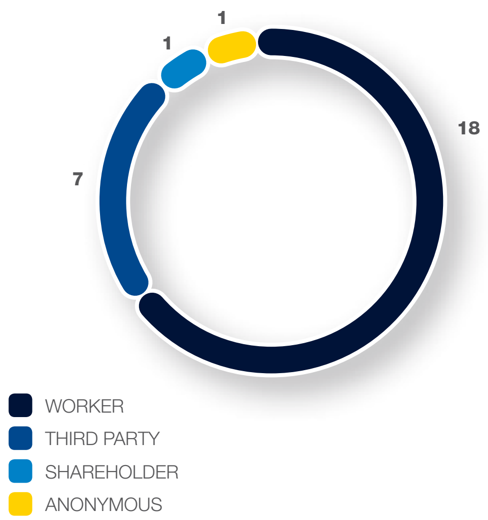
A total of 27 communications were received in 2013, which due to defects in form, the Code of Conduct Monitoring Committee not being the competent body or other reasons for inadmissibility did not lead to the opening of any cases. In all cases the means used was the digital channel.

The details of the communications received are as follows:

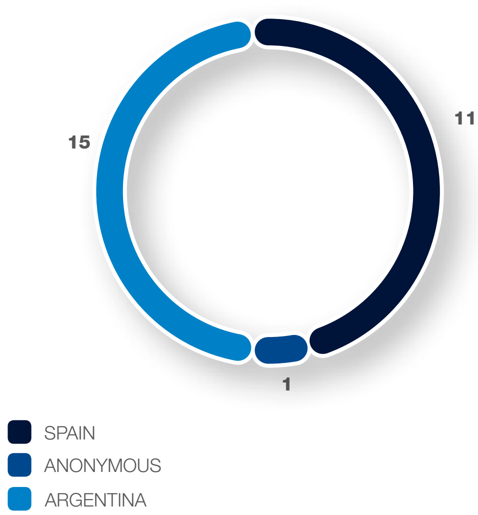
COMMUNICATIONS BY AREA OF ACTIVITY



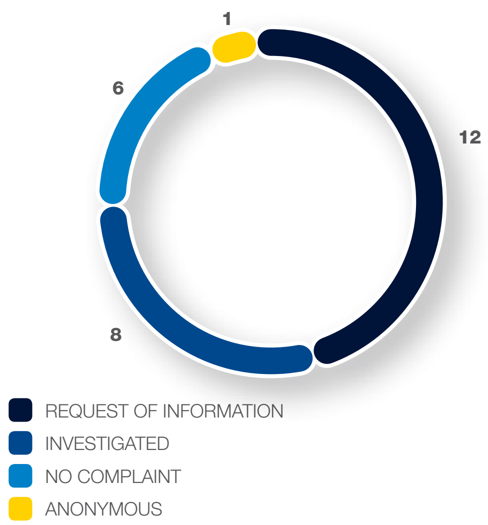
SOURCE OF COMMUNICATIONS



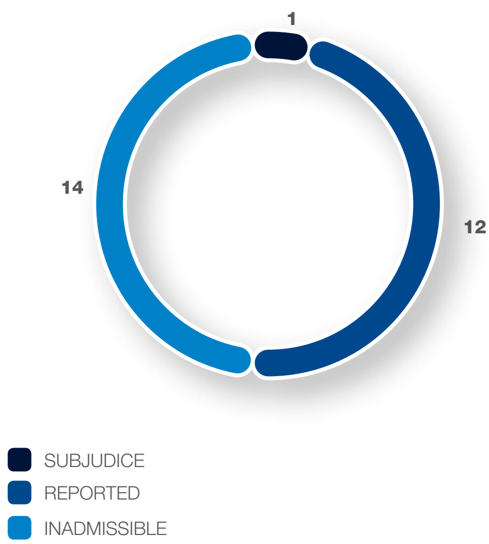
COUNTRY OF ORIGIN



REASON FOR COMMUNICATION



METHOD OF RESOLUTION



3. ETHICS

3.1.3. MANAGEMENT INDICATORS

In terms of Ethics, the ACS Group has established that the following management indicators are material, measurable, relevant and representative of the function analysed and form a part of the process for disseminating the good practices developed by Project one.

MAIN MANAGEMENT INDICATORS - ETHICS

	2012	2013	Objective for 2015
Percentage of total ACS Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career with the company	n.a.	52%	> 2013
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct (% of total ACS employees)	n.a.	7%	n.a.
Level of implementation in the ACS Group of contractual clauses on the compliance with the Code of Conduct in contracting with suppliers and subcontractors (% of sales)	83%	92%	> 2013
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct by suppliers or contractors through clauses related to the Code of Conduct (% of sales)	35%	37%	n.a.
Communications received by the Ethical Channel	11	27	n.a.

The increase in the percentage of employees who have received Ethics courses during their career is due in large part to the increase in the scope of the data, which went from 29% of employees in 2012 to 98% in 2013.

3.1.4. RISKS

Several main risk areas have been identified as material for the ACS Group in terms of Ethics. The ACS Group has developed specific means for measuring, counteracting, controlling or eliminating these risks.

- Risk in terms of bribery and corruption. Companies representing 6.7% of the ACS Group perform periodic audits on the level of implementation of the ACS Group Code of Conduct, which is the main tool for opposing this risk. Furthermore, 63.0% of Group employees specifically deal with matters of compliance with subjects related to the Code of Conduct in their performance assessments.

- Risk in terms of forced labour or child labour. Companies representing 11.0% of Group employees have identified this risk as material. Of these, 100.0% have developed specific protocols or policies to reduce this risk.

- Risks in terms of respect for rights of association or union representation. Companies representing 11.5% of Group employees have identified this risk as material. Of these, 1.8% have developed specific protocols or policies to reduce this risk.

- Risk in terms of discrimination/equality. Companies representing 81.0% of Group companies have formal programmes to ensure equality of opportunities among workers and in 80.4% of the Group initiatives have been developed to expand on the regulations in countries where they operate. As such, no incidents of discrimination were reported in 2013, compared to 3 reported in 2012.

- Risks deriving from the activity of contractors and suppliers. As detailed in the previous point on actions to promote good ethical practices, the Group implements several initiatives to reduce the risks resulting from contracting suppliers and subcontractors. Of all these, Group companies consider 8.9% present risks in social matters.

4. EFFICIENCY

The ACS Group has identified a series of non-financial functional areas which are key to carrying out its business, forming part of the production process and with which it generates a significant part of its profitability and productivity in its operating companies. These are the areas of Clients and Contracting, Quality, the Environment, Suppliers and R&D+i.

These functional areas exist in all the Group companies and they have heads who are responsible for collaborating in preparing this report annually. These are the people responsible for defining the main policies for controlling and reducing costs and promoting and achieving Group revenue.

4.1. CLIENTS AND CONTRACTING

4.1.1. STRATEGY

The commitment to clients is one of the ACS Group's most important corporate values. Not for nothing is there a high level of trust between the client and the Group, thanks to the high added value services the company offers throughout time, promoting this close relationship.

This commitment to its clients is tackled from a clear strategy based around the following points:

- Problem-solving orientation.
- Client relationship feedback.
- Information on the ACS Group's capabilities.
- Identification of future needs and opportunities for collaboration.

THE ACS GROUP MAINTAINS A CONSTANT COMMITMENT WITH ITS CUSTOMERS, FOCUSED IN OFFERING THE BEST TECHNICAL AND ECONOMIC SOLUTION.

In addition, the ACS Group seeks appropriate solutions to improve its approach to the client, particularly in technological matters of importance. This leads to the search for collaboration with detail engineering companies, specialised in the specific field required for each project. The most suitable alliances are created for each case in this way and, as such, the final client can be offered the best technical and economic solution.

Another important value for the Group's businesses is confidentiality. ACS Group companies' contracting and client relationship departments carry out periodic initiatives to promote responsible use of information, so guaranteeing client confidentiality.

4. EFFICIENCY

4.1.2. MANAGEMENT PRINCIPLES

Given the characteristics of ACS's business, where large infrastructure projects are carried out or general agreements are entered into for the provision of services (such as the cleaning of a city or maintenance of an electricity grid), the number of clients with whom ACS deals is very limited or they are large corporations or public institutions from around the world.

In 2013, companies representing 73.2% of ACS Group[13] sales reported the existence of a client management system, managed by each company's contracting department. The management aspects common to the whole ACS Group are as follows:

- Monitoring of client needs.
- Periodic measurement of client satisfaction.
- Promotion of commercial activity.

4.1.2.1. Monitoring and Communication

The ACS Group companies hold regular meetings with clients, through those responsible for each project, or continuously if, as occurs in exceptional projects, the client dedicates resources to production control.

This is how objectives, monitoring systems and client information plans are defined for each project and in line with the specific aspects of each company. Control points for important phases of production are established in these plans, along with certification meetings to manage the partial payments for the work and partial monitoring points which may come to mean daily contact between the supervisor and the client in order to reinforce the latter's confidence.

13 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

Similarly, computerised CRM systems are being implemented to collect information relating to clients, in order to facilitate analysis and the carrying out of actions to improve satisfaction. In 2013, companies representing 52.7% of ACS Group sales had a system of this type in operation.

4.1.2.2. Client Satisfaction

ACS's second key client relationship management policy is the measurement of their satisfaction. Companies representing 57.0% of ACS Group sales carry out this type of process, either in a standalone form or within the framework of quality management systems. Furthermore, Group companies representing 55.5% of sales implement measures and plans to improve client satisfaction.

A study was carried out on the aspects rated best and worst by the clients. Worthy of highlighting among the best rated are:

- The proactivity shown by Group companies to resolve problems and unforeseen events.
- The qualifications, experience and technical quality of the Group's teams.
- The existence of a detailed, structured and exhaustive client needs monitoring process.

Outstanding among the worst rated are:

- The works delivery periods and the delays which occur on occasions.
- The difficulty in controlling the agents involved in the project, such as subcontractors and suppliers.
- The perception of price against the quality of the products.

61.6% OF TENDERS PRESENTED TO CLIENTS INCLUDE AN ENVIRONMENTAL IMPACT ANALYSIS.

Companies representing 64.7% of ACS sales have developed channels and processes to enable clients to formalise their complaints and claims.

4.1.3. MAIN INDICATORS

MAIN MANAGEMENT INDICATORS - CLIENTS

	2012	2013	Objective for 2015
Number of client satisfaction surveys carried out	1,290	2,363	> 2013
Number of client satisfaction surveys received	860	1,214	> 2013
Percentage of client responses of "satisfied" or "very satisfied" over the total number of surveys RECEIVED (%)	86.2%	87.6%	> 2013
Number of complaints received from clients	2,839	26,459	< 2013
Number of complaints dealt with	98.8%	100.0%	= 2013
Number of complaints satisfactorily resolved (proportion of those received)	85%	97%	= 2013

In the client satisfaction survey indicators, the scope of the data increased from 37% in 2012 to 75.7% in 2013.

An increase in the scope of the report occurred in the Complaints indicator, as ACS's activities in Argentina are included, which were not reported in 2012. ACS mainly carries out street collection and cleaning activities in Argentina, which is an activity that brings it very close to consumers and where a large number of complaints are processed.

4.1.4. RISKS

In specific terms related to sustainability:

- 61.6% of tenders presented to clients include an environmental impact analysis.
- 35.3% of tenders to clients include a detailed information section on the ACS Group's Corporate Responsibility policies.
- Furthermore, companies representing 67.6% of ACS's sales report that their clients have required details on the company's ethical policies in 2013.

4. EFFICIENCY

4.2. QUALITY

4.2.1. STRATEGY

Quality is a determining factor for the ACS Group, as it represents the factor distinguishing it from the competition in the infrastructure and services industry, with high technical sophistication.

The Quality Department in the Group's different companies is the entity responsible for implementing their own Quality Management Systems. Companies representing 74.8% of ACS Group sales[14] presented some form of quality management system in 2013. In this period and as a consequence of these systems, the ACS Group invested a total of €4.45 million in promoting quality[15].

These quality systems are audited regularly in order to certify Group activities, mainly according to the ISO 9001 standard, held by companies representing 72.7% of the Group's sales.

PRODUCTION CERTIFIED UNDER ISO 9001

	2011	2012	2013
Construction	71.4%	67.1%	67.6%
Industrial Services	94.7%	92.0%	93.5%
Environment	75.1%	89.2%	82.1%
ACS Group	**77.1%**	**72.5%**	**72.7%**

14 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

15 A 58% decrease has occurred in investment in ACS Group company Quality Departments.

4.2.2. MANAGEMENT PRINCIPLES

Each company in the group adapts its needs to the specific characteristics of its type of production, but a series of common lines of action have been identified within their Quality Management Systems:

- Objectives are set periodically as regards quality and their fulfilment is assessed.
- Initiatives and actions are carried out aimed at improving the quality of the services provided.
- Specific actions are carried out in collaboration with suppliers and subcontractors to improve quality.

The quality management for the ACS Group's various companies sets general quality objectives for the following financial year. In 2013, companies representing 96.3% of ACS Group sales defined formal objectives in this respect.

According to its characteristics, each project or work adopts the general objectives applicable to it, which generally focus on obtaining, renewing or expanding quality certifications, especially when a Group company develops a new technique or expands its activity into a new geographical area.

At the same time, another common aspiration is to minimise incidents through quantifiable improvement activities, as well as to obtain information relating to clients.

The most important objectives reported by the ACS Group's companies can be summarised in the following overall framework:

- Obtaining and expanding the scope of certifications.
- Implementing tools to improve quality.
- Improving specific performance indicators.

- Improving the training of supervisors, operators and works managers.
- Increasing client satisfaction indices, reducing complaints due to problems in execution.
- Meeting delivery schedules globally and with maximum quality.
- Increasing the number and capacity of internal quality auditors.

The concern with quality in all the group's companies reflects not only the effort to achieve the objectives set, but also the specific actions by the companies. A significant percentage of the Group's companies carry out quality improvement actions. According to the reported data, companies representing 83.1% of ACS Group sales carried out at least one initiative of this type in 2013.

4.2.3. MAIN INDICATORS

MAIN MANAGEMENT INDICATORS - QUALITY

	2012	2013	Objective for 2015
Percentage of sales from activities certified under the ISO 9001 standard (%)	72.5%	72.7%	> 2013
Number of Quality audits per million euros of turnover	0.041	0.029	> 2013
Intensity of investment in measures to promote and improve Quality (€ investment per €million of turnover)	348	116	> 2013

4.2.4. RISKS

Control of the implementation of quality standards in a decentralised company like ACS, with thousands of work centres / works / projects worldwide, is a key task which seeks to reduce the risks to its reputation and operational risks of faults in quality terms.

To achieve this, periodic inspections are carried out to check compliance with quality standards, as shown by the fact that companies representing 76.0% of ACS Group sales carry out regular inspections to check quality. Additionally, companies representing 58.28% of the Group's sales carried out independent audits in 2013. A total of 1,097 quality audits were carried out in the year.

To a great extent, ACS Group companies carry out a large part of their activities by means of the use of services from suppliers and subcontractors, who collaborate to a significant degree in project execution. In order to guarantee an appropriate level of quality in the provision of services from suppliers and contractors, companies representing 37.4% of ACS Group sales include clauses in contracts demanding a guarantee of a minimum level of quality, which generally depends on the supplier or subcontractor having certification to ISO 9001, among other measures.

Furthermore, as will be seen later in the section on suppliers, the purchasing and supplier contracting departments, together with quality departments, carry out official approval processes and monitoring and audits of performance in terms of supplier quality once the works or contracts for service provision are complete. This permits the proposal of corrective measures if areas for improvement are found or may even lead to cessation of collaboration with the supplier or subcontractor in future projects.

4. EFFICIENCY

4.3. SUPPLIERS

4.3.1. STRATEGY

In Group companies, the purchasing department manages the relationship with suppliers[16] and contractors by means of specific systems for managing, classifying and approving them and controlling risks.

As a characteristic differentiating the Group from its competitors, it is important to highlight the distinct decentralisation of purchasing and supplier management departments in this area. There are a variety of systems in ACS in this aspect, which vary according to operating company needs. From a central, reference, corporate department, which defines policies and prices, to the most complete decentralisation where the works managers themselves define their needs and meet them using a common, widespread policy.

Furthermore, Group companies face three different types of suppliers or subcontractors:

- Suppliers of materials and/or services defined by the client.
- Suppliers of services or subcontractors contracted by the ACS Group.
- Materials suppliers contracted by the ACS Group.

In the first case, in which an ACS Group company carries out a project in which the client defines the type of suppliers contractually, as well as the quantity and characteristics of the materials to be used, the Group companies, in general, obey these requirements. Even so, the ACS Group's purchasing and suppliers departments have a control procedure established to verify the efficiency of the supplier designated by the client.

This contracting format, in which ACS has very little capability for managing the suppliers, is not watertight as, as mentioned in the section on clients in this report, the Company carries out feedback actions with the client. This means that, in cases in which the suppliers defined by the client have given problems or presented areas for improvement, the client will be notified of these and corrective measures will be promoted.

It is worth highlighting that, once the special features of the different markets in which the ACS Group is present have been considered, specific purchasing procedures are developed when necessary to increase competitiveness.

For suppliers of services and materials contracted by the ACS Group, whether through a central purchasing department or in a decentralised manner by works managers, detailed management and control processes are defined, which share the following points in common in all Group companies:

- There are specific standards and a system for management, classification and approval of suppliers and subcontractors and risk control.
- The level of compliance with these systems is assessed.

16 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

- Collaboration with suppliers and transparency in contractual relationships are promoted.

- The purchasing system supports suppliers in driving a broad policy in its comparison which promotes the participation of various suppliers in selection processes. Given that the works managers tend to use the same suppliers, a study of common suppliers has been started to put decisions into objective terms and give access to new suppliers in different parts of the world.

- Visible purchasing portals for all services are being developed, offering a wide range of products from different suppliers. This is a real aid to cost saving (because the most competitive prices are identified) and to controlling material consumption by employees or works managers. In Spain this portal helps local suppliers to sell their products domestically, promoting their development and growth.

4.3.2. MANAGEMENT PRINCIPLES

4.3.2.1. Supplier and subcontractor approval

Companies representing 57.0% of ACS Group have a formal system for approving suppliers and subcontractors, in line with a series of clearly established criteria, which is subsequently used by the project works managers and provides them with information on the suitability or otherwise of a supplier to fulfil the anticipated task. The main concepts used for approving suppliers, both in the formal systems and informally are:

- Cost, payment and collection term, experience, professional prestige and technical capability.

- History of fulfilment of contractual clauses in their prior relationship with ACS.

- Additional non-financial criteria (see table attached).

LEVEL OF IMPLEMENTATION OF NON-FINANCIAL IN SUPPLIER APPROVAL (% OF ACS GROUP SALES)

	2012	2013
Adherence to the ACS Group Code of Conduct	82.7%	92.0%
Adherence to international standards as regards human rights and labour rights	54.7%	79.7%
Adherence to standards for fulfilment of commitments in ethical, social and environmental matters	44.4%	79.7%
Certification in quality aspects (ISO9001)	67.1%	66.4%
Certification in environmental aspects (ISO14001, EMAS or similar)	64.6%	74.2%
Analysis of labour standards and practices of suppliers and subcontractors	66.7%	79.1%

4. EFFICIENCY

Additionally, companies representing 13.6% of ACS sales specifically promote the use of recycled and/or certified construction materials in the supplier approval process, offering the client this type of option when the type of procurement is decided. The table attached shows the materials covered by these initiatives, their level of consumption and the total percentage of Group clients which decided to use recycled or certified sources.

Within the approval system, an after the fact analysis is carried out on suppliers. This process feeds back into the approval system. This system, which seeks to guarantee compliance with contractual clauses and agreements, is based fundamentally on detection and on corrective measures or management of non-compliance.

In the case of the initiatives for detection and control, the policy is based on regular audits, both internal and independent. In this case, companies representing 7.3% of ACS Group sales report carrying out internal audits of suppliers (affecting and average of 35.2% of suppliers) and 54.8% report that they carry out independent audits (affecting an average of 19.0% of suppliers). Specifically, compliance with the ACS Group Code of Conduct by suppliers is verified internally or externally in companies representing 37.3% of Group sales.

The corrective measures taken in cases of poor performance are adapted taking the following circumstances into account:

- If it is a critical supplier for the company, the reasons for the negative assessment are analysed and initiatives proposed to strengthen the identified areas for improvement including, among others, training and collaboration activities.
- If the company is not critical for the company, it is classified as not approved in the database.
- Companies representing 94.9% of ACS Group sales immediately cancel contracts or relationship agreements with suppliers if breaches occur in clauses related to performance.

PROCUREMENTS

	2012	2013
Percentage of recycled aggregate	0.8%	0.8%
Percentage of certified wood	0.9%	1.3%
Total wood purchased (t)	410,428.0	493,348.6
Percentage of recycled steel	46.7%	38.4%
Total steel purchased (t)	663,781.0	1,370,317.4
Percentage of cement / concrete with recycled aggregate	0.3%	0.2%
Total cement / concrete purchased (t)	4,977,600.0	6,508,294.3
Percentage of recycled glass	0.0%	99.8%
Total glass purchased (t)	159.0	21,692.9

An increase in the scope of the Steel and Concrete data occurred on including data from 2013 from a larger number of companies in the reporting process. The scope for concrete went from 55% of sales to over 74%.

THE GROUP HAS IDENTIFIED CRITICAL SUPPLIERS IN COMPANIES REPRESENTING 76.5% OF TOTAL SALES.

4.3.2.2. Critical suppliers

Companies representing 77.6% of ACS Group sales have carried out an analysis to identify whether they have critical suppliers. Specifically, a supplier is defined as critical when it concentrates a significantly higher percentage of procurement or subcontracting costs than the average for the rest of the company's suppliers.

As a result of this analysis, and due to the characteristics of its business, it has been found that in several of the ACS Group's main companies (representing 23.5% of ACS Group sales), the suppliers are highly atomised, geographically dispersed and do not reach the critical mass to be determined as critical. On the contrary, in companies representing 76.5% of Group sales, such critical suppliers have been detected.

In these companies, the main data from the analysis of critical suppliers are as follows:

- 54.5% of the suppliers to these companies are covered by this analysis.
- Of these, 22.3% are considered critical suppliers.
- These suppliers represent 32.4% of the total costs for Group companies with critical suppliers.
- Almost all these suppliers consider ACS to be a key client to their business.

4. EFFICIENCY

4.3.3. MAIN INDICATORS

MAIN MANAGEMENT INDICATORS - SUPPLIERS

	2012	2013	Objective for 2015
Analysis of supplier and subcontractor criticality	49.6%	77.6%	> 2013
Inclusion of compliance with the Code of Conduct in supplier and subcontractor contract clauses	82.7%	92.0%	> 2013
Existence of formal systems for supplier and subcontractor approval	47.3%	57.0%	> 2013
Carrying out of internal audits on suppliers and subcontractors	18.8%	7.3%	> 2013
Development of corrective plans for suppliers and subcontractors to improve their performance in economic, social or environmental matters	15.9%	53.7%	> 2013

An increase in the scope of the Supplier data occurred on including data from 2013 from a larger number of companies in the reporting process. The scope for critical suppliers went from 68% of sales to over 95%.

4.3.4. RISKS

Three types of main risk have been identified in Group company activities with their suppliers: economic, social and environmental risks. As a result of monitoring and measuring these risks, it has been found that, on average, 9.6% of Group suppliers represent high risks in economic terms (solvency, delivery dates), 8.9% in social terms (human rights, forced labour, health and safety risks) and 2.0% in environmental terms (lack of environmental certification). In this latter case, additionally, companies representing 47.5% of Group sales are carrying out a carbon footprint analysis on their suppliers.

To minimise these risks, the Group companies implement the following initiatives:

- Corrective plans are developed in suppliers to improve their economic, social or environmental performance in companies representing 53.7% of ACS Group sales.

  In these companies, 4.5% of suppliers were affected by these plans. Of these, 100.0% improved their performance after the plan was presented. The main examples of actions dealt with improving technical quality, health and safety aspects and environmental performance.

- Companies representing 77.1% of Group sales report proactive collaboration initiatives with suppliers. The main activities for collaboration are based on training which, generally, is made up of courses in various subjects such as quality, the environment, safety and the execution of works.

- In companies with sales representing 52.0% of the Group total, initiatives have been implemented in the purchasing and supplier management departments which have resulted in project cost savings.

4.4. TECHNOLOGICAL DEVELOPMENT. R&D+I IN THE ACS GROUP

4.4.1. STRATEGIC PRIORITIES

The ACS Group is an organisation which is continually evolving, adapting to the needs of its clients and demands from society. The diversification process through which the ACS Group is passing during these years has led it to undertake a wide range of activities which approach innovation and development differently, but resolutely. Through this commitment to technological development, the ACS Group responds to the growing demand for improvements in processes, technological progress and quality of service from its clients and from society.

Its involvement in research, development and innovation are clear in its increased investment and the R&D+i[17] efforts the ACS Group makes year after year. This effort leads to tangible improvements in productivity, quality, client satisfaction, occupational safety, the obtaining of new and better materials and products and the design of more efficient production processes and systems, among others.

The ACS Group's largest companies have governing bodies for technology, which are usually the Technological Development Committee, which leads the development of research activities in each company. The existence of this governing body or committee was reported by companies representing 52.0% of ACS Group sales in 2013.

R&D management takes place through a system which, in the largest companies and in general, follows the guidelines in the UNE 166002:2006 standard and is audited by independent specialists. There is a formal management system in companies representing 25.3% of Group sales. Furthermore, independent audits are carried out in companies representing 21.1% of sales.

This management system serves the general research strategy of each of the companies which, whatever their specific features, share the following lines of action:

- Development of strategic lines of research individualised by company.
- Strategic collaboration with external organisations.
- Growing and responsible investment in order to promote research and generate patents and operational techniques constantly and efficiently.

Each Group company's strategic decisions on the execution of R&D projects seek to maximise the positive impact of ACS's technical and technological progress. The companies have analysis and discrimination procedures to decide which projects to undertake.

At 31 December 2013, the ACS Group had 247 projects in progress and had registered 7 patents during the year.

Furthermore, collaboration with external organisations is crucial for the success of the projects tackled. Hence ACS Group companies collaborate with research and technological centres and with universities, as well as will other diverse centres, institutes or institutions related to R&D+i. These prestigious international research institutions complement the ACS Group's own research capabilities.

The ACS Group invested a total of €44.5 million in research, development and innovation in 2013, which represents a decrease of around 9.3% compared to 2012.

17 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

4. EFFICIENCY

4.4.1.1. Construction

The majority of ACS Group Construction[18] companies have a system for managing research, development and innovation. Such a system is reported by companies representing 44.5% of ACS Group sales in this area. Generally, these management systems are implemented around the UNE 166002:2006 standard.

18 The data referring to the ACS Group's Construction companies included in this section were calculated by analysing the information supplied by the different companies in this area of activity, weighted by level of turnover. The data is expressed in terms of percentage of total Construction area sales.

Although decentralised, management is coordinated by Dragados' departments and, on the other hand, independently in HOCHTIEF's companies. To meet the objectives set by their respective lead companies, the ACS Group's construction companies had 153 projects in progress at the end of 2013, managed by the different R&D+i managements. ACS's Construction companies invested €15.3 million in R&D+i during the financial year, nearly 38.5% less than that spent in 2012.

REHABCAR PROJECT
(ROAD AND MOTORWAY REFURBISHMENT)

DRAGADOS

The Rehabcar Project (road and motorway refurbishment) started in 2010 and was completed in December 2013. Rehabcar tackled a problem centred on the fact that many roads, highways and motorways needed profound refurbishment, both to meet new criteria for road safety and to be able support heavy traffic and high loading over the coming decades. Once this need for refurbishment had been identified, the project pursued the objective of transforming existing road surfaces and structures into economically sustainable, high quality infrastructures. This way of working went far beyond simple corrective maintenance.

The project involved a thorough understanding of all the actions for refurbishment of existing infrastructures, focusing on three main areas of work:

- Design of refurbishment. Basically using automatic tools to support topographic survey work.

- Reinforcement of road surfaces.

  - Making optimum use of the existing structure and materials in the road, with the environmental and economic advantages this represents. To do this, inspection methods were defined which were especially aimed at identifying the potential of the existing road, to convert it into a durable road surface.

  - The characterisation of new materials for designing sustainable, durable structures.

  - The carrying out of simulations, testing and the use of a test stretch to compare various novel refurbishment methods and to develop planning, construction and monitoring methods for the new road surfaces.

- Repair, reinforcement and/or modification of overpasses and viaducts.

  - Throughout their service life, structures are subject to environmental and mechanical actions that can cause damage and progressive deterioration, affecting their durability, functionality and safety. Indeed, the deterioration detected in a significant portion of reinforced concrete infrastructures led to the need to develop rigorous methods for assessing existing structures to determine their condition and estimate the need for any intervention, as well as the development of “technical intervention priority” indicators to be applicable to the series of structures in a road network.

  - Once the need to act on an existing structure had been decided, the operations to be carried out could be separated into two differentiated groups. The first was the refurbishment, repair to and/or reinforcement of existing structures which had suffered deterioration for any reason (atmospheric agents, impacts, excessive loading, etc.). The second was action on a structure to improve its functionality (commonly carriageway widening). In some real cases the intervention on the existing structure took in both aspects.

The achievement of these advances was made possible by the work carried out over the life of the project by a consortium of industrial partners including Dragados (project coordinator), Geocisa, Iridium, Asfaltos Augusta, VSL and Torroja Ingeniería, supported by a series of technological and research centres and universities, including CARTIF, CSIC-CISDEM, the Universidad de Cantabria and the Universidad Politécnica de Cataluña.

This project was financed initially by the Ministry of Science and Innovation and finally by the Ministry of Economy and Competitiveness under its INNPACTO sub-programme, framed within the National Scientific Research, Development and Technological Innovation Plan 2008-2011.

4. EFFICIENCY

TAILORCRETE PROJECT
(OPTIMISING DESIGN AND CONSTRUCTION OF STRUCTURES WITH COMPLEX SHAPES IN EXPOSED CONCRETE)

DRAGADOS

The TailorCrete Project (New industrial technologies for tailor-made concrete structures at mass customised prices) began in 2009 and ended in 2013. This had the objective of developing the necessary systems, tools and knowledge to optimise the design and manufacturing processes for concrete structures with great complexity in terms of their geometry (double curvature), as this process is generally very inefficient in these types of structures from the economic and productive point of view.

To achieve this optimisation, work was carried out in the lines of research affecting the various stages in the construction process for the structure, from design to execution. Noteworthy results were achieved in all of these stages. The lines of work resulted in the following developments, among others:

- Digital design, production and manufacturing software tools enabling the design of complex concrete elements to be parameterised, facilitating the design and manufacture of the necessary formwork and reinforcement to form these elements.
- New formwork systems based on the use of unusual materials, such as wax or expanded polystyrene, the fabrication process for which is based on the use of automated systems. This provides them with a high level of adaptability to complex shapes and minimal environmental impact due to the high level of reusability and/or recycling of the materials used.
- Robotic system for producing highly complex three-dimensional metal reinforcement meshes.
- Numerical simulations and experimental testing for pouring self-compacting concrete, either mass or reinforced with metal fibres, enabling optimisation of composition by linking its rheological properties in the fresh condition to the behaviour expected in the hardened state.

All the systems and tools developed in the project have been validated technically at full scale by executing concrete elements ranging from factory prototypes to a highly complex structure, given the double curvature and large dimensions, executed on site.

The achievement of all these advances was made possible thanks to the work over the four years of the project of an international consortium of industrial partners covering the full production chain, from design to execution, including Dragados, Bekaert, Unicon, Paschal, Superpool, Grace and MT Hojgaard, supported by a series of partners from the academic and research world, including the Danish Technological Institute (project coordinator), Chalmers University of Technology (Gothenburg), the Czech Technical University, the Eidgenössische Technische Hochschule Zürich and the University of Southern Denmark.

This project was financed by the European Commission, framed in its Seventh Framework Programme for Research and Development.

SKIDSAFE PROJECT

Between 1 November 2009 and 31 December 2013, the European project “SKIDSAFE: Enhanced driver safety due to improved skid resistance” was carried out with financing within the EU’s Seventh Framework Programme.

Participating in the consortium, led by Delft University of Technology (Netherlands), were IFSTTAR (formerly LCPC, France), Ooms Civiel bv (Netherlands), Aggregate Industries (United Kingdom), the University of Athens (Greece) and GEOCISA, through its Road Management and Conservation and R&D+i Departments.

The SKIDSAFE project is defined as the challenge of developing a micro-mechanical, multi-physics computational model for predicting the progressive loss of skid resistance at the dry and wet tyre/road surface interface as a function of the composition of the asphalt mixture and the traffic and meteorological conditions to which it is subject. To do this it is critical to characterise exhaustively the materials that make up the road surface layer; from the petrography of the aggregates, measurement of aggregate micro-texture and mixture macro-texture to the mechanical characterisation of the asphalt mixtures.

The most innovative aspect of the material characterisation within the SKIDSAFE project was the development of a new laboratory test to measure the adhesion between the tyre rubber and a surface (which can be an asphalt mixture, but can also be natural stone or concrete). All of this is under controlled conditions of pressure, skidding speed, the presence of water on the surface, etc.

The parameters obtained in the laboratory enable modelling of the interaction between the tyre and the road with numerical methods, making it possible to simulate any combination of aggregates, grain size, wet or dry conditions, stress conditions (generated by a vehicle manoeuvre) appropriately.

Application programmes were developed in the final phase of the project, based on the laboratory testing and the numerical simulations, permitting practical, everyday use in road engineering.

4. EFFICIENCY

4.4.1.2. Industrial Services

The ACS Group's Industrial Services[19] area carries out significant work in promoting research, development and innovation through the various R&D+i departments in several of the companies in this line of business. Companies representing 73.2% of Industrial Services' sales reported the existence of a specific R&D+i department in their structure.

19 The data referring to the ACS Group's Industrial Services companies included in this section were calculated by analysing the information supplied by the different companies in this area of activity, weighted by level of turnover. The data are expressed in terms of percentage of total Industrial Services area sales.

Total investment of €22.2 million was allocated to the executing the 76 projects managed by the different departments, 38.7% more than in 2012. These projects are carried out by virtue of a formal research and development management system, which is implemented in companies representing 85.4% of Industrial Services' sales.

The R&D+i strategy of many of the companies in this area is based on an external focus, aimed at its stakeholders, and an internal focus, aimed at process modernisation and improvement.

HYSOL PROJECT

The HYSOL Project, led by COBRA and jointly financed by the European Union, seeks to develop a new type of hybrid technology to contribute to sustainable development efficiently and cost effectively. This new technology will combine the COBRA Group's experience in solar thermal energy with its experience in combined cycle power plants, creating a unique capable of resolving the main problem with renewable generation: the intermittent nature of generation.

The project will include a gas turbine in COBRA's solar thermal plants by means of a sophisticated heat recovery system and will include a system for producing natural gas from renewable sources. The COBRA Group will be able to install 100% renewable plants that generate energy reliably regardless of the meteorological conditions.

HYSOL technology arises as a response to a recurring demand from our clients: reliable, profitable renewable energy. The new HYSOL configuration is being designed with flexibility as the top design criterion, so that it can be installed in any electrical system and operate as a base load or a plant to cover peaks.

The project, coordinated by COBRA, is being executed by a consortium of eight leading European companies and research groups and will be installed in COBRA's Innovation and Development Centre in Castile-La Mancha. The project will have an estimated duration of three years and will result in numerous patents and a prototype which will be used to validate the technology and resolve any doubts our future clients around the world may have. For further information: http://www.hysolproject.eu.

4. EFFICIENCY

ADILUX
(ADAPTIVE AND EFFICIENT REGULATION OF INTERURBAN LIGHTING SYSTEMS)

To contribute to the fulfilment of current energy efficiency policies, all those installations that consume energy need to be managed efficiently, especially those with the worst performance, as is the case of urban and street lighting systems.

According to data from a study carried out by the Universidad Politécnica de Madrid (UPM), 44% of municipal energy consumption is due to public lighting, indicating that Spain has extravagant public lighting, characterised by extremely high levels of outdoor lighting. Furthermore, public lighting consumption represents 1.5% of total electricity and has an annual growth rate of 2.6%. It is, therefore, essential to be ready, in technological terms, to promote the implementation of urban lighting management systems that improve energy efficiency based on the level of service demanded (capable of adapting lighting intensity, in real time, to the context and need). From this perspective, the “ADILUX” system has been developed to enable regulation of the lighting level by adapting it to the traffic conditions, i.e. changing the lighting levels according to traffic intensity, the speed of the vehicles, the weather/visibility and other variables measured by the traffic control systems.

The intention with this system is to find a balance between the safety roadway lighting systems provide and energy consumption that can often be a waste, given that there are interurban areas where there is scarcely any traffic at certain times, where lighting to the maximum level would not be necessary.

For real deployment of the system, the use of LED-type lamps on interurban roads was proposed due to the ease of regulating its intensity which, combined with its energy efficiency, makes them very attractive for these types of systems that permit instantaneous regulation from 0 to 100%.

The system developed incorporates SICE’s µETD product, a very low power consumption (max. 3 W) traffic data capture station - Estación de Toma de Datos de tráfico (ETD) - with a device for remote control of lamps point-to-point using Zigbee wireless communications.

An algorithm, embedded in the µETD itself, calculates the appropriate lighting level for each lamp or group of lamps, taking into account factors such as speed, traffic intensity and the topology of the road or junction itself and energy efficiency and road safety criteria. From this perspective, the ADILUX system was proposed. This evaluates the need for lighting (vehicles passing or not, etc.) and regulates the lighting using safety and efficiency criteria. In this way, so-called demand management (unifying consumption and need for use), as proposed by ADILUX, is one of the criteria involved in the devising Smart Cities.

Proof of the novel nature of the development was the special mention the Jury at the Second Innovation Gallery in the International Road Safety and Equipment Fair (TRAFIC 2013) gave the Adilux product in the Road Sustainability category.

Pilot scenario

The ADILUX system was installed on an access road leading to the A-2 (towards Madrid) in the Guadalajara municipal area. The unusual feature of this is that it is a T-junction, hence it controls the passing of vehicles on the main branch and the secondary road. This site was selected as it takes factors related to road safety into account as conflicts can occur between vehicles that can join the main branch from the secondary road.

After the study, considering road safety criteria, it was decided to establish different regulation for the lamp close to the junction than the rest of the lamps (10 in total), as the former is regulated considering road safety criteria and the other considering criteria related to energy efficiency, maintaining the lighting parameters regulated by roadway regulations in all cases. In this way, when vehicles are detected on the secondary road, the first lamppost (close to the junction) is regulated at maximum intensity to facilitate visibility at the junction. Meanwhile, the lighting intensity for the other lamps is linked to the traffic intensity, average speed and visibility relationship measured by the detectors and sensors installed on the main road. If there are no vehicles on the secondary road, the lamp follows the regulation criteria established for the rest of the LED lamps. Within these limits, various lighting configurations were established and tested, ranging from the most demanding case: case 1, with very high traffic speed (> 60 km/h) and high traffic density (more than 24 vehicles every 5 minutes), and the least demanding case: case 15, with moderate traffic speed (< 30 km/h) and very low traffic density (less than 6 vehicles every 5 minutes).

The latest tests were carried out during December, using the simplified method for measuring mean illuminance or the nine-point method laid down in the Technical Application Guide to Complementary Technical Instruction ITC-EA-07. To make these measurements, it was necessary to stop the traffic and force the lighting to percentages of 50%, 70% and 100%. The tests showed that the installation had been carried out correctly and that the system works properly.

4. EFFICIENCY

MOVEUS PROJECT

From four different countries (Italy, Finland, the United Kingdom and Spain), the eleven project partners, including SICE, held the kick-off meeting for the MoveUs Project on 24 and 25 October last year. This is aimed at designing, implementing, testing and exploiting a platform based on cloud computing technology and mobility services.

MoveUs has a European focus as it includes smart city pilots in Madrid, Tampere and Genoa. The project objective seeks a change in mobility habits of European citizens through the provision of personalised, smart information on transport services, helping people to decide the best transport option and providing important feedback on energy savings and efficiency according to the resulting data. A series of recommendations will be provided which, supported by incentives, are aimed at promoting the most sustainable modes of mobility, as well as public transport.

The information from a wide variety of means of transport and mobility systems (buses, bicycles and/or shared cars, etc.), from traffic management systems, traffic control vehicles and users' mobile devices, will be integrated and processed in a novel, high capacity platform, permitting:

- Measurement of the rhythm of urban mobility from an overall perspective.
- Information to be obtained on traffic evolution and the use of public transport.
- Identification of the most environmentally friendly ways of moving as those that improve energy efficiency.

Unified under the Living Lab framework, the city's representatives will be thoroughly committed to the project: city councils, public mobility and transport operators, citizens and technological centres. This will ensure broad, effective participation by users as regards the use of smart mobility services.

SIRCI PROJECT: BOGOTÁ INTEGRAL TRANSPORT SYSTEM

ITS System for Mass Transport management. (BRT -Bus Rapid Transit) TRANSMILENIO, controlled by ETRA systems, was dimensioned by the following figures in 2011:

- Passengers transported: 2,659,954,955.
- Average number of passengers at peak hours: 174,368.
- Average passengers per day over year: 1,500,000.
- Stations Operating: 114.
- Kilometres of route in trunk operation: 84 km.
- Trunk fleet available: 1,109 Buses.
- Information panels at stations: 359.
- Average speed of trunk fleet: 27 km/hour.

From that time and thanks to ETRA's development, system effectiveness has been evaluated based on four main indicators:

- **Accident rate:** Statistics show a reduction of up to 85% in the accident rate and in the case of those with a fatal outcome, up to 90%. A reduction of 83% has also been achieved in robberies, due to increased police presence and a more comfortable, secure setting.
- **Increase in commercial speed.** Commercial speeds in public transport before the implementation of the BRT system of operation were between 4 km/h and 12 km/h on the main roads. These speeds increased to an average of 27 km/h and user journey times fell by 32%.
- **Accessibility** The trunk system is fully accessible to users with physical disabilities and also facilitates access for senior citizens, children and pregnant women. It has been calculated that 1% of system users (9,500 people per day) have some kind of disability or limitation.
- **Quality and consistency.** The system has very high levels of acceptance, in response to the high standards demanded for implementing the infrastructure and operating the services. The satisfaction surveys on the service carried out with users show this.

With this background, Recaudo Bogotá S.A. was awarded the implementation and operation of the SIRCI project in 2012. Within this contract, Recaudo Bogotá, through LGCNS, awarded ETRA with the supply of the on-board equipment to expand the feeder and trunk system on 659 buses and the management system for the whole Bogotá Integral Transport System (SITP) fleet, with forecast figures for 2014 of:

- Average Integral Transport System passengers per day over year: 6,175,000.
- Percentage of trunk network passengers: 40%.
- Trunk fleet available: 1,950 Buses.
- Zonal fleet available: 10,570 Buses.
- Total Integral Transport System Fleet: 12,519 Buses.

4. EFFICIENCY

WISEPARK PARKING METERS: ADVANCED CONTROLLED PARKING MANAGEMENT

GRUPO etra

The WisePARK parking meter enables effective parking management in cities, as well as being a very attractive, innovative and modern model for urban furniture.

The WisePARK system brings a new concept in controlled parking service management and operation to reality, from the first design paradigm to the last technical detail.

WisePARK is highly adaptable to urban furniture, as it enables customisation in the form of colours or textures, for example, and has customisable side panels.

WisePARK is suitable for use by people with reduced mobility, incorporating all its elements within the heights laid down by the current accessibility standards (EN 12414 standard for people with reduced mobility).

The main features of the WisePARK parking meter are as follows:

- Ease of use. Clear, simple interface, with navigation buttons, keypad and colour screen.
- Different means of payment:
  - Payment in cash, coins.
  - Payment with bank credit or debit cards.
  - Use of Pre-paid Cards.
  - Payment by cell phone.
  - Contactless cards (RFID).
- Maximum security. Vandal-proof design and sliding protection door.
- Energy efficiency and sustainability. Low-consumption design, adjustable solar panel, option for use of two batteries.
- Ease of maintenance.
- Advanced monitoring.
- Real time operating control.
- Advanced metering and penalty management.

4.4.1.3. Environment

In the ACS Group's Environment[20] business, innovation constitutes a basic principle both in management and in processes for recovery, reuse and reclamation of wastes. To carry out this task, Urbaser has its own specific R&D+i department with a formal management system certified under the UNE 166002:2006 standard and audited by an independent third party.

A Strategic Plan for R&D+i is determined annually or biannually, setting the priority lines in R&D+i for the company and framing the projects to be carried out. At 31 December 2013, there were 18 research and development projects in progress, in which €6.9 million were invested, 14.5% less than in 2012.

20 The data referring to Environment included in this section were calculated by analysing the information provided by Urbaser.

4. EFFICIENCY

INNOVATIONS IN PROCESSES TO CONVERT WASTES TO RESOURCES

urbaser

Urbaser has been carrying out projects for several years aimed at exploiting the various wastes generated in its activities for managing them. Currently taking form is the concept of using discards produced in daily activities to use them as resources in different sectors, so closing the production cycle and achieving has come to be called the circular economy.

Urbaser, in harmony with strategic R&D lines from both the European Union and the Spanish Government, has specifically carried out projects aimed at obtaining fuels, in their different states –gaseous, liquid or solid– from wastes.

These projects have the dual objective of, on the one hand, reducing our impact on the environment by reducing the CO_2 emitted and, on the other, making our activities more efficient.

An initial project develops the gasification process applied to refuse from Municipal Solid Waste, MSW, plants to obtain a high quality synthesis gas which is valid for use in internal combustion engines or for chemical synthesis (production of methanol, ammonia or second generation fuels). Its objectives, among others are:

- Carrying out experimental plant testing and studies on the gasification process studied at laboratory level in the preceding OTERSU+ project.
- Studying the different process variables to achieve a more efficient process and to reduce the wastes produced in it.
- Gasification of other materials from MSW plants.

After carrying out the work, the results obtained were:

- Taking out of a process patent.
- Preparation of a quality synthesis gas from the gasification of RDF with air.
- Catalytic reforming of the tars generated in gasification.
- A gasification process simulation model is available.
- A public private partnership is maintained with the Universidad de Zaragoza for new technological development projects and job creation.

A second project consisted of developing a process to obtain a fuel that can be used in internal combustion engines from various plastic wastes.

The facility consists of a feed system, a stirred tank type thermal cracking reactor, a fixed-bed catalytic reforming reactor and a rectification column.

The objectives were as follows:

- To demonstrate the viability of the process for converting polyolefin plastic wastes into fuels.
- To select, condition and characterise the polyolefin plastic wastes to be used as raw materials in the process.
- To prepare, characterise, study and optimise the properties of the catalytic systems that have given the best results at laboratory scale with the aim of maximising the production of diesel oils, paying special attention to their deactivation resistance.
- To optimise the operating conditions (temperatures, flow rates and time) with the catalytic system or systems that have given the best results.

The main results from this project are:

- Taking out of a process patent.
- Design of a demonstration scale facility for studying process economic viability.

The objective of the third project is to obtain an optimum quality Solid Recovered Fuel, SRF, from the biostabilised fraction and the reject fraction from municipal wastes. To do this, the project has focused on improving fuel homogeneity and technical parameters.

Among the objectives are:

- Technical definition of the various processes to obtain the quality demanded.
- Evaluation of the behaviour of the SRF as a fuel in clinker kilns.
- Analysis of CO_2 emissions and comparison with other fuels.
- Environmental and economic viability study on SRF.
- Study of potential as biostabilised biomass.

The main results from this project are:

- Production of a procedure for specific conditioning for each of the MSW fractions under study.
- Obtaining of an SRF which can be used in the cement industry and is applicable to other energy-intensive industries.
- Life cycle analysis of processes for generating the SRF through recovery.

4. EFFICIENCY

DEVELOPMENT OF BUSINESS MODELS IN THE FIELD OF SMART CITIES

In order to promote and develop new business models under the Smart Cities concept, a variety of actions have been carried out in Urbaser, the main result of which is the definition of a vision coherent with market realities and using the competencies acquired in each of the services it offers its clients.

For effective execution of urban services of street cleaning, urban waste collection and appropriate treatment, park and green space maintenance and management, water management and energy management (street lighting, building maintenance, road signalling and public fountains) in current cities, there are a series of factors which condition the various possible solutions.

Urbaser is aware that it will only be possible to satisfy the new requirements and ways of acting in urban service provision in cities through solutions integrating human, technological and economic resources, with sufficient flexibility to offer the best quality/price ratio. This flexibility is summarised as having various effective solutions available which, depending on the budget available, cover a range from a basic solution to a more technologically advanced solution and which in all cases are adaptable to each specific need, achieving maximum efficiency in any case.

Technology plays a leading role in the effectiveness and improvement of urban services, not only technologies for managing and treating wastes, but also the information and communications technology (ICTs) that support appropriate management and the optimisation of urban services. There are solutions in the technological field that promote the continuous improvement of services. However, they need to be seen as a means and not an end in themselves in the evolution towards smart cities and this is why we need to keep working on the design of models based on realistic indicators that guarantee reasonable service quality.

Some examples of the ICTs applied in a current street cleaning and collection service are: the installation of sensors and communication software in waste collection vehicles, enabling the measurement of pollution levels, vehicle consumption, distance travelled, etc. –which enables collection routes to be optimised, gives knowledge on air quality by zone, etc.– volumetric sensors installed in collection containers to give information on fill levels; moisture sensors in gardens to optimise irrigation, among others.

In conclusion, work needs to continue on the changes needed in standards to facilitate the design and introduction of new smart services, as well as into new technological developments to enable improvements to citizens' quality of life.

Technological outline of the application of volumetric fill sensors in containers and vehicle fleet management.

4.4.2. MAIN INDICATORS

MAIN MANAGEMENT INDICATORS - R&D+I

	2012	2013	Objective for 2015
Investment in R&D+i (€ million)	49.0	44.5	> 2013
Level of implementation of a specific R&D+i department	87.0%	90.5%	> 2013
Level of implementation of a formal system for R&D+i management	60.4%	84.5%	> 2013

4. EFFICIENCY

4.5. ENVIRONMENT

4.5.1. STRATEGY

The ACS Group[21] combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. ACS's environmental policy is intended to be a framework in which, on the one hand, the general lines to be followed (principles) are defined and, on the other hand, the particular features of each business line and each project are collected (articulation).

The principles are the ACS Group's general environmental commitments. These are sufficiently flexible as to accommodate the elements of policy and planning developed by the companies in the different business areas. In addition, these commitments need to keep within the requirements of the ISO 14001 Standard:

- Commitment to complying with the legislation.
- Commitment to preventing pollution.
- Commitment to continuous improvement.
- Commitment to transparency, communication and the training of Group employees, suppliers, clients and other stakeholders.

In order to be able articulate and deploy a policy on these environmental commitments, the most significant are identified at corporate level and are compared with each company's management system and the environmental priorities for each business. These common priorities, which then become common to the majority of the ACS Group members, establish objectives and programs to individually improve each company.

21 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2013.

SPECIFICALLY AND OPERATIONALLY, THE MAIN ENVIRONMENTAL MEASURES REVOLVE AROUND FOUR KEY RISKS, ON WHICH THE ACS GROUP'S COMPANIES POSITION THEMSELVES EXPLICITLY: THE FIGHT AGAINST CLIMATE CHANGE, PROMOTION OF ECO-EFFICIENCY, WATER SAVING AND RESPECT FOR BIODIVERSITY.

4.5.2. MANAGEMENT PRINCIPLES

The following is a map outlining the main common features of ACS Group company management models and summarising their initiatives and degree of implementation:

LEVEL OF IMPLEMENTATION OF GOOD ENVIRONMENTAL MANAGEMENT PRACTICES IN THE ACS GROUP

EXPRESSED AS % OF SALES	2012	2013
Implementation of an environmental management system	55.8%	98.9%
Implementation of ISO 14001 certification	68.0%	65.5%
Implementation of certifications other than ISO 14001	10.6%	11.2%
Existence of specific targets for reducing CO_2 emissions	71.3%	74.5%
Execution of projects to reduce waste generation	73.2%	95.4%
Existence of plans to reduce water consumption	15.1%	53.0%
Setting of objectives to minimise the impact of the company's activities on biodiversity	32.8%	55.8%
The remuneration of workers, middle management and/or executives is linked to the achievement of formal environmental objectives	25.0%	10.3%
There is some kind of non-economic incentive/recognition for the achievement of formal environmental objectives	0.1%	43.1%
The environmental management system has been audited by an external independent third party	55.8%	77.8%
Number of environmental audits carried out in your company	724	1,811
Number of environmental incidents which occurred	967	719
Existence of a system for collecting data on environmental near misses	33.0%	16.9%
Existence of a centralised database to collect data on environmental matters	71.6%	60.3%

An increase in the scope of a large part of the Environment data occurred, mainly due to the inclusion of information from HOCHTIEF and Leighton, meaning that the scope went from 55% of sales to over 98%.

The significant level of implementation of an environmental management system, present in companies representing 98.87% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is already implemented in 65.52% of ACS Group sales[22].

The responsibility of overseeing the ACS Group's environmental performance falls to the Environmental Department in each company. In general, and as summarised in the Management Principles table, the following common, general and most significant characteristics were found in ACS Group companies' management of environmental impacts:

- They themselves, in a decentralised and autonomous manner, develop their own policies and action plans.
- They implement projects for certification and/or independent external auditing.
- They carry out environmental audits.
- They have some kind of centralised database for collecting environmental data.
- They have a system for collecting incidents, non-conformities or near misses related to the environment.

22 Other certifications cover 11.23% of Group sales and companies representing 5.75% of ACS's sales have analysed the possibility of implementing SA8000 certification.

4. EFFICIENCY

4.5.3. MAIN INDICATORS[23]

MAIN MANAGEMENT INDICATORS - ENVIRONMENT

	2012	2013	Objective for 2015
Percentage of sales covered by ISO14001 Certification	68.0%	65.5%	> 2013
Total Water consumption (m^3)	10,067,651	30,389,759	n.a.
Ratio: m^3 of Water / Sales (€ million)	262.2	792.0	< 2013
Direct emissions (Scope 1) (tCO_2 equiv.)	322,758	351,021	n.a.
Scope 1 Carbon Intensity Ratio: Emissions / Sales (€ million)	8.4	9.1	< 2013
Indirect emissions (Scope 2) (tCO_2 equiv.)	392,331	346,861	n.a.
Scope 2 Carbon Intensity Ratio: Emissions / Sales (€ million)	10.2	9.0	< 2013
Indirect emissions (Scope 3) (tCO_2 equiv.)	1,451,662	5,147,151	n.a.
Scope 3 Carbon Intensity Ratio: Emissions / Sales (€ million)	37.8	134.1	< 2013
Total Emissions (tCO_2 equiv.)	**2,166,750**	**5,845,034**	**n.a.**
Total Carbon Intensity Ratio: Total Emissions / Sales (€ million)	**56.4**	**152.3**	**< 2013**
Non-hazardous waste sent for management (t)	1,274,102	3,115,697	n.a.
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	33.2	81.2	< 2013
Hazardous waste sent for management (t)	88,182	268,135	n.a.
Ratio: Tonnes of hazardous waste / Sales (€ million)	2.3	7.0	< 2013

* Due to employee travel and to the supply chain.

23 A methodology has been adopted in this report to account for CO_2 emissions in both 2012 and 2013 under which Urbaser classifies the emissions from water and waste treatment centres as indirect under Scope 3, as it does not own or have operational control over these facilities, as included in the international GHG Protocol (Appendix F) and EPE Protocol (waste sector methodology) standards Urbaser has invoked to calculate its Carbon Footprint. The Public Authorities, as the owners of the facilities, impose the operating requirements, with the management companies limiting themselves to operating them temporarily.

The Scope 1 emissions do not include data from Leighton as the company's systems do not allow emissions for the report's year of reference before it ends.

Included under Scope 3 emissions in 2013 is Leighton's information that was not included in 2012. This contributes 1.4 million tonnes of CO_2 as a consequence of the carbon footprint of its suppliers in its mining activity. Furthermore, Urbaser has developed an emissions measurement system which has enabled it to increase the scope of its Scope 3 emissions measurement. This represents an increase compared to 2012 emissions of nearly 2 million tonnes of CO_2.

Water consumption in 2013 was affected by the inclusion of data from Leighton, adding 8.8 million m^3 of water, and the inclusion of Tedagua in Cobra, also in 2013, contributing 10 million m^3.

4.5.4. RISKS

LEVEL OF IMPLEMENTATION OF GOOD ENVIRONMENTAL MANAGEMENT PRACTICES IN THE ACS GROUP. 2013

EXPRESSED AS % OF SALES	Construction	Industrial Services	Environment
Implementation of an environmental management system	99.2%	98.9%	100.0%
Implementation of ISO 14001 certification	63.1%	73.4%	80.2%
Implementation of certifications other than ISO 14001	14.6%	0.0%	0.0%
Existence of specific targets for reducing CO_2 emissions	88.1%	13.3%	100.0%
Execution of projects to reduce waste generation	96.1%	93.3%	100.0%
Existence of plans to reduce water consumption	57.1%	25.7%	100.0%
Setting of objectives to minimise the impact of the company's activities on biodiversity	66.0%	3.7%	100.0%
The remuneration of workers, middle management and/or executives is linked to the achievement of formal environmental objectives	5.5%	9.6%	100.0%
There is some kind of non-economic incentive/recognition for the achievement of formal environmental objectives	50.0%	1.7%	100.0%
The environmental management system has been audited by an external independent third party	71.9%	98.9%	100.0%
Number of environmental audits carried out in your company	1,281	377	153
Number of environmental incidents which occurred	445	33	241
Existence of a system for collecting data on environmental near misses	10.4%	25.1%	100.0%
Existence of a centralised database to collect data on environmental matters	68.7%	16.6%	100.0%

4.5.4.1. Climate Change

The ACS Group shares with society the growing concern over climate change, hence it has an active policy for reducing its greenhouse gas emissions in companies representing 79.26% of ACS Group sales.

The main challenge is to understand and quantify all the ACS Group's emissions. Each company is responsible for maintaining an inventory of emissions, in which the main sources are identified. All Group companies measure their energy consumption and their direct and indirect emissions. Specifically, Urbaser, the Group company that provides Environmental services, responsible for around 60% of the Group's emissions, has a sophisticated process for measuring, controlling, reducing and compensating emissions.

The company defines the Group's strategy against Climate Change due to the material nature of its impact on the latter. Urbaser has developed a tool for measuring its impact in carbon footprint terms. This is a system which can be audited and already contains information for both 2012 and 2013 and will act as a measurement baseline for developing specific policies for reducing emissions over the coming years.

Overall responsibility for climate change in the Group falls to ACS's Board of Directors, which approved and oversees the development of policies to minimise impact in this area. In turn, remuneration to workers in companies representing 10.32% of ACS employees include aspects related to environmental performance and specifically to achieving objectives related to climate change.

4. EFFICIENCY

ACS Group strategy in the fight against climate change is based on proper management of direct emissions, fossil fuels, on renewable energies, on energy efficiency and saving and on sustainable travel. The results expected as a consequence of active policies for containing climate change are:

- Reduction of direct emissions by means, for example, of the implementation of new production processes.
- Reduction of indirect emissions by moderating fuel consumption, for example, and promoting energy efficiency.
- According to the data gathered, the emission reduction initiatives carried out by ACS Group companies saved 0 tonnes of CO_2 equivalent in 2013.
- Analysis of the possibility of implementing Energy Management Systems (in accordance with UNE-EN ISO 16001 certification, where appropriate).
- Training of employees, raising client awareness and monitoring of suppliers.
- The financial consequences of climate change for each company's business has begun to be measured. Indeed, companies representing 19.3% of Group sales already carry out this type of analysis.

Another key aspect lies in the promotion of the use of renewable energy or sources less intensive in carbon, as well as the use of the best technologies in the combustion of fossil fuels as two fundamental aspects to reduce CO_2 emissions.

The ACS Group has extensive experience in the development of and participation in renewable energy projects. The ACS Group participates in the operation of renewable energy plants (mainly wind and solar thermal), specifically:

- At 31/12/2013, the total wind power installed in Spain was 547.7 MW. These farms produced a total of 1,166.5 GWh during 2013.[24]
- Outside Spain at 31/12/2013, there were 128 MW in Portugal that generated 305.8 GWh and 102 MW in Mexico which produced 269.3 GWh.
- In turn, at 31/12/13 the ACS Group had an installed power in Spain in five solar thermal plants of 249.6 MW, as well as a 10% stake in two solar thermal plants of 49.9 MW each, which produced a total of 939.9 GWh in 2013. It also had a 49.9 MW under construction in Spain and a stake in a 110 MW solar thermal plant under construction in the United States in 2013.

This represents a total of 2,681.5 GWh.

24 This figure is made up of electricity production which obtained the guarantee of renewable origin from the Spanish National Energy Commission (CNE), totalling 702.3 GWh, and another 464.2 GWh which did not obtain the CNE's guarantee of renewable origin.

PROTECTION AGAINST CLIMATE CHANGE

As the reality of climate change continues to drive global transformation towards a more efficient economy in resource and emissions terms, many governments and regulators around the world have attempted to tackle these matters through mechanisms such as restricting emissions, adopting taxes and other mechanisms to put increasing pressure on companies in carrying out their business.

Leighton is an example, a company that carries out energy-intensive activities and operates in strict regulatory environments, such as Australia, for example, where carbon taxes were established from 1 July 2012. In this situation, Leighton recognises the need to develop and implement strategies based on clean technologies and to promote sustainability to mitigate the risks and exploit the opportunities from climate change and the regulations deriving from it.

One of the areas on which Leighton, the Australian company in which HOCHTIEF holds a majority stake, focuses is optimisation of fuel consumption and control of emissions released from mine vehicles. To this end, Leighton works closely with the Australian government on developing “Analyses of diesel use for mine haul and transport operations” with the Department of Resources, Energy and Tourism. Leighton’s task consisted of evaluating the energy consumption of all the trucks operating in a mine. Actual energy use was then compared with the best theoretical truck performance and, as a result, information was obtained to promote efficiency and show the margin for improvement for a fleet of heavy vehicles.

In order to achieve a better energy balance, one of Leighton’s subsidiaries, Thiess, incorporated improvements resulting from this project in its trucks with the aim of optimising loads to reduce the number of vehicles required and the number of trips made. Thiess also used hybrid excavators in the construction of the Hunter Expressway Alliance in New South Wales to find out whether there were fuel savings to be made in direct comparison between conventional high-performance excavators and the hybrids when carrying out the same work.

The result was satisfactory, as on keeping up with the same productivity rate as the standard excavators, the hybrids used an average of eleven litres of fuel less per hour; almost 30% less than vehicles with standard engines. In total, during the project testing phase, the hybrid vehicles saved approximately 4,500 litres of fuel and the equivalent of ten tonnes of CO_2.

4. EFFICIENCY

CO_2 EMISSIONS BY AREA OF ACTIVITY; TCO_2 EQUIV.

	2011	2012	2013
Construction. Total emissions	**144,592**	**669,396**	**2,321,176**
Construction. Scope 1	80,737	143,205	107,318
Construction. Scope 2	54,080	330,260	271,066
Construction. Scope 3	9,775	195,931	1,942,793
Construction. Total Emissions / Sales ratio (€ million)	5.1	22.6	78.5
Industrial Services. Total emissions	**61,016**	**86,025**	**97,315**
Industrial Services. Scope 1	43,174	43,035	70,988
Industrial Services. Scope 2	14,824	33,524	14,883
Industrial Services. Scope 3	3,018	9,466	11,444
Industrial Services. Total Emissions / Sales ratio (€ million)	8.7	12.2	13.8
Environment. Total emissions	**1,702,094**	**1,411,329**	**3,426,543**
Environment. Scope 1	1,618,433	136,518	172,716
Environment. Scope 2	82,834	28,547	60,913
Environment. Scope 3	826	1,246,264	3,192,914
Environment. Total Emissions / Sales ratio (€ million)	1,009.5	834.6	1,923.7

A methodology has been adopted in this report to account for CO_2 emissions in both 2012 and 2013 under which Urbaser classifies the emissions from water and waste treatment centres as indirect under Scope 3, as it does not own or have operational control over these facilities, as included in the international GHG Protocol (Appendix F) and EPE Protocol (waste sector methodology) standards Urbaser has invoked to calculate its Carbon Footprint. The Public Authorities, as the owners of the facilities, impose the operating requirements, with the management companies limiting themselves to operating them temporarily.

4.5.4.2. Eco-Efficiency

The ACS Group attaches a priority to efficiency in resource consumption and reduction of waste generation, as an effective strategy in these aspects implies benefits from two angles. On the one hand, it reduces the environmental impacts on the surroundings and, on the other, it cuts the costs needed for their purchase or treatment.

To this effect, the ACS Group strategy is based on two fundamental aspects:

- The implementation of projects to reduce waste generation, an exercise which takes place in companies representing 95.43% of ACS's sales.

- The carrying out of projects to reduce material and/or raw material consumption, which takes place already in companies representing 81.24% of ACS Group sales.

In addition, there is notable implementation of policies in relation to the application of sustainable building standards[25]. These are applied in those cases in which the client accepts them, given that the ACS Group in the great majority of cases works for third parties in building development.

25 For example, systems for sustainable building certification LEED –Leadership in Energy & Environmental Design, BREEAM– BRE Environmental Assessment Method, LCC – Life Cycle Cost Results, etc.

SUSTAINABLE BUILDING STANDARDS

HOCHTIEF, through Turner in the United States and Leighton in Australia, carries out building activities in accordance with sustainable building standards.

Since the year 2000, over 500 Turner projects have been registered and certified under LEED. In addition, Turner has adopted many of the sustainable practices which are characteristic of these types of certification in the carrying out of its normal business.

Leighton Properties, Leighton's company specialised in property development, uses the GBCA – Green Building Council of Australia – Australian Green Star Methodology in carrying out its building activities.

INITIATIVES RELATED TO ECO-EFFICIENCY

Savings in solar thermal plants
Cobra is replacing the oils used in solar plants with molten salts. Salts have begun to be used in solar towers and they are beginning to be introduced to parabolic trough plants. This initiative saves energy because the salts are cheaper than oils, as is their treatment as waste.

Vehicle fleet
In Barcelona, Urbaser has a fleet of electric vehicles. A pilot project has been carried out to measure the real consumption of its vehicles, efficient driving, due uses, etc. This will make it possible to compare consumptions and identify the least efficient practices and be able to apply improvement measures (training, etc.).

Energy savings
Two hundred meters have been installed in one of Urbaser's treatment plants to collect information on its energy consumptions. In this way, Urbaser has achieved significant cost savings (e.g. 6% saving in electricity consumption). This could be replicated in other facilities.

ISO 50001
Cobra and Urbaser continue to work in greater depth on ISO 50001 and on certifying their buildings and head offices.

4. EFFICIENCY

Waste treatment

Special importance is attached to the wastes section, as the procurement part depends predominantly on the client's needs and requests. Hence, more resources, efforts and policies are dedicated to the handling of wastes than to any other discipline in eco-efficiency.

In this respect, the ACS Group appropriately segregates, stores and manages its wastes. Its management is always aimed at minimising the wastes generated, both in terms of quantity and of their hazards, on giving priority to recycling and reuse above other management options and in energy recovery as the preferred choice as against dumping.

WASTES TREATED BY TYPE AND AREA OF ACTIVITY

	2011	2012	2013
Total ACS Group			
Non-hazardous waste sent for management (t)	**1,168,706**	**1,274,102**	**3,115,697**
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	31.7	33.2	81.2
Hazardous waste sent for management (t)	**186,989**	**88,182**	**268,135**
Ratio: Tonnes of hazardous waste / Sales (€ million)	5.1	2.3	7.0
Construction			
Non-hazardous waste sent for management (t)	**1,125,254**	**1,110,220**	**3,055,017**
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	40	37	103
Hazardous waste sent for management (t)	**2,972**	**5,784**	**232,656**
Ratio: Tonnes of hazardous waste / Sales (€ million)	0.1	0.2	7.9
Industrial Services			
Non-hazardous waste sent for management (t)	**30,755**	**80,497**	**42,754**
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	4	11	6
Hazardous waste sent for management (t)	**240**	**7,198**	**1,265**
Ratio: Tonnes of hazardous waste / Sales (€ million)	0.0	1.0	0.2
Environment			
Non-hazardous waste sent for management (t)	**12,697**	**83,386**	**17,926**
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	8	49	10
Hazardous waste sent for management (t)	**183,777**	**75,200**	**34,214**
Ratio: Tonnes of hazardous waste / Sales (€ million)	109.0	44.5	19.2

Waste is managed in accordance with the regulations in force in each country. The facilities have the corresponding authorisations for producers of hazardous waste, which allow for their recording, inventory taking, storage and management. The non-hazardous wastes generated are reused in the production location or collected by an authorised manager for treatment, recycling or reclamation or, failing this, for disposal in controlled dumps.

The ACS Group also generates other hazardous wastes or wastes with specific regulation which need to be treated respectively by an authorised hazardous waste handling company or Integrated Waste Management System. Hazardous waste is, in general, delivered to authorised handling companies in accordance with the legislation in force.

WASTE MANAGEMENT PRIORIZES REUSE AND RECICLYING, AS WELL AS WASTE-TO-ENERGY SOLUTIONS.

Rationalisation of Energy and Material Resource Consumption

A large portion of the natural resources consumed by ACS Group companies is used efficiently. To achieve this, the best available technologies are used as regards efficiency and reduction of material and energy resource consumption.

The main use of petrol and diesel in ACS Group companies is transport of materials, personnel, earth movement and the use of certain machinery necessary for the company's operational activities.

PROCUREMENTS

	2012	2013
Percentage of recycled aggregate	0.8%	0.8%
Percentage of certified wood	0.9%	1.3%
Total wood purchased (t)	410,428.0	493,348.6
Percentage of recycled steel	46.7%	38.4%
Total steel purchased (t)	663,781.0	1,370,317.4
Percentage of cement / concrete with recycled aggregate	0.3%	0.2%
Total cement / concrete purchased (t)	4,977,600.0	6,508,294.3
Percentage of recycled glass	0.0%	99.8%
Total glass purchased (t)	159.0	21,692.9

ENERGY CONSUMPTION BY SOURCE

	2011	2012	2013
Total ACS Group			
Petrol + Diesel (million litres)	114.2	104.2	124.2
Natural gas (m^3)	1,184,488.0	2,136,012.0	343,509.0
Natural gas (kWh)	N/A	35,137,353.0	60,560,797.2
Electricity (MWh)	466,720.0	811,970.0	1,141,366.5
Construction			
Petrol + Diesel (million litres)	33.4	40.6	38.0
Natural gas (m^3)	285,276.3	273,568.6	310,951.3
Natural gas (kWh)	N/A	976,526.7	2,992,000.0
Electricity (MWh)	116,564.4	619,405.2	891,957.0
Industrial Services			
Petrol + Diesel (million litres)	16.6	16.0	26.6
Natural gas (m^3)	60,675.2	31,591.0	32,557.7
Natural gas (kWh)	N/A	768,522.5	77,910.6
Electricity (MWh)	53,152.0	98,629.8	48,973.1
Environment			
Petrol + Diesel (million litres)	64.2	47.4	59.6
Natural gas (m^3)	838,536.8	1,830,853.0	0.0
Natural gas (kWh)	N/A	33,392,304.5	57,490,886.5
Electricity (MWh)	297,004.0	93,935.1	200,436.4

4. EFFICIENCY

4.5.4.3. Water

The activities carried out by the ACS Group involve considerable water consumption, especially in the construction field. As such, the company recognises the need to reduce consumption of this natural resource, especially in zones where there is water stress. As far as possible, and whenever the projects' characteristics so permit, recycled water which is unfit for human use is employed.

The keys to the ACS Group's strategy for reduction of water consumption are summarised in three points:

- Implementing appropriate measurement systems (at project, company and corporate level), permitting detailed knowledge of the main sources for consumption. This is an initiative applying to the majority of the ACS Group.

- Carrying out actions which promote reduction of water consumption or which encourage the consumption of recycled water. Companies representing 52.96% of ACS Group sales have established plans for reducing water consumption in their activities.

- Driving and developing operational policies for water management and desalination. The ACS Group currently operates desalinating plants in Spain and Algeria.

The ACS Group has numerous measures aimed at reducing water consumption, such as raising employee awareness, reuse of cleaning water and the use of rainwater. Specifically, in the Construction area:

- Good environmental practices are applied to minimise consumption, especially of water.

- Reuse of water from machinery cleaning in works.

- Awareness campaigns were organised with guidelines to reduce water consumption.

- Use of rainwater.

The ACS Group pays attention to improving its management and use of water, with special consideration for those works located in geographical zones with water stress. As such, ACS has been making efforts for many years in the south-east part of the Iberian Peninsula and on the Canary Islands, these being locations which have frequent water deficits. The Environmental Management System considers water stress as an additional variable in the evaluation criteria for the "water consumption" parameter, which leads to the initiation of preventive measures to optimise water consumption and the monitoring of the effectiveness of these measures.

Lastly it is worth emphasising that the ACS Group carries out exhaustive monitoring of the quality of water discharged to the natural environment. In this regard, all monitoring carried out meets legal demands, such that significant effects do not occur in the natural environment.

WATER CONSUMPTION AND DISCHARGES

	2011	2012	2013
Total ACS Group			
Potable water consumption (m^3)	5,577,931.0	6,677,845.0	9,110,726.1
Non-potable water consumption (m^3)	N/A	3,389,806.4	21,279,032.7
Total waste water discharged (m^3)	4,136,225.7	4,263,678.7	8,149,663.5
Ratio: m^3 of Water / Sales (€ million)	151.3	262.2	792.0
Construction			
Potable water consumption (m^3)	2,649,086.7	3,026,719.0	3,606,787.2
Non-potable water consumption (m^3)	N/A	1,125,737.0	9,064,412.7
Total waste water discharged (m^3)	1,987,813.1	1,752,485.2	575,743.2
Ratio: m^3 of Water / Sales (€ million)	94.1	139.9	428.7
Industrial Services			
Potable water consumption (m^3)	77,301.2	458,160.0	106,313.8
Non-potable water consumption (m^3)	N/A	4,693.0	10,008,120.4
Total waste water discharged (m^3)	35,412.7	161,525.7	6,080,913.5
Ratio: m^3 of Water / Sales (€ million)	11.0	65.7	1,431.2
Environment			
Potable water consumption (m^3)	2,851,543.1	3,192,966.0	5,397,625.1
Non-potable water consumption (m^3)	N/A	2,259,376.4	2,206,499.6
Total waste water discharged (m^3)	2,112,999.9	2,349,667.8	1,493,006.9
Ratio: m^3 of Water / Sales (€ million)	1,691.3	3,224.3	4,269.1

4. EFFICIENCY

4.5.4.4. Biodiversity

The ACS Group's activities generate impacts on the natural environment where the works are executed. The implementation of measures to conserve the flora and fauna is one of the environmental principles applied in planning operations. These measures are based on physical protection, transplanting or transfer, as well as on respect for the life cycles of the plant and animal species affected.

At the end of 2013, a large number of Group companies, representing 72.11% of sales, were carrying out projects located in areas of high biological value, or in their vicinity.

The ACS Group tries to minimise the environmental effect of its activities, especially when these take place in areas of high ecological value. Companies representing 55.77% of sales have set targets for minimising the impact of their activities on biodiversity. Projects are planned with the objective of minimising their environmental impact and, as far as possible, are carried out under the methodology which causes least damage in the setting.

The ACS Group prepares environmental impact studies, which attempt to minimise the possible adverse effects of projects on the natural environment (61.6% of tenders presented included an environmental impact analysis). Public participation in procedures to approve these projects is guaranteed by the national and regional legislation in each of the countries where they are carried out.

The company also has supervision plans which guarantee the fulfilment of the preventive measures and reduce the impact of projects and processes not subject to environmental impact assessments. Specifically, in the Construction area:

- Annual targets are set for identifying sensitive areas and species and adopting prevention and protection measures.
- Protection plans are developed for native species.
- The possibility of incorporating or replacing polluting chemical products with other biodegradable products is being studied.
- Strict and rigorous compliance with environmental law.
- Carrying out of some activities with lightweight machinery.
- Activities for replanting and relocating species in similar habitats.

The ACS Group includes the commitment to conservation of biodiversity in its environmental management systems, to meet the following objectives:

- To assess the impacts of the activities on the environment.
- To research, develop and offer its clients innovations which improve environmental conditions.
- To manage the impact and minimise its consequences.

4.5.5. GOOD PRACTICES

GOOD ENVIRONMENTAL PRACTICES IN DRAGADOS

DRAGADOS

Construction is an activity commonly carried out outdoors, hence its impact on the various elements of the natural environment show themselves directly, especially as regards the soil, air, climate and biodiversity.

As Dragados is aware of this, it undertakes its activities based on principles of reducing possible impacts by adopting measures aimed, among other aspects, at conserving natural resources (water, soil, etc.) and reducing emissions and discharges, as well as their polluting loading, without overlooking the preservation of the biodiversity in the environment (flora and fauna).

Described below are some of the environmental actions or measures adopted in Dragados' works.

WATER

Water, as a strategic natural resource, is one of the most important aspects, both from the consumption point of view and of possible problems (pollution, occupation of water courses and banks, etc.).

For these reasons, Dragados' people participate actively with actions aimed at achieving reasonable water consumption and minimising discharges and polluting loadings, as well as avoiding actions in river courses and on their banks.

Reducing consumption. Sprinkler irrigation system

Access to the works takes place along a dirt road approximately 300 m long. Due to the characteristics of the works, heavy vehicle traffic (trucks and trailers) is considerable, counted at a total of 300 trips per day.

This intensity of traffic, added to the effects of the wind, caused great clouds of dust right throughout the works, which were increased by the subsequent discharges of material, affecting both the workers and the areas neighbouring the works, representing a problem that needed to be resolved urgently. To correct this action, the sprinkler irrigation system was chosen. This represented a reduction in water consumption, an increase in the effectiveness of reducing dust and particulate emissions and, additionally, a saving of nearly €30,000 in the cost of the resources needed.

4. EFFICIENCY

GOOD ENVIRONMENTAL PRACTICES IN DRAGADOS

Reducing consumption. Water reuse

The water used to test the watertightness of roofs was reused, using pumps, to fill the concrete pipe and carry out the watertightness test on this pipe.

When the latter test was completed, the water was pumped to an irrigation channel crossing the site, to be used by farmers in the area for irrigation.

Protection of marine waters. Placement of an anti-pollution barrier

Owing to the works to construct the quay and as a result of the dumping of fill materials from loan sites to build it, it was seen that this material sometimes contained pieces of wood and plastic which floated and drifted towards to dock, with the subsequent soiling and possible impacts of these objects on small boats.

Placing the anti-pollution barrier prevented the spread of solid wastes to the dock, allowing them to be collected subsequently and transported to a dump, as well as containing a possible fuel or oil spill from the machinery working on the dumping of fill materials.

Protection of continental waters. Silt containment systems

The woods on the banks of the river Ulla have been proposed as a SCI; the "Ulla-Deza river system". The river Ulla has significant fish populations, outstanding among which are the Atlantic salmon and the lamprey. Water is also extracted at various points for different settlements. Various silt containment systems were executed because of this.

Initially, a barrier was made from straw bales lined with geotextiles secured to the ground by round steel posts.

Subsequently, with the aim of reinforcing the protection, a ditch was made and a ridge of soil approximately 50 cm high was laid between this and the barrier, both lined with geotextile.

In this way, if any material spillage occurred, it would be retained initially and then filtered through the geotextile and the straw bales, being released to the water without turbidity.

DRAGADOS

ECO-EFFICIENCY

Based on the concept of producing goods and services using fewer resources and generating less waste.

The wastes which will be generated are identified in the planning phase with the aim of adopting measures to minimise their generation. The most appropriate management methods are defined, with reuse and recycling taking precedence over elimination.

Waste reuse

Due to the existence of surplus soil from the excavation on site and as this was mainly stone, it was decided to reuse these materials instead of transporting them to a dump.

A mobile crusher was used to produce graded aggregate. This was then used to prepare the work roads and traffic areas and it was used as gravel in drainage works.

Replacement of concrete structure by an ecological wall

The measure adopted was to replace a reinforced concrete structure, designed to produce the patios for houses, with an ecological wall, based on a system of reinforced, compacted earth.

The decision was taken when it was found, in the geotechnical study of the plot, that natural materials were present that could be used (slate) to build the wall, the main characteristic of which is its compacting capacity.

This measure made use of the excavated earth, avoiding the generation of wastes, and eliminated the reinforced concrete consumption, so reducing the visual impact in turn with the presence of vegetation.

4. EFFICIENCY

GOOD ENVIRONMENTAL PRACTICES IN DRAGADOS

BIODIVERSITY

One of the objectives is the conservation of biological diversity in Dragados' work settings. All the means needed are adopted for this, coordinating with the competent organisations to comply with the applicable requirements. The implementation of these measures, as well as control and monitoring of them, form a part of the usual activities in carrying out the projects.

Protection of fauna. Ornithological study

Preparation of a study of the impacts on bird nesting in the area, especially Bonelli's eagle and other birds of prey, as well as the presence of the European otter, classified as near threatened. On the other hand, according to information provided by the Biodiversity Department of the Regional Government Ministry of the Environment, European dipper populations are known to exist, although the DIA does not mention it at any time. The study accompanied a monitoring plan for the aforementioned species, based on the real impacts on presence and reproduction, enabling the works to be carried out. The objective of both the proposed preventive and corrective measures and the monitoring plan was to guarantee proper reproduction of the threatened species, as well as to avoid disturbances resulting from the execution of the works or reduce them to the minimum.

Protection of fauna. Campaign to locate and move affected species

Specifically, the presence is known of specimens of Spanish terrapin (Mauremys leprosa), hence an inspection and location campaign was carried out to find specimens and move them to other unaffected areas.

Protection of flora. Transplanting of tree species

On the route of the tunnel taking the Santa Cruz de Tenerife Coast Road underground, where it passes through Plaza de España, there were some Indian laurel trees of special landscaping and ecological importance. The initial proposal was to divide the tunnel in two in this area, but, due to the additional cost this represented and the dangerous nature of the route that would remain, the decision was taken to move these trees by 25 m and not to divide the tunnel. The weight of the transplanted trees varied between 100 and 135 tonnes (including rootball) and a 400 tonne crawler crane was used to lift and move them.

DRAGADOS

CLIMATE CHANGE

Human activities generally have a great influence on climate change. Construction, in particular, as its work is carried out in open spaces and with heavy use of machines and equipment, leads to the emission of CO_2 and other greenhouse gases, as well as the alteration of large areas of land, which can involve some contribution to global warming.

In line with the reduction of the aspects that can influence climate change, one our objectives, which makes up a part of Dragados' "Manual of good environmental practices", is the optimisation of energy use and consumption, as this directly promotes reductions in harmful emissions.

Emission reduction.
Fuel additive

The machinery depots have heating boilers in their sheds. All these use fossil fuels to operate, specifically gas oil C.

In order to improve the performance of these boilers, as an environmental objective at these centres, boiler burner performance optimisation has been raised progressively tackled by means of the inclusion of additives in the fuel.

Continued use of these additives:

- Keeps the fuel tanks, filters and burners in excellent conditions of cleanliness, preventing losses in power.
- Reduces the formation of fumes and soot.
- Gives estimated fuel savings of 4.4%, according to manufacturers' field data.

Based on consumption data recorded over the last three years and considering the savings indicated by the manufacturers, the reduction in CO_2 emissions resulting for the use of the additives can be estimated at 18 tonnes.

5. EMPLOYEES

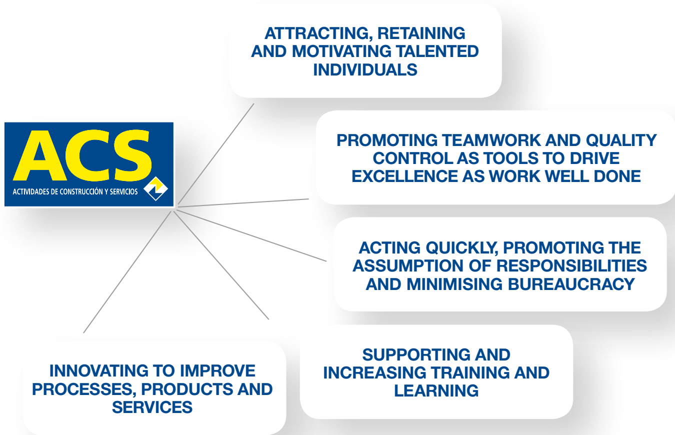
5.1. THE ACS GROUP'S PEOPLE

5.1.1. STRATEGIC PRIORITIES

The ACS Group's[26] business success comes from its team. Hence the company maintains its commitment to continuously improving their skills, capabilities and level of responsibility and motivation, at the same time as it attends to working and safety conditions with the greatest dedication.

The ACS Group applies modern and efficient human resource management tools with the objective of retaining the best professionals.

Some of the fundamental principles governing the Group companies' corporate human resources policies are based on the following common actions:



The ACS Group is an active defender of the human and labour rights recognised by various international organisations. The company promotes, respects and protects the forming of labour unions and employees' rights to freedom of association and guarantees equal opportunities and treatment, without discriminating on the basis of sex, ideology, religion or any other social or individual circumstance or condition.

Likewise, the Group promotes the professional development of its workers. With this aim, it has an employment policy which generates wealth in the zones where it operates and produces links which create positive synergies for the environment. Furthermore, it shows special interest in ensuring dignified working conditions, subject to the most advanced measures for health and safety at work. It promotes management by competences, performance assessment and management of the professional careers of its workers.

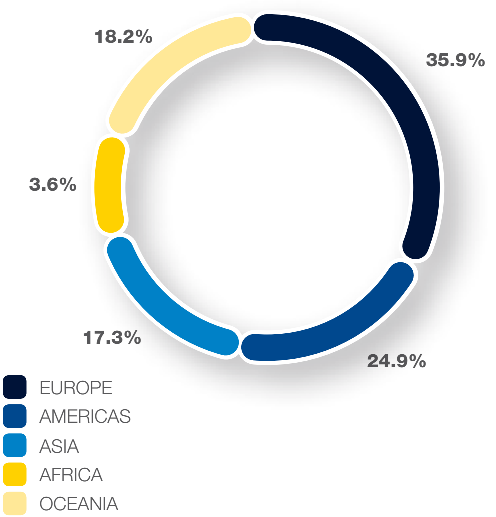
26 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by number of employees. The data is expressed in terms of percentage of total Group employees at 31 December 2013.

5.1.1.1. Main Figures

The ACS Group employs a total of 157,689 people, of whom 43,853 work in Spain and 113,836 abroad. Of all the employees, 41,255 people are of a different nationality to that of their company's head office. The ACS Group has employees in more than 65 countries, in which it promotes its workers' economic and social development.

PERSONNEL BY GEOGRAPHIC AREA

%



NUMBER OF EMPLOYEES BY AREA OF ACTIVITY

	2012	2013	Var.
Construction	94,392	87,457	-7.3%
Industrial Services	39,140	41,635	6.4%
Environment	28,886	28,545	-1.2%
Corporate Unit	53	52	-1.9%

PERSONNEL BY PROFESSIONAL CATEGORY AND AREA OF ACTIVITY

	Construction	Industrial Services	Environment	Corporate Unit	Total
University graduates	25,666	3,551	704	32	29,953
Junior college graduates	4,005	3,112	486	4	7,607
Non-graduate line personnel	7,759	5,797	479	0	14,035
Administrative staff	5,191	2,589	595	12	8,387
Other staff	44,836	26,586	26,281	4	97,707

TYPES OF CONTRACT

	2011	2012	2013
Permanent Contracts	95,325	100,132	94,057
Temporary Contracts	66,937	62,339	63,632

PERSONNEL BY PROFESSIONAL CATEGORY AND GENDER

	Women	Men
University graduates	6,294	23,659
Junior college graduates	1,608	5,999
Non-graduate line personnel	1,736	12,299
Administrative staff	5,502	2,885
Other staff	8,246	89,460
Total	**23,387**	**134,302**
Proportion of ACS Group total	14.8%	85.2%

5. EMPLOYEES

5.1.2. MANAGEMENT PRINCIPLES

5.1.2.1. Equality, Diversity, Integration, Rights

Equality of opportunity, lack of discrimination and respect for human rights, which are basic principles included in the Group's Code of Conduct, are also determining factors when advancing the professional and personal development of all the ACS Group's employees. Companies representing 49.30% of Group employees express their formal, documented commitment to the Universal Declaration of Human Rights in the development of their Human Rights policy.

The ACS Group rejects any type of discrimination, in particular that due to age, sex, religion, race, sexual orientation, nationality or disability. This commitment extends to selection and promotion processes, which are based on assessment of the person's capabilities, on the analysis of the requirements of the job post and on individual performance.

Currently, companies representing 81.03% of ACS Group employees have formal programmes to ensure equality of opportunities. These Equality Plans include specific actions as regards selection and hiring of personnel, salary, training, working days, professional promotion, assistance, bonuses and social, health and occupational risk prevention policies, as well as in matters of gender violence. A result of these programmes is that no incidents occurred due to discrimination. A total of 1,033 women were reported in management posts in the company in 2013.

The ACS Group also promotes the hiring of people with disabilities and offers them a working environment which enables them to develop under conditions of equality. In this regard, 1,190 disabled people were working in the ACS Group at 31 December 2013.

The ACS Group also understands the relevance that having local roots and being sensitive to each place's particular nature has in the company's success. For that reason, it promotes direct hiring of local employees and managers. The number of executives from the local community totalled 808 in 2013.

5.1.2.2. Labour Relations

All the ACS Group's employees, including expatriate Spanish workers, are subject to the collective agreements in force applicable to the sector in which they work, as well as the regulations relating to management personnel and, in all cases, the labour legislation in the countries where they work. For example, collective agreements on matters of notice period(s) regarding organisational changes are rigorously respected.

In the field of labour relations, the ACS Group considers dialogue to be an essential element. For this reason, it holds regular meetings with union representatives for all its companies. Of Group employees, 24.4% are members of trade unions or union organisations.

Furthermore, only in companies representing 11.47% of ACS Group employees were activities detected in countries where rights of association and union representation are threatened, it being ACS Group policy to promote good labour practices and respect for the legislation in force.

HUMAN CAPITAL IS KEY FOR THE SUCCESS ACS GROUP, THAT EMPLOYS 157,689 PEOPLE IN MORE THAN 65 COUNTRIES.

5.1.2.3. Turnover and Absenteeism Rate

INDICATORS OF TURNOVER AND ABSENTEEISM

	2012	2013
Total staff turnover	15.1%	21.0%
Male staff turnover	15.7%	21.6%
Female staff turnover	14.8%	18.1%
Percentage days lost through absenteeism	4.1%	2.1%

5.1.2.4. Services for Employees, Flexibility and Work/Life Balance

Companies representing 90.3% of ACS Group employees offer their employees social benefits of a variety of natures. Worthy of note among these services, going under various names, with differing content and scope of application, are the following:

- Life and accident, travel and health insurance.
- Salary advances.
- Annual medical checks and medical care.
- Assistance for those with children with disabilities.
- Help with schooling for children and workers taking courses in official centres.
- Economic assistance for food or company canteens.
- Company bus service.
- Company Welfare programmes.
- Agreements with banks.
- Commercial discounts in affiliated establishments.
- Cultural and social activities.

Companies representing 94.05% of Group employees have programmes promoting balance between family life and work available to them.

The following are noteworthy among the different initiatives applied by ACS Group companies to promote balance between family life and work:

- the workforce can take up the offer of flexible working time schemes, with a margin of one hour, to accommodate their periods for entering or leaving work to their personal needs.
- Reduced working day: there are people in ACS who have a working day without a break or who have a reduced day.
- Accumulation of breast-feeding periods.
- Time off or part-time working for fathers and mothers after childbirth.
- Change of work centre due to change of residence.
- Management of shift changes between workers in services.

5. EMPLOYEES

5.1.2.5. Development of Human Resources:

Employee competences, assessment, development, remuneration and satisfaction

DEVELOPMENT OF HUMAN RESOURCES

% OF TOTAL EMPLOYEES	2012	2013
Employees covered by a formal professional development system	84.7%	85.5%
Employees in posts defined according to a formal competency map	14.5%	36.9%
Employees subject to performance assessment processes	36.3%	51.6%
Employees covered by variable remuneration systems	90.4%	94.0%
Of these, the percentage of variable remuneration systems that include aspects related to Corporate Responsibility	47.4%	64.9%
Level of coverage of working environment surveys (% of total employees)	50.5%	54.2%
Employees satisfied or very satisfied	78.8%	82.7%

The performance assessment models in ACS companies are based on the competences and parameters for each work post, as described in the management systems.

Although the companies manage the professional development of their workforces independently, they all share some common elements, namely:

- They allow the worker to talk about their job situation, express their interests and motivations, both personal and professional, their geographic flexibility, their training interests and their idea of their professional future in the company.
- The carrying out of performance assessments using numerous methodologies, including 360º analyses, meetings with clients, periodic follow-up meetings, evaluation of the profitability of the work post compared to the results obtained, etc.
- They enable the company to show a receptive attitude to the information obtained from its workers, in order to be able to deal with their concerns, as far as possible, by implementing corrective actions.
- They allow decision making to be accelerated when selecting appropriate personnel for specific posts, as well as in determining professional promotion or increasing worker employability.
- They enable fair and equitable measures to be established for setting the variable remuneration, in management by objectives, in which the goals the employee needs to achieve to obtain their variable remuneration are agreed systematically and recurrently.
- Compliance with the ACS Group Code of Conduct is confirmed. It is important to emphasise that there is a zero tolerance policy in the ACS Group to breaches of the Code of Conduct. See the section on Ethics in this document.

These methodologies are consolidated and functioning fully in various ACS Group companies.

One of the most significant employee motivation and satisfaction initiatives is the possibility of promotion. The turnover of the ACS Group and its continuous growth generate a significant number of annual promotions among employees who, due to their efforts and effectiveness, are nominated for positions of greater responsibility.

The remuneration model of ACS Group companies includes numerous specific details and characteristics which, in many cases, even convey competitive and operational advantages in sectors such as engineering and works management.

From among these disparate remuneration systems, in the section on commitment to people it is important to analyse whether the use of variable remuneration is common and what the main factors are which influence such remuneration, especially whether these factors are related to sustainability.

These remunerations are calculated in all cases based on operational and economic factors. A small part of the remuneration also depends on objectives as regards Corporate Responsibility, especially in terms of Health and Safety, the Environment and Quality.

Each ACS Group company manages its professionals' development independently, adapting this to its needs and the specific nature of its activities. A significant majority of ACS Group companies adopt competence management models to improve personal knowledge and skills and use training as a tool to achieve ideal performance of the work.

ACS GROUP COMPANIES PARTICIPATE IN THE COMMON MANAGEMENT PRINCIPLES OF PROFESSIONAL DEVELOPMENT, INCLUDING ZERO TOLERANCE ON CODE OF CONDUCT BREACHES.

Competence maps, prepared in ACS Group companies, are aligned with the strategy and particular features of each one. These maps, which are reviewed regularly, define the basic and specific competences of each work post which are essential for its effective performance.

Companies representing 54% of Group workers stated that they have formal processes for measuring employee satisfaction. Of these, those which had carried out satisfaction surveys in 2013 reported that, on average, 82.67% of employees responded that they were "satisfied" or "very satisfied".

Additionally, other types of tools have been used to assess this aspect:

- Exit interviews carried out when employees leave voluntarily. Frequent in many ACS companies, their aim is to go into the reasons for the worker leaving the company in greater depth and into those aspects they would highlight as negative and as positive.

- Regular interviews with the employee's supervisor. Enabling the employee's situation to be known.

- Suggestions box. Collecting workers' ideas, initiatives and complaints.

5. EMPLOYEES

5.1.2.6. Training Plans[27]

TRAINING

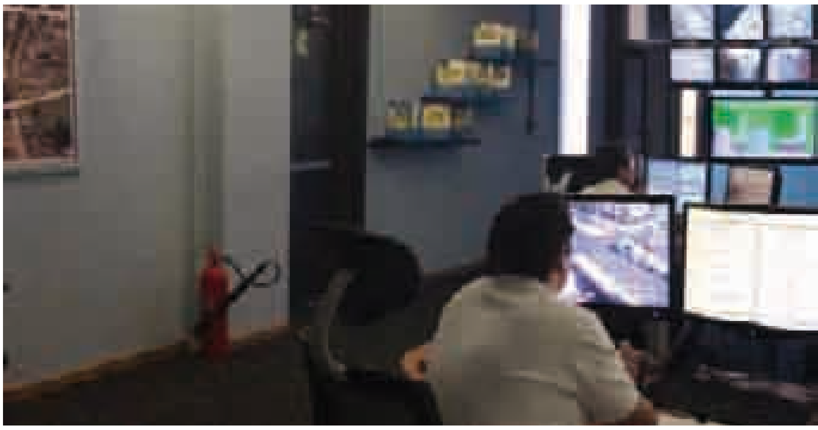
	2011	2012	2013
Total teaching hours given	943,890	2,273,361	2,389,976
Teaching hours per employee (over total employees)	5.8	14.0	15.2
Employees participating in training activities	55,613	114,822	110,102
Teaching hours per employee (over employees trained during the year)	17.0	19.8	21.7
Investment in training (€ million)	18.6	87.2	85.7
Investment in training per employee (over total employees) (€)	114.7	536.6	543.4
Investment in training per employee (over employees trained during the year) (€)	334.7	759	778

The ACS Group has programmes for continuous training and skills development, aimed at covering the employees' training wants and needs, as identified during the year and in line with the competences established in the management models. The aim of the training plans is to meet the employees' training needs for correct execution of their work and for their personal and professional development.

The training plans for the different companies are updated regularly to adapt them to the needs of each business and, in the end, of each person. Companies representing 93.66% of Group employees report the existence of tools for managing development of human resources such as training platforms, on-line training or even agreements with training centres. Indeed, there are tools available adapted to the various competence profiles for analysing training needs, disseminating training opportunities, joint databases, specific, adapted and general courses, etc.

Specifically, in ACS Group companies, courses are given in areas related to the following aspects, among others:

- Management training.
- Technological specialisation in management and production systems.
- Knowledge of products and services provided.
- Policies on quality and the environment.
- Job safety.



27 The contribution from Leighton is included in the information for 2012 and 2013. This was not included in the 2012 report.

Specifically, an initiative is being carried out at Group level focused on training on Human Rights, Ethics, Integrity and Conduct. As this was dealt with in the section of Ethics, it is included in this part of the report as a summary.

TRAINING IN HUMAN RIGHTS, ETHICS AND THE CODE OF CONDUCT

	2012	2013
Scope of training plans in this regard (% of employees)	20.8%	82.8%
Number of courses given with Human Rights, Ethics, Integrity or Conduct content	1,959	629
Number of employees trained in Human Rights, Ethics, Integrity or Conduct content during the year	6,928	77,350
Percentage of total current Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career	8.7%	51.7%

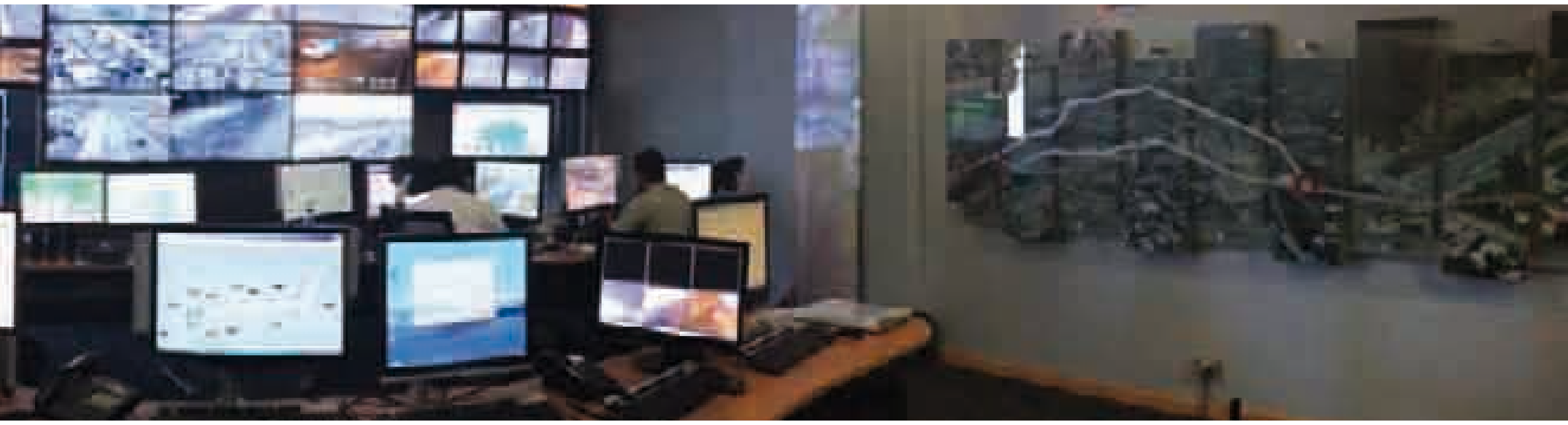
The increase in the percentage of employees who have received Ethics courses during their career is due in large part to the increase in the scope of the data, which went from 29% of employees in 2012 to 98% in 2013.

5.1.3. MAIN INDICATORS

MAIN MANAGEMENT INDICATORS - PEOPLE

	2012	2013	Objective for 2015
Percentage days lost through absenteeism	4.1%	2.1%	< 2013
Employees covered by a formal professional development system	84.7%	85.5%	> 2013
Employees in posts defined according to a formal competency map	14.5%	36.9%	> 2013
Employees subject to performance assessment processes	36.3%	51.6%	> 2013
Employees covered by variable remuneration systems	90.4%	94.0%	> 2013
Investment in training per employee (over total employees) (€)	536.6	543.4	> 2013
Percentage of total current Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career	8.7%	51.7%	> 2013

The increase in the percentage of employees who have received Ethics courses during their career is due in large part to the increase in the scope of the data, which went from 29% of employees in 2012 to 98% in 2013.



5. EMPLOYEES

5.2. SAFETY IN THE WORKPLACE IN THE ACS GROUP

5.2.1. STRATEGIC PRIORITIES

The prevention of occupational risks[28] is one of the strategic pillars of all ACS Group companies. Each of these companies and the Group in general maintain the commitment to reach the most demanding standards in this area and so become a reference in health and safety protection, not only for its own employees, but also for its suppliers, contractors and collaborating companies.

The main challenge lies in designing and implementing, in all its operating fields, a risk prevention service which meets expectations. Furthermore, the company considers it fundamental to reinforce its commitment to a risk prevention culture and to optimising resources.

Thanks to the individual commitment of all its employees and the involvement of suppliers, contractors and collaborating companies, the ACS Group continues to advance in building the desired risk prevention culture, approaching its ultimate objective of achieving an accident rate of zero.

28 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by number of employees. The data is expressed in terms of percentage of total Group employees at 31 December 2013. The concepts of occupational risk prevention and safety at work are used indistinctly.

5.2.2. MANAGEMENT MODEL

The ACS Group's risk prevention policy complies with the various Occupational Health and Safety regulations which govern the area in the countries where it is operates, at the same time as promoting integration of occupational risks into the company strategy by means of advanced practices, training and information.

Despite the fact that they operate independently, the great majority of the Group's companies share common principles in the management of their employees' health and safety. These principles are the following:

- Compliance with current legislation on occupational risk prevention and other requirements voluntarily observed.
- Integration of occupational risk prevention into the set of initiatives and at all levels, implemented through correct planning and its putting into practice.
- Adoption of all those measures necessary to ensure employees' protection and well-being.
- Achieving continuous improvement of the system by means of appropriate training and information as regards risk prevention.
- Qualification of staff and application of technological innovations.
- Definition and spreading worldwide of shared, homogeneous standards which enable assessment of Group companies in Safety terms.
- Variable remuneration depending on the success of the risk prevention and safety policy.

5. EMPLOYEES

5.2.2.1. Systems

The great majority of Group companies report the existence of a health and safety management function and system which deals with the implementation of the policy and of the action plans developed in accordance with the priorities identified. In general, these ACS Group companies share a series of characteristics in risk prevention management:

- Implementation of systems for management of health and safety risk prevention, developed according to the OHSAS 18001 reference standard. This policy was reported by companies representing 70.75% of Group employees.
- The existence of systems audited internally and/or externally, in addition to the audits regulated by law (90.67% of Group employees).
- Definition of objectives and planning of preventive actions in the framework of the policy and particular nature of each company, an aspect which affects 97.63% of the Group's employees.
- A worldwide system affecting 70.25% of ACS's people.

In line with the risk prevention policy, and within these Group companies' management systems, these are the main common characteristics:

- There are systems for regular assessment of the risks to which workers are exposed in companies representing 70.75% of ACS Group employees.
- Risk prevention plans are defined which take in the improvements detected in these assessment procedures (97.63% of Group employees).
- Systems which could have resulted in an incident are identified and recorded (analysis of near misses) in companies representing 97.56% of ACS's employees.
- Workers' and managers' remuneration are referenced to fulfilment of formal targets as regards health and safety in 89.68% of the ACS Group.
- There are integrated computerised systems in the great majority of Group companies, which are used to monitor data related to employee and subcontractor health and safety.

The supervision and optimisation of these systems involves setting and monitoring objectives, which are generally annual, approved by senior management and transferred to the company's various levels to be fulfilled.

The Risk Prevention Plans prepared in the Group companies include the conclusions from the regular risk assessments and guidelines for action are laid down for achieving the objectives set. Likewise, in many of the Group's companies, specific assessments are carried out for activities and centres, leading to Specific Risk Prevention Plans.

Along these lines, certain groups of workers who, due to their occupation, are at high risk of contracting specific diseases, are given special consideration. In 2013, there 2,378 people were identified in this category.

5.2.2.2. Investment[29]

SPENDING ON HEALTH AND SAFETY

	2011	2012	2013
Spending (€ million)	26.6	220.1	168.1
Spending per employee (€)	163.7	1,354.8	1,066.1

5.2.2.3. Participation of Workers' Representatives

The consolidation of a risk prevention culture in the Group requires the participation of all the employees and, especially, of the workers' representatives, given that they are the communication channel between the workers and the company management.

In Spain, this participation takes place, basically, through risk prevention representatives and, where applicable, the occupational risk prevention committees. Companies or work centres with 50 workers or more have a Health and Safety Committee set up. These Committees are the peer and professional body for participation dedicated to regular and periodic consultation on company actions as regards risk prevention.

The committees are made up of risk prevention representatives, on the one hand and, on the other hand by the employer and/or his or her representatives in an equal number to the prevention representatives. These committees hold quarterly meetings, for which minutes are taken on the matters discussed and the decisions taken. These minutes must be written within the period of one month after the meeting and be presented to the parties for their consultation and comments.

29 Information for Leighton is included for 2012 and 2013, which was not available in the 2012 report.

5. EMPLOYEES

5.2.2.4. Training

Training and information are fundamental to the development of the ACS Group's risk prevention policy and are the most effective medium for sensitising the company's people to health and safety.

TRAINING IN HEALTH AND SAFETY

	2012	2013
Employees who have received training in Health and Safety matters during the year (%)	58.9%	76.4%
Employees who have received training on Health and Safety matters during their career with the company (%)	71.2%	89.5%

5.2.2.5. Other Initiatives Related to Health and Safety

Several common characteristics which are worthy of highlighting were found in the study of the Group's different companies:

- ACS Group companies develop measures to guarantee the safety of third parties when they visit the companies' facilities.
- It should be highlighted that, as a general guideline and for companies which contract safety personnel, it is the contracted company which is responsible for providing the corresponding training to ensure the appropriate actions of its employees. In some cases, this training includes specific content on human rights. If any Group company contracts a company which does not meet this requirement, the inclusion is suggested of this human rights training in the recycling courses they carry out with their personnel periodically.

The ACS Group collaborates with organisations specialised in matters of health, safety and risk prevention and actively participates in the main conferences, congresses and forums organised domestically and internationally. This is a way of offering its experience and updating itself on the latest trends and best practices.

The main organisations of which ACS Group companies are part, either as members of their health and safety commissions or committees or by participating through some kind of collaboration are:

COUNTRY	ORGANISATION
SPA	CNC
SPA	AESPLA
SPA	SEOPAN
SPA	Spanish Construction Labour Foundation
SPA	PESI
POR	IEFP
POL	Polish Labour Inspectorate
EU	ENCORD
AUS	Australian Constructors Association
AUS	Safety Institute of Australia
AUS	National Safety Council of Australia
AUS	Federal Safety Commission Accreditation
USA	Associated General Contractors
USA	ASSE
USA	National Safety Council
USA	General Contractor Association
USA	NY Safety Committee
USA	Construction Users Round Table
USA	American National Standards Committee
UK	NISO
CAN	Infrastructure Health & Safety Association

5.2.2.6. Employee Accident [30] Rate Indices

ACCIDENT RATE INDICES EMPLOYEES

	2011	2012	2013
Frequency	**24.43**	**27.84**	**15.14**
Construction	10.09	10.70	3.67
Industrial Services	21.27	16.83	12.25
Environment	67.93	64.89	56.79
Severity	**0.75**	**0.73**	**0.44**
Construction	0.33	0.27	0.12
Industrial Services	0.51	0.54	1.70
Environment	2.30	1.63	0.31
Incident rate	**22.63**	**30.20**	**28.11**
Construction	9.31	8.47	6.89
Industrial Services	25.32	22.39	100.26
Environment	87.37	109.29	22.89

In the Frequency Rate, the scope of the employees covered for 2012 is 52% and for 2013 is 99%. This is due to Leighton not reporting its information for 2012, but doing so for 2013.

5.2.2.7. Accident Rate Indices for Subcontractors

The spreading of the risk prevention culture among suppliers, contractors and collaborating companies is another of the Group's basic lines of action in this subject. Details on the control and management efforts in this area are included in this document in the Suppliers section.

ACCIDENT RATE INDICES SUBCONTRACTORS

	2011	2012	2013
Frequency	**8.66**	**6.43**	**8.33**
Construction	8.66	4.77	6.69
Industrial Services	5.90	6.03	3.91
Environment	n.a.	81.81	143.11
Severity	**0.07**	**0.13**	**0.17**
Construction	0.07	0.08	0.13
Industrial Services	0.09	0.09	0.07
Environment	N/A	2.52	3.53

30 Frequency Rate: Number of accidents that have occurred during the working day per million hours worked.
Severity Rate: Number of working days missed due to accidents per 1,000 hours worked.
Incident Rate: Number of accidents with time off per thousand workers.
Professional disease rate: Total number of cases of occupational diseases over the total number of hours worked, times 200,000.

5. EMPLOYEES

5.2.3. MAIN INDICATORS

MAIN MANAGEMENT INDICATORS - HEALTH AND SAFETY

	2012	2013	Objective for 2015
Percentage of total employees covered by OSHAS18001 certification	88.9%	70.8%	> 2013
Frequency Rate	27.84	15.14	< 2013
Total number of Accidents with employee time off	4,723	4,326	< 2013
Spending per employee on Safety (€)	1,354.82	1,066.11	> 2013
Employees who have received training on Health and Safety matters during their career with the company (%)	71.2%	89.5%	> 2013

In the Frequency Rate, the scope of the employees covered for 2012 is 52% and for 2013 is 99%. This is due to Leighton not reporting its information for 2012, but doing so for 2013.

5.3. SOCIAL ACTION IN THE ACS GROUP

The ACS Group channels its social action through the ACS Foundation, the formal social action policy of which is stated in its foundation charters and which is guided by several principles for action:

- Philanthropic action by means of donations and contributions to specialised institutions.
- Actions in various fields of work: accessibility, assistance to development, environment, cultural and educational promotion, dissemination and restoration of Spanish national heritage, collaboration with scientific institutions and sponsorship and patronage of philanthropic institutions, universities, technical schools and other learning centres.
- Selection of projects which provide the greatest social benefit –carried out with prestigious bodies, leaders in their field– and of great general interest.
- Setting up of mixed monitoring committees, between donor and beneficiary, to monitor the execution of significant projects.

The ACS Foundation was created to return part of the profits generated by our business to society to improve the quality of life of its citizens in any physical, human, training, cultural or environmental aspect and in support of human rights and the achievement of millennium goals.

To carry out this Social Action, the ACS Group's Board approves a budget annually to make it possible to implement projects framed in the Foundation's ideology and charter, which are executed by the institutions that receive them. An agreement is drawn up with each of them to define each party's obligations, so guaranteeing complete transparency in the management of the Foundation.

FUNDACION ACS

In 2013, the ACS Foundation spent €3.985 million, equivalent to 94.9% of its budget. A budget of €4.244 million has been approved for 2014.

5.3.1. IMPACT AND MONITORING OF SOCIAL ACTIONS

Before each philanthropic project is carried out, the ACS Foundation identifies the social impact it may have. For example, before carrying out the accessibility project for the El Escorial Monastery in 2010 and as a preliminary measure to gauge its benefit to society, the number of complaints recorded due to problems with accessibility to the monument was analysed, as well as the number of visits annually people with disabilities have been able to make on guided visits after the ACS Foundation's action, and their level of satisfaction.

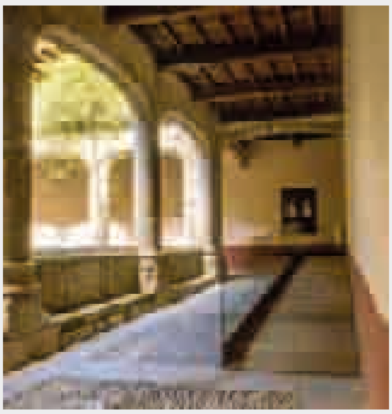
Once the projects have been completed, the ACS Foundation carries out monitoring of the social benefit generated and continuance of investment actions is defined for the most successful initiatives. This procedure will be replicated once the project on the Yuste Monastery has been completed[31].

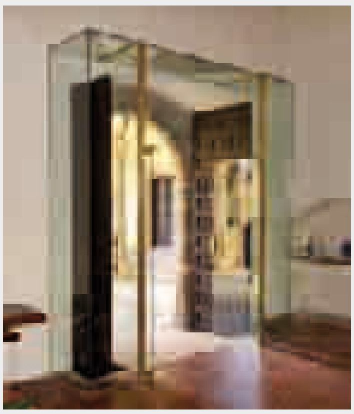
31 An investment of €484,576 has been to improve the specified monuments: €155,513 in the case of the 2010 El Escorial Monastery project, €82,158 in 2011 on Las Huelgas and €90,026 on Tordesillas and €156,877 on the Yuste Monastery in 2012 and 2013.

5. EMPLOYEES

SAN JERÓNIMO DE YUSTE MONASTERY

In 2009, National Heritage began a fruitful collaboration with the Royal Board on Disability and the ACS Foundation aimed at eliminating physical barriers in order to give access to the Royal Monasteries to people with reduced mobility. The first action was the adaptation of the San Lorenzo de El Escorial Royal Monastery, followed in 2011 by the Santa Clara de Tordesillas and Huelgas de Burgos Royal Monasteries. An addendum was to the latter agreement was signed on 1 June 2012 for this collaboration to be continued with the San Jerónimo de Yuste. This is an emblematic place in the history of Spain and, like the others, has been witness to some of the country's most momentous times.





Founded on 25 June 1409, the San Jerónimo Monastery was declared a historic/artistic monument on 3 June 1931 due to its artistic value and its special historical relevance as the place of retirement of Emperor Carlos V, also being where his remains first rested. Given its importance among the places and monuments linked to the history of the Spanish Crown, it was integrated into National Heritage by Royal Decree in 2004. Its appropriation meant that it took on the functions of the assets of this State-owned Public Organisations, the main aims of which as support to the Head of State and making the historical/artistic heritage it manages available to the public. Facilitating and constantly improving access to and enjoyment of this heritage by all citizens, under conditions of equality, is an objective of National Heritage it can never renounce and this has now been achieved in the San Jerónimo Monastery, thanks to the collaboration of the ACS Foundation and the Royal Board on Disability.

The adaptation of these monuments has not been easy, due to the complexity of their structures and their different stages of construction, added to which on occasions there were difficulties due to the relief of the land on which they stand. They all also enjoy the highest level of protection as cultural assets, so any intervention to them needs to be highly respectful.

One task undertaken was an individualised study of the spaces, always seeking respect for and integration into the setting. For this reason, the actions carried out in Yuste to provide a better service to all citizens is characterised by its reversibility, as well as by the combination of up to date technology and the use of traditional materials and techniques to facilitate a symbiosis with the historic building.

Outstanding among the actions are:

- The southern façade entrance, including car parking, access ramps and flagstone pavements.
- Granite ramps on the tree-lined Paseo Arbolado, flanked by traditional masonry dwarf and garden walls, including new glass doors, as well as visitor service desk conditioned for people with reduced mobility.
- The entrance hall and monastery cloister entries, where ramps have been installed to span the traditional steps, with glass railings to avoid impact in the setting.
- Glass doors and windbreaks have been installed in all those doors where the installation of ramps would have made it impossible to close the original main doors.
- Installation and adaptation of the toilets in the monument for people with reduced mobility, carried out in accordance with the specific regulations.
- Zigzag ramps to provide access and visits to the gardens, as well as the adaptation of the floor in some areas.
- New entrances to the church and the presbytery have been incorporated using ramps.
- All the entrances to the palace and the exhibition rooms.

The whole monument is accessible for a full visit after the completion of the actions.

5. EMPLOYEES

5.3.2. FOUNDATION PROGRAMMES

Category	Amount allocated
MILLION EUROS	
Elimination of barriers (disability)	0.793
Environment	0.105
Research	0.502
Promotion of cultural activities	0.923
Aid to other foundations and institutions	1.257
Others[32]	0.405
TOTAL	**3.985**

The Foundation's strategy for achieving the ends mentioned above relies on collaboration and economic support linked to the following programmes:

- Improving the quality of life of people with physical or sensory disabilities, or in a status of dependency, by collaborating and providing economic resources, supported by institutions of recognised standing and solvency in this regard, such as the Royal Board on Disability; the Spanish blind charity (ONCE), the Spanish Federation of Municipalities and Provinces (FEMP), various Universities and the United Nations, through the World Tourism Organisation, among others. The following are outstanding among the most significant activities carried out in this programme:
  - Elimination of barriers in favour of people with disabilities.
  - Promotion of accessibility and universal design (training, educational and technical materials) to ensure a future without barriers.
  - Incentives to municipalities to apply universal accessibility criteria in urban development, transport and building, mainly through sponsorship of the Reina Sofía Awards and the carrying out of seminars with Royal Board on Disability.
  - Accessible rehabilitation of the most significant Spanish architectural heritage worldwide, such as the El Escorial, Yuste, Las Huelgas (Burgos) Monasteries, the Convent of Santa Clara (Tordesillas) and the Royal Palace in Madrid, which have become examples of the compatibility of maintaining the nature of historical architectural heritage with certain levels of accessibility that enable access to the monuments by people with reduced mobility. This allows active tourism for all, generating income and jobs at a local level, at the same time as contributing the maintenance of the monuments themselves.
  - Additionally, this combats the historical discrimination represented by the lack of accessibility to Spanish cultural heritage for this group.
  - Spreading of good practices as regards the generation or adaptation of tourist attractions to permit the development of tourism accessible to all. In this regard, the United Nations' specialised agency, the WTO, with support from the ACS Foundation, has produced the first document on the subject "Accessible Tourism for All: Public-Private Partnerships and Good Practices", which will be published shortly in an electronic version by the WTO. This document was inspired by the ACS Foundation's experience in public-private partnerships and has already been announced to the 202 member countries of this worldwide organisation.
  - Collaborating with sports institutions which carry out such activities, understanding this as the way of improving people's quality of life, especially with those that facilitate the participation of people with some sort of physical disability, such as the Spanish Paralympic Committee.

32 Personnel and other costs for actions, such as training, payment of teachers, publishing of materials, etc.

- Defence of and support to good practices in relation to the environment. The following are outstanding among the activities carried out:
  - The Spanish National Congress on the Environment (CONAMA), in its various editions.
  - Support to training activities with Universities related to the treatment of municipal solid waste, the water cycle, energy, etc.
  - Environmental education programme for the Community of Madrid, oriented to include environmental education in the scheduling of the region's educational centres, prior to university entrance level. Eight hundred activities are planned to be carried out in the February-May 2014, relating to water, renewable energies, ecosystems, responsible consumption, wastes, protected natural spaces, biodiversity and 20,000 students will benefit from them.
  - Accessible rehabilitation of the environment.

- Collaborating with and contributing to bodies that improve people's cultural level.
  - In this regard, the ACS Foundation focuses its efforts and resources on supporting Spain's main art galleries, lyrical poetry, courses, seminars and debating forums in various centres on specific cultural activities.
  - Support to providing access to culture for people with disability.
  - Support to exceptional cultural shows: restoration of the Primate Cathedral of Toledo in the celebrations of the fourth century of El Greco.

- Contributing to the dissemination, restoration and maintenance of buildings belonging to Spanish Artistic Heritage.
  - Training activities with various Spanish universities regarding the restoration of historic buildings,
  - Accessible rehabilitation of National Heritage's Royal sites.
  - Dissemination of Spanish Historical Heritage through the publishing of books documenting the restoration of 138 buildings, with explanations of the techniques used in each case and of the historical process, the condition of the building and the circumstances that justified their restoration.
  - Support to the dissemination of the Romanesque in Spain, collaborating with the Santa María la Real Foundation.
  - Sponsorship of the Annual Assembly of the Association of European Cathedrals Architects and Master Masons.
  - Dissemination of the rehabilitation of archaeological sites, especially at Atapuerca and Los Bañales.

- Support to Research. This programme is mainly oriented towards medical research, including rare diseases. Noteworthy among the most significant are:
  - Niños Jesús University Children's Hospital Biomedical Research Foundation.
  - La Paz University Hospital Biomedical Research Foundation.
  - Pasqual Maragall Private Foundation for Alzheimer's research.
  - Spanish Association of Amyotrophic Lateral Sclerosis (ADELA).
  - Spanish Federation of Neuromuscular Diseases.
  - Spanish Cerebral Paralysis Association (ASPACE).
  - Spanish Association for the Study of Spinal Medullary Lesion (AESLEME).
  - It also collaborates with and supports certain pieces of socio-economic research, such as those carried out by the Spanish Foundation for Research on Rights and Companies (FIDE).

5. EMPLOYEES

- Aid to other institutions in achieving their ends, provided that these are compatible with the ACS Foundation's ends.
  - Carolina Foundation.
  - Universidad Autónoma, Universidad Complutense Universidad Politécnica de Madrid Foundations.
  - El Prado Museum.
  - Reina Sofía National Art Centre Museum.
  - Thyssen Bornemisza Museum.
  - Catalan National Art Museum.
  - Príncipe de Asturias and Príncipe de Girona Foundations.

- Cooperation for development and technical assistance. In order to support the Millennium Goals and respect for human rights, the ACS Foundation has collaborated and contributed with economic resources to improving the quality of life of people, in its broadest sense, in third-world countries, to facilitate or resolve problems in supplying drinking water and drainage, fight against hunger and against malaria, train healthcare personnel and provide technical assistance in various areas, especially as regards solid waste and the training of healthcare personnel. In this regard, our collaboration and assistance apply through such institutions mainly in Sudan, Northern Kenya, Niger, Burundi and Peru, through collaboration with:
  - Médecins sans Frontières.
  - AMREF Flying Doctors (African Medical and Research Foundation).
  - Spanish Agency for International Cooperation for Development.
  - Madre Coraje Association.
  - Emalaikat Foundation.
  - Through the strategic alliance with the Spanish Agency for International Cooperation for Development (AECID), technical assistance is provided to this organisation in the framework of the Annual Operating Plan signed between the two institutions. Noteworthy in this regard are the activities undertaken on training the trainers in occupational health and safety techniques, support on the subject of municipal solid wastes and the making accessible of Spanish historical heritage restoration projects in Latin America, carried out by AECID.
  - Also with the Spanish Agency for International Cooperation for Development and the Royal Board on Disability, an Ibero-American meeting is held annually on universal accessibility and historic heritage, the main aim of which is to transfer knowledge on this subject between the participating countries, of which there are between 14 and 16, and to analyse good practices as regards universal accessibility.

- Support to the voluntary efforts of institutions such as the Spanish Development and Assistance Foundation and the Madrid School of Civil Engineers.

- The ACS Foundation makes numerous donations to institutions such as Caritas, the Red Cross and others, as well as to provide for needs created by the devastating effects of earthquakes, hurricanes, typhoons and other natural disasters that affect certain populations, such as the typhoon in the Philippines.

6. AWARDS, RECOGNITIONS, MEMBERSHIPS

- The ACS Group has been recognised for its work in the field of sustainability by being included in the Dow Jones Sustainability Index for 2013 and 2014.
- The ACS Group is a signatory to the United Nations Global Compact.
- ACS is a world leader in the development of infrastructure concessions, according to Public Works Financing magazine.
- ACS is the fourth largest company in the world by sales figures, according to the ENR magazine ranking published in August 2013. It is the top listed company in that list and the company with the most international business.
- ACS is the 202nd largest company in the world by turnover, according to the ranking in the magazine Fortune for 2013.
- The ACS Group is one of Spain's most reputable companies according to the monitor Merco.

7. PRINCIPLES FOR THE PREPARATION OF THE REPORT

FOR THE ACS GROUP, THE PREPARATION OF THIS CORPORATE RESPONSIBILITY REPORT IMPLIES THE FORMALISATION OF A POLICY FOCUSED ON UNDERSTANDING THE MAIN DILEMMAS AND CHALLENGES FACED BY THE INFRASTRUCTURE DEVELOPMENT AND ENERGY SECTOR AND SOCIETY AS A WHOLE.

The report considers all the ACS Group's activities as a global operator, in all the countries where it is present. To this effect, the information published includes the operations carried out in the Environment, Construction, Industrial Services and Concessions areas.

The ACS Group has developed tools for the collection and consolidation of both quantitative and qualitative information on sustainability to align the management of all the companies with the ACS Group's strategic priorities. This tool has increased its scope considerably.

The information gathered in this report refers, basically, to the 2013 financial year. It also includes information from previous years, depending on its relevance and availability, to enable the readers to be able to form a more complete opinion on the company's development. The quantitative indicators present the ACS Group's evolution in 2013 and, generally, the two previous years.

This report was prepared following the guidelines of the G3 version of the Global Reporting Initiative (GRI). In this manner, all issues of relevance to the Company's stakeholders were taken into account. The data and headings explained in this report apply to the Group's companies in accordance with that reported in terms of percentage of total sales. Those cases where the scope is other than 100% are specified clearly in the text and tables.

With respect to the levels of application defined by the GRI, the ACS Group has given this report an A+ rating. Accordingly, the principles and recommendations of the G3 guidelines were applied and each chapter details both the organisation's profile and its management approach. Additionally, all performance indicators the guidelines consider to be of principal importance are contained in this report.

The ACS Group has applied the following GRI G3 principles for defining the contents and guaranteeing the quality of the information included in this report:

Principle of Materiality

The ACS Group has developed management tools to facilitate operational control of sustainability management and its integration into the businesses. The contents of this tool are aligned with GRI requirements, to the request for information from the selective sustainability stock market indices and by institutional investors and ratings agencies which take matters related to sustainability into account.

Context of Sustainability

The objective of this report is to express the actions of the ACS Group in each of the three sustainability areas: economic, social and environmental. Throughout this report, information is supplied in relation to the context of each of these.

Exhaustiveness

In the preparation process, the coverage and scope of this report was clearly defined, giving priority to information considered to be material and including all significant events that took place in 2013, without omitting information of relevance to the Group's stakeholders. The coverage of the Report was determined in parallel with its content.

In the case that there were changes in the chapters with respect to coverage, these have been indicated.

Additionally, the relevant issues, the indicators included herein and the matters covered by the 2013 Corporate Responsibility Report offer an overview of the significant impacts in the economic, social and environmental fields.

Comparability

As far as possible, the information included in this report has been organised in such a manner that the stakeholders may interpret the changes undergone by the ACS Group with respect to previous years.

Balance

This report includes both positive and negative aspects, in order to present an unbiased image and to enable stakeholders to reasonably assess the Company's actions.

Accuracy and Clarity

This report contains numerous tables, graphs and outlines, the purpose of which is to make the report easier to understand. The information included in the report is meant to be clear and accurate in order to be able to assess the ACS Group's actions. Additionally, as far as possible, the use of technical terms whose meaning may be unknown to stakeholders has been avoided.

Reporting Frequency

The ACS Group has the commitment to report its corporate responsibility actions annually. This Report relates to the Group's actions in 2013 in the economic, social and environmental fields.

Reliability

The reliability of the information included in this 2013 Corporate Responsibility Report was checked by KPMG, the firm responsible for its verification.

8. SCOPE OF THE DATA

CODE OF CONDUCT

	2013
Adherence to the Code of Conduct	98.87%
Has your company undertaken initiatives to expand the Code of Conduct?	97.82%
Is there a training plan in matters of Human Rights, Ethics, Integrity or Conduct?	98.17%
Number of courses given with Human Rights, Ethics, Integrity or Conduct content	98.17%
Number of employees trained in Human Rights, Ethics, Integrity or Conduct content	98.17%
Percentage of total current company employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career with the company	98.17%
Formal, documented commitment to the Universal Declaration of Human Rights	97.82%
Performance assessments in your company and the Code of Conduct	90.38%
Zero tolerance	98.55%
Code of Conduct audits	97.82%
Are activities carried out in your company in countries which pose a potential risk of child labour or forced labour?	98.87%
Have specific protocols or policies been defined o reduce such a risk?	39.44%
Is the right to association and union representation threatened in any of the countries where your company operates?	98.14%
Have you undertaken initiatives to ensure this right autonomously in the projects your company carries out there?	40.13%
Does your company have formal programmes to ensure equality of opportunities among workers?	98.87%
Have specific actions been carried out to improve on the equality programmes obligatory under the law in the countries where these apply?	98.55%
Number of incidents which occurred last year in your company due to discrimination	52.66%

CLIENT

	2013
Client management system	76.04%
Computerised CRM system	76.04%
Percentage of tenders made last year which included an environmental impact analysis	98.87%
Percentage of tenders made last year that required detailed information or a section related to CSR	98.87%
Level of detail and/or implementation and/or coverage of the company's Code of Conduct/Ethical Policy in bidding processes	75.73%
Restriction, in any countries in the world, due to anti-monopoly regulations	65.05%
System for measuring client satisfaction	76.04%
Plans for improving client satisfaction in your company	76.04%
Number of client satisfaction surveys carried out	75.73%
Number of client satisfaction surveys received	75.73%
Percentage of client responses of "satisfied" or "very satisfied" over the total number of surveys RECEIVED (%)	98.87%
Percentage of income represented by the clients who responded to the satisfaction survey	98.87%
Channels in your company for clients to be able to formalise their complaints and claims	75.73%
Number of complaints received from clients	18.52%
Number of complaints dealt with	18.14%
Number of complaints resolved satisfactorily	18.14%
Dealing with client comments/suggestions	75.73%

QUALITY

	2013
Percentage of sales from activities certified under the ISO 9001 standard	96.73%
Investments and costs for the Quality Department or allocated to improvements in quality management processes	50.52%
Number of quality audits carried out	58.28%
Quality management system	76.04%
Formal quality objectives	96.73%
Specific initiatives for improving the quality of the services provided	96.73%
Periodic inspections to check compliance with quality standards in the company's projects	96.73%
Periodic inspections to verify compliance with quality standards by suppliers and subcontractors	96.73%

SUPPLIERS

	2013
Analysis of your suppliers	95.99%
Percentage of your suppliers (over the total number of suppliers) which are covered by this analysis	98.87%
Key suppliers in the analysis	98.87%
Critical suppliers	95.99%
Critical suppliers. % over procurement	98.87%
Percentage of total suppliers who represent a high risk in economic matters	98.87%
Percentage of total suppliers who represent a high risk in social matters	98.87%
Percentage of total suppliers who represent a high risk in environmental matters	98.87%
Compliance with the Code of Conduct in your company's supplier and subcontractor contract clauses	95.99%
Has compliance with the clauses related to the Code of Conduct by suppliers or subcontractors been verified internally or externally?	95.72%
Is adherence to international standards as regards human right and labour rights by suppliers viewed positively?	95.99%
Is adherence to standards for fulfilment of commitments in ethical, social and environmental matters by subcontractors and suppliers viewed positively?	95.99%
Has your company undertaken any initiatives related to sustainability that have resulted in cost savings?	78.79%
Is your company carrying out a carbon footprint analysis on your suppliers/subcontractors?	95.99%
Do you have formal systems for supplier/subcontractor approval?	95.99%
Is subcontractor/supplier certification in quality aspects (ISO 9001) viewed positively?	95.99%
Is subcontractor/supplier certification in environmental aspects (ISO 14001, EMAS or similar) viewed positively?	95.99%
Are supplier and subcontractor labour standards and practices assessed.	95.99%
Are environmental, social or governance clauses included in contracts so that these are adopted by the subcontractors or suppliers?	95.99%
Percentage of costs in procurement that are covered by these clauses	98.87%
Are internal audits (by the company itself) carried out on suppliers?	95.99%
Percentage of suppliers audited over the total number of suppliers	98.87%
Are external audits (by an independent third party) carried out on suppliers?	88.23%
Percentage of suppliers audited over the total number of suppliers	98.87%
Corrective plans for suppliers to improve their performance in economic, social or environmental matters	92.12%
Percentage of suppliers affected by these plans over the total number of suppliers	98.87%
Percentage of suppliers with corrective plans which have improved their performance since the plan was presented to them	98.87%
Cancellation of contracts due to breaches	95.99%
Initiatives to boost supplier capabilities	95.99%
Promotion of the use of certified / recycled materials	85.00%
Recycled aggregates	13.86%
Certified wood	98.87%
Wood	53.30%
Recycled steel	74.34%
Steel	81.75%
Recycled cement / concrete	15.21%
Cement / concrete	74.87%
Recycled glass	15.21%
Glass	15.21%

R&D+I

	2013
Investment in R&D+i	57.44%
Management or a specific R&D+i department	96.35%
Formal R&D+i management system	96.35%
Audits	96.35%
Number of R&D+i projects in progress at 31 December	75.66%
Number of patents registered in the year	67.37%

8. SCOPE OF THE DATA

ENVIRONMENT

	2013
Percentage of your sales covered by ISO 14001 Certification	98.87%
Percentage of your sales not covered by ISO 14001 Certification, but covered by another environmental certification	87.88%
SA8000 Certification in Corporate Responsibility	98.87%
Has your company undertaken any environmental initiatives, in the last year, that have resulted in cost savings?	98.87%
Has your company undertaken any environmental initiatives, in the last year, that have resulted in an increase in income?	98.87%
Potable water consumption (m^3)	75.16%
Non-potable water consumption (m^3)	73.82%
Total waste water discharged (m^3)	28.07%
Hazardous waste sent for management (t)	75.16%
Non-hazardous waste sent for management (t)	95.57%
Petrol consumed (million litres)	74.50%
Diesel consumed (million litres)	74.78%
Natural gas consumption (m^3)	28.95%
Natural gas consumption (kWh)	69.27%
Electricity consumption (MWh)	95.38%
Direct emissions of greenhouse gases not associated with the use of fuels (Scope 1 process emissions) (t CO_2 eq)	23.77%
Business Travel Air: total km travelled on short-haul flights (< 500 km)	76.04%
Business Travel Air: total km travelled on medium-haul flights (500 km < X < 1,600 km)	76.04%
Business Travel Air: total km travelled on long-haul flights (> 1,600 km)	76.04%
Business Travel Total km travelled in private vehicles for business purposes	36.72%
Business Travel Total km travelled by train	29.83%
Business Travel Total km travelled by boat	29.59%
Others (t CO_2 eq)	71.51%
Environmental Management System	98.87%
Auditing	98.87%
Number of environmental audits carried out in your company	76.04%
Number of environmental incidents which occurred	97.98%
Remuneration of workers, middle management and/or executives linked to the achievement of formal environmental objectives	78.18%
Non-economic incentive/recognition for the achievement of formal environmental objectives	78.18%
Specific objectives for reduction of CO_2 emissions in your company	97.98%
Initiatives in the year to reduce your company's CO_2 emissions	98.87%
Quantity of CO_2 emissions prevented in the year due to the indicated initiatives	52.56%
Does your company offer products or services that make it possible for your clients to reduce GHG emissions (energy management services, sustainable construction, renewable energies, etc.)?	98.87%
What percentage of income do these products and services represent, over total income reported?	70.18%
Have projects been implemented to reduce waste generation?	98.87%
Have projects been implemented to reduce consumption of materials and/or raw materials?	98.87%
Have plans been established to reduce water consumption in your company's activities?	98.87%
Have objectives been set to minimise the impact of the company's activities on biodiversity?	98.87%
Are there projects in your company located in areas of high biological value, or in their vicinity?	78.18%
Has your company implemented a centralised database to collect data on environmental matters?	98.87%
Does your company have a system for collecting data on environmental near misses?	78.18%
Building environmental certification	54.35%

HUMAN RESOURCES

	2013
Of the number of employees, number of men	98.87%
Of the number of employees, number of women	98.87%
Of the employees reported, number of employees with a disability of over 33%	39.74%
Of the employees reported, number of women with a management position (works/project manager or similar and superior)	98.87%
Of the employees reported, number of employees of nationality different to that of your company's head office (Spain)	60.42%
Of the employees reported, number of Senior Executives from the local community (who are not Spanish)	98.55%
Of the employees reported, number of employees affiliated to a trade union organisation	98.87%
Of the employees reported, number of employees discharged last year	89.39%
Of the employees reported, number of employees retired last year	98.87%
Of the employees reported, number of employees who died last year	60.10%
Of the number of employees, number of employees contracted	98.87%
Of the employees reported, total staff turnover	97.17%
Of the employees reported, male staff turnover	97.17%
Of the employees reported, female staff turnover	97.17%
Of the employees reported, number of employees whose posts are defined according to a formal competence map	97.99%
Of the employees reported, training given: Total number of teaching hours	98.87%
Of the employees reported, total number of participants in training activities in the year	78.18%
Of the employees reported, investment in training (€ million)	98.87%
Of the employees reported, number of employees subject to performance assessment processes	98.87%
Employee satisfaction results	98.87%
Of the employees reported, total number of days lost (due to absenteeism)	39.74%
Of the employees reported, total number of days worked	98.87%
Has your company undertaken any initiatives in its area of activity, in the last year, that have resulted in cost savings?	95.84%
Has your company undertaken any initiatives in its area of activity, in the last year, that have resulted in an increase in income?	84.85%
Does the company offer employees any formal system of professional development?	97.82%
Does the company offer employees any formal system of competence management?	97.82%
Tools to manage the development of your human resources	98.87%
Variable remuneration systems	98.87%
Objectives regarding sustainability in variable remuneration	97.82%
Reconciliation of family life and employment	98.87%
Knowledge management and sharing	98.87%

HEALTH AND SAFETY

	2013
Percentage of total employees covered by OSHAS 18001 certification	98.87%
Is the Occupational Health and Safety policy common to your company worldwide?	78.18%
Has your Health and Safety management system been audited by an external independent third party (excluding Statutory Auditing)	98.87%
Does your company have formal objectives as regards health and safety?	98.87%
Is the remuneration of workers, middle management and/or executives linked to the achievement of formal health and safety objectives?	98.87%
Are near misses identified and recorded?	98.87%
Investment in health and safety in the workplace (€ million)	98.87%
Total number of hours worked by your company's reported employees	98.87%
Total number of hours worked by contractors	86.91%
Total number of accidents suffered by the company's reported employees	98.87%
Total number of accidents suffered (by contractors)	94.68%
Total number of working days lost by your own reported employees	98.87%
Total number of working days lost (by contractors)	94.68%
Total number of accidents with reported employee time off	98.87%
Total number of accidents with time off (contractors)	86.91%
Total number of cases of occupational diseases (own reported employees)	98.87%
Total number of cases of occupational diseases (contractors)	94.15%
Number of people who died due to workplace accidents (own reported employees)	98.87%
Number of people who died due to workplace accidents (subcontractors)	97.50%
Number of hours of training in occupational health and safety received by your company's employees during the year	98.44%
Has your department undertaken any initiatives, in the last year, that have resulted in cost savings for your company?	85.64%
Has your department undertaken any initiatives, in the last year, that have resulted in an increase in income for your company?	85.64%
Percentage of total employees who received an occupational health and safety course in the last year	98.87%
Percentage of total employees who received an occupational health and safety course at least once in their career with the company	98.87%
Total number of employees with occupations with risks of contracting specific diseases	98.41%

9. VERIFICATION REPORT

KPMG

KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Assurance Report to the Management of Actividades de Construcción y Servicios, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in the Corporate Responsibility Report of Actividades de Construcción y Servicios, S.A. (hereinafter ACS) for the year ended 31 December 2013 (hereinafter "the Report"). The information reviewed corresponds to the economic, environmental and social indicators referred in the chapter 10 of the Report, entitled GRI Index.

ACS management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in the chapter 7 of the Report, entitled Principles for the Preparation of the Report. This chapter details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and, based on the work performed, to issue a report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. It concerns a review performed according to KPMG assurance engagement independence rules, as well as the requirements from the International Ethics Standards Board for Accountants Code of Ethics on integrity, objectivity, confidentiality, professional behaviours and qualifications.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. This report should by no means be considered as an audit report.

Our limited assurance engagement work has consisted of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying the following analytical and other evidence gathering procedures:

- Interviews with relevant ACS staff concerning the application of sustainability strategy and policies.
- Interviews with relevant ACS staff responsible for providing the information contained in the Report.
- Visit to a waste treatment plant (used oil recovery) and a construction site (data management centre) selected based on a risk analysis considering quantitative and qualitative criteria.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of ACS.
- Verifying that the financial information reflected in the Report was taken from the annual accounts of ACS, which were audited by independent third parties.

2

Our multidisciplinary team included specialists in social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Corporate Responsibility Report of Actividades de Construcción y Servicios, S.A. for the year ended 31 December 2013 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the chapter 7 of the Report, entitled Principles for the Preparation of the Report.

Under separate cover, we will provide ACS management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

29 April 2014

10. GRI INDEX

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Grupo ACS** has presented its report "Corporate Social Responsibility Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 19 March 2014

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

The "+" has been added to this Application Level because Grupo ACS has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on <<date>>. GRI explicitly excludes the statement being applied to any later changes to such material.*

PROFILE

1. STRATEGY AND ANALYSIS		Reported	Cross-reference/Direct answer
1.1	Statement from the most senior decision-maker of the organization.	Fully	Chapter 1. Chairman's Letter
1.2	Description of key impacts, risks, and opportunities.	Fully	3.1.4; 4.1.4; 4.2.4; 4.3.4; 4.5.4

2. ORGANIZATIONAL PROFILE		Reported	Cross-reference/Direct answer
2.1	Name of the organization.	Fully	2.1.1
2.2	Primary brands, products, and/or services.	Fully	2.2
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	2.2
2.4	Location of organization's headquarters.	Fully	2.1.1
2.5	Number of countries where the organization operates. and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	2.1.2
2.6	Nature of ownership and legal form.	Fully	2.3.1
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	2.2; 4.1.1
2.8	Scale of the reporting organization.	Fully	2.1.2
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	2.2; 2.3.1
2.10	Awards received in the reporting period.	Fully	Chapter 6

3. REPORT PARAMETERS		Reported	Cross-reference/Direct answer
3.1	Reporting period (e.g.. fiscal/calendar year) for information provided.	Fully	2.1.2
3.2	Date of most recent previous report (if any).	Fully	Year 2012
3.3	Reporting cycle (annual. biennial. etc.)	Fully	Annual
3.4	Contact point for questions regarding the report or its contents.	Fully	infogrupoacs@grupoacs.com
3.5	Process for defining report content.	Fully	2.2.1.1 The company has not developed a specific study of materiality, but has made an internal exercise involving all businesses considering the priority issues for ACS that are aligned to the GRI requirements. There has been an Improved and increased request for information, not only to meet GRI questions, but also for selective stock indexes in sustainability, and institutional investors and rating agencies that consider sustainability issues.
3.6	Boundary of the report (e.g.. countries. divisions. subsidiaries. leased facilities. joint ventures. suppliers). See GRI Boundary Protocol for further guidance.	Fully	2.2
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Chapter 7 & 8
3.8	Basis for reporting on joint ventures. subsidiaries. leased facilities. outsourced operations. and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	2.2
3.10	Explanation of the effect of any re-statements of information provided in earlier reports. and the reasons for such re-statement (e.g..mergers/acquisitions. change of base years/periods. nature of business. measurement methods).	Fully	2.1.2
3.11	Significant changes from previous reporting periods in the scope. boundary. or measurement methods applied in the report.	Fully	No changes
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	10

10. INFORME GLOBAL REPORTING INITIATIVE (GRI)

PROFILE

4. GOVERNANCE. COMMITMENTS. AND ENGAGEMENT		Reported	Cross-reference/Direct answer
4.1	Governance structure of the organization. including committees under the highest governance body responsible for specific tasks. such as setting strategy or organizational oversight.	Fully	2.3.1.3 2.3.1.4
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	2.3.1.3
4.3	For organizations that have a unitary board structure. state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	2.3.1.3
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	2.3.1 2.3.1.5
4.5	Linkage between compensation for members of the highest governance body. senior managers. and executives (including departure arrangements). and the organization's performance (including social and environmental performance).	Fully	2.3.1.4
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	2.3.2
4.7	Process for determining the composition. qualifications. and expertise of the members of the highest governance body and its committees. including any consideration of gender and other indicators of diversity.	Fully	2.3.1.3
4.8	Internally developed statements of mission or values. codes of conduct. and principles relevant to economic. environmental. and social performance and the status of their implementation.	Fully	3.1.1
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic. environmental. and social performance. including relevant risks and opportunities. and adherence or compliance with internationally agreed standards. codes of conduct. and principles.	Fully	2.3.1.4 3.1.2.2 3.1.2.3
4.10	Processes for evaluating the highest governance body's own performance. particularly with respect to economic. environmental. and social performance.	Fully	2.3.1.4
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	2.3.1.4
4.12	Externally developed economic. environmental. and social charters. principles. or other initiatives to which the organization subscribes or endorses.	Fully	3.1.1 Chapter 6
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	5.2.2.5
4.14	List of stakeholder groups engaged by the organization.	Fully	2.2.2
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	2.2.2
4.16	Approaches to stakeholder engagement. including frequency of engagement by type and by stakeholder group.	Fully	2.2.2
4.17	Key topics and concerns that have been raised through stakeholder engagement. and how the organization has responded to those key topics and concerns. including through its reporting.	Fully	2.2.1.1; 2.2.2

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)

DISCLOSURE ON MANAGEMENT APPROACH EC	Reported	Cross-reference/Direct answer
Economic Performance	Fully	2.1.3
Market presence	Fully	2.1.2
Indirect Economic Impacts	Fully	2.1.3; 5.3

DISCLOSURE ON MANAGEMENT APPROACH EN	Reported	Cross-reference/Direct answer
Materials	Fully	4.5.2
Energy	Fully	4.5.2
Water	Fully	4.5.2; 4.5.4.3
Biodiversity	Fully	4.5.2; 4.5.4.4.
Emissions. effluents and waste	Fully	4.5.4.2
Land Degradation. Contamination and Remediation	Not	
Products and Services	Fully	4.5.4.2
Compliance	Fully	4.5.2
Transport	Fully	4.5.4.1
Overall	Fully	4.5.2

DISCLOSURE ON MANAGEMENT APPROACH LA	Reported	Cross-reference/Direct answer
Employment	Fully	5.1.1; 5.1.2
Labor/management relations	Fully	5.1.2.2.
Occupational Health and Safety	Fully	5.2.1; 5.2.2
Training and Education	Fully	5.1.2.3
Diversity and equal opportunity	Fully	5.1.2.1
Equal remuneration for women and men	Not	

DISCLOSURE ON MANAGEMENT APPROACH HR	Reported	Cross-reference/Direct answer
Investment and procurement practices	Fully	4.3.2.1; 4.3.3
Non-discrimination	Fully	5.1.2.1
Freedom of association and collective bargaining	Fully	5.1.2.2
Child labor	Fully	3.1.1; 3.1.4
Prevention of forced and compulsory labor	Fully	3.1.1; 3.1.4
Security Practices	Fully	3.1.1; 3.1.4
Indigenous rights	Fully	3.1.1; 3.1.4
Assessment	Fully	3.1.1; 3.1.4
Remediation	Fully	3.1.1; 3.1.4

DISCLOSURE ON MANAGEMENT APPROACH SO	Reported	Cross-reference/Direct answer
Local communities	Fully	5.3.1
Corruption	Fully	3.1.1; 3.1.4
Public policy	Fully	3.1.1; 3.1.4
Anti-competitive behavior	Fully	3.1.1; 3.1.4
Compliance	Fully	3.1.1; 3.1.4

DISCLOSURE ON MANAGEMENT APPROACH PR	Reported	Cross-reference/Direct answer
Customer health and safety	Fully	4.4.1; 4.4.2.4
Product and service labelling	Not	
Marketing communications	Not	
Customer privacy	Fully	
Compliance	Fully	3.1.4; 4.5.2

10. INFORME GLOBAL REPORTING INITIATIVE (GRI)

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

ECONOMIC		Reported	Cross-reference/Direct answer
ECONOMIC PERFORMANCE			
EC1	Direct economic value generated and distributed. including revenues. operating costs. employee compensation. donations and other community investments. retained earnings. and payments to capital providers and governments.	Fully	2.1.3 5.3
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change and other sustainability issues.	Fully	4.5.4.1
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	5.1.2.1
EC4	Significant financial assistance received from government.	Fully	2.3.1 5.3
MARKET PRESENCE			
EC6	Policy. practices. and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	4.3.2.1
EC7	Procedures for local hiring and proportion of senior management and all direct employees. contractors and sub-contractors hired from the local community at significant locations of operation.	Partially	5.1.2.1
INDIRECT ECONOMIC IMPACTS			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial. in-kind. or pro bono engagement.	Fully	2.1.3 5.3

ENVIRONMENTAL		Reported	Cross-reference/Direct answer
MATERIALS			
EN1	Materials used by weight. value or volume.	Fully	4.5.2 4.5.4.2
EN2	Percentage of materials used that are recycled and reused input materials.	Fully	4.5.4.2
ENERGY			
EN3	Direct energy consumption by primary energy source.	Partially	4.5.4.2
EN4	Indirect energy consumption by primary source.	Partially	4.5.4.2
CRE1	Building energy intensity.	Not	
EN5	Energy saved due to conservation and efficiency improvements.	Partially	4.5.4.2
EN6	Initiatives to provide energy-efficient or renewable energy based products and services. and reductions in energy requirements as a result of these initiatives.	Fully	4.5.4.2
WATER			
EN8	Total water withdrawal by source.	Partially	4.5.4.3

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

ENVIRONMENTAL		Reported	Cross-reference/Direct answer
BIODIVERSITY			
EN11	Location and size of land owned. leased. managed in. or adjacent to. protected areas and areas of high biodiversity value outside protected areas.	Fully	4.5.4.4
EN12	Description of significant impacts of activities. products. and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	4.5.4.4
EN13	Habitats protected or restored.	Partially	4.5.4.4
EMISSIONS, EFFLUENTS AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	4.5.4.1
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	4.5.4.1
CRE3	Greenhouse gas emissions intensity from buildings.	Not	
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	Fully	4.5.4.1
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	4.5.4.1
EN19	Emissions of ozone-depleting substances by weight.	Fully	4.5.4.1
EN20	NOx. SOx. and other significant air emissions by type and weight.	Not	
EN21	Total water discharge by quality and destination.	Fully	4.5.4.3
EN22	Total weight of waste by type and disposal method.	Fully	4.5.4.2.
EN23	Total number and volume of significant spills.	Not	
LAND DEGRADATION. CONTAMINATION AND REMEDIATION			
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	Not	
PRODUCTS AND SERVICES			
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of products and services. and extent of impact mitigation.	Partially	4.5.4.2.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	
COMPLIANCE			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	4.5.2; 4.5.4

10. INFORME GLOBAL REPORTING INITIATIVE (GRI)

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

SOCIAL: LABOR PRACTICES AND DECENT WORK		Reported	Cross-reference/Direct answer
EMPLOYMENT			
LA1	Total workforce by employment type. employment contract. and region. broken down by gender.	Fully	5.1.1.1
LA2	Total number and rate of new employee hires and employee turnover by age group. gender. and region.	Partially	5.1.2.3
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees. by major operations.	Fully	5.1.2.1
LA15	Return to work and retention rates after parental leave. by gender.	Not	
LABOR/MANAGEMENT RELATIONS			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	5.1.2.2
LA5	Minimum notice period(s) regarding significant operational changes. including whether it is specified in collective agreements.	Fully	5.1.2.2
OCCUPATIONAL HEALTH AND SAFETY			
LA7	Rates of injury. occupational diseases. lost days. and absenteeism. and number of work-related fatalities by region and by gender.	Fully	5.2.2.6; 5.2.2.7; 5.2.3
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.	Fully	5.2.3.
LA8	Education. training. counseling. prevention. and risk-control programs in place to assist workforce members. their families. or community members regarding serious diseases.	Fully	5.2.2.4
TRAINING AND EDUCATION			
LA10	Average hours of training per year per employee by gender. and by employee category.	Fully	5.1.2.3
DIVERSITY AND EQUAL OPPORTUNITY			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender. age group. minority group membership. and other indicators of diversity.	Fully	5.1.1.1; 5.1.2.1
EQUAL REMUNERATION FOR WOMEN AND MEN			
LA14	Ratio of basic salary and remuneration of women to men by employee category. by significant locations of operation.	Not	

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

SOCIAL: HUMAN RIGHTS		Reported	Cross-reference/Direct answer
INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns. or that have undergone human rights screening.	Fully	4.3.2.1; 4.3.3
HR2	Percentage of significant suppliers. contractors and other business partners that have undergone human rights screening. and actions taken.	Fully	4.3.2.1; 4.3.3
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations. including the percentage of employees trained.	Fully	5.1.2.3
NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	5.1.2.1
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk. and actions taken to support these rights.	Fully	5.1.1
CHILD LABOR			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor. and measures taken to contribute to the effective abolition of child labor.	Fully	3.1.4
FORCED AND COMPULSORY LABOR			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor. and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	4.3.4
ASSESSMENT			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	4.3.3
REMEDIATION			
HR11	Number of grievances related to human rights filed. addressed and resolved through formal grievance mechanisms.	Fully	4.3.2.2; 4.3.4

10. INFORME GLOBAL REPORTING INITIATIVE (GRI)

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

SOCIAL: SOCIETY		Reported	Cross-reference/Direct answer
LOCAL COMMUNITIES			
SO1	Percentage of operations with implemented local community engagement. impact assessments. and development programs.	Fully	5.3.1
SO9	Operations with significant potential or actual negative and positive impacts on local communities.	Fully	5.3.1
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	5.3.1
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development. broken down by project.	Not	
CORRUPTION			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	1
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	3.1.3
SO4	Actions taken in response to incidents of corruption.	Fully	3.1.1
PUBLIC POLICY			
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	2.2.2.1
SO6	Total value of financial and in-kind contributions to political parties. politicians. and related institutions by country.	Fully	2.2.2.1
COMPLIANCE			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	3.1.4; 4.5.2; 5.1.2.1

SOCIAL: PRODUCT RESPONSIBILITY		Reported	Cross-reference/Direct answer
CUSTOMER HEALTH AND SAFETY			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement. and percentage of significant products and services categories subject to such procedures.	Fully	4.4.1
PRODUCT AND SERVICE LABELLING			
PR3	Type of product and service information required by procedures. and percentage of significant products and services subject to such information requirements.	Fully	4.4.1
CRE8	Type and number of sustainability certification. rating and labeling schemes for new construction. management. occupation and redevelopment.	Fully	4.2.3
MARKETING COMMUNICATIONS			
PR6	Programs for adherence to laws. standards. and voluntary codes related to marketing communications. including advertising. promotion. and sponsorship.	Not	
COMPLIANCE			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	3.1.4; 4.5.2

11. WE WOULD LIKE TO HEAR YOUR OPINION

As you have been able to read from the previous pages of this report, at the ACS Group we understand corporate responsibility as a commitment which determines the Company's relationship with the environment and with each of our stakeholders. This Corporate Responsibility Report aims to include the main milestones and programmes carried out by the ACS Group aimed at improving relationships with its different stakeholders.

The ACS Group considers the assumption of corporate responsibility principles to be a continual improvement process, in which it is crucial to count on the opinion of the different stakeholders. Hence, we would be grateful to receive any opinion you may have on this report at:

ACS Group
Avda. Pío XII, 102
Madrid 28036, Spain
Tel. +34 91 343 92 39
E-mail: info@grupoacs.com

For further information, see the web site,
www.grupoacs.com

CORPORATE GOVERNANCE REPORT OF ACS GROUP 2013

Cover photo: Interconnection between I-75 and I-595 (Florida, United States).

CORPORATE GOVERNANCE REPORT OF ACS GROUP

THE ANNUAL CORPORATE GOVERNANCE REPORT FORMS PART OF THE DIRECTORS' REPORT, IN ACCORDANCE WITH THE PROVISIONS OF THE SPANISH LIMITED LIABILITY COMPANIES LAW. THE AFOREMENTIONED DIRECTORS' REPORT IS INCLUDED IN THE ACS GROUP'S ECONOMIC AND FINANCIAL REPORT FOR 2013.

A. OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
23/09/2013	157,332,297.00	314,664,594	314,664,594

Indicate whether there are different classes of shares carrying different rights:

	Yes	No
		X

A.2 List the direct and indirect holders of significant ownership interests in the company at year-end, excluding Board Members:

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Mr. Alberto Cortina Alcocer	4,875	12,272,838	3.90%
Mr. Alberto Alcocer Torra	0	11,502,616	3.66%
Corporación Financiera Alba, S.A.	0	51,305,942	16.30%
Inversiones Vesan, S.A.	39,397,625	0	12.52%
Sayglo Holding S.L.	0	17,741,012	5.64%
Iberostar Hoteles y Apartamentos, S.L.	17,643,657	0	5.61%

Name or company name of the indirect shareholder	Held through: Name or company name of the direct shareholder	Number of voting rights
Mr. Alberto Cortina Alcocer	Percacer, S.L.	6,063,705
Mr. Alberto Cortina Alcocer	Imvernelin Patrimonio, S.L.	5,064,693
Mr. Alberto Cortina Alcocer	Corporación Financiera Alcor, S.L.	466,440
Mr. Alberto Cortina Alcocer	Cinainvest Holding, S.A.	678,000
Mr. Alberto Alcocer Torra	Comercio y Finanzas, S.L.	5,971,482
Mr. Alberto Alcocer Torra	Imvernelin Patrimonio, S.L.	5,064,694
Mr. Alberto Alcocer Torra	Corporación Financiera Alcor, S.L.	466,440
Corporación Financiera Alba, S.A.	Alba Participaciones, S.A.	51,305,942
Sayglo Holding S.L.	Gloysa Trust, B.V.	97,355
Sayglo Holding S.L.	Iberostar Hoteles y Apartamentos, S.L.	17,643,657

Indicate the most significant changes in the shareholding structure occurring the year:

Name or company name of the shareholder	Transaction date	Description of the transaction
SOUTHEASTERN ASSET MANAGEMENT, INC	21/10/2013	Ownership interest has fallen below 5% of Share Capital

A.3 Complete the following tables on the members of the company's Board of Directors who hold voting rights through company shares:

Name or company name of the Board Member	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Mr. José Luis del Valle Pérez	278,902	0	0.09%
Mr. Julio Sacristán Fidalgo	4,925	0	0.00%
Mr. José Álvaro Cuervo García	0	44,333	0.01%
Mr. José María Loizaga Viguri	128,313	0	0.04%
Mr. Pedro José López Jiménez	0	954,000	0.30%
Mr. Javier Echenique Landiribar	28,674	0	0.01%
Mr. Antonio García Ferrer	100,572	0	0.03%
Mr. Agustín Batuecas Torrego	952,000	1,500,000	0.78%
Mr. Javier Monzón de Cáceres	4,750	0	0.00%
Mr. Florentino Pérez Rodríguez	0	39,397,625	12.67%
Mr. Miguel Roca Junyent	40	0	0.00%
Mr. Juan David Grimà Terré	0	0	0.00%
Mr. Pablo Vallbona Vadell	13,737	0	0.00%
Ms. Sabina Fluxà Thienemann	0	0	0.00%
Mr. Manuel Delgado Solís	0	0	0.00%
Mr. Juan March de la Lastra	100	0	0.00%
Mr. Santos Martínez-Conde Gutiérrez-Barquín	8,663	0	0.00%

Name or company name of the indirect shareholder	Held through: Name or company name of the direct shareholder	Number of voting rights
Mr. José Álvaro Cuervo García	Sociedad de Estudios de Estrategia Empresarial, S.A.	44,333
Mr. Pedro José López Jiménez	Lynx Capital, S.A.	309,357
Mr. Pedro José López Jiménez	Fidalser, S.L.	644,643
Mr. Agustín Batuecas Torrego	Inversiones Batuecas Torrego S.L.	1,400,000
Mr. Agustín Batuecas Torrego	Inversiones Ceda S.L.	100,000
Mr. Florentino Pérez Rodríguez	Inversiones Vesan, S.A.	39,397,625
% of total voting rights held by the Board of Board Members		13.79%

Complete the following table on the members of the company's Board of Directors who hold rights over shares in the company:

Name or company name of the Board Member	Number of direct voting rights	Number of indirect voting rights	Equivalent number of shares	% of total voting rights
Mr. José Luis del Valle Pérez	351,160	0		0.11%
Mr. Florentino Pérez Rodríguez	936,430	0		0.30%

A. OWNERSHIP STRUCTURE

A.4 Indicate, as applicable, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business:

—

A.5 Indicate, as applicable, any relationships of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

—

A.6 Indicate whether any shareholders' side agreements affecting the company have been executed between shareholders pursuant to Articles 530 and 531 of the Spanish Companies Law. If so, provide a brief description and list the shareholders that are party to the agreement:

	Yes	No
		X

Indicate whether the company is aware of any concerted actions between its shareholders. If so, provide a brief description:

	Yes	No
		X

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year:

—

A.7 Indicate if there is any individual or legal entity that exercises or could exercise control over the Company under Article 4 of the Securities Market Law. If so, identify them:

	Yes	No
		X

A.8 Complete the following tables on the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
2,766,973	0	0.88%

(*) Through:

In accordance with the provisions set forth in Royal Decree 1362/2007, detail any significant changes during the financial years:

Notification date	Total direct shares acquired	Total indirect shares acquired	% of total share capital
01/02/2013	3,212,622	0	1.03%
26/03/2013	3,552,663	0	1.13%
05/07/2013	3,222,724	0	1.03%
05/09/2013	3,336,645	0	1.03%
26/09/2013	238,420	0	0.07%

A. OWNERSHIP STRUCTURE

A.9 Give details of the conditions and time periods governing any resolutions of the General Shareholders' Meeting authorising the Board of Directors to issue, acquire or transfer treasury shares.

The following resolution was adopted at the Ordinary General Shareholders' Meeting held on 10 May 2013:

In rendering the authorisation granted through the resolutions of the Company's General Shareholders' Meeting held on 30 May 2012 null and void and in accordance with the provisions of Articles 146 et seq. and 509 of the Spanish Companies Law, the Board of Directors of the Company and those of its subsidiaries are authorised, during a period of one year from the date of this meeting, which shall be automatically extended for periods of equal duration up to a maximum of five years, unless stipulated otherwise by the shareholders at the General Meeting, and in accordance with the conditions and requirements envisaged in the legal provisions in force at the time, to acquire, at any given time and as many times as deemed advisable and through any of the means admitted by law, with a charge to profit for the year and/or unrestricted reserves, shares of the Company, the nominal value of which when added to those already owned by the Company or by its subsidiaries does not exceed 10% of the share capital issued or, where applicable, the maximum amount authorised by the legislation applicable at any given time. The minimum price and the maximum price, respectively, will be the nominal value and the weighted average price relating to the last trading day prior to the transactions increased by 20%.

The Board of Directors of the Company and those of its subsidiaries are also authorised, within the period and in accordance with the conditions established above to the extent that it is possible, to acquire shares of the Company through loans, for a consideration or otherwise, on an arm's-length basis, taking into account market conditions and the characteristics of the transaction.

Express authorisation is given for the treasury shares acquired by the Company or its subsidiaries to be earmarked, in full or in part: (i) for sale or retirement, (ii) for delivery to workers, employees or Board Members of the Company or its Group, when there is a right recognised either directly through or as a result of exercising the options they hold, for the purposes envisaged in the last paragraph of Article 146.1.a) of the Spanish Companies Law, and (iii) for reinvestment plans for dividends or similar instruments.

In order to retire treasury shares and granting the execution of this task to the Board of Directors in accordance with that indicated below, the Board resolved to reduce share capital, with a charge to profit or unrestricted reserves, for an amount equal to the total nominal value of the treasury shares which the Company directly or indirectly holds at the date of adoption of this resolution by the Board of Directors.

In accordance with Article 7 of the Company By-laws, the Board of Directors is empowered (with express powers of substitution) to execute this resolution to reduce share capital, which may be carried out once or several times within the maximum period of five years from the date of this resolution, performing such formalities, taking such steps and providing such authorisations as might be necessary or required by the Spanish Companies Law and other applicable provisions. In particular, the Board of Directors is authorised to, by the deadline and with the aforementioned limits, (i) set the date or dates for the specific share capital reduction or reductions, taking into account market conditions, the share price, the Company's economic-financial position, its cash, reserves, business performance and any other matter that is reasonable to consider; (ii) specify the amount of each share capital reduction; (iii) use of the amount of the reduction, either to restricted reserves or to unrestricted reserves, providing such guarantees as might be required and complying with the related legal requirements; (iv) amend Article 6 of the Company By-laws to the new share capital figure; (v) apply for the delisting of the retired shares; and, in general, adopt any resolutions as might be necessary to ensure the full effectiveness of the retirement of these shares and the concomitant capital reduction, designating the persons empowered to implement these resolutions.

The execution of these share capital reduction shall be subordinate to the execution of the capital reduction through the retirement of treasury shares proposed to the shareholders at the Ordinary General Shareholders' Meeting under item 7 on the Agenda, such that under no circumstances may the execution of this resolution be prevented in accordance therewith.

A.10 Indicate, as applicable, any restrictions on the transfer of securities and/or any restrictions on voting rights. In particular, indicate the existence of any type of restrictions which may make it difficult to takeover the company via the market acquisition of its shares.

Yes	No
	X

A.11 Indicate whether the shareholders at the General Meeting have resolved to take measures to neutralise a takeover bid pursuant to Law 6/2007.

Yes	No
	X

If so, explain the measures adopted and the situations in which the restrictions would be inoperative:

—

A.12 Indicate whether the company has issued shares that are not traded in a regulated market in the European Community.

Yes	No
	X

Where appropriate, indicate the different classes of shares and, for each class of shares, the rights and obligations they confer.

B. GENERAL SHAREHOLDERS' MEETING

B.1 Indicate and, if applicable, describe the differences between the minimum required under the Spanish Companies Law (LSC) and the quorum required for holding the General Shareholders' Meeting.

Yes	No
	X

B.2 Indicate and, if applicable, describe any differences between the rules established in the Spanish Companies Law (LSC) for adopting resolutions and the company's rules.

Yes	No
	X

Describe the differences with respect to the rules established in the LSC.

B.3 Indicate the rules applying to amending the Company's By-laws. In particular, indicate the majorities anticipated for modifying the by-laws, as well as, where appropriate, the rules anticipated for protecting partners' rights on modifying the by-laws.

GENERAL SHAREHOLDERS' MEETING RULES

Article 3. Ordinary General Shareholders' Meeting

Point 8. A separate vote shall be taken on each item of the Agenda. Additionally, a separate vote shall be taken on the appointments or ratifications of Board Members, which shall be voted on individually, and on proposed amendments to the Company By-laws, which shall be voted on Article by Article or by substantially independent groups of Articles.

B.4 Indicate the data on attendance at the General Meetings held in the year to which this report refers and in the previous year:

Attendance information

Date of the General Meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic voting	Other	
10/05/2013	20.19%	55.06%	0.00%	0.00%	75.25%
31/05/2012	20.05%	51.40%	0.00%	0.00%	71.45%

B.5 Indicate whether the by-laws contain any restrictions with respect to a minimum number of shares required to attend General Meetings.

Yes	No
X	

Number of shares required to attend General Meetings	100

B.6 Indicate whether it has been resolved that certain decisions which entail a structural modification to the company (subsidiarisation, purchase/sale of operating assets, operations equivalent to liquidating the company, etc.) need to be submitted for the approval of the General Shareholders' Meeting, even if Company Law does not expressly demand it.

Yes	No
	X

B.7 Indicate the address and mode of access to the company's website to information on corporate governance and other information on the General Meetings that need to be made available to the shareholders through the Company's website.

The address is http://www.grupoacs.com/index.php/es/c/gobiernocorporativo

Once in the ACS Group's website, a page appears with several tabs on the edge, one of which is "CORPORATE GOVERNANCE"; if you click on this tab, the following sub-sections appear: Company By-laws, Rules of the General Meeting, Annual Corporate Governance Report, Board of Directors, Shareholders' Agreements and Rules of Conduct for Securities Markets; each sub-section contains pertinent information. If you click on "Annual Corporate Governance Report" and following a brief introduction, there is a specific instruction to click on it and download the annual reports since 2003 in PDF format.

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1 Board of Directors

C.1.1 Maximum and minimum number of Board Members provided for in the Company By-laws:

Maximum number of Board Members	21
Minimum number of Board Members	11

C.1.2 Complete the following table with the Board Members:

Name or company name of the Board Member	Representative	Position on the Board	Date of first appointment	Date of last appointment	Appointment procedure
Mr. Florentino Pérez Rodríguez	--	Chairman and CEO	28/06/1989	03/12/2008	General Shareholders' Meeting Resolution
Mr. Antonio García Ferrer	--	Executive Deputy Chairman	14/10/2003	03/12/2008	General Shareholders' Meeting Resolution
Mr. Pablo Vallbona Vadell	--	Deputy Chairman	05/09/1997	03/12/2008	General Shareholders' Meeting Resolution
Ms. Sabina Fluxà Thienemann	--	Board Member	25/05/2009	25/05/2009	General Shareholders' Meeting Resolution
Mr. Manuel Delgado Solís	--	Board Member	20/05/2004	25/05/2009	General Shareholders' Meeting Resolution
Mr. Juan March de la Lastra	--	Board Member	30/07/2008	03/12/2008	General Shareholders' Meeting Resolution
Mr. Santos Martínez-Conde Gutiérrez-Barquín	--	Board Member	19/06/2002	03/12/2008	General Shareholders' Meeting Resolution
Mr. Agustín Batuecas Torrego	--	Board Member	29/06/1999	03/12/2008	General Shareholders' Meeting Resolution
Mr. Javier Monzón de Cáceres	--	Board Member	20/05/2004	25/05/2009	General Shareholders' Meeting Resolution
Mr. Miguel Roca Junyent	--	Board Member	14/10/2003	03/12/2008	General Shareholders' Meeting Resolution
Mr. Juan David Grimà Terré	--	Board Member	14/10/2003	03/12/2008	General Shareholders' Meeting Resolution
Mr. Julio Sacristán Fidalgo	--	Board Member	24/06/1998	03/12/2008	General Shareholders' Meeting Resolution
Mr. José Álvaro Cuervo García	--	Board Member	05/09/1997	03/12/2008	General Shareholders' Meeting Resolution
Mr. José María Loizaga Viguri	--	Board Member	28/06/1989	03/12/2008	General Shareholders' Meeting Resolution
Mr. Pedro José López Jiménez	--	Board Member	28/06/1989	03/12/2008	General Shareholders' Meeting Resolution
Mr. Javier Echenique Landiribar	--	Board Member	20/05/2004	25/05/2009	General Shareholders' Meeting Resolution
Mr. José Luis del Valle Pérez	--	Board Member-Secretary	28/06/1989	03/12/2008	General Shareholders' Meeting Resolution
Total number of Board Members					**17**

Indicate removals from the Board of Directors which occurred during the reporting period:

—

C.1.3 Complete the following tables on the Board Members and their positions:

Executive Directors

Name or company name of the Board Member	Committee which notified the appointment	Position per company organisation chart
Mr. Florentino Pérez Rodríguez	Appointments and Remuneration Committee	Chairman and CEO
Mr. Antonio García Ferrer	Appointments and Remuneration Committee	Executive Deputy Chairman
Mr. Agustín Batuecas Torrego	Appointments and Remuneration Committee	Board Member
Mr. José Luis del Valle Pérez	Appointments and Remuneration Committee	Secretary -Board Member
Total number of Executive Board Members		4
% over total Board		23.53%

External Proprietary Board Members

Name or company name of the Board Member	Committee which notified the appointment	Name or company name of significant shareholder represented or proposing appointment
Mr. Pablo Vallbona Vadell	Appointments and Remuneration Committee	Corporación Financiera Alba, S.A.
Mr. Javier Echenique Landiribar	Appointments and Remuneration Committee	Corporación Financiera Alcor, S.L.
Mr. Javier Monzón de Cáceres	Appointments and Remuneration Committee	Corporación Financiera Alcor, S.L.
Mr. Juan March de la Lastra	Appointments and Remuneration Committee	Corporación Financiera Alba, S.A.
Mr. Julio Sacristán Fidalgo	Appointments and Remuneration Committee	Inversiones Vesan, S.A.
Mr. Manuel Delgado Solís	Appointments and Remuneration Committee	Corporación Financiera Alcor, S.L.
Ms. Sabina Fluxà Thienemann	Appointments and Remuneration Committee	Sayglo Holding S.L.
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Appointments and Remuneration Committee	Corporación Financiera Alba, S.A.
Total number of Proprietary Board Members		8
% over total Board		47.06%

C. STRUCTURE OF THE COMPANY ADMINISTRATION

External Independent Board Members

Name or company name of the Board Member:	Profile
Mr. José Álvaro Cuervo García	Born in 1942 in Carreña (Asturias). Professor of Business Economy at the Universidad Complutense de Madrid. Director of the Centro Universitario de Estudios Financieros (CUNEF - University Centre). Winner of the Rey Jaime I Prize in Economics (1992), the Castilla y León “Infanta Cristina” Prize in Economics (1999) and has Honoris Causa Doctorates from the Universities of Oviedo, León, Castilla - La Mancha, Las Palmas de Gran Canaria, Salamanca and Rey Juan Carlos. He has worked as a professor at the Universities of Valladolid, Oviedo and CIDE (Mexico), and was a visiting professor at Saloman Center (Stern School of Business) of the University of New York and at the Institute of Management, Innovation and Organization of the University of California, Berkeley. Vice-dean of the Schools of Economic and Business Sciences at the Complutense de Madrid and Oviedo Universities, and Dean of the latter. His lines of research focus on three areas: economy and business management, finance and the financial system and privatisation and public companies. He is currently a member of the Board of Directors of Bolsas y Mercados Espanoles (BME) and SONAE SGPS, S.A. (Portugal) and a member of the Spanish Government’s Privatisation Advisory Council.
Mr. José María Loizaga Viguri	Born in Bilbao (1936). He began his career in Banco Vizcaya and has held various executive positions. In 1968, he was General Manager of Zardoya and played a role in 1972 in the merger with Schneider Otis. Up to 1980, he was the head of Otis Elevator for Southern Europe. In 1980 he founded Banco Hispano Industrial (Grupo BHA) and in 1982 he was appointed Deputy Chairman and CEO of Banco Union which merged with Banco Urquijo where he held a position until 1985. In 1985 he founded Mercapital, S.A. and was Chairman of this group until 2008. He has held positions including, inter alia, Chairman of Bodegas Barón de Ley and Bodegas Lan, as well as being a Board Member of Banque Privee Edmond de Rothschild, Suez International, Otis International, Amorim Investment, Lácteas G Baquero and Union Fenosa, Mecalux, etc. He is currently chairman of Cartera Industrial Rea, and Deputy Chairman of Zardoya Otis, as well as a Board Member of Otis Elevadores Portugal. He is Commandeur de l’Ordre de Leopold.
Mr. Miguel Roca Junyent	Born in 1940 in Cauderan (France). Degree in Law from Universitat de Barcelona. Secretary of the Board of Directors of Accesos de Madrid, Concesionaria Espanola, since January 2000. Secretary of the Board of Directors of Abertis Infraestructuras S.A. Member of the Board of Directors of Endesa S.A. Partner - Chairman of Despacho Roca Junyent.
Mr. Juan David Grimà Terré	Born in 1953 in Sabadell (Barcelona). He has a PhD in Economics and Business; and has studied at the Universidad Autonoma de Barcelona, Baylor University and Harvard Business School. He joined McKinsey & Company in 1982, where he was a partner. From 1992 to 2010 he was the general manager of Banco Santander. In January 2002 he was appointed Deputy Chairman and CEO of the Auna Group, a position he held in addition to his responsibilities at the Bank up to November 2005. Member of the Board of Directors of Viking Consortium Holdings Limited (UK).

Total number of Independent Board Members	4
Total % of the Board	23.53%

Indicate whether any Board Member qualifying as independent receives any sum or benefit, other than remuneration as a Board Member, from the company or its group, or maintains or maintained, during the last financial year, a business relationship with the company or any company in its group, whether in his or her own name or as a significant shareholder, Board Member or senior executive of an organisation which maintains or maintained such a relationship.

There is a housing construction contract between Dragados, S.A. and the Board Member Joan David Grimà Terré, signed in 2013 for EUR 2,534 thousand, of which EUR 257 thousand were billed in 2013.

Where appropriate, include a justified statement of the Board of Directors on the reasons why it is considered that this Board Member can perform his or her functions as an Independent Board Member.

Other External Board Members

Name or company name of the Board Member	Committee which notified or proposed the appointment
Mr. Pedro José López Jiménez	Appointments and Remuneration Committee

Total number of other External Board Members	1
Total % of the Board	5.88%

Indicated the reasons why they cannot be considered proprietary or independent and their relations, either to the company, its management or its shareholders:

Name or company name of the Board Member:	Company, executive or shareholder with whom there is a relation:	Reasons
Mr. Pedro José López Jiménez	ACS, Actividades de Construcción y Servicios, S.A.	At 31 December 2013, the period of five years for an old Executive Board Member to be able to be considered as an Independent Board Member. This became the case on 4 March 2014, at which time five years had passed Mr. Pedro López Jiménez ceased to be Chairman of what was Unión Fenosa S.A. at that time.

Indicate any changes in the type of each Board Member during the period:

—

C.1.4 Complete the following table with information relating to the number of women Board Members during the last 4 financial years, as well as the nature of those Board Members:

	Number of women Board Members				% of total Board Members of each type			
	Year 2013	Year 2012	Year 2011	Year 2010	Year 2013	Year 2012	Year 2011	Year 2010
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	1	1	1	1	12.50%	12.50%	11.11%	11.11%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	**1**	**1**	**1**	**1**	**5.88%**	**5.88%**	**5.56%**	**5.56%**

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1.5 Explain the measures taken, where appropriate, to attempt to include on the Board of Directors a number of women to enable a balanced presence of women and men to be achieved.

Explanation of the measures

The ACS Group promotes all those policies necessary to ensure equality of opportunities and to avoid implicit biases and any discrimination in selection processes not just of members of the Board of Directors, but rather any job post and to guarantee that the candidates meet the requirements in terms of competence, knowledge and experience to carry out the work, as explained in point 1.3.1 of ACS' Code of Conduct.

The number of women Board Members represents 5.88% of the total number of members of the Board of Directors. Although this is less than half, it must be borne in mind that the only vacancy occurring on the Board in recent years was filled by a woman.

C.1.6 Explain the measures, where appropriate, the Nominations Committee has decided to ensure that the selection processes do not suffer from implicit biases that hinder the selection of women Board Members and that the company deliberately seeks and includes women who meet the professional profile sought among the potential candidates:

Explanation of the measures

The Appointments and Remuneration Committee, in accordance with that laid down in the Rules of the Board of Directors and the Group's Code of Conduct, promotes the inclusion of women among potential candidates, ensuring that they have the appropriate professional profile and the objective criteria of merit and capacity.

When, in spite of the measures which have been adopted, where applicable, the number of women Board Members is few or zero, explain the reasons justifying this:

Explanation of the reasons

The Group has a policy on renewals on the Board of Directors which approximates to the criteria put forward by the Unified Code, coordinating the principles of representative nature with those of equality and independence. For this reason, the vacancies which have opened in the last 5 years have been used to reduce the number of male Board Members and to include women Board Members, meaning that the only inclusion has been a woman.

C.1.7 Explain the form of representation on the Board of shareholders with significant holdings.

Explanation

The External Proprietary Board Members Mr. Pablo Vallbona Vadell, Mr. Juan March de la Lastra and Mr. Santos Martínez-Conde Gutierrez-Barquín, representing Corporación Financiera Alba, S.A.

The External Proprietary Board Members Mr. Javier Echenique Landiribar, Mr. Javier Monzón de Cáceres and Mr. Manuel Delgado Solis, representing Corporación Financiera Alcor, S.A.

The Executive Director Mr. Florentino Pérez and the External Proprietary Board Member Mr. Julio Sacristán Fidalgo, representing Inversiones Vesan, S.A.

The External Proprietary Board Members Ms. Sabina Fluxà Thienemann, representing Sayglo Holding, S.L.

C.1.8 If applicable, explain the reasons for appointing Proprietary Board Members at the request of shareholders who have a holding of less than 5% of share capital.

Indicate whether any formal requests by a shareholder to have a Board Member appointed were denied although the shareholder holds the same or a higher number of shares than another shareholder at whose request Proprietary Board Members were appointed. In this case, explain the grounds for denying this request:

	Yes	No
		X

C.1.9 Indicate whether any Board Members resigned from office before the expiration of their term of office, whether and in what manner the Board Member explained the reasons for resignation to the Board and, in the event that resignation was tendered in writing to the Board in full, detail below the reasons given by the Board Member:

—

C.1.10 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s):

Name or company name of the Board Member:	Brief description:
Mr. Florentino Pérez Rodríguez	All powers corresponding to the board except those that cannot be transferred.

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1.11 Identify, if applicable, the Board Members who hold office as Board Members or executives at other companies forming part of the listed company's group:

Name or company name of the Board Member	Company name of the group entity	Position
Mr. Antonio García Ferrer	Dragados S.A.	Board Member
	ACS Servicios. Comunicaciones y Energía S.L.	Board Member
	ACS Servicios y Concesiones S.L.	Board Member
Mr. Agustín Batuecas Torrego	Intercambiador de Transportes Avenida de América S.A.	Chairman
	Continental Rail. S.A.	Individual Representative
	Construrail. S.A.	Board Member
	Intercambiador de Transportes Príncipe Pío. S.A.	Individual Representative
	Intercambiador de Transportes Plaza de Castilla. S.A.	Individual Representative
Mr. Javier Monzón de Cáceres	ACS Servicios y Concesiones S.L.	Board Member
Mr. Manuel Delgado Solís	Dragados. S.A.	Board Member
Mr. Pedro José López Jiménez	HOCHTIEF AG	Member of the Supervisory Board
	Dragados. S.A.	Deputy Chairman
	ACS Servicios. Comunicaciones y Energía S.L.	Deputy Chairman
	ACS Servicios y Concesiones S.L.	Deputy Chairman
	Leighton Holdings Ltd	Acting Board Member
Mr. José Luis del Valle Pérez	HOCHTIEF AG	Member of the Supervisory Board
	Dragados. S.A.	Board Member/Secretary
	Clece. S.A.	Chairman
	ACS Servicios. Comunicaciones y Energía S.L.	Board Member/Secretary
	ACS Servicios y Concesiones S.L.	Board Member/Secretary
	Cobra Gestión de Infraestructuras. S.L.	Board Member/Secretary
Mr. Javier Echenique Landiribar	ACS Servicios. Comunicaciones y Energía S.L.	Board Member

C.1.12 List, if applicable, any Board Members of the company who are members of the Boards of Directors of other non-group companies that are listed on official securities markets in Spain, as disclosed to the company:

Name or company name of the Board Member	Company name of the group entity	Position
Mr. José Álvaro Cuervo García	Bolsas y Mercados Españoles. Sdad Holding de mdos y Stmas Fin. S.A.	Board Member
Mr. José María Loizaga Viguri	Zardoya Otis. S.A.	Deputy Chairman
	Cartera Industrial Rea. S.A.	Chairman
Mr. Javier Echenique Landiribar	Banco Sabadell. S.A.	Deputy Chairman
	Grupo Empresarial Ence. S.A.	Board Member
	Repsol YPF. S.A.	Board Member
Mr. Javier Monzón de Cáceres	Indra Sistemas. S.A.	Chairman
Mr. Miguel Roca Junyent	Endesa. S.A.	Board Member
Mr. Juan March de la Lastra	Corporación Financiera Alba. S.A.	Deputy Chairman
	Indra Sistemas. S.A.	Board Member
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Corporación Financiera Alba. S.A.	Ceo
	Acerinox. S.A.	Board Member
	Indra Sistemas. S.A.	Board Member
Mr. Miguel Roca Junyent	Endesa. S.A.	Board Member

C.1.13 Indicate, and if applicable, explain whether the Company has established any rules about the number of Boards on which its Board Members may sit:

Yes	No
X	

Explanation of the rules

Article 14 of the Rules of the Board of Directors provides that Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of the same. Additionally, the Rules of the Board of Directors, as currently worded, limits the number of Groups which a Board Member of the Company can form part of to five, except in the case of express authorisation on a reasonable basis.

C.1.14 Indicate the Company's general policies and strategies the Board in plenary session has reserved the right to approve:

	Yes	No
Investment and financing policy	X	
Definition of the structure of the corporate group	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plan and the annual management and budget targets	X	
Remuneration and evaluation of Senior Executives	X	
Risk control and management policy, and the periodic monitoring of internal information and control systems	X	
Policy on dividends and on treasury shares, and the limits to apply	X	

C.1.15 Indicate the overall remuneration for the Board of Directors:

	Thousands of euros
Remuneration for the Board of Directors	10,793
Amount of overall remuneration corresponding to rights accumulated by the Board Members as regards pensions	2,070
Overall remuneration for the Board of Directors	12,863

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1.16 Identify the Senior Executives who are not Executive Board Members and indicate the total remuneration paid to them during the year:

Name or company name	Position
Mr. Alfonso Aguirre Díaz-Guardamino	Head of the Legal Department of ACS Servicios Comunicaciones y Energía, S. L.
Mr. José Zornoza Soto	Finance Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Gonzalo Gómez-Zamalloa Baraibar	CEO of Vias y Construcciones, S.A.
Mr. Gustavo Tunell Ayuso	Manager of Poland at Dragados, S.A.
Mr. Francisco Javier López Sánchez	Manager of Building at Dragados, S.A.
Mr. Raul Llamazares de la Puente	CEO of Intecsa and Makiber
Mr. José María Castillo Lacabex	General Manager of Imesapi, S.A.
Mr. Ángel Guerra Zalabardo	General Manager of Sice, Tecnología de Sistemas, S.A.
Mr. José Luis López Molinillo	Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Eugenio Llorente Gómez	Chairman and CEO of the Industrial Services Area
Mr. José Ignacio Legorburo Escobar	European Assistant Manager of Dragados, S.A.
Mr. José María Aguirre Fernández	General Manager of Tecsa, Empresa Constructora, S.A.
Mr. Ricardo Martín de Bustamante Vega	European Manager of Dragados, S.A.
Mr. Jesús García Arias	General Manager of Sociedad Española de Montajes Industriales, S.A. (SEMI)
Mr. Cristóbal González Wiedmaier	Finance Manager of ACS Servicios Comunicaciones y Energía, S.L.
Mr. Eusebio Arnedo Fernández	Head of Human Resources of Dragados, S.A.
Ms. Marta Fernández Verdes	Finance Director of Dragados, S.A.
Mr. Manuel Álvarez Muñoz	Production Manager of Vias y Construcciones, S.A.
Mr. Carlos Abilio Pérez	General Manager of Municipal Waste Treatment, Urbaser, S.A.
Mr. Ricardo Cuesta Castiñeyra	Head of the Legal Department of Dragados, S.A.
Mr. José Reis Costa	Chairman of Procme LTD
Mr. Ángel Manuel García Altozano	Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Manuel Andrés Martínez	General Manager of Urban Services at Urbaser, S.A.
Mr. Adolfo Valderas Martínez	General Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. José Luis Celorrio García	General Manager of Maessa Telecomunicaciones, S.A. (Maetel)
Mr. José Alfonso Nebrera García	General Manager of ACS Servicios Comunicaciones y Energía, S.L.
Mr. José Antonio Fernández García	General Manager of the ETRA GROUP
Ms. Cristina Aldámiz-Echevarría González de Durana	Director of Investments and Management Control of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Salvador Myro Cuenco	Development Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. Ricardo Franco Barbera	Eastern US Manager of Dragados, S.A.
Mr. Francisco Javier Gómez García	General Manager of Initec Energía, S.A.
Mr. José María López Piñol	Chairman of Urbaser, S.A.
Mr. Pedro Ascorbe Trian	General Manager of Dragados Off Shore, S.A.
Mr. Alejandro Canga Bottegheiz	Western US Manager of Dragados, S.A.
Mr. Bernardo de la Fuente Elvira	General Manager of Control y Montajes Industriales, S.A.
Mr. Alejandro Mata Arbide	Administration Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Carlos Gerez Pascual	Director of Machinery of Dragados, S.A.
Mr. Luis Nogueira Miguelsanz	General Secretary of the Construction, Concessions and Environment Areas
Mr. Juan Mata Arbide	General Manager of Geotecnia y Cimientos, S.A. (Geocisa)
Mr. Epifanio Lozano Pueyo	Corporate General Manager of ACS, Servicios Comunicaciones y Energía, S. L.
Mr. Román Garrido Sánchez	North American Manager of Dragados, S.A.
Mr. Ramón Jiménez Serrano	General Manager of Integrated Projects, Cobra Gestión de Infraestructuras, S.A.
Mr. José Antonio Pérez Pérez	General Manager of Mantenimientos y Ayuda a la Explotación, S.A. (Maessa)
Mr. Andres Sanz Carro	Secretary General of Sociedad Española de Montajes Industriales, S.A. (SEMI)
Mr. Juan José Fanjul Pastrana	General Manager of Cobra Instalaciones y Servicios, S.A.
Mr. Ignacio Segura Suriñach	CEO of Dragados, S.A.
Mr. Enrique Pérez Rodríguez	CEO of Cogesa, S.A.
Mr. Diego Miguel Zumaquero García	Director, Spain, of Dragados, S.A.
Mr. Eloy Domínguez-Adame Bozzano	Director of Affiliates of Dragados, S.A.
Mr. Francisco Reinoso Torres	Director de Administration and Finances, ACS Servicios y Concesiones, S.L.
Mr. Santiago García Salvador	Operations Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. Juan Santamaría Casas	Sole Administrator, Iridium, Concesiones de Infraestructuras, S.A.
Total Senior Executive remuneration (thousand euros)	24,638

C.1.17 Where applicable, indicate the identity of any Board Members that are, at the same time, Board Members or executives at companies that hold significant shareholdings in the listed company and/or entities in the group:

Name or company name of the Board Member	Company name of the significant shareholder	Position
Mr. Florentino Pérez Rodríguez	Inversiones Vesan, S.A.	Sole Administrator
Ms. Sabina Fluxà Thienemann	Iberostar Hoteles y Apartamentos, S.L.	Board Member
Mr. Juan March de la Lastra	Corporación Financiera Alba, S.A.	Board Member
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Corporación Financiera Alba, S.A.	Board Member

List, as appropriate, any material relationships, other than those envisaged under the preceding heading, of the members of the Board of Directors with significant shareholders and/or at group companies:

Name or company name of the related Board Member:	Name or company name of the related significant shareholder:	Description of relationship:
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Deputy Chairman of Banca March, S.A., Main Shareholder of Corporación Financiera Alba, S.A.
Mr. Manuel Delgado Solís	D. Alberto Cortina Alcocer	Lawyer of Percacer, S.L
Mr. Manuel Delgado Solís	D. Alberto Alcocer Torra	Lawyer of Invernelin Patrimonio, S.L.
Mr. Juan March de la Lastra	Corporación Financiera Alba, S.A.	Deputy Chairman of Banca March, S.A., Main Shareholder of Corporación Financiera Alba, S.A.
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Corporación Financiera Alba, S.A.	Board Member of Banca March, S.A., Main Shareholder of Corporación Financiera Alba, S.A.
Mr. Julio Sacristán Fidalgo	Inversiones Vesan, S.A.	Brother In Law of Mr. Florentino Pérez, Administrator Of Inversiones Vesán, S.A.

C.1.18 Indicate whether any amendments have been made to the Rules of the Board of Directors during the year:

	Yes	No
		X

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1.19 Indicate the procedures for selection, appointment, re-election, evaluation and removal of Board Members. List the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

The appointment of Board Members is regulated in the Rules of the Board of Directors:

– Composition and appointment in Article 3.

– Duties in Article 4.

– Period of appointment in Article 11.

– The Chairman in Article 17.

– The Vice Chairmen in Article 18.

– The Chief Executive Officer in Article 19.

– The Secretary in Article 20.

– The Appointments and Remuneration Committee in Article 24.

The wording of the Rules of the Board of Directors mentioned above is detailed in section H of this report.

– Re-election of Board Members.

Board Members shall hold their positions during the six-year term for which they were elected. They may be re-elected one or more times for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.

Notwithstanding the above, Proprietary Board Members must resign when the shareholder they represent fully disposes of his or her shares by any means.

– Removal of Board Members.

The removal of Board Members is regulated in the following articles of the Rules of the Board of Directors, which are worded as follows:

Article 3. Composition and appointments

Within the limits stipulated in Article 13 of the Company by-laws in force and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting the number of Board Members and individuals or legal entities to be appointed. The appointment proposal must specify whether the Board Member is an Executive, Proprietary, Independent or External Board Member.

Furthermore, should any vacancies arise, the Board of Directors may provisionally fill them among the shareholders until the next General Shareholders' Meeting where a definitive appointment shall take place.

Article 4. Functions (...) Particularly, the Board of Directors shall have the following responsibilities, which cannot be delegated: Accepting the resignation of Board Members.

Appointing, removing and accepting the resignation for the positions of Chairman, Deputy Chairman and Secretary to the Board.

Appointing, removing and accepting the resignation of Board Members who need to be members of the Commissions and Committees envisaged in these Rules.

Article 11. Term of appointment for Board Members

Board Members shall hold their positions during the six-year term for which they were elected. They may be re-elected one or more times for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.

C.1.20 Indicate whether or not the Board of Directors has carried out an assessment of its activity during the year:

Yes	No
X	

Where applicable, explain to what extent the self-assessment led to significant changes to its internal organisation and to the procedures applicable to its activities.

Description of amendments
The self-assessment did not lead to significant changes to the internal organisation of the Board of Directors or of its Delegated Committees.

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1.21 Indicate the cases in which the Board Members must resign.

In accordance with Article 11 of the Rules of the Board of Directors, the Proprietary Board Members shall resign from the Board of Directors when the shareholder they represent fully disposes of its shares by any means.

C.1.22 State whether the function of the Chief Executive Officer of the Company rests with the Chairman of the Board. If so, describe the measures taken to limit the risks of power being concentrated in the hands of one person:

Yes	No
X	

Measures to limit risks

The Chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO and has been delegated all the powers of the Board, except those that cannot be delegated. Therefore, in accordance with the Rules of the Board of Directors, the Chairman shall undertake the duties that befit the status of the Chief Executive Officer of the Company, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee. His duties are not only delimited by this scope of powers that cannot be delegated, but also by the duties that he carries out as the Chairman of the Executive Committee.

Also noteworthy is that any resolution of special relevance to the Company shall be submitted to the approval of the Board of Directors, and an absolute majority shall be required, in which case neither the Chairman nor the corresponding Committee shall have a casting vote.

Indicate and, if applicable, explain whether rules have been established to enable one of the Independent Board Members to convene a Board meeting or add items to the agenda, to coordinate and give voice to the concerns of External Board Members and lead the Board's evaluation of the Chairman.

Yes	No
X	

Explanation of the rules

In accordance with the Rules of the Board of Directors, an Independent Board Member shall have this power, and for these purposes, Mr. Miguel Roca Junyent has been appointed.

C.1.23 Are qualified majorities, other than statutory majorities, required for any type of decision?

	Yes	No
		X

Where applicable, describe the differences.

C.1.24 State whether there are specific requirements, other than those related to Board Members, to be nominated as Chairman.

	Yes	No
		X

C.1.25 Indicate if the chairman has a casting vote:

	Yes	No
		X

C.1.26 Indicate whether the By-laws or the Rules of the Board of Directors set any age limit for Board Members:

	Yes	No
		X

C.1.27 Indicate if the Company By-laws or the Rules of the Board of Directors establish a limited mandate for Independent Board Members, differing from that laid down in the regulations:

	Yes	No
		X

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1.28 Indicate whether the Company By-laws or the Rules of the Board of Directors establish specific rules for delegating votes on the Board of Directors, the form of doing so and, in particular, the maximum number of delegations that a Board Member can hold, as well as whether it has been made mandatory to delegate to a Board Member of the same type. Where applicable, give a brief description of these rules.

Without prejudice to attendance obligations, Board Members who are unable to attend a meeting in person may be represented and cast a vote through another Board Member. This delegation must be in writing to the Chairman and must be in the form of a letter, telegram, telex or fax or any other written means that acknowledges receipt by the addressee.

C.1.29 Indicate the number of meetings that the Board of Directors held during the year. In addition, indicate the number of times the Board has met without the presence of the Chairman, if applicable: In this calculation, Board Members who have granted proxies without specific instructions shall be considered to present:

Number of Board meetings	7
Number of Board meetings without chairman's attendance	0

Indicate the number of meetings held during the year by the different board committees:

Commission	N° Of Meetings
Executive or Delegated Committee	9
Audit Committee	6
Appointments and Remuneration Committee	2

C.1.30 Indicate the number of meetings held by the Board of Directors during the year with all members present. In this calculation, Board Members who have granted proxies without specific instructions shall be considered to be present:

Attendance of Board Members	7
Number of attendances as a % of the total votes during the year	92.44%

C.1.31 Indicate whether the individual and consolidated financial statements are certified before being presented to the Board of Directors for approval:

	Yes	No
	X	

Identify, if applicable, the person(s) who certified the company's individual and consolidated financial statements for authorisation by the Board:

Name	Position
Mr. Ángel Manuel García Altozano	Corporate General Manager

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being presented at the General Shareholders' Meeting without a qualified auditors' report.

In this respect, routine meetings are held between the accounts auditor and the Audit Committee to analyse with sufficient notice any differences between the accounting criteria of the Company and its Group and the auditors' interpretation of the accounts. The foregoing is in accordance with Article 20 bis of the Company By-laws. It is considered that the 2013 auditors' reports on both ACS, Actividades de Construcción y Servicios, S.A. and the ACS Group will be favourable.

C.1.33 Is the Secretary of the Board a Board Member?

	Yes	No
	X	

C.1.34 Explain the procedure for appointing and removing the secretary of the Board and indicate whether the appointment and removal are subject to a report of the Appointments Committee and are approved by the Board in plenary session.

Procedure for appointment and dismissal
Following the issuance of a report by the Appointments and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-Board Member, and who must be a practising lawyer. In addition to the duties laid down by current legislation, the Company By-laws and these Rules, the Secretary of the Board of Directors must also oversee the legality of the acts issued by the company bodies of which he or she forms part, providing the due warnings and recording them in the Minutes. The appointment of the Secretary was not reported by the Appointments and Remuneration Committee since he was appointed years prior to the formation of this Committee.

	Yes	No
Does the Appointments Committee report the appointment?	X	
Does the Appointments Committee report the dismissal?	X	
Does the Board in plenary session approve the appointment?	X	
Does the Board in plenary session approve the removal?	X	

C. STRUCTURE OF THE COMPANY ADMINISTRATION

Is the secretary of the Board particularly entrusted with ensuring compliance with good governance recommendations?

Yes	No
X	

Comments

—

C.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the external auditors, of financial analysts, investment banks and of rating agencies.

In regard to the auditor, Article 23 of the Rules of the Board of Directors provides that the duties of the Audit Committee shall be as follows:

- Monitoring the effectiveness of the company's internal control, internal auditing and, if applicable, risk management systems and discussing any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.

- Overseeing the preparation and presentation of the regulated financial information.

- Proposing to the Company's Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms in accordance with applicable law.

- Establishing the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards. In any case, auditors and audit firms shall annually furnish the committee with written confirmation of their independence from the company or directly and indirectly related companies, in addition to reporting any additional services of any type presented to these companies by the aforementioned auditors or firms, or related individuals or companies, in accordance with the provisions of current Spanish legislation.

- Annually and prior to the issuance of the auditors' report, issuing a report expressing an opinion on the independence of the auditors or audit firms. In any case, this report shall give an opinion on the provision of the additional services mentioned above.

- Reviewing and reporting on the estimates made by Company management and of those companies comprised within its Group of companies with respect to possible significant tax and legal contingencies.

- Ascertaining the results of inspections conducted by official entities.

C.1.36 Indicate whether the company changed its external auditors during the year. If so, identify the incoming and outgoing auditors:

Yes	No
	X

In the event of any disagreement with the outgoing auditors, specify the substance thereof:

—

C.1.37 Indicate whether the audit firm performs other non-audit work for the company and/or its group and, if so, state the amount of fees received for such work and the percentage they represent of the fees billed to the company and/or its group:

Yes	No
X	

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	664	1,401	2,065
Amount of other non-audit work/total amount billed by audit firm (as a %)	76.43%	11.48%	15.80%

C.1.38 Indicate whether the Auditors' report on the financial statements for the previous year had any reservations or qualifications. If so, indicate the reasons given by the chairman of the Audit Committee to explain the content and scope of the reservations or qualifications.

Yes	No
	X

C.1.39 Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the financial statements of the Company and/or its Group. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the financial statements have been audited:

	Company	Group
Number of uninterrupted years	12	12
Number of years audited by current auditing firm /Number of years that the company has been audited in %	50.00%	50.00%

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1.40 Indicate whether there is a procedure for Board Members to be able to receive outside advisory services, and if so, give details:

Yes	No
X	

Detail of procedure

Article 15 of the Rules expressly provides that Board Members have the right to request and obtain information and advice required to carry out their duties. This information may be requested through the Chairman or Secretary of the Board and, under special circumstances, may consist of external advice at the Company's expense.

C.1.41 Indicate whether there is a procedure for the Board Members to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance and, if so, give details:

Yes	No
X	

Detail of procedure

Article 15 of the Rules expressly provides that Board Members have the right to request and obtain information and advice required to carry out their duties. This information may be requested through the Chairman or Secretary of the Board.

C.1.42 Indicate, whether the company has established rules obliging Board Members to report and, if applicable, resign, in situations which could harm the company's good name and reputation and if so, give details:

Yes	No
X	

Explanation of the rules

Article 13 of the Board Rules expressly states that in regard to the duty of loyalty, Board Members shall avoid conflicts of interest among themselves, or their closest relatives and the Company. Should any conflict of interest exist and be unavoidable, it must be reported to the Board of Directors and recorded in the minutes of the first Board meeting that takes place. Furthermore, they must notify the Company, in the shortest possible term and in all cases within the five following days, of the shares, stock options or derivatives referring to the share value which may be held, directly or indirectly, either by the Board Members themselves or their closest relatives.

Board Members must notify the Company of the most significant changes that take place in their professional circumstances and especially those affecting the qualities taken into account for appointing them as such. Furthermore, they shall notify the Company of any legal or administrative proceedings which, on account of their importance, may seriously affect the Company's reputation.

The Board Members shall abstain from intervening in the deliberations and casting their vote on those matters in which they have a particular interest, which will be expressly registered in the Minutes.

C.1.43 Indicate whether any member of the Board of Directors has informed the Company that legal action has been taken or that a lawsuit had been filed against him or her for any of the crimes set forth in Article 213 of the Spanish Companies Law:

Yes	No
	X

Indicate whether the Board of Directors has analysed the case. If the answer is yes, provide a reasoned explanation of the decision taken on whether or not the Board Member should continue in his or her post or, where applicable, explain the actions taken by the Board of Directors before the date of this report or which it plans to take.

—

C.1.44 Detail the significant agreements entered into by the Company that will come into force, be modified or terminate in the event of a change in control over the Company resulting from a takeover bid, and the effects thereof.

In the case of a change in control over the Company, the early redemption will occur of bonds convertible to Iberdrola shares, issued by ACS Actividades Finance BV on 22 October 2013 for a face value of EUR 721,100,000.

A "change in control" will occur if one or more individuals or legal entities, acting individually or jointly, acquire control of ACS, Actividades de Construcción y Servicios, S.A. For these purposes, "control" means (i) the acquisition or control of over 50% of the voting rights or (ii) the right to appoint and/or remove all or the majority of the board of directors or other governing body, whether obtained directly or indirectly and if they obtain ownership of the share capital, possession of the voting rights, contract or other type and "controlled" will be interpreted in consequence. To avoid any doubt, any agreement or concerted action by two or more existing ACS, Actividades de Construcción y Servicios, S.A. shareholders which does not lead to a mandatory takeover bid under Spanish legislation may not be considered a change of control except when these parties have previously launched a takeover bid, but when doing so have acquired (combining their existing holdings) less than 50% of the voting rights.

C.1.45 Identify, in aggregated form, and indicate, in detail, the agreements between the Company and its executive and management posts or employees who have termination benefits, guarantee or golden parachute clauses, when they resign or are dismissed unfairly or the contractual relationship ends due to a takeover bid or other type of operation.

Number of beneficiaries:	Type of beneficiary:	Description of agreement:
6	Members of senior management, including Executive Board Members.	The contracts consider the cases stipulated under this point with maximum benefits of 5 years in remunerations.

C. STRUCTURE OF THE COMPANY ADMINISTRATION

Indicate whether these contracts have to be disclosed to and/or approved by the bodies of the Company or of its Group:

	Board of Directors	General Meeting
Body authorising the clauses	Yes	No

	Yes	No
Is the General Meeting informed about the clauses?		X

C.2 Committees of the Board of Directors

C.2.1 Detail all the Committees of the Board of Directors, their members and the proportion of Proprietary and Independent Board Members on them:

Executive Or Delegated Committee

Name	Position	Type
Mr. Florentino Pérez Rodríguez	Chairman	Executive
Mr. José María Loizaga Viguri	Deputy Chairman	Independent
Mr. Antonio García Ferrer	Member	Executive
Mr. Javier Echenique Landiribar	Member	Proprietary
Mr. Juan March De La Lastra	Member	Proprietary
Mr. Pablo Vallbona Vadell	Member	Proprietary
Mr. Pedro José López Jiménez	Member	Other External

% Executive Board Members	28.57%
% Proprietary Board Members	42.86%
% Independent Board Members	14.29%
% Other External Members	14.29%

Audit Committee

Name	Position	Type
Mr. José María Loizaga Viguri	Chairman	Independent
Mr. José Álvaro Cuervo García	Member	Independent
Mr. Julio Sacristán Fidalgo	Member	Proprietary
Mr. Manuel Delgado Solís	Member	Proprietary
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Member	Proprietary

% Executive Board Members	0.00%
% Proprietary Board Members	60.00%
% Independent Board Members	40.00%
% Other External Members	0.00%

Appointments and Remuneration Committee

Name	Position	Type
Mr. José María Loizaga Viguri	Chairman	Independent
Mr. Javier Echenique Landiribar	Member	Proprietary
Mr. Julio Sacristán Fidalgo	Member	Proprietary
Mr. Miguel Roca Junyent	Member	Independent
Mr. Pablo Vallbona Vadell	Member	Proprietary

% Executive Board Members	0.00%
% Proprietary Board Members	60.00%
% Independent Board Members	40.00%
% Other External Members	0.00%

C.2.2 Complete the following table with information relating to the number of women Board Members on the Committees of the Board of Directors during the last four financial years.

	Number of women Board Members							
	2013		2012		2011		2010	
	Number	%	Number	%	Number	%	Number	%
Executive Or Delegated Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Audit Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Appointments And Remuneration Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Indicate whether the Audit Committee is charged with the following duties:

	Yes	No
Supervising the preparation and integrity of the financial information of the Company and, if applicable, of the group, and checking compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.	X	
Reviewing internal control and risk management systems on a regular basis, so that the main risks are properly identified, managed and disclosed.	X	
Overseeing the independence and effectiveness of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; proposing the resources to be assigned to the internal audit function; receiving regular reports back on its activities; and verifying that senior management is acting on the conclusions and recommendations of its reports	X	
Establishing and monitor a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the Company, particularly of a financial and accounting nature.	X	
Proposing to the Board the selection, appointment, re-election and replacement of the external auditors, as well as the terms and conditions of the engagement.	X	
Receiving regular information from the external auditor on the progress and findings of the audit plan and checking that senior management are acting on its recommendations	X	
Ensuring the independence of the external auditor	X	

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.2.4 Describe the rules relating to the organisation and functioning of the Board committees, as well as the responsibilities attributed to each of them.

Committee name	Brief description
Executive or Delegated Committee	The Executive Committee shall be made up of the Chairman of the Board of Directors, who shall act as its Chairman, and by the Deputy Chairman or both Deputy Chairmen, in the event that these positions had been appointed, of Board Members appointed by the Board of Directors for such purpose, and of the Secretary to the Board, with the right to speak but not to vote, who shall act as its Secretary. The Executive Committee shall meet as often as it is convened by its Chairman, on his or her own initiative or at the request of, at least, two of its members. It shall be deemed to be set up when the majority of its members attend, present or represented, and unless the legislation in force, the Company By-laws or the Rules of the Board of Directors provide otherwise, it shall adopt its agreements by majority vote of those attending, present or represented. The Executive Committee shall exercise all duties delegated thereto by the Board of Directors, except those that cannot be delegated by law or the Company By-laws. Nevertheless, the Board of Directors may pass on knowledge of and the decision upon any matter of its competence, and in turn, the Executive Committee may subject the decision on any matter to the Board of Directors, which even though a matter of its competence, it deems necessary or expedient for the Board to decide upon. Insofar as deemed necessary, and with the natural adaptations, the operation of the Executive Committee shall be governed by the provisions of the company By-laws or the Board Rules regarding the operation of the Board of Directors.
Audit Committee	In accordance with the provisions of Article 20 bis of the Company By-laws, there shall be an Audit Committee made up of a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. Under no circumstances may such appointment fall to anyone who currently performs or who has carried out tasks of an executive or labour-related nature in the Company during the three immediately preceding years. At least one of the members of the Audit Committee shall be independent and shall be appointed on the basis of his or her knowledge and experience in accounting or auditing or both. The appointment of the Chairman, also to be carried out by the Board of Directors, shall necessarily fall to one of the Company's External Board Members, who may not remain in such position for a period in excess of four years, although he or she may, nevertheless, be re-elected after the term of one year has elapsed from the moment of termination. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the Minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval. The meeting shall only be deemed to be convened when the majority of its members attend and it shall adopt its agreements by majority vote of those attending, with the Chairman having the casting vote in the event of a tie. The Committee shall meet, when convened by the Chairman, at least twice a year, coinciding with the initial and final stages of the audit of the Company's financial statements and of the Group's consolidated financial statements and always prior to issuing the corresponding audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audits performed. Insofar as deemed necessary, and with the natural adaptations, the operation of the Audit Committee shall be governed by the provisions of these Rules regarding the operation of the Board of Directors.
Appointments And Remuneration Committee	Likewise, the Board of Directors shall set up an Appointments and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and removed, from among its members, by the Board of Directors, and who shall perform their functions indefinitely or during the term for which they were elected. The appointment of the Chairman must fall on one of the Independent Board Members. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the Minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval. The meeting shall only be deemed to be convened when the majority of its members attend and agreements shall be adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie. The Committee shall meet, when convened by the Chairman, at least twice a year. Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointments and Remuneration Committee shall be governed by the provisions of these Rules regarding the operation of the Board of Directors.

C.2.5 Indicate, if applicable, if there are Rules of the Board Committees, where they can be consulted and amendments made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

Committee name	Brief description
Executive or Delegated Committee	The Board Committees are governed by Articles 19, 20 and 20 bis of the Company By-laws and Articles 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website, www.grupoacs.com. The specific rules relating to the Executive Committee are set forth in Article 22 of the Rules of the Board of Directors.
Audit Committee	The Board Committees are governed by Articles 19, 20 and 20 bis of the Company By-laws and Articles 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website, www.grupoacs.com. The specific rules relating to the Executive Committee are set forth in Article 23 of the Rules of the Board of Directors
Appointments And Remuneration Committee	The Board Committees are governed by Articles 19, 20 and 20 bis of the Company By-laws and Articles 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website, www.grupoacs.com. The Appointments and Remuneration Committee is governed in accordance with Article 24 of the Rules of the Board of Directors.

C.2.6 Indicate whether the composition of the Executive Committee reflects the participation of the various Board Members on the Board according to their status:

Yes	No
X	

D. RELATED PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and, where applicable, explain the procedure for approving transactions with related parties and within the group.

Body responsible for approving related party transactions
Board of Directors

Procedure for approving related party transactions

As established by the Rules of the Board of Directors, related party transactions shall be approved by the Board of Directors or, where appropriate, by the Executive Committee with subsequent ratification by the Board of Directors, with prior report by the Audit Committee, except where these meet the following three conditions

a) They are performed in accordance with standard contract conditions;

b) They are performed at the general prices or rates set by the supplier for the merchandise or service at issue; and

c) The sum involved does not exceed 1% of the company's annual income.

Explain whether approval for transactions with related parties has been delegated, indicating, where applicable, the body or persons to whom it has been delegated.

When this involves transactions in the normal course of business and meets the conditions stated in the previous sections, authorisation falls to the people responsible for each business, without prejudice to notifying the Audit Committee for review and subsequent notification to the Board of Directors.

D.2 List those transactions, which are significant due to their magnitude or relevant due to their subject, carried out between the company or group companies and the company's significant shareholders:

—

D.3 List any material transactions entailing a transfer of funds or obligations between the company or group companies and the company's administrators or executives:

—

D.4 Report any significant transactions by the company with other entities in the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and from the standpoint of their subject-matter or terms and conditions are not part of the company's ordinary business:

—

In any case, report any intragroup transaction carried out with entities established in countries or territories considered to be tax havens:

Corporate name of its group entity:	Brief description of the transaction:	Amount (thousands of euros):
Cobra Gibraltar Limited	Work on Gibraltar Airport terminal	2,600

D.5 Indicate the value of the transactions carried out with other related parties. (In thousand of euros).

—

D.6 List the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group and its Board Members, executives or significant shareholders.

The Rules of the Board of Directors specifically regulate conflicts of interest, stating that, in the interests of the corresponding duty of loyalty, Board Members must:

I. Avoid conflicts of interest between themselves or the closest members of their family and the Company and, in the case that such conflict cannot be avoided, must notify the Board of Directors of all cases of such conflicts.

II. Notify the Company as soon as possible of the shares, share options or derivatives based on share values which they themselves or their closest family members hold, directly or indirectly, as well as the most significant changes that occur in their professional situation and, especially, those affecting the attributes considered for their appointment as Board Members.

III. Notify the Company of any legal or administrative proceedings which, on account of their importance, may seriously affect the Company's reputation.

IV. Abstain from intervening in deliberations and casting their vote on those matters in which they have a particular interest.

V. Avoid being on more than five management bodies of companies other than those in the Group of companies in which the Company is the parent, without previous express authorisation from the Board provided with justification.

VI. Not directly or indirectly hold positions in or represent companies or organisations that are in competition with the Company or with any company of its Group.

VII. Not use in any manner for private purposes any non-public information of which they have become aware in carrying out their duties as Board Member.

VIII. Not use the commercial transactions of which he or she has become aware while carrying out the duties of his or her post to his or her own benefit nor make use of the Company's assets nor take advantage of his or her post to obtain economic benefit without rendering the just consideration.

Additionally, there are Rules of Conduct in the Securities Markets that include a set of rules designed to detect and regulate any possible conflicts of interest between the Company and/or its Group, its Board Members, Directors or significant shareholders. In general, the Rules apply to the members of the Board of Directors, members of the Group's Management Committee and to those Company representatives and personnel who carry out activities that may have an essential bearing on the price of the Company's shares. They also apply to Company representatives or personnel and to external advisers who, with respect to a specific transaction, are aware of privileged or reserved information regarding the Company's securities.

D.7 Is more than one Group company listed in Spain?

Yes	No
	X

Identify the subsidiaries listed in Spain:

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Company's Risk Management Systems.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate risks and fulfil the objectives established by the Board of Directors. The diversity and complexity of the sectors in which the Group carries out its activities implies a variety of risks; the Corporate Unit is responsible for defining basic guidelines in order to homogenise performance criteria in each of the divisions to guarantee an adequate level of internal control. The Group's companies and divisions are responsible for developing the required and appropriate internal regulation to govern the implementation of any necessary internal controls, which, in turn, shall guarantee optimum performance of such internal control in accordance with the special circumstances of their activities.

In order to respond to the need for global and homogeneous risk management, the Corporate Unit has established a risk management model which includes the identification, evaluation, classification, valuation, processing and follow-up of risks at the Group and operational business line levels. When these risks have been identified, a risk map is prepared which is updated regularly based on the different variables involved and the types of activities in which the Group is involved.

The risk control systems adopt the Group's decentralised nature, enabling each business unit to exercise its own risk control and evaluation policies under certain basic principles. These principles are the following:

- Definition of the maximum risk limits that may be assumed by each business in accordance with the characteristics and expected return of the same, and which are implemented at the time contracts are entered into.

- Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.

- Coordination and communication to ensure that the risk policies of each business area are consistent with the Group's overall risk strategy.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management information required for decisions with the monitoring of the appropriate indicators.

Hochtief, the German listed company which has been fully consolidated by the ACS Group since 2011, has defined its risk control policy to be consistent with its business activity and in line with the ACS Group's policies. The detail of these policies and systems is included in the 2013 Annual Report on pages 119 to 127 inclusive, available on the website www.hochtief.com

E.2 Identify the Company bodies responsible for preparing and executing the Risk Management System.

The ACS Group's Management Committee defines the Group's global risk policy and, if appropriate, sets up the appropriate management mechanisms to ensure that the risks are kept within the approved levels.

The Board of Directors entrusts the Audit Committee with the task of monitoring compliance with the established procedures and effective generic supervision of compliance with the established risk levels for each business activity.

The Board of Directors approves the global risk policy and the system for control and management.

E.3 Indicate the main risks that may affect the achievement of the business objectives.

The ACS Group's Risk Management System identifies and evaluates various risk scenarios grouped into two categories: corporate risks and business risks.

Corporate risks affect the Group as a whole and the listed Company in particular and can be summarised as:

- Regulatory Risks, deriving from the reliability of the published Financial Information, the Company's disputes, Stock Market regulatory rules, data protection law, possible changes in national and international financial regulations and civil liability on equity integrity
- Financial Risks, including the level of indebtedness, liquidity risk, risks resulting from fluctuations in exchange rates, risks from the use of derivative financial instruments, risks from investments and exposure to risk from variable yields from investments made in listed companies.
- Information Risks, both to reputation affecting the Group's image and those to transparency and its relationship with analysts and investors.

Business risks are those specifically affecting each of the businesses. These vary according to the characteristics of each activity and are grouped in turn into:

- Operational Risks, including risks relating to contracting and tendering for works and projects, to planning and control of execution of the various works and projects, to client and credit risks, to product quality, environmental, purchasing and subcontracting risks.
- Non-Operational Risks, including risks relating to risk prevention and health and safety at work, with Human Resources, compliance with the specific legislation and tax regulations applicable to the business, the reliability of accounting and financial information and the management of financial resources and indebtedness.

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.4 Identify whether the entity has a level of risk tolerance.

The ACS Group's Management Committee has defined a framework for action in order to homogenise the identification, classification, evaluation, management and tracking of the risks of the different divisions. Once the risks have been identified and their magnitude and probability have been evaluated, as well as the indicators for measuring them, these form the basis for preparing the Risk Map, in which all the heads of each of the Divisions or business units are involved, determining the level of tolerance for each variable.

Periodic updating of the Risk Map, both at corporate level and in each of the businesses, is carried out by each of the Heads of the different divisions by tracking the indicators measuring exposure to risk.

E.5 Indicate what risks have arisen during the financial year.

The main risks which arose during the year were:

- In relation to Escal UGS, S.L.'s participation in the Castor underground gas storage facility in late 2013, certain events occurred in relation to its progress which led to the Ministry of Industry, Energy and Tourism suspending plant gas injection and extraction activity, so preventing the plant from entering commercial operation and being connected to the gas system. The ACS Group understands that, after the completion of the appropriate technical studies and the corresponding technical and accounting audits, these problems will be resolved satisfactorily. In any case, the ACS Group understands that Escal UGS, S.L. has the right to return the concession at any time, with the right to collect its total value and, as such, considers that the value of its investment can be recovered.

- The substantial increase in costs relating to the Leighton Gorgon Jetty & Marine STR project led to the corresponding client claims, which are currently being negotiated. These claims have been included as outstanding amounts receivable for work carried out in the consolidated financial statements, as is the case for other projects in Iraq related to the oil industry. It is expected that both claims will be recovered, hence no provision has been made in this respect.

- The Radial 3 and Radial 5 (R3 and R5) toll motorway concession companies have suffered significant losses since they began operating, with the resulting alteration in the economic/financial balance anticipated in the concession and problems in covering the financial liabilities, leading to the two entering a creditors' insolvency process. By virtue of the shareholders' agreements signed at the time, the "non-construction partners" have a potential right to sell their shares over the "construction partners", which include ACS. Given the differences in interpretation between the parties, arbitration proceedings are under way, which will decide on the validity of the options to sell. The Group and its legal advisers believe that they have complied with the contractually anticipated grounds so that the aforementioned options are no longer be valid.

E.6 Explain the plans for responding to and supervising the entity's main risks.

The ACS Group's geographic and business diversification, together with the high level of operating decentralisation that characterises the organisation, makes it necessary for it to have a dual system for risk control and supervision. Added to the corporate risk management system is the system belonging to each business unit or listed company, in which each management level is responsible for complying with the standards and the applicable internal procedures.

Their effectiveness is evaluated and verified periodically by the production units' internal audits and by Corporate Internal Audit, which also contributes to the management of the general risks the Group faces in achieving its objectives. The alerts, recommendations and conclusions generated are reported both to Group Management and to the heads of the business areas and companies assessed.

To carry out their duties, the Business and Corporate Internal Audit departments have qualified, expert personnel who are independent of the lines of production.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFRS)

Describe the mechanisms which make up the risk control and management systems in relation to the process of issuing financial information (ICFRS) for the entity.

F.1 Company's control environment

Indicating their main characteristics, detail at least the following:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFRS; (ii) its implementation; and (iii) its supervision.

The Internal Control over Financial Reporting System (hereinafter ICFRS) is part of the ACS Group's overall internal control system and is set up to provide reasonable assurance regarding the reliability of the financial information published. As stipulated in the Rules of the ACS Group Board of Directors, the Board of Directors is responsible for this system and has delegated the supervisory function thereof to the Audit Committee in accordance with its rules.

In accordance with Article 4 of its Rules, the Board of Directors is empowered to approve "the financial information to be periodically made public by the Company given that it is listed on the stock exchange". In accordance with this article, the functions of the Board that cannot be delegated include "preparing the individual and consolidated financial statements and management reports and submitting them for approval at the General Shareholders' Meeting" and approving the "risk management and control policy and the periodic monitoring of the internal reporting and control systems".

The ACS Group's General Corporate Management is responsible for the Group's ICFRS. This entails defining, updating and monitoring the system to ensure that it operates correctly.

The head of each business area is responsible for designing, reviewing and updating the system in accordance with its own needs and characteristics. General Corporate Management validates these designs and their operation to guarantee compliance with the objectives set to assure the reliability of the financial information reported.

In relation to the above, in accordance with Article 23 of the Rules of the Board of Directors, the Audit Committee is responsible, inter alia, for the following:

- Monitoring the effectiveness of the company's internal control, internal auditing and, if applicable, risk management systems, and discussing any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.
- "Overseeing the preparation and presentation of the regulated financial information".

On the other hand, Hochtief, which has formed part of the ACS Group as an investee since June 2011, lists its shares on the German stock market and, in turn, has majority ownership interest in Leighton, which in turn lists its shares on the Australian stock market. Both companies have implemented their own risk management and internal control over financial reporting systems in accordance with applicable legislation. Additional information on these systems can be found in their 2013 annual reports and is available on www.hochtief.com and www.leighton.com.au.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- **Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) implementing procedures so this structure is communicated effectively throughout the company.**

  In accordance with the Rules of the Board of Directors, the Appointments and Remuneration Committee under this Board is responsible, inter alia, for nominating Senior Executives, particularly those who are to be a member of the Group's Management Committee, and for proposing the basic conditions of their contract.

  Corporate General Management, in the case of ACS, Actividades de Construcción y Servicios, S.A., and the CEO or Chairman, in the case of the various business areas, are responsible for determining the organisational structure in their area of activity and communicating this to the interested parties through the anticipated channels in each case.

- **Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether specific reference is made to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.**

  The ACS Group has a General Code of Conduct which was approved by the Board of Directors on 15 March 2007. This was last updated by agreement of the Executive Committee of the Board of Directors on 30 August 2011. This Code has been disseminated and is accessible to all employees via the Group's website.

  Both the Hochtief Group's parent company, Hochtief AG, and the parent company of its Leighton subgroup, Leighton Holdings Limited, are companies listed on the German and Sydney stock exchanges, respectively, hence they are subject to their own regulatory bodies' rules and have both their own Codes of Conduct and their own internal channels for complaints and control, under similar terms to those of the ACS Group. For this reason, the ACS Group's General Code of Conduct does not apply directly to investee companies belonging to the Hochtief Group and the Leighton Group.

  Paragraph 4.2.5 of the General Code of Conduct emphasises the principle of transparency. The Code stipulates that "specifically, it will ensure the reliability and completeness of the financial information which, in accordance with applicable law, is publicly supplied to the market. In particular, the accounting policies, control systems and monitoring mechanisms defined by the ACS Group in order to identify relevant information shall be identified, prepared and communicated in due time and form".

  "Additionally, the Board of Directors and other governing bodies shall periodically ensure the effectiveness of the internal control system over financial information reported to the markets".

  To ensure compliance with the General Code of Conduct, resolve incidents or concerns about its interpretation and take the measures required to ensure the best compliance, the above Code provides for the creation of a General Code of Conduct Monitoring Committee to be composed of three members appointed by the ACS Group's Board of Directors following their nomination by the Appointments and Remuneration Committee.

  This Monitoring Committee has been assigned the following functions:

  - Promoting the dissemination, knowledge of and compliance with the code in each and every Group company.

  - Establishing the appropriate communications channels to ensure that any employee can seek or provide information regarding compliance with this code, ensuring the confidentiality of complaints processed at all times.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFRS)

- Interpreting the regulations derived from the Code and supervising their implementation.
- Ensuring the accuracy and fairness of any proceedings commenced, as well as the rights of persons allegedly involved in possible breaches.
- Defining the cases in which the scope of the Code should be extended to third parties that are to have business or trade relations or with the ACS Group.
- Gathering data on levels of compliance with the Code and disclosing the specific related indicators.
- Preparing an annual report on its actions, making the recommendations it deems appropriate to the Board of Directors through the Audit Committee.

The Annual Report on Actions and Recommendations of the General Code of Conduct Monitoring Committee for 2013 will be submitted by the Audit Committee in March 2014.

- **Whistle-blowing channel, for reporting to the Audit Committee any irregularities of a financial or accounting nature, as well as breaches of the Code of Conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.**

In accordance with the foregoing, the General Code of Conduct has established an Ethics Channel, allowing any person to report irregularities observed in any of the ACS Group companies, or behaviour that fails to comply with the rules provided in the General Code of Conduct.

For this purpose, there are two channels of communication:

- An e-mail address: canaletico@grupoacs.com
- A postal address: Ethics Channel

  ACS Group
  Avenida de Pío XII, No. 102
  28036 Madrid, Spain

In any case, the General Code of Conduct ensures the confidentiality of all complaints received by the Monitoring Committee through these channels.

A total of 27 communications were received in 2013, which due to defects in form, the Code of Conduct Monitoring Committee not being the competent body or other reasons for inadmissibility did not lead to the opening of any cases. In all of the communications, the means used was the digital channel.

- **Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating the ICFRS, which address, at least, accounting rules, auditing, internal control and risk management.**

In regard to training and refresher courses, the ACS Group believes that continuous training for its employees and managers both at the corporate level and at the Group company level is important. Relevant and up-to-date training on regulations that affect financial reporting and internal control is considered to be necessary to ensure that the information reported to the markets is reliable and in accordance with the regulations in force.

Therefore, within the Group's scope of consolidation, a group of approximately 1,150 employees working in the economic-financial area received approximately 21,500 hours of training in finance, accounting rules, consolidation, auditing, internal control and risk management in 2013.

F.2 Risk assessment in financial reporting

Detail at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- **The process exists and is documented.**

  The ACS Group has established a risk management system that supports a range of actions in order to comply with the objectives established by the Board of Directors. The Corporate Risk Map is updated annually and summarises the Group's situation in relation to its main risks, except for those with regard to Hochtief since it has its own risk control systems.

  The Risk Map includes the identification, assessment, classification, valuation, management and monitoring of risks at both the Group level and that of the operating divisions. In light of the above, the risks identified are as follows:

  - Corporate Risks: affecting the Group as a whole and, in particular, the listed Company.
  - Business Risks: specifically affecting each of the business areas and varying based on the unique characteristics of each business.

  These risks were basically measured qualitatively in order to establish both their importance and probability of occurrence. However an objective or quantitative risk indicator was established where possible.

  Accordingly, the risks are classified as follows:
  - Operational risks
  - Non-operational risks

This system is explained in section E of the ACGR in the description of the ACS Group's general risk policy.

- **The process covers all financial reporting objectives, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.**

  In addition to financial risks (liquidity, exchange rate, interest rate, credit and equity), non-operational risks also include those risks relating to the reliability of the financial information.

  As part of ICFRS management, the ACS Group has a procedure that allows its scope to be identified and maintained by identifying all relevant subgroups and divisions, as well as the significant operating and support processes of each of the subgroups or divisions. This identification was carried out based on the materiality and risks factors that are inherent to each business.

  The materiality criteria are established, on one hand, from the quantitative point of view in accordance with the most recent consolidated financial statements based on the various parameters, such as revenue, volume of assets or profit before tax and, on the other hand, from the qualitative point of view in accordance with various criteria, such as the complexity of the information systems, the risk of fraud or accounting based on estimates or bases that may have a subjective component. In practice, this means being able to determine which of the accounting headings of the financial statements are material, as well as other relevant financial information. In addition, the processes or business cycles in which this information is generated are identified.

  The ACS Group's Corporate General Management is responsible for updating the scope of the Internal Control over Financial Reporting System and informing the various business areas and the auditor.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFRS)

For each process or business cycle included within the scope, the Group has identified the risks that can specifically affect financial reporting taking into account all of the financial reporting objectives (existence and occurrence; integrity; valuation; rights and obligations; and presentation and disclosure), and taking into account the different risk categories contained in section E of the ACGR to the extent that they could significantly affect financial reporting.

- **A specific process is in place for identifying the scope of consolidation, taking into account the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.**

  This assessment is performed on an annual basis and based on which companies are included in or excluded from the Group's scope of consolidation.

- **The process takes into account the effects of other types of risks (operational, technological, financial, legal, risks to reputation, environmental, etc.) to the extent that they affect the financial statements.**

  The ACS Group's Risk Management System considers risks of the operational, technological, legal or any other type which, if they arise, could have a significant impact on the Group's financial statements.

- **Which of the company's governing bodies monitors the process.**

  The Board of Directors has the power to approve the risk management and control policy and the periodic monitoring of the information and control systems, while the Audit Committee has the power to oversee the internal risk management and control systems.

F.3 Control activities

Indicating their main characteristics, detail at least the following:

F.3.1 Procedures for reviewing and authorising the financial information and description of the ICFRS to be disclosed to the markets, indicating who is responsible in each case, as well as documentation and flow charts for activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the specific review of the relevant judgements, estimates, evaluations and projections.

Prior to their approval by the Board of Directors and to their publication, General Corporate Management must submit both the annual and half-yearly condensed financial statements as well as any other periodic public information supplied to the markets to the Audit Committee, taking into consideration the most relevant effects and those matters whose contents or components are based more on accounting opinions or assumptions for the purpose of calculating estimates and provisions.

Prior to the publication of the financial statements, those responsible for each line of business are required to review the information reported for the purposes of consolidation in their respective areas of responsibility.

This report with the description of the ICFRS is prepared by Corporate General Management based on the information supplied by all affected departments and business areas and is submitted for review and approval by the Audit Committee.

All business areas which are relevant for the purpose of financial reporting have different controls to ensure the reliability of the financial information. These controls are identified for the significant business cycles based on the internal procedures used, as well as the reporting systems which are used as the basis for preparing the financial information of each business area.

The Group documents the significant processes, risks and control activities implemented in the business areas in a systematic and homogeneous manner, with the exceptions described for the listed investee companies. This documentation is based on the following:

- Identification of the companies and processes or business cycles that may significantly affect the financial information. Each significant process has a flow chart and a description of key activities.
- Identification of the risks and controls established to mitigate the financial reporting risks and those responsible for this control, under a common methodology.

The processes considered within the scope include the operating business cycles and the accounting close, communication of information and consolidation. The possible risks of fraud and the specific review of relevant judgements, estimates, evaluations and projections are taken into account in each of the business cycles.

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, operating continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

Following a policy of decentralisation and independence of each of its business areas, the ACS Group does not centrally manage its information systems, but rather each business area manages these resources based on the particular features of each business. This is not an obstacle hindering each of the business areas from defining its policies, standards and procedures for internal control over the reporting systems and security management. In this regard, the Information Systems Coordinator was created in 2012 to provide support to the ACS Group's General Corporate Management in implementing the application of the information systems policies approved in each of the Group's divisions.

Access to the information systems is managed in accordance with tasks assigned to each job position, and each company defines its users' profiles for accessing, modifying, validating or consulting information following a criterion of segregation of duties defined by each area. Management of access, changes in the applications and the flows of approval are defined in the procedures of each business area, as are the responsibilities of those responsible for monitoring and control.

The control mechanisms for the recovery of information and information systems are defined in the corresponding continuity plans. Each of the business areas has storage and backup processes at different locations that provide for contingencies if necessary. Each Group company also establishes the required security measures against leakage or loss of physical and logical information, depending on the level of confidentiality.

The main information systems have protection against viruses and Trojans and have elements that are periodically updated to prevent intrusions to the information systems.

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The ACS Group does not usually subcontract work to third parties that could materially affect the financial statements.

In any case, when the ACS Group outsources work to third parties, it ensures the technical training, independence and skills of the subcontractor. In the case independent experts are used, the person responsible for contracting these experts must validate the conclusions reached from their work.

In the specific case of valuations made by independent experts, the criteria and results thereof are revised by Group management or by management of the business areas affected, requesting comparison valuations when necessary.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFRS)

F.4 Information and communication

Indicating their main characteristics, detail at least the following:

F.4.1 A specific function in charge of defining accounting policies, keeping them up to date (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, which is in regular communication with the team in charge of operations, as well as a manual of accounting policies regularly updated and communicated to all the company's operating units.

Corporate General Management, through the Corporate Administration Department, is responsible for defining and updating the accounting policies and responding to queries and doubts arising from the implementation of the applicable accounting regulations. This can be done in writing and replies to queries are made as quickly as possible depending on their complexity.

The Group has an accounting policies manual that is in line with the International Financial Reporting Standards (IFRS) as these are adopted by the European Union. This manual, updated in January 2013, is applicable to all companies included in the Group's scope of consolidation and to its joint ventures and associates.

In cases where the ACS Group does not have control but does have a significant influence, the required adjustments and reclassifications are made to the associate's financial statements in order to ensure that the accounting criteria are uniform with those of the Group.

Group companies may have their own manual as long as it does not contradict that indicated in the Group's manual, so as to be able to ensure the uniformity of the accounting policies of ACS.

F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning the ICFRS.

Reporting to the ACS Group's Corporate General Management is carried out in accordance with the following guidelines:

1) Frequency of information reporting

Once the meeting schedule of the Executive Committee and the Board of Directors has been set, the reporting dates and type of information to be reported are sent to the various heads of the divisions or Group companies on an annual basis.

2) Type of information reporting

The information to be reported varies and is detailed based on the reporting period (monthly / quarterly / half-yearly / annually).

3) Financial reporting format

The information to be sent to the Administration Department (Corporate General Management) by the various business areas is reported using the Cognos Consolidator consolidation program (mainly for the balance sheet and income statement), and various Excel templates parameterised and automated for the aggregation and elaboration of various items of information, usually of an off-balance sheet and management nature.

For the preparation of the consolidated statements, all business areas must report any changes in the scope of consolidation of their business area prior to the end of the month. As this information is sent from the 3rd to the 6th of each month, the reporting file includes the parameterisation of the consolidation system, which specifically includes the scope of consolidation affecting the entire ACS Group.

4) Model for reporting internal control information

The ACS Group has defined a reporting system for the most significant controls included within the framework of the Internal Control over Financial Reporting System, in which each person responsible for its implementation and monitoring must send the Group's General Corporate Management a report detailing its operations during the period.

This reporting took place in 2013 on a half-yearly basis, at the same time as the publication of the ACS Group's interim half-yearly financial statements.

F.5 Supervision of system operation

Indicating their main characteristics, detail at least the following:

F.5.1 The ICFRS supervision activities carried out by the Audit Committee, as well as whether the company has an internal audit function which includes support to the Committee in its work on supervising the internal control system, including the ICFRS, among its duties. Furthermore, indicate the scope of the assessment of the ICFRS carried out in the financial year and of the procedure by means of which the person responsible communicates the results, whether the entity has an action plan that details possible corrective actions and whether its impact on the financial information has been considered.

The ACS Group's Internal Audit Department is set up as an independent service, the function of which is to provide support to the Group's Board of Directors and senior management in the examination, evaluation and supervision of the internal control and risk management systems both of the Parent and the other companies forming part of the Group.

The ACS Group's Internal Corporate Audit functions are carried out by the Internal Audit Department, which coordinated the auditing of the Group's various business areas.

The Corporate Internal Audit Department is included in the organisational structure as a body reporting hierarchically to the Corporate General Management and functionally to the Audit Committee of the Board of Directors. It has no hierarchical or functional link to the business areas. Therefore, the appointment/dismissal of the person responsible is at the suggestion of the Audit Committee. In this regard, Hochtief and Leighton, as noted in point F.1, have their own control systems and the internal audits for these companies report to their Audit Committees.

In turn, the internal audit departments of the Parents of the Group's business areas report hierarchically to the Chairman and/or CEO of these areas and functionally to the Corporate Internal Audit Department. The functions assigned to the Internal Audit Department are as follows:

- Reviewing the implementation of policies, procedures and standards established in the Group's business areas, as well as the operations and transactions they perform.
- Identifying faults or errors in the systems and procedures, indicating their causes, issuing suggestions for improvement in the internal controls established and monitoring recommendations adopted by the management of the various business areas.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFRS)

- Reviewing and assessing, in the performance of their work, the internal controls established, included among which are those which make up the risks associated with the financial information for the audited units.

- Reporting any anomalies or irregularities identified, recommending the best corrective actions and following up on the measures taken by the management of the different business areas.

The Corporate Internal Audit Department submits the Annual Audit Plan each year for approval by the Audit Committee. This Audit Plan consolidates the internal audits of the Group companies, except for Hochtief and Leighton.

The Corporate Internal Audit Manager periodically submits to the Audit Committee a summary of the reports already drafted and the status of the internal audits of the various business areas.

The Corporate Internal Audit Department submitted the 2013 Activities Report and the 2014 Audit Plan to the Audit Committee in February 2014. The audits carried out are of the following type:

- Audits of specific projects
- Audits of branches or geographic areas within a company
- Audits of processes or specific areas
- Audits of companies or groups of companies

In 2013 the various internal audit departments of the business areas carried out 130 audits.

F.5.2 A discussion procedure whereby the auditor (pursuant to TAS), the Internal Audit Department and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or administrators. Also report any action plan in place to correct or mitigate weaknesses observed.

In accordance with the Rules of the Board of Directors, the Audit Committee has the following functions:

- Monitoring the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discussing any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.

- Establishing the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards.

As a result of this work, the internal audit departments of the Group companies issue a written report which summarises the work carried out, the situations identified, the action plan including, where applicable, the timetable and persons responsible for correcting the situations identified, and opportunities for improvement. These reports are sent to the head of the business area and to Corporate General Management.

As mentioned above, the Corporate Internal Audit Manager submits an Activities Report to the Audit Committee which contains a summary of the activities carried out and the reports drawn up during the year, as well as the main significant aspects and recommendations contained in the various reports.

The Audit Committee holds meetings with the external auditor on a regular basis and, in any case, whenever there is a review of the interim financial statements for the first and second half of the year prior to their approval, and prior to the meeting held by the Board of Directors to prepare the full annual individual financial statements of the parent, and the consolidated statements of the ACS Group. Additionally, it holds formal meetings to plan the work of external auditors for the current year, as well as to report the results that have been obtained in the preliminary review prior to the end of the financial year.

In 2013, the internal and external auditors attended six Audit Committee meetings.

F.6 Other relevant information

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F.7 External auditor's report

Indicate:

F.7.1 Whether the ICFRS information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be included as an appendix. Otherwise, explain the reasons for the absence of this review.

The information relating to the ICFRS issued to the markets for 2013 was reviewed by the external auditor.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Unified Code on good corporate governance.

If any recommendations are not followed or are only partially followed, a detail explanation of the reasons for this must be included so that the shareholders, investors and the market in general have sufficient information to assess the company's conduct. Explanations of a general nature will not be acceptable.

1. **The By-laws of listed companies may not limit the number of votes held by a single shareholder or impose other restrictions on the company's takeover via the market acquisition of its shares.**
   See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Complies	Explain
X	

2. **In the event that a parent and subsidiary company are separately listed, they must publish an exact definition of:**

   a) The type of activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies;

   b) The mechanisms in place to resolve possible conflicts of interest.
   See sections: D.4 and D.7

Complies	Partially complies	Explain	Not applicable
			X

3. **Even if not expressly required under Company law, transactions involving a structural change in the company, and particularly the following, are subject to the approval of the General Shareholders' meeting:**

   a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating company, even though the latter retains full control of the former;

   b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;

   c) Operations that effectively add up to the company's liquidation.
   See section: B.6.

Complies	Partially complies	Not applicable
X		

4. **That the proposed resolutions to be adopted at the General Shareholders' Meeting, including the information referred to in Recommendation 27, be made public on the date on which the call of the meeting is published.**

	Complies	Explain
	X	

5. **Separate votes are to be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule particularly applies to the following:**

   a) The appointment or ratification of Board Members, with separate voting on each candidate;

   b) Amendments to the By-laws, with votes taken on all articles or groups of articles that are materially different.

	Complies	Partially complies	Explain
	X		

6. **Companies shall allow split votes, so that financial intermediaries who are shareholders of record but acting on behalf of different clients can issue their votes according to instructions.**

	Complies	Explain
	X	

7. **The Board of Directors shall perform its duties with unity of purpose and independence, according all shareholders the same treatment. It shall be guided at all times by the Company's best interest, to be understood as maximizing the Company's value over time.**

   It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the industries and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

	Complies	Partially complies	Explain
	X		

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

8. **The core components of the Board's mission shall be to approve the company's strategy, authorise the organisational resources to carry it forward and ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the Board in plenary session should reserve the right to approve:**

   a) The Company's general policies and strategies, and specifically:
      i) The strategic or business plan, management targets and annual budgets;
      ii) Investment and financing policy;
      iii) Design of the structure of the corporate group;
      iv) Corporate governance policy;
      v) Corporate social responsibility policy;
      vi) Remuneration and evaluation of Senior Executives;
      vii) Risk control and management, and the periodic monitoring of internal information and control systems;
      viii) Dividend policy, as well as the policies and limits applying to treasury shares.

   See sections: C.1.14, C.1.16 and E.2

   b) The following decisions:

      i) At the proposal of the company's Chief Executive, the appointment and removal of Senior Executives and provisions relating to termination benefits.

      ii) The remuneration of the Board Members and, if applicable, extra remuneration for executive and other functions that the contracts should respect.

      iii) The financial information to be periodically disclosed by the Company given that it is listed on the securities market.

      iv) Investments or transactions of all kinds which, because of the elevated amounts involved or their special characteristics, are of a strategic nature, unless their approval corresponds to the General Shareholders' Meeting;

      v) The incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the Group's transparency.

   c) Transactions which the company conducts with Board Members, significant shareholders, shareholders with Board representation or other persons related thereto ("related party transactions").

However, Board authorisation shall not be required for related party transactions that simultaneously meet the following three conditions:

   1º They are governed by standard contracts applied on an across-the-board basis to a large number of clients;

   2º They are performed at the general prices or rates set by the supplier of the merchandise or service at issue;

   3º The transaction amount does not exceed 1% of the company's annual revenues.

It is advisable that related party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other committee charged with the same function; and that the Board Members involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

It is recommended that the powers attributed to the Board not be allowed to be delegated, with the exception of those mentioned in b) and c), which can be delegated to the Executive Committee in urgent cases, subject to subsequent ratification by the full Board.
See sections: D.1 and D.6

Complies	Partially complies	Explain
X		

9. **In the interests of the effectiveness and participatory nature of its functioning, the Board of Directors should comprise between five and fifteen members.**
See section: C.1.2.

Complies	Explain
	X

There are currently 17 Board Members, which is a number comprised within the 11 to 21 member limit provided in Article 13 of the Company By-laws and is in accordance with the Spanish Limited Liability Companies Law. To date, this was considered to be most appropriate number in accordance with the company's needs and characteristics with regard to shareholder structure.

10. **A broad majority of the Board shall be External Proprietary and Independent Board Members and the number of Executive Board Members should be the minimum necessary, taking into account the complexity of the group of companies as well as each Executive Board Members' holding in the share capital of the company.**
See sections: A.3 and C.1.3.

Complies	Partially complies	Explain
X		

11. **Among External Board Members, the relation between Proprietary Board Members and Independent Board Members should reflect the proportion between the capital represented on the Board and the remainder of the Company's capital.**

This proportional criterion can be relaxed so the weight of Proprietary Board Members is greater than would strictly correspond to the total percentage of capital they represent:

1° In large cap companies where few or no ownership interests attain the legal threshold for significant shareholdings, despite the existence of shareholders with considerable investments in absolute terms.

2° In companies with multiple shareholders represented on the Board but not otherwise related.
See sections: A.2, A.3 and C.1.3.

Complies	Explain
X	

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

12. The number of Independent Board Members shall represent at least a third of all Board Members.
See section: C.1.3.

Complies	Explain
	X

It is to our understanding that the distribution of the different types of Board Members (Executive, Proprietary and Independent) is appropriate based on the Company's characteristics, i.e., a large cap company with four significant shareholders holding different ownership (percentages ranging from 18% to 5%).

13. The nature of each Board Member must be explained to the General Shareholders' Meeting, which shall make or ratify his or her appointment. Such determination shall subsequently be reviewed in each year's Annual Corporate Governance Report following verification by the Appointments Committee. This report shall also explain the reasons for having appointed Proprietary Board Members at the proposal of shareholders holding less than 5% of the share capital, as well as the reasons for any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others at whose request Proprietary Board Members were appointed.
See sections: C.1.3 and C.1.8.

Complies	Partially complies	Explain
X		

14. When the number of women Board Members is few or zero, the Appointments Committee ensures that when vacancies occur:

a) Recruitment processes are not implicitly biased in a manner which hinders the selection of women Board Members;

b) The company makes a conscious effort to include women with the target profile among the candidates for Board places.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complies	Partially complies	Explain	Not applicable
X			

15. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that Board Members are supplied with sufficient information in advance of Board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the Company's Chief Executive, along with the chairmen of the relevant Board committees.
See sections: C.1.19 and C.1.41.

Complies	Partially complies	Explain
X		

16. **When the Chairman and Chief Executive of the Company, one of the Company's Independent Board Members shall be empowered to request the calling of Board meetings or the inclusion of new business on the Agenda, in order to coordinate and voice the concerns of External Board Members and will take charge of the Chairman's evaluation.**
See section: C.1.22.

Complies	Partially complies	Explain	Not applicable
X			

17. **The Secretary of the Board of Directors shall take steps to assure that the Board's actions:**

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;

b) Comply with the Company By-laws and the Rules of the General Meeting, the Board of Directors and others;

c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by the Board in plenary session; the relevant appointment and removal procedures being stipulated in the Rules of the Board of Directors.
See section: C.1.34.

Complies	Partially complies	Explain
X		

18. **The Board of Directors shall meet as often as required to properly carry out its duties, following the timetable of dates and issues agreed at the beginning of the year, Board Members may propose that business not initially foreseen be included on the Agenda of these meetings.**
See section: C.1.29.

Complies	Partially complies	Explain
X		

19. **Board Member absences will be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When Board Members have no choice but to delegate their vote, they should do so with instructions.**
See sections: C.1.28, C.1.29 and C.1.30.

Complies	Partially complies	Explain
X		

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

20. When Board Members or the Secretary express concerns about some proposal or, in the case of Board Members, about the Company's performance, and such concerns are not resolved at the meeting, the member expressing them will request that they be recorded in the Minutes.

Complies	Partially complies	Explain	Not applicable
X			

21. The full Board shall evaluate the following points on a yearly basis:

a) The quality and efficiency of the Board's operation;

b) Based on the report issued by the Appointments Committee, how well the Chairman and Chief Executive Officer have carried out their duties;

c) The performance of its committees on the basis of the reports furnished by them.
See sections: C.1.19 and C.1.20.

Complies	Partially complies	Explain
X		

22. All Board Members shall be entitled to receive any additional information they require on matters within the Board's competence. Unless the By-laws or Board Rules indicate otherwise, such requests should be addressed to the Chairman or Secretary.
See section: C.1.41.

Complies	Explain
X	

23. All Board Members shall be entitled to call on the Company for the advice they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.
See section: C.1.40.

Complies	Explain
X	

24. Companies shall organise induction courses for new Board Members to supply them rapidly with the information they need on the Company and its corporate governance rules. Board Members shall also be offered refresher courses when circumstances so advise.

	Complies	Partially complies	Explain
	X		

25. The companies shall require their Board Members to devote sufficient time and effort to perform their duties effectively.

a) Board Members should apprise the Appointments Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of Board Memberships their Board Members can hold.
See sections: C.1.12, C.1.13 and C.1.17.

	Complies	Partially complies	Explain
	X		

26. The proposal for the appointment or renewal of Board Members which the Board submits to the General Shareholders' Meeting, as well as provisional appointments through co-opting, shall be approved by the Board:

a) On the proposal of the Appointments Committee, in the case of Independent Board Members;

b) Subject to a report from the Appointments Committee in all other cases.
See section: C.1.3.

	Complies	Partially complies	Explain
	X		

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

27. Companies shall post the following information regarding the Board Members on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Board Memberships held at other companies, listed or otherwise;

c) An indication of the Board Member's classification as Executive, Proprietary or Independent; in the case of Proprietary Board Members, stating the shareholder they represent or have links with;

d) The date of their first and subsequent appointments as a company Board Member; and

e) Shares held in the company and any options thereon.

Complies	Partially complies	Explain
X		

28. Proprietary Board Members shall resign when the shareholders they represent dispose of the shares owned in their entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to Proprietary Board Members, the latter's number should be reduced accordingly.
See sections: A.2, A.3 and C.1.2.

Complies	Partially complies	Explain
X		

29. The Board of Directors may not propose the removal of Independent Board Members before the expiry of the statutory term for which they were appointed, as mandated by the By-laws, except where just cause is found by the Board based on a report of the Appointments Committee. In particular, just cause will be presumed when a Board Member is in breach of the duties inherent to his position or comes under one of the grounds leading to their disqualification as independent, in accordance with that laid down in Ministerial Order ECC/461/2013.

The removal of Independent Board Members may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.
See sections: C.1.2, C.1.9, C.1.19 and C.1.27.

Complies	Explain
X	

30. The companies shall lay down rules requiring Board Members to inform the Board, and if necessary, resign, in cases where the company's name and reputation is harmed. In particular, Board Members shall be required to inform the Board immediately of any criminal charges brought against them and the progress of any subsequent trial.

When a Board Member is sued or tried for any of the offences stated in Article 213 of the Companies Law the Board should examine the matter and, in view of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report

See sections: C.1.42 and C.1.43.

Complies	Partially complies	Explain
X		

31. All Board Members should express clear opposition when they feel a proposal submitted for the Board's approval might harm the corporate interest. In particular, Independents and other Board Members unaffected by potential conflicts of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a Board Member has expressed serious reservations, then he or she must draw the pertinent conclusions. Board Members resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation should also apply to the Secretary of the Board; Board Member or otherwise.

Complies	Partially complies	Explain	Not applicable
X			

32. Board Members who resign or otherwise step down before their term expires, shall explain their reasons for doing so in a letter sent to all the Board Members. Irrespective of whether such resignation is filed as a significant event, the motive for it must be explained in the Annual Corporate Governance Report.

See section: C.1.9.

Complies	Partially complies	Explain	Not applicable
			X

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

33. Remuneration comprising the delivery of shares in the company or other companies in the group, stock options or other share-based incentives, or incentive payments linked to the Company's performance or membership of pension schemes shall be confined to Executive Board Members.

The delivery of shares is excluded from this limitation when Board Members are obliged to retain them until the end of their tenure.

Complies	Partially complies	Explain	Not applicable
X			

34. Board Member remuneration shall sufficiently compensate them for the commitment, qualifications and responsibility that the position entails, but should not be so high as to jeopardise their independence.

Complies	Explain	Not applicable
X		

35. In the case of remuneration linked to Company earnings, deductions should be computed for any qualifications stated in the independent auditor's report.

Complies	Explain	Not applicable
X		

36. In the case of variable pay, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies	Explain	Not applicable
X		

37. When the company has a Delegate or Executive Committee (hereafter "Executive Committee"), the breakdown of its Board Members by category should roughly mirror that of the Board itself.
See sections: C.2.1 and C.2.6.

Complies	Partially complies	Explain	Not applicable
X			

38. The Board shall be kept fully informed of the business transacted and decisions made by the Executive Committee. All Board Members will receive a copy of the Committee's minutes.

Complies	Explain	Not applicable
X		

39. In addition to the Audit Committee, which is mandatory under the Securities Market Law, the Board of Directors shall form a Committee, or two separate Committees, of Appointments and Remuneration.

The rules governing the composition and operation of the Audit Committee and the Appointments and Remuneration committee or committees should be set forth in the Rules of the Board of Directors and include the following:

a) The Board of Directors should appoint the members of such Committees having regard to the knowledge, aptitudes and experience of its Board Members and the remit of each Committee and shall discuss their proposals and reports. The Committees should report the business transacted and account for the work performed at the first plenary session of the Board following each Committee meeting.

b) These Committees should be formed exclusively of External Board Members and have a minimum of three members. Executive Board Members or Senior Executives may also attend meetings at the Committee's invitation, when the committee members so agree expressly.

c) Their chairmen shall be Independent Board Members.

d) They may engage external advisers when they feel this is necessary for the discharge of their duties.

e) Meetings should be recorded in Minutes and a copy sent to all Board Members.

See sections: C.2.1 and C.2.4

Complies	Partially complies	Explain
X		

40. The task of supervising compliance with internal codes of conduct and corporate governance rules will be assigned to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance committees.

See sections: C.2.3 and C.2.4.

Complies	Explain
X	

41. All members of the Audit Committee, particularly its Chairman, will be appointed with regard to their knowledge and experience in accounting, auditing or risk management matters.

Complies	Explain
X	

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

42. Listed companies will have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal information and control systems.

See section: C.2.3.

Complies	Explain
X	

43. The head of internal audit shall present an annual work programme to the Audit Committee, report to it directly on any incidents arising during its implementation and submit an activities report at the end of each year.

Complies	Partially complies	Explain
X		

44. The control and risk management policy shall specify at least:

a) The different types of risk (operational, technological, financial, legal, risk to reputation, etc.) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of identified risks, should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section: E

Complies	Partially complies	Explain
X		

45. The Audit Committee's role will be as follows:

1º In relation to internal control and reporting systems:

a) Ensuring that the main risks identified as a result of supervising the effectiveness of the company's internal control and internal auditing, where applicable, are managed and reported appropriately.

b) Monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-appointment and removal of the head of internal audit; proposing the internal audit department's budget; receiving regular reports on its activities; and verifying that senior management acts on the findings and recommendations of its reports.

c) Establishing and monitoring a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the Company, particularly of a financial and accounting nature.

2º In relation to the external auditor:

a) Receiving regular information from the external auditors on the progress and findings of the audit plan, and checking that senior management is acting on its recommendations.

b) Ensuring the independence of the external auditors, to which end:

i) The company should notify any change of auditors to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditors and the reasons for the same.

ii) The Committee should investigate the issues giving rise to the resignation of any external auditors.

See sections: C.1.36, C.2.3, C.2.4 and E.2.

Complies	Partially complies	Explain
X		

46. The Audit Committee may meet with any company employee or manager, even ordering their appearance without the presence of any other senior manager.

Complies	Explain
X	

47. The Audit Committee will report on the following points from Recommendation 8 before any decisions are taken by the Board:

a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditors to conduct a limited review.

b) The incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the Group's transparency.

c) Related-party transactions, unless this responsibility has been assumed by another supervision and control Committee.

See sections: C.2.3 and C.2.4.

Complies	Partially complies	Explain
X		

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

48. The Board of Directors shall present the financial statements to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Committee chairman and the auditors will give a clear account to shareholders of their scope and content.

See section: C.1.38.

Complies	Partially complies	Explain
X		

49. The majority of the members of the Appointments Committee or of the Appointments and Remuneration Committee, in the case that there is only one, are Independent Board Members.

See section: C.2.1.

Complies	Explain	Not applicable
	X	

The Appointments and Remuneration Committee is composed of two Independent Board Members and one Non-Executive Proprietary Board Member for each reference shareholder with a significant holding.

50. The Appointments Committee shall have the following functions in addition to those stated in earlier Recommendations:

a) Evaluating the skills, knowledge and experience required of the Board; defining the roles and capabilities required of the candidates to fill each vacancy; and deciding the time and dedication necessary for them to properly perform their duties.

b) Examining or organising, as the Committee deems fit, the succession of the Chairman and the Chief Executive and, if applicable, submitting proposals to the Board in order to ensure a smooth and well-planned handover.

c) Reporting on the senior executive appointments and removals which the Chief Executive proposes to the Board.

d) Reporting to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4.

Complies	Partially complies	Explain	Not applicable
X			

51. The Appointments Committee will consult with the Chairman or Chief Executive Officer, especially on issues involving Executive Board Members and Senior Executives.

Any Board Member may suggest Board Membership candidates to the Appointments Committee for its consideration.

Complies	Partially complies	Explain	Not applicable
X			

52. The Remuneration Committee shall have the following functions in addition to those stated in earlier Recommendations:

a) Make proposals to the Board of Directors regarding the following:

i) The remuneration policy for Board Members and Senior Executives;

ii) The individual remuneration of Board Members and other contract conditions.

iii) The basic conditions of the contracts of Senior Executives.

b) Overseeing compliance with the remuneration policy set by the company.
See section: C.2.4.

Complies	Partially complies	Explain	Not applicable
X			

53. The Remuneration Committee will consult with the Chairman or Chief Executive Officer, especially on issues involving Executive Board Members and Senior Executives.

Complies	Explain	Not applicable
X		

H. OTHER INFORMATION OF INTEREST

1. If there are any relevant aspects relating to corporate governance in the company or group entities which have not been reflected in the other sections of this report, but which need to be included to give more complete and reasoned information on the structure and governance practices in the company or its group, detail them briefly.

2. This section can also include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.

In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance and, if so, include the information that it is required to furnish, where such information differs from that required in this report.

3. The company may also indicate whether it has adhered voluntarily to other codes on ethical principles or good practices, whether international or applying to the sector or other scope. Where applicable, identify the code in question and the date of adherence.

C.1.19. Literal content of the applicable articles of the Rules of the Board of Directors.

Article 3. Composition and appointments

Within the limits stipulated in Article 13 of the Company by-laws in force and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting the number of Board Members and individuals or legal entities to be appointed. The appointment proposal must specify whether the Board Member is an Executive, Proprietary, Independent or External Board Member.

Furthermore, should any vacancies arise, the Board of Directors may provisionally fill them among the shareholders until the next General Shareholders' Meeting where a definitive appointment shall take place.

Article 4. Functions (...) Particularly, the Board of Directors shall have the following responsibilities, which cannot be delegated:

- Accepting the resignation of Board Members.
- Appointing, removing and accepting the resignation for the positions of Chairman, Deputy Chairman and Secretary to the Board.
- Appointing, removing and accepting the resignation of Board Members who need to be members of the Commissions and Committees envisaged in these Rules.
- Delegating to any of its members, in full or in part, the powers corresponding to the Board, except those which cannot be delegated.
- Preparing the individual and consolidated financial statements and management reports and submitting them for approval by the General Shareholders' Meeting. Also drawing up an annual report on the Board Member's remuneration policy, which shall be submitted to an advisory vote at the Company's General Shareholders' Meeting as a separate item on the agenda.
- Drawing up reports, including the Annual Corporate Governance Report, and the proposals which, in accordance with the legislation in force and the Company By-laws, the Board of Directors is responsible for adopting.
- Approving the yearly budget.
- Approving the merger, acquisition, spin-off or business operations involving the Group's main subsidiaries of which the Company is the Parent.

- Approving the block issue of debentures, promissory notes, bonds or similar securities by the Group's main subsidiaries of which the Company is the Parent.

- Approving the transfer of rights regarding the brand name, trademarks and other intellectual and industrial property rights that belong to the Company or the companies of its Group, whenever they are of financial relevance.

- Assessing, yearly, the quality and efficiency of its operation; the Chairman and, if appropriate, CEO's performance of their duties, following the issuance of a report by the Appointments and Remuneration Committee; and the operation of the Board of Director's Committees, following the issuance of a report by these Committees.

- Amending these Rules.

- Carrying out, in general, all functions for which it is responsible by law, by regulation or in accordanc e with these Rules, and performing any other functions which have been delegated thereto by the General Shareholders' Meeting. The Board may, in turn, only delegate those that are expressly permitted in the resolution on delegation of the General Shareholders' Meeting.

Article 11. Term of appointment for Board Members

Board Members shall hold their positions during the six-year term for which they were elected. They may be re-elected one or more times for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.

Notwithstanding the above, Proprietary Board Members must resign when the shareholder they represent fully disposes of its shares by any means.

Article 17. The Chairman

The Board shall elect a Chairman from among its members, who, in addition to the functions that may correspond in accordance with the legislation in force, the Company By-laws and these Rules, shall perform the tasks corresponding to his or her condition as the Company's maximum executive, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

The Chairman shall enjoy the broadest powers for performing his or her tasks and, unless other stipulated by law, may fully or partially delegate such powers to other Board Members and the Company's management personnel and, in general, whoever he or she deems advisable or necessary.

Article 18. The Deputy Chairmen

The Board may also elect from among its Board Members one or two Deputy Chairmen who shall act as the Chairman in cases of delegation, absence or illness and, in general, perform all the tasks that may be entrusted to them by the Chairman, the Executive Committee and the Board of Directors.

Substitution of the Chairman shall take place by chronological order of the Deputy Chairmen's appointment, in the absence of such order, by order of seniority and, lastly by order of greater to lesser age.

H. OTHER INFORMATION OF INTEREST

Article 19. The Chief Executive Officer

The Board may appoint a Chief Executive Officer, delegating him the powers deemed expedient except those which, by law or Company By-laws, cannot be delegated.

Article 20. The Secretary

Following the issuance of a report by the Appointments and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-Board Member and who must be a practising lawyer. Apart from the duties laid down by the legislation in force, the Company By-laws and these Rules, the Secretary to the Board of Directors is responsible for ensuring that actions arising from the Company bodies he forms part of comply with the requirements of the law, issuing warnings in this respect and registering them in the Minutes; and ensuring that the Board of Directors bears in mind in its actions the recommendations of the Unified Code of Good Corporate Governance in force.

Article 24. The Appointments and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointments and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and removed, from among its members, by the Board of Directors, and who shall perform their duties indefinitely or during the term for which they were elected. The appointment of the Chairman must fall to one of the Independent Board Members. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the Minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

The meeting shall only be deemed to be convened when the majority of its members attend and agreements shall be adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie. The Committee shall meet, when convened by the Chairman, at least twice a year.

The Appointments and Remuneration Committee has the following duties:

1.- Report on the remuneration system for the Chairman of the Board of Directors and other Senior Executives in the Company. Where appropriate, make the pertinent recommendations to the Board so that the succession of the Chairman and, if applicable, Chief Executive Officer, proceeds in a planned and orderly manner. Consult with the Chairman, and if appropriate, the Chief Executive Officer, on any matters within its competence affecting the Company's executive Board Members and other Senior Executives.

2.- Report on the distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting and, if applicable, the establishment of supplementary remuneration and other payments corresponding to executive Board Members in relation to their duties.

3.- Report on the remuneration of Board Members.

4.- Report on multi-annual plans that may be set up according to share value such as share option plans.

5.- Propose the appointment or re-election of Independent Board Members and report on the proposals for the appointment of other Board Members and the Secretary to the Board of Directors. For these purposes, the skills, knowledge, experience and dedication to the good performance of their duties of those proposed as Board Members should be assessed. The Committee shall also report on the proposed early resignation of any Independent Board Members.

6.- Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts

7.- Issues relating to gender diversity on the Board of Directors.

8.- Any other matters under its competence, pursuant to these Rules, which may be especially entrusted to it by the Board of Directors.

Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointments and Remuneration Committee shall be governed by the provisions of these Rules regarding the operation of the Board of Directors.

C.1.22 (2). In accordance with the Rules of the Board of Directors, amended on 25 February 2010, an Independent Board Member shall have this power, and for these purposes, Mr. Miguel Roca Junyent has been appointed.

C.1.30. The percentage of votes in the Board are not calculated by the number of meetings at which all the Board Members were present with respect to the total number held, but rather by the number of votes (110) with respect to the total theoretical number (nine meetings by 17 Board Members).

D.2. and D.3. In relation to this section, list any relevant transactions entailing a transfer of funds or obligations between the company or group companies and companies related to the company's significant shareholders. In relation to this section, the only transactions between executives and administrators are those remunerations already detailed in those sections:

Management or collaboration agreements:	Terratest Tecnicas Especiales, S.A., amounting to EUR 1,046 thousand
Leases:	Fidalser, S.L., amounting to EUR 177 thousand
Services received:	Fidalser, S.L., amounting to EUR 125 thousand Terratest Tecnicas Especiales, S.A., amounting to EUR 1,046 thousand Indra, amounting to EUR 1,678 thousand Zardoya Otis, S.A., amounting to EUR 1,496 thousand
Other expenses:	March Unipsa, JLT, S.A., amounting to EUR 38,110 thousands
Services rendered:	Rosan Inversiones, S.L., amounting to EUR 384 thousand Grupo Iberostar, amounting to EUR 553 thousand Indra, amounting to EUR 2,362 thousand
Financing agreements: loans and capital contributions:	Banca March, amounting to EUR 52,630 thousand Banco Sabadell, amounting to EUR 750,534 thousand
Guarantees given:	Banca March, amounting to EUR 30,820 thousand
Dividends and other distributed profit:	Lynx Capital, S.A., amounting to EUR 326 thousand. Fidalser, S.L., amounting to EUR 679 thousand
Other transactions:	Banca March, amounting to EUR 23,813 thousand

H. OTHER INFORMATION OF INTEREST

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.

Included under Administrators and Executives is a housing construction contract between Dragados, S.A. and the Board Member Joan David Grimà Terré, signed in 2013 for EUR 2,534 thousand, of which EUR 257 thousand were billed in 2013.

Rosán Inversiones, S.L. is itemised due to its links with the Company's Chairman and CEO, who has a significant holding through Inversiones Vesán, S.A., as services were rendered by various Group entities in 2012 and 2013.

The transactions with other related parties are listed due to the relationship of certain Board Members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior managers. In this regard, the transactions with Fidalser, S.L., Terratest Tecnicas Especiales, S.A., Fidwei Inversiones, S.L. and Lynx Capital, S.A. are listed due to the relationship of the Board Member, Pedro Lopez Jimenez, with these companies. Transactions with Indra are listed due to its relationship with the director Javier Monzón. The transactions performed with the Zardoya Otis, S.A. are indicated due to its relationship with the director José María Loizaga. The transactions with Banco Sabadell are listed due the bank's relationship with the Board Member 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 2013 "Other transactions" related exclusively to Banca March, since it is the main shareholder of Corporación Financiera Alba, S.A., which is a direct shareholder of the ACS Group. Banca March, as a financial institution, provides various financial services to ACS Group companies in the ordinary course of business amounting to a total EUR 23,813 thousand (EUR 30,645 thousand in 2012), and in this case they relate to the reverse factoring lines of credit for suppliers.

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

The transactions performed between ACS consolidated Group companies were eliminated in the consolidation process and form part of the normal business activities of the companies in terms of their company object and conditions. The transactions were carried out on an arm's length basis and they do not have to be disclosed to present fairly the equity, financial position and results of the Group's operations

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G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

With regard to Recommendation 37 of Section G, the following structure of ownership interest of the various categories of Board Members on the Board of Directors and Executive Committee is noteworthy:

Executive Board Members on the Board of Directors:	23.53%
Executive Board Members on the Executive Committee:	28.57%
External Proprietary Board Members on the Board of Directors:	47.05%
External Proprietary Board Members on the Executive Committee:	42.86%
External Independent Board Members on the Board of Directors:	23.53%
External Independent Board Members on the Executive Committee:	14.29%
Other External Board Members on the Board of Directors:	5.88%
Other External Board Members on the Executive Committee:	14.29%

This Annual Corporate Governance Report was approved by the Board of Directors of the Company at its meeting held on 26/03/2014.

Indicate whether any Board Members voted against or abstained in relation to the approval of this Report.

Yes	No
	X

AUDITOR´S REPORT

Deloitte.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. FOR 2013

To the Directors of
ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.:

As requested by the Board of Directors of ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ("the Entity") and in accordance with our proposal-letter of 14 October 2013, we have applied certain procedures to the information relating to the ICFR system included in the accompanying Annual Corporate Governance Report (section F) of ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. for 2013, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report.

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2013 described in the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR). Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report - and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F), relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013.

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Entity.

3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the system of ICFR. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.

4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.

5. Perusal of minutes of meetings of the Board of Directors, the Executive Committee and the Audit Committee in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the Information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the Information.

This report has been prepared exclusively in the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and by CNMV Circular no. 5/2013, of 12 June 2013, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Ignacio Alcaraz Elorrieta
27 March 2014

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Project Director and Editor
ACS Group

Creation and Design
IMAGIA*officina*.es

Photos
ACS Group Archives