

ECONOMIC AND FINANCIAL REPORT OF ACS GROUP 2014





ECONOMIC AND FINANCIAL REPORT OF ACS GROUP

04	DIRECTORS' REPORT OF THE CONSOLIDATED GROUP FOR 2014
36	CONSOLIDATED FINANCIAL STATEMENTS
212	AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
214	HISTORICAL PERFORMANCE





DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1. PERFORMANCE OF THE ACS GROUP IN 2014

1.1. HIGHLIGHTS

KEY OPERATING & FINANCIAL FIGURES

Million Euro	2013	2014	Var.
Turnover	35,178	34,881	(0.8%)
Backlog	59,363	63,320	6.7%
Months	19	20	
EBITDA	2,833	2,466	(12.9%)
Margin	8.1%	7.1%	
EBIT	1,640	1,598	(2.6%)
Margin	4.7%	4.6%	
Attributable Net Profit	702	717	2.2%
EPS	2.26 €	2.31 €	2.0%
Cash Flow from Activities	1,086	824	(24.1%)
Net Investments	494	(313)	n.a.
Investments	2,502	2,310	(7.7%)
Disposals	2,008	2,623	30.6%
Total Net Debt*	3,811	3,722	(2.3%)
Businesses Net Debt	3,126	3,129	0.1%
Project Financing	685	593	(13.4%)

NOTE: Data presented in accordance with ACS Group management criterion. The balance sheet, the income statement and the statement of cash flows in 2013 have been restated as a result of the entry into force of IFRS 10, 11 and 12. The main effect is the application of IFRS 11 which has affected the affiliate Leighton. The IFRS establishes the need to conduct an analysis of whether the joint agreement is structured through a separate vehicle and whether it represents a distribution of net profits or a right or obligation to a proportionate part of its assets or liabilities, respectively. The income statement for the sale of the businesses of John Holland and Leighton Services has also been restated, considering them discontinued operations in both years. In addition, Clece was fully consolidated as of 1 July 2014.

* Net debt includes amounts pending collection for the sale of John Holland and Leighton Services in December 2014, listed on the Balance Sheet as at 31/12/2014 under the heading Accounts Receivable.

ACS Group sales for the year 2014 amounted to EUR 34,881 million, representing a slight drop of 0.8% compared to 2013 figures. Without taking into account the impact caused by exchange rate fluctuations or variations due to changes in the scope of consolidation other than those that gave rise to the restatement of income therefrom as discontinued operations, sales fell by 1.8%. Activity outside Spain represents 84.0% of sales.

Meanwhile, the backlog at the end of 2014 totalled EUR 63,320 million, reflecting an increase of 6.7% in the last twelve months. The rise in the U.S. dollar and changes in the scope of consolidation in the last few quarters have permitted this positive performance. Without considering these effects the backlog would have decreased in value by 2.9%.

FOREX & PERIMETER CHANGES IMPACT

Million Euro	2013	2014	Var.	Var. Comp.*
Backlog	59,363	63,320	6.7%	(2.9%)
Direct	53,689	56,472	5.2%	(4.1%)
Proportional**	5,674	6,849	20.7%	9.9%
Work Done	37,205	37,088	(0.3%)	(1.2%)
Direct	35,178	34,881	(0.8%)	(1.8%)
Proportional**	2,027	2,207	8.9%	5.2%
EBITDA	2,833	2,466	(12.9%)	(3.9%)
EBIT	1,640	1,598	(2.6%)	3.1%

* Comparable change not including the effects of exchange rate, changes in the scope of consolidation and the FleetCo effect.

** Backlog and production equal to the proportional participation in the joint ventures which the Group has not fully consolidated.

EBITDA for the Group totalled EUR 2,466 million in 2014, representing a decrease of 12.9% compared to the 2013 figure, while EBIT decreased by 2.6% to EUR 1,598 million.

The fall in the EBITDA was affected by changes in the scope of consolidation, the effect of the exchange rate for different currencies and the impact of the start-up of FleetCo, the Leighton company that holds the operational assets associated with its mining services, for which the financial leasing arrangement has been replaced with an operating lease. Without the impact of all these effects, the EBITDA would have decreased by 3.9%. Meanwhile, the EBIT, adjusted for the aforementioned effects, increased by 3.1%. The main causes of this reduction in operating margins were:

- The organisational, operational and backlog restructuring that Hochtief Europe, Flatiron and Leighton are carrying out, which are expected to begin yielding results as of 2015.
- The impact of the drop in mining activity in Leighton, whose contribution margin is substantially greater than any other business.
- The reduction in Industrial Services activity as a consequence of the slow-down in investments in the sector, affected by the marked drop in oil prices over the last three quarters.

Leighton has made a provision to reduce the on-balance sheet operational risk by EUR 458 million. It has also recorded the gains obtained from the sale of John Holland and Leighton Services (EUR 409 million after taxes) as a profit from discontinued operations.

The net profit attributable to the Group totalled EUR 717 million, representing an increase of 2.2%, broken down by area of activity as follows:

NET PROFIT PER AREA OF ACTIVITY

Million Euro	2013	2014	Var.
Net Profit Construction	189	223	18.1%
Net Profit Industrial Services	418	420	0.5%
Net Profit Environment	58	72	24.4%
Net Profit Corporation	37	2	n.a.
Net Profit	702	717	2.2%

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

The net debt at the end of 2012 was EUR 3,722 million, 2.3% lower than in December 2013. This figure includes amounts pending collection for the sales of John Holland and Leighton Services, which amount to EUR 1,108 million and are entered on the balance sheet as Accounts Receivable.

The following significant events occurred during 2014:

- On 12 December 2013 the ACS Board of Directors approved the distribution of an interim dividend of EUR 0.446 per share, which was distributed during the month of February 2014 using the flexible dividend system.
- In addition, the General Shareholders' Meeting held on 29 May 2014 approved the distribution of a final dividend of EUR 0.71 per share. This dividend was paid during the month of July by means of the flexible dividend system, whereby 40.89% of ACS shareholders decided to sell their rights to ACS, which represented a total gross amount of EUR 91 million. On 30 July 3,875,019 shares were also issued to shareholders who chose remuneration in shares. The same number of shares was subsequently retired.
- On 31 January 2014 Hochtief, A.G. sold 50% of its share in aurelis Real Estate as part of its non-strategic asset divestment strategy.
- On 10 March 2014 the Australian company Hochtief Australia Holding Ltd (wholly owned by ACS Group member Hochtief, A.G.) announced the launch of a proportional takeover bid of the Australian company Leighton Holdings Ltd. The transaction was completed on 12 May 2014, with the result of an increase in Hochtief A.G.'s share in Leighton to 69.62%. Hochtief, A.G.'s investment in this transaction entailed a disbursement of EUR 617 million.
- On 20 March 2014, ACS, Actividades de Construcción y Servicios, S.A. formalised the renewal of the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which has been registered with the Irish Stock Exchange. Through this programme, ACS can issue notes with maturities between 1 and 364 days, thereby facilitating the diversification of the lines of financing on the capital market.
- On 27 March 2014 ACS Actividades Finance 2, 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 405.6 million, with a maturity date of 27 March 2019 and a fixed annual nominal interest rate of 1.625%, payable quarterly in arrears.

On 9 December 2014, ACS announced an offer to pay a cash incentive to all holders of bonds exchangeable for Iberdrola shares maturing in 2018 and 2019, which resulted in the early redemption of EUR 593.8 million, which breaks down into:

- EUR 170.3 million for the issue of bonds that mature in 2019, with an incentive of EUR 30.7 million; and
- EUR 423.5 million for bonds issued in October 2013 that mature in 2018, with an incentive of EUR 55.5 million.

At the end of 2014, ACS Group held a total of 89 million shares in Iberdrola on its balance sheet, maturing in 2018, pledged as security for bonds with a face value of EUR 532 million.

- On 8 May, Urbaser refinanced a syndicated loan for EUR 506 million with 19 national and international banks. The syndicated loan was extended for three (3) more years to November 2017, and the amount was increased to EUR 600 million.
- During 2014 Dragados acquired two companies in the United States, Prince Contracting LLC (Florida) and JF White Contracting (Massachusetts), to boost its operations in North America. In total the two companies had a turnover of EUR 304 million in 2013 and contributed an initial backlog of EUR 525 million.
- In the month of August 2014 the ACS Group closed the acquisition of 25% of Clece S.A. for EUR 121 million with different funds administrated by Mercapital Private Equity, rendering void all previous contracts and agreements signed with them related to Clece. Following this transaction, ACS now holds 100% of Clece's capital with the consequent change to the consolidation method for this company in the Group, changing from the share method to the full consolidation method. The total company value considered was EUR 542 million.

- On 27 August 2014, Iridium reached an overall agreement valued at EUR 175.2 million, which includes the sale of 80% shares in different concession assets such as the Madrid Interchange Stations, Hospital de Majadahonda and Barcelona Metro Line 9, as well as a co-determination agreement for other Spanish motorway assets in which the Group is a controlling shareholder, and also including certain call options exercisable in subsequent periods.
- On 4 October 2014, Royal Decree-Law 13/2014 was enacted to regulate the procedure for acceptance of withdrawal, with the consequent termination of the natural gas exploitation and underground storage concession known as "Castor" and the hibernation of the facilities whose management was assigned to the company Enagás Transporte, S.A.U. The law also establishes the compensation to Escal UGS for its investment in the project (EUR 1,350.7 million), which was paid on 11 November, and for the compensation rights accrued, which include the financial remuneration and the operating and maintenance costs incurred from the provisional start-up to the date on which the Royal Decree-Law came into effect, as well as the operating and maintenance costs since the date the Royal Decree-Law came into effect, which will be paid in accordance with the applicable legislation in each case.
- On 12 December, Leighton announced the agreement to sell its subsidiary John Holland to China Communications Construction Company. The sale price reflected a business value for 100% of the company of AUD 1,075 million, subject to a series of adjustments.

In addition, on 17 December, Leighton agreed to the sale of 50% of its subsidiary services to several funds affiliated with Apollo Global Management LLC. The sale price implied a business value by 100% of the company's AUD 1,075 million, subject to a series of adjustments.

The two transactions combined represented gains after taxes of EUR 409 million, which is recorded for accounting purposes as a net profit from discontinued operations in 2014. Moreover, the ordinary contribution of the net profit from both businesses is listed under the same heading and amounts to EUR 129 million.

These transactions have permitted a reduction in the Group's net debt by EUR 823 million, which is the difference between the EUR 1,108 million of the divestment, the funds for which are pending collection (considered a lower net debt) and the EUR 285 million that both companies held as a net cash balance from their sale and, as such, deconsolidated from the balance sheet as at 31 December 2014.

- On 18 December 2014 the ACS Board of Directors approved the distribution of an interim dividend of EUR 0.45 per share. It was distributed using the flexible dividend system during the month of February 2015. In this process, 40.46% of the rights of cost-free allocation were acquired by ACS under a purchasing commitment undertaken by the company. For the rest of the shareholders a total of 2,616,408 shares were issued on 24 February, which were retired simultaneously as approved at the General Shareholders' Meeting on 29 May 2014.
- On 13 February 2015, ACS, Actividades de Construcción y Servicios, S.A., signed a financing agreement with a syndicate of banks comprising forty-three Spanish and foreign institutions, for a total amount of EUR 2,350 million, divided into two tranches (tranche A being a loan for an amount of EUR 1,650 million and tranche B being a line of credit for an amount of EUR 700 million) with a maturity date of 13 February 2020. This is to be used, in the amount required, to pay off the existing syndicated loan signed on 9 February 2012 for a principal amount of EUR 1,430.3 million, and three loans granted to finance the acquisition of shares in Hochtief A.G. for a total principal amount of EUR 694.5 million.
- On 21 January 2015, ACS Group reached an agreement with Global Infrastructure Partners for the sale of a recently created energy asset development company, integrating the renewable energy assets over which Saeta Yield S.A. holds a right of first offer. This transaction is pending approval by the competent regulatory bodies.
- On 16 February 2015, Saeta Yield was listed on the Stock Exchange. With this transaction ACS Group sold 51.78% of the company to the market. In addition, under the agreements reached with Global Infrastructure Partners, it sold 24.4% of Saeta Yield. The combination of these two transactions brought a net cash inflow of EUR 361 million, after subtracting the prior capital increase, the redemption of intra-group loans and the expenses associated with the transaction.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1.2. CONSOLIDATED INCOME STATEMENT OF THE ACS GROUP

CONSOLIDATED INCOME STATEMENT

Million Euro	2013	%	2014	%	Var.
Net Sales	35,178	100.0 %	34,881	100.0 %	(0.8%)
Other revenues	571	1.6 %	623	1.8 %	9.1%
Total Income	35,749	101.6 %	35,504	101.8 %	(0.7%)
Operating expenses	(25,318)	(72.0 %)	(25,276)	(72.5 %)	(0.2%)
Personnel expenses	(7,598)	(21.6 %)	(7,761)	(22.3 %)	2.2%
Operating Cash Flow (EBITDA)	2,833	8.1 %	2,466	7.1 %	(12.9%)
Fixed assets depreciation	(1,145)	(3.3 %)	(824)	(2.4 %)	(28.0%)
Current assets provisions	(48)	(0.1 %)	(45)	(0.1 %)	(7.7%)
Ordinary Operating Profit (EBIT)	1,640	4.7 %	1,598	4.6 %	(2.6%)
Impairment & gains on fixed assets	(199)	(0.6 %)	(4)	(0.0 %)	n.a.
Other operating results	98	0.3 %	(634)	(1.8 %)	n.a.
Operating Profit	1,539	4.4 %	960	2.8 %	(37.6%)
Financial income	362	1.0 %	354	1.0 %	(2.4%)
Financial expenses	(1,122)	(3.2 %)	(1,036)	(3.0 %)	(7.7%)
Ordinary Financial Result	(760)	(2.2 %)	(682)	(2.0 %)	(10.2%)
Foreign exchange results	(23)	(0.1 %)	(24)	(0.1 %)	2.0%
Changes in fair value for financial instruments	555	1.6 %	234	0.7 %	(57.9%)
Impairment & gains on financial instruments	101	0.3 %	163	0.5 %	61.1%
Net Financial Result	(126)	(0.4 %)	(309)	(0.9 %)	144.8%
Results on equity method	96	0.3 %	132	0.4 %	37.4%
PBT of continued operations	1,509	4.3 %	782	2.2 %	(48.1%)
Corporate income tax	(425)	(1.2 %)	(319)	(0.9 %)	(25.0%)
Net profit of continued operations	1,084	3.1 %	464	1.3 %	(57.2%)
Profit after taxes of the discontinued operations	163	0.5 %	464	1.3 %	184.3%
Consolidated Result	1,247	3.5 %	928	2.7 %	(25.6%)
Minority interest	(545)	(1.6 %)	(211)	(0.6 %)	(61.4%)
Net Profit Attributable to the Parent Company	702	2.0 %	717	2.1 %	2.2%

1.2.1. REVENUE AND BACKLOG

Sales for 2014 amounted to EUR 34,881 million, showing a slight fall of 0.8% compared to 2013 sales. This figure would be EUR 39,172 million, practically the same figure as the previous year, if we include the sales of John Holland and Leighton Services in 2013 and in 2014, re-classified as discontinued operations following the divestment of both businesses in December 2014. The distribution of sales by geographical area shows the diversification of the Group's sources of income, where the Americas represented 39.3% of sales, Asia Pacific 34.3% and Europe 25.7%. Spain represented 16.0% of the Group's total sales.

SALES PER GEOGRAPHICAL AREAS

Million Euro	2013	%	2014	%	Var.
Spain	5,245	14.9 %	5,581	16.0 %	6.4%
Rest of Europe	4,498	12.8 %	3,381	9.7 %	(24.8%)
America	13,054	37.1 %	13,692	39.3 %	4.9%
Asia Pacific	11,917	33.9 %	11,960	34.3 %	0.4%
Africa	463	1.3 %	267	0.8 %	(42.4%)
Total	35,178		34,881		(0.8%)

SALES PER GEOGRAPHICAL AREAS

(inter area of activity adjustments excluded)

Million Euro	Construction			Industrial Services			Environment		
	2013	2014	Var.	2013	2014	Var.	2013	2014	Var.
Spain	1,393	1,415	1.6%	2,739	2,466	(10.0%)	1,148	1,728	50.5%
Rest of Europe	3,510	2,604	(25.8%)	693	482	(30.5%)	296	296	(0.0%)
America	9,754	10,283	5.4%	3,014	3,126	3.7%	286	283	(0.9%)
Asia Pacific	11,707	11,517	(1.6%)	210	443	110.8%	0	0	n.a.
Africa	1	1	n.a.	411	234	(43.0%)	52	32	(38.9%)
Total	26,365	25,820	(2.1%)	7,067	6,750	(4.5%)	1,781	2,338	31.3%

In Construction there was a notable stabilising of activity in Spain. In Europe and Asia Pacific it saw negative rates of growth, affected by the sale of Hochtief, A.G.'s Services business of and the devaluation of the Australian dollar, respectively.

The area of Industrial Services shows a reduction in its activity in Spain as a consequence of the completion of various projects, mainly the construction of solar thermal plants. The Americas experienced growth arising from activity in Mexico. There was strong growth in the Middle East, which will continue with the development of new projects in Saudi Arabia. In both the Rest of Europe and Africa there was a fall in activity with the completion of significant projects (Bremen and South Africa).

Environment sales include Clece's operations since 1 July, with activity limited almost entirely to Spain.

The total backlog, which amounts to EUR 63,320 million, recorded an increase of 6.7%.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

BACKLOG PER GEOGRAPHICAL AREAS

Million Euro	Dec 13	%	Dec 14	%	Var.
Spain	10,177	17.1 %	11,476	18.1 %	12.8%
Rest of Europe	8,778	14.8 %	8,019	12.7 %	(8.6%)
America	16,494	27.8 %	21,184	33.5 %	28.4%
Asia Pacific	23,516	39.6 %	21,758	34.4 %	(7.5%)
Africa	398	0.7 %	883	1.4 %	121.6%
Total	59,363		63,320		6.7%

BACKLOG PER GEOGRAPHICAL AREAS

Million Euro	Construction			Industrial Services			Environment		
	Dec 13	Dec 14	Var.	Dec 13	Dec 14	Var.	Dec 13	Dec 14	Var.
Spain	3,354	3,247	(3.2%)	2,327	1,937	(16.8%)	4,496	6,293	40.0%
Rest of Europe	5,302	4,827	(9.0%)	597	370	(38.0%)	2,879	2,821	(2.0%)
America	12,175	16,550	35.9%	3,310	3,626	9.5%	1,008	1,009	0.1%
Asia Pacific	22,675	20,512	(9.5%)	841	1,247	48.2%	0	0	n.a.
Africa	0	0	n.a.	337	842	149.6%	61	41	(33.1%)
Total	43,507	45,135	3.7%	7,413	8,021	8.2%	8,443	10,164	20.4%

The development of Construction in the Americas was notable, with the incorporation of Prince and White and the good performance in procurement in Dragados, with major projects in Ohio and California, as well as in Turner and Flatiron. In Europe, Hochtief, A.G. reduced its backlog as part of its operational restructuring, while in Asia Pacific the decrease was in mining activity.

Industrial Services reduced its backlog in Spain as a consequence of the completion of renewable energy projects, while in the rest of Europe certain projects were finalised and have not been replaced. Conversely, growth in the Americas was mainly in Mexico and Brazil, while growth in Asia was in the Middle East, especially Saudi Arabia. Last of all, the Middle East backlog grew mainly as a consequence of the incorporation of Clece.

1.2.2. OPERATING RESULTS

OPERATING RESULTS

Million Euro	2013	2014	Var.
EBITDA	2,833	2,466	(12.9%)
EBITDA Margin	8.1%	7.1%	
Depreciation	(1,145)	(824)	(28.0%)
Construction	(946)	(623)	(34.2%)
Industrial Services	(56)	(56)	(0.3%)
Environment	(141)	(145)	2.3%
Corporation	(1)	(1)	(16.9%)
Current assets provisions	(48)	(45)	(7.7%)
EBIT	1,640	1,598	(2.6%)
EBIT Margin	4.7%	4.6%	

The Group's EBITDA for 2014 totalled EUR 2,466 million, representing a drop of 12.9% compared to the same period of 2013, while EBIT was EUR 1,598 million, a drop of 2.6%. The main reasons for this decline in operating margins were:

- The organisational, operational and backlog restructuring that Hochtief Europe, Flatiron and Leighton are carrying out, which are expected to begin yielding results as of 2015.
- The impact of the drop in mining activity in Leighton, whose contribution margin is substantially greater than any other business.
- The reduction in Industrial Services activity as a consequence of the slow-down in investments in the sector, affected by the marked drop in oil prices over the last three quarters.

The Construction depreciation and amortisation charge includes the higher value of certain assigned assets generated as a result of the Hochtief, A.G. purchase price allocation ("PPA"), the gross amount of which amounted to EUR 104.9 million at December 2014, i.e., 45.8% less than in the previous year. The impact of the start-up of FleetCo also reduced the depreciation and amortisation charge for Leighton.

The heading of Other Results includes the provision for the total amount of EUR 458 million made by Leighton ("Contract Debtors Provision") to reduce the on-balance sheet risk related to its operating activity.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1.2.3. FINANCIAL RESULTS

FINANCIAL RESULTS

Million Euro	2013	2014	Var.
Financial income	362	354	(2.4%)
Financial expenses	(1,122)	(1,036)	(7.7%)
Ordinary Financial Result	(760)	(682)	(10.2%)
Construction	(321)	(293)	(8.6%)
Industrial Services	(156)	(145)	(6.9%)
Environment	(59)	(54)	(8.5%)
Corporation	(224)	(190)	(15.1%)

Ordinary financial results fell by 10.2% in 2014. Financial expenses fell by 7.7% as a result of the reduction in interest rates that occurred in the year. Meanwhile, the financial revenue of the ACS Group fell by 2.4% as a consequence of the impact of the lower dividend from Iberdrola.

FINANCIAL RESULTS

Million Euro	2013	2014	Var.
Ordinary Financial Result	(760)	(682)	(10.2%)
Foreign exchange Results	(23)	(24)	2.0%
Impairment non current assets results	555	234	(57.9%)
Results on non current assets disposals	101	163	61.1%
Net Financial Result	(126)	(309)	144.8%

Net financial results included the change in the fair value of financial instruments amounting to EUR 234 million, mainly due to the fluctuation in value of Iberdrola's derivatives.

The impairment and gains or losses on disposal of financial instruments, which amounts to EUR 163 million, include the gains before taxes and non-controlling interests on the sales of Iridium, for transactions involving the redemption of bonds exchangeable for Iberdrola shares and, on the negative side, losses for the sale of certain assets and provisions in Hochtief, A.G.

1.2.4. INCOME FROM EQUITY-ACCOUNTED METHOD

Income from associates accounted for using the equity method includes mainly the contribution of Hochtief, A.G., Iridium and Urbaser to concession projects. 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

Million Euro	2013	2014	Var.
Results on equity method	96	132	37.4%
Construction	74	106	43.3%
Industrial Services	3	7	118.8%
Environment	19	19	0.7%

1.2.5. NET PROFIT ATTRIBUTABLE TO THE GROUP

Net attributable profit at the end of 2014 amounted to EUR 717 million, representing a 2.2% increase.

NET PROFIT PER AREA OF ACTIVITY

Million Euro	2013	2014	Var.
Net Profit Construction	189	223	18.1%
Net Profit Industrial Services	418	420	0.5%
Net Profit Environment	58	72	24.4%
Net Profit Corporation	37	2	n.a.
Net Profit	702	717	2.2%

The profit after taxes from discontinued operations in both years corresponds to the contribution of John Holland and Leighton Services, and in 2014 includes the gains after taxes obtained from the sale of said assets, amounting to EUR 409 million, while in 2013 includes the gains obtained from the sale of Leighton Telecommunications Services for a value of EUR 82 million.

Profit attributable to non-controlling interests amounting to EUR 211 million relates mainly to the non-controlling interests of Hochtief, A.G., arising from the full consolidation in the ACS Group, as well as the non-controlling interests from Hochtief, A.G. as a result of the consolidation of Leighton.

The effective tax rate, once the net contributions of financial assets are adjusted and accounted for using the equity method, amounts to 34.7%. The effect on the ACS Group of the change to tax schedules in Spain entailed expenses of EUR 127 million.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1.3. CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013 AND 2014

CONSOLIDATED BALANCE SHEET

Million Euro	Dec 13	%	Dec 14	%	Var.
Intangible Fixed Assets	4,950	12.4 %	5,042	12.8 %	1.9%
Tangible Fixed Assets	2,607	6.5 %	2,658	6.8 %	2.0%
Investments accounted by Equity Method	1,366	3.4 %	1,231	3.1 %	(9.9%)
Long Term Financial Investments	2,508	6.3 %	2,462	6.3 %	(1.8%)
Long Term Deposits	559	1.4 %	404	1.0 %	(27.8%)
Financial Instruments Debtors	41	0.1 %	6	0.0 %	(84.2%)
Deferred Taxes Assets	2,380	6.0 %	2,196	5.6 %	n.a.
Fixed and Non-current Assets	14,412	36.1 %	14,001	35.6 %	(2.8%)
Non Current Assets Held for Sale	5,310	13.3 %	3,822	9.7 %	(28.0%)
Inventories	1,827	4.6 %	1,522	3.9 %	(16.7%)
Accounts receivables	11,316	28.3 %	11,611	29.5 %	2.6%
Accounts receivables (proceeds on sale of discontinued ops.)	0	0.0 %	1,108	2.8 %	0.0 %
Short Term Financial Investments	2,980	7.5 %	1,893	4.8 %	(36.5%)
Financial Instruments Debtors	12	0.0 %	34	0.1 %	183.9%
Other Short Term Assets	185	0.5 %	162	0.4 %	(12.4%)
Cash and banks	3,924	9.8 %	5,167	13.1 %	31.7%
Current Assets	25,554	63.9 %	25,320	64.4 %	(0.9%)
TOTAL ASSETS	39,965	100 %	39,321	100 %	(1.6%)
Shareholders' Equity	3,803	9.5 %	3,452	8.8 %	(9.2%)
Adjustments from Value Changes	(535)	(1.3 %)	(418)	(1.1 %)	(21.8%)
Minority Interests	2,221	5.6 %	1,864	4.7 %	(16.1%)
Net Worth	5,489	13.7 %	4,898	12.5 %	(10.8%)
Subsidies	50	0.1 %	60	0.2 %	20.1%
Long Term Financial Liabilities	7,411	18.5 %	6,091	15.5 %	(17.8%)
Deferred Taxes Liabilities	1,381	3.5 %	1,269	3.2 %	(8.1%)
Long Term Provisions	1,795	4.5 %	1,764	4.5 %	(1.7%)
Financial Instruments Creditors	498	1.2 %	197	0.5 %	(60.5%)
Other Long Term Accrued Liabilities	188	0.5 %	155	0.4 %	(17.6%)
Non-current Liabilities	11,324	28.3 %	9,535	24.2 %	(15.8%)
Liabilities from Assets Held for Sale	3,878	9.7 %	2,891	7.4 %	(25.5%)
Short Term Provisions	1,108	2.8 %	1,342	3.4 %	21.2%
Short Term Financial Liabilities	3,863	9.7 %	6,204	15.8 %	60.6%
Financial Instruments Creditors	71	0.2 %	78	0.2 %	10.9%
Trade accounts payables	13,677	34.2 %	13,962	35.5 %	2.1%
Other current payables	556	1.4 %	411	1.0 %	(26.0%)
Current Liabilities	23,153	57.9 %	24,888	63.3 %	7.5%
TOTAL EQUITY & LIABILITIES	39,965	100 %	39,321	100 %	(1.6%)

1.3.1. NON-CURRENT ASSETS

Intangible assets include goodwill amounting to EUR 2,894 million, of which EUR 1,389 million arose from the acquisition of Hochtief, A.G. 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 (89 million shares at 31/12/14) at market price, after the redemption of bonds made in December 2014. All shares are pledged in the exchangeable bonds issued in October 2013 and March 2014.

Non-current payables for financial instruments includes the following derivatives for Iberdrola shares:

- An equity swap with Natixis for 164 million shares over which ACS maintains the usufruct right.
- A put spread for a notional amount of 453 million underlying shares.

Non-current deposits include, 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, A.G., Clece became fully consolidated as of the third quarter of 2014.

The net balance of deferred taxes amounts to EUR 927 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.

ASSETS HELD FOR SALE DECEMBER 2014

Million Euro	Renewable energy	Energy Concessions	Other assets	Total
Assets Held for Sale	3,337	274	211	3,822
Liabilities from Assets Held for Sale	2,635	171	84	2,891
Net Assets Held for Sale	701	104	127	931
Net Debt from Assets Held for Sale	2,001	134	78	2,213
EBITDA from Assets Held for Sale	285	4	7	296
Net Debt/EBITDA	7.0x	30.9x	10.8x	7.5x

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

The net debt corresponding to these projects held for sale amounts to EUR 2,213 million, while the gross operating profit obtained from these assets in 2014 amounted to EUR 296 million.

On 16 February 2015 Saeta Yield, the company that comprises part of the renewable energy assets of the ACS Groups deemed to be assets held for sale as at 31 December 2014, was listed on the stock exchange.

An agreement was also reached with Global Infrastructure Partners for the creation of a company that comprises the rest of the renewable energy assets over which Saeta Yield holds a right of first offer.

Both the share in Saeta Yield and the development company created together with GIP will be consolidated by the equity method on the accounts of the ACS Group as of the first quarter of 2015. This represents a deconsolidation of the debt held for sale for renewable energy assets of EUR 1,966 million, as well as a reduction in the on-balance sheet net debt of EUR 506 million.

1.3.3. WORKING CAPITAL

WORKING CAPITAL EVOLUTION

Million Euro	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14
Construction	(1,045)	(21)	51	(346)	(585)
Industrial Services	(1,091)	(977)	(1,026)	(759)	(867)
Environment	72	132	125	180	88
Corporation	(7)	24	157	47	7
Total	(2,071)	(842)	(693)	(877)	(1,356)

Note: 2013 data restated as a consequence of entry into force of IFRS 11.

Net working capital to 31 December 2014 decreased its credit balance by EUR 715 million. This figure includes impairment losses in operating working capital of EUR 571 million in the period, affected by a temporary situation of a rise in the debit balance and a drop in advances in Industrial Services, arising mainly from its activity in Mexico, and from the increase in debit balance among Dragados and Leighton customers.

At year end factoring and securitisation amounted to EUR 477 million.

1.3.4. NET DEBT

NET DEBT DECEMBER 31, 2014

Million Euro	Construction	Industrial Services	Environment	Corporation / Adjustments	ACS Group
LT loans from credit entities	1,068	418	871	101	2,458
ST loans from credit entities	1,311	1,087	386	2,125	4,909
Debt with Credit Entities	2,380	1,505	1,256	2,226	7,367
Bonds	2,672	0	0	1,018	3,689
Non Recourse Financing	212	61	320	390	983
Other financial liabilities	99	85	1	0	184
Total External Gross Debt	5,362	1,652	1,577	3,633	12,223
Net debt with Group's companies & Affiliates	53	(152)	(211)	268	(42)
Total Gross Debt	5,414	1,500	1,366	3,901	12,182
ST & other financial investments	955	241	312	677	2,184
Cash & Equivalents*	4,458	1,601	214	2	6,275
Total cash and equivalents	5,413	1,842	526	679	8,460
NET DEBT	2	(341)	839	3,223	3,722

(*) Includes account receivable totalling EUR 1,108 million for the sale of John Holland and Leighton Services.

The ACS Group's total net debt at year end amounted to EUR 3,722 million, i.e., 2.3% lower than in December 2013.

This figure includes, as a reduced debt, the account receivable of EUR 1,108 million for the sale of John Holland and Leighton Services which, after subtracting the net cash balance of the companies sold for an amount of EUR 285 million, represented a net debt reduction of EUR 823 million.

Corporation had net debt of EUR 3,223 million. This figure includes a debt of EUR 532 million in bonds exchangeable for Iberdrola shares, and, at the end of the year, various bilateral loans, the financing for the acquisition of the ownership interest that ACS holds in Hochtief, A.G., cancelled in February 2015, and the syndicated loan with a maturity date in July 2015.

These last two have been refinanced on 13 February 2015, replaced by a financing agreement with a syndicate of banks, for a total amount of EUR 2,350 million, divided into two tranches (tranche A being a loan for an amount of EUR 1,650 million and tranche B being a line of credit for an amount of EUR 700 million) which will mature in five years.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1.3.5. EQUITY

EQUITY

Million Euro	Dec 13	Dec 14	Var.
Shareholders' Equity	3,803	3,452	(9.2%)
Adjustments for Changes in Value	(535)	(418)	(21.8%)
Non-controlling interests	2,221	1,864	(16.1%)
Equity	5,489	4,898	(10.8%)

Equity for the ACS Group amounts to EUR 4,898 million at year end, representing a 10.8% drop since December 2013. The performance of Shareholders' Equity has been affected by the purchase of treasury stock in the period and the increased share in Leighton Holdings and in Hochtief, A.G.

The final dividend in the period charged to 2013 income, was paid in July 2014, approved at the AGM on 29 May, and the interim dividend was charged to 2014 profit, paid in February 2015.

Adjustments for changes in value amount to EUR 418 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 in Hochtief, A.G. 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 reduction is after Hochtief, A.G.'s increased share in Leighton in the period.

1.3.6. NET CASH FLOWS

NET CASH FLOWS

Million Euro	2013			2014			Var.	
	Total	HOT	ACS ex HOT	Total	HOT	ACS ex HOT	Total	ACS ex HOT
Cash Flow from Operating Activities before Working Capital	1,958	1,075	884	1,395	845	550	(28.8%)	(37.7%)
Operating working capital variation	(873)	(583)	(290)	(571)	(89)	(482)		
Cash Flow from Operating Activities	1,086	492	594	824	756	68	(24.1%)	(88.5%)
1. Payments due for investments	(2,502)	(1,668)	(834)	(2,310)	(1,367)	(943)		
2. Cash collected from disposals	2,008	1,912	96	1,515	416	1,099		
Cash flow from Investing Activities	(494)	244	(738)	(795)	(951)	156	60.9%	n.a.
1. Treasury stock acquisition	(98)	0	(98)	(358)	(48)	(310)		
2. Dividends paid	(398)	(180)	(218)	(318)	(151)	(167)		
3. Other financial sources	634	(128)	763	(11)	(60)	49		
Other Cash Flows	139	(308)	447	(688)	(259)	(428)	n.a.	n.a.
Total Cash Flow generated/(Consumed)	730	427	302	(659)	(454)	(205)	n.a.	n.a.

Note1: The cash flow statement for the year 2013 has been restated due to the entry into force of IFRS 10, 11 and 12. The main effect is the application of IFRS 11, which has affected the affiliate Leighton, with the consequent impact on Hochtief, A.G.

Note 2: The heading "Collections from Disposals" does not include the payment of EUR 1,108 million related to the sale of John Holland and Leighton Services.

Cash flows from operating activities gave rise to a cash generation of EUR 824 million. This figure represents a drop of 24.1% compared to 2013 due to the following:

- Cash flows from operating activities before working capital fluctuations totalled EUR 1,395 million, of which EUR 845 million came from Hochtief, A.G. and EUR 550 million came from the other activities of ACS. The fall in this figure is due to a reduction in mining activity, which is more capital intensive and has a bigger contribution margin, and due to the reduction in Industrial Services activity, due mainly to the drop in investments in the oil and gas sector.
- The operating working capital required funds totalling EUR 571 million, of which EUR 89 million came from Hochtief, A.G. and EUR 482 million came from the other activities of ACS, mainly from Construction and Industrial Services activities. This figure represents an improvement of EUR 776 million in the fourth quarter of 2014. In year-on-year terms, Leighton has performed positively since finalising certain projects in Australia that generated underclaims, while in Industrial Services operating working capital has suffered temporary impairment losses as a consequence of the increase in accounts receivable in Mexico in 2014.

1.3.7. INVESTMENTS

INVESTMENTS

Million Euro	Operating Capex	Investments in Projects & Financial	Total Investments	Operating Disposals	Financial Disposals	Total Disposals	Net Investments
Construction	625	901	1,526	(152)	(1,604)	(1,757)	(230)
Dragados	50	73	123	(11)	(9)	(20)	102
Hochtief, A.G.	575	791	1,367	(141)	(1,383)	(1,524)	(157)
Iridium	0	37	37	0	(213)	(213)	(176)
Environment	120	228	347	(7)	(6)	(13)	335
Industrial Services	32	183	215	(7)	(252)	(259)	(45)
Corporation & others	0	221	222	0	(594)	(594)	(373)
TOTAL	777	1,532	2,310	(167)	(2,456)	(2,623)	(313)

The total investments of the ACS Group amounted to EUR 2,310 million, while divestments represented EUR 2,623 million.

Operating investments in Construction relate mainly to the acquisition of machinery for mining contracts by Leighton (EUR 443 million net of operating divestments), which show a significant reduction due to decreased mining activity and more efficient management thanks to the creation of FleetCo.

The total investment in concession projects and financial investments in Construction activity totalled EUR 901 million and mainly include Hochtief, A.G.'s proportional takeover bid for Leighton (EUR 617 million), the purchase by Dragados of Prince and White, and Iridium's investments and Hochtief, A.G.'s joint ventures. The financial divestments in Hochtief, A.G. relate mainly to the sale of John Holland and Leighton Services and the sale of real estate in Europe, while Iridium's divestments relate to the sale of various motorways, the Seville underground and other public-private contracts.

The investments in Industrial Services projects were used mainly for the completion of renewable energy assets in the course of construction (EUR 91 million). Meanwhile, divestments relate mainly to the sale of Escal UGS's receivables due to withdrawal from the concession of the Castor Project (EUR 240 million).

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

Environmental Services allocated EUR 121 million to the purchase of 25% of Clece and EUR 37 million to increase its share in Tirme. In addition, Urbaser is constructing a waste treatment plant in Essex, to which it has allocated EUR 43 million, and other assets in Chile with an investment of EUR 29 million in the period.

Corporation includes the purchase of shares in Hochtief, A.G. in the amount of EUR 212 million, equal to 5%. ACS Group's share in Hochtief, A.G. at year's end was 61.4%.

1.3.8. OTHER CASH FLOWS

In the period, ACS allocated EUR 358 million to the purchase of treasury shares, to be used for payment of the flexible dividend. In addition, it paid cash dividends totalling EUR 160 million.

Hochtief, A.G. and Leighton paid their non-controlling shareholders EUR 151 million in dividends.

1.4. PERFORMANCE OF BUSINESS AREAS

1.4.1. CONSTRUCTION

CONSTRUCTION

Million Euro	2013	2014	Var.
Turnover	26,365	25,820	(2.1%)
EBITDA	1,656	1,323	(20.1%)
Margin	6.3%	5.1%	
EBIT	674	704	4.4%
Margin	2.6%	2.7%	
Net Profit	189	223	18.1%
Margin	0.7%	0.9%	
Backlog	43,507	45,135	3.7%
Months	19	19	
Net Investments	(101)	(230)	128.2%
Projects & financial (Gross)	870	901	
Working Capital	(1,045)	(585)	(44.0%)
Net Debt	405	2	n.a.
ND/Ebitda	0.2x	0.0x	

Total Construction sales amounted to EUR 25,820 million, representing a 2.1% decrease. This figure includes the activity of all ACS construction companies, including the contributions of Hochtief, A.G. and Iridium, the ACS Group's Concession activity. This figure was affected by the consolidation as discontinued operations of John Holland and Services in Leighton in both 2013 and 2014.

Part of this fall in sales is the result of the mild depreciation of the Australian dollar and was affected by the sale of assets by Hochtief, A.G. in 2013 (Facility Management in Europe) and the acquisition of Prince and White by Dragados in 2014. Without these effects, Construction sales would have fallen by 1.4%.

The EBITDA stood at EUR 1,323 million 20.1% lower than the 2013 figure, affected by various extraordinary factors, exchange rate fluctuations, changes to the scope of consolidation and the impact of the start-up of FleetCo. Eliminating all these effects, Construction EBITDA would have fallen by 4.4%. The main causes of this drop are:

- The organisational, operational and backlog restructuring that Hochtief Europe, Flatiron and Leighton are carrying out, which are expected to begin yielding results as of 2015.
- The impact of the drop in mining activity in Leighton, whose contribution margin is substantially greater than any other business.
- The convergence of Dragados' gross margin towards more moderate rates and the reduced contribution of Iridium due to the sale of assets in 2014.

Net operating profit for the year, EUR 704 million, was heavily affected by the fall noted above in the EBITDA level. Construction EBIT was also affected, but positively, by the reduced impact of the depreciation and amortisation of the assets assigned in the acquisition of Hochtief, A.G., amounting to EUR 104.9 million during the year, 45.8% lower than in 2013. There was also a reduction in depreciation and amortisation in Leighton, resulting from the start-up of FleetCo and the drop in mining activity in Australia.

Net profit in Construction amounted to EUR 223 million, and includes, in negative terms, the provision for a total amount of EUR 458 million made by Leighton ("Contract Debtors Provision") to reduce the on-balance sheet risk associated with its operating activity and, in positive terms, the gains obtained from the sale of John Holland and Leighton Services in December 2014.

Activity in Spain has begun showing signs of stabilising. Sales were down the rest of Europe as a result of the sale of Services and Real Estate in Hochtief, A.G. and the restructuring of its backlog. In the Americas growth came mainly from the United States, while sales dropped off in the Asia Pacific region as a result of the exchange rate and the aforementioned reduced mining activity in Australia.

CONSTRUCTION - SALES PER GEOGRAPHICAL AREAS

Million Euro	2013	2014	Var.
Spain	1,393	1,415	1.6%
Rest of Europe	3,510	2,604	(25.8%)
America	9,754	10,283	5.4%
Asia Pacific	11,707	11,517	(1.6%)
Africa	1	1	n.a.
Total	26,365	25,820	(2.1%)

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

CONSTRUCTION- BACKLOG PER GEOGRAPHICAL AREAS

Million Euro	Dec 13	Dec 14	Var.
Spain	3,354	3,247	(3.2%)
Rest of Europe	5,302	4,827	(9.0%)
America	12,175	16,550	35.9%
Asia Pacific	22,675	20,512	(9.5%)
Africa	0	0	n.a.
Total	43,507	45,135	3.7%

The backlog at year end amounted to EUR 45,135 million, 3.7% higher than that recorded twelve months earlier, as a consequence of the growth in the Americas, with the incorporation of Prince and White, and the positive performance in procurement at Dragados, with major projects in Ohio and California, as well as at Turner and Flatiron. In Europe, Hochtief, A.G. reduced its backlog as part of its operational restructuring, and in the Asia Pacific region the reduction occurred mainly in mining activity.

CONSTRUCTION- REPORT OF THE CONSOLIDATED GROUP

Million Euro	Dragados			Iridium			Hochtief, A.G. (Contribution to ACS)			Adjustments		Total		
	2013	2014	Var.	2013	2014	Var.	2013	2014	Var.	2013	2014	2013	2014	Var.
Sales	3,760	3,643	(3.1%)	106	77	(26.9%)	22,499	22,099	(1.8%)			26,365	25,820	(2.1%)
EBITDA	319	295	(7.5%)	50	21	(59.0%)	1,086	906	(16.6%)	201	101	1,656	1,323	(20.1%)
Margin	8.5%	8.1%		47.4%	26.6%		4.8%	4.1%				6.3%	5.1%	
EBIT	234	257	9.5%	22	(4)	n.a.	375	456	21.6%	43	(4)	674	704	4.4%
Margin	6.2%	7.0%		20.6%	(5.7%)		1.7%	2.1%				2.6%	2.7%	
Net Financial Results	(40)	(48)		(70)	(57)		(211)	(188)		(0)	0	(321)	(293)	
Equity Method	5	3		23	16		153	75		(106)	11	74	106	
Other Results.	(49)	(68)		(3)	35		214	(521)		173	(0)	335	(554)	
EBT	150	144	(4.1%)	(28)	(11)	59.5%	530	(177)	n.a.	110	7	762	(37)	n.a.
Taxes	(52)	(39)		18	9		(158)	45		(56)	(5)	(249)	11	
Profit from Disc. Operations	0	0		0	0		174	538		(10)	(73)	163	464	
Minorities	3	(2)		1	2		(454)	(255)		(38)	40	(488)	(215)	
Net Profit	101	103	1.6%	(9)	0	n.a.	91	150	65.5%	6	(30)	189	223	18.1%
Margin	2.7%	2.8%		(8.8%)	0.2%		0.4%	0.7%				0.7%	0.9%	
Backlog	7,622	9,431	23.7%	n.a.	n.a.		35,884	35,704	(0.5%)			43,507	45,135	3.7%
Months	24	31		n.a.	n.a.		19	19				20	21	

Note: The "Adjustments" column includes adjustments due to the PPA, amortisation of the PPA and the resulting impact on taxes and non-controlling interests.

Dragados's activity in Spain stabilised, while there was a drop in activity in Dragados International due to the completion of significant projects in the United States and Canada, which will be replaced by new concessions added to the portfolio in the last few months.

Hochtief, A.G.'s contribution to the net profit of ACS, after subtracting non-controlling interests, amounts to EUR 150 million, proportionate to its effective ownership interest in the period, which amounted to 61.4% at 2014 year end.

HOCHTIEF, A.G.

Million Euro	America			Asia Pacific			Europe			Holding		Total		
	2013	2014	Var.	2013	2014	Var.	2013	2014	Var.	2013	2014	2013	2014	Var.
Sales	7,944	8,615	8.5%	11,623	11,397	(1.9%)	2,819	1,966	(30.3%)	112	121	22,499	22,099	(1.8%)
EBITDA	83	121	45.6%	1,122	917	(18.3%)	(62)	(73)	17.6%	(57)	(58)	1,086	906	(16.6%)
Margin	1.0%	1.4%		9.7%	8.0%		(2.2%)	(3.7%)				4.8%	4.1%	
EBIT	55	97	77.1%	504	524	4.0%	(124)	(105)	(15.3%)	(60)	(61)	375	456	21.6%
Margin	0.7%	1.1%		4.3%	4.6%		(4.4%)	(5.3%)				1.7%	2.1%	
Net Financial Results	(19)	(14)		(178)	(157)		(23)	(13)		9	(4)	(211)	(188)	
Equity Method	46	31		(9)	11		56	34		60	0	153	75	
Other Results.	13	(5)		(87)	(493)		154	11		134	(33)	214	(521)	
EBT	94	108	15.3%	230	(115)	n.a.	63	(73)	n.a.	143	(98)	530	(177)	n.a.
Taxes	(22)	(30)		(94)	(15)		(23)	(12)		(19)	103	(158)	45	
PAT of the d. operations	0	0		174	538		0	0		0	0	174	538	
Minorities	(12)	(15)		(126)	(143)		(8)	4		(228)	0	(374)	(154)	
Net Profit	59	63	6.3%	184	265	44.1%	32	(81)	n.a.	(104)	4	171	252	47.0%
Margin	0.7%	0.7%		1.6%	2.3%		1.1%	-4.1%				0.8%	1.1%	

Hochtief Americas' operations performed notably well as a result of the completion of contracts in the year. Leighton was affected in terms of EBITDA by the fall of the Australian dollar and the drop in mining activity, which is more capital intensive and has a higher contribution margin. Meanwhile, Europe and Corporation include non-recurring expenses in 2014 and a lower contribution from sales of assets.

1.4.2. INDUSTRIAL SERVICES

INDUSTRIAL SERVICES

Million Euro	2013	2014	Var.
Turnover	7,067	6,750	(4.5%)
EBITDA	937	902	(3.8%)
Margin	13.3%	13.4%	
EBIT	881	810	(8.0%)
Margin	12.5%	12.0%	
Net Profit	418	420	0.5%
Margin	5.9%	6.2%	
Backlog	7,413	8,021	8.2%
Months	13	14	
Net Investments	388	(45)	n.a.
Working Capital	(1,091)	(867)	(20.6%)
Net Debt	(621)	(341)	(45.0%)
ND/Ebitda	-0.7x	-0.4x	

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

Industrial Services sales amounted to EUR 6,750 million, representing a 4.5% decrease compared to 2013, resulting from the drop in activity in Europe and the Americas (completion of projects in the U.S., Panama and the Dominican Republic).

INDUSTRIAL SERVICES - SALES PER GEOGRAPHICAL AREAS

Million Euro	2013	2014	Var.
Spain	2,739	2,466	(10.0%)
Rest of Europe	693	482	(30.5%)
America	3,014	3,126	3.7%
Asia Pacific	210	443	110.8%
Africa	411	234	(43.0%)
Total	7,067	6,750	(4.5%)

EPC Projects grew slightly as a result of the completion of various projects, especially renewable energy projects in Spain and the United States, as well as projects in Central America, which have not been replaced by the activity related to recent contract awards.

INDUSTRIAL SERVICES - TURNOVER BREAKDOWN BY ACTIVITY

Million Euro	2013	2014	Var.
Support Services	3,904	3,471	(11.1%)
Networks	647	661	2.2%
Specialized Products	2,396	1,965	(18.0%)
Control Systems	862	845	(2.0%)
EPC Projects	2,872	2,923	1.8%
Renewable Energy: Generation	343	406	18.5%
Consolidation Adjustments	(53)	(50)	
TOTAL	7,067	6,750	(4.5%)
Total International	4,328	4,284	(1.0%)
% over total sales	61.2%	63.5%	

Revenues derived from renewable energy generation showed an 18.5% increase as a result of the start-up of a new solar thermal plant in Spain and the increased contribution made by wind farms.

INDUSTRIAL SERVICES - BACKLOG PER GEOGRAPHICAL AREAS

Million Euro	Dec 13	Dec 14	Var.
Spain	2,327	1,937	(16.8%)
Rest of Europe	597	370	(38.0%)
America	3,310	3,626	9.5%
Asia Pacific	841	1,247	48.2%
Africa	337	842	149.6%
Total	7,413	8,021	8.2%

The backlog increased by 8.2% to EUR 8,021 million. The backlog outside Spain now represents 75.9% of the total.

INDUSTRIAL SERVICES - BACKLOG PER ACTIVITY

Million Euro	Dec 13	Dec 14	Var.
Support Services	4,507	4,833	7.2%
Networks	474	474	0.1%
Specialized Products	2,792	3,071	10.0%
Control Systems	1,242	1,288	3.7%
EPC Projects	2,451	3,097	26.4%
Renewable Energy: Generation	455	92	(79.8%)
TOTAL BACKLOG	7,413	8,021	8.2%
Total International	5,086	6,085	19.6%
% over total sales	68.6%	75.9%	

EBITDA was calculated at EUR 902 million, 3.8% lower than in 2013 (a 2.1% drop in comparable terms), increasing the margin on sales to 13.4%, showing an improvement in the margins as a result of the larger contribution of renewables to the total figure.

EBIT fell by 8.0% to EUR 810 million, with a margin of 12.0% due to a higher level of provisions aimed at reducing on-balance operating risks, which in 2014 amounted to EUR 35.4 million.

Net profit in the area totalled EUR 420 million, 0.5% higher than in 2013, boosted by a reduction in financial expenses and a lower tax rate on the activity.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

1.4.3. ENVIRONMENT

ENVIRONMENT

Million Euro	2013	2014	Var.
Turnover	1,781	2,338	31.3%
EBITDA	275	291	5.7%
Margin	15.4%	12.4%	
EBIT	123	135	9.4%
Margin	6.9%	5.8%	
Net Profit	58	72	24.4%
Margin	3.2%	3.1%	
Backlog	8,443	10,164	20.4%
Months	57	41	
Net Investments	173	335	93.0%
Working Capital	72	88	23.5%
Net Debt	660	839	27.2%
ND/Ebitda	2.4x	2.6x	

Sales in the Environment area grew by 31.3% as a result of the incorporation of Clece by full consolidation as of 1 July 2014. In comparable terms, without this effect or the impact of exchange rate fluctuations, sales would have fallen by 1.1%.

EBITDA amounted to EUR 291 million, representing a 5.7% increase. Without the effect of the incorporation of Clece and without the negative impact of exchange rates, there would have been a 1.6% drop as a result of the reduction in activity in Urban Services. Net profit increased by 24.4%, which without the effect of exchange rate fluctuations would be 21.6%. This growth is the result of an improvement in the contribution from Waste Treatment activity, as well as some lower financial expenses.

ENVIRONMENT - SALES BREAKDOWN

Million Euro	2013	2014	Var.
Waste Treatment	533	523	(1.9%)
Urban Services	1,118	1,031	(7.8%)
Logistics	130	134	2.4%
Facility Management	0	650	n.a.
Total	1,781	2,338	31.3%
International	633	610	(3.6%)
% over total sales	35.5%	26.1%	

The capital intensive waste treatment activity, which includes recycling, treatment and incineration plants, landfills and methane production and other renewable energy production facilities, recorded a slight decrease in turnover of 1.9%.

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 7.8% as a result of the process of rationalisation of unprofitable contracts undertaken in 2013.

Logistics activities include the Group's logistics and transport assets.

Facility Management includes Clece's activity. In annualised terms, the company's sales, which occur almost entirely in Spain, increased by 7% to EUR 1,304 million.

International sales fell by 3.6% due to the impact of the exchange rate, mainly in Latin America. Without this effect, or the consolidation of Clece, international sales would have increased by 7.2%. At the end of 2014 they represented 26.1% of the total.

ENVIRONMENT - SALES PER GEOGRAPHICAL AREAS

Million Euro	2013	2014	Var.
Spain	1,148	1,728	50.5%
Rest of Europe	296	296	(0.0%)
America	286	283	(0.9%)
Asia Pacific	0	0	n.a.
Africa	52	32	(38.9%)
Total	1,781	2,338	31.3%

The Environment backlog was EUR 10,164 million, equivalent to more than three years of production, up 20.4% on the previous year. Without the effect of the consolidation of Clece and the exchange rate, it would have fallen by 5.3%.

ENVIRONMENT - BACKLOG BREAKDOWN BY ACTIVITY

Million Euro	Dec 13	Dec 14	Var.
Waste Treatment	5,868	6,072	3.5%
Urban Services	2,575	2,384	(7.4%)
Facility Management	0	1,708	n.a.
Total	8,443	10,164	20.4%
International	3,947	3,871	(1.9%)
% over total backlog	46.8%	38.1%	

The international backlog, which relates mainly to waste treatment, represents 38.1% of the total.

ENVIRONMENT - BACKLOG PER GEOGRAPHICAL AREAS

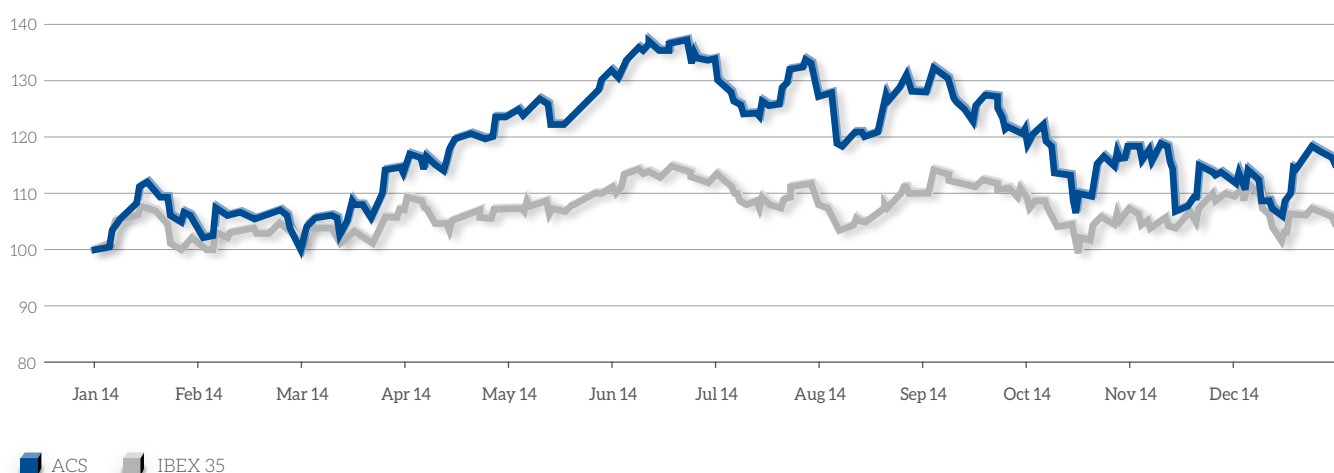
Million Euro	2013	2014	Var.
Spain	4,496	6,293	40.0%
Rest of Europe	2,879	2,821	(2.0%)
America	1,008	1,009	0.1%
Asia Pacific	0	0	n.a.
Africa	61	41	(33.1%)
Total	8,443	10,164	20.4%

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

2. STOCK MARKET PERFORMANCE

2.1. STOCK MARKET INFORMATION FOR 2014

STOCK MARKET INFORMATION FOR 2014

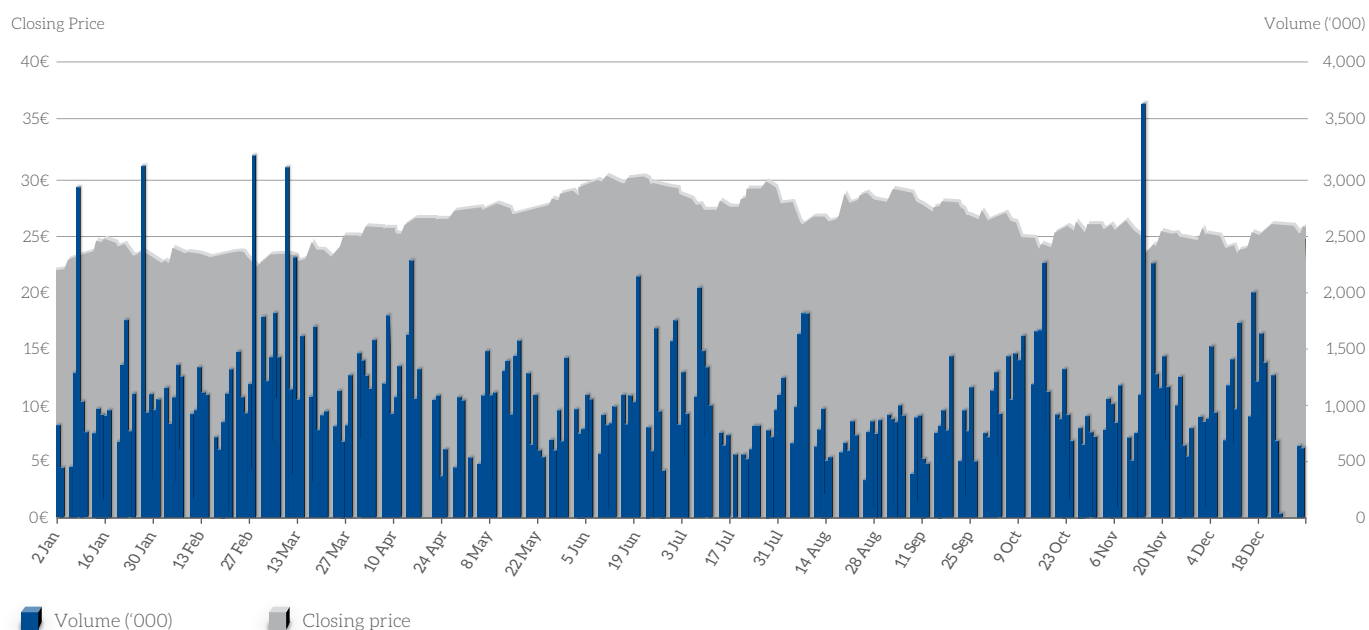


The detail of the ACS Group's main market data is as follows:

ACS SHARES DATA (YTD)

	2013	2014
Closing price	25.02 €	28.97 €
Performance	31.41%	15.79%
Maximum in the period	25.20 €	34.50 €
Maximum Date	30-Dec	23-Jun
Minimum in the period	16.68 €	24.56 €
Minimum Date	06-Feb	06-Jan
Average in the period	21.04 €	29.26 €
Total volume ('000)	201,976	252,294
Daily average volume ('000)	792	989
Total traded effective (EUR mn)	4,249	7,383
Daily average effective (EUR mn)	16,66	28,95
Number of shares (mn)	314.66	314.66
Market cap (EUR mn)	7,873	9,116

STOCK MARKET INFORMATION FOR 2014



2.2. TREASURY SHARES

At 31 December 2014, the ACS Group had 6,919,380 treasury shares, accounting for 2.2% of its share capital. The detail of the transactions performed in the year is as follows:

	2014		2013	
	Number of shares	Thousands of euros	Number of shares	Thousands of euros
At beginning of the year	2,766,973	64,958	21,368,766	574,696
Purchases	12,093,722	356,965	15,112,383	306,280
Scrip dividend	114,543	-	251,471	-
Sales	(1,458,074)	(40,738)	(25,903,481)	(659,616)
Bonus Payments 2014/2013	(159,919)	(3,862)	(208,529)	(3,874)
Depreciation	(6,437,865)	(176,201)	(7,853,637)	(152,528)
At year end	6,919,380	201,122	2,766,973	64,958

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 the year regarding financial risks related to liquidity are as follows:

- Refinancing of corporate loans by signing a financing agreement for a total amount of EUR 2,350 million, divided into two tranches (tranche A being a loan for an amount of EUR 1,650 million and tranche B being a line of credit for an amount of EUR 700 million) with a maturity date of 13 February 2020.
- Issuance of a bond exchangeable for Iberdrola shares for an amount of EUR 405.6 million with a maturity date of 27 March 2019, partially redeemed together with the bond issued in October 2013 thanks to the positive performance of the prices of the underlying asset.
- Issuance of an unrated bond by Hochtief, A.G. for EUR 500 million with a maturity date in May 2019.
- Renewal of the Euro Commercial Paper (ECP) programme for EUR 750 million.
- Renewal of Urbaser's syndicated loan for EUR 600 million to 2017.
- The combined line of credit and security of EUR 2,000 million held by Hochtief, A.G. with an international syndicate of banks to 31 December 2013 has had its maturity date extended to April 2019.
- Lastly, credit risk, which arises from defaulted trade receivables, is managed by means of the preventive assessment of the solvency rating of the Group's potential customers, both at the beginning of the relationship for each work or project and throughout the duration of the contract, evaluating the credit rating of the amounts receivable and reviewing the estimated recoverable amounts from those considered to be doubtful.

A more in-depth explanation of these risks and of the related risk control instruments is provided in the ACS Group's Annual Corporate Governance and Corporate Responsibility reports and the ACS Group's consolidated financial statements (www.grupoacs.com). Likewise, the Annual Report of Hochtief, A.G. (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 2014, 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.

In order to coordinate the Corporate Responsibility of the ACS Group, in view of the fact that its operations are decentralised and that the Group covers a broad geographic area, the one project was developed which seeks to promote good management practices and to spread corporate culture. The non-financial management areas on which it has an impact are ethics, efficiency and employees.

The detail of the results of Corporate Responsibility and environmental policies of the ACS Group are frequently gathered and published on the web page of the ACS Group (www.grupoacs.com) and in the Annual Corporate Responsibility Report.

4.1. ETHICS

The ACS Group and the companies which make it up are fully committed to promotion, reinforcement and control in matters related to ethics and integrity, through measures which enable them to prevent, detect and eradicate bad practices.

The Group has developed and implemented its General Code of Conduct which is applicable to its employees, suppliers and subcontractors. In addition, training initiatives are carried out in order to inform all three groups of the Code, as well as the implementation of the ACS Group Ethics Channel which enables any person to communicate inappropriate conduct or breaches of the Code of Conduct if there were to occur.

DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

4.2. EFFICIENCY

The ACS Group has identified a series of functional non-financial areas which are key to the performance of its business, which form part of the production process and which generate a significant portion of its profitability and productivity in the operating companies.

Purchasing and Production

The commitment to clients is one of the ACS Group's most important corporate values. Practically all of the ACS Group companies have a customer management system managed by its purchasing management. The management aspects common to the whole ACS Group are as follows:

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

Quality is a determining factor for the ACS Group, as it represents the factor distinguishing it from the competition in the infrastructure and services industry, with high technical sophistication. Each company in the group adapts its needs to the specific characteristics of its type of production, but a series of common lines of action have been identified within their Quality Management Systems:

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

The decentralised nature of the Group's management of its purchases and suppliers requires detailed monitoring and control processes which have the following commonalities in all of the companies:

- Implementation of specific standards and a system for management, classification, approval and control of supplier and subcontractor risk.
- Analysis of the level of compliance with these systems.
- Collaboration with suppliers and transparency in contractual relationships.

Research, development and innovation activities

The ACS Group is committed to a policy providing for the on-going improvement of its processes and of applied technology in all activities. Its involvement in research, development and innovation are clear in its increased investment and the R&D+i efforts the Group makes year after year. This effort leads to tangible improvements in productivity, quality, customer satisfaction, occupational safety, the obtaining of new and better materials and products and the design of more efficient production processes and systems, among others.

For this purpose, the ACS Group has an in-house research programme aimed at developing new technological know-how in the design of processes, systems, new materials, etc. in each activity. R&D management takes place through a system which, in the largest companies and in general, follows the guidelines in the UNE 166002:2006 standard and is audited by independent specialists. This program is based on three premises of action:

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

Environmental protection

The ACS Group has a significant environmental impact, either directly as a consequence of changes in the environment or indirectly through the consumption of materials, energy and water resources. The Group carries out its activities in accordance with the law, by adopting the most efficient measures to reduce these effects, and by reporting its activity in the mandatory environmental impact studies.

Additionally, it adapts processes so that a high percentage of the Group's activity is certified to the ISO 14001 standard, which involves an additional commitment required by the law in respect of good environmental practice.

ACS has on-going action plans in their companies to specifically reduce the environmental impact. The main initiatives in development are:

- Actions that contribute to the reduction of climate change.
- Initiatives to enhance energy efficiency in its activities.
- Procedures that help to minimise the impact on biodiversity in those projects where necessary.
- Promotion of good practices aimed at saving water in those locations considered to have high water stress.

4.3. EMPLOYEES

Human Resources

As of 31 December 2014, the ACS Group employed a total of 210,345 people, 33,473 of whom are university graduates.

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 13 February 2015, ACS, Actividades de Construcción y Servicios, S.A. signed a financing agreement with a syndicate made up of forty-three Spanish and foreign banks for a total amount of EUR 2,350 million, divided into two tranches (tranche A being a loan for an amount of EUR 1,650 million and tranche B being a line of credit for an amount of EUR 700 million) with a maturity date of 13 February 2020. This is to be used, in the amount required, to pay off the existing syndicated loan signed on 9 February 2012 for a principal amount of EUR 1,430.3 million, and three loans granted to finance the acquisition of shares in Hochtief, A.G. for a total principal amount of EUR 694.5 million.

On 21 January 2015 the ACS Group reached an agreement with Global Infrastructure Partners for the sale of 49% of a recently created energy asset development company, integrating the renewable energy assets over which Saeta Yield, S.A. holds a right of first offer. This transaction is pending approval by the competent regulatory bodies.

On 16 February 2015, Saeta Yield was listed on the stock exchange. With this transaction the ACS Group sold 51.78% of the company to the market. In addition, under the agreements reached with Global Infrastructure Partners, it sold 24.4% of Saeta Yield. The combination of these two transactions brought a net cash inflow of EUR 361 million, after subtracting the prior capital increase, the redemption of intra-group loans and the expenses associated with the transaction.

On 16 March 2015, ACS, Actividades de Construcción y Servicios, S.A. issued notes in the Euro market for the amount of EUR 500 million, with a total demand of EUR 1,337 million, under the Euro Medium Term Note Programme (EMTN Programme), approved by the Central Bank of Ireland and approved in its most recent draft on 11 March 2015. The issue matures at five years and the disbursement date if planned for 1 April 2015, with an annual coupon of 2.875% and an issue price of 99.428%. The Notes are expected to be admitted to trading on the Irish Stock Exchange.

6. OUTLOOK FOR 2015

The ACS Group expects to increase its net profit in 2015 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. COMPLIANCE WITH ARTICLE 262.1 OF THE SPANISH COMPANIES LAW FOR THE AVERAGE PAYMENT PERIOD FOR SUPPLIERS

As detailed in the Note 23 of the Report, the average period in which the ACS Group paid its suppliers in 2014 was 128 days (this was 93 days in 2013). The Group breached the maximum payment period in only 24% of payments made (21% in 2013). In the beginning of 2015 the Group established measures geared towards meeting statutory periods, and the review of the internal procedure governing vendor management, as well as the development of the instructions necessary to establish internal selection, approval and signing off processes.

8 ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with corporate law, the Annual Corporate Governance Report is attached for reference purposes, which is available on the CNMV website, and which forms an integral part of the 2014 Directors' Report.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

ASSETS

Thousands of euros	Note	31/12/2014	31/12/2013 (*)
NON-CURRENT ASSETS		14,000,876	14,411,592
Intangible assets	04	4,620,123	4,491,505
Goodwill		2,894,222	2,726,108
Other intangible assets		1,725,901	1,765,397
Tangible assets - property, plant and equipment	05	2,499,928	2,434,559
Non-current assets in projects	06	753,143	757,470
Investment property	07	62,207	63,922
Investments accounted for using the equity method	09	1,231,256	1,366,466
Non-current financial assets	10	2,227,705	2,317,846
Long term cash collateral deposits	22	404,180	559,432
Derivative financial instruments	22	6,414	40,692
Deferred tax assets	26.05	2,195,920	2,379,700
CURRENT ASSETS		25,319,859	25,553,787
Inventories	11	1,522,355	1,827,001
Trade and other receivables	12	12,719,329	11,315,953
Trade receivables for sales and services		9,869,610	10,130,157
Other receivable		1,409,856	1,082,950
Receivables from the sale of discontinued operations		1,108,112	-
Current tax assets	26	331,751	102,846
Other current financial assets	10	1,892,686	2,980,141
Derivative financial instruments	22	34,010	11,981
Other current assets	13	162,206	185,155
Cash and cash equivalents	14	5,167,139	3,923,960
Non-current assets held for sale and discontinued operations	03.09	3,822,134	5,309,596
TOTAL ASSETS		39,320,735	39,965,379

(*) Data restated

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated statement of financial position at 31 December 2014.

EQUITY AND LIABILITIES

Thousands of euros	Note	31/12/2014	31/12/2013 (*)
EQUITY	15	4,897,888	5,488,908
SHAREHOLDERS' EQUITY		3,451,843	3,802,827
Share capital		157,332	157,332
Share premium		897,294	897,294
Reserves		1,881,249	2,111,618
(Treasury shares and equity interests)		(201,122)	(64,958)
Profit for the period of the parent		717,090	701,541
ADJUSTMENTS FOR CHANGES IN VALUE		(418,331)	(534,914)
Available-for-sale financial assets		65,760	27,927
Hedging instruments		(532,015)	(442,697)
Exchange differences		47,924	(120,144)
EQUITY ATTRIBUTED TO THE PARENT		3,033,512	3,267,913
NON-CONTROLLING INTERESTS		1,864,376	2,220,995
NON-CURRENT LIABILITIES		9,534,953	11,323,513
Grants	16	59,745	49,748
Non-current provisions	20	1,763,509	1,794,809
Non-current financial liabilities		6,090,901	7,411,353
Bank borrowings, debt instruments and other marketing securities	17	5,386,591	6,171,352
Project finance with limited recourse	18	491,308	1,035,693
Other financial liabilities	19	213,002	204,308
Derivative financial instruments	22	196,758	497,868
Deferred tax liabilities	26.05	1,268,739	1,381,273
Other non-current liabilities		155,301	188,462
CURRENT LIABILITIES		24,887,894	23,152,958
Current provisions	20	1,342,220	1,107,675
Current financial liabilities		6,203,509	3,863,246
Bank borrowings, debt instruments and other held-for-trading liabilities	17	5,669,702	3,593,400
Project finance with limited recourse	18	491,389	221,447
Other financial liabilities	19	42,418	48,399
Derivative financial instruments	22	78,258	70,552
Trade and other payables	23	13,962,196	13,677,296
Suppliers		7,988,149	8,745,384
Other payables		5,725,181	4,602,275
Current tax liabilities	26	248,866	329,637
Other current liabilities	24	411,064	555,849
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	2,890,647	3,878,340
TOTAL EQUITY AND LIABILITIES		39,320,735	39,965,379

(*) Data restated

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated statement of financial position at 31 December 2014.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Thousands of euros	Note	31/12/2014	31/12/2013 (*)
REVENUE	27	34,880,860	35,177,951
Changes in inventories of finished goods and work in progress		(12,385)	(41,447)
Capitalised expenses of in-house work on assets	27	38,449	8,881
Procurements	28.01	(22,538,088)	(22,694,475)
Other operating income		622,740	570,851
Staff costs	28.02	(7,761,394)	(7,597,987)
Other operating expenses		(2,814,852)	(2,644,493)
Depreciation and amortisation charge	04,05,06 and 07	(824,005)	(1,144,551)
Allocation of grants relating to non-financial assets and others	16	6,490	5,014
Impairment and gains or losses on the disposal of non-current assets	03.09	(3,900)	(199,240)
Other profit or loss	28.07	(634,274)	98,431
OPERATING INCOME		959,641	1,538,935
Finance income	28.06	353,613	362,340
Financial costs		(1,036,007)	(1,121,995)
Changes in the fair value of financial instruments	22 and 28.05	233,550	555,295
Exchange differences		(23,856)	(23,389)
Impairment and gains or losses on the disposal of financial instruments	29	163,441	101,426
FINANCIAL RESULT		(309,259)	(126,323)
Results of companies accounted for using the equity method	09	131,824	95,934
PROFIT BEFORE TAX		782,206	1,508,546
Income tax	26.03	(318,591)	(424,871)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		463,615	1,083,675
Profit after tax from discontinued operations	(**)	464,115	163,250
PROFIT FOR THE PERIOD		927,730	1,246,925
Profit attributed to non-controlling interests	15.07	58,666	(431,005)
Profit from discontinued operations attributable to non-controlling interests	15.07	(269,306)	(114,379)
PROFIT ATTRIBUTABLE TO THE PARENT		717,090	701,541
(**) Profit after tax from discontinued operations attributable to non-controlling interests	03.09	194,809	48,871

EARNINGS PER SHARE

Euros per Share	Note	31/12/2014	31/12/2013
Basic earnings per share	31	2.31	2.26
Diluted earnings per share	31	2.31	2.26
Basic earnings per share from discontinued operations	31	0.63	0.16
Basic earnings per share from continuing operations	31	1.68	2.10
Diluted Basic earnings per share from continuing operations	31	1.68	2.10

(*) Data restated

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated income statement at 31 December 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

Thousands of euros	31/12/2014			31/12/2013 (*)		
	Of the Parent	Of non-controlling interests	Total	Of the parent	Of non-controlling interests	Total
A) Total consolidated profit	717,090	210,640	927,730	701,541	545,384	1,246,925
Profit from continuing operations	522,281	(58,666)	463,615	652,670	431,005	1,083,675
Profit from discontinued operations	194,809	269,306	464,115	48,871	114,379	163,250
B) Income and expenses recognised directly in equity	24,148	114,340	138,488	118,375	(193,873)	(75,498)
Measurement of financial instruments	228,938	11,709	240,647	93,494	(2,107)	91,387
Cash flow hedges	(300,097)	(19,284)	(319,381)	335,745	63,251	398,996
Exchange differences	171,488	168,145	339,633	(219,214)	(238,838)	(458,052)
Actuarial profit and losses (**)	(95,044)	(62,729)	(157,773)	37,058	28,406	65,464
Tax effect	18,863	16,499	35,362	(128,708)	(44,585)	(173,293)
C) Transfers to profit or loss	28,108	17,968	46,076	94,873	(22,086)	72,787
Reversal of financial instruments	(175,673)	-	(175,673)	(39,241)	(106,669)	(145,910)
Cash flow hedges	215,445	30,292	245,737	119,133	63,631	182,764
Exchange differences	(3,420)	(3,921)	(7,341)	23,258	19,306	42,564
Tax effect	(8,244)	(8,403)	(16,647)	(8,277)	1,646	(6,631)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	769,346	342,948	1,112,294	914,789	329,425	1,244,214

(*) 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.

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated statement of comprehensive income at 31 December 2014

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

Thousands of euros

	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Adjustments for changes in value	Profit/(Loss) attributed to the Parent	Non-controlling interests	TOTAL
Balance at 31 December 2012	157,332	897,294	4,828,866	(574,696)	(725,840)	(1,926,438)	3,054,990	5,711,508
IAS 19 revised	-	-	1,495	-	-	(1,495)	-	-
Balance at 31 December 2012	157,332	897,294	4,830,361	(574,696)	(725,840)	(1,927,933)	3,054,990	5,711,508
Income/(expenses) recognised in equity	-	-	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)
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	-	-	(6,768)	-	-	-	(520,298)	(527,066)
Balance at 31 December 2013 adjusted	157,332	897,294	2,111,618	(64,958)	(534,914)	701,541	2,220,995	5,488,908
Income/(expenses) recognised in equity	-	-	(64,327)	-	116,583	717,090	342,948	1,112,294
Capital increases/(reductions)	3,219	-	(3,219)	-	-	-	-	-
Stock options	-	-	5,153	-	-	-	-	5,153
Distribution of profit from the prior year								
To reserves	-	-	701,541	-	-	(701,541)	-	-
2013 acquisition of bonus issue rights	-	-	(90,965)	-	-	-	-	(90,965)
Remaining allotment rights from 2013 accounts	-	-	71,497	-	-	-	-	71,497
To dividends	-	-	-	-	-	-	(114,838)	(114,838)
Treasury shares	(3,219)	-	(170,192)	(136,164)	-	-	-	(309,575)
Treasury shares through investees	-	-	(29,680)	-	-	-	(18,624)	(48,304)
Additional ownership interest in controlled entities	-	-	(466,369)	-	-	-	(490,216)	(956,585)
2014 bonus issue rights	-	-	(141,599)	-	-	-	-	(141,599)
Change in the scope of consolidation and other effects of a lesser amount	-	-	(42,209)	-	-	-	(75,889)	(118,098)
Balance at 31 December 2014	157,332	897,294	1,881,249	(201,122)	(418,331)	717,090	1,864,376	4,897,888

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated statement of changes in equity at 31 December 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

Thousands of euros	31/12/2014	31/12/2013 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES	824,023	1,085,885
1. Profit/(Loss) before tax	782,206	1,508,546
2. Adjustments for:	1,429,828	1,161,667
Depreciation and amortisation charge	824,005	1,144,551
Other adjustments to profit (net) (Note 03.23)	605,823	17,116
3. Changes in working capital	(570,866)	(873,483)
4. Other cash flows from operating activities:	(817,145)	(710,845)
Interest payable	(1,060,604)	(1,112,011)
Dividends received	256,971	384,776
Interest received	247,612	235,062
Income tax payment/proceeds	(261,124)	(218,672)
B) CASH FLOWS FROM INVESTING ACTIVITIES	(190,666)	(115,699)
1. Investment payables:	(1,419,881)	(2,118,945)
Group companies, associates and business units	(376,553)	(534,687)
Property, plant and equipment, intangible assets and property investments	(843,009)	(1,297,517)
Other financial assets	(160,283)	(202,218)
Other assets	(40,036)	(84,523)
2. Divestment:	1,229,215	2,003,246
Group companies, associates and business units	192,237	1,816,439
Property, plant and equipment, intangible assets and investment property	171,132	150,111
Other financial assets	865,384	33,663
Other assets	462	3,033
C) CASH FLOWS FROM FINANCING ACTIVITIES	416,224	(1,496,073)
1. Equity instrument proceeds (and payment):	(1,195,235)	(476,556)
Acquisition	(1,242,626)	(942,222)
Disposal	47,391	465,666
2. Liability instrument proceeds (and payment):	1,874,161	(1,251,044)
Issue	5,339,790	2,685,747
Refund and repayment	(3,465,629)	(3,936,791)
3. Dividends paid and remuneration relating to other equity instruments:	(317,984)	(397,979)
4. Other cash flows from financing activities:	55,282	629,506
Other financing activity proceeds and payables:	55,282	629,506
D) EFFECT OF CHANGES IN EXCHANGE RATES	193,598	(204,385)
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,243,179	(730,272)
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,923,960	4,654,232
G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5,167,139	3,923,960

1. CASH FLOWS FROM OPERATING ACTIVITIES	(198,737)	(455,526)
2. CASH FLOWS FROM INVESTING ACTIVITIES	(27,576)	359,010
3. CASH FLOWS FROM FINANCING ACTIVITIES	(2,785)	(26,766)
CASH FLOWS FROM DISCONTINUED OPERATIONS	(229,098)	(123,282)

CASH AND CASH EQUIVALENTS AT YEAR END

Cash and banks	4,628,415	3,314,413
Other financial assets	538,724	609,547
TOTAL CASH AND CASH EQUIVALENTS AT YEAR END	5,167,139	3,923,960

(*) Data restated
The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated statement of cash flows at 31 december 2014.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

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 agreements 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.

CONSOLIDATED FINANCIAL STATEMENTS

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 2014 of the ACS Group were prepared:

- By the directors of the Parent, at the Board of Directors' Meeting held on 24 March 2015.
- 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 2014 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 2014, 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 2014 (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 2014 are consistent with those applied in the 2013 consolidated financial statements.

On 1 January 2014, the ACS Group restated its 2013 consolidated financial statements for comparison purposes as a result of the entry into force of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interest in Other Entities", in conjunction with the revised IAS 27 "Consolidated and Separate Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" which are applied retroactively. 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 jointly controlled entities, which would then be accounted for using the equity method. IFRS 10 has changed the definition of control as it was understood prior to its entry into force, so that the new definition of control consists of three required elements: power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use that power to affect the amount of the investor's returns. Besides this noteworthy amendment, IFRS 11 also changes the approach of analysing joint arrangements in certain contexts. In the past, under IAS 31, the conclusion depended, to a large extent, on the legal structure of the agreement, whereas under 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 standard has not had a significant impact on the ACS Group. The first application of IFRS 11 on the ACS Group involves the reclassification of jointly controlled entities and joint operations in Leighton under the equity method.

For these reasons, and in accordance with IAS 1, the restated data for the corresponding comparative period of the previous year is presented.

The information contained in these consolidated summary financial statements corresponding to the year ended 31 December 2013 is presented solely for the purposes of comparison thereof with the information relating to the year ended 31 December 2014. This comparative data is affected by:

- The entry into force of IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities”, in conjunction with the revised IAS 27 “Separate Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, as explained in Note 02.01.
- Sale of the John Holland and Thiess Services & Leighton Contractors (“Services”) businesses belonging to Leighton, a subsidiary of the Hochtief Group, considered as a discontinued operation as explained in Note 02.01, which was subjected to the application of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. As this involves significant business lines (approximately 10% of revenue) located in the geographical area of Australia, the Group considers as appropriate the classification of such activities as discontinued operations, as they are classified in the consolidated financial statements of Leighton and its parent company Hochtief, A.G.

The following have been applied in accordance with IFRS 5:

- a) All items of the income statement are reclassified and presented in a single line, “Profit after tax from discontinued operations” means the contribution to net profit after tax and minority interests.
- b) In the statement of cash flows, a break down must be contained therein or in the notes, the effect arising from the discontinued operation for both 2014 and 2013.

As a result of the foregoing, the effect of the aforementioned restatements is detailed in the income statement in the note on discontinued operations. However, in the statement of financial position, assets and liabilities associated with this activity, in accordance with IFRS 5, are not a restatement of the previous year figures.

The notes to the financial statements include events or changes that are material to an explanation of changes in financial position or consolidated results of the ACS Group since the date of publication of the Group’s Consolidated Financial Statements.

The effect on the Statement of Financial Position at 31 December 2013, following the entry into force of IFRS 10, 11 and 12 is as follows:

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS

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

EQUITY AND LIABILITIES

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

The effect on the Consolidated Income Statement at 31 December 2013, following the entry into force of IFRS 10, 11 and 12 and the treatment of the sale of the John Holland and Thies Services & Leighton Contractors ("Services") business is as follows:

Thousands of euros	31/12/2013 Restated	Effect IFRS 11	Discontinued operations (John Holland and the Service Business)	31/12/2013
REVENUE	35,177,951	1,328,941	(4,523,511)	38,372,521
Changes in inventories of finished goods and work in progress	(41,447)	-	-	(41,447)
Capitalised expenses of in-house work on assets	8,881	-	-	8,881
Procurements	(22,694,475)	(1,049,089)	3,188,724	(24,834,110)
Other operating income	570,851	-	-	570,851
Staff costs	(7,597,987)	(242,667)	984,574	(8,339,894)
Other operating expenses	(2,644,493)	(41,088)	184,752	(2,788,157)
Depreciation and amortisation charge	(1,144,551)	(739)	64,096	(1,207,908)
Allocation of grants relating to non-financial assets and other	5,014	-	-	5,014
Impairment and gains on the disposal of non-current assets	(199,240)	279	-	(199,519)
Other profit or loss	98,431	-	-	98,431
OPERATING INCOME	1,538,935	(4,363)	(101,365)	1,644,663
Finance income	362,340	3,218	(1,622)	360,744
Finance costs	(1,121,995)	-	1,681	(1,123,676)
Changes in the fair value of financial instruments	555,295	1	-	555,294
Exchange differences	(23,389)	1,756	(46)	(25,099)
Impairment and gains on the disposal of non-current assets	101,426	-	(154,281)	255,707
FINANCIAL PROFIT /LOSS	(126,323)	4,975	(154,268)	22,970
Results of companies accounted for using the equity method	95,934	785	(833)	95,982
PROFIT BEFORE TAX	1,508,546	1,397	(256,466)	1,763,615
Corporate income tax	(424,871)	(1,397)	93,216	(516,690)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	1,083,675	-	(163,250)	1,246,925
Profit after tax from discontinued operations	163,250	-	163,250	-
PROFIT FOR THE YEAR	1,246,925	-	-	1,246,925
Profit attributed to non-controlling interests	(431,005)	-	114,379	(545,384)
Profit from discontinued operations attributed to non-controlling interests	(114,379)	-	(114,379)	-
PROFIT ATTRIBUTABLE TO THE PARENT	701,541	-	-	701,541

CONSOLIDATED FINANCIAL STATEMENTS

The effect on the Statement of Cash Flows at 31 December 2013 is as follows:

Thousands of euros	31/12/2013 Restated	Effect IFRS 11	Discontinued operations (John Holland and the Service Business)	31/12/2013
A) CASH FLOWS FROM OPERATING ACTIVITIES	1,085,885	74,072	-	1,011,813
1. Profit/(Loss) before tax	1,508,546	1,397	(256,466)	1,763,615
2. Adjustments for:	1,161,667	(3,542)	248,065	917,144
Depreciation and amortisation charge	1,144,551	740	(64,097)	1,207,908
Other adjustments to profit (net)	17,116	(4,282)	312,162	(290,764)
3. Changes in working capital	(873,483)	74,941	(786)	(947,638)
4. Other cash flows from operating activities:	(710,845)	1,276	9,187	(721,308)
Interest payable	(1,112,011)	-	1,681	(1,113,692)
Dividends received	384,776	-	9,128	375,648
Interest received	235,062	3,219	(1,622)	233,465
Income tax payment/proceeds	(218,672)	(1,943)	-	(216,729)
B) CASH FLOWS FROM INVESTING ACTIVITIES	(115,699)	(17,955)	-	(97,744)
1. Investment payables:	(2,118,945)	(18,234)	-	(2,100,711)
Group companies, associates and business units	(534,687)	-	-	(534,687)
Property, plant and equipment, intangible assets and property investments	(1,297,517)	(18,234)	-	(1,279,283)
Other financial assets	(202,218)	-	-	(202,218)
Other assets	(84,523)	-	-	(84,523)
2. Divestment:	2,003,246	279	-	2,002,967
Group companies, associates and business units	1,816,439	-	-	1,816,439
Property, plant and equipment, intangible assets and investment property	150,111	279	-	149,832
Other financial assets	33,663	-	-	33,663
Other assets	3,033	-	-	3,033
C) CASH FLOWS FROM FINANCING ACTIVITIES	(1,496,073)	-	-	(1,496,073)
1. Equity instrument proceeds (and payment):	(476,556)	-	-	(476,556)
Acquisition	(942,222)	-	-	(942,222)
Disposal	465,666	-	-	465,666
2. Liability instrument proceeds (and payment):	(1,251,044)	-	-	(1,251,044)
Issue	2,685,747	-	-	2,685,747
Refund and repayment	(3,936,791)	-	-	(3,936,791)
3. Dividends paid and remuneration relating to other equity instruments:	(397,979)	-	-	(397,979)
4. Other cash flows from financing activities:	629,506	-	-	629,506
Other financing activity proceeds and payables:	629,506	-	-	629,506
D) EFFECT OF CHANGES IN EXCHANGE RATES	(204,385)	(27,631)	-	(176,754)
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(730,272)	28,486	-	(758,758)
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,654,232	126,396	-	4,527,836
G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,923,960	154,882	-	3,769,078

CASH AND CASH EQUIVALENTS AT YEAR END

Cash and banks	3,314,413	154,882	-	3,159,531
Other financial assets	609,547	-	-	609,547
TOTAL CASH AND CASH EQUIVALENTS AT YEAR END	3,923,960	154,882	-	3,769,078

The ACS Group's consolidated financial statements for 2013, (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 29 May 2014.

The 2014 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 2014 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).
- 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 (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 2013 Financial Statements.

Except for the entry into force of new accounting standards, the bases of consolidation applied in 2014 are consistent with those applied in the 2013 consolidated financial statements.

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 2014 and 2013 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 control, i.e. in accordance with IFRS 10, when it has the power to lead their relevant activities, it is exposed to variable revenues as a result of their stake in the subsidiary, and is able to exercise said power in order to influence its own revenues, either directly or through other companies it controls.

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 2014 has an effective interest of less than 50% in companies considered subsidiaries, whose assets do not exceed EUR 10 million, with the exception of Petrolíferos Tierra Blanca, S.A. de C.V. As at 31 December 2013, it held no effective interest of less than 50% in companies considered subsidiaries.

The main companies of the ACS Group with dividend rights of more than 50% which are not fully consolidated include: Autovía de La Mancha, S.A. Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Eix Diagonal Concesionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concesionària de la Generalitat de Catalunya, S.A. and Autovía de los Pinares, S.A. FTG Fraser Transportation Group Partnership and Sociedad Concesionaria Ruta del Canal, S.A. and Benisaf Water Company, Spa. 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.

An agreement was reached in August 2014 with the Dutch fund manager DIF Infrastructure III for the sale of the 80% interest held by the ACS Group in the following projects: Intercambiadores de Transporte de Madrid (through the

the company Desarrollo de Estacionamientos Públicos, S.L.), Hospital de Majadahonda, S.A., Hospital de Majadahonda Sociedad Explotadora, S.L. and Línea 9 Tramo IV, S.A. (Barcelona metro). This agreement was subject to certain conditions precedent relating primarily to obtaining the relevant regulatory approvals and approvals from the funders of the projects. In December, these conditions were met in relation to the Intercambiadores de Transporte de Madrid and Línea 9 Tramo IV, S.A. assets, thus completing these sales.

Additionally, on the dates mentioned above, a “Call Option & Co-Management” agreement was concluded with the same investor on the companies Autovía de La Mancha, S.A., Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concessionària de la Generalitat de Catalunya, S.A. and Autovía de los Pinares, S.A. The effective date of this agreement was linked to the completed sale of at least one of the three concession assets listed in the previous paragraph. This agreement grants DIF Infrastructure III the option to acquire 50% of those companies for a period of five years. The price would be set at the time of exercising the option as the higher of the net book value of the investment in these concession companies and the market value thereof, as estimated by an independent third party. It also gives DIF Infrastructure III, during the term of the option, a right of veto over any decision affecting the operation of the aforementioned concession companies. The main mechanisms by which that right is articulated are set out below:

With regard to the management of Autovía de La Mancha, S.A., Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concessionària de la Generalitat de Catalunya, S.A. and Autovía de los Pinares, S.A., DIF can veto any decision relating to (i) appointment, renewal, removal or replacement of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO), (ii) approval of the distribution of dividends and reserves not approved in the business plan, (iii) any change in business activity, (iv) approval of the business plan and budget (in the absence of agreement between the parties, the budget for the previous year shall be increased by 3%), (v) refinancing or restructuring or rebalancing agreements, (vi) changes in financial policies (coverage, leverage...), etc.

Based on that set forth in IFRS 10, paragraphs 7 et seq., ACS considers that the signing of the “Call Option & Co-Management”, while not meaning a change in the exposure of ACS to the financial performance arising from the investee, it does involve the loss by ACS of the ability to direct the relevant activities of the concession operators due mainly to the existence of a right of veto by DIF on activities that significantly affect the performance of the investees. In the specific case of the concession operators, the activities that have the most significant effect on performance are related to changes in the financing agreements or related derivatives thereof, and changes in the concession agreements (rebalancing agreements), both subjects over which the investor has the right of veto.

In both cases, the purchase and sale agreement of Sociedad Concesionaria Ruta del Canal, S.A., executed 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 that case, the main decisions related to the company’s operations always require the affirmative vote of the non-controlling shareholders. The main mechanisms pursuant to which this agreement is 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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

Therefore, this agreement means the investor and ACS exercise joint control over such projects, so that from the time of entry into force thereof, the ACS Group has recognised these investments in its consolidated accounts under the equity method. In those cases where there has been a change in consolidation method, we updated the income statement by the cumulative effect on equity of the fair valuation of hedging instruments.

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 attributed 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 agreements

Contracts executed using the form of Spanish Unincorporated Joint Ventures (Uniones Temporales de Empresas - UTEs) or similar entities that meet the IFRS 11 requirements are consolidated using the proportional integration method, and in cases of joint control, there is direct control by partners in the assets, liabilities, revenues, expenses and joint and several liability therein.

Within the joint agreements in which the ACS Group operates, mention should be made of the Uniones Temporales de Empresas 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.

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 III contain relevant information on the relevant joint ventures.

e) Associates

The companies over which the ACS Group maintains significant influence or joint control are consolidated using the equity method in those cases where they do not meet the requirements of the IFRS 11 to be classified as Joint Agreements.

Exceptionally, the following entities 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. Of note in this regard are the concession operators for motorways in Greece, Nea Odos Concession Société Anonyme and Central Greece Motorway Concession, S.A., which as a result of the agreements reached with the other partners, bring the lack of significant influence to an end. Therefore, 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.

The profit or loss, net of tax, of the associates is included in the Group's consolidated income statement under "Results of companies 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 material entities.

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 2014 are described in Appendix IV.

Acquisitions, sales, and other corporate transactions

During 2014 and 2013, the inclusion of companies into the scope of consolidation occurred mainly due to the incorporation thereof.

As a result of the launch in March 2014, by Hochtief, A.G., of a 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, on 9 May 2014, upon completion of the offer period, Hochtief, A.G. has secured 69.62% of Leighton, which represents an increase of 10.85% on the ownership interest at 31 March 2014 and a payment of EUR 617 million, whose impact, being previously consolidated under the full consolidation method, materialises in the net equity of the ACS Group.

Mention must be made of the acquisition that took place during the second half of 2014, of 25% of Clece, S.A. realised through different funds managed by Mercapital Private Equity, all previous contracts and agreements signed with the latter concerning the management of Clece Group remaining ineffective, as do the purchase option held by such funds on the ACS Group's ownership interest in Clece, S.A. As a result of this transaction, the ACS Group has regained control

CONSOLIDATED FINANCIAL STATEMENTS

over the group, now holding 100% of the ownership interest in Clece, SA, thus giving rise to the consequent change in consolidation method, changing from consolidation under the equity method to full consolidation. Therefore, for the purposes of comparison of the information, it must be taken into account that the consolidated income statement for the year 2014, unlike what occurred in 2013, it includes the results for the first half of the financial year for Clece Group under the heading "Results of companies accounted for using the equity method", while revenues and expenses for the last six months of 2014 are recorded, depending on the nature thereof, under the various headings of the consolidated income statement.

In line with accounting standards (IFRS 3.42), the ACS Group has assessed the fair value of the prior interest at the time of the full consolidation of the Clece Group. In relation to the fair value at the time of the takeover, the ACS Group has not considered that the price paid for the 25% acquired through the funds managed by Mercapital Private Equity, is representative of the fair value of the investment, given that the price paid for the interest acquired includes the cost of cancellation of the purchase option, which the funds held on around 75% of Clece, as well as a premium for regaining control over the Clece Group. In addition, and as part of the "Purchase Price Allocation", ACS has drawn up an assessment of the Clece Group in relation to the estimated fair value.

At that time, in accordance with IFRS 3, it was necessary to make an assessment so as to recognise separately from goodwill, the fair value of the identifiable assets and liabilities assumed from the Clece Group ("Purchase Price Allocation" or PPA) the date of acquisition. A provisional allocation has been made in line with the standard, there being a period of twelve months, provided therein, to complete the final allocation of the purchase of assets. The provisional allocation of the identified assets and liabilities assumed through the acquisition of Clece is as follows:

Thousands of euros	Carrying Amount	Allocation of net assets	Fair value of net assets
Tangible assets - property, plant and equipment	65,351	-	65,351
Real estate investments	662	-	662
Intangible assets	1,796	141,490	143,286
Other non-current assets	25,009	-	25,009
Current assets	339,541	-	339,541
Non-current liabilities	(14,794)	(42,447)	(57,241)
Current liabilities	(276,216)	-	(276,216)
Total net assets	141,349	99,043	240,392
Non-controlling interests	(4,923)	-	(4,923)
Fair value of the fully acquired net assets (100%)	136,426	99,043	235,469
Fair value of assets relating to non-controlling interests			(1,942)
Fair value of the net assets of the acquirer			237,411
Fair value at the time of the takeover			353,313
Goodwill (Note 04.01)			115,902

- The main assets to which a higher value was attributed relate to the service portfolio and the relationships with customers, whose balances are amortised based on the useful life taken into account and whose effect on amortisation in the six month period ending at 31 December 2014 amounted to EUR 4,698 thousand.
- The Clece Group sales for the 2014 financial year amounted to EUR 1,304,285 thousand and net profit attributable to the parent company was EUR 32,871 thousand. Similarly, the Clece Group sales for the 2013 financial year amounted to EUR 1,218,941 thousand and net profit attributable to the parent company for that year was EUR 31,761 thousand.

Concerning sales in 2014, mention must be made of the ownership interested secured in Metro de Sevilla in the amount of EUR 60,149 thousand with a pre-tax profit amounting to EUR 12,708 thousand (see Notes 9 and 29), the sale realised during the second half of 2014 of 80% of its holdings in various concession assets such as Intercambiadores de Transporte de Madrid and Línea 9 Tramo IV of the Barcelona metro with an after tax profit amounting to EUR 47,085 thousand, and the sale by Hochtief, A.G., on 31 January 2014, of the 50% ownership interest held in aurelis Real Estate at a price close to its book value at 31 December 2013 price, the sale, in December 2014, of 100% of John Holland and 50% of the Leighton Services business amounting to EUR 1,108,112 thousand (see Note 03.09) pending payment at year end and which is recorded under the heading "Receivables from the sale of discontinued operations" in the attached Statement of Financial Position.

The most notable acquisition in the 2013 related to the purchase of Leighton Welspun Contractors (a company previously 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 in the last quarter of 2013 because the translation differences were taken to loss. The acquisition included EUR 31,472 thousand of non-current assets, EUR 191,021 thousand of current assets and EUR 180,936 thousand of liabilities. The annual sales in 2013 amounted to EUR 310,071 thousand and the annual net loss in 2013 amounted to EUR 6,171 thousand.

In 2013 the most relevant disposals of ownership interest in the share capital of subsidiaries, joint agreements or associates related 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 in June 2013, the sale of all of the airports managed by Hochtief to a subsidiary of the Canadian pension fund, Public Sector Pension Investment Board, for 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 29).

On 23 July 2013, Dragados, S.A., a wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A., launched a delisting takeover bid over its Polish investee, Przedsiębiorstwo Robót Inżynieryjnych POL-AQUA, S.A., which was completed on 19 September with the acquisition of 8.3 million shares, representing 30.8% of the share capital, for EUR 6.9 million. Subsequently, a compulsory purchase process was carried out on the remaining 3.82% of the share capital to reach 100%. The aforementioned transaction entailed the recognition of EUR 3.8 million directly in equity, corresponding to negative reserves for the surplus paid over the value of the non-controlling interests acquired at said date.

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:

CONSOLIDATED FINANCIAL STATEMENTS

- 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 profit or loss" 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 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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

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 the 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.

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 the 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.

CONSOLIDATED FINANCIAL STATEMENTS

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.

At least at each consolidated statement of financial position 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 "Tangible assets - 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.

CONSOLIDATED FINANCIAL STATEMENTS

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.

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 “Adjustments for changes in value” is transferred to profit or loss as gains or losses on the corresponding financial assets.

CONSOLIDATED FINANCIAL STATEMENTS

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 2014, non-current assets held for sale relate mainly to the renewable energy activities (wind farms and solar thermal plants), and those from Hochtief as they are certain assets of PT Thiess Contractors in Indonesia. In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale as has occurred subsequent to year end for assets related to renewable energies following the IPO of Saeta Yield, S.A. (see hereinafter in this same Note 03.09).

The main changes in the year 2014 arise as a result of:

- The sale of the ownership interest held in John Holland and Thiess Services & Leighton Contractors ("Services"), both non-controlling interests of Leighton, a subsidiary of Hochtief, in December 2014, which has been recognised in the accompanying consolidated income statement as a discontinued operation.

- An agreement was reached in August 2014 with the Dutch fund manager DIF Infrastructure III for the sale of the 80% interest held by ACS in the following projects: Intercambiadores de Transporte de Madrid (through the company Desarrollo de Estacionamientos Públicos, S.L.), Hospital de Majadahonda, S.A., Hospital de Majadahonda Sociedad Explotadora, S.L., and Línea 9 Tramo IV, S.A. (Barcelona metro). This agreement was subject to certain conditions precedents relating primarily to obtaining the relevant regulatory approvals and approvals from the funders of the projects. In December, these conditions were met in relation to the Intercambiadores de Transporte de Madrid and Línea 9 Tramo IV, S.A. items, thus completing these sales, which involved the recognition of an overall gain of EUR 47,085 thousand under “Impairment and gains or losses on the disposal of financial instruments” in the accompanying consolidated income statement. This gain reflects the effect of the revaluation of the percentage that ACS holds in such projects, as stated in paragraphs 9 and 22 of IAS 28 states, since, according to the shareholder agreements, the structure of the Governing body and the minority interest held by ACS therein, the loss of influence over the management of Intercambiadores de Transporte de Madrid and Línea 9 Tramo IV was considered to be significant.

Additionally, on the dates mentioned above, a “Call Option & Co-Management” agreement was concluded with the same investor on the companies Autovía de La Mancha, S.A., Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concessionària de la Generalitat de Catalunya, S.A. and Autovía de los Pinares, S.A. The effective date of this agreement was linked to the completed sale of at least one of the three concession assets listed in the previous paragraph. This agreement grants DIF Infrastructure III the option to acquire 50% of those companies for a period of five years. The price would be set at the time of exercising the option as the higher of the net book value of the investment in these concession companies and the market value thereof, as estimated by an independent third party. It also gives DIF Infrastructure III, during the term of the option, a right of veto over any decision affecting the operation of the aforementioned concession companies. The main mechanisms by which that right is articulated are set out below:

With regard to the management of Autovía de La Mancha, S.A., Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concessionària de la Generalitat de Catalunya, S.A. and Autovía de los Pinares, S.A., DIF can veto any decision relating to (i) appointment, renewal, removal or replacement of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO), (ii) approval of the distribution of dividends and reserves not approved in the business plan, (iii) any change in business activity, (iv) approval of the business plan and budget (in the absence of agreement between the parties, the budget for the previous year shall be increased by 3%), (v) refinancing or restructuring or rebalancing agreements, (vi) changes in financial policies (coverage, leverage...), etc.

Based on the provisions of IFRS 10, paragraphs 7 *et seq.*, ACS considers that the signing of the “Call Option & Co-Management”, while not meaning a change in the exposure of ACS to the financial performance arising from the investee, it does involve the loss by ACS of the ability to direct the relevant activities of the concession operators due mainly to the existence of a right of veto by DIF on activities that significantly affect the performance of the investees. In the specific case of the concession operators, the activities that have the most significant effect on performance are related to changes in the financing agreements or related derivatives thereof, and changes in the concession agreements (rebalancing agreements), both subjects over which the investor has the right of veto.

Therefore, this agreement means the investor and ACS exercise joint control over such projects, so that from the time of entry into force thereof, the ACS Group has recognised these investments in its consolidated accounts under the equity method. In those cases where there has been a change in consolidation method, we updated the income statement by the cumulative effect on equity of the fair valuation of hedging instruments. The aggregate amount of such update amounted to EUR 73,341 thousand.

CONSOLIDATED FINANCIAL STATEMENTS

- Escal UGS, S.L. as a result of the renouncing of the concession approved by Royal Decree-Law 13/2014, of 3 October, adopting urgent measures in relation to the gas system and ownership of nuclear power plants, is no longer considered an asset held for sale.
- The sale of the ownership interest in aurelis Real Estate at the end of January 2014 by Hochtief, with no significant results for the ACS Group in 2014.

The main changes in 2013 were the following:

- 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 (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.
- Additionally, in June 2013, the sale of the Facility Management business was included as assets held for sale. They were sold to Spie, S.A. in September 2013 with financial impact from 1 January 2013, for a price of EUR 236 million and profit before tax of EUR 157,755 thousand.
- At year end 2013, aurelis Real Estate was also included which was sold in January 2014, as well as certain assets of PT Thiess Contractors in Indonesia, from the subsidiary, Hochtief, A.G. which was held at 31 December 2014.

It is noteworthy that the renewable assets, which were classified as held for sale at 31 December 2014, 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. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one year period as the maximum period for classifying an asset as held for sale if, during the aforementioned period, circumstances arise which were previously considered unlikely (such as is the case with the regulatory changes), the assets were actively sold 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.

In this sense, the ACS Group's divestment materialised, subsequent to year end, through the IPO of 51.78% Saeta Yield, S.A. (company belonging to the ACS Group and holder of a group of renewable energy assets) and the agreement reached with funds managed by the infrastructure investment fund Global Infrastructure Partners (GIP), who will additionally acquire up to 24.40% of Saeta Yield, S.A. Similarly, and under the same agreement, GIP will have a 49% ownership interest in a company that will be developed and into which the renewable energy assets of the Industrial Area of the ACS Group will be integrated, and on which Saeta Yield, S.A. will hold a right of first offer. The economic terms of these interests have been set, respectively, depending on the price at which Saeta Yield, S.A. shares have been offered to the market and depending on the specific assets that are acquired by the development company. This process has highlighted the commitment that the ACS Group held in the sale of renewable assets and on which, once regulatory uncertainties had dissipated to acceptable levels for investors with the approvals of the most recent Royal Decrees in 2014, has culminated the effective sale thereof.

Discontinued operations

For 2014, the John Holland and Thiess Services & Leighton Contractors ("Services") in Leighton was considered a discontinued operation. As a result of this discontinued operation, it was also reclassified in the comparative income statement for the year 2013 in accordance with IFRS 5. During the 2013 financial year, the ACS Group did not hold any discontinued operation.

a) John Holland

At 12 December 2014, Leighton sold 100% of its interest in the capital of John Holland to CCCC International Holding Limited. Since Leighton no longer exercises control over John Holland, the transaction has been recorded as a disposal of a fully consolidated entity, according to the requirements of IFRS 10 as follows: the amount of the total consideration receivable is EUR 491,665 thousand paid in cash (AUD 723.9 million has not been received at the date of preparation of these financial statements) less the book value of the net assets of John Holland amounting to EUR 204,749 thousand (AUD 301.5 million) and the updated adjustments for changes in value of EUR 726 thousand, resulting in a profit before tax of EUR 287,642 thousand. The contribution of John Holland since 1 January 2014 until 12 December 2014 to the turnover of the ACS Group was EUR 2,168,544 thousand and EUR 24,798 thousand in net after tax profit tax for the Group is recorded as a discontinued operation.

Thousands of euros	31/12/2014
Gain on disposal	
Cash consideration net of transaction costs	491,665
Carrying amount on disposal	(204,749)
Recycling of reserves	726
Net gain on disposal of controlled entities before tax	287,642
Carrying value of assets and liabilities of entities and businesses disposed	
Cash and cash equivalents	224,959
Trade and other receivables	572,421
Current tax assets	204
Inventories: consumables	4,958
Assets held for sale	1,494
Investments accounted for using the equity method	8,897
Deferred tax assets	18,746
Property, plant and equipment	151,391
Intangibles	24,587
Trade and other payables	(743,275)
Provisions	(59,633)
Net assets disposed	204,749
Cash flows resulting from sale	
Cash consideration (not received at the reporting date)	-
Cash disposed	(224,959)
Net cash outflow	(224,959)

b) Thiess Services & Leighton Contractors business ("Services")

On 17 December 2014, Leighton sold 50% of its share in Services to the funds managed by the Apollo Global Management, LLC subsidiaries, and entered into a joint business agreement with Apollo. As a result of Leighton's no longer controlling the Services business, the transaction was registered as a sale of globally consolidated entities, and the purchase of a share in a joint business that is consolidated by the share method. The transaction was registered in accordance with IFRS 10 requirements as follows: the total consideration was EUR 584,493 thousand (AUD 860.6 million), including EUR 430,120 thousand in cash (AUD 633.3 million, which had not been received as of the date of preparation of these financial statements), and a 50% fair value which remains at EUR 154,373 thousand (AUD 227.3 million), minus the net book value of the net assets of the Services of EUR 216,218 thousand, and the recycling of the

CONSOLIDATED FINANCIAL STATEMENTS

adjustments due to changes in value for EUR 5,072 thousand, which entails earnings before tax for EUR 373,347 thousand. The part of the results that is attributable to recognition of the investment made at its fair value is EUR 186,673 thousand, and the part of the results that is attributable to the investment sold is EUR 186,674 thousand. The contribution from Services from 1 January 2014 to 17 December 2014 to the ACS Group's turnover was EUR 1,520,223 thousand and EUR 104,423 thousand of the Group's net earnings after tax which was recorded as a discontinued operations.

Thousands of euros	31/12/2014
Gain on disposal	
Cash consideration net of transaction costs	430,120
Non-cash consideration	154,373
Carrying amount on disposal	(216,218)
Recycling of reserves	5,072
Net gain on disposal of controlled entities before tax	373,347
Carrying value of assets and liabilities of entities and businesses disposed	
Cash and cash equivalents	60,658
Trade and other receivables	352,491
Current tax assets	272
Inventories: consumables	31,446
Investments accounted for using the equity method	9,237
Deferred tax assets	14,127
Property, plant and equipment	30,291
Intangibles	41,294
Trade and other payables	(267,906)
Provisions	(54,130)
Interest bearing liabilities	(272)
Non controlling interests	(1,290)
Net assets disposed	216,218
Cash flows resulting from sale	
Cash consideration (not received at the reporting date)	-
Cash disposed	(60,658)
Net cash outflow	(60,658)

The breakdown of the results from discontinued operations, including the impact of the depreciation of the assets assigned to the businesses sold in the PPA process performed in 2011 by the ACS Group, in the periods ending at 31 December 2014 and 2013, is as follows:

Thousands of euros	31/12/2014	31/12/2013
	JH and the Service Business	JH and the Service Business
Revenue	3,688,767	4,523,511
Operating expenses	(3,543,510)	(4,422,146)
Operating income	145,257	101,365
Profit before tax	155,715	256,466
Income tax	(35,919)	(93,216)
Profit after tax from discontinued operations	119,796	163,250
Profit attributed to non-controlling interests	(72,254)	(114,379)
Profit after tax and non-controlling interests	47,542	48,871
Profit before tax from the disposal of discontinued operations	569,240	-
Tax on the disposal of discontinued operations	(224,921)	-
Profit after tax from the disposal of discontinued operations	344,319	-
Profit attributed to non-controlling interests	(197,052)	-
Net profit from the disposal of discontinued operations	147,267	-
Profit after tax and non-controlling interests from discontinued operations	194,809	48,871

This entire sale operation is pending collection at 31 December 2014 for the amount of EUR 1,108,112 thousand specified in the section "Receivables from the sale of discontinued operations" in the Consolidated Statement of Financial Position appended. As of the date of formulation of these financial statements, the amount was pending collection.

The companies that were de-registered as a result of this operation are specified in Appendix IV.

The breakdown of the effect of the discontinued operations on the statement of cash flows at 31 December 2014 and at 31 December 2013 was as follows:

Thousands of euros	31/12/2014	31/12/2013
	JH and the Service Business	JH and the Service Business
Cash flows from operating activities	(198,737)	(455,526)
Cash flows from investing activities	(27,576)	359,010
Cash flows from financing activities	(2,785)	(26,766)
Net cash flows from discontinued operations	(229,098)	(123,282)

CONSOLIDATED FINANCIAL STATEMENTS

Non-current assets classified as held for sale

2014

At 31 December 2014, the lines of business relating to the renewable energy assets and power transmission lines are included under the Industrial Services activity area. The assets of PT Thiess Constructors are included in the Construction activity area. In addition to the aforementioned assets and liabilities, certain not very significant assets and liabilities identified for sale in the ACS Group companies are included as non-current assets and liabilities associated with non-current assets.

The breakdown of the main assets and liabilities held for sale at 31 December 2014 is as follows:

Thousands of euros	31/12/2014			
	Renewable energy	PT Thiess Constructors Indonesia	Other	Total
Tangible assets - property, plant and equipment	20,136	150,994	30,807	201,937
Intangible assets	18,643	-	593	19,236
Non-current assets in projects	2,434,293	-	-	2,434,293
Financial Assets	(87,158)	-	18,771	(68,387)
Deferred tax assets	166,105	-	11,617	177,722
Other non-current assets	-	-	204,157	204,157
Current assets	784,699	20,584	47,893	853,176
Financial assets held for sale	3,336,718	171,578	313,838	3,822,134
Non-current liabilities	2,409,815	-	155,957	2,565,772
Current liabilities	225,675	63,263	35,937	324,875
Liabilities relating to assets held for sale	2,635,490	63,263	191,894	2,890,647
Non-controlling interests held for sale	7,041	-	(2,291)	4,750

Regarding renewable assets, urgent measures have been adopted since 2013 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. The ACS Group made a preliminary estimate of the impact that the aforementioned urgent measures might have on the Group's wind farms and solar thermal plants of the Group and recorded it in the 2013 financial statements.

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) of 7%, considering the remuneration established in the draft ministerial order, the only current regulatory reference, based on the age of the assets and the remuneration for operating and maintenance costs. On this basis, the ACS Group recognised in late 2013 an impairment loss of EUR 199,256 thousand which was added to the existing one for EUR 300,000 thousand provided the previous year. Therefore, at 31 December 2013, the assets related to renewable energies were provisioned at EUR 499,256 thousand. In 2014, after the final approval of the remuneration parameters for the Group facilities (Order IET/1045/2014 of 16 June), the impact of this new published regulation was recalculated, and significant differences were found with respect to the global valuation performed in accordance with the aforementioned draft ministerial order.

In this context, regarding their classification as held for sale, in previous years the Group found that the exceptional criteria established in IFRS 5 in order to continue to classify them as held for sale were met based on the following 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 which prevented their sale, although the Group remained strongly committed to continuing the process once the aforementioned uncertainties were settled.

These aspects, which developed in a favourable manner in 2014 with the final publication in June of Order IET/1045/2014, of 16 June, made it possible to dissolve the uncertainties to levels that are acceptable for investors, which, together with the Group's strong commitment to sell these assets, made it possible to close their sale in February 2015. These assets remained registered as held for sale at 31 December 2014 given that the formal conditions for their sale had not been yet met. The aforementioned sale operation has an impact on EUR 1,827,454 thousand in non-current assets held for sale and EUR 1,412,852 thousand in liabilities associated with said assets. Their receivable value was higher than the cost registered at close of 2014.

At 16 February 2015, the ACS Group proceeded to sale 51.78% of its share in its subsidiary Saeta Yield, S.A. in the stock exchange market, with the consequent registration of the information brochure for the listing of securities in the CNMV. Saeta Yield currently manages 689 MW in operation distributed among 16 wind farms and 3 thermal plants, all of them in Spain, which were included as assets held for sale at 31 December 2014. In addition, the ACS Group has granted Saeta a tag along right over certain assets, as well as over those which it may develop in the future in the field of energy infrastructures through its industrial division. Saeta has also been granted a call option over three of these assets, 3 thermal plants in Spain, which were included as assets held for sale at 31 December 2014, as well as joint control over said assets, which will be recorded as joint agreements in the year after the date in which they cease to be considered as assets held for sale. The effect of the agreement over the three assets is subject to approval of the competition authorities and the exit from the Saeta Stock Exchange.

Therefore, the total value of the non-current assets held for sale, if the operation have been performed prior to the close of 2014, would amount to EUR 1,509,268 thousand, and that of the liabilities associated with them would amount to EUR 1,222,634 thousand.

At 31 December 2014, Escal UGS, S.L.'s participation in the Castor underground gas storage facility was de-registered from the heading "Non-current assets held for sale and discontinued operations", which has been recorded through global integration as a result of the waiver of the concession approved by Royal Decree-Law 13/2014, of 3 October, adopting urgent measures regarding the gas system and ownership of nuclear plants, and thus the reasons for which its was recorded through the participation method ceased to exist. This situation is a result of the decision taken on 25 June 2014 by which Escal UGS waived its rights to the concession for operation of the "Castor" natural gas underground facility, granted by Royal Decree 855/2008, of 16 May. This was due to the fact that in the last months of 2013 certain events took place which led to the suspension of gas injection and extraction in the plant by order of the Spanish Ministry of Industry, Energy, and Tourism, thus preventing the start of commercial operation and the plant's connection to the gas system.

To this end, in accordance with the stipulations in the documents signed on 30 July 2013 on the occasion of the issue of the bond programme supporting the financing of the Castor storage facility, Escal UGS started the process to obtain the prior authorisation from the European Investment Bank, which was obtained on 18 July 2014. In accordance with the provisions in the Ministerial Order 3995/2006, of 29 December, amended by 2805/2012 of 27 December, the company Escal UGS, partially owned by the ACS Group, filed the relevant waiver of its rights to the concession for operation of the "Castor" natural gas underground storage facility, granted by Royal Decree 855/2008, of 16 May. This waiver was approved by Royal Decree-Law 13/2014, of 3 October.

In accordance with said RDL, the facilities were hibernated, the concession for operation of the natural gas storage facility became extinguished, and management of the facility was assigned to the company Enagás Transpored. The sum of EUR 1,350,729 thousand was recorded as the net value of the investment described in section 3 of article 5 of the Order ITC/3995/2006, of 29 December, establishing compensation for the natural gas underground storage facilities included in the basic network. This amount was paid in a single payment to Escal UGS, S.L., and was used to cancel the "Project Bond" for the Castor Project issued under the guarantee of the PBCE (Project Bond Credit Enhancement) programme of the European Investment Bank. This refund entailed the recycling in the profit and loss account of the interest rate coverage that the company had in its financing for EUR 105,702 thousand before tax and minority interests. In addition, the remuneration rights accrued by Escal UGS, S.L. in the period between the order for the start of provisional service and the date of coming into force of this royal decree-law are pending collection. These remuneration rights will include financial compensation, payment of the operation and maintenance costs incurred, including maintenance costs from the suspension of operation, in the terms established in Order ITC/3995/2006, of 29 December, and other applicable regulations. As a result of this refund, and given that the requirements for

CONSOLIDATED FINANCIAL STATEMENTS

consolidation under the equity method of Escal UGS, S.L. are no longer in force, the ACS Group has proceeded to consolidate under the full consolidation method.

The amount corresponding to the net debt included in the assets and liabilities held for sale at 31 December 2014 is EUR 2,001,417 thousand (EUR 2,073,186 thousand at 31 December 2013) in renewable energies, EUR 43,477 thousand (EUR 57,633 thousand at 31 December 2013) in transmission lines, and others for EUR 168,389 thousand (EUR 248,849 thousand at 31 December 2013). 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.

If the floating of 51.78% of Saeta Yield. S.A. had taken place before the end of year, the net debt associated with the renewable assets would have been reduced by EUR 1,435.8 million at 31 December 2014.

2013

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

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

At 31 December 2013, "Non-current assets held for sale and discontinued operations" included the investment in the Castor underground gas storage facility made by Escal UGS, S.L. accounted for using the equity method amounting to EUR 228,486 thousand, including the participating loan for EUR 235,469 thousand on said date 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 considered that in 2013 it did 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 undertook to sell to Enagás and Enagás undertook 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 included the possibility that Enagás might enter into the shareholder structure prior to the facilities entering into the system.

- The sale price of the aforementioned ownership interest was 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 was not exposing itself to any “risk” in a literal sense.
- The business of Escal UGS, S.L. consisted of developing an integrated product which included the design, construction, financing, operation and maintenance of the financed project. All of the decisions related to the significant activities to be carried out were basically grouped in the following two differentiated phases: on the one hand the construction phase and on the other hand the operating phase.

IFRS 10 has changed the definition of control which existed until it came into force, in such a way that the new definition of control has three conditions that must be met: power over the investee, exposition or the right to the variable results of the investment, and the ability to use said power in such a way that it might have an influence on the amount of said returns. However, the conclusion in this case is similar to that of IAS 27, which established 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 had 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 considered that the ACS Group did not have control over the business’ significant activities which, logically, focused mainly on the operations phase of gas storage, which did not take place after the waiver, with the construction activity consisting only of performing the activities necessary for the business’ entry into service, which was 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 was a facility which is considered part of national strategy and unique, forming part of a strongly regulated sector. This is why the Directors consider, on the basis of the commitment of exit at the launch of the main business, that the Group has not control over the relevant main business activities, neither during the construction phase nor during the operation phase. Thus, ACS’ substantive exercise of its voting rights is, in practice, limited during the construction phase.

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).

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

Thousands of euros	31/12/2014		
	Renewable energy	Other	Total
Exchange differences	5,507	(6,726)	(1,219)
Cash flow hedges	(218,363)	(15,046)	(233,409)
Adjustments for changes in value	(212,856)	(21,772)	(234,628)

CONSOLIDATED FINANCIAL STATEMENTS

Thousands of euros

31/12/2013

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

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.

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 2014 and 2013 are summarised in Note 15.04. Treasury shares were deducted from equity in the accompanying statement of financial position at 31 December 2014 and 2013.

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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

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 2014 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 2014 were those related to 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.

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. Turner'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 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.

CONSOLIDATED FINANCIAL STATEMENTS

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 "Changes in the 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 "Adjustments for changes in value" 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.

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 in 2013.

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.

CONSOLIDATED FINANCIAL STATEMENTS

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 customer advances in "Trade and other payables" 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.

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).

CONSOLIDATED FINANCIAL STATEMENTS

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 2014 and 2013 are as follows:

	Average exchange rate		Closing exchange rate	
	2014	2013	2014	2013
1 U.S. Dollar (USD)	0.757	0.752	0.827	0.728
1 Australian Dollar (AUD)	0.680	0.717	0.676	0.648
1 Polish Zloty (PLN)	0.238	0.238	0.233	0.241
1 Brazilian Real (BRL)	0.321	0.345	0.311	0.308
1 Mexican Peso (MXN)	0.057	0.059	0.056	0.056
1 Canadian Dollar (CAD)	0.684	0.726	0.712	0.685
1 British Pound (GBP)	1.247	1.178	1.289	1.205
1 Venezuela Bolivar (VEB)	0.121	0.123	0.132	0.116
1 Argentine Peso (ARS)	0.092	0.135	0.099	0.112
1 South Africa Rand (ZAR)	0.070	0.077	0.071	0.070

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 2014 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 2014 and 2013, and the volume of transactions in the years 2014 and 2013 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 2014 and 2013 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	31/12/2014	31/12/2013(*)
Financial income	(353,613)	(362,340)
Financial costs	1,036,007	1,121,995
Impairment and gains or losses on disposals of non-current assets	3,900	199,240
Results of companies accounted for using the equity method	(131,824)	(95,934)
Adjustments related to the assignment of net assets of Hochtief	(100,921)	(222,002)
Impairment Leighton accounts receivable	458,467	-
Impairment and gains or losses on disposal of financial instruments	(163,441)	(101,426)
Adjustments related to the restructuring of Iberdrola and other effects	(233,550)	(555,295)
Other effects	90,798	32,878
Total	605,823	17,116

(*) Data restated.

CONSOLIDATED FINANCIAL STATEMENTS

It should also be pointed out, for purposes of comparison, that when drafting the consolidated cash flow statement for 2014, the amount corresponding to cash and cash equivalents that were de-registered as a result of the sale of John Holland and the Leighton Services business were included in the cash flows for investment in group companies, affiliates, and business units as a disinvestment for EUR 285,617 thousand (AUD 420.5 million), which will reduce at the time of collection the value of the disinvestment pending collection, which amounted to EUR 1,108,112 thousand at 31 December 2014, the latter being recorded in the heading "Receivables from the sale of discontinued operations" in the Consolidated Financial Statement appended.

Payments for equity instruments recognised under cash flows from financing activities include, not only the acquisitions of ACS treasury shares but also, mainly, the increase in the ownership interest of Hochtief and Leighton (the latter being a consequence of the launch in March 2014 by Hochtief, A.G. of a proportional takeover as described in Note 02.02.f), carried out in 2014 and 2013.

The amount included under "Other cash flows from financing activities" includes, mainly, the monetisation of the Iberdrola "call spread" and "put spread" carried out in 2013 mentioned in Note 10.01.

03.24. ENTRY INTO FORCE OF NEW ACCOUNTING STANDARDS

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

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

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

APPROVED FOR USE IN THE EUROPEAN UNION		Mandatory application in the years beginning on or after:
IFRS 10 Consolidate financial statements (published in May 2011)	Replaces the current IAS 27 consolidation requirements.	Annual periods beginning on or after 1 January 2014 (1)
IFRS 11 Joint arrangements (Published in May 2011)	Replaces the IAS 31 consolidation requirements.	Annual periods beginning on or after 1 January 2014 (1)
IFRS 12 Disclosure of interests in other companies (published in May 2011)	Single standard establishing the disclosures relative to interests in associated affiliates, joint ventures, and non-consolidated entities.	Annual periods beginning on or after 1 January 2014 (1)
IAS 27 (Reviewed) Separate financial statements (published in May 2011)	The standard is reviewed, as after the issue of IFRS 10 it will not include only an entity's separate financial statements.	Annual periods beginning on or after 1 January 2014 (1)
IAS 28 (Reviewed) Investment in associates and joint ventures (published in May 2011)	Parallel review with respect to the issue of IFRS 11. Joint agreements	Annual periods beginning on or after 1 January 2014 (1)
Transition rules: Amendment to IFRSs 10, 11, and 12 (published in June 2012)	Clarification of the transition rules for 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 the consolidation for parent companies that meet the definition of investment companies.	Annual periods beginning on or after 1 January 2014
Amendment to IFRS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities (published in December 2011)	Additional clarifications of the rules for offsetting financial assets and liabilities in IAS 32.	Annual periods beginning on or after 1 January 2014
Amendment to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets (published in May 2013)	Clarifies when certain disclosures are required and extends those required when the recoverable value is based on the fair value minus sale costs.	Annual periods beginning on or after 1 January 2014
IAS 39 - Novation of derivatives and hedge accounting (published in June 2013)	Amendments determine in which cases and under which criteria the novation of a derivative does not require the disruption of hedge accounting.	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 for application of IASB was 1 January 2013.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning 1 January 2014 (applicable from 2015 onwards):

At the date of the approval of these condensed consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet entered into force, either because the date they were to enter into force was subsequent to the date of the financial statements, or because they had not yet been adopted by the European Union:

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

		Mandatory application in the years beginning on or after:
APPROVED FOR USE IN THE EUROPEAN UNION		
IFRIC 21 – Levies (published in May 2013)	Interpretation of when to recognise a liability for tax or levies conditional upon the entity's participation in an activity on a specific date.	17 June 2014 (2)
Amendment to IAS 19 - Defined Benefit Plans: Employee Contributions (published in November 2013)	The amendment is issued to facilitate the possibility of deducting these contributions from the service costs in the same period in which they are paid if certain requirements are met.	1 July 2014
Improvements to IFRS 2010-2012 Cycle and 2011-2013 Cycle (published in December 2013)	Minor amendments to a number of standards.	1 July 2014
NOT APPROVED FOR USE IN THE EUROPEAN UNION		
IFRS 9 – Financial instruments (last stage published in July 2014)	Replacement of the requirements for classification, valuation, recognition, and de-registration in financial asset and liabilities accounts, hedge accounting, and impairment in IAS 30.	1 January 2016
IFRS 15 – Revenue from contracts with customers (published in May 2014)	New standard for recognition of revenues (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, and SIC-31)	1 January 2016
Amendment to IAS 16 and IAS 38 – Acceptable depreciation and amortisation methods (published in May 2014)	Clarifies the acceptable methods for amortisation and depreciation of tangible and intangible assets.	1 January 2016
Amendment to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (published in May 2014)	Specifies the way to record the purchase of a share in a joint venture whose activity constitutes a business.	1 January 2016
Improvements to IFRSs 2012-2014 Cycle (published in September 2014)	Minor amendments to a number of standards.	1 January 2016
Amendment to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its affiliate/joint venture (published in September 2014)	Clarification regarding the result of these operations if they are businesses or assets.	1 January 2016
Amendment to IAS 27 -Equity Method in Separate Financial Statements (published in August 2014)	Equity in an investor's separate financial statements is allowed.	1 January 2016
Amendment to IAS 16 and IAS 41; Bearer plants (published in June 2014)	Bearer plants will be measured at fair value less costs to sell.	1 January 2016

(2) The European Union endorsed IFRIC 21 (EU Bulletin of 14 June 2014), replacing the date of entry into force established by IASB (1 January 2014) by 17 June 2014.

The Group is in the process of analysing the impact of these standards, however they are not expected to have a significant impact. IFRS 9 replaces IAS 39, which was completed in several phases. The IASB published the first part of IFRS 9 in 2 with a new model for the classification and valuation of financial assets, to which requirements for financial liabilities and de-registration from accounts were added in 2010. Later in 2013, IFRS 9 was extended as a result of the phase relating to Hedge accounting. On 24 July 2014, IASB issued the pending part, pertaining to the new model for impairment and certain changes restricted to classification and valuation. Thus IFRS 9 is now completed.

CONSOLIDATED FINANCIAL STATEMENTS

04. INTANGIBLE ASSETS

04.01. GOODWILL

The detail by line of business of the changes in goodwill in 2014 and 2013 is as follows:

Thousands of euros

Line of Business	Balance at 31/12/2013 (*)	Change in consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Balance at 31/12/2014
Parent	780,939	-	-	-	-	-	780,939
Construction	1,778,890	(7,677)	17,515	-	(10,000)	18,928	1,797,656
Industrial Services	76,603	-	7,706	-	(9,366)	1,945	76,888
Environment	89,676	76,553	72,839	(1,618)	-	1,289	238,739
Total	2,726,108	68,876	98,060	(1,618)	(19,366)	22,162	2,894,222

Thousands of euros

Line of Business	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	181,899	-	(1,705)	(12,776)	(6,305)	1,778,890
Industrial Services	76,748	-	758	(405)	-	(498)	76,603
Environment	84,358	5,751	-	(39)	-	(394)	89,676
Total	2,559,822	187,650	758	(2,149)	(12,776)	(7,197)	2,726,108

(*) Data restated

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

The most significant addition to the Goodwill this year was the acquisition of a 25% share in Clece for EUR 115,902 thousand (see Note 02.02 f). The sale of John Holland and of 50% of the share in the Leighton Services business should also be mentioned, as they involved the de-registration of EUR 44,900 thousand from the Goodwill associated with the purchase of Hochtief, in addition to the assets assigned as the value of the works portfolio and the list of clients associated with them under the heading "Other intangible assets" in the financial statement appended, for EUR 195,182 thousand (see Note 2.02).

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. The value of the goodwill assigned to the Cash-Generation Unit (CGU) Hochtief Asia Pacific was EUR 1,102 million whereas EUR 287 million was assigned to the Hochtief Americas CGU. In 2014, 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 for 2015 to 2017 made according to the Hochtief business plan for this line of business and the estimates for 2018 and 2019, discounting the free cash flows at a weighted average cost of capital (WACC) of 8.4%, 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 2014, of 490 basis points. Likewise, perpetual the growth rate used corresponds to the CPI estimated for Australia for 2019 published by the IMF in its World Economic Outlook in October 2014.

The in-house forecasts for the Asia Pacific business are based on historical data and on Hochtief's in-house forecasts until December 2017, and estimates in line with forecasts for previous years are used for the 2018-2019 period.

As regards the sensitivity analysis of the impairment test of the goodwill assigned to Hochtief's Asia Pacific business, the main aspect is the fact that the goodwill test withstands a discount rate of up to approximately 13.5%, representing a range of 510 base points, as well as a perpetual growth rate of minus 5%. It would support an annual drop in cash flow of approximately 40% with respect to the flows forecast.

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.

With regard to the Hochtief Americas CGU, the following basic assumptions were used:

- i. Forecasts used for the division for 5 years, until 2017, according to the Hochtief Business Plan and estimates for the 2018-2019 period.
- ii. Perpetual growth rate of 2%, according to the IMF estimate with regard to the CPI for the US in 2019, based on the World Economic Outlook report published by the IMF in October 2014.
- iii. Discount rate of 7.4%.

As regards the sensitivity analysis of the impairment test of the goodwill assigned to Hochtief's Americas business, the main aspect is the fact that the goodwill test, even assuming a cash position of zero euros, withstands a discount rate of up to approximately 14.5%, representing a range of 710 basis points, as well as a perpetual growth rate of minus 4.5%. It would support an annual drop in cash flow of more than 50% with respect to the flows forecast.

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 area according to the following breakdown:

Thousands of euros

Cash Generating Unit	Goodwill assigned
Construction	554,420
Industrial Services	188,720
Environment	37,799
Total Goodwill	780,939

CONSOLIDATED FINANCIAL STATEMENTS

In order to measure the various business generating units, in the case of Dragados Construction, Industrial Services, and Environment the valuation is carried out using the discounted cash flow method. ACS Servicios y Concesiones is measured using an EV/EBITDA multiple and Concessions is measured conservatively as one time its book value at September 2014.

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 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 2014 and the tax rate used is the theoretical tax rate for Spain. The perpetual growth rate (g) used is the CPI increase in 2019 for Spain according to the IMF report issued in October 2014.

The key assumptions used to measure the most significant cash-generating units were as follows:

- **Dragados Construction:**

- Sales: compound annual growth rate in the 2013 (last year closed)-2019 period of 1.4%.
- EBITDA Margins: average margin from 2014 to 2019 of 7.1% and final margin of 7%.
- Amortisations/Operating investments: convergence at a ratio to sales up to 1% in the last year forecast.
- Working capital: maintain the days of the working capital for the period, calculated in line with the close of September 2014.
- Perpetual growth rate of 1.3%.
- Cash flow discount rate of 6.2%.

- - **Industrial Services:**

- Sales: compound annual growth rate in the 2013 (last year closed) to 2019 period of 0.2%.
- EBITDA Margins: average margin from 2014 to 2019 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 in line with the close of September 2014.
- Perpetual growth rate of 1.3%.
- Cash flow discount rate of 5.8%.

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 800 and 1,000 basis points, respectively, without any impairment being recognised. Likewise, the aforementioned tests withstand deviations in budgeted cash flows of 62% for Dragados Construction and 67% for Industrial Services.

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 90,507 thousand (EUR 76,603 thousand at 31 December 2013), which relates to 20 companies from this business area, the most significant relating to the acquisition of Midasco, LLC for EUR 14,273 thousand (EUR 14,273 thousand at 31 December 2013).

In the Environment area, total goodwill amounted to EUR 238,739 thousand (EUR 89,676 thousand at 31 December 2013), relating to more than 50 different companies, the largest amount being related to the aforementioned purchase of a 25% share in Clece for EUR 115,902 thousand, followed by 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 Pol-Agua for EUR 14,572 thousand (EUR 25,182 thousand at 31 December 2013), Pulice for EUR 51,125 thousand (44,995 thousand at 31 December 2013), John P. Picone for EUR 44,694 thousand (EUR 39,335 thousand at 31 December 2013), and Schiavone for EUR 49,360 thousand (EUR 43,442 thousand at 31 December 2013), as well as J.F. White for EUR 19,645 at 31 December 2014 for the acquisitions carried out during the year. With the exception of the goodwill of Pol Aqua, which was partially amortised in 2014 in the amount of EUR 10,000 thousand and 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.

In these areas, the calculated impairment test is 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 2014 and 2013.

The main change in 2013 corresponded to the goodwill from the acquisitions carried out by Hochtief, A.G. for a total amount of EUR 181,639 thousand, in particular the acquisition of a 39.9% share in Welspun Contractors Private Limited.

The losses in value pertaining to the ACS Group's goodwill in 2014 amount to EUR 19,366 thousand (EUR 12,776 thousand in 2013).

04.02. OTHER INTANGIBLE ASSETS

The changes in this heading in the consolidated statement of financial position in 2014 and 2013 were as follows:

Thousands of euros	Development expenditure	Computer software	Concessions	Other intangible assets	Total other intangible assets	Accumulated amortisation	Impairment losses	Total other intangible assets, net
Balance at 1 January 2013	13,283	33,084	445,189	2,448,452	2,940,008	(867,286)	(92,359)	1,980,363
Changes in the scope of consolidation	(3,365)	509	(5,388)	417	(7,827)	10,573	-	2,746
Additions or charges for the year	901	1,896	41,630	51,907	96,334	(271,497)	(55,005)	(230,168)
Disposals or reductions	(321)	(687)	(1,703)	(52,504)	(55,215)	4,955	41,346	(8,914)
Exchange differences	(5)	(348)	(36,153)	(12,154)	(48,660)	13,787	1,673	(33,200)
Transfers to/from other assets	26	(27)	(30,002)	109,646	79,643	(25,367)	294	54,570
Balance at 31 December 2013	10,519	34,427	413,573	2,545,764	3,004,283	(1,134,835)	(104,051)	1,765,397
Changes in the scope of consolidation	(2,039)	4,677	(24,754)	145,422	123,306	2,903	-	126,209
Additions or charges for the year	1,206	2,900	27,010	5,479	36,595	(294,269)	(560)	(258,234)
Disposals or reductions	-	(1,767)	(16,761)	(212,329)	(230,857)	213,486	16,438	(933)
Exchange differences	-	251	12,090	16,085	28,426	(8,936)	(4,828)	14,662
Transfers to/from other assets	13	861	198	80,399	81,471	(17,171)	14,500	78,800
Balance at 31 December 2014	9,699	41,349	411,356	2,580,820	3,043,224	(1,238,822)	(78,501)	1,725,901

CONSOLIDATED FINANCIAL STATEMENTS

Additions in 2014 amounts to EUR 36,595 thousand (EUR 96,334 thousand in 2013), mainly corresponding to Hochtief at the amount of EUR 25,714 thousand (EUR 41,648 thousand in 2013) and Environment at the amount of EUR 7,285 thousand (EUR 11,367 thousand in 2013).

Of particular note under this heading is the assignation of Clece at fair value to intangible assets at the amount of EUR 141,490 thousand, included under the heading "Other intangible assets" (see Note 02.02 f). Business combinations focused on businesses characterised by the existence, among others, of a significant client portfolio, thus establishing a recurring relationship over time with its most significant client. In these cases, the ACS Group believes that, according to IFRS 3, part of the capital gains must be assigned to contractual relationships with clients. This valuation gives rise to the generation of an intangible asset, which must be amortised within the period in which said contractual relationship is estimated to be maintained, proportionally to the forecast cash flows.

Regarding the sale of John Holland and Thiess Services & Leighton Contractors ("Services"), the Leighton assets mainly related to the value of the works portfolio and the relationship with clients associated with them that were identified and assigned as a result of the PPA (Price Purchase Allocation) performed when a goodwill arose in the process of Hochtief's first global consolidation. The amount of the assets de-registered for this notion, included in the "Other intangible assets" is EUR 195,182 thousand.

In 2014 the losses on items classified as other intangible assets amounting to EUR 560 thousand relating for the most part to the Construction area (EUR 5,027 thousand at 31 December 2013) were recognised under "Impairment and gains or losses on the disposal of non-current assets" in the accompanying consolidated income statement. No impairment losses were reversed in the income statements for 2014 and 2013.

The main assets recognised under "Other intangible assets" relate to Hochtief's construction backlog (mainly due to contracts in the Americas and Pacific Asia), prior to deteriorations and impairments, amounting to EUR 603,655 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 722,779 thousand generated in the first consolidation process (PPA).

No significant development expenditure was recognised as an expense in the consolidated income statement for 2014 and 2013.

At 31 December 2014, 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 54,457 thousand (EUR 50,017 thousand at 31 December 2013). Trademarks are not amortised systematically, but are checked for possible impairment annually. No impairment losses were recognised in this connection in 2014 or 2013.

There were no material intangible asset items whose title was restricted in 2014 and 2013.

05. PROPERTY, PLANT AND EQUIPMENT

The changes in this heading in the consolidated statement of financial position in 2014 and 2013 were as follows:

Thousands of euros	Land and buildings	Plant and machinery	Other intangible assets	Advances and Property, plant and equipment in the course of construction	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 1 January 2013	734,516	5,094,594	985,592	100,419	6,915,121	(3,938,307)	(25,837)	2,950,977
Changes in the scope of consolidation	41,302	87,406	72,479	(468)	200,719	(86,270)	-	114,449
Additions or charges for the year	55,639	884,075	80,922	40,092	1,060,728	(880,542)	(20,749)	159,437
Disposals or reductions	(41,637)	(1,082,943)	(80,824)	(867)	(1,206,271)	760,496	(27)	(445,802)
Exchange differences	(37,125)	(442,163)	(27,673)	(1,320)	(508,281)	301,243	487	(206,551)
Transfers from/to other assets	(19,578)	(313,981)	(25,766)	(44,651)	(403,976)	266,020	5	(137,951)
Balance at 31 December 2013 (*)	733,117	4,226,988	1,004,730	93,205	6,058,040	(3,577,360)	(46,121)	2,434,559
Changes in the scope of consolidation	(24,424)	(301,088)	81,271	5,147	(239,094)	133,353	(622)	(106,363)
Additions or charges for the year	26,891	597,103	134,468	40,064	798,526	(578,508)	(2,494)	217,524
Disposals or reductions	(29,211)	(621,460)	(166,731)	(3,162)	(820,564)	621,020	418	(199,126)
Exchange differences	12,478	308,433	23,301	143	344,355	(190,704)	(986)	152,665
Transfers from/to other assets	15,829	2,071	37,897	(23,835)	31,962	(30,674)	(619)	669
Balance at 31 December 2014	734,680	4,212,047	1,114,936	111,562	6,173,225	(3,622,873)	(50,424)	2,499,928

(*) Data restated

In 2014 and 2013 items of property, plant and equipment were acquired for EUR 798,526 thousand and EUR 1,060,728 thousand respectively.

In 2014 the most noteworthy additions relate to the Construction area amounting to EUR 609,653 thousand, mainly from Hochtief as the result of acquiring equipment for the Leighton mining operations in Leighton for EUR 565,243 thousand, to Environment for EUR 127,990 thousand mainly due to the inclusion of Clece, as well as the acquisition of renewal of machines and equipment and to the Industrial Services area for EUR 60,860 thousand for the acquisition of machinery and equipment to carry out new projects.

In 2013, the most relevant acquisition by division were mainly due to the Construction area for EUR 941,084 thousand, mainly from Hochtief, amounting to EUR 871,908 thousand for the acquisition of equipment for Leighton's mining activities, to Industrial Services 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 2014 and 2013 gains on the disposal of non-current assets totalled a net carrying amount of EUR 199,126 thousand and EUR 445,802 thousand, respectively, which did not generate significant results from disposals. The most significant disposal in 2014 relates to the effect of the sale of the Streif Baulegistik (Hochtief Europe) assets.

At 31 December 2013, the Group had formalised contractual commitments for the future acquisition of tangible assets for EUR 145,935 thousand, including EUR 137,395 thousand, mainly corresponding to activities relating to mining in Leighton. The commitments at 31 December 2014 amounted to EUR 29,633 thousand.

Losses from impairment of value recognised in the consolidated income statement at 31 December 2014 amount to EUR 2,355 thousand, mainly corresponding to the sale and impairment of Dragados machinery (EUR 1,909 thousand

CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2013, mainly corresponding to the sale and impairment of Dragados machinery). No losses from value impairment were reverted and recognised in the 2014 and 2013 income statements.

Operating expenses relating directly to property, plant and equipment capitalised in the course of construction were not material in 2014 or 2013.

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 2014 or 2013.

At 31 December 2014, there were restrictions on technical equipment and machinery of the Australian subsidiary, Leighton, amounting to EUR 111,022 thousand (EUR 126,419 thousand at 31 December 2013). In addition to the aforementioned restrictions, the ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 68,092 thousand (EUR 74,868 thousand in 2013) to secure banking facilities granted to the Group.

At 31 December 2014 the Group had recognised a net EUR 1,983,921 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,988,385 thousand in 2013).

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 2013	1,258	430,644	81,444	513,346	(35,181)	(15)	478,150
Balance at 31 December 2014	19,286	313,150	104,932	437,368	(48,935)	(22)	388,411

The decrease in assets under finance leases in 2014 relates mainly to the Leighton machinery.

06. NON-CURRENT ASSETS IN PROJECTS

The balance of "Non-current assets in projects" in the consolidated statement of financial position at 31 December 2014, 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. 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 2014 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 - 2040	561,416	(127,669)	433,747
Highways/roads	2024 - 2038	187,616	(33,784)	153,832
Police stations	2024 - 2032	67,990	-	67,990
Wind farms	-	44,268	(8,645)	35,623
Water management	2028 - 2033	35,837	(10,742)	25,095
Energy transmission	2040 - 2044	23,427	-	23,427
Other infrastructures	-	22,917	(9,488)	13,429
Total		943,471	(190,328)	753,143

The changes in this heading in 2014 and 2013 were as follows:

Thousands of euros	2014			2013		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	966,047	(208,577)	757,470	919,964	(190,071)	729,893
Changes in the scope of consolidation	102,910	(33,182)	69,728	22,961	(1,196)	21,765
Additions or charges for the year	101,359	(53,009)	48,350	143,468	(54,142)	89,326
Exchange differences	7,387	298	7,685	(6,204)	1,113	(5,091)
Disposals or reductions	(66,215)	65,288	(927)	(4,122)	(14,866)	(18,988)
Transfers	(168,017)	38,854	(129,163)	(110,020)	50,585	(59,435)
Ending balance	943,471	(190,328)	753,143	966,047	(208,577)	757,470

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 the year are as follows:

Thousands of euros				
Type of infrastructure	End date of operation	Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Waste treatment	2020 - 2040	322,767	(86,285)	236,482
Highways/roads	2026	187,585	(33,761)	153,824
Water management	2028	33,571	(10,742)	22,829
Total		543,923	(130,788)	413,135

CONSOLIDATED FINANCIAL STATEMENTS

Thousands of euros	2014			2013		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	555,025	(97,025)	458,000	614,617	(106,242)	508,375
Changes in the scope of consolidation	94,571	(31,940)	62,631	-	-	-
Additions or charges for the year	8,382	(40,454)	(32,072)	43,666	(38,023)	5,643
Exchange differences	704	298	1,002	(1,275)	1,113	(162)
Disposals or reductions	(18)	-	(18)	2,199	-	2,199
Transfers	(114,741)	38,333	(76,408)	(104,182)	46,127	(58,055)
Ending balance	543,923	(130,788)	413,135	555,025	(97,025)	458,000

The concession assets identified as financial assets, as a result of the Group not assuming the demand risk, and the changes in the balance of this heading in the year are as follows:

Thousands of euros		
Type of infrastructure	End date of operation	Collection rights arising from concession arrangements
Waste treatment	2040	130,926
Police stations	2024 - 2032	67,990
Energy transmission	2040 - 2044	23,427
Water management	2032 - 2033	2,266
Other infrastructures	-	10,160
Total		234,769

Thousands of euros	2014	2013
	Beginning balance	190,263
Changes in the scope of consolidation	6,018	-
Investment	30,504	85,546
Finance income	17,108	11,990
Collections	(10,997)	(13,433)
Disposals or reductions	(474)	(1,463)
Exchange differences	6,382	(4,898)
Transfers from/to other assets	(4,035)	-
Ending balance	234,769	190,263

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under "Revenue" amounted to EUR 28,453 thousand in 2014 (EUR 31,323 thousand in 2013), of which EUR 11,345 thousand corresponding to concession assets identified as financial assets are classified as "Non-current assets held for sale and discontinued operations" (EUR 19,333 thousand in 2013).

The borrowing costs accrued in relation to the financing of the concessions classified under the financial asset model are immaterial in 2014 and 2013.

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 - 2032	107,723	(41,384)	66,339
Wind farms	-	44,268	(8,645)	35,623
Highways/roads	2026	31	(23)	8
Energy transmission	-	8,924	(8,924)	-
Other infrastructures	-	3,833	(564)	3,269
Total		164,779	(59,540)	105,239

Thousands of euros

	2014			2013		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	220,759	(111,552)	109,207	192,826	(83,829)	108,997
Changes in the scope of consolidation	2,321	(1,242)	1,079	22,961	(1,196)	21,765
Additions or charges for the year	56,362	(12,555)	43,807	15,699	(16,119)	(420)
Exchange differences	301	-	301	(31)	-	(31)
Disposals or reductions	(65,723)	65,288	(435)	(4,858)	(14,866)	(19,724)
Transfers	(49,241)	521	(48,720)	(5,838)	4,458	(1,380)
Ending balance	164,779	(59,540)	105,239	220,759	(111,552)	109,207

Simultaneously, there are concession assets that are not financed by project finance amounting to EUR 307,834 thousand (EUR 279,567 thousand at 31 December 2013) which are recognised as "Other intangible assets".

In 2014 and 2013 investments were made in non-current assets in projects for EUR 101,359 thousand and EUR 143,468 thousand, respectively. The main additions of assets in projects made in 2014 relate to the Industrial Services business amounting to EUR 61,268 thousand, mainly in wind farms (EUR 29,364 thousand in 2013), and to the Environment business related to waste treatment amounting to EUR 44,125 thousand (EUR 115,220 thousand in 2013).

In addition to the aforementioned investments, the entry into the consolidation perimeter of Ecoparc del Besós is an addition of EUR 97,722 thousand under this heading in the financial statement in 2014.

In 2014 and 2013 no significant divestments were performed.

Impairment losses recognised in the consolidated income statement at 31 December 2014 amounted to EUR 12,555 thousand (EUR 1,432 thousand at 31 December 2013).

At 31 December 2014 and 31 December 2013, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 17,010 thousand and EUR 36,645 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).

CONSOLIDATED FINANCIAL STATEMENTS

07. INVESTMENT PROPERTY

The changes in this heading in 2014 and 2013 were as follows:

Thousands of euros	2014	2013
Beginning balance	63,922	71,086
Changes in the scope of consolidation	662	-
Sales	(844)	(3,335)
Charges for the year	(3,147)	(3,160)
Transfers from/to other assets	1,614	(669)
Ending balance	62,207	63,922

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 9,026 thousand in 2014 (EUR 9,386 thousand in 2013). The average occupancy level of the aforementioned assets was 62% (58% in 2013) with an average rentable area of 175,549 square metres (174,557 square metres in 2013).

The direct operating expenses arising from investment properties included under "Other operating expenses", amounted to EUR 8,304 thousand in 2014 (EUR 9,202 thousand in 2013).

There were no contractual commitments for the acquisition, construction or development of investment property, or for repairs, maintenance and improvements.

At the beginning of 2014, the gross carrying amount was EUR 113,159 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 49,237 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 113,344 thousand and EUR 51,137 thousand, respectively. There were no material differences with respect to fair value in the accompanying consolidated financial statements.

08. JOINT AGREEMENTS

The main aggregates included in the accompanying consolidated financial statements relating to UTEs and EIAs for 2014 and 2013, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

Thousands of euros	2014	2013
Net asset	2,722,948	2,565,734
Pre-tax profit or loss	367,974	277,635
Income tax expense (-) / income (+)	(44,944)	(52,391)
Post-tax profit or loss	321,110	225,241
Other comprehensive income	6,979	8,188
Total comprehensive income	209,283	213,524

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 detail, by type of entity, of the consolidated companies accounted for by the equity method at 31 December 2014 and 2013 is as follows:

Thousands of euros	2014	2013
Associates	523,641	753,593
Jointly controlled entities	707,615	612,873
Total	1,231,256	1,366,466

The changes in the balance of this heading were as follows:

Thousands of euros	2014	2013 (*)
Beginning balance	1,366,466	1,731,614
Additions	219,863	629,287
Disposals	(317,196)	(76,802)
Change in consolidation method	(180,058)	(368,100)
Profit for the year	131,824	95,934
Changes in the equity of associates		
Exchange differences/other	52,389	(662,468)
Cash flow hedges	(29,088)	261,164
Transfer to non-current assets held for sale/discontinued operations	135,503	2,449
Distribution of dividends	(148,447)	(246,612)
Ending balance	1,231,256	1,366,466

(*) Data restated

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

Thousands of euros	31/12/2014			31/12/2013 (*)		
	Share of net assets	Profit/Loss for the year	Total carrying amount	Share of net assets	Profit/Loss for the year	Total carrying amount
Construction	755,621	106,069	861,690	732,854	74,005	806,859
Industrial Services	263,965	6,805	270,770	201,903	3,110	205,013
Environment	80,022	18,950	98,972	335,951	18,819	354,770
Corporate Unit	(176)	-	(176)	(176)	-	(176)
Total	1,099,432	131,824	1,231,256	1,270,532	95,934	1,366,466

(*) Data restated

CONSOLIDATED FINANCIAL STATEMENTS

Construction

At 31 December 2014 and at 31 December 2013, in the Construction area the ownership interest from the Hochtief Group accounted for using the equity method are noteworthy amounting to EUR 747,633 thousand (EUR 545,909 thousand at 31 December 2013).

In 2014, the share in Metro de Sevilla was sold for EUR 60,149 thousand, with earnings of EUR 12,708 thousand before tax, as well as the change of consolidation method for the companies Autovía de la Mancha, S.A., Concesionaria JCC Castilla la Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brion, S.A., Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A. and Reus-Alcover Concessionària a de la Generalitat de Catalunya, S.A., which, after the end of the comanagement agreement described in Note 02.02 c) have become fully consolidated by the participation method.

Environment

The main change took place in the second half of 2014 after the purchase by the ACS Group of a share of approximately 25% in Clece, S.A., various from funds managed by Mercapital Private Equity, annulling all the previous contracts and agreements signed with them pertaining to Clece. After this operation, the ACS Group is the owner of 100% of Clece capital, with the ensuing change in the method of consolidation of this company in the ACS Group, which will go from the current equity method to the global integration method. The total value of the company used for this transaction was EUR 542 million. Its book value was EUR 285,608 thousand at 31 December 2013.

Clece's earnings by the equity method during the first half of 2014 submitted to the ACS Group were EUR 9,188 thousand.

The current and non-current assets, current and non-current liabilities, equity, sales and pre-tax profit, corporate income tax and results for the year, and total results of the relevant entities included under this heading, as well as the ownership interest of the ACS Group in said entities, are presented in Appendix III.

Also detailed in the table below are the associated companies and the joint agreements which are not material:

Thousands of euros	Associates		Jointly controlled entities	
	2014	2013	2014	2013
Carrying amount	249,091	246,045	470,400	446,565
Profit before taxes	20,702	38,617	222,706	148,274
Income taxes	(7,245)	(10,362)	(9,182)	(6,905)
Profit after taxes	13,457	28,254	213,524	141,368
Other comprehensive income	(6,050)	100,749	3,595	34,389
Total comprehensive income	7,407	129,003	217,119	172,570

10. FINANCIAL ASSETS

The detail of the balance of this heading in the consolidated statements of financial position in 2014 and 2013 is as follows:

Thousands of euros	31/12/2014		31/12/2013	
	Non-Current	Current	Non-Current	Current
Equity instruments	785,220	86,254	1,097,535	81,982
Loans to associates	1,009,517	112,599	773,191	87,391
Other loans	318,971	86,560	323,597	127,647
Debt securities	1,565	983,584	1,857	1,369,409
Other financial assets	112,432	623,689	121,666	1,313,712
Total	2,227,705	1,892,686	2,317,846	2,980,141

10.01. EQUITY INSTRUMENTS

The detail of the balance of this heading at 31 December 2014 and 2013 is as follows:

Thousands of euros	31/12/2014	31/12/2013
Iberdrola, S.A.	497,695	872,256
Xfera Móviles, S.A.	79,206	79,206
Other smaller investments	208,319	146,073
Total	785,220	1,097,535

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 2014, the ACS Group holds 88,921,671 shares representing 1.4% of the share capital of Iberdrola, S.A. (188,188,889 shares representing 3.02% of the share capital of Iberdrola, S.A. at 31 December 2013). The consolidated average cost amounted to EUR 4.147 and to 4.134 per share at 31 December 2014 and at 31 December 2013, respectively.

The ownership interest in Iberdrola is recognised at its market price at the end of each year (EUR 5.597 per share at 31 December 2014 and EUR 4.635 per share at 31 December 2013) amounting to EUR 497,695 thousand (EUR 872,256 thousand at 31 December 2013). At 31 December 2014 and at 31 December 2013, a positive valuation adjustment of EUR 90,254 thousand and EUR 65,999 thousand, net of the related tax effect, respectively were recognised in equity under "Adjustments for changes in value - Available-for-sale financial assets".

The most relevant operations in relation to the ownership interest in Iberdrola in 2014 were as follows:

On 13 March 2014, ACS Actividades Finance 2 B.V. (the Dutch subsidiary in which ACS, Actividades de Construcción y Servicios, S.A. holds a 100% share) has notified that, once the accelerated book-building process has ended, the amount,

CONSOLIDATED FINANCIAL STATEMENTS

interest rate, exchange price, and other final conditions for an issue of bonds exchangeable for Iberdrola shares have been established as follows:

- The final amount of the issue amounted to EUR 405.6 million.
- The bonds, which were issued simultaneously, will expire on 27 March 2019, unless they are exchanged or amortised in advance. The amortisation price at bond maturity will be 100% of the nominal, unless they are exchanged.
- The bonds will accrue a 1.625% annual nominal fixed interest to be paid quarterly in arrears.
- The bonds will be exchangeable, at the bondholders' choice, by 63,187,412 existing ordinary Iberdrola shares representing approximately 0.9914% of its share capital. However, as established in the terms and conditions of the bonds, the issuer may choose, when the bondholders exercise their conversion right, to deliver the corresponding number of Iberdrola shares, cash, or a combination of both.
- The price of the bond exchange is EUR 6.419 for every Iberdrola share, which represents a 32.5% premium over the weighted average of the quoted price of said shares from the announcement of the Issue until the latter is fixed. The company will have the right, from 17 April 2017 (3 years and 21 days from the closing date) to opt to amortise in advance the bonds simultaneously if the value of the Iberdrola shares exceeds 130% of the exchange price in force for at least 20 trading days in any period of 30 consecutive trading days.
- Bondholders have the amortisation option on the third year or if a change in control of ACS takes place.
- Bonds are listed in the Freiverkehr unregulated market of the Frankfurt Stock Exchange.

In December 2014, the ACS Group make an offer for early exchange of the issues of bonds exchangeable for Iberdrola, S.A. shares, both for the issue by ACS Actividades Finance B.V. of EUR 721,100 thousand and for the issue by ACS Actividades Finance 2 B.V. of EUR 405,600 thousand. As a result of this offer, of the issue performed by ACS Actividades Finance B.V. bonds were exchanged for the amount of EUR 423,500 thousand, with EUR 297,600 thousand remaining in circulation. This cancellation involved payment of an incentive the fixed and variable amount of which was EUR 55,498 thousand. Of the issue performed by ACS Actividades Finance 2 B.V., bonds were exchanged for the amount of EUR 170,300 thousand, the amount of the bonds remaining in circulation after the exchange being EUR 235,000 thousand. This cancellation entailed payment of an incentive the fixed and variable amount of which amounted to EUR 30,741 thousand. For these cancellations, bondholders received 100,906,096 Iberdrola shares, which resulted in the recycling of the heading "Adjustments for change in value" of EUR 152,845 thousand recorded under the heading "Impairment and gains or losses on the disposal of financial instruments" in the consolidated income statement appended (see Note 29).

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 corresponding to 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. This partial cancellation led to the recognition of EUR 8,885 thousand in profit under "Changes in the fair value of financial instruments" in the accompanying consolidated income statement.

The ACS Group had several financial derivative contracts with various financial institutions over Iberdrola (call spreads), which offered an exposure on an underlying asset of 597,286,512 Iberdrola shares. As a result of the increase in the quoted price of the aforementioned underlying asset, on 20 December 2013 the parties agreed to replace the previous structure with a new one (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 until said date. 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 31 December 2014, in which Iberdrola's listed price exceeded by more than 15% the maximum value in the year of the put spread entails the absence from the record of a liability for this notion, whereas at 31 December 2013 it amounted to EUR 62,896 thousand (see Note 22).

Following these transactions, at 31 December 2014, the ACS Group only held the aforementioned 4% ownership interest in Iberdrola, S.A., corresponding to 88,921,671 shares that are pledged in the two exchangeable bonds 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 with an underlying of 452,568,115 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 with maturity extended until 31 March 2018.

With regard to the impairment of the 1.4% ownership interest in Iberdrola, S.A., given that at 31 December 2014 and 31 December 2013 the quoted price was considerably 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.

Xfera Moviles, S.A. (Yoigo)

At 31 December 2014 and 31 December 2013, the ACS Group had a 17% ownership interest in the share capital of Xfera Móviles, S.A. through ACS Telefonía Móvil, S.L.

The book value at 31 December 2014 and 2013 of the share in Xfera amounts to EUR 198,376 thousand, corresponding, after the cleanup performed before sale in 2006 to the Telia Sonera Group, with the contributions made in 2006 and later years, including the participation loans associated with it recorded as "Other loans", the Group having recorded very significant provisions relative to said share in previous years. In relation to the aforementioned sale transaction, there is an unrecognised contingent price and in certain scenarios, call and put options on the ownership interest of ACS, the conditions of which are not likely to be met.

In order to calculate the recoverable value of this investment in the last quarter of 2014, the ACS Group used the discounted cash flow method, on the basis of the company's internal projections until 2019, using the weighted average cost of capital (WACC) of 7.5% as the discount rate and a perpetual growth rate of 1.3% in accordance with the 2019 Spanish CPI estimate made by the IMF. A sensitivity analysis was also performed taking into consideration different

CONSOLIDATED FINANCIAL STATEMENTS

discount rates, a perpetual growth rate negative deviations of up to minus 10% in the business plan estimates for the company. The impairment test is sensitive to variations in its key assumptions, but both in the baseline and in the rest of the scenarios considered with a reasonable degree of sensitivity, the recoverable value of this investment was, in any case, above its carrying value.

Other investments

At 31 December 2014, other investments relates mainly to non-controlling interests including, among others, the ownership interests held by subsidiaries of Hochtief amounting to a net EUR 129,374 thousand (EUR 75,008 thousand at 31 December 2013).

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 2014, is as follows:

Thousands of euros	Current		Non-current			
	2015	2016	2017	2018	2019 and subsequent years	Total non-current
Loans to associates	112,599	578,696	443	2,031	428,347	1,009,517

The detail of the balances of "Loans to associates" and of the scheduled maturities at 31 December 2013, is as follows:

Thousands of euros	Current		Non-current			
	2014	2015	2016	2017	2018 and subsequent years	Total non-current
Loans to associates	87,391	501,162	12,553	747	258,729	773,191

"Non-current loans to associates" relates mainly to the loans granted to Habtoor Leighton Group amounting to EUR 436,679 thousand (EUR 373,990 thousand at 31 December 2013).

Likewise, at 31 December 2014 non-current loans granted in euros (net of the associated provisions) were granted to Eix Diagonal for EUR 150,843 thousand, to Línea Nueve (Tranches Two and Four) for EUR 47,836 thousand (EUR 68,501 thousand at 31 December 2013), Celtic Road Group (Waterford and Portlaoise) for EUR 45,566 thousand (EUR 45,566 thousand at 31 December 2013), to Autovía del Pirineo for EUR 39,186 thousand to Circunvalación de Alicante, S.A. for EUR 15,888 thousand (EUR 15,888 thousand at 31 December 2013), as well as to Infraestructuras y Radiales, S.A. for EUR 29,629 thousand (EUR 29,577 thousand at 31 December 2013).

Regarding this loan and investment in the Habtoor Leighton Group, provisions were made that partially cover the ACS Group's exposure in the accompanying condensed financial statements.

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 2014, is as follows:

Thousands of euros	Current		Non-current			
	2015	2016	2017	2018	2019 and subsequent years	Total non-current
Other loans	86,560	231,135	7,628	8,769	71,439	318,971

The detail of the balances of “Other loans” and of the scheduled maturities at 31 December 2013, is as follows:

Thousands of euros	Current		Non-current			
	2014	2015	2016	2017	2018 and subsequent years	Total non-current
Other loans	127,647	253,510	10,335	5,834	53,918	323,597

Non-current loans include mainly the debt that continues to be refinanced to local corporations amounting to EUR 55,380 thousand (see Note 12) (EUR 62,806 thousand at 31 December 2013) and the participating loans to Xfera Móviles, S.A., amounting to EUR 119,170 thousand at 31 December 2013.

These loans earn interest tied to Euribor plus a market spread.

10.04. DEBT SECURITIES

At 31 December 2014, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-interest securities maturing at more than three months and which it does not intend to hold until maturity arising from Hochtief for EUR 658,082 thousand (EUR 1,041,278 thousand at 31 December 2013). Of the other amounts, those held by Cobra amounting to EUR 84,964 thousand (EUR 101,843 thousand at 31 December 2013) and Urbaser amounting to EUR 206,632 thousand (EUR 179,037 thousand at 31 December 2013) are of note.

CONSOLIDATED FINANCIAL STATEMENTS

10.05. OTHER FINANCIAL ASSETS

At 31 December 2014, "Other financial assets" included short-term deposits amounting to EUR 398,757 thousand (EUR 1,178,777 thousand at 31 December 2013). This amount includes the amounts contributed to meet the coverage ratios of certain financing for the ownership interest in Hochtief amounting to EUR 16 thousand (EUR 359 thousand at 31 December 2013) (see Note 18) and certain derivatives arranged by the Group amounting to EUR 139,812 thousand (EUR 306,380 thousand at 31 December 2013) (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 for the amount of EUR 74,430 thousand (EUR 49,192 thousand as at 31 December 2013) (see Note 12) and the balance of the reserve accounts relating to activity of the projects.

Impairment losses

In 2014 no significant impairment losses took place. In the same period in 2013 the impairment losses on financial assets amounted to EUR 20,498 thousand (see Note 29).

There were no significant reversals due to the impairment of financial assets in 2014 or 2013.

11. INVENTORIES

The detail of "Inventories" is as follows:

Thousands of euros	31/12/2014	31/12/2013 (*)
Merchandise	217,586	218,531
Raw materials and other supplies	305,815	365,563
Work in progress	800,770	981,577
Finished goods	18,228	13,024
By-products, waste and recovered materials	268	276
Advances to suppliers and subcontractors	179,688	248,030
Total	1,522,355	1,827,001

(*) Data restated

Inventories at 31 December 2014 mostly relates to the EUR 919,505 thousand (EUR 1,159,342 thousand at 31 December 2013) contributed by the Hochtief Group, including work in progress amounting to EUR 753,619 thousand (EUR 940,735 thousand at 31 December 2013), and mainly real estate (land and buildings), of Hochtief and its Australian subsidiary Leighton, of which EUR 455,208 thousand were restricted at 31 December 2014 (EUR 422,276 thousand at 31 December 2013). In addition to the aforementioned restrictions, inventories with a carrying amount of EUR 6,479 thousand in 2014 (EUR 7,672 thousand in 2013) 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 3,159 thousand and EUR 197 thousand in 2014, respectively (EUR 236 thousand and EUR 7,552 thousand in 2013).

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:

2014

Thousands of euros	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2014
Trade receivables for sales and services	6,184,789	2,858,821	732,801	229	9,776,640
Receivable from group companies and associates	97,704	10,029	8,113	(22,876)	92,970
Other receivables	431,881	898,370	148,108	(68,503)	1,409,856
Receivables from the sale of discontinued operations	1,108,112	-	-	-	1,108,112
Current tax assets	161,178	77,920	13,881	78,772	331,751
Total	7,983,664	3,845,140	902,903	(12,378)	12,719,329

2013

Thousands of euros (*)	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2013
Trade receivables for sales and services	6,864,750	2,627,006	446,822	568	9,939,146
Receivable from group companies and associates	134,691	75,083	3,508	(22,271)	191,011
Other receivables	367,692	593,613	118,558	3,087	1,082,950
Current tax assets	55,092	32,846	16,543	(1,635)	102,846
Total	7,422,225	3,328,548	585,431	(20,251)	11,315,953

(*) Data restated

At 31 December 2014, the value of the disinvestment pending collection as a result of the sale of John Holland and Leighton Services business amounting to EUR 1,108,112 thousand was recorded under "Receivables from the sale of discontinued operations".

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 2014 and 2013, is as follows:

2014

Thousands of euros	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2014
Trade receivables and notes receivable	4,159,893	1,706,448	625,610	4,727	6,496,678
Completed work pending certification	2,817,216	1,268,038	134,151	-	4,219,405
Allowances for doubtful debts	(792,320)	(115,665)	(26,960)	(4,498)	(939,443)
Total receivables for sales and services	6,184,789	2,858,821	732,801	229	9,776,640
Advances received on orders (Note 23)	(1,489,097)	(1,155,226)	(22,875)	-	(2,667,198)
Total net trade receivables balance	4,695,692	1,703,595	709,926	229	7,109,442

CONSOLIDATED FINANCIAL STATEMENTS

2013

Thousands of euros (*)	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2013
Trade receivables and notes receivable	3,140,903	1,596,222	340,256	5,048	5,082,429
Completed work pending certification	3,984,189	1,135,076	127,460	17	5,246,742
Allowances for doubtful debts	(260,342)	(104,293)	(20,894)	(4,496)	(390,025)
Total receivables for sales and services	6,864,750	2,627,005	446,822	569	9,939,146
Advances received on orders (Note 23)	(904,370)	(969,422)	(15,159)	-	(1,888,951)
Total net trade receivables balance	5,960,380	1,657,583	431,663	569	8,050,195

(*) Data restated

At 31 December 2014, retentions held by customers for contract work in progress amounted to EUR 644,276 thousand (EUR 530,232 thousand at 31 December 2013).

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 to EUR 211,714 thousand at 31 December 2014 (EUR 258,886 thousand 31 December 2013).

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-TDA 2 Fondo de Titulizacion de Activos", a securitisation SPV which was set up on 19 May 2010.

The ACS Group companies fully and unconditionally assign receivables to the securitisation SPV. By means of this mechanism, at the date of assignment, the Company charges a set price (cash price) which does not reverse back to the securitisation SPV for any reason. This securitisation SPV, which is subject to Spanish law, transforms the receivables acquired into bonds. It is managed by a management company called Titulizacion de Activos, Sociedad Gestora de Fondos de Titulizacion, S.A.

The amount of the receivables sold to the Securitisation SPV was EUR 265,582 thousand at 31 December 2014 (EUR 198,954 thousand at 31 December 2013), of which EUR 74,430 thousand (EUR 49,192 thousand at 31 December 2013) 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 2014 and 2013 that represented more than 10% of total revenue.

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 2014 and 2013:

Thousands of euros

Allowance for doubtful debts	Construction	Industrial Services	Environment	Corporate unit and adjustments	Total
Balance at 31 December 2012	(189,585)	(92,154)	(21,191)	(4,494)	(307,424)
Charges for the year	(108,647)	(12,860)	(4,961)	(3)	(126,471)
Reversals/Excesses	35,163	16,509	2,301	-	53,973
Changes in scope and other	2,727	(15,787)	2,957	-	(10,103)
Balance at 31 December 2013	(260,342)	(104,292)	(20,894)	(4,497)	(390,025)
Period provisions	(558,808)	(25,415)	(3,610)	-	(587,833)
Reversals/Excesses	11,830	14,159	2,670	-	28,659
Changes in scope and other	15,000	(117)	(5,126)	(1)	9,756
Balance at 31 December 2014	(792,320)	(115,665)	(26,960)	(4,498)	(939,443)

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities.

This heading includes in 2014 the amount of the provision made for Leighton for EUR 458,457 thousand (see Note 28.07). This amount is included in the Statement of Financial Position as at 31 December 2014 reducing thus the amount of the heading "Trade receivables for sales and services".

The net trade receivables balance at 31 December 2014 amounted to EUR 7,109,442 thousand (EUR 8,050,195 thousand at 31 December 2013), of which EUR 878,239 thousand (EUR 737,122 thousand at 31 December 2013) relate to domestic activity and EUR 6,231,203 thousand (EUR 7,313,073 thousand at 31 December 2013) to international activity.

With regard to domestic activity, EUR 694,302 thousand (EUR 393,870 thousand at 31 December 2013), 79% of the balance (53% of the balance at 31 December 2013) 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 5,108,952 thousand (EUR 6,345,880 thousand at 31 December 2013), the majority of which relate to the Hochtief Group. This figure includes amounts which were outstanding but not impaired at 31 December 2014 of which EUR 155,470 thousand was up to 30 days overdue, EUR 44,532 thousand between 31 and 90 days overdue and EUR 106,973 thousand more than 90 days overdue (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 at 31 December 2013).

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.

CONSOLIDATED FINANCIAL STATEMENTS

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 2014, this amount totalled EUR 55,380 thousand (see Note 10.03) (EUR 62,806 thousand at 31 December 2013), which was included under the heading "Other Loans", and matures as follows:

Thousands of euros				
2016	2017	2018	2019 and subsequent years	Total
47,516	1,897	1,839	4,128	55,380

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 26,518 thousand (EUR 65,553 thousand at 31 December 2013) reflect their fair value and there are no restrictions as to their use.

15. EQUITY

15.01. SHARE CAPITAL

At 31 December 2014 and 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 29 May 2014 authorised, pursuant to that set forth in article 297 of the Consolidated Text of the Spanish Companies Law –Texto Refundido de la Ley de Sociedades de Capital–, 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 29 May 2014, and without having previously submitted a proposal to the shareholders at the Annual General Meeting. Accordingly, the Board of Directors may set all of the terms and conditions under which capital is increased as well as the features of the shares, investors and markets at which the increases are aimed and the issue procedure, freely offer the unsubscribed shares in the preferential subscription period; and in the event of incomplete subscription, cancel the capital increase or increase capital solely by the amount of the subscribed shares.

The 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.

Pursuant to that set forth in article 506 of the Consolidated Text of the Spanish Companies Law, 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 29 May 2014, 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, or other companies', newly issued shares or shares in circulation, as follows:

1. Securities which the Board of Directors is empowered to issue may be debt securities, bonds, notes, and other fixed-income securities of a similar nature, both simple and, in the case of debt securities and bonds, exchangeable for Company shares or shares in any other of the Group companies or other companies and/or convertible into Company shares or share in other companies, as well as warrants over newly issued shares or Company shares outstanding or shares outstanding of other companies.
2. Securities may be issued on one or more occasions within five years following the date of this agreement.
3. The total amount of the issue or issues of securities agreed under this delegation, whatever their nature, 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 EUR 3 billion.
4. By virtue of the authorisation granted herein to the Board of Directors, the Board will establish, for every issue, without limitation, the following: its amount, within the aforementioned limit; the location, date, and currency of the issue, establishing its equivalent in euros, if applicable; its denomination, be they bonds or debt securities, subordinate or not, warrants, or any other lawful security; the interest rate, dates, and procedures for payment; in the case of the warrants, the amount and mode of calculation, if applicable, of the premium and the exercise price; its nature as perpetual or amortisable; and, in the latter case, the term of amortisation and the maturity dates; the type of repayment, premiums, and batches; guarantees; the form of representation, be they titles or annotations in account; right of preferential subscription, if applicable, and subscription system; applicable legislation; the request for admission to trading in official or non-official secondary markets, organised or not, national or foreign, of the securities issued; the appointment, if relevant, of the Commissioner and the approval of the rules governing the legal relationships between the Company and the Syndicate of the holders of the securities issued.

These authorisations are similar to those granted by the shareholders in the Annual General Meeting held on 25 May 2009, on the basis of which ACS, Actividades de Construcción y Servicios, S.A., in 2013 formally executed a Euro Commercial Paper programme for a maximum amount of EUR 500 million, which was renewed on maturity for another Euro Commercial Paper programme for a maximum amount of EUR 750 million, the total balance of both programmes amounted to EUR 529,820 thousand at 31 December 2014 (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

CONSOLIDATED FINANCIAL STATEMENTS

of bonds exchangeable for Iberdrola shares carried out by ACS, Actividades Finance BV amounting to EUR 721,100 thousand in 2013, as well as that performed by ACS Actividades Finance 2 B.V. for the amount of EUR 405,600 thousand in the first quarter of 2014 (see Notes 10.01 and 17.01).

The Ordinary Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A., held on 29 May 2014 resolved, among others, a capital increase and a capital reduction.

In this regard, it was agreed to increase the share capital up to a maximum of EUR 366 million with a charge to the Company's voluntary reserves, not exceeding EUR 224 million in the first execution, or EUR 142 million in the second execution, delegating undistinguishably in the Executive Committee, the Chair of the Board of Directors, and the Secretary Director for execution of the agreement. The dates scheduled for the capital increase were, for the case of the first capital increase, within the following three months from the date of the Annual General Meeting held in 2014, and, should a second capital increase take place in the first quarter of 2015, on the dates in which the ACS Group has traditionally distributed the complementary dividend and the interim dividend.

Regarding the capital reduction, the decision adopted by the shareholders in the Annual General Meeting consists in reducing the capital through amortisation of the Company's treasury shares by a nominal amount equal to the nominal amount for which the capital increase described in the previous paragraphs is executed. Execution of these agreements, in one or two occasions, is delegated in the Board of Directors, simultaneously to each of the capital increases.

In addition to the authorisation of the capital reduction described in the previous paragraph, the Annual General Meeting held on 29 May 2014 agreed, among others, to expressly authorise total or partial use of the Company's treasury shares or subsidiaries' treasury shares for disposal or amortisation, delivery to company or group workers, employees, or directors and plans for reinvestment of the dividend or similar instruments. The Board of Directors is granted the power for its execution by the Annual General Meeting.

More specifically, by virtue of this delegation, it was agreed on 18 June 2014 to perform the capital increase for a maximum amount of EUR 224 million. This capital increase was aimed, as in many Ibex companies, to establish an alternative remuneration system enabling shareholders to receive ACS released shares or cash through sale of the corresponding free allotment rights that are traded in the stock exchange, or else sale them to ACS at a given price on the basis of a formula approved by the Meeting.

In this regard, on 22 July 2014, ACS, Actividades de Construcción y Servicios, S.A. decided to perform the first capital increase with a charge to reserves approved by the Annual General Meeting of 29 May 2014, with a final number of 3,875,019 ordinary shares with a nominal value of EUR 0.5 per unit, the nominal amount of the capital increase being EUR 1,937,509.50.

After year end, ACS, Actividades de Construcción y Servicios, S.A., by virtue of the power of delegation granted by the shareholders in the Annual General Meeting held on 29 May 2014, and as approved by the Board of Directors on 18 December 2014, decided to proceed to the second capital increase with a charge to reserves for a maximum of EUR 142 million (equal to EUR 0.45 per share), which was approved by the aforementioned Annual General Meeting in order for shareholders to be able to choose between continuing to receive remuneration in cash or in Company shares. After the period of negotiation of the free allocation rights corresponding to the second released capital increase, the irrevocable commitment of purchase of rights assumed by ACS has been accepted by holders of 40.46% of free allocation rights, which has led to the acquisition by ACS of rights for a total gross amount of EUR 57,296. The final number of ordinary shares with a nominal value of EUR 0.5 per unit issued on 17 February 2015 (see 15.04) is 2,616,408, the nominal amount of the corresponding capital increase being EUR 1,308,204. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,308,204, via redemption of 2,616,408 treasury shares and a contribution for the same amount of EUR 1,308,204 from the reserve established in section c) of article 335 of the Spanish Companies Law, which is the par value of the redeemed shares (see Note 15.04).

On 18 March 2014, a capital reduction was executed by ACS, Actividades de Construcción y Servicios, S.A. for the amount of EUR 1,281,423, through the amortisation of 2,562,846 treasury shares with the provision of EUR 1,281,423, of the reserve envisaged in section c) of article 335 of the Spanish Companies Law, which is equal to the nominal value of the amortised shares (see Note 15.04).

On 10 September 2014 a reduction of the ACS, Actividades de Construcción y Servicios, S.A. was carried out for EUR 1,937,509.50 through the amortisation of 3,875,019 treasury shares, with the provision of a reserve for EUR 1,937,509.50, as established in section c) of article 335 of the Spanish Companies Law, equal to the nominal value of the amortised shares (see Note 15.04).

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 was aimed at establishing an alternative remuneration system, as in many Ibex companies, that would allow shareholders to receive bonus shares from ACS or cash through the sale of the related bonus issue rights which are trade on the stock market, or that may be sold to ACS at a certain price based on a formula approved by the Board.

In relation to the foregoing, in 2013 the Parent increased its share capital by EUR 3,926,818.50 relating to 7,853,637 ordinary shares of EUR 0.5 par value each. Subsequent to the aforementioned capital increase and during the same year, share capital was reduced by EUR 3,926,818.50 relating to 7,853,637 ordinary shares of EUR 0.5 par value each through the retirement of the Parent's treasury shares (see Note 15.04).

In addition, by virtue of this delegation, on 12 December 2013 the Company resolved to carry out a second share capital increase for a maximum amount of EUR 142 million for the same purpose as that of the first increase mentioned above. After a period of negotiating the bonus issue rights relating to this second increase, 2,562,846 ordinary shares of EUR 0.5 par value each were issued in February 2014 for a nominal amount of EUR 1,281,423.

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. After year end, shares of its investee Saeta Yield, S.A. are listed in the Spanish stock exchanges.

At 31 December 2014, 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 13.88% and Inversiones Vesan, S.A. with an ownership interest of 12.52%.

CONSOLIDATED FINANCIAL STATEMENTS

15.02. SHARE PREMIUM

At 31 December 2014 and 2013, 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.

15.03. RETAINED EARNINGS AND OTHER RETURNS

The detail of this heading at 31 December 2014 and 2013 is as follows:

Thousands of euros	Balance at 31/12/2014	Balance at 31/12/2013
Reserves of the Parent	2,649,135	2,319,377
Reserves at consolidated companies	(767,886)	(207,759)
Total	1,881,249	2,111,618

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 2014 and 2013 is as follows:

Thousands of euros	Balance at 31/12/2014	Balance at 31/12/2013
Legal reserve	35,287	35,287
Voluntary reserves	815,548	547,913
Capital redemption reserve fund	10,812	7,593
Reserve for redenomination of share capital in euros	162	162
Goodwill reserve	247,247	206,039
Retained earnings	1,540,079	2,141,954
Accumulated losses	-	(619,571)
Total	2,649,135	2,319,377

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 2014 and 2013.

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 2014 and 2013, 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 10,812 thousand (EUR 7,593 thousand at 31 December 2013), 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 31/12/2014	Balance at 31/12/2013
Construction	(77,737)	223,551
Environment	783,010	748,984
Industrial Services	631,385	706,852
Corporate Unit	(2,104,544)	(1,887,146)
Total	(767,886)	(207,759)

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 2014 and 2013 were as follows:

	2014		2013	
	Number of Shares	Thousands of Euros	Number of Shares	Thousands of Euros
At beginning of the year	2,766,973	64,958	21,368,766	574,696
Purchases	12,093,722	356,965	15,112,383	306,280
Scrip dividend	114,543	-	251,471	-
Sales	(1,458,074)	(40,738)	(25,903,481)	(659,616)
Bonus payments 2014-2013	(159,919)	(3,862)	(208,529)	(3,874)
Depreciation	(6,437,865)	(176,201)	(7,853,637)	(152,528)
At end of the reporting period	6,919,380	201,122	2,766,973	64,958

CONSOLIDATED FINANCIAL STATEMENTS

On 18 March 2014, a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,281,423, by redemption of 2,562,846 treasury shares for a book value of EUR 61,898 thousand with a charge to unrestricted reserves and with an allocation for the same amount of EUR 1,281,423, from the reserve envisaged in section c) of article 335 of the Spanish Companies Law, which is the par value of the redeemed shares (See Note 15.01).

On 22 July 2014, ACS, Actividades de Construcción y Servicios, S.A. decided to perform the first execution of the capital increase with a charge to reserves approved by the shareholders of the Annual General Meeting held on 29 May 2014, with a final number of 3,875,019 ordinary shares with a nominal value of EUR 0.5 per unit, the nominal amount of the capital increase being EUR 1,937,509.50.

On 10 September 2014, a capital reduction was executed by ACS, Actividades de Construcción y Servicios, S.A. for the amount of EUR 1,937,509.50 through the amortisation of 3,875,019 treasury shares with a carrying value of EUR 114,303 thousand with a charge to unrestricted reserves and with the allocation of the same amount of EUR 1,937,509.50 of the reserve envisaged in section c) of article 335 of the Spanish Companies Law, equal to the nominal value of the amortised shares (see Note 15.01).

On 17 February 2015, a capital reduction was executed by ACS, Actividades de Construcción y Servicios, S.A. for the amount of EUR 1,308,204, through the amortisation of 2,616,408 treasury shares with a provision of equal value to the reserve envisaged in section c) of article 335 of the Spanish Companies Law (see Note 15.01).

As a result of the decision adopted by the shareholders of the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A., held on 10 May 2013, the Company resolved on 12 December 2013 to carry out the second capital increase, establishing the maximum reference value at EUR 142 million with a charge to Company reserves in order for shareholders to be able to opt to continue receiving remuneration in cash or in Company shares. After the decision period granted to the shareholders, on 13 February 2014 capital was increased by 2,562,846 shares, for a nominal amount of EUR 1,281,423.

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).

At 31 December 2014, the Group held 6,919,380 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 2.2% of the share capital, with a consolidated carrying amount of EUR 201,122 thousand which is recognised under "Treasury shares" under equity in the consolidated statement of financial position. At 31 December 2013, the Group held 2,766,973 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 0.88% of the share capital, with a consolidated carrying amount of EUR 64,958 thousand which was recognised under "Treasury shares" under equity in the consolidated statement of financial position.

The average purchase price of ACS shares in 2014 was EUR 29.52 per share and the average selling price of the shares in 2014 was EUR 27.94 per share (EUR 20.27 and EUR 25.46 per share, respectively, in 2013).

15.05. INTERIM DIVIDEND

On 15 January 2015, ACS, Actividades de Construcción y Servicios, S.A., using the powers granted to it by the shareholders at the Annual General Meeting of the company held on 29 May 2014, as approved by the Board of Directors of 18 December 2014, resolved to carry out a second share capital increase with a charge to reserves for a maximum amount of EUR 142 million (equal to EUR 0.45 per share), which was approved by the aforementioned Annual General Meeting in order for shareholders to be able to opt to continue receiving remuneration in cash or to receive new Company shares. After the negotiation period for the free allocation rights corresponding to the second released capital increase, the irrevocable commitment to purchase of rights assumed by ACS was accepted by the holders of 40.46% of the free allocation rights. After the decision-making period granted to the shareholders, on 12 February 2015 the following events occurred:

- The dividend was set at a total gross amount of EUR 57,296,272 (EUR 0.45 per share) which was paid on 17 February 2015.
- The definitive number of shares object of the share capital increase was 2,616,408 for a nominal amount of EUR 1,308,204.

Nonetheless, the ACS Group, in accordance with the instructions of the ESMA by way of the European Enforcers Coordination Sessions (EECS), recorded under "Other current assets" in the consolidated statement of position appended at 31 December 2014 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 141,599 thousand (see Note 24), although the final amount was EUR 57,296 thousand. For this reason, EUR 84,303 thousand were reverted in 2015 into the ACS Group's assets.

15.06. ADJUSTMENTS FOR CHANGES IN VALUE

The changes in the balance of this heading in 2014 and 2013 were as follows:

Thousands of euros	2014	2013
Beginning balance	(534,914)	(725,840)
Hedging Instruments	(89,318)	359,109
Available-for-sale financial assets	37,833	27,773
Exchange differences	168,068	(195,956)
Ending balance	(418,331)	(534,914)

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges. They relate mainly to interest rate hedges and, to a lesser extent, foreign exchange rate hedges, tied to asset and liability items in the 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 2014 relates exclusively to the difference arising in the period from 2004 to 2014, 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.

CONSOLIDATED FINANCIAL STATEMENTS

The main translation differences, by currency, were as follows:

Thousands of euros	Balance at 31/12/2014	Balance at 31/12/2013
U.S. Dollar (USD)	59,371	(25,812)
Australian Dollar (AUD)	92,175	(13,921)
Polish Zloty (PLN)	(432)	560
Brazilian Real (BRL)	(5,861)	22,359
Mexican Peso (MXN)	6,646	(24,605)
Canadian Dollar (CAD)	(634)	836
British Pound (GBP)	417	(2,409)
Venezuelan Bolivar (VEB)	(17,139)	(22,842)
Argentine Peso (ARS)	(39,021)	(34,607)
Colombian Peso (CLP)	(6,747)	(5,463)
Peruvian Sol (PEN)	2,462	(1,267)
Chinese Yuan (CNY)	-	106
Algerian Dinar (DZD)	(51)	(5,702)
Other currencies	(43,262)	(7,377)
Total	47,924	(120,144)

In addition to the balance of translation differences at 31 December 2014, the balance of "Adjustments for changes in value" include a loss of EUR 532,015 thousand for hedging instruments (EUR -442,697 thousand at 31 December 2013) and a gain of EUR 65,760 thousand for assets available for sale (EUR 27,927 thousand at 31 December 2013).

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 2014 and 2013 is as follows:

Thousands of euros	Balance at 31/12/2014			Balance at 31/12/2013		
	Non-controlling interests	Profit attributed to non-controlling interests	Profit from discontinued operations	Non-controlling interests	Profit attributed to non-controlling interests	Profit from discontinued operations
Construction	1,526,485	(54,325)	269,306	1,600,390	373,633	114,379
Industrial Services	66,973	(12,776)	-	21,039	50,978	-
Environment	60,278	8,435	-	54,182	6,394	-
Total	1,653,736	(58,666)	269,306	1,675,611	431,005	114,379

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 933,052 thousand at 31 December 2014 (EUR 1,028,085 thousand at 31 December 2013), 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 2014, by item, were as follows:

Thousands of euros	
Balance at 31 December 2013	2,220,995
Profit for the year from continuing operations	(58,666)
Loss for the year from discontinued operations	269,306
Dividends received	(114,838)
Change in scope of consolidation	(338,399)
Changes in share capital and other	(246,330)
Adjustments for changes in value	132,308
Balance at 31 December 2014	1,864,376

The reduction in the balance of this heading is mainly due to the purchase of Leighton shares by the Hochtief Group and of Hochtief shares by ACS.

The changes in 2013, by item, were as follows:

Thousands of euros*	
Balance at 31 December 2012	3,054,990
Profit for the year from continuing operations	431,005
Loss for the year from discontinued operations	114,379
Dividends received	(383,173)
Change in scope of consolidation	(445,517)
Changes in share capital and other	(334,730)
Adjustments for changes in value	(215,959)
Balance at 31 December 2013	2,220,995

(*) Data restated

The detail of this balance at 31 December 2014, by business segment, is as follows:

Thousands of euros					
Line of Business	Share Capital	Reserves	Profit for the year	Profit from discontinued operations	Total
Construction	788,457	738,028	(54,325)	269,306	1,741,466
Industrial Services	51,997	14,976	(12,776)	-	54,197
Environment	24,976	35,302	8,435	-	68,713
Total	865,430	788,306	(58,666)	269,306	1,864,376

CONSOLIDATED FINANCIAL STATEMENTS

The detail of this balance at 31 December 2013, 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	681,795	918,595	373,633	114,379	2,088,402
Industrial Services	50,124	(29,085)	50,978	-	72,017
Environment	30,458	23,724	6,394	-	60,576
Total	762,377	913,234	431,005	114,379	2,220,995

At 31 December 2014, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's main subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
Construction		
Gasoductos y Redes Gisca, S.A.	47.50%	Spie Capag, S.A.
Autovía del Camp del Turia, S.A.	35.00%	Sedesa Concesiones (30%)
FTG Holding Limited Partnership	33.32%	Fraser SAIF Acquisition Company (33.31%)
Industrial Services		
Procme, S.A.	25.46%	José Reis Costa
Serpista, S.A.	49.00%	Temg Mantenimiento, S.A. (10%) Iberia, S.A. (39%)
Dragados-Swiber Offshore, S.A.P.I. de C.V.	49.00%	Swiber Offshore Construction Pte. Ltd.
Sistemas Sec, S.A.	49.00%	Compañía Americana de Multiservicios Limitada
Environment		
Centro de Transferencias, S.A.	30.00%	Emgrisa
Residuos Sólidos Urbanos de Jaén, S.A.	40.00%	Diputación Provincial de Jaén
Demarco, S.A.	50.00%	Waste Investment, S.A. (39.81 %) S.A. Holding INC (10.19%)
KDM, S.A.	50.00%	Kiasa, S.A.
Starco, S.A.	50.00%	Holding INC (40.70%)
Urbana de Servicios Ambientales, S.L.	30.00%	Construcciones Sánchez Domínguez (20%)
Residuos Industriales de Zaragoza, S.A.	36.30%	Orbe Concesiones y Servicios, S.L.
Ecoparc del Besós, S.A.	54.00%	Fomento de Construcciones y Contratas, S.A. (31%)
Vertederos de Residuos, S.A.	16.03%	Fomento de Construcciones y Contratas, S.A.

In addition, according to the available information, at 31 December 2014, the sole non-controlling shareholder of Hochtief, A.G. with an ownership percentage greater than or equal to 10% is Qatar Holding Luxembourg (11.1%), there being no non-controlling shareholders in the case of Leighton Holdings, Ltd.

16. GRANTS

The changes in the balance of this heading in 2014 and 2013 were as follows:

Thousands of euros	2014	2013
Beginning balance	49,748	54,215
Changes in the scope of consolidation	14,613	(864)
Exchange differences	(2)	-
Additions	17	853
Transfers	(89)	(1,008)
Recognition in income statement	(4,542)	(3,448)
Ending balance	59,745	49,748

Changes in perimeter are mainly due to the change in the method of consolidation of Ecoparc del Besós, S.A. from the participation method to the global integration method for the amount of EUR 13,240 thousand.

The grants related to assets recognised in the consolidated income statement (recognised under “Allocation of grants relating to non-financial assets and others” in the consolidated income statement) amounted to EUR 6,490 thousand before tax in 2014 (EUR 5,014 thousand in 2013). The timing of recognition in profit or loss is detailed as follows:

Thousands of euros	2014			2013		
	< 1	2 - 5	> 5	< 1	2 - 5	> 5
Grants related to assets	6,934	21,851	30,960	6,114	17,183	26,451

17. BANK BORROWINGS, DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

17.01. DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

At 31 December 2014, the ACS Group had non-current debentures and bonds issued amounting to EUR 2,928,519 thousand in non-current issues and EUR 760,847 thousand in current issues (EUR 2,619,916 thousand and EUR 600,462 thousand in current issues, respectively, at 31 December 2013) from Leighton, Hochtief and ACS. The most significant changes at 31 December 2014 with regard to 31 December 2013 are those performed by Hochtief and ACS, as follows:

- The operation performed by Hochtief in May 2014 consists in a bond issue with no credit rating for EUR 500 million with maturity in 2019 and an annual 2.625% coupon. This issue is listed in the Luxembourg Stock Exchange and in all the German stock exchanges.
- On 13 March 2014, ACS Actividades Finance 2 B.V. (the Dutch subsidiary entirely owned by ACS, Actividades de Construcción y Servicios, S.A.) has reported that, once the accelerated book- building process has been completed, the amount, interest rate, exchange price, and other final conditions have been established for an issue of bonds exchangeable into Iberdrola shares, as follows:
 - The final amount of the issue was EUR 405.6 million.
 - The bonds, which were simultaneously issued, shall come into maturity on 27 March 2019, unless they are exchanged or amortised in advance. The amortisation price on bond maturity will be 100% of the nominal, unless they are exchanged.

CONSOLIDATED FINANCIAL STATEMENTS

- The bonds will bear an annual nominal fixed interest of 1.625% to be paid quarterly in arrears.
 - The bonds will be exchangeable, at the bondholders' choice, for 63,187,412 existing ordinary Iberdrola shares representing approximately 0.9914% of its share capital. Nonetheless, as established in the terms and conditions of the bonds, the issuer may opt, when the bondholders exercise their right of conversion, to deliver the corresponding number of Iberdrola shares, cash, or a combination of both.
 - The exchange price of the bonds is EUR 6.419 for each Iberdrola share, which represents a premium of 32.5% over the weighted average of the listed price of said shares from the announcement of the Issue to the time of its fixing. The company will be entitled, from 17 April 2017 (3 years and 21 days from the closing date) to the option of early amortisation of the bonds simultaneously if the value of the Iberdrola shares exceeds 130% of the exchange price in force for at least 20 trading days in any period of 30 consecutive trading days.
 - Bondholders have an amortisation option in the third year of if a change of control over ACS takes place.
 - Bonds are listed in the non-regulated Freiverkehr market of the Frankfurt Stock Exchange. The listed value at 31 December 2014 was EUR 245,630 thousand.
- In December 2014, the ACS Group made an offer for early exchange of the issues of bonds exchangeable for Iberdrola, S.A. shares, both for the issue by ACS Actividades Finance B.V. of EUR 721,100 thousand and for the issue by ACS Actividades Finance 2 B.V. of EUR 405,600 thousand. As a result of this offer, for the issue performed by ACS Actividades Finance B.V. bonds have been exchanged for the amount of EUR 423,500 thousand, with EUR 297,600 thousand remaining in circulation. This cancellation has led to payment of an incentive whose fixed and variable amount was EUR 55,498 thousand. For the issue performed by ACS Actividades Finance 2 B.V. bonds amounting to EUR 170,300 thousand were exchanged, the amount of the bonds remaining in circulation after the exchange being EUR 235,300 thousand. This cancellation led to payment of an incentive whose fixed and variable amount was EUR 30,741 thousand. For these cancellations, bondholders were given 100,906,096 Iberdrola shares, which has yielded positive net earnings from the incentives for EUR 79,570 thousand, recorded under the heading "Impairment and gains or losses on the disposal of financial instruments" in the consolidated income statement appended.

The main issues at 31 December 2013 were as follows:

- Corporate bond issue launched by Hochtief, A.G on 14 March 2013 for a nominal amount of EUR 750 million maturing in March 2020 and with an annual coupon of 3.875%.
- 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. The listed value at 31 December 2014 amounts to EUR 329,175 thousand, following the aforementioned redemption.

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 27 February 2014, ACS, Actividades de Construcción y Servicios, S.A. formally executed on 20 March 2014 a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which was registered in the Irish Stock Exchange. Santander Global Banking & Markets is the programme implementation coordinator (arranger), the entity 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 is a renewal of the programme issued in March 2013 for a maximum amount of EUR 500 million, in force until 19 March 2014.

At 31 December 2014, the issues outstanding under the aforementioned programmes amounted to EUR 529,820 thousand (EUR 310,194 thousand at 31 December 2013). This programme was renewed for EUR 750 million in March 2015.

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 416,265 thousand (EUR 354,907 thousand at 31 December 2013). In 2010 Leighton issued a bond of USD 350 million with an equivalent value in euros of EUR 291,386 thousand (EUR 251,689 thousand at 31 December 2013). 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 included a bond issued in 2009 amounting to EUR 181,538 thousand at 31 December 2013, with a nominal value of AUD 280 million maturing at five years, and with a fixed coupon of 9.5% which was fully repaid in 2014. In 2008 Leighton Holdings 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 2018, with an

interest rate which varies between 7.19% and 7.66%. The carrying amount of this private placement at 31 December 2014 amounted to EUR 140,698 thousand (EUR 121,760 thousand at 31 December 2013). Finally, the debentures and bonds issued include EUR 34,736 thousand (EUR 91,137 thousand at 31 December 2013) 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 2014 is as follows:

Thousands of euros	Current	Non-current				
	2015	2016	2017	2018	2019 and subsequent years	Total non-current
Debentures and bonds	760,848	619,126	-	561,711	1,747,682	2,928,519

The detail, by maturity, of these debentures and bonds at 31 December 2013 is as follows:

Thousands of euros	Current	Non-current				
	2014	2015	2016	2017	2018 and subsequent years	Total non-current
Debentures and bonds	600,462	131,988	-	600,560	1,887,368	2,619,916

17.02. LOANS AND CREDIT FACILITIES

The detail of the bank borrowings at 31 December 2014 and the repayment schedules are as follows:

Thousands of euros	Current	Non-current				
	2015	2016	2017	2018	2019 and subsequent years	Total non-current
Bank loans in euros	3,909,089	318,353	737,013	45,191	225,046	1,325,603
Foreign currency loans	904,593	118,866	467,057	52,016	280,410	918,349
Finance lease obligations	95,172	116,307	61,815	16,906	19,092	214,120
Total	4,908,854	553,526	1,265,885	114,113	524,548	2,458,072

The detail of the bank borrowings at 31 December 2013 and the repayment schedules are as follows:

Thousands of euros	Current	Non-current				
	2014	2015	2016	2017	2018 and subsequent years	Total non-current
Bank loans in euros	2,588,249	2,429,954	162,478	38,413	208,705	2,839,550
Foreign currency loans	287,330	264,753	14,672	4,481	192,897	476,803
Finance lease obligations	117,359	76,565	93,362	44,555	20,601	235,083
Total	2,992,938	2,771,272	270,512	87,449	422,203	3,551,436

CONSOLIDATED FINANCIAL STATEMENTS

The ACS Group's most significant bank loans are as follows:

- 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 2014 and 2013, the amount arranged totalled EUR 1,430,300 thousand, and became classified as current at 31 December 2014 (see Note 32). On 13 February 2015, ACS, Actividades de Construcción y Servicios, S.A. entered into a financing contract with a syndicate of banks, comprised of forty-three Spanish and foreign entities, for a total amount of EUR 2,350 million, divided into two tranches (loan tranche A amounting to EUR 1,650 million and liquidity facility tranche B amounting to EUR 700 million), maturing on 13 February 2020. Its purpose, in the corresponding amount, is to cancel the currently syndicated loan, signed on 9 February 2012, for a principal amount of EUR 1,430.3 million and three loans granted to finance the acquisition of Hochtief, A.G. shares for a total principal amount currently in force of EUR 694.5 million.
- The long-term financing from the investee Hochtief, A.G. amounted to EUR 619,614 thousand (EUR 708,375 thousand at 31 December 2013). 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 included in 2013 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 which was repaid in advance on 26 May 2014. There was 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 which was also repaid in advance on 26 May 2014. Four loans contracted 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 was also paid on 26 May 2014. 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 2014 and 31 December 2013 were unused. In addition, there are bank loans amounting to EUR 946,146 thousand (EUR 117,981 thousand at 31 December 2013) arising from Leighton Holding.
- Likewise, also noteworthy within the rest of the debt with credit institutions is the long-term 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 30 March 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 2014, amounted to 13,948,778 shares. Of this financing, EUR 140,000 thousand were amortised in 2014. This financing was repaid on 20 February 2015 by the aforementioned financing contract and the aforementioned guarantees were released. In addition, EUR 200,000 thousand maturing in February 2014 through the special-purpose vehicle Equity Share, S.L. with a collateral over the Iberdrola shares were cancelled on maturity and the aforementioned guarantee was released.
- At 8 May 2014 the Group renewed the syndicated loan with Urbaser for EUR 600,00 thousand (EUR 506,300 thousand at 31 December 2013), maturing at 28 May 2017, so it was classified as non-current at 31 December 2014.
- On 30 October 2014, Dragados, S.A. and its subsidiaries Dragados USA, Inc., Dragados Construction USA, Inc., Dragados Canadá Inc., and Dragados Inversiones USA, S.L. signed a syndicated loan agreement for the amount of USD 420 million. The loan is repaid in four biannual payments of equal amount, the first of which is due on 30 April 2018.
- The ACS Group held mortgage loans amounting to EUR 54,559 thousand at 31 December 2014 (EUR 55,739 thousand at 31 December 2013).
- At 31 December 2014 the Group companies had been granted credit facilities with limits of EUR 6,507,855 thousand (EUR 5,531,848 thousand in 2013), of which the amount of EUR 3,355,609 thousand (EUR 3,066,426 thousand at 31 December 2013) were undrawn. These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

At 31 December 2014, the current and non-current bank borrowings in foreign currency amounted to EUR 1,822,942 thousand (EUR 764,133 thousand in 2013), of which EUR 551,776 thousand were in US dollars (EUR 370,684 thousand in 2013), EUR 946,147 thousand were in Australian dollars (EUR 117,981 thousand in 2013) EUR 80,368 thousand were in Canadian dollars (EUR 77,978 thousand in 2013), EUR 81,505 thousand were in Chilean pesos (EUR 74,205 thousand in 2013), EUR 63,946 thousand were in Brazilian reals (EUR 46,837 thousand in 2013), EUR 20,930 thousand were in Moroccan dirham (EUR 20,770 thousand in 2013), EUR 3,998 thousand were in Indian rupee (EUR 6,680 thousand in 2013), EUR 6,533 thousand were in Polish zloty (EUR 11,009 thousand in 2013), EUR 24,655 thousand were in Argentine pesos (EUR 3,311 thousand in 2013), EUR 18,930 thousand were in Colombian pesos (EUR 10,611 thousand in 2013), and EUR 7,440 thousand were in Venezuelan bolivars (EUR 8,056 thousand in 2013).

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 2014 the Group's euro loans and credits bore average annual interest of 3.55% (4.20% in 2013). Foreign currency loans and credits bore average annual interest of 5.87% (5.44% in 2013).

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 2014 and 2013 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 2014, the ACS Group met all ratios required by its financing arrangement.

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 2014 and 2013, were as follows:

2014

Thousands of euros	Within one year	Between two and five years	More than five years	Balance at 31/12/2014
Present value of minimum lease payments	95,172	195,029	19,091	309,292
Unaccrued finance charges	12,079	9,807	2,517	24,403
Total amounts payable under finance leases	107,251	204,836	21,608	333,695

2013

Thousands of euros	Within one year	Between two and five years	More than five years	Balance at 31/12/2013
Present value of minimum lease payments	117,359	214,483	20,600	352,442
Unaccrued finance charges	15,041	14,711	2,885	32,637
Total amounts payable under finance leases	132,400	229,194	23,485	385,079

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

CONSOLIDATED FINANCIAL STATEMENTS

at the contract date. All leases are on a fixed repayment basis. The contingent rental payments were not material at 31 December 2014 or at 31 December 2013. 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. PROJECT FINANCE WITH LIMITED RECOURSE

"Project finance with 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., repaid on 20 February 2015, 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 2014, is as follows:

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

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

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

The detail, by maturity, of non-current financing at 31 December 2014 and 2013 is as follows:

Thousands of euros	Maturity in				Total
	2016	2017	2018	2019 and subsequent years	
Balance at 31 December 2014	36,776	44,382	28,441	381,709	491,308

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

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. In 2014, the Group has amortise EUR 182,000 thousand from this financing.

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, 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 16 thousand at 31 December 2014 (EUR 359 thousand at 31 December 2013). 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).

This financing was repaid on 20 February 2015 (see Note 32) through the renewal of the syndicated loan mentioned in the foregoing paragraphs and consequently the existing guarantees and the aforementioned coverage ratios over the Hochtief shares were released.

Project financing

Project financing most notably includes that from Hochtief, A.G. 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. Year-on-year reduction is a consequence of the sale of certain real estate companies by Hochtief. At 31 December 2014, this financing maintains collaterals by Hochtief, A.G. for the amount of EUR 1,633 thousand, with capital and subordinated debt pending disbursement on said date of EUR 19,147 thousand and contingent contribution amounting to EUR 9,769 thousand.

At 31 December 2014, other project financing most notably included that relating to Urbaser Limited, for the amount of EUR 153,831 thousand at 31 December 2014 (EUR 102,973 thousand at 31 December 2013). 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). At 31 December 2014, bank guarantees relating to this financing were provided for the amount of EUR 20,143 thousand.

CONSOLIDATED FINANCIAL STATEMENTS

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 5.59% in 2014 and 5.32% in 2013.

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 2014. With the exception of that specifically mentioned in the foregoing paragraphs in connection to each of the most relevant financings, at 31 December 2014 the guarantees given as collateral amounted to EUR 14,992 thousand, and amounts pending contribution were EUR 39,579 thousand as capital and EUR 58,393 thousand in the form of subordinated debt.

In 2014 and 2013 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 31/12/2014		Balance at 31/12/2013 (*)	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	52,343	5,949	73,934	6,587
Payable to associates	36,020	35,072	19,485	35,673
Other	124,639	1,397	110,889	6,139
Total	213,002	42,418	204,308	48,399

(*) Data restated

At 31 December 2014, "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 2014 were as follows:

Thousands of euros

Non-current	Provision for pensions and similar obligations	Provision for taxes	Provision for third-party liability	Provisions for actions on infrastructure	Total
Balance at 31 December 2013 (*)	427,179	13,932	1,331,903	21,795	1,794,809
Additions or charges for the year	44,937	164	114,332	2,026	161,459
Reversals and amounts used	(42,499)	(3,257)	(297,965)	(15,000)	(358,721)
Increases due to the passing of time and the effect of exchange rates on discount rates	140,855	-	26	-	140,881
Exchange differences	23,938	-	21,499	-	45,437
Changes in the scope of consolidation	(28,364)	494	7,514	-	(20,356)
Balance at 31 December 2014	566,046	11,333	1,177,309	8,821	1,763,509

(*) Data restated

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 at 31 December 2014 to EUR 12,750 thousand (EUR 14,417 thousand at 31 December 2013) and EUR 186,607 thousand (EUR 191,761 thousand at 31 December 2013), respectively. The actuarial assumptions used in 2014 and 2013 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

CONSOLIDATED FINANCIAL STATEMENTS

The interest rates applied since the pension obligations were externalised ranged from a maximum of 5.93% to a minimum 1.70%. The interest rate applied was 1.70% in 2014 and 3.66% in 2013.

The aforementioned amounts relating to pension obligations recognised under "Staff costs" in the consolidated income statement for 2014, gave rise to expenditure of EUR 34 thousand in 2014 (income of EUR 113 thousand in 2013). 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 2014 of EUR 3,769 thousand and was recognised under "Staff costs" in the consolidated statement of financial position. In 2013 the contribution in this connection amounted to EUR 3,669 thousand. The portion relating to the Parent's directors who performed executive duties in 2014 amounted to EUR 1,798 thousand (EUR 1,805 thousand in 2013) (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 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. 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 and ranges from 3.50% down to 1.75% annual. 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.

Defined benefit obligations in the Hochtief Group were made up as follows as of 31 December 2014:

Thousands of euros	Germany	USA	UK
Active Members	144,137	87,107	11,212
Final salary	(19,613)	-	(11,212)
Not final salary	(124,524)	(87,107)	-
Vested benefits	171,419	44,594	15,110
Current benefits payments	521,605	100,762	15,069
Similar obligations	91	48,827	-
Total	837,252	281,290	41,391
Duration in years (weighted)	14.8	8.3	20.0

Defined benefit obligations in the Hochtief Group were made up as follows as of 31 December 2013:

Thousands of euros	Germany	USA	UK
Active Members	131,025	76,456	8,495
Final salary	(16,973)	-	(8,495)
Not final salary	(114,052)	(76,456)	-
Vested benefits	129,228	48,555	12,012
Current benefits payments	459,716	77,728	12,943
Similar obligations	82	38,909	-
Total	720,051	241,648	33,450
Duration in years (weighted)	13.1	8.1	22.0

Plan assets

There are no statutory or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are entirely funded. The funded plans take the form of a contractual trust arrangement (CTA).

CONSOLIDATED FINANCIAL STATEMENTS

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 2014 is about 60% (71% at 31 December 2013); the figure for Germany as a whole is about 64% (75% at 31 December 2013). 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 2014 is about 91% (96% at 31 December 2013); funding at Turner overall is about 75% (80% at 31 December 2013). 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 81% (86% at 31 December 2013).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

Thousands of euros	31/12/2014		31/12/2013	
	Defined benefit obligation	Plan assets	Defined benefit obligation	Plan assets
Uncovered by plan assets	50,159	-	44,707	-
Partially covered by plan assets	1,039,671	711,133	894,256	696,492
Incompletely covered by plan assets	1,089,830	711,133	938,963	696,492
Fully covered by plan assets	70,103	71,559	56,186	66,482
Total	1,159,933	782,692	995,149	762,974

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:

Percent	2014			2013		
	Germany	USA	UK	Germany	USA	UK
Discount factor *	2.00	3.85	4.00	3.50	4.65	4.60
Salary increases	3.00	-	2.15	3.25	-	2.20
Pension increases *	1.75	-	4.48	2.00	-	4.52
Health cost increases	-	5.00	-	-	5.00	-

(*) Weighted average

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-2014 floorless Mortality Tables classified by rentiers/non-rentiers with a generational improvement using the MP-2014 scale published by the Society of Actuaries (SOA); Hochtief UK uses the S2PxA CMI_2013 year of birth mortality tables with (1.25%) men and (1.00%) women.

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	2014			2013		
	Germany	Other countries	Total	Germany	Other countries	Total
Defined benefit obligations at start of year	720,051	275,098	995,149	817,209	279,475	1,096,684
Current service cost	6,667	1,652	8,319	9,841	2,089	11,930
Past service cost	1,515	-	1,515	813	-	813
Gain on settlements	-	(1,158)	(1,158)	-	-	-
Interest expense	24,304	12,942	37,246	27,032	10,642	37,674
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	-	7,379	7,379	-	3,963	3,963
Actuarial gains / (losses) arising from changes in financial assumptions	139,474	22,692	162,166	265	(26,806)	(26,541)
Actuarial gains / (losses) arising from changes in experience adjustments	1,543	(2,336)	(793)	3,882	131	4,013
Benefits paid from Company assets	(482)	(1,794)	(2,276)	(594)	(2,103)	(2,697)
Benefits paid from fund assets	(37,539)	(18,800)	(56,339)	(36,721)	(13,030)	(49,751)
Settlements paid from fund assets	-	(9,096)	(9,096)	-	-	-
Employee contributions	-	187	187	842	189	1,031
Effect of transfers	(2,041)	-	(2,041)	(120)	-	(120)
Consolidation changes	(16,240)	-	(16,240)	(102,398)	31,069	(71,329)
Currency adjustments	-	35,915	35,915	-	(10,521)	(10,521)
Defined benefit obligation at end of year	837,252	322,681	1,159,933	720,051	275,098	995,149

CONSOLIDATED FINANCIAL STATEMENTS

Changes in the market value of plan assets

Thousands of euros	2014			2013		
	Germany	Other countries	Total	Germany	Other countries	Total
Plan assets at start of year	540,833	222,141	762,974	602,115	191,612	793,727
Interest on plan assets	18,832	10,266	29,098	20,471	7,374	27,845
Plan expenses paid from plan assets recognized in profit or loss	-	(944)	(944)	-	(927)	(927)
Remeasurements						
Return on plan assets not included in net interest expense/income	11,761	12,629	24,390	(4,279)	17,840	13,561
Difference between plan expenses expected and recognized in profit or loss	-	-	-	-	(11)	(11)
Employer contributions	15,548	743	16,291	48,046	717	48,763
Employee contributions	-	187	187	842	189	1,031
Effect of transfers	(1,328)	-	(1,328)	(8)	-	(8)
Benefits paid	(37,539)	(18,800)	(56,339)	(36,721)	(13,030)	(49,751)
Settlements paid	-	(9,096)	(9,096)	-	-	-
Consolidation changes	(10,249)	-	(10,249)	(89,633)	26,490	(63,143)
Currency adjustments	-	27,708	27,708	-	(8,113)	(8,113)
Plan assets at end of year	537,858	244,834	782,692	540,833	222,141	762,974

Investing plan assets to cover future pension obligations generated actual returns of EUR 53,488 thousand in 2014 (EUR 41,406 thousand in 2013).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

Thousands of euros	31/12/2014	31/12/2013
Defined benefit obligations	1,159,933	995,149
Less plan assets	782,692	762,974
Funding status	377,241	232,175
Adjustments arising from limit in IAS 19.58	-	-
Assets from overfunded pension plans	1,456	10,296
Provision for pensions and similar obligations	378,697	242,471

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets 31 December 2014:

Thousands of euros	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Equities				
U.S. equities	40,599	-	40,599	5.19
European equities	78,110	18,616	96,726	12.36
Emerging market equities	52,960	-	52,960	6.77
Other equities	15,422	-	15,422	1.97
Bonds				
U.S. government bonds	-	-	-	-
European government bonds	123,453	-	123,453	15.77
Emerging market government bonds	39,022	-	39,022	4.99
Corporate bonds	190,253	12,361	202,614	25.89
Other bonds	-	-	-	-
Investment funds	45,148	-	45,148	5.77
Real estate	-	31,573	31,573	4.03
Insurance policies	-	78,834	78,834	10.07
Commodities	32,362	-	32,362	4.13
Cash	18,880	-	18,880	2.41
Other	-	5,099	5,099	0.65
Total	636,209	146,483	782,692	100.00

Composition of plan assets at 31 December 2013:

Thousands of euros	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Equities				
U.S. equities	46,595	-	46,595	6.11
European equities	88,720	18,616	107,336	14.07
Emerging market equities	48,679	-	48,679	6.38
Other equities	16,231	-	16,231	2.13
Bonds				
U.S. government bonds	-	-	-	-
European government bonds	118,979	-	118,979	15.59
Emerging market government bonds	39,442	-	39,442	5.17
Corporate bonds	169,035	11,822	180,857	23.70
Other bonds	-	-	-	-
Investment funds	43,505	-	43,505	5.70
Real estate	-	33,391	33,391	4.38
Insurance policies	-	73,792	73,792	9.67
Commodities	38,342	-	38,342	5.03
Cash	15,606	-	15,606	2.04
Other	115	104	219	0.03
Total	625,249	137,725	762,974	100.00

CONSOLIDATED FINANCIAL STATEMENTS

As of 31 December 2014, anticipated pension payments for future years are as follows:

Thousands of euros

Due in 2015	59,060
Due in 2016	59,523
Due in 2017	59,927
Due in 2018	60,606
Due in 2019	60,122
Due in 2020 to 2024	291,771

Pension expense under defined benefit plans is made up as follows:

Thousands of euros	2014			2013		
	Germany	Other countries	Total	Germany	Other countries	Total
Current service cost	6,667	1,652	8,319	9,841	2,089	11,930
Past service cost	1,515	-	1,515	813	-	813
Gain on settlements	-	(1,158)	(1,158)	-	-	-
Total personnel expense	8,182	494	8,676	10,654	2,089	12,743
Interest expense for accrued benefit obligations	24,304	12,942	37,246	27,032	10,642	37,674
Return on plan assets	(18,832)	(10,266)	(29,098)	(20,471)	(7,374)	(27,845)
Net interest expense / income (net investment and interest income)	5,472	2,676	8,148	6,561	3,268	9,829
Plan expenses paid from plan assets recognized in profit or loss	-	944	944	-	927	927
Total amount recognized in profit or loss	13,654	4,114	17,768	17,215	6,284	23,499

In addition to the expenses recognized in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 157,772 thousand in actuarial gains recognised in 2014 before deferred taxes and after consolidation changes and exchange rate adjustments (EUR 62,585 thousand in actuarial gains recognized in 2013). Before deferred taxes, the cumulative amount of actuarial losses is EUR 471,587 thousand (EUR 313,815 thousand in 2013).

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 2014 came to EUR 48,827 thousand (EUR 38,909 thousand at 31 December 2013). Healthcare costs accounted for EUR 1,416 thousand (EUR 1,838 thousand at 31 December 2013) of the current service cost and EUR 2,004 thousand (EUR 1,614 thousand at 31 December 2013) 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, A.G. 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% annual., 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, A.G. 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	31/12/2014					
	Germany		Other countries		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(56,560)	64,496	(15,332)	16,767	(71,892)	81,263
Discount rate +1,00% / -1,00%	(106,949)	137,612	(29,511)	35,329	(136,460)	172,941
Salary increases +0,50% / -0,50%	329	(315)	514	(478)	843	(793)
Pension increases +0,25% / -0,25%	21,016	(21,500)	1,081	(1,121)	22,097	(22,621)
Medical costs +1,00% / -1,00%	-	-	73	(67)	73	(67)
Life expectancy +1 año	36,406	n/a	6,575	n/a	42,981	n/a

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 año	28,164	n/a	5,605	n/a	33,769	n/a

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. 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 2014 Leighton has paid 9.50% (previously 9.25%) 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 2025. 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.

CONSOLIDATED FINANCIAL STATEMENTS

In relation to Hochtief, EUR 182,071 thousand was paid into defined contribution plans in 2014 (EUR 201,972 thousand in 2013), mostly in the Leighton Group EUR 148,689 thousand (EUR 169,061 thousand in 2013) and the Turner Group EUR 30,731 thousand (EUR 29,572 in 2013). An additional EUR 66,366 thousand was paid into state pension schemes in 2014 (EUR 86,617 thousand in 2013). Costs of defined contribution plans are reported as part of personnel expenses.

In addition to the aforementioned contributions to pension plans, Hochtief has made long term provisions for EUR 180,911 thousand (EUR 332,517 thousand at 31 December 2013) which are fundamentally due to provisions for stock options, awards for seniority, early retirement agreements and similar.

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.

Regarding litigation, the claim relative to Alazor Inversiones, S.A. (Alazor) should be pointed out. Alazor is the single shareholder of Accesos de Madrid, C.E.S.A., the awardee of the concessionaries Radial 3 and Radial 5 (R3 and R5). In February 2014, a notice of guarantee enforcement towards ACS, Actividades de Construcción y Servicios, S.A. amounting to EUR 73,350 thousand (including both the principal and the interest), which has been consigned, although claims remain open which the Company foresees will be settled in a favourable manner for the Company.

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 2014, the breakdown of provisions for third-party liabilities, by line of business, is as follows:

Line of Business	Thousands of euros
Construction	505,158
Industrial Services	162,087
Environment	193,468
Corporate unit	316,596
Total	1,177,309

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at 31 December 2014 amounting to EUR 268,995 thousand (EUR 321,396 thousand at 31 December 2013) 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 2014 cover the risks associated with international activity and related to the contingent liabilities indicated in Note 36.

The changes in current provisions in 2014 were as follows:

Thousands of euros				
Current	Provision for termination benefits	Provision for contract work completion	Operating allowance	Total
Balance at 31 December 2013 (*)	10,817	69,866	1,026,992	1,107,675
Additions or charges for the year	17,916	7,796	1,146,184	1,171,896
Amounts used	(7,773)	(15,018)	(697,466)	(720,257)
Reversals	(2,254)	(9,087)	(84,813)	(96,154)
Exchange differences	(112)	(26)	37,934	37,796
Changes in the scope of consolidation	707	208	(159,651)	(158,736)
Balance at 31 December 2014	19,301	53,739	1,269,180	1,342,220

(*) Data restated

CONSOLIDATED FINANCIAL STATEMENTS

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.

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	(8,709)	83,129
2014	-50	8,709	(83,129)
	50	(2,517)	114,643
2013	-50	2,517	(114,643)

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 before taxes:

Thousands of euros		2014		2013	
Functional currency	Currency	5%	-5%	5%	-5%
AUD	USD	-56.2	56.2	6.8	-6.8
EUR	USD	15.9	-15.9	14.7	-15.9
EUR	MXN	4.0	-4.0	0.3	-0.3
EUR	GBP	2.7	-2.7	1.7	-1.7
QAR	EUR	-2.4	2.4	3.1	-3.1
EUR	PLN	1.9	-1.9	2.4	-2.4

Effect on equity before tax:

Thousands of euros		2014		2013	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	33.0	-33.0	29.0	-29.0
EUR	PEN	10.4	-10.4	3.7	-3.7
EUR	MXN	9.1	-9.1	0.6	-0.6
EUR	BRL	8.2	-8.2	7.6	-7.6
EUR	DZD	7.4	-7.4	7.1	-7.1

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 31/12/2014
At 31 December 2014								
Marketable securities (portfolio of short- and long-term investments)	97,905	-	-	17,007	31	-	20,574	135,517
Loans to associates	11,827	-	-	2,169	-	492,609	487	507,092
Other loans	69,826	-	-	12,498	907	22,558	2,685	108,474
Bank borrowings (non-current)	275,968	515	-	36,963	93,347	1,235,438	132,266	1,774,497
Bank borrowings (current)	97,133	44,381	14,390	67,071	32,899	784,505	87,239	1,127,618

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

CONSOLIDATED FINANCIAL STATEMENTS

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 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 2014, certain transactions were carried out which significantly reduced the liquidity risk of the ACS Group. Noteworthy were the following:

- The renewal in February 2015 of the syndicated loan of ACS, Actividades de Construcción y Servicios, S.A. for EUR 2,350 million until 2020, insuring the existing syndicated financing of the syndicated loan as well as repayment of the bank financing of the ownership interest in Hochtief through Cariátide and Major Assets.
- The issue of an Iberdrola exchangeable bond exchangeable amounting to EUR 405.6 million maturing on 27 March 2019.
- The issue of a bond with no credit rating by Hochtief for EUR 500 million, maturing in May 2019.
- The renewal of the issue of the Euro Commercial Paper (ECP) programme for EUR 750 million.
- The Urbaser syndicated loan for EUR 600 million until 2017.
- The combined credit line and guarantee for EUR 2,000,000 thousand (the tranche pertaining to guarantees amounts to EUR 1,500,000 thousand and the cash tranche is EUR 500,000 thousand) which Hochtief, A.G. had with an international syndicate of banks at 31 December 2013 and which had a five-year term until 13 December 2016, was extended on maturity to April 2019, and its conditions were improved to current market levels, thus becoming much more favourable for Hochtief.
- The cancellation of bonds exchangeable for Iberdrola shares amounting to EUR 593.8 million.
- The strengthening of the financial situations by the sale of the John Holland business and Thiess Services & Leighton Contractors businesses ("Services") as well as the floating of Saeta Yield in February 2015.

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 on 29 May 2014 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 Hochtief 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.

The status of defaulting clients that are not impaired at 31 December 2014 and 2013 is detailed below:

Thousands of euros		31/12/2014		
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	94,961	146,019	204,573	445,554
State	7,923	61,530	42,293	111,746
Autonomous Communities	21,513	13,371	29,295	64,179
Municipalities	53,721	37,247	103,489	194,457
Autonomous organizations and Government Companies	11,804	33,871	29,497	75,171
Private Sector	199,108	131,473	190,859	521,440
Total	294,069	277,492	395,432	966,993

Thousands of euros		31/12/2013		
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	52,024	57,000	173,283	282,307
State	2,584	630	1,515	4,729
Autonomous Communities	4,097	5,641	51,948	61,686
Municipalities	33,702	43,349	96,741	173,792
Autonomous organizations and Government Companies	11,641	7,380	23,079	42,100
Private Sector	164,030	74,962	140,565	379,557
Total	216,054	131,962	313,848	661,864

It is the opinion of the Directors that the foregoing matured balances, particularly those related to public bodies, over which interest accrual rights exist, would not entail significant losses for the Group.

CONSOLIDATED FINANCIAL STATEMENTS

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, Actividades de Construcción y Servicios, S.A. 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 Hochtief, A.G. and Iberdrola, S.A. itself, during the exposure to this risk with Iberdrola, S.A. 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 loans from Cariátide, S.A. y Major Assets, S.L. After year end the bank refinancing of Hochtief's ownership interest through Cariátide, S.A. and Major Assets, S.L. was repaid, cancelling the existing guarantees.

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

The Group's directors consider that the gearing ratio at 31 December 2014 and 2013 was adequate, the detail being as follows:

Thousands of euros	31/12/2014	31/12/2013 (*)
Net recourse debt including receivables from the sale of discontinued operations	2,739,596	2,553,925
Non-current bank borrowings	2,458,072	3,551,436
Current bank borrowings	4,908,855	2,992,937
Issue of bonds and debentures	3,689,366	3,220,378
Other financial liabilities	255,420	252,707
Long term deposits, other current financial assets and cash	(7,464,005)	(7,463,533)
Receivables from the sale of discontinued operations	(1,108,112)	-
Project financing	982,697	1,257,140
Equity	4,897,888	5,488,908
Leverage (including receivables from the sale of discontinued operations)	76%	69%
Leverage to net recourse debt including receivables from the sale of discontinued operations	56%	47%

(*) Data restated

At 31 December 2014, the heading "Receivables from sale of discontinued operations" included the value of the disinvestment pending collection as a result of the sale of John Holland and Leighton's Services business, amounting to EUR 1,108,112 thousand.

Estimate of fair value

The breakdown at 31 December 2014 and 2013 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 31/012/2014	Level 1	Level 2	Level 3
Assets	1,886,405	1,157,325	607,667	121,413
Equity instruments	860,832	584,990	154,429	121,413
Debt securities	985,149	572,335	412,814	-
Financial instrument receivables				
Non-current	6,414	-	6,414	-
Current	34,010	-	34,010	-
Liabilities	275,016	-	275,016	-
Financial instrument receivables				
Non-current	196,758	-	196,758	-
Current	78,258	-	78,258	-

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

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.

CONSOLIDATED FINANCIAL STATEMENTS

- 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.

La variación de instrumentos financieros recogidos en la jerarquía de Nivel 3 durante el ejercicio 2014 es la siguiente:

Thousands of euros	01/01/2014	Comprehensive income	Transfer Level 2	Others	31/12/2014
Assets - Equity instruments	59,098	6,508	46,723	9,084	121,413
Liabilities - Financial instrument receivables	5,945	-	-	(5,945)	-

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy in 2014 and 2013. Transfers of derivatives valued at fair value between Level 2 and Level 3 for EUR 46,723 thousand correspond mainly to shares in Central Greece Motorway Concession, S.A. and Nea Odos Concession, S.A. which ceased to be consolidated in December 2013.

The increase 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.

Following is the detail, by maturity, of the notional amounts of the aforementioned hedging instruments at 31 December 2014 and 2013, based on the nature of the contracts:

2014

Thousands of euros	Notional value	2015	2016	2017	2018	2019	Subsequent years	Net fair value
Interest rate	1,958,166	83,877	818,865	20,691	397,884	-	636,849	(97,191)
Exchange rate	929,564	483,284	232,725	3,555	210,000	-	-	(7,620)
Price	-	-	-	-	-	-	-	-
Non-qualified hedges	2,190,746	118,926	1,538,920	-	-	297,600	235,300	(129,781)
TOTAL	5,078,476	686,087	2,590,510	24,246	607,884	297,600	872,149	(234,592)

2013

Thousands of euros	Notional value	2014	2015	2016	2017	2018	Subsequent years	Net fair value
Interest rate	3,216,078	1,505,877	973,392	112,832	31,327	-	592,650	(71,608)
Exchange rate	591,351	516,104	48,410	26,837	-	-	-	4,633
Price	-	-	-	-	-	-	-	-
Non-qualified hedges	4,643,996	644,337	3,278,549	-	-	721,110	-	(448,772)
TOTAL	8,451,425	2,666,318	4,300,351	139,669	31,327	721,110	592,650	(515,747)

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2014 was as follows:

Thousands of euros	Notional value	2015	2016	2017	2018	2019	Subsequent years
Interest rate	1,541,940	2,819	-	-	-	-	1,539,121

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	2014	2015	2016	2017	2018	Subsequent years
Interest rate	2,099,781	2,819	-	-	198,741	-	1,898,221

The following table shows the fair value of the hedging instruments based on the nature of the contract, at 31 December 2014 and 2013 (in thousands of euros):

Thousands of euros	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate				
Cash flows	-	97,191	5,002	76,610
Non-efficient	-	-	-	-
Exchange rate	1,880	9,500	10,645	6,012
Price	-	-	-	-
Non-qualified hedges	38,544	168,325	37,026	485,798
TOTAL	40,424	275,016	52,673	568,420

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 2014 and 31 December 2013 (see Notes 17 and 18).

CONSOLIDATED FINANCIAL STATEMENTS

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 768,000 thousand were arranged maturing in July 2015.
- The syndicated financing of the Urbaser Group is hedged by interest rate swaps amounting to EUR 600,000 thousand, which mature on 28 May 2017.
- The volume of interest rate hedging derivatives related to the financing of Hochtief, A.G. amounted to EUR 16,306 thousand (EUR 444,432 thousand at 31 December 2013). The decrease is due to early maturity of the financing as described in Note 17.

Noteworthy are the following hedges in relation to limited recourse project and debt financing:

- 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.

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 562,980 thousand, which mature between 2015 and 2017.

In the case of Industrial Services, the most significant derivatives relate to exchange rate hedges for foreign projects for a nominal amount of EUR 89,607 thousand in 2014, which mature in 2015 (EUR 58,839 thousand in 2013, which mature in 2014).

Price hedges

There were no price hedges in 2014 and 2013.

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.

With regard to liabilities related to financial instruments the most significant at 31 December 2014 and 31 December 2013 relates to the fair value of the equity swap on Iberdrola, S.A. shares (see Note 10.01). The fair value thereof at 31 December 2014 amounted to EUR 62,537 thousand (EUR 217,466 thousand at 31 December 2013). 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 32,599 thousand (EUR 57,458 thousand at 31 December 2013). The financial institution acquired these shares on the market for delivery to management who are beneficiaries of this Plan in accordance with the conditions included therein, at the exercise price of the option. The changes in fair value of these instruments is included under "Changes in the 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 2014 and 31 December 2013, the ACS Group held other derivatives that did not qualify for hedge accounting, which included the measurement at fair value of the financial instruments that are settled by differences and whose negative market value amounted to EUR 31,021 thousand (EUR 55,879 thousand at 31 December 2013), as well as the put spread over 452,568,115 Iberdrola shares (595,601,946 shares at 31 December 2013). Market valuation at year end does not entail the recording of liabilities, while at 31 December 2013, it entailed EUR 62,896 thousand. The amounts provided as collateral relating to the derivatives arranged by the Group mentioned above amounted to EUR 538,498 thousand at 31 December 2014 (EUR 554,337 thousand at 31 December 2013) and were included under "Long term cash collateral deposits" in the accompanying consolidated statement of financial position. These amounts are remunerated at market rates. The short-term portion is indicated in Note 10.05 for the amount of EUR 139,812 thousand.

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 extended an additional year, and that were settled in 2013.

With regard to this objective, in 2013 the Group settled the transaction in the second half of 2013, with a profit of EUR 58,400 thousand (see Note 28.05). Only a limited risk was maintained at 31 December 2014, as well as for 31 December 2013, 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.

With regard to the issues of bonds exchangeable into Iberdrola shares amounting to EUR 532,900 thousand (see Note 17), of particular note is the existence of derivatives implicit in the financing whose fair value at 31 December amounts to EUR 38,654 thousand (EUR 49,714 thousand at 31 December 2013), recorded under "Long term derivative financial instrument" in the consolidated income statement appended.

The Group has recognised both its own credit risk and that of the counterparty based on each derivative, for all derivative instruments measured at fair value through profit or loss, in accordance with the new IFRS 13 that entered into force on 1 January 2013.

CONSOLIDATED FINANCIAL STATEMENTS

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 1,922,787 thousand in 2014 (EUR 1,052,632 thousand in 2013) (see Note 12), and the amount of the work certified in advance was EUR 744,411 thousand in 2014 (EUR 836,319 thousand in 2013).

Disclosures on deferred payments to suppliers Additional Provision Three.

In relation to the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (pursuant to the new text of final provision two of law 31/2014 on the reform of the Spanish Companies Law), there were balances payable to suppliers that were past due by more than the legal maximum payment period at 31 December 2014 amounting to EUR 270,888 thousand (EUR 187,832 thousand at 31 December 2013).

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 2014 and 2013. 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:

	2014		2013	
	Thousands of euros	%	Thousands of euros	%
With maximum legal period	2,821,854	76%	4,176,636	79%
Other	890,563	24%	1,143,761	21%
Total	3,712,417	100%	5,320,397	100%
Weighted average period past due (PMPE)	128 days		93 days	
Deferrals exceeding maximum legal limit at 31 December	270,888		187,832	

PMPE is understood to be the "Weighted average period past due" of payments, 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 "Other current liabilities" at 31 December 2014 and 2013 are as follows:

Thousands of euros	Balance at 31/12/2014	Balance at 31/12/2013 (*)
Advance payments received	60,618	33,481
Payable to non-current asset suppliers	16,905	44,863
Interim dividend payable (Note 15.05)	141,599	141,425
Deposits and guarantees received	4,272	2,105
Other	187,670	333,975
Total	411,064	555,849

(*) Data restated

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.

25.01.01. PRIMARY SEGMENTS - BUSINESS SEGMENTS

The business segments used to manage the ACS Group are as follows:

- **Construction.** This segment includes the activities carried on mainly by Dragados, Hochtief, A.G. and Iridium, which are focused on the construction of civil works, residential and non-residential buildings, concession activity (mainly transport infrastructures), mining and real estate.
- **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.

CONSOLIDATED FINANCIAL STATEMENTS

25.02.01. INCOME STATEMENT BY BUSINESS SEGMENT: 2014

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
Revenue	25,819,562	2,338,219	6,750,015	(26,936)	34,880,860
Changes in inventories of finished goods and work in progress	(28,198)	15,423	390	-	(12,385)
Capitalised expenses of in-house work on assets	1,838	10,214	26,397	-	38,449
Procurements	(18,159,556)	(572,261)	(3,836,816)	30,545	(22,538,088)
Other operating income	508,879	75,528	71,772	(33,439)	622,740
Staff costs	(5,141,884)	(1,259,914)	(1,327,238)	(32,358)	(7,761,394)
Other operating expenses	(1,674,514)	(332,598)	(819,340)	11,600	(2,814,852)
Depreciation and amortisation charge	(622,679)	(144,609)	(55,748)	(969)	(824,005)
Allocation of grants relating to non-financial assets and other	899	4,544	1,046	1	6,490
Impairment and gains or losses on the disposal of non-current assets	5,471	1,504	(10,900)	25	(3,900)
Other profit or loss	(567,228)	(7,348)	(59,111)	(587)	(634,274)
Operating income	142,590	128,702	740,467	(52,118)	959,641
Finance income	168,825	44,168	110,781	29,839	353,613
Finance costs	(462,171)	(97,845)	(255,848)	(220,143)	(1,036,007)
Changes in the fair value of financial instruments	6,226	-	(59,910)	287,234	233,550
Exchange differences	(765)	(2,818)	(20,303)	30	(23,856)
Impairment and gains or losses on the disposal of financial instruments	2,006	3,524	(6,949)	164,860	163,441
Financial result	(285,879)	(52,971)	(232,229)	261,820	(309,259)
Results of companies accounted for using the equity method	106,069	18,950	6,805	-	131,824
Profit before tax	(37,220)	94,681	515,043	209,702	782,206
Income tax	11,170	(14,510)	(108,088)	(207,163)	(318,591)
Profit for the period from continuing operations	(26,050)	80,171	406,955	2,539	463,615
Profit after tax from discontinued operations	464,115	-	-	-	464,115
Profit for the period	438,065	80,171	406,955	2,539	927,730
Profit attributed to non-controlling interests	54,325	(8,435)	12,776	-	58,666
Profit from discontinued operations attributed to non-controlling interests	(269,306)	-	-	-	(269,306)
Profit attributable to the parent	223,084	71,736	419,731	2,539	717,090

25.02.02. INCOME STATEMENT BY BUSINESS SEGMENT: 2013

Thousands of euros (*)	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
Revenue	26,364,700	1,781,206	7,067,065	(35,020)	35,177,951
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	(17,947,482)	(509,197)	(4,268,542)	30,746	(22,694,475)
Other operating income	455,151	58,709	53,994	2,997	570,851
Staff costs	(5,523,411)	(778,596)	(1,269,080)	(26,900)	(7,597,987)
Other operating expenses	(1,689,527)	(297,476)	(648,526)	(8,964)	(2,644,493)
Depreciation and amortisation charge	(946,109)	(141,388)	(55,884)	(1,170)	(1,144,551)
Allocation of grants relating to non-financial assets and other	194	3,342	1,478	-	5,014
Impairment and gains or losses on the disposal of non-current assets	12,161	(469)	(210,933)	1	(199,240)
Other profit or loss	(92,797)	1,802	192,439	(3,013)	98,431
Operating income	593,820	124,306	862,133	(41,324)	1,538,935
Finance income	191,157	38,068	100,336	32,779	362,340
Finance costs	(512,197)	(96,729)	(256,190)	(256,879)	(1,121,995)
Changes in the fair value of financial instruments	3,473	-	478	551,344	555,295
Exchange differences	5,850	(2,967)	(26,260)	(12)	(23,389)
Impairment and gains or losses on the disposal of financial instruments	406,102	(3,755)	(14,379)	(286,542)	101,426
Financial result	94,385	(65,383)	(196,015)	40,690	(126,323)
Results of companies accounted for using the equity method	74,005	18,819	3,110	-	95,934
Profit before tax	762,210	77,742	669,228	(634)	1,508,546
Income tax	(248,558)	(13,682)	(200,665)	38,034	(424,871)
Profit for the period from continuing operations	513,652	64,060	468,563	37,400	1,083,675
Profit after tax from discontinued operations	163,250	-	-	-	163,250
Profit for the period	676,902	64,060	468,563	37,400	1,246,925
Profit attributed to non-controlling interests	(373,633)	(6,394)	(50,978)	-	(431,005)
Profit from discontinued operations attributed to non-controlling interests	(114,379)	-	-	-	(114,379)
Profit attributable to the parent	188,890	57,666	417,585	37,400	701,541

(*) Data restated

CONSOLIDATED FINANCIAL STATEMENTS

25.02.03. STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT: 2014

ASSETS

Miles de euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
NON-CURRENT ASSETS	8,701,209	2,474,324	863,017	1,962,326	14,000,876
Intangible assets	3,454,797	774,634	115,031	275,661	4,620,123
Goodwill	2,303,481	238,739	76,888	275,114	2,894,222
Other intangible assets	1,151,316	535,895	38,143	547	1,725,901
Tangible assets-property, plant and equipment / Property investments	1,795,164	600,692	159,073	7,206	2,562,135
Non-current assets in projects	221,820	437,854	93,468	1	753,143
Non-current financial assets	2,177,084	536,861	361,780	787,416	3,863,141
Other current assets	1,052,344	124,283	133,665	892,042	2,202,334
CURRENT ASSETS	14,227,569	1,821,761	9,726,824	(456,295)	25,319,859
Inventories	1,266,664	63,855	192,510	(674)	1,522,355
Trade and other receivables	7,983,660	902,902	3,845,141	(12,374)	12,719,329
Other current financial assets	1,342,527	631,637	393,963	(475,441)	1,892,686
Derivative financial instruments	5,266	-	-	28,744	34,010
Other current assets	101,283	9,249	50,080	1,594	162,206
Cash and cash equivalents	3,350,280	214,118	1,600,885	1,856	5,167,139
Non-current assets held for sale and discontinued operations	177,889	-	3,644,245	-	3,822,134
TOTAL ASSETS	22,928,778	4,296,085	10,589,841	1,506,031	39,320,735

EQUITY AND LIABILITIES

Thousands of euros	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	4,923,546	1,305,353	822,910	(2,153,921)	4,897,888
Equity attributed to the Parent	3,181,912	1,236,640	768,713	(2,153,753)	3,033,512
Non-controlling interests	1,741,634	68,713	54,197	(168)	1,864,376
NON-CURRENT LIABILITIES	5,979,920	1,568,597	891,016	1,095,420	9,534,953
Grants	1,538	56,531	1,677	(1)	59,745
Non-current financial liabilities	3,789,639	1,150,590	559,880	590,792	6,090,901
Bank borrowings, debt instruments and other marketable securities	3,504,371	870,572	418,420	593,228	5,386,591
Limited recourse project financing	152,962	279,467	58,879	-	491,308
Other financial liabilities	132,306	551	82,581	(2,436)	213,002
Derivative financial instruments	39,672	52,054	3,842	101,190	196,758
Other non-current liabilities	2,149,071	309,422	325,617	403,439	3,187,549
CURRENT LIABILITIES	12,025,312	1,422,135	8,875,915	2,564,532	24,887,894
Current financial liabilities	2,020,730	534,453	1,094,216	2,554,110	6,203,509
Bank borrowings, debt instruments and other marketable securities	1,546,718	385,917	1,086,755	2,650,312	5,669,702
Limited recourse project financing and debt	59,231	40,164	2,479	389,515	491,389
Other financial liabilities	414,781	108,372	4,982	(485,717)	42,418
Derivative financial instruments	8,071	2,791	1,896	65,500	78,258
Trade and other payables	8,503,716	780,018	4,759,770	(81,308)	13,962,196
Other current liabilities	1,429,532	104,873	192,648	26,231	1,753,284
Liabilities relating to non-current assets held for sale and discontinued operations	63,263	-	2,827,385	(1)	2,890,647
TOTAL EQUITY AND LIABILITIES	22,928,778	4,296,085	10,589,841	1,506,031	39,320,735

25.02.04. STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT: 2013

ASSETS

Thousands of euros (*)	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
NON-CURRENT ASSETS	8,640,938	2,182,587	740,279	2,847,788	14,411,592
Intangible assets	3,662,421	458,881	95,086	275,117	4,491,505
Goodwill	2,284,715	89,676	76,603	275,114	2,726,108
Other intangible assets	1,377,706	369,205	18,483	3	1,765,397
Tangible assets-property, plant and equipment / Property investments	1,865,555	468,815	155,981	8,130	2,498,481
Non-current assets in projects	288,412	375,852	93,205	1	757,470
Non-current financial assets	1,829,117	804,657	295,121	1,314,849	4,243,744
Other current assets	995,433	74,382	100,886	1,249,691	2,420,392
CURRENT ASSETS	15,359,989	1,495,206	9,231,988	(533,396)	25,553,787
Inventories	1,529,910	46,606	258,493	(8,008)	1,827,001
Trade and other receivables	7,422,221	585,429	3,328,549	(20,246)	11,315,953
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	133,116	10,810	39,301	1,928	185,155
Cash and cash equivalents	2,926,134	190,821	790,645	16,360	3,923,960
Non-current assets held for sale	1,284,135	118,002	3,907,458	1	5,309,596
TOTAL ASSETS	24,000,927	3,677,793	9,972,267	2,314,392	39,965,379

EQUITY AND LIABILITIES

Thousands of euros (*)	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	5,276,099	1,287,511	912,440	(1,987,142)	5,488,908
Equity attributed to the Parent	3,187,525	1,226,935	840,423	(1,986,970)	3,267,913
Non-controlling interests	2,088,574	60,576	72,017	(172)	2,220,995
NON-CURRENT LIABILITIES	5,765,207	752,970	699,376	4,105,960	11,323,513
Grants	1,871	45,897	1,981	(1)	49,748
Non-current financial liabilities	3,427,536	379,167	408,351	3,196,299	7,411,353
Bank borrowings, debt instruments and other marketable securities	3,086,316	128,809	316,601	2,639,626	6,171,352
Limited recourse project financing	202,645	250,358	23,760	558,930	1,035,693
Other financial liabilities	138,575	-	67,990	(2,257)	204,308
Derivative financial instruments	44,138	21,027	1,599	431,104	497,868
Other non-current liabilities	2,291,662	306,879	287,445	478,558	3,364,544
CURRENT LIABILITIES	12,959,621	1,637,312	8,360,451	195,574	23,152,958
Current financial liabilities	1,964,263	1,014,801	669,397	214,785	3,863,246
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	399,620	167,643	2,459	(521,323)	48,399
Derivative financial instruments	19,195	637	28	50,692	70,552
Trade and other payables	8,927,383	510,798	4,308,301	(69,186)	13,677,296
Other current liabilities	1,195,136	59,845	409,260	(717)	1,663,524
Liabilities relating to non-current assets held for sale	853,644	51,231	2,973,465	-	3,878,340
TOTAL EQUITY AND LIABILITIES	24,000,927	3,677,793	9,972,267	2,314,392	39,965,379

(*) Data restated

CONSOLIDATED FINANCIAL STATEMENTS

The detail of revenue from Construction is as follows:

Thousands of euros	2014	2013 (*)
Spain	1,414,833	1,392,825
Dragados	1,346,290	1,313,980
Hochtief	-	-
Concessions	68,543	78,845
International	24,404,729	24,971,875
Dragados	2,296,910	2,446,330
Hochtief	22,099,054	22,498,675
Concessions	8,765	26,870
Total	25,819,562	26,364,700

(*) Data restated

The detail of revenue from Industrial Services is as follows:

Thousands of euros	2014	2013
Networks	660,622	646,539
Specialized facilities	1,965,157	2,395,788
Integrated projects	2,922,967	2,872,450
Control systems	844,749	862,097
Renewable energy: generation	406,179	342,823
Eliminations	(49,659)	(52,632)
Total	6,750,015	7,067,065

Of the total revenues from Industrial Services, EUR 4,284,459 thousand related to international operations in 2014 and EUR 4,327,601 thousand in 2013, representing 63.5% and 61.2%, respectively

The detail of revenue from the Environment area is as follows:

Thousands of euros	2014	2013
Environment	1,554,791	1,650,837
Logistics	133,489	130,369
Facility Management	649,939	-
Total	2,338,219	1,781,206

Total revenue from the Environment area amounted to EUR 610,271 thousand relating to international operations in 2014 and EUR 633,131 thousand in 2013, representing 26.1% and 35.5% respectively.

Revenue is allocated on the basis of the geographical distribution of clients.

The reconciliation of revenue, by segment, to consolidated revenue at 31 December 2014 and 2013 is as follows:

Thousands of euros	31/12/2014			31/12/2013 (*)		
	External income	Inter-segment income	Total income	External income	Inter-segment income	Total income
Construction	25,812,669	6,893	25,819,562	26,349,651	15,049	26,364,700
Environment	2,335,886	2,333	2,338,219	1,781,009	197	1,781,206
Industrial Services	6,732,305	17,710	6,750,015	7,047,291	19,774	7,067,065
(-) Adjustments and eliminations of ordinary inter-segment income	-	(26,936)	(26,936)	-	(35,020)	(35,020)
Total	34,880,860	-	34,880,860	35,177,951	-	35,177,951

(*) Data restated

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 2014 and 2013 is as follows:

Thousands of euros	31/12/2014	31/12/2013 (*)
Segments		
Construction	438,065	676,903
Environment	80,171	64,060
Industrial Services	406,955	468,563
Total profit of the segments reported upon	925,191	1,209,526
(+/-) Non-assigned profit	(266,767)	(76,980)
(+/-) Elimination of internal profit (between segments)	-	-
(+/-) Other profits (loss)	-	-
(+/-) Income tax and /or profit (loss) from discontinued operations	123,782	376,000
Profit/(Loss) before tax	782,206	1,508,546

(*) Data restated

CONSOLIDATED FINANCIAL STATEMENTS

Revenue, by geographical area, at 31 December 2014 and 2013 was as follows:

NET AMOUNT OF TURNOVER BY GEOGRAPHICAL AREA

Thousands of euros	31/12/2014	31/12/2013 (*)
Domestic market	5,581,401	5,245,344
Foreign market	29,299,459	29,932,607
a) European Union	3,347,634	4,380,771
b) O.E.C.D countries	20,787,347	20,191,150
c) Rest of countries	5,164,478	5,360,686
Total	34,880,860	35,177,951

(*) Data restated

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	
	2014	2013	2014	2013 (*)
Revenue	5,581,401	5,245,344	29,299,459	29,932,607
Segment assets	14,607,314	15,932,767	24,713,421	24,032,612
Total net investments	(664,652)	200,891	855,318	(85,192)

(*) Data restated

The assets at 31 December 2014 and 2013, by geographical area, are as follows:

Thousands of euros	31/12/2014	31/12/2013 (*)
Europe	19,211,810	21,388,839
Spain	14,607,314	15,932,767
Germany	2,006,732	2,906,781
Rest of Europe	2,597,764	2,549,291
Rest of geographic areas	20,108,925	18,576,540
Americas	8,904,332	7,838,768
Asia	3,302,928	4,854,198
Australia	7,702,639	5,607,265
África	199,026	276,309
TOTAL	39,320,735	39,965,379

(*) Data restated

The additions to non-current assets, by line of business, were as follows:

Thousands of euros	2014	2013
Construction	651,720	983,145
Environment	254,577	203,508
Industrial Services	132,014	113,867
Corporate unit and adjustments	17	10
Total	1,038,328	1,300,530

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. 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	2014	2013 (*)
Consolidated profit before tax	782,206	1,508,546
Net profit from equity accounted investments	(131,824)	(95,934)
Permanent differences	74,467	(156,622)
Taxable profit	724,849	1,255,990
Tax at 30%	217,455	376,797
Tax credits and tax relief	(60,692)	(72,310)
Effect of different standard tax rate in other countries	6,428	11,474
Current tax income expense	163,191	315,961
Effective rate, excluding equity method	25.09%	22.37%

(*) Data Restated

CONSOLIDATED FINANCIAL STATEMENTS

The permanent differences for 2014, which increase the tax expense, are due to various items including, fundamentally, impairments and other expenses which, in accordance with applicable legislation, are not deductible for tax purposes, as well as the difference between the accounting cost on the consolidated balance sheet attributable to certain assets for sale and their tax cost. Similar items existed in 2013, yet the balance of permanent differences was the opposite, due to the existence of certain exempt capital gains obtained by the sale of assets by the Hochtief Group.

The 2014 tax credits include the credits for double taxation, in particular the EUR 28,738 thousand (EUR 30,233 thousand in 2013) corresponding to the Iberdrola, S.A. dividends as well as the tax incentives, mainly for R&D, obtained in Spain and other countries for the re-investment of gains.

26.03. DETAIL OF INCOME TAX EXPENSE

The detail of the income tax expense is as follows:

Thousands of euros	2014	2013 (*)
Current income tax expense (Note 26.02)	163,191	315,961
Expense/(income) relating to adjustments to prior year's tax	13,845	11,045
(Income) arising from the application of prior year's deferred tax assets	(13,774)	(3,733)
Expense arising from deferred tax assets generated in the year and not capitalised	23,961	68,307
Tax expense (income) due to impact on deferred taxes from changes in legislation	123,614	-
Expense / (Income) other adjustments to tax for the year	7,754	33,291
Final balance of the corporation tax expense	318,591	424,871

(*) Data Restated

The expense of EUR 123,614 thousand, incurred in 2014 due to legislative changes, almost entirely corresponds to the impact of revaluing assets and liabilities for deferred taxes contained in the consolidated balance sheet, and belonging to Spanish entities, from the nominal Corporate Income Tax rate of 30% in Spain until 2014, to the new tax rates approved by the new Income Tax Law, of 28% for items for application in 2015 and 25% for all others. In this respect, although the new Act enters into force in 2015, the new accounting regulations establish that, due to having been approved in 2014, financial statements for this financial year must recognise the full impact.

The expense of assets due to differed taxes generated for the year and not recognised fundamentally originates from the criteria prudently undertaken to not recognise the tax assets associated to tax losses and the temporary difference due to non-deductible financial expenses, incurred by companies of the Group resident in Germany.

Moreover, the taxes expense for results from discontinued operations affecting the net results thereof, without prejudice to not being included in the itemisation of this attached Profit and Loss statement, is as follows:

Thousands of euros	2014	2013 (*)
Profit before taxes from discontinued operations	724,955	256,466
Permanent differences	144,510	54,254
Taxable profit	869,465	310,720
Tax at 30%	260,840	93,216

(*) Data restated

Permanent differences which increase the tax expense are fundamentally owing to the difference between the consolidated balance sheet, accounting cost attributable to assets sold and their tax cost.

The tax expense for on-going operations and discontinued operations for 2014 amounts to EUR 579,341 thousand (EUR 518,087 thousand in 2013), which represents an effective levy with respect to pre-tax profit, without results included by the equity method, of 42.12% for 2014 (31.04% in 2013), the calculation of which is significantly affected by non-recurring items, as has been stated.

26.04. TAX RECOGNISED IN EQUITY

In addition to the tax effects recognised in the consolidated income statement, a credit of EUR 18,715 thousand was recognised directly in the Group's equity (a charge of EUR 179,924 thousand in 2013). These amounts relate to tax effects due to adjustments of assets available for sale, with a charge of EUR 18,559 thousand in 2014 (a charge of EUR 24,732 thousand in 2013), cash flow derivatives, with a charge of EUR 13,676 thousand in 2014 (EUR 130,701 thousand in 2013), and actuarial losses, with a credit of EUR 50,990 thousand (charge of EUR 24,491 thousand in 2013).

26.05. DEFERRED TAX

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein in 2014 and 2013 is as follows:

Thousands of euros

	Balance at 31 December 2013	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2014
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	2,379,700	(183,359)	50,990	(3,372)	1,916	(11,293)	26,272	(64,934)	2,195,920
Temporary differences	1,176,802	53,898	50,990	(3,372)	1,130	(12,532)	20,804	(64,398)	1,223,322
Tax losses	852,881	(142,301)	-	-	786	1,239	-	(536)	712,069
Tax credits	350,017	(94,956)	-	-	-	-	5,468	-	260,529
Liabilities	1,381,273	(107,630)	-	559	3,345	242	1,483	(10,533)	1,268,739
Temporary differences	1,381,273	(107,630)	-	559	3,345	242	1,483	(10,533)	1,268,739

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	
Assets	2,467,104	(67,711)	(24,491)	(2,091)	298	15,669	15,643	(24,721)	2,379,700
Temporary differences	1,307,981	(103,479)	(24,491)	(2,091)	263	19,921	(2,571)	(18,731)	1,176,802
Tax losses	808,466	36,500	-	-	35	(4,344)	18,214	(5,990)	852,881
Tax credits	350,657	(732)	-	-	-	92	-	-	350,017
Liabilities	1,232,499	146,890	-	1,239	-	(2,703)	11,473	(8,125)	1,381,273
Temporary differences	1,232,499	146,890	-	1,239	-	(2,703)	11,473	(8,125)	1,381,273

CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax assets and liabilities have not been offset.

The tax loss carryforward includes, mainly, EUR 525,497 thousand (EUR 683,551 thousand in 2013), for the tax asset related to the consolidated tax loss of the ACS Tax Group in Spain arising in 2012, which arose mainly due to the impairments and losses arising from the investment in Iberdrola, S.A., and which has no expiry under the new Income Tax Law.

In addition, the breakdown of the deferred tax assets and liabilities at year end due to temporary differences is as follows:

Thousands of euros	31/12/2014	31/12/2013
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	49,972	22,414
Other provisions	398,642	345,122
Pension costs	177,083	128,496
Income with different tax and accounting accruals	37,781	55,866
Business combinations	55,521	92,632
Financial expenses not deductible	77,580	90,983
Other	426,743	441,289
Total	1,223,322	1,176,802
Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	490,030	591,584
Income with different tax and accounting accrual	380,076	362,198
Other	398,633	427,491
Total	1,268,739	1,381,273

Pursuant to regulations in force, deferred tax assets due to temporary difference are not subject to expiry.

In turn, deductions on pending tax credits corresponding to the Spanish Tax Group itemised as balance sheet assets, for the amount of EUR 257,057 thousand (EUR 343,451 thousand in 2013) expire according to the type as determined in the Income Tax Law. Amounts pending application in 2014 mainly correspond to deductions generated between 2010 and 2014 for reinvestment of gains and R&D+I expenses, whose statutory expiry periods are 15 and 18 years respectively.

The deferred tax assets have been 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 credits subject to expiry, i.e. mainly those corresponding to deduction on the tax credit of the tax group indicated in the foregoing paragraph, are the following:

- Profit before tax, in calculable terms of taxable profit, of the business areas in Spain which, with respect to 2014, increases between 2015 and 2019 at annual rates of 6-9%, and from 2020, at a rate of 3%.
- Continuation of the current scope of companies of the Tax Group, with the sole change being the exit of the companies sold prior to the preparation of these financial statements.

It is worth noting that significant negative deviations between the aforementioned profits and the estimates used in the impairment test, in overall terms, i.e., that may not be offset by subsequent positive deviations within the expiration period, could represent a recoverability risk with regard to the tax credit linked to deductions subject to expiry.

In terms of the tax credit linked to the aforementioned 2012 consolidated tax losses of the Tax Group in Spain, it is estimated that, despite the absence of a statutory expiry period, in accordance with the aforementioned recoverability hypothesis, this shall be applied in shorter periods than the expiry of deductions.

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 credits 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 and temporary differences in financial expenses amounting to EUR 1,018,050 thousand (EUR 1,387,832 thousand in 2013), and to municipal taxes amounting to EUR 914,280 thousand (EUR 1,376,328 thousand in 2013) were not recognised.

26.06. TAX AUDIT

According to legislation in force, taxes cannot be considered definitively settled until the submitted declarations have been audited by the tax authorities, or until the statute of limitations period has passed.

Specifically, as at year end, the 2006 to 2013 financial years for the Spanish companies of the Tax Group for the purposes of Income tax, and in general the 2011 to 2014 financial years for all other taxes, are not yet statute barred.

In this respect, in 2014 the Spanish State Tax Administration Agency began a verification proceeding on the parent company and selected subsidiaries, affecting the 2009 to 2012 Income Tax and 2010 to 2012 other taxes. As at the date of preparation of these financial statements, no outcome from this proceeding had been documented.

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.

27. REVENUE

The distribution of revenue relating to the Group's ordinary operations, by business segment, is as follows:

Thousands of euros	2014	2013 (*)
Construction	25,819,562	26,364,700
Industrial Services	6,750,015	7,067,065
Environment	2,338,219	1,781,206
Corporate unit and other	(26,936)	(35,020)
Total	34,880,860	35,177,951

(*) Data restated

In 2014 foreign currency transactions relating to sales and services amounted to EUR 26,315,034 thousand (EUR 26,876,391 thousand in 2013) and those relating to purchases and services received amounted to EUR 18,540,550 thousand (EUR 18,448,674 thousand in 2013).

CONSOLIDATED FINANCIAL STATEMENTS

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	31/12/2014	31/12/2013 (*)
United States	9,192,530	8,523,739
Australia	8,568,374	8,671,932
Spain	5,581,401	5,245,344
Mexico	1,571,154	1,276,568
China	1,461,110	1,055,232
Germany	1,270,010	2,046,306
Canada	1,050,198	1,260,428
Indonesia	739,630	900,533
Poland	620,387	697,417
United Kingdom	593,990	645,214
Brazil	245,432	305,868
Portugal	220,834	217,673
United Arab Emirates	24,420	786,539
Other	3,741,390	3,545,158
Total	34,880,860	35,177,951

(*) Data restated

The backlog by line of business at 31 December 2014 and 2013 was as follows:

Thousands of euros	2014	2013 (*)
Construction	45,135,130	43,506,840
Industrial Services	8,021,397	7,412,934
Environment	10,163,817	8,443,294
Total	63,320,344	59,363,068

(*) Data restated

Capitalised expenses amounting to EUR 38,449 thousand (EUR 8,881 thousand in 2013), relating mainly to in-house work on property, plant and equipment and intangible assets, were recognised under "Capitalised expenses of in-house work on assets" in the consolidated income statement in 2014.

"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	2014	2013 (*)
Cost of merchandise sold	957,962	1,359,977
Cost of raw materials and other consumables used	17,089,006	16,499,823
Contract work carried out by other companies	4,488,610	4,834,847
Impairment of merchandise, raw material and procurements	2,510	(172)
Total	22,538,088	22,694,475

(*) Data restated

28.02. STAFF COSTS

The detail of "Staff costs" is as follows:

Thousands of euros	2014	2013 (*)
Wages and salaries	6,662,737	6,554,564
Social security costs	863,393	788,110
Other staff costs	228,388	250,343
Provisions	6,876	4,970
Total	7,761,394	7,597,987

(*) Data restated

Staff costs amounting to EUR 5,153 thousand in 2014 (EUR 5,391 thousand in 2013) 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 2014 was 217,908 (164,750 in 2013). Average workforce calculation for 2014 took into account the average unweighted number of Clece workers.

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

Thousands of euros	Average number of employees 2014			Average number of employees 2013		
	Men	Women	Total	Men	Women	Total
University graduates	20,726	5,976	26,702	23,718	6,248	29,966
Junior college graduates	6,323	3,117	9,440	6,078	1,622	7,700
Non-graduate line personnel	11,420	4,317	15,737	11,424	1,489	12,913
Clerical personnel	2,830	5,997	8,827	3,367	6,357	9,724
Other employees	97,979	59,223	157,202	95,353	9,094	104,447
Total	139,278	78,630	217,908	139,940	24,810	164,750

CONSOLIDATED FINANCIAL STATEMENTS

The distribution of the average number of employees, by line of business, was as follows:

Number of employees	2014	2013
Construction	80,511	93,770
Industrial Services	43,109	40,165
Environment	94,235	30,762
Corporate Unit and Other	53	53
Total	217,908	164,750

28.03. SHARE-BASED PAYMENT SYSTEMS

ACS

ACS, Actividades de Construcción y Servicios, S.A. has agreed, at the proposal of the Appointments and Remuneration Committee in July 2014, in execution of the resolution adopted by the shareholders of the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 15 April 2010, to establish an ACS, Actividades de Construcción y Servicios, S.A. Share Option Plan (2014 Options Plan), governed as follows:

- The number of shares under the Options Plan will be a maximum of 6,293,291 shares with a unitary par value of fifty cents.
- Beneficiaries are 62 executives with options ranging from 540,950 to 46,472.
- The acquisition price will be EUR 33.8992 per share. This price shall change by the corresponding amount should a dilution take place.

The options will be exercised in two equal parts, cumulative if the beneficiary so wishes, during the second and third years after 1 May 2014, inclusive. However, in the case of an employee being terminated without just cause or if it is the beneficiary's own will, the options may be exercised six months following the event in question in the cases of death, retirement, early retirement or permanent disability, and after 30 days in all other cases. Tax withholdings and taxes payable, if appropriate, as a result of exercising the share option will be borne exclusively by the beneficiary. A banking institutions shall provide hedging.

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.

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 2014 or 2013.

The commitments arising from these plans are hedged through financial institution (see Note 22). In relation to the aforementioned plans, 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 2014 and 2013. In 2014 EUR 5,153 thousand (see Note 28.02) (EUR 5,391 thousand in 2013) 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 2014 and 31 December 2013, was EUR 28.97 and 25.020 per respective share.

HOCHTIEF

Within the Hochtief Group there are also share-based payment remuneration systems for the group's management. All of these share option plans form part of the remuneration system for senior executives of Hochtief, A.G., and long-term incentive plans. 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 remuneration systems were in force for managerial staff of Hochtief, A.G. and its affiliates in 2014:

Retention Stock Awards 2008

In May 2008, the Supervisory Board adopted a resolution to launch for members of the Executive Board 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 stock awards stated that for each award made in the two year exercise period, following a three year waiting period, entitled individuals receive for each stock award either a Hochtief, A.G. share or, at Hochtief, A.G.'s discretion, a compensatory cash amount equal to the closing price of Hochtief, A.G. stock on the last stock market trading day before the exercise date. The resulting profit from each share award is capped at EUR 160.

The second tranche was granted on March 2009. The conditions for this tranche only differ from those of the first tranche with respect to its exercise occurring one year after and the cap of EUR 66.50 per share award. The third tranche was granted in March 2010. The conditions for this tranche only differ from those of the first tranche with respect to its exercise occurring two years after and the cap of EUR 133.12 per share award.

The first tranche was fully exercised by the members of the Executive Committee in 2011, and the second and third tranches were fully exercised or expired in 2014.

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, A.G. share or, at Hochtief, A.G.'s discretion, a compensatory cash amount equal to the closing price of Hochtief, A.G. 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.

CONSOLIDATED FINANCIAL STATEMENTS

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 senior executives of Hochtief, A.G. and its 20 affiliates. In addition to the granting of stock appreciation rights (SAR), the LTIP 2009 also provided for grants of stock awards. 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, A.G. 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, A.G.'s discretion either a Hochtief, A.G. share or a compensatory cash amount equal to the closing price of Hochtief, A.G. stock on the last stock market trading day before the exercise date. The gain on each stock award was limited to EUR 40.10.

The plan was exercised in full.

Long-term Incentive Plan 2010

The Long-term Incentive Plan 2010 (LTIP 2010) was launched by resolution of the Supervisory Board in said year and is open to Executive Board members and senior executives of Hochtief, A.G. 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 said year and is open to Executive Board members and senior executives of Hochtief, A.G. 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 said year and is open to Executive Board members and senior executives of Hochtief, A.G. 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 said year 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.

Long-term Incentive Plan 2014

The Long-term Incentive Plan 2014 (LTIP 2014) was launched by resolution of the Supervisory Board in said year and is open to Executive Board members and senior executives of Hochtief, A.G. and its affiliates. The conditions do not differ in any material respect from those of LTIP 2013.

The maximum gain is set to EUR 61.95 per stock award.

Other information

Return on net assets (RONA)

The return on net assets (RONA) indicates the extent to which the assets of Hochtief, A.G. render a good return on investment, measuring the operative returns of the Hochtief Group. RONA measures returns as a percentage of net assets. To such end, returns are defined as operating profit (EBITA, indicated in the Operating income statement) plus interest revenues for Group financial assets. The net assets show the total capital commitment that shall produce returns.

Net assets of the Hochtief Group produced returns (RONA) of 20.3% in 2014 (2013: 15.6% reformulated). According, RONA recorded an increase of 4.7 percentage points compared to the previous year.

The conditions of all plans stipulate that on the exercise of SARs or stock awards—and the fulfilment of all other requisite criteria—Hochtief, A.G. normally has the option of delivering Hochtief, A.G. shares instead of paying out the gain in cash. Where the entitled individuals are not employees of Hochtief, A.G., 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 Dec. 31, 2013	Granted in 2014	Expired in 2014	Exercised / Settled in 2014	Disposal / sale 2014	Outstanding at Dec. 31, 2014
TERP 2008/Tranche 1	130,900	4,800	-	-	-	-	4,800
TERP 2008/ Tranche 2	359,000	85,500	-	12,600	55,950	-	16,950
TERP 2008/ Tranche 3	174,100	26,900	-	-	4,600	-	22,300
RSA 2008/ Tranche 2	347,478	80,188	-	-	80,188	-	-
RSA 2008/ Tranche 3	146,884	40,060	-	-	40,060	-	-
LTIP 2009 – stock awards	273,400	500	-	500	-	-	-
LTIP 2010 – SARs	353,200	202,500	-	6,100	146,850	500	49,050
LTIP 2010 – stock awards	166,000	10,600	-	500	6,300	-	3,800
LTIP 2011 – SARs	275,250	180,250	-	13,350	-	9,850	157,050
LTIP 2011 – stock awards	124,850	72,300	-	1,100	55,450	-	15,750
LTIP 2012 – SARs	457,406	340,506	-	30,550	-	19,250	290,706
LTIP 2012 – stock awards	82,991	54,829	-	5,135	-	2,880	46,814
LTIP 2013 – SARs	38,288	38,288	-	-	-	-	38,288
LTIP 2013 – stock awards	9,297	9,297	-	-	-	-	9,297
LTIP 2014 – SARs	-	-	86,907	-	-	-	86,907
LTIP 2014 – stock awards	-	-	20,453	-	-	-	20,453

Provisions recognized for the share-based payment arrangements totalled EUR 11,766 thousand as of the balance sheet date (EUR 20,095 thousand in 2013). The total expense recognized for the stated arrangements in 2014 was EUR 1,784 thousand (EUR 17,334 thousand in 2013). The intrinsic value of SARs exercisable at the end of the reporting period was EUR 4,150 thousand (EUR 7,658 thousand in 2013).

CONSOLIDATED FINANCIAL STATEMENTS

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	2014	2013 (*)
Lease payments under operating leases recognised in profit for the year	703,685	630,985

(*) Data restated

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	2014	2013
Within one year	319,894	400,254
Between two and five years	775,461	946,684
Over five years	193,990	178,716

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 hedging instruments and are thus recycled to the income statement. The most significant effect in the 2014 financial year relates to the market value of the derivative financial instruments held at year end in relation to Iberdrola, S.A. shares and to the gains from the derivatives on ACS shares, for a total amount of EUR 280,812 thousand, as described in Note 22 and to the recycling by the corresponding income statement to the cancellation of the Escal financing following removal of the concession.

The most significant effect of the 2013 financial year corresponded to the market value of derivative financial instruments held at year end in relation to Iberdrola, S.A. shares, entailing a profit of EUR 404,050 thousand, and to the profit resulting from ACS share derivatives.

28.06. FINANCIAL INCOME

At 31 December 2014, finance income includes, among other items, the dividends from Iberdrola, S.A. amounting to EUR 97,522 thousand (EUR 102,540 thousand at 31 December 2013), as well as interest on loans to associates and deposits and current accounts held by the ACS Group.

28.07. OTHER PROFIT OR LOSS

For 2014 this heading includes the effect on the income statement of the provision for Leighton for the amount of EUR 458,457 thousand (AUD 675.0 million), as part of the year-end review of the recoverability of trade and other receivables. This amount was calculated based on the client portfolio and considers the residual value of the risks evaluated through their exposure due to the potential non-recovery of pending receivables. The Group continues to maintain its collection rights in each individually considered project, and undertakes to pursue the recovery of all outstanding amounts. This amount is included in the statement of financial position at 31 December 2014, reducing the amount of the heading "Trade receivables for sales and services".

29. IMPAIRMENT AND GAINS OR LOSSES ON THE DISPOSAL OF FINANCIAL INSTRUMENTS

In 2014 this heading of the accompanying consolidated income statement includes, mainly the results of the sale of Metro de Sevilla for the amount of EUR 12,708 thousand, as well as the result from the delivery to bondholders of 100,906,096 shares in Iberdrola as a result of the partial early swap of convertible notes in Iberdrola for the amount of EUR 79,570 thousand. (See note 10.01).

This heading also includes EUR 47,085 thousand for the sale of 80% of ACS's share in the projects Intercambiadores de Transporte de Madrid and Línea 9 del metro de Barcelona to the Dutch fund manager DIF Infraestructure III. It includes the effect or revaluation of the fair value declared in the remaining ACS percentage stake transaction in these projects; since, in accordance with the shareholders resolutions and the minority position of ACS therein, the loss of significant influence in the management thereof has been considered.

In 2013, this heading in the attached consolidated income statement mainly comprised the proceeds from the sale of Leighton's telecommunication business amounting to EUR 154,282 thousand. The aforementioned proceeds included 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, there is a record of the effect of the first quarter impairment of the ownership interest in Iberdrola amounting to EUR 20,498 thousand (see Note 10), 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.

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 2014 that the Board of Directors of the Parent will propose for approval by the shareholders at the Annual General Meeting is as follows:

- To voluntary reserves: EUR 414,651 thousand
- To the restricted goodwill reserve: EUR 41,208 thousand

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.

CONSOLIDATED FINANCIAL STATEMENTS

Accordingly:

	31/12/2014	31/12/2013	Change (%)
Net profit for the period (thousands of Euros)	717,090	701,541	2.22
Weighted average number of shares outstanding	310,969,083	310,211,964	0.24
Basic earnings per share (Euros)	2.31	2.26	2.21
Diluted earnings per share (Euros)	2.31	2.26	2.21
Profit after tax and non-controlling interests from discontinued operations (Thousands of euros)	194,809	48,871	n/a
Basic earnings per share from discontinued operations (Euros)	0.63	0.16	n/a
Basic earnings per share from continuing operations (Euros)	1.68	2.10	(20.00)
Diluted earnings per share from discontinued operations (Euros)	0.63	0.16	n/a
Diluted earnings per share from continuing operations (Euros)	1.68	2.10	(20.00)

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 2014, as a result of the share capital increase and reduction in February 2015, respectively for the same number of shares, the basic and diluted earnings per share for continuing operations for 2014 is the same.

32. EVENTS AFTER THE REPORTING DATE

Significant events until the date of preparation of the consolidated Financial statements include the following:

On 18 December 2014, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. approved an interim dividend distribution of EUR 0.45 per share. Its distribution, via a flexible dividend system, was performed in February 2015. ACS, Actividades de Construcción y Servicios, S.A. acquired 40.46% of free allocation rights, by virtue of the purchase commitment assumed by the company. On 24 February a total of 2,616,408 shares were issued for the rest of shareholders, which were simultaneously amortised in accordance with the resolution of the General Shareholders meeting of 29 May 2014 (see Note 15.01).

An announcement was made on 15 January 2015 for the intended stock market flotation by Saeta Yield, S.A. of shares representing 51.78% of its share capital. Saeta Yield, S.A. is a company that invests in energy infrastructure assets expected to generate highly stable and predictable cash flows, supported by regulated or long term contracted revenues. Initially, assets Saeta Yield, S.A. are wind farms and thermal solar plants located in Spain, which formed part of the renewable energy assets portfolio of the ACS Group. In the future, the Company intends to broaden its presence both in Spain and internationally through the acquisition of other conventional or renewable electricity production, distribution and transmission assets, as well as any other infrastructure relating to energy, in each instance with long term contracted or regulatory income. These acquisitions will be made via a Right of First Offer and Call Option Agreement.

In relation to the foregoing, the ACS Group has reached an agreement with funds managed by the infrastructures investment fund Global Infrastructure Partners (GIP) by virtue of which they will acquire up to 24.40% of the company Saeta Yield, S.A. Likewise, and by virtue of the same agreement, GIP will have a 49% stake in a company that will develop and that will include renewable energy assets of the Industrial areas of the ACS Group on which Saeta Yield, S.A. will hold a right of first offer. The economic conditions of these stakes will be determined by the market price of the shares of Saeta Yield, S.A. and the specific assets acquired by the development company and at the time of these acquisitions, respectively. The transaction was conditioned to the admission to stock market trading of Saeta Yield, S.A. and the authorisation of the competition authorities.

Following execution by the ACS Group of the sale of 51.78% of Saeta Yield, S.A. and following execution of the agreement reached with the funds managed by the infrastructures investment fund Global Infrastructure Partners (GIP) with respect to the acquisition of a percentage equal to that retained by the ACS Group in the company Saeta Yield, S.A., the total net debt of the ACS Group will be reduced by approximately EUR 1,412.9 million, giving rise to a net cash inflow of EUR 361.2 million.

On 13 February 2015, ACS, Actividades de Construcción y Servicios, S.A., signed a financing agreement with a banking syndicate formed by forty three Spanish and foreign entities, for the total amount of EUR 2,350 million, divided into two tranches (tranche A of the loan for the amount of EUR 1,650 million and tranche B for a liquidity line of EUR 700 million) maturing on 13 February 2020. Its use, in the corresponding amount, was for the cancellation of the currently existing syndicated credit signed on 9 February 2012, in the principal amount of EUR 1,430.3 million and three credits granted to finance the acquisition of share of Hochtief, A.G. for the total principal amount currently in force of EUR 694.5 million (see Note 17.02).

On 16 March 2015, under the Euro Medium Term Note Programme (EMTN Programme), which was approved by the Central Bank of Ireland and whose most recent draft was approved on 11 March 2015, ACS, Actividades de Construcción y Servicios, S.A. performed a Notes issue in the Euro market for the amount of EUR 500 million, with a total demand of EUR 1,337 million. The issue, maturing at five years and with a forecast disbursement on 1 April 2015, has an annual coupon of 2.875% and an issue price of 99.428%. The Notes are expected to be admitted to trading on the Irish Stock Exchange.

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	2014	2013 (*)
Sale of goods and services	105,174	66,180
Purchase of goods and services	6,715	7,466
Accounts receivable	1,228,627	1,116,764
Accounts payable	114,729	91,481

(*) Data restated

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 is disclosed in accordance with the Order EHA/3050/2004, of 15 September of the Ministry of Economy and Finance and the CNMV.

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

The transactions performed in 2014 were as follows (in thousands of euros):

Related transactions 2014	Significant shareholders		Directors and Management		Other related parties						Total
	Grupo Iberostar	Total	Total	Fidalsar, S.L.	Rosán Inversiones, S.L.	Terratest Técnicas Especiales, S.A.	Indra	Zardoya Otis, S.A.	March-JLT, S.A.	Total	
Expenses and revenue											
Management or cooperation agreements	-	-	-	-	-	202	-	-	-	202	202
Leases	-	-	-	175	-	-	-	-	-	175	175
Reception of services	63	63	-	59	-	337	2,255	824	-	3,475	3,538
Other expenses	-	-	-	-	-	-	-	-	37,973	37,973	37,973
Expenses	63	63	-	234	-	539	2,255	824	37,973	41,825	41,888
Provision of services	1,743	1,743	3,056	-	246	-	3,292	-	-	3,538	8,337
Revenue	1,743	1,743	3,056	-	246	-	3,292	-	-	3,538	8,337

Thousands of euros

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

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

Thousands of euros

Related transactions 2013	Significant shareholders		Directors and Management	Other related parties						Total	
	Grupo Iberostar	Total		Total	Fidalsar, S.L.	Rosán Inversiones, S.L.	Terratest Técnicas Especiales, S.A.	Indra	Zardoya Otis, S.A.		March-JLT, S.A.
Expenses and revenue											
Management or cooperation agreements	-	-	-	-	-	1,046	-	-	-	1,046	1,046
Leases	-	-	-	177	-	-	-	-	-	177	177
Reception of services	-	-	-	125	-	548	1,678	1,496	-	3,847	3,847
Other expenses	-	-	-	-	-	-	-	-	38,110	38,110	38,110
Expenses	-	-	-	302	-	1,594	1,678	1,496	38,110	43,180	43,180
Provision of services	553	553	257	-	384	-	2,362	-	-	2,746	3,556
Revenue	553	553	257	-	384	-	2,362	-	-	2,746	3,556

Thousands of euros

Related transactions 2013	Significant shareholders		Other related parties				Total
	Banca March	Total	Banco Sabadell	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

CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014, the outstanding balance payable to Banca March for credit facilities and loans granted to ACS Group companies amounted to EUR 31,397 thousand (EUR 47,812 thousand at 31 December 2013). The transactions being maintained at 31 December 2014, in accordance with the information available regarding ACS Group companies, amounted to EUR 18,056 thousand (EUR 35,988 thousand at 31 December 2013) in guarantees, and EUR 24,042 thousand (EUR 14,079 thousand at 31 December 2013) in reverse factoring transactions to suppliers.

At 31 December 2014, the balance payable to Banco Sabadell amounted to EUR 183,274 thousand (EUR 205,393 thousand at 31 December 2013) for loans and credit facilities granted to ACS Group companies. Accordingly, the transactions maintained by this bank at 31 December 2014, in accordance with the information available regarding ACS Group companies, amounted to EUR 314,220 thousand (EUR 415,600 thousand at 31 December 2013) in guarantees and sureties, EUR 23,451 thousand (EUR 16,858 thousand at 31 December 2013) in reverse factoring transactions to suppliers.

Banca March is considered to be a significant shareholder given that it is a shareholder of 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.

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.

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 Técnicas 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 2014 "Other transactions" related exclusively to Banca March. As a financial institution, it provides various financial services to ACS Group companies in the ordinary course of business amounting to a total EUR 24,726 thousand (EUR 23,813 thousand in 2013), and in this case they relate to the reverse factoring lines of credit for suppliers.

Directors and Executives includes a housing construction contract between Dragados, S.A. and the Director Joan David Grimà Terré entered into in 2013 for which EUR 3,055 thousand have been credited in 2014.

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

The transactions performed between ACS consolidated Group companies were eliminated in the consolidation process and form part of the normal business activities of the companies in terms of their company object and conditions. The transactions were carried out on an arm's length basis and they do not have to be disclosed to present fairly the equity, financial position and results of the operations of the Group.

In accordance with the information available to ACS, Actividades de Construcción y Servicios, S.A., the members of the Board of Directors were not involved in any conflicts of interest in 2014 and 2013, in accordance with that indicated in article 229 of the Spanish Companies Law.

34. BOARD OF DIRECTORS AND SENIOR EXECUTIVES

In 2014 and 2013 the Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as members of the boards of directors of the Parent and the Group companies or as senior executives of Group companies.

Thousands of euros	2014	2013
Fixed remuneration	3,972	3,961
Variable remuneration	4,019	4,006
By-law stipulated director's emoluments	3,404	2,825
Other	1	1
Total	11,396	10,793

EUR 1,205 thousand were charged to income in relation to share options granted to members of the Board of Directors with executive duties in 2014 (EUR 1,119 thousand 2013). 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	2014	2013
Pension funds and plans: contributions	1,798	1,805
Life insurance premiums	18	16

The amount recognised under "Pension funds and plans: Contributions" includes the portion corresponding to the payments made by the Company in the period.

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

CONSOLIDATED FINANCIAL STATEMENTS

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 2014 and 2013, excluding those who are simultaneously executive directors, was as follows:

Thousands of euros	2014	2013
Salaries (fixed and variable)	26,153	24,638
Pension Plans	1,628	1,599
Life insurance	34	29

The increase in remuneration between periods is due to the increase of senior executives in the Group. EUR 6,157 thousand were charged to the income statement in relation to share options granted to the Group's senior executives at 31 December 2014 (EUR 4,272 thousand at 31 December 2013), and these are not contained in the previously mentioned remuneration. Similarly, as indicated in the case of directors, the amounts relate to the proportion of the value of the plan on the date it was granted.

35. OTHER DISCLOSURES CONCERNING THE BOARD OF DIRECTORS

Pursuant to applicable regulations (currently, Article 229 of the Spanish Companies Law), no situations of direct or indirect conflict with the interests of the Company have arisen, all without prejudice to the information on related transactions contained in the notes to the financial statements.

In 2013 and 2014, the Company has 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 Company transactions.

36. GUARANTEE COMMITMENTS TO THIRD PARTIES

At 31 December 2014, the ACS Group had provided guarantees to third parties in connection with its business activities totalling EUR 22,194,186 thousand (EUR 18,428,840 thousand in 2013), which has increased mainly due to the inclusion of the US construction companies Prince and White to the consolidation perimeter.

Of the guarantees listed in the previous paragraph, those obtained in Hochtief, A.G. are of particular note. In this respect, the operation syndicated by Hochtief signed in December 2011 and maturing in 2016, were extended in April of this year to April 2019. This facility includes a guarantees tranche for EUR 1,500,000 thousand, of which EUR 947,000 thousand had been used at year end (EUR 1,020,000 thousand at 31 December 2013) and a credit facility of EUR 500,000 thousand which has not been drawn down, in the same way as at 31 December 2013. This line is available for ordinary activities, mainly in the Hochtief Europe division.

The Hochtief Group also has undrawn guarantee lines amounting to EUR 6,050,000 thousand (EUR 5,640,000 thousand at 31 December 2013) from insurance companies and banks.

Hochtief, A.G. has arranged a limited guarantee line for U.S. 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 5,032,000 thousand has been used in 2014 (USD 4,027,000 thousand in 2013). 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 3,797,913 thousand (EUR 3,310,149 thousand at 31 December 2013).

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. For 2014 this heading includes the provision for Leighton. As part of the year-end review of the recoverability of trade and other receivables, the Group has detected the need to make a provision for the amount of EUR 458,457 thousand (AUD 675,0 million). This amount was calculated based on the client portfolio and considers the residual value of the risks evaluated through their exposure due to the potential non-recovery of pending receivables. The Group continues to maintain its collection rights in each individually considered project, and undertakes to pursue the recovery of all outstanding amounts.

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 interpretation discrepancies, an arbitration process was initiated and a decision was ruled on 20 May 2014 which found in favour of the Group's arguments, indicating that the exercise of the sale options

CONSOLIDATED FINANCIAL STATEMENTS

of the non-constructing shareholders against the constructing shareholders was invalid. An appeal for annulment was filed against this decision, which is currently pending before the Madrid Superior Court of Justice. 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 2014 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). An initial challenge was filed against the claim for said enforcement proceeding, on formal grounds, which was rejected by the judicial order of 20 October 2014, thus ordering the enforcement to continue. The decision on the merits of the matter is currently pending, and the Company believes that the outcome will be positive. Likewise, certain creditors filed a claim against the Group, and others, for the contribution of funds. This claim was rejected at first instance by the judgment of 25 July 2014, against which the claimants have filed an appeal to the higher judicial authorities. The Company likewise considers that this will be resolved in its favour.

The Spanish National Markets and Competition Commission (Comisión Nacional de Mercados y de la Competencia - CNMC) released on 15 January 2015 a ruling imposing a penalty of EUR 23,289 thousand to certain ACS Group companies, Urbaser and Sertego, as CNMC found that they followed competition-restricting practices in the Waste Management industry (urban and industrial waste and paper and cardboard recovery) and in the Urban Sanitation Industry. The ACS Group and its legal advisors believe that no competition-restrictive practice has been followed, so it will appeal this ruling before the competent court, for which reason no liability has been recorded in this respect.

In relation to the ownership interest held by Hochtief, A.G. in the Budapest airport, the non-controlling shareholders had 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. The arbitration proceeding pursued by one of the non-controlling shareholders in 2011 was resolved in 2014 with an insignificant sum in relation to the consolidated accounts of the ACS Group. On 27 September 2013, the sale of Hochtief's indirect ownership interest in the Budapest airport was closed and, therefore, the risk of financial debt consolidation disappeared.

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:

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

Expressed as % of sales	2013	2014
Implementation of an environmental management system	98.1%	97.7%
Implementation of ISO 14001 certification	65.7%	63.9%
Implementation of certifications other than ISO 14001	11.2%	1.2%
Existence of specific targets for reducing CO ₂ emissions	71.8%	73.1%
Execution of projects to reduce waste generation	93.0%	94.1%
Existence of plans to reduce water consumption	81.0%	81.3%
Setting of objectives to minimise the impact of the company's activities on biodiversity	57.6%	15.7%
The remuneration of workers, middle management and/or executives is linked to the achievement of formal environmental objectives	17.4%	16.9%
There is some kind of non-economic incentive/recognition for the achievement of formal environmental objectives	46.5%	42.0%
The environmental management system has been audited by an external independent third party	98.1%	97.7%
Number of environmental audits carried out in your company	2.182	1.183
Number of environmental incidents which occurred	731	860
Existence of a system for collecting data on environmental near misses	81.1%	79.2%
Existence of a centralised database to collect data on environmental matters	77.5%	88.8%

The significant level of implementation of an environmental management system, present in companies representing 97.72% 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 implemented in 63.89% 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.

CONSOLIDATED FINANCIAL STATEMENTS

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:

MAIN MANAGEMENT INDICATORS - ENVIRONMENT

	2013	2014
Percentage of sales covered by ISO 14001 Certification	65.7%	63.9%
Total Water consumption (m ³)	18,460,840	20,152,730
Ratio: m ³ of Water / Sales (€ million)	465.9	566.7
Direct emissions (Scope 1) (tCO ₂ equiv.)	3,771,674	5,798,392
Scope 1 Carbon Intensity Ratio: Emissions / Sales (€ million)	95.2	163.0
Indirect emissions (Scope 2) (tCO ₂ equiv.)	302,158	463,901
Scope 2 Carbon Intensity Ratio: Emissions / Sales (€ million)	7.6	13.0
Indirect emissions (Scope 3*) (tCO ₂ equiv.)	7,103,265	10,718,982
Scope 3* Carbon Intensity Ratio: Emissions / Sales (€ million)	179.3	301.4
Total Emissions (tCO ₂ equiv.)	11,177,096	16,981,275
Total Carbon Intensity Ratio: Total Emissions / Sales (€ million)	282.1	477.5
Non-hazardous waste sent for management (t)	3,115,431	8,746,743
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	78.6	246.0
Hazardous waste sent for management (t)	268,137	176,526
Ratio: Tonnes of hazardous waste / Sales (€ million)	6.8	5.0

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 2014, the value of these assets, net of depreciation, was EUR 25,326 thousand (EUR 21,499 thousand in 2013).

Environmental expenses incurred in 2014 amounted to EUR 1,601 thousand (EUR 1,561 thousand in 2013).

38. AUDITORS' FEES

The fees for financial audit services provided to the various companies in 2014 and 2013 were as follows:

Thousands of euros	2014	2013
Audit service fees	13,948	12,986
Main auditor	11,543	11,005
Other auditors	2,405	1,981
Fees for tax services	3,296	871
Main auditor	85	493
Other auditors	3,211	378
Other services	7,962	1,763
Main auditor	2,049	1,572
Other auditors	5,913	191
Total	25,206	15,620

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.

¹ The environmental information of the ACS Group includes information on Leighton. In 2013 this includes information from January 2013 to December 2013 (inclusive), in 2014 is includes information spanning from July 2013 to June 2014 (inclusive). The information in this table referring to Leighton is (for the period July 2013 to June 2014): ISO 14001 (100%), Emissions Scope 1 CO₂: (5,362,111 tons), Emissions Scope 2 CO₂: (271,610 tons), Emissions Scope 3 CO₂: (2,747,782 tons).

Hazardous and non-hazardous waste in Hochtief in 2014 amounted to 150,363 tons and 8,213,595 tons respectively. These figures include data from Leighton.

In terms of reported water consumption, an increase has been recorded due to the expansion of Cobra international activity. Likewise, the data does not include information on Leighton given that the data available are estimates based on the cost of the resource. Consumption estimated under this method by Leighton was 12.5 million m³ in 2013 and 37 million m³ in 2014.

This report has used a CO₂ emissions accountign methodology for every year, for which reason Urbaser classifies emissions in waste and water treatment centres as indirect, of Scope 3, due to not having ownership or operational control within these facilities, as contained in GHG Protocol international standards (appendix F) and EPE Protocol (waste secto methodology) which Urbaser has applied for the calculation of the Carbon Footprint. As owner of the facilities, the Public Administration imposes the operational requirements, while management companies only operate them temporarily.

Scope 3 emissions include those calculated for employee travel. Likewise, for Hochtief and Leighton those calculated for the Supply Chain are included (Cement, Wood, Waste and Iron).

APPENDICES

As stated in Note 02 to the financial statements, Appendices I, II, and III list the subsidiaries, joint agreements and relevant associates in the ACS Group in 2014, 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
PARENT		
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pio XII, 102, 28036 Madrid, Spain.	-
ACS Actividades Finance 2, B.V.	Herikerbergweg, 238, Amsterdam, Holland.	100.00%
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.U.	Avda. de Pio XII, 102, 28036 Madrid, Spain	100.00%
Binding Statement, S.A.	Avda. Pio XII, 102, Madrid 28036, 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.U.	Avda. de Pio XII, 102, 28036 Madrid, Spain.	100.00%
Statement Structure, S.A.	Avda. Pio XII, 102, Madrid 28036, Spain	100.00%
CONSTRUCTION - DRAGADOS		
Acainsa, S.A.	C/ Orense, 34-1º, 28020 Madrid, Spain	100.00%
Aparcamiento Tramo C. Rambla-Coslada, S.L.	C/ Orense, 34-1º, 28020 Madrid, Spain	100.00%
Besalco Dragados, S.A.	Avda. Tajamar nº 183 piso 1º Las Condes, Santiago de Chile, Chile	50.00%
Cesionaria Vallés Occidental, S.A.	Avda. Josep Tarradellas, nº 8-10, 08029 Barcelona, Spain	100.00%
Comunidades Gestionadas, S.A. (COGESA)	C/ Orense, 34-1º, 28020 Madrid, Spain	100.00%
Consorcio Const. Piques y Túneles Línea 6 Metro SA	Avda. Tajamar 183, piso 5, Las Condes, Santiago de Chile, Chile	49.99%
Consorcio Constructor Bahía Chilota, S.A.	Avenida Tajamar 183, piso 5, Las Condes, Santiago, Chile	49.99%
Consorcio Constructor Puente Santa Elvira, S.A.	Avenida Tajamar 183, piso 5, Las Condes, Santiago, Chile.	49.99%
Consorcio Dragados Compax Dos S.A.	Avda. Vitacura 2939 of. 2201, Las Condes, Santiago de Chile Chile	55.00%
Consorcio Dragados Compax, S.A.	Avda. Vitacura 2939 of. 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, Atenas, 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 Of. 2201, Las Condes, Santiago de Chile, Chile	54.00%
Construirail, 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, Londres EC4N 15W, United Kingdom	100.00%
Drace Infrastructures USA, Llc.	701 5 th Avenue, Suite 7170 Seattle, WA 98104, Washington, United States.	100.00%
Dragados Australia PTY Ltd.	Gold Field House, One Alfred Street - Level 20, Suite 2006 - 2000 Sidney - NSW Australia	100.00%
Dragados Canadá, 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.	100.00%
Dragados CVV Constructora, S.A.	Avda. Vitacura 2939 of. 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 México S.A de C.V.	C/ Hamburgo, 172, piso 1, Juárez 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.	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, Londrés SE10 0ER, UK	100.00%
Geocisa USA Inc.	810 Seventh Ave. 9th Fl. New York, NY 10019, United States.	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%
J.F. White Contracting Company	10 Burr Street, Framingham, MA 01701, United States.	100.00%
John P. Picone Inc.	31 Garden Lane, Lawrence, NY 11559 United States.	100.00%
Lining Precast, L.L.C.	P.O. Box 12274, Seattle, WA 98102, United States.	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 Pomorzé, S.A.	80-557 Gdansk ul. Marynarki Polskiej 59, Poland	100.00%
Muelle Melbourne & Clark, S.A.	Avenida Tajamar 183, piso 5, Las Condes, Santiago, Chile	50.00%

Company	Registered Office	% Effective Ownership
Newark Real Estate Holdings, Inc.	810 Seventh Ave. 9th Fl. New York, NY 10019, United States.	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%
POLAQUA Wostok Sp. z.o.o.	115184 Moscow ul. Nowokuznieckaja 9. Russia	51.00%
Prince Contracting, LLC.	10210 Highland Manor Drive, Suite 110. Tampa, FL, 33610. United States.	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.	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.	100.00%
Sicsa Rail Transport, S.A.	C/ Orense, 11. 28020 Madrid. Spain	76.00%
Subgrupo POLAQUA Sp. z.o.o.	Dworska 1, 05-500 Piaseczno (Wólka Kozodawska). Poland.	100.00%
Sussex Realty, Llc.	31 Garden Lane Lawrence, NY 11559. EE.UU.	100.00%
Técnicas e Imagen Corporativa, S.L.	Avda. de Paris, 1 - 19200 Azuqueca de Henares. Guadalajara. Spain	100.00%
TECO Sp. z.o.o.	51-502 Wroclaw ul. Mydlana 1. Poland	100.00%
Tecsa Empresa Constructora, S.A.	Avda. Madariaga 1.48014 Bilbao. Spain.	100.00%
Tedra Australia Pty. L.T.D.	293 Queen Street, Altona, Meadows VIC 3028 - Australia	100.00%
Vias Canada Inc.	150 King Street West, Suite 2103. Toronto ON. Canada.	100.00%
Vias USA Inc.	2711 Centerville Road, Suite 400, Wilmington. New Castle. Delaware. United States.	100.00%
Vias y Construcciones UK Limited	Regina House 2nd Floor, 1-5. Queen Street. London. United Kingdom	100.00%
Vias y Construcciones, S.A.	C/ Orense, 11. 28020 Madrid. Spain	100.00%
Weneda Sp. z.o.o.	45-355 Opole ul. 1-go Maja 77/1. Poland	100.00%
CONSTRUCTION - IRIDIUM (Concessions)		
ACS Infraestructuras Perú SAC	Urbanización Orrantia, Avenida 2 de Mayo, nº 1321. San Isidro. Lima. Peru.	100.00%
ACS Infrastructure Australia PTY LTD	Suite 2006, Level 20, Gold Fields House 1 Alfred Street. Sydney 2000. New South Wales (NSW). Australia.	100.00%
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.	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%
Autovia del Camp del Turia, S.A.	C/ Alvaro de Bazán, nº 10 Entlo. 46010 Valencia. Spain	65.00%
Autovia Medinaceli-Calatayud Soc. Conces. Estado, S.A.	Avda. Camino de Santiago, 50 - 28050 Madrid. Spain.	95.00%
Can Brians 2, S.A.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. Spain.	100.00%
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. Spain.	100.00%
Concesiones Viarias Chile Tres, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile	100.00%
Concesiones Viarias Chile, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile	100.00%
Desarrollo de Concesionarias Viarias Dos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Desarrollo de Concesionarias Viarias Uno, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Desarrollo de Concesiones Ferroviarias, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. Spain.	100.00%
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. England	100.00%
Dragados Waterford Ireland, Ltd.	Unit 3B, Bracken Business Park, Bracken Road, Sandycroft Dublin 18. R. Ireland	100.00%
Estacionament Centre Direccional, S.A.	Avenida 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.	Avenida 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.	100.00%
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.	Avenida del Camino de Santiago, nº 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	Unit 3B, Bracken Business Park, Bracken Road, Sandycroft Dublin 18. R. Ireland	100.00%
Marestrada-Operações e Manutenção Rodoviária, S.A.	Rua Julieta Ferrão, nº 10 - 6º andar 1600-131 Lisboa. Portugal	70.00%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Parking Mérida III, S.A.U.	Avenida Lusitania, 15 1º Puerta 7.Mérida. Badajoz. Spain.	100.00%
Parking Nou Hospital del Camp, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. Spain.	100.00%
Parking Palau de Fires, S.L.	Avenida de la Universitat, s/n.Spain. 43206 Reus. Tarragona.	100.00%
PLANESTRADA - Operação e Manutenção Rodoviária, SA	CAM Grândola EN120 - Bairro da Tirana 7570 Grândola . Portugal.	70.00%
Servicios Transportes Equipamientos Públicos S.L.	Avenida del Camino de Santiago 50 Edif 1 Pl 1.28050 Madrid. Spain.	100.00%
The Currituck Development Group, Llc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States.	100.00%
CONSTRUCTION - HOCHTIEF		
Hochtief Aktiengesellschaft	Essen, Germany	61.44%
Beggen PropCo Sàrl	Strassen, Luxemburg	61.44%
Builders Direct SA	Luxemburg, Luxemburg	61.44%
Builders Insurance Holdings S.A.	Steinfort, Luxemburg	61.44%
Builders Reinsurance S.A.	Steinfort, Luxemburg	61.44%
Contractors Reinsurance S.A.	Luxemburg, Luxemburg	61.44%
Eurafrica Baugesellschaft mbH	Essen, Germany	61.44%
HOCHTIEF Concessions India Private Limited	Haryana, India	61.44%
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH	Essen, Germany	61.44%
Independent (Re)insurance Services S.A.	Luxemburg, Luxemburg	61.44%
Steinfort Capital Growth SICAV-SIF	Bertrange, Luxemburg	61.44%
Steinfort Fund of Funds SICAV-SIF	Hesperingen, Luxemburg	61.44%
Steinfort Propco Sàrl	Strassen, Luxemburg	61.44%
Vintage Real Estate HoldCo Sàrl	Strassen, Luxemburg	61.44%
HOCHTIEF Americas		
2501 Constructors LLC	DC, United States	61.44%
Auburndale Company, Inc.	Ohio, United States	61.44%
Audubon Bridge Constructors	New Roads, United States	33.18%
Bethesda View Constructors LLC	Maryland, United States	61.44%
Canadian Turner Construction Company (Nova Scotia)	Nova Scotia, Canada	61.44%
Canadian Turner Construction Company Ltd.	Markham, Canada	61.44%
Capitol Building Services LLC	Maryland, United States	61.44%
Caribbean Operations, Inc.	Delaware, United States	61.44%
CB Finco Corporation	Alberta, Canada	31.34%
CB Resources Corporation	Alberta, Canada	31.34%
Clark Builders Partnership Corporation	Alberta, Canada	31.34%
E. E. Cruz and Company Inc.	Holmdel, United States	61.44%
Facilities Management Solutions, LLC	Delaware, United States	61.44%
FCl Constructors/Balfour Beatty	San Marco, United States	43.01%
FECO Equipment	Denver, United States	61.44%
Flatiron Construction Corp.	Wilmington, United States	61.44%
Flatiron Construction International LLC	Wilmington, United States	61.44%
Flatiron Constructors Canada Limited	Vancouver, Canada	61.44%
Flatiron Constructors Inc.	Wilmington, United States	61.44%
Flatiron Constructors Inc. Canadian Branch	Vancouver, Canada	61.44%
Flatiron Constructors, Inc.-Blythe Development Company	Firestone, United States	36.87%
Flatiron Electric AL Group	Wilmington, United States	61.44%
Flatiron Equipment Company Canada	Calgary, Canada	61.44%
Flatiron Holding Inc.	Wilmington, United States	61.44%
Flatiron Parsons	Los Angeles, United States	43.01%
Flatiron West Inc.	Wilmington, United States	61.44%
Flatiron/Turner Construction of New York LLC	New York, United States	61.44%
Flatiron/United	Chocowinity, United States	36.87%
Flatiron-Blythe Development Company	Firestone, United States	43.01%
Flatiron-Lane	Longmont, United States	33.79%
Flatiron-Manson	Minneapolis, United States	43.01%
Flatiron-Tidewater Skanska	Tampa, United States	36.87%
Flatiron-Zachry	Firestone, United States	33.79%
Henry Street Builders, LLC	Virginia, United States	61.44%
HOCHTIEF Americas GmbH	Essen, Germany	61.44%
HOCHTIEF Argentina S.A.	Buenos Aires, Argentina	61.44%

Company	Registered Office	% Effective Ownership
HOCHTIEF United States INC.	Dallas, United States	61.44%
HT CONSTRUCTION INC.	Dover, United States	61.44%
Lacona, Inc.	Tennessee, United States	61.44%
Maple Red Insurance Company	Vermont, United States	61.44%
McKissack & McKissack, Turner, Tompkins, Gilford JV(MLK Jr. Memorial)	New York, United States	33.79%
Metacon Technology Solutions, LLC	Texas, United States	61.44%
Mideast Construction Services, Inc.	Delaware, United States	61.44%
Misener Constru-Marina S.A. de C.V.	Ciudad Juarez, Mexico	61.44%
Misener Servicios S.A. de D.V.	Ciudad Juarez, Mexico	61.44%
North Carolina Constructors	Longmont, United States	36.87%
O'Brien Edwards/Turner Joint Venture	New York, United States	30.72%
Offshore Services, Inc.	Delaware, United States	61.44%
OMM Inc.	Plantation, United States	61.44%
Saddleback Constructors	Mission Viejo, United States	33.18%
Services Products Buildings, Inc.	Ohio, United States	61.44%
TC Professional Services, LLC	Delaware, United States	61.44%
TCCO of South Carolina, LLC	South Carolina, United States	61.44%
TGS/SamCorp JV (Paso del Norte - Port of Entry)	New York, United States	61.44%
The Lathrop Company, Inc.	Delaware, United States	61.44%
The Turner Corporation	Dallas, United States	61.44%
Tompkins Builders, Inc.	Washington, United States	61.44%
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen)	District of Columbia, United States	31.34%
Tompkins/Ballard JV (Richmond City Jail)	District of Columbia, United States	46.08%
Tompkins/Gilford JV (Prince George's Community College Center)	District of Columbia, United States	43.01%
Turner (East Asia) Pte. Ltd.	Singapore	61.44%
Turner Alpha Limited	Trinidad, Trinidad y Tobago	43.01%
Turner Canada Holdings Inc.	New Brunswick, Canada	61.44%
Turner Caribe, Inc.	Delaware, United States	61.44%
Turner Cayman Ltd.	United Kingdom	61.44%
Turner Construction Company	New York, United States	61.44%
Turner Construction Company - Singapore (US)	Singapore	61.44%
Turner Construction Company of Indiana, LLC	Indiana, United States	61.44%
Turner Construction Company of Ohio LLC	Ohio, United States	61.44%
Turner Cornerstone Korea	South Korea	61.44%
Turner Cross Management (Blackrock)	New York, United States	36.87%
Turner Cross Management IV (Blackrock Wilmington 400 Bellevue)	New York, United States	43.01%
Turner Davis JV (Laurelwood/Rowney)	New York, United States	31.34%
Turner Development Corporation	Delaware, United States	61.44%
Turner Harmon JV (Clarian Hospital - Fishers)	New York, United States	46.08%
Turner HGR JV(Smith County Jail-Precon/Early Release)	New York, United States	36.87%
Turner International (East Asia) Pte. Limited	SriLanka	61.44%
Turner International (Hong Kong) Limited	Hong Kong	61.44%
Turner International (UK) Ltd.	London, United Kingdom	61.44%
Turner International Industries, Inc.	Delaware, United States	61.44%
Turner International Korea LLC	Corea del Sur	61.44%
Turner International Limited	Bermuda, United States	61.44%
Turner International LLC	Delaware, United States	61.44%
Turner International Malaysia SDN BHD	Malasia	61.44%
Turner International Mexico SRL	United States	61.44%
Turner International Professional Services, S. De R. L. De C. V	Mexico	61.44%
Turner International Pte. Limited	Singapore	61.44%
Turner International Support Services, S. De R. L. De C. V.	Mexico	61.44%
Turner Lee Lewis (Lubbock Hotel)	New York, United States	36.87%
Turner Logistics Canada Ltd.	New Brunswick, Canada	61.44%
Turner Logistics, LLC	Delaware, United States	61.44%
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai, China	61.44%
Turner Partnership Holdings Inc.	New Brunswick, Canada	61.44%
Turner Project Management India Private Ltd.	India	61.44%
Turner Regency	New York, United States	31.34%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Turner Sabinal JV	New York, United States	49.15%
Turner Southeast Europe d.o.o Beograd	Belgrado, Serbia	61.44%
Turner Support Services, Inc.	Delaware, United States	61.44%
Turner Surety & Insurance Brokerage Inc.	New Jersey, United States	61.44%
Turner Trotter II (IPS Washington School)	New York, United States	30.72%
Turner Trotter JV (Clarian Fishers Medical Center)	New York, United States	46.08%
Turner Vietnam Co. Ltd.	Vietnam	61.44%
Turner/ADCo DTA (OUSD downtown education center)	New York, United States	43.01%
Turner/Con-Real - Forest/JV	New York, United States	36.87%
Turner/Con-Real (Tarrant County college District SE Campus New Wing)	New York, United States	43.01%
Turner/CON-REAL-University of Arkansas	Texas, United States	31.34%
Turner/Hallmark JV1 (Beaumont ISD Athletic Complex)	New York, United States	61.44%
Turner/HGR	Texas, United States	31.34%
Turner/Hoist	District of Columbia, United States	31.34%
Turner/HSC JV (Cooper University Hospital)	New York, United States	43.01%
Turner/JGM JV (Proposition Q)	New York, United States	41.17%
Turner/Ozanne/VAA	Atlanta, United States	31.34%
Turner/Trevino JV1 (HISD Program Management)	New York, United States	39.94%
Turner/White JV (Sinai Grace Hospital)	New York, United States	36.87%
Turner-Arellano Joint Venture	New York, United States	36.87%
Turner-Davis Atlanta Airport Joint Venture (Hartsfield Jackson Intl Aripport DOA Secutiry Office Renovation)	New York, United States	36.87%
Turner-Kiewit JV	New York, United States	36.87%
Turner-Marhnos S A P I De CV	Mexico City, Mexico	31.34%
Turner-Penick JV (US Marine Corp BEQ Pkg 4 & 7)	New York, United States	36.87%
Turner-Powers & Sons (Lake Central School Corporation)	New York, United States	36.87%
Turner-SG Contracting	Atlanta, United States	46.08%
Turner-Tooles JV (Cobo Conference Center)	New York, United States	49.15%
Universal Construction Company, Inc.	Delaware, United States	61.44%
West Coast Rail Constructors	San Marco, United States	39.94%
White/Turner Joint Venture (New Munger PK-8)	New York, United States	30.72%
White/Turner Joint Venture Team (DPS Mumford High School)	New York, United States	30.72%
White-Turner JV (City of Detroit Public Safety)	New York, United States	30.72%
HOCHTIEF Asia Pacific		
111 Margaret Street Pty Limited	Victoria, Australia	21.82%
145 Ann Street Pty. Ltd.	Australia	42.78%
145 Ann Street Trust	Australia	42.78%
512 Wickham Street Pty. Ltd.	Australia	42.78%
512 Wickham Street Trust	Australia	42.78%
A.C.N. 126 130 738 Pty. Ltd.	Australia	42.78%
A.C.N. 151 868 601 Pty Ltd	Victoria, Australia	42.78%
A.C.N. 601 639 810 Pty Ltd	Australia	42.78%
ACN 112 829 624 Pty Ltd	Australia	42.78%
Ashmore Developments Pty Limited	Australia	42.78%
Ausindo Holdings Pte. Ltd.	Singapore	42.78%
Boggo Road Project Pty Limited	Australia	42.78%
Boggo Road Project Trust	Queensland, Australia	42.78%
BOS Australia Pty. Ltd.	South Bank, Australia	42.78%
Broad Construction Services (NSW/VIC) Pty. Ltd.	Newcastle, Australia	42.78%
Broad Construction Services (QLD) Pty. Ltd.	Gold Coast, Australia	42.78%
Broad Construction Services (WA) Pty Ltd.	Australia	42.78%
Broad Group Holdings Pty. Ltd.	Perth, Australia	42.78%
Devine Bacchus Marsh Pty Limited	WA, Australia	21.82%
Devine Building Management Services Pty Ltd	Australia	21.82%
Devine Constructions Pty Limited	Queensland, Australia	21.82%
Devine Funds Pty Limited	Queensland, Australia	21.82%
Devine Funds Unit Trust	Victoria, Australia	21.82%
Devine Homes Pty Limited	Australia	21.82%
Devine Land Pty Limited	Queensland, Australia	21.82%

Company	Registered Office	% Effective Ownership
Devine Ltd.	Brisbane, Australia	21.82%
Devine Management Services Pty Limited	Queensland, Australia	21.82%
Devine Projects (VIC) Pty Ltd	Australia	21.82%
Devine Queensland No. 10 Pty Limited	Queensland, Australia	21.82%
Devine SA Land Pty Ltd	Australia	21.82%
Devine Springwood No. 1 Pty Limited	Queensland, Australia	21.82%
Devine Springwood No. 2 Pty Limited	NSW, Australia	21.82%
Devine Springwood No. 3 Pty Ltd.	Australia	21.82%
Devine Woodforde Pty Ltd	Australia	21.82%
DMB Pty Limited	Queensland, Australia	21.82%
DoubleOne 3 Building Management Services Pty Ltd	Australia	21.82%
DoubleOne 3 Pty Ltd	Australia	21.82%
Emrail-Leighton Joint Venture	Malasia	42.78%
Ewenissa Pty Ltd.	Sydney, Australia	42.78%
Fleetco Finance Pty. Ltd.	Australia	42.78%
Fleetco Holdings Pty. Ltd.	Australia	42.78%
Fleetco Management Pty. Ltd.	Australia	42.78%
Fleetco Rentals No.1 Pty. Ltd.	Australia	42.78%
Fleetco Rentals Pty. Ltd.	Australia	42.78%
Fleetco Services Pty. Ltd.	Australia	42.78%
Giddens Investment Ltd.	Hong Kong	42.78%
Green Construction Company	Wilmington, United States	42.78%
Gridcomm Pty. Ltd.	Melbourne, Australia	42.78%
Hamilton Harbour	Australia	32.09%
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Australia	32.09%
HOCHTIEF Asia Pacific GmbH	Essen, Germany	61.44%
HOCHTIEF AUSTRALIA HOLDINGS LIMITED	Sydney, Australia	61.44%
Hunter Valley Earthmoving Co. Pty Ltd.	Rutherford, Australia	42.78%
HWE Cockatoo Pty Ltd	Australia	42.78%
HWE Maintenance Services Pty. Ltd.	Australia	42.78%
HWE Mining Pty Ltd	Australia	42.78%
HWE Newman Assets Pty Ltd	Australia	42.78%
Jarraah Wood Pty. Ltd.	Australia	42.78%
JH Rail Holdings Pty. Limited	Australia	25.24%
JH Rail Investments Pty. Limited	Australia	25.24%
JH Rail Operations Pty. Limited	Australia	25.24%
Joetel Pty. Limited	Australia	25.24%
John Holland AD Holdings Pty. Ltd.	Abbotsford, Australia	42.78%
John Holland AD Investments Pty. Ltd.	Abbotsford, Australia	42.78%
John Holland AD Operations Pty. Ltd.	Abbotsford, Australia	42.78%
John Holland Aviation Services Pty. Ltd.	Australia	42.78%
John Holland Development & Investment Pty. Ltd.	Abbotsford, Australia	42.78%
John Holland Engineering Pty. Ltd.	Australia	42.78%
John Holland Infrastructure Nominees Pty. Ltd.	Australia	42.78%
John Holland Infrastructure Pty. Ltd.	Australia	42.78%
John Holland Infrastructure Trust	Australia	42.78%
John Holland Investment Pty. Ltd.	Australia	42.78%
John Holland Services Pty. Ltd.	Australia	42.78%
Kings Square Developments Pty Ltd (100%)	Australia	42.78%
Kings Square Developments Unit Trust (100%)	Australia	42.78%
LCPL (PNG) Limited	Papua New Guinea	42.78%
Lei Shun Employment Limited	Macao, China	42.78%
Leighton (PNG) Limited	Papua New Guinea	42.78%
Leighton Admin Services Pty Ltd.	Sydney, Australia	42.78%
Leighton Africa (Mauricio) Ltd.	Mauricio	42.78%
Leighton Africa (South Africa) Pty. Ltd.	Botswana	42.78%
Leighton Africa Botswana (Proprietary) Limited	Botswana	42.78%
Leighton Africa Mozambique Limitada	Mozambique	42.78%
Leighton Arranging Pty. Ltd.	Australia	42.78%
Leighton Asia (China) Limited	Hong Kong	42.78%
Leighton Asia (Hong Kong) Holdings (No. 2) Limited	Hong Kong	42.78%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Leighton Asia Ltd.	Hong Kong	42.78%
Leighton Asia Southern Pte. Ltd.	Singapore	42.78%
Leighton Companies Management Group LLC	United Arab Emirates	42.78%
Leighton Contractors (Asia) Ltd.	Hong Kong	42.78%
Leighton Contractors (China) Ltd.	Hong Kong	42.78%
Leighton Contractors (Indo-China) Ltd.	Hong Kong	42.78%
Leighton Contractors (Laos) Sole Company Ltd.	Laos	42.78%
Leighton Contractors (Malasia) Sdn. Bhd.	Malasia	42.78%
Leighton Contractors (Philippines) Inc.	Philippines	17.11%
Leighton Contractors Asia (Cambodia) Co. Ltd.	Cambodia	42.78%
Leighton Contractors Asia (Vietnam) Limited	Vietnam	42.78%
Leighton Contractors Inc.	Wilmington, United States	42.78%
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Australia	42.78%
Leighton Contractors Infrastructure Pty. Ltd.	Australia	42.78%
Leighton Contractors Infrastructure Trust	Australia	42.78%
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka	42.78%
Leighton Contractors Mauricio Ltd.	Mauricio	42.78%
Leighton Contractors Pty Ltd.	Sydney, Australia	42.78%
Leighton Engineering & Construction (Singapore) Pte Ltd	Singapore	42.78%
Leighton Engineering Joint Venture	Malaysia	29.94%
Leighton Engineering Sdn. Bhd.	Queensland, Australia	42.78%
Leighton Equity Incentive Plan Trust	Australia	42.78%
Leighton Fabrication and Modularization Ltd.	Thailand	42.78%
Leighton Finance (United States) Pty. Ltd.	Australia	42.78%
Leighton Finance International Pty Ltd.	Australia	42.78%
Leighton Finance Ltd.	Sydney, Australia	42.78%
Leighton Foundation Engineering (Asia) Ltd.	Hong Kong	42.78%
Leighton Funds Management Pty Ltd.	Sydney, Australia	42.78%
Leighton Gbs Sdn. Bhd.	Malaysia	42.78%
Leighton Geotech Ltd.	Bangkok, Thailand	20.96%
Leighton Group Property Services No.1 Pty Ltd	Australia	42.78%
Leighton Group Property Services Pty. Ltd.	Australia	42.78%
Leighton Harbour Trust	Australia	42.78%
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Australia	42.78%
Leighton Holdings Infrastructure Pty. Ltd.	Australia	42.78%
Leighton Holdings Infrastructure Trust	Australia	42.78%
Leighton Holdings Investments Pty. Ltd.	Australia	42.78%
Leighton Holdings Limited	Sydney, Australia	42.78%
Leighton India Contractors Private Ltd.	Kala Ghoda Fort, India	42.78%
Leighton Infrastructure Investments Pty. Ltd.	Sydney, Australia	42.78%
Leighton International Holdings Limited	Cayman Islands, United Kingdom	42.78%
Leighton International Ltd.	Cayman Islands, United Kingdom	42.78%
Leighton International Mauricio Holdings Limited No. 4	Mauricio	42.78%
Leighton International Projects (India) Private Limited	India	42.78%
Leighton Investments Mauricio Limited	Mauricio	42.78%
Leighton Investments Mauricio Limited No. 2	Mauricio	42.78%
Leighton Investments Mauricio Limited No. 4	Mauricio	42.78%
Leighton Joint Venture	Hong Kong	42.78%
Leighton LLC	Mongolia	42.78%
Leighton M&E Limited	Hong Kong	42.78%
Leighton Middle East and Africa (Holding) Limited	United Kingdom	42.78%
Leighton Motorway Investments No. 2 Pty. Ltd.	Sydney, Australia	42.78%
Leighton Offshore / Leighton Engineering & Construction JV	Singapore	42.78%
Leighton Offshore Australia Pty. Ltd.	Australia	42.78%
Leighton Offshore Eclipse Pte. Ltd.	Singapore	42.78%
Leighton Offshore Faulkner Pte. Ltd.	Singapore	42.78%
Leighton Offshore Mynx Pte. Ltd.	Singapore	42.78%
Leighton Offshore Pte. Ltd.	Singapore	42.78%
Leighton Offshore Sdn Bhd	Malaysia	42.78%
Leighton Offshore Stealth Pte. Ltd.	Singapore	42.78%
Leighton Pacific St Leonards Pty. Ltd.	Australia	42.78%

Company	Registered Office	% Effective Ownership
Leighton Pacific St Leonards Unit Trust	Australia	42.78%
Leighton Portfolio Services Pty Ltd.	Sydney, Australia	42.78%
Leighton PPP Services NZ Limited	New Zealand	42.78%
Leighton Projects Consulting (Shanghai) Ltd.	China	42.78%
Leighton Properties (Brisbane) Pty Ltd.	Sydney, Australia	42.78%
Leighton Properties (NSW) Pty Ltd (100%)	Australia	42.78%
Leighton Properties (VIC) Pty Ltd.	Sydney, Australia	42.78%
Leighton Properties (WA) Pty. Ltd.	Australia	42.78%
Leighton Properties Pty Ltd.	Sydney, Australia	42.78%
Leighton Property Funds Management Ltd.	Sydney, Australia	42.78%
Leighton Property Management Pty Ltd.	Sydney, Australia	42.78%
Leighton Residential Investments Pty. Ltd.	Australia	42.78%
Leighton Staff Shares Pty Ltd.	Sydney, Australia	42.78%
Leighton Superannuation Pty. Ltd.	Australia	42.78%
Leighton United States Inc.	United States	42.78%
Leighton-LNS Joint Venture	Hong Kong	34.22%
LH Holdings Co Pty. Ltd.	Australia	42.78%
LMENA No. 1 Pty. Ltd.	Australia	42.78%
LMENA Pty. Ltd.	Australia	42.78%
LNWR Pty Limited	Australia	42.78%
LPWRAP Pty. Ltd.	Australia	42.78%
LS Midco Pty Ltd	Australia	21.39%
LS NewCo Pty Ltd	Australia	42.78%
Martox Pty. Ltd.	Australia	25.24%
Mode Apartments Pty. Ltd.	Australia	21.82%
Mode Apartments Unit Trust	Australia	21.82%
Moonamang Joint Venture Pty. Ltd.	Australia	42.78%
Moorookyle Devine Pty Limited	Victoria, Australia	21.82%
Nestdeen Pty. Ltd.	Australia	42.78%
Nexus Point Solutions Pty. Ltd.	Sydney, Australia	42.78%
Opal Insurance (Singapore) Pte Ltd.	Singapore	42.78%
Pacific Partnerships Holdings Pty Ltd	Australia	42.78%
Pacific Partnerships Investments Pty Ltd	Australia	42.78%
Pacific Partnerships Pty Ltd	Australia	42.78%
Pioneer Homes Australia Pty Limited	Queensland, Australia	21.82%
Plant & Equipment Leasing Pty Ltd.	Sydney, Australia	42.78%
PT Cinere Serpong Jaya	Indonesia	40.64%
PT Leighton Contractors Indonesia	Indonesia	42.78%
PT Ngawi Kertosono Jaya	Indonesia	40.64%
PT Solo Ngawi Jaya	Indonesia	40.64%
PT Thiess Contractors Indonesia	Jakarta, Indonesia	42.78%
Queens Square Pty Ltd	Australia	42.78%
River Links Developments Pty. Ltd.	Australia	42.78%
Riverstone Rise Gladstone Pty Ltd	Australia	21.82%
Riverstone Rise Gladstone Unit Trust	Australia	21.82%
Silverton Group Pty. Ltd.	Australia	42.78%
Sustaining Works Pty Limited	Australia	42.78%
Talcliff Pty Limited	Queensland, Australia	21.82%
Technical Resources Pty Ltd.	Sydney, Australia	42.78%
Telecommunication Infrastructure Pty. Ltd.	Abbotsford, Australia	42.78%
Thai Leighton Ltd.	Bangkok, Thailand	20.96%
Thiess (Mauricio) Pty. Ltd.	Mauricio	42.78%
Thiess Contractors (Malasia) Sdn. Bhd.	Kuala Lumpur, Malaysia	42.78%
Thiess Contractors (PNG) Ltd.	Papua New Guinea	42.78%
Thiess Contractors Canada Ltd	Canada	42.78%
Thiess India Pvt Ltd	India	42.78%
Thiess Infraco Pty. Limited	Australia	42.78%
Thiess Infrastructure Nominees Pty. Ltd.	Australia	42.78%
Thiess Infrastructure Pty. Ltd.	Australia	42.78%
Thiess Infrastructure Trust	Australia	42.78%
Thiess Minecs India Pvt. Ltd.	India	38.50%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Thiess Mining Maintenance Pty. Ltd.	South Bank, Australia	42.78%
Thiess NC	Nueva Caledonia	42.78%
Thiess NZ Limited	Auckland, New Zealand	42.78%
Thiess Pty Ltd.	South Bank, Australia	42.78%
Thiess Services John Holland Services Joint Venture	Australia	42.78%
Thiess Southland Pty Ltd.	South Bank, Australia	42.78%
Think Consulting Group Pty. Ltd.	Australia	42.78%
Townsville City Project Pty Ltd	Australia	32.09%
Townsville City Project Trust	Australia	32.09%
Trafalgar EB Pty Ltd	Australia	21.82%
Tribune SB Pty Ltd	Australia	21.82%
Victoria Point Docklands Pty. Ltd.	Australia	21.82%
Western Port Highway Trust	Australia	42.78%
Woodforde JV Pty Ltd	Australia	21.82%
Yoltax Pty. Limited	Australia	25.24%
Zelmex Pty. Limited	Australia	25.24%
HOCHTIEF EUROPE		
A.L.E.X.-Bau GmbH	Essen, Germany	61.44%
ACL Investment a.s.	Praga, Chequia	61.44%
AVN Chile Fünfte Holding GmbH	Essen, Germany	61.44%
AVN Chile Vierte Holding GmbH	Essen, Germany	61.44%
Constructora Cheves S.A.C.	Lima, Peru	39.94%
Constructora HOCHTIEF - TECSA S.A.	Santiago de Chile, Chile	43.01%
Constructora Nuevo Maipo S.A.	Santiago de Chile, Chile	43.01%
Copernicus 5B Sp. z o.o.	Warschau, Poland	61.44%
Copernicus Apartments Sp. z o.o.	Warschau, Poland	61.44%
Copernicus B1 Sp. z o.o.	Warschau, Poland	61.44%
Copernicus D Sp. z o.o.	Warschau, Poland	61.44%
Copernicus Development Sp. z o.o.	Warschau, Poland	61.44%
Copernicus JV B.V.	Amsterdam, Netherlands	61.44%
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen, Germany	61.44%
Deutsche Baumanagement GmbH	Essen, Germany	61.44%
Euripus s.r.o.	Praga, Czech Republic	61.44%
FM Holding GmbH i.L.	Essen, Germany	61.44%
forum am Hirschgarten Nord GmbH & Co. KG	Essen, Germany	61.44%
forum am Hirschgarten Süd GmbH & Co. KG	Essen, Germany	61.44%
Grundstücksgesellschaft Köbis Dreieck GmbH & Co. Development KG	Essen, Germany	55.30%
GVG mbH & Co. Objekt RPU Berlin 2 KG	Essen, Germany	57.76%
HOCHTIEF (UK) Construction Ltd.	Swindon, United Kingdom	61.44%
HOCHTIEF A5 Holding GmbH	Wien, Austria	61.44%
HOCHTIEF ABC Schools Partner Inc.	Calgary, Canada	61.44%
HOCHTIEF Ackerstraße 71-76 GmbH & Co. KG	Berlin, Germany	61.44%
HOCHTIEF Aurestis Beteiligungsgesellschaft mbH	Essen, Germany	61.44%
HOCHTIEF Building GmbH	Essen, Germany	61.44%
HOCHTIEF Canada Holding 1 Inc.	Toronto, Canada	61.44%
HOCHTIEF Canada Holding 2 Inc.	Toronto, Canada	61.44%
HOCHTIEF Canada Holding 3 Inc.	Calgary, Canada	61.44%
HOCHTIEF Construction Austria GmbH & Co. KG	Wien, Austria	61.44%
HOCHTIEF Construction Chilena Ltda.	Santiago de Chile, Chile	61.44%
HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH	Essen, Germany	61.44%
HOCHTIEF Construction Management Middle East GmbH	Essen, Germany	61.44%
HOCHTIEF CZ a.s.	Praga, Chequia	61.44%
HOCHTIEF Development Austria GmbH	Wien, Austria	61.44%
HOCHTIEF Development Austria Verwaltungs GmbH & Co. KG	Wien, Austria	61.44%
HOCHTIEF Development Czech Republic s.r.o.	Praga, Czech Republic	61.44%
HOCHTIEF Development Hungary Kft.	Budapest, Hungary	61.44%
HOCHTIEF Development Poland Sp. z o.o.	Warschau, Poland	61.44%
HOCHTIEF Development Project One SRL	Bukarest, Romania	61.44%
HOCHTIEF Development Project Three SRL	Bukarest, Romania	61.44%

Company	Registered Office	% Effective Ownership
HOCHTIEF Development Project Two SRL	Bukarest, Romania	61.44%
HOCHTIEF DEVELOPMENT ROMANIA SRL	Bukarest, Romania	61.44%
HOCHTIEF Development Suecia AB	Estocolmo, Sweden	61.44%
HOCHTIEF Development Suiza Projekt 2 AG	Opfikon, Switzerland	61.44%
HOCHTIEF Engineering GmbH	Essen, Germany	61.44%
HOCHTIEF Engineering International GmbH	Essen, Germany	61.44%
HOCHTIEF Gayrimenkul Gelistirme Limited Sirketi	Estambul, Turkey	61.44%
HOCHTIEF Infrastructure GmbH	Essen, Germany	61.44%
HOCHTIEF NEAH Partner Inc.	Edmonton, Canada	61.44%
HOCHTIEF Offshore Crewing GmbH	Essen, Germany	61.44%
HOCHTIEF ÖPP Projektgesellschaft mbH	Essen, Germany	61.44%
HOCHTIEF Polska S.A.	Warschau, Poland	61.44%
HOCHTIEF PPP Europa GmbH	Essen, Germany	61.44%
HOCHTIEF PPP Operations GmbH	Essen, Germany	61.44%
HOCHTIEF PPP Schools Capital Limited	Swindon, United Kingdom	31.34%
HOCHTIEF PPP Schulpartner Braunschweig GmbH	Braunschweig, Germany	61.44%
HOCHTIEF PPP Schulpartner GmbH & Co. KG	Heusenstamm, Germany	58.31%
HOCHTIEF PPP Solutions (Ireland) Limited	Dublin, Ireland	61.44%
HOCHTIEF PPP Solutions (UK) Limited	Swindon, United Kingdom	61.44%
HOCHTIEF PPP Solutions GmbH	Essen, Germany	61.44%
HOCHTIEF PPP Solutions Netherlands B.V.	Vianen, Netherlands	61.44%
HOCHTIEF PPP Solutions North America Inc.	Delaware, United States	61.44%
HOCHTIEF Presidio Holding LLC	Wilmington, United States	61.44%
HOCHTIEF Projektentwicklung GmbH	Essen, Germany	61.44%
HOCHTIEF Projektentwicklung 'Helfmann Park' GmbH & Co. KG	Essen, Germany	61.44%
HOCHTIEF Shield Investment Inc.	Toronto, Canada	61.44%
HOCHTIEF Solutions AG / Service Level	Essen, Germany	61.44%
HOCHTIEF Solutions Insaat Hizmetleri A.S.	Estambul, Turkey	61.44%
HOCHTIEF Solutions Middle East Qatar W.L.L.	Doha, Qatar	61.44%
HOCHTIEF Solutions Real Estate GmbH	Essen, Germany	61.44%
HOCHTIEF Trade Solutions GmbH	Essen, Germany	61.44%
HOCHTIEF ViCon GmbH	Essen, Germany	61.44%
HOCHTIEF ViCon Qatar W.L.L.	Doha, Qatar	61.44%
HTD Smart Office Nr.1 GmbH & Co. KG	Wien, Austria	61.44%
HTP Grundbesitz Blue Heaven GmbH	Essen, Germany	57.76%
HTP Immo GmbH	Essen, Germany	61.44%
HTP Projekt 2 (zwei) GmbH & Co KG	Essen, Germany	61.44%
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH	Essen, Germany	61.44%
Inserta s.r.o.	Praga, Czech Republic	61.44%
Inversiones HOCHTIEF PPP Solutions Chile dos Ltda.	Santiago de Chile, Chile	61.44%
LOFTWERK Eschborn GmbH & Co. KG	Essen, Germany	61.44%
Maximiliansplatz 13 GmbH & Co. KG	Essen, Germany	61.44%
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG	Essen, Germany	61.44%
MOLTENDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Mainoffice KG	Frankfurt am Main, Germany	61.44%
OOO HOCHTIEF	Moscow, Russia	61.44%
Perlo Sp. z o.o.	Warschau, Poland	61.44%
Project Development Poland 3 B.V.	Amsterdam, Netherlands	61.44%
Project SP1 Sp. z o.o.	Warschau, Poland	61.44%
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG	Essen, Germany	61.44%
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen, Germany	61.44%
Projektgesellschaft Marco Polo Tower GmbH & Co. KG	Hamburg, Germany	43.01%
Projektgesellschaft Marieninsel Ost GmbH & Co. KG	Essen, Germany	61.44%
Projektgesellschaft Marieninsel West GmbH & Co. KG	Essen, Germany	61.44%
Projektgesellschaft Quartier 21 mbH & Co. KG	Essen, Germany	33.79%
PSW Hainleite GmbH	Sondershausen, Germany	61.44%
PSW Leinetal GmbH	Freden, Germany	61.44%
PSW Lippe GmbH	Lüdge, Germany	61.44%
PSW Zollernalb GmbH	Hechingen, Germany	61.44%
SCE Chile Holding GmbH	Essen, Germany	61.44%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
SCE Chilean Holding S.A.	Santiago de Chile, Chile	61.44%
Soduker B.V.	Amsterdam, Netherlands	61.44%
Spiegel-Insel Hamburg GmbH & Co. KG	Essen, Germany	61.44%
STREIF Baulogistik Polska Sp. z o.o.	Warschau, Poland	61.44%
TERRA CZ s.r.o.	Praga, Chequia	61.44%
Tirpser B.V.	Amsterdam, Netherlands	61.44%
Tivoli Garden GmbH & Co. KG	Essen, Germany	61.44%
Tivoli Office GmbH & Co. KG	Essen, Germany	61.44%
TRINAC GmbH	Essen, Germany	61.44%
Valentinka a.s.	Praga, Czech Republic	61.44%
INDUSTRIAL SERVICES		
ACS industrial Services, LLC.	3511 Silverside road suite 105 Wilmington Delaware 19810 County of New Castle. United States.	100.00%
ACS Perú	Avenida Victor Andrés Belaúnde 887 Distrito Carmen de Le Legua Reinoso. Lima. Peru.	100.00%
ACS Servicios Comunicac y Energía de México 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%
ACSA	Rua Rui Teles palhinha n.º4.Leiãõ. Portugal.	74.54%
Actividades de Instalaciones y Servicios, Cobra, S.A.	Calle 21 n° 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 N° 3. 01017 Ciudad de Guatemala. Guatemala	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A.	Avda. Amazonas 3459-159 e Ñaquito 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. Leiãõ. 2740-278 Porto Salvo. Portugal	74.54%
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.	Av. 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%
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.	12400 Coit Rd, Suite 700.Dallas, TX 75251. United States.	100.00%
Araucária Projotos e Serviços de Construção, Ltda.	Av. 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 Cabezueta, s/n.11510 Puerto Real. Cadiz. Spain.	100.00%
ASON Electrónica Aeronautica, S.A.	Castrobarro,10. 28042 Madrid. Spain.	100.00%
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Atlântico-Concessões Transp Energia do Brasil Ltda.	Rua Marcos Macedo 1333 sala 1410 Ed. P tio D.Luiz Torre II. 60150-190.Fortaleza. Brazil.	74.54%
Audeli, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%
Avante MPG1 B.V.	Park Hoornowijk,2 2289CZ. Netherlands	100.00%
Avante MPG2 B.V.	Park Hoornowijk,2 2289CZ. Netherlands	100.00%
Avanzia Ingeniería, S. A. de C. V.	C/José Luis Lagrange, 103 - Miguel Hidalgo. Mexico.	99.00%
Avanzia Instalaciones S.A. de C.V.	C/ Melchor Ocampo, 193 Colonia Verónica Anzures. Mexico	100.00%
Avanzia S.A de C.V.	José Luis Lagrange, 103 8° Los Morales Polanco. Mexico.	100.00%
Aztec Energy Holdings, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
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%

Company	Registered Office	% Effective Ownership
C. A. Weinfer de Suministro de Personal	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
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%
Carreteras Pirenaicas, S.A.	Pza. de Aragón, nº 11 1ºIzqda.50004 - Zaragoza. Spain.	100.00%
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.	37.27%
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%
Centro de Control Villadiego, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Chaparral Wind Power, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	100.00%
CM- Constricoes, Ltda.	Rua, XV de Novembro 200, 14º Andar San Paulo. Brazil CPE 01013-000	74.54%
CME Africa	Luanda. Angola.	35.41%
Cme Águas, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	74.54%
Cme Angola, S.A.	Av. 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, Of 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 Perú, S.A.	Av. Víctor Andrés Belaunde 395. San Isidro.Lima. Per .	74.54%
CME Southern Africa do Sul	Sudáfrica	50.69%
Cobra Bahia Instalações e Serviços	Cuadra 4, 10 Estrada do Coco/Bahia Brazil 47680	100.00%
Cobra Bolivia, S.A.	Rosendo Gutierrez, 686 Sopocachi. Bolivia	100.00%
Cobra Chile Servicios S.A.	Avda. José Pedro Alessandri 2323 Macul.Santiago de Chile. Chile.	100.00%
Cobra Concesiones Brasil, 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.	100.00%
Cobra Energy Investment, LLC.	7380 West Sahara, Suite 160.Las Vegas NV 89117. United States.	100.00%
Cobra Energy, Ltd	60 Solonos street, Atenas. 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/Ireland Dublin.	100.00%
Cobra Group Australia Pty, Ltd.	Level 5 Mayne Building 390 ST Kilda Road.Melbourne. Australia.	100.00%
Cobra Industrial Services, Inc.	3511 Silverside road suite 105.Wilmington Delaware 19810 County of New Castle. United States.	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.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Cobra Ingeniería Uruguay, S.A.	Colinia Apartamento 305.Montevideo. Uruguay.	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 República Dominicana	Av. 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 Operaciones, S.A. de C.V.	José Luis Lagrange, 103 8º.Los morales Polanco. Mexico.	100.00%
Cobra Perú II, S.A.	Avda. Víctor Andrés Belaunde 887 Distrito: Carmen de Le Legua Reinoso. Peru.	100.00%
Cobra Perú, S.A.	Avda. Víctor Andrés Belaunde 887 Distrito: Carmen de Le Legua Reinoso. Peru.	100.00%
Cobra Railways UK Limited	Vintage Yard 59-63 Bermondsey Street, Londres. United Kingdom.	100.00%
Cobra Recursos Administrativos, S.A. de C.V.	José Luis Lagrange, 103 8º.Los morales Polanco. Mexico.	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	100.00%
Cogeneración Cadereyta S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100.00%
COICISA Industrial, S.A. de C.V.	Melchor Ocampo, 193 Verónica Anzures 11300. Méjico.	60.00%
Coinsal Instalaciones y Servicios, S.A. de C.V.	Residencial Palermo, Pasaje 3, poligono G Casa #4 San Salvador, El Salvador	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Coinsmar Instalaciones y Servicios, SARLAU	210 Boulevard Serketouni Angle Boulevard Roudani n° 13, Maarif 2100, Casablanca, Morocco	100.00%
Comercial y Servicios Larco Bogota S.A.	Calle 128 No. 49-52 Prado Veraniego 6 No 50 - 80, Bogotá, Colombia	100.00%
Comercial y Servicios Larco Bolívar S.A.S.	Manga Av 3 No. 21-44, Cartagena, Colombia.	100.00%
Comercial y Servicios Larco S.A.	Calle 128 No. 49-52 Prado Veraniego 6 No 50 - 80, Bogotá, Colombia.	100.00%
Concesionaria Angostura Siguan, S.A.	Avda. Victor Andrés Belaunde, 887 Lima, Peru.	60.00%
Concesionaria Desaladora del Sur, S.A.	Amador Merino Reyna, 267 Lima, Per .	100.00%
Concesionaria Línea de Transmisión CCNCM Sac	Avda. Victor Andres Belaunde, 887 Provincia de Callao Lima, Peru.	100.00%
Consortio Especializado Medio Ambiente, S.A. de C.V.	Melchor Ocampo, 193 piso 14, Méjico D.F. Méjico.	60.00%
Consortio Ofiteco Geoandina	Cra 25 N.96 81. Oficina 203, Bogotá . Colombia.	60.00%
Consortio Sice Disico	Cra 25 N.96 81. Oficina 203, Bogotá . Colombia.	50.00%
Consortio Sice-Comasca TLP S.A.	Cl Dardignac, 160, Recoleta, Santiago de Chile	50.00%
Consortio Tunel del Mar	Cra.12 N° 96-81 Of. 203, Colombia. Bogotá.	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 Bordiü, 35-5° 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%
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- 6ª, 11510 Mexico D.F	100.00%
Conybox Proprietary Limited	World Trade Centre 3 Floor, Morningside 2196, Johannesburg, South Africa	100.00%
Conycto 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.	70.00%
Cymi do Brasil, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Rio de Janeiro, Brazil	100.00%
Cymi Holding, S.A.	Av. Presid Wilson 231 Sala 1701 Parte Centro, Rio de Janeiro, Brazil	100.00%
Cymi Industrial INC.	12400 Coit Rd, Suite 700, Dallas, TX 75251, United States.	100.00%
Cymi Investment USA, S.L.	C/ Teide, 4-2ª Plta. 28709 San Sebastián de los Reyes, Madrid, Spain	100.00%
Cymi Seguridad, S.A.	C/ Teide, 4-2ª Plta. 28709 San Sebastián de los Reyes, Madrid, Spain	100.00%
Cymimasa Consultoria e Projotos de Construção Ltda	Avda. Presidente Wilson n° 231, Sala 1701 Parte cero, Rio de Janeiro, Brazil.	100.00%
Dankocom Pty Ltd	World Trade Centre 3 Floor, Morningside 2196, Johannesburg, South Africa.	80.00%
Delta P I, LLC.	12400 Coit Rd, Suite 700, Dallas, TX 75251, United States.	100.00%
Depuradoras del Bajo Aragón S.A.	Paraiso 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 n°7 - 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, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	100.00%
Dragados Offshore Mexico Analisis y Soluciones, S.A. de C.V.	Juan Racine, 112, Piso 8, Col. Los Morales 11510 Mexico D.F. Mexico.	100.00%
Dragados Offshore Mexico Estudios Integrales, S.A. de C.V.	Juan Racine, 112, Piso 8, Col. Los Morales 11510 Mexico D.F. Mexico.	100.00%
Dragados Offshore Mexico Operaciones y Construcciones, S.A. de C.V.	Juan Racine, 112, Piso 8, Col. Los Morales 11510 Mexico D.F. Mexico.	100.00%
Dragados Offshore USA, Inc.	One Riwerway, Suite 1700, 77056 Texas, Houston, United States.	100.00%
Dragados Offshore, S.A.	Bajo de la Cabezucla, 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%
Drazigystix Pty Ltd	World Trade Centre 3 Floor, Morningside 2196, Johannesburg, South Africa.	100.00%
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%
Ecisa Sice Spa	Av. De Vitacura, 2670, Oficina 702, Las Condes, Santiago de Chile, Chile.	50.00%
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	Avenida 6 Norte 47N-32, Cali Valle, Colombia.	40.00%
El Otero Wind Power, S.L.	Cardenal Marcelo Spínola 10, Madrid 28016, Spain.	100.00%
Electren UK Limited	Regina House 1-5 Queen Street, Londres, United Kingdom.	100.00%
Electren USA Inc.	500 Fifth Avenue, 38th floor, Nueva York 10110, United States.	100.00%
Electrén, S.A.	Avda. del Brazil, 6, 28020 Madrid, Spain	100.00%
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%

Company	Registered Office	% Effective Ownership
Electronic Traffic 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. P.I. Oeste. Alcantarilla. Murcia. Spain	100.00%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	100.00%
Enelec, S.A.	Av. 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 de Perú, S.A.	Amador Merino Reyna, 267 Lima. Peru.	100.00%
Energía y Recursos Ambientales Internacional, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. 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.	Cardenal Marcelo Spínola, 10. 28016 Madrid. 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 Pio XII, 102. 28036 Madrid. Spain	100.00%
Engemisa Engenharia Limitada	Ruas das Patativas, 61 41720-100.Salvador de Bahia. Brazil.	100.00%
Enipro, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74.54%
Enq, S.L.	C/ F, nº 13. P.I. Mutilva Baja. Navarra. Spain	100.00%
Eólica del Guadiana, S.L.	C/ Manuel Siurot, 27. 21004 Huelva. Spain.	100.00%
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 Méjico 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%
Escal UGS, S.L.	C/ San Francisco de Sales, N° 38-1ª Plta. Madrid. Spain	66.67%
Esperanza Transmissora de Energia, S.A.	Avda Presidente Wilson 231 Sala 1701 parte Edificio Austregésilo de Athayde, centro. CEP 20.030-021 Rio de Janeiro. Brazil	100.00%
Etra Bonal, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. Spain	100.00%
Etra Eurasia Entegre Teknoloji Hizmetleri Ve Insaat Anonim Sirketi	Buyukdere Cad. Maya Akar Center 100-102 C. Blok No. 4/23 34394, Esentepe Sisli.Estambul. Turquia.	100.00%
Etra Interandina, S.A.	C/ 100, nº 8A-51, Of. 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.	Av. Marechal Camara, 160, Sala 1619. 20020-080 Centro.Rio de Janeiro. Brazil.	100.00%
Etracontrol, S.L.	Av. Manoteras, 28.28050 Madrid. Spain.	100.00%
Etralux, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	100.00%
Etranorte, S.A.	C/ Errerruena, pab. G. P.I. Zabalondo. Munguía. 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	100.00%
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.	CL 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.	Solítica, s/n, 38840 La Guancha, Sta Cruz de Tenerife, Spain	100.00%
Gestão de Negócios Internacionais SGPS, S.A.	Rua Rui Teles Palhinha 4 - 3ª 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.	Av. Rouxinol nº 1041 conj. 1008, Moema, CEP 04516-001.São Paulo. Brazil.	51.00%
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 2ª.28109 Madrid. Spain.	100.00%
Grupo Cobra South Africa Proprietary Limited	World Trade Centre 3 Floor. Morningside 2196.Johannesburgo. South Africa	100.00%
Grupo Imesapi S.L.	Avda. de Manoteras nº 26.28050 Madrid. Spain	100.00%
Grupo Maessa Saudi Arabia LTD	Khobar -31952 P.O. Box 204. Arabia Saudi	100.00%
Guatemala de Tráfico y Sistemas, S.A.	C/ Edificio Murano Center, 14. Oficina 803 3-51. Zona 10. Guatemala	100.00%
H.E.A Instalações Ltda.	Rua das Patativas, 61 Salvador de Bahia	77.50%
Hidra de Telecomunicaciones y Multimedia, S.A.	C/ Severo Ochoa, 10. 29590 Campanillas. Málaga. Spain	100.00%
Hidraulica de Cochea, S.A.	Dr Ernesto Perez Balladares, s/n.Chiriqui. Panama.	100.00%
Hidráulica de Mendre, S.A.	Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama	100.00%
Hidráulica de Pedregalito S.A.	Urbanización Doleguita Calle D Norte, Edificio Plaza Real. Apto/Local 1.Chiriqui. Panama.	100.00%
Hidráulica del Alto, S.A.	Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama	100.00%
Hidráulica del Chiriqui, S.A.	Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Hidráulica Río Piedra, S.A.	Dr. Ernesto Pérez Balladares David, Chiriqui, Panama.	100.00%
Hidráulica San José, S.A.	Dr. Ernesto Perez Balladares, s/n, Chiriqui, Panama.	100.00%
Hidrogestión, S.A.	Avda. Manoteras, 28, Madrid, Spain	100.00%
Hidrolazan, S.L.	Cardenal Marcelo Spínola, 10, 28016 Madrid, Spain	100.00%
Hiez Hornidurak, Instalazioak eta Zerbitzuak, S.A.	Ctra. Bilbao-Plentzia, 17 Parque A.E. Asuaran, edif. Artxanda.48950 Asua-Erandio, Bizkaia, 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, Altagracia, Dominican Republic	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 Mexico, S.A. de C.V.	Cancun (Quintana De Roo), Mexico	100.00%
Humiclíma Panamá, S.A.	Calle 12, Corregimiento de Río Abajo Panama.	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	Calle 134 bis n° 18 71 AP 101.Bogot 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, United States.	100.00%
ImesAPI, S.A.	Avda. de Manoteras, 26, 28050 Madrid, Spain	100.00%
Imocme, S.A.	Rua Rui Teles Palhinha, 4, Leião, 2740-278 Porto Salvo, Portugal	74.54%
Infraest. Energéticas Medioambi. Extremeñas, S.L.	Polígono Industrial Las Capellanías, Parcela 238B, Cáceres, Spain	100.00%
Infraestructuras Energéticas Aragonesas, S.L.	C/ Paraíso, 3, 50410 Cuarte de Huerva, Zaragoza, Spain	100.00%
Infraestructuras Energéticas Castellanas, S.L.	Aluminio, 17, 47012 Valladolid, Spain	51.00%
Ingeniería de Transporte y Distribución de Energía Eléctrica, S.L. (Intradel)	Cardenal Marcelo Spínola, 10, 28016 Madrid, Spain.	100.00%
Initec do Brasil Engenharia e Construções, Ltda.	Avenida Rio Branco, 151 5º andar, Grupo 502, Centro.20040 - 911 Rio de Janeiro, Brazil.	100.00%
Initec Energía Ireland, LTD.	Great Island CCGT PROJECT, Great Island, Campile - New Ross - CO, Wexford, Ireland.	100.00%
Initec Energía, S.A.	Vía de los Poblados, 11, 28033 Madrid, Spain	100.00%
Injar, S.A.	C/ Misiones 13.Las Palmas de Gran Canaria, Spain.	100.00%
Innovantis, S.A.	Av. Rua Vlamir Lenni N°179 andar 6º, Maputo, Mozambique.	100.00%
Innovtec, S.R.L.U.	Immeuble les Baux RN 8.13420 Gemenos, France.	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.	Calle 12, Río Abajo Ciudad de Panama, Panama	100.00%
Instalaciones y Servicios Codeven, C.A.	Avda. S. Fco Miranda, Torre Parque Cristal, Torre Este, planta 8, Oficina 8-10, Chacao, Caracas, Venezuela	100.00%
Instalaciones y Servicios INSERPA, S.A.	Urb. Albrook C/Principal Local 117, Panama.	100.00%
Instalaciones y Servicios Uribe Cobra, S.A. de C.V	José Luis Lagrange, 103 piso 8 Los Morales Miguel Hidalgo, Mexico D.F, Mexico.	51.00%
Intebe, S.A.	C/ Tarragones, 12, L'Hospitalet de L'Infant, Tarragona, Spain.	99.40%
Intecsa Ingeniería Industrial, S.A.	Vía de los Poblados, 11, 28033 Madrid, Spain	100.00%
Integrated Technical Products, LLC.	12400 Coit Rd, Suite 700, Dallas, TX 75251, United States.	100.00%
Invexta Recursos, S.L.	Cardenal Marcelo Spínola 10, 28016 Madrid, Spain.	100.00%
Isobra Instalacoes e Servicos, Ltda.	General Bruce, 810 Rio de Janeiro, Brazil 20921	100.00%
La Caldera Energía Burgos, S.L.	Cardenal Marcelo Spínola, 10, 28016 Madrid, Spain	100.00%
LestEnergía	Caçada Da Rabaca, N° 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 Brasil Partipações S.A.	Avda. Marechal Camera 160, sala 1808, Rio de Janeiro, Brazil.	100.00%
LTE Energía, Ltda.	Pz. Centenario - Av. Nações Unidas 12995, 04578-000, Sao Paulo, Brazil.	74.54%
Lumicán, S.A.	C/ Arco, n° 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%
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 Japan KK	HF Toranomin Building 5F 2-17-2, Nishishinbashi Minato-ku, Tokyo, Japan.	100.00%
Maetel Peru, S.A.C.	Calle Julian Arias Araguez n°250, Lima, Per 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%
Manchazol 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spínola, 10, 28016 Madrid, Spain	100.00%
Manchazol 2 Central Termosolar Dos, S.L.	Cardenal Marcelo Spínola, 10, 28016 Madrid, Spain	100.00%
Mantenimiento y Montajes Industriales, Masa Chile, Ltda.	C/Apoquindo 3001 Piso 9, 206-744 Las Condes, Santiago de Chile, Chile.	100.00%
Mantenimiento y Montajes Industriales, S.A.	C/ Teide, n° 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 Spínola N° 42 - planta 11º, 28016 Madrid, Spain.	100.00%
Mas Vell Sun Energy, S.L.	C/ Prósper de Bofarull, 5, Reus (Tarragona)	100.00%

Company	Registered Office	% Effective Ownership
Masa Algeciras, S.A.	Avda de los Empresarios S/N. Edif Artysur Planta 2ª Local, 10, Palmones - Los Barrios. Cádiz. Spain.	100.00%
Masa do Brasil Manutenção e Montagens Ltda.	Avda presidente Wilson, nº231, sala 1701 (parte), Centro. Río de Janeiro. Brazil	100.00%
Masa Galicia, S.A.	Polig. 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 Maroc s.a.r.l.	Av Allal ben Abdellah Rés . Hajjar 2 étage app nº5 Mohammadia. Morocco.	100.00%
Masa Méjico, S.A. de C.V.	C/ Juan Racine, 112. 8º - Colonia Los Morales, Del. Miguel Hidalgo - 11510 Mexico D.F.	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.	Polig. Ind. Zona Franca, Sector B, Calle B. 08040 Barcelona. Spain	100.00%
Masa Tenerife, S.A.	Pº Milicias de Garachico nº1 8ª planta of. 84A. Edificio Hamilton. 38002 Santa Cruz de Tenerife. Spain.	100.00%
MASE Internacional, CRL	PO Box 364966. San Juan. Puerto Rico.	100.00%
Mexicana de Servicios Auxiliares, S.A. de C.V.	Av. Paseo de la Reforma, 404, Piso 15.1502, Colonia Juárez. Delegación Cuauhtemoc. 06600 Mexico D.F. Mexico.	100.00%
Mexicobra, S.A.	Colonia Polanco C/Alejandro Dumas.160. Mexico D.F. 11500	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.	100.00%
Mimeca, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
Miramar Energias, S.L.U.	Avda. Linares Rivas, 1-4.15005 La Coruña. Spain.	100.00%
Monclova Pirineos Gas, S. A. de C. V.	Padre Larios, 105 colonia Carranza. Coahuilla 25760. Mexico.	69.45%
Moncobra Canarias Instalaciones, S.A.	León y Castillo, 238. 35005 Las Palmas de Gran Canaria. Islas Canarias. Spain	100.00%
Moncobra Constructie si Instalare, S.R.L.	Floresca, 169-A floresca Business Park. Bucarest. Romania	100.00%
Moncobra Dom	3296 Blvd Marquisat de Houelbourg- Zl de Jarry 97122 Baie Mahault. Guadalupe	100.00%
Moncobra Perú	Avda Víctor Andrés Belaúnde 887 Distrito: Carmen de la Legua Reinoso. Peru.	100.00%
Moncobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Monelec, S.L.	C/ Ceramistas, 14. Málaga. Spain	100.00%
Montrasa Maessa Asturias, S.L.	C/ Camara, nº 54-1º dcha. 33402 Avilés. Asturias. Spain	50.00%
Moyano Maroc SRALU	269 8D Zertouni Etg 5 Appt 1. Casablanca. Morocco.	100.00%
Murciana de Tráfico, S.A.	Carril Molino Nerva, s/n. Murcia. Spain	100.00%
New Generation Sístems, S.R.L.	139, rue Simone Signoret - Tournezy II. 34070 Montpellier. 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 Spínola, 10. 28016 Madrid. Spain.	51.00%
OCP Perú	Avda Víctor Andrés Belaúnde 887 Distrito: Carmen de la Legua Reinoso	100.00%
Odojá Transmissora de Energia, S.A.	Avda Presidente Wilson 231 Sala 1701 parte Edificio Austregésilo de Athayde, centro. CEP 20.030-021 Rio de Janeiro. Brazil	100.00%
Oficina Técnica de Estudios y Control de Obras, S.A	C/ Sepúlveda 6. 28108 Alcobendas. Madrid. Spain.	100.00%
Oilserv S.A.P.I. de C.V.	Avda. Gómez Morin, 1111 Carrizalejo. 66254 Nuevo León. Mexico.	50.00%
OKS, Lda.	Rua Rui Teles palhinha nº4. Leião. Portugal.	37.64%
Opade Organización y Promoción de Actividades Deportivas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	100.00%
Opticl	South Africa	38.02%
P. E. Sierra de las Carbas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
P.E. Marcona, S.R.L.	Alfredo Salazar, 409 Miraflores. Lima. Peru.	99.99%
P.E. Monte das Aguas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	60.00%
P.E. Monte dos Nenos, S.L.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain	100.00%
P.E. Donado, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
P.E. Tesosanto, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Parque Cortado Alto, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	51.00%
Parque Eólico Buseco, S.L.	Comandante Caballero, 8. 33005 Oviedo. Asturias. Spain	80.00%
Parque Eólico de Valdecarro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Parque Eólico La Val. S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	51.00%
Parque Eólico Santa Catalina, S.L.	La Paz, 23-2ºB. Valencia. Spain	100.00%
Parque Eólico Tadeas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	51.48%
Parque Eólico Tres Hermanas, S.A.C	Amador Merino Reyna, 267. Lima. Peru	100.00%
Parque Eólico Valcaire, S.L.	Ayuntamiento, 7 Padul Granada. Spain. Granada. Spain	100.00%
Parque Eólico Valdehierro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	51.48%
Percomex, S.A.	Melchor Ocampo, 193 Torre C-Colonia Verónica Anzures. Mexico.	100.00%
Petrolíferos Tierra Blanca, S.A. de C.V.	Avda. Batallón de San Patricio, 111. Monterrey. Mexico.	50.00%
Petrosevicios Poza Rica, S.A. de C.V.	Avda. Batallón de San Patricio, 111. Monterrey. Mexico.	99.99%
Pilatequia, S.L.	C/ Velazquez 61 Planta 1, Puerta IZQ. 28001 Madrid. Spain.	52.18%
Planta de Tratamiento de Aguas Residuales, S.A.	Avda Argentina, 2415 Lima. Peru.	100.00%
Procme Southern Africa do Sul	South Africa	74.54%
Procme, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal.	74.54%
Promservi, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Railways Infraestructuras Instalac y Servicios LLC	Hai Al-Basatin - Prince Sultan Road 7346 Kingdom of Saudi Arabia	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.Méjico D.F. Méjico	100.00%
Remodelación el Sauz, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco, Mexico.	95.00%
Repotenciación C.T. Manzanillo, S.A. de C.V.	Juan Racine,112 piso 8.Mexico D.F. Méjico.	100.00%
Riansares Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	70.00%
Ribagrande Energía, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. 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. Madrid 28016. Spain.	100.00%
Roura Cevasa, S.A.	Caracas. 5. Barcelona. Spain	100.00%
Saeta Yield S.A.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	100.00%
Salam Sice Tech Solutions, Llc.	Salam Tower West Bay P.O. Box 15224 DOHA (Qatar)Box 15224 Doha. Qatar	49.00%
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)	Av. Rómulo Gallegos con 4ta. Av. Palos Grandes, 1ra. Av. 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.	Calle Stara Planina, 5.Sofia. Bulgaria.	100.00%
Semi Chile Spa	Almirante Pastene 333.Santiago de Chile. Chile.	100.00%
SEMI Colombia S.A.S.	Bogot DC. Colombia.	100.00%
Semi Germany, S.A.	Schlüter Str.17 10625.Berlin. Germany.	100.00%
Semi Ingeniería, S.r.L.	Calle Proyecto Central 8, Distrito Nacional.Santo Domingo. Rep blica Dominicana.	99.90%
Semi Italia, SRL.	Via Uberto Visconti Di Modrone 3.Milan. Italia.	100.00%
Semi Maroc, S.A.	5 Rue Fakir Mohamed .Casablanca Sidi Belyout. Morocco.	99.73%
SEMI Panamá, S.A.	Edificio El Peñón, calle 40, Bellavista. Panama.	100.00%
Semi Peru Montajes Industriales S.A.C.	Av. Victor Andres Belaunde Nro. 210.Lima. San Isidro. Peru.	100.00%
Semi Procoirn	Calle Apoquindo N° 3001 Piso 9, Region Metropolitana.Santiago De Chile. Chile.	65.00%
Semi Servicios de Energia Industrial y Comercio SL	Gülbahar Mah. Altan Erbulak Sok. Atasoy Is Hani No: 3/1.Estambul. Turkey	100.00%
Semi USA Corporation	6701 Democracy Blvd., Suite 200. 20817 Bethesda - MD. United States.	100.00%
Semicosta Inc Sociedad Anónima	Diagonal al parque del Centro Comercial el Pueblo.San José. Costa Rica.	100.00%
SEMIUR Montajes Industriales, S.A.	Plaza Cagancha n° 1335. Apart. 1102.11100 Montevideo. Uruguay.	100.00%
Semona, S.R.L.	Av 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 do Brasil Servicos e Informática Ltda.	Avda. Das Nacoes Unidas n° 12.551 9° e 7° edif. World Trade Center.Brooklin Paulista.Sao Paulo 04578-000 .Brazil. .	100.00%
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 Manóteras, 26. 28050 Madrid. Spain	100.00%
Servicios Administrativos Offshore, S.A. de C.V. .	Juan Racine N° 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F.	100.00%
Servicios Cymimex, S.A. de C.V.	Juan Racine 112 6° piso Colonia Los Morales 11510. Mexico D.F. 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 N° 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F.	100.00%
Servicios Proyectos Industriales de Méjico, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 Mexico DF. Mexico.	100.00%
Sete Lagoas Transmissora de Energia, Ltda.	Avda. Marechal Camera, 160.Río de Janeiro. Brazil.	100.00%
Setec Soluções Energeticas de Transmissao e Controle, Ltda.	Av. 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 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 Electricre, S.R.L.	Calea Dorobantilor, 1.Timisiora. Romania.	100.00%
Sice South Africa Pty, Ltd.	C/ PO Box 179. 009 Pretoria, South Africa	100.00%
Sice Tecnología en Minería, S.A.	Cl Dardignac, 160. Recoleta. Santiago de 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.	100.00%
SICE, LLC.	Rublesvkoye Shosse 83/1 121467 Moscu. Russia	100.00%
Sistemas Integrales de Mantenimiento, S.A.	C/ Teide, n° 4 Edificio F-7.28709 San Sebasti n 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 Jose Barrio Los Yoses - Final Avenida Diez.25 m.norte y 100 este. San Jose. 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.	100.00%
Sociedad Industrial de Construcciones Eléctricas, S.L., Ltda.	CL 94 NO. 15 32 P 8. Bogot 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%
Spobra Instalações e Serviços, Ltda.	Joao Ventura Batista,986 Sao Paulo. Brazil 02054	56.00%
Sti Telecom Spa	Cl Dardignac, 160. Recoleta. Santiago de 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 Brasil 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 Eneerias SGPS, S.A.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal	74.54%
Tecneira Solar	Russas Cear . Brazil.	74.54%
Tecneira, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	74.54%
Técnicas de Desalinización de Aguas, S.A.	Cardenal Marcelo Spínola, 10.28016 Madrid. Spain.	100.00%
Técnicas de Sistemas Electrónicos, S.A. (Eyssa-Tesis)	Rua General Pimenta do Castro 11-1. Lisboa. Portugal	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%
Telecarrier, 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%
Termosmesero, 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 Brasil, Ltda.	Av. Dom Luis Paracuru 1200, Bairro de Meireles. 60.160-230.Fortaleza, Estado do Cear . Brazil.	74.54%
Torre de Miguel Solar, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Trafiurbe, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Rana. Portugal	76.20%
Triana do Brasil Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	50.00%
Trigeneración Extremaña, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. Spain.	100.00%
UrbaEnergía Instalaciones y Servicios, S.L.	Cardenal Marcelo Spínola,10.28016 Madrid. Spain.	100.00%
Urbaenergía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Valdelagua Wind Power, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	100.00%
Venelin Colombia SAS	Calle 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.Miami - Florida 33172. United States.	100.00%
Vetra MPG Holdings, LLC	10900 NW 21ST Street, suite 190.Miami - Florida 33172. United States.	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%
ENVIRONMENT		
ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50.28050 Madrid. Spain.	100.00%
All Care (GB) Limited	Rex House, 354 Ballards Lane.Londres, N12, ODD. United Kingdom.	100.00%
Avio Soluciones Integradas, S.A.	Avda Manoterias, 46 Bis 1ª Planta.28050 Madrid. Spain.	100.00%
Blas Moreno, S.L.	Avda. Diagonal, n° 611 - 2ª. Barcelona. Spain	60.00%
Centre D'Integració Social Balear Ceo, S.L.	C/ Pescadors, 1.Palma de Mallorca. 07012 Illes Balears. Spain.	51.00%
Centro de Transferencias, S.A.	Polígono Los Barriales, s/n. Valladolid. Spain	70.00%
Clece Care Services, Ltd.	2 Queen Caroline Street, Hammersmith, London, United Kingdom	100.00%
Clece Seguridad S.A.U.	Avda. de Manoterias, 46, Bis 1ª Pl. Mod. C 28050 Madrid. Spain.	100.00%
Clece, Inc.	1111 Brickell Avenue 11Th Floor.Florida 33131. Miami. United States.	100.00%
Clece, S.A.	Avda. Manoterias, 46 Bis 2ª Planta. 28050 Madrid. Spain.	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Clever Airport Services, S.A.	Avda Manteras, 46 Bis 1ª Planta.28050. Madrid. Spain.	100.00%
Demarco, S.A.	Alcalde Guzmán,18. Quilicura. Chile	50.00%
Divum Soluciones de Catering, S.A.	Avda Manteras, 46 Bis 1ª Planta.28050. Madrid. Spain.	100.00%
Ecoentorno Ambiente, S.A.	Camino de la Muñoza, s/n. Ctra. Madrid-Barcelona, km. 15,200 - 28042 Madrid. Spain.	51.00%
Ecoparc de Barcelona S.A.	C/ A . Políg. Industrial Zona Franca. Barcelona. Spain	94.80%
Ecoparc del Besós, S.A.	Rambla de Catalunya, 91-93. 9º3ª08080 Barcelona. Spain.	46.00%
Empordanesa de Neteja, S.A.	Avda. Diagonal, nº 611 - 2º. Barcelona. Spain	60.00%
Evere, S.A.S.	Av. 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%
Heath Lodge Care Services, LTD	45 Monument Hill, Weybridge KT 13 8RN. United Kingdom.	100.00%
Inserlimp Soluciones S.L.	Calle Resina, 29- C.Madrid. 28021. Spain.	100.00%
Integra Formación Laboral y Profesional, S.L.	C/ Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	100.00%
Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	100.00%
Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L.	C/ Pamplona, 54 Bajo. 08005 Barcelona.Spain	100.00%
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	100.00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L.	Avda. Hispanidad, 75. 36203 Vigo. Pontevedra. Spain	100.00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Valencia, S.L.	Avda. Cortes Valencianas, 45B 1º 46015 Valencia.Spain	100.00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	100.00%
Integra Mantenimiento, Gestión y Servicios Integrados Extremadura CEE, S.L.U.	C/ Luis Alvarez Lencero, 3 Edif. Eurodom 5.Badajoz 06011. Extremadura. Spain.	100.00%
KDM, S.A.	Alcalde Guzmán,18. Quilicura. Chile	50.00%
Koala Soluciones Educativas, S.A.	Avda Manteras, 46 Bis 1ª Planta.28050. Madrid. Spain.	100.00%
Laboratorio de Gestión Ambiental, S.L.	C/ Cobalto,12.Pol. Ind. San Cristobal .47012 Valladolid. Spain.	100.00%
Lavintec Centre Especial D'Ocupació, S.L.	C/ Francesc Valduvi , 5. Polig Industrial Can Valero.07011 Palma de Mallorca. Spain.	100.00%
Limpiezas Deyse, S.L.	C/ Lérica, 1. Manresa. Barcelona. Spain	100.00%
Limpiezas Lafuente, S.L.	C/ Puerto de Santa María, 8. 46015 Valencia. Spain.	100.00%
Lireba Serveis Integrats, S.L.	Camí de Jesús, s/n edificio Son Valenti Pol Son Valenti 1ª Planta. 07012 Palma de Mallorca. Islas Baleares. Spain.	51.00%
Lirecan Servicios Integrales, S.A.	C/ Ignacio Ellacuria Beascochea, 23-26 Nave 2.Telde. Las Palmas. 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%
Multiserveis Nдавant, S.L.	C/ Diputación, 180-1ª Planta. 08011 Barcelona. Spain	100.00%
Multiservicios Aeroportuarios, S.A.	Avda. Manteras 46 Bis 2ª Planta. 28050 Madrid. Spain	51.00%
Net Brill, S.L.	Camino Les Vinyes, 15. Mataró. 08302 Barcelona. Spain	100.00%
Octeva, S.A.S.	ZA Marcel Doret rue Jacques Monod. 62100 Calais. France	61.00%
Olimpia, S.A. de C.V.	Av. Reforma Sur 916.Centro Tehuacan Puebla CP 75700. Mexico.	100.00%
Orto Parques y Jardines, S.L.	Luçar Dócean s/n. Parroquia de Orto. A Coruña. Spain	100.00%
Pruvalsa, S.A.	Calle 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.	Calle 31 c/v calle 27 - Nave 715-701, P.I. Catarroja. Valencia. Spain	80.00%
SCI Sintax	Route de Phaffans. 90380 Roppe. France	100.00%
Sertego C.A.	Calle 89 Bermudez Cousin, local Nro 97-84, Urb. Santa Rosa.Valencia. Venezuela.	90.00%
Sertego Maroc, S.A.	Av. Mohamed tazi, 1er piso.T nger-marshan. Morocco.	100.00%
Sertego Servicios Medioambientales, S.L.	Camino de Horniguerras, 171.28031 Madrid. Spain	100.00%
Sertego TGMD, S.A.	Station Marpol. Zone Franche Ksar El Majaz, Oued R'mel. Commune Anjra.Province Fahs - Anjra. Morocco.	100.00%
Serveis Educatius Cavall de Cartró, S.L.	C/ Josep Ferrater y Mora, 2-4 2ª Pl. 08019 - Barcelona. Spain.	100.00%
Servicios de Aguas de Misiones, S.A.	Avda. López y Planes, 2577. Misiones. Argentina	90.00%
Servicios Corporativos TWC, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. 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%

Company	Registered Office	% Effective Ownership
Sintax Logistics Zeebrugge, S.A.R.L.	283 Avenue Louise, Bruxelles. Bélgica.	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.	Av. Luisa Todi, 73. 2900 Setúbal. Portugal	51.00%
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%
Talher, S.A.	Avda. de Manoteras, 46 Bis, 2º Planta 28050 Madrid. Spain	100.00%
Tecmed Energy de Sonora, S.A. de C.V.	Av. Homero 229, Desp. 401. Chapultepec Morales, Mexico D.F. CP 11570. Mexico.	100.00%
Tecmed Maroc, S.A.R.L.	AV capitaine Sidi Omar Elaisaoui cite OLM-Suissi II. Rabat. Morocco	65.00%
Tecmed Servicios de Recolección, S.A. de C.V.	Av. Homero 229, Desp. 401. Chapultepec Morales, Mexico D.F. CP 11570. Mexico.	100.00%
Tecmed Técnicas Mediamb. de México, S.A. de C.V.	Av. Homero 229, Desp. 401. Chapultepec Morales, Mexico D.F. CP 11570. 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%
Tirnadrid, 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.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico	100.00%
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91. 08008 Barcelona. Spain	66.66%
Tratamiento Integral de Residuos de Cantabria S.L.U.	Barrio de Vierna s/n. 39192 San Bartolomé de Meruelo. Cantabria. Spain.	100.00%
Tratamiento Integral de Residuos Zonzamas, S.A.U.	Camino de Hormigueras, 171.28031 Madrid. Spain.	83.97%
Tresima Limpiezas Industriales, S.A. (TRELIMSA)	C/ Copérnico, 11ª dcha., P.I. La Gresla (A Coruña)-Spain	80.00%
UBB Waste (Essex) Holding Ltd.	Unit F Pate Court, St Margaret's Road, Cheltenham, GL50 4DY. United Kingdom.	70.00%
UBB Waste (Essex) Intermediate Ltd.	Unit F Pate Court, St Margaret's Road, Cheltenham, GL50 4DY. United Kingdom.	70.00%
UBB Waste (Essex) Ltd.	Unit F Pate Court, St Margaret's Road, Cheltenham, GL50 4DY. United Kingdom.	70.00%
Urbacet, S.L.	Calle 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. Catarroja. Valencia. Spain	80.00%
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.	Av. Homero 229, Desp. 401. Chapultepec Morales, Mexico D.F. CP 11570. Mexico.	100.00%
Urbaser Environmental Ltd.	Unit F Pate Court, St Margaret's Road, Cheltenham, GL50 4DY. United Kingdom.	100.00%
Urbaser Environnement RDP, S.A.S	1140 Avenue Albert Einstein BP 51.34000 Montpellier Cedex 09. France.	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 Miami, Florida 33131. E.E.U.U.	100.00%
Urbaser Investments Ltd.	Unit F Pate Court, St Margaret's Road, Cheltenham, GL50 4DY. United Kingdom.	100.00%
Urbaser Libertador, C.A.	Av. Paseo Cabriales, Sector Kerdell, Torre Movilnet, piso 11, ofic. 4. Valencia. Estado de Carabobo. Venezuela	100.00%
Urbaser Limited	Unit F, 2nd Floor, Pate Court, St. Margaret's Road, Cheltenham, GL50 4DY. United Kingdom.	100.00%
Urbaser Mérida, C.A.	Calle 26, entre Av. 2 y 3, C.C. La Casona, piso 2, local 18. Mérida. Estado Mérida, Venezuela	100.00%
Urbaser S.r.l.	Via Archimede, 161. Roma. Italia.	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. Izandro 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.	Av. Tenerife, 4 y 6.28703 San Sebastian de los Reyes. Madrid. Spain.	51.00%
Valenciana de Eliminación de Residuos, S.L.	Paraje "El Cabez 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%
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%
Zaintzen, S.A.U.	Landabarri Zeharbidea 3 Zbekia, 4º Pisua G.48940 Leioa (Bizkaia). Spain.	100.00%
Zenit Traffic Control, S.A.	Avda. de Manoteras, 46 Bis. 28050 Madrid. Spain.	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

APPENDIX II. UTE'S EIG'S

UTE/EIG	Address	% Effective Ownership	Revenue 100% (Thousand of Euros)
CONSTRUCTION - DRAGADOS			
Ave Ulla	Av. Finisterre, 25 - A Coruña	100.00%	10,311
Presa Enciso	Cl. Manuel Lasala, 36 - Zaragoza	50.00%	12,342
Guadarrama IV	Tr. del Fielato, 2 - Segovia	33.33%	16,168
Yesa	Cl. Rene Petit, 25 - Yesa	33.33%	17,353
Guadarrama III	Tr. del Fielato, 2 - Segovia	33.33%	13,665
Gorg	Cl. Via Laietana, 33 - Barcelona	43.50%	20,717
Nuevo Hospital La Fe	Cl. Alvaro de Bazan, 10 - Valencia	70.00%	12,349
Túnel Guadarrama Sur	Avda. Europa, 18 - Alcobendas	34.46%	33,372
Puente de Cádiz	Avda. Tenerife, 4 y 6 - San Sebastián de los Reyes	100.00%	69,648
Ave Girona	Cl. Acanto, 22 - 5ª Planta - Madrid	40.00%	11,891
Viaducto Río Ulla	Cl. Wenceslao Fernández Florez, 1 - A Coruña	100.00%	28,195
Riaño Túneles	Cl. Dr. Alfredo Martínez, 6 - Oviedo	50.00%	12,683
Albagés	Cl. Aragón, 390 - Barcelona	70.00%	10,652
Estructura Sagrera Ave	Cl. Via Laietana, 33 - Barcelona	33.50%	26,366
Ave San Isidro-Orihuela	Cl. Alvaro de Bazan, 10 - Valencia	70.00%	29,984
Estacions L9 Llobregat	Cl. Via Laietana, 33 - Barcelona	50.00%	19,978
Urumea	Cl. Gran Via, 53 - Bilbao	37.00%	23,213
Dragados-Sisk Crosrail Eastern R. Tunnels	25 Canal Sq. 33 fl. Canary Wharf - London	90.00%	221,795
Forth Crossing Bridge Constructors	Grange House West Main Road, Grange Mouth - Scotland	28.00%	257,387
Tranvía Puente de Cádiz	Avda. Camino de Santiago, 50 - Madrid	100.00%	10,209
Consorcio Dragados-Concay	Cl. 94 A, N° 13-08 Barrio Chico - Bogotá	70.00%	64,566
Ave Portocamba-Cerdedelo	Cl. Wenceslao Fernández Florez, 1 - A Coruña	80.00%	10,997
Aduna	Cl. Ergoyen, 21 - Urnieta	26.00%	23,705
Túnel de Prado Via Izquierda	Cl. Wenceslao Fernández Florez, 1 - A Coruña	100.00%	18,493
Segundo Cinturón de Palma de Mallorca	Pz. Es Forti, 4 - Palma de Mallorca	50.00%	10,984
Glories	Cl. Via Laietana, 33 - Barcelona	50.00%	15,469
Consorcio Dracol Líneas Férreas	Cl. 19, N° 97-31 Barrio Chico - Bogotá	70.00%	10,416
Dique Puerto de Almería	Avda. Camino de Santiago, 50 - Madrid	100.00%	12,148
Consorcio Constructor Metro Lima	Av. de la República 791 - Lima	35.00%	18,690
Antequera	Cl. Orense, 11 - Madrid	90.00%	13,582
Abastecimiento a Pontevedra	Cl. Orense, 11 - Madrid	70.00%	11,476
Prado - Porto	Cl. Orense, 11 - Madrid	67.50%	22,597
OAMI Alicante	Cl. Traginers, Pol. Industrial Vara de Quart, 14 - Valencia	33.33%	27,873
Urzaiz - Souto Maior	Cl. Estrada de Negros, 9 - Redondela	50.00%	17,611
E. de Autobuses Vitoria-Gasteiz	Cl. Duque de Wellington, 8 - Vitoria-Gasteiz	50.00%	10,893
Olmedo - Pedralba	Cl. Padre Damián, 41 - Madrid	56.00%	10,342
Benicarló	Avda. Camino de Santiago, 50 - Madrid	60.00%	13,114
Corredor Tres Hilos	Avda. Camino de Santiago, 50 - Madrid	30.00%	14,173
Via Utrera Las Cabezas	Cl. Almendralejo, 5 - Sevilla	50.00%	19,435
Ave Sur	Cl. Orense, 6 - Madrid	25.00%	13,235
Techint- Dycasa	Hipólito Bouchard 557 piso 17 - Buenos Aires	40.00%	73,757
NC-50G Newtown Creek Skanska/Picone	20 North Central Ave, Valley Stream, NY 11580	45.00%	10,082
NC-47G Newtown Creek Skanska/Picone II	20 North Central Ave, Valley Stream, NY 11580	27.50%	21,983
CM013A, 55th Street Ventilation Facility	150 Meadowlands Pkwy Secaucus, NY 07094	100.00%	20,038
C26012 86th St Station	150 Meadowlands Pkwy Secaucus, NY 07094	100.00%	42,159
CH-057 Harold Structures	150 Meadowlands Pkwy Secaucus, NY 07094	100.00%	13,350
Plaza Schiavone (523)	195 Broadway, 18th Floor, NY, NY	40.00%	24,175
1218 Fore River Bridge Replacement Project	10 Burr Street - Framingham, MA 01701	57.00%	48,076
1306 Longfellow Bridge Replacement Project	10 Burr Street - Framingham, MA 01701	55.00%	33,216
1310 Fitchburg Commuter Rail Track & Signal	10 Burr Street - Framingham, MA 01701	65.00%	15,978
Windsor Essex Parkway	340, 2187 Huron Church Road, Windsor, Ontario, N9C 2L8, Canada	33.33%	224,663
Ottawa LRT	1600 Carlin Avenue, Suite 450 PO Box 20, Ottawa K1Z 1G3, Canada	40.00%	197,372
Eglinton Tunnel	939 Eglinton Avenue East #201 A, Toronto, Ontario M4G 4E8, Canada	50.00%	19,946
South Frasier	13777 Commerce Parkway, Suite 200, Richmond, BC V6V 2X3, Canada	41.80%	42,126
North East Hendway	12009 Meridian Street NE, Edmonton, Alberta T6S 1B8, Canada	33.75%	272,002
Ruskin Dam	10400 Hayward Street, Mission, BC VAS 1H8	40.00%	24,759
Delta Port	Corner of 28th and 48th St., Delta, BC	70.00%	12,992
Pulice-Granite Red Mtn	2033 W. Mountain View Rd, Phoenix, AZ 85021	65.00%	14,211
Seattle Tunnel Partners	999 3rd Avenue, 22nd Floor, Seattle, WA 98104	55.00%	206,654
Dragados/ FlatIron/ Sukut	PO Box 608, Sunol CA 94586	40.00%	46,857

UTE/EIG	Address	% Effective Ownership	Revenue 100% (Thousand of Euros)
CONSTRUCTION - HOCHTIEF			
Airport Riga	LV - Riga	32.00%	56,688
Arge HAM Next Neubau Parkhaus 1	D - 22335 Hamburg / Flughafenstraße 1-3	30.00%	15,720
Arge Lindenstraße Berlin	D - 10969 Berlin / Lindenstraße 72-75b	50.00%	13,176
ARGE Neubau EKZ Böblingen	D - 71032 Böblingen / Umlandstraße 8	80.00%	40,868
Baltic 2 OWF (FOU/LGS) (incl. HT OC-Anteil)	D - Offshore	50.00%	223,518
Bau-ARGE BAB A8 Ulm - Augsburg	D - 86441 Zusmarshausen / Im Zusamtal 7	50.00%	51,354
CrossRail C310 (HT UK)	GB - London	50.00%	75,342
E6 Dovrebanen FP2	NO - Eidsvoll/ Minnesund	40.00%	118,245
EKPPT CJV/OJV	GR - Nea Kifissia, Athen / 25 Ermou Str.	42.27%	44,008
Forth Replacement Crossing (HT UK)	GB - Scotland	28.00%	279,721
Maliakos Kleidi CJV/OJV	GR - Itea-Gonnoi	60.84%	83,973
Schiphol Amsterdam-Almere (SAA) A1/A6	NL - 1112XH Diemen / Eekholt 54	35.00%	200,931
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	DE - Stuttgart	40.00%	25,120
INDUSTRIAL SERVICES			
ute o&m castor	calle cardenal marcelo spinola, 10 - 28016 Madrid	100.00%	16,721
Ute Dragados Cobra Initec JV	Calle Shelbourne Road, 160 Dublin	100.00%	37,571
Ute Reserva Fria Eten	Calle Cardenal Marcelo Spinola, 10 28016 Madrid	100.00%	24,508
Ute JCR Argencobra Fibra Optica	Calle Florida, 547 Buenos Aires	50.00%	15,961
Ute Abastecimiento Pontevedra	Calle Orense,11 28020 Madrid	30.00%	11,476
Ute CT Casablanca	Calle Cardenal Marcelo Spinola, 10 28016 Madrid	80.00%	11,514
Ute Metro Caracas	Calle Padilla, 17 28006 Madrid	17.16%	10,314
Ute Ampliación BBG	Calle Zugazarte, 56 48930 Vizcaya	68.00%	25,433
Ute Marcona	Calle Cardenal Marcelo Spinola, 10 28016 Madrid	100.00%	11,581
Ep Ute Marcona	Avenida Victor Andres Belaunde,887 Lima	100.00%	11,764
Consorcio Ute Reserva Fria Eten	Avenida Victor Andres Belaunde,887 Lima	100.00%	20,801
Ute Los Cocos	Calle Cardenal Marcelo Spinola, 10 28016 Madrid	100.00%	11,603
UTE Legio	Cl. Valle de Portugal, s/n - San Román de La Vega (León)	50.00%	17,022
Ute Tres Hermanas	Calle Cardenal Marcelo Spinola, 10 28016 Madrid	100.00%	57,892
Ute C.S.M.V. Ute Metro Valencia	Calle Padilla, 17 28006 Madrid	28.42%	91,012
UTE Energía Galicia	C/ San Rafael, 1 -3º 28108	20.00%	19,996
Ute Luz Madrid Oeste	Evaristo San Miguel 4 28008 Madrid	85.01%	20,662
Ute Luz Madrid Centro	Evaristo San Miguel 4 28008 Madrid	85.01%	21,879
Ute Vea	Orense 68 28020 Madrid	50.00%	13,472
Enwesa-Maessa EAE UTE	C/Tarragones 12, bajo planta 4º-43890 Hospitalet del Infant -Tarragona	50.00%	12,086
JV Dragados Gulf & Leighton Middle East	Al Saeed Tower, 5Th Floor, Po Box 39477, Al Khobar 31942, Saudi Arabia	50.00%	73,372
UTE menongue angola	paseo de la castellana 182-2º Madrid	95.00%	17,775
UTE hospital malabo	paseo de la castellana 182-2º Madrid	95.00%	10,969
ENVIRONMENT			
UTE Legio	Cl. Valle de Portugal, s/n - San Román de La Vega (León)	50.00%	17,022
UTE Ebro	Parque Tecnológico de Reciclados. Parc. C1-18. Crta. La cartuja a Torrecilla de Valmadrid. Km. 1.195. 50720 Zaragoza	100.00%	17,089
UTE La Paloma	Crta. De Valencia Km. 14, Valdemingomez- Madrid	62.00%	10,826
UTE BKU - Tecmed (Albada)	Nostian s/n, 15010, La Coruña	100.00%	11,572
UTE Vertresa Rwe Proces (Las Dehesas)	Ctra. Valencia, km 14. Complejo Valdemingomez - Madrid	100.00%	18,806
UTE Logroño Limpio	Polg. Ind. Portalada II C/ La Nevera, nº 18. 26006 Logroño, La Rioja.	50.00%	10,421
UTE Ecoparque V	Ctra. Terrasa - Manresa C-58 Barcelona	20.00%	11,286
UTE Ecored	C/ Soliraditat 41, Aldaia, Valencia	100.00%	14,660
UTE Melilla	Polígono Industrial Avda. de los Perales S/N, Camino de Coín, Km 1,3	50.00%	11,353
UTE Vertresa - FCC (Tenerife)	Pol. Ind. San Isidro - El Rosario (Tenerife)	90.00%	23,640
UTE Rec. Periferia de Madrid	Camino de Hormigueras, 171. Edificio A , 4º Planta. 28031, Madrid.	50.00%	10,588
UBB (Essex) Construction JV	Unit F, Pate Court, St Margaret's Road, Cheltenham, Gloucestershire, GL50 4DY	70.00%	63,226
UTE Moron	Gral. J. M. de Pueyrredón 937, Morón	100.00%	14,261
UTE Urbasur	Brandsen 2720, Ciudad de Buenos Aires	70.00%	38,150
UTE Espacios Verdes II	Brandsen 2720, Ciudad de Buenos Aires	60.00%	21,629
UTE Capital	Brandsen 2720, Ciudad de Buenos Aires	100.00%	15,221

CONSOLIDATED FINANCIAL STATEMENTS

APPENDIX III. ASSOCIATES - JOINT VENTURES

Data on the investee (in their % of participation)

Company	Address	% Effective Ownership	Non- current Assets	Current Assets	Non- current Liabilities	Current Liabilities	Equity (*)	Revenue	Profit before taxes	Taxes	Profit for the year	Global profit
Thousand of Euros												
2014												
ASSOCIATES												
CONSTRUCTION - DRAGADOS												
Cleon, S.A.	Avda. General Perón, 36 1º, 28020 Madrid, Spain,	25.00%	-	32,841	-	7,857	24,984	-	(11)	-	(11)	(11)
CONSTRUCTION - IRIDIUM (Concessions)												
Capital City Link General Partnership	12009 Meridian St. Edmonton, Alberta T6S 1B8, Canada,	25.00%	82,156	19,028	92,791	8,775	(383)	5,207	5,860	(163)	5,697	5,697
Infraestructuras y Radiales, S.A.	Ctra.M-100 Alcalá de Henares a Daganzo Km 6.300, 28806 Alcalá de Henares, Madrid, Spain	35.00%	289,575	3,418	184,079	168,459	(59,545)	4,389	(11,181)	4,671	(6,510)	(6,510)
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	Rua Julieta Ferrão, nº 10 - 6º andar 1600-131 Lisboa, Portugal	49.50%	153,511	12,620	154,267	20,676	(8,812)	-	-	-	-	-
CONSTRUCTION - HOCHTIEF												
Al Habtoor Engineering Enterprises Co, LLC	Dubai, United Arab Emirates	45.00%	440,464	932,839	328,032	786,699	258,572	499,316	-	-	-	-
INDUSTRIAL SERVICES												
Interligação Elétrica Norte e Nordeste, S.A.	Av. Marechal Camara 160 sala 1833 y 1834, 20030- 020 Rio de Janeiro, Brazil	25.00%	53,747	3,193	23,346	7,920	25,673	5,094	904	(904)	-	-
ENVIRONMENT												
Tirme, S.A.	Ctra. de Soller, Km 8,2, 07120 Son Reus, Palma de Mallorca, Spain	60.00%	241,123	81,160	261,184	16,399	44,700	53,443	9,223	(2,587)	6,635	5,991
JOINT VENTURES												
CONSTRUCTION - DRAGADOS												
Empresa Mantenimiento y Explotación M-30, S.A.	C/ Méndez Alvaro, 95, 28053 Madrid, Spain,	50.00%	92,277	10,311	95,008	7,083	497	14,353	4,343	(89)	4,254	4,254
CONSTRUCTION - IRIDIUM (Concessions)												
Circunvalación Alicante, S.A.C.E.	Autopista AP 7, pk 703, Area Monforte del Cid, 03670 Monforte del Cid, Alicante, Spain	50.00%	177,204	2,240	144,742	135,679	(100,978)	2,955	(9,165)	3,636	(5,529)	(5,529)
Concessionària Hospital Universitari Son Espases, S.A.	Carretera Valldemosa, 79, 07120 Palma de Mallorca, Islas Baleares, Spain	49.50%	149,938	40,852	188,014	9,801	(7,025)	20,791	23,927	(838)	23,089	23,089
Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A.	Avenida Josep Tarradellas, nº 8, Planta 2, puerta 4, 08029 Barcelona, Spain	100.00%	402,406	32,173	402,885	35,353	(3,659)	23,929	9,965	4,189	14,154	14,154

* Non-controlling interests not included.

Data on the investee (in their % of participation)

Company	Address	% Effective Ownership	Non-current Assets	Current Assets	Non-current Liabilities	Current Liabilities	Equity (€)	Revenue	Profit before taxes	Taxes	Profit for the year	Global profit
Thousand of Euros												
I 595 Express, LLC	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington New Castle, Delaware 19801, United States.	50.00%	630,603	8,032	538,218	535	99,882	44,716	52,629	(3,046)	49,583	49,583
Línia Nou Tram Dos, S.A.	Avenida Josep Tarradellas, 34-36 4º Dcha.08029 Barcelona, Spain.	50.00%	366,875	16,966	425,287	5,427	(46,874)	37,616	43,577	(1,789)	41,788	41,788
Nouvelle Autoroute 30, S.E.N.C.	5388 Pierre Dansereau, Salaberry-de-Vallefield, Quebec H9R 5B1, Canada.	50.00%	402,735	8,546	353,259	12,978	45,044	31,479	40,163	(2,331)	37,832	37,832
TP Ferro Concesionaria, S.A.	Ctra. de Llers a Hostalets GIP-5107 p.k. 1, s/n 17730 Llers (Girona) Spain	50.00%	606,842	7,362	400,257	200,275	13,672	4,463	(9,845)	4,531	(5,315)	(5,315)
Windsor Essex Mobility Group	2187 Huron Church Road, Suite 218, Windsor, Ont N9C 2L8, Canada.	33.33%	145,739	20,487	135,677	28,013	2,536	16,597	18,967	(628)	18,339	18,339
ENVIRONMENT												
Servicios Urbanos E Medio Ambiente, S.A.	Avda. Julio Dinis, 2, Lisboa, Portugal.	38.50%	31,080	47,385	17,992	28,950	31,523	30,143	7,650	(2,543)	5,107	5,107
2013 ASSOCIATES												
CONSTRUCTION - DRAGADOS												
Cleon, S.A.	Avda. General Perón, 36 1º, 28020 Madrid, Spain.	25.00%	-	32,835	-	7,840	24,995	-	(64)	-	(64)	(64)
CONSTRUCTION - IRIDIUM (Concessions)												
Capital City Link General Partnership	12009 Meridian St, Edmonton, Alberta T6S 1B8, Canada.	25.00%	70,010	23,343	89,115	4,238	-	4,765	51	(13)	38	38
Infraestructuras y Radiales, S.A.	Ctra.M-100 Alcalá de Henares a Daganzo Km 6.300, 28806 Alcalá de Henares, Madrid, Spain	35.00%	202,561	1,690	69,423	173,263	(38,435)	4,526	(14,587)	4,376	(10,211)	(10,211)
SPER - Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	Rua Julieta Ferrão, nº 10 - 6º andar 1600-131 Lisboa, Portugal	49.50%	146,853	14,054	141,838	18,752	317	-	-	-	-	-
CONSTRUCTION - HOCHTIEF												
Al Habtoor Engineering Enterprises Co. LLC	Dubai, United Arab Emirates	45.00%	397,255	645,766	342,953	476,316	223,752	357,794	753	-	753	753
ENVIRONMENT												
Clece, S.A.	Avda. Manóteras, 46 Bis 2º Planta, 28050 Madrid, Spain.	76.25%	245,406	310,515	9,701	260,613	285,608	906,672	30,849	(6,432)	24,218	24,218
Tirme, S.A.	Ctra. de Soller, Km 8,2, 07120 Son Reus, Palma de Mallorca, Spain	60.00%	224,842	71,039	269,451	15,118	11,312	45,016	4,726	(1,216)	3,510	3,510

* Non-controlling interests not included.

CONSOLIDATED FINANCIAL STATEMENTS

Data on the investee (in their % of participation)

Company	Address	% Effective Ownership	Non- current Assets	Current Assets	Non- current Liabilities	Current Liabilities	Equity (*)	Revenue	Profit before taxes	Taxes	Profit for the year	Global profit
Thousand of Euros												
2013												
JOINT VENTURES												
CONSTRUCTION - DRAGADOS												
Empresa Mantenimiento y Explotación M-30, S.A.	C/ Méndez Alvaro, 95. 28053 Madrid. Spain.	50.00%	94,868	16,395	99,439	7,385	4,438	13,529	5,669	(420)	5,248	5,248
CONSTRUCTION - IRIDIUM (Concessions)												
Circunvalación Alicante, S.A.C.E.	Autopista AP 7, pk 703. Area Monforte del Cid. 03670 Monforte del Cid. Alicante. Spain	50.00%	218,864	1,729	116,517	129,488	(25,413)	2,868	(11,834)	3,550	(8,284)	(8,284)
Concessionària Hospital Universitari Son Espases, S.A.	Carretera Valldemosa, 79. 07120 Palma de Mallorca. Islas Baleares. Spain	49.50%	152,714	44,776	151,483	43,943	2,064	20,994	2,439	(783)	1,656	1,656
I 595 Express, LLC	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington New Castle, Delaware 19801. United States.	50.00%	611,964	31,552	512,333	9,526	121,658	42,436	5,297	(2,039)	3,257	3,257
Linia Nou Tram Dos, S.A.	Avenida Josep Tarradellas, 34-36 4º Dcha.08029 Barcelona. Spain.	50.00%	308,076	48,943	365,303	9,402	(17,685)	35,309	6,838	(2,052)	4,787	4,787
Nouvelle Autoroute 30, S.E.N.C.	5388 Pierre Dansereau, Salaberry-de-Vallefield. Quebec H9R 5B1. Canada.	50.00%	380,242	7,324	336,870	9,933	40,762	35,627	8,324	(2,364)	5,960	5,960
TP Ferro Concesionaria, S.A.	Ctra. de Llers a Hostalets GIP-5107 p.k. 1, s/n 17730 Llers (Girona) Spain	50.00%	370,656	4,116	360,543	4,539	9,691	2,235	(530)	168	(362)	(362)
Windsor Essex Mobility Group	2187 Huron Church Road, Suite 218, Windsor, Ont N9C 2L8. Canada.	33.33%	205,207	18,781	196,779	27,031	178	16,353	1,740	(461)	1,279	1,279
ENVIRONMENT												
Servicios Urbanos E Medio Ambiente, S.A.	Avda. Julio Dinis, 2. Lisboa. Portugal.	38.50%	167,630	45,584	172,898	9,701	30,615	28,885	3,033	(780)	2,252	2,252

* Non-controlling interests not included.

APPENDIX IV. CHANGES IN THE SCOPE OF CONSOLIDATION

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

Sertego, C.A.	Avio Soluciones Integradas, S.A.
Semi Procoín	Divum Soluciones de Catering, S.A.
ACS Actividades Finance 2 B.V.	Clever Airport Services, S.A.
Binding Statement, S.A.	Koala Soluciones Educativas, S.A.
Consorcio Constructor Piques y Túneles Línea 6 Metro, S.A.	Lirecan Servicios Integrales, S.A.
Grupo Cobra South Africa Proprietary Limited	ASON Electrónica Aeronautica, S.A.
Conyblox Proprietary Limited	Petointegral S.A.P.I. de C.V.
Dankocom Pty, Ltd	Oilserv S.A.P.I. de C.V.
Drazigystix Pty, Ltd	Concesionaria Vial del Pacífico, S.A.S
Turner/Top Grade/Flatiron	Ecisa Sice Spa
Topgrade/Flatiron	ACSA
Topgrade/Flatiron/Gallagher	Tecneira Solar
Leighton Joint Venture	OKS, Lda.
Victoria Point Docklands Pty. Ltd.	CME Africa
Fleetco Rentals No.1 Pty Ltd.	Procme Southern Africa do Sul
Bachus Marsh JV	CME Southern Africa do Sul
Casey Fields JV	Optic1
Deer Park JV	Flatiron Constructors, Inc.-Blythe Development Company
Henry Road Pakenham JV	Flatiron-Zachry
Leighton - Chun Wo JV	ZOB Beteiligungs GmbH
Turramurra JV	HTP Projekt 9 (neun) GmbH & Co. KG
Leighton Abigroup Consortium (Epping to Thornleigh)	HTP Projekt 10 (zehn) GmbH & Co. KG
Leighton OSE JV	Copernicus B4 Sp.z o.o.
HTP Projekt 1 Verwaltungs GmbH	Copernicus D3 Sp.z.o.o.
Metro de Lima Línea 2, S.A.	Copernicus Roads Sp.z.o.o.
ACS Infrastructure Australia PTY LTD	Via Solutions Nord GmbH & Co. KG
Serveis Educatius Cavall de Cartró, S.L.	HOCHTIEF PPP Operations GmbH
Sermico do Brasil Servicos e Informática, Ltda.	BAB A7 Neumünster-Hamburg Betriebsverwaltungsgesellschaft mbH
Ipar Imesapi, S.A.	Via Solutions Nord Service GmbH & Co. KG
Maetel Japan KK	Consorcio Constructor ICIL - ICAFAL - DRAGADOS S.A.
Prince Contracting, LLC.	Consorcio CVV Ingetal Puerto Natales S.A.
Cobra Operaciones, S.A. de C.V.	Tratamiento Integral de Residuos Zonzamas, S.A.U.
Cobra Recursos Administrativos, S.A. de C.V.	Integra Mantenimiento, Gestión y Servicios Integrados Extremadura CEE, S.L.U.
Concesionaria Desaladora del Sur, S.A.	Heath Lodge Care Services, LTD
Etra Eurasia Entegre Teknoloji Hizmetleri Ve Insaat Anonim Sirketi	Consorcio Tunel del Mar
Consorcio Tempo Real Rio	Avanzia S.A de C.V.
All Care (GB) Limited	Energia y Recursos Ambientales de Perú, S.A.
Flatiron-Blythe Development Company	Servicios Transportes Equipamientos Públicos, S.L.
Turner-Kiewit JV	Esperanza Transmissora de Energia, S.A.
Turner-SG Contracting	Odoyá Transmissora de Energia, S.A.
Turner/Ozanne/VAA	Masa Maroc s.a.r.l.
TMA JV III	Global Borealis, S.L.U.
Turner-Acura-Lindahl	Portsmouth Gateway Group Holdco, L.L.C.
Imatis Australia Pty, Ltd.	Avanzia Ingenieria, S. A. de C. V.
Thiess - Ngarda JV	Comercial y Servicios Larco Bogota S.A.
Thiess Southbase JV	Comercial y Servicios Larco S.A.
Coleman Rail Pty, Ltd. & John Holland Pty, Ltd. (Activate)	Comercial y Servicios Larco Bolivar S.A.S.
Colin Joss & Co Pty, Ltd. & John Holland Pty, Ltd.	Project SP sp.z o.o.
Edenbrook Estate	Copernicus 5B Sp. z o.o.
John Holland Pty, Ltd. and Kellogg Brown & Root Pty, Ltd.	Copernicus B1 Sp. z o.o.
Leighton Boral Amey NSW Pty, Ltd.	Copernicus D Sp. z o.o.
Leighton Boral Amey QLD Pty, Ltd.	Copernicus Development Sp. z o.o.
Devine Building Management Services Pty Ltd	Independent (Re)insurance Services S.A.
DoubleOne 3 Building Management Services Pty Ltd	Contractors Reinsurance S.A.
Lei Shun Employment Limited	Sukut/Flatiron JV
Leighton Africa Mozambique Limitada	Turner Regency
Emrail-Leighton Joint Venture	The Provident Group, STV-Turner JV
Leighton Gbs Sdn. Bhd.	A.C.N. 601 639 810 Pty Ltd
Leighton Superannuation Pty, Ltd.	Leighton PPP Services NZ Limited
Leighton Engineering Sdn Bhd	LNWR Pty Limited
Leighton Equity Incentive Plan Trust	LS NewCo Pty Ltd
J.F. White Contracting Company	LS Midco Pty LTD
ACS Infraestructuras Perú SAC	Pacific Partnerships Holdings Pty Ltd

CONSOLIDATED FINANCIAL STATEMENTS

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

Pacific Partnerships Investments Pty Ltd	Wellington Gateway General Partner No.1 Limited
Pacific Partnerships Pty Ltd	Wellington Gateway Partnership No 1 Limited partnership
Sustaining Works Pty Limited	Wellington Gateway General Partner No.2 Limited
Thiess Contractors Canada Ltd	Wellington Gateway Partnership No 2 Limited partnership
Leighton Group Property Services No.1 Pty Ltd	Imatis Australia Pty. Ltd.
Queens Square Pty Ltd	Thiess - Ngarda JV
Devine Projects (VIC) Pty Ltd	LS HoldCo Pty. Ltd.
Devine SA Land Pty Ltd	RTL JV
Devine Woodforde Pty Ltd	CHT Joint Venture
Trafalgar EB Pty Ltd	Leighton/HEB Joint Venture
Tribune SB Pty Ltd	Thiess Black and Veatch Joint Venture
Woodforde JV Pty Ltd	Turramurra JV
NRT - Infrastructure Joint Venture	

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

Tecmed Environment, S.A.S.	CONTUR Wohnbauentwicklung GmbH
Entaban Biocombustibles del Pirineo	CONTUR Wohnbauentwicklung und Projektsteuerung GmbH & Co. KG
Corfica 1, S.L.	Projektverwaltungsgesellschaft SEVERINS WOHNEN mbH
Servicios Dinsa, S.A. de C.V.	SEVERINS WOHNEN GmbH & Co. KG
Metro de Sevilla Sdad Conces Junta Andalucia, S.A.	RheinartOffice GmbH & Co. KG
HPAL Freehold Pty. Ltd.	ArtOffice GmbH
Menette Pty. Limited	Uferpalais Verwaltungsgesellschaft mbH
John Holland Veolia Water Australia Joint Venture (Hong Kong Sludge)	Area of Sports mbH & Co. KG
Leighton OSE Joint Venture - Indore	Uferpalais Projektgesellschaft mbH & Co. KG
Leighton OSE Joint Venture - Agra	formart Beteiligungsverwaltungsgesellschaft mbH
Aurelis Real Estate GmbH & Co. KG	Wohnpark Gießener Straße GmbH & Co. KG
Streif Baulogistik Österreich GmbH	formart Wilma Verwaltungsgesellschaft mbH
HOCHTIEF PPP Schulpartner Köln P 1 GmbH & Co. KG	Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG
HOCHTIEF PPP Schulpartner Köln Rodenkirchen GmbH & Co. KG	The View Elbphilharmonie GmbH
HOCHTIEF PPP Schulpartner Frankfurt am Main GmbH & Co. KG	formart Immobilien GmbH
HOCHTIEF PPP Bundeswehrpartner FWK München GmbH & Co. KG	HOCHTIEF Hamburg GmbH
HOCHTIEF PPP 1. Holding GmbH & Co. KG	ABG BEIvivo GmbH & Co. KG
HOCHTIEF PPP 1. Holding Verwaltungsgesellschaft mbH	Warenhaus Flensburg Verwaltungsgesellschaft mbH
HOCHTIEF PPP Verwaltungs GmbH	WTS GmbH
HOCHTIEF PPP Schulpartner Köln Rodenkirchen Verwaltungs GmbH	Wohnentwicklung Theresienstraße GmbH & Co. KG
HOCHTIEF PPP Schulpartner Frankfurt am Main Verwaltungs GmbH	Objekt Hilde und Tom München GmbH & Co. KG
HOCHTIEF PPP Bundeswehrpartner FWK München Verwaltungs GmbH	Flensburg Kaufhaus GmbH & Co. KG
Dravo, S.A.	Flensburg Parkhaus GmbH & Co. KG
Beijing Citic Xinlong Contracting Co., Ltd.	Entreprise Générale de Construction HOCHTIEF-LUXEMBOURG
HTP Projekt 1 (eins) GmbH & Co KG	DURST-BAU GmbH
BAB A7 Neumünster-Hamburg Autobahnverwaltungsgesellschaft mbH	Immobilière de Hamm S.A.
HTP Projekt 1 Verwaltungs GmbH	HOCHTIEF Kirchberg Services S.A.
North Parramatta No. 1 Pty. Ltd.	formart GmbH & Co. KG
North Parramatta No. 1 Unit Trust	formart Management GmbH
BGC & John Holland & Macmahon Joint Venture (Roy Hill Rail JV)	IMMOBILIENGESELLSCHAFT CSC (KIRCHBERG) S.A.
Leighton Kumagai JV (Route 9 - Eagle's Nest Tunnel)	HOCHTIEF Property Management GmbH
Leighton Kumagai JV (Wanchai East & North Point Trunk Sewerage)	CORUS Centermanagement GmbH
Inspire Schools Finance Pty Limited	HOCHTIEF Asset Services GmbH
Leighton Offshore Arabia Co. Ltd.	HOCHTIEF Global One GmbH
TMA JV III	HOCHTIEF AirPort Athens Holding GmbH
Projektverwaltungsgesellschaft Mönchengladbach - Area of Sports mbH	Gestion Medioambiental de L'Anoia
Projektentwicklungsgesellschaft acht bis elf mbH i.L.	Somec

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

Dragados Offshore de México KU-A2, S.A. DE C.V.	Conneq Infrastructure Services (Australia) Pty Ltd and John Holland Pty Ltd
Sidetel S.A.	Cotter Googong Bulk Transfer JV
Empresa Mixta de Limpieza S.A.	Hazell Brothers John Holland JV
Servicios Selun S.A.	Holland York JV
Sice Do Brasil	JM JV
Consorcio Tempo Real Rio	JM JV SIA JV
Itumbiara Marimondo Ltda.	John Holland Abigroup Contractors JV (Coffs Infrastructure)
Cachoeira Montages e Serviços, Ltda.	John Holland BRW JV
Inotec	John Holland Coleman Rail JV
Cobra-Udisport Conde de Guadalupe S.L.	John Holland Colin Joss JV
Via Solutions Thüringen GmbH & Co. KG	John Holland Downer EDI Engineering Power Joint Venture
Leighton Properties Resorts Pty Limited	John Holland Downer EDI JV
Leighton Property Development Pty Limited	John Holland Macmahon Joint Venture (Bell Bay)
Kingscliff Resort Trust	John Holland MacMahon JV (Roe and Tonkin Highways)
Chargepoint Pty Ltd	John Holland Macmahon JV (Ross River Dam)
Delron Cleaning Pty Ltd	John Holland McConnell Dowell JV
Delron Group Facility Services Pty Limited	John Holland Thames Water JV
Leighton Services Australia Pty Limited	John Holland United Group Infrastructure Joint Venture
Vision Hold Pty Limited	Rail Link Joint Venture
Visionstream Australia Pty Limited	BJB JV
Visionstream Pty Limited	Leighton Monnis Infrastructure JV LLC
Visionstream Services Pty Limited	Leighton Boral Amey NSW Pty Limited1
Vytel Pty Limited	Leighton Boral Amey QLD Pty Limited1
Silcar New Caledonia SAS	Abigroup Contractors Pty Ltd & Coleman Rail Pty Ltd & John Holland Pty Ltd (Integrate Rail JV)
Silcar Pty Ltd	Coleman Rail Pty Ltd & John Holland Pty Ltd & York Civil Pty Ltd Joint Venture (Tracksure Rail Upgrade)1
Thiess Services Limited	Coleman Rail Pty Ltd & John Holland Pty Ltd (Activate)1
Thiess Services Pty Ltd	Colin Joss & Co Pty Ltd & John Holland Pty Ltd1
JHG Mutual Limited	Degremont Thiess Services Joint Venture
John Holland (NZ) Ltd	GHD & John Holland Joint Venture (Perth City Link Rail Alliance)1
John Holland Group Pty Ltd	John Holland & Leed & Macmahon Joint Venture (Urban Superway) 1
John Holland Melbourne Rail Franchise Pty Ltd	John Holland & Leed Engineering Joint Venture (NIAW) 1
John Holland Pty Ltd	John Holland & UGL Joint Venture (Murrumbidgee Irrigation) 1
John Holland Queensland Pty Ltd	John Holland Abigroup Contractors Joint Venture (Bulk Water) 1
John Holland Rail Pty Ltd	John Holland Fairbrother Joint Venture1
Fleetco Rentals No.1 Pty Ltd.	John Holland Fulton Hogan Joint Venture1
Wellington Gateway General Partner No.2 Limited	John Holland Laing O'Rourke & NRW Joint Venture1
Wellington Gateway Partnership No 2 Limited partnership	John Holland Laing O'Rourke Joint Venture1
Vizag General Cargo Berth Ltd Private Limited2	John Holland Pty Ltd & Bouygues Travaux Publics (Glenfield Junction Alliance) 1
Aurum Partnership Pty Limited1	John Holland Pty Ltd & Bouygues Travaux Publics (North Strathfield Rail Underpass Alliance) 1
Metro Trains Melbourne Pty Limited1	John Holland Pty Ltd & Lend Lease Project Management & Construction (Australia) Pty Limited
Roche Thiess Linfox Joint Venture	John Holland Pty Ltd & Pindan Contracting Pty Ltd
Hassall Street Pty. Ltd.	John Holland Pty Ltd And Kellogg Brown & Root Pty Ltd
Hassall Street Trust	John Holland Tenix Alliance Joint Venture1
Green Square Consortium Pty. Ltd.	John Holland Veolia Water Australia Joint Venture (Blue Water)1
Folkestone/Leighton JV Pty Ltd	John Holland Veolia Water Australia Joint Venture (Gold Coast Desalination Plant) 1
Brisbane Motorway Services Pty Limited	Leighton Boral Amey NSW Joint Venture
Gateway Motorway Services Pty. Ltd.	Leighton Boral Amey QLD Joint Venture
Infocus Infrastructure Management Pty. Ltd.	Thiess Services and South Eastern Water
Westlink (Services) Pty. Ltd.	Thiess Services and South Eastern Water
TSDI Pty. Ltd.	
Coleman Rail Pty. Ltd. & John Holland Pty. Ltd. & York Civil Pty. Ltd. JV (Trackworks Upgrade Adelaide)	
Coleman Rail Pty. Ltd. & John Holland Pty. Ltd. JV (Rail Revitalisation Project, SA)	

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 2014 and Directors' Report, together with Independent Auditors' Report.

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 I.Madrid
España
Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

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 framework applicable to the Group (see Notes 2 and 39). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of ACS, Actividades de Construcción y Servicios, S.A.,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, 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.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries 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 in Spain (identified in Note 2.01 to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

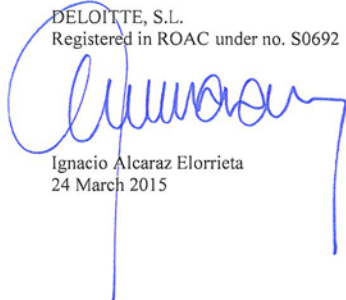
Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries as at 31 December 2014, and their consolidated results and their consolidated cash flows for the year then ended 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 in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2014 contains the explanations which the Parent's directors consider appropriate about the situation of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries, the evolution of their 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 2014. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692



Ignacio Alcaraz Elorrieta
24 March 2015

HISTORICAL PERFORMANCE

CONSOLIDATED INCOME STATEMENT EVOLUTION

Million of euros	2009 ⁽¹⁾	2010 ⁽²⁾	2011	2012 ⁽³⁾	2013 ⁽⁴⁾	2014	CAGR ⁽⁵⁾ 14/09
Revenues	15,387.4	14,328.5	28,471.9	38,396.2	35,178.0	34,880.9	17.8%
Construction	6,151.2	5,703.3	19,801.5	29,682.8	26,364.7	25,819.6	33.2%
Industrial Services	6,849.6	7,157.8	7,045.0	7,050.0	7,067.1	6,750.0	-0.3%
Environment	2,469.8	1,510.7	1,685.7	1,690.8	1,781.2	2,338.2	-1.1%
Holding / Adjustments	(83.2)	(43.3)	(60.4)	(27.4)	(35.0)	(26.9)	
EBITDA	1,429.3	1,431.7	2,317.7	3,088.4	2,832.5	2,466.3	11.5%
Construction	474.5	426.8	1,209.7	1,995.5	1,656.3	1,323.2	22.8%
Industrial Services	686.9	821.4	907.3	904.2	937.2	901.6	5.6%
Environment	304.1	237.3	253.3	241.2	274.9	290.6	-0.9%
Holding / Adjustments	(36.2)	(53.9)	(52.6)	(52.4)	(35.9)	(49.1)	
EBIT	1,073.9	1,039.2	1,333.3	1,579.4	1,639.7	1,597.8	9.5%
Construction	384.4	343.2	448.9	684.6	674.5	704.4	10.0%
Industrial Services	547.8	627.7	827.5	849.3	880.6	810.5	13.3%
Environment	180.3	124.8	112.0	105.9	123.0	134.5	-8.8%
Holding / Adjustments	(38.5)	(56.6)	(55.1)	(60.5)	(38.3)	(51.6)	
Net Profit	1,946.2	1,312.6	961.9	(1,927.9)	701.5	717.1	-17.2%
Construction	219.5	187.5	424.4	247.8	188.9	223.1	-8.5%
Industrial Services	346.7	399.5	491.6	415.7	417.6	419.7	5.7%
Environment	146.2	152.3	128.2	196.4	57.7	71.7	-16.8%
Holding / Adjustments*	1,233.8	573.3	(82.3)	(2,787.8)	37.4	2.5	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 IFRS 19 which is applied retroactively.

(4) 2013 data have been restated included the effect of the IFRS 10,11 and 12, and considering John Holland and Services as "Discontinued Operation" with the same criteria as in 2014.

(5) CAGR: Compound Annual Growth Rate.

* From 2011 the financial expenses derived from Hochtief stake's acquisition were included in Holding/Adjustments.

CONSOLIDATED BALANCE SHEET AS OF DECEMBER, 31

Million of euros	2009	2010	2011	2012	2013 ⁽¹⁾	2014
Fixed and other noncurrent assets	17,505.7	19,422.3	25,630.3	18,851.7	16,435.6	14,524.6
Property, plant and equipment	4,435.9	1,469.1	3,550.4	3,130.8	2,607.4	2,658.3
Intangible assets	1,272.5	1,545.2	2,856.2	2,489.0	2,223.6	2,148.1
Non-current financial assets	9,888.8	11,007.4	9,053.3	4,163.3	3,915.3	3,700.1
Assets held for sale ⁽²⁾	1,134.0	4,576.7	8,087.1	6,601.5	5,309.6	3,822.1
Deferred tax assets	774.5	824.0	2,083.3	2,467.1	2,379.7	2,195.9
Goodwill	1,108.4	1,149.4	2,496.4	2,559.8	2,726.1	2,894.2
Working capital	(2,799.3)	(3,386.3)	(3,733.7)	(2,698.4)	(2,071.3)	(1,355.8)
TOTAL ASSETS	15,814.8	17,185.4	24,393.0	18,713.2	17,090.5	16,063.0
Equity	4,507.9	4,442.4	6,191.3	5,711.5	5,488.9	4,897.9
Shareholder's Equity	5,225.8	5,519.2	5,682.3	3,382.4	3,802.8	3,451.8
Adjustments for changes in value	(1,006.1)	(1,340.7)	(2,363.2)	(725.8)	(534.9)	(418.3)
Non controlling interests	288.3	263.8	2,872.2	3,055.0	2,221.0	1,864.4
Other non-current liabilities	2,217.6	4,739.9	8,867.6	8,049.7	7,790.5	6,334.7
Liabilities held for sale ⁽³⁾	800.3	3,590.1	4,995.3	4,089.3	3,878.3	2,890.6
Other non-current liabilities	1,417.3	1,149.8	3,872.2	3,960.4	3,912.2	3,444.1
Non-current liabilities	11,636.8	9,621.2	9,604.3	6,593.9	6,851.9	5,686.7
Non-recourse project financing	8,591.9	4,860.1	5,888.1	1,103.8	1,035.7	491.3
Non-current bank borrowings	3,044.9	4,761.1	3,716.2	5,852.7	6,375.7	5,599.6
Long-term deposits				(362.9)	(559.4)	(404.2)
Current payables/ Current liabilities	(2,547.5)	(1,618.1)	(270.1)	(1,641.9)	(3,040.9)	(856.3)
Non-recourse project financing	278.0	2,186.4	77.4	278.6	221.4	491.4
Current bank borrowings	2,103.6	2,150.3	6,813.8	4,312.8	3,641.8	5,712.1
Other current financial assets	(2,757.9)	(3,502.2)	(3,006.2)	(1,705.4)	(2,980.1)	(1,892.7)
Cash and cash equivalents	(2,171.3)	(2,452.6)	(4,155.2)	(4,527.8)	(3,924.0)	(5,167.1)
TOTAL EQUITY AND LIABILITIES	15,814.8	17,185.4	24,393.0	18,713.2	17,090.5	16,063.0

(1) 2013 data have been reexpressed including the effect of the IFRS 10.11 and 12.

(2) In 2009 there were included "Non-current assets held for sale" accounted for 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. In 2014 there were included 3,336.7 mn € million of euros related to renewable energy assets, 158.3 mn € million euros related to desalination plants, 116 mn € million of euros related to Brazilian transmission lines, 171.6mn € related to Hochtief/Leighton assets and 39.5 mn € related to other assets.

(3) In 2009 there were included "Non-current liabilities held for sale" accounted for 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. In 2014 there were included 2,635.5 mn € million of euros related to renewable energy assets, 115.7mn € million euros related to desalination plants, 55 mn € million of euros related to Brazilian transmission lines, 63.3mn € related to Hochtief/Leighton assets and 21.2 mn € related to other assets.



Project Director and Editor
ACS Group

Creation and Design
IMAGIA*oficina*.es

Photos
ACS Group Archives