GRUPO ISOLUX CORSÁN, S.A

Audit report, Consolidated Annual Accounts and Directors' Report at 31 December 2011 pwc

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 CONSOLIDATED ANNUAL ACCOUNTS

To the shareholders of Grupo Isolux Corsán, S.A.:

1. We have audited the consolidated annual accounts of Grupo Isolux Corsán, S.A. (Parent Company) and its subsidiaries (the Group), consisting of the consolidated balance sheet at 31 December 2011, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As explained in Note 2.1 to the accompanying related notes, the Directors of the Parent Company are responsible for the preparation of these consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with the 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.

2. In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated financial position of Grupo Isolux Corsán, S.A. and its subsidiaries at 31 December 2011 and the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the applicable financial reporting framework.

3. The accompanying consolidated Directors' Report for 2011 contains the explanations which the Parent Company's Directors consider appropriate regarding the consolidated Group's situation, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the consolidated Directors' Report is in agreement with that of the consolidated annual accounts for 2011. Our work as auditors is limited to checking the consolidated 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 accounting records of Grupo Isolux Corsán, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Fernando Chamosa
Partner

10 April 2012

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

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts at 31 December 2011
and 2011 Directors' Report

ISOLUX CORSÁN

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

Content of the consolidated annual accounts of Group Isolux Corsán, S.A. and subsidiaries

ISOLUX CORSÁN

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

ISOLUX CORSÁN

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

CONSOLIDATED BALANCE SHEET
(Thousand euro)

	Note	31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	6	190,359	203,834
Goodwill	7.1	577,436	487,114
Intangible assets	7.2	24,889	66,509
Investment property		14,574	-
Concessionary assets assigned to projects	8.1	2,451,377	1,400,922
Other non-current assets assigned to projects	8.2	1,488,601	252,201
Investments in associates	9	34,634	178,996
Financial investments	10	10,956	11,512
Trade and Other receivables	12	124,759	69,093
Deferred income tax assets	20	232,618	115,886
Derivative financial instruments	11	1,155	4,287
		5,151,358	**2,790,354**
Current assets			
Inventories	13	357,725	427,860
Trade and other receivables	12	1,886,931	1,941,875
Derivative financial instruments	11	6,201	4,710
Financial assets at fair value through profit or loss	14.2	14,447	2,300
Cash and cash equivalents	14.1	674,366	937,555
		2,939,670	**3,314,300**
Total assets		**8,091,028**	**6,104,654**

Notes 1 to 39 and Appendices I to IV form an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

CONSOLIDATED BALANCE SHEET
(Thousand euro)

	Note	31 December 2011	31 December 2010
EQUITY			
Equity attributable to owners of the parent company			
Share capital	15	17,463	17,463
Share premium	15	468,413	469,163
Legal reserve	15	10,564	8,207
Hedging reserve	11	(60,741)	(36,316)
Cumulative translation differences	16	(30,262)	38,119
Retained earnings	17	197,558	199,710
		602,995	**696,346**
Non-controlling interest	17	**293,318**	**74,728**
Total equity		**896,313**	**771,074**
LIABILITIES			
Non-current liabilities			
Borrowings	19	929,930	877,564
Project finance	8.3	2,257,823	1,012,530
Derivative financial instruments	11	174,359	47,647
Deferred income tax liabilities	20	142,879	66,752
Provisions for other liabilities and charges	21.1	47,060	47,167
Other payables	18	418,897	41,028
		3,970,948	**2,092,688**
Current liabilities			
Borrowings	19	449,058	372,804
Project finance	8.3	358,342	222,480
Trade and other payables	18	2,303,064	2,559,171
Current tax liabilities		28,224	21,779
Derivative financial instruments	11	24,400	12,559
Provisions for other liabilities and expenses	21.2	60,679	52,099
		3,223,767	**3,240,892**
Total liabilities		**7,194,715**	**5,333,580**
Total equity and liabilities		**8,091,028**	**6,104,654**

Notes 1 to 39 and Appendices I to IV form an integral part of these consolidated annual accounts.

ISOLUX CORSÁN

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

CONSOLIDATED INCOME STATEMENT
(Thousand euro)

		Year ended 31 December	
	Note	2011	2010
Total operating revenue		**3,371,940**	**3,239,786**
Revenue / Sales	22	3,200,700	3,188,740
Other operating income	24	55,166	44,995
Change in inventories		(2,331)	5,034
Own work capitalized		118,405	1,017
Total operating expenditure		**(3,106,047)**	**(3,032,084)**
Materials consumed and other external costs	23	(2,251,624)	(1,864,095)
Employee benefit expenses	25	(378,925)	(379,270)
Depreciation, amortization and impairment losses	6,7,8 & 2.5	(119,169)	(86,692)
Change in trade provisions		(7,672)	(16,804)
Other operating expenses	24	(348,657)	(685,223)
Operating results		**265,893**	**207,702**
Financial costs	27	(300,810)	(171,743)
Financial income	27	83,530	56,022
Net financial results	27	**(217,280)**	**(115,721)**
Share of profits/ (losses) of investments accounted for the equity method	9	(15,787)	(7,072)
Profit before income tax		**32,826**	**84,909**
Income tax	28	(27,350)	(20,949)
Profit for the year		**5,476**	**63,960**
Attributable to:			
Non-controlling interest		24,069	63,155
Owners of the parent	17	(18,593)	805
		5,476	**63,960**
Earnings per share attributable to the equity holders during the year – Basic and diluted (euro per share)	29	0.27	0.72

Notes 1 to 39 and Appendices I to IV form an integral part of these consolidated annual accounts.

ISOLUX CORSÁN

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER 2011 AND 2010 (Thousand euro)

		Year ended at 31 December	
	Note	2011	2010
Profit/(loss) for the year		**5,476**	**63,960**
Other comprehensive income:			
Changes due to financial statement translation	**16**	**(76,489)**	**34,819**
Fair value changes in cash flow hedges	**11**	(109,179)	(54,609)
- Tax effect	**20**	33,987	15,245
Cash flow hedge transferred to profit and loss	**11**	20,897	21,952
- Tax effect	**20**	(6,269)	(6,545)
Net cash flow hedges		**(60,564)**	**(23,957)**
Comprehensive income for year attributable to:		**(131,577)**	**74,822**
Owners of the parent		(101,459)	68,129
Non-controlling interest		(30,118)	6,693

Notes 1 to 39 and Appendices I to IV form an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – YEAR 2011
(Thousand euro)

	Attributable to equity holders of the Parent Company							
	Share Capital (Note 15)	Share Premium (Note 15)	Legal Reserve (Note 15)	Hedging reserve (Note 11)	Cumulative translation difference (Note 16)	Retained earnings (Note 17)	Non-controlling interests (Note 17)	Total equity
Balance at 31 December 2010	**17,463**	**469,163**	**8,207**	**(36,316)**	**38,119**	**199,710**	**74,728**	**771,074**
Profit/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**24,069**	**(18,593)**	**5,476**
Net cash flow hedges	-	-	-	(57,147)	-	-	(3,417)	(60,564)
Foreign currency translation differences	-	-	-	-	(68,381)	-	(8,108)	(76,489)
Total other comprehensive income	**-**	**-**	**-**	**(54,147)**	**(68,381)**	**-**	**(11,525)**	**(137,053)**
Total comprehensive income	**-**	**-**	**-**	**(54,147)**	**(68,381)**	**24,069**	**(30,118)**	**(131,577)**
Other movements and additions to consolidation scope	-	-	-	32,722	-	5,386	248,708	286,816
Dividends to equity holders of the company (Note 17)	-	(750)	2,357	-	-	(31,607)	-	(30,000)
Balance at 31 December 2011	**17,463**	**468,413**	**10,564**	**(60,741)**	**(30,262)**	**197,558**	**293,318**	**896,313**

Notes 1 to 39 and Appendices I to IV form an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – YEAR 2010
(Thousand euro)

	Attributable to equity holders of the Parent Company							
	Share Capital (Note 15)	Share Premium (Note 15)	Legal Reserve (Note 15)	Hedging reserve (Note 11)	Cumulative translation difference (Note 16)	Retained earnings (Note 17)	Non-controlling interests (Note 17)	Total equity
Balance at 31 December 2009	**17,463**	**469,763**	**5,850**	**(13,663)**	**10,492**	**183,088**	**52,457**	**725,450**
Profit/(loss) for the year	-	-	-	-	-	**63,155**	**805**	**63,960**
Net cash flow hedges	-	-	-	(22,653)	-	-	(1,304)	(23,957)
Foreign currency translation differences	-	-	-	-	27,627	-	7,192	34,819
Total other comprehensive income	-	-	-	**(22,653)**	**27,627**	-	**5,888**	**10,862**
Total comprehensive income	-	-	-	**(22,653)**	**27,627**	**63,155**	**6,693**	**74,822**
Other movements (Incentives; net from tax effect) (Note 34)	-	-	-	-	-	(19,266)	-	(19,266)
Other movements	-	-	-	-	-	(1,510)	15,578	14,068
Dividends to equity holders of the company (Note 17)	-	(600)	2,357	-	-	(25,757)	-	(24,000)
Balance at 31 December 2010	**17,463**	**469,163**	**8,207**	**(36,316)**	**38,119**	**199,710**	**74,728**	**771,074**

Notes 1 to 39 and Appendices I to IV form an integral part of these consolidated annual accounts.

ISOLUX CORSÁN

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

CONSOLIDATED STATEMENT OF CASH FLOWS (Thousand euro)

	Notes	Year ended 31 December 2011	2010
Cash flows from operating activities			
Profit for the year before taxes		**32,826**	**84,909**
Adjustments for:			
- Depreciation, amortization and impairment losses	**6,7,8 & 2.5**	119,169	86,692
- Change in trade provisions		7,672	16,804
- Profit on non-current assets assigned to projects disposal	**24**	-	(26,562)
- Profit on property, plant and equipment disposal		687	-
- Share of results on investments accounted for the Equity Method	**9**	15,787	7,072
- Net financial results	**27**	217,280	115,721
- Financial remuneration on concessionary assets assigned to projects	**8.1**	(71,044)	-
- Other adjustments to profit for the year	**24**	(4,533)	-
Subtotal		**285,018**	**199,727**
Changes in working capital :			
- Inventories		64,226	(79,893)
- Trade and other receivables		61,124	(306,058)
- Financial assets at fair value through profit or loss		(14,119)	(1,796)
- Trade and other payables		(257,505)	318,774
- Provisions for other liabilities and charges		911	14,139
- Other changes		-	(4,303)
Cash generated from operations		**172,481**	**225,499**
- Taxes paid		(28,922)	(16,997)
Net cash generated from operating activities		**143,559**	**208,502**
Cash flows from investing activities			
- Acquisition of subsidiary, net of cash acquired	**32**	(60,869)	-
- Purchases of property, plant and equipment and intangible assets		(21,599)	(46,615)
- Income from property, plant and equipment and intangible assets disposal		3,789	1,415
- Acquisition of concessionary assets and non-current assets assigned to projects		(1,019,949)	(506,019)
- Net change in long-term payables		16,930	-
- Revenue due to non-current assets assigned to projects disposal		-	256,535
- Acquisitions of investments in associates and financial investments		(3,035)	(1,374)
- Net change in other receivables		(7,440)	(6,061)
- Interest received and other financial income		47,027	2,002
Net cash used in investing activities		**(1,045,146)**	**(300,117)**
Cash flows from Financing activities			
- Net income from borrowings		275,421	467,030
- Net reimbursement of borrowings		(77,943)	(124,616)
- Income from project finance		652,730	505,863
- Reimbursement of project finance		(104,843)	(58,037)
- Other debt instruments		43,135	-
- Interest paid		(246,638)	(161,718)
- Non-controlling interests contributions		128,711	-
- Dividends paid		(30,000)	(24,000)
Net cash generated from/(used in) financing activities		**640,573**	**604,522**
Net change in cash and cash equivalents		**(261,014)**	**512,907**
Cash and cash equivalents at beginning of the year		937,555	420,778
Exchange differences included in net change for the year		(2,175)	3,870
Cash and cash equivalents at the end of the year	**14.1**	**674,366**	**937,555**

Notes 1 to 39 and Appendices I to IV form an integral part of these consolidated annual accounts.

ISOLUX CORSÁN

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

1. General information

At the 2011 year end GRUPO ISOLUX CORSÁN, S.A. (hereinafter, the Company) forms a group (hereinafter, the Group) comprising the parent company Grupo Isolux Corsán, S.A. and its subsidiaries and associates. Additionally, the Group participates with other entities or members in joint ventures and temporary joint ventures (hereinafter, Joint Ventures). Appendices I, II, III and IV to these notes contain additional information on the entities included in the consolidation scope. The Group companies hold interests of less than 20% in other entities over which they have no significant influence. The Group's main activities and sales are carried on and made in Spain and Latin America, and it is in expansion in Asia, Africa and North America.

For the purposes of preparing the consolidated annual accounts, a group is understood to exist when the parent company has one or more subsidiaries, which are those entities that the parent company controls directly or indirectly. The principles applied during the preparation of the Group's consolidated annual accounts, together with the consolidation scope, are described in Note 2.2.

Appendix I to these notes set outs the identification details of the subsidiaries included in the consolidation scope under the full consolidation method.

Appendix II provides the identification details of the associates included in the consolidation under the equity consolidation method.

Appendix III contains the identification details of the joint ventures included in the consolidation scope under the proportionate consolidation method.

The parent company and certain subsidiaries are members of temporary joint ventures, whose assets, liabilities, income and expenses are recognized using the proportionate method. Appendix IV contains a detail of the temporary joint ventures of which Group companies are members.

Changes in the consolidation scope during 2011 are as follows:

- The following companies were incorporated: I.C. Plaza de Benalmádena Canarias, Líneas de Tabuate Transmisora de Energía LTDA, Isolux Projectos, Investimentos e Participaçoes LTDA, Residuos Ambientales de Galicia S.L., Societat Superficiaria Preventius Zona Franca S.A., Isolux Infrastructure, S.A. and Ciudad de la Justicia de Córdoba S.A.

- Shareholding increase in Cachoeira Paulista T. Energia, S.A., from 33.33% to 100% and in Grupo T-Solar Global, S.A., from 19.80% to 58.84%. (Note 32).

- Sale of 33.33% shareholding in Porto Primavera Transmisora Energía, S.A. and Vila do Conde Transmisora Energía, S.A. (See note 8).

Changes in the consolidation scope during 2010 were as follows:

- The following companies were incorporated: Isolux Corsán Concesiones de México, S.A. de C.V., Isolux Corsan Energy Cyprus Limited, Isolux Corsan Power Concessions India Private Limited, Mainpuri Power Transmission Private Limited, Isolux Corsán Concessions India Privated Limited, Soma Isolux Varanasi Aurangabad Tollway Private Limited, Isolux Soma and Unitech JV, Isolux Corsán Brasileña de Infraestructuras, S.L., ICI Soma JV, Carreteras Centrales de Argentina, S.A., Wett Holdings LLC., Eclesur, S.A., Empresa Concesionaria Líneas Eléctricas del Sur, S.A., Isolux Corsán Renovables, S.A , Isolux Corsán Panamá, S.A., Hixam Gestión de Aparcamientos III, S.L., Isolux Corsán Arabia Saudí, LLC and Isolux Corsán Gulf, LLC.

- The following companies were acquired: AB Alternative Investment, B.V., ICC Sandpiper, B.V., Isolux Corsán Participaciones de Infraestructura Ltda. Isolux Corsán Participaciones en Viabahía Ltda.

- Shareholding increase in Infinita Renovables, S.A. from 70% to 80.7%.

- Shareholding decrease in Luxeol, S.L. from 100% to 70% and in Viabahia Concessionaria de Rodovias, S.A. from 75% to 55%.

- Joint ventures sale in Brazil (see note 8.1), sale of Infinita Renovables Patagonia, S.A. and Aparcamientos IC Gómez Ulla, S.L.

- During the year, Isolux de México, S.A. de C.V. absorbed Isolux Corsán Construcción S.A. de C.V. (both came within the consolidation scope in 2009).

On 17 December 2004, the Company was incorporated which, following several name changes, is now named Grupo Isolux Corsán, S.A. The Company is the parent of a group that is continuing the activities of Grupo Isolux Wat. The latter group gained broad experience in the Spanish market and was engaged mainly in engineering. At the beginning of 2005 it merged with the Corsán Corviam Group, which was also reputable and engaged mainly in construction. Grupo Isolux Corsán is the result of the 2005 merger.

Grupo Isolux Corsán, S.A.'s registered office is at Caballero Andante 8 Street, 28021 Madrid, Spain. The Company is registered in the Madrid Mercantile Register, volume 20,745, book 0, section 8, sheet 194; page M-367466, entry 11. The latest adaptation and rewording of its bylaws is entered in volume 20,745, book 0, section 8, sheet 189, and page M-367466, entry 7.

Grupo Isolux Corsán, S.A. does business in Spain and abroad, mainly consisting of the following activities (carried on by the Company itself or its subsidiaries):

- Engineering studies, industrial assembly and manufacture of the necessary components, integrated facilities and construction.
- Manufacture, sale and representation of electrical, electronic, electromechanical, computer and industrial products, machinery and equipment.
- Rendering of all types of consultancy, audit, inspection, metering, analysis, report, research and development services; project design, planning, supply, execution and assembly; project and site management and supervision; tests, trials, commissioning, control and evaluation; repair and maintenance services in integrated facilities; electrical and electronic facilities, air conditioning and aeration systems; sanitary fluid and gas systems; elevators and freight elevators; fire protection and detection systems; hydraulic systems, information systems, mechanical and industrial systems; communications, energy, environment; and energy lines, substations and power plants.
- Integrated construction, repair, conservation and maintenance of all kinds of construction and all kinds of installation and fitting work.
- Purchase, sale, lease and operation by any means of real property or real property rights.
- Holding, management and administration of securities and equity interests in any entity.

The Group mainly operates through the following business lines:

- Construction: all kinds of civil engineering and construction projects, both residential and non-residential.
- Engineering and industrial services: engineering, energy, telecommunications, installations and environment.
- Concessions: the Group holds land infrastructure concessions including motorways and car parks, and electricity infrastructure concessions such as high-voltage power cables and power plants and transformation energy plants.
- Renewable energy: activity in bio-fuel and solar-photovoltaic energy.

During 2011, the Group initiated an initial public offering, which affects the concession and solar-photovoltaic energy division, in the Sao Paulo (Brazil) Stock Exchange, where it was registered as a "publicly-held company" in December. At the date of preparation of these consolidated annual accounts, the Group had not yet issued securities.

These consolidated annual accounts were prepared by the Board of Directors on 26 March 2012. The Directors will submit these consolidated annual accounts to the General Shareholders` Meeting for approval. The accounts are expected to be approved without changes.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation these consolidated annual accounts are set out below. These policies have been consistently applied to all the financial years presented in these consolidated annual accounts.

2.1. Basis of presentation

The Group's consolidated annual accounts at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for its use by the European Union, approved by the European Commission Regulations (IFRS-EU) and effective at 31 December 2011. The group started working under IFRS-EU on 1 January 2006.

The policies described below have been consistently applied to all the financial years presented in these consolidated annual accounts.

The amounts are expressed in thousands of euro in this document, unless otherwise stated.

The consolidated annual accounts have been prepared on a historical cost basis, except for certain cases stipulated by IFRS-EU in which assets and liabilities are carried at fair value. The Company has made the following choices in cases in which IFRS-EU allow for alternative criteria:

- Measurement of property, plant, equipment and intangible assets at historical cost, capitalizing financial expenses over the construction period.
- Joint ventures and temporary joint ventures are proportionately consolidated.

The preparation of consolidated annual accounts under IFRS-EU requires the use of certain critical accounting estimates. It also requires that management exercise judgment in the process of applying the Company's accounting policies. Note 4 discloses the areas that require a higher level of judgment or entail greater complexity, and the areas where assumptions and estimates are significant for the consolidated annual accounts.

Standards, amendments and interpretations that came into effect in 2011

New and amended standards adopted by the Group:

- IAS 24 "Related-party disclosures". Revised in 2009, this clarifies and simplifies the related-party definition. In addition, it abolishes certain related-party disclosure requirements such as the disclosing of all transactions carried out with government-related entities and other related-parties. These requirements in the revised standard can be fully or partially adopted in advance.

- IFRIC 19 "Extinguishing financial liabilities with equity instruments". IFRIC 19 clarifies the IFRS requirements when an entity renegotiates the terms of a financial liability and issues shares to its creditors to fully or partially extinguish the financial liability (debt-for-equity swap). This interpretation requires booking a profit or loss when the liability is settled through the issue of equity instruments. The profit or loss is calculated as the difference between financial liability carrying amount and the fair value of the equity instruments issued. If the fair value of the equity instruments cannot be determined in a reliable way, the fair value of the financial liability will be used to determine the profit or loss and to book the equity instruments issued. The Group applies this interpretation from 1 January 2010, on a retrospective basis.

- The 2010 improvements project was published by IASB in May 2010 and adapted by the EU in February 2011. It modifies IFRS 1 "First-time adoption of IFRS", IFRS 3 "Business combinations", IFRS 7 "Financial instruments: information disclosure", IAS 1 "Presentation of financial statements", IAS 27 "Consolidated and separate financial statements", IAS 34 "Interim financial reporting" and IFRIC 13 "Customer loyalty programmes". Amendments introduced by this improvement project must be applied from 1 January 2011, except for the amendments with respect to IFRS 3 and IAS 27; these must be applied to those periods beginning from July 2010.

The new standards, amendments and interpretations adopted by the Group have no significant impact on these consolidated financial statements.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not adopted in advance:

- IFRS 7 (amended) "Financial instruments: information disclosure – financial assets transfer". The amendment to IFRS 7 requires additional disclosures concerning risk exposures arising from financial assets transferred to third parties. This amendment will affect, among others, financial assets for sale, factoring agreements, financial assets securitization and securities loan arrangements. Although they may be adopted in advance, amendments to IFRS 7 are of compulsory application for those periods beginning from 1 July 2011.

No significant impact on the Group's consolidated financial statements is expected from these amendments.

Standards, amendments and interpretations not adopted by the European Union:

- IAS 19 "Employee benefits", modified in June 2011. The effect of this amendment is described below: removal of the broker approach and registration in the overall income statement of all actuarial profit or loss at the timet they occur; immediate recognition of all past services costs; and substitute interest cost and the expected return on subject-to-plan assets by an amount (net of interest) calculated by applying the discount rate to the defined benefit plan net liability (asset). In this respect, the Group has yet to assess the full impact of these amendments.

- IFRS 9 'Financial instruments', addresses the classification, valuation and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces those parts of IAS 39 that relate to the classification and valuation of financial instruments. IFRS 9 requires financial assets to be classified into two valuation categories: those valued at fair value and those valued at amortised cost. The determination is made at the initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in those cases in which the fair value option is adopted for financial liabilities, the part of a change in fair value due to an entity's own credit risk is booked in other overall income rather than the income statement, unless this creates an accounting mismatch. The group has yet to fully or partially assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2013.

- IFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard has not been adopted by the European Union, and so the Group has yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

- IFRS 11 "Joint arrangements". Although this standard has not yet been adopted by the European Union, its application is compulsory no later than the accounting period beginning on or after 1 January 2013.

- IFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. This standard has not been adopted by the European Union, and so the group has yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- IFRS 13 "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. These requirements, which are in general aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard has not been adopted by the European Union, so the group has yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012.

- IAS 28 (Revised 2011) "Associates and joint ventures". Includes the requirements for joint ventures, as well as associates, to be equity accounted for after the issue of IFRS 11. This standard has not been adopted by the European Union and will be mandatory no later than the accounting period beginning on or after 1 January 2013.

- IAS 32 (Revised) and IFRS 7 (Revised) "Financial assets and liabilities compensation". The IAS 32 amendment will be of compulsory application, on a retrospective basis, for those periods beginning from 1 January 2014. The IFRS 7 amendment has not been adopted by the European Union and will be of compulsory application, on a retrospective basis, no later than the accounting period beginning on or after 1 January 2013.

The Group is assessing the impact that these new standards, amendments and interpretations would have on Consolidated Annual Accounts, if they they were adopted.

There are no other non-effective IFRS or IFRIC interpretations that are expected to significantly impact Group's financial statements.

2.2. Consolidation

Subsidiaries

Subsidiaries are all entities (including special-purpose companies) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control when it does not hold more than 50% of voting rights but has the ability to manage financial and operating policies through "de facto" control. Such de facto control may arise when the number of Group's voting rights compared with the number and dispersion of other equity-holders' shares provide the Group the ability to manage financial and operating policies, etc.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

When through the acquisition of a subsidiary, the Group acquires a group of assets or net assets that are not a business, the group cost is allocated between the identifiable assets and liabilities within the group based on their fair values at the acquisition date. When the Group incurs in costs related to the acquisition of a participation in an entity that is not a business and the transaction has not been finalized at year end, the aforementioned costs are recognized in the balance sheet if it is likely that the transaction will be carried out successfully after year end. In the event that the transaction cannot be estimated as likely, the incurred costs are recognized as expenses in the income statement.

The Group applies the acquisition method to register business combinations. The consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred and the liabilities incurred with the previous owners and the equity interests issued by the Group. The above-mentioned consideration includes the fair value of any asset or liability arising from a contingent consideration agreement. Identifiable assets acquired and liabilities and contingent liabilities undertaken in a business combination are measured at fair value on the acquisition date. For each business combination, the Group may recognize any non-controlling interest in the acquired company at either its fair value or the percentage of such non-controlling interest in the acquired company's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired the difference is recognized in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Appendix I to these notes set outs the identification details of the subsidiaries included in the consolidation scope under the full consolidation method.

Aparcamiento Los Bandos Salamanca S.L. and Aparcamientos IC Sarrión where the group holds a 70% and a 51% of the shares, respectively, are not considered subsidiaries as the control is not held by the Group. Agreements established between shareholders result in the investment being considered as a joint venture (See Appendix III).

At 31 December 2011, the Group holds 100% of ICC Sandpiper ordinary shares. In addition, it holds most of the voting rights in the Board of Directors of the company; however, MSIP approval is required for the Group to take certain strategic and financial decisions. As a result, the Group classifies its shareholding in ICC Sandpiper as a joint venture (See Appendix III).

Agua Limpia Paulista, S.A., Concesionaria Autovía A-4 Madrid, S.A., ARRL (Mauritius) Limited and Parque Solar Saelices, S.L., where the Group holds 40%, 48.75%, 50% and 5%, respectively, are considered subsidiaries since control is held by the Group, as a result of shareholder agreements (See Appendix I).

Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Changes in the shareholding in subsidiaries without changes in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Joint ventures

The Group treats incorporated or unincorporated entities in which two or more members have joint control under contractual agreements as joint ventures. Joint control is understood to be the situation established in an agreement between the parties in which financial and operating decisions require the consensus of all members.

Interests in joint ventures are consolidated using the proportionate consolidation method, with the exception of Landscape Corsán, S.L., Pinares del Sur, S.L., Las Cabezadas de Aranjuez, S.L. and Alqlunia 5, S.L. The Group's shareholding in these companies amounts to 50%, 50%, 40% and 50% respectively. They are consolidated through the equity method. The Group combines its share of the assets, liabilities, income, expenses and cash flows of the jointly controlled entity, line by line, with similar items in its own accounts. The Group recognizes, in its consolidated annual accounts, the portion pertaining to the other members of the jointly controlled entity of any profits or losses obtained from the sale of the Group's assets to the entity. The Group does not recognize its own share of the profits or losses of the jointly-controlled entity derived from the purchase by the Group of the entity's assets, until those assets are sold to an independent third party. A loss is immediately recognized on the transaction if it causes a reduction in the net realizable value of current assets or an impairment loss.

Appendix III to these notes set outs the identification details of the joint ventures included in the consolidation scope under the proportionate consolidation method, except those companies mentioned above, which are consolidated through the equity method.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If ownership in an associate is reduced, but significant influence is retained, only a proportionate share of those amounts previously recognized through the overall income statement are reclassified to the income statement, as appropriate.

The Group's share on its associates' post-acquisition profits or losses is recognized in the income statement and its share of post-acquisition movements in other comprehensive income statement is recognized in the comprehensive income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

At each financial information reporting date, the Group assesses if there is any objective evidence of impairment of the investment value in the associate. In such case, the Group caculates the amount of impairment as the difference between the associated recoverable amount and its carrying amount, and recognizes the amount adjacent to "share of profit/ (loss) of an associate" in the income statement.

Gains and losses on transactions between the Group and its associates are recognized in its financial statements to the extent they correspond to other investors' share in associates not related to the investor. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains or losses in associates are recognized in the income statement.

Appendix II to these notes set outs the identification details of the associates included in the consolidation scope under the equity consolidation method.

Temporary joint ventures (UTEs)

A temporary joint venture (UTE), as defined by Spanish legislation and similar legislations, is a system in which entrepreneurs collaborate for a specified, fixed or undetermined period to carry out or to execute a construction work, service or supply.

The UTE's balance sheet and income statement items are included in the shareholder's balance sheet and income statement on a proportionate basis. Transactions between the UTE and other Group subsidiaries are eliminated.

Appendix IV contains details of each UTE consolidated using the proportionate method.

2.3. Foreign currency transactions

Functional and presentation currency

The items included in the annual accounts of each of the Group companies are measured using the currency of the principal economic environment in which the company operates ("functional currency"). The consolidated annual accounts are presented in euro, the Company's functional and presentation currency, although figures are expressed in thousands of euro for presentation purposes.

Transactions and balances

Transactions in foreign currency are translated to the functional currency using the exchange rates effective at the transaction dates; at the year-end they are measured at the exchange rate in force at that moment. Foreign exchange 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.

Changes in the fair value of monetary instruments denominated in foreign currency and classified as held 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 results for the year and other changes in the carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss are recognized in profit and loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equity instruments classified as available-for-sale financial assets are included in other comprehensive income.

Group companies

Results and the financial position of all Group companies (none of which has the currency of a hyperinflationary economy) whose functional currency differs from the presentation currency are translated into the presentation currency as follows:

- The assets and liabilities on each balance sheet presented are translated at the closing exchange rate at the balance sheet date;
- The income and expenses in each income statement are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates existing at the transaction dates, in which case income and expenses are translated at the rates on the transaction dates); and
- All resulting exchange differences are recognized as a separate component of equity (other comprehensive income).

On consolidation, any exchange differences resulting from the translation of a net investment in foreign companies and loans and other instruments in foreign currency designated as hedges of those investments are recognized in equity. When sold, such exchange differences are recognized in the income statement as part of the profit or loss on the sale.

Adjustments to goodwill and fair value arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the year-end exchange rate, except goodwill arising prior to 1 January 2006.

2.4. Property, plant and equipment

Property, plant and equipment mainly comprise lands, buildings, plants, offices, technical installations, machinery and tooling. Property, plant and equipment are recognized at cost less depreciation and cumulative impairment losses, except for land, which is presented net of impairment losses. Historical cost includes expenses directly attributable to purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is likely that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of a replaced component is written off the accounts. All other repair and maintenance expenses are charged to the income statement in the year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated on a straight-line basis in order to allocate costs to their residual values over their estimated useful lives, using the following rates:

	Rate
Buildings	1 % - 3 %
Plant	6 % - 14 %
Machinery	10 % - 17 %
Tooling	12.5 % - 33 %
Furnishings	5 % - 16 %
Data-processing equipment	12.5 % - 25 %
Vehicles	8 % - 14 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on the sale of property, plant and equipment are calculated by comparing the proceeds with the carrying amount and are included in the income statement on the line "Other operating revenue". Own work capitalized is carried at production cost and reflected as income in the income statement.

Assets received through debt collection procedures are measured at the lower of the price related to the receivable for the corresponding asset, and market price.

2.5. Investment property

The heading "Investment Property" on the consolidated balance sheet includes the net carrying amount of such land and buildings that are held to be rented under a lease-to-purchase modality.

Based on applicable legislation, investment property are valued at acquisition cost, applying the same criteria as those established for property, plant and equipment elements, regarding capitalization and depreciation, as stated in note 2.4.

In line with the presentation and disclosure requirements contained in IAS 40, and unless the Group applies the cost method to value its investment property, it also determines their fair value periodically, measured as their value in use. The value in use amount is determined based upon market assumptions made by the Group.

Depreciation of real-estate investments is recognized annually through the income statement on a useful life basis; profit / (loss) for the year includes 94 thousand euro, corresponding to depreciation expenses.

2.6. Intangible assets

Goodwill

Goodwill arises from the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable net assets acquired, liabilities and contigent and the fair value of the non-controlling interest in the acquired company.

For the purposes of impairment testing, goodwill acquiring in a business combination is allocated to each cash generating unit, or group of cash generating units, which are expected to benefit from the combination synergies. Each unit or group of units to which the goodwill is allocated, represents the lowest level in the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Impairment losses on goodwill are reviewed at least once a year or more frequently if events or changes in circumstances indicate a potential impairment loss. Goodwill's carrying amount is compared with the recoverable amount, which is the higher of the value in use or the asset's fair value less sale costs. Any impairment loss is immediately registered as an expense and cannot be reversed.

Administrative concessions

Administrative concessions are recognized in the amount paid by the Company with respect to assignment or operating royalties. In certain cases, concessions relate to the administrative authorization granted by municipal authorities or other public bodies for the construction and subsequent operation of car parks, highways, electric transmission lines and other assets during the periods specified in the relevant contracts; assets related to those concessions are classified under the heading "concessionary assets assigned to projects" (Note 2.7).

Computer software

Software licenses acquired from third parties are capitalized on the basis of the costs incurred to acquire and prepare the licenses for the use of a specific program. These costs are amortized over the useful life of the software for a maximum of 5 years.

Costs associated with developing or maintaining computer software programs are recognized as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

Computer program development costs recognized as assets are amortized over the program's estimated useful lives (no more than 5 years) on a straight-line basis.

Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs incurred in development projects (related to the design and testing of new or improved products) are recognized as intangible assets when the following requirements are met:

- Completion of production of the intangible asset so that it becomes available for use or sale is technically possible;
- Management intends to complete the intangible asset in question, for use or sale;
- There is capacity to use or sell the intangible asset;
- The manner in which the intangible asset will generate probable future economic benefits is demonstrable;
- Adequate technical, financial or other resources are available to complete development in order to use or sell the intangible asset; and
- The outlay attributable to the intangible asset during development can be reliably measured.

Other development expenditure is recognized as an expense when incurred. Development expenses previously recognized as an expense are not recorded as an asset in a subsequent period. No development costs are capitalized at 31 December 2011 and 2010.

Contracts portfolio

Contractual relations with clients acquired through Business combinations are recognized at its fair value at the acquisition date. Contractual customers relationships have a definite life and are measured at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis during the expected duration of the contract (5 years).

Permits, licenses and authorizations (PLA's)

These intangible assets consist of permits, licenses and authorizations required for solar-photovoltaic plant construction. On the date those requirements are met, the costs are capitalized as an intangible asset – this means that, when it is probable that future economic benefits associated with the asset flow to the Group and when the asset cost can be valued on a reliable way. The rest of costs related to PLA's are registered in the income statement during the period in which they are incurred.

PLA's are recognized as intangible assets until the construction of the related solar plants is initiated. At that timet, permits, licenses and authorizations are reclassified as property, plant and equipment, since solar plants cannot be operated without the corresponding permits, licenses and authorizations.

Depreciation of permits, licenses and authorizations is calculated on a lineal basis over the estimated useful life (25 years) and starts once the plants come into operation.

2.7. Concessionary assets and other non-current assets assigned to projects

When concessions refer to administrative authorization granted by several public bodies for the construction and later operation, during the period stated in the corresponding agreements, of car park, highways, electric transmission lines and other assets, they are treated as established in IFRIC 12 from an accounting perspective. This applies only when, according to the contractual terms, the Group has authorization to operate the infrastructure but does not control because:

- The concession assets are owned by the granting authority in the majority of cases.
- The granting authority controls or regulates the concession holder's services and the conditions under which they must be rendered.
- Operated by the concession holder in accordance with the criteria set out in the concession documents during the stipulated concession term.
- At the end of that period, the assets revert to the granting authority and the concession holder no longer holds any rights in this respect.

In the cases in which concessions are under the IFRIC 12 scope, related assets may be classified as:

- Financial assets: When the granting authority establishes an unconditional right to receive cash or other financial assets, regardless of public service demand made by users.
- Intangible assets: Only in such cases in which contractual arrangements do not set an unconditional right to receive cash or other financial assets from the granting authority, regardless of public service demand made by users.

These concessions are mainly funded under the heading of "Project Finance".

Although additional guarantees may exist during the construction and operational phases, these funding structures are usually applied to projects that in themselves provide enough support to financial entities related to the debts incurred. Each of these projects is performed through specific companies by which the project's assets are funded on the one hand by promoters contributions, limited to a certain amount, and on the other hand through long-term debt from third parties. Debt servicing of these loans is mainly supported by future cash flows generated by the project and by real guarantees on the project's assets.

Revenue is recognized at the fair value of the service rendered.

<u>Construction services:</u>

The Group recognizes construction services revenue as stated in note 2.23.

The amounts received or outstanding related to construction services are recognized at their fair value.

Assets are valued based upon the costs directly attributable to the construction, such as studies and projects, expropriations, service replacement, work execution, work managment and administration, plants and buildings, until they are in operation, as well as the corresponding part of other indirect attributable costs. This type of costs can be capitalized to the extent that they correspond to the construction period. Likewise, those financial expenses accrued during the construction period are also capitalized (under the intangible asset model).

The Group recognizes contractual obligations to the extent related services are incurred. Nonetheless, when the granting authority has complied with its contractual obligations to a greater extent than those commitments corresponding to the Group's concessionary entity, a liability and an increase in the intangible assets will be recognized for the amount that equalises the obligation rendered by the group to the obligation committed by the granting authority. This situation mainly occurs when the Group's concessionary entity has the right to charge users from the beginning of the concession period and the infrastructure previously existed and will be improved and/or extended later.

Under the intangible asset model, dismantling, retirement or replacement accruals as well as work relating to improvements or increases in capacity the associated incomeof which is included in the concession contract, are recognized from the beginning of the concession period as part of the fair value of the asset. Financial discounts of such accruals and the corresponding amortization are recorded in the income statement for the period.

In addition, provisions related to major repairs are registered in the income statement in a systematic and accrual basis.

Under the financial asset model, the construction service counterpart is a receivable which also includes a financial remuneration. It is calculated based upon the project's expected rate of return in line with its estimated flows, which includes inflation forecasts and tariff reviews in those cases in which they are included in the contract. Once the operational phase begins, the receivable is valued at amortized cost and any difference between actual and expected flows will be recognized in the income statement. Unless the circumstances affecting concession asset flows significantly change (economical re-balances approved by the granting authority, contract enhancement, etc.), the rate of return will not be modified.

Financial remuneration in concession financial assets is classified by the Group as operating revenue, since it is part of the Group's general activity, which is exercised on a regular basis and generates income periodically.

Maintenance and operational services:

Safeguarding and maintenance costs not representing an increase in an assets useful life or productive capacity are registered as an expense in the period in which they occur. At the end of the concession period, the whole investment, net from any amount to be reimbursed by the granting authority, will be covered through recognition of depreciation. The concessionary entity receives income based on services rendered, either directly through the users or through the granting authority.

Once the operational phase begins, collections and operational costs are recognized as operating income and expenses, respectively, in the year. Under the intangible asset model, assets are depreciated on a straight-line basis over the concession period, except for highways and car parks, which are depreciated based upon the demand (traffic volume and expected occupation) during the concession life. At each balance sheet date the project performance is reviewed to assess if assets will be recovered through operating income generated over the concession period; otherwise, there would be an impairment.

2.8. Interest costs

Interest costs incurred in the construction of any qualifying assets are capitalized over the period needed to complete and prepare the asset for the intended use. Other interest costs are expensed.

2.9. Impairment of non-financial asset

Assets with an indefinite useful life and goodwill are not amortized/ depreciated and are tested annually for impairment. Assets subject to amortization/depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.

2.10. Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and held for sale. The classification depends on the purpose for which the financial assets were acquired. Management establishes the classification of financial assets when they are initially recognized and reviews the classification at each reporting date.

In accordance with IFRS 7 amendment, the Group classifies market-valued financial instruments based on the lowest of used data that were significant with respect to the instrument whole fair value. In compliance with this standard, financial instruments must be classified as follows:

1. Quoted prices in active markets for identical instruments.
2. Directly (prices) or indirectly (based on prices), observable data for the instrument.
3. Data not based on market observations.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired mainly for short-term sale. Derivatives are also categorized as held for trading unless they are designated as hedges. The assets in this category are included in current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (Note 2.13), as well as in concessionary assets assigned to projects in the case of receivables related to the financial assets model (Note 2.7).

They are also included under the consolidated balance sheet heading “cash and cash equivalents” (Note 2.14).

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that Group management has the positive intention and ability to hold to maturity. If the Group sells a non-insignificant amount of its held-to-maturity financial assets, the entire category will be reclassified as held for sale. Such available-for-sale financial assets are included in non-current assets, except those that mature within 12 months as from the balance sheet date, which are classified as current assets.

Financial assets held for sale

Financial assets held for sale are non-derivatives assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition of financial assets

Acquisitions and disposals of investments are recognized at the trading date, i.e. the date the Group undertakes to acquire or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially carried at fair value and transaction costs are taken to the income statement. Investments are written off when the rights to receive cash flows from them have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains and losses resulting from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the year in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement when the Group’s right to receive payment is established.

Changes in the fair value of monetary instruments denominated in foreign currency and classified as held for sale are analyzed by separating the differences in the instrument's amortized cost and other changes in the instrument's carrying amount. Translation differences on monetary instruments are recognized in the income statement, while translation differences on non-monetary instruments are recognized in equity (other comprehensive income). Changes in the fair value of monetary and non-monetary instruments classified as held for sale are recognized in equity (other comprehensive income).

When available-for-sale instruments are sold or impaired, the cumulative fair value adjustments recognized in equity are taken to the consolidated income statement.

Interest on available-for-sale instruments calculated using the effective interest rate method is recognized in the income statement item "Net financial results". Dividends from available-for-sale equity instruments are recognized in the income statement in "Net financial results" when the Group's right to receive payment is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value using measurement techniques which include recent uncontrolled transactions between willing and knowledgeable parties relating to other instruments that are substantially identical and the analysis of discounted cash flows and option pricing models, maximizing market input and relying as little as possible on the entity's specific inputs.

At the balance sheet date, the Group assesses whether there is objective evidence of impairment losses with respect to a financial asset or group of financial assets. For equity instruments classified as held for sale, in order to determine whether there is impairment losses it will be necessary to examine whether there is a significant or protracted below cost decline in the fair value of the securities. If there is any evidence of this type for available-for-sale financial assets, the cumulative loss determined as the difference between the acquisition cost and current fair value, less any impairment loss in that financial asset previously recognized in the income statement, is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

Impairment testing of receivables is described in Note 2.13.

A financial assets are derecognized when all risks and benefits associatedwith the asset's ownership are substantially transferred. In the case of receivables, this transference takes place when credit and default risks are transferred.

Financial assets and liabilities are offset and presented by its net value in the balance sheet when there is a legally enforceable right to offset the recorded amounts, and the Group has the intention to settle or to realize the asset and settle the liability simultaneously.

2.11. Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value at the contract date and are subsequently re-measured at fair value. The method to recognize the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the item being hedged. The Group may designate certain derivatives as:

- fair value hedges of recognized assets and liabilities (fair value hedge);
- hedges of a specific risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge); or
- hedge of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives used in hedge transactions are highly effective in offsetting changes in the fair value or cash flows of the hedged items.

The fair value of some derivative instruments used for hedging purposes is shown in Note 11. Movements on the hedging reserve are shown in the consolidated statement of changes in equity and Consolidated Statement of Comprehensive Income. The total fair value of hedging derivatives is classified as a non-current asset or liability if the period to maturity of the hedged item is more than 12 months and as a current asset or liability if the period to maturity of the hedged item is less than 12 months. Derivatives not classified as hedges for accounting purposes are classified as current assets or liabilities.

Regarding the amendment in IFRS 7, the Group proceeds to classify financial instruments market valuations as stated in Note 2.10.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in the income statement together with any change in the fair value of the hedged asset or liability that may be attributable to the risk hedged.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item for which effective interest rate method has been used, is recorded as profit or loss up to its maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is immediately taken to the income statement item "Net financial results".

Amounts accumulated in equity are reclassified to in the income statement in the periods when the hedged item affects results (for instance, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable-rate borrowings is recognized in the income statement item "Net financial results". The gain or loss relating to the effective portion of forward foreign currency contracts hedging sales is recognized in the income statement item "Sales" and the ones hedging purchases is recognized in "Materials consumed and other external costs".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and it is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement item "Net financial results".

Net investment hedge

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity. The gain or loss relating to the ineffective portion is immediately recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

At 31 December 2011 and 2010 the Group does not hold net foreign investment hedge derivatives.

Derivative financial instruments at fair value through profit or loss

Certain derivatives do not qualify for hedge accounting and are recognized at fair value through profit or loss. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are immediately recognized in the income statement item "Net financial results".

2.12. Inventories

Raw materials and finished products are carried at the lower between the acquisition or production cost, using the weighted average cost method, or the net realizable value (the lowest).

Finished products and work in progress items costs include design costs, raw materials, direct work force, other direct costs and general manufacturing costs (based on a normal capacity of production facilities). Changes in prices of such inventories referred to variable indexes are recorded against inventories value.

Buildings under construction and other structures are measured based on direct execution costs, also including financing costs incurred during the development phase and structural costs attributable to the projects. These items are classified as short- or long-term cycle depending on whether the period to completion is less or more than twelve months.

Obsolete, defective or slow-moving products are written down to their net realizable value.

Inventories comprise biological assets (see Note 2.29).

Net realizable value is the selling price estimated during ordinary business course, less applicable sale variable costs.

2.13. Trade and other receivables

Trade receivables are amounts due from customers related to goods sold or services rendered in the ordinary course of business. If the receivables are expected to be collected in a year or less (or in the operation cycle if longer), they are classified as current assets. Otherwise, they are recorded as non-current assets.

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the receivables. The existence of significant financial difficulties on the part of the debtor, the probability that the debtor will become bankrupt or undertake a financial restructuring, and late payment or default are considered to be indicators of the impairment of a receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The asset's carrying amount is written down as the provision is applied and the loss is recognized in the income statement. When a receivable is uncollectable, the provision for receivables is adjusted accordingly. Subsequent recoveries of receivables written off are recognized in the income statement for the year in which the recovery takes place.

2.14. Cash and cash equivalents

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

2.15. Share capital

Share capital consists entirely of ordinary shares classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are redeemed, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any incremental cost on the transaction which is directly attributable and the corresponding income tax effects, and is included in equity attributable to the Company's equity holders.

2.16. Deferred income

a) Official grants

According to IFRS-EU, official grants are booked when there is a reasonable assurance of compliance with all the conditions related to their enjoyment and that they will be received. Grants and aids given to the Group are subject to several conditions. Expectations on compliance with requirements to get the above-mentioned grants are continually assessed, considering that they will be fulfilled without the Group having to restore them. Thus, grants are recognized at 31 December 2011 and 2010 (Note 18).

The Group has several grants to fund its investments. Due to the varied characteristics of each grant received, judgement is used to determine their amount in those cases in which the aids refer to non-interest-bearing loans. In these situations, implicit interests are computed by using the effective market rate to calculate a loan's fair value. The difference between the nominal amount and the fair value of loans is considered as deferred income and is registered in the income statement in line with what is being financed. If the non-interest-bearing loan is allocated to an asset acquisition, the deferred income is registered as profit / (loss) for the year, during the useful life of that asset. Otherwise, if the non-interest-bearing loan is related to an operating cost, the deferred income is recognized in the income statement at the time that the expense is incurred.

b) Non-interest-bearing loans granted by official entities

Non-interest-bearing loans recieved by the Group are registered at present value (calculated applying the effective market interest rate). The difference at the initial date between the nominal value of the loan and its present value is booked as follows:

When the funding is allocated to an asset acquisition, the above-mentioned difference is considered as deferred income and is registered on the income statement during the period in which such financial assets are amortized.

c) Deductions

Tax revenue corresponding to deductions or allowances in the income tax amount pending of application, from investments in non-current assets, is registered in the consolidated income statement in the same period in which the non-current asset that gave rise to them is depreciated, because they are specific aids subject to certain conditions and aimed at encouraging investment in renewable energies.

2.17. Trade and other payables

Trade payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method.

Payables are classified as current liabilities if payments mature is less than a year. Otherwise, they are classified as non-current liabilities.

2.18. Compound financial instruments

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19. Borrowings

Borrowings are initially carried at fair value net of transaction costs. They are subsequently measured at amortized cost. Any differences between the funds obtained (net of necessary costs) and their repayment value are recognized in the income statement over the life of the debt applying the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Interest and other costs incurred to obtain bank loans are taken to the income statement for the year on an accrual basis.

2.20. Current and deferred taxes

Tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement except to the extent it relates to items recognized directly in equity. In this case, tax is also recognized in equity.

The current tax charge is calculated based on the tax laws approved or about to be approved at the balance sheet date in the countries where the Group's companies operate and generate results subject to tax. Management assesses regularly the positions taken in relation to tax returns with respect to situations where tax law is subject to interpretation, and establishes, where appropriate, the necessary provisions on the basis of the amounts that it is expected to pay to the tax authorities.

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 in the consolidated annual accounts. However, if the deferred taxes arise 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 the tax gain or loss, they are not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income 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 offset.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is likely that the temporary difference will not reverse in a foreseeable future.

Deferred tax assets and liabilities are offset if, and only if, there is a legally recognized right to offset current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities derive from income tax levied by the same taxing authority on the same taxable entity or person or different taxable entities or persons which intend to settle current tax assets and liabilities on a net basis.

2.21. Employee benefits

Pension and retirement obligations

For the purposes of their accounting treatment, defined contribution plans under which the company's obligation consists solely of contributing an annual amount must be differentiated from defined benefit plans under which employees are entitled to a specific benefit on the accrual of their pensions.

<u>Defined contribution plans</u>

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a fund and has no legal or constructive obligation to make additional contributions if the fund has insufficient assets to pay to all the employees the benefits related to the services rendered in the current year and in prior years. Contributions accrued in respect of defined contribution plans are expensed annually.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan usually defines the amount of the benefit that will be received by an employee at the time of retirement, normally on the basis of one or more factors such as age, years of service and remuneration.

The liability recognized in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets and any unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries in accordance with the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash flows at interest rates on government bonds denominated in the currency in which the benefits will be paid and maturities similar to those of the relevant obligations.

At 31 December 2011 and 2010 the Group does not hold such kind of operations.

Termination benefits

Termination benefits are payable as a result of the Group's decision to terminate employment before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes these benefits when it has demonstrably undertaken to terminate current employees' employment 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.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's equity holders after certain adjustments. The Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

2.22. Provisions

The Group recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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. The increase in the provision due to passage of time is recognized as interest expense.

Guarantee accruals

The Group grants guarantees to customers covering its photovoltaic panel sale contracts. Related accruals are compounded based on a theoretical forecast and historical information on default rates and estimated repair costs; they are periodically revised and adjusted. These accruals are registered through operating expenses by the estimated value of future claims related to the above-mentioned arrangements.

Dismantling accruals

Based on technical studies performed, the Group has estimated the present dismantling cost of solar and biodiesel plants recognized under the heading of assets assigned to projects. This estimation has been capitalized as higher asset value and depreciated over its useful life, which in most cases is similar to lease contracts subscribed for the lands in which the plants have been installed.

In addition, the Group has capitalized the present value of the estimated dismantling and retirement costs of the plants at the end of their useful life.

2.23. Revenue recognition

Sales include the fair value of payments received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Sales are presented net of value added tax, returns, rebates and discounts, and after eliminating sales within the Group.

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

The methods used to recognize revenue in each of the Group's business activities are described below:

Construction business

When the results of a construction contract may be reliably estimated, ordinary revenue and associated costs of the contract are recognized as such in the income statement, based on the percentage of completion of the activity performed under the contract at the balance sheet date. When a project is expected to generate a loss, the necessary provisions are recorded to cover the entire loss during preparation of the updated budget.

Percentage of completion is generally determined by examining work executed. This method may be used since all contracts generally include:

- a definition of each project unit that must be executed to complete the whole project;
- a measurement of each of these project units; and
- the price at which each unit is certified.

In order to put this method into practice, at the end of each month a measurement of completed units is obtained for each project. The resulting total is the amount of construction work executed at the contractual price, which is recognized as project revenue from inception. The difference with respect to the corresponding figure a month earlier is production for the month, which is the amount recognized as revenue.

Construction work costs are recognized for accounting purposes on an accrual basis; costs actually incurred to execute project units completed, plus costs that may be incurred in the future and must be allocated to the project units completed, are recognized as expenses.

The application of this revenue recognition method is combined with the preparation of a budget made for each construction contract by project unit. This budget is used as a key management tool in order to maintain detailed monitoring, project unit by project unit, of fluctuations between actual and budgeted figures.

In such exceptional cases, when it is not possible to estimate the margin for the entire contract, the total costs incurred are recognized and sales that are reasonably assured with respect to the completed work are recognized as contract revenue, subject to the limit of the total contract costs.

During the execution of construction work, unforeseen events not envisaged in the primary contract may occur that increase the volume of work to be executed. These changes to the initial contract require the customer's technical approval and subsequent financial approval. This approval permits, from that moment, the issue and collection of certificates for this additional work. Revenue from the additional work is not recognized until the customer's approval is reasonably assured; costs incurred in this work are, however, recognized when incurred, irrespective of the degree of approval obtained from the customer.

In the event that the amount of work actually executed in a project exceeds the amount certified at the year end, the difference between the two amounts is reflected in the consolidated balance sheet item "Trade and other receivables". When the amount of work actually executed in a project is lower than the amount of the certificates issued, the difference is recognized in the consolidated balance sheet item "Trade and other payables".

Estimated project close-out costs are provisioned and deferred over the execution period. These costs are recognized proportionally on the basis of estimated costs as a proportion of executed work. Costs incurred from project completion to definitive settlement are charged to the provision recorded and the remaining balance is recognized in the item "Provisions for other liabilities and charges" in current liabilities in the consolidated balance sheet.

Late-payment interest arising from delays in the collection of certificates from public administrations is recognized when it is likely that the interest will actually be collected and the amount may be reliably measured.

Costs relating to the tendering of bids for construction contracts are taken to the income statement when incurred, when the success of the bid is not probable or is not known at the date the costs are incurred. Bid tendering costs are included in the cost of the contract when the success of the bid is probable or is known, or when it is certain that the costs will be reimbursed or included in contract revenue.

Engineering business

Engineering project revenue is recognized on a percentage-of-completion basis, based on direct costs incurred in relation to total estimated costs.

The methods described for the construction business, as regards the recognition of revenue for additional work, recognition of estimated future losses by recording provisions, accounting treatment of any timing differences between revenue recognition for accounting purposes and the certificates issued to customers, and the recognition of late-payment interest, are also applied to the engineering business.

Concessions and services business

The Group has concessions to operate electricity infrastructure, car parks, toll roads, and others (note 2.7). The services business consists mainly of environmental services, such as wastewater treatment, and maintenance services for industrial infrastructure and related areas.

Under concession and management contracts for services, revenue and expenditure is recognized on an accrual basis, irrespective of when the related monetary or financial flows take place. The accounting treatment of the main activities is described below.

Multiple element contracts

Concessions for public services are contracts between a private operator and the Government or a different public body, in which the latter party grants to the private operator the right to provide public services such as the supply of water or electricity, or the operation of roads, airports or prisons. Control over the asset is retained by the public sector, but the private operator assumes responsibility for building the asset and for operating and maintaining the infrastructure. Depending on the contract terms, concessions are treated as intangible assets (when the predominant element is that the concession holder has the right to receive fees directly from users or the level of future flows are not assured by the granting authority) or as financial assets (when the granting authority guarantees a level of future cash flows).

The Group offers certain agreements under which it builds an infrastructure in exchange for a concession to operate it for a specified period. When such contracts contain multiple elements, the amount of revenue recognized is defined as the fair value for each phase of the contract. Revenue from infrastructure construction and engineering is recognized as described in the preceding paragraphs. Revenue from an intangible asset operation is recognized on an accrual basis as operating revenue. When a financial asset has been recognized, revenue is treated as a principal repayment with an interest income component. The characteristics of the Group's main activities are described below:

<u>Toll roads/electricity transmission lines</u>

In most cases, the principle of risk and business venture on the part of the concession holder coexists with the principle of assurance of the concession's economic and financial equilibrium on the part of the Government. Revenue is recognized at fair value during the construction phase. When the granting authority directly provides or guarantees a level of revenue for the concession holder, the asset is included in receivables. When the concession holder has the right to receive fees from users or revenues are not guaranteed, an intangible asset is recognized. In such cases, the Group recognizes revenue on an accrual basis and the intangible asset is depreciated over the concession term using a straight-line method, except for some toll roads infrastructures concessions in which the depreciation is recognized based in the traffic forecast for the concession.

Car parks

Car park business may be divided into:

- Car parks for local residents:
  This business involves the construction of car parks whose spaces are sold directly to the end customer. The sale and related costs are not recognized until the parking space has been handed over, which usually coincides with the execution of the public deed of sale. Additionally, in order to recognize the sale and costs, construction of the car park must have been completed and the license for the use of the car park must have been delivered. Commitments formalized in car park sale contracts pending handover are recorded as advanced receivables in the amounts obtained on account of the parking space. Capitalized costs are included in inventories and measured as described in the relevant section.

- On-street car parks:
  This is a public service rendered to local authorities, which mainly concerns the management of public parking and the collection of the fees charged by municipalities for these services. The revenues are usually the hourly parking fees paid or the price paid for the public service by the council and is recognized when the relevant amounts fall due for payment. In the case of concessions, the amount paid to obtain the concession is recognized in the income statement over the concession period. Capitalized costs are included as intangible assets or financial assets, depending on the characteristics of the contract. Depreciation is charged on a straight-line basis during the concession term and begins when the asset is available for use.

- Off-street car parks:
  In this case, revenues arise from the use of parking spaces owned by the company or held under an administrative concession. Off-street car park revenues are recorded when the hourly parking rate is paid and, in the case of season ticket holders, on an accrual basis.

Revenues from mixed car parks (off-street and for local residents) are recognized as described in the preceding paragraph, in the case of the off-street spaces. As regards spaces for local residents, the amounts received for spaces handed over are recorded in liabilities and taken to the income statement on a straight-line basis over the relevant concession periods, provided the distributable costs may not be reasonably segregated. During the accounting period in which the revenues are recognized, the necessary provisions are posted to cover costs to be incurred following handover. These provisions are calculated using the best estimates of costs to be incurred and may only be reduced as a result of a payment made in relation to the costs provisioned or a reduction in the risk. Once the risk has disappeared or the payments have been made, the surplus provision is reversed. Capitalized costs are recognized as intangible assets.

Real estate business

The Group companies recognize sales and results of real estate development projects when the property is handed over to the buyer, which usually coincides with the execution of the public deed of sale. Amounts received on account are included in "Trade and other payables" on the liabilities side of the consolidated balance sheet.

Solar-photovoltaic panel sales

Sales are measured at the fair value of the consideration received or receivable in the ordinary course of business. They are stated net of value added taxes, returns, rebates and discounts.

The Group recognizes revenue from solar panel sales when:

- The significant risks and benefits associated to panel ownership have been transferred to the buyer;
- The Group has no implication related to the management of panels sold and has no effective control over them;
- The amount of operating revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity;
- Costs incurred, or pending, can be reliably measured.

Electric energy sales

Electricity sales carried out by solar-photovoltaic plants in accordance with the sector regulations, as described below, are registered based upon the actual production. Sales revenue includes an estimate of the energy supplied which is pending to billing at the year end.

In line with electricity legislation, there are two types of production plants: those operating under "Ordinary System" rules and those considered as "Special System". Grupo T-Solar Global, S.A. subsidiaries operate in the electricity market under the "Special System" rules. The main regulations regarding this activity are as follows:

The Spanish Royal Decree 661/2007 (25 May), which regulates electricity production activities considered under the special system rule and establishes the financial system for those production plants operating under this system. This regulation defines production objectives for each renewable energy plant.

The photovoltaic activity production objective was agreed in August 2007. As a result, on September 27, 2007, the SGE (Secretaría General de Energía) issued a proposal determining the appliance period for regulated tariffs in the photovoltaic energy sector, as defined in Spanish Royal Decree 661/2007, article 22. After the proposal was published on September 29, 2007 in the Boletín Oficial del Estado, this period was of twelve months. Any plant registered before that date is under the scope of Spanish Royal Decree 1578/2008.

The main aspects considered by Spanish Royal Decree 661/2007 in relation to the financial system for electricity generation in the Group's photovoltaic plants, force owners of those plants that become fully operational after 31 December 2007 to apply, at least for one year, one of the following options:

Regulated fee: producers generate electricity and distribute it through the electrical network, receiving an established fee in return.

Market rate: the price of electricity is established through market mechanisms or negotiated by the plant's owner, and includes a premium. In these cases, only lower and higher thresholds are previously defined. In solar-photovoltaic energy, this option is not considered, so the first one is always applied.

Operating plants under Spanish Royal Decree 661/2007 scope have chosen to apply the regulated fee.

Distinction between the types of plant is one of the innovations introduced by Spanish Royal Decree 1578/2008. This difference is relevant to the extent that the Decree establishes, on a quarterly basis, the annual rate allocation and a specific consideration based on plant category and sub-category.

On November 23, 2010, the Spanish Royal Decree 1565/2010 (November, 19) was issued, which regulates and amends certain aspects associated with electricity production under the special system scope. This legislation introduces a premium decrease ranging from 5% to 45%, which will be removed in 26 years, for new tender offers.

On December 24, 2010, the Spanish Royal-Decree-Law 14/2010 (December, 23) was published, which established urgent measures to correct the tariff deficit in the electricity business. This legislation limits the hours photovoltaic plants can operate to get the premium. Likewise, it extends the period during which companies can sell energy under a premium, from 25 to 28 years. Afterwards, a new regulation related to a Sustainable Economy was issued, increasing the compensation period for two additional years, from 28 to 30 years.

2.24. Leases

When a Group company is the lessee – Finance lease

The Group leases certain property, plant and equipment. Property, plant and equipment leases where the Group has substantially all the risks and rewards of ownership are classed as finance leases. Finance leases are capitalized at the lease's inception at the lower between the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding debt. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

When a Group company is the lessee – Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When a Group company is the lessor

When assets are leased under finance lease, the present value of lease payments is recognized as a financial account receivable. The difference between the gross receivable and the present value of that amount is recognized as a financial return on capital.

Lease revenues are recognized during the lease period in accordance with the net investment method, which reflects a constant periodic rate of return.

Assets leased to third parties under operating lease contracts are included in tangible fixed assets on the balance sheet. Income from leases is recognized on a straight-line basis during the lease term.

2.25. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held-for-sale assets and are recognized at the lower between carrying value and fair value less selling costs, if the carrying value is mainly recovered through sale instead of continuing use. There are no non-current assets (or disposal groups) held for sale at the balance sheet dates.

2.26. Dividend distribution

Dividend distribution to the Parent Company's equity holders is recognized as a liability in the Group's consolidated annual accounts in the year in which the dividends are approved by the parent Company's equity holders.

2.27. Environment

The consolidated Group has no environmental liabilities, costs, assets, provisions or contingencies that could be significant in relation to its equity, financial situation and results. No specific breakdowns are therefore included in these notes to the consolidated annual accounts relating to environmental issues.

2.28. Operating results

The income statement caption Operating results includes the results of the Group companies' ordinary activities, excluding financial results (see Note 27) and shares on results of companies consolidated under the Equity method.

2.29. Biological assets

Agricultural products harvested or collected from biological assets are measured at the point of sale or harvest at fair value less estimated costs at point of sale. Such measurement relates to the cost value at the harvest or collection date for the purposes of measuring inventories. Gains or losses on the variation in fair value less estimated costs at point of sale are recognized in the consolidated income statement. Specifically: agricultural products like grains are recorded at market value, net of marketing costs. Additionally assets used in the production process are recognized at their replacement cost.

2.30. Segment reporting

Operative segments are consistently disclosed with internal information, which is presented to the highest decision-making unit. This unit is responsible for operative segments resources allocation and for these segments' performance assessment. Management Committee has been designed as the highest decision-making unit.

3. Financial risk management

3.1. Financial risk factors

Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on financial markets uncertainty and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risks.

Risk management is performed by the Group's Central Treasury Department in accordance with policies approved by the Board of Directors. This department identifies, evaluates and hedges financial risks in close association with the Group's operating units. The Board provides written policies for overall risk management and for specific areas such as foreign exchange risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives, and investment of cash surpluses.

a) Market risk

a.1) Foreign exchange risk

The Group has international operations and is therefore exposed to foreign exchange risk during currency transactions, relating particularly to the US dollar (USD), Brazilian real, Mexican peso, Qatari real and Indian rupee, as well as to other currencies. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Management has implemented a policy that requires the Group companies to manage foreign exchange risk with respect to their functional currency. The Group companies are obliged to hedge all foreign exchange risk through the Central Treasury Department. Foreign exchange risks arising from future commercial transactions and recognized assets and liabilities are hedged by means of forward contracts traded through the Group's Treasury Department. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency other than the company's functional currency.

The Group's Treasury Department has a policy of hedging net forecast flows deriving from forecast transactions in currencies other than the functional currency of the Group company that effects the transaction. At 31 December 2011 and 2010 there were foreign current put transactions related to companies located in Spain, Africa, Asia and Latin America (See Note 11).

The Group's transactions are generally completed in each country's functional currency, although transactions are often effected in a different currency (mainly in Spain, India, Africa and Latin America), particularly in US dollars and Euro. At 31 December 2011, had the functional currency of each country with transactions in US dollars depreciated/appreciated by 10% against the US dollar, without any change in the remaining variables, the consolidated result after tax for 2011 would have been 1,562 thousand euro lower/higher (2010: 8,085 thousand euro lower/higher), mainly due to the effects of the increase/decrease in USD liability/asset positions. Equity would have changed by the same amounts (effects calculated excluding the impact of fair value changes in the derivative financial instruments contracted).

The Group has a number of investments in foreign operations whose net assets are exposed to foreign exchange risk. These investments are located basically in Latin America (Brazil and Mexico), USA and India. In general, the Group ensures that operations in each country are financed by borrowings in the functional currency of that country so that foreign exchange risk only affects the capital investment. Where the investment is partially or fully financed by borrowings, the Group ensures that the loans are obtained in the correspondent functional currency. When no financing is used, the Group does not contract hedges, except in certain cases in which short-term forecast flows relating dividends from the subsidiary are hedged.

Set out below is a breakdown of the main foreign currency exposures affecting capital investments:

	2011	2010
Brazilian Real (*)	539,859	392,592
Mexican Peso (*)	264,022	267,976
Indian Rupee	153,789	93,238
US Dollar (*)	63,839	22,806
Other currencies (*)	8,546	4,343
Total	**1,030,055**	**780,955**

(*) Excluding the value of goodwill at each date, as mentioned in Note 7.1.

a.2) Price risk

The Group is not exposed to equity instrument price risk since it has no significant investments. The Group is partially exposed to market price risk in respect of raw materials, relating basically to metals and oil, which affect the price of supplies of equipment and materials manufactured in the projects executed by the Group. Generally, these effects are efficiently passed on in selling prices by all similar contractors operating in the same sector. It is also exposed to risk of change in price of raw materials used in the biodiesel production and in the solar-photovoltaic modules production. The Group reduces and mitigates price risk by means of policies implemented by management, consisting basically of a reduction or increase in the rate of placements and the selection of currencies and countries of origin, as well as by ensuring the production or acquisition of certain raw materials at a closed price.

For oil purchases to use as raw material in biodiesel production, the Group has purchase contracts in which oil price is referred to diesel quotation, which in turn is the reference price for biodiesel. In this way, margins are assured.

See the information in Note 11, covering the price risk sensitivity of the option included in the arrangement signed with Corpfin Capital Asesores, S.A. and other entities.

a.3) Cash flow and fair value interest rate risk

Interest rate risk must be analyzed in relation to the two types of financing obtained by the Group:

- Project finance

As explained in Note 8, the Group participates in a number of investment projects under "Project finance" arrangements in which, among other aspects, repayments are secured only by cash flows from the respective projects; there may be, in some cases and during the construction phase, additional guarantees. In such cases, financing mainly comprises long-term, variable-rate instruments. The interest rates applicable depend on the country in which the project is located and on the currency in which the financing is issued. Financing issued at variable rates exposes the Group to cash flow interest rate risk. The Group uses interest rate swaps to convert long-term financing totally or partially to fixed interest rates. Additionally, under certain project finance contracts the company that obtains the financing undertakes vis-à-vis the granting banks to contract the above-mentioned derivative financial instruments.

Exposure to variable interest rate risk at each year end is analyzed below:

2011

	Euribor rates	TJLP/CDI Rate (1)	TIIE Rate (2)	PLR Rate (3)	LIBOR Rate (4)	Other rates	Total
Project Finance	1,187,178	450,189	351,445	394,857	44,306	18,649	2,446,624
Interest-bearing cash and cash equivalents	(129,071)	(94,973)	(45,974)	(48,333)	(3,788)	(17,304)	(339,443)
Net position	**1,058,107**	**355,216**	**305,471**	**346,524**	**40,518**	**1,345**	**2,107,181**
Portion hedged by derivative financial instruments	85%	0%	85%	0%	115%	0%	57%

2010

	Euribor rates	TJLP/CDI Rate (1)	TIIE Rate (2)	PLR Rate (3)	Other rates	Total
Project Finance	399,528	285,788	296,782	252,912	-	1,235,010
Interest-bearing cash and cash equivalents	(59,397)	(68,072)	(29,274)	(65,815)	(1,403)	(223,961)
Net position	**340,131**	**217,716**	**267,508**	**187,097**	**(1,403)**	**1,011,049**
Portion hedged by derivative financial instruments	100%	0%	96%	0%	0%	59%

(1) Brazilian long-term reference interest rate
(2) Mexican long-term reference interest rate
(3) Indian long-term reference interest rate
(4) International long-term reference interest rate

The Group analyses its exposure to interest rate risk in a dynamic manner. A simulation is performed in which the Group calculates the effect on results of a specific change in the interest rate. In each simulation, the same interest rate fluctuation is used for all currencies and reference rates. Scenarios are only simulated for liabilities representing the most relevant interest-bearing positions. Based on the simulations performed, the impact on results after tax of an increase/decrease of 100 basic points in the interest rate would have been a reduction/increase of 6,593 thousand euro (2010: 2,839 thousand euro), mainly due to a rise/reduction in interest expense on variable-rate loans; equity would have changed by the same amounts (effects calculated without considering the impact of fair value changes in the derivative financial instruments contracted).

- Borrowings

The Group's interest-rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Fixed-interest borrowings expose the Group to fair value interest rate risk. A large part of the Group's borrowings are obtained at variable rates, the main reference rate being the Euribor. The Group uses interest rate swaps to convert long-term financing to fixed interest rates.

Exposure to variable interest rate risk at each year end is analyzed below:

	2011		
	Euribor Rate	Other rates	Total
Borrowings	1,235,587	143,401	1,378,988
Interest-bearing cash and cash equivalents	(138,440)	(174,708)	(313,148)
Net position	**1,097,147**	**(31,307)**	**1,065,840**
Portion hedge by derivative financial instruments	79%	0%	81%

	2010		
	Euribor Rate	Other rates	Total
Borrowings	1,119,646	130,722	1,250,368
Interest-bearing cash and cash equivalents	(237,429)	(436,414)	(673,843)
Net position	882,217	(305,692)	576,525
Portion hedge by derivative financial instruments	86%	0%	131%

The Group analyses exposure to interest rate risk in a dynamic manner. A number of scenarios are simulated taking into consideration refinancing, renewal of current positions, alternative financing, existence of variable-rate investments (in this sense, very short-term interest-bearing placements are treated as being exposed to variable interest rates) and existing hedges. Through these scenarios, the Group calculates the effect on results of a specific change in the interest rate. In each simulation, the same interest rate fluctuation is used for all currencies. Scenarios are only simulated for liabilities that represent the most relevant interest-bearing positions. Based on the simulations conducted, the impact on after-tax results of an increase/decrease of 100 basis points interest rate would decrease/increase in (193) thousand euro (2010: (717) thousand euro), mainly due to higher/lower interest expense on variable rate loans. Equity would have changed in the same amount (effects calculated not considering the impact of changes in fair value of financial derivatives contracts).

b) Credit risk

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

- Derivative financial instruments (see Note 11) and balances included under Cash and cash equivalents and financial assets at fair value through profit or loss (see Note 14).
- Balances related to trade and other receivables (see Note 12).

Derivative financial instruments and bank transactions included in cash and cash equivalents and financial assets at fair value through profit or loss are contracted with reputable financial institutions that obtain high credit ratings. Investments in government bonds and treasury bills also relate to governments with high credit ratings.

A high proportion of trade and other receivables (63.61% and 62.37% at 31 December 2011 and 2010, respectively) relate to transactions with national and international public institutions and the Group therefore considers that credit risk is under tight control. A significant part of the receivables from private companies relate to companies with high credit ratings and there is no default history with respect to the Group. A periodic follow-up is performed of the overall position in trade and other receivables and also an individual analysis of the most significant exposures.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Regarding to the Group's project financing arrangements ("Project finance"), as explained in Note 8, repayments are secured only by cash flows from the respective projects. In such cases, the Group hedges liquidity risk by ensuring that financing is long term and structured on the basis of the forecast cash flows for each project. Accordingly, 86% of financing recognized at 31 December 2011 (2010: 82%) falls due after more than 1 year and 71% of the financing recognized at 31 December 2011 (2010: 68%) falls due after more than 4 years.

As regards the Group's liquidity position, management monitors the Group's forecast liquidity based on expected cash flows.

The following table contains a breakdown of the Group's financial liabilities that will be settled in the net amount, grouped together by maturity date based on the period from the balance sheet date to the maturity date stipulated in each contract. The amounts shown in the table relate to undiscounted cash flows stipulated in the contract. Balances payable in less than 12 months reflect the relevant carrying amounts as the effect of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2011				
Borrowings	449,058	166,097	691,243	72,590
Derivative financial instruments	24,400	11,624	34,872	127,863
Trade and other payables (excluding deferred revenue)	2,303,064	31,554	24,284	78,676
Accrued unmatured interest	51,951	38,110	47,294	1,633
Total	**2,828,473**	**247,385**	**797,693**	**280,762**
At 31 December 2010				
Borrowings	372,804	62,315	606,621	208,628
Derivative financial instruments	12,559	2,382	7,146	38,118
Trade and other payables (excluding deferred revenue)	2,559,171	3,331	3,405	9,293
Accrued unmatured interest	37,239	31,877	69,515	11,774
Total	**2,981,773**	**99,905**	**686,687**	**267,813**

Liquidity risk is managed on an overall, centralized basis by the Group Treasury Department. This includes both managing cash from the Group's recurring transactions (analysis and follow-up of debt maturities, collections, renewal and contracting loans, management of available credit lines, and temporary investment of cash surpluses) and managing the funds necessary to undertake planned investments. Although at 31 December 2011 the Group shows negative working capital amounting 284,097 thousand euro, liquidity risk is adequately limited due to the following aspects: cash and cash equivalents cover current borrowings, all drawn credit lines are being renewed as in previous years, there are significant un-drawn credit lines (see Note 19), leverage ratio is adequate (see Note 3.2) and operational cash flows are expected to increase as in previous periods. Thus, operational cash flow net of the tax effect in 2012 is expected to amount 530 million euro.

3.2. Capital risk management

The Group's capital management objectives consist of protecting its capacity to do business as a going concern in order to obtain a return for shareholders and profits for other holders of equity instruments, as well as to maintain an optimal capital structure and reduce cost of capital.

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends payable to shareholders, reimburse capital to shareholders, issue new shares or sell shares to reduce debt.

The Group monitors capital based on the leverage ratio, in line with industry practices. This ratio is calculated as net debt divided by total capital (excluding the position assigned to projects). Net debt is calculated as total borrowings (including current position in trade and other payables, as reflected in the consolidated accounts) less cash and cash equivalents and financial assets at fair value through profit or loss. Capital is calculated as equity, as reflected in the consolidated accounts, plus net debt.

In 2011, the Group's strategy, which has not changed since 2010, consisted of keeping the leverage ratio below 80%, which is deemed reasonable considering that the Group's main businesses (construction and engineering) are characterized by high levels of working capital (both financial assets and financial liabilities). Leverage ratios at 31 December 2011 and 2010 are shown below:

	2011	2010
Borrowings (see Note 19) and Trade and other payables – Current (see Note 18)	3,682,052	3,809,539
Less: financial assets at fair value through profit or loss (see Note 14.2)	(14,447)	(2,300)
Less: cash and cash equivalents (see Note 14.1)	(674,366)	(937,555)
Net debt	2,993,239	2,869,684
Equity (including non-controlling interest)	896,313	771,074
Total capital	3,889,552	3,640,758
Leverage ratio (net debt / total capital)	**77.0%**	**78.8%**

3.3. Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and held-for-trading and available-for-sale investments) is based on quoted market prices at the balance sheet date. The market price used for financial assets is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Market prices or brokers' prices are used for long-term payables. Other techniques, such as the estimated discounted cash flow method, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The fair value of the option under the arrangement with Corpfin Capital and other entities (Note 11) is estimated applying the Montecarlo method (100,000 simulations), considering for that purpose the underlying asset's fair value, market volatility and interest rates and the expected underlying asset dividend yield for spot prices and maturities of such options.

The carrying amount less the provision for the impairment of receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgments

The preparation of consolidated annual accounts under IFRS-EU requires that management makes estimations and assumptions that could affect the accounting policies adopted and the amounts of assets, liabilities, revenue, expenses and related breakdowns. The estimates and assumptions made are based on past experience or other facts that are deemed to be reasonable under the circumstances, at the balance sheet date, the result of which is the basis from which to judge the carrying amount of the assets and liabilities that cannot be immediately determined in any other manner. Actual results could differ from estimated ones.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Certain accounting estimates are considered to be significant if the amount of the estimates and assumptions is material and if the impact of the estimates and assumptions on the financial position or operating results is material. Group management's main estimates are explained below.

4.1. Critical accounting estimates and judgments

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgments 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.

Business combinations or net-asset group acquisitions

IFRS-EU requires, at the acquisition date of a subsidiary, an analsysis of whether the acquired element can be considered as a business or as a net-asset group not complying with the business definition, as stated in IFRS 3 "Business combinations" (Note 2.2).

When the Group acquires shares in an entity not considered as a business but as a net-asset group, the cost is allocated to identifiable individual assets and liabilities, based on their fair value at the acquisition date. Net-asset group cost may include any element related to share-based payments. In these cases, the difference between the fair value of the acquired assets and the amount payable in cash is directly registered in equity (Note 2.26).

When the Group acquires shares in an entity considered as a business, the business combination cost is allocated to identifiable assets, liabilities and contingent liabilities in the acquired company, at the acquisition date. These assets and liabilities are initially valued at fair value. If a part of the combination cost depends on future events, the amount of such adjustment is included in the combination cost, to the extent it is probable and can be reliably measured.

The excess of business combination cost over the acquirer's shareholding in the acquired net assets at fair value is registered as goodwill.

During 2011, the Group has had business combinations (Note 32). Based on management judgement, the acquisition cost of these businesses has been booked in line with the terms included in the sale-purchase agreements.

Estimated impairment of goodwill

The Group verifies annually whether there is an impairment loss with respect to goodwill, in accordance with the accounting policy in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and sensitivity analyses are performed on the most relevant variables included in the estimates, paying particular attention to situations in which potential impairment indicators may be identified (see Note 7.1).

Income tax

The Group is subject to income taxes in numerous jurisdictions. A significant level of judgment is required to determine the worldwide provision for income tax. There are many transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. The Group recognizes liabilities for anticipated tax matters based on estimates as to whether additional taxes will be necessary. When the final tax result differs from the amounts which were initially recognized, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise. In this sense, there are no significant aspects subject to estimates that could have a material impact on the Group's position.

Recovery of deferred tax assets

The recovery of deferred tax assets (Note 20) is assesed at the moment they arise, and subsequently each balance sheet date, based upon forecast results included in the Group's business plan. In particular, the

Group considers the synergies arising from tax consolidation, as well as future tax benefits based upon the above-mentioned business plan.

Fair value of derivatives or other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group exercises judgment to select a variety of methods and to make assumptions based mainly on market conditions at the balance sheet date. The Group has used discount cash flow analyses for a number of available-for-sale financial assets not traded in active markets.

Revenue recognition

The Group recognizes revenue from construction and engineering activities on a percentage-of-completion basis. Percentage of completion is calculated as costs incurred under the contract as a percentage of estimated total contract costs. This revenue recognition method is only used when the result of the contract may be reliably estimated and the contract is likely to generate profits. If the result of the contract cannot be reliably estimated, revenue is recognized as costs are recovered. When a contract's costs are likely to exceed the contract's revenue, the loss is immediately expensed. When applying the percentage-of-completion method, the Group makes significant estimates in relation to total costs necessary to perform the contract. These estimates are reviewed and evaluated periodically to verify whether a loss has been generated and whether the percentage-of-completion method may continue to be applied, or to re-estimate the forecast project profit. During the project, the Group also estimates likely contingencies relating to the increase in the total estimated cost and adjusts revenue recognized accordingly. The Group's historical data indicates that its estimates are adequate and reasonable in relation to the above-mentioned aspects.

Concession contracts

Based upon available information and all relevant terms included in the concession contracts, the Group performs a detailed analysis to determine if such arrangements are within the scope of IFRIC 12. The main aspects to be considered in this analysis are as follows:

a) If the granting authority controls or regulates the use of the infrastructure by the concessionaire, to whom it must render the associated services and at what price.

b) If the granting authority has any residual share of the infrastructure at the end of the concession period.

Based on these terms and on the available information for each contract, the Group determines the accounting model to be applied:

<u>Intangible asset model:</u> the Group applies this model when the concessionaire has the right to receive toll collections (or any other type of payment) from users, as a consideration for infrastructure funding and construction, or when the granting authority remunerates the concessionaire based on the degree of infrastructure utilization.. In both cases, the amounts to be paid to the concessionaire are not guaranteed.

<u>Financial asset model:</u> the Group applies this model when the concessionaire has an unconditional contractual right to receive payments from the granting authority, regardless of the degree of infrastructure utilization.

<u>Mixed model:</u> when the concessionaire is partially paid both by users (depending on the infrastructure use) and by the granting authority (based on an unconditional contractual right to receive payments).

Once the accounting model has been defined, there are key estimations / assumptions used by Management, such as:

- Traffic forecasts to calculate intangible assets depreciation (road concessions).

- Maintenance accrual: estimates of future CAPEX value, based on each business plan used by Management.

- The construction margin expected by Management, used to measure intangible / financial assets at fair value.

- When determining the financial asset value in accordance with electric transmission line contracts and their legal interpretations, the concessionaire Management estimates granting the authority to compensate them for the infrastructure residual value at the end of the concession period.

Useful lives of property, plant and equipment and intangible assets

Group management determines estimated useful lives and related depreciation charges for its property, plant and equipment and its intangible assets. This estimate is based on the period during which the non-current assets will generate economic benefits based on updated business plans. At each closing date, the Group reviews the useful lives of non-current assets. If the estimates differ from previous estimates, the effect of the change is recognized prospectively as from the year in which the change takes place.

For those intangible assets related to motorlway administrative concessions that are depreciated in a systematic way based on the traffic and revenues expected in accordance with updated business plans, Group's management annually updates traffic estimates made for such concessions.

Likewise, in case circumstances imply worse conditions based on business plans, impairment tests will be carried out.

Warranty claims

The Group generally offers 24- or 36-month warranties on its projects 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 Group's historical data indicates that its estimates are adequate in this respect.

Receivables and financial assets

The Group makes estimates relating to the collectability of balances owned by customers in projects in which disputes have arisen or litigation is in progress due to disagreement with the work executed or the failure to fulfill contractual clauses linked to the return on the assets handed over to customers. The Group also makes estimates to assess the recoverability of available-for-sale financial assets, based mainly on the financial health and near-term business prospects of the investee company.

Provisions

Provisions are recognized when it is probable that a present obligation arising from past events will result in an outflow of funds and the amount of the obligation may be reliably estimated. Significant estimates are required in order to comply with IFRS-UE. Group management makes estimates of the likelihood of the contingencies and the amount of the liability to be settled in the future, evaluating all relevant information and facts.

5. Segment information

Operative segments have been determined based on the information presented to Management Committee, which is used to strategic decision making.

Regarding operative segments, the Committee considers there are five business units: Construction, Engineering and Industrial Services, Concessions (including solar-photovoltaic energy manufacturing and generation business), Renewable Energies and Real Estate. Moreover, an additional analysis concerning geographical areas in which the Group operates is performed: Spain, Latin America (mainly Mexico, Brazil and Argentina), Asia (basically India), and others (mainly including activities carried out in USA and African countries, such as Angola or Algeria).

Businesses from "Real Estate" and Renewable Energies" segments are included under "Other, Corporate and Consolidation Adjustments", due to its low contribution to Group operations; revenues from these segments are obtained through real estate and fuel (biodiesel) sales.

"Construction" and "Engineering and Industrial Services" segments obtain their revenue mainly by rendering construction services, whereas "Concessions" segment obtain them through the sale of the corresponding service according to the type of concession to which it relates.

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

Revenues generated between segments mainly come from construction services rendered by "Construction" and "Engineering and Industrial Services" to the rest of segments or to the Group's Corporate. These revenues are carried out under market conditions and analyzed by Management Committee as stated in "Own work capitalized".

Operative segments performance is assessed by Management Committee based on the valuation of each segment operating result. Total impact on "Net financial results" of financial income and expenses are analyzed by each individual segment. A detailed analysis is carried out by Treasury Department, which manages Group's cash position. Likewise, income tax is analyzed at Group level by Management Committee.

Segment-information presented to Management Committee at 31 December 2011 is as follows:

2011	Construction	Engineering and Industrial Services	Concessions	Other, Corporate and Consolidation Adjustments	Total
Revenue from external customers	**1,062,705**	**1,543,664**	**322,325**	**272,006**	**3,200,700**
Segment's ordinary revenue	1,084,485	1,653,722	323,707	138,786	3,200,700
Own work capitalized	-	-	-	118,405	118,405
Other operating revenue	-	-	203	52,632	52,835
Total operating revenue	**1,084,485**	**1,653,722**	**323,910**	**309,823**	**3,371,940**
Depreciation and charges due to impairment	(4,556)	(17,239)	(71,308)	(26,066)	(119,169)
Operating expenses	(1,005,181)	(1,477,102)	(142,928)	(361,667)	(2,986,878)
Operating result	**74,748**	**159,381**	**109,674**	**(77,910)**	**265,893**
Net financial results	2,040	(10,248)	(124,595)	(84,477)	(217,280)
Share of profit of investments for using the equity method	-	-	(8,761)	(7,026)	(15,787)
Before-tax profit/(loss)	**76,788**	**149,133**	**(23,682)**	**(169,413)**	**32,826**
Income tax	-	-	-	(27,350)	(27,350)
Profit/(loss) for the year	**76,788**	**149,133**	**(23,682)**	**(196,763)**	**5,476**
Total Assets	**1,302,549**	**1,942,586**	**4,414,253**	**431,640**	**8,091,028**
Total assets include:					
Investments in companies consolidated under the Equity method	-	-	-	34,634	34,634
Additions to non-current assets	6,775	11,474	1,384,301	8,362	1,410,912
Total Liabilities	**1,085,017**	**1,382,663**	**3,521,578**	**1,205,457**	**7,194,715**

Segment-information presented to Management Committee at 31 December 2010 is as follows:

2010	Construction	Engineering and Industrial Services	Concessions	Other, Corporate and Consolidation Adjustments	Total
Revenue from external customers	**1,281,931**	**1,422,770**	**163,577**	**320,462**	**3,188,740**
Segment's ordinary revenue	1,305,269	**1,514,871**	163,577	**205,023**	3,188,740
Own work capitalized	-	-	-	**1,017**	1,017
Other operating revenue	-	**45,615**	397	**4,017**	50,029
Total operating revenue	**1,305,269**	**1,560,486**	**163,974**	**210,057**	**3,239,786**
Depreciation and charges due to impairment	(7,725)	**(22,904)**	(33,598)	**(22,465)**	(86,692)
Operating expenses	(1,203,640)	**(1,433,843)**	(51,429)	**(256,480)**	(2,945,392)
Operating result	**93,904**	**103,739**	**78,947**	**(68,888)**	**207,702**
Net financial results	4,495	**(5,274)**	(44,410)	**(70,532)**	(115,721)
Share of profit of investments for using the equity method	-	-	(6,562)	**(510)**	(7,072)
Before-tax profit/(loss)	**98,399**	**98,465**	**27,975**	**(139,930)**	**84,909**
Income tax	-	-	-	**(20,949)**	(20,949)
Profit/(loss) for the year	**98,399**	**98,465**	**27,975**	**(160,879)**	**63,960**
Total Assets	**1,558,378**	**1,857,440**	**2,172,660**	**516,176**	**6,104,654**
Total assets include:					
Investments in companies consolidated under the Equity method	-	-	8,761	170,235	178,996
Additions to non-current assets	7,455	**11,625**	377,102	9,168	405,350
Total Liabilities	**1,309,446**	**1,363,300**	**1,951,108**	**709,726**	**5,333,580**

During 2011 and 2010 no charge due to goodwill impairment has been recognized.

Ordinary revenues from external customers are measured consistently with those applied in the income statement.

Total assets and liabilities amounts presented to Management Committee are measured consistently with those applied in the consolidated annual accounts. These assets and liabilities are assigned based on segment activities and physical asset location.

The parent company is registered in Spain, but the Group also operates abroad. Information by geographical segment at 31 December 2011 is presented below:

2011	Spain	Latin America	Asia	Other, Corporate and Consolidation Adjustments	Total
Revenue/ sales	**1,214,470**	**1,354,779**	**303,297**	**328,154**	**3,200,700**
Total assets	**4,519,359**	**2,685,784**	**806,755**	**79,130**	**8,091,028**
Total assets include:					
Non-current assets	2,820,017	1,671,088	605,431	54,822	5,151,358
Total Liabilities	**4,394,807**	**2,087,235**	**642,737**	**69,936**	**7,194,715**

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

Information by geographical segment at 31 December 2010 considering the country of the clients is presented below:

2010	Spain	Latin America	Asia	Other, Corporate and Consolidation Adjustments	Total
Revenue/ sales	**1,588,804**	**865,835**	**201,710**	**532,391**	**3,188,740**
Total assets	**3,353,428**	**2,019,099**	**525,845**	**206,282**	**6,104,654**
Total assets include:					
Non-current assets	1,480,597	1,014,680	296,064	(987)	2,790,354
Total Liabilities	**3,609,985**	**1,254,800**	**388,989**	**79,806**	**5,333,580**

During 2011 and 2010 there is not ordinary revenue from transactions carried out with a single customer representing more than 10% of the Group.

6. Property, plant and equipment

Set out below is a breakdown of property, plant and equipment showing movements:

2011	Land and buildings	Plant machinery and tooling	Furnishings	Vehicles	Data processing equipment	PPE in progress	Other PPE	Total
Cost								
1 January	122,903	142,756	8,581	20,175	11,239	4,978	4,341	314,973
Additions	3,875	9,689	889	477	1,734	188	1,309	18,161
Disposals	(1,468)	(13,486)	(460)	(3,497)	(1,536)	(116)	(1,151)	(21,714)
Impairment	(3,256)	-	-	-	-	-	-	(3,256)
Transfers	(192)	3,748	(233)	(1,678)	(478)	(4,449)	(175)	(3,457)
31 December	**121,862**	**142,707**	**8,777**	**15,477**	**10,959**	**601**	**4,324**	**304,707**
Accumulated Depreciation								
1 January	(6,533)	(77,279)	(4,226)	(12,771)	(7,058)	-	(3,272)	(111,139)
Depreciation	(953)	(16,171)	(689)	(2,854)	(1,626)	-	(669)	(22,962)
Disposals	384	10,365	359	3,496	1,501	-	1,037	17,142
Transfers	933	1,686	100	955	(208)	-	(855)	2,611
31 December	**(6,169)**	**(81,399)**	**(4,456)**	**(11,174)**	**(7,391)**	**-**	**(3,759)**	**(114,348)**
Net book value	**115,693**	**61,308**	**4,321**	**4,303**	**3,568**	**601**	**565**	**190,359**

2010	Land and buildings	Plant machinery and tooling	Furnishings	Vehicles	Data processing equipment	PPE in progress	Other PPE	Total
Cost								
1 January	121,546	142,625	9,390	21,860	16,949	581	5,172	318,123
Additions	3,247	8,845	833	1,472	1,898	4,397	380	21,072
Disposals	(770)	(9,197)	(1,642)	(3,157)	(7,608)	-	(388)	(22,762)
Impairment	(1,800)	-	-	-	-	-	-	(1,800)
Transfers	680	483	-	-	-	-	(823)	340
31 December	**122,903**	**142,756**	**8,581**	**20,175**	**11,239**	**4,978**	**4,341**	**314,973**
Accumulated Depreciation								
1 January	(5,043)	(64,462)	(4,716)	(10,774)	(11,895)	-	(4,699)	(101,589)
Depreciation	(727)	(20,501)	(673)	(2,466)	(1,585)	-	(504)	(26,456)
Disposals	285	7,724	1,308	1,548	6,422	-	151	17,438
Transfers	(1,048)	(40)	(145)	(1,079)	-	-	1,780	(532)
31 December	**(6,533)**	**(77,279)**	**(4,226)**	**(12,771)**	**(7,058)**	**-**	**(3,272)**	**(111,139)**
Net book value	**116,370**	**65,477**	**4,355**	**7,404**	**4,181**	**4,978**	**1,069**	**203,834**

Property, plant and equipment include at 31 December 2011 vehicles, machinery and other assets totaling 2,095 thousand euro (2010: 3,184 thousand euro) being acquired under finance leases, as analyzed below:

	2011	2010
Capitalized finance lease cost	4,215	8,782
Accumulated depreciation	(2,120)	(5,598)
Carrying amount	**2,095**	**3,184**

Bank borrowings are secured by land and buildings valued at 68,802 thousand euro (2010: 68,765 thousand euro). The balance of secured debt amounts to 38,872 thousand euro (2010: 37,841 thousand euro).

At 31 December 2011, the Group has property, plant and equipment located abroad for a total cost of 54,979 thousand euro (2010: 39,963 thousand euro) and accumulated depreciation of 24,542 thousand euro (2010: 17,637 thousand euro).

At 31 December 2011 property, plant and equipment with an original cost of 40,584 thousand euro (2010: 44,055 thousand euro) and accumulated depreciation of 325 thousand euro (2010: 284 thousand euro) were not used in operations. Mainly corresponding to buildings that were acquired as payment in kind. During 2011 these buildings were impaired in a total amount of 3,256 thousand euro (2010: 1,800 thousand euro).

The income statement includes rental costs of 94,414 thousand euro (2010: 100,241 thousand euro), relating to rented property, plant and equipment.

The consolidated Group has taken out a number of insurance policies to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

7. Goodwill and other intangible assets

7.1. Goodwill

Set out below is an analysis of goodwill, the only intangible asset with an indefinite useful life, showing movements:

	2011	2010
Beginning of the year	**487,114**	**486,192**
Additions	89,993	-
Differences on exchange	329	922
Impairment charges	-	-
End of the year	**577,436**	**487,114**

Additions in the current period are due to the incorporation of Grupo T-Solar into the consolidation scope (See note 32).

Goodwill and intangible assets with indefinite useful lives have been assigned to the Group's cash-generating units (CGUs) based on the country concerned and the business segment.

Set out below is a summary by CGU (or CGU group) of goodwill assignment:

CGU	2011	2010
Construction	154,578	154,578
Solar-Photovoltaic energy (generation)	42,169	-
Solar-Photovoltaic energy (Manufacturing)	47,824	-
Engineering – México	24,510	24,510
Engineering – Brazil	54,735	54,735
Engineering – Argentina and other	12,613	12,284
Engineering – Spain and other	231,166	231,166
Renewable energies	9,841	9,841
Total	577,436	487,114

The recoverable amount in CGUs is determined based upon value in use calculations from estimated cash flows net of the tax effect and based on financial budgets approved by Management for a 5-year period (6-year period in case of solar-photovoltaic energy manufacturing). This is not applicable to renewable energies and solar-photovoltaic energy (generation) businesses, in which cash flows are estimated for the full project life. Cash flows after these five years are extrapolated by using the estimated residual growth rates, as stated below. The growth rate does not exceed long-term average growth rates for the businesses in which the CGU operates. For cash flows discounting, a rate based upon the weighted average cost of capital is used for each CGU.

The most relevant key assumptions employed to calculate value-in-use are set out below:

	Operating result (*)		Residual growth rate		Discount rate	
CGU	2011	2010	2011	2010	2011	2010
Construction	68,628	76,453	1%	1%	11.50%	10.30%
Solar energy (Generation)	42,209	-	(**)	-	7.8%	-
Solar energy (Manufacturing)	3,053	-	(**)	-	7.8%	-
Engineering – México	5,316	5,682	2%	2%	12.18%	13.00%
Engineering – Brazil	26,865	7,669	2%	2%	17.56%	14.00%
Engineering – Argentina and other	10,589	11,564	2%	2%	16.63%	18.00%
Engineering – Spain and other	110,834	122,550	1.7%	1.7%	12.33%	10.50%
Renewable energies	(19,840)	(5,886)	(**)	(**)	11.60%	12.00%

(*) Results included in operating result column refer to the forecast for the following year.
(**) Not applicable.

These assumptions have been used to analyze each CGU in the business segment. Group management considers that changes to assumptions that could cause a CGUs carrying amount to exceed its recoverable amount are not reasonably possible.

Management calculated the budgeted gross margin based on past performance and market expectations. Weighted average growth rates are in line with the forecasts contained in industry reports. Discount rates are before taxes and reflect specific risks related to the relevant business segments.

In 2011 and 2010, no impairment losses were identified.

7.2. Other intangible assets

A breakdown of movements for 2011 and 2010 is as follows:

2011	Contract portfolio	Administrative Concessions	Computer software	Total
Cost				
1 January	11,116	52,407	22,758	86,281
Additions	-	4	7,274	7,278
Disposals	-	(3,023)	(278)	(3,301)
Transfers	-	(38,205)	(852)	(39,057)
31 December	**11,116**	**11,183**	**28,902**	**51,201**
Accumulated depreciation				
1 January	(4,446)	(3,543)	(11,783)	(19,772)
Amortization	(2,223)	(171)	(4,937)	(7,331)
Disposals	-	31	181	212
Transfers	-	388	191	579
31 December	**(6,669)**	**(3,295)**	**(16,348)**	**(26,312)**
Net book value	**4,447**	**7,888**	**12,554**	**24,889**

2010	Contract portfolio	Administrative Concessions	Computer software	Total
Cost				
1 January	**11,116**	**38,039**	**18,364**	**67,519**
Additions	-	19,607	5,936	25,543
Disposals	-	-	(1,329)	(1,329)
Transfers	-	(5,239)	(213)	(5,452)
31 December	**11,116**	**52,407**	**22,758**	**86,281**
Accumulated depreciation				
1 January	**(2,223)**	**(2,152)**	**(8,935)**	**(13,310)**
Amortization	(2,223)	(1,166)	(4,031)	(7,420)
Disposals	-	-	1,168	1,168
Transfers	-	(225)	15	(210)
31 December	**(4,446)**	**(3,543)**	**(11,783)**	**(19,772)**
Net book value	**6,670**	**48,864**	**10,975**	**66,509**

At 31 December 2011, projects under this caption mainly correspond to the following concessions:

- Car park concessions located in Spain that at 31 December 2011 had not been assigned-to-projects finance yet.

- Other concessions related to public and environmental services.

The concession awarded in 2009 for the construction and maintenance of seven transmission lines 421-kilometers long and five new substations in Texas (United States) through the joint venture Wind Energy Transmission Texas L.L.C., included in Appendix III, has been transferred to the heading "Other non-current assets assigned to projects" since it has obtained the funding required to undertake the project.

At the year-end these concessions have not yet received of financing assigned to projects; once they obtain such financing, they will be considered as assets assigned to projects.

Administrative concessions include costs related to the construction and/or operation of various assets (car parks, water treatment and waste management plants, and other concessions) for which the Group has obtained the concession to operate the assets for a certain period. At the end of the concession period, the asset will entirely revert to the granting authority. The Group will depreciate capitalized asset over the concession term.

The item Computer software reflects the ownership and right of use of computer software acquired from third parties. The balance of computer software does not include amounts related to software developed in-house.

Bank borrowings are secured by other intangible assets valued at 5,127 thousand euro (2010: 11,577 thousand euro). The balance of secured debt amounts to 751 thousand euro (2010: 5,072 thousand euro).

8. Concessionary assets and other non-current assets assigned to projects

The consolidation scope includes shareholdings in companies incorporated to engage in a single project. The project companies are usually financed by means of project finance.

The basis of the agreement between the company and the bank is the assignment of cash flows generated by the project to service the debt and interest (including an exclusion or quantified allowance for all other assets), in such a way that investment payback for the bank will take place solely through the project cash flows. Additional guarantees could be settled in some cases during construction phase. Any other borrowings are subordinated to the Project finance until it is fully repaid.

These are financing arrangements which are applied to specific business projects. Companies engaged in some projects, mainly electric transmission lines; solar-photovoltaic energy generation plants, bio-fuel plants and certain toll roads projects are carried out together with other shareholders. In the case of certain toll road and car park concessions, the Group is the only concession holder.

8.1. Concessionary assets assigned to projects

In view of the projects' characteristics a large part of the concessionary assets assigned to projects are related to intangible and financial concessionary assets (see accounting treatment in Notes 2.6, 2.7 and 2.23). This headline includes 707,263 thousand euro (2010: 615,629 thousand euro) relating to non-current assets in progress.

	2011	2010
Cost		
1 January	1,460,039	1,449,248
Additions to the consolidation scope	1,646	1,646
Additions	1,231,348	353,860
Translation differences effects	(142,620)	130,893
Disposals	(10,270)	(480,407)
Transfers	(10,857)	4,799
31 December	**2,529,286**	**1,460,039**
Accumulated depreciation		
1 January	(59,117)	(55,576)
Additions to the consolidation scope	(1,038)	-
Amortization	(35,338)	(39,505)
Translation differences effects	3,006	(2,871)
Disposals	55	37,395
Transfers	14,523	1,440
31 December	**(77,909)**	**(59,117)**
Net book value	**2,451,377**	**1,400,922**

At 31 December 2011, the Group has intangible assets assigned to projects abroad with a total carrying amount of 2,156,115 thousand euro (2010: 1,168,226 thousand euro).

During 2011, 50,040 thousand euro have been capitalized (2010: 52,075 thousand euro), relating to interest accrued during the construction of non-current assets arising on direct financing received to build the assets

As described in note 2.7, the Group classifies its concession assets as intangible or financial. At 31 December 2011 the net carrying amount of these assets amounts to 1,710,208 thousand euro and 714,169 thousand euro, respectively.

Financial assets mainly include receivables related to transmission line concession arrangements in Brazil. In line with accounting practices and, in compliance with IFRIC 12 regarding this type of contracts, receivables are registered applying the financial asset model. Long-term receivables are recognized at their amortized cost. Interest rates applied (without considering inflation) range from 2% to 11%, depending on each transmission line. The financial remuneration effect in accounts receivable implied revenues amounting to 71,044 thousand euro.

The projects included in this caption relate basically to the following concessions:

- Concessions for electricity transmission lines in Brazil and India for more than 4,982 km and an approximated investment of 2,128 million euro for periods of approximately 30 years and 35 years, through joint ventures at 33.3% and 50% included in Appendix III, as well as through two subsidiaries at 100%, included in Appendix I. At 31 December 2011, the Group has 6 concessions, 3 of which are being operated, and other 3 are under construction or newly awarded. At 31 December 2010, the Group had 7 concessions, 4 of which were in operation, and other 3 were under construction or newly awarded.

  At December 2010, the Group sold the shareholding held over 8 concessions for electricity transmission lines which it operated in previous years (see note 24).

  In June 2011, the subsidiary Energia e Participações, S.A., sold its share in the joint ventures Porto Primavera Transmissora de Energia, S.A., Vila do Conde Transmissora de Energia, S.A. and Cachoeira Paulista Transmissora de Energia, S.A. As the sale consideration, the company acquired all the shares in Cachoeira Paulista Transmissora de Energia, S.A. by a single payment of 9,478 thousand euro, paid in July 2011 (see Notes 24 and 32).

- Car park concessions (mainly off-street car park concessions) in Spain for periods of up to 50 years, through subsidiaries and joint ventures included in Appendix I and III. At 31 December 2011, a part of the concessions are being operated, while the rest of them are under construction. Up to 19,964 places in 41 car parks are under operation, 1,188 places in 2 car parks are in construction and 1,627 places in 3 car parks are in the design phase. Up to 2015, 30,779 places are expected to be managed.

- Two toll road concessions in Mexico, through the subsidiary Concesionaria Autopista Monterrey-Saltillo, S.A. de C.V. and Autopista Perote-Xalapa, S.A. de C.V. At 31 December 2011, these concessions are in the following status:

    - Concesionaria Autopista Monterrey-Saltillo S.A.C.V.: Concession for the construction, operation and maintenance awarded in 2006 and up to 2036 (with an additional 15-year extension) for 95 km, with a total estimated investment of 226 million euro. The concession became partially operative during previous years, expanding those sections in operation. At the 2011 year end, the full concession is fully operative.

    - Concesionaria Autopista Perote-Xapala, S.A.C.V.: Concession for the construction, operation and maintenance achieved in 2008 to 2038 for 59.9 km, with a total estimated investment of 453 million euro approximately. Operating phase is forecasted along 2012.

    - The operation period of these concessions may be extended as described in note 8.3.

- Concession obtained in 2007 for improvement, expansion and maintenance of a 68-kilometer "shadow" toll road (Autovía A-4) through Concesionaria Autovía A-4 Madrid, S.A., included in Appendix I. Period of concession is until 2026. At 31 December 2011 the whole concession is operating. Total investment amounts approximately to 92-million euro.

- Concession for four toll roads in India:

    - Concession obtained in 2008 for 15 years to the extension, improvement, operation and maintenance of a 291-kilometer toll road in India (Panipat-Jalandar) through the subsidiary Soma-Isolux NH One Tollway Private Limited, included in Appendix I. Concession period is up to 2023. Construction works regarding extension and improvement of the existing infrastructure (operation and maintenance activities are carried on since the concession implementation) began in 2009 and the expected investment amounted to 739 million euro, approximately.

    - Concession obtained in 2009 for 19 years to the extension, improvement, operation and maintenance of a 133-kilometer toll road in India (Surat-Hazira) through the joint venture Soma Isolux Surat Hazira Tollway PVT, Ltd., included in Appendix III. Concession period is up to 2028. At 31 December 2011, construction works have begun and expected investment amounts approximately to 404 million euro. Operation is expected by 2012. Concession period may be modified based on traffic levels reached in 2018.

    - Concession obtained in 2009 for 18 years to the extension, improvement, operation and maintenance of a 94-kilometer toll road in India (Kishangarh-Aimer Beawar Highway) through the joint venture Soma Isolux Kishangarh-Ajmer-Beawar Tollway PVT, Ltd., included in Appendix III. Concession period is up to 2027. Construction works are started at 31 December 2011 and expected total investment amounts approximately to 201 million euro. Operation is expected by 2012. Concession period may be modified based on traffic levels reached in 2021.

    - Concession obtained in 2010 for 30 years to the extension, improvement, operation and maintenance of a 192,4-kilometer toll road in India (Varanasi Aurangabad) through the subsidiary Soma Isolux Varanasi Aurangabad Tollway included in Appendix III. Concession period is up to 2040. Construction works relating to extension and improvement of existing section begin during 2011 (operation and maintenance works are performed since the implementation phase) and expected investment amounts to 305 million euro. Concession starts generating operating revenue since the beginning (Brownfield Project).

- Concession obtained in 2009 for 25 years to the extension, improvement, operation and maintenance of 681-kilometer toll roads in Brazil through the subsidiary Viabahia Concessionaria de Rodovias, S.A., included in Appendix I. Concession period is up to 2035. At 31 December 2011 it is in operation and implementation works concerning toll systems have been performed simultaneously. Expected investment amounts to 710 million euro, approximately. The concession starts generating operating revenue since the beginning (Brownfield Project).

- During 2011 the Group was awarded the concession contract Uttar Pradesh licensed by the Electricity Regulatory Commission for the construction, operation and maintenance of a 765kV and 1,600-kilometer electricity transmission line in India. The concession term is up to 35 years, tariffs are approved by the granting authority and they can be annually updated based on inflation up to a 5% annual rate. The Group holds a 74% share in this project, maturing in 15 years. The transmission line is expected to start operating on 1 January 2014.

- During the second-half of 2011, the Group was awarded the contract Taubuté-Nova Iguaçu for the construction, operation and maintenance of a 500kV and 247-kilometer electricity transmission line in Brazil. The concession term is up to 30 years.

Control of most concession assets reverts to the granting body at the end of the concession period although there is usually an option to renew concessions at the time they expire.

8.2. Other non-current assets assigned to projects

There are other non-current assets assigned to projects, whose detail is presented below:

	2011	2010
Cost		
1 January	273,678	287,787
Additions to the consolidation scope (Note 32)	1,236,308	-
Additions	160,349	3,229
Translation differences effects	(5,751)	2,189
Disposals	(6,909)	(19,840)
Transfers	10,953	313
31 December	**1,668,628**	**273,678**
Accumulated depreciation		
1 January	(21,477)	(9,239)
Additions to the consolidation scope (Note 32)	(110,841)	-
Amortization	(50,188)	(11,511)
Translation differences effects	230	(45)
Disposals	4,000	16
Transfers	(1,751)	(698)
31 December	**(180,027)**	**(21,477)**
Net book value	**1,488,601**	**252,201**

Additions include other non-current elements assigned to projects corresponding to Grupo T-Solar assets (see note 32). The new elements incorporated correspond mainly to:

- Lands, plants and machinery required for photovoltaic module manufacturing in the subsidiary's plant T-Solar Global, S.A. in Orense (Galicia).

- Plant required to generate electric energy under the special system rule through the various solar photovoltaic plants owned by various subsidiaries.

During the year, financial expenses amounting to 540 thousand euro were capitalized (2010: no expense capitalization).

At 31 December 2011, 204,050 thousand euro (2010: 214,929 thousand euro) belonging to two bio-fuel plants

(Located in Ferrol and Castellón) and managed through Infinita Renovables are recognized under this caption. Operations in these plants took place during 2009.

Assets relating to construction and maintenance of seven 421-kilometer transmission lines and five new substations in Texas (United States) undertaken through the joint venture Wind Energy Transmission Texas L.L.C. (appendix III) are included under this caption. The concession period is unlimited. At 31 December 2011 work was at the initial development phase and the expected total investment amounts approximately to 464 million euro. For accounting purposes, this contract has been considered as outside the scope of the standards applicable to concession assets (IFRIC 12).

The balance under this headline also includes assets assigned to projects located abroad with a carrying amount of 74,650 thousand euro (2010: 10,453 thousand euro).

At 31 December 2011 this heading registers non-current assets in progress amounting to 34,866 thousand euro (2010: there were no elements in progress).

8.3. Project finance

The repayment schedule for project finance is set out below, based on project cash flow forecasts and as stipulated in the relevant contracts:

							2011
		Non-current					
	Current	2013	2014	2015	Subsequent	Subtotal	Total
Maturities per year	358,342	113,673	139,576	156,530	1,848,044	2,257,823	2,616,165

							2010
		Non-current					
	Current	2012	2013	2014	Subsequent	Subtotal	Total
Maturities per year	222,480	49,546	51,142	72,247	839,595	1,012,530	1,235,010

The Group's current liabilities include "bridge loans" associated with the infrastructure construction phase, which amount approximately to 235 million euro; they are expected to be converted to long-term financing once the operation period starts.

At 31 December 2011 there are debts totaling 1,415,467 thousand euro (2010: 835,482 thousand euro) denominated in foreign currencies (mainly Brazilian Real, Indian Rupees and Mexican Pesos).

During 2010 the Sociedad Concesionaria Autopista Monterrey-Saltillo, S.A. de C.V. subscribed to a convertible subordinated loan amounting to 1,040,000 thousand Mexican Pesos (57,632 thousand euro at 31 December 2011 exchange rate) with Banco Nacional de Obras y Servicios Públicos, Sociedad Nacional de Crédito. This entity acts as a trust fund in the "National Infrastructure Fund" (FONADIN), whose objectives are the funding of construction activities in Libramiento Norponiente de Saltillo and the restoration of concessionaire's economic balance. The loan is divided into two tranches: the first one maturing at the ending date of the original concession term, expected in 2039; and the second one, expiring 15 years after the first tranch maturity date. This loan will be repaid annually based on a differential income in respect to the base case. After 28 years from the beginning of the concession, balances could be capitalized based on contractual terms. The loan accrues an annual interest rate of 8.5% (in current terms).

On July 13, 2011 Sociedad Concesionaria Autopista Perote Xalapa, S.A. de C.V. subscribed to a convertible subordinated loan amounting to 2,857,000 thousand Mexican pesos (158,322 thousand euro at 31 December 2011 exchange rate) with Banco Nacional de Obras y Servicios Públicos, Sociedad Nacional de Crédito. This entity acts as a trust fund en the "National Infrastructure Fund" (FONADIN), whose objectives are the funding of costs generated in the expansion phase and the coverage of expenses due to the delay in the operational phase. The first credit disposal will be allocated to payment of commissions, while the second and later disposals will fund costs and expenses arising from the expansion phase and due to delays in the operational phase. This loan will be repaid annually through the 80% of the net exceeding cash flows compared to the base case. After 34 years from the beginning of the concession, outstanding balances could be capitalized based on contractual terms. The loan accrues an annual interest rate of 8.5% (in current terms).

On November 11, 2011 Cachoeira Paulista Transmissora de Energia, S.A. issued bonds periodically maturing up to 11 November 2023. The maximum annual rate accrued by such bonds amounts to 8.4%. The instrument is registered in the CVM and ANBIMA, in Brazil.

Project finance can be guaranteed through the promoter company's shares granted by its partners, the transfer of collection rights or limitations on the Project assets disposal. However, mainly during the construction and implementation phases, additional guarantees may exist.

Every funding is referenced to different market rates and these are revised over periods not exceeding 6 months. As a result, fair value of both current and non-current funding amounts approximate to their carrying amounts.

9. Investments in associates

Set out below is an analysis of investments in associates showing movements:

	31/12/2011	31/12/2010
Opening balance 1.01.11	**178,996**	**57,059**
Additions	-	-
Disposals	(128,875)	-
Transfers	-	128,875
Profit/(loss) of equity method	(15,787)	(7,072)
Profit/(loss) of equity method –Responsibility provision	300	134
Closing balance 31.12.11	**34,634**	**178,996**

Disposals during 2011 correspond to the acquisition of the investment in Grupo T-Solar Global, S.A. business combination which, due to movements detailed in note 32, resulted in gaining contro, so that it is now considered as a Group company.

Transfers recorded in 2010 related to investment transfer in Grupo T-Solar Global, S.A. (see note 10). Although investment in this company at 31 December 2010 amounted to 19.80%, it was considered as an associate due to the existence of several factors indicating the Group's significant influence (options on receivables capitalization (see note 12), the Group's executives acting as directors in Grupo T-Solar Global, S.A., agreements with other shareholders to company's shares acquisition, and the Group's intention to gain control over the company.

The Group's interests in its joint ventures consolidated through the Equity method, all of which are unlisted, are analyzed below:

						2011
Name	Country of incorporation	Assets	Liabilities	Revenue	Results	% on Interest
Alqlunia 5, S.L.	Spain	20,022	22,809	30	(599)	50.00%
Pinares del Sur, S.L.	Spain	44,709	52,290	8,702	(1,463)	50.00%
Las Cabezadas Aranjuez, S.L.	Spain	54,005	57,029	3	(134)	40.00%
Lanscape Corsan , S.L.	Spain	275	52	-	-	50.00%

						2010
Name	Country of incorporation	Assets	Liabilities	Revenue	Results	% on Interest
Alqlunia 5, S.L.	Spain	20,016	22,204	89	(2,704)	50.00%
Pinares del Sur, S.L.	Spain	39,786	33,993	5,564	(541)	50.00%
Las Cabezadas Aranjuez, S.L.	Spain	54,259	57,110	541	(1,164)	40.00%
Lanscape Corsan , S.L.	Spain	275	52	2	(2)	50.00%

The Group's interests in its principal associates, all of which are unlisted, are analyzed below:

						2011
Name	Country of incorporation	Assets	Liabilities	Revenue	Results	% on Interest
Autopista Madrid-Toledo, S.A.	Spain	15,368	31,648	7,141	(18,233)	25.50%
Gestión de Participes de Biorreciclajes, S.L.	Spain	283	307	-	-	33.33%
Proyectos Inmobiliarios Residenciales, S.L.	Spain	7,122	9,965	-	-	23.75%

						2010
Name	Country of incorporation	Assets	Liabilities	Revenue	Results	% on Interest
Autopista Madrid-Toledo, S.A.	Spain	498,396	420,612	11,821	(5,636)	25.50%
Grupo T-Solar Global, S.A.	Spain	1,281,982	1,120,418	115,285	(116,753)	19.80%
Gestión de Participes de Biorreciclajes, S.L.	Spain	283	307	-	-	33.33%
Proyectos Inmobiliarios Residenciales, S.L.	Spain	7,122	9,965	-	-	23.75%

In order to measure its shareholdings, the Group has adjusted the above-mentioned figures in accordance with the accounting policies described in Note 2.

10. Financial Investments

Set out below is an analysis of financial investments assets showing movements:

	2011	2010
Opening balance	**11,512**	**143,006**
Additions	3,035	1,294
Disposals	(1,873)	(55)
Transfers	119	(128,875)
Impairment losses (Note 27)	(1,837)	(3,858)
Closing balance	**10,956**	**11,512**
Less non-current portion	**(10,956)**	**(11,512)**
Current portion	-	-

For measurement purposes, financial investments are classified as available-for-sale financial assets (See Note 2.10).

During 2011 the Group agreed an exchange with Caja Castilla La Mancha Corporación, S.A. whereby the Group gives its share in "Synergy Industry and Technology, S.A." and receives shares representing 4.75% of Grupo T-Solar Global, S.A. share capital as a consideration. This transaction impacted the Group's income statement, generating profits of 17,365 thousand euro (see note 27).

Transfers during 2010 corresponded to the transfer of investment in Grupo T-Solar Global, S.A. (See note 9).

The rest of the financial investments relate entirely to non-controlling interest investments in unlisted companies in which the Group does not have significant influence. As these are residual investments in companies with no significant size within the Group, and given the impossibility of applying measurement methods to the investments, they are presented at acquisition cost, net of impairment disclosed in the financial information of the respective companies. This caption does not include investments in debt instruments.

Financial investments are all denominated in euro. Maximum exposure to credit risk at the reporting date is the carrying amount of the assets classified as financial investments.

Financial instrument balances under this caption are classified in Group 3 for the purpose of information sources used to determine its fair value in compliance with IFRS 7 (See Note 2.10).

11. Derivative financial instruments

Derivative financial instruments are analyzed below at 31 December 2011 and 2010:

	2011		2010	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps-cash flow Hedges	-	(191,308)	3,789	(47,337)
Interest rate swaps-held for Trading	1,146	-	1	-
Currency forward contracts-cash flow Hedges	6,210	(7,451)	2,803	(12,633)
Currency forward contracts- held for Trading	-	-	2,404	(236)
Total	**7,356**	**(198,759)**	**8,997**	**(60,206)**
Less non-current portion:				
Interest rate swaps –cash flow Hedges	-	(174,304)	3,789	(47,337)
Interest rate swaps –held for Trading	1,146	-	-	-
Currency forward contracts – cash flow hedges	9	(55)	498	(310)
Currency forward contracts – held for Trading	-	-	-	-
	1,155	**(174,359)**	**4,287**	**(47,647)**
Current portion	**6,201**	**(24,400)**	**4,710**	**(12,559)**

Derivatives held for trading are classified as current assets or liabilities. The total fair value of a hedging derivative is classified as a non-current asset or liability if the period to maturity of the hedged item is more than 12 months and as a current asset or liability if the period to maturity of the hedged item is less than 12 months.

The ineffective net portion of cash flow and fair value hedges recognized as revenue in the income statement totals 1,460 thousand euro (2010: 601 thousand euro) (see Note 27).

The maximum credit risk exposure at the reporting date is the fair value of the derivative financial instruments carried in the balance sheet.

Financial instrument balances under this caption are classified in Group 2 for the purpose of information sources used to determine its fair value in compliance with IFRS 7 (See Note 2.10).

Foreign currency forward contracts

The notional principal of currency forward sale contracts, relating mainly to the sale of US dollars and purchase of euro (net of US dollars purchased against euro) outstanding at 31 December 2011 was 36,635 thousand USD (2010: 7,498 thousand USD).

It is expected that high likely future transactions hedged, denominated in foreign currency, take place on different dates, mainly within the next 12 months. Profit and loss recognized in the hedging reserve in equity with respect to foreign currency forwards at 31 December 2011 are recognized in the period or periods during which the hedged transaction affects the income statement. This normally takes place within 12 months of the balance sheet date unless the gain or loss had been included in the initial purchase value of fixed assets, in which case such recognition occurs during asset's life (between five and ten years).

Main currency forward contracts characteristics at 31 December 2011 are shown below:

Project name or associate	Transaction	Currency (**)	Final maturity	Notional value (*)
Forward Isolux Ingeniería	Purchase	CHF	25/01/2012	309
Forward Isolux Ingeniería	Sale	QAR	25/01/2012	(99,597)
Forward Isolux Ingeniería	Purchase	USD	31/05/2013	14,426
Forward Isolux Ingeniería	Sale	USD	31/12/2015	(10,317)
Forward Isolux Ingeniería	Sale	MXN	31/01/2012	(9,837)
Forward Isolux Ingeniería	Purchase	USD	31/08/2012	68,086
Forward Isolux Ingeniería	Sale	USD	31/01/2012	(27,672)
Forward Isolux Ingeniería	Purchase	USD	30/11/2012	118
Forward Isolux Ingeniería	Sale	USD	31/12/2012	(88)
Forward Isolux Ingeniería	Purchase	BRL	25/04/2012	23,581
Forward Isolux Ingeniería	Sale	BRL	25/10/2012	(10,461)
Forward Isolux Ingeniería	Sale	BRL	26/02/2013	(40,948)
Forward Isolux Ingeniería/Tecna	Purchase	USD	09/01/2012	5,805
Forward Isolux Ingeniería/Tecna	Sale	USD	31/01/2012	(6,016)
Forward Isolux Ingeniería/Tecna	Purchase	USD	30/08/2012	25,819
Forward Isolux Ingeniería/Tecna	Sale	USD	31/07/2012	(33,526)

(*) Effective at 31 December 2011

(**) USD: US Dollar; QAR: Qatari Real; CHF: Swiss Franc; MXN: Mexican Peso; BRL: Brazilian Real

Main currency forward contracts characteristics at 31 December 2010 are shown below:

Project name or associate	Transaction	Currency (**)	Final maturity	Notional value (*)
Forward Isolux Ingeniería	Purchase	CHF	11/01/2011	309
Forward Isolux Ingeniería	Sale	QAR	17/02/2011	(113,597)
Forward Isolux Ingeniería	Purchase	USD	31/08/2012	71,347
Forward Isolux Ingeniería	Sale	USD	30/09/2011	(72,072)
Forward Isolux Ingeniería	Sale	MXN	19/01/2011	(9,837)
Forward Isolux Ingeniería	Purchase	USD	29/04/2011	41,625
Forward Isolux Ingeniería	Sale	USD	18/01/2011	(12,421)
Forward Isolux Ingeniería/Tecna	Purchase	USD	30/03/2012	12,380
Forward Isolux Ingeniería/Tecna	Sale	USD	30/04/2012	(53,385)
Forward Isolux México	Purchase	USD	12/01/2011	13,235
Forward Isolux México	Sale	USD	14/01/2011	(9,498)
Forward Isolux Ingeniería/Tecna	Purchase	USD	10/01/2011	7,307
Forward Isolux Ingeniería/Tecna	Sale	USD	18/01/2011	(6,016)

(*) Effective at 31 December 2010

(**) USD: US Dollar; QAR: Qatari Real; CHF: Swiss Franc; MXN: Mexican Peso

Although all the contracts in force at 31 December 2011 and 2010 were obtained for hedging purposes, due to the Group's contracting and designation criteria applicable at the contract dates, some of the contracts did not qualify for hedge accounting under IFRS-EU.

Profits and losses recorded in the hedging reserve within the Equity (net of tax effect and external partners) resulting from cash flow hedge at 31 December 2011 amount to (852) thousand euro (2010: (9,645) thousand euro) and will be transferred to the income statement on an ongoing basis until the contract is settled. These derivatives did not generate settlements in the year (2010: 135 thousand euro).

<u>Interest rate swaps</u>

The notional principal of interest rate swaps outstanding at 31 December 2011 amounted to 1,752,546 thousand euro (2010: 1,352,370 thousand euro).

At 31 December 2011, fixed interest rates ranged between 1.80% and 5.05% (2010: 1.80% and 4.82%) for those operations in which interest rate is variable. The variable interest rate is the EURIBOR. In the case of the derivative linked to the TIIE rate (variable rate used for two projects in Mexico), the contracted fixed interest rate range between 5.02% and 8.20% (2010: 8.20%), whereas in operations with LIBOR (variable rate used for Wind Energy Texas companies) as the collected variable interest rate, fixed interest rates range between 1.96% and 3.60% (2010: without transactions).

At 31 December 2011 profit and loss from interest rate swaps registered in equity through a hedging reserve (net of the tax effect and non-controlling interests) amounts to (59,889) thousand euro (2010: (26,671) thousand euro). They will be transferred to the income statement until bank loans are paid off. Settlement of these derivatives generated a loss of 20,897 thousand euro (2010: 21,815 thousand euro).

Although all the contracts in force at 31 December 2011 and 2010 were obtained for hedging purposes, due to the Group's contracting and designation criteria applicable at the contract dates, some of the contracts did not qualify for hedge accounting under IFRS-EU.

Set out below is an analysis of the main interest rate swaps in force at 31 December 2011:

Name	Contract date	Final maturity	Notional value	Fixed interest rate (paid)	Variable interest rate (charged)
Grupo Isolux Corsán	11/09/2009	03/06/2013	50,000 thousand euro	2.66%	Euribor
Grupo Isolux Corsán	23/06/2009	23/06/2012	20,000 thousand euro	2.44%	Euribor
Grupo Isolux Corsán	24/02/2009	24/02/2012	20,000 thousand euro	2.47%	Euribor
Grupo Isolux Corsán	22/06/2009	18/06/2013	85,000 thousand euro	1.80%	Euribor
Grupo Isolux Corsán	10/09/2010	29/06/2015	532,000 thousand euro	2.02%	Euribor
Grupo Isolux Corsán	28/04/2010	03/06/2013	50,000 thousand euro	1.97%	Euribor
Grupo Isolux Corsán	16/05/2011	16/05/2015	45,000 thousand euro	3.05%	Euribor
Grupo Isolux Corsán	28/06/2011	28/06/2014	57,517 thousand euro	2.20%	Euribor
Cova da Serpe II loan	23/01/2012	21/07/2025	13,718 thousand euro	3.60%	Euribor
Infinita Renovables' loan	05/01/2010	30/12/2016	167,368 thousand euro	3.79%	Euribor
Hixam's loan	07/02/2007	29/12/2022	61,395 thousand euro	4.36%	Euribor
Concesionaria Saltillo Monterrey's loan	28/09/2007	30/05/2025	2,314,546 thousand mexican pesos	8.20%	TIIE (*)
Sociedad Concesionaría Autovía A-4's loan	01/08/2008	15/06/2025	57,592 thousand euro	5.05%	Euribor
Concesionaria Perote-Xalapa's loan	18/08/2011	14/12/2012	475,000 thousand mexican pesos	5.02%	TIIE(*)
Concesionaria Perote-Xalapa's loan	13/02/2008	14/01/2022	1,895,320 thousand mexican pesos	8.20%	TIIE(*)
HIXAM II's loan	13/01/2010	23/12/2025	29,735 thousand euro	3.60%	Euribor
Sociedad Concesionaria Zona 8-A's loan	25/02/2008	25/02/2024	7,140 thousand euro	4.79%	Euribor
Wind Energy Trans Texas Hold's loan	29/07/2011	31/03/2016	1,899 thousand dollar	1.96%	Libor
Wind Energy Trans. Texas's loan	29/07/2011	31/03/2016	27,157 thousand dollar	3.60%	Libor
Syndicated loan from NCG (**)	22/12/2008	31/12/2026	40,557 thousand euro	3.96%	Euribor
BBVA's syndicated loan (**)	15/07/2008	31/12/2027	462,724 thousand euro	5.09%	Euribor
La Caixa's loan (**)	18/06/2009	18/06/2021	11,098 thousand euro	4.09%	Euribor
Santander's loan (**)	04/01/2009	04/12/2023	6,572 thousand euro	4.00%	Euribor
Banesto's syndicated loan (**)	31/12/2010	20/12/2023	10,673 thousand euro	3.45%	Euribor

Name	Contract date	Final maturity	Notional value	Fixed interest rate (paid)	Variable interest rate (charged)
Bankia's loan (**)	18/03/2010	23/04/2026	2,090 thousand euro	3.65%	Euribor
Banesto's syndicated loan (**)	22/12/2010	20/12/2023	22,367 thousand euro	3.54%	Euribor

(*)Mexican long-term reference interest rate
(**) Corresponding to Grupo T- Solar Global

Set out below is an analysis of the main interest rate swaps in force at 31 December 2010:

Name	Contract date	Final maturity	Notional value	Fixed interest rate (paid)	Variable interest rate (charged)
Grupo Isolux Corsán	11/09/2009	03/06/2012	50,000 thousand euro	2.66%	Euribor
Grupo Isolux Corsán	23/06/2009	23/06/2012	20,000 thousand euro	2.44%	Euribor
Grupo Isolux Corsán	24/02/2009	24/02/2012	20,000 thousand euro	2.47%	Euribor
Grupo Isolux Corsán	22/06/2009	18/06/2013	85,000 thousand euro	1.80%	Euribor
Grupo Isolux Corsán	10/09/2010	29/06/2015	532,000 thousand euro	2.03%	Euribor
IC Concesiones' loan	28/04/2010	03/06/2013	50,000 thousand euro	1.97%	Euribor
Infinita Renovables' loan	30/04/2007	30/12/2016	181,800 thousand euro	3.79%	Euribor
Hixam's loan	07/02/2007	29/12/2022	63,273 thousand euro	4.36%	Euribor
Concesionaria Saltillo Monterrey's loan	30/05/2007	30/05/2025	2,330,080 thousand mexican peso	8.20%	TIIE (*)
Sociedad Concesionaria Autovía A-4's loan	01/08/2008	15/06/2025	58,165 thousand euro	4.45%	Euribor
Concesionaria Perote-Xalapa's loan	13/02/2008	14/01/2022	1,900,000 thousand mexican peso	8.20%	TIIE(*)
HIXAM II's loan	13/01/2010	23/12/2025	30,466 thousand euro	3.00%	Euribor
Sociedad Concesionaria Zona 8-A's loan	26/07/2007	25/02/2024	7,607 thousand euro	4.82%	Euribor

(*)Mexican long-term reference interest rate

Cross Currency SWAP

The Brazilian subsidiary company Viabahia Concesionaria de Rodovias S.A. reflects a " Cross Currency Swap" related to debt balances in US dollars (8,216 thousands of Euros), to convert the fixed interest rate to a variable interest rate, and to set the exchange rate between Brazilian reals to US dollars at its maturity date (June, 2013).

Shares call and put.

An agreement was signed during October of 2011 whereby a loan granted by Corpfin Capital Advisors, S.A. and other funds to Grupo T-Solar Global, S.A. (GTSG), which was convertible into GTSG shares, was cancelled. To cancel the loan, 10.8 million euro were paid in cash, along with shares of Grupo T-Solar Global equivalent to 11.66% of the capital of that Company.

Likewise, an agreement was signed between Grupo Isolux Corsán, S.A. and Corpfin Capital Advisors, S.A. and other funds, whereby GTSG shares received by these Companies are subject to a put option and call option by which the Group would have the obligation (under the put option) or on the contrary would have the right (under the call option) to acquire such shares under certain conditions (which defer between both options). The options are exercisable between April 30 and May 31, 2016 for the put option, even though there are situations related to liquidity events that could lead to an early exercise, and between 1 January 2014 and 28 February 2016 in the case of the call option, at an agreed price of 75.6 million euros (which can vary according to the date of exercise and other conditions).

These options have been valued at fair value at December 31, 2011

12. Trade and other receivables

Set out below is an analysis of trade and other receivables:

	31/12/2011	31/12/2010
Non-current		
Loans to companies consolidated under the Equity Method	28,096	24,385
Trade receivables for sales and services	39,586	39,466
Other receivables	57,077	5,242
	124,759	**69,093**
Current		
Trade receivables for sales and services	667,550	826,336
Trade receivables-Work completed pending certification	661,979	592,212
Less: Provision for impairment of receivables	(15,806)	(15,178)
Trade receivables – Net	1,313,723	1,403,370
Trade receivables from companies consolidated under the Equity Method	1,300	21,492
Loans to companies consolidated under the Equity Method	6,472	55,258
Sundry debtors	93,648	102,601
Public entities	210,965	160,777
In advance-payments to suppliers	154,275	144,360
Other receivables	106,548	54,017
	1,886,931	**1,941,875**

In addition to these accounts receivable, note 8.1 includes receivables relating to electricity transmission line concessions classified as financial models and amounting to 741,169 thousand euro.

"Trade receivables for sales and services" includes 26,486 thousand euro corresponding to short-term receivables under the financial asset model concession (see note 8.1).

There is no significant effect on the fair values of trade and other receivables due to its recognition at amortized cost, since nominal values are deemed to approximate fair values.

At 31 December 2011, the sum of 197,412 thousand euro (2010: 45,780 thousand euro) has been deducted, relating to German method contract loans and other invoices assigned to third parties prior to maturity. These assets have been derecognized from the balance sheet since it is considered that they meet the requirements stipulated in IAS 39 regarding de-recognition of financial assets

At 31 December 2011 "Trade receivables for sales and services" caption includes bills discounted at banks for a total of 79,720 thousand euro (2010: 59,233 thousand euro).

The Group has recognized a loss of 5,599 thousand euro (2010: 15,692 thousand euro) due to the impairment of trade receivables during the fiscal year ended 31 December 2011.

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

	2011	2010
Opening balance	**15,178**	**10,645**
Appropriations	5,599	15,692
Applications	(4,970)	(6,288)
Reversals	-	-
Transfers	(1)	(4,871)
Closing balance	**15,806**	**15,178**

The remaining accounts included in receivables contain no assets that are impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each category of receivables referred to above. It is not Group policy to contract insurance for receivables hedging.

The balance of trade receivables for sales and services includes the following amounts denominated in currencies other than the euro:

	2011	2010
US dollar	60,150	87,691
Qatar riyal	14,750	9,747
Brazilian real	40,698	4,820
Moroccan dirham	1,132	948
Argentinean peso	45,786	72,761
Mexican peso	8,806	877
Algerian dinar	8,615	5,093
Indian Rupee	9,651	-
Other currencies	6,030	1,499
	195,618	**183,436**

Costs incurred and gains recognized (less recognized losses) on all contracts in force at the balance sheet date amounted to 3,977 million euro (2010: 5,293 million euro) and 270 million euro (2010: 403 million euro), respectively.

13. Inventories

A breakdown of inventories is set out in the following table:

	31/12/2011	31/12/2010
Real Estate developments in progress	211,457	229,931
Raw materials and finished products	73,687	113,499
Capitalized project costs	72,581	84,430
	357,725	**427,860**

Set out below is a breakdown of property developments in progress by cycle:

	31/12/2011	31/12/2010
Real Estate developments in progress, short cycle	51,651	65,745
Real Estate developments in progress, long cycle	159,806	164,186
	211,457	**229,931**

At 31 December 2011 and 2010 there are no commitments to sell real estate developments in progress. In this respect, the Group has received advance payments amounting to 16 thousand euro (2010: 33 thousand euro) which are reflected on the liabilities side of the consolidated balance sheet in the item "Advanced receivables".

During 2011, capitalized interest amounted to 679 thousand euro (2010: 362 thousand euro), relating to interest accrued during the construction of developments and arising on direct financing received to build the properties.

At 31 December 2011 real estate development guarantying funding received amounts to 39,422 thousand euro (2010: 36,798 thousand euro).

During 2011, an impairment amounting 4,785 thousand euro (2010: 3,840 thousand euro) on real estate has been recorded based on the income statement.

14. Cash and cash equivalents and financial assets at fair value through profit or loss

14.1 Cash and cash equivalents

Set out below is a breakdown of cash and cash equivalents:

	31/12/2011	31/12/2010
Cash at bank and in hand	492,156	427,880
Short-term bank deposits and other	182,210	509,675
	674,366	**937,555**

This caption includes cash (cash in hand and demand deposits in banks) and cash equivalents (i.e., short-term highly liquid investments easily convertible into specific cash amounts within a maximum of three months, or with no restriction and no availability penalty if higher, and whose value is not subject to significant change risks).

Of the total figure for cash and cash equivalents, temporary joint ventures contributed 111,026 thousand euro (2010: 179,368 thousand euro) and joint ventures contributed 23,057 thousand euro (2010: 33,395 thousand euro).

Cash and cash equivalents include balances in currencies other than euro totaling 395,805 thousand euro (2010: 612,134 thousand euro).

For the purposes of the cash flow statement, the treasury balance includes the balance in the caption cash and cash equivalents.

At 2011 year end, 7,200 thousand euro (2010: 12,920 thousand euro) are recognized under "Cash in hand and banks", whose availability is restricted to the requirements of the loan received as funding for Hixam II project.

There are balances which are recorded under the caption cash at bank and in hand that are to hedge the service of the debt, which amounts to 5,727 thousand euro.

During the year 2011, the main transactions that did not generate cash flows are the following:

- Capitalization of part of the concession awarded for the toll road in India (Varanasi), amounting to 106,671 thousand euro (See note 8.1).

- Capitalization of part of the concession awarded for the toll road in Brazil (Viabahia), amounting to 244,652 thousand euro (See note 8.1).
- Synergy Industry and Technology, S.A. shares exchange for shares of Grupo T-Solar Global through an assets disposal of 1,873 thousand euro and an assets addition of 19,238 thousand euro (See note 10)

An amount of 14,836 thousand euro related to the partial capitalization of a toll road in India (Panipat-Jalandar), did not affect cash flows during 2011.

14.2 Financial assets at fair value through profit or loss

Set out below is a breakdown of financial assets at fair value through profit or loss:

	31/12/2011	31/12/2010
Short -term bank deposits and others	14,447	2,300
	14,447	**2,300**

At the year end this caption mainly includes listed financial entities' shares, which are considered as immediately available since they are listed in a continuous and regulated market.

15. Share capital, share premium and legal reserve

a) Share capital

The parent company's share capital consists of 87,316,199 ordinary bearer shares (2010: 87,316,199 shares) with a par value of 0.20 euro each (2010: 0.20 euro). The shares are fully paid up in a total amount of 17,463 thousand euro (2010: 17,463 thousand euro). There are no restrictions on the transfer of the shares.

The following companies hold interests in the parent company's share capital:

	2011		2010	
	No. of shares	% interest	No. of shares	% interest
Construction Investment Sarl	46,864,562	53.67%	46,864,562	53.67%
Caja Castilla La Mancha Corporación, S.A.	10,573,339	12.11%	10,573,339	12.11%
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, S.A.U.	5,334,367	6.11%	5,334,367	6.11%
Corporación Empresarial Cajasol, S.A.U.	13,629,406	15.61%	13,629,406	15.61%
Cartera Perseidas, S.L.	8,731,620	10.00%	8,731,620	10.00%
Charanne B.V.	2,182,905	2.50%	2,182,905	2.50%
Total	**87,316,199**	**100.00%**	**87,316,199**	**100.00%**

b) Share premium account

This reserve is unrestricted and stands at 468,413 thousand euro (2010: 469,163 thousand euro).

c) Legal reserve

Appropriations to the legal reserve are made in compliance with Article 274 of the Spanish 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. At 31 December 2011 and 2010 this reserve amounts to 3,493 thousand euro and is fully incorporated.

The legal reserve is not available for distribution. If it is used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.

In addition, this reserve includes the reserve resulting from the application in the parent company of Article 273.4 of the Spanish Capital Companies Act 2010: "In any event, a restricted reserve equivalent to the goodwill appearing on the asset side of the balance sheet must be allocated and a portion of profits representing at least 5% of that goodwill must be allocated to this reserve. If there were no profits or profits were insufficient, freely available reserves should be used". This reserve amounts to 7,071 thousand euro (2010: 4,714 thousand euro) at 31 December 2011.

16. Cumulative translation differences

A breakdown by company/subgroup of cumulative translation differences is set out below:

Company or subgroup	2011	2010
Isolux de México S.A. de CV	(2,131)	(545)
Grupo Isolux Energía y Participaciones Ltda.	(13,495)	26,345
Isolux Proyectos, Ltda.	502	1,156
Powertec Proyectos, Ltda.	737	761
Isowat Mozambique, S.A.	1,543	1,452
Isolux Brasil Sociedade Anonima	1,070	(813)
Isolux Corsán Polonia, Sp Zoo	(304)	(214)
Concesionaria Autopista Saltillo-Monterrey, S.A. de C.V.	(2,439)	3,701
Grupo Tecna	(3,043)	(3,676)
Líneas Mesopotámicas Argentinas, S.A.	(30)	(10)
Concesionaria Autopista Perote-Xalapa, S.A.	(6,409)	601
Azul de Cortes, S.A. De C.V.	4,282	6,613
Soma-Isolux NH One Tollway Pvt Ltda.	(3,258)	5,983
Soma-Isolux Surat Hazira Tollway Pvt Ltd.	(637)	1,036
Soma-Isolux Kishangarh - Ajmer - Beawar Tollway Pvt. Ltd.	(747)	1,063
Isolux Corsán Argentina, S.A.	(77)	(57)
Agua Limpa Paulista, S.A.	967	183
Isolux Corsán India PVT	(1,155)	(437)
ICI & Soma Enterprise	(1,423)	(525)
Viabahía Concessionaria de Rodovias, S.A.	(95)	3,099
Corsán Corvián Construcción, S.A. - Sucursales	(1,274)	478
Isolux Ingeniería, S.A.- Sucursales	(8,066)	(6,645)
Iccenlux, Corp.	1,322	-
Isolux Mozambique LDA.	1,543	-
Isolux Corsan Concesiones Chipre	3,747	-
Other	(1,392)	(1,430)
Total	**(30,262)**	**38,119**

17. Retained earnings and non-controlling interest

The proposal for the distribution of the parent company's 2011 results that will be submitted to the Annual General Meeting and the approved (on 30 June 2011) 2010 distribution are set out below:

	Thousand euro	
Available for distribution	**2011**	**2010**
Profit for the year	13,669	52,096
Distribution		
Voluntary reserves	1,312	20,489
Reserve for unavailable goodwill (Spanish Capital Companies Act 2010, article 273.4)	2,357	2,357
Freely available reserve (Share premium)	-	(750)
Dividends	10,000	30,000
	13,669	**52,096**

Movements in non-controlling interests during 2011 are set out below:

	Opening balance	Share of profit/losses	Dividends	Change in shareholding and others	Closing balance
Grupo Tecna	9,825	(2,424)	-	119	7,520
Interisolux Torrejón Viv. Joven, S.L.	12	-	-	-	12
Julitex, S.L.	(97)	(134)	-	(2)	(233)
Interisolux Alcorcón Viv. Joven, S.L.	300	(52)	-	179	427
Agua Limpa Paulista, S.A.	240	961	-	692	1,893
Viabahía Concessionaria de Rodovías, S.A.	20,883	2,029	-	(1,714)	21,198
Grupo Infinita Renovables	527	(5,736)	-	372	(4,837)
Grupo T-Solar Global, S.A.	-	(12,146)	-	245,409	233,263
Mainpuri Power Transmission PL.	-	(2)	-	338	336
Soma-Isolux NH One Tollway Pvt. Ltda.	42,985	(2,041)	-	(5,908)	35,036
Sociedad Concesionaria Auto. A4, S.A.	53	952	-	(2,302)	(1,297)
Total	**74,728**	**(18,593)**	**-**	**237,183**	**293,318**

The main movements recorded during the year were the Grupo T-Solar Global S.A. non-controlling interests' increase which amounts to 245,409 thousand euro. This movement is the result of the shareholding changes and the Group's control takeover which is described in note 32 and to Group operations that took place after the control takeover (including a monetary contribution of 129 million euro due to the entrance of new partners in Grupo T-Solar Global, S.A. business)

Movements in non-controlling interests during 2010 are set out below:

	Opening balance	Share of profit/losses	Dividends	Change in shareholding and others	Closing balance
Grupo Tecna	7,692	2,023	(617)	727	9,825
Interisolux Torrejón Viv. Joven, S.L.	12	-	-	-	12
Julitex, S.L.	(47)	(50)	-	-	(97)
Interisolux Alcorcón Viv. Joven, S.L.	300	-	-	-	300
Agua Limpa Paulista, S.A.	146	(79)	-	173	240
Viabahía Concessionaria de Rodovías, S.A.	5,208	204	-	15,471	20,883
Grupo Infinita Renovables	2,408	(3,892)	-	2,011	527
Soma-Isolux NH One Tollway Pvt. Ltda.	35,034	3,500	-	4,451	42,985
Sociedad Concesionaria Auto. A4, S.A.	1,704	(901)	-	(750)	53
Total	**52,457**	**805**	**(617)**	**22,080**	**74,728**

18. Trade and other payables

Set out below is a breakdown of trade and other payables at 31 December 2011 and 2010:

	31/12/2011	31/12/2010
Non-current		
Long-term tax payables	59,823	-
Deferred income-Official grants	25,496	10,136
Other payables	333,578	30,892
Total	**418,897**	**41,028**
Current		
Trade payables	1,039,698	1,136,644
Bills payables	571,448	715,197
Interim Billings	176,059	238,929
Advances received on contracted work	151,063	210,272
Social security and other taxes	124,301	160,714
Other payables	240,495	97,415
Total	**2,303,064**	**2,559,171**

Long term tax payables correspond to deferred sales tax on the concessions lines in Brazil.

At 31 December 2011, other non-current payables include costs to be incurred in the amount of 106,671 thousand euro related to the intangible asset of the toll road administrative concession in India (Varanasi).

At 31 December 2011, other non-current payables and other current payables include costs to be incurred in the amount of 113,951 thousand euro and 130,701 thousand euro respectively, related to the intangible asset of the toll road administrative concession of Viabahia Concesionaria de Rodovias S.A. (Brazil).

At 31 December 2010, other non-current payables include costs to be incurred in the amount of 14,836 thousand euro related to the intangible asset recognized in 2009 for the toll road administrative concession in India (Panipat-Jarandar) (There are no remaining balances related to this concession in 2011).

Additionally, on 18 March 2011, the Group has signed an agreement with Morgan Stanley Infrastructure Partner (MSIP), an infrastructure fund, becoming MSIP a strategic partner in the development of the Group in the Indian Infrastructure Concession business area.

The funding provided by MSIP strengthens the financial position of the Group in the Indian Concession infrastructure area, favouring the subgroups to obtain new projects.

Through this partnership MSIP committed to contribute to the holding company (ICC Sandpiper, B.V.) that owns the interests in three toll road concession joint ventures (Kishangarh, Surat and Varanasi) an amount approximately between 106,700 thousand USD (82,447 thousand euro at year ended exchange rate) and 258,500 thousand USD (220,605 thousand euro at year ended exchange rate) over the next five years depending on the number of concession of infrastructure projects obtained by the subgroup in India and will receive in exchange preferred shares which are convertible into ordinary shares of such holding company. The preferred shares are convertible to ordinary shares after an initial period of 5 years (or before in case of other certain specified events such as a breach of contract obligations and exit events as an IPO, a change of control, etc.).

The Group will have the majority in the Board of Directors of ICC Sandpiper although will require authorization from MSIP for certain key strategic and financing decisions. Therefore, the Company consolidated ICC Sandpiper subgroup on a proportional consolidation basis as joint venture.

As of December 31, 2011 MSIP has provided several contributions to ICC Sandpiper for ICC Sandpiper to make capital contributions to the concession joint ventures that amounted to 43,135 thousand euro (classified under "Other non-current payables", which provides MSIP through preferred convertible shares with approximately 23% of the voting rights of ICC Sandpiper and approximately 55% of economic ownership.

Regarding non-current position, deferred income mainly corresponds to grants received for the acquisition of fixed assets assigned to projects.

Nominal values are deemed to approximate fair values.

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

In line the resolution of December 29, 2010, of the Spanish Accounting and Account Auditing Institute (ICAC), on the duty of information to be disclosed in the report on the annual accounts in connection with the deferred of payments to suppliers in business operations, companies must publish explicit information on payment terms to their suppliers in the notes on their annual accounts of companies based in Spain that prepare stand-done and consolidated annual accounts.

In accordance with the transitional regime provided for in Law 15/2010, the deferral period allowed is between 120 and 85 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 Group generally applies the payment management system the confirming through financial entities under the terms of contracts with their suppliers and/or subcontractors. The Group recognizes and pays suppliers financial expenses implicit in these agreements reached with the Group. 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 2011, payments to suppliers of group companies to which this law applies exceeding the prescribed limits has been approximately 61 million euros which is 7% of the total payments, exceeding in 72 days of the legal deadline.

	Payments made and pending payments at at year ended	
	2011	
	Thousand euro	%
Payments within the maximum legal limit	829,466	93.2%
Rest	60,754	6.8%
Total year payments	**889,433**	**100%**
Balance pending payment at close of year exceeding the legal limit	**11,598**	
Average weighted delay in payments (days)	**72**	

According to the second transitory regulation of the Spanish Accounting and Account Auditing Institute (ICAC) resolution of December 29, 2010, concerning the information to be included in the annual accounts in the first year of implementation requirements, the 2011 information is not presented on a comparative basis with 2010, due to the gradual enforcement regime set for 2010, stated by the mentioned resolution.

19. Borrowings

At 31 December 2011 and 2010, borrowings are as indicated below:

	31/12/2011	31/12/2010
Non-current		
Real Estate development	18,729	16,905
Other mortgage loans	53,992	58,180
Syndicated loans	654,191	532,928
Credit lines	79,015	127,592
Other borrowings	123,280	140,350
Finance lease liabilities	723	1,609
	929,930	**877,564**
Current		
Advanced credit debts	79,964	73,750
Syndicated loans	22,951	3,420
Mortgage loans	8,558	7,786
Credit lines	306,529	268,271
Finance lease liabilities	882	1,246
Other loans	30,174	18,331
	449,058	**372,804**
Total borrowings	**1,378,988**	**1,250,368**

Borrowings relating to Real Estate developments and finance lease liabilities are secured by the financed assets. Other mortgage loans are secured by the non-current assets stated in Note 6.

Virtually all borrowings bear interest at Euribor rates and contracted rates are reviewed after periods which do not generally exceed six months. The fair values of current and non-current borrowings therefore approximate their carrying amounts.

The company has multiple credit lines that are generally classified as short-term since its maturity is used to be on an annual basis. Nevertheless, these lines reflect tacit renewal clauses.

At 31 December 2011 and 2010, non-current borrowings mature as indicated below:

Item	2011			2010		
	Between 1 and 5 years	More than 5 years	Total	Between 1 and 5 years	More than 5 years	Total
Property development	881	17,848	18,729	970	15,935	16,905
Other mortgage loans	18,820	35,172	53,992	16,202	41,978	58,180
Syndicated loan	654,191	-	654,191	532,928	-	532,928
Credit lines	75,253	3,762	79,015	122,160	5,432	127,592
Other borrowings	107,596	15,684	123,280	116,700	23,650	140,350
Finance lease liabilities	599	124	723	1,609	-	1,609
Total	**857,340**	**72,590**	**929,930**	**668,936**	**208,628**	**877,564**

Finance lease liabilities are discounted to their present value. Future financial charges on finance leases total 49 thousand euro (2010: 110 thousand euro).

19.1) Syndicated loans

On 14 February 2007, the Group signed an agreement to obtain a credit line of 200,000 thousand euro.

On 26 March 2008, the Group entered into an agreement for a credit line amounting to 305,000 thousand euro, the main aim of which is the funding of the Group's operations.

On 29 June 2010, the Group arranged a long-term syndicated loan under the "Forward Start Facility" mode which cancels the above mentioned agreements, as well as other credit lines and loans amounting to 72,000 thousand euro (arranged on 14 February 2011). The initial amount granted under this operation is 532,000 thousand euro (which may be increased to 700,000 thousand euro by other financial institutions joining in) and is structured in Tranche A (345,800 thousand euro) and Tranche B (revolving credit by 186,200 thousand euro, for the Group´s general treasury financing needs). At 31 December 2010 the syndicated loan has been increased to 552,000 thousand euro (352,300 thousand euro in Tranche A and 189,700 thousand euro in Tranche B), being the book blance of the consolidated loans on 31 December 2011 of 541,361 thousand euro. Disposed balances accrue interest at Euribor plus a variable spread of between 2.25% and 3% depending on certain ratios.

Moreover, the loan must comply with the usual ratios required for this kind of operations. At 31 December 2011 Management understands no covenant under this agreement has been breached.

Maturities per year for such loans are shown below:

Maturity date	Amount (thousand euro)
29/12/2012	11,051
29/06/2013	44,168
29/12/2013	55,183
29/06/2014	66,215
29/12/2014	99,368
29/06/2015	276,015
Total	**552,000**

On 17 June 2010, the Group arranged a 85,000 thousand euro credit line with Natixis, ICO and KBC, structured in Tranche A (70,000 thousand euro to infrastructure concession project finance in India) and Tranche B (15,000 thousand euro to Group´s project finance). At 31 December 2011 the outstanding payment amounts to 85,000 thousand euro. The loan accrues interest of Euribor plus a 3% annual spread and

cancelation is through a single payment on 17 June 2015 (with potential advanced amortization on 17 June 2013 and 17 June 2015 in the event of agreement between financial entities and the Group). Additionally, as usual for this kind of operations, the loan is subject to certain ratios compliance. At 31 December 2011 Management understands no covenant under this agreement has been breached.

On 28 June 2011, the Group signed a 59,500 thousand euro loan agreement with EBN Banco de Negocios, S.A., Caja de España de Inversiones Salamanca y Soria, CAMP., Montes de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería Málaga, Antequera y Jaén.(Unicaja), Banque Marocaine du Commerce Exterieur Internacional , S.A.U., Banco do Brasil, Suc. España, Bankia, S.A.U., Caja de Ahorros y Monte Piedad de Navarra, Commerzbank Aktiengesellsehft, Suc. España., Caja General de Ahorros de Granada, Banco de la Nación Argentina, Suc. España and Caixa D'Estalvis del Penedes, to finance the Group's Projects. At 31 December 2011 the outstanding payment amounts to 53,500 thousand euro. The loan accrues interest at Euribor plus a 3.5% annual spread.

Maturities per year for such loans are shown below:

Maturity date	Amount (thousand euro)
28/12/2011	5,950
29/06/2012	5,950
28/12/2012	5,950
28/06/2013	5,950
28/12/2013	5,950
28/06/2014	29,750
Total	**59,500**

Additionally, as is usual for this kind of operation, the loan is subject to compliance with certain ratios. At 31 December 2011 Management understands no covenant under this agreement has been breached.

19.2) Other borrowings

The following debts are included under this caption:

At 2 June 2008, the Company entered into an agreement for a credit line amounting to 100,000 thousand euro with Instituto de Crédito Oficial (ICO), the main aim of which is the funding of the infrastructure concession operations in Mexico carried out by the Group. At the year end, the pending payment balance amounts to 100,000 thousand euro (2010: 100,245 thousand euro). This facility bears interest at Euribor plus 3 % a year, in periods of 1, 3 or 6 months at the borrower's request. The loan must comply with the usual ratios required for this kind of operations. At 31 December 2011 Management understands no covenant under this agreement has been breached.

19.3) Credit lines

The Company has several credit lines which are generally classified as short-term as they are usually arranged on an annual basis. Nevertheless, these lines reflect tacit renewal clauses. When the term is longer than a year, they are classified as non-current. The credit lines classified as current liabilities include the following:

On 5 May 2011, the Group signed a 45,000 thousand euro credit agreement with Bank of America, National Association, Spanish branch; the main aim is to finance the Group's operations. At 31 December 2011 the outstanding payment amounts to 45,000 thousand euro. The credit accrued interest at Euribor plus a 2% annual spread, in periods of 1, 3 or 6 months. The credit must comply with the usual ratios required for this kind of operations. At 31 December 2011 Management understands that no covenant under this agreement has been breached. The maturity date of the credit is the 2nd of May of 2012, subjected to annual bank unilateral renewals to a maximum of 4 years.

19.4) Other information

The carrying amount of the Group's borrowings is denominated in the following currencies:

	2011	2010
Non-current		
Euro	898,740	845,605
Other currencies	31,190	31,959
	929,930	**877,564**
Current		
Euro	336,846	274,040
Other currencies	112,212	98,764
	449,058	**372,804**
Total borrowings	**1,378,988**	**1,250,368**

The Group has the following unused credit lines:

	2011	2010
Variable interest rate:		
- Maturing in less than one year	115,227	143,825
- Maturing in more than one year	22,589	86,741
	137,816	**230,566**

20. Deferred income tax

The gross movement in deferred income tax is shown below:

	Deferred tax assets		Deferred tax liabilities	
	2011	2010	2011	2010
1 January	**115,886**	**61,744**	**66,752**	**55,035**
Charge to income statement (Note 28)	39,353	43,853	25,008	10,128
Tax charged to equity	27,637	10,289	(81)	1,589
Business combinations (Note 32)	49,742	-	51,200	-
31 December	**232,618**	**115,886**	**142,879**	**66,752**

Deferred tax assets at each year end are as follow:

	2011	2010
Tax losses	98,898	39,037
Tax credits pending application	23,441	35,302
Temporary differences	110,279	41,547
	232,618	**115,886**

Movements during 2011 and 2010 in deferred tax assets and liabilities are as follows:

Deferred tax liabilities

	Reversals	Appropriations	Other movements	Total
At 1 January 2010	-	-	-	**55,035**
Charged to income statement	(15,024)	20,084	5,068	10,128
Charged to equity	-	1,589	-	1,589
At 31 December 2010	-	-	-	**66,752**
Charged to income statement	(17,041)	36,967	5,082	25,008
Charged to equity	(81)	-	-	(81)
Business combinations and other operations (Note 32)	-	51,200	-	51,200
At 31 December 2011				**142,879**

Deferred tax assets

	Reversals	Appropriations	Other movements	Total
At 1 January 2010	-	-	-	**61,744**
Charged to income statement	(26,213)	57,591	12,475	43,853
Charged to equity	-	10,289	-	10,289
At 31 December 2010	-	-	-	**115,886**
Charged to income statement	(62,230)	97,486	4,097	39,353
Charged to equity	-	27,637	-	27,637
Business combinations (Note 32)	-	49,742	-	49,742
At 31 December 2011				**232,618**

During 2011 some of the Spanish companies left the consolidation scope of the fiscal consolidation Group whose dominant company is Grupo Isolux Corsán S.A. Deferred tax assets have been discharged applying a prudent approach after making a recoverability analysis under these circumstances. In this respect, during 2011, 26,583 thousand euro of deferred tax assets were reversed, which corresponds to fiscal deductions pending application. The disposal has generated expenses of the same amount, which are recorded in the consolidated income statement. (see Note 28).

The Group deferred assets including deductions generated, on the basis of the Consolidated Text of the Corporate Income Tax Act, approved by the Royal Legislative Decree 4/2004, of 5 March, as defined in article 39.3 and as defined in the tenth additional provision on income tax, registering during 2008 a deduction for the percentage set by the existing law in 2008 on investments in new property, plant and equipment intended to benefit renewable energy sources, consisting of solar energy plants and equipment that produce heat or electricity. The deadline for these deductions is 10 years. In the case of new entities, the application of the deductions could be deferred until the first year within the prescription period (four years), if they generate profits. Deductions are subjected to the maintenance of the long term investments (5 years minimum from the addition of the asset that generated it).

Deferred tax assets / (liabilities) charged to equity during the year are as follows:

	2011	2010
Fair value reserves in equity:		
Reserve for hedging transactions	27,718	8,700
	27,718	**8,700**

Deferred tax assets and liabilities arising from temporary differences are analyzed below:

	2011	2010
Deferred tax assets		
Arising from provisions.	6,865	10,413
Arising from non-current assets	36,560	13,650
Arising from financial derivatives measurement	59,965	17,484
Arising from other items	6,889	-
Total	**110,279**	**41,547**
Deferred tax liabilities		
Arising from measurement of inventories	(7,665)	(9,465)
Arising from measurement of derivative financial instruments	(1,854)	(2,838)
Arising from non-current assets	(101,513)	(20,180)
Arising from trade and other receivables	(13,251)	(8,175)
Arising from financial investments	-	(19,250)
Arising from other items	(18,596)	(6,844)
Total	**(142,879)**	**(66,752)**

At 31 December 2011 the Group has recognized tax credit with respect to tax losses in the amounts detailed below:

Generation year	Country				
	Spain	Argentina	Mexico	Other	TOTAL
2007	2,767	-	-	-	**2,767**
2008	2,255	81	54	-	**2,390**
2009	12,516	-	4,367	-	**16,883**
2010	13,971	2,486	540	-	**16,997**
2011	51,481	4,536	3,524	320	**59,861**
	82,990	7,103	8,485	320	**98,898**

These tax credits must be applied over a 15, 5 and 10-year period since its recognition in Spain, Argentina and Mexico, respectively.

Deferred tax assets with respect to tax credits pending application and tax losses are recognized insofar as the realization of the relevant tax benefit through future taxable profits is likely.

21. Provisions for other liabilities and charges

21.1. Provisions for other liabilities and charges – Non-current

	Provisions for project completion	Provisions for litigation and other	Provisions for major repairs	Decommissioning provisions	Total
Balance at 1 January 2010	**18,106**	**30,028**	-	1,749	**49,883**
Appropriations	4,155	6,701	186	-	11,042
Reversals	-	-	-	-	-
Applications	(9,758)	(4,000)	-	-	(13,758)
Balance at 31 December 2010	**12,503**	**32,729**	**186**	**1,749**	**47,167**
Business combinations (Note 32)	-	-	878	3,760	4,638
Appropriations	1,801	11,656	3,075	22	16,554
Reversals	-	-	-	-	-
Applications	(3,942)	(17,357)	-	-	(21,299)
Balance at 31 December 2011	**10,362**	**27,028**	**4,139**	**5,531**	**47,060**

<u>Provisions for project completion</u>

The balance in this account relates to projects that are completed or substantially completed and consists of the Group's estimate of probable costs to be incurred prior to final acceptance by the customer. Additional customer claims not subject to objective quantification at consolidated anual accounts preparation date could arise, although Management understands no significant loss over provisioned amounts will arise.

<u>Provisions for litigation and other</u>

This balance relates to provisions set up to cover other liabilities and charges related or not related to litigation, including tax or other contingencies for which the Group considered a provision should be posted. In the opinion of the directors and legal counsel, the lawsuits in question are not likely to generate significant losses above the amounts provisioned.

<u>Decommissioning provisions</u>

Based upon technical studies, the Group has estimated the current cost of decommissioning central solar installations as well as biodiesel plants that have assets assigned to projects, booking these estimates as a higher asset value and amortizing it over its useful life, which in most cases is similar to the useful life of the lease agreements of the land where the solar center and the biodiesel plants are located.

<u>Provisions for major repairs</u>

Expected provisions for the replacement and major repairs to be performed in some infrastructure concessions during its concession period, the group calculates that the additions to be made according to the estimated investments schedules of the Business Financial Plan, which is the best estimate.

21.2. Provisions for other liabilities and charges – Current

The balances included in this item, totaling 60.679 thousand euro (2010: 52.099 thousand euro), relate to the Construction Division and the Engineering Division and mainly consist of provisions for project completion costs and other items. "Change in trade provisions" in the income statement registers net allocations made to provisions for other liabilities and current expenses.

22. Revenue / Sales

Sales information by activity and market is included in Note 5.

23. Materials consumed and other external costs

The account Materials consumed and other external costs during 2011 and 2010 is analyzed below:

	2011	2010
Raw materials and other supplies	1,058,067	921,782
Difference between opening and closing inventories, excluding real estate	29,481	(39,811)
Other external costs	1,164,076	982,124
Total	**2,251,624**	**1,864,095**

24. Other income and expense

Other operating income and expense are analyzed below:

	2011	2010
Other operating revenue		
Operating grants	2,333	1,187
Other operating revenue	52,833	43,808
Total	**55,166**	**44,995**
Other operating expense		
Operating leases	94,414	100,241
Other external services	123,473	524,141
Impairment of net receivables	1,423	(1,596)
Taxes	129,347	62,437
Total	**348,657**	**685,223**

On June 2011, the Group exchanged its shareholding in 3 power transmission lines in Brazil (see note 8.1). This resulted in a cash outflow of 9,478 thousand euro. Operating profit on the transaction was 4,533 thousand euro and due to translation differences there was an income amounting to of 11,495 thousand euro. (see note 27)

During 2010 other operating expense included net losses from the sale of non-current assets totaling 812 thousand euro.

On December 2010 the Group carried out joint ventures sale regarding 8 electric line transmission concessions in Brazil (see note 8.1). This transaction has implied a net cash inflow of 256.535 thousand euro, a net operating profit of 26.562 thousand euro and conversion difference revenue amounting to 33.026 thousand euro not generating cash inflows.

25. Employee benefit expenses

	2011	2010
Wages and salaries	302,223	304,022
Social Security contributions	76,702	75,248
	378,925	**379,270**

"Wages and salaries" during 2011 include indemnities amounting 10.758 thousand euro (2010: 11.376 thousand euro).

The Group's average workforce is analyzed below:

Category	2011	2010
Graduates	2,872	2,647
Administrative staff	786	794
Workers	5,246	4,199
	8,904	**7,640**

Additionally, the average number of persons employed during 2011 by the proportionately-consolidated companies has been 275 (2010: 1.374).

At 31 December 2011, personnel distribution by gender is as follows:

Category	Men	Women	Total
Board Directors	13	-	13
Senior managers	7	1	8
Managers	280	49	329
Graduates	1,721	478	2,199
Administrative staff	504	363	867
Workers	6,103	545	6,648
	8,628	**1,436**	**10,064**

At 31 December 2010, personnel distribution by gender was as follows:

Category	Men	Women	Total
Board Directors	13	-	13
Senior managers	7	1	8
Managers	137	17	154
Graduates	1,742	480	2,222
Administrative staff	327	249	576
Workers	3,286	206	3,492
	5,512	**953**	**6,465**

26. Operating leases

Future minimum lease installments under non-cancellable operating leases are analyzed below:

	2011	2010
Less than 1 year	37,699	11,166
Between 1 and 5 years	24,494	18,271
More than 5 years	7,368	10,488
Total	**69,561**	**39,925**

The expense recognized in the income statement during 2011 in relation to operating leases totals 94.414 thousand euro (2010: 100.241 thousand euro).

The Group leases the building in which its headquarters are located from a third party. The lease agreement has a 12-year term as from lease inception (15 March 2007), although the Group may exercise a purchase option as from year five, in which case the parties must previously agree on the terms of the transaction. Since at lease inception and at the preparation date of these consolidated annual accounts, the purchase option is not likely to be exercised the operation has been classified as an operating lease. All payments due throughout the original 12-year term are included in the above table.

27. Net financial results

Net financial results at 31 December 2011 and 2010 are detailed below:

	2011	2010
Interest expense	(246,034)	(139,158)
Impairment of available-for-sale investments (Note 10)	(1,837)	(3,858)
Other financial expense	(52,939)	(28,727)
Financial expenses	**(300,810)**	**(171,743)**
Interest income	33,753	13,398
Results from available-for-sale investment transactions (note 10)	17,365	-
Net gains/(losses) on foreign currency transactions	18,161	28,921
Net gains/ (losses) on derivative financial instruments at fair value	1,460	601
Other financial income	12,791	13,102
Financial income	**83,530**	**56,022**
Net financial result – Expense	**(217,280)**	**(115,721)**

Profits from foreign currency transactions in 2011 included 11,495 thousand euro related to the exchange of 3 power transmission lines in Brazil (see note 24).

Results from investments held for sale in 2011 included 17,365 thousand euro related to the exchange of Synergy Industry and Technology, S.A.'s shares (see note 10)

During 2011, there was a capital reduction in the shareholding of Isolux Energia y Participaciones. As a result, a 10,146 thousand euro loss due to foreign currency transactions.was booked.

Profits from foreign currency transactions in 2010 included 33.026 thousand euro relating to a joint ventures sale of 8 power transmission line concessions in Brazil (see note 24).

28. Income tax

Grupo Isolux Corsán, S.A. is the parent company of Fiscal Group 102/01 and is therefore authorized to present consolidated tax declarations in Spain for all companies included in Fiscal Group.

Income tax expense is composed of:

	2011	2010
Current income tax	41,695	54,674
Deferred tax (Note 20)	(14,345)	(33,725)
Total Income Tax Expense	**27,350**	**20,949**

The Group's income tax differs from the theoretical amount that would have been obtained if the tax rate applicable to the consolidated companies' profits had been used as follows:

	2011	2010
Profit before taxes	**32,826**	**84,909**
Tax calculated at the rate applicable to the parent company's profits	9,848	25,472
Effect on tax payable of non-tax deductible expenses	2,517	2,453
Effect of different tax rates abroad and other differences in foreign operations	78	2,440
Deductions generated during the year	26,583	(3,437)
Other	(11,676)	(5,979)
Tax expense	**27,350**	**20,949**

The caption "Deductions generated during the year", reflects the effect of the fiscal credit disposals pending application by deductions, which amounts to 26,583 thousand euro (see note 20).

Set out below is a breakdown of deductions generated in each year:

	2011	2010
Deductions from export activities	-	3,437
Profits reinvested	-	-
Total	**-**	**3,437**

The effective tax rate in 2011 has been 83.32% (2010: 24.67%). This rate differs from the rate applicable to the parent company (30% in 2011 and 2010) mainly due to the net effect of non-deductible expenses, which increase the effective tax rate, and deductions generated, which reduce the effective tax rate, as well as different tax rates abroad that may be higher or lower than the rate applicable in Spain and therefore increase or reduce the effective tax rate.

On 1 July 2010, inspection activities on Income Tax for the period 2005-2008 were initiated in Grupo Isolux Corsán, S.A., as the parent company of the tax group.

Likewise, several group companies are subject to a general inspection of Value Added Tax (2006-2008), Personal Income Tax (2006-2008), Annual Statement of Operations (2005-2008) and Intra-Community Business Operations Statement (2005-2008).

At the date of preparation of these consolidated annual accounts, these inspections had not yet been completed.

From the actions that the tax authorities could adopt in relation to the inspected years, a tax liability could result which cannot be objectively quantified. However, the management of the parent company estimates that the resulting liability of that potential revision could mean losses higher than the provisioned amounts.

The following taxes and years are open to inspection:

Tax	Fiscal years
Corporate Income Tax	2009 to 2010
Value Added Tax	2009 to 2011
Personal Income Tax	2009 to 2011
Other taxes	Last 4 years

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 of the parent company consider, however, that any additional liability that might be raised would not significantly affect these consolidated annual accounts.

29. Earnings per share

Basic and diluted

Basic earnings per share are calculated by dividing the profit attributable to the Company's equity holders by the weighted average number of outstanding ordinary shares for the year.

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding ordinary shares to reflect the conversion of all potentially dilutive ordinary shares. As the Company has no potentially dilutive ordinary shares, diluted earnings per share are the same as basic earnings per share.

	2011	2010
Profit attributable to the Company's equity holders (Thousand euro)	24,069	63,155
Weighted average number of outstanding ordinary shares	87,316,199	87,316,199
Basic earnings per share (euro per share)	0.27	0.72

30. Dividends per share

Dividends paid out (or proposed) in relation to profits for 2011 and 2010 amount to 10.000 thousand euro and 30.000 thousand euro (see Note 17), respectively, entailing a dividend per share of 0.11 euro and 0.34 euro, respectively.

31. Commitments, contingencies and guarantees provided

31.a) Commitments

Non-current assets purchase commitments

No significant commitments have been made to purchase non-current assets at the balance sheet date, other than those required in the ordinary course of business.

Operating lease commitments

The Group leases a number of premises, offices and other property, plant and equipment under non-cancellable operating leases. These leases contain variable terms, phase-related clauses and renewal rights.

The lease expenditure charged to the income statement during the year and information on future minimum installments is set out in Note 26.

Share purchase undertaking agreement

On 23 January 2011, the three Viabahia Concessionaria de Rodovias, S.A.'s shareholders signed an agreement stating that one of the non-controlling shareholder could sell their shares to the others shareholders. Taking into account the agreement, the Group could increase its stake by a 70%. These transactions could only occur once the restriction period has expired (two years after the signature of the concession agreement), after the signature of the share purchase undertaking agreement and when all the required approvals are obtained.

31.b) Contingencies and guarantees provided

The Group has contingent liabilities in respect of bank guarantees and other guarantees provided in the ordinary course of business. In accordance with its general terms of engagement, the Group is required to provide technical guarantees in connection with the execution of projects. These guarantees may be provided in cash or in the form of bank guarantees and must remain in effect for a specified period.

In the ordinary course of business, as is common practice in companies engaged in engineering and construction activities, the Group furnished guarantees to third parties totaling 1,611 million euro (2010: 1,136 million euro) for the proper performance of contracts. In relation to concession activities, the Group has furnished guarantees for the proper performance and execution of contracts, totaling 240 million euro (2010: 114 million euro).

Related to sale transaction with investments in Brazilian electric transmission lines carried out in 2010 (see note 8), Isolux Energia e Participações guarantees certain litigations and claims.

No significant liability is expected to arise over such provisioned amounts, as stated in Note 21.

32. Business combinations

a) Grupo T-Solar Global, S.A. acquisition

On May 2011, the Group acquired control of the company Grupo T-Solar Global, S.A. (hereafter GTSG). GTSG is the parent company of a group of companies which main headquarters is in Spain and their activity is the generation of photovoltaic solar power through solar power plants and solar panel manufacturing.

The takeover was performed as follows:

- At 31 December 2010 the group had a 19.80% holding in GTSG, classified as investments in companies by the equity method.
- During the first months of 2011, through several corporate transactions related to
    - Shares purchase from third parties (18,912 thousand euro) and
    - Capital contributions (98,127 thousand euro) diluting the stake of other shareholders, at 31st of May the Group acquired the control of GTSG, with a 60.74% holding on that date.

The following table summarizes the consideration paid for GTSG and the provisional fair values of the acquired assets, assumed liabilities and the non-controlling shareholding position of GTSG at the acquisition date:

	Thousand euro
Purchase from third parties	18,912
Capital contribution in 2011, in cash	98,127
Total transferred consideration	**117,039**
Shareholding at fair value in the equity of Grupo T-Solar Global before the business combination	128,875
Total consideration	**245,914**
Balances of the identified acquired assets and assumed liabilities	
Cash	65,321
Property, plant and equipment	1,125,467
Goodwill	49,181
Intangible assets	752
Deposits, guarantees and other long term assets	47,730
Deferred tax assets	49,742
Inventory	8,584
Trade and other receivables	95,259
Other current assets	1,311
Borrowings	(785,709)
Other non-current liabilities	(86,994)
Loans	(151,838)
Other current liabilities	(45,367)
Deferred tax liabilities	(35,767)
Total identified net assets	**337,672**
Non-controlling interests	**(132,570)**
Goodwill	**40,812**
Total	**245,914**

The main aspects considered in the preliminary allocation cost were as follows:

- The estimated fair value of the operating and development photovoltaic solar plants included in the existing project portfolio at the acquisition date was calculated by an independent expert using the discounted future cash flow method and it was also based on the value allocated to transactions with independent parties.

- The fair value of the GTSG's non controlling interest has been estimated based on the net assets identified at the acquisition date

The goodwill generated in the business combination amounts to 40,812 thousand euro. It has been assigned to the photovoltaic solar plants energy generation cash generating unit. Among the assets acquired there is also goodwill amounting to 47,824 thousand euro which is assigned to the manufacturing solar panels' cash generating unit.

Note 7 describes the key assumptions for the value assessment of factory panels and photovoltaic solar plants.

The preliminar estimated assessment is subject to review for a 12 month period after the control takeover.

There is no significant impact on the consolidated income statement related the business combination.

The net turnover added since GTSG's acquisition (June 1, of 2011) amounts to 45,170 thousand euro and it has been recorded in the consolidated income statement. GTSG losses since its incorporation amount to 13,924 thousand euro.

If GTSG had been consolidated from January 1, 2011, the consolidated income statement would show a net turnover of 93,409 thousand euro and a loss of 37,199 thousand euro. The abovementioned impacts include the additional fixed assets' depreciation effect generated in the process by assigning the price. This value amounts to 3,860 thousand euro (net of tax).

b) Cachoeira Paulista Transmissora de Energia, S.A. acquisition

On June 2011, Isolux Energia e Participações, S.A. sold its joint venture shareholdings in Porto Primavera Transmissora de Energia, S.A., Vila do Conde Transmissora de Energía, S.A, and Cachoeira Paulista Transmissora de Energía, S.A. The fair value of the assets and liabilities amounted to 67,311 thousand euro. The Group held 33.33% of each entity. In return for the sale of the shareholding and of a 9,478 thousand euro payment, the Group acquired all the shares of Cachoeira Paulista Transmissora de Energía, S.A.

The estimated fair value of net assets acquired amounts to 81,322 thousand euro. The additional value of 41,334 thousand euro has been assigned to financial concessions assets, considering a deferred tax liabilitites of 14,054 thousand euro. This sale operation has generated profits amounting to 4,533 thousand euro (Note 24) and profits from foreign currency transactions of 11,495 thousand euro (Note 27).

The following table summarizes the consideration paid and the provisional fair values of the acquired assets and assumed liabilities at the acquisition date:

Consideration	Thousand euro
Cash	9,478
Assets and liabilities fair value	71,844
Total consideration	**81,322**

Balances of the indentified acquired assets and assumed liabilities	
Cash	3,887
Other receivables (Financial assets)	129,365
Other assets	7,983
Borrowings	(30,395)
Other liabilities	(15,464)
Deferred tax liabilities	(14,054)
Total identified net assets	**81,322**

During the purchase price allocation, the estimated fair value of the acquisition cost of the transmission lines; based on the discounted future cash flow method.

The preliminary estimated assessment is subject to review for a 12 month period after the control takeover.

Cachoeira Paulista Trasnmisora de Energía's turnover since its acquisition amounts to 17,915 thousand euro. It has been booked in the 2011 consolidated income statement. During the year the results contribute 11,516 thousand euro.

33. Related-party transactions

Transactions with related parties during 2011 and 2010 form part of the Group's ordinary course of business. These transactions are described below:

a) Operaciones realizadas con los accionistas principales de la Sociedad

a.1) Transactions with Banco CCM (former Caja Castilla La Mancha)

Since 2010 CCM Bank is not longer an indirect shareholder of the Group Isolux Corsán, S.A. due to the fact that CCM Bank is not longer a Caja Castilla La Mancha Corporación shareholder. CCM Bank is not longer considered as a related-party of Grupo Isolux Corsánin in 2010 or 2011.

During 2010, the Group performed transactions with CCM Bank, using its services as an banking entity, signing various bank loans, guarantees, negotiating financial instruments and through the use of several bank accounts to undertake the ordinary transactions of the Group.

2010 income statement records the impact of the transactions mentioned above, which were performed under market conditions.

a.2) Transactions with Corporación Caja Navarra Group

The Group effects transactions with Corporación Caja Navarra Group solely in connection with its banking activities. Transactions completed at 31 December 2011 and 2010 are presented below by nature:

	2011		2010	
	Granted	Disposed	Granted	Disposed
Credit lines	26,000	7,337	15,000	14,958
Long-term syndicated loans	28,300	28,300	20,000	20,000
Project finance	13,358	13,358	-	-
Guarantees granted	10,000	9,864	10,000	8,367
Other borrowings	9,000	9,000	2,000	2,000

During 2010 the interest rate swap to hedge future Euribor fluctuations by a notional value of 33.333 thousand euro expired.

On 31 December 2010 the Group had an export letter of credit line with a 5.000 thousand limit. The utilized amount totaled 3.282 thousand euro. At 31 December 2011 the limit is 5.000 thousand euro and there is no amount utilized.

The Group also has several current accounts necessary to carry on its ordinary business and manages a part of its cash resources by contracting financial assets through Corporación Caja Navarra Group.

The income statement for each period includes costs and revenue related to the above-mentioned operations, which reflect market conditions.

a.3) Transactions with Corporación Empresarial Cajasol S.A.U

The Group effects transactions with Corporación Empresarial Cajasol, S.A.U. solely in connection with its banking activities. Transactions completed at 31 December 2011 and 2010 are presented below by nature:

	2011		2010	
	Granted	Disposed	Granted	Disposed
Credit lines	600	600	15,000	14,964
Guarantees	129	129	-	-

During 2010 the interest rate swap to hedge future Euribor fluctuations by a notional value of 33.333 thousand euro expired.

The Group also has several current accounts necessary to carry on its ordinary business and manages a part of its cash resources by contracting financial assets through Corporación Empresarial Cajasol S.A.U.

The income statement for each period includes costs and revenue related to the above-mentioned operations, which reflect market conditions.

a.4) Transactions with Charanne B.V.

The Group has carried out the following transactions with Charanne B.V. shareholder during 2011 and 2010:

- On 7 February 2008, the Company granted a loan to B.V. Vista for a total of 4.700 thousand euro, with a one year maturity and bearing an interest rate of Euribor plus a spread of 1%. During 2009 this loan was transferred to Charanne B.V. During 2011 the loan has been renewed for an additional year.

- On 4 December 2008, the Group acquired the 100% of the shares that Vista B.V had of the Company Azul de Cortes, B.V. During 2009 the Company transferred this debt to Charanne B.V.The balance outstanding debt at 31 December 2011 in connection with this transaction amount to 11.076 thousand euro (11.076 thousand euro at 31 December 2010).

The transactions mentioned above were carried out under market conditions.

a.5) Transactions with Caja Castilla la Mancha Corporación, S.A.

During 2011 the Group exchanged shares with Caja Castilla La Mancha, S.A., as stated in note 10

b) Transactions with the Company's Board of directors and management

b.1) Information required by articles 229 to 231 of Capital Company Act

Parent company's directors have nothing to report pursuant to Articles 229 to 231 of Capital Company Act, approved by Royal Decree 1/2010 of 2 July, except for the following offices and functions held and performed, and shareholdings owned with respect to all Group companies at 31 December 2011:

- Mr. Luis Delso Heras is a Board director of Ghesa, Ingeniería y Tecnología, S.A., Cable Submarino de Canarias, S.A., Corsán-Corviam Construcción, S.A. , Isolux Ingeniería, S.A. (Chairman) , Isolux Wat Ingeniería, S.L. (Chairman) , Isolux Corsán Concesiones, S.A. (Chairman), Isolux Corsán Inmobiliaria, S.A. (Chairman), Infinita Renovables, S.A., Grupo Isolux Corsán Concesiones, S.L. (Chairman), Isolux Corsán Concesiones de Infraestructuras, S.L. (Chairman), T-Solar Global, S.A. (Chairman), Grupo T-Solar Global, S.A., Las Cabezadas Aranjuez, S.L. and Isolux Infrastructure S.A

- Mr. José Gomis Cañete is a Board member of Corsán-Corviam Construcción, S.A. (Vice-President), Isolux Ingeniería, S.A. (Vice-Chairman), Isolux Wat Ingeniería, S.L. (in his capacity as representative of Construction Investments, S.a.r.l.- Vice-Chairman), Isolux Corsán Inmobiliaria, S.A. (in his capacity as representative of Construction Investments, S.a.r.l.- Vice-Chairman), Isolux Corsán Concesiones, S.A. (in his capacity as representative of Construction Investments, S.a.r.l. – Vice-Chairman); Grupo Isolux Corsán Concesiones, S.L. (Vice-Chairman); Isolux Corsán Concesiones de Infraestructuras, S.L. (Vice-Chairman); Infinita Renovables, S.A. (Chairman); T-Solar Global, S.A.; Grupo T-Solar Global S.A. (Chairman) and Isolux Infrastructure S.A..

- Mr. Antonio Portela Alvarez is a Board director of Desarrollo de Concesiones y Servicios, Sercón, S.A.(Chairman) , Infinita Renovables, S.A., T-Solar Global, S.A., Corsán-Corviam Construcción, S.A. (CEO), Isolux Corsán Inmobiliaria, S.A. (CEO), Isolux Corsán Concesiones, S.A. (CEO), Isolux Ingeniería, S.A. (CEO), Grupo Isolux Corsán Concesiones, S.L. (CEO), Isolux Corsán Concesiones de Infraestructuras, S.L. (CEO), Isolux Corsán Aparcamientos, S.L. (Chairman) and Isolux Infrastructure S.A.

  Additionally, Mr Antonio Portela Alvarez holds shares in Infinita Renovables, S.A. (indirect interest of less than 10% through other companies) and Aral, Gestión y Organización S.L. (33%).

- Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, S.A.U., holds shares in Autovía del Camino, S.A. (10.91%); and in Sociedad Concesionaria de la Zona Regable del Canal de Navarra, S.A. (35%). It is also a member of the Board of Directors of the latter company.

  The companies that form part the Grupo Corporativo Empresarial de la Caja de Ahorros and Monte de Piedad de Navarra, S.A.U. hold shares in Agua y Gestión de Servicios Ambientales, S.A. (24.26%); in Cable Submarino de Canarias, S.A. (5.90%); de Concessia, Cartera y Gestión de Infraestructuras, S.A., (7.29%); de Gestión de Aguas de Alcolea, S.A. (49%); in Ingeniería Río Negro, S.L. (35.01%); in Ingeniería, Diseño y Desarrollo Tecnológico, S.A. (19.98%); and in Metropolitano de Tenerife, S.A. (6%).

  Addtionally, Eduardo Lopez Milagro (as the legal representative of Grupo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, S.A.U.), is a member of the Board of Directors of Isolux Corsán Concesiones, S.A.U.; and of Isolux Corsán Inmobiliaria, S.A.

The Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, S.A.U. is a Board member of Isolux Corsán Concesiones, S.A. and of Isolux Corsán Inmobiliaria, S.A.

- Mr. Serafín González Morcillo is a Board director of Isolux Wat Ingeniería, S.L., Isolux Corsán Concesiones, S.A.U. and Isolux Corsán Inmobiliaria, S.A.

- Mr. Francisco Moure Bourio is a Board director of Sociedad de Promoción y Participación Empresarial Caja de Madrid, S.A. Aditionally is a Board director of Técnicas y Proyectos, S.A., Isolux Wat Ingeniería, S.L., Isolux Corsán Inmobiliaria, S.A. and Isolux Corsán Concesiones, S.A.U.

- Caja Castilla La Mancha Corporación, S.A. is Board member of Grupo T-Solar Global, S.A.; El Reino de Don Quijote de la Mancha, S.A.; Obenque, S.A.; Comtal Estruc, S.L; and Las Cabezadas Aranjuez, S.L. Moreover, it has a shareholding in the following companies: CCM Iniciativas Industriales, S.L. and subsidiaries (100%); CCM Inmobiliaria Centrum 2004, S.L. and subsidiaries (99,97%); CCM Inmobiliaria del Sur 2004, S.L. and subsidiaries (99,97%); Comtal Estruct, S.L. (30,77%); Construcciones Sarrión, S.L. (5,26%); DHO Grupo Constructor Corporativo S.L. (10,53%); El Reino de Don Quijote de la Mancha, S.A. (12,80%); Las Cabezadas de Aranjuez S.L. (60%); Planes e Inversiones CLM, S.A. and subsidiaries (100%); Bami Newco, S.A. (1,45%); Midamarta S.L. (1%); Diverga Construcciones, S.L. (4,95%), Obenque S.A. (14,33%); Explotaciones Forestales y Cinegéticas Alta-Baja (100%); Hormigones y Áridos Aricam, S.L. (25%); and Desarrollo Industrial Aricam, S.L. (4,74%).

- That the companies that form part of the group of Monte de de Piedad, Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla (Cajasol), in accordance with Article 42 of the Code of Commerce, hold shares in companies with the same, similar or complementary activity to that which constitutes the Company purpose. This companies are: Agua y Gestión de Servicios Ambientales, S.A (24.26%)l; Autovía del Camino, S.A (10. 91%); Cable Submarino de Canarias, S.A, (2.53%); Concessia, Cartera y Gestión de Infraestructuras, S.A. (7.29%); Gestión de Aguas de Alcolea, S.A, (49%), Ingeniería Río Negro, S.L.(35.01%); Ingeniería, diseño y desarrollo tecnológico, S.A, (19.98%); Metropolitano de Tenerife, S.A.(6%) and in the Sociedad Concesionaria de la Zona Regable del Canal de Navarra, S.A, (35%).

  In addition, the companies forming the group of Monte de Piedad and Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla (Cajasol), in accordance with Article 42 of the Code of Commerce, that holds shares or are in charge in companies with a similar or complementary activity to that which constitutes the Company purpose. This companies are: Agua y Gestión de Servicios Ambientales, S.A. ; Autovía del Camino, S.A.; Cable Submarino de Canarias, S.A.; Concessia, Cartera y Gestión de Infraestructuras, S.A.; Gestión de Aguas de Alcolea, S.A.; Ingeniería, diseño y desarrollo tecnológico, S.A. and Sociedad Concesionaria de la Zona Regable del Canal de Navarra, S.A.

- Mr. Ángel Serrano Martínez-Estéllez is a Board Director member of Corsán-Corviam Construcción, S.A., Isolux Wat Ingeniería, S.L., Isolux Corsán Inmobiliaria, S.A., Isolux Corsán Concesiones, S.A.U.; Alten Energías Renovables S.L; Alten 2010 Energía Renovables, S.A. and Grupo T-Solar, S.A

- Mr. Javier Gómez-Navarro Navarrete is a Board Director member of Técnicas Reunidas, S.A., Isolux Corsán Inmobiliaria, S.A. and Isolux Corsán Concesiones, S.A.U.

- Mr. José María de Torres Zabala, as representative of Cartera Perseidas, S.L., is a Board Director member of Isolux Corsán Inmobiliaria, S.A. and Isolux Corsán Concesiones, S.A.U. and Grupo T-Solar Global, S.A (1.88%)

  In addition, Cartera Perseidas is member of the Board Director of Aupisa, Autovía de los Pinares, S.A.

  Cartera Perseidas, S.L. is board member of Isolux Corsán Inmobiliaria, S.A. and Isolux Corsán Concesiones, S.A.U. It holds 1.88% shares of Grupo T-Solar Global, S.A.;

Some of the members of the board of directors are in conflict and must disclose this in compliance with article 229.1 of the Capital Companies Act

The inclusion of the above information in the notes to the consolidated annual accounts of Grupo Isolux Corsán, S.A. is the result of a detailed analysis of the information received from all the members of the Board of Directors of Grupo Isolux Corsán, S.A., based on a teleological interpretation of Articles 229-230 of Capital Companies Act.

b.2) Transactions with companies in which the Board of directors of Grupo Isolux Corsán, S.A. are also directors or administrators:

Transactions and balances with companies in which the Board directors of Grupo Isolux Corsán, S.A. are also directors or administrators are analyzed below:

					2011
	Debtor balances	Creditor balances	Costs / Purchases	Financial income	Revenue / Sales
Ciudad Real Aeropuerto, S.L.	15,189	-	-	-	-

					2010
	Debtor balances	Creditor balances	Costs / Purchases	Financial income	Revenue / Sales
Ciudad Real Aeropuerto, S.L.	15,189	-	-	-	-
Synergy Industry and Technology, S.A.	809	-	-	-	-

b.3) Remuneration paid to Board of directors and management of Grupo Isolux Corsán, S.A.

	2011	2010
Wages and salaries (including indemnities)	7,669	4,678
Per diems for attendance at Board meetings	559	630
	8,228	**5,308**

Additionally, certain Board directors and managers are beneficiaries in a multi-annaul incentive plan.

b.4) Loans granted to Board of Directors

	2011	2010
Opening balance	**5,297**	**5,198**
Interest charged	108	99
Closing balance	**5,405**	**5,297**

The loans relate to 2000 and 2002, have no established maturity date and bear interest at the Euribor rate + 0.50%.

b.5) Company's Board of Directors and Management credit

At 31 December 2011 the Group owed to the CEO 7,000 thousand euro (2010: 0 thousand euro)

These credits corresponds to the deferred payment of the acquisition of Grupo T-Solar Global, S.A.'s shares which was transacted with a CEO of the Group during 2011.

b.6) Other transactions with the Company's Board of Directors and Management

On October 7, 2011 the convertible loan of GTSG (see note 11) was cancelled. Members of Grupo Isolux Corsán board of directors also participated in the mentioned loan. In return for the cancellation, the members of the board of directors were given GTSG shares (2.59% of the company). These shares were acquired by Grupo Isolux Corsán, in exchange for 0.7 million euro and assuming the payment obligations of the borrowers with banks to the amount of 7 million euro.

c) Transactions with associates

Transactions and balances with associates at 31 December 2011 and 2010 are analyzed below:

				2011
	Debtor balances	**Creditor balances**	**Costs / Purchases**	**Revenue / Sales**
Autopista Madrid-Toledo Concesionaria, S.A.	8,328	-	-	168
Proyectos Inmobiliarios Residenciales, S.L.	1,315	-	-	-
Alqlunia5, S.A.	395	-	-	-
Pinares del Sur, S.L.	9,193	-	-	7,569
Las Cabezadas de Aranjuez S.L	13,600	-	-	-

				2010
	Debtor balances	**Creditor balances**	**Costs / Purchases**	**Revenue / Sales**
Autopista Madrid-Toledo Concesionaria, S.A.	4,450	-	-	-
Proyectos Inmobiliarios Residenciales, S.L.	1,315	-	-	-
Grupo T-Solar Global, S.A.	73,816	151	161	31,799
Alqlunia5, S.A.	395	-	-	-
Pinares del Sur, S.L.	8,874	-	-	1,952
Las Cabezadas de Aranjuez S.L	13,600	-	-	-

Regarding transactions with Grupo T-Solar Global, S.A.:

- During 2010 the main commercial transactions between the Group and Grupo T-Solar Global, S.A. correspond to solar panels purchase to Grupo T-Solar Global and to revenue from services rendering relating construction, operation, maintenance and monitoring in photovoltaic solar plants by virtue of construction, operation and maintenance arrangements between both parts.

- Grupo Isolux Corsán has given technical guarantees amounting 19,277 thousand euro to the company at 31 December 2010.

Transactions mentioned above have been done under market conditions.

34. Share-based payments

In 2006 a three-year incentive plan was created for the Group's managers and Board of directors. In accordance with that plan, incentives would be paid in 2009 by the present shareholders of Grupo Isolux Corsán, S.A. provided certain conditions stipulated in the relevant agreement were fulfilled. In 2006, 2007 and 2008 the Group recorded the corresponding expense against an increase in equity. During 2010, the Company has assumed the payment, recording the impact directly in equity in the amount of 19,266 thousand euro (agreed amount net of tax effect).

35. Joint ventures

The Group has interests in the joint ventures listed in Appendix III. The amounts set out below represented the Group's share, based on its interest in the joint ventures, on assets, liabilities, revenue and results of joint ventures consolidated through the proportional method (see note 2.2). These amounts are included in the consolidated balance sheet and consolidated income statement:

Asstes:	**2011**	**2010**
Non-current assets	888,614	589,213
Current assets	108,986	209,740
	997,600	**798,953**
Liabilities:		
Non-current liabilities	597,237	303,287
Current liabilities	93,582	183,884
	690,819	**487,171**
Net assets	**306,781**	**311,782**
Revenue	407,041	359,089
Expenses	(389,408)	(334,962)
Profit after taxes	**17,633**	**24,127**

There are no contingent liabilities relating to the Group's interests in joint ventures, or contingent liabilities recognized by the joint ventures themselves.

36. Temporary joint ventures (UTEs) and consortiums

The Group has interests in the UTEs listed in Appendix IV. The amounts set out below represent the Group's share, based on its interests in the UTEs, of assets, liabilities, revenue and results. These amounts are included in the consolidated balance sheet and consolidated income statement:

Assets:	**2011**	**2010**
Non-current assets	6,719	6,708
Current assets	496,309	493,239
	503,028	**499,947**
Liabilities:		
Non-current liabilities	141	558
Current liabilities	490,847	505,828
	490,988	**506,386**
Net assets	**12,040**	**(6,439)**
Revenue	569,026	919,557
Expenses	(556,986)	(925,996)
Profit after taxes	**12,040**	**(6,439)**

There are no contingent liabilities relating to the Group's interests in UTEs, or contingent liabilities recognized by the UTEs themselves.

At 31 December 2011 the Group was involved in several consortiums (none at 31 December 2010). The following balances have been recorded on the consolidated financial statement and on the consolidated income statement:

Assets:	**2011**
Non-current assets	430
Current assets	52,081
	52,511
Liabilities:	
Non-current liabilities	(18)
Current liabilities	48,941
	48,923
Net assets	**3,588**
Revenue	57,578
Expenses	(53,990)
Profit after taxes	**3,588**

37. Environment

The Group has taken the necessary measures to protect and improve the environment and to minimize environmental impact, if applicable, in compliance with current environmental legislation. Consequently, no provision for environmental liabilities and charges has been deemed necessary and there are no contingencies relating to environmental protection and improvement.

38. Events after the reporting period

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

39. Auditors' fees

The fees accrued by PricewaterhouseCoopers Auditors, S.L. for audit services rendered during 2011 total 1,552 thousand euro (2010: 1,013 thousand euro).

Fees accrued by PricewaterhouseCoopers Auditores, S.L. for other services rendered during 2011 total 1,945 thousand euro (2010: 313 thousand euro).

Fees accrued by other companies operating under the PricewaterhouseCoopers brand for audits and other services rendered abroad during 2011 amount to 1,621 thousand euro (2010: 414 thousand euro).

The fees accrued by other auditors for audit services rendered during 2011 total 680 thousand euro (2010: 369 thousand euro).

Appendix I

Subsidiaries included in the Consolidation Scope

Company name	Address	% of interest	Shareholder	Consolidation method	Activity	Auditor
Isolux Ingeniería, S.A.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	PwC
Watsegur, S.A.	Madrid	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	PwC
Elaborados Metálicos Emesa S.L.	A Coruña	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	Pwc
GIC Fábricas, S.A.	Madrid	100.00%	Isolux Ingeniería, S.A.	FC	Construction	PwC
Eólica Isolcor, S.L.	Madrid	100.00%	Isolux Ingeniería, S.A.	FC	Construction	Unaudited
Luxeol S.L.	Madrid	70.00%	Isolux Ingeniería, S.A.	FC	Concessions	Unaudited
Sociedad Concesionaria Zona 8-A, S.A	Zaragoza	100.00%	Isolux Ingeniería, S.A.	FC	Concessions	PwC
Desarrollos de Ingenieria Iguaran S.A. (1)	Avilés	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	Unaudited
Isolux Eólica, S.A	Madrid	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	Unaudited
Isolux Ingeniería USA LLC	Houston	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	E&Y
Isowat Mozambique, Lda.	Maputo	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	Unaudited
Isolux Maroc, S.A.	Casablanca	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	PwC
Agua Limpa Paulista, S.A	Sao Paulo	40.00%	Isolux Ingeniería, S.A.	FC	Engineering	PwC
Isolux Corsán Polonia Sp Zoo	Varsovia	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	Unaudited
Construcciones e Instalaciones del Noreste S.A. de C.V	México DF	100.00%	Isolux de México, S.A. de C.V.	FC	Engineering	PwC
Tecna Estudios y Proyectos S.A.	Buenos Aires	50.01%	Isolux Ingeniería, S.A.	FC	Engineering	PwC
Tecna Proyectos y Operaciones, S.A.	Madrid	100.00%	Tecna Estudios y Proyectos S.A.	FC	Engineering	PwC
Tecna Engineering LLC	Houston	100.00%	Tecna Proy. y Operaciones, S.A.	FC	Engineering	Other
Latintecna, S.A.	Lima	99.00%	Tecna Proy. y Operaciones, S.A.	FC	Engineering	Other
Tecna Bolivia, S.A.	Santa Cruz de la Sierra	90.00%	Tecna Proy. y Operaciones, S.A.	FC	Engineering	PwC
Tecninct Proyectos e Ingeniería S.A. de C.V.	México DF	100.00%	Tecna Proy. y Operaciones, S.A.	FC	Engineering	Other
Tecna Brasil Ltda.	Rio de Janeiro	98.95%	Tecna Proy. y Operaciones, S.A.	FC	Engineering	PwC
Medianito del Ecuador, S.A.	Quito	76.90%	Tecna Proy. y Operaciones, S.A.	FC	Engineering	PwC
Ven Tecna, S.A.	Caracas	99.00%	Tecna Proy. y Operaciones, S.A.	FC	Engineering	Other
Tecna del Ecuador, S.A.	Quito	76.92%	Tecna Proy. y Operaciones, S.A.	FC	Engineering	PwC
Isolux Wat Ingeniería, S.L.	Madrid	100.00%	Isolux Ingeniería, S.A.	FC	Engineering	Unaudited
Powertec Española, S.A.	Madrid	100.00%	Isolux Wat Ingeniería, S.L.	FC	Engineering	Unaudited
Powertec Proyectos e Obras Ltda.	Rio de Janeiro	100.00%	Powertec Española, S.A.	FC	Engineering	Unaudited
Isolux Corsán Servicios S.A.	Madrid	100.00%	Isolux Wat Ingeniería, S.L.	FC	Services	PwC
Global Vambru, S.L.	Madrid	100.00%	Isolux Corsán Servicios S.A.	FC	Engineering	PwC
Residuos Ambientales de Galicia S.L. (*)	Madrid	100.00%	Global Vambru, S.L	PC	Concessions	Unaudited
Grupo Isolux Corsán Concesiones, S.L.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Concessions	PwC
Isolux Infrastructure, S.A. (*)	Sao Paulo	100.00%	Grupo Isolux Corsán Concesiones, S.L.	FC	Concessions	Unaudited
Isolux Corsán Concesiones, S.A.	Madrid	100.00%	Isolux Infraestructure, S.A.	FC	Concessions	PwC
Grupo T-Solar Global, S.A. (*)	Madrid	58.84%	Isolux Infrastructure, S.A.	FC	Concessions	PwC
Isolux Corsán Concesiones de Infraestructuras, S.L.	Madrid	100.00%	Isolux Infrastructure, S.A.	FC	Concessions	PwC
Conc. Aut. Monterrey-Saltillo, S.A.C.V.	México DF	100.00%	Isolux Corsán Concesiones, S.A.	FC	Concessions	PwC

Appendix I

Company name	Address	% of interest	Shareholder	Consolidation method	Activity	Auditor
Vías Administración y Logística, S.A. de C.V.	México DF	100.00%	Isolux Corsán Concesiones, S.A.	FC	Concessions	PwC
Isolux Corsán Concesiones de México, S.A. de C.V.	México DF	100.00%	Isolux Corsán Concesiones, S.A.	FC	Concessions	Unaudited
Isolux Energia e Participaçoes Ltda.	Rio de Janeiro	100.00%	Isolux Corsán Concesiones, S.A.	FC	Concessions	Deloitte
Cachoeira Paulista T. Energía S.A. (*)	Rio de Janeiro	100.00%	Isolux Energia e Participaçoes Ltda.	FC	Concessions	Deloitte
Linhas de Xingu Transmissora de Energía	Rio de Janeiro	100.00%	Isolux Energia e Participaçoes Ltda.	FC	Concessions	Unaudited
Linhas de Macapa Transmissora de Energía	Rio de Janeiro	100.00%	Isolux Energia e Participaçoes Ltda.	FC	Concessions	Unaudited
Linhas de Taubaté Transmissora de Energía (*)	Rio de Janeiro	100.00%	Isolux Energia e Participaçoes Ltda.	FC	Concessions	Unaudited
Iccenlux Corp.	Delaware	100.00%	Isolux Corsán Concesiones, S.A.	FC	Concessions	E&Y
Isolux Corsan Energy Cyprus Limited	Nicosia	100.00%	Isolux Corsán Concesiones, S.A.	FC	Concessions	Unaudited
Isolux Corsan Power Concessions India Private Limited	Haryana	100.00%	Isolux Corsan Energy Cyprus Limited	FC	Concessions	Unaudited
Mainpuri Power Transmission Private Limited	Haryana	74.00%	Isolux Corsan Power Concessions India Private Limited	FC	Concessions	Unaudited
Isolux Corsan Concessions Infraestructures Holland BV (2)	La Haya	100.00%	Isolux Corsán Concesiones, S.A.	FC	Concessions	Unaudited
Sociedad Concesionaria Autovía A-4 Madrid S.A.	Madrid	48.75%	Isolux Corsán Concesiones de Infraestruct., S.L	FC	Concessions	PwC
Isolux Corsán Mexicana de Infraestructuras, S.L.	Madrid	100.00%	Isolux Corsán Concesiones de Infraestruct., S.L	FC	Concessions	Unaudited
Isolux Corsan NH1 Cyprus Limited	Nicosia	100.00%	Isolux Corsán Concesiones de Infraestruct., S.L	FC	Concessions	Other
Soma-Isolux NH One Tollway Private Limited	Haryana	61.00%	Isolux Corsan NH1 Cyprus Limited	FC	Concessions	Other
Isolux Corsán Brasileña de Infraestructuras, S.L.	Madrid	100.00%	Isolux Corsán Concesiones de Infraestruct., S.L	FC	Concessions	Unaudited
Isolux Corsán Participaciones de Infraestructura Ltda	Sao Paulo	100.00%	Isolux Corsán Brasileña de Infraestructuras, S.L.	FC	Concessions	Unaudited
Isolux Corsán Participaciones en Viabahía Ltda	Sao Paulo	100.00%	Isolux Corsán Participaciones de Infraestruct. Ltda.	FC	Concessions	Unaudited
Viabahia Concessionaria de Rodovias, S.A.	Sao Paulo	55.00%	Isolux Corsán Participaciones en Viabahía Ltda	FC	Concessions	PwC
Desarrollo de Concesiones y Servicios Sercon, S.A.	Madrid	100.00%	Grupo Isolux Corsán Concesiones, S.L.	FC	Services	Unaudited
Parque Eólico Cova da Serpe II, S.L.	Madrid	100.00%	Grupo Isolux Corsán Concesiones, S.L.	FC	Concessions	Unaudited
Intal. y Montajes La Grela, S.A.	A Coruña	100.00%	Grupo Isolux Corsán Concesiones, S.L.	FC	Engineering	Unaudited
Isolux Corsán Aparcamientos, S.L.	Madrid	100.00%	Grupo Isolux Corsán Concesiones, S.L.	FC	Concessions	PwC
Aparcamientos IC Talavera II, S.L.	Madrid	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	Unaudited
Aparcamientos IC Segovia II, S.L.	Madrid	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	Unaudited
Aparcamientos IC Ruiz de Alda S.A.	Madrid	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	Unaudited
Explotaciones Las Madrigueras, S.L.	Tenerife	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	Unaudited
Aparcamientos IC Zaragoza Torrero, S.L.	Madrid	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	Unaudited
Isolux Corsán Aparcamientos Madrid, S.A.	Madrid	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	Unaudited
I.C. Plaza de Benalmádena Canarias (*)	Las Palmas	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	Unaudited
Hixam Gestión de Aparcamientos, S.L.	Madrid	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	PwC
Ceutí de Aparcamientos y Serv., S.A.	Ceuta	100.00%	Hixam Gestión de Aparcamientos, S.L.	FC	Concessions	Unaudited
Aparcamientos IC Zaragoza, S.L.	Madrid	100.00%	Hixam Gestión de Aparcamientos, S.L.	FC	Concessions	Unaudited
Aparcamientos IC Talavera, S.L.	Madrid	100.00%	Hixam Gestión de Aparcamientos, S.L.	FC	Concessions	Unaudited
Aparcamientos Islas Canarias, S.L.	Las Palmas	100.00%	Hixam Gestión de Aparcamientos, S.L.	FC	Concessions	Unaudited
Gestión de Concesiones, S.A.	La Línea	100.00%	Hixam Gestión de Aparcamientos, S.L.	FC	Concessions	Unaudited
Aparcamientos IC Toledanos, S.L.	Madrid	100.00%	Hixam Gestión de Aparcamientos, S.L.	FC	Concessions	Unaudited
Aparcamientos Segovia, S.L.	Segovia	100.00%	Hixam Gestión de Aparcamientos, S.L.	FC	Concessions	Unaudited
Hixam Gestión de Aparcamientos II, S.L.	Madrid	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	PwC

Appendix I

Company name	Address	% of interest	Shareholder	Consolidation method	Activity	Auditor
Aparcamientos IC Toledanos II, S.L.	Madrid	100.00%	Hixam Gestión de Aparcamientos II, S.L.	FC	Concessions	Unaudited
Aparcamientos IC Ponzano, S.L.	Madrid	100.00%	Hixam Gestión de Aparcamientos II, S.L.	FC	Concessions	Unaudited
Aparcamientos IC Hospital de Murcia, S.L.	Madrid	100.00%	Hixam Gestión de Aparcamientos II, S.L.	FC	Concessions	Unaudited
Aparcamientos IC Chiclana, S.L.	Madrid	100.00%	Hixam Gestión de Aparcamientos II, S.L.	FC	Concessions	Unaudited
Aparcamientos IC Córdoba, S.L.	Madrid	100.00%	Hixam Gestión de Aparcamientos II, S.L.	FC	Concessions	Unaudited
Hixam Gestión de Aparcamientos III, S.L.	Madrid	100.00%	Isolux Corsán Aparcamientos S.L.	FC	Concessions	Unaudited
Corsan-Corviam Construcción, S.A.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Construction	PwC
Constructora Pina do Vale, S.A.	Lisboa	100.00%	Corsán Corviam Construcción S.A.	FC	Construction	PwC
Extremeña de Infraestructura, S.A.	Madrid	100.00%	Corsán Corviam Construcción S.A.	FC	Construction	Unaudited
Isolux Corsán Cyprus Limited	Nicosia	100.00%	Corsán Corviam Construcción S.A.	FC	Engineering	Unaudited
Isolux Corsán Panamá, S.A.	Ciudad de Panamá	100.00%	Corsán Corviam Construcción S.A.	FC	Construction	Unaudited
Isolux de México, S.A. de C.V.	México DF	100.00%	Corsán Corviam Construcción S.A.	FC	Engineering	PwC
Isolux Corsán Argentina S.A.	Buenos Aires	100.00%	Corsán Corviam Construcción S.A.	FC	Engineering	PwC
Isolux Corsán Argelie EURL	Argel	100.00%	Corsán Corviam Construcción S.A.	FC	Construction	Pwc
Isolux Corsán do Brasil S.A.	Rio de Janeiro	100.00%	Corsán Corviam Construcción S.A.	FC	Engineering	Unaudited
Isolux Projectos, Investimentos e Participaçoes LTDA (*)	Sao Paulo	100.00%	Corsán Corviam Construcción S.A.	FC	Construction	Unaudited
Isolux Proyectos e Instalaciones LTDA.	Rio de Janeiro	100.00%	Isolux Projectos, Investimentos e Participaçoes LTDA	FC	Construction	Unaudited
Isolux Corsán India Engineering & Constuction Private LTD.	Haryana	100.00%	Corsán Corviam Construcción S.A.	FC	Construction	PwC
Isolux Corsán Inmobiliaria, S.A.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Real-estate	PwC
Valdelrío, S.L.	Madrid	100.00%	Isolux Corsán Inmobiliaria, S.A.	FC	Real-estate	Unaudited
Electrónica Control de Motores, S.A.	Madrid	100.00%	Isolux Corsán Inmobiliaria, S.A.	FC	Real-estate	Unaudited
Julitex, S.L.	Las Palmas	80.00%	Isolux Corsán Inmobiliaria, S.A.	FC	Real-estate	Unaudited
El Sitio de la Herrería, S.L.	Madrid	100.00%	Isolux Corsán Inmobiliaria, S.A.	FC	Real-estate	Unaudited
Interisolux Torrejón Vivienda Joven, S.L.	Madrid	90.00%	Isolux Corsán Inmobiliaria, S.A.	FC	Real-estate	PwC
Interisolux Alcorcón Vivienda Joven, S.L.	Madrid	80.00%	Isolux Corsán Inmobiliaria, S.A.	FC	Real-estate	PwC
Olmosa, S.L.	Madrid	100.00%	Isolux Corsán Inmobiliaria, S.A.	FC	Real-estate	Unaudited
Cost Wright, S.L.	Madrid	100.00%	Isolux Corsán Inmobiliaria, S.A.	FC	Real-estate	Unaudited
Unidad Mater. Avanz. Ibérica, S.A.	Orense	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	Unaudited
Infinita Renovables, S.A.	Vigo	80.70%	Grupo Isolux Corsán, S.A.	FC	Renewable energies	PwC
Azul de Cortes BV	Amsterdam	100.00%	Grupo Isolux Corsán, S.A.	FC	Real-estate	Unaudited
Azul de Cortes, S. de R.L, de C.V.	La Paz	100.00%	Azul de Cortes BV	FC	Real-estate	PwC
Bendía, S.A.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	Unaudited
EDIFISA, S.A.	Madrid	96.04%	Grupo Isolux Corsán, S.A.	FC	Real-estate	Unaudited
Corvisa, S.L.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	PwC
Powertec Cataluña, S.A.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	Unaudited
Powertec Sistemas, S.A.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	Unaudited
Acta, S.A.	Lisboa	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	Other
Isolux Corsan Gulf LLC	Oman	70.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	Unaudited

Appendix I

Company name	Address	% of interest	Shareholder	Consolidation method	Activity	Auditor
Isolux Corsan Energías Renovables, S.A.	Buenos Aires	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	Unaudited
Inversiones Blumen, S.L.	Madrid	100.00%	Grupo Isolux Corsán, S.A.	FC	Engineering	Unaudited
T-Solar Global Operating Assets, S.L. (*)	Madrid	51.00%	Grupo T-Solar Global, S.A.	FC	Concessions	PwC
Tuin Zonne Origen, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
T-Solar Global, S.A.U. (*)	Vigo	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	PwC
Global Surya, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
TZ Almodóvar del Río, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Ortosolar Promotor de Energías Renovables, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Global Elefantina, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Tuin Zonne Solar, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
T-Solar Autónoma S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
TZ Albaida 2 S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Tuin Zonne Laguna Dalga S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
TZ Morón Uno, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
TZ Morón 2, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Tuin Zonne Ronda 1, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
TZ Ronda 2, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
TZ Santafe 1, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
TZ Santafe 2, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Tuin Zonne Viana, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Ortosol Energía 1, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Ortosol Energía 2, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Ortosol Energía 3, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Ortosol Energía 4, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Ortosol Energía 5, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Ortosol Energía 6, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Mihuersol Jerez 1, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Mihuersol Jerez 2, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Mihuersol Jerez 3, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 4, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 5, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 6, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 7, S.L.U (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 8, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 9, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 10, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 11, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 12, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Mihuersol Jerez 13, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 14, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 15, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited

Company name	Address	% of interest	Shareholder	Consolidation method	Activity	Auditor
Mihuersol Jerez 16, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 17, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 18, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Mihuersol Jerez 19, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A	FC	Concessions	Unaudited
Pentasolar, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Pentasolar Talayuela 1, S.L.U. (*)	Madrid	100.00%	Pentasolar, S.L.U.	FC	Concessions	PwC
Pentasolar Talayuela 2, S.L.U. (*)	Madrid	100.00%	Pentasolar, S.L.U.	FC	Concessions	PwC
Pentasolar Madrigal 1, S.L.U. (*)	Madrid	100.00%	Pentasolar, S.L.U.	FC	Concessions	PwC
Pentasolar Madrigal 2, S.L.U. (*)	Madrid	100.00%	Pentasolar, S.L.U.	FC	Concessions	PwC
TZ Morita, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
TZ Morita 1, S.L.U. (*)	Madrid	100.00%	TZ Morita, S.L.U.	FC	Concessions	PwC
TZ Morita 2, S.L.U. (*)	Madrid	100.00%	TZ Morita, S.L.U.	FC	Concessions	PwC
TZ Morita 3, S.L.U. (*)	Madrid	100.00%	TZ Morita, S.L.U.	FC	Concessions	PwC
TZ Morita 4, S.L.U. (*)	Madrid	100.00%	TZ Morita, S.L.U.	FC	Concessions	PwC
TZ Morita 5, S.L.U. (*)	Madrid	100.00%	TZ Morita, S.L.U.	FC	Concessions	PwC
TZ Morita 6, S.L.U. (*)	Madrid	100.00%	TZ Morita, S.L.U.	FC	Concessions	PwC
TZ Morita 7, S.L.U. (*)	Madrid	100.00%	TZ Morita, S.L.U.	FC	Concessions	PwC
TZ Castillo de Alcolea, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
TZ Castillo de Alcolea 1, S.L.U. (*)	Madrid	100.00%	TZ Castillo de Alcolea, S.L.U.	FC	Concessions	PwC
TZ Castillo de Alcolea 2, S.L.U. (*)	Madrid	100.00%	TZ Castillo de Alcolea, S.L.U.	FC	Concessions	PwC
TZ Castillo de Alcolea 3, S.L.U. (*)	Madrid	100.00%	TZ Castillo de Alcolea, S.L.U.	FC	Concessions	PwC
TZ Castillo de Alcolea 4, S.L.U. (*)	Madrid	100.00%	TZ Castillo de Alcolea, S.L.U.	FC	Concessions	PwC
TZ Castillo de Alcolea 5, S.L.U. (*)	Madrid	100.00%	TZ Castillo de Alcolea, S.L.U.	FC	Concessions	PwC
TZ Castillo de Alcolea 6, S.L.U. (*)	Madrid	100.00%	TZ Castillo de Alcolea, S.L.U.	FC	Concessions	PwC
TZ Castillo de Alcolea 7, S.L.U. (*)	Madrid	100.00%	TZ Castillo de Alcolea, S.L.U.	FC	Concessions	PwC
TZ Archidona I , S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Tuin Zonne Archidona 1, S.L.U. (*)	Madrid	100.00%	TZ Archidona I, S.L.U.	FC	Concessions	PwC
TZ Archidona 2, S.L.U. (*)	Madrid	100.00%	TZ Archidona I, S.L.U.	FC	Concessions	PwC
TZ Archidona 3, S.L.U. (*)	Madrid	100.00%	TZ Archidona I, S.L.U.	FC	Concessions	PwC
TZ Archidona 4, S.L.U. (*)	Madrid	100.00%	TZ Archidona I, S.L.U.	FC	Concessions	PwC
TZ Archidona 5, S.L.U. (*)	Madrid	100.00%	TZ Archidona I, S.L.U.	FC	Concessions	PwC
TZ Archidona 6, S.L.U. (*)	Madrid	100.00%	TZ Archidona I, S.L.U.	FC	Concessions	PwC
TZ La Poza, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
TZ La Poza 1, S.L.U. (*)	Madrid	100.00%	TZ La Poza, S.L.U.	FC	Concessions	PwC
TZ La Poza 2, S.L.U. (*)	Madrid	100.00%	TZ La Poza, S.L.U.	FC	Concessions	PwC
TZ La Poza 3, SLU (*)	Madrid	100.00%	TZ La Poza, S.L.U.	FC	Concessions	PwC
TZ La Poza 4, SLU (*)	Madrid	100.00%	TZ La Poza, S.L.U.	FC	Concessions	PwC
TZ La Poza 5, SLU (*)	Madrid	100.00%	TZ La Poza, S.L.U.	FC	Concessions	PwC
TZ La Poza 6, SLU (*)	Madrid	100.00%	TZ La Poza, S.L.U.	FC	Concessions	PwC
TZ La Poza 7, SLU (*)	Madrid	100.00%	TZ La Poza, S.L.U.	FC	Concessions	PwC
TZ Buenavista, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC

Appendix I

Company name	Address	% of interest	Shareholder	Consolidation method	Activity	Auditor
TZ Buenavista 1, S.L.U. (*)	Madrid	100.00%	TZ Buenavista, S.L.U.	FC	Concessions	PwC
TZ Buenavista 2, S.L.U. (*)	Madrid	100.00%	TZ Buenavista, S.L.U.	FC	Concessions	PwC
TZ Buenavista 3, S.L.U. (*)	Madrid	100.00%	TZ Buenavista, S.L.U.	FC	Concessions	PwC
TZ Buenavista 4, S.L.U. (*)	Madrid	100.00%	TZ Buenavista, S.L.U.	FC	Concessions	PwC
TZ Buenavista 5, S.L.U. (*)	Madrid	100.00%	TZ Buenavista, S.L.U.	FC	Concessions	PwC
TZ Buenavista 6, S.L.U. (*)	Madrid	100.00%	TZ Buenavista, S.L.U.	FC	Concessions	PwC
TZ Buenavista 7, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
TZ Alcolea Lancha, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
TZ Alcolea Lancha 1, S.L.U. (*)	Madrid	100.00%	TZ Alcolea Lancha, S.L.U.	FC	Concessions	PwC
TZ Alcolea Lancha 2, S.L.U. (*)	Madrid	100.00%	TZ Alcolea Lancha, S.L.U.	FC	Concessions	PwC
TZ Alcolea Lancha 3, S.L.U. (*)	Madrid	100.00%	TZ Alcolea Lancha, S.L.U.	FC	Concessions	PwC
TZ Alcolea Lancha 4, S.L.U. (*)	Madrid	100.00%	TZ Alcolea Lancha, S.L.U.	FC	Concessions	PwC
TZ Alcolea Lancha 5, S.L.U. (*)	Madrid	100.00%	TZ Alcolea Lancha, S.L.U.	FC	Concessions	PwC
TZ Alcolea Lancha 6, S.L.U. (*)	Madrid	100.00%	TZ Alcolea Lancha, S.L.U.	FC	Concessions	PwC
TZ Alcolea Lancha 7, S.L.U. (*)	Madrid	100.00%	TZ Alcolea Lancha, S.L.U.	FC	Concessions	PwC
Tuin Zonne Veguilla, S.L. (*)	Madrid	73.53%	Tuin Zonne Origen , S.L.U. y Mihuersol Jerez, S.L.	FC	Concessions	PwC
TZ Veguilla 1, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Veguilla, S.L.	FC	Concessions	PwC
TZ Veguilla 2, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Veguilla, S.L.	FC	Concessions	PwC
TZ Veguilla 3, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Veguilla, S.L.	FC	Concessions	PwC
TZ Veguilla 4, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Veguilla, S.L.	FC	Concessions	PwC
TZ Veguilla 5, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Veguilla, S.L.	FC	Concessions	PwC
TZ Veguilla 6, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Veguilla, S.L.	FC	Concessions	PwC
TZ Veguilla 7, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Veguilla, S.L.	FC	Concessions	PwC
Tuin Zonne Los Mochuelos, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
TZ Los Mochuelos 1, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Los Mochuelos, S.L.U.	FC	Concessions	PwC
TZ Los Mochuelos 2, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Los Mochuelos, S.L.U.	FC	Concessions	PwC
TZ Los Mochuelos 3, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Los Mochuelos, S.L.U.	FC	Concessions	PwC
TZ Los Mochuelos 4, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Los Mochuelos, S.L.U.	FC	Concessions	PwC
TZ Los Mochuelos 5, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Los Mochuelos, S.L.U.	FC	Concessions	PwC
TZ Los Mochuelos 6, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Los Mochuelos, S.L.U.	FC	Concessions	PwC
Pensolar Pozohondo, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Pensolar Pozohondo 1, S.L.U. (*)	Madrid	100.00%	Pensolar Pozohondo, S.L.U.	FC	Concessions	PwC
Pensolar Pozohondo 2, S.L.U. (*)	Madrid	100.00%	Pensolar Pozohondo, S.L.U.	FC	Concessions	PwC
Pensolar Pozohondo 3, S.L.U. (*)	Madrid	100.00%	Pensolar Pozohondo, S.L.U.	FC	Concessions	PwC
Pensolar Pozohondo 4, S.L.U. (*)	Madrid	100.00%	Pensolar Pozohondo, S.L.U.	FC	Concessions	PwC
Pensolar Pozohondo 5, S.L.U. (*)	Madrid	100.00%	Pensolar Pozohondo, S.L.U.	FC	Concessions	PwC
Pensolar Pozohondo 6, S.L.U. (*)	Madrid	100.00%	Pensolar Pozohondo, S.L.U.	FC	Concessions	PwC
Pensolar Pozocañada, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Pensolar Pozocañada 1, S.L.U. (*)	Madrid	100.00%	Pensolar Pozocañada, S.L.U.	FC	Concessions	PwC
Pensolar Pozocañada 2, S.L.U. (*)	Madrid	100.00%	Pensolar Pozocañada, S.L.U.	FC	Concessions	PwC
Pensolar Pozocañada 3, S.L.U. (*)	Madrid	100.00%	Pensolar Pozocañada, S.L.U.	FC	Concessions	PwC

Appendix I

Company name	Address	% of interest	Shareholder	Consolidation method	Activity	Auditor
Pensolar Pozocañada 4, S.L.U. (*)	Madrid	100.00%	Pensolar Pozocañada, S.L.U.	FC	Concessions	PwC
Pensolar Pozocañada 5, S.L.U. (*)	Madrid	100.00%	Pensolar Pozocañada, S.L.U.	FC	Concessions	PwC
Pensolar Pozocañada 6, S.L.U. (*)	Madrid	100.00%	Pensolar Pozocañada, S.L.U.	FC	Concessions	PwC
Granadasolar E. Renovables, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Granadasolar Sigüenza 1, S.L.U. (*)	Madrid	100.00%	Granadasolar E. Renovables, S.L.U.	FC	Concessions	PwC
Granadasolar Sigüenza 2, S.L.U. (*)	Madrid	100.00%	Granadasolar E. Renovables, S.L.U.	FC	Concessions	PwC
Aspa Energías Renovables, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
TZ La Seca 1, S.L.U. (*)	Madrid	100.00%	Aspa Energías Renovables, S.L.U.	FC	Concessions	PwC
TZ La Seca 2, S.L.U. (*)	Madrid	100.00%	Aspa Energías Renovables, S.L.U.	FC	Concessions	PwC
Tuin Zonne Medina, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Tuin Zonne Medina 1, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Medina, S.L.U	FC	Concessions	PwC
Tuin Zonne Medina 2, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Medina, S.L.U	FC	Concessions	PwC
Tuin Zonne Medina 3, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Medina, S.L.U	FC	Concessions	PwC
TZ El Carpio, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Elduayen Fotovoltaica, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
P.S. Huerto Son Falconer, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Borealis Solar, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
European Sun Park Arnedo, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Windmill Fotovoltaica, S.L.U. (*)	Madrid	100.00%	Tuin Zonne Origen, S.L.U.	FC	Concessions	PwC
Windmill Energie Alicante 1.1, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 1.2, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Windmill Energie Alicante 1.3, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Windmill Energie Alicante 1.4, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Windmill Energie Alicante 1.5, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 1.6, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 1.7, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 1.8, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 1.9, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 1.10, S.L.U.(*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 1.11, S.L.U.(*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.1, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.2, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.3, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.4, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.5, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.6, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.7, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.8, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.9, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.10, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Alicante 2.11, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited

Appendix I

Company name	Address	% of interest	Shareholder	Consolidation method	Activity	Auditor
Windmill Energie Valladolid 3.3, S.L.U.(*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 3.4, S.L.U.(*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 3.5, S.L.U.(*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 3.6, S.L.U.(*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 3.7, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 3.8, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 3.9, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 3.10, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.1, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.2, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.3, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.4, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.5, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.6, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.7, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.8, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.9, S.L.U. (*)	Madrid	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Windmill Energie Valladolid 4.10, S.L.U. (*)	León	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Unaudited
Yeguas Altas, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Huerto Albercones, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Huerto Las Pesetas, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Huerto Cortillas, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Huerto Paniza, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Huerto Montera, S.L.U. (*)	Madrid	100.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Parque Solar Saelices, S.L (*)	Madrid	5.00%	T-Solar Global Operating Assets, S.L.	FC	Concessions	PwC
Gts Rapartición, S.A.C (*)	Lima	99.99%	Grupo T-Solar Global, S.A.	FC	Concessions	PwC
Gts Majes, S.A.C. (*)	Lima	99.99%	Grupo T-Solar Global, S.A.	FC	Concessions	PwC
Raggio di Puglia 2 S.R.L. (*)	Roma	100.00%	Grupo T-Solar Global, S.A.	FC	Concessions	PwC
ARRL (Mauritius) Limited (*)	Isla Mauricio	50.00%	Grupo T-Solar Global, S.A.	FC	Concessions	Mazars
Astonfield Solar Rajasthan (Private) Limited (*)	Delhi	100.00%	ARRL (Mauritius) Limited	FC	Concessions	Other
Astonfield Solar Gujarat (Private) Limited (*)	Delhi	100.00%	ARRL (Mauritius) Limited	FC	Concessions	Other
T Solar Cyprus Limited(*)	Nicosia	100.00%	Global Elefantina S.L..	FC	Concessions	Unaudited

(*) Companies acquired or incorporated during the year and/or additional investment in companies already included in the consolidation scope in the previous year. The inclusion of these companies in the consolidation scope did not generate additional sales during the year.
(1) Change in social name during the year (before-named Energía de Asturias GIC, S.A.)
(2) Change in social name during the year (before-named AB Alternative Investment, B.V.)
FC: Full Consolidation.

Appendix II

Associates included in the consolidation scope

Company name	Address	% of interest	Shareholder	Consolidation Method	Activity	Auditor
Gestión de Partícipes de Biореciclaje, S.L.	Cádiz	33.33%	Global Vambru, S.L	EC	Concessions	Other
Autopista Madrid Toledo Concesionaria, S.A.	Madrid	25.50%	Grupo Isolux Corsán Concesiones, S.L.	EC	Concessions	Auren
Proyectos Inmobiliarios Residenciales, S.L.	Madrid	25.60%	Isolux Corsán Inmobiliaria, S.A.	EC	Real-estate	Unaudited

(*) Added to the consolidation scope during the year.
EC: Equity method.

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

Appendix III

Joint ventures included in the consolidation scope

Company name	Address	% of interest	Shareholder	Consolidation Method	Activity	Auditor
Lineas de Comahue Cuyo, S.A.	Buenos Aires	33.34%	Grupo Isolux Corsán, S.A.	PC	Engineering	PwC
Indra Isolux de México S.A de C.V.	México DF	50.00%	Isolux de México, S.A. de C.V.	PC	Engineering	Unaudited
Constructora Autopista Perote Xalapa S.A. de C.V.	México DF	50.00%	Isolux de México, S.A. de C.V.	PC	Construction	PwC
Partícipes de Biorreciclaje, S.L.	Madrid	33.33%	Global Vambru, S.L	PC	Concessions	Other
Bioreciclajes de Cádiz S.A.	Cádiz	32.66%	Partícipes de Biorreciclaje, S.L.	PC	Concessions	Other
Isonor Transmission S.A.C. Perú	Lima	50.00%	Grupo Isolux Corsán Concesiones, S.L.	PC	Concessions	PwC
Caravelli Coteruse Transmisora de Energía S.A.C.	Lima	50.00%	Isonor Transmisión S.A.C.	PC	Concessions	PwC
Parking Pio XII, S.L.	Palencia	50.00%	Isolux Corsán Aparcamientos S.L.	PC	Concessions	Unaudited
Aparcamientos IC Sarrión	Madrid	51.00%	Isolux Corsán Aparcamientos S.L.	PC	Concessions	Other
Emiso Cádiz S.A.	Cádiz	50.00%	Isolux Corsán Aparcamientos S.L.	PC	Concessions	Unaudited
Aparcamientos Los Bandos Salamanca, S.L	Madrid	70.00%	Isolux Corsán Aparcamientos S.L.	PC	Concessions	Unaudited
Concesionaria Autopista Perote Xalapa S.A. de C.V.	México DF	50.00%	Isolux Corsán Concesiones, S.A.	PC	Concessions	PwC
Wett Holdings LLC	Delaware	50.00%	Iccenlux Corp.	PC	Concessions	Unaudited
Wett - Wind Energy Transmission Texas, LLC.	Austin	50.00%	Wett Holdings	PC	Concessions	E&Y
ICC Sandpiper, B.V.	Amsterdam	100.00%	Isolux Corsan Concessions Infraestructures Holland BV	PC	Concessions	Unaudited
Isolux Corsan Concessions Cyprus Limited	Nicosia	100.00%	ICC Sanpiper BV	PC	Concessions	Unaudited
Indus Concessions India Private Limited (3)	Haryana	100.00%	Isolux Corsán Concessions Cyprus Limited	PC	Concessions	Unaudited
Soma Isolux Surat Hazira Tollway PVT, LTD	Haryana	50.00%	Indus Concessions India Private Limited	PC	Concessions	Other
Soma Isolux Varanasi Aurangabad Tollway Private Limited	Haryana	50.00%	Indus Concessions India Private Limited	PC	Concessions	Unaudited
Soma Isolux Kishangarh-Ajmer-Beawar Tollway PVT.LTD	Haryana	50.00%	Indus Concessions India Private Limited	PC	Concessions	Other
Integracao Electrica Norte e Nordeste, S.A.	Sao Paulo	50.00%	Isolux Energia e Participaçoes Ltda.	PC	Concessions	Unaudited
Jauru Transmisora de Energía S.A.	Rio Janeiro	33.33%	Isolux Energia e Participaçoes Ltda.	PC	Concessions	Deloitte
Plena Operaçao e Manutençao de Transmissoras de Energía Ltda	Rio Janeiro	33.33%	Isolux Energia e Participaçoes Ltda.	PC	Concessions	Unaudited
Carreteras Centrales de Argentina, S.A.	Buenos Aires	49.00%	Corsán Corviam Construcción S.A.	PC	Construction	Unaudited
Societat Superficiaria Preventius Zona Franca S.A. (*)	Barcelona	50.00%	Corsán Corviam Construcción S.A.	PC	Construction	Unaudited
Isolux Corsán India & Soma Enterprises Limited	Haryana	50.00%	Isolux Corsán India Engineering & Constuction Private LTD.	PC	Engineering	Unaudited

Appendix III

Company name	Address	% of interest	Shareholder	Consolidation Method	Activity	Auditor
Pinares del Sur, S.L.	Cádiz	50.00%	Isolux Corsán Inmobiliaria, S.A.	EC	Real-estate	PwC
Landscape Corsán, S.L.	Madrid	50.00%	Isolux Corsán Inmobiliaria, S.A.	EC	Real-estate	Unaudited
Las Cabezadas de Aranjuez S.L.	Madrid	40.00%	Isolux Corsán Inmobiliaria, S.A.	EC	Real-estate	E&Y
Alqlunia5 S.A.	Toledo	50.00%	Isolux Corsán Inmobiliaria, S.A.	EC	Real-estate	Other
Eclesur, S.A.	Buenos Aires	50.00%	Grupo Isolux Corsán, S.A.	PC	Engineering	Unaudited
Lineas Mesopotanicas S.A.	Buenos Aires	33.33%	Grupo Isolux Corsán, S.A.	PC	Engineering	PwC
Lineas del Norte S.A.	Buenos Aires	33.33%	Grupo Isolux Corsán, S.A.	PC	Engineering	PwC
Ciudad de la Justicia de Córdoba S.A. (*)	Sevilla	50.00%	Corsán Corviam Construcción S.A.	PC	Construction	Unaudited
Empresa Concesionaria Lineas Eléctricas del Sur, S.A.	Buenos Aires	50.00%	Grupo Isolux Corsán, S.A.	PC	Engineering	Unaudited

(*) Companies acquired or incorporated during the year and/or additional investment in companies already included in the consolidation scope in the previous year. The inclusion of these companies in the consolidation scope did not generate additional sales during the year.
(3) Change of social name during the year (before-named Isolux Corsán Concessions India Private Limited)
PC: Proportional consolidation method.
EC: Equity consolidation method.

Appendix IV

Joint Ventures and Consortiums participated by companies included in the Consolidation Scope

Joint ventures' name	% of interest	Joint ventures' name	% of interest
DEPURADORA MAIMONA UTE	100.00%	UTE INECAT	39.25%
UTE. BURGO-MEDIANA	50.00%	UTE VIA SAGRERA	50.00%
UTE EDAR CARBONERO	100.00%	SEDE ADMINISTRATIVA HOSPITAL	100.00%
ACCESO PTO. VALENCIA	40.00%	UTE ENLACE MEIRAS	50.00%
UTE JUCAR VINALOPO	33.33%	UTE DG POLICIA	100.00%
CAMINO DE SANTIAGO	50.00%	ACCESOS SOTO RIBERA	60.00%
CORREDOR DEL MORRAZO	50.00%	UTE CAJA DUERO	100.00%
RONDA LOS OMEYAS UTE	33.34%	REHABILITACIÓN CUARTEL TENIENTE RUIZ	42.50%
FFCC EL PORTAL UTE	70.00%	3M APARCAMIENTOS CEUTA	42.50%
CONVENTO SAN FRANCISCO	50.00%	BARRIADA PR.ALFONSO	50.00%
UTE PUNTO LIMPIO BENAVENTE	50.00%	LT 220 KV LUCALA-UIGE	33.33%
UTE ZAMORA VERDE	33.00%	MANTENIMIENTO ALCALA - MECO	100.00%
UTE EDAR LA LINEA	50.00%	GALERIAS BARAJAS	100.00%
UTE DESDOBLAMIENTO CARTAMA	60.00%	UTE VALENCIA V	50.00%
UTE VARIANTE LINARES	50.00%	UTE DCS LOMA LA LATA	50.00%
UTE MADRID TOLEDO	36.00%	UTE ELECTRIFICACIÓN PARAPLEJICOS .	100.00%
REGADIO BEMBEZAR UTE	50.00%	SISTEMAS A4T1	50.00%
UTE DESDOBLAMIENTO MARTOS	50.00%	UTE LEVATEL	50.00%
FFCC OSUNA AGUADULCE	50.00%	MUSEO DE AMERICA	100.00%
EJE ATLANTICO ALTA VELOCIDAD	50.00%	UTE ENARSA OFF	50.00%
UTE LAXE	100.00%	UTE EDAR LA CHINA	50.00%
UTE EMERG.QUIEBRAJANO	50.00%	CSIC EN LA CARTUJA	100.00%
UTE ALMAGRO	100.00%	UTE ARQUITECTURA L-5	43.50%
ABASTECIMIENTO OVIEDO	100.00%	AMPLIACIÓN HOSPITAL GUADALAJARA	50.00%
UTE ACCESO CORUÑA	50.00%	HOSPITALIZACION	100.00%
M-501 PANTANOS	50.00%	MADRES MADRID WATSEGUR	100.00%
UTE COIN CASAPALMA	50.00%	UTE PLANTA COMPRESORA	50.00%
UTE ALMOHARIN	50.00%	PUENTE PISUERGA UTE	50.00%
HOSPITAL DE BURGOS	10.00%	EUBA-IURRETA UTE	50.00%
UTE ABASTECIMIENTO LERIDA	70.00%	RONDA POCOMACO-CORUÑA	80.00%
UTE MUELLE BAIONA	65.00%	UTE LOECHES	50.00%
UTE AITREN.SUPLIDOS	20.00%	CENTRO PENITENCIARIO CEUTA	100.00%
UTE HOSPITAL MILITAR	100.00%	AZUCARERA PRAVIA UTE	60.00%
UTE MUNICIPO CORDOBA	50.00%	MANTENIMIENTO EDIFICIO ADMINISTRATIVO XUNTA	70.00%
LINEA AVE CAMPOMANES	50.00%	TUNEL STA.Mª CABEZA	51.00%
UTE CATENARIA MALAGA	50.00%	UTE AVE PINAR II	64.29%
UTE L5 HORTA	40.00%	BEATRIZ DE BOBADILLA	100.00%

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

Appendix IV

Joint ventures' name	% of interest	Joint ventures' name	% of interest
AUTOVIA CONCENTAINA	50.00%	FACULTAD MEDICINA CTCS	50.00%
INTERC.ARCO TRIUNFO	100.00%	UTE CORONA F.ABAJON	50.00%
UTE CLIMATIZACIÓN ALCAZAR	40.00%	MANIPE ASTURIAS	100.00%
UTE GUINOLUX	50.00%	RAMBLA ALBOX	70.00%
SANEAMIENTO Y ABASTECIMIENTO CHICLANA	50.00%	MANTENIMIENTO COMUNICACION.L9	20.00%
UTE ACCESOS CIUDAD REAL	70.00%	METRO-R.METTAS/VAPES	50.00%
UTE U 11 SAN LAZARO	70.00%	UTE TUNEL BIELSA	50.00%
HOSPITAL PARAPLEJICOS TOLEDO	80.00%	PRESA GUADALMELLATO	60.00%
J.M.VILLA VALLECAS	20.00%	UTE GERONA I	50.00%
J.M.VILLA VALLECAS	80.00%	LAV PINOS PUENTE	80.00%
MANTENIMIENTO J.M.MORATALAZ	100.00%	PCI L2 METRO BCN	50.00%
UTE PRESA SANTOLEA	50.00%	PLANTA TRATAMIENTO RSU	30.00%
EMISARIO RIO PISUERGA	50.00%	ZAMORA LIMPIA	30.00%
UTE DEPURADORA FERNÁN NUÑEZ	100.00%	AYUNTAMIENTO JARAIZ	50.00%
UTE AVE TRINIDAD	33.34%	UTE AGUAS CILLEROS	60.00%
UTE PLAZA SUR DELICIAS	50.00%	UTE AVICO	33.34%
UTE MACEIRAS REDONDELA	50.00%	HOSP.GR.DE LAFERRERE	40.00%
UTE EDIFICIO MEDICINA	50.00%	BALSA DE VICARIO	70.00%
SANEAMIENTO PUERTO DEL CARMEN	70.00%	UTE ZONA VERDE	60.00%
TRAVESIA MARTOS II	50.00%	UTE MONUMENTO HISTORICO	60.00%
UTE MARBELLA	100.00%	UTE ALICANTE I	40.00%
ABASTECIMIENTO OROPESA	100.00%	UTE RIO TURBIO C&S	50.00%
CARRETERA VALLEHERMOSO-ARURE	70.00%	UTE AVE PORTO-MIAMAN	75.00%
AUTOVIA IV CENTENARIO	70.00%	UTE AYUNTAMIENTO MORALEJA	60.00%
VIA PRAT LLOBREGAT	25.00%	UTE HOSPITAL ZUMARRAGA	80.00%
MANTENIMIENTO EDIFICIO MEDIO AMBIENTE	100.00%	UTE TORIO-BERNESGA	50.00%
ACOND.A-495 UTE	60.00%	TOLOSA-HERNIALDE UTE	90.00%
REDES BCN UTE	50.00%	RMS AEROPUERTO SANTIAGO	50.00%
UTE PRESA HORNACHUELOS	50.00%	UTE CEUTA APARCAMIENTO	50.00%
UTE CABREIROS	70.00%	UTE CHUAC	50.00%
LOMA LA LATA - OFF	75.00%	MTTO. VIA ADIF 2011	50.00%
REGADIO DURATON UTE	100.00%	CONSERVACIÓN CIUDAD REAL	50.00%
UTE 3 EDAR SESEÑA	99.00%	ACONDICIONAMIENTO LOS RODEOS	70.00%
ACOMETIDAS ATEWICC-4	33.33%	CARCEL DE MENDOZA	50.00%
CARRETERA LEÓN CEMBRANOS	65.00%	COMISARIA TARRAGONA	90.00%
DRATYP IX UTE	50.00%	MERCADO DE TARRAGONA	99.90%
T.RENFE 07-CENTRO UTE	50.00%	UTE PALENCIA	50.00%
T.RENFE 07-NORTE UTE	50.00%	MEJORAS TENERIFE SUR	100.00%
UTE PTO.RICO-MOGAN	30.00%	UTE HOSPITAL DEL SUR	40.00%
UTE L3 ROQUETES	100.00%	PSFV EN INGLATERRA.	100.00%

Appendix IV

Joint ventures' name	% of interest	Joint ventures' name	% of interest
NUEVO APOYO TERMINAL BARCELONA UTE	100.00%	EDIFICIO MUTUA MADRILEÑA	100.00%
UTE VERDUGA	100.00%	TELECONTROL EDARES	60.00%
CIS TENERIFE UTE	100.00%	UTE COMPOST.ARAZURI	50.00%
CENTRO PENITENCIARIO ANDALUCIA ORIENTAL	100.00%	UTE VICOTEL	50.00%
RIO TURBIO	91.00%	HOSPITAL DE PARANA	50.00%
UTE EDAR TOMELLOSO	90.00%	UTE TENIENTE RUIZ	50.00%
UTE MURO	60.00%	UTE PLISAN	50.00%
LOMA LATA ON	75.00%	UTE VARIANTE ALMANSA	50.00%
UTE RIO TURBIO OFF	91.00%	CONSTRUCCIÓN SUBESTACIONES LINEAS	50.00%
CERCANIAS PINTO UTE	40.00%	TELEMANDO DE ENERGIA	50.00%
UTE VALENCIA 1	50.00%	UTE BENIDORM	49.00%
UTE IDAM MONCOFA	45.00%	SUPLIDOS UTE HOSPITAL	40.00%
ACTUACIONES MEDIAMBIENTALES AVE	33.34%	UTE LAS TERRAZAS	100.00%
UTE LAVACOLLA	55.00%	UTE GIRONA	33.00%
QATAR	100.00%	UTE MIERA	50.00%
UTE PLANTA ALGAR	99.00%	UTE PRESA MELONARES	50.00%
UTE ACCESO PRINCIPE	50.00%	UTE GUADALOPE	50.00%
UTE REMODELACIÓN L3 TMB	40.00%	UTE EMPALME MANACOR	30.00%
MANTENIMIENTO UNIVERSIDAD ALCALA HENARES	100.00%	LINEA 9 METRO BARCELONA	20.00%
UTE NUEVO VIAL	50.00%	INTERCAMBIADOR SAGRERA	25.00%
AUTOVIA A4 TRAMO MADRID R4	50.00%	AEROPUERTO CIUDAD REAL UTE	65.00%
AUTOVÍA ARANDA	70.00%	UTE COMAVE	28.33%
UTE FUENTE DE PIEDRA	70.00%	SAVE 3	26.20%
UTE VALENCIA III	50.00%	UTE BALIZAMIENTO	33.33%
MANTENIMIENTO T4 BLOQUE 1	100.00%	INTEGRACIÓN SISTEMA	33.33%
MANTENIMIENTO EL MOLAR	100.00%	SS/EE LINEA 3 METRO	50.00%
UTE GARABOLOS	80.00%	HOMOGENEIZACION C.P.	100.00%
UTE CORIA-MORALEJA	60.00%	UTE ATEWICC 3	33.34%
UTE AP7 MAÇANET	55.00%	UTE MUNICIPIOS COSTEROS	100.00%
UTE AVELE	28.00%	MTTO. INST. EDIFICIO	100.00%
UTE AVELE 2	28.00%	MTTO.INT.DISTRITO SA	100.00%
UTE CABEZA DE BUEY	80.00%	HOSPITAL PRINCIPE ASTURIAS	37.61%
BLOQ.OBSTETRICO HOSP	40.00%	RESIDUOS SAN ROQUE	100.00%

CONSOLIDATED ANNUAL ACCOUNTS OF GRUPO ISOLUX CORSÁN, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

Appendix IV

Joint Ventures' name	% of interest
Isolux, Soma and Unitech Maharashtra CJV	49.50%
ICI –Soma Maharashtra CJV	50.00%
C&C ICI Mep Services J.V.	50.00%
Isolux - Man J.V. Uttar Pradesh	99.99%
I.C.I. - C&C J.V. Uttar Pradesh	60.00%
I.C.I. - C&C J.V. Varanasi	60.00%
I.C.I. – C&C J.V. Mainpuri	74.00%

GRUPO ISOLUX CORSAN, S.A. AND SUBSIDIARIES

DIRECTORS' REPORT 2011

1. Economic Environment

During 2011 the gross domestic product (GDP) of the Spanish economy underwent an annual decrease of 0.7% a less sensitive decrease as compared to 0.1% reduction rate experienced during 2010. During 2011 an increase of 2.7% has taken place in the Euro Zone.

This decrease is due in particular to the decline in internal demand (1.4%), mainly caused by the reduction in public administration consumption and in the gross formation of fixed capital (4.8%), household consumption stagnation (0.0%) and a decline of the Public Administrations (-1.4%). The GDP growth of the year was positive due to the increased exports of goods and services by 9.0%.

Employment decreased by 1.9% compared with last year, which led to a sharp increase in the unemployment rate from 20.1% in 2010 to 21.6% in 2011. The consumer price index ended 2011 at 3.2%, which is higher than the 1.8% at which 2010 ended.

Regarding investment, the gross formation of fixed capital fell by 4.8% in 2011, reflecting a 2.1% increase in capital goods and 7.8% decline in construction.

The rapid deterioration of the economic situation during the second part of the year, has led to a slight downwards correction in forecasts for 2012 and 2013 years. The International Monetary Fund and the Bank of Spain paint a recessive scenario for the Spanish economy for 2012.

Economic forecasts for 2012 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 and investment. in construction

Economic forecasts for those countries in which the Company operates are quite positive. The expected growth of 2012 Gross Domestic Product is 5.4%, highlighting the forecast for Brazil (3%) and India (7%). These amounts gain greater importance due to the higher degree of internationalization of the Group.

2. Development and performance of the Group in 2011

With respect to Concessions, there was a marked increase in investments in the different areas operated:

- Car Parks: always in national territory, new concessions have been put in operation and investments in new concessions to be operated in future years

- Energy Infrastructures:

  i. Significant investment in Brazilian concessions.
  ii. Beginning of the investments in United States and India.

- Toll roads:

  i. Toll road in India has been put into operation (Varanasi),
  ii. Monterrey-Saltillo toll road in México has been put into operation
  iii. BR116 (Brazil) toll road has been put into operationl.
  iv. Significant investments in concessions in India, Brazil, Mexico and Spain.

- Photovoltaic Solar Energy: During 2011 and through different corporate transactions, the Group took control of Grupo T-Solar Global, leader in the development and promotion of photovoltaic solar energy. At 31 December 2011 the Company holds 59% of the shares. This group of companies has made important investments in photovoltaic solar plants in Peru, India and Italy during 2011.

In Construction, our presence in traditional sectors in Spain such as land infrastructures (rail and road) was continued, promoting our presence in overseas markets where the Group is developing major infrastructure projects (in countries such as Mexico, Algeria and India). At the moment 50% of the portfolio projects of this business area are related to international sectors.

In Engineering and Services, regarding the international market, the Group has developed major international projects particularly in the transmission area and power generation in countries such as Brazil, Argentina, United States and Angola. As a relavant data, it must be highlighted that more than 80% of the portfolio projects of this business area are related to international projects.

In general the Group has increased its overseas presence which in 2011 reached more than 2/3 of Group's activity, as well as consolidating its leadership position in the domestic market.

Business performance in 2011

2.1. Financial Highlights

The development of the Group's main figures in 2010 and 2011 is as follows:

Key Figures

Thousand euro

	2011	2010	Variation
Total operating revenue	**3,371,940**	**3,239,786**	**4.08%**
Consolidated profit (before non-controlling interests)	5,476	63,960	**(91.44%)**
Operating profit	265,893	207,702	**28.02%**
Gross operating profit - EBITDA (1)	392,734	311,198	**26.20%**
Net financial results	(217,280)	(115,721)	**87.76%**
Debts associated with Projects (2)	2,616,165	1,235,010	**111.83%**
Net debt with financial entities (3)	690,175	310,513	**122.27%**
Portfolio (thousand euro)	43,110	30,180	**42.84%**

(1) Operating profit not taking into account amortization/ depreciation, impairment losses and changes in trade provisions.

(2) Includes short and long-term Project finance.

(3) Includes debts with financial entities net of cash, cash equivalents and short-term bank deposits.

There has been a slight increase in Gross Operating Profit (4.08%) – EBITDA (26.2%). Particularly noteworthy is the 42.84% portfolio increase which includes the T-Solar incorporation in the consolidation scope.

ISOLUX CORSÁN

GRUPO ISOLUX CORSAN, S.A. AND SUBSIDIARIES

DIRECTOR'S REPORT 2011

2.2 Group's results

2.2.1 Income Statement Performance

The performance of the income statement for 2011 and 2010, as well as the variation in the most important figures, is as follows:

Thousand euro	2011	2010	Var(%)
Total operating revenue	**3,371,940**	**3,239,786**	**4.08%**
Turnover	3,200,700	3,188,740	
Other operating income (1)	173,571	46,012	
Inventory changes	(2,331)	5,034	
External and operating expenses	(2,600,281)	(2,549,318)	
Staff costs	(378,925)	(379,270)	
Gross Operating Profit (EBITDA)	**392,734**	**311,198**	**26.20%**
% over turnover	**12.27%**	**9.76%**	
Depreciation and charges due to impairment losses	(119,169)	(86,692)	
Change in trade provisions	(7,672)	(16,804)	
Operating profits	**265,893**	**207,702**	**28.02%**
% over turnover	**8.31%**	**6.51%**	
Net Financial Results	**(217,280)**	**(115,721)**	**87.76%**
Shares in result of associates	(15,787)	(7,072)	
Profit before taxes	**32,826**	**84,909**	**(61.34%)**
Income tax	(27,350)	(20,949)	
Profit for the year	**5,476**	**63,960**	**(91.44%)**
Profit attributed to non-controlling interests	(18,593)	805	
Profit attributed to Company´s shareholders	**24,069**	**63,155**	**(61.89%)**

(1) Includes own work capitalized.

2.2.2. Development and composition of sales

The development and composition of sales during 2011 and 2010 is as follows:

Thousand euro	2011	% of Total	2010	% of Total	% 2010-2011
Construction	1,084,485	33.9%	1,305,269	43.7%	(16.9%)
Engineering and Industrial Services	1,653,722	51.6%	1,514,871	50.8%	9.2%
Concessions	323,707	10.1%	163,577	5.5%	97.9%
Other (1)	138,786	4.4%	205,023		
Total	**3,200,700**		**3,188,740**		**0.4%**

(1) Includes other business and consolidation adjustments

With respect to the breakdown into domestic and international markets, the Group's turnover has performed as follows:

Thousand euro	2011	% of Total	2010	% of Total	% 2010-2011
Domestic Market	1,214,470	37.9%	1,588,804	49.8%	(23.6%)
International Market	1,986,230	62.1%	1,599,936	50.2%	24.1%
America	1,389,171	69.9%	865,835	54.1%	60.4%
Rest of the world	597,059	30.1%	734,101	45.9%	(18.7%)
Total	**3,200,700**		**3,188,740**		**0.4%**

2.2.3. Development and Composition of Gross Operating Profit (EBITDA)

The development and composition of EBITDA during 2011 and 2010 is as follows:

Thousand euro	2011	% of Total	2010	% of Total	% 2010-2011
Construction	85,870	21.9%	104,712	33.6%	(18.0%)
Engineering and Industrial Services	179,042	45.6%	141,417	45.4%	26.6%
Concessions	180,982	46.1%	112,545	36.2%	60.8%
Other (1)	(53,160)	(13.6%)	(47,476)	(15.2%)	(1.6%)
Total	**392,734**		**311,198**		**26.2%**

(1) Includes other business and consolidation adjustments

ISOLUX CORSÁN

GRUPO ISOLUX CORSAN, S.A. AND SUBSIDIARIES

DIRECTOR'S REPORT 2011

3. Outlook 2012.

The business volume of Grupo Isolux Corsán during 2011 exceeded 6,729 million euro, 17% of which relates to the domestic market and 83% to international markets.

Set out below is a by area-breakdown of business for 2011:

Thousand euro	2011	% of Total
Construction	903,898	13.4%
Ingeneering	2,623,924	39.0%
Concessions	3,066,481	45.6%
Other Sectors	134,916	2.0%
Total	**6,729,219**	

The Group's total portfolio at 31 December 2011 amounts to 43,110.2 million euro, 23% of which relates to domestic market and 77% to international ones.

Set out below is a breakdown of the portfolio by business area and performance with respect to 2010:

Thousand euro	2011	% of Total	2010	% of Total	% 2010-2011
Construction	3,364,273	7.8%	3,626,434	12.0%	(7.2%)
Ingeneering	3,711,196	8.6%	2,731,978	9.1%	35.8%
Concessions	35,805,290	83.1%	23,613,190	78.2%	51.6%
Other Sectors	229,439	0.5%	208,312	0.7%	10.1%
Total	**43,110,198**		**30,179,914**		**42,84%**

Despite the current macro-economic environment both in Spain and globally, Group portfolio figures, enable us to be reasonably optimistic about our prospects in 2012. Grupo Isolux Corsán expects to improve turnover by maintaining its profitability ratios and cash generation during 2012.

Of the contracts awarded to the Group in the first few months of 2012, the following are particularly noteworthy in view of their significance.

- Private initiative for the construction and operation of Loma Blanca 1º (50mw) wind farm. Argentina
- A high speed platform in Corredor Norte-Nordeste. High speed line Madrid-Galicia.
- Two lane road in La Paz - Oruro tramo IIB + IIA. Bolivia.

- National Roads in Argentina, Corredor nº 4.
- Turnkey provision of the fiber optic network in Red Federal Argentina. Tramo NEA Sur 1,579km.

4. Treasury stocks

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

5. Research and development activities

Research, initial design, testing of new products and services, etc., as well as specific innovation initiatives involving these products, regardless of whether or not they are attributed to projects, are carried out in general by the employees of the Group's different departments within the framework of varying national and regional government aid programmes.

6. Human Resources

The average number of Group employees during 2011 stood at 8,904 instead of 7,640 employees of added average Group of year 2010. The composition of the average workforce by professional category is as follows:

Category	2011	2010
Graduates	2,872	2,647
Administrative Staff	786	794
Workers	5,246	4,199
	8,904	**7,640**

7. Use of Financial Instruments

The activities carried out by Group companies are exposed to various financial risks. The policies developed by Grupo Isolux Corsán concerning these risks are based on the establishment of hedges for exchange and interest rate risks.

Operations with financial derivatives at 31 December 2011 are as follows:

In order to hedge the exchange risk, the Group has arranged hedging transactions through which it insures:

1.- The forward sale and purchase of US dollars (USD) against euro with different dates and at different exchange rates for a total amount of 77,620 thousand dollar and 114,255 thousand dollar, respectively.

2.- The forward purchase of Swiss Francs against euro with different dates and exchange rates for a total amount of 309 thousand Swiss Francs.

3.- The forward sale of Mexican pesos against euro with different dates and Exchange rates for a total amount of 9,837 thousand Mexican pesos.

4.- The forward sale of Qatar riyals against the euro with different dates and exchange rates for a total amount of 99,597 thousand Qatar riyals.

5.- The forward sale and purchase of Brazilian reals against the euro with different dates and at different exchange rates for a total amount of 51,409 thousand Brazilian reals and 23,581 thousand Brazilian reals, respectively.

The effect of these transactions has been valued at the year end.

a) Interest rate hedging operations

At 31 December 2010, the Group has entered into interest rate swaps with financial entities. These swaps were arranged on 10 September 2010, are in effective force until 14 February 2011 and mature on 29 June 2015, and insure a rate of 2.025% for a debt of 532,000 thousand euro, related to the long-term loan provided by a syndicate. This loan was renewed, extended and grouped into a unique contract amounting to 552,000 thousand euro which will be in force as from 14 February 2011.

The loan repayment is through the following amortization schedule:

Maturity date		Amount (thousand euro)
29/12/2012		11,051
29/06/2013		44,168
29/12/2013		55,183
29/06/2014		66,215
29/12/2014		99,368
29/06/2015		276,015
	Total	552,000

The Group has signed a cross currency swap related to the R$20,000 loan to convert fixed interests rates into variable interest rates, based on DI to fix the exchange interest rates between the Brazilian real and the American dollar. The maturity date of the loan is June 2012. The swap market value at the end of year 2011 is R$2,746.

In addition, in 2011 the following interest rate swaps were in force:

Grupo T-Solar loan:

Contract date: 22 December 2008
Notional amount:: 40,557 thousand euro
Interest rate: 3.96%
Maturity date: 31 December 2026

Contract date: 15 July 2008
Notional amount: 462,724 thousand euro
Interest rate: 5.09%
Maturity date: 31 December 2027

Contract date: 18 de junio de 2009
Notional amount: 11,098 thousand euro
Interest rate: 4.09%
Maturity date: 18 June 2021
Contract date: 4 January 2009
Notional amount: 6,572 thousand euro
Interest rate:4%
Maturity date: 4 December 2023

Contract date: 31 December 2010
Notional amount:: 10,673 thousand euro
Interest rate:3.45%
Maturity date: 20 December 2023

Contract date: 18 March 2010
Notional amount: 2,090 thousand euro
Interest rate: 3.65%
Maturity date: 23 April 2026

Contract date: 22 December 2010
Notional amount: 22,367 thousand euro
Interest rate: 3.54%
Maturity date: 20 December 2023

HIXAM loan:

Contract date: 7 February 2007
Notional amount: 61,395 thousand euro
Interest rate: 4.36%
Maturity date: 29 December 2022

HIXAM II loan:

Contract date: 13 January 2010
Notional amount: 29,735 thousand euro
Interest rate: 3.6%
Maturity date: 23 December 2025

Sociedad Concesionaria Zona 8A loan:

Contract date: 25 February 2008
Notional amount: 7,140 thousand euro
Interest rate: 4.79%
Maturity date: 25 February 2024

Infinita Renovables loan:

Contract date: 5 January 2010
Notional amount: 167,368 thousand euro
Interest rate: 3.79%
Maturity rate: 30 December 2016

Concesionaria Saltillo - Monterrey S.A de C.V. loan:

Contract date: 28 September 2007
Notional amount: 2,314,546 thousand Mexican pesos
Interest rate: 8.20%
Maturity date: 30 May 2025

Concesionaria Perote-Xalapa S.A de C.V. loan:

Contract date: 13 February 2008
Notional amount: 1,893,760 thousand Mexican pesos
Interest rate: 8.20%
Maturity date: 14 January 2022

Concesionaria Perote-Xalapa S.A de C.V. loan:

Contract date: 18 August 2011
Notional amount: 475,000 thousand Mexican pesos
Interest rate: 5.02%
Maturity date: 14 December 2012

Sociedad Concesionaria Autovía A4 Madrid S.A. loan:

Contract date: 1 August 2008
Notional amount: 28,796 thousand euro
Interest rate: 5.05481%
Maturity date: 16 June 2025

Sociedad Concesionaria Autovía A4 Madrid S.A.loan:

Contract date: 1 August 2008
Notional amount: 28,796 thousand euro
Interest rate: 5.058%
Maturity date: 16 June 2025

Other loans/credits to the Group:

Contract date: 24 February 2009
Notional import: 20,000 thousand euro
Interest rate: 2.47%
Maturity date: 24 February 2012

Contract date: 23 June 2009
Notional import: 20,000 thousand euro
Interest rate: 2.44%
Maturity date: 23 June 2012

Contract date: 11 September 2009
Notional import: 50,000 thousand euro
Interest rate: 2.66%
Maturity rate: 3 June 2013

Contract date: 29 April 2010
Notional import: 50,000 thousand euro
Interest rate: 1.97%
Maturity date: 3 June 2013

Contract date: 22 June 2010
Notional import: 85,000 thousand euro
Interest rate: 1.80%
Maturity date: 18 June 2013

Contract date: 16 May 2011
Notional import: 45,000 thousand euro
Interest rate: 3.05%
Maturity date: 16 May 2015

Contract date: 28 June 2011
Notional import: 57,517 thousand euro
Interest rate: 2.20%
Maturity date: 28 June 2014

Contract date: 23 January 2012
Notional import: 13,718 thousand euro
Interest rate: 3.60%
Maturity date: 21 July 2025

Contract date: 29 July 2011
Notional import: 1,899 thousand dollar
Interest rate: 1.96%
Maturity date: 31 March 2016

Contract date: 29 July 2011
Notional import: 29,157 thousand dollar
Interest rate: 3.60%
Maturity date: 31 March 2016

ISOLUX CORSÁN

GRUPO ISOLUX CORSAN, S.A. AND SUBSIDIARIES

PREPARATION OF THE 2011 CONSOLIDATED ANNUAL ACCOUNTS

In its General Meeting dated at 26 March 2012, and in compliance with the requirements of Articles 253 of the Capital Company Act and Article 37 of the Commercial Code, the Board of Directors formulates the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidate Statement of Changes in Equity, Consolidated Statement of Cash Flows and Consolidated Notes to the Financial Statements) and the Management Report, concerning the year ended 31 December 2011, to the terms contained in the documents attached and prior to writing this document.

Signatories:

Mr. Luis Delso Heras
Chairman

Mr. José Gomis Cañete
VP (Representing Construction Invesments, Sarl.)

Mr. Javier Gómez-Navarro Navarrete
Member

Mr. Serafín González Morcillo
Member

Mr. Francisco Moure Bourio
Member

Mr. Ángel Serrano Martínez – Estellez
Member

Mr. Antonio Pulido Gutierrez
Member (Representing Monte de Piedad y Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla (Cajasol))

Mr. Eduardo López Milagro
Member (Representing Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra S.A.U.)

Mr. José Mª Torres Zabala
Member (Representing Cartera Perseidas, S.L.)

Mr. Vicente Sánchez Álvarez
Member (Representing Caja Castilla-La Mancha Corporación, S.A.)

Mr. Antonio Hernández Mancha
Member

Mr. José Luis Ros Maorad
Member

Mr. Antonio Portela Álvarez
CEO

Mr. Juan Francisco Falcón Ravelo
Non-voting secretary