

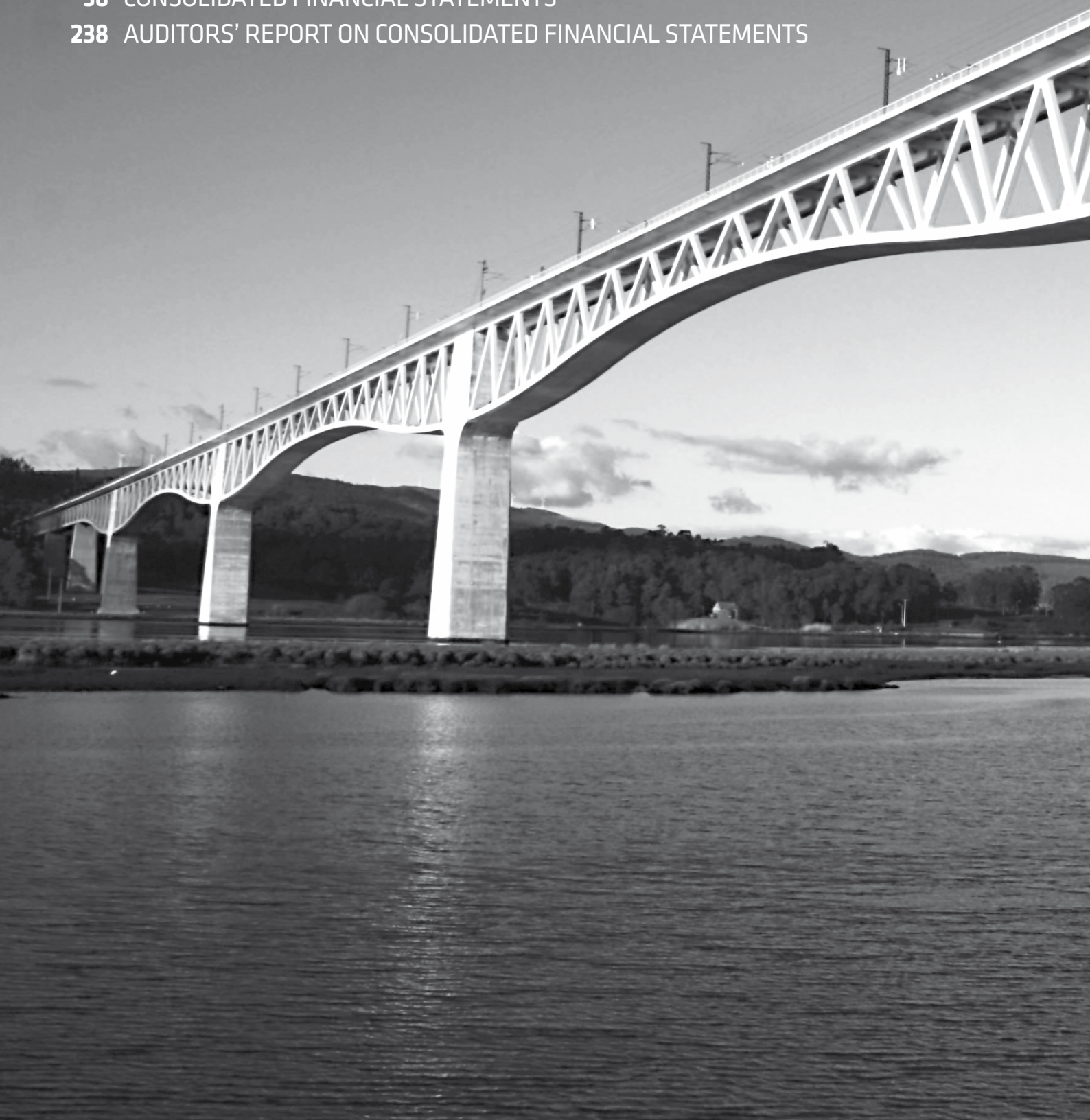
# ECONOMIC AND FINANCIAL REPORT OF ACS GROUP 2015



Cover photo: Bridge over the Cádiz Bay (Spain)

# ECONOMIC AND FINANCIAL REPORT OF ACS GROUP **2015**

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# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 1. PERFORMANCE OF ACS GROUP IN 2015

The following financial information refers to management information so its distribution may differ from the information in the presentation for the purpose of the consolidated income statement under IFRS.

### 1.1. RELEVANT FACTS

#### KEY FINANCIAL AND OPERATING FIGURES

MILLION EURO	2014	2015	Var.
<b>Turnover</b>	<b>34,881</b>	<b>34,925</b>	<b>+0.1%</b>
<b>Backlog</b>	<b>63,871</b>	<b>67,072</b>	<b>+5.0%</b>
Months	20	21	
<b>EBITDA (1) (2)</b>	<b>2,553</b>	<b>2,409</b>	<b>-5.6%</b>
Margin	7.3%	6.9%	
<b>EBIT (1) (2)</b>	<b>1,684</b>	<b>1,541</b>	<b>-8.5%</b>
Margin	4.8%	4.4%	
<b>Attributable Net Profit</b>	<b>717</b>	<b>725</b>	<b>+1.1%</b>
<b>EPS</b>	<b>2.31</b>	<b>2.35</b>	<b>+2.0%</b>
<b>Cash Flow from Activities</b>	<b>1,395</b>	<b>1,384</b>	<b>-0.8%</b>
<b>Net Investments</b>	<b>(313)</b>	<b>393</b>	<b>-225.4%</b>
Investments	2,310	2,228	-3.6%
Disposals	2,623	1,835	-30.0%
<b>Total Net Debt</b>	<b>3,722</b>	<b>2,624</b>	<b>-29.5%</b>
Businesses' Net Debt	3,129	2,083	-33.4%
Project Financing	593	541	-8.8%

Note: data presented according to ACS Group management criteria.

(1) Includes Joint Ventures Net Results (companies executing projects managed with partners) not fully consolidated.

(2) EBITDA and EBIT in 2015 impacted by renewable energy disposals.

Sales in the period accounted for 34.925 million euros an increase of 0.1% compared to 2014, with a good performance of all operating activities and supported by the appreciation of the US Dollar against the Euro.

Backlog accounts for 67,072 million euros, showing an increase of 5.0% in the last twelve months. The positive evolution of the contracting activity in the period and the appreciation of the US Dollar enabled this increase.

## EXCHANGE RATE AND CHANGE IN THE SCOPE OF CONSOLIDATION IMPACTS ON KEY OPERATING FIGURES.

MILLION EURO	2014	2015	Var.
<b>Backlog</b>	<b>63,871</b>	<b>67,072</b>	<b>+5.0%</b>
Direct	54,851	59,043	+7.6%
Proportional*	9,020	8,029	-11.0%
<b>Work Done</b>	<b>36,490</b>	<b>37,776</b>	<b>+3.5%</b>
Direct	34,881	34,925	+0.1%
Proportional*	1,609	2,852	+77.2%
<b>EBITDA</b>	<b>2,553</b>	<b>2,409</b>	<b>-5.6%</b>
Direct	2,466	2,306	-6.5%
Proportional*	86	102	+18.3%
<b>EBIT</b>	<b>1,684</b>	<b>1,541</b>	<b>-8.5%</b>
Direct	1,598	1,439	-9.9%
Proportional*	86	102	+18.3%

\* Refers to the proportional stake of the operating Joint Ventures and projects not fully consolidated in the Group.

## PROFORMA OPERATING RESULTS (EX-RENEWABLES)

MILLION EURO	2014	2015	Var.
<b>Net Sales</b>	<b>34,537</b>	<b>34,871</b>	<b>+1.0%</b>
<b>Operating Cash Flow (EBITDA)</b>	<b>2,297</b>	<b>2,378</b>	<b>+3.6%</b>
EBITDA margin	6.6%	6.8%	
<b>Ordinary Operating Profit (EBIT)</b>	<b>1,428</b>	<b>1,511</b>	<b>+5.8%</b>
EBIT margin	4.1%	4.3%	

EBITDA of the Group accounts for 2,409 million euros, a 5.6% drop compared with 2014. This decline is due to the sale of renewable assets during the year, excluding this disposal, EBITDA would have grown by 3.6%

EBIT accounts for 1,541 million euros and drops by 8.5% as well as the margin which decreases by 40 bp due to the above mentioned effect of asset disposals. Without taking into account this effect, EBIT would have grown by 5.8% and EBIT margin would stand at 4.3%.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

Net profit of ACS Group accounted 725 million euros, showing 1.1% growth. This includes the impacts of the restructuring process being carried out by the Group in its various areas of activity, particularly in construction, as well as the lower contribution from Industrial Services due to the sale of renewable assets. It also includes the reversion of various corporate provisions tied to different assets which have offset extraordinary restructuring costs.

## NET PROFIT BREAKDOWN BY ACTIVITY

MILLION EURO	2014	2015	Var.
Construction	223	304	+36.4%
Industrial Services <sup>(1)</sup>	316	314	-0.7%
Environment	72	73	+1.4%
<b>Net Profit from activities</b>	<b>611</b>	<b>691</b>	<b>+13.1%</b>
Renewable assets	104	6	
Corporation	2	28	
<b>TOTAL Net Profit</b>	<b>717</b>	<b>725</b>	<b>+1.1%</b>

(1) It excludes renewable assets sold in 1Q/2015. Further detail in Industrial Services.

Thus, net recurrent profit stood at 691 million euros, without taking into consideration contributions from renewable assets sold in 2015. This represents 13.1% growth and is backed by an excellent operating evolution of Hochtief after culminating its transformation process, and a solid stability of the remaining activities despite the adverse macro scenario.

ACS Group's net debt has decreased by 29.5% down to 2,624 million euros in the last 12 months. This substantial improvement of the Group's net debt, of c. 1,100 million euros from December 2014, is primarily due to:

- An increase in cash flow from operations, despite the sale of John Holland and the renewable assets which imply a lower contribution to the operating activity. There has been a significant operating improvement both in margins and working capital management across all business units.
- A reduction in net investments of the Group. Operating CAPEX implied an investment of 261 million euros which represents a more than half reduction compared to the prior period. This reduction on the operating investment requirement is mainly due to the overcapacity in mining equipment to cover current demand and better management thereof.

The following significant events occurred during 2015:

- On January 21st 2015, ACS Group reached an agreement with Global Infrastructure Partners for the sale of 49% of a newly created company which aims to develop energy assets and in which the renewable energy assets to be sold to Saeta Yield are included.
- On February 13th 2015, ACS Actividades de Construcción y Servicios, S.A., signed a financing contract with a syndicate of banks made up of forty-three Spanish and foreign entities, for a total amount of 2,350 million euros, divided in two tranches (tranche A loan amounting to 1,650 million euros, and tranche B, a credit line amounting to 700 million euros) maturing on February 13th, 2020. This was assigned to cancel the previously existing syndicated loan and three loans to finance the acquisition of shares of Hochtief, A.G.
- Saeta Yield's IPO took place on February 16th 2015. With this transaction, the ACS Group sold 51% stake in the company. Additionally, under the agreements reached with Global Infrastructure Partners (GIP), ACS sold an additional stake of 24% in Saeta. Both transactions imply cash proceeds of 361 million euros, net of the capital increase performed before the listing, the intra group loans redemption and the expenses from the transaction. In turn, ACS Group closed a transaction with GIP in late April to acquire a 50% stake in the ROFO assets in Spain, for 65 million euros.
- On March 16th 2015, ACS issued bonds in the Euromarket for 500 million euro with a five year maturity. This issuance has been paid the 1st of April, 2015, with an annual coupon of 2.875%.
- During the months of March and April of 2015 ACS Group has completely cancelled the equity swap over 164.35 million shares of Iberdrola, for a notional amount of approximately 1 billion euros.
- The Shareholder Annual General Meeting held on April 28th 2015 approved the distribution of a dividend of 0.71 Euros per share, which has been paid by July 2015 using a scrip dividend system.
- On October 13th 2015, ACS Group acquired 4,050,000 Hochtief's shares, which represent 5.84% of its capital share, for a price of € 77 per share. With this acquisition, the total number of Hochtief's shares owned by ACS Group amounts to 46,118,122 equivalent to 70% of its share capital adjusted by Hochtief's treasury stock.
- On December 17th, 2015, exercising the powers granted by resolution of the General Shareholder's Meeting of the Company held on April 28th, 2015, it was agreed to proceed to the second execution of the capital increase against reserves up to 142 million euros (equivalent to around 0.45 euros per share), which was approved by the aforementioned General Meeting in order that shareholders could choose between continuing to receive remuneration in cash or in shares of the Company. This process of expansion and simultaneous capital reduction has been carried out in February 2016..

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 1.2. CONSOLIDATED INCOME STATEMENT OF THE ACS GROUP

### CONSOLIDATED INCOME STATEMENT

MILLION EURO	2014		2015		Var.
<b>Net Sales</b>	<b>34,881</b>	<b>100.0 %</b>	<b>34,925</b>	<b>100.0 %</b>	<b>+0.1%</b>
Other revenues	623	1.8 %	421	1.2 %	-32.4%
Joint Ventures Net Results*	86	0.2 %	102	0.3 %	+18.3%
<b>Total Income</b>	<b>35,590</b>	<b>102.0 %</b>	<b>35,448</b>	<b>101.5 %</b>	<b>-0.4%</b>
Operating expenses	(25,276)	(72.5 %)	(25,113)	(71.9 %)	-0.6%
Personnel expenses	(7,761)	(22.3 %)	(7,927)	(22.7 %)	+2.1%
<b>Operating Cash Flow (EBITDA)</b>	<b>2,553</b>	<b>7.3 %</b>	<b>2,409</b>	<b>6.9 %</b>	<b>-5.6%</b>
Fixed assets depreciation	(824)	(2.4 %)	(788)	(2.3 %)	-4.4%
Current assets provisions	(45)	(0.1 %)	(79)	(0.2 %)	+77.8%
<b>Ordinary Operating Profit (EBIT)</b>	<b>1,684</b>	<b>4.8 %</b>	<b>1,541</b>	<b>4.4 %</b>	<b>-8.5%</b>
Impairment & gains on fixed assets	(4)	(0.0 %)	(32)	(0.1 %)	n.a.
Other operating results	(634)	(1.8 %)	(186)	(0.5 %)	n.s.
<b>Operating Profit</b>	<b>1,046</b>	<b>3.0 %</b>	<b>1,324</b>	<b>3.8 %</b>	<b>+26.5%</b>
Financial income	354	1.0 %	243	0.7 %	-31.2%
Financial expenses	(1,036)	(3.0 %)	(777)	(2.2 %)	-25.0%
<b>Ordinary Financial Result</b>	<b>(682)</b>	<b>(2.0 %)</b>	<b>(533)</b>	<b>(1.5 %)</b>	<b>-21.8%</b>
Foreign exchange results	(24)	(0.1 %)	38	0.1 %	-260.2%
Changes in fair value for financial instruments	234	0.7 %	36	0.1 %	-84.5%
Impairment & gains on financial instruments	163	0.5 %	299	0.9 %	+83.1%
<b>Net Financial Result</b>	<b>(309)</b>	<b>(0.9 %)</b>	<b>(160)</b>	<b>(0.5 %)</b>	<b>-48.4%</b>
Results on equity method*	45	0.1 %	201	0.6 %	+342.6%
<b>PBT of continued operations</b>	<b>782</b>	<b>2.2 %</b>	<b>1,365</b>	<b>3.9 %</b>	<b>+74.5%</b>
Corporate income tax	(319)	(0.9 %)	(311)	(0.9 %)	-2.5%
<b>Net profit of continued operations</b>	<b>464</b>	<b>1.3 %</b>	<b>1,054</b>	<b>3.0 %</b>	<b>+127.4%</b>
Profit after taxes of the discontinued operations	464	1.3 %	0	0.0 %	-100.0%
<b>Consolidated Result</b>	<b>928</b>	<b>2.7 %</b>	<b>1,054</b>	<b>3.0 %</b>	<b>+13.6%</b>
Minority interest	(211)	(0.6 %)	(329)	(0.9 %)	+56.2%
<b>Net Profit Attributable to the Parent Company</b>	<b>717</b>	<b>2.1 %</b>	<b>725</b>	<b>2.1 %</b>	<b>+1.1%</b>

\* The Joint Ventures Net Results, which are those companies that are executing projects but managed with partners, has been included in the Total Income figure, whilst the Results on Equity Method includes the net results of the rest of affiliated companies.



## 1.2.1. REVENUE AND BACKLOG

Net sales of ACS Group in the period accounted for 34,925 million euros, 0.1% more than those registered in the prior period.

Sales breakdown by geographical areas demonstrates the diversification of the Group's revenue sources, where North America represents 39.8% of sales, Asia Pacific 27.9%, Europe 25.3% where Spain represents a 16.9% of the total and South America 6.5%.

### SALES PER GEOGRAPHICAL AREAS

MILLION EURO	2014	%	2015	%	Var.
Spain	5,581	16.0 %	5,887	16.9%	+5.5%
Rest of Europe	3,381	9.7 %	2,946	8.4%	-12.9%
North America	11,814	33.9 %	13,916	39.8%	+17.8%
South America	1,878	5.4 %	2,259	6.5%	+20.3%
Asia Pacific	11,960	34.3 %	9,733	27.9%	-18.6%
Africa	267	0.8 %	184	0.5%	-31.6%
<b>TOTAL</b>	<b>34,881</b>		<b>34,925</b>		<b>+0.1%</b>

### SALES PER GEOGRAPHICAL AREAS

(INTER AREA OF ACTIVITY ADJUSTMENTS EXCLUDED)

MILLION EURO	Construction			Industrial Services			Environment		
	2014	2015	Var.	2014	2015	Var.	2014	2015	Var.
Spain	1,415	1,368	-3.3%	2,466	2,166	-12.1%	1,728	2,388	+38.2%
Rest of Europe	2,604	2,203	-15.4%	482	428	-11.2%	296	316	+6.7%
North America	9,942	12,186	+22.6%	1,861	1,717	-7.8%	11	14	+24.5%
South America	341	462	+35.5%	1,265	1,395	+10.3%	272	402	+47.9%
Asia Pacific	11,517	9,099	-21.0%	443	633	+43.1%	0	0	n.a.
Africa	1	1	+7.4%	233	162	-30.9%	31	19	-37.9%
<b>TOTAL</b>	<b>25,820</b>	<b>25,319</b>	<b>-1.9%</b>	<b>6,750</b>	<b>6,501</b>	<b>-3.7%</b>	<b>2,338</b>	<b>3,139</b>	<b>+34.2%</b>

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

The construction activity in North America has grown as a result of currency tailwinds and recently awarded projects, especially in the US with 25% growth. But also South American has experienced a strong growth, particularly in countries such as Chile or Colombia. On the contrary, Europe and Asia Pacific reveal negative growth rates due to the reorganization of the activity in Germany and downturn in the mining business. Spain has experienced a slight decrease of 3.3% which corroborates the degree of stability after seven years of continuous declines.

The Industrial Services activity in Spain suffered due to the disposal of renewable energy assets in the first quarter of 2015 and the reduction of domestic activity in EPC projects. America experienced growth stabilization due to termination of projects mainly in United States like Tonopah project, however, countries such as Peru, Dominican Republic, Chile or Colombia kept on contributing with solid growth. The Middle East also showed high growth (around 30%) backed by the initiation of the awarded projects in the region, mainly in Saudi Arabia. Both in Europe and in Africa the drops come from the finalization of large projects.

Environmental sales increased its weight in the Spanish market as it includes Clece since the 1st of July 2014.

Group's backlog, which stood at 67,072 million euros, has grown by 5.0%.

## BACKLOG PER GEOGRAPHICAL AREAS

MILLION EURO	Dec-14	%	Dec-15	%	Var.
Spain	11,476	18.0 %	10,744	16.0%	-6.4%
Rest of Europe	8,019	12.6 %	8,042	12.0%	+0.3%
North America	16,593	26.0 %	20,249	30.2%	+22.0%
South America	4,591	7.2 %	4,554	6.8%	-0.8%
Asia Pacific	22,126	34.6 %	22,485	33.5%	+1.6%
Africa	1,066	1.7 %	998	1.5%	-6.4%
<b>TOTAL</b>	<b>63,871</b>		<b>67,072</b>		<b>+5.0%</b>

## BACKLOG PER GEOGRAPHICAL AREAS

MILLION EURO	Construction			Industrial Services			Environment		
	Dec-14	Dec-15	Var.	Dec-14	Dec-15	Var.	Dec-14	Dec-15	Var.
Spain	3,247	2,905	-10.5%	1,937	2,026	+4.6%	6,293	5,813	-7.6%
Rest of Europe	4,827	4,830	+0.1%	370	350	-5.4%	2,821	2,862	+1.5%
North America	14,605	18,060	+23.7%	1,920	2,086	+8.6%	68	103	+50.9%
South America	1,945	2,184	+12.3%	1,706	1,465	-14.1%	940	905	-3.8%
Asia Pacific	20,879	20,763	-0.6%	1,247	1,659	+33.1%	0	64	n.a.
Africa	183	133	-27.2%	842	836	-0.8%	41	29	-28.8%
<b>TOTAL</b>	<b>45,686</b>	<b>48,874</b>	<b>+7.0%</b>	<b>8,021</b>	<b>8,421</b>	<b>+5.0%</b>	<b>10,164</b>	<b>9,776</b>	<b>-3.8%</b>

It is worth noting the evolution of Construction activity in America, after the good performance of the new order intakes in Dragados, Turner and Flatiron. In Europe, Hochtief reduced its backlog as part of its operational restructuring, however, the backlog remains stable compared to the prior year. In Asia Pacific, the growth in the civil works segment offset the decline in the mining activity.

Industrial Services increase its backlog based on the growth achieved in Asia Pacific, mainly in Saudi Arabia, India and Japan. The slight decrease in South America, is due to termination of projects in the south, mainly in Peru. However, North America is still growing. It is worth noting an increase of 4.6% in the Industrial Services domestic portfolio due to recently awarded projects in Spain mainly maintenance.

Finally, the Environment portfolio declines in Spain, mainly in the segment of urban waste management with municipal and local government as counterparties.

## 1.2.2. OPERATING RESULTS

### OPERATING RESULTS

MILLION EURO	2014	2015	Var.
<b>EBITDA</b>	<b>2,553</b>	<b>2,409</b>	<b>-5.6%</b>
EBITDA Margin	7.3%	6.9%	
Depreciation	(824)	(788)	-4.4%
Construction	(623)	(573)	-8.0%
Industrial Services	(56)	(50)	-10.9%
Environment	(145)	(165)	+14.1%
Corporation	(1)	(1)	-16.9%
Current assets provisions	(45)	(79)	n.a.
<b>EBIT</b>	<b>1,684</b>	<b>1,541</b>	<b>-8.5%</b>
EBIT Margin	4.8%	4.4%	

EBITDA accounted for 2,409 million euros, showing a decrease of 5.6% compared to 2014, whilst EBIT accounted for 1,541 million euro, falling by 8.5%.

However, eliminating the effect from the disposal of renewable assets, EBITDA grew up to 3.6% in comparable terms. EBIT is also impacted by the disposal, and would have grown by 5.8% eliminating the renewables contribution in both years.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## PROFORMA OPERATING RESULTS (EX-RENEWABLES)

MILLION EURO	2014	2015	Var.
<b>Net Sales</b>	<b>34,537</b>	<b>34,871</b>	<b>+1.0%</b>
<b>EBITDA</b>	<b>2,297</b>	<b>2,378</b>	<b>+3.6%</b>
Margin EBITDA	6.6%	6.8%	
<b>EBIT</b>	<b>1,428</b>	<b>1,511</b>	<b>+5.8%</b>
Margin EBIT	4.1%	4.3%	

## 1.2.3. FINANCIAL RESULTS

### FINANCIAL RESULTS

MILLION EURO	2014	2015	Var.
Financial income	354	243	-31.2%
Financial expenses	(1,036)	(777)	-25.0%
<b>Ordinary Financial Result</b>	<b>(682)</b>	<b>(533)</b>	<b>-21.8%</b>
Construction	(293)	(240)	-18.1%
Industrial Services	(145)	(113)	-21.8%
Environment	(54)	(74)	+38.2%
Corporation	(190)	(106)	-44.5%

Ordinary financial result has decreased by 21.8%. Financial expenses dropped by 25.0% as a result of the reduction of interest rates following the refinancing efforts and deleverage.

### FINANCIAL EXPENSES

MILLION EURO	2014		2015		Var.
<b>Financial Expenses related to debt</b>	<b>826</b>	<b>80 %</b>	<b>569</b>	<b>73 %</b>	<b>-31.1%</b>
Related to gross debt	653	63 %	523	67 %	-19.9%
Related to debt linked to AHS	173	17 %	46	6 %	-73.4%
<b>Financial Expenses related to Warranties</b>	<b>77</b>	<b>7 %</b>	<b>80</b>	<b>10 %</b>	<b>+3.1%</b>
<b>Other Financial Expenses</b>	<b>133</b>	<b>13 %</b>	<b>127</b>	<b>16 %</b>	<b>-4.0%</b>
<b>TOTAL Financial Expenses</b>	<b>1,036</b>	<b>100 %</b>	<b>777</b>	<b>100 %</b>	<b>-25.0%</b>

Financial expenses related to debt represent 73% of the total and drops by 31.1% compared to the prior period, thanks to the debt restructuring carried out during the last period as well as the reduction in Assets Held for Sale due to the disposal of renewable assets.

Other financial expenses include: bank fees and financial commissions, factoring costs as well as other expenses related to debt restructuring such as early cancellation fees, derivative instruments, among others. These are mainly non recurrent expenses, thus we expect them to be significantly reduced going forward.

The Group's Financial Income has decreased as a result of a drop in reference interest rates and lower amount of dividends due to a reduction on the stake in Iberdrola.

## FINANCIAL INCOME

MILLION EURO	2014		2015		Var.
Related to Cash & Equivalents	90	25 %	109	45 %	+21.6%
Dividends and financial income from associates	159	45 %	90	37 %	-43.6%
Others	105	30 %	44	18 %	-57.6%
<b>TOTAL Financial Income</b>	<b>354</b>	<b>100 %</b>	<b>243</b>	<b>100 %</b>	<b>-31.2%</b>

The Net financial result includes the contribution from financial instruments coming mainly from the variation of value of Iberdrola in the year and the capital gains after the sale of assets in CIMIC, Hochtief Europe and Iridium, including the IPO of Saeta Yield.

## FINANCIAL RESULT

MILLION EURO	2014	2015	Var.
<b>Ordinary Financial Result</b>	<b>(682)</b>	<b>(533)</b>	<b>-21.8%</b>
Foreign exchange Results	(24)	38	n.a
Impairment non current assets results	234	36	-84.5%
Results on non current assets disposals	163	299	+83.1%
<b>Net Financial Result</b>	<b>(309)</b>	<b>(160)</b>	<b>-48.4%</b>

The Joint Ventures net results (companies executing projects managed with partners) not fully consolidated, accounts, as of September 2015, for 102 million euros. This figure is included in the EBITDA of the Group.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 1.2.4. INCOME FROM EQUITY-ACCOUNTED METHOD

Results by equity method of associated companies include the contribution of the Group's stakes in associated companies and concessional projects. It also includes the partial reversion of the corporate provision, before tax and minorities, tied to different international projects mainly owned by CIMIC whose evolution has highly exceeded expectations and has offset the costs of restructuring activities in Construction.

### EQUITY METHOD

MILLION EURO	2014	2015	Var.
<b>Joint Venture Net Results</b>	<b>86</b>	<b>102</b>	<b>+18.3%</b>
<b>Results on equity method</b>	<b>45</b>	<b>201</b>	<b>+342.6%</b>

## 1.2.5. NET PROFIT ATTRIBUTABLE TO THE GROUP

Net result of the Group in the period accounted for 725 million euros showing 1.1% growth which includes the impacts of the restructuring process being carried out by the Group in its various areas of activity, particularly in Hochtief.

### NET PROFIT BREAKDOWN

MILLION EURO	2014	2015	Var.
Construction	223	304	+36.4%
Industrial Services <sup>(1)</sup>	316	314	-0.7%
Environment	72	73	+1.4%
<b>Net Profit from activities</b>	<b>611</b>	<b>691</b>	<b>+13.1%</b>
Renewable assets	104	6	
Corporation	3	28	
<b>TOTAL Net Profit</b>	<b>717</b>	<b>725</b>	<b>+1.1%</b>

(1) It excludes renewable assets sold in 1Q/2015. Further detail in Industrial Services

Net profits from discontinued operations in 2014 correspond to the contribution of John Holland and Services in CIMIC.

Profit attributable to minority interests of 329 million euros comes mainly from Hochtief's minorities, both because of the full consolidation into ACS and because of minorities coming from the consolidation of CIMIC.

ACS Group's effective tax rate, adjusted from the net contributions of financial investments and the equity method, stands at 30.0%.

## 1.3. CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2014 AND 2015

### CONSOLIDATED BALANCE SHEET

MILLION EURO	Dec-14		Dec-15		Var.
Intangible Fixed Assets	5,042	12.8 %	4,854	13.8 %	-3.7%
Tangible Fixed Assets	2,658	6.8 %	2,447	6.9 %	-7.9%
Investments accounted by Equity Method	1,231	3.1 %	1,907	5.4 %	+54.9%
Long Term Financial Investments	2,462	6.3 %	2,372	6.7 %	-3.7%
Long Term Deposits	404	1.0 %	6	0.0 %	-98.6%
Financial Instruments Debtors	6	0.0 %	12	0.0 %	+84.5%
Deferred Taxes Assets	2,196	5.6 %	2,181	6.2 %	-0.7%
<b>Fixed and Non-current Assets</b>	<b>14,001</b>	<b>35.6 %</b>	<b>13,779</b>	<b>39.1 %</b>	<b>-1.6%</b>
Non Current Assets Held for Sale	3,822	9.7 %	859	2.4 %	-77.5%
Inventories	1,522	3.9 %	1,468	4.2 %	-3.6%
Accounts receivables	11,611	29.5 %	10,916	30.9 %	-6.0%
Accounts receivables (proceeds on sale of discontinued ops.)	1,108	2.8 %	0	0.0 %	n.a.
Short Term Financial Investments	1,893	4.8 %	2,311	6.6 %	+22.1%
Financial Instruments Debtors	34	0.1 %	3	0.0 %	-92.0%
Other Short Term Assets	162	0.4 %	140	0.4 %	-14.0%
Cash and banks	5,167	13.1 %	5,804	16.5 %	+12.3%
<b>Current Assets</b>	<b>25,320</b>	<b>64.4 %</b>	<b>21,501</b>	<b>60.9 %</b>	<b>-15.1%</b>
<b>TOTAL ASSETS</b>	<b>39,321</b>	<b>100 %</b>	<b>35,280</b>	<b>100 %</b>	<b>-10.3%</b>
Shareholders' Equity	3,452	8.8 %	3,455	9.8 %	+0.1%
Adjustments from Value Changes	(418)	-1.1 %	(34)	-0.1 %	-91.9%
Minority Interests	1,864	4.7 %	1,776	5.0 %	-4.7%
<b>Net Worth</b>	<b>4,898</b>	<b>12.5 %</b>	<b>5,197</b>	<b>14.7 %</b>	<b>+6.1%</b>
Subsidies	60	0.2 %	59	0.2 %	-1.6%
Long Term Financial Liabilities	6,091	15.5 %	7,382	20.9 %	+21.2%
Deferred Taxes Liabilities	1,269	3.2 %	1,334	3.8 %	+5.1%
Long Term Provisions	1,764	4.5 %	1,620	4.6 %	-8.1%
Financial Instruments Creditors	197	0.5 %	115	0.3 %	-41.7%
Other Long Term Accrued Liabilities	155	0.4 %	180	0.5 %	+16.0%
<b>Non-current Liabilities</b>	<b>9,535</b>	<b>24.2 %</b>	<b>10,689</b>	<b>30.3 %</b>	<b>+12.1%</b>
Liabilities from Assets Held for Sale	2,891	7.4 %	525	1.5 %	-81.8%
Short Term Provisions	1,342	3.4 %	1,034	2.9 %	-22.9%
Short Term Financial Liabilities	6,204	15.8 %	3,363	9.5 %	-45.8%
Financial Instruments Creditors	78	0.2 %	124	0.4 %	+58.5%
Trade accounts payables	13,962	35.5 %	13,923	39.5 %	-0.3%
Other current payables	411	1.0 %	425	1.2 %	+3.3%
<b>Current Liabilities</b>	<b>24,888</b>	<b>63.3 %</b>	<b>19,393</b>	<b>55.0 %</b>	<b>-22.1%</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>39,321</b>	<b>100 %</b>	<b>35,280</b>	<b>100 %</b>	<b>-10.3%</b>

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 1.3.1. NON CURRENT ASSETS

Intangible assets include 2,915 million euros corresponding to goodwill, of which 1,389 million euros come from the acquisition of Hochtief in 2011 and 781 million euros from ACS's merger with Dragados in 2003.

The balance of the investments held by equity method includes various holdings in associated companies from Hochtief, Saeta Yield and several Iridium Concessions.

The net deferred taxes accounted for 848 million euros and correspond mainly to previous tax losses and deductions.

## 1.3.2. WORKING CAPITAL

### WORKING CAPITAL EVOLUTION

MILLION EURO	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Construction	(585)	(289)	(1,043)	(1,086)	(1,971)
Industrial Services	(867)	(273)	(732)	(340)	(1,049)
Environment	88	186	136	230	98
Corporation/Adjustments	7	(32)	(112)	(14)	(57)
<b>TOTAL</b>	<b>(1,356)</b>	<b>(408)</b>	<b>(1,751)</b>	<b>(1,210)</b>	<b>(2,980)</b>

Net working capital has increased its credit balance by 1,624 million euros. This positive evolution in the working capital is mainly due to:

- Significant improvement in the management of the operating working capital which has had a positive impact on the variation thereof, generating 625 million euro funds in the last 12 months.
- Collection of the disposal of Australian businesses; John Holland and Leighton Services, both agreed in December 2014 and collected during the first half of 2015.

The balance of factoring and securitization at the end of the period amounted to 757 million euros.



### 1.3.3. NET DEBT

#### NET DEBT BREAKDOWN BY ACTIVITY AS OF DECEMBER 31TH, 2015

MILLION EURO	Construction	Industrial Services	Environmental Services	Corporation / Adjustments	ACS Group
LT loans from credit entities	686	276	923	1,983	3,868
ST loans from credit entities	697	802	337	357	2,193
<b>Debt with Credit Entities</b>	<b>1,384</b>	<b>1,078</b>	<b>1,260</b>	<b>2,340</b>	<b>6,061</b>
Bonds	2,302	0	0	1,541	3,844
Non Recourse Financing	204	17	320	0	541
Other financial liabilities	172	95	0	0	268
<b>Total External Gross Debt</b>	<b>4,061</b>	<b>1,191</b>	<b>1,581</b>	<b>3,881</b>	<b>10,713</b>
Net debt with Group's companies & Affiliates	(80)	3	4	(7)	(81)
<b>Total Gross Debt</b>	<b>3,981</b>	<b>1,193</b>	<b>1,585</b>	<b>3,873</b>	<b>10,632</b>
ST & other financial investments	790	364	241	810	2,205
Cash & Equivalents*	4,041	1,533	228	2	5,804
<b>Total cash and equivalents</b>	<b>4,831</b>	<b>1,897</b>	<b>469</b>	<b>812</b>	<b>8,008</b>
<b>NET DEBT</b>	<b>(849)</b>	<b>(704)</b>	<b>1,116</b>	<b>3,061</b>	<b>2,624</b>

ACS Group's total net debt at the end of the period amounts to 2,624 million euros, 29.5% less than that of the same period of 2014.

The Group's gross debt amount to 10,632 million euros and has been reduced by over 1,600 million euros since the end of the prior period. The main financial instruments at the closing of the period are:

- a) ACS' Syndicated loan, signed in February 2015 with outstanding value of 1,650 million euros and maturing in 2020
- b) Hochtief's Corporate bond amounting to 750 million euros maturing in 2020.
- c) Urbaser's syndicated loan amounting to 600 million euros maturing in 2020.
- d) ACS' Corporate bond amounting to 500 million euros maturing in 2020
- e) Two Hochtief's Corporate bonds amounting 500 million euros each maturing in 2017 and 2019, respectively.

The cash balance at closing amounted to 8,008 million euros and is composed of 5,804 million euros of cash and equivalents and 2,205 million euros of Temporary Financial Investments which include 90 million Iberdrola shares at market value pledged to exchangeable bonds issued in 2013 and 2014 which shall be delivered to bondholders at the time of redemption.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 1.3.4. EQUITY

### EQUITY

MILLION EURO	Dec-14	Dec-15	Var.
Shareholders' Equity	3,452	3,455	+0.1%
Adjustments for Changes in Value	(418)	(34)	-91.9%
Non-controlling interests	1,864	1,776	-4.7%
<b>Equity</b>	<b>4,898</b>	<b>5,197</b>	<b>+6.1%</b>

Equity for ACS Group amounts to 5,197 million euros at year end, showing an increase of 6.1% since December 2014.

The balance of non-controlling interests includes the equity participation of minority shareholders of Hochtief as well as minority interests included in the balance of the German company, mainly related to minority shareholders of CIMIC Holdings.

## 1.3.5. NET CASH FLOWS

### NET CASH FLOWS

MILLION EURO	2014			2015			Var.	
	Total	HOT	ACS exHOT	Total	HOT	ACS exHOT	TOTAL	ACS exHOT
<b>Cash Flow from Operating Activities before Working Capital</b>	<b>1,395</b>	<b>845</b>	<b>550</b>	<b>1,384</b>	<b>671</b>	<b>713</b>	<b>-0.8%</b>	<b>+29.8%</b>
Operating working capital variation	(571)	(89)	(482)	625	465	160		
<b>Cash Flow from Operating Activities</b>	<b>824</b>	<b>756</b>	<b>68</b>	<b>2,009</b>	<b>1,136</b>	<b>873</b>	<b>+144%</b>	<b>+1186%</b>
1. Payments due for investments	(2,310)	(1,367)	(943)	(2,233)	(873)	(1,360)		
2. Cash collected from disposals	1,515	416	1,099	2,627	1,599	1,028		
<b>Cash flow from Investing Activities</b>	<b>(795)</b>	<b>(951)</b>	<b>156</b>	<b>394</b>	<b>726</b>	<b>(332)</b>	<b>n.a.</b>	<b>n.a.</b>
1. Treasury stock acquisition/sale	(358)	(48)	(310)	(507)	(245)	(262)		
2. Dividends paid	(318)	(151)	(167)	(345)	(156)	(189)		
3. Other financial sources	(11)	(60)	49	9	(80)	89		
<b>Other Cash Flows</b>	<b>(688)</b>	<b>(259)</b>	<b>(428)</b>	<b>(843)</b>	<b>(481)</b>	<b>(362)</b>	<b>+22.7%</b>	<b>-15.3%</b>
<b>Total Cash Flow generated/(Consumed)</b>	<b>(659)</b>	<b>(454)</b>	<b>(204)</b>	<b>1,560</b>	<b>1,381</b>	<b>179</b>	<b>n.a.</b>	<b>n.a.</b>

Note: Collections from divestments in HOCHTIEF during 2015 include disposals of CIMIC businesses (John Holland and Leighton Services) agreed in December 2014 and collected during the first half of 2015.

Cash flow from operating activities show a substantial increase of 1,185 million euros, from 824 million euros generated the prior period to 2,009 million euros during the closing period from operating activities.

This positive evolution during the year is the result from the following factors:

- a) The cash flow from operating activities before working capital variations have generated a cash inflow of 1,384 million euros, practically stable compared to the same period of 2014. It shows a positive evolution despite tax impact in CIMIC and a lower contribution to operating activity due to the disposal of renewable assets in Spain and businesses in Australia.
- b) Operating working capital has generated 625 million euros, improving across the business areas, mainly in Hochtief. This data confirms the improvement in working capital management in Australia and other companies of Hochtief as a result of the transformation process carried out as well as in the construction activities in Dragados and Industrial Services in Mexico.

## 1.3.6. INVESTMENTS

### NET INVESTMENTS BREAKDOWN

MILLION EURO	Operating Capex	Investments in Projects & Financial	Total Investments	Operating Disposals	Financial Disposals	Total Disposals	Net Investments
<b>Construction</b>	354	674	<b>1,028</b>	(157)	(834)	<b>(991)</b>	<b>37</b>
Dragados	69	23	<b>92</b>	(22)	(16)	<b>(38)</b>	<b>53</b>
Hochtief, A.G.	285	582	<b>867</b>	(135)	(563)	<b>(698)</b>	<b>170</b>
Iridium	0	69	<b>69</b>	0	(255)	<b>(255)</b>	<b>(186)</b>
<b>Environmental Services</b>	124	44	<b>168</b>	(9)	(4)	<b>(13)</b>	<b>155</b>
<b>Industrial Services</b>	29	683	<b>712</b>	(6)	(824)	<b>(831)</b>	<b>(119)</b>
<b>Corporation &amp; others</b>	1	319	<b>320</b>	(0)	(0)	<b>(0)</b>	<b>320</b>
<b>TOTAL</b>	508	1,720	<b>2,228</b>	(173)	(1,662)	<b>(1,835)</b>	<b>393</b>

Total investments accounted for 2,228 million euros, whilst disposals accounted for 1,835 million euros.

Operational investments in Construction activity are related mainly to the acquisition of machinery for mining contracts by CIMIC (111 million euros net from operating disposals), showing a significant reduction after the downturn of the mining activity and the more efficient management.

Concessional projects and financial investments in Construction required 674 million euros, including mainly the investments from Iridium and Hochtief. The financial divestments in construction mainly correspond to asset disposals from Hochtief in Asia Pacific and Europe and the sale of concessional assets by Iridium such as line 9 (segment II) of Barcelona's underground, Majadahonda Hospital and A-30 highway in Canada.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

Net disposals in Industrial Services account for 119 million euros, and correspond mainly to the sale of energy assets. This amount is the result of the sale of 75% of Saeta Yield in the IPO last 15th of February, the capital increase of 200 million euros performed simultaneously and the sale of a 50% of the company which develops the energy projects (Bow Power) to GIP, to whom we sold two wind parks during the third quarter of 2015. In turn, the Group has sold two transmission lines in Brazil. Additionally we have invested 360 million euros in various energy projects, particularly in renewable assets in America.

In Environmental Services has invested 124 million euros in maintenance CAPEX and 44 million euros in concessional assets, mainly in the Essex Treatment Plant in the UK.

## 1.3.7. OTHER CASH FLOWS

During the period the Group has dedicated 507 million euros to the acquisition of treasury stock, both in ACS own shares to compensate the scrip dividend, and in Hochtief, as part of its buyback plan.

Additionally the Group has paid 345 million euros in cash of net dividends of which 155 million euros are for ACS' shareholders, other 49 million euros correspond to the dividend for minority shareholders in Hochtief, A.G., and the remaining correspond to minorities in CIMIC, Dragados and other subsidiaries.

## 1.4. PERFORMANCE OF THE BUSINESS AREAS

### 1.4.1. CONSTRUCTION

#### CONSTRUCTION

MILLION EURO	2014	2015	Var.
<b>Turnover</b>	<b>25,820</b>	<b>25,319</b>	<b>-1.9%</b>
<b>EBITDA</b>	<b>1,410</b>	<b>1,438</b>	<b>+2.0%</b>
Margin	5.5%	5.7%	
<b>EBIT</b>	<b>791</b>	<b>821</b>	<b>+3.8%</b>
Margin	3.1%	3.2%	
<b>Net Profit</b>	<b>223</b>	<b>304</b>	<b>+36.4%</b>
Margin	0.9%	1.2%	
<b>Backlog</b>	<b>45,686</b>	<b>48,874</b>	<b>+7.0%</b>
Months	19	21	
<b>Net Investments</b>	<b>(230)</b>	<b>37</b>	<b>n.a.</b>
Projects & financial (Gross inv)	901	674	
<b>Working Capital</b>	<b>(585)</b>	<b>(1,971)</b>	<b>n.a.</b>
<b>Net Debt</b>	<b>1</b>	<b>(849)</b>	<b>n.a.</b>
ND/Ebitda	0.0x	-0.6x	

Construction total sales accounted for 25,319 million euro representing a decrease of 1.9%. This slight decrease in the construction activity is due to the downturn of the contract mining activity affecting CIMIC and the drop in the activity in Europe, mainly in Germany. However, it is worth noting the positive evolution in America, both in Dragados Internacional and HochtiefV supported by the appreciation of the US dollar.

The activity in Spain has experienced a slight decrease, showing some recovery during the third quarter after seven years of deep declines. In America growth came mainly from the United States where production increased by 25% thank to awarded projects in the second half of 2014, which are being initiated. In the region of Asia Pacific, sales decline as consequence of the downturn in the mining activity in Australia and the completion of projects related to gas infrastructure.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## CONSTRUCTION - SALES PER GEOGRAPHICAL AREA

MILLION EURO	2014	2015	Var.
Spain	1,415	1,368	-3.3%
Rest of Europe	2,604	2,203	-15.4%
America	10,283	12,648	+23.0%
Asia Pacific	11,518	9,100	-21.0%
Africa	1	1	n.a
<b>TOTAL</b>	<b>25,820</b>	<b>25,319</b>	<b>-1.9%</b>

EBITDA accounts for 1,438 million euros, growing by 2.0% due to the improvements in profitability and in risk management deployed in Hochtief Europe, Turner, Flatiron and CIMIC.

EBIT accounted for 821 million euros, and grows by 3.8% thanks to the profitability improvements above mentioned, coupled by the impact of FleetCo in CIMIC. The depreciation of assets from the acquisition of Hochtief account for 89.1 million euros in the period, a figure 15.1% below the one accounted in 2014.

Construction Net Profit reached 304 million euros, 36.4% increase compared to the figure accounted in 2014.

Backlog at the end of the period stood at 48,874 million euros, 7.0% higher compared to the figure recorded 12 months ago. This is backed by the growth in America and the outstanding evolution of the backlog in Dragados. In Europe, Hochtief reduced its backlog after its operating restructuring, and in Asia Pacific the drop is due to the mining activity.

## CONSTRUCTION - BACKLOG PER GEOGRAPHICAL AREA

MILLION EURO	Dec-14	Dec-15	Var.
Spain	3,247	2,905	-10.5%
Rest of Europe	4,827	4,830	+0.1%
America	16,550	20,244	+22.3%
Asia Pacific	20,879	20,763	-0.6%
Africa	183	133	-27.2%
<b>TOTAL</b>	<b>45,686</b>	<b>48,874</b>	<b>+7.0%</b>

## CONSTRUCTION- REPORT OF THE CONSOLIDATED GROUP

MILLION EURO	Dragados			Iridium			Hochtief, A.G. (contribution to ACS)			Adjustments		Total		
	2014	2015	Var.	2014	2015	Var.	2014	2015	Var.	2014	2015	2014	2015	Var.
<b>Sales</b>	<b>3,643</b>	<b>4,152</b>	<b>+14.0%</b>	<b>77</b>	<b>71</b>	<b>-8.7%</b>	<b>22,099</b>	<b>21,097</b>	<b>-4.5%</b>	<b>0</b>	<b>0</b>	<b>25,820</b>	<b>25,319</b>	<b>-1.9%</b>
<b>EBITDA</b>	<b>295</b>	<b>292</b>	<b>-1.1%</b>	<b>21</b>	<b>4</b>	<b>n.a.</b>	<b>993</b>	<b>1,143</b>	<b>+15.1%</b>	<b>101</b>	<b>0</b>	<b>1,410</b>	<b>1,438</b>	<b>+2.0%</b>
Margin	8.1%	7.0%		26.6%	5.5%		4.5%	5.4%				5.5%	5.7%	
<b>EBIT</b>	<b>257</b>	<b>230</b>	<b>-10.3%</b>	<b>(4)</b>	<b>(10)</b>	<b>n.a.</b>	<b>542</b>	<b>689</b>	<b>+27.1%</b>	<b>(4)</b>	<b>(89)</b>	<b>791</b>	<b>821</b>	<b>+3.8%</b>
Margin	7.0%	5.5%		-5.7%	-13.9%		2.5%	3.3%				3.1%	3.2%	
Net Financial Results	(42)	(1)		(19)	(25)		(225)	(39)		0	0	(286)	(65)	
Equity Method	3	3		16	7		(11)	(23)		11	186	20	172	
Other Results	(74)	(97)		(4)	(3)		(484)	(103)		0	0	(562)	(203)	
<b>EBT</b>	<b>144</b>	<b>135</b>	<b>-6.1%</b>	<b>(11)</b>	<b>(31)</b>	<b>n.a.</b>	<b>(177)</b>	<b>523</b>	<b>n.a.</b>	<b>7</b>	<b>97</b>	<b>(37)</b>	<b>725</b>	<b>n.a.</b>
Taxes	(39)	(25)		9	37		45	(190)		(5)	27	11	(151)	
PAT of the disc. operations	0	0		0	0		538	0		(73)	0	464	0	
Minorities	(2)	(3)		2	2		(255)	(198)		40	(69)	(215)	(269)	
<b>Net Profit</b>	<b>103</b>	<b>107</b>	<b>+4.1%</b>	<b>0</b>	<b>8</b>	<b>n.a.</b>	<b>150</b>	<b>135</b>	<b>-10.3%</b>	<b>(30)</b>	<b>55</b>	<b>223</b>	<b>304</b>	<b>+36.4%</b>
Margin	2.8%	2.6%		0.2%	10.8%		0.7%	0.6%				0.9%	1.2%	
<b>Backlog</b>	<b>9,431</b>	<b>12,158</b>	<b>+28.9%</b>	<b>n.a.</b>	<b>n.a.</b>		<b>36,255</b>	<b>36,717</b>	<b>+1.3%</b>			<b>45,686</b>	<b>48,875</b>	<b>+7.0%</b>
Months	31	35		n.a.	n.a.		18	18				19	21	

Note: The column "Adjustments" includes the PPA adjustments, the PPA depreciation and the tax and minorities from both.

Dragados experienced a significant growth mainly due to the boost in the international activity. The contribution of Hochtief to ACS' Net Profit, after minorities, amounts to 135 million euros, in proportion to its average participation in the period which amounted to 62.6%. Currently the effective stake of ACS in Hochtief is 70%.

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## HOCHTIEF, A.G.

MILLION EURO	America			Asia Pacific			Europe			Holding		Total		
	2014	2015	Var.	2014	2015	Var.	2014	2015	Var.	2014	2015	2014	2015	Var.
<b>Sales</b>	<b>8,615</b>	<b>10,354</b>	<b>+20.2%</b>	<b>11,397</b>	<b>8,946</b>	<b>-21.5%</b>	<b>1,966</b>	<b>1,660</b>	<b>-15.5%</b>	<b>121</b>	<b>136</b>	<b>22,099</b>	<b>21,097</b>	<b>-4.5%</b>
<b>EBITDA</b>	<b>151</b>	<b>215</b>	<b>+42.0%</b>	<b>936</b>	<b>994</b>	<b>+6.2%</b>	<b>(37)</b>	<b>2</b>	<b>n.a.</b>	<b>(58)</b>	<b>(68)</b>	<b>993</b>	<b>1,143</b>	<b>+15.1%</b>
Margin	1.8%	2.1%		8.2%	11.1%		-1.9%	0.1%				4.5%	5.4%	
<b>EBIT</b>	<b>128</b>	<b>180</b>	<b>+40.9%</b>	<b>543</b>	<b>627</b>	<b>+15.4%</b>	<b>(68)</b>	<b>(29)</b>	<b>n.a.</b>	<b>(61)</b>	<b>(90)</b>	<b>542</b>	<b>689</b>	<b>+27.1%</b>
Margin	1.5%	1.7%		4.8%	7.0%		-3.5%	-1.7%				2.5%	3.3%	
Net Financial Results	(14)	(18)		(156)	(115)		(12)	31		(43)	62	(225)	(39)	
Equity Method	(0)	0		(8)	(22)		(3)	(1)		(0)	0	(11)	(23)	
Other Results	(5)	(8)		(494)	(66)		10	(28)		6	(1)	(484)	(103)	
<b>EBT</b>	<b>108</b>	<b>155</b>	<b>+42.9%</b>	<b>(115)</b>	<b>424</b>	<b>n.a.</b>	<b>(73)</b>	<b>(27)</b>	<b>n.a.</b>	<b>(98)</b>	<b>(28)</b>	<b>(177)</b>	<b>523</b>	<b>n.a.</b>
Taxes	(30)	(31)		(15)	(149)		(12)	(2)		103	(8)	45	(190)	
PAT of the disc. operations	0	0		538	0		0	0		0	0	538	0	
Minorities	(15)	(22)		(143)	(103)		4	0		0	0	(154)	(125)	
<b>Net Profit</b>	<b>63</b>	<b>101</b>	<b>+60.1%</b>	<b>265</b>	<b>173</b>	<b>-34.6%</b>	<b>(81)</b>	<b>(30)</b>	<b>n.a.</b>	<b>4</b>	<b>(36)</b>	<b>252</b>	<b>208</b>	<b>-17.2%</b>
Margin	0.7%	1.0%		2.3%	1.9%		-4.1%	-1.8%				1.1%	1.0%	

Hochtief has experienced a good operating performance in all its divisions:

- Hochtief America shows double digit growth as a result of the strong activity in the US market and the positive evolution of the exchange rate.
- CIMIC also shows double digit growth within its operating results despite the decline in sales as a result of the downturn in the mining activity and the completion of gas projects. The transformation process carried out in the past year begins to bear yields in terms of profitability and backlog growth
- Hochtief Europe has reached at the end of 2015 operational break even after a long restructuring process and adjustment to real demand in the Central Europe market, enabling a significant reduction of losses in 2015.

Hochtief's Net Profit accounts for 208 million euros decreasing by 17.2% as a result of restructuring costs and the sale of businesses in Australia which imply a lower contribution. Without taking into account these effects, Net Profit would have grown by 39.3% up to 265 million euros.



## HOCHTIEF, A.G. - NET PROFIT BREAKDOWN

MILLION EURO	2014	2015	Var.
Operational Net Income	190	265	+39.3%
Extraordinary results	62	(56)	n.a.
<b>TOTAL Net Profit</b>	<b>252</b>	<b>208</b>	<b>-17.2%</b>

## 1.4.2. INDUSTRIAL SERVICES

### INDUSTRIAL SERVICES

MILLION EURO	2014	2015	Var.
<b>Turnover</b>	<b>6,750</b>	<b>6,501</b>	<b>-3.7%</b>
<b>EBITDA</b>	<b>902</b>	<b>680</b>	<b>-24.6%</b>
Margin	13.4%	10.5%	
<b>EBIT</b>	<b>810</b>	<b>608</b>	<b>-25.0%</b>
Margin	12.0%	9.4%	
<b>Net Profit</b>	<b>420</b>	<b>320</b>	<b>-23.7%</b>
Margin	6.2%	4.9%	
<b>Backlog</b>	<b>8,021</b>	<b>8,421</b>	<b>+5.0%</b>
Months	14	16	
<b>Net Investments</b>	<b>(45)</b>	<b>(119)</b>	<b>+165.3%</b>
<b>Working Capital</b>	<b>(867)</b>	<b>(1,049)</b>	<b>+21.1%</b>
<b>Net Debt</b>	<b>(341)</b>	<b>(704)</b>	<b>+106.2%</b>
ND/Ebitda	-0.4x	-1.0x	

### INDUSTRIAL SERVICES - PROFORMA RESULTS EX-RENEWABLES

MILLION EURO	2014	2015	Var.
<b>Sales</b>	<b>6,406</b>	<b>6,447</b>	<b>+0.6%</b>
<b>EBITDA</b>	<b>645</b>	<b>649</b>	<b>+0.6%</b>
<b>EBIT</b>	<b>554</b>	<b>578</b>	<b>+4.2%</b>
<b>Net Profit</b>	<b>316</b>	<b>314</b>	<b>-0.7%</b>

Industrial Services sales accounted for 6,501 million euros, showing a drop of 3.7% compared to 2014. These figures are affected by the sale of renewables in the period. Not taking the contribution of renewables into consideration, sales would have grown by 0.6%, remaining practically stable. International activity grows by 1.2% up to 66.7% of total sales.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## INDUSTRIAL SERVICES - SALES PER GEOGRAPHICAL AREA

MILLION EURO	2014	2015	Var.
Spain	2,466	2,166	-12.1%
Rest of Europe	482	428	-11.2%
America	3,126	3,112	-0.5%
Asia Pacific	443	633	+43.1%
Africa	234	162	-30.9%
<b>TOTAL</b>	<b>6,750</b>	<b>6,501</b>	<b>-3.7%</b>

EPC decreased by 7.9% due to the termination of various large projects and the delay in the initiation of works of new awards.

Income coming from renewable energy generation showed a decrease of 72.1% after the disposal of renewable assets on the first quarter of 2015.

## INDUSTRIAL SERVICES - SALES BREAKDOWN BY ACTIVITY

MILLION EURO	2014	2015	Var.
<b>Support Services</b>	<b>3,471</b>	<b>3,759</b>	<b>+8.3%</b>
Networks	661	738	+11.7%
Specialized Products	1,965	2,163	+10.0%
Control Systems	845	859	+1.7%
<b>EPC Projects</b>	<b>2,923</b>	<b>2,691</b>	<b>-7.9%</b>
<b>Renewable Energy: Generation</b>	<b>406</b>	<b>113</b>	<b>-72.1%</b>
Consolidation Adjustments	(50)	(63)	
<b>TOTAL</b>	<b>6,750</b>	<b>6,501</b>	<b>-3.7%</b>
Total International	4,284	4,335	+1.2%
% over total sales	63.5%	66.7%	

## INDUSTRIAL SERVICES - BACKLOG PER GEOGRAPHICAL AREAS

MILLION EURO	Dec-14	Dec-15	Var.
Spain	1,937	2,026	+4.6%
Rest of Europe	370	350	-5.4%
America	3,626	3,551	-2.1%
Asia Pacific	1,247	1,659	+33.1%
Africa	842	836	-0.8%
<b>TOTAL</b>	<b>8,021</b>	<b>8,421</b>	<b>+5.0%</b>

Backlog grows by 5.0% up to 8,421 million euros. International backlog represents 75.9% of the total amount.

## INDUSTRIAL SERVICES - BACKLOG BREAKDOWN BY ACTIVITY

MILLION EURO	2014	2015	Var.
<b>Support Services</b>	<b>4,833</b>	<b>4,867</b>	<b>+0.7%</b>
Networks	474	448	-5.5%
Specialized Products	3,071	3,171	+3.3%
Control Systems	1,288	1,248	-3.1%
<b>EPC Projects</b>	<b>3,096</b>	<b>3,545</b>	<b>+14.5%</b>
<b>Renewable Energy: Generation</b>	<b>92</b>	<b>9</b>	<b>-90.3%</b>
<b>TOTAL BACKLOG</b>	<b>8,021</b>	<b>8,421</b>	<b>+5.0%</b>
Total International	6,085	6,396	+5.1%
% over total backlog	75.9%	75.9%	

EBITDA accounted for 680 million euros, a 24.6% less than in 2014. Not considering the contribution of renewables it would have grown by 0.6%.

EBIT decreased by 25.0% down to 608 million euros, with a margin of a 9.4%. Ex renewables the figure would have grown by 4.2%.

Net profit accounted for 320 million euros, a 23.7% less than in 2014. In comparable terms not considering renewables, it would have decreased by 0.7%

## 1.4.3. ENVIRONMENT

### ENVIRONMENT

MILLION EURO	2014	2015	Var.
<b>Turnover</b>	<b>2,338</b>	<b>3,139</b>	<b>+34.2%</b>
<b>EBITDA</b>	<b>291</b>	<b>342</b>	<b>+17.6%</b>
Margin	12.4%	10.9%	
<b>EBIT</b>	<b>135</b>	<b>166</b>	<b>+23.4%</b>
Margin	5.8%	5.3%	
<b>Net Profit</b>	<b>72</b>	<b>73</b>	<b>+1.4%</b>
Margin	3.1%	2.3%	
<b>Backlog</b>	<b>10,164</b>	<b>9,776</b>	<b>-3.8%</b>
Months	41	37	
<b>Net Investments</b>	<b>335</b>	<b>155</b>	<b>-53.7%</b>
<b>Working Capital</b>	<b>88</b>	<b>98</b>	<b>+10.7%</b>
<b>Net Debt</b>	<b>839</b>	<b>1,116</b>	<b>+32.9%</b>
ND/Ebitda	2.6x	3.3x	

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

Sales in the area of Environment increased by 34.2% as a consequence of the incorporation of Clece by global consolidation since 1st of July 2014.

EBITDA accounts for 342 million euros and grew by 17.6% thanks to the consolidation of Clece. Net profit increased by 1.4%.

## ENVIRONMENT - SALES BREAKDOWN BY ACTIVITY

MILLION EURO	2014	2015	Var.
Waste Treatment	523	524	+0.1%
Urban Services	1,031	1,109	+7.5%
Logistics	134	129	-3.6%
Facility Management	650	1,377	n.a
<b>TOTAL</b>	<b>2,338</b>	<b>3,139</b>	<b>+34.2%</b>
International	610	751	+23.1%
% over total sales	26.1%	23.9%	

Waste Treatment activity, which includes capital-intensive recycling, treatment and incineration plants, landfills and the facilities to produce methane and other kinds of renewable energy, remains stable compared to the previous period.

Urban Services activity includes the collection of municipal solid waste, landscaping, street cleaning and other management services to municipalities. This is a labor intensive activity and has experienced a sales growth of 7.5%.

Logistics activity includes the residual assets of transportation.

Facility Management includes the activity of Clece. In annual terms, sales of the company grow by 5.9%.

International sales grew by 23.1% as a consequence of the exchange rate evolution, the consolidation of Clece and the new treatment plants in UK and France. By the end of the period represented 23.9% of the total.

## ENVIRONMENT - SALES PER GEOGRAPHICAL AREA

MILLION EURO	2014	2015	Var.
Spain	1,728	2,388	+38.2%
Rest of Europe	296	316	+6.7%
America	283	416	+47.0%
Asia Pacific	0	0	n.a.
Africa	32	20	-37.9%
<b>TOTAL</b>	<b>2,338</b>	<b>3,139</b>	<b>+34.2%</b>

Environment backlog accounts for 9,776 million euros, equivalent to over 3 years. It is 3.8% lower than the figure accounted last year.

## ENVIRONMENT - BACKLOG BREAKDOWN BY ACTIVITY

MILLION EURO	2014	2015	Var.
Waste Treatment	6,073	5,826	-4.1%
Urban Services	2,383	2,304	-3.3%
Facility Management	1,708	1,647	-3.6%
<b>TOTAL</b>	<b>10,164</b>	<b>9,776</b>	<b>-3.8%</b>
International	3,871	3,963	+2.4%
% over total backlog	38.1%	40.5%	

International backlog, which mainly corresponds to Waste Treatment, makes up 40.5% of the total.

## ENVIRONMENT - BACKLOG PER GEOGRAPHICAL AREA

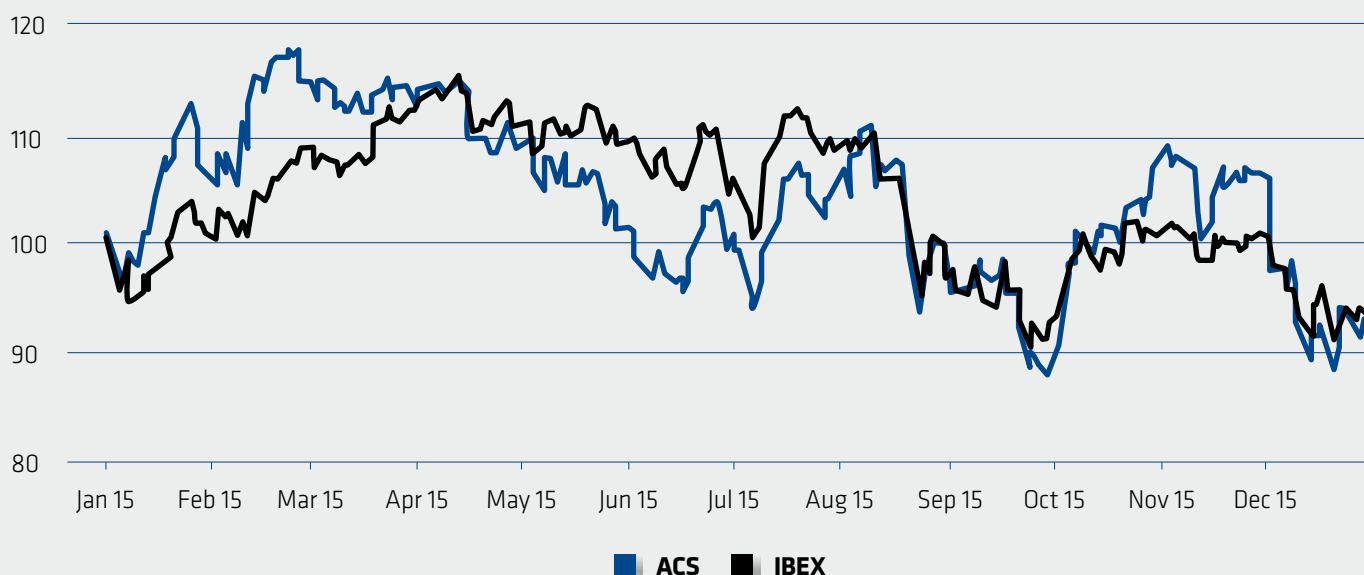
MILLION EURO	2014	2015	Var.
Spain	6,293	5,813	-7.6%
Rest of Europe	2,821	2,862	+1.5%
America	1,009	1,008	-0.1%
Asia Pacific	0	64	n.a.
Africa	41	29	-28.8%
<b>TOTAL</b>	<b>10,164</b>	<b>9,776</b>	<b>-3.8%</b>

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## 2. STOCK MARKET EVOLUTION

### 2.1. STOCK MARKET INFORMATION FOR 2015

#### STOCK MARKET INFORMATION FOR 2015

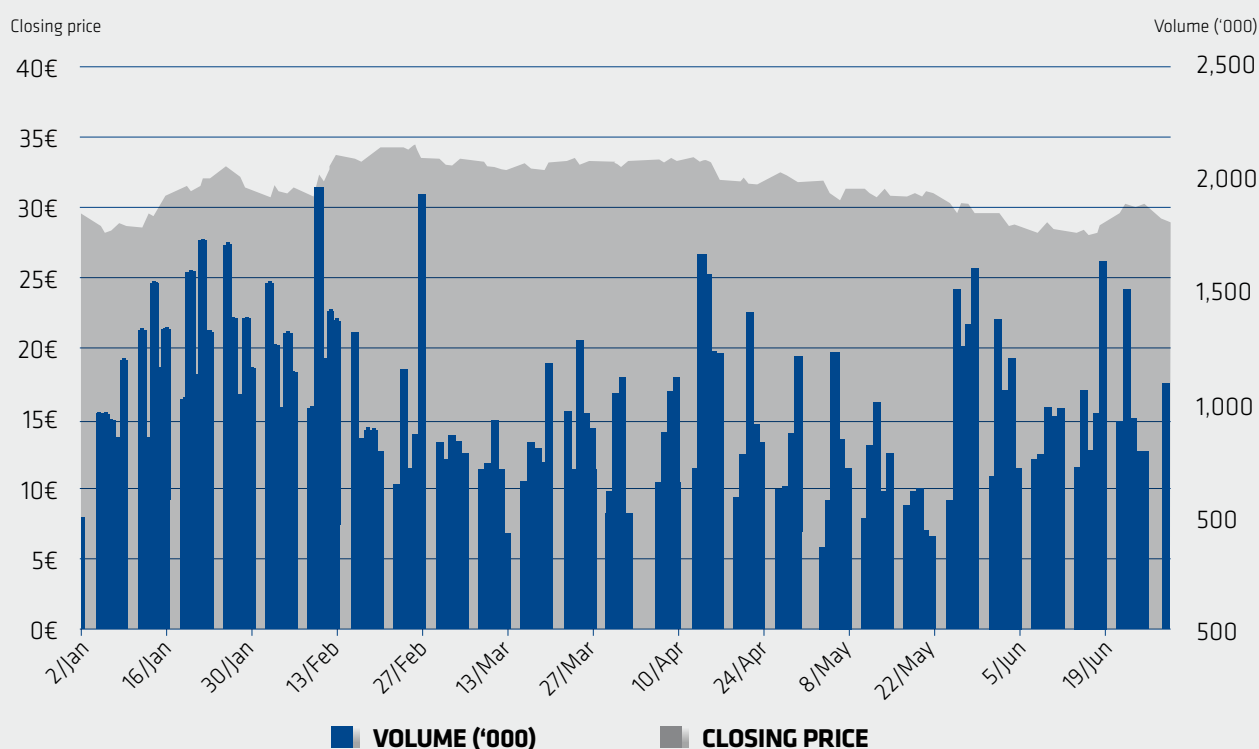


The detail of the ACS Group's key market data is as follows:

#### ACS SHARES DATA (YTD)

	2014	2015
Closing price	28.97	27.02
Performance	15.79%	-6.75%
Maximum in the period	34.50	34.07
Maximum Date	23-jun	24-feb
Minimum in the period	24.56	25.06
Minimum Date	06-ene	29-sep
Average in the period	29.26	30.03
Total volume ('000)	252,332	231,618
Daily average volume ('000)	990	926
Total traded effective (EUR mn)	7,383	6,955
Daily average effective (EUR mn)	28.95	27.82
Number of shares (mn)	314.66	314.66
Market cap (EUR mn)	9,116	8,501

## STOCK MARKET INFORMATION FOR 2015



## 2.2. TREASURY SHARES

As of December 31st, 2015, ACS Group had 9.898.884 treasury shares accounting for 3.1% of its share capital. The detail of the transactions performed in the year is as follows:

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

# 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.

- a) 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.
- b) 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.
- c) The most important matters in the year regarding financial risks related to liquidity are as follows:
  - The refinancing of the corporate debt in February 2015 by signing a debt contract of 2,350 million euros up to 2020 to back the existing syndicated financing and the repayment of the bank financing of the stake in Hochtief through Cariatide and Major Assets.
  - The increase in the maturity of the syndicated loan of Urbaser until 2020.
  - The renovation of the Euro Commercial Paper program for 750 million euros.
  - Bonds (notes) issuance in the Euromarket for 580 million euros with a maturity between three and five years.
  - The strengthening of the financial situation after the cash collection of the sale of John Holland and Thies & Leighton Contractor Services in CIMIC, as well as after the IPO of Saeta Yield in February 2015.



Corporate Governance and Corporate Responsibility Annual Reports, and the Consolidated Financial Statements of ACS Group ([www.grupoacs.com](http://www.grupoacs.com)), develops more in detail the risks and the tools for control. Likewise the Annual Report of Hochtief ([www.hochtief.com](http://www.hochtief.com)) details the risks inherent in the German company and its control mechanisms.

For the next six months since the date of closure of the accounts referred to in this document, ACS Group, based on information currently available, does not expect to deal with situations of risk and uncertainty significantly different to those of the last six months of the period closed, except those arising from:

- The internationalization of the Group's activities;
  - The impact in the growth slowdown in Asia Pacific.
  - Economic and financial uncertainties arising from the European crisis.
  - The slow growth in infrastructure investments in Spain after the cut in investment from the central government.

## 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.

To tackle the Corporate Social Responsibility policy coordination, taking into consideration its operational decentralization and geographic breadth, the Group has developed project "one", which aims at promoting good management practices and the spread of corporate culture. The areas of non-financial management that affects are basic principles of action that govern the activity of the ACS Group, ethics and transparency of information, as well as the specific principles with its groups of interest, customers, employees, suppliers, shareholders and the society in general, also affecting the management of other non-financial functional areas that are key to the development of the activity, such as the quality of services, the protection of the environment and innovation and development.

Thus, the ACS Group has approved its policy of Corporate Social Responsibility laying down these principles basic and specific of this matter, as well as the Group's relationship with its environment. The detail of the results of policies of responsibility Corporate Social Responsibility of ACS Group is collected and published frequently on the Group's web page ([www.grupoacs.com](http://www.grupoacs.com)) and in the annual report of Corporate Social Responsibility.

### 4.1. BASIC PRINCIPLES OF ACTION: ETHICS AND INFORMATION TRANSPARENCY

ACS Group and its affiliated companies are fully committed to promoting, strengthening and controlling issues related to ethics and integrity, through measures to prevent, detect and eradicate bad practices.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

The Group has developed and implemented its General Code of Conduct, approved on November 12th, 2015, 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.

ACS Group has a full commitment of rigorousness in the disclosure of information with due respect to the interests of clients and remaining social interlocutors of the company.

## 4.2. SPECIFIC PRINCIPLES OF ACTIONS

### Clients, Suppliers and Quality

A commitment to clients is one of the most important corporate values of ACS Group. Almost all of the Group's companies have a customer management system, controlled by the bidding department. Aspects common to all companies are:

- Tracking of customer needs.
- Periodic measurement of customer satisfaction.
- Development of new business.

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

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

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

The decentralization of procurement and suppliers in the Group requires a detailed monitoring and control process, which have the following points in common in all companies:

- Implementation of specific rules and a management, classification, approval and risk management system of suppliers and subcontractors.
- Analysis of the level of compliance within these systems.
- Collaboration with suppliers and transparency in contractual relationships.

### Activities in Research, Development and Innovation

ACS Group is committed to a policy of continuous improvement of its processes and applied technology in all areas of activity. Involvement with research, development and innovation is evident in the increased investment and effort in R + D + i, year after year. This effort translates into tangible improvements in productivity, quality, customer satisfaction, job safety, development of new and better materials, product and process design or more efficient production systems, among others.

To this end, ACS maintains its own program of research to develop new technological knowledge to the design of processes, systems, new materials, etc. for each area of activity. The management of R + D + i is done through a system that broadly follows the guidelines of the UNE 166002:2006 rule and is audited by independent experts.

This program is based on three premises for action:

- Development of individualized strategic research lines per company.
- Strategic collaboration with external organizations.
- Responsible and increased investment focused on enhancing research and generating more consistent and efficient patents and operational techniques

### **Environmental Protection**

ACS develops activities that involve a significant environmental impact, directly as a result of altering the environment or indirectly by the consumption of materials, energy and water. ACS develops its activities in a manner respectful to the law, adopting the most efficient measures to reduce these negative effects, and reports its activity through the mandatory impact studies.

Additionally, it develops policies and processes suited to encourage a high percentage of the Group's business to certify under ISO 14001 rule, which represents an additional commitment to those required by law towards best environmental practices.

In addition, ACS has ongoing action plans in its companies to reduce environmental impacts in more specific areas. The main initiatives are:

- Actions to help reduce climate change.
- Initiatives to enhance energy efficiency in their activities.
- Procedures to help reduce to a minimum the impact on biodiversity in those projects where necessary.
- Promoting good practices designed to save water in locations with water stress.

## **4.3. EMPLOYEES**

### **Human Resources**

At the end of the period 2015, ACS Group employed a total of 196,967 people, of which 32,053 are university graduates.

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

- To attract, retain and motivate talented people.
- To promote teamwork and quality control as tools to encourage the excellence of a job well done.
- To act quickly, promoting accountability and minimizing bureaucracy.
- To support and increase training and learning.
- To innovate to improve processes, products and services.

# DIRECTORS' REPORT OF THE CONSOLIDATED GROUP

## Health and Safety

The prevention of occupational risks is one of the strategic pillars of all ACS Group companies. The risk prevention policy complies with the various Occupational Health and Safety regulations which govern the area in the countries where it operates, at the same time as promoting integration of occupational risks into the company strategy by means of advanced practices, training and information. Despite the fact that they operate independently, the great majority of the Group's companies share common principles in the management of their employees' health and safety. These principles are the following:

- Compliance with current legislation on occupational risk prevention and other requirements voluntarily observed.
- Integration of occupational risk prevention into the set of initiatives and at all levels, implemented through correct planning and its putting into practice.
- Adoption of all those measures necessary to ensure employees' protection and well-being.
- Achieving continuous improvement of the system by means of appropriate training and information as regards risk prevention.
- Qualification of staff and application of technological innovations.

## Social Action

The commitment to the betterment of society is part of the objectives of ACS Group. In order to contribute to this objective, the Group relies on a Social Action policy linked to its business strategy, since this is the best mean to generate real value for all stakeholders. This policy seeks to promote Social Action of ACS Group, with the following objectives:

- Promoting businesses growth and sustainability. Improve the recognition and reputation of the company.
- Increase satisfaction of employees and partners.
- Contribute to the improvement of the society in which ACS Group operates

## 5. SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

On December 17th, 2015, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. approved the distribution of an interim dividend of € 0.45 per share. Its distribution through a scrip dividend scheme was carried out in February 2016. In this process 44.25% of the free allocation rights were acquired by ACS, Actividades de Construcción y Servicios, S.A. under the commitment assumed by the company. For the remaining shareholders, a total of 2,941,011 shares have been simultaneously issued and amortized in accordance with what was approved at the General Shareholders' Meeting of April 28th, 2015

## 6. OUTLOOK FOR 2016

For the year 2016, ACS Group expects to increase its Net recurring Income as well as its operating cash flow while continuing with its rationalization process of its financial structure.

In particular, the objectives of ACS Group for 2016 are:

- To reinforce its activity growth worldwide in profitable and developed markets, investing in civil and industrial infrastructure related activities, particularly in the regions of North America and Asia Pacific where it currently maintains a leadership position with growth prospects for the coming years. Likewise, to explore new opportunities in countries in which the Group has a lower presence.
- To continue with the transformation process in order to optimize the operating and financial structure. At operating levels, the Group aims to promote a leaner and more efficient structure focused on strategic and profitable business as well as enhancing the working capital management. Furthermore, on the financial front, the Group is focused in the additional reduction of gross debt and enhancing the cash management in order to have a positive impact on the financial result.

## 7 AVERAGE PAYMENT PERIOD FOR SUPPLIERS

Below is a table with the information regarding the Second Final Provision in the Law 31/2014 which has been prepared according to the Resolution on January 29th, 2016 of the Instituto de Contabilidad de Cuentas (Accounting Institute) which details the information to be incorporated in the Director' Reports regarding de average payment period for suppliers in trade transactions:

	<b>2015</b>
	<b>Days</b>
Average payment period to suppliers	72
Ratio of transactions paid	75
Ratio of transactions pending to be paid	64
	<b>Thousands of euros</b>
Total payments	3,638,547
Total pending payments	1,890,021

## 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 2015 Directors' Report.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

### ASSETS

THOUSANDS OF EUROS	Note	31/12/2015	31/12/2014
<b>NON-CURRENT ASSETS</b>		<b>13,779,268</b>	<b>14,000,876</b>
<b>Intangible assets</b>	<b>04</b>	<b>4,448,055</b>	<b>4,620,123</b>
Goodwill		2,915,141	2,894,222
Other intangible assets		1,532,914	1,725,901
<b>Tangible assets - property, plant and equipment</b>	<b>05</b>	<b>2,320,355</b>	<b>2,499,928</b>
<b>Non-current assets in projects</b>	<b>06</b>	<b>702,574</b>	<b>753,143</b>
<b>Investment property</b>	<b>07</b>	<b>61,601</b>	<b>62,207</b>
<b>Investments accounted for using the equity method</b>	<b>09</b>	<b>1,906,898</b>	<b>1,231,256</b>
<b>Non-current financial assets</b>	<b>10</b>	<b>2,140,713</b>	<b>2,227,705</b>
Long term cash collateral deposits	22	5,774	404,180
Derivative financial instruments	22	11,831	6,414
Deferred tax assets	26.05	2,181,467	2,195,920
<b>CURRENT ASSETS</b>		<b>21,500,560</b>	<b>25,319,859</b>
<b>Inventories</b>	<b>11</b>	<b>1,467,918</b>	<b>1,522,355</b>
<b>Trade and other receivables</b>	<b>12</b>	<b>10,915,856</b>	<b>12,719,329</b>
Trade receivables for sales and services		9,340,591	9,869,610
Other receivable		1,278,309	2,517,968
Receivables from the sale of discontinued operations		-	1,108,112
Current tax assets	26	296,956	331,751
<b>Other current financial assets</b>	<b>10</b>	<b>2,311,313</b>	<b>1,892,686</b>
<b>Derivative financial instruments</b>	<b>22</b>	<b>2,734</b>	<b>34,010</b>
<b>Other current assets</b>	<b>13</b>	<b>139,545</b>	<b>162,206</b>
<b>Cash and cash equivalents</b>	<b>14</b>	<b>5,803,708</b>	<b>5,167,139</b>
<b>Non-current assets held for sale and discontinued operations</b>	<b>03.09</b>	<b>859,486</b>	<b>3,822,134</b>
<b>TOTAL ASSETS</b>		<b>35,279,828</b>	<b>39,320,735</b>

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated statement of financial position at 31 December 2015.

## EQUITY AND LIABILITIES

THOUSANDS OF EUROS	Note	31/12/2015	31/12/2014
<b>EQUITY</b>	<b>15</b>	<b>5,197,269</b>	<b>4,897,888</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>3,454,752</b>	<b>3,451,843</b>
Share capital		157,332	157,332
Share premium		897,294	897,294
Reserves		1,951,433	1,881,249
(Treasury shares and equity interests)		(276,629)	(201,122)
Profit for the period of the parent		725,322	717,090
<b>ADJUSTMENTS FOR CHANGES IN VALUE</b>		<b>(33,744)</b>	<b>(418,331)</b>
Available-for-sale financial assets		141,837	65,760
Hedging instruments		(233,940)	(532,015)
Exchange differences		58,359	47,924
<b>EQUITY ATTRIBUTED TO THE PARENT</b>		<b>3,421,008</b>	<b>3,033,512</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>1,776,261</b>	<b>1,864,376</b>
<b>NON-CURRENT LIABILITIES</b>		<b>10,689,424</b>	<b>9,534,953</b>
Grants	16	58,776	59,745
Non-current provisions	20	1,619,934	1,763,509
<b>Non-current financial liabilities</b>		<b>7,382,116</b>	<b>6,090,901</b>
Bank borrowings, debt instruments and other marketing securities	17	6,683,555	5,386,591
Project finance with limited recourse	18	486,266	491,308
Other financial liabilities	19	212,295	213,002
<b>Derivative financial instruments</b>	<b>22</b>	<b>114,670</b>	<b>196,758</b>
Deferred tax liabilities	26.05	1,333,750	1,268,739
<b>Other non-current liabilities</b>		<b>180,178</b>	<b>155,301</b>
<b>CURRENT LIABILITIES</b>		<b>19,393,135</b>	<b>24,887,894</b>
Current provisions	20	1,034,341	1,342,220
<b>Current financial liabilities</b>		<b>3,362,744</b>	<b>6,203,509</b>
Bank borrowings, debt, and other held-for-trading liabilities	17	3,221,482	5,669,702
Project finance with limited recourse	18	54,579	491,389
Other financial liabilities	19	86,683	42,418
<b>Derivative financial instruments</b>	<b>22</b>	<b>124,037</b>	<b>78,258</b>
<b>Trade and other payables</b>	<b>23</b>	<b>13,922,567</b>	<b>13,962,196</b>
Suppliers		8,005,585	7,988,149
Other payables		5,772,202	5,725,181
Current tax liabilities	26	144,780	248,866
<b>Other current liabilities</b>	<b>24</b>	<b>424,722</b>	<b>411,064</b>
<b>Liabilities relating to non-current assets held for sale and discontinued operations</b>	<b>03.09</b>	<b>524,724</b>	<b>2,890,647</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35,279,828</b>	<b>39,320,735</b>

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated statement of financial position at 31 December 2015.

# CONSOLIDATED FINANCIAL STATEMENTS

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

THOUSANDS OF EUROS	Note	31/12/2015	31/12/2014
<b>REVENUE</b>	<b>27</b>	<b>34,924,662</b>	<b>34,880,860</b>
Changes in inventories of finished goods and work in progress		81,725	(12,385)
Capitalised expenses of in-house work on assets	27	6,627	38,449
Procurements	28.01	(22,329,889)	(22,538,088)
Other operating income		421,120	622,740
Staff costs	28.02	(7,926,852)	(7,761,394)
Other operating expenses		(2,956,131)	(2,814,852)
Depreciation and amortisation charge	04,05,06 y 07	(788,001)	(824,005)
Allocation of grants relating to non-financial assets and others	16	6,003	6,490
Impairment and gains on the disposal of non-current assets	03.09	(31,578)	(3,900)
Other profit or loss	28.07	(186,388)	(634,274)
<b>OPERATING INCOME</b>		<b>1,221,298</b>	<b>959,641</b>
Finance income	28.06	243,180	353,613
Financial costs		(776,632)	(1,036,007)
Changes in the fair value of financial instruments	22 y 28.05	36,232	233,550
Exchange differences		38,228	(23,856)
Impairment and gains or losses on the disposal of financial instruments	29	299,288	163,441
<b>FINANCIAL RESULT</b>		<b>(159,704)</b>	<b>(309,259)</b>
Results of companies accounted for using the equity method	09	303,243	131,824
<b>PROFIT BEFORE TAX</b>		<b>1,364,837</b>	<b>782,206</b>
Income tax	26.03	(310,590)	(318,591)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>1,054,247</b>	<b>463,615</b>
Profit after tax from discontinued operations	(*)	-	464,115
<b>PROFIT FOR THE PERIOD</b>		<b>1,054,247</b>	<b>927,730</b>
Profit attributed to non-controlling interests	15.07	(328,925)	58,666
Profit from discontinued operations attributable to non-controlling interests	15.07	-	(269,306)
<b>PROFIT ATTRIBUTABLE TO THE PARENT</b>		<b>725,322</b>	<b>717,090</b>
(*) Profit after tax from discontinued operations attributable to non-controlling interests	03.09	-	194,809

### EARNINGS PER SHARE

EUROS PER SHARE	Note	31/12/2015	31/12/2014
Basic earnings per share	31	2.35	2.31
Diluted earnings per share	31	2.35	2.31
Basic earnings per share from discontinued operations	31	-	0.63
Basic earnings per share from continuing operations	31	2.35	1.68
Basic earnings per share from continuing operations	31	-	0.63
Diluted Basic earnings per share from continuing operations	31	2.35	1.68

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated income statement at 31 December 2015.



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

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

(\*) The only item of income and expense recognised directly in equity which cannot be subsequently subject to transfer to the income statement is the one corresponding to actuarial profit and losses.

The accompanying notes 01 to 39 and Appendices I to V are an integral part of the consolidated statement of comprehensive income at 31 December 2015.

# CONSOLIDATED FINANCIAL STATEMENTS

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

THOUSANDS OF EUROS	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Non-controlling interests	TOTAL
<b>Balance at 31 December 2013</b>	<b>157,332</b>	<b>897,294</b>	<b>2,111,618</b>	<b>(64,958)</b>	<b>(534,914)</b>	<b>701,541</b>	<b>2,220,995</b>	<b>5,488,908</b>
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)
<b>Balance at 31 December 2014</b>	<b>157,332</b>	<b>897,294</b>	<b>1,881,249</b>	<b>(201,122)</b>	<b>(418,331)</b>	<b>717,090</b>	<b>1,864,376</b>	<b>4,897,888</b>
Income/(expenses) recognised in equity	-	-	15,000	-	384,587	725,322	413,973	1,538,882
Capital increases/(reductions)	3,398	-	(3,398)	-	-	-	-	-
Stock options	-	-	6,607	-	-	-	-	6,607
Distribution of profit from the prior year								
To reserves	-	-	717,090	-	-	(717,090)	-	-
2014 acquisition of bonus issue rights	-	-	(97,813)	-	-	-	-	(97,813)
Remaining allotment rights from 2014 accounts	-	-	84,303	-	-	-	-	84,303
To dividends	-	-	-	-	-	-	(206,271)	(206,271)
Treasury shares	(3,398)	-	(190,210)	(75,507)	-	-	-	(269,115)
Treasury shares through investees	-	-	(173,044)	-	-	-	(71,565)	(244,609)
Additional ownership interest in controlled entities	-	-	(116,958)	-	-	-	(194,892)	(311,850)
2015 bonus issue rights	-	-	(139,711)	-	-	-	-	(139,711)
Change in the scope of consolidation and other effects of a lesser amount	-	-	(31,682)	-	-	-	(29,360)	(61,042)
<b>Balance at 31 December 2015</b>	<b>157,332</b>	<b>897,294</b>	<b>1,951,433</b>	<b>(276,629)</b>	<b>(33,744)</b>	<b>725,322</b>	<b>1,776,261</b>	<b>5,197,269</b>

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 2015.

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

THOUSANDS OF EUROS	31/12/2015	31/12/2014
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,009,357</b>	<b>824,023</b>
<b>1. Profit/(Loss) before tax</b>	<b>1,364,837</b>	<b>782,206</b>
<b>2. Adjustments for:</b>	<b>697,653</b>	<b>1,429,828</b>
Depreciation and amortisation charge	788,001	824,005
Other adjustments to profit (net) (Note 03.23)	(90,348)	605,823
<b>3. Changes in working capital</b>	<b>625,117</b>	<b>(570,866)</b>
<b>4. Other cash flows from operating activities:</b>	<b>(678,250)</b>	<b>(817,145)</b>
Interest payable	(803,389)	(1,060,604)
Dividends received	270,935	256,971
Interest received	196,544	247,612
Income tax payment/proceeds	(342,340)	(261,124)
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>709,865</b>	<b>(190,666)</b>
<b>1. Investment payables:</b>	<b>(1,917,604)</b>	<b>(1,419,881)</b>
Group companies, associates and business units	(1,030,087)	(376,553)
Property, plant and equipment, intangible assets and property investments	(722,022)	(843,009)
Other financial assets	(48,824)	(160,283)
Other assets	(116,671)	(40,036)
<b>2. Divestment:</b>	<b>2,627,469</b>	<b>1,229,215</b>
Group companies, associates and business units	1,610,647	192,237
Property, plant and equipment, intangible assets and investment property	982,574	171,132
Other financial assets	30,455	865,384
Other assets	3,793	462
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2,231,042)</b>	<b>416,224</b>
<b>1. Equity instrument proceeds (and payment):</b>	<b>(824,554)</b>	<b>(1,195,235)</b>
Acquisition	(841,138)	(1,242,626)
Disposal	16,584	47,391
<b>2. Liability instrument proceeds (and payment):</b>	<b>(1,133,646)</b>	<b>1,874,161</b>
Issue	4,310,570	5,339,790
Refund and repayment	(5,444,216)	(3,465,629)
<b>3. Dividends paid and remuneration relating to other equity instruments:</b>	<b>(344,510)</b>	<b>(317,984)</b>
<b>4. Other cash flows from financing activities:</b>	<b>71,668</b>	<b>55,282</b>
Other financing activity proceeds and payables:	71,668	55,282
<b>D) EFFECT OF CHANGES IN EXCHANGE RATES</b>	<b>148,389</b>	<b>193,598</b>
<b>E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>636,569</b>	<b>1,243,179</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>5,167,139</b>	<b>3,923,960</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>5,803,708</b>	<b>5,167,139</b>
1. CASH FLOWS FROM OPERATING ACTIVITIES	-	(198,737)
2. CASH FLOWS FROM INVESTING ACTIVITIES	-	(27,576)
3. CASH FLOWS FROM FINANCING ACTIVITIES	-	(2,785)
<b>CASH FLOWS FROM DISCONTINUED OPERATIONS</b>	-	<b>(229,098)</b>

## CASH AND CASH EQUIVALENTS AT YEAR END

Cash and banks	4,681,157	4,628,415
Other financial assets	1,122,551	538,724
<b>TOTAL CASH AND CASH EQUIVALENTS AT YEAR END</b>	<b>5,803,708</b>	<b>5,167,139</b>

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 2015.

# CONSOLIDATED FINANCIAL STATEMENTS

## ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 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, computerisation 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.

# CONSOLIDATED FINANCIAL STATEMENTS

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.
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 2015 of the ACS Group were prepared:

- By the directors of the Parent, at the Board of Directors' Meeting held on 17 March 2016.
- 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 2015 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 2015, 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 2015 (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.

The information contained in these consolidated financial statements corresponding to the year ended 31 December 2014 is presented solely for the purposes of comparison thereof with the information relating to the year ended 31 December 2015.

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 ACS Group's consolidated financial statements for 2014, (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 28 April 2015.

The 2015 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 2015 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 2014 Financial Statements, nor have there been any significant accounting policy changes.

Except for the entry into force of new accounting standards, the bases of consolidation applied in 2015 are consistent with those applied in the 2014 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 2015 and 2014 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.

At 31 December 2015 the ACS Group held an effective interest of less than 50% in companies considered that are subsidiaries whose assets do not exceed EUR 10 million, except for Consorcio Constructor Piques y Túneles Línea 6 Metro, S.A. Likewise, the ACS Group at 31 December 2014 had an effective interest of less than 50% in companies that were considered subsidiaries, whose assets did not exceed EUR 10 million, with the exception of Petrolíferos Tierra Blanca, S.A. de C.V.

The main companies of the ACS Group with dividend rights of more than 50% which are not fully consolidated include: Bow Power S.L., 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. 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 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 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, that were met before the closing of FY 2014.

Additionally, in 2014, 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 General Manager (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 considered 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 did 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

# CONSOLIDATED FINANCIAL STATEMENTS

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 were 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.

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 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/(loss) attributable to non-controlling interests" and "Profit/(loss) 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 "Share of results of entities accounted for using the equity method", in proportion to the percentage of ownership. Previously, the appropriate adjustments are made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

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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 2015 are described in Appendix IV.

### **Acquisitions, sales, and other corporate transactions**

During 2015 and 2014 the inclusion of companies into the scope of consolidation occurred mainly due to the incorporation thereof.

The following transactions can be highlighted in 2015:

During the 2015 Saeta Yield, S.A. has begun trading on the Markets, a company that invests in energy infrastructure assets that is expected to generate highly stable and predictable cash flow backed by long-term regulated or contracted income, in which the ACS Group holds a stake of 24.21%. Initially, the assets of Saeta Yield, S.A. are wind farms and solar power plants in Spain that were part of the renewable energy assets portfolio of ACS (see Note 03.09). In the future the company aims to expand its presence both in Spain and internationally through the acquisition of other renewable or conventional energy assets for electricity distribution and transmission, as well as any other energy infrastructure assets, always with long-term regulated or contracted income. These acquisitions will be made under a Right of First Offer and Call Option Agreement.

In addition, the ACS Group has reached an agreement with funds managed by the infrastructure investment fund Global Infrastructure Partners (GIP) under which, in addition to acquiring 24.0% of Saeta Yield, S.A., it has taken a 49% stake in a company called Bow Power, S.L. in which the renewable energy assets of ACS Group's industrial area have been integrated and over which Saeta Yield, S.A. will hold a right of first offer (see Note 03.09).

On 13 October 2015 the ACS Group acquired 4,050,000 shares in Hochtief, A.G., representing 5.84% of its share capital, at the price of EUR 77 per share. With this acquisition the total number of shares of Hochtief, A.G. held by the ACS Group stands at a total of 46,118,122 shares, representing 66.54% of its share capital. This transaction, together with treasury purchases by Hochtief, has had an effect on consolidated reserves of EUR 116,958 thousand since they concern transactions with minority positions, with the Group retaining control.

In November 2015, the ACS Group went ahead with the sale of 75% of its 50% stake in the concessionaire company Nouvelle Autoroute 30, of Quebec (Canada), worth a total of EUR 811 million and signed a service contract with the buyer under which the ACS Group continues to manage 50% of the concessionaire. The net capital gains (after tax) amounted to EUR 16.5 million (see Note 29). In addition, the ACS Group signed a joint investment agreement with Teachers Insurance and Annuity Association of America worth USD 665 million for investment, financing and operation of infrastructure projects in North America and whose prime asset is the aforementioned participation in the Canadian company Nouvelle Autoroute 30.

In December 2015, the ACS Group went ahead with the sale of 80% of its stake in the company Servicios, Transportes y Equipamientos Públicos Dos, S.L. which is the company that owns 50% of the concessionaire of Line 9 section II of the Barcelona Metro and the company in charge of maintaining both section II and section IV of that metro line for a total company value of EUR 874 million, at a price of approximately EUR 110 million (subject to possible adjustments) and with a capital gain approximately EUR 70 million under the heading “Impairment and gains or losses from disposal of financial instruments”. The contract is subject to the authorisations that are usual for this type of contract, which have been complied with at year-end 2015.

Finally in 2015, Hochtief disposed of certain assets such as the San Cristóbal tunnel, certain motorways belonging to Thiess (subsidiary of Cimic) as well as the stake in Builders Re (see Note 29).

The following transactions can be highlighted in 2014:

As a result of the launch in March 2014, by Hochtief, A.G., of a proportionate takeover bid over the Australian company Cimic Group Limited 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. secured 69.62% of Cimic, which represented 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, materialised in the net equity of the ACS Group.

During the second half of 2014, mention must be made of the acquisition that took place 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 regained control 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 occurs in 2015, included the results for the first half of the financial year for Clece Group under the heading “Results of Companies by the equity method”, while revenues and expenses for 2015 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 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 did not consider that the price paid for the 25% acquired through the funds managed by Mercapital Private Equity, was representative of the fair value of the investment, given that the price paid for the interest acquired included 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 drew 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 identifiable assets and liabilities assumed from the Clece Group (“Purchase Price Allocation” or PPA) at the date of acquisition. A provisional allocation was 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 was as follows:

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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)
<b>Total net assets</b>	<b>141,349</b>	<b>99,043</b>	<b>240,392</b>
Non-controlling interests	(4,923)	-	(4,923)
<b>Fair value of the fully acquired net assets (100%)</b>	<b>136,426</b>	<b>99,043</b>	<b>235,469</b>
Fair value of assets relating to non-controlling interests			(1,942)
<b>Fair value of the net assets of the acquirer</b>			<b>237,411</b>
Fair value at the time of the takeover			353,313
<b>Goodwill (Note 2.01)</b>			<b>115,902</b>

- 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 financial year 2015 amounted to EUR 9,433 thousand (the effect on the 2014 financial year corresponded to the last six months of the year which amounted to EUR 4,698 thousand).
- No changes have occurred in the PPA. In the 2015 financial year there has been no effect on the results from sales of assets revalued in the PPA.
- 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.

Concerning disposal in 2014, mention must be made of the ownership interest secured in Metro de Sevilla in the amount of EUR 60,149 thousand with a pre-tax profit amounting to EUR 12,708 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. Also noteworthy was the sale realised during the second half of 2014 of 80% of its holdings in various concession assets such as Intercambiadores de Transportes 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 in December 2014, of 100% of John Holland and 50% of the Cimic services business amounting to EUR 1,108,112 thousand (see Note 03.09).



## 03. ACCOUNTING POLICIES

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, were as follows:

### 03.01. GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group. Those attributable to specific intangible assets, recognising it explicitly in the consolidated statement of financial position provided that the fair value at the acquisition date can be measured reliably.
- Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.
- Goodwill acquired on or after 1 January 2004, is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003.

In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e., a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated statement of financial position, and changes are recognised as translation differences or impairment, as appropriate.

Any negative differences between the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

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- If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group.
- The remaining amounts are presented under “Other gains or losses” in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

## 03.02. OTHER INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets, without physical substance, which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their useful life.

The ACS Group recognises any impairment loss on the carrying amount of these assets with a charge to “Impairment and gains or losses on the disposal of non-current current assets” in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for property, plant and equipment (Note 03.06).

### 03.02.01. DEVELOPMENT EXPENDITURE

Development expenditure is only recognised as intangible assets if all of the following conditions are met:

- a) an identifiable asset is created (such as computer software or new processes);
- b) it is probable that the asset created will generate future economic benefits; and
- c) the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

### 03.02.02. ADMINISTRATIVE CONCESSIONS

Concessions may only be recognised as assets when they have been acquired by the company for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the State or from the related public agency.

Concessions are generally amortised on a straight-line basis over the term of the concession.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

### **03.02.03. COMPUTER SOFTWARE**

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recorded with a charge to "Other intangible assets" in the consolidated statement of financial position.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets will be recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over a period of between three and four years from the entry into service of each application.

### **03.02.04. OTHER INTANGIBLE ASSETS**

This heading basically includes the intangible assets related to the acquired companies' construction backlog and customer base, mainly of the Hochtief Group. These intangible assets are measured at fair value on the date of their acquisition, and if material, on the basis of independent external reports. The assets are amortised in the five to ten year period in which it is estimated that profit will be contributed to the Group.

## **03.03. PROPERTY, PLANT AND EQUIPMENT**

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the statement of financial position at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

The capitalised costs include borrowing costs incurred during the asset construction period only, provided that it is probable that they will give rise to future economic benefits for the Group. Capitalised borrowing costs arise from both specific borrowings expressly used for the acquisition of an asset and general borrowings in accordance with the criteria established in IAS 23. Investment income earned on the temporary investment of specific borrowings not yet used to acquire qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other interest costs are recognised in profit or loss in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

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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:

	<b>Years of Estimated Useful Life</b>
Buildings	20-60
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..

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.

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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 balance sheet date, the companies determine whether there is any indication that an item or group of items of property, plant and equipment is impaired so that, as indicated in Note 03.06, an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use.

The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

## **03.05. INVESTMENT PROPERTY**

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services or for administrative purposes; or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for the acquisition thereof, including transaction costs. Subsequently, accumulated depreciation, and where applicable, impairment losses are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically revalue its investment property on the basis of its market value, but rather to recognise it at cost, net of the related accumulated depreciation, following the same criteria as for "Property, plant and equipment".

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset, and is recognised in profit or loss in the period of the retirement or disposal.

Investment property is depreciated on a straight-line basis over its useful life, which is estimated to range from 25 to 50 years based on the features of each asset, less its residual value, if material.

## 03.06. IMPAIRMENT OF TANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, as well as its investment properties, to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of the impairment loss is recognised as income immediately.

## 03.07. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.



The cost of inventories is calculated by using the weighted average cost formula. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realisable value of the inventories at year-end and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

## **03.08. NON-CURRENT AND OTHER FINANCIAL ASSETS**

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognised at fair value, plus any directly attributable transaction costs. The Group classifies its non-current and current financial assets, excluding investments in associates and those held for sale, in four categories.

In the statement of financial position, financial assets maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.

### **03.08.01. LOANS AND RECEIVABLES**

These are non-derivative financial assets with fixed or determinable payments not traded in an active market. After their initial recognition, they are measured at amortised cost using the effective interest method.

The “amortised cost” is understood to be the acquisition cost of a financial asset or liability minus principal repayments, plus or minus the cumulative amortisation taken to profit or loss of any difference between that initial cost and the maturity amount. In the case of financial assets, amortised cost also includes any reduction for impairment.

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.

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## 03.08.03. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These include the financial assets held for trading and financial assets managed and measured using the fair value model. These assets are measured at fair value in the consolidated statement of financial position and changes are recognised in the consolidated income statement.

## 03.08.04. AVAILABLE-FOR-SALE INVESTMENTS

These are non-derivative financial assets designated as available for sale or not specifically classified within any of the previous categories. These relate mainly to investments in the share capital of companies not included in the scope of consolidation.

After their initial recognition at cost of acquisition, these investments are measured at fair value, recognising the gains or losses arising thereon in equity until the investment is sold or suffers impairment losses, at which time the cumulative gain or loss previously presented in equity under "Valuation Adjustments" is transferred to profit or loss as gains or losses on the corresponding financial assets.

The fair value of investments actively traded in organised financial markets is determined by reference to their closing market price at year-end. Investments for which there is no active market and whose fair value cannot be reliably determined are measured at cost or at their underlying carrying amount, or at a lower amount if there is any evidence of impairment.

## 03.08.05. DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting, with-recourse factoring, sales of financial assets under an agreement to repurchase them at a fixed price or at the selling price plus interest and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

### 03.08.06. FAIR VALUE HIERARCHIES

Financial assets and liabilities measured at fair value are classified according to the hierarchy established in IFRS 7, as follows:

**Level 1:** Quoted prices (unadjusted) on active markets for identical assets or liabilities.

**Level 2:** Inputs other than prices quoted included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data.

### 03.09. NON-CURRENT ASSETS HELD FOR SALE, LIABILITIES RELATING TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

At 31 December 2015, non-current assets held for sale relate mainly to certain assets from renewable energy activities and transmission lines included in the activity segment of Industrial Services, and the assets of PT Thiess Contractors in Indonesia, derived from Hochtief, which are classified as Construction activities. In addition to the aforementioned associated assets and liabilities, the non-current assets and liabilities associated with non-current assets held for sale also include certain not very significant assets and liabilities identified for sale within ACS Group companies.

In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. It is noteworthy that the renewable assets, which were classified as held for sale at 31 December 2015, were held in this category for a period of over twelve months, but they were not sold due to certain circumstances, which at the time of their classification were not likely. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one year period as the maximum period for classifying an asset as held for sale if, during the aforementioned period, circumstances arise which were previously considered unlikely, the assets were actively sold at a reasonable price 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.

#### Discontinued operations

At 31 December 2015 there are no assets and liabilities corresponding to any discontinued operations.

In December 2014 the stake was sold in John Holland and Thiess Services & Leighton Contractors (“Services”), both owned by Cimic (a subsidiary of Hochtief previously called Leighton) that had been recorded as discontinued operation in the income statement at 31 December 2014.

#### a) John Holland

At 12 December 2014, Cimic sold 100% of its interest in the capital of John Holland to CCCC International Holding Limited. Since Cimic no longer exercises control over John Holland, the transaction had been recorded as a disposal of

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a fully consolidated entity, according to the requirements of IFRS 10 as follows: the amount of the total consideration receivable was 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 was recorded as a discontinued operation.

THOUSANDS OF EUROS	31/12/2014
<b>Gain on disposal</b>	
Cash consideration net of transaction costs	491,665
Carrying amount on disposal	(204,749)
Recycling of reserves	726
<b>Net gain on disposal of controlled entities before tax</b>	<b>287,642</b>
<b>Carrying value of assets and liabilities of entities and businesses disposed</b>	
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)
<b>Net assets disposed</b>	<b>204,749</b>
<b>Cash flows resulting from sale</b>	
Cash consideration (not received at the reporting date)	-
Cash disposed	(224,959)
<b>Net cash outflow</b>	<b>(224,959)</b>

## b) Thiess Services & Leighton Contractors business (“Services”)

On 17 December 2014, Cimic 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 was 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 adjustments due to changes in value for EUR 5,072 thousand, which entailed 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 was EUR 186,673 thousand, and the part of the results that is attributable to the investment sold was 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 operation.

THOUSANDS OF EUROS	31/12/2014
<b>Gain on disposal</b>	
Cash consideration net of transaction costs	430,120
Non-cash consideration	154,373
Carrying amount on disposal	(216,218)
Recycling of reserves	5,072
<b>Net gain on disposal of controlled entities before tax</b>	<b>373,347</b>
<b>Carrying value of assets and liabilities of entities and businesses disposed</b>	
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)
<b>Net assets disposed</b>	<b>216,218</b>
<b>Cash flows resulting from sale</b>	
Cash consideration (not received at the reporting date)	-
Cash disposed	(60,658)
<b>Net cash outflow</b>	<b>(60,658)</b>

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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 period ending at 31 December 2014 was as follows:

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

This sale transaction, which was pending collection at 31 December 2014, for an amount which of EUR 1,108,112 thousand, included under the heading "Debtors from sale of discontinued operations" of the attached consolidated financial statement, has been collected during the first months of 2015.

The breakdown of the cash flows statement from discontinued operations at 31 December 2014 was as follows:

THOUSANDS OF EUROS	31/12/2014
	JH and the Service Business
Cash flows from operating activities	(198,737)
Cash flows from investing activities	(27,576)
Cash flows from financing activities	(2,785)
<b>Net cash flows from discontinued operations</b>	<b>(229,098)</b>

## Non-current assets classified as held for sale

At 31 December 2015, the lines of business relating to the renewable energy assets and power transmission lines were included under the Industrial Services activity area and the assets of PT Thiess Contractors are included in the Construction activity area. In addition to the aforementioned assets and liabilities, certain not very significant assets and liabilities 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 2015 is as follows:

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

The main variation in the period ended 31 December 2015, with respect to the assets included in the consolidated financial statement at 31 December 2014 is due to the IPO of Saeta Yield, S.A. (a company of the ACS Group, owner of a package of renewable energy assets which currently amount to 689 MW in in operations distributed among 16 wind farms and 3 thermal plants, all of them in Spain) and the agreement reached in this period with funds managed by the infrastructure investment fund Global Infrastructure Partners (GIP) that have acquired in addition to up to 24.0% of company Saeta Yield, S.A. With this transaction the ACS Group's stake in Saeta Yield stands s at 24.21%. Similarly, and under the same agreement, GIP has acquired a 49% stake in a joint management company (called Bow Power, S.L.) which at 31 December 2015 included three solar thermal power plants in Spain as well as two wind farms located outside Spain that were also renewable energy assets in the Industrial division of the ACS Group at 31 December 2014. 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 (see below in this same Note 03.09) In this regard, certain assets are maintained as non-current assets held for sale at the end of the year, while the Group's divestment commitment is maintained and they are likely to be disposed of in the short term.

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Therefore, the reduction in 2014 of the total value of non-current assets held for sale amounts to EUR 2,962,648 and the liabilities associated with these assets amounts to EUR 2,365,923 thousand, corresponding mainly to the procedure described in the preceding paragraph.

The amount corresponding to the net debt in the assets and liabilities held for sale at 31 December 2015 amounts to EUR 266,530 thousand (EUR 2,001,417 thousand at 31 December 2014) in renewable energy, EUR 39,964 thousand (EUR 43,477 thousand at 31 December 2014) in transmission lines and others for EUR 130,479 thousand (EUR 168,389 thousand at 31 December 2014). Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, minus long term deposits, other current financial assets and cash and equivalent liquid assets.

In relation to divestment operations, the effect on yearly gains and losses of the stake in Saeta Yield according to the opening listed price has resulted in a gain of EUR 13,649 thousand. Linked to this operation the remaining stake has been posted at fair value (24.21%), representing a gain of EUR 6,993 thousand. In addition, the various operations of sale and contribution to the company Bow Power has meant a loss of EUR 35,731 thousand.

The overall effect of the previous operations has led to the posting of capital gains of EUR 232 million, although it has involved the recycling of financial costs for financial instruments of approximately EUR 292 million (see Note 29), with a positive effect on net equity amounting to EUR 169 million approximately.

In terms of the accounting value of the remaining assets associated with renewable energy, the Group has reviewed its recoverable value in accordance with the evolution of the main factors that influence its assessment, and in the context of the purchase options granted to the company Saeta Yield, concluding that there was no impairment.

In relation to the assets and liabilities held for sale of PT Theiss Contractors, the variation is caused by the reclassification of such assets to tangible assets upon ceasing to be considered as assets held for sale.

## 2014 Financial Year

At 31 December 2014, the lines of business relating to the renewable energy assets and power transmission lines were included under the Industrial Services activity area and the assets of PT Theiss Contractors are included in the Construction activity area. In addition to the aforementioned assets and liabilities, certain not very significant assets and liabilities 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 was as follows:

THOUSANDS OF EUROS	31/12/2014			
	Renewable energy	PT Thiess Contractors 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
Deferred tax assets and other non-current assets	78,947	-	30,388	109,335
Other non-current assets	-	-	204,157	204,157
Current assets	784,699	20,584	47,893	853,176
Financial assets held for sale	3,336,719	171,578	313,838	3,822,134
<b>Non-current liabilities</b>	<b>2,409,815</b>	<b>-</b>	<b>155,957</b>	<b>2,565,772</b>
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
<b>Non-controlling interests held for sale</b>	<b>7,041</b>	<b>-</b>	<b>(2,291)</b>	<b>4,750</b>

The main changes during the 2014 financial year were as follows:

- The sale of the ownership interest held in John Holland and Thiess Services & Leighton Contractors (“Services”), both non-controlling interests of Cimic, a subsidiary of Hochtief, in December 2014, which were 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 reflected 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 Concesionaria 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 granted 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

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investment in these concession companies and the market value thereof, as estimated by an independent third party. It also gave 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 Concesionaria 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 General Manager (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 considered 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 did 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 meant the investor and ACS exercise joint control over such projects, so that from the time of entry into force thereof, the ACS Group recognised these investments in its consolidated accounts under the equity method. In those cases where there was a change in consolidation method, the income statement was updated 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.

- 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. On this basis, the sale option of the 33% held in Enagás remained without effect, and accordingly this interest has been consolidated by the global integration method.
- Sale of the interest in aurelis Real Estate by Hochtief at the end of January 2014.

The income and expenses recognised under “Valuation adjustments” in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at 31 December 2015 and 2014 are as follows:

THOUSANDS OF EUROS

31/12/2015

	Renewable energy	Other	Total
Exchanges differences	8,054	(132,207)	(124,153)
Cash flow hedges	(1,631)	(5,126)	(6,757)
<b>Adjustments for changes in value</b>	<b>6,423</b>	<b>(137,333)</b>	<b>(130,910)</b>

THOUSANDS OF EUROS

31/12/2014

	Renewable energy	Other	Total
Exchanges differences	5,507	(6,726)	(1,219)
Cash flow hedges	(218,363)	(15,046)	(233,409)
<b>Adjustments for changes in value</b>	<b>(212,856)</b>	<b>(21,772)</b>	<b>(234,628)</b>

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable.

## 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 2015 and 2014 are summarised in Note 15.04. Treasury shares were deducted from equity in the accompanying statement of financial position at 31 December 2015 and 2014.

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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.

The heading of trade payables is also used to classify outstanding balances payable to suppliers made through confirming contracts with financial institutions and the payments related thereto are also classified as trade flows since these operations do not incorporate either specific guarantees granted as pledges on the payments to be made nor any modifications that alter the commercial nature of the transactions.

### **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.

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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 2015 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 2015 were those related to the Radial 3 and Radial 5 (R3 and R5) concessions and the sanctions imposed by the CNMC (see Notes 20 and 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 “Other non-current assets”.

The restatement of the defined benefit plans are recognised directly in the consolidated income statement during the period in which they arise. The current cost for the year is recognised under staff costs. The effect of interest on the increase in pension obligations, diminished by anticipated returns on plan assets, is reported in net investment and interest income.

### **Provisions for project completion**

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under “Current provisions” on the liability side of the consolidated statements of financial position.

### **Dismantling of non-current assets and environmental restoration**

The Group is obliged to dismantle certain facilities at the end of their useful life, such as those associated with the closing of landfills, and to ensure the environmental restoration of the sites where they are located. The related provisions have been made for this purpose and the present value of the cost of carrying out these tasks has been estimated, recognising a concession asset as a balancing entry.

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## Other provisions

Other provisions include mainly provisions for warranty costs.

## 03.14. RISK MANAGEMENT POLICY

The ACS Group is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Compliance with corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (see Note 21).

The Group's risk management is of a preventative nature and is aimed at the medium and long term, taking into account the most probable scenarios with respect to the future changes in the variables affecting each risk.

## 03.15. FINANCIAL DERIVATIVES

The Group's activities are exposed mainly to financial risks of changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group.

Derivatives are initially recognised at acquisition cost in the consolidated statement of financial position and the required valuation adjustments are subsequently made to reflect their fair value at all times. These adjustments are recorded under "Financial instrument receivables" in the consolidated statement of financial position if they are positive and under "Financial instrument payables" if they are negative. Gains and losses from fair value changes are recognised in the consolidated income statement, unless the derivative has been designated and is highly effective as a hedge, in which case they are recognised according to their classification.

### Classification

- **Fair value hedges**

The hedged item and hedging instrument are both measured at fair value, and changes in fair value are recognised in the consolidated income statement for their net amount under "Change in fair value of financial instruments".



- **Cash flow hedges**

Changes in the fair value of the derivatives are recognised, in respect of the effective portion of the hedges, in equity under “Valuation adjustments” in the accompanying consolidated statement of financial position. Hedges giving results of between 80% and 125% in the effectiveness test are considered to be or effective or efficient. The cumulative gain or loss recognised in this account is transferred to the consolidated income statement to the extent that the underlying has an impact on this account in relation to the hedged risk, and the related effect is deducted from the same heading in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

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.

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## 03.16. REVENUE RECOGNITION

Revenue is recognised to the extent that the economic benefits associated with the transaction flow to the Group. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when substantially all the risks and rewards arising from their ownership have been transferred.

Revenue associated with the rendering of services is also recognised by reference to the stage of completion of the transaction at the reporting date, provided the outcome of the transaction can be estimated reliably.

In an agency relationship, when the reporting company acts as a commission agent, the gross inflows of economic benefits for amounts collected on behalf of the principal do not result in increases in equity for the company. Therefore, these inflows are not revenue and, instead, only the amount of the commissions is recognised as revenue.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Following is a disclosure of specific revenue recognition criteria for certain activities carried on by the Group.

### 03.16.01. CONSTRUCTION BUSINESS

In the construction business, the outcome of a construction contract is recognised by the percentage of completion method. The amount of production carried out until the reporting date is recognised as revenue on the basis of the percentage of completion of the entire project. The percentage of completion is measured by reference to the state of completion of the construction work, i.e., the percentage of work performed until the reporting date with respect to the total contract work performed.

In the construction industry, the estimated revenue and costs of construction projects are susceptible to changes during contract performance which cannot be readily foreseen or objectively quantified. In this regard, the budgets used to calculate the stage of completion and the production of each year include the measurement at the sale price of the units completed, for which management of the consolidated companies consider there is reasonable assurance of their being collected, as well as their estimated costs.

Should the amount of output from inception, measured at the sale price, of each project be greater than the amount billed up to the end of the reporting period, the difference between the two amounts is recognised under "Trade and other receivables" on the asset side of the consolidated statement of financial position. Should the amount of output from inception be lower than the amount of the progress billings, the difference is recognised under "Trade and other payables - Customer advances" in liabilities in the consolidated statement of financial position.

Machinery or other fixed assets acquired for a specific project are amortised over the estimated project execution period and on the basis of the consumption pattern thereof. Permanent facilities are depreciated on a straight-line basis over the project execution period. The other assets are depreciated in accordance with the general criteria indicated in these notes to financial statements.

Late-payment interest arising in relation to delays in the collection of certification amounts is recognised when collected.

## **03.16.02. INDUSTRIAL SERVICES, ENVIRONMENT AND OTHER BUSINESSES**

Group companies recognise as the outcome from the rendering of services for each year the difference between production (valued at the sale price of the services provided during the period, which are covered by the initial contract entered into with the customer or in approved modifications or addenda thereto, and of services which have not yet been approved but there is reasonable assurance of recovery) and the costs incurred in the year.

Price increases agreed in the initial contract entered into with the customer are recognised as revenue on an accrual basis, regardless of whether they have been approved annually by the customer.

Late-payment interest is recognised as financial income when finally approved or collected.

## **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

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is permitted and the Group companies intend to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

## 03.19. INCOME TAX

The corporation tax expense represents the sum of the current tax expense and the change in deferred tax assets and liabilities.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss). The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at the end of each reporting period in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

The Spanish companies more than 75% owned by the Parent file consolidated tax returns, as part of Tax Group 30/99, in accordance with current legislation.

## 03.20. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent held by the Group companies (see Note 31.01).

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares

that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

### 03.21. FOREIGN CURRENCY TRANSACTIONS

The Group's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognised in the functional currency of the Group, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing at the end of the reporting period. Non-monetary items measured at historical cost are translated to euros at the exchange rates prevailing on the date of the transaction.

The exchange rates of the main currencies in which the ACS Group operates in 2015 and 2014 are as follows:

	Average exchange rate		Closing exchange rate	
	2015	2014	2015	2014
1 U.S. Dollar (USD)	0.907	0.757	0.921	0.827
1 Australian Dollar (AUD)	0.676	0.680	0.672	0.676
1 Polish Zloty (PLN)	0.239	0.238	0.235	0.233
1 Brazilian Real (BRL)	0.268	0.321	0.233	0.311
1 Mexican Peso (MXN)	0.057	0.057	0.054	0.056
1 Canadian Dollar (CAD)	0.704	0.684	0.666	0.712
1 British Pound (GBP)	1.383	1.247	1.357	1.289
1 Argentine Peso (ARS)	0.096	0.092	0.071	0.099
1 Saudi Riyal (SAR)	0.241	0.202	0.245	0.219

All exchange rates are in euros.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognised in the consolidate income statement for the year, except for items that form part of an investment in a foreign operation, which are recognised directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 21 for details of the Group's accounting policies in respect of such derivative financial instruments).

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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 2015 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 2015 and 2014, and the volume of transactions in the years 2015 and 2014 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 2015 and 2014 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	31/12/2015	31/12/2014
Financial income	(243,180)	(353,613)
Financial costs	776,632	1,036,007
Impairment and gains or losses on disposals of non-current assets	31,578	3,900
Results of companies accounted for using the equity method	(303,243)	(131,824)
Impairment CIMIC accounts receivable	-	458,467
Impairment and gains or losses on disposal of financial instruments	(299,288)	(163,441)
Adjustments related to the restructuring of Iberdrola and other effects	(36,232)	(233,550)
Other effects	(16,615)	(10,123)
<b>Total</b>	<b>(90,348)</b>	<b>605,823</b>

In preparing the consolidated statement of cash flows for 2015, among the cash flows for financing activities, the heading “Payments for equity instruments” includes, not only the acquisitions of ACS treasury shares, but also the increase in the ownership interest of Hochtief, A.G. through the investment made directly by ACS Actividades de Construcción y Servicios, S.A. and the treasury stock purchases made by Hochtief, A.G. itself. In 2014, payments for equity instruments posted in the cash flows from financing activities also include the increase in the ownership interest in Cimic (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).

It should also be pointed out, for purposes of comparison, that when drafting the consolidated cash flow statement for 2015 the amounts effectively collected net of the effect of tax paid from the disinvestment of John Holland and the Cimic Services business were included as collections for disinvestment in the amount of EUR 934,017 thousand (AUD 1,325.9 million), which was recorded at 31 December 2014 under the heading “Debts from sale of discontinued operations” in the appended consolidated financial statement.

### 03.24. ENTRY INTO FORCE OF NEW ACCOUNTING STANDARDS

In 2015 the following mandatory standards and interpretations already adopted by the European Union came into force 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 2015:**

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## APPROVED FOR USE IN THE EUROPEAN UNION

		Mandatory application in the years from:
IFRIC 21 Levies (published in May 2013)	Interpretation of when to recognise a liability for fees or levies charged by the Administration.	Annual periods beginning June 17, 2014 <sup>(1)</sup>
Improvements to IFRS 2011-2013 Cycle (published in December 2013)	Amendment of IFRS 3 - Business combinations within the scope in relation to joint ventures, amendment of IFRS 13 - Fair value in the scope of the exception of portfolio assessment and modification of IAS 40 - Real estate investments in the interrelation with IFRS 3.	1 January 2015 <sup>(2)</sup>

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

(2) The IASB date of entry into force of this standard was 1 July 2014.

The application of the above standards has not had a significant impact on the ACS Group.

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

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

## APPROVED FOR USE IN THE EUROPEAN UNION

		Mandatory application in the years from
Amendment of IAS 19 - Contributions by employees to defined benefit plans (published in November 2013)	The amendment is issued to facilitate the possibility of deducting these contributions from the cost of the service in the same period in which they are paid if certain requirements are met.	1 February 2015 <sup>(1)</sup>
Improvements to IFRS 2010-2012 Cycle (published in December 2013)	Minor amendments to a number of standards.	1 February 2015 <sup>(1)</sup>
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 of accounting for the acquisition of a stake in a joint venture whose activity constitutes a business.	1 January 2016
Amendment to IAS 16 and IAS 41: Bearer plants (published in June 2014)	Bearer plants will be measured at cost rather than at fair value.	1 January 2016
Improvements to IFRS 2012-2014 Cycle (published in September 2014)	Minor amendments to a number of standards.	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
Amendments to IAS 1: Disclosure initiative (December 2014)	Various clarifications regarding disclosure (materiality, aggregation, order of notes, etc.).	1 January 2016



## APPROVED FOR USE IN THE EUROPEAN UNION

		<b>Mandatory application in the years from</b>
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 2018
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 39.	1 January 2018
IFRIC 16 Leases (published in May 2016)	New standard for leases which replaces IAS 17. Tenants will include all leases in the balance sheet as if they were financed purchases.	1 January 2019
Amendment to IFRS 10, IFRS 12 and IAS 28: Investment companies (December 2014)	Clarifications on the exception in the consolidation of investment companies	1 January 2016
Amendment to IFRS 10 and IAS 28 - Sale or contribution of assets between and investor and its affiliate/joint venture (published in September 2014)	Clarification regarding the result of these operations if they are businesses or assets.	No date defined

(1) The IASB date of entry into force of these standards was 1 July 2014.

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

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## 04. INTANGIBLE ASSETS

### 04.01. GOODWILL

The detail by line of business of the changes in goodwill in 2015 and 2014 is as follows:

THOUSANDS OF EUROS

Line of Business	Balance at 31/12/2014	Change in consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Balance at 31/12/2015
Parent	780,939	-	-	-	-	-	780,939
Construction	1,797,656	(733)	1,515	(12,164)	(3,670)	15,738	1,798,342
Industrial Services	76,888	-	9,949	-	(418)	5,536	91,955
Environment	238,739	-	5,531	(43)	-	(322)	243,905
<b>Total</b>	<b>2,894,222</b>	<b>(733)</b>	<b>16,995</b>	<b>(12,207)</b>	<b>(4,088)</b>	<b>20,952</b>	<b>2,915,141</b>

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	1,778,889	(7,677)	17,515	-	(10,000)	18,929	1,797,656
Industrial Services	76,603	-	7,706	-	(9,366)	1,945	76,888
Environment	89,677	76,553	72,839	(1,618)	-	1,288	238,739
<b>Total</b>	<b>2,726,108</b>	<b>68,876</b>	<b>98,060</b>	<b>(1,618)</b>	<b>(19,366)</b>	<b>22,162</b>	<b>2,894,222</b>

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

There have been no significant variations in the amounts of Goodwills during the 2015 financial year.

The most significant addition to the Goodwill in 2014 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 Cimic 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 consolidated financial statement appended, for EUR 195,182 thousand (see Note 4.02).

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 was assigned to the main cash-generating units which were Hochtief Asia Pacific and Hochtief Americas. The value of the goodwill assigned to the Cash-Generation Unit (CGU) Hochtief Asia Pacific was EUR 1,147 million whereas EUR 287 million was assigned to the Hochtief Americas CGU. In 2015, 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 2016 to 2018 made according to the Hochtief business plan for this line of business and the estimates for 2019 and 2020, discounting the free cash flows at a weighted average cost of capital (WACC) of 9.47%, and using a perpetual growth rate of 2.5%. The weighted average cost of capital (WACC) gives rise to a premium on the long-term interest rate return (Australian Ten-year Bond) published by Factset at 31 December 2015, of 665 basis points. Likewise, perpetual the growth rate used corresponds to the CPI estimated for Australia for 2020 published by the IMF in its World Economic Outlook in October 2015.

The in-house forecasts for the Asia Pacific business are based on historical data and on Hochtief's in-house forecasts until December 2018, and estimates in line with forecasts for previous years are used for the 2019-2020 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 17.4%, representing a range of approximately 800 base points, as well as a perpetual growth rate of minus 9%. It would support an annual drop in cash flow of approximately 75% 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:

- Forecasts used for the division for 5 years, until 2018, according to the Hochtief Business Plan and estimates for the 2019-2020 period.
- Perpetual growth rate of 2.4%, according to the IMF estimate with regard to the CPI for the US in 2020, based on the World Economic Outlook report published by the IMF in October 2015.
- Discount rate of 8.8%.

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 30%, representing a range of 2,100 basis points, as well as a perpetual growth rate of minus 5%. It would support an annual drop in cash flow of more than 70% with respect to the flows forecast.

All of the assumptions referred to above are supported by the historical financial information of the various units, contemplating lower future growth than those obtained in past years. It should also be noted that the main variables of financial year 2014 have not diverged significantly from those contemplated in the impairment test of the previous year, in some cases exceeding the forecasts.

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. It should also be noted that the market price at 31 December 2015 (EUR 85.87 per share) is significantly higher than the average consolidated book value.

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

The Goodwill arising from the merger with Grupo Dragados, S.A., refers to the excess of value paid on the value of the net assets at the date of acquisition and is allocated to the cash generating units in the areas of Construction (Dragados), Environment (Urbaser) and Industrial Services.

Both in 2015 and in 2014, the Company has evaluated the recoverability of the goodwill in accordance with an impairment test performed in the fourth quarter with the figures of September each year, while in the last quarter of the year no other factor has emerged that may be relevant in relation to the aforementioned test.

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.

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 2015 and the tax rate used is the theoretical tax rate for Spain. The perpetual growth rate (g) used is the CPI increase in 2020 for Spain according to the IMF report issued in October 2015.

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

### Dragados Construction:

- Sales: compound annual growth rate in the 2015-2020 period of 1.5%.
- EBITDA Margins: average margin from 2016-2020 of 7.0% and final margin of 7%.
- Amortisations/Operating investments: convergence at a ratio to sales up to 1.2% 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 2015.
- Perpetual growth rate of 1.5%.
- Cash flow discount rate of 6.4%.

### Industrial Services:

- Sales: compound annual growth rate in the 2015-2020 period of 1.3%.
- EBITDA Margins: average margin from 2016-2020 of 10.1% and final margin of 10%.
- Amortisations/Operating investments: convergence at a ratio to sales up to 1.6% 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 2015.
- Perpetual growth rate of 1.5%.
- Cash flow discount rate of 6.4%.

All of the assumptions referred to above are supported by the historical financial information of the various units, contemplating lower future growth than those obtained in past years. It should also be noted that the main variables of financial year 2014 have not diverged significantly from those contemplated in the impairment test of the previous year, in some cases exceeding the forecasts.

After testing the impairment of each of the cash-generating units to which the goodwill arising from the merger with Dragados Group in 2003 is assigned, it has been determined, with the aforementioned assumptions that under no circumstances is the estimated recoverable amount of the cash-generating unit less than its carrying amount, as there is no evidence of its impairment.

Similarly, a sensitivity analysis was carried out for all divisions by considering different scenarios for the two key parameters in determining the value through discount cash flows, which are the perpetual growth rate (g) and the discount rate used (weighted average cost of capital) of each of the cash-generating units. No reasonable scenario gave rise for the need to recognise an impairment loss. By way of example, the impairment tests on the main cash-generating units, such as Dragados Construction and Industrial Services, withstand increases in the discount rates of 750 and 1,700 basis points, respectively, without any impairment being recognised. Likewise, the aforementioned tests withstand negative deviations in budgeted cash flows of 60% for Dragados Construction and 80% for Industrial Services.

According to the above, the Directors consider that the sensitivity ranges of the test with regard to the key assumptions are within a reasonable range, allowing no deterioration to be detected either in 2015 or in 2014.

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 91,955 thousand (EUR 76,888 thousand at 31 December 2014), which relates to 30 companies from this business area, the most significant relating to the acquisition of Midasco, LLC for EUR 18,065 thousand (EUR 16,218 thousand at 31 December 2014).

In the Environment area, total goodwill amounted to EUR 243,905 thousand (EUR 238,739 thousand at 31 December 2014), 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 11,067 thousand (EUR 14,572 thousand at 31 December 2014), Pulice for EUR 56,948 thousand (EUR 51,125 thousand at 31 December 2014), John P. Picone for EUR 49,785 thousand (EUR 44,694 thousand at 31 December 2014), and Schiavone for 54,982 thousand (EUR 49,360 thousand at 31 December 2014), as well as J.F. White for EUR 7,448 thousand (EUR 19,645 at 31 December 2014 for the acquisitions carried out during the 2014). With the exception of the goodwill of Pol Aqua, which was partially amortised in 2015 for EUR 3,670 thousand and in 2014 in the amount of EUR 10,000 thousand and the

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reassignment of assets of J.F. White for EUR 12,164 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 2015 and 2014.

The losses in value pertaining to the ACS Group's goodwill in 2015 amount to EUR 4,088 thousand (EUR 19,366 thousand in 2014).

## 04.02. OTHER INTANGIBLE ASSETS

The changes in this heading in the consolidated statement of financial position in 2015 and 2014 were as follows:

THOUSANDS OF EUROS	Development expenditure	Computer software	Concessions	Other intangible assets	Total other intangible assets	Accumulated amortisation	Impairment losses	Total other intangible assets, net
<b>Balance at 1 January 2014</b>	<b>10,519</b>	<b>34,427</b>	<b>413,573</b>	<b>2,545,764</b>	<b>3,004,283</b>	<b>(1,134,835)</b>	<b>(104,051)</b>	<b>1,765,397</b>
Changes in the scope of consolidation	(2,039)	4,677	(24,754)	145,422	<b>123,306</b>	2,903	-	<b>126,209</b>
Additions or charges for the year	1,206	2,900	27,010	5,479	<b>36,595</b>	(294,269)	(560)	<b>(258,234)</b>
Disposals or reductions	-	(1,767)	(16,761)	(212,329)	<b>(230,857)</b>	213,486	16,438	<b>(933)</b>
Exchange differences	-	251	12,090	16,085	<b>28,426</b>	(8,936)	(4,828)	<b>14,662</b>
Transfers to/from other assets	13	861	198	80,399	<b>81,471</b>	(17,171)	14,500	<b>78,800</b>
<b>Balance at 31 December 2014</b>	<b>9,699</b>	<b>41,349</b>	<b>411,356</b>	<b>2,580,820</b>	<b>3,043,224</b>	<b>(1,238,822)</b>	<b>(78,501)</b>	<b>1,725,901</b>
Changes in the scope of consolidation	-	80	(617)	7,226	<b>6,689</b>	549	8,154	<b>15,392</b>
Additions or charges for the year	554	6,394	14,922	26,772	<b>48,642</b>	(182,732)	(1,056)	<b>(135,146)</b>
Disposals or reductions	(4,027)	(926)	(78,183)	(3,492)	<b>(86,628)</b>	30,744	-	<b>(55,884)</b>
Exchange differences	(1)	115	3,578	16,420	<b>20,112</b>	(6,224)	(4,793)	<b>9,095</b>
Transfers to/from other assets	-	63	370	(25,801)	<b>(25,368)</b>	(1,075)	-	<b>(26,443)</b>
<b>Balance at 31 December 2015</b>	<b>6,225</b>	<b>47,075</b>	<b>351,426</b>	<b>2,601,945</b>	<b>3,006,671</b>	<b>(1,397,560)</b>	<b>(76,196)</b>	<b>1,532,915</b>

Additions in 2015 amounted to EUR 48,642 thousand (36,595 thousand in 2014), mainly corresponding to Environment at the amount of EUR 21,493 thousand (EUR 7,285 thousand EUR 11,367 thousand in 2014), Dragados at the amount of EUR 8,008 thousand (EUR 1,202 thousand in 2014), Hochtief at the amount of EUR 11,812 thousand (EUR 25,714 thousand in 2014) and Industrial Services at the amount of EUR 5,117 thousand (EUR 2,152 thousand in 2014).

Of particular note under this heading, at 31 December 2014, 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"), both subsidiaries of Cimic described in Notes 4.01 and 03.09 that were de-registered at 31 December 2014, the 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 (Purchase Price Allocation) performed when a goodwill arose in the process of Hochtief's first global consolidation. The amount of the assets de-registered under this heading amounted to EUR 195,182 thousand.

During 2015 losses were recorded in the value of items classified as "Other intangible assets" for EUR 1,056 thousand relating mainly to the Construction division and recognised under the heading "Impairment and gains or losses on disposals of non-current assets" in the accompanying consolidated income statement. In 2014 the losses on items classified as other intangible assets amounting to EUR 560 thousand relating mainly to the Construction area were recognised under "Impairment and gains or losses on disposals of non-current assets" in the accompanying consolidated income statement. No impairment losses were reversed in the income statements for 2015 and 2014.

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). These assets, with the exception of the trademarks, are amortised in the period it is estimated that they generate revenue for the Group.

No significant development expenditure was recognised as an expense in the consolidated income statement for 2015 and 2014.

At 31 December 2015, 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 59,867 thousand (EUR 54,457 thousand at 31 December 2014). Trademarks are not amortised systematically, but are checked for possible impairment annually. No impairment losses were recognised in this connection in 2015 or 2014.

There were no material intangible asset items whose title was restricted in 2015 or 2014.

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## 05. PROPERTY, PLANT AND EQUIPMENT

The changes in this heading in the consolidated statement of financial position in 2015 or 2014 were as follows:

THOUSANDS OF EUROS	Land and buildings	Plant and machinery	Other intangible assets	Advances and Property, plant and equipment in the course of construction	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
<b>Balance at 1 January 2014</b>	<b>733,117</b>	<b>4,226,988</b>	<b>1,004,730</b>	<b>93,205</b>	<b>6,058,040</b>	<b>(3,577,360)</b>	<b>(46,121)</b>	<b>2,434,559</b>
Changes in the scope of consolidation	(24,424)	(301,088)	81,271	5,147	<b>(239,094)</b>	133,353	(622)	<b>(106,363)</b>
Additions or charges for the year	26,891	597,103	134,468	40,064	<b>798,526</b>	(578,508)	(2,494)	<b>217,524</b>
Disposals or reductions	(29,211)	(621,460)	(166,731)	(3,162)	<b>(820,564)</b>	621,020	418	<b>(199,126)</b>
Exchange differences	12,478	308,433	23,301	143	<b>344,355</b>	(190,704)	(986)	<b>152,665</b>
Transfers from/to other assets	15,829	2,071	37,897	(23,835)	<b>31,962</b>	(30,674)	(619)	<b>669</b>
<b>Balance at 31 December 2014</b>	<b>734,680</b>	<b>4,212,047</b>	<b>1,114,936</b>	<b>111,562</b>	<b>6,173,225</b>	<b>(3,622,873)</b>	<b>(50,424)</b>	<b>2,499,928</b>
Changes in the scope of consolidation	868	16,347	(8,993)	(5)	<b>8,217</b>	(1,638)	1,408	<b>7,987</b>
Additions or charges for the year	15,092	369,832	115,423	60,344	<b>560,691</b>	(569,254)	(11,075)	<b>(19,638)</b>
Disposals or reductions	(45,109)	(802,346)	(72,524)	(4,352)	<b>(924,331)</b>	653,750	5,350	<b>(265,231)</b>
Exchange differences	1,872	128,692	4,166	(121)	<b>134,609</b>	(60,046)	(1,796)	<b>72,767</b>
Transfers from/to other assets	7,068	29,134	5,102	(49,649)	<b>(8,345)</b>	29,066	3,821	<b>24,542</b>
<b>Balance at 31 December 2015</b>	<b>714,471</b>	<b>3,953,706</b>	<b>1,158,110</b>	<b>117,779</b>	<b>5,944,066</b>	<b>(3,570,995)</b>	<b>(52,716)</b>	<b>2,320,355</b>

In 2015 and 2014 items of property, plant and equipment were acquired for EUR 560,691 thousand and EUR 798,520, respectively.

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

In 2014, the most relevant acquisition by division were mainly due to the Construction area for EUR 609,653 thousand, mainly from Hochtief, amounting to EUR 565,243 thousand for the acquisition of equipment for Cimic's mining activities, to the Environment area for EUR 127,990 thousand mainly for the incorporation of Clece, and for the acquisition of renewal of machines and equipment and to Industrial Services for EUR 60,860 thousand for the acquisition of machinery and equipment to carry out new projects.

In addition, there was an increase in "Technical installations and machinery" for an amount of EUR 91,951 thousand from ceasing to consider the assets of PT Thiess Contractors Indonesia as assets held for sale in 2015.

In 2015 and 2014 gains on the disposal of non-current assets totalled a net carrying amount of EUR 265,231 and EUR 199,126, respectively, which did not generate significant results from disposals. The most significant disposal for 2015 corresponds to Hochtief for the disinvestments in several companies. Meanwhile, the most significant disposal in 2014 related to the effect of the sale of the Streif Baulogistik (Hochtief Europe) assets.



At 31 December 2015, the Group had formalised contractual commitments for the future acquisition of tangible assets for EUR 185,502 thousand, that corresponded mainly to investment in post-closure sealing and maintenance works at the landfills of the companies KDM (Chile), Servicios de Aguas de Misiones, S.A. and the waste treatment plants of Tratamiento Integral de Residuos Zonzamas, S.A.U. and UTE Dehesas. The commitments at 31 December 2014 amounted to EUR 29,633 thousand.

Losses from impairment of value recognised in the consolidated income statement at 31 December 2015 amount to EUR 11,075 thousand, mainly corresponding to Cobra Gestión de Infraestructuras and the sale and impairment of Dragados machinery (EUR 2,355 thousand at 31 December 2014, mainly corresponding to the sale and impairment of Dragados machinery). No significant losses from value impairment were reverted and recognised in the 2015 and 2014 income statements.

Operating expenses relating directly to property, plant and equipment capitalised in the course of construction were not material in 2015 and 2014.

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 2015 and 2014.

At 31 December 2015, there were restrictions on technical equipment and machinery of the Australian subsidiary, Cimic, amounting to EUR 81,623 thousand (EUR 111,022 thousand at 31 December 2014). In addition to the aforementioned restrictions, the ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 63,585 thousand (EUR 68,092 thousand in 2014) to secure banking facilities granted to the Group.

At 31 December 2015 the Group had recognised a net EUR 1,810,718 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,983,921 thousand in 2014).

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
<b>Balance at 31 December 2014</b>	19,286	313,150	104,932	437,368	(48,935)	(22)	388,411
<b>Balance at 31 December 2015</b>	1,884	77,953	122,727	202,564	(72,921)	-	129,643

The decrease in assets under finance leases in the 2015 and 2014 financial year relates mainly to the technical facilities and machinery of Cimic as a result of the reduction in the mining business.

# CONSOLIDATED FINANCIAL STATEMENTS

## 06. NON-CURRENT ASSETS IN PROJECTS

The balance of “Non-current assets in projects” in the consolidated statement of financial position at 31 December 2015, includes the costs incurred by the fully consolidated companies in the construction of transport, 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 2015 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	573,991	(146,521)	<b>427,470</b>
Highways/roads	2020 - 2026	185,678	(44,394)	<b>141,284</b>
Police stations	2024 - 2032	61,295	-	<b>61,295</b>
Wind farms	-	25,292	(10,805)	<b>14,487</b>
Water management	2028 - 2033	36,498	(12,438)	<b>24,060</b>
Energy transmission	2040 - 2044	13,266	-	<b>13,266</b>
Other infrastructures	-	21,533	(821)	<b>20,712</b>
<b>Total</b>		<b>917,553</b>	<b>(214,979)</b>	<b>702,574</b>

The changes in this heading in 2015 and 2014 were as follows:

THOUSANDS OF EUROS

	2015			2014		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
<b>Beginning balance</b>	<b>943,471</b>	<b>(190,328)</b>	<b>753,143</b>	<b>966,047</b>	<b>(208,577)</b>	<b>757,470</b>
Changes in the scope of consolidation	(23,810)	15,905	(7,905)	102,909	(33,181)	69,728
Additions or charges for the year	33,256	(41,863)	(8,607)	101,359	(53,009)	48,350
Exchange differences	2,526	942	3,468	7,387	298	7,685
Disposals or reductions	(26,438)	363	(26,075)	(66,215)	65,288	(927)
Transfers	(11,452)	2	(11,450)	(168,016)	38,853	(129,163)
<b>Ending balance</b>	<b>917,553</b>	<b>(214,979)</b>	<b>702,574</b>	<b>943,471</b>	<b>(190,328)</b>	<b>753,143</b>

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

- The concession assets identified as intangible assets, as a result of the Group assuming the demand risk, and the changes in the balance of this heading in 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	326,603	(101,093)	<b>225,510</b>
Highways/roads	2026	185,648	(44,368)	<b>141,280</b>
Water management	2028	33,589	(12,439)	<b>21,150</b>
<b>Total</b>		<b>545,840</b>	<b>(157,900)</b>	<b>387,940</b>

## THOUSANDS OF EUROS

2015

2014

	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
<b>Beginning balance</b>	<b>543,923</b>	<b>(130,788)</b>	<b>413,135</b>	<b>555,025</b>	<b>(97,025)</b>	<b>458,000</b>
Changes in the scope of consolidation	(1)	-	(1)	94,571	(31,940)	62,631
Additions or charges for the year	2,449	(27,478)	(25,029)	8,382	(40,454)	(32,072)
Exchange differences	715	925	1,640	704	298	1,002
Disposals or reductions	(2,377)	-	(2,377)	(18)	-	(18)
Transfers	1,131	(559)	572	(114,741)	38,333	(76,408)
<b>Ending balance</b>	<b>545,840</b>	<b>(157,900)</b>	<b>387,940</b>	<b>543,923</b>	<b>(130,788)</b>	<b>413,135</b>

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	138,977
Police stations	2024 - 2032	61,295
Energy transmission	2040 - 2044	13,266
Water management	2032 - 2033	2,910
Other infrastructures	-	14,804
<b>Total</b>		<b>231,252</b>

## THOUSANDS OF EUROS

	2015	2014
Beginning balance	234,769	190,263
Changes in the scope of consolidation	(1,531)	6,018
Investment	478	30,504
Finance income	21,248	17,108
Collections	(20,914)	(10,997)
Disposals or reductions	4,606	(474)
Exchange differences	1,882	6,382
Transfers from/to other assets	(9,286)	(4,035)
<b>Ending balance</b>	<b>231,252</b>	<b>234,769</b>

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In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under "Revenue" amounted to EUR 26,597 in 2015 (EUR 28,453 thousand in 2014), of which EUR 5,349 thousand corresponding to concession assets identified as financial assets are classified as "Non-current assets held for sale and discontinued operations" (EUR 11,345 thousand in 2014).

The borrowing costs accrued in relation to the financing of the concessions classified under the financial asset model are immaterial in 2015 and 2014.

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	108,411	(45,428)	<b>62,983</b>
Wind farms	-	25,292	(10,805)	<b>14,487</b>
Highways/roads	2026	30	(26)	<b>4</b>
Other infrastructures	-	6,728	(820)	<b>5,908</b>
<b>Total</b>		<b>140,461</b>	<b>(57,079)</b>	<b>83,382</b>

## THOUSANDS OF EUROS

### 2015

### 2014

	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
<b>Beginning balance</b>	<b>164,778</b>	<b>(59,539)</b>	<b>105,239</b>	<b>220,759</b>	<b>(111,552)</b>	<b>109,207</b>
Changes in the scope of consolidation	(22,278)	15,905	(6,373)	2,320	(1,241)	1,079
Additions or charges for the year	9,081	(14,385)	(5,304)	56,362	(12,555)	43,807
Exchange differences	(71)	17	(54)	301	-	301
Disposals or reductions	(7,753)	363	(7,390)	(65,723)	65,288	(435)
Transfers	(3,296)	560	(2,736)	(49,241)	521	(48,720)
<b>Ending balance</b>	<b>140,461</b>	<b>(57,079)</b>	<b>83,382</b>	<b>164,778</b>	<b>(59,539)</b>	<b>105,239</b>

Simultaneously, there are concession assets that are not financed by project finance amounting net to EUR 306,868 thousand (EUR 307,834 thousand at 31 December 2014) which are recognised as "Other intangible assets".

In 2015 and 2014 investments were made in non-current assets in projects for EUR 33,256 thousand and EUR 101,359 thousand, respectively.

The main investments in projects made in 2015 relate to the Environment business related to waste treatment amounting to EUR 18,498 thousand (EUR 44,125 thousand in 2014), and the Industrial Services business amounting to EUR 8,790 thousand (EUR 61,268 thousand in 2014). In addition to the aforementioned investments, in 2015 there were no significant variations in the consolidation perimeter.

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

In 2015 and 2014 no significant divestments were performed.

Impairment losses recognised in the consolidated income statement at 31 December 2015 amounted to EUR 41,863 thousand (EUR 53,009 thousand at 31 December 2014). No reversions have been made for impairment losses either in 2015 or 2014.

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

The financing relating to non-current assets in projects is explained in Note 18. The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under "Other current financial assets" (see Note 10.05).

Lastly, it should be noted that the Group has non-current assets in projects classified under "Non-current assets held for sale and discontinued operations" (see Note 03.09).

## 07. INVESTMENT PROPERTY

The changes in this heading in 2015 and 2014 were as follows:

THOUSANDS OF EUROS	2015	2014
<b>Beginning balance</b>	<b>62,207</b>	<b>63,922</b>
Changes in the scope of consolidation	(1,319)	662
Sales	(199)	(844)
Charges for the year	(3,151)	(3,147)
Transfers from/to other assets	4,107	1,614
Exchange differences	(44)	-
<b>Ending balance</b>	<b>61,601</b>	<b>62,207</b>

The Group's investment property relates mostly to subsidised 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 9,252 thousand in 2015 (EUR 9,026 thousand in 2014). The average occupancy level of the aforementioned assets was 63% (62% in 2014) with an average rentable area of 180,981 square metres (175,549 square metres in 2014).

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The direct operating expenses arising from investment properties included under “Other operating expenses”, amounted to EUR 8,202 thousand in 2015 (EUR 8,304 thousand in 2014).

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

At the beginning of 2015, the gross carrying amount was EUR 113,344 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 51,537 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 120,084 thousand and EUR 58,483 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 2015 and 2014, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

THOUSANDS OF EUROS	2015	2014
<b>Net asset</b>	<b>2,512,030</b>	<b>2,722,948</b>
Pre-tax profit or loss	202,566	367,974
Income tax expense ( - ) / income ( + )	(28,696)	(44,944)
Post-tax profit or loss	173,870	321,110
Other comprehensive income	5,347	6,979
<b>Total comprehensive income</b>	<b>169,424</b>	<b>209,283</b>

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 2015 and 2014 is as follows

THOUSANDS OF EUROS	2015	2014
Associates	1,236,923	359,592
Jointly controlled entities	669,975	871,664
<b>Total</b>	<b>1,906,898</b>	<b>1,231,256</b>

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

THOUSANDS OF EUROS	2015	2014
<b>Beginning balance</b>	<b>1,231,256</b>	<b>1,366,466</b>
Additions	337,423	219,863
Disposals	(70,744)	(317,196)
Change in consolidation method	237,377	(180,058)
Profit for the year	303,243	131,824
Changes in the equity of associates	-	-
Exchange differences/other	(2,460)	52,389
Cash flow hedges	118,041	(29,088)
Transfer to non-current assets held for sale/discontinued operations	-	135,503
Distribution of dividends	(247,238)	(148,447)
<b>Ending balance</b>	<b>1,906,898</b>	<b>1,231,256</b>

The detail, by line of business, of the investments in companies accounted for by the equity method at 31 December 2015 and 2014 is as follows:

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

# CONSOLIDATED FINANCIAL STATEMENTS

## Construction

At 31 December 2015 and at 31 December 2014, in the Construction area the ownership interest from the Hochtief Group accounted for using the equity method are noteworthy amounting to EUR 990,945 thousand (EUR 722,425 thousand at 31 December 2014). The increase is mainly due to investments in joint businesses made by Hochtief in the United States and Australia. In 2015 provisions associated to PPA were reverted for an amount of EUR 186,612 thousand for considering that the risks to which they were associated have disappeared.

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 Concesionaria de la Generalitat de Catalunya, S.A. and Reus-Alcover Concesionaria 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.

## Industrial Services

During 2015, as a result of the agreements with GIP described in Note 02.02.f) the Saeta IPO took place along with the establishment of a joint management company (called Bow Power, S.L), under which the assets that were registered as held for sale included in these companies have become consolidated under the equity method, which has resulted in a gain of EUR 324,659 thousand.

In relation to the potential impairment of the ownership interest in Saeta Yield, S.A., it should be noted that the ACS Group holds a stake of 24.21% of Saeta Yield. To 31 December 2015 the book value of the interest in Saeta Yield in the consolidated annual accounts of the ACS Group stood at EUR 10.31 per share and the price at that date was EUR 8.60 per share. Since the price of Saeta has fallen below the book value of the interests of the ACS Group, the existence of potential signs of impairment of this company's has been contemplated, leading to the performance of the corresponding impairment test using figures at 30 September 2015:

- To conduct this test, the company has used a dividend deduction valuation based on public company information and external market information.
- The dividend announced by the company for 2016 was used along with estimates of dividends per share made by Factset for 2017-2018 and 2019-2020 as estimates that are in line with the perpetual growth estimates. The discount rate applied has been the capital cost ( $K_e$ ) of 6.98% (5.75% risk premium according to Damodaran, 10-year Spanish government bond at 1.89% average deleveraging beta of the sector according to Factset releveraged by average sector borrowing) and a perpetual growth rate ( $g$ ) of 1.50% (IMF estimates of Spanish CPI in 2020).
- The result is greater than the book value of the Saeta interest in the ACS Group, therefore not showing any impairment in the Saeta interest.
- However, a sensitivity analysis was carried on variations in the discount rate (from 6% to 8.5%) and perpetual growth rate of dividends (from 3.5% to 0.5%), supporting a reduction in the discount rate and growth rate of dividends of approximately 100 basis points.



## Environment

No relevant changes have occurred in 2015 after the purchase in the second half of 2014 by the ACS Group of the 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.

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	
	2015	2014	2015	2014
Carrying amount	240,863	249,091	634,943	470,400
<b>Profit before taxes</b>	<b>(22,198)</b>	<b>20,702</b>	<b>99,347</b>	<b>222,706</b>
Income taxes	5,820	(7,245)	(1,160)	(9,182)
<b>Profit after taxes</b>	<b>(16,378)</b>	<b>13,457</b>	<b>98,186</b>	<b>213,524</b>
Other comprehensive income	1,595	(6,050)	1,004	3,595
<b>Total comprehensive income</b>	<b>(14,784)</b>	<b>7,407</b>	<b>99,190</b>	<b>217,119</b>

## 10. FINANCIAL ASSETS

The detail of the balance of this heading in the consolidated statements of financial position in 2015 and 2014 is as follows:

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

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## 10.01. EQUITY INSTRUMENTS

The detail of the balance of this heading at 31 December 2015 and 2014 is as follows:

THOUSANDS OF EUROS	31/12/2015		31/12/2014	
	Non-Current	Current	Non-Current	Current
Iberdrola, S.A.	-	589,394	497,695	-
Xfera Móviles, S.A.	79,206	-	79,206	-
Other minor investments	211,734	68,722	208,319	86,254
<b>Total</b>	<b>290,940</b>	<b>658,116</b>	<b>785,220</b>	<b>86,254</b>

In accordance with IAS 39 these investments are considered to be available-for-sale financial assets. They have been measured at cost since there is no reliable market for them, except for in the case of Iberdrola, S.A.

### Iberdrola, S.A.

The most significant equity instruments relate to Iberdrola.

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

The ownership interest in Iberdrola is recognised at its market price at the end of each year (EUR 6,550 per share at 31 December 2015 and EUR 5,597 per share at 31 December 2014) amounting to EUR 589,394 thousand (EUR 497,695 thousand at 31 December 2014). At 31 December 2015 and at 31 December 2014, a positive valuation adjustment of EUR 152,683 thousand and EUR 90,254, net of the related tax effect, respectively were recognised in equity under "Valuation adjustments - Available-for-sale financial assets".

These shares are pledged as security for the issue of bonds exchangeable for Iberdrola shares carried out by ACS Actividades Finance B.V. and ACS Actividades Finance 2 B.V. at 31 December 2015 and 31 December 2014 (see note 17) with final maturity of EUR 297,600 thousand in October 2018 and EUR 235,300 thousand in March 2019. These shares are recorded as current assets insofar as the funding grants the holders of bonds the possibility of amortisation, at their option, with ACS choosing the payment system, either in shares or in cash.

During 2015 the most relevant operation in relation with the interest in Iberdrola has been the cancellation of the equity swap signed with Natixis on 164,352,702 Iberdrola, S.A. shares (see Note 22), in which the ACS Group continues to have usufruct rights over said shares. Therefore, at 31 December 2015 the ACS Group only maintains a put spread with an underlying of 158,655,797 Iberdrola, S.A. shares that limits the ACS Group's exposure to market fluctuations of the aforementioned company's shares that are valued at their market value at closing, with changes in results. The market value at 31 December 2015, in which Iberdrola's listed price exceeded the maximum value of the put spread in the year by more than 30%, entails the absence from the record of a liability for this notion, as was the case at 31 December 2014 (see Note 22).

During 2014 the most relevant operation in relation with the interest in Iberdrola was the issue of EUR 405,600 thousand of bonds exchangeable for Iberdrola shares, with maturity at 27 March 2019 at an annual fixed rate of 1.625%. Subsequently, 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, 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. For 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. To compensate for these cancellations, bondholders received 100,906,096 Iberdrola shares.

With regard to the impairment of the ownership interest in Iberdrola, given that at 31 December 2015 and 31 December 2014 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 such a possibility.

### **Xfera Mviles, S.A. (Yoigo)**

At 31 December 2015 and 31 December 2014, the ACS Group had a 17% ownership interest in the share capital of Xfera Mviles, S.A. through ACS Telefonía Mvil, S.L.

The book value at 31 December 2015 and 2014 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" for an amount of EUR 119,170 thousand (see Note 10.3), 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 2015, the ACS Group used the discounted cash flow method, on the basis of the company's internal projections until 2020, using the weighted average cost of capital (WACC) of 7.96% as the discount rate and a perpetual growth rate of 1.3% in accordance with the 2020 Spanish CPI estimate made by the IMF. A sensitivity analysis was also performed taking into consideration different discount rates and perpetual growth rate negative deviations in the business plan estimates for the company. The impairment test is sensitive to variations in its key assumptions, but both in the baseline and in the rest of the scenarios considered with a reasonable degree of sensitivity, the recoverable value of this investment was, in any case, above its carrying value, for which it is considered that there are no additional impairments recorded at year end 2015.

Notwithstanding the above, it should be noted that the main variables or assumptions for 2015 have not varied significantly from those contemplated in the impairment test of the previous years, standing in some cases above the forecasts

### **Other investments**

At 31 December 2015, other investments relates mainly to non-controlling interests including, among others, the ownership interests held by subsidiaries of Hochtief amounting to a net EUR 123,853 thousand (EUR 129,374 thousand at 31 December 2014).

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.

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## 10.02. LOANS TO ASSOCIATES

The detail of the balances of “Loans to associates” and of the scheduled maturities at 31 December 2015, is as follows:

THOUSANDS OF EUROS	Current		Non-current			
	2016	2017	2018	2019	2020 and subsequent years	Total non-current
Loans to associates	<b>112,544</b>	760,793	1,550	787	255,334	<b>1,018,464</b>

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	<b>112,599</b>	578,696	443	2,031	428,347	<b>1,009,517</b>

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

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

Regarding this loan and investment in the Habtoor Leighton Group, provisions were made that partially cover the ACS Group’s exposure in the accompanying financial statements, with no significant variations in the assumptions and considerations employed at 31 December 2014.

The Group regularly assesses the recoverability of the loans to associates jointly with investments, making the necessary provisions when necessary.

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 2015, is as follows:

THOUSANDS OF EUROS	Current		Non-current			
	2016	2017	2018	2019	2020 and subsequent years	Total non-current
Other loans	<b>290,576</b>	224,814	25,596	24,146	178,568	<b>453,124</b>

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	<b>86,560</b>	231,135	7,628	8,769	71,439	<b>318,971</b>

Non-current loans include mainly the debt that, at 31 December 2015, continues both to be refinanced to local corporations and to pluriannual compensation agreements amounting to EUR 117,201 thousand (EUR 55,380 thousand at 31 December 2014). The increase between years occurs owing to compensation of construction and operation overcosts approved by the Administrative Court of Marseilles in relation to a waste treatment plant for an amount of EUR 49,242 thousand. This heading also includes the participating loans to Xfera Móviles, S.A., amounting to EUR 119,170 thousand (see Note 10.1), unchanged from 31 December 2014.

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

## 10.04. DEBT INSTRUMENTS

At 31 December 2015, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-interest securities maturing at more than three months and which it does not intend to hold until maturity arising from Hochtief for EUR 510,717 thousand (EUR 658,082 thousand at 31 December 2014). Of the other amounts, those held by Urbaser amounting to EUR 129,427 thousand (EUR 206,632 thousand at 31 December 2014) and by Cobra amounting to EUR 46,032 thousand (EUR 84,964 thousand at 31 December 2014) are of note.).

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## 10.05. OTHER FINANCIAL ASSETS

At 31 December 2015, "Other financial assets" included short-term deposits amounting to EUR 296,088 (EUR 398,757 thousand at 31 December 2014). This amount includes the amounts contributed to meet certain derivatives arranged by the Group amounting to EUR 203,347 thousand (EUR 222,566 thousand at 31 December 2014) (see Note 22). These amounts earn interest at market rates and their availability is restricted depending 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 74.173 thousand (EUR 74,430 thousand as at 31 December 2014) (see Note 12) and the balance of the reserve accounts relating to activity of the projects.

### Impairment losses

No significant impairment losses took place either in 2015 or 2014. There were no significant reversals due to the impairment of financial assets in 2015 or 2014.

## 11. INVENTORIES

The detail of "Inventories" is as follows:

THOUSANDS OF EUROS	31/12/2015	31/12/2014
Merchandise	197,199	217,586
Raw materials and other supplies	334,224	305,815
Work in progress	683,563	800,770
Finished goods	41,524	18,228
By-products, waste and recovered materials	378	268
Advances to suppliers and subcontractors	211,030	179,688
<b>Total</b>	<b>1,467,918</b>	<b>1,522,355</b>

Inventories at 31 December 2015 mostly relates to the EUR 767,760 thousand (EUR 919,505 thousand at 31 December 2014) contributed by the Hochtief Group, including work in progress amounting to EUR 614,388 thousand (EUR 753,619 thousand at 31 December 2014), and mainly real estate (land and buildings), of Hochtief and its Australian subsidiary Cimic, of which EUR 322,703 thousand were restricted at 31 December 2015 (EUR 455,208 thousand at 31 December 2014). In addition to the aforementioned restrictions, inventories have been pledged and/or mortgaged as security for the repayment of debts (EUR 6,479 thousand at 31 December 2014).

Impairment losses on inventories recognised and reversed in the consolidated income statement for 2013, relating to the various ACS Group companies, amounted to EUR 4,879 thousand and EUR 2,363 thousand respectively in 2015 (EUR 3,159 thousand and EUR 197 thousand in 2014).

## 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:

### 2015

THOUSANDS OF EUROS	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2015
Trade receivables for sales and services	5,672,074	2,733,281	729,000	218	9,134,573
Receivable from group companies and associates	88,810	124,520	9,544	(16,856)	206,018
Other receivables	584,130	602,394	164,746	(72,961)	1,278,309
Current tax assets	84,688	152,539	8,739	50,990	296,956
<b>Total</b>	<b>6,429,702</b>	<b>3,612,734</b>	<b>912,029</b>	<b>(38,609)</b>	<b>10,915,856</b>

### 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
<b>Total</b>	<b>7,983,664</b>	<b>3,845,140</b>	<b>902,903</b>	<b>(12,378)</b>	<b>12,719,329</b>

At 31 December 2014, the value of the disinvestment pending collection as a result of the sale of John Holland and Cimic Services business amounting to EUR 1,108,112 thousand was recorded under "Receivables from the sale of discontinued operations" which has been collected in the first half of 2015.

#### 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 2015 and 2014, is as follows:

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THOUSANDS OF EUROS	Construction	Industrial Services	Environment	Corporate unit and adjustments	Balance at 31/12/2015
Trade receivables and notes receivable	3,857,130	1,569,521	629,413	4,714	6,060,778
Completed work pending certification	2,505,871	1,250,283	129,247	1	3,885,402
Allowances for doubtful debts	(690,927)	(86,523)	(29,660)	(4,497)	(811,607)
<b>Total receivables for sales and services</b>	<b>5,672,074</b>	<b>2,733,281</b>	<b>729,000</b>	<b>218</b>	<b>9,134,573</b>
Advances received on orders (Note 23)	(1,462,247)	(1,297,330)	(24,019)	-	(2,783,596)
<b>Total net trade receivables balance</b>	<b>4,209,827</b>	<b>1,435,951</b>	<b>704,981</b>	<b>218</b>	<b>6,350,977</b>

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)
<b>Total receivables for sales and services</b>	<b>6,184,789</b>	<b>2,858,821</b>	<b>732,801</b>	<b>229</b>	<b>9,776,640</b>
Advances received on orders (Note 23)	(1,489,097)	(1,155,226)	(22,875)	-	(2,667,198)
<b>Total net trade receivables balance</b>	<b>4,695,692</b>	<b>1,703,595</b>	<b>709,926</b>	<b>229</b>	<b>7,109,442</b>

At 31 December 2015, retentions held by customers for contract work in progress amounted to EUR 689,060 thousand (EUR 644,276 thousand at 31 December 2014).

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 519,461 thousand at 31 December 2015 (EUR 211,714 thousand at 31 December 2014).

Substantially all the risks and rewards associated with the receivables, as well as control over them, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised in the consolidated statement of financial position. The Group companies continued to manage collection in 2013.

The balance of "Trade receivables and notes receivable" was reduced by the amounts received from the "CAP-TDA2 Fondo de Titulizacion de Activos", a securitisation SPV which was set up on 19 May 2010.

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

The amount of the receivables sold to the Securitisation SPV was EUR 237,517 thousand at 31 December 2015 (EUR 265,582 thousand at 31 December 2014), of which EUR 74,173 thousand (EUR 74,430 thousand at 31 December 2014) 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 2015 and 2014 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 2015 and 2014:

THOUSANDS OF EUROS	Construction	Industrial Services	Environment	Corporate unit and adjustments	Total
<b>Balance at 31 December 2013</b>	<b>(260,342)</b>	<b>(104,292)</b>	<b>(20,894)</b>	<b>(4,497)</b>	<b>(390,025)</b>
Charges for the year	(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
<b>Balance at 31 December 2014</b>	<b>(792,320)</b>	<b>(115,665)</b>	<b>(26,960)</b>	<b>(4,498)</b>	<b>(939,443)</b>
Charges for the year	(28,062)	(17,504)	(7,371)	-	(52,937)
Reversals/Excesses	124,425	22,830	4,749	-	152,004
Changes in scope and other	5,030	23,816	(78)	1	28,769
<b>Balance at 31 December 2015</b>	<b>(690,927)</b>	<b>(86,523)</b>	<b>(29,660)</b>	<b>(4,497)</b>	<b>(811,607)</b>

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 included in 2014 the amount of the provision made for Cimic for EUR 458,457 thousand (see Note 28.07). This amount is included in the Statement of Financial Position as at 31 December 2015 and 31 December 2014 reducing thus the amount of the heading “Trade receivables for sales and services”.

The net trade receivables balance at 31 December 2015 amounted to EUR 6,350,977 thousand (EUR 7,109,442 thousand at 31 December 2014), of which EUR 1,108,476 thousand (EUR 878,239 thousand at 31 December 2014) relate to domestic activity and EUR 5,242,501 thousand (EUR 6,231,203 thousand at 31 December 2014) to international activity.

With regard to domestic activity, EUR 623,188 thousand (EUR 694,302 thousand at 31 December 2013), 56% of the balance (79% of the balance at 31 December 2014) 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 4,460,448 thousand (EUR 5,108,952 thousand at 31 December 2014), the majority of which relate to the Hochtief Group. The status of defaulting clients that are not impaired at 31 December 2015 and 2014 is detailed in the section “Credit risk” of Note 21.

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

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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. With regard to the Gorgon Jetty & Marine STR project, in its best interest, Cimic will lead the negotiations with Chevron to the next stage. This may cause the parties to initiate arbitration proceedings in accordance with the contract.

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 2015, this amount totalled EUR 117,201 thousand (see Note 10.3) (EUR 55,380 thousand at 31 December 2014), which was included under the heading "Other Loans", and matures as follows:

THOUSANDS OF EUROS

	2017	2018	2019	2018 and subsequent years	Total
	60,689	19,200	19,048	18,264	117,201

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 110,963 thousand (EUR 26,518 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 2015 and 2014, the share capital of the Parent amounted to EUR 157,332 thousand and was represented by 314,664,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights.

Expenses directly attributable to the issue or acquisition of new shares are recognised in equity as a deduction from the amount thereof.

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.

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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.

On the basis of these approvals by the General Shareholders' Meeting of 29 May 2014, under the Euro Medium Term Note Programme (EMTN Programme), in 2015 ACS, Actividades de Construcción y Servicios, S.A. performed a Notes issue in the Euro market for the amount of EUR 500 million admitted for trading on the Irish Stock Exchange, maturing at five years and disbursed on 1 April 2015, with an annual coupon of 2.875% and an issue price of 99.428%. The renewal at maturity of the issue of the Euro Commercial Paper (ECP) programme for EUR 750 million is also anticipated (see Note 10.01 and 17.01).

On 17 February 2015, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second execution of the capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 29 May 2014, leaving the final number of ordinary shares with a nominal value of EUR 0.5 per unit issued at 2,616,408 and 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 nominal value of the redeemed shares (see Note 15.04).

The shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 28 April 2015 resolved, among other matters, to a share capital increase and reduction. In this regard, the Company resolved in increase share capital to a maximum of EUR 366 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 224 million and the second increase may not exceed EUR 142 million, 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 three months following the date of the Annual General Meeting held in 2015 and, in the case of the second increase, within the first quarter of 2016, thereby coinciding with the dates on which the ACS Group has traditionally distributed the 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 28 April 2015 agreed, among others, to expressly authorise the 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.

More specifically, by virtue of this delegation, it was agreed on 18 June 2015 to perform the first execution of the capital increase for a maximum amount of EUR 224 million. This capital increase was aimed, as in many Ibx 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 sell them to ACS at a given price on the basis of a formula approved by the Meeting.

In this regard, on 17 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 28 April 2015, with a final number of 4,719,245 ordinary shares with a nominal value of EUR 0.5 per unit, the nominal amount of the capital increase being EUR 2,089,622.50.

On 4 January 2016, 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 28 April 2015, and as approved by the Board of Directors on 17 December 2015, 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 44.25% of free allocation rights, which has led to the acquisition by ACS of rights for a total gross amount of EUR 61,817 thousand. The final number of ordinary shares with a nominal value of EUR 0.5 per unit issued on 2,941,011, the nominal amount of the corresponding capital increase being EUR 1,470,505.50.

On 4 February 2016, a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,470,505.50, via redemption of 2,941,011 treasury shares and a contribution for the same amount from the reserve established in section c) of article 335 of the Spanish Companies Law, which is the nominal value of the redeemed shares (see Note 15.04).

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.

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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.

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.

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 is 2,616,408, with the nominal amount of the capital increase standing at EUR 1,308,204.

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 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), Cimic Group Limited, Macmahon Holdings Limited, Devine Limited and Sedgman Limited on the Australia Stock Exchange. As from 16 February 2015 shares of its investee Saeta Yield, S.A. are listed in the Spanish stock exchanges.

At 31 December 2015, 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 11.69% and Inversiones Vesan, S.A. with an ownership interest of 12.52%.

## 15.02. SHARE PREMIUM

At 31 December 2015 and 2014, 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 2015 and 2014 is as follows:

THOUSANDS OF EUROS	Balance at 31/12/2015	Balance at 31/12/2014
Reserves of the Parent	2,803,948	2,649,135
Reserves at consolidated companies	(852,515)	(767,886)
<b>Total</b>	<b>1,951,433</b>	<b>1,881,249</b>

### 15.03.01. RESERVES OF THE PARENT

This heading includes the reserves set up by the Group's Parent, mainly in relation to retained earnings, and if applicable, in compliance with the various applicable legal provisions.

The detail of this heading at 31 December 2015 and 2014 is as follows:

THOUSANDS OF EUROS	Balance at 31/12/2015	Balance at 31/12/2014
Legal reserve	35,287	35,287
Voluntary reserves	886,559	815,548
Capital redemption reserve fund	14,210	10,812
Reserve for redenomination of share capital in euros	162	162
Goodwill reserve	288,455	247,247
Retained earnings	1,579,275	1,540,079
<b>Total</b>	<b>2,803,948</b>	<b>2,649,135</b>

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## 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 2015 and 2014.

## 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 2015 and 2014, 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 14,201 thousand (EUR 10,812 thousand at 31 December 2014), 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 31/12/2015	Balance at 31/12/2014
Construction	(329,492)	(77,737)
Environment	813,016	783,010
Industrial Services	706,823	631,385
Corporate Unit	(2,042,862)	(2,104,544)
<b>Total</b>	<b>(852,515)</b>	<b>(767,886)</b>



Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) that place restrictions on the distribution of dividends until certain ratios are met.

## 15.04. TREASURY SHARES

The changes in “Treasury shares” in 2015 and 2014 were as follows:

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

On 17 February 2015, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second execution of the capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 29 May 2014, leaving the final number of ordinary shares with a nominal value of EUR 0.5 per unit issued at 2,616,408 and 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 nominal value of the redeemed shares (see Note 15.01).

On 17 July 2015, 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 28 April 2015, with a final number of 4,719,245 ordinary shares with a nominal value of EUR 0.5 per unit, the nominal amount of the capital increase being EUR 2,089,622.50 (see Note 15.01).

On 6 August 2015, a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 2,089,622.50, via redemption of 4,179,245 treasury shares with a carrying amount of EUR 118,771 thousand, with a charge to free reserves and a contribution for the same amount of EUR 2,089,622.50 from the reserve established in section c) of article 335 of the Spanish Companies Law, which is the nominal value of the redeemed shares (see Note 15.01).

On 4 February 2016, a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,470,505.50, via redemption of 2,941,011 treasury shares and a contribution for the same amount from the reserve established in section c) of article 335 of the Spanish Companies Law, which is the nominal value of the redeemed shares (see Note 15.03.02).

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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 (see Note 15.01).

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).

At 31 December 2015, the Group held 9,898,884 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 3.1% of the share capital, with a consolidated carrying amount of EUR 276,629 thousand which is recognised under "Treasury shares" under equity in the consolidated statement of financial position. At 31 December 2014, the Group held 6,919,380 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 2.2% of the share capital, with a consolidated carrying amount of EUR 201,122 thousand which was recognised under "Treasury shares" under equity in the consolidated statement of financial position.

The average purchase price of ACS shares in 2015 was EUR 28.19 per share and the average selling price of the shares in 2015 was of EUR 29.00 per share (EUR 29.52 and EUR 27.94 per share respectively, in 2014).

## 15.05. INTERIM DIVIDEND

On 4 January 2016, 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 28 April 2015, as approved by the Board of Directors of 17 December 2015, 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 44.25% of the free allocation rights. After the decision-making period granted to the shareholders, on 20 January 2016 the following events occurred:

- The dividend was set at a total gross amount of EUR 61,816,692.98 (EUR 0.444 per share) which was paid on 3 February 2016.
- The definitive number of shares object of the share capital increase was 2,941,011, for a nominal amount of EUR 1,470,505.50.

The ACS Group recorded under “Other current assets” in the consolidated statement of position appended at 31 December 2015 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 139,711 thousand (see Note 24), although the final amount was EUR 61,817 thousand. For this reason, EUR 77,894 thousand were reverted in 2016 into the ACS Group’s assets.

## 15.06. ADJUSTMENTS FOR CHANGES IN VALUE

The changes in the balance of this heading in 2015 and 2014 were as follows:

THOUSANDS OF EUROS	2015	2014
<b>Beginning balance</b>	<b>(418,331)</b>	<b>(534,914)</b>
Hedging Instruments	298,075	(89,318)
Available-for-sale financial assets	76,077	37,833
Exchange differences	10,435	168,068
<b>Ending balance</b>	<b>(33,744)</b>	<b>(418,331)</b>

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges. They relate mainly to interest rate hedges and, to a lesser extent, foreign exchange rate hedges, tied to asset and liability items in the balance sheet, and to future transaction commitments qualifying for hedge accounting because they meet the requirements provided for in IAS 39 on hedge accounting. Variations in the year are produced mainly as a consequence of disinvestment in renewable held-for-sale assets and concessionaire assets (see Note 3.09)

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 2015 relates exclusively to the difference arising in the period from 2004 to 2015, net of the related tax effect, between the closing and opening exchange rates, on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionately consolidated companies and as companies accounted for using the equity method whose functional currency is not the euro.

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

THOUSANDS OF EUROS	Balance at 31/12/2015	Balance at 31/12/2014
U.S. Dollar (USD)	80,680	59,371
Australian Dollar (AUD)	165,611	92,175
Polish Zloty (PLN)	(413)	(432)
Brazilian Real (BRL)	(33,038)	(5,861)
Mexican Peso (MXN)	36,832	6,646
Canadian Dollar (CAD)	(3,287)	(634)
British Pound (GBP)	3,780	417
Venezuela Bolivar (VEB)	(40,773)	(17,139)
Argentine Peso (ARS)	(55,143)	(39,021)
Colombian Peso (CLP)	(14,046)	(6,747)
Peruvian Sol (PEN)	6,027	2,462
Algerian Dinar (DZD)	6,142	2,390
Other currencies	(94,013)	(45,703)
<b>Total</b>	<b>58,359</b>	<b>47,924</b>

In addition to the balance of translation differences at 31 December 2015, the balance of “Valuation adjustments” include a loss of EUR 233,940 thousand for hedging instruments (EUR -532,015 thousand at 31 December 2014) and a gain of EUR 141,837 thousand for assets available for sale (EUR 65,760 thousand at 31 December 2014).

## 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 2015 and 2014 is as follows:

THOUSANDS OF EUROS	Balance at 31/12/2015			Balance at 31/12/2014		
	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	1,397,473	270,461	-	1,526,485	(54,325)	269,306
Industrial Services	(12,990)	48,089	-	66,973	(12,776)	-
Environment	62,853	10,375	-	60,278	8,435	-
<b>Total</b>	<b>1,447,336</b>	<b>328,925</b>	<b>-</b>	<b>1,653,736</b>	<b>(58,666)</b>	<b>269,306</b>

Non-controlling interests mainly relates to the full consolidation of Hochtief which includes both the ownership interests of the non-controlling shareholders of Hochtief as well as the non-controlling interests included in the statement of financial position of the German company, amounting to EUR 1,002,847 thousand at 31 December 2015 (EUR 933,052 thousand at 31 December 2014), which mainly relate to the non-controlling shareholders of Cimic Group Limited.

"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 2015, by item, were as follows:

## THOUSANDS OF EUROS

<b>Balance at 31 December 2014</b>	<b>1,864,376</b>
Profit for the year from continuing operations	328,925
Dividends received	(206,271)
Change in scope of consolidation	(190,559)
Changes in share capital and other	(105,258)
Adjustments for changes in value	85,048
<b>Balance at 31 December 2015</b>	<b>1,776,261</b>

The reduction in the balance of this heading is mainly due both to the purchase of Hochtief shares as a consequence of the purchase of its treasury shares and to the purchase of an additional interest in Hochtief by ACS (see Note 02.02.f).

The changes in 2014, by item, were as follows:

## THOUSANDS OF EUROS

<b>Balance at 31 December 2013</b>	<b>2,220,995</b>
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
<b>Balance at 31 December 2014</b>	<b>1,864,376</b>

The detail of this balance at 31 December 2015, by business segment, is as follows:

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THOUSANDS OF EUROS

Line of Business	Share Capital	Reserves	Profit for the year	Total
Construction	15,026	1,382,447	270,461	1,667,934
Industrial Services	28,008	(40,998)	48,089	35,099
Environment	25,080	37,773	10,375	73,228
<b>Total</b>	<b>68,114</b>	<b>1,379,222</b>	<b>328,925</b>	<b>1,776,261</b>

The detail of this balance at 31 December 2014, 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	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
<b>Total</b>	<b>865,430</b>	<b>788,306</b>	<b>(58,666)</b>	<b>269,306</b>	<b>1,864,376</b>

At 31 December 2015, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's main subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
<b>Construction</b>		
Consorcio Constructor Piques y Túneles Línea 6 Metro, S.A.	50.01%	Besalco S.A.
Gasoductos y Redes Gisca S.A.	47.50%	Spie Capag, S.A.
Autovía del Camp del Turia, S.A.	35.00%	Sedesa Concesiones (30%)
<b>Industrial Services</b>		
Escal UGS S.L.	33.33%	Castor UGS LP
Procme, S.A.	25.46%	José Reis Costa
Serpista, S.A.	49.00%	Temg Mantenimiento, S.A. (10%) Iberia, S.A. (39%)
Sistemas Sec, S.A.	49.00%	Compañía Americana de Multiservicios Limitada
<b>Environment</b>		
Centro de Transferencias, S.A.	30.00%	Emgrisa
Residuos Sólidos Urbanos de Jaén, S.A.	40.00%	Diputación Provincial de Jaén
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%) Unicaja (10%)
Monegros Depura, S.A.	45.00%	Orbe Concesiones y Servicios, S.L.
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.
Multiservicios Aeroportuarios, S.A.	49.00%	Iberia, 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% was Qatar Holding Luxembourg (11.1%), there being no non-controlling shareholders in the case of Cimic Group Limited, nor of Hochtief, A.G. at 31 December 2015.

## 16. GRANTS

The changes in the balance of this heading in 2015 and 2014 were as follows:

THOUSANDS OF EUROS	2015	2014
<b>Beginning balance</b>	<b>59,745</b>	<b>49,748</b>
Changes in the scope of consolidation	-	14,613
Exchange differences	-	(2)
Additions	637	17
Transfers	2,718	(89)
Recognition in income statement	(4,324)	(4,542)
<b>Ending balance</b>	<b>58,776</b>	<b>59,745</b>

Changes in perimeter in 2014 were 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 to profit or loss of grants related to non-financial non-current assets and other grants” in the consolidated income statement) amounted to EUR 6,003 thousand before tax in 2015 (EUR 6,490 thousand in 2014). The timing of recognition in profit or loss is detailed as follows:

	2015			2014		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	5,681	18,940	34,155	6,934	21,851	30,960

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## 17. BANK BORROWINGS, DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

### 17.01. DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

At 31 December 2015, the ACS Group had non-current debentures and bonds issued amounting to EUR 2,815,259 thousand in non-current issues and EUR 1,028,431 thousand in current issues (EUR 2,928,519 thousand and EUR 760,847 thousand in current issues, respectively, at 31 December 2014) mainly from Cimic, Hochtief and ACS.

The most significant issues at 31 December 2015 are as follows:

- 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.
- Additionally, in October 2015, the ACS group, under this same EMTN programme, launched an issue of EUR 85 million that were also admitted to trading on the Irish Stock Exchange with maturity in October 2018 and an annual coupon of 2.5%.
- The operation performed by Hochtief in May 2014 consisted 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.
- The issue made by ACS Actividades Finance B.V. for an outstanding balance of EUR 235,300 thousand at 31 December 2015, at par value, maturing on 27 March 2019 carry an annual nominal fixed interest of 1.625%, redeemable for Iberdrola shares. The conversion price of the bonds is EUR 6.419 for each Iberdrola share. The bonds are listed on the unregulated Freiverkehr of the Frankfurt Stock Exchange. These bonds have the possibility of early cancellation at the choice of the holder under certain conditions (see Note 10.01).
- The issue made by ACS Actividades Finance B.V. for an outstanding balance of EUR 297,600 thousand at 31 December 2015, at par value, maturing on 22 October 2018 carry an annual nominal fixed interest of 2.625%, redeemable for Iberdrola shares. The conversion price of the bonds is EUR 5.7688 for each Iberdrola share. The bonds are listed on the unregulated Freiverkehr of the Frankfurt Stock Exchange. These bonds have the possibility of early cancellation at the choice of the holder under certain conditions (see Note 10.01).
- 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%.
- In March 2012 Hochtief, A.G. launched a corporate bond for a nominal amount of EUR 500 million maturing in March 2017 and with an annual coupon of 5.5%.



- During 2015, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which was registered in the Irish Stock Exchange. Santander Global Banking & Markets is the programme implementation coordinator (arranger), the entity 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. At 31 December 2015, the issues outstanding under the aforementioned programmes amounted to EUR 419,842 thousand (EUR 529,820 thousand at 31 December 2014).
- The issue by Cimic of 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 185,103 thousand (EUR 416,265 thousand at 31 December 2014) as a consequence of the early repayment of EUR 267 million (USD 299 million).
- In 2010 Cimic issued a bond of USD 350 million with a current equivalent value of EUR 239,096 thousand (EUR 291,386 thousand at 31 December 2013). This bond has three tranches, one that expired in 2005 and the remainder maturing in 2017 and 2020, with an interest rate of 5.22% and 5.78% respectively depending on the maturity
- In 2008 Cimic Group Limited issued USD 280 million through a private placement. The first and second tranche was repaid at its due date in 2013 and 2015. The third tranche matures in 2018, with an interest rate of 7.66%. The carrying amount of this private placement at 31 December 2015 amounted to EUR 72,645 thousand (EUR 140,698 thousand at 31 December 2014).
- Finally, the debentures and bonds issued include EUR 13,442 thousand (EUR 34,736 thousand at 31 December 2014) relating to various additional bonds with floating interest rates held by Cimic Group Limited.

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, recorded under the heading "Impairment and earnings from disposal of financial instruments" in the consolidated income statement appended.

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The detail, by maturity, of these debentures and bonds at 31 December 2015 is as follows:

THOUSANDS OF EUROS	Current		Non-current			
	2016	2017	2018	2019	2020 and subsequent years	Total non-current
Debentures and bonds	<b>1,028,431</b>	631,898	157,324	602,618	1,423,419	<b>2,815,259</b>

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	<b>760,848</b>	619,126	-	561,711	1,747,682	<b>2,928,519</b>

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

	Price 31/12/2015
ACS 500, 2.875% Maturity in 2020	93.45%
ACS Exchangeable 298, 2.625% Maturity in 2018	124.25%
ACS Exchangeable 235, 1.625% Maturity in 2019	114.72%
HOCHTIEF 500, 5.5% Maturity in 2017	104.751%
HOCHTIEF 750, 3.875% Maturity in 2020	107.050%

## 17.02. LOANS AND CREDIT FACILITIES

The detail of the bank borrowings at 31 December 2015 and the repayment schedules are as follows:

THOUSANDS OF EUROS	Current		Non-current			
	2016	2017	2018	2019	2020 and subsequent years	Total non-current
Bank loans in euros	1,740,644	589,528	202,799	78,551	2,299,192	3,170,070
Foreign currency loans	320,694	113,032	209,478	199,382	24,888	546,780
Finance lease obligations	131,713	93,858	24,447	13,180	19,961	151,446
<b>Total</b>	<b>2,193,051</b>	<b>796,418</b>	<b>436,724</b>	<b>291,113</b>	<b>2,344,041</b>	<b>3,868,296</b>

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
<b>Total</b>	<b>4,908,854</b>	<b>553,526</b>	<b>1,265,885</b>	<b>114,113</b>	<b>524,548</b>	<b>2,458,072</b>

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

- On 13 February 2015 ACS, Actividades de Construcción y Servicios, S.A. entered into a contract with a syndicate of banks, comprised of 43 Spanish and foreign entities to finance 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. The corresponding amount has been used to cancel the syndicated loan existing at that date, 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 in force of EUR 694.5 million at that time.
- The long-term financing from the investee Hochtief, A.G. amounted to EUR 87,096 thousand (EUR 619,614 at 31 December 2014). 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. The bank loan from 2008 for EUR 39,000 thousand maturing in seven years was repaid on maturity in 2015, bearing interest at six-month Euribor plus a market spread.
- An international syndicate of banks granted a five-year forward market credit facility to the investee Hochtief, A.G., maturing on 30 April 2019, which amounted to EUR 1,500,000 thousand in a tranche for guarantees and EUR 500,000 thousand credit facility which at 31 December 2015 and 2014 were unused. In addition, there are bank loans amounting to EUR 34,914 thousand (EUR 946,146 thousand 31 December 2014) arising from Cimic Group Limited.

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- Likewise, also noteworthy within the rest of the debt with credit institutions at 31 December 2015 is the long-term financing obtained for the acquisition of Hochtief, A.G. shares for a nominal amount of EUR 450,000 through the SPV Major Assets, S.L., with an in rem guarantee secured by Hochtief, A.G. shares deposited therein, which at 31 December 2014, amounted to 13,948,778 shares and which was repaid on 20 February 2015 by the aforementioned syndicated financing contract and the aforementioned guarantees were released.
- Also noteworthy is the syndicated loan with Urbaser for EUR 600,000 thousand (EUR 600,000 thousand at 31 December 2014), with renewed maturity date of 28 May 2020.
- 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 (EUR 386,740 thousand at 31 December 2015). 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 42,489 thousand at 31 December 2015 (EUR 54,559 thousand at 31 December 2014).
- At 31 December 2015 the Group companies had been granted credit facilities with limits of EUR 6,355,756 thousand (EUR 6,507,855 thousand in 2014), of which the amount of EUR 4,580,933 thousand (EUR 3,355,609 thousand 31 December 2014) were undrawn. These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

At 31 December 2015, the current and non-current bank borrowings in foreign currency amounted to EUR 867,474 thousand (1,822,942 thousand in 2014), of which EUR 623,023 thousand were in US dollars (EUR 551,776 thousand in 2014), EUR 34,914 thousand were in Australian dollars (EUR 946,147 thousand in 2014) EUR 2,283 thousand were in Canadian dollars (EUR 80,368 thousand in 2014), EUR 56,988 thousand were in Chilean pesos (EUR 81,505 thousand in 2014), EUR 12,767 thousand were in Brazilian reals (EUR 63,946 thousand in 2014), EUR 16,669 thousand were in Moroccan dirham (EUR 20,930 thousand in 2014), EUR 6,201 thousand were in Indian rupee (EUR 3,998 thousand in 2014), EUR 27,601 thousand were in Polish zloty (EUR 6,533 thousand in 2014), EUR 22,623 thousand were in Argentine pesos (EUR 24,655 thousand in 2014), EUR 18,390 thousand were in Colombian pesos (EUR 18,930 thousand in 2014), and EUR 2,748 thousand were in Venezuelan bolivars (EUR 7,440 thousand in 2014).

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 2015 the Group's euro loans and credits bore average annual interest of 2.83% (3.55% in 2014). Foreign currency loans and credits bore average annual interest of 4.71% (5.87% in 2014).

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 2015 and 2014 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 2015, 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 2015 and 2014, were as follows:

### 2015

THOUSANDS OF EUROS	Within one year	Between two and five years	More than five years	Balance at 31/12/2015
Present value of minimum lease payments	131,713	131,486	19,960	283,159
Unaccrued finance charges	8,445	7,155	2,019	17,619
Total amounts payable under finance leases	140,158	138,641	21,979	300,778

### 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

It is the Group’s policy to lease certain of its fixtures and equipment under finance leases. Most of these leases were arranged by Cimic Group Limited for its mining activity. The average lease term is three to four years. Interest rates are set at the contract date. All leases are on a fixed repayment basis. The contingent rental payments were not material at 31 December 2015 or at 31 December 2014.

The Group’s finance lease obligations are secured by the lessors’ charges on the leased assets.

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## 18. LIMITED RECOURSE FINANCING OF PROJECTS AND DEBTS

“Project finance and limited recourse borrowings” on the liability side of the statement of financial position includes 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 2015, is as follows:

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

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

THOUSANDS OF EUROS	Current	Non-current	Total
Hochtief Aktiengesellschaft	389,515	-	389,515
<b>Project financing</b>			
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
	<b>491,389</b>	<b>491,308</b>	<b>982,697</b>

The detail, by maturity, of non-current financing at 31 December 2015 and 2014 is as follows:

THOUSANDS OF EUROS	Maturity in				Total
	2017	2018	2019	2020 and subsequent years	
<b>Balance at 31 December 2015</b>	39,122	58,267	26,068	362,809	486,266

THOUSANDS OF EUROS	Maturity in				Total
	2016	2017	2018	2019 and subsequent years	
<b>Balance at 31 December 2014</b>	36,776	44,382	28,441	381,709	491,308

### Financing of the acquisition of Hochtief, A.G.

The main variation in “Project finance and limited recourse borrowings” comes from the repayment of the loans that Cariátide, S.A. had in relation to the initial package of Hochtief, A.G. shares acquired in 2007, repaid on 20 February 2015 through the renewal of the syndicated loan of ACS, Actividades de Construcción y Servicios, S.A. in the next paragraphs. Consequently the existing guarantees and the aforementioned coverage ratios over the Hochtief A.G. shares related to the repaid loan were released. In 2014 the Group had already repaid EUR 182,000 thousand of that loan.

### Project financing

At 31 December 2015, other project financing most notably included that relating to Urbaser Limited, for the amount of EUR 160,359 thousand at 31 December 2015 (EUR 153,831 thousand at 31 December 2014). 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 2015, the amounts pending disbursement are EUR 3,781 in capital and EUR 11,344 in subordinated debt.

Also notable is the Hochtief project financing related 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 Cimic. At 31 December 2015, this financing maintains collaterals by Hochtief, A.G. for the amount of EUR 4,400 thousand (EUR 1,633 thousand at 31 December 2014), with no amounts of capital and subordinated debt pending disbursement on said date of (EUR 19,147 thousand at 31 December 2014) and no contingent contributions (EUR 9,769 thousand at 31 December 2014).

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 3.87% in 2015 and 5.59% in 2014.

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 2015. With the exception of that specifically mentioned in the foregoing paragraphs in connection to each of the most relevant financings, at 31 December 2015 the guarantees given as collateral amounted to EUR 19,919 thousand (EUR 14,992 thousand at 31 December 2014), and amounts pending contribution were EUR 17,881 thousand as capital and EUR 65,375 thousand in the form of subordinated debt (EUR 39,579 thousand as capital and EUR 58,393 thousand in the form of subordinated debt at 31 December 2014).

In 2015 and 2014 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.

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## 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 31/12/2015		Balance at 31/12/2014	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	57,103	4,947	52,343	5,949
Payable to associates	19,742	11,731	36,020	35,072
Other	135,450	70,005	124,639	1,397
<b>Total</b>	<b>212,295</b>	<b>86,683</b>	<b>213,002</b>	<b>42,418</b>

“Other financial liabilities” includes mainly financing obtained from public institutions of various countries for developing certain infrastructures.

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 2015 were as follows:

THOUSANDS OF EUROS	Provision for pensions and similar obligations	Provision for taxes	Provision for third-party liability	Provisions for actions on infrastructure	Total
<b>NON-CURRENT</b>					
<b>Balance at 31 December 2014</b>	<b>566,046</b>	<b>11,333</b>	<b>1,177,309</b>	<b>8,821</b>	<b>1,763,509</b>
Additions or charges for the year	34,916	1,317	315,629	24,655	376,517
Reversals and amounts used	(80,221)	(8,742)	(428,455)	-	(517,418)
Increases due to the passing of time and the effect of exchange rates on discount rates	(32,598)	-	3	-	(32,595)
Exchange differences	20,245	-	8,138	-	28,383
Changes in the scope of consolidation	(2)	-	1,540	-	1,538
<b>Balance at 31 December 2015</b>	<b>508,386</b>	<b>3,908</b>	<b>1,074,164</b>	<b>33,476</b>	<b>1,619,934</b>



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 2015 to EUR 9,574 thousand (EUR 12,750 thousand at 31 December 2014) and EUR 183,656 thousand (EUR 186,607 thousand at 31 December 2014), respectively. The actuarial assumptions used in 2015 and 2014 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 assumption which will not vary.

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 1.72% in 2015 and 1.70% in 2014.

The aforementioned amounts relating to pension obligations recognised under "Staff costs" in the consolidated income statement for 2015, gave rise to expenditure of EUR 121 thousand (EUR 34 thousand in 2014).

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 2015 of EUR 3,738 thousand and was recognised under "Staff costs" in the consolidated statement of financial position. In 2014 the contribution in this connection amounted to EUR 3,769 thousand. The portion relating to the Parent's directors who performed executive duties in 2015 amounted to EUR 1,686 thousand (EUR 1,798 thousand in 2014) (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

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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 Group’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 is a modular defined contribution plan. The size of the annual pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by Hochtief Aktiengesellschaft every three years and is adjusted accordingly. The future pension amount 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% p.a. There is a choice at retirement between a lump sum payment and an annuity for five or six years.

Outside of Germany, there are defined benefit plans at Turner in the USA and Hochtief UK in the United Kingdom. The plan at Turner was frozen as of 31 December 2003, and no new entitlements can be earned under it. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants’ pension. There is a choice at retirement between a lifelong annuity and a lump sum payment. Commitments at Turner also include post-employment benefits in the form of medical care for pensioners. Hochtief UK has a length-of-service, final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants’ pension.

Defined benefit obligations in the Hochtief Group were made up as follows as of 31 December 2015:

THOUSANDS OF EUROS	Germany	USA	UK
Active Members	116,993	90,919	12,842
Final salary	(15,964)	-	(12,842)
Not final salary	(101,029)	(90,919)	-
Vested benefits	154,162	46,477	17,077
Current benefits payments	488,211	102,376	15,468
Similar obligations	93	54,350	-
<b>Total</b>	<b>759,459</b>	<b>294,122</b>	<b>45,387</b>
<b>Duration in years (weighted)</b>	<b>14.7</b>	<b>7.9</b>	<b>21.0</b>

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	-
<b>Total</b>	<b>837,252</b>	<b>281,290</b>	<b>41,391</b>
<b>Duration in years (weighted)</b>	<b>14.8</b>	<b>8.3</b>	<b>20.0</b>

## 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). Since 1 January 2015 the transferred assets have been administered in trust by a professional external trustee and are used exclusively to satisfy domestic pension obligations. To ensure that the final investment decisions continue to be adapted internally as in recent years, Hochtief Pension Trust e.V. has established what is known as the Investment Committee, a new decision-making body under the Trust, which is an association incorporated under German law. The main function of the Investment Committee is to collectively represent the interests of the trust beneficiaries before the external trustee in relation to the management and investment of their assets in trust. 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 2015 is about 61% (60% at 31 December 2014); the figure for Germany as a whole is about 67% (64% at 31 December 2014). 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

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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 covered, high-risk investments in equities must be reduced to prioritise 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 2015 is about 87% (91% at 31 December 2014); funding at Turner overall is about 71% (75% at 31 December 2014). 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% (81% at 31 December 2014).

Defined benefit obligations are covered by plan assets as follows:

## Coverage of defined benefit obligations by plan assets

THOUSANDS OF EUROS	31/12/2015		31/12/2014	
	Defined benefit obligation	Plan assets	Defined benefit obligation	Plan assets
Uncovered by plan assets	55,705	-	50,159	-
Partially covered by plan assets	977,080	679,337	1,039,671	711,133
<b>Incompletely covered by plan assets</b>	<b>1,032,785</b>	<b>679,337</b>	<b>1,089,830</b>	<b>711,133</b>
Fully covered by plan assets	66,183	72,397	70,103	71,559
<b>Total</b>	<b>1,098,968</b>	<b>751,734</b>	<b>1,159,933</b>	<b>782,692</b>

## Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used are as follows:

PERCENT	2015			2014		
	Germany	USA	UK	Germany	USA	UK
Discount factor *	2.50	4.20	3.70	2.00	3.85	4.00
Salary increases	3.25	-	1.90	3.00	-	2.15
Pension increases *	-	-	-	1.75	-	4.48
Health cost increases	1.75	-	4.45	-	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. For Germany, 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 S1PxA CMI\_2015 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	2015			2014		
	Germany	Other countries	Total	Germany	Other countries	Total
<b>Defined benefit obligations at start of year</b>	<b>837,252</b>	<b>322,681</b>	<b>1,159,933</b>	<b>720,051</b>	<b>275,098</b>	<b>995,149</b>
Current service cost	9,102	2,074	11,176	6,667	1,652	8,319
Past service cost	-	-	-	1,515	-	1,515
Gain on settlements	-	-	-	-	(1,158)	(1,158)
Interest expense	16,352	13,319	29,671	24,304	12,942	37,246
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	-	(842)	(842)	-	7,379	7,379
Actuarial gains / (losses) arising from changes in financial assumptions	(54,446)	(8,063)	(62,509)	139,474	22,692	162,166
Actuarial gains / (losses) arising from changes in experience adjustments	(10,257)	980	(9,277)	1,543	(2,336)	(793)
Benefits paid from Company assets	(433)	(2,836)	(3,269)	(482)	(1,794)	(2,276)
Benefits paid from fund assets	(38,059)	(19,114)	(57,173)	(37,539)	(18,800)	(56,339)
Settlements paid from fund assets	-	(3,525)	(3,525)	-	(9,096)	(9,096)
Employee contributions	-	201	201	-	187	187
Effect of transfers	(52)	-	(52)	(2,041)	-	(2,041)
Consolidation changes	-	-	-	(16,240)	-	(16,240)
Currency adjustments	-	34,634	34,634	-	35,915	35,915
<b>Defined benefit obligation at end of year</b>	<b>759,459</b>	<b>339,509</b>	<b>1,098,968</b>	<b>837,252</b>	<b>322,681</b>	<b>1,159,933</b>

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## Changes in the market value of plan assets

THOUSANDS OF EUROS	2015			2014		
	Germany	Other countries	Total	Germany	Other countries	Total
<b>Plan assets at start of year</b>	<b>537,858</b>	<b>244,834</b>	<b>782,692</b>	<b>540,833</b>	<b>222,141</b>	<b>762,974</b>
Interest on plan assets	10,702	9,877	20,579	18,832	10,266	29,098
Plan expenses paid from plan assets recognised in profit or loss		(1,130)	(1,130)	-	(944)	(944)
Remeasurements						
Return on plan assets not included in net interest expense/income	(12,051)	(12,993)	(25,044)	11,761	12,629	24,390
Difference between plan expenses expected and recognised in profit or loss			(237)	(237)	-	-
Employer contributions	8,427	964	9,391	15,548	743	16,291
Employee contributions	-	201	201	-	187	187
Effect of transfers	-	-	-	(1,328)	-	(1,328)
Benefits paid	(38,059)	(19,114)	(57,173)	(37,539)	(18,800)	(56,339)
Settlements paid	-	(3,525)	(3,525)	-	(9,096)	(9,096)
Consolidation changes	-	-	-	(10,249)	-	(10,249)
Currency adjustments	-	25,980	25,980	-	27,708	27,708
<b>Plan assets at end of year</b>	<b>506,877</b>	<b>244,857</b>	<b>751,734</b>	<b>537,858</b>	<b>244,834</b>	<b>782,692</b>

Investing plan assets to cover future pension obligations generated actual returns of EUR 4,465 thousand in 2015 (EUR 53,488 thousand in 2014).

The pension provisions are determined as follows:

## Reconciliation of pension obligations to provisions for pensions and similar obligations

THOUSANDS OF EUROS	31/12/2015	31/12/2014
Defined benefit obligations	1,098,968	1,159,933
Less plan assets	751,734	782,692
<b>Funding status</b>	<b>347,234</b>	<b>377,241</b>
Adjustments arising from limit in IAS 19	-	-
Assets from overfunded pension plans	6,214	1,456
<b>Provision for pensions and similar obligations</b>	<b>353,448</b>	<b>378,697</b>

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

### Composition of plan assets 31 December 2015:

THOUSANDS OF EUROS	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Equities				
U.S. equities	29,272	-	29,272	3.89
European equities	72,296	18,734	91,030	12.11
Emerging market equities	46,337	-	46,337	6.16
Other equities	10,224	-	10,224	1.36
Bonds				
U.S. government bonds	-	-	-	-
European government bonds	97,688	412	98,100	13.05
Emerging market government bonds	34,335	-	34,335	4.57
Corporate bonds *	225,637	-	225,637	30.02
Other bonds	-	-	-	-
Investment funds	45,802	42,239	88,041	11.71
Real estate	-	31,938	31,938	4.25
Insurance policies	-	80,021	80,021	10.65
Commodities	-	-	-	-
Cash	13,259	-	13,259	1.76
Other	-	3,540	3,540	0.47
<b>Total</b>	<b>574,850</b>	<b>176,884</b>	<b>751,734</b>	<b>100.00</b>

\* Of which EUR 8,446 with guarantee

### Composition of plan assets at 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
<b>Total</b>	<b>636,209</b>	<b>146,483</b>	<b>782,692</b>	<b>100.00</b>

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As of 31 December 2015, anticipated pension payments for future years are as follows:

## THOUSANDS OF EUROS

Due in 2016	63,813
Due in 2017	62,773
Due in 2018	63,259
Due in 2019	62,324
Due in 2020	62,064
Due in 2021 to 2025	298,787

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

THOUSANDS OF EUROS	2015			2014		
	Germany	Other countries	Total	Germany	Other countries	Total
Current service cost	9,102	2,074	11,176	6,667	1,652	8,319
Past service cost	-	-	-	1,515	-	1,515
Gain on settlements	-	-	-	-	(1,158)	(1,158)
<b>Total personnel expense</b>	<b>9,102</b>	<b>2,074</b>	<b>11,176</b>	<b>8,182</b>	<b>494</b>	<b>8,676</b>
Interest expense for accrued benefit obligations	16,352	13,319	29,671	24,304	12,942	37,246
Return on plan assets	(10,702)	(9,877)	(20,579)	(18,832)	(10,266)	(29,098)
<b>Net interest expense / income (net investment and interest income)</b>	<b>5,650</b>	<b>3,442</b>	<b>9,092</b>	<b>5,472</b>	<b>2,676</b>	<b>8,148</b>
Plan expenses paid from plan assets recognised in profit or loss	-	1,130	1,130	-	944	944
<b>Total amount recognised in profit or loss</b>	<b>14,752</b>	<b>6,646</b>	<b>21,398</b>	<b>13,654</b>	<b>4,114</b>	<b>17,768</b>

In addition to the expenses recognised in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 28,516 thousand in actuarial gains recognised in 2015 before deferred taxes and after consolidation changes and exchange rate adjustments (EUR 157,772 thousand in actuarial gains recognised in 2014). Before deferred taxes, the cumulative amount of actuarial losses is EUR 443,071 thousand (EUR 471,587 thousand in 2014).

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 2015 came to EUR 54,350 thousand (EUR 48,827 thousand at 31 December 2014). Healthcare costs accounted for EUR 1,785 thousand (EUR 1,416 thousand at 31 December 2014) of the current service cost and EUR 2,223 thousand (EUR 2,004 thousand at 31 December 2014) of the interest expense.

## Sensitivity analysis

Pension obligations in the Hochtief Group are subject to various risks. The main risks result from general changes in interest and inflation rates; there is no unusual risk inherent in the pension obligations.



One major risk is interest rate risk. For defined benefit plans, (notional) contributions are calculated into benefits using a table of fixed interest rates, independent of the current market interest rate. Hochtief thus bears the risk of general capital market interest rate changes with regard to the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of capital market interest rates. The correspondingly large impact is due to the relatively long term of the obligations.

There is also inflation risk. By law, company pensions in Germany must be raised level with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at a fixed 1% p.a., hence only older pension commitments are subject to inflation risk in the pension phase. Turner plans are free from inflation risk as the main defined benefit plan was frozen and no more adjustments to the company pension are made.

In addition, there is longevity risk. The granting of lifelong pensions means that Hochtief, 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	31/12/2015					
	Germany		Other countries		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(48,716)	54,437	(15,559)	17,146	<b>(64,275)</b>	<b>71,583</b>
Discount rate +1.00% / -1.00%	(91,976)	116,235	(29,730)	36,105	<b>(121,706)</b>	<b>152,340</b>
Salary increases +0.50% / -0.50%	423	(369)	609	(564)	<b>1,032</b>	<b>(933)</b>
Pension increases +0.25% / -0.25%	17,468	(18,402)	1,232	(1,377)	<b>18,700</b>	<b>(19,779)</b>
Medical costs +1.00% / -1.00%	-	-	82	(77)	<b>82</b>	<b>(77)</b>
Life expectancy +1 year	31,274	n/a	8,223	n/a	<b>39,497</b>	<b>n/a</b>

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	<b>(71,892)</b>	<b>81,263</b>
Discount rate +1.00% / -1.00%	(106,949)	137,612	(29,511)	35,329	<b>(136,460)</b>	<b>172,941</b>
Salary increases +0.50% / -0.50%	329	(315)	514	(478)	<b>843</b>	<b>(793)</b>
Pension increases +0.25% / -0.25%	21,016	(21,500)	1,081	(1,121)	<b>22,097</b>	<b>(22,621)</b>
Medical costs +1.00% / -1.00%	-	-	73	(67)	<b>73</b>	<b>(67)</b>
Life expectancy +1 year	36,406	n/a	6,575	n/a	<b>42,981</b>	<b>n/a</b>

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## 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 Cimic 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 Cimic 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.

In 2015, EUR 172,255 thousand was paid into defined contribution plans (EUR 182,071 thousand in 2014), mostly in the Cimic Group EUR 129,525 thousand (EUR 148,689 thousand in 2014) and the Turner Group EUR 38,207 thousand (EUR 30,731 in 2014). An additional EUR 69,881 thousand was paid into state pension schemes in 2015 (EUR 66,366 thousand in 2014). Costs of defined contribution plans are reported as part of personnel expenses.

## 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 filed on behalf of the lending financial institutions against the group company Alazor Inversiones (Alazor), S.A. 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 this regard, in February 2014, a notice of guarantee enforcement towards ACS, Actividades de Construcción y Servicios, S.A. amounting to EUR 73,350 thousand was recorded as "Other current financial assets" in the consolidated financial statement (including both the principal and estimated costs), which has been consigned, although the claims remain open, with regard to which the Group considers that they will be ruled in its favour. Specifically, in March 2015 a Court Order was received rejecting the opposition to the enforcement, and ordering the above-referenced amounts to be delivered to the Banks. This decision has been appealed by the claimants, and there is the possibility that, in practice, these amounts will not be enforced until the pending appeal judgement has been handed down. The Group's Directors consider that any potential effect on the financial statements will not be significant.

Regarding the claim against ACS and others for the exercise of sale options on shares of Alazor Inversiones, S.A. (sole shareholder of Accesos de Madrid, S.A), in September the Madrid Superior Court of Justice issued a judgement rejecting this appeal for annulment brought by other shareholders against the arbitration ruling of May 2014, which completely dismissed the claims. The latter have promoted a motion for dismissal of the proceedings, which was upheld in December 2015, ordering the appeal for annulment appeal to return to the evidence stage. As a result, in February 2016 the evidence will be heard again (with two new witnesses). The judgement dismissing the annulment appeal will then be confirmed or amended, as appropriate. The Group and its legal advisers consider that the conditions for amendment have not been met, for which reason no liability has been recorded in the accompanying consolidated financial statements.

The Spanish National Markets and Competition Commission (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 advisers 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. Once the claim was filed before the High Court of Madrid, the court issued a preventive suspension order of the penalty, applied for by Urbaser, without the need for any security to be posted.

TP Ferro, a company owned 50% by the ACS Group, filed request for voluntary bankruptcy before the Commercial Court of Girona on 17 July 2015, having notified that Court on 18 March 2015 of the start of refinancing negotiations (pre-bankruptcy), without any agreement having been reached on debt restructuring. The Official Receiver's report was issued in November 2015, without raising any bankruptcy incidents. The process is currently at the agreement phase, which expires in June 2016. To date, the management of the ACS Group considers that the group maintains sufficient provisions for addressing scenarios involving the non-recovery of the funds invested in the project. It does not consider that additional provisions need to be recorded other than the existing ones, since the Group has provided no guarantees in relation to this project.

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On 3 December 2015 the CNMC delivered a judgement in the proceedings against various companies, including Dragados, S.A., for alleged restrictive practices to competition in relation to the modular construction business. The resolution amounts to EUR 8.6 million and an appeal was filed prior to the formulation of consolidated annual accounts.

Claims have been filed against certain companies of the former Grupo Dragados, S.A. before Investigating Court No. 21 of Barcelona according the opening hearing of 16 December 2015 recorded in Preliminary Proceedings 3532/2007 for a total amount of EUR 17,134 thousand. The Management of the ACS Group believes that these claims have no grounds and has initiated the defence of its interests.

## 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 2015, the breakdown of provisions for third-party liabilities, by line of business, is as follows:

Line of Business	THOUSANDS OF EUROS
Construction	538,802
Industrial Services	260,969
Environment	203,513
Corporate unit	70,880
<b>Total</b>	<b>1,074,164</b>

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at 31 December 2015 amounting to EUR 298,445 thousand (EUR 268,995 thousand at 31 December 2014) 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 2015 have been decreased due to the positive evolution of contingent risks and liabilities, mainly international, which were covered by the risks associated with international activity and related to the contingent liabilities indicated in Note 36.

The changes in current provisions in 2015 were as follows:

THOUSANDS OF EUROS				
CURRENT	Provision for termination benefits	Provision for contract work completion	Operating allowance	Total
<b>Balance at 31 December 2014</b>	<b>19,301</b>	<b>53,739</b>	<b>1,269,180</b>	<b>1,342,220</b>
Additions or charges for the year	16,447	12,427	517,573	<b>546,447</b>
Amounts used	(7,776)	(8,039)	(804,139)	<b>(819,954)</b>
Reversals	(4,837)	(1,380)	(36,331)	<b>(42,548)</b>
Exchange differences	(444)	(341)	20,836	<b>20,051</b>
Changes in the scope of consolidation	(14)	-	(11,861)	<b>(11,875)</b>
<b>Balance at 31 December 2015</b>	<b>22,677</b>	<b>56,406</b>	<b>955,258</b>	<b>1,034,341</b>

Provisions for project completion relate to the losses budgeted or estimated during execution of the projects and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the project based on experience in the construction business.

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## 21. FINANCIAL RISK AND CAPITAL MANAGEMENT

In view of its activities, the ACS Group is exposed to various financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro. Consequently, the Group evaluates the risks derived from the evolution of the market environment and how these may affect the consolidated financial statements. Thus 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)
<b>2015</b>	50	15,246	60,806
	-50	(15,246)	(60,806)
<b>2014</b>	50	(8,709)	83,129
	-50	8,709	(83,129)

### Foreign currency risk

The foreign currency risk arises mainly from the foreign operations of the ACS Group which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge the risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group endeavours to make these investments in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses various financial instruments for the purpose of mitigating exposure to foreign currency risk (see Note 22).

The sensitivity analysis shown below reflects the potential effect on the ACS Group, both on equity and on the consolidated income statement, of a five per cent fluctuation in the most significant currencies in comparison with the functional currency of each Group company, based on the situation at the end of the reporting period.

Effect on profit or loss before tax

MILLION EURO		Divisa	2015		2014	
Functional currency	Currency	5%	-5%	5%	-5%	
AUD	USD	-35.4	35.4	-56.2	56.2	
EUR	USD	29.0	-29.0	15.9	-15.9	
EUR	MXN	8.1	-8.1	4.0	-4.0	
EUR	SEK	-2.2	2.2	-1.3	1.3	
EUR	CAD	-2.1	2.1	0.3	-0.3	
EUR	PEN	2.3	-2.3	1.7	-1.7	

Effect on equity before tax

MILLION EURO		Divisa	2015		2014	
Functional currency	Currency	5%	-5%	5%	-5%	
EUR	USD	36.3	-36.3	33.0	-33.0	
EUR	ARS	2.2	-2.2	2.2	-2.2	
EUR	MXN	2.1	-2.1	9.1	-9.1	
EUR	BRL	12.6	-12.6	8.2	-8.2	
EUR	CLP	2.9	-2.9	1.5	-1.5	
PLN	EUR	-2.5	2.5	6.2	-5.2	

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 31/12/2015
<b>At 31 December 2015</b>								
Marketable securities (portfolio of short- and long-term investments)	3,293	-	-	16,222	-	-	22,940	42,455
Loans to associates	15,258	-	-	2,261	-	572,726	16,977	607,222
Other loans	146,140	-	-	6,117	1,708	100,973	7,232	262,170
Bank borrowings (non-current)	475,286	173	-	35,566	5,634	563,129	89,913	1,169,701
Bank borrowings (current)	109,252	9,648	13,786	42,540	6,994	146,405	91,702	420,327

#### 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
<b>At 31 December 2014</b>								
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

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## Liquidity risk

This risk arises from the timing differences between borrowing requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the conduct of the Group's ordinary operations, different forms of bank financing, capital market transactions and divestments.

The 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 2015, 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 extension of the Urbaser syndicated loan until 2020.
- The renewal of the issue of the Euro Commercial Paper (ECP) programme for EUR 750 million.
- The issue of Notes on the euro market for EUR 585 million with maturity of between 3 and 5 years.
- The strengthening of the financial situations by the effective collection of the sale of the John Holland and Thiess Services & Leighton Contractors ("Services"), both owned by Cimic, as well as the floating of Saeta Yield and the GIP transaction in February 2015.

These refinancing transactions improved the liquidity of the ACS Group's operations, which combined with the generation of resources by its activities, will allow it to adequately fund its operations in 2016.

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.

In accordance with the Articles of Association of Hochtief, the Executive Board of the company is authorised, subject to approval of the Board of Directors, to increase the company's share capital with the issue of new shares, in cash or in kind, in one or several issues, up to a total of EUR 54,000 thousand before 5 May 2020.



## 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 2015 and 2014 is detailed below:

THOUSANDS OF EUROS	31/12/2015			
	< 30 days	between 30 and 90 days	> 90 days	Total
<b>Public Sector</b>	<b>108,163</b>	<b>103,607</b>	<b>199,429</b>	<b>411,199</b>
State	14,100	37,856	23,668	<b>75,624</b>
Autonomous Communities	21,904	7,220	10,975	<b>40,099</b>
Municipalities	42,805	40,157	133,002	<b>215,964</b>
Autonomous organisations and Government Companies	29,354	18,374	31,784	<b>79,512</b>
<b>Private Sector</b>	<b>211,452</b>	<b>93,308</b>	<b>115,957</b>	<b>420,717</b>
<b>Total</b>	<b>319,615</b>	<b>196,915</b>	<b>315,386</b>	<b>831,916</b>

THOUSANDS OF EUROS	31/12/2014			
	< 30 days	between 30 and 90 days	> 90 days	Total
<b>Public Sector</b>	<b>52,024</b>	<b>57,000</b>	<b>173,283</b>	<b>282,307</b>
State	2,584	630	1,515	<b>4,729</b>
Autonomous Communities	4,097	5,641	51,948	<b>61,686</b>
Municipalities	33,702	43,349	96,741	<b>173,792</b>
Autonomous organisations and Government Companies	11,641	7,380	23,079	<b>42,100</b>
<b>Private Sector</b>	<b>164,030</b>	<b>74,962</b>	<b>140,565</b>	<b>379,557</b>
<b>Total</b>	<b>216,054</b>	<b>131,962</b>	<b>313,848</b>	<b>661,864</b>

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.

## 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.

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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 year the exposure to this risk with Iberdrola, S.A. was reduced as a result of the cancellation of the equity swap and the gradual reduction of the put spread in line with the partial cancellations upon maturity 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) since during the year the bank refinancing of the ownership interest held by Hochtief through Cariátide, S.A. and Major Assets, S.L. was repaid, with the cancellation 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 2015 and 2014 was adequate, the detail being as follows:

THOUSANDS OF EUROS	31/12/2015	31/12/2014
<b>Net recourse debt including receivables from the sale of discontinued operations</b>	<b>2,083,220</b>	<b>3,847,708</b>
Non-current bank borrowings	3,868,296	2,458,072
Current bank borrowings	2,193,051	4,908,855
Issue of bonds and debentures	3,843,690	3,689,366
Other financial liabilities	298,978	255,420
Long term deposits, other current financial assets and cash	(8,120,795)	(7,464,005)
Receivables from the sale of discontinued operations	-	(1,108,112)
<b>Project financing</b>	<b>540,845</b>	<b>982,697</b>
<b>Equity</b>	<b>5,197,269</b>	<b>4,897,888</b>
Leverage (including receivables from the sale of discontinued operations)	50%	99%
Leverage to net recourse debt including receivables from the sale of discontinued operations	40%	79%

At 31 December 2014, the heading “Receivables from sale of discontinued operations” included the value of the disinvestment pending collection at that date as a result of the sale of John Holland and Cimic’s Services business, amounting to EUR 1,108,112 thousand which was collected in the first half of 2015.

### Estimate of fair value

The breakdown at 31 December 2015 and 2014 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 31/012/2015	Level 1	Level 2	Level 3
<b>Assets</b>	<b>1,677,649</b>	<b>1,072,474</b>	<b>463,314</b>	<b>141,861</b>
Equity instruments	940,828	656,620	142,347	141,861
Debt securities	722,256	415,854	306,402	-
Financial instrument receivables				
Non-current	11,831	-	11,831	-
Current	2,734	-	2,734	-
<b>Liabilities</b>	<b>238,707</b>	<b>-</b>	<b>238,707</b>	<b>-</b>
Financial instrument receivables				
Non-current	114,670	-	114,670	-
Current	124,037	-	124,037	-

THOUSANDS OF EUROS	Valor a 31/12/2014	Nivel 1	Nivel 2	Nivel 3
<b>Assets</b>	<b>1,886,405</b>	<b>1,157,325</b>	<b>607,667</b>	<b>121,413</b>
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	-
<b>Liabilities</b>	<b>275,016</b>	<b>-</b>	<b>275,016</b>	<b>-</b>
Financial instrument receivables				
Non-current	196,758	-	196,758	-
Current	78,258	-	78,258	-

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.

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- For those derivatives whose underlying asset is quoted on an organised market, but for which the intention of the Group is to hold them to maturity, either because the derivative forms part of financing agreement or because its arrangement substitutes the underlying assets, the measurement is based on the calculation of its intrinsic value at the closing date.

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

THOUSANDS OF EUROS	01/01/2015	Comprehensive income	Transfer Level 2	Others	31/12/2015
<b>Assets</b> - Equity instruments	121,413	5,494	-	14,954	141,861
<b>Liabilities</b> - Financial instrument receivables	-	-	-	-	-

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

THOUSANDS OF EUROS	01/01/2014	Comprehensive income	Transfer Level 2	Others	31/12/2014
<b>Assets</b> - Equity instruments	59,098	6,508	46,723	9,084	121,413
<b>Liabilities</b> - 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 the years ending 31 December 2015 and 2014.

The variation in the fair value of Level 3 due mainly to changes in the consolidation perimeter and increase in value 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 2015 and 2014, based on the nature of the contracts:

### 2015

THOUSANDS OF EUROS	Notional value	2016	2017	2018	2019	2020	Subsequent years	Net fair value
Interest rate	3,421,147	28,037	606,358	129,857	-	2,282,807	374,088	(108,298)
Exchange rate	331,157	203,703	116,963	6,991	3,500	-	-	(5,190)
Price	532,900	532,900	-	-	-	-	-	(56,143)
Non-qualified hedges	906,459	312,395	-	129,415	278,153	185,684	812	(54,511)
<b>TOTAL</b>	<b>5,191,663</b>	<b>1,077,035</b>	<b>723,321</b>	<b>266,263</b>	<b>281,653</b>	<b>2,468,491</b>	<b>374,900</b>	<b>(224,142)</b>

**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)
<b>TOTAL</b>	<b>5,078,476</b>	<b>686,087</b>	<b>2,590,510</b>	<b>24,246</b>	<b>905,484</b>	<b>235,300</b>	<b>636,849</b>	<b>(234,592)</b>

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2015 is as follows:

THOUSANDS OF EUROS	Notional value	2016	2017	2018	2019	2020	Subsequent years
Interest rate	59,850	-	-	-	-	-	59,850

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	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 2015 and 2014 (in thousands of euros):

THOUSANDS OF EUROS	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate				
Cash flows	-	108,298	-	97,191
Non-efficient	-	-	-	-
Exchange rate	4,452	9,642	1,880	9,500
Price	-	56,143	-	-
Non-qualified hedges	10,113	64,624	38,544	168,325
<b>TOTAL</b>	<b>14,565</b>	<b>238,707</b>	<b>40,424</b>	<b>275,016</b>

The Group does not have any hedges of its foreign investments, since the foreign currency risk is hedged by the transactions performed in the local currency. Also, most significant foreign investments were made with long-term financing in which the interest rates on project financing debt are hedged.

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## 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 2015 and 31 December 2014 (see Notes 17 and 18).

In relation to syndicated loans, the following hedges were arranged:

- Syndicated loan of ACS, Actividades de Construcción y Servicios, S.A. for EUR 1,650,000 thousand. Various interest rate swaps for the same amount were arranged maturing in February 2020.
- The syndicated financing of the Urbaser Group is hedged by interest rate swaps amounting to EUR 600,000 thousand, which mature on 28 May 2020.
- Hochtief, A.G does not have interest rate hedging derivatives at 31 December 2015 (EUR 16,306 thousand at 31 December 2014). The decrease is due to early maturity of the financing as described in Note 17.

## 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 correspond to Industrial Services and are derivatives relate to exchange rate hedges for foreign projects for a nominal amount of EUR 151,741 thousand in 2015 which mature in 2016 and 2017 (EUR 89,607 thousand in 2014, which mature in 2015).

Also noteworthy for their importance are the derivatives contracted from Hochtief for a notional amount of EUR 178,961 thousand, which mature between 2016 and 2019 (EUR 562,980 thousand in 2014, maturing between 2015 and 2017).

## Price hedges

With regard to the issues of bonds exchangeable into shares of Iberdrola S.A. amounting to EUR 532,900 thousand (see Notes 10.1 and 17), of particular note is the existence of derivatives implicit in the financing of the bonds. In connection with this financing, in order for the Group to guarantee the possibility of future monetisation of the Iberdrola, S.A. shares, currently pledged in favour of the holders of these exchangeable bonds, and to ensure their option of cash settlement, a future sale contract was executed before the end of 2015 (implemented in two derivatives: share forward sale and equity swap). The fair value of all the derivatives connected to the issue of exchangeable Iberdrola bonds amounts to EUR 56,143 thousand at 31 December 2015 (EUR 38.654 thousand at 31 December 2014, not classified as a price hedge), recorded under the heading "Short-term creditors of financial instruments" of the accompanying consolidated income statement. The effect on results of the changes in value of these instruments has implied an expense of EUR 11,728 thousand included under "Changes in fair value of financial instruments" of the accompanying consolidated income statement.

### 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 not qualified as hedges the most significant in 2015 is the derivative corresponding to the equity swap on 164,352,702 Iberdrola, S.A. shares the fair value thereof at 31 December 2014 amounted to a liability of EUR 62,537 thousand and the associated gain has been included under "Changes in fair value of financial instruments" in the consolidated income statement of the period amounting to EUR 75,490 thousand (see Note 28.05). However, a put spread has been maintained on 158,655,797 shares of Iberdrola, S.A. (452,568,115 shares at 31 December 2014). Market valuation at year end does not entail the recording of liabilities, as was the case at 31 December 2014.

At 31 December 2015 the group has recorded the liability for the derivative corresponding to the outsourcing to a financial institution of the 2014 share option plan amounting to EUR 43,324 thousand (EUR 31,021 thousand at 31 December 2014). The financial institution acquired these shares on the market for delivery to management who are beneficiaries of this Plan in accordance with the conditions included therein, at the exercise price of the option. The changes in fair value of these instruments is included under "Changes in fair value of financial instruments" of the accompanying consolidated income statement (see Note 28.05) with a loss of EUR 12,303 thousand for 2015.

In the contract with the financial institution, the latter does not assume any risk relating to the drop in the market price of the share below the exercise price. The exercise price of the option for the 2010 plan is EUR 33.8992 per share. Therefore, this risk relating to the drop in the market price below the option price is assumed by ACS, Actividades de Construcción y Servicios, S.A., and was not subject to any hedging with another financial institution. This put option in favour of the financial institution, is recognised at fair value at the end of the reporting period and, therefore, the Group recognises a liability in profit or loss with respect to the value of the option in the previous year. The risk of an increase in the 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, Actividades de Construcción y Servicios, S.A., 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.

As a result of the maturity of the 2010 stock options plan, in 2015 the derivative associated thereto was cancelled in the amount of EUR 32,599 thousand at 31 December 2014. The change in fair value of these instruments and their subsequent cancellation has implied a gain of EUR 3,241 thousand, recorded under "Changes in fair value of financial instruments" (see Note 28.05).

In addition, at 31 December 2015 ACS, Actividades de Construcción y Servicios, S.A. held other derivatives on ACS shares 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 18,789 thousand

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(EUR 28,745 thousand positive market value at 31 December 2014). At 31 December 2015 these amounts include the shares that the financial institution holds for delivering to the executive beneficiaries of the Plan once they are allocated to them at the option exercise price. The change in fair value of these instruments is recorded under the heading "Changes in fair value of financial instruments" in the consolidated statement of income (see Note 28.05) with a loss of EUR 20,181. In the contract with the financial institution, the latter does not assume the risk derived from the share price falling below the option exercise price

The amounts provided as collateral (see note 10.05) correspond to the derivatives contracted by the Group mentioned above which amount to EUR 203,346 thousand at 31 December 2015 (EUR 621,252 thousand at 31 December 2014).

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

## 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 1,499,035 thousand in 2015 (EUR 1,922,787 thousand in 2014) (see Note 12), and the amount of the work certified in advance was EUR 1,284,561 thousand in 2015 (EUR 744,411 thousand in 2014).

The Group has signed confirming lines and similar contracts with various financial institutions to facilitate payment in advance to its suppliers, according to which, the supplier can exercise its right of recovery against the companies or Group entities, recovering the invoiced amount minus financial costs of discounts and fees applied by the aforementioned institutions and, in some cases, minus the amounts withheld in guarantee. The total amount of lines contracted amounts to EUR 1,554,314 thousand, with a balance drawn down of EUR 644,818 thousand at 31 December 2015. These contracts do not modify the main payment conditions thereof (interest rate, term or amount), which remain classified as trading liabilities.

### Disclosures on deferred payments to suppliers. Final Provision Two of Law 31/2014, of 3 December

The disclosures required by Final Provision Two of Law 31/2014, of 3 December are shown below, prepared in accordance with Resolution of 29 January 2016 of the Spanish Accounting and Audit Institute, concerning the information to be included in the financial statements with regard to the average payment period to suppliers in trade transactions at national level and applicable to financial statements as from 1 January 2015.

	<b>2015</b>
	<b>Days</b>
Average period of payment to suppliers	72
Ratio of transactions paid	75
Ratio of transactions pending payment	64
	<b>THOUSANDS OF EUROS</b>
Total payments made	3,638,547
Total payments pending	1,890,021



The data in the above table on payments to suppliers relates to those which due to their nature are trade creditors with payables to suppliers of goods and services, so that they include data relating to the headings "Trade and other payables – Suppliers" in the current liabilities of the accompanying consolidated financial statement. In addition, in accordance with the provisions of the Resolution of 29 January 2016 of the Spanish Accounting and Audit Institute, in the financial statements of the first year of application of this resolution, no comparative information corresponding to this new obligation will be presented and the annual accounts will be regarded as initial for these exclusive purposes with regard to the application of the principle of uniformity and the requirement of comparability.

"Average supplier payment period", means the period of time between the delivery of goods or provision of services by the supplier, and the material payment of the transaction. This "Average supplier payment period" is calculated as the ratio formed in the numerator by the sum of the ratio of transactions paid multiplied by the total amount of payments made plus the ratio of transactions pending payment multiplied by the total amount of outstanding payments and, in the denominator, by the total amount of payments made and outstanding payments.

The ratio of transactions paid is calculated as the quotient formed in the numerator by the sum of the outputs corresponding to the amounts paid, multiplied by the number of payment days, and in the denominator, by the total amount of payments made. The number of payment days, means the calendar days that have elapsed from the starting date of the payment term until the material payment for the transaction.

Thus, the ratio of transactions pending payment is calculated as the quotient formed in the numerator by the sum of the outputs corresponding to the amounts pending payment, multiplied by the number of pending payment days, and in the denominator, by the total amount of pending payments. The number of pending payment days means the calendar days that have elapsed from the starting date of the payment term until the last day of the period referred to in the financial statements.

To calculate both the number of payment days and the number of days pending payment, the Group will begin to calculate the term from the date of receipt of the products or services. However, in the absence of reliable information on when this occurs, the date of receipt of the invoice has been taken.

## 24. OTHER CURRENT LIABILITIES

The details of "Non-current payables" at 31 December 2015 and 2014 are as follows:

THOUSANDS OF EUROS	Balance at 31/12/2015	Balance at 31/12/2014
Advance payments received	52,091	60,618
Payable to non-current asset suppliers	24,208	16,905
Interim dividend payable (Note 15.05)	139,711	141,991
Deposits and guarantees received	16,914	4,272
Other	191,798	187,278
<b>Total</b>	<b>424,722</b>	<b>411,064</b>

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## 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.

## 25.02.01. INCOME STATEMENT BY BUSINESS SEGMENT: 2015

THOUSANDS OF EUROS	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>REVENUE</b>	<b>25,319,489</b>	<b>3,138,544</b>	<b>6,500,723</b>	<b>(34,094)</b>	<b>34,924,662</b>
Changes in inventories of finished goods and work in progress	30,899	48,873	1,954	(1)	81,725
Capitalised expenses of in-house work on assets	1,248	2,632	2,747	-	6,627
Procurements	(18,145,852)	(565,888)	(3,652,108)	33,959	(22,329,889)
Other operating income	307,800	82,652	41,636	(10,968)	421,120
Staff costs	(4,596,488)	(1,997,275)	(1,299,551)	(33,538)	(7,926,852)
Other operating expenses	(1,626,030)	(383,434)	(938,252)	(8,415)	(2,956,131)
Depreciation and amortisation charge	(572,726)	(164,931)	(49,677)	(667)	(788,001)
Allocation of grants relating to non-financial assets and other	391	4,871	741	-	6,003
Impairment and gains on the disposal of non-current assets	(14,923)	113	(16,791)	23	(31,578)
Other profit or loss	(188,428)	8,214	(6,173)	(1)	(186,388)
<b>OPERATING INCOME</b>	<b>515,380</b>	<b>174,371</b>	<b>585,249</b>	<b>(53,702)</b>	<b>1,221,298</b>
Finance income	142,933	24,492	44,627	31,128	243,180
Finance costs	(383,183)	(98,657)	(158,078)	(136,714)	(776,632)
Changes in the fair value of financial instruments	6,454	-	(4,731)	34,509	36,232
Exchange differences	14,179	(10,696)	34,713	32	38,228
Impairment and gains on the disposal of non-current assets	154,257	(200)	(11,510)	156,741	299,288
<b>FINANCIAL PROFIT /LOSS</b>	<b>(65,360)</b>	<b>(85,061)</b>	<b>(94,979)</b>	<b>85,696</b>	<b>(159,704)</b>
Results of companies accounted for using the equity method	274,527	14,960	12,585	1,171	303,243
<b>PROFIT BEFORE TAX</b>	<b>724,547</b>	<b>104,270</b>	<b>502,855</b>	<b>33,165</b>	<b>1,364,837</b>
Corporate income tax	(150,953)	(21,155)	(134,713)	(3,769)	(310,590)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>573,594</b>	<b>83,115</b>	<b>368,142</b>	<b>29,396</b>	<b>1,054,247</b>
Profit after tax from discontinued operations	-	-	-	-	-
<b>PROFIT FOR THE YEAR</b>	<b>573,594</b>	<b>83,115</b>	<b>368,142</b>	<b>29,396</b>	<b>1,054,247</b>
Profit attributed to non-controlling interests	(269,291)	(10,375)	(48,089)	(1,170)	(328,925)
Profit from discontinued operations attributed to non-controlling interests	-	-	-	-	-
<b>PROFIT ATTRIBUTABLE TO THE PARENT</b>	<b>304,303</b>	<b>72,740</b>	<b>320,053</b>	<b>28,226</b>	<b>725,322</b>

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## 25.02.02. INCOME STATEMENT BY BUSINESS SEGMENT: 2014

THOUSANDS OF EUROS	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>REVENUE</b>	<b>25,819,562</b>	<b>2,338,219</b>	<b>6,750,015</b>	<b>(26,936)</b>	<b>34,880,860</b>
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)	(570,611)	(3,836,816)	28,895	(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	(1,670,775)	(332,598)	(812,273)	794	(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 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)
<b>OPERATING INCOME</b>	<b>146,329</b>	<b>130,352</b>	<b>747,534</b>	<b>(64,574)</b>	<b>959,641</b>
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 on the disposal of non-current assets	2,006	3,524	(6,949)	164,860	163,441
<b>FINANCIAL PROFIT /LOSS</b>	<b>(285,879)</b>	<b>(52,971)</b>	<b>(232,229)</b>	<b>261,820</b>	<b>(309,259)</b>
Results of companies accounted for using the equity method	106,069	18,950	6,805	-	131,824
<b>PROFIT BEFORE TAX</b>	<b>(33,481)</b>	<b>96,331</b>	<b>522,110</b>	<b>197,246</b>	<b>782,206</b>
Corporate income tax	10,048	(15,005)	(110,208)	(203,426)	(318,591)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>(23,433)</b>	<b>81,326</b>	<b>411,902</b>	<b>(6,180)</b>	<b>463,615</b>
Profit after tax from discontinued operations	464,115	-	-	-	464,115
<b>PROFIT FOR THE YEAR</b>	<b>440,682</b>	<b>81,326</b>	<b>411,902</b>	<b>(6,180)</b>	<b>927,730</b>
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)
<b>PROFIT ATTRIBUTABLE TO THE PARENT</b>	<b>225,701</b>	<b>72,891</b>	<b>424,678</b>	<b>(6,180)</b>	<b>717,090</b>

## 25.02.03. STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT: 2015

### ASSETS

THOUSANDS OF EUROS	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>NON-CURRENT ASSETS</b>	<b>8,745,360</b>	<b>2,797,612</b>	<b>1,640,411</b>	<b>595,885</b>	<b>13,779,268</b>
Intangible assets	3,362,222	703,524	105,907	276,402	4,448,055
Goodwill	2,304,167	243,905	91,955	275,114	2,915,141
Other intangible assets	1,058,055	459,619	13,952	1,288	1,532,914
Tangible assets-property, plant and equipment / Property investments	1,631,241	604,035	139,873	6,807	2,381,956
Non-current assets in projects	211,913	430,956	59,706	(1)	702,574
Non-current financial assets	2,439,644	944,390	1,128,495	(459,144)	4,053,385
Other current assets	1,100,340	114,707	206,430	771,821	2,193,298
<b>CURRENT ASSETS</b>	<b>12,905,635</b>	<b>1,478,015</b>	<b>6,491,495</b>	<b>625,415</b>	<b>21,500,560</b>
Inventories	1,172,445	54,123	242,022	(672)	1,467,918
Trade and other receivables	6,429,704	912,032	3,612,733	(38,613)	10,915,856
Other current financial assets	1,003,297	276,767	370,632	660,617	2,311,313
Derivative financial instruments	1,385	1,349	-	-	2,734
Other current assets	93,155	6,036	38,466	1,888	139,545
Cash and cash equivalents	4,040,798	227,708	1,533,007	2,195	5,803,708
Non-current assets held for sale	164,851	-	694,635	-	859,486
<b>TOTAL ASSETS</b>	<b>21,650,995</b>	<b>4,275,627</b>	<b>8,131,906</b>	<b>1,221,300</b>	<b>35,279,828</b>

### EQUITY AND LIABILITIES

THOUSANDS OF EUROS	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>EQUITY</b>	<b>5,499,382</b>	<b>1,344,118</b>	<b>1,057,094</b>	<b>(2,703,325)</b>	<b>5,197,269</b>
Equity attributed to the Parent	3,831,296	1,270,890	1,021,995	(2,703,173)	3,421,008
Non-controlling interests	1,668,086	73,228	35,099	(152)	1,776,261
<b>NON-CURRENT LIABILITIES</b>	<b>5,458,258</b>	<b>1,663,767</b>	<b>825,422</b>	<b>2,741,977</b>	<b>10,689,424</b>
Grants	1,327	56,244	1,206	(1)	58,776
Non-current financial liabilities	3,208,300	1,228,142	385,624	2,560,050	7,382,116
Bank borrowings, debt instruments and other marketable securities	2,923,208	923,008	276,090	2,561,249	6,683,555
Limited recourse project financing	165,916	304,668	15,682	-	486,266
Other financial liabilities	119,176	466	93,852	(1,199)	212,295
Derivative financial instruments	40,379	57,797	5,927	10,567	114,670
Other non-current liabilities	2,208,252	321,584	432,665	171,361	3,133,862
<b>CURRENT LIABILITIES</b>	<b>10,693,355</b>	<b>1,267,742</b>	<b>6,249,390</b>	<b>1,182,648</b>	<b>19,393,135</b>
Current financial liabilities	993,085	392,061	814,783	1,162,815	3,362,744
Bank borrowings, debt instruments and other marketable securities	762,490	337,457	802,145	1,319,390	3,221,482
Limited recourse project financing and debt	38,059	15,021	1,499	-	54,579
Other financial liabilities	192,536	39,583	11,139	(156,575)	86,683
Derivative financial instruments	2,382	-	3,399	118,256	124,037
Trade and other payables	8,549,354	794,107	4,718,109	(139,003)	13,922,567
Other current liabilities	1,115,852	81,574	221,057	40,580	1,459,063
Liabilities relating to non-current assets held for sale	32,682	-	492,042	-	524,724
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,650,995</b>	<b>4,275,627</b>	<b>8,131,906</b>	<b>1,221,300</b>	<b>35,279,828</b>

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## 25.02.04. STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT: 2014

### ASSETS

THOUSANDS OF EUROS	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>NON-CURRENT ASSETS</b>	<b>8,701,209</b>	<b>2,474,324</b>	<b>863,017</b>	<b>1,962,326</b>	<b>14,000,876</b>
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
<b>CURRENT ASSETS</b>	<b>14,227,569</b>	<b>1,821,761</b>	<b>9,726,824</b>	<b>(456,295)</b>	<b>25,319,859</b>
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	177,889	-	3,644,245	-	3,822,134
<b>TOTAL ASSETS</b>	<b>22,928,778</b>	<b>4,296,085</b>	<b>10,589,841</b>	<b>1,506,031</b>	<b>39,320,735</b>

### EQUITY AND LIABILITIES

THOUSANDS OF EUROS	Construction	Environment	Industrial Services	Corporate unit and adjustments	Total Group
<b>EQUITY</b>	<b>4,923,546</b>	<b>1,305,353</b>	<b>822,910</b>	<b>(2,153,921)</b>	<b>4,897,888</b>
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
<b>NON-CURRENT LIABILITIES</b>	<b>5,979,920</b>	<b>1,568,597</b>	<b>891,016</b>	<b>1,095,420</b>	<b>9,534,953</b>
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
<b>CURRENT LIABILITIES</b>	<b>12,025,312</b>	<b>1,422,135</b>	<b>8,875,915</b>	<b>2,564,532</b>	<b>24,887,894</b>
<b>Current financial liabilities</b>	<b>2,020,730</b>	<b>534,453</b>	<b>1,094,216</b>	<b>2,554,110</b>	<b>6,203,509</b>
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	63,263	-	2,827,385	(1)	2,890,647
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>22,928,778</b>	<b>4,296,085</b>	<b>10,589,841</b>	<b>1,506,031</b>	<b>39,320,735</b>

The detail of revenue from Construction is as follows:

THOUSANDS OF EUROS	2015	2014
<b>Spain</b>	<b>1,367,662</b>	<b>1,414,833</b>
Dragados	1,327,400	1,346,290
Hochtief	-	-
Concessions	40,262	68,543
<b>International</b>	<b>23,951,827</b>	<b>24,404,729</b>
Dragados	2,824,920	2,296,910
Hochtief	21,096,618	22,099,054
Concessions	30,289	8,765
<b>Total</b>	<b>25,319,489</b>	<b>25,819,562</b>

The detail of revenue from Industrial Services is as follows:

THOUSANDS OF EUROS	2015	2014
Networks	737,626	660,622
Specialised facilities	2,162,604	1,965,157
Integrated projects	2,691,416	2,922,967
Control systems	858,808	844,749
Renewable energy: generation	113,250	406,179
Eliminations	(62,981)	(49,659)
<b>Total</b>	<b>6,500,723</b>	<b>6,750,015</b>

Of the total revenues from Industrial Services, EUR 4,334,541 thousand related to international operations in 2015 and EUR 4,284,459 thousand in 2014, representing 66.7% and 63.5%, respectively

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

THOUSANDS OF EUROS	2015	2014
Environment	1,633,256	1,554,791
Logistics	1,376,560	649,939
Facility Management	3,138,544	2,338,219
<b>Total</b>	<b>3,138,544</b>	<b>2,338,219</b>

Total revenue from the Environment area amounted to EUR 751,033 thousand relating to international operations in 2015 and EUR 610,271 thousand in 2014, representing 23.9% and 26.1% 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 2015 and 2014 is as follows:

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Inter-segment sales are made on an arm's length basis at market prices.

THOUSANDS OF EUROS	31/12/2015			31/12/2014		
	External income	Inter-segment income	Total income	External income	Inter-segment income	Total income
<b>Segments</b>						
Construction	25,313,888	5,601	<b>25,319,489</b>	25,812,669	6,893	<b>25,819,562</b>
Environment	3,136,251	2,293	<b>3,138,544</b>	2,335,886	2,333	<b>2,338,219</b>
Industrial Services	6,474,523	26,200	<b>6,500,723</b>	6,732,305	17,710	<b>6,750,015</b>
(-) Adjustments and eliminations of ordinary inter-segment income	-	(34,094)	<b>(34,094)</b>	-	(26,936)	<b>(26,936)</b>
<b>Total</b>	<b>34,924,662</b>	<b>-</b>	<b>34,924,662</b>	<b>34,880,860</b>	<b>-</b>	<b>34,880,860</b>

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

THOUSANDS OF EUROS	31/12/2015	31/12/2014
<b>Segments</b>		
Construction	573,594	438,065
Environment	83,115	80,171
Industrial Services	368,142	406,955
<b>Total profit of the segments reported upon</b>	<b>1,024,851</b>	<b>925,191</b>
(+/-) Non-assigned profit	29,396	(266,767)
(+/-) Elimination of internal profit (between segments)	-	-
(+/-) Other profits (loss)	-	-
(+/-) Income tax and /or profit (loss) from discontinued operations	310,590	123,782
<b>Profit/(Loss) before tax</b>	<b>1,364,837</b>	<b>782,206</b>

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

## NET AMOUNT OF TURNOVER BY GEOGRAPHICAL AREA

THOUSANDS OF EUROS	31/12/2015	31/12/2014
Domestic market	5,887,262	5,581,401
Foreign market	29,037,400	29,299,459
a) European Union	2,916,205	3,347,634
b) O.E.C.D countries	20,514,481	20,787,347
c) Rest of countries	5,606,713	5,164,478
<b>Total</b>	<b>34,924,662</b>	<b>34,880,860</b>



The following table shows the detail, by geographical area, of certain of the Group's consolidated balances:

THOUSANDS OF EUROS	Spain		Rest of the world	
	2015	2014	2015	2014
Revenue	5,887,262	5,581,401	29,037,400	29,299,459
Segment assets	10,447,427	14,607,314	24,832,401	24,713,421
<b>Total net investments</b>	<b>(322,864)</b>	<b>(664,652)</b>	<b>(387,001)</b>	<b>855,318</b>

The assets at 31 December 2015 and 2014, by geographical area, are as follows:

THOUSANDS OF EUROS	31/12/2015	31/12/2014
<b>Europe</b>	<b>14,705,437</b>	<b>19,211,810</b>
Spain	10,447,427	14,607,314
Germany	1,698,770	2,006,732
Rest of Europe	2,559,240	2,597,764
<b>Rest of geographic areas</b>	<b>20,574,391</b>	<b>20,108,925</b>
Americas	10,665,780	8,904,332
Asia	3,428,130	3,302,928
Australia	6,282,139	7,702,639
Africa	198,342	199,026
<b>TOTAL</b>	<b>35,279,828</b>	<b>39,320,735</b>

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

THOUSANDS OF EUROS	2015	2014
Construction	374,468	651,720
Environment	253,515	254,577
Industrial Services	172,333	132,014
Corporate unit and adjustments	177	17
<b>Total</b>	<b>800,493</b>	<b>1,038,328</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## 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	2015	2014
Consolidated profit before tax	1,364,837	782,206
Net profit from equity accounted investments	(303,243)	(131,824)
Permanent differences	(194,873)	74,467
Taxable profit	866,721	724,849
Tax at 28% / 30%	242,682	217,455
Effect of elimination of double taxation on dividends	(10,951)	(28,738)
Deductions for incentives	(20,848)	(31,954)
Effect of different standard tax rate in other countries	14,277	6,428
Current tax income expense	225,160	163,191
<b>Effective rate, excluding equity method</b>	<b>21.21%</b>	<b>25.09%</b>

The permanent differences for 2015, which reduce the tax expense, are due mainly to the exemption of capital gains from the sale of investee companies performed by the Hochtief Group and Iridium Concesiones de Infraestructuras, S.A. As for 2014, when tax expenses increased overall, this was 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 financial statement attributable to certain assets for sale and their tax cost.

Deductions for tax incentives include mainly those relating to R&D activities, obtained in Spain and other countries.

## 26.03. DETAIL OF INCOME TAX EXPENSE

The detail of the income tax expense is as follows:

THOUSANDS OF EUROS	2015	2014
Current income tax expense (Note 26.02)	225,160	163,191
Expense/(income) relating to adjustments to prior year's tax	33,356	13,845
(Income) arising from the application of prior year's deferred tax assets	(17,879)	(13,774)
Expense arising from deferred tax assets generated in the year and not capitalised	77,497	23,961
Tax expense (income) due to impact on deferred taxes from changes in legislation	3,405	123,614
Expense / (Income) other adjustments to tax for the year	(10,949)	7,754
<b>Final balance of the corporation tax expense</b>	<b>310,590</b>	<b>318,591</b>

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 (Ley del Impuesto sobre Sociedades), of 28% for items for application in 2015 and 25% for all others. In 2015 the expense recorded corresponds to the difference between the nominal rates for 2015 and 2016 with regard to newly-generated assets due to deferred taxes.

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, mainly, by companies of the Group resident in Germany.

Moreover, the taxes expense in 2014 for results from discontinued operations affecting the net results thereof, without prejudice to not being included in the itemisation of this attached consolidated income statement, is as follows:

THOUSANDS OF EUROS	2014
Profit before taxes from discontinued operations	724,955
Permanent differences	144,510
Taxable profit	869,465
Tax at 30%	260,840

Permanent differences which increased the tax expense for 2014 were fundamentally owing to the difference between the consolidated financial statement, accounting cost attributable to assets sold and their tax cost.

# CONSOLIDATED FINANCIAL STATEMENTS

## 26.04. TAX RECOGNISED IN EQUITY

In addition to the tax effects recognised in the consolidated income statement, a charge of EUR 167,078 thousand was recognised directly in the Group's equity in 2015 (a credit of EUR 18,715 thousand in 2014). These amounts relate to tax effects due to adjustments of assets available for sale, with a charge of EUR 41,119 thousand in 2015 (a charge of EUR 18,599 thousand in 2014), cash flow derivatives, with a charge of EUR 112,506 thousand in 2015 (EUR 13,676 thousand in 2014), and actuarial losses, with a credit of EUR 7,453 thousand (EUR 50,990 thousand in 2014).

## 26.05. DEFERRED TAX

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein in 2015 and 2014 is as follows:

THOUSANDS OF EUROS

	Balance at 31 December 2014	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2015
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
<b>Assets</b>	<b>2,195,920</b>	<b>(12,772)</b>	<b>(7,453)</b>	<b>2,498</b>	<b>(21)</b>	<b>(1,649)</b>	<b>8,863</b>	<b>(3,919)</b>	<b>2,181,467</b>
-Temporary differences	1,223,322	35,554	(7,453)	2,552	(21)	(2,772)	8,863	(3,900)	1,256,145
-Tax losses	712,069	(5,278)	-	-	-	1,124	-	(19)	707,896
-Tax credits	260,529	(43,048)	-	(54)	-	(1)	-	-	217,426
<b>Liabilities</b>	<b>1,268,739</b>	<b>53,229</b>	<b>-</b>	<b>(2,229)</b>	<b>10,947</b>	<b>3,338</b>	<b>5,447</b>	<b>(5,721)</b>	<b>1,333,750</b>
-Temporary differences	1,268,739	53,229	-	(2,229)	10,947	3,338	5,447	(5,721)	1,333,750

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	
<b>Assets</b>	<b>2,379,700</b>	<b>(183,359)</b>	<b>50,990</b>	<b>(3,372)</b>	<b>1,916</b>	<b>(11,293)</b>	<b>26,272</b>	<b>(64,934)</b>	<b>2,195,920</b>
-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
<b>Liabilities</b>	<b>1,381,273</b>	<b>(107,630)</b>	<b>-</b>	<b>559</b>	<b>3,345</b>	<b>242</b>	<b>1,483</b>	<b>(10,533)</b>	<b>1,268,739</b>
-Temporary differences	1,381,273	(107,630)	-	559	3,345	242	1,483	(10,533)	1,268,739

Deferred tax assets and liabilities have not been offset.

The tax loss carryforward includes, mainly, EUR 494,496 thousand (EUR 525,497 thousand in 2014), 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	31/12/2015	31/12/2014
<b>Deferred tax assets arising from:</b>		
Asset valuation adjustments and impairment losses	86,612	49,972
Other provisions	362,108	398,642
Pension costs	147,958	177,083
Income with different tax and accounting accruals	25,131	37,781
Business combinations	44,404	55,521
Losses of foreign permanent establishments	82,432	35,214
Financial expenses not deductible	82,347	77,580
Other	425,153	391,529
<b>Total</b>	<b>1,256,145</b>	<b>1,223,322</b>
<b>Deferred tax liabilities arising from:</b>	-	-
Assets recognised at an amount higher than their tax base	458,982	490,030
Income with different tax and accounting accrual	379,474	380,076
Other	495,294	398,633
<b>Total</b>	<b>1,333,750</b>	<b>1,268,739</b>

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 consolidated financial statement assets, for the amount of EUR 214,637 thousand (EUR 257,057 thousand in 2014) expire according to the type as determined in the Income Tax Law. Amounts pending application in 2015 mainly correspond to deductions generated between 2010 and 2015 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, were the same assumptions used for the previous year, i.e. the following:

- Profit before tax, in calculable terms of taxable profit, of the business areas in Spain which, with respect to 2015, increases between 2016 and 2019 at annual rates of 6-8%, and from 2020, at a rate of 3%.

# CONSOLIDATED FINANCIAL STATEMENTS

- 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 has also been considered that there will be a reduction in the Group's financial burden in Spain at an average annual rate of 2% of corporate debt and 1% of other divisions.
- Temporary differences of approximately EUR 600 million will be reverted over the next 10 years that will reduce the taxable base owing to losses at subsidiaries and branches and other financial expenses.

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 consolidated financial statement 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 860,672 thousand (EUR 1,018,050 thousand in 2014), and to municipal taxes amounting to EUR 828,148 thousand (EUR 914,280 thousand in 2014) 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.

As at the date of preparation of these financial statements the general verification proceedings initiated in 2014 by the Spanish State Tax Administration Agency on the parent company and several subsidiaries affecting the 2009 to 2012 Income Tax and other taxes from 2010 to 2012 are close to completion. In this regard, in January and February 2016 adjustment records were filed for the Group's consolidated Corporate Income Tax and for Value Added Tax also for the Group, determining a tax debt of EUR 1,485 thousand and EUR 393 thousand, respectively, including tax due, interest and penalties. These adjustments are covered with provisions in the accompanying financial statement.

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	2015	2014
Construction	25,319,489	25,819,562
Industrial Services	6,500,723	6,750,015
Environment	3,138,544	2,338,219
Corporate unit and other	(34,094)	(26,936)
<b>Total</b>	<b>34,924,662</b>	<b>34,880,860</b>

In 2015 foreign currency transactions relating to sales and services amounted to EUR 23,598,381 thousand (EUR 26,315,034 thousand in 2014) and those relating to purchases and services received amounted to EUR 16,506,937 thousand (EUR 18,540,550 thousand in 2014).

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	2015	2014
United States	11,271,924	9,192,530
Australia	6,033,011	6,781,411
Spain	5,887,262	5,581,401
China	2,073,269	1,461,110
México	1,597,140	1,571,154
Canada	1,060,403	1,050,198
Germany	894,380	1,270,010
Indonesia	632,171	739,630
Poland	571,680	620,387
United Kingdom	506,309	593,990
Chile	483,684	368,164
Saudi Arabia	473,759	357,960
Argentina	420,119	315,912
Peru	396,835	356,815
France	302,672	245,227
Portugal	254,521	220,834
Other	2,065,407	4,154,127
<b>Total</b>	<b>34,924,662</b>	<b>34,880,860</b>

# CONSOLIDATED FINANCIAL STATEMENTS

The backlog by line of business at 31 December 2015 and 2014 was as follows:

THOUSANDS OF EUROS	2015	2014
Construction	48,874,451	45,685,830
Industrial Services	8,421,195	8,021,397
Environment	9,776,476	10,163,817
<b>Total</b>	<b>67,072,122</b>	<b>63,871,044</b>

Capitalised expenses amounting to EUR 6,627 thousand (EUR 38,449 thousand in 2014), relating mainly to in-house work on property, plant and equipment and intangible assets, were recognised under “In-house work on tangible and intangible assets” in the consolidated income statement in 2015.

“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	2015	2014
Cost of merchandise sold	934,954	957,962
Cost of raw materials and other consumables used	17,200,803	17,089,006
Contract work carried out by other companies	4,193,402	4,488,610
Impairment of merchandise, raw material and procurements	730	2,510
<b>Total</b>	<b>22,329,889</b>	<b>22,538,088</b>

### 28.02. STAFF COSTS

The detail of “Staff costs” is as follows:

THOUSANDS OF EUROS	2015	2014
Wages and salaries	6,557,363	6,662,737
Social security costs	1,111,551	863,393
Other staff costs	251,737	228,388
Provisions	6,201	6,876
<b>Total</b>	<b>7,926,852</b>	<b>7,761,394</b>



Staff costs amounting to EUR 9,176 thousand in 2015 (EUR 5,153 thousand in 2014) 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 2015 was 200,516 (217,908 in 2014).

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

	Average number of employees 2015			Average number of employees 2014		
	Men	Women	Total	Men	Women	Total
University graduates	16,520	4,927	<b>21,447</b>	20,726	5,976	<b>26,702</b>
Junior college graduates	6,799	3,269	<b>10,068</b>	6,323	3,117	<b>9,440</b>
Non-graduate line personnel	15,059	4,706	<b>19,765</b>	11,420	4,317	<b>15,737</b>
Clerical personnel	4,152	4,800	<b>8,952</b>	2,830	5,997	<b>8,827</b>
Other employees	79,956	60,625	<b>140,581</b>	97,979	59,223	<b>157,202</b>
<b>Total</b>	<b>122,486</b>	<b>78,327</b>	<b>200,813</b>	<b>139,278</b>	<b>78,630</b>	<b>217,908</b>

The reduction in the average workforce during the year is mainly caused by the decline in persons employed in John Holland (3,874 people), Thies Services (1,070 people) & Leighton Contractors Services (3,758 people) that were sold in December 2014 (see Note 03.09).

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

NUMBER OF EMPLOYEES	2015	2014
Construction	60,857	80,511
Industrial Services	41,660	43,109
Environment	98,244	94,235
Corporate Unit and Other	52	53
<b>Total</b>	<b>200,813</b>	<b>217,908</b>

## 28.03. SHARE-BASED PAYMENT SYSTEMS

### ACS

The ACS Group 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

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- a. 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.
- b. Beneficiaries are 62 executives with options ranging from 540,950 to 46,472.
- c. The acquisition price will be EUR 33.8992 per share. This price shall change by the corresponding amount should a dilution take place.
- d. 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.
- e. Tax withholdings and taxes payable, if appropriate, as a result of exercising the share option will be borne exclusively by the beneficiary.

During 2015 the Share Options Plan 2010 expired. No action was exercised under these plans either 2014 or 2015. The hedging of the current plan is performed through a financial institution (see Note 11).

The stock market price of ACS shares at 31 December 2015 and 31 December 2014 was EUR 27.015 and EUR 28.97 per share respectively.

The commitments arising from these plans are hedged through financial institutions (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 2015 and 2014. In 2014 EUR 9,176 thousand (see Note 28.02) (EUR 5,153 thousand in 2014) 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.

## 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 share-based remuneration systems were in force for managerial staff of Hochtief, A.G. and its affiliates in 2015:

### **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 based on stock awards and consists of three tranches. The first tranche was granted in July 2008, the second in July 2009, and the third in July 2010.

The total term of the plan is ten years. The waiting period after the granting of each tranche is three years. The exercise period is between five and seven years, depending on the tranche.

The conditions stipulate that, after the waiting period, entitled individuals receive for each stock award either a Hochtief share or, at Hochtief, Aktiengesellschaft's discretion, a compensatory cash amount equal to the closing price of Hochtief stock on the last stock market trading day before the exercise date. The gain is capped for each year of the exercise period. The cap rises annually up to a maximum gain at the end of the term. The maximum gain is set to EUR 160 per stock award for the first tranche, EUR 81.65 for the second tranche, and EUR 166.27 for the third tranche.

The first tranche was fully granted in 2015.

### **Long-term Incentive Plan 2010**

The Long-term Incentive Plan 2010 (LTIP 2010) was launched by resolution of the Supervisory Board in 2010 and is open to Executive Board members and senior executives of Hochtief Aktiengesellschaft and its affiliates. In addition to the granting of stock appreciation rights (SAR), the LTIP 2010 also provided for grants of stock awards. The SARs can 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 is 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 next most recently approved set of consolidated financial statements is at least 10% (absolute performance threshold). The relative performance threshold is waived if the average stock market price of Hochtief stock exceeds 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 are met, the SARs can be exercised at any time after a four-year waiting period except during a short period before publication of any business results. When SARs are exercised, the issuing entity pays out the difference between the current stock price at the time and the issue price. The gain is set at EUR 27.28 per SAR.

The LTIP conditions for stock awards stipulated that for each stock award exercised within a two-year exercise period following a three-year waiting period, entitled individuals received at Hochtief Aktiengesellschaft's discretion either a Hochtief share or a compensatory cash amount equal to the closing price of Hochtief stock on the last stock market trading day before the exercise date. The gain on each stock award was set to EUR 81.83 per stock award.

The stock award plan concluded in 2015.

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## 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, senior executives of Hochtief Aktiengesellschaft and to its affiliates.

The conditions do not differ in any material respect from those of LTIP 2010. The gain is limited to EUR 32.67 per SAR and EUR 98.01 per stock allocation.

## 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, senior executives of Hochtief Aktiengesellschaft and to 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 limited to EUR 25.27 per SAR and EUR 75.81 per share allocation.

## 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 RONA performance target was replaced by a performance target linked to the adjusted free cash flow. 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 gain is limited to EUR 24.61 per SAR and EUR 73.83 per share allocation.

## 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 gain is limited to EUR 30.98 per SAR and EUR 92.93 per share allocation

## Long-term Incentive Plan 2015

The Long-term Incentive Plan 2015 (LTIP 2015) was launched by resolution of the Supervisory Board in said year and is open to Executive Board members. The conditions do not differ in any material respect from those of LTIP 2014.

The gain is limited to EUR 31.68 per SAR and EUR 95.04 per share allocation

## Other information

### Return on net assets (RONA)

The return on net assets (RONA) indicates the extent to which the assets of Hochtief 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 (EBIT, 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 11.8% in 2015 (20.3% in 2014). Accordingly, RONA recorded a decrease of 8.5 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 Aktiengesellschaft normally has the option of delivering Hochtief shares instead of paying out the gain in cash. Where the entitled individuals are not employees of Hochtief Aktiengesellschaft the expense incurred on exercise of SARs or stock awards is met by the affiliated company concerned.

The quantities of SARs and stock awards granted, expired, and exercised under the plans are as follows:

	Originally granted	Outstanding at Dec. 31, 2014	Granted in 2015	Expired in 2015	Exercised / Settled in 2015	Outstanding at Dec. 31, 2015
TERP 2008/Tranche 1	130,900	4,800	-	-	4,800	-
TERP 2008/ Tranche 2	359,000	16,950	-	-	13,650	3,300
TERP 2008/ Tranche 3	174,100	22,300	-	-	13,100	9,200
LTIP 2010 – SARs	353,200	49,050	-	800	44,150	4,100
LTIP 2010 – stock awards	166,000	3,800	-	1,900	1,900	-
LTIP 2011 – SARs	275,250	157,050	2,800	4,600	125,850	29,400
LTIP 2011 – stock awards	124,850	15,750	-	200	13,450	2,100
LTIP 2012 – SARs	457,406	290,706	-	13,800	-	276,906
LTIP 2012 – stock awards	82,991	46,814	-	2,520	-	44,294
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	-	-	-	86,907
LTIP 2014 – stock awards	20,453	20,453	-	-	-	20,453
LTIP 2015 – SARs	-	-	96,801	-	-	96,801
LTIP 2015 stock awards	-	-	20,262	-	-	20,262

Provisions recognised for the share-based payment arrangements totalled EUR 14,811 thousand as of the balance sheet date (EUR 11,766 thousand in 2014). The total expense recognised for the stated arrangements in 2015 was EUR 8,335 thousand (EUR 1,784 thousand in 2014). The intrinsic value of SARs exercisable at the end of the reporting period was EUR 2,195 thousand (EUR 4,150 thousand in 2014).

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## 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	2015	2014
Lease payments under operating leases recognised in profit for the year	701,958	703,685

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	2015	2014
Within one year	264,168	319,894
Between two and five years	589,113	775,461
Over five years	199,560	193,990

The Group does not have any material operating leases as a lessor.

## 28.05. CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS

This heading includes the effect on the income statement of derivative instruments which do not meet the efficiency criteria provided in IAS 39, or which are not hedging instruments. The most significant effects of the 2015 financial year correspond mainly to the cancellation of the equity swap of Iberdrola S.A. and valuation of the derivative financial instruments linked to the market price of Iberdrola shares which entailed a profit of EUR 63,748 thousand along with the valuation of the derivatives linked to the market prices of ACS shares which entailed a loss of EUR 29,245 thousand (see Note 22).

## 28.06. FINANCIAL INCOME AND EXPENSES

The breakdown of financial expenses at 31 December 2015 and 2014 is as follows:

	2015		2014	
	Million of Euros	%	Million of Euros	%
Debt-related financial expenses	569.2	73	825.8	80
Linked to Gross Debt	523.3	67	653.2	63
From Debt linked to assets held for sale	45.9	6	172.6	17
Financial expenses for Collateral and Guarantees	79.9	10	77.5	7
Other financial expenses	127.5	16	132.7	13
<b>Total</b>	<b>776.6</b>	<b>100</b>	<b>1,036.0</b>	<b>100</b>

The breakdown of financial income at 31 December 2015 and 2014 is as follows:

	2015		2014	
	Million of Euros	%	Million of Euros	%
Linked to cash and cash equivalents	109.0	25	89.6	45
Dividends and Financial Income of Affiliates	89.9	45	159.5	37
Others	44.3	30	104.5	18
<b>Total</b>	<b>243.2</b>	<b>100</b>	<b>353.6</b>	<b>100</b>

At 31 December 2015, financial income includes, among other items, the dividends from Iberdrola, S.A. amounting to EUR 25,335 thousand (EUR 97,522 thousand at 31 December 2014).

## 28.07. OTHER GAINS OR LOSSES

The most significant effect in 2015 relates to expenses incurred in the restructuring of international affiliates and other exceptional expenses in certain works abroad.

For 2014 this heading included the effect on the income statement of the provision for Cimic for the amount of EUR 458,457 thousand. As part of the year-end review of the recoverability of trade and other receivables the Group considered it necessary to make a provision amounting to EUR 458,457 thousand (675.0 million Australian dollars). This amount was calculated based on the client portfolio and considered the residual value of the risks evaluated through their exposure due to the potential non-recovery of pending receivables.

## 29. IMPAIRMENT AND GAINS OR LOSSES ON DISPOSALS OF FINANCIAL INSTRUMENTS

In 2015 this heading of the accompanying consolidated income statement includes, mainly the most relevant capital gains that are those corresponding to the concession assets of Iridium from the sale of almost all of the interest in Majadahonda Hospital for EUR 36,978 thousand, the sale of 75% of its 50% stake in in the concessionaire company Nouvelle Autoroute 30, of Quebec (Canada), the sale of 80% of its stake in the company Servicios, Transportes y Equipamientos Públicos Dos, S.L. which is the company that owns 50% of the concessionaire of Line 9 section II of the Barcelona Metro and the company in charge of maintaining both section II and section IV of that metro line, with a capital gain approximately EUR 70 million. Also included is the result of the Saeta Yield IPO (see note 03.09) and the sale of certain shares in concessionaire assets and non-strategic assets with a gain amounting to EUR 92,104 thousand from the Hochtief Corporation and its subsidiary Cimic.

In 2014 this heading of the accompanying consolidated income statement included, mainly the 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).

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This heading also included 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 included 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 had been considered.

## 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 2015 that the Board of Directors of the Parent will propose for approval by the shareholders at the Annual General Meeting is the transfer of voluntary reserves of the total profit for the year of ACS, Actividades de Construcción y Servicios, S.A. for an amount of EUR 152,454 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.

Accordingly:

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



## 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 2015, as a result of the share capital increase and reduction in February 2016, respectively for the same number of shares, the basic and diluted earnings per share for continuing operations for 2015 is the same.

## 32. EVENTS AFTER THE REPORTING DATE

On 17 December 2015, 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 2016. ACS, Actividades de Construcción y Servicios, S.A. acquired 44.25% of free allocation rights, by virtue of the purchase commitment assumed by the company. A total of 2,941,011 shares were issued for the rest of shareholders, which were simultaneously amortised in accordance with the resolution of the General Shareholders meeting of 28 April 2015 (see Note 15.01).

## 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.

### 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	2015	2014
Sale of goods and services	144,152	105,174
Purchase of goods and services	7,116	6,715
Accounts receivable	1,368,243	1,229,599
Accounts payable	94,719	114,729

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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 2015 were as follows (in thousands of euros):

#### THOUSANDS OF EUROS

Related transactions 2015	Significant shareholders		Directors and Management	Other related parties									Total
	Grupo Iberostar	Total	Total	Fidalsar, S.L.	Rosán Inversiones, S.L.	MAF Inversiones, S.A.	Terratest Técnicas Especiales, S.A.	Indra	Zardoya Otis, S.A.	March-JLT, S.A.	Others	Total	
Expenses and revenue													
Management or cooperation agreements	-	-	-	-	-	-	683	-	-	-	-	683	683
Leases	-	-	-	177	-	-	-	-	-	-	-	177	177
Reception of services	166	166	-	66	-	94	1,177	218	878	-	-	2,433	2,599
Other expenses	-	-	-	-	-	-	-	-	-	38,914	-	38,914	38,914
<b>Expenses</b>	<b>166</b>	<b>166</b>	<b>-</b>	<b>243</b>	<b>-</b>	<b>94</b>	<b>1,860</b>	<b>218</b>	<b>878</b>	<b>38,914</b>	<b>-</b>	<b>42,207</b>	<b>42,373</b>
Provision of services	1,655	1,655	810	-	337	-	-	368	66	-	-	771	3,236
Revenue	-	-	-	-	-	-	-	-	-	-	631	631	631
<b>Expenses and revenue</b>	<b>1,655</b>	<b>1,655</b>	<b>810</b>	<b>-</b>	<b>337</b>	<b>-</b>	<b>-</b>	<b>368</b>	<b>66</b>	<b>-</b>	<b>631</b>	<b>1,402</b>	<b>3,867</b>

#### THOUSANDS OF EUROS

Related transactions 2015	Significant shareholders		Other related parties			Total
Financing agreements: loans and capital contributions (lender)	16,940	16,940	526,109	-	-	543,049
Guarantees given	14,620	14,620	-	-	-	14,620
Dividends and other distributed profit	-	-	-	435	255	690
Other transactions	30,320	30,320	-	-	-	30,320
Otras operaciones	30,320	30,320	-	-	-	30,320

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

## 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	
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
<b>Expenses</b>	<b>63</b>	<b>63</b>	<b>-</b>	<b>234</b>	<b>-</b>	<b>539</b>	<b>2,255</b>	<b>824</b>	<b>37,973</b>	<b>41,825</b>	<b>41,888</b>
Provision of services	1,743	1,743	3,056	-	246	-	3,292	-	-	3,538	8,337
<b>Revenue</b>	<b>1,743</b>	<b>1,743</b>	<b>3,056</b>	<b>-</b>	<b>246</b>	<b>-</b>	<b>3,292</b>	<b>-</b>	<b>-</b>	<b>3,538</b>	<b>8,337</b>

## 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

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

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

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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 Tecnicas Especiales, S.A., Fapin Mobi, S.L. and Lynx Capital, S.A. are listed due to the relationship that the director, Pedro Lopez Jimenez, had with these companies. Transactions with Indra are listed due to its relationship with the director Javier Monzon. The transactions performed with the Zardoya Otis, S.A. are indicated due to its relationship with the director José María Loizaga. The transactions with Banco Sabadell are listed due the bank's relationship with the director Javier Echenique. The transactions with the insurance broker, March-JLT, S.A., are listed due to the company's relationship with Banca March, although in this case the figures listed are intermediate premiums paid by ACS Group companies, rather than considerations for insurance brokerage services.

"Other transactions" includes all transactions not related to the specific sections included in the periodic public information reported in accordance with the regulations published by the CNMV. In 2015 "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 30,320 thousand (EUR 24,726 thousand in 2014), and in this case they relate to the reverse factoring lines of credit for suppliers.

Directors and Executives includes a housing construction contract between Dragados, S.A. and the Director Joan David Grimà Terré entered into in 2013 for which EUR 809 thousand have been credited in 2015 (EUR 3,055 thousand in 2014).

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business and 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 2015 and 2014, in accordance with that indicated in article 229 of the Spanish Companies Law.

## 34. BOARD OF DIRECTORS AND SENIOR EXECUTIVES

In 2015 and 2014 the Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as members of the boards of directors of the Parent and the Group companies or as senior executives of Group companies.

THOUSANDS OF EUROS	2015	2014
Fixed remuneration	3,972	3,972
Variable remuneration	5,019	4,019
By-law stipulated director's emoluments	3,678	3,404
Other	-	1
<b>Total</b>	<b>12,669</b>	<b>11,396</b>

EUR 1,419 thousand were charged to income in relation to share options granted to members of the Board of Directors with executive duties in 2015 (EUR 1,205 thousand 2014). 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:

THOUSANDS OF EUROS	2015	2014
Pension funds and plans: contributions	1,686	1,798
Life insurance premiums	19	18

The amount recognised under "Pension funds and plans: Contributions" includes the portion corresponding to the payments made by the Company in 2015.

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

### 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.

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## 34.02. REMUNERATION OF SENIOR EXECUTIVES

The remuneration of the Group's senior executives in 2015 and 2014, excluding those who are simultaneously executive directors, was as follows:

THOUSANDS OF EUROS	2015	2014
Salaries (fixed and variable)	30,332	26,153
Pension Plans	1,630	1,628
Life insurance	35	34

The increase in remuneration between periods is due to the mix of remuneration in the composition of the senior executives in the Group, together with the additional compensation made to executives working abroad.

EUR 7,756 thousand were charged to the income statement in relation to share options granted to the Group's senior executives at 31 December 2015 (EUR 6,157 thousand at 31 December 2014), and these are not contained in the previously mentioned remuneration. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted. In addition, the amounts corresponding to pension plans amounted to EUR 1,630 thousand (EUR 1,628 thousand at 31 December 2014) and life insurance premiums amounted to EUR 35 thousand (EUR 31 thousand at 31 December 2014).

## 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 2015 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 2015, the ACS Group had provided guarantees to third parties in connection with its business activities totalling EUR 28,104,666 thousand (EUR 22,194,186 thousand in 2014), which has increased mainly due to the inclusion of the bonding lines obtained by Dragados in the year for its United States operations.

Of the guarantees listed in the previous paragraph, those obtained in Hochtief, A.G. are of particular note. In this respect, in April 2014 the operation syndicated by Hochtief signed in December 2011 for EUR 2,000,000 thousand was extended until April 2019. This facility includes a guarantees tranche for EUR 1,500,000 thousand, of which EUR 857,719 thousand had been used at year end (EUR 947,000 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 2014. This line is available for ordinary activities, mainly in the Hochtief Europe division.

The Hochtief Group also has undrawn guarantee lines amounting to EUR 5,760,000 thousand (EUR 6,050,000 thousand at 31 December 2014) from insurance companies and banks. This includes a guarantee facility for a principal of AUD 1,000,000 thousand (EUR 704,840,000 thousand) negotiated by Cimic in May 2013 and maturing in December 2017. This facility has not been drawn down at 31 December 2015 (AUD 600,000 thousand / EUR 402,766 thousand at 31 December 2014).

Hochtief, A.G. has arranged a limited guarantee line for US insurance companies in relations to the obligations of the Turner and Flatiron Groups. This is the type of Financing used in the United States to guarantee the performance of public works and for certain clients. As in the previous year, the financing totalled USD 7,300,000 (USD 6,500,000 thousand in 2014) of which USD 6,491,000 thousand has been used in 2015 (USD 5,032,000 thousand in 2014). The guarantee furnished by Hochtief has never been called and it is not projected that this will occur in the future. In addition there is a syndicated facility for CAD 350 million (CAD 240 million in 2014) in favour of Flatiron that matures in December 2018 and is drawn down in the amount CAD 147.4 million at 31 December 2015 (CAD 74.5 million at 31 December 2014). This facility is also guaranteed by Hochtief, A.G.

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 3,367,881 thousand (EUR 3,797,913 thousand at 31 December 2014).

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

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experts to intermediate as arbitration processes have commenced to resolve them. For 2014 this heading included the provision for Cimic. As part of the review of the recoverability of trade and other receivables in that year, the Group detected the need to make a provision for the amount of EUR 458,457 thousand (AUD 675,0 million). This provision was not used in 2015. This amount was calculated based on the client portfolio and considered 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 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 from the financial institutions 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, recorded in the heading “Other current financial assets” of the consolidated income statement (which includes the principal, interest and estimated costs) although claims remain open on the matter as indicated in Note 36 of the report on the consolidated financial statements of the ACS Group corresponding to the financial year ended on 31 December 2014. Specifically, in March 2015 a Court Order was received rejecting the opposition to the enforcement, and ordering the above-referenced amounts to be delivered to the Banks. This decision has been appealed by the claimants, and there is the possibility that, in practice, these amounts will not be enforced until the appeal judgement has been handed down.

Regarding the claim against ACS and others for the exercise of sale options on shares of Alazor Inversiones, S.A. (sole shareholder of Accesos de Madrid, S.A), in September the Madrid Superior Court of Justice issued a judgement rejecting this appeal for annulment brought by other shareholders against the arbitration ruling of May 2014, which completely dismissed the claims. The latter have promoted a motion for dismissal of the proceedings, which was upheld in December 2015, ordering the appeal for annulment appeal to return to the evidence stage. As a result, in February 2016 the evidence will be heard again (with two new witnesses). The judgement dismissing the annulment appeal will then be confirmed or amended, as appropriate.



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, and has therefore appealed this ruling before the competent court, for which reason no liability has been recorded in this respect. Once the claim was filed before the High Court of Madrid, the court issued a preventive suspension order of the penalty, applied for by Urbaser, without the need for any security to be posted.

On 3 December 2015 the CNMC delivered a judgement in the proceedings against various companies, including Dragados, S.A., for alleged restrictive practices to competition in relation to the modular construction business. The resolution amounts to EUR 8.6 million and an appeal was filed prior to the formulation of consolidated annual accounts.

TP Ferro, a company owned 50% by the ACS Group, filed request for voluntary bankruptcy before the Commercial Court of Girona on 17 July 2015, having notified that Court on 18 March 2015 of the start of refinancing negotiations (pre-bankruptcy), without any agreement having been reached on debt restructuring. The Official Receiver's report was issued in November 2015, without raising any bankruptcy incidents. The process is currently at the agreement phase, which expires in June 2016. To date, the management of the ACS Group considers that the group maintains sufficient provisions for addressing scenarios involving the non-recovery of the funds invested in the project. It does not consider that additional provisions need to be recorded other than the existing ones, since the Group has provided no guarantees in relation to this project.

## 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.

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

## DEGREE OF IMPLEMENTATION OF GOOD ENVIRONMENTAL MANAGEMENT PRACTICES WITHIN THE ACS GROUP

(AS % OF SALES)	2014	2015
Implementation of an environmental management system	97.3%	95.8%
Implementation ISO14001 certification	78.8%	70.3%
Implementation of certification other than ISO14001	0.3%	0.5%
Existence of specific reduction targets for CO <sub>2</sub> emissions	12.0%	13.9%
Development of projects to reduce waste generation	95.1%	94.5%
Existence of plans to reduce water consumption	83.2%	82.1%
Establishment of objectives to minimise the impact of the company's activities on biodiversity	79.0%	79.0%
Remuneration of employees, managers and/or executives is linked to the achievement of formal environmental targets	15.7%	16.6%
Existence of non-economic incentive/recognition for achieving formal environmental targets	42.3%	37.0%
Environmental management system has been audited by an independent external third party	97.3%	95.8%
Number of audits in the field of environment performed by the company	1,207	1,150
Number of environmental incidents occurred	856	932
Existence of a data collection system for environmental near misses	80.8%	79.0%
Existence of a central database for collecting environmental data	88.5%	86.5%

The significant level of implementation of an environmental management system, present in companies representing 95.79% 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 70.29% of ACS Group sales.

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

- They themselves, in a decentralised and autonomous manner, develop their own policies and action plans
- They implement projects for certification and/or independent external auditing
- They carry out environmental audits.
- They have some type of centralised database to collect environmental data.
- They have an incident reporting system for detailing near misses relating to environmental matters.

Specifically and operationally, the key environmental measures<sup>[1]</sup> revolve around four key risks regarding which the ACS Group explicitly positions itself: the fight against climate change, fostering of eco-efficiency, saving water and respect for biodiversity:

## KEY MANAGEMENT - ENVIRONMENT INDICATORS

	2014	2015
Percentage of sales covered ISO14001 certification	78.8%	70.3%
Total water consumption (m <sup>3</sup> )	28,324,847	40,783,487
Ratio: m <sup>3</sup> water / Sales (€mn)	831.9	1,206.0
Direct emissions (Scope 1) (tCO <sub>2</sub> equiv.)	5,492,986	3,288,764
Carbon Intensity Ratio Scope 1: Emissions / Sales (€mn)	161.3	97.3
Indirect emissions (Scope 2) (tCO <sub>2</sub> equiv.)	363,767	294,523
Carbon Intensity Ratio Scope 2: Emissions / Sales (€mn)	10.7	8.7
Indirect emissions (Scope 3) (tCO <sub>2</sub> equiv.)	10,728,161	9,131,960
Carbon Intensity Ratio Scope 3: Emissions / Sales (€mn)	315.1	270.0
Total emissions (tCO <sub>2</sub> equiv.)	16,584,914	12,715,248
Total Carbon Intensity Ratio: Total Emissions / Sales (€mn)	487.1	376.0
Non-hazardous waste sent for management (t)	4,032,274	4,133,643
Ratio: Tons of non-hazardous waste / Sales (€mn)	118.4	122.2
Hazardous waste sent for management (t)	171,643	327,729
Ratio: Tons of hazardous waste / Sales (€mn)	5.0	9.7

[1] In terms of reported water consumption, there has been an increase as a result of the implementation of the international assets of Cobra, whose total water consumption went from 13,254,636 m<sup>3</sup> in 2014 to 19,778,612 m<sup>3</sup> in 2015. The consumption of water in 2014 and 2015 includes CIMIC (see scope) with a water consumption of 8,180,000 m<sup>3</sup> in 2014 and 11,900,000 m<sup>3</sup> in 2015.

CO<sub>2</sub> emissions should consider that the data for HOCHTIEF Asia Pacific 2014 has been recalculated owing to updates in reporting formats. The reported emissions from Scope 1, 2 and 3 of HOCHTIEF Asia Pacific for 2014 are 3,191,956; 218,953 and 2,750,651 tCO<sub>2</sub> respectively. Likewise, the fall in CO<sub>2</sub> emissions is explained largely by the restructuring of HOCHTIEF Asia Pacific, thus the reported CO<sub>2</sub> emissions in 2015 for HOCHTIEF Asia Pacific from Scope 1, 2 and 3 are 1,790,000; 84,000 and 3,497,000 tCO<sub>2</sub> respectively. Scope 1, 2 and 3 emissions for HOCHTIEF Americas are estimated (in 2014 Scope 1: 2,432 tCO<sub>2</sub>, Scope 2: 6,620 tCO<sub>2</sub>, Scope 3: 3,648,726 tCO<sub>2</sub>, in 2014 Scope 1: 1,148,432 tCO<sub>2</sub>, Scope 2: 37,112 tCO<sub>2</sub>, and Scope 3: 1,086,608 tCO<sub>2</sub>). Scope 3 emissions include those calculated for employee travel. Furthermore HOCHTIEF and CIMIC include the emissions calculated for the supply chain (Cement, Wood, Waste and Steel). This report has adopted a methodology of accounting CO<sub>2</sub> emissions for all years, which is why Urbaser classifies emissions from the treatment of waste and water as indirect, Scope 3, since it has no management or operational control within these facilities, as provided for by the international GHG Protocol (annex F) and EPE Protocol standards (waste sector methodology) used by Urbaser in the calculation of the Carbon Footprint. The Public Administration, as the owner of the premises, imposes the operating requirements while the management companies are limited to temporarily operating them. Likewise, it should be considered that in 2015 industrial services division only considers the consumption of the concessionaire assets, currently belonging to Saeta Yield, up to February 2015, when the Group ceased to have a majority stake in these assets.

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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 2015, the value of these assets, net of depreciation, was EUR 28,019 thousand (EUR 25,326 thousand in 2014).

Environmental expenses incurred in 2015 amounted to EUR 2,933 thousand (EUR 1,601 thousand in 2014).

## 38. AUDITORS' FEES

The fees for financial audit services provided to the various companies in 2015 and 2014 were as follows:

THOUSANDS OF EUROS	2015	2014
<b>Audit service fees</b>	<b>15,266</b>	<b>13,948</b>
Main auditor	12,844	11,543
Other auditors	2,422	2,405
<b>Fees for tax services</b>	<b>2,603</b>	<b>3,296</b>
Main auditor	289	85
Other auditors	2,314	3,211
<b>Other services</b>	<b>6,691</b>	<b>7,962</b>
Main auditor	2,696	2,049
Other auditors	3,995	5,913
<b>Total</b>	<b>24,560</b>	<b>25,206</b>

## 39. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

## APPENDICES

As stated in Note 02 to the financial statements, Appendices I, II, and III list the subsidiaries, joint agreements and relevant associates in the ACS Group in 2015, 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 Cimic, 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) along with overall maintenance.

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## APPENDIX I. SUBSIDIARIES

Company	Registered Office	% Effective Ownership
<b>PARENT</b>		
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	-
ACS Actividades Finance 2, B.V.	Herikerbergweg, 238. Amsterdam. Netherlands.	100.00%
ACS Actividades Finance, B.V.	Herikerbergweg, 238. Amsterdam. Netherlands.	100.00%
ACS Telefonía Móvil, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Admirabilia, S.L.U.	Avda. de Pío XII, 102. 28036 Madrid. Spain	100.00%
Binding Statement, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Equity Share, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Funding Statement, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Major Assets, S. L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Novovilla, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Residencial Monte Carmelo, S.A.U.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
Statement Structure, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain.	100.00%
<b>CONSTRUCTION - DRAGADOS</b>		
Acainsa, S.A.	Calle Orense, 34-1º. 28020 Madrid. Spain	100.00%
Aparcamiento Tramo C. Rambla-Coslada, S.L.	Calle 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%
Blue Clean Water, Llc.	150 Meadowlands Parkway, 3rd Fl. Seacaucus. New Jersey 07094. United States.	76.40%
Cesionaria Vallés Occidental, S.A.	Avda. Josep Tarradellas, nº 8 2º puerta 4. 08029 Barcelona. Spain.	100.00%
Comunidades Gestionadas, S.A. (COGESA)	Calle Orense, 34-1º. 28020 Madrid. Spain	100.00%
Consorcio Const. Piques y Túneles Línea 6 Metro S.A.	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 ofic 2201. Las Condes. Santiago de Chile Chile	55.00%
Consorcio Dragados Compax, S.A.	Avda. Vitacura 2939 ofic. 2201. Las Condes - Santiago de Chile. Chile.	60.00%
Consorcio Tecdra, S.A.	Almirante Pastene, 244.702 Providencia. Santiago de Chile. Chile.	100.00%
Construcciones y Servicios del Egeo, S.A.	Alamanas, 1 151 25 Maroussi. 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	99.00%
Construrail, S.A.	Calle Orense, 11. 28020 Madrid. Spain	51.00%
Continental Rail, S.A.	Calle 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%

Company	Registered Office	% Effective Ownership
Dragados Australia PTY Ltd.	Gold Field House. One Alfred Street - Level 20, Suite 2006 - 2000 Sidney - NSW Australia	100.00%
Dragados Canada, Inc.	150 King Street West, Suite 2103.Toronto ON. Canada.	100.00%
Dragados Construction USA, Inc.	810 Seventh Ave. 9th Fl.Nueva 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 Infraestructuras Colombia, SAS	Carrera 16, 95-70, Oficina 701. Bogotá D.C. Colombia.	100.00%
Dragados Inversiones USA, S.L.	Avda. Camino de Santiago, 50 - 28050 Madrid. Spain.	100.00%
Dragados Ireland Limited	Unit 3 B, Bracken Business park, Bracken Road-Sandyford-Dublín 18-Ireland	100.00%
Dragados Obra Civil y Edificac Mexico S.A de C.V.	Calle Aristóteles, 77 piso 5. Polanco Chapultepec. Miguel Hidalgo. Distrito Federal-11560. Mexico	100.00%
Dragados UK Ltd.	Regina House 2Nd Floor, 1-5. Queen Street. EC4N 1SW-London-United Kingdom	100.00%
Dragados USA, Inc.	810 Seventh Ave. 9th Fl.Nueva 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 4°.Buenos Aires Argentina	66.10%
Gasoductos y Redes Gisca, S.A.	Calle Orense, 11. 28020 Madrid. Spain	52.50%
Geocisa UK Ltd.	Chester House, Kennington Park, 1-3 Brixton Road. Londres SW9 6DE. United Kingdom	100.00%
Geocisa USA Inc.	810 Seventh Ave. 9th Fl.Nueva York, NY 10019. United States.	100.00%
Geotecnia y Cimientos del Peru, S.A.C.	Avda. Reducto, 1360, Int. 301, Urban Armendariz. Miraflores, Lima. Peru	100.00%
Geotecnia y Cimientos, S.A. (GEOCISA)	Calle Los Llanos de Jerez, 10-12. 28823 Coslada. Madrid. Spain	100.00%
Gestifisa, S.A.	Calle Orense, 34 1°. 28020 Madrid. Spain	100.00%
Inmobiliaria Alabega, S.A.	Calle Orense, 34-1°. 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.	Calle Orense, 34-1°. 28020 Madrid. Spain	100.00%
Manteniment i Conservació del Vallés, S.A.	Avda. Josep Tarradellas, nº 8 2º puerta 4. 08029 Barcelona. Spain	100.00%
Mostostal Pomorze, S.A.	80-557 Gdansk ul. Marynarki Polskiej 59. Poland	100.00%
Muelle Melbourne & Clark, S.A.	Avenida Tajamar 183, piso 5.Las Condes. Santiago. Chile	50.00%
Newark Real Estate Holdings, Inc.	810 Seventh Ave. 9th Fl.Nueva 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.	Calle Orense,34-1º 28020 Madrid - Spain	100.00%
Pulice Construction, Inc.	2033 W Mountain View Rd. Phoenix. AZ 85021Phoenix. United States.	100.00%
Remodelación Ribera Norte, S.A.	Avda. Josep Tarradellas, nº 8 2º puerta 4. 08029 Barcelona. Spain	100.00%

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Company	Registered Office	% Effective Ownership
Residencial Leonesa, S.A.	Calle Orense, 34-1º. 28020 Madrid. Spain	100.00%
Schiavone Construction Company	150 Meadowlands Parkway, 3rd Fl.Seacaucus. New Jersey 07094-United States.	100.00%
Sicsa Rail Transport, S.A.	Calle 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. United States	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.	51-501 Wroclaw ul. Swojczycka 21-41. 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%
Vías y Construcciones, S.A.	Calle Orense, 11. 28020 Madrid. Spain	100.00%

## CONSTRUCTION - IRIDIUM (CONCESSIONS)

ACS Crosslinx Maintenance Inc.	550 Burrard Street, 2300, Vancouver, British Columbia. Canad V6C 2B5	100.00%
ACS Crosslinx Partner Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canad .	100.00%
ACS EgLRT Holdings Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canad .	100.00%
ACS Infraestructuras Peru SAC	Avenida Pardo y Aliaga N 652, oficina304A. San Isidro, Lima 27. Peru.	100.00%
ACS Infraestructuras Mexico, S. R. L. de C. V.	Calle Oxford, 30, Colonia Ju rez, Delegación Cuahitémoc.CP: 06600 Mexico, Distrito Federal. Mexico.	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 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 Portsmouth Holdings, L.L.C.	4301 - B: Lucasville-Minford Rd.Minford. OH 45653. United States.	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 SSLG Partner Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canad .	100.00%
ACS St. Lawrence Bridge Holding Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canad .	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.	Calle Alvaro de Bazán, nº 10 Entlo. 46010 Valencia. Spain	65.00%
Autovía 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.	99.99%
Concesiones de Infraestructuras Chile Uno S.A.	Avenida Apoquindo 3001 piso 9, Comuna Las Condes. Chile	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%



Company	Registered Office	% Effective Ownership
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. Inglaterra.	100.00%
Dragados Waterford Ireland, Ltd.	Unit 3B, Bracken Business Park, Bracken Road, Sandyford Dublin 18. Irlanda	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%
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 Santigo, 50 - 28050 Madrid. Spain.	100.00%
Iridium Colombia Concesiones Viarias, SAS	Carrera 16 No. 95-70, Oficina 701, Código Postal 110221.Bogotá. Colombia.	100.00%
Iridium Colombia Desarrollo de Infraestructuras	Carrera 16 No. 95-70, Oficina 701, Código Postal 110221.Bogotá. Colombia.	100.00%
Iridium Concesiones de Infraestructuras, S.A.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. Spain.	100.00%
Iridium Portlaoise Ireland Limited	Unit 3B, Bracken Business Park, Bracken Road, Sandyford Dublin 18. Irlanda	100.00%
Marestrada-Operações e Manutenção Rodoviária, S.A.	Rua Julieta Ferrão, nº 10 - 6º andar 1600-131 Lisboa. Portugal	70.00%
Parking Mérida III, S.A.U.	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, S.A.	CAM Grândola EN120 - Bairro da Tirana 7570 Grândola . Portugal.	70.00%
Soc Conc Nuevo Complejo Fronterizo Los Libertadore	José Antonio Soffia N 2747, Oficina 602 - comuna de Providencia.Santiago de Chile. Chile.	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	70.74%
Beggen PropCo Sàrl	Strassen, Luxemburg	70.74%
Builders Direct SA	Luxemburg, Luxemburg	70.74%
Builders Insurance Holdings S.A.	Steinfort, Luxemburg	70.74%
Builders Reinsurance S.A.	Luxemburg, Luxemburg	70.74%
Eurafrica Baugesellschaft mbH	Essen, Germany	70.74%
Hochtief Concessions India Private Limited	Haryana, India	70.74%
Hochtief Insurance Broking and Risk Management Solutions GmbH	Essen, Germany	70.74%
Independent (Re)insurance Services S.A.	Luxemburg, Luxemburg	70.74%
Steinfort Multi-Asset Fund SICAV-SIF	Hesperingen, Luxemburg	70.74%
Steinfort Propco Sàrl	Strassen, Luxemburg	70.74%
Vintage Real Estate HoldCo Sàrl	Strassen, Luxemburg	70.74%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
<b>HOCHTIEF AMERICAS</b>		
2501 Constructors LLC	DC, United States	70.74%
Auburndale Company, Inc.	Ohio, United States	70.74%
Audubon Bridge Constructors	New Roads, United States	38.20%
Bethesda View Constructors LLC	Maryland, United States	70.74%
Canadian Turner Construction Company (Nova Scotia)	Nova Scotia, Canada	70.74%
Canadian Turner Construction Company Ltd.	Markham, Canada	70.74%
Capitol Building Services LLC	Maryland, United States	70.74%
Caribbean Operations, Inc.	Delaware, United States	70.74%
CB Finco Corporation	Alberta, Canada	37.87%
CB Resources Corporation	Alberta, Canada	37.87%
Clark Builders Partnership Corporation	Alberta, Canada	37.87%
E. E. Cruz and Company Inc.	Holmdel, United States	70.74%
Facilities Management Solutions, LLC	Delaware, United States	70.74%
FCI Constructors/Balfour Beatty	San Marco, United States	49.52%
FECO Equipment	Denver, United States	70.74%
Flatiron Construction Corp.	Wilmington, United States	70.74%
Flatiron Construction International LLC	Wilmington, United States	70.74%
Flatiron Constructors Canada Limited	Vancouver, Canada	70.74%
Flatiron Constructors Inc.	Wilmington, United States	70.74%
Flatiron Constructors Inc. Canadian Branch	Vancouver, Canada	70.74%
Flatiron Constructors, Inc.-Blythe Development Company	Firestone, United States	42.45%
Flatiron Electric AL Group	Wilmington, United States	70.74%
Flatiron Equipment Company Canada	Calgary, Canada	70.74%
Flatiron Holding Inc.	Wilmington, United States	70.74%
Flatiron Parsons	Los Angeles, United States	49.52%
Flatiron West Inc.	Wilmington, United States	70.74%
Flatiron/Goodfellow Top Grade JV	Benicia, United States	51.29%
Flatiron/Turner Construction of New York LLC	Nueva York, United States	70.74%
Flatiron/United	Chocowinity, United States	42.45%
Flatiron-Blythe Development Company	Firestone, United States	49.52%
Flatiron-Lane	Longmont, United States	38.91%
Flatiron-Manson	Minneapolis, United States	49.52%
Flatiron-Skanska-Stacy and Witbec a Joint Venture	San Marcos, United States	28.30%
Flatiron-Tidewater Skanska	Tampa, United States	42.45%
Flatiron-Zachry	Firestone, United States	38.91%
Henry Street Builders, LLC	Virginia, United States	70.74%
Hochtief Americas GmbH	Essen, Germany	70.74%
Hochtief Argentina S.A.	Buenos Aires, Argentina	70.74%
Hochtief USA INC.	Dallas, United States	70.74%
HT CONSTRUCTION INC.	Dover, United States	70.74%
Lacona, Inc.	Tennessee, United States	70.74%
Lathrop / D.A.G. JV	Ohio, United States	36.08%
Maple Red Insurance Company	Vermont, United States	70.74%
McKissack & McKissack, Turner, Tompkins, Gilford JV(MLK Jr. Memorial)	Nueva York, United States	38.91%

Company	Registered Office	% Effective Ownership
Metacon Technology Solutions, LLC	Texas, United States	70.74%
Mideast Construction Services, Inc.	Delaware, United States	70.74%
Misener Constru-Marina S.A. de C.V.	Ciudad Juarez, Mexico	70.74%
Misener Servicios S.A. de D.V.	Ciudad Juarez, Mexico	70.74%
North Carolina Constructors	Longmont, United States	42.45%
O'Brien Edwards/Turner Joint Venture	Nueva York, United States	35.37%
Offshore Services, Inc.	Delaware, United States	70.74%
OMM Inc.	Plantation, United States	70.74%
Saddleback Constructors	Mission Viejo, United States	38.20%
Services Products Buildings, Inc.	Ohio, United States	70.74%
TC Professional Services, LLC	Delaware, United States	70.74%
TCCO of South Carolina, LLC	South Carolina, United States	70.74%
TGS/SamCorp JV (Paso del Norte - Port of Entry)	Nueva York, United States	70.74%
The Lathrop Company, Inc.	Delaware, United States	70.74%
The Turner Corporation	Dallas, United States	70.74%
Tompkins Builders, Inc.	Washington, United States	70.74%
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen)	District of Columbia, United States	36.08%
Tompkins/Ballard JV (Richmond City Jail)	District of Columbia, United States	53.06%
Tompkins/Gilford JV (Prince George's Community College Center)	District of Columbia, United States	49.52%
Turner (East Asia) Pte. Ltd.	Singapore	70.74%
Turner Alpha Limited	Trinidad, Trinidad und Tobago	49.52%
Turner Canada Holdings Inc.	New Brunswick, Canada	70.74%
Turner Caribe, Inc.	Delaware, United States	70.74%
Turner Cayman Ltd.	Great Britain	70.74%
Turner Construction Company	Nueva York, United States	70.74%
Turner Construction Company - Singapore (US)	Singapore	70.74%
Turner Construction Company of Indiana, LLC	Indiana, United States	70.74%
Turner Construction Company of Ohio LLC	Ohio, United States	70.74%
Turner Cornerstone Korea	Corea del Sur	70.74%
Turner Cross Management (Blackrock)	Nueva York, United States	42.45%
Turner Cross Management IV (Blackrock Wilmington 400 Bellevue)	Nueva York, United States	49.52%
Turner Davis JV (Laurelwood/Rowney)	Nueva York, United States	36.08%
Turner Development Corporation	Delaware, United States	70.74%
Turner Harmon JV (Clarian Hospital - Fishers)	Nueva York, United States	53.06%
Turner HGR JV(Smith County Jail-Precon/Early Release)	Nueva York, United States	42.45%
Turner International (East Asia) Pte. Limited	Sri Lanka	70.74%
Turner International (Hong Kong) Limited	Hong Kong	70.74%
Turner International (UK) Ltd.	London, Great Britain	70.74%
Turner International Industries, Inc.	Delaware, United States	70.74%
Turner International Korea LLC	Corea del Sur	70.74%
Turner International Limited	Bermuda, United States	70.74%
Turner International LLC	Delaware, United States	70.74%
Turner International Malaysia SDN BHD	Malaysia	70.74%
Turner International Mexico SRL	United States	70.74%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Turner International Professional Services, S. De R. L. De C. V	Mexico	70.74%
Turner International Pte. Limited	Singapore	70.74%
Turner International Support Services, S. De R. L. De C. V.	Mexico	70.74%
Turner Lee Lewis (Lubbock Hotel)	Nueva York, United States	42.45%
Turner Logistics Canada Ltd.	New Brunswick, Canada	70.74%
Turner Logistics, LLC	Delaware, United States	70.74%
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai, China	70.74%
Turner Partnership Holdings Inc.	New Brunswick, Canada	70.74%
Turner Project Management India Private Ltd.	India	70.74%
Turner Regency	Nueva York, United States	36.08%
Turner Sabinal JV	Nueva York, United States	56.59%
Turner Southeast Europe d.o.o Beograd	Belgrad, Serbien	70.74%
Turner Support Services, Inc.	Delaware, United States	70.74%
Turner Surety & Insurance Brokerage Inc.	New Jersey, United States	70.74%
Turner Trotter II (IPS Washington School)	Nueva York, United States	35.37%
Turner Trotter JV (Clarian Fishers Medical Center)	Nueva York, United States	53.06%
Turner Vietnam Co. Ltd.	Vietnam	70.74%
Turner/ADCo DTA (OUSD downtown education center)	Nueva York, United States	49.52%
Turner/Con-Real - Forest/JV	Nueva York, United States	42.45%
Turner/Con-Real (Tarrant County college District SE Campus New Wing)	Nueva York, United States	49.52%
Turner/CON-REAL-University of Arkansas	Texas, United States	36.08%
Turner/Hallmark JV1 (Beaumont ISD Athletic Complex)	Nueva York, United States	70.74%
Turner/HGR	Texas, United States	36.08%
Turner/Hoist	District of Columbia, United States	36.08%
Turner/HSC JV (Cooper University Hospital)	Nueva York, United States	49.52%
Turner/JGM JV (Proposition Q)	Nueva York, United States	47.40%
Turner/Ozanne/VAA	Atlanta, United States	36.08%
Turner/Trevino JV1 (HISD Program Management)	Nueva York, United States	45.98%
Turner/White JV (Sinai Grace Hospital)	Nueva York, United States	42.45%
Turner-Arellano Joint Venture	Nueva York, United States	42.45%
Turner-Davis Atlanta Airport Joint Venture (Hartsfield Jackson Intl Aripport DOA Secutiry Office Renovation)	Nueva York, United States	42.45%
Turner-Kiewit JV	Nueva York, United States	42.45%
Turner-Marhnos S A P I De CV	Mexico City, Mexico	36.08%
Turner-Penick JV (US Marine Corp BEQ Pkg 4 & 7)	Nueva York, United States	42.45%
Turner-Powers & Sons (Lake Central School Corporation)	Nueva York, United States	42.45%
Turner-SG Contracting	Atlanta, United States	53.06%
Turner-Toolos JV (Cobo Conference Center)	Nueva York, United States	56.59%
Turner-Welty JV	North Carolina, United States	42.45%
Universal Construction Company, Inc.	Delaware, United States	70.74%
West Coast Rail Constructors	San Marco, United States	45.98%
White/Turner Joint Venture (New Munger PK-8)	Nueva York, United States	35.37%
White/Turner Joint Venture Team (DPS Mumford High School)	Nueva York, United States	35.37%
White-Turner JV (City of Detroit Public Safety)	Nueva York, United States	35.37%

Company	Registered Office	% Effective Ownership
<b>HOCHTIEF ASIA PACIFIC</b>		
111 Margaret Street Pty. Ltd.	Queensland, Australia	29.06%
145 Ann Street Pty. Ltd.	Queensland, Australia	49.25%
145 Ann Street Trust	Queensland, Australia	49.25%
512 Wickham Street Pty. Ltd.	New South Wales, Australia	49.25%
512 Wickham Street Trust	Australia	49.25%
A.C.N. 126 130 738 Pty. Ltd.	Victoria, Australia	49.25%
A.C.N. 151 868 601 Pty Ltd	Victoria, Australia	49.25%
Ashmore Developments Pty. Ltd.	New South Wales, Australia	49.25%
Ausindo Holdings Pte. Ltd.	Singapore	49.25%
BCJHG Nominees Pty. Ltd.	Victoria, Australia	49.25%
BCJHG Trust	Australia	49.25%
Boggo Road Lots 6 and 7 Pty. Ltd.	Victoria, Australia	49.25%
Boggo Road Project Pty. Ltd.	Queensland, Australia	49.25%
Boggo Road Project Trust	Queensland, Australia	49.25%
BOS Australia Pty. Ltd.	Western Australia, Australia	49.25%
Broad Construction Services (NSW/VIC) Pty. Ltd.	Western Australia, Australia	49.25%
Broad Construction Services (QLD) Pty. Ltd.	Queensland, Australia	49.25%
Broad Construction Services (WA) Pty Ltd.	Western Australia, Australia	49.25%
Broad Group Holdings Pty. Ltd.	Western Australia, Australia	49.25%
Canberra Metro Finance Pty. Ltd.	Victoria, Australia	49.25%
CIMIC Admin Services Pty. Ltd.	New South Wales, Australia	49.25%
CIMIC Finance (USA) Pty. Ltd.	New South Wales, Australia	49.25%
CIMIC Finance Ltd.	New South Wales, Australia	49.25%
CIMIC Group Investments Pty. Ltd.	Victoria, Australia	49.25%
CIMIC Group Ltd.	New South Wales, Australia	49.25%
CIMIC Residential Investments Pty. Ltd.	Victoria, Australia	49.25%
CPB Contractors Pty. Ltd.	New South Wales, Australia	49.25%
D.M.B. Pty. Ltd.	Queensland, Australia	29.06%
Devine Bacchus Marsh Pty. Ltd.	Queensland, Australia	29.06%
Devine Building Management Services Pty. Ltd.	Queensland, Australia	29.06%
Devine Colton Avenue Pty. Ltd.	Queensland, Australia	29.06%
Devine Constructions Pty. Ltd.	Queensland, Australia	29.06%
Devine Funds Pty. Ltd.	Victoria, Australia	29.06%
Devine Funds Unit Trust	Victoria, Australia	29.06%
Devine Homes Pty. Ltd.	Queensland, Australia	29.06%
Devine Land Pty. Ltd.	Queensland, Australia	29.06%
Devine Ltd.	Queensland, Australia	29.06%
Devine Management Services Pty. Ltd.	Queensland, Australia	29.06%
Devine Projects (VIC) Pty. Ltd.	Queensland, Australia	29.06%
Devine Queensland No. 10 Pty. Ltd.	Queensland, Australia	29.06%
Devine SA Land Pty. Ltd.	Queensland, Australia	29.06%
Devine Springwood No. 1 Pty. Ltd.	New South Wales, Australia	29.06%
Devine Springwood No. 2 Pty. Ltd.	Queensland, Australia	29.06%
Devine Springwood No. 3 Pty. Ltd.	Queensland, Australia	29.06%
Devine Woodforde Pty. Ltd.	Queensland, Australia	29.06%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
DoubleOne 3 Building Management Services Pty. Ltd.	Queensland, Australia	29.06%
DoubleOne 3 Pty. Ltd.	Queensland, Australia	29.06%
EIC Activities Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Finance Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Holdings Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Management Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals AN Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals CT. Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals GE. Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals HD. Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals LB. Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals No.1 Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals OO. Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Rentals RR. Pty. Ltd.	Victoria, Australia	49.25%
Fleetco Services Pty. Ltd.	Victoria, Australia	49.25%
Giddens Investment Ltd.	Hong Kong	49.25%
Green Construction Company	United States	49.25%
Hamilton Harbour Developments Pty. Ltd.	Queensland, Australia	37.43%
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Australia	37.43%
Hochtief Asia Pacific GmbH	Essen, Germany	70.74%
Hochtief AUSTRALIA HOLDINGS LIMITED	Sydney, Australia	70.74%
Hunter Valley Earthmoving Co. Pty Ltd.	New South Wales, Australia	49.25%
HWE Cockatoo Pty. Ltd.	Northern Territory, Australia	49.25%
HWE Mining Pty. Ltd.	Victoria, Australia	49.25%
HWE Newman Assets Pty. Ltd.	Victoria, Australia	49.25%
Jarrah Wood Pty. Ltd.	Western Australia, Australia	49.25%
JH AD Holdings Pty. Ltd.	Victoria, Australia	49.25%
JH AD Investments Pty. Ltd.	Victoria, Australia	49.25%
JH AD Operations Pty. Ltd.	Victoria, Australia	49.25%
JH Rail Holdings Pty. Ltd.	Victoria, Australia	29.06%
JH Rail Investments Pty. Ltd.	Victoria, Australia	29.06%
JH Rail Operations Pty. Ltd.	Victoria, Australia	29.06%
JH Servicesco Pty. Ltd.	Victoria, Australia	49.25%
JHAS Pty. Ltd.	Victoria, Australia	49.25%
JHI Investment Pty. Ltd.	Victoria, Australia	49.25%
Joetel Pty. Ltd.	Australian Capital Territory, Australia	29.06%
Kings Square Developments Pty. Ltd.	Queensland, Australia	49.25%
Kings Square Developments Unit Trust	Queensland, Australia	49.25%
LCPL (PNG) Limited	Papua New Guinea	49.25%
Legacy JHI Pty. Ltd.	Victoria, Australia	49.25%
Lei Shun Employment Limited	Macao, China	49.25%
Leighton (PNG) Limited	Papua New Guinea	49.25%
Leighton Africa (Mauricio) Ltd.	Mauritius	49.25%
Leighton Asia (China) Limited	Hong Kong	49.25%

<b>Company</b>	<b>Registered Office</b>	<b>% Effective Ownership</b>
Leighton Asia (Hong Kong) Holdings (No. 2) Limited	Hong Kong	49.25%
Leighton Asia Ltd.	Papua New Guinea	49.25%
Leighton Asia Southern Pte. Ltd.	Singapore	49.25%
Leighton Commercial Properties Pty. Ltd.	Victoria, Australia	49.25%
Leighton Companies Management Group LLC	Un. Arab. Emirate	24.13%
Leighton Contractors (Asia) Ltd.	Hong Kong	49.25%
Leighton Contractors (China) Ltd.	Hong Kong	49.25%
Leighton Contractors (Indo-China) Ltd.	Hong Kong	49.25%
Leighton Contractors (Laos) Sole Company Ltd.	Laos	49.25%
Leighton Contractors (Malaysia) Sdn. Bhd.	Malaysia	49.25%
Leighton Contractors (Philippines) Inc.	Philippines	49.25%
Leighton Contractors Asia (Cambodia) Co. Ltd.	Kamboya	49.25%
Leighton Contractors Asia (Vietnam) Limited	Vietnam	49.25%
Leighton Contractors Inc.	United States	49.25%
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Victoria, Australia	49.25%
Leighton Contractors Infrastructure Pty. Ltd.	Victoria, Australia	49.25%
Leighton Contractors Infrastructure Trust	Victoria, Australia	49.25%
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka	49.25%
Leighton Contractors Mauricio Ltd.	Mauritius	49.25%
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapore	49.25%
Leighton Engineering Joint Venture	Malaysia	49.25%
Leighton Engineering Sdn. Bhd.	Malaysia	49.25%
Leighton Equity Incentive Plan Trust	New South Wales, Australia	49.25%
Leighton Foundation Engineering (Asia) Ltd.	Hong Kong	49.25%
Leighton Funds Management Pty Ltd.	Queensland, Australia	49.25%
Leighton Gbs Sdn. Bhd.	Malaysia	49.25%
Leighton Geotech Ltd.	Thailand	49.25%
Leighton Group Property Services Pty. Ltd.	Victoria, Australia	49.25%
Leighton Harbour Trust	Australia	49.25%
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Victoria, Australia	49.25%
Leighton Holdings Infrastructure Pty. Ltd.	Victoria, Australia	49.25%
Leighton Holdings Infrastructure Trust	Australia	49.25%
Leighton India Contractors Private Ltd.	India	49.25%
Leighton Infrastructure Investments Pty. Ltd.	New South Wales, Australia	49.25%
Leighton International Holdings Limited	Cayman Islands, Great Britain	49.25%
Leighton International Ltd.	Cayman Islands, Great Britain	49.25%
Leighton International Mauricio Holdings Limited No. 4	Mauritius	49.25%
Leighton International Projects (India) Private Limited	India	49.25%
Leighton Investments Mauricio Limited	Mauritius	49.25%
Leighton Investments Mauricio Limited No. 2	Mauritius	49.25%
Leighton Investments Mauricio Limited No. 4	Mauritius	49.25%
Leighton Joint Venture	Hong Kong	49.25%
Leighton M&E Limited	Hong Kong	49.25%
Leighton Middle East and Africa (Holding) Limited	Cayman Islands, Great Britain	49.25%
Leighton Offshore / Leighton Engineering & Construction JV	Singapore	49.25%

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Company	Registered Office	% Effective Ownership
Leighton Offshore Eclipse Pte. Ltd.	Singapore	49.25%
Leighton Offshore Faulkner Pte. Ltd.	Singapore	49.25%
Leighton Offshore Mynx Pte. Ltd.	Singapore	49.25%
Leighton Offshore Pte. Ltd.	Singapore	49.25%
Leighton Offshore Sdn. Bhd.	Malaysia	49.25%
Leighton Offshore Stealth Pte. Ltd.	Singapore	49.25%
Leighton Pacific St Leonards Pty. Ltd.	Victoria, Australia	49.25%
Leighton Pacific St Leonards Unit Trust	Australia	49.25%
Leighton Portfolio Services Pty Ltd.	Australian Capital Territory, Australia	49.25%
Leighton PPP Services NZ Limited	New Zealand	49.25%
Leighton Projects Consulting (Shanghai) Ltd.	China	49.25%
Leighton Properties (Brisbane) Pty Ltd.	Queensland, Australia	49.25%
Leighton Properties (NSW) Pty. Ltd.	New South Wales, Australia	49.25%
Leighton Properties (VIC) Pty. Ltd.	Victoria, Australia	49.25%
Leighton Properties (WA) Pty. Ltd.	New South Wales, Australia	49.25%
Leighton Properties Pty. Ltd.	Queensland, Australia	49.25%
Leighton Property Funds Management Ltd.	Australian Capital Territory, Australia	49.25%
Leighton Property Management Pty Ltd.	New South Wales, Australia	49.25%
Leighton Services Australia Pty Ltd.	New South Wales, Australia	49.25%
Leighton U.S.A. Inc.	United States	49.25%
Leighton-LNS Joint Venture	Hong Kong	39.40%
LH Holdings Co Pty. Ltd.	Victoria, Australia	49.25%
LMENA No. 1 Pty. Ltd.	Victoria, Australia	49.25%
LMENA Pty. Ltd.	Victoria, Australia	49.25%
LNWR Pty. Ltd.	Victoria, Australia	49.25%
LNWR Trust	New South Wales, Australia	49.25%
LPWRAP Pty. Ltd.	Victoria, Australia	49.25%
Martox Pty. Ltd.	New South Wales, Australia	29.06%
Moonamang Joint Venture Pty. Ltd.	Western Australia, Australia	49.25%
Moorookyle Devine Pty. Ltd.	Victoria, Australia	29.06%
Nexus Point Solutions Pty. Ltd.	New South Wales, Australia	49.25%
Opal Insurance (Singapore) Pte. Ltd.	Singapore	49.25%
Pacific Partnerships Holdings Pty. Ltd.	Victoria, Australia	49.25%
Pacific Partnerships Investments Pty. Ltd.	Victoria, Australia	49.25%
Pacific Partnerships Investments Trust	Victoria, Australia	49.25%
Pacific Partnerships Pty. Ltd.	Victoria, Australia	49.25%
Pioneer Homes Australia Pty. Ltd.	Queensland, Australia	29.06%
PT Leighton Contractors Indonesia	Indonesia	48.76%
PT Thiess Contractors Indonesia	Indonesia	49.25%
Queens Square Pty. Ltd.	Victoria, Australia	49.25%
Riverstone Rise Gladstone Pty. Ltd.	Queensland, Australia	29.06%
Riverstone Rise Gladstone Unit Trust	Queensland, Australia	29.06%
Silverton Group Pty. Ltd.	Western Australia, Australia	49.25%
Sustaining Works Pty. Ltd.	Queensland, Australia	49.25%
Talcliff Pty. Ltd.	Queensland, Australia	29.06%



<b>Company</b>	<b>Registered Office</b>	<b>% Effective Ownership</b>
Telecommunication Infrastructure Pty. Ltd.	Victoria, Australia	49.25%
Thai Leighton Ltd.	Thailand	49.25%
Thiess (Mauricio) Pty. Ltd.	Mauricio	49.25%
Thiess Africa Investments Pty. Ltd.	South Africa	49.25%
Thiess Botswana (Proprietary) Limited	Botswana	49.25%
Thiess Chile SPA	Chile	49.25%
Thiess Contractors (Malaysia) Sdn. Bhd.	Malaysia	49.25%
Thiess Contractors (PNG) Ltd.	Papua New Guinea	49.25%
Thiess Contractors Canada Ltd	Canada	49.25%
Thiess India Pvt. Ltd.	India	49.25%
Thiess Infraco Pty. Limited	Queensland, Australia	49.25%
Thiess Infrastructure Nominees Pty. Ltd.	Victoria, Australia	49.25%
Thiess Infrastructure Pty. Ltd.	Victoria, Australia	49.25%
Thiess Infrastructure Trust	Victoria, Australia	49.25%
Thiess Minecs India Pvt. Ltd.	India	44.33%
Thiess Mining Maintenance Pty. Ltd.	Queensland, Australia	49.25%
Thiess Mongolia LLC	Mongolia	49.25%
Thiess Mozambique Limitada	Mozambique	49.25%
Thiess NC	New Caledonia	49.25%
Thiess NZ Limited	New Zealand	49.25%
Thiess Pty. Ltd.	Queensland, Australia	49.25%
Thiess South Africa Pty. Ltd.	South Africa	49.25%
Thiess Southland Pty. Ltd.	New South Wales, Australia	49.25%
Think Consulting Group Pty. Ltd.	Victoria, Australia	49.25%
Townsville City Project Pty Ltd	New South Wales, Australia	37.43%
Townsville City Project Trust	Queensland, Australia	37.43%
Trafalgar EB Pty Ltd	Queensland, Australia	29.06%
Tribune SB Pty Ltd	Queensland, Australia	29.06%
Victoria Point Docklands Pty. Ltd.	Victoria, Australia	29.06%
Western Port Highway Trust	Australia	49.25%
Woodforde JV Pty Ltd	Queensland, Australia	29.06%
Yoltax Pty. Limited	New South Wales, Australia	29.06%
Zelmex Pty. Limited	Australian Capital Territory, Australia	29.06%

## HOCHTIEF EUROPE

A.L.E.X.-Bau GmbH	Essen, Germany	70.74%
ACL Investment a.s.	Praga, Czech Republic	70.74%
Constructora Cheves S.A.C.	Lima, Peru	45.98%
Constructora Hochtief - TECSA S.A.	Santiago de Chile, Chile	49.52%
Constructora Nuevo Maipo S.A.	Santiago de Chile, Chile	49.52%
Copernicus Development Sp. z o.o.	Varsovia, Poland	70.74%
Copernicus JV B.V.	Amsterdam, Netherlands	70.74%
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen, Germany	70.74%
Deutsche Baumanagement GmbH	Essen, Germany	70.74%
Dicentra sp.z.o.o.	Varsovia, Poland	70.74%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Euripus s.r.o.	Praga, Czech Republic	70.74%
FM Holding GmbH i.L.	Essen, Germany	70.74%
forum am Hirschgarten Nord GmbH & Co. KG	Essen, Germany	70.74%
forum am Hirschgarten Süd GmbH & Co. KG	Essen, Germany	70.74%
Grundstücksgesellschaft Köbis Dreieck GmbH & Co. Development KG	Essen, Germany	63.67%
GVG mbH & Co. Objekt RPU Berlin 2 KG	Essen, Germany	66.50%
Hochtief (UK) Construction Ltd.	Swindon, Great Britain	70.74%
Hochtief ABC Schools Partner Inc.	Calgary, Canada	70.74%
Hochtief Ackerstraße 71-76 GmbH & Co. KG	Berlin, Germany	70.74%
Hochtief Aurestis Beteiligungsgesellschaft mbH	Essen, Germany	70.74%
Hochtief Bau und Betrieb GmbH	Essen, Germany	70.74%
Hochtief Boreal Health Partner Inc.	Toronto, Canada	70.74%
Hochtief Building GmbH	Essen, Germany	70.74%
Hochtief Canada Holding 2 Inc.	Toronto, Canada	70.74%
Hochtief Canada Holding 3 Inc.	Calgary, Canada	70.74%
Hochtief Canada Holding 4 Inc.	Toronto, Canada	70.74%
Hochtief Canada Holding 5 Inc.	Toronto, Canada	70.74%
Hochtief Construction Austria GmbH & Co. KG	Viena, Austria	70.74%
Hochtief Construction Chilena Ltda.	Santiago de Chile, Chile	70.74%
Hochtief Construction Erste Vermögensverwaltungsgesellschaft mbH	Essen, Germany	70.74%
Hochtief Construction Management Middle East GmbH	Essen, Germany	70.74%
Hochtief CZ a.s.	Praga, Czech Republic	70.74%
Hochtief Development Austria GmbH	Viena, Austria	70.74%
Hochtief Development Austria Verwaltungs GmbH & Co. KG	Viena, Austria	70.74%
Hochtief Development Czech Republic s.r.o.	Praga, Czech Republic	70.74%
Hochtief Development Hungary Kft.	Budapest, Hungary	70.74%
Hochtief Development Poland Sp. z o.o.	Varsovia, Poland	70.74%
Hochtief Development Project One SRL	Bucarest, Romania	70.74%
Hochtief Development Project Three SRL	Bucarest, Romania	70.74%
Hochtief Development Project Two SRL	Bucarest, Romania	70.74%
Hochtief DEVELOPMENT ROMANIA SRL	Bucarest, Romania	70.74%
Hochtief Development Suecía AB	Estocolmo, Suecía	70.74%
Hochtief Development Schweiz Projekt 2 AG	Opfikon, Switzerland	70.74%
Hochtief Engineering GmbH	Essen, Germany	70.74%
Hochtief Engineering International GmbH	Essen, Germany	70.74%
Hochtief Infrastructure GmbH	Essen, Germany	70.74%
Hochtief NEAH Partner Inc.	Edmonton, Canada	70.74%
Hochtief Offshore Crewing GmbH	Essen, Germany	70.74%
Hochtief ÖPP Projektgesellschaft mbH	Essen, Germany	70.74%
Hochtief Polska S.A.	Varsovia, Poland	70.74%
Hochtief PPAC GmbH	Essen, Germany	70.74%
Hochtief PPP Europa GmbH	Essen, Germany	70.74%
Hochtief PPP Operations GmbH	Essen, Germany	70.74%

<b>Company</b>	<b>Registered Office</b>	<b>% Effective Ownership</b>
Hochtief PPP Schools Capital Limited	Swindon, Great Britain	36.08%
Hochtief PPP Schulpartner Braunschweig GmbH	Braunschweig, Germany	70.74%
Hochtief PPP Schulpartner GmbH & Co. KG	Heusenstamm, Germany	67.14%
Hochtief PPP Solutions (Ireland) Limited	Dublin, Ireland	70.74%
Hochtief PPP Solutions (UK) Limited	Swindon, Great Britain	70.74%
Hochtief PPP Solutions Chile Tres Ltda.	Santiago de Chile, Chile	70.74%
Hochtief PPP Solutions GmbH	Essen, Germany	70.74%
Hochtief PPP Solutions Netherlands B.V.	Vianen, Netherlands	70.74%
Hochtief PPP Solutions North America Inc.	Delaware, United States	70.74%
Hochtief Presidio Holding LLC	Wilmington, United States	70.74%
Hochtief Projektentwicklung GmbH	Essen, Germany	70.74%
Hochtief Projektentwicklung 'Helfmann Park' GmbH & Co. KG	Essen, Germany	70.74%
Hochtief Solutions AG / Service Level	Essen, Germany	70.74%
Hochtief Solutions Middle East Qatar W.L.L.	Doha, Qatar	70.74%
Hochtief Solutions Real Estate GmbH	Essen, Germany	70.74%
Hochtief Solutions Saudi Arabia LLC	Al-Khobar, Saudi Arabia	70.74%
Hochtief SSLG Partner Inc.	Toronto, Canada	70.74%
Hochtief Trade Solutions GmbH	Essen, Germany	70.74%
Hochtief ViCon GmbH	Essen, Germany	70.74%
Hochtief ViCon Qatar W.L.L.	Doha, Qatar	70.74%
HOCHTIFE LLBB GmbH	Essen, Germany	70.74%
HTP Grundbesitz Blue Heaven GmbH	Essen, Germany	66.50%
HTP Immo GmbH	Essen, Germany	70.74%
HTP Projekt 2 (zwei) GmbH & Co KG	Essen, Germany	70.74%
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH	Essen, Germany	70.74%
Inserta s.r.o.	Praga, Czech Republic	70.74%
LOFTWERK Eschborn GmbH & Co. KG	Essen, Germany	70.74%
Maximiliansplatz 13 GmbH & Co. KG	Essen, Germany	70.74%
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG	Essen, Germany	70.74%
MOLTENDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Mainoffice KG	Frankfurt am Main, Germany	70.74%
OOO Hochtief	Moscu, Russia	70.11%
Perlo Sp. z o.o.	Varsovia, Poland	70.74%
Project Development Poland 3 B.V.	Amsterdam, Netherlands	70.74%
Project SP1 Sp. z o.o.	Varsovia, Poland	70.74%
Projekt Messeallee Essen GmbH & Co. KG	Essen, Germany	70.74%
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG	Essen, Germany	70.74%
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen, Germany	70.74%
Projektgesellschaft Marco Polo Tower GmbH & Co. KG	Hamburg, Germany	49.52%
Projektgesellschaft Quartier 21 mbH & Co. KG	Essen, Germany	38.91%
PSW Hainleite GmbH	Sondershausen, Germany	70.74%
PSW Leinetal GmbH	Freden, Germany	70.74%
PSW Lippe GmbH	Lüdge, Germany	70.74%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
PSW Zollernalb GmbH	Hechingen, Germany	70.74%
SCE Chile Holding GmbH	Essen, Germany	70.74%
Soduker B.V.	Amsterdam, Netherlands	70.74%
Spiegel-Insel Hamburg GmbH & Co. KG	Essen, Germany	70.74%
Tirpser B.V.	Amsterdam, Netherlands	70.74%
Tivoli Garden GmbH & Co. KG	Essen, Germany	70.74%
Tivoli Office GmbH & Co. KG	Essen, Germany	70.74%
TRINAC GmbH	Essen, Germany	70.74%
TRINAC Polska Sp. z o.o.	Varsovia, Poland	70.74%
<b>INDUSTRIAL SERVICES</b>		
ACS industrial Services, LLC.	3511 Silverside road suite 105 Wilmington Delaware 19810 County of New Castle. United States.	100.00%
ACS Peru	Calle Amador Merino Reyna,267 San Isidro, Lima	100.00%
ACS Servicios Comunicac y Energía de Mexico SA CV	Calle Juan Racine, 112 Piso 8. 11510 Mexico DF. Mexico.	100.00%
ACS Servicios Comunicaciones y Energía, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Actividades de Instalaciones y Servicios, Cobra, S.A.	Calle 21 nº 7070, Parque Empresarial Montevideo. Bogotá. Colombia	100.00%
Actividades de Montajes y Servicios, S.A. de C.V.	Calle 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 Iñaquito Edificio Torre Marfil. Oficina 101. Ecuador	100.00%
Actividades y Servicios, S.A.	Nicaragua 5935 3 Piso. Buenos Aires. Argentina.	100.00%
Agadirver	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74.54%
Albatros Logistic, Maroc, S.A.	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10 Casablanca. Morocco	75.00%
Albatros Logistic, S.A.	Calle Franklin 15 P.I. San Marcos 28906 Getafe. Madrid. Spain	100.00%
Albufera Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	100.00%
Aldebarán S.M.E., S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	100.00%
Aldeire Solar, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Aldeire Solar-2, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Alfrani, S.L.	Calle 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 Spinola, 10. 28016 Madrid. Spain	100.00%
Andasol 3 Central Termosolar Tres, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Andasol 4 Central Termosolar Cuatro, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Andasol 5 Central Termosolar Cinco, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Andasol 6 Central Termosolar Seis, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Andasol 7 Central Termosolar Siete, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Antennea Technologies, S.L.	Calle 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 Projetos 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%

Company	Registered Office	% Effective Ownership
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Audeli, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain.	100.00%
Avante MPG1 B.V.	Park Hoornowijck,2 2289CZ. Netherlands.	100.00%
Avante MPG2 B.V.	Park Hoornowijck,2 2289CZ. Netherlands.	100.00%
Avanzia Ingenieria, S. A. de C. V.	Calle José Luis Lagrange, 103 - Miguel Hidalgo. Mexico.	100.00%
Avanzia Instalaciones S.A. de C.V.	Calle Melchor Ocampo, 193 Colonia Verónica Anzures. Mexico	100.00%
Avanzia Operaciones S.A. de C.V.	José Luis Lagrange, 103 8°.Los morales Polanco. Mexico.	100.00%
Avanzia Recursos Administrativos, S.A. de C.V.	José Luis Lagrange, 103 8°.Los morales Polanco. Mexico.	100.00%
Avanzia S.A de C.V.	José Luis Lagrange, 103 8°.Los Morales Polanco. Mexico.	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%
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%
CCR Platforming Cangrejera S.A. de C.V.	Calle Juan Racine, 112 Piso 8. 11510 Mexico DF. Mexico.	75.00%
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%
CIS-WRC, LLC	2800 Post Oak Boulevard Suit 5858.Houston, Texas 77056. United States.	53.00%
CM- Construções, 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 Madeira, S.A.	Rua Alegria N.º 31-3º. Madeira. Portugal	37.79%
CME Peru, S.A.	Av. Víctor Andrés Belaunde 395. San Isidro.Lima. Per .	74.54%
CME Southern Africa do Sul	South Africa	50.69%
Cobra Bahía 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 Brazil, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Cobra Concesiones, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Cobra Energy Investment Finance, LLC	7380 West Sahara, suite 160.Las Vegas. Nevada. United States.	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, Ll.	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 Dublin.	100.00%
Cobra Group Australia Pty. Ltd.	Level 5 Mayne Building 390 ST Kilda Road.Melbourne. Australia.	100.00%
Cobra Industrial Services Pty	15 alice Lane 9 floor. Morningside Gauteng 2196 Johannesburgo. South Africa.	100.00%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Cobra Industrial Services, Inc.	3511Silverside road suite 105.Wilmington Delaware 19810 County of New Castle. United States.	100.00%
Cobra Infraestructuras Hidráulicas, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra Infraestructuras Internacional, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra Ingeniería de Montajes, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	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 Spinola, 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 Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra Instalações y Servicios, Ltda.	Rua Uruguai, 35, Porto Alegre, Rio Grande do Sul. Brazil.	100.00%
Cobra Inversiones y Gestión, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra La Rioja Sur	Concepción Arenal 2630 CP 1426 Capital Federal Buenos Aires. Argentina	100.00%
Cobra Peru II, S.A.	Calle Amador Merino Reyna,267 San Isidro, Lima	100.00%
Cobra Peru, S.A.	Calle Amador Merino Reyna,267 San Isidro, Lima	100.00%
Cobra Railways UK Limited	Vintage Yard 59-63 Bermondsey Street. Londres. United Kingdom.	100.00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra Solar del Sur, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra Termosolar USA, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Cobra Thermosolar Plants, Inc.	3773 Howard Hughes.Las Vegas, Nevada. EEUU.	100.00%
Codehon Instalaciones y Servicios S de RL	Honduras	100.00%
Cogeneración Cadereyta S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico D.F. Mexico.	100.00%
COICISA Industrial, S.A. de C.V.	Melchor Ocampo, 193 Verónica Anzures 11300. Mexico.	60.00%
Coinsal Instalaciones y Servicios, S.A. de C.V.	Residencial Palermo, Pasaje 3, polígono G Casa #4 San Salvador, El Salvador	100.00%
Coinsmar Instalaciones y Servicios, SARLAU	210 Boulevard Serketouni Angle Boulevard Roudani n° 13, Maarif 2100. Casablanca. Morocco	100.00%
Comercial y Servicios Larco Medellín S.A.	Calle 128 No. 49-52 Prado Veraniego 6 No 50 - 80. Bogotá. Colombia.	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 Bolivar S.A.S.	Manga Av 3 No. 21-44. Cartagena. Colombia.	100.00%
Concesionaria Angostura Siguas, 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%
Consorcio Especializado Medio Ambiente, S.A.de C.V	Melchor Ocampo,193 piso 14.Mexico D.F. Mejico.	60.00%
Consorcio Ofiteco Geoandina	Cra 25 N.96 81. Oficina 203.Bogota . Colombia.	60.00%
Consorcio Sice Disico	Cra 25 N.96 81. Oficina 203.Bogota . Colombia.	50.00%
Consorcio Sice-Comasca TLP S.A.	Cl Dardignac, 160. Recoleta. Santiago de Chile	50.00%
Consorcio 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 Bordiú, 35-5° oficina 515-517. Madrid. Spain	100.00%
Constructora Las Pampas de Siguas, S.A.	Avda. Victor Andres Belaunde, 887 Provincia de Callao.Lima. Peru.	60.00%
Control y Montajes Industriales Cymi Chile, Ltda.	Calle Apoquindo 3001 Piso 9.206-744 Las Condes. Santiago de Chile. Chile.	100.00%
Control y Montajes Industriales CYMI, S.A.	Avda de Manoteras 26 4 planta. 28050 Madrid. Spain.	100.00%
Control y Montajes Industriales de Mexico, S.A. de C.V.	Calle Juan Racine, 116- 6°. 11510 Mexico D.F	100.00%
Conyblox Proprietary Limited	World Trade Centre 3 Floor. Morningside 2196.Johannesburgo. South Africa.	100.00%
Conyceto Pty Ltd.	22 On Kildare. 22 Kildare Road.7700 Newlands. South Africa	92.00%

Company	Registered Office	% Effective Ownership
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%
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.	100.00%
Cymi do Brazil, 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.	Avda de Manoteras 26 4 planta. 28050 Madrid. Spain.	100.00%
Cymi Seguridad, S.A.	Avda Ramón y Cajal, num 107. 28043 Madrid. Spain.	100.00%
Cymimasa Consultoria e Projetos de Construção Ltda	Avda. Presidente Wilson nº 231, Sala 1701 Parte cero.Río de Janeiro. Brazil.	100.00%
Dankocom Pty Ltd	World Trade Centre 3 Floor. Morningside 2196.Johannesburgo. 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.	Paraíso 3- 50410 Cuarte de Huerva. Zaragoza. Spain	55.00%
Desarrollo Informático, S.A.	Avda. de Santa Eugenia, 6. 28031 Madrid. Spain	100.00%
Dimática, S.A.	Calle Saturnino Calleja, 20. 28002 Madrid. Spain	100.00%
Dracena I Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Dracena II Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Dracena III Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Dracena IV Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Dragados Construc. Netherlands, S.A.	Claude Debussylaan 24, 1082 MD Amsterdam. Netherlands.	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 Spinola, 10. 28016 Madrid. Spain	100.00%
Dragados Industrial Algeria S.P.A.	Lot nº7 - Ville Coopérative El Feteh - El Bihar. Alger. Algérie	100.00%
Dragados Industrial Canada, Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal. Quebec. Canada	100.00%
Dragados Offshore de Mexico, 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 Cabezueta, s/n. 11510 Puerto Real. Cádiz. Spain	100.00%
Dragados Proyectos Industriales de Mexico, S.A. de C.V.	Calle Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 Mexico DF. Mexico.	100.00%
Dragados-Swiber Offshore, S.A.P.I. de C.V.	Juan Racine, 112. Piso 8, Col.Los Morales 11510 Mexico D.F. Mexico.	51.00%
Dyctel infraestrutura de Telecomunicações, Ltda.	Calle Rua Riachuelo, 268. 90010 Porto Alegre. Brazil	100.00%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	Calle 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.	Calle Paraguay, Parcela 13/3. 30169 San Ginés. Murcia. Spain	100.00%
EGPI-Empresa global de Proyectos de Ingenieria SAS	Avenida 6 Norte 47N-32.Cali Valle. Colombia.	29.82%
El Otero Wind Power, S.L.	Cardenal Marcelo Spinola 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.	Calle Cuatro Vientos, 1. San Ginés. Murcia. Spain	100.00%
Electronic Traffic, S.A.	Calle Tres Forques, 147. 46014 Valencia. Spain	100.00%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Electronic Trafic de Mexico, S.A. de C.V.	Melchor Ocampo 193 Torre C Piso 14D. Veronica Anzures . D.F. 11300. Mexico.	100.00%
Emplogest, S.A.	Rua Alfredo Trindade, 4 Lisboa. 01649 Portugal	98.21%
Emurtel, S.A.	Calle Carlos Egea, parc. 13-18. P.I. Oeste. Alcantarilla. Murcia. Spain	100.00%
Enclavamientos y Señalización Ferroviaria, S.A.	Calle 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 Spinola 10. Madrid 28016. Spain.	100.00%
Energía y Recursos Ambientales de Peru, S.A.	Amador Merino Reyna, 267.Lima. Peru.	100.00%
Energía y Recursos Ambientales Internacional, S.L.	Cardenal Marcelo Spinola, 10.28016 Madrid. Spain.	100.00%
Energías Ambientales de Guadalajara, S.L.	Cardenal Marcelo Spinola 10. Madrid 28016. Spain.	100.00%
Energías Ambientales de Soria, S.L.	Cardenal Marcelo Spinola 10. Madrid 28016. Spain.	100.00%
Energías Renovables Andorranas, S.L.	Cardenal Marcelo Spinola, 10.28016 Madrid. Spain.	75.00%
Engemisa Engenharia Limitida	Ruas das Patativas, 61 41720-100.Salvador de Bahía. Brazil.	100.00%
Enipro, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74.54%
Enq, S.L.	Calle F, nº 13. P.I. Mutilva Baja. Navarra. Spain	100.00%
Eólica Majadillas, S.L.	Cardenal Marcelo Spinola 10. Madrid 28016. Spain.	100.00%
EPC Ciclo Combinado Norte, S.A. de C.V.	Melchor Ocampo, 193, Torre C piso 14D. 11300 Mexico D.F. Mexico	75.00%
EPC Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.	Cardenal Marcelo Spinola, 10.28016 Madrid. Spain	84.78%
Equipos de Señalización y Control, S.A.	Calle Severino Covas, 100. Vigo. Pontevedra. Spain	100.00%
Escal UGS, S.L.	Calle Cardenal Marcelo Spinola, 10, 28016 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.	Calle Mercuri, 10-12. Cornellà 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. Turkey.	100.00%
Etra Interandina, S.A.	Calle 100, nº 8A-51, Of. 610 Torre B. Santafe de Bogota. Colombia	100.00%
Etra Investigación y Desarrollo, S.A.	Calle 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. Manoterias, 28.28050 Madrid. Spain.	100.00%
Etralux, S.A.	Calle Tres Forques, 147. 46014 Valencia. Spain	100.00%
Etranorte, S.A.	Calle Errerruena, pab. G. P.I. Zabalondo. Munguia. Vizcaya. 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 Spinola,10.28016 Madrid. Spain.	100.00%
Fides Facility Services, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain.	100.00%
Firefly Investments 261	22 On Kildare. 22 Kildare Road.7700 Newlands. Súdfrica	92.00%
France Semi, S.A.	20/22 Rue Louis Armand rdc. 75015 Paris. France.	100.00%
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 Spinola, 10. 28016 Madrid. Spain	100.00%
Gercobra GMBH, S.L.	Am Treptower Park, 75. 12435 Berlín. Germany.	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 - 3º Lei o 2740-278.Porto Salvo. Portugal.	74.54%
Gestión Inteligente de Cargas, S.L.	Cardenal Marcelo Spinola 10. Madrid 28016. Spain.	100.00%
Gestway - Gestão de infra estruturas Ltda.	Av. Rouxinol n.º 1041 conj. 1008, Moema, CEP 04516-001.São Paulo. Brazil.	51.00%



Company	Registered Office	% Effective Ownership
Golden State Environmental Tedagua Corporation, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Grafic Planet Digital, S.A.U.	Calle Anable Segura,10 2º.28109 Madrid. Spain.	100.00%
Grazigystix Pty Ltd	World Trade Centre 3 Floor. Morningside 2196.Johannesburgo. South Africa.	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%
Guaimbe I Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Guaimbe II Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Guaimbe III Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Guaimbe IV Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Guaimbe V Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brazil.	99.90%
Guatemala de Tráfico y Sistemas, S.A.	Calle Edificio Murano Center, 14. Oficina 803 3-51. Zona 10. Guatemala	100.00%
H.E.A Instalações Ltda.	Rua das Patativas, 61 Salvador de Bahía	100.00%
Hidra de Telecomunicaciones y Multimedia, S.A.	Calle 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%
Hidráulica Río Piedra, S.A.	Dr. Ernesto Pérez Balladares David.Chiriqui. Panam .	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%
Humiclíma Caribe Cpor A.Higüey	Ctra Cruce De FriUnited States, s/n. Higüey. Altigracia. Dominican Republic	100.00%
Humiclíma Est, S.A.	Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain	100.00%
Humiclíma Haiti, 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 Panama, S.A.	Calle 12, Corregimiento de Rio Abajo Panama.	100.00%
Humiclíma USA Inc	2800 Post Oak Boulevard Suit 5858.Houston, Texas 77056. United States.	100.00%
Hydro Management, S.L.	Avda.Teneniente General Gutierrez Mellado, 9. 30008 Murcia. Spain	79.63%
Iberoamericana de Hidrocarburos, S.A. de C.V.	Calle Melchor Ocampo 193. Colonia Verónica Anzures. Mexico	87.63%
Imesapi Colombia SAS	Calle 134 bis nº. 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%
Infraestructuras Energéticas Aragonesas, S.L.	Calle Paraíso, 3. 50410 Cuarte de Huerva. Zaragoza. Spain	100.00%
Infraestructuras Energéticas Castellanas S.L.	Aluminio 17Valladolid 47012 Spain	100.00%
Infraestructuras Energéticas Medioambientales Extremeñas, S.L.	Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. Spain	100.00%
Ingeniería de Transporte y Distribución de Energía Eléctrica, S.L. (Intrade)	Cardenal Marcelo Spínola,10.28016 Madrid. Spain.	100.00%

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Company	Registered Office	% Effective Ownership
Initec do Brazil 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.	Calle Misiones 13.Las Palmas de Gran Canaria. Spain.	100.00%
Innovantis, S.A.	Av. Rua Vlamir Lenni Nº179 andar 6º .Maputo. Mozambique.	74.54%
Innovtec, S.R.L.U.	Immeuble les Baux RN 8.13420 Gemenos. France.	74.54%
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, Rio 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 Calle 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%
Instalaciones, Construcciones y Trabajos Públicos, S.A.	Carretera del Mig, 37. 08940 Cornellà de Llobregat. Barcelona. Spain	100.00%
Intebe, S.A.	Calle Tarragones, 12.L´Hospitalet de L´Infant.Tarragona. Spain.	100.00%
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%
Iscobra Instalacoes e Servicos, Ltda.	General Bruce,810 Rio de Janeiro. Brazil 20921	100.00%
Lestenergía	Calçada Da Rabaça, Nº 11. Penamacor. Portugal	74.54%
Litrán do Brazil 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.	Calle Arco, nº 40. Las Palmas de Gran Canaria. Islas Canarias. Spain	100.00%
Lusobrisa	Rua Rui Teles Palhinha, 4-3º. Leião 2740-278 Porto Salvo. Portugal	74.54%
Maessa France SASU	115, rue Saint Dominique.75007 Paris . France.	100.00%
Maessa Telecomunicaciones, S.A. (MAETEL)	Calle Bari, 33 - Edificio 3. 50197 Zaragoza. Spain	100.00%
Maetel Chile LTDA	Huerfanos 779, oficina 608.Santiago de Chile. Chile	100.00%
Maetel Construction Japan KK	HF Toranomin Building 5F 2-17-2. Nishishinbashi Minato-ku.Tokio. Japan.	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 nº250. 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 Kenya Limited	5th Floor. Fortis Tower, Westlands. Nairobi.P.O.Box 2434 00606 Sarit Centre. Nairobi. Kenia.	100.00%
Makiber, S.A.	Paseo de la Castellana, 182-2º. 28046 Madrid. Spain	100.00%
Mantenimiento y Montajes Industriales, Masa Chile, Ltda.	Calle Apoquindo 3001 Piso 9.206-744 Las Condes. Santiago de Chile. Chile.	100.00%
Mantenimiento y Montajes Industriales, S.A.	Avda de Manoteras 26 4 planta. 28050 Madrid. Spain.	100.00%
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Calle Mendez Alvaro 9, 2ª planta .28045 Madrid Spain.	100.00%
Mas Vell Sun Energy, S.L.	Calle Prósper de Bofarull, 5 . Reus (Tarragona)	100.00%
Masa Algeciras, S.A.	Avda de los Empresarios S/N. Edif Arttysur Planta 2ª Local, 10.Palmones - Los Barrios. Cádiz. Spain.	100.00%
Masa do Brazil Manutenção e Montagens Ltda.	Avda presidente Wilson, nº231,sala 1701 (parte), Centro.Rio de Janeiro. Brazil	100.00%
Masa Galicia, S.A.	Políg. Ind. De la Grela - Calle Guttember, 27, 1º Izqd. 15008 La Coruña. Spain	100.00%
Masa Huelva, S.A.	Calle 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%

Company	Registered Office	% Effective Ownership
Masa Mexico, S.A. de C.V.	Calle Juan Racine, 112, 8° - Colonia Los Morales, Del. Miguel Hidalgo - 11510 Mexico D.F.	100.00%
Masa Norte, S.A.	Calle Ribera de Axpe, 50-3°. 48950 Erandio Las Arenas. Vizcaya. Spain	100.00%
Masa Puertollano, S.A.	Crta. Calzada de Calatrava, km. 3,4. 13500 Puertollano. Ciudad Real. Spain	100.00%
Masa Servicios, S.A.	Políg. Ind. Zona Franca, Sector B, Calle B. 08040 Barcelona. Spain	100.00%
Masa Tenerife, S.A.	Pº Milicias de Garachico 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 Juarez. Delegación Cuauhtemoc. 06600 Mexico D.F. Mexico.	100.00%
Mexicobra, S.A.	Colonia Polanco Calle 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	100.00%
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%
Monclova Pirineos Gas, S. A. de C. V.	Padre Larios, 105 colonia Carranza.Coahuilla 25760. Mexico.	69.45%
Moncobra Canarias Instalaciones, S.A.	León y Castillo, 238. 35005 Las Palmas de Gran Canaria. Islas Canarias. Spain	100.00%
Moncobra Constructie si Instalare, S.R.L.	Floresca, 169-A floresca Business Park.Bucarest. Romania	100.00%
Moncobra Dom	3296 Bld Marquisat de Houelbourg- ZI de Jarry97122 Baie Mahault. Guadalupe	100.00%
Moncobra Peru	Calle Amador Merino Reyna,267 San Isidro, Lima	100.00%
Moncobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	100.00%
Monelec, S.L.	Calle Ceramistas, 14. Málaga. Spain	100.00%
Montrasa Maessa Asturias, S.L.	Calle Camara, nº 54-1º dchra. 33402 Avilés. Asturias. Spain	51.00%
Moyano Maroc SRALU	269 8D Zertouni Etg 5 Appt 1.Casablanca. Morocco.	100.00%
MPC ENGENHARIA-Brazil	Pernambues-Brazil	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 Motpellier . France	74.54%
OCP Peru	Calle Amador Merino Reyna,267 San Isidro, Lima	100.00%
Odoyá 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	Calle Sepúlveda 6. 28108 Alcobendas. Madrid. Spain.	100.00%
Oilserv S.A.PI. de C.V.	Avda. Gómez Morin, 1111 Carrizalejo. 66254 Nuevo León. Mexico.	34.72%
OKS, Lda.	Rua Rui Teles palhinha n.º4.Leião. Portugal.	37.64%
Opade Organización y Promoción de Actividades Deportivas, S.A.	Cardenal Marcelo Spinola, 10.28016 Madrid. Spain.	100.00%
Optic1 Powerlines (PTY) LTD	60 Amelia Lane Lanseria Corporate Estate, EXT 46 Lanseria 999. South Africa.	55.91%
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%
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 Donado, 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 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 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%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
Petrolíferos Tierra Blanca, S.A. de C.V.	Avda. Batallón de San Patricio,111.Monterrey. Mexico.	34.72%
Petrosevicios Poza Rica, S.A. de C.V.	Avda. Batallón de San Patricio,111.Monterrey. Mexico.	99.99%
Pilatequia, S.L.	Calle 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 Manteras, 26. 28050 Madrid. Spain	100.00%
Railways Infraestructures Instalac y Servicios LLC	Hai Al-Basatin - Prince Sultan Road 7346 Kingdom of Saudi Arabian	100.00%
Recursos Ambientales de Guadalajara, S.L.	Cardenal Marcelo Spinola 10. Madrid 28016. Spain.	100.00%
Recursos Eólicos de Mexico, S.A. de C.V.	Juan Racine, 112 piso 6.Mexico D.F. Mexico.	100.00%
Remodelación Diesel Cadereyta, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo.Mexico D.F. Mexico	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. Mexico.	99.99%
Riansares Eólica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	70.00%
Ribagrande Energía, S.L.	Cardenal Marcelo Spinola 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 Spinola 10. Madrid 28016. Spain.	100.00%
Roura Cevasa, S.A.	Caracas, 5. Barcelona. 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%
Sarl Maintenance Cobra Algeria	Algeria	100.00%
Sarl Ofiteco Argelia	Rue du Sahel, 14. Hydra.Argel. Algeria.	49.00%
Sedmiruma, S.R.L.	Bucarest, sector 3, Str Ion Nistor 4. Romania.	100.00%
Sedmive, C.A. (Soc. Españ. Montajes Indus Venezuela)	Av. Francisco de Miranda, con Av. Eugenio Mendoza, Edf. Sede Gerencial La Castellana, Piso 8, Oficina 8A, La Castellana. Caracas. Venezuela.	100.00%
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 Germany, S.A.	Schlüter Str.17 10625.Berlin. Germany.	100.00%
Semi Ingenieria, S.r.L.	Ave. Abraham Lincoln No. 1003, Torre Biltmore I, suite 404, Piantini. Santo Domingo.Dominican Republic	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.	100.00%
SEMI Panama, S.A.	Edificio Domino, oficina 5. Via Spain. Panama.	100.00%
Semi Peru Montajes Industriales S.A.C.	Av. Nicolás Ayllón N°2925 ; El Agustino. Lima. Peru.	100.00%
Semi Procoin Solar Spa	Calle Apoquindo N° 3001 Piso 9, Region Metropolitana.Santiago De Chile. Chile.	65.00%
SEMI Saudi	Riyadh. Saudi Arabian.	100.00%
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%
SEMIUR Montajes Industriales, S.A.	Calle 25 de mayo 604 oficina 202. 11000 Montevideo. Uruguay.	100.00%
Semona, S.R.L.	Ave. Abraham Lincoln No. 1003, Torre Biltmore I, suite 404, Piantini. Santo Domingo.Dominican Republic	70.00%
Sermacon Joel, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80%
Sermicro do Brazil 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.	Calle Pradillo, 46. 28002 Madrid. Spain.	100.00%
Serpimex, S.A. de C.V.	Calle Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 Mexico DF. Mexico.	99.99%

Company	Registered Office	% Effective Ownership
Serpista, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	51.00%
Serveis Catalans, Serveica, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	100.00%
Servicios Administrativos Offshore, S.A. de C.V.	Juan Racine 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	99.99%
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%
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.	Calle Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	100.00%
Sice Hellas Sistemas Tecnológicos Sociedad Unipersonal de Responsabilidad Limitada	Calle 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 Electricice, S.R.L.	Calea Dorobantilor, 1. Timisiora. Romania.	100.00%
Sice South Africa Pty, Ltd.	Calle 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.	Calle 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.	Avda de Manoteras 26 4 planta. 28050 Madrid. Spain.	100.00%
Sistemas Radiantes F. Moyano, S.A.	Calle De La Cañada, 53. 28850 Torrejón de Ardoz. Madrid. Spain	100.00%
Sistemas Sec, S.A.	Calle Miraflores 383. Santiago de Chile. Chile	51.00%
Small Medium Enterprises Consulting, B.V.	Claude Debussylaan, 44, 1082 MD. Amsterdam. Netherlands.	74.54%
Sociedad Iberica de Construcciones Electricas de Seguridad, S.L.	Calle La Granja 29. 28108 Alcobendas. Madrid. Spain	100.00%
Sociedad Española de Montajes Industriales, S.A. (SEMI)	Avenida de Manoteras nº 6, segunda planta, 28050, Madrid. Spain.	100.00%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	Calle Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	100.00%
Sociedad Industrial de Construcción Eléctricas, S.A	Calle Aquilino de la Guardia. Edificio IGRA Local 2. Urbanización Bella Vista Panama	100.00%
Sociedad Industrial de Construcciones Eléctricas de Costa Rica, S.A.	Calle 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.	Calle 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.	Calle 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%
Spcobra 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.	Carretera de la Santa Creu de Calafell 47 Portal B. 08830 Sant Boi de Llobregat. Barcelona. Spain	100.00%
Taxway, S.A.	Colonia, 981. Montevideo. Uruguay	100.00%

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Company	Registered Office	% Effective Ownership
Tecneira Acarau Geração e Comercialização de Energia Elétrica S.A.	Rua Marcos Macedo 1333 Sala 416 CEP 60.150-190 Aldeota.Fortaleza. Brazil.	74.54%
Tecneira Brazil Participações S.A.	Rua Marcos Macedo n.º 1333 Torre II sala 416, CEP 60.150-190.Aldeota, Fortaleza. Brazil.	74.54%
Tecneira Embuaca Geração e Comerc. de Energia SA	Fazenda Bodes, CEP 62.690-000 Praia de Embuaca.Município de Trairi, Estado do Cear . Brazil.	74.54%
Tecneira Novas Enerias 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 Spinola 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 Spinola, 10.28016 Madrid. Spain.	100.00%
Tedagua Mexico, S.A. de C.V.	Calzada Melchor Ocampo, 193 Edif C 14D Anzures.Mexico D.F. Mexico	100.00%
Tedagua Renovables, S.L.	Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. Spain	100.00%
Telcarrier, S.A.	Calle La Granja, 29. 28108 Alcobendas. Madrid. Spain	100.00%
Telsa Instalaciones de Telecomunicaciones y Electricidad, S.A.	Calle La Granja, 29. 28108 Alcobendas. Madrid. Spain	100.00%
Termosmesmero, S.L.	Cardenal Marcelo Spinola 10.28016 Madrid. Spain	100.00%
Tesca Ingenieria del Ecuador, S.A.	Avda. 6 de diciembre N37-153 Quito. Ecuador	100.00%
Torre de Miguel Solar, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	100.00%
Trafiurbe, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Rana. Portugal	76.20%
Transmissora José Maria de Macedo de Electricidade, S.A.	Avda Presidente Wilson 231 Sala 1701 parte. Edificio Austregésilo Athayde, centrCEP 20.030-021 Rio de Janeiro. Brazil	100.00%
Triana do Brazil Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	50.00%
Trigeneración Extremeña, S.L.	Cardenal Marcelo Spinola, 10.28016 Madrid. Spain.	100.00%
UrbaEnergía Instalaciones y Servicios, S.L.	Cardenal Marcelo Spinola,10.28016 Madrid. Spain.	100.00%
Valdelagua Wind Power, S.L.	Cardenal Marcelo Spinola 10. Madrid 28016. Spain.	100.00%
Venelin Colombia SAS	Calle 107 A N°. 8-22.Bogotá. D.C. Colombia	100.00%
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%

## ENVIRONMENT

ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50.28050 Madrid. Spain.	100.00%
All Care (GB) Limited	Unit 18/19, Hedge End Business Centre, Botley Road, Hedge End. Southampton, SO30 2AU. Londres. United Kingdom.	100.00%
Avio Soluciones Integradas, S.A.	Avda Manoterias, 46 Bis 1ª Planta.28050 Madrid. Spain.	100.00%
Centre D'Integracio Social Balear Ceo, S.L.	Calle . Gessami 10, 2ª. Palma de Mallorca 07008 Illes Balears	51.00%
Centro de Transferencias, S.A.	Polígono Los Barriales, s/n. Valladolid. Spain	70.00%
Clece Care Services, Ltd.	3rd floor, 125-135 Staines Road, Hounslow, TW3 3JB. Londres. United Kingdom.	100.00%
Clece Seguridad S.A.U.	Avda. de Manoterias, 46, Bis 1ª Pl. Mod. C 28050 Madrid. Spain.	100.00%
Clece, S.A.	Avda. Manoterias, 46 Bis 2ª Planta. 28050 Madrid. Spain.	100.00%
Clece, S.A. (Portugal)	Concelho de Oeiras.Lisboa. Portugal.	100.00%
Clehos Servicios para Hoteles S.L.	Calle Alexandro Volta, 2-4-6 BI 3.46940 - Paterna (Valencia). Spain.	100.00%

Company	Registered Office	% Effective Ownership
Clever Airport Services, S.A.	Avda Manoterías, 46 Bis 1ª Planta.28050. Madrid. Spain.	100.00%
Demarco, S.A.	Alcalde Guzmán,18. Quilicura. Chile	50.00%
Ecoentorno Ambiente, S.A.	Camino de la Muñoza, s/n. Ctra. Madrid-Barcelona, km. 15,200 - 28042 Madrid. Spain.	51.00%
Ecoparc de Barcelona S.A.	Calle A . Políg. Industrial Zona Franca. Barcelona. Spain	94.80%
Ecoparc del Besós, S.A.	Rambla de Catalunya, 91-93, 9º3ª.08080 Barcelona. Spain.	46.00%
Eleva2 Comercializadora S.L.	Calle Padre Tom s Montañana, 38, 1º-2ª.46023 - Valencia. Spain.	100.00%
Empordanesa de Neteja, S.A.	Avda. Diagonal, nº 611 - 2º. Barcelona. Spain	60.00%
Enxerico Energía Mexico, S.A. de C.V	Av. Reforma Sur nº 916. Colonia Centro Tehuacan Puebla CP 75700. Mexico.	85.00%
ENVISER Servicios Medioambientales, S.A.U.	Derio (Bizkaia), calle Astintze, nº 6-A, planta 1ª, oficina 106.Bizkaia. Spain.	100.00%
Evere, S.A.S.	Av. Albert Einstein. 34000 Montpellier. France	100.00%
Familia Concilia Servicios para el Hogar S.L.	Avda. Manoterías, 46 Bis.28050 - Madrid. Spain.	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	Suites 1&2 The Monument, 45 Monument Hill, Weybridge, Surrey KT13 8RN. United Kingdom.	100.00%
Huesca Oriental Depura, S.A.	Ctra. de Madrid, km. 315,800 Edif. Expo Zaragoza, 3 Ofic. 14 - 50012 Zaragoza-Spain	100.00%
Hunaser, Servicios Energeticos, A.I.E.	Avenida de Galicia, nº 44.33005 Oviedo. Asturias. Spain.	60.00%
Inserlimp Soluciones S.L.	Calle Resina, 29- C.Madrid, 28021. Spain.	100.00%
Integra Formación Laboral y Profesional, S.L.	Calle Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	100.00%
Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	Calle Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	100.00%
Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L.	Calle Pamplona, 54 Bajo. 08005 Barcelona.Spain	100.00%
Integra Mantenimiento, Gestión Y Servicios Integrados Centro Especial de Empleo Andalucía, S.L.	Calle Industria Edif Metrópoli, 1 Esc 4, PI MD P20. 41927 Mairena de Aljarafe. Sevilla. Spain	100.00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L.	Pl. América nº 1, Edif. 1, Plta. 1. 36211 Vigo. 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.	Calle Resina, 29. Villaverde Alto. 28021 Madrid. Spain.	100.00%
Integra Mantenimiento, Gestión y Servicios Integrados Extremadura CEE, S.L.U.	Calle 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 Manoterías, 46 Bis 1ª Planta.28050. Madrid. Spain.	100.00%
Laboratorio de Gestión Ambiental, S.L.	Calle Cobalto,12.Pol. Ind. San Cristobal .47012 Valladolid. Spain.	100.00%
Lalvera Restauración Colectiva S.A.	Avda Manoterías, 46 Bis 1ª Planta.28050. Madrid. Spain.	100.00%
Lavintec Centre Especial D'Ocupació, S.L.	Calle Francesc Valduví , 5. Polig Industrial Can Valero.07011 Palma de Mallorca. Spain.	100.00%
Limpiezas Deyse, S.L.	Calle Lérida, 1. Manresa. Barcelona. Spain	100.00%
Lireba Serveis Integrats, S.L.	Cami de Jesús, s/n edificio Son Valentí Pol Son Valentí 1ª Planta. 07012 Palma de Mallorca. Islas Baleares. Spain.	51.00%
Lirecan Servicios Integrales, S.A.	Calle Ignacio Ellacuría Beascoechea, 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.	Calle Lincoln, 11. 08006 Barcelona. Spain	71.00%
Multiserveis Nduvant, S.L.	Calle Diputación, 180-1ª Planta. 08011 Barcelona. Spain	100.00%
Multiservicios Aeroportuarios, S.A.	Avda. Manoterías 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%

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered Office	% Effective Ownership
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.	Calle Ramón y Cajal, 17. Luceni. Zaragoza. Spain	62.50%
Residuos de la Janda, S.A.	Calle 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 Excm. Diputación de Jaén. Jaén. Spain	60.00%
Richmond 1861 S.L.	Avda. Movera, 600.50016 - Zaragoza. Spain.	100.00%
Salins Residuos Automoción, S.L.	Calle 31 Calle v calle 27 - Nave 715-701, P.I. Qatarroja. 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 G.R.I. Mexico S.A. de C.V.	Av. Homero 229, Desp. 401. Chapultepec Morales.Mexico D.F. CP 11570. Mexico.	100.00%
Sertego Maroc, S.A.	Av. Mohamed tazi, 1er piso.T nger-marshan. Morocco.	100.00%
Sertego Servicios Medioambientales, S.L.	Camino de Hormigueras, 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.	Calle Josep Ferrater y Mora, 2-4 2ª Pl. 08019 - Barcelona. Spain.	100.00%
Serveis Integrals Lafuente, S.L.	Parque Tecnológico Calle . Alessandro Volta 2-4-6 Bloq 3. 46980 Paterna, Valencia. Spain.	100.00%
Servicios de Aguas de Misiones, S.A.	Avda. López y Planes, 2577. Misiones. Argentina	90.00%
Sevicios Corporativos TWC, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico	100.00%
Sintax Logística Transportes, S.A.	Vale Ana Gomez, Ed. Sintax Estrada de Algeruz. Setubal. Portugal	100.00%
Sintax Logística, S.A.	Calle Diputación, 279, Atico 6ª. Barcelona. Spain	100.00%
Sintax Logístics Zeebrugge, S.P.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 Navigomes, Ltda.	Av. Luisa Todi, 73. 2900 Setúbal. Portugal	51.00%
Socamex, S.A.	Calle 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 Manteras,46 Bis, 2ª Planta 28050 Madrid. Spain	100.00%
Tecmagua, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico	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 Elaiassaoui cite OLM-Suissi II. Rabat. Morocco	100.00%
Tecmed Servicios de Recolección Comercial e Industrial S.A. de C.V.	Av. Homero 229, Desp. 401. Chapultepec Morales.Mexico D.F. CP 11570. Mexico.	100.00%
Tecmed Técnicas Mediamb. de Mexico, S.A. de C.V.	Av. Homero 229, Desp. 401. Chapultepec Morales.Mexico D.F. CP 11570. Mexico.	100.00%
Trans Inter Uberherrn, GmbH	33 Langwies, D-66 802 Überherrn. Germany.	100.00%
Trans Transpor France , SAS	Route de Phaffans. 90380 Roppe. France	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%



Company	Registered Office	% Effective Ownership
Tratamiento Integral de Residuos Zonzamas, S.A.U.	Camino de Hormigueras, 171.28031 Madrid. Spain.	83.97%
Tresima Limpiezas Industriales, S.A. (TRELIMSA)	Calle 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.	Calle 31 Calle v calle 27 - Nave 715-701, P.I. Qatarroja. Valencia. Spain	80.00%
Urbana de Servicios Ambientales, S.L.	Avda. José Ortega y Gasset, nº 194-196. Madrid. Spain	70.00%
Urbaproprete IDF	1140 Avenue Albert Einstein BP 51.34000 Montpellier -Herault. France.	100.00%
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 Mexico, 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 LLC	P.O.Box 686, Ruwi, Código Postal 112. Oman.	70.00%
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.	Vía 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.	Calle 123, s/n, cruce con avenida 94, avda. lizandro Alvarado, zona industrial la Guacamaya, Galpon, Urbaser, Valencia Estado Carabobo. Venezuela	100.00%
Urbaser, S.A.	Camino de Hormigueras, 171.28031 Madrid. Spain.	100.00%
Urbasys, S.A.S.	Route de Tremblay, F-91480 Varennes-Jarcy. France	100.00%
Vadereli, S.L.	Av. Tenerife, 4 y 6.28703 San Sebastian de los Reyes. Madrid. Spain.	51.00%
Valenciana de Eliminación de Residuos, S.L.	Paraje "El Cabezo del Pino". Real de Montroi. Valencia. Spain	85.00%
Valenciana de Protección Ambiental, S.A.	L' Alcudia de Crepins - Polig. El Caneri - Parcela 6. Valencia. Spain	99.55%
Valoram, S.A.S.	1140 Avenue Albert Einstein BP 51.34000 Montpellier Cedex 09. France.	100.00%
Valorga International, S.A.S.	1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France	100.00%
Valorgabar, S.A.S.	1140, Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France	100.00%
Valortegia, S.A.S.	1140 Avenue Albert Einstein BP 51.34000 Montpellier Cedex 09. France.	100.00%
Vertederos de Residuos, S.A. (Vertresa)	Camino de Hormigueras, 171.28031 Madrid. Spain.	83.97%
Zaintzen, S.A.U.	Landabarri Zeharbidea 3 Zbekia, 4ª 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	Registered Office	% Effective Ownership	Revenue 100% (Thousand euros)
<b>CONSTRUCTION - DRAGADOS</b>			
Presa Enciso	Calle Manuel Lasala, 36 - Zaragoza	50.00%	28,438
Yesa	Calle Rene Petit, 25 - Yesa	33.33%	15,462
Gorg Línea 9	Calle Mare de Deu del Port, 71 - Barcelona	43.50%	10,843
Puente de Cádiz	Avda. Tenerife, 4 y 6 - San Sebastián de los Reyes	100.00%	30,654
Rodovias do Baixo Alentejo	Av. Duque de Ávila, 46 - Lisboa	44.00%	47,524
Albagés	Calle Aragón, 390 - Barcelona	70.00%	15,996
Rodovias do Algarve Litoral	Av. Duque de Ávila, 46 - Lisboa	40.00%	18,122
Depuradoras Zona 03	Ctra. Madrid, km. 315,8 (Ed. Exp., esc. 3 - 2º, Of. 14) - Zaragoza	50.00%	14,629
Ave San Isidro-Orihuela	Calle Alvaro de Bazan, 10 - Valencia	70.00%	25,179
Estacions L9 Llobregat	Calle Via Laietana, 33 - Barcelona	50.00%	19,513
Edar Peñíscola	Calle Alvaro de Bazan, 10 - Valencia	60.00%	13,830
Urumea	Calle Gran Via, 53 - Bilbao	37.00%	24,516
Museo Nacional de la Energía	Pz. Juan de Austria, 2 - Valladolid	50.00%	10,039
Dragados-Sisk Crosrail Eastern r.tunnels	25 Canal Sq. 33 fl. Canary Wharf - London	90.00%	169,092
Forth Crossing Bridge Construction	Grange House West Main Road, Grange Mouth - Scotland	28.00%	259,194
Palacio de Congresos y Exposiciones de León	Calle Juan de Juni, 1 - Valladolid	50.00%	10,947
Consorcio Dragados-Concay	Calle 94 A, N° 13-08 Barrio Chico - Bogotá	70.00%	70,173
Aduna	Calle Ergoyen, 21 - Urnieta	26.00%	19,458
Túnel de Prado Vía Izquierda	Calle Wenceslao Fernández Florez, 1 - A Coruña	100.00%	15,301
Edar Villapérez	Avda. Camino de Santiago, 50 - Madrid	100.00%	17,608
Consorcio Dracol Líneas Férreas	Calle 19, N° 97-31 Barrio Chico - Bogotá	70.00%	24,101
Consorcio Constructor Metro Lima	Av. de la República 791 - Lima	35.00%	62,234
Dique Oeste en Langosteira - A Coruña	Calle Compostela, 8 - A Coruña	40.00%	28,269
Organización Explotación Puente de Cádiz	Avda. Camino de Santiago, 50 - Madrid	100.00%	31,524
Antequera	Calle Orense 11 - Madrid	90.00%	17,696
Prado Porto	Calle Orense 11 - Madrid	67.50%	19,186
Vías CRC Extraco. Hospital Ourense	Calle Orense 11 - Madrid	56.00%	18,233
Vía Utrera Las Cabezas	Calle Almendralejo, 5 - Sevilla	50.00%	11,639
Thiess John Holland Dragados	129 Showground Rd, Castle Hill NSW 2154	25.00%	417,200
Seattle Tunnel Partners	999 3rd Avenue, 22nd Floor, Seattle, WA 98104	55.00%	160,798
Dragados/ Flatiron/ Sukut	P.O Box 608, Sunol CA 94586	40.00%	62,422
Dragados / Flatiron (CHSR)	1610 Arden Way Ste 175 Sacramento, CA 95815	50.00%	41,096
Portsmouth	810 7th Avenue, 9th Floor New York, NY 10019	50.00%	48,332
Picone Schiavone	Van Cortland Park, Bronx NY 10462	100.00%	10,883
86th Street Constructors	207 E. 94th Street, NY, NY 10128	100.00%	108,707
Harold Structures	31-08 Northern Boulevard, LI City, NY 11101	100.00%	26,274
Picone Schiavone II	137-07 94th Ave., Queens, NY 11435	100.00%	18,124
GCT Constructors	597 5th Avenue 4th Floor, NY, NY 10017	100.00%	37,143
White-Schiavone	1350 Main St. , Suite 1005, Springfield, MA 01085	100.00%	13,398

UTE / EIG	Registered Office	% Effective Ownership	Revenue 100% (Thousand euros)
Nouvelle Autoroute A30	21025 Aut Transcanadienne, Ste-Anne-de-Bellevue Quebec H9X 3R2	40.00%	10,784
Parkway Infrastructure Constructors	340, 2187 Huron Church Rd,Windsor N9C 2L8	33.33%	65,737
Ottawa LRT Constructors	1600 Carling Avenue, Suite 450, PO Box 20,Ottawa K1Z 1G3	40.00%	243,890
Eglinton Crosstown - East Tunnels	939 Eglinton Ave. East, #201A,Toronto M4G 4E8	50.00%	53,561
SSL Construction SENC	2015 Rue Peel, Montreal Quebec H3A 1T8	25.00%	126,488
Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500,Toronto M2N 7E4	25.00%	96,207
Northeast Anthony Henday Project	12009 Meridian Street, Edmonton AB T6S 1B8	33.75%	262,145
Ruskin Generating Station Upgrade	10400 Hayward Street, Mission BC V4S 1H8	40.00%	40,938
Pulice-Granite Red Mtn	2033 W Mountain view road Phoenix AZ 85021	65.00%	85,094
Techint- Dycasa	Hipólito Bouchard 557 piso 17 - Buenos Aires	40.00%	83,018
1218 Fore River Bridge Replacement Project	10 Burr Street - Framingham, MA 01701	57.00%	37,690
1306 Longfellow Bridge Replacement Project	10 Burr Street - Framingham, MA 01701	55.00%	50,217
1310 Fitchburg Commuter Rail Track & Signal	10 Burr Street - Framingham, MA 01701	65.00%	10,285
White Skanska Kiewit (5301-5401-5402-5403-5404)	10 Burr Street - Framingham, MA 01701	40.00%	93,383

UTE / EIG	Registered Office	% Effective Ownership	Revenue 100% (Thousand euros)
<b>CONSTRUCTION - HOCHTIEF</b>			
Forth Replacement Crossing	GB - Scotland	28.00%	244,018
Schiphol Amsterdam-Almere (SAA) A1/A6	NL - 1112XH Diemen / Eekholt 54	35.00%	203,541
Bau-ARGE BAB A8 Ulm - Augsburg	D - 86441 Zusmarshausen / Im Zusamtal 7	50.00%	84,596
Arge A7 Hamburg-Bordesholm	DE - Hamburg	70.00%	80,000
Baltic 2 OWF (FOU/LGS)	D - Offshore	50.00%	65,956
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	DE - Stuttgart	40.00%	48,716
CrossRail C310	GB - London	50.00%	45,748
EKPPT CJV/OJV	GR - Nea Kifissia, Athen / 25 Ermou Str.	42.27%	44,282
Arge Tunnel Rastatt	DE - Ötigheim / Aufs Koppenstraße	50.00%	36,141
Maliakos Kleidi CJV/OJV	GR - Itea-Gonnoi	60.84%	33,355
Bexhill to Hastings Phase 2	GB - St Leonards / East Sussex	50.00%	31,792
Cityringen: Branch-off to Nordhavnen	DK - Kopenhagen / Arhusgade121	40.00%	31,084
Revitalizace trati Pardubice - Žďirec	CZ - Pardubicky-Pardubice / Pardubice, Hlinsko, Žďirec nad Doub	10.00%	27,394
E6 Dovrebanen FP2	NO - Eidsvoll/ Minnesund	40.00%	26,660
ARGE Tunnelkette Granitztal Baulos 50.4	AT - St. Paul in Lavanttal / Granitztal-St. Paul	50.00%	22,000
Gotthard Basis Tunnel,Lose Bodio&Faido	CH - Bodio / Consorzio TAT	25.00%	21,066
BAB A 100, 16.Bauabschnitt	DE - Berlin / Grenzallee	50.00%	19,242
ARGE Bau WBG Halstenbek	Calle o HT Hamburg GmbH, Fuhsbüttler Str. 399, 22309 Hamburg	30.00%	17,500
Arge Hafentunnel Cherbourger Strasse	DE - Bremerhaven / Coloradostraße 7	33.00%	16,913
Arge Trianon Brandschutzsanierung, FFM	D - 60325 Frankfurt am Main / Mainzer Landstraße 16	75.00%	14,975

# CONSOLIDATED FINANCIAL STATEMENTS

UTE / EIG	Registered Office	% Effective Ownership	Revenue 100% (Thousand euros)
Wendlingen - Ulm PFA 2.3 Tunnel Widders.	DE - Laichingen-Dornstadt	40.00%	14,226
Ligary, ČOV	CZ - Brnensky-Brno / Hodějice	25.00%	12,368
Praha 6 - ČVUT CIIRC	CZ - Praha / Jugoslávských partyzánů	55.06%	12,299
Likvidace povrch. areálů po těžbě uranu	CZ - Liberecky-Ceska Lipa / Stráž pod Ralskem	21.00%	11,959
ARGE SBT 1.1 Tunnel Gloggnitz	AT - Gloggnitz / Huyckstraße 3	40.00%	10,000

UTE / EIG	Registered Office	% Effective Ownership	Revenue 100% (Thousand euros)
<b>INDUSTRIAL SERVICES</b>			
Ep Ute VT	Bp 189 Akid Othmane, Ain Temouchent, Algeria	100.00%	10,692
Consorcio Ute Reserva Fría Eten	Avenida Vistor Andres Beleunde, 887, Callao, Perú	100.00%	20,859
Ute Los Cocos	Calle Cardenal Marcelo Spinola, 10 28016 Madrid	100.00%	51,129
EP Ute los coos	Calle Anacaona, 20 Santo Domingo, Dominican Republic	100.00%	23,878
Ute Agua Fría	Calle Cardenal Marcelo Spinola, 10 28016 Madrid	50.00%	20,237
Avanzia Instalaciones Ingenieria ANP	Calle Jose Luis Lagrande, 103 Mexico DF, Mexico	100.00%	10,572
Consorcio Nacome PV	Calle Tegucigalpa, Honduras	50.00%	14,259
Avanzia Initec RM Tula	Calle Jose Luis Lagrande, 103 Mexico DF, Mexico	1.00%	68,999
Ute Energía Galicia	Calle Manzanares, 4 28005 Madrid	50.00%	14,384
Avanzia Initec Valle de Méjico	Calle Jose Luis Lagrande, 103 Mexico DF, Mexico	1.00%	13,849
Cobra Tedagua JV	Road - 7 Block A Mirpur 10, Dhaka, Bangladesh	100.00%	13,849
Ute Tres Hermanas	Calle Cardenal Marcelo Spinola, 10 28016 Madrid	100.00%	48,380
EP Ute Tres Hermanas	Calle Amador Merino Reyna, 267 Interior 902, Lima, Peru	100.00%	46,306
Ute Luz Madrid Oeste	Calle Orense 26, 1º, Planta 3. 28020 Madrid	85.01%	32,759
Ute Luz Madrid Centro	Calle Orense 26, 1º, Planta 3. 28020 Madrid	85.01%	31,802
Ute Vea Parquímetros	Calle Orense, nº. 68 - 2ª planta. 28020 Madrid	50.00%	12,017
Ute Parques Singulares	Embajadores 320 28053 Madrid	49.00%	12,588
Enwesa-Maessa Eae Ute	Calle Tarragonas 12, bajo planta 4º-43890 Hospitalet del Infant -Tarragona	50.00%	11,974
Ute Dapnpk	Via de los Poblados, 11 28033 Madrid Spain	90.00%	98,830
Dragados, Cobra, Initec Joint Venture	160 Shelbourne Road, The Oval, Block 3, 2nd Floor, Ballsbridge, Dublin. Ireland	33.33%	8,342
ute menongue angola	Paseo de la Castellana 182-2º Madrid.	95.00%	15,039

UTE / EIG	Registered Office	% Effective Ownership	Revenue 100% (Thousand euros)
<b>ENVIRONMENT</b>			
UTE Legio	Calle Valle de Portugal, s/n - San Román de La Vega (León)	50.00%	10,509
UTE Ebro	Parque Tecnológico de Reciclados. Parc. C1-18. Crta. La cartuja a Torrecilla de ValMadrid. Km. 1,195. 50720 Zaragoza	100.00%	16,881
UTE La Paloma	Crta. De Valencia Km. 14, Valdemingomez- Madrid	62.00%	10,889
UTE BKU - Tecmed (Albada)	Nostian s/n, 15010, La Coruña	100.00%	13,272
UTE Vertresa Rwe Proces (Las Dehesas)	Ctra. Valencia, km 14. Complejo Valdemingomez - Madrid	100.00%	18,497
UTE Logroño Limpio	Polg. Ind. Portalada II Calle La Nevera, nº 18. 26006 Logroño, La Rioja.	50.00%	10,427
UTE Ecomparque V	Ctra. Terrasa - Manresa C-58 Barcelona	20.00%	11,780
UTE Ecored	Calle Soliraditat 41, Aldaia, Valencia	100.00%	14,756
UTE Melilla	Polígono Industrial Avda. de los Perales S/N, Camino de Coín, Km 1,3	50.00%	11,284
UTE Rec. Periferia de Madrid	Camino de Hormigueras, 171. Edificio A , 4ª Planta. 28031, Madrid.	50.00%	62,825
UTE Vertresa - FCC (Tenerife)	Pol. Ind. San Isidro - El Rosario (Tenerife)	90.00%	20,937
UTE Moron	Gral. J. M. de Pueyrredón 937, Morón	100.00%	22,257
UTE Capital	Brandsen 2720, Ciudad de Buenos Aires	100.00%	77,722
UTE Espacios Verdes III	Brandsen 2720, Ciudad de Buenos Aires	100.00%	16,352
Ute Hospital de Majadahonda	Avda. Manoteras, 46 Bis Pl. 2 (28050-Madrid)	67.00%	21,552

# 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
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THOUSAND EUROS

### 2015

#### ASSOCIATES

##### CONSTRUCTION - DRAGADOS

Cleon, S.A.	Avda. del Camino de Santiago, 50. 28050. Madrid. Spain.	25.00%	-	32,836	-	7,878	24,958	-	(24)	-	(24)	(24)
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##### CONSTRUCTION - IRIDIUM (CONCESSIONS)

Capital City Link General Partnership	12009 Meridian St, Edmonton. Alberta T6S 1B8. Canada.	25.00%	82,323	7,825	86,968	1,828	1,352	5,886	1,002	(250)	751	751
Infraestructuras y Radiales, S.A.	Ctra.M-100 Alcalá de Henares a Daganzo Km 6.300. 28806 Alcalá de Henares. Madrid. Spain	35.00%	314,094	5,392	213,746	176,232	(70,492)	4,670	(15,205)	4,257	(10,947)	(10,947)
SPER - Companye Portuguesa para a Construção e Exploração Rodoviária, S.A.	Rua Julieta Ferrão, nº 10 - 6º andar 1600-131 Lisboa. Portugal	49.50%	153,511	12,621	154,267	20,676	(8,811)	-	-	-	-	-

##### CONSTRUCTION - HOCHTIEF

Al Habtoor Engineering Enterprises Co. LLC	Dubai, Ver. Arab. Emirate	45.00%	505,925	1,248,546	427,320	1,028,615	298,536	781,528	(9,638)	-	(9,638)	(9,638)
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##### INDUSTRIAL SERVICES

Tonopah Solar Investments, LLC.	7380 West Sahara, Suite 160. Las Vegas NV 89117. United States	50.00%	223,119	-	-	-	223,119	-	-	-	-	-
Bow Power, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	51.00%	642,292	56,886	472,808	62,345	164,026	50,842	(50,842)	-	(50,842)	(50,842)
Saeta Yield S.A.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	24.21%	439,446	59,242	296,500	38,349	163,839	39,462	(30,359)	(2,106)	(32,466)	(32,466)

##### ENVIRONMENT

###### URBASER GROUP

Mercia Waste Management Ltd.	The Marina, Kings Road, Evesham, Worcestershire, WR11 3XZ. United Kingdom.	50.00%	71,464	19,194	57,343	16,689	16,626	-	4,192	(964)	3,228	3,228
Suma Tratamiento, S.A.	Rua do Mar do Norte, Lote 1.03.2.1B, 1º, 1990-148. Lisboa. Portugal.	10.00%	65,820	19,391	23,407	28,132	33,673	9,830	158	(255)	(97)	1,219

## 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 EUROS												
Tirme, S.A.	Ctra. de Soller, Km 8,2. 07120 Son Reus. Palma de Mallorca. Spain	60.00%	214,360	78,634	234,344	28,316	30,332	66,264	9,434	(2,512)	6,922	6,275

## JOINT VENTURES

## CONSTRUCCIÓN - IRIDIUM (CONCESSIONS)

Celtic Roads Group (PortLaoise) Limited	Toll Plaza, Balgeen, Drogheda, Co Meath. Dublin. Ireland.	33.33%	91,101	3,059	122,450	992	(29,283)	6,428	(1,907)	477	(1,430)	(1,430)
Circunvalación Alicante, S.A.C.E.	Autopista AP 7, pk 703. Area Monforte del Cid. 03670 Monforte del Cid. Alicante. Spain	50.00%	173,180	2,831	141,853	142,838	(108,681)	3,039	(11,695)	3,275	(8,421)	(8,421)
Concessionària Hospital Universitari Son Espases, S.A.	Carretera Valldemosa, 79. 07120 Palma de Mallorca. Islas Baleares. Spain	49.50%	142,487	36,399	173,551	10,331	(4,996)	19,866	2,481	(676)	1,805	1,805
Crosslinx Transit Solutions General Partnership	1000-250 2 St. SW, Calgary, AB T2P 0C1. Canada.	25.00%	93,484	40,028	121,431	11,978	104	13,229	1,366	(341)	1,024	1,024
Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A.	Avenida Josep Tarradellas, nº 8, Planta 2, puerta 4. 08029 Barcelona. Spain.	100.00%	391,398	26,794	408,176	22,306	(12,290)	25,674	(15,262)	4,273	(10,989)	(10,989)
I 595 Express, LLC	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States.	50.00%	659,296	3,414	624,695	1,148	36,868	46,241	(27,354)	10,531	(16,823)	(16,823)
Nouvelle Autoroute 30, S.E.N.C.	5388 Pierre Dansereau, Salaberry-de-Vallefield. Quebec H9R 5B1. Canada.	12.50%	97,572	2,605	86,978	3,750	9,449	8,161	2,399	(644)	1,755	1,755
Signature on the Saint-Lawrence Group General Part	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canada.	25.00%	64,634	52,704	111,576	5,198	564	9,166	815	(219)	596	596
SSL Finance Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canada.	25.00%	455	115,438	116,345	786	(1,237)	-	1	(0)	1	1
I 595 Express, LLC	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States.	50.00%	604,038	3,738	401,081	203,330	3,366	4,636	(12,876)	-	(12,876)	(12,876)

## ENVIRONMENT

Servicios Urbanos E Medio Ambiente, S.A.	Avda. Julio Dinis, 2. Lisboa. Portugal.	38.50%	285,974	111,555	123,596	110,099	163,834	69,044	8,313	(2,404)	5,909	10,972
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# 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 EUROS												
<b>2014</b>												
<b>ASSOCIATES</b>												
<b>CONSTRUCTION - DRAGADOS</b>												
Cleon, S.A.	Avda. General Perón, 36 1º. 28020 Madrid. Spain.	25.00%	-	32,841	-	7,857	24,984	-	(11)	-	(11)	(11)
<b>CONSTRUCTION - IRIDIUM (CONCESSIONS)</b>												
Capital City Link General Partnership	12009 Meridian St, Edmonton. Alberta T6S 1B8. Canada.	25.00%	82,538	19,028	92,791	8,775	-	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%	310,685	3,418	184,079	168,459	(38,435)	4,389	(11,181)	4,671	(6,510)	(6,510)
SPER - Companye Portuguesa para a Construção e Exploração Rodoviária, S.A.	Rua Julieta Ferrão, nº 10 – 6º andar 1600-131 Lisboa. Portugal	49.50%	162,323	12,620	154,267	20,676	-	-	-	-	-	-
<b>CONSTRUCTION - HOCHTIEF</b>												
Al Habtoor Engineering Enterprises Co. LLC	Dubai, United Arab Emirates	45.00%	440,464	932,839	328,032	786,699	258,572	499,316	-	-	-	-
<b>INDUSTRIAL SERVICES</b>												
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)	-	-
<b>ENVIRONMENT</b>												
Tirme, S.A.	Ctra. de Soller, Km 8,2. 07120 Son Reus. Palma de Mallorca. Spain	60.00%	245,185	81,160	261,184	16,399	48,762	53,443	9,223	(2,587)	6,635	5,991



## 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
<b>THOUSAND EUROS</b>												
<b>JOINT VENTURES</b>												
<b>CONSTRUCTION - DRAGADOS</b>												
Empresa Mantenimiento y Explotación M-30, S.A.	Calle Méndez Alvaro, 95. 28053 Madrid. Spain.	50.00%	94,625	10,311	95,008	7,083	2,845	14,353	4,343	(89)	4,254	4,254
<b>CONSTRUCTION - IRIDIUM (CONCESSIONS)</b>												
Circunvalación Alicante, S.A.C.E.	Autopista AP 7.pk 703. Area Monforte del Cid. 03670 Monforte del Cid. Alicante, Spain	50.00%	245,595	2,240	144,742	135,679	(32,587)	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%	156,963	40,852	188,014	9,801	-	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%	412,779	32,173	402,885	35,353	6,714	23,929	9,965	4,189	14,154	14,154
I 595 Express, LLC	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States.	50.00%	653,906	8,032	538,218	535	123,185	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%	372,823	16,966	425,287	5,427	(40,926)	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%	588,589	7,362	400,257	200,275	(4,581)	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
<b>ENVIRONMENT</b>												
Servicios Urbanos E Medio Ambiente, S.A.	Avda. Julio Dinis, 2. Lisboa. Portugal.	38.50%	32,363	47,385	17,992	28,950	32,806	30,143	7,650	(2,543)	5,107	5,107

# CONSOLIDATED FINANCIAL STATEMENTS

## APPENDIX IV. CHANGES IN THE SCOPE OF CONSOLIDATION

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

Valoram, S.A.S.	Fleetco Rentals OO. Pty. Ltd.
Suma Tratamiento, S.A.	Fleetco Rentals RR. Pty. Ltd.
INBISA Servicios y Medioambiente, S.A.U.	Leighton Commercial Properties Pty. Ltd.
Concesionaria Nueva Vía al Mar, S.A.	LNWR Trust
Nuevo Hospital de Toledo, S.A.	Pacific Partnerships Investments Trust
Valveni Soluciones para el Desarrollo Sostenible, S.L.	Thiess Chile SPA
Flatiron-Skanska-Stacy and Witbec	Akudjura Facilities Management
Dicentra sp.z.o.o.	Leighton Samsung John Holland Joint Venture
Hunaser, Servicios Energeticos, A.I.E.	S.A.N.T. (MGT-HOLDING) PTY LTD
Saco 3 Escombros, S.L.	S.A.N.T. (TERM-HOLDING) PTY LTD
Concesiones de Infraestructuras Chile Uno S.A.	Leighton - China State Joint Venture
Dracena I Parque Solar, S.A.	Rizzani Leighton Joint Venture
Dracena II Parque Solar, S.A.	Gorey to Enniscorthy M11 PPP Holdings Limited
Dracena III Parque Solar, S.A.	Gorey to Enniscorthy M11 PPP Limited
Dracena IV Parque Solar, S.A.	New Ross N25 By-Pass Holdings Limited
Guaimbe I Parque Solar, S.A.	New Ross N25 By-Pass Limited
Guaimbe II Parque Solar, S.A.	ACS Infraestructuras Mexico, S. R. L. de C. V.
Guaimbe III Parque Solar, S.A.	Company Concesionaria Nuevo Complejo Fronterizo Los Libertadores, S.A.
Guaimbe IV Parque Solar, S.A.	ACS Portsmouth Holdings, L.L.C.
Guaimbe V Parque Solar, S.A.	Portsmouth Gateway Group, L.L.C.
CIS-WRC, LLC	ACS St. Lawrence Bridge Holding Inc.
Humiclíma USA Inc	ACS SSLG Partner Inc.
O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.	Signature on the Saint-Lawrence Group General Partnership
Karoshhoek Solar One	SSL Finance Inc.
Sarl Ofiteco Argelia	ACS EgLRT Holdings Inc.
Transmissora José Maria de Macedo de Electricidade, S.A.	ACS Crosslinx Partner Inc.
SEMI Saudi	Crosslinx Transit Solutions General Partnership
Geotecnia y Cimientos del Perú, S.A.C.	ACS Crosslinx Maintenance Inc.
Dragados Infraestructuras Colombia, SAS	Crosslinx Transit Solutions Maintenance GP
Goodfellow Top Grade/Flatiron JV	Sertego G.R.I. Mexico S.A. de C.V.
HOCHTIEF Canada Holding 4 Inc.	Enerxico Energía Mexico, S.A. de C.V.
HOCHTIEF SSLG Partner Inc.	Makiber Kenya Limited
Signature on the Saint Lawrence Construction G.P.	Fides Facility Services, S.L.
Signature on the Saint-Laurent Group G.P.	Gercobra GMBH, S.L.
Boggo Road Lots 6 and 7 Pty. Ltd.	Cobra Industrial Services Pty
Canberra Metro Finance Pty. Ltd.	Biosteam Energia, S.L.
Fleetco Rentals CT. Pty. Ltd.	Belmond Investment S.L.
Fleetco Rentals GE. Pty. Ltd.	Culmore Invest. S.L.
Fleetco Rentals HD. Pty. Ltd.	Belwood Spain S.L.
Fleetco Rentals LB. Pty. Ltd	Donley Invest S.L.

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

Fairview Investment S.L.	Compton Spain S.L.
HOCHTIEF Canada Holding 5 Inc.	Servicios Transportes Equipamientos Públicos Dos S.L.
HOCHTIEF Bau und Betrieb GmbH	O&M Lesedi PV Plant Pty Ltd
HOCHTIEF PP Südosthessen Bewirtschaftungs GmbH	O&M Letsatsi PV Plant Pty Ltd
HOCHTIEF PP Südosthessen Vermietungs GmbH	Lathrop / D.A.G. JV
HOCHTIEF PPP Solutions Chile Tres Ltda.	Turner-Welty JV
Dragados/Flatiron JV	Devine Colton Avenue Pty Ltd
Dragados/Flatiron, LLC.	Fleetco Rentals AN PTY Limited
Brilhante Transmissora de Energias 2 S.A.	Leighton Services Australia Pty Limited
1867 Infrastructure Holdings Inc.	Thiess Africa Investments Pty Ltd
Urbaser LLC	HOCHTIEF Boreal Health Partner Inc.
Somervell Invest S.L.	Leighton - Chun Wo Joint Venture
Trentwood Invest S.L.	LEIGHTON DRAGADOS SAMSUNG JOINT VENTURE
Stowe Invest S.L.	LEIGHTON M&E - SOUTH JOINT VENTURE
Bartow Inversiones S.L.	LEIGHTON YORK JOINT VENTURE
Pinetta Invest S.L.	OWP JOINT VENTURE
Bostford Invest S.L.	Donley's Turner JV
Clece, S.A. (Portugal)	Turner Clayco Brampton JV
Urbaproprete IDF	Boreal Health Partnership Inc.
Laketown S.L.	

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

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

# CONSOLIDATED FINANCIAL STATEMENTS

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

Emrail-Leighton Joint Venture	Cotefy S.A. de C.V.
Leighton Fabrication and Modularization Ltd.	Servicios Proyectos Industriales de Méjico S.A. CV
Leighton Motorway Investments No. 2 Pty. Ltd.	Parqa S. A.
Mode Apartments Pty. Ltd.	Villanueva Cosolar, S.L.
Mode Apartments Unit Trust	Cataventos Acarau, Ltda.
Nestdeen Pyt. Ltd.	Atlântico-Concessões Transp Energia do Brasil Ltda
PT Ngawi Kertosono Jaya	ACSA
PT Solo Ngawi Jaya	North Africa Infrastructures, S.L.
River Links Developments Pty. Ltd.	HWE Maintenance Services Pty Ltd
LS Midco Pty Ltd	PT Cinere Serpong Jaya
LS NewCo Pty Ltd	Thiess Services John Holland Services Joint Venture
Henry Road Pakenham JV	Copernicus 5B Sp. z o.o.
Taiwan Track Partners Joint Venture	Copernicus Apartments Sp. z o.o.
Electra de Montanchez, S.A.	Copernicus B1 Sp. z o.o.
Ewenissa Pty Ltd.	Copernicus D Sp. z o.o.
Leighton Arranging Pty. Ltd.	HOCHTIEF Gayrimenkul Gelistirme Limited Sirketi
Leighton Finance International Pty Ltd.	HOCHTIEF Solutions Insaat Hizmetleri A.S.
Leighton Group Property Services No.1 Pty Ltd	HTD Smart Office Nr.1 GmbH & Co. KG
Leighton Offshore Australia Pty. Ltd.	Inversiones HOCHTIEF PPP Solutions Chile dos Ltda.
Leighton Staff Shares Pty Ltd.	SCE Chilean Holding S.A.
Leighton Superannuation Pty. Ltd.	Bau und Grund GmbH & Co. KG
Plant & Equipment Leasing Pty Ltd.	HOCHTIEF Krankenhauspartner UK Jena GmbH Co. KG
Technical Resources Pty Ltd.	Wellington Gateway General Partner No.2 Limited
AVN Chile Fünfte Holding GmbH	SYNTAS Energiemanagement GmbH
AVN Chile Vierte Holding GmbH	Core Resources
HOCHTIEF Equipos y Servicios Chile S.A.	FES GmbH & Co. RPU I Berlin KG
Kennedy-Ufer Köln GmbH & Co. KG	RREEF Waterfront GmbH & Co. KG
Infocus Infrastructure Management Pty Limited	Deer Park JV
D1 Construction s.r.o.	Garlanja JV
IWH ImmobilienWerte Hamburg GmbH & Co. KG	Leighton China State Van Oord JV
Superco Orense S.L.	Thiess John Holland Motorway Services
Bidelan Guipuzkoako Autobideak S.A.	Akudjura Facilities Management
Técnicas Aplic de Recuperaciones Industriales, SA	Hollywood Apartments Pty Ltd
Linhas de Transmissao de Montes Claros, Ltda.	Hollywood Apartments Trust
Energía de la Loma S.A.	Riverina Estate Developments Pty Ltd1
Semicosta Inc Company Anónima	Riverina Estate Developments Trust1
NGS - New Generation Services Ltda.	Thiess Black and Veatch Joint Venture (VIC)
JC Decaux & Cevasa, S.A.	Thiess Black and Veatch Joint Venture1



# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial 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 2015, 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 2015, 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 2015 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 2015. 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  
17 March 2016



Project Director and Editor  
ACS Group

Creation and Design  
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