ACS Servicios, Comunicaciones y Energía, S.L.

(Together with the consolidated annual accounts and consolidated directors' report of ACS Servicios, Comunicaciones y Energía, S.L. and subsidiaries for the year ended 31 December 2019)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of ACS Servicios, Comunicaciones y Energía, S.L.

Opinion

We have audited the consolidated annual accounts of ACS Servicios, Comunicaciones y Energía, S.L. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2019 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term contracts (see notes 3 a), 4 l), 12 and 29 to the consolidated annual accounts)	
Key audit matter	*How the matter was addressed in our audit*
In view of its significance and complexity, the recognition of revenue is an area susceptible to material misstatement. A substantial portion of the Group's revenue derives from long-term construction contracts, for which revenue is recognised using the percentage of completion method. This requires estimates of the margin on each contract, the costs to be incurred, the work completed during the year, and the probability of revenue being received in relation to amounts associated with customer claims or disputes. This estimation implies a high level of judgement when estimating the amount of revenues recognised under revenues, totalling Euros 6,461 million, as well as the revenues from progress billings pending approval by the customer recorded under unbilled work completed within trade and other receivables in the consolidated statement of financial position, amounting to Euros 993 million at 31 December 2019. Due to the uncertainty associated with these estimates and the significance of the amounts, this has been considered a key audit matter.	Our audit procedures included the following: - Understanding and assessment of the design and implementation of the key controls relating to the recognition of revenue using the percentage of completion method, and testing of their operating effectiveness; - Procurement, based on certain quantitative and qualitative selection criteria, of a sample of contracts to analyse, considering the specific contractual terms and conditions and percentage of completion at year end, the reasonableness of the main assumptions and judgements related to the recognition of revenues from the contracts, obtaining supporting documentation for such estimates and evidence of the judgements made by the Group; - Assessment of the reasonableness and the judgement applied by the Group in assessing the unbilled work completed recognised as revenue at year end, evaluating the reasonableness and consistency of the documentation underpinning the probability of recovery, considering our own expectations based on knowledge of the client and our experience in the sector. In addition, we assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Emphasis of Matter

We draw attention to note 33 to the accompanying consolidated annual accounts, in which the Directors mention the event after the reporting date in relation to the health emergency triggered by the outbreak of Coronavirus disease 2019 (COVID-19). In this note they indicate that, at the date the accompanying consolidated annual accounts were authorised for issue, no significant consequences have occurred that affect the Group and that it is not possible to estimate the possible future impacts that this event could have. Our opinion is not modified in respect of this matter.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2019 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility as regards the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to the consolidated non-financial information statement, which consists solely of verifying that this information has been provided in the consolidated directors' report, or where applicable, that the consolidated directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the consolidated directors' report states that the information mentioned in section a) above is presented in the consolidated directors' report of the ACS, Actividades de Construcción y Servicios, S.A. Group, of which the Group forms part; that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2019; and that the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts_

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the use by the Parent's Directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated to the Directors of ACS Servicios, Comunicaciones y Energía, S.L., we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Bernardo Rücker-Embden
On the Spanish Official Register of Auditors ("ROAC") with No. 18,836

27 April 2020

ACS, Servicios Comunicaciones y Energía, S.L. and Subsidiaries

Consolidated Financial Statements
for the financial year ended
31 December 2019 prepared in accordance with
International Financial Reporting Standards
(IFRSs) as adopted by the European Union

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

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ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2019

ASSETS	Thousands of euros		
	31/12/2019	**31/12/2018 (*)**	**01/01/2018 (*)**
NON-CURRENT ASSETS	**1,274,325**	**1,239,817**	**1,595,409**
Property, plant and equipment (Note 6)	205,838	211,896	190,142
Non-current assets in projects (Note 7)	58,366	45,672	97,981
Goodwill (Note 11)	58,991	43,845	60,394
Other intangible assets (Note 5)	100,263	50,604	33,573
Real estate investments	1,570	1,618	820
Investments in associates (Note 8)	188,836	304,383	673,438
Non-current financial assets	320,659	261,793	287,461
- Equity instruments (Note 9.a)	*37,866*	*34,702*	*30,062*
- Long-term loans to Group companies and associates (Note 27)	*29,742*	*32,586*	*41,107*
- Other receivables (Note 9.b)	*253,051*	*194,505*	*216,292*
Financial instrument receivables (Note 22)	2,147	1,340	1,648
Deferred tax assets (Note 26)	337,655	318,666	249,952
CURRENT ASSETS	**7,547,739**	**6,708,783**	**5,249,782**
Non-current assets held for sale (Note 4.g)	2,053,237	1,034,737	384,813
Inventories (Note 13)	80,937	85,942	97,150
Trade and other receivables (Note 12)	2,600,315	2,852,833	2,507,011
Trade receivables, Group companies and associates (Note 27)	169,335	135,069	112,856
Other current financial assets (Note 10)	237,015	177,289	69,448
Other financial assets arising from Group companies and associates (Note 27)	23,356	6,556	3,234
Current tax assets (Note 26)	34,356	61,044	138,553
Other accounts receivable from public authorities (Note 26)	579,696	442,529	321,595
Other current assets (Note 14)	32,064	34,657	19,427
Cash and cash equivalents (Note 15)	1,737,428	1,878,127	1,595,695
TOTAL ASSETS	**8,822,064**	**7,948,600**	**6,845,191**

(*) Restated figures

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ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2019

EQUITY AND LIABILITIES	Thousands of euros		
	31/12/2019	**31/12/2018 (*)**	**01/01/2018 (*)**
NET EQUITY	**1,192,101**	**842,614**	**760,953**
Share capital (Note 16.a)	75,328	75,328	75,159
Issue premium (Note 16.c)	133,618	133,618	133,618
Other reserves (Notes 16.b and 16.d)	685,974	585,858	544,674
Profit of the Parent Company	594,380	319,434	314,643
Interim dividend (Notes 2 and 16.e)	(205,646)	(172,502)	(246,522)
Valuation adjustments	(176,970)	(177,376)	(141,649)
- Hedging transactions (Note 16.g)	*(31,838)*	*(7,056)*	*10,575*
- Translation differences (Note 16.f)	*(145,132)*	*(170,320)*	*(152,224)*
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (Note 16)	**1,106,684**	**764,360**	**679,923**
NON-CONTROLLING INTERESTS (Note 17)	**85,417**	**78,254**	**81,030**
NON-CURRENT LIABILITIES	**1,231,545**	**1,321,257**	**784,235**
Grants related to assets	811	968	1,168
Debt with credit institutions (Note 19.a)	77,812	144,558	379,508
Long-term concession project financing (Note 7)	43,851	8,097	14,070
Other financial liabilities (Note 19.b)	764,529	765,047	86,268
Long-term provisions (Note 18)	147,971	254,846	175,320
Other non-current liabilities (Note 24)	74,250	74,977	63,132
Long-term loans to Group companies and associates (Note 27)	26,579	989	1,388
Financial instrument payables (Note 22)	15,994	2,839	6,930
Deferred tax liabilities (Note 26)	79,748	68,936	56,451
CURRENT LIABILITIES	**6,398,418**	**5,784,729**	**5,300,003**
Liabilities associated with non-current assets held for sale (Note 4.g)	1,165,242	548,696	221,594
Debt with credit institutions (Note 19.a)	230,417	328,523	575,326
Financial instrument payables (Note 22)	427	30	-
Short-term concession project financing (Note 7)	4,336	1,295	1,786
Trade creditors and other accounts payable (Note 23)	3,963,511	4,101,849	3,811,174
Trade payables to Group companies and associates (Note 27)	41,851	25,995	22,691
Other financial liabilities (Note 19.b)	104,392	120,359	20,756
Accounts payable to Group companies and associates (Note 27)	39,890	125	1,945
Short-term provisions (Note 18)	75,921	64,221	58,173
Current tax liabilities (Note 26)	45,674	54,871	65,237
Other accounts payable to public authorities (Note 26)	428,648	310,833	239,017
Other current liabilities (Note 24)	298,109	227,932	282,304
TOTAL EQUITY AND LIABILITIES	**8,822,064**	**7,948,600**	**6,845,191**

(*) Restated figures

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ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Thousands of euros	
	31/12/2019	**31/12/2018 (*)**
REVENUE (Note 29)	**6,460,929**	**6,315,879**
Other income	145,942	52,759
Cost of materials used and other external expenses (Note 29)	(3,493,081)	(3,489,439)
Personnel expenses (note 29)	(1,531,506)	(1,405,475)
Other operating expenses	(943,737)	(792,888)
Fixed assets depreciation charge (Notes 5, 6 and 7)	(87,413)	(78,262)
Changes in working capital	(10,993)	(2,090)
Impairment and gains or losses on disposal of fixed assets (Notes 5,6, 6 and 7)	279,156	(16,196)
Other profit/loss	(60,655)	(80,474)
Results of associates (Note 8)	46,067	(11,101)
OPERATING PROFIT/LOSS	**804,709**	**492,713**
Financial income	51,144	40,142
Finance costs	(121,440)	(112,206)
Translation differences	4,570	10,744
Impairment and gains or losses on disposal of financial instruments (Note 3.b.4 and 4.b.8)	(3,969)	17,547
PROFIT/LOSS BEFORE TAX	**735,014**	**448,940**
Income tax (Note 26)	(138,942)	(123,061)
FINANCIAL YEAR PROFIT/LOSS	**596,072**	**325,879**
Profit attributable to non-controlling interests (Note 17)	1,692	6,445
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY (Note 29)	**594,380**	**319,434**

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ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED ON 31 December 2019

Cash Flow Statement		Thousands of euros	
		31/12/2019	31/12/2018 (*)
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**	**385,743**	**308,992**
1.	**Profit before tax:**	**735,014**	**448,940**
2.	**Adjustments:**	**(152,730)**	**76,513**
	Fixed assets depreciation charge	87,413	78,262
	Impairment and profit/loss due to disposal of fixed assets	(279,156)	16,196
	Other adjustments to profit (net)	39,013	(17,945)
3.	**Changes in working capital:**	**(40,379)**	**(129,351)**
4.	**Other cash flows from operating activities:**	**(156,162)**	**(87,110)**
	Interest paid	(125,636)	(104,569)
	Dividends received	18,830	40,986
	Interest received	42,903	40,065
	Income tax recovered/(paid)	(92,259)	(63,592)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES**	**(603,918)**	**(124,531)**
5.	**Payments due to investments:**	**(778,252)**	**(521,845)**
	Property, plant and equipment, intangible assets and investment property	(482,883)	(293,840)
	Other financial assets	(295,369)	(218,921)
	Other assets	-	(9,084)
6.	**Proceeds from divestments:**	**174,334**	**397,314**
	Property, plant and equipment, intangible assets and investment property	5,683	10,712
	Other financial assets	158,098	381,396
	Other assets	10,553	5,206
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**	**43,803**	**100,279**
7.	**Proceeds and (payments) relating to financial liabilities:**	**264,603**	**277,900**
	Issue	1,147,251	1,016,687
	Repayment	(882,648)	(738,787)
8.	**Dividends paid and income from other equity instruments**	**(220,800)**	**(177,621)**
D)	**EFFECTS OF CHANGES IN EXCHANGE RATES**	**33,673**	**(2,307)**
E)	**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**	**(140,699)**	**282,432**
F)	**Cash or cash equivalents at beginning of year**	**1,878,127**	**1,595,695**
G)	**Cash or cash equivalents at end of year**	**1,737,428**	**1,878,127**

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ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 December 2019

	2019			2018 (*)		
	Of the Parent Company	Of non-controlling interests	Total	Of the Parent Company	Of non-controlling interests	Total
CONSOLIDATED PROFIT FOR THE YEAR (I)	**594,380**	**1,692**	**596,072**	**319,434**	**6,445**	**325,879**
Income and expense recognised directly in equity						
- Translation differences	35,846	8,612	**44,458**	(1,064)	2,391	**1,327**
- Cash flow hedges	(31,165)	(47)	**(31,212)**	(17,642)	(426)	**(18,068)**
- Tax effect	(1,170)	(2,141)	**(3,311)**	4,676	(491)	**4,185**
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)	**3,511**	**6,424**	**9,935**	**(14,030)**	**1,474**	**(12,556)**
- Translation differences	(47.410)	421	**(46,989)**	(23,069)	-	**(23,069)**
- Cash flow hedges	(1,878)	234	**21,325**	(5,865)	(118)	**(5,983)**
- Tax effect	(12,322)	(164)	**12,158**	7,234	30	**7,264**
TOTAL TRANSFERS TO PROFIT OR LOSS (III)	**(36,966)**	**491**	**(36,475)**	**(21,700)**	**(88)**	**(21,788)**
TOTAL COMPREHENSIVE INCOME (I)+(II)+(III)	**560,925**	**8,607**	**569,532**	**283,704**	**7,831**	**291,535**

(*) Restated figures

The accompanying notes are an integral part of the consolidated financial statements of 2019

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ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019

	Thousands of euros							
	Shared capital	**Issue premium**	**Other reserves**	**Valuation adjustments**	**Interim dividend**	**Profit of the Parent**	**Non-Controlling Interests**	**Total**
Balance as of 31 December 2017 (*)	**75,159**	**133,618**	**818,202**	**(141,646)**	**(246,522)**	**314,643**	**85,371**	**1,038,825**
IFRS 9-IFRS 15 transition impact	-	-	(270,437)	-	-	-	(4,182)	**(274,619)**
IFRS 16 transition impact	-	-	(3,091)	(4)	-	-	(159)	**(3,254)**
Balance as of 01 January 2018	**75,159**	**133,618**	**544,674**	**(141,650)**	**(246,522)**	**314,643**	**81,030**	**760,952**
Distribution of 2017 profit								
To dividends	-	-	-	-	246,522	(246,522)	-	**-**
To reserves	-	-	68,084	-	-	(68,121)	-	**(37)**
Recognised income and expense	-	-	-	(35,730)	-	319,434	7,831	**291,535**
Interim dividend for 2018	-	-	-	-	(172,502)	-	-	**(172,502)**
Other changes in equity	-	-	(26,900)	4	-	-	(10,607)	**(37,503)**
Capital Increase	169	-	-	-	-	-	-	**169**
Balance as of 31 December 2018 (*)	**75,328**	**133,618**	**585,858**	**(177,376)**	**(172,502)**	**319,434**	**78,254**	**842,614**
Distribution of 2018 profit								
To dividends	-	-	-	-	172,502	(172,502)	-	**-**
To reserves	-	-	146,932	-	-	(146,932)	-	**-**
Recognised income and expense	-	-	-	(33,455)	-	594,380	8,607	**569,532**
Interim dividend for 2019	-	-	-	-	(205,646)	-	-	**(205,646)**
Other changes in equity	-	-	(12,955)	-	-	-	(1,444)	**(14,399)**
Transfers	-	-	(33,861)	33,861	-	-	-	**-**
Balance as of 31 December 2019	**75,328**	**133,618**	**685,974**	**(176,970)**	**(205,646)**	**594,380**	**85,417**	**1,192,101**

(*) Restated figures

The accompanying notes are an integral part of the consolidated financial statements of 2019.

ACS Servicios Comunicaciones y Energía, S.L and Subsidiaries

Notes to the Consolidated Financial Statements for the years ended on 31 December 2019, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1. Activity of ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

ACS Servicios, Comunicaciones y Energía, S.L. was formed as a limited liability company on 21 September 1999 under the name of ACS, Servicios, Infraestructuras y Proyectos, S.L. On 14 June 2000, it adopted its current name and, on that date, the management of the Services, Communications and Energy area was transferred from ACS Actividades de Construcción y Servicios, S.A. (the ultimate Parent as indicated in Note 3.a) to ACS Servicios, Comunicaciones y Energía, S.L., which was established for this purpose, within the framework of the internal restructuring of the ACS Group.

The Company's registered office is at calle Cardenal Marcelo Spínola 10, Madrid.

ACS Servicios, Comunicaciones y Energía, S.L. (hereinafter, the Parent Company) and the companies composing the ACS Servicios, Comunicaciones y Energía, S.L. and subsidiaries Group (hereinafter, the Group or the ACS SCE Group) engage basically in the following activities:

1. The performance of studies, consulting work and projects, research and development services and the management and execution of all manner of construction, installation and assembly work and maintenance services with or without the supply of materials and equipment -including, where appropriate, performance of the corresponding portion of the civil engineering work- relating to:

   a) Power plants and overhead and underground, very high-voltage, high-voltage and low-voltage electricity production, transmission and distribution lines, industrial and urban networks, substations and switching stations, electrical installations and water treatment and purification plants.
   b) Electronics and fibre optic and cable telephone communication systems and networks.
   c) Exploitation, production, transformation, storage, transmission, piping, distribution, use, measurement, and maintenance of any other kinds of solid, liquid or gaseous energy and energy products, of fossil, nuclear, atomic, solar, solid, geothermal, tidal or biochemical origin.
   d) Hydraulic construction projects to exploit, store, elevate, pump, or distribute water, and the channelling, transportation and distribution thereof for supply, irrigation, sanitary, industrial and residential use, including water and gas treatment facilities.
   e) Exploitation, transportation, channelling, and distribution of liquid and solid fuel gas for all manner of uses.
   f) Ventilation, heating, air-conditioning, refrigeration, and environmental enhancement projects for all manner of uses.
   g) Design, engineering, assembly, start-up, and maintenance of railway systems, including high-speed lines and urban transport (underground, light rail, trolleybuses and trams).
   h) Manufacture, assembly, and maintenance of electrical and electronic installations for traffic and for street lighting.
   i) The acquisition, disposal, and use, by any lawful means, of paints, varnishes, coatings and construction materials in general. The repair, upkeep, and maintenance of all types of buildings and structures, as well as the application of paints using proprietary or third-party materials, varnishes and coatings for all kinds of private or public construction work.
   j) The performance of projects and the provision of supplies and services in relation to the construction, upkeep, maintenance and operation of motorways, freeways, roads or any other public or private works, as well as the adoption of special measures for traffic on motorways, freeways and roads, and for the prevention of forest fires.
   k) The provision of ongoing cleaning, sanitation, disinfection, and rodent control services.
   l) Data processing, IT and computer software updating, administrative support and telephone hotline and information services.

2. The manufacture, transformation, preparation, handling, repair and maintenance of machinery, components, tools, fixtures, and materials related to the above-mentioned activities, and the performance of all manner of industrial operations for the marketing thereof.

The corporate purpose may be wholly or partially carried on by the Group companies indirectly through the ownership of shares or other equity interests in other companies with an identical or similar corporate purpose.

The fact that the aforementioned activities are cited does not necessarily presuppose or imply that they are all carried on simultaneously.

In view of the business activities carried on by the Group companies, the Group does not have any environmental liability, expenses, assets, provisions, or contingencies that might be material with respect to the Group's equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

2. Distribution of profit of the Parent Company

The distribution of profit obtained by the Parent Company in 2019 that the Board of Directors of the Parent Company will propose for approval by the shareholders at the Annual General Meeting is as follows:

	Thousands of euros
Profit/Loss for the financial year	227,540
Voluntary reserve	49
Interim dividend	205,646
To dividends	21,845
	227,540

The Parent Company has distributed interim dividends from the profits and losses of financial year 2019 for an amount of 205,646 thousand euros, as per the agreements entered into by the Board of Directors on 26 June 2019 and 11 December 2019, provided that there were sufficient profits and liquidity. In this regard, as of 31 December 2019, 82,108 thousand euros corresponding to dividends payable were recognised under "Other current liabilities" in the accompanying consolidated statement of financial position (see Note 24).

The accounting statement required by Article 277 of the Spanish Corporate Enterprises Law, prepared by the Board of Directors, in relation to the aforementioned interim dividends is as follows:

CASH POSITION AS OF 31/05/2019

	Thousands of euros
	31/05/2019
Cash on hand and at banks	111,844
Dividends receivable	124,656
Cash available	**236,500**
Interim dividend	(123,538)
Cash available following interim dividend payment	112,962

CASH POSITION AS OF 30/11/2019

	Thousands of euros
	30/11/2019
Cash on hand and at banks	71,221
Dividends receivable	106,298
Cash available	**177,519**
Interim dividend	(82,108)
Cash available following interim dividend payment	95,411

The distribution of the profit for the year 2018, approved by the shareholders at their Annual General Meeting held on 20 March 2019 was as follows:

	Thousands of euros
Profit/Loss for the financial year	194,244
Legal reserve	34
Voluntary reserves	21,708
Interim dividend	172,502
	194,244

94,914 thousand euros of the interim dividend from 2018 profits indicated above were pending payment at 31 December 2018, and it was paid during 2019.

The profits directly attributed to equity cannot be directly or indirectly distributed.

The Company reserves designated as freely distributable, as well as the profit of the financial year, are subject to the limitations established by law on their distribution and dividends may not be distributed in such a way as to reduce equity below the share capital.

3. Basis of presentation and basis of consolidation

a) Basis of presentation

Preparation of the consolidated financial statements

The Parent, ACS Servicios, Comunicaciones y Energía, S.L., belongs to a higher Group subject to current Spanish legislation, the head of which is ACS Actividades de Construcción y Servicios, S.A., with registered office at Avenida de Pío XII, 102, Madrid. The ACS Actividades de Construcción y Servicios, S.A. Group will prepare its consolidated financial statements for 2019 on 26 March 2020. The consolidated financial statements for 2018 were approved by the shareholders at the Annual General Meeting of ACS Actividades de Construcción y Servicios, S.A. on 10 May 2019, and were filed at the Mercantile Registry of Madrid. In this context, despite of being exempt from presenting consolidated financial statements in accordance with the current legislation, since it is consolidated in a higher group which prepares its consolidated financial statements in accordance with the aforementioned legislation, ACS, Servicios, Comunicaciones y Energía, S.L. prepares these Consolidated Financial Statements voluntarily.

The consolidated financial statements have been prepared based on the accounting records of ACS Servicios, Comunicaciones y Energía, S.L. and the consolidated companies. The consolidated financial statements for the year 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to present fairly the consolidated equity and consolidated financial position of ACS Servicios, Comunicaciones y Energía, S.L. and subsidiaries at 31 December 2019 and the consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended.

The Directors of the Parent Company consider that the consolidated financial statements for 2019, authorised for issue on 25 March 2020, will be approved with no changes by the shareholders at their Annual General Meeting.

Likewise, the whole of the ACS SCE Group is included in the Industrial Services segment of the ACS Group, the Parent Company of which is ACS Actividades de Construcción y Servicios, S.A., and, therefore, constitutes a single business segment. This is the area in charge of engaging in the provision of applied engineering services and the installation and maintenance of industrial infrastructure in the energy, communications, and control systems industries, among others.

Accounting judgments and estimates

The preparation of the consolidated financial statements in accordance with the IFRS-EU implies the application of relevant accounting estimates and stating conclusions, estimates and hypotheses on the process of applying accounting policies of the Group. In this regard, we include below a breakdown of the aspects that have been especially difficult or uncertain to assess or those for which hypotheses and estimates are relevant for the preparation of the consolidated financial statements.

- The useful life of property, plant and equipment and intangible assets, as well as non-current assets in projects (Notes 4.a, 4.b and 4.c)
- The assessment of impairment losses on certain assets (Notes 4.d, 4.e and 4.f)
- The measurement of goodwill (Note 4.e)
- The amount of certain provisions (Note 4.p)
- The measurement of work performed (Note 4.i).
- The integration of the results from joint ventures (Note 4.n).
- The assumptions used in the calculation of the fair value of financial instruments (Notes 4.d and 4.t).
- The probability of occurrence and the amount of liabilities of uncertain amount or contingent liabilities (Note 4.p).
- The results for tax purposes of the various Group companies that will be reported to the tax authorities in the future and that served as the basis for recognising the various income tax-related balances in the accompanying consolidated financial statements (Note 4.k).
- The recoverability of the deferred tax assets recognised (Note 4.k).
- Financial risk management (Note 20).

Furthermore, despite the fact that the estimates carried out by the Company Directors were calculated on the basis of the best information available as of 31 December 2019, it is possible that future events may force them to be modified in the following financial years. The effect of modifications on consolidated financial statements arising from adjustments to be applied during the following financial years will be accounted prospectively.

b) Consolidation principles

b.1) Subsidiaries and associates

Subsidiaries

Subsidiaries are entities over which the Group, either directly or indirectly through subsidiaries, exercises control. The Company controls a subsidiary when, due to its involvement in it, it is exposed to or is entitled to variable returns and has the ability to influence such returns through the power it exercises over such subsidiary. The Company has the power when it has substantive rights in force that provide it with the ability to conduct the relevant activities. The Company is exposed to or is entitled to variable returns from its involvement in the subsidiary when the returns obtained from such involvement may vary depending on the economic performance of the entity.

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 and they are fully consolidated (see Note 3.a).

In the decrease of the share in a subsidiary that mean a loss of control of the same, the Group recognises a result by the difference between the compensation received, plus the fair value of any investment held in the entity, plus the book value of the non-controlling interest and the book value of the consolidated net assets. The other comprehensive income corresponding to the subsidiary is fully transferred to the profit/loss account or to the reserve, according to its nature. The consolidated net assets include the goodwill, to the extent that the entity subject to disposal is a business. If the entity subject to disposal is a business, and it was part of a cash-generating unit or a group of cash-generating units to which a goodwill was assigned, said goodwill is assigned to the party subject to disposal and the maintained party, according to the fair value and the recoverable value, respectively.

The fair value of the investment held constitutes the cost of acquisition for the purposes of subsequent assessment in accordance with its classification.

The Group applies the acquisition method for business combinations. Likewise, the acquisition date is the one in which the Group obtains the control of the business acquired. In this regard, 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 or loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

If the business combination can be determined only provisionally, the identifiable net assets are initially recognised at their provisional values, recognising the adjustments made during the assessment period as if they had been known at the acquisition date and, where appropriate, restating the comparative figures for the previous year. In any event, adjustments to provisional values only incorporate information relating to facts and circumstances that existed at the acquisition date and that, if known, would have affected the amounts recognised at such date.

Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under “Non-Controlling Interests” in the consolidated statement of financial position.
- The profit for the year is presented under “Profit Attributable to Non-Controlling Interests” 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. Likewise, section b.4 below contains information on the changes in the scope of consolidation in the year.

Associates

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Companies over which the Group maintains significant influence or joint control are consolidated in accordance with the equity method in cases in which the requirements of IFRS 11 to be classified as jointly controlled operations are not met (Note 3.b.2)

Investments in associates are accounted for using the equity method, whereby they are initially recognised at acquisition cost. Subsequently, on each reporting date, they are measured at their cost, plus the changes in the net assets of the associate based on the Group's percentage of ownership.

The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

Any excess of the Group's share of the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in the consolidated income statement.

The profit or loss net of taxes of associates is included under “Results of Associates” in the consolidated income statement to the extent of the Group’s percentage of ownership. Previously, the appropriate adjustments are made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

If as a result of losses incurred by an associate its equity were 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 provide financial support, in which case the corresponding provisions would be recorded.

Book policies of the associated companies has been subject to temporary and value harmonisation under the same terms applied to subsidiaries.

Once the equity method has been applied, the Group assesses whether there is objective evidence of impairment of the net investment in the associate.

The calculation of the impairment is the result of the comparison of the book value associated to the net investment in the associated company and its recoverable value, which will be construed as the highest value in use or the fair value minus the sale or disposal by other means. In this regard, value in use is calculated based on the Group’s share of the present value of future cash flows expected to be derived from ordinary activities and from the amounts that would result from the final disposal of the associate.

The recoverable amount of the investment in an associate is measured in relation to each associate, unless it does not constitute a cash generating unit (CGU).

Appendix II to the accompanying notes to the consolidated financial statements details the associates, respectively, and information thereon. Likewise, section b.4 below contains information on the acquisitions, disposals, increases and decreases in ownership interests in 2019 and 2018.

b.2) Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share control over an economic activity, so that any decisions on relevant activities require the unanimous consent of the Group and the other participants or operators. The assessment of the existence of joint control is made by considering the definition of control of the subsidiaries.

(i) Joint ventures

Investments in joint ventures are accounted for using the equity method detailed in the previous section.

(ii) Joint operations

For joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated financial statements.

Contracts executed through unincorporated temporary joint ventures or similar entities which meet the requirements of IFRS 11 to be classified as "Jointly Controlled Operations" are proportionately consolidated since it is considered that, in these cases of joint control, the shareholders have direct control and responsibility with regard to the assets, liabilities, income and expenses and joint and several liability with respect to them.

Within the joint arrangements in which the Group operates, mention should be made of the Spanish “Uniones Temporales de Empresas” (“UTEs”), as well as the similar international consortium, which are unincorporated temporary joint ventures with no separate legal personality, through which cooperation arrangements are entered into with other ventures in order to carry out a project or provide a service for a limited period of time.

The assets and liabilities assigned by the Group to unincorporated temporary joint ventures are recognised in the consolidated statement of financial position classified according to their specific nature in proportion to the existing ownership interest. Similarly, the Group's share of the income and expenses of these entities is recognised in the consolidated income statement in proportion to the related ownership interest on the basis of their nature.

Relevant information on these companies is provided in Appendix III and Note 8.b.

b.3) Balances and transactions with Group companies

The significant intra-Group balances and transactions are cancelled on consolidation. The gains made in the year are eliminated in line with the percentage of ownership for the associates and in full for the fully consolidated companies.

However, in accordance with the criteria contained in IFRIC 12, the balances and transactions relating to construction projects performed by Group companies for infrastructure concession operators are not eliminated on consolidation since it is considered that these transactions are carried out for third parties as the work is performed.

b.4) Changes in the scope of consolidation

The most significant changes in the scope of consolidation in 2019 were as follows:

- The following companies were incorporated:

Company	Address	Activity	Shareholding %
Peninsula Wind Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Portfolio company	100.00%
Fides Acerca Facility Services, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Management, execution of specialised centers for the employment of people with disabilities	100.00%
Cobra Industral Services, LLC	Yeda. Saudi Arabia	Construction	100.00%
Cobra Gestión Infraestructuras Internacional, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Study, consulting and execution of all types of construction work	100.00%
ESB-Energia e Sustentabilidade do Brasil, S.A.	Avda. Marechal Camera, 160 Sala 1735. Rio de Janeiro. Brazil	Portfolio company	100.00%
Brisa Esparsa - Energias Renováveis Unipessoal, Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo. Oeiras. Portugal	Construction	100.00%
Imapex S.A de C.V	José Luis Lagrange, 103. Mexico City. Mexico	Execution of works and supplies, provision of services.	100.00%
Sermicro Colombia S.A.S	Calle 100 nº19 61 OF1010. Bogota City. Bogota. Colombia	Construction and provision of services.	100.00%
Etra Deutschland Gmbh	Königsallee 92 a, D-40212 Düsseldorf. Germany.	Electrical systems	100.00%
Cymi Brasil, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Electric installations	100.00%
Energía y Servicios Dinsa I, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Electric installations	100.00%
Energía y Servicios Dinsa II, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Electric installations	100.00%
Energía y Servicios Dinsa III, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Electric installations	100.00%
Chimarrao Transmissora de Energia, S.A.	Avda Presidente Wilson 00231 1003 Parte E 1004 Parte.20.030.905. Rio de Janeiro. Brazil	Electricity transmission	50.00%
Sice Vaan	206 Plot nº 15. Sector 10 Dwarka. New Delhi. India	All types of construction work.	51.00%
Osipass, S.A. de C.V.	Calle Bosque de Cidros, 173. Cuajimalpa de Morelos. Mexico City. Mexico.	Electronic tolling services	50.00%
SICE Nordics AB	C/o Hellström Advokatbyra KB. Box 7305. 103 90. Stockholm. Sweden.	All types of construction work.	100.00%

- The following ownership interests were acquired:

Company	Category	Date of Acquisition	Address	Activity	% of Rights Acquired	% of Total Rights	Amount (Net) Paid in the Acquisition + other Costs Directly Attributable to the Combination (thousands of euros)
Bow Power S.L.	Subsidiary	January 2019	Cardenal Marcelo Spínola 10. Madrid Spain	Production of alternative and renewable energies.	49.00%	100.00%	84,386
Energía Faeton, S.L.	Subsidiary	March 2019	Embajador Vich, 3 3ºQ. Valencia. Spain	Electricity generation (photovoltaic solar energy)	100.00%	100.00%	792
Energía de Sutia, S.L.	Subsidiary	March 2019	Embajador Vich, 3 3ºQ. Valencia. Spain	Electricity generation (photovoltaic solar energy)	100.00%	100.00%	792
GS Oil and Gas SAPI de CV	Associate	April 2019	Zona Valle Oriente norte. Mexico	Oil and gas exploration and extraction	49.00%	49.00%	1,365
Construcciones de las Conducciones del Sur, S.A.U.	Subsidiary	July 2019	Av. de Manoteras, 26. 28050. Madrid Spain	All types of works.	100.00%	100.00%	18,000
Procme Madeira S. A.	Subsidiary	November 2019	Cam Novo Santana 4, 9020-102. Funchal. Portugal	Construction	100.00%	100.00%	50
Odelga Medical Engineering GmbH	Subsidiary	November 2019	Frankgasse 4 Top 20, 1090. Vienna. Austria	Purchase and sale of equipment, especially medical equipment. Project management.	100.00%	100.00%	400

- In 2019 the following companies were sold, liquidated or otherwise disposed of:

Company	Category	Effective Transaction Date	% of Voting Rights Disposed of or Derecognised	% of Total Voting Rights at the Company after the Disposal	Generated Profit/(Loss) (Thousands of euros)
C.I.E.R. S.L. (*)	Subsidiary	February 2019	50.00%	-	-
Guapore Transmissora de Energia, S.A.	Subsidiary	February 2019	100.00%	-	6,374
DORA 2002 S.L (*)	Subsidiary	February 2019	45.39%	-	-
Guatemala de Tráfico y Sistemas S.A. (*)	Subsidiary	March 2019	100.00%	-	-
Sice Hellas Sistemas Tecnológicos SURL (*)	Subsidiary	April 2019	100.00%	-	-
Soc Industrial Construc Eléctricas Siceandina S.A. (*)	Subsidiary	April 2019	100.00%	-	-
Ofiteco WLL (*)	Subsidiary	April 2019	51.00%	-	-
Esperanza Transmissora de Energia, S.A.	Associate	April 2019	50.00%	-	(5,284)
Debod PV Plant SAE (*)	Subsidiary	May 2019	100.00%	-	-
Debod Wind Farm (*)	Subsidiary	May 2019	100.00%	-	-
Makiber Kenya Limited (*)	Subsidiary	May 2019	100.00%	-	-
Mas Vell Sun Energy S.L.	Subsidiary	July 2019	100.00%	-	(83)
Concesionaria Linea de Transmisión CCNCM Sac	Subsidiary	July 2019	100.00%	-	7,556
Concesionaria Jauru Transmissora de Energia	Subsidiary	August 2019	33.33%	-	(2,708)
Mimeca C.A.	Subsidiary	August 2019	82.80%	-	-
Sermacon Joel C.A.	Subsidiary	August 2019	82.80%	-	-
C. A. Weinfer de Suministro de Personal	Subsidiary	August 2019	82.80%	-	-
Odoyá Transmissora de Energia, S.A.	Subsidiary	August 2019	100.00%	-	4,215
Sociedad Industrial de Construccion Eléctricas S.A (*)	Subsidiary	August 2019	100.00%	-	-

Alghamin Cobra Tedagua Sojitz Power & Water LLC	Subsidiary	September 2019	44.96%	0.08%	3,013
Cymi Investment USA S.L. (*)	Subsidiary	October 2019	100.00%	-	(3,727)
CME Africa	Subsidiary	November 2019	47.50%	-	-
Cme Madeira S. A. (*)	Subsidiary	November 2019	51.00%	-	-
Maetel Romania SRL (*)	Subsidiary	November 2019	100.00%	-	-
Imesapi Llc. (*)	Subsidiary	November 2019	100.00%	-	-
Escal UGS S.L.	Subsidiary	November 2019	66.67%	-	-
Hidráulica de Mendre S.A. (*)	Subsidiary	December 2019	100.00%	-	-
Hidraúlica San José S.A. (*)	Subsidiary	December 2019	100.00%	-	-
H.E.A Instalaçoes Ltda.	Subsidiary	December 2019	66.60%	-	(501)
Maetel Chile LTDA (*)	Subsidiary	December 2019	100.00%	-	-
Imesapi Colombia SAS (*)	Subsidiary	December 2019	100.00%	-	-
Dragados Offshore Mexico Estudios Integrales S.A. de C.V. (*)	Subsidiary	December 2019	100.00%	-	-
Dragados Offshore Mexico Analisis y Soluciones S.A. de C.V. (*)	Subsidiary	December 2019	100.00%	-	-
Dragados Offshore Mexico Operac y Construc S.A. de C.V. (*)	Subsidiary	December 2019	100.00%	-	-
Zero-E Euro Assets, S.A.	Subsidiary	December 2019	49.90%	50.10%	169,086
Total					**177,941**

(*) Liquidated companies.

In relation to the information detailed above, we highlight the following transactions:

a) In December 2019, the Group sold 49.9% of its shares in the company Zero-E Euro Assets, S.A., which owns several photovoltaic energy projects that came into operation in 2019 with an installed capacity of 914.8 MW. In accordance with the terms of the shareholders' agreement signed with the purchaser, the Group loses control of this subgroup and the interest held in the Zero-E Euro Assets, S.A. subgroup is recognised at its fair value. In this regard, the total effect, in 2019, related to the photovoltaic plants has been a positive after-tax result, recorded in the accompanying consolidated income statement, of approximately 250 million euros.

   Likewise, after the end of 2019, in January 2020, an agreement was reached for the sale of the 50.1% held by the Group in Zero-E Euro Assets, S.A., as well as the sale of other photovoltaic energy projects also located in Spain, which are at various stages of development and are expected to come into operation between 2020 and 2023, totalling approximately 2,000 MW of installed capacity. The closure of this operation is subject to the fulfilment of various conditions precedent and is expected to occur during the first half of 2020 (see Note 33).

b) In addition, the Group, based on the fact that the relevant activities of Escal UGS, S.L., i.e. those that significantly affect its performance, are limited, has proceeded to deconsolidate them from the Group's financial statements. In this regard, the Group considers that the activities are basically limited to the resolution of the pending litigation associated with the Castor project and the decisions regarding these activities, due to their inevitable consequences on the equity of the subsidiary, must be approved by the bankruptcy administration and, therefore, the Parent Company no longer exercises control over Escal UGS, S.L. in accordance with IFRS 10 (see Note 4.p). The effect of the aforementioned deconsolidation has not been significant on the figures in these financial statements for 2019.

The most significant changes in the scope of consolidation in 2018 were as follows:

- The following companies were incorporated in 2018:

Company	Address	Activity	Shareholding %
Planta Solar Alcázar 2, S.L.	Cardenal Marcelo Spínola, 10. Madrid Spain	Electrical energy production and others	100.00%
C.Talara Cobra SCL UA&TC	Amador Merino Reyna,267 Oficina 902. Distrito de San Isidro. Lima, Peru	Engineering Service. Refineries	80.00%
Seratype	Worl Trade Centre 3 Rd Floor Cnr of West South Road. Johannnesburgo. South Africa	Construcción y Mantenimiento Solar Power Plant	80.00%
Cobra Solutions, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid Spain	All types of construction work	100.00%
Cobra Cote D'Ivoire Sarl	Rue Cannebiere Residence Santa Maria, Lot 96 section CE P 416 Cocody Danga. Abidjan. Côte d'Ivoire	All types of construction work	100.00%
Avanzia Exploración y Producción, S.A. de C.V.	José Luis Lagrange, 103. Mexico City, Mexico.	Drilling of gas and oil wells	100.00%
Instalac y Serv Uribe-Cobra Panama, ISUC Panama, S.A.	Calle 50, 23. Panama City. Panama	Construction industry and the marketing of products thereof	51.00%

Cuyabenopetro, S.A.	Avda.República del Salvador, 36-230. Quito. Ecuador	Oil services	100.00%
Cobra East Africa Limited Group	Loita street.P.O. Box 9539. Nairobi. Kenya	Project development	100.00%
Servicios Integrales de Mantenimiento, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficina 23-C. Panama City. Panama	Consulting services on construction, maintenance and repair projects	100.00%
Soluciones Logísticas Auxiliares, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficina 23-C. Panama City. Panama	Consulting services on construction, maintenance and repair projects	100.00%
Soluciones Eléctricas Auxiliares, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficina 23-C. Panama City. Panama	Consulting services on construction, maintenance and repair projects	100.00%
Istoguard Pty Ltd	323 Lynnwood Road. Menlo Park. Gauteng 0081 Pretoria. South Africa	Photovoltaic plant	60.00%
Ingweguard Pty Ltd	323 Lynnwood Road. Menlo Park. Gauteng 0081 Pretoria. South Africa	Photovoltaic plant	60.00%
Cobra Oil & Gas, S.L.U.	Cardenal Marcelo Spínola, 8 1º dcha. 28016. Madrid Spain	Consulting, development and execution of all types of construction work	100.00%
Cobra Industrial Japan, Co Ltd.	Tokyo. Japan	Promotion and construction of photovoltaic plants	100.00%
CIH e Hispano Sueca de Ingenieria	Calle 50 Edificio F&F Tower. Panama City. Panama	Repair of the tunnel of the hydroelectric power plant	80.00%
Alghamin Cobra Tedagua Sojitz Power & Water LLC	P.O. Box 400 PC 412. Al Kamil Wal Wafi. Oman.	Construction and engineering	44.96%
Cobra Tedagua Contracting LLC	P.O. Box 2991 PC 112 Ruwi. Al-Duqm. Oman.	Construction and engineering	100.00%
Instalaciones y Servicios Spínola I, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid Spain	Execution of all types of construction work, systems, assemblies and maintenance services	100.00%
Instalaciones y Servicios Spínola II, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid Spain	Execution of all types of construction work, systems, assemblies and maintenance services	100.00%
Instalaciones y Servicios Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid Spain	Execution of all types of construction work, systems, assemblies and maintenance services	100.00%
Renovables Spínola I, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid Spain	Ownership, management, operation, maintenance, rehabilitation and construction of all types of works	100.00%
Renovables Spínola II, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid Spain	Ownership, management, operation, maintenance, rehabilitation and construction of all types of works	100.00%
Renovables Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid Spain	Ownership, management, operation, maintenance, rehabilitation and construction of all types of works	100.00%
Electricidad Imes Api Eleia, S.L.	Av. de Manoteras, 26. 28050. Madrid Spain	Marketing of electricity, natural gas and other hydrocarbons	100.00%
Operadora de Carreteras de Coahuila y San Luis	Avda. Insurgentes Sur, 1811 - Guadalupe Inn - Alvaro Obregón. Mexico City. Mexico	Road maintenance	47.50%
Etra France SAS	114 Bis Sur Michel Ange. Paris. France	Installation and marketing of mechanical, electrical and electronic devices	100.00%
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.	Jose Luis Lagrange, 103, P8 Col. Polanco I sección Deleg. Miguel Hidalgo. Mexico City. Mexico	Gas compression services	95.00%

- In 2018 the following ownership interests were acquired:

Company	Category	Date of Acquisition	Address	Activity	% of Rights Acquired	% of Total Rights	Amount (Net) Paid in the Acquisition + other Costs Directly Attributable to the Combination (thousands of euros)
Esplendor Solar, S.L.	Subsidiary	February 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	100.00%	100.00%	2,497
Hazaña Solar, S.L.	Subsidiary	February 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	100.00%	100.00%	2,497

Logro Solar, S.L.	Subsidiary	February 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	100.00%	100.00%	2,497
Palabra Solar, S.L.	Subsidiary	February 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	100.00%	100.00%	2,497
Talento Solar, S.L.	Subsidiary	February 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	100.00%	100.00%	2,497
Bonete Fotovoltaica 1, S.L.U.	Subsidiary	May 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	100.00%	100.00%	2,928
Bonete Fotovoltaica 2, S.L.U.	Subsidiary	May 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	100.00%	100.00%	2,928
Bonete Fotovoltaica 3, S.L.U.	Subsidiary	May 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	100.00%	100.00%	2,928
Manchasol 1 Central Termosolar Uno S.L.	Subsidiary	July 2018	Cardenal Marcelo Spínola 10. Madrid Spain	Renewable energy generation	49.83%	100.00%	53,358
Copemobe, S.L.	Associate	August 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	2
Costeraneo, S.L.	Associate	August 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	2
Fanelate, S.L.	Associate	August 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	2
Libaquera, S.L.	Associate	August 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	2
Liquetine, S.L.	Associate	August 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	2
Azius Luz S.L	Associate	October 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	3
Belenus Luz S.L	Associate	October 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	3
Celeritas Luz S.L	Associate	October 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	3
Ignis Luz S.L	Associate	October 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	3
Ilio Luz S.L	Associate	October 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	3
Saneta Luz S.L	Associate	October 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	3
Taxos Luz	Associate	October 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Development of photovoltaic plants	50.00%	50.00%	3
Dirdam Luz S.L	Subsidiary	November 2018	Av. de Manoteras, 26. 28050. Madrid Spain	Marketing of electricity, natural gas and other hydrocarbons	100.00%	100.00%	3

- In 2018 the following companies were sold or liquidated:

Company	Category	Effective Transaction Date	% of Voting Rights Disposed of or Derecognised	% of Total Voting Rights at the Company after the Disposal	Generated Profit/(Loss) (Thousands euros)
FGD da CT de Sines	Subsidiary	January 2018	60.00%	-	-
IS Cobra Instalaçoes e Serviços S.A.	Subsidiary	March 2018	100.00%	-	-
Cme Águas S. A.	Subsidiary	April 2018	100.00%	-	225
Mexicobra S.A.	Subsidiary	June 2018	100.00%	-	-
Cobra Bahía Instalaçoes e Serviços	Subsidiary	June 2018	100.00%	-	-
Saeta Yield, S.A.	Associate	June 2018	24.21%	-	30,027
Dracena I, II, IV	Associate	July 2018	100.00%	-	4,480
Sice de Costa Rica S.A.	Subsidiary	August 2018	100.00%	-	-
Promosolar Juwi 17, S.L.	Subsidiary	September 2018	100.00%	-	-
Guaimbe I-V	Subsidiary	September 2018	100.00%	-	12,355
Corporación Ygnus Air S.A.	Subsidiary	September 2018	100.00%	-	(5,646)
Hospec S.A.L.	Associate	September 2018	50.00%	-	-
Interligação Elétrica Sul S.A.	Associate	September 2018	49.90%	-	3,833
P.E. Marcona S.R.L.	Associate	November 2018	51.00%	-	488
Parque Eólico Tres Hermanas, S.A.C	Associate	November 2018	51.00%	-	12,861
Applied Control Technology LLC. (*)	Subsidiary	December 2018	100.00%	-	(4,306)
Delta P I LLC (*)	Subsidiary	December 2018	100.00%	-	(3,610)
Integrated Technical Products LLC. (*)	Subsidiary	December 2018	100.00%	-	(1,317)
Total					**49,165**

(*) Liquidated companies
(**) Profit/(Loss) before tax and non-controlling interests

The sale of the companies described above gave rise to a gain for the Group of 49,165 thousand euros, which was recognised in the Consolidated Income Statement for 2018.

In relation to the information detailed above, we highlight the following transactions:

a) Sale in June 2018 of the interest representing 24.21% of the share capital of Saeta Yield, S.A. following the voluntary public offering launched in February 2018 by Terp Spanish Holdco, S.L.U. at a price of 12.20 euros per share.
b) Sales to the minority shareholder of the Peruvian companies Parque Eólico Marcona, S.R.L. and Parque Eólico Tres Hermanas S.A.C.
c) In September 2018, several photovoltaic plants located in Brazil (Guaimbe) were sold.
d) In August 2018, Promosolar Juwi 17, S.L., a company that operates a photovoltaic plant in Murcia (Spain), was sold.
e) It is worth noting that the companies Applied Control Technology LLC, Delta P I LLC and Integrated Technical Products LLC, all located in the United States, were liquidated in December 2018 and were therefore removed from the Group's scope of consolidation.

- In 2018 the following companies were merged:

Absorbed Company	Absorbing Company
Hidraulica de Cochea S.A.	Hidraúlica del Alto S.A.
Hidráulica de Pedregalito S.A.	Hidraúlica del Alto S.A.
Araucária Projetos e Serviços de Construção Ltda	Cymi do Brasil Ltd.

The merger transactions described in the above table did not have any impact on the Group's equity in the accompanying consolidated financial statements for 2018.

b.5) Translation of foreign currency financial statements

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 each reporting period. Income and expense items are translated at the average exchange rates for the year. In turn, equity components such as share capital and reserves are translated at the historical exchange rates. Any translation differences arising are classified as equity. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

For subsidiaries in Argentina and Venezuela, IAS 29 is applied for the purposes of translation of the financial statements, since both countries are considered hyperinflationary economies.

b.6) Uniformity of items

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the separate financial statements of the companies included in the scope of consolidation.

In 2019 and 2018 the reporting dates of the financial statements of all the companies included in the scope of consolidation were the same as or were temporarily standardised with that of the Parent.

b.7) Functional currency

The consolidated financial statements are presented in euros, which is the Parent Company's operating and presentation currency, rounded to the nearest thousand.

b.8) Comparative information:

In accordance with the requirements of IAS 1, the information contained in these consolidated financial statements for the year ended 31 December 2019 is presented, for comparison purposes, with the information relating to the previous year included in the consolidated financial statements for the year ended 31 December 2018, approved by the General Meeting of Shareholders on 26 June 2019.

However, the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement as of 31 December 2018 and 1 January 2018 have been restated as follows:

a) <u>Results from companies consolidated under the equity method.</u>

The Group classified the results for the year ended 31 December 2019 corresponding to the companies consolidated using the equity method as part of the ordinary activity recorded under "Results of associates" as part of the "Operating Return" of the Group, amounting to 46,067 thousand euros at 31 December 2019 (a loss of 11,101 thousand euros at 31 December 2018) for all the associates and joint ventures which, after an individual analysis of each one, form part of the same operating business of the Group.

The Company's Directors consider that the fact that the investee companies carry out the same business activity as the Group's corporate purpose, as well as the growing contribution that these activities made by companies accounted for using the equity method to the Group's consolidated income statement justify the need for this change in the presentation in order to reflect more reliably the financial information contained in the Group's Consolidated Financial Statements, in accordance with Decision EECS/0114 06 - "Change of Presentation of the Share in the Profit or Loss of Associates and Joint Ventures Accounted for Using the Equity Method " issued by the European Securities and Markets Authority (ESMA).

As a result of the classification of the profit or loss of the companies accounted for using the equity method in the ordinary course of business, the profit or loss recognised under "Impairment and gains/losses on disposal of financial instruments" corresponding to the sales of investments in fully consolidated companies and companies accounted for using the equity method has been included in the "Operating Return", as well as the related impairment losses recognised under "“Impairment and Gains or Losses on Disposal of Non-current Assets".

The Group has applied this decision in the presentation of these Consolidated Financial Statements retroactively, in accordance with IAS 8 and has therefore modified the figures corresponding to the same previous period ending on 31 December 2018 of these Consolidated Financial Statements.

<u>Application of IFRS 16: Leasing (Note 4u).</u>

As detailed in note 4 u), the Group has opted to adopt IFRS 16 with full retroactive effect as from 1 January 2018. Therefore, the comparative figures in the consolidated statement of financial position for three years are presented.

The impact of the restatements mentioned in sections (a) and (b) above and of the first application in 2018 of IFRS 9 and IFRS 15 on the figures for the years presented is detailed below:

	Thousands of euros		
	31/12/2018	**Effect IFRS 16**	**31/12/2018 Restated**
Non-current assets	**762,448**	**72,497**	**834,945**
Property, plant and equipment (Note 6)	140,355	71,541	211,896

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Investments in associates (Note 8)	304,432	(49)	304,383
Deferred tax assets (Note 26)	317,661	1,005	318,666
Current assets	**1,025,849**	**8,888**	**1,034,737**
Non-current assets held for sale (Note 4.g)	1,025,849	8,888	1,034,737
Net equity	**849,233**	**(6,619)**	**842,614**
Equity Attributable to the Parent Company	770,827	(6,467)	764,360
Non-controlling interests	78,406	(152)	78,254
Non-current liabilities	**20,575**	**54,402**	**74,977**
Other non-current liabilities (Note 24)	20,575	54,402	74,977
Current liabilities	**743,026**	**33,602**	**776,628**
Other current liabilities (Note 24)	206,429	21,503	227,932
Liabilities associated with non-current assets held for sale (Note 4.g)	536,597	12,099	548,696

	Thousands of euros				
	31/12/2017	Effect IFRS 16	Effect IFRS 15	Effect IFRS 9	01/01/2018 Restated
Non-current assets	**1,323,204**	**62,829**	**17,394**	**(2,434)**	**1,400,993**
Property, plant and equipment (Note 6)	128,303	61,839	-	-	190,142
Investments in associates (Note 8)	675,472	(45)	-	(1,989)	673,438
Non-current financial assets	288,414	-	-	(953)	287,461
Deferred tax assets (Note 26)	231,015	1,035	17,394	508	249,952
Current assets	**3,180,464**	**939**	**(281,105)**	**(8,473)**	**2,891,825**
Non-current assets held for sale (Note 4.g)	383,874	939	-	-	384,813
Trade and other receivables (Note 12)	2,796,590	-	(281,105)	(8,473)	2,507,012
Net equity	**1,038,825**	**(3,254)**	**(263,711)**	**(10,907)**	**760,953**
Equity Attributable to the Parent Company	953,454	(3,095)	(263,711)	(6,725)	679,923
Non-controlling interests	85,371	(159)	-	(4,182)	81,030
Non-current liabilities	**24,444**	**38,688**	**-**	**-**	**63,132**
Other non-current liabilities (Note 24)	24,444	38,688	-	-	63,132
Current liabilities	**475,565**	**28,334**	**-**	**-**	**503,899**
Other current liabilities (Note 24)	254,912	27,393	-	-	282,305
Liabilities associated with non-current assets held for sale (Note 4.g)	220,653	941	-	-	221,594

	Thousands of euros			
	31/12/2018	Reclassification equity method	Effect IFRS 16	31/12/2018 Restated
REVENUE (Note 29)	**6,315,879**	**-**	**-**	**6,315,879**
Other income	52,759	-	-	52,759
Cost of materials used and other external expenses (Note 29)	(3,489,439)	-	-	(3,489,439)
Personnel expenses (note 29)	(1,405,475)	-	-	(1,405,475)
Other operating expenses	(834,012)	-	41,124	(792,888)
Fixed assets depreciation charge (Notes 5, 6 and 7)	(39,940)	-	(38,322)	(78,262)
Changes in working capital	(2,090)	-	-	(2,090)
Impairment and gains or losses on disposal of fixed assets (Notes 5, 6 and 7)	(9,477)	(6,719)	-	(16,196)
Other profit/loss	(80,474)	-	-	(80,474)
Results of associates (Note 8)	-	(11,097)	(4)	(11,101)
OPERATING PROFIT/LOSS	**507,731**	**(17,816)**	**2,798**	**492,713**

Financial income	40,142	-	-	40,142
Finance costs	(109,305)	-	(2,901)	(112,206)
Translation differences	10,744	-	-	10,744
Results of associates	(11,097)	11,097	-	-
Impairment and gains or losses on disposal of financial instruments (Note 3.b.4)	10,828	6,719	-	17,547
PROFIT/LOSS BEFORE TAX	**449,043**	**-**	**(103)**	**448,940**
Income tax (Note 26)	(123,029)	-	(32)	(123,061)
FINANCIAL YEAR PROFIT/LOSS	**326,014**	**-**	**(135)**	**325,879**
Profit attributable to non-controlling interests (Note 17)	6,438	-	7	6,445
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY (Note 29)	**319,576**	**-**	**(142)**	**319,434**

4. 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:

a) Intangible fixed assets

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 years of useful life.

In accordance with the criteria indicated in Note 4.f, the Group recognises any impairment loss on the carrying amount of these assets with a charge to “Impairment and Gains or Losses on Disposal of Non-current Assets” in the consolidated income statement.

a.1. Computer software

“Computer software” includes basically the amount paid for title to, or the right to use, computer programs, including those developed in-house.

These intangible assets are amortised on a straight-line basis over three years from the date the assets are ready for their intended use.

a.2. Other intangible fixed assets

“Other Intangible Assets” includes mainly the goodwill that arose on the acquisition of certain companies and was allocated to intangible assets (Note 4.e), as well as licenses and other) (see Note 5).

These assets are amortised on a straight-line basis over the estimated period during which the investment giving rise to them will contribute to the obtainment of profits by the Group, which ranges from 10 to 25 years.

b) Property, Plant and Equipment

Tangible assets are recognised at cost or deemed cost, less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets is determined using the same principles as for an acquired asset, while also considering the criteria applicable to production costs of inventories. The production cost is capitalised by allocating the costs attributable to assets in the accounts under Work performed by the Group on non-current assets in the consolidated income statement.

The depreciation of property, plant and equipment is carried out by distributing its depreciable amount systematically throughout its useful life. For these purposes, depreciable amount is understood as the acquisition cost minus its residual value. The Group establishes the depreciation cost independently for each component, whether or not physical, including costs associated with major repairs to an item of property, plant and equipment that has a relevant cost regarding the total cost of the component and a useful life different from the rest of the element.

The companies depreciate their property, plant and equipment by the straight-line method at annual rates based on the following years of estimated useful life:

	Years of Estimated Useful Life
Construction works	33 to 50
Machinery	5 to 8
Tools	3 to 4
Furniture	6.5 to 10
Computer hardware	4
Transport equipment	5 to 6
Other fixed assets	4 to 12

The Group recognises the derecognition of property, plant and equipment at the time of disposal or when it does not expect to receive future economic benefits from its use or disposal. The date of disposal of the fixed assets is the date on which the purchaser acquires control thereof as stated in the accounting policy for Revenue from contracts with customers. The amount of the consideration for the disposal of the fixed assets and the recording of subsequent changes thereto is determined by applying the criteria indicated in the accounting policy for Revenue from contracts with customers.

The Group evaluates and establishes the losses and reversals of losses due to value impairment of property, plant and equipment in accordance with the criteria mentioned in section e.

c) Non-current assets in projects

General criteria

“Non-current assets in projects” includes the amount of investments, mainly in electricity transmission, energy and environmental infrastructures which are operated by the Group subsidiaries and which are financed under a "Project Finance" arrangement (non-recourse financing applied to projects). These financing structures are applied to projects capable in their own right of providing sufficient guarantees to the participating banks with regard to the repayment of the funds borrowed to finance them. 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 supported mainly by the cash flows to be generated by the project in the future and by security interests in the project's assets.

Non-current assets in projects are valued at the costs directly allocable to construction incurred until 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 related portion of other indirectly allocable costs, to the extent that they relate to the construction period.

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

Group work on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price as indicated below.

Also included in the cost are the borrowing costs incurred before the assets are ready for their intended use arising from the borrowings arranged to finance the related projects. Capitalised borrowing costs, recognised as a reduction in financial profit in the consolidated income statement, arise from specific borrowings expressly used for the acquisition of an asset.

Upkeep and maintenance expenses that do not lead to a lengthening of the useful life of the assets or an increase in their production capacity are registered as expenses in the financial year in which they are incurred.

At least at the closing of each financial year, the companies determine whether there is any indication that an item or group of items of non-current assets in projects (including those regulated by IFRIC 12 which are explained below) is impaired so that, as indicated in section e of this note, an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their recoverable amount.

The residual value, useful life and depreciation method applied to the companies’ assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the non-current assets in projects are consumed.

IFRIC 12

“Non-current Assets in Projects” includes the amount of the concessions classified pursuant to IFRIC 12 which relate mainly to investments in energy transmission and environmental infrastructure, which are operated by Group companies and which are financed under a project finance arrangement as described in the preceding section. The main characteristics to take into consideration with respect to non-current assets in concession projects, in IFRIC 12, are as follows:

a) The concession assets are owned by the concession grantor in most cases.
b) The concession grantor controls or regulates the service offered by the concession operator and the conditions under which it must be provided.
c) The assets are operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this term, the assets are returned to the concession grantor, and the concession operator has no right whatsoever over these assets.

d) The concession operator receives revenue for the services provided either directly from the users or through the concession grantor.

In general, a distinction must be drawn between two clearly different phases: the first in which the concession operator provides construction or upgrade services which are recognised under intangible or financial assets by reference to the stage of completion pursuant to IAS 11 (in accordance with the criteria detailed below), Construction Contracts and; a second phase in which the concession operator provides a series of maintenance or operation services of the aforementioned infrastructure, which are recognised as indicated in note 4.m.

An intangible asset is recognised under “Non-current Assets in Projects” when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

For concessions classified as intangible assets, provisions for dismantling, write-off and rehabilitation and any steps to improve and increase capacity, the revenue from which is contemplated in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the adjustment for provision discounting are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related revenue is allocated to profit or loss at the interest rate of the receivable arising on the cash flow and concession payment projections, which are presented as revenue on the accompanying consolidated income statement. As described previously, the revenue and expense relating to the provision of the operation and maintenance services are recognised in the consolidated income statement as stated in note 4.m, and the finance costs relating to the concession are recognised in the accompanying consolidated income statement according to their nature. Income arising from the revision of the financial assets corresponding to the concessions to which the accounts receivable model applies is recognised as sales, since it is considered that this income relates to the ordinary line of business of the concessions to the extent that the assets form part, themselves, of the general objective of the concession company's business, exercised regularly and they provide periodic income.

In certain mixed arrangements, the operator and the grantor could share the demand risk.

The infrastructure of all of the Group’s concessions under IFRIC 12 has been carried out by companies belonging to the Group itself, and no infrastructure has been carried out by third parties. Income and expense related to the construction or upgrade services are recognised gross (recognition of the sales and the associated cost), and the construction margin is recognised in the consolidated financial statements.

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

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

Intangible assets are amortised over the concession term on the basis of the pattern of consumption, taken to be the changes in and best estimates of the production units of each activity.

d) Goodwill

The goodwill resulting from the consolidation represents the excess acquisition cost on the shareholding of the group in the fair value of identifiable assets and liabilities of a subsidiary as of the date of acquisition.

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

- If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: depreciation, accrual, etc. If it is attributable to specific intangible assets, recognising it explicitly in the consolidated statement of financial position provided that the fair value at the acquisition date can be measured reliably.

- Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.

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

- If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, 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 balances of financial position and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.

- The remaining amount is presented under "Other Gains or Losses" in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

At the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to "Impairment and Gains or Losses on Disposal of Non-current Assets" in the consolidated income statement, since goodwill is not amortised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Likewise, IFRS 3 indicates that the entity will disclose the reconciliation of the carrying amount of goodwill at the beginning and end of the year, separately showing:

- The gross amount and accumulated impairment losses at the beginning of the year.
- The additional goodwill recognised during the year, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with IFRS 5
- The adjustments resulting from the subsequent recognition of deferred tax assets during the year.
- The goodwill included in a disposal group classified as held for sale in accordance with IFRS 5 and goodwill derecognised during the year without having previously been included in a disposal group classified as held for sale.
- Impairment losses recognised during the year in accordance with IAS 36.
- The net translation differences arising during the year in accordance with IAS 21.
- Any other changes in the carrying amount during the year.
- The gross goodwill and accumulated impairment losses at the end of the year.

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, recognising any change therein as translation differences or impairment, as appropriate.

e) Impairment of property, plant and equipment, non-current assets in projects and intangible assets excluding goodwill

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment, non-current assets in projects and intangible assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset 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 immediately recognised as an expense.

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 an impairment loss is immediately recognised as income.

f) Financial instruments

(i) Classification and recognition of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 “Financial Instruments: Presentation”.

The Group recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

For the purposes of assessment, the Group classifies financial instruments into the categories of financial assets and liabilities at fair value through profit or loss, separating those initially designated from those held for trading or mandatorily assessed at fair value through profit or loss, financial assets and liabilities assessed at amortised cost and financial assets assessed at fair value through other comprehensive income, separating the equity instruments designated as such from the other financial assets. The Group classifies financial assets, other than those designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income, according to the business model and the characteristics of the contractual flows. The Group classifies financial liabilities as assessed at amortised cost, except for those designated at fair value through profit or loss and those held for trading.

The Group classifies a financial asset or liability as held for trading provided that:

- It is acquired or incurred mainly with the aim of selling or repurchasing it in the immediate future;
- In the initial recognition, it is part of an identified financial instruments portfolio which is managed jointly and for which it is evidence of a recent pattern for the obtaining of short-term benefits; or
- It is a derivative, with the exception of a derivative which has been designated as a coverage instrument and meets the criteria to be considered effective and a derivative which is a financial guarantee agreement, or
- It is an obligation to deliver borrowed financial assets that are not owned.

The Group classifies a financial asset at amortised cost if it is held within the framework of a business model aimed at holding financial assets in order to obtain contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows which are only payments of principal and interest on the amount of outstanding principal (UPPI).

The Group classifies a financial asset at fair value through other comprehensive income if it is held within the framework of a business model aimed at obtaining contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are UPPIs.

The business model is determined by the Group's key personnel and at a level that reflects how they jointly manage groups of financial assets in order to achieve a specific business objective. The Group's business model represents how it manages its financial assets to generate cash flows.

The Group designates a financial asset at fair value through profit or loss at the initial recognition time if doing so eliminates or significantly reduces any assessment or recognition inconsistencies that would otherwise arise if the assets or liabilities were assessed or their results were recognised on different bases.

The remaining financial assets are classified at fair value through profit or loss.

The Group designates a financial liability at fair value through profit or loss at the initial recognition time if doing so eliminates or significantly reduces any assessment or recognition inconsistencies that would otherwise arise if the assets or liabilities were assessed or their results were recognised on different bases, or a group of financial liabilities or financial assets and financial liabilities is managed, and its performance is assessed, on the basis of its fair value, in accordance with a documented risk management or investment strategy, and information relating to the group is provided internally on the same basis to key management personnel of the Group.

The Group classifies the remaining financial liabilities, except for financial guarantee contracts, commitments to grant a loan at a below-market interest rate and financial liabilities resulting from a transfer of financial assets that do not qualify for derecognition or that are accounted for using the continuing involvement approach as financial liabilities at amortised cost.

(ii) Compensation principles

Financial assets and financial liabilities are only compensated if the Group has a currently enforceable legal right to compensate the recognised amounts and it intends to settle by paying the difference or to realise the asset and write-off the liability simultaneously. In order for the Group to have a currently enforceable legal right, it must not be contingent on a future event and must be legally enforceable in the ordinary course of business in the event of insolvency or judicially declared liquidation and in the event of non-payment.

(iii) Financial assets and liabilities registered at fair value through profits or loss

Financial assets and liabilities registered at fair value through profit or loss are initially recognised at fair value. The transaction costs directly attributable to purchase or issuance are recognised as an expense as incurred.

The fair value of a financial instrument at the initial recognition time is usually the transaction price, unless such price contains elements different from the instrument, in which case the Group determines its fair value. After the initial recognition, they are recognised at fair value by recording the changes in the profit and loss account. Changes in fair value include the interest and dividend component. The fair value is not deducted by the transaction cost which may be incurred due to an eventual sale or disposal by any other means.

(iv) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recorded at their fair value, plus or minus any transaction costs incurred, and they are subsequently value at the amortised cost using the effective interest rate method.

(v) Financial assets registered at fair value through other comprehensive income

Financial assets registered at fair value through other comprehensive income are initially recognised at fair value plus any transaction costs directly attributable to the purchase.

After initial recognition, financial assets classified in this category are assessed at fair value and the gain or loss is recognised in other comprehensive income, except for exchange rate gains and losses, as detailed in the section “transactions in foreign currency”, and expected credit losses. The sums recognised under other comprehensive income are recognised under profit or loss upon the write-off of the financial assets. However, interest calculated using the effective interest rate method are recognised under profit or loss.

(vi) Financial assets assessed at cost

Investments in equity instruments for which there is insufficient information to assess them or those in which there is a wide range of assessments and the derivative instruments that are related to them and must be settled by delivery of such investments are assessed at cost. However, if the Group can at any time obtain a reliable assessment of the asset or the contract, these are recognised at that time at fair value, with the gain or loss recognised in profit or loss or in other comprehensive income, if the instrument is designated at fair value through profit or loss.

(vii) Impairment losses

The Group recognises as profit or loss an adjustment for expected credit losses on financial assets assessed at amortised cost, fair value through other comprehensive income, finance lease receivables, contract assets, loan commitments and financial guarantees.

With regard to financial assets assessed at fair value through other comprehensive income, the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

The Group assesses at each closing date the valuation allowance at an amount equal to the expected credit losses over the following twelve months for financial assets for which the credit risk has not increased significantly since the initial recognition date, or when the credit risk of a financial asset is no longer considered to have increased significantly.

The Group assesses at each closing date whether the credit risk of an instrument considered individually or a group of instruments considered collectively has increased significantly since initial recognition.

(viii) Derecognition, modification and cancellation of financial assets

The Group applies the criteria for derecognition of financial assets to a part of a financial asset or a part of a group of similar financial assets or to a financial asset or a group of similar financial assets.

Financial assets are written off from the books when the right to receive cash flows related to them have matured or have been transferred and the Group has substantially transferred all risks and benefits arising from their ownership.

(ix) Interest and dividends

The Group recognises interest by using the effective interest rate method, which is the discount rate that equates the carrying value of a financial instrument with the estimated cash flows over the expected life of the instrument, based on its contractual terms and conditions and without considering expected credit losses, except for financial assets acquired or originated with losses incurred.

Interest is recognised on the gross carrying value of the financial assets, except for financial assets acquired or originated with credit losses incurred and financial assets with credit impairment. For the former, the Group recognises interest at the effective interest rate adjusted for initial credit risk, and for the latter, the Group recognises interest on the amortised cost.

Dividend income from investments in equity instruments is recognised in profit and loss when the rights to receive them have arisen for the Group, it is probable that the economic benefits will be received and the amount may be reliably estimated.

(x) Disposals of and changes in financial liabilities

Financial liabilities are derecognised by the Group whenever the obligations attached thereto have lapsed or the Company is legally exempt from the main obligation attached to the liability whether by virtue of legal proceedings or by the creditor.

The exchange of debt instruments between the Group and its counterparty, or any substantial amendments of the liabilities initially recognised are registered as a cancellation of the original financial liability, and the recognition of a new financial liability, providing that the terms of the instruments are substantially different.

The Group believes that the conditions are substantially different if the current value of cash flows discounted under the new terms, including any fees paid net of commissions received and using for discount purposes the original effective interest rate, differs by at least 10 percent of the current value discounted from the cash flows that still remain of the original financial liability.

If the exchange is registered as a cancellation of the original financial liability, costs or commissions are recognised in profit or loss , and are part of the result of same. Otherwise, the modified flows are discounted at the original effective interest rate, with any difference from the previous carrying value recognised in profit or loss. Likewise, costs or commissions adjust the carrying value of the financial liability and are amortised following the amortised cost method, during the remaining life of the modified liability.

The Group recognises the difference between the carrying value of the financial liabilities or a part thereof cancelled or transferred to a third party and the consideration paid, including any assets transferred different from the cash or liability assumed in profit or loss.

g) Non-current assets held for sale and liabilities associated with non-current assets held for sale and discontinued operations

Property, plant and equipment, intangible assets, and other non-current assets or those included under "Investments in associates" and the disposal groups (groups of assets which are going to be disposed of together with the liability directly associated with them), are classified as held for sale when their carrying amount is going to be recovered mainly through their sale and not through their continued 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. In all cases, these are assets in relation to which the Group has made a formal decision to sell them, a sale plan has been initiated, the assets are available for sale in their current state and they are expected to be sold in a period of 12 months from the date of their classification as held for sale.

These assets or groups of assets are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets ceases from the time they are classified as “Non-current Assets Classified as Held for Sale”. However, at the date of each consolidated balance sheet the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell. In this regard, in relation to the assets classified as held for sale, at 31 December 2019, it was not necessary to record any valuation allowances as they exceeded the estimated sale price of their carrying value.

Income and expenses arising from non-current assets and disposal groups classified as held for sale which do not qualify for classification as discontinued operations are recognised under the related heading in the consolidated income statement on the basis of their nature.

The detail of the main assets and liabilities held for sale at 31 December 2019 is as follows:

	Thousands of euros			
	31/12/2019			
	Renewable Energies	Transmission Lines	Others	Total
Property, plant and equipment in projects	1,161,615	-	-	1,161,615
Financial assets	201,909	213,315	28,079	443,303
Deferred tax assets	7,107	-	180	7,287
Other non-current assets	83,294	14,837	8,415	106,546
Current assets	328,480	3,346	2,660	334,486
Assets held for sale	**1,782,405**	**231,498**	**39,334**	**2,053,237**
Non-current liabilities	648,869	49,388	5,722	703,979
Current liabilities	431,518	28,303	1,442	461,263
Liabilities associated with non-current assets held for sale	**1,080,387**	**77,691**	**7,164**	**1,165,242**
Non-controlling interests of held-for-sale investments	1,710	-	1,837	3,547

At 31 December 2019, the non-current assets held for sale correspond mainly to the renewable energy business (fundamentally photovoltaic plants, wind farms and solar thermal plants) and electricity transmission lines.

The detail of the main assets and liabilities held for sale at 31 December 2018 was as follows:

	Thousands of euros			
	31/12/2018			
	Renewable Energies	Transmission Lines	Desalination Plant	Total
Property, plant and equipment in projects	458,730	2,885	61	461,676
Financial assets	178,438	101,718	4,991	285,147
Deferred tax assets	9,234	-	3,007	12,241
Other non-current assets	38,452	9,793	90,337	138,582
Current assets	80,483	8,287	48,321	137,091
Assets held for sale	**765,337**	**122,683**	**146,717**	**1,034,737**
Non-current liabilities	210,669	49,242	74,084	333,995
Current liabilities	165,771	42,313	6,617	214,701
Liabilities associated with non-current assets held for sale	**376,440**	**91,555**	**80,701**	**548,696**
Non-controlling interests of held-for-sale investments	444	-	(812)	(368)

During 2019 the above-mentioned desalination plant is no longer classified as held for sale (see Note 7).

The amount corresponding to net financial debt recognised in the assets and liabilities held for sale as of 31 December 2019 and 2018 amounts to 796,592 thousand euros and to 382,649 thousand euros, respectively, as detailed below:

	Thousands of euros			
	31/12/2019			
	Renewable Energies	Transmission Lines	Others	Total
(+) Debt with credit institutions	546,968	63,738	-	610,706
(+) Other financial liabilities	31,283	-	-	31,283
(+) Long-term concession project financing	391,974	3,792	6,050	401,817
(-) Other current financial assets	(159,661)	(962)	(1,388)	(162,012)
(-) Cash and cash equivalents	(82,898)	(83)	(2,221)	(85,202)
Net financial debt	**727,666**	**66,485**	**2,441**	**796,592**

	Thousands of euros			
	31/12/2018			
	Renewable Energies	Transmission Lines	Desalination Plant	Total
(+) Debt with credit institutions	95,028	84,988	1,013	181,029
(+) Other financial liabilities	-	-	802	802
(+) Long-term concession project financing	187,807	4,255	66,228	258,290
(-) Other current financial assets	(83)	(558)	(7)	(648)
(-) Cash and cash equivalents	(33,913)	(448)	(22,464)	(56,825)
Net financial debt	**248,839**	**88,237**	**45,572**	**382,648**

The income and expense recognised under "Valuation Adjustments" in the consolidated statement of changes in equity, which relate to non-current assets held for sale in 2019 and 2018 is as follows:

	Thousands of euros			
	31/12/2019			
	Renewable Energies	Transmission Lines	Others	Total
Translation differences	(5,893)	(32,673)	(386)	(38,952)
Cash flow hedges	(1,177)	-	(146)	(1,323)
Valuation adjustments	**(7,070)**	**(32,673)**	**(532)**	**(40,275)**

	Thousands of euros				
	31/12/2018				
	Renewable Energies	Transmission Lines	Desalination Plant	Others	Total
Translation differences	(2,457)	(25,177)	-	19	(27,615)
Cash flow hedges	(19,505)	-	(7,166)	-	(26,671)
Valuation adjustments	**(21,962)**	**(25,177)**	**(7,166)**	**19**	**(54,286)**

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, other production costs directly attributable to the product and any indirect costs attributable thereto.

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 and recognises the appropriate write-downs if cost exceeds their net realisable value.

i) Dismissal indemnities

Under current employment legislation, the companies are required to pay termination benefits to employees terminated without just cause. In the opinion of the Parent’s directors, the provisions required in this connection have been properly considered in the accompanying consolidated statement of financial position, provided the related requirements are met for the recognition of a provision in accordance with IAS 37.

j) Corporation tax

The expense or income from tax on profits include both the current tax and the deferred tax.

The current tax is the amount payable or recoverable for income tax relating to the consolidated taxable profit or loss for the year. Current income tax assets or liabilities are assessed at the amounts expected to be paid to or recovered from the tax authorities, using tax regulations and rates that are enacted or substantively enacted at the closing date.

Deferred tax liabilities are the amounts to be paid in the future for corporation tax related to taxable temporary differences, while deferred tax assets are the amounts to be recovered for corporation tax due to the existence of deductible temporary differences, offsetting tax losses or deductions pending application. For these purposes, temporary differences are understood to be the difference between the carrying value of assets and liabilities and their tax base.

The current or deferred corporate income tax is recognised as a profit or loss, unless it arises from a transaction or economic event recognised in the same year or a different one, discounted from the net equity or on a business combination.

(i) Recognition of deferred tax liabilities

The Group recognises all of the deferred tax liabilities, except:

- they arise from the initial recognition of the goodwill or from the initial recognition of an asset or liability in a transaction that is not a combination of businesses and, also, does not affect the tax base or the accounting result.

- they correspond to differences related to investments in subsidiaries, associated companies and joint ventures over which the Group has the capacity to control the time of reversal and its reversal is unlikely to occur in a foreseeable future.

(ii) Recognition of deferred tax assets

The Group recognises all of the deferred tax assets, except:

- whenever it is likely that enough future tax gains exist for compensation, or if tax legislation gives the option for future conversion of deferred tax assets into a credit receivable from the Public Administration. Notwithstanding, assets that arise from initial recognition of the assets or liabilities in a transaction that is not a business combination and does not affect the book earnings on the date of the transaction or the tax base are not subject of recognition;

- they correspond to temporary differences related to investments in subsidiaries, associated companies and joint ventures as long as the temporary differences are reverted in a foreseeable future and future positive tax income are expected to be generated to compensate the differences;

The Group is likely to have sufficient tax gains to recover the deferred tax assets, providing there are taxable temporary differences available in a sufficient amount, related to the same fiscal authority and referring to the same taxable person, the reversal of which is planned for the same year in which reversal of deductible temporary differences is expected or in years in which a tax loss, arising from a deductible temporary difference may be offset with previous or subsequent gains.

In order to determine future gains, the Group considers the tax planning opportunities, providing that it has the intention to adopt them or it is likely to adopt them.

Deferred tax assets and liabilities are measured based on the tax rates pending application in the financial years when assets are expected to be realised and liabilities paid, based on current regulations and rates enacted or substantially enacted, and once the tax results which will arise from the way the Group expects to recover the assets or settle the liabilities have been considered.

The Group reviews the carrying value of the deferred tax assets at year-end, with the aim of reducing this amount insofar as there are likely to be sufficient future taxable income to offset these.

Deferred tax assets that do not meet the preceding conditions are not recognised in the consolidated income statement. The Group reconsiders, at year-end, if the conditions are met to recognise the deferred tax assets that were not recognised previously.

If the Group determines that it is not likely that the tax authority will accept an uncertain tax treatment or a group of uncertain tax treatments, it considers such uncertainty when determining the tax base, fiscal bases, tax loss carryforwards, deductions or tax rates. The Group determines the effect of uncertainty in the income tax return by the expected amount method, when the range of possible outcomes is very dispersed, or the most likely outcome method, when the outcome is binary or concentrated in one value. Where the tax asset or liability calculated based on these criteria exceeds the amount presented in the self-assessments, it is presented as current or non-current in the consolidated statement of financial position on the basis of the expected date of recovery or settlement, considering, where appropriate, the amount of the corresponding late payment interest on the liability as it accrues in the income statement. The Group records changes in facts and circumstances regarding tax uncertainties as an estimate change.

The Group recognises and presents penalties in accordance with the accounting policy indicated for provisions.

The Group only offsets current income tax assets and liabilities if there is a legal right in relation to tax authorities and if it intends to settle the debts resulting from its net amount or realise the assets and settle the debts simultaneously.

The Group only offsets deferred tax assets and liabilities if there is a legal right of set-off against the tax authorities and such assets and liabilities correspond to the same tax authority, to the same taxpayer or different taxpayers who intend to settle or realise the current tax assets and liabilities on a net basis or realise the assets and settle the liabilities simultaneously, in each of the future periods in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

The Spanish companies more than 75% owned by the Parent file consolidated tax returns, as part of the ACS, Actividades de Construcción y Servicios, S.A. Tax Group 30/99, in accordance with current legislation.

k) Transactions in currencies other than the euro

Transactions in currencies other than the euro are recognised at their equivalent euro value by applying the exchange rates prevailing at the transaction date.

Receivables and payables denominated in currencies other than the euro at year-end are translated to euros at the year-end exchange rates or, where applicable, at the hedged rate. Translation differences arising from the year-end valuation of receivables and payables denominated in foreign currencies are recognised directly in the income statement.

The exchange rates for the main currencies in which the Group operated during 2019 and 2018 were as follows:

	Average Exchange Rate		Closing Rate	
	2019	2018	2019	2018
1 US dollar (USD)	0.893	0.849	0.890	0.873
1 Brazilian real (BRL)	0.227	0.231	0.222	0.225
1 Mexican peso (MXP)	0.046	0.044	0.047	0.044
1 Peruvian new sol (PEN)	0.268	0.258	0.269	0.259
1 South African rand (ZAR)	0.062	0.064	0.064	0.061
1 Saudi riyal (SAR)	0.239	0.226	0.238	0.233

Due to the economic situation in Venezuela and Argentina, these economies have been considered as hyperinflationary in accordance with IAS 29. The Group maintains investments in Venezuela and Argentina; however, the outstanding balances as of 31 December 2019 and 2018 and the volume of transactions in 2019 in 2018 are not very significant in relation to the consolidated financial statements.

The other functional currencies of the consolidated subsidiaries and associates located abroad do not relate to hyperinflationary economies as defined by IFRSs.

l) Income and expenses

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, indirect taxes and other sales-related taxes.
Sales of goods are recognised when substantially all the risks and rewards of ownership have been transferred.

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

(i) Revenue from the sale of construction contracts

The Group develops different construction projects for clients. The projects are considered to be a single obligation to be fulfilled over time. In this regard, the Group recognise contract revenue by estimating it or by reference to the stage of completion of the contract activity at the balance sheet date, determined on the basis of an examination of the work performed or, pursuant to the percentage of costs incurred with respect to the total estimated costs. In the first case, based on the measurement of the completed units, the production for the month is recognised as income and the costs are recognised based on the accrual of the corresponding completed units. In the second case, revenue is recognised in the income statement based on the percentage of completion of the costs.

The Group only recognises the revenue corresponding to the selling price of the completed construction work covered by a principal contract entered into with the customer, or by amendments thereto approved by the customer, or the revenue with respect to which there is reasonable certainty regarding its recovery.

At year-end, the difference between the work performed, measured at progress billing price, and the amount actually billed is recognised under "Trade and Other Receivables" or "Trade and Other Payables" in the accompanying consolidated statement of financial position, depending on whether the difference is positive or negative, respectively.

The Group adjusts the measure of progression as circumstances change and records the impact as a change in estimate on a prospective basis.

(ii) Agent or Principal

The Group does not recognise revenues and costs associated with operations in which it acts as a mere agent, collecting the amounts on behalf of the principal. In these operations, the Group only recognises the commission charged as ordinary income.

The Group assesses whether it is acting as principal or agent for each different good or service and considers whether it controls each good or service before it is delivered to the customer.

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 over the expected life of the financial asset to that asset's carrying amount.

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

An expense is recognised in the consolidate income statement when there is a decrease in the future economic benefits related to 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 recording 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.

m) Temporary joint ventures and similar entities

Certain construction projects are performed and certain services are provided through the grouping of several companies as an unincorporated temporary joint venture or other similar or analogous form.

As indicated in Note 3.b.3 above, the Group companies include in their financial statements, using the proportionate consolidation method, the financial statements of the unincorporated temporary joint ventures in which they hold ownership interests.

The result of the construction projects performed by unincorporated temporary joint ventures is recognised using the same criteria as those described in Note 4.i above.

The main aggregates contributed are detailed in Note 8.

n) Classification between current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. For these purposes, current assets or liabilities are those meeting the following criteria:

- Assets are classified as current if it can be expected that they will be realised or if they are intended to be sold or consumed within the normal cycle of operation of the Company, mainly kept for trading purposes, they are likely to be realised within a period of time of twelve months after the date of closing or if they are cash or other equivalent cash assets, save for those cases in which they cannot be exchanged or used to cancel a liability, at least within the twelve months following the closing date.

- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

- Financial liabilities are classified as current if they must be settled within the twelve months following the closing date, even if the original period of time exceeds twelve months and there is not an agreement for refinancing or restructuring payments in the long term that has ended before the closing date and before the consolidated financial statements are prepared.

Derivative financial instruments, which are not held for trading purposes, are classified as current or non-current according to their maturity or periodic settlement.

o) Provisions

(i) General criteria

Provisions are recognised when the Group has a present obligation, whether legal or implicit, as a result of a past event; it is likely that an outflow of resources including future financial profit to cancel such obligation occurs; and the amount of said obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that have not been considered in the future flows related to the provision at each closing date.

Isolated obligations are measured by the individual outcome that seems most likely. If the obligation involves a significant population of homogeneous items, it is measured by weighting the possible outcomes by their likelihood of occurring. If there is a continuous range of possible outcomes and each point in the range has the same likelihood as the others, the obligation is measured at the average sum.

The financial effect of provisions is recognised as a finance cost in in profit or loss.

The tax effect and gains on the expected disposal of assets are not taken into account in measuring a provision.

Reimbursement rights enforceable against third parties to liquidate the provision are recognised as a separate asset when actual collection is basically guaranteed. The income related to the reimbursement is recognised, where applicable, in profit or loss as a reduction of the expense associated with the provision with the limit of the amount of the provision.

Provisions are reversed against the earnings when it is not likely that there will be resources to cancel such obligation. The provision is reversed against the income statement caption in which the related expense was recognised, and any surplus is accounted for in other income.

The Group assesses whether a contract for the delivery of goods or the provision of services is deficit by comparing the expected revenues from the contract, considering the renewal periods that represent a significant option for the customer and without considering the limitation of variable consideration, with the estimated direct and indirect costs attributable to the contract. If the contract is deficit, the Group recognises a provision for the lower of the penalty for cancellation of the contract and the excess of estimated costs over expected contract revenues. However, prior to recording the provision, the Group recognises the impairment loss on non-current assets directly related to the contract.

With regard to the provisions for project completion, inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project until 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 statement of financial position.

p) Consolidated statements of cash flows

The following terms are used in the consolidated statement of cash flows 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 consolidated Group companies and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets.
- Financing activities: activities that result in changes in equity and in borrowings.

In preparing the consolidated statement of cash flows, cash and cash equivalents were considered to be cash on hand, demand deposits at banks and short-term, highly liquid investments (maturing within three months from their arrangement date) that are convertible into cash and are subject to an insignificant risk of changes in value.

q) Risk management policy

The 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:

- Strict compliance with good corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management controls required to ensure that market transactions are performed in accordance with the policies, standards and procedures of the Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity

risk, inflation risk and credit risk (see Note 20).

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

r) Accounting of hedging transactions

The Group's activities are exposed to financial risks, mainly changes in exchange rates and interest rates, which on certain occasions are hedged by the Group through the arrangement of derivative financial instruments.

Derivative financial instruments are initially recognised in accordance with the criteria set out above for financial assets and liabilities. Derivative financial instruments that do not meet the hedge accounting criteria detailed below are classified and assessed as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments, which comply with hedging accounting criteria, are initially recognised at their fair value, plus, where appropriate, transaction costs which are directly attributable to contracting of same or less, where appropriate, transaction costs which are directly attributable to their issuance. Despite of the transaction costs, they are subsequently recognised as part of the results, insofar as they are not part of the effective hedge variation.

At the inception of the transaction, the Group designates and formally documents the hedging relationship and the objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk hedged and how the Group measures the effectiveness of the hedge.

Hedge accounting only applies when there is an economic relationship between the hedged item and the hedging instrument, the credit risk does not have a dominant effect on changes in value resulting from said economic relationship and the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Group actually uses to hedge that amount of the hedged item. However, said designation should not reflect an imbalance between the weights of the hedged item and the hedging instrument that results in an ineffective hedge, whether or not it is recognised and could result in an accounting result that is contrary to the purpose of hedge accounting.

The Group assesses at the inception of the hedging relationship and on an ongoing basis whether the relationship meets the requirements for effectiveness prospectively. The Group assesses effectiveness at each accounting close or when significant changes occur that affect effectiveness requirements.

The Group makes a qualitative assessment of effectiveness, provided that the fundamental conditions of the instrument and of the hedged item coincide. When the main conditions are not fully consistent, the Group uses a hypothetical derivative with equivalent key conditions to the hedged item to assess and measure ineffectiveness.

(i) Cash flow hedges

In 2019 and 2018 the Group only arranged cash flow hedges.

The Group recognises under other comprehensive income the profit or loss from assessments at fair value of the hedging instrument which correspond to the part that was identified as effective hedge. The part of the hedge that is deemed to be ineffective, as well as the specific component of the profit or loss or cash flows related to the hedge instrument, excluded from the hedge effectiveness assessment, are recognised with a charge or credit to finance income or expense accounts.

The separate component of other comprehensive income related to the hedged item is adjusted to the lesser value of the cumulative result of the hedge instrument from the beginning of same or the cumulative change in fair value or current value of future cash flows expected from the hedged item from the beginning of the hedge. However, if the Group does not expect the whole or part of a loss recognised in other comprehensive income to be recovered in one or more future years, the amount that will not be recovered is reclassified under profit or loss as finance income or expense.

In the expected transaction hedges giving rise to a financial asset or liability being recognised, related profits or losses that were recognised as other comprehensive income, are reclassified to results in the same year or years during which the asset acquired or liability assumed affect the results, and under the same item of the consolidated income statement.

In the expected transaction hedges that do subsequently give rise to the recognition of a non-financial asset or liability, the Group reclassifies the profit or loss recognised in other comprehensive income against the initial cost or the accounting value of the non-financial asset or liability.

s) Standards and interpretations effective during this period

In 2019, the following standards and interpretations that are mandatory for 2019 came into force, already adopted by the European Union and, where applicable, were used by the Group in the preparation of these consolidated financial statements:

Approved for use in the European Union:		**Obligatory application in the years beginning on or after:**
IFRS 16 Leases (published in January 2016)	Replaces IAS 17 and the related interpretations. The primary change lies in a single lessee accounting model that will include all leases in the balance sheet (with certain limited exceptions) with an impact similar to that of the current finance leases (the asset is amortised by the right of use and a finance cost for the amortised cost of the liability).	01 January 2019
Amendment to IFRS 9 — Prepayment Features with Negative Compensation (published in October 2017)	This modification enables the assessment at amortised cost of some financial assets, which are voidable in advance for an amount lesser than the amount pending principal and interest on such principal.	
IFRIC 23 – Uncertainty over Tax Treatments (published in June 2017)	This interpretation clarifies how to apply the recognition and valuation criteria of IAS 12 when there is uncertainty regarding whether a certain tax treatment used by the entity will be accepted by the taxation authority.	
Amendments to IAS 28 Long-Term Interests and Associates and Joint Ventures	It clarifies that IFRS 9 must be applied to long-term interests in associates and joint ventures if the equity method is not applied.	
Improvements to IFRS Cycle 2015 2017 (published December 2017)	Minor changes to certain standards	
Amendment to IAS 19 – Plan Amendments, Curtailment and Settlements (published in February 2018)	It details how to calculate the cost of the service for the annual period and the net interest for the rest of an annual period when there is a change, reduction or settlement of a defined benefit plan.	

In relation to the aforementioned standards, the Group has analysed their potential effects and has concluded that there is no relevant impact except for IFRS 16.

With effect from 1 January 2019, IFRS 16 "Leases" has come into force, replacing IAS 17 and the related interpretations. The effects on the various headings in the consolidated financial statements at 1 January 2019 as a result of their application are presented in Note 3-b.8 for comparison of information.

<u>IFRS 16: Leases</u>

IFRS 16 "Leases" has entered into force on 1 January 2019 and replaces IAS 17 and the related interpretations. The central novelty of IFRS 16 is that there is a single tenant accounting model, which requires lessees to recognise right of use assets and lease liabilities for almost all leases. The lessor's accounting remains similar to the previous standard, i.e. lessors continue to classify leases as financial or operating leases.

The Group manages its own and leased assets in order to ensure that there is an adequate level of equipment to meet its current obligations. The decision to lease or purchase an asset depends on numerous considerations such as financing, risk management and operational strategies following the early completion of a project.

Previously, the Group determined whether an arrangement was or contained a lease under "IFRIC 4 Determining whether an arrangement contains a lease". The Group now assesses whether an arrangement is or contains a lease based on the new definition of a lease. According to IFRS 16, an arrangement is or contains a lease if such arrangement implies the right to control the use of an identified asset for a period of time in exchange for consideration.

The new standard has the following accounting effects:

- At the commencement date of the lease, the lessee must recognise a right to use the asset and a liability for the lease. The commencement date of a lease is defined in the standard as the date on which the lessor makes the collateral available to the lessee for use;
- the straight-line operating lease expense will be replaced by a straight-line amortisation of the right to use the asset and an interest expenditure on the lease liability (finance cost);
- interest expenditure will be higher at the beginning of a lease term because of the higher principal value that causes the

variability of the benefit over the course of a lease term. This effect may be partially mitigated through different leases entered into by the Group at different stages of their terms;
- the repayment of the principal part of all lease liabilities will be classified as financing activities in the cash flow statement; and
- The application of IFRS 16 will have no impact on cash and other equivalent liquid assets in the cash flow statement.

The Group has adopted IFRS 16 on a full retrospective basis recognising the effect on each prior year reported and has therefore restated the comparative information. In this regard, and as established in IAS 1.10 (f), the Group has presented, only for this purpose, a third statement of financial position at the beginning of the previous period as a result of the retrospective application of said standard.

The Group applied the practical approach of not reassessing whether an arrangement is or contains a lease at the date of initial application. The definition of the lease requirements applies only to contracts entered into (or modified) on or after the date of initial application, i.e. applying IFRS 16 only to those arrangements that were previously identified as leases. Those arrangements that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The Group also exercises the option of grouping together lease and non-lease components, with the exception of property leases, and recognising them uniformly as leases in the statement of financial position. The ACS Group applies the requirements of IFRS 16 in 2019, which ends on 31 December 2019, and restates the comparative period corresponding to 2018.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single format in the statement of financial position in a manner similar to accounting for finance leases according to IAS 17. The lessor's accounting under IFRS 16 remains substantially the same as that under IAS 17 and does not have a material impact on the Group.

From the perspective of the lessee, at the commencement date of a lease, the lessee recognises a liability initially at present value to provide for future lease payments ("lease liability" discounted at the implied interest rate or, if not obtainable, at the interest rate at which the lessee would finance itself in the marketplace for a transaction of similar maturity and risk) and an asset that represents the right to use the collateral for the term of the lease ("Right-of-use asset"). Outstanding lease payments consist of fixed payments, less any incentive to be collected, variable payments dependent on an index or rate initially measured by the index or rate applicable on the commencement date, amounts expected to be paid for residual value guarantees, the exercise price of the purchase option whose exercise is reasonably certain, and payments for termination indemnities, as long as the lease term reflects the exercise of the termination option. The right-of-use asset consists of the amount of the lease liability, any lease payments made on or before the commencement date less any incentives received, initial direct costs incurred and an estimate of any dismantling or restoration costs to be incurred. Lessees should recognise interest expense on the lease liability and depreciation expense on the right to use the asset separately. It should be noted that future lease payments (for the purposes of calculating the initial value of the liability) do not include payments that are variable and not dependent on an index (such as the CPI or an applicable lease price index) or rate (such as Euribor).

However, lessees are obliged to reassess the lease liability if certain events occur (such as a change in the term or the payments of the lease). The amount of the reassessment of the lease liability is recognised as an adjustment to the right-of-use asset.

Payments for variable leases are not significant at 31 December 2019 and 2018.

The standard includes two exceptions to the recognition of lease assets and liabilities by lessees for which the expense is recorded in the income statement on an accrual basis:

- Low-value leases: leases of little significance, i.e. those contracts whose collateral is attributed a value as being of little relevance. The Group has established the upper limit of this value at USD 5,000 as a reference amount.

- Short-term leases: contracts with an estimated rental period of less than 12 months.

Income from subleases is not significant since the Group companies operate with lessees rather than lessors.

The Group has carried out a detailed analysis of all the lease contracts that it has entered into, for which no contracts of less than one year and of a low value have been considered, the main contracts affected being those related to the rental of machinery, offices and transport elements in different geographical areas of operation. The conclusion of this analysis is that, as a result of the first application of IFRS 16, the Group has resulted in a restatement, producing an increase of 81,385 thousand euros in total assets in the statement of financial position at 31 December 2018. The main items affected in the statement of financial position at 31 December 2018 relate to the increase in "Property, plant and equipment" as a result of the capitalisation of the right to use the asset amounting to 71,541 thousand euros; an increase of "Deferred tax assets" amounting to 1,005 thousand euros, and an increase in "Non-current assets held for sale" of 8,888 thousand euros; a decrease in "Equity" of 6,619 thousand euros; an increase in "Lease liabilities" amounting to 75,905 thousand euros, and an increase in "Non-current liabilities held for sale" of 12,099 thousand euros. With regard to the aforementioned analysis, the Group has applied discount rates for the calculation of the lease liability of between 1.0% and 5.7%, depending mainly on the term of the lease and the geographical characteristics of the area in which the subsidiary contracting the lease operates.

In the consolidated income statement for 2018, the restatement of IFRS 16 mainly entailed an increase in depreciation for the right to use the assets (38,322 thousand euros) and interest expenses on lease liabilities (2,901 thousand euros) with a corresponding decrease in lease expenses recognised under "Other operating expenses" (41,124 thousand euros). Operating lease expenses continue to exist for short-term leases (up to 12 months), as well as for low-value assets based on the exceptions provided for in the standard and stated above.

t) Standards and interpretations issued not yet in force

At the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union.

Not yet approved for use by the European Union		**Obligatory application in the years beginning on or after:**
Amendment to IAS 1 and IAS 8. Definition of "materiality". (published in October 2018)	Amendment to IAS 1 and IAS 8 to line up the definition of "materiality" with the one included within the conceptual framework.	01 January 2021
Amendment to IFRS 3 Business definition (published in October 2018)	Clarifications to definition of business	Pending adoption by EU. 01 January 2020
Amendment to IFRS 9, IFRS 39 and IFRS 7 Reform of Reference Interest Rates	Amendments to IFRS 9, IFRS 39 and IFRS 7 related to the current reform of reference rates.	
IFRS 17 — Insurance Contracts (published in May 2017)	Replaces IFRS 4 Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. Its objective is to ensure that the entity provides relevant information that faithfully represents those contracts. This financial information provides the basis for users to assess the effect that the insurance contracts have on the financial statements.	Pending adoption by EU 01 January 2021 IASB has proposed Delaying them to 1 January 2022

The Group is in process of assessing these standards, which are not expected to have a relevant impact.

5. Other Intangible Assets

The changes in 2019 and 2018 in "Intangible Assets" were as follows (in thousands of euros):

Financial year 2019:

	Balance as of 31/12/2018	Additions	Changes in the Scope of Consolidation and Other	Translation differences	Write-offs	Balance as of 31/12/2019
Computer Software	20,513	2,540	1,427	(26)	(406)	24,048
Other property, plant and equipment	78,344	54,861	(4,207)	264	(2,478)	126,784
Total cost	**98,857**	**57,401**	**(2,780)**	**238**	**(2,884)**	**150,832**
Computer Software	(18,018)	(782)	(1,545)	(101)	3.	(20,443)
Other property, plant and equipment	(22,392)	(6,120)	3,881	320	2,048	(22,263)
Total accumulated depreciation	**(40,410)**	**(6,902)**	**2,336**	**219**	**2,051**	**(42,706)**
Value impairment	(7,843)	-	13	(33)	-	**(7,863)**
Total intangible assets, net	**50,604**	**50,499**	**(431)**	**424**	**(833)**	**100,263**

Financial year 2018:

	Balance as of 31/12/2017	Additions	Changes in the Scope of Consolidation and Other	Translation differences	Write-offs	Balance as of 31/12/2018
Computer software	19,384	1,132	302	(10)	(295)	20,513
Other property, plant and equipment	57,737	20,526	171	(90)	-	78,344
Total cost	**77,121**	**21,658**	**473**	**(100)**	**(295)**	**98,857**
Computer software	(17,075)	(949)	(198)	(129)	333	(18,018)
Other property, plant and equipment	(18,678)	(3,395)	193	(627)	115	(22,392)
Total accumulated depreciation	**(35,753)**	**(4,344)**	**(5)**	**(756)**	**448**	**(40,410)**
Value impairment	(7,795)	-	-	(48)	-	**(7,843)**
Total intangible assets, net	**33,573**	**17,314**	**468**	**(904)**	**153**	**50,604**

As of 31 December 2019 and 2018, the Group's intangible fixed assets included fully amortised items amounting to 26,533 thousand euros and 17,169 thousand euros, respectively, which correspond mainly to software problems.

The item "other fixed assets" mainly includes the investments made by Sociedad Cuyabenopetro, S.A. In the context of a service provision agreement for the operation of an oil field in Ecuador for an amount of 39,703 euros.

6. Property, plant and equipment

The changes in 2019 and 2018 in property, plant and equipment accounts and in the related accumulated depreciation and impairment losses were as follows (in thousands of euros):

Financial year 2019:

	Balance as of 31/12/2018	Additions	Changes in the Scope of Consolidation and Other	Translation differences	Write-offs	Balance as of 31/12/2019
Land and buildings	106,944	1,071	6,196	714	6,711	121,636
Land and buildings (Rights of use)	111,726	27,056	(107)	(842)	(37,447)	100,386
Machinery and tools	241,628	11,872	3,731	1,739	(11,821)	247,149
Machinery and tools (Rights of use)	13,545	4,217	-	(8,772)	(203)	8,787
Furniture	29,427	2,166	1,007	(140)	(1,342)	31,118

Furnishings (Rights of use)	-	-	-	-	-	-
Data-processing equipment	32,577	2,765	1,310	129	(1,584)	35,197
Equipment for information processes (Rights of use)	1,485	125	-	(31)	(238)	1,341
Transport equipment	86,724	4,783	(1,776)	(2,891)	(5,073)	81,767
Transport equipment (Rights of use)	42,535	22,790	(25)	(330)	(13,078)	51,892
Property, plant and equipment under construction	10,132	2,542	(10,716)	425	-	2,383
Property, plant and equipment under construction (Rights of use)	-	-	-	-	-	-
Other property, plant and equipment	60,486	14,449	(22,742)	(815)	(2,443)	48,935
Other property, plant and equipment (Rights of use)	1,210	4,136	-	3.	(1,120)	4,229
Total cost	**738,419**	**97,972**	**(23,122)**	**(10,811)**	**(67,638)**	**734,820**
Land and buildings	(45,262)	(4,257)	4,474	(880)	(4,765)	(50,690)
Land and buildings (Rights of use)	(71,881)	(21,639)	32	850	35,161	(57,477)
Machinery and tools	(199,282)	(16,052)	(2,461)	(381)	9,145	(209,031)
Machinery and tools (Rights of use)	(7,273)	(5,921)	-	8,674	161	(4,359)
Furniture	(24,846)	(1,368)	(965)	(24)	961	(26,242)
Furnishings (Rights of use)	-	-	-	-	-	-
Data-processing equipment	(26,495)	(2,485)	(1,458)	(109)	1,402	(29,145)
Equipment for information processes (Rights of use)	(662)	(283)	-	30	205	(710)
Transport equipment	(71,575)	(5,259)	526	3,062	5,805	(67,441)
Transport equipment (Rights of use)	(18,212)	(15,932)	13	131	8,041	(25,959)
Other property, plant and equipment	(41,927)	(4,984)	7,296	648	654	(38,313)
Other property, plant and equipment (Rights of use)	(931)	(1,437)	-	2	928	(1,438)
Total accumulated depreciation	**(508,346)**	**(79,617)**	**7,457**	**12,003**	**57,698**	**(510,805)**
Impairment losses	(18,177)	-	-	-	-	(18,177)
Total net property, plant and equipment	**211,896**	**18,355**	**(15,665)**	**1,192**	**(9,940)**	**205,838**

The most important additions for financial year 2019 are caused by the effect of applying IFRS 16 to items related to operating lease. The increase of transport element to the companies in Mexico and Peru is especially noteworthy.

The disposals correspond to sales, as well as the derecognition of fully depreciated items and their effect has been included under "Impairment and Gains or Losses on Disposal of Non-current Assets", in the consolidated income statement for 2019.

Financial year 2018:

	Balance as of 31/12/2017	**Effect IFRS 16 (note 3 b.8)**	**Balance as of 01/01/2018**	**Additions**	**Changes in the Scope of Consolidation and Other**	**Translation differences**	**Write-offs**	**Balance as of 31/12/2018**
Land and buildings	108,839	-	108,839	894	(6,137)	4,062	(714)	106,944
Land and buildings (Rights of use)	-	101,732	101,732	9,994	-	-	-	111,726
Machinery and tools	230,454	-	230,454	19,455	(70)	465	(8,676)	241,628
Machinery and tools (Rights of use)	-	13,021	13,021	524	-	-	-	13,545

Furniture	28,373	-	28,373	1,824	225	(290)	(705)	29,427
Furnishings (Rights of use)	-	-	-	-	-	-	-	-
Data-processing equipment	32,089	-	32,089	2,972	162	(1,492)	(1,154)	32,577
Equipment for information processes (Rights of use)	-	1,485	1,485	-	-	-	-	1,485
Transport equipment	88,768	-	88,768	7,777	597	(2,803)	(7,615)	86,724
Transport equipment (Rights of use)	-	42,301	42,301	234	-	-	-	42,535
Property, plant and equipment under construction	323	-	323	10,083	(323)	49	-	10,132
Property, plant and equipment under construction (Rights of use)	-	-	-	-	-	-	-	-
Other property, plant and equipment	54,109	-	54,109	10,171	537	(1,452)	(2,879)	60,486
Other property, plant and equipment (Rights of use)	-	1,183	1,183	27	-	-	-	1,210
Total cost	**542,955**	**159,722**	**702,677**	**63,955**	**(5,009)**	**(1,461)**	**(21,743)**	**738,419**
Land and buildings	(42,357)	-	(42,357)	(3,486)	567	23	(9)	(45,262)
Land and buildings (Rights of use)	-	(71,176)	(71,176)	(705)	-	-	-	(71,881)
Machinery and tools	(188,414)	-	(188,414)	(13,466)	784	588	1,226	(199,282)
Machinery and tools (Rights of use)	-	(6,991)	(6,991)	(282)	-	-	-	(7,273)
Furniture	(24,043)	-	(24,043)	(1,044)	6	156	79	(24,846)
Furnishings (Rights of use)	-	-	-	-	-	-	-	-
Data-processing equipment	(25,342)	-	(25,342)	(2,933)	(204)	1,359	625	(26,495)
Equipment for information processes (Rights of use)	-	(662)	(662)	-	-	-	-	(662)
Transport equipment	(75,593)	-	(75,593)	(4,036)	(252)	1,811	6,495	(71,575)
Transport equipment (Rights of use)	-	(18,139)	(18,139)	(73)	-	-	-	(18,212)
Other property, plant and equipment	(36,479)	-	(36,479)	(7,946)	123	460	1,915	(41,927)
Other property, plant and equipment (Rights of use)	-	(915)	(915)	(16)	-	-	-	(931)
Total accumulated depreciation	**(392,228)**	**(97,883)**	**(490,111)**	**(33,987)**	**1,024**	**4,397**	**10,331**	**(508,346)**
Value impairment	(22,424)	-	(22,424)	(60)	-	-	4,307	(18,177)
Total property, plant and equipment, net	**128,303**	**61,839**	**190,142**	**29,908**	**(3,985)**	**2,936**	**(7,105)**	**211,896**

As of 31 December 2019 and 2018, the Group's property, plant and equipment included fully depreciated items amounting to 48,353 thousand euros and 246,435 miles thousand euros, respectively.

Net property, plant and equipment located abroad totalled 106,154 and 24,135 thousand euros in 2019 and 2018, respectively.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.
As of 31 December 2019 and 2018, there was no indication of any impairment of the Group's property, plant and equipment in addition to those already recognised in the consolidated financial statements.

7. Non-current assets in projects

The balance of "Non-current Assets in Projects", appearing in the consolidated statement of financial position at 31 December 2019, includes the costs incurred by the fully consolidated companies for the construction of infrastructure that corresponds mainly to transport and energy generation infrastructure, and water treatment plants the operation of which constitutes the object of their respective companies. The aforementioned amounts correspond to the property, plant and equipment associated with the projects funded through project finance arrangements, those related to concessions identified as intangible assets and those included under financial assets in accordance with the criteria indicated in Note 4.c above. The Group considers that in order to better interpret its infrastructure project activity, it is more appropriate to present them in groups, although in this note they are also broken down by type of asset.

The Group's total investments in projects as of 31 December 2019 and 2018 is presented below:

	31/12/2019				31/12/2018			
	Investment	**Accumulated amortisation**	**Impairment**	**Net amount**	**Investment**	**Accumulated amortisation**	**Impairment**	**Net amount**
Initial balance	**66,839**	**(19,196)**	**(1,971)**	**45,672**	**117,627**	**(17,675)**	**(1,971)**	**97,981**
Changes in the scope of consolidation	-	-	-	-	(14,803)	-	-	(14,803)
Translation differences	834	-	-	834	(114)	-	-	(114)
Additions or charge for the year	28,056	(895)	-	27,161	8,231	(1,608)	-	6,623
Transfers	(21,284)	10,254	275	(10,756)	(24,801)	-	-	(24,801)
Debits	(6,136)	1,591	-	(4,545)	(19,301)	87	-	(19,214)
Final balance	**68,309**	**(8,247)**	**(1,696)**	**58,366**	**66,839**	**(19,196)**	**(1,971)**	**45,672**

The detail of “Non-current Assets in Projects” at 31 December 2019 and 2018 is as follows (in thousands of euros):

a) Non-concession projects (outside the scope of IFRIC 12)

Financial year 2019:

	End date of operation	**Balance as of 31/12/2018**	**Additions**	**Disposals**	**Transfers**	**Translation differences**	**Balance as of 31/12/2019**
Concesionaria Angostura Siguas	2033	8,788	165	-	2,274	365	11,592
Concesionaria Desaladora del Sur	n/a	2,093	27,590	(2,212)	-	374	27,845
Sice Energía	2040	5,943	-	-	-	-	5,943
Trigeneración Extremeña	n/a	3,834	-	(3,834)	-	-	-
Fuengirola Fotovoltaica	2045	2,791	-	-	-	-	2,791
Planta de Tratamiento de Aguas Residuales	2036	2,340	302	(90)	-	95	2,647
Others	n/a	7,235	-	-	(3,529)	-	3,706
Total cost		**33,024**	**28,056**	**(6,136)**	**(1,255)**	**834**	**54,523**
Concesionaria Angostura Siguas	2033	-	-	-	-	-	-
Concesionaria Desaladora del Sur	n/a	-	-	-	-	-	-
Sice Energía	2040	(1,679)	(197)	-	-	-	(1,876)
Trigeneración Extremeña	N/S	(1,591)	-	1,591	-	-	-
Fuengirola Fotovoltaica	2045	(949)	(112)	-	-	-	(1,061)
Planta de Tratamiento de Aguas Residuales	2036	(4)	(201)	-	-	-	(205)
Others	n/a	(962)	-	-	252	-	(710)
Total accumulated depreciation		**(5,185)**	**(509)**	**1,591**	**252**	**-**	**(3,852)**
Total non-current assets in non-concession projects		**27,839**	**27,547**	**(4,545)**	**(1,004)**	**834**	**50,671**

With regard to additions in this period, those made by Concesionaria Desaladora del Sur for an amount of 27,590 thousand euros intended for building a water desalination and purification plant that is to service the southern districts of Lima (Peru) is especially noteworthy.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Financial year 2018:

	End date of operation	Balance as of 31/12/2017	Changes in the Scope of Consolidation and Other	Additions	Disposals	Transfers (Note 4.g)	Translation differences	Balance as of 31/12/2018
Promosolar Juwi 17	2039	14,803	(14,803)	-	-	-	-	-
Concesionaria Angostura Siguas	2033	10,728	-		(1,940)	-		8,788
Kinkandine Offshore Windfarm	2037	10,383	-	-	-	(10,383)	-	-
Concesionaria Desaladora del Sur	n/a	6,439	-	8,231	(12,463)	-	(114)	2,093
Sice Energía	2040	5,943	-	-	-	-	-	5,943
Trigeneración Extremeña	n/a	3,834	-	-	-	-	-	3,834
Parque Eólico Tadeas	2039	3,393	-	-	-	(3,393)	-	-
Fuengirola Fotovoltaica	2045	2,791	-	-	-	-	-	2,791
Planta de Tratamiento de Aguas Residuales	2036	2,347	-	-	(7)	-	-	2,340
Others	n/a	11,602			(4,367)			7,235
Total cost		**72,263**	**(14,803)**	**8,231**	**(18,777)**	**(13,776)**	**(114)**	**33,024**
Promosolar Juwi 17	2039	-	-	-	-	-	-	-
Concesionaria Angostura Siguas	2033	-	-	-	-	-	-	-
Kinkandine Offshore Windfarm	2037	-	-	-	-	-	-	-
Concesionaria Desaladora del Sur	n/a	-	-	-	-	-	-	-
Sice Energía	2040	(1,558)	-	(121)	-	-	-	(1,679)
Trigeneración Extremeña	N/S	(1,334)	-	(257)	-	-	-	(1,591)
Parque Eólico Tadeas	2039	-	-	-	-	-	-	-
Fuengirola Fotovoltaica	2045	(837)	-	(112)	-	-	-	(949)
Planta de Tratamiento de Aguas Residuales	2036	(4)	-	-	-	-	-	(4)
Others	n/a	(1,005)	-	-	43	-	-	(962)
Total accumulated depreciation		**(4,738)**	**-**	**(490)**	**43**	**-**	**-**	**(5,185)**
Total non-current assets in non-concession projects		**67,525**	**(14,803)**	**7,741**	**(18,734)**	**(13,776)**	**(114)**	**27,839**

b) Concession assets — Intangible Fixed Assets

Itemised concession assets for which the Groups takes on the demand risk and, therefore, an intangible asset is registered as per IFRIC 12 are as follows:

Financial year 2019:

	End date of operation	Balance as of 31/12/2018	Additions	Disposals	Transfers	Balance as of 31/12/2019
Pabellón de Instalaciones deportivas Móstoles Coimbra	2048	6,019	-	-	34	6,053
Depuradora del Bajo Aragón	2028	16,675	-	-	(16,675)	-
Monte das Aguas	2022	3,388	-	-	(3,388)	-
Hidrolazán, S.L.	2020	1,867	-	-	-	1,867
Gerovitae La Guancha	2034	5,867	-	-	-	5,867
Total cost		**33,816**	**-**	**-**	**(20,029)**	**13,787**
Pabellón de Instalaciones deportivas Móstoles Coimbra	2048	(1,528)	(151)	-	-	(1,679)
Depuradora del Bajo Aragón	2028	(8,361)	-	-	8,361	-
Monte das Aguas	2022	(1,641)	-	-	1,641	-
Hidrolazán, S.L.	2020	(171)	-	-	-	(171)

Gerovitae La Guancha	2034	(2,311)	(235)	-	-	(2,546)
Total accumulated depreciation		**(14,012)**	**(386)**	**-**	**10,002**	**(4,396)**
Monte das Aguas	2022	(275)	-	-	275	-
Hidrolazán, S.L.	2020	(1,696)	-	-	-	(1,696)
Total impairment losses		**(1,971)**	**-**	**-**	**275**	**(1,696)**
Total intangible concession assets		**17,833**	**(386)**	**-**	**(9,752)**	**7,695**

Financial year 2018:

	End date of operation	Balance as of 31/12/2017	Additions	Disposals	Balance as of 31/12/2018
Pabellón de Instalaciones deportivas Móstoles Coimbra	2048	6,019	-	-	6,019
Depuradora del Bajo Aragón	2028	16,675	-	-	16,675
Monte das Aguas	2022	3,388	-	-	3,388
Hidrolazán, S.L.	2020	1,867	-	-	1,867
Gerovitae La Guancha	2034	6,392	-	(525)	5,867
Total cost		**34,341**	**-**	**(525)**	**33,816**
Pabellón de Instalaciones deportivas Móstoles Coimbra	2048	(1,378)	(150)	-	(1,528)
Depuradora del Bajo Aragón	2028	(7,527)	(834)	-	(8,361)
Monte das Aguas	2022	(1,506)	(135)	-	(1,641)
Hidrolazán, S.L.	2020	(171)	-	-	(171)
Gerovitae La Guancha	2034	(2,355)	-	44	(2,311)
Total accumulated depreciation		**(12,937)**	**(1,119)**	**44**	**(14,012)**
Monte das Aguas	2022	(275)	-	-	(275)
Hidrolazán, S.L.	2020	(1,696)	-	-	(1,696)
Total impairment losses		**(1,971)**	**-**	**-**	**(1,971)**
Total intangible concession assets		**19,433**	**(1,119)**	**(481)**	**17,833**

All of the projects detailed above are in operation. Transfers for financial year 2016, were classified under heading "Non-current assets for sale."

In 2019 and 2018 there are not concession assets classified as financial as per the provisions of IFRIC 12.

The Group companies take out insurance policies to cover the possible risks to which their non-current assets in projects are subject. These policies are considered to adequately cover the related risks.

At 2019 year end, "Current Concession Project Financing" and "Non-current Concession Project Financing" on the liability side of the accompanying consolidated statement of financial position include the amount of the financing associated with the projects related to IFRIC 12, which is generally secured by the assets assigned thereto and the shares of the project companies. Besides, as of 31 December 2019, it also includes financing associated to a desalination plant owned by the subsidiary Hydro Management, S.L.,, registered in financial year 2018 under Non-current assets held for sale and in which the Group acts as its lessor with regard to a third party.

The breakdown of the aforementioned financing is as follows (in thousands of euros):

Financial year 2019:

Company	Current	Non-current	Total
Hydro Management, S.L.	4,336	43,851	48,187
Total	**4,336**	**43,851**	**48,187**

The detail, by maturity, of the non-current financing related to these projects was as follows (in thousands of euros):

	Maturities				
	2021	**2022**	**2023**	**2024 and Subsequent Years**	**Total**
Balance as of 31 December 2019	4,158	4,158	4,158	31,377	43,851

Financial year 2018:

Company	Current	Non-current	Total
Hidrolazan	140	1,054	1,194
Depuradoras del Bajo Aragón	875	6,004	6,879
Monte das Aguas	280	700	980
Mas Vell Sun Energy, S.L.	-	339	339
Total	**1,295**	**8,097**	**9,392**

The detail, by maturity, of the non-current financing related to these projects was as follows (in thousands of euros):

	Maturities				
	2020	**2021**	**2022**	**2023 and Subsequent Years**	**Total**
Balance as of 31 December 2018	1,670	1,387	1,306	3,734	8,097

Long-term borrowings in 2019 and 2018 bore interest at market rates. The average annual interest rate on the various project financing detailed above was 5.45% in 2019 and 4.62% in 2018.

The Group has various interest rate hedges in connection with the aforementioned financing arrangements (see note 22).

Debt corresponding to non-recourse financing of the shareholder are, according to the project, secured by the assets, receivables and shares of the various project companies and include clauses requiring that certain ratios be achieved by the project, which were being met as of 31 December 2019, and are not expected to be reached in 2020. An exception to this is Hydro Management, S.L., a subsidiary which does not comply with certain concepts and ratios with regard to its bank financing but, however, this will not lead to an early maturity of such financing due to the fact that this situation has been maintained from the execution of the financing agreement and it is well known by the financing agreement from that moment. In this sense, the amount registered as long term is not relevant with regard to total liabilities registered in the attached consolidated statement of financial position.

Item “Cash and cash equivalents” (Note 15) includes 14,249 thousand euros (2,461 thousand euros in 2018) corresponding to cash at banks and in hand in companies that have "Current Concession Project Financing".

8. Investments in associates and jointly controlled operations

a) Investments in associates

The changes in “Investments in associates” in 2019 and 2018 were as follows (in thousands of euros):

Financial year 2019:

	Balance as of 31/12/2018	Additions and disposals	Transfers	Profit/Loss	Dividends	Other	Translation differences	Balance as of 31/12/2019
Al-Hamra Water Company	5,680	-	-	-	-	-	112	5,792
Concesionaria Jauru Trans. De Energía	13,334	(28,507)	-	-	-	743	14,430	-
Benisaf Water Company	42,789	-	(42,789)	-	-	-	-	-
Sdad. Aragonesa Estaciones Depuradoras	2,230	-	(2,230)	-	-	-	-	-
Sdad. De Aguas Residuales Pirineos	4,247	-	(4,247)	-	-	-	-	-
Incro, S.A.	691	-	-	255	(619)	-	-	327
Tonopah Solar Investment	182,342	-	-	(22,992)	-	-	3,653	163,003

Planta Reserva Fria Eten	4,655	-	-	1,322	-	-	(350)	5,627
Empresa Mantenimiento y Explot. M-30	5,035	-	-	2,078	(1,272)	(49)	-	5,792
Brillhante Transmissora de Energia	24,806	-	(24,806)	-	-	-	-	-
Caitan Spa	(6,957)	-	6,957	-	-	-	-	-
Energía Olmedo-Ourense Tramo I	1,292	-	-	11	-	-	-	1,303
Oleorey	(5,714)	-	8,483	(6,037)	-	3,730	(462)	-
Petrointegral	7,921	-	-	1,532	-	(3,036)	489	6,906
Brillhante Transmissora de Energia II	2,613	-	(2,560)	-	-	(53)	-	-
Karoshoek Solar One	18,825	-	(18,825)	-	-	-	-	-
Others	594	(2,918)	-	1,531	(78)	(73)	1,030	86
Total	**304,383**	**(31,425)**	**(100,235)**	**(22,300)**	**(1,969)**	**12,998**	**18,901**	**188,836**

The Group periodically evaluates the recoverable amount of investments which show signs of impairment. In this connection, the recoverable amount of the most significant investments is similar to their carrying amount and, therefore, no material impairment losses were recognised in 2019.

One of the main Group investments under this item of the attached consolidated statement of financial position as of 31 December 2019 is Tonopah Solar Investment is dedicated to the operation over a period of 25 years of a 110 MW solar thermal power plant located in Tonopah (Nevada, USA) the operation of which, which began in 2017, consists of the sale of power to its customer, Nevada Energy, through a private power sale agreement with a fixed rate which is updatable in accordance with inflation. The Group has analysed the recoverability of its investment in the Company by carrying out an impairment test by discounting the cash flows of the shareholders based on the business' financial model. The discount rate used was a capital cost (Ke) of 5% and no impairment losses were detected on this investment in accordance with the assumptions considered by the Group. The main change in the investment in Tonopah Solar Investment was due to the fluctuation in the euro/dollar exchange rate (translation differences) and to the losses incurred in the period.

Besides, the highlights of financial year 2019 the sale of Concesionaria Jauru Transmissora de Energia and the reclassification as assets held for sale of Benisaf Water Company, Sdad. Aragonesa Estaciones Depuradoras, Sdad. De Aguas Residuales Pirineos, Brillhante Transmissora de Energia, Caitan Spa, Brillhante Transmissora de Energia II and Karoshoek Solar One.

Financial year 2018:

	Balance as of 31/12/2017	Additions and disposals	Transfers	Profit/Loss	Dividends	Other	Translation differences	Balance as of 31/12/2018
Al-Hamra Water Company	4,282	1,076	-	(19)	-	10	331	5,680
Concesionaria Jauru Trans. De Energía	15,679	-	-	145	-	-	(2,490)	13,334
Benisaf Water Company	42,571	-	-	7,871	(6,297)	(1,885)	529	42,789
Sdad. Aragonesa Estaciones Depuradoras	1,998	-	-	33	-	121	78	2,230
Sdad. De Aguas Residuales Pirineos	4,707	-	-	(460)	-	-	-	4,247
Incro, S.A.	1,682	-	-	786	(1,777)	-	-	691
Tonopah Solar Investment	192,120	-	-	(18,245)	-	-	8,467	182,342
Planta Reserva Fria Eten	(1,514)	-	-	1,150	-	(611)	5,630	4,655
Empresa Mantenimiento y Explot. M-30	6,645	-	-	1,633	(1,679)	(1,564)	-	5,035
Brillhante Transmissora de Energia	27,690	-	-	2,918	(1,612)	-	(4,190)	24,806
Caitan Spa	4	-	-	(931)	-	-	(6,030)	(6,957)
Energía Olmedo-Ourense Tramo I	1,526	252	-	130	-	(616)	-	1,292
Oleorey	(1,964)	-	-	(1,685)	-	(1,990)	(75)	(5,714)
Petrointegral	7,137	-	-	525	-	-	259	7,921
Saeta Yield (note 3.b.4)	210,982	(203,212)	-	-	(7,770)	-	-	-
Bow Power (note 4.6)	130,505	-	(130,505)	-	-	-	-	-
Brillhante Transmissora de Energia II	3,052	-	-	342	(467)	-	(314)	2,613
P.E. Marcona	11,484	(9,404)	-	-	-	(5)	(2,075)	-
P.E. Tres Hermanas	15,380	(14,883)	-	-	-	(929)	432	-

Karoshoek Solar One	795	22,363	-	(519)	-	-	(3,814)	18,825
Others	711	1,018	-	(4,775)	(281)	3,868	53	594
Total	**675,472**	**(202,790)**	**(130,505)**	**(11,101)**	**(19,883)**	**(3,601)**	**(3,209)**	**304,383**

b) Jointly controlled operations

The main aggregates, prior to eliminations, relating to the jointly controlled operations as of 31 December 2019 and 2018 are as follows (in thousands of euros):

	Unincorporated Temporary Joint Ventures		**Joint Ventures**	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net assets	676,313	536,505	504,266	952,807
Profit/Loss before taxes	37,923	40,298	82,465	5,902
Income Tax	(6,468)	(1,772)	(39,196)	(837)
Profit after tax	31,455	38,526	43,269	5,065
Other income/(expense) recognised in the year	3,002	3,662	(12,399)	-
Total income and expense recognised in the year	34,457	42,188	30,870	5,065

* The balances of the unincorporated temporary joint ventures and similar entities are measured according to the Group's ownership interest but do not include eliminations of group balances.

9. Non-current financial assets

The detail of "Non-current Financial Assets" as of 31 December 2019 and 2018 is as follows (in thousands of euros):

a) Equity Instruments

Financial year 2019:

	Initial Balance as of 31/12/2018	**Additions/Charge for the year**	**Write-offs**	**Translation differences**	**Ending Balance as of 31/12/2019**
Salto San Fernando	751	-	-	-	751
Build2Edifica	1,060	-	(1,060)	-	-
Catalana d'Iniciatives	416	-	-	-	416
Solar Reserve Holding INC	32,101	3,781	-	(539)	35,343
Other holdings	813	982	-	-	1,795
Total cost	**35,141**	**4,763**	**(1,060)**	**(539)**	**38,305**
Value impairment	(439)	-	-	-	(439)
Total	**34,702**	**4,763**	**(1,060)**	**(539)**	**37,866**

Financial year 2018:

	Initial Balance as of 31/12/2017	**Additions/Charge for the year**	**Write-offs**	**Translation differences**	**Ending Balance as of 31/12/2018**
Salto San Fernando	751	-	-	-	751
Build2Edifica	1,060	-	-	-	1,060
Catalana d'Iniciatives	416	-	-	-	416
Solar Reserve Holding INC	28,364	4,865	-	(1,128)	32,101
Other holdings	232	581	-	-	813
Total cost	**30,823**	**5,446**	**-**	**(1,128)**	**35,141**
Value impairment	(761)	-	322	-	(439)
Total	**30,062**	**5,446**	**322**	**(1,128)**	**34,702**

The additions in 2019 related to the contributions made by the Group to Solar Reserve Holding, INC amounting to 3,781 thousand euros (2018: 4,865 thousand euros) on which the Group retains an approximate share of 6.32%.

b) Other credits

	31/12/2019	31/12/2018
Other receivables	20,638	20,578
Long-term deposits and guarantees	27,134	26,209
Debt instruments	-	42
Non-current trade receivables	205,279	147,676
Total	**253,051**	**194,505**

The item "other credits" mainly includes:

- The refinancing of the debt of the Town Council of Valdelacasas (Salamanca) amounting to 2,398 thousand euros (2018: 2,505 thousand euro).
- "Other credits" also includes certain long-term accounts receivable for an for an amount of 6,965 thousand euros (2018: 4,793 thousand euros). A credit with the Town Council of Vall d`Uixó for an amount of 1,092 thousand euros and a contract executed with the Ministry of Public Works of Chile for an amount of 4,699 thousand euros, which is to be repaid in 2021, are especially noteworthy.

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

"Non-current trade debtors" mostly includes the certified receivable amount of 83,135 thousand euros related to construction projects for investments carried out with regard to construction contracts, which are to be collected in the long term in relation with the cash flows arising from such investment, and 78,450 thousand euros from the company Hydro Management, S.L. Regarding the financial lease fees that constitutes the main activity of such subsidiary.

10. Other current financial assets

The detail of "Non-current Financial Assets" as of 31 December 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Short-term investment securities	187,226	127,202
Securitisation SPV current account (note 12)	10,983	24,724
Deposits and guarantees	23,473	24,811
Short term derivatives	-	300
Other receivables	15,333	252
Total	**237,015**	**177,289**

The short-term investment securities relate mainly to investments of specific cash surpluses in various financial assets (with average maturities of between three and six months), basically government debt repos, Eurodeposits and bank promissory notes. These assets earn interest at market rates.

11. Goodwill

As of 31 December 2019 and 2018, the detail by company of "Goodwill on Consolidation" is as follows (in thousands of euros):

Financial year 2019:

	Initial Balance as of 31/12/2018	Additions and write-offs	Transfers	Impairment	Translation differences	Ending Balance as of 31/12/2019
Técnicas de Desalinización de Aguas, S.A.	1,635	-	-	-	-	1,635
Serpista, S.A.	3,109	-	-	-	-	3,109
Comercial y Servicios Larco S.A.	4,614	-	-	-	49	4,663
Hydro Management, S.L.	-	-	3,829	-	-	3,829
Construcciones de las Conducciones, S.A.U.	-	10,920	-	-	-	10,920
Tecn de Sistemas Electrónicos, S.A. (Eyssa-Tesys)	1,412	-	-	-	-	1,412
Monelec, S.L	1,060	-	-	-	-	1,060
Electromur, S.A.	6,661	-	-	-	-	6,661
Bonal, S.A.	1,059	-	-	-	-	1,059
Oficina Técnica de Estudios y Control de Obras	12,351	-	-	-	-	12,351
Sdad. Ibérica de Construcciones Eléctricas, S.A.	11,708	-	-	-	-	11,708
Others	236	348	-	-	-	584
Total	**43,845**	**11,268**	**3,829**	**-**	**49**	**58,991**

Financial year 2018:

	Initial Balance as of 31/12/2017	Additions and write-offs	Impairment	Translation differences	Ending Balance as of 31/12/2018
Técnicas de Desalinización de Aguas, S.A.	1,635	-	-	-	1,635
Serpista, S.A.	3,109	-	-	-	3,109
Comercial y Servicios Larco S.A.	2,759	2,164	-	(309)	4,614
Tecn de Sistemas Electrónicos, S.A. (Eyssa-Tesys)	1,412	-	-	-	1,412
Monelec, S.L	1,060	-	-	-	1,060
Electromur, S.A.	6,661	-	-	-	6,661
Bonal, S.A.	1,059	-	-	-	1,059
Oficina Técnica de Estudios y Control de Obras, S.A,	12,351	-	-	-	12,351
Applied Control Technology, LLC	2,963	(3,048)	-	85	-
Delta PI, LLC	3,265	(3,341)	-	76	-
Integrated Technical Products, LLC.	1,021	(1,045)	-	24	-
Sdad. Ibérica de Construcciones Eléctricas, S.A.(SICE)	11,708	-	-	-	11,708
Midasco, LLC	10,290	-	(10,910)	620	-
Procme and Enipro	330	-	(330)	-	-
Others	771	(535)	-	-	236
Total	**60,394**	**(5,805)**	**(11,240)**	**496**	**43,845**

General criteria

For the goodwill at the Group, each year the carrying amount of the related company or cash-generating unit is compared against the value in use measured by the discounted cash flow method (impairment test).

All of the assumptions considered in the impairment test are backed by the historical financial information of the various units, taking into account future growth that is less than that obtained in prior years. In addition, it is worth noting that, in general, the main variables for 2019 did not differ significantly from those considered in the impairment tests carried out in 2016.
Company Management performed a sensitivity analysis in relation to variations in the discount and growth rates and the gross margin used in order to ensure that the aforementioned variations would not influence the recoverability of the previously calculated amounts. In this connection, a 1% increase in the discount rate used in the calculations would result in a reduction in the value in use, however under no circumstances would it result in the aforementioned value in use being less than its net carrying amount. Likewise, a reduction in the perpetual growth rate of 0.5% from the first period would entail a reduction in the value and use, however under no circumstances would it result in the aforementioned value in use being less than its net carrying amount. Fundamentally, a combined variation of the aforementioned variables would entail a variation in the value and use; however, under no circumstances would it result in the aforementioned value in use being less than its net carrying amount.

According to the estimates and projections available to the Board of 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 carrying amount of the goodwill recognised at 31 December 2019 and 2018.

12. Trade debtors and other accounts receivable

The carrying amount of trade and other receivables reflects their fair value, the detail for 2019 and 2018 being as follows (in thousands of euros):

	31/12/2019	31/12/2018
Trade and service provision clients	1,621,406	1,435,945
Trade receivables for amounts to be billed for work performed	992,702	1,328,058
Other Debtors	91,982	184,436
Impairment	(105,775)	(95,606)
Total	**2,600,315**	**2,852,833**

Item “Trade and service provision clients” includes, essentially, the amount of certification issued to clients corresponding to works completed and pending collection as of the date of the balance.

The Group has signed factoring agreements with no possibility of recourse in the event of default. The balance of receivables for this type of agreement was reduced by 133,908 thousand euros in this connection as of 31 December 2019 (2018: 130,526 thousand euros). Substantially all the risks and rewards associated with the factoring agreements, as well as control over the receivables, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner, the reason why the factored receivables were derecognised.

In addition, the balance of “Trade Receivables for Sales and Services” was reduced, additionally, by the amounts assigned to the CAP-TDA1 "Fondo de Titulización de Activos”, a securitisation SPV set up by ACS Actividades de Construcción y Servicios on 25 June 2003 and which was terminated at the beginning of 2010. Furthermore, the CAP-TDA2 "Fondo de Titulización de Activos” securitisation SPV was set up on 19 May 2010 and it will be terminated no later than 19 May 2020.

The ACS Group companies fully and unconditionally assign receivables to the securitisation SPV. This securitisation SPV, which is subject to Spanish law, transforms the receivables acquired into marketable bonds. This fund is managed by a managing company called Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. Because it is not listed on a secondary market, the bonds issued by the securitisation SPV have not received a rating from rating agencies. However, prior to executing the deed of incorporation for the securitisation SPV, the rating agencies confirmed that aforementioned bonds by the subscriber agency did not entail a decrease, reduction or withdrawal of the programme's short-term ratings. The amount of the rights sold to the securitisation SPV amounted to 3,431 thousand euros at 31 December 2019 (2018: 61,143 thousand euros), of which EUR 10,983 thousand (2018: 24,724 thousand euros) were not de recognised and are therefore included under "Other Current Financial Assets - Securitisation SPV Current Account" (see Note 10).

“Trade receivables completed works pending certification” reflects the difference between the production recognised from inception of each project in progress and the amount of the progress billings for each project at the balance sheet date in accordance with the criteria and causes detailed in Note 4.i.

13. Inventories

The detail of the balances of “Inventories" in 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Raw materials and other supplies	22,904	20,619
Work in progress and finished goods	1,634	1,246
Advances to suppliers and subcontractors	58,986	66,445
Total cost	**83,524**	**88,310**
Impairment losses	(2,587)	(2,367)
Total	**80,937**	**85,942**

The changes in “Impairment Losses” under inventories for 2019 and 2018 is as follows (in thousands of euros):

Financial year 2019:

	Ending Balance at 31/12/2018	Additions	Reversals	Ending Balance at 31/12/2019
Raw materials and other supplies	(2,198)	(420)	165	(2,453)
Work in progress and finished goods	(169)		35	(134)
Total	**(2,367)**	**(420)**	**200**	**(2,587)**

Financial year 2018:

	Initial Balance at 31/12/2017	Additions	Reversals	Ending Balance at 31/12/2018
Raw materials and other supplies	(1,876)	(417)	95	(2,198)
Work in progress and finished goods	(169)	-	-	(169)
Total	**(2,045)**	**(417)**	**95**	**(2,367)**

14. Other current assets

The detail of “Other Current Assets” in 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Pre-paid expenses	32,064	34,657
Total	**32,064**	**34,657**

"Other Current Assets" includes mainly amounts paid in advance such as insurance premiums and lease payments which will accrue, in general, in 2020.

15. Cash and cash equivalents

“Cash and Cash Equivalents” includes the Group's cash and short-term bank deposits with a maximum maturity of three months from the date of arrangement. In 2017 "Cash and Cash Equivalents" amounted to 1.737,428 thousand euros in (356,825 thousand euros in 2018) of which 1,878,127 thousand euros come from jointly controlled operations in which the Group has invested (note 8.b). The carrying amount of these assets reflects their fair value. Although the majority of the balance recognised is unrestricted, there may be certain restrictions on the availability of certain amounts, the amount of which is not material.

16. Net equity attributable to the Parent

a) Share capital

As of 31 December 2019, the share capital of ACS Servicios, Comunicaciones y Energía, S.L. is divided into 75,328,238 cumulative and indivisible shares ("participaciones") of 1 euro par value each, which will not be considered to be securities, may not be represented by share certificates or book entries and may not be called "acciones". Of these shares, which are numbered sequentially from 1 to 75,328,238 inclusive, 75,159,103 are held by ACS Actividades de Construcción y Servicios, S.A.,10 by Comunidades Gestionadas, S.A. and 169,125 by Residencial Monte Carmelo, S.A.U.

On 3 April 2018, a capital increase was executed amounting to 169,125 euros as 169,125 social units with a face value each of one euro were created; all of them were subscribed and paid for by the company Residencial Monte Carmelo, S.A.U. Said capital increase was made by means of a non-monetary contribution, transferring to the Group the shares and stake of the companies Parque Eólico Valdecarro, S.L. , Parque Eólico Donado, S.L. and Central Solar Termoeléctrica Cáceres S.A., valued at 169 thousand euros.

The Parent's shares are not officially listed.

b) Legal reserve

Under the Consolidated Spanish Corporate Enterprises Act, 10% of net profit must be transferred to the legal reserve until the balance of this reserve reaches 20% of the share capital. The portion of the legal reserve balance exceeding 10% of the company's already increased capital may be used to increase the share capital. Except as mentioned above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that other reserves are not available for this purpose.

As of 31 December 2019, the parent Company has allocated this reserve the minimum limit set forth in the Recast Corporate Enterprises Act.

c) Issue premium

The Consolidated Spanish Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

d) Other reserves

The detail, by subgroup, of "Equity - Other Reserves - Reserves of Consolidated Companies", of the reserves by consolidated company included in the "Other reserves" item under "Net equity" in the accompanying consolidated statement of financial position for 2019 and 2018 is as follows:

	31/12/2019	31/12/2018 (*)
Cobra Gestión de Infraestructuras Group	324,465	249,668
Etra Group	52,765	48,236
Semi Group	7,953	8,364
Maetel Group	13,209	5,492
ImesApi Group	3,099	8,859
Dragados Industrial Group	137,791	145,749
Electricidad Eleia, S.L.	-	-
Enyse Group	7,974	-
Reserves in consolidated companies	**547,256**	**466,368**
Reserves of the parent Company	**138,718**	**119,490**
Other reserves	**685,974**	**585,858**

e) Dividends

In 2019 the Company paid its shareholders the dividend classified under current liabilities a 31 December 2018 amounting to 94,914 thousand euros. The distribution of 2018 profit was approved by the shareholders at the Annual General Meeting held on 26 June 2019.
Likewise, on 26 June and 11 December 2019, the Board of Directors of the Parent approved the pay out of an interim dividend out of profit amounting to 205.646 thousand euros, of which 82,108 thousand euros were payable at 31 December 2019 and are classified under "Short-term Debt – Dividend Payable" under current liabilities in the attached consolidated Statement of financial position (see notes 2 and 24).

f) Translation differences

Translation differences in 2019 and 2018 were negative and amounted to 145,132thousand euros and 170,320 thousand euros respectively. The currencies that had the greatest impact on the variation or the Mexican peso, the Brazilian real and the US dollar. The breakdown, by subgroups, of "Translation Differences" (in thousands of euros) was:

	31/12/2019	31/12/2018
Cobra Gestión de Infraestructuras Group	(96,038)	(93,489)
Etra Group	(366)	(870)
Semi Group	(1,250)	(1,049)
Maetel Group	(567)	(2,193)
ImesApi Group	(5,739)	(32,822)
Dragados Industrial Group	(41,172)	(39,897)
Total	**(145,132)**	**(170,320)**

g) Hedges

The changes in “Hedges” in 2019 and 2018 were as follows (in thousands of euros):

	31/12/2019	31/12/2018
Opening balance	**(7,056)**	**10,575**
Effect on the income statement	(1,409)	(4,399)
Change in the valuation of derivatives	(23,373)	(13,232)
Final balance	**(31,838)**	**(7,056)**

“Valuation Adjustments” in the accompanying consolidated statement of financial position includes the net amount of changes in the fair value of financial derivatives designated as hedging instruments in cash flow hedges, net of the related tax effect.

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges. They relate mainly to interest rate and foreign currency hedges, tied to asset and liability items in the consolidated statement of financial position and to future transaction commitments qualifying for hedge accounting because they meet the requirements provided for in IAS 39. The changes in 2019 were not material.

17. Non-controlling interests

“Non-Controlling Interests” in the accompanying consolidated Statement of Financial Position as of 31 December 2019 and 2018 reflects the interest of the non-controlling shareholders in the fully consolidated companies in accordance with the criteria detailed in note 3.b.

Also, the balance of "Profit Attributable to Non-Controlling Interests” in the accompanying consolidated income statement represents the share of non-controlling shareholders in the profit for 2019 and 2018.

The changes in “Non-Controlling Interests” in the 2019 and 2018 were as follows (in thousands of euros):

Financial year 2019:

Company	Balance as of 31/12/2018	Profit/(Loss) for the year	Translation differences	Hedges	Other Changes (*)	Balance as of 31/12/2019
Procme, S.A.	2,146	1,607	-	-	17	3,770
Serpista, S.A.	4,201	659	-	-	(1,539)	3,319
Iberoamericana de Hidrocarburos, S.A. de C.V.	35,972	8,090	1,680	-	(5,740)	40,002
Monclova Pirineos Gas, S.A. de C.V.	11,258	251	1,732	-	5,254	18,495
Depuradoras del Bajo Aragón, S.A.	1,750	154	-	55	(123)	1,836
CCR Platforming Cangrejera, S.A. de C.V.	156	7	10	-	-	173
Conyceto Pty Ltd.	24	7	2	-	-	33
Dankocom, Pty	7,686	(6,320)	209	-	-	1,575
Firefly	273	10	13	-	-	296
Grazigystix	(756)	(8)	(16)	-	669	(111)

Instalaciones y Servicios Uribe, S.A. de C.V.	947	(90)	62	-	(1)	918
Oilserv, S.A.P.I de C.V.	18,007	4,712	1,197	-	(1)	23,915
Petrolíferos Tierra Blanca, S.A. de C.V.	(8,987)	(5,249)	(602)	-	-	(14,838)
Hydro Management, S.L.	(813)	771	-	121	(2)	77
Albatros Logistic Maroc, S.A.	241	56	3.	-	(76)	224
Venezolana de Limpiezas Indust. C.A. (Venelin)	1	23	(50)	-	31	5
Sistemas Sec, S.A.	1,942	694	(126)	-	(640)	1,870
SP Cobra Instalaçoes e Serviços, Ltda.	(34)	-	-	-	-	(34)
Dragados-Swiber Offshore S.A.P.I. de C.V.	115	(6)	7	-	-	116
Salam Sice Tech Solutions, Llc.	(229)	101	(8)	-	-	(136)
Others	4,354	(3,777)	2,662	(36)	708	3,911
Total	**78,254**	**1,692**	**6,775**	**140**	**(1,443)**	**85,417**

Financial year 2018:

Company	Balance as of 31/12/2017	Effect IFRS 16 (note 3 b.8)	Balance as of 01/01/2018	Profit/(Loss) for the year	Translation differences	Hedges	Other Changes (*)	Balance as of 31/12/2018
Procme, S.A.	1,874	(141)	1,733	1,359	-	-	(946)	2,146
Serpista, S.A.	4,243	(8)	4,235	857	-	-	(891)	4,201
Iberoamericana de Hidroc., S.A. de C.V.	37,037	(3)	37,034	(376)	1,098	(3)	(1,781)	35,972
Monclova Pirineos Gas, S.A. de C.V.	9,453	-	9,453	998	994	-	(187)	11,258
Depuradoras del Bajo Aragón, S.A.	1,658	-	1,658	136	-	55	(99)	1,750
CCR Platforming Cangrejera, S.A. de C.V.	143	-	143	6	7	-	-	156
Concesionaria Angostura Siguas	2,685	-	2,685	-	-	-	(2,685)	-
Constructora Las Pampas de Siguas	2,681	-	2,681	-	-	-	(2,681)	-
Consorcio Agua Para Gamboa	949	-	949	-	27	-	(976)	-
Conyceto Pty Ltd.	619	-	619	(572)	(23)	-	-	24
Dankocom, Pty	4,631	-	4,631	3,615	(560)	-	-	7,686
Firefly	533	-	533	(213)	(47)	-	-	273
Grazigystix	(974)	-	(974)	120	136	-	(38)	(756)
Instalaciones y Serv. Uribe, S.A. de C.V.	1,472	-	1,472	493	22	-	(1,040)	947
Oilserv, S.A.P.I de C.V.	14,720	-	14,720	2,696	591	-	-	18,007
Oleorey	(600)	-	(600)	(515)	(23)	-	(608)	(1,746)
Petrointegral	2,179	-	2,179	160	79	-	-	2,418
Petrolíferos Tierra Blanca, S.A. de C.V.	(4,391)	-	(4,391)	(828)	(223)	-	(3,545)	(8,987)
Hydro Management, S.L.	(1,651)	-	(1,651)	570	-	360	(92)	(813)
Araucária Proj. e Serv. de Construçao, Ltda	1,482	-	1,482	-	757	-	(2,239)	-
Albatros Logistic Maroc, S.A.	251	-	251	77	7	-	(94)	241
Venezolana de Limpiezas Indust. C.A.	199	-	199	91	(272)	-	(17)	1
Sistemas Sec, S.A.	2,598	-	2,598	509	(194)	-	(971)	1,942
SP Cobra Instalaçoes e Serviços, Ltda.	(34)	-	(34)	-	-	-	-	(34)
Dragados-Swiber Offshore S.A.P.I. de C.V.	110	-	110	1	4	-	-	115
Salam Sice Tech Solutions, Llc.	-	-	-	(51)	(21)	-	(157)	(229)
Others	3,504	-	3,504	(2,688)	(565)	(820)	4,251	3,682
Total	**85,371**	**(152)**	**85,219**	**6,445**	**1,794**	**(408)**	**(14,796)**	**78,254**

(*) Like other changes, it mainly includes the amounts related to the distribution of dividends

Of the foregoing, the main companies with shareholders holding 10% or more of the share capital are as follows:

- Serpista, S.A.: TEMG Mantenimiento, S.A. holds 10% of the share capital and Iberia, S.A. owns 39%.
- Procme, S.A.: GESTRC, SGPS, S.A. holds 25.46%.

- Sistemas Sec, S.A.: Compañía Americana de Multiservicios Limitada (CAM) holds 49%.
- Depuradoras del Bajo Aragón, S.A. is 45% owned by Joca Ingeniería y Construcción, S.A.
- Monclova Pirineos Gas, S.A. de C.V.: Atlantic Energy Investment, S.L. holds 10.54%, Steel Serv, S.A. holds 5% and Constructora Industrial de Monclova, S.A. de C.V. holds 15.00%.
- Venezolana de Limpiezas Industriales, C.A. (Venelin): Fomento de Construcciones y Contratas, S.A. holds 17.2%.
- Oilserv, S.A.P.I. de C.V.: Newpek S.A. de C.V. holds 50%.
- Petrolíferos Tierra Blanca, S.A. de C.V.: Alfasid del Norte, S.A. holds 50.01%.
- Dankocom, Pty Navolox holds 20% and Sener holds 28%.

Iberoamericana de Hidrocarburos, S.A. de C.V. is 40.5% owned by Monclova Pirineos Gas (and 59.5% by Avanzia Instalaciones S.A. de C.V., which is a Group company) and, therefore, for presentation purposes, the indirect interests attributed by the ownership interest of Monclova Pirineos Gas are considered non-controlling interests, i.e., 12.37%.

18. Provisions

The balance of “Provisions" in the consolidated statement of financial position as of 31 December 2019 includes the provisions recognised to cover different types of Group liability. They include most notably those relating to litigation, arbitration and claims in which the various Group companies are the defendants in relation to liability incurred in their business activities and provisions for contingencies for projects in progress. The changes in "Provisions” in 2019 and 2018 were as follows (in thousands of euros):

Financial year 2019:

NON-CURRENT PROVISIONS

	Other provisions	Provision for Third-Party Liability	Total
Balance as of 31 December 2018	**6,229**	**248,617**	**254,846**
Additions or charge for the year	924	15,446	16,370
Transfers	865	(37,706)	(36,841)
Applications	(138)	-	(138)
Reversals	(591)	(92,310)	(92,901)
Translation differences	(2)	6,159	6,157
Changes in the scope of consolidation	-	478	478
Balance as of 31 December 2019	**7,287**	**140,684**	**147,971**

CURRENT PROVISIONS

	Provision for Termination Benefits	Provision for Project Completion	Other Operating Provisions	Total
Balance as of 31 December 2018	**11,816**	**2,161**	**50,244**	**64,221**
Additions or charge for the year	4,318	112	27,605	32,035
Transfers	(831)	-	-	(831)
Applications	(44)	-	-	(44)
Reversals	(2,758)	(609)	(18,494)	(21,861)
Translation differences	9	7	(160)	(144)
Changes in the scope of consolidation	-	-	2,545	2,545
Balance as of 31 December 2019	**12,510**	**1,671**	**61,740**	**75,921**

Financial year 2018:

NON-CURRENT PROVISIONS

	Other provisions	Provision for Third-Party Liability	Total
Balance as of 31 December 2017	**6,001**	**169,319**	**175,320**
Additions or charge for the year	833	130,454	131,287
Transfers	(515)	(272)	(787)
Applications	(11)	(316)	(327)
Reversals	-	(54,715)	(54,715)
Translation differences	(54)	4,147	4,093
Changes in the scope of consolidation	(25)	-	(25)
Balance as of 31 December 2018	**6,229**	**248,617**	**254,846**

CURRENT PROVISIONS

	Provision for Termination Benefits	Provision for Project Completion	Other Operating Provisions	Total
Balance as of 31 December 2017	**8,526**	**2,931**	**46,716**	**58,173**
Additions or charge for the year	3,122	234	72,744	76,100
Transfers	1,401	(42)	(719)	640
Applications	(93)	-	-	(93)
Reversals	(1,058)	(899)	(67,592)	(69,549)
Translation differences	(78)	(63)	(904)	(1,045)
Changes in the scope of consolidation	(4)	-	(1)	(5)
Balance as of 31 December 2018	**11,816**	**2,161**	**50,244**	**64,221**

“Non-current Provisions" mainly includes, among other items, the best estimate of the probable payments related to litigation arising from the Group's normal business activities, as well as the contractual commitments arising from certain of the Group's main projects. In particular, allocations registered for financial years 2019 and 2018 correspond with the provisions maintained to cover those risks associated to the successful completion of certain projects executed by the Group both at a national and international level. Besides, revisions, of financial year 2019 fundamentally correspond with the removal of certain uncertainties associated to the completion of a photovoltaic plant located in Spain.

19. Debt with credit institutions and other financial liabilities

a) Debt with credit institutions

At 31 December 2019 and 2018, the Group had been granted the following loans and credit and discount facilities:

	31/12/2019			31/12/2018		
	Current	Non-current	Limit	Current	Non-current	Limit
Loans	120,130	3,526	-	47,344	130,206	-
Credit facilities	109,501	74,286	886,144	279,143	14,352	1,080,032
Non-matured interest payable	786	-	-	2,036	-	-
Total	**230,417**	**77,812**	**886,144**	**328,523**	**144,558**	**1,080,032**

The detail, by maturity, of the non-current debt with credit institutions in 2019 is as follows:

Year of maturity	Loans	Credit facilities	Total
2021	1,255	72,204	73,459
2022	924	508	1,432
2023	876	508	1,384
2024 and subsequent years	471	1,066	1,537
Total	**3,526**	**74,286**	**77,812**

The bank loans and credit facilities generally bear interest at an average floating rate tied to EURIBOR or LIBOR, depending on whether they are denominated in euros or dollars, plus a spread. The loans and credit facilities in other currencies are generally tied to the local market interest rate plus a spread.

Within short-term loans, those executed with Banco Itaú for an amount of 50,00 thousand euros maturing in June 2020 and a fixed-term interest of 0.56% and with Caixabank for an amount of 35,000 thousand euros maturing in January 2020 and an interest rate of 6-month Euribor plus a differential of 0.90%.

The main banks with which the Group has arranged credit facilities are the following:

- Banco Santander: loan with a limit arranged of 62,000 thousand euros of which 14,426 thousand euros had been drawn down as of 31 December 2019. These credit facilities are denominated in various currencies (euro, dollar and Mexican peso), they mature at short term and accrued interest at an average rate of 1.89 % in 2019.
- Bankia with a limit arranged of 24,000 thousand euros of which 2.883 thousand euros had been drawn down at 2019-year end and which accrued interest at an average rate of 0.75%.
- The Group has arranged credit facilities with Bankinter denominated in euros, dollars and Mexican pesos limited at 64,556 thousand euros: out of this amount, 6,424 thousand were available at 2019 year end and the average interest rate for these credit facilities was 1.94 %.
- Banco Santander: loan with a limit arranged of 63,000 thousand euros of which 10,810 thousand euros had been drawn down as of 31 December 2019. These credit facilities are denominated in various currencies (euro, dollar and Mexican peso), they mature at short term and accrued interest at an average rate of 1.07 % in 2019.

These debt with credit institutions are secured by corporate guarantees and the majority do not include clauses requiring certain ratios to be achieved, however, in relation to those borrowings that have obligations of this type there were no breaches as of 31 December 2019 nor are any expected in 2020.

b) Other financial liabilities

Other long-term financial liabilities:

This item includes fundamentally the following:

On 20 April 2018, the Company issued debt amounting to 750,000 thousand euros by means of “green bonds” issued on the market meaning they are backed by investments in “green” assets. Within this typology, it must be considered both renewable energy assets and investments in energy efficiency or investments in improvements in sustainability and/or involving a positive social impact that have been made or can be made by companies of the Group of ACS Servicios, Comunicaciones y Energía, S.L..

The term of the bond is 8 years, being 20 April 2026 the date established for the full refund in a single payment of said debt, accruing annual interest of 1.8750%.

This issue is not backed by any type of guarantee delivered by the Company or any of its investees. There are not specific conditions related to the issue. However, there is an obligation to disclose the consolidated financial statements of the group in the Irish stock market, as well as a report with regard to the destination of funds carried out by an independent third party in the website of the Parent Company- As of 31 December 2019, such requirements have been duly complied with and no significant non-compliance events are expected for 2020.

Other short-term financial liabilities

This item includes mainly the following:

Interest accrued and pending payment from the green bond stated under “Other non-current financial liabilities”, which as of 31 December 2019 amounted to 10,195 thousand euros (December 2018: 10,000 thousand euros).

45,000 thousand euros (December 2018: 25,000 thousand euros) corresponding to two issues of promissory notes in the Alternative Fixed-Income Market (hereinafter MARF, as per the Spanish acronym) for an amount of 30,000 thousand euros plus 15,000 thousand euros within the framework of a programme of promissory notes topping at 150,000 thousand euros, maturing on 21 January 2020 and 21 February 2020, and with interest rates of 0.15% and 0.1%, respectively.

20. Management of financial risk

In view of its business activities, the Group is exposed to various financial market risks, arising mainly from the ordinary course of its operations. The market risks include mainly interest rate, foreign currency, liquidity, inflation and credit risk.

Interest rate risk

This risk stems from changes in the future cash flows of floating rate borrowings resulting from fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on borrowing costs arising from fluctuations in interest rates. For this purpose, in certain situations, financial derivatives which guarantee fixed interest rates or rates with caps and floors are arranged (Note 22).

The sensitivity of the Group's profit to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, before tax and non-controlling interests, is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Change in interest rate	1% - 1%	1% - 1%
Effect on profit/loss	8,346 (8,346)	11,831 (11,831)

Based on the above information, the risk is considered substantially limited.

Foreign currency risk

Foreign currency risk arises mainly from the foreign operations of the Group, which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.
To hedge the risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group endeavours to make these investments in the same functional currency as the assets being financed and, likewise, in certain cases, arranges hedging instruments (Note 22).

The Group's main foreign currencies are presented in Note 30.

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 obtained from the conduct of the Group's ordinary operations, different forms of bank financing, capital market operations and divestment.

The Group maintains a proactive liquidity risk management policy, exhaustively monitoring its cash and anticipating the maturity of its financial transactions. The Group also manages its liquidity risk by efficiently managing its investments and working capital and arranging long-term financing facilities.

The goal is to ensure a balance in relation to flexibility, term and conditions of the credit facilities arranged on the basis of the projected short-, medium- and long-term financing needs. The Group's sensitivity to liquidity risk is scantly material.

The Group's working capital is positive and amounts to 1,149,321 thousand euros (924,054 thousand euros in 2018). Additionally, there are significant funds available (Note 19) and, therefore, it considers that the risk is limited.

Inflation risk

Inflation risk results from the loss in value of money when the monetary supply grows more than the supply of goods and services, causing a rise in the price of the latter. The Group's exposure to hyperinflationary economies is insignificant, with its presence in Venezuela and Argentina being of note, however its investments in the aforementioned countries are immaterial. The other countries in which the Group has its business activities cannot be considered highly inflationary economies according to the criteria established in the International Financial Reporting Standards and, therefore, this risk is considered limited.

Credit risk

The objective of credit risk management is to reduce the impact of credit risk exposure as much as possible by means of the preventive assessment of the solvency rating of the Group's potential customers.

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

As a result of the analysis of this risk, a provision was recognised for impairment of trade receivables (Note 12).

21. Capital management

The objectives of capital management at the Group are to maintain an optimum financial and net worth structure to reduce the cost of capital and at the same time to safeguard the Group's ability to continue operating with sufficiently sound debt/equity ratios.

The capital structure is controlled mainly through the debt/equity ratio, calculated as net financial debt divided by equity. Financial debt is taken to be:

+ Net recourse debt:
+ Non-current debt with credit institutions
+ Current debt with credit institutions
+ Issues of debentures and bonds
- Cash and other current financial assets
+ Project financing debt

The Parent's directors consider that the gearing ratio at 31 December 2019 and 2018 was adequate, the detail being as follows (in thousands of euros):

	31/12/2019	31/12/2018
(A) Net debt with recourse (1+2+3+4+5)	**(723,043)**	**(621,952)**
(1) Non-current bank borrowings (Note 19.a)	77,812	144,558
(2) Non-current bank borrowings (Note 19.a)	230,417	328,523
(3) Other non-current financial liabilities (Note 19.b and 24)	838,779	840,024
(4) Other short-term financial liabilities	104,392	120,359
(5) Other current financial assets and cash (Notes 10 and 15)	(1,974,443)	(2,055,416)
(B) Project financing debt	**48,187**	**9,392**
(C) Equity	**1,192,101**	**842,614**
Leverage ((A+B)/C)	-56.61%	-73.63%
Leverage as a percentage of net recourse debt (A/C)	-60.65%	-73.81%

22. Derivative financial instruments

The Group's different business lines are exposed to financing risks, mainly foreign currency and interest rate risks. In order to reduce the impact of these risks and in accordance with its risk management policy, the Group has arranged various financial derivatives, most of which have non-current maturities.
The following table shows the fair value of these hedges as of 31 December 2019 and 2018 (in thousands of euros):

	31/12/2019		**31/12/2018**	
	Assets		Assets	
	Non-Current	Current	Non-Current	Current
Cash flow hedges (interest rate)	-	-	-	-
Cash flow hedges (foreign currency)	2,147	-	1,340	-
Total	**2,147**	**-**	**1,340**	**-**

	31/12/2019		**31/12/2018**	
	Liabilities		Liabilities	
	Non-Current	Current	Non-Current	Current
Cash flow hedges (interest rate)	11,205	-	562	-
Cash flow hedges (foreign currency)	4,789	427	2,277	30
Total	**15,994**	**427**	**2,839**	**30**

Interest rate swaps hedge, approximately, 75% of the debt with final maturity between 2020 and 2037 and the conditions of which involve the conversion of fixed rates between 1.78% and 6.22%.

On its part, the foreign currency hedges relate mainly to projects in which payments and/or collections are made in a currency other than the functional currency. The Group has also arranged foreign currency hedges for transmission line projects.

The detail, by maturity, of the notional amounts of the aforementioned hedging instruments, on the basis of the nature of the related contracts, in 2019 and 2018 is as follows:

Financial year 2019:

	Thousands of euros							
	Notional Amount	2020	2021	2022	2023	2024	Subsequent Years	Net Fair Value
Exchange rate	88,857	88,857	93,292	3,305	5,287	12,029	-	2,147
Total assets	**88,857**	**88,857**	**93,292**	**3,305**	**5,287**	**12,029**	**-**	**2,147**

	Thousands of euros							
	Notional Amount	2020	2021	2022	2023	2024	Subsequent Years	Net Fair Value
Interest rate	380,713	380,713	324,467	303,430	283,000	263,182	912,829	(11,205)
Exchange rate	100,141	100,141	105,042	19,886	17,579	7,313	12,029	(4,789)
Total liabilities	**480,854**	**480,854**	**429,509**	**323,316**	**300,579**	**270,495**	**924,858**	**(15,994)**

Financial year 2018:

	Thousands of euros							
	Notional Amount	**2019**	**2020**	**2021**	**2022**	**2023**	**Subsequent Years**	**Net Fair Value**
Exchange rate	91,742	91,742	296,598	13,677	5,287	12,029	-	1,340
Total assets	**91,742**	**91,742**	**296,598**	**13,677**	**5,287**	**12,029**	**-**	**1,340**

	Thousands of euros							
	Notional Amount	**2019**	**2020**	**2021**	**2022**	**2023**	**Subsequent Years**	**Net Fair Value**
Interest rate	202,491	202,491	184,764	168,585	154,213	138,113	134,798	(562)
Exchange rate	71,718	71,718	20,216	12,456	17,579	2,167	-	(2,277)
Total liabilities	**274,209**	**274,209**	**204,980**	**181,041**	**171,792**	**140,280**	**134,798**	**(2,839)**

23. Trade and other payables

The detail of "Trade and Other Payables" as of 31 December 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Trade creditors	3,201,122	3,370,845
Advance payments from clients	762,389	731,004
Total	**3,963,511**	**4,101,849**

Includes mainly the amounts outstanding for trade purchases and related costs, as well as advances received from customers for contract work.

"Trade Payables" includes both the amounts owed for invoices issued by suppliers and creditors for the projects carried out by the Group, as well as the amounts for orders issued to them the invoices for which had yet to be received at year end.

The "Amounts collected in advance" for certain work and projects at the start thereof which are customarily amortised on a straight-line basis as the work performed is invoiced are recognised as customer advances. "Customer Advances" also include progress billings which, therefore, are deducted from revenue to the extent that the income is not effectively earned in accordance with the criteria detailed in Note 4.i.

The Group has signed reverse factoring and similar agreements with various banks in order to facilitate advance payments to its suppliers in accordance with which the supplier may exercise its right to collect vis-à-vis Group entities or companies, obtaining the amount invoiced, less the finance costs for discounts and fees applied by the aforementioned institutions and, in certain cases, amounts withheld as guarantees. The aforementioned agreements do not change the main payment conditions thereof (interest rate, period or amount) and, therefore, they remain classified as trade payables.

24. Other liabilities

Other non-current liabilities

The detail of "Other Non-current Liabilities" as of 31 December 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Non-current non-debt with credit institutions	72,317	74,960
Long-term payables relating to non-current assets	1,933	17
Total	**74,250**	**74,977**

"Non-current non-debt with credit institutions" include mainly loans obtained from public entities for the Group's innovation and development projects. The amount to be amortised in the coming 12 months is classified under "Other current liabilities" in the consolidated statement of financial position.

Other current liabilities

The detail of "Other current liabilities" in 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Remuneration payable	141,665	105,537
Short term debt	2,412	5,978
Active dividend pending payment (Note 2)	82,108	94,914
Other current liabilities	71,924	21,503
Total	**298,109**	**227,932**

"Dividend Payable" includes the amount of the interim dividend paid out in 2019 (note 2) and pending payment at 31 December 2019. The aforementioned dividend became effective in January 2020.

Current liabilities mainly include the payables to unincorporated temporary joint ventures for the ownership interests of venturers and which are not included in the Group's scope of consolidation.

25. Disclosures on deferred payments to suppliers Third additional provision. Reporting obligations under Spanish Act 15/2010, of 5 July.

Below is the information required by virtue of Third Additional Provision 15/2010, of 5 July 2010, of 5 July (as amended by virtue of Second Final Provision of Act 31/2014, of 3 December) prepared pursuant to ICAC [Spanish Accounting and Auditing Institute] Resolution of 29 January 2016, on the information to be added to the notes to the annual accounts, regarding the average payment term to the suppliers in trade operations.

	31/12/2019 Days	31/12/2018 Days
Average term of payment to suppliers.	81	74
Ratio of transactions paid	84	74
Ratio of operations pending payment	77	75

	Thousands of euros	Thousands of euros
Total payments made	1,890,459	1,568,847
Total pending payments	1,142,539	1,009,842

In accordance with the ICAC Resolution, in order to calculate the average payment period to suppliers, the trade operations corresponding to the delivery of goods or the provision of services since the date of entry into force of Spanish Act 31/2014, of 3 December, were taken into account.

For the exclusive purpose of providing the information envisaged in this resolution, trade payables for debt to suppliers of goods or services of the Group Companies resident in Spain are considered suppliers.

"Average payment period to Suppliers" will be taken to be the expression of the payment period or delay in the payment of the trade payable. The aforementioned "Average payment period to suppliers" is calculated as the quotient formed in the numerator by the sum of the ratio of transactions paid by the total amount of the payments made plus the ratio of transactions pending payment by the total amount of pending payments and, in the denominator, the total amount of payments made and the pending payments.

The ratio of transactions paid is calculated as the quotient formed in the numerator by the sum of the products corresponding to the amounts paid, the number of payment days (difference between the calendar days elapsed from the end of the legal maximum payment period until the last day of the period to which the financial statements refer) and, in the denominator, the total amount of payments made.

Likewise, the ratio of transactions payable corresponds to the quotient formed in the numerator by the sum of the products corresponding to the amounts payable, the number of days payable (difference between the calendar days elapsed from the end of the legal maximum payment period until the date of the closing of the financial statements) and, in the denominator, the total amount of payments pending.

The legal maximum payment period in force applicable to the Company for 2019 is 30 days (unless the conditions established therein are met, which would enable the aforementioned maximum payment period to be increased to 60 days).

26. Tax Situation

The detail of "Tax Receivables" and "Tax Payables" as of 31 December 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Current tax liabilities	45,674	54,871
Current tax assets	34,356	61,044

	31/12/2019	31/12/2018
Sundry tax receivables from Public Tax Administration:	82,918	63,363
VAT refundable by Public Tax Administration	496,778	379,165
Total assets	**579,696**	**442,529**
Tax payables	23,680	16,118
VAT payable to Public Tax Administration	374,290	263,949
Accrued social security taxes payable	30,678	30,766
Total liabilities	**428,648**	**310,833**

Income tax is calculated on the basis of the accounting profit determined by application of generally accepted accounting principles, which does not necessarily coincide with the taxable profit.
Under current legislation in the various markets in which the Group carries out its business activities, taxes cannot be deemed to have been definitely settled until the tax returns filed have been reviewed by the tax authorities or until the corresponding statute-of-limitation period has expired. For the Spanish companies in the Group, the related statute-of-limitations periods for 2013 and subsequent years have not elapsed for income tax and for 2016 and subsequent years, for income tax, value added tax and withholdings. For Group companies from other countries, the taxes for which the related statute-of-limitations period has not elapsed vary according to the legislation in force in each country.

The Directors do not expect any additional material liabilities to arise that might have a significant impact on the Company's equity in the event of a potential tax audit of the open years.

In 2017 most of the Spanish companies in the Group were included in the consolidated tax group headed by ACS Actividades de Construcción y Servicios, S.A.

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain (adjusted by the effect of different standard tax rates in other countries) to the current tax expense recognised, as well as the determination of the effective average tax rate, are as follows:

	31/12/2019	31/12/2018
Consolidated profit before taxes	735,014	448,940
Net profit/(loss) of companies accounted for using the equity method	(46,067)	11,101
Permanent differences in individual taxable profit/tax loss	(207,457)	17,889
Permanent differences due to accounting adjustments in consolidation	(80,953)	(45,793)
Tax Base	**400,537**	**432,137**
Tax rate at 25%	(100,134)	(108,034)
Tax credits	1,984	2,560
Effect of different standard tax rates in other countries	(13,002)	(16,553)
Current income tax expense	**(111,152)**	**(122,027)**
Other adjustments	(27,790)	(1,034)
TOTAL INCOME TAX EXPENSE	**(138,942)**	**(123,061)**

The net income tax payable of the companies included in the consolidated tax group headed by ACS Actividades de Construcción y Servicios, S.A. is recognised as an intragroup balance under “Trade Payables to Group Companies and Associates” or “Trade Receivables from Group Companies and Associates”, according to whether income tax is payable or refundable (note 27). With regard to companies not pertaining to the Spanish tax group, liquid fees to be paid by the Corporation Tax are classified as “Current tax assets” or “Current tax liabilities” depending on whether they are payable or receivable.

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein in 2019 and 2018 (in thousands of euros) follow:

Financial year 2019:

	Balance as of 31/12/2018	Charge/Credit to Income	Charge/Credit to Asset and Liability Revaluation Reserve	Balance as of 31/12/2019
Assets				
Other temporary differences	272,998	12,231	(4,751)	280,478
Tax differences	18,697	10,635		29,332
Tax rate differences	26,971	874	-	27,845
Total assets	**318,666**	**23,740**	**(4,751)**	**337,655**
Liabilities	0			
Other temporary differences	68,936	9,109	1,703	79,748
Total deferred tax liabilities	**68,936**	**9,109**	**1,703**	**79,748**

Financial year 2018:

	Initial Balance at 31/12/2017	Charge/Credit to Income	Charge/Credit to Asset and Liability Revaluation Reserve	Ending Balance at 31/12/2018
Assets				
Other temporary differences	177,005	87,696	10,227	274,928
Tax differences	26,800	(10,675)	(104)	16,021
Tax rate differences	27,210	507	-	27,717
Total assets	**231,015**	**76,523**	**10,123**	**318,666**
Liabilities				
Other temporary differences	56,451	17,639	(5,154)	68,936
Total liabilities	**56,451**	**17,639**	**(5,154)**	**68,936**

Among other items, the Group recognises tax credits, among others, certain deductions and provisions and finance costs not considered tax deductible under “Deferred Tax Assets”. Especially noteworthy are deferred tax assets regarding losses related to specific projects by national and foreign companies not pertaining to the tax consolidation, which will be certified when such companies are settled.

The unused income tax credits corresponding to the Spanish Tax Group recognised on the asset side of the consolidated statement of financial position have the expiry periods established under the Spanish Income Tax Act according to their nature. The unused amounts in 2019 and 2018 relate mainly to tax credits generated between 2010 and 2014 for the reinvestment of gains and for R&D+i expenses, for which the legal expiry periods are 15 and 18 years, respectively.

Pursuant to the tax legislation in force, deferred tax assets generated due to temporary differences are not subject, in general, to expiry periods.

The deferred tax assets indicated above were recognised in the statement of financial position because it was considered that, based on the best estimate of the Group's future earnings, including certain tax planning measures, it is probable that these assets will be recovered.

27. Balances and transactions with Group companies and associates

At 31 December 2019 and 2018, the Group had the following balances with ACS, Actividades de Construcción y Servicios, S.A. (the Parent of the ACS Group) and related parties:

Financial year 2019:

	Short-term credits	Other short-term financial assets	Trade debtors	Trade creditors	Short term debt	Long term debt
ACS Actividades de Construcción y Servicios, S.A.	-	108	44,602	40,479	-	-
Al Hamra Water Co LLC	-	-	15,770	-	-	-
Giovanni Sanguinetti Transmissora de Energia, S.A.	-	-	13,987	-	-	-
Dragados, S.A.	-	29	3,008	137	-	-
Idetra S.A. de C.V.	-	-	2,283	-	-	-
Oleorey, S.A. de C.V.	-	3,798	46,766	-	14,968	-
Prince Contracting LLC.	-	-	8,525	-	-	-
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.	-	-	13	-	-	-
Zero-E Euro Assets, S.A.	-	12,101	41	186	11,989	25,065
Tonopah Solar Energy, LLC	-	3,794	123	-	-	-
Planta de Reserva Fría Eten, S.A.	14,998	13	799	-	-	-
Empresa Mantenimiento y Explotación M-30 S.A.	11,747	-	891	-	-	-
Other concessions for less than EUR 4 million	2,997	3,513	32,527	1,049	12,933	1,514
Total	**29,742**	**23,356**	**169,335**	**41,851**	**39,890**	**26,579**

(*) The short-term balances with ACS Actividades de Construcciones y Servicios, S.A. relates mainly to tax consolidation.

Financial year 2018:

	Short-term credits	Other short-term financial assets	Trade debtors	Trade creditors	Short term debt	Long term debt
ACS Actividades de Construcción y Servicios, S.A.	-	-	37,636	24,394	49	-
Al Hamra Water Co LLC	-	-	11,734	-	-	-
Dragados, S.A.	-	-	4,805	103	1	-
Idetra S.A. de C.V.	-	-	4,179	-	-	-
Oleorey, S.A. de C.V.	-	-	39,010	-	-	-
Prince Contracting LLC.	-	-	9,580	-	-	-
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.	-	-	6,118	105	-	-
Tonopah Solar Energy, LLC	-	3,722	-	-	-	-
Planta de Reserva Fría Eten, S.A.	14,715	-	-	-	1	-
Empresa Mantenimiento y Explotación M-30 S.A.	11,747	-	-	-	-	-
Other concessions for less than EUR 4 million	6,124	2,834	22,007	1,393	74	989
Total	**32,586**	**6,556**	**135,069**	**25,995**	**125**	**989**

(*) The balance of “Current Payables” with ACS Actividades de Construcciones y Servicios, S.A. relates mainly to tax consolidation.

The loans and debt bear interest under normal market conditions.

The balances of “Trade Receivables” and “Trade Payables” in 2019 and 2018 relate to transactions in connection with work performed and trade services rendered, except those maintained with ACS, Actividades de Construcción y Servicios, S.A., which come fundamentally from tax consolidation.

In 2019 and 2018, the Group performed the following transactions with other ACS Actividades de Construcciones y Servicios Group companies and related parties:

Financial year 2019

ACS Actividades de Construcción y Servicios, S.A.	413	219	-	6,600	-	-
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.	261,051	-	-		16	-
Giovanni Sanguinetti Transmissora de Energia, S.A.	24,844	-	-	-	-	-
Mantiqueira Transmissora de Energia S.A.	17,264	-	-	-	-	-
Operadora de Carreteras de Coahuila y San Luis	14,074	-	-		15	
Veredas Transmissora de Electricidade, S.A.	11,884	-	-	-	-	-
Transmissora José Maria de Macedo de Electricidade, S.A.	7,793	-	-	-	-	-
Dragados, S.A.	2,799	177	-	-	-	-
Zero-E Euro Assets, S.A.	-	-	-		6,611	718
Zero-E Spanish PV 1	-	-	-		3,802	-
Vías y Construcciones, S.A.	3,778	-	-	-	-	-
Other concessions for less than 4 million euros	12,420	499	244	187	7,596	24
Total	**356,320**	**895**	**244**	**6,787**	**18,040**	**742**

Financial year 2018

ACS Actividades de Construcción y Servicios, S.A.	210	76	-	6,467	-	-
Dragados, S.A.	3,976	-	-	-	-	-
Vías y Construcciones, S.A.	1,893	-	-	-	-	-
Other concessions for less than EUR 4 million	4,242	606	184	46	569	4
Total	**10,321**	**682**	**184**	**6,513**	**569**	**4**

The item “Operating expenses” includes the invoices that the parent company, ACS Actividades de Construcción y Servicios, S.A., issues to the Group for the management of corporate services, which have amounted to 6,600 thousand euros in 2019 (6,459 thousand euros 2018).

28. Guarantee commitments to third parties and contingent liabilities

Guarantee commitments

As of 31 December 2019, the Group had provided third parties with guarantees granted by banks, mainly to secure certain ordinary business transactions. In 2019 various banks granted guarantees totalling 4,165,698 thousand euros (2018: 4,242,467 thousand euros) of which 368,960 thousand euros were provided on behalf of companies accounted for using the equity method.

The guarantees in force as of 31 December 2019 are not expected to give rise to any liabilities other than those recognised in the accompanying consolidated financial statements. The majority of these guarantees are related to the Group’s normal business activities and, therefore, the Directors consider that no liabilities in addition to those recognised in the accompanying consolidated statement of financial position 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 performance of construction work and the provision of industrial or urban services by the companies or the temporary joint ventures of which they are venturers.

Other contingencies

At the end of 2019 certain litigation, relating to the ordinary course of operations, affecting certain consolidated companies forming part of the Group were in process.
With regard to the company Escal UGS, S.L. and specifically to the Preliminary Proceedings 140/2015 submitted before Investigation Court no.4 of Vinarós, with regard to the complaint submitted by the Spanish General Attorney, among others, against all members of the Board of Directors of the Company, as well as against the Company itself, which has also been involved in the proceedings as a defendant, for an alleged crime against the environment and natural resources. In the investigation stage, statements from witnesses and technical witnesses were collected as agreed at the request of the Spanish General Attorney and Escal UGS, S.L. itself. At the end of the proceedings, both Escal UGS and the State Attorney submitted answers to this charge in which they requested the proceedings to be dismissed. On its part, the General Attorney submitted a writ requesting the cause to be pursued according to the Abridged Proceedings, since it considered that there were grounds to suspect a crime against the environment by Escal UGS, S.L. and two of its senior managers. Finally, on 15 October 2019, the Court issued a decision to pursue the proceedings according to the Abridged Proceedings based on the opinion that there are grounds to suspect a crime against the environment as per articles 325 and 326 of Criminal Code by Escal UGS, S.L. and two of its senior managers.

On 21 December 2017, the Spanish Constitutional Court handed down a decision partially upholding certain appeals. Specifically, certain articles of Spanish Royal Legislative Decree 13/2014 were declared void since the Court considered that there was no so-called enabling motive to use a decree-law (a situation of extraordinary and urgent need).

Besides, on 24 October 2018, the National Commission on Financial Markets informed Escal UGS, S.L. of the Agreement to commence the revision procedure on final settlements of the regulated activities of the natural gas sector with regard to the payments made to Escal UGS,S.L. with a charge to the 2014 settlement (included in the 2016 settlement), relating to the Castor underground gas storage facilities for the financial compensation received by such company. Escal UGS, S.L. made allegations against the origin of the revision. On 7 February, a resolution proposal that did not address the allegations and maintained the revision of the agreements that gave rise to different payments in favour of the Escal UGS, S.L. on the occasion of the final settlements of 2016 and 2017 was received. As of 8 July 2019, the National Commission for Markets and Competitors ("CNMC") notified a Escal UGS, S.L. its decision dated on 5 July which declares that settlements corresponding to 2014, 2016 and 2017 are fully null and void with regard to the recognition to Escal of those amounts corresponding to the financial compensation established by section 4.3 of Royal Decree-Law 13/2014 and notifies the obligation of repaying the entire amount of 209.7 million euros.

As of 16 July 2019, Escal UGS, S.L. filed an administrative appeal and requested the execution of injunctive relief measures. As of October 2019, the Company was notified of a writ by virtue of which it was agreed that the suspension of the proceedings requested by Escal in the framework of injunctive relief measures is not accepted. Currently, those measures must be voted and decided upon in a session whose date is yet to be agreed.

According to the opinion of its external lawyers, the Group thinks that they are in their legal right to collect the amounts by the CNMC, and which were already collected in the past, regardless of the fact that the mechanism used by the Public Administration has currently been deemed as inappropriate.

Besides, on 29 July 2019 Escal UGS, S.L. filed voluntarily for bankruptcy, after the corresponding request was accepted by a writ of the Commercial Court no. 12 of Madrid on 24 September 2019; this situation continues today.

In this context, the Directors of the parent Company consider that the conditions established as required in the financial reporting framework to consider that Escal UGS, S.L. was controlled by ACS Group are not met; and, therefore, as stated by note 3 b.4), such subsidiary company is no longer consolidated in the Consolidated Financial Statements of ACS Servicios, Comunicaciones y Energía, S.L. for financial year ended on 31 December 2019. Consequently, the Group Directors, deem that the resolution of the aforementioned proceedings will not have a significant adverse effect on the Group's Consolidated Financial Statements.

Besides, on 14 March 2019, the National Commission of Financial Markets and Competition (CNMC) notified Group subsidiaries Cobra Instalaciones y Servicios, S.A., Sociedad Española de Montajes Industriales, S.A. and Control y Montajes Industriales Cymi, S.A, the Decision regarding their alleged participation in two Spanish cartels related to public tenders for conventional and high speed railway lines, which imposes sanctions for a total amount of 48 million euros. In May 2019, each mentioned subsidiary submitted before the National High Court the corresponding administrative appeals against this decision, requesting the temporary suspension of payment of the relevant sanction; such request has been granted on the condition that a payment guarantee was submitted. The Group is supported by its legal advisors, who consider that there are solid grounds for ruling that this decision was null and void.

As of 1 October 2019, the National Commission of Financial Markets and Competition (CNMC) issued a decision concluding that Group subsidiaries Mantenimiento y Ayuda a la Explotación y Servicios, S.A., Mantenimiento y Montajes Industriales, S.A. and Moncobra, S.A. had allegedly participated, together with other companies, in an Spanish cartel which agreed process and assigned tenders for providing services of industrial assembly and maintenance; for this reason, they were imposed economic sanctions for a total amount of 18 million euros. Moncobra was not imposed any financial sanction because the non-compliance of which it was accused had prescribed. Each mentioned subsidiary submitted before the National High Court the corresponding administrative appeal against this decision requesting temporary suspension of payment. The Group is supported by its legal advisors, who consider that there are solid grounds for ruling that this decision was null and void.

29. Income and expenses

The geographical breakdown of the Group's revenue from its ordinary business in 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Spain	2,575,857	2,335,506
Europe	406,187	355,978
Africa	221,282	343,527
Asia-Pacific	367,494	639,736
America	2,890,109	2,641,132
Total	**6,460,929**	**6,315,879**

The detail by business of the revenue for 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Networks	679,951	661,376
Specialist Systems	2,083,129	2,172,883
Integrated Projects	2,788,845	2,560,887
Control Systems	909,004	920,734
Total	**6,460,929**	**6,315,879**

The detail of cost of materials used and other external expenses in 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Consumption of goods:		
Purchases	1,414,098	1,430,284
Volume rebates	(525)	(258)
	1,413,573	**1,430,026**
Cost of raw materials and other materials used:		
Purchases	433,565	669,815
	433,565	**669,815**
Work performed by other companies:		
Work performed by other companies	492,111	419,416
Work performed by subcontractors	1,153,724	970,132
	1,645,835	**1,389,548**
Impairment	**108**	**50**
Total cost of materials used and other external expenses	**3,493,081**	**3,489,439**

The contribution of each consolidated subgroup to 2019 profit was as follows (in thousands of euros):

Company	Total Profit/(Loss)	Consolidation adjustments	Profit/(Loss) Attributable to Non-Controlling Interests (note 17)	Total Consolidated Profit/(Loss)
Cobra Gestión Infraestructuras subgroup	452,540	-	(1,009)	451,531
Etra subgroup	15,671	-	-	15,671
Semi subgroup	5,113	-	-	5,113
Maetel subgroup	(5,637)	-	-	(5,637)
ImesApi subgroup	5,293	-	(98)	5,195
Dragados Industrial subgroup	121,048	-	(843)	120,205
ACS, SCE subgroup	226,865	(224,855)	258	2,268
Enyse subgroup	721	-	-	721
Electricidad Eleia, S.L.	(687)	-	-	(687)
Total	**820,927**	**(224,855)**	**(1,692)**	**594,380**

(*) As a general rule, the consolidation adjustments are allocated to the Parent.

The contribution of each consolidated subgroup to 2018 profit was as follows (in thousands of euros):

Company	Total Profit/(Loss)	Consolidation adjustments (*)	Profit attributable to non-controlling interests (note 17)	Total consolidated profit/loss
Cobra Gestión Infraestructuras subgroup	241,108	-	(9,221)	231,887
Etra subgroup	14,242	-	-	14,242
Semi subgroup	1,338	-	-	1,338
Maetel subgroup	17,568	-	-	17,568
ImesApi subgroup	(14,333)	-	(267)	(14,600)
Dragados Industrial subgroup	48,327	-	1,246	49,573
ACS, SCE subgroup	193,221	(175,592)	1,797	19,426
Total	**501,471**	**(175,592)**	**(6,445)**	**319,434**

(*) As a general rule, the consolidation adjustments are allocated to the Parent.

The breakdown of the backlog, by geographical distribution and business activities, as of 31 December 2019 and 2018 is as follows (in thousands of euros):

- Breakdown by geographical areas:

	31/12/2019	31/12/2018
Spain	2,441,762	2,443,062
Europe	591,599	598,627
Africa	676,580	334,722
Asia-Pacific	960,460	738,613
America	5,137,425	5,634,238
Total	**9,807,826**	**9,749,262**

- Breakdown by business activities

	31/12/2019	31/12/2018
Networks	627,892	528,311
Specialist Systems	3,275,352	3,226,567
Integrated Projects	4,516,148	4,618,292
Control Systems	1,388,434	1,376,092
Total	**9,807,826**	**9,749,262**

Staff costs for 2019 and 2018 are as follows:

	31/12/2019	31/12/2018
Salaries and wages	1,234,606	1,131,893
Social security	272,499	256,491
Other employee benefit costs	24,401	17,091
Total	**1,531,506**	**1,405,475**

The average number of employees, by professional category, at the Group as of 31 December 2019 and 2018 was as follows:

	Average Number of Employees 2019			Average Number of Employees 2018		
	Men	Women	Total	Men	Women	Total
Executives and university graduates	3,554	1,112	**4,666**	3,429	1,040	**4,469**
College graduates	4,107	670	**4,777**	5,033	719	**5,752**
Non-graduate line personnel	9,684	1,126	**10,810**	8,542	1,209	**9,751**
Administrative personnel	1,564	1,276	**2,840**	1,512	1,160	**2,672**
Other staff	25,523	1,187	**26,710**	23,305	1,142	**24,447**
Total	**44,432**	**5,371**	**49,803**	**41,821**	**5,270**	**47,091**

The average number of employees in 2018 with a disability equal to or greater than 33% amounted to 276 people in Spain and 81 in the rest of the world.

The number of employees, by professional category, at the Group as of 31 December 2019 and 2018 was as follows:

	Number of employees as of 31/12/2019			Number of employees as of 31/12/2018		
	Men	Women	Total	Men	Women	Total
Executives and university graduates	3,496	1,072	**4,568**	3,537	1,082	**4,619**
College graduates	3,486	628	**4,114**	4,412	686	**5,098**
Non-graduate line personnel	9,765	1,164	**10,929**	9,608	1,226	**10,834**
Administrative personnel	1,487	1,268	**2,755**	1,683	1,140	**2,823**
Other staff	22,352	1,263	**23,615**	26,827	1,080	**27,907**
Total	**40,586**	**5,395**	**45,981**	**46,067**	**5,214**	**51,281**

30. Foreign currency

The main foreign currency balances, by currency, in 2019 and 2018 are as follows (in thousands of euros):

Financial year 2019

Currency	Brazilian Reais (BRL)	Mexican Pesos (MXP)	US Dollars (USD)	Chilean Pesos (CLP)	Peruvian New Sol (PEN)	Columbian Pesos (COP)	Indian Rupees (INR)	Dominican Peso (DOP)	UAE Dirham (AED)
Short-term credits	46	77,292	9,391	9	3,250	53	5,329	3,589	7
Other receivables	-	16	-	5,686	285	-	-	-	-
Non-current debt with credit institutions	37,733	17,787	(12)	-	-	13,958	-	-	-
Current debt with credit institutions	20,582	24,859	677	18,852	14,965	215	13,096	-	964

Financial Year 2018

Currency	Brazilian Reais (BRL)	Mexican Pesos (MXP)	US Dollars (USD)	Chilean Pesos (CLP)	Peruvian New Sol (PEN)	Columbian Pesos (COP)	Indian Rupees (INR)	UAE Dirham (AED)
Short-term credits	45	60,975	8,649	3,181	2,946	300	4,969	8,392
Other receivables	-	15	-	6,697	5	-	-	-
Non-current debt with credit institutions	-	-	-	-	-	13,647	-	-
Current debt with credit institutions	30	8,400	70,632	18,741	14,242	38	7,429	1,148

31. Other Information

The amounts earned by members of the Board of Directors and Senior Executives of the Group, recognised in the corresponding expense accounts for all items was as follows (in thousands of euros):

	31/12/2019	31/12/2018
Wages	12,805	11,556
Attendance fees	126	126
Pension plans	784	784
Insurance premiums	9	20
Other items	36	33
Total	**13,760**	**12,519**

Of the above amounts 5,695 thousand euros of salaries (2018: 6,488 thousand), 8 thousand euros of insurance premiums (2018: 18 thousand euros) and 24 thousand euros of other items (2018: 25 thousand euros) correspond to members of the Group's senior executives.

No advances or loans have been granted to members of the Board of Directors or Senior Management, nor have any received share-based payments.

During 2019 and 2018, the Company Directors did not carry out any transactions unrelated to normal business or under different market conditions with the Company or with Group companies.

The Directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with Section 229 of the Recast Text of Spanish Corporate Enterprises Act.

32. Audit fees

In financial year 2019, the fees for the financial audit services and other professional services provided to the different Group Companies amounts to 3,605 thousand euros (2018: 3,497 thousand euros), subsequently detailing those provided by the Company’s auditor, KPMG Auditores, S.L. (2018: Deloitte, S.L.) or by a firm in the same group or related to the auditor were as follows (in thousands of euros):

Category	31/12/2019	31/12/2018
Financial audits	1,608	1,862
Others	150	277
Total	**1,758**	**2,139**

33. Events after the reporting date

As stated in note 3 b.4) in January 2020, an agreement was reached for the sale of the 50.1% held by the Group in Zero-E Euro Assets, S.A., as well as the sale of other photovoltaic energy projects also located in Spain, which are at various stages of development and are expected to come into operation between 2020 and 2023, totalling approximately 2,000 MW of installed capacity. The closure of this operation is subject to the fulfilment of various conditions precedent and is expected to occur during the first half of 2020.

On the other hand, on 11 March 2020, the outbreak of Coronavirus COVID-19 was declared a pandemic by the World Health Organization, due to the rapid spread around the world, having affected more than 150 countries. Restrictive measures to contain the spread have been taken by different governments, including: isolation, confinement, quarantine and restriction on the free movement of people, closure of public and private houses other than basic necessities and health facilities, closure of borders and drastic reduction of air, sea, rail and land transport.

This situation is significantly affecting the global economy due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty. This is evidenced by an increase in the volatility of asset prices, exchange rates and a decrease in long-term interest rates.

The consequences arising from COVID-19 are considered to be a subsequent event that does not require an adjustment to the 2019 consolidated annual accounts, without prejudice to they are subject to recognition in 2020 consolidated annual accounts.

Considering the complexity of the markets due to their globalisation and the absence, at the moment, of an effective medical treatment against the virus, it is very early, at the date of preparation of these Annual Accounts, to make a reliable estimate of the possible impacts. However, as far as we are able to know, there have been no consequences that could be considered significant, as these will depend, to a large extent, on the evolution and extension of the pandemic in the coming months, as well as on the reaction and adaptation capacity of all the economic agents affected. Therefore, it is not possible to make a reliable estimate. In any case, the Directors consider that the possible impact that this aspect could have on the Group could be mitigated with the different contractual mechanisms available in each case.

Finally, it should be noted that the Directors and Managers of the Group are constantly monitoring the evolution of the situation in order to ensure that any possible impacts, both financial and non-financial, are addressed effectively.

During 2020 the Group will assess the effect of said events on the equity and the financial situation during the financial year 2020, as well as on the financial performance of its operations and cash flows corresponding to the financial year that ended on such date.

ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries

Management Report
Financial year 2019

1. Group's evolution

1.1. Financial and operational main aggregates:

	Thousand euros		
	31/12/2019	31/12/2018 (*)	Variation
Sales	**6,460,929**	**6,315,879**	**2.3%**
Portfolio	**9,807,826**	**9,749,262**	**0.6%**
Months	18	19	
Earnings Before Interest (EBITDA)	**684,614**	**669,735**	**2.2%**
Margin on sales	10.6%	10.6%	
Operating profit (EBIT)	**586,208**	**589,383**	**-0.5%**
Margin on sales	9.1%	9.3%	
Net profit	**594,380**	**319,434**	**86.1%**
Margin on sales	9.2%	5.1%	
Net investments	**603,917**	**124,531**	**na**
Investments	778,252	521,845	49.1%
Disinvestments	174,335	397,314	-56.1%
Net debt / (Net cash position)	**(674,858)**	**(612,560)**	**1.9%**
Net debt of business	(723,043)	(621,952)	
Project financing	48,185	9,392	

(*) Restated figures

In 2019, the turnover for the Group reached 6,461 thousand euros, which translates into an increase of 2.3% regard to the previous financial year. The margin on sales remains constant in 10.6%.

In addition, the net debt ratio on EBITDA stands at -1.03 times at the end of financial year 2019 (-1.03 times at the end of financial year 2018).

1.2. Turnover and portfolio

- Turnover by activity

	Thousand euros		
	31/12/2019	31/12/2018	Variation
Support services for industry	**3,672,084**	**3,754,992**	**-2.2%**
Networks	679,951	661,376	2.8%
Specialist Systems	2,083,129	2,172,883	-4.1%
Control Systems	909,004	920,733	-1.3%
Integrated Projects	**2,788,845**	**2,560,887**	**8.9%**
Total	**6,460,929**	**6,315,879**	**2.3%**
International	**3,885,071**	**3,980,373**	**-2.4%**
Percentage on total	60.1%	63.0%	

- Turnover by geographical area

	Thousand euros		
	31/12/2019	31/12/2018	Variation
Spain	2,575,857	2,335,506	10.3%
Europe	406,187	355,978	14.1%
Africa	221,282	343,527	-35.6%
Asia-Pacific	367,494	639,736	-42.6%
America	2,890,109	2,641,132	9.4%
Total	**6,460,929**	**6,315,879**	**2.3%**

Sales in international markets amounted to 3,885 thousand euros, which represents a 60.1% of the total. However, it stands 2.4% below 2018, highlighting a sharp decrease in the activity in Asia Pacific and Africa due to the completion of some of the projects awarded in Japan and South Africa in 2016 and 2017, respectively. The domestic market continues to improve in 2018 with a positive growth of 10.3% in 2019, mainly due to the development of renewable energy generation projects using photovoltaic technology.

- Portfolio by activities

	Thousand euros		
	31/12/2019	31/12/2018	Variation
Networks	627,892	528,311	18.8%
Specialist Systems	3,275,352	3,226,567	1.5%
Integrated Projects	4,516,148	4,618,292	-2.2%
Control Systems	1,388,434	1,376,092	0.9%
Total	**9,807,826**	**9,749,262**	**0.6%**

- Portfolio by geographical area

	Thousand euros		
	31/12/2019	31/12/2018	Variation
Spain	2,441,762	2,443,062	-0.1%
Europe	591,599	598,627	-1.2%
Africa	676,580	334,722	102.1%
Asia-Pacific	960,460	738,613	30.0%
America	5,137,425	5,634,238	-8.8%
Total	**9,807,826**	**9,749,262**	**0.6%**

In Africa, the main contracts awarded in 2019 include the Combined Cycle Power Plant in Azito in the Ivory Coast amounted to 201 million euros and two sulphuric acid plants in Morocco amounted to 250 million euros. In the Americas, the construction of two hospital has been awarded in Nicaragua amounted to 140 million euros. The construction of other hospital in Peru amounted to 27 million euros has been awarded too. In the Asia-Pacific Area, the increase is due to the award of two photovoltaic plants in Japan, of 11.6 kW and 53.7 kW respectively, for a total amount of 76 million euros.

1.3. Net debt

Net debt evolution of the Group is as follow:

	Thousand euros	
	31/12/2019	31/12/2018
Debt with credit institutions	77,812	144,558
Concession project financing	43,851	8,097
Other financial liabilities	764,529	765,047
Debt with group and associated companies	26,579	989
Long-term gross debt	**912,771**	**918,691**
Debt with credit institutions	230,417	328,523
Concession project financing	4,336	1,295
Other financial liabilities	104,392	120,359
Debt with group and associated companies	39,890	125
Short-term gross debt	**379,035**	**450,302**
Total gross debt	**1,291,806**	**1,368,993**
Other current financial assets	237,015	177,289
Other financial assets arising from Group companies and associates	23,356	6,556
Cash and cash equivalents	1,737,428	1,878,127
Net debt / (Net cash position)	**(705,993)**	**(692,979)**

1.4. Working capital

The Group's working capital evolution for 2019 and 2018 is as follows:

	Thousand euros	
	31/12/2019	31/12/2018 (*)
Inventories	80,937	85,942
Trade debtors and other accounts receivable	2,600,315	2,852,833
Trade debtors, group and associated companies	177,817	135,069
Current tax assets	34,356	61,044
Other credits with Public Administrations	579,696	442,529
Other current assets	32,064	34,657
Total working assets	**3,505,185**	**3,612,074**
Trade creditors and other accounts payable	3,963,511	4,101,849
Trade payables to Group companies and associates	41,851	25,995
Current provisions	75,921	64,221
Current tax liabilities	45,674	54,871
Other debts with Public Administrations.	428,648	310,833
Other current liabilities	298,109	227,932
Total current liabilities	**4,853,714**	**4,785,701**
Working capital	**(1,348,529)**	**(1,173,627)**

(*) Unaudited restated

2. Own shares

As concerns operations with ACS Servicios, Comunicaciones y Energía S.L. treasury shares, the Group has not purchased or sold any treasury shares in ACS Actividades de Construcción y Servicios, S.A., during financial year 2019.

Highlighting actions developed in 2018, on 3 April 2018, it was executed a capital increase amounting to 169,125 euros as 169,125 social units with a face value each of one euro were created; all of them were subscribed and paid for by the company Residencial Monte Carmelo, S.A.U. Said capital increase was made by means of a non-monetary contribution, transferring to the Company the shares and stake of the companies Parque Eólico Valdecarro, S.L. (valued at 125 thousand euros), Parque Eólico Donado, S.L. (valued at 3 thousand euros) and Central Solar Termoeléctrica Cáceres S.A., (valued at 41 thousand euros). In addition, the Group has not purchased own shares or shares in ACS Actividades de Construcción y Servicios, S.A., nor does it plan to in the future.

3. Information on the main risks and uncertainties of Grupo ACS business operations and the management of financial risks

The Group operates in different sectors, countries and socioeconomic and legal environments which imply exposure to different levels of risk inherent to the businesses involved.

The Group monitors and controls such risks in order to prevent them from decreasing their shareholders' profitability, any hazards for its employees or corporate reputation, problems for its customers or any negative impact for the Group as a whole. To perform this risk control work, the Group has tools to identify risks well enough in advance in order to adequately manage them by either preventing their materialisation or minimising the impacts thereof all while prioritising them based on their significance, as necessary. Standing out are systems related to controls in tender processes, contracting, work and project planning and management as well as quality management, environmental management and human resources systems.

In addition to the consubstantial risks to the various business activities, the Group is exposed to various financial risks either due to variations in interest rates or exchange rates, liquidity risks and credit risks.
Risks deriving from variations in interest rates in cash flows are mitigated by ensuring rates through financial instruments that absorb some of the fluctuation.
Exchange rate variation risks are managed by taking debt in the same operating currency as the Group's assets financed abroad. To cover net positions in non-euro currencies, the Group contracts various financial instruments to absorb the exposure to exchange rate risks.

To manage liquidity risks caused by time gaps between needs for funds and the generation thereof, a balance is maintained between the term and flexibility of indebtedness contracted through the use of scaled financing that meets the Group's funding needs. Thus, it is linked to capital management which maintains the optimal financial-asset structure to reduce the cost thereof while safeguarding the capacity to continue operations with adequate debt ratios.

Finally, the credit risk caused by failed commercial credits is overcome with preventive reviews of the solvency ratings of potential clients at the start of relationships with them as well as throughout contract terms, evaluating the credit quality of the sums pending receipt and reviewing the sums estimated as recoverable when considered bad debt.

Financial risks are monitored by the methodological application of the IFRS (and in accordance with the new General Chart of Accounts) and by preparing a series of reports to monitor and control said risks for decision making purposes.

Based on the information currently available, the Group does not expect to face any risk and uncertainty situations in the first half of 2020 that are significantly different from those faced in the second half of 2019.

The mechanisms used to manage all these financial risks and the Group's hedge instruments are itemised in the company's 2019 Consolidated Annual Report.

4. Technological innovation and environmental protection

The Group is committed to an ongoing improvement policy with regard to its processes and the technology applied in all areas of its activities. With this aim it maintains its own research programme to develop new technological knowledge applicable to the design of processes, systems, new materials, etc. in each activity.

To apply and foster this commitment, the company has been implementing a series of committees since 2012 at several of the Group's companies to work on a number of initiatives that have been developed since that time.

The work done within the Group is related to technology improvements in energy including renewable energies, urban control systems and high-speed train systems.

5. Information on the average supplier payment period

Most payments to suppliers were made within the legally established period. Nonetheless, the other causes are being analysed in order to implement the appropriate measures.

6. Non-financial information statement

The Group ACS Servicios, Comunicaciones y Energía, S.L. and Subsidiaries is included in the Consolidated Non-Financial Information Statement, which is part of the management report of ACS Actividades de Construcción y Servicios, S.A. and subsidiaries. Said Non-Financial Information Statement has been prepared taking into account the requirements set forth in the Spanish Act 11/2018 of 28 December modifying the Code of Commerce, the recast Text of the Corporations Act approved by Royal Legislative Decree 1/2010 of 2 July and the Act 22/2015 of 20 July on Account Auditing on financial information and diversity. The report of ACS Actividades de Construcción y Servicios, S.A. and subsidiaries is filled at the Business Registry of Madrid.

7. Significant events after closing

During January 2020, an agreement was reached for the sale of the 50.1% held by the Group in Zero-E Euro Assets, S.A., as well as the sale of other photovoltaic energy projects also located in Spain, which are at various stages of development and are expected to come into operation between 2020 and 2023, totalling approximately 2,000 MW of installed capacity. The closure of this operation is subject to the fulfilment of various conditions precedent and is expected to occur during the first half of 2020.

On the other hand, on 11 March 2020, the outbreak of Coronavirus COVID-19 was declared a pandemic by the World Health Organization, due to the rapid spread around the world, having affected more than 150 countries. Restrictive measures to contain the spread have been taken by different governments, including: isolation, confinement, quarantine and restriction on the free movement of people, closure of public and private houses other than basic necessities and health facilities, closure of borders and drastic reduction of air, sea, rail and land transport.

This situation is significantly affecting the global economy due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty. This is evidenced by an increase in the volatility of asset prices, exchange rates and a decrease in long-term interest rates.

The consequences arising from COVID-19 are considered to be a subsequent event that does not require an adjustment to the 2019 consolidated annual accounts, without prejudice to they are subject to recognition in 2020 consolidated annual accounts.

Considering the complexity of the markets due to their globalisation and the absence, at the moment, of an effective medical treatment against the virus, it is very early, at the date of preparation of these Annual Accounts, to make a reliable estimate of the possible impacts. However, as far as we are able to know, there have been no consequences that could be considered significant, as these will depend, to a large extent, on the evolution and extension of the pandemic in the coming months, as well as on the reaction and adaptation capacity of all the economic agents affected. Therefore it is not possible to make a reliable estimate. In any case, the Directors consider that the possible impact that this aspect could have on the Group could be mitigated with the different contractual mechanisms available in each case.

Finally, it should be noted that the Directors and Managers of the Group are constantly monitoring the evolution of the situation in order to ensure that any possible impacts, both financial and non-financial, are addressed effectively.

During 2020 the Group will assess the effect of said events on the equity and the financial situation during the financial year 2020, as well as on the financial performance of its operations and cash flows corresponding to the financial year that ended on such date.

8. Glossary

Concept	Definition and consistency	31/12/2019	31/12/2018 (*)
Portfolio	Value of awarded and closed contracts pending implementation (Note 29)	9,807,826	9,749,262
Portfolio moths	(Portfolio/ Sales) x 12	18	19
Sales	Net turnover	6,460,929	6,315,879
Net profit	Profit attributable to the parent (Note 29)	594,380	319,434
Net profit margin on sales	Net profit /Sales	9.2%	5.1%
Earnings Before Interest (EBITDA)	Sales + Other income - Cost of materials used and other external expenses - Other operating expenses + Results of associates	684,614	669,735
EBITDA margin on sales	EBITDA / Sales	10.6%	10.6%
Operating net profit (EBIT)	Earnings Before Interest - Allocation for depreciation of fixed assets - Changes in working capital	586,208	589,383
EBIT margin on sales	EBIT / Sales	9.1%	9.3%
Net debt ratio on EBITDA	Net debt / Earnings Before Interest (EBITDA)	(1.03)	(1.03)
Investments	Investment payments	778,252	521,845
Disinvestments	Disinvestment proceeds	174,334	397,314
Net investments	Investments - Divestments	603,918	124,531
Gross debts of business	Long-term debts with credit entities + Other long-term financial liabilities + Short-term debts with credit institutions + Other short-term financial liabilities + Long-term and short-term debts with Group and associated companies	1,243,619	1,359,601
Project financing	Long-term concession project financing + Short-term concession project financing	48,187	9,392
Gross debt	Gross debts of business + financing project	1,291,806	1,368,993
Net debt of business	Gross debt of business + Other current financial assets + Other current financial assets with group and associated companies + Cash and cash equivalents	(751,719)	(699,302)
Net debt of concession project	Financing projects + Cash and other equivalent liquid assets in concession project (note 7)	45,726	6,323
Net debt / (Net cash position)	Net debt + Project financing	(705,993)	(692,979)
Trade current assets	Inventories + Trade debtors and other accounts payable + Trade debtors, group and associated companies + Current tax assets + Other credits with Public Administration + Other current assets	3,505,185	3,612,074
Trade current liabilities	Trade creditors and other accounts payable + Trade creditors, Group and associates companies + Short-term provisions+ Current tax liabilities + Other accounts payable to public authorities + Other current liabilities	4,853,714	4,785,701
Trade working capital	Current assets - Current liabilities	(1,348,529)	(1,173,627)

(*) Unaudited restated

ADDENDUM I

Subsidiaries

Company	Address	Activity	Auditor	% Effective share
ACS Servicios Comunicaciones y Energía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial services	KPMG	100,00%
Electricidad Eleia, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Marketing of electricity, natural gas and other hydrocarbons	-	100,00%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	All types of construction work	KPMG	100,00%
COBRA GROUP INFRASTRUCTURE MANAGEMENT				
Cobra Gestión de Infraestructuras, S.A.U	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial services	KPMG	100,00%
COBRA GROUP				
ACS Industrial Services, LLC.	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. United States.	Energy Production	-	100,00%
ACS Peru	Av. Victor Andres Belaunde N° 887 - Carmen de la Legua, Callao	Auxiliary Services	KPMG	100,00%
ACS Servicios Comunicac y Energía de México SA CV	José Luis Lagrange, 103 8º.Los Morales Polanco. Mexico.	Construction of all types	KPMG	100,00%
Actividades de Instalaciones y Servicios, Cobra, S.A.	Calle 93 nº 11A, OFC203 . Bogotá. Colombia.	Electricity, Gas and Communications Distribution Auxiliary Services	Opine - Elquin Infante Lombo	100,00%
Actividades de Servicios e Instalaciones Cobra, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad. Guatemala	Electricity, gas and communications distribution auxiliary services	Consultants	100,00%
Actividades de Servicios e Instalaciones Cobra, S.A.	Avda. Amazonas 3459-159 e Iñaquito Edificio Torre Marfil. Oficina 101. Ecuador	Electricity Services (Transport)	-	100,00%
Actividades y Servicios, S.A.	Araoz, 1051. Caba. Argentina.	Electrical energy	-	100,00%
Agadirver	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Shareholding	Oliveira, Reis & Associados, Sroc, Ltda	74,54%
Ahin PV Solar, S.L.U.	Calle Antonio Mauro, 9 bajo derecha. 28014 Madrid. Spain	Photovoltaic plant	-	100,00%
Aldebarán S.M.E., S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electricity generation	-	100,00%
Alianz Petroleum S de RL de CV	José Luis Lagrange, 103 8º.Los Morales Polanco. Mexico.	Shareholding	-	100,00%
Argencobra, S.A.	Araoz, 1051. Caba. Argentina.	Electricity, gas and communications distribution auxiliary services	Dr. Osvaldo Jorge Paulino. Public Accountant	100,00%
ASON Electrónica Aeronautica, S.A.	Cardenal Marcelo Spinola, 10.28016 Madrid. Spain	Electronic and mechanical systems for the aviation and defence industry	-	100,00%
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	The sale and assembly of industrial and climate control systems	KPMG	100,00%
Avanzia Energia, S.A. de C.V.	Jose Luis Lagrange 103, P 8, Colonia Polanco 1 Seccion, Miguel Hidalgo CP 11510. Mexico City. Mexico.	Engineering, Photovoltaic Plants, Telecommunications, Electrical Systems	-	100,00%
Avanzia Exploración y Producción, S.A. de C.V.	José Luis Lagrange, 103. Mexico City. Mexico.	Drilling of gas and oil wells. Mining.	KPMG	100,00%
Avanzia Instalaciones S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. Mexico.	Electricity, gas and communications distribution auxiliary services	KPMG	100,00%
Avanzia Ingenieria, S. A. de C. V.	C/José Luis Lagrange, 103 - Miguel Hidalgo. Mexico.	Engineering and construction	KPMG	100,00%
Avanzia Operaciones S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. Mexico.	Gas and petroleum drilling work	KPMG	100,00%
Avanzia Recursos Administrativos, S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. Mexico.	Gas and petroleum drilling work	KPMG	100,00%
Avanzia S.A de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. Mexico.	Shareholding. Public and private construction work.	KPMG	100,00%
Avanzia Sistemas, S.A. de C.V.	José Luis Lagrange, 103. Mexico City, Mexico.	Administration and supervision of the construction of communication lines.	-	100,00%
Avanzia Soluciones y Movilidad, S.A. de C.V.	José Luis Lagrange, 103. Mexico City. Mexico.	Administration and supervision of the construction of communication lines.	-	100,00%
Biorio, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal.	Electricity production	-	74,54%
Bonete Fotovoltaica 1, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Electricity	-	100,00%
Bonete Fotovoltaica 2, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Electricity	-	100,00%
Bonete Fotovoltaica 3, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain	Electricity	-	100,00%
Brisa Esparsa - Energias Renováveis Unipessoal, Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo.. Oeiras. Portugal.	Construction	-	74,54%
CCR Platforming Cangrejera S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. Mexico.	Construction of all types	-	75,00%
Central Solar Termoeléctrica Cáceres, S.A.U.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Thermoelectric solar power plant	-	100,00%
Centro de Control Villadiego, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electricity generation	-	100,00%
CIS-WRC, LLC	2800 Post Oak Boulevard Suit 5858. Houston, Texas 77056. United States.	Treatment plant construction	-	53,00%
CM- Construçoes, Ltda.	Rua, XV de Novembro 200, 14º Andar San Paulo. Brazil CPE 01013-000	Energy Production	-	74,54%
Cme Angola, S.A.	Av. 4 de Fevereiro, 42. Luanda. Angola.	Shareholding (inactive - no business)	-	74,54%
CME Cabo Verde, S.A.	Achada Santo António. Praia. Cape Verde.	Industrial Services		74,54%
CME Perú, S.A.	Av. Víctor Andrés Belaunde 395. San Isidro.Lima.Peru.	Industrial Services	Deloitte	74,54%
CME Southern Africa do Sul	South Africa	Industrial Services	-	74,54%
Cobra Asia Pacific PTY Ltda	Level 1, 181 Bay Street Brighton Vic 3186, Australia.	-	C.S. BEH Chartered Accountant	100,00%
Cobra Azerbaiyan LLC	AZ 1065, Yasamal district, Murtuza Muxtarov St. 203 “A”, ap 37.. Bakú. Azerbaijan.	Systems and services	-	100,00%
Cobra Bolivia, S.A.	Rosendo Gutierrez, 686 Sopocachi. Bolivia	Electronic system development	-	100,00%
Cobra Brasil Construçoes, S.A.	Avda. Marechal Camera, 160 Sala 323. Rio de Janeiro. Brazil.	Solar power plant	PWC	100,00%
Cobra Brasil Serviços, Comunicaçoes e Energia, S.A.	Avda. Marechal Camera 160, sala 1808. Rio de Janeiro. Brazil.	Holding companies; energy transport, maintenance and services.	PWC	100,00%
Cobra Chile Servicios S.A.	Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. Chile	Engineering, supply and construction of the Mejillones thermal power plant	KPMG	100,00%
Cobra Concesiones Brasil, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Infrastructure operation	-	100,00%
Cobra Concesiones, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Services	KPMG	100,00%
Cobra Cote D'Ivoire Sarl	Rue Cannebiere Residence Santa Maria, Lot 96 section CE P 416 Cocody Danga. Abidjan. Côte d'Ivoire.	All types of works.		100,00%
Cobra Energy Investment Finance, LLC	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. United States.	Shareholding	-	100,00%
Cobra Energy Investment, LLC.	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. United States.	Shareholding	-	100,00%
Cobra Energy, Ltd	60 Solonos street, Athens. Greece	Electricity, water treatment, management of renewable natural resources.	-	100,00%
Cobra Georgia, Llc.	Old Tbilisi Region, 27/9 Brother Zubalashvili Street. Georgia	-	-	100,00%
Cobra Gestión Infraestructuras Internacional, S.L.U.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. Spain	Study, consulting and execution of all types of construction work	-	100,00%
Cobra Great Island Limited	160 Shelbourne Road Ballbridge. Dublin. Ireland.	Studies, consulting, R+D service projects and construction work	BDO	100,00%
Cobra Industral Services, LLC	Yeda. Saudi Arabia.	Construction	-	100,00%
Cobra Industrial Japan, Co Ltd.	Hulic, New shinbashi, 602 2 -11 - 10, shinbashi, minato-ku. Tokio.Japan	Promotion and construction of photovoltaic plants	-	100,00%
Cobra Industrial Services Pty	15 Alice Lane 9 floor. Morningside Gauteng 2196 Johannesburg. South Africa.	All types of activities	KPMG	100,00%
Cobra Industrial Services, Inc.	3511 Silverside Road. Wilmington, Delaware. United States.	Energy Production	-	100,00%
Cobra Infraestructuras Hidraúlicas Peru, S.A.	Av. Amador Merino Reyna. Lima. Peru.	All types of construction work. Hydroelectric mini power plants and the sale of electricity.	KPMG	100,00%
Cobra Infraestructuras Hidráulicas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Projection and execution of construction work of all types	KPMG	100,00%
Cobra Infraestructuras Internacional, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial systems and assemblies	KPMG	100,00%
Cobra Instalaciones y Servicios India PVT	1rst Floor, Malhan One, Sunlight Colony, Ashram. India	Catenary	ADB & Associates	100,00%
Cobra Instalaciones y Servicios Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Portfolio company	KPMG	100,00%
Cobra Instalaciones y Servicios Malaysia SDN BHD	Jalan Bangsar Utama, 1 5900. Kuala Lumpur. Malaysia.	Consulting, development and execution of all types of construction work	AVCO	100,00%
Cobra Instalaciones y Servicios República Dominicana	Av. Gustavo Mejia Ricart, esq. Abraham Lincoln 102, Piso 10 (Local 1002), Piantini, Santo Domingo.	Electricity, gas and communications distribution auxiliary services	-	100,00%
Cobra Instalaciones y Servicios, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial Services	KPMG	100,00%
Cobra Instalaçoes y Servicios, Ltda.	Rua Uruguai, 35, Porto Alegre, Rio Grande do Sul. Brazil.	Construction of telecommunications stations and networks	-	100,00%
Cobra Msa Ltd.	Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. Chile	Industrial maintenance and assembly	KPMG	100,00%
Cobra Oil & Gas, S.L.U.	Cardenal Marcelo Spínola, 8 1º dcha. 28016. Madrid. Spain	Management and execution of all types of construction work, systems and assemblies	-	100,00%
Cobra Perú, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Peru	Electricity and communications distribution auxiliary services	KPMG	100,00%
Cobra Proyectos Singulares, S.A.	Araoz, 1051. Caba. Argentina	Electricity	Osvaldo Jorge Paulino Contador Público (U.B.A)	100,00%
Cobra Railways UK Limited	Vintage Yard 59-63 Bermondsey Street. London. United Kingdom.	Catenary systems	-	100,00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electricity counter readings and other services	KPMG	100,00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Sale and installation of security systems	-	100,00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Installation of communication and control systems	-	100,00%
Cobra Tedagua Contracting LLC	P.O. Box 2991 PC 112 Ruwi. Al-Duqm. Oman.	Construction and engineering	-	100,00%
Cobra Thermosolar Plants, Inc.	7380 West Sahara Avenue, Suite 160 Las Vegas, Nevada, 89117. United States.	Thermal solar power plant	RSM US LLP	100,00%
Cobra Wind Intenacional, Ltd	Johnston Carmichael. Address: Cashroom, Commerce House, South Street, Elgin IV30 1JE. Scotland	Electricity and telecommunications project construction	JCCA	100,00%
Codehon Instalaciones y Servicios S de RL	Colonia Tres Caminos, Boulevard Suyapa, Edificio Florencia 4to Nivel, Cubículo 407, Tegucigalpa , Honduras	-	Temporary workers signed by Alejandra Castejon	100,00%
Cogeneración Cadereyta S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City, Mexico.	Cogeneration system engineering and construction for refineries	-	100,00%
COICISA Industrial, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City, Mexico.	Electricity generation and transmission	KPMG	60,00%
Coinsal Instalaciones y Servicios, S.A. de C.V.	Residencial Palermo, Pasaje 3, polígono G Casa #4 San Salvador, El Salvador	Systems and assemblies	Pereira Pereira y Asociados	100,00%

ADDENDUM I

Subsidiaries

Company	Address	Activity	Auditor	% Effective share
Coinsmar Instalaciones y Servicios, SARLAU	210 Boulevard Serketouni Angle Boulevard Roudani nº 13, Maarif 2100. Casablanca. Morocco	Electricity and public works	-	100,00%
Comercial y Servicios Larco Medellín S.A.	Calle 93 nº 11A, OFC203 . Bogotá. Colombia.	Execution of all types of construction work, systems and assemblies	Opine - Elquin Infante Lombo	100,00%
Concesionaria Angostura Siguas, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima. Peru	Concessions	KPMG	100,00%
Concesionaria Desaladora del Sur, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima. Peru	Water treatment	KPMG	100,00%
Consorcio Especializado Medio Ambiente, S.A.de C.V	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City, Mexico.	Integrated services	KPMG	60,00%
Construcciones de las Conducciones, S.A.U. (Cotronic)	Avda. de Manoteras. 26 28050 Madrid. Spain.	All types of works.	KPMG	100,00%
Constructora Las Pampas de Siguas, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima. Peru	The construction and operation of irrigation systems in Pampas de Siguas	KPMG	100,00%
Construçao e Manutençao Electromecánica S.A. (CME)	Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal	Industrial Services	Deloitte & Associados SROC	74,54%
Conyblox Proprietary Limited	9th Floor, The Towers, 15 Alice Lane Sandton. Johannesburg. South Africa.	Portfolio company	KPMG	65,00%
Conyceto Pty Ltd.	9th Floor, The Towers, 15 Alice Lane Sandton. Johannesburg. South Africa.	All types of activities	KPMG	78,00%
Cuyabenopetro, S.A.	Av. Pampite S/N y Simón Valenzuela, Edificio Yoo, Piso 5, Oficina 517 Quito, Ecuador	Oil services	KPMG	98,00%
Dankocom Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton. Johannesburg. South Africa.	Construction and operation of a thermal solar power plant	KPMG	52,00%
Depuradoras del Bajo Aragón S.A.	Paraíso 3- 50410 Cuarte de Huerva. Zaragoza. Spain	Water treatment	KPMG	55,00%
Desarrollos Energéticos Asturianos, S.L.	Pol.Industrial Las Merindades calle B, s/n. 09550 Villarcayo. Burgos. Spain.	Implementation, construction, operation and development of renewable energies	-	100,00%
Dragados Offshore de Méjico, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico City.	Manufacture of metal structures	KPMG	100,00%
Dragados Proyectos Industriales de Méjico, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 Mexico City. Mexico.	Engineering and construction	KPMG	100,00%
Emplogest, S.A.	Rua Alfredo Trinidade, 4 Lisbon. 01649 Portugal	Portfolio company	-	98,21%
Energía de Suria, S.L.	Embajador Vich, 3 3ºQ. Valencia. Spain.	Electricity generation (photovoltaic solar energy)	-	100,00%
Energía Faeton, S.L.	Embajador Vich, 3 3ºQ. Valencia. Spain.	Electricity generation (photovoltaic solar energy)	-	100,00%
Energia y Recursos Ambientales de Perú, S.A.	Amador Merino Reyna, 267. Lima. Peru.	Performance and execution of construction work and provisions. Service provision.	KPMG	100,00%
Energía y Recursos Ambientales Internacional, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. Spain.	Production of alternative and renewable energies.	-	100,00%
Energías Renovables Andorranas, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. Spain.	Alternative and renewable energies	-	75,00%
Engemisa Engenharia Limitida	Avda. Marechal Camera, 160 Sala 323. Rio de Janeiro. Brazil.	Electrical systems and other services	-	100,00%
Enipro, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Shareholding	Deloitte & Associados SROC	74,54%
Eolfi Greater China Co ,Ltd.	N 6, Sec 4, Xinyi Rd, Da An Dist.. Taipei. China.	Production of marine wind energy	-	90,00%
EPC Ciclo Combinado Norte, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City, Mexico.	Industrial Plants	-	100,00%
EPC Plantas Fotovoltáicas Lesedi y Letsatsi, S.L.	Cardenal Marcelo Spinola, 10.28016 Madrid. Spain	Construction and concessions	-	84,78%
ESB-Energia e Sustentabilidade do Brasil, S.A.	Avda. Marechal Camera, 160 Sala 1735. Rio de Janeiro. Brazil.	Portfolio company	-	100,00%
Eyra Energías y Recursos Ambientais, Lda.	Avda Sidonio Pais, 28 Lisbon. Portugal	Electricity generation	-	100,00%
Fides Acerca Facility Services, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain.	Management, execution of specialised centers for the employment of people with disabilities	-	100,00%
Fides Facility Services, S.A.	Amador Merino Reyna,267 Oficina 902. Distrito de San Isidro. Lima. Peru.	Electrical systems	KPMG	100,00%
Fides Facility Services, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Management of all types of buildings and auxiliary services	-	100,00%
Fides Hispalia Servicios Generales, S.L.	Astronomia, 1. 41015 Seville. Spain.	Attention, assist., job training and integration of the handicapped	-	100,00%
Firefly Investments 261	9th Floor, The Towers, 15 Alice Lane Sandton. Johannesburg. South Africa.	All types of activities	KPMG	78,00%
Geida Beni Saf, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Water desalination	-	100,00%
Gercobra GMBH, S.L.	Am Treptower Park 75, 12435 Berlin. Germany	Management and execution of all types of construction work, systems and assemblies and maintenance	-	100,00%
Gerovitae La Guancha, S.A.	C/ Solítica, s/n 38840 La Guancha. Santa Cruz de Tenerife. Spain.	Management and operation of senior citizen healthcare centres	-	100,00%
Gestâo de Negocios Internacionais SGPS, S.A.	Rua Rui Teles Palhinha 4 - 3º Lei o 2740-278. Porto Salvo. Portugal.	Shareholding	Deloitte & Associados SROC	74,54%
Golden State Environmental Tedagua Corporation, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electronic system development	-	100,00%
Grazigystix Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton. Johannesburg. South Africa.	Portfolio company	KPMG	65,00%
Cobra East Africa Limited Group	Loita street.P.O. Box 9539. Nairobi. Kenya.	Project development	-	100,00%
Grupo Cobra South Africa Proprietary Limited	9th Floor, The Towers, 15 Alice Lane Sandton. Johannesburg. South Africa.	Portfolio company	KPMG	100,00%
Hidráulica del Chiriqui, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panama, Panama	Hydroelectric power plant	Lic. Aldoquiel Diez Martinez	100,00%
Hidráulica Río Piedra, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panama, Panama	Studies, consulting, R+D service projects and all types of construction work	Mendoza y Asociados Auditores	100,00%
Hidrolazan, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Hydroelectric power plant	-	100,00%
Humiclima Barbados, Ltd	Palm Court, 28 Pine Road. Belleville. St Michael. Barbados.	Engineering, construction and maintenance of mechanical and electrical systems	-	100,00%
Humiclima Caribe Cpor A.Higüey	Avda. Guyacanes s/n. Bavaro. Dominican Republic.	Climate control	Ges auditores	100,00%
Humiclima Est, S.A.	Gran Vía Asima, 29. Palma de Mallorca. Spain.	Climate control	KPMG	100,00%
Humiclima Haiti, S.A.	Avda. Guyacanes s/n. Bavaro. Dominican Republic (Caribe Humiclima office)	Mechanical, electric and climate control work	-	99,98%
Humiclima Jamaica Limited	Shoop #17 & 18 The Soopping Village Half Moon, Rose Hall, Montego Bay. Jamaica	Climate control	Fagan Calvert	100,00%
Humiclima México, S.A. de C.V.	Carretera Federal Cancún-Tulum, Edificio Terramar Loc, 22,23 y 24 Playa del Carmen, Quintana Roo. Mexico	Climate control	Deloitte	100,00%
Humiclima Panamá, S.A.	Calle Bella Vista, Edificio Commercial Park, Apartamento D24. Panama.	All types of construction work, research projects and services	Mendoza y Asociados Auditores	100,00%
Humiclima St Lucia, Ltd	Pointe Seraphine Castrie. Saint Lucia.	Facilities		100,00%
Humiclima USA Inc	255 Alhambra Circle, suite 320. Coral Gables, Florida 33134. United States.	All types of activities	-	100,00%
Hydro Management, S.L.	Avda.Teneniente General Gutierrez Mellado, 9. 30008 Murcia. Spain	Services	KPMG	79,63%
Iberoamericana de Hidrocarburos CQ Explorac&Produc S.A.S.	93 11A Capital Park. Bogotá. Colombia.	Hydrocarbons and derivatives	Opine - Elquin Infante Lombo	52,58%
Iberoamericana de Hidrocarburos, S.A. de C.V.	José Luis Lagrange, 103. Mexico City. Mexico.	Warehouse and industrial plant construction	KPMG	87,63%
Iberoamericana Hidrocarb CQ Explorac & Produc, S.A C.V.	José Luis Lagrange, 103. Mexico City. Mexico.	Hydrocarbon exploration and extraction	KPMG	52,58%
Ictio Manzanares Solar, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	Photovoltaic plant	-	100,00%
Ictio Solar Andromeda, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	Photovoltaic plant	-	100,00%
Ictio Solar Auriga, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	Photovoltaic plant	-	100,00%
Ictio Solar Berenice, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	Photovoltaic plant	-	100,00%
Ictio Solar, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	Photovoltaic plant	-	100,00%
Ictio Toledo Solar, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	Photovoltaic plant	-	100,00%
Imocme, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Shareholding	Deloitte & Associados SROC	74,54%
Imsidetra, S.A. de C.V.	José Luis Lagrange, 103. Mexico City. Mexico.	Other professional, scientific and technical services		55,00%
Ingenieria de Transporte y Distribución de Energía Eléctrica, S.L. (Intradel)	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Completion of studies, consulting work and electric line and system projects	-	100,00%
Ingweguard Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton. Johannesburg. South Africa.	Photovoltaic plant	KPMG	60,00%
Injar, S.A.	Calle Caramarca, Esq calle Mendoza , Poligono el Sebadal. Santa Cruz de Tenerife. Spain.	The sale and assembly of industrial and climate control systems	KPMG	100,00%
Innovantis, S.A.	Av. Rua Vlamir Lenni Nº179 andar 6º. Maputo. Mozambique.	Miscellaneous systems	-	74,54%
Instalaciones de Construción Cobra, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panama, Panama	Hydraulic works, assembly and maintenance of said works and other activities	Lic. Aldoquiel Diez Martinez	100,00%
Instalaciones y Servicios Codeni, S.A.	Barrio Largaespada: del portón principal del hospital bautista 1 cuadra abajo, 1 cuadra al sur. Casa esquinera color azul, Managua. Nicaragua	Electrical assemblies and systems	Lic. Mauricio Martin Vanegas Arellano	100,00%
Instalaciones y Servicios Codepa, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panama, Panama	Electrical assemblies and systems	Mendoza y Asociados Auditores	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	Construction and engineering	-	100,00%
Instalaciones y Servicios INSERPA, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panama, Panama	Studies, projects, R+D services, execution and management of all types of construction work	Mendoza & Asociados	100,00%
Instalaciones y Servicios Spínola I, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain.	Execution of all types of construction work, systems, assemblies and maintenance services	-	100,00%
Instalaciones y Servicios Spínola II, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain.	Execution of all types of construction work, systems, assemblies and maintenance services	-	100,00%
Instalaciones y Servicios Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain.	Execution of all types of construction work, systems, assemblies and maintenance services	-	100,00%
Instalaciones y Servicios Uribe Cobra, S.A. de C.V	José Luis Lagrange, 103 piso 8 Los Morales Miguel Hidalgo. Mexico City. Mexico.	The completion of any type of construction related action and the commercialisation thereof	KPMG	51,00%
Instalaciones y Servicios Uribe-Cobra Panama, ISUC Panama, S.A.	Calle 50, 23. Panama City. Panama.	Construction industry and the marketing of products thereof	-	51,00%
Istoguard Pty Ltd	323 Lynnwood Road. Menlo Park. Gauteng 0081 Pretoria. Pretoria. South Africa.	Photovoltaic plant	KPMG	60,00%
Kinkandine Offshore Windfarm Limited	20 Castle Terrace. Edinburgh. United Kingdom (Scotland).	Wind farm	Deloitte	100,00%
Logro Solar, S.L.	Cardenal Marcelo Spínola, 10. Madrid 28016. Spain.	Electricity production	-	100,00%

ADDENDUM I

Subsidiaries

Company	Address	Activity	Auditor	% Effective share
Maessa France SASU	115, rue Saint Dominique. 75007 Paris. France.	Mechanical assemblies	-	100,00%
Maessa Naval, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain.	Shipbuilding industry	-	100,00%
Manchasol 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Energy Production	Deloitte	100,00%
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Industrial Maintenance	KPMG	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 City. Mexico.	Administrative management	KPMG	100,00%
Mexsemi, S.A. de C.V.	General Mariano Escobedo 510,piso 6 ofcna 602, México City	Assembly	KPMG	99,99%
Monclova Pirineos Gas, S. A. de C. V.	José Luis Lagrange, 103. Mexico City. Mexico.	Warehouse and industrial plant construction	KPMG	69,45%
Moncobra Constructie si Instalare, S.R.L.	Strada Henry Ford nr 29, 200745 Craiova. Romania	Installation of industrial machinery and other equipment	-	100,00%
Moncobra Dom	3296 Bld Marquisat de Houelbourg- Zl de Jarry97122 Baie Mahault. Guadalupe	Installation and maintenance of machinery and other mechanical equipment	-	100,00%
Moncobra Perú	Calle Amador Merino Reyna Nro 267 - Interior 902 - San Isidro - Lima, Peru	Auxiliary Services	KPMG	100,00%
Moncobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial systems and assemblies	KPMG	100,00%
Montrasa Maessa Asturias, S.L.	C/ Camara, nº 54-1º dchra. 33402 Aviles. Asturias. Spain	Maintenance	-	50,00%
MPC Engenharia - Brasil	Rua Marechal camara 160.. Rio de Janeiro. Brazil.	-	-	100,00%
New Generation Sistems, S.R.L.	139, rue Simone Signoret - Tournezy II.34070 Montpellier. France	Construction and maintenance of electrical, communications and gas systems	-	74,54%
OCP Peru	Av. Victor Andres Belaunde N° 887 - Carmen de la Legua, Callao Peru.	Auxiliary Services	KPMG	100,00%
Oilserv S.A.P.I. de C.V.	José Luis Lagrange, 103. Mexico City. Mexico.	Well and land service provision. Drilling, engineering, maintenance	Deloitte	34,72%
OKS, Lda.	Rua Rui Teles palhinha n.º4. Leião. Portugal.	Industrial Services	-	74,54%
Opade Organización y Promoción de Actividades Deportivas, S.A.	Cardenal Marcelo Spínola, 10.28016 Madrid. Spain.	The organisation and promotion of sports activities	KPMG	100,00%
Optic1 Powerlines (PTY) LTD	60 Amelia Lane Lanseria Corporate Estate, EXT 46 Lanseria 999. South Africa.	Telecommunications and electricity projects	-	74,54%
Parque Cortado Alto, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Electrical energy	-	51,00%
Parque Eólico Buseco, S.L.	Comandante Caballero, 8. 33005 Oviedo. Asturias. Spain	Energy Production	-	100,00%
Parque Eólico Donado, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Energy production	-	100,00%
Parque Eólico La Val, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Electrical energy	-	51,00%
Parque Eólico Monte das Aguas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electricity generation	Deloitte	60,00%
Parque Eólico Tadeas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electricity generation	-	64,28%
Parque Eólico Valdehierro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electricity generation	-	64,28%
Peaker Solar, S.L.U.	Cardenal Marcelo Spínola 10. Madrid. Spain.	Electricity and gas	-	100,00%
Percomex, S.A.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City, Mexico.	Electricity, gas and communications distribution auxiliary services	-	100,00%
Petrolíferos Tierra Blanca, S.A. de C.V.	Calle 6 206, Pozarica de Hidalgo. Mexico.	Development, infrastructure and maintenance of non-associated gas fields	Deloitte	34,72%
Pilot Offshore Renewables Limited	20 Castle Terrace. Edinburgh. United Kingdom (Scotland).	Portfolio company	Deloitte	60,00%
Planta de Tratamiento de Aguas Residuales, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Peru	Sewage treatment	KPMG	100,00%
Procme Madeira S. A.	Cam Novo Santana 4, 9020-102. Funchal. Portugal.	Construction	Deloitte	74,54%
Procme Southern Africa do Sul	PO BOX 151, Lanseria 1748. Johannesburg. South Africa.	Industrial Services	-	74,54%
Procme, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal.	Holding company	Deloitte & Associados SROC	74,54%
Railways Infraestructures Instalac y Servicios LLC	Alameer Sultan Street North, Alnaeem dist. (4), Ahmed Al-Hamoody Street Building no. (8) Jeddah. Saudi Arabia	Electrical systems and other services	KPMG	100,00%
Recursos Administrativos Especializados Avanzia, S.A. C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. Mexico.	Electricity, gas and communications distribution auxiliary services	KPMG	100,00%
Recursos Eólicos de México, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. Mexico.	Wind energy generation	KPMG	100,00%
Remodelación Diesel Cadereyta, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City. Mexico.	Construction of oil, natural gas and petrochemical plants	KPMG	99,80%
Remodelación el Sauz, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. Mexico.	Performing contracts awarded by the Mexican Federal Electricity Board	-	100,00%
Renovables Spínola I, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain.	Construction and management of all types of infrastructures	-	100,00%
Renovables Spínola II, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain.	Construction and management of all types of infrastructures	-	100,00%
Renovables Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. Spain.	Construction and management of all types of infrastructures	-	100,00%
Repotenciación C.T. Manzanillo, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. Mexico.	Performance of any type of contract	KPMG	100,00%
Restel, SAS	Grenoble City Business Center. Grenoble. France.	Systems and maintenance	Audit Consultant	74,54%
Rioparque, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal.	Biomass treatment	-	74,54%
Sarl Maintenance Cobra Algerie	Rue de Zacar hydra, 21, Algeria	-	Benhabiles Zohair	100,00%
Seratype	Worl Trade Centre 3 Rd Floor Cnr of West South Road. Johannnesburgo. South Africa.	Construcción y Mantenimiento Solar Power Plant	KPMG	52,00%
Serpimex, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 Mexico City. Mexico.	Personnel services	-	99,99%
Serpista, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Services	KPMG	61,00%
Servicios Cymimex, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. Mexico.	Electrical systems	-	99,80%
Servicios Integrales de Mantenimiento, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficina 23-C. Panama City. Panama.	Consulting services on construction, maintenance and repair projects	Lic. Aldoquiel Diez Martinez	100,00%
Servicios Logísticos y Auxiliares de Occidente, SA	Avenida Petapa 46-11, Zona 12 Guatemala City 01012. Guatemala	Auxiliary Services	Consultores Internacionales FO, S.A.	100,00%
Sete Lagoas Transmissora de Energia, Ltda.	Avda. Marechal Camera, 160. Rio de Janeiro. Brazil.	Concessions	PWC	100,00%
Small Medium Enterprises Consulting, B.V.	Claude Debussylaan, 44, 1082 MD. Amsterdam. Holland.	Shareholding	-	74,54%
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 City	All types of construction work	KPMG	100,00%
Soluciones Auxiliares de Guatemala, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala City 01012. Guatemala	Auxiliary Services	Consultores Internacionales FO, S.A.	100,00%
Soluciones Eléctricas Auxiliares, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficina 23-C. Panama City. Panama.	Consulting services on construction, maintenance and repair projects	Lic. Aldoquiel Diez Martinez	100,00%
Soluciones Eléctricas Integrales de Guatemala, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala City 01012. Guatemala	Auxiliary Services	Consultores Internacionales FO, S.A.	100,00%
Soluciones Logísticas Auxiliares, S.A.	Calle Bella Vista, Edificio Commercial Park, Apartamento D24. Panama.	Consulting services on construction, maintenance and repair projects	Lic. Aldoquiel Diez Martinez	100,00%
Spcobra Instalaçoes e Serviços, Ltda.	Avenida Artur de Queirós, 915, Casa Branca, Santo Andre. Brazil	Electrical assemblies and systems	-	99,99%
Taxway, S.A.	Juncal 1327 D Piso 3, departamento 303.. Uruguay.	Exploitation of real estate (except rural)	BDO	100,00%
Tecneira Novas Enerias SGPS, S.A.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal	Energy production	Deloitte & Associados SROC	74,54%
Tecneira, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	Energy production	Deloitte & Associados SROC	74,54%
Técnicas de Desalinización de Aguas, S.A.	Cardenal Marcelo Spínola 10.28016 Madrid. Spain.	Construction of desalination plants	KPMG	100,00%
Tedagua Mexico, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. Mexico.	Completion of all types of construction work	KPMG	100,00%
Tedagua Renovables, S.L.	Processor, 19. Telde 35200 Las Palmas. Canary Islands. Spain	Services	-	100,00%
Tedagua Singapore Pte.Ltd.	3 Anson Road 27-01 Springleaf Tower. Singapore 079909. Singapore. Singapore.	Equipment supply and engineering	Deloitte	100,00%
Tesca Ingenieria del Ecuador, S.A.	Avda. 6 de diciembre N37-153 Quito. Ecuador	Assembly	-	100,00%
Trigeneración Extremeña, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. Spain.	Studies, consulting, all types of service projects	-	100,00%
Vetra MPG Holdings 2, LLC	José Luis Lagrange, 103. Mexico City. Mexico.	Shareholding	-	100,00%
Vetra MPG Holdings, LLC	José Luis Lagrange, 103. Mexico City. Mexico.	Shareholding	-	100,00%
Vieyra Energía Galega, S.A.	José Luis de Bugallal Marchesi, 20-1 izq. 15008 La Coruña. Spain.	Energy Production	-	51,00%
Zero-E Currencies, S.L.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. Spain.	All types of works.	Deloitte	100,00%
Zero-E Dollar Assets, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	Production of alternative and renewable energies.	-	100,00%
Zero-E Spanish PV 2	Cardenal Marcelo Spínola 10. Madrid. Spain.	Portfolio company	-	100,00%
Zero-E Sustainable Solutions, S.A.U.	Cardenal Marcelo Spínola, 10. Madrid. Spain.	Renewable and conventional energy	Deloitte	100,00%
GRUPO IMESAPI				
Albatros Logistic, Maroc, S.A.	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10 Casablanca. Morocco	Distribution logistics	C.E.J.F.I.C	75,00%
Albatros Logistic, S.A.	C/ Franklin 15 P.I. San Marcos 28906 Getafe. Madrid. Spain.	Distribution logistics	KPMG	100,00%
API Fabricación, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. Spain.	Production	KPMG	100,00%
API Movilidad, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. Spain.	Road maintenance	KPMG	100,00%
Audeli, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. Spain.	Air transport	KPMG	100,00%
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	Industrial cleaning	-	82,80%
Consorcio Saneamiento INCA	Avenida Mariscal la Mar, 638. Lima. Peru.	Civil work		51,00%
Consorcio Santa María	Avenida Mariscal la Mar, 638. Lima. Peru.	Civil work		99,00%
Cosersa, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. Spain.	Industrial cleaning	-	100,00%
Desarrollo Informático, S.A.	Avda. de Santa Eugenia, 6. 28031 Madrid. Spain	IT maintenance	KPMG	100,00%
Dimática, S.A.	C/ Saturnino Calleja, 20. 28002 Madrid. Spain	Computer equipment distribution	-	100,00%
Dirdam Luz S.L	C/Vía de los Poblados 9-11.28033. Madrid. Spain.	Marketing of electricity, natural gas and other hydrocarbons	-	55,00%
Ecocivil Electromur G.E., S.L.	C/ Paraguay, Parcela 13/3. 30169 San Ginés. Murcia. Spain	Civil work	KPMG	100,00%
Grupo Imesapi S.L.	C/Vía de los Poblados 9-11.28033. Madrid. Spain.	Technical engineering services	-	100,00%
Hiez Hornidurak, Instalazioak eta Zerbitzuak, S.A.	Ctra. Bilbao-Plentzia, 17 Parque A.E.Asuaran, edif.Artxanda.48950 Asua-Erandio. Biscay. Spain.	Road painting and signage	-	100,00%
Imapex S.A de C.V	José Luis Lagrange, 103. Mexico City. Mexico.	Execution of works and supplies, provision of services.	-	100,00%

ADDENDUM I

Subsidiaries

Company	Address	Activity	Auditor	% Effective share
ImesAPI Maroc	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10. Casablanca. Morocco.	Electrical work	-	100,00%
Imesapi S.A.C	Calle Arias Araguez.Urb. San Antonio 150122 Miraflores. Lima. Peru.	All types of construction work	-	100,00%
ImesAPI, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. Spain.	Electrical systems, painting and signage.	KPMG	100,00%
Instalacion y mantenimiento de dispositivos, S.A.	Calle Pradillo 48-50. 28002 Madrid. Spain.	Installation and maintenance of security devices and systems.	-	100,00%
Midasco, Llc.	7121 Dorsey Run Road Elkrige. Maryland 21075-6884. United States.	Road maintenance	Regan,Russell,Schickner & Shah, llc.	100,00%
Sermicro Colombia S.A.S	Calle 100 nº19 61 OF1010. Bogota City. Bogotá. Colombia.	Construction and provision of services.	-	100,00%
Sermicro do Brasil Servicos e Informática Ltda.	Avda. Das Nacoes Unidas nº 12.551 9º e 7º edif. World Trade Center.Brooklin Paulista. Sao Paulo 04578-000. Brazil. .	Technical support, maintenance and other IT services	-	100,00%
Sermicro Perú S.A.C	Avenida Mariscal la Mar, 638. Lima. Peru.	Maintenance technical support and other IT services	-	100,00%
Sermicro, S.A.	C/ Pradillo, 46. 28002 Madrid. Spain.	IT equipment maintenance	KPMG	100,00%
Serveis Catalans, Serveica, S.A.	Ptge Torrent de L'Estadell 1 17 Barcelona. Spain	Electrical systems	-	100,00%
Trabajos de Movilidad S.A.	C/Vía de los Poblados 9-11.28033. Madrid. Spain.	Inmobiliaria	-	100,00%
Trafiurbe, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Rana. Portugal	Painting and signage	Caiano Pereira, Antonio e José reimao	100,00%
Venelin Colombia SAS	Calle 107 A Nº. 8-22. Bogota. D.C. Colombia	Contractor for all types of construction work	-	100,00%
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	Industrial cleaning	KPMG	82,80%
Viabal Manteniment i Conservacio, S.A.	Guerrers, 39. 07141 Marratxi. Balearic Islands. Spain	Painting and signage	-	100,00%

GRUPO ETRA

Company	Address	Activity	Auditor	% Effective share
Electromur, S.A.	Carretera del Palmar, nº 530. Murcia. Spain	Electrical systems	KPMG	100,00%
Electronic Traffic, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Electrical systems	KPMG	100,00%
Electronic Trafic de México, S.A. de C.V.	Melchor Ocampo 193 Torre C Piso 14D. Veronica Anzures . City 11300. Mexico.	Electrical systems	-	100,00%
Emurtel, S.A.	Carretera del Palmar, nº 530. Murcia. Spain	Telecommunications	KPMG	100,00%
Equipos de Señalización y Control, S.A.	C/ Severino Covas, 100. Vigo. Pontevedra. Spain	Electrical systems	KPMG	100,00%
Etra Bonal, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. Spain	Electrical systems	KPMG	100,00%
Etra Deutschland Gmbh	Königsallee 92 a, D-40212 Düsseldorf. Düsseldorf. Germany.	Electrical systems	-	100,00%
Etra France S.A.S.	114 Bis Sur Michel Ange. Paris. France.	Installation and marketing of mechanical, electrical and electronic devices	-	100,00%
Etra Interandina, S.A.	C/ 100, nº 8A-51, Of. 610 Torre B. Santafe de Bogota. Colombia	Electrical systems	Elquin Infante	100,00%
Etra Investigación y Desarrollo, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Research and Development	KPMG	100,00%
Etrabras Mobilidade e Energia Ltda.	Av. Marechal Camara, 160, Sala 1619. 20020-080 Centro. Rio de Janeiro. Brazil.	Installation, lighting and signage	-	100,00%
Etracontrol, S.L.	Av. Manoteras, 28.28050 Madrid. Spain.	Airport ground control services	-	100,00%
Etralux, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Electrical systems	KPMG	100,00%
Etranorte, S.A.	C/ Errerruena, pab. G. P.I. Zabalondo. Munguia. Biscay. Spain	Electrical systems	KPMG	100,00%
Gestión Inteligente de Cargas, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	Production of alternative and renewable energies.	-	100,00%
Hidrogestión, S.A.	Avda. Manoteras, 28. Madrid. Spain	Water distribution	KPMG	100,00%
Lumicán, S.A.	C/ Agaete Esquina Arbejales s/n. 35010 Las Palmas de Gran Canaria. Spain	Electrical systems	KPMG	100,00%
Monelec, S.L.	C/ Ceramistas, 14. Malaga. Spain	Electrical systems	KPMG	100,00%
Murciana de Tráfico, S.A.	Carril Molino Nerva, s/n. Murcia. Spain	Electrical systems	KPMG	100,00%
Tecnicas de Sistemas Electrónicos, S.A. (Eyssa-Tesis)	Rua General Pimenta do Castro 11-1. Lisbon. Portugal	Electrical systems	Caiano Pereira	100,00%

GRUPO SEMI

Company	Address	Activity	Auditor	% Effective share
Alfrani, S.L.	Avenida de Manoteras nº 6, segunda planta, 28050, Madrid. Spain.	Electrical assemblies	-	100,00%
Algarmo S.R.L.	Via Uberto Visconti Di Modrone 3. Milan. Italy.	Electrical assemblies	-	100,00%
Construcciones Dorsa, S.A.	Cristóbal Bordiú, 35-5º oficina 515-517. Madrid. Spain	Construction	-	100,00%
France Semi, S.A.	20/22 Rue Louis Armand rdc. 75015 Paris. France.	Assembly	Unexco	100,00%
Sedmive, C.A. (Soc. Españ. Montajes Indus Venezuela)	Av. Francisco de Miranda, con Av. Eugenio Mendoza, Edf. Sede Gerencial La Castellana, Piso 8, Oficina 8A, La Castellana. Caracas. Venezuela.	Electrical assemblies	-	100,00%
Semi Chile Spa	Avenida Los Leones 220, Oficina 703. Comunidad de Providencia, Santiago de Chile. Chile.	Electrical assemblies	-	100,00%
Semi El Salvador Limitada de Capital Variable	Final 85 Av. Norte número 912, Colonia Escalón, San Salvador.. San Salvador. El Salvador.	Electrical assemblies	Carlos Iglesias Benitez	100,00%
Semi Ingenieria, S.r.L.	C/ Juan Ballenilla Nº 35. Zona Industrial Herrera, Santo Domingo Oeste. Dominican Republic.	Electrical assemblies	-	100,00%
Semi Israel	Totzeret ha haretz 5. Tel Aviv. Israel.	Electrical assemblies	KPMG	100,00%
Semi Maroc, S.A.	5 Rue Fakir Mohamed. Casablanca Sidi Belyout. Morocco.	Electrical assemblies	Mohamed Youssef SEBTI	100,00%
SEMI Panamá, S.A.	Edificio Domino, oficina 5. Via España. Panama.	Electrical assemblies	-	100,00%
Semi Peru Montajes Industriales S.A.C.	Calle General Recavarren 111, Oficina 303. Miraflores, Lima. Peru.	Electrical assemblies	-	100,00%
Semi Procoin Solar Spa	Calle Apoquindo Nº 3001 Piso 9, Region Metropolitana.Santiago De Chile. Chile.	Electrical assemblies	-	65,00%
Semi Saudí	SEMI Saudí Ground Floor office No: 02 (AL-MARWAH- DIST./7 - Amer Bin Abi Rabeah St.). Jeddah. Saudi Arabia	Electrical assemblies	Osama A. El Khereiji & Partner Co.	100,00%
Semi USA Corporation	6701 Democracy Blvd., Suite 200. 20817 Bethesda - MD. United States.	Electrical assemblies	-	100,00%
SEMIUR Montajes Industriales, S.A.	C/ 25 de mayo 604 oficina 202. 11000 Montevideo. Uruguay.	Electrical assemblies	-	100,00%
Semona, S.R.L.	C/ Juan Ballenilla Nº 35. Zona Industrial Herrera, Santo Domingo Oeste. Dominican Republic.	Electrical assemblies	-	70,00%
Sociedad Española de Montajes Industriales, S.A. (SEMI)	Avenida de Manoteras nº 6, segunda planta, 28050, Madrid. Spain.	Electrical assemblies	KPMG	100,00%

GRUPO MAETEL

Company	Address	Activity	Auditor	% Effective share
Grupo Maessa Saudí Arabia LTD	Khobar -31952 P.O. Box 204. Saudi Arabia	Industrial Systems	KPMG	100,00%
Maessa Telecomunicaciones Ingeniería Instalaciones y Servicios S.A.	C/ Bari, 33 - Edificio 3. 50197 Zaragoza. Spain	Maintenance and assemblies	KPMG	99,40%
Maetel Construction Japan KK	Habiulu Nishishimbashi Building 4F, 2-35-2 Nishi-Shinbashi, Minato-ku, 105-0003. Tokyo. Japan.	Construction permits	KPMG	100,00%
Maetel Japan KK	Habiulu Nishishimbashi Building 4F, 2-35-2 Nishi-Shinbashi, Minato-ku, 105-0003. Tokyo. Japan.	Electrical assemblies	KPMG	100,00%
Maetel Peru, S.A.C.	Calle Julian Arias Araguez nº250. Lima. Per Lima. Peru.	Industrial facilities	-	100,00%
MASE Internacional, CRL	PO Box 364966. San Juan. Puerto Rico.	Electrical assemblies	-	100,00%

GRUPO DRAGADOS INDUSTRIAL

Company	Address	Activity	Auditor	% Effective share
Dragados Industrial , S.A.U.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	All types of construction work	KPMG	100,00%
Dragados Industrial Canadá, Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal. Quebec. Canada	Electrical Systems	-	100,00%
Dragados Construc. Netherlands, S.A.	Claude Debussylaan 24, 1082 MD Amsterdam. Holland.	Electrical Systems	SGG Management	100,00%
Energía y Servicios Dinsa I, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electrical Systems	-	100,00%
Energía y Servicios Dinsa II, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electrical Systems	-	100,00%
Energía y Servicios Dinsa III, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Electrical Systems	-	100,00%

GRUPO CYMI

Company	Address	Activity	Auditor	% Effective share
Control y Montajes Industriales Cymi Chile, Ltda.	C/Apoquindo 3001 Piso 9.206-744 Las Condes. Santiago de Chile. Chile.	Maintenance and Electrical Assemblies	-	100,00%
Control y Montajes Industriales CYMI, S.A.	C/Vía de los Poblados 9-11.28033 Madrid. Spain.	Electrical systems	KPMG	100,00%
Control y Montajes Industriales de Méjico, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Mexico City, Mexico.	Electrical systems	KPMG	100,00%
Cymi Brasil, S.L.	Cardenal Marcelo Spínola, 10 28016 Madrid. Madrid. Spain.	Electrical Systems	-	100,00%
Cymi Construçoes e Paticipaçoes, S.A.	Av. Presidente Wilson 231, sala 1701 20030-020 Centro, Rio de Janeiro. Brazil	Securities holding and electrical systems	BDO RCS Auditores Independientes	100,00%
Cymi do Brasil, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Centro, Rio de Janeiro. Brazil	Electrical systems	BDO RCS Auditores Independientes	100,00%
Cymi Tech Soluçoes e Sistemas Ltda	Av. Presidente Wilson 231, sala 1701 20030-020 Centro, Rio de Janeiro. Brazil	Electrical systems	-	100,00%
Setec Soluçoes Energeticas de Transmissao e Controle, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Centro, Rio de Janeiro. Brazil	Electrical systems	BDO RCS Auditores Independientes	100,00%
Cymi Canadá. INC.	160 Elgin Street, Suite 2600. Ottawa, Ontario. Canada K1P1C3	Electrical systems	KPMG	100,00%
Cymi DK, LLC	12400 Coit Rd, Suite 700. Dallas, TX 75251. United States.	Pipeline Construction	-	100,00%
Cymi Industrial INC.	12400 Coit Rd, Suite 700. Dallas, TX 75251. United States.	Electrical systems	-	100,00%
Cymi Seguridad, S.A.	Avda Manoteras 26 4 planta 28050 Madrid. Madrid. Spain.	Security systems	-	100,00%
Cymimasa, S.A.	Avda República de El Salvador 1084. Quito. Ecuador.	Electrical systems	-	100,00%
Cymi Mejico Sc, S.A. de C.V.	José Luis Lagrange, 103 8º. Los Morales.. Mexico City. Mexico.	Electrical systems	KPMG	100,00%
Enelec, S.A.	Av. Marechal Gomes da Costa 27. 1800-255 Lisbon. Portugal	Electrical systems	-	100,00%
Internacional de Pipelines, DAIP, S.L.	C/Vía de los Poblados 9-11.28033 Madrid. Spain.	Montaje Pipelines	-	100,00%
Masa Méjico S.A. de C.V.	Calle Juan Racine N 12 8-Colonia los Morales.. 11510 Mexico City. Mexico.	Industrial maintenance and assembly	Yarritu, Vazquez y Sosa SA de CV	100,00%
Triana do Brasil Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Centro, Rio de Janeiro. Brazil	Electrical systems	-	100,00%

GRUPO MASA

Company	Address	Activity	Auditor	% Effective share
Dragados Industrial Algerie S.P.A.	12 Rue Hocine Beladjel 5ª état-16500 Argelia.	Maintenance and industrial assemblies	-	100,00%

ADDENDUM I

Subsidiaries

Company	Address	Activity	Auditor	% Effective share
Maintenance et Montages Industriels S.A.S	64 Rue Montgrand. Marseille .13006 Marseille. France.	Industrial maintenance and assembly	-	100,00%
Mantenimiento y Montajes Industriales, S.A.	Calle Via de los Poblados ,9. 28033.. Madrid. Spain.	Maintenance and industrial assemblies	KPMG	100,00%
Masa Algeciras, S.A.	Avda de los Empresarios S/N. Edif Arttysur Planta 2ª Local, 10.Palmones - Los Barrios. Cadiz. Spain.	Maintenance and industrial assemblies	KPMG	100,00%
Masa do Brasil Manutençao e Montagens Ltda.	Avda presidente Wilson, nº231,sala 1701 (parte), Centro. Rio de Janeiro. Brazil.	Industrial maintenance and assembly	-	100,00%
Masa Galicia, S.A.	Políg. Ind. De la Grela - C/ Guttember, 27, 1º Izqd. 15008 La Coruña. Spain.	Maintenance and industrial assemblies	KPMG	100,00%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1. 21002 Huelva. Spain.	Maintenance and industrial assemblies	-	100,00%
Masa Maroc s.a.r.l.	Av Allal ben Abdellah Rés. Hajjar 2 étage app nº5 Mohammadia. Morocco.	Maintenance and industrial assemblies	-	100,00%
Masa Norte, S.A.	C/ Ribera de Axpe, 50-3º. 48950 Erandio Las Arenas. Biscay. Spain	Maintenance and industrial assemblies	-	100,00%
Masa Puertollano, S.A.	Crta. Calzada de Calatrava, km. 3.4. 13500 Puertollano. Ciudad Real. Spain	Maintenance and industrial assemblies	KPMG	100,00%
Masa Servicios, S.A.	Avda Gran Vía de L'Hospitalet 8-10 5 Planta.08902 L'Hospitalet de Llobregat. Barcelona. Spain.	Maintenance and industrial assemblies	KPMG	100,00%
Masa Tenerife, S.A.	Pº Milicias de Garachico nº1 8ªplanta of. 84A. Edificio Hamilton.38002 Santa Cruz de Tenerife. Spain.	Maintenance and industrial assemblies	-	100,00%
Sistemas Integrales de Mantenimiento, S.A.	Calle Via de los Poblados ,9. 28033.. Madrid. Spain.	Maintenance and industrial assemblies	-	100,00%
OFFSHORE GROUP				
Asistencia Offshore, S.A.	Bajo de la Cabezuela, s/n.11510 Puerto Real. Cadiz. Spain.	Technical engineering services	-	100,00%
Dragados Offshore USA, Inc.	One Riverway, Suite 1700.77056 Texas. Houston. United States.	Market studies and capture	-	100,00%
Dragados Offshore, S.A.	Bajo de la Cabezuela, s/n. 11510 Puerto Real. Cadiz. Spain	Manufacture of metal structures	KPMG	100,00%
Dragados-Swiber Offshore, S.A.P.I. de C.V.	Juan Racine, 112. Piso 8, Col. Los Morales 11510 Mexico City. Mexico.	Oil and natural gas extraction support activities	KPMG	51,00%
GRUPO SISTEMAS				
Consorcio Ofiteco Geoandina	Cra 25 N.96 81. Office 203. Bogota. Colombia.	All types of construction work	-	60,00%
Consorcio Sice Disico	Cra 25 N.96 81. Office 203. Bogota. Colombia.	All types of construction work	-	50,00%
Consorcio Tráfico Urbano de Medellín	Cra 12 Nº 96-81 Of 203. Bogota. Colombia.	All types of construction work	-	100,00%
Consorcio Tunel del Mar	Cra.12 Nº 96-81 Of. 203. Colombia. Bogota.	All types of construction work	-	50,00%
Dyctel infraestructura de Telecomunicaçoes, Ltda.	C/ Rua Riachuelo, 268. 90010 Porto Alegre. Brazil	Telecommunications	-	100,00%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Telecommunications	-	100,00%
Ecisa Sice Spa	Av. De Vitacura, 2670. Oficina 702.Las Condes. Santiago de Chile. Chile.	All types of construction work	BDO	50,00%
Fuengirola Fotovoltaica, S.L.	CL Sepulveda, 6 28108 Alcobendas. Madrid. Spain.	Construction of photovoltaic systems		100,00%
Moyano Maroc SRALU	269 8D Zertouni Etg 5 Appt 1. Casablanca. Morocco.	Installation of antennae and telecommunications systems	-	100,00%
Moyano Telsa Sistemas Radiantes y de Telecomunicaciones, S.A.	C/ De La Cañada, 53. 28850 Torrejón de Ardoz. Madrid. Spain.	Telecommunications	KPMG	100,00%
Oficina Técnica de Estudios y Control de Obras, S.A	C/ Sepúlveda 6. 28108 Alcobendas. Madrid. Spain.	Consulting	KPMG	100,00%
Ofiteco-Gabi Shoef	34 Nahal Hayarkon St., Yavne, Israel. Yavne. Israel.	All types of construction work	GABRIELJUNIO & CO. CPA	50,00%
Salam Sice Tech Solutions, Llc.	Salam Tower West Bay P.O. Box 15224 Doha. Qatar.	All types of construction work	ARAB ACCOUNTANTS	49,00%
Sarl Ofiteco Argelia	Rue du Sahel, 14. Hydra. Algiers. Algeria.	Construction engineering	-	49,00%
SICE Ardan projects	4, Hagavish Street. Netanya 42101. Netanya. Israel.	All types of construction work	GABRIELJUNIO & CO. CPA	51,00%
Sice Canada, Inc.	100 King Street West, Suite 1600. Toronto On M5X 1G5. Canada.	All types of construction work	KPMG	100,00%
Sice Energía, S.L.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	Photovoltaic system construction	-	100,00%
SICE Nordics AB	C/o Hellström Advokatbyra KB. Box 7305. 103 90. Stockholm. Sweden.	All types of construction work.	-	100,00%
Sice NZ Limited	Level 4, Corner Kent & Crowhurst Streets, New Market. Auckland, 1149. Australia.	All types of construction work.	William Buck Christmas Gouwland Ltd	100,00%
SICE PTY, Ltd.	200 Carlisle Street. St kilda. 3182 VIC. Australia.	All types of construction work	William Buck Audit (VIC) Pty Ltd	100,00%
Sice Societatea de Inginerie Si Constructii Electrice, S.R.L.	Calea Dorobantilor, 1.Timisiora. Romania.	All types of construction work	-	100,00%
Sice South Africa Pty, Ltd.	C/ PO Box 179. 009 Pretoria, South Africa	All types of construction work	Neville Hide & Asspciates Incorporated	100,00%
Sice Tecnología y Sistemas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	Acquisition and disposal of all types of assets and securities	KPMG	100,00%
Sice Vaan	206 Plot nº 15. Sector 10 Dwarka.. New Delhi. India.	All types of construction work.	-	51,00%
SICE, Inc.	14350 NW 56th. Court Unit 105. Miami. 33054 Florida. United States.	Smart toll system development	Perez Abreu+Aguerrebere+Sueiro +Torres, P.L.	100,00%
SICE, LLC.	Rublesvkoye Shosse 83/1 121467 Moscu. Russia	Design, construction, installation, maintenance of traffic and trade facilities	-	100,00%
Sistemas Sec, S.A.	C/ Miraflores 383. Santiago de Chile. Chile	Telecommunications	BDO	51,00%
Soc Iberica de Construcciones Electricas de Seguridad, S.L.	C/ La Granja 29. 28108 Alcobendas. Madrid. Spain	Install. and maintenance of security and fire-fighting devices and syst.	-	100,00%
Sociedad Ibéric de Construcciones Eléctricas en Chile, Spa	Cl Dardignac, 160. Recoleta. Santiago de Chile. Chile.	All types of construction work.	BDO	100,00%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain.	All types of construction work	KPMG	100,00%
Sociedad Industrial de Construcciones Eléctricas, S.L., Ltda.	CL 94 NO. 15 32 P 8. Bogota City. Colombia.	All types of construction work.	-	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.	Services for public administrations	-	100,00%
Sumipar, S.A.	Carretera de la Santa Creu de Calafell 47 Portal B. 08830 Sant Boi de Llobregat. Barcelona. Spain.	All types of construction work	-	100,00%
Telcarrier, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain.	Telecommunications	-	100,00%
GRUPO PLANTAS				
Consorcio Makim	Calle Bolivar, 270 INT. 501 Urb.Leuro. Lima. Peru.	Civil work		100,00%
Dragados Gulf Construction, Ltda.	P. O Box 3947 Al Khobar 31942. Saudi Arabia.	Construction	Al Ruwais	100,00%
Initec Energía Ireland, LTD.	Great Island CCGT Project, Great Island, Campile - New Ross - CO. Wexford. Ireland.	Development of engineering, provisioning and construction of energy plants	BDO	100,00%
Initec Energía Maroc, SARLAU	445, Boulevard Abdeloumen, 3Ème Étage Nº 11 20100. Casablanca. Morocco.	Construction		100,00%
Initec Energía, S.A.	Vía de los Poblados, 11. 28033 Madrid. Spain.	Technical engineering services	KPMG	100,00%
Intecsa Ingeniería Industrial, S.A.	Vía de los Poblados, 11. 28033 Madrid. Spain.	Ingeniería	KPMG	100,00%
Makiber, S.A.	Paseo de la Castellana, 182-2º. 28046 Madrid. Spain.	Goods export	KPMG	100,00%
Makiber Gulf LLC	Al-Sahafa 13321. Riyadh. Saudi Arabia.	Acquisition and installation of medical and school equipment	RCPA	100,00%
Odelga Medical Engineering GmbH	Frankgasse 4 Top 20, 1090.. Vienna. Austria.	Purchase and sale of equipment, especially medical equipment. Project management.	KPMG	100,00%

ADDENDUM II

Associated companies

Company	Address	Activity	Auditor	% Effective share	Non-current assets	Current assets: Cash and other equivalent liquid assets	Current assets: Other Current assets	Non-current liabilities: Non-current financial liabilities	Non-current liabilities: Other non-current liabilities	Current liabilities: Current financial liabilities	Current liabilities: Others current liabilities	Net equity
COBRA GROUP												
Afelco Engineering, S.L.	Avda. Parques de África s/n. Malabo. Rep. Equatorial Guinea.	Mechanical, electrical and civil engineering	-	32,50%	-	3	84	-	-	53	78	(44)
Afta, S. A.	Nucleo Central, 100 Tagus Park, 2780. Porto Salvo. Portugal.	Purchase and sale of goods	Revisor Oficial de Contas (Julio Alves, Mário Baptista e Associados)	24,84%	-	281	4.042	-	-	-	2.232	2.091
Al Hamra Water Co LLC	PO BOX 54527 Emirate of Ras Al Khaimah . United Arab Emirates.	Desalination plant	-	40,00%	43.997	112	1.489	27.731	-	-	3.388	14.479
Benisaf Water Company, Spa	29 Bis Rue Abou Nouas, Hydra - Algiers. Algiers. Algeria.	Concession	Gasmi Audit&Consulting	51,00%	70.375	2.234	28.103	42.490	2.578	(95)	9.088	46.651
Brilhante Transmissora de Energias 2 S.A.	Avd.Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil.	Energy Transport	-	50,00%	6.698	312	917	-	-	-	795	7.132
Brilhante Transmissora de Energias, S.A.	Avd.Marechal Camera, 160 sala 1621. Rio de Janeiro. Brazil.	Energy Transport	Deloitte	50,00%	141.489	385	6.480	11.797	-	(1.802)	60.905	77.454
Caitan Spa	Isidora Goyenechea 2939 piso 10 Las Condes. Santiago de Chile. Chile.	Desalination plant		50,00%	503.276	10.597	26.875	36.660		523.790	14.977	(34.679)
Emoción Solar S.L.U.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity and gas	-	50,10%	25.776	130	103	16.136	-	158	738	8.977
Energías Renovables de Ricobayo, S.A.	Avda. Europa,6 Parque Empresarial La Moraleja. 28108 Alcobendas. Madrid. Spain.	Promotion, construction, operation and development of renewable energies	-	50,00%	13	443	63	-	-	(17)	23	513
Energía Olmedo - Ourense Fase I, S.A.	Calle Carlos Trias Beltran, 7 28020 Madrid	Production of alternative and renewable energies	-	18,00%	29.846	693	7.657	26.031	-	2.297	2.628	7.240
Energía Sierrezuela, S.L.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Production of alternative and renewable energies	-	50,10%	33.281	1.620	67	24.237	-	287	79	10.365
Energías Ambientales de Soria, S.L.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Energy Production	-	50,10%	33.174	133	135	20.017	-	390	622	12.413
Enervouga - Energias do Vouga, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal.	Energy Generation	-	37,27%	3.968	52	5	3.393	-	-	664	(31)
Envitero Solar S.L.U.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity and gas	-	50,10%	23.540	100	79	15.248	-	244	15	8.212
Escarnes Solar S.L.U	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity and gas	-	50,10%	20.899	1.306	110	14.751	-	193	16	7.355
Escatron Solar Dos, S.L.U.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity and gas	-	50,10%	25.724	1.904	90	17.481	-	245	740	9.252
Esplendor Solar, S.L.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity production	-	50,10%	26.431	69	607	14.317	-	286	1.899	10.605
GS Oil and Gas SAPI de CV	Zona Valle Oriente norte. Mexico. Mexico.	Oil and gas exploration and extraction	-	49,00%	14	8	1.092	-	-	1.950	2.682	(3.518)
Hazaña Solar, S.L.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity production	-	50,10%	27.257	850	608	14.768	-	311	1.892	11.744
Hydrotua - Hidroelectricas do Tua, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278. Porto Salvo. Portugal.	Energy Generation	-	37,27%	2.228	511	8	2.817	-	-	-	(70)
Ignis Solar Uno. S.L.U.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity production	-	50,10%	25.209	84	99	15.440	-	202	738	9.012
Karoshoek Solar One	15 alice Lane 9 floor. 2196 Johannesburg. South Africa.	Investment in properties	-	13,00%	627.858	445	45.541	531.515	5.569	26.058	(15.762)	126.464
Mantiqueira Transmissora de Energia S.A.	Avda. Presidente Wilson, 231 Sala 802. Rio de Janeiro. Brazil	Energy transmission systems	-	25,00%	332.670	246.663	72.177	218.520	-	194.176	113.424	125.390
Mediomonte Solar, S.L.U.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity and gas	-	50,10%	25.155	72	92	15.306	-	226	770	9.017
Mocatero Solar, S.L.U.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity and gas	-	50,10%	20.408	76	96	11.818	-	153	597	8.012
O&M Lesedi PV Plant Pty Ltd	22 On Kildare. 22 Kildare road 7700 Newlands. South Africa.	Solar power plant maintenance	-	14,00%	17	2.149	821	-	-	-	39	2.948
O&M Letsatsi PV Plant Pty Ltd	22 On Kildare. 22 Kildare road 7700 Newlands. South Africa.	Solar power plant maintenance	-	14,00%	11	2.484	758	-	-	-	600	2.653
O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.	c/Costa Brava, 13 3º.28034 Madrid. Spain.	Operation and maintenance of photovoltaic plants	-	15,22%	200	795	9	-	-	1	(989)	1.992
Oleorey, S.A. de C.V.	Avda. Batallón de San Patricio,111. Monterrey. Mexico.	Development, infrastructure and maintenance of non-associated gas fields	PWC	34,73%	12.974	2.469	73.191	-	1.007	3.798	108.256	(24.427)
Palabra Solar, S.L.	Calle Cardenal Marcelo Spínola, 10. Madrid. 28016 Madrid	Electricity production	-	50,10%	24.103	10.322	584	34.131	-	25	853	-
Parque Eólico de Valdecarro, S.L.	Calle Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Electricity generation	-	50,10%	27.306	2.677	123	20.179	-	352	381	9.194
Petrointegral S.A.P.I. de C.V.	Avda. Gómez Morin, 1111 Carrizalejo. 66254 Nuevo León. Mexico.	Well and land service provision. Drilling, engineering, maintenance	-	34,73%	13	26	42.875	-	298	12	22.720	19.884
Planta de Reserva Fría Eten, S.A.	Avda.Argentina 2415.Lima. Peru.	Electricity. Electricity generation plant.	KPMG	50,00%	126.779	13.032	1.499	132.050	-	4.068	(6.060)	11.252
Planta Solar Alcázar 2, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	Other technical services	-	50,10%	26.775	2.499	38	20.357	-	381	195	8.379
Planta Solar Alcázar 1, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. Spain.	Electrical energy production and others	-	50,10%	26.693	2.476	50	20.246	-	353	203	8.417
Red Eléctrica del Norte, S.A.	Las Condes- Metropolitan Area. Santiago de Chile. Chile.	Electricity transmission / transport	-	30,10%	31.150	842	4.966	33.061	-	-	1.018	2.879
Ribagrande Energía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Production of alternative and renewable energies.	-	50,10%	33.221	84	66	22.715	-	305	75	10.276
Robledo Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Production of alternative and renewable energies.	-	50,10%	33.281	59	72	22.654	-	319	70	10.369
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	Dr. Aznar Molina, 15-17. 50002 Zaragoza. Spain	Concesión actuaciónes Zona 07-A del Plan Especial de Depuración del Instituto Aragonés de Aguas	-	40,00%	15.654	2.695	513	10.833	-	1.370	948	5.711
Sociedad de Aguas Residuales Pirineos, S.A.	Doctor Aznar molina, 15-17.50002 Zaragoza. Spain.	Infrastructures for sewage purification in the Pyrenees.	-	50,00%	6.879	724	281	-	404	-	400	7.080
Somozas Energías Renovables, S.A.	Lg Iglesia,1. 15565 La Coruña. Spain.	Implementation, construction, operation and development of renewable energies	-	25,00%	2.183	116	225	-	(58)	929	96	1.557
Tonopah Solar Energy Holdings I, LLC.	7380 West Sahara, Suite 160. Las Vegas NV 89117. United States.	Shareholding	-	36,60%	-	-	-	-	-	-	-	-
Tonopah Solar Energy Holdings II, LLC.	2425 Olympic Blvd, suite 500E. Santa Monica, CA 90404. United States.	Shareholding	-	36,60%	-	-	-	-	-	-	-	-
Tonopah Solar Energy, LLC	2425 Olympic Blvd, suite 500E. Santa Monica, CA 90404. United States.	Concessions	-	36,60%								-
Tonopah Solar Investments, LLC.	7380 West Sahara, Suite 160. Las Vegas NV 89117. United States.	Shareholding	-	50,00%	294.395							294.395
Talento Solar, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Electricity production	-	50,10%	27.197	860	602	15.720	-	304	1.902	10.733
Valdelagua Wind Power, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	Production of alternative and renewable energies.	-	50,10%	33.312	87	76	22.786	-	316	75	10.298
Zero-E Spanish PV 1	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain.	C/ F, nº 13. P.I. Mutilva Baja. Navarra. Spain	-	50,10%	586.337	270	5.203	504.603	-	13.857	71	73.279
Zero-E Euro Assets, S.A.	Severo Ochoa, 10. Parque Técnológico de Andalucia. Malaga. Spain.	Information and telecommunications	Deloitte	50,10%	311.940	2.968	4.073	312.326	478	217	4.809	1.151
GRUPO IMESAPI												
Carreteras de Cohauila y San Luis	AV.Insurgentes Sur 1811 Piso 2. 01020. Guadalupe Inn. Mexico City. Mexico.	Provision of road maintenance services	-	47,50%	2.722	3.239	86.224	56.005			20.127	16.053
Consorcio Ejecutor Lima	Av. Mariscal La Mar, 638 Of 606 – Miraflores – Lima. Lima. Peru.	Education services improvement	-	60,00%	34		6.599			3	10.166	(3.536)
Operadora de Carreteras de Coahuila y San Luis	Avda. Insurgentes Sur, 1811 - Guadalupe Inn - Alvaro Obregón. Mexico City. Mexico.	Road maintenance	-	47,50%	165	83	20.119			4.153	15.220	994
Plataforma Integral Movilidad Madrid A.I.E.	C/ Covarrubias, 1.28010 - Madrid. Spain.	Development and management of the integrated Madrid car park platform	-	16,66%	1.106	438	440	1.080		296	605	3

ADDENDUM II

Associated companies

Company	Address	Activity	Auditor	% Effective share	Non-current assets	Current assets		Non-current liabilities		Current liabilities		Net equity
						Cash and other equivalent liquid assets	Other Current assets	Non-current financial liabilities	Other non-current liabilities	Current financial liabilities	Others current liabilities	
GRUPO ETRA												
Consorcio de Telecomunicaciones Avanzadas, S.A.	Av Juan Carlos I, 59-6. Espinardo. Murcia. Spain.	Telecommunications	Areas Asociados S.L.	21,00%	991	930	876	71	14		323	2.389
GRUPO CYMI												
Chimarrao Transmissora de Energia, S.A.	Av. Presidente Wilson 231, salas 1703-1704 20030-020, Centro, Rio de Janeiro. Brazil	Electricity transmission	KPMG	50,00%	80.993	89	11.547	-	14.059	25.333	26.602	26.636
Giovanni Sanguinetti Transmissora de Energia, S.A.	Av. Presidente Wilson 231, salas 1703-1704 20030-020, Centro, Rio de Janeiro. Brazil	Electricity transmission	KPMG	50,00%	255.120	219	8.788	97.400	51.962	21.863	35.260	57.643
Mantiqueira Transmissora de Energia S.A.	Av. Presidente Wilson 231, salas 1703-1704 20030-020, Centro, Rio de Janeiro. Brazil	Electricity transmission	KPMG	25,00%	362.189	346	299.543	274.714	75.878	179.703	35.633	96.149
Transmissora José Maria de Macedo de Electricidade, S.A.	Av. Presidente Wilson 231, salas 1703-1704 20030-020, Centro, Rio de Janeiro. Brazil	Electricity transmission	KPMG	50,00%	488.849	4.058	20.100	226.979	90.691	18.500	65.047	111.789
Transmissora Sertaneja de Electricidade, S.A.	Av. Presidente Wilson 231, salas 1703-1704 20030-020, Centro, Rio de Janeiro. Brazil	Electricity transmission	KPMG	50,00%	72.223	50	5.569	-	15.079	48.883	5.715	8.164
Veredas Transmissora de Electricidade, S.A.	Av. Presidente Wilson 231, salas 1703-1704 20030-020, Centro, Rio de Janeiro. Brazil	Electricity transmission	KPMG	50,00%	273.059	93	18.266	120.455	55.715	-	40.343	74.905
OFFSHORE GROUP												
Dragados Micoperi Offshore, S A P I De C.V.	Juan Racine, 112. Piso 8, Col. Los Morales 11510 Mexico City. Mexico.	Manufacture of metal structures Oil and natural gas extraction support	KPMG	50,00%		101	2.421		68		2.400	54
GRUPO SISTEMAS												
Nalanda Global, S.A.	C/Proción 7. 28023 Madrid. Spain.	Telecommunications services	Contafides Auditores, S.L.	16,84%	6.658	943	3.086				1.329	9.358
Operadora OCACSA-SICE, S.A. de C.V.	Montecito n 38, floor 36 office 3y4, colonia Napoles. 03810 Mexico City. Mexico	Toll system, electronic toll, ITS and communications	-	30,00%	-	21	399				396	24
Osipass, S.A. de C.V.	Calle Bosque de Cidros, 173. Cuajimalpa de Morelos.. Mexico City. Mexico.	Electronic tolling services	-	50,00%	4	846	1.102			842	2.222	(1.112)
SPA Mobeal	2 Rue Omar Ibn El Khetab. Bal el Oued. Algiers. Algiers. Algeria.	All types of construction work	-	24,50%	12	1.310	4.653				6.726	(751)

ADDENDUM III

Joint Ventures

Company	Address	Activity	Auditor	% Effective share	Non-current assets	Current assets: Cash and other equivalent liquid assets	Current assets: Other Current assets	Non-current liabilities: Non-current financial liabilities	Non-current liabilities: Other non-current liabilities	Current liabilities: Current financial liabilities	Current liabilities: Others current liabilities	Net equity
GRUPO IMESAPI												
Copemobe, S.L.	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%	(4)							(4)
Costeraneo, S.L.	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
Fanelate, S.L.	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%	(4)							(4)
Libaquera, S.L.	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
Liquetine, S.L.	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%	(5)							(5)
Azius Luz S.L	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
Belenus Luz S.L	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
Celeritas Luz S.L	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
Ignis Luz S.L	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
Ilio Luz S.L	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
Saneta Luz S.L	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
Taxos Luz	Vía de los Poblados 9-11.28033. Madrid. Spain.	Development of photovoltaic plants	-	50,00%								-
GRUPO ETRA												
Idetra S.A. de C.V.	Av. De las Americas 1545 A. Colonia Providencia 1A 2A y 3A. Guadalajara. Mexico.	Electrical Systems	-	55,00%	9.719	1.104	851	9.584	-	11	1.531	548
OFFSHORE GROUP												
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.	Jose Luis Lagrange, 103, P8 Col. Polanco I sección Deleg. Miguel Hidalgo. Mexico City. Mexico.	Gas compression services	ERNST & YOUNG	95,00%	438.520	86	53.889			383.165	111.228	(1.898)
GRUPO PLANTAS												
Incro, S.A.	Serrano, 27. 28016 Madrid. Spain.	Ingeniería	Caudisa	50,00%	171	2.117	4.386	-	-		6.020	655