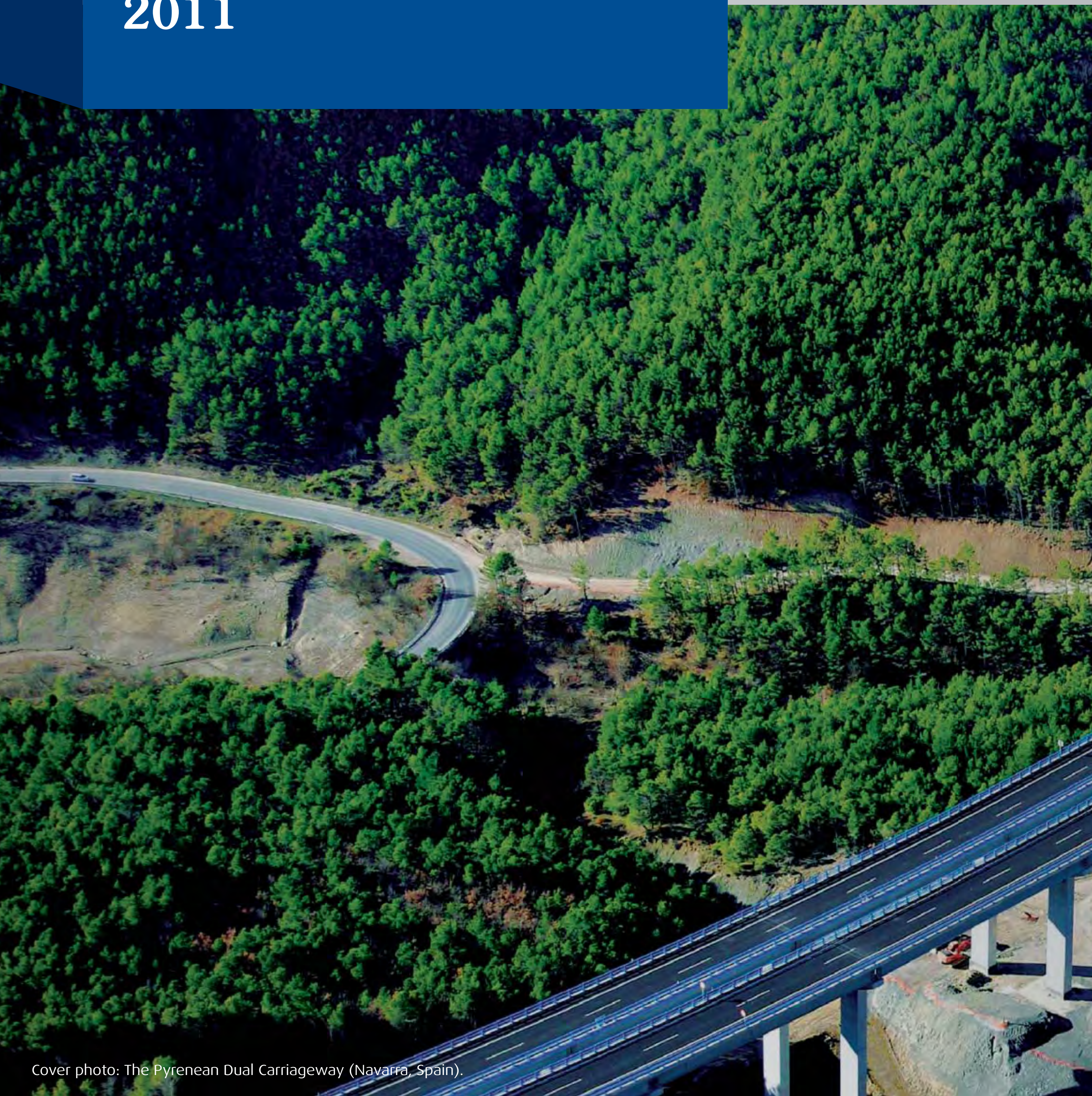
# Annual Report of ACS Group 2011

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

# Activity Report of ACS Group 2011


Cover photo: The Pyrenean Dual Carriageway (Navarra, Spain).

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

# Main Figures of the ACS Group

| Financial and operating data | 2006 | 2007 (1) | 2008 (2) | 2009 (3) | 2010 (4) | 2011 |
|---|---|---|---|---|---|---|
| Million of euros | | | | | | |
| Turnover | 14,067.2 | 15,344.9 | 15,275.6 | 15,387.4 | 14,328.5 | 28,471.9 |
| Gross operating profit (EBITDA) | 1,270.3 | 1,379.8 | 1,382.5 | 1,429.3 | 1,431.7 | 2,317.7 |
| Net operating profit (EBIT) | 971.6 | 1,056.7 | 1,042.7 | 1,073.9 | 1,039.2 | 1,333.3 |
| Attributable net profit | 1,250.1 | 1,551.1 | 1,805.0 | 1,946.2 | 1,312.6 | 961.9 |
| Cash-flow (*) | 1,548.8 | 1,874.1 | 2,144.8 | 2,301.5 | 1,705.1 | 1,946.4 |
| Dividends paid | 211.7 | 441.1 | 600.2 | 653.2 | 618.2 | 613.9 |
| Net investments/(Divestments) | 5,407.1 | 2,475.0 | 170.5 | (1,327.2) | 2,317.2 | 2,901.9 |
| Total assets | 25,182.7 | 49,593.4 | 51,398.4 | 31,361.2 | 34,184.5 | 47,987.6 |
| Equity | 3,256.4 | 10,441.0 | 9,913.0 | 4,507.9 | 4,442.4 | 6,191.3 |
| Equity attributable to the parent | 3,115.7 | 4,653.8 | 3,402.4 | 4,219.6 | 4,178.5 | 3,319.1 |
| Non-controlling interests | 140.7 | 5,787.3 | 6,510.6 | 288.3 | 263.8 | 2,872.2 |
| Total net debt | 8,746.3 | 7,938.7 | 9,355.8 | 9,089.3 | 8,003.1 | 9,334.2 |
| Net debt with recourse | 1,753.4 | 1,871.4 | 2,933.7 | 219,4 | 956.6 | 3,368.7 |
| Non recourse financing | 6,992.9 | 6,067.3 | 6,422.1 | 8,870.0 | 7,046.5 | 5,965.5 |
| Order book | 29,918.3 | 32,322.8 | 27,679.0 | 28,581.0 | 27,602.0 | 66,152.0 |
| Number of employees | 123,652 | 132,048 | 138,117 | 137,015 | 89,039 | 162,262 |

(*) Net profit + Depreciation + Change in provisions.

| Data per share | 2006 | 2007 (1) | 2008 (2) | 2009 (3) | 2010 (4) | 2011 |
|---|---|---|---|---|---|---|
| Euros | | | | | | |
| Earnings | 3.58 | 4.51 | 5.43 | 6.26 | 4.38 | 3.24 |
| Gross dividend | 1.25 | 1.75 | 2.05 | 2.05 | 2.05 | 2.05 |
| Cash-flow | 4.39 | 5.44 | 6.45 | 7.40 | 5.70 | 6.56 |
| Equity attributable to the parent | 8.83 | 13.52 | 10.23 | 13.57 | 13.96 | 11.19 |

| Stock market data | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Listed shares (5) | 352,873,134 | 352,873,134 | 335,390,427 | 314,664,594 | 314,664,594 | 314,664,594 |
| Market capitalization (€ Million) | 15,071.2 | 14,344.3 | 10,950.5 | 10,953.3 | 11,036.7 | 7,205.7 |
| Year-end closing price | 42.71 € | 40.65 € | 32.65 € | 34.81 € | 35.08 € | 22.90 € |
| Annual revaluation | 56.96% | -4.82% | -19.68% | 6.62% | 0.76% | -34.71% |

| Key ratios | 2006 | 2007 (1) | 2008 (2) | 2009 (3) | 2010 (4) | 2011 |
|---|---|---|---|---|---|---|
| Operating margin | 6.9% | 6.9% | 6.8% | 7.0% | 7.3% | 4.7% |
| Net margin | 8.9% | 10.1% | 11.8% | 12.6% | 9.2% | 3.4% |
| ROE | 45.5% | 36.9% | 41.2% | 50.0% | 32.5% | 23.3% |
| Gearing (6) | 268.6% | 76.0% | 94.4% | 201.6% | 180.2% | 150.8% |
| Dividend yield | 2.9% | 4.3% | 6.3% | 5.9% | 5.8% | 9.0% |

(1) 2007 data proforma, Union Fenosa was reclassified as "Assets held for sale", using the same criteria as in 2008.
(2) 2008 data proforma, SPL was reclassified as "Assets held for sale", using the same criteria as in 2009.
(3) 2009 are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria as in 2010.
(4) 2010 data proforma, Clece was reclassified as "Discontinued Operation", using the same criteria as in 2011.
(5) On July 2008, there was a reduction in the share capital by a nominal amount of €8,741,385 through the redemption of 17,482,707 shares of treasury stock. Additionally, on January 2009, there was a reduction in the share capital by a nominal amount of €8,373,255, through the redemption of 16,746,453 shares of the treasury stock, according to the resolution that was approved in the Extraordinary General Shareholder´s meeting, held in December 2008.On May 25th, 2009, there was a reduction in the stock capital by a nominal amount of €1,989,690 through the redemption of 3,979,380 shares of treasury stock.
(6) Gearing: Net Debt / (Equity attributable to the parent+Non-controlling interests).

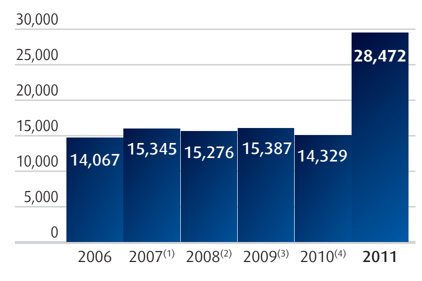
# Main Figures of the ACS Group

## International presence

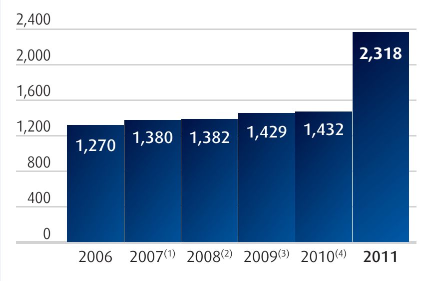
Countries in which ACS Group is present

| | | | |
|---|---|---|---|
| Algeria | France | Peru | |
| Argentina | Germany | Poland | |
| Australia | Greece | Portugal | |
| Austria | Guatemala | Puerto Rico | |
| Bahrein | Hungary | Qatar | |
| Belgium | India | Romania | |
| Brazil | Indonesia | Russia | |
| Cameroon | Ireland | Saudi Arabia | |
| Canada | Italy | South Africa | |
| Chile | Luxembourg | Spain | |
| China | Malaysia | Sweden | |
| Colombia | Mexico | Switzerland | |
| Czech Republic | Mongolia | Thailand | |
| Denmark | Morocco | The Netherlands | United States |
| Dominican Republic | Nicaragua | The Philippines | Uzbekistan |
| Ecuador | Norway | United Arab Emirates | Venezuela |
| Egypt | Panama | United Kingdom | Vietnam |

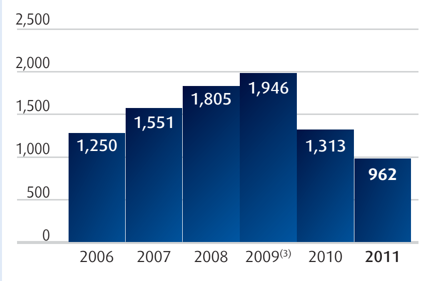
### Turnover



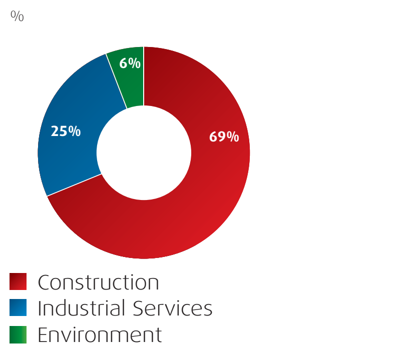

### Gross operating profit (EBITDA)



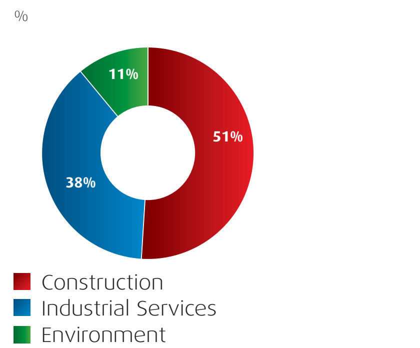

### Attributable net profit



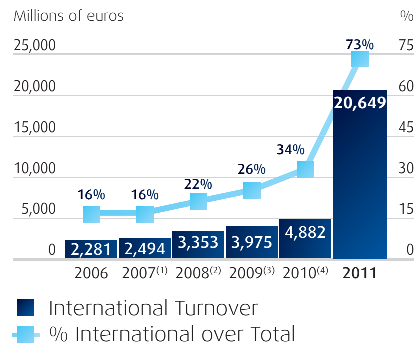

### 2011 Turnover by business(5)




### 2011 Gross operating profit (EBITDA) by business(5)



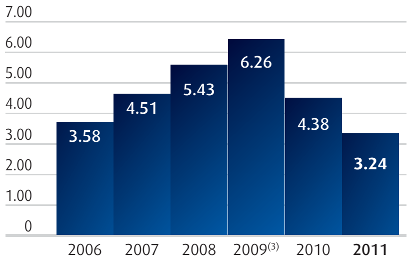

### Internationalization




(1) 2007 data proforma, Union Fenosa was reclassified as "Assets held for sale", using the same criteria as in 2008.
(2) 2008 data proforma, SPL was reclassified as "Assets held for sale", using the same criteria as in 2009.
(3) 2009 are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria as in 2010.
(4) 2010 data proforma, Clece was reclassified as "Discontinued Operation", using the same criteria as in 2011.
(5) Percentages are calculated considering the sum of activities considered in the graph. Construction includes Dragados, Hochtief and Iridium.

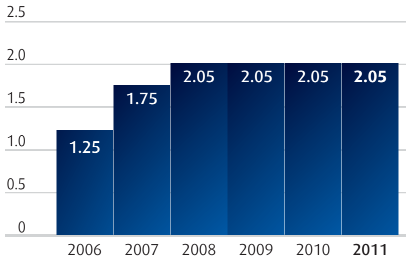
## Earnings per share

Euros



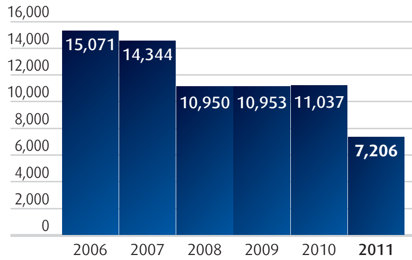

## Dividend per share

Euros




## Market capitalization

Millions of euros




## Construction 2011 (1)

Millions of euros

| | |
|---|---|
| Turnover<br>International | 19,802<br>85.1% |
| Gross operating profit (EBITDA)<br>Margin | 1,210<br>6.1% |
| Net profit<br>Margin | 370<br>1.9% |
| Order book | 50,336 |
| Employees | 90,819 |

## Industrial Services 2011

Millions of euros

| | |
|---|---|
| Turnover<br>International | 7,045<br>48.0% |
| Gross operating profit (EBITDA)<br>Margin | 907<br>12.9% |
| Net profit<br>Margin | 492<br>7.0% |
| Order book | 6,875 |
| Employees | 41,462 |

## Environment 2011

Millions of euros

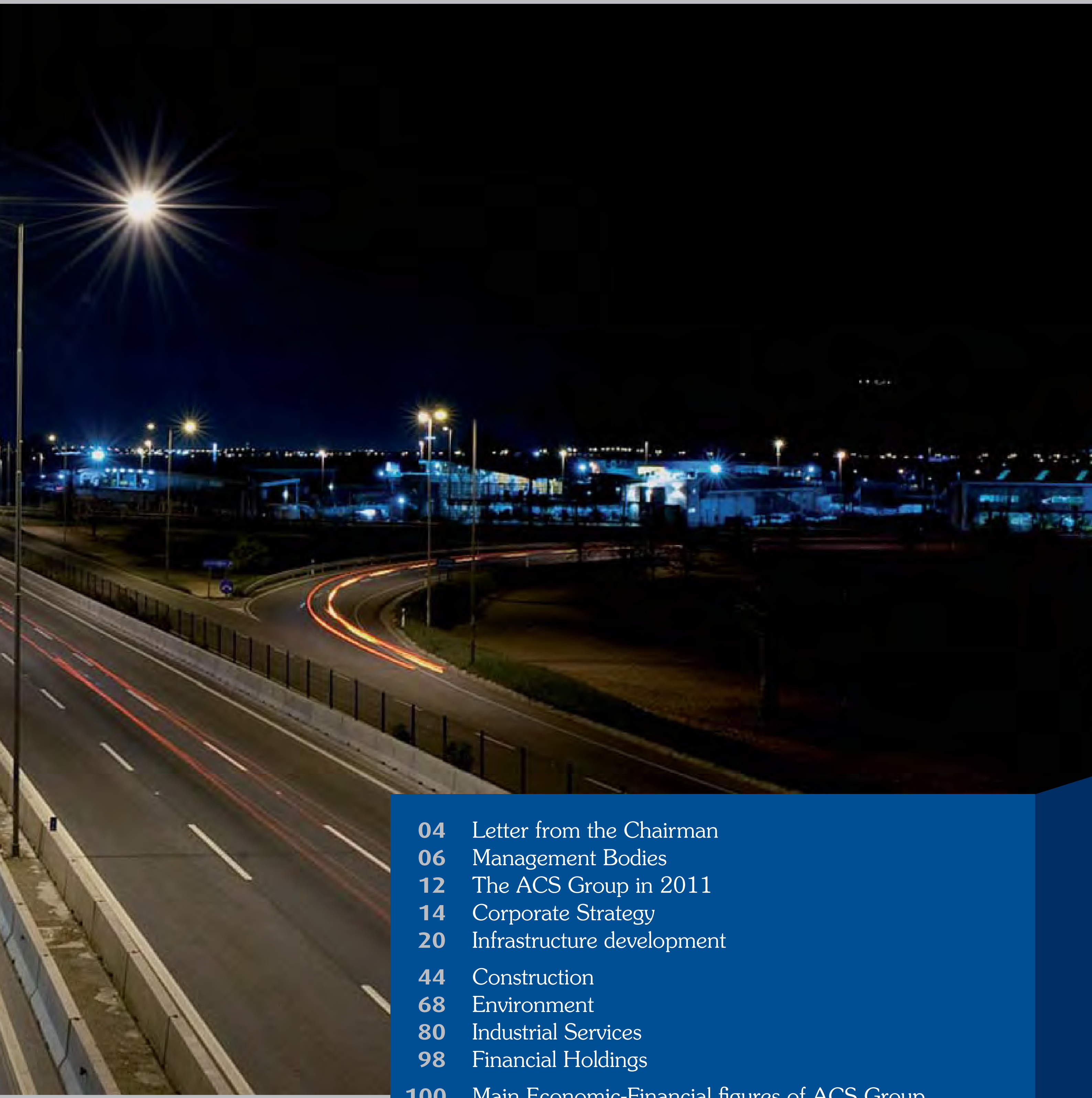
| | |
|---|---|
| Turnover<br>International | 1,686<br>24.2% |
| Gross operating profit (EBITDA)<br>Margin | 253<br>15.0% |
| Net profit<br>Margin | 128<br>7.6% |
| Order book | 8,941 |
| Employees | 29,924 |

(1) In 2011 Construction includes the activity of Dragados, Hochtief and Iridium.

# Activity Report of ACS Group

*"2011 was a key year for the ACS Group, full of important changes which will shape the future of our company"*

Florentino Pérez
Chairman of the ACS Group



# Letter from the Chairman

## Dear Shareholder

In 1983 we, as a group of engineers, with high levels of excitement and a firm professional commitment, started a business project related to the construction sector in Spain. Now, three decades later, this project has become one of the world's largest infrastructure groups, with sales of 28,472 million euros in 2011 and a total order book of 66,152 million euros.

This Annual Report for 2011 summarises what has been achieved in these nearly thirty years and includes details on the ACS Group's management and activities during this last financial year. During this year we initiated an important industrial and strategic transformation project, by means of the acquisition of a majority stake in Hochtief AG, the German construction company with the greatest international foothold.

The incorporation of Hochtief into the Construction area since the first of June not only has enabled us to consolidate its financial statements, but also to reinforce our strategy of sustainable and profitable growth by incorporating a company with valuable assets and consummate human and technical resources. Our intention is to share our competitive advantages in order that Hochtief become a worldwide benchmark in size, technical capability, customer service and profitability for its shareholders.


From the operational point of view, we continued our geographic diversification activities in all business areas, leading us to continue our growth outside Spain both in sales and in our order book, which now represents over 80% of the total. We can now say that ACS is a completely global company, present on the five continents and all the significant markets in the infrastructure development industry.

We also met our profit targets. The ACS Group's attributable net profit in 2011 totalled 962 million euros and earnings per share exceeded 3.20 euro. Net recurring profit, which excludes the contribution from interrupted operations and extraordinary revenue, increased 8.8% on reaching 951 million euros.

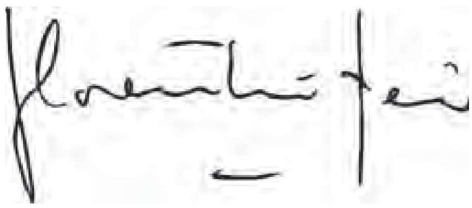
Furthermore, our financial position combines the necessary flexibility with efficient capital allocation, enabling optimisation of financial resources. So, at 31 December 2011, the ACS Group had a balance of net debt of 9,334 million euros, implying a leverage ratio of 3.6 times the Group's gross operating profit.

This fact allows us to continue with our investment policy aimed at promoting future growth, laying the foundations for the profitability of our activities in the coming financial years. In addition to the investment for acquisition of Hochtief, the Group's various companies invested over 3,650 million euros more, mainly in concession projects. On the other hand, we have made significant divestments in mature or non-strategic assets, with a value of over 2,800 million euros.

This industrial, operational and financial capacity is not being recognised by the stock markets, which have disproportionately penalised ACS Group shares during the second half of 2011 and these first months of 2012. The macroeconomic and sovereign debt market situation, as well as some regulatory uncertainties, are affecting the share price, which does not reflect the fundamental value of the Group's assets. I consider the best way of counteracting this situation to be to go on growing, developing our industrial project rigorously and efficiently and offering those who trust in our labours attractive profitability on their investment through our dividend policy.

The ACS Group continues to promote the policies and good practices framed in its Corporate Social Responsibility strategy. Among these initiatives, I want to emphasise the excellence achieved in our dealings with our clients, 91% of whom, according to the surveys carried out, consider themselves satisfied or very satisfied; the commitment to safety in the workplace, as shown by the improvements obtained in all the accident indices; and the significance of the expansion and universal adoption of our General Code of Conduct, with the aim of adapting it to our more international and multicultural reality.

In summary, 2011 was a key year for the ACS Group, full of important changes which will shape the future of our company. As regards 2012, it represents the confirmation of our international leadership, through global growth and expansion, the result of the labour of over 162,000 employees who make up the ACS Group and who continue to do invaluable work. The task is enormous, but the result will be a leading Group at a worldwide level, not just in terms of activity, geographical presence or number of projects, but also in terms of profitability for you, our shareholders.



Florentino Pérez
Chairman of the ACS Group

# Management Bodies

## Board of Directors

### Chairman and CEO

**Mr. Florentino Pérez Rodríguez**
Civil Engineer
Chairman and CEO of ACS Group since 1993
Member of the Board of Directors of ACS Group since 1989
Vice Chairman of Abertis Infraestructuras

### Executive Vice Chairman

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

### Vice Chairman

**Mr. Pablo Vallbona Vadell**
Naval Engineer and MBA from the IESE
Member of the Board of Directors of ACS Group since 1997
Executive Vice Chairman of Corporación Financiera Alba
Member of the Board of Directors of Abertis Infraestructuras
First Vice Chairman of Banca March

### Member of the Board of Directors

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

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

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

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

**Mr. Javier Echenique Landiríbar**
B.A. in Economics
Member of the Board of Directors of ACS Group since 2003
Chairman of Banco Guipuzcoano
Executive Vice Chairman of Banco Sabadell
Member of the Board of Directors of Telefónica Móviles Mexico
Member of the Board of Directors of Telefónica Europa
Member of the Board of Directors of ENCE
Member of the Board of Directors of Repsol YPF
Member of the Board of Directors of Calcinor

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

Ms. Sabina Fluxá Thienemann
B.A. in Business Studies
and MBA from the ESADE
Member of the Board of Directors
of ACS Group since 2009
Executive Vice Chairwoman of
Grupo Iberostar

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

Mr. Pedro López Jiménez
Civil Engineer
Member of the Board of Directors of
ACS Group since 1989
Vice Chairman of Dragados
Member of the Board of Directors of Hochtief
Member of the Board of Directors of Keller Group
Chairman of Grupo Terratest
Member of the Board of Directors of ENCE
Member of the Board of Directors of GHESA

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

Mr. Santos Martínez-Conde Gutiérrez-Barquín
Civil Engineer
Member of the Board of Directors of
ACS Group since 2001
CEO of Corporación Financiera Alba
Member of the Board of Directors of Acerinox
Member of the Board of Directors of Banca March

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

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

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

## Member and Secretary of the Board of Directors

Mr. José Luis del Valle Pérez
Lawyer and State Attorney
Member of the Board of Directors of
ACS Group since 1989
Member of the Board of Directors of Hochtief

# Management Bodies
## Management Committee

*From left to right*

### Mr. José Luis del Valle Pérez
*(Standing)*

**Secretary General**

Born in 1950.
Lawyer and State Attorney.

From 1974 until 1983 Mr. del Valle held various positions in the Public Administration and was a member of the Parliament from 1979 to 1982 and Deputy Secretary of the Ministry of Territorial Administration. He has been a member of the Board of Directors of the ACS Group since 1989 and has been the Secretary General to the Board of Directors since 1997.

### Mr. Florentino Pérez Rodríguez
*(Seated)*

**Chairman and CEO**

Born in 1947.
Civil Engineer.

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

### Mr. Eugenio Llorente Gómez
*(Standing)*

**Chairman and CEO of the Industrial Services Area**

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

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

## Mr. Ángel García Altozano
*(Standing)*

**Corporate General Manager**

Born in 1949.
Civil Engineer and MBA.

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

## Mr. Antonio García Ferrer
*(Seated)*

**Executive Vice Chairman**

Born in 1945.
Civil Engineer.

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

## Mr. Marcelino Fernández Verdes
*(Standing)*

**Chairman and CEO of the Construction and Concessions and Environment Areas[1]**

Born in 1955.
Civil Engineer.

Mr. Fernández joined the Group in 1987 and was appointed General Manager in 1994. In 1998 he became the CEO of ACS Proyectos, Obras y Construcciones S.A., and in 2000 he was appointed Chairman of the company. In 2004 he was appointed Chairman and CEO of Dragados as well as responsible for ACS Servicios y Concesiones. In 2006 he was also appointed, Chairman and CEO of ACS Servicios y Concesiones, as well as responsible for the areas of Concessions and Environment, responsibility maintained until March 2012.

[1] Until March 2012. He was appointed Chief Operating Officer of Hochtief at April 15, 2012.

# Management Bodies

## Management Team

### ACS, Actividades de Construcción y Servicios

Mr. Florentino Pérez Rodríguez
*Chairman and CEO*

Mr. Antonio García Ferrer
*Executive Vice Chairman*

Mr. Ángel García Altozano
*Corporate General Manager*

Mr. José Luis del Valle Pérez
*Secretary General*

### Construction

#### Hochtief

Mr. Frank Stieler
*Chairman of the Vorstand[2] of Hochtief AG. CEO*

Mr. Marcelino Fernández Verdes[3]
*Member of the Vorstand[2] of Hochtief AG. COO*

Mr. Peter Sassenfeld
*Member of the Vorstand[2] of Hochtief AG. CFO*

Mr. Hamish Tyrwhitt
*CEO of Leighton Holdings*

Mr. Peter Davoren
*Chairman and CEO of Turner Construction*

Mr. Tom Rademacher
*CEO of Flatiron Construction*

Mr. Rainer Eichholz[4]
*CEO of Hochtief Solutions*

#### Dragados

Mr. Ignacio Segura Suriñach[5]
*CEO*

Mr. Luis Nogueira Miguelsanz
*Secretary General*

Mr. José Antonio López-Monis Plaza
*International Development Director*

#### Iridium

Mr. Manuel García Buey
*Chairman and CEO*

Mr. Adolfo Valderas Martínez
*General Manager*

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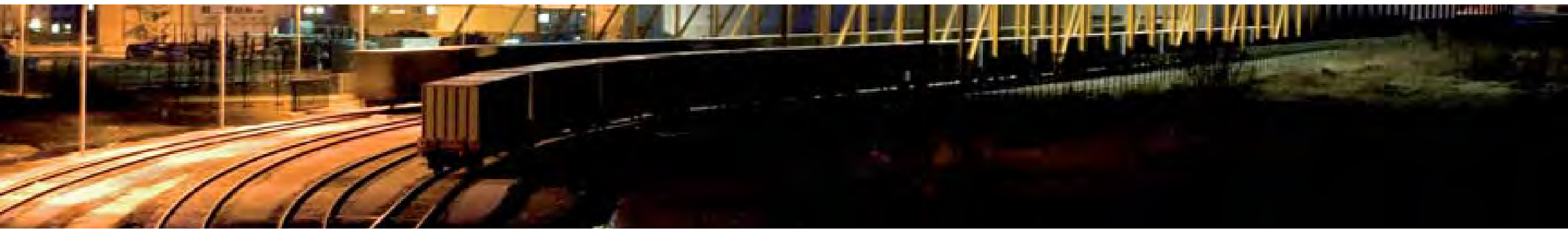
2 Executive Board.
3 Since April, 2012.
4 Since February, 2012.
5 Since March, 2012.
6 Since May, 2012.



## Environment

Mr. José Mª López Piñol
*Chairman of Urbaser*[6]

Mr. Javier Polanco Gómez-Lavín
*General Manager*[6]

## Industrial Services

Mr. Eugenio Llorente Gómez
*Chairman and CEO*

Mr. José Alfonso Nebrera García
*General Manager*

Mr. Epifanio Lozano Pueyo
*Corporate General Manager*

Mr. Ramón Jiménez Serrano
*General Project Manager*

Mr. Cristóbal Gónzalez Wiedmaier
*Finance Manager*

# The ACS Group in 2011

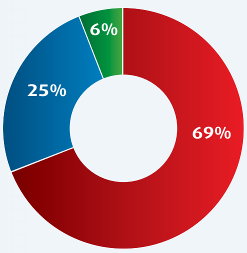
ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

## A worldwide leader in the

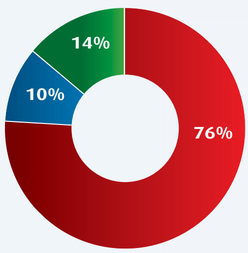
| | Revenue | Order book |
|---|---|---|
| Spain | 7,823 | 12,645 |
| Rest of Europe | 3,345 | 10,392 |
| America | 7,819 | 14,415 |
| Asia Pacific | 9,306 | 28,357 |
| Rest of the World | 179 | 343 |

Millions of euros

Revenue
**28,472**
Millions of euros

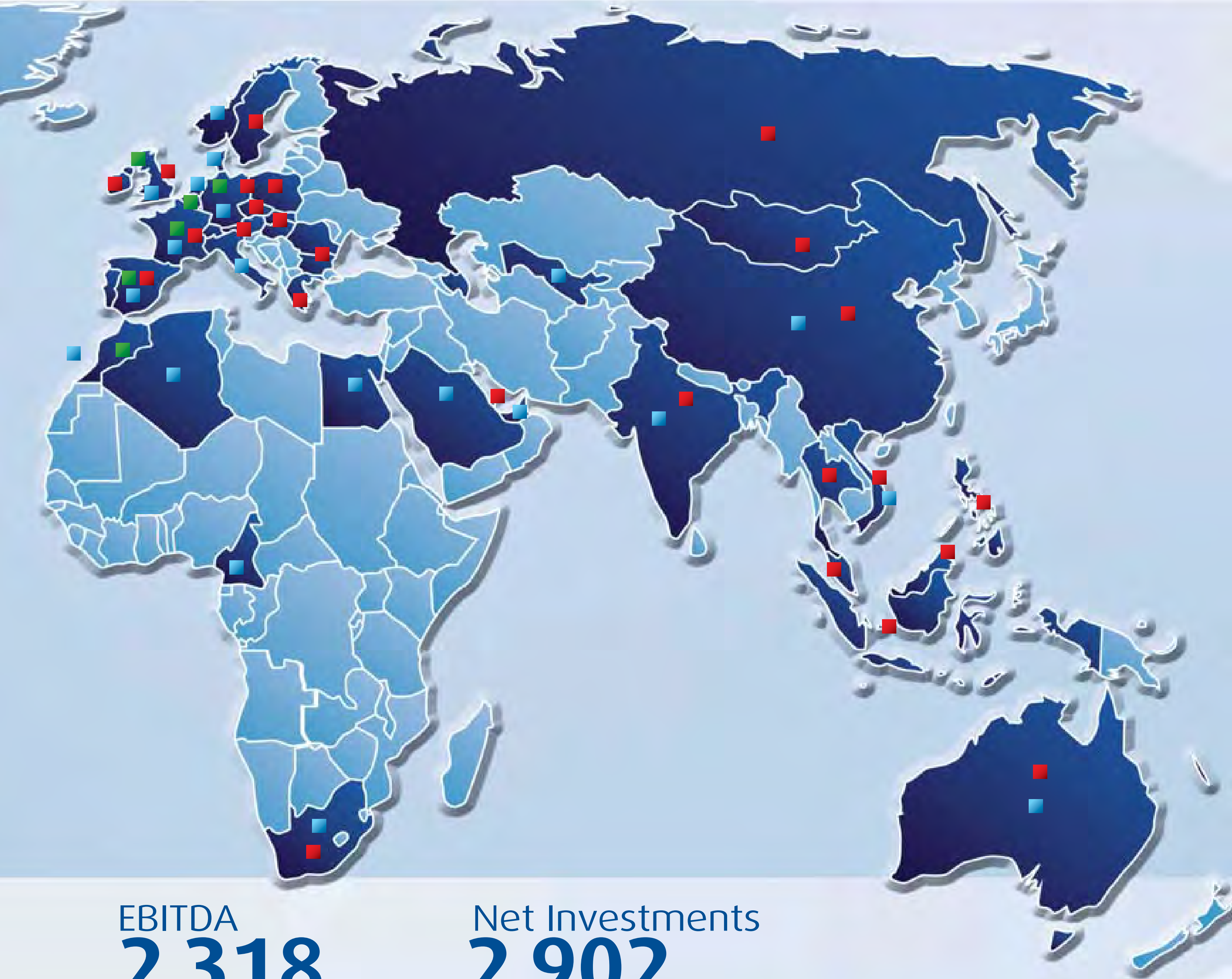



Order book
**66,152**
Millions of euros




- Construction
- Industrial Services
- Environment

# infrastructure development sector



EBITDA
**2,318**
Millions of euros

Net Investments
**2,902**
Millions of euros

Net Profit
**962**
Millions of euros

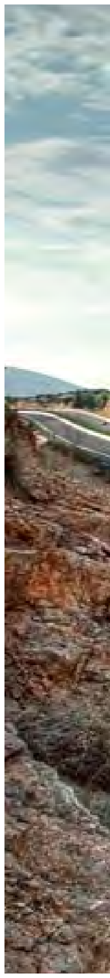
Employees
**162,262**

# Corporate Strategy

## Vision

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


## Mission



### Pursuing global leadership

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

### Optimising the profitability of the resources managed

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

### Promoting sustainable growth

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

# Values

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

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

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


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

# Corporate Strategy

## Competitive advantages

- Client Knowledge.
- Flexibility.
- Global clients.

**Contracting culture**

**Entrepreneurship**

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

**Technical engineering capabilities**

### Civil Engineering

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

### Industrial Engineering

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

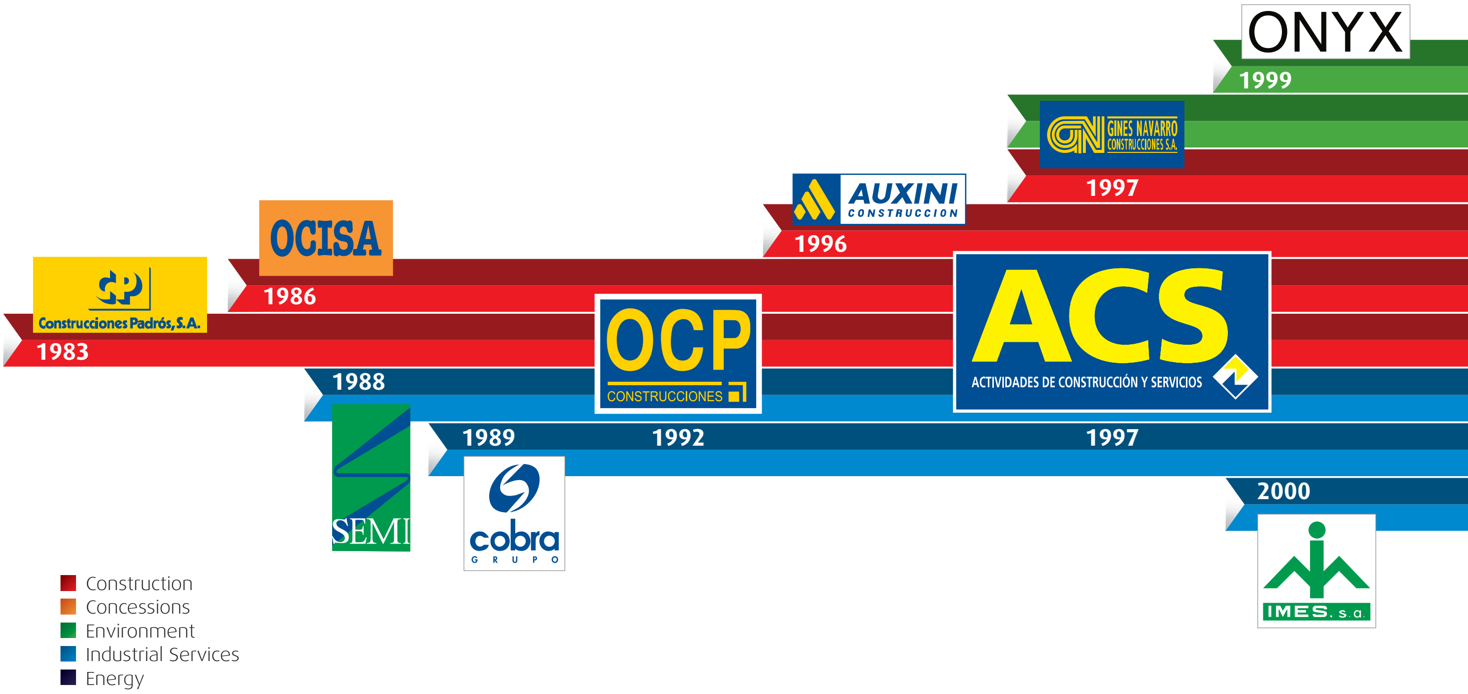
# Commitment to Sustainability

The ACS Group adopts voluntarily and responsibly a commitment to sustainability, based on five areas where it develops its Corporate Responsibility policy.


- Respect for the social setting and environment, framework for the society coexistence.
- Promotion of employment, well-being and profitability, as economic motors.
- Support of innovation and research in its application to infrastructure development.
- Respect for ethics, professionalism and quality in the relationship with clients, suppliers and other stakeholders.

# Corporate Strategy

## History




The ACS Group began operating in 1983 when a group of engineers acquired Construcciones Padrós, a mid-sized construction company with financial problems located in Badalona (Catalonia). After restructuring this company, the same strategy was employed with the acquisition of OCISA, a prestigious construction company which was larger and had already been in operation for over 40 years.

At the end of the eighties, a diversification process was initiated through the acquisition of SEMI, a company specialised in the maintenance and installation of electricity lines. This process was continued with the purchase of a majority shareholding in Cobra, one of the most renowned companies in the sector of support services to electricity and telecommunications companies, and a market leader with over 80 years' experience.

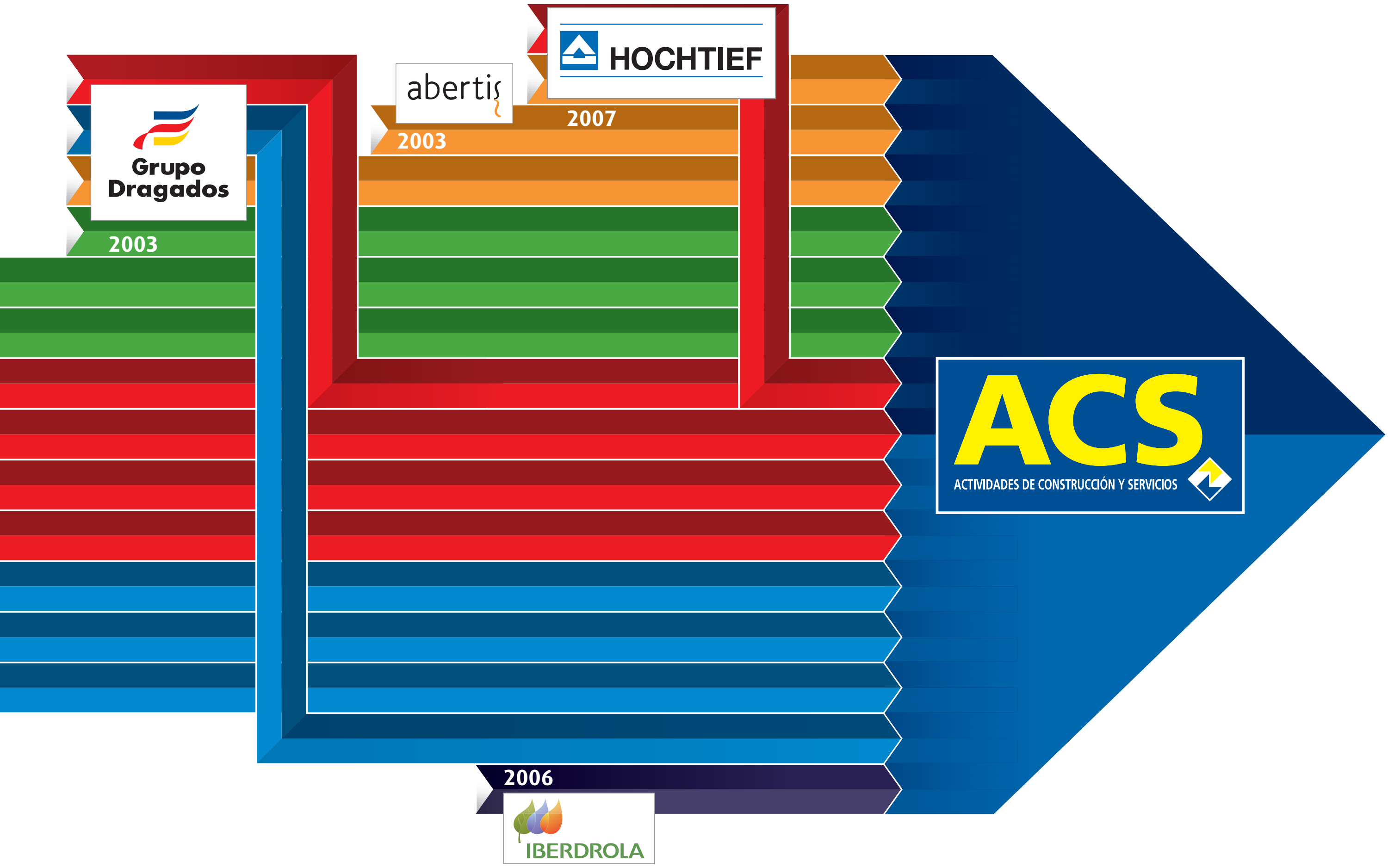
The first of the large company mergers took place in 1992 with the creation of OCP, which would be the seed for the Group structured as it is today. OCP became one of the leading construction company groups in Spain. A second large merger took place in 1997, with the creation of ACS as a result of OCP's merger with Auxini and Gines Navarro.

At the end of the nineties, the Group incorporated most of the companies forming its current services area; Onyx, a provider of environmental services; Imes, a company dedicated to public lighting services, integral maintenance and control services; and Vertresa, the largest waste treatment plant in Madrid.

The turn of the century started with the integration of the Dragados Group, which positioned the ACS Group as the indisputable leader in the Spanish market and as one the most important companies in the industry on the European continent.

Parallel to this entire integration process, the ACS Group established the basis for its future strategy, focusing its activity on relevant sectors of the Spanish and European economy. In 2003, Abertis, one of the top companies in infrastructure management, was created. The ACS Group sold its 10.33% holding in April 2012 to allow a new industrial partner to enter and facilitate its expansion in the Brazilian market.

Later, in 2005, the Group established the base for its Energy area with its investment in Unión Fenosa and subsequently strengthened this area with the purchase of a holding in Iberdrola in the last quarter of 2006. These investments enabled ACS to




position itself as a benchmark industrial company with two of the main energy companies in the European market.

In 2007, the ACS Group acquired a significant stake in Hochtief, a world leader in infrastructure development with a powerful presence in the USA, Central Europe, Australia and Southeast Asia. This operation is designed to provide a platform for the ACS Group to accelerate its international expansion.

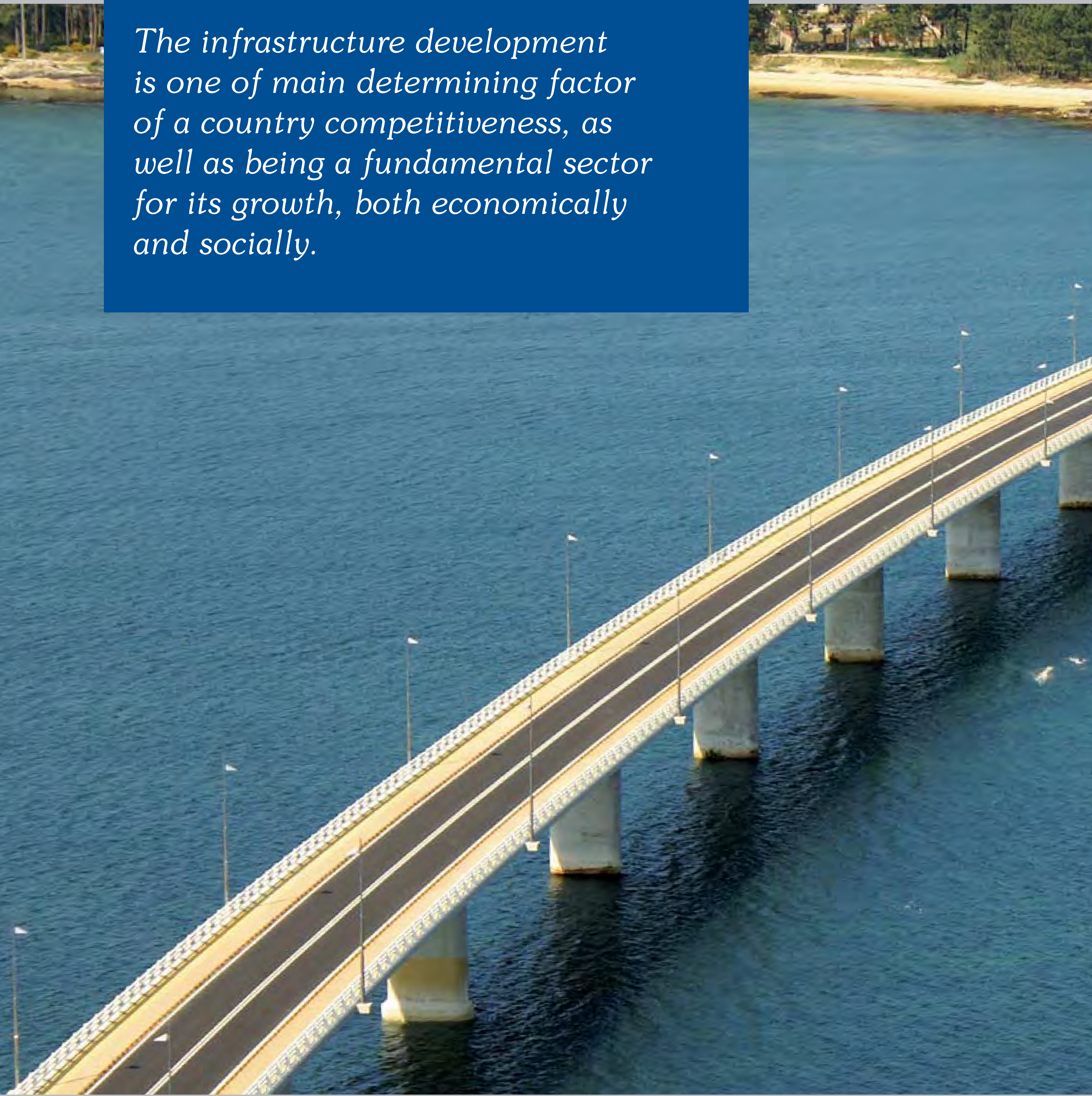
In July 2008, the ACS Group sold its shareholding in Unión Fenosa, maintaining its presence in energy sector through Iberdrola, leading Spanish electricity company, in which the ACS Group is a shareholder with an 18.83% stake at 31 December 2011, which was 14.85% in April 2012 due to the capital increase carried out by Iberdrola derived from scrip dividend scheme and the partial sale of its holding carried out by ACS Group.

In November 2008 ACS started to operate its first solar thermal plant with thermal storage devices in Spain, the plant Andasol I in Granada. This outstanding milestone is the beginning of the international expansion of this activity, as shown the contract awarded in 2011 for the development of a solar thermal project in Nevada (United States) with this technology. Industrial Services area is a worldwide leading company in the construction of renewable energy facilities, both solar thermal plants and wind farms, infrastructures related to electricity generation , such as combined cycle and hydroelectric power plants , infrastructures related to oil industry, such as refineries and platforms and it is a reference company in the development of assets related to gas sector, such as liquefaction plants, regasification plants and massive gas storage facilities.

During the last years the ACS Group has carried out a strong international expansion process in all its areas of activity, focussing on large-scale projects. This strategy, which is mainly focused on guaranteeing the ACS Group's competitiveness, investment capacity and growth in the future, has been boosting during 2011 through the acquisition of a majority share in Hochtief, which implies an important platform for international growth and with the objective of global leadership in the infrastructure sector. As well, this strategic decision allows increasing the competitive advantages and the profitability of all companies of the Group, as a result of important opportunities of commercial collaboration, operating efficiency and a strengthening of ACS Group financial structure.

# Infrastructure Development

*The infrastructure development is one of main determining factor of a country competitiveness, as well as being a fundamental sector for its growth, both economically and socially.*



# Infrastructure Development

The **infrastructure development sector** represents one of the main growth factors in a country or region, both economically and socially.

An adequate system of infrastructures is fundamental to promoting competitiveness, as it is based on developing numerous strategic sectors such as transport, energy, communications and industrial activity in general.

The evolution of infrastructure development is conditioned by macroeconomic factors, as well as other social factors, such as demographics, changes in population structure, level of social development, technological innovation, regulatory and/or environmental requirements, among others, which directly affect investment in these types of assets.

These determining factors are inherent to each of the different geographic areas, hence it is necessary to analyse their investment characteristics and needs in a differentiated manner, as the ACS Group is present in the main markets given its status as a global reference in the sector.

## 1. Macroeconomic Environment

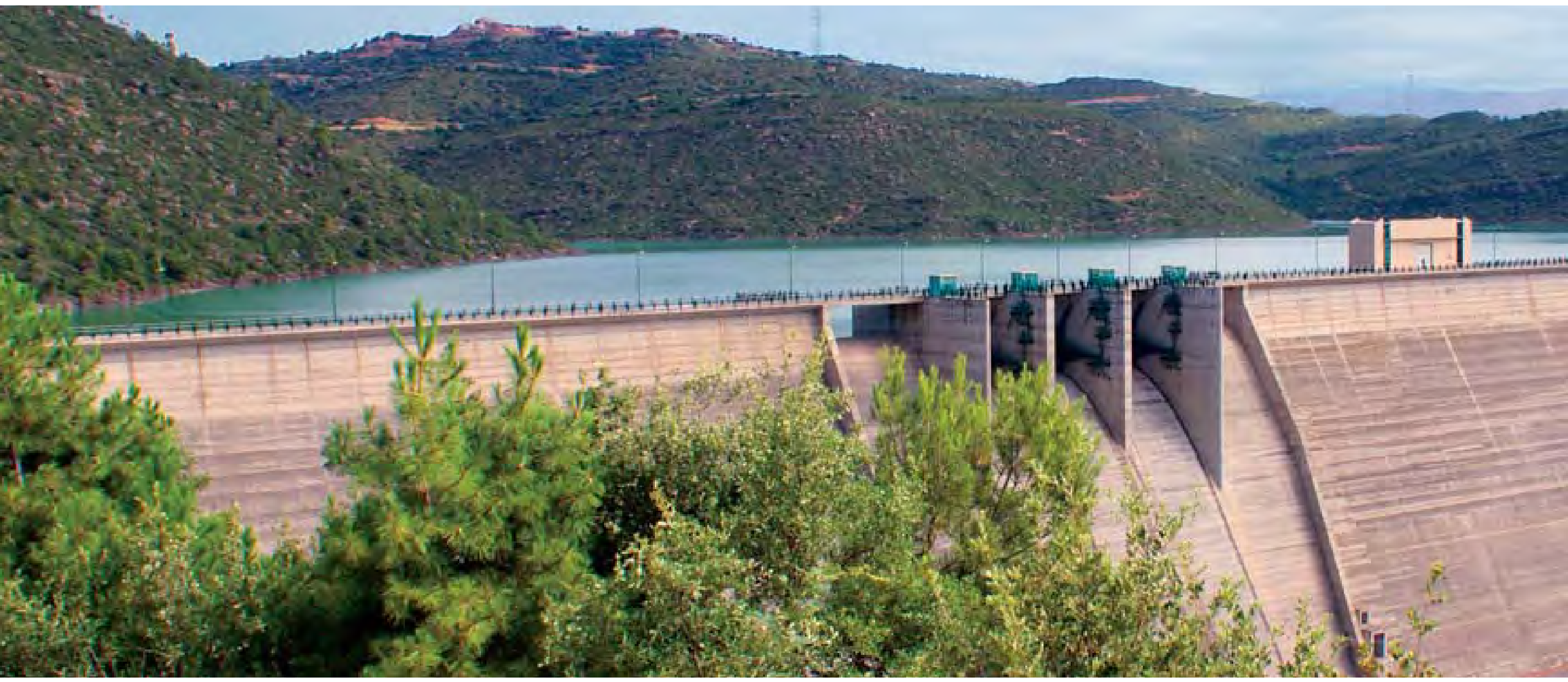
A country or region's level of investment in infrastructures directly depends on the outlook for the macroeconomic environment and this influences both public and private activity.

Although many figures can determine development in this sector, the main factors, among others, are: growth in production (variation in gross domestic product); percentage of activity allocated to investments in assets (gross fixed capital formation[7] over GDP) and the availability of resources allocated for financing in the hands of governmental bodies (government surplus/deficit as a percentage and general government debt ratio).

In the current environment of instability in the economy worldwide, the macroeconomic figures show uncertain prospects and vary according to the source consulted.

However, the various official organisations (International Monetary Fund, OECD, European Commission, World Bank, United Nations, etc.) are seen to be in agreement on the general trends.

[7] Gross fixed capital formation: Includes items for investment in construction, capital equipment and other tangible fixed assets, as well as investment in intangible fixed assets and improvements in fixed assets.



# An adequate system of infrastructures is fundamental to promoting competitiveness.

Analysing the anticipated evolution of gross domestic product at a **global level**, all the organisations point to a higher level of growth for 2012 than seen in the 2009-2010 period, but lower than that reported in 2011. In 2013, however, they forecast an improvement in prospects which, although more conservative than in the period before the crisis, consolidates the tendency to recovery.

At a **global level**, according to International Monetary Fund data, growth in domestic product of 3.3% is forecast for 2012, 50 basis points below that recorded in 2011. In turn, gross fixed capital formation is anticipated to increase in weight to represent 24.2% of total GDP. As regards the situation of public bodies for 2012, a slight decrease in Governments' fiscal deficit is indicated accompanied, even so, by an increase in general government debt.

The International Monetary Fund's economic prospects differ greatly between **developed economies and emerging or developing countries**.

Moderate growth in gross domestic product is forecast in developed economies in 2012, below that seen in 2011.

On the other hand, the advanced countries are immersed in plans for fiscal consolidation to reduce the deficit generated in recent years. Although this reduction is positive for improving the countries' financial solidity, these processes will involve a reduction in investments from the public sector.

Emerging countries continue to show more dynamic growth, although some slowing of activity is seen in the short term, due to the effect and influence of the developed countries on their markets (financial, commercial, etc). The levels of investment of the emerging countries continue to be higher than those of the advanced countries (average forecast 2011-2016 of 32.8% of GDP in gross fixed capital formation, as against 20.1% for advanced economies) and with an appropriate level of growth in investment level to support their economic growth.

The levels of general government debt and fiscal deficit in the emerging countries are lower than in the developed countries, due to the reduced impact of the crisis, and although prospects are for improvement in the coming years, it is not expected that they will return to the levels of surplus of the 2005-2008 period in the medium term.

Global GDP growth prospects

| % Annual Change | 2011e | 2012e | 2013e |
|---|---|---|---|
| International Monetary Fund | 3.8% | 3.3% | 3.9% |
| United Nations | 2.8% | 2.6% | 3.2% |
| World Bank | 2.7% | 2.5% | 3.1% |

Source: "World Economic Outlook", January 2012, International Monetary Fund; "World Economic Situation and Prospects 2012", December 2011, United Nations and "Global Economic prospects", January 2012, World Bank.

*According to the International Monetary Fund, a global GDP growth above 3% is forecast for 2012.*

# Infrastructure Development

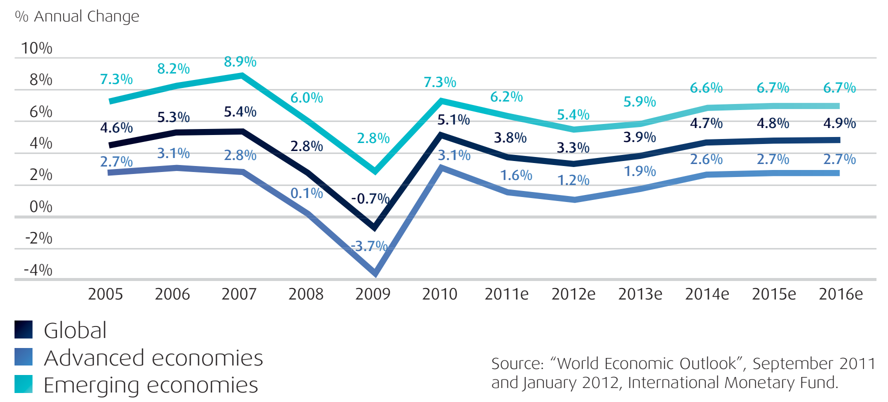
Two highly differentiated situations are forecast for **advanced economies**. On one hand, the United States and Canada are forecast to record growth in GDP of 1.8% and 1.7% respectively in 2012, driven by growth in internal demand. However, this growth will be lower than experienced in 2011, due to the tightening of financial conditions and a fiscal policy focused on reducing the fiscal deficit situation (from the -9.6% expected in 2011 in the United States to -7.9% in 2012). In Australia and other advanced economies in Asia and Europe, the situation of greater stability in internal demand and fiscal solidity mean that forecasts for growth in gross domestic product are above the average for developed countries (+2.6% in 2012, as against an average growth of 1.6% for advanced countries). However, the deterioration in the global economy and the influence on its markets will moderate growth in activity with respect to that recorded in 2011.

On the other hand, the European Union is forecast to end 2012 in recession, with a 0.1% decrease in GDP, resulting from the debt crisis in the zone. The uncertainties regarding the fiscal solidity of some countries is increasing their risk differentials far above normal levels which, added to greater demands on the banking sector, has restricted credit and raised the conditions for obtaining financing, weighing down prospects for recovery in the zone in this year.

Outstanding in the **emerging economies** is the extremely strong position of Asia's developing countries, mainly India and China, in terms of GDP (anticipated growth from activity of 7.3% in 2012) and of gross fixed capital formation, exceeding 40% of total GDP.

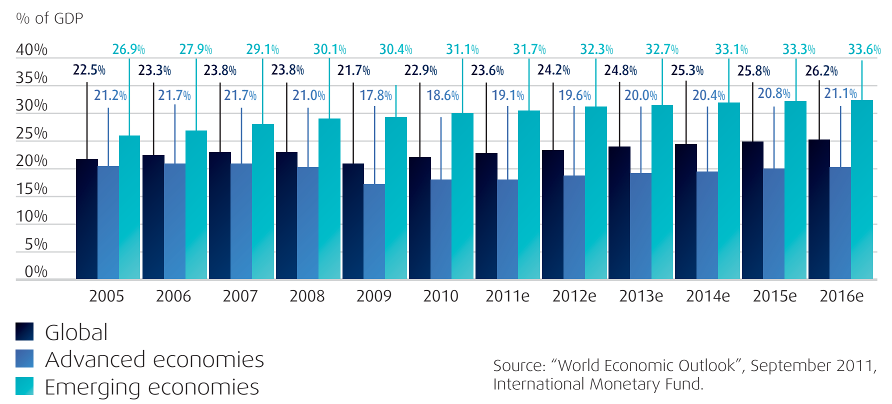
In Latin America, prospects for growth and investment continue to show a positive trend

## Evolution of GDP




Source: "World Economic Outlook", September 2011 and January 2012, International Monetary Fund.

## Evolution of Investment




Source: "World Economic Outlook", September 2011, International Monetary Fund.

(3.6% growth in GDP and percentage growth in gross fixed capital investment of 40 basis points in total GDP in 2012). However, the growth forecasts are more conservative with respect to previous years, due to the strong linking of their markets to the United States and, to a lesser extent, to European Union countries. Additionally, their indebtedness is above average for emerging countries, which may imply possible cuts in public investment.

Eastern European countries will have their growth in 2012 impacted by the problems in the euro zone and growth in activity of 1.1% is forecast for this year, compared to the estimated 5% in 2011, although their levels of growth and investment are significantly higher than the rest of the European Union countries.

## 2. Sector Characteristics and Infrastructure Needs

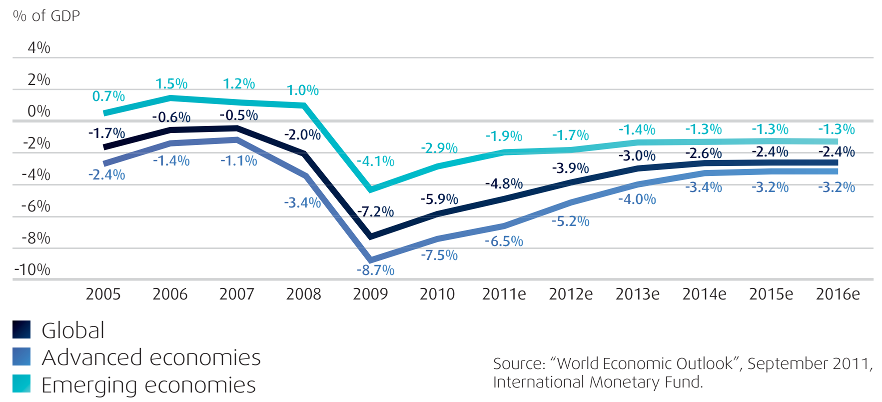
Investments in infrastructure are linked not only to conditions in the economic cycle, but also to a series of sociological factors not directly related to the economy.

- Changes in population structure: population increase, migratory movements, tourist movements, ageing of the population, movement from rural areas to built-up areas.

- Development of the Welfare State, implying an increase in needs for transport, health, social, telecommunications, energy, etc infrastructures.

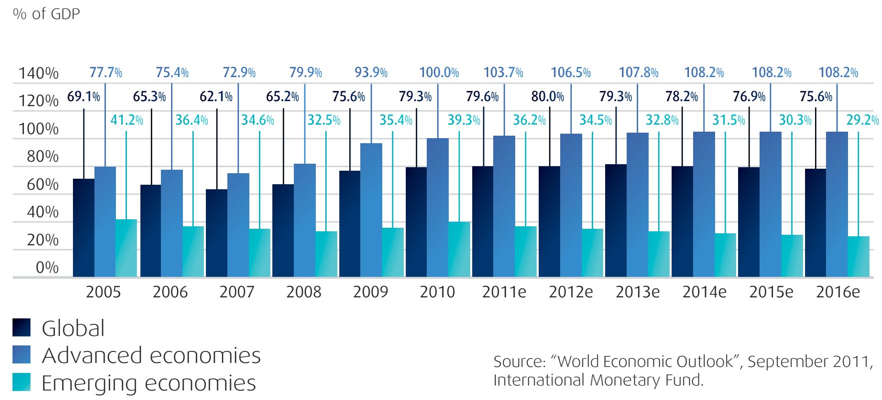
- Development of regulatory and environmental sustainability measures.

Evolution of fiscal (deficit)/surplus




Source: "World Economic Outlook", September 2011, International Monetary Fund.

Evolution of General Government Gross Debt




Source: "World Economic Outlook", September 2011, International Monetary Fund.

# Infrastructure Development

- Increased traffic of goods, people, energy transmission, improved telecommunications as a consequence of globalisation.

Therefore, a country's development produces investment requirements which need to be covered to guarantee proper operation and to serve its society's demand for services. In this regard, needs for civil works related to transport and for investments in the field of energy can be highlighted:

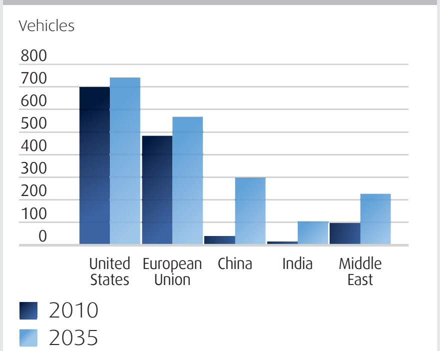
- Transport Infrastructure

  According to the latest estimates published in the OECD's report "Strategic Transport Infrastructure Needs to 2030", of November 2011, the average increase in air transport worldwide will show annual growth of 4.9% until 2030, maritime traffic will increase by 6% annually over the same period, while railway passenger and goods traffic will increase by between 2% and 3% per year. Furthermore, according to the latest report from the International Energy Agency, it is estimated that the number of vehicles in the world will double between 2010 and 2035, reaching 1,700 million private cars in the world.

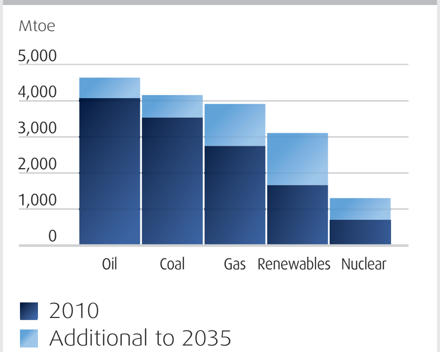
  Needs for transport-related infrastructure will represent a large percentage of the total investment over the coming years.

  In OECD countries alone, the forecast investment in airport, railway and port infrastructures for the 2009-2030 period is over 8,000,000 million euro. Considering that the majority of the economic growth over the coming years will come from countries which do not belong to the OECD, this figure for investment in transport infrastructure will be substantially higher at a global level.

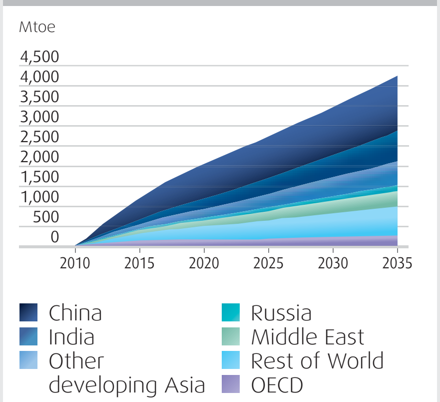
Vehicles per 1,000 people in selected markets



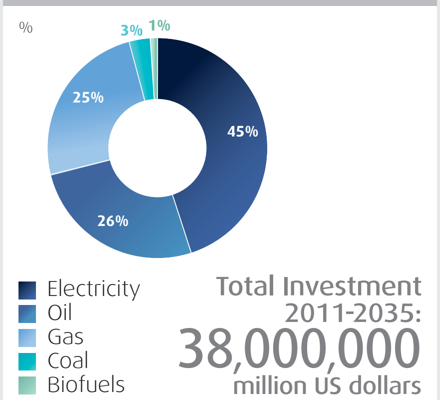

Word primary energy demand




Growth in primary energy demand by geographical areas




Percentage of invesment in new installed capacity by technology




Source: "World Energy Outlook 2011", November 2011, International Energy Agency.

*All countries are undertaking great infrastructure plans over the long term.*

- ## Energy Infrastructure

According to the latest World Energy Outlook report, published by the International Energy Agency, global primary energy consumption will increase by 33% between 2010 and 2035, with India and China being responsible for 50% of the total increase. By type of energy, over 60% of the total increase in demand will come from renewable energies and natural gas.

In this context, and according to its estimates, global investment of 38,000,000 million US dollars will be needed in the 2011-2035 period to cover this increased demand. These investments will mainly be made in emerging countries.

By type of energy, oil and natural gas will need investments of around 20,000,000 million US dollars during this period. Forty-five percent of the investments will be allocated to the electricity sector, with renewable energies, led by hydroelectric and wind power, those which experience the greatest growth.

Countries are aware of these needs and, regardless of the current economic times, are undertaking great infrastructure plans over the long term which will represent opportunities for sustained growth for the sector's companies in the coming years.

These needs and the necessary investment plans will depend on the characteristics of the geographic market analysed.

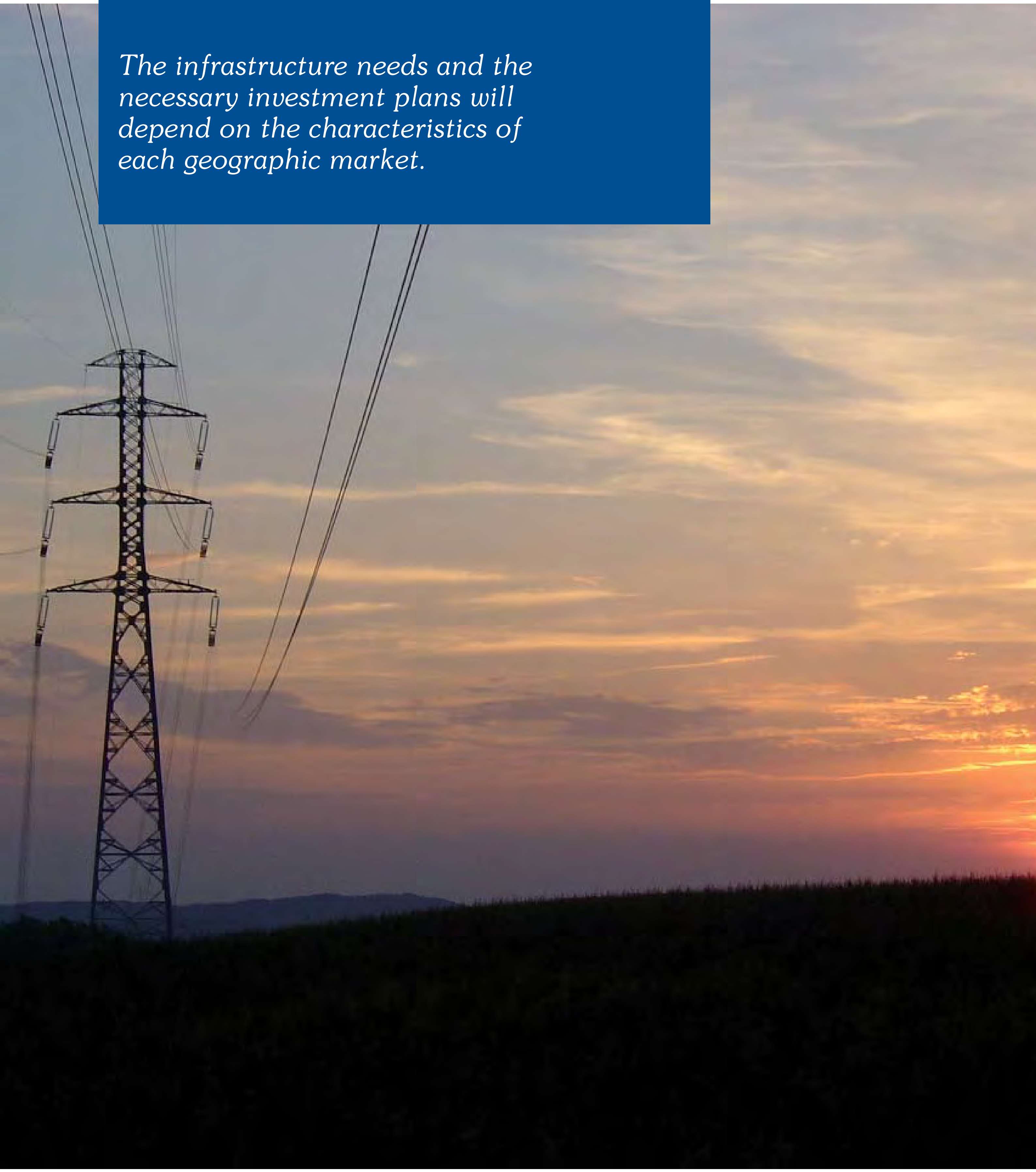
**Infrastructure Investment Needs**

| Millions Dollars | Total investment Period | Annual investment |
|---|---|---|
| Airport assets | 2,200,000 | 104,762 |
| Port assets | 830,000 | 39,524 |
| Railway assets | 5,000,000 | 238,095 |
| **OECD countries transport investment needs (2009-2030)*** | **8,030,000** | **382,381** |
| Electricity generation assets | 9,802,000 | 408,417 |
| Electricity transmission assets | 1,859,000 | 77,458 |
| Electricity distribution assets | 5,239,000 | 218,292 |
| Oil extraction assets | 8,700,000 | 362,500 |
| Oil transportation assets | 507,000 | 21,125 |
| Oil refinery assets | 1,000,000 | 41,667 |
| Natural gas extraction assets | 6,745,000 | 281,042 |
| Natural gas liquefaction chain assets | 570,000 | 23,750 |
| Natural gas distribution and transmission assets | 2,185,000 | 91,042 |
| Assets related to mining and coal transportation | 1,200,000 | 50,000 |
| Assets related to biofuels | 300,000 | 12,500 |
| **World energy asset investment needs 2011-2035 **** | **38,107,000** | **1,587,792** |

* "Strategic transport infrastructure needs to 2030", November 2011, OECD.
** "World Energy Outlook 2011", November 2011 International Energy Agency.

# Infrastructure Development

*The infrastructure needs and the necessary investment plans will depend on the characteristics of each geographic market.*



## Infrastructures and needs by geographical area

| | Developed Economies | Emerging and Developing Economies |
|---|---|---|
| Prospects for Economic Growth | ▼ | ▲ |
| Investment Percentage | ■ | ▲ |
| Public Administration Debt Levels | ▲ | ▼ |
| Solidity of Fiscal Balance | ■ | ▲ |
| Prospects for Demographic Growth | ▼ Moderate growth, ageing of the population and high concentration in urban centres. | ▲ Countries with high levels of demographic growth, great migratory movements from rural to urban areas. |
| Growth in Energy Demand | ■ Countries with greater energy intensity, investments to manage peaks in demand and for clean energies. | ▲ Very high demand for energy (90% of the growth in energy demand in the 2011-2035 period will come from emerging countries). |
| Development of Infrastructure Base | ▲ Maintenance, renewal and improvement of existing infrastructures. | ▼ Poorly developed system of infrastructures, less technologically advanced. |
| Regulatory and Environmental Requirements on Infrastructures | ▲ Projects for new more technologically complex infrastructures, with a clear focus on technological innovation and environmental sustainability. | ▼ Lesser regulatory and environmental requirements, more focused on serving needs from demand. |
| Solidity and Stability of Regulatory Frameworks | ▲ | ▼ |
| Private Sector Participation in the Infrastructure Market | ▲ Promotion of public-private partnerships and other private financing systems which imply reduction in indebtedness and improve fiscal solidity. Users with greater ability to pay. | ▼ Low level of participation in financing and operation of infrastructures by private companies. |
| Development of Efficient Support Industry | ▲ Efficient sector support industry, with higher technical capabilities. | ▼ Support industry with lower technical capability. Project development more difficult. |
| Number of Competitors | ▲ Markets with large infrastructure development companies, higher level of competitiveness and lower levels of profitability. | ■ Lack of large local infrastructure companies, with the exception of China. |

▲ Above average
■ Average
▼ Below average

# Infrastructure Development

## Characteristics of the infrastructure sector by geographical area

### Macroeconomic characteristics and prospects by geographical area

| | European Union | Spain | Germany | France | United Kingdom | Portugal | Poland |
|---|---|---|---|---|---|---|---|
| Prospects for Economic Growth (% Var. GDP 2012e-2016e IMF)* | ▼ | ▼ -1.7%/+1.8% | ▼ +0.3%/+1.3% | ▼ +0.2%/+2.1% | ▼ +0.6%/+2.7% | ▼ -1.8%/+2.0% | ■ +3.0%/+3.6% |
| Investment Percentage (% Investment over GDP 2012e-2016e IMF)* | ■ | ▼ 21.4%/21.7% | ▼ 19.4%/20.4% | ▼ 21.7%/22.5% | ▼ 14.3%/17.1% | ▼ 16.2%/16.5% | ■ 22.1%/24.9% |
| Public Administration Debt Levels (% Gross Debt over GDP 2012e-2016e IMF)* | ▲ | ■ 70.1%/77.4% | ■ 81.9%/75.0% | ▲ 89.4%/87.7% | ▲ 84.8%/80.4% | ▲ 111.8%/110.5% | ▼ 56.4%/54.7% |
| Solidity of Fiscal Balance (% Fiscal (deficit) / surplus 2012E-2016E IMF)* | ▼ | ▼ -5.2%/-4.5% | ▲ -1.1%/+4.2% | ■ -4.6%/-1.4% | ▼ -7.0%/ -1.7% | ■ -4.5%/-1.7% | ■ -3.8%/-2.4% |
| Prospects for Demographic Growth | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ■ |
| Growth in Energy Demand | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| Geographical Spread | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ■ |
| Natural Resources | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |

### Characteristics of sector and investment needs by geographical area

| | European Union | Spain | Germany | France | United Kingdom | Portugal | Poland |
|---|---|---|---|---|---|---|---|
| Quality and Development of infrastructure base (Position of the country amongst the 142 countries analysed in the Infrastructure section of the "The Global Competitiveness Report 2011/12" released by World Economic Forum)** | ▲ | ▲ (12th) | ▲ (2nd) | ▲ (4th) | ▲ (6th) | ▲ (23rd) | ■ (74th) |
| Development of Energy Infrastructure Base | (a) ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ■ |
| Development of Transport and Telecommunication Infrastructure Base | (a) ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ■ |
| Regulatory and Environmental Requirements on Infrastructures | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ■ |
| Solidity and Stability of Regulatory Frameworks | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ |
| Development of an unique regulatory framework for infrastructure | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ |
| Private Sector Participation in the Infrastructure Market | (b) ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ■ |
| Development of Efficient Support Industry | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ |
| Number of Competitors | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ■ |

▲ Above average
■ Average
▼ Below average

*Source: "World Economic Outlook", September 2011 and January 2012, International Monetary Fund.
** Source: "The Global Competitiveness Report 2011/2012", World Economic Forum.

| North America | USA | Canada | Latin America | Brazil | Mexico | Asia Pacific | Australia | India | China | Other (Middle East and Africa) | United Arab Emirates |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ▼ | ▼ +1.8%/+3.3% | ▼ +1.7%/+2.2% | ■ | ■ +3.0%/+4.1% | ■ +3.5%/+3.2% | ■ | ▼ +1.9%/+2.2% | ▲ +8.2%/+8.1% | ▲ +7.0%/+9.5% | ▲ | ■ +3.8%/+4.2% |
| ■ | (c) ▼ 16.2%/19.1% | (g) ■ 24.0%/24.0% | (i) ▲ | ■ 20.6%/22.4% | ■ 26.0%/25.9% | ▲ | (m) ▲ 29.3%/29.9% | ▲ 38.4%/42.5% | ▲ 48.1%/46.2% | ▲ | ▲ 21.5%/25.1% |
| ▲ | ▲ 105.0%/115.4% | ▲ 84.2%/75.9% | ■ | ▼ 64.0%/57.2% | ▼ 43.7%/43.2% | ▼ | ▼ 23.8%/18.2% | ▼ 62.0%/59.7% | ▼ 22.2%/11.0% | ▼ | ▼ 18.2%/19.2% |
| ▼ | ▼ -7.9%/-5.9% | ▲ -3.2%/+2.3% | ▲ | ■ -2.8%/-2.4% | ■ -2.8%/-2.2% | ▲ | ▲ -1.9%/+0.2% | ▼ -7.3%/-6.8% | ▲ -0.9%/+0.5% | ▲ | ▲ +9.4%/+9.3% |
| ■ | ■ | ■ | ▲ | ▲ | ▲ | ▲ | ■ | ▲ | ▲ | ▲ | ▲ |
| ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ■ | ▲ | (q) ▲ | ▲ | ▲ |
| ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ |
| ▲ | (d) ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | (n) ▲ | ▲ | ▲ | (r) ▲ | ▲ |

| North America | USA | Canada | Latin America | Brazil | Mexico | Asia Pacific | Australia | India | China | Other (Middle East and Africa) | United Arab Emirates |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ▲ | ▲ (16$^{th}$) | ▲ (11$^{th}$) | ■ | ■ (64$^{th}$) | (k) ■ (79$^{th}$) | ■ | ▲ (24$^{th}$) | ▼ (89$^{th}$) | ■ (44$^{th}$) | ■ | (s) ▲ (8$^{th}$) |
| ▲ | ▲ | ▲ | ■ | ■ | ■ | ■ | ▲ | ■ | ■ | ■ | ▲ |
| ■ | (e) ■ | ■ | ■ | ■ | ■ | ■ | (o) ■ | ■ | ■ | ▼ | ■ |
| ▲ | ▲ | ▲ | ■ | ■ | ■ | ■ | ▲ | ■ | ■ | ▼ | ▼ |
| ▲ | ▲ | ▲ | ■ | ■ | ■ | ■ | ▲ | ■ | ■ | ■ | ■ |
| ■ | ▼ | (g) ■ | ■ | ■ | ■ | ■ | (o) ■ | ■ | ■ | ▼ | ▼ |
| ■ | (f) ■ | (h) ■ | (j) ■ | ■ | (l) ■ | ■ | (p) ■ | ■ | ■ | ■ | ■ |
| ▲ | ▲ | ▲ | ■ | ■ | ■ | ■ | ▲ | ▼ | ▼ | ▼ | ▼ |
| ▲ | ▲ | ▲ | ■ | ■ | ■ | ■ | ▲ | ■ | ■ | ■ | ■ |

(a-s) Notes are developed in the following pages

# Infrastructure Development

## EUROPEAN UNION

### (a) Infrastructure Development in the European Union

| Characteristics of sector and investment needs by geographical area | European Union |
|---|---|
| Development of Energy Infrastructure Base | (a) |
| Development of Transport and Telecommunication Infrastructure Base | (a) |

In the European Union, according to the European Commission's estimates, a recovery is forecast in the medium term compared with the collapse during the 2009-2010 period. Even so, it continues to be seen that activity in the short term will persist in showing very conservative growth, of around 0.6% for 2012, derived from the fiscal consolidation measures being undertaken by governments to reduce fiscal deficit and from the credit restrictions in the banking sector.

This situation may delay investment decisions on new projects in both the public and private sectors. On the other hand, the significant infrastructure base that already exists in these countries means that investments in maintenance and renewal of assets mitigate the fall off in new works.

As of 2013-2014, a recovery period in this sector will begin, supported by greater strength in internal demand. Euroconstruct estimates that production will grow by 1.9% and 2% in 2013 and 2014 respectively.

In spite of the economic context in the short term and the fact that a large part of its portfolio of assets is developed and highly competitive, Europe continues to be a very important market in infrastructure development and maintenance. Additionally, the countries are carrying out projects aimed at improving communications, as well as for integration of all member states. In countries such as Spain, France, the United Kingdom, Italy and Germany, in addition, projects are executed with high environmental and sustainability requirements.

According to an OECD report[8] for the period 2011 to 2020, investments of between 1,500,000 and

[8] "Pension Funds Investment in infrastructure a survey", September 2011, OECD.

**Evolution of Construction Investment**

| (% annual change) | 2009 | 2010 | 2011e | 2012e | 2013e |
|---|---|---|---|---|---|
| Belgium | -6.7% | 0.3% | 6.4% | 1.3% | 1.2% |
| Germany | -3.0% | 2.2% | 5.7% | 1.8% | 2.7% |
| Greece | -10.0% | -12.2% | -17.5% | -5.0% | 6.0% |
| Spain | -15.4% | -10.1% | -7.6% | -0.9% | 1.2% |
| France | -6.3% | -5.9% | -0.9% | 0.7% | 0.8% |
| Ireland | -31.8% | -30.3% | -23.5% | -14.1% | -1.2% |
| Italy | -8.9% | -4.0% | -1.5% | -0.9% | 0.3% |
| Cyprus | -9.0% | -6.0% | -6.6% | 5.2% | 3.7% |
| Luxembourg | -2.9% | -3.4% | 2.6% | 0.8% | 4.7% |
| Nederthlands | -8.1% | -11.7% | 3.9% | 1.0% | 3.0% |
| Austria | -7.6% | -2.9% | 2.3% | 0.3% | 1.9% |
| Portugal | -11.2% | -5.7% | -13.0% | -11.5% | 1.3% |
| Slovenia | -20.6% | -17.3% | -21.7% | -0.9% | 0.7% |
| Slovakia | -10.3% | -1.3% | 2.0% | 5.6% | 4.0% |
| Estonia | -31.2% | -24.5% | 12.6% | 15.0% | 4.2% |
| Finland | -15.2% | 7.7% | 6.5% | 2.4% | 2.1% |
| **Euro Area-17** | **-7.9%** | **-4.2%** | **-0.7%** | **0.2%** | **1.6%** |
| Czech Republic | -5.4% | 1.2% | 0.7% | -0.6% | 1.1% |
| Denmark | -16.7% | -11.4% | 5.9% | 2.3% | 3.6% |
| Lithuania | -37.1% | -7.7% | 9.4% | 6.3% | 7.7% |
| Hungary | -5.9% | -13.7% | -8.7% | -2.6% | -0.2% |
| Poland | 4.9% | 3.4% | 9.0% | 2.0% | -1.9% |
| Romania | -18.8% | -15.5% | 4.4% | 2.7% | 5.6% |
| Sweden | -10.3% | 3.0% | 9.2% | 2.1% | 0.6% |
| United Kingdom | -13.7% | 0.2% | 1.1% | 0.2% | 1.4% |
| **EU-27** | **-9.9%** | **-5.0%** | **1.1%** | **0.6%** | **2.0%** |

Source: European Commission. Autumn 2011 forecasts.

# *Europe continues to be a very important market in infrastructure development and maintenance.*

2,000,000 million euros are estimated to be necessary, divided between:

- Investment of 500,000 million euros for the implementation of the Trans-European Transport Network. The European Commission establishes a five-year plan for promoting transport infrastructures between member countries and their improvement, so creating a single transport system at a supranational level.

- In the energy sector, the OECD estimates that the investments, both public and private, in European Union member countries will reach €400,000 million in distribution networks, 200,000 million euros in transmission and storage assets to guarantee stability and security of supply and 500,000 million euros in the renewal and construction of new generating capacity. In this regard, it is worth highlighting that one of the European Union's main objectives is to reach a level of 20% of energy generation from renewable technologies by 2020, which will mean an increase in investments in this type of asset at the expense of other energy sources with higher carbon dioxide emissions.

- Another of the objectives set for 2020 for the European Union consists of improving telecommunications, especially the internet. The target is for 50% of European homes to have internet connections with speeds of over 100 MB, for which investments of between 38,000 and 58,000 million euros are estimated for the period.

## (b) Public-Private Partnership Projects in Europe

| Characteristics of sector and investment needs by geographical area | European Union |
|---|---|
| Private Sector Participation in the Infrastructure Market | (b) |

The market for public-private partnership projects in Europe is highly developed and offers strong growth prospects, as there are clear opportunities which have been identified, but not covered. Furthermore, the need to reduce deficit levels and lower public indebtedness will promote the use of these types of structures by governments.

**Publi-private partnership projects. Europe**

| Investment (Million dollars) | Roads | | Rail | | Water | | Building | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Projects | Investment | Projects | Investment | Projects | Investment | Projects | Investment | Projects | Investment |
| Announced projects since 1985 to October 2011 | 350 | 337,400 | 114 | 161,100 | 229 | 35,800 | 355 | 100,500 | **1,048** | **634,800** |
| Funded projects by October 2011 | 205 | 184,500 | 60 | 67,400 | 176 | 25,500 | 258 | 75,900 | **699** | **353,300** |

Source: Public Works Financing, November 2011.
Includes European Union member and non-member countries.

# Infrastructure Development

## NORTH AMERICA

### (c) Level of Infrastructure Investment in the United States

| Macroeconomic characteristics and prospects by geographical area | USA |
|---|---|
| Investment Percentage (% Investment over GDP 2012e-2016e IMF) | (c) ▼ 16.2%/19.1% |

The United States has been investing in its infrastructures at lower levels that the rest of the developed countries (average investment in gross fixed capital formation in the 2005-2010 period of 18.2% of GDP compared with an average of 20.3% for advanced economies). This is due in part to the fragmentation of the market, to the different investment capacities between the States and the lack of a joint infrastructure plan nationally.

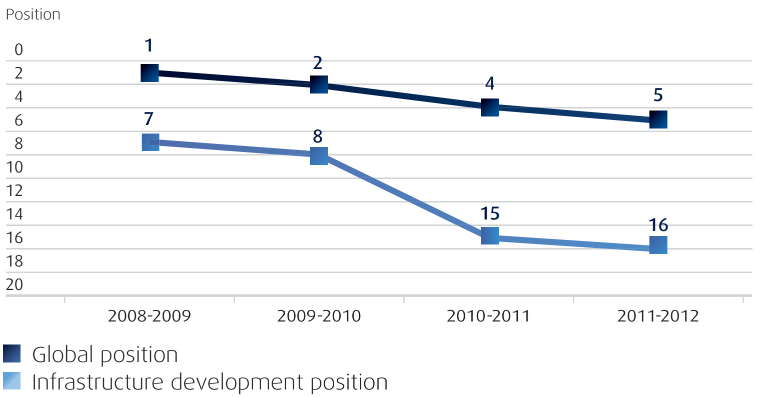
So, the United States, in spite of being one of the world's leading economies, has been affected by a progressive fall in its level of competitiveness, both at a general level and in the quality of its system of infrastructures.

### (d) Natural Gas Resources in the United States

| Macroeconomic characteristics and prospects by geographical area | USA |
|---|---|
| Natural Resources | (d) ▲ |

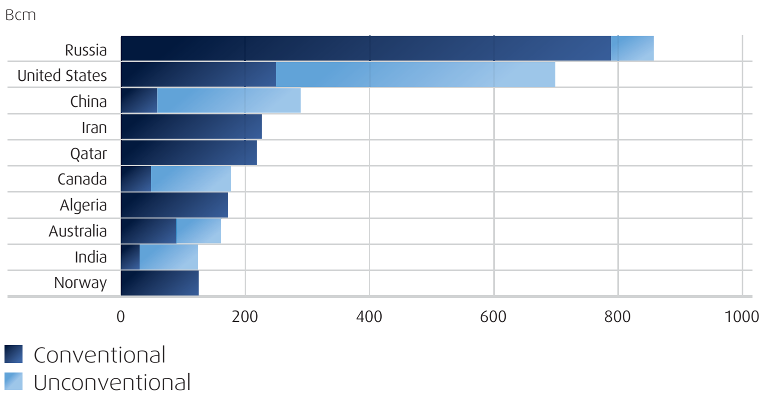
According to World Energy Outlook estimates, the United States will become the second largest producer of natural gas in the world by 2035, surpassed only by Russia. Over half the natural gas produced in the United States will come from non-conventional sources (tight

Evolution of United States Competitiveness




Source: "The Global Competitiveness Report", World Economic Forum.

Largest natural gas producers in 2035




Source: "World Energy Outlook 2011", International Energy Agency.

sands gas, coal seam gas, etc). These resources are less exploited currently, but need greater investment for extraction and use.

## (e) Transport Infrastructure Market in the United States

| Characteristics of sector and investment needs by geographical area | USA |
|---|---|
| Development of Transport and Telecommunication Infrastructure Base | (e) |

In 2009, the Obama Administration launched the TIGER Programme (Transportation Investment Generating Economic Recovery) to provide funding for investment in transport infrastructure. The budgetary funds for the 2012 to 2017 period exceed 550,000 million US dollars.

In spite of this effort, the low levels of investment historically in this area have led to the current United States transport network being obsolete and in need of significant works for improvement, renewal and modernisation. For example, according to various associations, 11.5% of United States bridges need repairs. These deficiencies can also be seen in the fact that there are over 40,000 km of high-speed railway networks built or under construction in the world, while no projects of this type have been carried out in the United States.

| Spent on Capital Investment in Transportation Infrastructure | |
|---|---|
| % of GDP | |
| Australia | 2.40% |
| Sweden | 1.66% |
| France | 1.53% |
| Poland | 1.48% |
| Spain | 1.29% |
| United Kingdom | 1.15% |
| Belgium | 1.03% |
| Germany | 0.80% |
| United States | 0.60% |

Source: "Building America's Future: Falling Apart & Falling Behind" 2011.

# Infrastructure Development

This transport infrastructure deficit leads numerous organisations to advocate the creation of a national plan to rectify this problem. So, for example, the Building America's Future Educational Fund estimates that to maintain the competitiveness of the US economy, it would be necessary to adopt a 10-year plan with investments of at least 200,000 million US dollars per year[9] to cover the expected growth in demand for transport. This growth will be supported by the sustained population growth, as the United States' population has had a sustained rate of growth of 1% annually over the last 10 years and, according to International Monetary Fund estimates, this rate of growth will be maintained during the 2012-2016 period.

[9] "Building America's Future: Falling Apart & Falling Behind" 2011.

## (f) Public-Private Partnership Projects in the United States

| Characteristics of sector and investment needs by geographical area | USA |
|---|---|
| Private Sector Participation in the Infrastructure Market | (f) |

The PPP sector in the United States is still rather underdeveloped and has clear growth potential. The United States is a market with all the characteristics to encourage the development of these projects:

- needs for investment identified;
- regulatory stability;
- financial stability, etc.

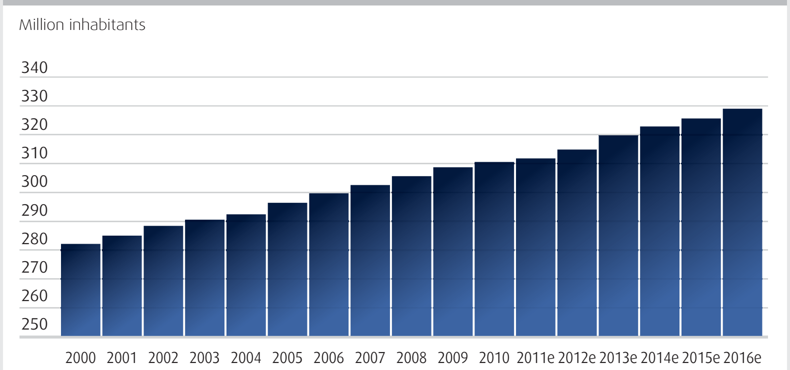
According to data reported by the journal Public Works Financing, of the 212,900 million US dollars in PPP projects announced up to October 2011, only 68,400 million US dollars had been completed.

### Publi-private partnership projects. United States

| Investment (Million dollars) | Roads | | Rail | | Water | | Building | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Projects | Investment | Projects | Investment | Projects | Investment | Projects | Investment | Projects | Investment |
| Announced projects since 1985 to October 2011 | 114 | 94,900 | 37 | 86,800 | 214 | 19,600 | 165 | 11,600 | **495** | **212,900** |
| Funded projects by October 2011 | 47 | 23,600 | 23 | 20,600 | 148 | 14,300 | 159 | 9,900 | **377** | **68,400** |

Source: Public Works Financing, November 2011.

### Evolution of United States population




Source: "World Economic Outlook" September 2011, International Monetary Fund.

# *PPP´S sector development in North America has a clear potential for growth.*

## (g) Investment in Infrastructures in Canada

| Characteristics of the infrastructure sector by geographical area | Canada |
|---|---|
| Investment Percentage (% Investment over GDP 2012e-2012e IMF) | (g) 24.0%/24.0% |
| Development of an unique regulatory framework for infrastructure | (g) |

In Canada, during the 1980's and 90's, investment in infrastructures was lower than the rest of the developed countries due to lack of financing, and although this trend was turned around as of 2000, the population movement to the urban areas and greater ageing of the population has contributed to the creation of an infrastructure deficit which OECD reports[10] put at between 50,000 and 150,000 million Canadian dollars.

The Canadian Government is making significant investment efforts to make good this deficit and, among other measures, in 2007 it launched a 7-year plan called "Building Canada" to provide funds for developing new infrastructures between 2007 and 2014 for a value of 33,000 million Canadian dollars. These investments mainly focus on the areas of transport and provision of municipal facilities.

[10] "Pension Funds Investment in infrastructure, a survey", September 2011, OECD.

## (h) Public-Private Partnership Projects in Canada

| Characteristics of sector and investment needs by geographical area | Canada |
|---|---|
| Private Sector Participation in the Infrastructure Market | (h) |

According to the latest PWF publication in Canada, since 1985, 127 projects have been completed in Canada with a public/private framework and there are a further 60 projects which have been announced. This figure has increased in recent years after the creation of the so-called "PPP Canada Fund" in 2011, with the aim of supporting the financing of PPP projects which are significant for their social benefit.

Publi-private partnership projects. Canada

| Investment (Million dollars) | Roads | | Rail | | Water | | Building | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Projects | Investment | Projects | Investment | Projects | Investment | Projects | Investment | Projects | Investment |
| Announced projects since 1985 to October 2011 | 34 | 24,700 | 12 | 9,800 | 35 | 2,700 | 106 | 29,400 | **187** | **66,600** |
| Funded projects by October 2011 | 26 | 15,700 | 2 | 2,200 | 19 | 1,300 | 80 | 26,000 | **127** | **45,200** |

Source: Public Works Financing, November 2011.

# Infrastructure Development

## LATIN AMERICA

### (i) Investment Needs in Latin America

| Macroeconomic characteristics and prospects by geographical area | Latin America |
|---|---|
| Investment Percentage | (i) ▲ |

In spite of the high levels of investment recorded in the zone during recent years, according to a Banco de Desarrollo de América Latina report[11], to close the gap in competitiveness between Latin America and the developed countries and serve future economic growth of 3%, it will be necessary to allocate a level of investment of 5.2% of regional GDPs to investment in infrastructure until 2020. This represents investment of between 200,000 million and 250,000 million dollars, 50% higher than current investment levels.

[11] "La Infraestructura en el Desarrollo Integral de América Latina" (Infrastructure in the Integral Development of Latin America), October 2011, Banco de Desarrollo de América Latina.

### (j) Public-Private Partnership Projects in Latin America

| Characteristics of sector and investment needs by geographical area | Latin America |
|---|---|
| Private Sector Participation in the Infrastructure Market | (j) ■ |

Private sector participation in the infrastructure sector in Latin America is increasing progressively, as the intense public investment made in recent years has led to an increase in government debt, which is higher in this zone than the levels in the rest of the emerging countries. The growing involvement of the private sector is endorsed by the significant number of PPP projects announced and uncompleted, as recorded by PWF.

### (k) Infrastructure Investments in Mexico

| Characteristics of sector and investment needs by geographical area | Mexico |
|---|---|
| Quality and Development of infrastructure base | (k) ■ |

During recent years, Mexico has been making significant investment efforts to improve its

Publi-private partnership projects. Latin America

| Investment (Million dollars) | Roads | | Rail | | Water | | Building | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Projects | Investment | Projects | Investment | Projects | Investment | Projects | Investment | Projects | Investment |
| Announced projects since 1985 to October 2011 | 252 | 104,500 | 67 | 49,400 | 174 | 24,800 | 28 | 5,100 | **521** | **183,800** |
| Funded projects by October 2011 | 152 | 62,100 | 28 | 11,300 | 94 | 12,500 | 15 | 2,600 | **289** | **88,500** |

Source: Public Works Financing, November 2011.

competitiveness and to develop its system of infrastructures with the aim of placing itself, by 2030, among the top rated countries according to the competitiveness index of its infrastructures, as published by the World Economic Forum. To achieve this objective, a National Infrastructure Plan 2007-2012 was prepared, which estimates total needs for investment over the period of 2,532,000 million Mexican pesos (approximately 152,000 million euros at the current rate of exchange), with 62% allocated to energy-related investments, 30% for investments related to communications and transport and the remaining 8% for infrastructures related to transport and water consumption.

The Mexican Government is currently preparing a new National Infrastructure Plan for the 2013-2018 period. According to the Mexican Civil Engineering Association, investment of approximately 400,000 million US dollars (approximately 5,000,000 million Mexican pesos) will be needed, especially in projects related to the environment and improving sustainability.

## (l) Public-Private Partnerships in Mexico

| Characteristics of sector and investment needs by geographical area | Mexico |
|---|---|
| Private Sector Participation in the Infrastructure Market | (l) |

In January 2012, a Public-Private Partnerships Act was enacted in Mexico, the objective of which is to increase private sector participation in the infrastructure market. This law will recognise the figure of Public-Private Partnerships for construction over the long term of public infrastructures, as well as the provision of the services related with them. This law is intended to remove restrictions on these types of investments, make the awarding process more transparent and, above all, provide these types of contracts with greater certainty and legal security, so as to stimulate private initiative in Mexico in the coming years.

Mexican National Infrastructure Plan 2007-2012

| Sector | Total Investment (thousand of million Mexican pesos) | Annual average (thousand of million Mexican pesos) |
|---|---|---|
| Telecommunication and Transport | 749 | 125 |
| Water | 202 | 34 |
| Energy | 1,581 | 264 |
| **Total** | **2,532** | **422** |

Source: Mexican National Infrastructure Plan 2007-12, Presidency of the Republic of Mexico.

# Infrastructure Development

## ASIA PACIFIC

### (m) Levels of Infrastructure Investment in Australia

| Macroeconomic characteristics and prospects by geographical area | Australia |
|---|---|
| Investment Percentage<br>(% Investment over GDP 2012e-2016e IMF) | (m)<br>29.3%/29.9% |

Australia is a country with a significant infrastructure deficit due to the low level of investment in this area in the 1980's and 90's. This trend has been turned round in recent years, but even so, population and economic growth, added to significant growth in the mining and natural resource export sectors, offer great opportunities for developing a vigorous infrastructure market. According to the IMF, the prospects for gross fixed capital formation are 29.4% for the 2011-2016 period, while the average investment in advanced countries is 19.2%. According to estimates in an OECD report[12], Australia has investment needs of between 450,000 and 770,000 million US dollars over the next decade.

### (n) Natural Resources in Australia

| Macroeconomic characteristics and prospects by geographical area | Australia |
|---|---|
| Natural Resources | (n) |

Australia has significant mining resources, especially coal, and given its closeness to the countries with the greatest demand, it is one of the leading exporters of this mineral. According to the World Energy Agency report[13], thanks to the increase in energy consumption of emerging countries, basically China and India, the use of coal will rise by 65% above where it is now by 2035. If the estimates in this scenario are fulfilled, coal will overtake oil as the dominant fuel in the world energy mix, with which, according to its estimates for this period, Australia's coal exports will double. This implies the need for new investments in prospecting, mining and infrastructures.

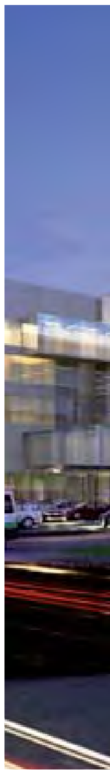
### (o) Development in Australia's Infrastructure Investments

| Characteristics of the infrastructure sector by geographical area | Australia |
|---|---|
| Development of Transport and Telecommunication Infrastructure Base | (o) |
| Development of an unique regulatory framework for infrastructure | (o) |

Australia has experienced significant growth in investment in the zone, and the Government continues to promote infrastructure improvements, as shown by the creation of "Infrastructure Australia", which is an official organisation with the mission to advise Public Authorities for the strategic development of a plan with which to modernise the system of infrastructures and to remove the bottlenecks created by this infrastructure deficit. Infrastructure Australia focuses on six fundamental themes for action:

- The creation of a national goods transport network;
- The development of a more competitive network of ports to cover import/export traffic;
- The creation of a national energy market through investment in networks and with the opportunity to develop renewable energies;
- Increasing the efficiency and sustainability of cities through improvements in transport networks;
- Improvement in services for indigenous communities;
- The development of a national data transmission network.

Specifically as regards transport infrastructure, given the geographical spread of the zone and the area's economic growth, according to Infrastructure Australia[14], based on a PWC report, to serve the development of this



[12] "Pension Funds Investment in infrastructure, a survey", September 2011, OECD.

[13] "World Energy Outlook 2011", December 2011, International Energy Agency.

[14] "Infrastructure Finance Reform, Issues Paper", July 2011, Infrastructure Australia.


area, the construction of an additional 173,348 kilometres of roads would be necessary by 2050. This would involve an increase in investment of 2,500 million US dollars per year. Government involvement manifests itself in a significant increase in annual budgetary items allocated to infrastructures, the creation of various inter-year plans, such as the Australian Government's "Nation Building Program", through which the Australian Government will provide 36,200 million Australian dollars for transport infrastructure development in the 2013-2014 period, including 120 roads, 30 projects related to railway works and six public transport projects.

In spite of these efforts, in July 2011 Infrastructure Australia published a document in which it urged the authorities to make significant reforms in the infrastructure sector, as despite the efforts made, the results continued to be slow to come and the country's productivity and development were being affected. It recommended the taking of future actions to cover this infrastructure deficit and focusing on, among others, reforming the financing system, to increase private financing of infrastructures and the PPP model. In this case a list of priority investments was identified, representing needs for project financing of 86,000 million Australian dollars.

## (p) Superannuation Funds

| Characteristics of sector and investment needs by geographical area | Australia |
|---|---|
| Private Sector Participation in the Infrastructure Market | (p) |

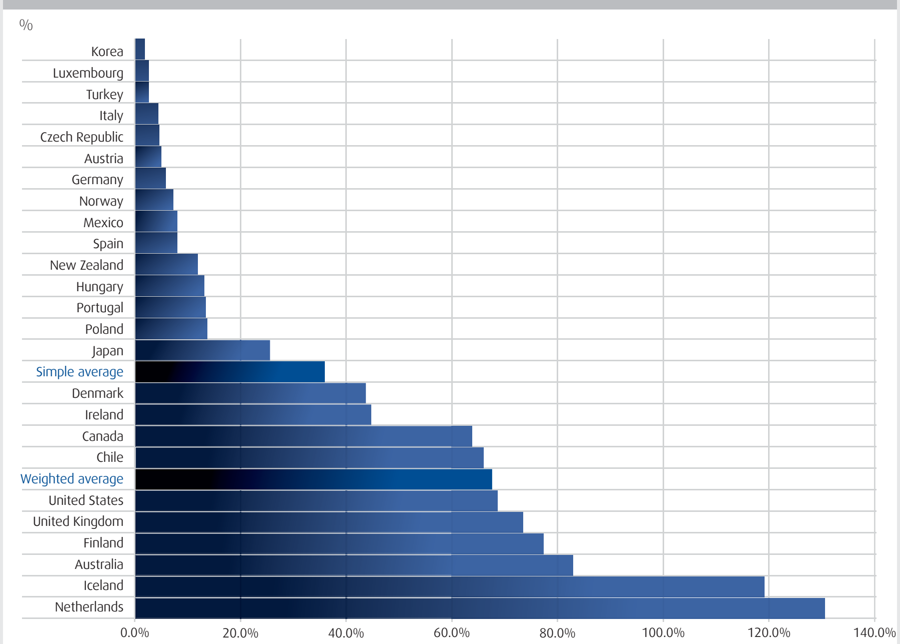
Australian pension funds (Superannuation funds) are investors with great resources and they are very active in infrastructure investments. They have great experience in the sector and 10% of their capital is currently allocated to the infrastructure sector.

## (q) China's Energy Needs

| Macroeconomic characteristics and prospects by geographical area | China |
|---|---|
| Growth in Energy Demand | (q) |

In 2035, China will be the world's leading energy consumer, using in that year 70% more energy than the United States, which will be the country in second place. Even so, per capita energy consumption in China in 2035 will be half the energy consumed per person in the United States, which implies that to cover the country's economic and social development, considerable investments will be needed in all types of energy assets in a sustained manner and over the very long term.


Pension assets as percentage of GDP in OECD countries,2009




Source: "Pension Funds Investment in infrastructure, a survey", September 2011, OECD.

# Infrastructure Development

## OTHER GEOGRAPHICAL AREAS

### (r) Infrastructure Investment Needs in the Middle East

| Macroeconomic characteristics and prospects by geographical area | Other (Middle East and Africa) |
|---|---|
| Natural Resources | (r) ▲ |

According to the IEA[15], the depletion of the oilfields in the zone will involve the need to replace gross capacity of 47 million barrels per day by 2035, which implies doubling total current oil production from all the Middle East's OPEC countries.

According to the estimates on which the IEA report is based, investments of US$100,000 million are needed between 2011 and 2015 in the Middle East and North Africa region. If this investment is less than 66,000 million US dollars in this period, the IEA indicates that the world energy markets would suffer serious repercussions which would be reflected in substantial increases in the short term in the price of oil, which it is estimated could rise to US$150 per barrel.

[15] "World Economic Outlook 2011", International Energy Agency.

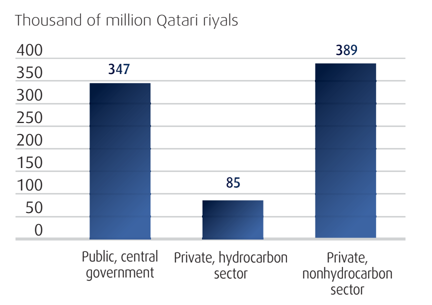
### (s) Investment Needs in Qatar

| Characteristics of sector and investment needs by geographical area | United Arab Emirates |
|---|---|
| Quality and Development of infrastructure base | (s) ▲ |

The United Arab Emirates, due to its economic development and the existence of abundant natural resources, has a very high quality, highly developed system of infrastructures (8th in the competitiveness ranking for 2011/2012). However, prospects for economic growth for the zone forecast an increase in investment demand in the zone.

This fact will be especially relevant in Qatar, which will be the home to the football World Cup in 2022. According to its strategic plan for 2011-16, total domestic investment in the period will reach 820,000 million Qatari riyals (approximately 172,000 million euros). Of this total investment, 42% will come from public investment and the remaining 58% will be investments financed from the private sector. It is important to emphasise that 82% of private investment will be allocated to investments not related to the hydrocarbons sector.

Cumulative gross domestic investment 2011-2016




Source: National Development Strategy 2011-16, Government of Qatar.

## 3. Conclusions

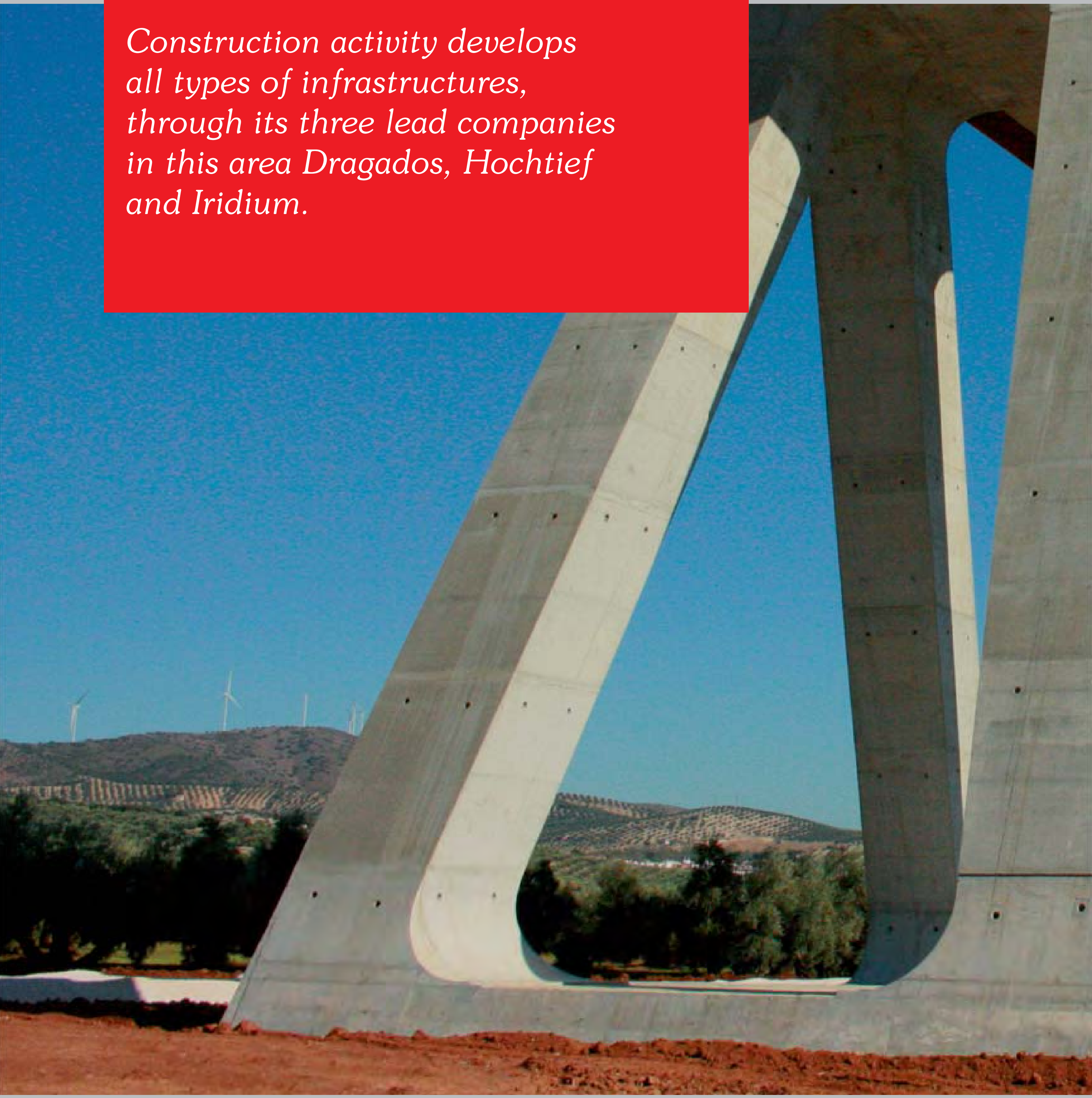
| | |
|---|---|
| Progressive recovery of the global economy compared to crisis levels in the medium term. | Geographic and business diversification fundamental to maintaining company growth and profitability. |
| The macroeconomic environment can still be adverse in some advanced economies in the short term. | |
| Expectation of sustained growth in emerging countries. | |

| | |
|---|---|
| Need for considerable investments in development and maintenance of infrastructures sustained over time at a global level. | Need for new financing systems in infrastructures. |
| Increasing significance of emerging countries in the sector. | Greater private sector participation through public-private partnerships or specialised infrastructure funds. |

**Growth opportunities for companies in the sector with a high technical level and the appropriate scale, human resources and financial solidity to develop large infrastructure projects in a globalised market.**

# Construction

*Construction activity develops all types of infrastructures, through its three lead companies in this area Dragados, Hochtief and Iridium.*



# Construction

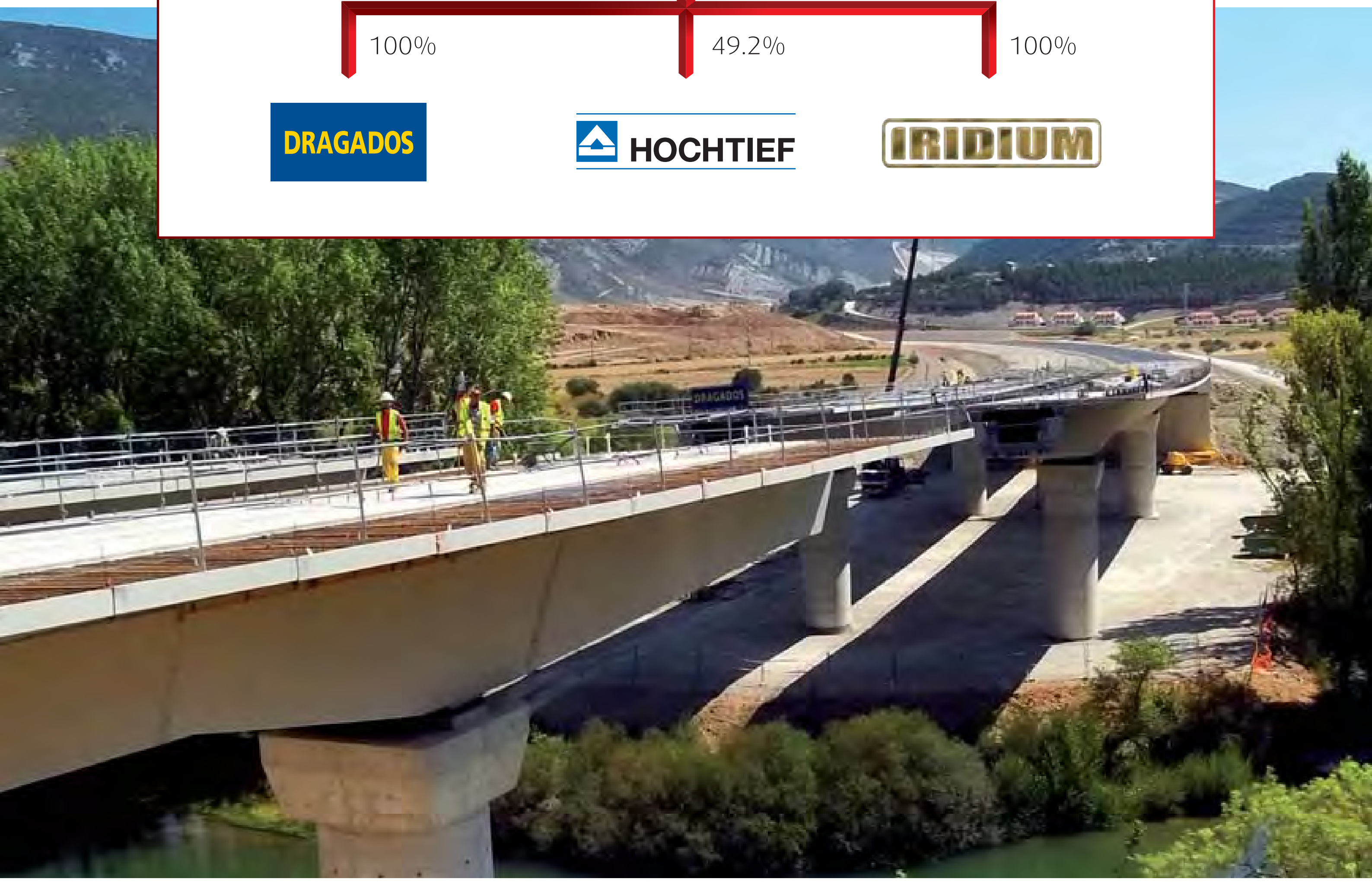
The ACS Group's **Construction activity** focuses basically on developing all types of infrastructures, through construction projects for both public and private clients, as well as carrying out projects under concession arrangements through various public-private partnership contract models, covering the whole concession business value chain, from project design to financing, construction, commissioning and operation.

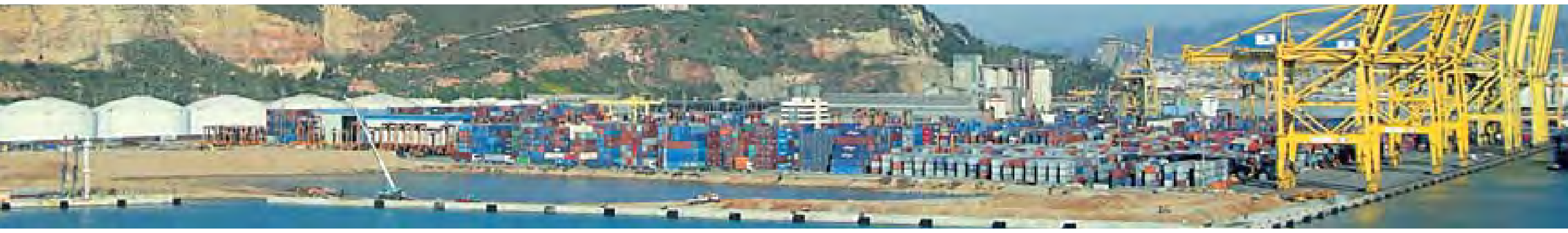
The ACS Group carries out this activity through an extensive group of companies, with three lead companies in this area Dragados, Hochtief and Iridium.

The integration of Hochtief into the Construction area fits in with the strategic objectives for the area; seeking to maintain a leadership position in Spain through Dragados and Iridium, while consolidating and expanding the ACS Group's presence in international markets by taking advantage of synergies between the three companies and their complementary nature, always seeking to maximum operational efficiency by carrying out larger projects with higher technical complexity, which provide the Group with higher margins of profitability.

**Construction**

| 100% | 49.2% | 100% |
|---|---|---|
| DRAGADOS | HOCHTIEF | IRIDIUM |

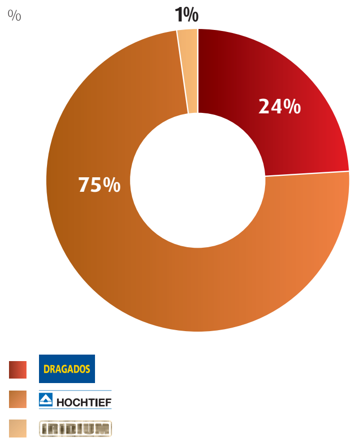




During 2011, the Construction area's consolidated **revenue** was 19,802 million euros. This figure includes the activity of Dragados and Iridium and Hochtief's revenue since 1 June 2011, the date on which its full consolidation in the ACS Group's accounts began.

By company, Dragados sales totalled €4,800 million euros, 14.2% lower than the figure for 2010, due to the contraction of the market in Spain. Hochtief's input during the 7 months of 2011 that it was fully consolidated into the ACS Group was 14,882 million euros, while Iridium's revenue was 119 million euros.

2011 Construction revenue breakdown by company



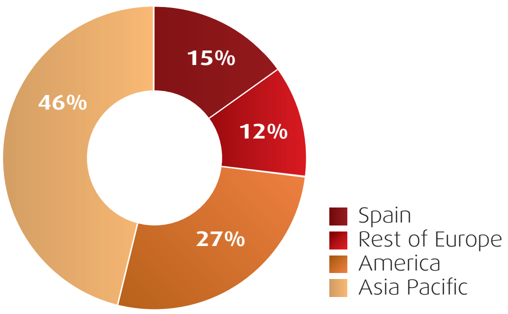

## Construction

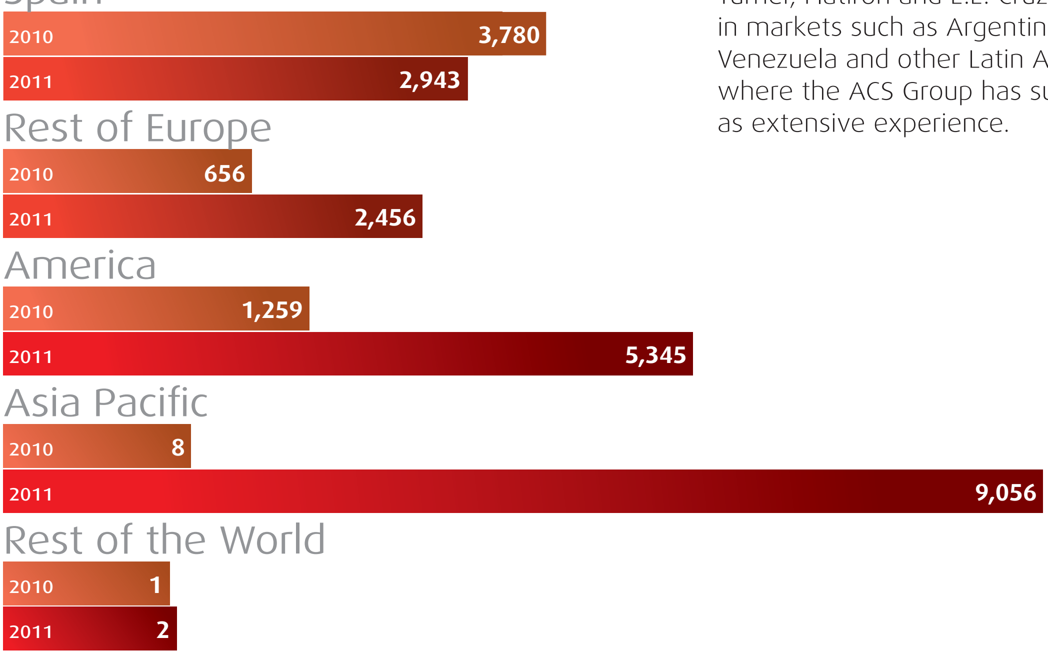
| Millions of euros | 2010 | 2011 | % Var. |
|---|---|---|---|
| **Revenue** | **5,703** | **19,802** | **247.2%** |
| Domestic Revenue | 3,780 | 2,943 | -22.1% |
| International Revenue | 1,923 | 16,859 | 776.4% |
| **EBITDA** | **427** | **1,210** | **183.4%** |
| *Margin* | *7.5%* | *6.1%* | |
| **EBIT** | **343** | **449** | **30.8%** |
| *Margin* | *6.0%* | *2.3%* | |
| **Net profit** | **187** | **370** | **97.5%** |
| *Margin* | *3.3%* | *1.9%* | |
| **Order Book** | **11,088** | **50,336** | **354.0%** |
| *Months* | *24* | *22* | |
| Domestic Order Book | 5,710 | 4,311 | -24.5% |
| International Order Book | 5,378 | 46,025 | 755.8% |
| **Employees** | **17,974** | **90,819** | |

# Construction

2011 Construction revenue breakdown by geographical area

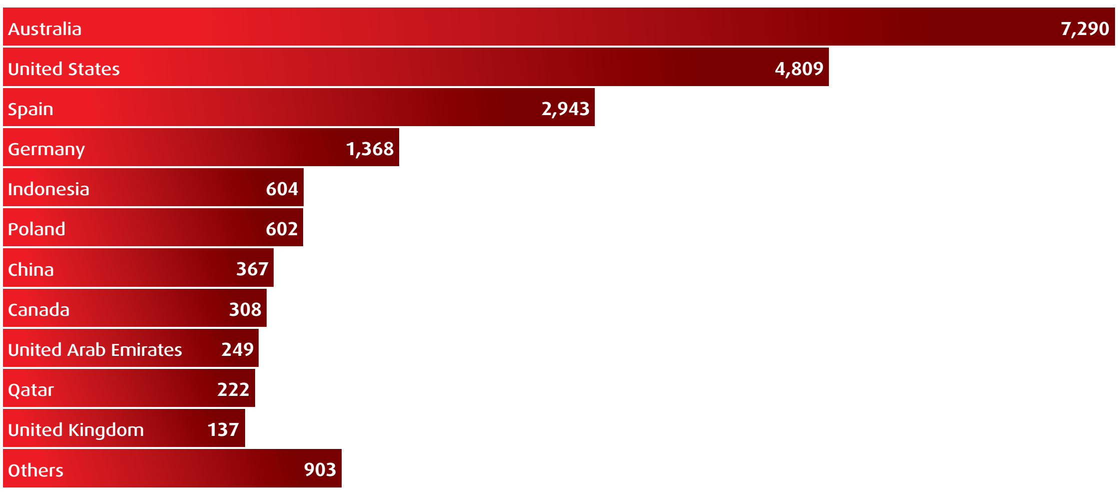
%




In million of euros

2011 Construction revenue breakdown by country




In million of euros

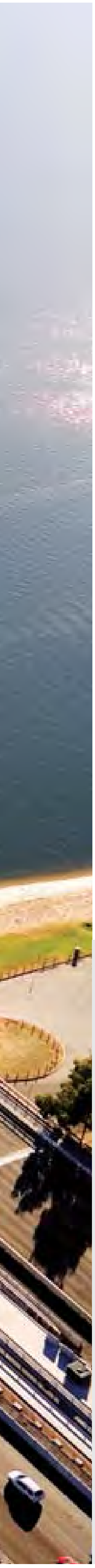
By geographic area, the Asia Pacific area stands out for its importance on representing 46% of the Construction area's total sales, derived from consolidating 9,056 million euros from activity carried out by Hochtief in the region, through its subsidiary Leighton, the leader in the sector in Australia.

America was the second largest market by turnover, with sales of 5,345 million euros in 2011, covering the activity in Building and Civil Works carried out in the United States and Canada through the Group's different subsidiaries –Dragados USA, Pulice, Picone, Turner, Flatiron and E.E. Cruz– as well as sales in markets such as Argentina, Chile, Peru, Venezuela and other Latin American countries where the ACS Group has subsidiaries, as well as extensive experience.

The ACS Group, through Dragados, occupies a leadership position in the construction sector in Spain. However, the conditions in the sector, affected by lower levels of investment by public authorities and slowing of building activity, mean that sales in this area were 2,943 million euros, representing only 15% of total turnover.

Outstanding in the rest of Europe is activity in countries such as Germany, due to Hochtief's position as leader in this market, Poland in Eastern Europe and other Western European markets such as the United Kingdom and Portugal, where the Group is carrying out significant projects related to transport infrastructure development. So the revenue recorded in this area in 2011 grew substantially, to 2,456 million euros, representing 12% of total revenue.

# Construction



**Gross operating profit** in 2011 totalled 1,210 million euros, with growth of 183.4% with respect to 2010, thanks to the full consolidation of Hochtief. Margin over sales was 6.1%.

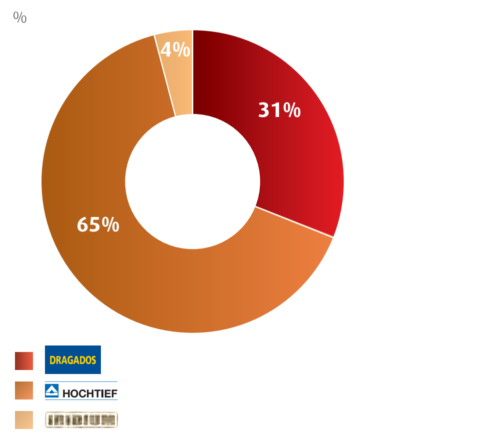
Consolidated **net profit** in 2011 was 370 million euros, with growth of 97.5% with respect to 2010. This result includes the gains deriving from the sale of concession assets during 2011 (Vespucio Norte and the San Cristobal Tunnel in Chile and a 50% share in the I-595 in Florida, United States).

At 31 December 2011, the Group's Construction **order book** totalled 50,336 million euros, a figure which guarantees 21 months of activity. Thanks to the consolidation of Hochtief and the positive evolution of Dragados' companies in the international sphere, the international order book represented over 91.4% of the Group's total order book at 31 December 2011.

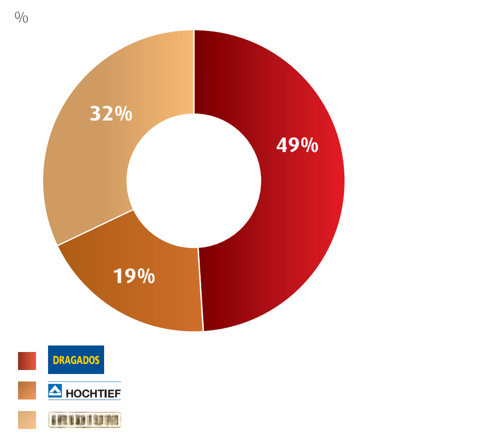
The Asia Pacific region, with a project order book of 27,636 million euros, is the Group's main growth area for the coming years, endorsed by the awarding of significant projects in Australia during 2011 in the mining and building areas, such as the contract for operation of the Burton mine and the construction projects for the Royal Adelaide Hospital and the Perth Children's Hospital, as well as obtaining new contracts in Asia, such as the 408 million euros for the construction of a railway line in Hong Kong.

Similarly noteworthy due to its significance is the evolution of the order book in America, particularly in the United States and Canada, where Dragados was awarded the project for construction of the SR 99 in Alaska and Hochtief the construction of a new medical centre in Denver. In the rest of Europe, the order book is over 7,200 million euros, with new projects awarded in Germany, such as the construction and operation of the A8 motorway and public-private partnership projects in day centres and schools in the city of Brunswick, the construction of the Dabrowica-Witosa section of the S-17 highway in Poland and the project for the bridge over the Firth of Forth near Edinburgh in the United Kingdom.

2011 Construction EBITDA breakdown by company




2011 Construction net profit breakdown by company

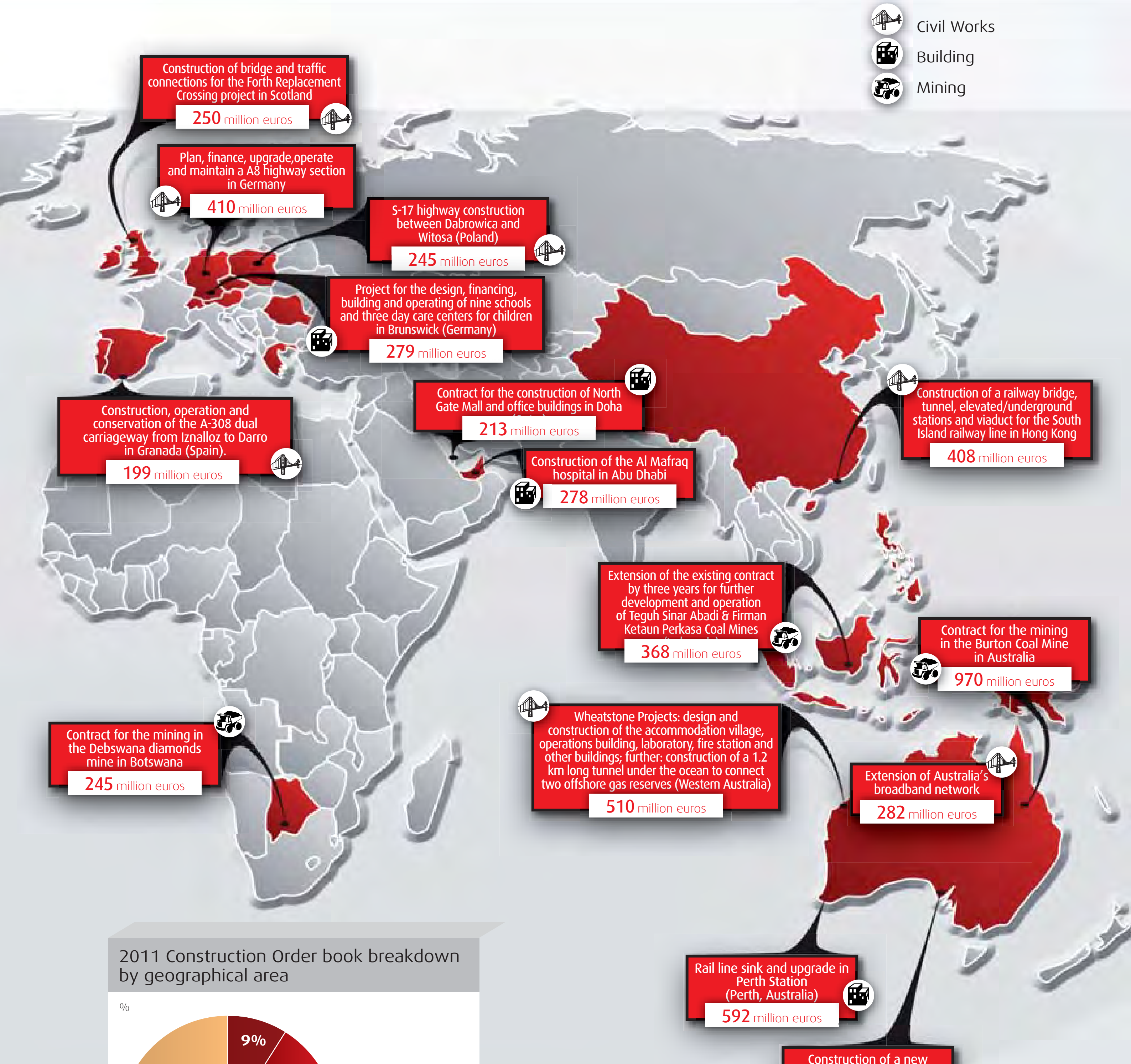


# Construction

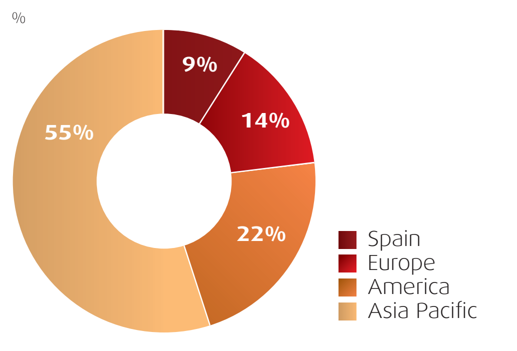
## ORDER BOOK

| Region | 2010 | 2011 |
|---|---|---|
| Spain | 5,710 | 4,311 |
| Rest of Europe | 2,241 | 7,204 |
| America | 3,137 | 11,185 |
| Asia Pacific | ø | 27,636 |

In million of euros


2011 Construction Order book breakdown by geographical area



# Construction

DRAGADOS

In 2011, Dragados consolidated its position, for another year, as the leading construction company in Spain, carrying out its activity of executing Civil Works and Building projects, through its own activity and that of the rest of the Group's companies, specialised in geographic areas and activities.

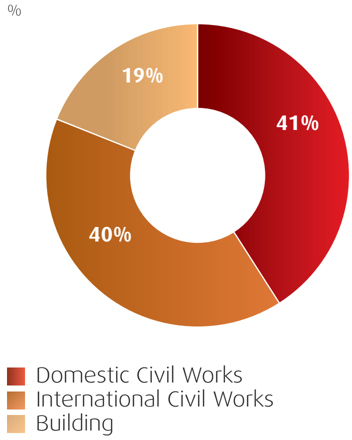
Likewise, the carrying out of significant projects in the international sphere has continued, such as in Poland, through the subsidiary Pol-Aqua, Portugal, the United Kingdom and Ireland in Europe. In America, Dragados is present in both Latin America, especially in Chile, Argentina and Venezuela, where it has long experience and its own subsidiaries (Dycasa and Dycvensa), and in the United States and Canada, where Dragados has been competing for many years through its North American subsidiaries (Dragados USA, Schiavone, Pulice and John P. Picone) and already has a consolidated presence in the area.

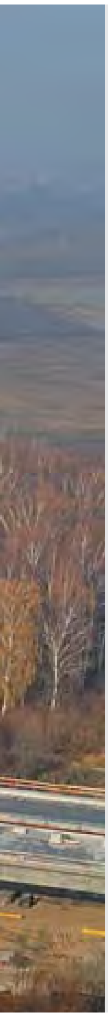

Dragados' **sales** fell by 14.2% in 2011 to 4,800 million euros, as a result of the macroeconomic conditions which have impacted on the construction sector in Spain.

In spite of this difficult situation in the Spanish market, Dragados' activity maintains solid margins on sales, with an increase in efficiency seen with respect to the previous year, thanks to Dragados' continuing efforts in improving productivity and controlling costs, and an appropriate business mix, focused on performing projects of a large size and high technical complexity, enabling the profitability of the activity to be maximised.

By type and technical characteristics, Dragados' production is structured into **Civil Works** and **Building** projects.

2011 Dragados revenue breakdown by type of activity



## Dragados

| Millions of euros | 2010 | 2011 | % Var. |
|---|---|---|---|
| **Revenue** | **5,593** | **4,800** | **-14.2%** |
| Domestic Revenue | 3,726 | 2,880 | -22.7% |
| International Revenue | 1,867 | 1,920 | 2.8% |
| **EBITDA** | **393** | **375** | **-4.7%** |
| *Margin* | *7.0%* | *7.8%* | |
| **EBIT** | **321** | **298** | **-7.4%** |
| *Margin* | *5.7%* | *6.2%* | |
| **Net profit** | **220** | **180** | **-18.1%** |
| *Margin* | *3.9%* | *3.8%* | |
| **Order Book** | **11,088** | **9,850** | **-11.2%** |
| *Months* | *24* | *25* | |
| Domestic Order Book | 5,710 | 4,311 | -24.5% |
| International Order Book | 5,378 | 5,539 | 3.0% |
| **Employees** | **17,628** | **14,989** | |

# Construction

**Civil Works** production during 2011 exceeded 80% of the activity carried out by Dragados and covers all kinds of activities aimed at developing infrastructure such as highways and railways, maritime, water and airport facilities. The main projects Dragados group companies carried out in 2011 were:

- Construction of the Navia - Tapia de Casariego stretch of the A-8 highway in Asturias (Spain).
- Execution of stretches 4 and 5 of the A-21 highway in Navarra (Spain).
- Project for construction of the Peña de los Enamorados – Archidona stretch of railway line for the route of the high-speed line to Granada (Spain).
- Project for execution of the "Arganzuela II" footbridge between Paseo de Yeserías and Avenida del Manzanares in Madrid (Spain).
- Construction of the San Salvador de Heras - Parbayón stretch of the Ronda de la Bahía de Santander highway (Spain).
- Project and works for the high-speed railway line on the North-Northwest Corridor in the provinces of Pontevedra and La Coruña (Spain).
- Quay AZ-2 alongside the Zibierna dock, corresponding to the expansion of the port of Bilbao outside El Abra (Spain).
- Replenishment of sands and improved accessibility to the Riazor, Orzán, Matadero and San Amaro beaches in the La Coruña municipal area (Spain).
- Expansion of the Andalucía Quay for installation of a container terminal and transfer of ASESA's facilities in the Port of Tarragona (Spain).
- Project for development of the South Fraser motorway in Vancouver, a motorway with a concession arrangement, 40 kilometres long and with four lanes in each direction (Canada).
- Construction of a 36-kilometre stretch of the S5 express road (Poland).
- Demolition and reconstruction of the Calaveras Dam in California (United States).
- Structures for the construction of the East Side Access for the New York Subway (United States).
- Works for the construction of various buildings and structures for the construction of the generating plant at San Pedro, Chile.
- Construction of a new five-level traffic interchange for connection with the I-10. The construction consists of a new bridge, new on- and off-ramps (Maricopa, Arizona, United States).

- Repairs to port infrastructure and facilities at the dock at the head of the Chacabuco quay (Bahía de Concepción, municipality of Talcahuano, Chile).

- Construction of the Pareditas – El Sosneado stretch on National Route 40, province of Mendoza (Argentina).

**Building** activity represented 19% of total business in 2011. There remains a clear focus on Public-Private Partnership projects, without failing to serve demand for commercial buildings, as well as attending to institutional building needs for Public Authorities.

The main projects carried out in institutional or commercial building in 2011 were:

- Construction of the new Lugo Hospital (Spain).

- Alteration and expansion of the San Juan de Dios Hospital, León (Spain).

- Construction of the car park building, the development and the Technical Block for Vigo Airport (Spain).

- Expansion and alteration to the first phase of Soria General Hospital (Spain).

- Expansion of the Airport Terminal, first phase of Almeria Airport (Spain).

- Marineda Shopping Centre, La Coruña (Spain).

- Construction of two data processing centres at the Santander Group's Cantabria Technology Centre (Spain).

- Expansion of Pontevedra Museum and restoration of the Sarmiento Building (Pontevedra, Spain).

- Construction of 10 primary health care centres in the towns of Andratx, Ariany, Es Molinar, Esporles, María de la Salud, Muro, Porreres, Sa Pobla, Ses Salines y Son Servera on Mallorca (Spain).

In terms of residential building, activity mainly took place in the construction of subsidised housing, such as the 318 housing units at Fuerte de San Francisco in Guadalajara. Dragados does not carry out any property activities and does not own any land for development. In this activity, the ACS Group has developed and implemented rigorous risk controls in its dealings with suppliers, clients and subcontractors, which enable Dragados to carry out its activities with optimum profitability.

# Construction

HOCHTIEF

Hochtief is one of the leading companies worldwide in the sector, being the eight largest company in the world in the construction sector according to ENR publication and a well-known company in the German market. It carries out development, building and operation of infrastructures and building projects. In 2011, the ACS Group completed the process of acquiring a majority stake in Hochtief, hence the company has been fully consolidated since 1 June 2011.

Hochtief carries out its activity in about 40 countries and has a consolidated position in the Asia Pacific, United States, Central Europe and Middle East markets. According to the journal ENR, Hochtief is the construction sector company with the highest turnover in the world outside its domestic market, recording sales figures of over 90% outside the German market in 2011. During the full 2011 financial year, Hochtief's revenue grew 15.5% with respect to 2010, reaching 23,282 million euros, accompanied by 2.5% growth in its order book. However, total net profit for 2011 was strongly affected by extraordinary losses as a consequence of the negative results recognised at two projects in Australia (Victoria Desalinisation Plant and Airport Link) and in its United Arab Emirates subsidiary (Al Habtoor), both in the Asia Pacific region.

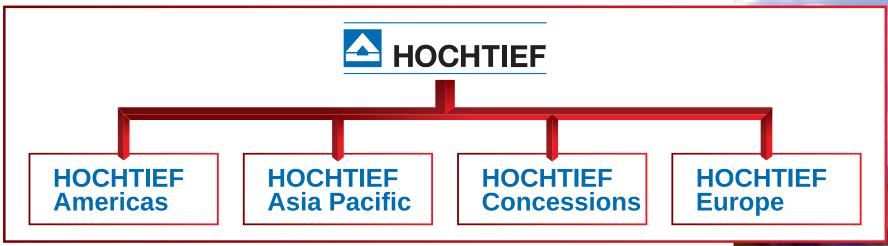
Hochtief's contribution to the ACS Group's turnover in 2011 was 14,882 million euros, with a gross operating profit margin of 5.3%. Total net profit contributed by Hochtief to the ACS Group in 2011, consolidated using the equity method up to 1 June 2011 and then subsequently fully consolidated after that date, was 73 million euros. This figure is affected by the revaluation of Hochtief's assets and liabilities, the consequent assignment of goodwill, the financial costs arising from the increased share and other effects arising from the change in the consolidation method.

**Hochtief**

| Millions of euros | Hochtief* | | | Hochtief contribution to ACS 2011** |
|---|---|---|---|---|
| | 2010 | 2011 | % Var. | 2011 |
| **Revenue** | 20,159 | 23,282 | 15.5% | 14,882 |
| **EBITDA** | 1,077 | 1,194 | 10.9% | 789 |
| *Margin* | 5.3% | 5.1% | | 5.3% |
| **EBIT** | 366 | 414 | 13.1% | 119 |
| *Margin* | 1.8% | 1.8% | | 0.8% |
| **Net profit** | 288 | (160) | n.a. | 73 |
| *Margin* | 1.4% | -0.7% | | 0.5% |
| **Order Book** | 47,486 | 48,668 | 2.5% | 40,486 |
| *Months* | 25 | 23 | | 21 |
| **Employees** | 70,657 | 75,449 | | 75,449 |

* Full year 2010 and 2011. Data presented according ACS Group management criteria.
** Hochtief contribution to ACS during 2011(Hochtief consolidated by five months by equity method and the other seven months it was fully consolidated).

At 31 December 2011, Hochtief's organisational structure comprised four large business areas: Hochtief Americas, Hochtief Asia Pacific, Hochtief Europe and Hochtief Concessions.




In the first quarter of 2012, the public-private partnership activities of Hochtief PPP Solutions GmbH were allocated through a share transfer to Hochtief Solutions AG, which spearheads the Hochtief Europe division, so that as from 2012, Hochtief's businesses will be divided into the three large geographical areas in which the company operates: Hochtief Americas, Hochtief Asia Pacific and Hochtief Europe.


## Hochtief. 2011 Results breakdown by division*

| Millions of euros | Hochtief Americas | Hochtief Asia Pacific | Hochtief Europe | Hochtief Concessions | Corporate/ Adjustments | Total |
|---|---|---|---|---|---|---|
| **Revenue** | 6,179 | 13,631 | 3,346 | 66 | 60 | 23,282 |
| **EBITDA** | 104 | 1,215 | 54 | (62) | (116) | 1,194 |
| *Margin* | *1.7%* | *8.9%* | *1.6%* | *n.s.* | | *5.1%* |
| **EBIT** | 83 | 499 | 21 | (63) | (125) | 414 |
| *Margin* | *1.3%* | *3.7%* | *0.6%* | *n.s.* | | *1.8%* |
| **Net profit** | 88 | (155) | 19 | (40) | (72) | (160) |
| *Margin* | *1.4%* | *-1.1%* | *0.6%* | *n.s.* | | *-0.7%* |
| **Order Book** | 8,924 | 33,426 | 5,885 | 594 | (161) | 48,668 |
| *Months* | *16* | *26* | *21* | *n.s.* | | *23* |
| **Employees** | 7,280 | 52,220 | 15,418 | 329 | 202 | 75,449 |

* Full year 2011. Data presented according ACS Group management criteria.

# Construction

## Hochtief Americas:

It carries out its business in the USA and Canada through its subsidiaries Turner, Flatiron and E.E. Cruz, operating in the building, civil works and infrastructures segments, where it occupies reference positions in the sector.


* Clark Builders from January 1, 2012.

Among its North American subsidiaries, Turner is the leading general builder in the US, ranking first or second in the major segments of the building construction field, carrying out its activity in high growth sectors such as commercial offices, healthcare and educational buildings and leading the "green" buildings segment. Flatiron is one of the United States' main transport infrastructure constructors, in addition to participating in water and energy infrastructure projects. In 2010, Hochtief acquired E.E. Cruz, a company which carries out civil works projects in the New York area, so reinforcing its position in this market.

At the beginning of 2012, Hochtief Americas expanded its activity in the North American market with the finalisation of the acquisition, through Turner, of a majority share in the Canadian company Clark Builders, which is specialised in commercial and institutional building, as well as building sports and educational facilities.

Within the projects carried out by these subsidiaries during 2011, the following can be highlighted:

- Demolition of old facilities and construction of the new Mills-Peninsula medical centre, with capacity for 311 rooms, as well as the adjacent car parking infrastructure (Burligame, California, United States).
- Building of an office complex, the Great American Tower in Cincinnati, Ohio (United States).
- Execution of the project for construction of the Athabasca River Bridge at Fort McMurray in Alberta, the largest bridge in the province of Alberta, at 30 metres wide and around 500 metres long (Canada).
- Construction of the new Lake Champlain Bridge in northern New York State, connecting the counties of Essex and Addison (United States).
- Construction of the Northwest Corner laboratory and research building for Columbia University (New York, United States).
- Fort Belvoir Military Hospital, with capacity for more than 120 patients, as well as different units for specialised care (Virginia, United States).
- Renovation of Terminal 2 at San Francisco Airport (California, United States).
- Construction of the Yale University Medical Centre in New Haven (Connecticut, United States).

# Hochtief Asia Pacific:

Leighton, the Australian contractor in which Hochtief has a majority stake, is the biggest contract mining company in the world, as well as carrying out building, construction and the development of infrastructures, concessions and services.


Leighton is the leading company in its sector in Australia and one of the leading companies in Southeast Asia and the Middle East, as well as being in the process of expanding its activities to African countries, as shown by its obtaining a contract in 2011 for a diamond mine in Botswana.

Leighton carries out its business through various operating units, outstanding among which are Leighton Contractors, John Holland, Thiess, Leighton Asia and the Al Habtoor Leighton Group.

Outstanding among the most significant projects in 2011 are:

- Construction of the Al Bustan complex, in which a shopping centre with a recreational area, an office block and residential flats were built, as well as a 100,000-square-metre underground car park (Abu Dhabi).

- Execution of the project to expand the city centre of Doha in Qatar, consisting of the construction of five towers with different functions, giving a gross floor area of 330,000 square metres.

- Project for infrastructure construction and start of mining activities at the Curragh North mine (Queensland, Australia).

- Works for the Hunter River environmental improvement project by means of excavation and decontamination works and the removal of sediments (New South Wales, Australia).

- Contract for the operation of the Mount Owen coal mine, as well as the design and construction of various facilities at the mine (New South Wales, Australia).

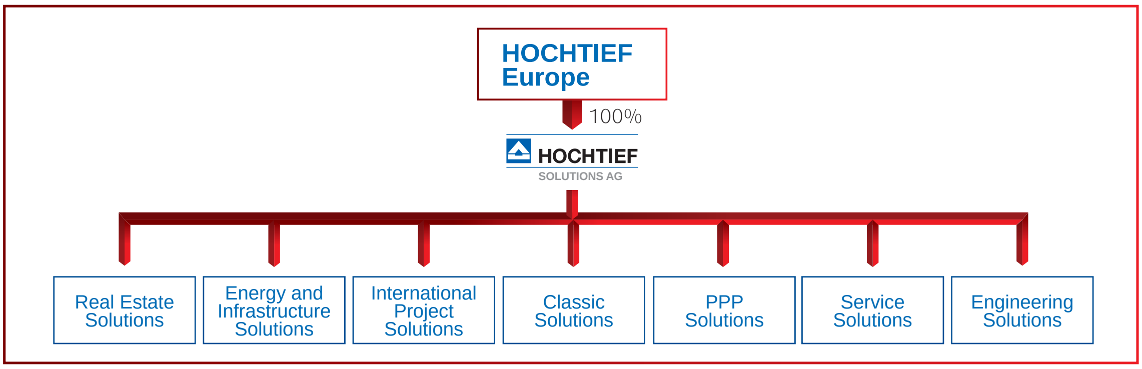
- Design and building of the One One One Eagle Street project, consisting of a 44-storey office tower, as well as other attached facilities, comprising a floor area of 62,000 square metres (Queensland, Australia).

During 2011, Leighton was affected in terms of net profits by extraordinary losses on two projects in Australia (Victoria Desalinisation Plant and Airport Link) and in its United Arab Emirates subsidiary (Al Habtoor), but at an operating level it showed a positive performance with growth in sales and the obtaining of significant mining and infrastructure construction contracts. Furthermore, in addition to the sale of some mining contracts, Leighton increased its shareholding in Devine during the year, consolidated fully as of 2011, to reinforce its position in the Australian residential development market. It also acquired a new subsidiary, now called Leighton Engineering, which will provide support to Leighton with engineering services for carrying out projects related to oil and gas.

# Construction

## Hochtief Europe:

Hochtief reorganised its divisional structure at the beginning of 2011, so that Hochtief Europe's operating unit now includes the activities of the former Hochtief Europe, Hochtief Real Estate and Hochtief Services divisions.




Hochtief Europe basically carries out development and construction projects for building, civil works and engineering, real estate activities, integral management services for properties and facilities, including projects for efficient and responsible energy use.

This division is geared towards carrying out civil works projects: roads, railways, water and marine infrastructures, in addition to carrying out industrial projects such as constructing offshore wind farms. In the building area, its activity is aimed at the social facility and commercial building infrastructure segment, and through its subsidiary Aurelis it carries out real estate activities, basically in Germany.

Hochtief Europe has a consolidated position in Germany, as well as carrying out its business in other European countries such as the United Kingdom, Austria, Russia, Poland, the Czech Republic and other Eastern European countries. Outside Europe, it is carrying out projects in countries such as Chile and Qatar.


In 2011, some highlight-projects carried out by Hochtief Europe were:

- Construction of an energy recovery facility at Newhaven (England).
- Project for complete remodelling of the Kaiserschleuse locks in the city of Bremerhaven (Germany).
- Building of the Mercatura shopping centre (Germany).
- Construction of the Emporio complex, comprising the building of office premises, commercial spaces and residential areas, as well as a hotel with 325 rooms (Hamburg, Germany).
- Building of the skyscraper called Tower 185 in Frankfurt (Germany).
- Execution of works for the construction of the Barwa Commercial Avenue in Qatar, eight and a half kilometres long, along which commercial premises for offices and residences (Qatar).

## Hochtief Concessions:

In 2011 Hochtief grouped together the business units of both Hochtief Airports and Hochtief PPP Solutions, bringing together all the concession projects and public-private partnership projects in which Hochtief participates.

At 31 December 2011 this unit had six airports, eight roads including two tunnels, 111 schools, 18 police facilities, one community centre, one military base and two geothermal projects in its portfolio.

Hochtief is involved in Athens, Düsseldorf, Hamburg, Sydney, Budapest and Tirana airports. This airport unit was maintained as an asset for sale at 31 December 2011. In PPP Solutions, the portfolio is mainly made up of concessions for motorways in Germany, Austria, Greece and Chile and social infrastructures in Germany, the United Kingdom and Ireland.

In the first quarter of 2012, the public-private partnership activities of Hochtief PPP Solutions GmbH were allocated through a share transfer to Hochtief Solutions AG, which spearheads the Hochtief Europe division.

# Construction

Iridium Concesiones de Infraestructuras is the ACS Group's company specialised in carrying out projects in public-private partnership, both for transport infrastructures and public facilities.

Iridium, together with the rest of the ACS Group, is a worldwide reference in infrastructure development, as shown by its current portfolio of over 70 managed companies, as well as its heading the ranking, for another year, of the world's main concession groups in 2011, according to the report published by the specialist journal Public Works Financing.

In the current context, characterised by a scarcity of financial resources and budgetary restrictions, public-private partnership contracts have once again shown that they are an excellent tool for financing/contracting to enable infrastructure development.

This context has represented a new challenge for Iridium, in which it has driven its strategy of development and internationalisation, through the selection of markets with great potential, with attractive infrastructure programmes in countries offering stability and legal security, which also have a developed financial system at the same time.

In its international expansion, Iridium conditions development of the concessional model on efficiency and the generation of added value, making Iridium a company committed to the society in which it works through the execution of each of its projects.

Based on its experience and knowledge, Iridium lays special emphasis on identifying and mitigating risks, so achieving optimal and manageable structures for them, permitting the viability and success of its projects.

## Iridium

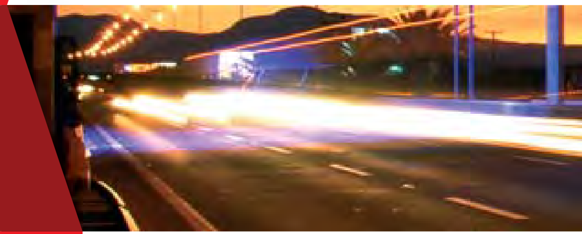
| Millions of euros | 2010 | 2011 | % Var. |
|---|---|---|---|
| **Revenue** | 110 | 119 | 8.3% |
| **EBITDA** | 34 | 46 | 36.9% |
| **EBIT** | 22 | 32 | 48.5% |
| **Net profit** | -22 | 117 | n.a. |
| **Employees** | 346 | 381 | |

Shown below is detail of the projects making up the Group's portfolio at 31 December 2011:

| Concession - Description | ACS Group stake | Country | Activity | Phase | Unit | Expiry date | Total investment (million euros) | ACS Group investment (million euros)* |
|---|---|---|---|---|---|---|---|---|
| A8/AP1 - Bidelan Guipuzkoako Autobideak | 50.0% | Spain | Highways | Operation | 124 | 2018 | 57 | 3 |
| La Mancha Highway | 75.0% | Spain | Highways | Operation | 52 | 2033 | 128 | 21 |
| Alicante Ringroad | 50.0% | Spain | Highways | Operation | 148 | 2040(1) | 464 | 97 |
| Autopista del Henares (R2 y M50) | 35.0% | Spain | Highways | Operation | 87 | 2024 | 933 | 81 |
| Accesos Madrid (R3/R5 y M50) | 19.7% | Spain | Highways | Operation | 90 | 2049 | 1,655 | 54 |
| Reus-Alcover | 100.0% | Spain | Highways | Operation | 10 | 2038 | 69 | 16 |
| Ruta de los Pantanos | 33.3% | Spain | Highways | Operation | 22 | 2024 | 107 | 5 |
| Santiago Brión | 70.0% | Spain | Highways | Operation | 16 | 2035 | 112 | 15 |
| Los Pinares Highway (Valladolid Cuellar) | 53.3% | Spain | Highways | Operation | 44 | 2041 | 95 | 14 |
| Medinaceli-Calatayud Highway (Aumecsa) | 95.0% | Spain | Highways | Construction/Operation | 93 | 2026 | 183 | 25 |
| Autovia del Camp del Turia (CV 50) | 65.0% | Spain | Highways | Construction | 20 | 2042 | 116 | 10 |
| Pirineo Highway (AP21) | 72.0% | Spain | Highways | Construction | 46 | 2039 | 224 | 53 |
| Sierra de Arana Highway (A308 Iznalloz Darro) | 40.0% | Spain | Highways | Construction | 39 | 2040 | 200 | 8 |
| EMESA (Madrid Calle 30) | 50.0% | Spain | Highways | Operation | 33 | 2040 | 300 | 80 |
| Eje Diagonal | 100.0% | Spain | Highways | Operation | 67 | 2041 | 382 | 160 |
| A-30 Nouvelle Autoroute 30 | 50.0% | Canada | Highways | Construction | 74 | 2042 | 1,422 | 85 |
| FTG Transportation Group | 75.0% | Canada | Highways | Construction | 45 | 2034 | 542 | 17 |
| Windsor Essex | 33.3% | Canada | Highways | Construction | 11 | 2044 | 1,011 | 8 |
| Ruta del Canal | 80.0% | Chile | Highways | Construction | 55 | 2050 | 145 | 31 |
| Autopista Jónica (NEA ODOS) | 33.3% | Greece | Highways | Construction/Operation | 380 | 2037 | 1,384 | 63 |
| Central Greece | 33.3% | Greece | Highways | Construction | 231 | 2038 | 1,692 | 52 |
| CRG Waterford - Southlink | 33.3% | Ireland | Highways | Operation | 23 | 2036 | 321 | 22 |
| CRG Portlaoise - Midlink | 33.3% | Ireland | Highways | Operation | 41 | 2037 | 328 | 23 |
| Sper - Planestrada (Baixo Alentejo) | 49.5% | Portugal | Highways | Construction | 347 | 2038 | 539 | 78 |
| Rotas do Algarve - Marestrada (Algarve Litoral) | 45.0% | Portugal | Highways | Construction | 260 | 2039 | 272 | 48 |
| A-13, Thames Gateway | 25.0% | United Kingdom | Highways | Operation | 22 | 2030 | 287 | 7 |
| I595 Express | 50.0% | USA | Highways | Construction | 17 | 2044 | 1,296 | 80 |
| **Total Highways (km)** | | | | | **2,397** | | **14,265** | **1,157** |
| Figueras Perpignan - TP Ferro | 50.0% | Spain - France | Railways | Operation(2) | 45 | 2057 | 1,185 | 51 |
| Subway Barcelona's Line 9 Stretch II | 50.0% | Spain | Railways | Construction | n.a. | 2042 | 789 | 41 |
| Subway Barcelona's Line 9 Stretch IV | 50.0% | Spain | Railways | Construction/Operation | n.a. | 2040 | 613 | 30 |
| Sevilla Subway | 34.0% | Spain | Railways | Operation | 18 | 2038 | 683 | 45 |
| Arganda Subway | 8.1% | Spain | Railways | Operation | 18 | 2029 | 136 | 3 |
| ELOS - Ligações de Alta Velocidade | 15.2% | Portugal | Railways | Construction | 167 | 2050 | 1,649 | 19 |
| **Total Railway (km)** | | | | | **248** | | **5,053** | **190** |
| Brians Prison | 100.0% | Spain | Jail | Operation | 95,182 | 2034 | 106 | 14 |
| Central Police Station (Ribera Norte) | 100.0% | Spain | Police Station | Operation | 60,330 | 2024 | 68 | 12 |
| Vallés Police Station (Terrasa) | 100.0% | Spain | Police Station | Operation | 8,937 | 2031 | 17 | 3 |
| Vallés Police Station (Barberá) | 100.0% | Spain | Police Station | Operation | 9,269 | 2031 | 16 | 4 |
| Green Canal Golf | 100.0% | Spain | Sport premises | Operation | 60,000 | 2012 | 1 | 3 |
| **Public Facilities ($m^2$)** | | | | | **233,718** | | **208** | **35** |
| Majadahonda Hospital | 55.0% | Spain | Hospitals | Operation | 749 | 2035 | 256 | 19 |
| Son Dureta Hospital | 49.5% | Spain | Hospitals | Operation | 987 | 2038 | 306 | 17 |
| Can Misses Hospital (Ibiza) | 40.0% | Spain | Hospitals | Construction | 297 | 2042 | 114 | 12 |
| Mallorca Health Centres | 49.5% | Spain | Health Centre | Operation | n.a. | 2021 | 19 | 3 |
| **Public Facilities (number of beds)** | | | | | **2,033** | | **694** | **52** |
| Plaza de Castilla Transfer Station | 50.0% | Spain | Transfer Station | Operation | 59,650 | 2041 | 169 | 42 |
| Principe Pío Transfer Station | 70.0% | Spain | Transfer Station | Operation | 28,300 | 2040 | 67 | 11 |
| Avenida de América Transfer Station | 100.0% | Spain | Transfer Station | Operation | 41,000 | 2026 | 76 | 12 |
| **Total Transfer Station ($m^2$)** | | | | | **128,950** | | **313** | **65** |
| Iridium Aparcamientos | 100.0% | Spain | Parkings | Construction/Operation(3) | 19,690 | 2058 | 57 | 48 |
| Serrano Park | 50.0% | Spain | Parkings | Operation | 3,157 | 2048 | 132 | 20 |
| **Total Parking (number of places)** | | | | | **22,847** | | **189** | **68** |
| **Total Concessions** | | | | | | | **20,722** | **1,568** |

* The investment paid already by ACS up to December 2011 accounted for € 1,081 mn, While € 487 mn where pending.
(1) Extendable by 2044.
(2) Construction completed in 2011. Partial explotaition began in December,2010.
(3) Cover main contracts managed by Iridium Aparcamientos.

# Construction



In 2011, the ACS Group was awarded the concession project for design, construction, financing, operation and maintenance of the A-308 Iznalloz – Darro highway, in the province of Granada. The project will connect, over it 37-kilometre length, the A-92 and A-44 highways to Jaén – Bailén – Madrid. Investment in the A-308 highway is 198.7 million euros, which will need to be repaid by the autonomous region's government to the company by means of an annual payment of 20.72 million euros subject to availability risk and over a period of 30 years.

Within the scope of the portfolio of operating projects, as well as of Iridium's corporate activity, the following significant events occurred in 2011:

- The Alberta Ministry of Transport (Canada), has shortlisted the consortium in which ACS Infrastructure Canada, the ACS Group's Canadian concessions subsidiary, represents a 33.33% share, for the Edmonton Ring Road, Northeast Anthony Henday Drive Project (Edmonton, Alberta, Canada). Investment in the project is estimated at 1,200 million euros Canadian dollars.

- The ACS Group, through its US subsidiary, ACS Infrastructure Development, has been shortlisted for the Goethals Bridge contract in New York (United States). The concession project has an estimated investment of USD 1,000 million euros and a concession period of between 30 and 40 years.

- The consortium in which the Canadian subsidiary ACS Infrastructure Canada has a 40% stake was shortlisted for the final phase of the contest for the light rail project for Ottawa (Canada) with an approximate investment of 2,500 million euros Canadian dollars.

- The consortium in which the US subsidiary ACS Infrastructure Development has a 50% share, was shortlisted for the final phase of the contest for the Knik Arm Bridge in Alaska (United States), with an investment of approximately USD 700 million euros.

- In June 2011, the North Carolina Senate approved the State budget to finance the Mid-Currituck project in North Carolina. The ACS Group, through its subsidiary, ACS Infrastructure Development, has preferential negotiation rights on this contract.

- On 2 December 2011, the concession company Eix Diagonal Concessionària de la Generalitat de Cataluña, S.A., wholly owned by Iridium, opened the Diagonal Artery between Vilanova i la Geltrú and Manresa.

- On 27 January, financing arrangements were completed for the Ruta de Canal highway in Chile, for UF 3.2 million (approximately 104 million euros).

- On 28 February, financing arrangements were completed for the Serrano Park project in Madrid, Spain, for 53.3 million.

- On 27 January, the official partial opening of the Figueres – Perpiñán high-speed railway line took place.

At the international level, Iridium has and carries out projects in various countries which meet its investment requirements. The North American market is one set as a priority for the ACS Group, where Iridium is present through the companies ACS Infrastructure Development Inc. and ACS Infrastructure Canada Inc., subsidiary companies in the United States and Canada respectively.

The ACS Group continues to consolidate itself as a leader in public-private partnership projects in the United States and is currently qualified for the final tender phase of various concession projects promoted during 2011. Additionally, the ACS Group is working proactively in the identification of infrastructure projects and in the promotion of appropriate legislation to permit the implementation of these contracts in those states where an adequate legal framework still does not exist.

Canada continues to be a world leader in the promotion of concession projects, both in the field of transport infrastructures and in that for hospital and public facility infrastructure. Canada has an infrastructure plan with opportunities in the short and medium term. ACS is positioned as a reference in this market and has offices open in Ontario, Quebec, British Columbia and New Brunswick.

In the rest of the world, Iridium continues to have a special interest in the markets in the United Kingdom, France, Australia and Chile, which maintain programmes of new projects, other markets in which it is currently present and new markets which will potentially be significant in the coming years, such as India, Peru, Uruguay, Colombia and Poland, with the latter two being especially attractive due to their significant infrastructure plans.

# Environment

*Urbaser is a leader in the management of urban solid waste treatment plants in the Spanish market and is consolidating its position in the European market.*

# Environment

The **Environment area** brings together the activities of **Environmental Services**, which specialises in waste and water management and treatment, as well as other related services, and the **Logistics** business, referring to port logistics, intermodal transport and car logistics activities.

Urbaser is the lead company in the Environment area, through which the ACS Group carries out its environmental services, street cleaning, waste collection and transport, urban, commercial and industrial waste treatment and recycling, integral water cycle management and urban landscaping activities.

Urbaser is a leader in the management of urban solid waste treatment plants in the Spanish market and is consolidating its position in the European market, thanks to its continuing technological innovation, its financial solidity and the experience it has acquired in the sector.

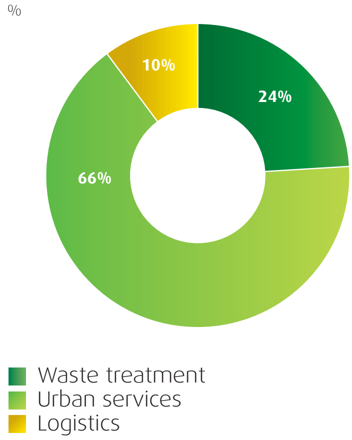
**Environment**

100%

urbaser

Through its Environmental Services and Logistics activities, the ACS Group's Environment area's **revenue** in 2011 was 1,686 million euros, representing an increase in activity of 11.6%[16] with respect to 2010. Analysis of revenue evolution over the last 5 years gives a compound annual rate of revenue growth from 2007 to 2011 of 6.2%.

2011 Environment revenue breakdown by type of activity




[16] In all the data in this chapter, Clece has been considered an Interrupted Activity in order to make the historical data comparable with 2011.

## Environment

| Millions of euros | 2010 | 2011 | % Var. |
|---|---|---|---|
| **Revenue** | **1,511** | **1,686** | **11.6%** |
| Domestic Revenue | 1,227 | 1,278 | 4.1% |
| International Revenue | 284 | 408 | 43.9% |
| **EBITDA** | **237** | **253** | **6.7%** |
| *Margin* | *15.7%* | *15.0%* | |
| **EBIT** | **125** | **112** | **-10.3%** |
| *Margin* | *8.3%* | *6.6%* | |
| **Net profit** | **152** | **128** | **-15.8%** |
| *Margin* | *10.1%* | *7.6%* | |
| **Order Book** | **9,669** | **8,941** | **-7.5%** |
| *Months* | *77* | *64* | |
| Domestic Order Book | 6,236 | 5,629 | -9.7% |
| International Order Book | 3,433 | 3,312 | -3.5% |
| **Employees** | **31,021** | **29,924** | |

# Environment

By type of activity, the Waste Treatment area, covering the design, construction and operation of waste treatment plants, energy recovery, dumps and biomethanisation installations and other renewable energies, recorded growth of 17.5% in 2011, supported by strong activity in treatment plant development in the international market.

The Urban Services activity represents 66% of total activity and includes urban solid waste collection, gardening, urban cleaning and other management services for local councils. Urban Services' activity fell by 3.9% with respect to 2010, due to the reduction in this activity in Spain.

Consolidated revenue includes 173 million euros from Logistics' companies, which carry out port logistics, intermodal transport and car logistics activities.

By geographical area, turnover in international markets was 408 million euros in 2011, representing 24.2% of total revenue. In the Spanish market, revenue rose 4.1% to 1,278 million euros.

During 2011, Urbaser managed the following facilities in the **waste treatment and urban solid waste disposal** area:

- 42 Plants for the pre-treatment of urban solid wastes, managing 6,342,059 tonnes.
- 9 Energy recovery plants, where 2,079,000 tonnes were treated, with an installed electrical power of 200.1 MW.
- 20 Plants for biomethanisation of organic fractions, with a total of 1,263,404 tonnes managed.
- 49 Composting plants, managing 2,804,930 tonnes.
- 86 Transfer plant installations in which 7,395,394 tonnes were managed.
- 33 Packaging treatment facilities, where 395,032 tonnes were treated.
- 60 Controlled waste dumps, with an amount dumped of 9,188,242 tonnes.
- 14 Waste dump degasification installations which produce 271.59 $Hm^3$ of biogas.

Urbaser consolidated itself in the waste treatment sector, increasing the quantity of recyclable products obtained in the plants, as well as achieving better yield in biogas production from anaerobic digestion of organic fractions from urban solid wastes, an activity in which Urbaser is a world leader. All of this is thanks to its significant commitment to research, development and innovation (R&D+i) shown with the construction and operation of an Experimental Technological Centre.

On the other hand, marked contraction took place in the **construction and demolition waste** sector due to the influence of the current economic environment in the construction sector, which has been felt in the five facilities Urbaser manages in Spain.

The **integral management of industrial wastes** area covers collection, transport and carrying out of recovery, recycling, energy recovery and disposal of hazardous and non-hazardous industrial wastes. In the year, over 855,000 tonnes were treated by means of 18 treatment facilities, 37 transfer centres, 10 laboratories and a fleet of 268 vehicles. All this work was carried out under the most demanding quality criteria, using the best available technologies and applying the precedence principle to the various waste management options as a strategy in process improvement.

In the **urban solid waste collection** activity in 2011, over 5,000,000 tonnes of waste were collected in cities such as Barcelona, Buenos Aires, Casablanca, Santiago de Compostela, Cartagena de Indias and Abu Dhabi, among others.

**Street cleaning** activities were carried out in cities such as Madrid, Paris, Rabat and Santiago de Chile and on the Isle of Wight.

In **management of green spaces**, covering both landscaping and the maintenance of these areas, Urbaser looked after 50,000,000 square metres.

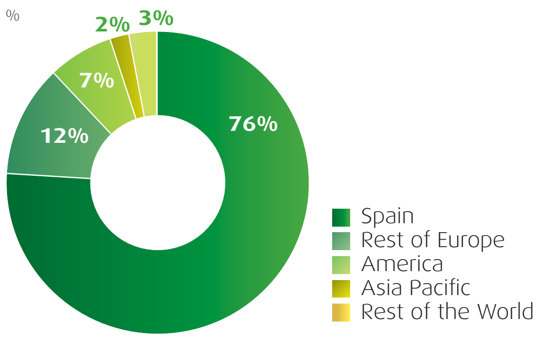
In **integral management of water**, carried out by the company SOCAMEX, the management of the following facilities is worthy of highlighting:

- 142 Industrial water purifying stations for 1,175,000 $m^3$ per day for the equivalent of 5,600,000 inhabitants.
- 19 Sewage operations for the equivalent of 1,385,000 inhabitants.
- 14 Water supply facilities for 229,000 $m^3$ per day for the equivalent of 910,000 inhabitants.
- 7 Drinking water treatment plants at 250,000 $m^3$ per day for the equivalent of 290,000 inhabitants.
- 7 Analysis and monitoring laboratories for the equivalent of 1,423,000 inhabitants.
- A central laboratory certified under ISO 9001 and accredited to ISO 17025 for potable water, waste water and sludges. This laboratory is accredited as a Collaborating Body for the Water Authority.

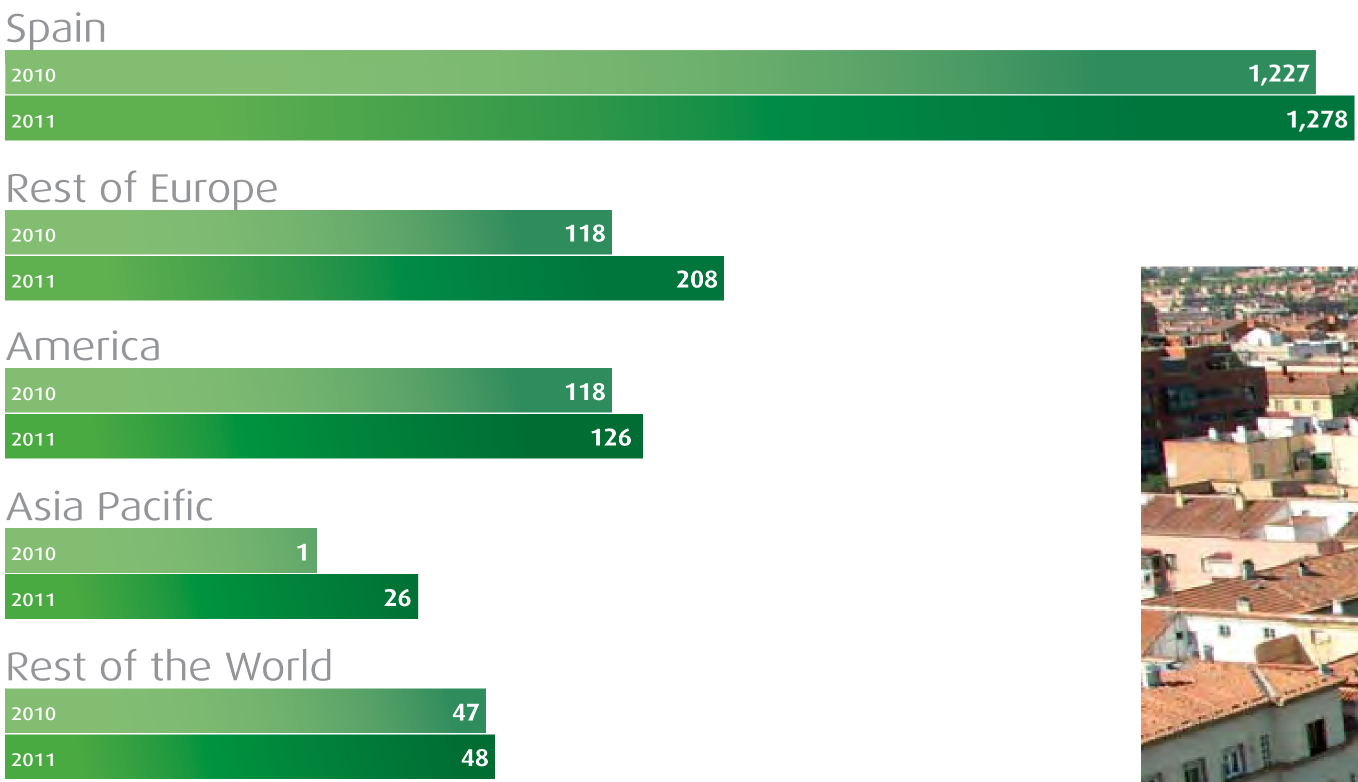
The most recent action in Urbaser's business diversification was its incorporation in the ESCo (Energy Service Company) sector with the objective of offering local councils integral and efficient energy management, so completing the range of services offered to them.

# Environment

## 2011 Environment revenue breakdown by geographical area




In the international sphere, Urbaser focused its efforts in 2011 on continuing to expand its **international activity**, bidding for tenders in the United Kingdom, France, the United States and Canada, as well as in Italy, where Urbaser is processing authorisations for construction of the Verona energy recovery plant. All of this resulted in an increase of 18.7% in Urbaser's revenue in 2011 in the various foreign markets.



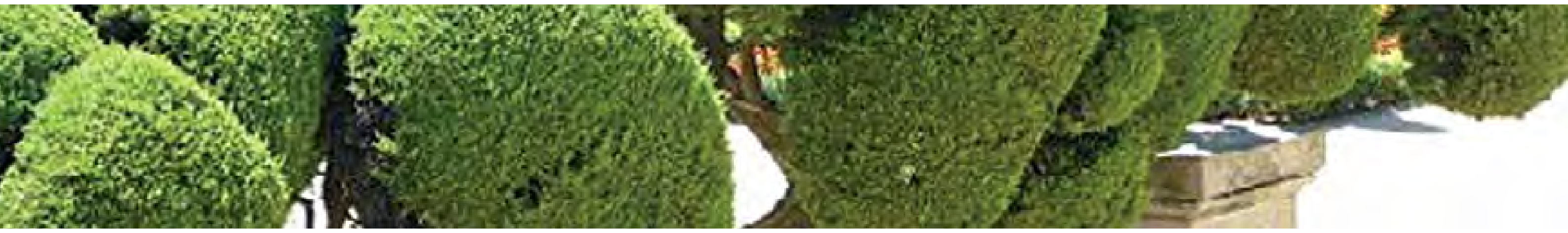

In millions of euros

## 2011 Environment revenue breakdown by country


In millions of euros

Worth highlighting is the execution of Urbaser's activity in France, where in recent years the company has managed to position itself as one of the country's leading operators in the sector, standing out from the competition due to its added technological value. During 2011, the Group continued operation of the integral urban solid waste plant in Marseille, which went into commercial operation in 2010, as well as continuing with contracts currently awarded to it in this market, such as the urban solid waste treatment centre in Marseille and the collection and cleaning services for La Rochelle (Charente-Maritime), Charleville-Méziéres and Givet, to which new waste collection contracts have been added for Boucle de Seine and the communes of Ceyreste and Carnoux en Provence. All this resulted in growth of 34.2% in the French market in 2011, with this market representing 9.8% of Urbaser's total revenue.

# Environment



Similarly, the ACS Group continued its activity deriving from contracts awarded in previous years in other countries such as Argentina, Venezuela and Mexico.

The development of environmental services activity in the United Kingdom is very significant. The contracts for waste collection and treatment obtained in previous years, such as those for the counties of Herefordshire and Worcestershire, together with new contracts obtained in 2011, such as the contract for collection and street cleaning for Gosport, resulted in the revenue in this area doubling by comparison with that recorded in 2010.

The significant increase in contracting in 2011, together with the important contract for 967 million euros awarded in early 2012 for the mechanical-biological treatment plant for urban solid waste in Essex, with capacity for treatment of 400,000 tonnes per year, and Urbaser's status at the end of 2011 as preferred bidder in the tender for the energy-from-waste plant for urban solid waste for Gloucestershire, with capacity for 185,000 tonnes per year, means that growth potential in the United Kingdom is very good.

As regards the evolution of **gross operating profit**, this was 253 million euros in 2011, with a margin over sales of 15.0%. This area provides the ACS Group with stability and visibility in income generation, as it bases its activity on medium- and long-term recurring contracts with both public and private clients. Furthermore, many of its activities are capital intensive and their concessional nature reduces risk and guarantees attractive profitability.

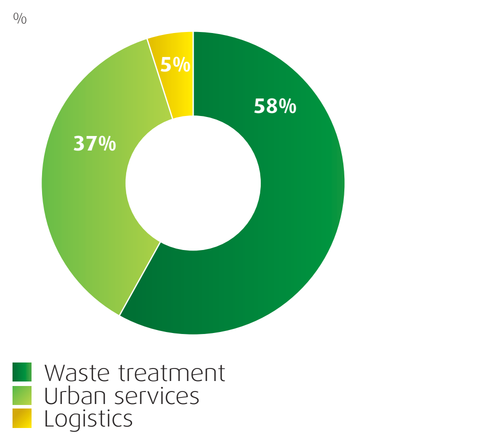
In 2011, the Environment area had **net profit** of 128 million euros, after the sale of port logistics assets during 2010.

The ACS Group's Environment **order book** amounted to 8,941 million euros in 2011, 7.5% below the previous year, impacted by the level of contracting in the Spanish market. This figure is equivalent to 64 months of activity.

By type of activity, the waste treatment area represents 58% of the total order book, while the Urban Services and Logistics areas represent 37% and 5% respectively.

In the international sphere, the order book was 3,311 million euros and represents 37% of the total. By geographical area, the order book for European countries is outstanding, representing 26% of the total, especially thanks to the contracts obtained in France, which had an order book of around 2,000 million euros at the end of 2011.

2011 Environment revenue breakdown by type of activity



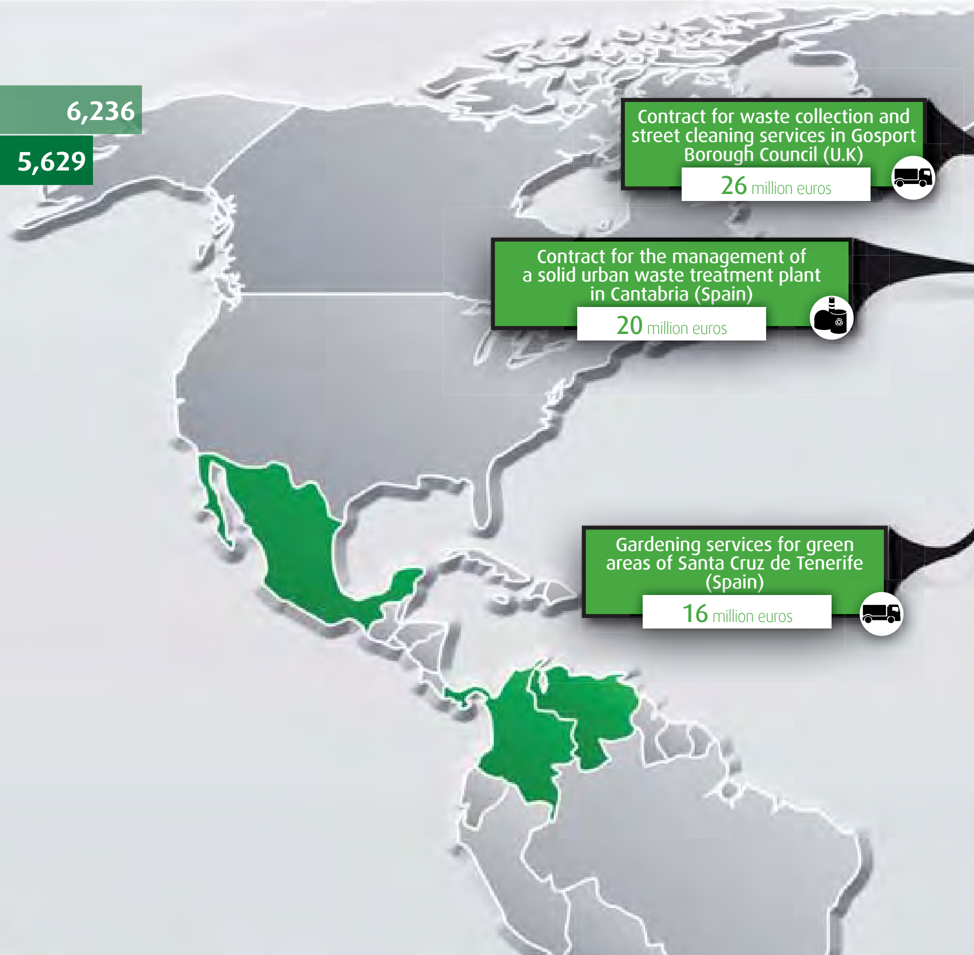

*Environment area provides the ACS Group with stability and visibility in income generation, guaranteeing an adequate profitability.*

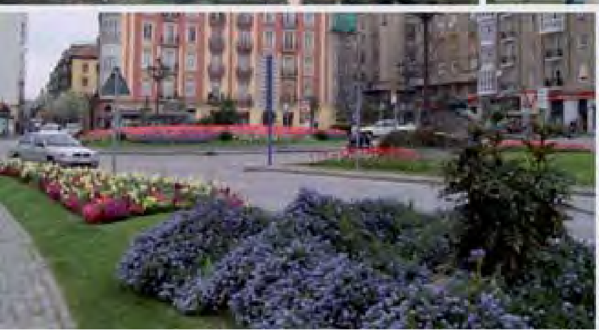
# Environment

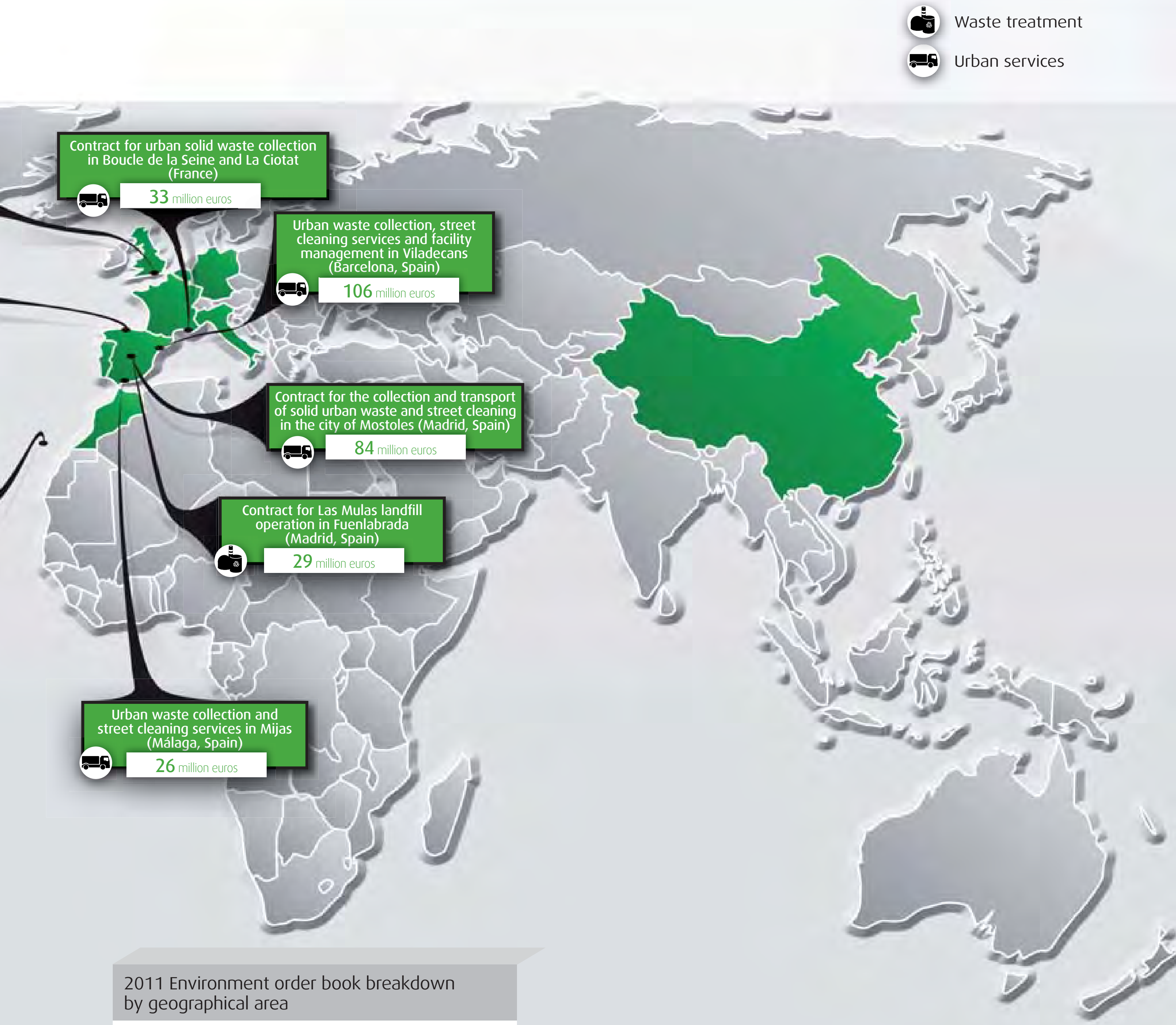
## ORDER BOOK

| | 2010 | 2011 |
|---|---|---|
| Spain | 6,236 | 5,629 |
| Rest of Europe | 2,399 | 2,321 |
| America | 401 | 370 |
| Asia Pacific | 505 | 479 |
| Rest of the World | 128 | 142 |

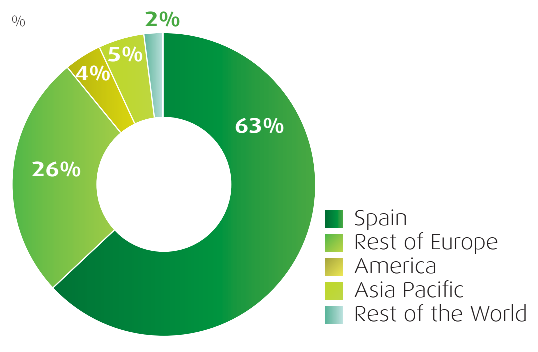
In millions of euros



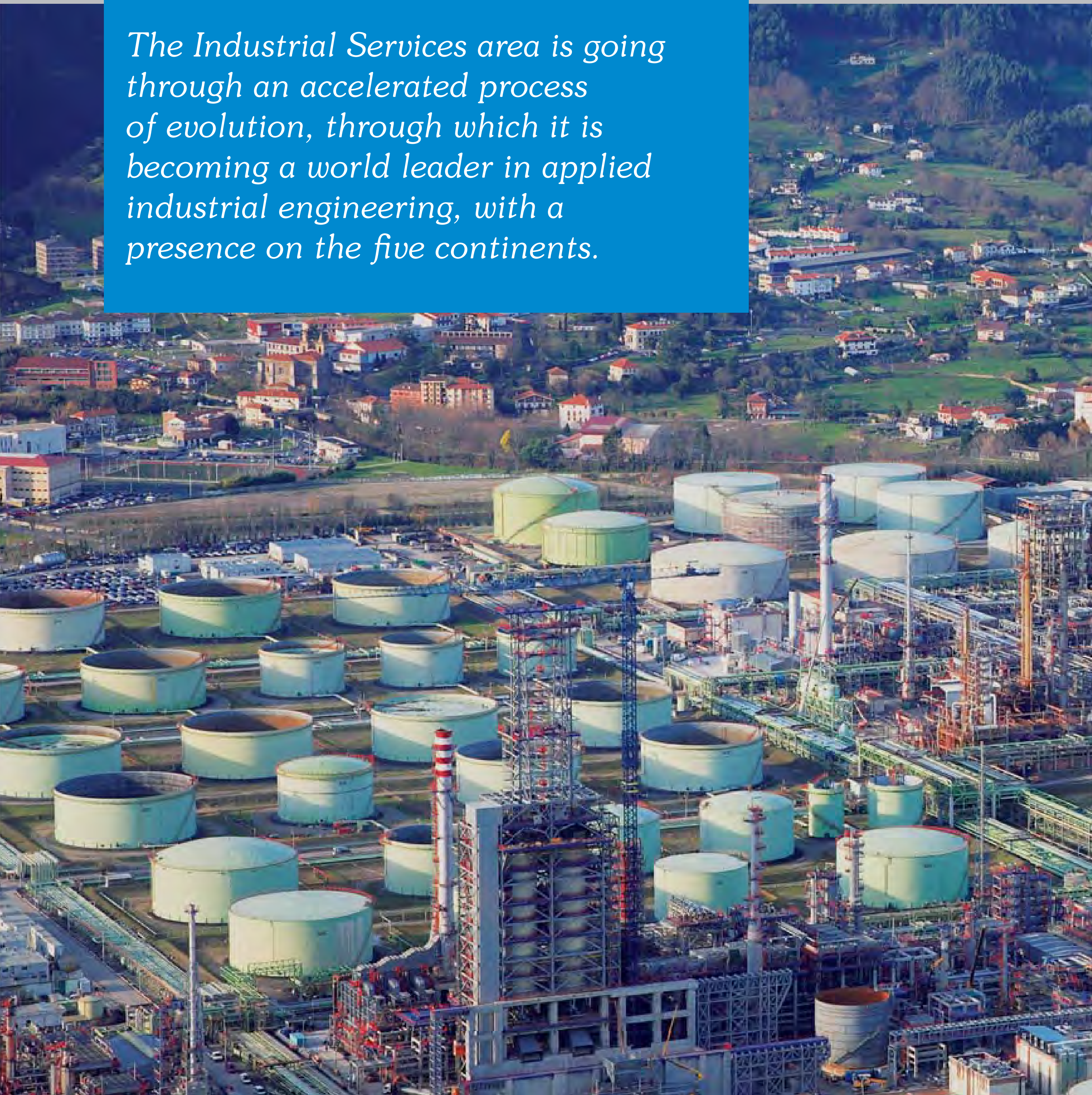




2011 Environment order book breakdown by geographical area



# Industrial Services

*The Industrial Services area is going through an accelerated process of evolution, through which it is becoming a world leader in applied industrial engineering, with a presence on the five continents.*



# Industrial Services

The ACS Group's **Industrial Services** area focuses on activities of development, construction, maintenance and operation of energy and industrial infrastructures in various strategic sectors of the economy.

The Industrial Services area is going through an accelerated process of evolution, through which it is becoming a world leader in applied industrial engineering, with a presence on the five continents.

Production outside Spain is growing at double digit rates, supported by the positive evolution of the Latin American economies, where Industrial Services has great experience and a high turnover, and growing presence in the United States, Africa, the Persian Gulf and Asian countries. Consolidation in those countries where there is already a powerful presence and growth to be expected, partly through alliances with other ACS Group companies with complementary activities (Dragados, Hochtief and Leighton group companies), gives reason to anticipate that this external development will accelerate in the coming years.

Contributing to this as well is the growing development in the world market in activities in which the ACS Group is a reference contractor, such as renewable energy generation (particularly solar and wind power), environmental projects, very high voltage transmission and the development and exploitation of hydrocarbons.

Finally, the ACS Group is starting or consolidating its activity in sectors which are expected to develop in the short or medium term, outstanding among which are offshore wind power and generation using geothermal resources, transmission using HVDC technology, sustainable mobility and underground hydrocarbon storage.

The Industrial Services area seeks to maintain its position as a worldwide reference through a balanced business mix combining activities with high recurrence and visibility with specialised projects and specific solutions for clients, always committing itself to continuous technological innovation and technical excellence and consolidating and expanding its activities into new markets which enable it to maintain sustainable development, though with exhaustive risk and cost controls.

# Industrial Services

- 100% Grupo Cobra
  - 100% cobra GRUPO
  - 100% GRUPOETRA
  - 100% SEMI
  - 100% MAESSA
  - 100% imes API Servicios · Movilidad
  - 100% eyra
- 100% Dragados Industrial
  - 100% Dragados Industrial (Engineering and Plants)
    - 100% Grupo Industrial Ingeniería Industrial y Plantas GRANDES CONTRATOS
    - 100% INITEC Energía
    - 100% intecsa industrial
    - 100% Makiber
  - 100% Dragados Offshore
  - 100% CYMI
  - 100% MASA
  - 100% SICE

# Industrial Services

During 2011, the ACS Group's Industrial Services area recorded **revenue** of 7,045 million euros, 1.6% lower than the figure for 2010 due to the reduction in activity in Spain. However, thanks to the business's high level of diversification, both in terms of activities and markets, the Industrial Services area has shown continued growth in activity during recent years, so its annual compound rate of growth between 2007 and 2011 is 6.4%, which has led the ACS Group to consolidate itself again as the sector leader in Spain and Latin America, in addition to being one of the reference companies in its sector in the rest of the countries in which it operates.

The activities carried out by the ACS Group's Industrial Services area are grouped into two basic business lines: Support Services to Industry and Energy Projects.

Support Services to Industry focuses on industrial maintenance and supporting clients' operational activities and includes three areas of activity:

- **Networks:** maintenance activity for electricity, gas and water distribution networks, with over 80 years of experience.
- **Specialised Installations:** combines the activities of construction, installation and maintenance of high-voltage electrical networks, telecommunications systems, railway installations, electricity installations and mechanical assemblies and climate control systems.
- **Control Systems:** ACS has become the leading provider of engineering, installation and operation of control systems for industry and urban services, noteworthy among which are control systems for traffic and transport and systems for integral maintenance of public infrastructures.

## Industrial Services

| Millions of euros | 2010 | 2011 | % Var. |
|---|---|---|---|
| **Revenue** | **7,158** | **7,045** | **-1.6%** |
| Domestic Revenue | 4,483 | 3,662 | -18.3% |
| International Revenue | 2,675 | 3,383 | 26.5% |
| **EBITDA** | **821** | **907** | **10.5%** |
| *Margin* | *11.5%* | *12.9%* | |
| **EBIT** | **628** | **828** | **31.8%** |
| *Margin* | *8.8%* | *11.7%* | |
| **Net Profit** | **400** | **492** | **23.0%** |
| *Margin* | *5.6%* | *7.0%* | |
| **Order book** | **6,846** | **6,875** | **0.4%** |
| *Months* | *11* | *12* | |
| Domestic Order Book | 3,455 | 2,704 | -21.7% |
| International Order Book | 3,391 | 4,171 | 23.0% |
| **Employees** | **39,988** | **41,462** | |

Outstanding among the projects carried out in 2011 on distribution **Network** installation maintenance and construction are the following:

- Projects for the construction and installation of various contracts for electricity distribution and transmission works in various Mexican states, consisting of 12 transmission lines at a total of over 130 kilometres in length, 6 electricity substations and 32 feeders.
- Construction of 70 kilometres of the Tuxpan branch gas pipeline in the state of Veracruz in Mexico.
- Project for the execution of works for the gas transmission pipeline from Linares to Villacarrillo, at a total length of 64 kilometres, in Jaen (Spain).
- Execution of works for the construction of gas transfer pipelines and gas gathering lines in San Fernando (Mexico).
- Works for the construction of the gas transmission pipeline to supply gas to the Escúzar municipal area (Granada, Spain).
- Construction and assembly of an underground regulating and metering station to supply natural gas to the city of Avila (Spain).
- Management of the joint waste water purifying plant for Cadiz and San Fernando, general sewers for grouping discharges and undersea outfall (Spain).

In the **Specialised Installations** activity, the main projects carried out during 2011 were:

- Execution of over 800 kilometres of transmission lines and their corresponding associated substations in Brazil.

# Industrial Services

- Design, construction and commissioning of two unloading and storage port terminals for the supply of liquefied petroleum gas, one terminal for the Tuxpan project in the state of Veracruz and the other for the company Gasoductos de Chihuahua in the state of Jalisco, both in Mexico.

- Design and supply of equipment for a 300,000 $Nm^3$/day gas plant in Lanzhou (China).

- Project to expand the Repsol refinery at Cartagena (Murcia, Spain).

- Civil works, assembly and erection of supports and stringing of conductors for the high voltage electricity line between Fardioua and Melloussa in Tangiers (Morocco).

- Mechanical, assembly and installation works for three waste heat boilers, one for a combined cycle power plant at Diemen in Rotterdam and two for the Enecogen combined cycle power plant in Amsterdam (Holland).

- Project for the construction of signalling, fixed telecommunications, centralised traffic control protection and safety system installations for the Ourense to Santiago de Compostela stretch of high-speed railway (Galicia, Spain).

- Execution of works for the construction project and carrying out of maintenance on the two traction power supply substations and autotransformer centres associated with the main high-speed railway line from Orense to Santiago on the North-Northwest Corridor.

- Civil works, installation and maintenance work for fibre optic networks for Vodafone in Spain.

- Project for the installation and management of a multiservice municipal wireless network in the city of Sevilla (Spain).

- Installation and management of a corporate broadband network with WiMax technology for connecting municipal buildings and extension of WiFi spaces in Murcia Local Council.

In **Control Systems**, the following contracts carried out in 2011 are worthy of note:

- Various contracts for maintenance, preservation and operation of the Automatic Hydrological Information System in the Tajo basin, the Ebro basin and the Northern Catchment Basin (Spain).

- Supply and installation of intelligent transport systems (ITS), shadow toll systems and tunnel control systems on the A-21 highway, as well as electromechanical systems for the Yesa and Liédana tunnels in Navarra (Spain).

- Projects for supply, installation and commissioning of the traffic control and shadow toll systems and installation in the tunnels for the Eix Diagonal road in Barcelona (Spain).

- Control centre for street lighting, tunnels and service galleries in Madrid and improvement of safety equipment in the Azca tunnels in Madrid (Spain).

- Consultancy and technical support for systems for evaluation and control of conditions, hydromechanical elements and electrical installations and programming of the management application for operating standards for the state-owned dams operating in the river Ebro basin (Spain).

- Various dynamic signalling and traffic management works on Spanish roads and motorways: on the CV-4 in the stretch between Alcudia and Albaida in Valencia; on the A-497 between Huelva and Punta Umbría; and on the A-92 on the Granada – Almería stretch.

- Contracts for preservation and maintenance of street lighting installations for various Spanish cities (Madrid, Murcia, Valencia, Salamanca, Castellón, Lugo, Málaga, Pamplona, etc).

- Supply and installation of necessary elements for implementation of the BARIK contactless transport card in Bizkaibus, Bilbobus and other buses and means of transport in Vizcaya (Spain).

- Design, development, supply, integration, installation, commissioning and operation of a video surveillance system on-board buses and in the control centre for Madrid's Municipal Transport Company (Spain).

- Installation works for signalling and communications systems and operational support systems for Line 2 of the Alicante Tram (Spain).

# Industrial Services

The ACS Group's **Energy Projects** focuses on carrying out "turnkey" or EPC[17], projects related to the design, supply and construction of projects relating to electricity generation, oil, gas and engineering applied to industry.

During 2011, the ACS Group's Energy Projects area carried out various projects related to oil products, electricity and engineering applied to industry, outstanding among which were:

- Execution of works related to the development, infrastructures and maintenance of gas fields in the Activo Integral Burgos field in the state of Coahuila (Mexico).
- Development of detailed engineering, supply of equipment and commissioning of various units for the General Lázaro Cárdenas refinery for the Minatitlán project in the state of Veracruz (Mexico).
- Expansion of storage capacity for the Sagunto regasification plant with a fourth total containment storage tank of 150,000 $m^3$ for liquefied natural gas (Valencia, Spain).
- Waste water reuse treatment plant of 9,000 $m^3$/day, for industrial use in Altona (Melbourne, Australia).
- Engineering, supply, manufacture, loading, securing, transport, installation, tests and start-up of an electricity generating platform for Campeche in the Gulf of Mexico.
- Development of the project for engineering, supply and construction of an ammonium phosphate plant in Saudi Arabia.
- Development of the detailed engineering, management of procurement, supervision of construction in the works for the project for the new coker block in the Petronor refinery in Bilbao (Spain).
- Works and supplies for completion of the turnkey project for the Castor offshore underground gas storage facility, located in Vinaroz (Castellón, Spain).

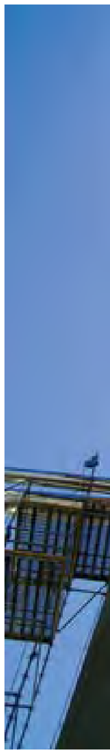
[17] EPC: Engineering, Procurement and Construction.

The Energy Projects area also stands out due to its carrying out of projects related to renewable energies, with its most significant projects being as follows:

- Project for construction of the Oaxaca wind farm, consisting of 51 wind turbines each of 2 MW in power connected to an electricity substation by means of five circuits, with a total installed power of 102 MW, and the development of the associated infrastructure for commissioning (Mexico).
- Construction project for two solar thermal electricity generating plants, Valle 1 and 2, each with an installed capacity of 49.9 MW, with each using a solar park of parabolic trough collectors with an approximate area of 510,000 square metres, both located in the San José del Valle municipal area (Cadiz, Spain).
- Execution of the Gemasolar project, consisting of the construction of a solar tower power plant with molten salt technology in the Fuentes de Andalucía municipal area (Sevilla, Spain)
- "Turnkey" construction of various photovoltaic installations in Italy, such as the Cerdeña photovoltaic park (6 MW of installed capacity), the Ferrandina photovoltaic park (6 MW of installed capacity) and the Corato photovoltaic park (1 MW of installed capacity).

On the other hand, the ACS Group has extensive experience in the development and stake holding in various concessional assets, basically related to energy, such as wind farms, solar thermal plants (with parabolic trough collectors and molten salt technology), transmission lines and desalination plants.

Group policy is to sell its stake in these assets once they have reached operational maturity, allowing resources to be released to continue with its activity of development, execution and maintenance of new projects related to renewable energies. So, 255 megawatts of wind power assets and two solar thermal plants with an installed capacity of 100 megawatts were sold during 2011.



At 31 December 2011, the ACS Group held a stake in 34 operating wind farms, 25 in Spain and 9 in Portugal, with a total installed power of 987.8 MW. On the other hand, the ACS Group held a stake in four projects in Spain and one in Mexico which are in the construction phase, with an installed power of 223.5 MW. In solar thermal power, at 31 December 2011, the ACS Group held a stake in four plants of 49.9 MW of installed power each, giving an installed capacity of 199.6 MW. In addition, it holds stakes in two additional plants in the construction phase, with a total capacity of 99.8 MW.

Total energy production generated from renewables during 2011 by the ACS Group in Spain, was 1,270.6 GWh in wind farms and 503.9 GWh from solar thermal, giving total production of 1,774.5 GWh[18] in 2011. In Portugal, the energy produced from wind farms was 280 GWh during 2011.

The ACS Group holds stakes in various concession projects for the management and maintenance of high-voltage lines in Brazil and Peru, with secured financing from the Banco Nacional de Desenvolvimento Economico e Social do Brasil. At 31 December 2011, after the sale of seven transmission lines in Brazil during 2011, the ACS Group held stakes in 12 transmission lines (one of these in Peru), with a total length of 5,523 kilometres, and the Sete Lagoas electricity substation.

On the other hand, the ACS Group has been developing equipment and technologies for water purification and desalination since 1983. The ACS Group is a global reference in this field, particularly in water desalination by reverse osmosis, thanks to its extensive international experience in executing projects in countries such as Algeria, Australia, Mexico, Qatar, etc. Furthermore, at 31 December 2011, the ACS Group held stakes in two desalination plants with a water production capacity of 272,000 m³/day for human supply.

[18] This figure comprises the electricity production which obtained the guarantee of renewable sources for electricity from the CNE. This figure does not include 73.3 GWh produced by wind farms under construction in 2011, nor 17.1 GWh generated in wind farms which have not obtained the CNE's guarantee of renewable sources for electricity. Neither has the electricity production from Andasol I and II been included, which was 144.2 GWh until they were sold on 30 June 2011.

**Energy concessional assets at 31 December 2011**

| Wind farms | Number of wind farms | Installed capacity |
|---|---|---|
| Wind farms in operation | 34 | 987.8 MW |
| Wind farms in construction | 5 | 223.5 MW |
| **Solar Thermal plants** | **Number of plants** | **Installed capacity** |
| Solar Thermal plants in operation | 4 | 199.6 MW |
| Solar Thermal plants in construction | 2 | 99.8 MW |
| **Electricity transmission assets** | **Number** | **Kilometers** |
| Transmission lines | 12 | 5,523 kilometers |
| Electricity substation | 1 | |
| **Other concessional assets** | **Number** | **Capacity** |
| Desalinisation plants | 2 | 272,000 m³/day |
| Gas storage assets | 1 | 1,3 trillions m³ of storage capacity |

# Industrial Services

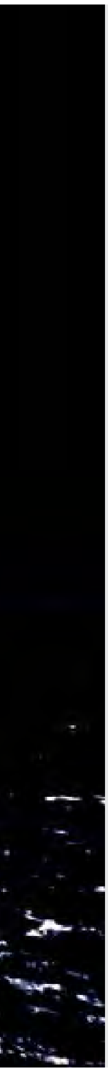
One of the ACS Group's strategic objectives is to seek a diversified and balanced business mix. In the Industrial Services area, the Energy Projects and Specialised Installations divisions represent 69% of total revenue for 2011. These activities, with greater technological requirements and hence better margins, are combined with businesses such as Network, Control System and Energy Generation projects, which are contracts of a recurrent nature which also provide the business with visibility.

Its extensive offering of services, its position of leadership and geographical spread offer great opportunities for development in markets with growing needs for these types of services. As such, the ACS Group continued its international expansion during 2011 and its growth of 26.5% in its international activity during the year was very significant. This reached 3,383 million euros in sales, now representing 48% of the area's total turnover.

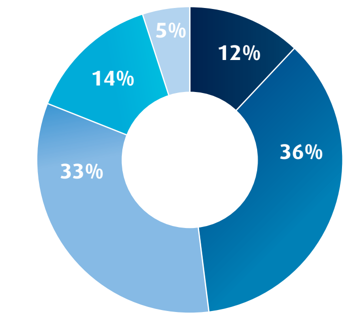
The Specialised Installations business has the highest level of internationalisation, with 63% of its activity in the international sphere, followed by the Energy Projects business, whose proportion of international revenue is 52%. The growth recorded in these activities is around 25%, based on the significant energy projects awarded over recent years.

By geographical area, America, basically Latin America, continues to be the main

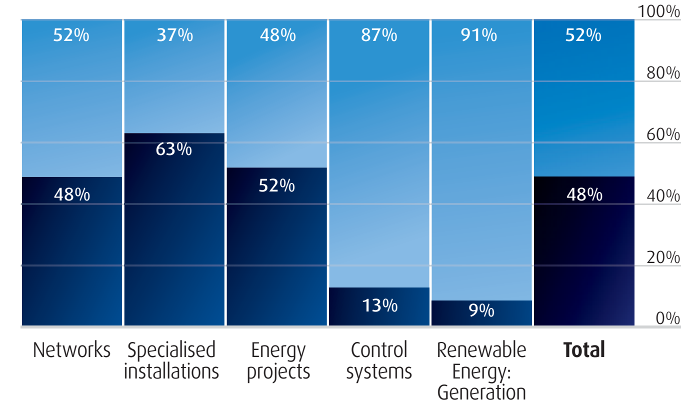
foreign market for the Industrial Services area, recording 33% of the area's total sales. Mexico is outstanding in this area due to its significance, with 1,086 million euros in turnover during 2011 and growth of 5.6% with respect to 2010 deriving from projects related to oil and natural gas awarded and carried out during recent years. Examples are the expansion of the Minatitlán refinery and the port terminals for liquefied petroleum gas storage; projects related to electricity such as the Manzanillo combined cycle power plant, awarded in 2010; and the numerous contracts granted by the Federal Electricity Commission for developing transmission and distribution assets. Brazil is the second most important country for this area, with sales of 485 million euros, 22.2% higher than the previous year. Outstanding in this country were projects related to electricity, in transmission assets, power generation assets and the development of four wind farms of 120 MW in Río Grande do Soul, along with the construction of phase 4 of the Parnaiba combined cycle plant, awarded in 2011.



2011 Industrial Services revenue breakdown by activity



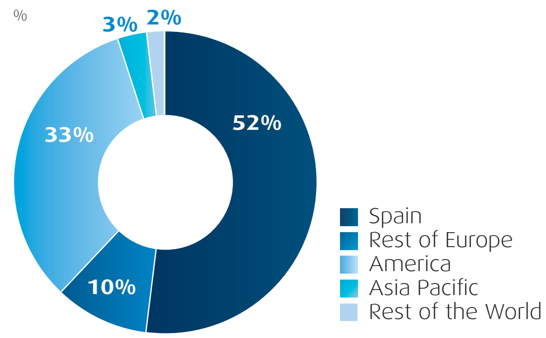

2011 Industrial Services revenue breakdown by market




*A diversified and balanced business mix is one of the ACS Group's strategic objectives for the Industrial Services area.*

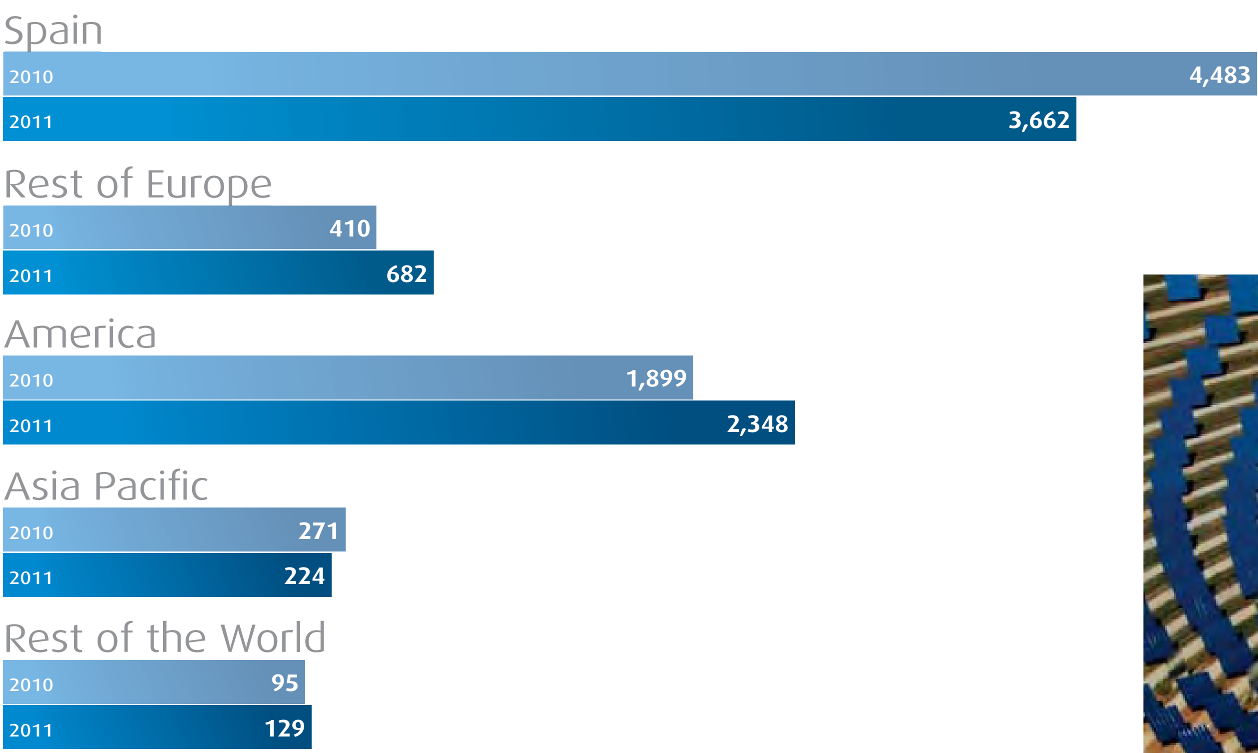
# Industrial Services

2011 Industrial Services revenue breakdown by geographical area



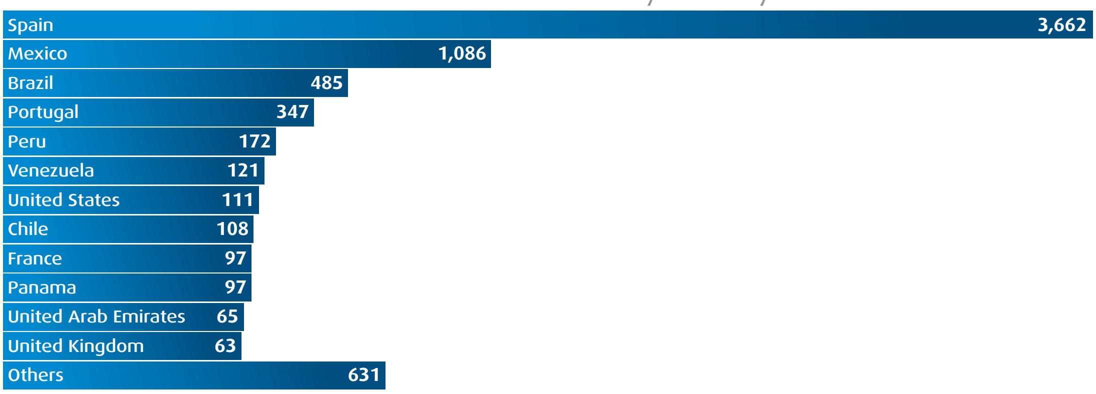

Likewise, Industrial Services is present in the main Western European countries – Germany, France, the United Kingdom, Norway – developing power generation projects, as well as infrastructures related with oil and gas products.

The Asia Pacific area represents 3% of total revenue, although the Group's entry in recent years into markets such as India, where the ACS Group has over 10 years'

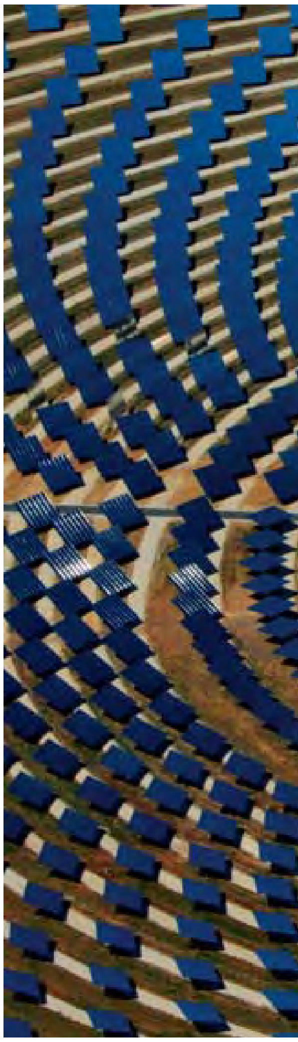



In millions of euros

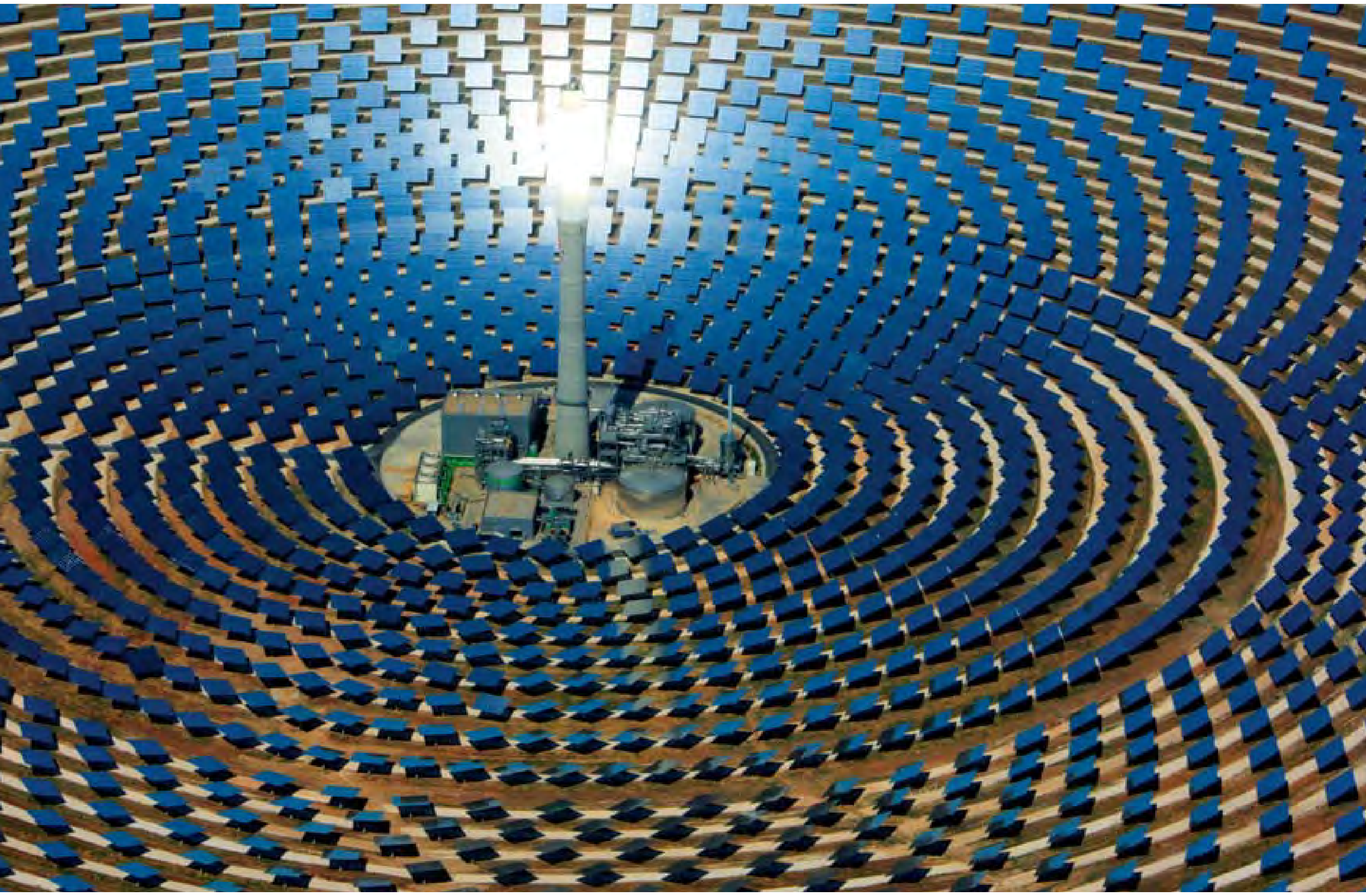
2011 Industrial Services revenue breakdown by country




In millions of euros



experience, and China is very significant. These markets have great needs for investment in these types of activities, through projects carried out such as the Lanzhou natural gas plant or the project to electrify the Xinxiang-Heze-Yanzhou and Rizhao railway. In Australia, the Group has taken part in projects such as the Altona water treatment plant. Industrial Services' experience in developing projects, the prospects for growth and investment needs in this geographical area, together with the synergies derived from alliances between different ACS Group units, lead to forecasts for strong growth in business over the coming years.



# Industrial Services

The Industrial Services area's **gross operating income** in 2011 totalled 907 million euros, with a margin of 12.9%. Its diversification of markets and activities, together with the specialisation and complexity of the projects carried out, leads the Industrial Services area to provide the Group with high profit margins.

In 2011, the **net profit** recorded in this area was 492 million euros, including the gains derived from the sale of renewable energy assets and transmission lines in Brazil. Net of these gains, ordinary net profit in 2011 was 415 million euros, 10.9% higher than in 2010.

Industrial Services' **order book** was 6,875 million euros in 2011, implying coverage of 12 months' business.

By type of activity, the Energy Projects and Specialised Installations areas represent 66% of the total order book, with the high level of internationalisation of the order book being noteworthy in both divisions. In the case of Energy Projects, 82% of the order book comes from foreign markets.

As such, the international order book in 2011 represented almost 61% of the total order book and was a total of 4,171 million euros, with growth of 23% with respect to the previous year.

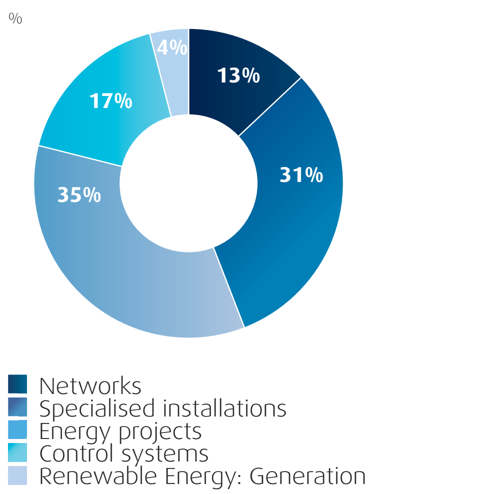
By geographical area, the order book in America totalled 2,860 million euros, 42% of the total. During 2011, in spite of a 23,7% increase in production, the sales figure in this area, at nearly 3,000 million euros, resulted in an increase in the order

book in America of 31.2% with respect to 2010, thanks to the awarding of significant contracts such as the development of a solar thermal plant with a net installed capacity of over 100 megawatts at Tonopah (United States) and "turnkey" projects for various combined cycle plants in Mexico, Brazil and Peru.

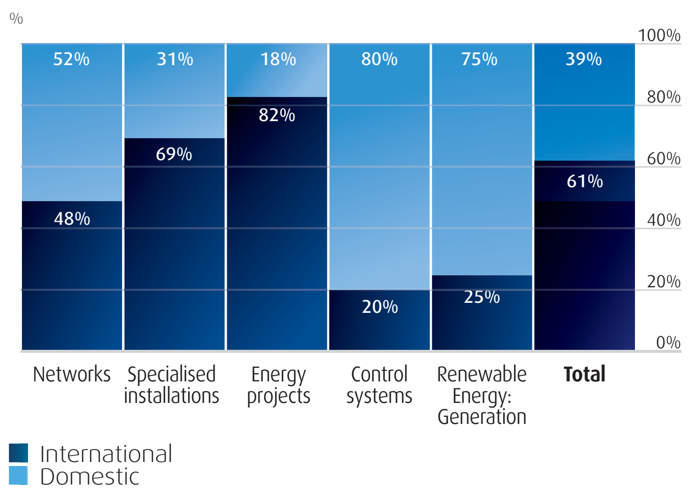
Europe, without considering Spain, has an order book of 867 million euros and represents 13% of the total order book. In this area, thanks to the ACS Group's acknowledged experience in developing oil assets internationally, significant projects have been obtained to develop various offshore oil platform units in the North Sea, such as the South Arne and Ekofisk projects, awarded in 2010, and the more recent Eldfisk II project.

Furthermore, it is important to highlight that in 2011 a consortium of Spanish companies, including Cobra, was awarded the project for the construction of the 450 kilometres of high-speed railway between the cities of Mecca and Medina in Saudi Arabia and maintenance services in subsequent years. The total value awarded to Cobra is 420 million euros in the construction phase and 90 million euros annually thereafter, for maintenance services during the 12 years after it starts operating.

2011 Industrial Services order book breakdown by type of activity




2011 Industrial Services order book breakdown by type of activity



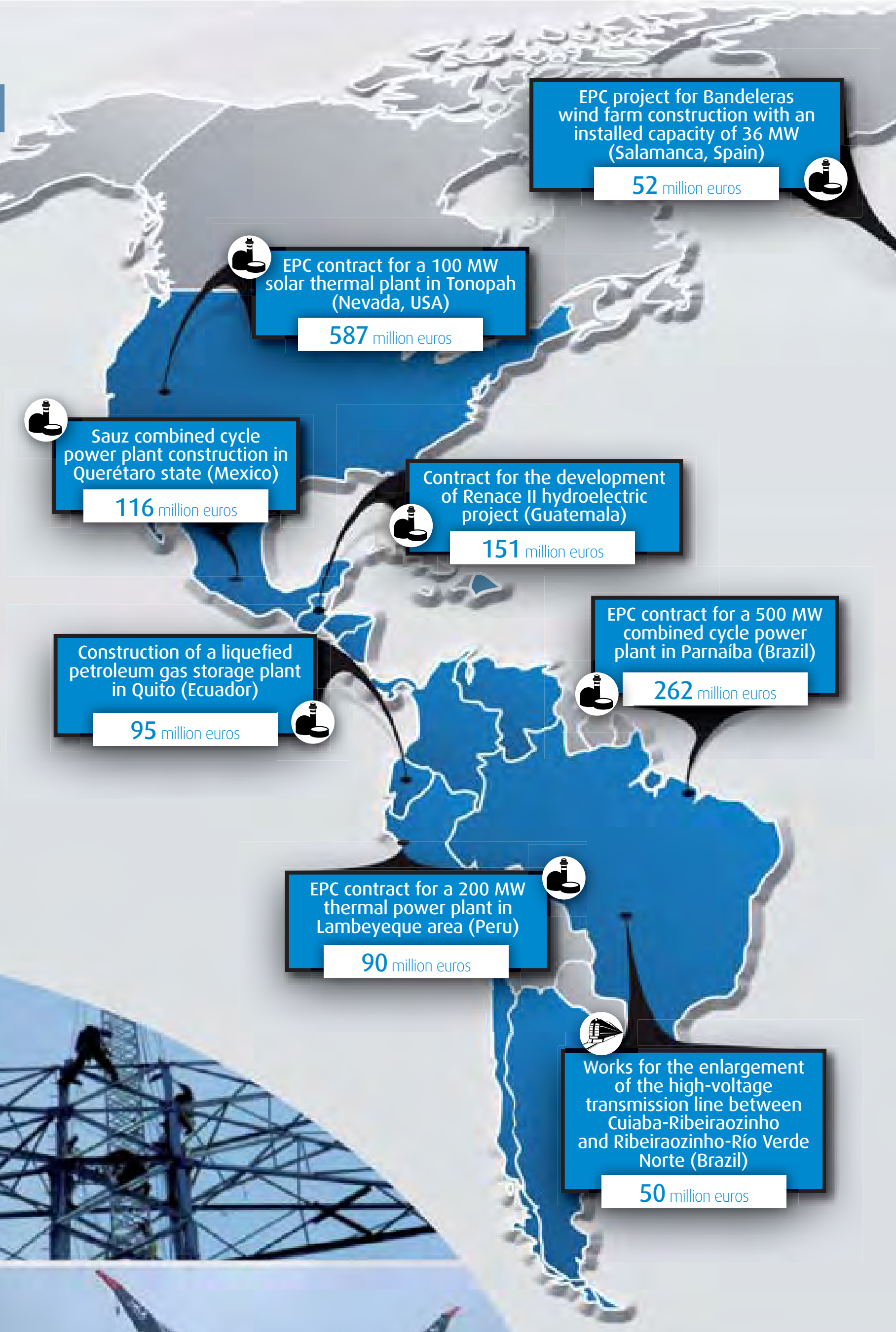

*Industrial Services order book in international area grew by 23% with respect to the previous year and amounted to 4,171 million euros.*

# Industrial Services

## ORDER BOOK

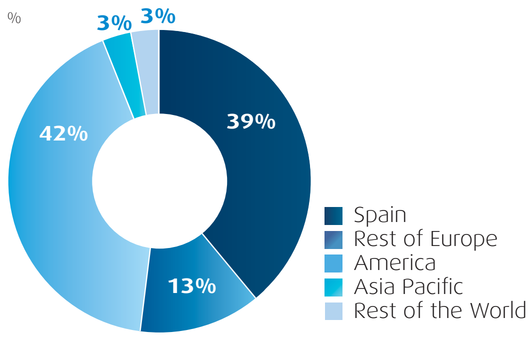
| Region | 2010 | 2011 |
|---|---|---|
| Spain | 3,455 | 2,704 |
| Rest of Europe | 803 | 867 |
| America | 2,180 | 2,860 |
| Asia Pacific | 280 | 241 |
| Rest of the World | 128 | 203 |

In millions of euros



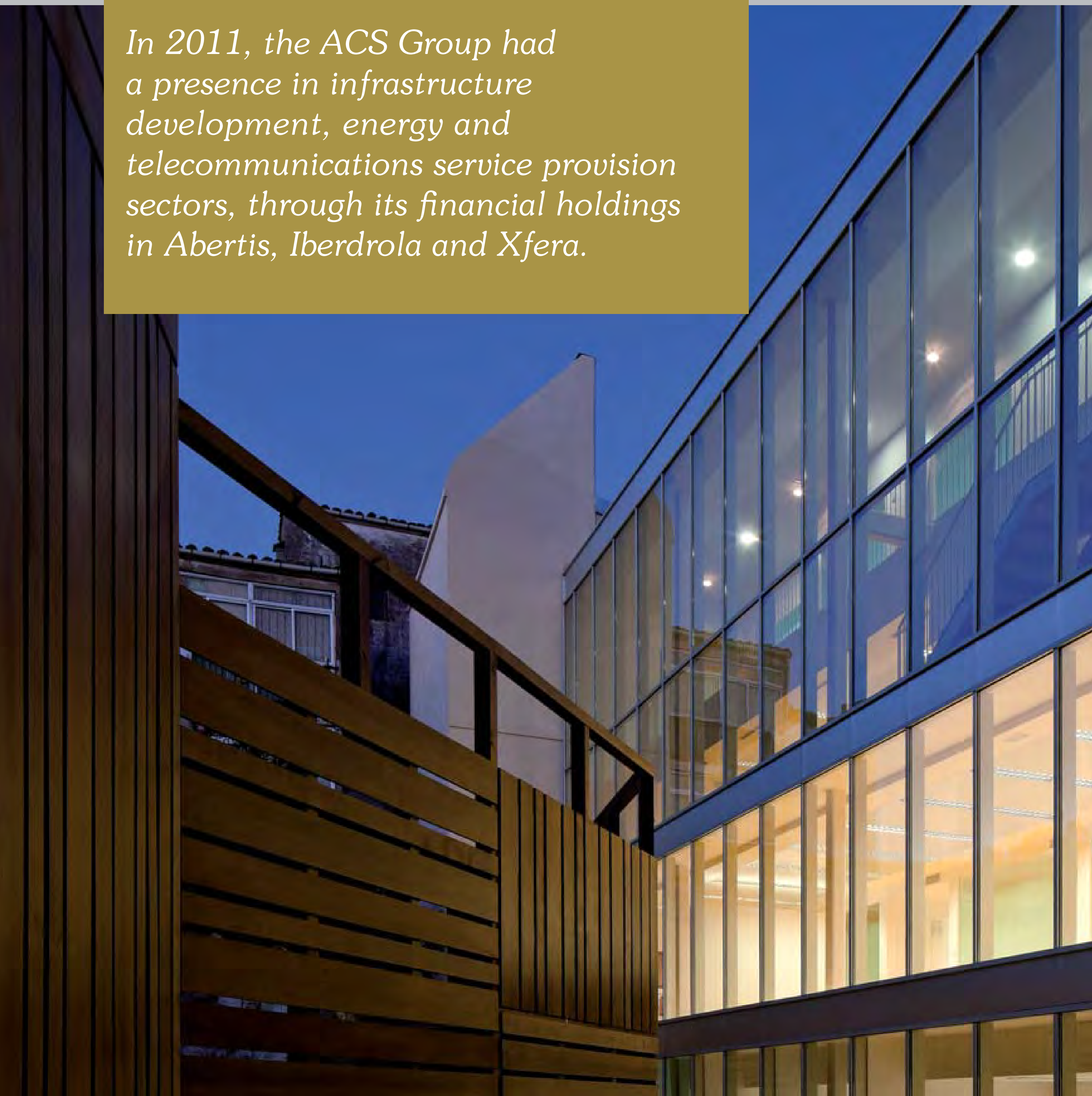


2011 Industrial Services order book breakdown by geographical area



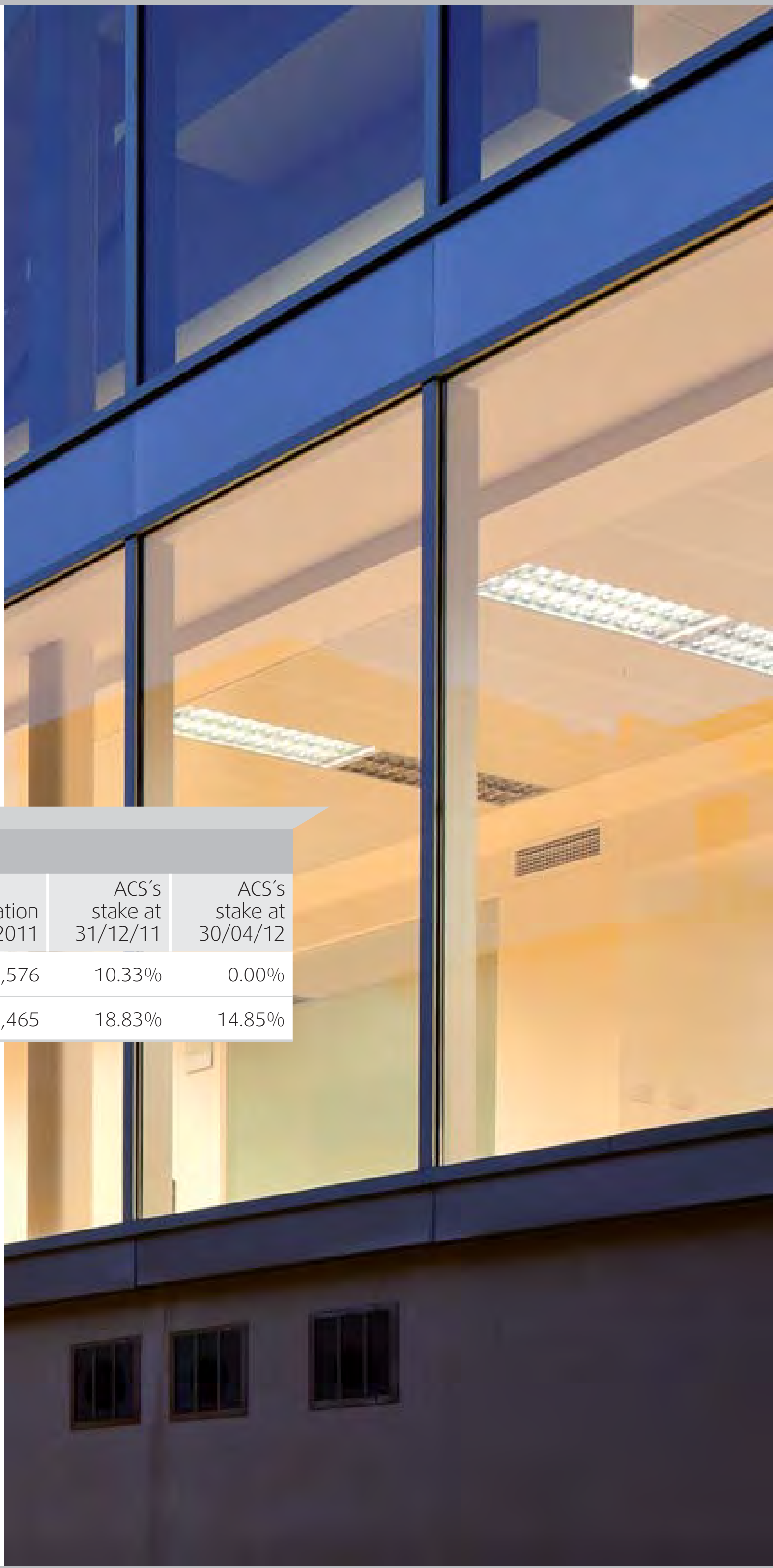
# Financial Holdings

*In 2011, the ACS Group had a presence in infrastructure development, energy and telecommunications service provision sectors, through its financial holdings in Abertis, Iberdrola and Xfera.*



**Abertis** is a Spanish company founded by La Caixa and ACS, which manages infrastructures for mobility and telecommunications. It is a global benchmark in infrastructure management. The ACS Group sold its 10.33% holding in April 2012 to allow a new industrial partner to enter and facilitate its expansion in the Brazilian market.

The ACS Group is involved in the energy sector through its investment in **Iberdrola**, Spain's leading energy company and one of the world's largest electricity companies, in which the ACS Group is a shareholder with an 18.83% stake at 31 December 2011, which had reduced to 14.85% in April 2012 due to the capital increase carried out by Iberdrola derived from scrip dividend scheme and the partial sale of 3.69% of its holding carried out by ACS Group.



Financial Holdings in Listed Companies

| Million euros | Sales | EBITDA | EBIT | Net Profit | Capitalization 31/12/2011 | ACS´s stake at 31/12/11 | ACS´s stake at 30/04/12 |
|---|---|---|---|---|---|---|---|
| Abertis | 3,915 | 2,454 | 1,517 | 720 | 9,576 | 10.33% | 0.00% |
| Iberdrola | 31,648 | 7,651 | 4,505 | 2,805 | 28,465 | 18.83% | 14.85% |

Among unlisted companies, the ACS Group holds a 17% stake in **Xfera Móviles**, a telecommunications service provision company in which the majority stakeholder is the TeliaSonera telecommunications group and which operates in Spain under the Yoigo brand name. Xfera's revenue in 2011 was 841 million euros, with an EBITDA of 47 million euros. The book value of the ACS Group's holding in Xfera was 198 million euros.

# Main Economic-Financial Figures of ACS Group

## Business performance of the ACS Group in 2011

| Key operating and financial indicators | | | |
|---|---|---|---|
| Millions of euros | 2010 | 2011 | Var. |
| **Revenue** | **14,329** | **28,472** | **+98.7%** |
| **Backlog** | **27,603** | **66,152** | **+139.7%** |
| *Months* | 23 | 22 | |
| **Operating Cash Flow (EBITDA)** | **1,432** | **2,318** | **+61.9%** |
| *Margin* | 10.0% | 8.1% | |
| **Ordinary Operating Profit (EBIT)** | **1,039** | **1,333** | **+28.3%** |
| *Margin* | 7.3% | 4.7% | |
| **Ordinary Net Profit from Continuing Operations*** | **875** | **951** | **+8.8%** |
| **Attributable Net Profit** | **1,313** | **962** | **-26.7%** |
| **EPS** | **4.38 €** | **3.24 €** | **-26.0%** |
| **Cash Flow from Operations** | **1,339** | **1,287** | **-3.9%** |
| **Net investments** | **2,317** | **2,902** | **+25.2%** |
| *Investments* | 5,099 | 4,755 | -6.7% |
| *Disposals* | 2,782 | 1,854 | -33.4% |
| **Total Net Debt** | **8,003** | **9,334** | **+16.6%** |
| *Net debt with recourse* | 957 | 3,369 | +252% |
| *Non-recourse financing* | 7,047 | 5,965 | -15.3% |

* Profit after taxes and profit from non-controlling interests not including exceptional results or profit/loss from discontinued operations.
Note: Data presented in accordance with ACS Group management criterion.

In 2011 the ACS Group acquired a majority ownership interest in Hochtief, and accordingly its financial statements have been fully consolidated since 1 June.

Against a very complicated economic and financial backdrop, the Group increased its international activity significantly, both through the integration of Hochtief and the organic growth of all its activities. In the United States, sales increased by 432.5%; in Mexico, sales grew by 5.7% and in Australia, 7,291 million euros was contributed through Hochtief. On the contrary, domestic production in Spain dropped by 17.2%.

The decline in operating margins was mainly due to the incorporation of Hochtief, which contributed with lower margins in relation to its activities in Europe and North America.

The Group's net profit decreased by 26.7% in 2011, and included the capital gains on the sale of Abertis. Without taking into account the effect of this sale, the recurrent profit of the ACS Group rose by 8.8%, in line with the goals established at the beginning of 2011. The ACS Group paid its shareholders dividends of 2.05 euro per share with a charge to its profit for 2010.

Funds generated by operating activities decreased by 3.9% compared to those generated in 2010. This figure includes a drop in working capital from operating activities basically due to the decrease in construction activity in Spain and the extraordinary effect of Leighton from Australia.

Investments included the acquisition of shares of Hochtief for 1,080 million euros. Meanwhile, divestments included the sales of different concession assets and mining contracts concluded in the course of the year.

The total net debt of the ACS Group amounted to 9,334 million euros, of which 5,965 million euros related to non-recourse debt.

In 2011 several strategic decisions were made designed to strengthen financial soundness, international expansion of the Group and the creation of value for the shareholder:

- On 4 February 2011 ACS, Construction and Services Activities, S. A. completed the takeover bid for all the shares of Hochtief A.G. upon acquiring 2,805,599 shares of the German company, which accounted for 3.64% of its share capital.

- On 10 February 2011 Residencial Monte Carmelo, S.A., fully owned by ACS, Actividades de Construcción y Servicios, S.A. and a holder of shares of Iberdrola, S.A. representing 6.19% of its capital, signed a financing contract with a group of twenty financial entities without recourse against the parent company, amounting to 2,059 million euros for a term of three years beginning on 28 December 2011. On this date the ACS Group reduced its principal balance to 1,661 million euros.

- On 12 May 2011 the Annual General Meeting of Shareholders of Hochtief was held, in which the ACS Group held the majority of present votes. At this meeting a total of four directors were appointed from ACS, which accounts for half of the shareholder representatives on the Board. Later, in June, the ACS Group reported that its ownership interest in Hochtief, plus all the treasury shares of the German group, exceeded 50% of its share capital. Consequently, the financial Statements of Hochtief were fully consolidated in the accounts of the ACS Group starting on 1 June 2011.

- In June, the ACS Group renewed its "equity swap" contract over the shares of Iberdrola for 2,430 million euros. Under this agreement, the same contract conditions were maintained and the contract was extended until March 2015.

- Also in June 2011 the ACS Group reached an agreement with UBS, through its wholly owned company Corporate Funding S.L., for the expansion of its loan agreement to 900 million euros for three years for the non-recourse financing of the purchase of shares of Iberdrola.

- On 30 June 2011 the ACS Group entered into an agreement with two companies controlled by the Funds RREEF Pan European Infrastructure Fund LP and by ANTIN Infrastructure Partners for the sale of 90% of its ownership interest in the companies owning the solar thermal power plants Andasol I and Andasol II. It also entered into an agreement with the Gas Natural Fenosa Group for the sale of its ownership interest in the companies owning five wind-powered facilities, with a total capacity of 95.5 MW. The total enterprise value of these assets amounted to approximately 950 million euros.

- In August, the ACS Group entered into two agreements with various investment funds managed by Canepa Asset Management and Bridgepoint for the sale of 20 wind-powered facilities, with an installed power of 657 MW. The enterprise value of both transactions amounted to 860 million euros. In the last quarter of 2011 the sale of five of these facilities with a combined installed capacity of 159 MW was finalized.

- On 27 October 2011, Cariátide, a company wholly owned by ACS, Actividades de Construcción y Servicios, S.A, entered into a contract with a syndicate of banks for the refinancing until 24 July 2015, of the acquisition of the initial block of shares of Hochtief A.G. in April 2007. This syndicate loan amounts to 602 million euros.

- In December, the ACS Group completed the sale to a consortium led by Brookfield Asset Management of its ownership interest in the Chilean concession operators of the Vespucio Norte highway and the Tunnel of San Cristóbal, for a total price of 216 million euros.

- Additionally, in December 2011, the ACS Group closed the transaction with Teachers insurance and annuity Association of America for the sale of 50% of its ownership interest in the American concession operator of the I-595 highway, located in Broward County, Florida (USA) for a total enterprise value of 588 million euros.

# Main Economic-Financial Figures of ACS Group

## Consolidated income statement of the ACS Group

| Consolidated Income Statement | | | | | |
|---|---|---|---|---|---|
| Millions of euros | 2010 | % | 2011 | % | Var. 11/10 |
| **Revenue** | **14,329** | **100.0%** | **28,472** | **100.0%** | **+98.7%** |
| *Other revenue* | 339 | 2.4% | 519 | 1.8% | +53.0% |
| *Total production value* | 14,668 | 102.4% | 28,991 | 101.8% | +97.7% |
| *Operating expenses* | (9,995) | (69.8%) | (20,355) | (71.5%) | n.s. |
| *Staff costs* | (3,241) | (22.6%) | (6,319) | (22.2%) | +94.9% |
| **Operating Cash Flow (EBITDA)** | **1,432** | **10.0%** | **2,318** | **8.1%** | **+61.9%** |
| *Depreciation and amortisation expense* | (391) | (2.7%) | (954) | (3.4%) | n.s. |
| *Working capital provisions* | (2) | (0.0%) | (30) | (0.1%) | n.s. |
| **Ordinary Operating Profit (EBIT)** | **1,039** | **7.3%** | **1,333** | **4.7%** | **+28.3%** |
| *Impairment and gains on the disposal of non-current assets* | (18) | (0.1%) | (40) | (0.1%) | n.s. |
| *Other operating profit or loss* | (0) | (0.0%) | 81 | 0.3% | n.s. |
| **Operating Profit** | **1,021** | **7.1%** | **1,374** | **4.8%** | **+34.7%** |
| *Finance income* | 490 | 3.4% | 521 | 1.8% | +6.4% |
| *Finance costs* | (803) | (5.6%) | (1,217) | (4.3%) | +51.6% |
| **Financial Profit/Loss** | **(313)** | **(2.2%)** | **(695)** | **(2.4%)** | **+122.4%** |
| *Exchange gains and losses* | 25 | 0.2% | (22) | (0.1%) | n.a. |
| *Changes in fair value of financial instruments* | (1) | (0.0%) | (98) | (0.3%) | n.s. |
| *Impairment and gains or losses on the disposal of financial instruments* | 536 | 3.7% | 367 | 1.3% | -31.5% |
| **Net Financial Profit/Loss** | **248** | **1.7%** | **(449)** | **(1.6%)** | **n.s.** |
| *Gains from companies accounted for using the equity method* | 222 | 1.5% | 318 | 1.1% | +43.6% |
| **Profit before tax from continuing operations** | **1,490** | **10.4%** | **1,244** | **4.4%** | **-16.5%** |
| *Corporate Income tax* | (217) | (1.5%) | (181) | (0.6%) | -16.6% |
| **Profit after tax from continuing operations** | **1,273** | **8.9%** | **1,063** | **3.7%** | **-16.5%** |
| *Profit after tax from discontinued operations* | 81 | 0.6% | 46 | 0.2% | -43.6% |
| **Profit for the year** | **1,354** | **9.5%** | **1,108** | **3.9%** | **-18.2%** |
| *Non-controlling interests* | (42) | (0.3%) | (147) | (0.5%) | n.s. |
| **Net Profit Attributable to the Parent** | **1,313** | **9.2%** | **962** | **3.4%** | **-26.7%** |

# Consolidated Balance Sheet at 31 December

| Consolidated Balance Sheet | | | | | |
|---|---|---|---|---|---|
| Millions of euros | Dec-10 | % | Dec-11 | % | Var. 11/10 |
| Intangible assets | 1,614 | 4.7% | 4,753 | 9.9% | +194.6% |
| Property, plant and equipment | 1,218 | 3.6% | 3,344 | 7.0% | +174.5% |
| Non-current assets in projects | 2,380 | 7.0% | 835 | 1.7% | -64.9% |
| Investment property | 57 | 0.2% | 80 | 0.2% | +39.1% |
| Investments accounted for using the equity method | 2,333 | 6.8% | 1,570 | 3.3% | -32.7% |
| Non-current financial assets | 7,509 | 22.0% | 7,352 | 15.3% | -2.1% |
| Financial instrument receivables | 60 | 0.2% | 24 | 0.0% | -60.3% |
| Deferred tax assets | 824 | 2.4% | 2,083 | 4.3% | +152.8% |
| **Non-current assets** | **15,995** | **46.8%** | **20,040** | **41.8%** | **+25.3%** |
| Non-current assets held for sale | 4,577 | 13.4% | 8,087 | 16.9% | +76.7% |
| Inventories | 618 | 1.8% | 1,775 | 3.7% | +187.2% |
| Trade and other accounts receivables | 6,939 | 20.3% | 10,703 | 22.3% | +54.2% |
| Other current financial assets | 3,502 | 10.2% | 3,006 | 6.3% | -14.2% |
| Other current assets | 101 | 0.3% | 221 | 0.5% | +119.6% |
| Cash and cash equivalents | 2,453 | 7.2% | 4,155 | 8.7% | +69.4% |
| **Current assets** | **18,190** | **53.2%** | **27,948** | **58.2%** | **+53.6%** |
| **ASSETS** | **34,185** | **100%** | **47,988** | **100%** | **+40.4%** |
| Shareholders´ Equity | 5,519 | 16.1% | 5,682 | 11.8% | +3.0% |
| Adjustments for Changes in Value | (1,341) | (3.9%) | (2,363) | (4.9%) | +76.3% |
| Non-controlling interests | 264 | 0.8% | 2,872 | 6.0% | n.a. |
| **Equity** | **4,442** | **13.0%** | **6,191** | **12.9%** | **+39.4%** |
| Subsidies | 70 | 0.2% | 58 | 0.1% | -16.9% |
| Non-current financial liabilities | 9,621 | 28.1% | 9,604 | 20.0% | -0.2% |
| Deferred tax liabilities | 271 | 0.8% | 1,175 | 2.4% | +333.7% |
| Non-current provisions | 407 | 1.2% | 2,033 | 4.2% | +399.3% |
| Financial instrument payables | 240 | 0.7% | 422 | 0.9% | +75.4% |
| Other non-current liabilities | 161 | 0.5% | 184 | 0.4% | +14.3% |
| **Non-current liabilities** | **10,771** | **31.5%** | **13,477** | **28.1%** | **+25.1%** |
| Liabilities relating to assets held for sale | 3,590 | 10.5% | 4,995 | 10.4% | +39.1% |
| Current provisions | 233 | 0.7% | 1,268 | 2.6% | +443.6% |
| Current financial liabilities | 4,337 | 12.7% | 6,891 | 14.4% | +58.9% |
| Trade and other accounts payable | 10,155 | 29.7% | 14,561 | 30.3% | +43.4% |
| Other current liabilities | 656 | 1.9% | 604 | 1.3% | -8.0% |
| **Current liabilities** | **18,971** | **55.5%** | **28,320** | **59.0%** | **+49.3%** |
| **EQUITY AND LIABILITIES** | **34,185** | **100%** | **47,988** | **100%** | **+40.4%** |

# Main Economic-Financial Figures of ACS Group

## Net Cash flows

| Net Cash flows<br>Millions of euros | 2010 | 2011 | Var. 11/10 |
|---|---|---|---|
| **Net profit** | **1,313** | **962** | -26.7% |
| *Adjustments to profit/loss not giving rise to operating cash flows* | (177) | 1,210 | |
| **Cash flows from operating activities net of working capital** | **1,135** | **2,172** | +91.3% |
| *Changes in operating working capital* | 203 | (885) | |
| **Net cash flows from operating activities** | **1,339** | **1,287** | -3.9% |
| *1. Investment payables* | (4,854) | (4,417) | |
| *2. Divestment receivables:* | 2,784 | 1,691 | |
| **Net cash flows from investing activities** | **(2,069)** | **(2,725)** | +31.7% |
| *1. Purchase of treasury shares* | (333) | (255) | |
| *2. Dividends payable* | (618) | (614) | |
| *3. Other adjustments* | (74) | 90 | |
| **Other cash flows:** | **(1,025)** | **(779)** | -24.0% |
| **Cash generated / (used)** | **(1,755)** | **(2,217)** | +26.3% |

## Significant events subsequent to year-end

- On 9 February 2012, ACS Construction Activities and Services, S.A. entered into a contract with a syndicate of banks, composed of 32 Spanish and foreign entities, for a three-year refinancing of the syndicated loan at maturity (July 2012). The loan amounts to 1,377 million euros, and can be increased up to May 2012 to 1,650 million euros. At the date of the preparation of this Directors' Report, 34 million euros had been drawn down by entities.

- On 8 March 2012, the ACS Group sold an ownership interest of 23.5% of Clece, S.A. to various funds managed by Mercapital, to which it has also granted the option to buy the remaining capital. Following this date control of Clece is to be exercised by the acquiring funds and by ACS, and the company is to be accounted for using the equity method rather than being fully consolidated. The purchase price was 80 million euros, which represents a total enterprise value of 505.7 million euros.

- On 19 March 2012, Hochtief, A.G. issued a corporate bond amounting to 500 million euros maturing in five years and with a coupon of 5.50% per annum.

# The ACS Group and the Corporate Social Responsibility

The ACS Group and the Corporate Social Responsibility

## Commitment to sustainability growth

The ACS Group adopts voluntarily and responsibly a commitment to sustainability, based on five areas where it develops its Corporate Responsibility policy.

ACS has defined its form of committing itself to its stakeholders through its five commitments to sustainability. The ACS Group sets its Corporate Responsibility activities and its relationship with its Stakeholders in context in accordance with these commitments which the company adopts voluntarily and responsibly.


- **Commitment to creating value:** laying out ACS's efforts to **distribute the wealth created** among its shareholders, clients, employees, suppliers and among the society as a whole.

- **Commitment to integrity:** in order to demonstrate the ACS Group's **ethical and professional conduct with complete transparency,** as well as the self-imposed demands in this field through its employees and the relationship with its clients and suppliers.

- **Commitment to technological development:** detailing the ACS Group's contributions to **technical and technological development** as a means to promote the sustainability of the ACS Group's activities and hence improve its contribution to society.

- **Commitment to the natural environment:** as a set of programmes contributing to minimising the impact of the ACS Group's activities and promoting a commitment around the fight against climate change, respect for biodiversity and efficient use of energy and water resources.

- **Commitment to the social setting:** embodied in ACS's efforts to **generate well-paid, high-quality work based on equal opportunities**. Work which contributes to **creating wealth** and **contributing to the wellbeing** and prosperity of the societies in which it operates.

The ACS Group defines stakeholders as groups with the capacity to have an influence on the achievement of the organisation's objectives. Outstanding among them are shareholders, employees, clients, suppliers, infrastructure users and society in general, who benefit from its policies in quality, R&D+i, philanthropy and the environment.

# ACS's Business Sustainability

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

**Construction**, **Environment** and **Industrial Services**,

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

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

- **Profitability.**
- **Decentralisation.**
- **Reduced bureaucracy.**
- **Entrepreneurship.**
- **Competitiveness.**
- **Flexibility and ability to adapt.**
- **Diversity.**
- **Subcontracting of activities.**

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

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

To tackle the immense challenge presented by the coordination of the ACS Group's sustainability, the company's Corporate Responsibility area carries out thorough data collection, with contributions from over one hundred functional directors from key areas for sustainability: Environment, Human Resources, Quality, R&D+i, Clients, Suppliers and Health and Safety.

From the analysis of the information a series of strategies and good practices become clear, resulting from the Group's strategic vision and in line with the aforementioned company's values.

This process is supported by independent external consultants who incorporate improvements periodically, both at the functional and procedural levels. Furthermore, the ACS Group's Corporate Responsibility Report is prepared according to the GRI's A+ standard and is verified annually.

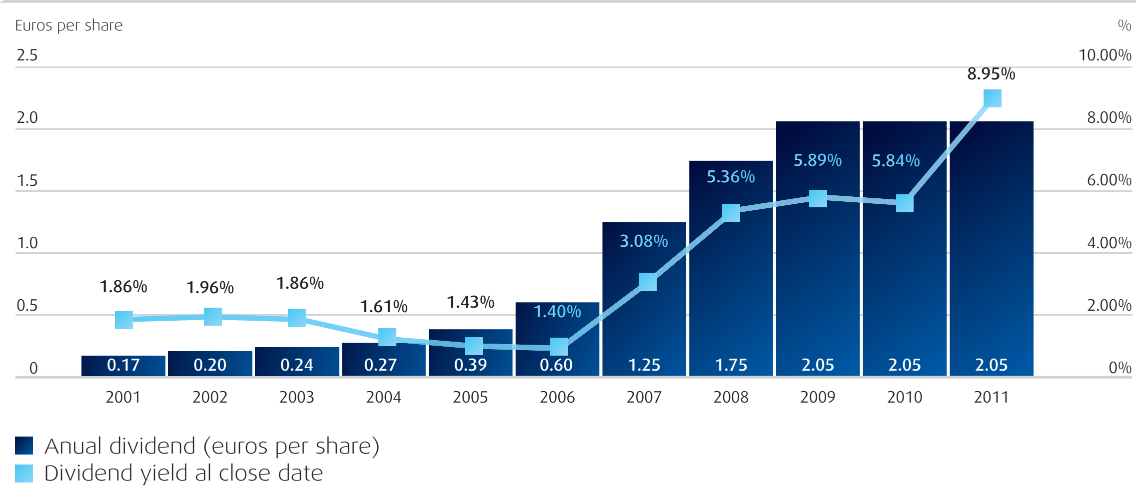
# Commitment to creating value

## Shareholders

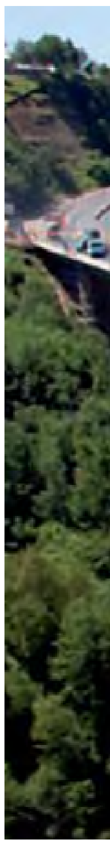
ACS is committed to creating value for all its stakeholders. To provide growing and sustained profitability is one of the company's main objectives.

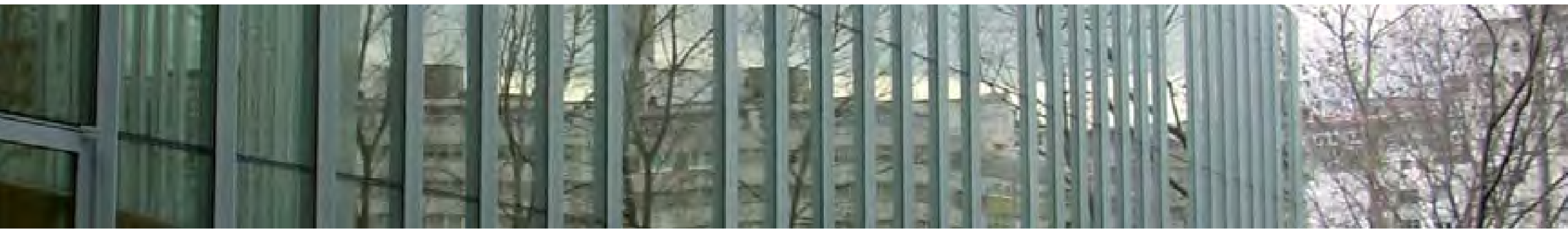
| ACS stock | 2009 | 2010 | 2011 |
|---|---|---|---|
| **Closing Price** | **34.81 €** | **35.08 €** | **22.90 €** |
| Appreciation of ACS shares | 6.62% | 0.76% | -34.71% |
| Appreciation of the IBEX35 | 29.84% | -17.43% | -13.11% |
| **Maximum closing price** | **38.75 €** | **38.38 €** | **37.94 €** |
| **Minimum closing price** | **27.67 €** | **28.90 €** | **21.75 €** |
| **Average price over the period** | **34.61 €** | **34.15 €** | **29.67 €** |
| **Total volume (thousands)** | **196,115** | **194,506** | **220,147** |
| Average daily volume of shares (thousands) | 769 | 757 | 857 |
| **Effective (€ million)** | **6,759** | **6,533** | **6,531** |
| Effective daily average (€ million) | 26.50 | 25.42 | 25.41 |
| Number of shares (millions) | 314.66 | 314.66 | 314.66 |
| **Capitalisation at the end of the period (million)** | **10,953** | **11,037** | **7,206** |

ACS as a company is highly committed to shareholder returns and dedicates a significant amount of funds to the annual payment of dividends.




Likewise, considering the concept of total return for shareholders, an investor who purchased an ACS share on 31 December 2000 would have obtained an annual yield of 15.73% at the end of 2011. If a shareholder had invested 100 euros on that day, he or she would have had 498.91 euros at the end of 2011, meaning the investment had risen by 4.99 times, including the appreciation of the share during this period and the dividends paid by the ACS Group.





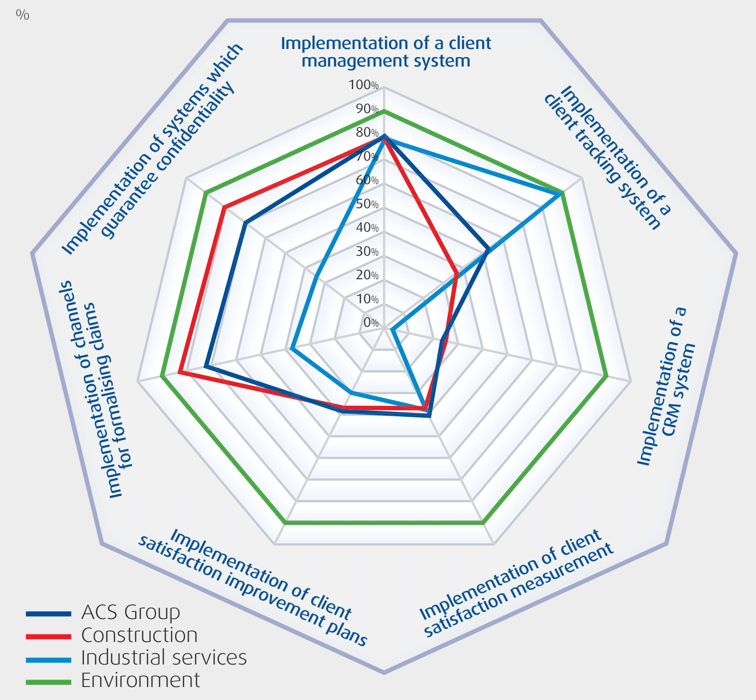
## Clients

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

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

In 2011, companies representing 79.6% of the ACS Group's sales reported the existence of a client management system, managed by each company's contracting management.

The adoption of the main management parameters in the Group is summarised in the following graph:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

# The ACS Group and the Corporate Social Responsibility

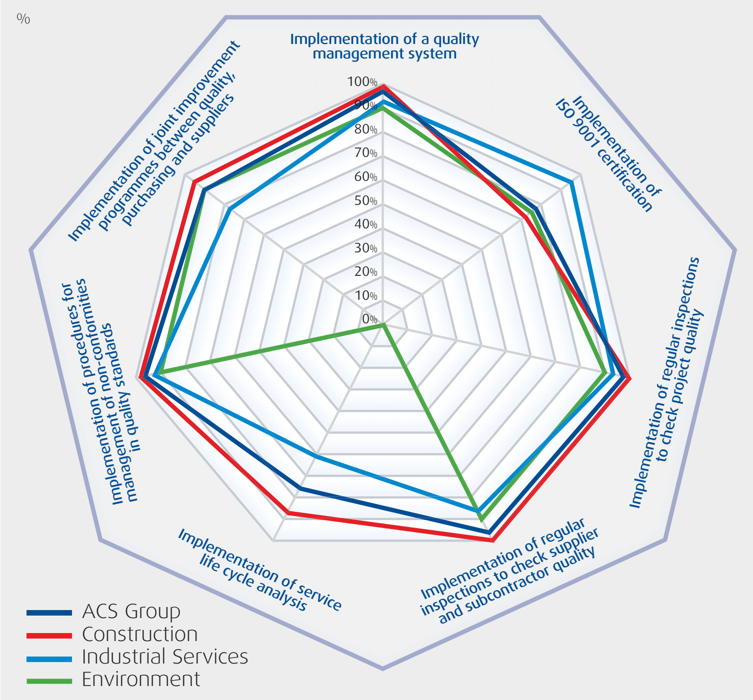
## Quality

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

The Quality Department in the Group's different companies is the entity responsible for implementing its own Quality Management Systems. Companies representing 96.9% of ACS Group sales presented some form of quality management system in 2011. In this period and as a consequence of these systems, the ACS Group invested a total of 5.71 million euros in promoting quality.

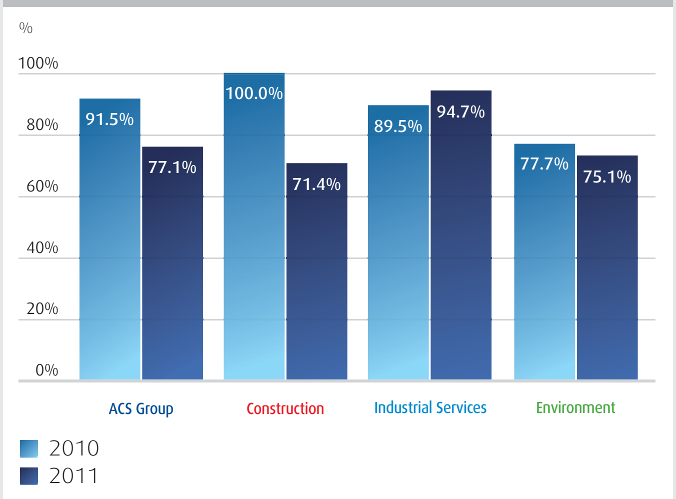
These quality systems are audited periodically in order to certify the Group's activities, mainly according to the ISO 9001 standard.

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:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

Percentage of production certified under ISO 9001



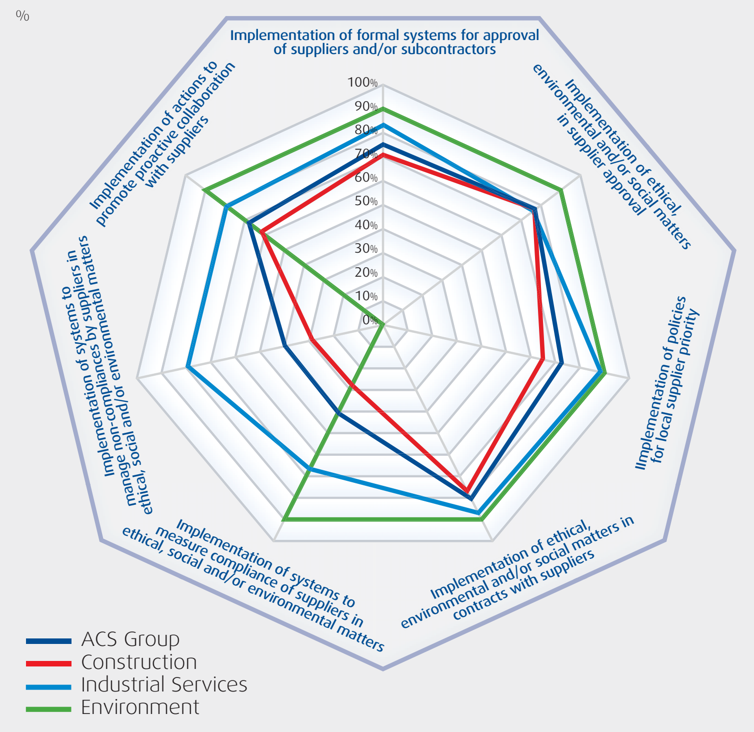

# Suppliers

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

For the suppliers of services and materials which the ACS Group contracts, detailed management and control processes are defined. These have the following points in common in all the Group's companies:

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

The adoption of the main Supplier Management parameters in the ACS Group is summarised in the following graph:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

# The ACS Group and the Corporate Social Responsibility

## Ethics, Integrity and Transparency in the ACS Group

### Ethics and Integrity: Code of Conduct

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

Integrity is a very important aspect in the ACS Group. In 2011, important measures were promoted from the Board of Directors' Executive Committee to advance these values included in the ACS Group's Code of Conduct.

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

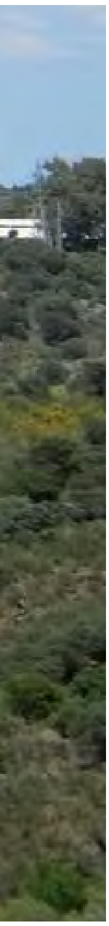
The Ethical Channel was developed in 2011 and the powers of a Monitoring Committee for the Code of Conduct were defined. A priority objective for the Group is the complete dissemination of the current ethical rules and proper and efficient management of the ethical incidents which may occur in the company.

It was created and published an e-mail address (canaletico@grupoacs.com) and a postal address (Canal Ético, Grupo ACS, Av. Pío XII 102, 28036 Madrid, Spain), through which breaches of the rules are communicated or doubts related to the General Code of Conduct are resolved.

# Commitment to Information Transparency

This general objective of transparency is stated by means of the following guidelines:

- Transmitting the Company's overall corporate strategies, as well as those specific to each of the Company's business areas, to the outside world.
- Projecting the Group's business reality so that the Group's different stakeholders recognise it as being sound and well-managed in Spain and abroad.
- Contributing to the makeup of a positive corporate image which aids in the achievement of business objectives and in commercial activity.
- Maintaining a fluent relationship with external agents, particularly with representatives of the media.
- All of the above leads to an increase in the value of the ACS brand and of its different companies and businesses.



The ACS Group manages its commitment to transparency towards its stakeholders by three main means:

- The ACS Group's Communications Department.
- The ACS Group Website.
- Shareholder and investor information activities.

| www.grupoacs.com | 2009 | 2010 | 2011 | Daily average 2011 | Var. 10/11 |
|---|---|---|---|---|---|
| Website visits | 890,441 | 1,028,874 | 1,131,448 | 3,100 | +9.97% |
| Pages viewed | 8,677,863 | 10,598,226 | 14,583,027 | 39,953 | +37.60% |

| Activity with institutional investors | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Investors attended | 174 | 180 | 167 | 191 |
| Events | 7 | 10 | 8 | 9 |

# Commitment to Technological Development

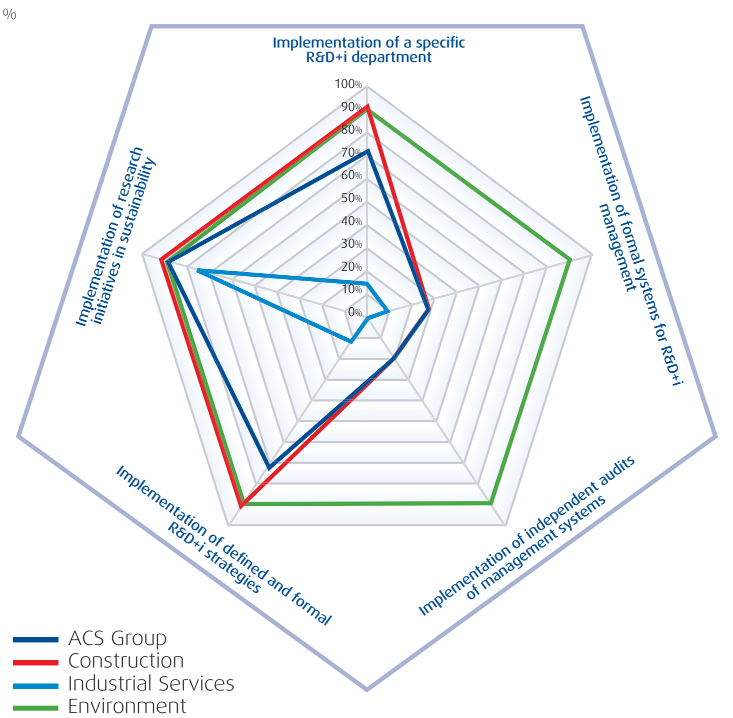
The ACS Group is an organisation which is continually evolving, adapting to the needs of its clients and demands from society. The diversification process through which the ACS Group is passing during these years has led it to undertake a wide range of activities which approach innovation and development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

Its involvement in research, development and innovation are clear in its increased investment and the R&D+i efforts that the ACS Group makes year after year. In 2011 the ACS Group invested a total of 55.89 million euros in research, development and innovation, which represents an increase of around 19.5% relative to 2010.

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

The ACS Group's activities as regards R&D+i also represent substantial support to the promotion of sustainability. The large number of projects which have the aim of increasing efficiency in the use of resources, minimising the impact of the services provided to clients and carrying out eco-design activities should be highlighted. At least one of these activities is carried out in companies representing 88.7% of ACS Group sales.

The adoption of the main R&D+i parameters in the ACS Group is summarised in the following graph:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

# Commitment to the Natural Environment

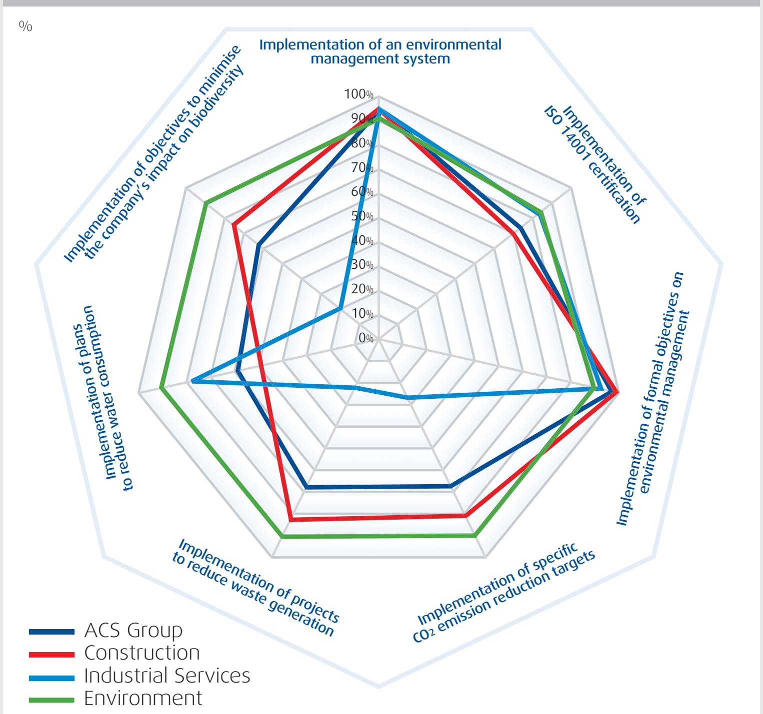
The ACS Group combines its business objectives with protection of the environment and appropriate management of its stakeholders' expectations in this regard. ACS's environmental policy is intended to be a framework in which, on the one hand, the general lines to be followed (principles) are defined and, on the other hand, the particular features of each business line and each project are collected (articulation).

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

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

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. For each of these common priorities, which later become common to the majority of the ACS Group, objectives are set and improvement programmes are established individually from company to company.

The summary of the main common aspects of the ACS Group companies' management models is shown in the following map of initiatives and their level of implementation.




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

# The ACS Group and the Corporate Social Responsibility

The significant level of implementation of an environmental management system, present in companies representing 92.7% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is already implemented in 72.6% of ACS Group sales[19].

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

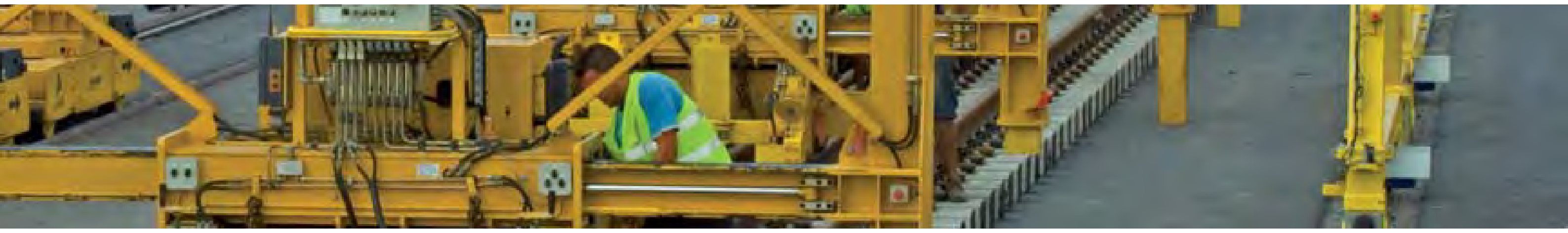
- They themselves, in a decentralised and autonomous manner, develop their own policies and action plans (in ACS, companies representing 97.1% of its sales define formal environmental objectives periodically and, furthermore, 23.0% reward their workers according to fulfilment of these objectives).
- They implement projects for certification and/or independent external auditing (95.0% of the ACS Group's production was audited in 2011).
- The ACS Group's companies carry out detailed monitoring of their environmental performance:
  - A total of 972 environmental audits were carried out in 2011, 21.8% more than in 2010.
  - Companies representing 64.8% of ACS Group sales have some kind of centralised database to collect environmental data.
  - Companies with 54.1% of the ACS Group's sales have a system for collecting incidents, non-conformities or near misses related to the subject of the environment. A total of 1,601 environmental incidents occurred in 2011, which involved the origination of a total of 33 sanctioning administrative proceedings.

[19] Although this is not the only certification, as companies representing 30.35% of ACS Group sales reported having obtained another type of certification.

## Main Environmental Indicators

| The ACS Group's main environmental indicators | 2009 | 2010 | 2011 |
|---|---|---|---|
| Water consumption ($m^3$) | 6,412,181.1 | 6,772,361.0 | 5,577,931.0 |
| Production certified under ISO 14001 (%) | 69.9% | 71.7% | 72.6% |
| Direct emissions (Scope 1) (t$CO_2$eq) | 1,958,109.1 | 1,998,929.4 | 1,742,344.1 |
| Indirect emissions (Scope 2) (t$CO_2$eq) | 108,612.9 | 108,948.8 | 151,738.3 |
| Indirect emissions (Scope 3)* (t$CO_2$eq) | 4,487.9 | 4,391.8 | 13,620.2 |
| Non-hazardous waste sent for management (t) | 1,115,301.0 | 824,735.0 | 1,168,706.0 |
| Hazardous waste sent for management (t) | 174,241.0 | 200,949.0 | 186,989.5 |

* Due to employee travel.



# Commitment to the Social Setting

## The ACS Group's People

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

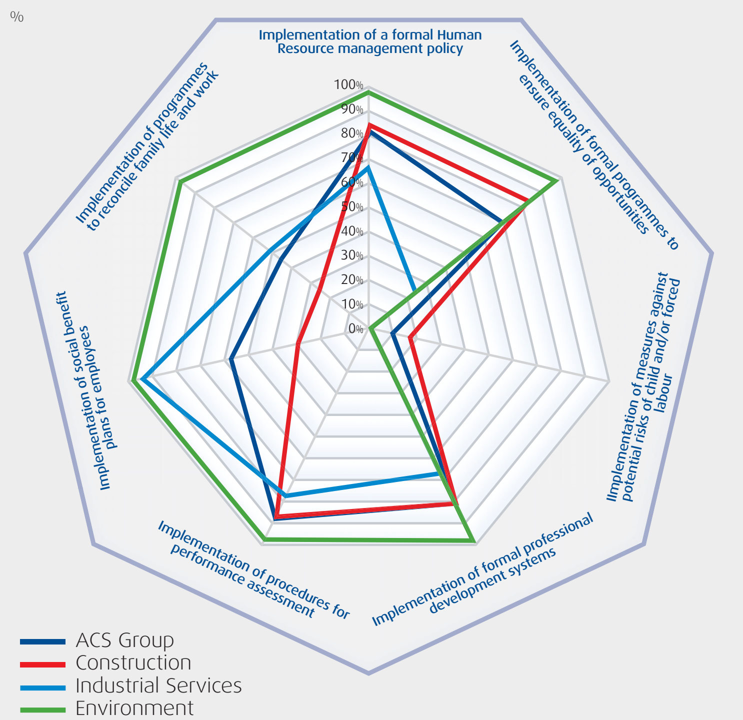
The ACS Group applies modern and efficient human resource management tools with the objective of retaining the best professionals. Companies representing 64.5% of the ACS Group's employees state that they set formal objective for Human Resource management. Some of the fundamental principles governing the companies' corporate human resource policies are based on the following common actions:

- Attracting, retaining and motivating talented individuals.
- Promoting teamwork and quality control as tools to drive excellence as work well done.
- Acting quickly, promoting the assumption of responsibilities and minimising bureaucracy.
- Supporting and increasing training and learning.
- Innovating to improve processes, products and services.

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

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

The summary of the main common aspects of the ACS Group companies' management models is shown in the following map of initiatives and their level of implementation.



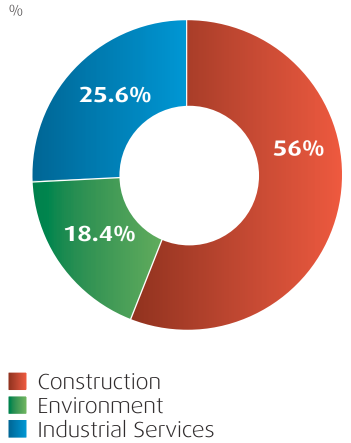

Level of implementation as reported by ACS Group companies and according to the number of employees in each of them.

# The ACS Group and the Corporate Social Responsibility

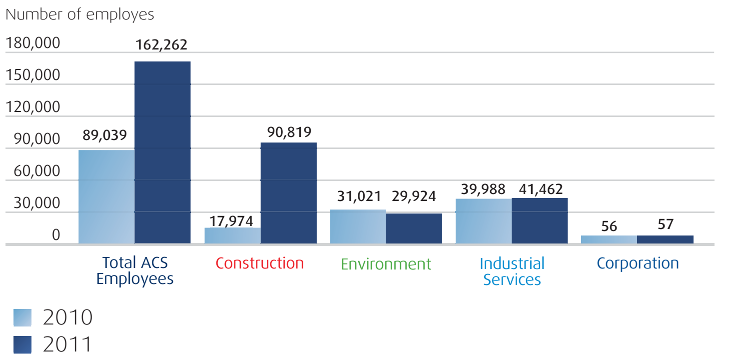
The ACS Group employees a total of 162,262 people, of whom 55,314 are working in Spain and 106,948 abroad. The ACS Group has employees in more than 54 countries, in which it promotes its worker's economic and social development.

Equality of opportunity and lack of discrimination and respect for human rights, which are basic principles included in the Group's Code of Conduct, are also determining factors when advancing the professional and personal development of all the ACS Group's employees.

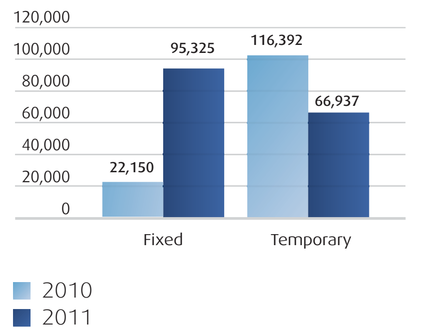
## Personnel by area of activity



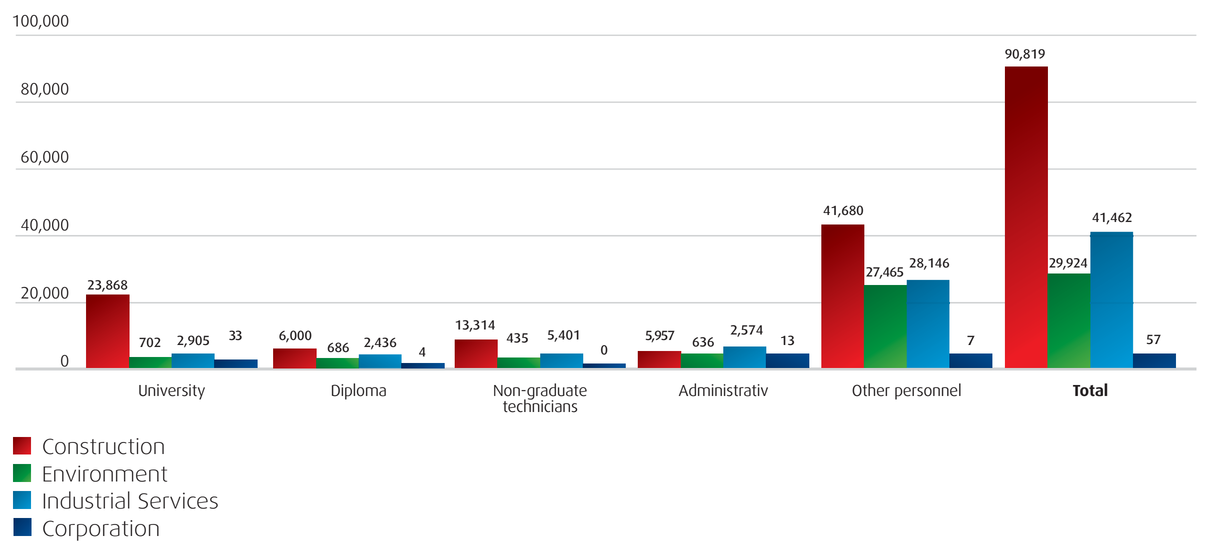

## Number of employees by line of business




## Types of contract



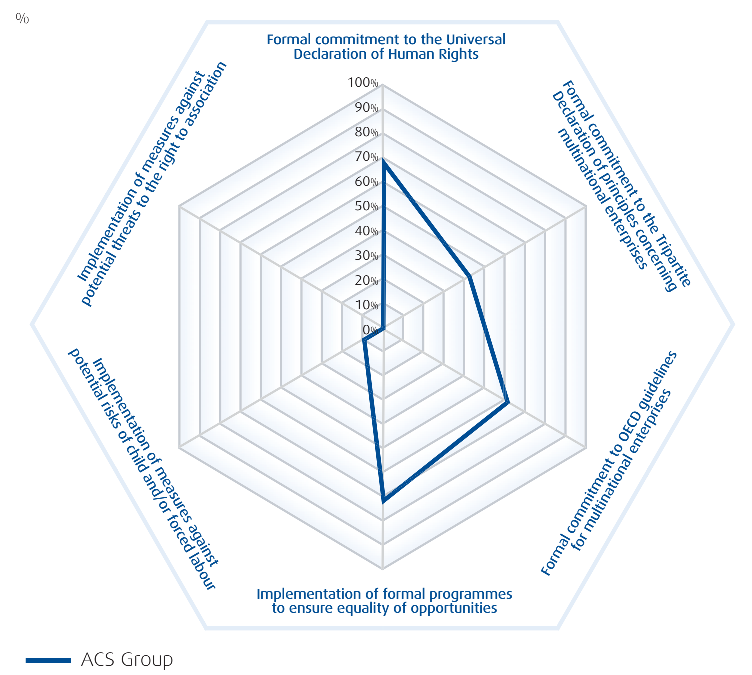

## Personnel by professional category and area of activity



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

Currently, companies representing 71.0% of ACS Group employees have formal programmes to ensure equality of opportunities. These Equality Plans have adopted specific actions in companies representing 67.4% of ACS's employees, as regards selection and hiring of personnel, salary, training, working days, professional promotion, assistance, bonuses and social, health and occupational risk prevention policies, as well as in matters of gender violence.

Sustainable Management of the ACS Group's People




Level of implementation as reported by ACS Group companies and according to the number of employees in each of them.

# The ACS Group and the Corporate Social Responsibility

## Safety in the Workplace in the ACS Group

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

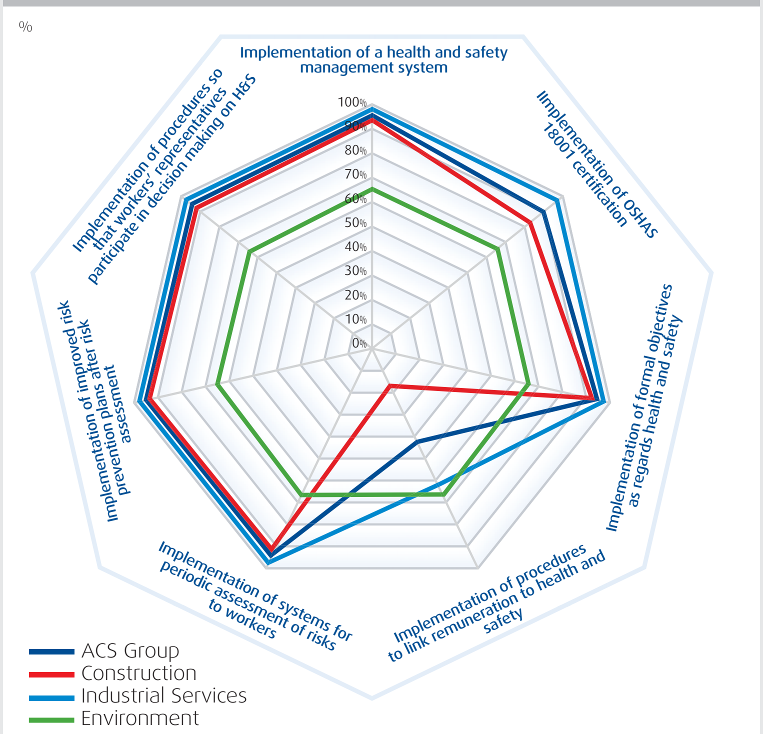
The main challenge lies in designing and implementing, in all its operating fields, a risk prevention service which meets expectations. Furthermore, the company considers it fundamental to reinforce its commitment to a risk prevention culture and to optimise resources.

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

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

- There are systems for regular assessment of the risks to which workers are exposed in companies representing 95.1% of ACS Group employees.
- Risk prevention plans are defined with take in the improvements detected in these assessment procedures (95.3% of Group employees).
- Systems which could have resulted in an incident are identified and recorded (analysis of near misses) in companies representing 91.2% of ACS's employees.
- Workers' and managers' remuneration are referenced to fulfilment of formal targets as regards health and safety in 42.7% of the ACS Group.

Strategic priorities of ACS Group companies




Level of implementation as reported by ACS Group companies and according to the number of employees in each of them.

- There are integrated computerised in companies representing 71.9% of Group employees used to monitor data related to employee and subcontractor health and safety.

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

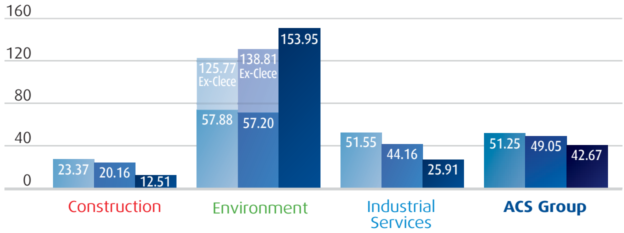
The ACS Group carries out detailed measurement of the main accident rate indices[20].

Faithful to its commitment to achieve its final objective of an accident rate of zero, ACS will continue to prepare specific plans for activities with the greatest risk and most severe accident indices, which consider improvement actions in the management of this area, not only internally, but also among its business partners.

## Employee accident rate indices

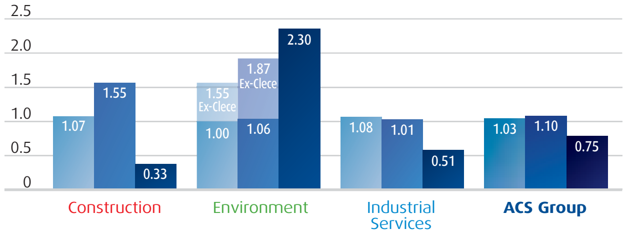
### Frequency rate

Number of accidents that occurred during the working day for every million hours worked



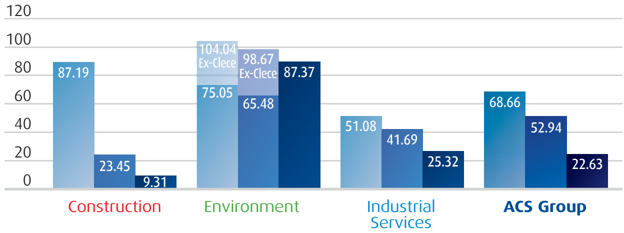

### Severity rate - Employees

Number of working days lost due to accidents per thousand hours worked



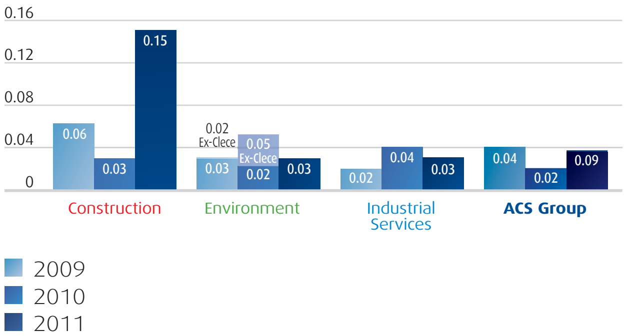

### Incident rate

Number of accidents with sick leave per thousand workers




### Professional disease rate

Total number of cases of occupational diseases over the total hours worked times 200,000




[20] In the graphs for this section, data is included in Environment for Clece for 2009 and 2010, but not for 2011, as the company has been consolidated as an asset prepared for sale. If Clece is discounted for 2009 and 2010, the Environment accident rate indices would be:
Frequency rate: 2009 = 125.77; 2010 = 138.81
Severity rate: 2009 = 1.55; 2010 = 1.87
Incidence rate: 2009 = 104.04; 2010 = 98.67
TOE: 2009 = 0.02; 2010 = 0.05

# The ACS Group and the Corporate Social Responsibility

## Social Action in the ACS Group

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

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

Annually, the ACS Foundation prepares its Action Plan, in which it explains in detail the activities planned for the following year. This report shows the most significant projects with the investment allocated for each area of action.

The ACS Foundation invested 3.847 million euros on 2011, 12.6% more than 2010, representing 95.5% of its budget for 2011.

A budget increase of 5% has been approved for 2012, with respect to 2011, to 4.2 million euros.

# GRI index

**Statement**

## GRI Application Level Check

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

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

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

Amsterdam, February 28th 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

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

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org*

***Disclaimer:*** *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on February 21st 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

# ACS Group Governance

## Ownership Structure

ACS, Actividades de Construcción y Servicios, S.A., (ACS), the ACS Group's parent company, is a Spanish quoted limited company, the share capital of which totalled 157,332,297 euros at 31 December 2011, represented by 314,664,594 shares, with a face value of 0.50 euro per share, fully subscribed and paid up, all of a single class and with the same rights.

ACS's shares are represented by means of book entries and admitted to trading in all Spain's Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). You can access the main data relating to the company's ownership structure in real time through the company's corporate website, www.grupoacs.com, and that of the Spanish Stock Market Commission (C.N.M.V.), www.cnmv.es, as reflected in the following table as at 31 December 2011:

| Shareholder's name or corporate name | Number of shares | Percentage of the total number of shares |
|---|---|---|
| Corporación Financiera Alba, S.A. | 57,599,232 | 18.31% |
| Inversiones Vesán, S.A. | 39,397,625 | 12.52% |
| Southeastern Asset Management, Inc. | 23,527,063 | 7.48% |
| Mr. Alberto Cortina Alcocer | 20,618,940 | 6.55% |
| Mr. Alberto Alcocer Torra | 20,136,455 | 6.40% |
| Sayglo Holding, S.L. | 17,741,012 | 5.64% |

The information obtained from IBERCLEAR, the Spanish Central Securities Depository, for the call to the company's most recent General Shareholders' Meeting, held on 14 April 2011, showed a total of 45,693 shareholders. There were 40,979 resident minority shareholders who held 45.7 million shares between them. There were 4,714 non-resident shareholders and domestic institutional shareholders with a stake of 269.5 million shares.


# Company Administration

## ACS Governance Structure

It is laid down in the Company Bylaws and the Rules of the Board of Directors that the ACS will be governed by a Board of Directors made up of a minimum of eleven (11) and a maximum of twenty-one members (21). ACS's Board Members are named according to a procedure to assess their competences, knowledge, experience and dedication to proper fulfilment of their task, carried out by the Board of Directors' Appointments and Remuneration Committee.

As ACS's decision-making body, it falls to the Shareholders' Meeting, at the proposal of the Board of Directors, both to set the exact number of members of the Board, within these limits, and to name the people to occupy these posts.

The composition of the Board of Directors is based on a proportional principle, by means of which the interests of all ACS's groups of shareholders are represented on the Board. In this way, at 31 December 2011, ACS's Board of Directors was made up of 17 Board Members: 4 executive members, 8 members representing major shareholders, 4 independent members and 1 external member. There is one woman board member representing major shareholders, Sabina Fluxá Thienemann[21]. The mission of these independent and external board members is to represent the interests of the free-float capital on the Board of Directors. The Chairman of the Board of Directors, Florentino Pérez, is also the CEO of ACS.

[21] Personal information on ACS's board members can be found on the ACS Group's website: http://www.grupoacs.com/index.php/es/c/gobiernocorporativo_consejodeadministracion

# ACS Group Governance

## Governance Procedures in ACS

As regards the function of the Board of Directors, this acts jointly and is granted the broadest of powers to represent and govern the company as the body supervising and controlling its activity, but also with the capacity to assume the responsibilities and decision-making powers directly on the management of the businesses.

In particular, the Board of Directors fully reserves the authority to approve the following general policies and strategies:

- The investment and financing policy.
- Definition of the corporate group structure.
- Corporate governance policy.
- Policy for Corporate Responsibility.
- The strategic or business plan, as well as management targets and annual budgets.
- Senior executive management assessment and remuneration policies.
- The risk control and management policy, in addition to the periodic monitoring of internal information and control systems.
- The policy on dividends as well as on treasury stock and its limits.
- Related-party transactions, except in those cases anticipated by the Regulations.

For greater efficiency in its functions, a series of Commissions are constituted within the Board of Directors, the task of which consists of controlling and monitoring those areas of greatest importance for the good governance of the company. The Board of Directors is currently made up of three commissions: the Executive Commission, the Audit Committee and the Appointments and Remuneration Committee.

The Executive Committee is a delegated committee which can exercise all the Board of Directors' powers except those which cannot be delegated or which the Board reserves as its competence.

The Audit Committee has 11 main functions, which are detailed in the ACS Group's Corporate Governance Report (Section B.2.4), outstanding among which are the accounting control functions, supervision of compliance with the ACS Group Code of Conduct and risk management.

Finally, the Appointments and Remuneration Committee has eight main functions, which are detailed in the ACS Group's Corporate Governance Report (Section B.2.4), outstanding among which are control of board member senior management remuneration and performance, proposals for their appointments and matters relating to gender diversity on the Board of Directors.

The Board Members' remuneration is defined by a general policy approved by the full Board, heeding the recommendations of the Appointments and Remuneration Committee. The total remuneration of the ACS Group's Board Members in 2011 was 10,68 million euros. Within the ACS Group's transparency and information policy, the remuneration received by both the members of the Board of Directors and the Senior Executives during the financial year is shown in the Annual Corporate Governance Report (Section B.1.11).

Assessment of the Board of Directors quality and efficiency of performance is a task which falls to the Board itself and cannot be delegated. It is carried out after receiving a report from the Appointments and Remuneration Committee. Furthermore, the General Shareholders' Meeting submits approval of the Board of Directors' management to a vote every year.

Finally, the ACS Group, through the Rules of the ACS Board of Directors, has detailed rules on the mechanisms laid down for detecting, determining and resolving possible conflicts of interest between the company and/or its group and its board members, managers or significant shareholders, as detailed in point C.6 of the ACS Group's Corporate Governance Report.

## Shareholders Rights and the General Shareholders' Meeting

The operation of the Shareholders' Meeting and the rights of the shareholders are regulated in ACS's Company Bylaws and in the Rules of the Shareholders' Meeting. According to Article 1 of the latter, the Shareholders' Meeting is the supreme body for the expression of the will of the company and its decision making.

As such, according to these Rules, the Group's shareholders represented in the General Shareholders' Meeting will decide all matters within the Meeting's powers by majority. This meeting will be made up of those holders of at least one hundred shares present or represented, such that holders of less than one hundred shares can group together to reach this number.

In addition, shareholders' attendance and voting rights are laid down in these Rules, by means of which egalitarian treatment is guaranteed for all, and a series of measures aimed at encouraging shareholders' participation in the General Meeting are included. As such, not only is delegation or representation of votes permitted during the Meeting, but the possibility of shareholders casting their vote remotely is also expressly established. Furthermore, since the Ordinary General Shareholders' Meeting of 19 May 2005, the necessary procedures have been articulated for exercising the right to vote in advance remotely. The measures adopted by the Group to encourage attendance of the Meeting are positively reflected in their attendance percentages.

Likewise, the shareholders' and investors' right to information is detailed in several parts of the Rules of the Shareholders' Meeting. Indeed, all the necessary information is made available to the shareholders prior to holding each Meeting, in that, in addition to the standard information provided by the company in the annual, half-yearly or quarterly reports, the Group maintains a website with all the fundamental data on it and a Shareholder Service Web Forum to attend to requests for information resulting from the General Shareholders' Meeting, acting as a tool support in each period leading up to the General Shareholders' Meeting and will be available to all the Group's shareholders. Periodic meetings are also held with analysts for this information to reach both shareholders and the general market in the fairest, most symmetrical and efficient way possible.

The ACS Group not only sets up permanent communications channels with its shareholders and investors, but also ensures that all the information made available to them is truthful and rigorous. The Audit Commission reviews this information before it is transmitted to confirm that it is prepared in accordance with the professional principles, criteria and practices with which the accounts are prepared.

ACS's Board of Directors has, over a number of years, also been promoting measures to guarantee the transparency of the company's action in the financial markets and to exercise as many functions as result from its position as a listed company on the stock exchanges. To this effect, we try to ensure that knowledge of relevant facts is restricted, until made public, to the minimum number of identified people.

| Attendance at Shareholders' Meetings | 2009 Ordinary | 2010 Ordinary | 2010 Extraordinary | 2011 Ordinary |
|---|---|---|---|---|
| Shareholders Present | 208 | 213 | 115 | 179 |
| Quorum Shareholders Present | 7.66% | 19.44% | 19.93% | 20.55% |
| Shareholders Represented | 2,763 | 2,776 | 2,183 | 2,792 |
| Quorum Shareholders Represented | 70.88% | 58.22% | 57.11% | 54.41% |
| Quorum Total | 78.54% | 77.66% | 77.04% | 74.96% |

# Directory

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**IMESAPI, S.A.**
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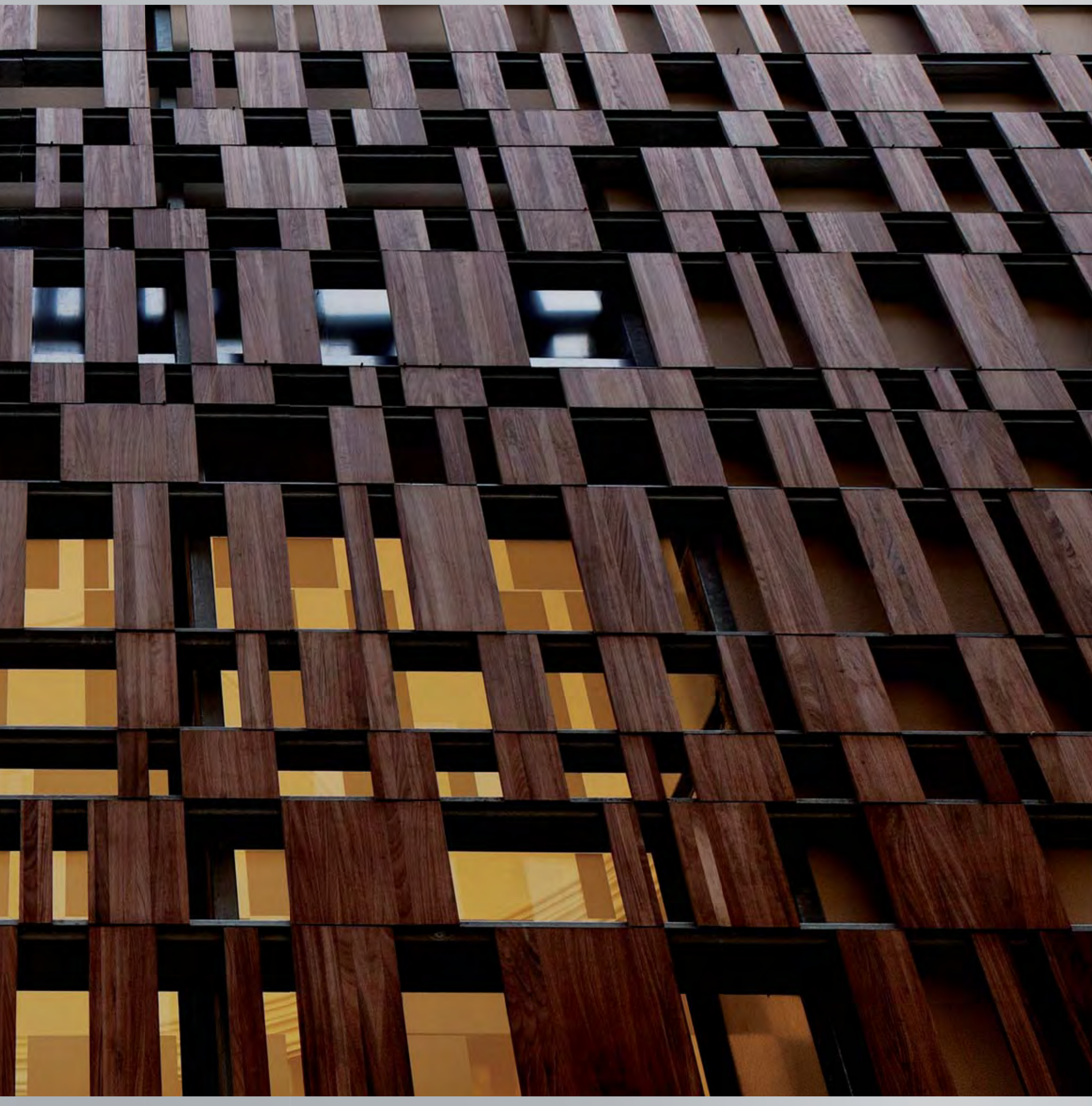
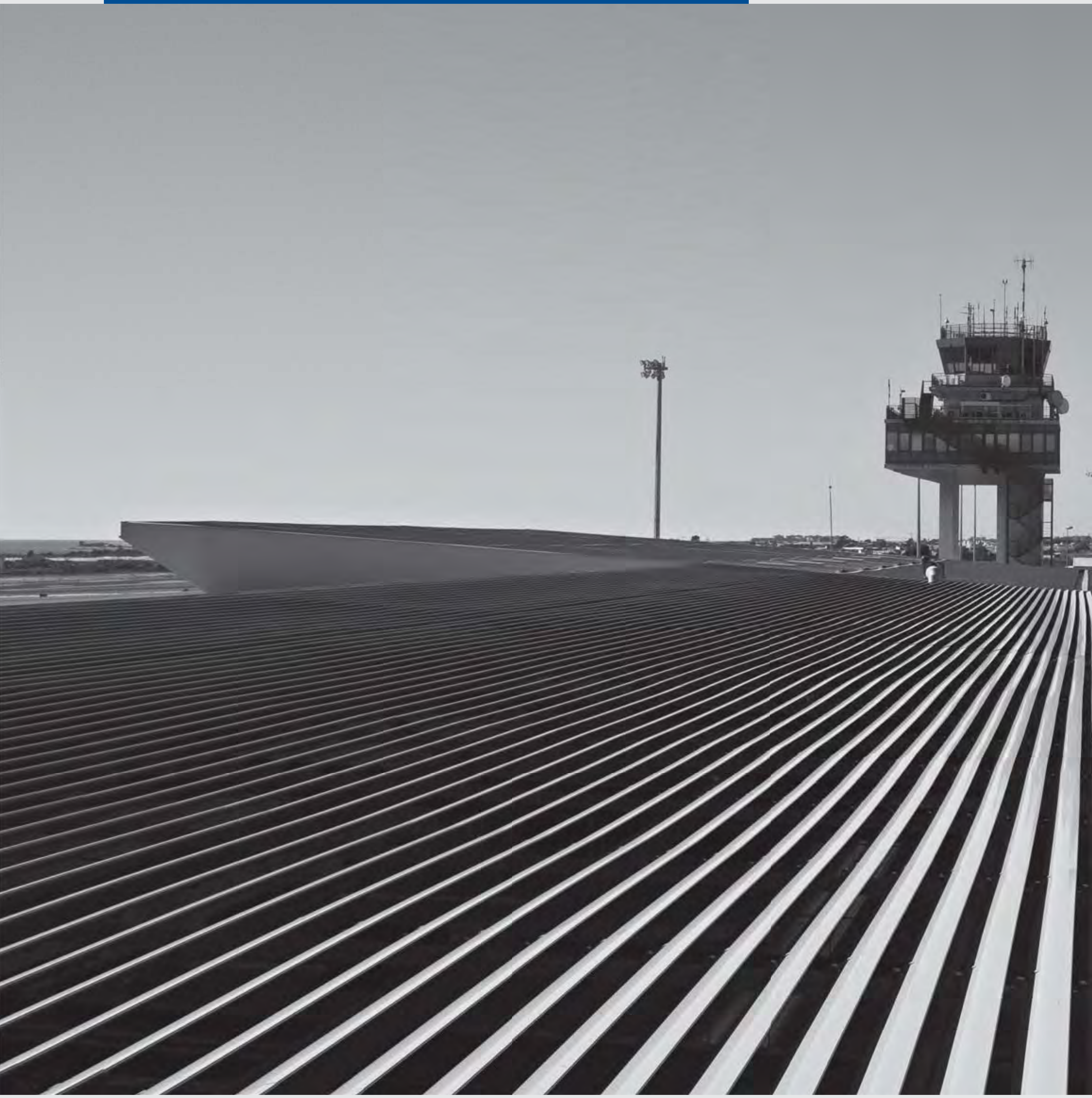
# Economic and Financial Report of ACS Group 2011

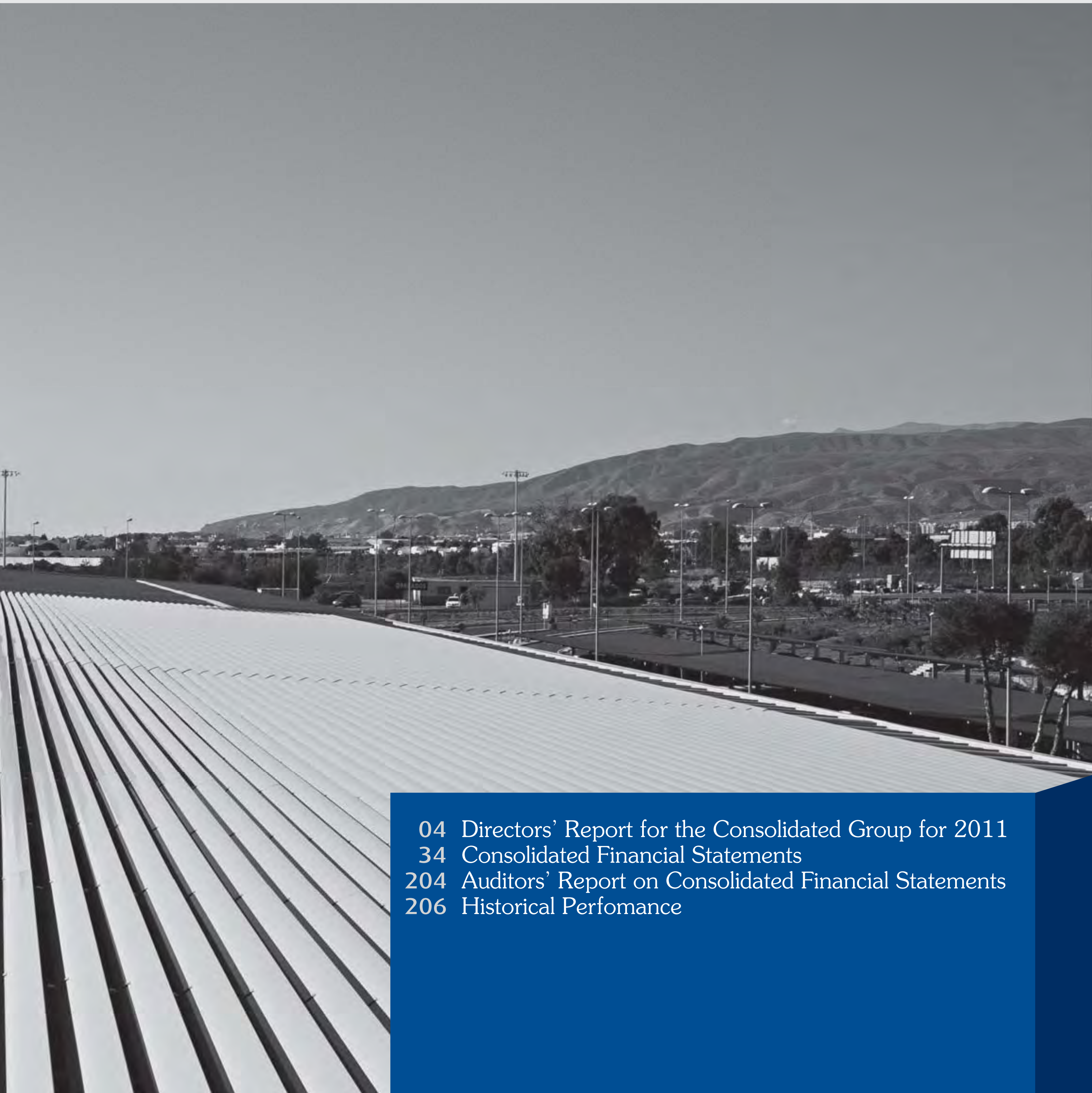
Cover photo: La Bañeza's Town Hall (León, Spain).



ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

# Economic and Financial Report of ACS Group





# Directors' report for the Consolidated Group for 2011

## 01. Business performance of the ACS Group in 2011

### 01.01. Main events

| Key operating and financial indicators | | | |
|---|---|---|---|
| Millions of euros | 2010 | 2011 | Var. |
| **Revenue** | **14,329** | **28,472** | **+98.7%** |
| **Backlog** | **27,603** | **66,152** | **+139.7%** |
| *Months* | 23 | 22 | |
| **Operating Cash Flow (EBITDA)** | **1,432** | **2,318** | **+61.9%** |
| *Margin* | 10.0% | 8.1% | |
| **Ordinary Operating Profit (EBIT)** | **1,039** | **1,333** | **+28.3%** |
| *Margin* | 7.3% | 4.7% | |
| **Ordinary Net Profit from Continuing Operations*** | **875** | **951** | **+8.8%** |
| **Attributable Net Profit** | **1,313** | **962** | **-26.7%** |
| **EPS** | **4.38 €** | **3.24 €** | **-26.0%** |
| **Cash Flow from Operations** | **1,339** | **1,287** | **-3.9%** |
| **Net investments** | **2,317** | **2,902** | **+25.2%** |
| *Investments* | 5,099 | 4,755 | -6.7% |
| *Disposals* | 2,782 | 1,854 | -33.4% |
| **Total Net Debt** | **8,003** | **9,334** | **+16.6%** |
| *Net debt with recourse* | 957 | 3,369 | +252% |
| *Non-recourse financing* | 7,047 | 5,965 | -15.3% |

* Profit after taxes and profit from non-controlling interests not including exceptional results or profit/loss from discontinued operations.
Note: Data presented in accordance with ACS Group management criterion.

In 2011 the ACS Group acquired a majority ownership interest in Hochtief, and accordingly its financial statements have been fully consolidated since 1 June.

Against a very complicated economic and financial backdrop, the Group increased its international activity significantly, both through the integration of Hochtief and the organic growth of all its activities. In the United States, sales increased by 432.5%; in Mexico, sales grew by 5.7% and in Australia, EUR 7,291 million was contributed through Hochtief. On the contrary, domestic production in Spain dropped by 17.2%.

The decline in operating margins was mainly due to the incorporation of Hochtief, which contributed with lower margins in relation to its activities in Europe and North America.

The Group's net profit decreased by 26.7% in 2011, and included the capital gains on the sale of Abertis. Without taking into account the effect of this sale, the recurrent profit of the ACS Group rose by 8.8%, in line with the goals established at the beginning of 2011. The ACS Group paid its shareholders dividends of EUR 2.05 per share with a charge to its profit for 2010.

Funds generated by operating activities decreased by 3.9% compared to those generated in 2010. This figure includes a drop in working capital from operating activities basically due to the decrease in construction activity in Spain and the extraordinary effect of Leighton from Australia.

Investments included the acquisition of shares of Hochtief for EUR 1,080 million. Meanwhile, divestments included the sales of different concession assets and mining contracts concluded in the course of the year.

The total net debt of the ACS Group amounted to EUR 9,334 million, of which EUR 5,965 million related to non-recourse debt.

In 2011 several strategic decisions were made designed to strengthen financial soundness, international expansion of the Group and the creation of value for the shareholder:

1. On 4 February 2011 ACS, Construction and Services Activities, S. A. completed the takeover bid for all the shares of Hochtief A.G. upon acquiring 2,805,599 shares of the German company, which accounted for 3.64% of its share capital.

2. On 10 February 2011 Residencial Monte Carmelo,S.A., fully owned by ACS, Actividades de Construcción y Servicios, S.A. and a holder of shares of Iberdrola, S.A. representing 6.19% of its capital, signed a financing contract with a group of twenty financial entities without recourse against the parent company, amounting to EUR 2,059 million for a term of three years beginning on 28 December 2011. On this date the ACS Group reduced its principal balance to EUR 1,661 million.

3. On 12 May 2011 the Annual General Meeting of Shareholders of Hochtief was held, in which the ACS Group held the majority of present votes. At this meeting a total of four directors were appointed from ACS, which accounts for half of the shareholder representatives on the Board. Later, in June, the ACS Group reported that its ownership interest in Hochtief, plus all the treasury shares of the German group, exceeded 50% of its share capital. Consequently, the financial Statements of Hochtief were fully consolidated in the accounts of the ACS Group starting on 1 June 2011.

4. In June, the ACS Group renewed its "equity swap" contract over the shares of Iberdrola for EUR 2,430 million. Under this agreement, the same contract conditions were maintained and the contract was extended until March 2015.

5. Also in June 2011 the ACS Group reached an agreement with UBS, through its wholly owned company Corporate Funding S. L., for the expansion of its loan agreement to EUR 900 million for three years for the non-recourse financing of the purchase of shares of Iberdrola.

6. On 30 June 2011 the ACS Group entered into an agreement with two companies controlled by the Funds RREEF Pan European Infrastructure Fund LP and by ANTIN Infrastructure Partners for the sale of 90% of its ownership interest in the companies owning the solar thermal power plants Andasol I and Andasol II. It also entered into an agreement with the Gas Natural Fenosa Group for the sale of its ownership interest in the companies owning five wind-powered facilities, with a total capacity of 95.5 MW. The total enterprise value of these assets amounted to approximately EUR 950 million.

7. In August, the ACS Group entered into two agreements with various investment funds managed by Canepa Asset Management and Bridgepoint for the sale of 20 wind-powered facilities, with an installed power of 657 MW. The enterprise value of both transactions amounted to EUR 860 million. In the last quarter of 2011 the sale of five of these facilities with a combined installed capacity of 159 MW was finalized.

# Directors' report for the Consolidated Group for 2011

8. On 27 October 2011, Cariátide, a company wholly owned by ACS, Actividades de Construcción y Servicios, S.A., entered into a contract with a syndicate of banks for the refinancing until 24 July 2015, of the acquisition of the initial block of shares of Hochtief A.G. in April 2007. This syndicate loan amounts to EUR 602 million euros.

9. In December, the ACS Group completed the sale to a consortium led by Brookfield Asset Management of its ownership interest in the Chilean concession operators of the Vespucio Norte highway and the Tunnel of San Cristóbal, for a total price of EUR 216 million.

10. Additionally, in December 2011, the ACS Group closed the transaction with Teachers insurance and annuity Association of America for the sale of 50% of its ownership interest in the American concession operator of the I-595 highway, located in Broward County, Florida (USA) for a total enterprise value of EUR 588 million.

## 01.02. Consolidated income statement of the ACS Group

Consolidated Income Statement

| Millions of euros | 2010 | % | 2011 | % | Var. 11/10 |
|---|---|---|---|---|---|
| **Revenue** | **14,329** | **100.0%** | **28,472** | **100.0%** | **+98.7%** |
| *Other revenue* | 339 | 2.4% | 519 | 1.8% | +53.0% |
| *Total production value* | 14,668 | 102.4% | 28,991 | 101.8% | +97.7% |
| *Operating expenses* | (9,995) | (69.8%) | (20,355) | (71.5%) | n.s. |
| *Staff costs* | (3,241) | (22.6%) | (6,319) | (22.2%) | +94.9% |
| **Operating Cash Flow (EBITDA)** | **1,432** | **10.0%** | **2,318** | **8.1%** | **+61.9%** |
| *Depreciation and amortisation expense* | (391) | (2.7%) | (954) | (3.4%) | n.s. |
| *Working capital provisions* | (2) | (0.0%) | (30) | (0.1%) | n.s. |
| **Ordinary Operating Profit (EBIT)** | **1,039** | **7.3%** | **1,333** | **4.7%** | **+28.3%** |
| *Impairment and gains on the disposal of non-current assets* | (18) | (0.1%) | (40) | (0.1%) | n.s. |
| *Other operating profit or loss* | (0) | (0.0%) | 81 | 0.3% | n.s. |
| **Operating Profit** | **1,021** | **7.1%** | **1,374** | **4.8%** | **+34.7%** |
| *Finance income* | 490 | 3.4% | 521 | 1.8% | +6.4 % |
| *Finance costs* | (803) | (5.6%) | (1,217) | (4.3%) | +51.6% |
| **Financial Profit/Loss** | **(313)** | **(2.2%)** | **(695)** | **(2.4%)** | **+122.4%** |
| *Exchange gains and losses* | 25 | 0.2% | (22) | (0.1%) | n.a. |
| *Changes in fair value of financial instruments* | (1) | (0.0%) | (98) | (0.3%) | n.s. |
| *Impairment and gains or losses on the disposal of financial instruments* | 536 | 3.7% | 367 | 1.3% | -31.5% |
| **Net Financial Profit/Loss** | **248** | **1.7%** | **(449)** | **(1.6%)** | **n.s.** |
| *Gains from companies accounted for using the equity method* | 222 | 1.5% | 318 | 1.1% | +43.6% |
| **Profit before tax from continuing operations** | **1,490** | **10.4%** | **1,244** | **4.4%** | **-16.5%** |
| *Corporate Income tax* | (217) | (1.5%) | (181) | (0.6%) | -16.6% |
| **Profit after tax from continuing operations** | **1,273** | **8.9%** | **1,063** | **3.7%** | **-16.5%** |
| *Profit after tax from discontinued operations* | 81 | 0.6% | 46 | 0.2% | -43.6% |
| **Profit for the year** | **1,354** | **9.5%** | **1,108** | **3.9%** | **-18.2%** |
| *Non-controlling interests* | (42) | (0.3%) | (147) | (0.5%) | n.s. |
| **Net Profit Attributable to the Parent** | **1,313** | **9.2%** | **962** | **3.4%** | **-26.7%** |

## 01.02.01. Revenue and portfolio

The revenue of the ACS Group includes the contribution of EUR 14,882 million by Hochtief, relating to the seven month period from the date of its full consolidation in June of 2011 and inclusion in construction activity.

This amount does not include the sales and portfolio of Clece in both years since this company was included in the Group's financial statements as a discontinued activity due to the fact that it is in the process of being sold.

Sales by geographical area show the diversification of the Group's income sources, which are distributed very similarly between Europe, America and Asia Pacific.

**Sales by Geographical Area**

| Millions of euros | 2010 | % | 2011 | % | Var. 11/10 |
|---|---|---|---|---|---|
| Spain | 9,447 | 65.9% | 7,823 | 27.5% | -17.2% |
| Rest of Europe | 1,185 | 8.3% | 3,345 | 11.7% | +182.3% |
| America | 3,275 | 22.9% | 7,819 | 27.5% | +138.7% |
| Asia Pacific | 280 | 2.0% | 9,306 | 32.7% | n.s. |
| Rest of the world | 142 | 1.0% | 179 | 0.6% | +26.6% |
| **Total** | **14,329** | | **28,472** | | **+98.7%** |

**Sales by Geographical Area (excluding eliminations between activity areas)**

| Millions of euros | Construction | | | Environment | | | Industrial Services | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | Var. 11/10 | 2010 | 2011 | Var. 11/10 | 2010 | 2011 | Var. 11/10 |
| Spain | 3,780 | 2,943 | -22.1% | 1,227 | 1,278 | +4.1% | 4,483 | 3,662 | -18.3% |
| Rest of Europe | 656 | 2,456 | +274.4% | 118 | 208 | +75.9% | 410 | 682 | +66.3% |
| America | 1,259 | 5,345 | +324.5% | 118 | 126 | +6.9% | 1,899 | 2,348 | +23.7% |
| Asia Pacific | 8 | 9,056 | n.s. | 1 | 26 | n.s. | 271 | 224 | -17.2% |
| Rest of the world | 1 | 2 | n.s. | 46 | 49 | +5.6% | 95 | 128 | +35.0% |
| **Total** | **5,703** | **19,802** | **+247.2%** | **1,511** | **1,686** | **+11.6%** | **7,158** | **7,045** | **-1.6%** |

By geographical area, in addition to the inclusion of the business activity of Hochtief in the rest of Europe, Australia and North America, noteworthy was the growth in Industrial Services in America, and particularly Mexico and Brazil. In Spain the counter-cyclical nature of Environment and Industrial Maintenance activities remained unchanged, while Construction and Industrial Projects dropped due to the general decline in investment activity.

The portfolio includes EUR 40,486 million from Hochtief, of which almost three-quarters relate to activity in Australia.

# Directors' report for the Consolidated Group for 2011

## Portfolio by Geographical Area

| Millions of euros | 2010 | % | 2011 | % | Var. 11/10 |
|---|---|---|---|---|---|
| Spain | 15,402 | 55.8% | 12,645 | 19.1% | -17.9% |
| Rest of Europe | 5,444 | 19.7% | 10,392 | 15.7% | +90.9% |
| America | 5,718 | 20.7% | 14,415 | 21.8% | +152.1% |
| Asia Pacific | 785 | 2.8% | 28,357 | 42.9% | n.s. |
| Rest of the World | 253 | 0.9% | 344 | 0.5% | +35.9% |
| **Total** | **27,602** | | **66,152** | | **+139.7%** |

## Portfolio by Geographical areas and Line of Business

| Millions of euros | Construction | | | Environment | | | Industrial Services | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | Var. 11/10 | 2010 | 2011 | Var. 11/10 | 2010 | 2011 | Var. 11/10 |
| Spain | 5,710 | 4,311 | -24.5% | 6,236 | 5,629 | -9.7% | 3,457 | 2,705 | -21.8% |
| Rest of Europe | 2,241 | 7,204 | +221.5% | 2,399 | 2,321 | -3.3% | 803 | 867 | +7.9% |
| America | 3,137 | 11,185 | +256.5% | 401 | 370 | -7.9% | 2,180 | 2,860 | +31.2% |
| Asia Pacific | 0 | 27,636 | n.s. | 505 | 479 | -5.1% | 280 | 241 | -13.7% |
| Rest of the World | 0 | 0 | n.a. | 127 | 142 | +11.4% | 127 | 202 | +58.5% |
| **Total** | **11,087** | **50,336** | **+354.0%** | **9,669** | **8,941** | **-7.5%** | **6,846** | **6,875** | **+0.4%** |

By geographical area, noteworthy once again was Industrial Services in America, with a portfolio that grows more than proportionally to sales, which will have a positive effect on this line of business in the coming years.

## 01.02.02. Gross profit and loss from operations

The drop in margins in 2011 was primarily due to the inclusion of the business activity of Hochtief, which has profit margins below the average for the rest of the Group.

## Net profit and loss from operations

| Millions of euros | 2010 | 2011 | Var. 11/10 |
|---|---|---|---|
| **Operating Cash Flow (EBITDA)** | **1,432** | **2,318** | **+61.9%** |
| *EBITDA margin* | 10.0% | 8.1% | |
| Depreciation and amortisation expense | (391) | (954) | +144.2% |
| *Construction* | (105) | (765) | +628.8% |
| *Industrial Services* | (179) | (54) | -69.7% |
| *Environment* | (105) | (133) | +26.5% |
| *Corporate Unit* | (1) | (1) | +3.1% |
| Working capital provisions | (2) | (30) | n.s. |
| **Ordinary Operating Profit (EBIT)** | **1,039** | **1,333** | **+28.3%** |
| *EBIT Margin* | 7.3% | 4.7% | |

The significant increase in the depreciation and amortisation expense was due to the incorporation of Hochtief, whose subsidiary Leighton carries out highly capital intensive activities relating to mining contracts. This increase was also due to the amortisation of a greater value of certain assets as a result of purchase price allocation (PPA).

On the other hand, there was a decrease in depreciation and amortisation expenses incurred by Industrial Services as a result of the sale of renewable energy and energy concession assets. The increase in the Environment area's depreciation and amortisation was due to the growth of the waste treatment line of business, which has a larger capital component than the other urban services.

## 01.02.03. Net Financial profit/loss

| Net Financial profit/loss | | | |
|---|---|---|---|
| Millions of euros | 2010 | 2011 | Var. 11/10 |
| *Finance income* | 490 | 521 | +6.4% |
| *Finance costs* | (803) | (1,217) | +51.6% |
| **Financial Profit/Loss** | **(313)** | **(695)** | **+122.4%** |
| *Construction* | (142) | (245) | +72.8% |
| *Industrial Services* | (121) | (183) | +51.1% |
| *Environment* | (47) | (59) | +24.2% |
| *Corporate Unit* | (2) | (209) | n.a. |

Finance costs rose by 51.6% as compared to the costs incurred in 2010 primarily due to the following:

There was an increase in debt as a result of the full consolidation of Hochtief beginning on 1 June, which gave rise to finance costs amounting to EUR 167 million. The gross debt of the German group amounted to EUR 3,847 million, while the net debt stood at EUR 990 million at the end of 2011.

Large-scale investment in the past 18 months, including:

- Increase in the ownership interest in Iberdrola at the end of 2010, which currently accounts for 18.55% of the share capital of the electric utility and which led to an increase in finance costs of EUR 85 million.

- The increase in the ownership interest in Hochtief in 2011, which was increased in the early months of the financial year in order to reach a majority shareholding at the General Meeting of Shareholders held in May, after having invested EUR 1,080 million.

The finance income recognised increased by 6.4%. This figure includes the dividends paid by the electricity utility amounting to EUR 373 million, net of the adjustment of EUR 180 million made following the principle of prudence to offset the net contribution of Iberdrola to the profit/loss for the year.

# Directors' report for the Consolidated Group for 2011

| Net financial profit/loss | | | |
|---|---|---|---|
| Millions of euros | 2010 | 2011 | Var. 11/10 |
| **Financial Profit/Loss** | **(313)** | **(695)** | **+122.4%** |
| *Exchange gains and losses* | 25 | (22) | n.a. |
| *Changes in fair value of financial instruments* | (1) | (98) | n.s. |
| *Impairment and gains or losses on the disposal of financial instruments* | 536 | 367 | -31.5% |
| **Net Financial Profit/Loss** | **248** | **(449)** | **n.a.** |

Net financial profit/loss included the impairment of the fair value of certain financial instruments amounting to EUR 98 million, mainly due to adjustments in the value of financial instruments relating to the ACS Group's "stock options" plan.

The gains on the disposal of financial instruments amounting to EUR 367 million include, inter alia, the following sales:

- The Vespucio Norte highway and the Tunnel of San Cristobal in Chile, in addition to the I595 highway in Florida (USA), in the Construction area.
- Renewable energy assets and transmission lines in Brazil, by Industrial Services.
- The hospital waste line of business, the towboat company in Barcelona and the port of Iquique in Chile, by the Environment area.

Even so, this total figure is considerably lower than the amount recognised in 2010, which included the capital gains on the partial sale of Abertis and the Platinum Corridor highway.

## 01.02.04. Gains on companies accounted for using the equity method

The gains on associated companies accounted for using the equity method include the contribution of profit by the Hochtief up to May, as well as the contribution of the shares of the German group starting in June, noteworthy of which are the holdings in airports and Aurelis. Also included are the gains arising from various projects in Leighton and Hochtief America carried out in collaboration with other shareholders through shared management joint ventures.

| Gains on companies accounted for using the equity method | | | |
|---|---|---|---|
| Millions of euros | 2010 | 2011 | Var. 11/10 |
| **Gains from companies accounted for using the equity method** | **222** | **318** | **+43.6%** |
| *Construction* | 62 | 248 | +302.4% |
| *Industrial Services* | 28 | 19 | -32.4% |
| *Environment* | 14 | 12 | -9.0% |
| *Corporate Unit* | 119 | 40 | -66.5% |

The contribution of Abertis, recognised under Corporate Unit, decreased in 2011 as a result of its partial sale in the summer of 2010.

## 01.02.05. Net profit/loss attributable to the Group

Net ordinary profit from continuing operations net of extraordinary effects and discontinued operations rose to EUR 951 million, up by 8.8% on 2010.

| Conciliation of recurring net profit | | | |
|---|---|---|---|
| Millions of euros | 2010 | 2011 | Var. 11/10 |
| **Attributable Net Profit** | **1,313** | **962** | **-26.7%** |
| *Hochtief provisions (1Q 2011)* | - | 76 | |
| *Adjustment of Iberdrola contribution* | - | 126 | |
| *Capital gains on the fixed assets* | (384) | (224) | |
| *Gains on Clece* | (38) | (46) | |
| *Gains on SPL* | (43) | - | |
| *Other* | 27 | 58 | |
| **Conciliation of recurring net profit*** | **875** | **951** | **+8.8%** |
| *Number of shares outstanding (average)* | 299 | 297 | -0.9% |
| **Recurring EPS** | **2.92 €** | **3.21 €** | **+9.8%** |

* Ordinary Net Profit from Continuing Operations.

The profit after tax from discontinued operationsrelates to Clece and was significantly lower in comparison to 2010, in which this figure also included the company Dragados SPL, sold the same year.

Profit attributable to non-controlling interests amounting to EUR 147 million relate mainly to the non-controlling interests of Hochtief, corresponding to both the full consolidation in the ACS Group and to profit attributable to Hochtief in relation to the consolidation of Leighton. This figure also includes profit attributable to international subsidiaries of ACS and the concession projects in which the Group has a majority shareholding.

The tax rate of the ACS Group was 32.8%, which was higher than the rate recognised in 2010 as a result of the consolidation of Hochtief, whose contribution when accounted for using the equity method in 2010 was after tax. Beginning in June 2011, the corporate income tax of the German group was also taken into account, and its effective tax rate was substantially higher.

Given the increase in the aforementioned items (tax, non-controlling interests and finance costs) as well as a lower level of capital gains than in 2010 (in which the sales of Abertis and other concession assets were recognised),the net profit attributable to the Group in 2011 was 26.7% lower than in 2010, amounting to EUR 962 million.

# Directors' report for the Consolidated Group for 2011

## 01.03. Consolidated Balance Sheet at 31 December

| Consolidated Balance Sheet | | | | | |
|---|---|---|---|---|---|
| Millions of euros | Dec-10 | % | Dec-11 | % | Var. 11/10 |
| Intangible assets | 1,614 | 4.7% | 4,753 | 9.9% | +194.6% |
| Property, plant and equipment | 1,218 | 3.6% | 3,344 | 7.0% | +174.5% |
| Non-current assets in projects | 2,380 | 7.0% | 835 | 1.7% | -64.9% |
| Investment property | 57 | 0.2% | 80 | 0.2% | +39.1% |
| Investments accounted for using the equity method | 2,333 | 6.8% | 1,570 | 3.3% | -32.7% |
| Non-current financial assets | 7,509 | 22.0% | 7,352 | 15.3% | -2.1% |
| Financial instrument receivables | 60 | 0.2% | 24 | 0.0% | -6.3% |
| Deferred tax assets | 824 | 2.4% | 2,083 | 4.3% | +152.8% |
| **Non-current assets** | **15,995** | **46.8%** | **20,040** | **41.8%** | **+25.3%** |
| Non-current assets held for sale | 4,577 | 13.4% | 8,087 | 16.9% | +76.7% |
| Inventories | 618 | 1.8% | 1,775 | 3.7% | +187.2% |
| Trade and other accounts receivables | 6,939 | 20.3% | 10,703 | 22.3% | +54.2% |
| Other current financial assets | 3,502 | 10.2% | 3,006 | 6.3% | -14.2% |
| Other current assets | 101 | 0.3% | 221 | 0.5% | +119.6% |
| Cash and cash equivalents | 2,453 | 7.2% | 4,155 | 8.7% | +69.4% |
| **Current assets** | **18,190** | **53.2%** | **27,948** | **58.2%** | **+53.6%** |
| **ASSETS** | **34,185** | **100%** | **47,988** | **100%** | **+40.4%** |
| Shareholder´s equity | 5,519 | 16.1% | 5,682 | 11.8% | +3.0% |
| Adjustments for Changes in Value | (1,341) | (3.9%) | (2,363) | (4.9%) | +76.3% |
| Non-controlling interests | 264 | 0.8% | 2,872 | 6.0% | n.a. |
| **Equity** | **4,442** | **13.0%** | **6,191** | **12.9%** | **+39.4%** |
| Subsidies | 70 | 0.2% | 58 | 0.1% | -16.9% |
| Non-current financial liabilities | 9,621 | 28.1% | 9,604 | 20.0% | -0.2% |
| Deferred tax liabilities | 271 | 0.8% | 1,175 | 2.4% | +333.7% |
| Non-current provisions | 407 | 1.2% | 2,033 | 4.2% | +399.3% |
| Financial instrument payables | 240 | 0.7% | 422 | 0.9% | +75.4% |
| Other non-current liabilities | 161 | 0.5% | 184 | 0.4% | +14.3% |
| **Non-current liabilities** | **10,771** | **31.5%** | **13,477** | **28.1%** | **+25.1%** |
| Liabilities relating to assets held for sale | 3,590 | 10.5% | 4,995 | 10.4% | +39.1% |
| Current provisions | 233 | 0.7% | 1,268 | 2.6% | +443.6% |
| Current financial liabilities | 4,337 | 12.7% | 6,891 | 14.4% | +58.9% |
| Trade and other accounts payable | 10,155 | 29.7% | 14,561 | 30.3% | +43.4% |
| Other current liabilities | 656 | 1.9% | 604 | 1.3% | -8.0% |
| **Current liabilities** | **18,971** | **55.5%** | **28,320** | **59.0%** | **+49.3%** |
| **EQUITY AND LIABILITIES** | **34,185** | **100%** | **47,988** | **100%** | **+40.4%** |

## 01.03.01. Non-current assets

Intangible assets include goodwill amounting to EUR 2,496 million, of which EUR 1,379 million relate to the acquisition of Hochtief.

The year-on-year decline in the net balance of concession project assets was due to the reclassification as assets held for sale of the renewable energy plants, transmission lines and desalinization plants, which also include the assets of Clece, other concession infrastructures and the ownership interest in airports managed by Hochtief.

The non-current financial investments include most notably, inter alia, the ownership interest in Iberdrola whose market value totals EUR 5,360 million, as well as various assets owned by Hochtief Concessions and by Environmental Services.

The difference, net of tax, between the recognised market value of the ownership interest in Iberdrola and the investment made was charged against equity adjustments for changes in value.

Additionally, the balance of investments accounted for using the equity method includes, inter alia, various ownership interests in associated companies of Hochtief and the ownership interest in Abertis, through Admirabilia.

## 01.03.02. Working capital

Changes in Working Capital

| Millions of euros | Dec-10 | Mar-11 | Jun-11 | Sep-11 | **Dec-11** |
|---|---|---|---|---|---|
| *Construction* | (2,260) | (1,940) | (2,637) | (2,275) | (2,253) |
| *Industrial Services* | (1,611) | (1,613) | (1,445) | (1,682) | (1,636) |
| *Environment* | 224 | 238 | 284 | 273 | 259 |
| *Corporate unit/Adjustments* | 261 | 184 | (12) | (35) | (104) |
| **Total** | **(3,386)** | **(3,130)** | **(3,810)** | **(3,718)** | **(3,734)** |

Note: Construction does not include the working capital arising from the PPA of Hochtief

Net working capital receivable increased by EUR 347 million in the past twelve months, basically due to the full consolidation of Hochtief in the accounts of ACS in June 2011. This made it possible to offset the downturn in working capital, which was mainly a result of the drop in domestic construction.

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## Net borrowings

| Millions of euros | Construction | Environment | Industrial Services | Corporate unit/ Adjustments | ACS Group |
|---|---|---|---|---|---|
| *Long-term bonds and debentures* | 723 | - | - | - | **723** |
| *Short-term bonds and debentures* | 46 | - | - | - | **46** |
| ***Bonds and Debentures*** | **769** | **-** | **-** | **-** | **769** |
| *Non-current bank borrowings* | 2,170 | 96 | 172 | 85 | **2,523** |
| *Current bank borrowings* | 1,642 | 1,178 | 582 | 2,689 | **6,091** |
| ***Bank borrowings*** | **3,812** | **1,274** | **754** | **2,774** | **8,614** |
| *Other non-current financial liabilities* | 989 | 11 | 31 | (561) | **470** |
| *Other current financial liabilities* | 982 | 157 | 11 | (474) | **676** |
| ***Other financial liabilities*** | **1,971** | **168** | **42** | **(1,035)** | **1,147** |
| ***Cash and cash equivalents*** | **4,875** | **513** | **1,677** | **97** | **7,161** |
| **Net Debt / (Cash)** | **1,677** | **929** | **(880)** | **1,642** | **3,369** |
| *Non-current non-recourse financing* | 742 | 170 | 35 | 4,941 | **5,888** |
| *Current non-recourse financing* | 23 | 24 | 10 | 21 | **77** |
| ***Non-recourse financing*** | **764** | **194** | **45** | **4,962** | **5,965** |
| **Net Borrowings** | **2,442** | **1,124** | **(835)** | **6,604** | **9,334** |

Note: Construction including Dragados, Hochtief and Iridium, as well as the acquisition debt of Hochtief (EUR 1.618 mn).

The total net debt of the ACS Group, which at the end of the reporting period amounted to EUR 9,334 million, is mainly composed of the following items:

- EUR 4,962 million of non-recourse debt included in the vehicles created for the acquisition of ACS's ownership interest in Iberdrola, which currently amounts to 18.55% of its capital.
- The remainder of the Group's non-recourse debt amounting to EUR 1,004 million, relates to various operating activity concession projects as well as non-recourse financing arranged for the initial acquisition of Hochtief.
- Net recourse debt relating to operational activities amounted to EUR 1,726 million, of which EUR 990 million arose from Hochtief.

The net recourse debt relating to the corporate unit amounted to EUR 1,642 million, noteworthy being the syndicated loan recently refinanced until July 2015 for an amount of EUR 1,411 million.

## Changes in cash

| Millions of euros | Dec-10 | Mar-11 | Jun-11 | Sep-11 | Dec-11 |
|---|---|---|---|---|---|
| *Gross recourse debt* | 6,911 | 6,607 | 9,704 | 10,159 | 10,530 |
| *Gross non-recourse debt* | 7,047 | 7,154 | 7,739 | 7,098 | 5,966 |
| **Gross Borrowings** | **13,958** | **13,761** | **17,442** | **17,257** | **16,496** |
| *Cash and cash equivalents* | 5,955 | 4,958 | 7,593 | 7,558 | 7,161 |
| **Net Borrowings** | **8,003** | **8,803** | **9,849** | **9,699** | **9,334** |
| *Hochtief AG* | - | - | 710 | 766 | 990 |
| *ACS (ex Hochtief)* | 8,003 | 8,803 | 9,139 | 8,932 | 8,344 |

Net debt relating to concession projects held for sale (renewable assets, transmission lines, desalination plants, concessions and Clece) amounted to EUR 3,723 million, and has been reclassified under assets and liabilities held for sale in the consolidated balance sheet of the Group at the end of the reporting period until the completion of their respective sales processes.

## 01.03.03. Equity

| Equity<br>Millions of euros | Dec-10 | Dec-11 | Var. 11/10 |
|---|---|---|---|
| *Shareholders´ Equity* | 5,519 | 5,682 | +3.0% |
| *Adjustments for Changes in Value* | (1,341) | (2,363) | +76.3% |
| *Non-controlling interests* | 264 | 2,872 | n.a. |
| **Equity** | **4,442** | **6,191** | **+39.4%** |

This amount includes EUR 2,363 million arising from adjustments for changes in value, mainly due to the performance of the market price of Iberdrola shares, which amounted to EUR 1,791 million, and the effect of exchange rates. The year-on-year increase in the adjustment for changes in value relating to Iberdrola amounted to EUR 595 million.

The significant increase in the balance of non-controlling interests was due to the full consolidation of Hochtief beginning on 1 June 2011, and includes both the holdings of the minority shareholders of Hochtief as well as its non-controlling interests included in the balance sheet of the German company, and mainly relating to the minority shareholders of Leighton Holdings.

## 01.03.04. Net Cash flows

| Net Cash flows<br>Millions of euros | 2010 | 2011 | Var. 11/10 |
|---|---|---|---|
| **Net profit** | **1,313** | **962** | **-26.7%** |
| *Adjustments to profit/loss not giving rise to operating cash flows* | (177) | 1,210 | |
| **Cash flows from operating activities net of working capital** | **1,135** | **2,172** | **+91.3%** |
| *Changes in operating working capital* | 203 | (885) | |
| **Net cash flows from operating activities** | **1,339** | **1,287** | **-3.9%** |
| *1. Investment payables* | (4,854) | (4,417) | |
| *2. Divestment receivables* | 2,784 | 1,691 | |
| **Net cash flows from investing activities** | **(2,069)** | **(2,725)** | **+31.7%** |
| *1. Purchase of treasury shares* | (333) | (255) | |
| *2. Dividends payable* | (618) | (614) | |
| *3. Other adjustments* | (74) | 90 | |
| **Other cash flows** | **(1,025)** | **(779)** | **-24.0%** |
| **Cash generated / (used)** | **(1,755)** | **(2,217)** | **+26.3%** |

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The changes in the Group's working capital gave rise to a cash outflow of EUR 885 million, which was significantly higher than in the same period of the previous year and basically related to Construction activity, both by Dragados and by Hochtief in the last seven months of the year. The full consolidation of Hochtief made it possible to offset this effect.

Net borrowings recognised on the balance sheet increased by EUR 1,331 million in 2011; the difference compared to the figure recognised in this statement of cash flows being mainly due to the full consolidation of Hochtief and the changes in non-recourse financing for the assets held for sale since December 2010.

## 01.03.05. Investments

Breakdown of Investments

| Millions of euros | Operations | Projects | Total investment | Divestments | **Net Investment** |
|---|---|---|---|---|---|
| **Construction** | 1,199 | 1,121 | **2,320** | **(944)** | **1,376** |
| *Dragados* | 61 | - | **61** | **(40)** | **21** |
| *Hochtief* | 1,139 | 530 | **1,668** | **(655)** | **1,013** |
| *Iridium* | - | 591 | **591** | **(249)** | **342** |
| **Environment** | 93 | - | **93** | **(229)** | **(137)** |
| **Industrial Services** | 95 | 1,141 | **1,236** | **(680)** | **556** |
| **Corporate Unit** | 26 | 1,081 | **1,106** | **-** | **1,106** |
| **Total** | 1,413 | 3,342 | **4,755** | **(1,854)** | **2,902** |

In the Corporate unit, noteworthy was the investment amounting to EUR 1,080 million for the acquisition of approximately 22% of Hochtief (3.6% through the takeover exchange of shares), increasing the ownership interest of ACS at the end of 2011 to 49.2%. Taking into account the treasury shares that the German construction company held at the end of the year (4.4%), its proportional ownership interest amounts to 51.5%.

Operating investments in Construction related mainly to the acquisition of machinery for mining contracts by Leighton (approx. EUR 800 Million). The concession projects amounted to EUR 1,121 million, and were divided between Iridium and Hochtief concessions.

The divestments in the Construction area related primarily to Iridium's highway concessions (EUR 249 million) and the sale of Leighton's mining contracts (EUR 350 million).

Investments in Industrial Services were primarily aimed at energy projects such as solar thermal plants (EUR 482 million), transmission lines (EUR 407 million), wind-powered facilities (EUR 135 million) or gas storage facilities (EUR 68 million). The divestments related to renewable energy assets (EUR 400 million) and transmission lines in Brazil (EUR 223 million).

### 01.03.06. Net cash flows from financing activities

The financing needs of the Group, including an increase in debt relating to assets held for sale, rose to EUR 2,217 million as a result of the heavy volume of investments.

In 2011 the Group paid its shareholders dividends of EUR 614 million with a charge against profit for 2010, equivalent to EUR 2.05 per share.

Transactions with treasury shares entered into by the Group in the year led to a net cash outflow of EUR 255 million. Treasury shares held by ACS at 31 December 2011 stood at 7.5% of its share capital.

## 01.04. Performance of Business areas

### 01.04.01. Construction

| Key operating and financial indicators | | | |
|---|---|---|---|
| Millions of euros | 2010 | 2011 | Var. |
| **Sales** | **5,703** | **19,802** | **+247.2%** |
| **EBITDA** | **427** | **1,210** | **+183.4%** |
| *Margin* | 7.5% | 6.1% | |
| **EBIT** | **343** | **449** | **+30.8%** |
| *Margin* | 6.0% | 2.3% | |
| **Net Profit** | **187** | **370** | **+97.5%** |
| *Margin* | 3.3% | 1.9% | |
| **Backlog** | **11,088** | **50,336** | **+354.0%** |
| *Months* | 24 | 22 | |
| **Net investments** | **747** | **1,376** | **+84.3%** |
| *Concessions (Gross)* | 729 | 1,121 | |
| **Working capital** | **(2,260)** | **(2,253)** | **-0.3%** |
| **Net debt** | **1,221** | **2,442** | **+99.9%** |
| *ND/EBITDA* | 2.9x | 2.0x | |

Total Construction sales in 2011 reached EUR 19,802 million. This figure takes into account the activity of all construction companies in ACS worldwide, including the contribution of Hochtief from the date of its full consolidation on 1 June 2011, and Iridium, the ACS Group's Concession activity.

The Construction area's EBITDA margin dropped to 6.1 per cent as a result of the incorporation of Hochtief, which contributed an EBITDA margin of 5.3% to the ACS Group's profit and loss.

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Net operating profit rose by 30.8% to EUR 449 million. The EBIT margin dropped to 2.3% of sales, basically due to the depreciation and amortisation of assets allocated to the acquisition of Hochtief and the lower margin of the German group.

The Construction area's net profit amounted to EUR 370 million. This figure was 97.5% higher than in 2010, due mainly to the effect of the capital gains on the sale of the Vespucio Norte highway, the Tunnel of San Cristobal in Chile and the I595 in Florida (USA).

The backlog grew as a result of the incorporation of Hochtief and contributed EUR 40,486 million, which added to the contribution of Dragados equals 22 months of activity.

**Data by Geographical Area**

| Millions of euros | Spain | | | Rest of Europe | | | America | | | Asia Pacific | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | Var. | 2010 | 2011 | Var. | 2010 | 2011 | Var. | 2010 | 2011 | Var. |
| **Sales** | 3,780 | 2,943 | -22.1% | 656 | 2,456 | +274% | 1,259 | 5,345 | +325% | 8 | 9,056 | n.s. |
| **Order book** | 5,710 | 4,311 | -24.5% | 2,241 | 7,204 | +222% | 3,137 | 11,185 | +257% | 0 | 27,636 | n.s. |
| *Months* | 18 | 18 | | 41 | 22 | | 30 | 17 | | | 23 | |

There was a downturn in domestic activity (-22.1%) as a result of the contraction of public investment in infrastructures and the drop in both residential and non-residential construction.

In the rest of Europe, construction increased as a result of the inclusion of activity in Germany, as well as the Group's performance in Poland.

Similarly, in America the business activity of Turner, Flatiron and EECruz of Hochtief were incorporated, which complemented the presence of Dragados in the United States and Canada.

The Asia Pacific activity was full contributed by Leighton through Hochtief in the last seven months of 2011.

**Data by Business Group**

| Millions of euros | Dragados | | | Iridium | | | Hochtief | | | **Total** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | Var. | 2010 | 2011 | Var. | 2010 | 2011 | Var. | 2010 | 2011 | Var. |
| **Sales** | 5,593 | 4,800 | -14.2% | 110 | 119 | +8.3% | | 14,882 | n.a. | 5,703 | 19,802 | +247.2% |
| **EBITDA** | 393 | 375 | -4.7% | 34 | 46 | +36.9% | | 789 | n.a. | 427 | 1,210 | +183.4% |
| *Margin* | 7.0% | 7.8% | | 30.7% | 38.8% | | | 5.3% | | 7.5% | 6.1% | |
| **EBIT** | 321 | 298 | -7.4% | 22 | 32 | +48.5% | | 119 | n.a. | 343 | 449 | +30.8% |
| *Margin* | 5.7% | 6.2% | | 19.8% | 27.2% | | | 0.8% | | 6.0% | 2.3% | |
| **Net Profit** | 220 | 180 | -18.1% | (22) | 117 | n.a. | (11) | 73 | n.a. | 187 | 370 | +97.5% |
| *Margin* | 3.9% | 3.8% | | | | | | 0.5% | | 3.3% | 1.9% | |
| **Backlog** | 11,088 | 9,850 | -11.2% | | | | | 40,486 | n.a. | 11,088 | 50,336 | +354.0% |
| *Months* | 24 | 25 | | | | | | 21 | | 24 | 22 | |
| **Net investments** | 80 | 21 | -74.0% | 666 | 342 | -48.7% | | 1,013 | n.a. | 747 | 1,376 | |
| **Net debt** | (1,309) | (742) | -43.3% | 1,194 | 576 | -51.8% | 1,336 | 2,608 | +95.2% | 1,221 | 2,442 | +99.9% |

## Contribution of Hochtief to ACS profit / loss

| Millions of euros | Hochtief profit/loss for 2011 | | | Contribution to ACS in 2011 | | |
|---|---|---|---|---|---|---|
| | Jan-May | Jun-Dec | **Total** | Jan-May | Jun-Dec | **Total** |
| **Sales** | **8,400** | **14,882** | **23,282** | | **14,882** | **14,882** |
| **EBITDA** | **17** | **1,177** | **1,194** | | **789** | **789** |
| *Margin* | 0.2% | 7.9% | 5.1% | | 5.3% | 5.3% |
| **EBIT** | **(262)** | **676** | **414** | | **119** | **119** |
| *Margin* | -3.1% | 4.5% | 1.8% | | 1.4% | 0.8% |
| *Financial profit/loss* | (43) | (90) | (132) | (44) | (123) | (167) |
| *Profit attributable to companies accounted for using the equity method* | (170) | (480) | (650) | (24) | 268 | 244 |
| *Other profit/loss* | 68 | 173 | 241 | 38 | 46 | 84 |
| **After-tax profit or loss** | **(407)** | **280** | **(127)** | **(30)** | **310** | **280** |
| *Taxes* | 92 | (133) | (41) | 2 | (111) | (109) |
| *Non-controlling interests* | 136 | (129) | 8 | | (99) | (99) |
| **Net Profit** | **(178)** | **17** | **(160)** | **(28)** | **101** | **73** |
| *Margin* | -2.1% | 0.1% | -0.7% | | 0.7% | 0.5% |

The contribution of profit to the ACS Group by Hochtief in 2011 took place in two different phases, between January and May by the equity method and after June by full consolidation

As a result of the change in the method by which Hochtief was consolidated in the accounts of the ACS Group beginning on 1 June 2011, the assets and liabilities of the German group were readjusted to fair value ("Purchase Price Allocation" - PPA).

The main assets to which a higher value was attributed relate to the order book of construction work and the relationships with customers, whose balances are amortised based on the useful life taken into account and whose effect on the depreciation and amortization expense in the seven-month period ending on 31 December 2011 amounted to EUR 168 million.

Additionally, a higher value was allocated in the PPA, for an attributed net amount of EUR 62 million, mainly relating to assets that were sold following the full consolidation of Hochtief and which were not consequently taken into account in the profit of the ACS Group.

Furthermore, provisions amounting to EUR 216 million were recognised for estimated losses in different projects and investments of Hochtief, part of which were used over the seven months of full consolidation.

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| HOCHTIEF. Breakdown by business area in 2011 * | | | | | | |
|---|---|---|---|---|---|---|
| Millions of euros. | America | Leighton | Concessions | Europe | Corporate unit /Adjustments | **Total** |
| **Sales** | **6,179** | **13,631** | **66** | **3,346** | **60** | **23,282** |
| **EBITDA** | **104** | **1,215** | **(62)** | **54** | **(116)** | **1,194** |
| *Margin* | 1.7% | 8.9% | n.s. | 1.6% | | 5.1% |
| **EBIT** | **83** | **499** | **(63)** | **21** | **(125)** | **414** |
| *Margin* | 1.3% | 3.7% | n.s. | 0.6% | | 1.8% |
| *Financial profit/loss* | (9) | (117) | 11 | (34) | 17 | (132) |
| *Profit attributable to companies accounted for using the equity method* | 54 | (820) | 86 | 30 | 0 | (650) |
| *Other profit/loss.* | 14 | 154 | (31) | 76 | 27 | 241 |
| **After-tax profit or loss** | **142** | **(285)** | **4** | **93** | **(81)** | **(127)** |
| *Taxes* | (39) | (240) | (5) | 46 | 197 | (41) |
| *Non-controlling interests* | (15) | 85 | (35) | (28) | 0 | 8 |
| **Net Profit** | **88** | **(155)** | **(40)** | **19** | **(72)** | **(160)** |
| *Margin* | 1.4% | -1.1% | n.s. | 0.6% | | -0.7% |

* Full Year 2011 reported by Hochtief.

Hochtief's loss for the year was marked by Leighton's exceptional losses. The net profit of the Australian company was affected by the losses in two significant projects (Victoria Desalination Plant and Airport Link) along with the losses of its wholly owned subsidiary Habtoor, based in the United Arab Emirates.

On the contrary, the operations of Hochtief America and Hochtief Europe divisions performed well in 2011, which allowed both companies to exceed the profits obtained in the previous year.

The Concessions division recognised losses of EUR 40 million resulting from the provision made to cover the potential impairment of the Greek and Chilean highways.

The profit/loss of the Corporate Unit included contingencies arising from commitments acquired with managers who exercised rights of compensation in accordance with control change clauses.

## 01.04.02. Environment

### Key operating and financial indicators

| Millions of euros. | 2010 | 2011 | Var. |
|---|---|---|---|
| **Sales** | **1,511** | **1,686** | **+11.6%** |
| **EBITDA** | **237** | **253** | **+6.7%** |
| *Margin* | 15.7% | 15.0% | |
| **EBIT** | **125** | **112** | **-10.3%** |
| *Margin* | 8.3% | 6.6% | |
| **Net Profit** | **152** | **128** | **-15.8%** |
| *Margin* | 10.1% | 7.6% | |
| **Backlog** | **9,669** | **8,941** | **-7.5%** |
| *Months* | 77 | 64 | |
| **Net investments** | **(34)** | **(137)** | **n.a.** |
| **Working capital** | **224** | **259** | **+15.8%** |
| **Net debt** | **1,188** | **1,124** | **-5.5%** |
| *ND/Ebitda* | 5,0x | 4,4x | |

Note: The Environment area does not include the sales recognised by Clece in either year since this Company was reclassified as a discontinued operation held for sale.

Sales in the Environment area increased by 11.6% in 2011 as compared to 2010. This growth was due to the inclusion of the waste treatment activity of Logistics Services and the 17.5% growth in sales of Waste Treatment activity.

EBITDA showed a decline in the sales margin of 70 basis points, as a result of the increase in competitive pressure in Spain and due to the inclusion of certain logistics activities with margins which were lower than those of Environmental Services.

EBIT dropped by 10.3% as compared to 2010 due to the increase in depreciation and amortisation expenses in both Urbaser and certain logistics activities.

Net profit fell by 15.8% with a margin of 7.6%. This decrease was a result of the contribution of profit in 2010 by SPL, which as a discontinued operation contributed EUR 43 million in that year.

This amount included the contribution of the ordinary profit of Clece as a “Discontinued Operation” amounting to EUR 45.8 million, and the gains on the sale of port assets and the hospital waste line of business.

### Breakdown of sales by line of business

| Millions of euros. | 2010 | 2011 | Var. |
|---|---|---|---|
| Waste treatment | 346 | 407 | +17.5% |
| Urban Services | 1,150 | 1,106 | -3.9% |
| Logistics | 14 | 173 | n.s. |
| **Total** | **1,511** | **1,686** | **+11.6%** |
| **International** | **284** | **408** | **+43.9%** |
| *% sales* | 18.8% | 24.2% | |

# Directors' report for the Consolidated Group for 2011

The capital intensive waste treatment activity, which includes recycling plants, treatment, incineration, landfills and methane production and other renewable energy production facilities, recorded growth of 17.5% in 2011, due to the investment in this type of assets in recent years, especially in France and the United Kingdom.

Urban Services activity included urban solid waste collection, gardening, cleaning and other urban management services provided to city councils. This is an activity mainly carried out in Spain which is labour-intensive, and whose sales dropped by 3.9% in 2011.

Logistics relates mainly to port waste activities, which are basically international, as well as transport following the sale of SPL in 2010.

International sales rose by 43.9% and now account for a 24.2% of total sales, more than five percentage points above those reported last year.

Sales by Geographical Area

| Millions of euros. | 2010 | 2011 | Var. |
|---|---|---|---|
| Spain | 1,227 | 1,278 | +4.1% |
| Rest of Europe | 118 | 208 | +75.9% |
| America | 118 | 126 | +6.9% |
| Asia Pacific | 1 | 26 | n.s. |
| Rest of the World | 46 | 49 | +5.6% |
| **Total** | **1,511** | **1,686** | **+11.6%** |

This growth was the result of heavy waste treatment plant activity in international markets, and was due to the contracts awarded and the investments made in recent years.

Breakdown of backlog by activity

| Millions of euros. | 2010 | 2011 | Var. |
|---|---|---|---|
| Waste treatment | 5,464 | 5,166 | -5.5% |
| Urban Services | 3,700 | 3,295 | -10.9% |
| Logistics | 505 | 479 | -5.1% |
| **Total** | **9,669** | **8,941** | **-7.5%** |
| **International** | **3,433** | **3,311** | **-3.5%** |
| % backlog | 35.5% | 37.0% | |

The Environment backlog was EUR 8,941 million, equivalent to over five years of production, and up 7.5% on the previous year. The 9.7% drop in the order book in Spain was a result of the decrease in the contracts for cleaning and garbage collection in Spain.

The international order book, which basically relates to Environmental Services, accounted for a total 37.0% of the total order book and dropped by 3.5%.

| Backlog by Geographical Area | | | |
|---|---|---|---|
| Millions of euros. | 2010 | 2011 | Var. |
| Spain | 6,236 | 5,629 | -9.7% |
| Rest of Europe | 2,399 | 2,321 | -3.3% |
| America | 401 | 370 | -7.9% |
| Asia Pacific | 505 | 479 | -5.1% |
| Rest of the World | 127 | 142 | +11.4% |
| **Total** | **9,669** | **8,941** | **-7.5%** |

## 01.04.03. Industrial Services

| Key operating and financial indicators | | | |
|---|---|---|---|
| Millions of euros. | 2010 | 2011 | Var. |
| **Sales** | **7,158** | **7,045** | **-1.6%** |
| **EBITDA** | **821** | **907** | **+10.5%** |
| *Margin* | 11.5% | 12.9% | |
| **EBIT** | **628** | **828** | **+31.8%** |
| *Margin* | 8.8% | 11.7% | |
| **Net Profit** | **400** | **492** | **+23.0%** |
| *Margin* | 5.6% | 7.0% | |
| **Order book** | **6,846** | **6,875** | **+0.4%** |
| *Months* | 11 | 12 | |
| **Net investments** | **1,105** | **556** | **-49.7%** |
| *Projects (Gross Inv)* | 1,311 | 1,141 | |
| **Working capital** | **(1,611)** | **(1,636)** | **+1.5%** |
| **Net debt** | **(520)** | **(835)** | **+60.5%** |
| *DN/Ebitda* | -0,6x | -0,9x | |

Sales in Industrial Services dropped by 1.6% in 2011 to EUR 7,045 million, due to a lower level of Integrated Project activity in the Spanish market.

The EBITDA margin was higher than last year as a result of the change in mix experienced, especially noteworthy being the greater proportion of Renewable Energy activity even after the sale of assets in the year.

The net profit for the area rose by 23.0% to EUR 492 million as a result of a growth in operations and capital gains on the sale of renewable assets during the period.

# Directors' report for the Consolidated Group for 2011

| Sales by Geographical Area | | | |
|---|---|---|---|
| Millions of euros. | 2010 | 2011 | Var. |
| Spain | 4,483 | 3,662 | -18.3% |
| Rest of Europe | 410 | 682 | +66.3% |
| America | 1,899 | 2,348 | +23.7% |
| Asia Pacific | 271 | 224 | -17.2% |
| Rest of the World | 95 | 128 | +35.0% |
| **Total** | **7,158** | **7,045** | **-1.6%** |

International sales increased by 26.5% up to 48.0% of total sales, and amounted to EUR 3,383 million. This heavy increase was the result of new production in Latin American countries such as Mexico, Brazil, Chile and Peru, as well as the growth in the Northern Europe.

| Breakdown by activity | | | |
|---|---|---|---|
| Millions of euros. | 2010 | 2011 | Var. |
| **Industrial Maintenance** | **4,213** | **4,388** | **+4.2%** |
| Networks | 739 | 841 | +13.9% |
| Specialised Facilities | 2,353 | 2,524 | +7.3% |
| Control Systems | 1,121 | 1,023 | -8.8% |
| **Integrated Projects** | **2,705** | **2,342** | **-13.4%** |
| **Renewable energy: Generation** | **309** | **373** | **+20.8%** |
| Consolidation Eliminations | (69) | (59) | n.a. |
| **Total** | **7,158** | **7,045** | **-1.6%** |
| **Total International** | 2,675 | 3,383 | +26.5% |
| *% of total sales* | 37.4% | 48.0% | |

Industrial Maintenance activity grew as a result of networking activity, which was very heavy in Spain and in South America, and due to the heavy international growth of Specialized Facilities, whose international activity already exceeds 62% of total activity.

In the Integrated Projects area production dropped by 13.4%, as a result of the 35% decline in this business activity in Spain, while international activity rose by 23%. This decline was a result of the completion of renewable energy projects and the drop in investment in new capacity by major industrial customers. International activity in Integrated Projects already exceeds the amount recorded in Spain.

In the case of the generation of energy from renewable sources, in June the thermal solar power plants Andasol I and II were sold, and the wind powered facilities were also sold to Gas Natural Fenosa. In the last quarter of 2011, five additional wind-powered facilities were sold.

| Backlog by Geographical Area | | | |
|---|---|---|---|
| Millions of euros. | 2010 | 2011 | Var. |
| Spain | 3,457 | 2,705 | -21.8% |
| Rest of Europe | 803 | 867 | +7.9% |
| America | 2,180 | 2,860 | +31.2% |
| Asia Pacific | 280 | 241 | -13.7% |
| Rest of the World | 127 | 202 | +58.5% |
| **Total** | **6,846** | **6,875** | **+0.4%** |

Noteworthy was the 23% increase in backlog in international markets, given the impetus of the Integrated Projects area, which has recently been awarded contracts for turnkey projects in Latin America, Asia and Northern Europe.

| Backlog by activity | | | |
|---|---|---|---|
| Millions of euros. | 2010 | 2011 | Var. |
| **Industrial Maintenance** | **4,295** | **4,193** | **-2.4%** |
| Domestic backlog | 2,530 | 2,051 | -18.9% |
| International backlog | 1,765 | 2,143 | +21.4% |
| **Integrated and Renewable Projects** | **2,551** | **2,681** | **+5.1%** |
| Domestic backlog | 926 | 653 | -29.4% |
| International backlog | 1,626 | 2,028 | +24.7% |
| **Total** | **6,846** | **6,875** | **+0.4%** |
| **Domestic** | **3,455** | **2,704** | **-21.7%** |
| **International** | **3,391** | **4,171** | **+23.0%** |
| *% of total backlog* | 49.5% | 60.7% | |

The order book of Integrated and Renewable Projects rose by 5.1%. The downturn in Spain and the sale of renewable assets is being gradually replaced by the international backlog in America, in countries like the United States, Mexico and Brazil, where activity increased by 31% compared to 2010.

The Mexican market, which accounts for a third of the total international backlog, currently has the largest growth potential, with major contracts relating to the energy industry, both in the electricity as well as the oil and gas segments.

## 01.04.04. Listed associates

| Main financial figures | | | |
|---|---|---|---|
| Millions of euros. | 2010 | 2011 | Var. |
| Abertis | 119 | 36 | -70.1% |
| Iberdrola | 249 | 373 | +50.0% |
| **Contribution to gross profit/loss** | **368** | **409** | **+11.2%** |
| Associated finance costs | (318) | (353) | +11.1% |
| Adjustment of profit/loss from Iberdrola | | (180) | n.a. |
| Taxes | 94 | 160 | +69.3% |
| **Net profit** | **144** | **36** | **-75.3%** |

The contribution of profit from Abertis accounted for using the equity method of Abertis, amounted to EUR 36 million, which was lower than in the previous year since this figure included the 25.8% holding accounted for using the equity method (up to August 2010) and in 2011 the related ownership interested amounted to 10.28%, through Admirabilia, S.L.

In the case of Iberdrola, the aforementioned adjustment offset the contribution of the dividends accrued by the electricity utility in 2011, which amounted to EUR 373 million, after deducting the finance cost net of taxes relating to the investment. The current ownership interest of the ACS Group in Iberdrola amounts to 18.55% of its share capital.

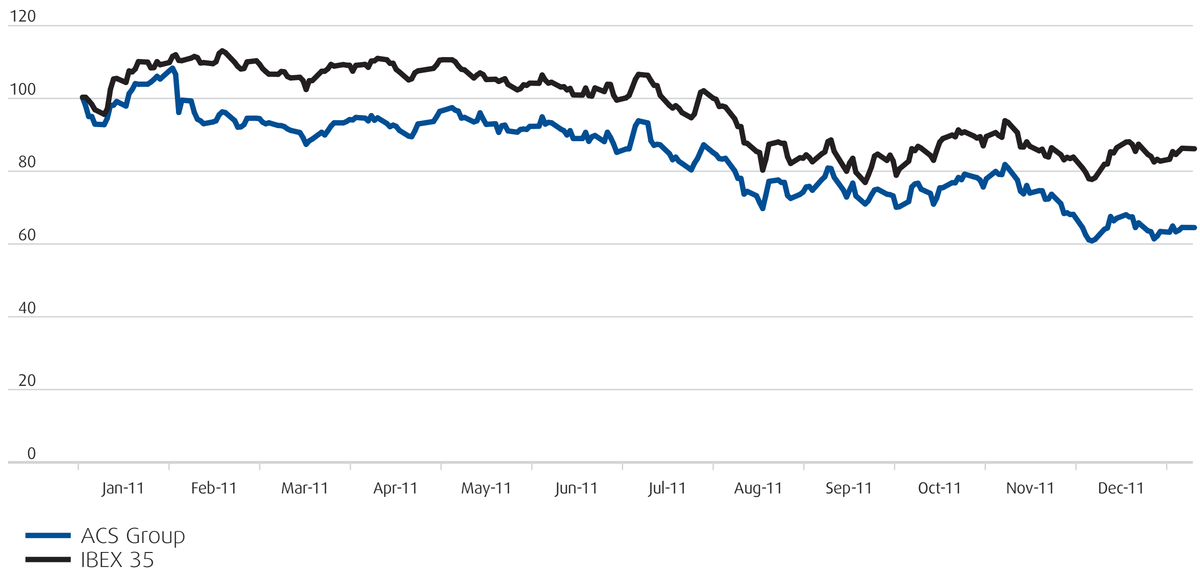
# Directors' report for the Consolidated Group for 2011

## 02. Stock market performance

### 02.01. Stock market information for 2011

In terms of the stock market, 2011 was a negative year for the Ibex35 and for the ACS Group. The market price of the shares of the ACS Group fell by 34.7%, whereas the IBEX35 was down by 13.4%.

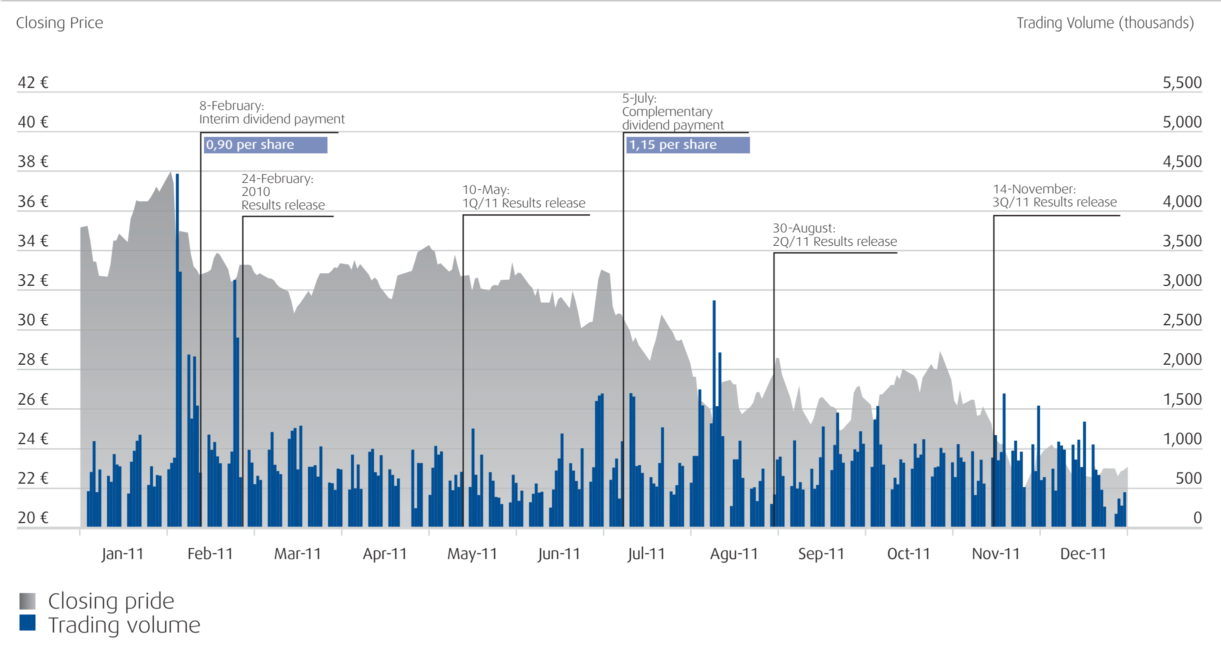
Stock exchange information for 2011




The detail of the ACS Group's main stock market data in 2011 and 2010 is as follows:

ACS share data

| | 2010 | 2011 |
|---|---|---|
| Closing price | 35.08 € | 22,90 € |
| Revaluation in the period | 0.76% | -34.71% |
| Period high | 38.80 € | 37.94 € |
| *Date reached* | 05-Jan | 01-Feb |
| Period low | 28.59 € | 21.75 € |
| *Date reached* | 25-May | 24-Nov |
| Average in the period | 33.58 € | 29.67 € |
| Total volume of shares (thousands) | 193,764 | 220,147 |
| Daily average volume of shares (thousands) | 756.89 | 856.60 |
| Total traded effective (EUR millions) | 6,507 | 6,531 |
| Daily average effective (EUR millions) | 25.42 | 25.41 |
| Number of shares (millions) | 314.66 | 314.66 |
| Market cap at the end of reporting period (EUR millions) | 11,037 | 7,206 |




# 02.02. Treasury shares

At 31 December 2011, the ACS Group had 23,608,833 treasury shares, accounting for 7.5% of its share capital. The detail of the transactions performed in the year is as follows:

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Number of Shares | Thousands of Euros | Number of Shares | Thousands of Euros |
| **At beginning of year** | **19,542,383** | **683,491** | **9,835,633** | **350,747** |
| Purchases | 9,845,100 | 279,253 | 10,200,612 | 350,047 |
| Sales | (5,778,650) | (202,093) | (493,862) | (17,303) |
| **At end of reporting period** | **23,608,833** | **760,651** | **19,542,383** | **683,491** |

On 4 February 2011, in completion of the takeover bid for Hochtief AG, the ACS Group handed over 5,050,085 shares of ACS as consideration for the shares held by the shareholders of Hochtief AG, who accepted the bid.

## 03. Information about the main risks and doubts intrinsic to the ACS Group's activity and management of financial risk

The ACS Group operates in sectors, countries and social, economic and legal environments which involve the exposure to different risk levels intrinsic to the businesses in which they engage.

The ACS Group monitors and controls the aforementioned risks in order to prevent an impairment of profitability for its shareholders, a danger to its employees or corporate reputation, a problem for its customers or a negative impact on the Group as a whole. For this purpose, the ACS Group has instruments enabling it to identify such risks sufficiently in advance to manage them appropriately either by avoiding them or by minimising the impact thereof, prioritizing their significance as necessary. Noteworthy are the systems relating to control in the bidding for, contracting, planning and management of works and projects, as well as the quality, environmental and human resource management systems.

In addition to the risks arising from the different lines of businesses in which the ACS Group engages, it is exposed to various financial risks, including the risks of changes in interest rates and exchange rates, as well as liquidity and credit risk.

Risks arising from changes in interest rates affecting cash flows are mitigated by hedging the rates through the use of financial instruments which cushion their fluctuation.

The risk of fluctuations in the rate of exchange is managed by acquiring debt instruments in the same effective currency as the assets that the Group finances abroad. In order to hedge net positions in currencies other than the Euro, the Group arranges different financial instruments to reduce the exposure to the risk of changes in exchange rates.

To manage the liquidity risk arising from temporary imbalances between funding requirements and receipt of the necessary funds, a balance is procured between the two terms involved while, at the same time, the Group borrows on a flexible basis designed to cater for its funding needs at any given time. This is linked to the management of capital by maintaining a financial-equity structure which is optimal for reducing costs, while safeguarding the capacity to continue operating with appropriate debt ratios. In this connection, noteworthy is the recent arrangement of a forward-start facility maturing in July 2015 for corporate financing, which has contributed to an improvement in the average duration of the Group's financial liabilities.

Finally, credit risk caused by the non-payment of commercial loans is dealt with through the preventive assessment of the solvency rating of potential Group customers, both at the commencement of the relationship with these customers for each work or project and during the term of the contract, through the evaluation of the credit quality of the outstanding amounts and the revision of the estimated recoverable amounts in the case of balances considered to be doubtfully collectible.

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

Based on the information currently available, in the next six months following the closing of the accounts referred to in this document, the ACS Group does not expect to face situations of risk and uncertainty significantly different to those faced in the second half of 2011 except those arising from:

- The internationalization of the activities resulting from the incorporation of the Hochtief Group;
- The reduction of construction due to the Spanish Government's domestic plans to cut public investment in line with the budgetary adjustment policies in order to ensure the fiscal consolidation required by the European Union; and
- The economic and financial uncertainties arising from the international crisis.

The ACS Group's 2011 Corporate Governance report details these risk control instruments, as well as the risks and uncertainties to which it was exposed over the year.

# 04. Human Resources

At the end of the reporting period, the ACS Group employed a total of 162,262 people, 36,634 of whom are university graduates. The increase in staff this year was due to the incorporation of the Hochtief Group, which contributed 75,449 staff, of whom 20,832 are higher level university graduates.

Some of the fundamental principles governing the corporate human resource policies of the companies in the Group are based on the following common aims:

- Attracting, preserving and motivating talented individuals.
- Promoting teamwork and quality control as tools to reinforce excellence through work well done.
- Acting quickly, promoting the assumption of responsibilities and minimizing bureaucracy.
- Supporting and increasing training and learning.
- Innovating to improve processes, products and services.

The ACS Group is an active advocate of the human and labour rights recognized by the various international bodies. It fosters, respects and protects the forming of labour unions and employees' rights to freedom of association; and granting equal opportunities and treatment, without discriminating on the basis of sex, ideology, religion, etc. or any other social or individual circumstance or condition.

The Group also promotes the professional development of its workers. To this end, it has an employment policy which generates wealth in the areas where it operates and produces links that create positive synergies for the environment. In addition, it shows a special interest in ensuring decent working conditions, subject to the most advanced measures of occupational safety and health, promoting skills management, performance evaluation and management of the professional career of its workers.

The Annual Corporate Responsibility Report provides more in-depth information regarding all the issues associated with corporate human resource policies, mainly in key areas for the Group as talent management and occupational safety.

# 05. Technological innovation and environmental protection

## 05.01. Research and development activities

The ACS Group is committed to a policy providing for the ongoing improvement of its processes and of applied technology in all activities. Its involvement with research, development and innovation is evidenced by the increase in the ACS Group's R&D+i investment and efforts year after year, These investments lead to inter alia, tangible improvements in productivity, quality, client satisfaction, work safety, the obtainment of new and better materials and products, and the design of more efficient production processes and systems.

For this purpose, the ACS Group has an in-house research programme aimed at developing new technological know-how in the design of processes, systems, new materials, etc. in each activity. R&D management is carried out through a system that, in the most important companies and in general lines, follows the guidelines of the UNE 166002:2006 standard and is audited by independent technicians.

This program is based on three premises of action:

1) Development of projects which most benefit the technical and technological progress of the company, for which purpose it has procedures to analyse and discriminate the projects it undertakes prior to their implementation.

2) Development of projects together with other prestigious research institutions, both at national and European level, to complement the skills of the researchers of the ACS Group.

3) Increased and responsible investment for implementing research and generating patents and operational techniques consistently and efficiently.

The main lines of research to which the Group is currently devoting efforts are:

- Search for efficiency in the use of resources.
- Minimization of the environmental impacts of services.
- Energy efficiency and the fight against climate change.
- Development of initiatives that promote sustainable transport.
- Information and communication technologies.
- Improvement of transport infrastructure maintenance techniques.
- Improvement and optimization of processes.

The recent incorporation of Hochtief in the ACS Group will allow the best practices in the field of research and development to be combined and exchanged in order to improve resource efficiency and the safety of operations.

## 05.02. Environmental protection

The ACS Group carries out activities that involve a significant environmental impact, either directly as a consequence of changes in the environment or indirectly through the consumption of materials, energy and water resources.

The ACS Group carries out its activities in accordance with law, by adopting the most efficient measures to reduce these effects, and by reporting its activity in the mandatory environmental impact studies.

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

- Commitment to pollution prevention.
- Commitment to continuous improvement.
- Commitment to transparency, communication and training to the Group's employees, suppliers, customers and other interest groups.

Additionally, ACS has various ongoing action plans in their companies to reduce the environmental impact in more specific areas. The main initiatives in development are:

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

The detail of the results of R&D+i and environmental policies of the ACS Group are frequently collects and published in the web page of the ACS Group (www.grupoacs.com) and in the Annual Corporate Responsibility Report.

Hochtief also maintains its own environmental performance, social protection and research and development plans, which characterizes it as one of the most effective international building groups in terms of sustainability. These policies are detailed in the sustainability report of the German group, published in March of this year and available at www.hochtief.com.

# Directors' report for the Consolidated Group for 2011

## 06. Significant events subsequent to year-end

On 9 February 2012, ACS Construction Activities and Services, S. A. entered into a contract with a syndicate of banks, composed of 32 Spanish and foreign entities, for a three-year refinancing of the syndicated loan at maturity (July 2012). The loan amounts to EUR 1,377 million, and can be increased up to May 2012 to EUR 1,650 million. At the date of the preparation of this Directors' Report, EUR 34 million had been drawn down by entities.

On 8 March 2012, the ACS Group sold an ownership interest of 23.5% of Clece, S.A. to various funds managed by Mercapital, to which it has also granted the option to buy the remaining capital. Following this date control of Clece is to be exercised by the acquiring funds and by ACS, and the company is to be accounted for using the equity method rather than being fully consolidated. The purchase price was EUR 80 million, which represents a total enterprise valueof EUR 505.7 million.

On 19 March 2012, Hochtief, A. G. issued a corporate bond amounting to EUR 500 million maturing in five years and with a coupon of 5.50% per annum.

## 07. Outlook for 2012

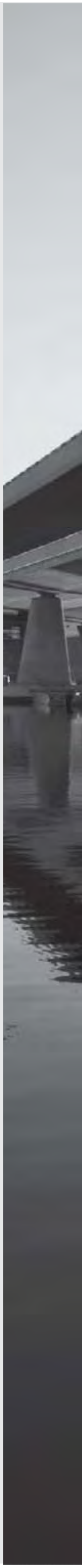
In 2012 the ACS Group projects that its consolidated revenue will be close to EUR 35,000 million, while its EBITDA is expected to reach EUR 2,700 million. Net debt at the end of the year is expected to be less than three times the EBITDA mentioned.

To achieve these objectives, the ACS Group will continue to fully consolidate HOCHTIEF, while continuing to follow its operating policy of internationalisation, operational efficiency and promotion of profitability.

In terms of debt, the divestment plan started in the year 2010 will continue to be carried out in order to divest those assets that are considered to be mature and non-strategic. These include the sale of wind-powered facilities and solar thermal energy plants, transmission lines and mature infrastructure concessions and other businesses carried on.

## 08. Annual Corporate Governance Report

In accordance with corporate law, following is the Annual Corporate Governance Report, which forms an integral part of the 2011 Directors' Report.

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# Consolidated Financial Statements

## Consolidated statement of financial position at 31 December 2011

| Assets<br>Thousands of euros | Note | 31/12/2011 | 31/12/2010 |
|---|---|---|---|
| NON-CURRENT ASSETS | | 20,039,669 | 15,995,005 |
| Intangible assets | 04 | 4,753,432 | 1,613,732 |
| *Goodwill* | | 2,496,438 | 1,149,374 |
| *Other intangible assets* | | 2,256,994 | 464,358 |
| Tangible assets - property, plant and equipment | 05 | 3,343,538 | 1,218,161 |
| Non-current assets in projects | 06 | 834,692 | 2,380,286 |
| Investment property | 07 | 79,511 | 57,176 |
| Investments accounted for using the equity method | 09 | 1,569,911 | 2,333,359 |
| Non-current financial assets | 10 | 7,351,522 | 7,508,570 |
| Financial instrument receivables | 22 | 23,739 | 59,766 |
| Deferred tax assets | 26.06 | 2,083,324 | 823,955 |
| CURRENT ASSETS | | 27,947,941 | 18,189,522 |
| Inventories | 11 | 1,774,714 | 618,025 |
| Trade and other receivables | 12 | 10,703,493 | 6,939,239 |
| *Trade receivables for sales and services* | | 9,625,068 | 5,880,970 |
| *Other receivables* | | 951,857 | 1,009,275 |
| *Current tax assets* | 26 | 126,568 | 48,994 |
| Other current financial assets | 10 | 3,006,222 | 3,502,218 |
| Other current assets | 13 | 221,278 | 100,764 |
| Cash and cash equivalents | 14 | 4,155,177 | 2,452,570 |
| Non-current assets held for sale and discontinued operations | 03.09 | 8,087,057 | 4,576,706 |
| TOTAL ASSETS | | 47,987,610 | 34,184,527 |

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated statement of financial position at 31 December 2011.

## Equity and liabilities

| Thousands of euros | Note | 31/12/2011 | 31/12/2010 |
|---|---|---|---|
| EQUITY | 15 | 6,191,264 | 4,442,386 |
| SHAREHOLDERS' EQUITY | | 5,682,274 | 5,519,213 |
| Share Capital | | 157,332 | 157,332 |
| Share premium | | 897,294 | 897,294 |
| Reserves | | 4,709,557 | 4,118,719 |
| (Treasury shares and equity interests) | | (760,651) | (683,491) |
| Profit for the year of the parent | | 961,940 | 1,312,557 |
| (Interim dividend) | | (283,198) | (283,198) |
| ADJUSTMENTS FOR CHANGES IN VALUE | | (2,363,192) | (1,340,666) |
| Available-for-sale financial assets | | (1,839,361) | (1,200,304) |
| Hedging instruments | | (648,120) | (335,271) |
| Exchange differences | | 124,289 | 194,909 |
| EQUITY ATTRIBUTABLE TO THE PARENT | | 3,319,082 | 4,178,547 |
| NON-CONTROLLING INTERESTS | | 2,872,182 | 263,839 |
| NON-CURRENT LIABILITIES | | 13,476,553 | 10,771,005 |
| Grants | 16 | 58,132 | 69,949 |
| Non-current provisions | 20 | 2,033,463 | 407,243 |
| Non-current financial liabilities | | 9,604,305 | 9,621,194 |
| *Bank borrowings, debt instruments and other marketable securities* | 17 | 3,605,979 | 4,717,777 |
| *Project finance with limited recourse* | 18 | 5,888,061 | 4,860,106 |
| *Other financial liabilities* | 19 | 110,265 | 43,311 |
| Derivative financial instruments | 22 | 421,705 | 240,435 |
| Deferred tax liabilities | 26.06 | 1,174,599 | 270,835 |
| Other non-current liabilities | | 184,349 | 161,349 |
| CURRENT LIABILITIES | | 28,319,793 | 18,971,136 |
| Current provisions | 20 | 1,268,481 | 233,344 |
| Current financial liabilities | | 6,891,279 | 4,336,735 |
| *Bank borrowings, debt instruments and other marketable securities* | 17 | 6,271,497 | 2,136,685 |
| *Project finance with limited recourse* | 18 | 77,432 | 2,186,426 |
| *Other financial liabilities* | 19 | 542,350 | 13,624 |
| Trade and other payables | 23 | 14,560,695 | 10,154,737 |
| *Suppliers* | | 8,186,905 | 3,155,493 |
| *Other payables* | | 6,285,641 | 6,915,324 |
| *Current tax liabilities* | 26 | 88,149 | 83,920 |
| Other current liabilities | 24 | 603,997 | 656,270 |
| Liabilities relating to non-current assets held for sale and discontinued operations | 03.09 | 4,995,341 | 3,590,050 |
| TOTAL EQUITY AND LIABILITIES | | 47,987,610 | 34,184,527 |

The accompanying Notes 01 to 39 and Appendices I to IV are an integral part of the consolidated statement of financial position at 31 December 2011.

# Consolidated Financial Statements

## Consolidated income statement for the year ended 31 December 2011

| Thousands of euros | Note | 31/12/2011 | 31/12/2010 |
|---|---|---|---|
| **Revenue** | **27** | **28,471,883** | **14,328,505** |
| Changes in inventories of finished goods and work in progress | | (219,903) | 14,561 |
| Capitalised expenses of in-house work on assets | 27 | 17,494 | 37,008 |
| Procurements | 28.01 | (17,767,484) | (8,483,033) |
| Other operating income | | 518,922 | 339,109 |
| Staff costs | 28.02 | (6,318,521) | (3,241,267) |
| Other operating expenses | | (2,419,658) | (1,568,531) |
| Depreciation and amortisation charge | 04,05,06 and 07 | (953,952) | (390,622) |
| Allocation of grants relating to non-financial assets and others | 16 | 4,525 | 3,438 |
| Impairments and gains and losses on the disposal of non-current assets | | (40,289) | (18,399) |
| Other profit or loss | | 81,134 | (248) |
| **Operating income** | | **1,374,151** | **1,020,521** |
| Financial income | 28.06 | 521,055 | 489,891 |
| Financial costs | | (1,216,514) | (802,637) |
| Changes in the fair value of financial instruments | 22 and 28.05 | (98,195) | (546) |
| Exchange differences | | (22,152) | 25,219 |
| Impairments and gains or losses on the disposal of financial instruments | 29 | 367,087 | 536,223 |
| **Financial result** | | **(448,719)** | **248,150** |
| Results of companies accounted for using the equity method | 09 | 318,469 | 221,766 |
| **Profit before tax** | | **1,243,901** | **1,490,437** |
| Income tax | 26.04 | (181,220) | (217,210) |
| **Profit for the year from continuing operations** | | **1,062,681** | **1,273,227** |
| Profit for the year from discontinued operations | ( * ) | 45,690 | 81,650 |
| **Profit for the year** | | **1,108,371** | **1,354,877** |
| Profit attributed to non-controlling interests | 15.07 | (146,528) | (41,803) |
| Profit from discontinued operations attributable to non-controlling interests | 15.07 | 97 | (517) |
| **Profit attributable to the parent** | | **961,940** | **1,312,557** |
| (*) Profit after tax from discontinued operations attributable to non-controlling interests | 03.09 | 45.787 | 81.133 |

### Earnings per share

| Euros per share | Note | 31/12/2011 | 31/12/2010 |
|---|---|---|---|
| Basic earnings per share | 31 | 3.24 | 4.38 |
| Diluted earnings per share | 31 | 3.24 | 4.38 |
| Basic earnings per share from discontinued operations | 31 | 0.15 | 0.27 |
| Basic earnings per share from continuing operations | 31 | 3.09 | 4.11 |

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated income statement at 31 December 2011.

# Consolidated statement of comprehensive income for the year ended 31 December 2011

| Thousands of euros | 31/12/2011 | | | 31/12/2010 | | |
|---|---|---|---|---|---|---|
| | Of the Parent | Of non-controlling interests | TOTAL | Of the parent | Of non-controlling interests | TOTAL |
| **A) Total consolidated profit** | **961,940** | **146,431** | **1,108,371** | **1,312,557** | **42,320** | **1,354,877** |
| Profit from continuing operations | 916,153 | 146,528 | **1,062,681** | 1,231,424 | 41,803 | **1,273,227** |
| Profit from discontinued operations | 45,787 | (97) | **45,690** | 81,133 | 517 | **81,650** |
| **B) Income and expenses recognised directly in equity** | **(1,082,158)** | **20,811** | **(1,061,347)** | **(470,343)** | **2,014** | **(468,329)** |
| Measurement of financial instruments | (896,832) | (10,520) | **(907,352)** | (651,746) | - | **(651,746)** |
| Cash flow hedges | (523,700) | (75,197) | **(598,897)** | (239,763) | (13,714) | **(253,477)** |
| Exchange differences | (7,017) | 111,891 | **104,874** | 197,734 | 11,614 | **209,348** |
| Actuarial profit and loss | (25,330) | (46,340) | **(71,670)** | - | - | **-** |
| Tax effect | 370,721 | 40,977 | **411,698** | 223,432 | 4,114 | **227,546** |
| **C) Transfers to profit or loss** | **43,278** | **(8,777)** | **34,501** | **135,825** | **2,540** | **138,365** |
| Reversal of financial instruments | - | - | **-** | 12,637 | - | **12,637** |
| Cash flow hedges | 133,735 | 15,901 | **149,636** | 176,185 | 2,540 | **178,725** |
| Exchange differences | (63,603) | (19,195) | **(82,798)** | (11,587) | - | **(11,587)** |
| Tax effect | (26,854) | (5,483) | **(32,337)** | (41,410) | - | **(41,410)** |
| **Total comprehensive income for the year** | **(76,940)** | **158,465** | **81,525** | **978,039** | **46,874** | **1,024,913** |

The accompanying notes 01 to 39 and Appendices I to IV are an integral part of the consolidated statement of comprehensive income at 31 December 2011.

# Consolidated Financial Statements

## Consolidated statement of changes in equity for the year ended 31 December 2011

| Thousands of euros | Share capital | Share premium | Retained Earnings and other reserves | Treasury shares | Adjustments for changes in value | Profit attributable to the Parent | Interim dividend | Non-controlling interests | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2009** | **157,332** | **897,294** | **2,871,360** | **(350,747)** | **(1,005,111)** | **1,951,531** | **(283,198)** | **287,555** | **4,526,016** |
| IFRIC 12. Service concession arrangements | - | - | (12,440) | - | (1,037) | (5,344) | - | 1,303 | **(17,518)** |
| NIC 31- Change in Integration method | - | - | - | - | - | 1 | - | (579) | **(578)** |
| **Adjusted balance at 1 January 2010** | **157,332** | **897,294** | **2,858,920** | **(350,747)** | **(1,006,148)** | **1,946,188** | **(283,198)** | **288,279** | **4,507,920** |
| Revenue (expenses) for the year recognised in equity | - | - | - | - | (334,518) | 1,312,557 | - | 46,874 | **1,024,913** |
| Stock options | - | - | 6,177 | - | - | - | - | - | **6,177** |
| Distribution of profit from the prior year | | | | | | | | | |
| *To reserves* | - | - | 1,301,126 | - | - | (1,301,126) | - | - | **-** |
| *To dividends* | - | - | 26,858 | - | - | (645,062) | 283,198 | (15,374) | **(350,380)** |
| Treasury shares | - | - | (126) | (332,744) | - | - | - | - | **(332,870)** |
| Changes in quoted investee companies for actuarial profit and others | - | - | (24,253) | - | - | - | - | - | **(24,253)** |
| Change in the scope of consolidation and other effects of a lesser amount | - | - | (49,983) | - | - | - | - | (55,940) | **(105,923)** |
| 2010 interim dividend | - | - | - | - | - | - | (283,198) | - | **(283,198)** |
| **Balance at 31 December 2010** | **157,332** | **897,294** | **4,118,719** | **(683,491)** | **(1,340,666)** | **1,312,557** | **(283,198)** | **263,839** | **4,442,386** |
| Revenue (expenses) for the year recognised in equity | - | - | (16,354) | - | (1,022,526) | 961,940 | - | 158,465 | **81,525** |
| Stock options | - | - | 8,709 | - | - | - | - | - | **8,709** |
| Distribution of profit from the prior year | | | | | | | | | |
| *To reserves* | - | - | 667,495 | - | - | (667,495) | - | - | **-** |
| *To dividends* | - | - | 46,714 | - | - | (645,062) | 283,198 | (55,437) | **(370,587)** |
| Treasury shares | - | - | (892) | (77,160) | - | - | - | - | **(78,052)** |
| Changes in quoted investee companies for actuarial profit and others | - | - | (111,814) | - | - | - | - | - | **(111,814)** |
| Change in the scope of consolidation and other effects of a lesser amount | - | - | (3,020) | - | - | - | - | 2,505,315 | **2,502,295** |
| 2010 interim dividend | - | - | - | - | - | - | (283,198) | - | **(283,198)** |
| **Balance at 31 December 2011** | **157,332** | **897,294** | **4,709,557** | **(760,651)** | **(2,363,192)** | **961,940** | **(283,198)** | **2,872,182** | **6,191,264** |

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 2011.

# Consolidated statement of cash flows for the year ended 31 December 2011

| Thousands of euros | 31/12/2011 | 31/12/2010 |
|---|---|---|
| **A) Cash flows from operating activities** | **1,286,649** | **1,338,617** |
| **1. Profit before tax** | **1,243,901** | **1,490,437** |
| **2. Adjustments to profit:** | **1,463,613** | **(18,227)** |
| Depreciation and amortisation charge | 953,952 | 390,622 |
| Other adjustments to profit (net) (Note 03.23) | 509,661 | (408,849) |
| **3. Changes in working capital** | **(884,922)** | **203,238** |
| **4. Other cash flows from operating activities:** | **(535,943)** | **(336,831)** |
| Interest payable | (1,225,747) | (828,459) |
| Dividends receivable | 541,434 | 369,640 |
| Interest receivable | 313,760 | 243,870 |
| Income tax payment /proceeds | (165,390) | (121,882) |
| **B) Cash flows from investing activities** | **(454,907)** | **(2,063,005)** |
| **1. Investment payables:** | **(2,146,363)** | **(4,845,160)** |
| Group companies, associates and business units | 836,351 | (25,127) |
| Tangible assets - property, plant and equipment, intangible assets and property investments | (2,317,385) | (1,470,583) |
| Other financial assets | (364,185) | (2,816,543) |
| Other assets | (301,144) | (532,907) |
| **2. Divestment:** | **1,691,456** | **2,782,155** |
| Group companies, associates and business units | 1,052,974 | 2,743,348 |
| Tangible assets - property, plant and equipment, intangible assets and property investments | 612,722 | 24,245 |
| Other financial assets | 12,149 | 11,742 |
| Other assets | 13,611 | 2,820 |
| **C) Cash flows from financing activities** | **695,476** | **1,005,670** |
| **1. Equity instrument proceeds (and payment):** | **(253,788)** | **(332,870)** |
| Acquisition | (279,253) | (350,047) |
| Disposal | 25,465 | 17.177 |
| **2. Liability instrument proceeds (and payment):** | **1,687,448** | **2,125,714** |
| Issue | 3,914,476 | 2.982.016 |
| Refund and repayment | (2,227,028) | (856,302) |
| **3. Dividends paid and remuneration relating to other equity instruments** | **(613,858)** | **(618,204)** |
| **4. Other cash flows from financing activities:** | **(124,326)** | **(168,970)** |
| Other financing activity proceeds and payables | (124,326) | (168,970) |
| **D) Effect of changes in exchange rates** | **175,389** | **-** |
| **E) Net increase (decrease) in cash and cash equivalents** | **1,702,607** | **281,282** |
| **F) Cash and cash equivalents at beginning of the year** | **2,452,570** | **2,171,288** |
| **G) Cash and cash equivalents at end of the year** | **4,155,177** | **2,452,570** |

| | | |
|---|---|---|
| 1. Cash flows from operating activities | 14,016 | 6,622 |
| 2. Cash flows from investing activities | - | 124,828 |
| 3. Cash flows from financing activities | (14,016) | 35,551 |
| **Net cash flows from discontinued operations** | **-** | **167,001** |
| **Cash and cash equivalents at end of year** | | |
| Cash and banks | 3,086,946 | 1,625,306 |
| Other financial assets | 1,068,231 | 827,264 |
| **Total cash and cash equivalents at end of year** | **4,155,177** | **2,452,570** |

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 2011.

# Consolidated Financial Statements

## Notes to the consolidated financial statements for the year ended 31 December 2011

## 01. Group activity

The Parent ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Consolidated Companies Law. Its registered office is at Avda. de Pío XII, 102, 28036 Madrid.

In addition to the operations carried on directly by it, 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 it, the ACS Group. Therefore, ACS, Actividades de Construcción y Servicios, S.A. is obliged to prepare, in addition to its own individual financial statements, the Group's consolidated financial statements, which also include the interests in joint ventures and investments in associates.

In accordance with its company objects, 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 motorways, highways, 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. Promoting, constructing, restoring and selling housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either alone or through third parties. Carrying out conservation and maintenance of works, facilities and services, whether urban or industrial.

3. The direction and execution of all manner of works, facilities, assemblies and maintenance related to production plants and lines, electric power transmission and distribution, substations, transformation, interconnection and switching centres, generation and conversion stations, electric, mechanical and track installations for railways, metros and light rail, railway, light rail and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements, and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering – either directly remotely – for industries and buildings as well as those suited to the above listed, facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of, facilities related to the production, transmission, distribution, upkeep, recovery and use of electric energy in all its stages and systems, as well as the operation repair, replacement and upkeep of the components thereof. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerization and rationalisation of all kinds of energy consumption.

4. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signalling and S.O.S. communications, civil defence, defence and traffic, voice and data transmission and use, measurements and signals, as well as transmission, broadcast, repetition and reception of all manner 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. Managing the business of production, sale and use of electric energy, as well as other energy sources, and carrying out studies related thereto, and managing the business of production, prospecting, sale and use of all kinds of primary solid, liquid or gaseous energy resources, specifically including hydrocarbons and gas, whether natural, liquid or in another state, in their different forms and classes. Energy planning and rationalisation of the use of energy and cogeneration of same. Research, development and operation of all aspects of communication and computing systems.

11. The manufacture, installation, assembly, erection, supply, maintenance and commercialisation of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; as well as metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.

12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general, and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, crossties for railways and barricades, and the production and commercialisation of antiseptic products and running of procedures for preserving wood,

elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.

13. The management and execution of reforestation and agricultural and fishery restocking works, as well as the maintenance and improvement thereof. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.

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, general shareholders' 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. Manage and administer representative securities of the shareholders’ equity of non-resident entities in Spanish territory, through the appropriate organisation of personal and material means suited to this end.

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.

# 02. Basis of presentation of the consolidated financial statements and basis of consolidation

## 02.01. Basis of presentation

The consolidated financial statements for 2011 of the ACS Group were prepared:

- By the Directors of the Parent, at the Board of Directors' Meeting held on 22 March 2012.
- 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. The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2011 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 2011, 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 2011 (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.

The ACS Group's consolidated financial statements for 2010, (IFRSs as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, S.A. on 14 April 2011. The 2011 consolidated financial statements of the 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.

At the end of the first quarter of 2011, the ACS Group took the decision to sell its integral maintenance line of business headed by Clece, which was sold in March 2012 (Note 32). Consequently, this line of business was recognised as a discontinued operation, and in accordance with IFRS 5, the assets and liabilities relating to this line of business were recognised as assets held-for-sale and liabilities associated with the assets held for sale under a separate heading in the consolidated statement of financial position. Additionally, the heading "Profit for the year from discontinued operations net of taxes" in the consolidated income statement for the year ended 31 December 2010 includes the net profit and loss from this line of business. The related items were reclassified in the 2010 consolidated income statement. For this reason, the figures recognised in this income statement differ from the income statement presented in the previous year, the main effects being as follow:

| Thousands of euros | 31/12/2010 Restated | Consideration of Clece as discontinued operation | 31/12/2010 |
|---|---|---|---|
| **Revenue** | **14,328,505** | **(1,051,159)** | **15,379,664** |
| **OPERATING INCOME** | **1,020,521** | **(56,435)** | **1,076,956** |
| **Financial profit** | **248,150** | **2,831** | **245,319** |
| Results of companies accounted for using the equity method | 221,766 | (450) | 222,216 |
| **Profit before tax** | **1,490,437** | **(54,054)** | **1,544,491** |
| Income tax | (217,210) | 15,752 | (232,962) |
| **Profit for the year from continuing operations** | **1,273,227** | **(38,302)** | **1,311,529** |
| Profit after tax from discontinued operations (*) | 81,650 | 38,302 | 43,348 |
| **Profit for the year** | **1,354,877** | **-** | **1,354,877** |
| Profit attributable to non-controlling interests | (41,803) | 391 | (42,194) |
| Profit from discontinued operations attributable to non-controlling interests | (517) | (391) | (126) |
| **Profit attributable to the parent** | **1,312,557** | **-** | **1,312,557** |
| (*) Profit after tax from discontinued operations attributed to non-controlling interests | 81,133 | 37,911 | 43,222 |

However, in accordance with the IFRS 5, there was no restatement of the assets and liabilities related to this line of business in the statement of financial position as compared to the previous year. Therefore the ACS Group did not present the statement of financial position for the beginning of the first comparative year (i.e. 1 January 2010) since it was the same as the statement presented for comparative purposes in the 2010 consolidated financial statements.

# Consolidated Financial Statements

## Responsibility for the information and for the estimates made

The information in these financial statements is the responsibility of the Directors of the Parent of the Group.

The accompanying consolidated financial statements were prepared from the 2011 accounting records of ACS, Actividades de Construcción y Servicios, S.A. and of its subsidiaries whose respective individual financial statements were approved by the directors of each company and business segment, once they were adapted on consolidation in conformity with International Financial Reporting Standards, as adopted by the European Union.

In the 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 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 assignment 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 commitments to employees (Note 03.12).
- The market value of the derivatives, especially the "equity swaps", mentioned in the Notes 09 and 10.
- The useful life of the intangible and tangible assets - property, plant and equipment (Notes 03.02 and 03.03).

Although these estimates were made on the basis of the best information available at the date of this consolidate 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 would be applied prospectively, recognising the effects of the change in estimates in the related future consolidated financial statements.

## Changes in accounting estimates and policies and correction of fundamental errors

**Changes in accounting estimates**. The effect of any change in accounting estimates is recorded under the same heading in the income statements in which the revenue or expense based on the previous estimate was recorded.

**Changes in accounting policies and correction of fundamental errors**. The effect of any change in accounting policies or correction of fundamental errors is recorded in accordance with IAS 8, in the following manner: the cumulative effect at the beginning of the year is adjusted in reserves whereas the effect on the year is recorded under profit/loss for the year. Also, in these cases the financial date on the comparative year presented together with the year in course is restated.

No errors were corrected in the 2010 financial statements.

Except as indicated in the following paragraphs and the entry into force of new accounting standards, the consolidation criteria applied in 2011 are consistent with those applied in the 2010 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

All 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 the Construction and Industrial Services division companies for concession companies 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 2011 and 2010 the reporting date of the financial statements of all the companies included in the scope of consolidation was the same or was temporarily standardised to that of the Parent.

### c) Subsidiaries

"Subsidiaries" are defined as companies over which the ACS Group has the capacity to exercise effective control; control is, generally but not exclusively, presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the investee or, even if this percentage is lower or zero, when, for example, there are agreements with other shareholders of the investee that give the Parent control. In accordance with IAS 27, control is the power to govern the financial and operating policies of a company so as to benefit from its activities.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

Also, the Group has an effective ownership interest of less than 50% in certain companies considered to be subsidiaries since the Group holds the majority of the voting power of these companies as a result of the shareholder structure and composition thereof. Most relevant in this connection is Hochtief A. G. in which the Group held a 49.17% ownership interest at the end of 2011 (Note 02.02.f).

The ACS Group companies with dividend rights of more than 50% which are not fully consolidated include: Admirabilia, S.L., Hospital Majadahonda, S.A., Leighton Welspun and Autovía de los Pinares, S.A. This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders, and consequently, they have been recognised as joint ventures or companies accounted for using the equity method.

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 the non-controlling interest's proportion of the fair value 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 or loss for the year is presented under "Profit Attributable to Non-Controlling Interests" and "Profit from Discontinued Operations Attributable to Non-Controlling Interests" in the consolidated income statement and in the consolidated statement of changes in equity.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these notes to the consolidated financial statements details the subsidiaries and information thereon.

Section f) of this note contains information on acquisitions, disposals, as well as increases and decreases in ownership interest.

## d) Joint ventures

A "joint venture" is a contractual arrangement whereby two or more companies ("venturers") have interests in entities (jointly controlled entities) or undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of all venturers. By applying the alternative provided in IAS 31, "interests in joint ventures" the ACS Group has accounted for jointly controlled companies by the equity method under the heading "Investments accounted for using the equity method" in the accompanying consolidated statement of financial position. The interest in the profit after tax of these companies is included under "Results of companies accounted for using the equity method" in the accompanying consolidated income statement.

Within the area of business in which the ACS Group operates, mention should be made of the Spanish UTEs (Unincorporated joint venture), which are entities with no separate legal personality, through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time. In cases where individual control of the assets and associated operations is evidenced, as in the case of Economic Interest Groupings, the companies are accounted for in the accompanying consolidated financial statements based upon the Group's ownership interest therein, in accordance with IAS 31.

The assets and liabilities assigned to unincorporated Joint Ventures and other similar entities are recognised in the consolidated statement of financial position, classified according to their specific nature and the Group's percentage of ownership interest therein. Likewise, income and expense arising from these entities is presented in the consolidated income statement on the basis of their specific nature and the Group's percentage of ownership therein.

Note 08 and Appendix II contain relevant information on the main joint ventures.

## e) Associates

Associates are companies over which the Group is in a position to exercise significant influence, but not control or joint control, usually because it holds (directly or indirectly) 20% or more of the voting power of the investee.

Exceptionally, the following entities (in which the Group owns 20% or more of the voting rights) are not considered to be Group associates since they do not have a significant influence, or are fully inoperative and are irrelevant for the Group as a whole.

In the case of Iberdrola, S.A., the ACS Group directly and indirectly owns 18.8% of the voting rights, and is the main shareholder of this electricity utility company. Consequently, it should be assumed to exercise significant influence on Iberdrola, S.A. However, temporarily and to date, it has not been possible to secure a position on the Board of Directors of Iberdrola, S.A., circumstance which led the ACS Group to challenge the resolutions adopted by the shareholders at the Annual General Meetings of Iberdrola, S.A. held in March 2010 and 2011 in court. However, the ACS Group aims to ultimately gain access to the Board of Directors of Iberdrola, S.A., which would lead the investment in Iberdrola, S.A. to be recognised as an associate. This is a very unique and absolutely exceptional circumstance, and although a ruling had been handed down by the Commercial Court of First Instance of Bilbao against the interests of the ACS Group at the date of the presentation of these financial statements, the Group's Management has full confidence that the court will ultimately rule in the Company's favour.

Investments in associates are accounted for using the equity method, i.e. they are measured initially at acquisition cost, and subsequently, on each reporting date, are measured at cost, plus the variations in the net assets of the associate according to the Group's percentage of ownership. The excess of the cost of acquisition over the fair value of the nets 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 of associates net of taxes is included in the Group's consolidated income statement under "Results of companies accounted for using the equity method" according to the Group's percentage of ownership interest, after the required adjustments have been made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

If as a result of losses incurred by an associate its equity is negative, the investment should be presented in the Group's consolidated statement of financial position with a zero value, unless the Group is obliged to give it financial support.

Appendix III and Note 09 contain relevant information on the main associates.

## 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 2011 are described in Appendix IV, especially noteworthy being the ownership interest in Hochtief A.G., which was fully consolidated rather than being accounted for using the equity method. Hochtief A.G. is a company listed on the Frankfurt stock exchange, which inter alia, has a controlling ownership interest in the share capital of Leighton Holdings Limited, a company listed on the Sydney stock exchange.

## Acquisitions, sales, and other corporate transactions

In 2011, except for the purchases of shares of Hochtief, A. G., there were no relevant acquisitions of ownership interests in the share capital of subsidiaries, joint ventures or associates, and consequently changes in the scope of consolidation mainly related to the inclusion of newly incorporated companies. The most noteworthy acquisitions of ownership interests in the share capital of other companies were as follows:

Business Combinations and other Acquisitions or Increases in Ownership Interest in Subsidiaries

| Name of the Company (or line of business) acquired or merged | Category | Effective transaction date | Net cost of combination (Thousands of Euros) | | % of voting rights acquired | % of total voting rights in the company after the acquisition |
|---|---|---|---|---|---|---|
| | | | Amount (net) paid in the acquisition and other costs directly attributable to the combination | Fair value of the equity instruments issued for the acquisition of the company | | |
| Serrezuela Solar II, S.L. | Subsidiary | 12/04/2011 | 14,500 | 0,00 | 100.00% | 100.00% |
| Hochtief, A.G. | Subsidiary | 31/12/2011 | 1,080,479 | 0,00 | 21.92% | 49.17% |
| Midasco, Llc. | Subsidiary | 15/06/2011 | 18,771 | 0,00 | 100.00% | 100.00% |
| Mostostal Pomorze, S.A. | Subsidiary | 30/06/2011 | 5,502 | 0,00 | 20.01% | 100.00% |
| Devine Limited | Subsidiary | 30/06/2011 | 431 | 0,00 | 0.21% | 26.61% |
| Central Solar Termoeléctrica Cáceres, S.A.U. | Subsidiary | 08/11/2011 | 12,000 | 0,00 | 100.00% | 100.00% |

## Hochtief, A.G.

On 16 September 2010, ACS, Actividades de Construcción y Servicios, S.A., decided to launch a takeover bid targeting all of the shareholders of the German company Hochtief A.G., payable in shares at a rate of 8 shares of ACS for every 5 shares of Hochtief. This exchange ratio was a result of the average market price of both companies in the three previous months.

On 1 December 2010, ACS, Actividades de Construcción y Servicios, S.A. published the voluntary bid document, which was amended on 15 December through a new document whereby the bid was increased to 9 shares of ACS for 5 shares of Hochtief, A.G. The bid period expired on 29 December 2010, and the following additional period expired on 18 January 2011. Finally, once the period for possible withdrawals was finalised on 1 February 2011, the bid for a total of 2,805,599 shares was accepted, which represented 3.6436% of the share capital of Hochtief, A. G. These shares were physically delivered on 4 February 2011.

At 31 December 2010, the Group held an ownership interest of 27.25% in the share capital of Hochtief, A. G, with a carrying amount of EUR 1,594,702 thousand at this date. Additionally, ACS, Actividades de Construcción y Servicios, S. A. signed two equity swaps in 2010, to be settled only for differences in relation to the 2.99% and 2.35% of the share capital of Hochtief A.G. These equity swaps were finally settled in full in February 2011. At 31 December 2010, the fair value of these swaps was recognised under the heading “Financial instrument receivables” on the asset side of the accompanying consolidated statement of financial position” the effect of their valuation being recognised in the consolidated income statement since they were not considered to be hedging instruments (Note 28.05).

On 12 May 2011, the Annual General Meeting of Hochtief was held, and since the ACS Group held a majority of its shares (ACS held 63.21% of the votes present or represented at the meeting), four members of the Board of Directors of Hochtief were appointed as proprietary members in representation of ACS which was half the board members not representing employees on this Board. On 16 June 2011, the ACS Group notified the supervisory authority of the German stock market (abbreviated “Bafin”) that it held 50.16% of the voting rights including 4.46% of the treasury shares of Hochtief, in accordance with the criteria stipulated by Bafin. From the end of the additional bid acceptance period up to 31 December 2011, the ACS Group acquired an additional 14,070,782 shares of Hochtief, A. G., which added to the shares previously held and the result of the takeover bid exchange, totalled 37,860,381 shares representing 49.17% of the share capital of Hochtief, A. G.

Consequently, the ACS Group considered the conditions to be appropriate to fully consolidate its investment in Hochtief A. G, with effect from 1 June 2011. Therefore, only its income and expenses for the last seven months of the year were recognised in the consolidated income statement.

In accordance with accounting regulations, the ACS Group assessed the fair value of its ownership interest in Hochtief at the date of its full consolidation. In this regard, considering the increase in the share price of Hochtief in the Frankfurt Stock Exchange in the first half of 2011, the appraisals of the consensus of analysts who monitor the company and the appraisals requested from independent experts of recognised prestige, the ACS Group has not experienced any loss nor, for reasons of prudence, any gain arising from the valuation of its ownership interest prior to its full consolidation.

The costs associated with the purchase of shares of Hochtief, A. G. were recognised in the consolidated income statement for the related year, and consequently, were not capitalised.

At that date, in accordance with IFRS 3, it was necessary to make an assessment so as to recognise the fair value of identifiable assets and liabilities acquired from Hochtief, A. G. separately from goodwill, the fair value of the identifiable assets and liabilities assumed from Hochtief, A.G. ("Purchase Price Allocation" or PPA) at the acquisition date. Since the ACS Group did not have all the information required for a final assessment at the reporting date of the consolidated financial statements, and in accordance with IFRS 3, the following provisional allocation was made, subsequent to which the Group is required to permanently allocate the purchase of the shares within 12 months:

| Thousands of euros | Carrying amount | Allocation of net assets | **Fair value of net assets** |
|---|---|---|---|
| Tangible assets - property, plant and equipment | 2,041,252 | - | **2,041,252** |
| Intangible assets | 565,832 | 1,504,370 | **2,070,202** |
| Remainder of non-current assets | 3,825,626 | (28,918) | **3,796,708** |
| Current assets | 9,131,438 | (68,355) | **9,063,083** |
| Non-current liabilities | (2,903,875) | (1,692,459) | **(4,596,334)** |
| Current liabilities | (8,836,023) | (254,227) | **(9,090,250)** |
| **Total net assets** | **3,824,250** | **(539,589)** | 3,284,661 |
| Non-controlling interests | (1,268,420) | 120,423 | **(1,147,997)** |
| **Fair value of the fully acquired net assets** | | | 2,136,664 |
| Fair value of assets relating to non-controlling interests | | | **1,172,663** |
| **Fair value of the net assets of the acquirer** | | | 964,001 |
| Cumulative reserves from the purchase to the first date of full consolidation | | | **(28,353)** |
| Purchase price | | | **2,371,136** |
| **Goodwill (Note 04.01)** | | | 1,378,782 |

The main adjustments made to the carrying amount of the assets and liabilities of Hochtief, A. G. were as follows.

- The main assets to which a higher value was attributed relate to the backlog of construction work and the relationships with customers, whose balances are amortised based on the useful life taken into account and whose effect on depreciation in the seven-month period ending on 31 December 2011 amounted to EUR 168 million.
- Additionally, a higher value was allocated in the PPA, for an attributed net amount of EUR 62 million, mainly relating to assets that were sold following the full consolidation of Hochtief and which were not consequently taken into account in the profit of the ACS Group.
- Additionally, provisions amounting to EUR 216 million were recognised for estimated losses in different projects and investments of Hochtief, part of which were used over the seven months of full consolidation.
- Hochtief's sales in 2011 amounted to EUR 23,282,236 thousand and the net loss attributable to the parent was EUR 160,288 thousand. Also, in 2010 the company's sales for the whole year amounted to EUR 20,159,286 thousand, with a net profit attributable to the parent of EUR 288,030 thousand.

In accordance with IAS 27, in all purchases of shares of Hochtief, A. G. subsequent to 1 June 2011, given that the company' was fully consolidated, the goodwill relating to the purchases was recognised against reserves (EUR 123,018 thousand).

The changes in the scope of consolidation include, inter alia, the sale of certain wind powered facilities and solar thermal power plants as well as the sale of ownership interests in various Brazilian concession companies providing electric power transmission lines in that country, as well as the sale of certain mining contracts of Henry Walker Eltin in addition to the ownership interest in the mining company Burton through Leighton. These disposals had no impact on the income statement of the ACS Group since the capital gains had been eliminated as a result of the adjustments made in the PPA.

Other disposals of ownership interests in the share capital of subsidiaries, joint ventures or associates in 2011 were as follows:

Decrease in ownership interest in Subsidiaries, Joint Ventures and/or Investments in Associates or Other Operations of a Similar Nature

| Name of the company (line of business) sold, spun-off or winded-up | Category | Effective transaction date | % of voting power disposed of | % of voting power in the company following disposal | Gain (loss) (Thousands of Euros) |
|---|---|---|---|---|---|
| Iquique Terminal Internacional, S.A. | Associate | 17/06/2011 | 40.00% | 0.00% | 13,821 |
| Pt Operational Services Pty Ltd. | Associate | 01/06/2011 | 33.40% | 0.00% | 4,578 |
| Vectra, S.A. | Subsidiary | 30/06/2011 | 100.00% | 0.00% | 6,322 |
| Remolcadores de Barcelona, S.A. | Subsidiary | 30/06/2011 | 75.98% | 0.00% | 5,657 |
| Taurus Holdings Chile S.A. | Subsidiary | 20/12/2011 | 100.00% | 0.00% | 156,988 |
| I 595 Express, Llc. | Subsidiary | 07/12/2011 | 50.00% | 50.00% | 51,870 |
| Servicios Hospitalarios | Line of business | 20/09/2011 | 100.00% | 0.00% | 33,497 |

The most significant changes in the scope of consolidation in 2010 were as follows:

The sale on 31 August 2010, to the investment fund advisor CVC Capital Partners, of 25.83% of the ownership interest in Abertis Infraestructuras, S.A. for EUR 15 per share to two companies, Admirabilia, S L. and Trebol International, B.V. Under this agreement Admirabilia, S.L. acquired a 10.28% share in Abertis through a contribution and sale, and Trebol acquired the remaining 15.55% through a sale. The share capital of Admirabilia, S.L. was distributed among the shareholders as follows: at a rate of 99%, for the ACS Group and 1% for Trebol. The ownership interest in Trebol was distributed among the shareholders at a rate of 99% for Trebol Holdings S.A.R.L. and 1% for the ACS Group. At both companies 60% of the voting rights pertain to Trebol Holdings S.A.R.L. and the remaining 40% to the ACS Group. Accordingly, Admirabilia, S.L. was accounted for using the equity method. After having eliminated the profit earned by companies of the same ACS Group, thus reducing the carrying amount of the company, the gain on the disposal of the company net of taxes amounted to EUR 519,977 thousand, which was recognised under "Impairment and gains or losses on the disposal of financial instruments" in the accompanying consolidated income statement.

For the partial financing of this acquisition, an agreement was reached by Admirabilia, S.L. and Trebol International, B.V. with a syndicate of banks (including La Caixa, Banco Santander, Mediobanca and Société General) for the arrangement of a loan amounting to EUR 1,500 million divided into two tranches: One amounting to EUR 1,250 million, maturing in three years; and the other to EUR 250 million and maturing in one year.

Also noteworthy was the sale in December 2010 of its ownership interests in different Brazilian concession companies providing a total of eight power transmission lines in this country, with combined gains net of taxes amounting to EUR 38,799 thousand, which were recognised under the heading "Impairment and gains or losses on the disposal of financial instruments" in the accompanying consolidated income statement.

In 2010 the ACS Group sold its ownership interest in the Platinum Corridor highway in South Africa with gains net of taxes amounting to EUR 57,856 thousand, which were recognised under the heading "Impairment and gains or losses on the disposal of financial instruments" in the accompanying consolidated income statement (Note 29).

Finally, also notable was the sale of assets relating to the port and logistics activities which had been classified as a discontinued operation (Note 03.09), and whose parent was Dragados SPL.

There were no significant business combinations after the end of the reporting period and before the preparation of these consolidated financial statements, except those indicated under the Note "Subsequent Events" in relation to the sale of Clece (Note 32).

Appendix IV contains information on the remaining acquisitions and disposals, as well as increases and decreases in ownership interest affecting the scope of consolidation.

# 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:

- Those attributable to specific assets and liabilities of the companies acquired, by 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 statements of financial position and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc. Those attributable to specific intangible assets, by recognizing them explicitly in the consolidated statement of financial position provided that the fair value at the date of acquisition 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 any impairment is written down with a charge to “Impairment and Net 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 recorded as either exchange gains or losses or impairment losses.

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 are classified as negative goodwill and is allocated as follows:

- If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their statements of financial position and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.

- The remaining amounts are presented under “Other Profit or Loss” in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

## 03.02. Other intangible assets

The other intangible assets are identifiable non-cash 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 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 tangible assets - property, plant and equipment (Note 03.06).

### 03.02.01. Development Expenditure

Development expenditure is only recognised as intangible assets if the 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 Group 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 tangible assets - 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. Remaining Intangible Assets

The remaining intangible assets relate to the acquired companies' construction order book and client base. 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. Tangible assets - 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 balance sheet at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

Capitalised costs include borrowing costs relating to external financing incurred only during the period of construction of the assets, provided that it is probable that they will give rise to future economic benefits for the Group. The capitalised borrowing costs relate both to specific financing expressly for the acquisition of assets and to general financing in accordance with the criteria of IAS 23. Investment income earned on the temporary investment of specific borrowings pending their expenditure on 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 tangible assets - property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss on an accrual basis as incurred.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation 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 tangible assets - property, plant and equipment depreciation charge is recognised in the consolidated income statement and is basically based on the application of depreciation rates determined on the basis of the following average years of estimated useful life of the various assets:

| | Years of estimated useful life |
|---|---|
| Buildings | 20-50 |
| Plant and machinery | 3-20 |
| Other fixtures, tools and furniture | 3-14 |
| Other items of tangible assets - property plant and equipment | 4-12 |

Notwithstanding the foregoing, the fixed assets relating to certain service contracts which reverse back to the contracting body at the end of the term of the contract are depreciated over the lesser of the contract term or the useful life of the assets.

Assets held under finance leases are recognised in the corresponding asset category at the current value of the minimum payments to be made including their residual value, and are depreciated 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 depreciated 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 assets held under finance leases is charged to consolidated profit for the year in accordance with the effective interest method, on the basis of the repayment of the debt. 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 the consolidated income statement.

The future costs that the Group will have to incur in respect of dismantling, restoration and environmental rehabilitation of certain facilities are capitalised to the cost of the asset, at present value, and the related provision is recognised. The Group reviews each year its estimates of these future costs, adjusting the value of the provision recognised based on the related studies.

## 03.04. Non-current assets in projects

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures which are operated by ACS Group subsidiaries and which are financed by the project finance method (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. Thus, each project is performed through specific companies in which the project's assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a determined amount, and on the other, generally of a larger amount, through borrowed funds in the form of long-term debt. The debt servicing of these credit facilities or loans is mainly supported by the cash flows generated by the project in the future, and also by real guarantees on the project 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. The capitalised borrowing costs relate to specific financing expressly for the acquisition of assets.

Repair and maintenance expenses which do not lead to a lengthening of the useful life of the assets or an extension of their production capacity are expensed currently.

The residual value, useful life and depreciation method used are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the assets are received.

This heading also includes the amounts relating to concessions to which IFRIC 12 has been applied. These mainly relate to investments in transport, energy and environmental infrastructures operated by ACS Group subsidiaries and financed by the method known as "Project finance" (limited recourse financing applied to projects), regardless of whether the demand risk is assumed by the group or the financial institution. The related loans are generally secured by the project cash flows.

The main features to be considered in relation to non-current assets in projects are as follows:

- The assets under concession are owned by the 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.

Generally, there are two clearly differentiated phases: the first where the concessionaire renders construction or improvement services to be recognised based on degree of completion in accordance with IAS 11 "Construction contracts", with a balancing entry as either an intangible or financial asset, and a second phase where a series of maintenance or operating services are rendered for the aforementioned infrastructures to be recognised in accordance with IAS 18 "Revenue".

Either an intangible asset or financial asset is recognised depending on whether demand risk is assumed by the concessionaire or the financing party, respectively, since the concessionaire has an unconditional contractual right to charge for construction or improvement services. The fee amounts paid are also recognised under these asset items.

Combinations may also exist where the demand risk is shared between the concessionaire and the financing party. This figure is irrelevant at the ACS Group.

All the infrastructures of the ACS Group concessionaires were built by Group companies, there being no infrastructures 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 the provisions made for dismantling, removal or restoration are capitalised at the commencement of the concession, in addition to measures for improving and expanding capacity from which income is projected in the initial contract. The amortisation of these assets and the discounting of the aforementioned provisions are recognised in profit and loss. Period provisions for infrastructure replacement and repairs are systematically recognised in the income statement as the obligation is incurred.

The interest arising from the financing of the infrastructure is recognized in profit or loss, excluding the interest accrued during the construction phase in the intangible asset model, which is capitalised until the infrastructures enter into operation.

Intangible assets are amortised on the basis of the expected consumption pattern, which is understood as the trend and best estimate of the production units for each of the different activities. Quantitatively, the most important concession business is highway construction, and the related assets are amortised on the basis of concession traffic.

## Financial assets

The concessions classified as financial assets are recognised at the fair value of the construction or improvement services rendered. According to the amortised cost method, the related revenue is recognised according to the interest rate of the accounts receivable arising from forecasted flows of concession collections and payments, and are recognised as net sales in the accompanying consolidated income statement. As explained above, for the provision of maintenance or operation services, revenue and expenses are charged to income in accordance with IAS 18 “Revenue”, as well as the interest costs associated with the concession, which are recognised according to their nature in the accompanying consolidated income statement.

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 concessionaire, 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 tangible assets - property, plant and equipment, and the items replaced or renewed are derecognised.

The work performed by the Group for its fixed assets are assessed at the production cost, with the exception of the work carried out for concession companies, which are assessed at the sale price.

Concession operators cover all the investment made on completion of the concession term by way of amortisation.

The non-current assets in projects are amortized amortised on the basis of their pattern of use, which is usually determined in the case of highways, by the expected traffic for each year. However, there may be certain contracts that are characterised by having a term which is shorter than the useful life of the non-current assets in the same project, in which case the assets are amortized amortised based upon this term.

Companies periodically assess, at least at the end of each reporting period, whether there are signs of deterioration of any tangible asset or set of tangible assets -property, plant or equipment, as indicated in Note 03.06, in order to make or reverse provisions for the deterioration of the assets to adjust their net book value to their usage value.

The companies consider that the periodic maintenance plans of their facilities, whose cost is allocated to expenses in the year they are incurred, are sufficient to ensure that the assets used are reverted in good working condition on completion of the concession terms and that, accordingly, no significant expenses will arise as a result of the reversion.

## 03.05. Investment property

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

In accordance with IAS 40, the ACS Group has elected not to periodically revaluate its investment property on the basis of its market value, but rather to recognise it at cost, net of the related accumulated depreciation, following the same criteria as for plant, property 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. Amortisation of these assets, on the same basis as other property assets, commences when the assets are ready for their projected use.

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

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

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

## 03.06. Impairment of property, plant and equipment and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets, as well as its investment properties, to determine whether there is any indication that those assets 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.

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 directly attributable transaction costs. The Group classifies its financial investments in four categories regardless of whether they are long- or short-term, excluding investments in associates and assets held for sale.

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 initial cost of a financial asset or liability minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. As regards financial assets, amortised cost includes any impairment losses that the asset may have suffered.

The effective interest rate is the discount rate that exactly matches the net carrying amount of a financial instrument to all its estimated cash flows of all kinds through its residual life.

Deposits and guarantees given are recognised at the amount delivered to meet contractual commitments, regarding gas, water and lease agreements, etc.

Period changes for impairment and reversals of impairment losses on financial assets are recognised in the consolidated income statement for the difference between their carrying amount and the present value of the recoverable cash flows.

### 03.08.02. Held-to-maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to the date of maturity. After their initial recognition, they are also measured at amortised cost.

### 03.08.03. Financial assets at fair value through profit or loss

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

### 03.08.04. Available-for-sale investments

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

After their initial recognition at acquisition cost, these investments are measured at fair value, and the gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity under the heading "Adjustments for changes in value" are recognised in the profit or loss for the year of the related 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 may not reliably be determined are valued at cost or at a lesser cost in the event that impairment is evidenced.

### 03.08.05. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership, as in the case of firm sales, transfers of trade receivables in factoring transactions in which no credit or interest risk is retained, sales of financial assets in relation to which repurchase agreements have been entered into at fair value or securitizations of financial assets in which the assignor does not retain subordinating financing or grant any type of guarantee or assume any other type of risk.

On the contrary, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received where the Company retains substantially all the risks and rewards of ownership of the transferred asset, as in the case of draft discounting facilities, recourse factoring, the sale of financial assets in relation to which a repurchase agreement is entered into at a fixed price or at the sale price plus interest, and the securitisation of financial assets in which the assignor retains subordinated financing or other types of guarantees covering substantially all of the projected losses.

### 03.08.06. Fair value hierarchy

The assets and liabilities measured at fair value are broken down by levels in accordance with IFRS 7:

*Level 1:* Quoted prices (not adjusted) on active markets for identical assets or liabilities instruments.

*Level 2:* Data other than the listed price included in Level 1 that is observable for the asset or liability instrument, both directly (i.e. the prices) and indirectly (i.e. derived from the prices).

*Level 3:* Data for the asset or liability instrument that is not based upon 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 2011, the non-current assets held for sale related mainly to renewable energy assets (wind farms and solar thermal plants),ownership interests in the airports managed by Hochtief, certain concession assets relating to highways, transmission lines, logistics and integral maintenance activities carried on by Clece S.A. (the latter was considered to be a discontinued operation). In all the above cases a formal decision was made by the Group to sell these assets, a plan for their sale was initiated, the assets were made available-for-sale in their current condition 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.

Additionally, in 2011 some circumstances arose which were considered to be unlikely in 2010 and certain assets classified as held-for-sale at the end of 2010 were not sold in 2011 (primarily assets relating to the renewable energy line of business). However, the group remains committed to its sale plans and all such assets are actively being marketed at a reasonable price which is higher than their book value. It is highly probable that these assets will be sold within the next twelve months.

Since the Group continued to have control over the Clece group (comprising Clece S.A., and its subsidiaries) at 31 December 2011, the “Non-controlling interests” related to this ownership interest continued to be recognised until control was lost on 8 March 2012 (see Note 32). At 31 December 2010, there were no assets held for sale relating to discontinued operations.

At 31 December 2010, the non-current assets held for sale related mainly to renewable energy assets (wind farms and solar thermal plants), whether domestic or international, certain power transmission lines in Brazil, which were sold in the first months of 2011, and certain ports and logistics assets such as Remolcadores de Barcelona, S.A., whose sale had not been finalised at the date of this report.

## Discontinued Operations

The breakdown of the profit from discontinued operations, by line of business, in the years ended 31 December 2011 and 2010 is as follows:

| Thousands of euros | 31/12/2011 | 31/12/2010 | | |
|---|---|---|---|---|
| | Clece | Clece | SPL | **Total** |
| Revenue | 1,082,310 | 1,051,159 | 540,964 | **1,592,123** |
| Operating expenses | (1,011,559) | (994,724) | (476,965) | **(1,471,689)** |
| Net operating income | 70,751 | 56,435 | 63,999 | **120,434** |
| **Profit before tax** | **64,456** | **54,054** | **31,090** | **85,144** |
| Corporate income tax | (18,766) | (15,752) | (13,496) | **(29,248)** |
| Profit after tax from discontinued operations | - | - | 2,350 | **2,350** |
| Profit attributed to non-controlling interests | 97 | (391) | (126) | **(517)** |
| **Profit after tax and non-controlling interests** | **45,787** | **37,911** | **19,818** | **57,729** |
| Profit before tax from the disposal of discontinued operations | - | - | 41,192 | **41,192** |
| Tax on the disposal of discontinued operations | - | - | (17,788) | **(17,788)** |
| **Net profit from the disposal of discontinued operations** | **-** | **-** | **23,404** | **23,404** |
| **Profit after tax and non-controlling interests from discontinued operations** | **45,787** | **37,911** | **43,222** | **81,133** |

The detail of the assets and liabilities relating to discontinued operations at 31 December 2011 is as follows:

| Thousands of euros | 31/12/2011 |
|---|---|
| | Clece |
| Tangible assets - property, plant and equipment | 33,889 |
| Intangible assets | 40,420 |
| Financial assets | 12,026 |
| Deferred tax and other non-current assets | 5,731 |
| Current assets | 351,518 |
| **Non-current assets held for sale from discontinued operations** | **443,584** |
| Non-current liabilities | 26,530 |
| Current liabilities | 299,519 |
| **Liabilities relating to assets held for sale from discontinued operations** | **326,049** |
| **Non-controlling interests from discontinued operations** | **1,001** |

The net debt recognised under assets and liabilities of the Clece line as business, which was regarded as a discontinued operation at 31 December 2011, amounted to EUR 94,384 thousand.

No income and expenses were recognised under the heading “Adjustments for changes in value” in relation to discontinued operations at 31 December 2011 and 31 December 2010.

At 31 December 2011, the discontinued operations had no effect on the consolidated statement of comprehensive income other than the effects on profit or loss listed above. The breakdown of other additional effects on the consolidated statement of comprehensive income of the discontinued operations at 31 December 2010 is as follows:

| Thousands of euros | 31/12/2010 |
|---|---|
| **Income and expenses recognised directly in equity** | **570** |
| Due to cash flow hedges | |
| *SPL* | 3,536 |
| Exchange differences | |
| *SPL* | (1,905) |
| Tax effect | (1,061) |
| **Transfers to profit or loss** | **(11,355)** |
| **Total comprehensive profit or loss from discontinued operations** | **(10,785)** |

The breakdown of the effect of the discontinued operations on the 2011 and 2010 statement of cash flows is as follows:

| Thousands of euros | 31/12/2011 | 31/12/2010 | | |
|---|---|---|---|---|
| | Clece | Clece | SPL | **Total** |
| Cash flows from operating activities | 14,016 | 37,851 | (31,229) | **6,622** |
| Cash flows from investing activities | - | (7,260) | 132,088 | **124,828** |
| Cash flows from financing activities | (14,016) | 4,322 | 31,229 | **35,551** |
| **Net cash flows from discontinued operations** | **-** | **34,913** | **132,088** | **167,001** |

## Non-current assets held for sale

The lines of business relating to the renewable energy assets and power transmission lines are included under the Industrial Services activity area. Certain of the remaining port and logistics assets are included in the Environmental activity area and lastly, certain concession assets such as highways and airports managed by Hochtief are included in the Construction activity area.

In addition to the aforementioned assets and liabilities, also included as non-current assets and liabilities relating to non-current assets are certain immaterial assets and liabilities held for sale from among the ACS Group companies.

The breakdown of the main assets and liabilities held for sale at 31 December 2011 and 2010 is as follows:

| Thousands of euros | 31/12/2011 | | | | | | | 31/12/2010 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | SPL | Renewable energy | Transmission lines | Concessions | Airports managed by Hochtief | Other | **Total** | SPL | Renewable energy | Transmission lines | **Total** |
| Tangible assets - property, plant and equipment | 31,050 | 21,451 | - | 770 | 201 | 9,092 | **62,564** | 77,820 | 19,204 | - | **97,024** |
| Intangible assets | 37,435 | 32,173 | - | 1,072 | 5,910 | 22,865 | **99,455** | 68,589 | 93,667 | - | **162,256** |
| Non-current assets in projects | - | 3,169,416 | - | 946,727 | - | 10,897 | **4,127,040** | - | 3,626,348 | 159,082 | **3,785,430** |
| Non-current financial assets | 5,875 | 97,593 | 31,090 | 31,935 | 1,397,734 | 150,372 | **1,714,599** | 13,675 | 89,888 | 4,821 | **108,384** |
| Deferred taxes and other non-current assets | 1,276 | 81,338 | 789,272 | 43,695 | 975 | 294,778 | **1,211,334** | 192 | 57,412 | 3,339 | **60,943** |
| Current assets | 51,398 | 161,246 | 32,359 | 94,680 | 51,011 | 37,787 | **428,481** | 71,356 | 276,793 | 13,960 | **362,109** |
| **Non-current assets held for sale** | **127,034** | **3,563,217** | **852,721** | **1,118,879** | **1,455,831** | **525,791** | **7,643,473** | **231,632** | **4,163,312** | **181,202** | **4,576,146** |
| Non-current liabilities | 14,531 | 2,838,659 | 322,140 | 872,047 | 3,174 | 264,824 | **4,315,375** | 28,471 | 3,204,215 | 68,320 | **3,301,006** |
| Current liabilities | 36,031 | 198,002 | 21,739 | 56,689 | 16,097 | 25,359 | **353,917** | 36,505 | 237,495 | 15,044 | **289,044** |
| **Liabilities related to non-current assets held for sale** | **50,562** | **3,036,661** | **343,879** | **928,736** | **19,271** | **290,183** | **4,669,292** | **64,976** | **3,441,710** | **83,364** | **3,590,050** |
| **Non-controlling interests held for sale** | **14,841** | **2,109** | **-** | **-** | **372,939** | **18,804** | **408,693** | **18,843** | **13,794** | **47,940** | **80,577** |

The net debt recognised under assets and liabilities held for sale at 31 December 2011 amounted to EUR 2,568.3 million (EUR 2,869.9 million at 31 December 2010) in renewable energies, EUR 274.2 million (EUR 63.6 million at 31 December 2010) in transmission lines, EUR 672.4 millions in concession assets and EUR 113.4 million in other assets.

The income and expenses recognised under the heading "Adjustments for changes in value" in the consolidated statement of changes in equity, which relate to operations considered to be held for sale in 2011 and 2010 is as follows:

| Thousands of euros | 31/12/2011 | | | | | | | 31/12/2010 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | SPL | Renewable energies | Transmission lines | Concessions | Airports managed by Hochtief | Other | **Total** | SPL | Renewable energies | Transmission lines | **Total** |
| Available-for-sale financial assets | - | - | - | - | (138,853) | - | **(138,853)** | - | - | - | **-** |
| Exchange differences | 2,289 | (1,707) | (2,748) | (64,883) | (16) | (2,541) | **(69,606)** | (31) | 223 | 12,890 | **13,082** |
| Cash flow hedges | (220) | (184,910) | - | (8) | 117,587 | (48,162) | **(115,713)** | (220) | (114,977) | - | **(115,197)** |
| **Adjustments for changes in value** | **2,069** | **(186,617)** | **(2,748)** | **(64,891)** | **(21,282)** | **(50,703)** | **(324,172)** | **(251)** | **(114,754)** | **12,890** | **(102,115)** |

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

Discontinued operations represent Group components that have been sold or disposed of by any other means, or that have been classified as held for sale. These components comprise groups of operations and cash flows that can be distinguished, operationally and for financial reporting purposes, from the rest of the Group. They represent separate lines of business or geographic areas.

## 03.10. Equity

An equity instrument represents a residual interest in the assets of the Company after deducting all of its liabilities.

Capital and other equity instruments issued by the Group 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

Note 15.04 summarises the transactions performed with treasury shares in 2011 and 2010. Such shares are recognised as a reduction of equity in the accompanying statement of financial position at 31 December 2011 and 2010.

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. Stock 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 deemed to be equity-settled share-based payment transactions and are therefore measured at fair value at the grant date and are expensed over the vesting period with a credit to equity, based on the 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. Grants

The ACS Group has received grants from various government agencies mainly to finance investments in tangible assets - property, plant and equipment relating to environmental activity. Evidence of compliance with the conditions established in the related grant resolutions was provided to the relevant competent agencies.

Public grants given to the Group to acquire assets are carried to the consolidated income statement of the same period and on the same basis as those applied to depreciate the asset relating to the aforementioned grants.

Official grants to compensate offset costs are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to offset.

Official grants receivable to offset for expenses or losses already incurred, or for the purpose of giving financial support with no future related costs, are recognised as income in the period in which they become receivable.

## 03.12. Financial liabilities

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements, bearing in mind the economic substance thereof.

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 proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the end of the reporting period.

### 03.12.02. Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ significantly from their fair value.

### 03.12.03. Current/Non-current classification

In the accompanying consolidated statement of financial position debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

Limited recourse financing of projects and debts is classified based on the same criteria, and the detail thereof is shown in Note 18.

### 03.12.04. Retirement benefit obligations

**a) Post-employment benefit obligations**

Certain Group companies have post-employment benefit obligations of various kinds to their employees. These obligations are classified by group of employees and may relate to defined contribution or defined benefit plans.

Under the defined contribution plans, the contributions made are recognised as expenditure under "Staff costs" in the consolidated income statements as they accrue, whereas for the defined benefit plans actuarial studies are conducted once a year by independent experts using market assumptions and the expenditure relating to the obligations is recognised on an accrual basis, classifying the normal cost for the current employees over their working lives under "Staff costs" and recognising the associated finance cost, in the event that the obligation were to be financed, by applying the rates relating to investment-grade bonds on the basis of the obligation recognised at the beginning of each year (see Note 21).

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. 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 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 2011 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. 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.

## Provisions for termination benefits to employees

Also, 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 as current and future benefit payments for current employees and former employees and their dependants. The obligations mainly relate to basic and other optional supplementary pension benefits. Individual benefit obligations vary from one country to another and are mostly determined by length of service and salary scale. The Turner Group's obligation to pay the healthcare costs of its retired employees is also included in the provisions for pensions, due to its pension-related nature.

Provisions for pensions and similar obligations are calculated using the projected unit credit method, by which the present value of future rights are determined taking into account the current and future benefits already known on the reporting date, in addition to the expected increase in wages and pensions and, for the Turner Group, healthcare costs. The calculation is based on actuarial evaluations which use biometric criteria. The plan assets, as defined in IAS 19, are listed separately, as deductions from pension obligations. The plan assets include assets transferred to pension funds to meet the pension obligations, shares in investment funds acquired in accordance with deferred remuneration agreements, and qualified insurance policies in the form of pension liability insurance. If the fair value of the plan assets is greater than the present value of the benefits to the employees, the difference is indicated under the heading "Non-current Assets", subject to the limits set by IAS 19.

Under the option provided in IAS 19, actuarial gains and losses are recognised directly in equity in the period in which they occur. Current costs for the year are recognised under the heading "Staff Costs". The interest effect on the increase in the pension obligations, reduced by the estimated return on the plan assets, is recognised as net investments and financial income.

Past service costs are expensed currently, unless the changes in the pension plan depend on whether employees continue to work for a specific period of time (the tenure or vesting period). In this case, the past service costs are recorded under income from amortisation on a straight line basis in the year.

## Provisions for completion of construction projects

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 that these tasks would represent have been estimated, a concession asset being recorded as a balancing item.

### 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 Group for its risk management policy are as follows:

- Compliance with corporate governance standards.

- 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 ACS 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 performance of the variables affecting each risk.

## 03.15. Derivative financial instruments

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 value 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 it is recognised as follows:

## 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 under “Changes in the Fair Value of Financial Instruments”.

## Cash flow hedges

Changes in the fair value of the derivatives are recognised, in respect of the effective portion of the hedges, in equity under “Adjustments for Changes in Value” in the accompanying consolidated statement of financial position. Hedges are considered to be effective or efficient for derivatives in relation to which the effectiveness test results are within a range of 80% to 125%. 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.

The fair value of the derivative financial instruments is calculated as follows:

- For derivatives whose underlying is quoted in an organized organised market, valuation is based on a Value at Risk (VaR) analysis, which determines the asset’s expected value, taking into consideration its exposure to risk for a certain confidence level on the basis of market performance, the asset’s characteristics and the potential loss arising under a scenario which is highly unlikely to occur. The analysis is based on applying a normal distribution to the daily evolution of the asset’s price and the use of the expected volatility required on the basis of the derivative’s characteristics to establish the probability associated to the required confidence level. For the purposes of this calculation, the periods required to undo this position without affecting the market are taken into account. The outstanding financial costs associated with each derivative evaluated is deducted from the values obtained.

- Derivatives not traded in organised markets are valued using normal financial market techniques, i.e., discounting the expected cash flows in the contract in view of its characteristics, such as the notional amount and the collection and payment schedule, based on spot and forward market conditions at the reporting date. Interest rate swaps are measured using zero-coupon curves, which is determined on the basis of the deposits and swaps traded at a given time through a bootstrapping process through which the discount factors are obtained. For derivatives with caps and floors or combinations thereof, occasionally tied to the fulfilment of special obligations, the interest rates used are the same as in the case of interest rate swaps. However, in order to allow for the random exercise of options, the Black-Scholes methodology is used, as is standard practice in the financial market.

## 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 recognised by reference to the stage of completion of the transaction at the end of the reporting period 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, revenue is the amount of commissions.

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 these cases, this percentage of completion is determined by measuring the work performed.

In the construction line of business, the estimated revenues and costs of construction projects are susceptible to changes during the performance period which cannot be readily foreseen or objectively quantified. In this connection, production each year is valued at certification price of the units completed in the period that, since they are covered in the contract entered into with the owners, or in approved addenda or amendments thereto, do not give rise to any doubts regarding their certification. In addition, production is valued at certification price of other project units that have already been completed for which management of the consolidated companies consider there is reasonable assurance of recovery.

Should the amount of production from inception, valued at certification price, of each project be greater than the amount certified through the date of the statement of financial position, the difference between the two amounts is recorded under "Trade and Other Receivables" on the asset side of the consolidated statement of financial position. Should the amount of production from inception be lower than the amount of the certificates issued, the difference is recorded as "Customer Advances" under the heading "Trade and Other Payables" on the liability side of the consolidated statement of financial position.

Machinery or other fixed assets acquired for a specific project are depreciated 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 service 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 recognised 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 it.

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, therefore, the net amount thereof is presented in the consolidated statement of financial position only when they arise from transactions in which, contractually or by law, offsetting is permitted and the Group intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

## 03.19. Corporation 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 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.

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 nor taxable profit.

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 nor taxable profit. The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is considered 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.

Spanish companies in which the Parent ownership interest is higher than 75% of their share capital file consolidated tax returns in accordance with the current regulations as part of Tax Group 30/99.

## 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 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.

At 31 December 2011 and 2010, basic earnings per share were the same as diluted earnings per shares since none of the aforementioned circumstances arose.

## 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 rates prevailing 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 date. Non-cash items measured at historical cost are translated to euros at the exchange rates prevailing on the date of the transaction.

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

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

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing at the end of the reporting period date. 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 foreign company are treated as assets and liabilities of the foreign company and translated at the closing rate.

## 03.22. Entities and branches located in hyperinflationary economies

At the end of 2009, given the economic situation in Venezuela and in accordance with the definition of hyperinflationary economy provided by IAS 29, the country was classified as hyperinflationary and at the end of 2011 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 2011 and 2010, and the volume of transactions in the years 2011 and 2010 being immaterial.

No other of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2011 and 2010 reporting period dates 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 statement 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 non-current 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 borrowings of the Group that are not operating activities.

In view of the diversity of the Group's businesses and activities, the Group opted to report cash flows using the indirect method.

For the purpose of the preparation of the consolidated statement of cash flows, "cash and cash equivalents" were considered to consist of cash and demand deposits, in addition to short-term, highly liquid investments that are convertible into cash, being subject to an insignificant risk of changes in value.

Additionally, in the preparation of the consolidated statement of cash flows for the year 2011, within the cash flows for investing in Group companies, associates and business units, the cash and cash equivalents recognised as a result of the consolidation of Hochtief, A,G, amounting to EUR 2,270,041 thousand were considered to reduced the value of the investment paid to acquire this company in 2011 amounting to EUR 903,923 thousand (excluding the treasury shares delivered in the takeover).

The breakdown of the heading "Other Adjustments to Profit (net)" in the statement of cash flows is as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Financial income | (521,055) | (489,572) |
| Financial costs | 1,216,514 | 802,637 |
| Profit (loss) from disposals | (465,110) | (582,932) |
| Results of companies accounted for using the equity method | (318,469) | (221,766) |
| Adjustments relating to the full consolidation of Hochtief which do not give rise to cash | 333,350 | - |
| Other effects | 264,431 | 82,784 |
| **Total** | **509,661** | **(408,849)** |

## 03.24. Entry into force of new accounting standards

In 2011, the following interpretations of standards already adopted by the European Union came into force, and, if applicable, were used by the Group in the preparation of the accompanying consolidated financial statements:

**(1) New standards, amendments and interpretations of standards whose application is mandatory in the year commencing 1 January 2011:**

| New standards, amendments and interpretations of standards: | | |
|---|---|---|
| | | Mandatory application in the year commencing: |
| **Approved for use in the European Union** | | |
| Amendment of IAS 32 Financial Instruments: Presentation - Classification of Rights Issues | Amends the accounting treatment of the rights, options and warrants denominated in a currency other than the functional currency | Annual periods commencing 1 February 2011 |
| Revision of IAS 24 - Related Party Disclosures | It amends the definition of the related party and reduces the information disclosure requirements for the related companies only because they are under control, common control or under significant influence of the Government | Annual periods commencing 1 January 2011 |
| Improvements in the IFRS (published in May 2010) | Amendments to a number of standards | Mostly mandatory in periods commencing 1 January 2011; some are mandatory in periods commencing 1 July 2011 |
| Amendment of IFRIC 14 - Prepayments of minimum funding requirements | Prepayments of contributions under minimum funding requirements may give rise to an asset | Annual periods commencing 1 January 2011 |
| IFRIC 19 Extinguishing financial liabilities with equity instruments | Treatment of the extinction of financial liabilities through the issue of shares | Annual periods commencing 1 July 2011 |

The breakdown detail of the improvements in the IFRS (published in May 2010) is as follows:

| Standard | Amendment |
|---|---|
| IFRS 3 | The following clarifications and amendments to the standard were made:<br><br>The free choice of the method of valuation of non-controlling is limited to the existing holdings which give the holder the right to a proportional share of the net assets of the entity in the event of liquidation (e.g. ordinary shares). All other components of non-controlling interests (e.g. stock options) are measured at fair value on the acquisition date, unless another valuation criteria is required in accordance with the IFRS.<br><br>An improved guide is include regarding the treatment of share-based payments of an acquiree, as well as voluntarily replaced share-based payments by the acquiree at the acquisition date.<br><br>In the transitional provisions it is stipulated that contingent consideration that arose from acquisitions preceding the application of the Revised IFRS 3 are to be accounted for in accordance with the former standard. |
| IAS 27 | Clarification regarding the effective dates of the parallel amendments of IAS 2, IAS 28 and IAS 31 as a result of the amendment of IAS 27 (amended in 2008). |

Obligatory changes in periods commencing 1 January 2011:

| Standard | Amendment |
|---|---|
| IFRS 1 | The following clarifications and amendments to the standard were made:<br><br>It describes the disclosures required when an company amends its accounting policies or applies exemptions from the IFRS 1 in the period between the publication of its first interim financial report in accordance with IFRS and its first financial statements in accordance with IFRS. It also specifies that IAS 8 Accounting policies, changes in accounting estimates and errors is not applicable to these amendments.<br><br>Property, plant and equipment and intangible assets used in regulated activities may be included in the amount calculated in accordance with previous GAAP (such as estimated cost) and be tested for impairment on the date of transition to the IFRSs. |
| IFRS 7 | It recommends strengthening qualitative disclosures and clarifies the level of disclosure required regarding credit risk and collateral. |
| IAS 1 | It clarifies the items that are required to be disclosed in the Statement of Changes in Equity.<br><br>It indicates that entities should present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Also to be included in either the statement of changes in equity or the notes to the financial statements are the dividends distributed to shareholders and dividends per share. |
| IAS 34 | This amendment specifies the events and transactions that are required to be included in interim financial statements. |
| IFRIC 13 | Clarification regarding the measurement at fair value of award credits granted to clients. |

The application of the standards entering into force in 2011 did not have a significant impact on the financial statements of the ACS Group.

**(2) New standards, amendments and interpretations of standards whose application is mandatory subsequent to the year commencing 1 January 2011 (applicable beginning in 2012):**

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

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New standards, amendments and interpretations of standards:

| | | Mandatory application in the year commencing: |
|---|---|---|
| **Not approved for use in the European Union** | | |
| IFRS 9 Financial instruments: Classification and measurement (published in November 2009 and in October 2010) | It replaces the classification and measurement requirements of IAS 39. | Annual periods commencing 1 January 2015 (*) |
| Amendment of IAS12 – Income taxes – deferred taxes relating to investment property (published in December 2010) | Regarding the calculation of deferred taxes relating to investment properties in accordance with the fair value model of IAS 40. | Annual periods commencing 1 January 2012 |
| IFRS 10 – Consolidated financial statements(published in May 2011) | It replaces the current consolidation requirements of IAS 27 | Annual periods commencing 1 January 2013 |
| IFRS 11 – Joint arrangements (published in May 2011) | It replaces the current IAS 31. | Annual periods commencing 1 January 2013 |
| IFRS 12 – Disclosure of interests in other entities (published in May 2011) | Separate standard establishing the disclosures relating to interests in subsidiaries, associates, joint ventures and unconsolidated SPEs. | Annual periods commencing 1 January 2013 |
| IFRS 13 – Measurement of fair value (published in May 2011) | It established a framework for fair value measurement. | Annual periods commencing 1 January 2013 |
| IAS 27 – Individual financial statements (published in May 2011) | The standard has been revised given that following its the issue of IFRS 10, it will only comprise an entity's separate financial statements | Annual periods commencing 1 January 2013 |
| IAS 28 (Revised) – Investments in associates and joint ventures (published in May 2011) | Parallel revision in relation to the issue of IFRS 11 Joint Ventures | Annual periods commencing 1 January 2013 |
| Amendment of IAS 1 –Presentation of other comprehensive income (published in June 2011) | Minor amendment in relation to other comprehensive income | Annual periods commencing 1 January 2012 |
| Amendment of IAS 19 – Employee benefits (published in June 2011) | The amendments mainly affect defined benefit plans given that one of the main changes is the elimination of corridor percentages | Annual periods commencing 1 January 2013 |
| Amendment of IFRS 9 and IFRS 7 Effective date and transition disclosures (published in December 2011) | Difference in the effective date of IFRS 9 and amendments to transition requirements and disclosures | Not applicable |
| Amendment of IAS 32 Offsetting financial assets and financial liabilities (Published in December 2011) | Additional clarifications regarding the rules for offsetting financial assets and financial liabilities of IAS 32 and introduction of new associated disclosures in IFRS 7 | Annual periods commencing 1 January 2014 |
| Amendment of IFRS 7 Offsetting financial assets and financial liabilities (Published in December 2011) | | Annual periods commencing 1 January 2013 |
| Interpretation IFRIC 20: Stripping costs in the production phase of a surface mine (published in October 2011 | The IFRS Interpretations Committee deals with the accounting treatment of waste elimination costs in surface mines | Annual periods commencing 1 January 2013 |

(*) The original application date was 1 January 2013. On 16 December 2011 the IASB approved its postponement to 1 January 2015.

IFRS 9 "Financial instruments".- The partially published IFRS 9 (not yet complete to date) replaces IAS 39 in the classification and measurement of financial assets (part published in November 2009) and financial liabilities (published in October 2010), The standard published in October 2010 also includes recognition and Derecognition requirements, which are essentially the same as in IAS 39. This standard could have a potentially significant effect on the financial statements of the ACS Group to the extent that the eventual impact of the impairment of the investment in Iberdrola indicated in Note 10.1 would not have to be recycled in the Group's income statement. Although the application date for this IFRS 9 is 1 January 2015, early application is voluntary once the standard has been adopted for use by the European Union.

Amendment of IAS 12 "Income taxes – Deferred taxes relating to investment property".- The amendment introduces an exception to the general principles of IAS 12 affecting deferred taxes relating to investment property measured according to the fair value model of IAS 40 "Investment property". In these cases, for the purpose of calculating the applicable deferred taxes, it is presumed that the carrying value of these assets will be fully recovered through their sale. This presumption can be rejected when the investment property is amortisable and its business model requires the use of the property over time to earn financial profit rather than its sale.

IFRS 10 "Consolidated financial statements, IFRS 11 "Joint ventures", IFRS 12 "Disclosure of interests in other entities", IAS 27 (Revised) "Individual financial statements" and IAS 28 (Revised) "Investments in associates and joint ventures".- This block of standards and amendments is issued together and will replace the current standards in relation to the consolidation and recording of investments in subsidiaries, associates and joint ventures, as well as the related disclosures. With respect to the recognitions of joint values, the standard is not expected to have a significant effect for the ACS Group since it accounts for its jointly controlled companies using the equity method.

IFRS 13 "Measurement of fair value".- The aim of this standard is to be the only standard for calculating the fair value of assets and liabilities where such valuation is required by other standards. In this regard, it does not amend current valuation criteria in any way and is applicable to the valuation of financial and non-financial items. The standard changes the definition of fair value and introduces new particularities to be considered, focusing on the fair value hierarchy for its calculation, which is conceptually similar to that used by IFRS 7 for certain financial instrument disclosures.

Amendment of IAS 1 "Presentation of other comprehensive income. This amendment basically consists in the requirement to record a separate total of income and expenses under "other comprehensive income" in relation to those items which will and will not be recycled to profit and loss in the future.

Amendment of IAS 19 "Employee benefits".- The main changes in this amendment of IAS 19 affects defined benefit plans.

Amendment of IAS 32 Financial instruments: presentation – Offsetting financial assets and liabilities".- This amendment introduces a number of additional clarifications as a guide for following the requirements to be able to offset financial assets and liabilities on the statement of financial position which is provided in paragraph 42. IAS 32 already stipulates that a financial asset and liability can only be offset when the entity currently has the legal right to offset the amounts recognised.

Amendment of IAS 7 Financial instruments: Disclosures- Transfer of financial assets".- It strengthens the disclosure requirements applicable to the transfer of assets, both when they are not derecognised on the statement of financial position, and those which are derecognised but in relation to which the entity is continually involved.

Amendment of IAS 7 Financial Instruments: Information to be disclosed – Offsetting of financial assets and liabilities".- This amendment introduces a specific section on the new disclosure requirements for financial assets and liabilities which are netted on the statement of financial position and also for financial instruments which are subject to an enforceable net offsetting agreement or similar, regardless of whether they are offset for accounting purposes in accordance with IAS 32.

IFRIC 20 "Stripping costs in the production phase of a surface mine".- In surface mine operations, the entity needs to remove material in order to be able to access the mineral deposits. The interpretation deals with the accounting treatment of the related waste costs.

At the date of this report, the Group is in the process of assessing the effect that the future application of these star nards might have on the financial statements once they enter into force. Except as indicated in the case of IFRS 9, the Group's preliminary assessment is that the effects of the application of these standards will not be significant.

# 04. Intangible assets

## 04.01. Goodwill

The detail by line of business of the changes in goodwill in 2011 and 2010 is as follows:

| Thousands of euros<br>Line of Business | Balance at 31/12/2010 | Transfer to assets held for sale | Additions | Disposals and allocations | Impairment | Exchange differences | Balance at 31/12/2011 |
|---|---|---|---|---|---|---|---|
| Parent | **780,939** | - | - | - | - | - | **780,939** |
| Construction | **175,768** | - | 1,378,782 | - | - | (618) | **1,553,932** |
| Industrial Services | **64,734** | - | 20,369 | (7,389) | (313) | (436) | **76,965** |
| Environment | **127,933** | (36,612) | 110 | (6,651) | - | (178) | **84,602** |
| **Total** | 1,149,374 | **(36,612)** | **1,399,261** | **(14,040)** | **(313)** | **(1,232)** | 2,496,438 |

| Thousands of euros<br>Line of Business | Balance at 31/12/2009 | Transfer to assets held for sale | Additions | Disposals and allocations | Impairment | Exchange differences | Balance at 31/12/2010 |
|---|---|---|---|---|---|---|---|
| Parent | **780,939** | - | - | - | - | - | **780,939** |
| Construction | **142,971** | - | 23,527 | (778) | (126) | 10,174 | **175,768** |
| Industrial Services | **57,126** | 1,622 | 12,090 | (6,104) | - | - | **64,734** |
| Environment | **127,383** | (115) | 767 | (69) | - | (33) | **127,933** |
| **Total** | 1,108,419 | **1,507** | **36,384** | **(6,951)** | **(126)** | **10,141** | 1,149,374 |

In 2011 the most significant addition amounting to EUR 1,378,782 thousand is a result of the full consolidation of Hochtief A.G (see Note 02.02.f).

In 2010 the most significant additions amounting to EUR 23,527 thousand relate to the Construction area and specifically, the recalculation of goodwill, after the 12 month period provided in IFRS 3, which arose in 2009 on the acquisitions of Pol-Aqua, John P. Picone, Inc. and Pulice Construction, Inc.

In the case of the ACS Group's goodwill, annually the carrying amount of the company or cash-generating unit is compared to the value in use obtained by means of the cash flow discounting measurement method.

At 31 December 2011, the market value of the ACS Group's ownership interest in Hochtief amounted to EUR 1,692,170 thousand. In relation to the goodwill arising from the purchase of Hochtief in 2011, in accordance with IAS 36.80, this provisional goodwill was temporarily assigned to the main cash generating unit including Hochtief Asia Pacific and Hochtief Americas. For the purpose of testing the impairment of the goodwill of Hochtief assigned to Hochtief Asia Pacific, the ACS Group based its valuation on the projections made by the Leighton analysts, discounting the free cash flows at a weighted average cost of capital (WACC) of 12.0%, and using a perpetual growth rate of 2.5%. This value was compared to the analysts' average target value according to the consensus of Factset and to Leighton's cash flow discounting valuation, it being concluded that there was no impairment in any of the scenarios analysed.

For the valuation of the Hochtief Americas division the average sum of parts valuations of analysts was used. This value was compared to the internal cash flow discounting valuation of Hochtief Americas. Based on the results of these valuations it can be concluded that there was no impairment of the goodwill assigned to this cash generating unit.

Along with the goodwill arising from the full consolidation of Hochtief A.G. the most significant goodwill, which amounted to EUR 780,939 thousand, arose from the merger with Dragados Group in 2003, and related to the amount paid in excess of the value of the assets on the acquisition date. This goodwill was assigned mainly to the cash generating units of the Construction and Industrial Services areas. The ACS Group assessed the recoverability thereof in 2011 and 2010.

For the purposes of testing the impairment of the goodwill of the Dragados Group, excluding the Iridium's concession line of business whose carrying value was conservatively taken into consideration, the cash flow discounting method was used to obtain a valuation based on internal projections for each of the business units for the 2012-2016 period, by applying perpetual growth rates of 1.8%. The discount rate used (weighted average cost of capital or WACC) was 10.6% for Construction, 5.8% for Environment and 6.9% for Industrial Services. The combined result of the cash flow discounting valuation of the operating businesses and the valuation of the concession businesses significantly exceeds the carrying value plus the goodwill of the Dragados Group. Similarly, said value was compared to the valuations of analysts through the sum of the parts, and the value of the ACS Group on the market, there being no signs of impairment in any of the analysed cases.

The Group conducted sensitivity analyses on the goodwill impairment test carried out, concluding that reasonable changes in the main assumptions would not give rise to the need to recognise an impairment loss. In the case of the impairment test of Hochtief, the valuations of the cash-generating units evidence a gap of more than 10% compared to their carrying values.

The remaining goodwill, excluding that generated by the merger between ACS and the Dragados Group and the goodwill arising from the full consolidation of Hochtief A.G., is very fragmented. Thus, in the case of the Industrial Services area, the total goodwill on the statement of financial position amounts to EUR 76,965 thousand, which relates to 19 companies from this business area, the most significant relating to the acquisition of Midasco, LLC for EUR 15,723 thousand.

In the Environmental area, total goodwill amounted to EUR 84,602 million, relating to 27 different companies, the largest amount being related to the purchase of the portion corresponding to the minority interests of Tecmed, now merged into Urbaser, for EUR 38,215 thousand. Additionally, EUR 36,612 thousand was reclassified to assets held for sale arising from the goodwill of Clece.

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-Aqua (EUR 39,485 thousand), Pulice (EUR 41,775 thousand), John P. Picone (EUR 41,765 thousand) and Schiavone (EUR 46,125 thousand).

In these areas, the calculated impairment tests are based upon scenarios similar to those that have been described for each area of activity or in the case of Dragados Group goodwill, taking into account the necessary adjustments based upon the peculiarities, geographic markets and specific circumstances of the affected companies.

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the net value of the goodwill recognised at 31 December 2011 and 2010. The impairment losses on goodwill in 2011 amounted to EUR 313 thousand (2010 EUR 126 thousand).

## 04.02. Other intangible assets

The changes in this consolidated statement of financial position heading in 2011 and 2010 were as follows:

| Thousands of euros | Development expenditure | Computer software | Concessions | Other intangible assets | **Total other intangible assets** | Accumulated amortisation | Impairment losses | **Total other intangible assets, net** |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2010** | **10,885** | **34,601** | **75,561** | **546,534** | **667,581** | **(100,570)** | **(50)** | **566,961** |
| Changes in the scope of consolidation | - | 20 | 2 | 793 | **815** | (770) | - | **45** |
| Additions or charges for the year | 95 | 3,018 | 73,982 | 40,074 | **117,169** | (22,366) | (19,252) | **75,551** |
| Disposals or reductions | (279) | (1,551) | (2) | (99,004) | **(100,836)** | 2,129 | 2,277 | **(96,430)** |
| Exchange differences | - | 90 | - | 5,973 | **6,063** | (78) | (324) | **5,661** |
| Transfers to/from other assets | (2,505) | 351 | 5,485 | (90,384) | **(87,053)** | 7,242 | (7,619) | **(87,430)** |
| **Balance at 31 December 2010** | **8,196** | **36,529** | **155,028** | **403,986** | **603,739** | **(114,413)** | **(24,968)** | **464,358** |
| Changes in the scope of consolidation | 902 | (1,994) | 94,605 | 2,004,861 | **2,098,374** | (70,644) | - | **2,027,730** |
| Additions or charges for the year | 212 | 3,277 | 12,792 | 31,898 | **48,179** | (224,136) | (18,254) | **(194,211)** |
| Disposals or reductions | (90) | (6,217) | (47,743) | (238,582) | **(292,632)** | 34,856 | - | **(257,776)** |
| Exchange differences | (3) | (24) | 7,858 | 6,019 | **13,850** | (3,741) | (49) | **10,060** |
| Transfers to/from other assets | 2,598 | 194 | 181,468 | 34,577 | **218,837** | (11,944) | (60) | **206,833** |
| **Balance at 31 December 2011** | **11,815** | **31,765** | **404,008** | **2,242,759** | **2,690,347** | **(390,022)** | **(43,331)** | **2,256,994** |

The main additions in 2011 relate to the fair value assigned to intangible assets of the Hochtief Group, of which EUR 1,977,901 thousand were included under the heading "Other intangible assets" (see Note 02.02.f). The business combinations have focused on business characterised by the existence, inter alia, of a significant construction order book and client base, including many contracts which expire in the short-medium term and are subject to periodic renewals (on tacit occasions), thus establishing a recurring relationship over time with its most significant clients. In these cases, the ACS Group deems that, according to IFRS 3, part of the gain must be allocated to said contracts and generally to the contractual relationship with clients. The assessment of the order book signed on the acquisition date of the contractual relationships with clients, takes the planned margins (EBITDA) after taxes, the CAPEX forecasts and signed contractual period as a reference. This assessment gives rise to the generation of an intangible asset, which will be amortised over the remaining term of the contract and the term of the aforementioned contractual relationship, proportionally to the estimated cash flows.

At 31 December 2011, the main assets recognised under the heading "Other intangible assets" related to the order book of Hochtief (mainly including contracts in the areas of America and Pacific Asia) amounting to EUR 708,476 thousand, to the various trademarks of the Hochtief Group (EUR 221,020 thousand) and to the contractual relationships with clients of the Hochtief Group (EUR 813,140 thousand) generated in the first consolidation process (PPA) described in Note 02.02.f.

The intangible assets identified above are amortised on a straight-line basis over the estimated period in which they generate cash flows for the company. Additionally, "Other intangible assets" includes EUR 16,505 thousand relating to the highway concession in Santiago de Chile, which is to be reverted to the Chilean state upon the expiration of the concession in 2033.

Investments in 2011 amounted to EUR 48,179 thousand (EUR 117,169 thousand in 2010).

Disposals, retirements and reductions relate mainly to assets from the Hochtief Group, and primarily those associated with the sale of mining contracts of Henry Walter Eltin.

In 2011 the impairment losses included under "Other intangible assets" amounted to EUR 16,633 thousand and related to the Construction area (EUR 19,268 thousand in 2010). Impairment losses have not reverted to the income statements of 2011 and 2010.

No significant development expenditure was recognised as an expense in the 2011 and 2010 consolidated income statement.

At 31 December 2011, the amount of assets with an indefinite useful life other than those reported as goodwill, relate mainly to several trademarks of the Hochtief Group: Turner amounting to EUR 25,341 thousand, Flatiron amounting to EUR 2,860 thousands, E. E. Cruz amounting to EUR 2,628 thousand and Devine Ltd. amounting to EUR 18,864 thousand. Trademarks are not amortized systematically, but are checked for possible impairment annually. In 2011 there was no such impairment. At 31 December 2010, the amount of assets with an indefinite useful life other than those reported as goodwill was not material.

There were no material intangible asset items whose title was restricted in 2011 or 2010.

# 05. Tangible assets - property, plant and equipment

The changes in this consolidated statement of financial position heading in 2011 and 2010 were as follows:

| Thousands ofeEuros | Land and buildings | Plant and machinery | Other intangible assets | Advances and Property, plant and equipment in the course of construction | Total tangible assets - property, plant and equipment | Accumulated depreciation | Impairment losses | Total net tangible assets - property, plant and equipment |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2010** | **517,587** | **1,208,907** | **699,195** | **107,961** | **2,533,650** | **(1,276,234)** | **(18,367)** | **1,239,049** |
| Changes in the scope of consolidation | 5,385 | 24,207 | 2,457 | 6,669 | **38,718** | (577) | (5) | **38,136** |
| Additions or charges for the year | 13,627 | 79,357 | 108,611 | 67,685 | **269,280** | (218,395) | (5,364) | **45,521** |
| Disposals or reductions | (1,568) | (44,414) | (44,070) | (3,483) | **(93,535)** | 42,740 | 375 | **(50,420)** |
| Exchange differences | 1,558 | 5,115 | 5,452 | 3,142 | **15,267** | (6,324) | 14 | **8,957** |
| Transfers from/to other assets | (48,086) | 3,637 | 9,496 | (25,400) | **(60,353)** | (2,279) | (450) | **(63,082)** |
| **Balance at 31 December 2010** | **488,503** | **1,276,809** | **781,141** | **156,574** | **2,703,027** | **(1,461,069)** | **(23,797)** | **1,218,161** |
| Changes in the scope of consolidation | 268,236 | 3,379,881 | 192,940 | 3,807 | **3,844,864** | (1,993,872) | 143 | **1,851,135** |
| Additions or charges for the year | 21,114 | 876,509 | 81,701 | 35,772 | **1,015,096** | (670,972) | (3,068) | **341,056** |
| Disposals or reductions | (25,975) | (338,679) | (70,322) | (2,940) | **(437,916)** | 344,799 | 4,064 | **(89,053)** |
| Exchange differences | 9,128 | 285,664 | 7,405 | (305) | **301,892** | (156,188) | (291) | **145,413** |
| Transfers from/to other assets | 15,152 | (90,478) | (4,086) | (62,357) | **(141,769)** | 21,674 | (3,079) | **(123,174)** |
| **Balance at 31 December 2011** | **776,158** | **5,389,706** | **988,779** | **130,551** | **7,285,194** | **(3,915,628)** | **(26,028)** | **3,343,538** |

In 2011 there were significant changes in the scope of consolidation as a result of the full consolidation of the Hochtief Group which had previously been accounted for using the equity method (see Note 02.02.f). In 2010 there were no significant changes in the scope of consolidation.

The most significant additions in 2011 under this heading by line of business related to the Construction area and amounted to EUR 908,956 thousand, which mainly included investments made by Leighton in machinery (equipment for mining) amounting to EUR 804,447 thousand. The additions relating to the Environmental area amounted to EUR 66,009 thousand, and primarily included new cleaning service facilities in Malaga, industrial vehicles and other urban service machinery.

The most noteworthy additions in 2010 by line of business related to the Industrial Services Area and amounted to EUR 90,892 thousand and included, inter alia, the acquisitions of new transport items for EUR 38,704 thousand. The additions relating to the Environmental area amounted to EUR 98,241 thousand which were earmarked mostly for acquisitions and the replacement of machinery and tools in relation to the urban services required in oil treatment plants and the construction of a machinery pool in Madrid; in the Construction area additions amounted to EUR 78,930 thousand, and mainly consisted in the acquisition of new machinery (tunnel boring machine, tampers and asphalt plants) and equipment for the development of new projects.

In 2011 and 2010 gains on the disposal of non-current assets totalled a net carrying amount of EUR 89,053 and EUR 50,420 thousand, respectively.

Operating costs relating directly to capitalised tangible assets- property, plant and equipment in the course of construction in 2011 amounted to EUR 2,467 thousand, there being no material costs in 2010.

The Group has taken out insurance policies to cover the possible risks to which its tangible assets- 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 2011 or 2010.

The Group has mortgaged land and buildings with a carrying amount of approximately EUR 74,945 thousand (EUR 75,816 thousand in 2010) to secure banking facilities granted to the Group.

At 31 December 2011 the Group had recognised a net EUR 2,599,751 thousand relating to tangible assets - property, plant and equipment owned by foreign companies and branches of the Group (EUR 360,002 thousand in 2010).

At 31 December 2011, the Group had entered into contractual commitments for the future acquisition of tangible assets - property, plant and equipment amounting to EUR 520,534 thousand, including, inter alia, EUR 507,255 thousand mostly relating to mining operations in Leighton. The commitments entered into at 31 December 2010 amounted to EUR 25,484 thousand.

The impairment losses recognised in profit and loss at 31 December 2011 amounted to EUR 1,988 thousand and mainly related to the sale and impairment of machinery of Dragados (EUR 2,679 thousand in 2010). The impairment losses reversed and recognised in profit and loss in 2010 amounted to EUR 45 thousand (EUR 55 thousand in 2010).

The leased assets recognised under tangible assets - 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 | **Total net tangible assets - property, plant and equipment** |
|---|---|---|---|---|---|---|
| **Balance at 31 December 2010** | 3,228 | 19,153 | 34,372 | 56,753 | (14,106) | 42,647 |
| **Balance at 31 December 2011** | 3,147 | 432,064 | 26,341 | 461,552 | (8,533) | 453,019 |

The increase in leased assets at 31 December 2011 with respect to the previous year, is mainly a result of the full consolidation of the Hochtief Group, which had previously been accounted for using the equity method and amounted to EUR 410,571 thousand, mostly relating to plant and machinery of Leighton.

# 06. Non-current assets in projects

The balance of "Non-Current Assets in Projects" in the consolidated statement of financial position at 31 December 2011, includes the costs incurred by the fully and proportionally consolidated companies in the construction of transport, service and power plant infrastructures whose operation constitutes the purpose of their respective concessions, the detail being as follows: These amounts related to tangible assets - property, plant and equipment associated with projects financed by means of the "project finance" figure and concessions identified as intangible assets or those that are included as a financial asset according to the criteria discussed in Note 03.24 above. The Group considers it to be more appropriate to present its infrastructure projects in a grouped manner for improved interpretation of this activity, 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 2011, and the related changes in the balance of this heading in 2011 are as follows:

| Thousands of euros<br>Type of infrastructure | End date of operation | Investment | Accumulated depreciation | Net carrying amount of non-current assets in projects |
|---|---|---|---|---|
| Waste treatment | 2015 - 2038 | 588,701 | (211,274) | 377,427 |
| Highways/roads | 2012 - 2050 | 247,534 | (17,208) | 230,326 |
| Police stations | 2024 - 2032 | 79,543 | - | 79,543 |
| Water management | 2028 - 2037 | 39,235 | (5,655) | 33,580 |
| Security | 2014 | 64,128 | (40,476) | 23,652 |
| Interchangers | 2026 - 2040 | 18,348 | - | 18,348 |
| Wind powered facilities | 2020 - 2036 | 17,802 | (512) | 17,290 |
| Energy transport | 2038 | 9,980 | (501) | 9,479 |
| Thermal solar power plants | 2035 - 2036 | 8,564 | - | 8,564 |
| Other infrastructures | - | 41,845 | (5,362) | 36,483 |
| **Total** | | **1,115,680** | **(280,988)** | **834,692** |

The changes in this heading in 2011 and 2010 were as follows:

| Thousands of euros | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Investment | Accumulated depreciation | Net carrying amount | Investment | Accumulated depreciation | Net carrying amount |
| **Beginning balance** | **2,670,903** | **(290,617)** | **2,380,286** | **4,963,554** | **(461,030)** | **4,502,524** |
| Changes in the scope of consolidation | (499,733) | 7,265 | (492,468) | (166,203) | - | (166,203) |
| Additions or charges for the year | 1,445,587 | (95,815) | 1,349,772 | 1,797,941 | (160,077) | 1,637,864 |
| Exchange differences | (9,978) | 182 | (9,796) | 14,355 | (1,286) | 13,069 |
| Disposals or reductions | (163,151) | 9,019 | (154,132) | (42,191) | 28,760 | (13,431) |
| Transfers | (2,327,948) | 88,978 | (2,238,970) | (3,896,553) | 303,016 | (3,593,537) |
| **Ending balance** | **1,115,680** | **(280,988)** | **834,692** | **2,670,903** | **(290,617)** | **2,380,286** |

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

The concession assets identified as financial given that the Group does not assume the demand risk, and the changes in the balance of this heading in 2011 were as follows:

| Thousands of euros<br>Type of infrastructure | End date of operation | Investment | Accumulated depreciation | Net carrying amount of non-current assets in projects |
|---|---|---|---|---|
| Waste treatment | 2015 - 2038 | 497,775 | (189,049) | **308,726** |
| Highways/Roads | 2012 - 2050 | 247,501 | (17,187) | **230,314** |
| Water management | 2028 - 2029 | 33,534 | (5,655) | **27,879** |
| Other infrastructures | - | 37,283 | (5,362) | **31,921** |
| **Total** | | **816,093** | **(217,253)** | **598,840** |

| Thousands of euros | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Investment | Accumulated depreciation | **Net carrying amount** | Investment | Accumulated depreciation | **Net carrying amount** |
| **Beginning balance** | **1,276,649** | **(229,887)** | **1,046,762** | **901,478** | **(211,205)** | **690,273** |
| Changes in the scope of consolidation | - | - | **-** | - | - | **-** |
| Additions or charges for the year | 411,332 | (41,898) | **369,434** | 377,027 | (33,176) | **343,851** |
| Exchange differences | (693) | 182 | **(511)** | 566 | (492) | **74** |
| Disposals or reductions | (12,507) | 9,236 | **(3,271)** | (22,850) | 17,844 | **(5,006)** |
| Transfers | (858,688) | 45,114 | **(813,574)** | 20,428 | (2,858) | **17,570** |
| **Ending balance** | **816,093** | **(217,253)** | **598,840** | **1,276,649** | **(229,887)** | **1,046,762** |

The concession assets identified as financial given that the Group does not assume the demand risk, and the changes in the balance of this heading in 2011 were as follows:

| Thousands of euros<br>Type of infrastructure | End date of operation | Concession arrangement Right to charge users |
|---|---|---|
| Police stations | 2024 - 2032 | 79,543 |
| Interchangers | 2026 - 2040 | 18,348 |
| Water management | 2028 - 2037 | 5,701 |
| Other infrastructures | - | 4,562 |
| **Total** | | **108,154** |

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| **Beginning balance** | **1,105,726** | **661,156** |
| Changes in the scope of consolidation | (450,624) | (169,468) |
| Investment | 476,922 | 444,064 |
| Finance income | 244,417 | 93,841 |
| Collections | (109,969) | (8,059) |
| Disposals or reductions | (63,007) | (4,365) |
| Exchange differences | (10,040) | 6,019 |
| Transfers from/to other assets | (1,085,271) | 82,537 |
| **Ending balance** | **108,154** | **1,105,726** |

In accordance with the valuation criteria provided by IFRIC 12 and in Note 03.04, the financial income included under "Net sales" amounted to EUR 244,417 thousand in 2011 (EUR 93,841 thousand in 2010).

The borrowing costs accrued in relation to the financing of the concessions classified under the financial asset model amounted to EUR 28,910 thousand in 2011 (EUR 39,085 thousand in 2010).

The breakdown of the financial assets financed by means of "project finance" not meeting the requirements for recognition in accordance with IFRIC 12, and the changes in the balance of this heading in 2011 were as follows:

| Thousands of euros<br>Type of infrastructure | End date of operation | Investment | Accumulated depreciation | Net carrying amount of non-current assets in projects |
|---|---|---|---|---|
| Waste treatment | 2019 - 2034 | 90,926 | (22,225) | **68,701** |
| Security | 2014 | 64,128 | (40,476) | **23,652** |
| Wind powered facilities | 2020 - 2036 | 17,802 | (512) | **17,290** |
| Energy transport | 2038 | 9,980 | (501) | **9,479** |
| Highways/roads | 2012 - 2043 | 33 | (21) | **12** |
| Thermal solar power plants | 2035 - 2036 | 8,564 | - | **8,564** |
| **Total** | | **191,433** | **(63,735)** | **127,698** |

| Thousands of euros | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Investment | Accumulated depreciation | **Net carrying amount** | Investment | Accumulated depreciation | **Net carrying amount** |
| **Beginning balance** | **288,528** | **(60,730)** | **227,798** | **3,400,920** | **(249,825)** | **3,151,095** |
| Changes in the scope of consolidation | (49,109) | 7,265 | **(41,844)** | 3,265 | - | **3,265** |
| Additions or charges for the year | 422,885 | (53,917) | **368,968** | 891,068 | (126,901) | **764,167** |
| Exchange differences | 755 | - | **755** | 7,770 | (794) | **6,976** |
| Disposals or reductions | (87,637) | (217) | **(87,854)** | (14,976) | 10,916 | **(4,060)** |
| Transfers | (383,989) | 43,864 | **(340,125)** | (3,999,519) | 305,874 | **(3,693,645)** |
| **Ending balance** | **191,433** | **(63,735)** | **127,698** | **288,528** | **(60,730)** | **227,798** |

In 2011 and 2010 the acquisitions of non-current assets in projects amounted to EUR 1,445,587 thousand and EUR 1,797,941 thousand, respectively.

The main project investments in 2011 were investments made by Industrial Services area in power lines amounting to EUR 584,268 (EUR 201,906 thousand in 2010), investments in photovoltaic and solar thermal power plants amounting to EUR 310,938 thousand (EUR 633,056 thousand in 2010) and investments in wind powered facilities amounting to EUR 72,191 (EUR 240,707 thousand in 2010). Additionally, most noteworthy of the investments made by Construction area were investments in highway concessions amounting to EUR 414,127 thousand (EUR 570,574 thousand in 2010). However, as a result of sales decisions in 2011 the balances relating to certain assets were transferred to assets held for sale.

Noteworthy in 2011 was the sale of 50% of the I-595 highway Express, Llc which led to a cost reduction amounting to EUR 5,378 thousand. In 2010 there were no material disposals of non-current assets in projects.

Interest capitalised in 2011 amounted to EUR 56,776 thousand (EUR 2,717 thousand in 2010). Said capitalisation was performed by applying an average capitalisation rate of 3.59% in 2011 (3.26% in 2010).

The impairment losses recognised in the income statement at 31 December 2011 amounted to EUR 37,910 thousand. No significant impairment losses were recognised in the income statement at December 31, 2010.

At 31 December 2011 and 2010, the Group had entered into contractual commitments for the acquisition of non-current assets or the completion of projects amounting to EUR 244,990 thousand and EUR 954,902 thousand, respectively, which mainly relate to the Group’s current concession agreements. The year-on year decrease relates mainly to the sale of highway I-595.

The financing relating to non-current assets in projects is explained in Note 18.

The concession operator’s obligations include, inter alia, the maintenance of restricted cash balances, known as reserve accounts and included under the heading “Other Current Financial Assets” (Note 10.05).

# 07. Investment property

The changes in this heading in 2011 and 2010 were as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| **Beginning balance** | **57,176** | **61,021** |
| Changes in the scope of consolidation | 23,788 | - |
| Additions | 866 | - |
| Charges for the year | (3,179) | (3,121) |
| Impairment losses | (281) | (675) |
| Transfers from/to other assets | 1,141 | (49) |
| **Ending balance** | **79,511** | **57,176** |

The Group's investment property relates mostly to subsidized housing in Madrid earmarked for lease by the lessee IVIMA (Madrid Housing Institute) and maturing from 2023 to 2024. The rest relates to housing, car parks and commercial premises to be leased.

The rental income earned from investment property amounted to EUR 9,831 thousand in 2011 (EUR 8,785 thousand in 2010). The average occupancy level of the aforementioned assets was 54% with an average rentable area of 97,538 square meters in the year.

The direct operating expenses arising from investment properties included under "Other Operating Expenses", amounted to EUR 9,895 thousand (EUR 9,626 thousand in 2010).

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

At the beginning of 2011, the gross carrying amount was EUR 70,515 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 13,339 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 126,022 thousand and EUR 46,511 thousand, respectively. There were no material differences with respect to fair value in the accompanying consolidated financial statements.

# 08. Joint ventures

The main aggregates included in the accompanying consolidated financial statements relating to joint ventures for 2011 and 2010, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

| Thousands of euros | UTE´s, EIG´s | | Companies | |
|---|---|---|---|---|
| | Balance at 31/12/2011 | Balance at 31/12/2010 | Balance at 31/12/2011 | Balance at 31/12/2010 |
| Activos no corrientes | 447,347 | 359,801 | 2,330,097 | 309,474 |
| Activos corrientes | 3,569,457 | 4,519,076 | 1,271,061 | 182,244 |
| Pasivos no corrientes | 257,668 | 134,603 | 1,894,036 | 190,050 |
| Pasivos corrientes | 3,190,991 | 4,267,427 | 1,083,639 | 168,740 |
| Ingresos | 3,815,390 | 4,312,606 | 1,843,756 | 230,672 |
| Resultado del ejercicio | 426,610 | 309,841 | (259,359) | 14,529 |

In accordance with the opinion set forth in IAS 31, the companies are accounted for using the equity method (Note 02.01).

The identification data relating to the main ACS Group unincorporated joint ventures (UTEs) are detailed in Appendix II.

# 09. Investments in companies accounted for using the equity method

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

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| **Beginning balance** | **2,333,359** | **4,193,671** |
| Additions | 1,015,484 | 206,475 |
| Disposals | (815,800) | (1,732,223) |
| Elimination of unrealised gains | - | (358,501) |
| Change in consolidation method | (269,770) | (5,314) |
| Profit for the year | 318,469 | 221,766 |
| Changes in the equity of associates | | |
| *Exchange differences/other* | 241,865 | 32,500 |
| *Cash flow hedges* | (241,326) | (34,748) |
| *Available-for-sale financial assets* | (38,285) | (61,200) |
| Transfer to non-current assets held for sale/discontinued operations | (770,603) | (12,038) |
| Distribution of dividends | (203,482) | (117,029) |
| **Ending balance** | **1,569,911** | **2,333,359** |

The detail, by company, of the investments accounted for by the equity method is as follows:

| Thousands of euros | 31/12/2011 | | 31/12/2010 | |
|---|---|---|---|---|
| Company | % ownership | Total carrying amount | % ownership | Total carrying amount |
| Hochtief, A.G. | - | - | 27.25% | 1,594,702 |
| Admirabilia | 99.00% | 233,473 | 99.00% | 239,221 |
| Hochtief associates | - | 1,019,884 | - | - |
| Other associates | - | 316,554 | - | 499,436 |
| **Total** | | **1,569,911** | | **2,333,359** |

The detail, by line of business, of the investments in companies accounted for by the equity method at December 31 2011 and 2010 is as follows:

| Thousands of euros | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| Line of business | Share of net assets | Profit for the year | Total carrying amount | Share of net assets | Profit for the year | Total carrying amount |
| Construction | 864,750 | 247,556 | **1,112,306** | 1,648,269 | 61,523 | **1,709,792** |
| Industrial Services | 105,954 | 18,702 | **124,656** | 237,018 | 27,662 | **264,680** |
| Environment | 84,054 | 12,343 | **96,397** | 102,548 | 13,561 | **116,109** |
| Corporate unit | 196,684 | 39,868 | **236,552** | 123,758 | 119,020 | **242,778** |
| **Total** | **1,251,442** | **318,469** | **1,569,911** | **2,111,593** | **221,766** | **2,333,359** |

## Hochtief, A.G.

At 31 December 2010 the Group held an ownership interest of 27.25% of the share capital of Hochtief, A. G, with a carrying value of EUR 1,594,702 thousand at this date. Since the Group now holds the majority of voting rights, as indicated in Note 02.02.f) this company had to be fully consolidated rather than being accounted for by the equity method as in the past. Additionally, the ownership interests held by Hochtief and accounted for by the equity method were recognised in accordance with the alternative provided by IAS 31 regardless of whether they are associates or joint ventures and amounted to EUR 1,019,884 thousand at 31 December 2011, noteworthy being the ownership interest in Aurelis Real Estate in Germany amounting to EUR 249,664 thousand.

## Admirabilia, S.L. (Abertis Infraestructuras, S.A.)

This company holds the indirect ownership of the ACS Group in Abertis Infraestructuras, S.A., which amounts to 10.28% of its share capital. This company is accounted for by the equity method because the Group holds 40% of the voting rights in Admirabilia, S. L. (which, together with Trebol International, holds a 25.83% ownership interest in the share capital of Abertis Infraestructuras, S.A.) and because the ACS Group is a member of the Board of Directors of Abertis Infraestructuras, S.A.

The sale on 31 August 2010 to the investment fund advisor CVC Capital Partners, of 25.83% of the ownership interest in Abertis Infraestructuras, S.A. at a price of EUR 15 per share to two companies, Admirabilia, S L. and Trebol International, B.V. Under this agreement Admirabilia, S.L. acquired a 10.28% share in Abertis through a contribution and sale, and Trebol acquired the remaining 15.55% through a sale. The share capital of Admirabilia, S.L. was distributed among the shareholders as follows: at a rate of 99%, for the ACS Group and 1% for Trebol.

The gains on this transaction before taxes, once having eliminated the profit arising between ACS Group companies, amounted to EUR 519,977 thousand, which was included under "Impairment and gains or losses on the disposal of financial instruments" in the accompanying consolidated income statement for 2010. In relation to this transaction, the ACS Group is entitled to additional compensation, which has not been considered in the calculation of the gain on the transaction, for the ownership interest sold in the event that certain corporate transactions are performed in the future at Abertis Infraestructuras, S.A. On the other hand, there are no agreements between shareholders giving rise to the transfer of risks and benefits associated with this ownership interest nor does the ACS Group maintain risks associated with the ownership interest in Abertis, which is considered to be an associate, since the Group continues to have significant influence on the management of the company through its positions on the board of directors.

In relation to the goodwill arising from the ownership interest in Abertis Infraestructuras, S.A. through Admirabilia, S.L., the ACS Group has tested the goodwill for impairment. In this regard, since the investee company is traded through the Spanish computerised trading system and as a result of the value of the transaction described above, the analysis has been conducted in comparison with the company's market price at the end of the reporting period, and accordingly no signs of impairment were considered to exist.

The market value of the associates accounted for by the equity method for which there are prices quoted in the stock market at December 31 of 2011 amounted to EUR 1,151,633 thousand (EUR 2,540,816 thousand in 2010). The year-on-year decrease was a result of the full consolidation of the ownership interest in Hochtief A.G.

At 31 December 2011, the main listed investee was Abertis Infraestructuras, S.A., whose attributable market value amounted to EUR 989,444 thousand (EUR 1,027,473 thousand in 2010).

In addition to the above-mentioned impairment tests, the Group has performed the corresponding impairment testing to verify the recoverability of the rest of the assets. for the purpose of carrying out these impairment tests, the Group considered the future cash flow projections as well as the discounting of dividends and external market valuations for each of the ownership interests in accordance with available information. Especially in relation to the underlying goodwill, the tests did not disclose the need to for a provision to cover significant impairment in the consolidated income statement at the end of 2011 and 2010.

The assets, liabilities, attributable equity, sales and profit for the year the companies included under this heading, as well as the ownership interest of the ACS Group in this company are presented in Appendix III.

# 10. Financial assets

The detail of the balance of this heading in the consolidated statements of financial position in 2011 and 2010 is as follows:

| Thousands of euros | 31/12/2011 | | 31/12/2010 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| Equity instruments | 5,544,802 | 48,512 | 6,519,418 | 1,225 |
| Loans to associates | 957,488 | 95,175 | 457,090 | 64,277 |
| Other loans | 569,455 | 212,797 | 456,291 | 364,403 |
| Debt securities | 2,952 | 683,707 | 2,666 | 514,631 |
| Other financial assets | 276,825 | 1,966,031 | 73,105 | 2,557,682 |
| **Total** | **7,351,522** | **3,006,222** | **7,508,570** | **3,502,218** |

## 10.01. Equity instruments

The detail of the balance of this heading at 31 December 2011 and 2010 is as follows:

| Thousands of euros | 31/12/2011 | 31/12/2010 |
|---|---|---|
| Iberdrola, S.A. | 5,360,336 | 6,389,423 |
| Xfera Móviles, S.A. | 79,206 | 79,206 |
| Other smaller investments | 105,260 | 50,789 |
| **Total** | **5,544,802** | **6,519,418** |

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 Group’s most significant equity instrument relates to Iberdrola.

In accordance with IAS 39, this ownership interest was adjusted to market value at the end of the reporting period (EUR 4.839 per share) to take effect on the equity up to an amount of EUR 5,360,336 thousand (EUR 6,389,423 thousand at 31 December 2010). The difference in total accumulated value, net of taxes, which amounts to EUR 1,791,480 thousand (EUR 1,196,879 thousand at 31 December 2010, with a market price at the end of 2010 of EUR 5.768 per share), is included under the heading “Adjustments for changes in value - available-for-sale financial assets” under equity in the accompanying consolidated statement of financial position.

At 31 December 2011, the ACS Group held 1,107,736,286 shares representing 18.83% of the share capital of Iberdrola, S.A. at that date (20.2% of the share capital of Iberdrola at 31 December 2010).

In 2011 there were no purchases or disposals of shares of Iberdrola, S.A., the decrease in the percentage of ownership interest being a result of the diluting effects of corporate transactions and the flexible Iberdrola dividend. The most significant change in 2010 was the acquisition of 477,457,327 shares for a total of EUR 2,752,617 thousand to reach a total of 1,107,736,286 shares at 31 December 2010.

This investment was mostly financed through a syndicated loan with different banks secured by the shares of Iberdrola, S.A., subordinated debt of ACS, Actividades de Construcción y Servicios, S. A. and an "equity swap" (Note 18).

In relation to the potential impairment of the ownership interest in Iberdrola, the following should be highlighted:

The ACS Group analyses the existence of signs of impairment of all relevant equity instruments. If any such signs of impairment exist, the calculations and estimates considered to be necessary are made to determine whether there is a significant or prolonged decline in the fair value of an investment, and if necessary, recognise an impairment loss. Additionally, it should be indicated that as concluded by the IASB, the international agency responsible for the development of the international financial reporting standards, there is wide diversity in the market in terms of the practical application of the concepts of significant or prolonged decline, and, in any case, the interpretation of the meaning of these concepts requires the professional judgment of the company's management. In fact, and to eliminate such diversity in the practical application of these concepts the IASB issued International Financial Reporting Standard 9 on Financial Instruments, which amended the international standards relating to the calculation of impairment, and required all changes in the fair value of financial instruments that are classified as 'available for sale" to be recognized in the company's equity, without the possibility of recycling this adjustment in the consolidated income statement. Finally, as mentioned in Note 03.24 it should be indicated that this new standard is not yet in force in Spain since it has not yet been endorsed by the EU.

ACS has declared its investment in Iberdrola to be a strategic and long-term holding. In fact, to strengthen the strategic nature of this holding and as already indicated significant purchases of shares of Iberdrola were made in 2010. However, temporarily and to date, it has not been possible to secure a position on the Board of Directors of Iberdrola, S.A., a circumstance which caused the ACS Group to challenge the resolutions adopted by the shareholders at the Annual General Meetings of Iberdrola, S.A. held in March 2010 and 2011 in court. This is a very unique and absolutely exceptional circumstance, and although a ruling had been handed down by the Courts of First and second Instance against the interests of the ACS Group at the date of the approval of these financial statements, the Group's Management has full confidence that the court will ultimately rule in the Company's favour.

Taking into account that the ownership interest is strategic in nature; the ACS Group is the largest shareholder of the company; he market value does not accurately reflect the value of such a significant block of shares of Iberdrola; and that the Group does not plan to recover its investment through stock market transactions, although there are signs of impairment considering that the market price of the shares has continued to decline, the ACS Group does not consider there to be objective evidence of the impairment of the ownership interest in Iberdrola. In this respect, paragraph 59 of IAS 39 provides that "a financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event" and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated".

Loss events which might have an effect on the future estimated cash flows of the investment have not been identified in either the 2010 financial statements of Iberdrola or other public information published by Iberdrola and the shareholders of Iberdrola represented on the Board of Directors. Additionally, it is noteworthy that according to the information published by Iberdrola, the stock market capitalisation of Iberdrola at 31 December 2011 was 0.85 times its accounting value, EBITDA grew 1.6% with respect to 2010 and its net recurring profit increased by 1.2% in 2011.

Therefore, since there is no objective evidence of impairment, in the case that in accordance with the reports drawn up by independent experts and the dividend and cash flow discounting calculations, the recoverable value of the investment is higher than its carrying value, the ACS Group does not consider the drop in the shares' market price to necessarily be a reason for the recognition of an impairment loss.

In order to assess whether or not there was a need to recognise an impairment of the investment, several valuations by independent experts have been requested which evidence that the value of the investment is higher than the consolidated average cost of the shares of Iberdrola, S.A. prior to their adjustment to market value. These valuations do not include a premium, which would always be included in corporate transactions relating to an ownership percentage such as that held by the ACS Group in Iberdrola.

As a complement to the analysis, the ACS Group has conducted in-house an impairment test on their ownership interest in Iberdrola based on the discounting of future dividends and other information available on its investee Iberdrola, which also allowed it to conclude that there was no impairment.

The main assumptions of the impairment test are based on the latest information on dividends announced by the company, as well as the policy of shareholder compensation maintenance of Iberdrola (measured as a percentage of the recurring net profit). A perpetual growth rate of 3% was estimated (in this regard, it should be noted that the cumulative annual growth rate of dividends paid by Iberdrola in the period 1990-2010 was 6% and that the International Monetary Fund has estimated growth in Spain in terms of real GDP of 1.8% and inflation of 1.8% in 2016, according to its "World Economic Outlook" report of September 2011). The equity discount rate used was 8.04%.

As a result of all the analyses mentioned above, the directors of the ACS Group considered that there were no factors evidencing the existence of impairment at the end of 2011. Therefore, having analysed the signs of impairment of the investment existing at the end of the reporting period, and based on the above arguments, having concluded that there is no significant or prolonged decline in the fair value of the investment, the Company maintained the adjustments in value amounting to EUR 1,791,480 thousand under this heading without recognising any impairment in profit or loss.

However, the impairment test did evidence a very small gap in the recoverable amount as compared to the carrying amount, and it is highly sensitivity to changes in the discount rates, growth in residual value and the performance of the company's dividends, meaning that changes in these assumptions might give rise to the need to recognise impairment. In this context, and in accordance with the principle of prudence, the ACS Group has decided not to recognise the profit before taxes arising from its ownership interest in Iberdrola, S.A. in its consolidated income statement for 2011 (Note 28.06).

## Xfera Móviles, S.A. (Yoigo)

At 31 December 2011 and 2010, the ACS Group had a 17% ownership interest in the share capital of Xfera Mobile, S.A. through ACS Telefonía Móvil, S.L. after the sale of part of its interest in 2006 to the Telia Sonera Group. In relation to the indirect ownership interest in Xfera Móviles, S.A., there is an unrecognized contingent price and in certain scenarios, puts and calls on the ACS interests, for which the conditions for exercising are unlikely to be met.

The carrying value of the ownership interest in Xfera amounted to EUR 198,376 thousand at 31 December 2011 and 2010, which following write-downs in previous years, relates to the contributions made in the years 2006 and later, including the participation loans associated with the same included under the heading "Other non-current loans". This carrying value relates to the contributions made after 2006, since the Group had recorded very significant provisions in relation to this ownership interest in the years previous to 2006.

In order to calculate the recoverable value of this investment the ACS Group used the discounted cash-flow method, on the basis of the company's internal projections for the period 2011-2016, using the weighted average cost of capital (WACC) of 10.4% as the discount rate and a perpetual growth rate of 2%. A sensitivity analysis was also performed taking into consideration different discount rates, a perpetual growth rate and even deviations of up to minus 50% in the business plan estimates for the company. Both in the baseline and in the rest of the scenarios considered, the recoverable value of this investment would be above its carrying value. This conclusion is consistent with the valuations of Xfera published by analysts and by its controlling shareholder Notwithstanding the foregoing, in accordance with the principle of prudence, and considering that Xfera is in the final stages of its launch phase, the Group has not revalued its ownership interest to its estimated market value.

## Other investments

In 2011, other investments related to non-controlling interests including inter alia, the ownership interests held by subsidiaries of Hochtief amounting to a net EUR 64,718 thousand.

In 2010 noteworthy were the ownership interests held by the ACS Group in Accesos de Madrid Concesionaria Española, S.A. and the collection rights on future dividends of Sociedad Autovía de la Mancha, S.A., which were recognised as an equity instrument since it was conceptually considered to better reflect the true and fair image since it relates to future dividends of the shadow toll concession for a maximum period of 30 years, which is guaranteed by the flows generated by this Company.

The Group has assessed the recoverability of the assets included under this heading, recognising the related impairment on the basis of the recoverability analysis performed.

## 10.02. Loans to associates

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2011, is as follows:

| Thousands of euros | Current | Non-current | | | | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 and subsequent years | **Total non-current** |
| Loans to associates | **95,175** | 581,847 | 349 | 80,153 | 295,139 | **957,488** |

At 31 December 2011, the non-current loans in euros include, inter alia, the loan granted in relation to the acquisition of Aurelis Real Estate for EUR 142,010 thousand maturing in 2013. Also of significance were the non-current loans in euros granted to Línea Nueve (Tranches two and four) amounting to EUR 49,601 thousand, to Celtic Road Group (Waterford and Portlaoise) amounting to EUR 45,566 thousand, to Circunvalación de Alicante, S.A. amounting to EUR 42,793 thousand, to Infrastructuras y Radiales, S.A. amounting to EUR 41,177 thousand, to TP Ferro Concesionaria, S.A. amounting to EUR 30,901 thousand, and to Intercambiador de Transportes de Plaza Castilla, S.A. amounting to EUR 25,152 thousand.

Also, in relation to foreign currency loans, noteworthy is the loan granted to Habtoor Leighton Group for EUR 380,993 thousand, which matures in 2013. In relation to the loan to Habtoor Leighton Group, the investment in this company was fully provisioned in the accompanying financial statements, and other provisions were also recognised to cover other risks relating to this ownership interest.

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2010, is as follows:

| Thousands of euros | Current | Non-current | | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 and subsequent years | **Total non-current** |
| Loans to associates | **64,277** | 20,821 | - | 10,828 | 425,441 | **457,090** |

At 31 December 2010, among the loans to associates, noteworthy was the current loan granted to the transmission line in Brazil Brillante Transmissora de Energía for EUR 34,104 thousand. Non-current loans included the loan granted to Escal UGS, S.L. for the amount of EUR 75,916 thousand. Among the non-current loans granted in euros, of significance was the loan granted to Circunvalación de Alicante, S.A. for EUR 41,967 thousand, to TP Ferro Concesionaria, S.A. for EUR 29,713 thousand, and to Intercambiador de Transportes de Plaza Castilla, S.A. for EUR 27,637 thousand, maturing in 2034, 2035 and 2039, respectively. In relation to foreign currency loans, noteworthy was the loan granted to Sociedad Concesionaria Vespucio Norte Express, S.A. in Chilean pesos for EUR 45,106 thousand, which matures after 2011.

These loans bear market interest.

## 10.03. Other loans

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2011, is as follows:

| Thousands of euros | Current | Non-current | | | | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 and subsequent years | **Total non-current** |
| Other loans | **212,797** | 131,389 | 187,321 | 57,200 | 193,545 | **569,455** |

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2010, is as follows:

| Thousands of euros | Current | Non-current | | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 and subsequent years | **Total non-current** |
| Other loans | **364,403** | 170,746 | 40,737 | 37,515 | 207,293 | **456,291** |

The non-current loans included under this heading mainly included refinanced loans to local corporations amounting to EUR 310,000 thousand at 31 December 2011 (EUR 229,611 thousand at 31 December 2010), as well as the participation loan to Xfera Móviles, S.A. amounting to EUR 119,170 thousand (EUR 119,170 thousand at 31 December 2010) (see Note 10.01.). Among the current loans, of most significance were those granted to local corporations for an amount of EUR 69,991 (EUR 37,655 thousand at 31 December 2010).

At 31 December 2010 this heading included the portion of the contributions made by the ACS Group to meet the financing arrangement ratios associated with the acquisitions of 8.08% of Iberdrola, S.A., which surpassed the amounts of the credit lines forming part of this financing and amounted to EUR 287,797 thousand (see Note 18).

Also classified under this statement of financial position heading are surplus cash investments relating to short-term debt securities.

These loans bear interest at a rate tied to Euribor less a market spread.

## 10.04. Debt securities

Included under this heading are mainly fixed-income securities maturing more than three months after the date of purchase, of which EUR 22,683 thousand are pledged and EUR 232,078 thousand are subject to availability restrictions. Also included under this heading are EUR 79,788 thousand in sovereign debt corresponding to Luxembourg.

## 10.05. Other financial assets

At 31 December 2011, the heading "Other financial assets" included short-term deposits amounting to EUR 1,696,131 thousand (EUR 2,465,888 thousand at 31 December 2010). Of this amount, noteworthy is the EUR 1,319,930 thousand (EUR 947,299 thousand at 31 December 2010), contributed by the ACS Group to meet the coverage ratio relating to the financing of Iberdrola, S.A. and Hochtief, A.G. This amount is recognised under the current financial liabilities incurred to meet these commitments.

Non-current financial assets include EUR 171,786 thousand from Leighton whose use is subject to restrictions. These assets were classified as non-current given that they were not expected to be recovered prior to twelve months following the end of the reporting period.

Given the existence of coverage ratios on the value of the shares of Iberdrola, S.A. and of Hochtief A.G. in relation to the loans for the financing of these shares (including the equity swap on Iberdrola, S.A.) the Company considers the aforementioned amounts to be more fairly presented under this heading rather than under "Cash", since when the shares are delisted, these amounts would be used to meet and maintain the aforementioned ratios.

The balance of this heading also includes the current account with the asset securitisation funds (Note 12) and the balance of the reserve account relating to project activity.

### Reductions for impairment

In 2011 the impairment losses on financial assets amounted to EUR 81,761 thousand. In 2010 the impairment losses amounted to EUR 42,742 thousands, of which most significant were the provisions made in relation to certain of the Group's concession assets.

There were no significant reversals due to the impairment of financial assets in 2011 or 2010.

# 11. Inventories

The detail of "Inventories" is as follows:

| Thousands of euros | 31/12/2011 | 31/12/2010 |
|---|---|---|
| Merchandise | 220,864 | 222,291 |
| Raw materials and other procurements | 383,346 | 215,538 |
| Work in progress | 1,061,048 | 38,223 |
| Finished goods | 7,669 | 4,211 |
| By-products, waste and recovered materials | 312 | 217 |
| Advances to suppliers and subcontractors | 101,475 | 137,545 |
| **Total** | **1,774,714** | **618,025** |

The increase in this balance with respect to December 2010 relates to the EUR 1,218,658 thousand contributed by the Hochtief Group, including work in progress amounting to EUR 1,021,219 thousand, and mainly real estate (land and buildings), of Hochtief and its Australian subsidiary Leighton, of which EUR 581,030 thousand were restricted at 31 December 2011.

Inventories with a carrying amount of EUR 15,312 thousand in 2011 (EUR 10,423 thousand in 2010) have been pledged and/or mortgaged as security for the repayment of debts.

The total impairment losses on inventories recognised and reversed in the consolidated income statement for 2011, relating to the various Group companies, amounted to EUR 753 thousand and EUR 822 thousand, respectively (EUR 2,298 thousand and EUR1,311 thousand in 2010).

# 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:

| 2011<br>Thousands of euros | Construction | Industrial Services | Environment | Corporate unit and adjustments | Balance at 31/12/2011 |
|---|---|---|---|---|---|
| Trade receivables for sales and services | 6,201,094 | 2,262,617 | 678,919 | 2,374 | **9,145,004** |
| Receivable from group companies and associates | 245,678 | 281,758 | 17,913 | (65,285) | **480,064** |
| Other receivables | 307,789 | 499,862 | 137,126 | 7,080 | **951,857** |
| Current tax assets | 142,308 | 5,744 | 1,240 | (22,724) | **126,568** |
| **Total** | **6,896,869** | **3,049,981** | **835,198** | **(78,555)** | **10,703,493** |

| 2010<br>Thousands of euros | Construction | Industrial Services | Environment | Corporate unit and adjustments | Balance at 31/12/2010 |
|---|---|---|---|---|---|
| Trade receivables for sales and services | 2,086,219 | 2,504,544 | 999,468 | 5,455 | **5,595,686** |
| Receivable from group companies and associates | 239,777 | 144,271 | 18,740 | (117,504) | **285,284** |
| Other receivables | 286,200 | 378,680 | 166,012 | 178,383 | **1,009,275** |
| Current tax assets | 10,511 | 18,165 | 793 | 19,525 | **48,994** |
| **Total** | **2,622,707** | **3,045,660** | **1,185,013** | **85,859** | **6,939,239** |

## Trade receivables for sales and services - Net trade receivables balance

The detail of trade receivables for sales and services - net trade receivables balance, by line of business, at 31 December 2011 and 2010, is as follows:

| 2011<br>Thousands of euros | Construction | Industrial Services | Environment | Corporate unit and adjustments | Balance at 31/12/2011 |
|---|---|---|---|---|---|
| Trade receivables and notes receivable | 3,853,128 | 1,709,189 | 612,892 | 6,986 | **6,182,195** |
| Completed work pending certification | 2,541,499 | 655,800 | 87,973 | 15 | **3,285,287** |
| Allowances for doubtful debts | (193,533) | (102,372) | (21,946) | (4,627) | **(322,478)** |
| **Total receivables for sales and services** | **6,201,094** | **2,262,617** | **678,919** | **2,374** | **9,145,004** |
| Advances received on orders (Note 23) | (1,356,808) | (1,432,737) | (12,517) | (1) | **(2,802,063)** |
| **Total net trade receivables balance** | **4,844,286** | **829,880** | **666,402** | **2,373** | 6,342,941 |

| 2010<br>Thousands of euros | Construction | Industrial Services | Environment | Corporate unit and adjustments | Balance at 31/12/2010 |
|---|---|---|---|---|---|
| Trade receivables and notes receivable | 1,826,880 | 1,919,418 | 855,670 | 10,066 | **4,612,034** |
| Completed work pending certification | 298,428 | 679,412 | 163,676 | 16 | **1,141,532** |
| Allowances for doubtful debts | (39,089) | (94,286) | (19,878) | (4,627) | **(157,880)** |
| **Total receivables for sales and services** | **2,086,219** | **2,504,544** | **999,468** | **5,455** | **5,595,686** |
| Advances received on orders (Note 23) | (1,093,189) | (1,545,279) | (6,516) | 1 | **(2,644,983)** |
| **Total net trade receivables balance** | **993,030** | **959,265** | **992,952** | **5,456** | 2,950,703 |

At 31 December 2011, retentions held by customers for contract work in progress amounted to EUR 461,403 thousand (EUR 143,984 thousand at 31 December 2010).

The Group companies assign trade receivables to financial entities, without the possibility of recourse against them in the event of non-payment. The balance of receivables was reduced by EUR 356,208 thousand in this connection at 31 December 2011 (EUR 436,930 thousand at 31 December 2010).

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 no repurchase agreements have been entered into between the Group companies and the credit institutions that have acquired the assets, and the credit institutions 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 during the period to maturity.

The balance of "Trade Receivables and Notes Receivable" was reduced by the amounts received from the "CAP-TDA2 Fondo de Titulización de Activos", a securitisation SPV which was set up on 19 May 2010.

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

The amount of the receivables sold to the Securitisation Fund was EUR 276,158 thousand at 31 December 2011 (EUR 284,002 thousand at 31 December 2010), of which EUR 58,946 thousand (EUR 52,417 thousand at 31 December 2010) were recognised as a current account with the Securitisation Fund included under the heading "Other Current Financial Assets-Other Loans" (Note 10.05).

Clients with net sales of over 10%, in both 2011 and 2010, include Spanish public authorities, which accounted for 21% of the net balance of ACS Group clients at 31 December 2011 (61% at 31 December 2010).

## 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 2011 and 2010:

Thousands of euros

| Allowance for doubtful debts | Construction | Industrial Services | Environment | Corporate unit and adjustments | **Total** |
|---|---|---|---|---|---|
| **Balance at 31 December 2009** | **(42,070)** | **(80,230)** | **(22,896)** | **(4,627)** | **(149,823)** |
| Charges for the year | (336) | (25,025) | (11,565) | - | **(36,926)** |
| Reversals/Excesses | 3,241 | 13,081 | 5,366 | - | **21,688** |
| Changes in scope and other | 76 | (2,111) | 9,218 | (2) | **7,181** |
| **Balance at 31 December 2010** | **(39,089)** | **(94,285)** | **(19,877)** | **(4,629)** | **(157,880)** |
| Period provisions | (140,833) | (14,640) | (9,240) | 2 | **(164,711)** |
| Reversals/Excesses | 319 | 6,553 | 1,708 | - | **8,580** |
| Changes in scope and other | (13,930) | - | 5,463 | - | **(8,467)** |
| **Balance at 31 December 2011** | **(193,533)** | **(102,372)** | **(21,946)** | **(4,627)** | **(322,478)** |

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

The net trade receivables balance at 31 December 2011 amounted to EUR 6,342,941 thousand, of which EUR 1,876,465 thousand relate to domestic activity and EUR 4,466,476 thousand to international activity.

With regard to domestic activity, EUR 1,332,131 thousand (71% of the balance) relates to the net balance receivable from the Spanish public authorities, the remainder relating to the private sector, without large concentrations thereof.

In relation to foreign activity, this balance mainly relates to the activity carried on by Hochtief, A. G. and amounts to EUR 4,268,372 thousand. This figure includes amounts which were outstanding but not impaired at 31 December 2011, of which EUR 137,191 was up to 30 days overdue, EUR 36,817 thousand between 31 and 90 days overdue and EUR 66,432 thousand more than 90 days overdue.

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 Environmental 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 2011, this amount totalled EUR 300,960 thousand (EUR 229,611 thousand at 31 December 2010), which was included under the heading "Other Loans", and matures as follows:

| Thousands of euros<br>2012 | 2013 | 2014 | 2015 and subsequent years | **Total** |
|---|---|---|---|---|
| 52,417 | 48,348 | 47,933 | 152,262 | **300,960** |

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 short-term collection periods allowing for positive management of working capital.

# 13. Other current assets

This heading in the statement of financial position fundamentally includes short-term accruals of prepaid expenses and interest.

# 14. Cash and cash equivalents

The "Cash and cash equivalents" heading 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 85,212 reflect their fair value and there are no restrictions as to their use.

# 15. Equity

## 15.01. Capital

At 31 December 2011, 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 General Shareholders' Meeting held on 25 May 2009 authorised the Company's Board of Directors to increase capital by up to half the Company's share capital at the date of this resolution on one or more occasions, and at the date, in the amount and under the conditions freely agreed in each case, within five years following 25 May 2009, and without having previously submitted a proposal to the General Shareholders' Meeting. Accordingly, the Board of Directors may set the terms and conditions under which capital is increased as well as the features of the shares, investors and markets at which the increases are aimed and the issue procedure, freely offer the unsubscribed shares in the preferential subscription period; and in the event of incomplete subscription, cancel the capital increase or increase capital solely by the amount of the subscribed shares.

The capital increase or increases may be carried out through the issue of new shares, either ordinary, without voting rights, preference or recoverable. The new shares shall be payable by means of monetary contributions equal to the par value of the shares and any share premium which may be agreed.

The Board of Directors was expressly empowered to exclude preferential subscription rights in full or in part in relation to all or some of the issues agreed under the scope of this authorisation, where it is in the interest of the company and as long as the par value of the shares to be issued plus any share premium agreed is equal to the fair value of the Company's shares based on a report to be drawn up at the Board's request, by an independent auditor other than the Company's auditor, which is appointed for this purpose by the Spanish Mercantile Register 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.

Also, at its meeting held on 25 May 2009 and in accordance with applicable legislation, the Shareholder´s Meeting resolved to delegate to the Board of Directors the power to issue fixed income securities, either simple and exchangeable or convertible, and warrants on the Company's newly issued shares or shares in circulation, under the following terms: Securities may be issued on one or more occasions within five years following the resolution date. The total amount of the issue or issues of securities, plus the total number of shares listed by the Company, plus the total number of shares listed by the Company and outstanding at the issue date may not exceed a maximum limit of eighty per cent of the equity of ACS Actividades de Construcción y Servicios, SA. according to the latest approved statement of financial position.

The shares of ACS, Actividades de Construcción y Servicios, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerised trading system.

In addition to Parent, the companies included in the scope of consolidation whose shares are listed on securities markets are Hochtief A.G. on the Frankfurt Stock Exchange (Germany), Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina),Leighton Holdings Ltd., Macmahon Holdings Limited, Sedgman Limited on the Australia Stock Exchange and Pol-Aqua on the Warsaw Stock Exchange (Poland).

At 31 December 2011, 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 18.305%, Corporación Financiera Alcor, S.A. with an ownership interest of 12.625% and Inversiones Vesán, S.A. with an ownership interest of 12.521%.

## 15.02. Share premium

The share premium at 31 December 2011 and 2010 amounted to EUR 897,294 thousand. There have been no changes in the share premium account in the past two years.

The Consolidated Spanish Limited Liability 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 2011 and 2010 is as follows:

| Thousands of euros | Balance at 31/12/2011 | Balance at 31/12/2010 |
|---|---|---|
| Reserves of the Parent | 1,815,975 | 1,364,904 |
| Reserves at consolidated companies | 2,893,582 | 2,753,815 |
| **Total** | **4,709,557** | **4,118,719** |

## 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 2011 and 2010 is as follows:

| Thousands of euros | Balance at 31/12/2011 | Balance at 31/12/2010 |
|---|---|---|
| Legal reserve | 35,287 | 35,287 |
| Voluntary reserves | 1,024,546 | 961,200 |
| Reserve for redenomination of share capital in euros | 162 | 162 |
| Goodwill reserve | 123,623 | 82,416 |
| Other retained earnings | 632,357 | 285,839 |
| **Total** | **1,815,975** | **1,364,904** |

### Legal reserve

Under the Consolidated Spanish Limited Liability 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 recognised by the Group's Parent, which amounts to EUR 35,287 thousand, has reached the stipulated level at 31 December 2011 and 2010.

### 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 Limited Liability Companies Law, the distribution of profit is prohibited 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.

### 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 31/12/2011 | Balance at 31/12/2010 |
|---|---|---|
| Construction | (51,397) | 32,970 |
| Environment | 516,815 | 552,306 |
| Industrial Services | 606,987 | 542,546 |
| Corporate Unit | 1,821,177 | 1,625,993 |
| **Total** | **2,893,582** | **2,753,815** |

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 the "Treasury Shares" heading in 2011 and 2010 were as follows:

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Number of shares | Thousands of euros | Number of shares | Thousands of euros |
| **At beginning of the year** | **19,542,383** | **683,491** | **9,835,633** | **350,747** |
| Purchases | 9,845,100 | 279,253 | 10,200,612 | 350,047 |
| Sales | (5,778,650) | (202,093) | (493,862) | (17,303) |
| **At end of the year** | **23,608,833** | **760,651** | **19,542,383** | **683,491** |

At 31 December 2011, the Group held 23,608,833 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 7.50% of the share capital, with a carrying value per consolidated books of EUR 760,651 thousand which is recorded under "Treasury shares and equity interests" in the accompanying consolidated statement of financial position At 31 December 2010, the Group held 19,542,383 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 6.21% of the share capital, with a carrying value per consolidated books of EUR 683,491 thousand which is recorded under "Treasury shares and equity interests" in the accompanying consolidated statement of financial position.

The average purchase price of ACS shares in 2011 was EUR 28.36 per share and the average selling price of the shares in 2011 was EUR 34.97 per share (EUR 34.32 and EUR 35.04 per share, respectively, in 2010).

On 4 February 2011, in completion of the takeover bid for Hochtief AG, the ACS Group handed over 5,050,085 shares of ACS as consideration for the shares held by the shareholders of Hochtief AG who accepted the bid.

## 15.05. Interim dividend

At its meeting on 15 December 2011 the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.90 per share, totalling EUR 283,198 thousand, which was paid on 7 February 2012. For this purpose, the Parent prepared the liquidity statement required pursuant to Spanish Consolidated Companies Law evidencing that there is sufficient liquidity to distribute this dividend.

At its meeting on 16 December 2010 the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.90 per share, totalling EUR 283,198 thousand, which was paid on 8 February 2011. For this purpose, the Parent prepared the liquidity statement required pursuant to Spanish Consolidated Companies Law evidencing that there is sufficient liquidity to distribute this dividend.

This interim dividend paid is recognised under "Interim Dividend" and is deducted from "Equity Attributable to the Parent" included at 31 December 2011 and 2010 under the heading "Other Current Liabilities" in the accompanying consolidated statement of financial position.

## 15.06. Adjustments for changes in value

The changes in the balance of this heading in 2011 and 2010 were as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| **Beginning balance** | **(1,340,666)** | **(1,006,148)** |
| Hedging instruments | (312,850) | (54,928) |
| Available-for-sale financial assets | (639,056) | (465,736) |
| Exchange differences | (70,620) | 186,146 |
| **Ending balance** | **(2,363,192)** | **(1,340,666)** |

The adjustments for hedging instruments relate to the reserve generated by changes in the fair value of the financial instruments designated and classified as cash flow hedges. These relate mainly to interest rate and exchange rate hedges tied to statement of financial position asset and liability items, as well as the future transaction commitments to which the recording of hedges applies, due to the fulfilment of certain requirements of IAS 39 - Hedge accounting.

Available-for-sale financial assets include the unrealised losses and gains arising from changes in fair value net of the related tax effect. The main changes arose from the ownership interest in Iberdrola, S.A., in relation to which a negative balance amounting to EUR 1,791,480 thousand was recognised at 31 December 2011 (EUR 1,196,879 thousand at 31 December 2010).

The exchange differences on 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 2011 relates exclusively to the difference arising from 2004 to 2011, net of the tax effect, between the closing and opening exchange rates; on non-cash items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionally consolidated companies, as well as companies accounted for using the equity method, whose functional currency is not the euro.

Following are the main exchange differences by currency:

| Thousands of euros | Balance at 31/12/2011 | Balance at 31/12/2010 |
|---|---|---|
| Australian dollar | 174,553 | 197 |
| Brazilian real | 84,476 | 129,444 |
| Mexican peso | (16,679) | 353 |
| Argentine peso | (14,945) | (16,524) |
| US dollar | 13,351 | 13,858 |
| Venezuelan bolivar | (9,996) | (11,106) |
| Polish zloty | (9,307) | 7,244 |
| Other currencies | (1,051) | 4,185 |
| Exchange differences of companies accounted for using the equity method | (96,113) | 67,258 |
| | **124,289** | **194,909** |

## 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 2011 and 2010 is presented below:

| Thousands of euros | Balance at 31/12/2011 | | | Balance at 31/12/2010 | | |
|---|---|---|---|---|---|---|
| Line of Business | 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 | 2,609,544 | 104,160 | - | 51,894 | 2,060 | - |
| Industrial Services | 70,005 | 37,769 | - | 108,452 | 35,434 | - |
| Environment | 46,202 | 4,599 | (97) | 61,173 | 4,309 | 517 |
| **Total** | **2,725,751** | **146,528** | **(97)** | **221,519** | **41,803** | **517** |

The significant increase in the balance of non-controlling interests is due to the full consolidation of Hochtief beginning on 1 June 2011, and includes both the holdings of the minority shareholders of Hochtief as well as its non-controlling interests included in the balance sheet of the German company, which mainly relate to the minority shareholders of Leighton Holdings.

This heading in the accompanying consolidated statement of financial position reflects the proportional share of the equity of the companies in which the Group's minority shareholders have an interest. The changes in 2011, by item, were as follows:

| Thousands of euros | |
|---|---|
| **Balance at 31 December 2010** | **263.839** |
| Profit for the year from continuing operations | 146,528 |
| Loss for the year from discontinued operations | (97) |
| Dividends received | (55,437) |
| Change in scope of consolidation | 2,473,013 |
| Changes in share capital and other | 32,302 |
| Adjustments for changes in value | 12,034 |
| **Balance at 31 December 2011** | **2,872,182** |

The changes in 2010, by item, were as follows:

| Thousands of euros | |
|---|---|
| **Balance at 31 December 2009** | **288,279** |
| Profit for the year from continuing operations | 41,803 |
| Profit for the year from discontinued operations | 517 |
| Dividends received | (15,374) |
| Change in scope of consolidation | (38,585) |
| Changes in share capital and other | (17,355) |
| Adjustments for changes in value | 4,554 |
| **Balance at 31 December 2010** | **263,839** |

The detail of this balance at 31 December 2011, by business segment, is as follows:

| Thousands of euros<br>Line of Business | Share Capital | Reserves | Profit for the year | Profit from discontinued operations | **Total** |
|---|---|---|---|---|---|
| Construction | 1,424,848 | 1,184,696 | 104,160 | - | **2,713,704** |
| Industrial Services | 43,298 | 26,707 | 37,769 | - | **107,774** |
| Environment | 21,504 | 24,698 | 4,599 | (97) | **50,704** |
| **Total** | **1,489,650** | **1,236,101** | **146,528** | **(97)** | **2,872,182** |

The detail of this balance at 31 December 2010, by business segment, was as follows:

| Thousands of euros<br>Line of Business | Share Capital | Reserves | Profit for the year | Profit from discontinued operations | Total |
|---|---|---|---|---|---|
| Construction | 34,235 | 17,659 | 2,060 | - | **53,954** |
| Industrial Services | 95,699 | 12,753 | 35,434 | - | **143,886** |
| Environment | 22,328 | 38,845 | 4,309 | 517 | **65,999** |
| **Total** | **152,262** | **69,257** | **41,803** | **517** | **263,839** |

At 31 December 2011, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's main subsidiaries were as follows:

| Group | Percentage of ownership | Shareholder |
|---|---|---|
| **Construction** | | |
| John P. Picone, Inc. ( * ) | 20.00% | John P. Picone |
| Besalco Dragados S.A. | 50.00% | Besalco, S.A. |
| Autovía de La Mancha S.A. Conces. JCC Cast-La Mancha | 25.00% | CYOP, S.A. |
| Concesionaria Santiago Brión, S.A. | 30.00% | Francisco Gómez y CIA, S.L. (15%) |
| | | Extraco Construcciones e Proyectos, S.A. (15%) |
| Intercambiador de Transportes de Príncipe Pío, S.A. | 30.00% | Empresa de Blas y Compañía, S.L. |
| Autovía del Pirineo, S.A. | 28.00% | Construcciones Mariezcurrena, S.L. (20%) |
| Sociedad Concesionaria Ruta del Canal, S.A. | 20.00% | Claro, Vicuña, Valenzuela, S.A. |
| **Industrial Services** | | |
| Beni Saf Water Company Spa. | 49.00% | Algerian Energy Company -SPA |
| Emurtel, S.A. | 49.90% | Ginés Heredia (20%) |
| | | José María Rodríguez (29.9%) |
| Procme, S.A. | 25.46% | José Reis Costa |
| Iberoamericana de Hidrocarburos S.A. de C.V. | 40.50% | Monclova Pirineos Gas, S.A. de C.V. |
| Serpista, S.A. | 49.00% | Temg Mantenimiento, S.A. (10%) |
| | | Iberia, S.A. (39%) |
| Triana do Brasil Projetos e Serviços, Ltda. | 50.00% | CTEEP Compañía de Transmisión Eléctrica Paulista |
| Sistemas Sec, S.A. | 49.00% | Compañía Amerinana de Multiservicios Limitada |
| **Environment** | | |
| Centro de Transferencias, S.A. | 30.00% | Emgrisa |
| Residuos Sólidos Urbanos de Jaén, S.A. | 40.00% | Diputación Provincial de Jaén |
| Tirmadrid, S.A. | 33.64% | Enel Unión Fenosa Renovables, S.A. (18.64%) |
| | | Enel Green Power España, S.L. (15%) |
| Urbana de Servicios Ambientales, S.L. | 30.00% | Construcciones Sánchez Domínguez (20%) |
| Ecoparc de Barcelona, S.A. | 33.60% | Comsa Medio Ambiente S.L.(28.30%) |
| Residuos Industriales de Zaragoza, S.A. | 36,30% | Marcor Ebro, S.A. |
| Jingtang International Container Terminal Co. Ltd. | 45.72% | Tangshan Port Industrial Group Co., Ltd. |
| Vertederos de Residuos, S.A. | 16.03% | Fomento de Construcciones y Contratas, S.A. |

( * ) There is a purchase commitment of 20% for which the related liability was recognised.

Additionally, according to the available information, at 31 December 2011, the sole minority shareholder of Hochtief, A.G. with an ownership percentage greater than or equal to 10% is Qatar Holding Luxembourg (10%), there being no minority shareholder in the case of Leighton Holdings, Ltd.

# 16. Grants

The changes in the balance of this heading in 2011 and 2010 were as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| **Beginning balance** | **69,949** | **90,524** |
| Changes in the scope of consolidation | (5,440) | 3 |
| Additions | 5,829 | 5,249 |
| Transfers | (9,039) | (23,420) |
| Recognition in income statement | (3,167) | (2,407) |
| **Ending balance** | **58,132** | **69,949** |

The grants related to assets recognised in the consolidated income statement (recognised under the heading "Allocation of grants relating to non-financial assets and others" of the consolidated income statement) amounted to EUR 4,525 thousand net of tax in 2011(EUR 3,438 thousand in 2010). Following is a detail of the timing of recognition:

| Thousands of euros | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | <1 | 2-5 | >5 | <1 | 2-5 | >5 |
| Grants related to assets | 7,611 | 21,831 | 28,690 | 9,390 | 16,578 | 43,981 |

# 17. Bank borrowings, debt instruments and other marketable securities

## 17.01. Debt instruments and other held-for-trading liabilities

At 31 December 2011, as a result of the full integration of Hochtief A.G., the ACS Group has a balance of debt instruments and bonds amounting to EUR 722,632 thousand and EUR 46,421 thousand, respectively. The debt instruments and bonds were issued by Leighton Holdings. In 2010 a bond of USD 350,000 thousand was issued with an equivalent value in thousands of euros amounting to EUR 273,997 at 31 December 2011. This bond has three tranches with maturities in 2015, 2017 and 2020, and interest rates ranging from 4.51% to 5.78%. This heading also includes a bond issued in 2009 amounting to EUR 220,074 thousand, with a nominal value of AUD 200,000 thousands at five years, and with a fixed coupon of 9.5%. In 2008, Leighton Holdings issued USD 280,000 thousand through a private placement repayable in 2013, 2015 and 2017, and with an interest rate ranging from 6.91% to 7.66%. The carrying value of this private placement at 31 December 2011 amounted to EUR 219,235 thousand. Finally, the debt instruments and bonds issued include EUR 55,747 thousand (AUD 70,900 thousand) relating to three additional bonds with fixed or variable interest rates held by Leighton Holdings.

The detail, by maturity, of these debt instruments and bonds is as follows:

| Thousands of euros | Current | Non-Current | | | | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 and subsequent | **Total non-current** |
| Debentures and bonds | 46,421 | 96,238 | 220,074 | 140,924 | 265,396 | **722,632** |

At 31 December 2010 the ACS Group did not have any long-term or short-term debt instruments and bonds.

## 17.02. Bank loans

The detail of the bank borrowings at 31 December 2011, and the repayment schedules are as follows:

| Thousands of euros | Current | Non-Current | | | | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 and subsequent | **Total non-current** |
| Bank loans in euros | 5,540,058 | 805,568 | 537,258 | 317,593 | 599,185 | **2,259,604** |
| Foreign currency loans | 551,081 | 172,188 | 79,685 | 5,850 | 5,852 | **263,575** |
| Finance lease obligations | 133,937 | 327,313 | 5,362 | 4,680 | 22,813 | **360,168** |
| **Total** | **6,225,076** | **1,305,069** | **622,305** | **328,123** | **627,850** | **2,883,347** |

Under this heading, and in relation to bank borrowings with recourse, the most relevant changes arose due to the full integration of Hochtief, A. G. whose non-current financing amounted to EUR 1,578,917 thousand.

The detail of the bank borrowings at 31 December 2010, and the repayment schedules are as follows:

| Thousands of euros | Current | Non-current | | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 and subsequent | **Total non-current** |
| Bank loans in euros | 1,959,046 | 3,481,070 | 816,054 | 13,684 | 264,493 | **4,575,301** |
| Foreign currency loans | 167,827 | 91,558 | 1,185 | 27,703 | 15 | **120,461** |
| Finance lease obligations | 9,812 | 6,197 | 4,227 | 3,734 | 7,857 | **22,015** |
| **Total** | **2,136,685** | **3,578,825** | **821,466** | **45,121** | **272,365** | **4,717,777** |

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

At 31 December 2011, the balance contributed by the Hochtief Group included a five-year EUR 102,000 thousand as part of a loan of EUR 120,000 thousand loan issued on 25 November 2011, and arranged between domestic and international banks, of which EUR 18,600 were loaned to a subsidiary. This loans bears interest tied to six-month Euribor plus a market spread.

There was also a loan of EUR 240,000 thousand issued in 2010 in two tranches of EUR 59,500 thousand and EUR 180,500 thousand, respectively, with a maturity of five years and an interest rate tied to six-month Euribor plus a market spread.

Four loans were arranged by Hochtief in 2009 amounting to EUR 300,000 thousand and bearing interest at fixed and variables rates, of which EUR 140,000 thousand were repaid in 2011.

There were also bank loans amounting to EUR 236,000 thousand, which were arranged in 2008 and mature in seven years. These loans earn interest at a rate tied to six-month Euribor plus a market spread.

The syndicated loan of EUR 600,000 thousand arranged in 2005 and with an original maturity date on 22 November 2012 was refinanced in December 2011 with a combination of a guarantee and credit facility totalling EUR 2,000,000 thousand. An international syndicate of banks granted a five-year forward market credit facility of which EUR 1,500,000 thousand related to a tranche for guarantees EUR 500,000 thousand to a credit facility. At 31 December 2011 EUR 400,000 thousand had been drawn down.

Leighton Holding arranged bank loans amounting to EUR 464,590 thousand, most of which were to finance investments in Habtoor Leighton Group and other projects.

Also noteworthy is the non-current financing obtained for the purchase of shares of Hochtief, A.G. for a nominal amount of EUR 200,000 thousand with maturity in June of 2014 through the vehicle company Major Assets, S.L., and EUR 250,000 thousand with maturity in July 2014 through the company Corporate Statement, S.L., both secured by shares of Hochtief shares deposited therein, which at 31 December 2011, amounted to 13,948,778.

Additionally, in relation to the purchases of shares of Iberdrola, S.A. in 2010, ACS, Actividades de Construcción y Servicios, S.A. obtained financing that finally matures on 27 June 2012 with a balance of EUR 628,117 thousand at 31 December 2010. This financing amount was reduced to EUR 205,684 thousand at 31 December 2011 and was reclassified to short-term. At the same time as this financing, a prepaid forward share contract was signed which can only be repaid in cash, in relation to which the ACS Group is able to make advance payments or repay in full at any time.

On 9 February 2012 ACS Actividades de Construcción y Servicios, S. A. entered into a contract with a syndicate of banks, composed of 32 Spanish and foreign entities, for the refinancing of the syndicated loan which now matures in July 2015. The amount contracted amounted to EUR 1,377 million, which could be increased until May 2012, to EUR 1,650 million. This contract was already adhered to by four banks for EUR 1,411 million at the date of the presentation of these consolidated financial statements. This refinancing ensures the liquidity of the ACS Group's operations. At 31 December 2011, this loan amounting to EUR 1,589,911 thousand was recognised under the heading "Current Liabilities" in the accompanying statement of financial position.

At 31 December 2011 the balance of current loans included the syndicate loan of Urbaser, S.A. amounting to EUR 750,000 thousand, which matures in May 2012 and is in the process of being renewed at the date of the preparation of these financial statements. Various interest rate swaps were arranged to fully hedge this loan, which matures in May 2012, at the same time as the notional amount.

The ACS Group held mortgage loans for an amount of EUR 57,877 thousand at 31 December 2011 (EUR 57,580 thousand at 31 December 2010).

At 31 December 2011 the Group companies had been granted credit facilities with limits of 6,886,169 thousand (EUR 3,636,110 thousand in 2010), of which the amount of EUR 2,633,253 thousand (EUR 1,528,887 thousand at 31 December 2010) were undrawn. These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

At 31 December 2011, the current and non-current bank borrowings in foreign currency amounted to EUR 814,656 thousand (EUR 288,288 thousand in 2010), of which EUR 464,590 thousand were in Australian dollars, EUR 222,676 thousand in US dollars (EUR 120,867 thousand in 2010), EUR 28,608 thousand in Canadian dollars (EUR 27,703 thousand in 2010), EUR 28,544 thousand in Moroccan dirham (EUR 23,255 thousand in 2010), EUR 28,462 thousand in Chilean pesos (EUR 42,626 thousand in 2010), EUR 15,120 thousand in Chinese yuan, EUR 9,602 thousand in Polish zloty EUR 8,120 thousand in 2010), EUR 4,194 thousand in Argentine pesos (EUR 8,017 thousand in 2010) and EUR 3,122 thousand in Brazilian reals (EUR 47,744 thousand in 2010).

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.

In 2011 the Group's euro loans and credits bore average annual interest of 3.30% (2.92% in 2010). Foreign currency loans and credits bore average annual interest of 3.94% (3.51% in 2010).

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.

In 2011 and 2010 the ACS Group met all its financial debt payments at 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.

## 17.03. Finance lease obligations

The amounts payable under finance leases which are included under the heading "Bank borrowings, obligations and other negotiable securities" in the accompanying consolidated statement of financial position at 31 December 2011 and 2010, were as follows:

| 2011<br>Thousands of euros | Within one year | Between two and five years | More than five years | **Balance at 31/12/2011** |
|---|---|---|---|---|
| Present value of minimum lease payments | 133,937 | 337,355 | 22,813 | **494,105** |
| Unaccrued finance charges | 13,383 | 23,189 | 649 | **37,221** |
| **Total amounts payable under finance leases** | **147,320** | **360,544** | **23,462** | **531,326** |

| 2010<br>Thousands of euros | Within one year | Between two and five years | More than five years | **Balance at 31/12/2010** |
|---|---|---|---|---|
| Present value of minimum lease payments | 9,813 | 14,158 | 7,858 | **31,829** |
| Unaccrued finance charges | 702 | 1,158 | 391 | **2,251** |
| **Total amounts payable under finance leases** | **10,515** | **15,316** | **8,249** | **34,080** |

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. Most of these leases were arranged by Leighton Holding for its mining activity. The average lease term is three to four years. Interest rates are set at the contract date. All leases are on a fixed repayment basis. The contingent rental payments were not material at 31 December 2011 or at 31 December 2010.

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

# 18. Limited recourse financing of projects and debts

The heading "Project Finance with Limited Recourse" on the liability side of the statement of financial position includes the financing for the acquisition of Iberdrola, S.A. and Hochtief, A.G., as well as the financing amount associated with projects. The detail of the balance of this heading, by type of financed asset at 31 December 2011, is as follows:

| Thousands of euros | Current | Non-current | Total |
|---|---|---|---|
| Iberdrola, S.A. | 20,959 | 4,940,600 | **4,961,559** |
| Hochtief Aktiengesellschaft | 15,752 | 593,029 | **608,781** |
| **Project financing** | | | |
| Waste treatment | 23,230 | 161,544 | **184,774** |
| Highways | 1,185 | 93,828 | **95,013** |
| Police station | 3,907 | 64,375 | **68,282** |
| Water management | 1,616 | 24,203 | **25,819** |
| Security systems | 8,968 | 8,446 | **17,414** |
| Interchangers | 1,812 | 1,515 | **3,327** |
| Photovoltaic plants | - | 518 | **518** |
| Other infrastructures | 3 | 3 | **6** |
| | **77,432** | **5,888,061** | **5,965,493** |

The detail of the balance of this heading, by type of financed asset at 31 December 2010, is as follows:

| Thousands of euros | Current | Non-current | Total |
|---|---|---|---|
| Iberdrola, S.A. | 2,099,255 | 2,590,215 | **4,689,470** |
| Hochtief Aktiengesellschaft | 16,945 | 858,867 | **875,812** |
| **Project financing** | | | |
| Highways | 2,850 | 807,347 | **810,197** |
| Waste treatment | 26,071 | 169,743 | **195,814** |
| Desalinisation plants | 334 | 133,051 | **133,385** |
| Energy | 20,828 | 89,748 | **110,576** |
| Police station | 4,053 | 69,354 | **73,407** |
| Interchangers | 1,843 | 52,565 | **54,408** |
| Photovoltaic plants | 2,053 | 33,997 | **36,050** |
| Water management | 3,761 | 30,041 | **33,802** |
| Other infrastructures | 8,433 | 25,178 | **33,611** |
| | **2,186,426** | **4,860,106** | **7,046,532** |

The detail, by maturity, of non-current financing at 31 December 2011 and 2010 is as follows:

| Thousands of euros | Maturity in | | | | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 and subsequent years | **Total** |
| Balance at 31 December 2011 | 35,006 | 3,123,234 | 2,454,058 | 275,763 | **5,888,061** |

| Thousands of euros | Maturity in | | | | |
|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 and subsequent years | **Total** |
| Balance at 31 December 2010 | 3,509,221 | 52,995 | 236,177 | 1,061,713 | **4,860,106** |

The most significant financing arrangements were as follows:

- Financing of the acquisition of Iberdrola, S.A.

The limited recourse financing for the acquisition of shares of Iberdrola included the financing of Residencial Monte Carmelo, S.A. (which holds 8.08% of the shares of Iberdrola) reached EUR 1,661,143 thousand which entered into force on 28 December 2011, the maturity date of the previous financing, which was extended three years to 28 December 2014. This was the main reason for the year-on-year increase in non-current financing. The main characteristics of the financing arrangement include the maintenance of a hedging ratio over the market value of the shares of Iberdrola, S.A. If this ratio were not to be met, the pledge could be executed.

Additionally, Corporate Funding, S.L. has limited recourse financing maturing in June 2014 which was increased with respect to 31 December 2010 by EUR 300,000 thousand, reaching a nominal amount of EUR 900,000 thousand, with interest tied to Euribor plus a spread and which was secured by shares amounting to EUR 283,523,297 at 31 December 2011. The main characteristics of the financing arrangement include the maintenance of a hedging ratio over the market value of the shares of Iberdrola, S.A. which obligates the contribution of funds up to a limit of EUR 450,000 thousand. If this ratio were not to be met, the pledge could be executed.

On 14 June 2011, the Company extended the maturity of its “equity swap” over shares of Iberdrola, S.A. to March 2015 for an amount of EUR 2,432,272 thousand (EUR 2,430,619 thousand at 31 December 2010). This loan is secured by shares amounting to 4.73% of the ownership interest in Iberdrola, S.A. and bears interest at a rate tied to Euribor. As in the case of the other loans described above, the ACS Group is required to meet a hedging ratio on this ownership interest.

Both at 31 December 2011 and at the date of the preparation of these financial statements, this hedging ratio was being met.

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

An ownership interest of 22.80% of Hochtief was acquired in 2007 by means of financing amounting to an initial amount of EUR 948,000 thousand in which BBVA acted as the agent bank. Of this amount EUR 87,000 was repaid in advance in previous years. This financing is secured by the shares acquired and has a finance cost tied to Euribor. Its sole and final maturity date is 24 July 2012.

The main characteristics of the financing arrangement include the maintenance of a hedging ratio over the market value of the shares of Hochtief, A.G. If this ratio were not to be met, the pledge could be executed. If the aforementioned hedging ratio were not to be met and the ACS Group were to decide to maintain the financing, ACS, Actividades de Construcción y Servicios, S.A. would be required to provide funds up to a limit of EUR 316,000 thousand in the form of a subordinated loan.

In relation to the aforementioned loan, on 27 October 2011, Cariátide, S.A., entered into a contract with a syndicate of banks for the refinancing of the nominal amount of EUR 602,000 thousand until 24 July 2015.

Both at 31 December 2011, and at the date of the preparation of these financial statements, this hedging ratio was being met.

To cover the ratios required to be met for the financing of Hochtief A.G. and Iberdrola, S.A., the Group contributed funds amounting to EUR 1,547,918 thousand at 31 December 2011 (EUR 590,904 thousand at 31 December 2010). These funds reduced the limited recourse financing and the portion exceeding the credit facility amounts was recognised on the asset sided of the statement of financial position under "Other Current Financial Assets" (see Note 10.05).

In 2011 and 2010 the ACS Group met all its financial debt payments at 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.

## Project financing

The most significant change in this heading in the consolidated statement of financial position relates to the reclassification of wind powered facilities, solar thermal plants and certain highways and power transmission lines to assets held for sale (see Note 03.09).

The remainder of project financing at 31 December 2011 included, inter alia, the financing relating to waste treatment at the plant owned by Ecoparc de Barcelona, S.A. In this connection a loan was arranged on 30 July 2009 amounting to EUR 53,000 thousand at a floating interest rate tied to Euribor plus a market spread. This loan matures on 30 July 2024. The purpose of the financing is to construct, administer and operate the Metropolitan Integrated Water Treatment Plant located in the Zone Franca, Barcelona.

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 4.42% in 2011 and 4.11% in 2010.

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 2011.

# 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 31/12/2011 | | Balance at 31/12/2010 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| Non-bank borrowings at a reduced interest rate | 56,009 | 6,019 | 39,053 | 5,786 |
| Payable to associates | 4,099 | 471,837 | 4,258 | 4,118 |
| Other | 50,157 | 64,494 | - | 3,720 |
| **Total** | **110,265** | **542,350** | **43,311** | **13,624** |

The balance of "Other financial liabilities" at 31 December 2011 includes mainly "Payable to associates", of which noteworthy is the payment obligation in relation to the desalination plant in Victoria (Australia) in the Asia Pacific division of Hochtief.

The "Non-bank borrowings at a reduced interest rate" are loans at reduced or zero interest rates granted by the Ministry of Industry, Commerce and Tourism and dependent agencies. The effect of the financing at market interest rates would not be material.

# 20. Provisions

The changes in non-current provisions in 2011 were as follows:

| Thousands of euros<br>Non-current | Provision for pensions and similar obligations | Provision for taxes | Provision for third-party liability | Provisions for actions on infrastructure | Total |
|---|---|---|---|---|---|
| **Balance at 31 December 2010** | **2,043** | **14,241** | **360,988** | **29,971** | **407,243** |
| Additions or charges for the year | 20,110 | 7,366 | 220,520 | (2,578) | **245,418** |
| Reversals and amounts used | 34,832 | (6,619) | (136,177) | (3,064) | **(111,028)** |
| Increases due to the passing of time and the effect of exchange rates on discount rates | 1,388 | - | 426 | 111 | **1,925** |
| Exchange differences | 21,432 | (799) | 8,310 | - | **28,943** |
| Changes in the scope of consolidation | 369,234 | - | 1,099,941 | (8,213) | **1,460,962** |
| **Balance at 31 December 2011** | **449,039** | **14,189** | **1,554,008** | **16,227** | **2,033,463** |

The Group companies recognised provisions on the liability side of the accompanying consolidated statement of financial position, for those current obligations that have arisen due to past events. At the maturity of said obligations and in order to pay them, the companies deem it probable that an outflow of financial resources will likely take place. A charge is made to provision at the date on which the related obligation arises, and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the current value of the future disbursement required to cancel the obligation, the effect on the financial profit or loss being dependent on changes in this provision in the year.

Following is detailed information on the Group's provisions, distributed into three large groups:

## Provisions for pensions and similar obligations

On the one hand, the defined benefit pension commitments were entered into by companies included in the group as a result of the merger by absorption of the Dragados Group in 2003. These commitments have been externalised through collective life insurance contracts, in which investments have been allocated whose flows coincide in time and amounts with the time and amounts of the payment of the insured benefits. Based on the valuation made, the amounts required to meet the commitments to current and retired employees amounted to EUR 27,026 thousand at 31 December 2011 (EUR 36,442 thousand at 31 December 2010) and EUR 193,627 thousand at 31 December 2011 (EUR 194,728 thousand in 2010), respectively. The actuarial assumptions used in the 2011 and 2010 valuations detailed above, are as follows:

| | |
|---|---|
| Annual rate of increase of maximum social security pension benefit | 2.00% |
| Annual wage increase | 2.35% |
| Annual CPI growth rate | 2.00% |
| Mortality table (*) | PERM/F-2000 P |

(*) Guaranteed assumptions which will not vary.

The interest rates applied beginning on the date of the externalisation of the previous commitments ranged between a maximum 5.93% and a minimum 3.02%. The interest rate applied was 4.85% in 2011 and 4.81% in 2010.

The aforementioned amounts relating to pension commitments recognised under "Staff Costs" in the consolidated income statement for 2011, gave rise to an expense of EUR 471 thousand in 2011 (EUR 146 thousand of income in 2010).

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. The contribution required in this connection amounted to EUR 4,455 thousand (2010: EUR 4,483 thousand) and was recognised under the heading "Staff costs" in the consolidated statement of financial position. The portion relating to the Parent's directors who performed executive duties in 2011 amounted to EUR 1,955 thousand (EUR 2,152 thousand in 2010) (see Note 34).

Except as indicated above, the Spanish Group companies do not generally have pension plans which are supplementary to social security benefits. However, in accordance with the provisions of the Spanish Consolidated Pension Plan and Fund Regulation Law, in specific cases where there are similar obligations, companies may externalise these pension and 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 valuation of the accrued liabilities and, if appropriate, of assets, was carried out by expert independent actuaries, using generally accepted actuarial methods and techniques, and are included in the consolidated statement of financial position, under the heading "Pensions and Similar Obligations - Non-Current Provisions" in accordance with the criteria provided by the IFRS.

The retirement benefits of the Hochtief Group include both defined contribution and defined benefit plans. Under the defined contribution plans, certain group companies voluntarily make payments to a public or private pension fund in accordance with legal and contractual stipulations and have no obligation to make additional contributions. Under the defined benefit plans, the obligation of certain Hochtief Group companies is to provide benefits to current and former employees. The defined benefit plans can be funded externally or through pension provisions.

The defined benefit plans are mostly used in Hochtief A.G., its subsidiaries in Germany and the Turner Group, as related to the services agreed upon up to 31 December 2003.

Since 1 January 2000, the pension arrangements in the Hochtief Group in Germany have consisted of a basic pension financed by the company in the form of a modular defined contribution plan as well as a supplementary pension linked to the company's performance. The size of the basic pension depends on the income and age of the employee (which results in an annual conversion factor) and a general pension contribution reviewed by Hochtief every three years. The size of the supplementary pension depends on profit growth based on IFRS after taxes. A total of 20% of the basic pension can be supplemented in this way. The types of pensions in force until 31 December 1999 included groups of benefits based on collective agreements. These benefits were integrated into the new system of retirement benefits as a component of the initial pension. The benefits include a retirement pension, a disability pension and pensions for dependants.

Turner changed from defined benefit to defined contribution plans, which have been in force subsequent to January 1 2004. Depending on the length of employment and salary level, from 3 to 6 per cent of an employee's salary is paid in an external fund. In addition, the employees of Turner have the option to pay up to 5 per cent of their wages in an investment fund. Turner increased its deferred remuneration up to 100 per cent depending on the length of employment. Employees can benefit from the plan after three years of service. Tax exemptions are given through payments to the fund; the employees assuming the investment risk. Similarly, Leighton and Flatiron have defined contribution plans and pay between 4 and 10 per cent of the employee's salary (before deductions) to an external fund.

The financing of the pensions of Hochtief A.G. was restructured through the creation of a contractual trust agreement (CTA) on 31 December 2004. This agreement was extended to all the major German companies of the Hochtief Group from 2005 to 2007. The transferred assets are managed in trust by Hochtief Pension Trust e. V. and are used solely to finance the pension obligations. The cash transferred is invested in the capital market in accordance with the investment principles established in the trust agreement. The defined benefit plans suspended on 31 December 2003 by the Turner Group, are covered by an external fund.

The amount of the provisions for pensions is determined by means of an actuarial assessment. This necessarily involves the use of estimates. Specifically, the actuarial assumptions used are as follows:

| Percentage | 2011 | |
|---|---|---|
| | Germany | Other Countries |
| Discount factor (*) | 4.75 | 4.38 |
| Wage increases | 3.00 | - |
| Pension increases | 1.75 | - |
| Increases in healthcare costs | - | 5.00 |
| Expected return on plan assets * | 4.62 | 8.00 |

(*) Weighted average.

Due to the change in the types of pension in 2004, increases in salaries and pensions ceased to be taken into account in operations in countries such as those belonging to the Turner Group. The biometric assumptions regarding mortality are based on published statistics and the specific experience of each country. In Germany these assumptions are made using the 2005 G tables of the professor Dr. Klaus Heubek. Turner uses the RP-2000 mortality table for employees. The assumptions regarding the expected return on plan assets are based in Germany and in each country, on the projected order book structure and future performance in classes of individual assets. The projections are based on long-term historical averages. For the main domestic pension plans, the expected return on plan assets is also based on asset-liability studies.

Following are the changes in the present value of the defined benefit obligations and the market value of plan assets:

## Changes in the present value of the defined benefit obligations

| Thousands of euros | From June to December 2011 | | |
|---|---|---|---|
| | Germany | Other Countries | Total |
| **Defined benefit obligations at 1 June** | 651,426 | 236,101 | 887,527 |
| Cost of current services | 5,791 | 785 | 6,576 |
| Cost of past services | 284 | (1,651) | (1,367) |
| Interest expenses | 17,784 | 6,834 | 24,618 |
| Actuarial losses/ (gains) | 23,910 | 10,872 | 34,782 |
| Benefits paid by the company's assets | (116) | (1,208) | (1,324) |
| Benefits paid by fund assets | (19,461) | (13,270) | (32,731) |
| Employee contributions | 1,843 | - | 1,843 |
| Effect of transfers | (15) | - | (15) |
| Changes in consolidation | (154) | - | (154) |
| Currency adjustments | - | 23,472 | 23,472 |
| **Defined benefit obligation at the end of the reporting period** | 681,292 | 261,935 | 943,227 |
| Reclassification as liabilities associated with held for sale assets | (2,181) | - | (2,181) |
| **Defined benefit obligation at the end of the reporting period following reclassification** | 679,111 | 261,935 | 941,046 |

## Changes in the market value of the plan assets

| Thousands of euros | From June to December 2011 | | |
|---|---|---|---|
| | Germany | Other countries | Total |
| **Plan assets at 1 June** | 673,951 | 192,044 | 865,995 |
| Expected return on plan assets | 18,303 | 8,657 | 26,960 |
| Difference between projected and real return | (37,404) | (23,607) | (61,011) |
| Withdrawal of plan assets due to excess pension obligation funds | (50,000) | - | (50,000) |
| Employer contributions | 2,370 | - | 2,370 |
| Employee contributions | 1,843 | - | 1,843 |
| Benefits paid | (19,461) | (13,270) | (32,731) |
| Changes in consolidation | (53) | - | (53) |
| Currency adjustments | - | 16,975 | 16,975 |
| **Plan assets at the end of the reporting period** | 589,549 | 180,799 | 770,348 |
| Reclassification as liabilities associated with held for sale assets | (2,062) | - | (2,062) |
| **Defined benefit obligation at the end of the reporting period following reclassification** | 587,487 | 180,799 | 768,286 |
| **Additional Information:** | | | |
| Actual return on plan assets (thousands of euros) | (19,101) | (14,950) | (34,051) |

The investment plan assets used to cover the pension obligations generated actual losses amounting to EUR 34,051 thousand from June to December 2011.

The defined benefit obligations are covered by the plan assets as follows:

| Thousands of euros | Balance at 31 December 2011 | |
|---|---|---|
| | Defined benefit obligation | Plan assets |
| Not covered by plan assets | 53,840 | - |
| Partially covered by plan assets | 840,184 | 705,209 |
| **Incompletely covered by plan assets** | **894,024** | **705,209** |
| Fully covered by plan assets | 47,022 | 63,077 |
| **Total** | **941,046** | **768,286** |

Pension provisions are determined as follows:

| Thousands of euros | Balance at 31 December 2011 |
|---|---|
| Defined benefit obligation | 941,046 |
| (Less) plan assets | (768,286) |
| **Level of financing:** | **172,760** |
| Adjustments arising from the IAS limit in 19.58 | - |
| Pension plan assets with excess funding | 16,055 |
| **Provisions for pensions and similar obligations** | **188,815** |

The fair values of plan assets are divided between the classes of assets as follows:

| Thousands of euros | Balance at 31 December 2011 | |
|---|---|---|
| | Market value | % |
| Equity securities | 166,336 | 21.65 |
| Fixed-income securities | 456,630 | 59.43 |
| Real estate | 26,777 | 3.49 |
| Insurance policies | 62,599 | 8.15 |
| Commodities | 35,858 | 4.67 |
| Cash | 20,086 | 2.61 |
| **Total** | **768,286** | **100.00** |

At 31 December 2011, the projected future pension payments were as follows:

| Thousands of euros | |
|---|---|
| Maturity in 2012 | 54,554 |
| Maturity in 2013 | 54,808 |
| Maturity in 2014 | 56,284 |
| Maturity in 2015 | 57,108 |
| Maturity in 2016 | 57,935 |
| Maturity from 2017 to 2021 | 295,457 |

The adjustments made based on experience, i.e. the effects of the difference between the previous actuarial assumptions and actual events, were as follows:

| Thousands of euros | From June to December 2011 |
|---|---|
| **Defined benefit obligation at the end of the reporting period** | **941,046** |
| Effect of differences in the fiscal year | (816) |
| Effect as a percentage of the defined benefit obligations | (0,09) |
| **Plan assets at the end of the reporting period** | **768,286** |
| Effect of differences in the fiscal year | (61,011) |
| Effect as a percentage of the plan assets | (7,94) |
| **Level of financing at the end of the reporting period** | **172,760** |

The costs of pensions under the defined benefit plans are broken down as follows:

| Thousands of euros | From June to December 2011 | | |
|---|---|---|---|
| | Germany | Other countries | **Total** |
| Cost of current services | 5,791 | 785 | **6,576** |
| Cost of past services | 284 | (1,651) | **(1,367)** |
| **Total staff costs** | **6,075** | **(866)** | **5,209** |
| Interest expense accrued on benefit obligations | 17,784 | 6,834 | **24,618** |
| Expected return on plan assets | (18,303) | (8,657) | **(26,960)** |
| **Total interest costs (net investment and interest income)** | **(519)** | **(1,823)** | **(2,342)** |
| **Total pension costs** | **5,556** | **(2,689)** | **2,867** |

From 1 June to 31 December 2011, EUR 164,034 thousand were paid in relation to defined contribution plans, mainly by the Leighton Group (EUR 145,513 thousand) and the Turner Group (EUR 15,573 thousand). An additional EUR 52,336 thousand were paid for government pension plans. The costs of defined contribution plans are recognised under "Staff Costs". The Turner Group's obligation to pay the healthcare costs of its retired employees are also included in the provisions for pensions, due to their pension-related nature. The defined benefit obligation at 31 December 2011 amounted to EUR 40,105 thousand. Healthcare costs accounted for EUR 746 thousand of current service costs and EUR 1,101 thousand of interest expenses.

The effects of a one percentage point change in the trend rate of the healthcare cost assumed are as follows:

| Thousands of euros | Increase | Decrease |
|---|---|---|
| Effect on the total cost of existing services and interest expenses | 15 | (15) |
| Effect on the defined benefit obligation | 362 | (328) |

The consolidated statement of comprehensive income includes EUR 95,793 thousand in actuarial losses recorded from June to December of 2011 before deferred taxes and after changes in consolidation. Before deferred taxes, the cumulative amount of actuarial losses was EUR 253,296 thousand.

In addition to the amount corresponding to the provisions for pensions and similar, the Hochtief Group had provisions amounting to EUR 259,324 thousand relating to the staff and consisting mainly of obligations related to the stock options of Hochtief, seniority bonuses and early retirement agreements.

## Provisions for taxes

These provisions Include the amounts estimated by the Group to cover the expenses of the proceedings relating to challenges presented in relation to the payment of different taxes, contributions and fees, and essentially real estate tax and other possible contingencies, as well as the amounts estimated to cope with probable or certain liabilities and pending applications, the exact payment amount or date being uncertain since it depends on the fulfilment of certain 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. Although there were a

significant number of lawsuits, they were for amounts of little relevance considered individually, none of which was particularly noteworthy, excluding the lawsuit filed by Boliden-Apirsa in 2004. In relation to this case, the Supreme court finally dismissed the lawsuit filed by Boliden-Apirsa in accordance with its judgement handed down on 11 January 2012. 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 judgments or arbitration and it is impossible to determine the date on which they will be resolved. Additionally, these provisions are not derecognised until the judgements handed down are final and payment is made, or there is no doubt as to the disappearance of the associated risk.

*Environmental Provisions*
The ACS Group has an environmental policy based, not only on strict compliance with the law in force on the improvement and protection of the environment, but also on going even further through the establishment of proactive planning based on analysis and minimization of the environmental impact of the activities carried on by Group. These provisions are made to cover any likely environmental risks which might arise.

*Guarantees and contractual and legal obligations*
These provisions 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 highway 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 highway 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. In this regard, noteworthy in 2011 were the changes in scope resulting from the full consolidation of Hochtief.

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.

*Provision for construction contract settlements and project losses*
These relate to the expected or estimated losses incurred during the performance of construction work, as well as the related costs following the final contract settlement, calculated systematically according to the percentage of production value over the period in which the work is performed based on past experience with construction work.

The breakdown of the provision for liabilities, by line of business, is as follows:

| Line of Business | |
|---|---|
| Thousands of euros | |
| Construction | 1,245,570 |
| Industrial Services | 108,361 |
| Environment | 154,916 |
| Corporate unit | 45,161 |
| **Total** | **1,554,008** |

The amount of the most significant provisions in the construction area related to the change in the scope of consolidation due to the full consolidation of the Hochtief Group, for which period provisions were made at 31 December 2011 amounting to EUR 451,555 thousand for employee obligations and claims. In addition to these amounts, as a result of the full consolidation of Hochtief, provisions were made to cover risks associated with certain investments and other liabilities of this group.

The changes in current provisions in 2011 were as follows:

| Thousands of euros<br>Current | Provision for termination benefits | Provision for contract work completion | Operating allowance | Total |
|---|---|---|---|---|
| **Balance at 31 December 2010** | **14,488** | **110,684** | **108,172** | **233,344** |
| Additions or charges for the year | 8,360 | 14,762 | 305,408 | **328,530** |
| Amounts used | (2,384) | (18,803) | (386,377) | **(407,564)** |
| Reversals | (921) | (1,178) | (56,213) | **(58,312)** |
| Exchange differences | (419) | (100) | 29,541 | **29,022** |
| Changes in the scope of consolidation | (2,145) | 145 | 1,145,461 | **1,143,461** |
| **Balance at 31 December 2011** | **16,979** | **105,510** | **1,145,992** | **1,268,481** |

The most important change relates to the incorporation of the Hochtief Group.

# 21. Financial risk and capital management

In view of its activities, the ACS Group is exposed to different financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro. The financial risks to which the operating units are subject include interest rate, foreign currency, liquidity and credit risks.

## Interest rate risk on cash flows

This risk arises from changes in future cash flows from 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 a narrow range of fluctuation are arranged for a substantial portion of the borrowings that may be affected by this risk (see Note 22).

Taking into account the existing hedging instruments, as well as financing at a fixed interest rate, the sensitivity of the ACS Group's profit and loss and equity to changes in interest rates is as follows:

Millions of euros

| Year | Increase / Decrease in the interest rate (basic points | Effect on profit or loss (prior to tax) | Effect on equity (after tax) |
|---|---|---|---|
| 2011 | 50 | (18.1) | 119.6 |
| | -50 | 18.1 | (119.6) |
| 2010 | 50 | (12.8) | 123.9 |
| | -50 | 12.8 | (123.9) |

## 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 reduce the risk inherent to structural investments in foreign operations with a functional currency other than the Euro, the Group attempts to arrange debt in the same functional currency as the asset 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 different 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

| Millions of euros | | 2011 | | 2010 | |
|---|---|---|---|---|---|
| Functional currency | Currency | 5% | -5% | 5% | -5% |
| EUR | USD | 4.5 | -4.5 | 12.2 | -12.2 |
| EUR | BRL | 13.2 | -13.2 | 2.4 | -2.4 |
| AUD | USD | 5.5 | 5.5 | - | - |
| CZK | EUR | -2.5 | -2.5 | - | - |

Effect on equity before tax.

| Millions of euros | | 2011 | | 2010 | |
|---|---|---|---|---|---|
| Functional currency | Currency | 5% | -5% | 5% | -5% |
| EUR | USD | 13.3 | -13.2 | 37.4 | -37.4 |
| EUR | BRL | 38.6 | -38.6 | 34.5 | -34.5 |
| EUR | CHF | 2.1 | 2.1 | - | - |

Following is the breakdown of the major currencies of the financial assets and liabilities of the ACS Group:

| At 31 December 2011<br>Thousands of euros | US Dollar (USD) | Brazilian Real (BRL) | Moroccan Dirham (MAD) | Chilean Peso (CLP) | Mexican Peso (MXP) | Australian Dollar (AUD) | Egyptian Libra (EGP) | Indian Rupia (INR) | Other currencies | **Balance at 31/12/2011** |
|---|---|---|---|---|---|---|---|---|---|---|
| Marketable securities (portfolio of short- and long-term investments | 57,142 | 274 | - | 32,092 | - | - | - | - | 61 | **89,569** |
| Loans to associates | 43,911 | 59,386 | 40 | - | 116,629 | 388,657 | 84,444 | 22,227 | 3,693 | **718,987** |
| Other loans | 398,259 | 1,251 | 1,332 | 2,566 | 3,588 | 208,954 | - | - | 10,068 | **626,018** |
| Bank borrowings (non-current) | 114,059 | 3,122 | 24,294 | 1,037 | 1,630 | 1,158,468 | - | - | 13,920 | **1,316,530** |
| Bank borrowings (current) | 96,074 | 8,619 | 4,477 | (18,484) | 3,109 | 526,444 | - | 11,033 | 28,297 | **659,569** |

| At 31 December 2010<br>Thousands of euros | US Dollar (USD) | Brazilian Real (BRL) | Moroccan Dirham (MAD) | Chilean Peso (CLP) | Mexican Peso (MXP) | Australian Dollar (AUD) | Egyptian Libra (EGP) | Indian Rupia (INR) | Other currencies | **Balance at 31/12/2010** |
|---|---|---|---|---|---|---|---|---|---|---|
| Marketable securities (portfolio of short- and long-term investments | 887 | 5,965 | 5 | 52,380 | 44,961 | 4,889 | - | - | 28,002 | **137,089** |
| Loans to associates | 58 | 143,857 | 40 | 60,678 | 14,446 | - | 48,471 | 54,512 | 4,978 | **327,040** |
| Other loans | - | 307 | 167 | 702 | 1,862 | 5 | - | - | 12,362 | **15,405** |
| Bank borrowings (non-current) | 346,443 | 25,619 | 24,230 | - | - | - | - | - | 11,600 | **407,892** |
| Bank borrowings (current) | 34,728 | 87,120 | (590) | (14,971) | 11,811 | 1 | 44,427 | 81,976 | 59,654 | **304,156** |

## Liquidity risk

This risk results from the timing gaps between fund requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds arising from cash generated in the course of the Group's ordinary operations, different forms of bank financing, capital market operations and divestments.

The current financial market environment is marked by a liquidity crisis caused by the general downturn of credit. The ACS Group has a policy for the proactive management of liquidity risk through the comprehensive monitoring of cash and anticipation of the expiration of financial operations. The Group also manages liquidity risk through the efficient management of investments and working capital and the arrangement of lines of long-term financing.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements. In this connection, noteworthy is the use of limited recourse financing of projects and debts as described in Note 18, and current financing for working capital requirements.

In 2012 prior to the presentation of the financial statements, ACS, Actividades de Construcción y Servicios, S.A. entered into a contract with a syndicate of banks for the refinancing of the syndicated loan facility maturing in July 2012 until July 2015. he amount currently contracted amounts to EUR 1,411 million, which can be increased to EUR 1,650 million until May 2012. This refinancing ensures the liquidity of the ACS Group's operations.

In addition to the above, as a result of the substantial refinancing of debt in 2011, mainly in connection with the financing of Iberdrola and the acquisition of Hochtief, the Group has significantly extended the maturity dates of its financing.

Lastly, it should be noted in relation to this risk that as a precautionary measure, at its General Meeting of Shareholders held in 2009 and for a period of five years the ACS Group authorised the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. to increase the share capital, as well as the issuance of debt securities, simple, redeemable or convertible, etc. as detailed in Note 15.01.

At its Annual General Meeting held in 2011, the shareholders of the Hochtief Group also took measures to allow for an increase in capital.

## Credit risk

This risk mainly relates to the non-payment of trade receivables. The objective of credit risk management is to reduce the impact of credit risk exposure as far as possible by means of the preventive assessment of the solvency rating of the Group's potential clients. When contracts are being performed, the credit rating of the outstanding amounts receivable is periodically evaluated and the estimated recoverable doubtful receivables are adjusted and written down with a charge profit and loss for the year. The credit risk has historically been very limited.

Additionally, the ACS Group is exposed to the risk of breach by its counterparties in transactions involving financial derivatives and cash placement. The Corporate management of the ACS Group establishes counterparty selection criteria based on the quality of credit of the financial institutions which translates into a portfolio of entities of high quality and solvency. In this regard, there were no significant payment defaults in 2011 or 2010.

## Exposure to publicly traded share price risk

The ACS Group is exposed to risks relating to the performance of the share price of listed companies.

This exposure relates to derivative agreements which are related to remuneration systems linked to the performance of the ACS share price (see Note 22). These equity swaps eliminate the uncertainty regarding the period price of remunerations systems. However, since the derivatives are not considered to comply with hedge accounting criteria, their market value has an effect on the consolidated statement of income (positive in the case of an increase in the share price and negative on the contrary).

The ACS Group is also exposed to the risk of changes in the price of shares of Abertis, Hochtief and Iberdrola. In the case of Abertis, since this investee is considered to be an associate and there are significant capital gains on its consolidated value, the performance of its share price does not have a direct effect on the consolidated financial statements (see Note 09). In the case of Hochtief, the exposure is mainly focused on the possible risk of impairment of derivatives relating to remuneration Systems linked to the price of Hochtief shares (see Notes 04.01 and 28.03). Lastly, in the case of Iberdrola, changes in market value have an effect on equity and are an indicator of possible impairment (see Note 10.01).

## Capital management

The ACS Group's objectives in relation to capital management are to maintain an optimal financial-equity structure in order to reduce the cost of capital, while safeguarding the Company's ability to continue operating with an adequately stable debt-to-equity ratio.

The capital structure is mainly controlled through the debt ratio which is calculated by dividing net financial debt by net equity. Net financial debt is understood to comprise the following:

+ Net recourse debt:
  + 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 the leverage to be appropriate at 31 December 2011 and 2010. Following is the detail thereof:

| Thousands of euros | 31/12/2011 | 31/12/2010 |
|---|---|---|
| **Net recourse debt** | **3,368,692** | **956,610** |
| Non-current bank borrowings | 2,883,347 | 4,717,777 |
| Current bank borrowings | 6,225,075 | 2,136,685 |
| Issue of bonds and debentures | 769,053 | - |
| Other financial liabilities | 652,616 | 56,935 |
| Other current financial assets and cash | (7,161,399) | (5,954,787) |
| **Project financing** | **5,965,493** | **7,046,531** |
| **Equity** | **6,191,264** | **4,442,386** |
| Leverage | 151% | 180% |
| **Leverage to net recourse debt** | **54%** | **22%** |

## Estimation of fair value

The breakdown at 31 December 2011 and 2010 of the ACS Group's assets and liabilities measured at fair value according to the hierarchy levels mentioned in Note 03.08.06 is as follows:

| Thousands of Euros | Value at 31/12/2011 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | **5,865,505** | **5,697,710** | **119,040** | **48,755** |
| Equity instruments | 5,434,562 | 5,385,807 | - | 48,755 |
| Debt securities | 392,831 | 311,903 | 80,928 | - |
| Financial instrument receivables | | | | |
| Non-current | 23,739 | - | 23,739 | - |
| Current | 14,373 | - | 14,373 | - |
| **Liabilities** | **476,548** | **-** | **445,848** | **30,700** |
| Financial instrument receivables | | | | |
| Non-current | 421,705 | - | 421,705 | - |
| Current | 54,843 | - | 24,143 | 30,700 |

| Thousands of Euros | Value at 31/12/2010 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | **6,449,189** | **6,389,423** | **59,766** | **-** |
| Equity instruments | 6,389,423 | 6,389,423 | - | - |
| Debt securities | - | - | - | - |
| Financial instrument receivables | | | | |
| Non-current | 59,766 | - | 59,766 | - |
| Current | - | - | - | - |
| **Liabilities** | **240,806** | **-** | **240,806** | **-** |
| Financial instrument receivables | | | | |
| Non-current | 240,435 | - | 240,435 | - |
| Current | 371 | - | 371 | - |

# 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 entered into various financial derivative contracts, most of which have non-current maturities.

The detail, by maturity, of the notional amounts of the aforementioned hedging instruments, on the basis of the nature of the contracts, is as follows:

Financial year 2011

| Thousands of euros | Notional value | 2012 | 2013 | 2014 | 2015 | 2016 | Subsequent years | Net fair value |
|---|---|---|---|---|---|---|---|---|
| Interest rate | 6,081,407 | 3,164,438 | 219,021 | 1,730,114 | 240,000 | 209,623 | 518,211 | (182,129) |
| Exchange rate | 402,740 | 271,067 | 70,548 | 41,713 | 415 | 18,997 | - | (4,452) |
| Price | 164,466 | 7,270 | - | 157,196 | - | - | - | (111,845) |
| Non-qualified hedges | 2,132,578 | 944,889 | 201,734 | 149,203 | 581,266 | 204,000 | 51,486 | (140,010) |
| **Total** | **8,781,191** | **4,387,664** | **491,303** | **2,078,226** | **821,681** | **432,620** | **569,697** | **(438,436)** |

The notional value for non-current assets and liabilities held for sale related to renewable energy and concession activities, was the following at 31 December 2011:

Financial year 2011

| Thousands of euros | Notional value | 2012 | 2013 | 2014 | 2015 | 2016 | Subsequent years |
|---|---|---|---|---|---|---|---|
| Interest rate | 2,583,680 | 16,728 | 16,130 | 15,703 | - | 3,474 | 2,531,645 |

Financial year 2010

| Thousands of euros | Notional value | 2011 | 2012 | 2013 | 2014 | 2015 | Subsequent years | Net fair value |
|---|---|---|---|---|---|---|---|---|
| Interest rate | 6,322,159 | 2,778,210 | 2,135,719 | 59,667 | 17,293 | - | 1,331,090 | (170,877) |
| Exchange rate | 43,672 | 43,672 | - | - | - | - | - | (8,523) |
| Price | 32,022 | 32,022 | - | - | - | - | - | 3.602 |
| Non-qualified hedges | 215,777 | 215,777 | - | - | - | - | - | (5,242) |
| **Total** | **6,613,630** | **3,069,681** | **2,135,719** | **59,667** | **17,293** | **-** | **1,331,090** | **(181,040)** |

The following table shows the fair value of the hedging instruments based on the nature of the contract, at 31 December 2011 and 2010:

| Thousands of euros | 2011 | | 2010 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Interest rate | | | | |
| Cash flows | 392 | 182,521 | 3,150 | 174.027 |
| Non-efficient | - | - | - | - |
| Exchange rate | 7,623 | 12,075 | - | 8,523 |
| Price | | 111,845 | 8,188 | 4.586 |
| Non-qualified hedges | 30,097 | 170,107 | 48,428 | 53,670 |
| **Total** | **38,112** | **476,548** | **59,766** | **240,806** |

The Group has no Hedges for investments in foreign operations, since the foreign currency risk is covered with transactions carried out in local currencies. Additionally, the most significant foreign investments were made with non-current financing, in which the interest rates on project financing debt were hedged.

## Cash flow hedges (interest rate)

The objective of using these derivatives was to limit changes in interest rates on its project borrowings and to guarantee fixed interest rates, mainly by entering into interest rate swaps as the borrowings are arranged and used.

Most of the hedges are interest rate swaps which mature on the same date as or slightly earlier than the underlying amounts hedged.

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 2011 and 31 December 2010 (see Notes 17 and 18).

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

- Loan of EUR 1,594 million. Various interest rate swaps amounting to EUR 1,500 million were arranged to hedge 100% of this loan, which mature in July 2012.
- The syndicated financing of the Urbaser Group is hedged by interest rate swaps amounting to EUR 750,000 thousand, which mature in May 2012.
- The volume of interest rate hedging derivatives related to the financing of Hochtief A.G. amounted to EUR 903,633 thousand at 31 December 2011.

Noteworthy are the following Hedges in relation to limited recourse Financing of projects and debts:

- Interest rate hedge relating to the financing of 8.08% of the purchase of Iberdrola, S.A. for a nominal amount of EUR 1,551,250 thousand, which matures on 25 July 2014.

- Interest rate swap to hedge of the loan for the acquisition of 22.80% of Hochtief, A.G. for EUR 632,000 thousand, which matures in July 2012.

The derivative liabilities relating to solar thermal plants, wind powered facilities and highway concessions were reclassified to liabilities relating to assets held for sale. In this regard, there are interest rate swaps to hedge 75 to 100% of the financing of the solar thermal plants, which mature between 2019 and 2022, and interest rate swaps to hedge the Financing of the wind powered facilities, which mature between 2011 and 2024. In the case of highway concessions, noteworthy are the interest rate hedges:

- Autovía de La Mancha and Inversora de La Mancha have interest rate swaps amounting to EUR 139,060 thousand which mature in 2032.

- La Concesionaria Santiago Brión, S.A. has entered into two interest rate swaps amounting to EUR 27,000 thousand and maturing in 2032.

- Autovía del Pirineo has interest rate swaps amounting to EUR 151,162 thousand which mature in 2030.

- Eje Diagonal has interest rate swaps amounting to EUR 249 million which mature in 2017.

- Fraser Transportation Group has interest rate swaps amounting to CDN 169,260 thousand which mature in 2033.

## Cash flow hedges (exchange rate)

The foreign currency risk relates mainly to contract work in which payables and/or receivables are in a currency other than the functional currency.

The most significant derivatives contracted to hedge these risks relate to foreign currency hedges arranged mostly by Leighton (subsidiary of the Hochtief group) for a notional amount of EUR 253,724 thousand, which mature between 2012 and 2014.

In the case of Industrial Services, the most significant derivatives relate to exchange rate hedges for foreign projects for a nominal amount of EUR 52,083 thousand in 2011, which mature between 2012 and 2014 (EUR 43,672 thousand in 2010 and with maturity in 2011).

## Price hedges

The fair value of the price hedges amounted to EUR 111,845 thousand at 31 December 2011. These hedges relate Leighton's payment obligation with respect to an infrastructure project in Australia, which matures in 2014.

## Derivative Instruments not classified as hedges

The liabilities relating to financial instruments not qualified as hedges include the fair value of the derivatives which do not meet hedging conditions. In this connection the most significant liability relates to the derivative included in the externalisation to a financial institution of the 2010 stock option plan amounting to EUR 80,249 thousand at 31 December 2011 (EUR 53,670 thousand at 31 December 2010). The financial institution has acquired these shares on the market for delivery to the management who are beneficiaries of this Plan in accordance with the conditions therein, at the exercise price of the option.

In the contract with the financial institution, the latter does not assume any risk relating to the drop of the listed share price below the exercise price. The exercise price of the option for the 2010 plan is EUR 34.155 per share. Therefore this risk in 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 right in favour of the financial institution, called a "put", 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, which in the case of the 2010 Plan is zero since it was newly created. The risk of an increase in the share price is not assumed by either the financial institution or the Group, since in this case, the 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 order words, the financial institution sells the pending options on the market, and the result of the settlement, whether positive or negative, is received by ACS in cash (never in shares). Consequently, at the end of the Plan, the Company does not ever receive shares derived from the same, and therefore it is not considered treasury stock.

Additionally, the ACS Group had derivative instruments not qualified as hedges on shares of the Parent, which are settled by differences and whose negative market value amounted to EUR 47,605 thousand at 31 December 2011.

In addition to the derivatives of ACS, Actividades de Construcción y Servicios, S.A., Hochtief has derivatives not qualified as Hedges which represent a liability amounting to EUR 42,253 thousand, noteworthy being those relating to price risk in the case of options on equity instruments and forwards on shares. In this connection and on an individual basis, in relation to the sale in 2007 and 2008 of 16.25% of its ownership interest in the Chilean highway Vespucio Norte Express, Hochtief, A.G. gave its investors a guarantee which expires on 31 December 2012. This guarantee had a fair value of EUR 30,700 thousand at the end of the reporting period.

Assets relating to derivatives not qualified as hedging include the measurement at fair value of derivative financial instruments in Hochtief which are settled by differences, which amounted to EUR 30,005 thousand at 31 December 2010 (see Note 02.02.f). These derivatives were settled at the beginning of 2011 with a gain of EUR 2,083 thousand, which was recognised as a gain in "Change in the fair value of financial instruments" in the consolidated statement of income for 2011 (see Note 28.05.).

At the end of December 2010, the ACS Group purchased a firm ownership interest of 1.9% in the shares of Iberdrola, S.A. which granted it with all the voting and dividend rights associated with the same. To finance this acquisition, the ACS Group structured the transaction through the signing of a prepaid forward share with a financial institution, which matures at 27 June 2012, can only be settled in cash and can be partially or fully settled at any time. The related derivate is secured by the shares of Iberdrola as underlying assets. This transaction was offset at the beginning of 2011 with a "reverse collar", and therefore, at 31 December 2011 the fair value of the two derivatives is offset and has no significant impact on the consolidated financial statements.

# 23. Trade and other payables

This heading mainly includes the amounts outstanding for trade purchases and related costs, as well as customer advances for contract work amounting to EUR 2,802,063 thousand in 2011 (EUR 2,644,983 thousand in 2010) (see Note 12).

**Disclosures on the deferral of payments to suppliers. Additional Provision Three. "Duty of Disclosure" of Spanish Law 15/2010, of 5 July.**

In relation to the disclosures required by Additional Provision Three of Law 15/2010, of 5 July for these first financial statements prepared since the entry into force of the Law, at 31 December 2010, there were balances payable to suppliers that were past due by more than the maximum payment period at 31 December 2011 amounting to EUR 235,640 thousand (EUR 67,007 thousand at 31 December 2010).

This balance relates to Spanish consolidated group companies which due to their nature are trade creditors with payables to suppliers of goods and services and included under the heading "Current Liabilities" in the consolidated statement of financial position at 31 December 2011 and 2010. Amounts payable to non-current asset suppliers and finance lease payables are not included in this balance.

The maximum payment period applicable to the Spanish consolidated group companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions ranges between 85 and 120 days.

The following table provides information relating to the deferral of payments to suppliers, in accordance with the Spanish Accounting and Audit Institute resolution of 29 September 2010 implementing the duty of disclosure regulations provided in Spanish Law 15/2010 of 5 July:

| | Thousands of euros | % |
|---|---|---|
| With maximum legal period | 5,579,062 | 85% |
| Other | 1,000,285 | 15% |
| **Total** | **6,579,347** | **100%** |
| **Weighted average days outstanding** | 108 days | |
| Deferrals exceeding legal maximum limit at 31 December (PMPE) | 235,640 | |

PMPE is the Spanish abbreviation for "Plazo medio ponderado excedido de pagos" (Weighted average days outstanding), i.e. the sum of each of the payments made to suppliers subsequent to the maximum legal period for payment and the number of days outstanding divided by the total payments made in the year later subsequent to the maximum legal period.

# 24. Other current liabilities

The detail of this heading at 31 December 2011 and 2010 is as follows:

| Thousands of euros | Balance at 31/12/2011 | Balance at 31/12/2010 |
|---|---|---|
| Advance payments received | 50,921 | 27,283 |
| Payable to non-current asset suppliers | 13,295 | 166,424 |
| Interim dividend payable (Note 15.05) | 283,198 | 283,198 |
| Deposits and guarantees received | 4,941 | 9,356 |
| Other | 251,642 | 170,009 |
| **Total** | **603,997** | **656,270** |

# 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 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 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.
- **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 integral building maintenance activities (which are now considered to be discontinued activities since they were 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 together strategic investments in energy (Iberdrola, S.A.), telecommunications (Xfera Móviles, S.A.) and concessions (Abertis Infraestructuras, S.A.).

The full consolidation of the Hochtief Group in 2011 led to a change in the Group's segment structure. Hochtief was previously accounted for using the equity method and is now fully consolidated within the Construction area. In 2010 the concessions area was consolidated within the construction area. The comparative information in the 2010 notes to the financial statements was reclassified in accordance with the new grouping for the purpose of uniformity.

### 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 different 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.

Segment reporting for these businesses is presented below.

# Consolidated Financial Statements

## 25.02.01. Income statement by business segment: 2011

| Thousands of Euros | Construction | Environment | Industrial Services | Corporate unit and adjustments | Total Group |
|---|---|---|---|---|---|
| **Revenue** | **19,801,527** | **1,685,710** | **7,045,007** | **(60,361)** | **28,471,883** |
| Changes in inventories of finished goods and work in progress | (224,948) | 5,864 | (819) | - | **(219,903)** |
| Capitalised expenses of in-house work on assets | 9,232 | 7,540 | 86 | 636 | **17,494** |
| Procurements | (13,214,312) | (434,131) | (4,166,324) | 47,283 | **(17,767,484)** |
| Other operating income | 427,801 | 47,770 | 42,631 | 720 | **518,922** |
| Staff costs | (4,078,602) | (801,217) | (1,407,591) | (31,111) | **(6,318,521)** |
| Other operating expenses | (1,506,899) | (270,428) | (631,455) | (10,876) | **(2,419,658)** |
| Depreciation and amortisation charge | (765,128) | (133,194) | (54,317) | (1,313) | **(953,952)** |
| Allocation of grants relating to non-financial assets and other | 180 | 4,062 | 283 | - | **4,525** |
| Impairment and gains on the disposal of non-current assets | (3,073) | 647 | (37,863) | - | **(40,289)** |
| Other profit or loss | 55,254 | (578) | 5,777 | 20,681 | **81,134** |
| **Operating income** | **501,032** | **112,045** | **795,415** | **(34,341)** | **1,374,151** |
| Finance income | 145,945 | 43,648 | 130,703 | 200,759 | **521,055** |
| Finance costs | (390,734) | (102,557) | (313,883) | (409,340) | **(1,216,514)** |
| Changes in the fair value of financial instruments | (24,960) | (5) | - | (73,230) | **(98,195)** |
| Exchange differences | (18,399) | (423) | (3,346) | 16 | **(22,152)** |
| Impairment and gains on the disposal of non-current assets | 208,604 | 52,967 | 106,321 | (805) | **367,087** |
| **Financial profit /loss** | **(79,544)** | **(6,370)** | **(80,205)** | **(282,601)** | **(448,719)** |
| Results of companies accounted for using the equity method | 247,556 | 12,343 | 18,702 | 39,868 | **318,469** |
| **Profit before tax** | **669,044** | **118,018** | **733,912** | **(277,074)** | **1,243,901** |
| Corporate income tax | (194,618) | (30,995) | (204,549) | 248,942 | **(181,220)** |
| **Profit for the year from continuing operations** | **474,426** | **87,023** | **529,363** | **(28,132)** | **1,062,681** |
| Profit after tax from discontinued operations | - | 45,690 | - | - | **45,690** |
| **Profit for the year** | **474,426** | **132,713** | **529,363** | **(28,132)** | **1,108,371** |
| Profit attributed to non-controlling interests | (104,160) | (4,599) | (37,769) | - | **(146,528)** |
| Profit from discontinued operations attributed to non-controlling interests | - | 97 | - | - | **97** |
| **Profit attributable to the parent** | **370,266** | **128,211** | **491,594** | **(28,132)** | **961,940** |

## 25.02.02. Income statement by business segment: 2010

| Thousands of Euros | Construction | Environment | Industrial Services | Corporate unit and adjustments | **Total Group** |
|---|---|---|---|---|---|
| **Revenue** | **5,703,291** | **1,510,669** | **7,157,818** | **(43,273)** | **14,328,505** |
| Changes in inventories of finished goods and work in progress | (27,080) | 41,800 | (443) | 284 | **14,561** |
| Capitalised expenses of in-house work on assets | 27,609 | 8,051 | 273 | 1,075 | **37,008** |
| Procurements | (3,765,969) | (414,719) | (4,356,747) | 54,402 | **(8,483,033)** |
| Other operating income | 272,995 | 39,147 | 44,972 | (18,005) | **339,109** |
| Staff costs | (1,091,939) | (760,021) | (1,360,540) | (28,767) | **(3,241,267)** |
| Other operating expenses | (670,917) | (197,473) | (679,150) | (20,991) | **(1,568,531)** |
| Depreciation and amortisation charge | (104,979) | (105,289) | (179,079) | (1,275) | **(390,622)** |
| Allocation of grants relating to non-financial assets and other | 174 | 2,631 | 633 | - | **3,438** |
| Impairment and gains on the disposal of non-current assets | (19,596) | 1,258 | (62) | 1 | **(18,399)** |
| Other profit or loss | (5,589) | 2,484 | (8,933) | 11,790 | **(248)** |
| **Operating income** | **318,000** | **128,538** | **618,742** | **(44,759)** | **1,020,521** |
| Finance income | 59,291 | 30,236 | 119,052 | 281,312 | **489,891** |
| Finance costs | (200,957) | (77,664) | (240,267) | (283,749) | **(802,637)** |
| Changes in the fair value of financial instruments | (460) | 7 | - | (93) | **(546)** |
| Exchange differences | 12,957 | 1 | 12,243 | 18 | **25,219** |
| Impairment and gains on the disposal of non-current assets | (18,759) | (244) | 39,129 | 516,097 | **536,223** |
| **Financial profit /loss** | **(147,928)** | **(47,664)** | **(69,843)** | **513,585** | **248,150** |
| Results of companies accounted for using the equity method | 61,523 | 13,561 | 27,662 | 119,020 | **221,766** |
| **Profit before tax** | **231,595** | **94,435** | **576,561** | **587,846** | **1,490,437** |
| Corporate income tax | (42,076) | (18,991) | (141,587) | (14,556) | **(217,210)** |
| **Profit for the year from continuing operations** | **189,519** | **75,444** | **434,974** | **573,290** | **1,273,227** |
| Profit after tax from discontinued operations | - | 81,650 | - | - | **81,650** |
| **Profit for the year** | **189,519** | **157,094** | **434,974** | **573,290** | **1,354,877** |
| Profit attributed to non-controlling interests | (2,060) | (4,309) | (35,434) | - | **(41,803)** |
| Profit from discontinued operations attributed to non-controlling interests | - | (517) | - | - | **(517)** |
| **Profit attributable to the parent** | **187,459** | **152,268** | **399,540** | **573,290** | **1,312,557** |

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## 25.02.03. Statement of financial position by business segment: 2011

| Assets<br>Thousands of euros | Construction | Environment | Industrial Services | Corporate unit and adjustments | Total Group |
|---|---|---|---|---|---|
| **Non-current assetS** | **10,570,626** | **2,092,248** | **709,875** | **6,666,920** | **20,039,669** |
| Intangible assets | 3,942,954 | 419,518 | 115,841 | 275,119 | **4,753,432** |
| Goodwill | 2,059,756 | 84,602 | 76,965 | 275,115 | **2,496,438** |
| Other intangible assets | 1,883,198 | 334,916 | 38,876 | 4 | **2,256,994** |
| Tangible assets-property, plant and equipment / Property investments | 2,757,851 | 473,693 | 180,792 | 10,713 | **3,423,049** |
| Non-current assets in projects | 325,280 | 382,634 | 126,778 | - | **834,692** |
| Non-current financial assets | 2,420,703 | 787,674 | 237,501 | 5,475,555 | **8,921,433** |
| Other current assets | 1,123,838 | 28,729 | 48,963 | 905,533 | **2,107,063** |
| **Current assets** | **16,140,708** | **1,975,432** | **9,812,318** | **19,483** | **27,947,941** |
| Inventories | 1,610,871 | 47,688 | 123,925 | (7,770) | **1,774,714** |
| Trade and other receivables | 6,896,866 | 835,201 | 3,049,980 | (78,554) | **10,703,493** |
| Other current financial assets | 1,617,157 | 424,133 | 862,286 | 102,646 | **3,006,222** |
| Other current assets | 186,110 | 8,738 | 24,137 | 2,293 | **221,278** |
| Cash and cash equivalents | 3,253,756 | 89,056 | 811,497 | 868 | **4,155,177** |
| Non-current assets held for sale | 2,575,948 | 570,616 | 4,940,493 | - | **8,087,057** |
| **Total assets** | **26,711,334** | **4,067,680** | **10,522,193** | **6,686,403** | **47,987,610** |

| Equity and liabilities<br>Thousands of euros | Construction | Environment | Industrial Services | Corporate unit and adjustments | Total Group |
|---|---|---|---|---|---|
| **Equity** | **4,287,045** | **1,118,107** | **957,394** | **(171,282)** | **6,191,264** |
| Equity attributed to the Parent | 1,573,189 | 1,067,402 | 849,621 | (171,130) | **3,319,082** |
| Non-controlling interests | 2,713,856 | 50,705 | 107,773 | (152) | **2,872,182** |
| **Non-current liabilities** | **7,675,725** | **580,929** | **457,058** | **4,762,840** | **13,476,553** |
| Grants | 1,474 | 53,724 | 2,934 | - | **58,132** |
| Non-current financial liabilities | 4,623,260 | 277,434 | 238,660 | 4,464,951 | **9,604,305** |
| Bank borrowings, debt instruments and other marketable securities | 3,239,026 | 107,084 | 175,046 | 84,823 | **3,605,979** |
| Limited recourse project financing | 741,746 | 170,350 | 35,365 | 4,940,600 | **5,888,061** |
| Other financial liabilities | 642,488 | - | 28,249 | (560,472) | **110,265** |
| Financial instrument payables | 198,748 | 17,463 | 11,056 | 194,438 | **421,705** |
| Other non-current liabilities | 2,852,243 | 232,308 | 204,408 | 103,451 | **3,392,411** |
| **Current liabilities** | **14,748,564** | **2,368,644** | **9,107,741** | **2,094,845** | **28,319,793** |
| Current financial liabilities | 2,693,328 | 1,359,321 | 603,157 | 2,235,473 | **6,891,279** |
| Bank borrowings, debt instruments and other marketable securities | 1,819,155 | 1,179,216 | 584,277 | 2,688,849 | **6,271,497** |
| Limited recourse project financing and debt | 22,656 | 23,979 | 9,836 | 20,961 | **77,432** |
| Other financial liabilities | 851,517 | 156,126 | 9,044 | (474,337) | **542,350** |
| Trade and other payables | 9,649,142 | 560,225 | 4,559,939 | (208,611) | **14,560,695** |
| Other current liabilities | 1,458,087 | 72,487 | 273,922 | 67,983 | **1,872,478** |
| Liabilities relating to non-current assets held for sale | 948,007 | 376,611 | 3,670,723 | - | **4,995,341** |
| **Total equity and liabilities** | **26,711,334** | **4,067,680** | **10,522,193** | **6,686,403** | **47,987,610** |

## 25.02.04. Statement of financial position by business segment: 2010

**Assets**

| Thousands of euros | Construction | Environment | Industrial Services | Corporate unit and adjustments | **Total Group** |
|---|---|---|---|---|---|
| **Non-current assets** | **5,062,351** | **2,129,142** | **1,489,937** | **7,313,575** | **15,995,005** |
| Intangible assets | 812,053 | 420,336 | 106,229 | 275,114 | **1,613,732** |
| Goodwill | 681,588 | 127,938 | 64,734 | 275,114 | **1,149,374** |
| Other intangible assets | 130,465 | 292,398 | 41,495 | - | **464,358** |
| Tangible assets-property, plant and equipment / Property investments | 550,240 | 523,623 | 197,836 | 3,638 | **1,275,337** |
| Non-current assets in projects | 1,254,184 | 405,073 | 722,333 | (1,304) | **2,380,286** |
| Non-current financial assets | 2,171,879 | 767,852 | 406,356 | 6,495,842 | **9,841,929** |
| Other current assets | 273,995 | 12,258 | 57,183 | 540,285 | **883,721** |
| **Current assets** | **5,553,425** | **1,902,853** | **9,175,356** | **1,557,888** | **18,189,522** |
| Inventories | 437,335 | 33,501 | 154,886 | (7,697) | **618,025** |
| Trade and other receivables | 2,634,007 | 1,185,014 | 3,045,661 | 74,557 | **6,939,239** |
| Other current financial assets | 1,037,997 | 327,964 | 674,644 | 1,461,613 | **3,502,218** |
| Other current assets | 61,601 | 11,845 | 26,321 | 997 | **100,764** |
| Cash and cash equivalents | 1,382,485 | 112,897 | 928,770 | 28,418 | **2,452,570** |
| Non-current assets held for sale | - | 231,632 | 4,345,074 | - | **4,576,706** |
| **Total assets** | **10,615,776** | **4,031,995** | **10,665,293** | **8,871,463** | **34,184,527** |

**Equity and liabilities**

| Thousands of euros | Construction | Environment | Industrial Services | Corporate unit and adjustments | **Total Group** |
|---|---|---|---|---|---|
| **Equity** | **1,121,562** | **1,075,838** | **1,011,476** | **1,233,510** | **4,442,386** |
| Equity attributed to the Parent | 1,067,451 | 1,009,839 | 867,590 | 1,233,667 | **4,178,547** |
| Non-controlling interests | 54,111 | 65,999 | 143,886 | (157) | **263,839** |
| **Non-current liabilities** | **3,125,647** | **1,365,467** | **712,863** | **5,567,028** | **10,771,005** |
| Grants | 6,334 | 52,613 | 11,002 | - | **69,949** |
| Non-current financial liabilities | 2,654,168 | 1,110,134 | 504,862 | 5,352,030 | **9,621,194** |
| Bank borrowings, debt instruments and other marketable securities | 446,956 | 928,460 | 191,176 | 3,151,185 | **4,717,777** |
| Limited recourse project financing | 1,788,134 | 181,266 | 300,490 | 2,590,216 | **4,860,106** |
| Other financial liabilities | 419,078 | 408 | 13,196 | (389,371) | **43,311** |
| Financial instrument payables | 122,345 | 6,796 | 20,055 | 91,239 | **240,435** |
| Other non-current liabilities | 342,800 | 195,924 | 176,944 | 123,759 | **839,427** |
| **Current liabilities** | **6,368,567** | **1,590,690** | **8,940,954** | **2,070,925** | **18,971,136** |
| Current financial liabilities | 987,495 | 518,982 | 578,047 | 2,252,211 | **4,336,735** |
| Bank borrowings, debt instruments and other marketable securities | 827,403 | 486,619 | 542,196 | 280,467 | **2,136,685** |
| Limited recourse project financing and debt | 25,693 | 28,211 | 33,268 | 2,099,254 | **2,186,426** |
| Other financial liabilities | 134,399 | 4,152 | 2,583 | (127,510) | **13,624** |
| Trade and other payables | 5,076,553 | 914,527 | 4,570,672 | (407,015) | **10,154,737** |
| Other current liabilities | 304,519 | 92,206 | 267,160 | 225,729 | **889,614** |
| Liabilities relating to non-current assets held for sale | - | 64,975 | 3,525,075 | - | **3,590,050** |
| **Total equity and liabilities** | **10,615,776** | **4,031,995** | **10,665,293** | **8,871,463** | **34,184,527** |

The detail of revenue from construction is as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| **Spain** | **2,943,330** | **3,779,715** |
| Dragados | 2,879,991 | 3,725,947 |
| Hochtief | 155 | - |
| Concessions | 63,184 | 53,768 |
| **International** | **16,858,197** | **1,923,576** |
| Dragados | 1,920,420 | 1,867,170 |
| Hochtief | 14,881,650 | - |
| Concessions | 56,127 | 56,406 |
| **Total** | **19,801,527** | **5,703,291** |

The detail of revenue from Industrial Services is as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Networks | 841,304 | 738,661 |
| Specialized facilities | 2,523,942 | 2,352,883 |
| Integrated projects | 2,342,248 | 2,704,773 |
| Control systems | 1,022,853 | 1,121,127 |
| Renewable energy: generation | 373,368 | 308,939 |
| Eliminations | (58,708) | (68,565) |
| **Total** | **7,045,007** | **7,157,818** |

Of the total revenues from services, EUR 3,382,652 thousand related to international operations in 2011 (EUR 2,674,806 thousand in 2010), representing 48.0% and 37.4%, respectively.

The detail of revenue from Environment activity is as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Environment | 1,512,458 | 1,496,712 |
| Integral services | 173,252 | 13,957 |
| **Total** | **1,685,710** | **1,510,669** |

Of the total revenues from services, EUR 408,182 thousand related to international operations in 2011 (EUR 283,611 thousand in 2010), representing 24.2% and 18.8%, respectively.

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

The reconciliation of ordinary income by business segment to consolidated ordinary income at 31 December 2011 and 2010 is as follows:

| Thousands of euros | 31/12/2011 | | | 31/12/2010 | | |
|---|---|---|---|---|---|---|
| Segments | External income | Inter-segment income | **Total income** | External income | Inter-segment income | **Total income** |
| Construction | 19,790,819 | 10,708 | **19,801,527** | 5,703,805 | (514) | **5,703,291** |
| Environment | 1,681,075 | 4,635 | **1,685,710** | 1,505,354 | 5,315 | **1,510,669** |
| Industrial Services | 6,999,989 | 45,018 | **7,045,007** | 7,111,488 | 46,330 | **7,157,818** |
| Corporate unit | - | - | **-** | 7,858 | - | **7,858** |
| (-) Adjustment and elimination of ordinary income between segments | - | (60,361) | **(60,361)** | - | (51,131) | **(51,131)** |
| **Total** | **28,471,883** | **-** | **28,471,883** | **14,328,505** | **-** | **14,328,505** |

The reconciliation of profit/loss by Business segment with consolidated profit/loss before taxes at 31 December 2011 and 2010 is as follows:

| Thousands of euros | 31/12/2011 | 31/12/2010 |
|---|---|---|
| **Segments** | | |
| Construction | 474,426 | 189,519 |
| Environment | 132,713 | 157,094 |
| Industrial Services | 529,363 | 434,974 |
| **Total profit for reported segments** | **1,136,502** | **781,587** |
| (+/-) Non-assigned profit | (28,034) | 572,773 |
| (+/-) Elimination of internal profit (between segments) | - | - |
| (+/-) Other profit or loss | - | - |
| (+/-) Income tax and/or profit from discontinued operations | 135,433 | 136,077 |
| **Profit before tax** | **1,243,901** | **1,490,437** |

Net revenue by geographical area at 31 December 2011 and 2010 was as follows:

| Revenue by geographical area | | |
|---|---|---|
| Thousands of euros | 31/12/2011 | 31/12/2010 |
| Domestic market | 7,822,852 | 9,446,512 |
| Foreign market | 20,649,031 | 4,881,993 |
| a) European Union | 3,265,180 | 1,181,298 |
| b) OECD countries | 13,861,025 | 2,139,200 |
| c) Other countries | 3,522,826 | 1,561,495 |
| **Total** | **28,471,883** | **14,328,505** |

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

The breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them is as follows:

| Thousands of euros | Spain | | Rest of the world | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Revenue | 7,822,852 | 9,446,512 | 20,649,031 | 4,881,993 |
| Segment assets | 25,953,620 | 27,633,874 | 22,033,990 | 6,550,653 |
| Total net investments | 523,422 | 2,055,185 | 2,378,437 | 269,176 |

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

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Construction | 1,365,396 | 665,800 |
| Environment | 92,052 | 185,297 |
| Industrial Services | 1,148,096 | 1,246,293 |
| Corporate unit and adjustments | 7 | 1,220 |
| **Total** | **2,605,551** | **2,098,610** |

# 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.

## 26.02. Tax Audit

In 2010 the tax audit being performed on the consolidated companies included in Tax Group 30/99 by the Spanish tax authorities in relation to Corporation tax for the years 2003 and 2005 as well as the other taxes applicable to the ACS Group companies was completed, the total effect being recognised in the financial statements for 2010. An audit on the years 2006 to 2011 is still pending in relation to consolidated income tax for the Tax Group 30/99.

In 2011 there was no inspection by the tax authorities with a significant effect.

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 consolidated financial statements for 2011.

## 26.03. Reconciliation of the current income tax expense to accounting profit

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain to the current tax expense recognised, as well as the determination of the average effective tax rate, are as follows.

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Consolidated profit before tax | 1,243,901 | 1,490,437 |
| Net profit from equity accounted investments | (318,469) | (221,766) |
| Permanent differences | 324,690 | (87,145) |
| Taxable profit | 1,250,122 | 1,181,526 |
| Tax at 30% | 375,037 | 354,458 |
| Tax credits and tax relief | (243,241) | (144,609) |
| Effect of different standard tax rate in other countries | 14,167 | 4,779 |
| Current tax income expense | 145,963 | 214,628 |
| Effective rate, excluding equity method | 15.77% | 16.92% |

The tax credits relate to the credit for the double taxation of dividends of Iberdrola, S.A. amounting to EUR 110,330 thousand in 2011 and EUR 73,709 thousand in 2010, in addition to the tax relief for the reinvestment of capital gains and other tax incentives generated by the Group's Spanish companies amounting to EUR 60,629 thousand. The tax credits generated by the Group's foreign companies amounted to EUR 72,282 thousand. The permanent differences arising in 2011 related mainly to the inclusion of certain negative items directly recognised net of the tax effect in consolidated profit before taxes as a result of the first-time integration of the Hochtief Group. The permanent differences in 2010 related mainly to the tax exemption applicable to the capital gains arising from the sale of assets abroad and to the application of provisions not deducted in previous years without previously recording the deferred tax.

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## 26.04. Detail of income tax expense

The detail of the corporation tax expense is as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Current income tax expense (Note 26.03) | 145,963 | 214,628 |
| Expense/(income) relating to adjustments to tax for the current year | (3,583) | 13,391 |
| Expense/(income)relating to adjustments to prior year's tax | (5,354) | (10,004) |
| (Income) arising from the application of prior year's deferred tax assets | (606) | (1,154) |
| Expense arising from deferred tax assets generated in the year and not capitalised | 33,999 | 9 |
| Tax expense relating to deferred tax assets not generated or used in the year | 10,801 | 340 |
| **Final balance of the corporation tax expense** | **181,220** | **217,210** |

The expenses relating to the deferred tax assets which were not recognised are a result of the decision, in accordance with the principle of prudence, not to recognise the tax assets associated to tax losses incurred in 2011 by the Group companies whose registered office is in Germany.

## 26.05. Tax recognised in equity

Independently from the Corporation tax recognised in the consolidated statement of income, the Group directly recognised EUR 379,361 thousand in 2011 (EUR 186,136 thousand in 2010) in equity. These amounts relate mainly to the tax effect of adjustments to available-for-sale assets amounting to EUR 261,205 thousand in 2011 (EUR 173,373 thousand in 2010) and cash flow derivatives amounting to EUR 92,755 thousand in 2011 (EUR 12,763 thousand in 2010).

## 26.06. Deferred taxes

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein in 2011 and 2010 is as follows:

| Thousands of euros | | | Charge/credit to equity | | | | Business combinations | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Balance at 31 December 2010** | Current movement in the year | Exchange differences | Charge/ credit to asset and liability revaluation reserve | Available-for-sale financial assets | Other | Period acquisitions | Period disposals | **Balance at 31 December 2011** |
| **Assets** | | | | | | | | | |
| Temporary differences | **656,296** | (264,765) | 402 | 17,113 | 325,097 | 18,360 | 1,046,361 | (14,032) | **1,784,832** |
| Tax losses | **30,436** | 58,383 | 91 | 59 | (4,140) | (329) | 23,437 | (489) | **107,448** |
| Tax credits | **137,223** | 49,307 | 1 | - | - | 4,708 | - | (195) | **191,044** |
| **Liabilities** | | | | | | | | | |
| Temporary differences | **270,835** | (70,310) | (518) | (1,335) | (7,618) | (5,523) | 990,455 | (1,387) | **1,174,599** |

| Thousands of euros | Balance at 31 December 2009 | Current movement in the year | Charge/credit to equity | | | | Reclassification to held for sale | Business combinations | | Balance at 31 December 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Exchange differences | Charge/credit to asset and liability revaluation reserve | Available-for-sale financial assets | Other | | Period acquisitions | Period disposals | |
| **Assets** | | | | | | | | | | |
| Temporary differences | **638,142** | 2,660 | - | 24,310 | 52,669 | (4,074) | (57,412) | - | 1 | **656,296** |
| Tax losses | **17,479** | 10,695 | 12 | 226 | - | (121) | - | 2,812 | (667) | **30,436** |
| Tax credits | **118,870** | 18,501 | - | - | - | (148) | - | - | - | **137,223** |
| **Liabilities** | | | | | | | | | | |
| Temporary differences | **371,116** | 70,129 | 1,016 | 1,227 | 3,317 | (5,896) | (134,038) | - | (36,036) | **270,835** |

The Tax Group 30/99 is expected to file a consolidated tax return in Spain with taxable profit. However, this will not absorb the effect of all tax credit and relief generated. In this respect, the increase in tax assets relating to tax credits is the result of the tax loss carryforwards estimated. On the contrary the increase in tax loss carryforwards arose in Group companies not domiciled in Spain or Germany.

Deferred tax assets and liabilities have not been offset.

The breakdown of the deferred tax assets and liabilities in 2011 due to temporary differences is as follows:

| Thousands of euros | 31/12/2011 | 31/12/2010 |
|---|---|---|
| **Deferred tax assets arising from:** | | |
| Asset valuation adjustments and impairment losses | 684,615 | 358,588 |
| Other provisions | 297,679 | 119,068 |
| Pension costs | 118,352 | 25,580 |
| Income with different tax and accounting accruals | 82,007 | 92,315 |
| Business combinations | 323,062 | 2,489 |
| Other | 279,117 | 58,256 |
| **Total** | **1,784,832** | **656,296** |
| **Deferred tax liabilities arising from:** | | |
| Assets recognised at an amount higher than their tax base | 722,978 | 167,417 |
| Income with different tax and accounting accrual | 34,059 | 30,861 |
| Other | 417,562 | 72,557 |
| **Total** | **1,174,599** | **270,835** |

There was a significant increase in deferred tax assets due to the tax assets associated with adjustments in equity and to the inclusion of tax assets recognised on the balance sheet of the Hochtief Group, arising due to differences between accounting and tax criteria, especially in relation to provisions. The latter led to the increase in deferred tax liabilities.

In addition to the amounts recognised on the asset side of the statement of financial position, as detailed above, the Group has other deferred tax assets and tax loss and tax credit carryforwards not recognised on the asset side of the statement of financial position because it is impossible to predict the related future flows of profit, which are significant in the Group companies domiciled in Germany. Therefore the tax assets relating to income tax loss carryforwards amounting to EUR 833,521 thousand, and to municipal taxes amounting to EUR 1,044,718 thousand were not recognised.

# 27. Revenue

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

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Construction | 19,801,527 | 5,703,291 |
| Industrial Services | 7,045,007 | 7,157,818 |
| Environment | 1,685,710 | 1,510,669 |
| Corporate unit and other | (60,361) | (43,273) |
| **Total** | **28,471,883** | **14,328,505** |

In 2011 foreign currency transactions relating to sales and services amounted to EUR 16,552,597 thousand (EUR 1,293,323 thousand in 2010) and those relating to purchases and services received amounted to EUR 1,364,559 thousand (EUR 934,176 thousand in 2010).

The distribution of revenue relating to the Group's ordinary operations, by the main countries where it operates, excluding the domestic market, is as follows:

| Revenue by country | | |
|---|---|---|
| Thousands of euros | 2011 | 2010 |
| Australia | 7,291,262 | 19,728 |
| USA | 4,919,673 | 923,911 |
| Germany | 1,392,950 | 2,926 |
| Mexico | 1,094,552 | 1,035,126 |
| Indonesia | 603,707 | - |
| Poland | 602,098 | 459,045 |
| Brazil | 485,378 | 397,066 |
| Portugal | 424,877 | 349,409 |
| China | 398,476 | 14,426 |
| United Arab Emirates | 313,845 | 31,112 |
| Canada | 308,701 | 158,385 |
| Other | 2,813,512 | 1,490,859 |
| **Total** | **20,649,031** | **4,881,993** |

The backlog by line of business at 31 December 2011 and 2010 was as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Construction | 50,335,869 | 11,087,450 |
| Industrial Services | 6,874,688 | 6,846,214 |
| Environment | 8,940,593 | 9,669,231 |
| **Total** | **66,151,150** | **27,602,895** |

EUR 17,494 thousand (EUR 37,030 thousand in 2010) relating to in-house work on tangible assets - property, plant and equipment and intangible assets in projects were recognised under "Capitalised Expenses of In-House Work on Assets" in the income statement in 2011.

"Other Revenue" related mainly to services provided to third parties in relation to joint ventures in the Construction area and to operating grants received.

# 28. Expenses

## 28.01. Procurements

The detail of the balance of this heading is as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Cost of merchandise sold | 1,548,529 | 1,930,018 |
| Cost of raw materials and other consumables used | 11,478,192 | 1,527,657 |
| Contract work carried out by other companies | 4,740,767 | 5,026,180 |
| Impairment of merchandise, raw material and procurements | (4) | (822) |
| **Total** | **17,767,484** | **8,483,033** |

## 28.02. Staff costs

The detail of "Staff Costs" is as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Wages and salaries | 5,323,300 | 2,536,666 |
| Social security costs | 774,087 | 656,347 |
| Other staff costs | 218,910 | 39,121 |
| Provisions | 2,224 | 9,133 |
| **Total** | **6,318,521** | **3,241,267** |

Staff costs amounting to EUR 8,709 thousand in 2011 and EUR 6,177 thousand in 2010 relating to the ACS, Actividades de Construcción y Servicios, S.A. stock option plans were charged to profit and loss and are recognised under "Wages and Salaries".

The average number of employees at Group companies in 2011 was 164,923 (90,877 employees in 2010).

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

| Category | Average number of employees at 31/12/2011 | | | Average number of employees at 31/12/2010 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| University graduates | 21,538 | 5,985 | 27,523 | 5,254 | 1,657 | 6,911 |
| Junior college graduates | 7,355 | 2,043 | 9,398 | 4,172 | 1,091 | 5,263 |
| Non-graduate line personnel | 17,111 | 2,843 | 19,954 | 8,212 | 1,268 | 9,480 |
| Clerical personnel | 4,259 | 5,128 | 9,387 | 2,229 | 2,681 | 4,910 |
| Other staff | 91,177 | 7,484 | 98,661 | 59,543 | 4,780 | 64,323 |
| Total | 141,440 | 23,483 | 164,923 | 79,410 | 11,477 | 90,887 |

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

| Number of employees | 2011 | 2010 |
|---|---|---|
| Construction | 91,957 | 19,288 |
| Industrial Services | 42,044 | 40,630 |
| Environment | 30,865 | 30,915 |
| Corporate Unit and Other | 57 | 54 |
| **Total** | **164,923** | **90,887** |

## 28.03. Share-based payment systems

A total of 2,720,000 stock options relating to the 2004 Plan 2004 were exercised in 2010 at an exercise price of 13.91 euros per share, with an average weighted market price of 34.68 euros per share. In 2010 these options were fully exercised.

The stock options relating to the 2005 Plan (extension of 2004 Plan 2004), have an exercise price of 24.10 euros per share. A total of 795,632 stock options relating to this plan were exercised in 2010 with a weighted average market price of 35.24 euros per share. There were a total of 3,918,525 options which had no yet been exercised at the end of 2010. All 2005 Plan stock options which had not yet been exercised were exercised in the first quarter of 2011 with an average weighted market price for all beneficiaries of 34.06 euros per share.

Additionally, at its meeting held on 27 May 2010 the Executive Committee agreed to set up a stock option plan, in keeping with the resolution adopted by the shareholders at the Annual General Meeting held on 25 May 2009, and at the request of the Remuneration Committee. The features of this Plan are as follows:

- Number of shares covered under the Plan: 6,203,454 shares.
- Beneficiaries: 57 managers: 1 manager with 936,430 shares, 4 managers with between 752,320 and 351,160 shares; 8 managers with 92,940 shares; 16 managers with 69,708 shares and 28 managers with 46,472 shares.
- Acquisition price: EUR 34.155 per share.

The options are exercisable in three half and equal parts and may be accumulated at the beneficiary's option in the fourth and fifth year after 1 May 2010, inclusively. However, in the case of the termination of an employee for causes other than just cause or the beneficiary's own will, the options will be exercisable six months following the event in question, in the cases of death, retirement, early retirement or permanent disability, and following 30 days in all other cases. Tax withholdings and taxes will be borne exclusively by the beneficiaries. The exercise method is the same as for the 2004 and 2005 plans and is settled by means of equity instruments. In 2011 no options relating to this plan had been exercised.

The commitments arising from this plan are hedged through a financial institution (Note 22).

The stock market price of ACS shares at 31 December 2011 was EUR 22.900 euros per share (EUR 35.075 in 2010).

Within the Hochtief Group there are also share-based payment remuneration systems for the group's management. These plans were set up in 2004, following the sale of the ownership interest of RWE in Hochtief and have continued up to the present year. All of these stock option plans form part of the remuneration system for senior management of Hochtief, and in relation to long-term incentives. The amount provisioned for these share-based payments amounted to EUR 37,208 thousand at 31 December 2011, which is in addition to EUR 2,250 thousand included as liabilities relating to assets held for sale. The expense recognised in the consolidated statement of income for this item in 2011 was not significant. To hedge the risk of exposure to changes in the market price of the Hochtief shares, it has a number of derivatives which are not considered to be accounting hedges.

An additional factor to be taken into account in relation to the management of Hochtief, AG is the expense of EUR 15,699 thousand incurred by the former management committee members who exercised their contract termination rights on the basis of the control change clauses.

## 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 | 2011 | 2010 |
|---|---|---|
| Lease payments under operating leases recognised in profit for the year | 614,071 | 386,454 |

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 | 2011 | 2010 |
|---|---|---|
| Within one year | 393,992 | 32,854 |
| Between two and five years | 838,358 | 61,148 |
| Over five years | 237,260 | 40,454 |

The Group has no material operating leases as lessor.

## 28.05. Changes in the fair value of financial instruments

This heading includes the effect on the income statement of derivative instruments which do not meet the efficiency criteria provided in IAS 39, or which are not hedging instruments. The most significant effect in 2011 is a result of the derivative valuation of the ACS Group's 2010 stock option plan and the market valuation of certain derivatives amounting to EUR 78,112 thousand. In 2010 this heading included the negative effect of the fair value measurement of the derivative relating to stock option plans which were partially offset by the fair value measurements of the equity swaps of Hochtief AG and of the derivative relating to the "prepaid forward share" of Iberdrola.

## 28.06. Finance income

The balance of finance income includes the dividends of Iberdrola, S.A. amounting to EUR 373,099 thousand (EUR 245,702 thousand in 2010) net of the adjustment made of EUR 179, 657 on the basis of the prudence principle to neutralise the net contribution of this company to the profit or loss for the year.

# 29. Impairment and gains or losses on the disposal of financial instruments

In 2011, noteworthy were the net capital gains arising from the sale of certain concessions such as the Vespucio Norte Express highway and the Tunnel of San Cristóbal in Chile for EUR 156,988 thousand, certain renewable energy assets, the sale of certain transmission lines in Brazil, the capital gains on the sale of concession assets (mainly the I-595 highway for EUR 51,870 thousand), as well as the gains on the sales of ownership interests in logistics and other environmental businesses. Also included under this heading are the provisions made in relation to certain concession assets amounting to EUR 57,200 thousand.

In the period ended 31 December 2010 noteworthy were the gains on the sale of Abertis Infraestructuras, S.A. amounting to EUR 519,977 thousand, the sale of ownership interests in different Brazilian concession companies of a total of eight power transmission lines for a combined EUR 38,799 thousand and the sale of the ownership interest in the Platinum Corridor highway in South Africa with a gain before taxes of EUR 57,856 thousand.

In 2010 this heading also included the losses resulting from the dilution arising from the capital increase at Hochtief A.G. amounting to EUR 38,045 thousand (Note 09) as well as the effect in the consolidated statement of income of the provisions made in certain concession assets amounting to EUR 32,400 thousand.

# 30. Distribution of profit

The proposed distribution of the profit for 2011 that the Company's directors will submit for approval by the shareholders at the Annual General Meeting is as follows:

| Thousands of euros | |
|---|---|
| To goodwill reserve | 41,208 |
| To voluntary reserve | 442,566 |
| To dividends | 283,198 |
| **Total** | **766,972** |

The proposed dividend for 2010 amounts to EUR 0.90 per share, totalling EUR 283,198 thousand, which is the same as the interim dividend paid in February 2012.

In relation to the interim dividend paid in previous years, at the date of the call of the Annual General Meeting, the Board of Directors, has agreed to propose an alternative remuneration system enabling bonus shares of ACS, Actividades de Construcción y Servicios, S.A., or cash through the sale of the related free allotment rights to shares. in line with other companies quoted on the IBEX. This option would be instrumented through an increase in paid-in capital, which would be subject to approval by the shareholders at the Annual General Meeting. If approved, the increase in paid-in capital could be carried out by the Board or Directors, or by delegation, the Executive Committee on two occasions, in order to take into account not only the remuneration traditionally paid in July but also the possible interim dividend for the year. Upon each capital increase, each shareholder of ACS, Actividades de Construcción y Servicios, S.A. would receive a free allotment right for each share of ACS, Actividades de Construcción y Servicios, S.A. The free allotment rights would 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 ACS, Actividades de Construcción y Servicios, S.A. or sell their free allotment rights in the market or sell them to the company at a specific price calculated using an established formula. The 2010 dividend amounted to 2.05 euros per share, totalling EUR 645,062 thousand.

As previously discussed, a dividend of EUR 0.90 per share was already approved for 2011 (the same as in 2010), totalling EUR 283,198 thousand (the same as in 2010), which was recognised as a reduction in the ACS Group's equity at 31 December 2011. The Board of Directors has presented the liquidity statement required under Article 277 of the Consolidated Companies Law in the individual financial statements of the Parent.

# 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:

| | 31/12/2011 | 31/12/2010 | Variación (%) |
|---|---|---|---|
| Net profit for year (Thousands of Euros) | 961,940 | 1,312,557 | (26.71) |
| Weighted average number of shares outstanding | 296,612,696 | 299,368,861 | (0.92) |
| **Basic earnings per share (Euros)** | **3.24** | **4.38** | **(26.03)** |
| Profit after tax and non-controlling interests of discontinued operations (Thousands of Euros) | 45,787 | 81,133 | (43.57) |
| **Basic earnings per share (Euros)** | **0.15** | **0.27** | **(44.44)** |
| **Basic earnings per share from discontinued operations (Euros)** | **3.09** | **4.11** | **(24.82)** |

## 31.02. Diluted earnings per share

The diluted earnings per share were the same as basic earnings per share. At 31 December 2011 and 2010, the ACS Group had no ordinary shares that could potentially be diluted since no convertible debt had been issued and as stipulated in Note 28.03, the share based payments would not involve an increase in capital for the Group given the manner in which they operate. Therefore, in no case would exercising share options lead to diluted earnings.

# 32. Events after the reporting period

On 9 February 2012 ACS Actividades de Construcción y Servicios, S. A. entered into a contract with a syndicate of banks, composed of 32 Spanish and foreign entities, for the refinancing of the syndicated loan which now matures in July 2015. The amount contracted amounted to EUR 1,377 million, which could be increased until May 2012, to EUR 1,650 million. This contract was already adhered to by four banks for EUR 1,411 million at the date of the presentation of these consolidated financial statements.

On 8 March 2012, the ACS Group sold an ownership interest of 23.5% of Clece S.A. to various funds managed by Mercapital, to which it has also granted the option to buy the remaining capital. Following this date control of Clece is to be exercised jointly by the acquiring funds and by ACS, and the company is to be accounted for using the equity method rather than being fully consolidated. The purchase price was EUR 80 million, which represents a total enterprise value of EUR 505.7 million (Note 03.09).

On 19 March 2012, Hochtief, A. G. issued a corporate bond amounting to EUR 500 million maturing in five years and with a coupon of 5.50% per annum.

# 33. Related party balances and transactions

The transactions between the Parent and its subsidiaries, which are related parties, were eliminated in the consolidation process and are not disclosed in this note. The transactions between the Group and its associated are detailed 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 2011 the Group companies performed the following transactions with related parties that do not form part of the Group:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Sale of goods and services | 138,850 | 232,191 |
| Purchase of goods and services | 8,618 | 7,394 |
| Accounts receivable | 1,547,115 | 814,537 |
| Accounts payable | 643,656 | 136,861 |

Transactions between Group companies are carried under normal market conditions.

## 33.02. Balances and transactions with other related parties

Information relating to the transactions with related parties carried out in 2011 is disclosed in accordance with the Order EHA/3050/2004, of 15 September of the Ministry of Economy and Finance and the CNMV Circular 1/2005, of 1 April.

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## Transactions between individuals, companies or Group entities related to Group shareholders or Board members

The transactions performed in 2011 were as follows (in thousands of euros):

| Thousands of euros<br>2011 related transactions | Significant shareholders | | | Directors and managers | Other related parties | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Expenses and revenue | Banca March | Grupo Iberostar | Total | Total | Fidalser, S.L. | Rosán Inversiones S.L. | Terratest Técnicas Especiales S.A. | Indra | Zardoya Otis, S.A. | Unipsa, Correduría Seguros, S.A. | Total | Total |
| Management or cooperation agreements | 1,125 | - | 1,125 | - | - | - | 3,059 | - | - | - | **3,059** | **4,184** |
| Leases | - | - | **-** | **-** | 200 | - | - | - | - | - | **200** | **200** |
| Reception of services | - | - | **-** | **-** | 62 | - | 5,467 | 5,709 | 1,112 | - | **12,350** | **12,350** |
| Purchase of goods (unfinished or finished) | - | - | **-** | **-** | - | - | - | - | - | - | **-** | **-** |
| Other expenses | - | - | **-** | **-** | - | - | - | - | - | 43,137 | **43,137** | **43,137** |
| **Expenses** | **1,125** | **-** | **1,125** | **-** | **262** | **-** | **8,526** | **5,709** | **1,112** | **43,137** | **58,746** | **59,871** |
| Provision of services | - | 1,052 | **1,052** | **644** | - | 5,434 | - | 3,472 | 17 | - | **8,923** | **10,619** |
| **Revenue** | **-** | **1,052** | **1,052** | **644** | **-** | **5,434** | **-** | **3,472** | **17** | **-** | **8,923** | **10,619** |

| Thousands of euros<br>2011 Related Transactions | Significant shareholders | | Other related parties | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other transactions | Banca March | Total | Banco Sabadell Guipuzcoano | Fidwei Inversiones, S.L. | Lynx Capital, S.A. | Fidalser, S.L. | Total | Total |
| Financing agreements: Loans and capital contributions (lender) | 91,280 | **91,280** | 974,055 | - | - | - | **974,055** | **1,065,335** |
| Guarantees given | 42,730 | **42,730** | - | - | - | - | **-** | **42,730** |
| Dividends and other distributed profit | - | **-** | - | 861 | 702 | 1,025 | **2,588** | **2,588** |
| Other transactions | 100,753 | **100,753** | - | - | - | - | **-** | **100,753** |

The transactions performed in 2010 were as follows (in thousands of euros):

| Thousands of euros<br>2010 Related transactions | Significant shareholders | | | | | Directors and managers | Other related parties | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Expenses and revenue | Alba participaciones, S.A. | Inversiones Vesán, S.A. | Rosán Inversiones, S.L. | Grupo Iberostar | **Total** | **Total** | Fidalser, S.L. | Terratest Técnicas Especiales, S.A. | Indra | Zardoya Otis, S.A. | Unipsa Correduría de Seguros, S.A. | Geblasa | **Total** | **Total** |
| Management or cooperation agreements | - | - | - | - | **-** | **-** | - | 3,806 | - | - | - | - | **3,806** | **3,806** |
| Leases | - | - | - | - | **-** | **-** | 302 | - | - | - | - | - | **302** | **302** |
| Reception of services | - | - | - | 8 | **8** | **-** | 50 | 1,548 | 2,999 | 1,762 | - | - | **6,359** | **6,367** |
| Purchase of goods (unfinished or finished) | - | - | - | - | **-** | **-** | - | - | - | - | - | 8 | **8** | **8** |
| Other expenses | 15,291 | 2,885 | - | 2,860 | **21,036** | **-** | - | - | - | - | 52,835 | - | **52,835** | **73,871** |
| **Expenses** | **15,291** | **2,885** | **-** | **2,868** | **21,044** | **-** | **352** | **5,354** | **2,999** | **1,762** | **52,835** | **8** | **63,310** | **84,354** |
| Provision of services | - | - | 428 | 1,019 | **1,447** | **10** | - | - | 1,453 | - | - | - | **1,453** | **2,910** |
| **Revenue** | **-** | **-** | **428** | **1.019** | **1.447** | **10** | **-** | **-** | **1.453** | **-** | **-** | **-** | **1.453** | **2.910** |

| Thousands of euros<br>2010 Related transactions | Significant shareholders | | Other related parties | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other transactions | Banca March | **Total** | Banco Sabadell Guipuzcoano | Fidwei Inversiones, S.L. | Lynx Capital, S.A. | Fidalser, S.L. | **Total** | **Total** |
| Financing agreements: Loans and capital contributions (lender) | 81,003 | **81,003** | 97,079 | - | - | - | **97,079** | **178,082** |
| Guarantees given | 60,230 | **60,230** | 100,635 | - | - | - | **100,635** | **160,865** |
| Dividends and other distributed profit | - | **-** | - | 1,311 | 916 | 575 | **2,802** | **2,802** |
| Other transactions | 149,687 | **149,687** | - | - | - | - | **-** | **149,687** |

At 31 December 2011, the outstanding balance payable to Banca March for credit facilities and loans granted to ACS Group companies amounted to EUR 53,722 thousands (EUR 75,398 thousand in 2010). The transactions being maintained at 31 December 2011, in accordance with the information available to ACS Group companies amounted to EUR 24,770 thousand (EUR 45,277 thousand at 31 December 2010) of guarantees, EUR 29,230 thousand(EUR 59,504 thousand at 31 December 2010) of confirming transactions to suppliers and EUR 756 thousand at 31 December 2010 for factoring transactions.

At 31 December 2011. the balance payable to Banco Sabadell Guipuzcoano amounted to EUR 477,036 (64,007 thousand in 2010) for loans and credit facilities granted to ACS Group companies. The transactions being maintained at 31 December 2011, in accordance with the information available to ACS Group companies amounted to EUR 191,600 thousand (EUR 85,486 thousand at 31 December 2010) of guarantees, EUR 634thousand(EUR 8,864 thousand at 31 December 2010) of confirming transactions to suppliers and EUR 21,825 thousand at 31 December 2010 for factoring transactions.

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, confirming and non-recourse factoring to several ACS Group Companies.

The Iberostar 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 entities as part of its business transactions. The ACS Group has also carried out air-conditioning activities in main hotels owned by Iberostar.

Rosán Inversiones, S.L. is listed due to its relation with its Chairman and CEO of the Company which holds a significant ownership interest through Inversiones Vesán, S.A., since it has received services by part of certain Group companies in relation to its construction contract, of which the Board was informed at the time it was contracted and subsequently amended.

With the three aforementioned shareholders (Corporación Financiera Alba, S.A., Iberostar Hoteles and Apartamentos, S.L. e Inversiones Vesán, S.A.), ACS, Actividades de Construcción y Servicios, S.A. entered into share loan commitment agreements by which 93,113,937 shares of ACS (representing 29.59% of the share capital) were made available so that combined with their portfolio, they could be used in the takeover bid for Hochtief. In the end, these shares were not authorised by the German regulator in the prospectus giving rise to the approval of the takeover bid. The expenses incurred by ACS in relation to this share loan commitment are included under the heading “Other expenses” in the related table in 2010 and amounted to EUR 21,036 thousand.

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 a senior management position. In this connection, the transactions with Fidalser, S.L., Terratest Técnicas Especiales, S.A., Fidwei Inversiones, S.L and Lynx Capital, S.A. are listed given the relationship of the Board Member Pedro López Jiménez with them. Transactions with Indra are listed due to its relationship with the Board Member Javier Monzón. Transactions with Geblasa are listed due to its relationship with the Board Member Julio Sacristán, and the transactions with Zardoya Otis, S.A. due to its relationship with the Board Member José María Loizaga. Transactions with Banco Guipuzcoano are listed due to the relationship of the Board Member Javier Echenique. Transactions with Unipsa, Compañía de Seguros, S.A. are listed due to the relationship with Banca March, although in this case, the figures listed are intermediate premiums paid by companies of the ACS Group, and these amounts are not consideration for insurance Brokerage services. Finally, pursuant to case no. 63/2011 of 17 March 2011 tried in the Madrid court of first instance no. 18 de Madrid, a sentence was handed down ordering Hochtief A.G. EUR 1,857 thousand to Percacer, S.L. and to Comercio y Finanzas, S.L. (shareholders f ACS) on 20 June 2011 for principal and ordinary interest in addition to late payment interest (in relation to the lawsuit filed against Hochtief in 1999 in relation to “PACSA Peninsular de Asfaltos y Construcciones, S.A”).

The heading “Other Transactions” includes all transactions not related to the specific sections include in the period public information reported in accordance with the regulations published by the CNMV. In 2011 “Other transactions” related exclusively to Banca March, to the extent that it is the main shareholder of Corporación Financiera Alba, S.A., which is a direct shareholder of the ACS Group. As a financial institution La Banca March provides different financial services to several ACS Group companies as part of its normal business operations amounting to EUR 100,753 thousand (EUR149,687 thousand in 2010) in relation to “confirming” lines for suppliers amounting to EUR 100,753 thousand (EUR148,597 thousand in 2010) and advance invoice payments and trade receivables amounting to EUR 1,090 thousand in 2010.

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 of the companies in terms of their company object and conditions. The transactions are performed on an arm's length basis and the related information is not necessary to fairly present the equity, financial position and results of the Group's operations.

In accordance with the information available to ACS, Actividades de Construcción y Servicios, S.A. the members of the Board of Directors had not conflicts of interest in 2011, in the terms provided by Article 229 of the Consolidated Spanish Limited Liability Companies Law.

# 34. Board of Directors and senior executives

In 2011 the members of the Board of Directors de ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration for membership of the Boards of Directors of the Parent or Group companies and/or for being senior executives of the Group companies.

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Fixed remuneration | 3,617 | 3,563 |
| Variable remuneration | 3,788 | 3,629 |
| By-law stipulated director's emoluments | 3,278 | 3,559 |
| Other | 1 | 121 |
| **Total** | **10,684** | **10,872** |

EUR 808 thousand and EUR 1,324 thousand were charged to income in relation to share options granted to members of the Board of Directors with executive duties in 2011 and 2010, respectively. The year-on-year increase is a result of the new stock option plan approved on 1 May 2010. This amount corresponds to a proportion of the plan's value at its concession date.

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

| Other Benefits | | |
|---|---|---|
| Thousands of euros | 2011 | 2010 |
| Pension funds and plans: contributions | 1,955 | 2,152 |
| Pension funds and plans: obligations assumed | 1,955 | 2,152 |
| Life insurance premiums | 16 | 16 |

The amount recognised under "Pension Funds and Plans: Contributions" relates to disbursements by the Company during the year. The amount recognised under "Pension Funds and Plans: Obligations Assumed" relates, in addition to the foregoing, to obligations charged to income in the year in this connection, even if they had been disbursed prior to the related year. The obligations assumed in relation to pension plans are the same as the amounts contributed in this connection, since these obligations have been externalized and transferred to an insurance company. Accordingly, the Group has not assumed any outstanding obligation other than the contribution of the annual premium.

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

Remuneration, by type of director, including the amounts charged to the income statement relating to share options, were as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| Executive Directors | 8,243 | 8,217 |
| Non-executive nominee Directors | 1,436 | 1,675 |
| Non-executive independent Directors | 687 | 713 |
| Other Non-Executive Directors | 318 | 267 |
| **Total** | **10,684** | **10,872** |

## 34.01. Transactions with members of the Board of Directors

The transactions with members of the Board of Directors or with companies in which they have an ownership interest giving rise to a relation with the ACS Group are indicated in Note 33.02 on transactions with related parties.

## 34.02. Remuneration of senior executives

The remuneration of the Group's senior executives in 2011 and 2010, excluding those who are simultaneously executive directors, was as follows:

| Other Benefits | | |
|---|---|---|
| Thousands of euros | 2011 | 2010 |
| Salaries (fixed and variable) | 27,352 | 30,842 |
| Pension Plans | 2,165 | 2,221 |
| Life insurance | 44 | 56 |

EUR 6,901 thousand and EUR 4,8523 thousand were charged to income in relation to share options granted to the Group's senior executives in 2011 and 2010, respectively. The year-on-year increase is a result of the new stock option plan approved on 1 May 2010. As discussed in the case of board members, this amount corresponds to a proportion of the plan's value at its concession date.

There were no other ACS Group transactions with senior executives other than those previously mentioned on remuneration.

# 35. Other disclosures concerning the Board of Directors

Pursuant to Article 229 of the Spanish Capital Companies Law, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of ACS, Actividades de Construcción y Servicios, S.A. in which the sole director (ACS, Actividades de Construcción y Servicios, S.A.)own equity interests, of the functions, if any, that they discharge thereat:

| Owner | Investee | Line of Business | Ownership Interest | Functions |
|---|---|---|---|---|
| Pablo Vallbona Vadell | Abertis Infraestructuras, S.A. | Concessions | 0.001% | Board Member |
| Joan David Grimá Terré | Cory Environmental Management Limited | Environment | 0.000% | Board Member |
| Pedro López Jiménez | GTCEISU Construcción, S.A. Grupo Terratest | Special Foundations | 45.00% | Chairman (through Fapindus, S.L.) |
| Santos Martinez-Conde Gutiérrez-Barquín | Fomento de Construcciones y Contratas, S.A. | Construction and Services | 0.004% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Técnicas Reunidas, S.A. | Construction of Industrial Facilities | 0.002% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Repsol YPF, S.A. | Energy | 0.001% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Indra Sistemas, S.A. | Information technologies and defence systems | 0.004% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Endesa, S.A. | Energy | 0.000% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Ferrovial, S.A. | Construction and Services | 0.001% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Telefónica, S.A. | Telephony | 0.001% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Abertis Infraestructuras, S.A. | Concessions | 0.001% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Gas Natural SDG, S.A. | Energy | 0.001% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Enagas, S.A. | Energy | 0.002% | None |
| Santos Martinez-Conde Gutiérrez-Barquín | Iberdrola, S.A. | Energy | 0.001% | None |
| Julio Sacristán Fidalgo | Abertis Infraestructuras, S.A. | Concessions | 0.00% | None |
| José Luis del Valle Pérez | Del Valle Inversiones, S.A. | Real Estate | 33.33% | Board Member acting severally |
| José Luis del Valle Pérez | Sagital, S.A. | Private security and integral building maintenance | 5.10% | None |
| Juan March de la Lastra | Indra Sistemas, S.A. | Information technologies and defence systems | 0.005% | Board Member |
| Florentino Pérez Rodríguez | Abertis Infraestructuras, S.A. | Concessions | 0.00% | Deputy Chairman |

Also pursuant to the aforementioned law, following is a detail of the activities performed by the directors, as independent professionals or as employees, that are identical, similar or complementary to the activity that constitutes the company object of ACS, Actividades de Construcción y Servicios, S.A.

| Name | Activity Performed | Type of Arrangement | Company through which the Activity is Performed | Position or Function at the Company Concerned |
|---|---|---|---|---|
| Pablo Valbona Vadell | Concessions | Employee | Abertis Infraestructuras, S.A. | Board Member |
| Pablo Valbona Vadell | Holding | Employee | Corporación Financiera Alba, S.A. | Deputy Chairman |
| Manuel Delgado Solís | Construction | Employee | Dragados, S.A. | Board Member |
| Javier Echenique Landiribar | Industrial Services | Employee | ACS, Servicios, Comunicaciones y Energía, S.L. | Board Member |
| Javier Echenique Landiribar | Finance | Employee | Banco Sabadell | Deputy Chairman |
| Javier Echenique Landiribar | Energy | Employee | Repsol YPF, S.A. | Board Member |
| Javier Echenique Landiribar | Paper | Employee | Ence, S.A. | Board Member |
| Juan March de la Lastra | Holding | Employee | Corporación Financiera Alba, S.A. | Board Member |
| Juan March de la Lastra | Information Technologies | Employee | Indra Sistemas, S.A. | Board Member |
| José María Loizaga Viguri | Lifts | Employee | Zardoya Otis, S.A. | Deputy Chairman |
| José María Loizaga Viguri | Venture Capital | Independent Professional | Cartera Industrial REA, S.A. | Chairman |
| Antonio García Ferrer | Construction | Employee | Dragados, S.A. | Board Member |
| Antonio García Ferrer | Industrial Services | Employee | ACS, Servicios, Comunicaciones y Energía, S.L. | Board Member |
| Antonio García Ferrer | Urban services and concessions | Employee | ACS, Servicios y Concesiones, S.L. | Board Member |
| Agustín Batuecas Torrego | Transport interchange | Employee | Intercambiador de Transporte de Avenida de América | Chairman |
| Agustín Batuecas Torrego | Rail transport of goods | Employee | Continental Rail, S.A. | Individual representing Continental Auto, S.L. Chairman and CEO |
| Agustín Batuecas Torrego | Transport interchange | Employee | Intercambiador de Transportes Príncipe Pío, S.A. | Individual representing Continental Auto, S.L. Chairman and CEO |
| Agustín Batuecas Torrego | Transport interchange | Employee | Intercambiador de Transportes Plaza de Castilla, S.A. | Individual representing Continental Auto, S.L. Chairman and CEO |
| Agustín Batuecas Torrego | Rail transport of goods | Employee | Construrail, S.A. | Board Member |
| Agustín Batuecas Torrego | Rail transport | Employee | Logitren | Joint Director |
| Pedro José López Jiménez | Construction and Services | Employee | Hochtief, A.G. | Board Member |

| Name | Activity Performed | Type of Arrangement | Company through which the Activity is Performed | Position or Function at the Company Concerned |
|---|---|---|---|---|
| Pedro José López Jiménez | Paper | Employee | Ence, S.A. | Board Member |
| Pedro José López Jiménez | Industrial Services | Employee | ACS, Servicios, Comunicaciones y Energía, S.L. | Board Member |
| Pedro José López Jiménez | Construction | Employee | Dragados, S.A. | Deputy Chairman |
| Pedro José López Jiménez | Urban services and concessions | Employee | ACS, Servicios y Concesiones, S.L. | Board Member |
| Pedro José López Jiménez | Special Foundations | Employee | GTCEISU Construcción, S.A. | Chairman (through Fapindus, S.L.) |
| Santos Martínez-Conde Gutiérrez-Barquín | Finance | Employee | Banca March, S.A. | Board Member |
| Santos Martínez-Conde Gutiérrez-Barquín | Holding | Employee | Alba Participaciones, S.A. | Chairman |
| Santos Martínez-Conde Gutiérrez-Barquín | Steel | Employee | Acerinox, S.A. | Board Member |
| Santos Martínez-Conde Gutiérrez-Barquín | Holding | Employee | Corporación Financiera Alba, S.A. | Board Member - CEO |
| Javier Monzón de Cáceres | Urban services and concessions | Employee | ACS, Servicios y Concesiones, S.L. | Board Member |
| Javier Monzón de Cáceres | Information Technologies | Employee | Indra Sistemas, S.A. | Chairman |
| Miguel Roca Junyent | Infrastructure Concessions | Employee | Abertis Infraestructuras, S.A. | Non-Board Member secretary |
| Miguel Roca Junyent | Textile | Employee | La Seda de Barcelona, S.A. | Chairman of the AGM |
| Miguel Roca Junyent | Finance | Employee | Banco Sabadell, S.A. | Non-Board Member secretary |
| Miguel Roca Junyent | Energy | Employee | Endesa | Independent External Board Member |
| Álvaro Cuervo García | Stock Exchange | Employee | BME-Bolsas y Mercados Españoles, S.A. | Board Member |
| José Luis del Valle Pérez | Urban services and concessions | Employee | ACS, Servicios y Concesiones, S.L. | Board Member-Secretary |
| José Luis del Valle Pérez | Industrial Services | Employee | ACS, Servicios, Comunicaciones y Energía, S.L. | Board Member-Secretary |
| José Luis del Valle Pérez | Engineering and Assembly Work | Employee | Cobra Gestión de Infraestructuras, S.L. | Board Member-Secretary |
| José Luis del Valle Pérez | Infrastructure Concessions | Employee | Iridium Concesiones de Infraestructuras, S.A. | Board Member |
| José Luis del Valle Pérez | Integral Maintenance | Employee | Clece, S.A. | Board Member |

| Name | Activity Performed | Type of Arrangement | Company through which the Activity is Performed | Position or Function at the Company Concerned |
|---|---|---|---|---|
| José Luis del Valle Pérez | Urban Services | Employee | Urbaser, S.A. | Board Member |
| José Luis del Valle Pérez | Investments | Employee | Del Valle Inversiones, S.A. | Board Member acting severally |
| José Luis del Valle Pérez | Construction and Services | Employee | Hochtief, A.G. | Member of the Supervisory Board |
| José Luis del Valle Pérez | Concessions | Employee | Admirabilia, S.L. | Board Member |
| José Luis del Valle Pérez | Concessions | Employee | Trebol Internacional | Board Member |
| Joan David Grimá Terré | Environment | Employee | Cory Environmental Management Limited | Board Member |
| Florentino Pérez Rodríguez | Concessions | Employee | Abertis Infraestructuras, S.A. | Deputy Chairman |
| Julio Sacristán Fidalgo | Construction | Employee | Dragados, S.A. | Board Member |
| Julio Sacristán Fidalgo | Industrial Services | Employee | ACS, Servicios, Comunicaciones y Energía, S.L. | Board Member |
| Sabina Fluxá Thienemann | Tourism | Employee | Iberostar Hoteles y Apartamentos, S.L. | Board Member |

In 2011 the ACS Group had commercial relationships with companies in which certain of its directors hold management functions. All these commercial transactions were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Company transactions.

The members of the Company's Board of Directors have had no conflicts of interest over the year.

# 36. Guarantee commitments to third parties

At 31 December 2011, the ACS Group had provided guarantees to third parties in connection with its business activities totalling EUR 13,548,136 thousand.

Noteworthy are the guarantees given by Hochtief. In this connection the syndicated guarantee lines obtained by Hochtief A.G. in 2007 were refinanced together with a syndicated credit facility in December 2011, with a combined credit and guarantee line of EUR 2,000,000 thousand by an international syndicate of banks. The guarantee tranche amounted to EUR 1,500,000 thousand, of which EUR 1,120,200 thousand had been drawn down at the end of the reporting period. This line is available for ordinary activities, mainly relating to the concession are and Europe division of Hochtief, and has been granted for a five year term, expiring on 13 December 2016.

The Hochtief Group also has undrawn guarantee lines amounting to EUR 5,740,000 thousand from insurance companies and banks.

Hochtief A.G. has arranged a limited guarantee line for US insurance companies in relations to the obligations of the Turner and Flatiron Groups. This is the type of Financing used in the United Sates to guarantee the performance of public works and for certain clients. E Financing totalled US $6,500,000 thousand of which US $4,417,000 thousand has been used in 2011. The guarantee furnished by Hochtief has never been called and it is not projected that this will occur in the future.

The Group's directors consider that no material liabilities additional to those recognised in the accompanying consolidated balance sheet will arise as a result of the transactions described in this Note.

The contingent liabilities include that relating to the normal liability of the companies with which the Group carries on its business activities. Normal liability is that related to compliance with the contractual obligations assumed in the course of the provision of construction, Industrial Services or urban services by the companies or the joint ventures of which they are venturers.

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.

Lastly, the various Group companies are exposed to the risk of having court and out-of-courts claims filed against them. In this connection, in relation to one of the concession companies in which the Company holds an indirect ownership interest, the non-controlling interests have a potential option to sell. However, the Group and its legal advisors do not consider that the conditions stipulated for its execution have been met, and accordingly, no liability was recognised in this connection in the accompanying financial statements. In these cases, the directors of the Group companies consider that the possible effect on the financial statements would not be material.

In relationship to the ownership interest held by Hochtief in the airport of Budapest, the minority shareholders have the option to sell their interest in the event of a change of control in Hochtief, at a price that would be set by a third party. This would obligate Hochtief to purchase these assets. However, to date there is no knowledge of action taken by the minority shareholders. The Group and its legal advisors are to the understanding in the case that action were to be taken, this control option would have to be assessed exclusively to the direct ownership interest of ACS en Hochtief, which is less than 50%.

# 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 the ACS Group attempts to provide a Framework which defines broad policies to be followed (principles as well as the particularities of each line of business and Project.

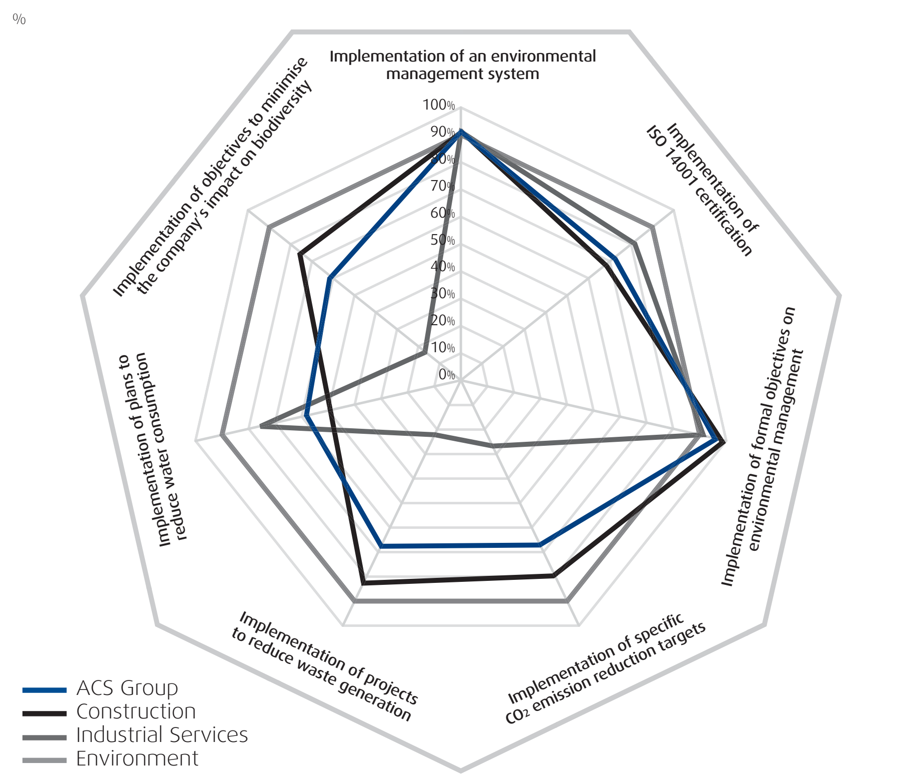
The principles are the general environmental commitments of the ACS Group. These are flexible enough to accommodate elements of the policy and planning of companies in the different business areas. Additionally, these commitments have to abide by the requirements of the ISO 14001 Standard:

- Commitment to compliance with law.
- Commitment to pollution prevention.
- Commitment to continuous improvement.
- Commitment to transparency, communication and training for the Group's employees, suppliers, customers and other interest groups.

In order to devise and publicize the Group's environmental commitments and policies, those of most significance at corporate level are identified, and contrasted with the Management Systems of each company and the environmental priorities for each line of 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.

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

The summary of the main common aspects of the ACS Group companies' management models is shown in the following map of initiatives and their level of implementation.




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

The significant degree of implementation of an environmental management system present in 92.7% of the Group's sales is based on the future objective of seeking the adoption of ISO 14001 standards in the majority of the Group's activities. This standard is already implemented in 72.6% of the ACS Group sales, although it is not the only certification, considering that ACS Group companies accounting for 30.35% of sales have reported the obtainment of other types of certifications.

The responsibility for monitoring the environmental performance of the ACS Group rests with the Environment area Management of each company. The following general features were found which are of most significance in the management of the environmental effect of the ACS Group:

These companies develop policies and action plans in a decentralized independent manner (in ACS companies accounting for 97.1% of sales, objectives are defined in relation to the environment on a regular basis, and 23% of the companies reward employees for complying with these objectives.

They also implement certification schemes and external independent audits (95% of the ACS Group's production was audited in 2011).

The ACS Group companies closely monitor environmental performance:

- 972 environmental audits were carried out in 2011, 21.8% more than in 2010.
- Companies accounting for 64.8% of ACS Group sales have some type of centralised database for the Collection of environmental data. Companies representing 51% of the ACS Group's sales have an incident reporting system for detailing near misses relating to environmental matters. In 2011 there were 1,601 environmental incidents which led to a total of 33 penalty proceedings.
- The main environmental assets are purifying facilities, biogas, incineration and leachate systems to prevent and reduce environmental pollution and minimise environmental damage. These assets, net of depreciation, amount to EUR 18,020 thousand (EUR 21,221 thousand in 2010).
- Environmental expenses in 2011 amounted to EUR 1,343 thousand (EUR 1,238 thousand in 2010).

# 38. Auditors' fees

The fees for financial audit services provided to the various companies in 2011 and 2010 were as follows:

| Thousands of euros | 2011 | 2010 |
|---|---|---|
| **Audit service fees** | **14,745** | **5,346** |
| Main auditor | 8,735 | 3,749 |
| Other auditors | 6,010 | 1,597 |
| **Fees for tax services** | **3,614** | **360** |
| Main auditor | 878 | 56 |
| Other auditors | 2,736 | 304 |
| **Other services** | **5,334** | **2,195** |
| Main auditor | 3,039 | 1,219 |
| Other auditors | 2,295 | 976 |
| **Total** | **23,693** | **7,901** |

The year-on-year increase is due to the full consolidation of Hochtief A.G. whose main auditor is also Deloitte, and includes the fees of Leighton, whose main auditor is KPMG.

# 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.

# Consolidated Financial Statements

## Appendix

As stated in Note 2 to the financial statements, Appendices I, II and III list the subsidiaries, Joint ventures and associates of most significance in the ACS Group in 2011, including their registered office and the Group's effective percentage of ownership.

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 strategic ownership interests in energy, telecommunications and concessions.

### 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 (highways and roads, railways, hydraulic infrastructures, coasts and ports, etc., as well as residential and non-residential buildings.

- **Hochtief.** This segment includes the activities carried on by the different business segments of this company:

  - **Hochtief Americas**. Its activity is mainly carried on in the USA and Canada and relates to the construction of buildings (public and private), infrastructures, civil engineering, and educational and Sports facilities.

  - **Hochtief Asia Pacific**. Its activities are carried on by its Australian subsidiary Leighton, noteworthy being construction, mining contracts and the operation and development of real estate infrastructures.

  - **Hochtief Concessions**. This segment operates concession relating to airports, roads, tunnels and social infrastructure (schools, and public centres), most with public and private collaboration.

  - **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. Environmental

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.

# Appendix I. Subsidiaries

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| **PARENTS** | | |
| ACS, Actividades de Construcción y Servicios, S.A. | Avda. de Pío XII, 102. 28036 Madrid. Spain | - |
| ACS Colombia, S.A. | Santa Fé de Bogotá. Colombia | 100.00% |
| ACS Telefonía Móvil, S.L. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Aurea Fontana, S.L. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Cariátide, S.A. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Corporate Funding, S.L. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Corporate Statement, S.L. | Avda. de Pio XII, 102. 28036 Madrid. Spain | 100.00% |
| Equity Share, S.L. | Avda. de Pio 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% |
| PR Pisa, S.A. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Residencial Monte Carmelo, S.A. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Roperfeli, S.L. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Villa Aurea, S.L. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Villanova, S.A. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| **CONSTRUCTION- DRAGADOS** | | |
| Acainsa, S.A. | C/ Orense, 34-1º. 28020 Madrid. Spain | 100.00% |
| Aparcamiento Tramo C. Rambla-Coslada, S.L. | C/ Orense, 34-1º. 28020 Madrid. Spain | 100.00% |
| Besalco Dragados, S.A. | Avda. Tajamar nº 183 piso 1º Las Condes. Santiago de Chile. Chile | 50.00% |
| Castellano Leonesa de Minas, S.A. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Cesionaria Vallés Occidental, S.A. | Avda. Josep Tarradellas, nº 8-10. 08029 Barcelona. Spain | 100.00% |
| Comunidades Gestionadas, S.A. (COGESA) | C/ Orense, 34-1º. 28020 Madrid. Spain | 100.00% |
| Concesionaria San Rafael, S.A. | C/ Diputado José Rivas, s/n. 07816 Sant Antonio de Port. Ibiza. Spain | 100.00% |
| Consorcio Dragados Conpax Dos S.A. | Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile Chile | 55.00% |
| Consorcio Dragados Conpax, S.A. | Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile. Chile | 60.00% |
| Consorcio Tecdra, S.A. | Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile. Chile | 100.00% |
| Construcciones y Servicios del Egeo, S.A. | Alamanas,1 151 25 Maroussi. Athens. Greece | 100.00% |
| Constructora Dycven, S.A. | Veracruz Edif. Torreón, 3º, Urbaniz. Las Mercedes. Caracas. Venezuela | 100.00% |
| Constructora Vespucio Norte, S.A. | Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile. Chile | 54.00% |
| Construrail, S.A. | C/ Orense, 11. 28020 Madrid. Spain | 51.00% |
| Continental Rail, S.A. | C/ Orense, 11. 28020 Madrid. Spain | 100.00% |
| Drace Medio Ambiente, S.A. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Drace United States of America, Inc. | 2711 Centerville Road, Suite 400, Wilmigton. New Castle. Delaware. United States of America | 100.00% |
| Dragados Canada, Inc. | Suite 1400 40 Elgin Street. Otawa. Ontario. Canada | 100.00% |
| Dragados Construction United States of America, Inc. | 500 Fifth Avenue, 38 th. Floor. New York, NY 10110. United States of America | 100.00% |
| Dragados CVV Constructora, S.A. | Avda. Vitacura 2939 ofic. 2201. Las Condes. Santiago de Chile. Chile | 80.00% |
| Dragados Inversiones United States of America, S.L. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Dragados Ireland Limited | The Oval, Block 3, end floor 160, Shelbourn Road Dublin 4. Dublin. Ireland | 100.00% |
| Dragados Obra Civil y Edificac Mexico S.A. de C.V. | C/ Hamburgo, 172, piso 1. Juarez Distrito Federal. 06000 Mexico | 100.00% |
| Dragados UK Ltd. | Hill House 1 Little New Street. London EC4A3TR United Kingdom | 100.00% |
| Dragados United States of America, Inc. | 500 Fifth Avenue, 38 th. Floor. New York, NY 10110. United States of America | 100.00% |
| Dragados, S.A. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Dycasa S.A. | Avda. Leandro N. Alem. 986. Buenos Aires. Argentina | 66.10% |
| Eix Diagonal Construccions, S.L. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Flota Proyectos Singulares, S.A. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Gasoductos y Redes Gisca, S.A. | C/ Orense, 11. 28020 Madrid. Spain | 52.50% |
| Geocisa UK Ltd. | 1 Canada Square, 37th floor Canary Wharf. London E14 5LQ. United Kingdom | 100.00% |
| Geocisa United States of America Inc. | 2711 Centerville Road, Suite 400, Wilmigton, New Castle - Delaware. United States of America | 100.00% |
| Geotecnia y Cimientos, S.A. | C/ Los Llanos de Jerez, 10-12. 28823 Coslada. Madrid. Spain | 100.00% |
| Gestifisa, S.A. | C/ Orense, 34 1º. 28020 Madrid. Spain | 100.00% |
| Hullera Oeste de Sabero, S.A. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Inmobiliaria Alabega, S.A. | C/ Orense, 34-1º. 28020 Madrid. Spain | 100.00% |
| John P. Picone Inc. | 31 Garden Lane. Lawrence. NY 11559 United States of America | 80.00% |
| Lucampa, S.A. | C/ Orense, 34-1º. 28020 Madrid. Spain | 100.00% |
| Manteniment i Conservació del Vallés, S.A. | Avda. Josep Tarradellas, nº 8 2º puerta 4. 08029 Barcelona. Spain | 100.00% |
| Mostostal Pomorze, S.A. | 80-557 Gdansk ul. Marynarki Polskiej 59 | 66.00% |
| Newark Real Estate Holdings, Inc. | 500 Fifth Avenue, 38 th. Floor. New York, NY 10110 United States of America | 100.00% |
| PA CONEX Sp. z.o.o. | 09-500 Gostynin ul. Ziejkowa 2a | 66.00% |
| PA Wyroby Betonowe Sp. z.o.o. | 82-300 Elblag ul. Plk. Dabka 215 | 66.00% |
| Placidus Investments Sp. z.o.o. | 00-728 Warszawa ul. Kierbedzia 4 | 39.60% |
| Pol-Aqua Wostok Sp. z.o.o. | 115184 Moscow ul. Nowokuznieckaja 9 | 33.66% |
| Pol-Aqua, S.A. | Dworska 1, 05-500 Piaseczno k/. Warsaw. Poland | 66.00% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Protide, S.A. | C/ Orense,34-1º 28020 Madrid. Spain | 100.00% |
| Pulice Construction, Inc. | 2033 W Mountain View Rd. Phoenix. AZ 85021 Phoenix. United States of America | 100.00% |
| Remodelación Ribera Norte, S.A. | Avda. Josep Tarradellas, nº 8 2º puerta 4. 08029 Barcelona. Spain | 100.00% |
| Residencial Leonesa, S.A. | C/ Orense, 34-1º. 28020 Madrid. Spain | 100.00% |
| Schiavone Construction Company | 150 Meadowlands Parkway Seacaucus. New Jersey 07068. United States of America | 100.00% |
| Servia Conservación y Mantenimiento, S.A. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 51.00% |
| Sicsa Rail Transport, S.A. | C/ Orense, 11. 28020 Madrid. Spain | 76.00% |
| Sussex Realty, Llc. | 31 Garden Lane Lawrence, NY 11559. United States of America | 90.00% |
| Técnicas e Imagen Corporativa, S.L. | Avda. de Paris, 1. 19200 Azuqueca de Henares. Guadalajara. Spain | 100.00% |
| TECO Sp. z.o.o. | 51-502 Wroclaw ul. Mydlana 1 | 66.00% |
| Tecsa Empresa Constructora, S.A. | Avda. Madariaga, 1, 4º. 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 805. Toronto ON. Canada | 100.00% |
| Vias United States of America Inc. | 2711 Centerville Road, Suite 400, Wilmington. New Castle. Delaware. United States of America | 100.00% |
| Vías y Construcciones, S.A. | C/ Orense,11. 28020 Madrid. Spain | 100.00% |
| Weneda Sp. z.o.o. | 45-355 Opole ul. 1-go Maja 77/1 | 66.00% |
| **CONSTRUCTION - IRIDIUM (Concessions)** | | |
| ACS Infrastructure Canada, Inc. | 150 King Street West, Suite 805, P.O. Box 48, M5H 1J9 ON Canada | 100.00% |
| ACS Infrastructure Development, Inc. | Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States of America | 100.00% |
| ACS WEP Holdings, Inc. | 1 Germain Street Suite 1500. Saint John NB E2L4V1. Canada. | 100.00% |
| Autovía de La Mancha, S.A. Concesionaria JCC Castilla La Mancha | 21.500 de la CM-42 en el 45.430 de Mascaraque. Toledo. Spain | 75.00% |
| Autovia del Camp del Turia, S.A. | C/ Alvaro de Bazán, nº 10 Entlo. 46010 Valencia. Spain | 65.00% |
| Autovía del Pirineo, S.A. | C/Emilio Arrieta 8 - 6º, 31002 Pamplona (Navarra). Spain | 72.00% |
| Autovía Medinaceli-Calatayud Soc. Conces. Estado, S.A. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 95.00% |
| Can Brians 2, S.A. | Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain | 100.00% |
| CAT Desenvolupament de Concessions Catalanes, S.L. | Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain | 100.00% |
| Concesionaria Santiago Brión, S.A. | Centro de Control AG-56 Enlace de Pardiñas - Costola. 15895 Ames. A Coruña. Spain | 70.00% |
| Concesiones Viarias Chile Tres, S.A. | José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile | 100.00% |
| Concesiones Viarias Chile, S.A. | José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile | 100.00% |
| Desarrollo de Concesionarias Viarias Dos, S.L. | 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% |
| Desarrollo de Equipamientos Públicos, S.L. | Avenida del Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Dragados Concessions, Ltd. | Hill House, 1 - Little New Street. London EC4A 3TR. England | 100.00% |
| Dragados Waterford Ireland, Ltd. | The Oval, Building 3. 160 Shelbourne Rd. Ballsbridge. Dublin. Ireland | 100.00% |
| Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A. | Av. Josep Tarradellas, 34-36, 9º Dcha 08029 Barcelona | 100.00% |
| Estacionament Centre Direccional, S.A. | Puerto Tarraco-Moll de Llevant. Edificio B5, 1ª Planta.43004 Tarragona. Spain | 100.00% |
| Explotación Comercial de Intercambiadores, S.A. | Avda. de America, 9A (Intercambiador de Tptes) Madrid. Spain | 100.00% |
| FTG Fraser Transportation Group Partnership | 1300 - 777 Dunsmuir Street Po Box 10424 Stn Pacific Ctr. Vancouver Bc V7Y 1K2. Canada | 75.00% |
| FTG Holding Limited Partnership | 1300 - 777 Dunsmuir Street Po Box 10424 Stn Pacific Ctr. Vancouver Bc V7Y 1K2. Canada | 100.00% |
| FTG Holdings, Inc. | 1300 - 777 Dunsmuir Street Po Box 10424 Stn Pacific Ctr. Vancouver Bc V7Y 1K2. Canada | 100.00% |
| Green Canal Golf, S.A. | Avenida Philippines, s/n esquina Avenida Pablo Iglesias s/n 28003 Madrid. Spain | 100.00% |
| I 595 ITS Solutions, Llc. | Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States of America | 100.00% |
| Intercambiador de Transportes de Avda. de América, S.A. | Avda. América, 2-17-B. 28002 Madrid. Spain | 100.00% |
| Intercambiador de Transportes de Príncipe Pío, S.A. | Avda. América, 2-17-B. 28002 Madrid. Spain | 70.00% |
| Inversora de la Autovía de la Mancha, S.A. | Avda. Camino de Santiago, 50 28050 Madrid. Spain | 75.00% |
| Iridium Aparcamientos, S.L. | Avda. Camino de Santiago, 50 28050 Madrid. Spain | 100.00% |
| Iridium Concesiones de Infraestructuras, S.A. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Iridium Nouvelle Autoroute 30, Inc. | 1, Place Ville-Marie 37e étage Montreal. Quebec H3B 3P4. Canada | 100.00% |
| Iridium Portlaoise Ireland Limited | The Oval, Building 3. 160 Shelbourne Rd. Ballsbridge. Dublin. Ireland | 100.00% |
| Marestrada-Operações e Manutenção Rodoviária, S.A. | Rua Julieta Ferrão, nº 10 – 6º andar 1600-131 Lisboa. Portugal | 70.00% |
| Parking Mérida III, S.A. | Avenida Lusitania, 15 1º Puerta 7. Mérida. Badajoz. Spain | 100.00% |
| Parking Nou Hospital del Camp, S.L. | Avenida de la Universitat, s/n. 43201 Reus. Tarragona. Spain | 100.00% |
| Parking Palau de Fires, S.L. | Avenida de la Universitat, s/n. Spain. 43201 Reus. Tarragona | 100.00% |
| Planestrada - Operação e Manutenção Rodoviária, S.A. | Cerrado das Aranhas, lote 18. 7570-115 Grândola. Portugal | 70.00% |
| Reus-Alcover Conc de la Generalitat de Catalunya, S.A. | Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain | 100.00% |
| Sociedad Concesionaria Ruta del Canal, S.A. | Antonio Varas Nº 216, Oficina 701. Puerto Montt. Chile | 80.00% |
| Sociedad Inversora de Infraestructuras de la Mancha, S.L. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 66.67% |
| The Currituck Development Group, Llc. | Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States of America | 100.00% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| **CONSTRUCTION - HOCHTIEF** | | |
| Hochtief Aktiengesellschaft | Essen, Germany | 51.46% |
| Beggen PropCo Sàrl | Strassen, Luxembourg | 51.46% |
| Builders' Credit Reinsurance Company S.A. | Steinfort, Luxembourg | 51.46% |
| Eurafrica Baugesellschaft mbH | Essen, Germany | 51.46% |
| Hochtief Global One GmbH | Essen, Germany | 51.46% |
| Hochtief Insurance Broking and Risk Management Solutions GmbH | Essen, Germany | 51.46% |
| Steinfort Capital Growth SICAV-SIF | Bertrange, Luxembourg | 51.46% |
| Steinfort Fund of Funds SICAV-SIF | Findel-Golf, Luxembourg | 51.46% |
| Steinfort Propco Sàrl | Strassen, Luxembourg | 51.46% |
| Vintage Real Estate HoldCo Sàrl | Strassen, Luxembourg | 51.46% |
| **Hochtief Americas** | | |
| 2501 Constructors LLC | DC, United States of America | 51.46% |
| ASI-Flatiron Inc. | Longmont, United States of America | 51.46% |
| Auburndale Company, Inc. | Ohio, United States of America | 51.46% |
| Audubon Bridge Constructors | New Roads, United States of America | 27.79% |
| Bethesda View Constructors LLC | Maryland, United States of America | 51.46% |
| California Steel Advisory Services | Walnut Creek, United States of America | 51.46% |
| Canadian Turner Construction Company (Nova Scotia) | Nova Scotia, Canada | 51.46% |
| Canadian Turner Construction Company Ltd. | Markham, Canada | 51.46% |
| Capitol Building Services LLC | Maryland, United States of America | 51.46% |
| Caribbean Operations, Inc. | Delaware, United States of America | 51.46% |
| DCN, United States of America Inc. | Delaware, United States of America | 51.46% |
| E. E. Cruz and Company Inc. | Holmdel, United States of America | 51.46% |
| Facilities Management Solutions, LLC | Delaware, United States of America | 51.46% |
| FCI Constructors/Balfour Beatty | San Marco, United States of America | 36.02% |
| FCI Constructors/Cleveland Bridge | Longmont, United States of America | 28.30% |
| FECO Equipment | Denver, United States of America | 51.46% |
| Flatiron Construction Corp. | Wilmington, United States of America | 51.46% |
| Flatiron Construction Services | Vancouver, United States of America | 51.46% |
| Flatiron Constructors Canada Limited | Vancouver, Canada | 51.46% |
| Flatiron Constructors Inc. | Wilmington, United States of America | 51.46% |
| Flatiron Constructors Inc. Canadian Branch | Vancouver, Canada | 51.46% |
| Flatiron Electric AL Group | Wilmington, United States of America | 51.46% |
| Flatiron Equipment Company Canada | Calgary, Canada | 51.46% |
| Flatiron Holding Inc. | Wilmington, United States of America | 51.46% |
| Flatiron Parsons | Los Angeles, United States of America | 36.02% |
| Flatiron West Inc. | Wilmington, United States of America | 51.46% |
| Flatiron West Inc., San Marcos | Wilmington, United States of America | 51.46% |
| Flatiron/C.M. Piech | Longmont, United States of America | 26.24% |
| Flatiron/Kiewit, a Joint Venture | Longmont, United States of America | 33.45% |
| Flatiron/Turner Construction of New York LLC | New York, United States of America | 51.46% |
| Flatiron/United | Chocowinity, United States of America | 30.88% |
| Flatiron-Lane | Longmont, United States of America | 28.30% |
| Flatiron-Manson | Minneapolis, United States of America | 36.02% |
| Flatiron-Tidewater Skanska | Tampa, United States of America | 30.88% |
| Henry Street Builders, LLC | Virginia, United States of America | 51.46% |
| Hochtief Americas GmbH | Essen, Germany | 51.46% |
| Hochtief Argentina S.A. | Buenos Aires, Argentina | 51.46% |
| Hochtief United States of America INC. | Wilmington, United States of America | 51.46% |
| HT CONSTRUCTION INC. | Dover, United States of America | 51.46% |
| Lacona, Inc. | Tennessee, United States of America | 51.46% |
| Maple Red Insurance Company | Vermont, United States of America | 51.46% |
| Metacon Technology Solutions, LLC | Texas, United States of America | 51.46% |
| Mideast Construction Services, Inc. | Delaware, United States of America | 51.46% |
| Misener Constru-Marina S.A. de C.V. | Ciudad Juarez, Mexico | 51.46% |
| Misener Servicios S.A. de D.V. | Ciudad Juarez, Mexico | 51.46% |
| North Carolina Constructors | Longmont, United States of America | 30.88% |
| Offshore Services, Inc. | Delaware, United States of America | 51.46% |
| OMM Inc. | Plantation, United States of America | 51.46% |
| Palmetto Transportation Constructors | Longmont, United States of America | 33.45% |
| Saddleback Constructors | Mission Viejo, United States of America | 27.79% |
| Services Products Buildings, Inc. | Ohio, United States of America | 51.46% |
| TC Professional Services, LLC | Delaware, United States of America | 51.46% |
| TCCO of South Carolina, LLC | South Carolina, United States of America | 51.46% |
| TGS/SamCorp JV (Paso del Norte - Port of Entry) | District of Columbia, United States of America | 51.46% |
| The Lathrop Company, Inc. | Delaware, United States of America | 51.46% |
| The Turner Corporation | Dallas, United States of America | 51.46% |
| Tompkins Builders, Inc. | Washington, United States of America | 51.46% |

# Consolidated Financial Statements

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen) | District of Columbia, United States of America | 26.24% |
| Tompkins/Gilford JV (Prince George's Community College Center) | District of Columbia, United States of America | 36.02% |
| Turner (East Asia) Pte. Ltd. | Singapore | 51.46% |
| Turner Alpha Limited | Trinidad, Trinidad y Tobago | 36.02% |
| Turner Caribe, Inc. | Delaware, United States of America | 51.46% |
| Turner Cayman Ltd. | United Kingdom | 51.46% |
| Turner Construction Company | New York, United States of America | 51.46% |
| Turner Construction Company - Singapore (US) | Singapore | 51.46% |
| Turner Construction Company of Indiana, LLC | Indiana, United States of America | 51.46% |
| Turner Construction Company of Ohio LLC | Delaware, United States of America | 51.46% |
| Turner Construction Company of Texas | Texas, United States of America | 51.46% |
| Turner Cornerstone Korea | South Korea | 51.46% |
| Turner Cross Management IV (Blackrock Wilmington 400 Bellevue) | New York, United States of America | 36.02% |
| Turner Cross Management IV (Blackrock) | New York, United States of America | 30.88% |
| Turner Davis JV (Laurelwood/Rowney) | New York, United States of America | 26.24% |
| Turner Development Corporation | Delaware, United States of America | 51.46% |
| Turner Hochtief Construction Management GmbH | Essen, Germany | 51.46% |
| Turner International (East Asia) Pte. Limited | Sri Lanka | 51.46% |
| Turner International (Hong Kong) Limited | Hong Kong | 51.46% |
| Turner International (UK) Ltd. | London, Great Britain | 51.46% |
| Turner International Consulting Co. | Shanghai, China | 51.46% |
| Turner International Industries, Inc. | Delaware, United States of America | 51.46% |
| Turner International Korea LLC | South Korea | 51.46% |
| Turner International Limited | Bermuda, United States of America | 51.46% |
| Turner International LLC | Delaware, United States of America | 51.46% |
| Turner International Malaysia SDN BHD | Malaysia | 51.46% |
| Turner International Mexico SRL | United States of America | 51.46% |
| Turner International Professional Services, S. De R. L. De C. V | Mexico | 51.46% |
| Turner International Pte. Limited | Singapore | 51.46% |
| Turner International Support Services, S. De R. L. De C. V. | Mexico | 51.46% |
| Turner Logistics Canada Ltd. | New Brunswick, Canada | 51.46% |
| Turner Logistics, LLC | Delaware, United States of America | 51.46% |
| Turner Project Management India Private Ltd. | India | 51.46% |
| Turner Support Services, Inc. | Delaware, United States of America | 51.46% |
| Turner Surety & Insurance Brokerage Inc. | New Jersey, United States of America | 51.46% |
| Turner Trotter JV (Clarian Fishers Medical Center) | New York, United States of America | 38.60% |
| Turner Vietnam Co. Ltd. | Vietnam | 51.46% |
| Turner/ADCo DTA (OUSD downtown education center) | New York, United States of America | 36.02% |
| Turner/Con-Real - Forest/JV | New York, United States of America | 30.88% |
| Turner/Con-Real (Tarratn County college District SE Campus New Wing) | New York, United States of America | 36.02% |
| Turner/Hallmark JV1 (Beaumont ISD Athletic Complex) | New York, United States of America | 51.46% |
| Turner/HSC JV (Cooper University Hospital) | New York, United States of America | 36.02% |
| Turner/JGM JV (Proposition Q) | New York, United States of America | 34.48% |
| Turner/Trevino JV1 (HISD Program Management) | New York, United States of America | 33.45% |
| Turner-Davis Atlanta Airport joint Venture (Hartsfield Jackson Intnl Ariport DOA Secutiry Office Renovation) | New York, United States of America | 30.88% |
| Turner-Penick JV (US Marine Corp BEQ Pkg 4 & 7) | New York, United States of America | 30.88% |
| Turner-Tooles JV | New York, United States of America | 41.17% |
| Universal Construction Company, Inc. | Delaware, United States of America | 51.46% |
| West Coast Rail Constructors | San Marco, United States of America | 33.45% |
| **Hochtief Asia Pacific** | | |
| 111 Margaret Street Pty Limited | Victoria, Australia | 13.75% |
| 145 Ann Street Pty. Ltd. | Australia | 27.50% |
| 145 Ann Street Trust | Australia | 27.50% |
| 512 Wickham Street Pty. Ltd. | Australia | 27.50% |
| 512 Wickham Street Trust | Australia | 27.50% |
| A.C.N. 126 130 738 Pty. Ltd. | Australia | 27.50% |
| A.C.N. 151 868 601 Pty Ltd | Victoria, Australia | 27.50% |
| Ashmore Developments Pty Limited | Australia | 27.50% |
| Ausindo Holdings Pte. Ltd. | Singapore | 27.50% |
| Australia-Singapore Cable (International) Limited | Australia | 27.50% |
| Australia-Singapore Cable (Singapore) Pte Ltd | Bermuda, Great Britain | 27.50% |
| Boggo Road Project Pty Limited | Singapore | 27.50% |
| Boggo Road Project Trust | Queensland, Australia | 27.50% |
| BOS Australia Pty. Ltd. | South Bank, Australia | 27.50% |
| Broad Construction Services (NSW/VIC) Pty. Ltd. | Newcastle, Australia | 22.27% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Broad Construction Services (NT) Pty. Ltd. | Perth, Australia | 22.27% |
| Broad Construction Services (QLD) Pty. Ltd. | Gold Coast, Australia | 22.27% |
| Broad Construction Services (SA) Pty. Ltd. | Eastwood, Australia | 22.27% |
| Broad Construction Services (VIC) Pty. Ltd. | Melbourne, Australia | 22.27% |
| Broad Construction Services (WA) Pty Ltd. | Australia | 22.27% |
| Broad Group Holdings Pty. Ltd. | Perth, Australia | 24.75% |
| Deep Blue Consortium Pty Ltd | Australia | 10.05% |
| Delron Cleaning Pty Ltd | Australia | 21.99% |
| Delron Group Facility Services Pty Limited | Australia | 21.99% |
| Devine Bacchus Marsh Pty Limited | WA, Australia | 6.88% |
| Devine Constructions Pty Limited | Queensland, Australia | 6.88% |
| Devine Funds Pty Limited | Queensland, Australia | 6.88% |
| Devine Funds Unit Trust | Victoria, Australia | 6.88% |
| Devine Homes Pty Limited | Australia | 6.88% |
| Devine Land Pty Limited | Queensland, Australia | 6.88% |
| Devine Ltd. | Australia | 13.77% |
| Devine Management Services Pty Limited | Queensland, Australia | 6.88% |
| Devine Queensland No. 10 Pty Limited | Queensland, Australia | 6.88% |
| Devine Springwood No. 1 Pty Limited | Queensland, Australia | 6.88% |
| Devine Springwood No. 2 Pty Limited | NSW, Australia | 6.88% |
| DMB Pty Limited | Queensland, Australia | 6.88% |
| DPS Leighton Offshore Engineering Sdn Bhd | Queensland, Australia | 27.50% |
| Ewenissa Pty Ltd. | Sydney, Australia | 27.50% |
| Giddens Investment Ltd. | Hong Kong | 27.50% |
| Green Construction Company | Wilmington, U.S.A. | 27.50% |
| Gridcomm Pty. Ltd. | Melbourne, Australia | 27.50% |
| Hamilton Harbour | Australia | 20.62% |
| Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust) | Australia | 20.62% |
| Hochtief Asia Pacific GmbH | Essen, Alemania | 51.46% |
| Hochtief AUSTRALIA HOLDINGS LIMITED | Sydney, Australia | 51.46% |
| Hunter Valley Earthmoving Co. Pty Ltd. | Rutherford, Australia | 27.50% |
| HWE Cockatoo Pty Ltd | Australia | 27.50% |
| HWE Maintenance Services Pty. Ltd. | Australia | 27.50% |
| HWE Mining Pty Ltd | Australia | 27.50% |
| HWE Newman Assets Pty Ltd | Australia | 27.50% |
| Infoplex Pty. Ltd. | Sydney, Australia | 27.50% |
| Jarrah Wood Pty. Ltd. | Australia | 22.27% |
| JH Rail Holdings Pty. Limited | Australia | 16.22% |
| JH Rail Investments Pty. Limited | Australia | 16.22% |
| JH Rail Operations Pty. Limited | Australia | 16.22% |
| JHG Mutual Limited | Australia | 27.50% |
| Joetel Pty. Limited | Australia | 16.22% |
| John Holland - Leighton (South East Asia) Joint Venture | Hong Kong | 27.50% |
| John Holland (NZ) Ltd. | New Zealand | 27.50% |
| John Holland AD Holdings Pty. Ltd. | Abbotsford, Australia | 27.50% |
| John Holland AD Investments Pty. Ltd. | Abbotsford, Australia | 27.50% |
| John Holland AD Operations Pty. Ltd. | Abbotsford, Australia | 27.50% |
| John Holland Aviation Services Pty. Ltd. | Australia | 27.50% |
| John Holland Development & Investment Pty. Ltd. | Abbotsford, Australia | 27.50% |
| John Holland Engineering Pty. Ltd. | Australia | 27.50% |
| John Holland Group Pty Ltd. | Abbotsford, Australia | 27.50% |
| John Holland Infrastructure Nominees Pty. Ltd. | Australia | 27.50% |
| John Holland Infrastructure Pty. Ltd. | Australia | 27.50% |
| John Holland Infrastructure Trust | Australia | 27.50% |
| John Holland Investment Pty. Ltd. | Australia | 27.50% |
| John Holland Melbourne Rail Franchise Pty. Ltd. | Australia | 27.50% |
| John Holland Pty Ltd. | Abbotsford, Australia | 27.50% |
| John Holland Queensland Pty. Ltd. | Australia | 27.50% |
| John Holland Rail Pty. Ltd. | Abbotsford, Australia | 27.50% |
| John Holland Services Pty. Ltd. | Australia | 27.50% |
| Kingscliff Resort Trust | Australia | 27.50% |
| LCPL (PNG) Limited | Papua New Guinea | 27.50% |
| Leighton (PNG) Limited | Papua New Guinea | 27.50% |
| Leighton Admin Services Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Arranging Pty. Ltd. | Australia | 27.50% |
| Leighton Asia (China) Limited | Hong Kong | 27.50% |
| Leighton Asia (Hong Kong) Holdings (No. 2) Limited | Hong Kong | 27.50% |
| Leighton Asia Ltd. | Hong Kong | 27.50% |
| Leighton Asia Southern Pte. Ltd. | Singapore | 27.50% |

# Consolidated Financial Statements

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Leighton Botswana (Proprietary) Limited | Botswana | 27.50% |
| Leighton Construction and Mining Africa | Botswana | 27.50% |
| Leighton Contractors (Asia) Ltd. | Hong Kong | 27.50% |
| Leighton Contractors (China) Ltd. | Hong Kong | 27.50% |
| Leighton Contractors (Indo-China) Ltd. | Hong Kong | 27.50% |
| Leighton Contractors (Laos) Company Ltd. | Laos | 27.50% |
| Leighton Contractors (Malasia) Sdn. Bhd. | Malaysia | 27.50% |
| Leighton Contractors (Philippines) Inc. | Philippines | 11.00% |
| Leighton Contractors Asia (Cambodia) Co. Ltd. | Camboya | 27.50% |
| Leighton Contractors Asia (Vietnam) Limited | Vietnam | 27.50% |
| Leighton Contractors Inc. | Wilmington, United States of America | 27.50% |
| Leighton Contractors Infrastructure Nominees Pty. Ltd. | Australia | 27.50% |
| Leighton Contractors Infrastructure Pty. Ltd. | Australia | 27.50% |
| Leighton Contractors Infrastructure Trust | Australia | 27.50% |
| Leighton Contractors Lanka (Private) Ltd. | Sri Lanka | 27.50% |
| Leighton Contractors Mauricio Ltd. | Mauritius | 27.50% |
| Leighton Contractors Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Engineering & Construction (Singapore) Pte Ltd | Singapur | 27.50% |
| Leighton Finance (U.S.A.) Pty. Ltd. | Australia | 27.50% |
| Leighton Finance International Pty Ltd. | Australia | 27.50% |
| Leighton Finance Ltd. | Sydney, Australia | 27.50% |
| Leighton Foundation Engineering (Asia) Ltd. | Hong Kong | 27.50% |
| Leighton Funds Management Pty Ltd. | Sydney, Australia | 27,50% |
| Leighton Geotech Ltd. | Bangkok, Thailandia | 6.60% |
| Leighton Harbour Trust | Australia | 27.50% |
| Leighton Holdings Infrastructure Nominees Pty. Ltd. | Australia | 27.50% |
| Leighton Holdings Infrastructure Pty. Ltd. | Australia | 27.50% |
| Leighton Holdings Infrastructure Trust | Australia | 27.50% |
| Leighton Holdings Investments Pty. Ltd. | Australia | 27.50% |
| Leighton Holdings Limited | Sydney, Australia | 27.50% |
| Leighton Holland Browse JV | Australia | 27.50% |
| Leighton Infrastructure Investments Pty. Ltd. | Sydney, Australia | 27.50% |
| Leighton International FZ LLC | Australia | 27.50% |
| Leighton International Holdings Limited | United Arab Emirates | 27.50% |
| Leighton International Ltd. | Cayman Islands, Great Britain | 27.50% |
| Leighton International Mauricio Holdings Limited No. 3 | Mauritius | 27.50% |
| Leighton International Mauricio Holdings Limited No. 4 | Mauritius | 27.50% |
| Leighton International Mauricio Holdings Limited No. 5 | Mauritius | 27.50% |
| Leighton International Mauricio Holdings Limited No. 6 | Mauritius | 27.50% |
| Leighton International Mauricio Holdings Limited No. 7 | Mauritius | 27.50% |
| Leighton Investments Mauricio Limited | Mauritius | 27.50% |
| Leighton Investments Mauricio Limited No. 3 | Mauritius | 27.50% |
| Leighton Investments Mauricio Limited No. 4 | Mauritius | 27.50% |
| Leighton Investments Mauricio Limited No. 5 | Mauritius | 27.50% |
| Leighton Investments Mauricio Limited No. 6 | Mauritius | 27.50% |
| Leighton Investments Mauricio Limited No. 7 | Mauritius | 27.50% |
| Leighton John Holland Joint Venture (Lai Chi Kok) | Hong Kong | 27.50% |
| Leighton LLC | Mongolia | 27.50% |
| Leighton Mauricio (Africa) Limited | Mauritius | 27.50% |
| Leighton Motorway Investments No. 2 Pty. Ltd. | Sydney, Australia | 27.50% |
| Leighton Offshore Australia Pty. Ltd. | Australia | 27.50% |
| Leighton Offshore Pte. Ltd. | Singapore | 27.50% |
| Leighton Offshore Sdn Bhd (formerly Leighton International Sdn. Bhd.) | Malasia | 27.50% |
| Leighton Offshore-John Holland Joint Venture (LTA Project) | Australia | 27.50% |
| Leighton Pacific St Leonards Pty. Ltd. | Australia | 27.50% |
| Leighton Pacific St Leonards Unit Trust | Australia | 27.50% |
| Leighton Portfolio Services Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Project Management Sdn. Bhd. | Malaysia | 27.50% |
| Leighton Projects Consulting (Shanghai) Ltd. | China | 27.50% |
| Leighton Properties (Brisbane) Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Properties (VIC) Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Properties (WA) Pty. Ltd. | Australia | 27.50% |
| Leighton Properties Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Properties Resorts Pty Limited | Australia | 27.50% |
| Leighton Property Development Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Property Funds Management Ltd. | Sydney, Australia | 27.50% |
| Leighton Property Management Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Residential Investments Pty. Ltd. | Australia | 27.50% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Leighton Services Australia Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Staff Shares Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton Superannuation Pty Ltd. | Sydney, Australia | 27.50% |
| Leighton United States of America Inc. | United States of America | 27.50% |
| Leighton-John Holland Joint Venture | Australia | 27.50% |
| Leighton-LNS Joint Venture | Hong Kong | 21.99% |
| Leighton-Macmahon Joint Venture | Hong Kong | 20.62% |
| LH Holdings Co Pty Ltd | Australia | 27.50% |
| LMENA No. 1 Pty. Ltd. | Australia | 27.50% |
| LMENA Pty. Ltd. | Australia | 27.50% |
| LSE Technology (Australia) Pty Ltd. | Sydney, Australia | 27.50% |
| Martox Pty. Ltd. | Australia | 16.22% |
| Mayfield Engineering Pty. Ltd. | Australia | 27.50% |
| Menette Pty. Limited | Australia | 27.50% |
| Metro Developments Australia Pty. Ltd. | Australia | 22.27% |
| Metronode Investments Pty Limited (formerly Vytel Investments) | Sydney, Australia | 27.50% |
| Metronode M2 Pty Ltd | Australia | 27.50% |
| Metronode Pty Ltd. | Sydney, Australia | 27.50% |
| Metronode S2 Pty Ltd | Victoria, Australia | 27.50% |
| Moonamang Joint Venture Pty Ltd | Australia | 27.50% |
| Moorookyle Devine Pty Limited | Victoria, Australia | 1.72% |
| Nestdeen Pyt. Ltd. | Australia | 27.50% |
| Nextgen Networks Pty. Ltd. | Australia | 27.50% |
| Nextgen Pure Data Pty Ltd | Australia | 27.50% |
| Nextgen Telecom (WA) Pty Ltd (formerly known as Silk Telecom (WA) | WA, Australia | 27.50% |
| Nextgen Telecom Pty Limited (formerly Silk Telecom Pty. Limited) | Victoria, Australia | 27.50% |
| Nexus Point Hong Kong Company Limited | Hong Kong | 27.50% |
| Nexus Point Solutions Pty. Ltd. | Sydney, Australia | 27.50% |
| Opal Insurance (Singapore) Pte Ltd. | Singapore | 27.50% |
| Oz Solar Power Pty. Ltd. | Australia | 27.50% |
| Pioneer Homes Australia Pty Limited | Queensland, Australia | 3.44% |
| Plant & Equipment Leasing Pty Ltd. | Sydney, Australia | 27.50% |
| PT Cinere Serpong Jaya | Indonesia | 21.99% |
| PT Leighton Contractors Indonesia | Indonesia | 27.50% |
| PT Ngawi Kertosono Jaya | Indonesia | 26.12% |
| PT Solo Ngawi Jaya | Indonesia | 26.12% |
| PT Thiess Contractors Indonesia | Jakarta, Indonesia | 27.50% |
| River Links Developments Pty. Ltd. | Australia | 27.50% |
| Silverton Group (Aust) Pty. Ltd. | Australia | 22.27% |
| Silverton Group Pty. Ltd. | Australia | 22.27% |
| Swan Water Services Pty. Ltd. | Australia | 27.50% |
| Talcliff Pty Limited | Queensland, Australia | 6.88% |
| Technical Resources Pty Ltd. | Sydney, Australia | 27.50% |
| Telecommunication Infrastructure Pty. Ltd. | Abbotsford, Australia | 27.50% |
| Thai Leighton Ltd. | Bangkok, Thailand | 13.47% |
| Thiess (Mauritius) Pty. Ltd. | Mauritius | 27.50% |
| Thiess Contractors (Malaysia) Sdn. Bhd. | Kuala Lumpur, Malaysia | 27.50% |
| Thiess Contractors (PNG) Ltd. | Papua New Guinea | 27.50% |
| Thiess India Pvt Ltd | India | 27.50% |
| Thiess Infraco Pty. Limited | Australia | 27.50% |
| Thiess Infrastructure Nominees Pty. Ltd. | Australia | 27.50% |
| Thiess Infrastructure Pty. Ltd. | Australia | 27.50% |
| Thiess Infrastructure Trust | Australia | 27.50% |
| Thiess Investments Pty Ltd. | South Bank, Australia | 27.50% |
| Thiess John Holland Joint Venture (Airport Link) | Australia | 27.50% |
| Thiess John Holland Joint Venture (Eastlink) | Australia | 27.50% |
| Thiess John Holland Joint Venture (Lane Cove Tunnel) | Australia | 27.50% |
| Thiess John Holland Motorway Services | Australia | 27.50% |
| Thiess Leighton India Pvt. Ltd. | India | 27.50% |
| Thiess Minecs India Pvt. Ltd. | India | 24.75% |
| Thiess NC | New Caledonia | 27.50% |
| Thiess NZ Limited | Auckland, New Zealand | 27.50% |
| Thiess Pty Ltd. | South Bank, Australia | 27.50% |
| Thiess Services John Holland Services Joint Venture | Australia | 27.50% |
| Thiess Services Ltd. | New Zealand | 27.50% |
| Thiess Services Pty Ltd. | South Bank, Australia | 27.50% |
| Thiess Southland Pty Ltd. | South Bank, Australia | 27.50% |
| Think Consulting Group Pty. Ltd. | Australia | 27.50% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Think Consulting Group Pty. Ltd. | Australia | 27.50% |
| Townsville City Project Pty Ltd | Australia | 20.62% |
| Townsville City Project Trust | Australia | 20.62% |
| Victorian Wave Partners Pty. Ltd. | Australia | 27.50% |
| Vision Hold Pty Ltd. | St. Leonards, Australia | 27.50% |
| Visionstream Australia Pty Ltd. | St. Leonards, Australia | 27.50% |
| Visionstream Pty Ltd. | Sydney, Australia | 27.50% |
| Visionstream Services Pty Ltd. | Sydney, Australia | 27.50% |
| Vytel Pty Ltd. | Sydney, Australia | 27.50% |
| Western Port Highway Trust | Australia | 27.50% |
| Yoltax Pty. Limited | Australia | 16.22% |
| Zelmex Pty. Limited | Australia | 16.22% |
| **Hochtief Concessions** | | |
| Airport Partners GmbH | Düsseldorf, Germany | 20.58% |
| AVN Chile Dritte Holding GmbH | Essen, Germany | 38.60% |
| AVN Chile Fünfte Holding GmbH | Essen, Germany | 51,46% |
| AVN Chile Vierte Holding GmbH | Essen, Germany | 51.46% |
| HAP Hamburg Airport Partners GmbH & Co. KG | Hamburg, Germany | 36.54% |
| Hochtief A5 Holding GmbH | Wien, Austria | 51.46% |
| Hochtief AirPort Capital Verwaltungs GmbH & Co. KG | Essen, Germany | 51.46% |
| Hochtief AirPort GmbH | Essen, Germany | 51.46% |
| Hochtief AirPort Retail SHPK | Tirana, Albania | 51.46% |
| Hochtief Canada Holding Inc. | Toronto, Canada | 51.46% |
| Hochtief Concessions AG | Essen, Germany | 51.46% |
| Hochtief Concessions India Private Limited | Haryana, India | 51.46% |
| Hochtief PPP Bundeswehrpartner FWK München GmbH & Co. KG | Essen, Germany | 51.46% |
| Hochtief PPP Schools Capital Limited | Swindon, Great Britain | 26.24% |
| Hochtief PPP Schulpartner Braunschweig GmbH | Braunschweig, Germany | 51.46% |
| Hochtief PPP Schulpartner Frankfurt am Main GmbH & Co. KG | Frankfurt am Main, Germany | 51.46% |
| Hochtief PPP Schulpartner GmbH & Co. KG | Heusenstamm, Germany | 48.84% |
| Hochtief PPP Schulpartner Köln P 1 GmbH & Co. KG | Essen, Germany | 51.46% |
| Hochtief PPP Schulpartner Köln Rodenkirchen GmbH & Co. KG | Essen, Germany | 51.46% |
| Hochtief PPP Solutions (Ireland) Limited | Dublin, Ireland | 51.46% |
| Hochtief PPP Solutions (UK) Limited | Swindon, Great Britain | 51.46% |
| Hochtief PPP Solutions Chile Limitada | Santiago de Chile, Chile | 51.46% |
| Hochtief PPP Solutions GmbH | Essen, Germany | 51.46% |
| Hochtief PPP Solutions North America Inc. | Delaware, United States of America | 51.46% |
| SCE Chile Holding GmbH | Essen, Germany | 51.46% |
| SCE Chilean Holding S.A. | Santiago de Chile, Chile | 51.46% |
| Sydney Airport Intervest GmbH | Essen, Germany | 23.83% |
| **Hochtief Europe** | | |
| A.L.E.X.-Bau GmbH | Essen, Germany | 51.46% |
| ACL Investment a.s. | Praga, Czech Republic | 51.46% |
| Advago S.A. | Spata, Greece | 26.24% |
| Area of Sports mbH & Co. KG | Mönchengladbach, Germany | 25.73% |
| car.e Facility Management GmbH | Hamburg, Germany | 51.46% |
| car.e. Facility Management Kft. | Budapest, Hungary | 51.46% |
| Constructora Cheves S.A.C. | Lima, Peru | 33.45% |
| Constructora Hochtief - Tecsa S.A. | Santiago de Chile, Chile | 36.02% |
| Deutsche Bau- und Siedlungs-Gesellschaft mbH | Essen, Germany | 51.46% |
| Deutsche Baumanagement GmbH | Essen, Germany | 51.46% |
| Dobrovíz a.s. | Praga, Czech Republic | 51.46% |
| DURST-BAU GmbH | Wien, Austria | 51.46% |
| Entreprise Générale de Construction Hochtief-LUXEMBOURG S.A. | Luxembourg, Luxembourg | 51.46% |
| Euripus s.r.o. | Praga, Czech Republic | 51.46% |
| Europaviertel Baufeld 4d GmbH & Co. KG | Essen, Germany | 51.46% |
| FM Go! GmbH | München, Germany | 38.54% |
| FM Holding GmbH | Essen, Germany | 51.46% |
| forum am Hirschgarten Nord GmbH & Co. KG | Essen, Germany | 51.46% |
| forum am Hirschgarten Süd GmbH & Co. KG | Essen, Germany | 51.46% |
| GVG mbH & Co. Objekt RPU Berlin 2 KG | Essen, Germany | 51.46% |
| Hochtief (UK) Construction Ltd. | Swindon, Great Britain | 51.46% |
| Hochtief Ackerstraße 71-76 GmbH & Co. KG | Berlin, Germany | 51.46% |
| Hochtief Aurestis Beteiligungsgesellschaft mbH | Essen, Germany | 51.46% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Hochtief Construction Austria GmbH & Co. KG | Wien, Austria | 51.46% |
| Hochtief Construction Chilena Ltda. | Santiago de Chile, Chile | 51.46% |
| Hochtief Construction Erste Vermögensverwaltungsgesellschaft mbH | Essen, Germany | 51.46% |
| Hochtief Construction Management Middle East GmbH | Essen, Germany | 51.46% |
| Hochtief CZ a.s. | Praga, Czech Republic | 51.46% |
| Hochtief Development Austria GmbH | Wien, Austria | 51.46% |
| Hochtief Development Austria Verwaltungs GmbH & Co. KG | Wien, Austria | 51.46% |
| Hochtief Development Czech Republic s.r.o. | Praga, Czech Republic | 51.46% |
| Hochtief Development Hungary Kft. | Budapest, Hungary | 51.46% |
| Hochtief Development Poland Sp. z.o.o. | Warsaw, Poland | 51.46% |
| Hochtief Development Project One SRL | Bucarest, Romania | 51.46% |
| Hochtief Development Project Three SRL | Bucarest, Romania | 51.46% |
| Hochtief Development Project Two SRL | Bucarest, Romania | 51.46% |
| Hochtief DEVELOPMENT ROMANIA SRL | Bucarest, Romania | 51.46% |
| Hochtief Development Schweden AB | Estocolmo, Sweden | 51.46% |
| Hochtief Energy Management GmbH | Essen, Germany | 51.46% |
| Hochtief Energy Management Harburg GmbH | Hamburg, Germany | 33.45% |
| Hochtief Facility Management Bahrein Airport W.L.L. | Manama, Bahrein | 13.12% |
| Hochtief Facility Management Bahrein W.L.L. | Manama, Bahrein | 26.24% |
| Hochtief Facility Management Hamburg GmbH | Hamburg, Germany | 51.46% |
| Hochtief Facility Management Hellas S.A. | Spata, Greece | 51.46% |
| Hochtief Facility Management Polska Sp. z o.o. | Warsaw, Poland | 51.46% |
| Hochtief Facility Management Swiss AG | Zurich, Switzerland | 51.46% |
| Hochtief Facility Management UK Limited | London, Great Britain | 51.46% |
| Hochtief Global Trade GmbH | Essen, Germany | 51.46% |
| Hochtief Hamburg GmbH | Hamburg, Germany | 36.02% |
| Hochtief HUNGARIA Facility Management Kft. | Budapest, Hungary | 38.60% |
| Hochtief Kirchberg Services S.A. | Luxembourg, Luxembourg | 51.46% |
| Hochtief Offshore Crewing GmbH | Essen, Germany | 51.46% |
| Hochtief ÖPP Projektgesellschaft mbH | Essen, Germany | 51.46% |
| Hochtief Polska S.A. | Warsaw, Poland | 51.46% |
| Hochtief Projektentwicklung 'Am Europagarten' GmbH & Co. KG | Essen, Germany | 51.46% |
| Hochtief Projektentwicklung GmbH | Essen, Germany | 51.46% |
| Hochtief Projektentwicklung 'Helfmann Park' GmbH & Co. KG | Essen, Germany | 51.46% |
| Hochtief Property Management GmbH | Essen, Germany | 51.46% |
| Hochtief Solutions AG | Essen, Germany | 51.46% |
| Hochtief Solutions Middle East Qatar W.L.L. | Doha, Qatar | 25.22% |
| Hochtief Solutions Real Estate GmbH | Essen, Germany | 51.46% |
| Hochtief ViCon GmbH | Essen, Germany | 51.46% |
| Hochtief ViCon Qatar W.L.L. | Doha, Qatar | 25.22% |
| HTD Bauprojektmanagement GmbH | Wien, Austria | 51.46% |
| HTP Grundbesitz Blue Heaven GmbH | Essen, Germany | 48.37% |
| HTP Immo GmbH | Essen, Germany | 51.46% |
| I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH | Essen, Germany | 51.46% |
| Immobilière de Hamm S.A. | Luxembourg, Luxembourg | 51.46% |
| LOFTWERK Eschborn GmbH & Co. KG | Essen, Germany | 51.46% |
| MK 1 Am Nordbahnhof Berlin GmbH & Co. KG | Essen, Germany | 51.46% |
| MOLTENDRA Grundstücks- und Vermietungsgesellschaft mbH & Co. Objekt Mainoffice KG | Frankfurt am Main, Germany | 51.46% |
| OOO Hochtief | Moscu, Russia | 51.46% |
| Perlo Sp.z o.o. | Warsaw, Poland | 51.46% |
| Project Development Poland 3 B.V. | Amsterdam, Netherlands | 51.46% |
| Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG | Essen, Germany | 51.46% |
| Projektgesellschaft Luxembourger Straße Essen GmbH & Co. KG | Essen, Germany | 51.46% |
| Projektgesellschaft Marco Polo Tower GmbH & Co. KG | Hamburg, Germany | 36.02% |
| Projektgesellschaft Quartier 21 mbH & Co. KG | Essen, Germany | 28.30% |
| RheinauArtOffice GmbH & Co. KG | Essen, Germany | 25.73% |
| Serpentino KH s.r.o. | Praga, Czech Republic | 51.46% |
| Soduker B.V. | Amsterdam, Netherlands | 51.46% |
| Stadion Nürnberg Betriebs - GmbH | Nürnberg, Germany | 38.54% |
| Streif Baulogistik GmbH | Essen, Germany | 51.46% |
| STREIF Baulogistik Polska Sp.z o.o. | Warsaw, Poland | 51.46% |
| Tinea s.r.o. | Praga, Czech Republic | 51.46% |
| Tirpser B.V. | Amsterdam, Netherlands | 51.46% |
| TORTOREX s.r.o. | Praga, Czech Republic | 51.46% |
| Uferpalais Projektgesellschaft mbH & Co. KG | Essen, Germany | 36.02% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| **INDUSTRIAL SERVICES** | | |
| ACS industrial Services, LLC. | 3511 Silverside road suite 105 Wilmington Delaware 19810 County of New Castle | 100.00% |
| ACS Peru | Avenida Víctor Andrés Belaúnde 887 Distrito: Carmen de Le Legua Reinoso | 100.00% |
| ACS Servicios Comunicac y Energía de Mexico SA CV | C/ Juan Racine, 112 Piso 8. 11510 Mexico DF | 100.00% |
| ACS Servicios Comunicaciones y Energía, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Actividades de Instalaciones y Servicios, Cobra, S.A. | Calle 21 nº 7070, Parque Empresarial Montevideo. Bogotá. Colombia | 100.00% |
| Actividades de Montajes y Servicios, S.A. de C.V. | C/ Melchor Ocampo, 193 Torre C, Piso 14, Letra D Colonia Verónica Anzures. Mexico | 100.00% |
| Actividades de Servicios e Instalaciones Cobra, S.A. | 2 Avda. 13-35 Zona 17, Ofibodegas los Almendros Nº 3. 01017 Ciudad de Guatemala. Guatemala | 100.00% |
| Actividades de Servicios e Instalaciones Cobra, S.A. | Avda. Amazonas 3459-159 e Iñaquito Edificio Torre Marfil. Oficina 101. Ecuador | 100.00% |
| Actividades y Servicios, S.A. | Nicaragua 5935 3 Piso. Buenos Aires. Argentina. | 100.00% |
| Agadirver | Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal | 74.54% |
| Agua Energía e Meio Ambiente, Ltda. | Rua Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil. | 100.00% |
| Al-Andalus Wind Power, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Albatros Logistic, Maroc, S.A. | Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10 Casablanca. Morocco | 75.00% |
| Albatros Logistic, S.A. | C/ Franklin Naves, 16-22. 28906 Getafe. Madrid. Spain | 100.00% |
| Albufera Projetos e Serviços, Ltda. | Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil | 50.00% |
| Aldebarán S.M.E., S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Aldeire Solar, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Aldeire Solar-2, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Alfrani, S.L. | C/ Manzanares, 4. 28005 Madrid. Spain | 100.00% |
| Altomira Eólica, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Andasol 3 Central Termosolar Tres, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Andasol 4 Central Termosolar Cuatro, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Andasol 5 Central Termosolar Cinco, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Andasol 6 Central Termosolar Seis, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Andasol 7 Central Termosolar Siete, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Antennea Technologies, S.L. | C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain | 100.00% |
| Apadil Armad. Plást. y Acces. de Iluminación, S.A. | E.N. 249/4 Km 4.6 Trajouce. São Domingos de Rana. 2775, Portugal | 100.00% |
| API Fabricación, S.A. | Raso de la Estrella, s/n. 28300 Aranjuez. Spain | 100.00% |
| API Movilidad, S.A. | Avda. de Manoteras, 26. 28050 Madrid. Spain | 100.00% |
| Aplied Control Technology, LLC. | 5005 N. Stateline Av. Texarcana Texas TX 75503. United States of America | 85.00% |
| Araraquara Transmissora de Energía, S.A. | Av. Marechal Camara, 160 Sala 1036 (parte) Rio de Janeiro - Brazil | 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 Cabezuela, s/n.11510 Puerto Real. Cadiz. Spain. | 100.00% |
| Atil-Cobra, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Atlántica I Parque Eólico, S.A. | Av. Carlos Gómez. Porto Alegre. Brazil. | 99.99% |
| Atlántica II Parque Eólico, S.A. | Avda. Marechal Camera, 160. Sala 120. Río de Janeiro. Brazil. | 99.99% |
| Atlántica IV Parque Eólico, S.A. | Avda. Marechal Camera, 160. Sala 120. Río de Janeiro. Brazil. | 99.99% |
| Atlántica V Parque Eólico, S.A. | Avda. Marechal Camara, 160. Rio de Janeiro. Brazil. | 99.99% |
| Atlântico-Concessões Transp Energia do Brazil Ltda. | Rua Marcos Macedo 1333 sala 1410 Ed. P tio D. Luiz Torre II. 60150-190. Fortaleza. Brazil. | 67.09% |
| Audeli, S.A. | C/ Anabel Segura 11, edificio 2 C. Madrid 28108. Spain. | 73.00% |
| B.I. Josebeso, S.A. | Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela | 82.80% |
| Barra do Peixe Montagens e Serviços, Ltda. | Avd. Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil. | 99.90% |
| Benisaf Water Company, Spa | 29 Bis Rue Abou Nouas, Hydra - Alger. Argel. Algeria. | 51.00% |
| Berea Eólica, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 70.00% |
| Biobeiraner, Lda. | 3475-031 Caramulo. Fresquesia do Guardao - Conelho de Tondela. Portugal. | 21.62% |
| Biodemira, Lda. | Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal. | 74.54% |
| Bioparque Mira, Lda. | Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal. | 74.54% |
| Biorio, Lda. | Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal. | 74.54% |
| BTOB Construccion Ventures, S.L. | C/ Teide, 4-1ª Plta. 28709 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| C. A. Weinfer de Suministro de Personal | Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela | 82.80% |
| Cachoeira Montages e Serviços, Ltda. | Marechal Camera,160 Rio de Janeiro. Brazil 20020 | 100.00% |
| Calidad e Inspecciones Offshore, S.L. | Bajo de la Cabezuela, s/n.11510 Puerto Real. Cadiz. Spain. | 100.00% |
| California Sun Power, LLC. | 818 West Seventh Street Los Angeles California 90017. United States of America | 100.00% |
| Calvache Eólica, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 70.00% |
| Carta Valley Wind Power, LLC. | 2711 Centerville Road Suite 400. Wilmington county of New Castle delaware 19808. U.S.A. | 100.00% |
| Castellwind Asturias, S.L. | C/ Celestino Junquera, 2, oficina 56. Gijón Spain | 65.22% |
| Catalana de Treballs Públics, S.A. | Carretera del Mig, 37. 08940 Cornella de Llobregat. Barcelona. Spain | 100.00% |
| Cataventos Acarau, Ltda. | Fazenda Libra Acarau S/N. 62.580-000. Acarau, Estado do Cear. Brazil. | 74.54% |
| Cataventos de Paracuru, Ltda. | Sitio Freixeiras S/N. 62.680-000. Paracuru, Estado do Cear. Brazil. | 74.54% |
| Cataventos Embuaca, Ltda. | Fazenda Bodes S/N Praia da Embuaca. 62.690-000. Trairi, Estado do Cear. Brazil. | 74.54% |
| Catxeré Transmissora de Energía, S.A. | Av. Marechal Camara, 160 Sala 1036 (parte) Rio de Janeiro - Brazil | 100.00% |
| CCR Platforming Cangrejera S.A. de C.V. | C/ Juan Racine, 112 Piso 8. 11510 Mexico DF | 68.00% |
| Central Térmica de Mejillones, S.A | Avda. José pedro Alessandri 2323 Macul. Santiago de Chile. Chile | 100.00% |
| Centro de Control Villadiego, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Chaparral Wind Power, S.L. | Cardenal Marcelo Spínola 10. Madrid 28016. Spain | 100.00% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| CIL | Avda. Marechal Camera 160. Rio de Janeiro. Brazil | 100.00% |
| CM- Constriçoes, Ltda. | Rua, XV de Novembro 200, 14º Andar San Paulo. Brazil CPE 01013-000 | 74.54% |
| Cme Águas, S.A. | Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal | 74.54% |
| Cme Angola, S.A. | Av. 4 de Fevereiro, 42. Luanda. Angola. | 74.54% |
| CME Cabo Verde, S.A. | Achada Santo António. Praia. Cabo Verde. | 74.54% |
| CME Chile, SPA. | Puerto Madero 9710, Of 35-36A. Pudahuel. Chile. | 74.54% |
| CME Construction Mecano Electric, S.A. | 332 Bd. Brahim Roudani 12 Ma rif. Casablanca 01. Morocco | 74.54% |
| Cme Madeira, S.A. | Rua Alegria N.º 31-3º. Madeira. Portugal | 37.79% |
| CME Peru, S.A. | Av. Víctor Andrés Belaunde 395. San Isidro. Lima. Peru. | 74.54% |
| Cobra Bahía Instalaçoes 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 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 CSP United States of America, Inc. | 2711 Centerville Road, Suite 400, Wilmington. County of Newcastle. Delaware 19808. United States of America | 100.00% |
| Cobra Energy Investment, LLC. | 7380 West Sahara, Suite 160. Las Vegas NV 89117. United States of America. | 100.00% |
| Cobra Energy, Ltd | 60 Solonos street, Athens. Greece | 100.00% |
| Cobra Gestión de Infraestructuras, S.L.U | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Gibraltar Limited | Suites 21&22 Victoria House, 26 Main Street. Gibraltar | 100.00% |
| Cobra Great Island Limited | 160 Shelbourne Road Ballbridge. Dublin. Ireland | 100.00% |
| Cobra Industrial Services, Inc. | 3511Silverside road suite 105. Wilmington Delaware 19810 County of New Castle. United States of America | 100.00% |
| Cobra Infraestructuras Hidráulicas, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Infraestructuras Internacional, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Ingeniería de Montajes, S.A. | Fernando Villalon,3. 41004 Sevilla. Spain. | 100.00% |
| Cobra Instalaciones Mexico, S.A. de C.V. | C/ Melchor Ocampo, 193 Colonia Verónica Anzures. Mexico | 100.00% |
| Cobra Instalaciones y Serv. India PVT | B-324 New Friends Colony New Delhi-110 025. India | 100.00% |
| Cobra Instalaciones y Servicios Internacional, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Instalaciones y Servicios Dominican Republic | Av. Anacanoa Hotel Dominican Fiesta Santo Domingo, DN. Santo Domingo. Dominican Republic | 100.00% |
| Cobra Instalaciones y Servicios, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Instalaçoes y Servicios, Ltda. | Rua Uruguai, 35, Porto Alegre, Rio Grande do Sul. Brazil | 100.00% |
| Cobra Inversiones y Gestión, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra La Rioja Sur | Concepción Arenal 2630 CP 1426 Capital Federal Buenos Aires. Argentina | 100.00% |
| Cobra Peru II, S.A. | Avda. Víctor Andrés Belaúnde 887 Distrito: Carmen de Le Legua Reinoso. Peru | 100.00% |
| Cobra Peru, S.A. | Avda. Víctor Andrés Belaúnde 887 Distrito: Carmen de Le Legua Reinoso. Peru | 100.00% |
| Cobra Servicios Auxiliares, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Sistemas de Seguridad, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Sistemas y Redes, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Solar del Sur, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Sun Power United States of America, Inc. | 2711 Centerville Road Suite 400. Wilmington Country of New Castle Delaware 19808. United States of America | 100.00% |
| Cobra Termosolar United States of America, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Cobra Thermosolar Plants, Inc. | 3773 Howard Hughes. Las Vegas, Nevada. United States of America | 100.00% |
| Cobra-Udisport Conde de Guadalhorce, S.L. | Paseo Cerrado de Calderón, 18. Edif. Mercurio 1ª Plta. 29018 Málaga. Spain | 51.00% |
| COICISA Industrial, S.A. de C.V. | Melchor Ocampo, 193 Verónica Anzures 11300. Mexico | 60.00% |
| Coinsal Instalaciones y Servicios, S.A. de C.V. | Residencial Palermo, Pasaje 3, polígono G Casa #4 San Salvador, El Salvador | 100.00% |
| Coinsmar Instalaciones y Servicios, SARLAU | 210 Boulevard Serketouni Angle Boulevard Roudani nº 13, Maarif 2100. Casablanca. Morocco | 100.00% |
| Concesionaria Angostura Siguas, S.A. | Avda. Victor Andrés Belaunde, 887. Lima. Peru | 60.00% |
| Consorcio Especializado Medio Ambiente, S.A.de C.V | Melchor Ocampo,193 piso 14. Mexico D.F. Mexico | 60.00% |
| Consorcio Sice-Comasca TLP S.A. | Av. Vitacura 2670. Oficina 702 – piso 7. Las Condes Santiago de Chile. Chile | 50.00% |
| Construçao e Manutençao Electromecánica S.A. (CME) | Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal | 74.54% |
| Construcciones Dorsa, S.A. | Cristóbal Bordiú, 35-5º oficina 515-517. Madrid. Spain | 99.73% |
| Control y Montajes Industriales Cymi Chile, Ltda. | C/ Apoquindo 3001 Piso 9.206-744 Las Condes. Santiago de Chile. Chile. | 100.00% |
| Control y Montajes Industriales CYMI, S.A. | C/ Teide 4, 2ª Planta. 28709 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Control y Montajes Industriales de Méjico, S.A. de C.V. | C/ Juan Racine, 116- 6º. 11510 Mexico D.F | 100.00% |
| Corporación Ygnus Air, S.A. | C/ Anabel Segura 11, edificio 2 C. Madrid 28108. Spain. | 73.00% |
| Cosersa, S.A. | Avda. de Manoteras, 26. 28050 Madrid. Spain | 100.00% |
| Cotefy S.A. de C.V. | Calzada de las Águilas, 1948. Ensenada. Mexico | 80.00% |
| Cymi 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 Investment United States of America, S.L. | C/ Teide, 4-2ª Plta. 28709 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Cymi Seguridad, S.A. | C/ Teide, 4-2ª Plta. 28709 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Cymimasa Serviços Industriais Ltda. | Avda. Presidente Wilson nº 231, Sala 1701 Parte cero. Río de Janeiro. Brazil | 100.00% |
| Delta P I, LLC. | 400-A Georgia Av. Deer Park Texas 77536. United States of America | 85.00% |
| 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% |
| Desarrollos Energéticos Riojanos, S.L. | Pol. Industrial Las Merindades, calle B s/n, Villarcayo. 09550 Burgos. Spain | 80.00% |
| Dimática, S.A. | C/ Saturnino Calleja, 20. 28002 Madrid. Spain | 100.00% |
| Dinsa Eléctricas y Cymi, S.A. de CV | C/ Juan Racine, 116-6º. 11510 Mexico D.F | 100.00% |
| Dragados Construc. Netherlands, S.A. | Claude Debussylaan 24, 1082 MD Amsterdam. Netherlands | 100.00% |

# Consolidated Financial Statements

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Dragados Gulf Construction, Ltda. | P. O Box 3140 Al Khobar 31952 Kingdom of Saudi Arabia | 100.00% |
| Dragados Industrial, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Dragados Industrial Algerie S.P.A. | Lot nº7 - Ville Coopérative El Feteh - El Bihar. Alger. Algérie | 100.00% |
| Dragados Industrial Canada, Inc. | 620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal. Quebec. Canada | 100.00% |
| Dragados Offshore de Méjico KU-A2, S.A. de C.V. | Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F. | 100.00% |
| Dragados Offshore de Méjico, S.A. de C.V. | Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F. | 100.00% |
| Dragados Offshore United States of America, Inc. | One Riwerway, Suite 1700.77056 Texas. Houston. United States of America | 100.00% |
| Dragados Offshore, S.A. | Bajo de la Cabezuela, s/n. 11510 Puerto Real. Cádiz. Spain | 100.00% |
| Dragados Proyectos Industriales de Méjico, S.A. de C.V. | Juan Racine 112 8 piso Colonia Los Morales Mexico (DF) Delegacion Miguel Hidalgo 11510 | 100.00% |
| Dyctel infraestructura de Telecomunicaçoes, Ltda. | C/ Rua Riachuelo, 268. 90010 Porto Alegre. Brazil | 100.00% |
| Dyctel Infraestructuras de Telecomunicaciones, S.A. | C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain | 100.00% |
| Ecocivil Electromur G.E., S.L. | C/ Paraguay, Parcela 13/3. 30169 San Ginés. Murcia. Spain | 94.50% |
| El Otero Wind Power, S.L. | Cardenal Marcelo Spínola 10. Madrid 28016. Spain | 100.00% |
| El Recuenco Eólica, S.L. | Cardenal Marcelo Spínola 10. Madrid 28016. Spain | 100.00% |
| Electren United States of America Inc. | 500 Fifth Avenue, 38th floor. Nueva York 10110. United States of America | 100.00% |
| Electrén, S.A. | Avda. del Brazil, 6. 28020 Madrid. Spain | 100.00% |
| Electromur, S.A. | C/ Cuatro Vientos, 1. San Ginés. Murcia. Spain | 100.00% |
| Electronic Traffic, S.A. | C/ Tres Forques, 147. 46014 Valencia. Spain | 100.00% |
| Emplogest, S.A. | Rua Alfredo Trinidade, 4 Lisboa. 01649 Portugal | 98.21% |
| Emurtel, S.A. | C/ Carlos Egea, parc. 13-18. P.I. Oeste. Alcantarilla. Murcia. Spain | 50.10% |
| Enclavamientos y Señalización Ferroviaria, S.A. | C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain | 100.00% |
| Enelec, S.A. | Av. Marechal Gomes da Costa 27. 1800-255 Lisboa. Portugal | 100.00% |
| Energía Sierrezuela, S.L. | Cardenal Marcelo Spínola, 10. Madrid 28016. Spain | 100.00% |
| Energía y Recursos Ambientales Internacional, S.L. | Cardenal Marcelo Spínola, 10. Madrid 28016. Spain | 100.00% |
| Energías Ambientales de Guadalajara, S.L. | Cardenal Marcelo Spínola, 10. Madrid 28016. Spain | 100.00% |
| Energías Ambientales de Oaxaca, S.A. de C.V. | Juan Racine, 112 piso 6 Mexico D.F. | 100.00% |
| Energías Ambientales de Soria, S.L. | Cardenal Marcelo Spínola, 10. Madrid 28016. Spain | 100.00% |
| Energías Renovables Andorranas, S.L. | Cardenal Marcelo Spínola, 10. Madrid 28016. Spain | 75.00% |
| Energías y Recursos Ambientales, S.A. | Avda. de Pío XII, 102. 28036 Madrid. Spain | 100.00% |
| Enipro, S.A. | Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal | 74.54% |
| Enq, S.L. | C/ F, nº 13. P.I. Mutilva Baja. Navarra. Spain | 100.00% |
| Eólica del Guadiana, S.L. | C/ Manuel Siurot, 27. 21004 Huelva. Spain | 90.00% |
| Eólica Majadillas, S.L. | Cardenal Marcelo Spínola 10. Madrid 28016. Spain | 100.00% |
| Eólica Torrellana, S.L. | Cardenal Marcelo Spínola 10. Madrid 28016. Spain | 100.00% |
| EPC Ciclo Combinado Norte, S.A. de C.V. | Melchor Ocampo, 193, Torre C piso 14D. 11300 Mexico D.F. Mexico | 75.00% |
| Equipos de Señalización y Control, S.A. | C/ Severino Covas, 100. Vigo. Pontevedra. Spain | 100.00% |
| Etra Cataluña, S.A. | C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. Spain | 100.00% |
| Etra Interandina, S.A. | C/ 100, nº 8A-51, Of. 610 Torre B. Santafe de Bogota. Colombia | 100.00% |
| Etra Investigación y Desarrollo, S.A. | C/ Tres Forques, 147. 46014 Valencia. Spain | 100.00% |
| Etracontrol, S.L. | Av. Manoteras, 28.28050 Madrid. Spain. | 100.00% |
| Etralux, S.A. | C/ Tres Forques, 147. 46014 Valencia. Spain | 100.00% |
| Etranorte, S.A. | C/ Errerruena, pab. G. P.I. Zabalondo. Munguia. Vizcaya. Spain | 100.00% |
| Extresol 2, S.L. | Torre de Miguel Sesmero. Badajoz Carretera N-432 Badajoz-Granada km 32,700. Spain | 100.00% |
| Extresol 3, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Extresol-1, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Extresol-4 S.L. | Cardenal Marcelo Spínola, 10.28016 Madrid. Spain | 100.00% |
| Eyra Energías y Recursos Ambientais, Lda. | Avda Sidonio Pais, 28 Lisboa. Portugal | 98.00% |
| Eyra Instalaciones y Servicios, S.L. | Cardenal Marcelo Spínola,10.28016 Madrid. Spain | 100.00% |
| Eyra Wind Power United States of America Inc | 2711 Centerville Road Suite 400. Wilmington county of New Castle delaware 19808. United States of America | 100.00% |
| France Semi, S.A. | 20/22 Rue Louis Armand rdc. 75015 Paris. France | 99.73% |
| Fuengirola Fotovoltaica, S.L. | CL Sepulveda, 6 28108 Alcobendas. Madrid. Spain | 100.00% |
| Garby Aprovechamientos Energéticos, S.L. | José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain | 100.00% |
| Geida Beni Saf, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Gerovitae La Guancha, S.A. | Ctra. del Rosario Km 5,2. La Laguna. 38108 Santa Cruz Tenerife. Islas Canarias. Spain | 100.00% |
| Gestão de Negocios Internacionais SGPS, S.A. | Rua Rui Teles Palhinha 4 - 3º Lei o 2740-278. Porto Salvo. Portugal. | 74.54% |
| Global Spa, S.L. | Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain | 100.00% |
| Golden State Environmental Tedagua Corporation, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Grafic Planet Digital, S.A.U. | C/ Anabel Segura,10 2º. 28109 Madrid. Spain | 100.00% |
| Guatemala de Tráfico y Sistemas, S.A. | C/ Edificio Murano Center, 14. Oficina 803 3-51. Zona 10. Guatemala | 100.00% |
| H.E.A Instalaçoes Ltda. | Rua das Patativas, 61 Salvador de Bahía. Brazil | 55.00% |
| Hidra de Telecomunicaciones y Multimedia, S.A. | C/ Severo Ochoa, 10. 29590 Campanillas. Málaga. Spain | 100.00% |
| Hidraulica de Cochea, S.A. | Dr Ernesto Perez Balladares, s/n. Chiriqui. Panama | 100.00% |
| Hidráulica de Mendre, S.A. | Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama | 100.00% |
| Hidráulica de Pedregalito S.A. | Urbanización Doleguita Calle D Norte, Edificio Plaza Real, Apto/Local 1. Chiriqui. Panama | 100.00% |
| Hidraúlica del Alto, S.A. | Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama | 75.00% |
| Hidráulica del Chiriqui, S.A. | Dr. Ernesto Pérez Balladares. Provincia de Chiriqui. Panama | 100.00% |
| Hidráulica Río Piedra, S.A. | Dr. Ernesto Pérez Balladares David. Chiriqui. Panama | 100.00% |
| Hidraúlica San José, S.A. | Dr. Ernesto Perez Balladares, s/n. Chiriqui. Panama | 100.00% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Hidrogestión, S.A. | Avda. Manoteras, 28. Madrid. Spain | 100.00% |
| Hidrolazan, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Humiclima Caribe Cpor A. Higüey | Ctra Cruce De Fri United States of America, s/n. Higüey. Altagracia. Dominican Republic | 100.00% |
| Humiclima Centro, S.A. | C/ Orense,4 1º planta. 28020 Madrid. Spain | 100.00% |
| Humiclima Est Catalunya, S.L. | Carretera del Mig, 37. 08940 Cornella de Llobregat. Barcelona. Spain | 100.00% |
| Humiclima Est, S.A. | Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain | 100.00% |
| Humiclima Jamaica Limited | Corner Lane 6 Montego Bay. St James. Jamaica | 100.00% |
| Humiclima Magestic Grupo, S.L. | Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain | 100.00% |
| Humiclima Mexico, S.A. de C.V. | Cancun (Quintana De Roo). Mexico | 100.00% |
| Humiclima Panama, S.A. | Calle 12, Corregimiento de Rio Abajo. Panama | 100.00% |
| Humiclima Sac, S.A. | Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain | 100.00% |
| Humiclima Sur, S.L. | C/ Morocco, 12. Jérez de La Frontera. Cádiz. Spain | 100.00% |
| Humiclima Valladolid, S.L. | C/ Puente Colgante, 46. Valladolid. Spain | 100.00% |
| Hydro Management, S.L. | Avda. Teneniente General Gutierrez Mellado, 9. 30008 Murcia. Spain | 79.63% |
| Iberoamericana de Hidrocarburos, S.A. de C.V. | C/ Melchor Ocampo 193. Colonia Verónica Anzures. Mexico | 59.50% |
| 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 of America. | 100.00% |
| ImesAPI, S.A. | Avda. de Manoteras, 26. 28050 Madrid. Spain | 100.00% |
| Imocme, S.A. | Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal | 74.54% |
| Infraest. Energéticas Medioambi. Extremeñas, S.L. | Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. Spain | 100.00% |
| Infraestructuras Energéticas Aragonesas, S.L. | C/ Paraíso, 3. 50410 Cuarte de Huerva. Zaragoza. Spain | 100.00% |
| Infraestructuras Energéticas Castellanas, S.L. | Aluminio, 17. 47012 Valladolid. Spain | 51.00% |
| Ingenieria de Transporte y Distribución de Energía Eléctrica, S.L. (Intradel) | Cardenal Marcelo Spínola,10.28016 Madrid. Spain | 100.00% |
| Initec do Brazil Engenharia e Construçoes, Ltda. | Avenida Rio Branco, 151 5º andar, Grupo 502, Centro.20040 - 911 Rio de Janeiro. Brazil | 100,00% |
| Initec Energía Ireland, LTD. | The Oval, Block 3, 2nd Floor, Shelbourne Road Ballsbridge 160. Dublin 4. Ireland | 100.00% |
| Initec Energía, S.A. | Vía de los Poblados, 11. 28033 Madrid. Spain | 100.00% |
| Injar, S.A. | C/Catamarca Esq. C/Mendoza Polígono El Sebadal. 35008 Las Palmas. Islas Canarias. Spain | 100.00% |
| Inotec | Rua Vula Matadi, 154 - Vila Alice, Luanda. Angola | 33.75% |
| Instalaciones y Montajes de Aire Climatizado, S.L. | Camino Vell de Bunyola, 37. 07009 Palma de Mallorca. Islas Baleares. Spain | 100.00% |
| Instalaciones y Servicios Codeni, S.A. | De la Casa del Obrero 1C Bajo, 2C Sur, 75 Varas abajo, Casa #1324 Bolonia Managua. Nicaragua | 100.00% |
| Instalaciones y Servicios Codepa, S.A. | 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 C/Principal Local 117. Panama | 100.00% |
| Intebe, S.A. | C/ Doctor Alexandre Frias nº 3, 3º C. Cambrils. Tarragona. Spain | 99.40% |
| Intecsa Ingeniería Industrial, S.A. | Vía de los Poblados, 11. 28033 Madrid. Spain | 100.00% |
| Integrated Technical Producs, LLC. | 1117 Joseph Street Shreveport Louisiana LA 71107. United States of America | 85.00% |
| Invexta Recursos, S.L. | Ayala, 120. 28006 Madrid. Spain | 100.00% |
| Iracema Transmissora de Energía, S.A. | Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil | 100.00% |
| Iscobra Instalacoes e Servicios, Ltda. | General Bruce,810 Rio de Janeiro. Brazil 20921 | 100.00% |
| Itumbiara Marimbondo, Ltda. | Marechal Camera,160 Rio de Janeiro. Brazil 20020 | 100.00% |
| La Caldera Energía Burgos, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 61.79% |
| LestEnergía | Calçada Da Rabaça, Nº 11. Penamacor. Portugal | 74.54% |
| Linhas de Transmissao de Montes Claros, Ltda. | Avda. Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil. | 100.00% |
| Linhas de Transmissao do Itatim, Ltda. | Avda. Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil. | 100.00% |
| Litran do Brazil Partipaçoes S.A. | Avda. Marechal Camera 160, sala 1808. Rio de Janeiro. Brazil. | 75.00% |
| LTE Energía, Ltda. | Pz. Centenario - Av. Naçoes Unidas 12995. 04578-000. Sao Paulo. Brazil. | 74.54% |
| Lumicán, S.A. | C/ Arco, nº 40. Las Palmas de Gran Canaria. Islas Canarias. Spain | 100.00% |
| Lusobrisa | Rua Rui Teles Palhinha, 4-3º. Leião 2740-278 Porto Salvo. Portugal | 74.54% |
| Luziana Montagens e Servicios, Ltda. | Av. Marechal Camara, 160. Rio de Janeiro. Brazil | 100.00% |
| Maessa Telecomunicaciones, S.A. (MAETEL) | C/ Bari, 33 Edificio 3. 50197 Zaragoza. Spain | 99.40% |
| Maintenance et Montages Industriels S.A.S | 64 Rue Montgrand. Marseille. 13006 Marseille. France. | 100.00% |
| Makiber, S.A. | Paseo de la Castellana, 182-2º. 28046 Madrid. Spain | 100.00% |
| Manchasol 1 Central Termosolar Uno, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Manchasol 2 Central Termosolar Dos, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Mantenimiento y Montajes Industriales, Masa Chile, Ltda. | C/ Apoquindo 3001 Piso 9.206-744 Las Condes. Santiago de Chile. Chile. | 100.00% |
| Mantenimiento y Montajes Industriales, S.A. | Edif. Milenium, C/ Teide 5-1º. 28709 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Mantenimientos Integrales Senax, S.A. | C/ Tarragones, 12. L´Hospitalet de L´Infant. Tarrragona. Spain | 100.00% |
| Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA) | C/ Cardenal Marcelo Spinola Nº 42 - planta 11ª. 28016 Madrid. Spain | 100.00% |
| Mas Vell Sun Energy, S.L. | C/ Prósper de Bofarull, 5. Reus (Tarragona). Spain | 100.00% |
| Masa Algeciras, S.A. | Av. Blas Infante, Edificio Centro Blas Infante, local 8. 11201 Algeciras. Cádiz. Spain | 100.00% |
| Masa Galicia, S.A. | Políg. Ind. De la Grela - C/ Guttember, 27, 1º Izqd. 15008 La Coruña. Spain | 100.00% |
| Masa Huelva, S.A. | C/ Alonso Ojeda, 1. 21002 Huelva. Spain | 100.00% |
| Masa Méjico, S.A. de C.V. | C/ Juan Racine, 112, 8º - Colonia Los Morales, Del. Miguel Hidalgo - 11510 Mexico D.F. | 100.00% |
| Masa Norte, S.A. | C/ Ribera de Axpe, 50-3º. 48950 Erandio Las Arenas. Vizcaya. Spain | 100.00% |
| Masa Puertollano, S.A. | Crta. Calzada de Calatrava, km. 3,4. 13500 Puertollano. Ciudad Real. Spain | 100.00% |
| Masa Servicios, S.A. | Políg. Ind. Zona Franca, Sector B, Calle B. 08040 Barcelona. Spain | 100.00% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Masa Tenerife, S.A. | Pº Milicias de Garachico, 1, 4º, Ofic. 51 - Edif. Hamilton. 38002 Sta. Cruz de Tenerife. Islas Canarias. Spain | 100.00% |
| MASE Internacional, CRL | PO Box 364966. San Juan. Puerto Rico. | 100.00% |
| Mencli, S.L. | C/ Biniarroca s/n, Local 16. 07710 Sant Lluis. Menorca. Islas Baleares. Spain. | 100.00% |
| Mexicana de Servicios Auxiliares, S.A. de C.V. | 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 C/Alejandro Dumas,160. Mexico D.F. 11500 | 100.00% |
| Mexsemi, S.A. de C.V. | Avda. Dolores Hidalgo 817 CD Industrial Irapuato Gto. 36541. Mexico | 99.73% |
| Midasco, Llc. | 7121 Dorsey Run Road Elkrige. Maryland 21075-6884. United States of America | 100.00% |
| Mimeca, C.A. | Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela | 82.80% |
| Minuano Montangens e Servicios, Ltda. | Avda. Marechal Camera, 160 Sala 1626. Rio de Janeiro. Brazil | 100.00% |
| Moncobra Canarias Instalaciones, S.A. | León y Castillo, 238. 35005 Las Palmas de Gran Canaria. Islas Canarias. Spain | 100.00% |
| Moncobra Peru | Avda Víctor Andrés Belaúnde 887 Distrito: Carmen de le Legua Reinoso. Peru | 100.00% |
| Moncobra, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Monelec, S.L. | C/ Ceramistas, 14. Málaga. Spain | 100.00% |
| Montrasa Maessa Asturias, S.L. | C/ Camara, nº 54-1º dchra. 33402 Avilés. Asturias. Spain | 50.00% |
| Moyano Maroc SRALU | 269 8D Zertouni Etg 5 Appt 1. Casablanca. Morocco | 100.00% |
| Murciana de Tráfico, S.A. | Carril Molino Nerva, s/n. Murcia. Spain | 100.00% |
| NGS - New Generation Services, Ltda. | Pz. Centenario - Av. Naçoes Unidas 12995. 04578-000Sao Paulo. Brazil | 74.54% |
| NGS - New Generation Supplier, Unipessoal Lda | Rua Rui Teles Palhinha, Nº 4, 3º Andar 2740-278 Porto Salvo Lisboa. Portugal | 74.54% |
| North Africa Infraestructures, S.L. | Cardenal Marcelo Spínola, 10.28016 Madrid. Spain | 51.00% |
| OCP Peru | Avda Víctor Andrés Belaúnde 887 Distrito: Carmen de le Legua Reinoso | 100.00% |
| Oficina Técnica de Estudios y Control de Obras, S.A | C/ Guzmán el Bueno, 133-1º. Edificio Britania. 28003 Madrid. Spain | 100.00% |
| Opade Organizac. y Promoc de Actividades Deportivas, S.A. | Avda. de América, 10. Madrid. Spain | 100.00% |
| P.E. Sierra de las Carbas, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 61.79% |
| P.E. Marcona, S.R.L. | Alfredo Salazar, 409 Miraflores. Lima. Peru | 99.99% |
| P.E. Monte das Aguas, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 60.00% |
| P.E. Monte dos Nenos, S.L. | José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain | 100.00% |
| P.E. Donado, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| P.E. Tesosanto, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 61.79% |
| Parque Eólico Buseco, S.L. | Comandante Caballero, 8. 33005 Oviedo. Asturias. Spain | 80.00% |
| Parque Eólico de Valdecarro, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Parque Eólico La Boga, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 75.00% |
| Parque Eólico Marmellar, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 70.10% |
| Parque Eólico Santa Catalina, S.L. | La Paz, 23-2ºB. Valencia. Spain | 100.00% |
| Parque Eólico Tadeas, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 51.48% |
| Parque Eólico Tres Hermanas, S.A.C | Avda. Alfredo Salazar,409. Lima. Peru | 100.00% |
| Parque Eólico Valcaire, S.L. | Ayuntamiento, 7 Padul. 18640 Granada. Spain | 100.00% |
| Parque Eólico Valdehierro, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 51.48% |
| Percomex, S.A. | Melchor Ocampo, 193 Torre C-Colonia Verónica Anzures. Mexico | 100.00% |
| Pilatequia, S.L. | C/ Velazquez 61 Planta 1, Puerta IZQ.28001 Madrid. Spain | 52.18% |
| Planta de Tratamiento de Aguas Residuales, S.A. | Avda Argentina, 2415 Lima. Peru | 100.00% |
| Porto Primavera, Ltda. | Rua Marechal Camara,160. Rio de Janeiro. Brazil | 100.00% |
| Procme, S.A. | Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal | 74.54% |
| Promservi, S.A. | Avda. de Manoteras, 26. 28050 Madrid. Spain | 100.00% |
| Recursos Ambientales de Guadalajara, S.L. | Cardenal Marcelo Spínola 10. Madrid 28016. Spain | 100.00% |
| Recursos Eólicos de Mexico, S.A. de C.V. | Juan Racine, 112 piso 6. Mexico D.F. Mexico | 100.00% |
| Red Top Wind power, LLC. | 2711 Centerville Road Suite 400. Wilmington County of New Castle Delaware 19808. United States of America | 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. | 100.00% |
| Riansares Eólica, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 70.00% |
| Ribagrande Energía, S.L. | Cardenal Marcelo Spínola 10. Madrid 28016. Spain | 100.00% |
| Rioparque, Lda. | Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal | 74.54% |
| Robledo Eólica, S.L. | Cardenal Marcelo Spínola 10. Madrid 28016. Spain | 100.00% |
| Roura Cevasa, S.A. | Caracas, 5. Barcelona. Spain | 100.00% |
| Salmantina de Seguridad Vial, S.A. | Cascalajes, 65-69. 37184 Villares de la Reina. Salamanca. Spain | 100.00% |
| Sao-Simao Montagens e Servicos de Electricidade, Ltda. | Rua Marechal Camara, 160. Rio de Janeiro. Brazil | 100.00% |
| Sedmiruma, S.R.L. | Bucarest, sector 3, Str Ion Nistor 4. Romania | 100.00% |
| Sedmive, C.A. (Soc. Españ. Montajes Indus Venezuela) | Av. Rómulo Gallegos con 4ta. Av. Palos Grandes, 1ra. Av. Santa Eduvigis, edificio KLM, piso 2 oficina 2-D Urb. Los Palos Grandes, zona postal 1060 Caracas, Venezuela | 100.00% |
| Seguridad Integral Metropolitana, S.A. | C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain | 90.00% |
| SEMI Bulgaria, S.L.U. | Calle Stara Planina, 5. Sofia. Bulgaria | 100.00% |
| Semi Germany, S.A. | Schlüter Str. 17 10625. Berlin. Germany | 100.00% |
| Semi Italy, S.R.L. | Via Uberto Visconti Di Modrone 3. Milan. Italy | 100.00% |
| Semi Maroc, S.A. | 5 Rue Fakir Mohamed. Casablanca Sidi Belyout. Morocco | 99.73% |
| SEMI Panama, S.A. | Edificio El Peñón, calle 40, Bellavista. Panama | 100.00% |
| Semi Polska | Ul. Flory 9. Warsaw. Poland | 100.00% |
| Semi Dominican Republic, S.R.L. | Av John Kennedy, Esq Lope de Vega, Edif. Scotiabank. Santo Domingo. Dominican Republic | 100.00% |
| Semicosta Inc Sociedad Anónima | Diagonal al parque del Centro Comercial el Pueblo. San José. Costa Rica | 100.00% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Sermacon Joel, C.A. | Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela | 82.80% |
| Sermicro, S.A. | C/ Pradillo, 46. 28002 Madrid. Spain | 100.00% |
| Serpimex, S.A. de C.V. | Juan Racine 112 8. Colonia Los Morales Polanco. Delegación Miguel Hidalgo. Mexico DF 11510 | 100.00% |
| Serpista, S.A. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 51.00% |
| Serrezuela Solar II, S.L. | Rafael Calvo, 42 Bj Dcha.28010 Madrid. Spain | 100.00% |
| Serveis Catalans, Serveica, S.A. | Avda. de Manoteras, 26. 28050 Madrid. Spain | 100.00% |
| Servicios Administrativos Offshore, S.A. de C.V. | Juan Racine 112 8º piso Colonia Los Morales 11510. Mexico D.F. Mexico | 100.00% |
| Servicios Cymimex, S.A. de C.V. | Juan Racine 112 6º piso Colonia Los Morales 11510. Mexico D.F. Mexico | 100.00% |
| Servicios Dinsa, S.A. de C.V. | Juan Racine 112 3º piso Colonia Los Morales Mexico (DF) Delegación Miguel Hidalgo 11510 | 100.00% |
| Servicios Logísticos y Auxiliares de Occidente, S.A. | Avda. Ofibodegas Los Almendros, 3 13-35 Guatemala | 100.00% |
| Servicios Operativos Offshore, S.A. de C.V. | Juan Racine Nº 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F. | 100.00% |
| Servicios Proyectos Industriales de Méjico, S.A. de C.V. | Juan Racine 112 8 piso Colonia Los Morales Mexico (DF) Delegación Miguel Hidalgo 11510 | 100.00% |
| Sete Lagoas Transmissora de Energia, Ltda. | Avda. Marechal Camera, 160. Río de Janeiro. Brazil. | 100.00% |
| Setec Soluçoes Energeticas de Transmissao e Controle, Ltda. | Av. Presidente Wilson 231, sala 1701 20030-020 Rio de Janeiro. Brazil | 100.00% |
| Sice do Brazil, S.A. | C/ Joaquim Eugenio de Lima, 680. Sao Paulo. Brazil | 100.00% |
| Sice Energía, S.L. | C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain | 100.00% |
| Sice Hellas Sistemas Tecnológicos Sociedad Unipersonal de Responsabilidad Limitada | C/ Omirou. 14562 Kifissia. Greece | 100.00% |
| Sice NZ Limited | Level 4, Corner Kent & Crowhurst Streets, New Market. Auckland, 1149. Australia | 100.00% |
| SICE PTY, Ltd. | Level 5, Mayne Building. 390 St. Kilda Road, Melbourne, Vicotira 3004. Australia | 100.00% |
| Sice Puerto Rico, Inc. | C/ Fordham 275 San Juan PR 00927. University Gardens. Puerto Rico | 100.00% |
| Sice South Africa Pty, Ltd. | C/ PO Box 179. 009 Pretoria, Sudáfrica | 100.00% |
| Sice Tecnología en Minería, S.A. | Av. Vitacura 2670. Oficina 702 – piso 7. Las Condes Santiago de Chile. Chile | 100.00% |
| Sice Tecnología y Sistemas, S.A. | C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain | 100.00% |
| SICE, Inc. | Two Alhambra Plaza,suite 1106. Coral Gables. Fl 33134. Miami. United States of America | 100.00% |
| SICE, LLC. | Rublesvkoye Shosse 83/1 121467 Moscu. Russia | 100.00% |
| Sidetel, S.A. | Avda. Manoteras, 28. Madrid. Spain | 100.00% |
| Sistemas Integrales de Mantenimiento, S.A. | C/ Teide, 5-1º. 28709 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Sistemas Radiantes F. Moyano, S.A. | C/ De La Cañada, 53. 28850 Torrejón de Ardoz. Madrid. Spain | 100.00% |
| Sistemas Sec, S.A. | C/ Miraflores 383. Santiago de Chile. Chile | 51.00% |
| Small Medium Enterprises Consulting, B.V. | Claude Debussylaan, 44, 1082 MD. Amsterdam. Netherlands | 74.54% |
| Soc Iberica de Construcciones Electricas de Seguridad, S.L. | C/ La Granja 29. 28108 Alcobendas. Madrid. Spain | 100.00% |
| Soc. Española de Montajes Industriales, S.A. (SEMI) | C/ Manzanares, 4. 28005 Madrid. Spain | 99.73% |
| Sociedad Ibérica de Construcciones Eléctricas, S.A. | C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain | 100.00% |
| Sociedad Industrial de Construccion Eléctricas, S.A | C/ Aquilino de la Guardia. Edificio IGRA Local 2. Urbanización Bella Vista Panama | 100.00% |
| Sociedad Industrial de Construcciones Eléctricas de Costa Rica, S.A. | C/ San Jose Barrio Los Yoses - Final Avenida Diez.25 m. norte y 100 este. San Jose. Costa Rica | 100.00% |
| Sociedad Industrial de Construcciones Eléctricas Siceandina, S.A. | C/ Chinchinal, 350. Barrio El Inca. Pichincha - Quito (Ecuador) | 100.00% |
| Sociedad Industrial de Construcciones Eléctricas, S.A. de C.V. | Paseo de la Reforma, 404. Despacho 1502, Piso 15 Col. Juarez 06600 Delegación Cuauhtemoc Mexico D.F. | 100.00% |
| Sociedad Industrial de Construcciones Eléctricas, S.L., Ltda. | CL 94 NO. 15 32 P 8. Bogota D.C. Colombia | 100.00% |
| Société Industrielle de Construction Electrique, S.A.R.L. | Espace Porte D Anfa 3 Rue Bab Mansour Imm C 20000 Casa Blanca. Morocco | 100.00% |
| Soluciones Auxiliares de Guatemala, S.A. | 2 Avda. 13-35 Zona 17, Ofibodegas los Almendros Nº 3. 01017 Ciudad de Guatemala. Guatemala | 100.00% |
| Soluciones Eléctricas Integrales de Guatemala, S.A. | 2 Avda. 13-35 Zona 17, Ofibodegas los Almendros Nº 3. 01017 Ciudad de Guatemala. Guatemala | 100.00% |
| Spcobra Instalaçoes e Serviços, Ltda. | Joao Ventura Batista,986 Sao Paulo. Brazil 02054 | 56.00% |
| Sti Telecom Spa | Av. Vitacura 2670. Oficina 702 – piso 7. Las Condes Santiago de Chile. Chile | 100.00% |
| Sumipar, S.A. | C/ B Sector B Zona Franca 4. 08040 Barcelona. Spain | 100.00% |
| Tecneira Acarau Geraçao e Comercialiçao de Energia Eletrica S.A. | Rua Marcos Macedo 1333 Sala 416 CEP 60.150-190 Aldeota. Fortaleza. Brazil | 74.54% |
| Tecneira do Paracuru, Ltda. | Sitio Freixeiras, S/N. 62.680-000. Paracuru, Estado do Cear. Brazil | 74.54% |
| Tecneira Novas Enerias SGPS, S.A. | Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal | 74.54% |
| Tecneira, S.A. | Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal | 74.54% |
| Técnicas de Desalinización de Aguas, S.A. | Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. Spain | 100.00% |
| Tecnicas de Sistemas Electrónicos, S.A. (Eyssa-Tesis) | Rua General Pimenta do Castro 11-1. Lisboa. Portugal | 100.00% |
| Tecnotel Clima, S.L. | Pg Ind. Valle Guimar Manz, 6. Arafo. Santa Cruz de Tenerife. Islas Canarias. Spain | 100.00% |
| Tecnotel de Canarias, S.A. | Misiones, 13. Las Palmas de Gran Canaria. Spain | 100.00% |
| Tedagua Internacional, S.L. | Cardenal Marcelo Spínola, 10.28016 Madrid. Spain | 100.00% |
| Tedagua Renovables, S.L. | Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. Spain | 100.00% |
| Telcarrier, S.A. | C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain | 100.00% |
| Telsa Instalaciones de Telecomunicaciones y Electricidad, S.A. | C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain | 100.00% |
| Tesca Ingenieria del Ecuador, S.A. | Avda. 6 de diciembre N37-153 Quito. Ecuador | 100.00% |
| TNG Brazil, Ltda. | Av. Dom Luis Paracuru 1200, Bairro de Meireles. 60.160-230. Fortaleza, Estado do Cear. Brazil | 74.54% |
| Tonopah Solar Energy Holdings I, LLC. | 7380 West Sahara, Suite 160. Las Vegas NV 89117. United States of America | 36.60% |
| Tonopah Solar Energy Holdings II, LLC. | 2425 Olympic Blvd, suite 500E. Santa Monica, CA 90404. United States of America | 36.60% |
| Tonopah Solar Energy, LLC | 2425 Olympic Blvd, suite 500E. Santa Monica, CA 90404. United States of America | 36.60% |
| Trafiurbe, S.A. | Estrada Oct vio Pato C Empresar-Sao Domingo de Rana. Portugal | 76.20% |
| 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 Spínola, 10.28016 Madrid. Spain. | 100.00% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Tucurui Dourados Montagens e Serviços, Ltda. | Avd. Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil | 99.00% |
| Tulifox, S.A. | Colinia Apartamento 305. Montevideo. Uruguay | 100.00% |
| UrbaEnergía Instalaciones y Servicios, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Urbaenergía, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 100.00% |
| Valdelagua Wind Power, S.L. | Cardenal Marcelo Spínola, 10. Madrid 28016. Spain | 100.00% |
| Venezolana de Limpiezas Industriales, C.A. (VENELIN) | Pz Venezuela, Torre Phelps, s/n. 1050 Caracas. Venezuela | 82.80% |
| Ventos da Serra Produção de Energía, Ltda. | Monte do Poço Branco, Estrada de Sines EN121. 7900-681. Ferreira do Alentejo. Portugal | 74.54% |
| 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 | 50.00% |
| Villanueva Cosolar, S.L. | Guadalajara,14. 19193 Guadalajara. Spain | 59.63% |
| **ENVIRONMENT** | | |
| ACS Servicios y Concesiones, S.L. | Avda. Camino de Santiago, 50. 28050 Madrid. Spain | 100.00% |
| Aureca Aceites United States of Americad y Recuper Energét de Madrid, S.L. | Avda. Logroño km 9.800. 28042 Madrid. Spain | 100.00% |
| AXIL 3 Ingenieros, S.L.U. | Plazoleta Arq. Marrero Regalado, 4. bajo dcha.38001 Santa Cruz de Tenerife. Spain | 100.00% |
| Blas Moreno, S.L. | Avda. Diagonal, nº 611 - 2º. Barcelona. Spain | 60.00% |
| Centro de Transferencias, S.A. | Polígono Los Barriales, s/n. Valladolid. Spain | 70.00% |
| Cytrar, S.A. de C.V. | Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico | 100.00% |
| Dramar Andalucía Tratamiento de Marpoles, S.L. | Muelle Isla Verde, s/n. 11207 Algeciras. Cadiz. Spain | 100.00% |
| Ecoentorno Ambiente, S.A. | Camino de la Muñoza, s/n. Ctra. Madrid-Barcelona, km. 15,200. 28042 Madrid | 51.00% |
| Ecoparc de Barcelona S.A. | C/ A. Políg. Industrial Zona Franca. Barcelona. Spain | 66.40% |
| Edafología y Restauración del Entorno Gallego, S.L. | C/ Copérnico, s/n 1º-1 dcha Pol. Ind. A Grenla. Coruña. Spain | 100.00% |
| Empordanesa de Neteja, S.A. | Avda. Diagonal, nº 611 - 2º. Barcelona. Spain | 60.00% |
| Evar, S.A.S. | 1140, Avenue Albert Einstein. 34000 Montpellier Cedex 09. France | 96.75% |
| Evere, S.A.S. | Av. Albert Einstein. 34000 Montpellier. France | 99.35% |
| France Auto Service Transport, E.U.R.L. | Place de la Madeleine, 6. 75008 Paris. France | 100.00% |
| Gestión Ambiental Canaria, S.L. | Alejandro del Castillo, s/n. San Bartolomé de Tirajana. Las Palmas Gran Canaria. 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% |
| Interenvases, S.A. | Vial Secundario, s/n. Polígono Industrial de Araia. Bilbao. Spain | 100.00% |
| Jingtang International Container Terminal Co. Ltd. | Haigang Development Zone of Tangshan of Hebei Province of R.P. ChinaHebei Province R.P. China | 54.28% |
| Laboratorio de Gestión Ambiental, S.L. | Avda. de Tenerife 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Monegros Depura, S.A. | Pza. Antonio Beltrán Martínez, nº 1 - Edificio Trovador, oficina 6 C. 50002 Zaragoza. Spain | 55.00% |
| Mora la Nova Energía, S. L. | c/ Lincoln, 11. 08006 Barcelona. Spain | 71.00% |
| Octeva, S.A.S. | ZA Marcel Doret rue Jacques Monod. 62100 Calais. France | 68.69% |
| Olimpia, S.A. de C.V. | C/ 6 Oriente - Colonia Francisco Sarabia - Tehuacan, Puebla. Mexico | 100.00% |
| Orto Parques y Jardines, S.L. | Luçar Dòcean s/n. Parroquía de Orto. A Coruña. Spain | 100.00% |
| Pruvalsa, S.A. | Calle Independencia, Sector centro, Edificio Ariza, piso 2, ofic. 2-2, Valencia, Edo. Carabobo. Venezuela | 82.00% |
| Puerto Seco Santander-Ebro, S.A. | C/ Ramón y Cajal, 17. Luceni. Zaragoza. Spain | 62.50% |
| Recogida de Aceites EE.UU.dos, S.A. | Pol. Ind. Torrelarragoiti, s/n. 48170 Zamudio. Vizcaya. Spain | 100.00% |
| Recuperación Crom Industrial, S.A. (RECRISA) | Passeig Verdaguer 118 Igualada. Barcelona. Spain | 75.00% |
| Recuperación de Rodas e Madeira, S.L. | Camiño das Plantas, s/n. 36313 Xestoso. Bembibre. León. Spain | 100.00% |
| Recuperación Int. Residuos de Castilla y León, S.A. | Polígono Industrial Ntra. Sra. de Los Angeles. Parcela 10, nave 8 y 9. Palencia. Spain | 100.00% |
| Residuos de la Janda, S.A. | C/ La Barca de Vejer s/n. Vejer de La Frontera. Cádiz. Spain | 60.00% |
| Residuos Industriales de Teruel, S.A. | Ctra. de Madrid, km. 315,800 Edif. Expo Zaragoza, 3 Ofic. 14 - 50012 Zaragoza. Spain | 63.70% |
| Residuos Industriales de Zaragoza, S.A | Crta de Madrid Edif. Expozaragoza Km. 315.8 3 of 14. 50012 Zaragoza. Spain | 63.70% |
| Residuos Sólidos Urbanos de Jaén, S.A. | Palacio de la Excma. Diputación de Jaén. Jaén. Spain | 60.00% |
| RetraOil, S.L. | Pol. Ind. Tambarría parcela 20. 26540 Alfaro. La Rioja. Spain | 100.00% |
| Salins Residuos Automoción, S.L. | C/ 31 c/v calle 27 - Nave 715-701, P.I. Catarroja. Valencia. Spain | 80.00% |
| SCI Sintax | Route de Phaffans. 90380 Roppe. France | 100.00% |
| Servicios de Aguas de Misiones, S.A. | Avda. López y Planes, 2577. Misiones. Argentina | 90.00% |
| Servicios Generales de Jaén, S.A. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 75.00% |
| Servicios Selun, S.A. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Sevicios Corporativos TWC, S.A. de C.V. | Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico | 100.00% |
| Sintax Est EURL | Place de la Madeleine, 6. 75008 Paris. France | 100.00% |
| Sintax Ile de France EURL | 7 Rue du Docteur Fourniols, 95420 Magny en Vexin. France | 100.00% |
| Sintax Logística Transportes, S.A. | Vale Ana Gomez, Ed. Síntax Estrada de Algeruz. Setubal. Portugal | 100.00% |
| Sintax Logística, S.A. | C/ Diputación, 279, Atico 6ª. Barcelona. Spain | 100.00% |
| Sintax Logístics Zeebrugge, S.A.R.L. | 283 Avenue Louise, Bruxelles. 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 Logístique Mediterraneé, E.U.R.L. | Place de la Madeleine, 6. 75008 Paris. France | 100.00% |
| Sintax Logístique Region Parisienne, E.U.R.L. | Place de la Madeleine, 6. 75008 Paris. France | 100.00% |
| Sintax Logistique Valenciennes, S.A.R.L. | Place de la Madeleine, 6. 75008 Paris. France | 100.00% |
| Sintax Navigomes, Ltda. | Av. Luisa Todi, 73. 2900 Setúbal. Portugal | 51.00% |
| Sintlogistica, Ltda. | Vale Ana Gomez, Ed. Síntax Estrada de Algeruz. Setubal. Portugal | 100.00% |
| Socamex, S.A. | C/ Cobalto s/n Par. 213. Pol. San Cristóbal. Valladolid. Spain | 100.00% |

| Company | Registered Office | % Effective Ownership |
|---|---|---|
| Somasur, S.A. | 20, Rue Meliana Hai Ennahada. Rabat. Morocco | 100.00% |
| Tecmed Environment, S.A.S. | 21 Rue Jules Guesde. 69230 Saint Genis Laval. Lyon. France | 96.75% |
| Tecmed Maroc, S.A.R.L. | AV capitaine Sidi Omar Elaissaoui cite OLM-Suissi II. Rabat. Morocco | 65.00% |
| Tecmed Servicios de Recolección, S.A. de C.V. | C/ Homero nº 109 Dp 604 Colonia Chapultepec, Morales del Miguel Hidalgo. Mexico DF | 100.00% |
| Tecmed Técnicas Mediamb. de Mexico, S.A. de C.V. | Melchor Ocampo, no 193 Torre C, piso 14D. Mexico | 100.00% |
| Técnicas Aplicadas de Recuperaciones Industriales, S.A. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 95.00% |
| Técnicas de Recuperación e Inertización, S.A. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Tirmadrid, S.A. | C/ Cañada Real de las Merinas, s/n. Madrid. Spain | 66.36% |
| Tracemar, S.L. | Avda de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Trans Inter Europe, S.A.S. | Route de Phaffans. 90380 Roppe. France | 100.00% |
| Trans Inter Uberherrn, E.U.R.L. | 33 Langwies, D-66 802 Überherrn. Germany | 100.00% |
| Transportes Residuos Industriales y Peligrosos, S.L. | C/ Copérnico, 1 1ª dcha., P.I. La Grenla. A Coruña. Spain | 100.00% |
| Tratamiento de Residuos Sólidos Urbanos, S.A. de C.V. | Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico | 100.00% |
| Tratamiento Integral de Residuos de Cantabria S.L.U. | Avda de Tenerife, 4-6.28703 San Sebastián de los Reyes Madrid. Spain | 100.00% |
| Tresima Limpiezas Industriales, S.A. (TRELIMSA) | C/ Copérnico, 1 1ª dcha., P.I. La Grenla (A Coruña)-Spain | 80.00% |
| Urbacet, S.L. | Calle Fray Junípero Serra nº 65 3º, 08030 Barcelona. Spain | 100.00% |
| Urbamar Levante Residuos Industriales, S.L. | C/ 31 c/v calle 27 - Nave 715-701, P.I. Catarroja. Valencia. Spain | 80.00% |
| Urbana de Servicios Ambientales, S.L. | Avda. José Ortega y Gasset, nº 194-196. Madrid. Spain | 70.00% |
| Urbaoil, S.A. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 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 Méjico, S.A. de C.V. | C/ Juan Racine 112-8º, Col. Los Morales, 11510 Mexico DF | 100.00% |
| Urbaser Environnement, S.A.S. | 1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France | 96.75% |
| Urbaser INC. | Hunton&William LLP,1111 Brickell Av. Suite 2500 Miami, Florida 33131. U.S.A. | 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 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. Italy. | 100.00% |
| Urbaser San Diego, C.A. | Cent Com Fin de Siglo, pta baja, Av. D. Julio Centeno, Sector La Esmeralda, Local 11. Venezuela | 65.00% |
| Urbaser Transportes, S.L. | Avda. Diagonal, nº 611 - 2º. Barcelona. Spain | 100.00% |
| Urbaser United Kingdom, Ltd. | Pillar House, 113-115 Bath Road, Cheltenham, Gloucestershire; GL53 7LS, England | 100.00% |
| Urbaser Valencia, C.A. | C/ 123, s/n, cruce con avenida 94, avda. lizandro Alvarado, zona industrial la Guacamaya, Galpon, Urbaser, Valencia Estado Carabobo. Venezuela | 100.00% |
| Urbaser, S.A. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 100.00% |
| Urbasys, S.A.S. | Route de Tremblay, F-91480 Varennes-Jarcy. France | 99.35% |
| Vadereli, S.L. | Av. Tenerife, 4 y 6.28703 San Sebastián 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% |
| Valorga International, S.A.S. | 1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France | 96.75% |
| Valorgabar, S.A.S. | 1140, Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France | 99.35% |
| Vertedero Las Mulas, S.L. | Camino de Las Mulas, s/n. 28945 Fuenlabrada. Madrid. Spain | 100.00% |
| Vertederos de Residuos, S.A. (VERTRESA) | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 83.97% |
| Vicente Fresno Aceite, S.L. | Barrio de San Martín, 141. 48170 Zamudio. Vizcaya. Spain | 100.00% |

# Consolidated Financial Statements

## Appendix II. UTE's/EIG's

| UTE / EIG | Address | % Effective Ownwership | Revenue |
|---|---|---|---|
| **CONSTRUCTION - DRAGADOS** | | | |
| Ave Ulla | Avda. Finisterre, 25. A Coruña. Spain | 100.00% | 27,440 |
| Gorg. Linea 9 | C/ Via Laietana, 33. Barcelona. Spain | 43.50% | 37,376 |
| Túneles de Pajares 2 | Avda. Camino de Santiago, 50. Madrid. Spain | 84.00% | 34,551 |
| Nuevo Hospital La Fe | C/ Álvaro de Bazán, 10. Valencia. Spain | 70.00% | 32,622 |
| Tunel Guadarrama Sur | Avda. Europa, 18. Alcobendas. Spain | 34.46% | 20,804 |
| Langosteira | Avda. Finisterre, 25. A Coruña. Spain | 55.00% | 87,292 |
| Tunel Archidona | Ps. Pablo Ruiz Picasso, 1. Málaga | 100.00% | 22,270 |
| Estacion Mercado Central | C/ Álvaro de Bázan, 10. Valencia. Spain | 100.00% | 16,498 |
| Ave Girona | C/ Acanto, 22 - 5ª Planta - Madrid. Spain | 40.00% | 108,946 |
| Ronda Bahía | C/ Castelar, 13 - Santander. Spain | 60.00% | 20,550 |
| Complejo Administrativo 9 De Octubre | Pz. Legión Española, 12 - Valencia. Spain | 54.00% | 20,664 |
| Zaratamo | Pz. Venezuela, 1 - Bilbao. Spain | 90.00% | 15,187 |
| Quejigares | Carretera Villanueva De Tapia, 2 - Archidona - Málaga. Spain | 100.00% | 29,345 |
| Obras Abrigo Puerto Valencia | C/ Álvaro de Bazán, 10. Valencia. Spain | 29.00% | 33,035 |
| Serrano | C/ Cardenal Marcelo Spinola, 52 - Madrid. Spain | 50.00% | 25,486 |
| Muelle AZ-2 | Pz. Venezuela, 1 - Bilbao. Spain | 95.00% | 31,480 |
| Ave Tunel De Serrano | C/ Cardenal Marcelo Spínola, 52. Madrid. Spain | 42.00% | 59,719 |
| Boetticher | Avda. Tenerife, 4 y 6. San Sebastián de los Reyes. Spain | 50.00% | 17,536 |
| Baixo Alentejo | Avda. Visconde de Valmor, 66. Lisboa. Portugal | 44.00% | 108,251 |
| Estacions L9-Besos | C/ Via Laietana, 33. Barcelona. Spain | 50.00% | 41,876 |
| Via Litoral | C/ Candelaria, 28 - 3ª Planta - Ed. Olympo - Santa Cruz de Tenerife. Spain | 80.00% | 17,985 |
| Algarve Litoral | Avda. Visconde De Valmor, 66. Lisboa. Portugal | 40.00% | 15,613 |
| Ampliacion Complejo Atocha Fase I | Avda. Camino de Santiago, 50. Madrid. Spain | 100.00% | 30,976 |
| Viaducto De Archidona | Avda. Camino de Santiago, 50. Madrid. Spain | 50.00% | 65,318 |
| Shanganagh | Wilton Works, Naas Road, Clondalkin, Dublin 22. Ireland | 50.00% | 17,935 |
| Autovia Del Pirineo | Avda. Roncesvalles, 6. Pamplona - Iruña. Spain | 72.00% | 118,007 |
| Terminal Aeropuerto De Ibiza | Pz. Es Forti, 4. Palma de Mallorca. Spain | 70.00% | 19,059 |
| Beasain Este | Barrio Loinatz. Beasain. Spain | 47.00% | 20,603 |
| Tolosa | C/ Gran Vía, 53. Bilbao. Spain | 40.00% | 32,458 |
| Tunel Mandri | C/ Via Laietana, 33. Barcelona. Spain | 43.50% | 16,510 |
| Fornells - Vilademuls | C/ Arago, 390. Barcelona. Spain | 67.50% | 30,956 |
| Ave San Isidro-Orihuela | C/ Álvaro de Bazán, 10. Valencia. Spain | 70.00% | 18,558 |
| CPDS Santander | Barrio La Venta, s/n. Igollo de Camargo. Spain | 50.00% | 15,087 |
| Estacions L9 Llobregat | Cl. Via Laietana, 33 - Barcelona. Spain | 50.00% | 34,584 |
| Dragados-Sisk Crosrail Eastern R. Tunnels | 25 Canal Sq. 33 fl. Canary Wharf - London | 90.00% | 62,191 |
| Forth Crossing Bridge Constractors | Grange House West Main Road, Grange Mouth - Scotland | 28.00% | 57,216 |
| Ave Trinidad, Tramo Montcada | C/ Caballero Andante, 8. Madrid. Spain | 33.33% | 34,483 |
| Nudo Venta de Baños | C/ Orense, 11. Madrid. Spain | 50.00% | 55,492 |
| VIa I - Aeropuerto | C/ Orense, 11. Madrid. Spain | 40.00% | 17,529 |
| Hospital Ibiza | C/ Antigua Senda de Senet, 5º, 11. Valencia. Spain | 50.00% | 33,530 |
| Pulice-Granite | 2033 W Mountain View Road, 85021. Phoenix. U.S.A. | 75.00% | 56,653 |
| Dragados / Judlau (009) | 26-15 Ulmer Street, College Point. New York 11354. U.S.A. | 70.00% | 17,771 |

| UTE / EIG | Address | % Effective Ownwership | Revenue |
|---|---|---|---|
| Dragados / Judlau (019) | 26-15 Ulmer Street, College Point. New York 11354 | 55.00% | 106,755 |
| Seattle Tunnel Partners | 999 3rd Avenue, 22nd Floor. Seattle 98104 | 55.00% | 69,405 |
| Nouvelle Autoroute A30 Montreal | 21025 Route Transcanadienne, Suite A203, Sainte-Anne-de-Bellevue - Quebec - H9X 3r2 | 40.00% | 443,043 |
| South Fraser Perimeter Road | 8100 Nordel Way Delta bc V4G 8A9 | 41.80% | 67,409 |
| Parkway Infrastructure Constructors | 2187 Huron Church Road, Windsor, on, N9C 2l8 | 33.33% | 70,590 |
| Picone / Schiavone (312) | 31 Garden Lane, Lawrence NY 11559 | 100.00% | 19,537 |
| Picone / WDF (312) | 31 Garden Lane, Lawrence NY 11559 | 50.00% | 16,345 |
| Rondout Constructor (185) | 150 Meadowlands Pkwy Secaucus, NY 07094 | 76.40% | 39,047 |
| Picone / Schiavone / Frontier / Drag. United States (538) | 31 Garden Lane, Lawrence NY 11559 | 87.50% | 37,393 |
| Skanska / Picone II (47) | 20 North Central Ave, Valley Stream, NY 11580 | 27.50% | 57,238 |
| Schiavone/ Picone (41) | 150 Meadowlands Pkwy Secaucus, NY 07094 | 51.00% | 32,121 |
| S3 Tunnel Constructors (514) | 207 East 94th St., NY | 37.50% | 59,486 |
| S3 II Tunnel Constructors (516) | 360 West 31st St., NY | 30.00% | 155,805 |
| Schiavone / WDF (520) | 460 Kingsland Ave, NY | 55.00% | 82,151 |
| Schiavone / Kiewit (521) | 29-60 Northern Blvd, NY | 60.00% | 26,422 |
| Plaza Schiavone (523) | 195 Broadway, 18th Floor, NY | 40.00% | 36,984 |
| SSK Constructors (524) | 1181 Broadway, 5th Floor, NY | 42.50% | 88,465 |
| Most Pólnocny | Ul. Branickiego 15 Warszawa | 55.00% | 57,329 |
| **CONSTRUCTION - HOCHTIEF** | | | |
| Gotthard Basis Tunnel, Lose Bodio&Faido | CH - 6743 - Bodio / Consorzio TAT | 25.00% | 100,264 |
| Arge Tunnel XFEL | D - Hamburg | 50.00% | 34,076 |
| Forth Replacement Crossing | GB - Schottland | 28.00% | 56,200 |
| Bau-ARGE BAB A8 Ulm - Augsburg | D - 86441 Zusmarshausen / Im Z United Statesmtal 7 | 50.00% | 26,888 |
| Arge Saale - Elster - Brücke | D - 06258 Schkopau / Hallesche Straße 174 | 36.00% | 28,847 |
| Norra Länken Los 35 | S - Stockholm | 50.00% | 18,534 |
| ARGE Tunnel Lichtenfels | D - 96215 Lichtenfels / Arge Tunnel Lichtenf | 50.00% | 16,476 |
| **INDUSTRIAL SERVICES** | | | |
| UTE ACS Cobra Castor | C/ Cardenal Marcelo Spinola 10. Madrid. Spain | 90.00% | 386,227 |
| Ute C.T. Valle uno | C/ Severo Ochoa, 4 28760. Tres Cantos Madrid. Spain | 50.00% | 85,244 |
| Ute C.T. Vale dos | C/ Severo Ochoa, 4 28760. Tres Cantos Madrid. Spain | 50.00% | 90,692 |
| Ute Ptar Taboada | C/ Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain | 100.00% | 15,917 |
| Ute Bandeleras | C/ Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain | 70.00% | 55,015 |
| UTE Luz Madrid | C/ Evaristo San Miguel, 4. 28008 Madrid. Spain | 20.00% | 22,572 |
| Semla UTE | C/ Afueras S/N. C.N. Ascó. Tarragona. Spain | 50.00% | 22,477 |
| Enwesa- Maessa EAE UTE | C/ Tarragones 12, bajo planta 4ª 43890. Hospitalet del Infante. Tarragona. Spain | 50.00% | 13,854 |
| La Réunion UTE | 8 rue du Grand Hotel - 97434 Saint Gilles Les Bains. La Réunion. France | 84.00% | 16,513 |
| U.T.E. Manchasol-2 | C/ Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 20.00% | 48,155 |
| Ute Servicios Coker ADI-1000 | Muskiz (Vizcaya). Spain | 50.00% | 13,432 |
| **ENVIRONMENT** | | | |
| UTE Vertresa Rwe Proces (Las Dehesas) | Ctra. Valencia, km 14. Complejo Valdemíngomez. Madrid. Spain | 100.00% | 20,589 |
| UTE Ebro | Parque Tecnológico de Reciclados. Parc. C1-18. Crta. La cartuja a Torrecilla de Valmadrid. Km. 1,195. 50720 Zaragoza. Spain | 100.00% | 16,760 |
| UTE Ecoparque V | Ctra. Terrasa - Manresa C-58 Barcelona. Spain | 20.00% | 18,173 |

# Appendix III. Associates

| Company | Address | % Effective Ownership | Data on the investee (100%) Assets | Liabilities | Equity* | Revenue | Profit for the year |
|---|---|---|---|---|---|---|---|
| **PARENTS** | | | | | | | |
| Admirabilia, S.L. | Avda. de Pio XII, 102. 28036 Madrid. Spain | 99.00% | 1,170,334 | 499,646 | 670,688 | - | 74,909 |
| Trebol International, B.V. | Avda. de Pio XII, 102. 28036 Madrid. Spain | 1.00% | 1,738,581 | 749,268 | 989,313 | - | 71,818 |
| **CONSTRUCTION - DRAGADOS** | | | | | | | |
| ACS Sacyr Chile, S.A. | Avda. Vitacura, 2939, ofic. 1102. Las Condes. Santiago de Chile. Chile. | 50.00% | 1,436 | 1,321 | 115 | - | (10) |
| Blue Clean Water, Llc. | 150 Meadownlans PKWY, Secaucus. New Jersey 07094. United States of America. | 76.40% | 3,934 | 5 | 3,929 | 424 | 286 |
| Central Greece Motorway Concession, S.A. | Municipality of Athens, 87 Themistokleous, 10683 Athens. Greece | 33.33% | 668,754 | 850,756 | (182,002) | 9,358 | - |
| Citic Construction Xinlong Contracting Co., Ltd. | Xidaqiao Lu,69. Distrito Miyun. Beijing. China. | 50.00% | 1,954 | 50 | 1,904 | - | 36 |
| Cleon, S.A. | Avda. General Perón, 36 1º- 28020 Madrid. Spain | 25.00% | 131,323 | 30,718 | 100,605 | - | 61 |
| Constructora Comsa Dragados, S.A. | Avda. Vitacura, 2939, ofic. 2201. Las Condes. Santiago de Chile. Chile. | 50.00% | 5,802 | 13,185 | (7,383) | 13,584 | (7,856) |
| Constructora DCB, S.A. | Avda. Tajamar nº 183 piso 5º. Las Condes. Santiago de Chile. Chile. | 33.33% | 34,726 | 34,487 | 239 | 7,201 | 223 |
| Corfica 1, S.L. | C/ Los Vergos, 26-5º. 08017 Barcelona. Spain | 50.00% | 65 | 1 | 64 | - | - |
| Draga, S.A. | Crta. de la Comella, 11, Edif. Cierco AD500. Andorra | 50.00% | 5,038 | 4,313 | 725 | 8,420 | (6) |
| Dragados Besalco, S.A. | Avda. Vitacura, 2939, ofic. 1102. Las Condes. Santiago de Chile. Chile. | 50.00% | 10,740 | 10,173 | 567 | 31,186 | 5,616 |
| Dragados Fomento Canada, S.A.L. | Queen Street, 570 Fredericton NB. Canada | 50.00% | 9,660 | 12,045 | (2,385) | 4,587 | |
| Dravo, S.A | Plaza de Castilla, 3 Piso 21-A. 28046 Madrid. Spain | 50.00% | 33,423 | 21,813 | 11,610 | 36,555 | 4,093 |
| Elaboración de Cajones Pretensados, S.L. | Avda. general Peron, 36. 28020 Madrid. Spain | 50,00% | 100 | 98 | 2 | - | (2) |
| Empresa Mantenimiento y Explotación M-30, S.A. | C/ Méndez Alvaro, 95. 28053 Madrid. Spain | 50.00% | 240,685 | 234,085 | 6,600 | 26,890 | 8,614 |
| Gaviel, S.A. | Avda. Diagonal, 407 bis planta 21. 08008 Barcelona. Spain | 50.00% | 1,294 | 3 | 1,291 | - | (4) |
| Juluna, S.A. | C/ Sorni, 3 bajo. 46004 Valencia. Spain | 24.45% | 685 | 9 | 676 | - | (6) |
| Logitren Ferroviaria, S.A. | Avda. del Puerto, 332. 46026 Valencia. Spain | 33.33% | 1,641 | 1.260 | 381 | 1,480 | (395) |
| PKO BP Inwestycje-Sarnia Dolina, Limited Liability Company | 00-073 Warszawa ul. Pilsudskiego 3 | 29.04% | 3,741 | 5,423 | (1,682) | - | (421) |
| SDD Shanganagh (Water Treatment) Limited | Wilton Works, Naas Road, Clondalkin. Dublin 22. Ireland | 50.00% | 5,752 | 5,747 | 5 | - | 1 |
| Superco Orense, S.A. | C/ Benito Blanco Rajoy, 9. 15006 La Coruña. Spain | 35.00% | 4 | - | 4 | - | - |

* Non-controlling interests not included.

| Company | Address | % Effective Ownership | Data on the investee (100%) Assets | Liabilities | Equity* | Revenue | Profit for the year |
|---|---|---|---|---|---|---|---|
| **CONSTRUCTION - IRIDIUM (CONCESSIONS)** | | | | | | | |
| Autovía de la Sierra de Arana, S.A. | C/ Acera del Darro, 72.18005 Granada. Spain. | 40.00% | 6,060 | 1,087 | 4,973 | 2,117 | 1 |
| Autovía de los Pinares, S.A. | Km 20.200 A-601. 47160 Portillo. Valladolid. Spain | 53.33% | 103,817 | 107,129 | (3,312) | 5,293 | (2,319) |
| Bidelan Guipuzkoako Autobideak, S.A. | Asti Auzoa, 631 B. 20800 Zarauz. San Sebastián. Spain | 50.00% | 25,476 | 13,816 | 11,659 | 42,124 | 2,375 |
| Celtic Roads Group (PortLaoise) Limited | Toll Plaza Balgeen Co. Meath Ireland | 33.33% | 306,187 | 363,642 | (57,455) | 17,583 | (6,159) |
| Celtic Roads Group (Waterford), Ltd. | Toll Plaza, Balgeen, Co. Meath Ireland | 33.33% | 232,262 | 268,969 | (36,707) | 11,815 | (2,200) |
| Circunvalación Alicante, S.A.C.E. | Autopista AP 7. pk 703. Area Monforte del Cid. 03670 Monforte del Cid. Alicante. Spain | 50.00% | 457,818 | 487,167 | (29,350) | 12,612 | (12,904) |
| Concesionaria Aparcamiento La Fe, S.A. | Tres Forques, 149 Accesorio.46014 Valencia. Spain. | 50.00% | 10,326 | 9,411 | 915 | 1,012 | (22) |
| Concesionaria Atención Primaria, S.A. | Plaza Es Fortí, 4, 1º A. 07011 Palma de Mallorca. Islas Baleares. Spain | 49.50% | 24,498 | 20,179 | 4,319 | 3,093 | 922 |
| Concesionaria Hospital Son Dureta, S.A. | Plaza Es Forti 4, 1º A. 07011 Palma de Mallorca. Islas Baleares. Spain | 49.50% | 401,420 | 406,632 | (5,212) | 36,605 | 113 |
| Estacionamientos El Pilar, S.A. | C/ Madre Rafols 2 oficina 1-A. 5004. Zaragoza. Spain | 50.00% | 16,223 | 7,584 | 8,639 | 2,984 | 1,077 |
| Gran Hospital Can Misses, S.A. | C/ Corona, S/N, (Casetas de Obra). 07800 Ibiza. Islas Baleares | 40.00% | 59,700 | 51,984 | 7,716 | 4,922 | (118) |
| Hospital de Majadahonda, S.A. | C/ Joaquín Rodrigo, 2. 28220 Majadahonda. Madrid. Spain. | 55.00% | 271,703 | 254,774 | 16,928 | 41,790 | 5,369 |
| I 595 Express, LLC | Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States | 50.00% | 746,495 | 736,234 | 10,261 | 36,948 | 4,800 |
| Infraestructuras y Radiales, S.A. | Ctra. M-100 Alcalá de Henares a Daganzo Km 6.300. 28806 Alcalá de Henares. Madrid. Spain | 35.00% | 840,775 | 927,759 | (86,984) | 35,366 | (8,610) |
| Intercambiador de transportes Plaza de Castilla, S.A. | Avda. de América 2-17B. Madrid. Spain | 50.00% | 200,981 | 167,007 | 33,975 | 25,572 | 10,296 |
| Línea Nou Manteniment, S.L. | Avda. Josep Tarradellas, 34-36 4º Dcha.08029 Barcelona. Spain. | 50.00% | - | - | - | - | - |
| Línia Nou Tram Dos, S.A. | Avda. Josep Tarradellas, 34-36 4º Dcha.08029 Barcelona. Spain. | 50.00% | 534,619 | 595,080 | (60,462) | 40,545 | 731 |
| Línia Nou Tram Quatre, S.A. | Avda. Josep Tarradellas, 34-36 4º Dcha.08029 Barcelona. Spain. | 50.00% | 558,517 | 584,202 | (25,686) | 44,480 | 5,939 |
| Metro de Sevilla Sdad Conce Junta Andalucia, S.A. | C/ Carmen Vendrell, s/n (Prolongación de Avda. de Hytasa) 41006 Sevilla. Spain | 34.01% | 443,164 | 312,032 | 131,132 | 48,375 | 5,746 |
| Nea Odos Concession Societe Anonyme | Municipality of Athens; 87 Themistokleous; 10683 Athens. Greece | 33.33% | 400,893 | 351,003 | 49,890 | 65,947 | - |
| Nouvelle Autoroute 30, S.E.N.C. | 1 Place Ville-Marie 37e étage. Montreal. Quebec) H3B 3P. Canada | 50.00% | 933,386 | 1,094,648 | (161,262) | 58,641 | 5,459 |
| Operadora Can Misses, S.L. | C/ Corona, s/n.07800 Ibiza. Spain. | 40.00% | - | - | - | - | - |
| Road Management (A13), Plc. | 24 Birch Street, Wolverhampton, WV1 4HY | 25.00% | 169,317 | 306,531 | (137,215) | 28,985 | (5,297) |

* Non-controlling interests not included.

| Company | Address | % Effective Ownership | Data on the investee (100%) Assets | Liabilities | Equity* | Revenue | Profit for the year |
|---|---|---|---|---|---|---|---|
| Rotas Do Algarve Litoral, S.A. | Rua Julieta Ferrão, nº 10 – 6º andar 1600-131 Lisboa. Portugal | 45.00% | 97,301 | 117,406 | (20,106) | - | - |
| Ruta de los Pantanos, S.A. | Carretera M-501; p.k. 10,200. 28670 Villaviciosa de Odon. Madrid | 33.33% | 81,294 | 79,271 | 2,023 | 12,622 | 2,645 |
| Serranopark, S.A. | Pza. Manuel Gomez Moreno, 2. 28020 Madrid. Spain | 50.00% | 104,222 | 92,238 | 11,983 | 3,137 | (3,446) |
| Sociedad Hospital de Majadahonda Explotaciones, S.L | C/ Joaquín Rodrigo, 2. 28220 Majadahonda. Madrid. Spain | 55.00% | 20,855 | 16,947 | 3,908 | 24,319 | 982 |
| SPER - Sociedade Portuguesa para la Construção e Exploração Rodoviária, S.A. | Rua Julieta Ferrão, nº 10 – 6º andar 1600-131 Lisboa. Portugal | 49.50% | 231,952 | 273,252 | (41,299) | - | - |
| Systelec Quebec, Inc. | 3700-1 place Ville-Marie. Montréal (Quebec) H3B3P4. Canada. | 50.00% | - | - | - | - | - |
| Systelec S.E.C | 3700-1 place Ville-Marie. Montréal (Quebec) H3B3P4. Canada. | 50.00% | - | - | - | - | - |
| Tag Red, S.A. | Avda. Vitacura nº 2939 piso 8. Las Condes. Santiago de Chile. Chile. | 25.00% | 6 | 2,243 | (2,237) | - | - |
| TP Ferro Concesionaria, S.A. | Ctra. de Llers a Hostalets GIP-5107 p.k. 1, s/n 17730 Llers (Girona) Spain | 50.00% | 1,191,982 | 1,155,656 | 36,326 | 3,239 | - |
| Windsor Essex Mobility Group | 150 King Street West, Suite 805, P.O.Box 48, M5H 1J9 ON. Canada. | 33.33% | 171,911 | 211,952 | (40,041) | 9,481 | 844 |
| Zachry American/ACS 69 Partners, Llc. | Corporation Trust Company, Corporation Trust Center, 1209 Orange Street. Wilmington New Castle. Delaware 19801. United States | 50.00% | - | - | - | - | - |
| **CONSTRUCTION - HOCHTIEF** | | | | | | | |
| **Hochtief Americas** | | | | | | | |
| E.E. Cruz/Tully Construction, LLC | Holmdel, United States | 25.73% | 28,182 | 19,963 | 8,219 | | |
| Kiewit/Flatiron | Richmond, United States | 14.15% | 92,709 | 31,522 | 61,187 | | |
| Perini/Tompkins | District of Columbia, United States | 20.58% | 4,504 | 763 | 3,741 | | |
| Turner - PCL - Flatiron | New York, United States | 26.24% | 18,211 | 14,296 | 3,915 | | |
| Turner jointly controlled entities in total | | 0.00% | | | | | 20,912 |
| Flatiron jointly controlled entities in total | | 0.00% | | | | | 14,053 |
| **Hochtief Asia Pacific** | | | | | | | |
| Al Habtoor Engineering Enterprises Co. LLC | Dubai, United Arab Emirates | 12.37% | 1,218,223 | 920,057 | 298,66 | | |
| City West Property Investment (No.6) Trust | Australia | 13.75% | 43,866 | 5 | 43,861 | | |
| Hassall Street Trust | Australia | 13.75% | 28,465 | 10,633 | 17,832 | | |
| Leighton Welspun Contractors Private Ltd. | Kala Ghoda Fort, India | 17.87% | 241,056 | 61,157 | 179,899 | | |
| MacMahon Holding Ltd. | Australia | 5.22% | 127,870 | 55,412 | 72,458 | | |
| SA Health Partnership Nominees Pty. Ltd. | Australia | 5.50% | 95,301 | 66,113 | 29,188 | | |
| Sedgman Pty. Ltd. | Australia | 8.80% | 89,855 | 44,243 | 45,612 | | |
| **Hochtief Concessions** | | | | | | | |
| Airport Holding Tanácsadó Kft. | Zalaegerszeg, Ungarn | 25.56% | | | | | 12,461 |
| Athens International Airport S.A. | Athen, Greece | 13.72% | | | | | 15,652 |
| Bonaventura Straßenerhaltungs-GmbH | Wien, Austria | 12.87% | 1,192 | 916 | 276 | | 173 |
| Flughafen Düsseldorf GmbH | Düsseldorf, Germany | 10.29% | | | | | 6,213 |

* Non-controlling interests not included.

| Company | Address | % Effective Ownership | Data on the investee (100%) Assets | Liabilities | Equity* | Revenue | Profit for the year |
|---|---|---|---|---|---|---|---|
| Flughafen Hamburg GmbH | Hamburg, Germany | 17.90% | | | | | 22,430 |
| Inversiones de Infraestructura S.A. | Santiago de Chile, Chile | 21.05% | 32,090 | 20,950 | 11,140 | | (135) |
| Olympia Odos Operation Company S.A. | Athen, Greece | 8.75% | 2,265 | 768 | 1,497 | | 464 |
| Raststätten Betriebs GmbH | Wien, Austria | 25.73% | 15,985 | 14,543 | 1,442 | | (216) |
| S&W TLP (PSP ONE) Limited | Swindon, Gran Bretaña | 25.73% | 32,759 | 32,481 | 278 | | 16 |
| Tirana International Airport SHPK | Tirana, Albania | 24.19% | | | | | 2,242 |
| **Hochtief Europe** | | | | | | | |
| Am Opernboulevard GmbH & Co. KG | Hamburg, Germany | 24.19% | 37,483 | 30,475 | 7,008 | | 477 |
| Arbeitsgemeinschaft GÜ Köbis Dreieck KPMG | Berlin, Germany | 25.73% | 183 | 43 | 140 | | (1) |
| aurelis Real Estate GmbH & Co. KG | Eschborn, Germany | 25.73% | 692,199 | 583,535 | 108,664 | | 23,650 |
| CONTUR Wohnbauentwicklung und Projektsteuerung GmbH & Co. KG | Köln, Germany | 25.47% | 350 | 342 | 8 | | 8 |
| D1 Construction s.r.o. | Bratislava, Slovakia | 25.73% | 1,097 | 778 | 319 | | - |
| Grundstücksges. Köbis Dreieck GmbH & Co. Development KG | Berlin, Germany | 25.73% | 12,865 | 8,821 | 4,044 | | 666 |
| HGO InfraSea Solutions GmbH & Co. KG | Bremen, Germany | 25.73% | 51,088 | 40,189 | 10,899 | | (601) |
| Le Quartier Central Teilgebiet C GmbH & Co. KG | Essen, Germany | 25.73% | 29,033 | 27,339 | 1,694 | | 2,464 |
| L United Statesil Hochtief Q.S.C. | Doha, Qatar | 25.22% | 241 | 218 | 23 | | - |
| SEVERINS WOHNEN GmbH & Co. KG | Köln, Germany | 25.73% | 251 | 218 | 33 | | 33 |
| Skyliving GmbH & Co. KG | Oststeinbek, Germany | 25.73% | | | | | |
| Wohnpark Gießener Straße GmbH & Co. KG | Kriftel, Germany | 25.73% | 4,768 | 3,874 | 894 | | 379 |
| **INDUSTRIAL SERVICES** | | | | | | | |
| Afta, S. A. | Nucleo Central, 100 Tagus Park, 2780. Porto Salvo. Portugal. | 24.84% | - | - | - | - | - |
| Andasol 1, S.A. | Plaza Rodrigo s/n. 18514 Aldeire Granada. Spain | 10.00% | 315,675 | 294,810 | 20,865 | 45,561 | 5,327 |
| Andasol 2, S.A. | Plaza Rodrigo s/n. 18514 Aldeire Granada. Spain | 10.00% | 341,128 | 327,764 | 13,364 | 45,952 | 1,034 |
| AR Sieniawa sp z. o. o. | Al. Jerozolimskie 56 C, Warsaw. Poland. | 22.36% | - | - | - | - | - |
| Brilhante Transmissora de Energias, S.A. | Avda. Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil. | 50.00% | 150,637 | 108,043 | 42,594 | 10,852 | 175 |
| C.I.E.R. S.L. | Pol Ind. Las Merindades Calle B s/n09550 Villarcayo. Burgos. Spain. | 50.00% | - | - | - | - | - |
| Carreteras Pirenaicas, S.A. | Pza. de Aragón, nº 11 1ºIzqda.50004 - Zaragoza. Spain. | 47.50% | 3,540 | 79 | 3,461 | - | (100) |
| CME Al Arabia, Lda. | PO BOX 42651. 11551Riad. Saudi Arabia. | 37.27% | - | - | - | - | - |
| CME Construçao e Manutençao Eletromecania Romania, SARL | Ploiesti, NR. 73-81 Parcul Victoria, Corpul III, Viroul 220 Sector 1, Bucaresti | 74.54% | - | - | - | - | - |
| Concesionaria Jauru Transmissora de Energia | Rua Marechal Camara,160. Sala 1534 Rio de Janeiro. Brazil | 33.00% | 146,624 | 69,988 | 76,636 | 19,486 | (131) |
| Consorcio de Telecomunicaciones Avanzadas, S.A. | Avda Juan Carlos I, 59-6. Espinardo. Murcia. Spain | 10.52% | 3,701 | 1,071 | 2,630 | 1,794 | 63 |
| Desarrollos Energéticos Asturianos, S.L. | Pol. Industrial Las Merindades calle B, s/n. 09550 Villarcayo. Burgos. Spain | 50.00% | 524 | 58 | 466 | - | (2) |
| Dora 2002, S.L. | C/ Monte Esquinza, 34. 28010 Madrid. Spain | 45.39% | 47 | - | 47 | - | - |
| Electra de Montanchez, S.A. | Periodista Sánchez Asensio, 1. Cáceres. Spain | 40.00% | 320 | 19 | 301 | - | (34) |

* Non-controlling interests not included.

| Company | Address | % Effective Ownership | Data on the investee (100%) Assets | Liabilities | Equity* | Revenue | Profit for the year |
|---|---|---|---|---|---|---|---|
| Energía de la Loma S.A. | C/ Las Fuentecillas, s/n. Villanueva del Arzobispo. 23330 Jaén. Spain. | 20.00% | 14,899 | 6,015 | 8,884 | 8,879 | 1,140 |
| Energías Alternativas Eólicas, S.L. | Gran Vía Juan Carlos I, 9. 26002 Logroño. Spain | 37.50% | 23,732 | 16,292 | 7,440 | 8,305 | 2,932 |
| Energías Renovables de Ricobayo, S.A. | Avda. Europa,6 Parque Empresarial La Moraleja. 28108 Alcobendas. Madrid. Spain | 50.00% | 1,091 | 730 | 361 | 1,475 | (29) |
| Enervouga - Energias do Vouga, Lda. | Tagus Sapce. Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal. | 37.50% | 1,065 | 1,062 | 3 | - | - |
| Equipamentos Informaticos, Audio e Imagem, S.A. | Rua Helder Neto, 87. Malanga. Luanda. Angola. | 16.88% | - | - | - | - | - |
| Escal UGS, S.L. | C/ San Francisco de Sales, Nº 38-1ª Plta. Madrid. Spain | 66.67% | 1,204,296 | 1,216,416 | (12,120) | - | (31) |
| Evacuación Valdecaballeros, S.L. | C/ María de Molina, 4 5ª planta. Madrid. Spain | 9.99% | - | - | - | - | - |
| Hospec, S.A. | Tamer Bldg., Sin El Deirut. Lebano | 50.00% | 31 | 59 | (28) | - | - |
| Hydrotua - Hidroelectricas do Tua, Lda. | Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal. | 37.50% | 2,306 | 2,303 | 3 | - | - |
| Incro, S.A. | C/ Serrano, 27. 28016 Madrid. Spain | 50.00% | 14,503 | 12,444 | 2,059 | 6,559 | 1,882 |
| Interligaçao Elétrica Norte e Nordeste, S.A. | Avda. Marechal Camara 160 sala 1833 y 1834. 20030-020 Rio de Janeiro. Brazil | 25.00% | 272,076 | 159,552 | 112,524 | 35,080 | (19,673) |
| Interligação Elétrica Sul, S.A. | Rua Casa do Ator, 1115, 8º andar Vila Olímplia. São Paulo. Brazil. | 49.90% | 68,397 | 24,084 | 44,313 | 18,822 | (5,966) |
| JC Deaux Cevasa | Avda. de Aragón 328 28022 Madrid | 50.00% | 304 | 87 | 217 | 244 | 57 |
| Parqa, S. A. | Rua Dr. António Loureiro Borges 9. Portugal | 37.27% | - | - | - | - | - |
| Parque Eólico Bandelera, S.L. | Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 75.08% | 50,709 | 49,866 | 843 | - | - |
| Parque Eólico Región de Murcia, S.A. | Central, 12. 30007 Murcia. Spain | 20.00% | 101 | - | 101 | - | (4) |
| Parque Eólico Rodera Alta, S.L. | C/ Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 75.08% | 47,775 | 46,812 | 963 | | |
| Planta de Reserva Fría Eten, S.A. | Avda. Argentina 2415. Lima. Peru. | 50.00% | - | - | - | - | - |
| Portwind sp z. o. o. | Warszawa, UL. Aleje, Jerozolimskie, 56 C 00-803. Poland. | 37.50% | - | - | | - | - |
| Red Eléctrica del Sur, S.A. | Juan de la Fuente, 453 miraflores Lima. Peru | 23.75% | 41,260 | 31,729 | 9,531 | 7,922 | 3,040 |
| Serrezuela Solar II, S.L. | C/ Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 50.00% | 48,456 | 48,739 | (283) | - | - |
| Sistema Eléctrico de Conexión Hueneja, S.L. | C/ Loja nº 8 - Local 26. Albolote. Granada. Spain | 24.35% | 26,510 | 28,037 | (1,527) | - | (1,169) |
| Sistema Eléctrico de Conexión Valcaire, S.L. | C/ Loja nº 8 Local 26. Albolote. Granada. Spain | 29.79% | - | - | - | - | - |
| Sociedad Aragonesa de Estaciones Depuradoras, S.A. | Doctor Aznar Molina, 15-17. 50002 Zaragoza. Spain | 40.00% | 23,370 | 19,293 | 4,077 | 2,317 | (524) |
| Sociedad de Aguas Residuales Pirineos, S.A. | Doctor Aznar molina, 15-17. 50002 Zaragoza. Spain. | 37.50% | 5,364 | 39 | 5,325 | - | (15) |
| Sociedad de Generación Eólica Manchega, S.L. | C/ Cardenal Marcelo Spínola 10. Madrid 28016. Spain. | 75.08% | 24,659 | 22,417 | 2,242 | | |
| Somozas Energías Renovables, S.A. | Lg Iglesia,1. 15565 La Coruña. Spain | 25.00% | 8,607 | 7,667 | 940 | 2,583 | 431 |
| Tonopah Solar Investments, LLC. | 7380 West Sahara, Suite 160. Las Vegas NV 89117. United States of America | 50.00% | - | - | - | - | - |
| Torre de Miguel Solar, S.L. | C/ Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain | 50.00% | 64,094 | 64,185 | (91) | - | - |

* Non-controlling interests not included.

| Company | Address | % Effective Ownership | Data on the investee (100%) | | | | |
|---|---|---|---|---|---|---|---|
| | | | Assets | Liabilities | Equity* | Revenue | Profit for the year |
| **ENVIRONMENT** | | | | | | | |
| Aguas del Gran Buenos Aires, S.A. | C/ 48 Nº 877, piso 4 oficina 408. La Plata Provincia de Buenos Aires. Argentina | 26.34% | 2,652 | 3,298 | (646) | - | (93) |
| Betearte, S.A. | C/ Colón de Larrategui, 26. Bilbao. Spain | 33.33% | 18,423 | 16,164 | 2,259 | 2,591 | 1,503 |
| CITIC Construction Investment Co., Ltd. | Xidaqiao Lu, 69 Distrito Miyun - Beijing - China | 50.00% | 5,487 | 443 | 5,044 | - | (400) |
| Demarco, S.A. | Alcalde Guzmán,18. Quilicura. Chile | 50.00% | 23,482 | 20,463 | 3,019 | 18,096 | (254) |
| Desarrollo y Gestión De Residuos, S.A. (Degersa) | Avda. Barón de Carcer, 37. Valencia. Spain | 40.00% | 22 | (0) | 22 | - | - |
| Desorción Térmica, S.A. | C/ Velázquez, 105-5ª Plta. 28006 Madrid. Spain | 45.00% | 2,810 | 300 | 2,510 | 15 | (810) |
| Ecoparc del Mediterrani, S.A. | Avda. Eduard Maristany, s/n. 08930 Sant Adrìa de Besós. Barcelona. Spain | 32.00% | 19,631 | 9,581 | 10,050 | 12,389 | 4,116 |
| Electrorecycling, S.A. | Ctra. BV 1224, Km. 6,750 El Pont de Villomara i Rocafort - Barcelona - Spain | 33.33% | 6,496 | 1,533 | 4,963 | 6,435 | 1,235 |
| Empresa Mixta de Limpieza, S.A. | Av. Logroño II, 10. 24001 León. Spain | 49.00% | 5,366 | 2,951 | 2,415 | 5,964 | 382 |
| Empresa Municipal de Aguas del Ferrol, S.A. | C/ Praza da Ilustracion, 5-6 Baixo. Ferrol. La Coruña. Spain | 49.00% | 14,864 | 9,722 | 5,142 | 5,534 | (282) |
| Energías y Tierras Fértiles, S.A. | Pascual y Genís, 19. 46002 Valencia. Spain | 33.36% | 63 | - | 63 | - | - |
| Entaban Biocombustibles del Pirineo, S.A. | Paseo Independencia, 28. Zaragoza. Spain | 37.50% | 9,837 | 15,325 | (5,488) | - | (1,724) |
| Esteritex, S.A. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 50.00% | 3,532 | 3,189 | 343 | 1,193 | (62) |
| Gestión Medioambiental de L'Anoia, S.L. | C/ Viriato, 47. 08000 Barcelona. Spain | 50.00% | 333 | 435 | (102) | - | 0 |
| Huesca Oriental Depura, S.A. | Ctra. de Madrid, km. 315,800 Edif. Expo Zaragoza, 3 Ofic. 14 - 50012 Zaragoza. Spain | 60.00% | 5,934 | 1,612 | 4,322 | - | - |
| Indira Container Terminal Private Limited | Indira Dock, Green Gate, Mumbai PortMumbai 400038. India | 50.00% | 50,125 | 39,528 | 10,597 | 860 | (1,459) |
| International City Cleaning Company | Bordi Masser Lel-Siaha, Maydan. Al-Abbasia Aawan. Egypt | 30.00% | - | - | - | - | - |
| KDM, S.A. | Alcalde Guzmán,18. Quilicura. Chile | 50.00% | 122,152 | 72,755 | 49,397 | 50,418 | 6,043 |
| Mac Insular, S.L. | Calle Julián Álvarez, nº 12-A-1º. Palma de Mallorca. Spain | 8.00% | 56,759 | 47,428 | 9,331 | 14,871 | (3,163) |
| Marpolgal, S.L. | C/ Canovas del Castillo, 10, 1º, oficina 8. Vigo. Spain. | 50.00% | 3 | - | 3 | - | - |
| Pilagest, S.L. | Ctra. BV 1224, Km. 6,750 El Pont de Villomara i Rocafort - Barcelona-Spain | 50.00% | 2,236 | (0) | 2,236 | 49 | 1,013 |
| Salmedina Tratamiento de Residuos Inertes, S.L. | Cañada Real de las Merinas, s/n. Cº de los Aceiteros, 101. Madrid. Spain | 41.98% | 12,463 | 8,462 | 4,000 | 7,157 | 242 |
| Servicios Urbanos e Medio Ambiente, S.A. | Avda. Julio Dinis, 2. Lisboa. Portugal | 38.50% | 273,839 | 206,994 | 66,844 | 110,488 | 8.425 |
| Starco, S.A. | Alcalde Guzmán,18. Quilicura. Chile | 50.00% | 15,596 | 15,572 | 24 | 14,426 | 165 |
| Técnicas Medioambientales del Golfo, S.A. de C.V. | Mier y Teran No. 260 4to piso en Cd Victoria Tamaulipas. Mexico | 50.00% | 7,240 | 3,716 | 3,524 | 1,961 | 339 |
| Tirme, S.A. | Ctra. de Soller, Km 8,2. 07120 Son Reus. Palma de Mallorca. Spain | 20.00% | 585,975 | 536,925 | 49,050 | 90,288 | 7,651 |
| Tractaments Ecologics, S.A. | Pl. La Valldan C/ Serra Farriols, 137 Berga - Barcelona - Spain | 50.00% | 2,953 | 1,742 | 1,211 | 3,028 | 480 |
| Tratamiento Industrial de Residuos Sólidos, S.A. | Rambla Cataluña, 91. 08008 Barcelona. Spain | 33.33% | 9,014 | 2,800 | 6,214 | 9,272 | 759 |
| Valdemingomez 2000, S.A. | Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain | 33.59% | 10,352 | 6,649 | 3,703 | 5,898 | 115 |
| Waste Syclo, S.A. | Katehaki 75 & kifisias Avenue, 115-25. Athens. Greece. | 51.00% | 62 | 2 | 60 | - | (40) |
| Zoreda Internacional, S.A. | C/ Rodriguez San Pedro, 5. Gijón. Asturias. Spain | 40.00% | 50 | - | 50 | - | (0) |

* Non-controlling interests not included.

# Appendix IV. Changes in the scope of consolidation

| The main companies included in the scope of consolidation are as follows: | |
|---|---|
| Línea Nou Manteniment, S.L. | Actividades y Servicios, S.A. |
| Parking Nou Hospital del Camp, S.L. | Minuano Montangens e Servicios, Ltda. |
| Centre D'Integracio Social Balear Ceo, S.L. | Armando Cunha, ACE |
| Waste Syclo, S.A. | AR Sieniawa Sp z. o. o. |
| Cymimasa Serviços Industriais, Ltda. | Enervouga - Energias do Vouga, Lda. |
| Zenit Air Traffic Control, S.A. | Hydrotua - Hidroelectricas do Tua, Lda. |
| Hidráulica Río Piedra, S.A. | Portwind Sp z. o. o. |
| Cotefy, S.A. de C.V. | NGS - New Generation Supplier, Unipessoal Lda. |
| Sete Lagoas Transmissora de Energia, Ltda. | Marpolgal, S.L. |
| Atlántica I Parque Eólico, S.A. | AXIL 3 Ingenieros, S.L.U. |
| Atlántica II Parque Eólico, S.A. | Urbaser, S.r.l. |
| Atlántica IV Parque Eólico, S.A. | Parque Eólico Tres Hermanas, S.A.C |
| Remodelación el Sauz, S.A. de C.V. | Energías Renovables Andorranas, S.L. |
| Cobra Thermosolar Plants, Inc. | Etracontrol, S.L. |
| ImesAPI Maroc | Initec do Brasil Engenharia e Construçoes, Ltda. |
| Carreteras Pirenaicas, S.A. | Sice NZ, Limited |
| Vias U.S.A., Inc. | Semi Germany, S.A. |
| Parking Palau de Fires, S.L. | Sedmiruma, S.R.L. |
| Imesapi, Llc. | Semi República Dominicana, S.R.L. |
| Corporate Statement, S.L. | Trigeneración Extremeña, S.L. |
| Sice Tecnología en Minería, S.A. | Central Solar Termoeléctrica Cáceres, S.A.U. |
| Sti Telecom, Spa | Planta de Reserva Fría Eten, S.A. |
| Constructora Dragados Comsa, S.A. | Control y Montajes Industriales Cymi Chile, Ltda. |
| Serrezuela Solar II, S.L. | Mantenimiento y Montajes Industriales, Masa Chile, Ltda. |
| Extresol-4, S.L. | Moyano Maroc, SRALU |
| Midasco, Llc. | Vias Canada, Inc. |
| Autovía de la Sierra de Arana, S.A. | Electren U.S.A., Inc. |
| Maintenance et Montages Industriels, S.A.S | MASE Internacional, CRL |
| Semicosta Inc. Sociedad Anónima | Initec Energía Ireland, Ltd. |
| SEMI Bulgaria, S.L.U. | Tecneira Acarau Geraçao e Comercialiçao de Energia Eletrica, S.A. |
| SEMI Panamá, S.A. | Pilatequia, S.L. |
| Operadora Can Misses, S.L. | Cobra Energy Investment, LLC. |
| North Africa Infraestructures, S.L. | Tonopah Solar Investments, LLC. |
| Evacuación Valdecaballeros, S.L. | Tonopah Solar Energy Holdings I, LLC. |
| Geocisa UK, Ltd. | Tonopah Solar Energy Holdings II, LLC. |
| Systelec Quebec, Inc. | Tonopah Solar Energy, LLC |
| Systelec, S.E.C | Cobra Great Island, Limited |
| Tulifox, S.A. | Equity Share, S.L. |

| The main companies no longer included in the scope of consolidation are as follows: | |
|---|---|
| Urbaser Santo Domingo, S.A. | Energías Ambientales, S.A. |
| Nordeste Transmisora de Energia, Ltda. | Energías Ambientales de Novo, S.A. |
| STE - Sul Transmissora de Energia, Ltda. | Societat Eólica de l' Enderrocada, S.A. |
| Interligaçao Elétrica de Minas Gerais, S.A. | Energías Ambientales de Vimianzo, S.A. |
| Iquique Terminal Internacional, S.A. | Explotaciones Eólicas Sierra de Utrera, S.L. |
| Pt Operational Services Pty, Ltd. | Vila do Conde, Ltda. |
| Recurba Medio Ambiente, S.A. | Cachoeira Paulista Transmisora de Energía, S.A. |
| Cabeço das Pedras | Gpme, S.A. |
| Benq | Yetech |
| Tecneira Moçambique SA-Tecnologias Energéticas, S.A. | ABL CME Advanced Communications |
| Vectra, S.A. | Vortal, S.A. |
| Albares Renovables, S.L. | Cme Business |
| Remolcadores de Barcelona, S.A. | Sociedad Concesionaria Túnel San Cristóbal, S.A. |
| Servicio Puerto Rada y Antipolución, S.A. | Taurus Holdings Chile, S.A. |
| Hércules International Towage Services, S.A. | Sociedad Concesionaria Vespucio Norte Express, S.A. |
| Urbalia Panama, S.A. | Senderol, S.A. |
| Aseo Urbano, S.A. E.S.P. | Reciclados del Mediterraneo, S.L. |
| Urbaser S.A. E.S.P. | Eco Actrins, S.L.U. |
| Consenur, S.A. | DPI Terminals Dominicana, Ltda. |
| Claerh, S.A. | Eolicaman, S.A. |
| Ecología y Técnicas Sanitarias, S.L. | Loma del Capón, S.L. |
| Sanypick Plastic, S.A. | Colonial Leasing Corporation |
| Sermed, S.A. | Agrupación Offshore 60, S.A. de C.V. |
| Artemis Transmissora de Energia, Ltda. | Serra do Moncoso Cambas, S.L. |
| Uirapuru Transmissora de Energia, Ltda. | Ecoven Parc Eólic, S.A. |
| Energías Ambientales de Somozas, S.A. | Energías Ambientales de Outes, S.A. |

| Companies considered as Discontinued operations:<br>Group Clece | |
|---|---|
| Clece, S.A. | GPL Limpiezas, S.L. |
| Limpiezas Lafuente, S.L. | Soluciones para el medioambiente, S.L. |
| Lireba Serveis Integrats, S.L. | Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Valencia, S.L. |
| Talher, S.A. | Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Andalucia, S.L. |
| Zenit Servicios Integrales, S.A. | Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L. |
| Multiservicios Aeroportuarios, S.A. | Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L. |
| Publimedia Sistemas Publicitarios, S.L. | Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L. |
| Trenmedia, S.A. | Sociedad Peninsular de Limpiezas Mecanizadas, Lda. |
| Limpieza Guía, Ltd. | Clece, Inc. |
| Mapide,S.A. | Montaje de Aparatos Elevadores y Mantenimiento, S.L. |
| Net Brill, S.L. | Centre D'Integracio Social Balear Ceo, S.L. |
| Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L. | Zenit Air Traffic Control, S.A. |
| Limpiezas Deyse, S.L. | |

# Auditors' Report on Consolidated Financial Statements

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

Consolidated Financial Statements for the year ended 31 December 2011 and Directors' Report, together with Independent Auditors' Report.

Deloitte.

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

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries, which comprise the consolidated statement of financial position at 31 December 2011 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2.1 to the accompanying consolidated financial statements, the Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying consolidated financial statements for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries at 31 December 2011, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

3. The accompanying consolidated directors' report for 2011 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2011. 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

Javier Parada Pardo
22 March 2012

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

# Historical performance

## Consolidated income statement evolution

| Million of euros | 2006 | 2007 | 2008 | 2009(1) | 2010(2) | 2011 | TACC(3) 11/06 |
|---|---|---|---|---|---|---|---|
| **Revenues** | **13,868.7** | **15,344.9** | **15,275.6** | **15,387.4** | **14,328.5** | **28,471.9** | **15.5%** |
| *Dragados* | *6,750.3* | *7,352.9* | *6,625.4* | *6,077.7* | *5,593.1* | *4,800.4* | *-6.6%* |
| *Concessions* | *26.1* | *35.8* | *66.1* | *73.5* | *110.2* | *119.3* | *35.5%* |
| *Hochtief* | *-* | *-* | *-* | *-* | *-* | *14,881.8* | *n.a.* |
| Construction | 6,776.4 | 7,388.7 | 6,691.5 | 6,151.2 | 5,703.3 | 19,801.5 | 23.9% |
| Environment | 2,458.6 | 2,834.9 | 2,413.8 | 2,469.8 | 1,510.7 | 1,685.7 | -7.3% |
| Industrial Services | 4,747.7 | 5,488.7 | 6,476.7 | 6,849.6 | 7,157.8 | 7,045.0 | 8.2% |
| Holding / Adjustments | (114.0) | (368.4) | (306.4) | (83.2) | (43.3) | (60.4) | -11.9% |
| **EBITDA** | **1,218.9** | **1,379.8** | **1,382.5** | **1,429.3** | **1,431.7** | **2,317.7** | **13.7%** |
| *Dragados* | *504.0* | *548.9* | *494.3* | *456.4* | *393.0* | *374.7* | *-5.8%* |
| *Concessions* | *6.9* | *381.5* | *23.2* | *18.0* | *33.8* | *46.3* | *46.3%* |
| *Hochtief* | *-* | *-* | *-* | *-* | *-* | *788,7* | *n.a.* |
| Construction | 510.9 | 930.3 | 517.5 | 474.5 | 426.8 | 1,209.7 | 18.8% |
| Environment | 324.7 | 381.5 | 314.8 | 304.1 | 237.3 | 253.3 | -4.8% |
| Industrial Services | 419.6 | 488.4 | 591.2 | 686.9 | 821.4 | 907.3 | 16.7% |
| Holding / Adjustments | (36.3) | (39.4) | (41.0) | (36.2) | (53.9) | (52.6) | 7.7% |
| **EBIT** | **942.5** | **1,056.7** | **1,042.7** | **1,073.9** | **1,020.5** | **1,374.2** | **7.8%** |
| *Dragados* | *422.7* | *460.3* | *410.9* | *378.6* | *297.2* | *282.5* | *-7.7%* |
| *Concessions* | *(2.7)* | *(5.2)* | *7.8* | *5.9* | *20.8* | *30.5* | *n.a.* |
| *Hochtief* | *-* | *-* | *-* | *-* | *-* | *188.0* | *n.a.* |
| Construction | 420.0 | 455.1 | 418.7 | 384.4 | 318.0 | 501.0 | 3.6% |
| Environment | 195.5 | 232.8 | 195.3 | 180.3 | 128.5 | 112.0 | -10.5% |
| Industrial Services | 364.7 | 412.5 | 471.9 | 547.8 | 618.7 | 795.4 | 16.9% |
| Holding / Adjustments | (37.7) | (43.7) | (43.2) | (38.5) | (44.8) | (34.3) | -1.8% |
| **Net Profit** | **1,250.1** | **1,551.1** | **1,805.0** | **1,946.2** | **1,312.6** | **961.9** | **-5.1%** |
| *Dragados* | *282.1* | *310.3* | *275.0* | *241.4* | *220.4* | *180.4* | *-8.6%* |
| *Concessions* | *(17.3)* | *3.7* | *20.2* | *(21.9)* | *(21.9)* | *117.2* | *n.a.* |
| *Hochtief* | *-* | *-* | *-* | *-* | *(11.0)* | *72.7* | *n.a.* |
| Construction | 264.8 | 314.0 | 295.3 | 219.5 | 187.5 | 370.3 | 6.9% |
| Environment | 109.1 | 131.7 | 144.6 | 146.2 | 152.3 | 128.2 | 3.3% |
| Industrial Services | 222.6 | 264.9 | 316.7 | 346.7 | 399.5 | 491.6 | 17.2% |
| Listed Associates | 81.1 | 57.7 | 17.4 | 117.2 | 144.2 | 35.6 | -15.2% |
| Holding / Adjustments | 402.4 | 782.4 | 1,031.1 | 1,116.6 | 429.1 | (63.7) | n.a. |

(1) 2009 are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria that it has been used in 2010.

(2) 2010 data proforma, Clece has been reclassified as"Discontinued Operation", using the same criteria that it has been used in 2011 and Hochtief results has been included in Construction area.

(3) CAGR: Compound Annual Growth Rate.

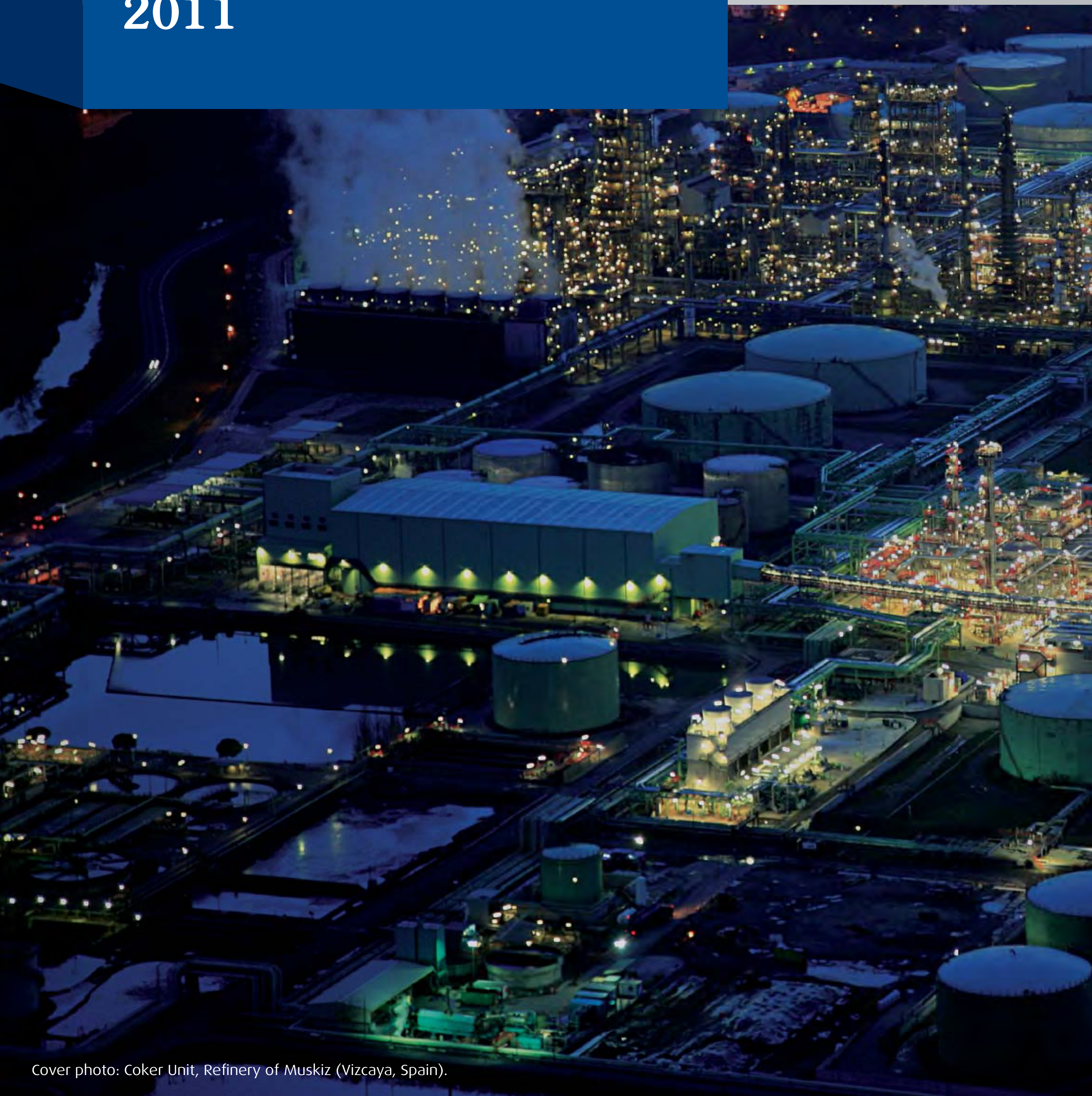
## Consolidated balance sheet as of December, 31

| Million of euros | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| **Fixed and other noncurrent assets** | **14,018.1** | **32,265.7** | **37,837.5** | **17,505.7** | **19,422.3** | **25,630.3** |
| Property, plant and equipment | 2,917.2 | 18,294.2 | 5,207.6 | 4,435.9 | 1,469.1 | 3,550.4 |
| Intangible assets | 397.6 | 1,670.4 | 503.2 | 1,272.5 | 1,545.2 | 2,856.2 |
| Non-current financial assets | 10,227.5 | 10,299.7 | 7,081.7 | 9,888.8 | 11,007.4 | 9,053.3 |
| Other non-current assets(1) | 475.8 | 2,001.4 | 25,045.0 | 1,908.5 | 5,400.7 | 10,170.4 |
| **Goodwill** | **1,086.6** | **2,950.4** | **1,132.6** | **1,108.4** | **1,149.4** | **2,496.4** |
| **Working capital** | **(2,496.7)** | **(3,441.0)** | **(2,294.9)** | **(2,799.3)** | **(3,386.3)** | **(3,733.7)** |
| **Total Assets** | **12,608.0** | **31,775.0** | **36,675.1** | **15,814.8** | **17,185.4** | **24,393.0** |
| **Equity** | **3,256.4** | **10,441.0** | **9,913.0** | **4,507.9** | **4,442.4** | **6,191.3** |
| Equity attributable to the parent | 3,115.7 | 4,653.8 | 3,402.4 | 4,219.6 | 4,178.5 | 3,319.1 |
| Non-controlling interests | 140.7 | 5,787.3 | 6,510.6 | 288.3 | 263.8 | 2,872.2 |
| **Other non-current liabilities(2)** | **605.3** | **4,759.5** | **17,406.3** | **2,217.6** | **4,739.9** | **8,867.6** |
| **Non-current liabilities** | **10,120.9** | **16,804.5** | **9,576.3** | **11,636.8** | **9,621.2** | **9,604.3** |
| Non-recourse project financing | 6,797.6 | 9,278.3 | 6,245.2 | 8,591.9 | 4,860.1 | 5,888.1 |
| Non-current bank borrowings | 3,323.3 | 7,526.2 | 3,331.0 | 3,044.9 | 4,761.1 | 3,716.2 |
| **Current payables/ Current liabilities** | **(1,374.6)** | **(230.0)** | **(220.5)** | **(2,547.5)** | **(1,618.1)** | **(270.1)** |
| Non-recourse project financing | 195.4 | 363.2 | 176.8 | 278.0 | 2,186.4 | 77.4 |
| Current bank borrowings | 1,237.7 | 3,479.3 | 3,968.8 | 2,103.6 | 2,150.3 | 6,813.8 |
| Other current financial assets | (1,880.9) | (1,420.9) | (2,185.1) | (2,757.9) | (3,502.2) | (3,006.2) |
| Cash and cash equivalents | (926.6) | (2,651.6) | (2,181.0) | (2,171.3) | (2,452.6) | (4,155.2) |
| **Total Equity and Liabilities** | **12,608.0** | **31,775.0** | **36,675.1** | **15,814.8** | **17,185.4** | **24,393.0** |

(1) In 2008, there is included “Non-current assets held for sale” accounted for 24,351 million of euros derived from the sale of Union’s Fenosa stake. In 2009 there is included 1,177 million of euros related to SPL. In 2010 there is included 4,010.7 million of euros related to renewable energy assets, 152.6 million of euros related to Murcia desalinisation plants, 181.2 million of euros related to Brazilian transmission lines and 231.6 million of euros related to SPL assets. In 2011 there is included 3,563.2 million of euros related to renewable energy assets, 371.3 million euros related to desalinisation plants, 852.7 million of euros related to Brazilian transmission lines, 127 million of euros related to SPL assets, 443.6 million of euros related to Clece assets, 1,118.9 million of euros related to Iridium concessional assets, 1,455.8 million of euros related to Hochtief airport assets and 154.5 million of euros related to other assets held for sale.

(2) In 2008, there is included “Non-current liabilities held for sale” accounted for 15,931 million of euros derived from the sale of Union’s Fenosa stake. In 2009 there is included 845 million of euros related to SPL.In 2010 there is included 3,294.7 million of euros related to renewable energy assets, 147 million of euros related to Murcia desalinisation plan, 83.4 million of euros related to Brazilian transmission lines and 65 million of euros related to SPL assets. In 2011 there is included 3.036,7 million of euros related to renewable energy assets, 274,6 million euros related to desalinisation plants, 343.9 million of euros related to Brazilian transmission lines, 50.6 million of euros related to SPL assets, 326 million of euros related to Clece assets, 928.7 million of euros related to Iridium concessional assets, 19.3 million of euros related to Hochtief airport assets and 15.4 million of euros related to other assets held for sale.

# Corporate Responsibility Report of ACS Group 2011



Cover photo: Coker Unit, Refinery of Muskiz (Vizcaya, Spain).

# Corporate Responsibility Report of ACS

*"The ACS Group is an organisation which promotes the autonomy, responsibility and initiative of the companies which make it up, with the aim of generating maximum profitability and promoting excellence."*

Florentino Pérez
Chairman of the ACS Group

# 1. Letter from the Chairman

## Dear Shareholder

We present, as every year, the ACS Group's Annual Corporate Responsibility Report, a reference document summarising best practices as regards sustainability in the ACS Group and all the companies which make it up.

This year we incorporate Hochtief´s policies, initiatives and data in this document, after its integration into the ACS Group in 2011. The German company contributes enormous and extended experience in sustainable development, positioning it as one of the leaders in this aspect in Europe and worldwide

The ACS Group is an organisation which promotes the autonomy, responsibility and initiative of the companies which make it up, with the aim of generating maximum profitability and promoting excellence. Decentralisation is key to understanding ACS's corporate culture, and this is also true in the field of sustainability. One of the most important conclusions is that, in this decentralised setting, ACS's different companies successfully and autonomously develop sustainable policies which are very similar to each other as they share a single strategic line which is directed and coordinated by the Group.


The year 2011 has been difficult from an economic and financial point of view, but the ACS Group achieved good results, as it did in the Corporate Social Responsibility area too. Among all the initiatives we advanced and the milestones we achieved, I would like to highlight three main ones.

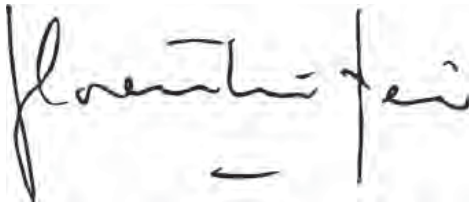
Firstly, in 2011 we improved our Occupational Health and Safety policies, recording a reduction in our accident rate indices, which evolved positively. In 2011, the ACS Group's various companies invested nearly €27 million in developing risk prevention and occupational health and safety policies, with the objective of promoting an effective risk prevention culture in all our areas of activity. This is, undoubtedly, a trend which will be continued in 2012.

Also this year, we continued to increase the indices of satisfaction of our clients. We surpassed 2010 and already receive 91% of assessments as satisfactory or very satisfactory in the surveys we carry out among our clients. Our target for 2012, as a minimum, is to maintain this percentage.

Finally, in 2011 we expanded our Code of Conduct and made it universal, to adapt it to our more international and multicultural reality. We also developed an Ethical Channel tool, with the aim of this being available to all the ACS Group's employees. During 2012, we will continue with this policy to make our ethical and professional culture extend to all our employees and the majority of our suppliers and subcontractors.

Last year we stated that the ACS Group was immersed in profound organisational and operational changes, converting us into one of the world's most important infrastructure development companies, by sales, number of employees and international scope. We take on this responsibility with the conviction that our sustainability policies are correct, beneficial for our company, our shareholders, employees and clients, and that these are reflected in the infrastructures we develop, which are used by millions of people around the world.

In 2012 we want to continue to be leaders in Corporate Social Responsibility, promoting the development of business initiatives in our companies to have positive influences on our environment and on our main Stakeholders, with the aim of continuing to generate wealth, acting as a sustainable economic engine committed to society.



Florentino Pérez
Chairman of the ACS Group

# 2. The ACS Group

## 2.1 Company Profile

### 2.1.1 Corporate Strategy

The ACS Group[1] is a worldwide reference in the infrastructure development industry, participating in sectors which are fundamental to the economy. It defines itself as a company committed to economic and social progress in the countries where it is present.

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

*To pursue global leadership, optimising the profitability of the resources employed and promoting sustainable development.*

[1] The parent company of which is ACS, Actividades de Construcción y Servicios S.A., with registered offices in Madrid, Spain.

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

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

*1. Respect for the social, economic and environmental setting.*

*2. Promotion of innovation and research in its application to infrastructure development.*

*3. Creation of employment and wellbeing, as an economic motor for its stakeholders.*

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


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

# 2. The ACS Group

## 2.1.2 Description of the ACS Group's Activities

The ACS Group is a worldwide leader in the infrastructure development industry. The company operates in over 54 countries and employs a total of 162,262 employees. Of these, 55,314 work in Spain and the other 106,948 abroad. The five countries with the highest levels of activity are Spain, Australia, the United States, Germany and Mexico.

In 2011, the year to which this report refers, ACS had turnover of €28,472 million, a sales figure which makes the company one of the largest listed companies in the world[2] by revenue in the construction and infrastructure sector. It recorded a net profit of €962 million, recurring net profit of €951 million and ended the year with an order book of €66,152 million, equivalent to 22 months of activity. At 31 December 2011, the ACS Group accounted for a net worth of €6,191 million and a net balance sheet debt of €9,334 million.

In the construction area, ACS mainly carries out projects in the civil works, residential and non-residential building, development and management of infrastructure concessions and mining operations areas. The ACS Group's construction activity is based on the provision of services to third parties, both private and public clients, in countries where ACS has a consolidated local presence or where it carries out infrastructure concession projects. The Construction area had turnover of €19,802 million in 2011 and employed 90,819 people, 56 % of the total workforce.

In turn, the Industrial Services area provides maintenance and support services to industrial clients, electricity, oil, gas and telecommunications companies. In addition, it carries out turnkey energy and industrial projects for its clients worldwide. This area had turnover of €7,045 million in 2011 and employed 41,462 people, 25.6% of the total employees.

The Environment area focuses its activity on the carrying out of solid urban waste collection, cleaning and gardening services, as well as the management of large infrastructures for waste treatment and recycling, incinerating and biomethanisation plants and also dumps. Additionally, it offers facility management services for buildings and infrastructures. Net sales totalled €1,686 million in 2011. A total of 29,924 employees participated in its activities, 18.4% of the Group total.

Lastly, the ACS Group invests in listed companies which carry out their activity in industrial fields related to the ACS Group's areas. It currently holds stakes in Abertis and Iberdrola, where ACS holds 10.3% and 18.55%[3] of the share capital respectively, with the objective of contributing its experience and industrial nature as a reference shareholder.

[2] According to ENR in its publication Top Global Contractors 2011 in August: *http://enr.construction.com/toplists/GlobalContractors/001-100.asp*

[3] At the date of publication of this report.

*ACS is one of the largest listed companies in the world.*

# 2.2 The ACS Group and Corporate Social Responsibility

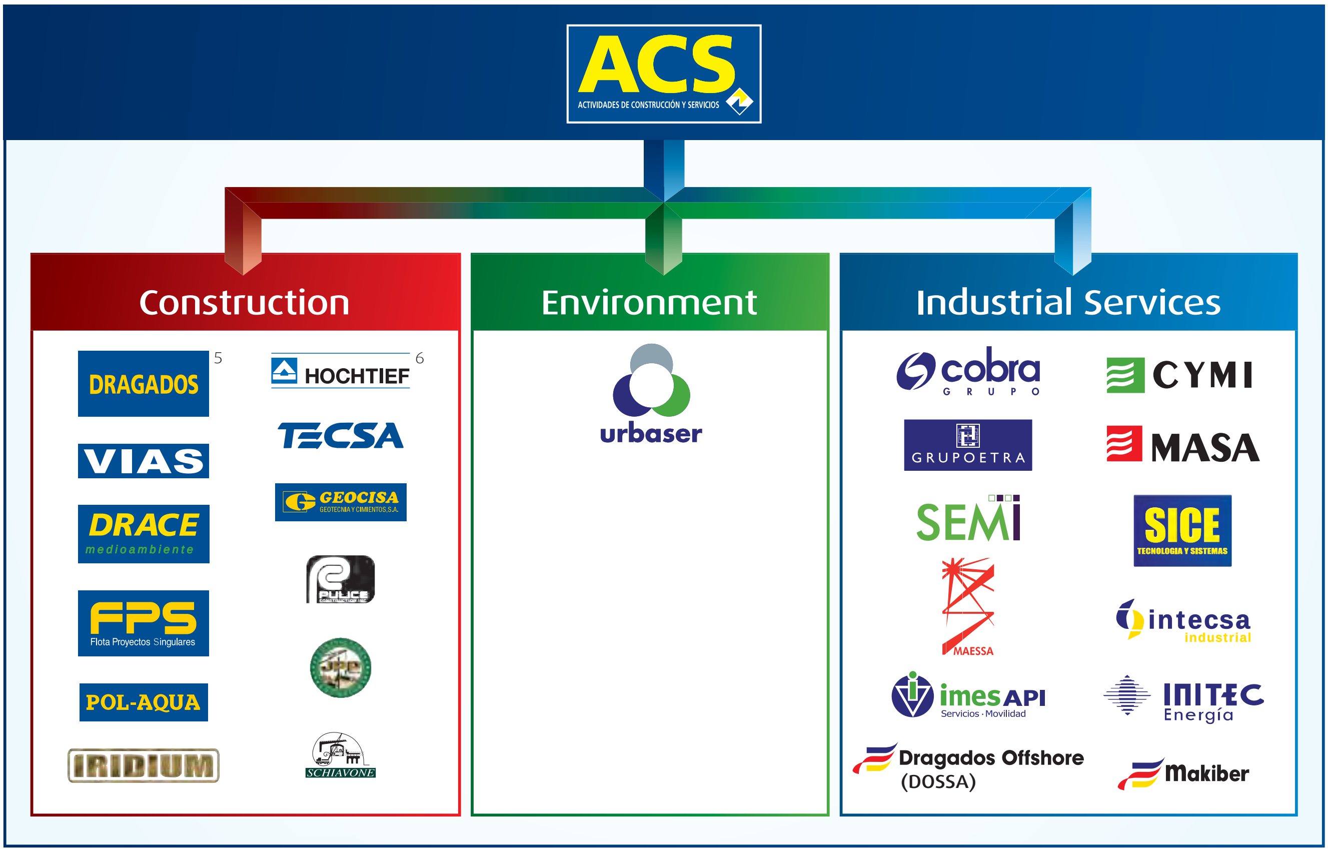
The ACS has a decentralised structure[4] based around its three areas:

**Construction**,

**Environment** and

**Industrial Services**,

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




[4] It is important to highlight two changes which occurred during 2011, which significantly affected the ACS Group's structure:
- On the one hand there was the deconsolidation of Clece, ACS's Integral Maintenance Company, which had turnover of €1,175 million in 2010, with 49,503 employees.
- Hochtief, the German construction company acquired by ACS in 2011, was consolidated, contributing turnover of €14,882 million and 75,449 employees.

The effect of this change makes comparison between the years 2009-2010 and 2011 difficult due to Hochtief's weight in terms of sales, which were much higher than those of Clece, and the change in the number of employees. Furthermore, Clece was included in the Environment section and Hochtief is now a company in the Construction area.

[5] Dragados, Dragados USA & Canada and Dragados Poland.

[6] Hochtief Americas, Hochtief Europe and Leighton.

# 2. The ACS Group

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

- **Profitability.**
- **Decentralisation.**
- **Reduced bureaucracy.**
- **Entrepreneurship.**
- **Competitiveness.**
- **Flexibility and ability to adapt.**
- **Diversity.**
- **Subcontracting of activities.**

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

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

To tackle the immense challenge presented by the coordination of the ACS Group's sustainability, the company's Corporate Responsibility area carries out thorough data collection, with contributions from over one hundred functional directors from key areas for sustainability: Environment, Human Resources, Quality, R&D+i, Clients, Suppliers and Health and Safety.

From the analysis of the information a series of strategies and good practices become clear, resulting from the Group's strategic vision and in line with the aforementioned company's values.

This process is supported by independent external consultants who incorporate improvements periodically, both at the functional and procedural levels. Furthermore, the ACS Group's Corporate Responsibility Report is prepared according to the GRI's A+ standard and is verified annually. The ACS Group was selected in the Dow Jones Sustainability Index World in 2011.

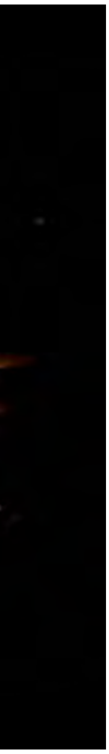
# 2.3 ACS Group Governance

## 2.3.1 Ownership Structure

ACS, Actividades de Construcción y Servicios, S.A., (ACS), the ACS Group's parent company, is a Spanish quoted limited company, the share capital of which totalled €157,332,297 at 31 December 2011, represented by 314,664,594 shares, with a face value of €0.50 per share, fully subscribed and paid up, all of a single class and with the same rights.

ACS's shares are represented by means of book entries and admitted to trading in all Spain's Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). You can access the main data relating to the company's ownership structure in real time through the company's corporate website, www.grupoacs.com, and that of the Spanish Stock Market Commission (C.N.M.V.), www.cnmv.es, as reflected in the following table as at 31 December 2011:

| Shareholder's name or corporate name | Number of shares | Percentage of the total number of shares |
|---|---|---|
| Corporación Financiera Alba, S.A. | 57,599,232 | 18.31% |
| Corporación Financiera Alcor, S.A. | 40,755,395 | 13.86% |
| Inversiones Vesán, S.A. | 39,397,625 | 12.52% |
| Southeastern Asset Mananagement, Inc | 23,527,063 | 7.48% |
| Sayglo Holding, S.L. | 17,741,012 | 5.64% |

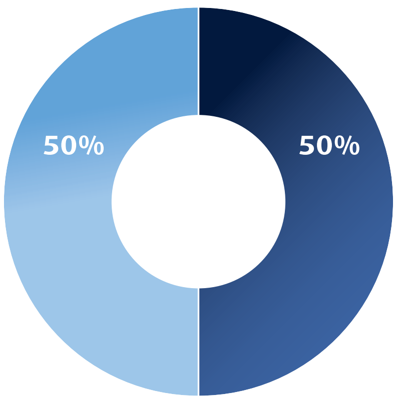


The information obtained from IBERCLEAR, the Spanish Central Securities Depository, for the call to the company's most recent General Shareholders' Meeting, held on 14 April 2011, showed a total of 45,693 shareholders. There were 40,979 resident minority shareholders who held 45.7 million shares between them. There were 4,714 non-resident shareholders and domestic institutional shareholders with a stake of 269.5 million shares.

According to the stated data and bearing in mind those shareholders who, with an over 5% share of the capital, also have representation on the board of directors, the distribution of capital ownership is as follows.

Capital ownership distribution

%




Reference shareolders*
Free float

* Shareholding of over 5% and representation on the board

## 2.3.2 Company Administration

### 2.3.2.1 ACS Governance Structure

It is laid down in the Company Bylaws and the Rules of the Board of Directors that the ACS will be governed by a Board of Directors made up of a minimum of eleven (11) and a maximum of twenty-one members (21). ACS's Board Members are named according to a procedure to assess their competences, knowledge, experience and dedication to proper fulfilment of their task, carried out by the Board of Directors' Appointments and Remuneration Committee.

As ACS's decision-making body, it falls to the Shareholders' Meeting, at the proposal of the Board of Directors, both to set the exact number of members of the Board, within these limits, and to name the people to occupy these posts.

The composition of the Board of Directors is based on a proportional principle, by means of which the interests of all ACS's groups of shareholders are represented on the Board. In this way, at 31 December 2011, ACS's Board of Directors was made up of 17 Board Members: 4 executive members, 8 members representing major shareholders, 4 independent members and 1 external member. There is one woman board member representing major shareholders, Sabina Fluxá Thienemann[7]. The mission of these independent and external board members is to represent the interests of the free-float capital on the Board of Directors. The Chairman of the Board of Directors, Florentino Pérez, is also the CEO of ACS.

### 2.3.2.2 Governance Procedures in ACS

As regards the function of the Board of Directors, this acts jointly and is granted the broadest of powers to represent and govern the company as the body supervising and controlling its activity, but also with the capacity to assume the responsibilities and decision-making powers directly on the management of the businesses.

In particular, the Board of Directors fully reserves the authority to approve the following general policies and strategies:

- The investment and financing policy.
- Definition of the corporate group structure.
- Corporate governance policy.
- Policy for Corporate Responsibility.
- The strategic or business plan, as well as management targets and annual budgets.
- Senior executive management assessment and remuneration policies.
- The risk control and management policy, in addition to the periodic monitoring of internal information and control systems.
- The policy on dividends as well as on treasury stock and its limits.
- Related-party transactions, except in those cases anticipated by the Regulations.

For greater efficiency in its functions, a series of Commissions are constituted within the Board of Directors, the task of which consists of controlling and monitoring those areas of greatest importance for the good governance of the company. The Board of Directors is currently made up of three commissions: the Executive Commission, the Audit Committee and the Appointments and Remuneration Committee.

The Executive Committee is a delegated committee which can exercise all the Board of Directors' powers except those which cannot be delegated or which the Board reserves as its competence.

The Audit Committee has 11 main functions, which are detailed in the ACS Group's Corporate Governance Report (Section B.2.4), outstanding among which are the accounting control functions, supervision of compliance with the ACS Group Code of Conduct and risk management.

[7] Personal information on ACS's board members can be found on the ACS Group's website:
http://www.grupoacs.com/index.php/es/c/gobiernocorporativo_consejodeadministracion.

Finally, the Appointments and Remuneration Committee has eight main functions, which are detailed in the ACS Group's Corporate Governance Report (Section B.2.4), outstanding among which are control of board member senior management remuneration and performance, proposals for their appointments and matters relating to gender diversity on the Board of Directors.

The Board Members' remuneration is defined by a general policy approved by the full Board, heeding the recommendations of the Appointments and Remuneration Committee. The total remuneration of the ACS Group's Board Members in 2011 was €12.49 million, 1.3% of the profit attributed to the parent company. Within the ACS Group's transparency and information policy, the remuneration received by both the members of the Board of Directors and the Senior Executives during the financial year is shown in the Annual Corporate Governance Report (Section B.1.11).

Assessment of the Board of Directors quality and efficiency of performance is a task which falls to the Board itself and cannot be delegated. It is carried out after receiving a report from the Appointments and Remuneration Committee. Furthermore, the General Shareholders' Meeting submits approval of the Board of Directors' management to a vote every year.

Finally, the ACS Group, through the Rules of the ACS Board of Directors, has detailed rules on the mechanisms laid down for detecting, determining and resolving possible conflicts of interest between the company and/or its group and its board members, managers or significant shareholders, as detailed in point C.6 of the ACS Group's Corporate Governance Report.

### 2.3.2.3 Shareholders Rights and the General Shareholders' Meeting

The operation of the Shareholders' Meeting and the rights of the shareholders are regulated in ACS's Company Bylaws and in the Rules of the Shareholders' Meeting. According to Article 1 of the latter, the Shareholders' Meeting is the supreme body for the expression of the will of the company and its decision making.

As such, according to these Rules, the Group's shareholders represented in the General Shareholders' Meeting will decide all matters within the Meeting's powers by majority. This meeting will be made up of those holders of at least one hundred shares present or represented, such that holders of less than one hundred shares can group together to reach this number.

In addition, shareholders' attendance and voting rights are laid down in these Rules, by means of which egalitarian treatment is guaranteed for all, and a series of measures aimed at encouraging shareholders' participation in the General Meeting are included. As such, not only is delegation or representation of votes permitted during the Meeting, but the possibility of shareholders casting their vote remotely is also expressly established. Furthermore, since the Ordinary General Shareholders' Meeting of 19 May 2005, the necessary procedures have been articulated for exercising the right to vote in advance remotely. The measures adopted by the Group to encourage attendance of the Meeting are positively reflected in their attendance percentages.

| Attendance at Shareholders' Meetings | 2009 Ordinary | 2010 Ordinary | 2010 Extraordinary | 2011 Ordinary |
|---|---|---|---|---|
| Shareholders Present | 208 | 213 | 115 | 179 |
| Quorum Shareholders Present | 7.66% | 19.44% | 19.93% | 20.55% |
| Shareholders Represented | 2,763 | 2,776 | 2,183 | 2,792 |
| Quorum Shareholders Represented | 70.88% | 58.22% | 57.11% | 54.41% |
| Quorum Total | 78.54% | 77.66% | 77.04% | 74.96% |

# 2. The ACS Group

Likewise, the shareholders' and investors' right to information is detailed in several parts of the Rules of the Shareholders' Meeting. Indeed, all the necessary information is made available to the shareholders prior to holding each Meeting, in that, in addition to the standard information provided by the company in the annual, half-yearly or quarterly reports, the Group maintains a website with all the fundamental data on it. Periodic meetings are also held with analysts for this information to reach both shareholders and the general market in the fairest, most symmetrical and efficient way possible.

The ACS Group not only sets up permanent communications channels with its shareholders and investors, but also ensures that all the information made available to them is truthful and rigorous. The Audit Commission reviews this information before it is transmitted to confirm that it is prepared in accordance with the professional principles, criteria and practices with which the accounts are prepared.

ACS's Board of Directors has, over a number of years, also been promoting measures to guarantee the transparency of the company's action in the financial markets and to exercise as many functions as result from its position as a listed company on the stock exchanges. To this effect, we try to ensure that knowledge of relevant facts is restricted, until made public, to the minimum number of identified people.

## 2.3.3 Risk Control Systems

The ACS Group's risk control system is based on a range of strategic and operational actions which seek to mitigate risks in addition to fulfilling the objectives set by the Board of Directors.

The diversity and complexity of the sectors in which the Group carries out its activities involve a great variety of risks and the Corporation is responsible for defining the basic guidelines to homogenise operating criteria in each of the divisions and so guarantee an appropriate level of internal control. The companies and divisions of which ACS is made up are responsible for developing the necessary internal regulations so as to implement appropriate internal control according to the particular nature of their activity.

In order to be able to respond in the face of global and homogeneous risk, the Corporation has established a risk management model which includes the identification, assessment, classification, valuation, management and monitoring of risks at the Group and Operating Area levels. Once risks have been located, a risk map is prepared which is systematically updated periodically.

In accordance with that explained above, the following risks have been identified:

- Operational risks, stemming from the Group's different businesses and which vary depending on the area of activity, but which, in short, are related to entering into contracts, planning and control of the execution of the works and projects, quality-related risks, environmental impact and risks related to international activities.

- Non-operational risks, which also stem from the different businesses the Group carries out, but which in this case relate to image, human resources, legal or regulatory matters, tax, financial matters and insurance coverage.

As indicated previously, the Group's risk control systems are common to all the Group's areas of activity, but organised according to a decentralised model, which enables each business unit to exercise its risk control and assessment policies in accordance with certain basic principles. These basic principles are the following:

- Definition of the maximum risk limits that may be assumed by each business in accordance with its characteristics and its profitability expectations and which are implemented at the time contracts are entered into.

- Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.

- Coordination and communication to ensure that each business area's risk policies are consistent with the Group's overall risk strategy.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management reports for decision making with monitoring of the appropriate indicators.

The control systems developed in each business area may be classified into the following categories:

- Management systems for entering into contracts and bidding processes for works and projects.
- Management systems for planning and execution of works and projects.
- Quality management systems.
- Human resources management systems.
- Financial risk control systems.
- Environmental management systems.
  - Incorporation of the most advanced technologies as regards environmental matters, such as:
    - Conservation of energy and raw materials.
    - Using recyclable and biodegradable materials.
  - Minimising waste production and environment-friendly treatment.
  - Promoting the reforestation and landscaping of works.
  - Carrying out specific actions for activities that require them, depending on the effect of the impact and the setting.
  - Informing the client continuously on the environmental risks and possible preventive measures.
- Other systems: For risks of a legal or fiscal type, ACS has appropriate departments in each company, division or at a corporate level and with prestigious external support in each specific field of action. Additionally, the signing of contracts is supervised by each company's legal adviser and, depending on its relevance, by the legal counsel of the different divisions or of the Group.

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of various insurance policies for any coverable risks. The characteristics of these policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

# 2. The ACS Group

## 2.4 The ACS Group and its Stakeholders

### 2.4.1 Stakeholders

The ACS Group defines stakeholders as groups with the capacity to have an influence on the achievement of the organisation's objectives. Outstanding among them are shareholders, employees, clients, suppliers, infrastructure users and society in general, who benefit from its policies in quality, R&D+i, philanthropy and the environment.

To generate trust and identify these groups, a priority is to keep channels open for honest, plural and transparent dialogue in the ACS Group's various companies, as well as in its fields of action and functional areas.

- Shareholders relate to the company continuously through the communications channels established, such as the permanently open website, the shareholder services forum, the Investor Relations Department and the Shareholders' Meeting itself, which is held at least once per year. This relationship is detailed in the Creating Value for Shareholders section.

- The employees are key to carrying out the ACS Group's activities, as a company mainly intensive in human capital. The employees' relationship with the company is continuous, but it is especially intense over the performance assessment period, which usually takes place annually. Personnel policies and management are detailed in the corresponding section of this report. They also have the ACS Group's Ethical Channel, as detailed in the Ethics and Professionalism section of the Corporate Social Responsibility Report.

- The relationship with clients and suppliers and how ACS deals with their management is part of the section on Creating Value for clients and suppliers. However, the frequency of the ACS Group's relationships with its clients is practically daily, meaning that there are numerous meetings each year. The relationship with suppliers is also fluid as the Group's purchasing directors and works managers hold frequent meetings, even having weekly contact in large accounts. As with the employees, suppliers have the ACS Group's Ethical Channel available to them.

- The ACS Group's relationship with society in general and in particular with infrastructure users is detailed in the chapters on chapters, philanthropy and the respect the Group holds

for the Environment. It should be emphasised that the ACS Foundation holds several meetings each month with organisations in the civil field with the aim of defining its philanthropic activities. Furthermore, the ACS Group's various Environment departments analyse the environmental needs and risks affecting society several times each year and, especially, every time that general plans are dealt with in this subject within the company Environmental Impact Studies are undertaken.

## 2.4.2 Transparency in Institutional Relationships

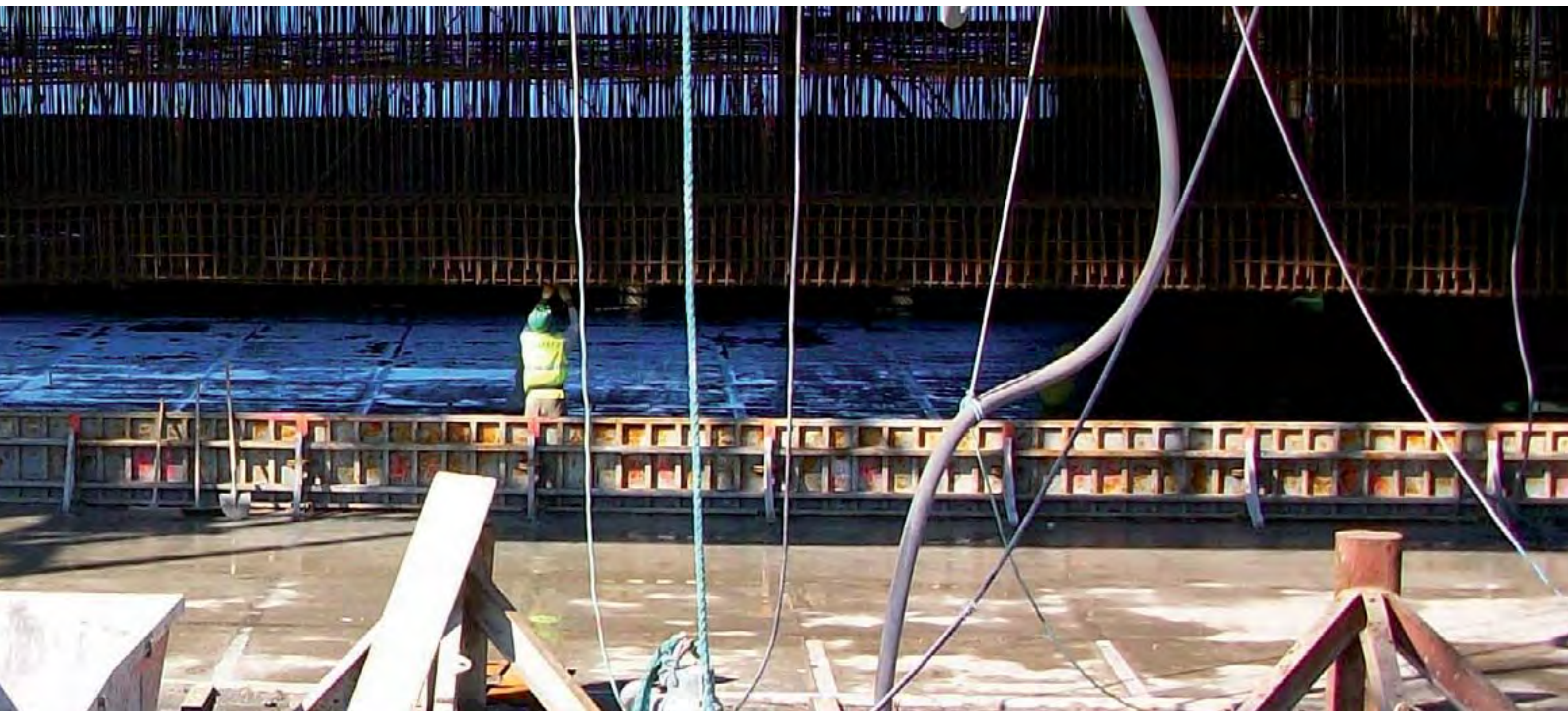
The ACS Group is an organisation with a very significant impact in social, labour, economic and political fields in those countries in which it operates. This impact is managed directly by ACS's Chairman, Florentino Pérez, and his team. In this respect, it is important to highlight the influence that ACS has on the decision making or behaviour of those levels and clients with whom it habitually relates.

ACS incorporates responsibility into its whole organisation and its daily practices, sharing knowledge, information and experience. It also carries out projects in collaboration, promotes fair practices, builds alliances with organisations, associations and other sector members, working in a responsible manner and open to dialogue and attending to the calls from Government and from the industrial institutions representing its sector.

In short, through its businesses, ACS intervenes in its environment with the intention of contributing voluntarily and actively to social improvement, complying with the law and additionally developing policies and initiatives which boost the excellence and quality of its activities. The ACS Group Chairman is the leading exponent of this policy.

The nature of ACS's political and institutional relationships is augmented by the presence of its Chairman in the most important political and business meetings[8], as well as in various public functions, always guided by the ethical principles of social responsibility and the intention to improve competitiveness and general and added value.

[8] The ACS Group made no financial or in kind contributions to political parties during 2011.



# 3. Corporate Responsibility and the ACS Group

## 3.1 The ACS Group's Main Indicators in CR

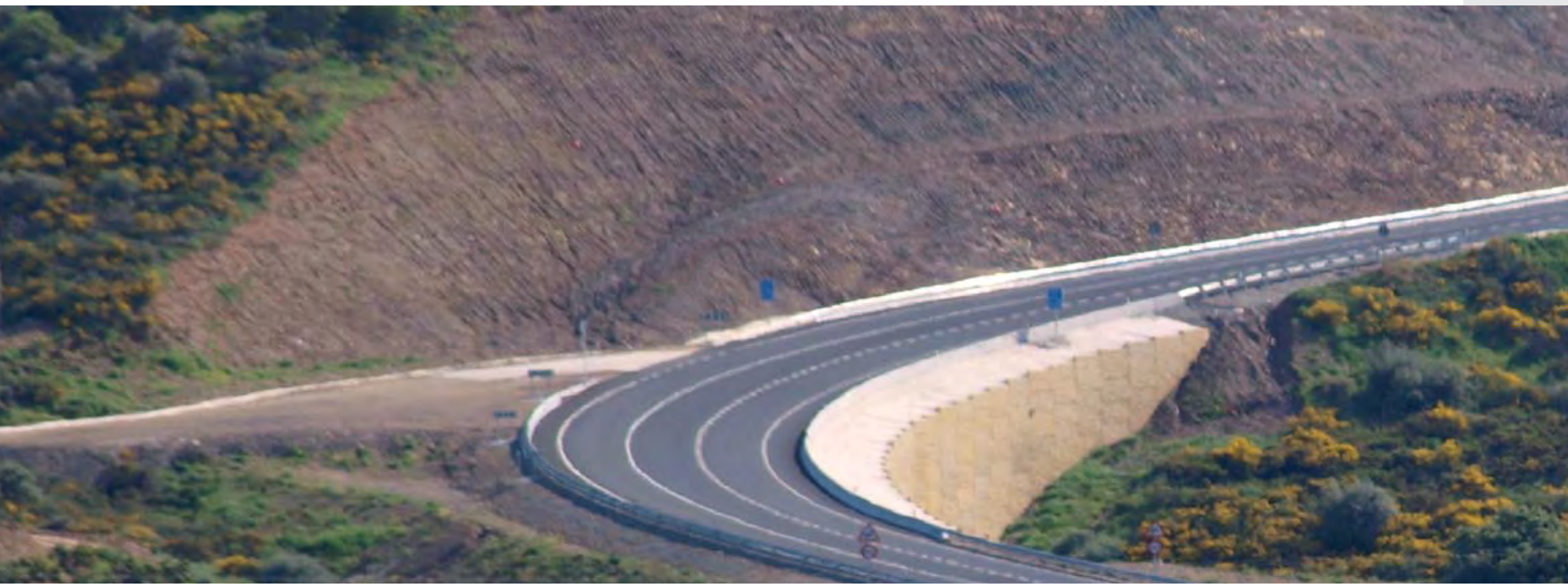
| | 2009 | 2010 | 2011[9] | Forecasts 2012 |
|---|---|---|---|---|
| Recurring earnings per share (euros) | 2.69 | 2.92 | 3.21 | 2012e > 2011[10] |
| Gross dividend per share (euros)[11] | 2.05 | 2.05 | 2.05 | See note |
| Clients satisfied or very satisfied (%) | 85.75 | 85.62 | 91.08 | 2012e ≥ 85% |
| Production certified under ISO 9001 (%) | 89.47 | 91.55 | 77.14 | 2012e ≥ 93.5% |
| Production certified under ISO 14001 (%) | 69.86 | 71.69 | 72.56 | 2012e ≥ 73% |
| Economic value generated (millions of Euros)[12] | 30,505 | 28,400 | 55,940 | 2012e ≥ 55,000 |
| Investment in training (euros/employee) | 84.58 | 87.66 | 114.71 | 2012e ≥ 96.6€ |
| Rate of construction and demolition waste recovery (%) | 58.50 | 65.10 | 61.55 | 2012e ≥ 71% |
| Investment in R&D+i / recurring net profit (%) | 5.18 | 5.07 | 5.87 | 2012e ≥ 5% |
| $CO_2$ emissions (t) / Production (million euros) | 127 | 130 | 61 | 2012e ≤ 126 |
| Water Consumption / Production ($m^3$/thousand euros) | 423 | 440 | 196 | 2012e < 420 |
| Frequency Rate | 51.25 | 49.05 | 42.67 | 2012e ≤ 47 |
| Investment in social initiatives/ recurring net profi t (%) | 0.40 | 0.39 | 0.40 | 2012e ≥ 0.4% |

[9] IIncludes information for Hochtief in 2011, but not for 2010 and 2009. Clece is not included in 2011, as it was reclassified as an asset available for sale. For further information on the scope of the data, see section 11 of this document.

[10] The recurring earnings per share for 2010 has been adjusted to 2.92 euros per share (from the 3.08 euros per share reported in 2010) as a consequence of Clece being put up for sale. To make both sets of data comparable, the recurring income in 2010 has been reduced by the earnings figure for the aforementioned company. As 2010 is the reference year for the definition of the objective, this has been recalculated taking the adjusted figure into account.

[11] Referring to the dividend paid in the year. ACS Actividades de Construcción y Servicios, S.A.'s Board of Directors, after deliberating on the modes being used by quoted companies to remunerate shareholders, agreed that, in due course, it would propose the approval of flexible formulas for compensating shareholders to the next Ordinary Shareholders' Meeting, to enable this to be made in money and/or in shares. As a consequence of this particular, this information is not available at the date of publication of this report.

[12] The target has been reformulated to make it coincide with the datum for the economic value generated defined as relevant for the ACS Group.



# The ACS Group’s Five Commitments

ACS has defined its form of committing itself to its stakeholders through its five commitments to sustainability.

**Commitment to creating value**

Laying out ACS’s efforts to distribute the wealth created among its shareholders, clients, employees, suppliers and among the society as a whole.

**Commitment to the social setting**

Embodied in ACS’s efforts to generate well-paid, high-quality work based on equal opportunities. Work which contributes to creating wealth and contributing to the wellbeing and prosperity of the societies in which it operates.

**Commitment to integrity**

In order to demonstrate the ACS Group’s ethical and professional conduct with complete transparency, as well as the self-imposed demands in this field through its employees and the relationship with its clients and suppliers.

**Commitment to the natural environment**

As a set of programmes contributing to minimising the impact of the ACS Group’s activities and promoting a commitment around the fight against climate change, respect for biodiversity and efficient use of energy and water resources.

**Commitment to technological development**

Detailing the ACS Group’s contributions to technical and technological development as a means to promote the sustainability of the ACS Group’s activities and hence improve its contribution to society.

*The ACS Group sets its Corporate Responsibility activities and its relationship with its Stakeholders in context in accordance with these commitments which the company adopts voluntarily and responsibly.*

# 4. Commitment to Creating Value

## 4.1 The Value of our Businesses

ACS is committed to creating value for all its stakeholders. To provide growing and sustained profitability is one of the company's main objectives.

| | 2010 | 2011 |
|---|---|---|
| Net revenue (million euros) | 14,329 | 28,472 |
| Gross operating profit. EBITDA (million euros). | 1,432 | 2,318 |
| Total gross investments (million euros) | 5,099 | 4,755 |
| Recurring net profit (million euros) | 875 | 951 |
| Net profit (million euros) | 1,313 | 962 |

| Economic value generated (€ Million) | 2010 | 2011 |
|---|---|---|
| Revenue | 14,329 | 28,472 |
| Operating costs | 9,995 | 20,355 |
| Staff costs | 3,241 | 6,319 |
| Payments of direct remuneration to shareholders (Dividends) | 618 | 614 |
| Taxes | 217 | 181 |


# 4.2 Shareholders

## Milestones 2011

Servicing of 628 shareholder questions and/or problems, of which only 7 shareholders declared themselves unsatisfied.

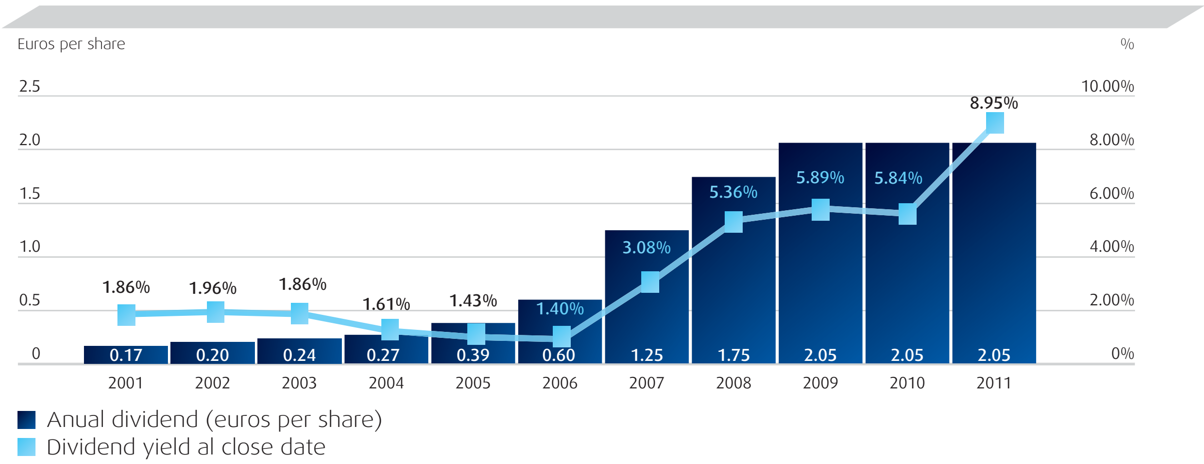
Increase Recurring Net Profit to €951 million, 8.8% up on that recorded in 2010.

## Actions anticipated for 2012

The Board of Directors will propose to the General Shareholders' Meeting the approval of flexible formulas for remuneration of shareholders, enabling this to be made in money and/or shares.

| ACS stock | 2009 | 2010 | 2011 |
|---|---|---|---|
| **Closing Price** | **34.81 €** | **35.08 €** | **22.90 €** |
| Appreciation of ACS shares | 6.62% | 0.76% | -34.71% |
| Appreciation of the IBEX35 | 29.84% | -17.43% | -13.11% |
| **Maximum closing price** | **38.75 €** | **38.38 €** | **37.94 €** |
| **Minimum closing price** | **27.67 €** | **28.90 €** | **21.75 €** |
| **Average price over the period** | **34.61 €** | **34.15 €** | **29.67 €** |
| **Total volume (thousands)** | **196,115** | **194,506** | **220,147** |
| Average daily volume of shares (thousands) | 769 | 757 | 857 |
| **Effective (€ million)** | **6,759** | **6,533** | **6,531** |
| Effective daily average (€ million) | 26.50 | 25.42 | 25.41 |
| Number of shares (millions) | 314.66 | 314.66 | 314.66 |
| **Capitalisation at the end of the period (million)** | **10,953** | **11,037** | **7,206** |

ACS as a company is highly committed to shareholder returns and dedicates a significant amount of funds to the annual payment of dividends.




Likewise, considering the concept of total return for shareholders, an investor who purchased an ACS share on 31 December 2000 would have obtained an annual yield of 15.73% at the end of 2011. If a shareholder had invested €100 on that day, he or she would have had €498.91 at the end of 2011, meaning the investment had risen by 4.99 times, including the appreciation of the share during this period and the dividends paid by the ACS Group.

# 4. Commitment to Creating Value

## 4.2.1 Communication with Shareholders

The Group's commitment to the markets, shareholders and investors is upheld in its information transparency. As such, and in order to offer them the best service, the company has specific communications procedures, as detailed in the section on transparency in this document. In summary, the following are outstanding among these:

- **Relationship with investors.** A total of 191 meetings were held in different places worldwide. These meetings enable it to pass information on the Group's prospects and on relevant events which may affect the company or its sector. Specific events are also held regularly, of which 9 took place in 2011.
- **Shareholder service.** Service is provided from the Investor Relations Department to numerous minority shareholders seeking to resolve doubts and obtain detailed information on their investment. In 2011, 628 problems raised by the shareholders were dealt with, of which 69.7% received a satisfactory solution to the problem (as stated by the shareholders), 29.1% expressed neither satisfaction nor dissatisfaction and only 1.1% expressed dissatisfaction.
- **Communications with financial analysts and institutional investors.** Regular sending of information of interest to those analysts and investors who follow the Group most closely.
- **Participation in conferences and seminars of interest.**
- **Corporate Website** and start-up of the **Shareholder Services Web Forum**.

# 4.3 Clients

## Milestones 2011

Implementation of an application for controlling cash flows at works/service level.

Development of a procedure for measuring client satisfaction.

In 2011, Thiess received the prize for Excellence in execution of the construction activity awarded by the Australian National Construction Major Project Review (ANCR).

The general procedure for preparing the final dossier and for project delivery to the client has been revised, improved and expanded in all the divisions as a consequence of the low marks the process obtained in surveys.

## Challenges for 2012

Optimisation and segmentation of the client portfolio based on profitability criteria.

Definition of strategic KPIs in the client satisfaction analysis.

Development of a common CRM system in Hochtief Europe's activity for acquiring and retaining clients.

Development of a system for measuring client complaints in Iridium's facilities.

Development of a single register of tenders for public authorities.

**Initiatives developed**

| Main areas of work | Percentage of total |
|---|---|
| Client management system | 34% |
| Client follow up | 16% |
| Client Satisfaction | 23% |
| Others | 27% |

## 4.3.1 Strategy

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

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

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

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

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

## 4.3.2 Management Principles

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

In 2011, companies representing 79.6% of the ACS Group's sales[13] reported the existence of a client management system, managed by each company's contracting management. The management aspects common to the whole ACS Group are as follows:

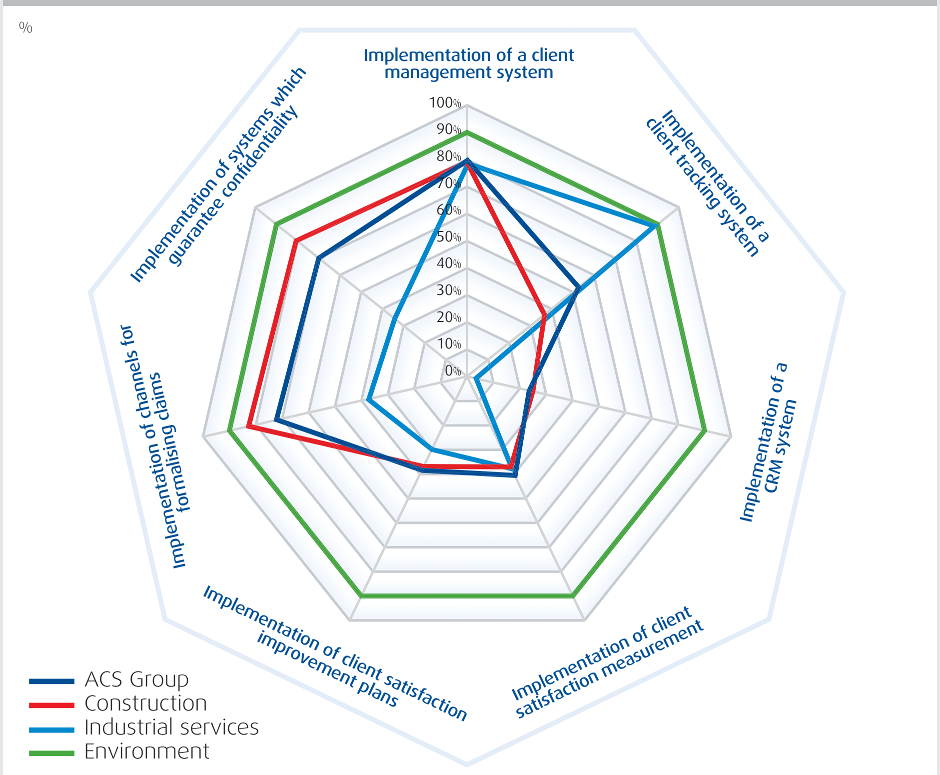
- Monitoring of client needs.
- Periodic measurement of client satisfaction.
- Guarantee of confidentiality.

In addition, different management trends have been collected, outstanding among which are:

- Analysis of evolution of clients' payment status, as well as other financial variables.
- Development of computerised systems for control of the tendering system.
- Analysis of the impact and interferences caused by production in the carrying out of civic activity.

[13] The data referring to the ACS Groups included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data is expressed in terms of percentage of total Group sales in 2011.

The adoption of the main management parameters in the Group is summarised in the following graph:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

### 4.3.2.1 Monitoring and Communication

Formally, companies representing 88.7% of the ACS Group's sales hold regular meetings with clients, through those responsible for each project, or continuously if, as occurs in exceptional projects, the client dedicates resources to production control.

This is how objectives, monitoring systems and client information plans are defined for each project and in line with the specific aspects of each company. Control points for important phases of production are established in these plans, along with certification meetings to manage the partial payments for the work and partial monitoring points which may come to mean daily contact between the supervisor and the client in order to reinforce the latter's confidence.

Similarly, computerised CRM systems are being implemented to collect information relating to clients, in order to facilitate analysis and the carrying out of actions to improve satisfaction.

In 2011, companies representing 23.3% of the ACS Group's sales had a system of this type operating.

Finally, the following specific initiatives stand out among the ACS Group's client monitoring systems, identified by the various contract management departments:

- Initiatives for controlling the required contractual requirements, tender values and bid details.
- Analysis of client financial risks.

### 4.3.2.2 Client satisfaction

ACS's second key client relationship management policy is the measurement of their satisfaction. Companies representing 40.3% of the ACS Group's sales carry out this type of process, either in a standalone form or within the framework of quality management systems. These vary according to the characteristics of the services provided by each company, but they share some common elements:

- Companies representing 40.3% of the ACS Group's sales identify the worst and best rated aspects of the service provided.
- Similarly, Group companies representing 38.1% of sales implement measures and plans to improve client satisfaction.
- The great majority of the Group's companies, those representing 72.3% of sales, include and system for managing complaints and penalties in contracts.

Additionally, the following specific noteworthy initiatives were detected in the client satisfaction management system:

- Comparative analysis of client satisfaction results year on year to detect areas for improvement.
- Numerous comparative studies are carried out between ACS Group companies and the competition, for the client to assess points for improvement in service execution.

In 2011, 1,056 client satisfaction surveys were carried out in the ACS Group, of which 91.1% produced a positive assessment (the client was satisfied or highly satisfied). The 2010 percentage was 85.6% from 1,211 surveys carried out.

On the other hand, a total of 2,683 complaints were received from clients, of which 97.5% were attended to and 74.1% were resolved satisfactorily. In 2010, 1,491 complaints were received, of which 88.3% were attended to and 75.7% resolved.

An indicator of client service quality is seen in the limited number of penalties due to breach of regulations which the ACS Group received in 2011, above all in relation to the provision of services. In 2011 these totalled €1,490,000.

A study was carried out on the aspects rated best and worst by the clients. Worthy of highlighting among the best rated are:

- The technical quality of the Group's works and service teams.
- The detailed process for monitoring client needs.
- Capability to respond in the case of problems.

Outstanding among the worst rated are:

- The works delivery periods and the delays which occur on occasions.
- The perception of price against the quality of the products.

### 4.3.2.3 Guarantee of Confidentiality

A key aspect in the ACS Group's relationship with its clients is the guarantee of confidentiality in the Group's management system. From the analysis carried out, it was found that companies representing 69.8% of the ACS Group's sales have implemented systems guaranteeing client confidentiality.

In this regard, a study was carried out on the percentage of complaints received in 2011 of the total related to confidentiality problems and it was determined that none came from this cause.

# 4.4 Quality

## Milestones 2011

| | |
|---|---|
| VIAS | Improvement in the recording and analysis of non-conformities related to quality. |
| DRACE medioambiente | Improvement in management systems to expand activity outside Spain. |
| SCHIAVONE | Extension of quality control procedures and systems in relation to activities such as structural design or works with steel in Schiavone. |
| IRIDIUM | Renewal of ISO 9001 certification in Iridium. |
| MASA | Implementation of the management system in the recently-created Maintenance and Mechanical Assemblies Division in Brazil. |
| intecsa industrial | Implementation of the "Quality" Indicator, permitting measurement and analysis of the costs of failures to comply in terms of quality in various projects being executed. |

## Challenges for 2012

| | |
|---|---|
| DRAGADOS USA | Designation of a team responsible for Quality, both for the preparation of bids and the monitoring of the execution of works awarded. |
| TECSA | Implementation of a computer program for preventive and corrective maintenance in the Machinery Fleet. |
| DRAGADOS POLAND | Definition of risk parameters depending on different aspects of works execution and control of their evolution. |
| cobra GRUPO | Implementation of an Energy Efficiency Management System in the Cobra Group in accordance with the UNE-EN-ISO 50001: "Energy Management Systems" standard and obtaining of Certification from AENOR. |
| imes API Servicios · Movilidad | Development and implementation of a training plan for quality and environment managers and specialists. |
| GRUPOETRA | Improvement in management of average time for resolution of incident reports. |

### Initiatives developed

| Main areas of work | Percentage of total |
|---|---|
| Quality management systems | 45% |
| Quality control systems | 20% |
| System for managing failures to comply with quality standards | 10% |
| Others | 25% |

# 4. Commitment to Creating Value

## 4.4.1 Strategy

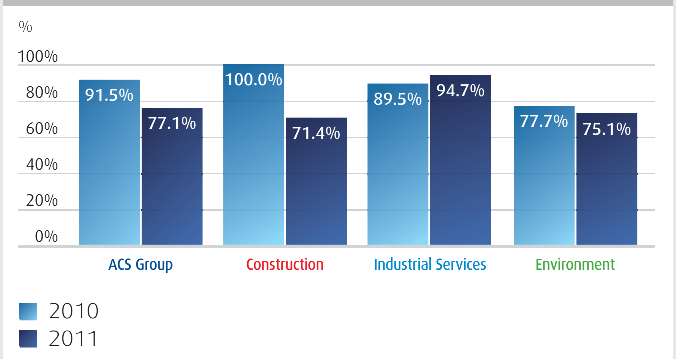
Quality is a determining factor for the ACS Group, as it represents the factor distinguishing it from the competition in the infrastructure and services industry, with high technical sophistication.

The Quality Department in the Group's different companies is the entity responsible for implementing its own Quality Management Systems. Companies representing 96.9% of ACS Group sales[14] presented some form of quality management system in 2011. In this period and as a consequence of these systems, the ACS Group invested a total of €5.71 million in promoting quality.

These quality systems are audited periodically in order to certify the Group's activities, mainly according to the ISO 9001 standard, as well as the Madrid Excelente quality seal in Dragados, ENAC ISO 17020 and ISO 17025 accreditations in Geocisa, Urbaser and SEMI and ISO 3834 in POLAQUA, among others. In 2011, companies representing 95.9% of the Group's sales carried out independent audits. A total of 1,419 quality audits were carried out in the year. Of the production by Group companies, 77.1% is certified to the ISO 9001 standard.

[14] The data referring to the ACS Groups included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data is expressed in terms of percentage of total Group sales in 2011.

Percentage of production certified under ISO 9001





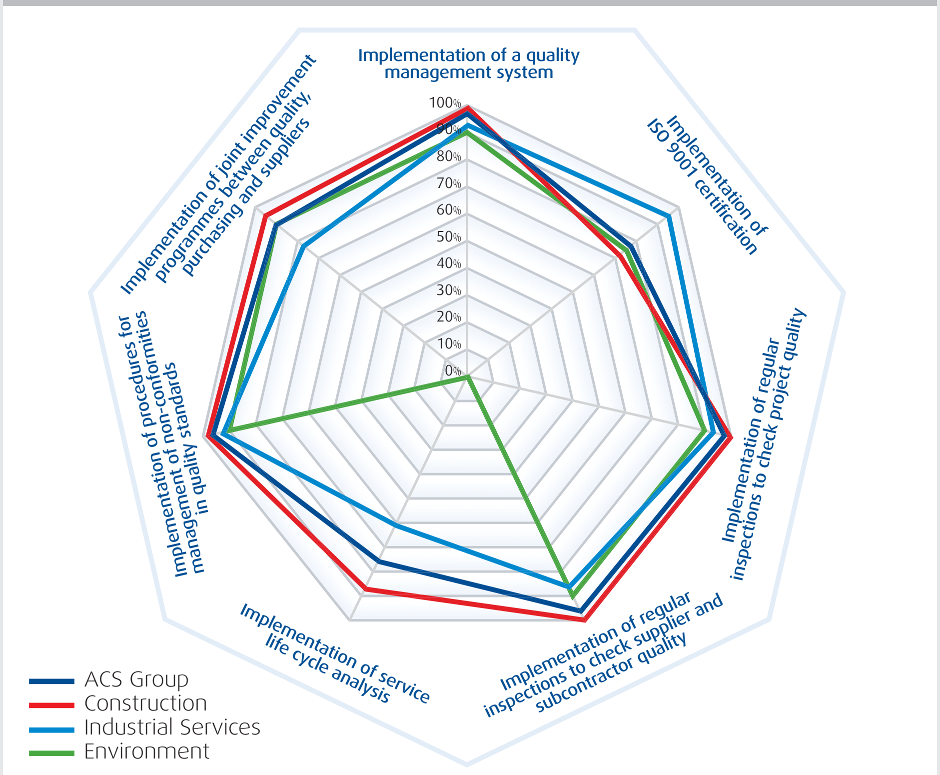
## 4.4.2 Management Principles

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

- **Objectives** are set periodically as regards quality and their fulfilment is assessed.
- **Initiatives and actions** are carried out aimed at improving the quality of the services provided.
- Specific actions are carried out in **collaboration with suppliers and subcontractors** to improve quality.
- Systems are implemented for analysis of **Product and Service Life Cycle** when necessary.

Deriving from continuous improvement of processes is the control and management of failures to comply as regards quality, an important characteristic of the ACS Group companies' management system, present in companies representing 96.9% of total turnover in 2011.

The adoption of the main Quality Management parameters in the ACS Group is summarised in the following graph:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

# 4. Commitment to Creating Value

### 4.4.2.1 Objectives

The quality management for the ACS Group's various companies sets general quality objectives for the following financial year. In 2011, companies representing 96.6% of the ACS Group's sales defined formal objectives in this respect.

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

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

In this aspect, the processes in this area are improved as a consequence of management of non-compliances as regards quality, an important characteristic present in companies representing 96.9% of total turnover in 2011.

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

- Obtaining and expanding the scope of certifications.
- Implementation of tools to improve quality.
- Improvement of specific performance indicators.
- Improving the process of installation, start-up and operation of onsite manufacturing plants in Dragados.
- Improving the training of supervisors, operators and works managers.
- Increasing client satisfaction indices, reducing complaints due to problems in execution.
- Meeting delivery schedules globally and with maximum quality.
- Increasing the number and capacity of internal quality auditors.

### 4.4.2.2 Improvement initiatives and actions

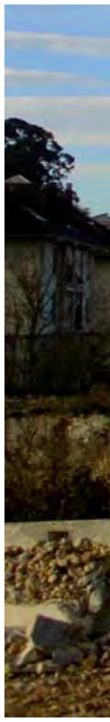
The concern with quality in all the group's companies reflects not only the effort to achieve the objectives set, but also the specific actions by the companies. A significant percentage of the Group's companies carry out quality improvement actions. According to the reported data, companies representing 94.0% of ACS Group sales carried out at least one initiative of this type in 2011.

Outstanding among these, for example, are processes such as the implementation of a document management system for online access by works management, the technical service department and suppliers; improvements in quality control achieved through the simplification of quality control documentation and records; and increased control over works operation carried out by the management of some companies.

### 4.4.2.3 Collaboration with Contractors and Suppliers

To a great degree, ACS Group companies carry out a large part of their activities by means of the use of services from suppliers and subcontractors, who collaborate to a significant degree in the execution of the projects. In order to guarantee an appropriate level of quality in the provision of services from suppliers and contractors, companies representing 97.2% of ACS Group sales include clauses in contracts demanding a guarantee of a minimum level of quality, which generally depends on the supplier or subcontractor having certification to ISO 9001, among other measures.

Furthermore, as will be seen later in the section on suppliers, the purchasing and supplier contracting departments, together with quality departments, carry out monitoring and audits of performance in terms of supplier quality once the works or contracts for service provision are complete. This permits the proposal of corrective measures if areas for improvement are found or may even lead to cessation of collaboration with the supplier



or subcontractor in future projects. In 2011, companies representing 95.3% of ACS Group sales reported making such checks. Some of these include reviews of various environmental criteria in projects.

In line with this control initiative, corrective measures have been implemented in the supplier quality processes in companies representing 89.7% of ACS's sales, and it was seen that in the case of a clear breach in relation to supplier performance, companies representing 94.4% of Group sales have mechanisms for cancelling contracts or rescinding relationship agreements.

In Group companies where collaboration with third parties is relevant, joint procedures are promoted between the quality department and its equivalent in the suppliers and the purchasing department and those of the suppliers to identify projects for collaboration to improve quality. In 2011, companies representing 91.1% of ACS Group sales carried out such joint improvement processes, among which traditionally were included the integration of optimisation and improvement processes, inspections and various collaborations with companies and universities.

### 4.4.2.4 Life Cycle Analysis

Life cycle analysis is an innovative tool which permits improvement opportunities to be identified in industrial processes, in harmony with the reduction in the impact of the services on the environment and on health and safety.

Different Group companies are progressing in the adoption of this approach, as shown by the fact that the level of implementation of procedures for life cycle analysis went from 52.8% in 2010 to 75.0% in 2011.

From the start of the project itself, periodic inspections are carried out to check compliance with quality standards, as shown by the fact that companies representing 97.2% of the ACS Group's sales carry out regular inspections to check quality. In such inspections, 32.7% of the total projects accounted for in the 2011 study were audited. Last year 56 incidents of failure to comply with the regulations as regards quality resulting in a warning or fine were recorded

Likewise, the life cycle analysis of products and services to improve quality extends to supplier's and subcontractor's activities, a procedure implemented in 61.5% of the ACS Group.

# 4. Commitment to Creating Value

*The project received a "Gold" certificate from the German Sustainable Building Council.*

# Practical Case: Creating sustainable value: "Green" buildings Case Study: Nordex Forum, Hamburg, Germany

Life cycle management in Hochtief is closely linked to the project production process. The different phases are well represented in the project for the "Nordex Forum", an office building in Hamburg. The new head office for one of the biggest wind power system manufacturers is a real team effort, in which Hochtief contributed its experience and capacity. In January 2011, the project received a "Gold" certificate from the German Sustainable Building Council (DGNB).

Hochtief was involved in the "Nordex Forum" project in the planning phase and remained involved continuously throughout the building's complete life cycle:

## Integrated planning

Experts from a variety of fields participated in the planning process from the beginning so that this office could be developed as part of an overall sustainability strategy. This included tackling all the phases from development and design to construction and operation.

## Designed for sustainability

As a result of the integrated planning, primary energy consumption by the "Nordex Forum" lies 21% below the level established in the Energy Saving Ordinance. This is achieved thanks to various factors, such as its efficient external lining, optimal use of daylight and innovative construction systems. The project produces 35% of its heating need from renewable sources. These mean that the impact on global warming of the "Nordex Forum" is 36.9 kg of $CO_2/m^2$, 29% lower than comparable buildings. In the construction of the "Nordex Forum", Hochtief paid great attention to guaranteeing low levels of resource consumption during operation so, for example, Hochtief used only wood from sustainably managed forests and rainwater is collected and used for the toilets. Indeed, the building only consumes 7,308 cubic metres of water per year.

## Optimal use and management

One of the keys to optimal operation of construction and management of installations is the comprehensive documentation on the construction. For the "Nordex Forum", Hochtief adapted to the requirements and recommendations of the German Federal Ministry of Transport, Building and Urban Affairs.

## Stable value

Making the "Nordex Forum" a building ready for the future calls for attention to flexible designs, preparing the technology for its updating and reconfiguration. The building adapts to future needs thanks to the height of its floors, movable dividing walls and adaptable and reconfigurable systems for installation of technical construction systems. This enables it to continue to be an attractive property with a stable value over the long term.

*"Nordex Forum" project represents well how Hochtief manages the production proccess of their projects. The building has been developed as part of an overall sustainability strategy.*

# 4. Commitment to Creating Value

## 4.5 Suppliers[15]

### Milestones 2011

DRAGADOS: Over 15% of purchases made with suppliers which have ISO 9001 certification and 5% of purchases which have ISO 14001 certification.

TECSA: Optimisation of the purchasing process when preparing comparisons, which has resulted in better fits in the final contracted price.

HOCHTIEF EUROPE: "Global Sourcing" Project for the structured search for international subcontractors.

Association with top quality producers (to guarantee project quality standards through control of the supply chain).

Framework agreements with top quality subcontractors for residential buildings (carrying out of detailed audits, grouping of volumes, reducing the costs of the process, quality control).

urbaser: Development of the Group's application for comprehensive machine management (GIM, for over 8,500 machines). This has resulted in a reduction of costs for spares consumed due to management of workshops and stores through the application.

SEMI: Computer control of purchasing management and supplier registration by means of the Navision application and training of 100% of the organisation's works managers in the use of the tool for placing orders.

Dragados Offshore: Assessment of the subcontractor contract model for better fulfilment of requirements as regards Health and Safety.

### Challenges for 2012

DRACE medioambiente: Include OSHAS18001 certification and CSR certification (e.g. SA8000) in the initial supplier acceptance questionnaire.

MAESSA: Placing orders automatically to increase the economic analysis of purchases.

FPS Flota Proyectos Singulares: Incorporation in the final supplier assessment of a capital referring to the social and ethical measures adopted by the suppliers and subcontractors during the carrying out of the works, for their assessment in future contracts.

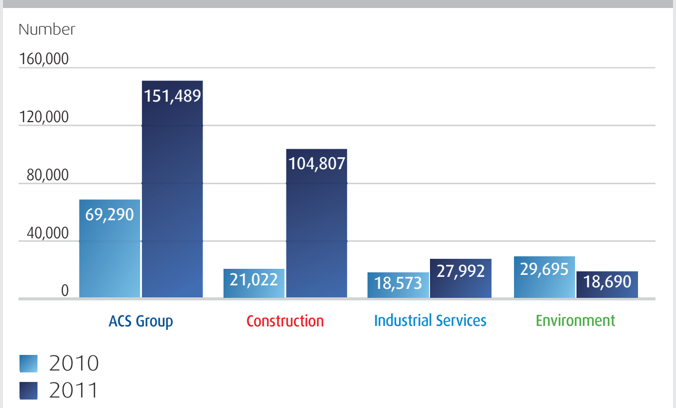
CYMI MASA: Inclusion of obligations as regards CSR and compliance with the Principles of the Global Compact in CYMI/MASA contract models.

intecsa industrial: Study and assessment of the potential market for subcontractors in Brazil, Morocco and Abu Dhabi.

SICE Tecnología y Sistemas: Handling of subcontractor documentation data by means of Obralia's "Gestiona" computer tool.

[15] The data referring to the ACS Groups included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data is expressed in terms of percentage of total Group sales in 2011.

Number of suppliers broken down by business line




| Initiatives developed | |
|---|---|
| Main areas of work | Percentage of total |
| Systems for supplier and subcontractor approval | 43% |
| Inclusion of ethical, environmental and social criteria in approval processes | 0% |
| Inclusion of clauses of an ethical, social and environmental nature in contracts | 0% |
| Systems for measuring suppliers' performance of an ethical, social and environmental nature | 6% |
| Management of non-compliances | 6% |
| Dissemination of good practices and training for suppliers and subcontractors | 6% |
| Others | 39% |

## 4.5.1 Strategy

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

In carrying out this activity, ACS manages three types of suppliers:

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

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

# 4. Commitment to Creating Value

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

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

For the suppliers of services and materials which the ACS Group contracts, detailed management and control processes are defined. These have the following points in common in all the Group's companies:

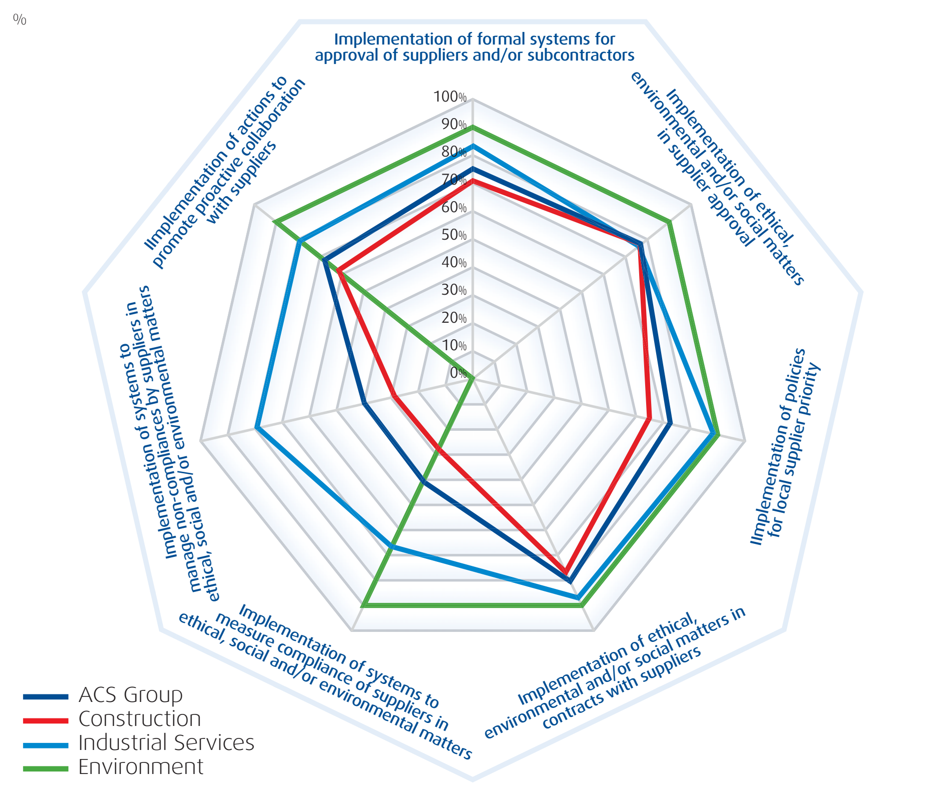
- There are specific standards and a system for management, classification and approval of suppliers and subcontractors.
- The level of compliance with these systems is assessed.
- Collaboration with suppliers and transparency in contractual relationships are promoted.

## 4.5.2 Management Principles

### 4.5.2.1 Contract Approval and Management

According to the data analysed, companies representing 75.1% of the ACS Group's sales

The adoption of the main Supplier Management parameters in the ACS Group is summarised in the following graph:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

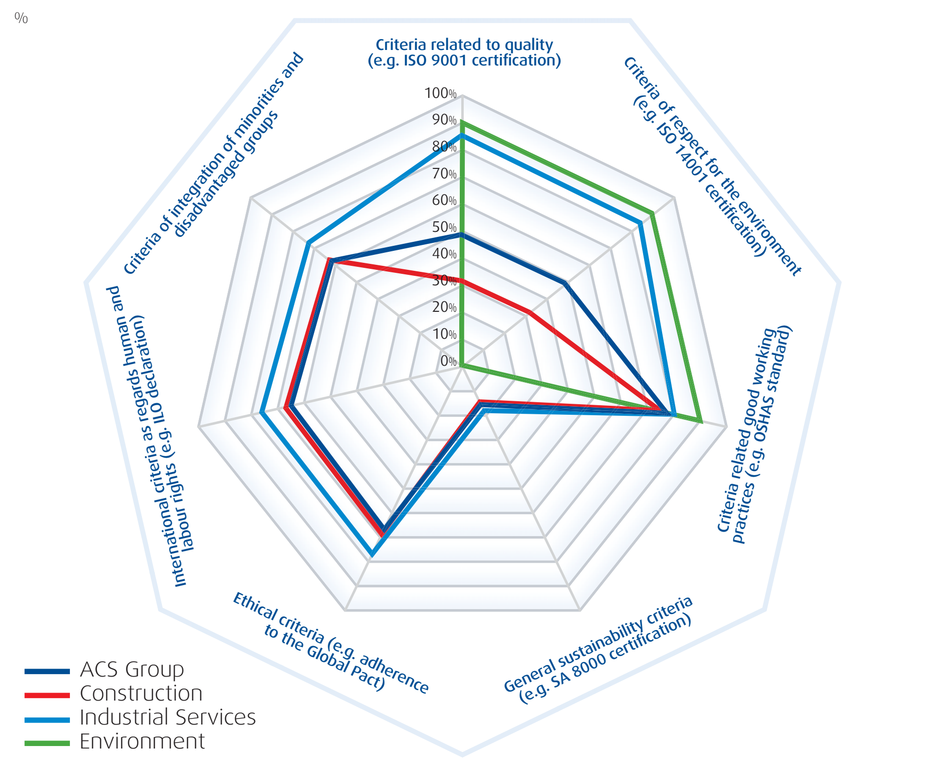
have a formal system for approving suppliers and subcontractors. In these processes, ACS Group companies classify suppliers as critical (or essential) or circumstantial, according to the following concepts:

- Experience, professional prestige and technical capability.
- History of fulfilment of contractual clauses in their prior relationship with ACS.
- Proximity to the work centre, giving preference to local suppliers (86.8% of suppliers were from the local community in 2011, these being the suppliers which do not receive international payment).
- Additional financial criteria, labour, ethics, health and safety and environmental matters.

With respect to the latter criterion, companies representing 77.6% of the ACS Group's sales formally include matters of an ethical, environmental and/or social type in their approval processes.

Likewise, there are procedures, policies or regulations which formalise and standardise commitments in matters of a social, environmental and/or ethical nature with suppliers, in companies representing 77.7% of the ACS Group's sales.

Specifically, and in relation to non-economical matters, the following levels of implementation of good practices in supplier and subcontractor approval were detected:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

# 4. Commitment to Creating Value

Furthermore, companies representing 72.7% of ACS Group sales give preference in their supplier and subcontractor selection processes to local companies. This is an initiative which also promotes the development of new enterprises.

*During 2012, the ACS Group will develop a new plan for measuring the impact it has on the group of enterprises, by identifying companies which provide services or sell products to the Group which meet a series of characteristics, such as having been set up five years ago or less, which have five or less workers and which are from a local community.*

Additionally, there is solid implementation of good practices in the ACS Group when drawing up contracts with non-financial/economic clauses, as shown by the fact that companies representing 80.6% of the ACS Group's sales already include some type of clause of an ethical, social or environmental nature.

Specifically, the most widely used clauses are environmental ones, which are included in 100.0% of contracts with these characteristics, followed by social clauses, present in 79.6% of contracts with these characteristics and lastly ethical clauses, Included in 34.6% of all contracts with these characteristics.

In 2011, likewise, 65.5% of contracts signed included clauses or criteria on human rights.

### 4.5.2.2 Compliance

The system for guaranteeing compliance with contractual clauses and agreements with suppliers to the Group's companies is based fundamentally on detection and on corrective measures or management of non-compliance.

In the case of the initiatives for detection and control, the policy is based on regular audits, both internal and independent. In this case, companies representing 33.4% of ACS Group sales report that they carry out internal supplier audits and those representing 25.3% report that they carry out independent audits. In 2011, 2,400 internal audits and 5,402 external audits were carried out.

Furthermore, it was reported that there are self-assessment systems for suppliers in companies representing 8.1% of sales for 2011. The intention with these processes is to update and optimise the supplier selection systems.

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

- If it is a critical supplier for the company, the reasons for the negative assessment are analysed and initiatives proposed to strengthen the identified areas for improvement including, among others, training and collaboration activities.

- If the company is not critical for the company, it is deleted from the database.

In addition, companies representing 40.0% of ACS Group sales reported the existence of procedures for managing non-compliances in relation to contractual commitments of an ethical, social and/or environmental nature. Only 0.4% of contracts rejected or modified in 2011 failed to comply with environmental, quality and/or human rights matters and/or the ACS Group's ethical standards.

In these cases, collaboration initiatives are also promoted, and the cancellation of the contracts can result.

### 4.5.2.3 Collaboration and Transparency

Companies representing 67.8% of Group sales report proactive collaboration initiatives with suppliers.

The main activities for collaboration are based on training which, generally, is made up of courses in various subjects such as quality, the environment, safety and the execution of works.

Another central aspect in the management of the Group's suppliers is transparency. Along these lines, various Group companies are standardising general contracting and purchasing terms and conditions for all the services, equipment and materials contracted. These are used in all processes, hence the same high standards and determining factors are maintained for all the company's suppliers and also within each tendering process.

# 5. Ethics, Integrity and Transparency in the ACS Group

## 5.1 Ethics and Integrity: Summary, Objectives and General Principles

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

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

Integrity is a very important aspect in the ACS Group. In 2011, important measures were promoted from the Board of Directors' Executive Committee to advance these values included in the ACS Group's Code of Conduct.

The Ethical Channel was developed in 2011 and the powers of a Monitoring Committee for the Code of Conduct were defined. In 2012 it is planned to name the components of this Monitoring Committee. This naming will be carried out in the ACS Group's Board of Directors.

A priority objective for the Group is the complete dissemination of the current ethical rules and proper and efficient management of the ethical incidents which may occur in the company.

## 5.2 Ethics and Integrity: Code of Conduct

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

ACS's General Code of Conduct[16] constitutes a guide for the professional performance of all the Group's employees and managers in relation to their daily work, the resources used and the business environment, as well as for all the investee companies in which the ACS Group has control of management.

[16] The ACS Group's Code of Conduct can be seen at http://www.grupoacs.com/index.php/es/c/responsabilidad corporativ_eticayprofesionalidad.

The basic performance principles of the General Code of Conduct are as follows:

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

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

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

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

- Equal opportunities.
- Non-discrimination.
- Promotion of training and professional and personal development.
- Health and safety at work.
- Eradication of child labour.
- Reduction of negative impacts on local and indigenous communities.

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

# 5. Ethics, Integrity and Transparency in the ACS Group

## 5.2.1 Due Diligence in Ethics and Integrity

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

- Analysis of the main risks as regards ethics and integrity.
- Establishing commitments which make clear the behaviour expected of the people who make up the company.
- Allocation of responsibilities as regards supervision of the company's performance in this field.
- The knowledge and understanding by the company's people of what is expected of them in relation to ethics and integrity.
- Supervision and monitoring of practices.
- Establishing procedures which enable the prevention, detection and eradication of bad practices in this field.

The final aim of ACS's actions with regards to ethics and integrity is the establishment of a framework for action which stimulates everyone to execute their responsibilities in an upright, responsible and transparent manner.

The ultimate responsibility for transmitting and overseeing the Group's commitment to integrity falls to its governing bodies, which are charged with driving the development of rules and procedures and the implementation of good practices.

The General Code of Conduct and the procedures laid down for disseminating and safeguarding it are basic elements in the Group's integrity framework. In this respect, the General Code of Conduct has been extended to the whole organisation:

- The Code applies to all members of management bodies and to all the employees of Group companies, independently of the contractual form determining their labour relationship, the post they occupy or the place in which they carry out their work. They are all obliged to know and comply with the General Code of Conduct and collaborate in its implementation in the Group.
- The scope of application of the Code may be extended contractually to any other individual or legal entity with commercial or business relations with the ACS Group when, due to the nature of that relationship, its activities could affect the ACS Group's image and reputation. Details on these policies have been included in this document in the section on suppliers and clients.
- The scopes of application contained in this Code affect all companies which form a part of the ACS Group due to the latter having control over their management.
- Additionally, the ACS Group's management team shall make the necessary means available to such companies to fulfil the regulations contained in the General Code of Conduct.

## 5.2.2 The ACS Group's Code of Conduct in the Day-to-Day

Compliance with the General Code of Conduct is mandatory and hence it is disseminated to all the Group's employees.[17]

On 5 September 2011, the Secretary General of the ACS Group addressed a communication to all the heads of the Group's different companies, informing them of the modifications to the General Code of Conduct, as approved by the Board of Directors on 30 August 2011. By reason of these changes, the Reworded Text of this General Code of Conduct was sent to the Spanish Stock Market Commission by means of the communication of the appropriate Relevant Fact, with the sending of the electronic link in the aforementioned communication accompanied, furthermore, by the Reworded Text of the ACS Group's General Code of Conduct which has appeared, since that date, on the Company's Website.[18]

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[17] The data included in this section are those in force at 12 March 2012.

[18] http://www.grupoacs.com/index.php/es/c/gobiernocorporativo_codigodeconducta.

To ensure fulfilment of the General Code of Conduct, resolve incidents or questions on its interpretation and adopt the appropriate means for the most complete fulfilment possible, the creation of a Monitoring Committee is planned for March 2012. This will be made up of three members designated by ACS Actividades de Construcción y Servicios, S.A.'s Board to be proposed by the Appointments and Remuneration Committee. This Monitoring Committee is entrusted with the following functions:

- Promoting the dissemination, knowledge and compliance with the Code in each and every one of the Group's companies.
- Establishing the appropriate means of communication so that each employee can obtain or provide information on its fulfilment, guaranteeing the confidentiality of the allegations processed at all times.
- Interpreting the rules stemming from the Code and supervising their application.
- Guaranteeing the truthfulness and impartiality of any procedure initiated, as well as the rights of people allegedly involved in a possible breach.
- Defining cases in which the scope of application of the Code needs to be extended to third parties which are to have commercial or business relationships with the ACS Group.
- Preparing information including the level of compliance with the Code and disclosing the specific indicators for it.
- Preparing an annual report on its work with the recommendations it considers appropriate to be raised to the Board of Directors through the Audit Committee.

Also notified, in the Board Secretary's letter to all the Group's divisions, was the implementation of an Ethical Channel which enables anyone to notify of irregular conduct in any company belonging to the ACS Group or any breach of rules included in the General Code of Conduct through:

- the e-mail address: canaletico@grupoacs.com.
- or the postal address, Canal Ético, ACS Group, Avenida Pío XII 102, 28036 Madrid, Spain.

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

The handling of data of a personal nature of the ACS Group's Ethical Channel adopts the internal system of reporting laid down by the Spanish Data Protection Agency in its Report No. 2007/0128 in development of Spanish Organic Law 15/1999 on the protection of a data of a personal nature and Opinion 1/2006 of the European Union Working Party created by Article 29 of Directive 95/46/EC, the main characteristics of which are as follows:

- The system will permit the reporting of "behaviour, actions or facts which may constitute violations of the company's internal rules and the laws, regulations and ethical codes" governing its business.
- Any of the company's employees may report or be reported through the system.
- Employees will be informed in advance of the system's existence and purpose, its operation, the guarantee of confidentiality of the reporting party's data and the guarantee of informing the person reported of the existence of an allegation.
- In principle, only the person responsible for the "compliance counter" and people for whom it is essential in order to investigate the reported events will have access to the data.
- The handling will be notified to the Spanish Data Protection Agency in order to obtain registration in the General Data Protection Register.
- The system will include data for the reporting party and the reported party, the events reported and the result of the investigations, avoiding the existence of anonymous reports, so guaranteeing the precision and integrity of the data processed.
- The person reported will be informed as soon as possible of the events reported, the addressees of the information, the department responsible for the system and his or her rights as regards protection of data. He or she will not be informed of the reporting party's identity unless the latter has acted in bad faith.

# 5. Ethics, Integrity and Transparency in the ACS Group

- The data will be deleted within two months of the completion of the investigations if the events are not proven. If actions are instituted, the data will be held for as long as necessary for the company to exercise its rights in law
- High level security measures will be implemented.

From 5 September 2011, the Group's various divisions have proceeded to set up the necessary channels and means to enable delivery of the new reworded text of the General Code of Conduct to all of the ACS Group's employees and executives who provide their services in companies which are within their area of responsibility. A total of 82 courses were given in 2011 related to Human Rights, Ethics and Integrity in the business areas and additional initiatives will be defined in 2012 for dissemination and implementation of the General Code of Conduct and the Ethical Channel.

In turn, since the creation of the Ethical Channel a total of five proceedings have been processed, which can be classified as follows:

- The proceeding is started by means of the allegation presented through the Ethical Channel by a worker for one of the ACS Group's companies against one or more of the Group's executives: Three of the proceedings processed were of this type.
  - Two of these proceeding were closed after a period of internal investigation of the alleged events, not exceeding two months.
  - The third of these proceedings referred to events which are sub judice, hence the final decision adopted through the corresponding legal process is awaited.
- The proceeding is started by means of the allegation presented through the Ethical Channel by the Company Committee of one of the ACS Group's companies against one or more of the Group's executives: One of the proceedings processed was of this type.
- The proceeding is started by means of a query presented through the Ethical Channel by the Company Committee of one of the ACS Group's companies: One of the proceedings processed was of this type, which was resolved by means of a simple clarification to the parties involved of the nature of the General Code of Conduct and its necessary communication, dissemination and general application by all the Group's companies.

## 5.3 Commitment to Information Transparency

An essential requirement for the ACS Group to be able to fulfil its mission of generating profitability for its shareholders and the society in which it operates is information transparency. The objective of this strategy is to ensure that its activity is as open as possible and that the interests of its clients and the company's other stakeholders are respected. The ACS Group is committed to total rigour in the information transmitted, especially with respect to the media.

### 5.3.1 The Value of Information Transparency

This general objective of transparency is stated by means of the following guidelines:

- Transmitting the Company's overall corporate strategies, as well as those specific to each of the Company's business areas, to the outside world.
- Projecting the Group's business reality so that the Group's different stakeholders recognise it as being sound and well-managed in Spain and abroad.
- Contributing to the makeup of a positive corporate image which aids in the achievement of business objectives and in commercial activity.
- Maintaining a fluent relationship with external agents, particularly with representatives of the media.
- All of the above leads to an increase in the value of the ACS brand and of its different companies and businesses.

The ACS Group manages its commitment to transparency towards its stakeholders by three main means:

- The ACS Group's Communications Department.
- The ACS Group Website.
- Shareholder and investor information activities.

The ACS Group's relationship with all forms of media is fluently and transparently led by the Group's Communications Department and involves interviews, press releases and contacts on the corporate website, as well as meetings with journalists.

Numerous contacts were made with journalists in 2011: 7 press releases were published, several press conferences were held and many individual interviews were given by the Chairman and Corporate General Manager.

**The website, www.grupoacs.com**, is a commitment from the Group to clarity, accessibility and information. Its objectives are specified below:

- To open a "window" to society through which the company may by analysed with greater transparency and ease.
- To maintain a permanently open communication channel both with the Group's priority stakeholders and with any individual or company needing any type of information on the Group.
- To offer, completely transparently, the company's economic and financial information, information on its systems of governance and management and the activities it undertakes.
- To enable searches for historical information on the company for more thorough analysis of trends and performance.
- To maintain up-to-date information on the performance of the company and the criteria behind its management at all times.

| www.grupoacs.com | 2009 | 2010 | 2011 | Daily average 2011 | Var. 10/11 |
|---|---|---|---|---|---|
| **Website visits** | 890,441 | 1,028,874 | 1,131,448 | 3,100 | +9.97% |
| **Pages viewed** | 8,677,863 | 10,598,226 | 14,583,027 | 39,953 | +37.60% |

# 5. Ethics, Integrity and Transparency in the ACS Group

Similarly, to aid in their commercial and informational activity, the ACS Group's lead companies and large subsidiaries own and promote a large number of complementary web sites and information portals, intranets, online tools and remote reporting and training systems.

On the other hand, the **shareholders' right to information** is detailed in several rules in the regulations of the Shareholders' Meeting. Hence, in order for the Company Shareholders' Meeting to properly serve the function for which it was designed, the Board of Directors makes available to all shareholders, prior to each Shareholders' Meeting, all the information which is legally required to be provided to them, in addition to information that is not legally required to be provided, but that reasonably should be made available, given the interests of the company and of the shareholders, for them to form their opinion. In this regard, the Group makes every effort to respond duly to requests formulated by shareholders for the purpose of the General Shareholders' Meeting, regardless of whether these requests are formulated before or after Shareholders' Meetings, provided that the Company's interests are not jeopardised.

The ACS Group uses various channels to fulfil this commitment to communication and transparency. Its objective is to promote flexibility, fairness and immediacy and to achieve greater reach with the published information by means of:

1. The Group's website.
2. The shareholder service office (+34 91 343 9200).
3. The shareholder information e-mail address (irgrupoacs@grupoacs.com).
4. The shareholder service web forum.
5. Fluid communication with the Spanish Stock Market Commission (CNMV).
6. The information offered by the Investor Relations Department.

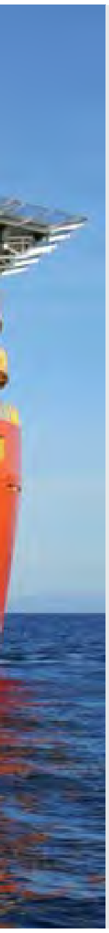
Furthermore, a Shareholder Service Web Forum has been operating since October 2010 to attend to requests for information resulting from the General Shareholders' Meetings. This tool acts as a support in each period leading up to the General Shareholders' Meeting and will be available to all the Group's shareholders.

In addition, the Spanish Stock Market Commission (CNMV) is the main means through which the ACS Group communicates and announces its development and its main actions. Thirty-seven "Relevant Facts" were communicated through the Commission during 2011.

The ACS Group publishes standardised financial information and information on the development of its businesses annually and quarterly. Similarly, the company attends to requests for information from other market agents through meetings. These meetings are intended to complement the Group's reporting efforts and the objective thereof is to clarify information already published in accordance with investors' and shareholders' needs.

During 2011, the Group gave 4 corporate presentations, held 1 General Shareholders' Meeting, attended 9 seminars and events in specialised forums in Europe and the US and organised 191 planned meetings with institutional investors.

| Activity with institutional investors | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| **Investors attended** | 174 | 180 | 167 | 191 |
| **Events** | 7 | 10 | 8 | 9 |



*The measures aimed at promoting information transparency affect the Company's reputation and the dissemination of its corporate values, its technical capacities and its business successes.*

# 6. Commitment to Technological Development

## 6.1 R&D+i in the ACS Group

### Milestones 2011

**FPS** (Flota Proyectos Singulares): The AENOR certification follow up audit was successfully passed in accordance with the UNE 166002:2006 standard.

**DRAGADOS**: Dragados attended the ECTP (European Construction Technology Platform) in Warsaw

**HOCHTIEF AMERICAS**: The construction system for gantries patented by Flatiron (tilting lead gantry) was used on the Washington Bypass, in North Carolina. This project won the "Aon Build America Award" presented by the Associated General Contractors of America, which selected the project due to the use of the innovative and ecological construction technique patented by Flatiron.

**GRUPOETRA**: Development of a contactless electronic ticketing system with location, service control, information, video surveillance and communications functions in the urban transport system developed by ETRA.

**imes API** (Servicios · Movilidad): Presentation of proposals in the INNPRONTA and INNPACTO calls by the Ministry of Science and Innovation in Spain.

**INITEC Energía**: Initec Energía obtained two European Quality Assurance Certificates for R&D+i for the "Development of a new methodology for managing work flows" (Technological Innovation) and "Development of new models and methodologies for maximising a thermal solar power plant" (R&D) projects.

### Challenges for 2012

**GEOCISA** (Geotecnia y Cimientos S.A.): Improve internal dissemination of R&D+i in the company by holding exposure and technical days.

**DRAGADOS POLAND**: Start of collaboration with the IBDIM (Polish Road and Bridge Research Institute).

**DRAGADOS**: Internationalisation of Dragados' R&D+i through participation in reFINE (Research for Future Infrastructures in Europe), an ECTP (European Construction Technology Platform) initiative to promote European research into transport infrastructures with financing through the European Union programmes, as well as through active participation in 7th Framework Programme R&D and the launching of R&D projects in developing countries.

**HOCHTIEF EUROPE**: Introduction of "blueFM" (quality seal for the development and application of sustainable concepts for clients). To offer engineering services for energy-efficient construction and driving the expansion of transmission networks, mainly in Germany.

**urbaser**: Completion of the implementation of a document management system, the basis for the company's knowledge management system. Increase in the applicability of R&D+i project results through their dissemination to the companies departments.

### Initiatives developed

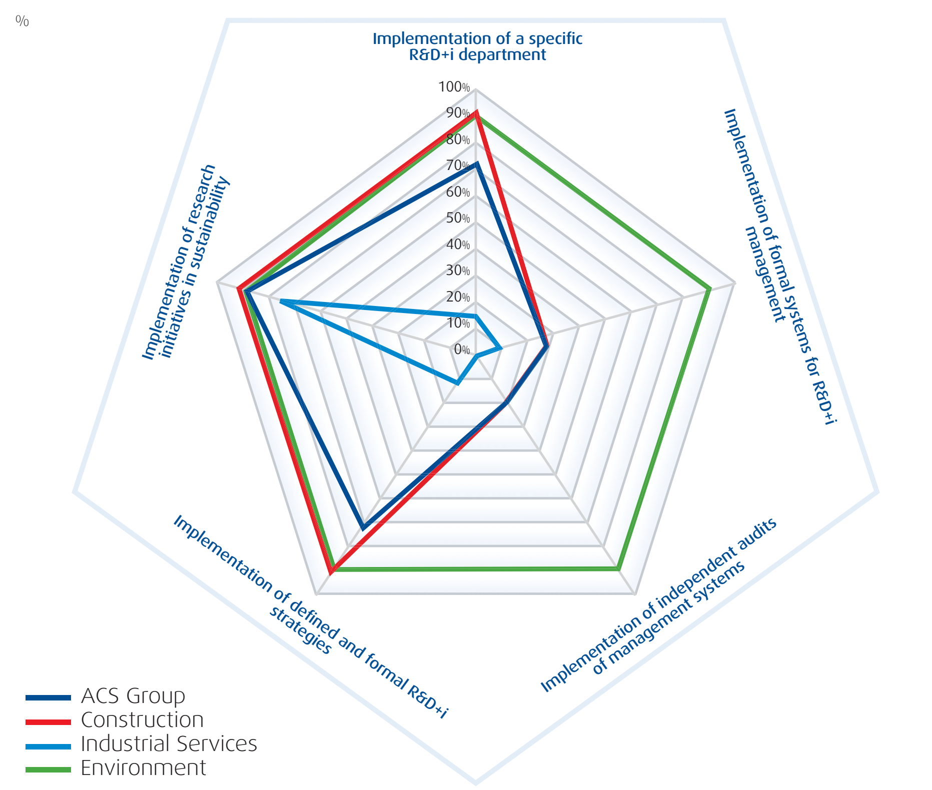
| Main areas of work | Percentage of total |
|---|---|
| R&D+i management system | 6% |
| Formal strategy in R&D+i | 3% |
| Definition main lines of action in R&D+i | 41% |
| Research | 41% |
| Others | 9% |

## 6.1.1 Strategic Priorities

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

Its involvement in research, development and innovation are clear in its increased investment and the R&D+i efforts that the ACS Group makes year after year. This effort leads to tangible improvements in productivity, quality, client satisfaction, occupational safety, the obtaining of new and better materials and products and the design of more efficient production processes and systems, among others.

The adoption of the main R&D+i parameters in the ACS Group is summarised in the following graph[19]:




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

[19] The data referring to the ACS Groups included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data is expressed in terms of percentage of total Group sales in 2011.

# 6. Commitment to Technological Development

The ACS Group's largest companies have management of technology, which is usually the Technological Development Committee, which leads the development of research activities in each company. The existence of this management or committee was reported by companies representing 73.7% of ACS Group sales in 2011.

R&D management takes place through a system which, in the largest companies and in general, follows the guidelines in the UNE 166002:2006 standard and is audited by independent specialists. There is a formal management system in companies representing 26.7% of Group sales. Furthermore, independent audits are carried out in companies representing 16.8% of sales.

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

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

There is a defined and formal strategy for R&D+i in companies representing 70.7% of ACS Group sales.

Each Group company's strategic decisions on the execution of R&D projects seek to maximise the positive impact of ACS's

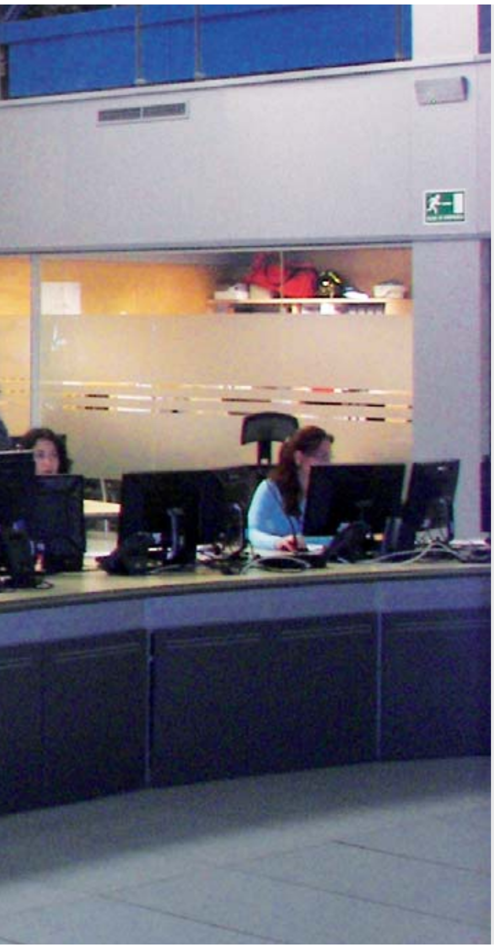
technical and technological progress. The companies have analysis and discrimination procedures to decide which projects to undertake.

At December 2011, the ACS Group had 231 projects in progress and had registered 10 patents in the year.

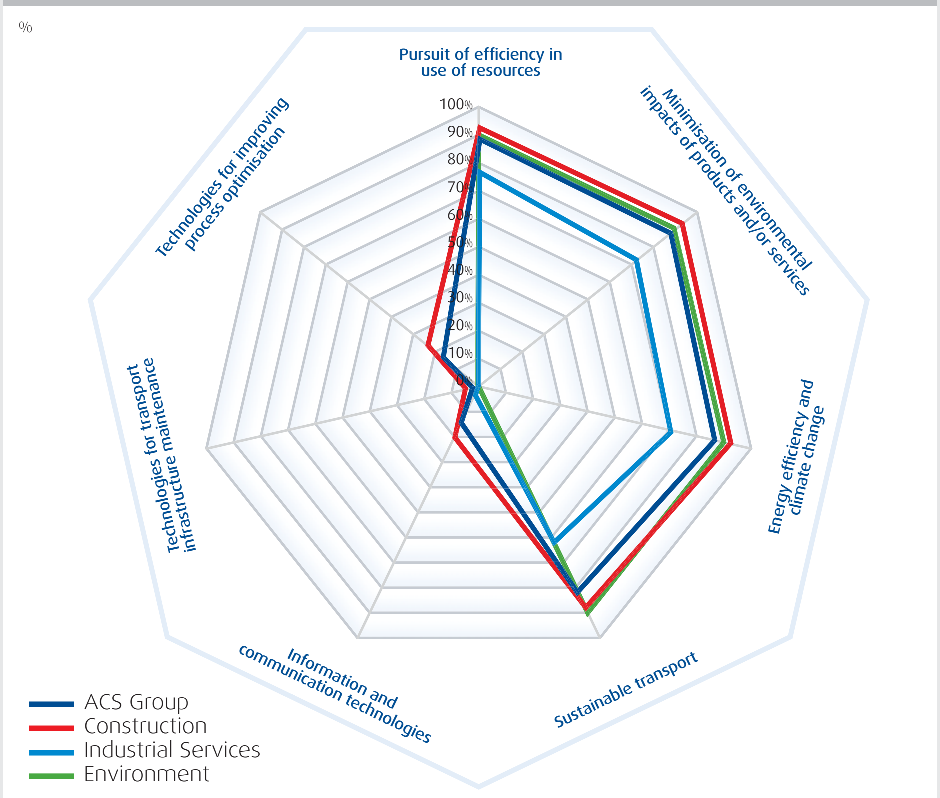
Furthermore, collaboration with external organisations is crucial for the success of the projects tackled. Hence during 2011 ACS Group companies collaborated with 134 research and technological centres and with 137 universities, as well as will 14 other diverse centres, institutes or institutions related to R&D+i. These prestigious research institutions, both domestic and international, complement the ACS Group's own research capabilities.

The ACS Group invested a total of €55.89 million in research, development and innovation in 2011, which represents an increase of around 19.5% relative to 2010. In 2011, the Group received €6.45 million in subsidies for R&D+i, 27.7% less than in 2010.

The ACS Group's activities as regards R&D+i also represent substantial support to the promotion of sustainability. The large number of projects which have the aim of increasing efficiency in the use of resources, minimising the impact of the services provided to clients and carrying out eco-design activities should be highlighted. At least one of these activities is carried out in companies representing 88.7% of ACS Group sales.



Main areas for development of research in sustainability




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

# 6. Commitment to Technological Development

## 6.2 Construction

The majority of the ACS Group's Construction companies[20] have a system for management of research, development and innovation, specifically 11 of them, representing 27.1% of ACS Group sales in this area. Generally, these management systems are implemented around the UNE 166002:2006 standard.

Although decentralised, management is coordinated by Dragados' departments and, on the other hand, independently in Hochtief´s companies. To meet the objectives set by their respective lead companies, the ACS Group's construction companies had 112 projects in progress at the end of 2011, managed by the different R&D+i managements. ACS's Construction companies invested €32.34 million in R&D+i during the financial year, nearly 49.7% more than that spent in 2010. Eliminating the effect of Hochtief, the increase is 11.7%.

In their R&D+i activities, the ACS Group's construction companies collaborated with a total of 174 research institutions, including 82 research and technological centres, 88 universities and another 4 institutions promoting innovation or research of differing natures.

Outstanding among the main research areas reported are:

- Research and development of tools for maintenance of railway infrastructures based on Computational Intelligence technology. (Vías)
- Online global platform for the prevention of occupational risks with integration of new technologies. (FPS)

[20] The data referring to the ACS Groups' Construction companies included in this section were calculated by analysing the information supplied by the different companies in this area of activity, weighted by level of turnover. The data is expressed in terms of percentage of total Construction area sales.

# CLIOMAR PROJECT: Evaluation of meteo-oceanographic climate on the evolution of the behaviour of maritime works

DRAGADOS

The CLIOMAR project is jointly financed by the CDTI. DRAGADOS is the coordinator of the project in which other companies, the Environmental Hydraulics Institutes of the University of Cantabria (IH Cantabria) and the Polytechnic University of Valencia.

The cooperation of Coruña's Port Authority should be highlighted, which supports the project with its installations as well as providing relevant information for it.

CLIOMAR tackles the influence of the maritime climate acting on the behaviour of mound breakwaters based on innovative systems of observation and by means of the use of numerical and physical modelling, in which the effects of the wind, among others, are taken into account.

CLIOMAR deepens scientific and technical knowledge on certain aspects, such as the influence of the process of placing blocks and the porosity of the revetment on run-up and overtopping phenomena, as well as on the hydraulic stability of mound breakwaters in the short and long term.

The achievement of many of these objectives is being made possible due to the tools and products generated in the SAYOM (System for aiding in planning, construction and operation of maritime works) project carried out recently by DRAGADOS, with the collaboration of IH Cantabria and the International Centre for Numerical Methods in Engineering (CIMNE).

As in this latter project, CLIOMAR serves in the works for the New Port Facilities at Punta Langosteira (La Coruña), currently being executed by a joint venture of which DRAGADOS is a member, as the first location on which the new tools developed are to be applied.

One of CLIOMAR's fundamental parts has been the acquisition and installation of a video monitoring system on the crown wall of the breakwater itself. This system is made up of six cameras and a channel for small overtoppings, apart from the computers, control panels, wiring, lightning conductors, etc. The cameras are installed on three posts (two at 9 metres in height and a central one 25 metres high) which act as support structures.

The installation is completed by a system of four weather stations distributed around the environs of the work to be able to appropriately calibrate the high resolution numerical wind model developed in the project. Data recorded by a buoy anchored at the foot of the breakwater, acquired by the joint venture executing the works, is also employed.

The project has an initial part for characterising the acting dynamics, focusing especially on the influence of the wind on the local generation of swell in the proximity of the works. A specific high-resolution model has been developed for this, which enables the wind affected by the land orography to be characterised, which has very different characteristics to those at sea, where it is not affected by any obstacles.

Better definition of the local generation of swell around the coast has been obtained using this tool, permitting better characterisation of the actions affecting the breakwater and the prediction system itself developed in SAYOM and implemented in the works (PATO system – Early prediction of swell).

Once this objective was achieved, the following consisted of analysis of the evolution of breakwater behaviour, both in construction phases and in the final phase, against successive storms.

# 6. Commitment to Technological Development

This translates into the study of three specific phenomena:

- Evolution of the movement of the 150 tonne blocks of the main revetment.
- Run-up.
- Overtopping of the crown wall.

It was necessary to develop two independent logging systems for this:

- One submerged, to determine the position of the blocks underwater, consisting of the installation of a system specifically designed for the project, basically made up of two multi-beam echo sounders and a high frequency side-scan sonar.
- One above water, to determine both the position of the blocks above the sheet of water and run-up and overtopping phenomena. This is made up of the aforementioned cameras and computers. The movement of the blocks is registered by means of a system for comparison and referencing of corrected images, while both run-up and overtopping are analysed using an innovative system for interpretation of images by means of an optical flow system.

By means of trials on a physical model, the hydraulic and structural behaviour of the breakwater in its different construction phases were studied in parallel, taking the initial porosity of the main block revetment as a descriptive variable based on the adoption of different placement meshes. The wind was implemented in some of the trials, so that it was possible to establish a new formulation for overtopping taking its influence into account.

Finally, the breakwater's functional behaviour was studied, by numerical modelling at both model and prototype scale and including wind action. In this way an extensive library of cases was established which can be of use to confirm and improve the aforementioned formulation, as well as to establish some conclusions and recommendations generally applicable to other mound breakwaters.

Outstanding as CLIOMAR project innovations are:

- The implementation of high resolution wind modelling in systems for characterising and predicting swell.
- The use of integrated systems for monitoring and interpretation of images of both above water and submerged elements to evaluate the effects of run-up, overtopping and block movement in a mound breakwater.
- The implementation of the wind in numerical models for swell-structure interaction.
- The establishing of formulations, conclusions and recommendations on the design and execution of mound breakwaters.

Although these developments are being implemented at Punta Langosteira, it is intended to be able to make the conclusions general to other cases provided that the necessary means are available.

# Energy Management: Simply efficient

HOCHTIEF EUROPE

## Hochtief´s Energy Management Unit focuses on the energy efficiency segment.

With a workforce of 300 people in Germany, the company is a leader in energy management and the provision of energy services. Its prospects for growth are good.

Using a wide range of energy models, Hochtief Energy Management helps its clients to reduce operating costs, execute more efficient energy systems and reduce carbon emissions.

Hochtief is capable of achieving these objectives through the design and implementation of efficient solutions, as well as through continuing supervision of energy consumption. As a contractor, Hochtief assumes the risk of achieving a certain efficiency level. In full service contracts, also including technical and infrastructure services, Hochtief offers its clients additional services for production centres and specialised facilities.

In energy supply contracts, Hochtief optimises the clients' systems and supplies energy directly. The company guarantees a saving for clients both in their energy consumption and in their bills for their communications systems. As part of the service, all the necessary changes are made. So, in 2011, Hochtief Energy Management has saved over 115,000 tonnes of $CO_2$ emissions on its clients' behalf.

## An example: energy supply to the Heideblume Dairy, in Germany

Hochtief Energy Management has acted as the contractor in energy services for the dairy firm Heideblume in Elsdorf-Rotenburg, Lower Saxony, for many years.

Since November 2010, when the contracted was extended by 15 years, Hochtief has developed an innovative technique to reduce the company's annual $CO_2$ emissions by 5,000 tonnes per year.

Hochtief has made various changes, such as the construction and operation of a new central energy plant, centred on combined heat, cooling and energy production (CHCP) to supply electricity. Hochtief´s experts also installed a more efficient compressed air generator and a highly advanced absorption refrigeration system to offer a very efficient chilling system for the manufacturing plant's logistics centre.

These activities have won awards. In early 2011 the project was recognised by the German Ministry of Environment with the annual cooling award for the "Climate-Friendly Use of Cooling Machinery in Food Production". The German Energy Agency also granted the project the seal for good practices in energy efficiency.

# 6. Commitment to Technological Development

## Innovation in offshore wind power

HOCHTIEF
EUROPE

**Hochtief develops innovative solutions to support the vigorous renewable energy industry.**

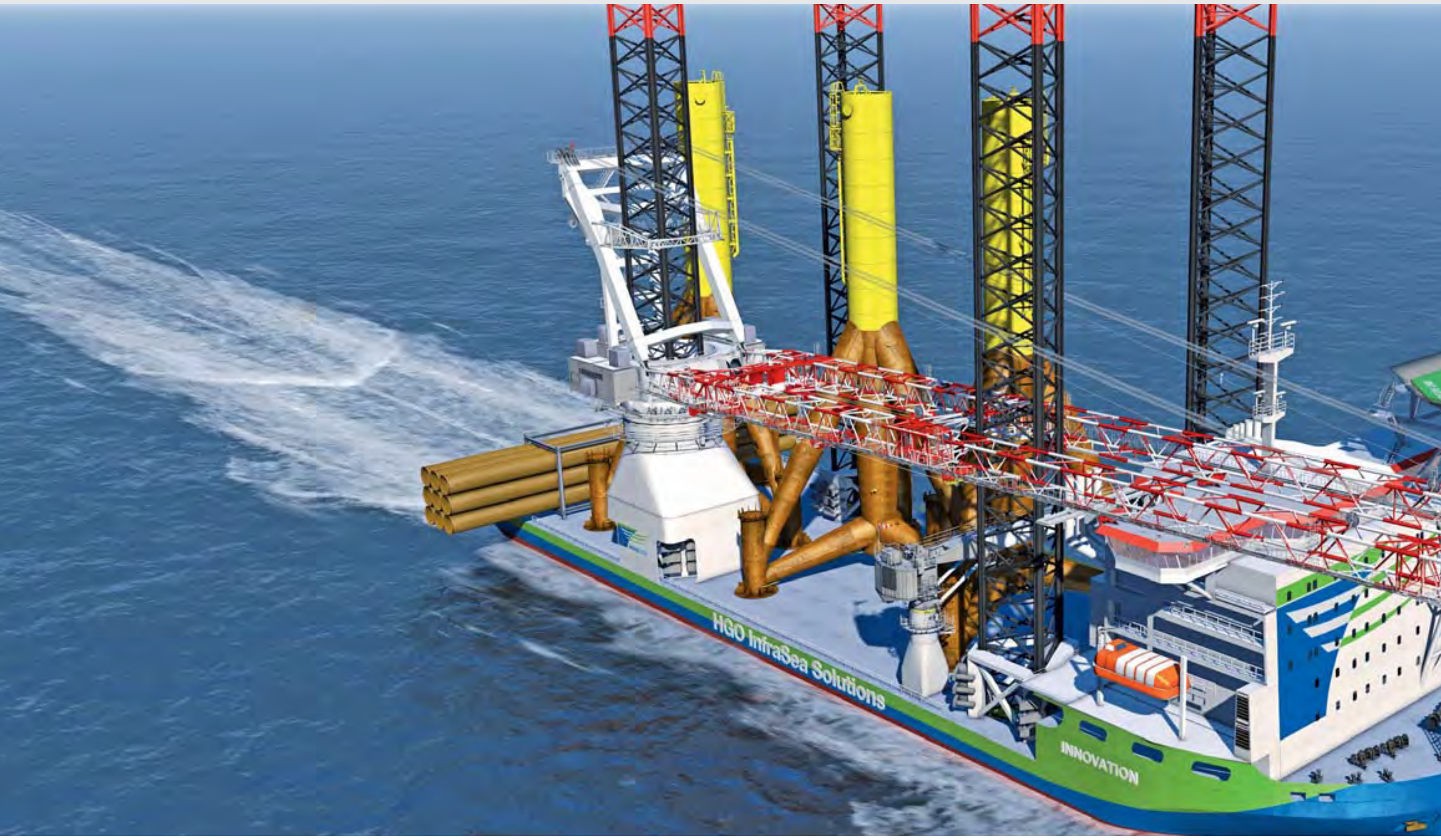
With an extensive portfolio of businesses, solutions and operating techniques, Hochtief positions itself as an important competitor in the offshore wind power sector.

A clear example is Hochtief´s jack-up vessel "Innovation", to be launched in 2012 This ship, designed and built together with the strategic partner GeoSea is 142 metres in length and can operate at depths of up to 50 metres.

At 8,000 tonnes and with a 1,500-tonne crane, the ship can carry out any kind of offshore installation or foundation operation. It is the most powerful ship in its category in the current market and its estimated lifetime is at least five years.

As well as with the "Innovation", Hochtief is also developing a ship to take care of the maintenance, installation and servicing of offshore turbines. It is due to be operating in 2013 and will make a tool available to the company which will enable it to cover the whole value chain for services to offshore wind power plants.

Offshore wind power projects require the use of highly specialised techniques making it possible to anchor the turbines to the sea bed. Furthermore, the noise impact of these techniques needs to be reduced to preserve marine flora and fauna during the installation period. To tackle these needs, Hochtief has developed a technique which, instead of driving foundations, reduces noise impacts by using a vertical drilling system which inserts the foundations in the sea bed in a less obtrusive manner.

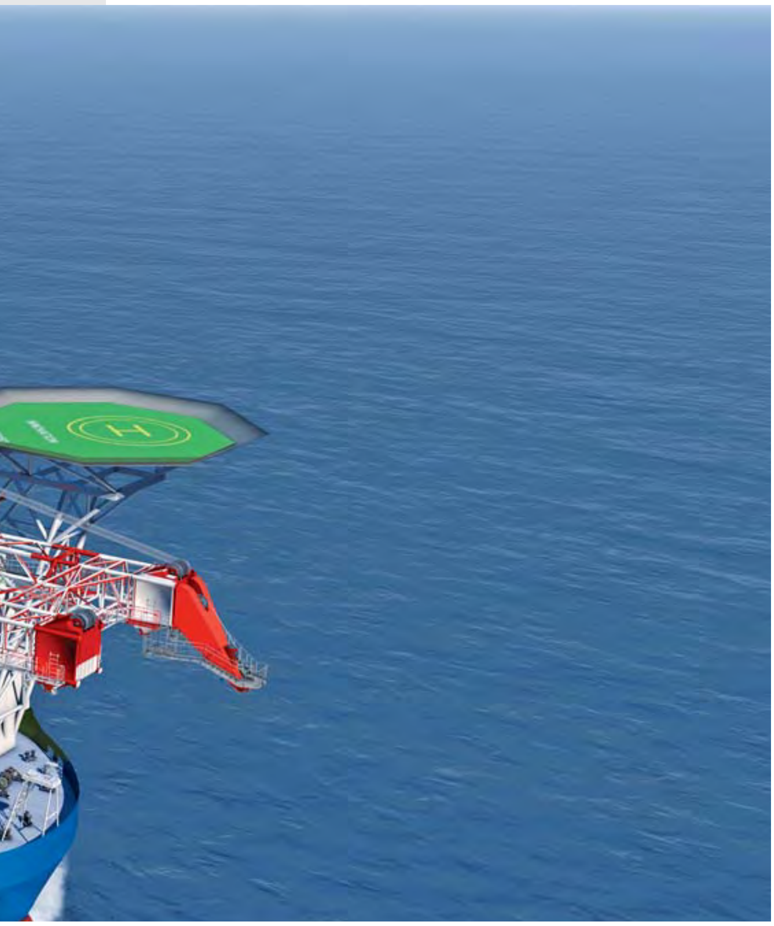


# 6.3 Environment

In the ACS Group's Environment business[21], innovation constitutes a basic principle both in management and in processes for recovery, reuse and reclamation of wastes. To carry out this task, Urbaser has its own specific R&D+i department with a formal management system certified under the UNE 166002:2006 standard and audited by an independent third party.

A Strategic Plan for R&D+i is determined annually or biannually, setting the priority lines in R&D+i for the company and framing the projects to be carried out. At 31 December 2011 there were 28 research and development projects in progress, in which €5.62 million were invested, 17.4% less than in 2010[22].

As a significant part of its activity, Urbaser's R&D+i area collaborated with a total of 28 research institutions, including 5 research and technological centres, 13 universities and another 10 institutions promoting innovation or research of other types.



Outstanding among these are the Technical and Autonomous Universities of Barcelona and Madrid and Madrid's Complutense University, CIEMAT and the companies E-Intelligent, Applus and Ecoembes.

Investment in R&D+i focused on making maximum use of the energy which can be extracted from wastes, minimising dumping and reducing atmospheric emissions and odours. The R&D+i Centre for Urban Solid Waste was opened in 2011, which has unique equipment of an adequate scale for demonstration tests on anaerobic digestion, composting and odour treatment techniques.

For 2012 the objective is to complete implementation of the document management system, as the basis of the company's knowledge management system, as well as to increase the applicability of the results of R&D+i projects through their dissemination to the company's departments.

As regards R&D+I, Urbaser was guided in 2011 by the following lines of action:

- Optimisation of techniques, equipment and products for the application of plant protection products to urban woodland by endotherapy.
- Development of technologies for optimising waste management in Urbaser's R&D+i centre.
- Patent for treatment of residual sludges.
- Competitive intelligence.
- Recovery of wastes from waste to energy.
- Recovered solid fuels.
- Cleaning processes and optimisation of biogas production.
- Reduction of noise and emissions from waste collection vehicles.

[21] The data referring to Environment included in this section were calculated by analysing the information provided by Urbaser.

[22] In 2010 this business area included Clece, which invested €0.78 million. If this investment is discounted from the 2010 figure, the resulting reduction in investment is 6.5%.

Among all these projects, the following stand out due to their depth, level of investment or importance:

## ENDOTHERAPY

Optimisation of techniques, equipment and products for the application of plant protection products to urban woodland by endotherapy.

Comprehensive control of plant health is especially relevant in the management of green areas.

The technological breakthrough in this project lies in the evaluation and study of the existing endotherapy treatment techniques with the aim of designing equipment for endotherapy application suited to the local conditions in Spain. In parallel, a solvent has been developed which improves absorption and use of the plant protection products applied, enabling application times to be reduced and treatment persistence to be improved.

By the end of the project, a plant protection product application technique which is more sustainable for the environment will have been developed and tested, which eliminates possible contaminations and problems, based on ratified results for the Iberian Peninsula's species and blights.

# Development of technologies for optimising waste management in Urbaser's R&D+i centre

The clear commitment to and investment in innovation which URBASER has been promoting for decades have enabled us to position ourselves as leaders in the sector. We have also created the first R&D+i Centre to replicate critical stages in waste treatment at pilot scale with a view to resolving not only those real operating problems, but also to face up to new technological challenges. The aspiration is for this R&D+i Centre to become the Benchmark Centre for validating environmental technologies and R&D+i and it has been conceived with the idea of continuing to carry out new R&D+i projects, carrying out trials at semi-industrial scale and so operating with the pilot plant with the greatest possible flexibility. The idea is to continue collaborating as has been the case until now with prestigious Universities and Technology Centres .

The pilot plant occupies an area of 570 m$^2$, laid out in line with the treatment areas on which research is anticipated in the next three years (2011-3), which are served by a Laboratory and a Control Room:

- Pre-treatment area.
- Biomethanisation area.
- Composting area.
- Odour treatment area.
- Recovered solid fuel area.

# Treatment of Residual Sludges

SOCAMEX, the Urbaser Group's water company, has presented a patent to the OEPM, the Spanish Office for Patents and Trademarks, on a new process for anaerobic digestion of waste water purification station sludges entitled: "Procedure for the Treatment of Residual Sludges".

The procedure comprises the following steps:

- carrying out hydrolysis and extraction of metals from the residual sludges;
- centrifuging to separate the sobrenatant fraction, comprising metals, of the sedimented sludge; and
- submitting the sedimented sludge to anaerobic digestion under microaerophilic conditions in a complete-mix anaerobic digester to eliminate $H_2S$.

In this way, thanks to the combination of prior hydrolysis and metal extraction, centrifuge separation and, finally, anaerobic digestion under microaerophilic conditions, optimisation is achieved in the treatment of residual sludges.

Specifically, increased production of biogas, improved quality of this biogas product (i.e. reduction in the amount of $H_2S$ in the biogas produced) and a final resulting sludge which is dehydrated, free of metals and unpleasant odours are provided. Indeed, the final sludge obtained is more hygienic than those obtained be means of the procedures in the previous technique, so permitting its appropriate use in agricultural application as it greatly reduces its impact on the environment.

# 6. Commitment to Technological Development

## 6.4 Industrial Services

The ACS Group's Industrial Services area[23] carries out significant work in promoting research, development and innovation through the various R&D+i departments in several of the companies in this line of business. Companies representing 18.9% of Industrial Services' sales reported the existence of an R&D+i department or management in their structure.

Total investment of €17.93 million was allocated to the execution of the more than 91 projects managed by the different departments, 4.7% more than in 2010. These projects are carried out by virtue of a formal research and development management system, which is formally implemented in companies representing 10.3% of Industrial Services' sales.

The R&D+i areas in the various companies collaborated with a total of 83 research institutions, of which 47 were research and technology centres and 36 universities.

The R&D+i strategy of many of the companies in this area is based on an external focus, aimed at its stakeholders, and an internal focus, aimed and process modernisation and improvement.

During 2011, the necessary initiatives were initiated to create an R&D+i department in Cobra to manage, administer and exploit the company's efforts in this area.

[23] The data referring to the ACS Groups' Industrial Services companies included in this section were calculated by analysing the information supplied by the different companies in this area of activity, weighted by level of turnover. The data is expressed in terms of percentage of total Industrial Services area sales.

# GUIADE: Model for prognosis of traffic variables in a specific time frame

The development of the prognosis module was carried out based on observation of historical data, which was used as a basis to establish patterns of behaviour. From this determination of patterns, and using artificial intelligence technologies based on neural networks, the behaviour of the variables (intensity, occupation and speed) in the near future (15 minutes) is predicted based on the analysis of the data collected in real time.

To do this, work was carried out with schemes for predicting measured speed based on spatial/temporal variation, the inputs to which are the traffic measurements through the measurement points on a certain route of interest during an observation window of a few minutes, and the output from which is a prediction window for the future states measured through the same points, with a prediction time frame limited to 15 minutes.

The following are explored, in particular: (1) the free parameters of two algorithms (k closest neighbours and general regression neural network), (2) the effect of selecting a time band of practical interest in the application; (3) the effect of including measurements of traffic intensity, occupation and density as explanatory variables; (4) the effect of smoothing the data; and (5) performance as regards speed prediction in terms of days of the week, seasons and applicability to different types of road.

Once the appropriate algorithm and architecture for estimation of average speed has been established, the comparative results on journey times are shown from two perspectives for the gold standard for comparison: (1) journey times estimated based on spatial-temporal maps for speed and by means of approximate numerical integration for these maps; (2) journey times obtained based on moving vehicles in real time with geographic location devices (virtual loops) identified in the following figure by the description TRAZA:

It can be seen that the temporal/spatial estimates corresponding to the predictive algorithm which uses corrected and interpolated speed data have a significantly lower error than the estimates based on the uncorrected data recorded by the loops.

# 6. Commitment to Technological Development

## NOBEL (Neighbourhood Oriented Brokerage ELectricity and monitoring system) Project

GRUPOETRA

The NOBEL (Neighbourhood Oriented Brokerage ELectricity and monitoring system) project is framed in the European projects approved under the Seventh Framework Programme, 4th ICT call. Three companies and three research institutes from Germany, Spain, Sweden and Greece participate in it.

The project objective is to achieve an energy-efficient distribution system and optimise the use of energy in local settings – neighbourhoods – as against the global optimisation which takes place at present. This involves developing a system for the sale/purchase of electricity for redistribution and the auctioning of excess energy at off-peak times. This system is not just a prime objective of the European Union as a tool for opening the energy market, but also a source of information for adjusting the operation of local electricity networks.

The project began in February 2010 with a planned duration of 30 months and a combined effort of 245 person months. ETRA R&D's work focuses, in addition to coordination and exploitation tasks, on the development of an intelligent public lighting system, capable of governing lamps by lighting point, and collaborating with other information systems, both to extract new services – such as urban traffic information – and to provide detailed information to the electricity operator – such as estimated consumption.

# 7. Commitment to the Natural Environment

## 7.1 The Protection of the Environment in the ACS Group

### 2011 Milestones

**DRAGADOS**

Improved sustainable management of demolition waste recovery. The target set of 68% recovery for 2011 was achieved, maintaining the progress over recent years.

Application of the Energy Efficiency Plan in the head office resulted in a 41.5% saving in natural gas and a 7.3% saving in electrical energy in 2011.

**VIAS**

Definition of the internal system and calculation of the Carbon Footprint associated with our business; calculation and verification of VÍAS' Carbon Footprint under the UNE-ISO 14064-1:2006 Standard, with this being verified by an Accredited External Body: Lloyd's Register Quality Assurance.

**HOCHTIEF AMERICAS**

Turner announced that Yale University's New Haven Health Centre in Connecticut is Turner's 200th project to obtain the Green Buildings Certification Institute's LEED certification.

**Leighton Holdings**

Leighton's environmental framework was updated at the beginning of 2011, including hardening up the classifications of future incidents to reflect the regulatory framework and improve requirements for good governance and quality.

**urbaser**

Expansion of the scope of ISO 14001 certification in Urbaser.

**MAESSA**

Report on $CO_2$ emissions through the Carbon Disclosure Project.

### Challenges for 2012

**POL-AQUA**

Extension of the lifetime of the company's environmental certificates in accordance with the standards in the ISO 14001 norm.

Obtaining of ISO 14001 certification.

**SCHIAVONE**

Formalisation of environmental processes and programmes to obtain ISO 14001 certification.

**Leighton Holdings**

Prevent any serious pollution or degradation incident as a consequence of Group operations.

**imesAPI** Servicios · Movilidad

Implementation of tools to reduce $CO_2$ by means of energy-efficient systems.

**intecsa industrial**

Implement advance and monitoring reports for the projects indicating environmental compliance associated with the Environmental Objectives.

### Initiatives developed

| Main areas of work | Percentage of total |
|---|---|
| Emissions | 16% |
| Biodiversity | 5% |
| Wastes | 21% |
| Environmental management systems. | 25% |
| Water consumption | 5% |
| Others | 28% |

## 7.1.1 Strategic Priorities

The ACS Group[24] combines its business objectives with protection of the environment and appropriate management of its stakeholders' expectations in this regard. ACS's environmental policy is intended to be a framework in which, on the one hand, the general lines to be followed (principles) are defined and, on the other hand, the particular features of each business line and each project are collected (articulation).

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

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

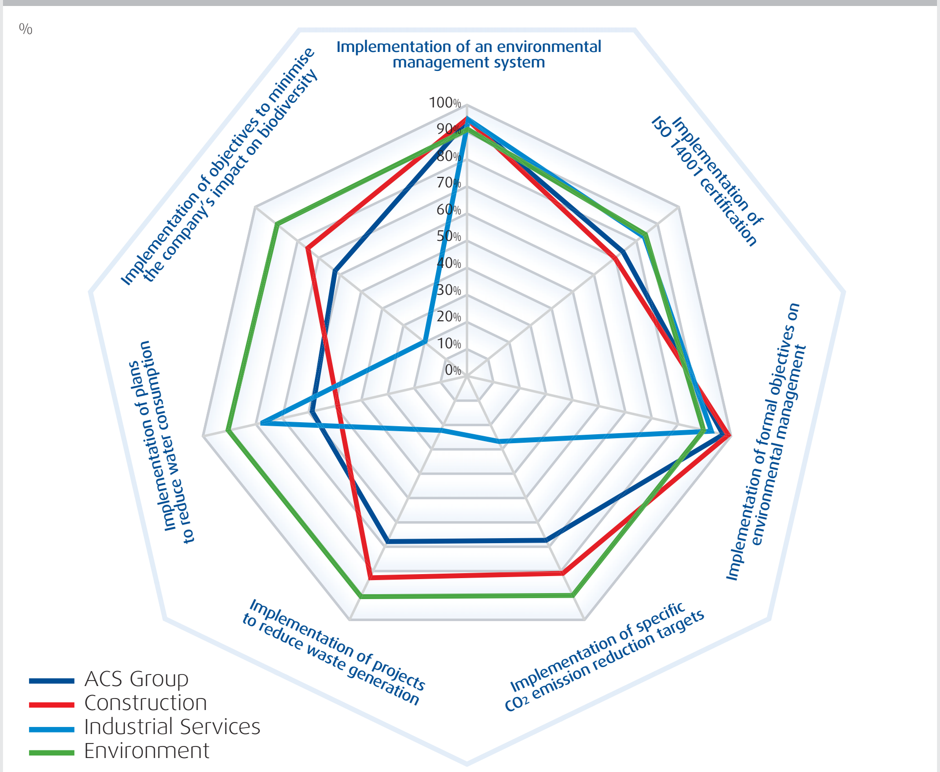
To be able articulate and deploy a policy on these environmental commitments, the most significant are identified at corporate level and are compared with each company's management system and the environmental priorities for each business. For each of these common priorities, which later become common to the majority of the ACS Group, objectives are set and improvement programmes are established individually from company to company.

## 7.1.2 Management Model

The significant level of implementation of an environmental management system, present in companies representing 92.7% of Group sales, is based on the objective of seeking adoption of the

[24] The data referring to the ACS Groups included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data is expressed in terms of percentage of total Group sales in 2011.

The summary of the main common aspects of the ACS Group companies' management models is shown in the following map of initiatives and their level of implementation.




Level of implementation as reported by ACS Group companies and according to the level of sales of each of them.

# 7. Commitment to the Natural Environment

ISO 14001 standard in the majority of the Group's activities, which is already implemented in 72.6% of ACS Group sales.[25]

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

- They themselves, in a decentralised and autonomous manner, develop their own policies and action plans (in ACS, companies representing 97.1% of its sales define formal environmental objectives periodically and, furthermore, 23.0% reward their workers according to fulfilment of these objectives.
- They implement projects for certification and/or independent external auditing (95.0% of the ACS Group's production was audited in 2011).
- The ACS Group's companies carry out detailed monitoring of their environmental performance:
  - A total of 972 environmental audits were carried out in 2011, 21.8% more than in 2010.
  - Companies representing 64.8% of ACS Group sales have some kind of centralised database to collect environmental data.
  - Companies with 54.1% of the ACS Group's sales have a system for collecting incidents, non-conformities or near misses related to the subject of the environment. A total of 1,601 environmental incidents occurred in 2011, which involved the origination of a total of 33 sanctioning administrative proceedings.

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

| Sanctions due to breaches of environmental regulations | 2009 | 2010 | 2011 |
|---|---|---|---|
| Number of environmental incidents | 1,408.0 | 1,219.0 | 1,601.0 |
| Number of environmental incidents with sanctioning administrative proceedings | 40.0 | 32.0 | 33.0 |
| Cost of fines due to sanctioning administrative proceedings (€) | 114,232.0 | 196,469.7 | 154,600.0 |

## 7.1.3 Main Environmental Indicators

| The ACS Group's main environmental indicators | 2009 | 2010 | 2011 |
|---|---|---|---|
| Water consumption ($m^3$) | 6,412,181.1 | 6,772,361.0 | 5,577,931.0 |
| Production certified under ISO 14001 (%) | 69.9% | 71.7% | 72.6% |
| Direct emissions (Scope 1) ($tCO_2eq$) | 1,958,109.1 | 1,998,929.4 | 1,742,344.1 |
| Indirect emissions (Scope 2) ($tCO_2eq$) | 108,612.9 | 108,948.8 | 151,738.3 |
| Indirect emissions (Scope 3)* ($tCO_2eq$) | 4,487.9 | 4,391.8 | 13,620.2 |
| Non-hazardous waste sent for management (t) | 1,115,301.0 | 824,735.0 | 1,168,706.0 |
| Hazardous waste sent for management (t) | 174,241.0 | 200,949.0 | 186,989.5 |

* Due to employee travel.

[25] Although this is not the only certification, as companies representing 30.35% of ACS Group sales reported having obtained another type of certification, many of them in addition to ISO 14001.

- The reduction in Scope 1 emissions recorded in 2011 comes basically from Urbaser's activity, as a consequence of the reduction in the amount of waste bound for dumps, which influences their methane emissions.

- The indirect Scope 3 emissions increased significantly given that the scope of measurement has increased to a larger number of ACS Group companies.

## 7.1.4 Climate Change

The ACS Group shares with society the growing concern over climate change, hence it has an active policy for reducing its greenhouse gas emissions in companies representing 67.1% of ACS Group sales.

According to data requested from the ACS Group's companies and the turnover accounted for in 2011, the ratio of total Scope 1 emissions to sales (Carbon Intensity) was 61 tonnes of $CO_2$ per million euros of turnover.

The main challenge is to understand and quantify all the ACS Group's emissions. Each company is responsible for maintaining an inventory of emissions, in which the main sources of these is identified. This permits custom action plans to be developed for each company. Companies representing 69.8% of ACS Group sales have already defined a method for measuring the carbon footprint of their activities.[26]

The ACS Group's strategy in the fight against climate change is based on proper management of fossil fuels, on renewable energies, on energy efficiency and saving and on sustainable movement. The results expected as a consequence of active policies for containing climate change are:

- Reduction of direct emissions by means of, for example, the implementation of new production processes.
- Reduction of indirect emissions by moderating fuel consumption, for example, and promoting energy efficiency.
- Analysis of the possibility of implementing Energy Management Systems (and where appropriate in accordance with UNE-EN ISO 16001 certification).
- Training of employees, raising client awareness and monitoring of suppliers.
- The financial consequences of climate change for each company's business has begun to be measured. Indeed, companies representing 60.1% of Group sales already carry out this type of analysis.

Another key aspect lies in the promotion of the use of renewable energy or sources less intensive in carbon, as well as the use of the best technologies in the combustion of fossil fuels as two fundamental aspects to reduce $CO_2$ emissions.

The ACS Group has extensive experience in the development of and participation in renewable energy projects. The ACS Group participates in the operation of renewable energy plants (mainly wind and thermal solar), specifically:

- At 31/12/2011, the total wind power installed in Spain was 858.99 MW. These farms produced a total of 1,270.6 GWh during 2011[27.]

- In turn, at 31/12/2011 the ACS Group had an installed power in Spain in thermal solar plants of 199.6 MW, which had produced a total of 503.9 GWh in 2011[28.]

This represents a total of 1,774.5 GWh.

[26] Emissions inventories will not be limited solely to the ACS Group's operational scope, but will also cover the activities associated with the life cycle of its services and products. ACS is developing a database to measure the emissions from its supply chain. Once this database is sufficiently extensive, the results will be published.

[27] This figure comprises the electricity production which obtained the guarantee of renewable sources for electricity from the CNE. The figure does not include 73.3 GWh produced by farms under construction in 2011, which are also not included in the installed power at 31/12/2011. In addition, another 17.1 GWh were recorded which had not obtained the guarantee of renewable sources from the CNE.

[28] Andasol I and II, sold on 30 June 2011, were not included in the installed power. Their electricity production up until they were sold was 144.2 GWh, which likewise was not included in the reported figure for thermal solar electricity production.

# 7. Commitment to the Natural Environment

### 7.1.4.1 GHG emissions (t$CO_2$ equivalent)[29]

| Direct greenhouse gas emissions (Scope 1) (t$CO_2$ equivalent) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Construction | 65,863.1 | 57,597.6 | 80,737.0 |
| Industrial Services | 80,439.3 | 125,578.0 | 43,173.6 |
| Environment | 1,811,806.7 | 1,815,753.8 | 1,618,433.4 |
| **Group Total** | **1,958,109.1** | **1,998,929.3** | **1,742,344.1** |

### 7.1.4.2 Indirect GHG emissions. Group Total (t$CO_2$ equivalent)

| Indirect greenhouse gas emissions (t$CO_2$ equivalent) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Emissions derived from electricity consumption (Scope 2) | 108,612.9 | 108,948.8 | 151,738.3 |
| Emissions derived from employees' travel (Scope 3) | 4,487.9 | 4,391.8 | 13,620.2 |

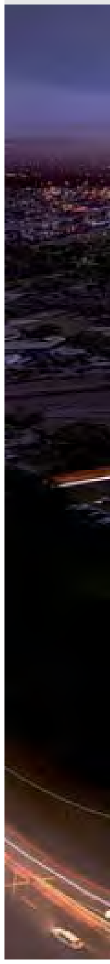
## 7.1.5 Eco-Efficiency

The ACS Group accords efficiency in resource consumption and reduction of waste generation priority, as an effective strategy in these aspects implies benefits from two angles. On the one hand, it reduces the environmental impact on the setting and, on the other, it cuts the costs needed for their purchase or treatment.

To this effect, the ACS Group strategy is based on two fundamental aspects:

- The implementation of projects to reduce waste generation, an exercise which takes place in companies representing 67.9% of ACS's sales.
- The carrying out of projects to reduce material and/or raw material consumption, which takes place already in companies representing 81.2% of ACS Group sales.

In addition, there is notable implementation of policies in relation to the application of sustainable building standards[30]. These are applied in those cases in which the client accepts them, given that the ACS Group in the great majority of cases works for third parties in building development. These sustainable construction policies apply to the companies' main activities, representing 76.9% of ACS's sales.



[29] For the preparation of this report, Urbaser, the company with the greatest impact on this aspect in the ACS Group, adopted a method for calculation of emissions in which the emission factors were obtained from calculations carried out by Urbaser's personnel based on a pre-established mass balance and on the emission factors and formulas which appear in the E-PRTR methodology (European Pollutant Release and Transfer Register) in the 3rd edition of Solid Waste Management and Greenhouse Gases: A Life-Cycle Assessment of Emissions and Sinks, published by the US EPA.

The data on emissions to dumps refers to the emissions equivalent to $CO_2$ which the wastes deposited in the corresponding financial year will produce over a period of 26 years.

Likewise, the emissions for previous years for the Concessions area were added to the Construction area.

To calculate the emissions for the rest of ACS's areas, the IPCC's emission factors were used, which were applied to the data for activity obtained using the GHG Protocol guidelines.

[30] For example, systems for sustainable building certification LEED - Leadership in Energy & Environmental Design, BREEAM - BRE Environmental Assessment Method, LCC - Life Cycle Cost Results, etc.

# Sustainable building standards

HOCHTIEF

Hochtief, through Turner in the United States and Leighton in Australia, carries out building activities in accordance with sustainable building standards.

- Since the year 2000, almost 500 of Turner's projects have been registered as LEED and 244 have been certified. In addition, Turner has adopted many of the sustainable practices which are characteristic of these types of certification in the carrying out of its normal business.

- Leighton Properties, Leighton's company specialised in property development, uses the GBCA's – Green Building Council of Australia – Australian Green Star Methodology in carrying out its building activities.


# 7. Commitment to the Natural Environment

### 7.1.5.1 Waste Treatment

Special importance is attached to the wastes section, as the provisioning part depends predominantly on the client's needs and requests. Hence, more resources, efforts and policies are dedicated to the handling of wastes that to any other discipline in eco-efficiency.

In this respect, the ACS Group segregates, stores and appropriately manages its wastes[31]. Its management is always aimed at minimising the wastes generated, both in terms of quantity and of their hazards, on giving priority to recycling and reuse above other management options and in energy recovery as the preferred choice as against dumping.

Waste is managed in accordance with the regulations in force in each country. The facilities have the corresponding authorisations for producers of hazardous waste, which allow for their recording, inventory taking, storage and management. The non-hazardous wastes generated or managed are sent to dumps, collected by an authorised handling company, reused, recycled or recovered.

The ACS Group also generates other hazardous wastes or wastes with specific regulation which need to be treated respectively by an authorised hazardous waste handling company or Integrated Waste Management System. Hazardous waste is, in general, delivered to authorised handling companies in accordance with the legislation in force.

| ACS Group's Total Generated Waste | 2011 |
|---|---|
| Total non-hazardous waste generated (t) | 1,168,706.0 |
| Total hazardous waste generated (t) | 186,989.5 |

| Waste treatment | 2009 | 2010 | 2011 |
|---|---|---|---|
| Total non-hazardous waste sent for management (t) | 1,115,301.0 | 824,735.0 | 858,738.7 |
| Total hazardous waste sent for management (t) | 174,241.0 | 200,949.0 | 186,989.5 |

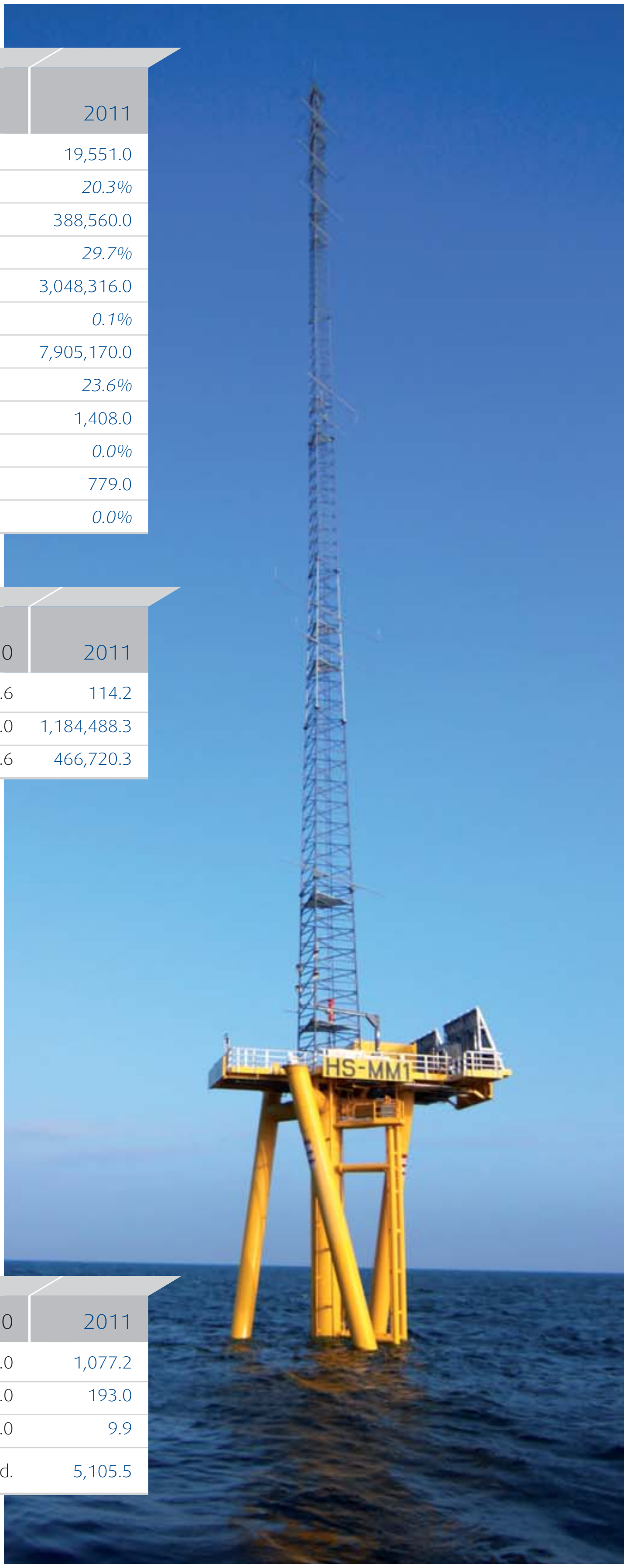
### 7.1.5.2 Rationalisation of Energy and Material Resource Consumption

A large portion of the natural resources consumed by the ACS Group's companies are used efficiently. To achieve this, the best available technologies are used as regards efficiency and reduction of material and energy resource consumption.

Among these items, which began to be measured as from 2011[32], there are historical data for wood purchased by the ACS Group and whether this was certified in accordance with standards for sustainable forest management. Specifically, in 2011, 20.3% of the 19,551 tonnes of wood acquired were certified, while the purchase of a total of 12,863 tonnes of wood was accounted for in 2010, of which 42.8% was certified.

[31] Up to 2010, the ACS Group only measured the tonnage of wastes treated in its CSR report. As from 2011, we present the total waste generated and, of these, those utilised (sent for management: composting, reused, recycled or recovered). The figure for the ACS Group's Total Generated Waste does not include soil from excavations in the Construction activity, the data for which can be found in section 7.2.3 of this document.

[32] Improvements to the process of collecting ACS Group information have been introduced for 2011, among which is the expansion of the requirements on consumption of sustainable materials.




| ACS Group provisioning. Main items | 2011 |
|---|---|
| Total wood purchased (t) | 19,551.0 |
| *Certified wood (%)* | *20.3%* |
| Total steel purchased (t) | 388,560.0 |
| *Steel manufactured with recycled materials (%)* | *29.7%* |
| Total cement / concrete purchased (t) | 3,048,316.0 |
| *Cement / concrete which includes recycled aggregates (%)* | *0.1%* |
| Total aggregates purchased (t) | 7,905,170.0 |
| *Recycled aggregates (%)* | *23.6%* |
| Total glass purchased (t) | 1,408.0 |
| *Recycled glass (%)* | *0.0%* |
| Total pipes / insulation (generally PVC) purchased (t) | 779.0 |
| *Recycled pipes / insulation (generally PVC) purchased (%)* | *0.0%* |

| Direct and indirect energy consumption, by source | 2009 | 2010 | 2011 |
|---|---|---|---|
| Petrol + diesel consumed (million litres) | 99.0 | 94.6 | 114.2 |
| Natural gas consumption ($m^3$) | 3,032,442.0 | 897,866.0 | 1,184,488.3 |
| Electricity consumption (MWh) | 389,293.6 | 390,497.6 | 466,720.3 |

According to reports for Group companies, 8,272.5 MWh of energy were saved in 2011 thanks to conservation and improvements in energy efficiency.

The main use of petrol and diesel in the ACS Group's companies is transport of materials, personnel, earth movement and the use of certain machinery necessary for the company's operational activities.

### 7.1.5.3 Other emissions

| Other emissions, Group total (t) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Emissions of Oxides of Nitrogen (NOx) | 2,082.0 | 2,115.0 | 1,077.2 |
| Emissions of Oxides of Sulphur (SOx) | 433.0 | 447.0 | 193.0 |
| Emissions of solid particles | 155.0 | 153.0 | 9.9 |
| Emissions of substances that deplete the ozone layer | n.d. | n.d. | 5,105.5 |

# 7. Commitment to the Natural Environment

## 7.1.6 Water

The activities carried out by the ACS Group involve considerable water consumption, especially in the construction field. As such, the company recognises the need to reduce consumption of this natural resource, especially in zones where there is water stress. As far as possible, and whenever the projects' characteristics so permit, recycled water which is unfit for human use is employed.

The keys to the ACS Group's strategy for reduction of water consumption are summarised in three points:

- Implementing appropriate measurement systems (at project, company and corporate level), permitting detailed knowledge of the main sources for consumption. Companies representing 51.0% of ACS Group sales reported these data in a detailed form.
- Carrying out actions which promote reduction of water consumption or which encourage the consumption of recycled water. Companies representing 58.3% of ACS Group sales have established plans for reducing water consumption in their activities.
- Driving and developing operational policies for water management and desalination. The ACS Group currently builds and operates desalinating plants in Spain and Algeria.

The ACS Group has numerous measures aimed at reducing water consumption, such as raising employee awareness, reuse of cleaning water and the use of rainwater.

The ACS Group pays attention to improving its management and use of water, with special consideration to those works located in geographical zones with water stress. As such, ACS has been making efforts for many years in the south-east part of the Iberian Peninsula and on the Canary Islands, these being locations which have frequent water deficits. The Environmental Management System considers water stress as an additional variable in the evaluation criteria for the "water consumption" parameters, which leads to the initiation of preventive measures to optimise water consumption and the monitoring of the effectiveness of these measures.

Lastly, it is worth emphasising that the ACS Group carries out exhaustive monitoring of the quality of water drained to the natural environment. In this regard, all monitoring carried out meets legal demands, such that significant effects do not occur in the natural environment.[33]

| Water consumption ($m^3$) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Obtained from the public mains | 2,975,775.6 | 2,744,035.1 | 2,873,426.8 |
| Obtained from other sources | 3,528,357.5 | 4,028,325.9 | 2,704,504.2 |
| Total | 6,504,133.1 | 6,772,361.0 | 5,577,931.0 |

| Total waste water discharged ($m^3$) | 2009 | 2010 | 2011 |
|---|---|---|---|
| To the public network | 1,490,209.5 | 1,498,100.8 | 2,706,544.7 |
| Discharges to the sea or rivers/lakes | 6,524,886.8 | 6,640,831.0 | 1,429,681.0 |
| Total | 8,015,096.2 | 8,138,931.8 | 4,136,225.7 |

[33] It was not possible to verify the data relating to discharges to sea or to rivers / lakes during 2011 before publication of this report; hence these are outside the scope of the verification report.

No accidental water spills or spills to water occurred during 2011. Only a spill of 59.8 $m^3$ of hydrocarbons was reported, which affected a work area which was subsequently restored. In 2009, four spills occurred, at a total of 5,485 $m^3$, and in 2010, five spills at a total of 1,065 $m^3$.

## 7.1.7 Biodiversity

The ACS Group's activities generate impacts on the natural environment where the works are executed. The implementation of measures to conserve the flora and fauna is one of the environmental principles applied in planning operations. These measures are based on physical protection, transplanting or transfer, as well as on respect for the life cycles of the plant and animal species affected.

The ACS Group tries to minimise the environmental effect of its activities, especially when these take place in areas of high ecological value. Companies representing 61.7% of sales have set targets for minimising the impact of their activities on biodiversity. Projects are planned with the objective of minimising their environmental impact and, as far as possible, are carried out under the methodology which causes least damage in the setting.

The ACS Group prepares environmental impact studies, which attempt to minimise the possible adverse effects of projects on the natural environment. Public participation in procedures to approve these projects is guaranteed by the national and regional legislation in each of the countries where they are carried out.

At the end of 2011, a large number of Group companies, representing 61.7% of sales, were carrying out projects located in areas of high biological value, or in their vicinity.

The company also has supervision plans which guarantee the fulfilment of the preventive measures and reduce the impact of projects and processes not subject to environmental impact assessments.

Furthermore, various initiatives or specific activities for restoration of habitats affected by the activities of various of the Group's companies were carried out during 2011[34].

- For all its civil engineering works, Dragados develops a Restoration Plan for the areas affected after completion of the works.
- Replanting at end of carrying out projects in Vías.
- Restoration activities in habitats of different animal species.
- Leighton is one of the world's most important mining contractors, and after completing its activity in the mines, it restores the land affected to recover the conditions of the local ecosystems.
- Urbaser carries out projects to seal and replant dumps, when necessary.

For example, control and monitoring was reported of Group companies' impact on 25 species threatened with extinction in areas influenced by Group companies' projects or activities.

In short, the ACS Group includes the commitment to conservation of biodiversity in its environmental management systems, to meet the following objectives:

- To assess the impacts of the activities on the environment.
- To research, develop and offer its clients innovations which improve environmental conditions.
- To manage the impact and minimise its consequences.

[34] The existence of these activities was reported by companies representing 58.3% of ACS Group sales.

# 7. Commitment to the Natural Environment

## 7.2 Construction

Construction activity can, on occasions, have a powerful impact on the environment. Although this effect is usually temporary, the ACS Group's Construction companies[35] attempt in various ways to identify these impacts beforehand in order to minimise or completely avoid their impact on the environment.

One of the Group's most active companies is Dragados, which positions itself as the reference company in developing environmentally friendly initiatives and policies.

The main environmental impacts of construction projects are related to consumption of water and materials and their origin, waste generation, earth movements and with effects on biodiversity.

[35] The data referring to the ACS Groups' Construction companies included in this section were calculated by analysing the information supplied by the different companies in this area of activity, weighted by level of turnover. The data is expressed in terms of percentage of total Construction area sales.

| Level of implementation of good environmental practices as percentage of sales in the Construction area | 2011 |
|---|---|
| Implementation of an environmental management system | 93.3% |
| Implementation of ISO 14001 certification | 68.6% |
| Implementation of formal objectives in environmental management matters | 99.5% |
| Implementation of specific objectives for reducing $CO_2$ emissions | 79.9% |
| Implementation of projects for reducing waste generation | 82.5% |
| Implementation of plans to reduce water consumption | 49.1% |
| Implementation of objectives to minimise the company's impact on biodiversity | 75.4% |

# C305 Crossrail Eastern Running Tunnels

## Winner of “Crossrail - Green Line Environmental Award 2011” award for its excellent environmental performance

In the C305 Crossrail Eastern Running Tunnels project, the joint venture between Dragados and Sisk (DSJV) needed to meet the company Crossrail’s demanding environmental standards, for which DSJV developed an environmental management system certified under ISO 14001 to ensure compliance with the legislation and the client’s requirements.

All the project’s construction points were complex from the environmental point of view and included impacts due to noise and nuisance to local communities.

Before starting work, a permit was needed from the local authorities, by reason of Article 61 of the Pollution Control Act. In this, DSJV worked closely with the authorities and local communities to notify the interested parties of the work in progress and so reduce claims and complaints.

The two locations from which the tunnelling machines started were alongside river courses and careful negotiations took place with the Environment Agency to obtain consent.

The environmental studies carried out included environmental monitoring of air quality, water quality and noise levels. Monitoring stations were installed at all work places and these offered real-time data, including dust and noise control levels. These data were sent to the local authority and the client, Crossrail, weekly. Ecological studies were also carried out with respect to birds, bats and reptiles, complying with United Kingdom legal requirements as regards conservation of wildlife. Various old structures and significant trees were protected and even archaeological excavations took places at some work points.

DSJV was awarded the “Crossrail - Green Line Environmental Award 2011” for its excellent environmental performance with respect to waste management. One of the construction points had been contaminated by previous industrial activities and DSJV removed 125,000 tonnes of material and achieved a reuse and recycling rate of 98%. From this polluted spot, DSJV recycled 100% of all the wood, tyres and wastes in general. The tyres were separated out and the rubber ground for reuse in racecourses, children’s play areas and as filler for civil engineering. The recycling of wood consisted of the removal of contaminants by the subcontractors before it was turned into wood chips for reuse in the construction sector, in horticultural humus, as animal bedding or as a fuel for generating energy.

Best practices were also taken on board in terms of the energy used. The use of fossil fuels was recorded and the carbon footprint estimated, taking into account traffic movements from deliveries and from waste removal. Electronic units at each work point have built-in movement sensors to promote efficient lighting.

# 7. Commitment to the Natural Environment

## 7.2.1 Initiatives to Reduce Water Consumption

- Good environmental practices are applied to minimise consumption, especially of water.
- Reuse of machinery cleaning water in works.
- Awareness campaigns were organised with guidelines to reduce water consumption.
- Use of rainwater.

| Water consumption ($m^3$). Construction | 2009 | 2010 | 2011 |
|---|---|---|---|
| Obtained from the public mains | 1,342,148.8 | 1,088,140.3 | 1,384,831.4 |
| Obtained from other sources | 675,179.7 | 1,461,023.0 | 1,264,255.3 |
| Total | 2,017,328.5 | 2,549,163.3 | 2,649,086.7 |

## 7.2.2 Consumption of Materials

| Construction provisioning. Main items | 2011 |
|---|---|
| Total wood purchased (t) | 18,579.0 |
| *Certified wood (%)* | *22.5%* |
| Total steel purchased (t) | 248,683.0 |
| *Steel manufactured with recycled materials (%)* | *46.4%* |
| Total cement / concrete purchased (t) | 2,991,658.0 |
| *Cement / concrete which includes recycled aggregates (%)* | *0.1%* |
| Total aggregates purchased (t) | 7,890,311.0 |
| *Recycled aggregates (%)* | *23.7%* |
| Total glass purchased (t) | 351.0 |
| *Recycled glass (%)* | *0.0%* |
| Total pipes / insulation (generally PVC) purchased (t) | 706.0 |
| *Recycled pipes / insulation (generally PVC) purchased (%)* | *0.0%* |
| Bitumen and asphalt (t) | 546,708.0 |
| Chemical products (t) | 123.1 |
| Concrete (t) | 494,856.0 |
| Bricks (t) | 24,158.0 |

## 7.2.3 Waste Treatment

The main waste treatment methods for the Construction area's different companies are exploitation (including reuse, recycling and/or recovery) and incineration. The great majority of the remaining waste is send to dumps. Construction wastes are analysed to separate out hazardous substances. This process results in part of the hazardous waste reported in this document, which in turn are exploited in accordance with the percentages reported.

Other treatment methods are not detailed as they are not considered material by the ACS Group.

| Construction wastes. Main items | 2011 | Exploitation (%) | Incineration (%) |
|---|---|---|---|
| Surplus soil from excavation (t) | 15,331,497.2 | 61.6% | n.a. |
| Rubble (t) | 510,958.2 | 54.4% | n.a. |
| Wood (t) | 39,143.7 | 96.1% | 1.3% |
| Plastics (t) | 5,382.0 | 86.5% | 9.0% |
| Paper and Card (t) | 95,342.9 | 99.9% | 0.1% |
| Metals (t) | 57,078.4 | 99.8% | n.a. |
| Others (t) | 417,348.3 | 89.2% | 0.0% |
| **Total (t)** | **16,456,750.8** | **75.1%** | **0.1%** |

The remainder up to 100% is sent to dumps or other destinations.

## 7.2.4 Initiatives for reducing impacts on biodiversity

- Annual targets have been set for identifying sensitive areas and species and adopting prevention and protection measures.
- Protection plans are developed for native species.
- The possibility of incorporating or replacing polluting chemical products with other biodegradable products is being studied.
- Strict and rigorous compliance with environmental law.
- Carrying out of some activities with lightweight machinery.
- Activities for replanting and relocating species in similar habitats.

| Impact on Biodiversity. Construction | |
|---|---|
| Implementation of objectives to minimise the company's impact on biodiversity | 75.4% |
| Companies with projects located in areas of high biological value. % of sales | 73.3% |
| Companies which have carried out specific restoration activities. % of sales | 71.5% |
| Number of species threatened by the activities of Construction companies | 13 |

# 7. Commitment to the Natural Environment

## 7.3 Environmental Services

Urbaser, the lead company in the ACS Group's Environmental Services area, applies strict environmental criteria and sets both corporate objectives and objectives by contract or project.

| Level of implementation of good environmental practices in the Environmental Services Area | |
|---|---|
| Implementation of an environmental management system | 89.7% |
| Implementation of ISO 14001 certification | 82.8% |
| Implementation of formal objectives in environmental management matters | 89.7% |
| Implementation of specific objectives for reducing $CO_2$ emissions | 89.7% |
| Implementation of projects for reducing waste generation | 89.7% |
| Implementation of plans to reduce water consumption | 89.7% |
| Implementation of objectives to minimise the company's impact on biodiversity | 89.7% |

The main impacts on the environment generated by the ACS Group's Environmental Services area are related to emissions of greenhouse gases produced by waste transport vehicles and the gases generated in the company's dumps and treatment plants themselves. Other significant impacts on the environment result from the lixiviates produced in the dumps and from the management of the wastes generated.

### 7.3.1 Emission of Greenhouse Gases

| Emission of greenhouse gases ($tCO_2$ equivalent) Environmental Services | 2009 | 2010 | 2011 |
|---|---|---|---|
| Scope 1 | 1,811,806.7 | 1,815,753.8 | 1,618,433.4 |
| Scope 2 | 76,916.9 | 81,856.9 | 82,834.4 |
| Scope 3 | 2,488.9 | 2,162.5 | 826.4 |

### 7.3.2 Total Waste Water Discharged[36]

| Total waste water discharged ($m^3$) Environmental Services | 2009 | 2010 | 2011 |
|---|---|---|---|
| To the public network | 1,186,005.0 | 1,063,835.0 | 2,057,846.9 |
| Discharges to the sea or rivers/lakes | 6,453,624.0 | 6,605,013.0 | 55,153.0 |
| Total | 7,639,629.0 | 7,668,848.0 | 2,112,999.9 |

[36] It was not possible to verify the data relating to discharges to sea or to rivers / lakes during 2011 before publication of this report; hence these are outside the scope of the verification report.

# 7.4 Industrial Services

The Industrial Services activity mainly affects the environment through the use of materials and the generation of wastes. In this respect, the concern of managers in the environmental management departments of each of the ACS Group companies is not only focused on reducing waste, but also the appropriate treatment and recycling of that inevitably produced.

Each company in the Industrial Services area develops its own plans to improve its energy efficiency and minimise its consumption of materials and its generation of wastes.

| Level of implementation of good environmental practices in the Industrial Services Area | |
|---|---|
| Implementation of an environmental management system | 92.7% |
| Implementation of ISO 14001 certification | 81.9% |
| Implementation of formal objectives in environmental management matters | 92.7% |
| Implementation of specific objectives for reducing $CO_2$ emissions | 26.6% |
| Implementation of projects for reducing waste generation | 22.4% |
| Implementation of plans to reduce water consumption | 76.8% |
| Implementation of objectives to minimise the company's impact on biodiversity | 17.2% |

# 7. Commitment to the Natural Environment

## Alphabetic Tower. Batumi - Georgia

The tower is intended to be an urban landmark transmitting the uniqueness of the Georgian people through their alphabet, a defining facet in the country's identity and character.

The tower is 130 m high by 31 m in diameter, supported on a reinforced concrete slab 4 m thick and 34 m in diameter. At the top of the tower is a single-layer glass sphere 28 m in diameter housing a revolving restaurant, several TV studios and an observatory floor with views of the city of Batumi, the Black Sea and the nearby mountains.

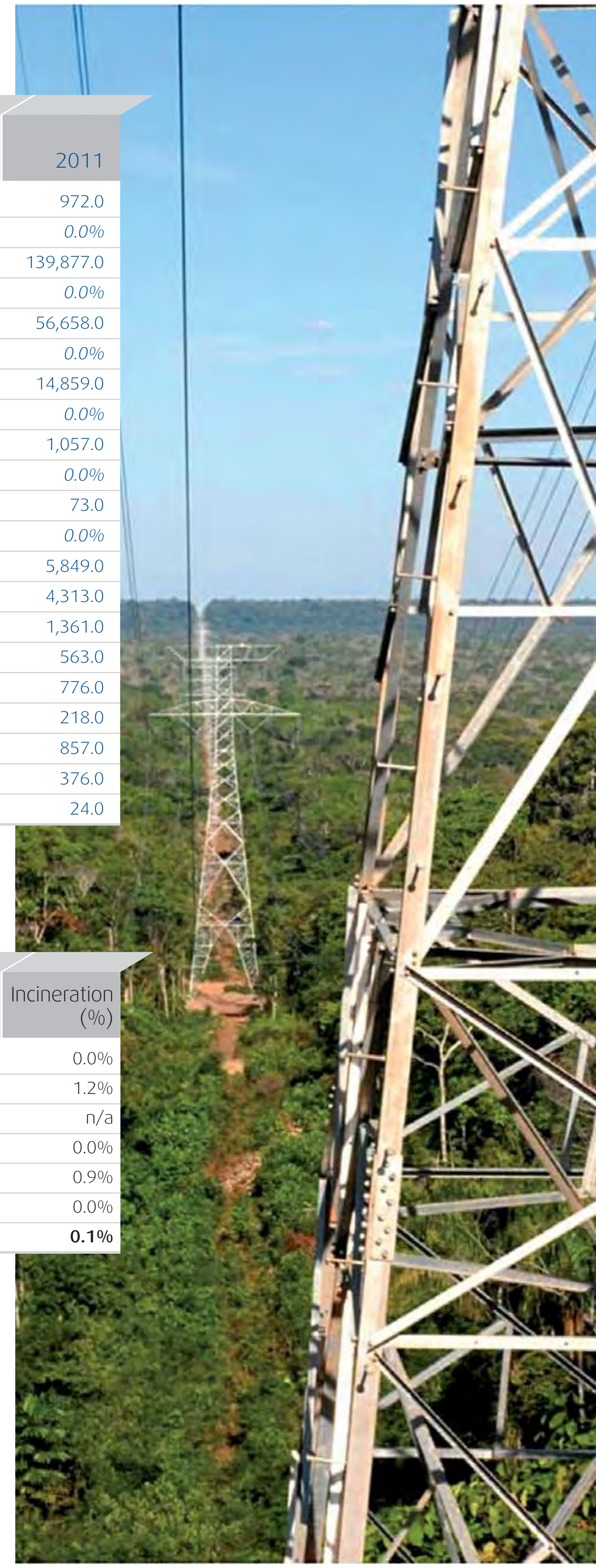
The name of the Alphabetic Tower owes to the fact that it has frameworks forming helical figures running the full height of the tower, and pieces are positioned on these which represent the letters of the Georgian alphabet, with a total of 33 letters on each of the two helixes. Each letter is 6 metres high and has its own lighting.

The tower was conceived of as a viewpoint and visual reference on the seafront at Batumi, the Caucasian country's leading tourist city. Led by CMD Ingenieros, the internal finishes have been applied in the panoramic restaurant and the observation floor, the two main spaces in the Alphabetic Tower, located in the glass sphere crowning the structure. This sphere is made up of triangular pieces of laminated glass mounted on steel profiles and sealed with special joints. There are LED lighting points at the edges to help delineate its profile at night.

Internally, the sphere at the top is divided into five levels, housing the spaces needed for the set of uses planned: a transfer floor where visitors leave the panoramic lifts they took at the base of the tower and enter other internal lifts; a second level where the restaurant kitchen and two TV studios are located; a third level for the panoramic restaurant, with capacity for 100 people in the dining room and 25 in the cafe/bar area; and the top two levels made up of the observation floor, at 250 square metres and with capacity for 200 people, and a room for observation of the 60-ton pendulum which balances the structures behaviour.

Thanks to its design and planned uses, the Alphabetic Tower will soon become an important tourist attraction on Batumi's promenade and a symbol of the transformation this tourist city has been experiencing over the last five years. The structure completes the transformation of the city's seafront promenade and also has a revolving deck allowing you to enjoy a full turn in which you can look out onto Batumi, the Black Sea coast and the nearby mountains.

## 7.4.1 Consumption of Materials



| Industrial Services' provisioning. Main items | 2011 |
|---|---|
| Total wood purchased (t) | 972.0 |
| *Certified wood (%)* | *0.0%* |
| Total steel purchased (t) | 139,877.0 |
| *Steel manufactured with recycled materials (%)* | *0.0%* |
| Total cement / concrete purchased (t) | 56,658.0 |
| *Cement / concrete which includes recycled aggregates (%)* | *0.0%* |
| Total aggregates purchased (t) | 14,859.0 |
| *Recycled aggregates (%)* | *0.0%* |
| Total glass purchased (t) | 1,057.0 |
| *Recycled glass (%)* | *0.0%* |
| Total pipes / insulation (generally PVC) purchased (t) | 73.0 |
| *Recycled pipes / insulation (generally PVC) purchased (%)* | *0.0%* |
| Cables (t) | 5,849.0 |
| Iron (t) | 4,313.0 |
| Gases (t) | 1,361.0 |
| Lights (t) | 563.0 |
| Bitumen and asphalt (t) | 776.0 |
| Aluminium (t) | 218.0 |
| Copper (t) | 857.0 |
| Electronic and electrical items (t) | 376.0 |
| Plastics (t) | 24.0 |

## 7.4.2 Generation of Wastes

| Industrial Services' wastes. Main items | 2011 | Exploitation (%) | Incineration (%) |
|---|---|---|---|
| Paper and Card (t) | 502.0 | 89.8% | 0.0% |
| Wood (t) | 1,318.7 | 76.7% | 1.2% |
| Electronic Waste (t) | 17.8 | 59.7% | n/a |
| Scrap (t) | 1,653.1 | 95.2% | 0.0% |
| Urban Waste (t) | 1,591.0 | 7.2% | 0.9% |
| Others (t) | 25,672.8 | 37.1% | 0.0% |
| **Total (t)** | **30,755.5** | **41.3%** | **0.1%** |

The remainder up to 100% is sent to dumps or other destinations.

# 8. Commitment to the Social Setting

## 8.1 The ACS Group's People

### 2011 Milestones[37]

**DRAGADOS USA**
Creation of the new induction experience for new hires in Dragados USA.

**GEOCISA**
Implementation and integration into the company's organisational culture of the equality plan and dissemination of the latter.

**SCHIAVONE**
Establishment of agreements with local and national universities to recruit well qualified candidates for posts for recent graduates and scholarship holders.

**HOCHTIEF EUROPE**
Increasing employee satisfaction, recruiting and promoting management talent and increasing employee connectivity in Hochtief Europe.

**cobra GRUPO**
Obtaining of certificates for exceptional nature and adoption of alternative measures as regards compliance with Spanish Law on Social Integration of Disabled People (LISMI) for some of Cobra's companies.

**SICE**
Redesign of the performance assessment system for technical-administrative personnel.

### Challenges for 2012

**DRAGADOS**
Implementation of a culture, training and development programme in Spain for workers with high potential from countries where Dragados is becoming established.

Training in "Equality Law" for all Dragados' workers.

Boosting language learning.

Implementation of a local system for Management by competences.

**VIAS**
Development of specific railways courses in Vías.

**GRUPOETRA**
Creation of an autonomous Training Department.

**MAESSA**
Preparation of an Equality Plan.

Establishment of a protocol for expatriate treatment.

Adherence to the principles of the United Nations Global Compact.

Collaboration with bodies for inclusion of people at risk of social exclusion.

[37] It is important to emphasis, in relation to the data on personnel, two changes which took place in 2011 which significantly affect the data comparisons:
- On the one hand there was the deconsolidation of Clece, ACS's Integral Maintenance Company, which had 49,503 employees in 2010.
- Hochtief, the German construction company acquired by ACS in 2011, has been consolidated, contributing 75,449 employees.

### Initiatives developed

| Main areas of work | Percentage of total |
|---|---|
| Human Resource management policy | 20% |
| Equality | 13% |
| Personal development | 54% |
| Employee satisfaction | 3% |
| Others | 10% |

## 8.1.1 Strategic Priorities

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

The ACS Group applies modern and efficient human resource management tools with the objective of retaining the best professionals. Companies representing 64.5% of the ACS Group's employees[38] state that they set formal objective for Human Resource management. Some of the fundamental principles governing the companies' corporate human resource policies are based on the following common actions:

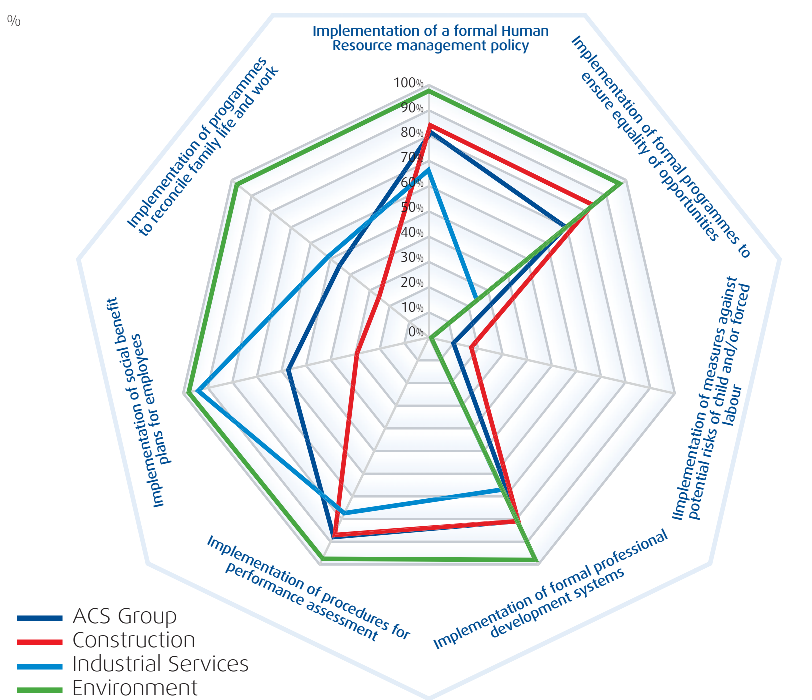
- Attracting, retaining and motivating talented individuals.
- Promoting teamwork and quality control as tools to drive excellence as work well done.
- Acting quickly, promoting the assumption of responsibilities and minimising bureaucracy.
- Supporting and increasing training and learning.
- Innovating to improve processes, products and services.

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

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

[38] The data referring to the ACS Groups included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by number of employees. The data is expressed in terms of percentage of total Group employees at 31 December 2011.

Strategic Priorities




Level of implementation as reported by ACS Group companies and according to the number of employees in each of them.

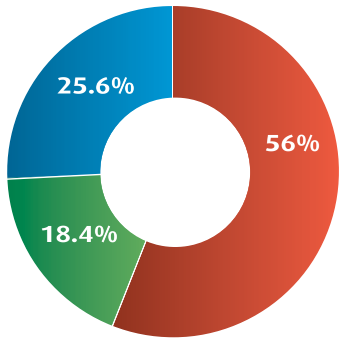
# 8. Commitment to the Social Setting

## 8.1.2 Main Figures

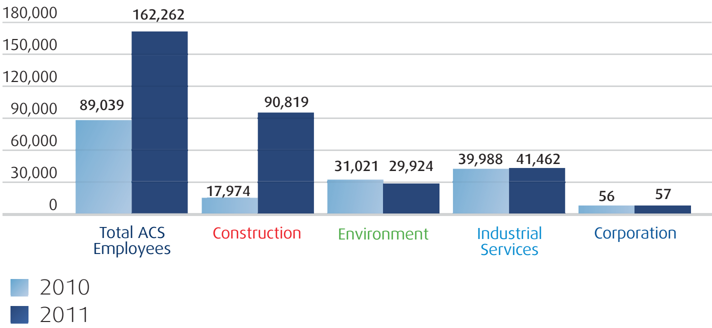
The ACS Group[39] employees a total of 162,262 people, of whom 55,314 are working in Spain and 106,948 abroad. Of all the employees, 24,961 people are of other nationalities than Spanish. The ACS Group has employees in more than 54 countries, in which it promotes its worker's economic and social development.

[39] These figures are affected by the deconsolidation of Clece and the integration of Hochtief. If Hochtief employees in 2011 are discounted, the ACS Group would have 86,813 employees. In turn, the Construction business would have 15,370 employees. It is important to highlight that Hochtief´s 75,449 workers are outside Spain.

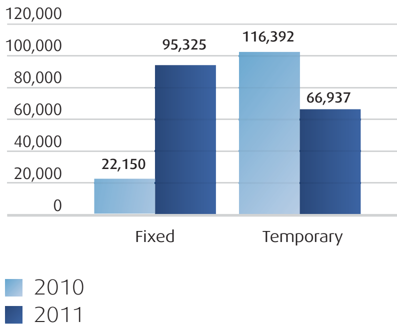
Personnel by area of activity



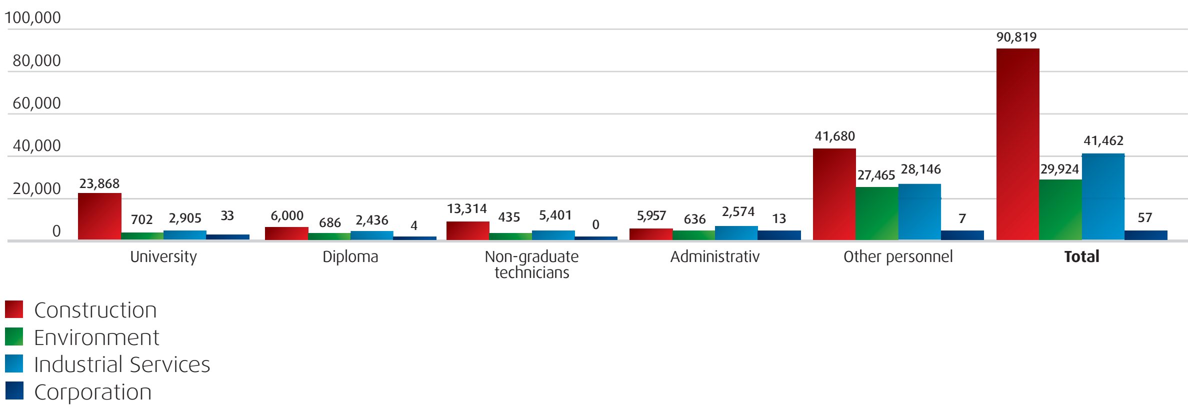

Number of employees by line of business




Types of contract




Personnel by professional category and area of activity




## 8.1.3 Sustainable Management of the ACS Group's People

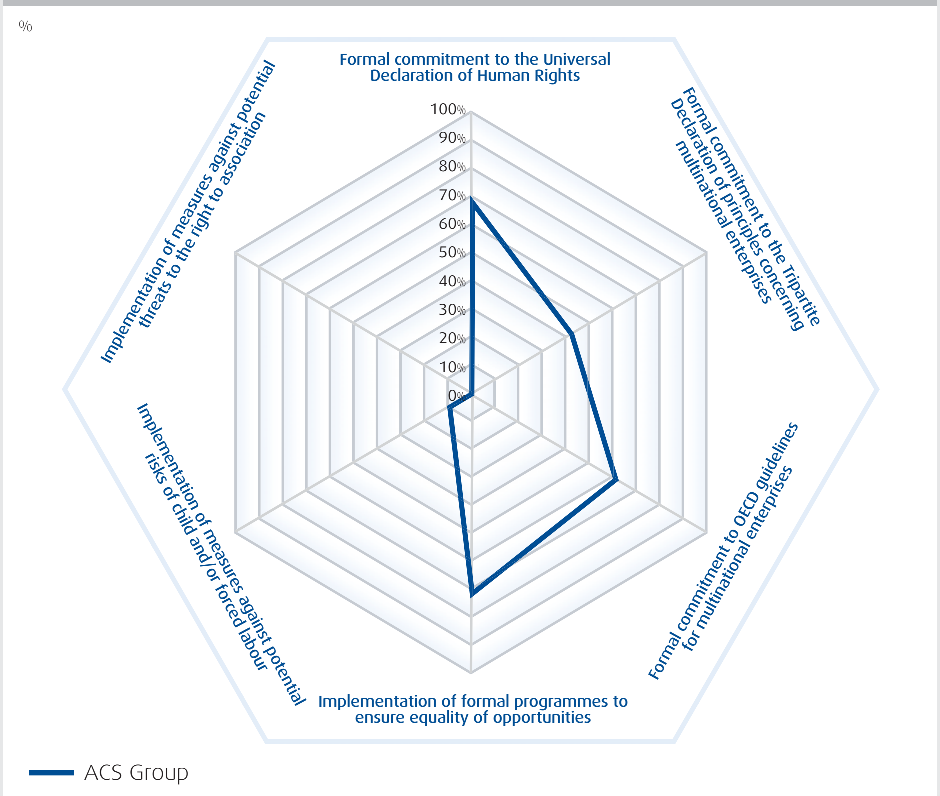
### 8.1.3.1 Equality, Diversity, Integration, Rights

Equality of opportunity and lack of discrimination and respect for human rights, which are basic principles included in the Group's Code of Conduct, are also determining factors when advancing the professional and personal development of all the ACS Group's employees.

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

Currently, companies representing 71.0% of ACS Group employees have formal programmes to ensure equality of opportunities. These Equality Plans have adopted specific actions in companies representing 67.4% of ACS's employees, as regards selection and hiring of personnel, salary, training, working days, professional promotion, assistance, bonuses and social, health and occupational risk prevention policies, as well as in matters of gender violence.

Sustainable Management of the ACS Group's People




Level of implementation as reported by ACS Group companies and according to the number of employees in each of them.

# 8. Commitment to the Social Setting

The total number of women employees in the ACS Group in 2011 was 23,268 professionals, 14.3% of the total workforce.

The ACS Group also promotes the hiring of people with disabilities and offers them a working environment which enables them to develop under conditions of equality. To this effect, companies representing 59.0% of the ACS Group's employees reported the number of disabled people on their workforce[40], a figure which totalled 1,418 people. In addition, companies representing 27.6% of Group employees collaborated with Special Employment Centres in Spain for the inclusion of people with disabilities in their workforces.

In Spain, several of the ACS Group's companies also have programmes for collaboration with certain foundations to provide opportunities for entry to the labour market for socially excluded groups, such as ex-convicts, people dependent on drugs and young people with serious social problems. This is the case of companies such as Dragados and Urbaser, which work with the Integra Foundation and the Exit Foundation.

The ACS Group also understands the relevance having local roots and being sensitive to the particular nature of each place plays in the company's success. For that reason, it promotes direct hiring of local employees and managers. The number of executives from the local community rose from 566 in 2010 to 1,443 in 2011.

No incidents related to discrimination were reported through the channels the company has available.

### 8.1.3.2 Labour Relations

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

In the field of labour relations, the ACS Group considers dialogue to be an essential element. For this reason, it holds regular meetings with union representatives for all its companies. Of Group employees, 10.0% are members of trade unions or union organisations.

Furthermore, only in companies representing 0.4% of ACS Group employees were activities detected in countries where rights of association and union representation are threatened, it being ACS Group policy to promote good labour practices and respect for the legislation in force.

### 8.1.3.3 Turnover and Absenteeism Rate

According to that reported in 2011, average employee turnover rate in the ACS Group was 16.4%, at 18.0% for men and 12.1% for women.

The absenteeism rate[41] for Group employees in 2011 was 8,311, while in subcontractors it was 192.

[40] It is important to emphasise that Clece is not included in the 2011 report. This company was a labour intensive business and contributed a significant number of disabled people.

[41] Absenteeism rate: Total number of days lost (due to absence) during the period over the total number of days worked by the group of workers during the same period times 200,000.

# 8.1.4 Employee remuneration and benefits

## 8.1.4.1 Services for Employees

Companies representing 57.7% of ACS Group employees offer their employees social benefits of a variety of natures. Worthy of note among these services, going under various names, with differing content and scope of application, are the following:

- Life and accident, travel and health insurance.
- Salary advances.
- Annual medical checks and medical care.
- Assistance for those with children with disabilities.
- Help with schooling for children and workers taking courses in official centres.
- Economic assistance for food or company canteens.
- Company bus service.
- Company Welfare programmes.
- Agreements with banks.
- Commercial discounts in affiliated establishments.
- Cultural and social activities.

With respect to retirement plans, companies representing 37.4% of employees reported the existence of retirement plans. The rest of the companies located in Spain rely on the public pension systems. In addition, some of them promote partial retirement.

Some companies located outside Spain, such as Schiavone, Pulice, Picone and Hochtief in Europe, offer retirement plans to their employees.

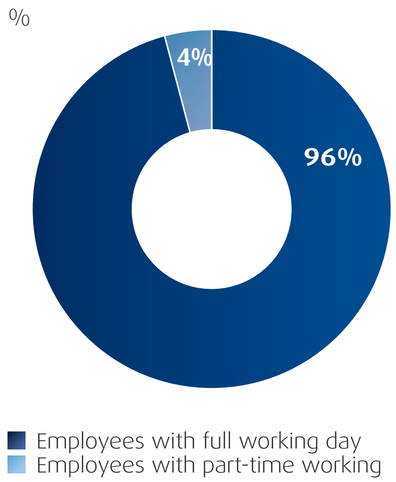
## 8.1.4.2 Flexibility and Reconciliation

Companies representing 45.1% of Group employees have programmes promoting balance between family life and work available to them.

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

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

Workforce by type of working day



# 8. Commitment to the Social Setting

### 8.1.4.3 Remuneration

The remuneration model of ACS Group companies includes numerous specific details and characteristics which, in many cases, even convey competitive and operational advantages in sectors such as engineering and works management.

From among these disparate remuneration systems, in the section on commitment to people it is important to analyse whether the use of variable remuneration is common and what the main factors are which influence such remuneration, especially whether these factors are related to sustainability.

In 2011, companies representing 90.5% of Group employees reported the existence of variable remunerations in the payment plans. These remunerations are calculated in all cases based on operational and economic factors. A small part of the remuneration also depends on targets set as regards sustainability (four Group companies representing 0.8% of its employees state that they include sustainability targets in the calculation of variable remunerations).

## 8.1.5 Professional Development

Companies representing 82.5% of ACS Group employees offer their employees some form of professional development system.

### 8.1.5.1 Competences

Each ACS Group company manages its professionals' development independently, adapting this to its needs and the specific nature of its activities. Companies representing 52.9% of ACS Group employees adopt competence management models to improve personal knowledge and skills and use training as a tool to achieve ideal performance of the work.

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

### 8.1.5.2 Assessment and Development

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

Although the companies manage the professional development of their workforces independently, they all share some common elements, namely:

- They allow the worker to talk about their job situation, express their interests and motivations, both personal and professional, their geographic flexibility, their training interests and their idea of their professional future in the company.
- They enable the company to show a receptive attitude to the information obtained from its workers, in order to be able to deal with their concerns, as far as possible, by implementing corrective actions.
- They allow decision making to be speeded up when selecting appropriate personnel for specific posts, as well as in determining professional promotion or increasing the employability of the workers.
- They enable fair and equitable metrics to be established for setting variable remuneration.

These methodologies are consolidated and functioning fully in various ACS Group companies. In fact, companies representing 85.3% of Group employees reported their use. Of these, the number of employees involved in performance assessment processes was 29,386 in 2011 reaching 18.1% of the total workforce.

One of the most significant employee motivation and satisfaction initiatives is the possibility of promotion. The ACS Group's turnover and its continued growth permit a significant number of annual promotions among employees who, due to their efforts and effectiveness, are nominated for positions of greater responsibility. In 2011, 1,332 employees were promoted.

### 8.1.5.3 Employee Satisfaction

Companies representing 19.5% of Group workers stated that they have formal processes for measuring employee satisfaction. Of these, those which had carried out satisfaction surveys in 2011 reported that, on average, 79.1% of employees responded that they were "satisfied" or "very satisfied"[42].

Additionally, other types of tools have been used to assess this aspect:

- Exit interviews carried out when employees leave voluntarily. Frequent in many ACS companies, their aim is to go into the reasons for the worker leaving the company in greater depth and into those aspects they would highlight as negative and as positive.
- Regular interviews with the employee's supervisor. Enabling the employee's situation to be known
- Suggestions box. Collecting the workers' ideas, initiatives and complaints.

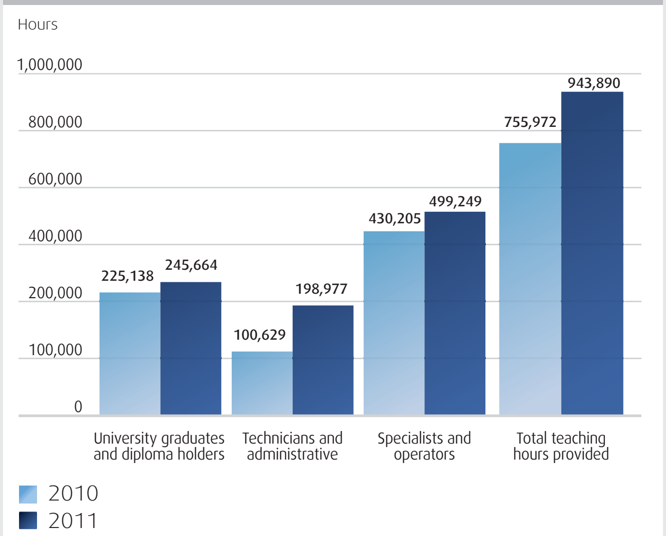
[42] Surveys were carried out in 2011 in companies representing 17.5% of ACS Group employees.

## 8.1.6 Training Plans

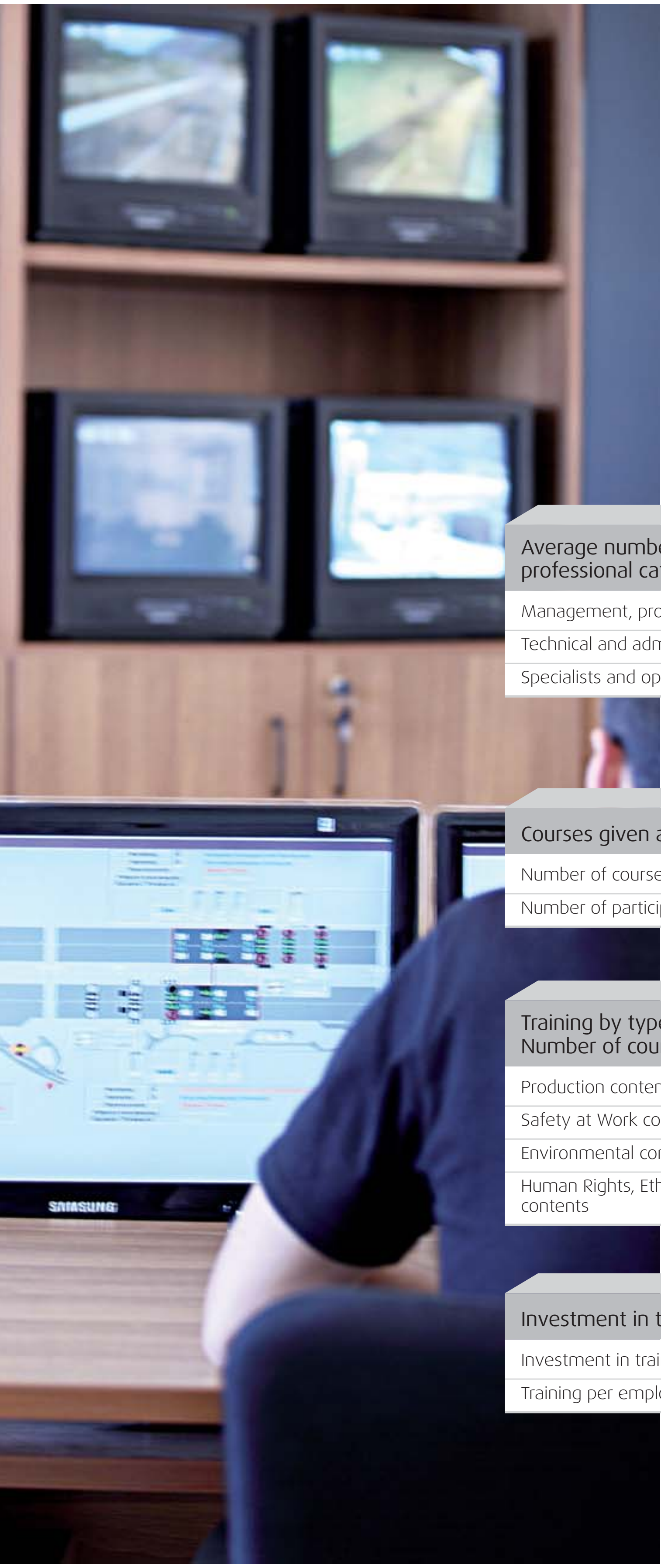
The ACS Group has programmes for continuous training and skills development, aimed at covering the employees' training wants and needs as identified during the year and in line with the competences established in the management models. The aim of the training plans is to meet the employees' training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

The training plans for the different companies are updated regularly to suit them to the needs of each business and, in the end, of each person. Companies representing 82.5% of Group employees report the existence of tools for managing development of human capital, such as training platforms, online training (11.4% of courses given were non-attendance) or even agreements with training centres. Indeed, tools are available which are adapted to the different competence profiles to analyse training needs.

Training provided by professional category



# 8. Commitment to the Social Setting




Specifically, in ACS Group companies courses are given in areas related to the following aspects, among others:

- Management training.
- Technological specialisation in management and production systems.
- Knowledge of products and services provided.
- Policies on quality and the environment.
- Job safety.

| Average number of training hours by professional category (*) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Management, professionals with degrees | 25.03 | 17.38 | 6.71 |
| Technical and administrative personnel | 6.48 | 6.00 | 7.02 |
| Specialists and operators | 4.6 | 4.2 | 5.1 |

(*) Average number of training hours = (Total hours of training per professional category) / (Total employees per professional category)

| Courses given and participants | 2009 | 2010 | 2011 |
|---|---|---|---|
| Number of courses given | 11,914 | 12,983 | 13,739 |
| Number of participants | 72,575 | 72,152 | 55,613 |

| Training by type of content<br>Number of courses given | 2009 | 2010 | 2011 |
|---|---|---|---|
| Production contents | 3,717 | 3,909 | 6,621 |
| Safety at Work contents | 7,689 | 8,141 | 6,957 |
| Environmental contents | 240 | 247 | 542 |
| Human Rights, Ethics, Integrity or Conduct contents | 268 | 686 | 82 |

| Investment in training | 2009 | 2010 | 2011 |
|---|---|---|---|
| Investment in training (€million) | 11.40 | 11.50 | 18.61 |
| Training per employee (€/employee) | 84.58 | 87.66 | 114.71 |

# 8.2 Safety in the Workplace in the ACS Group

## 2011 Milestones

| | |
|---|---|
| DRAGADOS | Reduction in the accident rate: accidents to workers fell, as did the number of days off work. |
| TECSA | Carrying out of safety training programmes adapted to the railway work area. |
| DRACE medioambiente | Review of OHSAS 18001:2007 Certification by ENAC. |
| cobra GRUPO | 79.2% of offices with ZERO accidents. |
| GRUPOETRA | Implementation of a General Mobility and Road Safety Plan in ETRA Group companies (aimed at reducing traffic accidents in the work setting. |

## Challenges for 2012

| | |
|---|---|
| DRAGADOS | Preparation of an ergonomic study on the "use of civil works machinery). |
| DRACE medioambiente | Implementation of a Mobility Plan in all work centres. |
| HOCHTIEF AMERICAS | Improvement to workplace safety management through better risk control and assurance. |
| cobra GRUPO | Plan for International Integration of the Risk Prevention Service.<br>Linking of variable remuneration for executives to accident rate results. . |
| Dragados Offshore | Reduction of 20% in accident rate indices. |

**Initiatives developed**

| Main areas of work | Percentage of total |
|---|---|
| Health and Safety at work management systems | 37% |
| Assessment of occupational and health risks | 20% |
| Risk prevention plans | 16% |
| Others | 27% |

# 8. Commitment to the Social Setting

## 8.2.1 Strategic Priorities

The prevention of occupational risks[43] is one of the strategic pillars of all ACS Group companies. Each of these companies and the Group in general maintain the commitment to reach the most demanding standards in this area and so become a reference in health and safety protection, not only for its own employees, but also for its suppliers, contractors and collaborating companies.

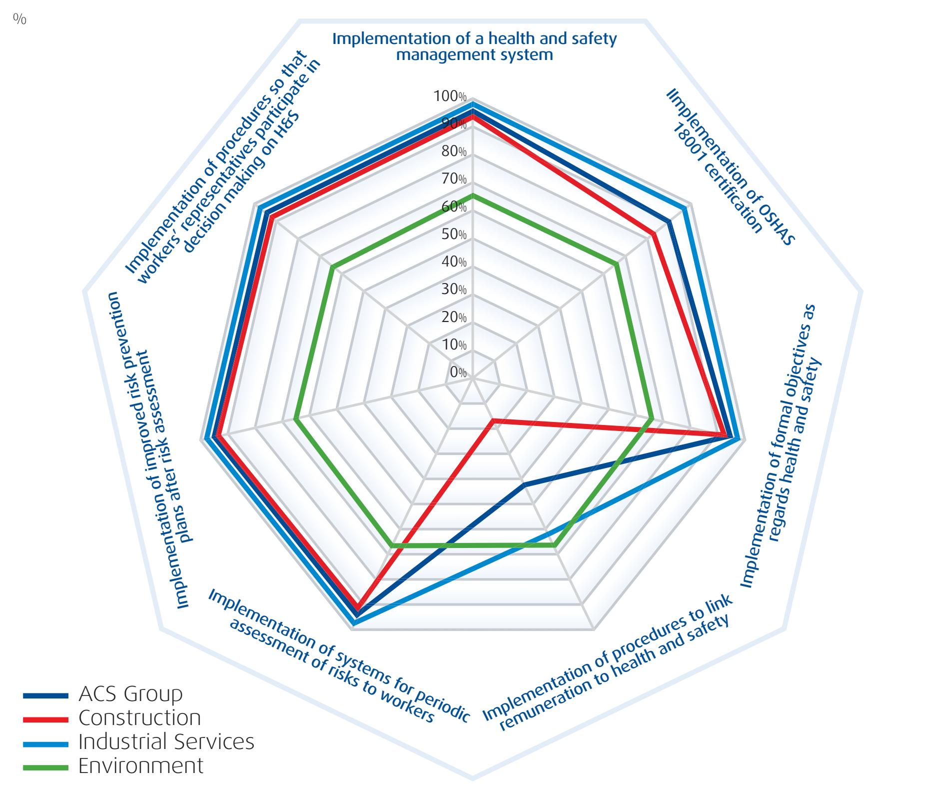
The main challenge lies in designing and implementing, in all its operating fields, a risk prevention service which meets expectations. Furthermore, the company considers it fundamental to reinforce its commitment to a risk prevention culture and to optimise resources.

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

[43] The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by number of employees. The data is expressed in terms of percentage of total Group employees at 31 December 2011.

The concepts of prevention of occupational risks and health and safety at work are used indistinctly.

Strategic priorities of ACS Group companies




Level of implementation as reported by ACS Group companies and according to the number of employees in each of them.

## 8.2.2 Management Model

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

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

- Compliance with current legislation on occupational risk prevention and other requirements voluntarily observed.
- Integration of occupational risk prevention into the set of initiatives and at all levels, implemented through correct planning and its putting into practice.
- Adoption of all those measures necessary to ensure the protection and well-being of employees.
- 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.

### 8.2.2.1 Systems

Group companies representing 95.3% of its employees report that they have a health and safety system, which deals with the implementation of the policy and of the action plans developed in accordance with the priorities identified. In general, all the ACS Group's companies share a series of characteristics in risk prevention management:

- Implementation of systems for management of health and safety risk prevention, developed according to the OHSAS 18001 reference standard. This policy was reported by companies representing 89.3% of Group employees.
- The existence of internally and/or externally audited systems (90.4% of Group employees).
- Definition of objectives and planning of preventive actions in the framework of the policy and particular nature of each company, an aspect which affects 94.9% of the Group's employees.

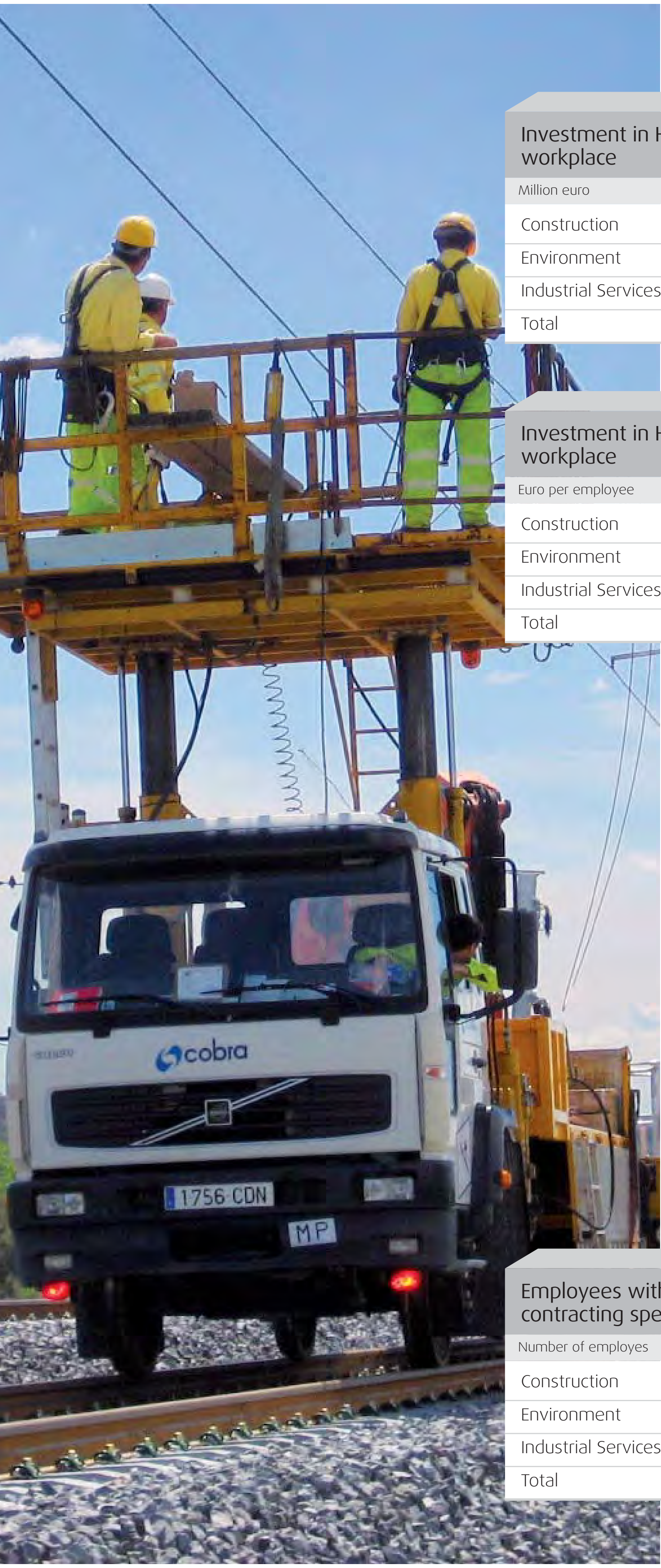
### 8.2.2.2 Health and Safety Policies

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

- There are systems for regular assessment of the risks to which workers are exposed in companies representing 95.1% of ACS Group employees
- Risk prevention plans are defined with take in the improvements detected in these assessment procedures (95.3% of Group employees)
- Systems which could have resulted in an incident are identified and recorded (analysis of near misses) in companies representing 91.2% of ACS's employees.
- Workers' and managers' remuneration are referenced to fulfilment of formal targets as regards health and safety in 42.7% of the ACS Group.
- There are integrated computerised in companies representing 71.9% of Group employees used to monitor data related to employee and subcontractor health and safety.

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

# 8. Commitment to the Social Setting




### 8.2.2.3 Investment

| Investment in Health and Safety in the workplace | 2009 | 2010 | 2011 |
|---|---|---|---|
| Million euro | | | |
| Construction | 13.4 | 11.2 | 8.3 |
| Environment | 4.1 | 5.8 | 6.1 |
| Industrial Services | 15.9 | 17.4 | 12.2 |
| Total | 33.4 | 34.4 | 26.6 |

| Investment in Health and Safety in the workplace | 2009 | 2010 | 2011 |
|---|---|---|---|
| Euro per employee | | | |
| Construction | 673.5 | 621.5 | 91.5 |
| Environment | 51.9 | 72.5 | 203.5 |
| Industrial Services | 416.8 | 435.1 | 293.9 |
| Total | 244.0 | 248.5 | 163.9 |

### 8.2.2.4 Risk Prevention Plans

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

Along these lines, certain groups of workers are given special consideration, who, due to their occupation, are at high risk of contracting specific diseases.

| Employees with occupations with risks of contracting specific diseases | 2009 | 2010 | 2011 |
|---|---|---|---|
| Number of employes | | | |
| Construction | 73 | 60 | 558 |
| Environment | 400 | 1,568 | 1,789 |
| Industrial Services | 929 | 816 | 666 |
| Total | 1,402 | 2,444 | 3,013 |

### 8.2.2.5 Participation of Workers' Representatives

The consolidation of a risk prevention culture in the Group requires the participation of all the employees and, especially, of the workers representatives, given that they are the communication channel between the workers and the company management. Representatives of 94.9% of the Group's workers take decisions in the health and safety field

In Spain, this participation takes place, basically, through risk prevention representatives and, where applicable, the occupational risk prevention committees. Companies or work centres with 50 workers or more have a Health and Safety Committee set up. These Committees are the peer and professional body for participation dedicated to regular and periodic consultation on company actions as regards risk prevention.

The committees are made up of risk prevention representatives, on the one hand and, on the other hand by the employer and/or his or her representatives in an equal number to the prevention representatives. These committees hold quarterly meetings, for which minutes are taken on the matters discussed and the decisions taken. These minutes must be written within the period of one month after the meeting and be presented to the parties for their consultation and comments.

### 8.2.2.6 Training and Information

Training and information are fundamental to the development of the ACS Group's risk prevention policy and are the most effective medium for sensitising the company's people to health and safety. Companies representing 95.3% of ACS Group workers offer safety training.

| Number of hours training given as regards Health and Safety | 2011 |
|---|---|
| Construction | 202,392 |
| Environment | 153,433 |
| Industrial Services | 277,001 |
| Total | 632,826 |

### 8.2.2.7 Other initiatives related to health and safety

Several common characteristics which are worthy of highlighting were found in the study of the Group's different companies:

- Companies representing 95.3% of the workers have developed measures to guarantee the safety of third parties when they visit the companies' facilities.
- It should be highlighted that, as a general guideline and for companies which contract security personnel, it is the contracted company which is responsible for providing the corresponding training to ensure the appropriate actions of its employees. In some cases, this training includes specific content on human rights. If any Group company contracts a company which does not meet this requirement, the inclusion is suggested of this human rights training in the recycling courses they carry out with their personnel periodically.
- Companies representing 89.1% of the workers offer programmes and benefits related to health to their employees.

The ACS Group collaborates with organisations specialised in matters of health, safety and risk prevention and actively participates in the main

conferences, congresses and forums organised domestically and internationally. This is a way of offering its experience and updating itself on the latest trends and best practices. The main organisations of which ACS Group companies are part, either as members of their health and safety commissions or committees or by participating through some kind of collaboration are:

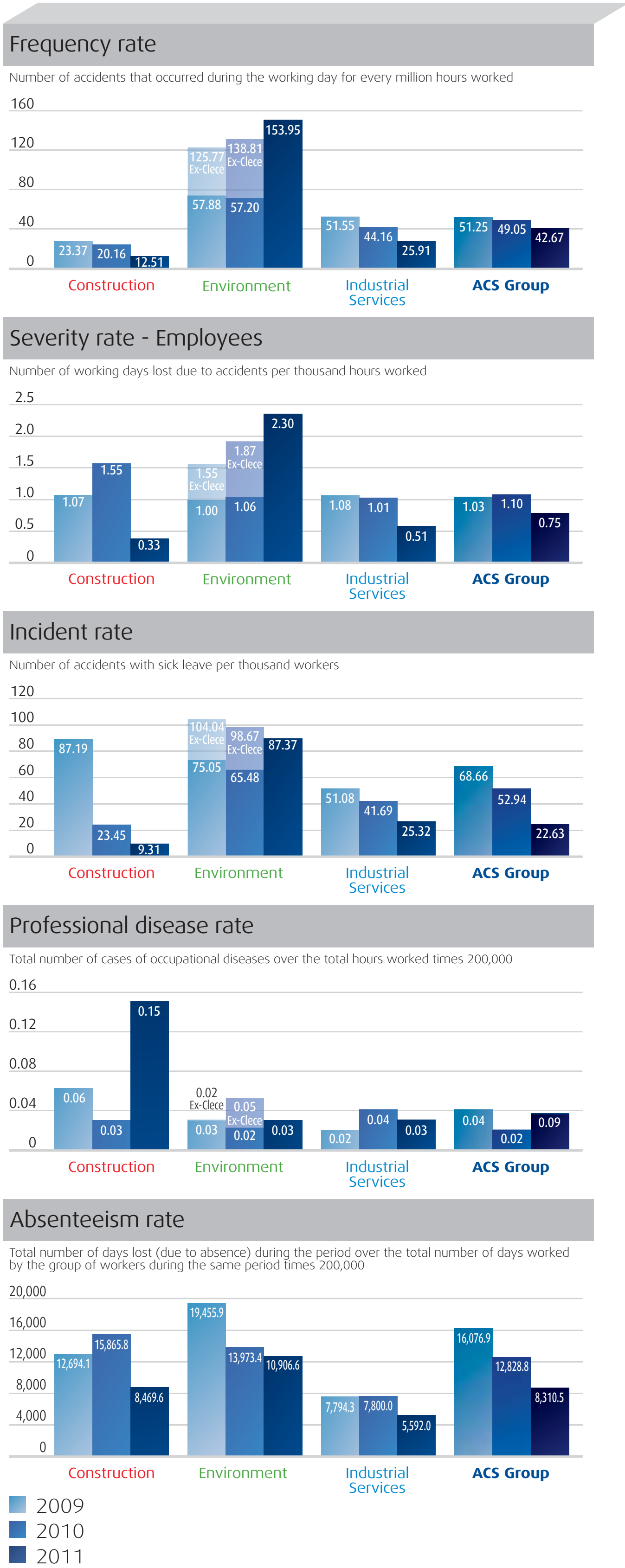
- SEOPAN
- OSHA (U.S.A.)
- ASELIP
- TECNIBERIA
- ASETA
- FESVIAL
- AIDICO
- AETESS
- ASSE (U.S.A.)
- FLC
- Fundación Prevención de Riesgos Laborales
- ADEMI
- ACLUNAGA
- Fundación Laboral de la Construcción
- National Association of OHS Services (Polonia)
- NATIONAL SAFETY COUNCIL (U.S.A.)
- AENOR
- AGC (U.S.A.)
- Fundación Mapfre
- ADOSH (U.S.A.)

## 8.2.3 Accident Rate

The ACS Group carries out detailed measurement of the main accident rate indices.

Faithful to its commitment to achieve its final objective of an accident rate of zero, ACS will continue to prepare specific plans for activities with the greatest risk and most severe accident indices, which consider improvement actions in the management of this area, not only internally, but also among its business partners.

### 8.2.3.1 Employee accident rate indices[44]



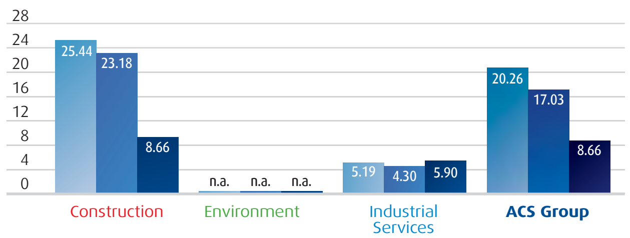

[44] In the graphs for this section, data is included in Environment for Clece for 2009 and 2010, but not for 2011, as the company has been consolidated as an asset prepared for sale. If Clece is discounted for 2009 and 2010, the Environment accident rate indices would be:
Frequency rate: 2009 = 125.77; 2010 = 138.81
Severity rate: 2009 = 1.55; 2010 = 1.87
Incidence rate: 2009 = 104.04; 2010 = 98.67
TOE: 2009 = 0.02; 2010 = 0.05

### 8.2.3.2 Accident Indicators for Subcontractors

The spreading of the risk prevention culture among suppliers, contractors and collaborating companies is another of the Group's basic lines of action in this subject. Details on the control and management efforts in this area are included in this document in the Suppliers section.

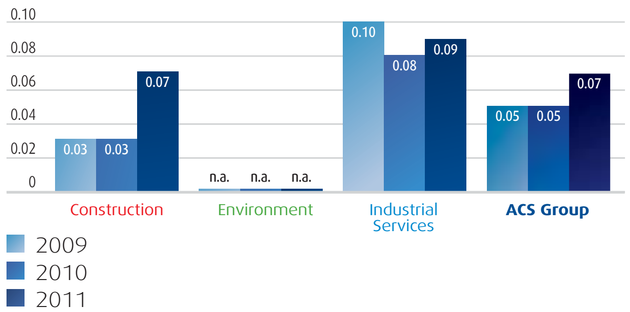
Frequency rate

Number of accidents that occurred during the working day for every million hours worked




Severity rate

Number of working days lost due to accidents per thousand hours worked




# 8. Commitment to the Social Setting

## 8.3 Social Action in the ACS Group

**2011 Milestones**

The ACS Foundation celebrated ten years of commitment (2001 – 2011). During this time it has carried out numerous acts of support and patronage in the areas of action where it operates unselfishly.

Outstanding this year are the accessible opening of the Santa María de las Huelgas Monastery in Burgos and the Santa Clara Royal Convent in Tordesillas, Valladolid.

**Challenges for 2012**

Carrying out of the Yuste Monastery accessibility project with the Spanish National Heritage and the Spanish Royal Board on Disability

Participation in the CONAMA (Spanish National Environment Conference)

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

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

Annually, the ACS Foundation prepares its Action Plan, in which it explains in detail the activities planned for the following year. This report shows the most significant projects with the investment allocated for each area of action.

The ACS Foundation invested €3.847 million on 2011, 12.6% more than 2010, representing 95.5% of its budget for 2011.

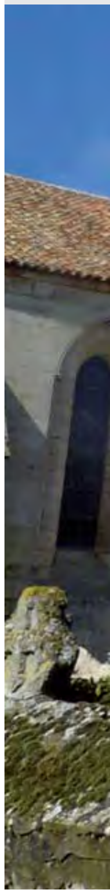
A budget increase of 5% has been approved for 2012, with respect to 2011, to €4.2 million.

### 8.3.1 Impact and Monitoring of Social Actions

Before each philanthropic project is carried out, the ACS Foundation identifies the social impact it may have. For example, before carrying out the accessibility project for the El Escorial Monastery in 2010, or the projects at Las Huelgas and Tordesillas in 2011, and as a preliminary measure to gauge their benefit to society, the number of complaints recorded due to problems with accessibility to the monument was analysed, as well as the number of visits annually people with disabilities have been able to make on guided visits after the ACS Foundation's action, and their level of satisfaction.

Once the projects have been completed, the ACS Foundation carries out monitoring of the social benefit generated and continuance of investment actions is defined for the most successful initiatives.[45]

[45] €400,000 has been invested in improving the specified monuments. €200,000 in the case of the 2010 El Escorial Monastery project and €200,000 in the two projects carried out in 2011



## 8.3.2 Activities in 2011

# Improved physical accessibility in the Santa María la Real de Las Huelgas Monastery (Burgos)

Santa María la Real de Las Huelgas is one of the monasteries of Cistercian nuns of San Bernardo. It was founded in 1189 by King Alfonso VIII of Castile to become a burial place for the royal family and where he himself wished to buried alongside his wife

The project carried out and the works and technical aids installed were made possible in the framework of the agreement signed between Spanish National Heritage, the Royal Board on Disability and the ACS Foundation which allowed the project and works to be brought to fruition to make 100% of the guided tour available to people with reduced mobility, 823 years after it was built.

The church building, which follows the Cistercian model with three elongated naves, plus the crossing nave, which in this case has a separating wall from the rest of the church due to its condition as a monastery, the Cloister of San Fernando, the Museum of Medieval Fabrics, the burial places of the Kings and Queens of Castile, among the many other treasures the monastery contains, can now be visited following the same routes as other visitors. This was achieved by modifying the current tourist circuit, which permitted the execution of the improvements which facilitate the visit for everyone with minimal impact.

As in the El Escorial Monastery, the nature of the heritage resource was fully respected and this shows the compatibility between architectural heritage monuments and accessibility. The execution has an important effect as a demonstration, which is another of the objectives the Agreement has brought, with the opening up of this monastery and the other two royal National Heritage sites.

# 8. Commitment to the Social Setting

## Improved physical accessibility in the Royal Convent of Santa Clara in Tordesillas (Valladolid)

The Royal Convent of Santa Clara in Tordesillas is an old Mudejar palace started around 1340 by Alfonso XI and completed by his son, Pedro I. The latter donated it in his will to his daughter, the infanta Beatriz, ordering her to convert the palace into a nunnery for the nuns of the order of Santa Clara, hence it was necessary to adapt it to the new monastic needs. Hence the current nunnery is a mixture of styles from the $14^{th}$ and $18^{th}$ and even the $12^{th}$ and 13 centuries.

By virtue of the collaboration agreement between Spanish National Heritage, the Royal Board on Disability and the ACS Foundation, which had already executed works in the El Escorial Monastery to provide access to over 95% of it, the accessibility project and the implementation of the technical aids necessary were carried out during 2011, making 100% of it accessible to people with reduced mobility.

The main premise was for the tour route for people with any kind of motor disability to be, mainly, the same as the currently existing guided route.

Although not applicable, the precepts in the existing legislation as regards accessibility at Spanish autonomous region and national levels were observed, making accessibility compatible with maintaining the convent's nature as a heritage resource.

Action was carried out at 20 points where existing architectural barriers were removed. In some cases the intervention was limited to small wooden ramps, although there was one more exceptional intervention, where three ramps were spanned using a large stone ramp and staircase combination and a lift was installed making the tour possible at the different heights of the guided tour route.

## 8.3.3 The ACS Foundation Celebrates 10 Years

The ACS Foundation was created in October 2001 with the aim of integrating the ACS Group's sponsorship and patronage, defining company policy in this area and responding to society's new demands as regards the company's social function.

To meet these objectives, the Foundation has carried out a series of programmes and activities through institutions with the greatest prestige in each field. This makes it possible to effectively fulfil the statutory mandate relating to the development and carrying out of programmes act activities related to science, training, education, teaching, research and technological dissemination.

The ACS Foundation has rightly been recognised for its work in relation to the promotion, conservation and restoration of Spanish cultural and artistic heritage, collaborating in improving awareness of these. In addition to promoting numerous forums for debate on Heritage restoration techniques, it has documented, through the publishing of the three volumes of the collection "The Art of Restoration", 135 restoration works of highly diverse types carried out by the Founder, which find great demand in Spain and internationally due to the descriptive process for each work and the techniques applied in each case. It has also collaborated with other institutions on publications aimed at informing on Heritage, especially in the "Encyclopaedia of the Romanesque".

Outstanding as regards the environment is its sponsorship of the Spanish national environment conferences (CONAMA) to demonstrate the ACS Group's contribution to sustainable development, its efforts in R&D+i, in the renewable energies area, its investments in the area, the contribution to city management and its position with relation to climate change.

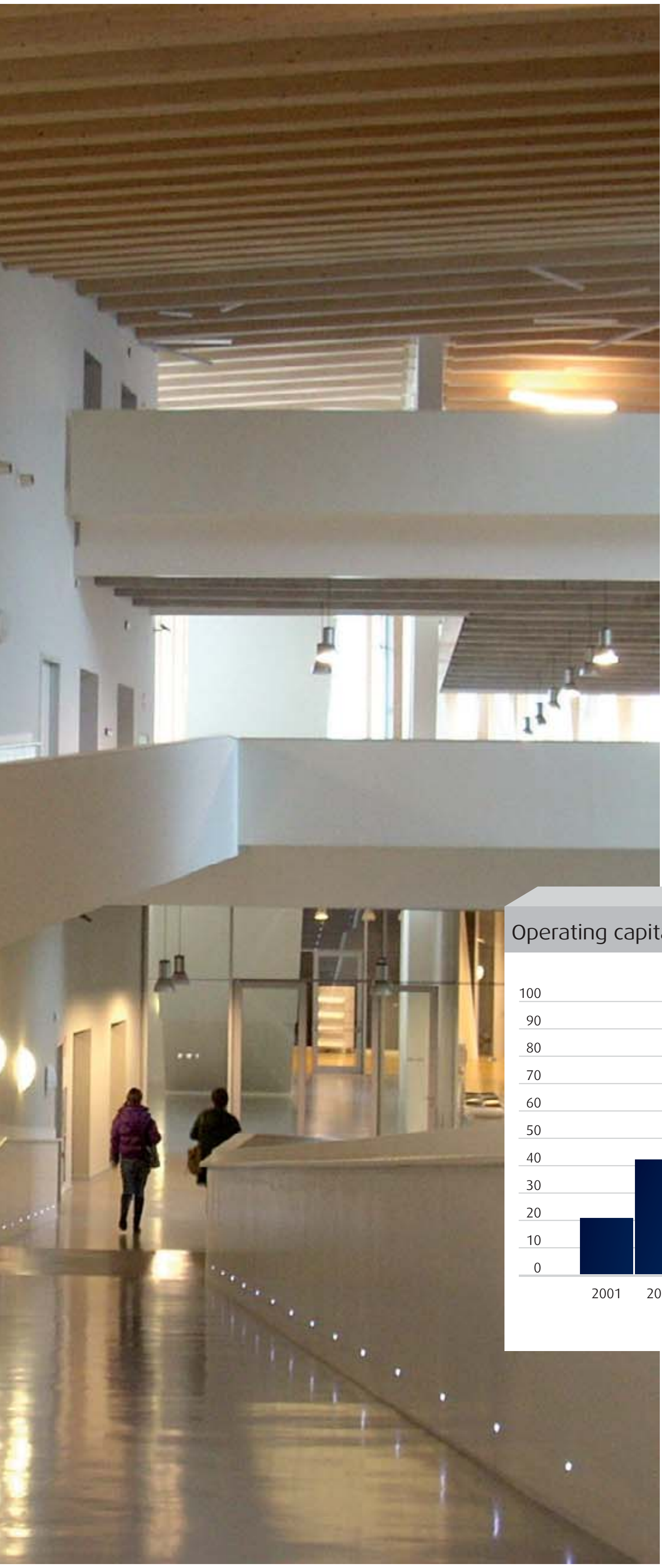
"Environmental Management: experience through the ACS Group" has been published. Throughout its life, the Foundation has maintained strong support for training activities linked to the environment, especially as regards Solid Wastes and Renewable Energies.

As a private Foundation, it was a pioneer in concerning itself with the problems of disabled people, making it possible to train architects, engineers and other professionals in the subjects of accessibility and global design, in order to remove barriers in building, town planning and transport. Especially significant are the accessible openings of the El Escorial Monastery, the Royal Monastery of Las Huelgas and the Royal Convent of Santa Clara at Tordesillas through the agreement with Spanish National Heritage, the Royal Board on Disability. These works act as benchmarks on how accessibility can be made compatible with maintaining the nature of heritage resources.

To stimulate local councils in their efforts to remove barriers to help disabled people, the ACS Foundation created prizes for the best municipal solutions in this regard, which later came to be called the "Queen Sofia Awards for Universal Accessibility" and were expanded two years ago the Latin American local councils with the collaboration of AECID.

A wide variety of cultural and artistic activities have been promoted and carried out, supporting the work carried out by the main Spanish museums and other Spanish institutions in other expressions included in the concept of cultural.

# 8. Commitment to the Social Setting

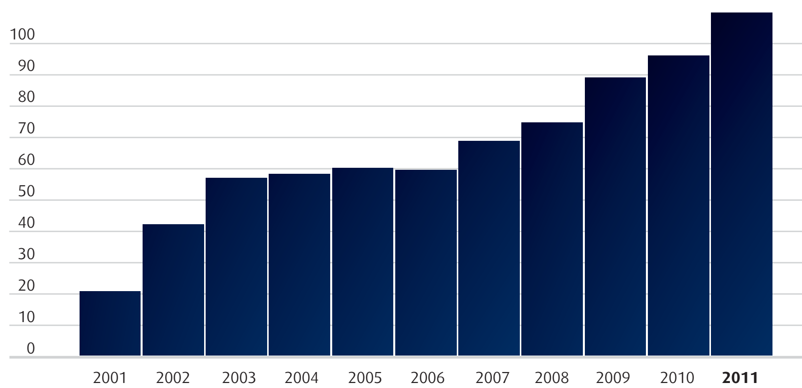


Over the last few years, as a result of the dynamics of society's demands, the application of resources in the area of medical and technological research has intensified considerably, and collaboration has been provided in the area of technical cooperation in developing training activities in Spanish centres in Latin America, with the provision of assistance to diverse social projects in Africa and Latin America.

Training has always been an activity which has involved the majority of its support to other institutions, foundations and universities to fulfil their own ends, providing these are compatible with the ACS Foundation's.

The Foundation has received constant support from the ACS Group, both in relation to the economic resources provided, which have multiplied 5.5 times in the decade, and due to the participation of specialised people from Group companies in all the activities where the Foundation has needed them to carry out its activities.

Operating capital variation of the ACS Foundation 2001-2011




# 9. Awards, Recognitions, Memberships

- The ACS Group has been recognised for its work in the field of sustainability by being included in the Dow Jones Sustainability Index for 2011 and 2012.
- The ACS Group is a signatory to the United Nations Global Compact.
- ACS is a world leader in the development of infrastructure concessions, according to Public Works Financing magazine.
- ACS is the ninth largest company in the world by sales figures, according to the ENR magazine ranking published in August 2011.
- ACS is among the ten best-known and most respected companies in Spain, according to the Metroscopia barometer published on 26/12/2011 by the newspaper El País.
- ACS is Spain's most valuable infrastructures company, according to the ranking published in the newspaper El Economista on 29/11/2011.
- ACS is the 450th largest company in the world by turnover, according to the ranking in the magazine Fortune for 2011.
- The ACS Group's Chairman, Florentino Pérez, was distinguished with the Grand Cross of the Order of the Second of May, awarded by the Autonomous Region of Madrid.

# 10. Principles for the Preparation of the Report

*For the ACS Group, the preparation of this Corporate Responsibility Report implies the formalisation of a policy focused on understanding the main dilemmas and challenges faced by the infrastructure development and energy sector and society as a whole.*

The report considers all the ACS Group's activities as a global operator, in all the countries where it is present. To this effect, the information published includes the operations carried out in the Environment, Construction, Industrial Services and Concessions areas.

The ACS Group has developed tools for the collection and consolidation of both quantitative and qualitative information on sustainability to align the management of all the companies with the ACS Group's strategic priorities. This tool has increased its scope considerably.

The information gathered in this report refers, basically, to the 2011 financial year. It also includes information from previous years, depending on its relevance and availability, to enable the readers to be able to form a more complete opinion on the company's development. The quantitative indicators present the ACS Group's evolution in 2011 and, generally, the two previous years.

The report was prepared following the G3 guidelines from the Global Reporting Initiative (GRI). In this manner, all issues of relevance to the Company's stakeholders were taken into account. The data and headings explained in this report apply to the Group's companies in accordance with that reported in terms of percentage of total sales. Those cases where the scope is other than 100% are specified clearly in the text and tables.

With respect to the levels of application defined by the GRI, the ACS Group has given this report an A+ rating. Accordingly, the principles and recommendations of the G3 guidelines were applied and each chapter details both the organisation's profile and its management approach. Additionally, all performance indicators considered to be of principal importance are contained in this report.

The ACS Group has applied the following GRI G3 principles for defining the contents and guaranteeing the quality of the information included in this report:

## Principle of materiality

The ACS Group has developed management tools to facilitate operational control of sustainability management and its integration into the businesses. The contents of this tool are aligned with GRI requirements, to the request for information from the selective sustainability stock market indices and by institutional investors and ratings agencies which take matters related to sustainability into account.

## Context of sustainability

The objective of this report is to express the actions of the ACS Group in each of the three sustainability areas: economic, social and environmental. Throughout this report, information is supplied in relation to the context of each of these.

## Exhaustiveness

In the preparation process, the coverage and scope of this report was clearly defined, giving priority to information considered to be material and including all significant events that took place in 2011, without omitting information of relevance to our stakeholders. The coverage of the report was determined in parallel with its content.

In the case that there were changes in the chapters with respect to coverage, these have been indicated.

Additionally, the relevant issues, the indicators included herein and the matters covered by the 2011 Corporate Responsibility Report offer an overview of the significant impacts in the economic, social and environmental fields.

## Comparability

As far as possible, the information included in this report has been organised in such a manner that the stakeholders may interpret the changes undergone by the ACS Group with respect to previous years.

## Balance

This report includes both positive and negative aspects, in order to present an unbiased image and to enable stakeholders to reasonably assess the Company’s actions.

## Accuracy and clarity

This report contains numerous tables, graphs and diagrams, the purpose of which is to make the report easier to understand. The information included in the report is meant to be clear and accurate in order to be able to assess the ACS Group’s actions. Additionally, as far as possible, the use of technical terms whose meaning may be unknown to stakeholders has been avoided.

## Reporting frequency

The ACS Group has the commitment to report its corporate responsibility actions annually. This report relates to the Group’s actions in 2011 in the economic, social and environmental fields.

## Reliability

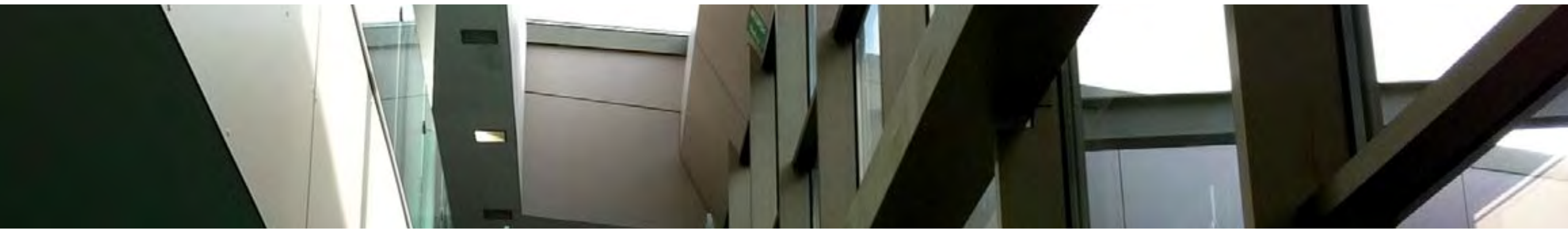
The reliability of the information included in this 2011 Corporate Responsibility report was checked by KPMG, the firm responsible for its verification.

# 11. Scope of the Data

| Clients | Scope (over total ACS Group Sales) |
|---|---|
| Number of client satisfaction surveys carried out | 50.89% |
| Percentage of client responses of "satisfied" or "very satisfied" over the total number of surveys carried out (%) | 27.37% |
| Number of complaints received from clients | 31.16% |
| Number of complaints dealt with | 28.90% |
| Number of complaints resolved satisfactorily | 27.07% |
| Make an estimate of the percentage of client claims / complaints referring to problems related to confidentiality | 41.22% |
| Total value of significant fines resulting from breaches of rules relating to the organisations supply of services (€million) | 42.07% |

| Quality | Scope (over total ACS Group Sales) |
|---|---|
| Percentage of sales from activities certified under the ISO 9001 standard (%) | 93.15% |
| Investments made in quality improvements (€million) | 53.46% |
| Number of quality audits carried out | 82.56% |
| Make an estimate of the percentage of your company's projects which have been audited for quality in the last year | 65.98% |
| Total number of incidents involving failure to comply with regulations in terms of quality which have resulted in warnings or fines | 64.17% |

| Suppliers | Scope (over total ACS Group Sales) |
|---|---|
| Number of suppliers and subcontractors contracted in the indicated period | 95.27% |
| Estimate of the percentage of contracts which include criteria on human rights or which are subject to analysis in this respect (%) | 71.04% |
| Estimate of the percentage of contracts rejected or those on which conditions have been imposed as a consequence of failures to comply in environmental, quality, human rights or ethics and professionalism areas | 71.04% |
| Number of suppliers and subcontractors which have been audited by your company by means of internal auditing processes | 27.40% |
| Number of suppliers and subcontractors which have been audited in external auditing processes (by means of a third party) | 40.14% |
| Number of suppliers from the local community | 95.27% |
| Percentage of certified wood purchased (t) | 16.83% |
| Total wood purchased (t) | 26.35% |
| Steel manufactured with recycled materials (t) | 15.08% |
| Total steel purchased (t) | 27.71% |
| Cement / concrete including recycled aggregates purchased (t) | 15.46% |
| Total cement / concrete purchased (t) | 27.71% |
| Recycled aggregates purchased (t) | 15.70% |
| Total aggregates purchased (t) | 18.25% |
| Recycled glass purchased (t) | 14.84% |
| Total glass purchased (t) | 17.46% |
| Recycled pipes / insulation (generally PVC) purchased (t) | 14.84% |
| Total pipes / insulation (generally PVC) purchased (t) | 18.64% |



| R&D+i | Scope (over total ACS Group Sales) |
|---|---|
| Investment in R&D+i (€million) | 62.67% |
| Number of R&D+i projects in progress at 31 December | 62.67% |
| Estimate the number of patents registered in the year | 62.41% |
| R&D+i subsidies received (€million) | 62.67% |
| Number of research/technology centres with which your company collaborates | 62.90% |
| Number of universities with which your company collaborates | 62.35% |
| Others | 22.43% |

| Environment | Scope (over total ACS Group Sales) |
|---|---|
| Group production under environmental certification (ISO 14001) (%) | 97.06% |
| Number of environmental audits carried out in your company | 66.10% |
| Number of environmental incidents which occurred in 2011 | 66.10% |
| Number of environmental incidents with sanctioning administrative proceedings in 2011 | 66.10% |
| Total value of fines due to sanctioning administrative proceedings (€million) | 66.10% |
| Number of significant accidental spills | 65.87% |
| Significant accidental spills ($m^3$) | 63.80% |
| Total water consumption ($m^3$) | 50.95% |
| Consumption of water from the public mains ($m^3$) | 50.95% |
| Consumption of water from other sources ($m^3$) | 43.55% |
| Waste water discharged ($m^3$) | 42.57% |
| Discharges of waste water to the public sewers ($m^3$) | 42.57% |
| Discharges of waste water to the sea/rivers/lakes ($m^3$) | 42.57% |
| Hazardous waste generated (t) | 64.57% |
| Composting, reuse, recycling, recovery (exploitation) (%) | 48.81% |
| Dumping or other destinations (%) | 50.95% |
| Non-hazardous waste generated (t) | 64.68% |
| Composting, reuse, recycling, recovery (exploitation) (%) | 64.57% |
| Dumping or other destinations (%) | 64.20% |
| Petrol consumed (million litres) | 50.26% |
| Diesel consumed (million litres) | 50.26% |
| Petrol + diesel consumed (million litres) | 50.95% |
| Natural gas consumption ($m^3$) | 50.95% |
| Electricity consumption (MWh) | 50.95% |
| Energy savings due to conservation and efficiency improvements (MWh) | 37.25% |
| Direct emissions of greenhouse gases not associated with the use of fuels (Scope 1 process emissions) (t $CO_2$ equivalent) | 39.25% |
| Indirect emissions (Scope 3): Business journeys total km travelled on short-haul flights (< 500 km) | 50.26% |
| Indirect emissions (Scope 3): Business journeys Flights: total km travelled on medium-haul flights (500 km < X < 1,600 km) | 48.11% |

# 11. Scope of the Data

| Environment | Scope (over total ACS Group Sales) |
|---|---|
| Indirect emissions (Scope 3): Business journeys<br>Flights: total km travelled on long-haul flights (> 1,600 km) | 50.26% |
| Other indirect emissions (Scope 3): Business journeys<br>Total km travelled in private vehicles for business purposes | 47.99% |
| Other indirect emissions (Scope 3): Business journeys<br>Total km travelled by train | 50.26% |
| Other indirect emissions (Scope 3): Business journeys<br>Total km travelled by boat | 41.93% |
| Other indirect greenhouse gas emissions (Scope 3)<br>Others (t $CO_2$ equivalent) | 39.51% |
| Emissions of Oxides of Nitrogen (NOx) (t) | 31.05% |
| Emissions of Oxides of Sulphur (SOx) (t) | 31.05% |
| Emissions of solid particles (t) | 31.05% |
| Other gases (t) | 31.05% |
| Emissions of substances that deplete the ozone layer (t) | 31.47% |

| Human Resources | Scope (over total number of employees) |
|---|---|
| Number of employees with part-time working days | 59.03% |
| Number of employees of nationality different to that of your company's head office | 59.03% |
| Number of senior managers from the local community | 59.03% |
| Number of incidents which occurred due to discrimination | 59.03% |
| Number of employees affiliated to a trade union organisation | 49.53% |
| Training given by professional category (hours): University graduates | 59.03% |
| Training given by professional category (hours): Diploma holders | 59.03% |
| Training given by professional category (hours): Non-graduate line personnel | 59.03% |
| Training given by professional category (hours): Clerical personnel | 59.03% |
| Training given by professional category (hours): Other staff | 59.03% |
| Training given: Total number of teaching hours | 59.03% |
| Total number of courses given | 59.03% |
| Number of attendance courses | 59.03% |
| Number of non-attendance courses | 59.03% |
| Number of courses given with Production content | 59.03% |
| Number of courses given with Safety at work content | 59.03% |
| Number of courses given with Environmental content | 59.03% |
| Number of courses given with Human Rights, Ethics, Integrity or Conduct content | 59.03% |
| Total number of participants in training activities in the year | 59.03% |
| Investment in training (€ million) | 59.03% |
| Number of employees subject to performance assessment processes | 59.03% |
| Number of employees promoted during the year | 59.03% |

| Human Resources | Scope (over total number of employees) |
|---|---|
| Make an estimate of the percentage of university graduates affected by a formal competence management system in your company | 57.41% |
| Make an estimate of the percentage of diploma holders affected by a formal competence management system in your company | 57.41% |
| Number of people hired during the year | 91.21% |
| Total staff turnover (%) | 91.21% |
| Turnover of men (%) | 91.21% |
| Turnover of women (%) | 91.21% |
| Total number of days lost (due to absenteeism) (employees) | 59.03% |
| Total number of days worked by employees of your company | 59.03% |
| Total number of days lost (due to absenteeism) (contractors) | 32.02% |
| Total number of days worked by subcontractors contracted by your company | 42.99% |
| If a working environment survey has been carried out in your company during the current year, report the percentage of "satisfied" or "very satisfied" responses from employees over the total number of surveys (%) | 17.46% |
| Number of disabled people | 59.03% |

| Health and Safety | Scope (over total number of employees) |
|---|---|
| Investment in health and safety in the workplace (€million) | 58.40% |
| Total number of hours worked by employees of your company | 63.15% |
| Total number of hours worked by contractors | 38.99% |
| Total number of accidents suffered by the company's own employees | 95.34% |
| Total number of accidents suffered (by contractors) | 39.56% |
| Total number of working days lost by own employees | 95.34% |
| Total number of working days lost (by contractors) | 35.84% |
| Total number of accidents with employee time off | 95.34% |
| Total number of accidents time off (contractors) | 39.56% |
| Total number of cases of occupational diseases (own employees) | 56.08% |
| Total number of cases of occupational diseases (contractors) | 31.35% |
| Number of hours of training in occupational health and safety received by your company's employees during the year | 95.34% |
| Total number of employees with occupations with risks of contracting specific diseases | 54.51% |

# 12. Verification Report

KPMG

**KPMG Asesores S.L.**
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

**Independent Assurance Report to the Management of Actividades de Construcción y Servicios, S.A.**

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in Actividades de Construcción y Servicios, S.A. (hereinafter ACS) Corporate Responsibility Report for the year ended 31 December 2011 (hereinafter "the Report").

ACS management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in section 10 of the Report, entitled "Principles for the Preparation of the Report". This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to issue, based on the work performed, an independent report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Accountants Institute of Spain (*Instituto de Censores Jurados de Cuentas de España*). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with the independence requirements included in the International Ethics Standards Board for Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct.

A limited assurance engagement on a sustainability report consists of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

- Interviews with relevant ACS staff concerning the application of sustainability strategy and policies.
- Interviews with relevant ACS staff responsible for providing the information contained in the Report.
- Visit to a waste treatment facility and a work site selected based on a risk analysis considering quantitative and qualitative criteria.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of ACS.

KPMG Asesores S.L., a limited liability Spanish company, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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N.I.F. B-82498650



- Verifying that the financial information reflected in the Report was taken from the annual accounts of ACS, which were audited by independent third parties.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. Also, this report should not be considered an audit report.

Our multidisciplinary team included specialists in social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Corporate Responsibility Report of Actividades de Construcción y Servicios, S.A. for the year ended 31 December 2011 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in section 10 of the Report, entitled Principles for the Preparation of the Report .

Under separate cover, we will provide ACS management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

7 May 2012

# 13. GRI Index

Global Reporting Initiative™

## Statement
## GRI Application Level Check

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

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

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

Amsterdam, February 28th 2012

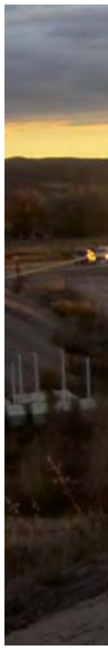
Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

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

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org*

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on February 21st 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*



# 14. We Would Like to Know your Opinion

As you have been able to read from the previous pages of this report, at the ACS Group we understand corporate responsibility as a commitment which determines the Company's relationship with the environment and with each of its stakeholders. This Corporate Responsibility Report aims to include the main milestones and programmes carried out by the ACS Group aimed at improving relationships with its different stakeholders.

The ACS Group considers the assumption of corporate responsibility principles to be a continual improvement process, in which it is crucial to rely on the opinion of the different stakeholders. Hence, we would be grateful to receive any opinion you may have on this report at:

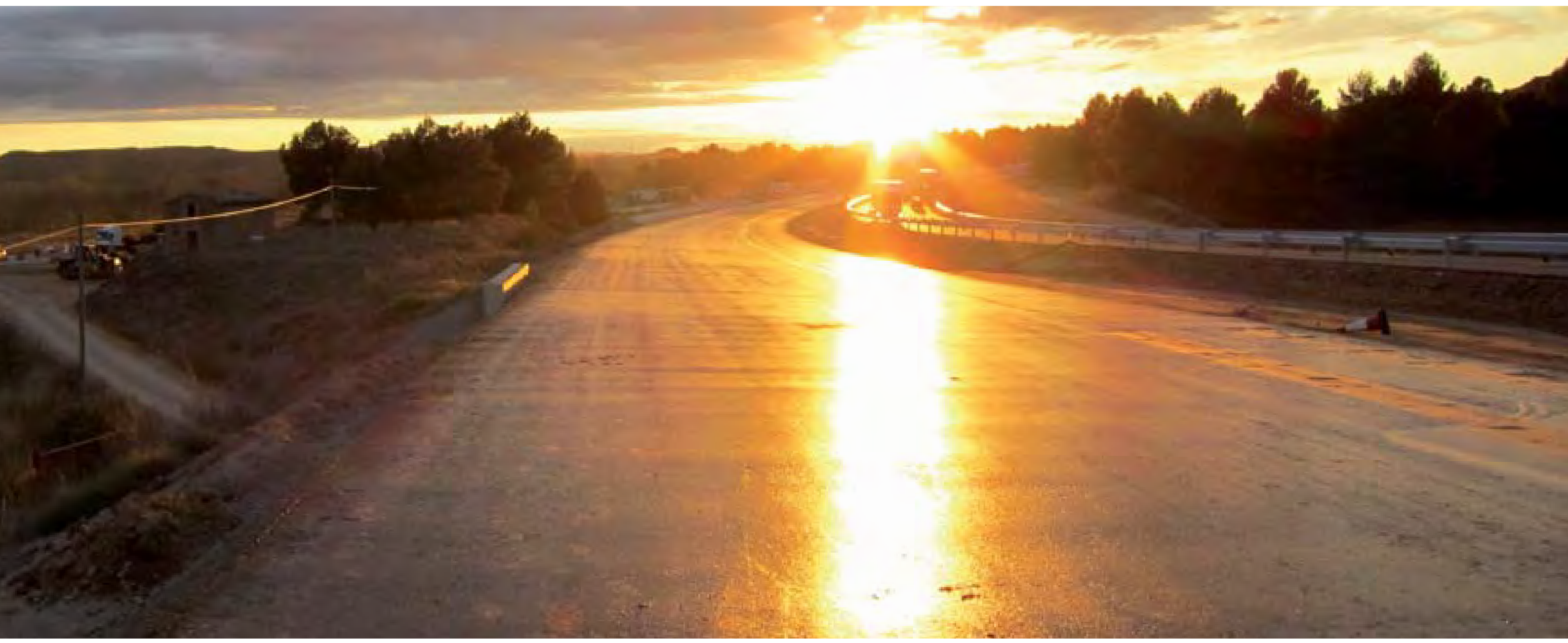

## ACS GROUP

Avda. Pío XII, 102
Madrid 28036, Spain
Phone. +34 91 343 92 39
E-mail: info@grupoacs.com


For further information, see the webpage,
**www.grupoacs.com**

## Disclaimer:

The original version of this document in Spanish stands as the factual and signed version of Grupo ACS Corporate Social Responsibility report. In the case of any difference between both documents, the Spanish version is the correct one.



# 15. Main perfomance indicators

## Profile

| Strategy and analysis | | Chapter/Response |
|---|---|---|
| 1.1 | Statement from the organisation's most senior decision-maker about the relevance of sustainability for the organisation and its strategy. | Chapter 1 |

| Organisational profile | | Chapter/Response |
|---|---|---|
| 2.1 | Name of the organisation. | 2.1.1 |
| 2.2 | Main brands, products, and/or services. | 2.2 |
| 2.3 | Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures. | 2.2 |
| 2.4 | Location of organisation's headquarters. | 2.1.1 |
| 2.5 | Number of countries where the organisation operates and names of countries with either major operations or operations specifically relevant to the sustainability issues covered in the report. | 2.1.2 |
| 2.6 | Nature of ownership and legal form. | 2.3.1 |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of clients/ beneficiaries). | 2.1.2; 4.3.2 |
| 2.8 | Scale of the reporting organisation. | 2.1.2 |
| 2.9 | Significant changes during the period covered by the report regarding size, structure, or ownership of the organisation. | 2.2; 2.3.1 |
| 2.10 | Awards and distinctions received during the reporting period. | Chapter 9 |

| Report parameters | | Chapter/Response |
|---|---|---|
| 3.1 | Period covered by the information in the report (e.g. financial year, calendar year). | 2.1.2 |
| 3.2 | Date of most recent previous report (if any). | Year 2010 |
| 3.3 | Reporting cycle (annual, biennial, etc). | Annual |
| 3.4 | Point of contact for questions regarding the report or its contents. | Infogrupoacs@grupoacs.com |
| 3.5 | Process for defining report content. | 2.2; 24.1; 10<br>The company has not prepared a specific materiality study, but it has carried out an internal exercise involving all the businesses, considering the priority subjects for ACS which are aligned with GRI requirements. The request for information has been improved and expanded not only to satisfy GRI questions, but also for selective stock market indices in sustainability and institutional investors and ratings agencies which take matters related to sustainability into account. |
| 3.6 | Report coverage (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). | 11 |
| 3.7 | State any limitations to the scope or coverage of the report. | 11 |

| Governance, commitments and stakeholder | | Chapter/Response |
|---|---|---|
| 4.1 | Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. | 2.3.2 |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer (and if so, his or her function in the management of the organisation and the reasons justifying this). | 2.3.2.1 |
| 4.3 | For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent or non-executive members. | 2.3.2.1 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or suggestions to the highest governance body. | 5.2.2<br>5.3.1 |
| 4.14 | List of stakeholder groups engaged by the organisation. | 2.4.1 |
| 4.15 | List of stakeholders engaged by the organisation. | 2.4.1 |

For a detailed information about main performance indicators table of the GRI index, please consult the ACS Group webpage:
http://www.grupoacs.com/ficheros_editor/File/05_responsabilidad_corporativa/acs_index_gri.pdf

## Disclosures on Management Approach: Performance Indicators (DMAs)

| Disclosure on management approach EC | Chapter/Response |
|---|---|
| Economic performance | 4.1 |
| Market presence | 2.1.2 |
| Indirect economic impacts | 4.1 |

| Disclosure on management approach EN | Chapter/Response |
|---|---|
| Materials | 7.1.5.2 |
| Energy | 7.1.5.2 |
| Water | 7.1.6 |
| Biodiversity | 7.1.7 |
| Emissions, effluents and waste | 7.1.5.1 |
| Degradation, pollution and soil recovery | ACS's systems do not currently measure this indicator. A system will be developed for this task in the future. |
| Products and services | 4.4 |
| Compliance | 7.1.2 |
| Transport | 7.1.3 |
| Overall | 7.1.1 |

| Disclosure on management approach LA | Chapter/Response |
|---|---|
| Employment | 8.1.1; 8.1.2 |
| Company/worker relations | 8.1.1; 8.1.2 |
| Occupational health and safety | 8.2.1; 8.2.2; 8.2.3 |
| Training and assessment | 8.1.6 |
| Diversity and equality of opportunities | 8.1.3 |
| Equality of remuneration for women and men | All information related to salaries is considered confidential.<br>Salaries on hiring are a key aspect in operations and are treated as a competitive advantage. |

| Disclosure on management approach HR | Chapter/Response |
|---|---|
| Investment and procurement practices | 4.5.2 |
| Non-discrimination | 8.1.3.1 |
| Freedom of association and collective bargaining | 4.5.2.2; 8.1.1 |
| Child labour | 4.5.2.2; 8.1.1 |
| Forced labour | 4.5.2.2; 8.1.1 |
| Security practices | 8.2.2.7 |
| Indigenous rights | 5.2; 5.2.2 |
| Assessment | 4.4.2.3; 4.5.2.1 |
| Remediation | 4.5.2.2; 5.2.2 |

| Disclosure on management approach SO | Chapter/Response |
|---|---|
| Community | 7.1.7; 8.3.1 |
| Corruption | 5.2.2 |
| Public policy | 2.4.2 |
| Anti-competitive behaviour | 2.4.2 |
| Compliance | 4.3.2.2; 4.3.2.3; 7.1.2 |

| Disclosure on management approach PR | Chapter/Response |
|---|---|
| Client health and safety | 4.4.2.4 |

# 15. Main perfomance indicators

## Performance indicator

| Economic | | Chapter/Response |
|---|---|---|
| **Economic performance** | | |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee remuneration, donations and other community investments, retained earnings and payments to capital providers and governments. | 4.1; 8.3 |
| EC2 | Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability matters. | 7.1.4 |
| EC3 | Coverage of the organisation's social benefit plan obligations. | 8.1.4.1 |
| EC4 | Significant financial assistance received from governments. | Included in the Economic/Financial report, note referring to "Subsidies" |
| **Market presence** | | |
| EC6 | Policy, practices, and proportion of spending with locally-based suppliers at significant operation locations. | 4.5.2.1 |
| EC7 | Procedures for local hiring and proportion of senior management and all direct employees, contractors and subcontractors hired from the local community at significant operation locations. | 8.1.2; 8.1.3.1 |
| **Indirect economic impacts** | | |
| EC8 | "Development and impact of investments in infrastructure and services provided primarily for public benefit through commercial, in-kind, or pro bono commitments". | 2.4.2; 8.3 |

| Environmental | | Chapter/Response |
|---|---|---|
| **Materials** | | |
| EN1 | Materials used by weight, value or volume. | 7.1.5.2; 7.2.2; 7.4.1 |
| EN2 | Percentage of materials used that are recovered materials. | 7.1.5.2; 7.2.2; 7.4.1 |
| **Energy** | | |
| EN3 | Direct energy consumption by primary energy source. | 7.1.4; 7.1.5.2 |
| EN4 | Indirect energy consumption by primary source. | 7.1.5.2 |
| CRE1 | Energy intensity in buildings. | ACS's systems do not currently measure this indicator. A system will be developed for this task in the future. |
| EN5 | Energy saved due to conservation and efficiency improvements. | 7.1.5.2 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy consumption as a result of these initiatives. | 7.1.4; 7.1.5.2 |
| **Water** | | |
| EN8 | Total water intake by source. | 7.1.6; 7.2.1 |
| CRE2 | Intensity of water consumption in buildings. | ACS's systems do not currently measure this indicator. A system will be developed for this task in the future. |
| **Biodiversity** | | |
| EN11 | Description of lands adjacent to or located within protected natural spaces or unprotected areas of high biodiversity. Indicate the location and the size of the lands owned, rented or managed with high value for biodiversity in zones outside of protected areas. | 7.1.7; 7.2.4 |
| EN12 | Description of the most significant impacts of activities, products, and services on biodiversity in protected natural areas and unprotected areas of high biodiversity value in zones outside protected areas. | 7.1.7; 7.2.4 |
| EN13 | Protected or restored habitats | 7.1.7 |

For a detailed information about main performance indicators table of the GRI index, please consult the ACS Group webpage: http://www.grupoacs.com/ficheros_editor/File/05_responsabilidad_corporativa/acs_index_gri.pdf

| Performance indicator | | |
|---|---|---|
| **Emissions, effluents and waste** | | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | 7.1.4.1; 7.1.4.2 |
| EN17 | Other indirect greenhouse gas emissions by weight. | 7.1.4.2 |
| CRE3 | Intensity of greenhouse gas emissions from buildings. | ACS's systems do not currently measure this indicator. A system will be developed for this task in the future. |
| CRE4 | Intensity of greenhouse gas emissions from newly constructed buildings and urban replanning activities. | 7.1.4.1 |
| EN18 | nitiatives to reduce greenhouse gas emissions and reductions achieved. | 7.1.4 |
| EN19 | Emissions of ozone-depleting substances by weight. | 7.1.5.3 |
| EN20 | NOx, SOx and other significant emissions to atmosphere by type and weight. | 7.1.5.3 |
| EN21 | Total water waste discharges by nature and destination. | 7.1.6; 7.3.2<br>It was not possible to verify the data relating to discharges to sea or to rivers / lakes during 2011 before publication of this report; hence these are outside the scope of the verification report. |
| EN22 | Total weight of waste managed, by type and treatment method. | 7.1.5.1; 7.2.3 |
| EN23 | Total number and volume of the most significant accidental spills. | 7.1.6 |
| **Degradation, pollution and soil recovery** | | |
| CRE5 | Soils and other assets recovered and needing to be recovered for the use of the existing soil or that laid down according to the legal regulations | ACS's systems do not currently measure this indicator. A system will be developed for this task in the future. |
| **Products and services** | | |
| EN26 | Initiatives to improve efficiency and mitigate environmental impacts of products and services and extent of impact mitigation. | 7.1.5; 7.1.6; 7.2.3 |
| EN27 | Percentage of products sold and their packaging materials that are recovered at the end of their useful life, by product category. | Not applicable |
| **Compliance** | | |
| EN28 | Cost of significant fines and total number of non-monetary sanctions for non-compliance with environmental regulations. | 7.1.2 |

| Social: Labour | | Chapter/Response |
|---|---|---|
| **Employment** | | |
| LA1 | Total workforce by employment type, employment contract, and region and gender. | 8.1.2 |
| LA2 | Total number and rate of new hires and turnover by age group, gender and region. | 8.1.3.3 |
| LA15 | Levels of re-joining work and of retention after maternity or paternity leave, by gender. | ACS's systems do not currently measure this indicator. A system will be developed for this task in the future. |
| **Company/worker** | | |
| LA4 | Percentage of employees covered by collective bargaining. | 8.1.3.2 |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether these are specified in collective agreements. | 8.1.3.2 |

# 15. Main perfomance indicators

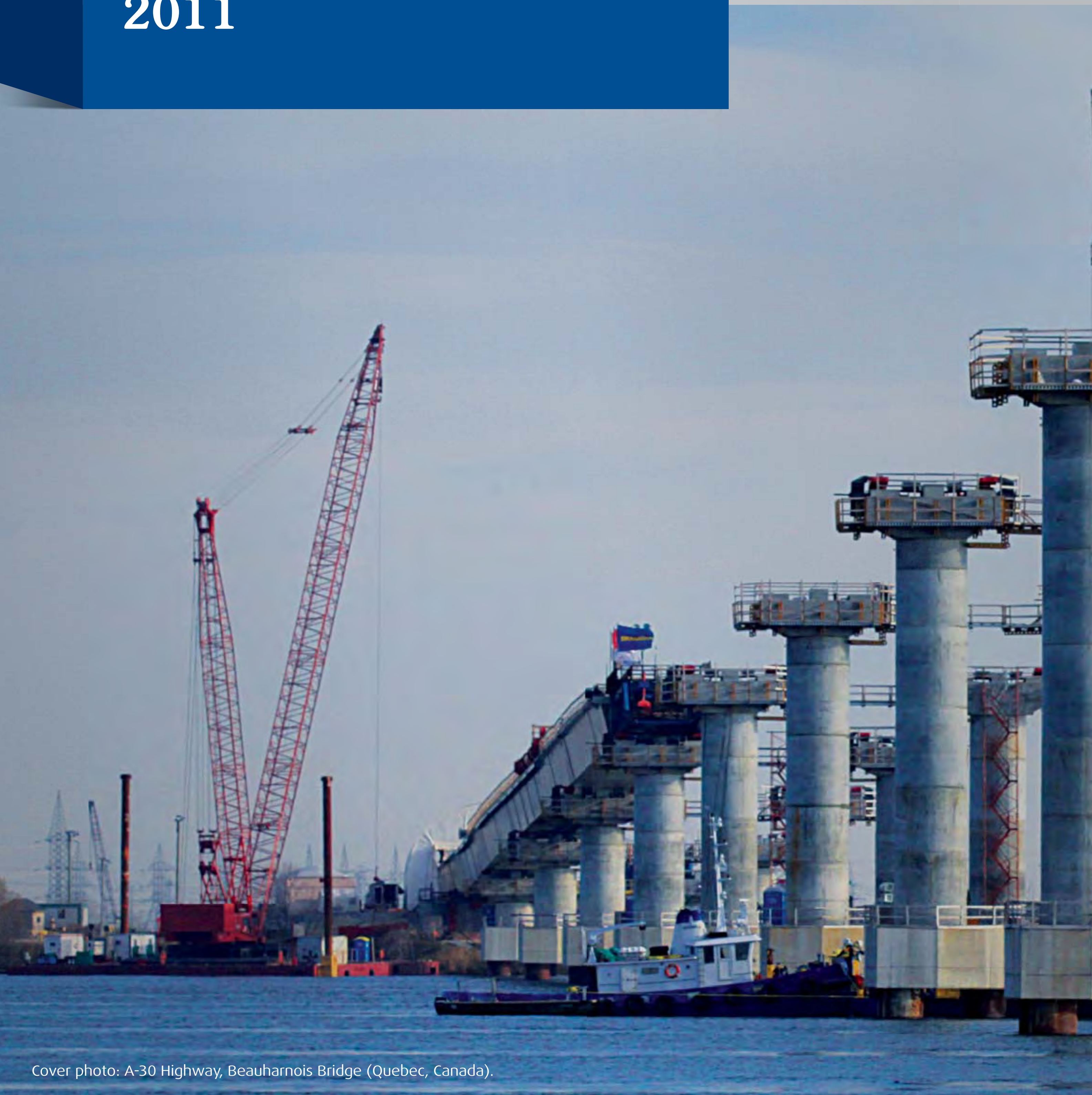
| Performance indicator | | |
|---|---|---|
| **Occupational health and safety** | | |
| LA7 | Rates of absenteeism, occupational diseases, lost days and number of work-related fatalities by region and gender. | 8.2.3 |
| CRE6 | Percentage of the organisation's operations verified in accordance with an internationally recognised health and safety management system. | 8.2.2.1 |
| LA8 | Education, training, counselling, prevention, and risk-control programmes applying to workforce members, their families, or community members in relation to serious illnesses. | 8.2.2.7 |
| **Training and education** | | |
| LA10 | Average hours of training per year per employee by gender and employee category. | 8.1.6 |
| **Diversity and equality of opportunities** | | |
| LA13 | Composition of governance bodies and workforce by category of employee, gender, age group, minority group membership, and other indicators of diversity. | 8.1.3.1 |
| **Equality of remuneration for women and men** | | |
| LA14 | Relationship between basic salaries for men with respect to those for women, by professional category. | All information related to salaries is considered confidential.<br>Salaries on hiring are a key aspect in operations and are treated as a competitive advantage. |

| Social: Human rights | | Chapter/Response |
|---|---|---|
| **Diversity and equality of opportunities** | | |
| HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | 4.5.2.1 |
| HR2 | Percentage of significant suppliers and contractors and other commercial partners that have undergone screening on human rights and actions taken as a consequence. | 4.5.2 |
| HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights relevant to their activities, including the percentage of employees trained. | 8.1.6 |
| **Non-discrimination** | | |
| HR4 | Total number of discrimination incidents and actions taken. | 8.1.3.1 |
| **Freedom of association and collective bargaining** | | |
| HR5 | Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or be at significant risk and actions taken to support these rights. | 4.5.2.2; 8.1.1 |
| **Child labour** | | |
| HR6 | Operations and significant suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour | 4.5.2.2; 8.1.1 |
| **Forced labour** | | |
| HR7 | Operations and significant suppliers identified as having significant risk for incidents of forced labour and measures to contribute to the elimination of forced or compulsory labour. | 4.5.2.2; 8.1.1 |
| **Assessment** | | |
| HR10 | Percentage and total number of operations which have been subject to reviews or assessments of impacts as regards human rights. | 4.4.2.3; 4.5.2.1 |

For a detailed information about main performance indicators table of the GRI index, please consult the ACS Group webpage:
http://www.grupoacs.com/ficheros_editor/File/05_responsabilidad_corporativa/acs_index_gri.pdf

| Performance indicator | | |
|---|---|---|
| **Corrective measures** | | |
| HR11 | Number of complaints related to human rights which have been presented, dealt with and resolved by means of formal conciliation mechanisms. | 4.5.2.2; 5.2.2 |
| **Social: Society** | | **Chapter/Response** |
| **Community** | | |
| SO1 | Percentage of operations where development programmes, impact assessments and participation of the local community have been implemented. | 7.1.7; 8.3.1 |
| SO9 | Operations with significant possible or real negative impacts on local communities. | 7.1.7; 8.3.1 |
| SO10 | Measures for prevention and mitigation implemented in operations with significant possible or real negative impacts on local communities. | 7.1.7; 8.3.1 |
| CRE7 | Number of people who have been displaced and/or relocated voluntarily and involuntarily, broken down by project. | ACS's systems do not currently measure this indicator. A system will be developed for this task in the future. |
| **Corruption** | | |
| SO2 | Percentage and total number of business units analysed for risks related to corruption. | 100% |
| SO3 | Percentage of employees trained in the organisation's anti-corruption policies and procedures. | 5.2.2; 8.1.6 |
| SO4 | Actions taken in response to incidents of corruption. | 5.2.2 |
| **Public policy** | | |
| SO5 | Public policy positions and participation in public policy development and lobbying. | 2.4.2 |
| SO6 | Total value of financial and in-kind contributions to political parties or related institutions by country. | 2.4.2 |
| **Compliance** | | |
| SO8 | Monetary value of significant sanctions fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | 4.3.2.2; 7.1.2 |
| **Social: Product Responsibility** | | **Chapter/Response** |
| **Client health and safety** | | |
| PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvements, their impacts on client health and safety and percentage of significant product and service categories subject to such assessment procedures. | 4.4.2.4 |
| **Product and service labelling** | | |
| PR3 | Types of product and service information required by procedures in force and regulations and percentage of significant products and services subject to such information requirements. | n/a |
| CRE8 | Type and number of certifications, classifications and labelling systems as regards sustainability for new constructions, management, occupation and reconstruction. | 4.4.1; 7.1.2; 7.2 |
| **Marketing communications** | | |
| PR6 | Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, other promotional activities and sponsorship. | n/a |
| **Compliance** | | |
| PR9 | Cost of significant fines resulting from non-compliance with regulations in relation to the supply and use of the organisation's products and services. | 4.3.2.2 |

# Corporate Gobernance Report of ACS Group 2011



Cover photo: A-30 Highway, Beauharnois Bridge (Quebec, Canada).

# Corporate Governance Report of ACS Group

The Annual Corporate Governance Report forms part of the Directors' Report, in accordance with the provisions of the Spanish Limited Liability Companies Law. The aforementioned Directors' Report is included in the ACS Group's Economic and Financial Report for 2011.

# A. Ownership Structure

## A.1. Complete the following table on the company's share capital:

| Date of last amendment | Share capital (euros) | Number of shares | Number of voting rights |
|---|---|---|---|
| 01/07/2009 | 157,332,297.00 | 314,664,594 | 314,664,594 |

Indicate whether there are different classes of shares with different rights associated thereto:

| | Yes | No |
|---|---|---|
| | | X |

## A.2. Detail the direct or indirect holders of significant shareholdings of the company at the close of the financial year, excluding the Board Members:

| Name or company name of the shareholder | Number of voting rights | Number of indirect voting rights (*) | % of total voting rights |
|---|---|---|---|
| Corporación Financiera Alba, S.A. | 0 | 57,599,232 | 18.305 |
| Inversiones Vesán, S.A. | 39,397,625 | 0 | 12.521 |
| Southeastern Asset Management, Inc | 0 | 23,527,063 | 7.477 |
| Mr. Alberto Cortina Alcocer | 4,840 | 20,614,100 | 6.553 |
| Mr. Alberto Alcocer Torra | 5,000 | 20,131,455 | 6.399 |
| Sayglo Holding, S.L. | 0 | 17,741,012 | 5.638 |

| Name or company name of the indirect shareholder | Held through: Name or company name of the direct shareholder | Number of voting rights | % of total voting rights |
|---|---|---|---|
| Corporación Financiera Alba, S.A. | Alba Participaciones, S.A. | 56,050,975 | 17.813 |
| Corporación Financiera Alba, S.A. | Balboa Participaciones | 1,548,257 | 0.492 |
| Mr. Alberto Cortina Alcocer | Cinaninvest Holding, S.A. | 477,162 | 0.152 |
| Mr. Alberto Cortina Alcocer | Corporación Financiera Alcor, S.L. | 466,440 | 0.148 |
| Mr. Alberto Cortina Alcocer | Imvernelin Patrimonio, S.L. | 19,396,311 | 6.164 |
| Mr. Alberto Cortina Alcocer | Percacer, S.L. | 274,187 | 0.087 |
| Mr. Alberto Alcocer Torra | Comercio y Finanzas, S.L. | 268,704 | 0.085 |
| Mr. Alberto Alcocer Torra | Corporación Financiera Alcor, S.L. | 466,440 | 0.148 |
| Mr. Alberto Alcocer Torra | Imvernelin Patrimonio, S.L. | 19,396,311 | 6.164 |
| Sayglo Holding, S.L. | Gloysa Trust, B.V. | 97,355 | 0.031 |
| Sayglo Holding, S.L. | Iberostar Hoteles y Apartamentos, S.L. | 17,643,657 | 5.607 |

Indicate the most significant changes in the shareholding structure occurring during the financial year:

| Name or company name of the Board Member | Transaction date | Description of the transaction |
|---|---|---|
| Corporación Financiera Alba, S.A. | 07/02/2011 | Its ownership interest fell below 20% of the company's share capital. |

## A.3. Complete the following table on the members of the Board of Directors of the company that hold rights over shares in the company:

| Name or corporate name of the shareholder | Number of voting rights held directly | Number of voting rights held indirectly (*) | % of total voting rights |
|---|---|---|---|
| Mr. Florentino Pérez Rodríguez | 0 | 39,397,625 | 12.521 |
| Mr. Antonio García Ferrer | 100,000 | 0 | 0.032 |
| Mr. Pablo Vallbona Vadell | 15,500 | 11,288 | 0.009 |
| Mr. Agustín Batuecas Torrego | 941,088 | 1,482,853 | 0.770 |
| Mr. Javier Echenique Landiríbar | 25,364 | 0 | 0.008 |
| Mr. Javier Monzón de Cáceres | 4,200 | 0 | 0.001 |
| Mr. José Álvaro Cuervo García | 0 | 42,000 | 0.013 |
| Mr. José María Loizaga Viguri | 128,313 | 0 | 0.041 |
| Mr. Juan David Grimà Terré | 0 | 0 | 0.000 |
| Mr. Juan March de la Lastra | 11,425 | 0 | 0.004 |
| Mr. Julio Sacristán Fidalgo | 4,356 | 0 | 0.001 |
| Mr. Manuel Delgado Solís | 0 | 0 | 0.000 |
| Mr. Miguel Roca Junyent | 12 | 0 | 0.000 |
| Mr. Pedro José López Jiménez | 0 | 1,262,477 | 0.401 |
| Ms. Sabina Fluxá Thienemann | 0 | 17,741,012 | 5.638 |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | 8,208 | 0 | 0.003 |
| Mr. José Luis del Valle Pérez | 278,902 | 0 | 0.089 |

# A. Ownership Structure

| Name or company name of the indirect shareholder | Held through: Name or company name of the direct shareholder | Number of voting rights held directly | % of total voting rights |
|---|---|---|---|
| Mr. Florentino Pérez Rodríguez | Inversiones Vesán, S.A. | 39,397,625 | 12.521 |
| Mr. Pablo Vallbona Vadell | Ms. Mariona Mercade Campabadall | 11,288 | 0.004 |
| Mr. Agustín Batuecas Torrego | Inversiones Batuecas Torrego S.L. | 1,382,853 | 0.439 |
| Mr. Pedro José López Jiménez | Fidwei Inversiones, S.L. | 420,000 | 0.133 |
| Mr. Pedro José López Jiménez | Lynx Capital, S.A. | 342,477 | 0.109 |
| Mr. Agustín Batuecas Torrego | Inversiones Ceda. S.L. | 100,000 | 0.032 |
| Mr. José Álvaro Cuervo García | Sociedad de Estudios de Estrategia Empresarial, S.A. | 42,000 | 0.013 |
| % of total voting rights in the power of the Board of Directors | | | 19.530 |

Complete the following table on the members of the Board of Directors of the company that hold rights over shares in the Company:

| Name or company name of the Board Member | Number of option rights held directly | Number of option rights held indirectly | Equivalent number of shares | % of total voting rights |
|---|---|---|---|---|
| Mr. Florentino Pérez Rodríguez | 936,430 | 0 | 936,430 | 0.298 |
| Mr. José Luis del Valle Pérez | 351,160 | 0 | 351,160 | 0.112 |

## A.4. Indicate, if applicable, any relationships of a family, commercial, contractual or corporate nature existing between holders of significant shareholdings, to the extent that they are known by the company, excluding those of little significance or deriving from the ordinary course of business or trade:

—

## A.5. Indicate, if applicable , the relationships of a commercial, contractual or corporate nature existing between holders of significant shareholdings and the Company, and/or Group, excluding those of little significance or deriving from the ordinary course of business or trade:

| Name or company name of related entity | Type of relationship | Brief description |
|---|---|---|
| Inversiones Vesán, S.A. | Contractual | Rosan Inversiones, S.L., with tax identification number (Spanish CIF) B-78962099; a company wholly owned by Mr. Florentino Pérez Rodríguez has carried out service billing transactions with certain companies of the ACS Group; with Dragados, S.A. for EUR 5,103 thousand; with Moncobra, S.A. for EUR 43 thousand; with Humiclima, S.A. for EUR 55 thousand and with Clece, S.A. for EUR 234 thousand. |

A.6. Indicate whether any shareholders' side agreements affecting the company have been executed between shareholders pursuant to Article 112 of the Securities Market Law. If so, briefly describe the agreements and list the shareholders who entered into the agreement:

| | Yes | No |
|---|---|---|
| | | x |

Indicate whether the company is aware of any concerted actions between its shareholders. If so, briefly describe them:

| | Yes | No |
|---|---|---|
| | | x |

If there has been any modification or termination of said pacts or side agreements or concerted actions during the financial year, indicate them expressly:

—

A.7. Indicate if there is any individual or legal entity that exercises or could exercise control over the Company under the terms of the Securities Market Law. If so, identify them:

| | Yes | No |
|---|---|---|
| | | x |

# A. Ownership Structure

## A.8. Complete the following table on the Company's treasury shares:

At the end of the reporting period:

| Number of direct shares | Number of indirect shares (*) | Total % of share capital |
|---|---|---|
| 6,375,880 | 17,232,953 | 7.503 |

(*) Held through:

| Name or company name of the direct shareholder | Number of direct shares |
|---|---|
| PR PISA, S.A.U. | 17,232,953 |
| **Total** | **17,232,953** |

In accordance with the provisions set forth in Royal Decree 1362/2007, detail any significant changes during the financial years:

| Notification date | Total number of direct shares acquired | Total number of indirect shares acquired | Total % of share capital |
|---|---|---|---|
| 29/06/2011 | 3,291,887 | 0 | 1.046 |
| 29/07/2011 | 846,359 | 17,232,953 | 5.477 |
| 15/09/2011 | 3,246,915 | 0 | 1.031 |
| Gain/(loss) on treasury shares disposed of in the year (thousands of Euros) | | | -892 |

## A.9. Detail the conditions and term of mandate of the General Shareholders' Meeting to the Board of Directors for engaging in acquisitions or transfers of treasury shares.

The following resolution was adopted at the General Shareholders' Meeting held on 14 April 2011:

Rendering the previous authorisation granted by means of Resolution adopted by the General Shareholders' Meeting held on 15 May 2010 null and void, and under the conditions and requirements set forth in Article 146 and related provision and in article 509 of the Spanish Consolidated Limited Liability Companies Law, authorise both the Company's Board of Directors as well as those of subsidiary companies to acquire shares in the company for valuable consideration, the par value of which does not 10% of the issued share capital. Such authorisation shall be granted for a period of 18 months from the date of the aforementioned meeting. The minimum and maximum price shall be, respectively, the par value of the shares a price not exceeding the price at which they are traded at the securities market session on the date of the purchase, or the price authorised by the competent body of the Securities Market or by the Spanish National Securities Market Commission.

## A.10. Indicate the legal and statutory restrictions on the exercise of voting rights, as well as the statutory restrictions on the acquisition or sale of holdings in the share capital. Indicate whether there are any legal restrictions on the exercise of voting rights:

| | Yes | No |
|---|---|---|
| | | x |

| | |
|---|---|
| Maximum percentage of voting rights that may be exercised by a shareholder under this legal restriction | 0 |

Indicate whether there any statutory restrictions on the exercise of voting rights:

| | Yes | No |
|---|---|---|
| | | x |

| | |
|---|---|
| Maximum percentage of voting rights that may be exercised by a shareholder under this statutory restriction | 0 |

Indicate whether there are any legal restrictions on the acquisition or sale of holdings in the share capital:

| | Yes | No |
|---|---|---|
| | | x |

## A.11. Indicate whether or not the General Shareholders' Meeting has resolved to adopt ant-takeover measures in accordance with the provisions of Spanish Law 6/2007.

| | Sí | No |
|---|---|---|
| | | x |

If so, explain the measures adopted and the terms in which the restrictions will be deemed to be inefficient:

—

# B. Structure of the Company Administration

## B.1. Board of Directors

### B.1.1. Outline the maximum and minimum number of Board Members provided for in the Company Bylaws:

| | |
|---|---|
| Maximum number of Board Members | 21 |
| Minimum number of Board Members | 11 |

### B.1.2. Complete the following table with the Board Members:

| Name or company name of the Board Member | Representative | Position | Date first appointment | Date last appointment | Election procedure |
|---|---|---|---|---|---|
| Mr. Florentino Pérez Rodríguez | -- | Chairman and CEO | 28/06/1989 | 03/12/2008 | General meeting |
| Mr. Antonio García Ferrer | -- | Executive deputy chairman | 14/10/2003 | 03/12/2008 | General meeting |
| Mr. Pablo Vallbona Vadell | -- | Deputy chairman | 05/09/1997 | 03/12/2008 | General meeting |
| Mr. Agustín Batuecas Torrego | -- | Board member | 29/06/1999 | 03/12/2008 | General meeting |
| Mr. Javier Echenique Landiríbar | -- | Board member | 20/05/2004 | 25/05/2009 | General meeting |
| Mr. Javier Monzón de Cáceres | -- | Board member | 20/05/2004 | 25/05/2009 | General meeting |
| Mr. José Álvaro Cuervo García | -- | Board member | 05/09/1997 | 03/12/2008 | General meeting |
| Mr. José María Loizaga Viguri | -- | Board member | 28/06/1989 | 03/12/2008 | General meeting |
| Mr. Juan David Grimà Terré | -- | Board member | 14/10/2003 | 03/12/2008 | General meeting |
| Mr. Juan March de la Lastra | -- | Board member | 30/07/2008 | 03/12/2008 | General meeting |
| Mr. Julio Sacristán Fidalgo | -- | Board member | 24/06/1998 | 03/12/2008 | General meeting |
| Mr. Manuel Delgado Solís | -- | Board member | 20/05/2004 | 25/05/2009 | General meeting |
| Mr. Miguel Roca Junyent | -- | Board member | 14/10/2003 | 03/12/2008 | General meeting |
| Mr. Pedro José López Jiménez | -- | Board member | 28/06/1989 | 03/12/2008 | General meeting |
| Ms. Sabina Fluxá Thienemann | -- | Board member | 25/05/2009 | 25/05/2009 | General meeting |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | -- | Board member | 19/06/2002 | 03/12/2008 | General meeting |
| Mr. José Luis del Valle Pérez | -- | Secretary general – Board member | 28/06/1989 | 03/12/2008 | General meeting |
| **Total number of Board Members** | | | | | **17** |

Indicate the resignations from the Board of Directors that occurred during the period:

| Name or company name of the Board Member | Type of Board Member at date of resignation | Resignation date |
|---|---|---|
| Mr. Francisco Servando Verdú Pons | Proprietary | 30/08/2011 |
| Mr. José María Aguirre Fernández | Independent | 29/11/2011 |

B.1.3. Complete the following tables on the Board Members and their positions:

## Executive Board Members

| Name or company name of the Board Member | Committee which proposed the appointment | Position in the Company's organisational chart |
|---|---|---|
| Mr. Florentino Pérez Rodríguez | Appointment and Remuneration Committee | Chairman and CEO |
| Mr. Antonio García Ferrer | Appointment and Remuneration Committee | Executive Deputy Chairman |
| Mr. Agustín Batuecas Torrego | Appointment and Remuneration Committee | Board Member |
| Mr. José Luis del Valle Pérez | Appointment and Remuneration Committee | Board Member - Secretary |
| **Total number of Executive Board Members** | | 4 |
| **Total % of the Board** | | 23.529 |

## Proprietary and External Board Members

| Name or company name of the Board Member | Committee which proposed the appointment | Name or company name of significant shareholder represented or that proposed his appointment |
|---|---|---|
| Mr. Pablo Vallbona Vadell | Appointment and Remuneration Committee | Corporación Financiera Alba, S.A. |
| Mr. Javier Echenique Landiríbar | Appointment and Remuneration Committee | Corporación FInanciera Alcor, S.A. |
| Mr. Javier Monzón de Cáceres | Appointment and Remuneration Committee | Corporación Financiera Alcor, S.A. |
| Mr. Juan March de la Lastra | Appointment and Remuneration Committee | Corporación Financiera Alba, S.A. |
| Mr. Julio Sacristán Fidalgo | Appointment and Remuneration Committee | Inversiones Vesán, S.A. |
| Mr. Manuel Delgado Solis | Appointment and Remuneration Committee | Corporación Financiera Alcor, S.A. |
| Ms. Sabina Fluxá Thienemann | Appointment and Remuneration Committee | Sayglo Holding, S.L. |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Appointment and Remuneration Committee | Corporación Financiera Alba, S.A. |
| **Total number of proprietary Board Members** | | 8 |
| **Total % of Board** | | 47.059 |

# B. Structure of the Company Administration

## Independent External Board Members

| Name or company name of the Board Member | Profile |
|---|---|
| Mr. José Álvaro Cuervo García | Born in 1942 in Carreño (Asturias). Professor of Economy at the Universidad Complutense de Madrid. Director of the Centro Universitario de Estudios Financieros (CUNEF – University Centre). Rey Jaime 1 Economy Award (1992), Economy Award of Castilla León "Infanta Cristina"·(1999) and Doctor Honoris Causa by the Universities of Oviedo, León, de Castilla La Mancha, Las Palmas de Gran Canaria and Salamanca. He has worked as a professor at the Universities of Valladolid, Oviedo and CIDE (México), and was a visiting professor at Saloman Center (Stern School of Business) of the University of New York and at the Institute of Management, Innovation and Organization of the University of California, Berkeley. Vice-dean of the Schools of Economic and Business Sciences at the Complutense de Madrid and Oviedo Universities, and Dean of the latter. His lines of research focus on three areas: Economy and Business Management, Finance and the Financial System and Privatisation and Public Companies. He is currently a member of the Board of Directors of Bolsas y Mercados Españoles (BME), SONAE Industria and SONAE SGPS, S.A. (Portugal) and a member of the Advisory Council of Privatisation of the Spanish Government. |
| Mr. José María Loizaga Viguri | Born in Bilbao (1936). He began his career in Banco Vizcaya and has held various executive positions. In 1968, he was General Manager of Zardoya and played a role in 1972 in the merger with Schneider Otis. Up to 1980, he was the head of Otis Elevator for Southern Europe. in 1980 he founded Banco Hispano Industrial (Grupo BHA) and in 1982 he was appointed Deputy Chairman and CEO of Banco Unión which merged with Banco Urquijo where he held a position until 1985. On the latter date, he founded Mercapital, S.A. and was chairman of this group until 2008. He has held positions including, inter alia, Chairman of Bodegas Barón de Ley, Board Member of Banque Privée Edmond de Rothschild, Suez International, Otis International, Amorim Investment, Lácteas G Baquero and Unión Fenosa, etc. He is currently chairman of Cartera Industrial Rea, Bodegas Lan and Deputy Chairman of Zardoya Otis, as well as a Board Member of Elevadores Portugal, Mecalux, etc. He is Commandeur de l'Ordre de Léopold |
| Mr. Juan David Grimà Terré | Born in 1953 in Sabadell (Barcelona). He has a PhD in Economics and Business; and has studied at the Universidad Autónoma de Barcelona, Baylor and Harvard Business School. From 1992 to 2010 he was the general manager of Banco Santander. In January 2002 he was appointed Deputy Chairman and CEO of the Auna Group, a position he held in addition to his responsibilities at the Bank up to November 2005. He is a Board Member of TEKA, S.A. |
| D. Miguel Roca Junyent | Born in 1940 in Cauderan (France) Degree in Law from Universidad de Barcelona.<br>Secretary of the Board of Directors of Accesos de Madrid, Concesionaria Española, since January 2000. Secretary of the Board of Directors of Abertis Infraestructuras, S.A. Member of the Board of Directors of Endesa, S.A. Chairman of Fundación Abertis<br>Partner – Chairman of Despacho Roca Junyent. |

| | |
|---|---|
| Total number of independent Board Members | 4 |
| Total % of the Board | 23.529 |

## Other External Board Members

| Name or company name of the Board Member | Committee which proposed the appointment |
|---|---|
| Mr. Pedro José López Jiménez | Appointment and Remuneration Committee |

| | |
|---|---|
| Total number of other external Board Members | 1 |
| Total % of the Board | 5.882 |

Indicate the reasons why they cannot be considered proprietary or independent and their relationships, either to the company, its management or its shareholders.

| Name or company name of the Board Member | Company, executive or shareholder with whom there is a relation | Reasons |
|---|---|---|
| Mr. Pedro José López Jiménez | | Mr. Pedro López Jiménez currently has an indirect ownership in the company of 0.401%. However, he has been considered to be a proprietary Board Member ever since he was one of the Company's majority shareholders and owned 10% of the Company's shares. This ownership interest has progressively been diluted as a result mainly of the corresponding corporate mergers. Therefore, he was elected as an external Board Member by the Extraordinary General Shareholders' Meeting held on 3 December 2008. |

Indicate any changes in the type of each Board Member during the period:

—

B.1.4. If applicable, explain the reasons for appointing a proprietary Director at the request of shareholders who have a holding of less than 5% of share capital.

—

Indicate whether any formal requests by a shareholder to have a Board Member appointed were denied although the shareholder holds the same or a higher number of shares than another shareholder at whose request, proprietary Directors were appointed. In this case, explain the grounds for denying this request.

| | Yes | No |
|---|---|---|
| | | x |

B.1.5. Indicate whether any Board Member resigned from his office before the end of his term, whether he gave reasons to the Board for doing so, and by what means, and in the case that these reasons were not given to the whole of the Board in writing, provide an explanation of at least the reasons he gave for resigning:

| | Yes | No |
|---|---|---|
| | x | |

| Name of Board Member | Reason for resignation |
|---|---|
| Mr. Francisco Servando Verdú Pons | As a result of his appointment as CEO of Bankia |
| Mr. José María Aguirre González | Due to his death |

B.1.6. If applicable, indicate any powers delegated to the Board Members or Chief Executive Officers:

| Name or company name of the Board Member | Brief description |
|---|---|
| Mr. Florentino Pérez Rodríguez | All Powers corresponding to the board except those that cannot be transferred |

# B. Structure of the Company Administration

B.1.7. If applicable, identify the members of the Board that hold positions of Board Member or other executive positions at companies in the same Group as the listed company:

| Name or company name of the Board Member | Company name of the Group Entity | Position |
|---|---|---|
| Mr. Antonio García Ferrer | ACS Servicios y Concesiones S.L.<br>ACS Servicios. Comunicaciones y Energia S.L.<br>Dragados. S.A. | Board Member<br>Board Member<br>Board Member |
| Mr. Agustín Batuecas Torrego | Construrail. S.A.<br>Continental Rail. S.A.<br>Intercambiador de Transportes Avda. de América S.A.<br>Intercambiador de Transportes Plaza de Castilla S.A.<br>Intercambiador de Transportes Príncipe Pío. S.A.<br>Logitren. S.A. | Board Member<br>Individual Representative<br>Chairman<br>Individual Representative<br>Individual Representative<br>Joint and Several Director |
| Mr. Javier Echenique Landiríbar | ACS Servicios. Comunicaciones y Energía S.L. | Board Member |
| Mr. Javier Mónzon de Cáceres | ACS Servicios y Concesiones S.L. | Board Member |
| Mr. Julio Sacristán Fidalgo | ACS Servicios. Comunicaciones y Energia S.L.<br>Dragados. S.A. | Board Member<br>Board Member |
| Mr. Manuel Delgado Solís | Dragados. S.A. | Board Member |
| Mr. Pedro José López Jiménez | ACS Servicios y Concesiones S.L.<br>ACS Servicios. Comunicaciones y Energia S.L.<br>Dragados. S.A.<br>Hochtief Aktiengesellschaft | Board Member<br>Board Member<br>Vice Chairman<br>Board Member |
| Mr. José Luis del Valle Pérez | ACS Servicios y Concesiones S.L.<br>ACS Servicios. Comunicaciones y Energía S.L.<br>Clece. S.A.<br>Cobra Gestión de Infraestructuras. S.L.<br>Dragados. S.A.<br>Hochtief Aktiengesellschaft<br>Iridium Concesiones de Infraestructuras. S.A.<br>Urbaser S.A. | Board Member - Secretary<br>Board Member - Secretary<br>Board Member<br>Board Member - Secretary<br>Board Member - Secretary<br>Member of Supervisory Board<br>Board Member<br>Board Member |

B.1.8. List, if applicable, the Board Members of the Company who are members of the Board of Directors of other companies that are listed on official securities markets in Spain and which do not form part of the Company's Group, of which the Company is aware:

| Name or company name of the Board Member | Listed Company | Position |
|---|---|---|
| Mr. Florentino Pérez Rodríguez | Abertis Infraestructuras. S.A. | Deputy Chairman |
| Mr. Pablo Vallbona Vadell | Abertis Infraestructuras. S.A.<br>Corporación Financiera Alba. S.A. | Board Member<br>Deputy Chairman |
| Mr. Javier Echenique Landiríbar | Repsol YPF. S.A.<br>Grupo empresarial Ence. S.A.<br>Banco Sabadell. S.A. | Board Member<br>Board Member<br>Deputy Chairman |
| Mr. Javier Monzón de Cáceres | Indra Sistemas. S.A. | Chairman |
| Mr. José Álvaro Cuervo García | Bolsas y Mercados Españoles.<br>Sdad Holding de mdos y stmas fin. S.A. | Board Member |
| Mr. José María Loizaga Viguri | Cartera Industrial Rea. S.A.<br>Zardoya Otis. S.A. | Chairman<br>Deputy Chairman |
| Mr. Juan March de la Lastra | Corporación Financiera Alba. S.A.<br>Indra Sistemas. S.A. | Board Member<br>Board Member |
| Mr. Miguel Roca Junyent | Endesa. S.A. | Board Member |
| Mr. Pedro José López Jiménez | Grupo Empresarial Ence. S.A. | Board Member |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Acerinox. S.A.<br>Corporación Financiera Alba. S.A. | Board Member<br>CEO |

B.1.9. Indicate, and if applicable, explain whether the Company has set rules regarding the number of Boards on which its Board Members may also be a member:

| | Yes | No |
|---|---|---|
| | X | |

| Explanation of the rules |
|---|
| Article 14 of the Rules of the Board of Directors provides that Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of the same. Additionally, as currently worded, it limits the number of Groups which a Board Member of the Company can form part of to five, except in the case of express authorisation on a reasonable basis. |

B.1.10. In relation to recommendation number 8 of the Unified Code, mark the Company's general policies and strategies which shall be approved by the Board in full:

| | Yes | No |
|---|---|---|
| Investment and financing policy | X | |
| Definition of the structure of the corporate group | X | |
| Corporate governance policy | X | |
| Corporate social responsibility policy | X | |
| Strategic or business plan, as well as the annual management and budget objectives | X | |
| Senior executive management evaluation and remuneration policies | X | |
| Risk control and management policy, and the periodic monitoring of internal information and control systems | X | |
| Policy on dividends and on treasury shares, and the limits to apply | X | |

B.1.11. Complete the following tables showing the total remuneration of the Board Members accrued during the financial year:

a) In the Company covered under the present report:

| Nature of remuneration | Thousands of euros |
|---|---|
| Fixed Remuneration | 3,169 |
| Variable Remuneration | 3,788 |
| Expenses | 0 |
| By-law-stipulated directors' emoluments | 2,389 |
| Stock options and/or financial instruments | 0 |
| Other | 0 |
| **Total** | **9,346** |

# B. Structure of the Company Administration

| Other benefits | Thousands of Euros |
|---|---|
| Advances | 0 |
| Loans | 0 |
| Pension funds and plans: contributions | 1,955 |
| Pension funds and plans: obligations assumed | 1,955 |
| Life insurance premiums | 16 |
| Guarantees arranged by the Company in favour of Board Members | 0 |

b) Received by Board Members of the Company for belonging to other Boards of Directors and/or senior management of the companies of the Group:

| Nature of remuneration | Thousands of euros |
|---|---|
| Fixed Remuneration | 448 |
| Variable Remuneration | 0 |
| Expenses | 0 |
| Bylaw-stipulated directors' emoluments | 889 |
| Stock options and/or financial instruments | 0 |
| Other | 1 |
| **Total** | **1,338** |

| Other benefits | Thousands of euros |
|---|---|
| Advances | 0 |
| Loans | 0 |
| Pension funds and plans: contributions | 0 |
| Pension funds and plans: obligations assumed | 0 |
| Life insurance premiums | 0 |
| Guarantees arranged by the Company in favour of Board Members | 0 |

c) Total compensation per type of Board Member:

| Classes of Board Members | By company | By group |
|---|---|---|
| Executive directors | 7,562 | 681 |
| Proprietary and External Board Members | 1,022 | 414 |
| Independent External Board Members | 637 | 50 |
| Other External Board Members | 125 | 193 |
| **Total** | **9,346** | **1,338** |

d) In relation to profit attributed to the parent:

| | |
|---|---|
| Total Board Members' remuneration (thousands of euros) | 10,684 |
| Total Board Member remuneration/profit attributed to the parent (%) | 1.1 |

B.1.12. Identify the members of senior management who are not, in turn, Executive Board Members, and indicate the total remuneration accrued in their favour during the financial year:

| Name or company name | Position |
|---|---|
| Mr. Juan Luis García-Gelabert Pérez | Director of Investments of Dragados. S.A. |
| Mr. Alfonso Aguirre Díaz-Guardamino | Legal Manager of ACS Servicios Comunicaciones y Energía, S.L. |
| Mr. José Zornoza Soto | Finance manager of ACS, Actividades de Construcción y Servicios, S.A. |
| Mr. Fernando García Arribas | General Manager of Drace Medioambiente, S.A. |
| Mr. Gonzalo Gómez-Zamalloa Baraibar | Sole-director of Vías y Construcciones, S.A. |
| Mr. Gustavo Tunell Ayuso | Canada Director of Dragados, S.A. |
| Mr. Javier López Sánchez | Director of Building Dragados, S.A. |
| Mr. Raúl LLamazares de la Puente | CEO of lnitec, lntecsa and Makiber. |
| Mr. José María Castillo Lacabex | General Manager of lmesapi, S.A. |
| Mr. José Luis López Molinillo | Director of ACS, Actividades de Construcción y Servicios, S.A. |
| Mr. Antonio Gómez Zamora | General Manager of Cobra Energía. |
| Mr. Eugenio Llorente Gómez | Chairman and CEO of the Industrial Services area. |
| Mr. José Ignacio Legorburo Escobar | International and Investments Director of Vías y Construcciones, S.A. |
| Mr. José María Aguirre Fernández | General Manager of Tecsa, Empresa Constructora, S.A. |
| Mr. Ricardo Martín de Bustamante Vega | European Director of Dragados, S.A. |
| Mr. Jesús García Arias | General Manager of Semi. |
| Mr. Cristobal Gónzalez Wiedmaier | Finance Manager of ACS Servicios Comunicaciones y Energía, S.L. |
| Mr. Maximiliano Navascues Redondo | Director of Contracts and Technical Services of Dragados, S.A. |
| Mr. Manuel Álvarez Muñoz | Director of Production of Vías y Construcciones, S.A. |
| Mr. Marcelino Fernández Verdes | Chairman and CEO of the Construction, Concessions and Environmental area. |
| Mr. Carlos Abilio Pérez | General Manager of Waste Treatment of Urbaser, S.A. |
| Mr. Manuel García Buey | Chairman and CEO of lridium, Concesiones de Infraestructuras, S.A. |
| Mr. Javier Polanco Gómez-Lavin | Chairman of Urbaser, S.A. |
| Mr. José Reis Costa | Chairman of CME. |
| Mr. Ángel Manuel García Altozano | Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A. |
| Mr. Vicente Prados Tejada | General Manager of CYMI and Masa. |
| Mr. Manuel Andrés Martínez | General Manager of Urban Services of Urbaser, S.A. |
| Mr. Adolfo Valderas Martínez | General Manager of lridium, Concesiones de Infraestructuras, S.A. |
| Mr. José Luis Celorrio García | General Manager of Maetel. |
| Mr. José Alfonso Nebrera García | General Manager of ACS Servicios Comunicaciones y Energía. S. L. |
| Mr. Juan Enrique Ruiz Gónzalez | Chairman of Sice Tecnologías y Sistemas. |
| Mr. Jose Antonio Fernández García | General Manager of Grupo ETRA. |
| Ms. Cristina Aldámiz-Echevarría González de Durana | Director of Investments and Management Control of ACS Actividades de Construcción y Servicios, S.A. |
| Mr. Salvador Myro Cuenco | Development Manager of lridium, Concesiones de Infraestructuras, S.A. |
| Mr. Ricardo Franco Barbera | Director for Eastern USA of Dragados, S.A. |
| Mr. Ángel Medina Trigo | General Manager of lnitec. |
| Mr. Alfonso Costa Cuadrench | Director for Poland of Dragados, S.A. |
| Mr. José María López Piñol | General Manager of Urbaser, S.A. |
| Mr. Pedro Ascorbe Trian | Chairman of Dragados Off Shore, S.A. |
| Mr. Alejandro Ganga Bottegheiz | Director for Western USA of Dragados, S.A. |
| Mr. Alejandro Mata Arbide | Administration Manager of ACS, Actividades de Construcción y Servicios, S.A. |
| Mr. Carlos Gerez Pascual | Director of Machinery of Dragados, S.A. |
| Mr. Carlos Vela García | Deputy Chairman of Services. |
| Mr. Luis Nogueira Miguelsanz | Secretary General of the Construction, Concessions and Environmental Areas. |
| Mr. Juan Mata Arbide | General Manager of Flota Proyectos Singulares, S.A. |
| Mr. Epifanio Lozano Pueyo | Corporate General Manager of ACS Servicios Comunicaciones y Energía, S.L. |
| Mr. Víctor Luis Alberola Ruipérez | Director of Civil Works of Dragados, S.A. |
| Mr. José Antonio López-Monis Plaza | International Director of Dragados, S.A. |
| Mr. Ramón Jiménez Serrano | General Manager of Proyectos Integrados de Cobra Gestión de Infraestructuras, S.A. |
| Mr. Santiago García Salvador | General Manager of Geocisa. |
| Mr. José Antonio Pérez Pérez | General Manager of Maessa. |
| Mr. Andrés Sanz Carro | Secretary General of Sociedad Española de Montajes Industriales, S.A. (SEMI). |
| Mr. Juan José Fanjul Pastrana | General Manager of Cobra. |
| Mr. Ignacio Segura Suriñach | General Manager of Dragados, S.A. |
| Mr. Enrique Pérez Rodríguez | CEO of Cogesa. |

| | |
|---|---|
| Total senior management remuneration (thousands of euros) | 27,352 |

B.1.13. Identify on an aggregate basis if there are guarantee or golden parachute clauses in the case of dismissal or changes in control in favour of senior management members, including the Executive Board Members of the Company or its Group. Indicate if these contracts have to be reported to and/or approved by and bodies of the Company and its Group:

| | |
|---|---|
| Number of beneficiaries | 9 |

| | Board of Directors | General Meeting |
|---|---|---|
| Body authorising the clause | X | |

| | Sí | No |
|---|---|---|
| Is the General Meeting informed about the clauses? | | X |

B.1.14. Indicate the process for establishing the remuneration of the members of the Board of Directors and the statutory clauses relevant in this respect.

| Process for establishing the remuneration of the members of the Board of Directors and statutory clauses relevant in this respect |
|---|

The remuneration of the different Board Members for statutory dues is proposed by the Board at the proposal of the Appointment and Remuneration Committee. Each year the full amount is submitted at the Annual General Meeting for approval by the shareholders within the resolution relating to the distribution of profit.

This matter is regulated in the last three paragraphs of Article 34 of the Bylaws, which provide the following: The Board of Directors shall be jointly entitled to a remuneration, in addition to the fees and allowances agreed by the General Shareholders' Meeting, for statutory participation, not in excess of ten percent of net profit, which may only be subtracted from such profit having covered considerations for the reserve stipulated by law and, where relevant, by the bylaws, and having disbursed to shareholders a dividend of at least four percent of the paid-up capital for each share.

It is expressly authorized that compensation for any or all of the members of the Board of Directors, and the management personnel both of the Company and of the companies belonging to the same Group, may consist of the issue of shares in the Company or of stock options in such Company or of stock which may be pegged to the value of such shares, in accordance with the terms and conditions as laid down by the General Shareholders' Meeting by means of appropriate agreement and pursuant to the legally established requirements.

The Board of Directors shall decide upon the manner of distributing amongst its members, including a modified amount, the remuneration that jointly corresponds to them under the provisions of this Article.

In accordance with Article 16 of the Rules of the Board of Directors, it shall be the Board of Directors, subject to a report from the Remuneration Committee, which determines the definitive distribution of the overall amount that may correspond, in addition to the periods in which payment is made. Additionally, in accordance with Article 24 of these Rules, the Appointment and Remuneration Committee has the responsibility of reporting to the Board of Directors on the following:

1. The remuneration system for the Chairman of the Board of Directors and other senior executives in the Company.
2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the shareholders at the Annual General Meeting, and if applicable, the establishment of supplementary remuneration and supplementary payments corresponding to executive directors in relation to their functions.
3. Remuneration of Board Members.
4. Multi-annual plans that may be set up according to stock value such as stock option plans.

Mark whether the Board in full shall take decisions.

| | Yes | No |
|---|---|---|
| At the request of the Deputy-Chairman, the appointment and eventual stepping down of senior executives and related compensation clauses | x | |
| The remuneration of the Board Members, and if applicable, extra remuneration for executive and other functions that the contracts should respect. | x | |

B.1.15. Indicate whether the Board of Directors approves a detailed remuneration policy and specify the issues it deals with:

| | Yes | No |
|---|---|---|
| | x | |

| | Yes | No |
|---|---|---|
| The amount of the fixed components, itemised where necessary, of Board and Board committee attendance, with an estimate of the fixed annual payment they give rise to | x | |
| Variable pay items | x | |
| Main features of the provision systems, and estimates of their equivalent annual cost | x | |
| The conditions to be respected in the contracts of Executive Board Members exercising senior management functions | x | |

B.1.16. Indicate whether the Board submits a consultative report on the Board Members' remuneration policy to the vote of the shareholders at the Annual General Meeting as a separate item on the agenda. If appropriate, explain the parts of the report relating to the remuneration policy approved by the Board for future years, the most significant changes in remuneration policy with respect to the previous year and an overall summary of how the remuneration policy was applied in the year. Detail the role of the Remuneration Committee and the identity of any external advisors retained:

| | Yes | No |
|---|---|---|
| | x | |

Matters addressed in the remuneration policy

The consultative report on the Board Members' remuneration policy shall be submitted to the vote of the shareholders as a separate item on the agenda at the Annual General Meeting to be held on 30 and 31 May 2012, on the first and second call, respectively.

Articles 4 and 16 of the Rules of the Board of Directors provide that the Board shall approve an annual report on the remuneration policy setting out the criteria and rationale used to determine the remuneration of the Board Members, which shall be submitted to the shareholders at the Annual General Meeting.

The 2011 report on the Board Members' remuneration policy shall be published this year separately from the Group's Annual Report. In addition to an itemised breakdown of the Board Members' remuneration, this report shall include the Board Members' remuneration policy for 2012.

Role of the Remuneration Committee

In accordance with Article 24 of the Rules of the Board of Directors, the Appointment and Remuneration Committee has drafted the policy contained in the report on the Board Members' remuneration policy for 2011. It was submitted for the approval of the Board of Directors at its meeting held on 22 March 2012.

# B. Structure of the Company Administration

Were external advisors used?

| Identity of external advisors |
|---|

B.1.17. Indicate the identity of any Board Members that are, at the same time, Board Members or executives at companies who hold significant shareholdings in the listed company and/or entities in the Group:

| Name or company name of the Board Member | Company name of the significant shareholder | Position |
|---|---|---|
| Mr. Florentino Pérez Rodríguez | Inversiones Vesán, S.A. | Director |
| Mr. Pablo Vallbona Vadell | Corporación Financiera Alba, S.A. | Deputy Chairman |
| Mr. Juan March de la Lastra | Corporación Financiera Alba, S.A. | Board Member |
| Ms. Sabina Fluxá Thienemann | Iberostar Hoteles y Apartamentos, S.L. | Board Member |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Corporación Financiera Alba, S.A. | CEO |

Detail of any relevant relationships, other than those contemplated in the chart above, which could bind any Board Members with significant shareholders and/or their Group companies:

| Name or company name of the related Board Member | Name or company name of the related significant shareholder | Description of relationship |
|---|---|---|
| Mr. Pablo Vallbona Vadell | Corporación Financiera Alba, S.A. | Deputy chairman of banca march S.A., Main shareholder of Corporación Financiera Alba, S.A. |
| Mr. Juan March de La Lastra | Corporación Financiera Alba, S.A. | Deputy chairman of banca march, S.A., Main shareholder of Corporación Financiera Alba, S.A. |
| Mr. Julio Sacristán Fidalgo | Inversiones Vesán, S.A. | Brother-In-Law Of Florentino Pérez, Director Of Inversiones Vesan, S.A. |
| Mr. Manuel Delgado Solís | Percacer, S.A. | Lawyer |
| Mr. Manuel Delgado Solís | Imvernelin Patrimonio, S.L. | Lawyer |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Corporación Financiera Alba, S.A. | Member of the board of directors of banca march, S.A., Main shareholder of Corporación Financiera Alba, S.A. |

B.1.18. Indicate whether any amendments have been made to the Rules of the Board of Directors during the financial year:

| | Yes | No |
|---|---|---|
| | X | |

Description of amendments

Amendment of Articles 9 and 23 of the Rules of the Board of Directors, which shall be worded as follows:

**Article 9. Quorum of attendance**

The Board shall be deemed to be constituted when a majority of the shareholders are either present or represented at the meeting.

Without prejudice to attendance obligations, Directors who are unable to attend a meeting in person may be represented and cast a vote through another Director. This proxy must be in writing and must be delivered to the Chairman in the form of a letter, telegram, telex or fax or any other written means that allows its reception by this addressee to be verified.

Nevertheless, the Board may meet without having called a meeting if all its members are present or represented and they unanimously agree to holding a meeting of the Board and to the meeting agenda.

**Article 23. The Audit Committee**

In accordance with the provisions of Article 20 b of the Company Bylaws, there shall be an Audit Committee made up of a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. Under no circumstances may such appointment fall to anyone who currently performs or who has carried out tasks of an executive or labour-related nature in the Company during the three immediately preceding years. At least one of the members of the Audit Committee shall be independent and shall be appointed on the basis of his or her knowledge and experience in accounting or auditing or both. The Chairman's appointment, also to be carried out by the Board of Directors, shall necessarily correspond to one of the Company's non-executive Directors, who may not remain in such position for a period in excess of four years, although he may, nevertheless, be re-elected after the term of one year has elapsed from the moment of termination. The Secretary to the Board of Directors shall attend the Committee's meetings and shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed as constituted when the majority of its members are present and shall adopt its agreements by majority vote of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet when convened by the Chairman and, at least twice a year, coinciding with the initial and final stages of the audit of the Company's financial statements and of the consolidated financial statements of its Business Group and always prior to issuing the corresponding audit reports. Meetings may be attended, when specially summoned, by the Auditor of the Company for the purposes of explaining the most significant aspects in the audits carried out.

The Audit Committee shall have the following functions:

1. Report to the General Shareholders' Meeting on the questions presented therein on matters of their authority.
2. Monitor the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.
3. Oversee the preparation and presentation of the regulated financial information.
4. Propose to the Company's Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms in accordance with applicable law.
5. Establish the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards. In any case, auditors and audit firms shall annually furnish the committee with written confirmation of their independence from the company or directly and indirectly related companies, in addition to reporting any additional services of any type presented to these companies by the aforementioned auditors or firms, or related individuals or companies, in accordance with the provisions of current Spanish legislation.
6. Annually and prior to the issuance of the auditors' report, issue a report expressing an opinion on the independence of the auditors or audit firms. In any case, this report shall give an opinion on any of the above referred to additional services provided.
7. Review and inform on the estimates made by Company management and of those companies comprised within its Group of Companies with respect to possible significant tax and legal contingencies.
8. Be aware of the results of inspections conducted by official entities.
9. Be aware of the information periodically provided to the Stock Market on the company's accounts.
10. Previously inform the Board of Directors of any related party transactions to be submitted for its approval.
11. Any other matters for which it is responsible in accordance with the provisions of these Rules, or which may be especially entrusted to it by the Board of Directors or attributed to it under current Spanish legislation

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.

# B. Structure of the Company Administration

B.1.19. Indicate the procedures for appointment, re-election, evaluation and removal of Board Members. Detail the competent bodies, the steps to follow and the criteria to use in each of the procedures.

Appointment of board members

The appointment of Board Members is regulated in the following articles of the Rules of the Board of Directors, which are worded as follows:

**Article 3. Composition and appointments**

Within the limits laid down by Article 13 of the Company Bylaws in effect and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting both the number of Board Members and the persons, natural or legal, to be appointed. The appointment proposal must specify the proposed Members' condition of executive, representing substantial shareholders, independent or external.

Furthermore, in the event that vacancies were to arise, the Board of Directors may provisionally fill them among the shareholders until the next General Shareholders' Meeting where the definitive choice would be made.

**Article 4. Functions (...) Particularly, the Board of Directors shall have the following responsibilities, which cannot be delegated:**

- Accepting the resignation of Board Members.
- Appointing, discharging and accepting the resignation of the positions of Chairman, Deputy Chairman and Secretary to the Board.
- Appointing, discharging and accepting the resignation of Board Members who must form part of the Committees described herein.
- Delegating to any of their members, wholly or partly, the powers corresponding to the Board, except those which cannot be delegated.
- Preparing the individual and consolidated financial statements and directors' reports and submitting them for approval by the General Shareholders' Meeting. Also, drawing up an annual consultative report on the Board Member's remuneration policy, which shall be submitted to the Company's General Shareholders' Meeting as a separate item on the agenda.
- Drawing up the reports, including the Annual Report on Corporate Governance, and the proposals which, in accordance with the legislation in force and the Company Bylaws, the Board of Directors is responsible for adopting.
- Approving the yearly budget.
- Approving the merger, acquisition, division or concentration operations in which the main subsidiary companies of the Group where the Company is dominant.
- Approving the block issue of debentures, notes, bonds or similar security by the main companies of the Group where the Company is dominant.
- Approving the assignation of rights over the trademark, brands and other intellectual and industrial property rights that belong to the Company or the companies of its Group, whenever they are of financial relevance.
- Annually assessing: the quality and efficiency of its operation; the Chairman and, if appropriate, CEO's performance of their functions, following the issuance of a report by the Appointment and Remuneration Committee; and the operation of the Board of Director's Committees, following the issuance of a report by these Committees.
- Amending these Rules.
- In general, to carry out all the functions which by law, by regulation or in accordance with these Rules, it is responsible for, and to carry out other functions which have been delegated to it by the General Shareholders' Meeting, and empowered, in turn, to delegate only those which have been expressly permitted in the delegation agreement with the General Shareholders' Meeting.

**Article 11. Term of appointment for Board Members**

Board Members shall hold their positions during the six-year term for which they were elected. They may be re-elected one or more times for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders´ Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the subsequent General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether to approve the financial statements for the previous year.

Notwithstanding the above, proprietary directors shall resign when the shareholder they represent fully disposes of his shares by any title.

**Article 17. The Chairman**

The Board shall elect a Chairman from among its members, who, in addition to the functions that may correspond in accordance with the legislation in force, the Company Bylaws and these Rules, shall perform the tasks corresponding to his or her condition as the Company's maximum executive manager, within the guidelines laid down by the General Shareholders´ Meeting, the Board of Directors and the Executive Committee.

The Chairman shall enjoy the broadest powers for performing his or her tasks and, except due to legal prohibition, may delegate such powers, totally or partially, to other Board Members and the Company's management staff and, in general, whoever he or she deems expedient or necessary.

**Article 18. The Deputy Chairmen**

Likewise, the Board may elect from among its members one or two Deputy Chairmen who shall substitute the Chairman in cases of delegation, absence or illness and, in general, perform all the tasks that may be entrusted to them by the Chairman, the Executive Committee and the Board of Directors.

Substitution of the Chairman shall take place by chronological order of the Deputy Chairmen's appointment, in the absence of such order, by order of seniority and, lastly, by order of greater to lesser age.

**Article 19. The Chief Executive Officer**

The Board may appoint a Chief Executive Officer, delegating him the powers deemed expedient except those which, by law or Company Bylaws, cannot be delegated.

**Article 20. The Secretary**

Following the issuance of a report by the Appointment and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-member, and who must be a practising lawyer. Apart from the functions laid down by the legislation in force, the Company Bylaws and these Rules, the Secretary to the Board of Directors is responsible for: ensuring that actions arising from the company bodies it forms part of comply with the requirements of the law, issuing warnings in this respect and registering them in the Minutes; and ensuring that the Board of Directors bears in mind in its actions the recommendations on good corporate governance of the unified Code in force.

**Article 24. The Appointment and Remuneration Committee**

Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions indefinitely or during the term for which they were elected. The appointment of the Chairman must fall on one of the independent Board Members. Its meetings shall be attended by the Secretary to the Board of Directors, with entitlement to participate but not to vote, who shall act as its Secretary, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be set up when the majority of its members attend and it shall adopt its agreements by majority vote of those attending, with the Chairman having the casting vote in the event of an equal number of votes. It shall meet, prior notice from its Chairman, at least twice a year.

The Appointment and Remuneration Committee has the following tasks:

1. Report on the remuneration system for the Chairman of the Board of Directors and other top executives in the Company. Where appropriate, make the pertinent recommendations to the Board so that the succession of the Chairman and, if applicable, Chief Executive Officer, proceeds in a planned and orderly manner. It will also consult with the Chairman, and if appropriate, the Chief Executive Officer, on any matters within its competence affecting the Company's executive Board Members and other senior executives.
2. Report on the distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.
3. Report on the remuneration of Board Members.
4. Report on multi-annual plans that may be set up according to stock value such as stock option plans.
5. Proposed appointment or re-appointment of independent Board members and report on the proposed appointment of other Board Members and of the Secretary to the Board of Directors. For these purposes, the skills, knowledge, experience and dedication to the good performance of their duties of those proposed as Board Members should be assessed. It shall also report on the proposed early resignation of any Independent Board Members.
6. Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.
7. Issues relating to gender diversity on the Board of Directors.
8. Any other matters under its competence pursuant to these Rules, which may be especially entrusted to it by the Board of Directors.

Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointment and Remuneration Committee shall be governed by the provisions of these rules regarding the operation of the Board of Directors.

### Re-election of board members

Board members shall hold their positions during the six-year term for which they were elected. They may be re-elected for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board of Directors may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the subsequent General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether to approve the financial statements for the previous year.

Notwithstanding the above, proprietary Directors shall resign when the shareholders they represent fully disposes of his shares by any means.

### Removal of board members

The removal of Board Members is regulated in the following articles of the Rules of the Board of Directors, which are worded as follows:

**Article 3. Composition and appointments**

Within the limits laid down by Article 13 of the Company Bylaws in effect and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting both the number of Board Members and the persons, natural or legal, to be appointed. The appointment proposal must specify the proposed Members' condition of executive, representing substantial shareholders, independent or external.

Furthermore, in the event that vacancies were to arise, the Board of Directors may provisionally fill them among the shareholders until the next General Shareholders' Meeting where the definitive choice would be made.

**Article 4. Functions (...) Particularly, the Board of Directors shall have the following responsibilities, which cannot be delegated:**

Accepting the resignation of Board Members.

Appointing, discharging and accepting the resignation of the positions of Chairman, Deputy Chairman and Secretary to the Board.

Appointing, discharging and accepting the resignation of Board Members who must form part of the Committees described herein.

**Article 11. Term of appointment for Board Members**

Board Members shall hold their positions during the six-year term for which they were elected. They may be re-elected one or more times for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the subsequent General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether to approve the financial statements for the previous year.

### B.1.20. Indicate in which eventualities Board Members are obliged to resign.

In accordance with Article 11 of the Rules of the Board of Directors, the proprietary directors shall resign from the Board of Directors when the shareholder they represent fully disposes of his shares by any title.

### B.1.21. State whether the function of the Chief Executive Officer of the Company rests with the Chairman of the Board. If this is the case, indicate the measures that have been taken to limit the risks of the accumulation of powers in a single person:

| | Yes | No |
|---|---|---|
| | x | |

# B. Structure of the Company Administration

| Measures to limit risks |
|---|
| The Chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO, and has been delegated all the powers of the Board except those that cannot be transferred. Therefore, in accordance with the rules of the Board of Directors, the Chairman shall undertake the duties that befit the status of the chief executive officer of the Company, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee. His duty is not only delimited by this scope of powers that cannot be transferred, but also by the duties that he carries out as the chairman of the Executive Committee.<br><br>Also noteworthy is that any resolution of special relevance to the Company shall be submitted to the approval of the Board of Directors, and an absolute majority shall be required, in which case neither the Chairman nor the corresponding Committee shall have a casting vote. |

Indicate if any rules have been stipulated empowering any of the independent Board Members to request the calling of Board meetings or the inclusion of new items on the agenda, to coordinate and voice the concern of external Board Members and to direct an evaluation by the Board of Directors.

| | Yes | No |
|---|---|---|
| | X | |

| Explanation of the rules |
|---|
| In accordance with the Rules of the Board of Directors, an independent Board Member shall have this power, and for these purpose, Mr. Miguel Roca Junyet has been appointed to replace Mr. José María Aguirre González, who recently passed away. |

B.1.22. Are higher majorities, other than a legal majority, required in any type of decision?:

| | Yes | No |
|---|---|---|
| | | X |

Indicate how resolutions are adopted by the Board of Directors, identifying at least, the minimum quorum of attendance and the type of majority to adopt resolutions:

—

B.1.23. State whether there are specific requirements, other than those related to Board Members, to be nominated as Chairman.

| | Yes | No |
|---|---|---|
| | | X |

B.1.24. Indicate if the Chairman has a casting vote:

| | Yes | No |
|---|---|---|
| | | X |

B.1.25. Indicate if the Company Bylaws or Rules of the Board of Directors establish any limit on the age of Board Members:

| | Yes | No |
|---|---|---|
| | | X |

| Age limit of Chairman | Age limit of Chief Executive Officer | Age limit of Board Member |
|---|---|---|
| 0 | 0 | 0 |

B.1.26 Indicate if the Company Bylaws or the Rules of the Board of Directors establish a limited mandate for independent Board Members:

| | Yes | No |
|---|---|---|
| | | X |

| | |
|---|---|
| Maximum number of mandate years | 0 |

B.1.27. In the event that there are few or no women Board Members, explain the reasons and initiatives adopted to correct this situation.

| Explanation of reasons and initiatives |
|---|
| Equal opportunity and non-discrimination, basic principles of ACS included in the Company's Code of Conduct, are determining factors when promoting the professional and personal development of all ACS employees, and the Company assures equal opportunities through its policies. The effectiveness of this equal opportunities policy is guaranteed since it is accompanied by measures aimed at breaking down the traditional barriers on the entrance of females in a sector which is traditionally male and measures to reconcile professional and personal life, which has enabled it to increase the number of women with executive responsibilities in the Group.<br><br>In 2009 Ms. Sabina Fluxá Thienemann was appointed as a member of the Board of Directors. |

Specifically, indicate whether the Appointment and Remuneration Committee has established procedures to assure that recruitment processes are not implicitly biased in a manner which hinders the selection of women Board Members, and that candidates filling the required profile are deliberately sought:

| | Yes | No |
|---|---|---|
| | | X |

B.1.28. Indicate if there are formal processes for the delegation of votes in the Board of Directors, and if so, explain them briefly.

Without prejudice to the obligation to attend, the Board Members who are unable to attend a meeting in person may be represented and cast a vote through another Board Member. This delegation must be in writing to the Chairman and must be in the form of a letter, telegram, telex or fax or any other written means that acknowledges receipt by the addressee.

# B. Structure of the Company Administration

B.1.29. Indicate the number of meetings that the Board of Directors has held during the year. Additionally, indicate the number of meetings held during the year without the presence of the Chairman, if applicable:

| | |
|---|---|
| Number of Board meetings | 6 |
| Number of Board meetings without the presence of the Chairman | 0 |

Indicate the number of meetings held by the different Board committees:

| | |
|---|---|
| Number of meetings of the Executive or Representative Committee | 9 |
| Number of meetings of the Audit Committee | 5 |
| Number of meetings of the Appointment and Remuneration Committee | 4 |
| Number of meetings of the Appointment Committee | 0 |
| Number of meetings of the Remuneration Committee | 0 |

B.1.30. Indicate the number of meetings held by the Board of Directors during the year without all members present. In this calculation, Board Members who have granted proxies without specific instructions shall be considered to be absent:

| | |
|---|---|
| Number of Board Member absences in the year | 5 |
| % of absences in comparison to the total number of votes in the year | 4.545 |

B.1.31. Indicate whether the individual and financial consolidated statements submitted to the Board of Directors for their approval are previously certified:

| | Yes | No |
|---|---|---|
| | X | |

Identify, if applicable, the person/people that has/have certified the Company's individual and consolidated financial statements, for their preparation by the Board:

| Name | Position |
|---|---|
| Mr. Ángel Manuel García Altozano | Corporate General Manager |

B.1.32. Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being presented at the General Shareholders' Meeting without a qualified auditors' report.

In this respect, routine meetings are held between the accounts auditor and the Audit Committee to analyse with sufficient notice any differences between the accounting criteria of the Company and its Group and the auditors' interpretation of the accounts. The foregoing is in accordance with Article 20 bis of the Company Bylaws. It is considered that the 2011 auditors' reports on ACS Actividades de Construcción y Servicios, S.A. and the ACS Group will be favourable, as they were in 2009 and 2010.

B.1.33. Is the Secretary of the Board of Directors a Board Member?

| | Yes | No |
|---|---|---|
| | X | |

B.1.34. Explain the procedures relating to the appointment and stepping down of the Board Secretary, indicating whether the Secretary's appointment and dismissal were reported by the Appointment Committee and approved by the Board in full.

Procedure for appointment and dismissal:

| Procedure for appointment and dismissal |
|---|
| Following the issuance of a report by the Appointment and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-member, and who must be a practising lawyer. Apart from the functions laid down by the legislation in force, the Company Bylaws and these Rules, the Secretary to the Board of Directors is responsible for: ensuring that actions arising from the company bodies it forms part of comply with the requirements of the law, issuing warnings in this respect and registering them in the Minutes; and ensuring that the Board of Directors bears in mind in its actions the recommendations on good corporate governance of the unified Code in force. |

| | Yes | No |
|---|---|---|
| Does the Appointment Committee report the appointment? | X | |
| Does the Appointment Committee report the dismissal? | X | |
| Does the Board in full approve the appointment? | X | |
| Does the Board in full approve the dismissal? | X | |

Is the Secretary of the Board specifically responsible for ensuring that good governance recommendations are complied with?

| | Yes | No |
|---|---|---|
| | X | |

B.1.35. Indicate the mechanisms established by the Company, if any, to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

In regard to the auditor, Article 23 of the Rules of the Board of Directors provides that the duties of the Audit Committee shall be as follows:

- Monitor the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.
- Oversee the preparation and presentation of the regulated financial information.
- Propose to the Company's Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms in accordance with applicable law.
- Establish the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards. In any case, auditors and audit firms shall annually furnish the committee with written confirmation of their independence from the company or directly and indirectly related companies, in addition to reporting any additional services of any type presented to these companies by the aforementioned auditors or firms, or related individuals or companies, in accordance with the provisions of current Spanish legislation.

- Annually and prior to the issuance of the auditors' report, issue a report expressing an opinion on the independence of the auditors or audit firms. In any case, this report shall give an opinion on any of the above referred to additional services provided.
- Review and inform on the estimates made by Company management and of those companies comprised within its Group of Companies with respect to possible significant tax and legal contingencies.
- Be aware of the results of inspections conducted by official entities.

B.1.36. Indicate whether the Company changed its external auditor in the year. If so, identify the incoming and outgoing auditor:

| | Yes | No |
|---|---|---|
| | | X |

| Outgoing Auditor | Incoming Auditor |
|---|---|
| | |

In the event that there were disagreements with the outgoing auditor, explain the contents thereof:

| | Yes | No |
|---|---|---|
| | | X |

B.1.37. Indicate if the auditing firm undertook other work for the Company and/or its Group other than the audit and in this case indicate the amount paid in fees for said work and the percentage that it represents of the total fees invoiced to the Company and/or Group:

| | Yes | No |
|---|---|---|
| | X | |

| | Company | Group | **Total** |
|---|---|---|---|
| Amount paid for work performed other than audit work (thousands of euros) | 669 | 3,248 | **3,917** |
| Amount paid for work performed other audit work/Total amount invoiced by the auditors' firm (%) | 76.570 | 27.580 | **30.960** |

B.1.38. Indicate whether the Auditors' report on the financial statements for the previous year had any reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the contents and scope of these reservations or qualifications.

| | Yes | No |
|---|---|---|
| | | X |

B.1.39. Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the financial statements of the Company and/or its Group. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the financial statements have been audited:

| | Company | Group |
|---|---|---|
| Number of uninterrupted years | 10 | 10 |

| | Company | Group |
|---|---|---|
| Number of years audited by the current auditing firm/number of years that the Company has been audited (%) | 45.5 | 45.5 |

B.1.40. Indicate the shareholdings of members of the Company's Board of Directors in entities that have the same, analogous or complementary kind of activity to the business purpose of both the Company and its Group, which have been notified to the Company. Also indicate the positions or duties that they perform in these companies:

| Name or company name of the Board Member | Name of the object Company | % ownership | Position or function |
|---|---|---|---|
| Mr. Florentino Pérez Rodríguez | Abertis Infraestructuras, S.A. | 0.000 | Deputy chairman |
| Mr. Antonio García Ferrer | Ferrovial, S.A. | 0.000 | - |
| Mr. Pablo Vallbona Vadell | Abertis Infraestructuras, S.A. | 0.001 | Board Member |
| Mr. Javier Monzón de Cáceres | Indra Sistemas, S.A. | 0.094 | Chairman |
| Mr. Juan March de la Lastra | Indra Sistemas, S.A. | 0.005 | Board Member |
| Mr. Julio Sacristán Fidalgo | Abertis infraestructuras, S.A. | 0.000 | - |
| Mr. Pedro José López Jiménez | Grupo Terratest | 45.000 | Chairman (through Fapindus, S.L.) |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Enagas, S.A.<br>Indra Sistemas, S.A.<br>Ferrovial, S.A.<br>Endesa, S.A.<br>Repsol YPF, S.A.<br>Gas Natural SDG, S.A.<br>Abertis Infraestructuras, S.A.<br>Telefonica, S.A.<br>Iberdrola, S.A.<br>Fomento de Construcciones y Contratas, S.A.<br>Técnicas Reunidas, S.A. | 0.002<br>0.002<br>0.001<br>0.000<br>0.001<br>0.001<br>0.001<br>0.001<br>0.001<br>0.004<br>0.002 | -<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- |
| Mr. José Luis del Valle Perez | Admirabilia, S.L.<br>Trebol Internacional, B.V.<br>Del Valle Inversiones S.A.<br>Sagital, S.A. | 0.000<br>0.000<br>33.330<br>5.100 | Board Member<br>Board Member<br>Director Acting Severally<br>- |

B.1.41. Indicate and detail, if applicable, if there is any procedure for the Board Members to obtain external advice:

| | Yes | No |
|---|---|---|
| | X | |

| Detail of procedure |
|---|
| Article 15 of the Rules of the Board of Directors expressly provides that Board Members have the right to request and obtain information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or Secretary of the Board, and under special circumstances, may consist of external advice at the Company's expense. |

# B. Structure of the Company Administration

B.1.42. Indicate, and if applicable, provide details of any procedure for Board Members to obtain the information required to prepare for the meetings of the administrative bodies with sufficient time:

| | Yes | No |
|---|---|---|
| | X | |

| Detail of procedure |
|---|
| Article 15 of the Rules of the Board of Directors expressly provides that Board Members have the right to request and obtain information and advice required to carry out their functions. The information they consider necessary is to be requested through the Chairman or the Secretary of the Board. |

B.1.43. Indicate, and if applicable, detail whether the Company has set rules requiring Board Members to report, and if necessary, resign in cases where thy may harm the Company's credit and reputation:

| | Yes | No |
|---|---|---|
| | X | |

| Explanation of the rules |
|---|
| Article 13 expressly states that the in regard to the duty of loyalty, Board members shall avoid conflicts of interest among themselves, or their most immediate relatives and the Company. Should any conflict of interest arise and be unavoidable, it must be reported to the Board of Directors and recorded in the Minutes of the first Board meeting that takes place Shares, stock options or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be reported to the Company as soon as possible, and at the latest, within five days.<br><br>The Board Members must also notify the Company of any significant changes in their professional capacity, and specifically, those changes that affect their designation as a Board Member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative effect on the reputation of the Company.<br><br>The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on these matters in which they have a particular interest. This shall also be expressly recorded in the Minutes. |

B.1.44. Indicate whether any member of the Board of Directors has informed the Company that legal action has been taken or that a lawsuit had been filed against him for any of the crimes set forth in Article 124 of the Spanish Public Limited Liabilities Law:

| | Yes | No |
|---|---|---|
| | | X |

Indicate whether the Board of Directors has analysed the case. If this response is affirmative, explain the reasons for the decision taken as to whether or not this Board Member shall continue to hold office.

| | Yes | No |
|---|---|---|
| | | X |

| Decision taken | Reasonable explanation |
|---|---|
| | |

## B.2. Committees of the Board of Directors

### B.2.1. Detail of all the Committees of the Board of its Directors and its members:

**Executive Committee**

| Name | Position | Type |
|---|---|---|
| Mr. Florentino Pérez Rodríguez | Chairman | Executive |
| Mr. José María Loizaga Viguri | Deputy Chairman | Independent |
| Mr. Antonio García Ferrer | Member | Executive |
| Mr. Javier Echenique Landiríbar | Member | Proprietary |
| Mr. Juan March de la Lastra | Member | Proprietary |
| Mr. Pablo Vallbona Vadell | Member | Proprietary |
| Mr. Pedro José López Jiménez | Member | Other External |

**Audit Committee**

| Name | Position | Type |
|---|---|---|
| Mr. José María Loizaga Viguri | Chairman | Independent |
| Mr. José Álvaro Cuervo García | Member | Independent |
| Mr. Julio Sacristan Fidalgo | Member | Proprietary |
| Mr. Manuel Delgado Solís | Member | Proprietary |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Member | Proprietary |

**Appointment And Remuneration Committee**

| Name | Position | Type |
|---|---|---|
| Mr. José María Loizaga Viguri | Chairman | Independent |
| Mr. Javier Echenique Landiríbar | Member | Proprietary |
| Mr. Julio Sacristán Fidalgo | Member | Proprietary |
| Mr. Miguel Roca Junyent | Member | Independent |
| Mr. Pablo Vallbona Vadell | Member | Proprietary |

# B. Structure of the Company Administration

B.2.2. Mark whether the Audit Committee has the following duties.

| | Yes | No |
|---|---|---|
| Monitor the preparation and integrity of the financial information prepared on the Company and, where appropriate, the Group, checking for compliance with legal provisions and the correct application of accounting principles | X | |
| Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed | X | |
| Oversee the independence and effectiveness of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the resources to be assigned to the internal audit function; receive regular reports back on its activities; and verify that senior management is acting on the conclusions and recommendations of its reports | X | |
| Establish and supervise a mechanism whereby staff can report any irregularities, and particularly financial and accounting regularities they detect in the course of their work anonymously or confidentially | X | |
| Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditors, and the terms and conditions of his engagement | X | |
| Receive regular information from the external auditor on the progress and findings of the audit plan and check the senior management are acting on its recommendations | X | |
| Oversee the independence of the external auditor | X | |
| In the case of groups, the group auditor shall be encouraged to assume responsibility for the audits of all the group companies | X | |

### B.2.3. Provide a description of the organisation and operating rules, as well as the responsibilities attributed to each of the Board Committees

| Committee name | Brief description |
|---|---|
| Executive or Representative Committee | The Executive Committee shall be made up of the Chairman of the Board of Directors, who shall act as its Chairman, and by the Deputy Chairman or both Deputy Chairmen, in the event that these positions had been appointed, by Board Members appointed by the Board of Directors for such purpose, and by the Secretary to the Board of Directors, with entitlement to participate but not to vote, who shall act as its Secretary.<br><br>The Executive Committee shall meet as often as it is convened by its Chairman, on his or her own initiative or on request by, at least, two of its members. It shall be deemed to be set up when the majority of its members attend, present or represented, and unless the legislation in force, the Company Bylaws or these Rules provide otherwise, it shall adopt its agreements by majority vote of those attending, present or represented.<br><br>The Executive Committee shall have, by delegation of the Board of Directors, all the powers that correspond to it except those which, by law or bylaw, cannot be delegated. Nevertheless, the Board of Directors may pass on knowledge of and the decision upon any matter of its competence, and on its part, the Executive Committee may subject the decision on any matter to the Board of Directors, which even though a matter of its competence, deems necessary or expedient for the Board to decide upon.<br><br>Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Executive Committee shall be governed by the provisions of these rules regarding the operation of the Board of Directors. |
| Audit Committee | In accordance with the provisions of Article 20 b of the Company Bylaws, there shall be an Audit Committee made up of a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. Under no circumstances may such appointment cannot fall to anyone who currently performs or who has carried out tasks of an executive or labour-related nature in the Company during the three immediately preceding years. At least one of the members of the Audit Committee shall be independent and shall be appointed on the basis of his or her knowledge and experience in accounting or auditing or both. The Chairman's appointment, also to be carried out by the Board of Directors, shall necessarily correspond to one of the Company's non-executive Directors, who may not remain in such position for a period in excess of four years, although he may, nevertheless, be re-elected after the term of one year has elapsed from the moment of termination. The Secretary to the Board of Directors shall attend the Committee's meetings and shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.<br><br>It shall only be deemed as constituted when the majority of its members are present and shall adopt its agreements by majority vote of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet when convened by the Chairman and, at least twice a year, coinciding with the initial and final stages of the audit of the Company's financial statements and of the consolidated financial statements of its Business Group and always prior to issuing the corresponding audit reports. Meetings may be attended, when specially summoned, by the Auditor of the Company for the purposes of explaining the most significant aspects in the audits carried out.<br><br>The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations. |
| Appointment and Remuneration Committee | Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions indefinitely or during the term for which they were elected. The appointment of the Chairman must fall on one of the independent Board Members. Its meetings shall be attended by the Secretary to the Board of Directors, with entitlement to participate but not to vote, who shall act as its Secretary, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.<br><br>It shall only be deemed to be set up when the majority of its members attend and it shall adopt its agreements by majority vote of those attending, with the Chairman having the casting vote in the event of an equal number of votes. It shall meet, prior notice from its Chairman, at least twice a year.<br><br>Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointment and Remuneration Committee shall be governed by the provisions of these rules regarding the operation of the Board of Directors. |

# B. Structure of the Company Administration

B.2.4. Indicate the powers of advice and consultation and, if applicable, delegations held by each of the Committees:

<table>
<tr><th>Committee name</th><th>Brief description</th></tr>
<tr><td>Executive or Representative Committee</td><td>The Executive Committee shall have, by delegation of the Board of Directors, all the powers that correspond to it except those which, by law or bylaw, cannot be delegated. Nevertheless, the Board of Directors may pass on knowledge of and the decision upon any matter of its competence, and on its part, the Executive Committee may subject the decision on any matter to the Board of Directors, which even though a matter of its competence, deems necessary or expedient for the Board to decide upon.</td></tr>
<tr><td>Audit Committee</td><td>The Audit Committee shall have the following functions:<br>1. Report to the General Shareholders' Meeting on the questions presented therein on matters of their authority.<br>2. Monitor the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.<br>3. Oversee the preparation and presentation of the regulated financial information.<br>4. Propose to the Company's Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms in accordance with applicable law.<br>5. Establish the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards. In any case, auditors and audit firms shall annually furnish the committee with written confirmation of their independence from the company or directly and indirectly related companies, in addition to reporting any additional services of any type presented to these companies by the aforementioned auditors or firms, or related individuals or companies, in accordance with the provisions of current Spanish legislation.<br>6. Annually and prior to the issuance of the auditors' report, issue a report expressing an opinion on the independence of the auditors or audit firms. In any case, this report shall give an opinion on any of the above referred to additional services provided.<br>7. Review and inform on the estimates made by Company management and of those companies comprised within its Group of Companies with respect to possible significant tax and legal contingencies.<br>8. Be aware of the results of inspections conducted by official entities.<br>9. Be aware of the information periodically provided to the Stock Market on the company's accounts.<br>10. Previously inform the Board of Directors of any related party transactions to be submitted for its approval.<br>11. Any other matters for which it is responsible in accordance with the provisions of these Rules, or which may be especially entrusted to it by the Board of Directors or attributed to it under current Spanish legislation.</td></tr>
<tr><td>Appointment and Remuneration Committee</td><td>The Appointment and Remuneration Committee has the following tasks:<br>1. Report on the remuneration system for the Chairman of the Board of Directors and other top executives in the Company. Where appropriate, make the pertinent recommendations to the Board so that the succession of the Chairman and, if applicable, Chief Executive Officer, proceeds in a planned and orderly manner. It will also consult with the Chairman, and if appropriate, the Chief Executive Officer, on any matters within its competence affecting the Company's executive Board Members and other senior executives.<br>2. Report on the distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.<br>3. Report on the remuneration of Board Members.<br>4. Report on multi-annual plans that may be set up according to stock value such as stock option plans.<br>5. Proposed appointment or re-appointment of independent Board members and report on the proposed appointment of other Board Members and of the Secretary to the Board of Directors. For these purposes, the skills, knowledge, experience and dedication to the good performance of their duties of those proposed as Board Members should be assessed. It shall also report on the proposed early resignation of any Independent Board Members.<br>6. Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.<br>7. Issues relating to gender diversity on the Board of Directors.<br>8. Any other matters under its competence pursuant to these Rules, which may be especially entrusted to it by the Board of Directors.<br>Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointment and Remuneration Committee shall be governed by the provisions of these rules regarding the operation of the Board of Directors.</td></tr>
</table>

B.2.5. Indicate, if applicable, if there are Rules of the Board Committees, where they can be consulted, and amendments made during the year. In addition, indicate on a voluntary basis if any annual report has been prepared on the activities of each Committee.

| Committee name | Brief description |
|---|---|
| Executive or Representative Committee | The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website www.grupoacs.com.<br><br>The specific rules relating to the Executive Committee are set forth in Article 22 of the Rules of the Board of Directors. |
| Appointment and Remuneration Committee | The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website www.grupoacs.com.<br><br>The specific rules relating to the Executive Committee are set forth in Article 24 of the Rules of the Board of Directors. |
| Audit Committee | The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website www.grupoacs.com.<br><br>The specific rules relating to the Executive Committee are set forth in Article 23 of the Rules of the Board of Directors |

B.2.6. Indicate if the members of the Executive Committee reflect the shareholding in the Board of the different Board Members based on their status:

| | Yes | No |
|---|---|---|
| | X | |

# C. Related-Party Transactions

C.1. Mark whether, following a favourable report from the Audit Committee or any other Committee assigned this task, the Board in full is responsible for approving the Company's transactions with Board Members, significant shareholders or shareholders represented on the Board, or individuals related thereto:

| | Yes | No |
|---|---|---|
| | x | |

C.2. Detail the relevant operations that involve a transfer of resources or obligations between the Company or entities of the Group and significant shareholders of the Company:

—

C.3. Detail the relevant operations that involve a transfer of resources or obligations between the Company and entities of its Group and the Board Members or executives of the Company:

—

C.4. Detail the relevant operations made by the Company with other companies belonging to the same Group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the normal business of the company in terms of its company objects and conditions:

—

C.5. Indicate whether the members of the Board of Directors have had any conflicts of interest in the year, pursuant to the Spanish Limited Liability Companies Law 27 ter.

| | Yes | No |
|---|---|---|
| | | x |

C.6. Mechanisms established to detect and regulate possible conflicts of interest between the Company and/or the Group, and its Board Members, executives or significant shareholders.

1. There are several standards included in the Rules of the Board of Directors. Article 13 specifically regulates conflicts of interest. With regard to the duty of loyalty, this Article stipulates that the Board Members shall avoid conflicts of interests between themselves, or their most direct relatives, and the Company, in all cases notifying the Board of Directors of the existence of such conflict in the event that they could not be avoided, a written record of which shall be made in the Minutes of the first Board Meeting held. Furthermore, they must notify the Company, in the shortest possible term, and in all cases, within the five following days, of the shares, stock options or derivatives referring to the share value which may be held, directly or indirectly, either by the Board Members themselves and by their most direct relatives.

Board Members must notify the Company of the most significant changes that take place in their professional circumstances, and especially, those affecting the qualities taken into account for appointing them as such. Furthermore, they shall notify the Company of any legal or administrative proceedings which, on account of their importance, may seriously affect the Company's reputation.

Board Members shall abstain from taking part in the discussions and from casting their vote on those matters where they have a private interest, which will be expressly registered in the Minutes.

Article 14 on non-competition and use of information provides that Board members may not form part of more than five management bodies of companies other than those in the group of companies in which the company is the parent, without previous express authorization from the Board provided on a reasonable basis. For these purposes, companies in the same group shall be considered as a single company. Board Members may not hold, neither directly or indirectly, positions in companies or organisations in competition against the Company or against any company of its Group nor provide services of representation for them.

Board Members may not make any use for private purposes of the non-public information of which they have become aware in carrying out their functions as Board Member. Especially, Board Members, unless expressly authorized by the Board of Directors, may not take advantage, in their own benefit, of the commercial operations of which they have become aware in carrying out the said functions.

Except in cases of duly authorized allowance in kind, Board Members may not make use of the Company's assets nor take advantage of their position to obtain advantages relating to assets without satisfying adequate consideration

2. Additionally, there are Rules of Conduct in the Securities Markets that include a set of rules designed to detect and regulate any possible conflicts of interest between the Company and/or its Group, its Board Members, Directors or significant shareholders.

   At its meeting of 17 July 2003, the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., by virtue of the powers vested in it by the Board of Directors, approved the rule of Conduct in the Stock Market, informing the Spanish National Securities Market (CNMV) of this on 31 July 2003. At its meeting held on 1 July 2004, the Board of Directors unanimously resolved to approve a number of amendments to the Rules of Conduct in the Stock Market which was reported to the CNMV on 2 July 2004.

   In general, the Rules apply to the members of the Board of Directors, members of the Group Management Committee and to those Company agents and staff who carry out activities that may have an essential bearing on the price of the Company's shares. It also applies to Company representatives or staff and to external advisers who, with respect to a specific operation, are aware of privileged or reserved information regarding the Company's stocks.

   The Monitoring Unit provided for in these Rules shall have, updated and made available to the securities market's supervising authorities, a list of Company Board Members, representatives and staff, in addition to external advisers, who are generally or specifically subject to these Rules. Both inclusion in, and exclusion from, such list shall be notified in writing to the affected parties by the Chairman of the Monitoring Body.

   The regulations laid down by these Rules shall be applicable with regard to shares, stock options and similar contracts that grant entitlement to subscribe or acquire Company stock or whose basis consists of its shares, convertible or non-convertible debentures, bonds, notes, subordinated debt and, in general, any kind of financial instrument issued by the Company or, where relevant, by components of its Business Group.

# C. Related-Party Transactions

All persons who, in accordance with the provisions of Article 1, are subject to these Rules, must abstain from conducting or preparing to conduct any type of action that distorts the free formation of prices on the stock market. and must abstain from using, whether in their own benefit or in benefit of third parties, any kind of privileged or relevant information relating to the stock market which they may have obtained in the performance of their functions in or for the Company

All members of the Board of Directors, Company representatives and staff who has information that could be deemed as privileged and which refers to the transferable securities and financial instruments issued by the Company itself or by components of its Business Group, has the obligation to safeguard it, notwithstanding his or her obligation to communicate and collaborate with the legal and administrative authorities in the terms provided for by law.

In the stages of study or negotiation of any kind of legal or financial operation that may significantly influence the quotation of the securities referred to in Article 2 herein, the Company's managers of such operations shall be obliged to:

a) Limit knowledge of the information strictly to those persons, internal or external to the organisation, whose participation is essential.

b) For each operation, maintain a register of documents including the names of the persons referred to in the above section and the date on which each of them knew the information.

c) Expressly warn the persons included in the register on the nature of the information and their duty to confidentiality and the prohibition of its use

d) Set up security measures for the safe-keeping, filing, access, reproduction and distribution of the information.

e) Monitor the evolution of the market in transferable securities or financial instruments relating to the operation in process in addition to the news broadcast by the media, whether specialized in economic information or not, which may affect them.

f) In the event that abnormal evolution were to take place in contracted volume or negotiated prices and there existed reasonable indication that such evolution were happening as a consequence of premature, partial or distorted notification of the operation, those responsible for the operation must immediately report to the General Secretary and Secretary to the Board so that he or she may issue without delay a relevant fact that informs, clearly and precisely, of the state at which the operation in process currently lies or which contains an advance of the information to be provided.

The persons subject to these Rules who carry out any kind of operation on transferable securities or financial instruments issued by the Company must comply with the following duties:

a) Report in writing to the Company, through the Chairman of the Monitoring Body, on any type of sale or purchase or acquisition of option rights operation, carried out in their own benefit which bears a relation to the securities that represent these Rules' objective scope of application. Operations carried out by spouses shall be deemed equivalent to operations carried out by individuals themselves, unless they only affect their personal or exclusive assets in accordance with the rules governing their matrimonial property, as shall those carried out by children not of legal age or handicapped persons under the parental control of the person under obligation or by companies controlled, directly or indirectly by them or by intermediate persons. Exempt from this obligation to inform are those operations where there has been no participation at all by the person subject to these Rules by being ordered by the institutions which the affected party has entrusted the management of his portfolio in an established way. In this case, it shall be sufficient that he notifies the Chairman of the Monitoring Body of the existence of the portfolio management contract and the name of the management agency.

b) Report, in full detail, upon request by the Chairman of the Monitoring Body, on the operations carried out independently and related with the securities representing these Rules' objective scope of application.

c) Give notification in writing to the Chairman of the Monitoring Body, at the moment of accepting the position of Board Member, Company representative or staff member subject to these Rules, of a list of the securities of the Company or of the Group institutions that he or she owns, directly or indirectly, through controlled companies or intermediate persons or institutions or which act of a common accord, in addition to those which belong to their children below legal age or to handicapped persons under the parental control of the obligated individual or to his or her spouse, unless in the last of these cases they belong to his or her private and exclusive assets in accordance with the rules governing their matrimonial property. Furthermore, they must notify, also in writing, the existence of any established portfolio management contract and the name of the management agency.

d) Submit to the Monitoring Body, through its Chairman, any doubt regarding the application of these Rules, with the obligation to abstain from any activity until they have the corresponding response to the consultation presented.

Notwithstanding the above, when operations on securities or financial instruments issued by the Company are conducted by Board Members, they must also notify the Stock Markets where the securities are listed and the National Securities Committee (CNMV), under the terms stipulated by law.

The Secretary to the Monitoring Body shall conserve, duly filed and ordered, the communications, notifications and any other action relating to these Rules, safeguarding the confidentiality of such file, and may at any time request of the persons subject to these Rules confirmation of the balance of securities and financial instruments that may be extracted from their file.

It is the responsibility of the Monitoring Body, through its Chairman, to determine and update which persons are subject to these Rules. For the purposes of the provisions of these Rules, the Monitoring Body shall be made up of the Secretary to the Board of Directors, who shall act as Chairman, by the General Corporate manager and by the Director of Administration, who shall act as its Secretary.

Non-compliance with the standards of conduct comprised within these Rules, insofar as their content is a development of the provisions of the stock market regulation and discipline standards, they may give rise to the corresponding administrative penalties and other consequences arising from the legislation that may apply. Insofar as they affect Company staff, they shall be considered professional misconduct.

## C.7. Is more than one Group company listed in Spain?

| | Yes | No |
|---|---|---|
| | | x |

Identify the subsidiaries listed in Spain:

—

# D. Risk Control Systems

## D.1. General description of the risk policies of the Company and/or its Group, detailing and evaluating the risks covered by the system, along with the justification of the appropriateness of these systems for the profile of each type of risk.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate risks and fulfil the objectives established by the Board of Directors.

The diversity and complexity of the sectors in which the Group carries out its activities implies a variety of risks; the Corporate Unit is responsible for defining basic guidelines in order to homogenise performance criteria in each of the divisions to guarantee an adequate level of internal control. The companies and divisions of the Group are responsible for developing the required and appropriate internal regulation to govern the implementation of any necessary internal controls, which, in turn, shall guarantee optimum performance of such internal control in accordance with the special circumstances of their activities.

In order to respond to the need for global and homogeneous risk management, the Corporate Unit has established a risk management model which includes the identification, evaluation, classification, valuation, processing and follow-up of risks at the Group and operational business line levels. Once these risks have been identified, a risk map is prepared.

In light of the above, risks have been identified as follows:

- Operating risks, stemming from the different businesses that the Group develops and which vary depending on the area of activity, but which can be summarised in risks relative to entering into contracts, planning and control of the execution of the various works and projects, quality-related risks, environmental risks, and risks related to international activities.

- Non-operating risks, which also vary depending on the different businesses that the Group develops, such as risks relating to image, human resources, legal or regulatory matters, tax, financial matters and insurance coverage. Non-operating risks includes, with particular importance, those related to control and risk management systems related to the disclosure of financial information onto the market. The latter are included in the Supplementary Report to the Annual Corporate Governance Report on the items stipulated in Article 61 bis of the Spanish Securities Market Law.

As indicated previously, the Group's risk control systems are based on a series of strategic and operational actions aimed at complying with risk policies by each area of Group activity. The actions are organised according to a decentralised model that allows each business unit to carry out its risk control and evaluation policies in accordance with certain basic principles. These principles are the following:

- Definition of the maximum risk limits that may be assumed by each business in accordance with the characteristics and expected return of the same, and which are implemented at the time contracts are entered into.

- Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.

- Coordination and communication to ensure that the risk policies of each business area are consistent with the Group's overall risk strategy.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management information required for decisions with the monitoring of the appropriate indicators.

The control systems implemented in each business area may be classified into the following categories:

**Management systems for the entering into contracts and bidding processes for works and projects**
Aimed at evaluating the profitability of projects from a technical and economic point of view, with sufficient guarantees to ensure client solvency.

**Management systems for the planning and execution of works and projects**
The Group and the various activity areas have several economic and production control systems designed to give reliable knowledge of the economic forecasts and deadlines for projects, from planning phase through execution of the projects, and information on the actual status at all times. These systems are part of a comprehensive economic and budgetary control system for each business area, and are adapted to the characteristics of their activities in order to provide the necessary information to the persons responsible for each area so that they may control the risks deriving from any possible deviation and make the appropriate decisions to optimise the management process. All information is kept in economic information systems which allow the consolidated parameters to be easily monitored and controlled in a dynamic and strict manner. By giving Group Management detailed knowledge of the economic situation and potential and assumed risks, the system has become an essential element in the decision-making process.

**Quality management systems**
These are the means used to ensure the products manufactured and the services provided are in accordance with the requirements specified in the contract, as well as legal and statutory requirements, for the purpose of ensuring client satisfaction. The systems, which meet the requirements of the ISO 9001 standard, are based on preliminary identification of the relevant processes from the quality management point of view in which the activities developed in different areas are organised in order to plan them and track them accordingly. The periodic review of the systems by the management and the setting of targets allows for on-going improvements to be made to same.

**Environmental management systems**
The implementation of these systems in the different business areas of the Group allows them to undertake their activities while guaranteeing maximum respect for the environment. The systems, regulated by international standard ISO 14001, are based on the identification and evaluation of environmental aspects on which the business can have an impact, planning the necessary steps in order to eliminate or minimise risks by establishing adequate control measures in accordance with current legal requirements and the environmental code of conduct corresponding to each business unit.

The basic criteria are as follows:

- Incorporation of the most advanced technologies in environmental issues, such as:

  - Conservation of energy and raw materials.
  - Using recyclable and biodegradable materials.
  - Minimising waste production and a respectful treatment with the environment.
  - Promoting the reforestation and landscaping of construction sites.

- Development of specific actions for activities that so require, depending on the effect of the impact and the means to provide clients with continuous information regarding environmental risks and possible preventive measures.

**Human resources management systems**
These systems are designed to establish compensation remuneration and objectives (especially for management personnel), hiring, training, evaluation of performance, motivation, control and follow-up

# D. Risk Control Systems

of collective labour agreements and policies on expatriates. Under this heading, the prevention of labour risks is noteworthy. The ACS Group has developed a labour risk prevention policy that fully complies with current legislation. The policy is based on specific management systems for each business area. The criteria taken into consideration in this policy follow the basic principles of training, participation, individual responsibility and control of safety conditions. The systems are adapted to the specific characteristics of each business area. Occupational risk prevention plans based on the identification of risks are designed and implemented in order to eliminate them, evaluating potential risks to minimise these and take the necessary protective measures.

**Financial risk control systems**

The following are financial risks associated with Group activities:

- The liquidity risk is managed by maintaining sufficient amounts available to negotiate the substitution of transactions coming due for different, new transactions under the best terms and to meet short-term cash needs. In loan transactions, periodically a follow-up is performed on the concentration risk by financial entity to avoid an excessive concentration and be able to rely on a number of entities to manage risk situations in case the need should arise. In this area, the Group's objectives in relation to capital management are to maintain an optimal financial-equity structure in order to reduce the cost of capital, while safeguarding the Company's ability to continue operating with an adequately stable debt-to-equity ratio.

- Risks arising from changes in foreign exchange currency rates. In this case the Group finances its investments, when possible, in the same currency as the cash flows from said investments. This is not possible in the shallow markets associated with investments fundamentally in Latin America.

- The risk arising from changes in interest rates, in which the impact that this could have on the Group results ¡ is evaluated. In this way, to avoid that such risk may give rise to elevated volatilities, the need to reduce said volatility is considered in such a way that the financing expense has a reduced percentage of variation.

- Credit risk, which arises from the incapacity of clients and debtors to fulfil the obligations established under contract. Client analysis is performed in specific cases and by analysing payment capacity through the knowledge existing in the Group on transactions with such client, from the moment at which negotiations with the client are to begin. In the case of foreign transactions, this analysis is performed in a thorough manner. In countries in which there is elevated risk, transactions are only performed if the party paying the job or service is an international entity of acknowledged prestige and solvency, or is sufficiently insured.

- Exposure to equity security risk arises in investments performed in listed companies. Therefore, the market price of the securities of these companies are monitored and impairment tests are performed to verify their appropriateness. In this connection, the performance of investments by means of equity swaps is aimed at hedging possible changes in the disbursements to be made to obtain strategic holdings. Although the uncertainty of the effects of the disbursements to be made and of the obtainment of strategic holdings is eliminated, since the IFRS do not consider these to be hedges, they are subject to positive and negative fluctuations in the event of increases and decreases in value. The monitoring of financial risks is performed through methodological application in accordance with personal income tax and the preparation of a series of reports that allow for the monitoring and control of said risks for decision-making.

**Other systems**
For legal or tax risks, the appropriate departments in each Company, business area or at the corporate level are relied upon, along with external support of renowned prestige in the area necessary to mitigate regulatory risks, litigation, etc. Additionally, the signing of contracts is supervised by the legal counsel of each company and, depending on its relevance, by the legal counsel of the various business areas or of the Group.

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of insurance policies for any coverable risks. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

The Hochtief Group, which has been fully consolidated by the ACS Group since 1 June 2011,has defined a risk control policy which adapts to its business activity. The detail of these policies and systems is include in the 2011 Annual Report on pages 121 to 129, which is available on the webpage web www.hochtief.com

## D.2. Indicate if any of the different types of risk (operating, technological, financial, legal, reputational, tax-related, etc.) affecting the Company and or group, arose during the year

| | Yes | No |
|---|---|---|
| | X | |

If so, indicate the circumstances leading to the risk and whether the control systems established operated correctly.

**Risk arising in the year**
Those intrinsic to the Group companies' activities.

**Related circumstances**
Those arising from normal operations.

**Operation of the control systems**
All the risk control systems operated correctly, enabling them to be managed appropriately, without any relevant effect on the operating and strategic performance of the Group or its equity.

**Risk arising in the year**
Decrease in construction business in Spain.

**Related circumstances**
The financial crisis in Europe, and particularly in Greece and Spain.

**Operation of the control systems**
The ACS Group projected this drop in domestic activity in recent years, and has increased its international activity in all activity areas, noteworthy in 2011 being the high backlog as a result of the inclusion of the Hochtief Group in the ACS Group.

# D. Risk Control Systems

**Risk arising in the year**
Liquidity of public clients.

**Related circumstances**
The financial crisis in Spain.

**Operation of control systems**
The ACS Group has created systems enabling detailed information on the client's position to be obtained. These enable risk to be monitored by the committees in each activity area for the management of working capital and to prevent or minimize negative effects in the Group's financial statement.

**Risk arising in the year**
Those relating to the Hochtief Group activity and explained in its Annual Report.

**Related circumstances**
Mainly those arising from its subsidiary Leighton in Australia (see Hochtief Annual Report).

**Operation of control systems**
Risk management is an integral part of the Hochtief Group management system which enables it to identify such risk, guaranteeing the continuity of its operations and assuring the Group's development.

## D.3. Indicate whether there is a committee or other government body responsible for setting up and supervising these control mechanisms.

| | Yes | No |
|---|---|---|
| | X | |

If so, describe their duties.

| Name of committee or body | Description of duties |
|---|---|
| Audit Committee | The Board of Directors delegates the supervision of compliance with the established procedures to the Audit Committee, with the latter also responsible for the generic monitoring of compliance with the risk levels relevant to each activity. |
| Management Committee | The Management Committee determines the Group's global risk policy and, if appropriate, sets up the management mechanisms that ensure that the risks are kept within the approved levels. |

## D.4. Identification and description of the processes of compliance with the different Rules that affect the Company and/or its Group.

Throughout this report, direct or indirect reference has been made to the processes for complying with the various Rules to which the Company is subject in relation to corporate governance.

Additionally, at an operating level, there is a risk management system under which each management level is responsible for complying with internal rules and procedures applicable to its activity. Its effectiveness is verified by means of periodic assessment by the technical services of the different activity areas as well as the Internal Audit Services.

The internal Audit Committee contributes to the management of the risks faced by the Group in relation to the fulfilment of its aims and to the prevention and control of fraud, by means of the on-going analysis of the procedures and control systems of each of the companies forming part of the Group in the various business areas. The related conclusions and recommendations are reported to the Group management and to the heads of the companies assessed. Subsequently, the implementation of the actions contained in the aforementioned recommendations is strictly monitored.

In accordance with the Company Bylaws and Rules of the Board of Directors, the Audit Committee receives periodic information from the internal audit services and assures compliance with the internal conduct code and rules of corporate governance.

In relation to this item, on 30 August 2011, the Executive Committee of the Board of Directors approved a new General Conduct Code, which inter alia, involves the implementation of an ethics channel enabling any person to report irregularities observed at any of the ACS Group companies (see attached Supplementary Report to the Annual Corporate Governance Report on aspects provide in Article 61 of the Spanish Securities Market Law)

Lastly, at its meeting held on 16 December 2010, the Board of Directors agreed to adhere to the Code of Good Tax Practices.

# E. General Shareholders' Meeting

## E.1. Indicate, and if applicable describe the differences between the minimum required under the Spanish Limited Liabilities Companies Law and the quorum required for holding the General Shareholders' Meeting.

| | | | No |
|---|---|---|---|
| | | | X |

| | % quorum differing from the quorum required under the CL 102 for general cases | % de quorum differing from the quorum required under CL 103 for special cases of Art. 103 |
|---|---|---|
| Quorum required on the first call | 0 | 0 |
| Quorum required on the second call | 0 | 0 |

## E.2. Indicate whether there are differences between the Board's system for adopting resolutions and the system provided under the Spanish Limited Liability Companies Law, and if so, explain this difference.

| | Yes | No |
|---|---|---|
| | | X |

Describe differences as compared to the Spanish Limited Liabilities Companies Law.

—

## E.3. Detail the rights of shareholders with respect to the Shareholders' Meetings that are different from those established in the Spanish Limited Liability Companies Law.

There are no rights different from those provided by the Spanish Limited Liability Companies Law, except that in order to be able to attend the General Shareholders' Meetings, it is necessary to hold 100 shares either alone, or together with other shareholders.

## E.4. Indicate, if applicable, the measures adopted to encourage the participation of shareholders in the General Shareholders' Meetings

Implementation of measures that make the vote delegation mechanism more transparent and to accentuate communication of the Company with its shareholders.

Provide detailed justification of the voting proposals that are offered in the application, with regard to the adoption of resolutions that involve a certain delegation importance, and reveal the existence of any conflict of interest, whenever appropriate.

The creation of channels or instruments of flexible communication. In addition to the standard information that the Company provides in the form of annual, six-monthly or quarterly reports, to promote meetings with market analysts, in order that these experiences reach the investors. The purpose of these measures is to maintain permanent communication channels with the shareholder that are complementary to the right to question at the General Shareholders' Meeting provided for under current legislation. This will allow shareholders to obtain the information they require at any time. In addition, Article 26 of the Company Bylaws expressly includes the possibility of shareholders casting their vote from outside the General Meeting. Since the Ordinary Shareholders' Meeting hold on 19 May 2005, this method of voting has been disseminated and the necessary rules and procedures for the remote voting via internet or fax are detailed at the corporate website of the Company.

## E.5. Indicate if the position of Chairman of the Shareholders' Meeting coincides with the Chairman of the Board of Directors. Detail, in this event, the measures to be adopted guarantee the independence of the Shareholders' Meeting and that it functions correctly:

| | Yes | No |
|---|---|---|
| | X | |

| Detail of measures |
|---|
| -- |

## E.6. Indicate, if applicable, the amendments made to the General Shareholders' Meeting By-Laws during the year.

Amendments of Articles 3, 5, 9, 11 and 13 of the General Shareholders' Meeting By-Laws, which are to be worded as follows:

**Article 3. Ordinary General Meeting.**

1. The Ordinary General Shareholders' Meeting, previously called for this purpose, shall meet once a year, within the first calendar semester, to audit the company's management, and to approve, where appropriate, the accounts of the foregoing period and decide upon the distribution of results.

   The Ordinary General Shareholders' Meeting shall be valid even if called or held out of term.

2. Of the profits obtained in each period, once the value of the legal reserve and all other issues that are legally established have been covered and the appropriate amount for minimum dividend of one per cent of shares with no vote according to the ruling in Article 6 of the Company's By-laws has been put aside, the Shareholders General Meeting can apply what it deems as convenient to a voluntary reserve and any other consideration legally permitted. The rest, where applicable, will be destined to the distribution of dividends in the quantity that the Shareholders General Meeting agrees between the ordinary shareholders in proportion to the capital value of each share and the statute remuneration due to the Board as set out in the next paragraph, with prior compliance to all legal requisites.

3. The Shareholders General Meeting will treat the Board of Directors as fellow members when, in addition to the expenses and allowances that the Shareholders General Meeting agree, in the concept of statute participation a remuneration that will not exceed ten per cent of net profits, that can only be paid once all legal reserves have been attended to and as well as all statutory dispositions and the acknowledgment of a dividend of at least four percent of paid in capital per share.

4. It is expressly authorized that the remuneration to all, or some of the members of the Board of Directors, to the management personnel of the Company, as well as the companies that belong to the Group, can be interpreted in the presentation of shares of the company or in option rights over shares and can be referenced to the value of said shares in the form, terminology, and conditions that are fixed by the Shareholders General Meeting through the appropriate agreement respecting the established legal requirements.

5. The Board of Directors will determine among its members the way that the remuneration, which has been approved by fellow members of the Shareholders General Meeting, will be distributed.

6. In the case where the Shareholders General Meeting has approved the payment of dividends, the Administrators will set the location; the period and the way that payments are made. The distribution of the amounts to dividend accounts may be agreed by the Board of Directors according to legally established conditions.

7. The non-reclaimed dividends will be prescribed to the Company within a period of five years from the date of issue.

8. A separate vote shall be taken on each agenda item. Additionally, a separate vote shall be taken on the appointments or ratifications of Board members, which shall be voted on individually, and on proposed amendments to the Company Bylaws, which shall be voted on Article by Article or by substantially independent groups of Articles.

**Article 5. Call of the General Meeting.**

Ordinary or Extraordinary General Shareholders' Meetings shall be convened by the Chairman of the Board of Directors or in his absence by a Deputy Chairman, or by the Secretary, by means of notice published in the Official Bulletin of the Mercantile Registry and on the Company's website, at least one month before the date stipulated for it to be held, or in any other manner and time period laid down under current Spanish legislation.

The announcement shall stipulate the date of the meeting date at first call and all matters to be discussed, in addition to particulars specified in the legislation in force. The announcement will include the date of the meeting on the first call and all items to be dealt with, as well as any notices established by the current legislation.

Shareholders with shares representing at least five percent of the share capital may request that a supplement to the call notice of the General Shareholders' Meeting be published including one or more items to be put on the Agenda. This right is required to be exercised by authenticated means and is required to be received at the registered office within five days following publication of the notice of the meeting. Supplements to the notice should be published at least fifteen days prior to the date set for the meeting.

In the case of attendance at the Meeting via telematic means duly guaranteeing the identity of the subject, the notice of the meeting shall state the deadlines, manners, and methods for exercising the shareholders' rights by the Board of Directors to enable the Meeting to progress in an organized manner. Specifically, the Board of Directors may determine that the opinions and proposed resolutions that, according to the law, the shareholders attending the meeting via telematic means plan to make should be sent to the company prior to the time at which the Meeting is held. Replies to any of the above shareholders who exercise their right to information during the meeting, shall be provided in writing within seven days following the date of the meeting. The announcement shall stipulate the date of the meeting date at first call and all matters to be discussed, in addition to particulars specified in the legislation in force.

**Article 9. Judicial Summons.**

If the General Shareholders' Meeting is not called within the period established by law or the Company's Bylaws, the meeting may be convened upon the request of any shareholder, by the corresponding Commercial Court Judge for the area in which the company has its registered office and after a hearing of the directors.

Should the directors fail to attend to the request to convene a General Shareholders' Meeting made by the minority in a timely manner, a meeting may be called by the Commercial Court Judge for the area in which the company has its registered office after a hearing of the directors.

In the event of the request for a court summons, judges shall hand down a judgement within one month from the date of the request and if agreed, freely appoint the chairman and secretary of the meeting. A judge's decision to order a meeting to be called may not be appealed. The costs relating to the court summons shall be borne by the company.

In the event of the death or resignation of the majority of the members of the Board of Directors, if there are no substitutes, any shareholder may request the Commercial Court Judge for the area in which the company has its registered office to call a General Shareholders' Meeting for the purpose of appointing directors.

In addition, any of the members who continue to hold office may call a General Shareholders' Meeting for this sole purpose.

**Article 11. Special reporting means**

1. The company shall meet its reporting obligations by any technical, computer or telematic means, without prejudice of the shareholders' right to request the information in printed form.

2. The website shall have at least the following content:

   a) The Company's Articles of Association.

   b) The By Laws of the Shareholders General Meeting.

   c) The By Laws of the Board of Directors and the By Laws of the Board of Directors.

   d) The Annual Report and the internal conduct rules.

   e) The Corporate Governance Report.

   f) The documents relating to the notices of Ordinary and Extraordinary Shareholders General Meetings, with information on Agendas, proposals made by the Board of Directors, as well as any other relevant information that may be needed by shareholders in order to cast their vote, within the period made out by the current rulings.

   g) Information on the progress of the General Meetings celebrated and in particular on the composition of the General Meeting at the time of its constitution, adopted agreements stating the number of votes cast, and the direction of the votes cast on each proposal included in the Order of the Day, within the period established by the current rulings.

   h) The channels of existing communication between the company and the shareholders, in particular, the pertinent explanations relating to the shareholders right to information, pointing out the postal and electronic postal addresses that the shareholders can be contacted at.

   i) The ways and procedures to confer representation at the Shareholders General Meeting, according to the specifications established through existing valid rulings.

   j) The ways and procedures for the carrying out remote voting according to the rules laid out by this system including, wherever necessary, the forms to accredit the attendance, and the right to vote via telematics means at the Shareholders General Meetings.

   k) The relevant events, according to stipulated articles, in the current ruling.

   l) The composition of the Board of Directors, and in relation to each Board Member: his professional profile; other Boards of Directors of which he is a member; whether he is an executive and proprietary director, and the shareholder which he represents; or whether he is an independent or executive director; the date on which he was appointed and, if applicable, re-elected; and the company shares or share options to which he holds title.

# E. General Shareholders' Meeting

3. An Electronic Shareholders' Forum shall be provided on the company's website, which can be accessed with the appropriate guarantees by both individual shareholders and any voluntary associations that may be formed, in order to facilitate communication prior to the holding of General Shareholders' Meetings. The Forum may be used to post proposals sought to be submitted as a supplement to the agenda included in the call notice of the General Shareholders' Meeting, solicitation of support for such proposals, initiatives to reach the percentage required to exercise a minority right as provided in Spanish law, and voluntary proxy offers or solicitations.

   Shareholders may form specific and voluntary associations to exercise their rights and to best defend their common interests. Shareholders' Associations are to be registered in the special register created for this purpose in the Spanish National Securities Market Commission.

   The rules of operation of the Electronic Shareholders' Forum approved by the Board of Directors shall be made available on the Company's website, and compliance with these rules shall be mandatory for shareholders.

   In order to access the Forum and use its applications, such shareholders and voluntary associations of shareholders must log on as a "Registered User" "evidencing both their identity and their status as a shareholder of the company, under the terms and conditions described on the Company's website using the corresponding registration form.

   Access to the Forum by Registered Users is subject at all times to maintaining status as a shareholder of the Company, or as a voluntary association of shareholders duly established and registered.

4. The Board of Directors is responsible for the contents of the information to be furnished on the website, in accordance with the stipulations provided by the Spanish Ministry of Economy and Finance, or the express authorisation of the Spanish National Securities Market Commission.

**Article 13. Constitution Special Circumstances.**

1. In order for Ordinary and Extraordinary General Shareholders' Meetings to be able to validly agree upon capital increases or reductions or any other amendment of the Company Bylaws, the elimination or limitation of the right of first refusal of new shares, the transformation, merger or division of the Company, the assignment en bloc of assets and liabilities or the transfer of the registered office to a foreign country, shareholders representing at least fifty percent of subscribed share capital with a right to vote must be present or represented at first call.

2. In the second session it will be sufficient for twenty five percent to reach agreement based on aforementioned capital amounts.

   When shareholders that representing less than fifty percent of the subscribed capital with a right to vote agree are present, the agreements referred to in the previous section will be adopted validly only on a favourable vote of two thirds of the present capital or represented at the Shareholders General Meeting.

## E.7. Indicate attendance figures for the Shareholders' Meetings held in the year that the present report refers to:

| Attendance information | | | | | |
|---|---|---|---|---|---|
| Date of The General Meeting | % attending in person | % in representation | % remote voting | | Total |
| | | | Electronic Vote | Other | |
| 14/04/2011 | 20.550 | 54.410 | 0.000 | 0.000 | **74.960** |

## E.8. Indicate briefly the resolutions adopted in the Shareholders' Meeting held during the year that the present annual report refers to and voting percentage by which each resolution was adopted.

**Annual General Meeting held on 14 april 2011**

The proposals of the Board regarding item 1 on the Agenda were approved by a majority: a) Approval of the financial statements: 235,861,030 votes in favour (representing 99.99914 % of the shares present or represented), 1,001 abstentions (representing 0.00042% of the shares present or represented) and 1,016 votes against (representing 0.00043 % of the shares present or represented); and b) distribution of profits: 235,861,818 votes in favour (representing 99.99948% of the shares present or represented), 1,001 abstentions (representing 0.00042% of the shares present or represented) and 228 votes against (representing 0.00010 % of the shares present or represented).

Item 2 on the Agenda, Acknowledgement of the Annual Corporate Governance Report, the Corporate Responsibility Report and the Special Report on Article 116 bis of the Spanish Securities Market Law, all for 2010 as well as the Report on the Amendments to the Rules of the Board of Directors. Since this was a simple acknowledgement, it was not taken to a vote.

Item 3 on the Agenda , for solely advisory purposes, approve the 2010 Report on the Remuneration of the Board of Directors, which in accordance with the provisions of Article 4 of the Rules of the Board of Directors, is to be submitted for consideration by this General Shareholders' Meeting, was approved by a majority vote: 209,303,216 vote (representing 88.81647% of the shares present or represented), 12,808,942 abstentions (representing 5.43539 % of the shares present or represented) and 13,545,957 votes against (representing 5,74814% of the shares present or represented).

Item 4 on the agenda, Approval of the management of the Board of Directors in 2010, was approved by a majority: 235,648,656 votes in favour (representing 99.90910% of the shares present or represented), and 211,413 abstentions (representing 0.08963% of the shares present or represented) and 2,978 votes against (representing 0.00126% of the shares present or represented).

Item 5 on the agenda, Ratification, dismissal and appointment, where applicable, of Directors, was approved by a majority vote with: 210,397,782 votes in favour (representing 89.20337% of the shares present or represented), 13,171,326 abstentions (representing 5.58431 % of the shares present or represented) and 1,293,939 votes against (representing 5.21232% of the shares present or represented).

# E. General Shareholders' Meeting

Item 6 on the agenda, Appointment of auditors of both the company and the group', was approved by a majority vote with: 235,823,656 votes in favour (representing 99.98330% of the shares present or represented) 36,947 abstentions (representing 0.01566% of the shares present or represented) and 2,444 votes against (representing 0.00104% of the shares present or represented).

Item 7 on the agenda, Authorisation to acquire shares in the Company for consideration, was approved by a majority with: 234,619,867 votes in favour (representing 99.47292 % of the shares present or represented), 181,429 abstentions representing 0.07692 % of the shares present or represented) and 1,061,751 votes against (representing 0.45016% of the shares present or represented).

Item 8 on the agenda, Amendment of Articles 8, 14, 16, 20 (bis), 24, 25, 29,33 and 37 of the Bylaw, was approved by majority vote with: 235,522,318 votes in favour (representing 99.85554% of the shares present or represented), 339,890 abstentions (representing 0.14410% of the shares present or represented) and 839 votes against (representing 0.00036% of the shares present or represented).

Item 9 on the agenda, Amendment of Articles 3, 5, 9, 11 and 13 of the Shareholders' General Meeting By-laws, was approved by majority vote with: 235,700,403 votes in favour (representing 99.93104% of the shares present or represented), 161,577 abstentions representing 0.06850% of the shares present or represented) and 1,067 votes against (representing 0.00045% of the shares present or represented).

Item 10 on the agenda, Delegation of powers for the execution and formalisation of resolutions", was approved by majority vote with: 235,859,344 votes in favour (representing 99.99843% of the shares present and represented), 3,514 abstentions (representing 0.00149% of the shares present or represented) and 189 against (representing 0.00008% of the shares present or represented).

## E.9. Indicate whether there is a statutory restriction requiring that a minimum number of shares be held to be able to attend the General Shareholders' Meeting.

| | Yes | No |
|---|---|---|
| | x | |

| | |
|---|---|
| Number of shares required to attend the General Shareholders' Meeting | 100 |

## E.10. Outline and justify the policies followed by the Company regarding voting by proxy in the General Shareholders' Meeting.

The company does not pursue any policy with regard to the vote delegation at the General meeting.

## E.11. Indicate if the company is aware of the policy of institutional investors regarding whether they participate or not in Company decisions:

| | Yes | No |
|---|---|---|
| | | x |

## E.12. Indicate the Internet address and procedure to access the information on corporate governance at the Company's website.

The address is http://www.grupoacs.com/index.php/es/c/gobiernocorporativo

Access is very simple: once at the web page, a page appears with several tabs on the edge, one of which is "CORPORATE GOVERNANCE"; if you click on this tab, the following sub-sections appear: "Company Bylaws", "Shareholders' General Meeting Bylaws", "Annual Corporate Governance Report", "Board of Directors", "Shareholders' Agreements" and "Rules of Conduct of the Securities Market"; each sub-section contains pertinent information. If you click on "Annual Corporate Governance Report" and following a brief introduction, there is a specific c instruction to click on it and download the annual reports for 2003-2011 as PDFs.

# F. Degree of Compliance with the Corporate Governance Recommendations

Indicate the Company's degree of compliance with the recommendations of the Unified Code of Good Governance. In the event that any recommendations are not complied with, explain the recommendations, rules, practices or criteria that the Company follows.

1. **The Bylaws of listed companies may not limit the number of votes held by a single shareholder, or impose other restrictions on the company's takeover via the market acquisition of its shares.**
   See sections: A.9, B.1.22, B.1.23 y E.1, E.2

| Complies | Explain |
|---|---|
| X | |

2. **In the event that a parent and subsidiary company are separately listed, they must publish an exact definition of:**

   **a) The respective activity areas and any business dealings between them, as well as the listed subsidiary's dealings with the other Group companies;**

   **b) The mechanisms in place to resolve possible conflicts of interest.**
   See sections: C.4 y C.7

| Complies | Partially complies | Explain | Not applicable |
|---|---|---|---|
| | | | X |

3. **Even if not expressly required under Company law, transactions involving a structural change in the company, and particularly the following, are subject to the approval of the General Shareholders' meeting:**

   **a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e., reallocating to subsidiaries core activities that were previously carried out by the originating firm, even though the latter retains full control of the former;**

   **b) The acquisition or disposal of key operating assets that would effectively alter the Company's corporate purpose;**

   **c) Operations that effectively add up to the company's liquidation.**

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

4. **That the proposed resolutions to be adopted at the General Shareholders' Meeting including the information referred to in Recommendation 28, be made public on the date on which the call of the meeting is published.**

| Complies | Explain |
|---|---|
| X | |

5. Separate votes are to be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule particularly applies to the following:

   a) Appointment or ratification of Directors, with separate voting on each candidate;

   b) Changes to the Bylaws, with votes taken on all articles or groups of articles that are materially different.

   See section: E.8

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

6. Companies shall allow split votes, so that financial intermediaries who are shareholders of record but acting on behalf of different clients can issue their votes according to instructions.
   See section: E.4.

| Complies | Explain |
|---|---|
| X | |

7. The Board of Directors shall perform its duties with unity of purpose and independence, according all shareholders the same treatment. It shall be guided at all times by the Company's best interest, to be understood as maximizing the Company´ s value over time.

   It shall ensure that the Company abides by the laws and regulations in its relations with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

8. The core components of the Board's mission shall be to approve the Company's strategy, authorise the organizational resources to carry it forward, and ensure that management meets the objectives set while pursuing the Company's interests and corporate purpose. As such, the Board in full shall approve:

   a) The Company's general policies and strategies, and specifically:
      i) The strategic or business plan, management targets and annual budgets;
      ii) Investment and financing policy;
      iii) Definition of the structure of the corporate group;
      iv) Corporate governance policy;
      v) Corporate social responsibility policy;
      vi) Senior executives' remuneration and performance evaluation policy;
      vii) Risk control and management policy, and the periodic monitoring of internal information and control systems.
      viii) Policy on dividends and on treasury shares, and the limits to apply.

   See sections: B.1.10, B.1.13, B.1.14 and D.3

# F. Degree of Compliance with the Corporate Governance Recommendations

b) The following decisions:

i) On the proposal of the Company's Chief Executive, the appointment and removal of senior executives and their termination clauses.

See section: B.1.14

ii) The remuneration of the Board Members and in the case of Executive Board Members, additional consideration for their management duties and other conditions that should be respected under their contracts.

See section: B.1.14

iii) The financial information to be periodically disclosed by the Company given that it is listed on the securities market.

iv) Investments or transactions of all kinds which, because of the elevated amounts involved or their special characteristics, are of a strategic nature, unless their approval corresponds to the General Shareholders' Meeting;

v) The incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the Group's transparency.

c) Transactions conducted by the Company with Board Members, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions ").

It is understood, however, that said authorisation from the Board shall not be necessary in those related-party transactions in which the follow three conditions are simultaneously fulfilled:

1st They are governed by standard contracts applied on an across-the-board basis to a large number of clients;

2nd They are performed at the general prices or rates set by the supplier of the good or service at issue;

3rd The transaction amount does not exceed 1% of the Company's annual revenues.

It is recommended that related-party transactions only be approved by the Board on the basis of a favourable report from the Audit Committee, or other committee to which this task was assigned. Board Members related to the transaction may neither exercise nor delegate their votes, and shall be absent from the meeting room while the Board deliberates and votes.

SIt is recommended that the powers attributed to the Board not be allowed to be delegated, with the exception of those mentioned in b) and c),which can be delegated to the Executive Committee in urgent cases, subject to subsequent ratification by the full Board.

See sections: C.1 and C.6

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

9. **In the interests of the effectiveness and participatory nature of its functioning, the Board of Directors should comprise between five and fifteen members.**
See section : B.1.1

| Complies | Explain |
|---|---|
| | X |

There are currently 17 Board members, which is a number comprised within the 11 to 21 member limit provided in Article 13 of the Bylaws, and is accordance with the Spanish Limited Liability Companies Law. To date, this was considered to be most appropriate number in consideration of the needs and characteristics of the company with respect to the structure of the shareholder body.

10. **A broad majority of the Board shall be external proprietary and independent Board Members and the number of Executive Board Members should be the minimum necessary, taking into account the complexity of the group of companies as well as each Executive Board Members' holding in the share capital of the company.**
See sections: A.2, A.3, B.1.3 and B.1.14

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

11. **Where an external Board Member cannot be considered either proprietary or independent, the Company shall explain this circumstance and disclose his ties to the Company, management or shareholders.**
See section: B.1.3

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

12. **Among external Board Members, the relation between proprietary Board Members, and independent Board Members should reflect the proportion between the capital represented on the Board and the remainder of the Company's capital.**

    **This criterion of strict proportionality may be relaxed, so the weight of proprietary Board Members is greater than would strictly correspond to the total percentage of capital they represent, in the following cases:**

    **1° In large cap companies where few or no equity stakes attain the legal threshold or significant shareholdings, despite the considerable sums actually invested.**

    **2° In companies with a plurality of shareholders represented on the Board but not otherwise related.**
See sections: B.1.3, A.2 and A.3

| Complies | Explain |
|---|---|
| X | |

# F. Degree of Compliance with the Corporate Governance Recommendations

**13. The number of independent Board Members shall represent at least a third of all Board Members.**
See section: B.1.3

| Complies | Explain |
|---|---|
| | X |

It is to our understanding that the distribution of the different types of Shareholders (executive, proprietary and independent) is appropriate based on the characteristics of the Company, i.e., a large cap company with four significant shareholders holding different ownership percentages ranging from 18% to 5%.

**14. The nature of each Board Member must be explained to the General Shareholders' Meeting, which shall make or ratify his or her appointment. Such determination shall subsequently be reviewed in each year's Annual Corporate Governance Report following verification by the Appointment Committee. This report shall also explain the reasons for having appointed a proprietary Board Members at the proposal of shareholders holding less than 5% of the share capital, as well as the reasons for any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others at whose request proprietary Board Members were appointed.**
See sections: B.1.3 and B.1.4

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

**15. When women Board Members are few or non-existent, the Board should state the reasons for this situation and the initiatives taken to correct it. In particular, in the event of new vacancies, the Appointment Committee should take steps to ensure that:**

**a) Recruitment processes are not implicitly biased in a manner which hinders the selection of women Board Members;**

**b) The Company makes a conscious effort to include women with the target profile among potential candidates.**
See sections: B.1.2, B.1.27 and .B.2.3

| Complies | Partially complies | Explain | Not Applicable |
|---|---|---|---|
| X | | | |

16. The Chairman shall be responsible for the proper operation of the Board of Directors. He or she will ensure that Board Members are supplied with sufficient information in advance of Board meetings, and will work to ensure a good level of debate. He or she will organise and coordinate regular evaluations of the Board and, when different from the chairman of the Board, the company's chief or top executive.
See section: B.1.42

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

17. When the Chairman and Chief Executive of the Company, one of the Company's independent Board Members shall be empowered to request the calling of Board meetings or the inclusion of new business on the Agenda, in order to coordinate and voice the concerns of external Board Members and will take charge of the Chairman's evaluation.
See section: B.1.21

| Complies | Partially complies | Explain | Not Applicable |
|---|---|---|---|
| X | | | |

18. The Secretary of the Board of Directors shall take steps to assure that the Board's actions:

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;

b) Comply with the Company Bylaws, General Shareholders' Meeting Bylaws, Rules of the Board of Directors and any other related rules;

c) Take into account the good governance recommendations of this Unified Code accepted by the company.

To safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal must be proposed by the Appointment Committee and approved by a full Board meeting. This appointment and removal procedure must be detailed in the Rules of the Board of Directors.
See section: B.1.34

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

19. The Board of Directors shall meet as often as required to properly carry out its duties, following the timetable of dates and issues agreed at the beginning of the year, Board Members may propose that business not initially foreseen be included on the Agenda of these meetings.
See section: B.1.29

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

# F. Degree of Compliance with the Corporate Governance Recommendations

20. Board Member absences will be kept to the bare minimum and quantified in the Annual Corporate Governance Report. In the event that Board Members' votes must be delegated, proxies shall be provided with proper instructions.
    See sections: B.1.28 and B.1.30

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

21. When Board Members or the Secretary express concerns about some proposal or, in the case of Board Members, about the Company's performance, and such concerns are not resolved at the meeting, the member expressing them will request that they be recorded in the Minute book.

| Complies | Partially complies | Explain | Not Applicable |
|---|---|---|---|
| X | | | |

22. The full Board shall evaluate the following points on a yearly basis:

    a) The quality and efficiency of the Board's stewardship;

    b) Based on the report issued by the Appointment Committee, how well the Chairman and Chief Executive Officer have carried out their duties;

    c) The performance of the Board's Committees, on the basis of the reports furnished thereby.
    See section: B.1.19

| Complies | Explain |
|---|---|
| X | |

23. All Board Members shall be entitled to receive any additional information they require on matters within the Board's competence. Unless the Bylaws or Rules of the Board of Directors indicate otherwise, such requests should be addressed to the Chairman or Secretary.
    See section: B.1.42

| Complies | Explain |
|---|---|
| X | |

24. All Board Members shall be entitled to call on the Company for the advice they need to carry out their duties. The Company shall establish suitable channels for the exercise of this right, extending in special circumstances to external assistance at the Company's expense.
See section: B.1.41

| Complies | Explain |
|---|---|
| X | |

25. Companies shall organise induction courses for new Board Members to supply them rapidly with the information they need on the Company and its corporate governance rules. Board Members shall also be offered refresher courses when circumstances so advise.

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

26. The companies shall require their Board Members to devote sufficient time and effort to perform their duties effectively. As such:

a) Board Members shall apprise the Appointment Committee of their other professional obligations which might detract from the necessary dedication;

b) The companies shall set rules regarding the number of Board positions their Board Members may hold.

See sections: B.1.8, B.1.9 and B.1.17

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

27. The proposal for the appointment or renewal of Board Members which the Board submits to the General Shareholder's Meeting, as well as provisional appointments through co-optation, shall be approved by the Board:

a) At the proposal of the Appointment Committee, in the case of independent Board Members.
b) Subject to a report from the Appointment Committee in the case of all other Board Members.

See section: B.1.2

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

# F. Degree of Compliance with the Corporate Governance Recommendations

28. **Companies shall post the following information regarding the Board Members on their websites, and keep them permanently updated:**

    a) **Professional experience and background;**

    b) **Other Boards of Directors of which they are a member, regardless of whether or not the related companies are listed on the securities market;**

    c) **Indication of the Board Member's classification as executive, proprietary or independent, as the case may be. In the case of proprietary Directors, the shareholder they represent or to whom they are affiliated shall be stated.**

    d) **The date of their first and subsequent appointments as a company Board Member; and;**

    e) **Shares held in the company and any options on the same.**

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

29. **Independent Board Members may not hold this office for over an uninterrupted period of 12 years.**
    See section: B.1.2

| Complies | Partially complies | Explain |
|---|---|---|
| | | X |

It is to our understanding that holding office for over a period of 12 years does not comprise the Board Member's independence in any manner, and since there is no limit (legal, statutory or regulatory) regarding age or permanence on the Board, it is not appropriate to specifically lay down a rule for independent Board Members.

30. **Proprietary Board Members shall resign when the shareholders they represent dispose of the shares owned in their entirety. The corresponding number of proprietary Board Members shall also resign, when the shareholders they represent reduce their ownership interest to a level requiring a reduction in the number of proprietary Board Members.**
    See sections: A.2, A.3 and B.1.2

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

31. The Board of Directors may not propose the removal of independent Directors before the expiry of the statutory term for which they were appointed, as mandated by the Bylaws, except where just cause is found by the Board based on a report of the Appointment Committee. In particular, just cause will be presumed when a Board Member is in breach of the duties inherent to his position or comes under one of the disqualifying grounds enumerated in section 5 of chapter III on the definitions of this Code.

    The removal of independent Board Members may also be proposed when a takeover bid, merger or similar corporate operation causes changes in the capital structure of the company, in order to meet the proportionality criterion set out in Recommendation 12.
    See sections: B.1.2, B.1.5 and B.1.26

| | Complies | Explain |
|---|---|---|
| | X | |

32. The companies shall lay down rules requiring Board Members to inform the Board, and if necessary, resign, in cases where the company's name and reputation is harmed. In particular, Board Members shall be required to inform the Board immediately of any criminal charges brought against them and the progress of any subsequent trial.

    If a Board Member is indicted or brought to trial for any of the crimes stated in Article 124 of the Spanish Limited Liability Companies Law, the Board will examine and, in view of the particular circumstances, determine whether or not the Board Member shall continue in his position. The Board shall provide a reasonable explanation of all determinations made in the Annual Corporate Governance Report.
    See sections: B.1.43 and B.1.44

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

33. All Board Members should express clear opposition when they feel a proposal submitted for the Board's approval might harm the corporate interest. In particular, independent Board Members, and other Board Members not subject to a potential conflict of inter should strenuously challenge any decision that might unjustifiably harm the interests of shareholders lacking board representation.

    When the Board makes material or reiterated decisions about which a Board Member has expressed serious reservations, then he or she must draw the pertinent conclusions. Board Members resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

    The term of this Recommendation will also apply to the Board Secretary in the discharge of his or her duties.

| Complies | Partially complies | Explain | Not Applicable |
|---|---|---|---|
| X | | | |

# F. Degree of Compliance with the Corporate Governance Recommendations

34. Board Members who resign or otherwise step down before their term expires, shall explain their reasons for doing so in a letter sent to all the Board Members. Notwithstanding whether it is reported as a relevant fact, the removal of any Director and the motives for the same must be explained in the Annual Corporate Governance Report.
    See section: B.1.5

| Complies | Partially complies | Explain | Not Applicable |
|---|---|---|---|
| X | | | |

35. The company's remuneration policy, as approved by its Board of Directors, will specify at least the following points:

    a) The amount of the fixed components, itemised where necessary, of Board and Board committee attendance, with an estimate of the fixed annual payment they give rise to;
    b) Variable remuneration items, including specifically:
        í) The types of Board Members they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
        íí) Performance evaluation criteria used to calculate entitlement to the award of shares or stock options or any variable remuneration;
        iii) The main parameters and justification for any system of annual bonuses or other, non cash benefits; and
        ív) An estimate of the total variable pay resulting from the proposed remuneration plan based on the extent to which the applicable benchmarks are complied with.
    c) Main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), and an estimate of the equivalent amount or cost.
    d) The conditions to apply to the contracts of executive Directors exercising senior management functions, including:
        i) Term;
        ii) Notice periods; and
        iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive Director.

    See section: B.1.15

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

36. Remuneration comprising the delivery of shares in the company or other companies in the group, stock options or other share-based incentives, or incentive payments linked to the Company's performance or membership of pension schemes shall be confined to executive Board Members.

    The delivery of shares is excluded from this limitation, when such delivery is contingent on Board Members retaining the shares till the end of their term.
    See sections: A.3 and B.1.3

| Complies | Explain |
|---|---|
| X | |

37. Board Member remuneration shall sufficiently compensate them for the commitment, qualifications and responsibility that the position entails, but should not be so high as to jeopardise their independence.

| | Complies | Explain |
|---|---|---|
| | x | |

38. In the case of remuneration linked to Company earnings, deductions should be computed for any qualifications stated in the independent auditor's report.

| Complies | Explain | Not Applicable |
|---|---|---|
| x | | |

39. In the case of variable pay, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or circumstances of this kind.

| Complies | Explain | Not Applicable |
|---|---|---|
| x | | |

40. The Board shall submit a consultative report on the Board Members' remuneration policy to the vote of the General Shareholders' Meeting, as a separate point on the Agenda. The said report shall be provided to shareholders separately or in any form deemed appropriate by the Company.

The report will focus on the remuneration policy the Board has approved for the current year, with reference, as the case may be, to the policy planned for future years. It will address all the questions referred to in Recommendation 35, except points potentially involving the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year referred to the General Shareholders' Meeting. It shall also provide a general summary of how remuneration policy was implemented in the prior year.

The role of the Remuneration Committee in designing the policy and, if external advisors have been retained, their identity shall also be reported.

See section: B.1.16

| Complies | Explain | Not Applicable |
|---|---|---|
| x | | |

# F. Degree of Compliance with the Corporate Governance Recommendations

41. This report shall include a detail of the payments made in the period to individual Board Members, including:

    a) A breakdown of the remuneration obtained by each company Board Member, to include where appropriate:
       i) Participation and attendance fees and other fixed Board Member payments;
       ii) Additional compensation for acting as chairman or member of a Board committee;
       iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
       iv) Contributions on the Director's behalf to defined-contribution pension plans; or any increase in the Director's vested rights in the case of contributions to defined-benefit schemes;
       v) Any indemnities agreed or paid on the termination of their functions;
       vi) Any compensation they receive as Board Members of other companies in the group;
       vii) The remuneration executive Directors receive in respect of their senior management positions;
       viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be considered a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the Board Member.

    b) An individual breakdown of deliveries to Board Members of shares, stock options or other share-based incentives, itemised by:
       i) Number of shares or options awarded in the year, and the terms set for their execution;
       ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
       iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
       iv) Any change in the year in the exercise terms of previously awarded options.

    c) Information on the relation in the year between the remuneration obtained by executive Board Members and the Company's profits or some other measure of enterprise results.

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

42. When the company has a Delegate or Executive Committee (hereafter, "Executive Committee"), the breakdown of its Board Members by category should roughly mirror that of the Board itself.
    See sections: B.2.1 and B.2.6

| Complies | Partially complies | Explain | Not Applicable |
|---|---|---|---|
| X | | | |

43. The Board shall be kept fully informed of the business transacted and decisions made by the Executive Committee. All Board members will receive a copy of the Committee's minutes.

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

44. In addition to the Audit Committee, which is mandatory under the Securities Market Law, the Board of Directors shall form a Committee, or two separate Committees, of Appointment and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the Committee or committees of Appointment and Remuneration will be set forth in the Rules of the Board of Directors, and shall include at least the following:

a) The Board of Directors shall appoint the members of these Committees with regard to the knowledge, skills and experience of its Board Members and the duties each Committee; shall discuss their proposals and reports; and at the first meeting of the Board following their meetings, the Committee members shall report on and take responsibility for the work performed;
b) These Committees shall be composed exclusively of external Board Members and shall have a minimum of three members. This is without prejudice to executive Board Members or senior managers attending meetings, for informational purposes, at the Committees' invitation.
c) Their Chairmen shall be independent Board Members.
d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
e) Meeting proceedings shall be recorded in minutes, a copy of which is to be sent to all Board members.

See sections: B.2.1 and B.2.3

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

45. The task of supervising compliance with internal codes of conduct and corporate governance rules will be assigned to the Audit Committee, the Appointment Committee or, as the case may be, separate Compliance or Corporate Governance committees.

| Complies | Explain |
|---|---|
| X | |

46. All members of the Audit Committee, particularly its Chairman, will be appointed with regard to their knowledge and experience in accounting, auditing or risk management matters.

| Complies | Explain |
|---|---|
| X | |

47. Listed companies will have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal information and control systems.

| Complies | Explain |
|---|---|
| X | |

# F. Degree of Compliance with the Corporate Governance Recommendations

48. The head of internal audit shall present an annual work programme to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

49. The control and risk management policy shall specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The determination of the risk level the Company sees as acceptable;

c) The measures provided to mitigate the impact of the risks identified, in the event that they were to materialise;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

50. The Audit Committee's role will be as follows:

1st In relation to internal control and reporting systems:

a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions and the correct application of accounting principles.

b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.

c) Oversee the independence and effectiveness of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the resources to be assigned to the internal audit function; receive regular report backs on its activities; and verify that senior management are acting on the conclusions and recommendations of its reports.

d) Establish and supervise a mechanism whereby staff can report any irregularities, and particularly financial and accounting irregularities they detect in the course of their work anonymously or confidentially.

2nd In relation to the external auditor:

a) Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.

b) Receive regular information from the external auditor on the progress and findings of the audit plan, and check that senior management are acting on its recommendation.

c) Oversee the independence of the external auditor, to which end:

i) The company will notify any change of auditor to the Spanish National Securities Market Commission in the form of a relevant fact, stating the reasons for its decision.
ii) The Committee will ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
iii) The Committee will investigate the issues giving rise to the resignation of any external auditor.

d) In the case of groups, the group auditor shall be encouraged to assume responsibility for the audits of all the group companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

51. The Audit Committee may meet with any company employee or manager, even ordering their appearance without the presence of any senior manager.

| Complies | Explain |
|---|---|
| X | |

52. The Audit Committee will report on the following points from Recommendation 8 before any decisions are taken by the Board:

a) The financial information to be periodically disclosed by the Company given that it is listed on the securities market. The Committee shall ensure that intermediate statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

# F. Degree of Compliance with the Corporate Governance Recommendations

b) The incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the Group's transparency.

c) Related-party transactions, unless this responsibility has been assumed by another supervision and control Committee.

See section: B.2.2 and B.2.3

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

53. The Board of Directors shall present the financial statements to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Committee chairman and the auditors will give a clear account to shareholders of their scope and content.

See section: B.l.38

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

54. The majority of the members of the Appointment Committee or of the Appointment and Remuneration Committee, in the case that there is only one, of independent Board Members.

See section: B.2.1

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

55. The Appointment Committee shall have the following functions in addition to those stated in earlier Recommendations:

a) Evaluate the skills, knowledge and experience of the Board, define the roles and abilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organise, in appropriate form, the succession of the Chairman and Chief Executive Officer, making the pertinent recommendations to the Board so the handover proceeds in a planned and orderly manner.

c) Report on the senior management appointments and removals which the Chief Executive Officer proposes to the Board.

d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.
See section: B.2.3

| Complies | Partially complies | Explain | Not Applicable |
|---|---|---|---|
| X | | | |

56. The Remuneration Committee will consult with the Chairman or Chief Executive Officer, especially on issues involving executive Board Members and senior executives.

Any Board Member may request that the Appointment Committee take into consideration potential candidates considered to be appropriate to fill Board Member vacancies.

| Complies | Partially complies | Explain |
|---|---|---|
| X | | |

57. The Remuneration Committee shall have the following functions in addition to those stated in earlier Recommendations:

a) Make proposals to the Board of Directors regarding:
i) The remuneration policy for Board Members and senior executives;
ii) The individual remuneration of Board Members and other contract conditions.
iii) The basic conditions of the contracts of senior executives.

b) Oversee compliance with the remuneration policy set by the company .
See sections: B.1.14 and B.2.3

| Complies | Partially complies | Explain | Not Applicable |
|---|---|---|---|
| X | | | |

58. The Remuneration Committee will consult with the Chairman or Chief Executive Officer, especially on issues involving executive Board Members and senior executives.

| Complies | Explain | Not Applicable |
|---|---|---|
| X | | |

# G. Other Information of Interest

**If it is considered that there is some principle or matter that is relevant with respect to the practices of corporate governance applied by the Company that has not been covered by the present report, include it below and explain its content.**

**B.1.11 and B.1.12.** The obligations assumed in relation to pension plans are the same as the amounts contributed in this connection, since these obligations have been externalised and transferred to an insurance company. Accordingly, the Group has not assumed any outstanding obligation other than the contribution of the annual premium.

In addition to those mentioned in the above sections, the Board Members with executive functions and the Group's senior management has been granted stock options. The cost recognised in relation to these stock options in 2011 amounted to EUR 1,808 thousand.

This amount relates to the proportion of the value of the plan at the date on which it was granted.

The cost relating to options granted to senior management members in 2011 amounted to EUR 6,091 thousand. This amount relates to the proportion of the value of the plan at the date on which it was granted.

**B.1.21 (2).** In accordance with the Rules of the Board amended on 25 February 2010, an independent Board Member shall have this power, and for these purposes, Mr. Miguel Roca Junyent has been appointed.

**B.1.30.** The percentage of absent votes in the Board are not calculated by the number of meetings at which all the Board Members were not present with respect to the total number held, but rather by the number of votes (fourteen) with respect to the total theoretical number (nine meetings by 19 Board Members).

**C.2. and C.3.** In relation to this section, the relevant operations that involved a transfer of resources or obligations between the Company or entities of the Group and significant shareholders of the Company are detailed. In relation to this section, the only transactions between management and Board Members related to the remunerations already detailed in the different sections of the Corporate Governance Report, and specifically sections B.1.11 and B.1.12.:

| | |
|---|---|
| Management or cooperation agreements: | Terratest Técnicas Especiales, S.A. amounting to EUR 3,059 thousand |
| Leases: | Fidalser, S.L. amounting to EUR 200 thousand |
| Reception of services: | Fidalser, S.L. amounting to EUR 62 thousand<br>Terratest Técnicas Especiales, S.A. amounting to EUR 5,467 thousand<br>Indra , amounting to EUR 5,709 thousand<br>Zardoya Otis, S.A., amounting to EUR 1,112 thousand |
| Other expenses: | March Unipsa, Correduría de Seguros, S.A., amounting to EUR 43,137 thousand |
| Provision of services: | Rosán Inversiones, S.L. , amounting to EUR 5, 435 thousand<br>Grupo Iberostar, amounting to EUR 1,052 thousand<br>Indra, amounting to EUR 3,472 thousand |
| Financing agreements: loan and capital contributions: | Banca March, amounting to EUR 91,280 thousand<br>Banco Sabadell, amounting to EUR 1,332,919 thousand |
| Guarantees: | Banca March, amounting to EUR 42,730 thousand |
| Dividends and other distributed profit: | Fidwei Inversiones, S.L. , amounting to EUR 861 thousand<br>Lynx Capital, S.A., amounting to EUR 702 thousand<br>Fidalser, S.L., amounting to EUR 1,025 thousand |
| Other transactions: | Banca March, amounting to EUR 100,753 thousand |

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, confirming and non-recourse factoring to several ACS Group Companies.

The lberostar Group is listed because it is a direct shareholder of ACS, Actividades de Construcción y Servicios, S.A. which has provided tourism and travel agency services to the ACS Group companies as part of its normal business operation. The ACS Group has mainly providing air-conditioning services in hotels owned by Iberostar.

Rosan Inversiones, S.L. is listed because its Chairman and CEO has a significant ownership interest through Inversiones Vesán, S.A., and has received services by certain Group companies relating to a construction agreement, of which the Board was notified at the date the contract was entered into and subsequently amended.

In relation to transactions with other related parties, these 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 have a senior management position. In this regard, the transactions with Fidalser, S.L., Terratest Técnicas Especiales, S.A., Fidwei Inversiones, S.L. and Lynx Capital, S.A. are listed due to the relationship of the Board Member Pedro López Jiménez with these companies. The transactions with Indra are listed due to the company's relationship with Javier Monzón. The transactions with Geblasa are listed due to its relationship with the Board Member of Julio Sacristán, the transactions with Zardoya Otis, S.A. due to its relationship with the Board Member José María Loizaga. The transactions with Banco Sabadell are listed due the bank's relationship with Javier Echenique. The transactions with Unipsa, Compañia de Seguros, 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 relate exclusively to Banca March. Banca March, as a financial institution and in the ordinary course of business, provides different financial services to ACS Group companies amounting to a total EUR 100,753 thousand, and in this case they relate to 'confirming' lines of credits for suppliers.

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

The transactions performed between ACS consolidated group companies were eliminated in the consolidation process and form part of the normal business of the companies in terms of their company object and conditions. The transactions are performed on an arm's length basis and the related information is not necessary to fairly present the equity, financial position and results of the Group's operations.

**B.1.40.** Mr. José Luis del Valle Pérez is a Board Member of Admirabilia, S.L. and Trebol lntemacional, B.V. which are accounted for in the ACS Group by the equity method.

# G. Other Information of Interest

F. Degree of compliance with thecorporate governance recommendations

With respect to Recommendation 42 of Section F, the following structure of participation of the different categories of Board Members on the Board of Directors and Executive Committee is noteworthy:

| | |
|---|---|
| Executive Board Members on the Board of Directors | 23.53% |
| Executive Board Members on the Executive Committee | 28.57% |
| External proprietary Board Members on the Board of Directors | 47.05% |
| External proprietary Board Members on the Executive Committee | 42.86% |
| External independent Board Members on the Board of Directors | 23.53% |
| External independent Board Members on the Executive Committee | 14.29% |
| Other external Board Members on the Board of Directors | 5.26% |
| Other External Board Members on the Executive Committee | 14.29% |

**This section may include any information, clarification or detail related to the above sections of the report, so far as it is relevant and not repetitive.**

**Specifically, indicate whether the Company is subject to legislation other than Spanish legislation in matters of corporate governance and, if applicable, include information that the Company is required to supply and which is different to that required in this report.**

**Binding definition of independent Board Member:**

Indicate whether any of the independent Board Members has or has had any relation to the company, its significant shareholders or managers, which having been sufficiently significant or important, would have caused this Board Member to lose his consideration as an independent in accordance with the definition set forth in section 5 of the Unified Code of Good Governance:

| | Yes | No |
|---|---|---|
| | X | |

| Name of Board Member | Type of relationship | Explanation |
|---|---|---|
| Mr. José María Loizaga Viguri | Board Member of Zardoya Otis,S.A. | Zardoya Otis, S.A. is a normal supplier to the construction companies of the ACS Group, without the volume of operations being significant. |
| Mr. Miguel Roca Junyent | Lawyer | Mr. Roca has served as a lawyer in relation to certain matters which are individually of significance, but not when taken into consideration as a whole. |

**Date and signature:**

This Annual Corporate Governance Report was approved by the Board of Directors of the Company at its meeting held on

22 March 2012

**Indicate if any Board Members voted against or abstained with regard to the approval of this Report.**

| | Yes | No |
|---|---|---|
| | | X |

# Supplementary Report

## Supplementary report to the 2011 annual corporate governance report 2011 presented by the board of directors of ACS, Actividades de Construccion y Servicios, S.A. Pursuant to the provisions of article 61 bis of the securities market law.

***Securities that are not traded on a regulated EU market, indicating the different classes of shares, if any, and the rights and obligations conferred for each class of shares.***
No securities have been issued by the Company which are traded on a market other than the EU market.

**Any restrictions on the transferability of securities and voting rights.**
In accordance with Article 8 of the Company's Bylaws, the shares are represented by means of book entries under the conditions and requirements laid down by current Spanish legal provisions. There are no statutory restrictions on the transferability of shares representing the company's share capital.

Since the company is listed, in order to acquire a percentage equal to or higher than 30% of its share capital or voting rights, a takeover bid is required to be launched under the terms provided in Article 60 of the Spanish Securities Market Law 24/1988 and Royal Decree 1066/2007 of 27 June.

There are no specific restrictions on voting rights, although, in relation to attendance rights, Article 23 of the Bylaws provides that *"The General Meeting comprises all those that hold at least one-hundred shares, either present or represented. The owners or holders of fewer than one hundred shares may pool their shares in order to reach such number and may be represented either by one of them or by another shareholder who alone possesses the requisite number of shares required to form part of the General Meeting"*.

***Rules for amending the Company's Bylaws.***
The procedure for amending the Bylaws is regulated by Article 29 and generally, Article 285 and the subsequent Articles of the Spanish Consolidated Limited Liability Companies Law, approved by Spanish Royal Legislative Degree 1/2010, of July 2, which require approval by the General Shareholders' Meeting, with the attendance quorums and if applicable, majorities provided in Articles 194 and 201 of the aforementioned Law.

Such resolutions are required to be adopted by simple majority, except where under section 2 of the aforementioned Article 201 of the Consolidated Limited Liability Companies Law, such resolutions are required to be adopted by means of the vote in favour of two thirds of the share capital present or represented when the shareholders present or represented hold less than fifty percent of the subscribed share capital with a right to vote. The simple majority necessary to approve a resolution shall require the vote in favour of half plus one of the shares with voting rights present or represented at the meeting.

***Significant resolutions adopted by the Company which enter into force are amended or are terminated in the event of the takeover of the Company following a tender bid, and the ensuing effects.***
There are no significant contracts giving rise to the aforementioned circumstance.

***Agreements between the Company and its directors, managers or employees establishing severance payments for resignation, unfair dismissal or termination of their contracts due to a takeover bid.***
Pursuant to sections B.1.13 and G of the 2011 Annual Corporate Governance Report, there are a total of 9 senior management members in the different ACS Group companies, including executive board members, whose contracts provide for the cases described under this heading with maximum severance payments of up to five years' salary.

**Description of the main features of the system of internal control and risk management over the financial reporting process.**

## 1. Company's control environment

### 1.1. Which bodies and/or functions are responsible for: (I) the existence and maintenance of an adequate and effective SICFR (ii) its implementation (iii) and its supervision.

The financial reporting control system is part of the overall internal control system of the ACS Group and is a system developed to provide reasonable assurance regarding the reliability of the financial information published. The Board of Directors is responsible for this system and has delegated the monitoring of the control system to the Audit Committee in accordance with its rules.

In accordance with Article 4 of its rules, the Board is empowered to approve "the financial information to be periodically made public by the Company given that it is listed on the stock exchange". Also according to the same article, the Board of Directors shall be responsible for, and may not delegate the responsibility of, inter alia, "preparing the individual and consolidated financial statements and directors' reports and submitting them for approval at the General Shareholders' Meeting".

The Management committee is responsible for designing, implementing and maintaining the system of internal control over financial reporting (SICFR). Within the Management Committee, the Corporate General Management is responsible for defining, updating and monitoring the system to ensure that it operates effectively.

The head of each business area designs, checks and updates the system taking into account its own needs and characteristics. General Corporate Management validates these designs and their operation to guarantee that the aims set to assure the reliability of the financial information reported are met.

In relation to the above, in accordance with Article 23 of the Rules of the Board of Directors, the Audit Committee is responsible, inter alia for the following:

- *"Monitor the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms".*

- *"Oversee the preparation and presentation of the regulated financial information".*

Additionally, in 2011 Hochtief was integrated into the ACS Group. This company is listed on the German Stock Exchange and in turn, holds a controlling ownership interest in Leighton, which is listed on the Australian stock exchange. Both have implemented their own risk and internal control management system in accordance with the laws regulating these companies. Additional information on these systems can be found in their 2011 annual reports and is available on www.hochtief.com and on www.leighton.com.au.

### 1.2. The departments and/or mechanisms, if any, in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) implementing procedures so this structure is communicated effectively throughout the company, with particular regard to the financial reporting process.

# Supplementary Report

In accordance with the Rules of the Board of Directors, the Appointment and Remuneration Committee under this Board is responsible, inter alia, for nominating Senior Executives, and particularly those who are to be a member of the Group's management Committee, and proposing the basic conditions of their contract.

Corporate General Management in the case of ACS, Actividades de Construcción y Servicios, S.A and the CEO or Chairman in the case of the different business areas, is responsible for the organisational structure.

**Code of conduct, approving body, dissemination and instruction, principles and values covered, body in charge of investigating breaches and proposing corrective or disciplinary action.**
The ACS Group has a General Code of Conduct adopted by the Board of Directors on 15 March 2007, which was last updated by agreement of the Executive Committee of the Board of Directors on 30 August 2011. This code has been disseminated and is accessible via the Group's web page.

In this regard, paragraph 4.2.5 of, the General Code of Conduct emphasises the principle of transparency. The Code stipulates that "specifically, it will ensure the reliability and completeness of the financial information which, in accordance with applicable law, is publicly supplied to the market. In particular, the accounting policies, control systems and monitoring mechanisms defined by the ACS Group in order to identify relevant information shall be identified, prepared and communicated in due time and form".

"Additionally, the Board of Directors and other governing bodies shall periodically ensure the effectiveness of the internal control system over financial information reported to the markets".

To ensure compliance with the General Code of Conduct, resolve incidents or concerns about its interpretation and take the measures required to ensure the best compliance, the above Code provides for the creation of a General Code of Conduct Monitoring Committee to be composed of three members appointed by the Board of Directors of the ACS Group following their nomination by the Appointment and Remuneration Committee.

This Monitoring Committee has been assigned the following functions:

- Promote the dissemination, knowledge of and compliance with the code in each and every one of the Group companies.

- Establish the appropriate channels of communication to ensure that any employee can seek or provide information regarding compliance with this code, ensuring the confidentiality of complaints processed at all times.

- Interpret the regulations derived from the Code and supervise their implementation.

- Ensure the accuracy and fairness of any proceedings commenced, as well as the rights of persons allegedly involved in possible breaches.

- Define the cases in which the scope of the Code should be extended to third parties that are going to maintain business or trade relations or with the ACS Group.

- Gather data on levels of compliance with the Code and disclose the specific related indicators.

- Develop an annual report on its actions, making the recommendations it deems appropriate to the Board of Directors through the Audit Committee.

**Whistle-blowing' channel, for the reporting to the Audit Committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.**

In accordance with the foregoing, the General Code of Conduct has established an Ethics Channel allowing any person to report irregularities observed in any of the ACS Group companies, or behaviour that fails to comply with the rules provided in the General Code of Conduct.

For this purpose, there are two channels of communication:

- E-mail: canaletico@grupoacs.com

- A postal address: Ethics Channel<br>Grupo ACS<br>Avenida de Pío XII, nº 102<br>28036 Madrid, Spain

In any case, the General Code of Conduct ensures the confidentiality of all the complaints received by the Secretary General through these channels.

Since the introduction of this communication channel in September 2011, three cases were processes and resolved in the same year, and a query was also answered.

**Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating SIFCR, which address, at least, accounting rules, auditing, internal control and risk management.**

In regard to training and refresher courses, the ACS Group believes that continuous training for its employees and managers both at the corporate level and at the Group company level is important. Relevant and up-to-date training on regulations that affect financial reporting and internal control is considered to be necessary to ensure that the information reported to the markets is reliable and in accordance with the law in force.

Therefore within the Group's scope of consolidation, a group of approximately 1,100 employees working in the economic-financial area have received approximately 25,700 hours of training in finance, accounting, consolidation, auditing, internal control and risk management in 2011.

## 2. Risk assessment in financial reporting

2.1. Which are the main features of the risk identification process, including risks of error or fraud, with regard to:

- **If the process exists and is documented.**

- **If the process covers all financial reporting objectives, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), if it is updated and how often.**

- **The existence of a process for identifying the scope of consolidation, taking into account, inter alia, the possible existence of complex corporate structures, and instrumental or special purpose entities.**

- **If the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental etc.) to the extent that they affect the financial statements.**

- **Which of the company's governing bodies monitors the process.**

# Supplementary Report

The ACS Group has established a risk management system documented through a risk map, in accordance with the recommendations of the Unified Code of Corporate Governance.

The Risk Map includes the identification, assessment, classification, valuation, management and monitoring of risks at both the Group level and the level of the operating units. In light of the above, the risks identified are as follows:

- Operating risks.
- Non-operating risks.

This system is explained in section D of the IAGC in the description of the general risk policy of the ACS Group.

Within the *non-operating risks*, in addition to financial risks (liquidity, exchange rate, interest rate, credit and equity) noteworthy are those relating to the reliability of financial information.

Within this assessment of the risks associated with the SICFR, the ACS Group has a procedure enabling it to identify and determine the scope of such risks and to identify all subgroups and relevant divisions, as well as operational or significant support processes in each of the subgroups or divisions on the basis of their materiality and of the risk factors intrinsic in every business.

The materiality criteria are set: on the one hand from a quantitative point of view on the basis of the latest consolidated financial statements and depending on different parameters: revenue, the volume of assets and the profit before taxes; and on the other hand; and from a qualitative point of view based on various criteria such as fraud or accounting risk based on estimates or criteria that be more subjective. In practice, this means being able to determine which of the accounting headings on both the balance sheet income statement are material, as well as other relevant financial information. The processes and sub-processes with an impact on them are also identified.

This assessment is performed on an annual basis and based on the companies which are added to or removed from the Group's scope of consolidation. This scope is reviewed quarterly.

The Corporate General Management of the ACS Group is responsible for updating the scope of the system of internal control over financial reporting, and informing the different business areas, the external auditor and the internal auditor thereof.

Beginning in 2011, for each process and sub-process included within the scope of consolidation, the Group has identified the risks that can specifically affect financial reporting taking into account all of the financial reporting objectives (existence and occurrence; integrity; assessment; rights and obligations; and presentation and disclosure, and taking into account the different categories of risk contained in section D of the IAGC to the extent that they affect financial reporting

## 3. Control activities

### 3.1. Procedures for reviewing and authorising financial information and the description of the SICFR to be disclosed to the market, indicating the corresponding lines of responsibility, as well as documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

Prior to their approval by the Board of Directors and to their publication, the General Corporate Management submits both the yearly and quarterly financial statements as well as periodic public information to the

Audit Committee, highlighting those impacts which are of most relevance and those aspects which whose contents or component are based more on accounting opinions or assumptions for the purpose of calculating estimates, provisions, etc.

Prior to the publication of the financial statements, those responsible for each line of business are required review the information reported for the purposes of consolidation in their respective areas of responsibility.

The report of the description of the SICFR is performed by the Corporate General Management, in collaboration with all affected departments, and is presented for review and approval by the Audit Committee.

All business areas which are relevant for the purpose of financial reporting have different controls to ensure the reliability of the financial information. These controls are currently documented differently depending on activity area and in accordance with the internal processes historically used, as well as the reporting systems which are used as the basis for preparing the financial information.

Beginning in 2011, the Group has begun to document all the control processes and related activities in a systematic and uniform manner, for all the companies included within the scope of the system of internal control over financial information.

This documentation is based on the following:

1) Analysis of the financial statements of the relevant companies following the procedure and taking into account the criteria to be used to identify the scope of the SICFR and the material headings within these financial statements.

2) Definition of processes and sub-processes which may have a material effect on the financial information, documented through a flowchart and a description of key activities.

3) Identification for each process or sub-processes, of the controls established to mitigate the financial reporting risks and those responsible for this control, under a common methodology.

The processes considered to be within this scope include the closing the accounts, reporting and consolidation, as well as the specific review of relevant trial estimates, valuations and projections.

### 3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

Following a policy of decentralisation and independence of each of its lines of business, the ACS Group does not have a centralised management of information systems, but rather each one of business areas manages these resources based on the particularities of each line of business. This is not an obstacle hindering each of the business areas from defining its policies, standards and procedures for internal control over the reporting systems and security management.

Access to the information systems is managed in accordance with tasks assigned to each job position, and each company defines its users' profiles for accessing, modifying, validating or consulting information following a criterion of segregation of duties.

Management of access and of the flows of approval is defined in the relevant procedures, as well as the responsibilities of those responsible for management and control.

The control mechanisms for the recovery of information and information systems are defined in the corresponding continuity plans.

Therefore, there are processes for the storage and backup of copies in different places with contingency plans that require the use of safety deposit boxes.

Each Group company establishes the required security measures against leakage or loss of information depending on the level of confidentiality.

There are procedures in place to ensure that the installed software cannot be changed without specific permission. The main information systems have protection against viruses, trojans, etc. and updated elements to prevent intrusion in the information systems.

### 3.3. Internal control policies to oversee the monitoring of activities outsourced to third parties, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

Within the ACS Group, the outsourced work which might materially affect the financial statements is very limited.

In any case, when the ACS Group outsources work to third parties it ensures the technical training, independence and skills of the subcontractor. In the case of the use of independent experts, the Group has introduced control mechanisms in order to validate their findings.

Within the ACS Group, noteworthy given their possible impact on the financial statements are the independent experts hired to assess the value of ownership interests in strategic companies owned by the Group.

## 4. Information and communication

### 4.1. A specific unit tasked with defining and updating accounting policies and resolving any queries or disputes arising as a result of their interpretation, maintaining a fluent dialog with the people responsible for operations in the organisation, as well as an up-to-date accounting policies manual that is communicated to the units through which the entity operates.

The Corporate General Management through the Administration Department is responsible for defining and updating the accounting policies and responding to questions and doubts arising from the implementation of the applicable accounting regulations. This can be done in writing and replies to queries are made as quickly as possible depending on their complexity.

The Group has an accounting policies manual that is in line with the International Financial Reporting Standards (IFRS) as adopted by the European Union. This manual is applicable to all companies included in the Group's scope of consolidation and to its joint ventures and associates.

In cases where the ACS Group does not have control but does have a significant influence, the required adjustments and reclassifications are made to the associate's financial statements in order to assure that the accounting criteria is uniform with that of the rest of the Group.

Group companies can have their own manual as long as it does not contradict what is indicated in the Group's manual so as to be able to ensure the uniformity of the accounting policies of ACS.

4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning SICFR.

Reporting to the Corporate General Management of the ACS Group is carried out in accordance with the following guidelines:

1) Reporting frequency
   Annually, once the meeting schedule of the Executive Committee and the Board of Directors had been set, the reporting dates and type of information to be reported is sent to the various heads of the divisions/Group companies.

2) Type of reporting
   Depending on the reporting period (monthly / quarterly / half-yearly / annual) the information to be reported varies and is detailed.

3) Reporting format
   The information to be sent to the Administration Department (Corporate General Management) by the different business areas is reported using the Cognos Consolidator consolidation program (mainly for the balance sheet and income statement), and various Excel templates parameterized and automated for the aggregation and elaboration of different information, usually of an off balance sheet and management nature.

   For the preparation of the consolidated statements, all business areas must report any changes in the scope of consolidation of their business area prior to the end of the month. As this information is sent from the 3rd to the 6th of each month, the file includes the parameterisation of the consolidation system which specifically includes the scope of consolidation affecting the whole of the ACS Group.

4) Internal control reporting model
   The ACS Group has defined a reporting system for the key controls within the framework of the system of internal control over financial reporting, in which each area responsible for its implementation, monitoring and verification is required to send the Group’s General Corporate Management Group a report detailing its operations during the period.

   This reporting is expected to be implemented in 2012 on a half-yearly basis, at the same time as the publication of the interim half-yearly financial statements of the ACS Group.

# Supplementary Report

## 5. Supervision of the operation of the system

5.1. SICFR monitoring activities performed by the Audit Committee, including an indication of whether the entity has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including SICFR during the period and the procedure by which the area responsible for performing the assessment reports its results, if the entity has an action plan detailing possible corrective measures and whether their impact on the financial statements has been taken into consideration.

The Internal Audit unit of the ACS Group is carried out through the Internal Corporate Audit department and the auditors of the different business areas of the Group. The members of this unit generally perform solely this function, without combining it with others.

The management of the Corporate Internal Audit unit is included in the organisational structure as a body hierarchically subordinated to the Corporate General management and functionally subordinated to the Audit Committee of the Board of Directors. It has no hierarchal or functional link to the Business Areas. Therefore, the appointment/dismissal of the head of this unit is at the proposal of the Audit Committee. In turn, the management of internal audits of the parents of the Group's different business areas depends on the Chairman and/or CEO of these areas and functionally on the Corporate Internal Audit Management.

Each year the Group's management committee proposes the annual audit plan to be approved by the Audit Committee. This work plan integrates the internal audits of the Group companies.

- Audits of specific projects (work contracts, services, etc.).
- Audits of branches or geographic areas within a company.
- Audits of processes or specific areas (working capital, purchases, etc.).
- Audits of companies or groups of companies.

The functions assigned to the Internal Audit Management are as follows:

- Review the implementation of policies, procedures and standards established in the Group, as well as the operations and transactions performed.
- Identify faults or errors in the systems and procedures, indicating causes, issuing suggestions for improvement in the internal controls established and monitoring recommendations adopted by the management of the different business areas.
- Review and assess the reliability of the internal control systems over economic and financial reporting.
- Assess the adequacy, usefulness, and reliability and safeguard the information reported by the Group as well as the organisation of the systems which prepare and process this information.
- Report any anomalies or irregularities identified, recommending the best corrective actions and following up on the measures taken by the management of the different business areas.

5.2. A discussion procedure whereby the auditor (in accordance with the NTA), the internal audit unit and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or Board of Directors. Also report any action plan in place to correct or mitigate weaknesses observed.

In accordance with the Rules of the Board of Directors the Audit Committee has the following functions:

- *Monitor the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.*

- *Establish the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards.*

The Corporate Internal Audit is responsible for overseeing the appropriate follow-up to the recommendations and significant aspects arising from the same, including the SICFR.

Periodically, the Director of Corporate Internal Audit submits a summary of the reports already drafted and the status of the Work Plan to the Audit Committee.

Each year the Director of Corporate Internal Audit submits an Activity Report to the Audit Committee containing a summary of the activities carried out and reports drafted in the year, and explaining those included in the Annual Work Plan which have not been conducted, as well as an inventory of the recommendations and suggestions contained in the various reports.

As a result of their work, both the Corporate Internal Audit department and the internal auditors of the Group companies issue a written report that summarises: the scope of work, situations identified, action plan including calendar and those responsible for correcting the situations identified, opportunities for improvement and, in if appropriates, comments on the audits. These reports are sent to the head of the Business Area and to the Corporate General Management.

The Audit Committee holds meetings with the external auditor on a regular basis and, in any case, whenever there is a review of the interim financial statements for the first and second half of the year prior to their approval, and prior to the meeting held by the Board of Directors to prepare the annual individual financial statements of the parent, and the consolidated statements of the ACS Group. Additionally, it holds formal meetings to plan the work of external auditors for the current year as well and to report the results that have been obtained in the preliminary review prior to the end of the financial year.

## 6. If the SICFR information reported to the markets has been subjected to review by the external auditor, in which case the entity should include the related report. Otherwise, the related reasons should be reported.

The SICFR has not been subject to review by the external auditor since such a review is not compulsory.

The other information contained in the Annual Corporate Governance Report which is part of the Management Report has not been subject to review by the external auditor as only the accounting information contained in these reports is subject to review.

Project Director and Editor
ACS Group

Creation and Desing
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