

CORSÁN-CORVIAM CONSTRUCCIÓN, S.A.

Audit report, Annual Accounts
and Directors' Report at 31 December 2012



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

AUDIT REPORT ON THE ANNUAL ACCOUNTS

To the shareholders of Corsán-Corviam Construcción, S.A.:

We have audited the annual accounts of Corsán-Corviam Construcción, S.A. consisting of the balance sheet at 31 December 2012, the income statement, the statement of changes in equity, the cash flow statement and related notes for the year then ended. The Company's Directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the entity (as identified in Note 2 a) to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying annual accounts for 2012 present fairly, in all material respects, the financial position of Corsán-Corviam Construcción, S.A. at 31 December 2012 and the results of its operations and cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

The accompanying Directors' Report for 2012 contains the explanations which the directors consider appropriate regarding the company's situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the Directors' Report is in agreement with that of the annual accounts for 2012. Our work as auditors is limited to checking the Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the company's accounting records.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Fernando Chamosa
Partner

6 May 2013

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 913 083 566, www.pwc.com/es

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

Annual Accounts at 31 December 2012
and 2012 Directors' Report

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CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
BALANCE SHEET AT 31 DECEMBER 2012 AND 2011
(Expressed in Thousand euro)

ASSETS	Note	2012	2011
NON-CURRENT ASSETS		168,245	144,204
Intangible assets	4	1,324	1,602
Property, plant and equipment	5	23,999	26,064
Long-term investments in Group companies, jointly-controlled entities and associates	7	69,210	50,222
Equity instruments		69,210	50,222
Long-term financial investments		49,316	54,772
Equity instruments		-	-
Long term accounts receivable	6 & 9	49,316	54,772
Deferred tax assets	17	24,396	11,544
CURRENT ASSETS		886,430	1,015,443
Inventories	10	90,247	80,718
Trade and other receivables		366,488	567,938
Trade receivables for sales and services	6 & 9	338,414	488,268
Trade receivables, Group companies, jointly-controlled entities and associates	6, 9 & 26	1,953	6,313
Sundry receivables	6 & 9	6,497	32,444
Loans to employees	6 & 9	101	11
Other receivables from Public Administrations	19	19,364	39,431
Guarantees and deposits	6, 8 & 9	159	1,471
Short-term investments in Group companies, jointly-controlled entities and associates	9 & 26	265,309	256,340
Loans to companies		265,309	256,340
Short-term accruals		6,901	19,836
Cash and cash equivalents	11	157,485	90,611
TOTAL ASSETS		1,054,675	1,159,647

Notes 1 to 28 form an integral part of these annual accounts.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
BALANCE SHEET AT 31 DECEMBER 2012 AND 2011
(Expressed in Thousand euro)

EQUITY AND LIABILITIES	Note	2012	2011
EQUITY		64,135	106,426
Equity		75,376	107,700
Share capital	12	17,937	17,937
Share premium	12	65,867	65,867
Reserves	13	3,609	3,609
Profit/(loss) for the year	14	(12,037)	35,261
Interim dividend	14	-	(14,974)
Value change adjustments		(11,241)	(1,274)
NON-CURRENT LIABILITIES		76,440	79,494
Long-term provisions	16	22,863	28,529
Other provisions		22,863	28,529
Long-term payables	6 & 15	45,033	43,853
Borrowings		45,033	43,853
Deferred tax liabilities	17	8,544	7,112
CURRENT LIABILITIES		914,100	973,727
Short-term provisions	16	29,916	37,789
Short-term payables	6 & 15	161,170	73,801
Borrowings		160,721	73,801
Other Financial liabilities		449	-
Short-term payables to Group companies, jointly-controlled entities and associates	6, 15 & 26	24,768	9,527
Trade and other payables		698,246	852,610
Trade payables	6 & 15	496,654	625,591
Trade payables, Group companies, jointly-controlled entities and associates	6, 15 & 26	13,435	2,873
Other payables	6 & 15	71,687	126,464
Loans to employees	6 & 15	3,811	5,953
Other payables to Public Administrations	19	40,779	53,520
Advances received on contracted work	6 & 15	71,880	38,209
TOTAL LIABILITIES AND EQUITY		1,054,675	1,159,647

Notes 1 to 28 form an integral part of these annual accounts.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Expressed in Thousand euro)

CONTINUING OPERATIONS	Note	2012	2011
Revenue		618,408	868,788
Revenue/ Sales	18	618,408	868,788
Changes in inventories of finished products and work in progress		(3,270)	(397)
Own work capitalized		102	433
Raw materials and consumables		(436,218)	(594,889)
Consumption of goods purchased for resale	18	(151,754)	(149,199)
Consumption of raw materials and other consumable materials	18	6,782	(44,459)
Subcontracted work		(291,246)	(401,231)
Other operating revenue		74,484	82,590
Accessory and other income		74,484	82,590
Employment costs	18	(96,524)	(107,595)
Wages and salaries		(77,420)	(85,181)
Social security contributions		(19,104)	(22,414)
Other operating expenses		(150,735)	(172,914)
External services		(76,668)	(120,691)
Taxes		(52,225)	(49,707)
Losses, impairment and changes in trade provisions		(20,228)	(1,213)
Other expenses		(1,614)	(1,303)
Fixed asset depreciation	4 & 5	(6,946)	(6,756)
Impairment and profit/ loss on fixed asset disposals	18	(96)	792
Profit/loss on disposals and other		(96)	792
OPERATING RESULTS		(795)	70,052
Financial income	20	10,389	11,602
Financial costs	20	(27,469)	(26,225)
Net exchange rate differences	20	3,313	(7,614)
Impairment and profit/loss on financial instruments disposals	20	4,393	(5,059)
NET FINANCIAL RESULT		(9,374)	(27,296)
PROFIT/LOSS BEFORE INCOME TAX		(10,169)	42,756
Corporate income tax	19	(1,868)	(7,495)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(12,037)	35,261
PROFIT/(LOSS) FOR THE YEAR		(12,037)	35,261

Notes 1 to 28 form an integral part of these annual accounts.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER
2012 AND 2011**

(Expressed in Thousand euro)

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSE

	<u>Note</u>	<u>2012</u>	<u>2011</u>
Profit/ loss for the year	14	(12,037)	35,261
Income and expenses directly attributed to equity		(9,967)	(1,751)
Translation differences		(9,967)	(1,751)
		<u>(22,004)</u>	<u>33,510</u>
TOTAL RECOGNIZED INCOME AND EXPENSE		<u>(22,004)</u>	<u>33,510</u>

Notes 1 to 28 form an integral part of these annual accounts.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(Expressed in Thousand euro)

B) TOTAL STATEMENT OF CHANGES IN EQUITY

2012	Share capital (Note 12)	Share premium (Note 12)	Reserves (Note 13)	Profit/ (loss) for the year (Note 14)	Interim dividend (Note 14)	Value adjustments	Total
Balance at 2011 year end	17,937	65,867	3,609	35,261	(14,974)	(1,274)	106,426
Adjusted Balance beginning 2012	17,937	65,867	3,609	35,261	(14,974)	(1,274)	106,426
Total recognised income and expenses	-	-	-	(12,037)	-	(9,967)	(22,004)
Operations with shareholders or owners	-	-	-	(35,261)	14,974	-	(20,287)
- Dividend payment 2011 (Note 13)	-	-	-	(20,287)	-	-	(20,287)
- Interim dividend payment (Note 13)	-	-	-	(14,974)	14,974	-	-
Other movements in equity	-	-	-	-	-	-	-
-Reclassification of the prior year profit/ loss	-	-	-	-	-	-	-
-Reserves distribution	-	-	-	-	-	-	-
Balance at 2012 year end	17,937	65,867	3,609	(12,037)	-	(11,241)	64,135

Notes 1 to 28 form an integral part of these annual accounts.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
 (Expressed in Thousand euro)

2011	Share capital (Note 12)	Share premium (Note 12)	Reserves (Note 13)	Profit/ (loss) for the year (Note 14)	Interim dividend (Note 14)	Value adjustments	Total
Balance at 2010 year end	17,937	65,867	3,609	32,652	(24,021)	477	96,521
Adjusted Balance beginning 2011	17,937	65,867	3,609	32,652	(24,021)	477	96,521
Total recognized income and expenses	-	-	-	35,261	-	(1,751)	33,510
Operations with shareholders or owners	-	-	-	(32,652)	9,047	-	(23,605)
- Dividend payment 2010 (Note 13)	-	-	-	(32,652)	24,021	-	(8,631)
- Interim dividend payment (Note 13)	-	-	-	-	(14,974)	-	(14,974)
Other movements in equity	-	-	-	-	-	-	-
- Reclassification of the prior year profit/ loss	-	-	-	-	-	-	-
- Reserves distribution	-	-	-	-	-	-	-
Balance at 2011 year end	17,937	65,867	3,609	35,261	(14,974)	(1,274)	106,426

Notes 1 to 28 form an integral part of these annual accounts.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
 (Expressed in Thousand euro)

	Note	2012	2011
Cash flows from operating activities			
Profit/loss for the year before taxes	19	(10,169)	42,756
Adjustments:			
- Fixed assets depreciation	4 & 5	6,946	6,756
- Provision changes		20,228	1,213
- Profit/ loss on fixed-assets write-offs and disposals	18	96	(1,184)
- Financial income	20	(10,389)	(11,602)
- Financial costs	20	27,469	26,225
- Net exchange rate differences	20	(3,313)	7,614
- Changes in fair value of financial instruments	20	(4,393)	5,059
Changes in working capital:			
- Inventories		(7,211)	44,681
- Debtors and other receivables		168,937	165,705
- Other current assets		10,173	(15,410)
- Creditors and other payables		(144,728)	(240,928)
- Other current liabilities		(7,873)	7,777
- Other non-current assets and liabilities		2,644	(2,099)
Other cash flows from operating activities			
- Payment of interest	20	(24,707)	(26,225)
- Collection of interests	20	10,389	11,602
- Translation differences	20	1,897	(7,925)
Cash flows from operating activities		35,996	14,015
Cash flows from investing activities			
Outflows on investments:			
- Group companies and associates	7	(69,896)	(20,086)
- Intangible assets	4	(218)	(263)
- Property, plant and equipment	5 & 18	(4,796)	(5,441)
Inflows from disinvestments:			
- Group companies and associates	7	267	21,331
- Property, plant and equipment	5	315	2,917
- Intangible assets			4
Cash flows from investing activities		(74,328)	(1,538)
Cash flows from financing activities			
Collections and payments on equity instruments		-	-
Collections and payments on financial liability instruments			
Issue:			
- Borrowings		115,442	34,174
- Loans to Group companies and associates		15,241	(1,522)
- Other payables		449	-
Repayment:			
- Borrowings		(27,342)	(60,137)
- Loans to Group companies and associates		-	(26,379)
Dividend payment and remuneration of other equity instruments	13 & 14	-	(1,751)
Cash flow from financing activities		103,790	(55,615)
Exchange differences included in net change for the year		1,416	-
Net increase/decrease in cash and cash equivalents		66,874	42,827
Cash and cash equivalents at the beginning of the year	11	90,611	133,438
Cash and cash equivalents at the end of the year	11	157,485	90,611

Notes 1 to 28 form an integral part of these annual accounts.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

1. General information

Corsán Corviam Construcción, S.A. (hereinafter, the Company) was incorporated in Madrid on 14 July 1989 as Construcción y Gestión de Servicios, S.A.U. before the Notary Mr. Antonio Crespo Monerri (protocol number 2,498); it holds A-79222709 tax identification number. On 16 October 2002 the Shareholders' Meeting adopted a resolution to change the Company's name to Corsán-Corviam Construcción, S.A. Company's headquarters are registered at Caballero Andante 8 Street, 28021 Madrid, Spain.

Corsán Corviam Construcción, S.A. operates both in national and international markets. The Company's social object is described on its bylaws and its main activities consist of procurement, management and execution of all classes of civil works and constructions both public and private as well as the manufacturing of equipment and materials to use in construction, promotion, management and execution of all classes of real estate business, the ownership of all types of concessions, the rendering of sanitary services to public entities, information, maintenance and repair, cleaning and hygiene services. The above-mentioned activities may be carried out in Spain as well as abroad, and may be performed both directly and indirectly.

The Company is integrated in Grupo Isolux Corsán, whose parent company is Grupo Isolux Corsán, S.A. Company's registered office is at Caballero Andante 8 Street, 28021 Madrid, Spain. The parent company is the one drawing up consolidated financial statements. The Group's Consolidated Annual Accounts have been prepared by the Board of Directors on 27 March 2013 and they are expected to be approved and deposited in the Madrid Mercantile Registry without material changes.

2. Basis of preparation and Financial Risk Management

a) Fair presentation and accounting principles

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with prevailing commercial legislation and the provisions of the Chart of Accounts approved by Royal Decree 1514/2007 (hereinafter, the 2007 Spanish GAAP) and amendments incorporated to it through Royal Decree 1159/2010, so as to fairly present the Company's equity, financial situation and results and accurately cash flow in the cash flow statement.

The annual accounts include the effect of proportional consolidation of those joint ventures in which the Company participated in 2012 and 2011, based on the percentage shareholding held. Amounts relating to such joint ventures are indicated in the corresponding notes of these annual accounts when significant. Information on shareholding, revenue and results is detailed in Note 23.

These annual accounts have been prepared by the Company's Board of Directors on 27 March 2013. They will be submitted for the approval of General Shareholders' Meeting and the Company expects to have them approved without any change.

b) Critical aspects of measurement and estimation of uncertainty

The preparation of the annual accounts requires the use by the Company of certain estimates and judgements in relation to the future that are constantly assessed and are based on historical experience and other factors, including expectations of future events considered as reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Revenue recognition

Revenue recognition criteria applied by the Company regarding construction activities is the so-called "labor valued relationships", which consist of valuing the units of work performed at the rates set by the contract. This revenue recognition criteria is considered under the percentage of completion method, as defined by the adaptation of 2007 Spanish GAAP for construction companies. Regarding such accounting policy, the Company's past history confirms that its estimates are adequate and reasonable.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

Useful lives of technology division's, plant and equipment

Company's management determines the estimated useful lives and related depreciation/amortization charges for both property, plant and equipment and intangible assets. This estimate is based on projected product lifecycles over which the assets will generate economic benefits. At each closing the Company reviews the useful lives of fixed assets and if the estimates differ from those made previously, the effect of the change is recorded on a prospective basis as from the year in which the change takes place.

Income tax and deferred tax assets

The income tax calculation requires interpretations of the fiscal regulation applied to the Company.

Several factors exist, tied mainly and not exclusively to changes in fiscal laws and to interpretations of the current Spanish fiscal laws. These factors require estimates to be made by Company's management.

When the income tax at the year-end differs from the amount initially recognized, the differences will have effect on the corporate income tax and the provisions for deferred taxes in the year in which such a determination is made. In this sense, there are no relevant issues subject to estimates that could have a significant impact on the Company's position.

The Company management values the recoverability of the deferred tax assets, based on estimates about the future tax results, analyzing if they will be enough over the years in which such deferred tax assets are deductible. Deferred tax assets are recognized when its future recoverability is highly probable. The recognition and recoverability of deferred tax assets are assessed when they arise and subsequently in each year end, according to the results expected by the Company and defined in its business plan. The Company considers that the deferred tax assets would be recoverable; however these estimates may change over the future due to changes in the tax legislation, or due to the effect of transactions in the tax balances.

Even though these estimations were made at the year-end by the Company's management based on the best available information, applying its best estimates and knowledge of the market, it can be possible that future temporary events may force the Company to modify them on the following years.

Receivables and financial assets

The Company makes estimations relating to financial assets and trade receivables impairment.

Fair value of non-listed financial instruments

The Company determines fair value of the financial instruments (financial assets and liabilities) that are not negotiated on an active market with estimations based on selecting methods and hypotheses related mainly to market existing conditions on the date of each balance sheet.

Provisions

Provisions are recognized when it is probable that a present obligation, resulting from past events, will require the application of resources and when the amount of the obligation may be reliably estimated. To comply with the requirements of accounting standards, significant estimates are necessary. Company's management makes estimates of the probability of contingencies occurrence and the amount of liabilities to be settled in the future, by assessing all the information and relevant facts.

Inventories

The inventories which refer to buildings in construction and other buildings are valued in base of its direct execution costs and other type of costs related to the project. If the net realizable value cost is lower, the Company will realize its impairment loss. The Company estimates the net realizable value cost using the forecasted sale price of the market, minus the variable costs that can be applicable to the sale. Generally it is considered through the independent taxation of an expert.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

Warranty claims

The Company generally offers 24 or 36 month warranties on its works and services. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. As in the case of revenue recognition, the Company's past history demonstrates that its estimates in this area are adequate.

c) Comparability

In accordance with commercial legislation and for comparison purposes, the amounts disclosed in the balance sheet, the income statement, the statement of recognized income and expense, the total statement of changes in equity and the cash flow statement correspond to the year 2012 and to the previous immediate year.

d) Going concern

These annual accounts have been prepared on a going concern basis, which foresees that the Company will realize its assets and meet its commitments in the ordinary course of business. Although the Company reports negative working capital in the amount of 27,670 thousand euro at 31 December 2012, liquidity risk has been covered as follows: credit lines were renewed during the year to finance working capital and undrawn credit facilities are significant (see Note 15); moreover, current liabilities include considerable sums in accounts with Group companies. As cash management is centralized, the full settlement of these liabilities is not expected to be necessary in the short term.

e) Consolidated annual accounts

Although the Company is the parent of a group of companies as defined by Royal Decree 1159/2010 (17 September), and therefore it is subject to the obligation of preparing consolidated annual accounts, the Board of Directors has chosen to apply the provisions of Article 9 of the rules governing the preparation of annual accounts and will file the consolidated annual accounts for "Grupo Isolux Corsán, S.A.", its parent company.

f) Groupings of items

For clarity, the items presented in the balance sheet, income statement, statement of changes in equity and cash flow statement are grouped together and, where necessary, a breakdown is included in the relevant notes to the annual accounts.

g) Non-mandatory accounting principles

The Company does not apply any accounting principles other than those required by current legislation.

h) Financial risk

The Company manages its main financial risks through the Treasury Department of the Group to which it pertains, which identifies, evaluates and hedges against financial risks in accordance with the policies approved by the Board of Directors. The overall risk management program focuses on uncertainty in financial markets and seeks to minimize the potential adverse impact on its financial profitability. The Board provides policies for overall risk management and written policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives and excess liquidity investment.

Exposure to foreign exchange risk:

The Company operates abroad, mainly across its branches in Mexico, Algeria, Brazil, Armenia, Bolivia and Chile; therefore, it is exposed to foreign exchange risk from currency transactions, particularly, in relation to the Mexican peso, Algerian dinar, Brazilian real, Armenian dram, Bolivian peso and Chilena peso. Currency risk derives from future transactions, recognized assets and liabilities and net investments in foreign operations.

At 31 December 2012, had the Euro depreciated/appreciated by 10% against the Algerian dinar, the other variables remaining unchanged, translation differences recognized in equity would have been 1,934 thousand

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

euro lower / higher.

The Company holds investments in companies with functional currency different from Euro investments. At 31 December 2012 these investments amount to 61,315 thousand euro (2011: 45,489 thousand euro) and mainly correspond to the shareholding in Isolux de México S.A. de C.V. amounting to 15,452 thousand euro (2011: 19,467 thousand euro), Soma-Isolux NH One Tollway Private Limited by 8,668 thousand euro (2011: 8,660 thousand euro), Isolux Projetos, Investimentos e Participações LTDA amounting to 24,010 thousand euro (2011: 17,022 thousand euro) and Isolux Corsán Algérie, Sarl. by 12,138 thousand euro (2011: - thousand euro), their functional currencies being the Mexican peso, Indian rupee, Brazilian real and Algerian dinar, respectively.

At the year end, the Company does not have any financial derivative instrument to mitigate the exchange rate risk.

Price risk

The Company does not have any significant risk associated neither to share's prices nor to raw material ones, since it does not hold significant investments and inventories' value changes are generally reflected through sales prices. According to Board policies, price risk is reduced and mitigated by speeding up or slowing down the allocations and by selecting the currency and country of origin, as well as by assuring a fixed production and acquisition price for certain raw materials.

Credit risk

The Company manages credit risk in relation to the following groups of financial assets:

- Balances from different concepts including both in cash and cash equivalents and other financial assets related to short-term bank deposits (Note 11).
- Loans and receivables (Note 9).

Operations with financial entities categorized as both cash and cash equivalents and short-term bank deposits are signed up with high rating financial entities. In case of investments in bonds and Government bills they are also referred to high credit rating administrations.

Regarding trade debtors and receivables balances from private sector, a significant portion of them refers to companies with high credit rating for which there is no default history. A follow-up is made periodically over the whole receivables position, as well as an individual analysis of the most significant exposures.

Exposure to interest rate changes

Interest rate risk is mainly related to long-term bank loans, most of which are related to real estate stocks received as payment that the Company estimates will be done in the short-term.

Variable interest rate bank loans make the Company to be exposed to cash flow interest rate risk. Much of bank loans are issued at variable rates and take Euribor as the main reference.

At the year end, exposure to variable interest rate risk is as follows:

	Thousand euro	
	Euribor referenced	
	2012	2011
Borrowings	205,754	117,654
Cash and cash equivalents accruing interests	(132,538)	(82,967)
Net position	73,216	34,687
Proportion hedge by financial derivatives	0%	0%

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

The Company analyzes its exposure to interest rate risk dynamically. A simulation of several scenarios is made, taking into account the refinancing, renewal of current positions, alternative financing and the existence of investments accruing variable interest (in this sense, very short-term allocations bearing interest are considered as exposed to variable interest rate). Based on these scenarios, the Company calculates the effect on the outcome of a particular variation in interest rate. According to the simulations, the impact over after-tax outcome of a 100 basis points increase/decrease of reference interest rate (Euribor) will mean a 378 thousand euro increase/decrease over the gross outcome (2011: 233 thousand euro), mainly as a consequence of a lower/greater interest cost on variable interest loans; equity would have changed in the same way.

Exposure to liquidity risk

There is a cash pooling arrangement at the group level and the Company makes contributions or receives liquidity from the group in accordance with the circumstances and needs at hand.

Liquidity management at the level of the group to which the Company pertains is based on:

1. - Detailed management of working capital, seeking timely compliance with payment commitments by customers.
2. - Monetization of financial assets, to the extent that it is viable to do so under reasonable market conditions using factoring programs and the discounting of future debt claims.
3. - Launch of an integrated cash system with the objective of optimizing daily liquidity positions existing at the different companies.

At 31 December 2012 the Company records financial net receivables with the Group which amount to 250 million euro (2011: 247 million euro, approximately). See Note 26.

3. Accounting policies

3.1 Intangible assets

a) Concessions

Concessions treatment will be described in Note 3.17.

b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring them to use the specific software. These costs are amortized over the assets' estimated useful lives, up to a maximum of 4 years.

The costs relating to the maintenance of computer programs are recognized as an expense when incurred. Costs directly related to the production of identifiable and unique computer programs controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

3.2 Property, plant and equipment

Property, plant and equipment is registered at acquisition price or production cost less accumulated depreciation and accumulated impairment losses recognized.

Own work capitalized is calculated by adding to the acquisition price of consumable materials used the direct or indirect costs attributable to the assets.

Costs incurred to extend, modernise or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is extended and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

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The costs of major repairs are capitalized and depreciated over the estimated useful life of the asset, while recurring maintenance costs are charged to the income statement in the year in which they are incurred.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically using the straight-line method over the assets' estimated useful lives based on the actual decline in value brought about by operation, use and possession. The rates applied by the Company are as follows:

	<u>Rates</u>
Buildings	1%-3%
Machinery and tooling	5%-20%
Furnishings	10%-17%
Other fixed assets	10%-33%

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount.

Gains and losses on the disposal of property, plant and equipment are calculated by comparing the sale revenue with the carrying amount and are recognised in the income statement.

Disposals related to property, plant and equipment are recorded by writing off the cost element and its accumulated depreciation.

3.3 Interest costs

Interest costs directly attributable to the acquisition or construction of fixed assets that require more than one year before they may be brought into use are included in the cost of the assets until they are ready for use.

3.4 Financial assets

a) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in "Loans to companies" and "Trade and other receivables" in the balance sheet.

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interest is recognized at the effective interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

At the year end, at least, the necessary value adjustments are made to account for impairment when there is objective evidence that all receivables will not be collected.

The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Value adjustments, and reversals, where applicable, are recognized in the income statement.

Financial investments are written off when the rights to receive investment cash flows have expired or have been transferred and the Group has transferred all risks and benefits related to its ownership.

b) Investments held-to-maturity: Held-to-maturity financial assets are debt securities with fixed or determinable payments and fixed maturity, that are traded on an active market and that Company management has the positive intention and ability to hold to maturity. If the Company disposes of a significant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale. These

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financial assets are included under non-current assets, except for those that mature within 12 months as from the balance sheet date, in which case they are classified as current assets.

The measurement criteria applied to these investments are the same as for loans and receivables.

c) Financial assets held for trading and other financial assets at fair value through profit or loss: All those assets held for trading, purchased for sale in the short term or that form part of a portfolio of identified and jointly managed to obtain short-term gains, are considered financial assets at fair value through profit or loss together with the financial assets designated by the Company upon initial recognition for inclusion in this category for the purposes of a fairer presentation. Derivatives are also classified as held for trading provided that they do not relate to a financial guarantee contract and have not been designated as a hedge.

These financial assets are measured at both initial recognition and subsequent valuation at fair value and any changes in that value are reflected in the income statement. Transaction costs directly attributable to the acquisition are recognized in the income statement for the year.

d) Investments in the equity of group companies, jointly-controlled entities and associates: They are stated at cost less, where appropriate, accumulated value adjustments for impairment. Nonetheless, when there is an investment prior to its classification as a group company, jointly-controlled entity or associate, its carrying value prior to that classification is regarded as the investment cost. Previous value adjustments accounted for directly in equity are held under this heading until they are written off.

If there is objective evidence that the carrying value is not recoverable, the relevant value adjustments are reflected for the difference between the carrying value and recoverable amount, understood as the higher of fair value less costs to sell and the present value of cash flows from the investment. Unless better evidence is available of the recoverable amount, when estimating the impairment of these investments, the investee's equity is taken into account, adjusted for any latent capital gains existing at the measurement date. The value adjustment and, if appropriate, its reversal, are reflected in the income statement for the year in which they arise.

e) Available-for-sale financial assets: This category includes debt securities and equity instruments that are not classified in any of the above categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months as of the balance sheet date.

They are measured at fair value and any changes are recorded in equity until the asset is disposed of or is impaired, at which time accumulated gains and losses are taken to the income statement provided that such fair value can be determined. Otherwise, they are reflected at cost less impairment.

In the case of available-for-sale financial assets, value adjustments are made if there is objective evidence of impairment as a result of a reduction or delay in estimated future cash flows in the case of debt instruments acquired or owing to the non-recoverability of the asset's carrying value in the case of investments in equity instruments. The value adjustment is the difference between cost or amortized cost less, if appropriate, any value adjustment previously recognized in the income statement and fair value at the time of measurement. For equity instruments measured at cost because fair value cannot be determined, the value adjustment is determined in the same way as investments in the equity of group companies, jointly-controlled entities and associates.

If there is objective evidence of impairment, the Company records the cumulative loss from equity and recognizes it in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

The fair values of listed investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of observable market data and relying as little as possible on the Company's subjective considerations.

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Financial assets are written off when all the risks and rewards attaching to ownership of the asset are substantially transferred. In the specific case of the accounts receivable, it is generally understood that this fact occurred if the insolvency and default risks have been transferred.

3.5 Inventories

a) Raw materials and finished products: are stated at the lower between their acquisition or production cost or their net realizable value. When the net realizable value of inventories is below cost, the necessary value adjustments are made and an expense is recorded in the income statement. If the circumstances that caused the value adjustment cease to exist, the adjustment is reversed and income is recognized in the income statement.

b) Start-up expenses, projects and installations: are stated at their acquisition or production cost. Their attribution to the cost of work takes place based on the extensive completion.

c) Buildings under construction and other buildings. These items are measured based on the direct execution costs, including finance costs generated during the construction of the various developments, as well as the structural costs that may be attributed to these projects. They are classified as short cycle or long cycle based on whether or not the period remaining for completion exceeds 12 months.

Financial expenses related to buildings are activated following the characteristics described in Note 3.3.

Land linked to future developments is stated at acquisition cost.

Assets received in foreclosure are stated at the lower of the receivable relating to the asset received or the market price.

3.6 Equity

Share capital consists of ordinary shares.

The costs of issuing new shares or options are directly recognised in equity as a reduction in reserves.

In the event that the Company's acquires treasury shares, the price paid, including any directly attributable incremental cost, is deducted from equity until the treasury shares are redeemed, reissued or sold. When treasury shares are subsequently sold or reissued, any amount received is taken to equity net of directly attributable incremental costs.

3.7 Financial liabilities

Creditors and payables

This includes trade and non-trade payables. Borrowings are classed as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. The effective interest rate is the discount rate that brings the instrument's carrying amount into line with the expected future flow of payments to the maturity date of the liability.

Nevertheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

In the event of the renegotiation of existing debts, the financial liability is not deemed to change significantly when the lender of the new loan is the same as the initial lender and the present value of cash flows, including net fees, is not more than 10% higher or lower than the present value of cash flows payable on the original liability, calculated using the same method.

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3.8 Current and deferred taxes

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expense (income) is recognized in the income statement. However, the tax effect of items recorded directly in equity is recognized in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be payable to or recoverable from the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, if the deferred tax arises from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on reported or taxable results, they are not recognized. The deferred tax is determined applying tax regulations and rates approved or about to be approved at the balance sheet date and which are expected to be applied when the corresponding deferred tax asset is realized or deferred tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3.9 Employee benefits

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes these benefits when it has demonstrably undertaken to terminate current employees' contractual relation in accordance with a formal detailed plan that cannot be withdrawn, or to provide severance indemnities as a result of an offer made to encourage voluntary redundancy. Benefits that will not be paid within 12 months of the balance sheet date are discounted to their present value.

3.10 Provisions and contingent liabilities

Provisions for legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, an outflow of funds will probably be necessary to settle the obligation, and the amount may be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are carried at the present value of forecast payments that are expected to be required to settle the obligation, using a rate before taxes that reflects the current market assessment of the time value of money and the specific risks of the obligation. Adjustments made to update the provision are recognised in finance costs as they accrue.

Provisions maturing in one year or less the financial effect of which is immaterial are not discounted.

Where a part of the outflow necessary to settle the obligation is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset, provided collection is virtually assured.

A contingent liability is a potential obligation arising from past events, the materialization of which is dependent on the occurrence or non-occurrence of one or more future events beyond the Company's control. These contingent liabilities are not recorded in the accounts but are described, if appropriate, in notes presenting the financial statements (Note 21).

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3.11 Joint Ventures

a) Jointly-controlled operations and assets

The Company recognizes the proportional part attributable to it of jointly-controlled assets and jointly-incurred liabilities on the basis of the percentage interest held and the assets used in the joint operation that are under control and the liabilities incurred as a result of the joint venture.

Similarly, the Company recognizes in the income statement the part that pertains to it of the revenues generated and expenses incurred by the joint venture. The expenses incurred in relation to the interest held in the joint venture are also reflected.

Unrealized gains/ losses on reciprocal transactions and the reciprocal amounts of assets, liabilities, revenues, expenses and cash flows are removed in proportion to the interest held.

b) Jointly-controlled companies

Interests in a jointly controlled company are recorded in the manner provided for investments in group companies, jointly-controlled entities and associates (Note 3.4).

3.12 Revenue recognition

Revenue comprises the fair value of the consideration receivable and represents amounts receivable for goods delivered and services rendered in the ordinary course of the Company's activities, net of returns, rebates, discounts and value added tax (VAT).

The Company recognizes revenue when the amount may be reliably estimated, it is likely that the future economic benefits will flow to the Company and the specific conditions are fulfilled for each activity, as described below. A reliable calculation of the amount of revenue is not deemed possible until all sale-related contingencies have been resolved. The Company's estimates are based on historical results, taking into account customer type, transaction type and specific terms.

Services rendered: Construction Activity

The Company follows the policy of recognizing profits obtained on construction contracts, within the general completion percentage policy established by the adaptation of the Spanish GAAP to Construction Companies (the so-called "labor valued relationship"), which consists of placing a value on the units of construction executed using the prices established in the relevant contract.

This method may be applied due to the fact that all of the contracts include a list of all construction units that must be executed for completion, the measurement of each of these construction units as well as their price.

On a monthly basis, all completed construction units at each project are measured and stated based on the contract price. The total value of the work carried out is recognized as income from the time the project starts, and is also called executed work at source or production at source. The difference in the value obtained from the monthly appraisal mentioned above is production for the month, which is recorded in the accounts as income for that period.

The costs incurred on the execution of work are attributed to projects on an accrual basis and expenses include those actually incurred on the execution of the completed construction units, as well as any that may be incurred in the future and charged to already complete construction units.

A budget is prepared for each construction contract and for each construction unit, which is analyzed and revised periodically. This constitutes a fundamental element of management that allows each construction unit to be monitored in detail and to identify where variances arise between the actual and budgeted figures.

Unexpected events can arise during work executions which are not envisaged in the main contract, and which entail additional work. Changes to the initial contract require technical approval from the customer, and subsequently economic approval to enable certificates to be issued and the additional work to be charged. The Company's policy is to not recognize income from such additional work until their approval by the

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customer is reasonable assured. The costs incurred in such work are recognized when they arise, regardless the degree of approval by customers of the work performed.

For works which are expected to result in losses, when updated budgets are prepared, the necessary provisions are recorded in order to cover all these losses.

In the event that the original cost of the work executed is higher than the figure certified at the balance sheet date, the difference is recognized under "Finished work pending certification" in the heading "Trade receivables for sales and services rendered" on the balance sheet. If the original cost of a project is lower than the certified amount, the difference is recorded as "Invoicing on account" under "Trade creditors" on the balance sheet.

The estimated cost of removal activities are covered by a provision that is apportioned over the execution term and taken to expenses proportionate to the relationship between estimated costs and production. Expenses that arise as from the completion of the construction work until the definitive payment is made are charged against this provision and the remaining balance is recorded under the heading "Short-term provisions" in the balance sheet.

Late-payment interest arises due to delays in collection from public bodies for construction certificates obtained. In accordance with the prudence principle, the Company records this late-payment interest as financial income at the time it is collected.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to the recoverable amount and discounts the estimated future cash flows at the original effective interest rate of the instrument and continues to carry the discount as a decrease in interest income. Interest income on loans that have become impaired is recognized using the effective interest rate method.

Dividend income

Dividend income is recognised as income in the income statement at the time the entitlement to receive the dividends is established. Nonetheless, if the dividends paid derive from profits generated prior to the date of acquisition, they are recognized as a decrease in the carrying value of the investment and not as income.

3.13 Leases

When the Company is the lessee - Operating leases

The leases in which the lesser preserves an important part of the risks and benefits derived from the ownership are qualified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement in the period of accrual on a straight-line basis over the period of the lease.

3.14 Foreign currency transactions**a) Functional and presentation currency**

The annual accounts are presented in thousand euro, which is the Company's functional and presentation currency.

b) Transactions and balances

Transactions in foreign currency are translated to the functional currency using the exchange rates effective at the transaction dates. Foreign currency gains and losses resulting from the settlement of transactions and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

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Changes in the fair value of monetary instruments denominated in foreign currency and classified as available for sale are separated into translation differences resulting from changes in the instrument's amortized cost and other changes in the instrument's carrying amount. The translation differences are recognized in profit/(loss) for the year and other changes in the carrying amount are recognized in equity.

Translation differences in respect of non-monetary items such as equity instruments at fair value through profit or loss are presented as part of the fair value gain or loss. Translation differences with respect to non-monetary items such as equity instruments classed as available-for-sale financial assets are included in equity.

3.15 Related-party transactions

Generally, related-party transactions held are recorded since the first moment at fair value. If the price agreed differs from its fair value, the difference is recorded in accordance to the economic operation. The subsequent assessment is recorded in accordance with accounting legislation.

Notwithstanding the above, in merger operations, spin-offs or non-monetary contributions to a business, the assets of the acquired business are valued by the amount which corresponds, once the operation is held, in the consolidated annual accounts of the group or subgroup.

When the parent of the group or subgroup and its subsidiary is not involved, the annual accounts to be considered for such purposes will be those of the group or largest subgroup in which the assets and liabilities are included and whose parent is Spanish.

In such cases, the differences that may arise between the net value of acquiree's assets and liabilities, adjusted for the balance of groupings of grants, donations and bequests received and value adjustments and any amount of capital and share premium, if appropriate, issued by the acquiring company are reflected in reserves.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits at credit institutions, other short-term highly liquid investments with an original maturity of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.17 Administrative concessions

Concession activities require substantial investment, consisting of:

- The construction or rehabilitation of public infrastructure owned by the granting public entity and/or
- Making a payment to the granting public entity for the right to operate the pre-existing infrastructure over the concession period.

The Company will recognize a financial asset to the extent that it holds an unconditional contractual right to receive cash or other financial asset deriving from the granting public entity for the construction services and the granting public entity has little or no capacity to avoid payment, normally because the agreement is imposed by law. The concession holder has an unconditional right to receive cash if the granting public entity contractually guarantees payment to the concession holder of (a) specific or certain amounts or (b) any deficit, consisting of the difference between the amounts received from the users of the public service and the specific or certain amounts, even if payment is subject to the condition that the concession holder ensure that the infrastructure complies with certain specific quality and efficiency requirements.

The carrying value of financial assets represents the estimated recoverable value of the receivable (taking financial effects into account at the balance sheet date) for construction and operating services rendered.

The Company will recognize an intangible asset to the extent that it receives the right (license) to collect amounts from the users of the public service. The right to collect amounts from users of the public service is not an unconditional right to receive cash because the amount is subject to the condition that the public or the user makes use of the service.

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The construction services rendered to the granting public entity under this type of contract is initially recognized at cost, which is equal to the fair value of the amount to be collected by the operator under the heading intangible assets during the period over which the asset concerned is built. The intangible asset will be amortized over the period during which it is expected to be available for use by the operator using a systematic amortization system.

3.18 Environment

The expenses and other costs relative to the activities derived from the accomplishment of the environmental legislation are recorded as expenses of the year in which they take place, except if they correspond to the purchase costs of elements that belong to equity in order to be used of lasting form, in which case they are recorded properly within the correspondent Non-current assets account, being amortized by the same criteria indicated in the previous paragraph 3.2.

Potential contingencies or cost for these concepts, in case of applying, would be an object of provision in the liabilities of the balance sheet.

At the present time the Company has no liabilities, expenses, assets provisions or contingencies relating to the environment that could be considered significant compared with its equity, financial situation and the results of its operations. For this reason no specific breakdowns are provided in these notes to the annual accounts regarding environmental information.

4. Intangible assets

Movements in "Intangible assets" are as follows:

2012	Thousand euro		
	Concessions	Computer software	Total
Cost			
31 December 2011	1,744	851	2,595
Additions	-	218	218
Disposals	(722)	(41)	(763)
31 December 2012	1,022	1,028	2,050
Accumulated Amortization			
31 December 2011	(629)	(364)	(993)
Amortization	(188)	(232)	(420)
Disposals	649	38	687
31 December 2012	(168)	(558)	(726)
Carrying value	854	470	1,324

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2011	Thousand euro		
	Concessions	Computer software	Total
Cost			
31 December 2010	1,744	633	2,377
Additions	-	263	263
Disposals	-	(45)	(45)
31 December 2011	1,744	851	2,595
Accumulated Amortization			
31 December 2010	(561)	(233)	(794)
Amortization	(68)	(176)	(244)
Disposals	-	45	45
31 December 2011	(629)	(364)	(993)
Carrying value	1,115	487	1,602

 a) Losses due to impairment of intangible assets

In 2012 and 2011 no value adjustments for significant impairment have been recognized or reversed with respect to any individual item recorded under intangible assets.

 b) Concessions

The most significant items included under this heading are as follows:

2012	Maturity date	Amortization period	Amortization for the year	Cost	Accumulated amortization	Carrying value
Description and use						
UTE Conc Edar Laxe Corsan 80% (*)	10/2027	20 years	(131)	722	(649)	73
Concesión Edar Camariñas	06/2029	20 years	(57)	1,022	(168)	854
TOTAL			(188)	1,744	(817)	927

(*) Sold in 2012.

2011	Maturity date	Amortization period	Amortization for the year	Cost	Accumulated amortization	Carrying value
Description and use						
UTE Conc Edar Laxe Corsan 80%	10/2027	20 years	(17)	722	(518)	204
Concesión Edar Camariñas	06/2029	20 years	(51)	1,022	(111)	911
TOTAL			(68)	1,744	(629)	1,115

 c) Fully-amortized intangible assets

At 31 December 2012 there is computer software with an original cost of 113 thousand euro (2011: 102 thousand euro) that is fully amortized and still in use.

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d) Insurance

The Company has taken out a number of insurance policies to cover risks relating to intangible assets. The hedge under these policies is considered enough.

5. Property, plant and equipment

Set out below is an analysis of "Property, plant and equipment" showing movements for the years 2011 and 2012:

	Thousand euro					
	Land	Buildings	Plant, machinery and tools	Furnishing s	Other assets	Total
2012						
Cost						
31 December 2011	7,776	4,189	42,980	1,010	4,549	60,504
Additions	-	-	4,566	85	145	4,796
Disposals	-	(34)	(1,302)	(15)	(95)	(1,446)
31 December 2012	7,776	4,155	46,244	1,080	4,599	63,854
Accumulated Depreciation						
31 December 2011	-	(201)	(29,501)	(858)	(3,880)	(34,440)
Depreciation	-	(80)	(6,192)	(37)	(217)	(6,526)
Disposals	-	34	979	12	86	1,111
31 December 2012	-	(247)	(34,714)	(883)	(4,011)	(39,855)
Carrying value	7,776	3,908	11,530	197	588	23,999

	Thousand euro					
	Land	Buildings	Plant, machinery and tools	Furnishings	Other assets	Total
2011						
Cost						
31 December 2010	8,572	391	50,707	1,049	4,645	65,364
Additions	-	3,798	1,391	17	235	5,441
Disposals	(796)	-	(9,118)	(56)	(331)	(10,301)
31 December 2011	7,776	4,189	42,980	1,010	4,549	60,504
Accumulated Depreciation						
31 December 2010	-	(193)	(31,525)	(894)	(3,884)	(36,496)
Depreciation	-	(8)	(6,198)	(16)	(290)	(6,512)
Disposals	-	-	8,222	52	294	8,568
31 December 2011	-	(201)	(29,501)	(858)	(3,880)	(34,440)
Carrying value	7,776	3,988	13,479	152	669	26,064

a) Impairment losses

During 2012 and 2011, no significant impairment adjustments to individual property, plant and equipment were recognised or reversed.

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b) Assets acquired from group and associated companies

Property, plant and equipment acquired to Group and associated companies during 2012 and 2011 are as follows:

	Thousand euro		
	2012		
	Cost	Accumulated Depreciation	Carrying value
Other property, plant and equipment	131	-	131
	131	-	131

	Thousand euro		
	2011		
	Cost	Accumulated Depreciation	Carrying value
Other property, plant and equipment	103	-	103
	103	-	103

c) Fully-depreciated assets

At 31 December 2012 there are plant, machinery and tools with an original cost of 7,133 thousand euro (2011: 7,216 thousand euro) that are fully-depreciated and still in use. The cost of fully depreciated vehicles at 31 December 2012 that are still in use amounts to 50 thousand euro (2011: 92 thousand euro), the furnishing and computers amounts to 1,028 thousand euro (2011: 980 thousand euro) and other property, plant and equipment amounts to 1,116 thousand euro (2011: 1,073 thousand euro).

d) Assets under operating lease

The Company leases machinery, auxiliary resources, vehicles and branches from third-parties for the purpose of the ordinary operation of the construction business. The income statement includes operating lease expenses relating to the rental of property, plant and equipment totaling 28,831 thousand euro (2011: 43,586 thousand euro).

e) Assets linked to guarantees and ownership restrictions

At 31 December 2012 there is no significant property, plant and equipment subject to ownership restrictions or that have been pledged to secure liabilities, except from the mortgages that involve the land acquired in El Vendrell at a cost of 7,271 thousand euro (2011: 7,271 thousand euro) which is covered by mortgages totaling 1,255 thousand euro (2011: 1,255 thousand euro) and the Cadiz's business buildings by an amount of 3,617 thousand euro (2011: 3,617 thousand euro), which are covered by mortgages totaling 2,300 thousand euro (2011: 2,300 thousand euro).

f) Insurance

The Company has taken out a number of insurance policies to cover risks relating to property, plant and equipment. The insurance hedge is considered enough.

g) Assets located abroad

At 31 December 2012, the Company recorded property, plant and equipment located abroad with a value of 685 thousand euro (2011: 3 thousand euro), net of depreciation.

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h) Property, plant and equipment not used in operations

At 31 December 2012 the Company records property, plant and equipment not used in operations with a carrying value of 7,541 thousand euro (2011: 7,543 thousand euro).

6. Analysis of financial instruments

With respect to the consultation number 2 of the Accounting and Audit Institute Bulletin number 87, tax balances (credit and debit) with the Public Administration, are not a contract between parties, and due to this fact, they are not considered financial instruments. This balances are not included under "Financial Instruments analysis" (Note 6), "Trade and other receivables" (Note 9) and "Borrowings, trade creditors and other payables" (Note 15).

6.1 Analysis by category

The carrying value of each of the categories of financial instruments established under the accounting and measurement rules for "Financial instruments", except for equity investments in group companies, jointly-controlled entities and associates (Note 7) and cash and cash equivalents (Note 11), is as follows:

2012

	Thousand euro		
	Long-term financial assets		
	Equity instruments	Derivative, loans and others	Total
Loans and receivables (Note 8 & 9)	-	49,316	49,316
	-	49,316	49,316

	Thousand euro		
	Short-term financial assets		
	Equity instruments	Derivative, loans and others	Total
Loans and receivables (Note 8 & 9)	-	347,124	347,124
Loans to Group companies and associates (Note 26)	-	265,309	265,309
Total loans and receivables	-	612,433	612,433

	Thousand euro		
	Long-term financial liabilities		
	Borrowings and overdrafts	Derivatives and others	Total
Creditors and payables (Note 15)	45,033	-	45,033
Total payables	45,033	-	45,033

	Thousand euro		
	Short-term financial liabilities		
	Borrowings and overdrafts	Derivatives and others	Total
Creditors and payables (Note 15)	160,721	657,916	818,637
Loans from Group companies and associates (Note 26)	-	24,768	24,768
Total payables	160,721	682,684	843,405

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2011

	Thousand euro		
	Long-term financial assets		
	Equity instruments	Derivative, loans and others	Total
Loans and receivables (Note 8 & 9)	-	54,772	54,772
	-	54,772	54,772

	Thousand euro		
	Short-term financial assets		
	Equity instruments	Derivative, loans and others	Total
Loans and receivables (Note 8 & 9)	-	528,507	528,507
Loans to Group companies and associates (Note 26)	-	256,340	256,340
Total loans and receivables	-	784,847	784,847

	Thousand euro		
	Long-term financial liabilities		
	Borrowings and overdrafts	Derivatives and others	Total
Creditors and payables (Note 15)	43,853	-	43,853
Total payables	43,853	-	43,853

	Thousand euro		
	Short-term financial liabilities		
	Borrowings and overdrafts	Derivatives and others	Total
Creditors and payables (Note 15)	73,801	799,090	872,891
Loans from Group companies and associates (Note 26)	-	9,527	9,527
Total payables	73,801	808,617	882,418

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6.2 Analysis by maturity date

The amounts of financial instruments with a maturity date that is certain or can be determined are classified by year of maturity as follows:

2012	Thousand euro						
	Financial assets						
	2013	2014	2015	2016	2017	Subsequent years	Total
Investments in Group companies and associates							
- Loans to companies	265,309	-	-	-	-	-	265,309
Other financial investments:							
-Long-term accounts receivable	-	5,343	5,410	5,481	5,556	27,526	49,316
-Trade and other receivables	347,124	-	-	-	-	-	347,124
Total financial assets	612,433	5,343	5,410	5,481	5,556	27,526	661,749

2012	Thousand euro						
	Financial liabilities						
	2013	2014	2015	2016	2017	Subsequent years	Total
- Amounts owed to Group companies and associates (Note 26)	24,768	-	-	-	-	-	24,768
- Borrowings	160,721	4,347	3,387	1,571	1,590	34,138	205,754
- Trade and other payables	657,916	-	-	-	-	-	657,916
Total financial liabilities	843,405	4,347	3,387	1,571	1,590	34,138	888,438

7. Long-term investments in Group companies, jointly-controlled entities and associates

a) Financial investment movements

The breakdown of movements in the year affecting shares in Group companies, jointly-controlled entities and associates is as follows:

2012	Thousand euro					
	Opening balance	Additions	Disposals	Transfers	Pending outlay	Closing balance
Long-term investments in Group companies, jointly-controlled entities and associates	69,566	16,692	-	-	759	87,017
Portfolio provisions	(19,344)	(11,200)	12,737	-	-	(17,807)
Total	50,222	5,492	12,737	-	759	69,210

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2011						Thousand euro
	Opening balance	Additions	Disposals	Transfers	Pending outlay	Closing balance
Long-term investments in Group companies, jointly-controlled entities and associates	49,480	45,284	(17,022)	-	(8,176)	69,566
Portfolio provisions	(18,300)	(6,238)	2,447	2,747	-	(19,344)
Total	31,180	39,046	(14,575)	2,747	(8,176)	50,222

Additions during 2012 are mainly related to the capital increase in "Isolux Corsán Algérie, Sarl." by an amount of 6,745 thousand, "Isolux Projetos, Investimentos e Participações" by an amount of 6,988 thousand euro and Ciudad de la Justicia de Córdoba, S.A., in the amount of 2,880 thousand euro (of which 2,613 thousand euro is pending payment).

Outstanding payments relate to the capital increase carried out in Ciudad de la Justicia de Córdoba, S.A. and the payment made in connection with the amounts outstanding in Carreteras Centrales de Argentina, S.A. and Isolux Corsán Argentina, S.A. At 31 December 2012, outstanding payments on shareholdings acquired by the Company total 9,367 thousand euro (2011: 10,126 thousand euro) and relate to Isolux Corsán Argentina, S.A. (6,754 thousand euro) and Ciudad de la Justicia de Córdoba, S.A. (2,613 thousand euro).

With respect to the portfolio provision, the main appropriations recognized in 2012 relate to the shareholdings in "Isolux de México, S.A. de C.V." (4,016 thousand euro), "Isolux Corsán Argentina, S.A. (1,852 thousand euro) and "Carreteras Centrales de Argentina, S.A." (2,168 thousand euro).

Provision reversals relate mainly to the company "Isolux Corsán Algérie, Sarl." (7,928 thousand euro), and are due to the profits posted by the investee during the year meaning that the investment was not impaired, and to Isolux de México, S.A. de C.V. (4,016 thousand euro).

Additions during 2011 related mainly to capital increases in the companies "Isolux Corsán Argentina, S.A." (13,881 thousand euro, of which a total of 8,176 thousand euro was pending payment), "Isolux Projetos e Instalações" (8,260 thousand euro), "Isolux de México, S.A. de C.V." (5,450 thousand euro) and "Isolux Projetos, Investimentos e Participações" (17,022 thousand euro). This was a new holding company to which the Company's entire investment in "Isolux Projetos e Instalações" was transferred, explaining the disposals recognized in 2011.

Outstanding payments in 2011 related to the capital increase in Isolux Corsán Argentina, S.A.

The main appropriations to the portfolio provision in 2011 related to the shareholdings in "Isolux Corsán Argentina" (3,288 thousand euro) and "Isolux Corsán do Brasil" (2,105 thousand euro), in the latter case due to the period losses reported by that company.

Net impairment losses of 2,910 thousand euro were also applied (2011: 4,015 thousand euro), which were recognized during the year as provision for liabilities in the subsidiaries portfolio (Note 16).

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b) Shareholdings in Group companies

2012	Name	Address	Group/ Associates/ Jointly- controlled	Legal Form	Activity	% interest held		Voting rights	
						Direct %	Indirect %	Direct %	Indirect %
	EXTREMEÑA DE INFRAESTRUCTURAS	Madrid	Group	S.A.	Construction	99.98%	0.00%	99.98%	0.00%
	CONSTRUCCIONES PINA DO VALE	Lisbon	Group	S.A.	Construction	100.00%	0.00%	100.00%	0.00%
	ISOLUX CORSAN ARGENTINA (1)	Buenos Aires	Group	S.A.	Construction	50.00%	0.00%	50.00%	0.00%
	CARRETERAS CENTRALES DE ARGENTINA (2)	Argentina	Jointly-controlled	S.A.	Construction	49.00%	0.00%	49.00%	0.00%
	CORVISA (1)	Madrid	Group	S.L.	Construction	0.13%	0.00%	0.13%	0.00%
	EL SITIO DE LA HERRERÍA (1)	Madrid	Group	S.L.	Real State	0.66%	0.00%	0.66%	0.00%
	GRUPO ISOLUX CORSAN CONCESIONES (1)	Madrid	Group	S.L.	Concessions	0.01%	0.00%	0.02%	0.00%
	ISOLUX CORSAN INMOBILIARIA(1)	Madrid	Group	S.A.	Real State	0.01%	0.00%	0.01%	0.00%
	ISOLUX INGENIERÍA (1)	Madrid	Group	S.A.	Engineering	0.01%	0.00%	0.002%	0.00%
	ISOLUX CORSAN DO BRASIL (1)	Sao Paulo	Group	S.A.	Construction	50.00%	0.00%	50.00%	0.00%
	ISOLUX CORSAN POLONIA SP ZOO (1)	Warsaw	Group	ZOO	Engineering	0.02%	0.00%	0.02%	0.00%
	ISOLUX CORSAN INDIA ENGINEERING & CONST. PRIVATE (1)	Haryana	Group	LTD	Engineering	49.00%	0.00%	49.00%	0.00%
	ISOLUX DE MEXICO(1)	Mexico	Group	S.A. de C.V.	Construction	50.00%	0.00%	50.00%	0.00%
	ISOLUX CORSAN ALGÉRIE, SARL (1)	Argel	Group	SARL	Construction	50.00%	0.00%	50.00%	0.00%
	SOMA-ISOLUX NH ONE TOLLWAY PRIVATE LIMITED(1)	Haryana	Group	L.T.D	Concessions	10.00%	0.00%	10.00%	0.00%
	ISOLUX CORSAN CYPRUS LIMITED (1)	Nicosia	Group	L.T.D.	Construction	50.00%	0.00%	50.00%	0.00%
	IC PANAMA (1)	Panama City	Group	S.A.	Construction	50.00%	0.00%	0.00%	0.00%
	CONSTRUCTORA AUTOPISTA PEROTE XALAPA	Mexico	Jointly-controlled	S.A.de C.V.	Construction	0.00%	25.00%	0.00%	25.00%
	INDRA ISOLUX DE MEXICO	Mexico	Jointly-controlled	S.A. de C.V.	Construction	0.00%	25.00%	0.00%	25.00%
	CONSTRUCCIONES E INSTALACIONES DEL NORESTE (1)	Mexico	Group	S.A.de C.V.	Construction	0.00%	49.00%	0.00%	49.00%
	ISOLBAJA, S.A. DE C.V.	Mexico	Group	S.A. de C.V.	Construction	50.00%	0.00%	50.00%	0.00%
	I.C.I. – C&C EXECUTION JV	Haryana	Jointly-controlled	JV	Construction	0.00%	60.00%	0.00%	60.00%
	SOCIETAT SUPERFICIARIA PREVENTIUS ZONA FRANCA, S.A.	Barcelona	Jointly-controlled	S.A.	Construction	50.00%	0.00%	50.00%	0.00%
	ISOLUX CORSAN PART. EN INFRAESTRUCTURAS	Sao Paulo	Group	LTD	Concessions	0.00%	0.00%	50.00%	0.00%
	ISOLUX PROJETOS E INSTALAÇÕES, LTDA.	Sao Paulo	Group	LTD	Construction	0.00%	50.00%	0.00%	50.00%
	CONSORCIO CONSTRUCTOR MINUANO, LTDA.	Sao Paulo	Group	LTD	Construction	0.00%	50.00%	0.00%	50.00%
	CONSORCIO CONSTRUCTOR VIABAHIA, LTDA.	Sao Paulo	Group	LTD	Construction	0.00%	70.00%	0.00%	70.00%
	CIUDAD DE LA JUSTICIA DE CÓRDOBA, S.A.	Seville	Jointly-controlled	S.A.	Construction	50.00%	0.00%	50.00%	0.00%
	CONSORCIO PUENTE BIOBIO, S.L.	Santiago de Chile	Jointly-controlled	S.L.	Construction	50.00%	0.00%	50.00%	0.00%
	CONSORCIO PUENTE MAULE, S.L.	Santiago de Chile	Jointly-controlled	S.L.	Construction	50.00%	0.00%	50.00%	0.00%
	CONSORCIO CONSTRUCTOR PUENTE CHILINA, S.A.	Lima	Jointly-controlled	S.L.	Construction	50.00%	0.00%	50.00%	0.00%
	ISOLUX CORSÁN INDIA ENGINEERING & CONSTRUCTION PRIVATE LTD AND SOMA ENTERPRISE LTD.	Haryana	Jointly-controlled	LTD	Construction	0.00%	50.00%	0.00%	50.00%
	I.C.I. SOMA JV	Haryana	Jointly-controlled	JV	Construction	0.00%	50.00%	0.00%	50.00%
	I.C.I. - C&C JV VARANASI	Haryana	Jointly-controlled	JV	Construction	0.00%	60.00%	0.00%	60.00%
	I.C.I. C&C TRANSMISSION JV	Haryana	Jointly-controlled	JV	Construction	0.00%	60.00%	0.00%	60.00%
	I.C.I. C&C MAINPURI JV	Haryana	Jointly-controlled	JV	Construction	0.00%	74.00%	0.00%	74.00%
	C&C I.C.I MEP SERVICES JV	Haryana	Jointly-controlled	JV	Construction	0.00%	50.00%	0.00%	50.00%
	I.C.I. - C&C JV	Haryana	Jointly-controlled	JV	Construction	0.00%	60.00%	0.00%	60.00%

(1) It is considered as Group Company since it is controlled, directly or indirectly by the parent company, Grupo Isolux Corsán, S.A.

(2) Even though the shareholding is below 50%, it is considered as a jointly-controlled entity due to the fact that decisions are unanimously made

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2011

Name	Address	Group/ Associates/ Jointly- controlled	Legal Form	Activity	% interest held		Voting rights	
					Direct %	Indirect %	Direct %	Indirect %
EXTREMEÑA DE INFRAESTRUCTURAS	Madrid	Group	S.A.	Construction	99.98%	0.00%	99.98%	0.00%
CONSTRUCCIONES PINA DO VALE	Lisbon	Group	S.A.	Construction	100.00%	0.00%	100.00%	0.00%
ISOLUX CORSAN ARGENTINA (1)	Buenos Aires	Group	S.A.	Construction	50.00%	0.00%	50.00%	0.00%
CARRETERAS CENTRALES DE ARGENTINA (2)	Argentina	Jointly-controlled	S.A.	Construction	49.00%	0.00%	49.00%	0.00%
CORVISA (1)	Madrid	Group	S.L.	Engineering	0.13%	0.00%	0.13%	0.00%
EL SITIO DE LA HERRERÍA (1)	Madrid	Group	S.L.	Real State	0.66%	0.00%	0.66%	0.00%
GRUPO ISOLUX CORSAN CONCESIONES (1)	Madrid	Group	S.A.	Concessions	0.02%	0.00%	0.02%	0.00%
ISOLUX CORSAN INMOBILIARIA(1)	Madrid	Group	S.A.	Real State	0.01%	0.00%	0.01%	0.00%
ISOLUX INGENIERÍA (1)	Madrid	Group	S.A.	Engineering	0.002%	0.00%	0.002%	0.00%
ISOLUX CORSAN DO BRASIL (1)	Sao Paulo	Group	S.A.	Engineering	50.00%	0.00%	50.00%	0.00%
ISOLUX CORSAN POLONIA SP ZOO (1)	Warsaw	Group	SPE	Engineering	0.02%	0.00%	0.02%	0.00%
ISOLUX CORSAN INDIA ENGINEERING & CONST. PRIVATE (1)	India	Group	LTDA.	Construction	49.00%	0.00%	49.00%	0.00%
ISOLUX DE MEXICO(1)	Mexico	Group	S.A. de C.V.	Construction	50.00%	0.00%	50.00%	0.00%
SARL.ISOLUX CORSAN ARGELIE (1)	Argel	Group	SARL.	Construction	50.00%	0.00%	50.00%	0.00%
SOMA-ISOLUX NH ONE TOLLWAY PRIVATE LIMITED(1)	Haryana (India)	Group	S.L.	Concessions	10.00%	0.00%	10.00%	0.00%
ISOLUX CORSAN CYPRUS LIMITED (1)	Cyprus	Group	S.L.	Concessions	50.00%	0.00%	50.00%	0.00%
IC PANAMA (1)	Panama City	Group	S.A.	Construction	50.00%	0.00%	0.00%	0.00%
CONSTRUCTORA AUTOPISTA PEROTE XALAPA	Mexico	Jointly-controlled	S.A.de C.V.	Construction	0.00%	25.00%	0.00%	25.00%
INDRA ISOLUX DE MEXICO	Mexico	Jointly-controlled	S.A. de C.V.	Engineering	0.00%	25.00%	0.00%	25.00%
CONSTRUCCIONES E INSTALACIONES DEL NORESTE (1)	Mexico	Group	S.A.de C.V.	Engineering	0.00%	49.00%	0.00%	49.00%
I.C.I. & SOMA – ENTERPRISES LIMITED	India	Jointly-controlled	LTD.	Construction	0.00%	24.50%	0.00%	24.50%
ICI-SOMA (1)	India	Jointly-controlled	JV	Construction	0.00%	24.50%	0.00%	24.50%
ISOLUX PROJETOES, INVESTIMENTOS E PARTICIPAÇÕES	Sao Paulo	Group	S.A.	Engineering	50.00%	0.00%	50.00%	0.00%
CIUDAD DE LA JUSTICIA DE CÓRDOBA	Seville	Jointly-controlled	S.A.	Construction	50.00%	0.00%	50.00%	0.00%

(1) It is considered as Group Company since it is controlled, directly or indirectly by the parent company, Grupo Isolux Corsán, S.A.

(2) Even though the shareholding is below 50%, it is considered as a jointly-controlled entity due to the fact that decisions are unanimously made.

None of the Group companies, jointly-controlled entities or associates in which the Company holds an interest is listed on a stock market.

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Share capital, reserves, profit/(loss) for the year and other information of interest, as set out in the Group companies' individual annual accounts, are as follows:

Company	Equity					Thousand euro
	Capital	Reserves	Other items	Profit/(loss) for the year	Carrying value in parent (*)	Dividends received (Note 20)
2012:						
EXTREMEÑA DE INFRAESTRUCTURAS S.A.	60	137	-	19	197	-
CONSTRUCCIONES PINA DO VALE S.A.	2,000	(908)	-	(54)	1,038	-
CORVISA S.L.	3,200	472	-	(32)	4	-
EL SITIO DE LA HERRERÍA S.L.	1,213	(686)	-	(451)	1	-
ISOLUX CORSAN INMOBILIARIA S.A.	15,003	92,821	-	(19,326)	2	-
ISOLUX INGENIERÍA S.A.	15,000	448,975	(15,905)	(43,304)	12	-
ISOLUX DE MEXICO S.A. C.V.	32,359	(721)	(456)	(279)	19,468	-
ISOLUX CORSAN DO BRASIL S.A.	11,735	(38,333)	4,030	(1,481)	-	-
ISOLUX CORSAN POLONIA SP ZOO	3,984	(3,668)	(218)	(10)	-	-
ISOLUX CORSAN CYPRUS PRIVATED LIMITED	33	(20)	-	(10)	1	-
CARRETERAS CENTRALES DE ARGENTINA, S.A.	616	(1,877)	1,096	(2,011)	-	-
ISOLUX CORSAN ARGENTINA S.A.	7,932	(1,981)	(907)	(169)	2,437	-
ISOLUX CORSAN ALGERIE, SARL.	15,527	(7,275)	(1,084)	25,128	12,138	-
ISOLUX CORSAN INDIA ENGINEERING & CONST. PRIVATE. LTD.	1,602	2,263	(1,799)	9,395	785	-
SOMA-ISOLUX NH ONE TOLLWAY PRIVATE LIMITED	8,117	70,374	-	1,087	8,668	-
GRUPO ISOLUX CORSAN CONCESIONES S.L.	193,357	1,002,840	-	(228,069)	1	-
IC PANAMA, S.A.	-	-	-	-	-	-
ISOLUX RPOYECTOS E INWESTIMENTOS, LTDA	48,032	(1,157)	2,075	(8,410)	24,010	-
CIUDAD DE LA JUSTICIA DE CORDOBA S.A.	871	-	-	(4)	433	-
SOCIETAT SUPERFICIARIA PREVENTIUS ZONA FRANCA	30	-	-	(1)	15	-
CONSORCIO PUENTE BIOBIO	12	-	16	(344)	-	-
CONSORCIO PUENTE MAULE	23	-	7	(553)	-	-
CONSORCIO CONSTRUCTOR PUENTE CHILINA	-	-	-	1	-	-
					69,210	-

Company	Equity					Thousand euro
	Capital	Reserves	Other items	Profit/(loss) for the year	Carrying value in parent (*)	Dividends received (Note 20)
2011:						
EXTREMEÑA DE INFRAESTRUCTURAS S.A.	60	139	-	(2)	197	-
CONSTRUCCIONES PINA DO VALE S.A.	2,000	(838)	-	(70)	1,092	-
CORVISA S.L.	3,200	673	-	(201)	4	-
EL SITIO DE LA HERRERÍA S.L.	1,213	(421)	-	(264)	5	-
ISOLUX CORSAN INMOBILIARIA S.A.	15,003	101,755	-	(8,934)	2	-
ISOLUX INGENIERÍA S.A.	15,000	471,329	(9,298)	19,275	12	-
ISOLUX DE MEXICO S.A. C.V.	32,359	4,691	(2,131)	(5,412)	19,467	-
ISOLUX CORSAN DO BRASIL S.A.	11,735	(32,239)	1,070	(6,093)	1	-
ISOLUX PROYECTO E INSTALACIONES LTDA	92,846	(10,634)	(5,854)	51,981	-	3,108
ISOLUX CORSAN POLONIA SP ZOO	3,984	(3,660)	(226)	(8)	-	-
ISOLUX CORSAN CYPRUS PRIVATED LIMITED	23	5	-	(25)	1	-
CARRETERAS CENTRALES DE ARGENTINA, S.A.	616	(1,662)	834	(215)	218	-
ISOLUX CORSAN ARGENTINA S.A.	5,088	5,416	(77)	(7,397)	2,868	-
ISOLUX CORSAN ALGERIE, SARL.	10,786	(13,671)	167	(2,353)	-	-
ISOLUX CORSAN INDIA ENGINEERING & CONST. PRIVATE LTD.	1,602	150	(1,155)	2,112	1	-
SOMA-ISOLUX NH ONE TOLLWAY PRIVATE LIMITED	9,024	91,385	(5,341)	(5,233)	8,660	-
GRUPO ISOLUX CORSAN CONCESIONES S.L.	186,176	1,050,379	-	(4,378)	2	-
IC PANAMA, S.A.	-	-	-	-	-	-
ISOLUX PROJOTOS, INWESTIMENTOS E PARTICIPAÇÕES	34,044	-	(700)	(1,157)	17,022	-
CIUDAD DE LA JUSTICIA DE CÓRDOBA, S.A.	-	-	-	-	670	-
					50,222	3,108

(*) It does not include risk proviions registered for those subsidiaries whose equity is lower than investment cost.

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In addition, the Company has registered a risk and expense provision for potential losses greater than subsidiaries equity, by an amount of 14,619 thousand euro (2011: 17,529 thousand euro) (Note 16). They relate to the companies Isolux Corsán do Brasil (12,024 thousand euro), Carreteras Centrales de Argentina, S.A. (2,176 thousand euro) and the consortia in Chile (419 thousand euro).

8. Guarantees and deposits

The distribution of guarantees and deposits of receivable accounts is as follows:

	Thousand euro	
	2012	2011
Long-term receivables:		
- Long-term guarantees and deposits	628	890
	628	890
Short-term receivables:		
- Short-term guarantees and deposits	159	1,471
	159	1,471
Short-term payables:		
- Short-term guarantees and deposits	449	-
	449	-
Total	338	2,361

Long-term guarantees carrying value comes closer to its fair value, due to the discount effect is not significant.

9. Loans and receivables

The fair values of loans and receivables are as follows:

	Thousand euro	
	2012	2011
Guarantees and deposits (Note 8)	628	890
Long-term trade receivables	48,688	53,882
Long-term receivables:	49,316	54,772
Trade receivables for sales and services	338,414	488,268
- Receivables, works in progress	180,424	247,460
- Receivables, Sales and services	180,444	245,016
- Provision for bad debts	(22,454)	(4,208)
Trade receivables Group companies, jointly-controlled entites and associates (Note 26)	1,953	6,313
Sundry receivables	6,497	32,444
Loans to employees	101	11
Loans to Group companies, jointly-controlled entities and associates (Note 26)	265,309	256,340
Guarantees y deposits (Note 8)	159	1,471
Short-term receivables:	612,433	784,847

Long-term trade receivables relate to the debt claim held by Corsán Corviam-Construcción, S.A. against GESTIO D' INFRAESTRUCTURES, S.A.U. (GISA) for the assignment of the loans relating to the Mossos de Escuadra facilities, which mature in 2032. This heading also includes receivables from construction contracts Mejora Nudo Montcada and UTE L-5 Arquitectura. These contracts state that the amount recognized as a receivable must be paid by the customer in accordance with the defined payment schedule, 20% per annum over five years as from 2014.

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At 31 December 2012, 97,690 thousand euro (2011: 184,009 thousand euro) concerning loans relating to German method contracts and other invoices assigned to third-parties before its maturity date have been deducted. These assets have been removed from the balance sheet.

The carrying value for trade receivables is composed by different currencies. The breakdown is as follows:

	Thousand euro	
	2012	2011
Bolivian peso	4,388	-
Mexican peso	1,332	5,784
Algerian dinar	4,925	10,916
Chilean peso	6,010	-
Others	1,677	1
	18,332	16,701

Movements in the impairment provision for trade receivables are as follows:

	Thousand euro	
	2012	2011
Opening balance	4,208	2,810
Provision for impairment of trade receivables	29,338	3,326
Reversal of unused amounts	(11,092)	(1,928)
Closing balance	22,454	4,208

The recognition and reversal of impairment adjustments relating to trade receivables have been included under "Losses, impairment and change in trade provisions" in the income statement.

The other accounts included under "Receivables" are not impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each of the categories of the aforementioned receivables. The Company does not maintain any guarantee as insurance.

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10. Inventories

The distribution of inventories is shown in the following chart:

	Thousand euro	
	2012	2011
Non-real estate inventories		
Raw materials and other supplies	17,611	8,175
Project planning expenses	31,587	35,223
Suppliers paid in advance	9,540	5,739
	58,738	49,137
Real State inventories		
Real State promotions	31,509	31,581
	31,509	31,581
Inventories	90,247	80,718

Non-real estate inventories include raw materials and other consumables totalling 6,414 thousand euro (2011: 2 thousand euro) and initial costs of draft projects and site facilities amounting to 6,372 thousand euro (2011: 5,871 thousand euro), located abroad. The main balances relate to the inventories owned by the Company at the Algeria, Bolivia, Armenia and Brazil branches.

Additions to real estate inventories during 2012 totalled 3,197 thousand euro (2011: 404 thousand euro) recognised directly in inventories and subsequently impaired in the amount of 880 thousand euro. They relate to a dation in payment whereby the Company received 125 parking spaces and six commercial premises as compensation for the receivables owed by the company Empresa Municipal de Gestión Inmobiliaria de Alcorcón, S.A. Additionally, disposals were recognised in 2012 due to the sale of property inventories totalling 2,390 thousand euro (2011: 397 thousand euro).

a) Capitalized finance costs

During 2012 and 2011 no finance costs were capitalised in inventories whose production cycle exceeded one year.

b) Insurance

The Company has taken out a number of insurance policies to cover risks relating to inventories. The hedge under these policies is considered enough.

c) Assets linked to guarantees and ownership restrictions

At 31 December 2012 the Company has inventories pledged to secure liabilities at a cost of 31,509 thousand euro (2011: 31,581 thousand euro) which correspond to the assets received as payment subject to mortgages totaling 22,805 thousand euro (2011: 22,805 thousand euro) (see Note 15).

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11. Cash and cash equivalents

	Thousand euro	
	2012	2011
Cash	148,094	81,406
Cash equivalents	9,391	9,205
	157,485	90,611

This heading includes cash (cash and on demand bank accounts) and cash equivalents (i.e. highly liquid short-term investments which are easily convertible into specific cash amounts within three months and whose value is not subject to a significant risk of change).

The effective interest rate on short-term deposits, which in 2012 mainly relate to bank deposits, ranged between 1% and 3%. The effective interest rate of short-term deposits which in 2011 mainly related to bank deposits ranged between 1% and 3%.

12. Share capital and share premium

a) Share capital

	Thousand euro	
	2012	2011
Share capital	17,937	17,937
	17,937	17,937

Authorized share capital is represented by 155,980 ordinary shares (2011: 155,980 shares) fully paid bearer shares with a par value of 115 euro each (2011: 115 euro).

There are no restrictions on the free transfer of the shares.

At 31 December 2012 and 2011 companies with a shareholding in Company's share capital are as follows:

Company	Number of shares	Shareholding %
Grupo Isolux Corsan, S.A.	155,930	99.97%
Isolux Ingeniería, S.A.	50	0.03%
	155,980	100.00%

b) Share premium

This reserve is freely available for distribution and amounts to 65,867 thousand euro (2011: 65,867 thousand euro).

13. Reserves and prior-year results

	Thousand euro	
	2012	2011
Legal and statutory:		
- Legal reserve	3,609	3,609
	3,609	3,609

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Legal reserve

Appropriations to the legal reserve are made in compliance with Article 274 of the Capital Companies Act, which stipulates that 10% of the profits for each year must be transferred to this reserve until it represents at least 20% of share capital.

The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available and it must be replenished out of future profits. By the end of 2011 and 2012, this reserve was fully constituted.

Dividends paid by way of the distribution of 2011 profits

- 2012: According to the minutes of the General Shareholders' Meeting held on 29 June 2012, the Company posted profits of 35,261 thousand euro of which 14,974 thousand euro was distributed as an interim dividend in accordance with the resolution adopted by the Board of Directors dated 30 November 2011. An amount of 20,287 thousand euro was distributed in 2012.
- 2011: According to the minutes of the General Shareholders' Meeting held on 30 June 2011, the Company posted profits of 32,652 thousand euro of which 24,021 thousand euro was distributed as an interim dividend in accordance with the resolution adopted by the Board of Directors dated 28 December 2010. An amount of 8,631 thousand euro was distributed in 2011.

14. Profit/(loss) for the year

a) Proposal for the distribution of profits

The proposal to be presented to the General Shareholders' Meeting regarding the distribution of profits and reserves for 2012, as well as the one approved in 2011, is as follows:

	Thousand euro	
	2012	2011
Available for distribution		
Profit/(loss) for the year	(12,037)	35,261
	(12,037)	35,261
Distribution		
Interim dividend	-	14,974
Dividends	-	20,287
Prior-year losses	(12,037)	-
	(12,037)	35,261

b) Interim dividend

Under the resolution adopted by the Board of Directors dated 30 November 2011, an interim dividend of 96 euro per share was distributed to shareholders amounting to 14,974 thousand euro.

This amount did not exceed the profits obtained since the end of the previous period, after deducting the estimated corporate income tax payable on those profits, as laid down in Article 277 of the Corporate Enterprises Act RDL 1/2010 on the 2 of July of 2010.

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The provisional statement of 2012 and 2011 prepared in accordance with applicable law, showed that there are sufficient cash resources available to pay the above-mentioned dividend, as follows:

b.1) Interim dividend approved by the Board of Directors at 30 December 2011 – Provisional statement:

<u>ASSETS</u>		<u>LIABILITIES AND EQUITY</u>	
Non-current assets	131,372	Equity	117,155
Property, plant and equipment	26,064	Share capital	17,988
Intangible Assets	1,602	Share premium	65,867
Long-term investments in Group companies and associates	46,848	Legal reserve	3,609
Financial investments	670	Cumulative translation differences	(1,274)
Deferred tax assets	11,544	Profit/(loss) for the year	30,965
Accounts receivables	44,644	Non-current liabilities	69,794
Current assets	987,374	Borrowings	47,294
Inventories	74,980	Deferred tax liabilities	1,599
Trade and other receivables	838,407	Risk and expenditure provisions	20,901
Cash and cash equivalents	73,987	Current Liabilities	931,797
		Borrowings	53,736
		Trade and other payables	836,525
		Short-term provisions	41,536
Total Assets	1,118,746	Total Liabilities and Equity	1,118,746

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15. Creditors and payables

	Thousand euro	
	2012	2011
Long-term payables:		
- Borrowings	45,033	43,853
	45,033	43,853
Short-term payables:		
- Borrowings	160,721	73,801
- Other financial liabilities (Note 8)	449	-
	161,170	73,801
Short-term payables to Group companies and associates (Note 26)	24,768	9,527
Sundry and other payables		
- Trade payables	496,654	625,591
- Trade payables, Group companies and associates (Note 26)	13,435	2,873
- Other payables	71,687	126,464
- Loans to employees (accrued wages and salaries)	3,811	5,953
- Advances received on contracted work	71,880	38,209
	657,467	799,090

The carrying amounts of long-term payables approximate their fair values, since the effect of discounting is immaterial.

The carrying amounts of short-term and long-term bank debt are registered in euro.

The carrying value of trade creditors and other accounts payable are registered in different currencies as follows:

	Thousand euro	
	2012	2011
Chilean peso	5,135	-
Mexican peso	8,935	14,099
Algerian dinar	3,283	14,766
American dollar	29,219	1,004
Bolivian peso	16,545	-
Others	8,084	121
	71,201	29,990

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 a) Borrowings and overdrafts

	Thousand euro	
	2012	2011
Non-current		
Mortgages	23,687	26,766
Syndicated loan	16,761	17,087
Credit policies	4,585	-
	45,033	43,853
Current		
Mortgages	771	446
Syndicated loan	300	243
Credit policies	20,437	27,233
Discounted credits	139,213	45,879
	160,721	73,801
Total borrowings and overdrafts	205,754	117,654

Management considers that the Company will be able to comply with all contractual obligations deriving from loans on a timely basis in the future.

The main loans obtained by the Company are as follows:

On 26 July 2007, Corsán Corviam-Construcción concluded an agreement under which it was granted a credit line totaling 18,407 thousand euro, the primary use of which is to finance the construction of buildings (two police stations for Mossos d' Escuadra for GESTIO D' INFRAESTRUCTURES S.A.U.). At the year-end this item reflects an outstanding balance payable totaling 17,061 thousand euro (2011: 17,330 thousand euro). This loan bears interest at Euribor and matures at 2032. This loan is subject to a compliance ratio agreement, which is normal for this type of transaction. At 31 December 2012, Company's management understands that full compliance has been obtained with all ratios relating to this agreement.

 b) Creditors

Inside this heading are included 40,021 thousand euro (2011: 108,738 thousand euro) corresponding to billing on account. This balances are related to different works that if they are not completed at the end of the year, the Company has billed them to the customer in advanced.

 c) Information on deferred payments to suppliers. Third additional provision of the "Duty of information disclosure" Spanish Law 15/2010, of 5 July

In accordance with the transitional regime provided for in Law 15/2010, the deferral period allowed is between 90 and 75 days in the case of supplier and subcontractor work contracts and other business-related debts. These terms are applicable to contracts signed after July 7, 2010.

The duty of disclosure refers only to the accounts payable to suppliers and trade payables included under "Current liabilities" in the Consolidated Statement of Financial Position for accounts payable to providers of goods and services. Thus creditors or suppliers that do not meet this condition, such as suppliers of fixed assets or creditors through leasing, are outside the scope of this law.

The Company generally applies as payment management system the confirming through financial entities under the terms of contracts with their suppliers and/or subcontractors. The Company recognizes and pays suppliers financial expenses implicit in these agreements assumed by the Group.

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Bearing the above in mind, at December 31, 2011, the outstanding balances of payment to suppliers to which this law applies does not exceed in significant amounts the stipulated legal period for cumulative deferrals. In addition, during fiscal year 2012, payments to suppliers from companies located in Spain exceeding the prescribed limits have been approximately 83 million euro (2011: 29 million euro) which is 29% (2011: 7%) of the total payments, exceeding in 226 days of the legal deadline.

	Payments made and pending payments at year ended	
	2012	
	Thousand euro	%
Payments within the maximum legal	199,067	71%
Rest	83,214	29%
Total year payments	282,281	100%
Balance pending payment at year end exceeding the legal limit	7,681	
Average weighted delay in payments (days)	226	

16. Other provisions

Movements in the provisions recognized in the balance sheet are as follows:

2012	Thousand euro			
	Job completion	Litigation and others	Portfolio responsibilities over subsidiaries	Total
Opening Balance	37,789	11,000	17,529	66,318
Charges	14,222	467	773	15,462
Applications	(22,095)	(3,223)	(3,628)	(28,946)
Transfers			(55)	(55)
Closing Balance	29,916	8,244	14,619	52,779

2011	Thousand euro			
	Job completion	Litigation and others	Portfolio responsibilities over subsidiaries	Total
Opening Balance	30,012	12,962	13,514	56,488
Charges	15,758	2,329	1,268	19,355
Applications	(12,233)	(4,291)	-	(16,524)
Transfers	4,252	-	2,747	6,999
Closing Balance	37,789	11,000	17,529	66,318

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The analysis of such provisions as a whole is as follows:

	Thousand euro	
	2012	2011
Non current	22,863	28,529
Current	29,916	37,789
	52,779	66,318

 a) Provision for job competition

This account is related to those projects that are finished or substantially completed and corresponds to Company's estimation over those costs that may be incurred prior to client approval. Thus, it also includes the estimated cost provision for site clearance that have been accrued along its execution.

 b) Litigation and others

This heading mainly represents provisions created to cover claims against the Company by customers in the construction segment. In the opinion of the Directors, after obtaining the relevant legal advice, there is no expectation that the result of these litigations will give rise to significant losses exceeding the amounts contained in the provisions at 31 December 2012 and 2011.

 c) Portfolio responsibilities over subsidiaries

This relates to non-current negative carrying amounts arising from the negative equity of subsidiaries, mainly the provision of 12,024 thousand euro for Isolux Corsán do Brasil, S.A. (2011: 10,782 thousand euro), 419 thousand euro for consortia in Chile (2011: - thousand euro) and 2,176 thousand euro for Carreteras Centrales de Argentina (2011: - thousand euro) (see Note 7).

17. Deferred income taxes

Set out below is an analysis of deferred income tax:

	Thousand euro	
	2012	2011
Deferred tax assets:	24,396	11,544
- Temporary differences	21,757	9,074
- Pending deductions to be applied	2,639	2,470
Deferred tax liabilities:	(8,544)	(7,112)
- Temporary differences – retentions	(3,828)	(6,880)
- Other temporary differences	(4,716)	(232)
Deferred tax	15,852	4,432

Deferred income tax assets and liabilities are offset if at the time the Company has an enforceable right to offset the amounts recognized and intends to settle the net amount, or to realize the asset and settle the liability simultaneously.

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The gross movement in deferred taxes has been as follows:

	Thousand euro	
	2012	2011
Opening balance	4,432	878
Charge (credit) to income statement (Note 19)	11,420	3,554
Pending deductions to be applied generated in 2012	-	-
Other movements	-	-
Closing balance	15,852	4,432

The movement during the year in deferred income tax assets and liabilities, not taking into account the offset of balances sheet has been as follows:

2012	Thousand euro			
	Portfolio	Client retentions	Others	Total
Deferred tax liabilities				
Balance at 31 December 2011	(245)	(6,709)	(158)	(7,112)
Charge (credit) to income statement	(44)	2,881	(4,269)	(1,432)
Balance at 31 December 2012	(289)	(3,828)	(4,427)	(8,544)

2011	Thousand euro			
	Portfolio	Client retentions	Others	Total
Deferred tax liabilities				
Balance at 31 December 2010	(229)	(6,709)	(42)	(6,980)
Charge (credit) to income statement	(16)	-	(116)	(132)
Balance at 31 December 2011	(245)	(6,709)	(158)	(7,112)

2012	Miles de Euros				
	Financial costs	Portfolio, bad-debts and other provisions	Other differences	Pending deductions	Total
Deferred tax assets					
Balance at 31 December 2011	-	5,809	3,265	2,470	11,544
Charge (credit) to income statement	2,509	6,487	3,687	169	12,852
Balance at 31 December 2012	2,509	12,296	6,952	2,639	24,396

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2011	Thousand euro			
	Provisions	Other differences	Pending deductions	Total
Deferred tax assets				
Balance at 31 December 2010	5,739	(76)	2,195	7,858
Charge (credit) to income statement	70	3,341	275	3,686
Balance at 31 December 2011	<u>5,809</u>	<u>3,265</u>	<u>2,470</u>	<u>11,544</u>

In 2012, Royal Decree-Law 12/2012 (30 March) introduced restrictions on the deductibility of financial expenses, stipulating that financial expense on payables to group companies is not deductible when the funds have been used to:

- Acquire shareholdings in any type of entity from other group companies.
- Make contributions to the capital or equity of other Group companies.
- Net financial expense exceeding 1 million euro that also exceeds 30% of operating profit.

One of the deferred tax assets recognised by the Company in 2012 is due to the non-deductibility of financial expenses, adjusted on the basis of Royal Decree-Law 12/2012. These financial expenses may be deducted in tax periods ending in the immediately following 18-year period.

18. Income and expense
a) Transactions denominated in foreign currency

Transactions carried out in foreign currency are as follows:

	Thousand euro	
	2012	2011
Purchases	38,902	63,198
Sales	90,146	160,061
Services received	11,472	8,188
Services provided	874	2,683

b) Revenue

Revenues from the Company's ordinary activities can be analyzed geographically as follows:

Market	2012	2011
National	85.42%	81.40%
International	14.58%	18.60%
	<u>100.00%</u>	<u>100.00%</u>

Similarly, revenue could be analyzed by product line as follows:

Activity	2012	2011
Construction	12.98%	17.85%
Civil works	87.02%	82.15%
	<u>100.00%</u>	<u>100.00%</u>

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 c) Consumption of goods purchased for resale, raw materials and other consumables:

	Thousand euro	
	2012	2011
Consumption of goods purchased for resale:		
Purchases	(151,754)	149,199
	(151,754)	149,199

	Thousand euro	
	2012	2011
Consumption of raw materials and other consumables:		
Purchases	(2,820)	228
Inventory changes	9,602	(44,687)
	6,782	(44,459)

 d) Employment costs:

	Thousand euro	
	2012	2011
Wages, salaries and similar remuneration	(77,420)	(85,181)
Social security contributions	(19,104)	(22,414)
	(96,524)	(107,595)

The line "Wages, salaries and similar remuneration" includes indemnities totaling 4,209 thousand euro (2011: 5,664 thousand euro).

The average number of employees by category is as follows:

	2012	2011
Executives	645	650
Administrative staff	210	191
Workers	641	639
	1,496	1,480

The distribution by gender of the Company's personnel at the year-end is as follows:

2012	2012	
	Male	Female
Executives	42	-
University graduates	483	108
Administrative staff	126	70
Workers	579	18
	1,230	196

2011	2011	
	Male	Female
Executives	36	-
University graduates	405	102
Administrative staff	109	75
Workers	599	35
	1,149	212

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 e) Profit/losses due to assets disposals:

	Thousand euro	
	2012	2011
Property, plant and equipment	(96)	792
	<u>(96)</u>	<u>792</u>

19. Income tax and tax situation

The company is taxed under the tax consolidation system and the parent of the tax group is the company Grupo Isolux Corsán, S.A.

Receivable and payable balances with Public Administration are as follows:

	Thousand euro	
	2012	2011
Receivables from Public Administration	19,364	39,431
Payables to Public Administration	<u>(40,779)</u>	<u>(53,520)</u>
	<u>(21,415)</u>	<u>(14,089)</u>

Set out below is the reconciliation between net income and expense for the year and the income tax assessment base:

2012	Thousand euro		
	Income statement		
Income/expense for the year			(12,037)
	Increase	Decrease	Total
Corporate income tax			1,868
Permanent differences	<u>4,408</u>	<u>(5,271)</u>	<u>(863)</u>
Temporary differences:	<u>59,386</u>	<u>(21,322)</u>	<u>38,064</u>
- Arising during the year	30,979	(13,563)	17,416
- Arising in previous years	<u>28,407</u>	<u>(7,759)</u>	<u>20,648</u>
Taxable income			<u>27,032</u>

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2011	Thousand euro		
	Income statement		
Income/expense for the year			35,261
	Increase	Decrease	Total
Corporate income tax			7,495
Permanent differences	1,610	(5,921)	(4,311)
Temporary differences:	19,857	(8,011)	11,846
- Arising during the year	30,020	(3,839)	6,181
- Arising in previous years	9,837	(4,172)	5,665
Taxable income			50,291

There are differences between book and tax results caused, among other things, by the divergence in policies applied to accounting and tax allocations of losses due to shares impairment.

Income tax expense is composed of:

	Thousand euro	
	2012	2011
Current tax	13,288	11,049
Deferred tax (Note 17)	(11,420)	(3,554)
	1,868	7,495

The Group's income tax differs from the theoretical amount that would have been obtained if a 30% tax rate had been applied, as follows:

	Thousand euro	
	2012	2011
Profit/(loss) before taxes	(10,169)	42,756
Income tax calculated at 30% tax rate	(3,051)	12,826
Effect over non-deducting expenses for fiscal purposes	1,322	(360)
Effect of grants	(1,581)	(934)
Tax deductions arising in the year and translations differences in the tax rate branches	5,178	(4,037)
Tax expense	1,868	7,495

Current corporate income tax is the result of applying the 30% tax rate to taxable income. Deductions applied in 2012 amount to 5,178 thousand euro (2011: 4,037 thousand euro). The amount payable to the tax authorities is recorded as a payable to Grupo Isolux Corsán since the Company is taxed under the tax consolidation system.

At 31 December 2012 no deductions for investments or employment are available for application.

According to current legislation, taxes may not be considered definitively settled until the returns filed have been inspected by the tax authorities or the four year lapsing period has elapsed.

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional liabilities may be raised in the event of a tax inspection. The Directors consider, however, that any additional assessments that might be made would not significantly affect these annual accounts.

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On 1 July 2010 the Company informed to the parent company of the tax group (Grupo Isolux Corsán, S.A.) about the tax inspection which is taking place over the corporate income tax of the years 2005 to 2008. Other companies of Grupo Isolux Corsán (including Isolux Corsán Concesiones) are also subject of investigation of their value-added tax for the years 2006-2008, the income tax of the years 2006-2008, the Annual Statement of Operations with Third Parties (2005-2008) and Intra-Community Business Operations statement (2005-2008).

On 31 August 2012, an economic-administrative claim was filed against those assessments at the Central Tax and Treasury Court.

In the opinion of the company's management and tax advisors, there are sound grounds for defending the Company's position and these proceedings are not expected to have a significant impact on the Group's financial situation.

The Group's parent company and subsidiaries have assigned certain properties to secure the appeals lodged against the contested tax assessments and in relation to other tax authority claims. The carrying amount of these properties totals 65.3 million euro (Company's assets: 2,427 thousand euro)

In addition to the periods mentioned, the Company is open to inspection for the following taxes and periods:

Tax	Periods
Corporate Income Tax	2009 a 2011
Value Added Tax	2009 a 2012
Personal Income Tax	2009 a 2012
Other taxes	Last 4 years

20. Net financial result

Financial income/expense is as follows:

	Thousand euro	
	2012	2011
Financial income:	10,389	11,602
Shares in equity instruments	2	3,108
- Group companies and associates (Note 7)	2	3,108
Marketable securities and financial instruments	10,387	8,494
- Third parties	10,387	8,494
Financial costs:	(27,469)	(26,225)
Debt with Group companies and associates	(2,095)	(43)
Debts with third parties	(25,374)	(26,182)
Exchange rate differences	3,313	(7,614)
Impairment and profit/(loss) on disposal of financial instruments	4,393	(5,059)
Impairment and losses	4,393	(5,059)
Net financial result	(9,374)	(27,296)

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
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(Expressed in Thousand euro)

a) Financial income and costs

	Thousand euro	
	2012	2011
Financial income:		
- Dividends from shares in Group companies and associates	2	3,108
- Interest on debt securities	123	330
- Interest on loans	3,099	4,521
- Other financial income	7,165	3,643
	10,389	11,602
Financial costs:		
- Interest on loans	(1,583)	889
- Interest on discounting of bills and factoring	(18,360)	(24,682)
- Other financial costs	(7,526)	(2,432)
	(27,469)	(26,225)

b) Impairment and profit/ loss on disposal of financial instruments

	Thousand euro	
	2012	2011
Impairment losses:		
- From Group shares (Note 7)	(1,537)	(1,044)
- Responsibilities losses (Note 16)	(2,856)	(4,015)
	4,393	(5,059)

Impairment losses on Company's shareholdings are as follows:

	Thousand euro	
	2012	2011
Isolux Corsán Argentina S.A.	(1,401)	(2,837)
Isolux Corsán Polonia SP ZOO	12	(6)
Isolux Corsán do Brasil S.A.	740	(2,105)
Isolux Corsán India Engineering & Const. Private. Ltd.	1,855	(765)
Isolux Corsán Cyprus Limited	(5)	(30)
Extremefia de Infraestructuras, S.A.	(1)	196
Construcciones Pina do Vale S.A.	(54)	(101)
El Sitio de la Herrería S.L.	(4)	-
Isolux Corsán Algérie, Sarl.	7,928	(1,210)
Soma – Isolux NH One Tollway Private	8	-
Isolux Projectos e Instalações Ltda.	-	1,581
Carreteras Centrales de Argentina, S.A.	(3,699)	218
Societat Superficialia Preventius Zona Franca	(15)	-
Ciudad de la Justicia de Córdoba, S.A.	(503)	-
Consorcio Puente Biobio	(182)	-
Consorcio Puente Maule	(286)	-
	4,393	(5,059)

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

21. Contingencies

Contingent liabilities

The Company records contingent liabilities for legal claims arising in the ordinary course of business which are not expected to give rise to significant liabilities other than those already provided for (Note 16).

22. Commitments and guarantees provided

a) Purchase commitments

In 2012 the Company entered into an agreement to sell its shareholding in the company Soma-Isolux NH One Tollway Private Limited (10%).

b) Operating lease commitments (company as lessee)

The Company leases several premises and warehouses under non-cancellable operating leases. These agreements have a term of between five and ten years, and most are renewable at maturity under market conditions.

The Company also leases plant and machinery under cancellable operating leases.

Total minimum future payments for non-cancellable operating leases are as follows:

	Thousand euro	
	2012	2011
Less than one year	1,348	3,533
One to five years	564	2,838
More than five years	-	-
	1,912	6,371

The expense recognized in the income statement during the year for operating leases amounts to 28,831 thousand euro (2011: 43,586 thousand euro).

c) Guarantees

On 31 December 2012 the Company has provided guarantees to third parties amounting to approximately 572,448 thousand euro (2011: 549,213 thousand euro) which mostly relate to guarantees submitted to Public Entities and private customers to guarantee the successful completion of the work.

Company's Management estimates that the liabilities that may arise at 31 December 2012 in respect of the guarantees provided, if any, would not be significant.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

23. Temporary Joint ventures (UTES)

The distribution of revenue and joint ventures profit/(losses), as well as Company's shareholding is as follows:

Joint Ventures' name	% of interest	Revenues	Profit/(loss)
UTE EDAR CARBONERO	66.67%	-	40
CAMINO DE SANTIAGO	33.33%	-	4
RONDA LOS OMEYAS UTE	33.34%	-	(4)
FFCC EL PORTAL UTE	70.00%	(20)	304
UTE A357 DES CARTAMA	60.00%	-	16
UTE-AT MADRID TOLEDO	36.00%	-	(24)
UTE VEGA DEL REY	55.00%	-	35
FFCC OSUNA AGUADULCE	80.00%	200	19
EJE ATL ALTA VELOC	50.00%	-	(3)
EMERG. QUIEBRAJANO	80.00%	(748)	(741)
UTE ALMAGRO CS-CV	100.00%	-	(4)
ABAST.OCCID.ASTURIAS	50.00%	-	20
UTE ACCESO CORUÑA	50.00%	1,022	368
M-501 PANTANOS	10.00%	6,415	3,013
UTE COIN CASAPALMA	70.00%	-	2
UTE ALMOHARIN	57.00%	-	(1)
HOSPITAL DE BURGOS	50.00%	469	682
UTE ABASTEC.LERIDA	40.00%	-	2
UTE MUELLE BAIONA	50.00%	625	538
UTE HOSPITAL MILITAR	65.00%	-	459
LINEA AVE CAMPOMANES	50.00%	4,591	(348)
AUTOV.CONCENTAI.MURO	50.00%	63	(692)
INTERC.ARCO TRIUNFO	50.00%	280	(3)
SANEAMIENTO Y ABASTECIM.CHICLANA	33.34%	7,930	3,816
UTE U 11 SAN LAZARO	50.00%	3,365	(3,999)
HOSP.PARAPLEJ.TOLEDO	50.00%	-	57
UTE PRESA SANTOLEA	50.00%	-	110
EMISARIO R.PISUERGA	70.00%	-	(1)
UTE AVE TRINIDAD	70.00%	-	161
UTE PZA SUR DELICIAS	70.00%	-	1
UTE MACEIRAS REDONDELA	70.00%	-	(165)
SANEAM.PUERTO CARMEN	50.00%	-	(300)
ABASTECIMIEN.ROPESA	75.00%	-	33
CTRA.VALLEHERM-ARURE	50.00%	93	81
AUTOV IV CENTENARIO	70.00%	-	(9)
VIA PRAT LLOBREGAT	50.00%	50	12
UTE PRESA HORNACHUELOS	30.00%	10,000	737
UTE CABREIROS	75.00%	(1,001)	(911)
REGADIO DURATON UTE	20.00%	-	9
UTE DEP. SESEÑA BOROX	75.00%	-	47
AVE PINAR ANTEQ.UTE	40.00%	-	(57)
CTRA.LEÓN CEMBRANOS	5.00%	524	31
UTE PTO.RICO-MOGAN	33.34%	-	3
INSTALACIÓN DE ESTACIÓN L3 ROQUETES	55.00%	6,066	8,971
UTE VERDUGA C-C 20%	70.00%	946	238
CERCANIAS PINTO UTE	60.00%	1,026	969
UTE IDAM MONCOFA	55.00%	1,289	1,243
AUT A4 TRAMO MADR R4	55.00%	-	43
AUTOVÍA ARANDA	42.50%	4,166	(327)
UTE GARABOLOS	50.00%	-	25
UTE CORIA-MORALEJA	50.00%	16	15
UTE AP7 MAÇANET	70.00%	4,399	907
BLOQ.OBSTÉTRICO HOSP	43.50%	1,937	2,442
SEDE ADMIN.HOSPITAL	60.00%	-	3
UTE ENLACE MEIRAS	50.00%	43	42
ACCESOS SOTO RIBERA	50.00%	2,737	(569)
UTE CAJA DUERO	80.00%	5,167	2,809
UTE CAJA DUERO	50.00%	5,325	1,505
REH.CUARTEL TTE.RUIZ	70.00%	21,322	398
3M APARCAM. CEUTA	60.00%	-	(3)
BARRIADA PR.ALFONSO	64.29%	7,937	3,560
MUSEO DE AMERICA	50.00%	1	(1)
			50

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
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(Expressed in Thousand euro)

Joint Ventures' name	% of interest	Revenues	Profit/(loss)
CSIC EN LA CARTUJA	50.00%	2,056	(729)
AMP.HOSP.GUADALAJARA	60.00%	139	(48)
HOSPITALIZACION	22.00%	1,918	65
PUENTE PISUERGA UTE	80.00%	22,685	(94)
EUBA-IURRETA UTE	70.00%	2,093	(835)
RONDA POCOMACO-CORUÑ	60.00%	-	1
C.PENITENCIAR.CEUTA	75.00%	29,102	-
UTE AVE PINAR II	80.00%	486	-
BEATRIZ DE BOBADILLA	50.00%	-	-
FACULT.MEDICINA CTCS	50.00%	-	-
UTE TOLOSA-HERNIALDE	90.00%	42,633	9,220
PRESA GUADALMELLATO	50.00%	2,441	(725)
UTE TUNEL BIELSA-22%	50.00%	67	(7)
LAV PINOS PUENTE-GR	50.00%	478	(24)
BALSA DE VICARIO	70.00%	438	440
UTE ZONA VERDE	90.00%	478	(7)
UTE MONUM.HISTORICO	99.90%	6,026	104
UTE AVE PORTO-MIAMAN	50.00%	1,795	16
UTE HOSP.ZUMARRAGA	85.00%	-	-
UTE TORIO-BERNESGA	50.00%	911	(50)
TOLOSA-HERNIALDE UTE	25.00%	427	(129)
UTE CHUAC	50.00%	-	1
MTTO. VIA ADIF 2011	55.00%	601	25
CONSERV.CIUDAD REAL	70.00%	1,398	(1,256)
ACONDIC.LOS RODEOS	18.50%	142	(22)
COMISARIA TARRAGONA	70.00%	542	(6)
MERCADO DE TARRAGONA	50.00%	46	(1)
MEJORAS TENERIFE SUR	50.00%	257	(241)
UTE HOSPITAL DEL SUR	30.00%	319	-
TOTAL		213,713	31,306

2011

Joint Ventures' name	% of interest	Revenues	Profit/(loss)
Centro penitenciario Ceuta	70.00%	9,230	814
Hospital de Burgos	10.00%	7,033	(164)
UTE Tolosa-Hernialde	90.00%	7,001	556
UTE Abastecimiento Lérida Canal Piñana	70.00%	1,186	1,550
Línea AVE Campomanes	50.00%	2,314	1,009
Línea 5 Tramo:Horta-Vall D'Hebrón	40.00%	3,896	3,070
N.Vestibulos Intercambiador Arco Triunfo	65.00%	1,735	(489)
UTE Presa Santolea	50.00%	2,337	151
UTE AVE Porto-Mián	75.00%	4,639	120
UTE Maceiras Redondela	50.00%	6,331	(725)
UTE AVE Nudo de la Trinidad Montcada	33.34%	11,497	17
Acond.Ctra.Vallehermoso-Arure	70.00%	1,387	786
Autov. IV Centenario Fase 1 tramo 1	70.00%	2,696	1,230
Carretera León Cembranos	65.00%	6,561	(952)
Carretera Puerto Rico-Mogan	30.00%	7,702	(130)
UTE Cercanías Madrid Línea C-3 Pinto	40.00%	1,055	(585)
Actuaciones medioambientales AVE	33.34%	1,011	(124)
Nueva área terminal Aerop. de Santiago	55.00%	35,100	5,706
Mercado de Tarragona	65.00%	2,499	(166)
UTE Fuente La Piedra	70.00%	4,770	(27)
UTE Coria Moraleja	60.00%	7,957	322
UTE AP7 Macanet	55.00%	1,158	103
UTE Hospital del Sur	40.00%	1,129	(113)
UTE Chuac	50.00%	1,044	(381)
Edificio Mutua Madrileña	50.00%	2,486	(276)
UTE Idam Moncofa	5.00%	1,034	14
Rehabilitación cuartel Teniente Ruiz	42.50%	4,059	(153)
Abastecimiento Oviedo	100.00%	1,404	306
UTE Hospital Zumarraga	80.00%	1,309	-

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Joint Ventures' name	% of interest	Revenues	Profit/(loss)
Saneamiento y abastec. Chiclana	50.00%	2,219	493
3m aparcam. Ceuta	42.50%	2,439	(191)
Acondic. Los rodeos	70.00%	1,778	(192)
UTE La Cartuja	70.00%	2,730	(406)
UTE Arquitectura L-5	43.50%	4,465	793
Balsa de Vicario	70.00%	2,119	(495)
UTE Caja Duero	50.00%	1,742	270
Mtto. Via adif 2011	50.00%	1,500	(437)
Ampliación hospital univ.de Guadalajara	50.00%	2,128	(488)
Hospitalizacion	60.00%	2,096	119
UTE Puente Pisuerga	50.00%	2,106	927
Euba-Iurreta UTE	50.00%	2,659	(577)
Ronda Pocomaco-Coruña	80.00%	16,903	(886)
UTE Loeches	50.00%	8,875	1,098
UTE AVE Pinar II	64.29%	3,261	1,340
Obras edif. Facultad medicina de Granada	50.00%	2,390	(455)
Rambla Albbox	70.00%	1,225	108
Lav. Pinos Puente	80.00%	23,839	633
Others (lower than 1,000 thousand euro)		7,742	3,259
TOTAL		233,776	16,382

Amounts shown below represent Company's shareholding in assets and liabilities, as well as joint ventures sales and profit/(loss). These amounts have been included in the balance sheet, the income statement, the cash-flow statement and the statement of changes in equity:

	Thousand euro	
	2012	2011
Assets:	158,083	231,053
Non-current assets	482	5,129
Current assets	157,601	225,924
Liabilities:	126,502	214,671
Non-current liabilities	16	27
Current liabilities	126,486	214,644
Net assets	31,581	16,382

There are no significant contingent liabilities or capital investment commitments relating to the Company's shareholding in joint ventures.

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NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

24. Branches

Branches correspond to establishments abroad. The revenue and profit/(loss) before taxes that they contribute to the Company's financial statements are as follows:

2012	Thousand euro	
	Revenue	Attributable Outcome
Name		
Portugal branch	-	(23)
Mexico branch	9,451	1,529
Argentina branch	563	175
Algeria branch	61,936	(3,215)
Peru branch	-	(200)
Armenia branch	6,028	778
Bolivia branch	3,665	(258)
Chile branch	-	20
Brazil branch	8,503	589
Total	90,146	(605)

2011	Thousand euro	
	Revenue	Attributable Outcome
Name		
Portugal branch	3	6
Mexico branch	51,876	4,396
Argentina branch	-	(79)
Algeria branch	108,186	29,157
Total	160,065	33,480

25. Remuneration of the Board of Directors and senior management

a) Directors' compensation

Members of the Board of Directors and senior management have not received any compensation during the year as a result of holding their positions or for any other reason.

During 2012, no contributions were made to pension plans or funds for former or current members of the Company's Board of Directors. No such obligations were incurred during the year.

The members of the Company's Board of Directors have received no remuneration in respect of profit sharing or premiums. They received no shares or stock options during the year and nor have they exercised any options and nor do they have any options to be exercised.

b) Compensation to senior management personnel.

Employees considered by the Company as position of manager occupy charges inside the board of Directors of the Company.

The Company's senior management is on the payroll of Grupo Isolux Corsán, S.A., the parent company of the group to which it pertains. Grupo Isolux Corsán, S.A. invoices for this and other services. There is no other compensation or loans to senior management that have been directly paid by the Company neither in 2012 and 2011.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

c) Shares and positions held by the members of the Board of Directors in other analogous companies.

Articles 229 to 231 of the Corporate Enterprises Act (LSCap.), as worded in the Royal Decree 1/2010 of 2 of July, obliges Board directors to inform the company of any shareholdings in companies engaged in activities that are the same as or similar or complementary to the company's corporate purpose, any offices or duties performed in such companies, and any activities that are the same as or similar or complementary to the company's objects, carried out for their own account or for the account of third parties.

According to the previous law, the Company has nothing to mention.

The above information is included in the notes to the individual and annual accounts prepared by Corsán-Corviam Construcción, S.A. and are based on the detailed analysis of the reports received from all members of the Board of Directors of Corsán-Corviam Construcción, S.A., in accordance with the interpretation of Article 229 to 231 of the Corporate Enterprises Act.

26. Other related-party transactions

The Company belongs to Grupo Isolux Corsan and is controlled by Grupo Isolux Corsán S.A., incorporated in 2004, which holds 99.97% of its shares. The remaining 0.03% of the shares are held by Isolux Ingeniería, S.A. The parent company is Grupo Isolux Corsán, S.A.

The following transactions, in addition to those breakdown in the notes of these annual accounts, were carried out with related parties:

a) Sales of goods and services

	Thousand euro	
	2012	2011
Services:		
Aparcamientos IC Ruíz de Alda, S.A.	6,142	3,461
Aparcamientos IC Talavera II, S.L.	66	454
Aparcamientos IC Benalmádena – Canarias	3,978	-
Isolux de México, S.A. de C.V.	1,408	2,773
Aparcamientos Segovia, S.L.	1	54
Conces. Autopista Monterrey-Salttillo, S.A. de C.V.	-	43,416
Constructora Autopista Perote-Xalapa, S.A. de C.V.	-	2
Biorreciclaje de Cádiz, S.A.	-	5
Corvisa S.L.	18	36
Elaborados Metálicos Emesa, S.L.U.	21	-
El Sitio de la Herrería, S.A.	7	38
Emiso Cádiz, S.A.	93	2,318
Extremefia de Infraestructuras, S.A.	-	95
Grupo Isolux Corsán, S.A.	95	193
Gestión de Concesiones	157	-
Global Vambro, S.L.	6	4
Hixam Gestión de Aparcamientos II, S.L.U.	-	-
Interisolux Alcorcón Vivienda Joven, S.L.	29	652
Interisolux Torrejón Vivienda Joven, S.L.	-	8
Isolux Corsán Aparcamientos, S.A.	-	32
Isolux Corsán Servicios, S.A.	228	-
Isolux Corsán India	-	19
Isolux Corsán Inmobiliaria, S.A.	-	25
Isolux Ingeniería, S.A.	757	478
Pinares del Sur, S.A.	3,009	7,511
	16,015	61,574

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(Expressed in Thousand euro)

Assets are sold on the basis of current price lists applicable to unrelated third parties. Services are normally negotiated with associated parties based on the market value of the transactions concerned.

 b) Acquisition of goods and receipt of services

	Thousand euro	
	2012	2011
Acquisition of goods:		
Grupo Isolux Corsán, S.A.	-	-
GIC Fábricas, S.A.	-	129
Corvisa, S.L.	389	640
Elaborados Metálicos Emesa, S.L.U.	6,325	526
Isolux Corsán Inmobiliaria, S.A.	-	25
Isolux de México, S.A. de C.V.	-	2,257
Watsegur, S.A.	4	584
Extremeña de Infraestructuras, S.A.	155	-
Isolux Ingeniería, S.A.	4,323	9,324
Total	11,196	13,485
Receipt of services:		
Acta, S.A.	-	5
Aparcamientos Ic Talavera, S.L.	-	1
Aparcamientos IC Toledanos II, S.A.	4	7
Ceuti Aparcamientos y Servicios, S.A.	2	3
Extremeña de Infraestructuras, S.A.	-	131
Grupo Isolux Corsán, S.A.	18,865	26,357
Isolux Corsán Aparcamientos, S.L.	235	198
Isolux Corsán Servicios, S.A.	67	46
Global Vambru, S.L.U.	4	-
Total	19,177	26,748

Assets are sold on the basis of current price lists applicable to unrelated third parties. Services are normally negotiated with associated parties based on the market value of the transactions concerned.

 c) Receivables and payables at the year-end deriving from sales and acquisition of goods and services

	Thousand euro	
	2012	2011
Accounts receivable from related parties		
Conces.Autop.Monterrey- Saltillo, S.A. de C.V.	-	4,587
Concesionaria Autopista Perote-Xalapa, S.A.	-	6
Pinares del Sur, S.L.	982	1,196
Emiso Cádiz, S.A.	233	143
Isolux Corsán Inmobiliaria, S.A.	-	381
Corvisa, S.L.	4	-
IC Plaza Benalmádena Canarias, S.L.	734	-
Total receivables, Group companies and associates	1,953	6,313

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(Expressed in Thousand euro)

Accounts receivable from related parties arise from sale transactions; they are not insured and accrue no interest.

	Thousand euro	
	2012	2011
Accounts payable to related parties		
Grupo Isolux Corsán, S.A.	10,588	15
Isolux de México S.A. de C.V.	1,314	1,927
Isolux Ingeniería S.A.	963	682
Aparcamientos IC Toledanos II, S.L.	-	1
Acta, S.A.	1	-
Bendia, S.A.	1	1
Watsegur S.A.	34	41
Isolux Corsán Algérie, Sarl.	22	20
Elaborados Metálicos Emesa, S.L.	186	186
Extremeña de Infraestructura, S.A.	12	-
Isolux Corsán Brasil	3	-
Isolux Proyectos e Inst. Brasil	311	-
Total payables, Group companies and associates	13,435	2,873

Accounts payable from related parties arise from purchase transactions; they are not insured and accrue no interest.

 d) Loans to Group companies and associates and debts with Group companies and associates

	Thousand euro	
	2012	2011
Grupo Isolux Corsán, S.A.	88,428	228,389
Isolux Corsán Const. S.A. de C.V.	3	37
GIC Fábricas, S.A.	75	-
Ceuti de Aparcamientos y Servicios, S.A.	6	6
Grupo Isolux Corsán Concesiones, S.L.	305	-
Isolux Corsán Argentina, S.A.	870	870
Gestión de Concesiones, S.A.	813	813
Isolux Corsán India L.T.D.	19	93
Isolux de México S.A. de C.V.	-	1,758
Aparcamientos Segovia, S.L.	1,293	1,293
Aparcamientos IC Toledanos, S.L.	1	1
Aparcamientos IC Talavera, S.L.	2	2
Aparcamientos IC Córdoba, S.L.	55	55
Aparcamientos IC Zaragoza Torrero, S.L.	2	2
Aparcamientos IC Toledanos II, S.L.	2	1
Aparcamientos IC Ruíz de Alda, S.A.	6,080	-
Aparcamientos IC Madrid, S.A.	5	-
Sociedad Concesionaria Autovia-4, S.A.	-	9
Aparcamientos IC Benalmádena – Canarias	3,528	-
Aparcamientos IC Talavera II, S.L.	9,243	9,164
El Sitio de la Herrería, S.L.	49	41
Isolux Corsán Algérie, Sarl.	-	70
Global Vambru, S.L.U.	-	10
Concesionaria Autopista Monterrey-Salttillo, S.A. de C.V.	353	-
Unid.de Mat.Avanz.Ibérica S.A. (UMA)	2	1
Valdelrío Inmobiliaria, S.L.	4	3
Isolux Corsán Servicios, S.A.	1,623	-
Carreteras Centrales de Argentina	686	-
Const. Autopista Perote-Xalapa, S.A.	3	-

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012

(Expressed in Thousand euro)

	Thousand euro	
	2012	2011
Construcciones Pina do Vale, S.A.	104	29
Isolux Ingeniería, S.A.	151,477	13,730
Soc. Superficialia Prevent. Zona Franca	88	-
Consorcio Puente Bio Bio	96	-
Consorcio Puente Maule	94	-
Total loans to Group companies	265,309	256,340

	Thousand euro	
	2012	2011
Desarrollo y Concesiones de Servicios SERCON, S.A.U.	(55)	(55)
Extremefia de Infraestructura, S.A.	(362)	(195)
Corvisa, S.L.	(1,764)	(1,046)
Cost Wright, S.L.	(1)	(1)
Isolux Corsán Servicios, S.A.	-	(475)
Acta, S.A.	(4)	(8)
Watsegur, S.A.	(1,023)	(979)
Isolux de México, S.A. de C.V.	(3,230)	-
Isolux Corsán Inmobiliaria, S.A.	(107)	(925)
Powertec Sistemas, S.A.	(16)	(16)
GIC Fábricas, S.A.	-	(57)
Isolux Corsán Argentina, S.A.	(459)	-
Isolux Corsán Algérie, Sarl.	(8,638)	-
Global Vambru, S.L.U	(204)	-
Isolux Proyectos e Inst. Brasil	(1,119)	-
Isolux Corsán Aparcamientos, S.L.	(898)	(620)
Aparcamientos IC Ruíz de Alda, S.A.	-	(1,179)
Hixam Gestión de Aparc. II S.L.	(18)	(18)
Elaborados Metálicos Emesa S.L.	(6,870)	(3,953)
Total short-term debts with Group companies and associates	(24,768)	(9,527)

These balances relate to the current accounts with the Group, that not accrue any interest; and to the short-term outstanding payments.

In 2012 it has not been necessary to constitute any provision for loans with Group companies and associates.

e) Guarantees

At 31 December 2012 the Company is the guarantor of financing obtained by Grupo Isolux Corsán, S.A. in the amount of 572 million euro (2011: 1,075 million euro) and by the company Isolux Ingeniería, S.A. (2011: 9 million euro).

Additionally, in 2012 and 2011 acted as guarantor for Grupo Isolux Corsán, S.A. in connection with loans totalling 185 million euro from the Official Credit Institute (ICO).

27. Events after the reporting period

There have been no significant post-balance sheet events which may have a significant impact on these annual accounts.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.**NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2012**

(Expressed in Thousand euro)

28. Auditors' fees

The fees accrued during the year to PricewaterhouseCoopers Auditores, S.L. for services relating to the audit of the annual accounts and other verification activities total 178 thousand euro (2011: 151 thousand euro). These fees were paid by the parent company. There were no fees accrued with respect to any project of the company in which it is involved PricewaterhouseCoopers Auditores, S.L. The fees were satisfied by the parent company.

No fees accrued to any other company using the PricewaterhouseCoopers trademark for any other services rendered to the Company in 2012 nor in 2011. In 2012 and 2011 no tax services to any other company using the PricewaterhouseCoopers trademark have been rendered.

In addition, no fees accrued to any other auditor for any other services rendered to the Company neither in 2012 nor in 2011.

CORSÁN-CORVIAM CONSTRUCCIÓN, S.A.
Directors' Report
31 December 2012

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

DIRECTORS' REPORT FOR 2012

1.- Economic environment

During 2012 the gross domestic product (GDP) of the Spanish economy underwent an annual decrease of 1.4%; meanwhile in 2011 the GDP experienced a slight increase of 0.4%. During 2012, in regard to neighbouring countries, it has to be remarked that in the euro zone, the GDP has decrease by 0.5%, whilst in 2011 increased by 1.5%. These figures clearly indicate that the year 2012 has been negative for the euro zone and especially adverse for the Spanish economy.

This decrease is particularly due to the decline in the internal demand (3.9%), mainly caused by the reduction of fixed capital gross formation (9.1%), the household consumption decrease (2.2%) and a decline in Public Administrations consumption (3.7%). The GDP growth of the year was softened due to the increase in exports of goods and services by 3.0%.

In comparison with previous year, employment has decreased by 4.4 %, which led to a sharp increase in the unemployment rate from 21.6 % in 2011 to 25% in 2012. The consumer price index ended in 2012 at 2.4%, which is lower than the 3.2% at which 2011 ended.

Regarding investment, the gross formation of fixed capital fell by 9.1% in 2012, reflecting a 6.7% increase in capital goods investment and a 11.5% decline in construction.

Forecast for the year 2013 by the International Monetary Fund and the Bank of Spain draw a recessive scenario for the Spanish economy for 2013.

Economic forecasts for 2013 foresee a significant decline in the performance of the Spanish economy. GDP is expected to decrease by 1% to 2%, with a slight decrease in the public administration consumption due to governmental adjustments, investment in construction and household consumption.

Economic forecasts for those emerging countries in which Grupo Isolux Corsán operates (group from which Isolux Ingeniería, S.A. is the parent company of Engineering Division) are quite positive in contrast to the expected pessimistic atmosphere of the eurozone and the U.S. If confirm, the existing pattern for more than one decade will be extended in those countries: rapid economic growth, stable financial conditions and heavy investment in infrastructure.

Logically, the heterogeneity within the Group is remarkable and there are problematic cases, but in overall the outlook is positive.

In this context, emerging countries could easily reach next year's a GDP growth around 5.5%, one percentage point above the average of recent decades.

The expected growth of 2013 Gross Domestic Product in those countries in which the Company operates are for Brazil (3.5%), India (6.5%), Mercosur (3.3%), Mexico (4.7%), Middle East and North of Africa (3.3%) and Saharan Africa (4.5%).

2.- Development and performance of the Company in 2012

Corsán Corviam Construcción, S.A. concentrates the construction activity carried out by Isolux Corsán Group.

Net turnover amounts 618.4 million euro in 2012 compared with 868.8 million euro in 2011 which is a decrease of 29.3%. Operating losses are (0.8) million euro compared with 70.1 million euro profit in 2011.

This operating loss, together with depreciation/amortization, totaled of 6.9 million euro and change in trade provisions totaling 20.2 million euro means that the resources generated by operations (EBITDA) in 2012 reach 26.3 million euro, which is notably lower than the 78 million euro of 2011.

During 2012 we have looked forward to strength our presence abroad through the contracting and execution of projects in developing countries such as Brazil, Mexico, Algeria, Argentina and India.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

DIRECTORS' REPORT FOR 2012

3.- Outlook 2013

The turnover of construction line of Group Isolux Corsán, which develops this activity across Corsán-Corviam Construcción S.A. and its subsidiaries, stood at 1,127.3 million euro during 2012.

The sub-group portfolio was 3,310.1 million euro at 31 December 2012; 57% corresponds to international projects.

These contract and portfolio figures lead to reasonable optimism regarding 2013, despite the current economic environment.

4.- Treasury stock

There have been no movements in treasury stock during the year.

5.- Research and development activities

There have not been realized research and development activities.

6.- Use of financial hedge instruments

The Company has no contract related to financial hedge instruments at 31 December 2012.

7.- Human Resources

The average number of employees in 2012 stood at 1,496 people. The composition of the workforce by professional category is as follows:

Category	Number
University graduates	645
Administrative staff	210
Workers	641
Total	1,496

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.**PREPARATION OF THE 2012 ANNUAL ACCOUNTS**

The Board of Directors of "Corsán-Corvián Construcción S.A." at its meeting on 27 March 2013, in compliance with the terms of Article 253 of the Corporate Enterprises Act and Article 37 of the Code of Commerce, have drawn up the Annual Accounts and the Directors' Report for the year ended on 31 December 2012, as set out in the documents which are attached to and precede this document.

Signatories:

Mr. Francisco José García Martín
Chairman and CEO

Mr. José Gomis Cañete
Vice-chairman

Mr. Luis Delso Heras
Member

Mr. Ángel Serrano Martínez-Estéllez
Member

Mr. Antonio Portela Alvarez
CEO

Mr. Juan Francisco Falcón Ravelo
Non-Voting Secretary