

# ECONOMIC AND FINANCIAL REPORT OF ACS GROUP 2013





# **ECONOMIC AND FINANCIAL REPORT OF ACS GROUP**

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# 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
<b>Sales</b>	<b>38,396</b>	<b>38,373</b>	<b>(0.1)%</b>
<b>Backlog <sup>(1)</sup></b>	<b>74,588</b>	<b>63,419</b>	<b>(15.0)%</b>
Months	21	18	
<b>EBITDA</b>	<b>3,088</b>	<b>3,002</b>	<b>(2.8)%</b>
Margin	8.0%	7.8%	
<b>EBIT</b>	<b>1,579</b>	<b>1,746</b>	<b>10.5%</b>
Margin	4.1%	4.5%	
<b>Recurring net profit <sup>(2)</sup></b>	<b>582</b>	<b>580</b>	<b>(0.3)%</b>
<b>Attributable Net Profit <sup>(3)</sup></b>	<b>(1,928)</b>	<b>702</b>	<b>n.a.</b>
<b>EPS</b>	<b>€(6.62)</b>	<b>€2.26</b>	<b>n.a.</b>
<b>Cash Flow from Activities</b>	<b>1,506</b>	<b>1,959</b>	<b>30.1%</b>
<b>Net Investments</b>	<b>(2,285)</b>	<b>476</b>	<b>n.a.</b>
Investments	2,496	2,484	(0.5)%
Divestments	4,781	2,008	(58.0)%
<b>Net debt</b>	<b>4,952</b>	<b>4,235</b>	<b>(14.5)%</b>
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*
<b>Backlog</b>	<b>74,588</b>	<b>63,419</b>	<b>(15.0)%</b>	<b>(2.0)%</b>
Direct	65,626	54,007	(17.7)%	(3.7)%
Proportional**	8,962	9,412	5.0%	10.8%
<b>Production</b>	<b>42,563</b>	<b>41,729</b>	<b>(2.0)%</b>	<b>4.1%</b>
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.
<b>Recurring Net Profit</b>	<b>582</b>	<b>580</b>	<b>(0.3)%</b>
Net ordinary contribution ABE	44	0	
Net ordinary contribution IBE	31	25	
Gains and other extraordinary profit	(2,585)	96	
<b>Attributable Net Profit</b>	<b>(1,928)</b>	<b>702</b>	<b>n.a.</b>

# 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.



# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

- 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
<b>Net Sales</b>	<b>38,396</b>	<b>100.0%</b>	<b>38,373</b>	<b>100.0%</b>	<b>(0.1)%</b>
Other income	404	1.1%	571	1.5%	41.4%
<b>Total Income</b>	<b>38,800</b>	<b>101.1%</b>	<b>38,943</b>	<b>101.5%</b>	<b>0.4%</b>
Operating expenses	(27,031)	(70.4)%	(27,602)	(71.9)%	2.1%
Staff costs	(8,681)	(22.6)%	(8,340)	(21.7)%	(3.9)%
<b>Operating Cash Flow (EBITDA)</b>	<b>3,088</b>	<b>8.0%</b>	<b>3,002</b>	<b>7.8%</b>	<b>(2.8)%</b>
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%
<b>Ordinary Operating Profit (EBIT)</b>	<b>1,579</b>	<b>4.1%</b>	<b>1,746</b>	<b>4.5%</b>	<b>10.5%</b>
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.
<b>Operating Profit</b>	<b>1,591</b>	<b>4.1%</b>	<b>1,645</b>	<b>4.3%</b>	<b>3.3%</b>
Financial Income	508	1.3%	361	0.9%	(29.0)%
Financial expenses	(1,295)	(3.4)%	(1,124)	(2.9)%	(13.2)%
<b>Ordinary Financial Result</b>	<b>(787)</b>	<b>(2.0)%</b>	<b>(763)</b>	<b>(2.0)%</b>	<b>(3.0)%</b>
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)%
<b>PBT of continued operations</b>	<b>(2,520)</b>	<b>(6.6)%</b>	<b>1,764</b>	<b>4.6%</b>	<b>n.a.</b>
Income tax	1,005	2.6%	(517)	(1.3)%	n.a.
<b>Net profit of continued operations</b>	<b>(1,515)</b>	<b>(3.9)%</b>	<b>1,247</b>	<b>3.2%</b>	<b>n.a.</b>
Profit after taxes of the discontinued operations	107	0.3%	-	-	n.a.
<b>Consolidated Result</b>	<b>(1,408)</b>	<b>(3.7)%</b>	<b>1,247</b>	<b>3.2%</b>	<b>n.a.</b>
Non-controlling Interests	(520)	(1.4)%	(545)	(1.4)%	4.8%
<b>Profit Attributable to the Parent Company</b>	<b>(1,928)</b>	<b>(5.0)%</b>	<b>702</b>	<b>1.8%</b>	<b>n.a.</b>

### 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%
<b>Total</b>	<b>38,396</b>		<b>38,373</b>		<b>(0.1)%</b>

#### SALES PER GEOGRAPHICAL AREA

(excluding adjustments between areas of activity)

Millions of euros	Construction			Environment			Industrial Services		
	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%
<b>Total</b>	<b>29,683</b>	<b>29,559</b>	<b>(0.4)%</b>	<b>7,050</b>	<b>7,067</b>	<b>0.2%</b>	<b>1,691</b>	<b>1,781</b>	<b>5.3%</b>

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.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 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)%
<b>TOTAL</b>	<b>74,588</b>		<b>63,419</b>		<b>(15.0)%</b>

## BACKLOG BY GEOGRAPHICAL AREAS

Thousands of euros	Construction			Environment			Industrial Services		
	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)%
<b>TOTAL</b>	<b>58,227</b>	<b>47,563</b>	<b>(18.3)%</b>	<b>7,161</b>	<b>7,413</b>	<b>3.5%</b>	<b>9,201</b>	<b>8,443</b>	<b>(8.2)%</b>

## 1.2.2. Operating Results

### OPERATING RESULTS

Millions of euros	2012	2013	Change
<b>EBITDA</b>	<b>3,088</b>	<b>3,002</b>	<b>(2.8)%</b>
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%
<b>EBIT</b>	<b>1,579</b>	<b>1,746</b>	<b>10.5%</b>
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)%
<b>Ordinary Financial Result</b>	<b>(787)</b>	<b>(763)</b>	<b>(3.0)%</b>
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
<b>Ordinary Financial Result</b>	<b>(787)</b>	<b>(763)</b>	<b>(3.0)%</b>
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.
<b>Net Financial Result</b>	<b>(4,451)</b>	<b>23</b>	<b>n.a.</b>

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

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
<b>Results on equity method</b>	<b>339</b>	<b>96</b>	<b>(71.7)%</b>
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.
<b>Recurring Net Profit</b>	<b>582</b>	<b>580</b>	<b>(0.3)%</b>
Net ordinary contribution ABE	44	-	
Net ordinary contribution IBE	31	25	
Gains and other extraordinary results	(2,585)	96	
<b>Attributable Net Profit</b>	<b>(1,928)</b>	<b>702</b>	<b>n.a.</b>

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)%
<b>Fixed and Non-current Assets</b>	<b>15,173</b>	<b>36.5%</b>	<b>14,391</b>	<b>36.2%</b>	<b>(5.2)%</b>
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)%
<b>Current Assets</b>	<b>26,391</b>	<b>63.5%</b>	<b>25,381</b>	<b>63.8%</b>	<b>(3.8)%</b>
<b>ASSETS</b>	<b>41,563</b>	<b>100%</b>	<b>39,771</b>	<b>100%</b>	<b>(4.3)%</b>
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)%
<b>Equity</b>	<b>5,712</b>	<b>13.7%</b>	<b>5,489</b>	<b>13.8%</b>	<b>(3.9)%</b>
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%
<b>Non-current Liabilities</b>	<b>10,917</b>	<b>26.3%</b>	<b>11,323</b>	<b>28.5%</b>	<b>3.7%</b>
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%
<b>Current Liabilities</b>	<b>24,935</b>	<b>60.0%</b>	<b>22,959</b>	<b>57.7%</b>	<b>(7.9)%</b>
<b>EQUITY AND LIABILITIES</b>	<b>41,563</b>	<b>100%</b>	<b>39,771</b>	<b>100%</b>	<b>(4.3)%</b>

### 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 pledged 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
<b>Net Assets Held for Sale</b>	<b>535</b>	<b>158</b>	<b>385</b>	<b>352</b>	<b>1,431</b>
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



# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

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)
<b>TOTAL</b>	<b>(2,698)</b>	<b>(1,211)</b>	<b>(1,430)</b>	<b>(1,083)</b>	<b>(1,627)</b>

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
<b>Bank borrowings</b>	<b>1,911</b>	<b>900</b>	<b>978</b>	<b>2,403</b>	<b>6,192</b>
Bonds and Debentures	2,261	-	-	959	3,220
Non-Recourse Financing	397	263	25	572	1,257
Other financial liabilities	412	63	74	-	550
<b>Total External Gross Debt</b>	<b>4,981</b>	<b>1,226</b>	<b>1,077</b>	<b>3,935</b>	<b>11,219</b>
Payable to Group Companies	679	168	-	(524)	324
Loans to Group Companies	784	302	662	(1,661)	88
<b>Net Payables to Group companies and Associates</b>	<b>(105)</b>	<b>(134)</b>	<b>(662)</b>	<b>1,137</b>	<b>236</b>
<b>Total Gross Debt</b>	<b>4,876</b>	<b>1,092</b>	<b>415</b>	<b>5,072</b>	<b>11,456</b>
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
<b>Total Cash and Cash Equivalents</b>	<b>4,047</b>	<b>432</b>	<b>1,036</b>	<b>1,705</b>	<b>7,221</b>
<b>NET DEBT</b>	<b>829</b>	<b>660</b>	<b>(621)</b>	<b>3,367</b>	<b>4,235</b>

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

Millions of euros	2012			2013			Change	
	TOTAL	HOT	ACS exHOT	TOTAL	HOT	ACS exHOT	TOTAL	ACS exHOT
<b>Cash Flows from Operating Activities before working capital:</b>	<b>1,506</b>	<b>1,347</b>	<b>159</b>	<b>1,959</b>	<b>1,076</b>	<b>884</b>	<b>30.1%</b>	<b>454.3%</b>
Changes in working capital	(207)	(424)	217	(948)	(658)	(290)		
<b>Net Cash Flows from Operating Activities</b>	<b>1,299</b>	<b>923</b>	<b>377</b>	<b>1,012</b>	<b>418</b>	<b>594</b>	<b>(22.1)%</b>	<b>57.7%</b>
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		
<b>Net Cash Flows from Investing Activities</b>	<b>2,285</b>	<b>(1,136)</b>	<b>3,422</b>	<b>(476)</b>	<b>262</b>	<b>(738)</b>	<b>n.a.</b>	<b>n.a.</b>
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		
<b>Other Net Cash Flows</b>	<b>(847)</b>	<b>(162)</b>	<b>(685)</b>	<b>139</b>	<b>(308)</b>	<b>447</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Cash Flow Generated/(Used)</b>	<b>2,737</b>	<b>(376)</b>	<b>3,113</b>	<b>674</b>	<b>372</b>	<b>302</b>	<b>(75.4)%</b>	<b>(90.3)%</b>

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
<b>Construction</b>	<b>986</b>	<b>870</b>	<b>1,856</b>	<b>(135)</b>	<b>(1,822)</b>	<b>(1,957)</b>	<b>(101)</b>
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
<b>Environment</b>	<b>74</b>	<b>125</b>	<b>198</b>	<b>(6)</b>	<b>(19)</b>	<b>(25)</b>	<b>173</b>
<b>Industrial Services</b>	<b>29</b>	<b>372</b>	<b>401</b>	<b>(6)</b>	<b>(7)</b>	<b>(14)</b>	<b>388</b>
<b>Corporation</b>	<b>-</b>	<b>28</b>	<b>28</b>	<b>-</b>	<b>(12)</b>	<b>(12)</b>	<b>16</b>
<b>TOTAL</b>	<b>1,089</b>	<b>1,395</b>	<b>2,484</b>	<b>(147)</b>	<b>(1,860)</b>	<b>(2,008)</b>	<b>476</b>

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.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 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
<b>Sales</b>	<b>29,683</b>	<b>29,559</b>	<b>(0.4)%</b>
<b>EBITDA</b>	<b>1,995</b>	<b>1,826</b>	<b>(8.5)%</b>
Margin	6.7%	6.2%	
<b>EBIT</b>	<b>685</b>	<b>780</b>	<b>14.0%</b>
Margin	2.3%	2.6%	
<b>Recurring Net Profit</b>	<b>249</b>	<b>261</b>	<b>4.9%</b>
Margin	0.8%	0.9%	
<b>Backlog</b>	<b>58,227</b>	<b>47,563</b>	<b>(18.3)%</b>
Months	21	17	
<b>Net Investments</b>	<b>1,209</b>	<b>(101)</b>	<b>n.a.</b>
Projects (Gross Inv.)	497	870	
<b>Working Capital</b>	<b>(1,519)</b>	<b>(600)</b>	<b>(60.5)%</b>
<b>Net Debt</b>	<b>1,314</b>	<b>829</b>	<b>(36.9)%</b>
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.
<b>TOTAL</b>	<b>29,683</b>	<b>29,559</b>	<b>(0.4)%</b>

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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.
<b>TOTAL</b>	<b>58,227</b>	<b>47,563</b>	<b>(18.3)%</b>

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

Millions of euros	Dragados			Iridium			Hochtief (Contribution to ACS)			Adjustments			Total		
	2012	2013	Change	2012	2013	Change	2012	2013	Change	2012	2013	Change	2012	2013	Change
Sales	4,039	<b>3,760</b>	(6.9)%	116	<b>106</b>	(8.9)%	25,528	<b>25,693</b>	0.6%	-	-		29,683	<b>29,559</b>	(0.4)%
EBITDA	305	<b>319</b>	4.6%	45	<b>50</b>	11.5%	1,303	<b>1,256</b>	(3.7)%	342	<b>201</b>		1,995	<b>1,826</b>	(8.5)%
Margin	7.6%	<b>8.5%</b>		38.7%	<b>47.4%</b>		5.1%	<b>4.9%</b>					6.7%	<b>6.2%</b>	
EBIT	258	<b>234</b>	(9.0)%	19	<b>22</b>	15.8%	349	<b>496</b>	42.0%	59	<b>28</b>		685	<b>780</b>	14.0%
Margin	6.4%	<b>6.2%</b>		16.2%	<b>20.6%</b>		1.4%	<b>1.9%</b>					2.3%	<b>2.6%</b>	
Net Financial Profit/(Loss)	(29)	<b>(40)</b>		(68)	<b>(70)</b>		(150)	<b>(215)</b>		2	-		(245)	<b>(324)</b>	
Profit/(Loss) of companies accounted for using the equity method.	(4)	<b>5</b>		6	<b>23</b>		81	<b>153</b>		181	<b>(106)</b>		264	<b>74</b>	
Other Profit	(78)	<b>(49)</b>		12	<b>(3)</b>		261	<b>366</b>		-	<b>173</b>		195	<b>487</b>	
EBT	147	<b>150</b>	1.7%	(32)	<b>(28)</b>	11.2%	541	<b>800</b>	47.7%	242	<b>96</b>		899	<b>1,017</b>	13.2%
Taxes	(48)	<b>(52)</b>		10	<b>18</b>		(159)	<b>(254)</b>		15	<b>(51)</b>		(182)	<b>(340)</b>	
Non-controlling Interests	10	<b>3</b>		1	<b>1</b>		(301)	<b>(454)</b>		(179)	<b>(38)</b>		(470)	<b>(488)</b>	
Net Profit/(Loss)	110	<b>101</b>	(8.1)%	(21)	<b>(9)</b>	55.6%	81	<b>91</b>	11.7%	77	<b>6</b>		248	<b>189</b>	(23.8)%
Margin	2.7%	<b>2.7%</b>		-18.1%	<b>-8.8%</b>		0.3%	<b>0.4%</b>					0.8%	<b>0.6%</b>	
Backlog	8,433	<b>7,622</b>	(9.6)%	n.a.	<b>n.a.</b>		49,794	<b>39,940</b>	(19.8)%				58,227	<b>47,563</b>	(18.3)%
Months	25	<b>24</b>		n.a.	<b>n.a.</b>		23	<b>19</b>					24	<b>19</b>	
Net Investments	30	<b>44</b>		43	<b>117</b>		1,136	<b>(262)</b>					1,209	<b>(101)</b>	
Net Debt	(531)	<b>(412)</b>		680	<b>840</b>		1,164	<b>401</b>					1,314	<b>829</b>	

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.

Millions of euros	Americas			Asia Pacific			Europe			Corporation		Total		
	2012	2013	Change	2012	2013	Change	2012	2013	Change	2012	2013	2012	2013	Change
Sales	7,375	<b>7,944</b>	+7.7%	15,180	<b>14,767</b>	(2.7)%	2,856	<b>2,870</b>	0.5%	117	<b>112</b>	25,528	<b>25,693</b>	0.6%
EBITDA	67	<b>83</b>	+23.8%	1,376	<b>1,241</b>	(9.8)%	(59)	<b>(11)</b>	(80.6)%	(81)	<b>(57)</b>	1,303	<b>1,256</b>	(3.7)%
Margin	0.9%	1.0%		9.1%	8.4%		(2.1)%	(0.4)%				5.1%	4.9%	
EBIT	38	<b>55</b>	+43.3%	528	<b>574</b>	8.9%	(117)	<b>(73)</b>	37.6)%	(99)	<b>(60)</b>	349	<b>496</b>	42.0%
Margin	0.5%	0.7%		3.5%	3.9%		-4.1%	-2.6%				1.4%	1.9%	
Net Financial Profit/(Loss)	(17)	<b>(19)</b>		(161)	<b>(182)</b>		(37)	<b>(23)</b>		65	9	(150)	<b>(215)</b>	
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	<b>94</b>	+64.6%	411	<b>500</b>	21.6%	29	<b>63</b>	118.9%	44	<b>143</b>	541	<b>800</b>	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	<b>59</b>	+39.8%	153	<b>184</b>	20.4%	(54)	<b>32</b>	n/a	14	<b>(104)</b>	155	<b>171</b>	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	<b>7,067</b>	0.2%
EBITDA	904	<b>937</b>	3.7%
Margin	12.8%	13.3%	
EBIT	849	<b>881</b>	3.7%
Margin	12.0%	12.5%	
Recurring Net Profit	416	<b>418</b>	0.5%
Margin	5.9%	5.9%	
Backlog	7,161	<b>7,413</b>	3.5%
Months	12	13	
Net Investments	(10)	<b>388</b>	n.a.
Projects (Gross Inv.)	430	372	
Working Capital	(1,445)	<b>(1,091)</b>	(24.5)%
Net debt	(1,255)	<b>(621)</b>	(50.5)%
ND/Ebitda	(1.4)x	(0.7)x	



# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

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%
<b>TOTAL</b>	<b>7,050</b>	<b>7,067</b>	<b>0.2%</b>

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
<b>Industrial Maintenance</b>	<b>4,031</b>	<b>3,904</b>	<b>(3.1)%</b>
Networks	577	647	12.1%
Specialised Facilities	2,598	2,396	(7.8)%
Control Systems	856	862	0.7%
<b>Integrated Projects</b>	<b>2,704</b>	<b>2,872</b>	<b>6.2%</b>
<b>Renewable Energy: Generation</b>	<b>374</b>	<b>343</b>	<b>(8.4)%</b>
Consolidation Adjustments	(59)	(53)	
<b>TOTAL</b>	<b>7,050</b>	<b>7,067</b>	<b>0.2%</b>
<b>Total International</b>	<b>4,112</b>	<b>4,328</b>	<b>5.2%</b>
% 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)%
<b>TOTAL</b>	<b>7,161</b>	<b>7,413</b>	<b>3.5%</b>

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
<b>Industrial Maintenance</b>	<b>4,052</b>	<b>4,507</b>	<b>11.2%</b>
Domestic Backlog	1,850	1,806	(2.4)%
International Backlog	2,201	2,702	22.7%
<b>EPC Projects and Renewables</b>	<b>3,109</b>	<b>2,905</b>	<b>(6.5)%</b>
Domestic Backlog	695	521	(24.9)%
International Backlog	2,414	2,384	(1.2)%
<b>TOTAL</b>	<b>7,161</b>	<b>7,413</b>	<b>3.5%</b>
<b>Spain</b>	<b>2,545</b>	<b>2,327</b>	<b>(8.6)%</b>
<b>International</b>	<b>4,616</b>	<b>5,086</b>	<b>10.2%</b>
% 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
<b>Sales</b>	<b>1,691</b>	<b>1,781</b>	<b>5.3%</b>
<b>EBITDA</b>	<b>241</b>	<b>275</b>	<b>14.0%</b>
Margin	14.3%	15.4%	
<b>EBIT</b>	<b>106</b>	<b>123</b>	<b>16.1%</b>
Margin	6.3%	6.9%	
<b>Recurring Net Profit</b>	<b>72</b>	<b>79</b>	<b>8.9%</b>
Margin	4.3%	4.4%	
<b>Backlog</b>	<b>9,201</b>	<b>8,443</b>	<b>(8.2)%</b>
Months	65	57	
<b>Net Investments</b>	<b>(30)</b>	<b>173</b>	<b>n.a.</b>
Projects (Gross Inv.)	-	125	
<b>Working Capital</b>	<b>108</b>	<b>72</b>	<b>(33.5)%</b>
<b>Net Debt</b>	<b>706</b>	<b>660</b>	<b>(6.6)%</b>
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)%
<b>Total</b>	<b>1,691</b>	<b>1,781</b>	<b>5.3%</b>
<b>International</b>	<b>437</b>	<b>633</b>	<b>45.0%</b>
% 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%
<b>Total</b>	<b>1,691</b>	<b>1,781</b>	<b>5.3%</b>

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.
<b>Total</b>	<b>9,201</b>	<b>8,443</b>	<b>(8.2)%</b>
<b>International</b>	<b>3,896</b>	<b>3,947</b>	<b>1.3%</b>
% 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**

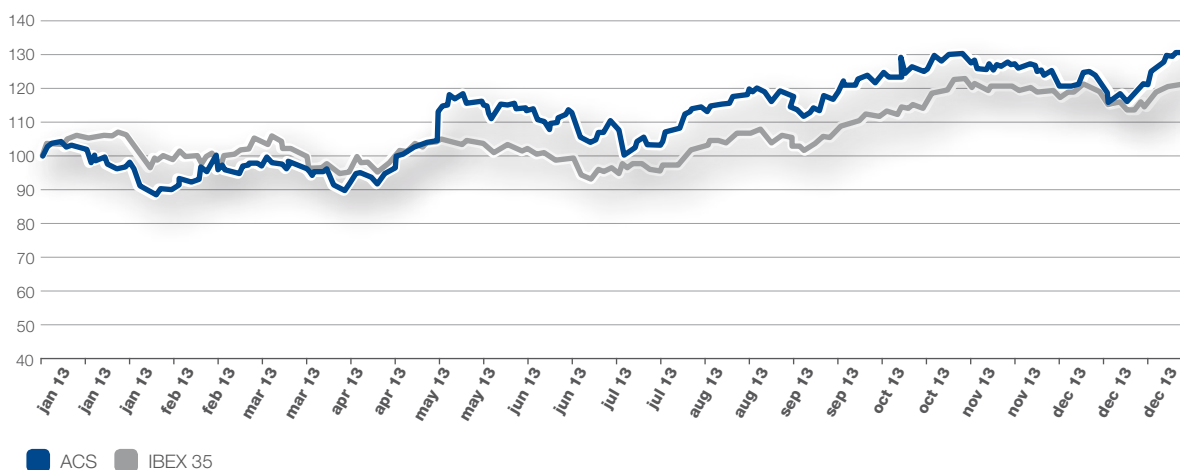
Millions of euros	2012	2013	Change
Spain	5,304	4,496	(15.2)%
Rest of Europe	3,004	2,879	(4.2)%
Americas	350	1,008	188.1%
Asia Pacific	449	-	n.a.
Africa	94	61	(35.0)%
<b>Total</b>	<b>9,201</b>	<b>8,443</b>	<b>(8.2)%</b>

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 2. STOCK MARKET PERFORMANCE

### 2.1 STOCK MARKET INFORMATION FOR 2013

#### STOCK MARKET INFORMATION FOR 2013

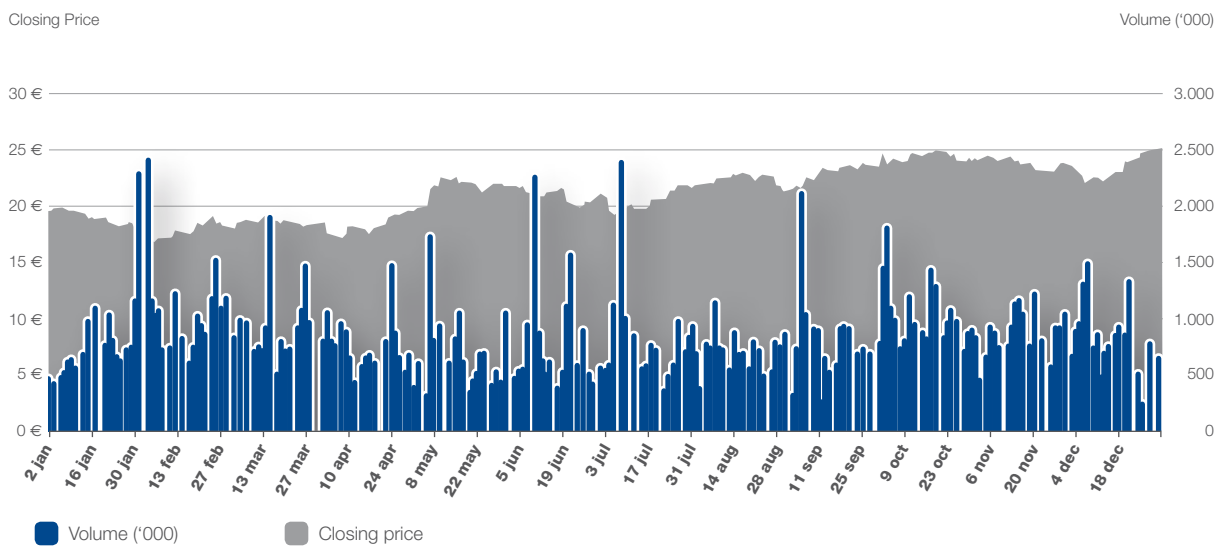


The detail of the ACS Group's main market data is as follows:

#### 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	<b>21,368,766</b>	<b>574,696</b>	<b>23,608,833</b>	<b>760,651</b>
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	<b>2,766,973</b>	<b>64,958</b>	<b>21,368,766</b>	<b>574,696</b>

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](http://www.grupoacs.com)). Likewise, the Annual Report of Hochtief ([www.hochtief.com](http://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](http://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 (*)
<b>NON-CURRENT ASSETS</b>		<b>14,390,514</b>	<b>15,172,747</b>
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
<b>CURRENT ASSETS</b>		<b>25,380,643</b>	<b>26,390,629</b>
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
<b>TOTAL ASSETS</b>		<b>39,771,157</b>	<b>41,563,376</b>

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 (*)
<b>EQUITY</b>	15	<b>5,488,908</b>	<b>5,711,508</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>3,802,827</b>	<b>3,382,358</b>
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)
<b>ADJUSTMENTS FOR CHANGES IN VALUE</b>		<b>(534,914)</b>	<b>(725,840)</b>
Available-for-sale financial assets		27,927	154
Hedging instruments		(442,697)	(801,806)
Exchange differences		(120,144)	75,812
<b>EQUITY ATTRIBUTED TO THE PARENT</b>		<b>3,267,913</b>	<b>2,656,518</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>2,220,995</b>	<b>3,054,990</b>
<b>NON-CURRENT LIABILITIES</b>		<b>11,323,455</b>	<b>10,917,000</b>
Grants	16	49,748	54,215
Non-current provisions	20	1,794,751	1,892,041
<b>Non-current financial liabilities</b>		<b>7,411,353</b>	<b>6,956,583</b>
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
<b>CURRENT LIABILITIES</b>		<b>22,958,794</b>	<b>24,934,868</b>
Current provisions	20	1,102,411	1,213,613
<b>Current financial liabilities</b>		<b>4,131,977</b>	<b>4,591,375</b>
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
<b>Trade and other payables</b>	23	<b>13,219,665</b>	<b>14,741,614</b>
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
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,771,157</b>	<b>41,563,376</b>

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 (*)
<b>REVENUE</b>	<b>27</b>	<b>38,372,521</b>	<b>38,396,178</b>
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)
<b>OPERATING INCOME</b>		<b>1,644,663</b>	<b>1,591,497</b>
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)
<b>FINANCIAL RESULT</b>		<b>22,970</b>	<b>(4,451,161)</b>
Results of companies accounted for using the equity method	09	95,982	339,353
<b>PROFIT BEFORE TAX</b>		<b>1,763,615</b>	<b>(2,520,311)</b>
Income tax	26.04	(516,690)	1,005,216
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>1,246,925</b>	<b>(1,515,095)</b>
Profit after tax from discontinued operations	(**)	-	107,465
<b>PROFIT FOR THE PERIOD</b>		<b>1,246,925</b>	<b>(1,407,630)</b>
Profit attributed to non-controlling interests	15.07	(545,384)	(520,292)
Profit from discontinued operations attributable to non-controlling interests	15.07	-	(11)
<b>PROFIT ATTRIBUTABLE TO THE PARENT</b>		<b>701,541</b>	<b>(1,927,933)</b>
(**) 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
<b>A) Total consolidated profit</b>	<b>701,541</b>	<b>545,384</b>	<b>1,246,925</b>	<b>(1,927,933)</b>	<b>520,303</b>	<b>(1,407,630)</b>
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>B) Income and expenses recognised directly in equity</b>	<b>118,375</b>	<b>(193,873)</b>	<b>(75,498)</b>	<b>(1,250,758)</b>	<b>(70,238)</b>	<b>(1,320,996)</b>
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
<b>C) Transfers to profit or loss</b>	<b>94,873</b>	<b>(22,086)</b>	<b>72,787</b>	<b>2,844,907</b>	<b>11,793</b>	<b>2,856,700</b>
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)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>914,789</b>	<b>329,425</b>	<b>1,244,214</b>	<b>(333,784)</b>	<b>461,858</b>	<b>128,074</b>

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.



# CONSOLIDATED FINANCIAL STATEMENTS

## 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
<b>Balance at 31 December 2011</b>	<b>157,332</b>	<b>897,294</b>	<b>4,709,557</b>	<b>(760,651)</b>	<b>(2,363,192)</b>	<b>961,940</b>	<b>(283,198)</b>	<b>2,872,182</b>	<b>6,191,264</b>
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)
<b>Balance at 31 December 2012</b>	<b>157,332</b>	<b>897,294</b>	<b>4,828,866</b>	<b>(574,696)</b>	<b>(725,840)</b>	<b>(1,926,438)</b>	<b>-</b>	<b>3,054,990</b>	<b>5,711,508</b>
IAS 19 revised	-	-	1,495	-	-	(1,495)	-	-	-
<b>Balance at 31 December 2012 adjusted (*)</b>	<b>157,332</b>	<b>897,294</b>	<b>4,830,361</b>	<b>(574,696)</b>	<b>(725,840)</b>	<b>(1,927,933)</b>	<b>-</b>	<b>3,054,990</b>	<b>5,711,508</b>
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)
<b>Balance at 31 December 2013</b>	<b>157,332</b>	<b>897,294</b>	<b>2,111,618</b>	<b>(64,958)</b>	<b>(534,914)</b>	<b>701,541</b>	<b>-</b>	<b>2,220,995</b>	<b>5,488,908</b>

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 (*)
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,011,813</b>	<b>1,299,550</b>
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>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(97,744)</b>	<b>2,285,124</b>
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
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(1,496,073)</b>	<b>(3,174,971)</b>
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)
<b>D) EFFECT OF CHANGES IN EXCHANGE RATES</b>	<b>(176,754)</b>	<b>(37,044)</b>
<b>E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(758,758)</b>	<b>372,659</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>4,527,836</b>	<b>4,155,177</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>3,769,078</b>	<b>4,527,836</b>

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

## CASH AND CASH EQUIVALENTS AT YEAR END

Cash and banks	3,159,531	3,583,950
Other financial assets	609,547	943,886
<b>TOTAL CASH AND CASH EQUIVALENTS AT YEAR END</b>	<b>3,769,078</b>	<b>4,527,836</b>

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

# CONSOLIDATED FINANCIAL STATEMENTS

## 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
<b>REVENUE</b>	<b>38,396,178</b>	-	<b>38,396,178</b>
<b>OPERATING INCOME</b>	<b>1,591,497</b>	-	<b>1,591,497</b>
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)
<b>FINANCIAL RESULT</b>	<b>(4,451,161)</b>	<b>(4,992)</b>	<b>(4,446,169)</b>
Results of companies accounted for using the equity method	339,353	-	339,353
<b>PROFIT BEFORE TAX</b>	<b>(2,520,311)</b>	<b>(4,992)</b>	<b>(2,515,319)</b>
Income tax	1,005,216	2,112	1,003,104
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>(1,515,095)</b>	<b>(2,880)</b>	<b>(1,512,215)</b>
Profit after tax from discontinued operations (*)	107,465	-	107,465
<b>PROFIT FOR THE PERIOD</b>	<b>(1,407,630)</b>	<b>(2,880)</b>	<b>(1,404,750)</b>
Profit attributed to non-controlling interests	(520,292)	1,385	(521,677)
Profit from discontinued operations attributable to non-controlling interests	(11)	-	(11)
<b>PROFIT ATTRIBUTABLE TO THE PARENT</b>	<b>(1,927,933)</b>	<b>(1,495)</b>	<b>(1,926,438)</b>
(*) 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 stage, 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 Inżynierskich 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)
<b>Total net assets</b>	<b>3,824,250</b>	<b>(736,646)</b>	<b>3,087,604</b>
Non-controlling interests	(1,268,420)	195,532	(1,072,888)
<b>Fair value of the fully acquired net assets (100%)</b>	-	-	<b>2,014,716</b>
Fair value of assets relating to non-controlling interests	-	-	1,105,734
<b>Fair value of the net assets of the acquirer</b>	-	-	<b>908,982</b>
Cumulative reserves from the purchase to the first date of full consolidation	-	-	(28,353)
Purchase price	-	-	2,371,136
<b>Goodwill (Note 04.01)</b>	-	-	<b>1,433,801</b>

- 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 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 revalue 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
	<b>Clece</b>
Revenue	183,043
Operating expenses	(171,082)
Operating income	11,961
<b>Profit before tax</b>	<b>10,508</b>
Income tax	(3,143)
Profit after tax from discontinued operations	-
Profit attributed to non-controlling interests	(11)
<b>Profit after tax and non-controlling interests</b>	<b>7,354</b>
Profit before tax from the disposal of discontinued operations	216,496
Tax on the disposal of discontinued operations	(66,396)
<b>Net profit from the disposal of discontinued operations</b>	<b>150,100</b>
<b>Profit after tax and non-controlling interests from discontinued operations</b>	<b>157,454</b>

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	-
<b>Net cash flows from discontinued operations</b>	<b>80,860</b>

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
<b>Financial assets held for sale</b>	<b>3,161,464</b>	<b>943,826</b>	<b>185,046</b>	<b>148,726</b>	<b>870,534</b>	<b>5,309,596</b>
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
<b>Liabilities relating to assets held for sale</b>	<b>2,626,016</b>	<b>785,528</b>	<b>-</b>	<b>68,116</b>	<b>398,680</b>	<b>3,878,340</b>
<b>Non-controlling interests held for sale</b>	<b>1,163</b>	<b>(3,317)</b>	<b>-</b>	<b>-</b>	<b>19,817</b>	<b>17,663</b>

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 stage, 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
<b>Financial assets held for sale</b>	<b>3,026,882</b>	<b>935,210</b>	<b>1,335,514</b>	<b>516,390</b>	<b>787,495</b>	<b>6,601,491</b>
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
<b>Liabilities relating to assets held for sale</b>	<b>2,763,689</b>	<b>784,223</b>	<b>18,048</b>	<b>137,112</b>	<b>386,208</b>	<b>4,089,280</b>
<b>Non-controlling interests held for sale</b>	<b>(1,180)</b>	<b>-</b>	<b>372,861</b>	<b>-</b>	<b>29,294</b>	<b>400,975</b>



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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)
<b>Adjustments for changes in value</b>	<b>(155,358)</b>	<b>(43,186)</b>	<b>(1,914)</b>	<b>(75,197)</b>	<b>(275,655)</b>

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)
<b>Adjustments for changes in value</b>	<b>(227,741)</b>	<b>(73,100)</b>	<b>19,985</b>	<b>(85,960)</b>	<b>(366,816)</b>

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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 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.

# CONSOLIDATED FINANCIAL STATEMENTS

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 consolidated 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)
<b>Total</b>	<b>(290,764)</b>	<b>3,219,173</b>

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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 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:

APPROVED FOR USE IN THE EUROPEAN UNION		Mandatory application in the years beginning on or after:
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 price 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 or 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:
<b>Approved for use in the European Union</b>		
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
<b>NOT APPROVED FOR USE IN THE EUROPEAN UNION</b>		
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
<b>Total</b>	<b>2,559,822</b>	<b>187,390</b>	<b>758</b>	<b>(2,149)</b>	<b>(12,776)</b>	<b>(7,197)</b>	<b>2,725,848</b>

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
<b>Total</b>	<b>2,496,438</b>	<b>86,738</b>	<b>(16,318)</b>	<b>(2,825)</b>	<b>(4,211)</b>	<b>2,559,822</b>

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
<b>Total Goodwill</b>	<b>780,939</b>

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
<b>Balance at 1 January 2012</b>	<b>11,815</b>	<b>31,765</b>	<b>404,008</b>	<b>2,242,759</b>	<b>2,690,347</b>	<b>(390,022)</b>	<b>(43,331)</b>	<b>2,256,994</b>
Changes in the scope of consolidation	-	4	26,815	(57,779)	<b>(30,960)</b>	919	-	<b>(30,041)</b>
Additions or charges for the year	1,503	1,996	46,118	12,062	<b>61,679</b>	(355,360)	(47,252)	<b>(340,933)</b>
Disposals or reductions	(59)	(1,065)	(27,533)	21,395	<b>(7,262)</b>	3,596	(287)	<b>(3,953)</b>
Exchange differences	10	71	(1,335)	4,106	<b>2,852</b>	1,188	(1,489)	<b>2,551</b>
Transfers to/from other assets	14	313	(2,884)	225,909	<b>223,352</b>	(127,607)	-	<b>95,745</b>
<b>Balance at 31 December 2012</b>	<b>13,283</b>	<b>33,084</b>	<b>445,189</b>	<b>2,448,452</b>	<b>2,940,008</b>	<b>(867,286)</b>	<b>(92,359)</b>	<b>1,980,363</b>
Changes in the scope of consolidation	(3,365)	509	(5,388)	417	<b>(7,827)</b>	10,573	-	<b>2,746</b>
Additions or charges for the year	901	1,896	41,630	51,907	<b>96,334</b>	(271,497)	(55,005)	<b>(230,168)</b>
Disposals or reductions	(321)	(687)	(1,703)	(52,504)	<b>(55,215)</b>	4,955	41,346	<b>(8,914)</b>
Exchange differences	(5)	(348)	(36,153)	(12,154)	<b>(48,660)</b>	13,787	1,673	<b>(33,200)</b>
Transfers to/from other assets	26	(27)	(30,002)	109,646	<b>79,643</b>	(25,367)	294	<b>54,570</b>
<b>Balance at 31 December 2013</b>	<b>10,519</b>	<b>34,427</b>	<b>413,573</b>	<b>2,545,764</b>	<b>3,004,283</b>	<b>(1,134,835)</b>	<b>(104,051)</b>	<b>1,765,397</b>

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 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
<b>Balance at 1 January 2012</b>	<b>776,158</b>	<b>5,389,706</b>	<b>988,779</b>	<b>130,551</b>	<b>7,285,194</b>	<b>(3,915,628)</b>	<b>(26,028)</b>	<b>3,343,538</b>
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)
<b>Balance at 31 December 2012</b>	<b>734,516</b>	<b>5,094,594</b>	<b>985,592</b>	<b>100,419</b>	<b>6,915,121</b>	<b>(3,938,307)</b>	<b>(25,837)</b>	<b>2,950,977</b>
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)
<b>Balance at 31 December 2013</b>	<b>732,351</b>	<b>4,203,801</b>	<b>1,004,730</b>	<b>93,205</b>	<b>6,034,087</b>	<b>(3,574,225)</b>	<b>(46,121)</b>	<b>2,413,741</b>

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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
<b>Total</b>		<b>966,047</b>	<b>(208,577)</b>	<b>757,470</b>

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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
<b>Beginning balance</b>	<b>919,964</b>	<b>(190,071)</b>	<b>729,893</b>	<b>1,115,680</b>	<b>(280,988)</b>	<b>834,692</b>
Changes in the scope of consolidation	22,961	(1,196)	<b>21,765</b>	-	-	-
Additions or charges for the year	143,468	(54,142)	<b>89,326</b>	147,062	(56,320)	<b>90,742</b>
Exchange differences	(6,204)	1,113	<b>(5,091)</b>	1,938	632	<b>2,570</b>
Disposals or reductions	(4,122)	(14,866)	<b>(18,988)</b>	(19,116)	3,560	<b>(15,556)</b>
Transfers	(110,020)	50,585	<b>(59,435)</b>	(325,600)	143,045	<b>(182,555)</b>
<b>Ending balance</b>	<b>966,047</b>	<b>(208,577)</b>	<b>757,470</b>	<b>919,964</b>	<b>(190,071)</b>	<b>729,893</b>

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	End date of operation	Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Type of infrastructure				
Waste treatment	2020 - 2050	279,322	(57,359)	<b>221,963</b>
Highways/roads	2024 - 2038	239,471	(30,023)	<b>209,448</b>
Water management	2025 - 2028	33,558	(9,048)	<b>24,510</b>
Other infrastructures	-	2,674	(595)	<b>2,079</b>
<b>Total</b>		<b>555,025</b>	<b>(97,025)</b>	<b>458,000</b>

Thousands of euros	2013			2012		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
<b>Beginning balance</b>	<b>614,617</b>	<b>(106,242)</b>	<b>508,375</b>	<b>816,093</b>	<b>(217,253)</b>	<b>598,840</b>
Changes in the scope of consolidation	-	-	-	-	-	-
Additions or charges for the year	43,666	(38,023)	<b>5,643</b>	117,161	(41,533)	<b>75,628</b>
Exchange differences	(1,275)	1,113	<b>(162)</b>	1,938	632	<b>2,570</b>
Disposals or reductions	2,199	-	<b>2,199</b>	(23,704)	2,967	<b>(20,737)</b>
Transfers	(104,182)	46,127	<b>(58,055)</b>	(296,871)	148,945	<b>(147,926)</b>
<b>Ending balance</b>	<b>555,025</b>	<b>(97,025)</b>	<b>458,000</b>	<b>614,617</b>	<b>(106,242)</b>	<b>508,375</b>

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
<b>Total</b>		<b>190,263</b>

Thousands of euros

	2013	2012
<b>Beginning balance</b>	<b>112,521</b>	<b>108,154</b>
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)
<b>Ending balance</b>	<b>190,263</b>	<b>112,521</b>

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)	<b>61,765</b>
Wind farms	2030	46,410	(9,264)	<b>37,146</b>
Security	2014	64,128	(57,379)	<b>6,749</b>
Highways/roads	2026	40	(21)	<b>19</b>
Energy transmission	-	6,417	(6,417)	-
Other infrastructures	-	6,341	(2,813)	<b>3,528</b>
<b>Total</b>		<b>220,759</b>	<b>(111,552)</b>	<b>109,207</b>



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Thousands of euros	2013			2012		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
<b>Beginning balance</b>	<b>192,826</b>	<b>(83,829)</b>	<b>108,997</b>	<b>191,433</b>	<b>(63,735)</b>	<b>127,698</b>
Changes in the scope of consolidation	22,961	(1,196)	<b>21,765</b>	-	-	-
Additions or charges for the year	15,699	(16,119)	<b>(420)</b>	8,640	(14,787)	<b>(6,147)</b>
Exchange differences	(31)	-	<b>(31)</b>	-	-	-
Disposals or reductions	(4,858)	(14,866)	<b>(19,724)</b>	(2,655)	593	<b>(2,062)</b>
Transfers	(5,838)	4,458	<b>(1,380)</b>	(4,592)	(5,900)	<b>(10,492)</b>
<b>Ending balance</b>	<b>220,759</b>	<b>(111,552)</b>	<b>109,207</b>	<b>192,826</b>	<b>(83,829)</b>	<b>108,997</b>

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
<b>Beginning balance</b>	<b>71,086</b>	<b>79,511</b>
Sales	(3,335)	(2,442)
Charges for the year	(3,160)	(3,106)
Transfers from/to other assets	(669)	(2,877)
<b>Ending balance</b>	<b>63,922</b>	<b>71,086</b>

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
<b>Beginning balance</b>	<b>1,731,614</b>	<b>1,569,911</b>
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)
<b>Ending balance</b>	<b>1,366,466</b>	<b>1,731,614</b>

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		
	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	<b>806,859</b>	886,443	264,087	<b>1,150,530</b>
Industrial Services	201,903	3,110	<b>205,013</b>	192,545	4,073	<b>196,618</b>
Environment	335,951	18,819	<b>354,770</b>	356,559	26,781	<b>383,340</b>
Corporate Unit	(176)	-	<b>(176)</b>	(43,286)	44,412	<b>1,126</b>
<b>Total</b>	<b>1,270,484</b>	<b>95,982</b>	<b>1,366,466</b>	<b>1,392,261</b>	<b>339,353</b>	<b>1,731,614</b>

### 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
<b>Total</b>	<b>2,317,846</b>	<b>2,980,141</b>	<b>1,848,469</b>	<b>1,705,449</b>

### 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
Xífera Móviles, S.A.	79,206	79,206
Other smaller investments	146,073	109,883
<b>Total</b>	<b>1,097,535</b>	<b>504,512</b>

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 a 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	<b>87,391</b>	501,162	12,553	747	258,729	<b>773,191</b>

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	<b>131,773</b>	560,931	32,803	12,480	253,253	<b>859,467</b>

"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	<b>127,647</b>	253,510	10,335	5,834	53,918	<b>323,597</b>

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	<b>111,537</b>	285,258	10,108	6,487	60,894	<b>362,747</b>

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
<b>Total</b>	<b>1,817,199</b>	<b>1,920,115</b>

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
<b>Total</b>	<b>7,422,279</b>	<b>3,328,548</b>	<b>585,431</b>	<b>(20,251)</b>	<b>11,316,007</b>

### 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
<b>Total</b>	<b>7,178,052</b>	<b>3,672,114</b>	<b>628,626</b>	<b>(64,306)</b>	<b>11,414,486</b>

### 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)
<b>Total receivables for sales and services</b>	<b>6,864,804</b>	<b>2,627,006</b>	<b>446,822</b>	<b>568</b>	<b>9,939,200</b>
Advances received on orders (Note 23)	(904,370)	(969,422)	(15,159)	-	(1,888,951)
<b>Total net trade receivables balance</b>	<b>5,960,434</b>	<b>1,657,584</b>	<b>431,663</b>	<b>568</b>	<b>8,050,249</b>

## 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)
<b>Total receivables for sales and services</b>	<b>6,473,517</b>	<b>2,585,645</b>	<b>504,862</b>	<b>1,194</b>	<b>9,565,218</b>
Advances received on orders (Note 23)	(1,039,643)	(1,768,535)	(6,078)	1	(2,814,255)
<b>Total net trade receivables balance</b>	<b>5,433,874</b>	<b>817,110</b>	<b>498,784</b>	<b>1,195</b>	<b>6,750,963</b>

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 Titulización 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 Titulización de Activos, Sociedad Gestora de Fondos de Titulización, 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
<b>Balance at 31 December 2011</b>	<b>(193,533)</b>	<b>(102,372)</b>	<b>(21,946)</b>	<b>(4,627)</b>	<b>(322,478)</b>
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
<b>Balance at 31 December 2012</b>	<b>(189,585)</b>	<b>(92,154)</b>	<b>(21,191)</b>	<b>(4,494)</b>	<b>(307,424)</b>
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)
<b>Balance at 31 December 2013</b>	<b>(260,342)</b>	<b>(104,292)</b>	<b>(20,894)</b>	<b>(4,497)</b>	<b>(390,025)</b>

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 traded on the stock market, or that may be sold to ACS at a certain price based on a formula approved by the Board.

In relation to the foregoing, in 2013 the Parent increased its share capital by 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
<b>Total</b>	<b>2,111,618</b>	<b>4,830,361</b>

### 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)	-
<b>Total</b>	<b>2,319,377</b>	<b>2,358,036</b>

### 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
<b>Total</b>	<b>(207,759)</b>	<b>2,472,325</b>

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
<b>At beginning of the year</b>	<b>21,368,766</b>	<b>574,696</b>	<b>23,608,833</b>	<b>760,651</b>
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)
<b>At end of the reporting period</b>	<b>2,766,973</b>	<b>64,958</b>	<b>21,368,766</b>	<b>574,696</b>

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

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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 treasury 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
<b>Beginning balance</b>	<b>(725,840)</b>	<b>(2,363,192)</b>
Hedging Instruments	359,109	(153,686)
Available-for-sale financial assets	27,773	1,839,515
Exchange differences	(195,956)	(48,477)
<b>Ending balance</b>	<b>(534,914)</b>	<b>(725,840)</b>

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)
	<b>(120,144)</b>	<b>75,812</b>

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		
	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
División						
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
<b>Total</b>	<b>1,675,611</b>	<b>545,384</b>	<b>-</b>	<b>2,533,302</b>	<b>521,677</b>	<b>11</b>

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

<b>Balance at 31 December 2012</b>	<b>3,054,990</b>
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)
<b>Balance at 31 December 2013</b>	<b>2,220,995</b>

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\*

<b>Balance at 31 December 2011</b>	<b>2,872,182</b>
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)
<b>Balance at 31 December 2012</b>	<b>3,054,990</b>

(\* ) 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	<b>2,088,402</b>
Industrial Services	50,124	(29,085)	50,978	<b>72,017</b>
Environment	30,458	23,724	6,394	<b>60,576</b>
<b>Total</b>	<b>762,377</b>	<b>913,234</b>	<b>545,384</b>	<b>2,220,995</b>

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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
<b>Total</b>	<b>1,471,538</b>	<b>1,061,764</b>	<b>521,677</b>	<b>11</b>	<b>3,054,990</b>

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
<b>Construction</b>		
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%)
<b>Industrial Services</b>		
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
<b>Environment</b>		
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
<b>Beginning balance</b>	<b>54,215</b>	<b>58,132</b>
Changes in the scope of consolidation	(864)	-
Additions	853	1,966
Transfers	(1,008)	(3,398)
Recognition in income statement	(3,448)	(2,485)
<b>Ending balance</b>	<b>49,748</b>	<b>54,215</b>

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%.)



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- 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			Total non-current
	2014	2015	2016	2017	2018 and subsequent years	
<b>Debentures and bonds</b>	<b>600,462</b>	131,988	-	600,560	1,887,368	<b>2,619,916</b>

The detail, by maturity, of these debentures and bonds at 31 December 2012 is as follows:

Thousands of euros	Current		Non-current			Total non-current
	2013	2014	2015	2016	2017 and subsequent years	
<b>Debentures and bonds</b>	<b>157,670</b>	225,598	136,152	-	1,122,074	<b>1,483,824</b>

## 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			Total non-current
	2014	2015	2016	2017	2018 and subsequent years	
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
<b>Total</b>	<b>2,992,938</b>	<b>2,771,272</b>	<b>270,512</b>	<b>87,449</b>	<b>422,203</b>	<b>3,551,436</b>

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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
<b>Total</b>	<b>3,785,675</b>	<b>1,562,819</b>	<b>2,054,501</b>	<b>316,389</b>	<b>327,832</b>	<b>4,261,541</b>

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	<b>352,442</b>
Unaccrued finance charges	15,041	14,711	2,885	<b>32,637</b>
Total amounts payable under finance leases	<b>132,400</b>	<b>229,194</b>	<b>23,485</b>	<b>385,079</b>

### 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	<b>777,737</b>
Unaccrued finance charges	29,362	56,119	4,908	<b>90,389</b>
Total amounts payable under finance leases	<b>210,861</b>	<b>462,004</b>	<b>195,261</b>	<b>868,126</b>

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
<b>Project financing</b>			
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
	<b>221,447</b>	<b>1,035,693</b>	<b>1,257,140</b>

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
<b>Project financing</b>			
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
	<b>278,575</b>	<b>1,103,847</b>	<b>1,382,422</b>

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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				Total
	2015	2016	2017	2018 and subsequent years	
Balance at 31 December 2013	641,915	28,120	25,601	340,057	1,035,693

Thousands of euros	Maturity in				Total
	2014	2015	2016	2017 and subsequent years	
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
<b>Total</b>	<b>204,308</b>	<b>317,130</b>	<b>107,371</b>	<b>369,455</b>

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
<b>Balance at 31 December 2012</b>	<b>524,584</b>	<b>18,517</b>	<b>1,329,581</b>	<b>19,359</b>	<b>1,892,041</b>
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)
<b>Balance at 31 December 2013</b>	<b>427,121</b>	<b>13,932</b>	<b>1,331,903</b>	<b>21,795</b>	<b>1,794,751</b>



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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.

# CONSOLIDATED FINANCIAL STATEMENTS

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	-
<b>Total</b>	<b>720,051</b>	<b>241,648</b>	<b>33,450</b>
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
<b>Incompletely covered by plan assets</b>	<b>938,963</b>	<b>696,492</b>	<b>1,037,517</b>	<b>727,870</b>
Fully covered by plan assets	56,186	66,482	55,872	63,687
<b>Total</b>	<b>995,149</b>	<b>762,974</b>	<b>1,093,389</b>	<b>791,557</b>

### 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.

# CONSOLIDATED FINANCIAL STATEMENTS

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
<b>Defined benefit obligations at start of year</b>	<b>817,209</b>	<b>279,475</b>	<b>1,096,684</b>	<b>681,292</b>	<b>261,935</b>	<b>943,227</b>
Current service cost	9,841	2,089	<b>11,930</b>	8,641	1,632	<b>10,273</b>
Past service cost	813	-	<b>813</b>	1,599	-	<b>1,599</b>
Interest expense	27,032	10,642	<b>37,674</b>	31,070	10,889	<b>41,959</b>
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	-	3,963	<b>3,963</b>	-	(577)	<b>(577)</b>
Actuarial gains / (losses) arising from changes in financial assumptions	265	(26,806)	<b>(26,541)</b>	136,633	23,508	<b>160,141</b>
Actuarial gains / (losses) arising from changes in experience adjustments	3,882	131	<b>4,013</b>	(7,087)	2,354	<b>(4,733)</b>
Benefits paid from Company assets	(594)	(2,103)	<b>(2,697)</b>	(726)	(1,957)	<b>(2,683)</b>
Benefits paid from fund assets	(36,721)	(13,030)	<b>(49,751)</b>	(35,860)	(12,794)	<b>(48,654)</b>
Employee contributions	842	189	<b>1,031</b>	1,599	-	<b>1,599</b>
Effect of transfers	(120)	-	<b>(120)</b>	(98)	-	<b>(98)</b>
Consolidation changes	(102,398)	31,069	<b>(71,329)</b>	146	-	<b>146</b>
Currency adjustments	-	(10,521)	<b>(10,521)</b>	-	(5,515)	<b>(5,515)</b>
<b>Defined benefit obligation at end of year</b>	<b>720,051</b>	<b>275,098</b>	<b>995,149</b>	<b>817,209</b>	<b>279,475</b>	<b>1,096,684</b>
Reclassification as liabilities associated with assets held for sale	-	-	-	(3,295)	-	<b>(3,295)</b>
<b>Defined benefit obligation at end of year after reclassification</b>	<b>720,051</b>	<b>275,098</b>	<b>995,149</b>	<b>813,914</b>	<b>279,475</b>	<b>1,093,389</b>

## Changes in the market value of plan assets

Thousands of euros	2013			2012 (*)		
	Germany	Other countries	Total	Germany	Other countries	Total
<b>Plan assets at start of year</b>	<b>602,115</b>	<b>191,612</b>	<b>793,727</b>	<b>589,549</b>	<b>180,799</b>	<b>770,348</b>
Interest on plan assets	20,471	7,374	<b>27,845</b>	28,029	7,543	<b>35,572</b>
Plan expenses paid from plan assets recognized in profit or loss	-	(927)	<b>(927)</b>	-	-	-
Remeasurements						
Return on plan assets not included in net interest expense/income	(4,279)	17,840	<b>13,561</b>	16,250	15,477	<b>31,727</b>
Difference between plan expenses expected and recognized in profit or loss	-	(11)	<b>(11)</b>	-	-	-
Employer contributions	48,046	717	<b>48,763</b>	2,503	4,372	<b>6,875</b>
Employee contributions	842	189	<b>1,031</b>	1,599	-	<b>1,599</b>
Effect of transfers	(8)	-	<b>(8)</b>	(8)	-	<b>(8)</b>
Benefits paid	(36,721)	(13,030)	<b>(49,751)</b>	(35,860)	(12,794)	<b>(48,654)</b>
Consolidation changes	(89,633)	26,490	<b>(63,143)</b>	53	-	<b>53</b>
Currency adjustments	-	(8,113)	<b>(8,113)</b>	-	(3,785)	<b>(3,785)</b>
<b>Plan assets at end of year</b>	<b>540,833</b>	<b>222,141</b>	<b>762,974</b>	<b>602,115</b>	<b>191,612</b>	<b>793,727</b>
Reclassification as liabilities associated with assets held for sale	-	-	-	(2,170)	-	<b>(2,170)</b>
<b>Plan assets at end of year after reclassification</b>	<b>540,833</b>	<b>222,141</b>	<b>762,974</b>	<b>599,945</b>	<b>191,612</b>	<b>791,557</b>

(\*) 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
<b>Funding status</b>	<b>232,175</b>	<b>301,832</b>
Adjustments arising from limit in IAS 19.58	-	-
Assets from overfunded pension plans	10,296	7,815
<b>Provision for pensions and similar obligations</b>	<b>242,471</b>	<b>309,647</b>

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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
<b>Total</b>	<b>625,249</b>	<b>137,725</b>	<b>762,974</b>	<b>100.00</b>

## Composition of plan assets 31 Dec. 2012:

Thousands of euros	Fair value		Total	%
	Listed on active markets	Not listed on active markets		
<b>Stock</b>				
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
<b>Bonds</b>				
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
<b>Total</b>	<b>660,116</b>	<b>131,441</b>	<b>791,557</b>	<b>100.00</b>

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
<b>Total personnel expense</b>	<b>10,654</b>	<b>2,089</b>	<b>12,743</b>	<b>10,240</b>	<b>1,632</b>	<b>11,872</b>
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)
<b>Net interest expense / income (net investment and interest income)</b>	<b>6,561</b>	<b>3,268</b>	<b>9,829</b>	<b>3,041</b>	<b>3,346</b>	<b>6,387</b>
Plan expenses paid from plan assets recognized in profit or loss	-	927	927	-	-	-
<b>Total amount recognized in profit or loss</b>	<b>17,215</b>	<b>6,284</b>	<b>23,499</b>	<b>13,281</b>	<b>4,978</b>	<b>18,259</b>

(\*) 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 scanty 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
<b>Total</b>	<b>1,331,903</b>

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
<b>Balance at 31 December 2012</b>	<b>12,906</b>	<b>100,525</b>	<b>1,100,182</b>	<b>1,213,613</b>
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
<b>Balance at 31 December 2013</b>	<b>10,817</b>	<b>69,866</b>	<b>1,021,728</b>	<b>1,102,411</b>

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								
	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
At 31 December 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								
	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
At 31 December 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
<b>Net recourse debt</b>	<b>2,977,539</b>	<b>3,569,529</b>
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)
<b>Project financing</b>	<b>1,257,140</b>	<b>1,382,422</b>
<b>Equity</b>	<b>5,488,908</b>	<b>5,711,508</b>
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
<b>Assets</b>	<b>2,588,558</b>	<b>1,920,898</b>	<b>608,562</b>	<b>59,098</b>
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	-
<b>Liabilities</b>	<b>568,420</b>	<b>-</b>	<b>562,475</b>	<b>5,945</b>
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
<b>Assets</b>	<b>1,900,558</b>	<b>866,874</b>	<b>958,611</b>	<b>75,073</b>
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	-
<b>Liabilities</b>	<b>618,228</b>	<b>-</b>	<b>618,228</b>	<b>-</b>
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	
<b>Balance at 1 January 2013</b>	<b>75,073</b>
Adjustments for change in value	(12,900)
Effect on income	(13,307)
Other changes	10,232
<b>Balance at 31 December 2013</b>	<b>59,098</b>

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)
<b>TOTAL</b>	<b>8,451,425</b>	<b>2,666,318</b>	<b>4,300,351</b>	<b>139,669</b>	<b>31,327</b>	<b>721,110</b>	<b>592,650</b>	<b>(515,747)</b>

## 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
<b>TOTAL</b>	<b>8,152,356</b>	<b>1,010,905</b>	<b>1,770,055</b>	<b>4,638,642</b>	<b>152,960</b>	<b>46,961</b>	<b>532,833</b>	<b>(138,517)</b>

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
<b>TOTAL</b>	<b>52,673</b>	<b>568,420</b>	<b>479,711</b>	<b>618,228</b>

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.

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- 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.

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- 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%
<b>Total</b>	<b>5,320,397</b>	<b>100%</b>
<b>Weighted average days outstanding</b>		<b>93 days</b>
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
<b>Total</b>	<b>555,849</b>	<b>275,121</b>

## 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
<b>REVENUE</b>	<b>29,559,270</b>	<b>1,781,206</b>	<b>7,067,065</b>	<b>(35,020)</b>	<b>38,372,521</b>
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
<b>OPERATING INCOME</b>	<b>699,548</b>	<b>124,306</b>	<b>862,133</b>	<b>(41,324)</b>	<b>1,644,663</b>
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
<b>FINANCIAL PROFIT /LOSS</b>	<b>243,678</b>	<b>(65,383)</b>	<b>(196,015)</b>	<b>40,690</b>	<b>22,970</b>
Results of companies accounted for using the equity method	74,053	18,819	3,110	-	95,982
<b>PROFIT BEFORE TAX</b>	<b>1,017,279</b>	<b>77,742</b>	<b>669,228</b>	<b>(634)</b>	<b>1,763,615</b>
Corporate income tax	(340,377)	(13,682)	(200,665)	38,034	(516,690)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>676,902</b>	<b>64,060</b>	<b>468,563</b>	<b>37,400</b>	<b>1,246,925</b>
Profit after tax from discontinued operations	-	-	-	-	-
<b>PROFIT FOR THE YEAR</b>	<b>676,902</b>	<b>64,060</b>	<b>468,563</b>	<b>37,400</b>	<b>1,246,925</b>
Profit attributed to non-controlling interests	(488,012)	(6,394)	(50,978)	-	(545,384)
Profit from discontinued operations attributed to non-controlling interests	-	-	-	-	-
<b>PROFIT ATTRIBUTABLE TO THE PARENT</b>	<b>188,890</b>	<b>57,666</b>	<b>417,585</b>	<b>37,400</b>	<b>701,541</b>

## 25.02.02. Income statement by business segment: 2012

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>REVENUE</b>	<b>29,682,756</b>	<b>1,690,799</b>	<b>7,050,012</b>	<b>(27,389)</b>	<b>38,396,178</b>
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)
<b>OPERATING INCOME</b>	<b>756,161</b>	<b>106,120</b>	<b>818,814</b>	<b>(89,598)</b>	<b>1,591,497</b>
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)
<b>FINANCIAL PROFIT /LOSS</b>	<b>(121,214)</b>	<b>(84,396)</b>	<b>(174,336)</b>	<b>(4,071,215)</b>	<b>(4,451,161)</b>
Results of companies accounted for using the equity method	264,087	26,781	4,073	44,412	339,353
<b>PROFIT BEFORE TAX</b>	<b>899,034</b>	<b>48,505</b>	<b>648,551</b>	<b>(4,116,401)</b>	<b>(2,520,311)</b>
Corporate income tax	(181,574)	(8,483)	(183,320)	1,378,593	1,005,216
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>717,460</b>	<b>40,022</b>	<b>465,231</b>	<b>(2,737,808)</b>	<b>(1,515,095)</b>
Profit after tax from discontinued operations	-	157,465	-	(50,000)	107,465
<b>PROFIT FOR THE YEAR</b>	<b>717,460</b>	<b>197,487</b>	<b>465,231</b>	<b>(2,787,808)</b>	<b>(1,407,630)</b>
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)
<b>PROFIT ATTRIBUTABLE TO THE PARENT</b>	<b>247,791</b>	<b>196,436</b>	<b>415,673</b>	<b>(2,787,833)</b>	<b>(1,927,933)</b>

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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
<b>Non-current assets</b>	<b>8,619,860</b>	<b>2,182,587</b>	<b>740,279</b>	<b>2,847,788</b>	<b>14,390,514</b>
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
<b>Current assets</b>	<b>15,186,846</b>	<b>1,495,206</b>	<b>9,231,989</b>	<b>(533,398)</b>	<b>25,380,643</b>
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
<b>TOTAL ASSETS</b>	<b>23,806,706</b>	<b>3,677,793</b>	<b>9,972,268</b>	<b>2,314,390</b>	<b>39,771,157</b>

### EQUITY AND LIABILITIES

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>Equity</b>	<b>5,276,099</b>	<b>1,287,511</b>	<b>912,439</b>	<b>(1,987,141)</b>	<b>5,488,908</b>
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
<b>Non-current liabilities</b>	<b>5,765,150</b>	<b>752,970</b>	<b>699,375</b>	<b>4,105,960</b>	<b>11,323,455</b>
Grants	1,871	45,897	1,980	-	49,748
<b>Non-current financial liabilities</b>	<b>3,427,536</b>	<b>379,167</b>	<b>408,351</b>	<b>3,196,299</b>	<b>7,411,353</b>
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
<b>Current liabilities</b>	<b>12,765,457</b>	<b>1,637,312</b>	<b>8,360,454</b>	<b>195,571</b>	<b>22,958,794</b>
<b>Current financial liabilities</b>	<b>2,232,994</b>	<b>1,014,801</b>	<b>669,397</b>	<b>214,785</b>	<b>4,131,977</b>
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
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,806,706</b>	<b>3,677,793</b>	<b>9,972,268</b>	<b>2,314,390</b>	<b>39,771,157</b>

## 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
<b>Non-current assets</b>	<b>9,700,079</b>	<b>2,123,766</b>	<b>787,360</b>	<b>2,561,542</b>	<b>15,172,747</b>
<b>Intangible assets</b>	<b>3,690,050</b>	<b>465,741</b>	<b>109,276</b>	<b>275,118</b>	<b>4,540,185</b>
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
<b>Tangible assets-property, plant and equipment / Property investments</b>	<b>2,388,569</b>	<b>422,338</b>	<b>201,868</b>	<b>9,288</b>	<b>3,022,063</b>
<b>Non-current assets in projects</b>	<b>270,401</b>	<b>326,529</b>	<b>132,963</b>	<b>-</b>	<b>729,893</b>
<b>Non-current financial assets</b>	<b>2,277,773</b>	<b>840,155</b>	<b>293,213</b>	<b>531,664</b>	<b>3,942,805</b>
<b>Other current assets</b>	<b>1,073,286</b>	<b>69,003</b>	<b>50,040</b>	<b>1,745,472</b>	<b>2,937,801</b>
<b>Current assets</b>	<b>17,022,775</b>	<b>1,402,499</b>	<b>9,670,263</b>	<b>(1,704,908)</b>	<b>26,390,629</b>
<b>Inventories</b>	<b>1,727,446</b>	<b>42,638</b>	<b>157,818</b>	<b>(7,787)</b>	<b>1,920,115</b>
<b>Trade and other receivables</b>	<b>7,178,049</b>	<b>628,628</b>	<b>3,672,115</b>	<b>(64,306)</b>	<b>11,414,486</b>
<b>Other current financial assets</b>	<b>1,822,044</b>	<b>437,173</b>	<b>1,104,902</b>	<b>(1,658,670)</b>	<b>1,705,449</b>
<b>Derivative financial instruments</b>	<b>5,225</b>	<b>-</b>	<b>-</b>	<b>3,789</b>	<b>9,014</b>
<b>Other current assets</b>	<b>172,602</b>	<b>8,925</b>	<b>28,303</b>	<b>2,408</b>	<b>212,238</b>
<b>Cash and cash equivalents</b>	<b>3,320,216</b>	<b>170,397</b>	<b>1,017,565</b>	<b>19,658</b>	<b>4,527,836</b>
<b>Non-current assets held for sale</b>	<b>2,797,193</b>	<b>114,738</b>	<b>3,689,560</b>	<b>-</b>	<b>6,601,491</b>
<b>TOTAL ASSETS</b>	<b>26,722,854</b>	<b>3,526,265</b>	<b>10,457,623</b>	<b>856,634</b>	<b>41,563,376</b>

**EQUITY AND LIABILITIES**

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>Equity</b>	<b>6,059,283</b>	<b>1,236,404</b>	<b>917,864</b>	<b>(2,502,043)</b>	<b>5,711,508</b>
<b>Equity attributed to the Parent</b>	<b>3,169,721</b>	<b>1,193,047</b>	<b>795,623</b>	<b>(2,501,873)</b>	<b>2,656,518</b>
<b>Non-controlling interests</b>	<b>2,889,562</b>	<b>43,357</b>	<b>122,241</b>	<b>(170)</b>	<b>3,054,990</b>
<b>Non-current liabilities</b>	<b>6,013,416</b>	<b>1,109,075</b>	<b>423,679</b>	<b>3,370,830</b>	<b>10,917,000</b>
<b>Grants</b>	<b>1,957</b>	<b>50,001</b>	<b>2,257</b>	<b>-</b>	<b>54,215</b>
<b>Non-current financial liabilities</b>	<b>3,357,727</b>	<b>749,243</b>	<b>164,606</b>	<b>2,685,007</b>	<b>6,956,583</b>
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
<b>Derivative financial instruments</b>	<b>63,054</b>	<b>35,688</b>	<b>10,658</b>	<b>484,963</b>	<b>594,363</b>
<b>Other non-current liabilities</b>	<b>2,590,678</b>	<b>274,143</b>	<b>246,158</b>	<b>200,860</b>	<b>3,311,839</b>
<b>Current liabilities</b>	<b>14,650,155</b>	<b>1,180,786</b>	<b>9,116,080</b>	<b>(12,153)</b>	<b>24,934,868</b>
<b>Current financial liabilities</b>	<b>3,108,309</b>	<b>564,346</b>	<b>706,296</b>	<b>212,424</b>	<b>4,591,375</b>
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
<b>Derivative financial instruments</b>	<b>23,331</b>	<b>6</b>	<b>528</b>	<b>-</b>	<b>23,865</b>
<b>Trade and other payables</b>	<b>9,353,035</b>	<b>518,177</b>	<b>4,965,430</b>	<b>(95,028)</b>	<b>14,741,614</b>
<b>Other current liabilities</b>	<b>1,226,097</b>	<b>54,357</b>	<b>337,829</b>	<b>(129,549)</b>	<b>1,488,734</b>
<b>Liabilities relating to non-current assets held for sale</b>	<b>939,383</b>	<b>43,900</b>	<b>3,105,997</b>	<b>-</b>	<b>4,089,280</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,722,854</b>	<b>3,526,265</b>	<b>10,457,623</b>	<b>856,634</b>	<b>41,563,376</b>

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The detail of revenue from Construction is as follows:

Thousands of euros	2013	2012
<b>Spain</b>	<b>1,392,825</b>	<b>1,810,091</b>
Dragados	1,313,980	1,720,580
Hochtief	-	25
Concessions	78,845	89,486
<b>International</b>	<b>28,166,445</b>	<b>27,872,665</b>
Dragados	2,446,330	2,318,350
Hochtief	25,693,245	25,527,697
Concessions	26,870	26,618
<b>Total</b>	<b>29,559,270</b>	<b>29,682,756</b>

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)
<b>Total</b>	<b>7,067,065</b>	<b>7,050,012</b>

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
<b>Total</b>	<b>1,781,206</b>	<b>1,690,799</b>

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		
	External income	Inter-segment income	Total income	External income	Inter-segment income	Total income
<b>Segmentos</b>						
Construction	29,544,221	15,049	<b>29,559,270</b>	29,672,154	10,602	<b>29,682,756</b>
Environment	1,781,009	197	<b>1,781,206</b>	1,690,167	632	<b>1,690,799</b>
Industrial Services	7,047,291	19,774	<b>7,067,065</b>	7,033,857	16,155	<b>7,050,012</b>
(-) Adjustments and eliminations of ordinary inter-segment income	-	(35,020)	<b>(35,020)</b>	-	(27,389)	<b>(27,389)</b>
<b>Total</b>	<b>38,372,521</b>	-	<b>38,372,521</b>	<b>38,396,178</b>	-	<b>38,396,178</b>

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 (*)
<b>Segments</b>		
Construction	676,902	717,460
Environment	64,060	197,487
Industrial Services	468,563	465,231
<b>Total profit of the segments reported upon</b>	<b>1,209,525</b>	<b>1,380,178</b>
(+/-) 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)
<b>Profit/(Loss) before tax</b>	<b>1,763,615</b>	<b>(2,520,311)</b>

(\*) Data restated

# CONSOLIDATED FINANCIAL STATEMENTS

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
<b>Total</b>	<b>38,372,521</b>	<b>38,396,178</b>

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
<b>Europe</b>	<b>21,388,839</b>	<b>22,220,151</b>
Spain	15,932,767	15,952,695
Germany	2,906,781	3,946,036
Rest of Europe	2,549,291	2,321,420
<b>Rest of geographic areas</b>	<b>18,382,318</b>	<b>19,343,225</b>
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
<b>Total</b>	<b>39,771,157</b>	<b>41,563,376</b>

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
<b>Total</b>	<b>1,300,530</b>	<b>1,533,809</b>

## 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.



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## 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)
<b>Final balance of the corporation tax expense</b>	<b>516,690</b>	<b>(1,005,216)</b>

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

	Balance at 31 December 2012	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2013
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
<b>Assets</b>	<b>2,467,104</b>	<b>(67,711)</b>	<b>(24,491)</b>	<b>(2,091)</b>	<b>298</b>	<b>15,669</b>	<b>15,643</b>	<b>(24,721)</b>	<b>2,379,700</b>
-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
<b>Liabilities</b>	<b>1,232,499</b>	<b>146,890</b>	<b>-</b>	<b>1,239</b>	<b>-</b>	<b>(2,703)</b>	<b>11,473</b>	<b>(8,125)</b>	<b>1,381,273</b>
-Temporary differences	1,232,499	146,890	-	1,239	-	(2,703)	11,473	(8,125)	1,381,273

Thousands of euros

	Balance at 31 December 2011	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2012
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
<b>Assets</b>	<b>2,083,324</b>	<b>878,229</b>	<b>41,751</b>	<b>2,606</b>	<b>(558,310)</b>	<b>(10,697)</b>	<b>39,250</b>	<b>(9,049)</b>	<b>2,467,104</b>
-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
<b>Liabilities</b>	<b>1,174,599</b>	<b>81,122</b>	<b>-</b>	<b>32</b>	<b>(15,110)</b>	<b>(7,370)</b>	<b>-</b>	<b>(774)</b>	<b>1,232,499</b>
-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
<b>Deferred tax assets arising from:</b>		
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
<b>Total</b>	<b>1,176,802</b>	<b>1,307,981</b>
<b>Deferred tax liabilities arising from:</b>		
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
<b>Total</b>	<b>1,381,273</b>	<b>1,232,499</b>

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)
<b>Total</b>	<b>38,372,521</b>	<b>38,396,178</b>

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
<b>Total</b>	<b>38,372,521</b>	<b>38,396,178</b>

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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
<b>Total</b>	<b>63,419,068</b>	<b>65,626,006</b>

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)
<b>Total</b>	<b>24,834,110</b>	<b>23,918,513</b>

### 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
<b>Total</b>	<b>8,339,894</b>	<b>8,680,555</b>

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	<b>29,966</b>	24,280	6,308	<b>30,588</b>
Junior college graduates	6,078	1,622	<b>7,700</b>	5,820	1,677	<b>7,497</b>
Non-graduate line personnel	11,424	1,489	<b>12,913</b>	10,727	1,415	<b>12,142</b>
Clerical personnel	3,367	6,357	<b>9,724</b>	3,462	6,354	<b>9,816</b>
Other employees	95,353	9,094	<b>104,447</b>	96,047	8,252	<b>104,299</b>
<b>Total</b>	<b>139,940</b>	<b>24,810</b>	<b>164,750</b>	<b>140,336</b>	<b>24,006</b>	<b>164,342</b>

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
<b>Total</b>	<b>164,750</b>	<b>164,342</b>

### 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.

# CONSOLIDATED FINANCIAL STATEMENTS

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)	<b>2.26</b>	<b>(6.62)</b>	<b>(134.14)</b>
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)	-	<b>0.37</b>	<b>(100.00)</b>
Basic earnings per share from continuing operations (euros)	<b>2.26</b>	<b>(6.99)</b>	<b>n/a</b>
Diluted earnings per share from discontinued operations (euros)	-	<b>0.37</b>	<b>(100.00)</b>
Diluted earnings per share from continuing operations (euros)	<b>2.26</b>	<b>(6.99)</b>	<b>n/a</b>

( \* ) 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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 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):

2013 Related transactions	Significant shareholders		Directors and managers	Other related parties							
	Iberostar Group	Total	Total	Fidalsar, S.L.	Rosán Inversiones, S.L.	Terratest Técnicas Especiales, S.A.	Indra	Zardoya Otis, S.A.	March-JLT, S.A.	Total	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
<b>Expenses</b>	-	-	-	<b>302</b>	-	<b>1,594</b>	<b>1,678</b>	<b>1,496</b>	<b>38,110</b>	<b>43,180</b>	<b>43,180</b>
Provision of services	553	553	257	-	384	-	2,362	-	-	2,746	3,556
<b>Revenue</b>	<b>553</b>	<b>553</b>	<b>257</b>	-	<b>384</b>	-	<b>2,362</b>	-	-	<b>2,746</b>	<b>3,556</b>

Thousands of euros

2013 Related transactions	Significant shareholders		Other related parties					Total	Total
	Banca March	Total	Banco Sabadell	Fidwei Inversiones, S.L.	Lynx Capital, S.A.	Fidalsar, S.L.	Total		
Other transactions									
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						Total	Total	
	Iberostar Group	Total		Total	Fidalsar, S.L.	Rosán Inversiones, S.L.	Terratest Técnicas Especiales, S.A.	Indra	Zardoya Otis, S.A.			March-JLT, S.A.
Expenses and revenue												
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	
<b>Expenses</b>	-	-	-	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	
<b>Revenue</b>	538	538	97	-	276	-	2,130	5	-	2,411	3,046	

Thousands of euros

2012 Related transactions	Significant shareholders		Other related parties					Total	Total
	Banca March	Total	Banco Sabadell	Fidwei Inversiones, S.L.	Lynx Capital, S.A.	Fidalsar, S.L.	Total		
Other transactions									
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 to 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
<b>Total</b>	<b>10,793</b>	<b>10,482</b>

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 Martínez-Conde Gutiérrez-Barquín	Fomento de Construcciones y Contratas, S.A.	Construction and Services	0.004%	None
Santos Martínez-Conde Gutiérrez-Barquín	Técnicas Reunidas, S.A.	Construction of Industrial Facilities	0.002%	None
Santos Martínez-Conde Gutiérrez-Barquín	Repsol YPF, S.A.	Energy	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Indra Sistemas, S.A.	Information technologies and defence systems	0.005%	Board Member
Santos Martínez-Conde Gutiérrez-Barquín	Endesa, S.A.	Energy	0.000%	None
Santos Martínez-Conde Gutiérrez-Barquín	Ferrovial, S.A.	Construction and Services	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Telefónica, S.A.	Telephony	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Abertis Infraestructuras, S.A.	Concessions	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Gás Natural SDG, S.A.	Energy	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Enagás, S.A.	Energy	0.002%	None
Santos Martínez-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 Rail, 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	Construirail, 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 area 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 States 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 <sub>2</sub> 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 <sup>3</sup> )	10,067,651	30,389,759
Ratio: m <sup>3</sup> water / Sales (€mn)	262.2	792.0
Direct emissions (Scope 1) (tCO <sub>2</sub> equiv.)	322,758	351,021
Ratio Carbon intensity Scope 1: emissions / sales (€mn)	8.4	9.1
Indirect emissions (Scope 2) (tCO <sub>2</sub> equiv.)	392,331	346,861
Ratio Carbon intensity Scope 2: emissions / sales (€mn)	10.2	9.0
Indirect emissions (Scope 3) (tCO <sub>2</sub> equiv.)	1,451,662	5,147,151
Ratio Carbon intensity Scope 3: emissions / sales (€mn)	37.8	134.1
Total emissions (tCO <sub>2</sub> 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 CO<sub>2</sub> 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
<b>Audit service fees</b>	<b>12,986</b>	<b>15,189</b>
Main auditor	11,005	11,204
Other auditors	1,981	3,985
<b>Fees for tax services</b>	<b>871</b>	<b>1,892</b>
Main auditor	493	370
Other auditors	378	1,522
<b>Other services</b>	<b>1,763</b>	<b>3,963</b>
Main auditor	1,572	2,508
Other auditors	191	1,455
<b>Total</b>	<b>15,620</b>	<b>21,044</b>

## 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.

# CONSOLIDATED FINANCIAL STATEMENTS

## APPENDIX I. SUBSIDIARIES

Company	Registered Office	% Effective Ownership
<b>PARENT</b>		
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	
ACS Actividades Finance, B.V.	Amsterdam. Holland.	100.00%
ACS Telefonía Móvil, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
Admirabilia, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
Cariátide, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
Equity Share, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
Funding Statement, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
Major Assets, S. L.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
Novovilla, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
Residencial Monte Carmelo, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
Statement Structure, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain.	100.00%
<b>CONSTRUCTION - DRAGADOS</b>		
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%
Cesionario 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 Compax Dos S.A.	Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile. Chile.	55.00%
Consorcio Dragados Compax, 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 Infrastructures UK, Ltd.	Regina House second floor, 1-5 Queen Street. London EC4N 15W. United Kingdom.	100.00%
Drace Infrastructures USA, Lic.	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 CVW 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 Wrocław 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, Suite 2103. 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%
<b>CONSTRUCTION - IRIDIUM (Concessions)</b>		
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%
Autovía 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 Santiago, 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 Sofía N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile.	100.00%
Concesiones Viarias Chile, S.A.	José Antonio Sofía 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 Santiago, 50. 28050 Madrid. Spain.	75.00%
Iridium Aparcamientos, S.L.	Avda. Camino de Santiago, 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%

# CONSOLIDATED FINANCIAL STATEMENTS

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%
<b>CONSTRUCTION - HOCHTIEF</b>		
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.	Steinfot, Luxembourg.	55.94%
Builders Reinsurance S.A.	Steinfot, 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%
Steinfot Capital Growth SICAV-SIF	Bertrange, Luxembourg.	55.94%
Steinfot Fund of Funds SICAV-SIF	Hesperange, Luxembourg.	55.94%
Steinfot Propco Sàrl	Strassen, Luxembourg.	55.94%
Vintage Real Estate HoldCo Sàrl	Strassen, Luxembourg.	55.94%
<b>HOCHTIEF AMERICAS</b>		
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, Gifford 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-Precor/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 III(PS 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%



# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Turner/Con-Real - Forest/JV	New York, United States of America.	33.56%
Turner/Con-Real (Tarrant 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 Intl Aripport DOA Security 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%
<b>HOCHTIEF ASIA PACIFIC</b>		
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 Myrx 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%
Leighton 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 Pty. 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, Thailand.	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%
<b>HOCHTIEF Europe</b>		
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 Auresis 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%
RheinartOffice 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 Bauleistik GmbH	Essen, Germany.	55.94%
STREIF Bauleistik 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%
<b>INDUSTRIAL SERVICES</b>		
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 Projotos 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%
Applied Control Technology, LLC.	5005 N. Stateline Av. Texarcana Texas TX 75503. United States of America.	100.00%
Araucária Projotos 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 Cabezeuela, s/n.11510 Puerto Real. Cadiz. Spain.	100.00%
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Atlântico-Concessões Transp Energia do Brazil Ltda.	Rua Marcos Macedo 1333 sala 1410 Ed. P tio D.Luiz Torre Il. 60150-190. Fortaleza. Brazil.	74.54%
Audelii, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%

Company	Registered Office	% Effective Ownership
Avante MPG1 B.V.	Park Hoornwijck, 2 2289CZ. Netherlands.	100.00%
Avante MPG2 B.V.	Park Hoornwijck, 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. Weinfel de Suministro de Personal	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
Cachoeira Montagens e Serviços, Ltda.	Marechal Camera,160 20020 Rio de Janeiro. Brazil.	100.00%
Calidad e Inspecciones Offshore, S.L.	Bajo de la Cabezueta, 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 Cornellà 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.	Sítio 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 Termoelectrica 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- Construções, 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 Instalações e Serviços	Cuadra 4, 10 47680 Estrada do Coco/Bahia. Brazil.	100.00%
Cobra Bolívia, S.A.	Rosendo Gutierrez, 686 Sopocachi. Bolívia.	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 Instalações y Serviços, 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 Belaunde 887 Distrito: Carmen de Le Legua Reinoso. Peru.	100.00%
Cobra Peru, S.A.	Avda. Víctor Andrés Belaunde 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 Plla. 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 Siguan, S.A.	Avda. Victor Andrés Belaunde, 887. Lima. Peru.	60.00%
Concesionaria Línea 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%
Construção e Manutenção Electromecânica 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 Siguan, 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 Algeria 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 Riverway, Suite 1700.77056 Texas. Houston. United States of America.	100.00%
Dragados Offshore, S.A.	Bajo de la Cabezueta, 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 Telecomunicações, 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 Ingeniería 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 Trindade, 4 Lisboa. 01649 Portugal.	98.21%
Emurtel, S.A.	C/ Carlos Egea, parc. 13-18. Pl. 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%
Energías 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 Limitada	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. Pl. Mutiva 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 Fotovoltaicas Lesedi y Letsatsi, S.L.	Cardenal Marcelo Spínola, 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. Manoterías, 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. Pl. 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%
Gestão de Negócios 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 Manoterías 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 Instalações 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%
Hidráulica de Cochea, S.A.	Dr. Ernesto Pérez 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%
Hidráulica 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%
Hidráulica San José, S.A.	Dr. Ernesto Pérez Balladares, s/n. Chiriqui. Panama.	100.00%
Hidrogestión, S.A.	Avda. Manoterías, 28. Madrid. Spain.	100.00%

# CONSOLIDATED FINANCIAL STATEMENTS

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%
Humiclíma Caribe Cpor A.Higüey	Ctra Cruce De Friusa, s/n. Higüey. Altigracia. Dominican Republic.	100.00%
Humiclíma Centro, S.A.	C/ Orense, 4 1º planta. 28020 Madrid. Spain.	100.00%
Humiclíma Est Catalunya, S.L.	Carretera del Mig, 37. 08940 Cornellá de Llobregat. Barcelona. Spain.	100.00%
Humiclíma Est, S.A.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain.	100.00%
Humiclíma Haití, S.A.	Angle Rue Clerveau et Darguin, 1 Petion Ville. Port au Prince. Haiti.	99.98%
Humiclíma Jamaica Limited	Corner Lane 6 Montego Bay. St James. Jamaica.	100.00%
Humiclíma Magestic Grupo, S.L.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain.	100.00%
Humiclíma Mexico, S.A. de C.V.	Cancun (Quintana De Roo). Mexico.	100.00%
Humiclíma Panamá, S.A.	C/ 12, Corregimiento de Río Abajo Panamá.	100.00%
Humiclíma Sac, S.A.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain.	100.00%
Humiclíma Sur, S.L.	C/ Morocco, 12. Jérez de La Frontera. Cádiz. Spain.	100.00%
Humiclíma Valladolid, S.L.	C/ Puente Colgante, 46. Valladolid. Spain.	100.00%
Hydro Management, S.L.	Avda. Teniente 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/ Paraiso, 3. 50410 Cuarte de Huerva. Zaragoza. Spain.	100.00%
Infraestructuras Energéticas Castellanas, S.L.	Aluminio, 17. 47012 Valladolid. Spain.	51.00%
Ingeniería de Transporte y Distribución de Energía Eléctrica, S.L. (Intrade)	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Initec do Brazil Engenharia e Construções, Ltda.	Avda. Rio Branco, 151 5º andar, Grupo 502, Centro.20040 - 911 Rio de Janeiro. Brazil.	100.00%
Initec Energia 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, Río Abajo Ciudad de Panamá. Panamá.	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. Panamá.	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. Tarragona. Spain.	99.40%
Intecsa Ingeniería Industrial, S.A.	Vía de los Poblados, 11. 28033 Madrid. Spain.	100.00%
Integrated Technical Prodcus, 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 Servicos, 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 Partipações S.A.	Avda. Marechal Camera 160, sala 1808. Rio de Janeiro. Brazil.	75.00%
LTE Energía, Ltda.	Pz. Centenario - Av. Nações 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 Servicos, Ltda.	Avda. Marechal Camera, 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 Spinola, 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. Tarragona. 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 Manutenção e Montagens Ltda.	Avda. presidente Wilson, nº231, sala 1701 (parte), Centro. Rio 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%
Menci, S.L.	C/ Biniarroca s/n, Local 16. 07710 Sant Lluís. 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 Elkridge. 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 Construcție si Instalare, S.R.L.	Floresca, 169-A floresca Business Park. Bucarest. Romania.	100.00%
Moncobra Dom	3296 Bld Marquisat de Houelbourg- Zl de Jarry97122 Baie Mahault. Guadalupe.	100.00%
Moncobra Peru	Avda. Víctor Andrés Belaúnde 887 Distrito: Carmen de la Legua Reinoso. Peru.	100.00%
Moncobra, S.A.	Cardenal Marcelo Spinola, 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 Systems, S.R.L.	139, rue Simone Signoret - Tournezy II.34070 Motpellier. France.	100.00%
NGS - New Generation Services, Ltda.	Pz. Centenario - Av. Nações Unidas 12995. 04578-000. Sao Paulo. Brazil.	74.54%
North Africa Infraestructures, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	51.00%
OCP Peru	Avda. Víctor Andrés Belaúnde 887 Distrito: Carmen de la 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 Spinola, 10. 28016 Madrid. Spain.	100.00%
P. E. Sierra de las Carbas, S.L.	Cardenal Marcelo Spinola, 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 Spinola, 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 Spinola, 10. 28016 Madrid. Spain.	100.00%
P.E.Tesosanto, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	61.79%
Parque Cortado Alto, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	51.00%
Parque Eólico Buseco, S.L.	Comandante Caballero, 8. 33005 Oviedo. Asturias. Spain.	80.00%
Parque Eólico de Valdecarrío, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	100.00%
Parque Eólico La Val, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	51.00%
Parque Eólico Santa Catalina, S.L.	La Paz, 23-2ªB. Valencia. Spain.	100.00%
Parque Eólico Tadeas, S.L.	Cardenal Marcelo Spinola, 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 Valdehiero, S.L.	Cardenal Marcelo Spinola, 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%
Procmo, S.A.	Rua Rui Teles Palhinha, 4. Leíã 2740-278 Porto Salvo. Portugal.	74.54%

# CONSOLIDATED FINANCIAL STATEMENTS

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 Saudi.	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 Lagrange, 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%
Foura 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 Ingeniería, 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. Istanbul. 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. Rio de Janeiro. Brazil.	100.00%
Setec Soluções 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.	Rublevskoye Shosse 83/1 121467 Moscú. 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 Construcción 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 José 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 N° 3. 01017 Ciudad de Guatemala. Guatemala	100.00%
Soluciones Eléctricas Integrales de Guatemala, S.A.	2 Avda. 13-35 Zona 17, Ofibodegas los Almendros N° 3. 01017 Ciudad de Guatemala. Guatemala.	100.00%
Spocbra Instalações e Serviços, Ltda.	Joaq 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 Geração e Comercialização 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. Leiao 2740-278 Porto Salvo. Portugal.	74.54%
Técnicas de Desalinización de Aguas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Técnicas 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%
Termosmerno, 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 Spinola, 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 Spinola, 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 Spinola, 10. 28016 Madrid. Spain.	100.00%
Urbaenergía, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	100.00%
Valdelagua Wind Power, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	100.00%
Venelin Colombia SAS	C/ 107 A N°. 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 Energia, 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%
<b>ENVIROMENT</b>		
ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50.28050 Madrid. Spain.	100.00%
Bias Moreno, S.L.	Avda. Diagonal, nº 611 2º. Barcelona. Spain.	60.00%

# CONSOLIDATED FINANCIAL STATEMENTS

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 Muñiza, 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 Valladolid. 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 Dócean s/n. Parroquia 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. Qatarrja. 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%
Servicios 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. Sintax Estrada de Algeruz. Setubal. Portugal.	100.00%
Sintax Logística, S.A.	C/ Diputación, 279, Atico 6º. Barcelona. Spain.	100.00%
Sintax Logistics 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 Logistique Méditerranée, E.U.R.L.	Place de la Madeleine, 6. 75008 Paris. France.	100.00%
Sintax Logistique 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 Todí, 73. 2900 Setúbal. Portugal.	51.00%
Sintlogística, Ltda.	Vale Ana Gomez, Ed. Sintax 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 Elaissauvi 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 1º 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. Qatarrja. 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 Movinet, 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. Iizandro 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%



# CONSOLIDATED FINANCIAL STATEMENTS

## APPENDIX II. UTE'S / EIG'S

UTE / AIE	Address	% Effective Ownership	Revenue (100%)
<b>CONSTRUCTION - DRAGADOS</b>			
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
Kínopraxia Euro Ionia	Avda. Messogeion, 85 - Athens.	33.33%	10,368
Viaducto Rio 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 Constructors	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 - Conca	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
Medinaceli	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
<b>CONSTRUCTION - HOCHTIEF</b>			
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
<b>INDUSTRIAL SERVICES</b>			
Ute Reserva Fria 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 Larreyngana	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
<b>ENVIRONMENT</b>			
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 Valdemingomez - 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 Meilla	Poligono 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

# CONSOLIDATED FINANCIAL STATEMENTS

## APPENDIX III. ASSOCIATES

Company	Address	% Effective Ownership	Data on the investee (100%)				Profit for the year
			Assets	Liabilities	Equity*	Revenue	
<b>CONSTRUCTION - DRAGADOS</b>							
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. Ottawa. 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	-
<b>CONSTRUCTION - HOCHTIEF</b>							
<b>HOCHTIEF Asia Pacific</b>							
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)
<b>HOCHTIEF Europe</b>							
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)
<b>INDUSTRIAL SERVICES</b>							
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 Camara, 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 Saudi.	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 Montanech, 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 Pta. 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%	-	-	-	-	-
Interligação 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 Olimpia.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.

# CONSOLIDATED FINANCIAL STATEMENTS

## Data on the investee (100%)

Company	Address	% Effective Ownership	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, Ll.c.	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 N° 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'Integració 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, Hammersmith, 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, 9ª3ª.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.

## Data on the investee (100%)

Company	Address	% Effective Ownership	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 Andalucía, 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 Leioa (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.

# CONSOLIDATED FINANCIAL STATEMENTS

## APPENDIX IV. JOINT VENTURES

Company	Address	% Effective Ownership	Data on the investee (100%)				Profit for the year
			Assets	Liabilities	Equity*	Revenue	
<b>CONSTRUCTION - DRAGADOS</b>							
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, Ll.c.	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
<b>CONSTRUCTION - IRIDIUM (Concessions)</b>							
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
Concesionaria 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.

## Data on the investee (100%)

Company	Address	% Effective Ownership	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 Andalucía, 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 Maulin, 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.Montreal (Quebec) H3B3P4. Canada.	50.00%	2,111	3,345	(1,234)	6,880	2,240
Systelec Quebec, Inc.	3700-1 place Ville-Marie.Montreal (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
<b>CONSTRUCTION - HOCHTIEF</b>							
<b>HOCHTIEF America</b>							
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 Scalandre & 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
<b>HOCHTIEF Asia Pacific</b>							
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
<b>HOCHTIEF Europe</b>							
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 Oettingenstraf3e GmbH & Co. KG	Essen, Germany.	27.97%	9,115	9,113	2		1
HTP PSP LIMITED	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.w.A.	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.

## Data on the investee (100%)

Company	Address	% Effective Ownership	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 DoJ 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	Großbebersdorf, 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.	Támer 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 Vilomara 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 Vilomara 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
Tecnología 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 Manutenção 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	Erslevville 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-Marinos 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 Siguan, 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 & Construction (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 - Leighton Constructors Malaysia JV	Hochtief Engineering GmbH
New Future Alliance (SIHIP)	Hochtief Infrastructure GmbH
Nextgen Group Holdings Pty. Ltd.	Hochtief Pandion Oettingenstrasse 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 Chlota, 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 Paramatta No. 1 Pty. Ltd.
formart GmbH & Co. KG	North Paramatta No. 1 Unit Trust

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

Paradip Mutli Cargo Berth Ltd.	Turner International/TIME Proje Yonetimi Limited Sirketi
Silcar New Caledonia SAS	Turner/CON-REAL-University of Arkansas
SmartReo Ltd.	Turner/Goodfellow Top Grade/Flatiron-Oakland Army Base
Task JV (Thiess & Sinclair Knight Merz)	Turner/Smoot
Thiess Black and Veatch JO	Vizag General Cargo Berth Ltd.
Turner International/Acropolis Management Consultants	

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

Trenmedia, S.A.	car.e Facility Management GmbH
Servicios Generales de Jaén, S.A.	Hochtief Hungaria Facility Management Kft.
Soc.Inversora de Infraestructuras de la Mancha, S.L	Hochtief Facility Management Polska Sp. z o.o.
Project SP sp. z o.o.	Hochtief Facility Management Bahrain W.L.L.
HDM Schools Solutions (Holdings), Limited	FM Go! GmbH
SALTA Verwaltungs-GmbH	Hochtief Energy Management GmbH
Dinsa Eléctricas y Cymi, S.A. de CV	Stadion Nürnberg Betriebs - GmbH
Sice Puerto Rico, Inc.	Hochtief Facility Management UK Limited
Estacionamientos El Pilar, S.A.	Hochtief Facility Management Hellas S.A.
Red Eléctrica del Sur, S.A. (Redesur)	APC Airport Partners Consult GmbH
Parque Eólico Región de Murcia, S.A.	BBi Flughafen Berlin Brandenburg International Verwaltungs GmbH i.L.
ASI-Flatiron Inc.	HAP Hamburg Airport Partners Verwaltungsgesellschaft mbH
Aspire Schools (Qld) Pty. Ltd.	Hochtief AirPort Capital Management GmbH
Aspire Schools Financing (Qld) Pty Limited	Sydney Airport Intervest Verwaltungs GmbH i.L.
Aspire Schools Financing Services (Qld) Pty. Ltd.	Airport Strategic Consulting Pty. Ltd.
Aspire Schools Holdings (Qld) Pty Limited	Broad Construction Services (SA) Pty. Ltd.
Australia-Singapore Cable (Australia) Pty Limited	Broad Construction Services (VIC) Pty. Ltd.
Australia-Singapore Cable (International) Limited	Broad Construction Services (NT) Pty. Ltd.
Australia-Singapore Cable (Singapore) Pte Ltd	Deep Blue Consortium Pty Ltd
Bonaventura Straßenerhaltungs-GmbH	DoubleOne 3 Unit Trust
Frontier Kemper/Flatiron	Metro Developments Australia Pty. Ltd.
Hochtief Pandion Isarauen Verwaltungs GmbH	Silverton Group (Aust) Pty. Ltd.
Infoplex Pty. Ltd.	Drace Infraestructuras Venezuela C.A.
Leighton Hsin Chong Joint Venture	Castellano Leonesa de Minas, S.A.U.
Metronode (NSW) Pty Ltd	Tangshan International Container Terminal Co. Ltd.
Metronode Investments Pty Limited (formerly Vytel Investments)	Eix Diagonal Construccions, S.L.
Metronode M2 Pty Ltd	Gaviel, S.A.
Metronode New Zealand Limited	Dragados SPL del Caribe, S.A. C.V.
Metronode Pty Ltd.	CITIC Construction Investment Co., Ltd.
Metronode S2 Pty Ltd	Waste Syclo, S.A.
Nextgen Networks Pty. Ltd.	Biodemira, Lda.
Nextgen Pure Data Pty Ltd	Bioparque Mira, Lda.
Nextgen Telecom (WA) Pty Ltd (formerly known as Silk Telecom (WA))	NGS - New Generation Supplier, Unipessoal Lda
Nextgen Telecom Pty Limited (formerly Silk Telecom Pty. Limited)	Techeira do Paracuru, Ltda.
SA Health Partnership Holding Nominees Pty. Ltd.	CME Construção E Manutencao Eletromecania Romania, SARL
SA Health Partnership Pty. Ltd.	Equipamentos Informaticos, Audio e Imagem, S.A.
Wai Ming Contracting Company Limited	Cobra CSP USA, Inc.
Airport Holding Kft.	Cobra Sun Power USA Inc.
Athens International Airport S.A.	California Sun Power, LLC
Flughafen Hamburg GmbH	Carta Valley Wind Power LLC
HKG Holding AG	Eyra Wind Power USA Inc
Hochtief Sociéte Iranianne	Red Top Wind power LLC
Hochtief PPP 1. Holding Verwaltungsgesellschaft mbH	Desorción Térmica S.A.
Access for Wigan (Holdings) Limited	PKO BP Inwestycje-Sarnia Dolina, Ltd Liability Co
Flughafen Düsseldorf GmbH	400 George Street Partnership
Tirana International Airport SH.P.K.	APN No. 19 Pty Ltd and Leighton Properties (VIC) Pty Ltd
Thiess Services Arkwood Joint Venture	B2L Partnership
car.e. Facility Management Kft.	Bayview Project Noosa Partnership
HOST GmbH Hospital Service + Technik	California Steel Advisory Services
Joint Venture J&P-AVAX SA - Hochtief Facility Management Hellas S.A	Dematteo/Flatiron
Hochtief AirPort Capital Verwaltungs GmbH & Co. KG	Dematteo/Flatiron/Interbeton
HAP Hamburg Airport Partners GmbH & Co. KG	Flatiron Construction Services
Sydney Airport Intervest GmbH	Flatiron/C.M. Piech
Airport Partners GmbH	Hochtief B2L Partner Inc.
Hochtief AirPort Retail SHPK	Hochtief Canada Holding Inc.
Schloss Herrenhausen GmbH	Immobilienngesellschaft Curia Kirchberg S.A.
Hochtief Facility Management Bahrain Airport W.L.L.	Leighton International FZ LLC
Hochtief Energy Management Harburg GmbH	Leighton-Macmahon Joint Venture
Advago S.A.	Palmetto Transportation Constructors
Hochtief AirPort GmbH	SLC Rail Constructors
HTFM GmbH	

# **AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

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

Consolidated Financial Statements for the year ended 31 December 2013  
and Directors' Report, together with Independent Auditors' Report.



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*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. 50692



Ignacio Alvarez Etxepare  
 27 March 2014

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# HISTORICAL PERFORMANCE

## CONSOLIDATED INCOME STATEMENT EVOLUTION

Million of euros	2008	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011	2012 <sup>(3)</sup>	2013	GAGR <sup>(4)</sup> 13/08
<b>Revenues</b>	<b>15,275.6</b>	<b>15,387.4</b>	<b>14,328.5</b>	<b>28,471.9</b>	<b>38,396.2</b>	<b>38,372.5</b>	<b>20.2%</b>
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)	
<b>EBITDA</b>	<b>1,382.5</b>	<b>1,429.3</b>	<b>1,431.7</b>	<b>2,317.7</b>	<b>3,088.4</b>	<b>3,001.9</b>	<b>16.8%</b>
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)	
<b>EBIT</b>	<b>1,042.7</b>	<b>1,073.9</b>	<b>1,039.2</b>	<b>1,333.3</b>	<b>1,579.4</b>	<b>1,745.8</b>	<b>10.9%</b>
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)	
<b>Net Profit</b>	<b>1,805.0</b>	<b>1,946.2</b>	<b>1,312.6</b>	<b>961.9</b>	<b>(1,927.9)</b>	<b>701.5</b>	<b>-17.2%</b>
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 reclassified 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
<b>Fixed and other noncurrent assets</b>	<b>37,837.5</b>	<b>17,505.7</b>	<b>19,422.3</b>	<b>25,630.3</b>	<b>18,851.7</b>	<b>16,414.8</b>
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 <sup>(1)</sup>	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
<b>Goodwill</b>	<b>1,132.6</b>	<b>1,108.4</b>	<b>1,149.4</b>	<b>2,496.4</b>	<b>2,559.8</b>	<b>2,725.8</b>
<b>Working capital</b>	<b>(2,294.9)</b>	<b>(2,799.3)</b>	<b>(3,386.3)</b>	<b>(3,733.7)</b>	<b>(2,698.4)</b>	<b>(1,626.6)</b>
<b>TOTAL ASSETS</b>	<b>36,675.1</b>	<b>15,814.8</b>	<b>17,185.4</b>	<b>24,393.0</b>	<b>18,713.2</b>	<b>17,514.0</b>
<b>Equity</b>	<b>9,913.0</b>	<b>4,507.9</b>	<b>4,442.4</b>	<b>6,191.3</b>	<b>5,711.5</b>	<b>5,488.9</b>
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
<b>Other non-current liabilities</b>	<b>17,406.3</b>	<b>2,217.6</b>	<b>4,739.9</b>	<b>8,867.6</b>	<b>8,049.7</b>	<b>7,790.4</b>
Liabilities held for sale <sup>(2)</sup>	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
<b>Non-current liabilities</b>	<b>9,576.3</b>	<b>11,636.8</b>	<b>9,621.2</b>	<b>9,604.3</b>	<b>6,593.9</b>	<b>6,851.9</b>
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)
<b>Current payables/ Current liabilities</b>	<b>(220.5)</b>	<b>(2,547.5)</b>	<b>(1,618.1)</b>	<b>(270.1)</b>	<b>(1,641.9)</b>	<b>(2,617.2)</b>
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)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>36,675.1</b>	<b>15,814.8</b>	<b>17,185.4</b>	<b>24,393.0</b>	<b>18,713.2</b>	<b>17,514.0</b>

(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 desalination 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 desalination 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 other assets.

(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 desalination 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 desalination 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.





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