# ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A.
# and dependent companies

Consolidated annual accounts at 31 December 2014 and 2013
and management report for fiscal year 2014.

(Expressed in thousands of euros).

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014 AND 2013
(Expressed in thousands of euros)

| ASSETS | Note | 2014 | Re-expressed 2013 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | **287,028** | **393,866** |
| **Intangible fixed assets** | **6** | **69,304** | **68,965** |
| **Material fixed assets** | **7** | **17,937** | **19,478** |
| **Property investments** | **8** | **72,022** | **177,799** |
| **Investments in Group and associated companies** | **9, 12, 30** | **98,225** | **104,018** |
| Equity-accounted holdings | **9** | 44,431 | 45,528 |
| Credits to equity-accounted companies | | 53,794 | 58,490 |
| **Long-term financial investments** | **10, 11** | **12,870** | **11,337** |
| **Non-current trade debtors** | **12** | **11,474** | **11,717** |
| **Deferred tax assets** | **22** | **5,196** | **552** |
| **CURRENT ASSETS** | | **401,469** | **354,184** |
| **Stocks** | **14** | **15,656** | **34,748** |
| **Trade debtors and other receivables** | | **308,930** | **248,666** |
| Clients for sales and service provision | **10,12** | 280,515 | 216,424 |
| Clients, equity-accounted companies | **10,12** | 20,262 | 17,967 |
| Sundry debtors | **10,12** | 822 | 1,007 |
| Personnel | **10,12** | 1,403 | 1,933 |
| Current tax assets | **24** | 197 | 387 |
| Other credits with the public administrations | **12, 24** | 5,678 | 10,890 |
| Shareholders for called-up capital | | 53 | 58 |
| **Short-term investments in Group and associate companies** | | **2,858** | **1,527** |
| Credits to equity-accounted companies | **9, 12, 30** | 2,852 | 1,524 |
| Other financial assets | | 6 | 3 |
| **Short-term financial investments** | **10, 11, 12** | **23,548** | **22,716** |
| **Short-term accruals** | | **8,599** | **14,761** |
| **Cash and other equivalent liquid assets.** | **15** | **41,878** | **31,766** |
| **TOTAL ASSETS** | | **688,497** | **748,050** |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014 AND 2013
(Expressed in thousands of euros)

| NET EQUITY AND LIABILITIES | Note | 2014 | Re-expressed 2013 |
|---|---|---|---|
| **NET EQUITY** | | **218,061** | **245,858** |
| **Capital and reserves** | | **236,790** | **253,151** |
| Share capital | **16** | 57,492 | 57,492 |
| Share premium | **16** | 9,327 | 9,327 |
| Reserves in parent Company | | 136,681 | 141,431 |
| Reserves in consolidated companies | | 51,002 | 39,526 |
| Reserves in equity-accounted companies | **9** | (10,668) | (3,409) |
| Result for fiscal year attributed to parent Company | | (7,044) | 12,402 |
| Dividend on account | | - | (3,618) |
| **Adjustments for changes in value** | **17** | **(22,792)** | **(11,283)** |
| Hedging operations | | (22,274) | (15,574) |
| Conversion differences for consolidated companies | | (533) | 462 |
| Conversion differences for equity-accounted companies | | 15 | 205 |
| Other adjustments for changes in value of equity-accounted companies | | - | 3,624 |
| **Grants, subsidies, donations and bequests received** | **19** | **2,180** | **1,679** |
| **External partners** | **18** | **1,883** | **2,311** |
| | | | |
| **NON-CURRENT LIABILITIES** | | **136,825** | **196,338** |
| **Long-term provisions** | | **138** | **1** |
| **Long-term debts** | | **105,571** | **142,405** |
| Bonds and other negotiable securities | | 49,313 | - |
| Debts to credit institutions | **10, 20** | 46,103 | 82,730 |
| Creditors for financial leases | **12, 20** | 607 | 48,893 |
| Derivatives | | 2,581 | 3,556 |
| Other financial liabilities | **13** | 6,967 | 7,226 |
| **Long-term debts to Group and associate companies.** | **20.30** | **9,579** | **9,894** |
| **Deferred tax liabilities** | **22** | **7,918** | **30,072** |
| **Long-term accruals** | | **13,619** | **13,966** |
| | | | |
| **CURRENT LIABILITIES** | | **333,611** | **305,854** |
| **Short-term provisions** | | **2,084** | **5,601** |
| **Short-term debts** | | **10,645** | **106,714** |
| Bonds and other negotiable securities | | 1,736 | - |
| Debts to credit institutions | **10, 20** | 70,370 | 66,962 |
| Creditors for financial leases | | 619 | 6,045 |
| Derivatives | | 119 | - |
| Other financial liabilities | **13** | 27,801 | 33,707 |
| **Short-term debts to Group and associate companies.** | **10,20,30** | **68** | **415** |
| **Trade creditors and other payables** | | **222,661** | **183,859** |
| Suppliers | **10, 20** | 168,647 | 156,057 |
| Suppliers, Group and associated companies | **10, 20, 30** | 2,292 | 1,986 |
| Sundry creditors | **10, 20** | 1,382 | 769 |
| Personnel | **10, 20** | 4,022 | 1,876 |
| Current tax liabilities | | 816 | 3,893 |
| Other debts to the public administrations | **24** | 12,065 | 11,695 |
| Advances from clients | **10, 20** | 33,437 | 7,583 |
| **Short-term accruals** | | **8,153** | **9,265** |
| **TOTAL NET EQUITY AND LIABILITIES** | | **688,497** | **748.050** |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

### CONSOLIDATED INCOME STATEMENT FOR FISCAL YEARS CLOSED 31 DECEMBER 2014 AND 2013

(Expressed in thousands of euros)

| ONGOING OPERATIONS | Note | 2014 | Re-expressed 2013 |
|---|---|---|---|
| **Net turnover** | | **412,429** | **392,206** |
| Sales | **23** | 405,389 | 386,922 |
| Service provision | | 4,936 | 3,627 |
| Financial revenue concession agreements | | 2,104 | 1,657 |
| **Variation in stocks of finished products and those in process** | | **(4,250)** | **(1,818)** |
| **Work carried out by the Company for its assets** | | **315** | **1,764** |
| **Supplies** | **23** | **(242,644)** | **(223,667)** |
| Consumption of merchandise | | (83) | (247) |
| Consumption of raw materials and other consumables | | (38,066) | (29,437) |
| Work carried out by other companies | | (204,495) | (193,983) |
| Impairment of merchandise, raw materials and other supplies | | - | - |
| **Other operating revenue** | | **977** | **1,424** |
| Accessory and other current management revenue | | 907 | 1,403 |
| Operating subsidies incorporated into the result for the fiscal year | | 70 | 21 |
| **Personnel expenditure** | **23** | **(80,015)** | **(91,284)** |
| Wages, salaries and similar payments | | (63,487) | (74,480) |
| Social contributions | | (16,528) | (16,804) |
| **Other operating expenditure** | | **(44,427)** | **(40,724)** |
| External services | | (36,077) | (28,668) |
| Taxes and fees | | (3,619) | (2,975) |
| Losses, impairment and variation of provisions for trade operations | | (4,731) | (9,081) |
| Other current management expenditure | | - | - |
| **Depreciation of fixed assets** | **6,7,8** | **(5,510)** | **(6,212)** |
| **Assignment of subsidies for non-financial fixed assets** | | **52** | **17** |
| **Excess provisions** | | **7** | **-** |
| **Impairment and result from disposal of fixed assets** | **8** | **(6,969)** | **(67)** |
| **Other results** | | **1,123** | **(3,085)** |
| **OPERATING INCOME** | | **31,088** | **28,554** |
| **Financial revenue** | | **3,262** | **5,528** |
| **Financial expenditure** | | **(18,614)** | **(16,523)** |
| **Variation in fair value of financial instruments** | | **511** | **581** |
| **Exchange rate differences** | | **(2,191)** | **90** |
| **Impairment and result from disposal of financial instruments** | | **(15,335)** | **2,087** |
| **FINANCIAL INCOME** | **25** | **(32,367)** | **(8,237)** |
| **Participation in profits (losses) of EAM-companies** | | **(4,109)** | **(4,033)** |
| **Impairment and result due to loss of significant influence** | | **(5,879)** | **-** |
| **Negative consolidation difference for EAM-companies** | | **1** | **-** |
| **INCOME BEFORE TAX** | | **(11,266)** | **16,284** |
| **Taxes on earnings** | **24** | **4,502** | **(2,607)** |
| **CONSOLIDATED INCOME FOR FISCAL YEAR** | | **(6,764)** | **13,677** |
| Result attributed to the parent Company | | (7,044) | 12,402 |
| Result attributed to external partners | | 280 | 1,275 |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

### STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY FOR FISCAL YEARS CLOSED 31 DECEMBER 2014 AND 2013

### A) STATEMENT OF CONSOLIDATED REVENUE AND EXPENDITURE RECOGNISED FOR FISCAL YEARS CLOSED 31 DECEMBER 2014 AND 2013

(Expressed in thousands of euros)

| | 2014 | 2013 |
|---|---|---|
| **A) Consolidated income for fiscal year** | **-6.764** | **13.677** |
| **Revenue and expenditure assigned directly to net equity:** | | |
| **I. For measurement of financial instruments.** | | |
| 1. Financial assets available for sale. | | |
| 2. Other revenue /expenditure. | | |
| **II. For cash flow hedges.** | -7.450 | 4.916 |
| **III. Grants, subsidies, donations and legacies received** | 710 | |
| **IV. For actuarial gains and losses and other adjustments.** | | |
| **V. Conversion difference.** | -1.646 | -615 |
| **VI. Fiscal revenue to be assigned to several fiscal years.** | -3.624 | |
| **VII. Fiscal effect;** | 1.140 | -1.290 |
| **B) Total revenue and expenditure directly attributed to consolidated net equity (I + II + III + IV +V+VI+VII)** | **-10.870** | **3.011** |
| **Transfers to consolidated income statement.** | | |
| **VIII. For measurement of financial instruments.** | | |
| 1. Financial assets available for sale | | |
| 2. Other revenue /expenditure. | | |
| **IX. For cash flow hedges** | | |
| **X. Grants, subsidies, donations and legacies received** | -201 | -117 |
| **XI. Conversion difference.** | | |
| **XII. Fiscal revenue to be assigned to several fiscal years.** | | -182 |
| **XIII. Fiscal effect.** | 60 | 35 |
| **C) Total transfers to consolidated income statement (VIII + IX + X + XI+ XII+ XIII)** | **-141** | **-264** |
| **TOTAL CONSOLIDATED REVENUE AND EXPENDITURE RECOGNISED (A + B + C)** | **-17.775** | **16.424** |
| **Total revenue and expenditure attributed to parent company** | **-18.052** | **15.266** |
| **Total revenue and expenditure attributed to external partners** | **277** | **1.158** |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

### STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY CORRESPONDING TO FISCAL YEARS CLOSED 31 DECEMBER 2014 AND 2013

### B) STATEMENT OF OVERALL CHANGES IN CONSOLIDATED NET EQUITY FOR FISCAL YEARS CLOSED 31 DECEMBER 2014 AND 2013

(Expressed in thousands of euros)

| | Capital | | Share premium | Reserves and earnings earlier fiscal years (*) | (Shares or participations of the dominant Company) | Other partner contributions | Result for fiscal year attributed to parent Company | (Dividend on account) | Other net equity instruments | Adjustments for changes in value | Grants, subsidies, donations and bequests received | External partners | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Authorised | Uncalled | | | | | | | | | | | |
| **A. BALANCE, END OF FISCAL YEAR 2012** | **57.492** | **0** | **9.327** | **183.243** | **0** | **0** | **4.144** | **-2.463** | **0** | **4.785** | **1.761** | **4.421** | **262.710** |
| I. Adjustments for changes in criteria 2012. | | | | | | | | | | | | | 0 |
| II. Adjustments for corrections 2012. | | | | | | | | | | -19.015 | | | -19.015 |
| **B. ADJUSTED BALANCE, START OF FISCAL YEAR 2013.** | **57.492** | **0** | **9.327** | **183.243** | **0** | **0** | **4.144** | **-2.463** | **0** | **-14.230** | **1.761** | **4.421** | **243.695** |
| I. Total consolidated revenue and expenditure recognised. | | | | | | | 12.402 | | | -494 | -82 | 1.158 | 12.984 |
| II. Operations with partners or owners. | 0 | 0 | 0 | -89 | 0 | 0 | -3.621 | -1.155 | 0 | 0 | 0 | -2.985 | -7.850 |
| 1. Capital increases (reductions). | | | | -89 | | | | | | | | -2.985 | -3.074 |
| 2. Conversion of financial liabilities into net equity. | | | | | | | | | | | | | 0 |
| 3. (-) Distribution of dividends. | | | | | | | -3.621 | -1.155 | | | | | -4.776 |
| 4. Operations with shares or participations of the dominant Company (net). | | | | | | | | | | | | | 0 |
| 5. Increase (reduction) of net equity arising from a combination of businesses. | | | | | | | | | | | | | 0 |
| 6. Acquisitions (sales) of participations of external partners. | | | | | | | | | | | | | 0 |
| 7. Other operations with partners or owners. | | | | | | | | | | | | | 0 |
| III. Other variations in net equity. | | | | 57 | | | -523 | | | | | -283 | -749 |
| **C. BALANCE, END OF FISCAL YEAR 2013** | **57.492** | **0** | **9.327** | **183.211** | **0** | **0** | **12.402** | **-3.618** | **0** | **-14.724** | **1.679** | **2.311** | **248.080** |
| I. Adjustments for changes in criteria 2013. | | | | | | | | | | | | | 0 |
| II. Adjustments for corrections 2013. | | | | | | | | | | 3.441 | | | 3.441 |
| **D. ADJUSTED BALANCE, START OF FISCAL YEAR 2014.** | **57.492** | **0** | **9.327** | **183.211** | **0** | **0** | **12.402** | **-3.618** | **0** | **-11.283** | **1.679** | **2.311** | **251.521** |
| I. Total consolidated revenue and expenditure recognised. | | | | | | | -7.044 | | | -11.509 | 501 | 277 | -17.775 |
| II. Operations with partners or owners. | 0 | 0 | 0 | -9.955 | 0 | 0 | -5.920 | 3.618 | 0 | 0 | 0 | 0 | -12.257 |
| 1. Capital increases (reductions). | | | | | | | | | | | | | 0 |
| 2. Conversion of financial liabilities into net equity. | | | | | | | | | | | | | 0 |
| 3. (-) Distribution of dividends. | | | | -2.301 | | | -5.920 | 3.618 | | | | | -4.603 |
| 4. Operations with shares or participations of the dominant Company (net). | | | | | | | | | | | | | 0 |
| 5. Increase (reduction) of net equity arising from a combination of businesses. | | | | -7.654 | | | | | | | | | -7.654 |
| 6. Acquisitions (sales) of participations of external partners. | | | | | | | | | | | | | 0 |
| 7. Other operations with partners or owners. | | | | | | | | | | | | | 0 |
| III. Other variations in net equity. | | | | 3.759 | | | -6.482 | | | | | -705 | -3.428 |
| **E. BALANCE, END OF FISCAL YEAR 2014** | **57.492** | **0** | **9.327** | **177.015** | **0** | **0** | **-7.044** | **0** | **0** | **-22.792** | **2.180** | **1.883** | **218.061** |

(*) Includes reserves in consolidated companies and equity-accounted companies.

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

### CONSOLIDATED CASH FLOW STATEMENT CORRESPONDING TO FISCAL YEARS CLOSED 31 DECEMBER 2014 AND 2013

(Expressed in thousands of euros)

| | Notes | Fiscal year closed on 31 December | |
|---|---|---|---|
| | | 2014 | 2013 |
| **A) Cash flows from operational activities** | | | |
| **1. Result for fiscal year before taxes** | | **(11,266)** | **16,284** |
| **2. Adjustments to result** | | **59,418** | **27,541** |
| Depreciation of fixed assets | **6.7.8** | 5,510 | 6,212 |
| Value correction due to impairment | **8** | 10,572 | 9,444 |
| Variation in provisions | | 4,724 | 362 |
| Assignment of subsidies | | (52) | (17) |
| Result from retirement and disposal of fixed assets | **8** | (4) | 67 |
| Result from retirement and disposal of financial instruments | **25** | 11,736 | (2,087) |
| Financial revenue | **25** | (3,262) | (5,528) |
| Financial expenditure | **25** | 18,614 | 16,523 |
| Exchange rate differences | **25** | 2,191 | (89) |
| Variation in fair value of financial instruments | **25** | (511) | (581) |
| Other revenue and expenditure | | (88) | (798) |
| Participation in earnings of equity-accounted companies | | 4,109 | 4,033 |
| Impairment and result due to equity-accounted holdings | | 5,879 | - |
| **3. Changes in working capital** | | **(14,654)** | **(125,291)** |
| Stocks | | 5,459 | 1,547 |
| Trade and other receivables | | (60,699) | 3,388 |
| Other current assets | | 6,063 | (3,997) |
| Trade creditors and other payables | | 38,879 | (125,976) |
| Other current liabilities | | (4,385) | 33 |
| Other non-current assets and liabilities | | 29 | (286) |
| **4. Other cash flows from operational activities** | | **(18,656)** | **(16,005)** |
| Payment of interest | | (18,623) | (17,616) |
| Collection of dividends | | 41 | 705 |
| Collection of interest | | 2,658 | 4,823 |
| Collections (payments) for taxes on earnings | | (2,732) | (3,907) |
| Other payments (collections) | | - | (10) |
| **5. Cash flows from operational activities** | | **14,842** | **-97,471** |
| **B) Cash flows from investment activities** | | | |
| **6. Payments for investments** | | **(28,332)** | **(12,684)** |
| Group and associated companies | **34** | (17,627) | (3,288) |
| Intangible fixed assets | **6** | (2,415) | (2,390) |
| Material fixed assets | **7** | (2,042) | (1,318) |
| Property investments | **8** | (163) | (5,413) |
| Other financial assets | | (6,085) | (275) |
| **7. Collections for divestments** | | **3,591** | **76,818** |
| Group and associated companies | **34** | 2,180 | 8,026 |
| Intangible fixed assets | **6** | 2 | - |
| Material fixed assets | **7** | 660 | 1 |
| Property investments | **8** | 204 | 318 |
| Other financial assets | | 545 | 68,473 |
| **8. Cash flows from investment activities** | | **(24,741)** | **64,134** |
| **C) Cash flows from financing activities** | | | |
| **9. Collections and payments for equity instruments** | | **13** | **107** |
| Business combinations | 16 | 13 | - |
| Grants, subsidies, donations and bequests received | | - | 107 |
| **10. Collections and payments for financial liability instruments** | | **24,601** | **35,440** |
| **a) Issue** | | **81,156** | **39,801** |
| Bonds and other negotiable securities | **20** | 49,313 | - |
| Debts to credit institutions | **20** | 31,843 | 10,093 |
| Other debts | | - | 29,708 |
| **b) Repayment and amortization of** | | **(56,555)** | **(4,361)** |
| Debts to credit institutions | **20** | (40,939) | (1,201) |
| Debts to Group and associated companies | | (15) | - |
| Other debts | | (12,601) | (3,160) |
| **11. Payments for dividends and remuneration of other equity instruments** | | **(4,603)** | **(2,475)** |
| Dividends | | (4,603) | (2,475) |
| **12. Cash flows from financing activities** | | **20,011** | **33,072** |
| **D) Effect of exchange rate fluctuations** | | **-** | **-** |
| **E) Net rise/fall in cash or equivalents** | | **10,112** | **(265)** |
| Cash or equivalents at start of fiscal year | | 31,766 | 32,029 |
| Cash or equivalents at end of fiscal year | **15** | 41,878 | 31,766 |

**GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS**

**CONSOLIDATED REPORT FOR FISCAL YEAR ENDED 31 DECEMBER 2014**
(Expressed in thousands of euros)

## 1. Group companies

### 1.1 Parent Company

ORTIZ Y COMPAÑÍA, S.L. was founded as a Limited Liability Company ("Sociedad de Responsabilidad Limitada") in Spain on 31 January 1961. Later, on 12 February 1971, it was transformed into a Public Limited Company ("Sociedad Anónima").

On 20 November 1995, the Company changed its name to the current one, Ortiz Construcciones y Proyectos, S.A. By resolution of the Ordinary General Meeting, on 24 June 2010, it changed its domicile from Calle Santa María Magdalena, 14, Madrid, to Avenida Ensanche de Vallecas, 44, in the same city.

Its purpose is described in its Bylaws and consists of:

- Contraction, management and execution of all kinds of construction and building work, both public and private.

- Carrying out any kind of construction, installation or other work related to building, roads, railways, tracks, runways, ports, hydroelectric projects and any other work or installation of a special nature.

- Property and development activity, property transactions and promotion.

- Acquisition, possession and use of all kinds of securities of its own, or the constitution or participation in other companies whose purpose covers any activity analogous to its own.

Grupo Ortiz is diversified into five lines of business: construction, energy, services, concessions and property, within which the following operational segments are included:

- **Construction**: Construction of civil engineering infrastructure, buildings, railways, water, environment, rehabilitation, engineering and the industrialised construction system Indagsa.
- **Energy**: Construction of generation facilities for photovoltaic, wind, thermosolar or hydroelectric energy, high and medium tension electricity lines, electrical substations, and maintenance of electromechanical installations and energy services.
- **Services:** Maintenance of infrastructure, roads, railways, complete maintenance of buildings, urban and environmental services.
- **Concessions**: Operator of concessions, wide experience of financing investment, design, execution, exploitation and conservation.
- **Property:** Heritage area. Promotion and exploitation of rented housing and tertiary sector (offices and premises).

The Group companies affected by environmental requirements have adopted the appropriate measures in relation to this, in order to comply with the legislation in force.

Because these demands are not considered to be significant in relation to the equity, financial situation or results of these companies, there is no specific breakdown of them in the present Report on the consolidated annual accounts.

The annual accounts of the parent Company Ortiz Construcciones y Proyectos, S.A.U. used for consolidation were closed and audited at 31 December 2014. The consolidated annual accounts are deposited at the Mercantile Registry of Madrid: those for the fiscal year 2013 were formulated at 20 March 2014. These accounts were deposited at the official archives of the Mercantile Registry of Madrid.

The fiscal year and closure date of the annual accounts of the individual companies of the Group coincide with the calendar year, and 31 December, respectively, for all the dependent and associated companies.

In this way, the consolidated annual accounts have the same closure date and the same accounting period as the annual accounts of the parent Company.

The consolidated annual accounts have been formulated by the administrators of the parent Company, within the period established for the same.

At 31 December 2014, Ortiz Construcciones y Proyectos, S.A. is the dominant company in Ortiz Grop (henceforth, the Group), made up of 29 companies: Ortiz Construcciones y Proyectos, S.A., 28 subsidiaries (Note 1.2), and 32 associated companies (Note 2.1). Further, the Group participates together with other entities or participants in 101 Temporary Joint Ventures (henceforth, TJVs), as detailed in Appendix III.

For the purposes of preparing the consolidated annual accounts, it is understood that a group exists when the dominant company has one or more dependent entities, those being the entities over which the former exerts either direct or indirect control. The principles applied in preparing the consolidated annual accounts of the Group and the consolidation perimeter are detailed in Note 1.2.

### 1.2 Dependent companies

The dependent companies (subsidiaries) have been consolidated by the full consolidation method. Subsidiaries are those in which the dominant company controls the majority of the voting rights or, this not being the case, it has direct or indirect power to direct the financial and operational policies so as to obtain earnings from their activities. To determine whether control is held, the potential voting rights that can be exercised at the closing date have been taken into account.

Details of the subsidiaries of the Group are included in Appendix I.

The grounds on which these companies are consolidated are those envisaged in article 2 of the regulations for consolidating annual accounts ("NOFCAC"), which are as follows:

1. When the dominant company is related to another (dependent) in any of the following ways:

a) The dominant company possesses the majority of the voting rights.

b) The dominant company has the power to appoint or remove the majority of the members of the administration body.

c) The dominant company, by virtue of agreements held with other parties, has the majority of the voting rights at its disposal.

d) The dominant company has designated the majority of the members of the administration body, who are in place at the moment when the consolidated accounts should be formulated and during the two immediately preceding fiscal years. This circumstance is assumed when the majority of the members of the administration body of the dependent entity are members of the administration body or senior managers of the dominant company or of others also dependent on the same.

2. When a dominant company possesses no more than half the voting rights, even when it has little or no participation in any third company, or when no power of direction is explicitly held (special purpose entities), but it does participate in the risks and earnings of the entity, or it is capable of participating in decisions about the operations or finances of the same.

## 2. Associated and multigroup companies

### 2.1 Associated companies

Associated companies, or associates, are entities over which some company included within the consolidation exercises significant influence. Significant influence is understood to exist when the Group participates in the company and has power to intervene in decisions about its financial or operational policies, though without holding control of it.

Details of the associates can be found in Appendix II.

There are no significant limitations on the capacity of the associates to transfer funds to the dominant entity in the form of dividends, repayment of debt or advances, other than those which might arise from the financing contracts of those companies or their own financial situation, and there are no contingent liabilities related to them which might have to be borne by the Group. There do not exist significant companies in which, possessing more than 20% of the same, the equity accounting method is not applied.

In compliance with article 155 of the Capital Companies Law, the Company has notified all of these companies that it possesses more than 10 percent of the capital either directly or through another affiliate company.

All the associate companies close their fiscal year on 31 December.

### 2.2 Multigroup companies

Multigroup companies are those managed jointly by the Group and other unrelated companies.

Details of the associates can be found in Appendix II.

All the multigroup companies close their fiscal year on 31 December.

## 3. Standards of presentation

### 3.1. True and fair view

The consolidated annual accounts have been prepared on the basis of the accounting records of Ortiz Construcciones y Proyectos, S.A. and the consolidated companies, and they include the adjustments and reclassifications needed for uniformity in time and measurement with the accounting criteria in place in the Group.

These consolidated accounts are presented pursuant to the mercantile law in force, as expressed in the Mercantile Code as reformed by the Law 16/2007, of 4 July, on the reform and adaptation of mercantile law on accounting for international harmonisation on the basis of the regulations of the European Union, Royal Decree 1514/2007, of 20 November, which approved the General Accounting Plan ("PGC"), and Royal Decree 1159/2010, of 17 September, which approved regulations for the formulation of consolidated annual accounts, insofar as this is not inconsistent with the cited mercantile reform, so as to show a true and fair view of the equity, the financial situation and results of the Group, as well as the veracity of the flows incorporated into the consolidated cash flow statement

### 3.2. Critical aspects of measurement and estimation of uncertainty

Preparation of the annual accounts requires the Group to use certain estimates and judgement about the future which are appraised continually and based on historical experience and other factors, including expectations about future events deemed plausible under the circumstances.

The resulting accounting estimates, by definition, only rarely coincide with the corresponding real results. The estimates and judgements which have a significant risk of giving rise to a material adjustment in the book values of the assets and liabilities during the following fiscal year are explained hereunder.

a) <u>Fair value of derivatives or other financial instruments</u>

The fair value of the financial instruments which are not traded on an active market (for instance, derivatives outside the official market) is determined using measurement criteria. The Group uses its judgement to select a series of methods and formulates hypotheses which are based principally on the market conditions holding on the date of each balance sheet. A discounted cash flows analysis has been used for several exchange rate contracts which are not traded on active markets.

b) <u>Estimated loss due to impairment of goodwill</u>

The Group verifies each year whether the goodwill could have suffered some loss due to impairment, in accordance with the accounting policy of Note 4.7. The recoverable amounts from the cash-generating units (CGUs) have been determined on the basis of calculations of use value. These calculations require the use of estimates (Note 7.1).

c) Revenue recognition

The Group uses, as recognition method for results from work contracts, within the general criterion of completion percentage established by the application of the General Accounting Plan ("PGC") to construction companies, the so-called "schedule of values", which consists of measuring the units of work carried out at the prices set by the contract.

The history of the Group confirms that its estimates are appropriate and reasonable.

d) Useful life of the material and intangible assets

Senior management of the Group determines the estimated useful lives and corresponding charges for the material and intangible fixed assets. The useful lives of the material fixed assets are estimated on the basis of the period during which these elements are going to yield economic benefits. At each closure, the Group review the useful lives, and if the estimates differ from those made previously, the effect of the change is recognised on a forecast basis, as from the fiscal year in which the change was made.

e) Taxes on earnings

The Group is subject to taxes on its earnings in many jurisdictions. A significant level of judgement is required to determine the provision for taxes on earnings at a worldwide level. There are many transactions and calculations for which the final determination of the tax burden is uncertain during the ordinary course of business. The Group recognises the liabilities for potential fiscal claims on the basis of an assessment of whether additional taxes will be necessary. When the final fiscal result of these issues differs from the values initially recognised, these differences will impinge on the tax on earnings and the provisions for deferred taxes in the fiscal year in which the determination is made.

The calculation of the tax on earnings requires interpretation of the fiscal regulations applicable to the Company. In addition, there are several factors, linked mainly but not exclusively to changes in tax law and in interpretation of tax law already in force, which entail the need for managers of the Company to make estimates.

When the final fiscal result is different from the values originally recognised, the differences will impinge on the tax on earnings and the provisions for deferred taxes in the fiscal year in which the determination was made. On this point, there do not exist any significant aspects subject to estimation and which could have a relevant impact on the position of the Company.

Managers of the Group assess the recoverability of the deferred tax assets on the basis of estimates of future fiscal results, appraising whether they will be sufficient during the periods in which the cited deferred taxes are deductible. Deferred tax assets are recorded when their future recoverability is probable. The recording and the recoverability of deferred tax assets are questions evaluated at the moment they arise, and subsequently at each balance sheet date, in accordance with the evolution of the results envisaged by the Group business plan. Managers consider that the deferred tax assets recorded by the Group can probably be recovered; nevertheless, these estimates may change in the future because of changes in tax law, or because of the impact of future transactions on fiscal balances.

Although these estimates were made by managers using the best information available at the close of the fiscal year, applying their best estimates and their knowledge of the market, it is possible that future events could oblige the Group to revise them in following years.

f) Fair value of property investments and stocks

The best evidence for the fair value of property investments and stocks on an active market is the prices of similar assets. In the absence of this information, faced with the current situation of the market, the Group determines the fair value using a fair value interval. The Group uses a series of sources to arrive at this outcome, including:

- Current prices on an active market of properties of a different nature, condition or location, adjusted to reflect the differences from the assets held by the Group.
- Recent property prices on other less active markets, adjusted to reflect the changes in the economic conditions since the transaction date.
- Cash flow discounts based on estimates derived from the contractual conditions for current and projected leases, and if possible, evidence of market prices for similar properties in the same place, by applying discount rates which reflect the uncertainty of the time factor.

There are no major uncertainties or risks which could entail significant changes in the future, short-term value of the assets and liabilities.

g) Provisions

Provisions are recognised when it is likely that a present obligation arising from past events will give rise to an outflow of resources and the value of the obligation can be reliably estimated. A significant level of estimation is necessary to comply with the requirements of the accounting standards. Managers of the Group make estimates, evaluating all the relevant information and events, of the likelihood of occurrence of the contingencies and the value of the liability to be met in the future.

During the present fiscal year, no significant change in the accounting estimates which could lead to modifications of their amounts or nature in this present year was made.

### 3.3 Grouping of items

In order to facilitate comprehension of the consolidated balance sheet, income statement, statement of changes in net equity and cash flow statement, these statements are presented in a grouped form, the background analysis required being stated in the notes to this Report.

### 3.4 Correction of errors

The Group has proceeded to incorporate under the heading of adjustments for changes in value, the effect of the hedging derivatives corresponding to Group companies and associates for a negative sum of 19,015 thousand euros and positive one of 3,441 thousand euros, at the close of 2012 and 2013 respectively.
Likewise, the Group has corrected the financial expenditure activated under short-term accruals to the value of 4,370 thousand euros and 1,293 thousand euros, at the close of 2012 and 2013 respectively.

## 4. Accounting criteria

### 4.1. Dependent companies

#### a) Acquisition of control

Acquisition by the dominant Company (or any other of the Group) of control of a dependent one constitutes a business combination accounted for using the acquisition method. This method requires the acquiring company to account for, on the acquisition date, the identifiable assets acquired and liabilities taken on in a business combination, as well as, where relevant, the corresponding goodwill or negative difference. Dependent companies are consolidated from the date on which control is transferred to the Group, and excluded from consolidation on the date on which this control ceases.

The acquisition cost is determined as the sum of the fair values, on the date of acquisition, of the assets delivered, the liabilities incurred or taken on and the equity instruments issued by the acquirer, and the fair value of any contingent considerations depending on future events or the fulfilment of certain conditions, which should be recorded as assets, liabilities or net equity, depending on their nature.

The expenditure related to the issue of equity instruments or financial liabilities delivered does not form part of the cost of the business combination, and is recorded in conformance with the standards applicable to financial instruments (Note 4.13). Fees paid to legal advisers or other professionals who participate in the combination of the businesses are booked as expenditure as they are incurred. Nor does the combination cost include expenditure arising internally from the same elements, or these same costs incurred by the acquired entity, where relevant.

The excess, on the acquisition date, of the cost of the business combination over the proportional part of the value of the identifiable assets acquired less the liabilities taken on, representing the stake in the share capital of the acquired company, is recognised as an element of goodwill. In the exceptional event that this sum were greater than the cost of the business combination, the surplus shall appear in the consolidated income statement as income.

#### b) Method of consolidation

The assets, liabilities, revenue, expenditure, cash flows and other entries in the annual accounts of the companies of the Group are incorporated into the Group annual accounts by the equity accounting method. This method requires the following:

1 Temporal standardisation. The consolidated annual accounts are established for the same date and period as the annual accounts of the company required to consolidate. Inclusion of companies whose closing date is different is carried out using intermediate accounts referred to the same date and period as the consolidated ones.

2. Measurement standardisation. The elements of the assets, liabilities, revenue and expenditure and other elements of the annual accounts of the companies of the Group are measured using uniform methods. Any elements of the assets or liabilities, or elements of revenue or expenditure which have been measured using criteria other then those used in consolidation are valued anew, with the necessary adjustments, for the sole purposes of the consolidation.

3. Aggregation. The different elements of the individual annual accounts previously standardised are aggregated according to their nature.

4. Elimination investment-net equity The accounting values representing the dependent company equity instruments possessed directly or indirectly by the dominant one are offset by the proportional part of the net equity elements of the same dependent attributable to the said participation, on the basis of the measurements yielded by applying the acquisition method described above. In consolidations in fiscal years after that in which control was acquired, the excess of net equity generated by the dependent company from the acquisition date which is attributable to the dominant company is presented on the consolidated balance sheet within the elements of reserves or adjustments for changes in value, according to its nature. The part attributable to external partners is recorded under "External partners".

5. Participation of external partners. The measurement of external partners is carried out on the basis of their effective share in the net equity of the dependent company, once the aforementioned adjustments have been made. The consolidation goodwill is not attributed to external partners. Any excess of the losses attributable to external partners of a dependent company over the proportional part of its net equity corresponding to the same is attributed to those partners, even when this entails a debit balance for that item.

6. Deletion of intergroup items The credits, debts, revenue, expenditure and cash flows between companies of the Group are eliminated entirely. Similarly, the entirety of the results yielded by the internal operations is

eliminated and deferred until the results are required by third parties outside the Group.

### c) Loss of control

When control over a dependent company is lost, the following rules are observed:

a) For consolidation purposes, the profit or loss recognised in the individual annual accounts is adjusted:

b) If the dependent company is to be deemed a multigroup or associated company, it is consolidated, or the equity accounting method (EAM) is applied initially, taking for the purposes of its initial measurement, the fair value of the participation retained on that date.

c) The stake in the net equity of the dependent company retained after the loss of control and which lies beyond the consolidation perimeter shall be measured in accordance with the criteria applicable to financial assets (Note 4.9), taking as initial measurement the fair value on the date on which it leaves that perimeter.

d) An adjustment to the consolidated income statement is recognised to show the participation of the external partners in the revenue and costs generated by the dependent entity in the fiscal year up to the date of loss of control, and also in the transfer to the income statement of the revenue and expenditure directly accounted for in the net equity.

### 4.2. Associated and multigroup companies

a) Equity accounting method (EAM)

Associated companies are included in the consolidated accounts by applying the equity accounting method (EAM).

When the equity accounting method is applied for the first time, the participation in the company is measured as the sum which the percentage of the investment by Group companies represents in its net equity, once the net assets have been adjusted to the fair value at the date of acquisition of significant influence.

The difference between the net book value of the stake in the individual accounts and the sum mentioned in the previous paragraph constitutes a goodwill element which is recorded under "Equity-accounted holdings". In the exceptional event that the difference between the value booked for the investment in the individual accounts and the proportional part of the fair value of the net assets of the company were negative, that difference is recorded in the income statement, having evaluated afresh the fair values assigned to the assets and liabilities of the associated company.

In general, except in the event that a negative difference arises in the acquisition of significant influence, the investment is initially measured at its cost.

The results generated by the equity-accounted company are recognised from the date on which significant influence is acquired.

The accounting value of the holding is modified (up or down) in the proportion corresponding to the companies of the Group, due to the variations seen in the net equity of the participated company from the initial measurement, once the proportion of the results not actually realised, generated in transactions between that company and Group companies, has been eliminated.

The higher value attributed to the stake as a consequence of the application of the acquisition method is reduced in subsequent fiscal years, this being charged to the consolidated results or some other element of net equity that may be appropriate, as the corresponding equity elements depreciate, are retired or are disposed of. Likewise, charging to the consolidated results is appropriate when losses due to impairment of the value of equity elements of the participated company take place, up to the limit of the capital gain assigned to the same on the date of the first application of the equity accounting method.

Variations in the value of the stake corresponding to the results for the fiscal year of the participated company form part of the consolidated results, and are recorded under "Participation in profits (losses) of equity-accounted companies". Nevertheless, should the associate incur losses, the reduction in the account representing the investment shall be at most the accounting value itself of the participation calculated by the equity accounting method. Should the participation have been reduced to zero, any additional losses and the corresponding liability shall be recognised to the extent that legal, contractual, implicit or tacit obligations have been incurred, or if the Group has made payments in the name of the participated company.

The variations in the value of the participation corresponding to other variations in net equity are shown under the corresponding headings of net equity, depending on their nature.

The temporal and measurement standardisation are applied to the associated investments just as for dependent companies.

b) Modification of the participation

To determine the cost of the investment in a multigroup company, the cost of each individual transaction is considered.

In a new acquisition of part of a company already equity-accounted, the additional investment, new goodwill or negative consolidation difference is determined just as for the first investment. Nevertheless, if, in relation to the same participated company, a new goodwill element and negative consolidation difference both arise, the latter is reduced by up to the limit of the implied goodwill.

In a reduction of the investment with reduction in participation but without loss of significant influence, the new investment is measured at the sums corresponding to the percentage retained.

## 4.3 Intangible fixed assets

a) Goodwill

Goodwill arises in the acquisition of dependent companies and represents the excess, on the acquisition date, of the cost of the business combination over the proportional part of the fair value of the identifiable assets acquired less the liabilities taken on, representing the stake in the share capital of the acquired company.

On the date of initial recognition, goodwill is measured as described in Note 4.1.a. Subsequent to initial recognition, goodwill is measured at its cost less accumulated losses due to impairment of value.

Goodwill is assigned, on the acquisition date, to each of the cash-generating units (CGUs) or groups of the same within the Group which it is expected will benefit from the synergies of the business combination in which that goodwill element arose.

Goodwill is not amortized. Instead, the CGUs (or groups of the same) to which the goodwill has been assigned, shall be subjected, at least once per year, to verification of impairment of value, the corresponding correction in value being recorded as a cost in the income statement, should this case arise.

Losses for impairment of the value of goodwill cannot be reverted in later fiscal years.

b) Research and development expenditure

The costs of research are recognised as cost when they are incurred, while those of development are recognised as an intangible fixed asset if this is viable from a technical and commercial point of view, sufficient technical and financial resources are available to complete it, the costs incurred can be reliably determined and it is likely that profit will be generated.

Other development expenditure is recognised as cost when it is incurred. Development costs previously recognised as expenditure cannot be recognised as assets in a later fiscal year. Development costs with a finite useful life, once activated, are amortized linearly during the estimated useful life for each project, though never surpassing 5 years.

Should the useful life of development expenditure be greater than 5 years, this assessment must be justified.

When the accounting value of an asset is greater than its estimated recoverable value, its value is reduced immediately to the latter level (Note 4.7).

In the event that the favourable circumstances of a project which allowed the development costs to be capitalised vary, the portion not yet amortized is carried to the result for the fiscal year in which the circumstances changed.

c) Licences and brands

At 31 December 2014 and 2013, the intangible fixed assets of the Group include certain manufacturer licences and brands, which are valued at their acquisition cost, no amortization having been applied to them. It is considered that this asset has an indefinite useful life because, following analysis of all the relevant factors, no limit to the period during which it is expected that the asset shall generate net incoming cash flows for the Company is envisaged.

d) Software

Licences for third-party software are capitalised on the basis of the costs which have been incurred to acquire and prepare each specific program. These costs are amortized over their estimated useful lives (4 years).

Expenditure related to software maintenance is recognised as cost when it is incurred. Costs directly related to the production of novel, identifiable software controlled by the Group, and expected to generate economic benefits in excess of the costs for more than one year, are recognised as intangible assets. The direct costs include the personnel costs for the development of the software, and an appropriate percentage of the overheads.

### 4.4 Material fixed assets

Elements of the material fixed assets are recognised at their acquisition price or production price, less the accumulated depreciation and the accumulated value of losses recognised.

The value of the work carried out by the Group on its own material fixed assets is calculated by adding to the acquisition price of the consumable materials, the direct or indirect costs attributable to the same.

The cost of extension, modernisation and improvement of elements of the material fixed assets is incorporated into the asset as increased value when it entails an increase in its capacity or productivity or in its useful life, and provided that it is possible to know or estimate the accounting value of the superseded elements which are retired from the inventory.

The cost of major repairs is activated and amortized during the estimated useful life of the asset, while recurring maintenance costs are charged to the consolidated income statement during the fiscal year in which they are incurred.

Amortization of material fixed assets, apart from land, which is not amortized, is calculated systematically by the linear method over the estimated useful life, with due regard to the actual depreciation in functioning, use and enjoyment undergone.

The amortization coefficients applied during fiscal years 2013 and 2014 and the elements comprising the material fixed assets are as follows:

| | **Estimated useful life (years)** |
|---|---|
| Buildings | 50 |
| Technical installations | 4 |
| Machinery and tools | 7 |
| Furniture | 10 |
| Data processing equipment | 5 |
| Transport elements | 6 |

The residual value and useful life are reviewed, and adjusted if necessary, at the closing date of each balance.

When the accounting value of an asset is greater than its estimated recoverable value, its value is reduced immediately to the latter level (Note 4.7).

Losses and earnings from the sale of material fixed assets are calculated by comparing the revenue yielded by the sale with the accounting value, and this is recorded in the consolidated income statement.

### 4.5 Property investments

The property investments are office buildings owned, but not occupied, by the Group, which are retained to yield long-term earnings.

The elements included under this heading are valued at their acquisition cost, less the corresponding accumulated amortization and losses due to impairment undergone.

To calculate the amortization for property investments, the linear method over the estimated useful life, which is 50 years in this case, is used.

### 4.6 Costs of interest

Financial expenses directly attributable to the acquisition or construction of fixed asset elements which require a period of over one year to be usable are incorporated at their cost until they are in operational condition.

### 4.7 Losses due to impairment of non-financial assets

Assets of indefinite useful life, such as goodwill, are not subject to amortization and are subjected annually to tests of loss of value due to impairment. The assets subject to amortization are subjected to tests of loss due to impairment whenever some event or change in circumstances indicates that the accounting value might not be recoverable. A loss due to impairment is recognised whenever the accounting value of the asset exceeds the amount recoverable, the latter understood to be the larger of its fair value minus the costs of sale, and the use value. For the purposes of evaluating losses of value due to impairment, the assets are grouped at the lowest levels for which there are identifiable separate cash flows (cash-generating units, or CGUs). Non-financial assets other than goodwill which may have suffered a loss due to impairment are subjected to review at each balance closing date in case the loss may have been reverted.

### 4.8 Exchanges

When a material or intangible fixed asset or property investment is acquired through commercial exchange, it is assessed at the fair value of the asset delivered, plus the monetary considerations paid in exchange, though this may not exceed the value of the asset received, should clearer evidence of that be available. For these purposes, the Group deems an exchange to be of a commercial nature when the configuration of the cash flows of the fixed asset received is different from that of the asset delivered, or the current measurement of the cash flows after taxes of the activities affected by the exchange is modified. In addition, any of the preceding differences must be significant in relation to the fair value of the assets interchanged.

If the exchange is not of a commercial nature, or the fair value of the elements in the operation cannot be determined, the asset received is measured at the accounting value of the element delivered, plus the monetary considerations paid, though without exceeding the fair value of the element received, should this be lower and the corresponding information be available.

### 4.9 Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets whose collections are fixed or determinable, which are not quoted on an active market. They are included under current assets, except for those maturing more than 12 months after the closing date of the balance, which are classified as non-current assets. The loans and receivables are included under "Credits to companies" and "Trade debtors and other receivables" on the balance sheet. These financial assets are measured initially at their fair value, including the transaction costs directly attributable to them, and later at amortized cost, recognising the interest accrued on the basis of the effective rate of interest, this understood to be the capitalization rate which makes the book value of the instrument equal to the entirety of the estimated cash flows up to its maturity. Notwithstanding the foregoing, credits for trade operations maturing in less than one year are measured, both at initial recognition and subsequently, at their nominal value, provided that the effect of not updating the flows is not significant.
At least at the close of each fiscal year, the measurement corrections necessary for impairment of value shall be made, if there is objective evidence that not all the sums owed will be collected.

The value of the loss due to impairment is the difference between the book value of the asset and the current value of the estimated future cash flows, discounted at the effective rate of interest at the moment of initial recognition. Corrections in value, as well as their reversion, where relevant, are recognised in the consolidated income statement.

b) Investments held to maturity

The financial assets held up to maturity are debt securities whose collections are fixed or can be determined, and of fixed maturity, which are negotiated on an active market, and which the Group's managers effectively intend, and have the capacity, to retain until maturity. If the Group should sell an element of the financial assets held to maturity which is not insignificant, the entire category shall be reclassified as available for sale. These financial assets are included under non-current assets, except for those maturing less than 12 months after the closing date of the balance, which are classified as current assets.

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

c) Financial assets held for trade and other financial assets at fair value, with changes in the income statement.

Financial assets at fair value with changes in the income statement, are defined to be those assets held for trade acquired for the purpose of sale in the short term, or which form part of a portfolio of instruments identified and managed together to yield earnings in the short term, as well as those financial assets designated by the Group at the moment of initial recognition for inclusion in this category for the purpose of offering more relevant information. Derivatives are also classified as held for trade, providing they are not a financial guarantee contract and have not been designated as hedging instruments.

These financial assets are measured, both at the initial moment and at subsequent valuations, at their fair values, the changes which take place in that value being assigned to the income statement for the fiscal year. The transaction costs directly attributable to the acquisition are recognised in the consolidated income statement for the fiscal year.

d) Financial assets available for sale

This category includes the debt securities and equity instruments which are not classified in any of the preceding categories. These are included under non-current assets, unless managers intend to dispose of the investment in the 12 months following the closing date for the consolidated balance.

They are assessed at their fair value, the changes which take place being recorded directly in net equity until the asset is disposed of or impaired, at which moment the accumulated profits or losses in net equity are attributed to the consolidated income statement, provided the aforementioned fair value can be determined. In other cases, they are recorded at their cost, minus losses due to impairment of value.

In the case of financial assets available for sale, corrections to value are made if there is objective evidence that the value has deteriorated as the result of a reduction or delay in the estimated future cash flows in the case of debt instruments acquired, or due to the lack of recoverability of the book value of the asset in the case of investments in equity instruments. The value correction is the difference between its cost or amortized cost minus, where relevant, any value correction previously recognised in the income statement, and the fair value at the moment of measurement. In the case of equity instruments which are measured at their cost because the fair value cannot be determined, the value correction is determined as the difference between the book value and the recoverable value, the latter being understood to the larger of the fair value minus costs of sale and the current value of the cash flows derived from the investment. In the absence of better evidence of the amount recoverable, when estimating impairment of these investments, the net equity of the participated company corrected by the tacit capital gains existing on the measurement date is taken into account. The correction in value, as well as its reversion, where relevant, is recognised in the consolidated income statement for the fiscal year in which it takes place.

If there is objective evidence of impairment, the Group recognises the accumulated losses previously recognised under net equity due to fall in fair value, in the consolidated income statement. The losses due to impairment recognised in the income statement for equity instruments are not reverted through the income statement.

The fair values of the investments which are quoted on active markets are based on current purchase prices. If the market for a financial asset is not active (and for those securities which are not listed), the Group sets the fair value using measurement techniques which include the use of recent transactions between interested and duly informed parties, references to other substantially similar instruments, discount methods for estimated future cash flows and models for fixing option prices, making maximum use of the observable market data and trusting as little as possible to the subjective considerations of the Group.

Financial assets are retired from the balance sheet when all the risks and benefits inherent to their possession have been substantially transferred. In the specific case of receivables, this is understood to be the case when the risks of insolvency and delay have been transferred.

Those assets designated as hedged items are subject to the measurement requirements for hedge accounting (Note 4.10).

### 4.10 Financial derivatives and hedge accounting

Financial derivatives are valued, both at the initial moment and subsequently, at their fair value. The method for recognising the resulting losses or gains depends on whether the derivative has been designated as a hedging instrument, and if so, on the kind of hedge. The Group designates certain derivatives as:

a) Fair value hedges

The changes in the fair value of the derivatives designated and rated for fair value hedging are recorded in the consolidated income statement, together with any change in the fair value of the hedged asset or liability attributable to the risk hedged.

b) Cash flow hedges

The effective portion of changes in the fair value of the derivatives which are designated and rated for cash flow hedging are recognised on a transitory basis under net equity. Their assignment to the consolidated income statement takes place during the fiscal years in which the envisaged operation hedged affects the result, unless the coverage corresponds to a transaction envisaged which concludes with the recognition of a non-financial asset or liability, in which case the amounts recorded in net equity are included in the cost of the asset at acquirement or of the liability when assumed.

The loss or gain relating to the ineffective portion is recognised immediately in the consolidated income statement.

c) Net foreign business investment hedges

In hedging operations for net investment in joint businesses abroad which do not have an independent legal existence or branches there, the changes in value of the derivatives attributable to the risk hedged are recognised on a transitory basis under net equity, and assigned to the consolidated income statement during the fiscal years in which the net investment in the business abroad is disposed of.

The hedging instruments are valued and recorded on the basis of their nature, to the extent that they do not furnish, or come to no longer furnish, effective coverage.

In the case of derivatives which are not rated for hedge accounting, the losses and gains in their fair value are recognised immediately in the consolidated income statement.

### 4.11 Stocks

Stocks are valued at their cost or their realisable net value, whichever is the lesser. When the realisable net value of the stocks is lower than their cost, the appropriate value corrections shall be carried out, recognising them as a cost in the consolidated income statement. If the circumstances which gave rise to the value correction cease to hold, the value of the correction is reverted and recognised as income in the consolidated income statement.

The cost is determined by the weighted mean cost. The cost of finished products and those in process of production includes the costs of design, raw materials, direct labour costs, other direct costs and general manufacturing cost (based on normal work capacity of the means of production). The realisable net value is the estimated sale price in the normal course of business, less the estimated costs necessary to carry this out, as well as, in the case of raw materials and products in process, the estimated costs necessary to complete their production.

For those stocks which require a period of time greater than one year to be in saleable condition, the cost includes the financial expenses on the same terms as envisaged for the material fixed assets (Note 4.6).

### 4.12 Net equity

The share capital is represented by ordinary shares.

The costs of issue of new shares or options are shown directly against net equity as lower reserves.

When any Group company acquires shares of the Company (treasury shares), the consideration paid, including any incremental cost directly attributable, is deducted from net equity until their cancellation, reissue or disposal. When these shares are sold or are later issued again, any sum received, net of any incremental cost directly attributable, is included under net equity.

### 4.13 Financial liabilities

a) Debits and payables

This category includes debits for trade operations and those for non-trade operations. These external resources are classified as current liabilities unless the Group has the unconditional right to defer their liquidation for at least 12 months after the balance closing date.

These debts are recognised initially at their fair value adjusted by the directly attributable transaction costs, and later recorded at their amortized cost according to the effective rate of interest method. This effective rate of interest is the capitalization rate which makes the book value of the instrument equal to the current expected future payments up to its maturity.

Nevertheless, debits for trade operations maturing in less than one year and which do not bear a contractual rate of interest are measured, both at initial recognition and subsequently, at their nominal value, provided that the effect of not updating the flows is not significant.

In the event that existing debt is renegotiated, it is considered that there is no substantial modification in the financial liabilities when the lender of the new loan is the same as the one who granted the initial loan, and the current value of the cash flows, including net commissions, does not differ by more than 10% from the current value of the cash flows pending payment from the original liability, calculated using the same method.

In the case of convertible bonds, the Group determines the fair value of the liability component by applying the rate of interest for similar non-convertible bonds. This amount is booked as a liability on the basis of the amortized cost up to its liquidation at the moment of its conversion or maturity. The remaining revenue received is assigned to the conversion option recognised under net equity.

b) Financial liabilities held for trade and other financial liabilities at fair value, with changes in the income statement.

Financial liabilities at fair value with changes in the income statement, are defined to be those liabilities held for trade issued for the purpose of re-acquisition in the short term, or

which form part of a portfolio of instruments identified and managed together to yield earnings in the short term, as well as those financial liabilities designated by the Group at the moment of initial recognition for inclusion in this category so as to offer more relevant information. Derivatives are also classified as held for trade, providing they are not a financial guarantee contract and have not been designated as hedge instruments (Note 4.10).
These financial liabilities are measured, both at the initial moment and at subsequent valuations, at their fair values, the changes which take place in that value being assigned to the consolidated income statement for the fiscal year. The transaction costs directly attributable to the issue are recognised in the income statement for the fiscal year in which they arise.

### 4.14 Subsidies received

Subsidies which are refundable are recorded as liabilities until the conditions for them to be deemed non-refundable are met, while those which are non-refundable are recorded as income directly assigned to net equity, and are recognised as revenue on a systematic and rational basis correlating them to the costs arising from the subsidy. Non-refundable subsidies received from partners are recorded directly under "Capital and reserves".

For these purposes, a subsidy is considered non-refundable when there exists an individualised agreement of concession for the subsidy, all the conditions set for its concession have been fulfilled, and there are no reasonable doubts that it will be collected.

Subsidies of a monetary nature are measured at the fair value of the amount conceded and those of a non-monetary nature by the fair value of the item received, both values referring to the moment of recognition.

Non-refundable subsidies related to the acquisition of intangible or material fixed assets and property investments are assigned as revenue for the fiscal year in proportion to the amortization of the corresponding assets or, where relevant, when disposal, correction of value for impairment or retirement from the balance sheet take place. On the other hand, non-refundable subsidies related to specific costs are recognised in the consolidated income statement in the same fiscal year in which the corresponding costs accrue, and those conceded to compensate for an operational deficit in the fiscal year of concession, unless the purpose is to compensate operational deficits in future fiscal years, in which case it is assigned to those years.

### 4.15 Current and deferred taxes

The cost (income) for tax on earnings is the sum accrued for this during the fiscal year, and which includes both the cost (income) for current tax and deferred tax.

Both the cost (income) for current tax and deferred tax are recorded in the income statement. Nevertheless, the fiscal effect relating to items which are recorded directly under net equity is also recorded under net equity.

Current tax assets and liabilities are measured at the amounts which it is expected to pay to or recover from the fiscal authorities, on the basis of the regulations in force, or approved and pending publication on the closing date of the fiscal year.

Deferred taxes are calculated using the liability method on the temporary differences which arise between the taxable bases of the assets and liabilities and their book values.

Nevertheless, if the deferred taxes arise from the initial recognition of an asset or liability in a transaction other than a business combination which, at the moment of the transaction, does not affect either the accounting result or the taxable base for the tax, they are not recognised. The deferred taxes are determined by applying the regulations and tax rates approved or on the point of being approved on the closing date of the balance, and which it is expected to apply when the corresponding deferred tax asset (liability) is realised (liquidated).

Deferred tax assets are recognised to the extent that it is likely that future fiscal gains will be available, with which to compensate for the temporary differences.

Deferred taxes are recognised on the temporary differences which arise in investments in dependent or associated companies or joint businesses, except in those cases where the Group can control the moment of reversion of those differences, and it is also probable that they will not be reverted in the foreseeable future.

### 4.16 Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal action are recognised when the Group has the obligation present, whether this is legal or implicit, as the result of past events, it is probable that resources will be required to meet the obligation, and the sum can be reliably estimated. Provisions for restructuring include penalties for cancelling leases and redundancy payments. No provisions for future operational losses are recognised.

The provisions are assessed at the current value of the disbursements expected to be necessary to liquidate the obligation using a before-tax basis which reflects the evaluations of the current market of the temporary value of the money and the specific risks of the obligation. Adjustments in the provision for updates are recognised as a financial cost as they accrue.

Provisions maturing in no more than one year and without significant financial effect are not discounted.

When it is expected that part of the disbursement necessary to liquidate the provision shall be reimbursed by a third party, the reimbursement is recognised as an independent asset, provided that its actual receipt is practically guaranteed.

By contrast, contingent liabilities are deemed to be the possible obligations arising out of past events, and whose manifestation will be determined by whether one or more future events beyond the control of the Group takes place. These contingent liabilities are not recorded for accounting purposes, and their detail is given in the Report (Note 26).

### 4.17 Business combinations

Operations of merger, division and non-monetary contributions to a business between Group companies are recorded as established for related-party transactions (Note 4.24).

Other merger or division operations, and business combinations arising from the acquisition of the entire equity of a company or a part thereof which constitutes one or more businesses, are recorded as established by the acquisition method (Note 4.1.a).

### 4.18 Joint businesses

The Group participates in various joint businesses, which are managed through multigroup companies or jointly controlled operations or assets, among which are included the temporary joint ventures (TJVs).

Joint businesses which arise through the constitution of an independent legal entity, or as companies controlled jointly (multigroup companies), are accounted for pursuant to the criterion set out in Note 4.2.

In relation to the operations and assets controlled jointly, implying the use of assets and other resources belonging to the participants, the Group recognises the proportional part corresponding to it of the jointly controlled assets and jointly incurred liabilities on the basis of the participation percentage, as well as the assets affected by a joint operation which are under its control, and the liabilities incurred as a consequence of the same operation.

Similarly, the corresponding proportion of the revenue generated and the expenditure incurred by the joint business are recognised in the income statement. In addition, the costs incurred in relation to the participation in the joint business are recorded.

Results not actually realised which arise from reciprocal transactions are eliminated in proportion to the participation, as is also done for the sums of assets, liabilities, revenue, expenditure and reciprocal cash flows.

### 4.19 Revenue recognition

The turnover includes the fair value of the considerations received or to be received for the sale of goods and services in the ordinary course of the Group's activity. The turnover is presented net of taxes on the added value, refunds, reductions and discounts, and after eliminating sales within the Group.

The Group recognises revenue when its amount can be reliably measured, it is probable that the future economic benefits will be enjoyed by the entity and the specific conditions for each of the activities of the Group are fulfilled, just as are described hereunder. It is not considered possible to measure the revenue reliably until all the possible contingencies related to the sale have been resolved. The Group bases its estimates on historical results, bearing in mind the kind of client, the kind of transaction and the specific terms of each agreement.

The criterion followed for revenue recognition in each of the areas of activity of the Group is as follows:

**Construction activity**

When the result of a construction contract can be estimated with sufficient reliability, the revenue and costs associated with this are recognised under results as such, with reference to the state of termination of the activity engendered by the contract by the closing date of the balance. For those for which losses are expected, on the occasion of the preparation of the updated budget, the provisions necessary to cover them are set aside in their entirety when this circumstance is envisaged.

To determine the state of completion of a contract, the company normally follows the criterion of an examination of the work carried out. This method can be put into practice, as in general, all the contracts include:

- A definition of each and every one of the work units necessary to complete it in its entirety;
- The measurement of each of these work units; and
- The certified price of each.

The execution costs of the work are recognised in the accounts as they accrue, recognising as costs those really incurred during the execution of the work units carried out (including those costs accrued for which the corresponding invoice from the supplier has not been received, in which case the liability is recorded under invoices pending receipt).

The application of this result recognition method is combined with the preparation of a budget for each work contract, per work unit, and which is used as a key management tool to enable detailed tracking unit by unit wherever deviations between reality and budget are seen.

In those exceptional cases where it is not possible to estimate the margin for the entire contract, the total costs incurred in the same are recognised, while as income, the sales reasonably assured relating to the work carried out, up to the maximum of the aforementioned costs incurred, are recognised.

During the execution of the work, events not foreseen in the main contract which entail additional tasks may arise. Changes to the initial contract require technical approval by the client, and subsequently economic approval, which allow, from that moment, the issue of certificates and collection for that work carried out. The criterion of not recognising revenue for this additional work until approval by the client is reasonably assured is followed; the costs incurred by it are recognised as they arise, whatever be the degree of approval by the clients for the work carried out.

In the event that the sum for the work carried out at each site is greater than the sum certified for each at closing date, the difference is included under the heading "Clients and other receivables" on the consolidated balance sheet. If the sum for the work carried out at each site is less than the sum for the certificates issued, the difference is included under the heading "Suppliers" on the consolidated balance sheet.

The estimated costs for withdrawal from site are provisioned at the end of the work on the basis of the estimates for the same not yet incurred; costs which arise between the termination of the work and its definitive liquidation are charged against the provision made.

When, at closing date, there are construction contracts expected to result in losses, these estimated losses are recorded when it is not likely that they will be offset by additional revenue.

When there are claims against the client due to excessive cost of construction, the Group only recognises the corresponding income when the negotiations have reached an advanced stage, the probability that the client will accept the claim is high, and the amount can be reliably estimated.

Interest for late payment has its origin in delays in certification by the public administrations, and is recorded when it is probable that the said interest payments will be received, and their sum can be reliably measured. These interest payments are included under financial revenue on the Income Statement.

The costs related to the presentation of bids for adjudication are charged to the Income Statement at the moment they are incurred, when it is not likely or is not known, on the date of incurrence, that the contract will be awarded. The costs of bid presentation are included in the cost of the contract when it is likely or is known that the contract will be awarded, or when it is known that these costs will be reimbursed or included under the revenue from the contract.

**Engineering activity**

The following criteria are applicable just as described above for the construction activity: recognition of ordinary revenue and revenue related to additional work; recognition of estimated future losses through constitution of provisions; the accounting treatment of the temporary differences that may exist between the pace of revenue recognition and the certificates issued to the clients; the recognition of interest payments; the accounting treatment of the costs related to presenting bids; and the treatment of claims made to the client.

**Concessions and services activity**

The Group holds concessions for the exploitation of car parks, a waste water treatment plant ("EDAR"), and photovoltaic panels.

**Contracts with multiple elements**

Concessions of public services are contracts between a private operator and the Government or another public body, which entitle the private operator to supply public services such as, for instance, the supply of water or energy, or the exploitation of roads, airports or prisons. Control over the asset remains in public hands, but the private operator takes responsibility for the construction of the asset, as well as its exploitation and maintenance of the infrastructure. Depending on the terms of the contract, a concession is treated as an intangible fixed asset (when the predominant element is that the concessionaire holds the right to receive fees directly from the user, or the level of future cash flows is not guaranteed by the awarding body), or a financial asset (when the awarding body does guarantee a level of future cash flows).
The Group offers certain agreements in which it constructs an infrastructure element in exchange for a concession to operate the same during a certain period. When these agreements with multiple elements arise, the sum recognised as income is defined to be the fair value of each of the phases of the contract. Income relating to infrastructure construction and engineering is recognised on the basis of the rules given in the earlier paragraphs. Revenue from exploitation of an intangible asset is recognised on the basis of its accrual as operational income, while for the cases in which a financial asset has been recognised, it is treated as repayment of the principal together with an element of interest income. The following rules have been established for the principal activities of the Group:

**Car parks**

Within the car park business we can distinguish:

- Car parks for residents:

This entails the construction of a car park whose spaces are sold directly to the end client. The sale and costs are not recorded as such when the right to use the parking space has already been ceded, and instead, the income is deferred over the life of the concession. The deferred revenue just mentioned is recorded under long-term accruals of non-current liabilities.

- Short-stay car parks:

In this case, the revenue comes from the use of parking spaces which belong to the Group or are the subject of administrative concession. Revenue from short-stay car parks is recorded at the moment of sale of time-based tickets, while the appropriate accruals are recorded for season tickets.

**4.20 Revenue from interest**

Revenue from interest is recognised using the effective rate of interest method. When a loan or receivable undergoes loss due to impairment of value, the Group reduces the book value to the recoverable sum, which is calculated on the basis of estimated future cash flows discounted at the original effective rate of interest of the instrument, and continues to update the receivable as income from interest. Revenue from interest on loans which have undergone loss due to value impairment is recognised using the original effective rate of interest.

### 4.21 Revenue from dividends

Revenue from dividends is recognised when the right to receive the payment is established.

## 4.22 Leases

a) Financial leasing – lessee

The Group leases certain material fixed assets. Leases for material fixed assets in which the Group holds most of the risks and benefits entailed by ownership are classified as financial leases. Financial leases are capitalized at the start of the lease at the lower of the fair value of the element leased and the current value of the minimum payments agreed for the lease. To calculate the current value, the rate of interest implicit in the contract is used, or else the rate of interest of the Group for similar operations if the former cannot be determined.

Each lease payment is distributed between the liabilities and the financial charges. The total financial charge is distributed over the entire duration of the lease and is assigned to the income statement for the fiscal year in which it accrues, applying the effective rate of interest method. The contingent fees are recorded as cost for the fiscal year in which they are incurred. The corresponding leasing obligations, net of financial charges, are included under "Creditors for financial leases". The fixed asset acquired through financial leasing is amortized over the shorter of its useful life and the duration of the contract.

b) Operational leasing – lessee

Leases in which the lessor retains an important part of the risks and benefits entailed by ownership are classified as operational leases. Payments for operational leases (net of any incentive received from the lessor) are charged to the consolidated income statement for the fiscal year in which they accrue, on a linear basis during the lease period.

c) Lessor

When the assets are leased out under financial leases, the current value of the lease payments discounted at the implicit rate of interest of the contract is recognised as a receivable (Note 4.9). The difference between the gross amount receivable and the current value of the same sum, corresponding to interest not accrued, is assigned to the consolidated income statement for the fiscal year in which that interest accrues, in accordance with the effective rate of interest method.

When leased out under operational leases, the asset is included on the consolidated balance sheet in accordance with its nature. Revenue derived from leases is recognised linearly over the lease period.

### 4.23 Foreign currency transactions

a) Functional and reporting currencies

The functional currency is that of the principal economic setting in which the Group operates, that is, that of the environment in which it generates and uses cash.
The consolidated annual accounts of the Group are presented in the euro, which is its functional and reporting currency.

b) Conversion of financial statements in non-euro currencies

Conversion of the annual accounts of a Group company whose functional currency is not the euro is carried out using the following rules:

- Assets and liabilities are converted at the rate of exchange on the closing date, this being the mean cash rate holding on that date;

- Net equity items, including the result for the fiscal year, are converted at the historical exchange rate;

- The difference between the net value of the assets and liabilities and the elements of net equity are included under a net equity heading, denominated “Conversion difference” recorded, where relevant, net of the fiscal effect and after deduction of that part of the difference corresponding to external partners; and

- Cash flows are converted at the exchange rate on the day on which each transaction took place, or employing a weighted mean exchange rate for the monthly period, provided there have been no significant variations.

The conversion difference included in the consolidated revenue and expenditure statement is recognised in the consolidated income statement for the period in which the investment in the consolidated company is sold or disposed of in some other way.

The historical interest rate is:

- For net equity items existing at acquisition date for the participations which are being consolidated: the exchange rate on the transaction date;

- For the case of revenue and expenditure, including items recognised directly under net equity: the exchange rate on the date on which the transaction took place. If the exchange rates have not varied significantly, the weighted mean rate for the monthly period is used, and

- Reserves generated after the transaction date as a consequence of results not distributed: the effective exchange rate resulting from converting the revenue and expenditure which gave rise to those reserves.

The consolidation goodwill and the adjustments to the fair values of assets and liabilities derived from application of the acquisition method are considered elements of the company acquired, so that they are are converted at the exchange rate on the closing date.

The conversion to euros of annual accounts expressed in a functional currency corresponding to a hyperinflationary economy is carried out according to the following rules:

a) Before conversion to euros, the balances of the annual accounts are adjusted as follows:

b) Assets, liabilities, net equity items, expenditure and revenue are converted to euros at the closing exchange rate on the most recent balance sheet date.

c) The figures for comparison are those presented as current values for each year, except for those corresponding to the first fiscal year, which should be re-expressed, meaning that they are not adjusted for the subsequent variations which have taken place in the level of prices or the rate of exchange.

At 31 December 2014, no company of the Group uses the functional currency of a hyperinflationary economy.

d) Transactions and balances in foreign currency

Transactions in foreign currency are converted to the functional currency using the exchange rates current on the transaction dates. Profits and losses in foreign currency arising from the liquidation of these transactions and from conversion at closing exchange rate of the monetary assets and liabilities denominated in foreign currency are recognised in the income statement, unless they are deferred in net equity such as eligible hedges for cash flows and eligible hedges for net investment.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed for conversion differences resulting from changes in the amortized cost of the instruments and other changes in their accounting value. The conversion differences are recognised in the result for the fiscal year, and other changes in the accounting value are recognised in net equity.

Conversion differences in non-monetary items, such as equity instruments held at fair value with changes in the income statement, are presented as part of the gain or loss in fair value. Conversion differences in non-monetary items, such as equity instruments classified as financial assets available for sale, are included in net equity.

### 4.24 Related-party transactions

As a general rule, operations between Group companies are booked at their fair value at the initial moment. Where relevant, if the agreed price is different from the fair value, the difference is recorded bearing in mind the economic reality of the operation. Subsequent measurement is carried out according to the corresponding rules.

Even so, in transactions whose purpose is an entire business, which includes participations in the net equity that transfer control over a company which constitutes a business, the Group uses the following criterion:

a) Non-monetary contribution

In non-monetary contributions to a Group company, both the contributor company and the recipient measure the investment at the accounting value of the equity elements delivered in the consolidated annual accounts for the date on which the operation takes place. For these purposes, the consolidated annual accounts for the Group or the largest subgroup including the equity elements, and whose dominant company is Spanish, are used.

b) Merger and division

- In operations between Group companies in which the parties are the dominant company (or the dominant one of a subgroup) and a directly or indirectly dependent one, the equity elements acquired are measured at the amount corresponding to the same in the consolidated accounts of the Group or subgroup. The difference which this brings to light is recognised against a reserves item.

- In the case of other operations between Group companies, the equity elements acquired are measured at their accounting values in the consolidated annual accounts of the Group or largest subgroup which includes the equity elements, and whose dominant company is Spanish.

The date for accounting purposes of merger and division operations between Group companies is that of the start of the fiscal year in which the operation is approved, provided that this is subsequent to the date of incorporation into the Group. If one of the companies party to the operation had been incorporated into the Group during the fiscal year in which the merger or division took place, the date for accounting purposes would be that of acquisition.

The comparison information from the preceding fiscal year is not re-expressed to reflect the effects of the merger or division, even when the companies party to the operation formed part of the Group during that fiscal year.

c) Capital reduction, distribution of dividends and dissolution

In those cases in which the business in which the reduction in capital takes place is to remain in the Group, a dividend payment is agreed or the liquidation proceeds of the partner are cancelled, the assignor company shall account for the difference between the debt to the partner and the accounting value of the business handed over under a reserves item. The assignee records the business pursuant to the rules for mergers and divisions indicated in Note 4.24 b).

### 4.25 Segmented information

The operational segments are defined to be those components of the entity which undertake activities from which revenue is earned and costs incurred, and whose results are the object of review, discussion and evaluation on a regular basis by the highest decision-making authority of the entity.

a) Segmentation criteria

Segmentation has been carried out on the basis of the construction, property, concessions and energy business units.

b) Bases and methodology of the information by segments

The revenue and expenditure assigned to each segment correspond to those directly attributable to that segment, including inter-segment income and costs. The assets and liabilities are those attributable to the components which comprise the segment, including inter-segment items.

### 4.26 Elements of equity of an environmental nature

The consolidated Group does not have responsibilities, costs, assets, provisions or contingencies of an environmental nature which might be significant in relation to the equity, financial situation or results of the same. For this reason, specific breakdowns relating to environmental aspects are not included in the present Report on the consolidated annual accounts.

## 5. Financial risk management

The activities of the Group are exposed to various financial risks: market risk (including exchange rate risk), interest rate risk, price risk, credit risk and liquidity risk. The Group's overall risk management programme is centred on the uncertainty in the financial markets and aims to minimise the potential adverse effects on its profitability.

Management of the financial risks of the Group is handled centrally by the finance department, which has mechanisms in place to control exposure to variations in interest or exchange rates, as well as credit or liquidity risks,

Risk management is controlled by the Group's Treasury Department, which identifies, evaluates and covers the financial risks in line with the policies approved by the Board of Directors. The Board provides written policies for managing overall risk, as well as for specific areas such as interest rate risk, liquidity risk, employment of derivatives and non-derivatives and investment of excess liquidity.

Price risk

The Group does not have any significant exposure to the price of negotiable securities as it does not hold significant investments, nor to the price risk for raw materials as generally variations in value are transmitted efficiently to sale prices by all similar contractors operating in the same sector. The Group reduces and mitigates price risk with policies established by management, basically accelerating or slowing down the pace of placement, as well as ensuring production or obtainment at a fixed price of certain raw materials.

Credit risk

The credit risk of the Group is fundamentally driven by trade credits. The purpose of managing this risk is to diminish its impact to the greatest extent possible by preventive examination of the credit rating of the potential clients of the Group. Once contracts are under way, the credit quality of the sums pending collection is evaluated periodically, and the estimated recoverable values of those deemed doubtful are revised through financial restructuring in the results for the fiscal year.

The detail of the credit risk by areas is as follows:

• Equity hired out: the credit risk from the ordinary activity of the Company is practically non-existent or insignificant, due fundamentally to the fact that the contracts signed with lessees or concessionaires for parking places envisage monthly invoicing of the rents for the same, as well as demanding from them the appropriate additional legal financial guarantees when formalising and renewing contracts, so as to cover possible default.

• Infrastructure concessions: this is practically non-existent because payments are made in cash, through electronic means of payment or credit cards, whose risk of default is borne by managing entities. Therefore, at the close of the fiscal year there are no financial assets in arrears or impaired. Nor has any kind of guarantee to ensure collection been taken out.

(Expressed in thousands of euros)

The operations with financial entities included as cash or cash equivalents and other financial assets for short-term deposit with credit entities are undertaken with financial entities of recognised prestige.

With regard to the balances for "Clients and other receivables", a high proportion of the same relate to operations with national or foreign public bodies, with whom the Group considers the credit risk to be very limited indeed. In relation to private sector clients, a significant part of the balances refer to companies of high credit rating and without a history of default. Periodically, the global position of "Clients and other receivables" is reviewed, and individual analysis of the most significant exposures is carried out.

Interest rate variations exposure

The Group's interest rate risk arises principally from long-term debts to credit institutions.

The debts to credit institutions issued at variable rates expose the Group to interest rate risk for its cash flows. A high proportion of the Group's debts to credit institutions are issued at a variable rate and are short-term, the long-term ones being hedged, the main reference being the Euribor.

The exposure to variable interest rate risk at the close of fiscal years 2014 and 2013 is as follows:

| | **Thousand euros** | |
|---|---|---|
| | **Reference Euribor** | |
| | **2014** | **2013** |
| Debts to credit institutions at variable interest (Note 24.2) | 75,039 | 99,816 |
| Notional values financial derivatives | 17,362 | 18,269 |
| Portion hedged by financial derivatives | 23% | 18% |

The Group analyses its exposure to interest rate risk dynamically, taking into account long-term financing, renewal of current positions and alternative financing. This risk is not a significant one, bearing in mind the sums financed in the long term.

Exposure to liquidity risk

To handle the liquidity risk and meet the various needs for funds, the Company uses an annual cash budget and monthly forecast of the same, the latter in detail and updated daily. Likewise, the Company undertakes prudent management of liquidity risk based on holding sufficient cash, the availability of financing through appropriate pledged credit facilities and sufficient capacity to liquidate market positions. The objective of the Company's administrators is to maintain financial flexibility through the availability of the loan agreement. Nevertheless, all these risk factors have their corresponding mitigating factor, namely:

a) Recurrent cash generation from the businesses on which the Company bases its activity.

b) Obtaining new financing lines based on long-term business plans and asset quality.

c) The capacity of the Company to sell assets.

To manage liquidity risk, the Company embarks on renegotiation of its loan agreements in plenty of time. The leverage capacity of the Company is based on:

• Generation of recurrent cash by the divisions of the Company,

• Asset quality and dynamic investment in projects of high added value.

• Liquidity of the assets, even at moments of sluggish markets such as those we are currently seeing.

• Firm commitment to punctual fulfilment of obligations to suppliers, employees, financial creditors…

Bearing in mind what was said earlier, at the date of formulation of the annual accounts, all the cash needs of the Company for meeting its commitments to suppliers, employees and the public administrations, in their entirety, are covered, in accordance with the envisaged cash flow for fiscal year 2015.

The detail of the liquidity risk by areas is as follows:

• Equity hired out: Given the kind of sector in which the Company operates, the investments it makes, the finance obtained to undertake these investments, the EBITDA these generate and the degree of occupancy of the property, the liquidity risk is low or non-existent, and in fact excess cash flow might be generated. With these excesses, temporary financial investments in risk-free deposits of maximum liquidity are made.

• Infrastructure concessions: this is practically non-existent because payments are made in cash, through electronic means of payment or credit cards, whose risk of default is borne by managing entities.

• Construction and services: the construction and services activity maintains sufficient levels of liquidity at all times to meet the short-term obligations of the credit lines held with financial entities and temporary financial investments.

<u>Market risk</u>

The Group operates in an international setting, is present in more than 10 countries and is therefore exposed to exchange rate risk from foreign currency operations. As a consequence of the development of its activity and operations, the Company incurs financial risks arising from exchange rates, and which are managed centrally.

Although the Company envisages continuing to expand its business to other countries, considering that this will contribute to its growth and future profitability, before approval is given to any investment abroad, an exhaustive analysis is carried out, which on occasions extends over several years on the ground.

(Expressed in thousands of euros)

## 6. Intangible fixed assets

The detail and change in the items included under "Intangible fixed assets", except for consolidation goodwill which is shown subsequently, is as follows

| | Administrative concessions | Patents, licences and brands | Goodwill | Software | Other intangible fixed assets | Advances, concession agreements | Concession agreements, regulated assets | Concession agreements, financial activation | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2013** | | | | | | | | | |
| Costs | 1,595 | 47 | 23,297 | 1,325 | 2,246 | 7,660 | 37,251 | 801 | 74,222 |
| Accumulated amortization | - | (4) | - | (1,162) | - | - | (4,091) | - | (5,257) |
| **Net accounting value 31.12.2013** | **1,595** | **43** | **23,297** | **163** | **2,246** | **7,660** | **33,160** | **801** | **68,965** |
| **Costs:** | | | | | | | | | |
| Inclusion | - | - | - | 29 | 44 | 2,342 | - | 290 | 2,705 |
| Impairment | - | - | - | - | - | - | (1,100) | - | (1,100) |
| Retirement | - | - | - | (52) | - | - | - | - | (52) |
| **31 December 2014** | **-** | **-** | **-** | **(23)** | **44** | **2,342** | **(1,100)** | **290** | **1,553** |
| **Accumulated amortization:** | | | | | | | | | |
| Inclusion | (111) | - | - | (106) | - | - | (1,046) | - | (1,263) |
| Retirement | - | - | - | 49 | - | - | - | - | 49 |
| **31 December 2014** | **(111)** | **-** | **-** | **(57)** | **-** | **-** | **(1,046)** | **-** | **(1,214)** |
| **Net accounting value 31.12.2014** | **1,484** | **43** | **23,297** | **83** | **2,290** | **10,002** | **31,014** | **1,091** | **69,304** |

| | Administrative concessions | Patents, licences and brands | Goodwill | Software | Other intangible fixed assets | Advances, concession agreements | Concession agreements, regulated assets | Concession agreements, financial activation | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2012** | | | | | | | | | |
| Costs | - | 47 | 23,297 | 1,319 | 2,246 | 9,918 | 34,540 | 470 | 71,837 |

(Expressed in thousands of euros)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Accumulated amortization | - | (4) | - | (1,049) | - | - | (3,045) | - | (4,098) |
| **Net accounting value 31.12.2012** | **-** | **43** | **23,297** | **270** | **2,246** | **9,918** | **31,495** | **470** | **67,739** |
| **Costs:** | | | | | | | | | |
| Inclusion | 1,595 | - | - | 7 | - | 453 | - | 331 | 2,386 |
| Retirement | - | - | - | (1) | - | | - | - | (1) |
| Transfer | - | - | - | - | - | 2,711 | 2,711 | - | - |
| **31 December 2013** | **1,595** | **-** | **-** | **6** | **-** | **(2,258)** | **2,711** | **331** | **2,385** |
| **Accumulated amortization:** | | | | | | | | | |
| Inclusion | - | - | - | (114) | - | - | (1,046) | - | (1,160) |
| Retirement | - | - | - | 1 | - | - | - | - | 1 |
| **31 December 2013** | **-** | **-** | **-** | **(113)** | **-** | **-** | **(1,046)** | **-** | **(1,159)** |
| **Net accounting value 31.12.2013** | **1,595** | **43** | **23,297** | **163** | **2,246** | **7,660** | **33,160** | **801** | **68,965** |

During fiscal year 2014, the Group has established a value impairment under "Concession agreements, regulated assets" (Parking Alameda), for the sum of 1,100 thousand euros (2013: nil).

(Expressed in thousands of euros)

Goodwill is assigned to the cash-generating units (CGUs) of the Group. A summary at the level of CGU of the assignment of goodwill is as follows:

| | Thousand euros | |
|---|---|---|
| **CGU** | **2014** | **2013** |
| Asteisa Tratamiento de Aguas, S.A.U. | 26 | 26 |
| Construcciones Icma-Proakis, S.A.U. | 4,324 | 4,324 |
| Contratas y Servicios Ferroviarios, S.A.U. | 12,957 | 12,957 |
| Elecor, S.A.U. | 5,925 | 5,925 |
| Impulsa Grup Ortiz, S.L. | 13 | 13 |
| Juan Galindo, S.L.U. | 115 | 115 |
| Ortiz Energía, S.A.U. | 9 | 9 |
| Grupo Ortiz Construcciones México, S.A. | 28 | 28 |
| **Total** | **23,397** | **22,397** |

The recoverable amount from the CGUs is determined on the basis of use value calculations. These calculations use projected cash flows based on budgets approved by management and which cover a period of five years. The budgets and projections have been prepared on the basis of hypothesised growth in sales in a range between -5% and 15% (2013: between 1% and 18%), margins consistent with the reality of recent fiscal years and a discount rate of 7.43% (2013: 8.01%), and a rate of growth of residual value of 0% (2013: 0%).

## Administrative concessions, concession agreements, patents, licences and brands

The most significant elements under these headings are as follows:

| | | | Thousand euros | | | | |
|---|---|---|---|---|---|---|---|
| **Description and use** | **Date of maturity** | **Exploitation period** | **Amortization during FY** | **Costs** | **Accumulated amortization** | **Losses due to impairment** | **Accounting value** |
| Parking Reyes Católicos | 25/07/2048 | 40 years | (109) | 3,915 | (264) | - | 3,651 |
| Parking Alameda | 31/12/2049 | 40 years | (87) | 3,398 | (333) | (1,100) | 1,965 |
| Parking Iliada | 22/08/2046 | 40 years | (106) | 3,957 | (611) | - | 3,346 |
| Parking Juan R. Jiménez | 02/02/2046 | 40 years | (160) | 6,026 | (873) | - | 5,153 |
| Parking Pamplona | 29/01/2047 | 40 years | (106) | 3,999 | (609) | - | 3,390 |
| Parking Andorra II | 16/07/2047 | 40 years | (90) | 3,454 | (506) | - | 2,948 |
| Photovoltaic panels University Málaga | 10/11/2036 | 25 years | (128) | 3,197 | (402) | - | 2,795 |
| EDAR (waste water) Ribadeo | 31/05/2031 | 20 years | (26) | 508 | (85) | - | 423 |
| Parking Collado Villalba | 21/04/2046 | 40 years | (234) | 8,797 | (1,454) | - | 7,343 |
| Body Factory | 11/02/2045 | 30 years | - | 5,277 | - | - | 5,277 |
| Pavilion "Andrés Torrejón" (Móstoles) | 11/02/2045 | 30 years | - | 4,724 | - | - | 4,724 |
| | | | **(1,046)** | **47,252** | **(5,137)** | **(1,100)** | **41,015** |

## Capitalised financial expenses

The Group capitalises the financial expenses incurred during the fiscal year relating to financing for the development of fixed assets in process, provided that they relate to assets whose production cycle exceeds one year. During fiscal years 2014 and 2013, no capitalization of interest took place.

(Expressed in thousands of euros)

### Intangible fixed assets pledged as collateral

The intangible fixed assets to the value of 15,570 thousand euros guarantee loans from credit institutions for 6,620 thousand euros at 31 December 2014. The intangible fixed assets to the value of 15,750 thousand euros guarantee loans from credit institutions for 7,220 thousand euros at 31 December 2013.
The financial assets to the value of 10,840 thousand euros guarantee loans from credit institutions for 4,910 thousand euros at 31 December 2014. The financial assets to the value of 11,080 thousand euros guarantee loans from credit institutions for 5,460 thousand euros at 31 December 2013.

### Intangible fixed assets totally amortized

The cost for elements of the intangible fixed assets totally amortized and in use is 1,014 thousand euros (923 thousand euros at 31 December 2013).

### Insurance

The Group holds several insurance policies to cover the risks to which the intangible fixed assets are exposed. The coverage of these policies is considered sufficient.

## 7. Material fixed assets

The detail and movement of the items included under "Material fixed assets" is as follows:

Thousand euros

| | Land | Buildings | Machinery | Technical installations | Other installations | Furniture | Auxiliary tools and means | Data processing equipment | Transport elements | Other fixed assets | Fixed assets in process and advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2013** | | | | | | | | | | | | |
| Costs | 6,775 | 2927 | 31,038 | 2,109 | 297 | 1,375 | 829 | 731 | 3,304 | 441 | 0 | 49,826 |
| Accumulated amortization | 0 | -660 | -24508 | -350 | -240 | -976 | -761 | -582 | -2,053 | -217 | 0 | -30,347 |
| **Net accounting value 31.12.2013** | **6,775** | **2,267** | **6,530** | **1,759** | **57** | **399** | **68** | **149** | **1,251** | **224** | **0** | **19,479** |
| **Costs:** | | | | | | | | | | | | |
| Inclusion | 103 | 0 | 1,168 | 2 | 0 | 66 | 11 | 64 | 532 | 7 | 0 | 1,953 |
| Retirement | 0 | 0 | -270 | 0 | 0 | -98 | 0 | -67 | -240 | -242 | 0 | -917 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer | 23 | -23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31 December 2014** | **126** | **-23** | **898** | **2** | **0** | **-32** | **11** | **-3** | **292** | **-235** | **0** | **1,036** |
| **Accumulated amortization:** | | | | | | | | | | | | |
| Inclusion | 0 | -61 | -2,027 | -184 | -15 | -67 | -37 | -96 | -331 | -20 | | -2,838 |

(Expressed in thousands of euros)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Retirement | 0 | 0 | 37 | 0 | 0 | 11 | 0 | 23 | 130 | 59 | 0 | 260 |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31 December 2014** | **0** | **-61** | **-1,990** | **-184** | **-15** | **-56** | **-37** | **-73** | **-201** | **39** | **0** | **-2,578** |
| Costs | 6,901 | 2,904 | 31,936 | 2,111 | 297 | 1,343 | 840 | 728 | 3,596 | 206 | 0 | 50,862 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated amortization | 0 | -721 | -26,498 | -534 | -255 | -1,032 | -798 | -655 | -2,254 | -178 | 0 | -32,925 |
| **Net accounting value 31.12.2014** | **6,901** | **2,183** | **5,438** | **1,577** | **42** | **311** | **42** | **73** | **1,342** | **28** | **0** | **17,937** |

**Thousand euros**

| | Land | Buildings | Machinery | Technical installations | Other installations | Furniture | Auxiliary tools and means | Data processing equipment | Transport elements | Other fixed assets | Fixed assets in process and advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2012** | | | | | | | | | | | | |
| Costs | 6,798 | 2,904 | 29,536 | 2,079 | 303 | 1,361 | 799 | 704 | 3,139 | 199 | 2,719 | 50,541 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated amortization | 0 | -600 | -22,560 | -167 | -228 | -902 | -729 | -555 | -1,829 | -148 | 0 | -27,718 |
| **Net accounting value 31.12.2012** | **6,798** | **2.30,** | **6,976** | **1,912** | **75** | **459** | **70** | **149** | **1,310** | **51** | **2,719** | **22,823** |
| **Costs:** | | | | | | | | | | | | 0 |
| Inclusion | 0 | 23 | 1,502 | 30 | 0 | 17 | 30 | 40 | 241 | 243 | -2,719 | -593 |
| Retirement | 0 | 0 | 0 | 0 | -6 | -3 | 0 | -13 | -76 | -1 | 0 | -99 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer | -23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -23 |
| **31 December 2013** | **-23** | **23** | **1,502** | **30** | **-6** | **14** | **30** | **27** | **165** | **242** | **-2,719** | **-715** |
| **Accumulated amortization:** | | | | | | | | | | | | 0 |
| Inclusion | 0 | -61 | -1,952 | -183 | -13 | -74 | -32 | -35 | -224 | -69 | 0 | -2,643 |
| Retirement | 0 | 0 | 4 | 0 | 1 | 0 | 0 | 8 | 0 | 0 | 0 | 13 |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31 December 2013** | **0** | **-61** | **-1,948** | **-183** | **-12** | **-74** | **-32** | **-27** | **-224** | **-69** | **0** | **-2,630** |
| Costs | 6,775 | 2,927 | 31,038 | 2,109 | 297 | 1,375 | 829 | 731 | 3,304 | 441 | 0 | 49,826 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated amortization | 0 | -660 | -24,508 | -350 | -240 | -976 | -761 | -582 | -2,053 | -217 | 0 | -30,348 |
| **Net accounting value 31.12.2013** | **6,775** | **2,267** | **6,530** | **1,759** | **57** | **399** | **68** | **149** | **1,251** | **224** | **0** | **19,478** |

During fiscal years 2014 and 2013, no value corrections due to impairment for any individual fixed asset were recognised or reverted.

(Expressed in thousands of euros)

## Material fixed assets abroad

At 31 December 2014 and 2013, the Group holds the following investments in material fixed assets abroad:

| | Thousand euros | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | | 2013 | | |
| | Accounting value | Accumulated amortization | Losses due to impairment | Accounting value | Accumulated amortization | Losses due to impairment |
| Land and buildings | - | - | - | - | - | - |
| Machinery | 1,315 | (493) | - | - | - | - |
| Other installations | - | - | - | - | - | - |
| Furniture | 59 | (26) | - | 44 | (22) | - |
| Data processing equipment | 115 | (103) | - | 113 | (42) | - |
| Transport elements | 505 | (45) | - | 184 | (16) | - |
| Other material fixed assets | 20 | (7) | - | 12 | (2) | - |
| | 2,014 | (674) | - | 1,143 | (381) | - |

## Goods totally amortized

Under the heading of construction, there is no element totally amortized. The cost of the remaining elements of the material fixed assets which are totally amortized is 12,866 thousand euros (9,337 thousand at 31 December 2013).

## Capitalised financial expenses

The Group capitalises the financial expenses incurred during the fiscal year relating to financing for the development of fixed assets in process, provided that they relate to assets whose production cycle exceeds one year. During fiscal years 2014 and 2013, no capitalization of interest took place.

## Goods subject to financial leasing – lessee

The headings "Machinery and "Transport elements" include assets which are subject to financial leasing contracts, with the Group as lessee, whose amounts are as follows:

| | Thousand euros | |
|---|---|---|
| | 2014 | 2013 |
| Cost - capitalised financial leases | 1,884 | 1,508 |
| Accumulated amortization | (597) | (310) |
| Accounting value | 1,287 | 1,198 |

The Group has several vehicles and machinery elements subject to financial leasing agreements that cannot be cancelled. Their maturity ranges from 3 to 8 years and the Group is the owner of the assets.

## Goods under operational leasing

(Expressed in thousands of euros)

In the income statement, costs for operational leasing corresponding to the hire of machinery and property to the value of 12,589 thousand euros (7,995 thousand euros in 2013) have been recorded.

## 8. Property investments

The property investments are office buildings owned, but not occupied, by the Group, which are retained to yield long-term earnings.

The change in these property investments is shown in the following table:

### 2014:

| **2014** | | | **Thousand euros** |
|---|---|---|---|
| | **Land** | **Buildings** | **Total** |
| **Balance at 31-12-2013** | | | |
| Costs | 39,559 | 146,845 | 186,404 |
| Accumulated amortization | - | (8,605) | (8,605) |
| Impairment | - | - | - |
| **Accounting value** | **39,559** | **138,240** | **177,799** |
| **Costs:** | | | |
| Inclusion | 17 | 146 | 163 |
| Retirement | - | (206) | (206) |
| Impairment | (5,874) | - | (5,874) |
| Transfer | 15,627 | (2,276) | 13,351 |
| Change in perimeter | - | (118,985) | (118,985) |
| **Balance at 31-12-2014** | **9,770** | **(121,321)** | **(111,551)** |
| **Accumulated amortization:** | - | | |
| Inclusion | - | (1,409) | (1,409) |
| Retirement | - | 3 | 3 |
| Transfer | | 281 | 281 |
| Change in perimeter | - | 6,899 | 6,899 |
| **Balance at 31-12-2014** | **-** | **5,774** | **5,774** |
| Costs | 55,203 | 25,524 | 80,727 |
| Accumulated amortization | - | (2,831) | (2,831) |
| Impairment | (5,874) | - | (5,874) |
| **Accounting value at 31-12-2014** | **49,329** | **22,693** | **72,022** |

(Expressed in thousands of euros)

**2013:**

| | Thousand euros | | |
|---|---|---|---|
| | **Land** | **Buildings** | **Total** |
| **Balance at 31-12-2012** | | | |
| Costs | 39,287 | 144,708 | 183,995 |
| Accumulated amortization | - | (6,484) | (6,484) |
| Impairment | - | - | |
| **Accounting value** | **39,287** | **138,224** | **177,511** |
| **Costs:** | | | |
| Inclusion | 272 | 3,366 | 3,638 |
| Retirement | - | (1,229) | (1,229) |
| Impairment | - | - | - |
| Change in perimeter | - | - | - |
| **Balance at 31-12-2013** | **39,559** | **146,845** | **186,404** |
| **Accumulated amortization:** | - | | |
| Inclusion | - | (2,121) | (2,121) |
| Retirement | - | - | - |
| Change in perimeter | - | | - |
| **Balance at 31-12-2013** | **-** | **(8,605)** | **(8,605)** |
| Costs | 39,559 | 146,845 | 186,404 |
| Accumulated amortization | - | (8,605) | (8,605) |
| Impairment | - | - | - |
| **Accounting value at 31-12-2013** | **39,559** | **138,240** | **177,799** |

During fiscal year 2014, the Group has established a value impairment for land situated in Madrid for the sum of 5,874 thousand euros (2013: nil).

(Expressed in thousands of euros)

### Revenue and expenditure arising from property investments

The following revenue and expenditure arising from property investments have been recognised in the consolidated income statement:

| | Thousand euros | |
|---|---|---|
| | 2014 | 2013 |
| Revenue from leases | 792 | 4,847 |
| Direct exploitation costs | 610 | 4,074 |

### Property investments pledged as collateral

The property investments guaranteeing loans from credit institutions are at 32,766 thousand euros at 31 December 2014. (2013: 139,739).

## 9. Equity-accounted holdings

The detail of the participations by the equity accounting method by company is as follows:

The change in this item during the fiscal years is as follows:

| | Thousand euros | |
|---|---|---|
| | 2014 | 2013 |
| **Balance at 1 January** | 45,528 | 54,498 |
| Participation in result | (4,109) | (4,033) |
| Inclusion | 3,882 | - |
| Retirement | (3,953) | - |
| Other changes in net equity | 3,083 | (4,937) |
| **Balance at 31 December** | **44,431** | **45,528** |

The participation by the equity accounting method includes the value of the goodwill generated at the date of first application of that method. Of the total goodwill forming part of the value of the EAM-accounted holding,
the parts corresponding to the following companies should be emphasised, due to their size:

(Expressed in thousands of euros)

| | Thousand euros | |
|---|---|---|
| **Goodwill - EAM** | **2014** | **2013** |
| Alten Alange. | 3,745 | 3,745 |
| Alten Alconera | 3,757 | 3,757 |
| Alten Hinojosa del Valle | 685 | - |
| Dumar Ingenieros | 509 | - |

None of the associated or multigroup companies are listed on the stock exchange.

## 10. Financial instruments

### 10.1 Analysis by categories

The book value of each of the categories of financial instruments set out by the recognition and measurement standards for "Financial instruments" is as follows:

| | Thousand euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Long-term financial assets | | | | | | | |
| | **Equity instruments** | | **Debt securities** | | **Other derived credits** | | **Total** | |
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Investments held to maturity | - | 1,010 | - | - | 1,105 | 1,030 | 1,105 | 2,040 |
| Loans and receivables (Note 12) | - | - | - | - | 70,965 | 79,504 | 70,965 | 79,504 |
| Assets available for sale (Note 12): | | | | | | | | |
| - Measured at fair value | 768 | - | 5,300 | - | - | - | 6,068 | - |
| | **768** | **1,010** | **5,300** | **-** | **72,070** | **80,534** | **78,138** | **81,544** |

| | Thousand euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Short-term financial assets | | | | | | | |
| | **Other derived credits** | | **Debt securities** | | **Other derived credits** | | **Total** | |
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Assets at fair value with changes in income statement | 7,558 | 6,191 | 345 | 552 | - | - | 7,903 | 6,743 |
| Loans and receivables (Note 12) | - | - | - | - | 321,558 | 253,362 | 321,558 | 253,362 |
| Cash and other equivalent liquid assets (Note 15) | - | - | - | - | 41,878 | 31,766 | 41,878 | 31,766 |
| | **7,558** | **6,191** | **345** | **552** | **363,436** | **285,128** | **371,339** | **291,871** |

(Expressed in thousands of euros)

| | Thousand euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Long-term financial liabilities | | | | | | | |
| | Debts to credit institutions | | Bonds and other negotiable securities | | Derivatives and others | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Debits and payables (Note 17) | 46,710 | 131,623 | - | - | 30,164 | 31,086 | 76,874 | 162,709 |
| Derived financial instruments (Note 10) | - | - | 49,313 | - | 2,581 | 3,556 | 51,894 | 3,556 |
| | **46,710** | **131,623** | **49,313** | **-** | **32,745** | **34,642** | **128,768** | **166,265** |

| | Thousand euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Short-term financial liabilities | | | | | | | |
| | Debts to credit institutions | | Bonds and other negotiable securities | | Derivatives and others | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Debits and payables (Note 17) | 70,989 | 73,007 | - | - | 245,802 | 211,658 | **316,791** | **284,665** |
| Derived financial instruments (Note 10) | - | - | 1,736 | - | 119 | - | **1,855** | **-** |
| | **70,989** | **73,007** | **1,736** | **-** | **245,921** | **211,658** | **318,646** | **284,665** |

(Expressed in thousands of euros)

## 10.2 Classification by maturity

At 31 December 2014, the amounts of the financial instruments of fixed or determined maturity, classified by year of maturity, are as follows:

| | | | | | | | Thousand euros |
|---|---|---|---|---|---|---|---|
| | | | | | | | **Financial assets** |
| | **2015** | **2016** | **2017** | **2018** | **2019** | **Later years** | **Total** |
| **Investments in Group and associated companies** | | | | | | | |
| - Credits to companies | 2,852 | - | - | - | - | 53,794 | **56,646** |
| - Other financial assets | 6 | - | - | - | - | - | **6** |
| **Financial investments:** | | | | | | | |
| - Credits to companies | 8,887 | - | - | - | - | 5.697 | **14,584** |
| - Other financial assets | 6,758 | - | - | - | - | 1,105 | **7,863** |
| - Debt securities | 345 | - | - | - | - | 5,300 | **5,645** |
| **Trade debtors and other receivables:** | | | | | | | |
| - Clients for sales and service provision | 280,515 | - | - | - | - | 11,474 | **291,989** |
| - Clients, Group and associated companies | 20,262 | - | - | - | - | - | **20,262** |
| - Sundry debtors | 875 | - | - | - | - | - | **875** |
| - Personnel | 1,403 | - | - | - | - | - | **1,403** |
| **S/T accruals** | **8,599** | | | | | | **8,599** |
| | **330,502** | **-** | **-** | **-** | **-** | **77,370** | **407,872** |

| | | | | | | | Thousand euros |
|---|---|---|---|---|---|---|---|
| | | | | | | | **Financial liabilities:** |
| | **2015** | **2016** | **2017** | **2018** | **2019** | **Later years** | **Total** |
| **Debts:** | | | | | | | |
| - Bonds and other negotiable securities | 1,736 | - | - | - | 49,313 | - | **51,049** |
| - Debts to credit institutions | 70,370 | 9,478 | 3,589 | 3,066 | 14,228 | 15,742 | **116,473** |
| - Creditors for financial leases | 619 | 378 | 149 | 40 | 40 | - | **1,226** |
| - Other financial liabilities | 27,801 | 1,843 | 509 | 443 | 353 | 3,819 | **34,768** |
| **Derivatives** | **119** | **-** | **-** | **-** | **-** | **2,581** | **2,700** |
| **Accruals** | **8,153** | **-** | **-** | **-** | **-** | **13,619** | **21,772** |
| **Debts to Group and associated companies** | **68** | | | | | **9,579** | **9,647** |

(Expressed in thousands of euros)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Trade creditors and other payables:** | | | | | | | |
| - Suppliers | 168,647 | - | - | - | - | - | **168,647** |
| - Suppliers, Group and associated companies | 2,292 | - | - | - | - | - | **2,292** |
| - Sundry creditors | 1,382 | - | - | - | - | - | **1,382** |
| - Personnel | 4,022 | - | - | - | - | - | **4,022** |
| - Advances from clients | 33,437 | - | - | - | - | - | **33,437** |
| | **318,646** | **-** | **-** | **-** | **-** | **128,768** | **447,414** |

## 11. Financial assets at fair value with changes in income statement

This heading includes the following items and sums:

| | Thousand euros | | | | | |
|---|---|---|---|---|---|---|
| | | | **2014** | | | **2013** |
| | **Non-current** | **Current** | **Total** | **Non-current** | **Current** | **Total** |
| Shares | 768 | 7,558 | **8,326** | 1,010 | 6,191 | **7,201** |
| Bonds | 5,300 | 345 | **5,645** | - | 552 | **552** |
| **Financial investments** | **6,068** | **7,903** | **13,971** | **1,010** | **6,743** | **7,753** |

The fair value of all the net equity securities is based on the current purchase price on an active market.

The changes during the fiscal year in the fair value of assets measured at fair value with changes in income statement are accounted for under "Variation in fair value of financial instruments" of the financial result in the income statement, and stands at 511 thousand euros (2013: 580 thousand euros) (Note 31.2).

The maximum exposure to credit risk at the date of presentation of the information is the fair value of the assets.

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| **Securities officially listed:** | | |
| - Net equity securities – Eurozone | 7,558 | 6,191 |
| - Convertible bonds | - | 290 |
| - Bonds with fixed interest rate of 7% and maturing in 2019 - Eurozone | 5,484 | - |
| **Securities not officially listed:** | | |
| - Net equity securities – Eurozone | 768 | 1,010 |
| - Other debt securities | 161 | 262 |
| | **13,971** | **7,753** |

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |

| | | |
|---|---|---|
| **Initial balance** | **7,753** | **11,820** |
| Business combinations (Note 6) | 30 | - |
| Inclusion | 6,437 | 567 |
| Retirement | (760) | (5,006) |
| Net Profits / (Losses) transferred to net equity | 511 | 372 |
| **End balance** | **13,971** | **7,753** |
| **Current portion** | **13,971** | **7,753** |

## 12. Loans and receivables

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| **Long-term loans and receivables:** | | |
| - Credits to associated companies (see Note 30) | 53,794 | 58,490 |
| - Credits to third parties | 5.697 | 9,297 |
| - Other financial assets | 1,105 | 1,030 |
| - Non-current trade debtors: concession agreement, collection right | 11,474 | 11,717 |
| - Deferred tax assets | 5,196 | 552 |
| | **77,266** | **81,086** |
| **Short-term loans and receivables:** | | |
| - Completed work pending certification | 170,715 | 96,048 |
| - Certifications and invoices | 43,161 | 60,889 |
| - Receivable instruments | 49,125 | 48,528 |
| - Retentions for guarantee | 17,514 | 10,959 |
| - Clients, associates (see Note 30) | 20,262 | 17,967 |
| - Sundry debtors | 822 | 1,007 |
| - Personnel | 1,403 | 1,933 |
| - Public administrations | 5,875 | 11,277 |
| - Shareholders for called-up capital | 53 | 58 |
| - Short-term credits to associates | 2,858 | 1,527 |
| -.Credits to third parties | 8,887 | 11,951 |
| -.Other financial assets | 6,758 | 4,022 |
| | **327,433** | **266,166** |
| Short-term accruals | 8,599 | 14,761 |
| **Total loans and receivables** | **413,298** | **362,013** |

(Expressed in thousands of euros)

### Impairment of receivables and foreign currency

The change in the provision for losses arising from impairment of client receivables is as follows:

| | Thousand euros |
|---|---|
| **Impairment of value of credits 31/12/2012** | **6,376** |
| Value correction due to impairment | 10,074 |
| Reversion of impairment | (633) |
| Outflows and reductions | (576) |
| Transfers and other variations (business combinations, etc) | - |
| **Impairment of value of credits 31/12/2013** | **15,241** |
| Value correction due to impairment | 4,667 |
| Reversion of impairment | (20) |
| Outflows and reductions (definitive regularisation bad debts) | (101) |
| Transfers and other variations (business combinations, etc) | - |
| **Impairment of value of credits 31/12/2014** | **19,787** |

The accounting values of the loans and receivables are denominated in the following currencies:

| **L/T loans and receivables** | **Thousand euros** | |
|---|---|---|
| | **2014** | **2013** |
| Euro | 76,112 | 80,923 |
| Peso - Colombia | 34 | 155 |
| New Sol - Peru | 84 | 0 |
| Leu - Romania | 215 | 0 |
| Real - Brazil | 812 | 0 |
| Other currencies | 9 | 8 |
| | **77,266** | **81,086** |

| **S/T loans and receivables** | **Thousand euros** | |
|---|---|---|
| | **2014** | **2013** |
| Euro | 250,857 | 241,040 |
| Peso - Colombia | 24,058 | 14,910 |
| Peso - Mexico | 1,052 | 13 |
| New Sol - Peru | 37,949 | 25,480 |
| Peso - Chile | 843 | 349 |
| Zloty - Poland | 2,628 | 3 |
| Leu - Romania | 1,165 | 640 |
| Real - Brazil | 0 | 0 |
| Quetzal - Guatemala | 13,212 | 0 |
| Lempira - Honduras | 3,522 | 0 |

(Expressed in thousands of euros)

| | | |
|---|---|---|
| Dinar - Algeria | 746 | 4,155 |
| | **336,032** | **286,590** |
| **Total loans and receivables** | **413,298** | **367,676** |

## Other financial assets

This heading includes the amount of 6,758 thousand euros corresponding to:

- 1,861 thousand euros de bank deposits
- 412 thousand euros payments on account to professionals
- 2,766 thousand euros in guarantees and deposits
- 1,719 thousand euros of excess contributions to TJVs

## Non-current trade debtors: concession agreement, collection right

The entirety of this heading corresponds to the unconditional collection right associated to the car park concession called Honorio Lozano, in the municipality of Collado Villalba.

## 13. Derived financial instruments

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| | **Liabilities** | **Liabilities** |
| Interest rate swaps – cash flow hedges | 2,700 | 3,556 |
| **Total** | **2,700** | **3,556** |
| Less non-current portion: | | |
| Interest rate swaps – cash flow hedges | 2,581 | 3,556 |
| **Non-current portion** | **2,581** | **3,556** |
| **Current portion** | **119** | **-** |

The Group holds contracts with several financial entities for interest rate hedges to cover loans from credit entities, and which guarantee a rate between 3.665% and 4.38% (2013: between 3.665% and 4.38%).

At 31 December 2014 the value of the notional principal of these interest rate swap contracts is 17,362 thousand euros (18,269 thousand euros at 31 December 2013).

The effective part recognised in net equity for fiscal year 2014 for cash flow hedges is 2,700 thousand euros (2013: 3,556 thousand euros) and generates a fiscal effect likewise recorded in equity, to the value of 675 thousand euros (2013: 1,067 thousand euros) recorded as deferred taxes. The liquidation of these derivatives gave rise to a gross negative effect of 287 thousand euros (2013: 306 thousand euros).

(Expressed in thousands of euros)

## 14. Stocks

The breakdown of this heading by uniform groups of activities and degree of completion is as follows:

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| Commercial | 977 | 959 |
| Land and plots | 0 | 15,620 |
| Raw materials and other supplies | 1,302 | 2,242 |
| Products in process | 7 | 73 |
| Finished products | 9,385 | 11,107 |
| Advances to suppliers | 3,985 | 4,747 |
| | **15,656** | **34,748** |

### Stocks pledged as collateral

The loans from credit entities are guaranteed by stocks valued at 8,134 thousand euros (2013: 8,181 thousand euros) (Note 25.2).

### 14.1 Capitalised financial expenses

During fiscal years 2014 and 2013, no capitalization of interest took place.

### 14.2 Insurance

The Group holds several insurance policies to cover the risks to which stocks are exposed. The coverage of these policies is considered sufficient.

## 15. Cash and other equivalent liquid assets

For the purposes of the consolidated cash flow statement, the cash and equivalents include:

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| Cash | 41,878 | 31,766 |
| | **41,878** | **31,766** |

(Expressed in thousands of euros)

## 16. Capital and reserves

### 16.1 Share capital

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| Authorised capital | 57,492 | 57,492 |
| | **57,492** | **57,492** |

The authorised capital is made up of 1,913,226 ordinary bearer shares (nominative; book-entry) at 30.05 euros nominal value each, totally paid up.
At 31 December 2014, the companies holding at least 10% of the share capital are as follows:

| **Company** | **Number of shares** | **Percentage participation** |
|---|---|---|
| Participaciones La Cartuja S.L. | 260,762 | 47.15% |

On 18 December 2014, a notarial instrument was granted for the merger by absorption of the companies Ortiz CYP and Grupo Empresarial Ortiz, S.L. The corresponding resolutions were adopted by the Extraordinary and Universal General Meeting of the two entities held on 6 November 2014.

By virtue of this merger, the company Grupo Empresarial Ortiz (absorbed company) is dissolved without liquidation, through the incorporation by means of universal succession into the company Ortiz CYP (absorbing company), of its entire equity as a whole, that is, all its assets and liabilities, and it is superseded by the latter company in all its rights and obligations.

Pursuant to article 49, section 1, of the Law 3/2009, on Structural Modifications, the capital of the absorbing company Ortiz CYP is not increased. As a consequence of the dissolution of Grupo Empresarial Ortiz, holder until then of 100% of the shares into which the capital of the absorbing company Ortiz CYP is divided, the shares of Ortiz CYP are assigned to the shareholders of Grupo Empresarial Ortiz in proportion to the participation they held in the dissolved company before the merger.

The merger was carried out on the basis of the merger project plan prepared by the Board of Directors of both entities on 30 June 2014 and it availed of the special regime for mergers, divisions, and share swaps envisaged in Chapter VIII of Title VII of the Consolidated Text of the Law on Company Tax, approved by Legislative Royal Decree 4/2004, of 5 March.

The date for retroactive accounting of the merger is set at 1 January 2014, from which date the operations carried out by the company Grupo Empresarial Ortiz are deemed carried out on behalf of the company Ortiz CYP. The notarial instrument of the merger has been duly inscribed at the Mercantile Registry of Madrid on 31 December 2014, from which date the operation takes effect.

(Expressed in thousands of euros)

The accounting retroaction also has fiscal effects, in that Grupo Empresarial Ortiz bears fiscal liability for the taxable base generated from 1 January 2014 to 1 January 2014, while Ortiz CYP bears fiscal liability for the taxable base of Grupo Empresarial Ortiz generated from that date up to 31 December 2014.

It should be stated that the asset and liability elements that Grupo Empresarial Ortiz has transferred to Ortiz CYP as a consequence of the merger by absorption are included in the consolidated accounts, as they comprise part of the assets and liabilities of Ortiz CYP, the dominant Company of the Group, taking into account that the transfer took place on 31 December 2014, with retroactive effects from 1 January 2014.

The balance sheet of Grupo Empresarial Ortiz at 31 December 2014 before the merger, which is integrated into the annual accounts of Ortiz CYP retroactively from 1 January 2014, is as follows:

| **ASSETS: ('000 euros)** | |
|---|---|
| Assets: | |
| Participation in Ortiz CYP | 79.231 |
| Credits to Ortiz CYP | 5.351 |
| Other assets | 5.438 |
| **TOTAL ASSETS:** | **90.020** |

| **NET EQUITY AND LIABILITIES: ('000 euros)** | |
|---|---|
| Net equity: | |
| Result from transactions with Ortiz CYP | 6.022 |
| Other net equity | 66.507 |
| | 72.529 |
| Liabilities: | |
| Debts to Ortiz CYP | 12.162 |
| Other liabilities | 5.329 |
| | 17.491 |
| **TOTAL NET EQUITY AND LIABILITIES:** | **90.020** |

Likewise, on incorporating the balance sheet of Grupo Empresarial Ortiz into Ortiz CYP, the balances and results for transactions between the two parties have been eliminated, as well as
the accounting value of the stake of Grupo Empresarial Ortiz in Ortiz CYP, so that the net equity of Ortiz CYP has changed as a consequence of the merger by
(6,702) thousand euros, of which (7,654) thousand euros corresponds to the merger reserve and 952 thousand euros to other net equity items which varied between the date of retroaction and the inscription of the merger at the Mercantile Registry, and which did not form part of the merger reserve at the date of retroaction.

(Expressed in thousands of euros)

### 16.2 Share issue premium

This reserve is freely available.

### 16.3 Treasury shares

At 31 December 2014, the Company does not hold treasury shares..

### 16.4 Reserves

| | Thousand euros | |
|---|---|---|
| | 2014 | 2013 |
| **Reserves in consolidated companies:** | | |
| - Statutory reserve | 11,934 | 11,498 |
| - Other reserves | 124,747 | 129,933 |
| - Reserves in consolidated companies, global integration | 51,002 | 39,526 |
| - Reserves in consolidated equity-accounted companies | (10,668) | (3,409) |
| **Reserves in consolidated companies** | **177,015** | **177,548** |

### Statutory reserve

The statutory reserve has been constituted in conformity with article 274 of the Law on Capital Companies, which requires that, in any case, a sum equal to 10% of the profit for the fiscal year shall be allocated to it, until it reaches, at least, 20% of the share capital.

Until the indicated limit has been reached, this reserve may only be allocated to compensation for losses, and in the event that there do not exist sufficient other reserves available for that purpose, and in which case it must be replenished from future earnings.

### 16.5 Result for the fiscal year of the dominant Company

The proposed distribution of the result of the dominant Company to be presented to the General Shareholders' Meeting is as follows:

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| **Distribution base** | **Sum** | **Sum** |
| Result without TJVs or BRANCHES | (15,792) | 11,808 |
| Result from integration of TJVs | (1,963) | (635) |

(Expressed in thousands of euros)

| | | |
|---|---|---|
| Result from integration of BRANCHES | (2,147) | 723 |
| **TOTAL** | **(19,902)** | **11,896** |

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| **Application of result** | **Sum** | **Sum** |
| To dividends | - | 6,167 |
| To negative results from earlier fiscal years | (15,792) | 5,641 |
| To results pending application (integration of TJVs) | (1,963) | (635) |
| To results pending application (integration of BRANCHES) | (2,147) | 723 |
| **TOTAL** | **(19,902)** | **11,896** |

## 17. Adjustments for changes in value

| | | **Thousand euros** |
|---|---|---|
| | **2014** | **2013** |
| **Initial balance** | **11,283** | **14,232** |
| Adjustments for hedging operations: | **6,182** | **(3,441)** |
| - Of the dominant Company | - | - |
| - Of the consolidated equity-accounted companies | 6,182 | 3,441 |
| Other adjustments for changes in value: | **4,809** | **492** |
| - Of the consolidated companies | 980 | (549) |
| - Of the consolidated equity-accounted companies | 3,829 | 1,041 |
| **End balance** | **22,274** | **11,283** |

(Expressed in thousands of euros)

## 18. External partners

The breakdown of this item by companies is detailed hereunder:

| | Thousand euros | | |
|---|---|---|---|
| | 2014 | | |
| | **Minority results** | **Minority income** | **Total external partners** |
| Impulsa Grup Ortiz, S.L. | 80 | (13) | 67 |
| Arquitectura Industrializada Andaluza, S.L. | 271 | (1) | 270 |
| Ortiz Sport Factory, S.L. | 5 | 295 | 300 |
| Grupo Ortiz Polska, S.A. | - | - | - |
| Ortiz Elektra | 4 | - | 4 |
| Ortiz Colombia, S.A.S. | 51 | - | 51 |
| Grupo Ortiz Construcciones México, S.A. | - | - | - |
| Ortiz Brasil Construcoes Ltda. | - | - | - |
| Personal Management y Construcción, S.A. de C.V. | - | - | - |
| OSM Construcciones, SAPI de CV. | 1,191 | - | 1,191 |
| **Total** | **1,602** | **280** | **1,883** |

| | Thousand euros | | |
|---|---|---|---|
| | 2013 | | |
| | **Minority results** | **Minority income** | **Total external partners** |
| Impulsa Grup Ortiz, S.L. | 115 | (31) | 84 |
| Arquitectura Industrializada Andaluza, S.L. | 359 | (33) | 326 |
| Ortiz Sport Factory, S.L. | 5 | 5 | 10 |
| Grupo Ortiz Polska, S.A. | (24) | (3) | (27) |
| Ortiz Elektra | 4 | - | 4 |
| Ortiz Colombia, S.A.S. | 55 | (1) | 54 |
| Grupo Ortiz Construcciones México, S.A. | - | - | - |
| Ortiz Brasil Construcoes Ltda. | - | - | - |
| Personal Management y Construcción, S.A. de C.V. | - | - | - |
| OSM Construcciones, SAPI de CV. | 522 | 1,339 | 1,861 |
| **Total** | **1,035** | **1,276** | **2,311** |

(Expressed in thousands of euros)

## 19. Subsidies

The change in the subsidies is as follows:

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| **Initial balance** | **1,679** | **1,880** |
| Received during the fiscal year | 711 | 0 |
| Assignment to result | (201) | (287) |
| Fiscal effect | (153) | 86 |
| Modification tax rate | 144 | 0 |
| **End balance** | **2,180** | **1,679** |

The breakdown of the subsidies by recipient company is as follows:

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| **-**In the dominant Company | 332 | 309 |
| **-**In the consolidated companies | 122 | 107 |
| **-**In the consolidated equity-accounted companies | 1,727 | 1,262 |
| | **2,180** | **1,679** |

## 20. Debits and payables

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| **Non-current:** | | |
| Bonds and other negotiable securities | 49,313 | - |
| Debts to credit institutions | 46,103 | 82,730 |
| Creditors for financial leases | 607 | 48,893 |
| Derivatives | 2,581 | 3,556 |
| Other financial liabilities | 6,967 | 7,226 |
| Debts to related parties | 9,579 | 9,894 |
| Deferred tax liabilities | 7,918 | 30,072 |
| **Long-term accruals** | **13,619** | **13,969** |
| **Long-term provisions** | **138** | **1** |
| | **136,825** | **196,341** |
| **Current:** | | |
| Bonds and other negotiable securities | 1,736 | - |
| Debts to credit institutions | 70,370 | 66,962 |
| Creditors for financial leases | 619 | 6,045 |

(Expressed in thousands of euros)

| | | |
|---|---|---|
| Derivatives | 119 | - |
| Other financial liabilities | 27,801 | 33,707 |
| Debts to related parties | 68 | 415 |
| Suppliers | 168,647 | 156,057 |
| Suppliers related parties | 2,292 | 1,986 |
| Sundry creditors | 1,382 | 769 |
| Personnel | 4,022 | 1,876 |
| Current tax liabilities | 816 | 3,893 |
| Public administrations | 12,065 | 11,695 |
| Advances from clients | 33,437 | 7,583 |
| **Short-term accruals** | **8,153** | **9,265** |
| **Short-term provisions** | **2,084** | **5,601** |
| | **333,611** | **305,854** |

## 20.1 Debits and payables in foreign currency

The accounting value of the debts and payables of the Group is denominated in the following currencies:

| | | **Thousand euros** |
|---|---|---|
| | **2014** | **2013** |
| Euro | 357,755 | 442,071 |
| Peso - Colombia | 39,659 | 15,788 |
| Peso - Mexico | 1,608 | 22,333 |
| New Sol - Peru | 32,364 | 20,929 |
| Peso - Chile | 722 | 350 |
| Zloty - Poland | 377 | 685 |
| Leu - Romania | 1,165 | 0 |
| Quetzal-Guatemala | 35,028 | 0 |
| Lempiras-Honduras | 1,661 | 0 |
| Other currencies | 97 | 39 |
| | **470,436** | **502,195** |

## 20.2 Undrawn credit lines

The following undrawn credit lines are available:

| | | **Thousand euros** |
|---|---|---|
| | **2014** | **2013** |
| Variable rate: | | |
| - maturing in less than one year | 42,037 | 42,403 |
| - maturing in more than one year | 0 | 0 |
| Fixed rate: | | |
| - maturing in less than one year | 0 | 0 |
| | 42,037 | 42,403 |

### 20.3 Convertible bonds

On 03 July 2014, Ortiz Construcciones y Proyectos, S.A. carried out a bond issue on the Alternative Fixed Return Market ("MARF"), with the following characteristics:

-Debt issued: The nominal amount of the issue is 50,000,000 euros made up of 500 bonds of 100,000.00 euros each, grouped into a single class or series. The issue price was 100% of the nominal value.

-Date of issue and disbursement: 03 July 2014

-Date of maturity: 03 de July 2019

-Rights of the holder: The nominal annual interest rate is 7% payable annually on the nominal value of the bonds at each moment. This will accrue daily and is payable for whole years elapsed from the issue and disbursement date.

The Issuer has constraints in relation to:

a) Additional indebtedness
b) Certain acquisitions and sales.
c) Distribution of dividends to shareholders.
d) Carrying out operations with related parties.
e) Company agreements and structural modifications.
f) Certain information and ratio calculations
g) Change of control
h) In rem guarantees.

The first three constraints only arise if the financial ratios required by the issue prospectus are not fulfilled.

Further significant information about the issue:

- On 26 May 2014, the agency AXESOR assigned the Issuer a credit rating of BB with positive trend, and the agency SCOPE assigned a rating of BB- with stable trend.

- The issue has no in rem guarantees. The issue is guaranteed by the entities Ortiz Energía, S.A.U., Prorax, S.A.U., Ingeniería y Diseños Técnicos, S.A.U., Indag, S.A.U., Elecor, S.A.U., Contratas y Servicios Ferroviarios, S.A.U., Cia. Internacional de Construcción y Diseño, S.A.U. Asteisa Tratamientos de Agua, S.A.U. and Construcciones Icma-Proakis, S.A., which represent more than 80% of EBITDA; there is a requirement that the guarantors always represent at least 80% of EBITDA.

(Expressed in thousands of euros)

In any event, all the additional and contractual information about the issue may be consulted in the issue prospectus with the ISIN code mentioned above.

The fair value of the liability component, included under "Bonds and other negotiable securities", was calculated at the market interest rate corresponding to an equivalent non-convertible bond. The residual sum, representing the value of the net equity component, is included under Capital and reserves net of deferred taxes.

The detail of the bonds issued during fiscal year 2014 is as follows:

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| Bonds (nominal value) | 50,000 | - |
| Underwriter commission | (676) | - |
| Agency commission | (11) | - |
| | **49,313** | **-** |

The Company concludes that the fair value of the liability component of the convertible bond at 31 December 2014 is not different from its accounting value.

The detailed maturity of the bonds issued is as follows:

| | **2015** | **2016** | **2017** | **2018** | **2019** | **Total** |
|---|---|---|---|---|---|---|
| Nominal value | - | - | - | - | 50,000 | **50,000** |
| Interest | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | **17,500** |
| | **3,500** | **3,500** | **3,500** | **3,500** | **53,500** | **67,500** |

### 20.4 Loans from credit entities

The loans from credit entities are as follows:

| | | | | | **2014** |
|---|---|---|---|---|---|
| **Instrument** | **Interest rate range** | **Drawn at 31.12.2014** | **Maturity 1 year** | **Maturity 2-5 years** | **Maturity other years** |
| ICO lines | 3%-7.75% | 47,653 | 29,546 | 15,965 | 2,142 |
| Loan agreements | 3%-9% | 40,349 | 37,923 | 1,411 | 1,015 |
| Project finance | 3%-5% | 11,800 | 800 | 11,000 | |
| Mortgage loans | 1%-4% | 16,049 | 1,479 | 1,985 | 12,585 |
| Discounted bills payable | | 25 | 25 | | |
| Interest accrued and not paid | | 597 | 597 | | |
| **Total** | | **116,473** | **70,370** | **30,361** | **15,742** |

(Expressed in thousands of euros)

| | | | | | 2013 |
|---|---|---|---|---|---|
| **Instrument** | **Interest rate range** | **Drawn at 31.12.2013** | **Maturity 1 year** | **Maturity 2-5 years** | **Maturity other years** |
| ICO lines | 3%-7.75% | 53,149 | 25,862 | 23,319 | 3,968 |
| Loan agreements | 3%-9% | 36,927 | 29,188 | 5,834 | 1,905 |
| Project finance | 3%-5% | 10,670 | | | 10,670 |
| Mortgage loans | 1%-4% | 38,557 | 1,523 | 26,651 | 10,383 |
| Other agreements | | 4,248 | 4,248 | | |
| Discounted bills payable | | 4,989 | 4,989 | | |
| Interest accrued and not paid | | 1,152 | 1,152 | | |
| **Total** | | **149,692** | **66,962** | **55,804** | **26,926** |

The value of undrawn lines of credit and factoring at 31 December 2014 is 76,710 thousand euros.

## 20.5 Creditors for financial leases

Financial lease liabilities are effectively guaranteed given that the rights over the leased asset revert to the lessor in the event of noncompliance.
The reconciliation between the total value of minimum future lease payments and its current value at the close of the fiscal year is as follows:

| | | Thousand euros |
|---|---|---|
| | **2014** | **2013** |
| **Total value of minimum future payments at close of fiscal year**: | | |
| - Up to 1 year | 617 | 6,045 |
| - Between 1 and 5 years | 609 | 25,681 |
| - More than 5 years | | 23,212 |
| Financial expenses not accrued | | |
| **Current value at close of fiscal year** | **1,226** | **54,938** |

The current value of the financial lease liabilities is as follows:

| | | Thousand euros |
|---|---|---|
| | **2014** | **2013** |
| - Up to 1 year | 617 | 6,045 |
| - Between 1 and 5 years | 609 | 25,681 |
| - More than 5 years | 0 | 23,212 |

(Expressed in thousands of euros)

| | | |
|---|---|---|
| | **1,226** | **54,938** |

## 20.6 Postponement of payments made to suppliers

The detail of the payments for trade operations carried out during the fiscal year and pending payment at balance closing date, in relation to the maximum statutory periods envisaged by the Law 15/2010, is as follows:

| | | 2014 | | 2013 |
|---|---|---|---|---|
| | **Thousand euros** | % | **Thousand euros** | **%** |
| Payments during fiscal year within maximum statutory period | 19,526 | 10% | 29,493 | 14% |
| Rest | 167,637 | 90% | 179,726 | 86% |
| **Total payments in the fiscal year** | **187,163** | 100% | **209,219** | **100%** |
| **Mean payment period exceeded (days)** | 143 | | 71 | |
| **Balance pending payment at close beyond maximum statutory period** | 13,282 | | - | |

## 20.7 Short-term and long-term accruals

The "Long-term accruals" heading corresponds to the periodic revenue from the use of parking places associated to the car park concession agreements held by the Group. This revenue is assigned to income during the remaining period of the concession.

The “Short-term accruals” correspond principally to the recognition of the collection rights derived from the agreement signed between the dominant Company and its associate Superficie Cartera de Inversiones, S.A., under which it will receive the revenue from the fiscal rebate of 85% which the latter obtains by availing itself of the Special Regime for Entities dedicated to rental of housing, in accordance with article 53 of the Legislative Royal Decree 4/2004, of 5 March, which approved the Consolidated Text of the Capital Companies Law. The sum recognised for this item stands at 8,104 thousand euros (2013: 9,229 thousand euros). During fiscal year 2014, the sum of 1,125 thousand euros (2013: 914 thousand euros) is assigned to revenue, under the heading "Other income" of the Consolidated Income Statement.

## 21. Other provisions

The changes in the short-term provisions recognised on the consolidated balance sheet are the following:

(Expressed in thousands of euros)

| Current | Thousand euros | | | |
|---|---|---|---|---|
| | Provision for work completion | Provision for other responsibilities | Other provisions | Total |
| **Balance 1-1-2013** | **2,017** | **1,309** | **-** | 3,326 |
| Business combinations | **-** | **-** | **-** | - |
| Allocations | 158 | 3,487 | 508 | 4,153 |
| Applications | (520) | (1,309) | - | (1,829) |
| Other adjustments | (49) | - | - | (49) |
| **End balance 31-12-2013** | **1,606** | **3,487** | **508** | **5,601** |
| Business combinations | - | - | - | - |
| Allocations | 226 | - | 21 | 247 |
| Applications | (214) | (3,480) | (63) | (3,757) |
| Excess | - | (7) | - | (7) |
| **End balance 31-12-2014** | **1,618** | **-** | **466** | **2,084** |

## 22. Deferred taxes

The detail of the deferred taxes is as follows:

| | 2014 | 2013 |
|---|---|---|
| Fiscal effect conversion difference | 875 | 255 |
| Derivatives | 675 | 0 |
| Non-deductible amortization | 535 | 297 |
| Deduct. and rebate entitlements pend. app. | 3,060 | 0 |
| Credit for losses to be compensated for fiscal year | 51 | 0 |
| **Total deferred tax assets:** | **5,196** | **552** |

| | 2014 | 2013 |
|---|---|---|
| Intra-Group result | - | - |
| Fiscal effect conversion difference | 690 | 447 |
| Freedom of amortization 1996 | 842 | 1,040 |
| Freedom of amortization 2009 | 3,825 | 10,664 |
| Freedom of amortization 2010 | 138 | 8,442 |
| Freedom of amortization 2011 | 1,813 | 8,732 |
| Freedom of amortization 2012 | 248 | 327 |
| Freedom of amortization 2013 | 148 | 210 |
| Leasing | 61 | 32 |
| Subsidies | 152 | 179 |
| **Total deferred tax liabilities** | **7,918** | **30,072** |

The change in deferred tax assets and liabilities between fiscal years 2014 and 2013 is as follows:

(Expressed in thousands of euros)

| | | | | Thousand euros |
|---|---|---|---|---|
| **Deferred tax assets:** | **Fiscal credits** | **Derivatives** | **Other items** | **Total** |
| **Balance at 1 January 2014** | **-** | **-** | **552** | **552** |
| Charge (credit) to income statement | 3,111 | - | 852 | 3,963 |
| Charge (credit) to net equity | - | 675 | 6 | 681 |
| **Balance at 31 December 2014** | **3,111** | **675** | **1,410** | **5,196** |
| | | | | |
| **Balance at 1 January 2013** | **-** | **-** | **851** | **851** |
| Charge (credit) to income statement | - | | - 299 | 299 |
| **Balance at 31 December 2013** | **-** | **-** | **552** | **552** |

| | | | | Thousand euros |
|---|---|---|---|---|
| **Deferred tax liabilities** | **Freedom of amortization** | **Conversion differences** | **Other** | **Total** |
| **Balance at 1 January 2014** | **29,415** | **447** | **211** | **30,073** |
| Charge (credit) to income statement | - 569 | | 29 | - 540 |
| Changes in perimeter | - 21,832 | | | - 21,832 |
| Charge (credit) to net equity | | 243 | - 27 | 216 |
| **Balance at 31 December 2014** | **7,014** | **690** | **213** | **7,917** |
| | | | | |
| **Balance at 1 January 2013** | **30,070** | **129** | **191** | **30,390** |
| Charge (credit) to income statement | - 655 | | 1,315 | 660 |
| Charge (credit) to net equity | | 318 | - 1,295 | - 977 |
| **Balance at 31 December 2013** | **29,415** | **447** | **211** | **30,073** |

The assets for deferred taxes from deductions pending application and negative taxable bases pending compensation are recognised to the extent that it is possible that future fiscal gains to permit their application will be obtained. On this point, the companies of the Group hold negative taxable bases for approximately 16 million euros (in base) (2013: 10 million euros) which have not been activated.

(Expressed in thousands of euros)

## 23. Revenue and expenditure

### 23.1 Transactions carried out in foreign currency

The values of the transactions carried out in foreign currency are as follows:

| | | | | Thousand euros |
|---|---|---|---|---|
| **Currency** | **Sales** | | | **Purchases** |
| | **2014** | **2013** | **2014** | **2013** |
| Peso - Colombia | 32,384 | 39,809 | -27,899 | -33,349 |
| Peso - Mexico | 2,399 | 45,091 | -347 | -47,325 |
| New Sol - Peru | 46,139 | 47,225 | -34,459 | -38,973 |
| Peso - Chile | 407 | 3,545 | -266 | -3,220 |
| Zloty - Poland | 470 | 2,075 | -446 | -584 |
| Leu - Romania | 1,354 | 3,632 | -1,223 | -3,604 |
| Dollar - USA | 97,565 | - | -75,253 | - |
| | **180,718** | **141,377** | **-139,893** | **-127,055** |

### 23.2 Net business turnover

The net business turnover corresponding to the ordinary activities of the Group is distributed geographically as follows:

| | | | | Thousand euros |
|---|---|---|---|---|
| **Market** | **2014** | | **2013** | |
| National | 230,357 | 56% | 249,098 | 64% |
| International | 182,072 | 44% | 143,108 | 36% |
| | **412,429** | **100%** | **392,206** | **100%** |

SImilarly, the net business turnover can be analysed by categories, thus:

| | | | | Thousand euros |
|---|---|---|---|---|
| **Activity** | **2014** | | **2013** | |
| Construction + services | 274,380 | 66% | 352,520 | 90% |
| Energy | 123,049 | 30% | 26,350 | 7% |
| Concessions | 4,910 | 1% | 2,356 | 0% |
| Property | 10,090 | 2% | 10,980 | 3% |
| | **412,429** | **100%** | **392,206** | **100%** |

(Expressed in thousands of euros)

## 23.3 Consumption of merchandise, raw materials and other consumables

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| **Supplies** | **242,644** | **223,667** |
| **a) Consumption of merchandise** | **83** | **247** |
| Variation in merchandise stocks | 83 | 247 |
| **b) Consumption of raw materials and other consumables** | **38,066** | **29,437** |
| Purchases of materials and storable elements | 1,893 | 1,605 |
| Purchase of other supplies | 35,773 | 27,599 |
| Rebates purchase of other supplies | -9 | -52 |
| Stock variation raw materials/Land and plots | 358 | 301 |
| Stock variation other supplies | 51 | -17 |
| **c) Work carried out by other companies** | **204,495** | **193,983** |
| Works certification and costs of promotions in process | 8 | 1,255 |
| Work-services pending receipt or formalisation | 28,947 | 7,077 |
| External supplies and work | 16 | 64 |
| Work carried out by other companies | 175,524 | 185,587 |
| **d) Impairment of merchandise, raw materials and other supplies** | **-** | **-** |
| | | - |

## 23.4 Personnel costs

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| Wages, salaries and similar payments | 63,487 | 74,480 |
| Social contributions | 16,447 | 16,699 |
| Long-term remuneration through defined contribution systems | 80 | 105 |
| | **80,015** | **91,284** |

The heading for wages and salaries includes staff severance pay to the sum of 3,806 thousand euros in 2014 (5,033 thousand euros in 2013).

Staff costs include all the duties and obligations of a social nature, obligatory or voluntary, arising at each moment, recognising obligations for extra payments, holiday pay, variable pay and their associated costs.

The mean number of employees over the course of the fiscal year, by category, of the companies included in consolidation by global integration, is as follows:

| **Type** | **2014** | **2013** |
|---|---|---|
| Directors | 7 | 7 |
| Senior managers | 5 | 5 |
| Admin., technical and works supervisors | 392 | 421 |

(Expressed in thousands of euros)

| | | |
|---|---|---|
| Middle managers | 166 | 187 |
| Administrators | 131 | 143 |
| Operatives | 2,004 | 1,976 |
| | **2,698** | **2,731** |

The distribution of Group staff by category and gender was as follows at the closing dates for fiscal years 2014 and 2013:

| | | | **2014** |
|---|---|---|---|
| | **Men** | **Women** | **Total** |
| Directors | 6 | 1 | 7 |
| Senior managers | 5 | - | 5 |
| Admin., technical and works supervisors | 298 | 88 | 386 |
| Middle managers | 159 | 4 | 163 |
| Administrators | 61 | 69 | 130 |
| Operatives | 1,545 | 238 | 1,783 |
| | **2,068** | **399** | **2,467** |

| | | | **2013** |
|---|---|---|---|
| | **Men** | **Women** | **Total** |
| Directors | 6 | 1 | 7 |
| Senior managers | 5 | - | 5 |
| Admin., technical and works supervisors | 306 | 92 | 398 |
| Middle managers | 165 | 4 | 169 |
| Administrators | 62 | 70 | 132 |
| Operatives | 1,983 | 241 | 2,224 |
| | **2,521** | **407** | **2,928** |

For the companies included in consolidation, the mean number of employees over the course of the fiscal year whose degree of disability is at least 33%, stands at 12 at 31 December 2014, and 10 at 31 December 2013.

### 23.5 Impairment and income from disposal of fixed assets

This heading includes, principally, a sum of (5,874) thousand euros corresponding to impairment of land classified under the property investment headings, a sum of (1,100) thousand euros corresponding to impairment of a concession agreement, regulated asset, and 5 thousand euros for other results from disposal of fixed assets.

## 24. Tax on earnings and fiscal situation

(Expressed in thousands of euros)

The reconciliation between the net value of revenue and expenditure for the fiscal years and the taxable base for tax on earnings is as follows:

| | | | | | | Thousand euros |
|---|---|---|---|---|---|---|
| | Income statement | | | Revenue and expenditure assigned directly to net equity | | |
| **Revenue and expenditure balance for fiscal year 2014** | | | **(11,266)** | | | **1,018** |
| | **Increases** | **Reductions** | **Total** | **Increases** | **Reductions** | **Total** |
| **Company Tax** | | | | | | |
| **Permanent differences** | **14,348** | **(3,560)** | **10,789** | - | - | - |
| **Temporary differences** | **3,249** | **(138)** | **3,111** | **1,372** | **(2,390)** | **1,018** |
| - Arising in the fiscal year | 1,048 | (138) | 910 | - | - | - |
| - Arising in earlier years | 2,200 | - | 2,200 | - | - | - |
| **Consolidation adjustments** | | | **(2,837)** | - | - | - |
| **Taxable base / fiscal income** | | | **(204)** | | | **-** |

| | | | | | | Thousand euros |
|---|---|---|---|---|---|---|
| | Income statement | | | Revenue and expenditure assigned directly to net equity | | |
| **Revenue and expenditure balance for fiscal year 2013** | | | **20,832** | **-** | **-** | **2,603** |
| | **Increases** | **Reductions** | **Total** | **Increases** | **Reductions** | **Total** |
| **Company Tax** | | | | | | |
| **Permanent differences** | **77** | **(8,021)** | **(7,944)** | | | |
| **Temporary differences** | **3,874** | **(782)** | **3,092** | **17** | **(2,620)** | **(2,603)** |
| - Arising in the fiscal year | 990 | (782) | 207 | - | - | - |
| - Arising in earlier years | 2,885 | **-** | 2,885 | - | - | - |
| **Exemption earnings permanent establishments** | - | **(237)** | **(237)** | - | - | - |
| **Accounting consolidation adjustment** | **695** | **-** | **695** | **-** | **-** | **-** |
| **Taxable base before compensation for negative earlier TBs** | | | **16,438** | | | **-** |
| **Compensation negative taxable bases** | | | **(443)** | | | **-** |
| **Taxable base / fiscal income** | | | **15,995** | | | **-** |

(Expressed in thousands of euros)

The cost for Company Tax is comprised of:

| | **2014** | **2013** |
|---|---|---|
| Current tax | | (3,401) |
| Deferred tax | (778) | 959 |
| Fiscal credits negative taxable bases | (51) | |
| Other adjustments | (614) | - |
| Deductions pending application | (3,060) | |
| | **(4,502)** | **(2,607)** |

The principal nominal tax rates employed in calculating the tax on earnings for the companies of the Group, for the fiscal years 2013 and 2014, are as follows:

· Spain: 30%
· Poland: 19%
· Bulgaria: 10%
· Colombia: 25%
· Mexico: 30%
· Brazil: 34%
· Peru: 30%
· Chile: 20%
· Honduras: 28%
· Italy: 31.4%
· France: 33.33%
· Guatemala: 28%

The deductions to the liability applied during fiscal year 2014 reached 0 thousand euros (2013: 2,049 thousand euros) and withholdings and payments on account stood at 146 thousand euros (2013: 625 thousand euros). The amount to be paid to the tax authorities stands at 14 thousand euros (2013: 2,934 thousand euros).

The last 3 fiscal years are pending inspection by the tax authorities in relation to the principal taxes applicable.

Due to the different possible interpretations which may be given to the fiscal regulations, the results of the inspections which the tax authorities might carry out in the future, for the years still subject to verification, might give rise to fiscal liabilities, whose value it is not possible to quantify objectively at the moment. Nevertheless, the administrators of the Company consider that the liabilities which might be derived from these considerations, will not have a significant effect on the consolidated annual accounts of the Group.

Deductions for double taxation, investments and donations to entities which benefit from sponsorship are pending application, and their values and periods are as follows:

| | 2014 | 2013 |
|---|---|---|

| | Thousand euros | Thousand euros | Last year |
|---|---|---|---|
| Deduction double taxation dividends | 1,855 | - | 2,021 |
| Deduction international double taxation | 305 | - | 2,024 |
| Deduction investments | 880 | - | 2,032 |
| Deduction donations | 19 | - | 2,024 |
| | **3,059** | **-** | |

## 25. Financial income

| | Thousand euros | |
|---|---|---|
| | 2014 | 2013 |
| **Financial revenue** | **3,262** | **5,528** |
| **From participations in equity instruments** | **573** | **705** |
| Dividends | 573 | 705 |
| **From negotiable securities and other financial instruments** | **2,689** | **4,823** |
| **From Group companies and associates** | **2,014** | **2,937** |
| **From third parties** | **674** | **1,886** |
| Revenue from credits other companies | 127 | 95 |
| Other financial revenue | 46 | 1,354 |
| Revenue from debt securities other companies | 501 | 437 |

(Expressed in thousands of euros)

| | | |
|---|---|---|
| **Financial expenses** | **18,614** | **16,523** |
| **For debts to Group companies and associates** | **80** | **104** |
| **For debts to third parties** | **18,534** | **16,419** |
| Interest on bonds | 1,811 | - |
| Interest on L/T debts credit entities | 4,132 | 4,947 |
| Interest on S/T debts credit entities | 5,768 | 4,957 |
| Interest on L/T debts other companies | 93 | 80 |
| Interest on S/T debts other companies | 512 | 253 |
| Interest on discounted bills other credit entities | 280 | 205 |
| Interest non-recourse factoring operations | 1,572 | 721 |
| Interest recourse factoring operations | 269 | 678 |
| Other financial expenses | 4,097 | 4,578 |

| | | |
|---|---|---|
| **Variation in fair value of financial instruments** | **511** | **581** |
| Trading portfolio and others | 511 | 581 |

| | | |
|---|---|---|
| **Exchange rate differences** | **(2,191)** | **90** |

| | | |
|---|---|---|
| **Impairment and income from disposal of financial instruments** | **(15,335)** | **2,087** |
| **Impairment and losses** | **(3,600)** | **-** |
| Losses from impairment of L/T credits to third parties | (3,600) | - |
| **Income from disposals and others** | **(11,735)** | **2,087** |
| Earnings from L/T participations associates | - | 942 |
| Earnings from L/T participations associates | 16 | 1,154 |
| Losses from L/T participations Group companies | (11,745) | - |
| Losses from S/T participations and debt securities other companies | (6) | (9) |

The losses arising from long-term holdings in companies in fiscal year 2014 correspond to the operations hereunder:

On 19 December 2014, the companies Agrícola el Casar, S.L.U.and Colpadia viviendas, S.L., were granted a notarial instrument embodying the private purchase contract agreed for the participation of the latter in the company Aldigavia, S.L.U. In this way, Agrícola el Casar, S.L.U. transferred 64,247 shares to Colpadia viviendas, S.L., representing 51% of the share capital of Aldigavia, S.L.U., for the sum of 1.00 euro, generating an accounting loss of 1,801 thousand euros.

On 19 December 2014, the companies Agrícola el Casar, S.L.U.and Colpadia oficinas, S.L., were granted a notarial instrument embodying the private purchase contract agreed for the participation of the latter in the company Aldigavia Oficinas, S.L.U. In this way, Agrícola el Casar, S.L.U. transferred 336,697 shares to Colpadia oficinas, S.L., representing 51% of the share capital of Aldigavia Oficinas, S.L.U., for the sum of 1.00 euro, generating an accounting loss of 9,944 thousand euros.

The agreements reached between the shareholders imply that key decisions about the business must be taken jointly by both parties, so that these companies passed from being dependent to being multigroup companies, this operation being recorded as a "change of control", the accounting policies described in 4.1.c) being therefore applied. The agreement includes the usual clauses about conflict resolution, noncompliance and/or release, reciprocal sale and purchase options being conceded. The participation retained by the Group in these companies has passed to being measured pursuant to the criteria of note 4.2.

Ortiz Construcciones y Proyectos, S.A. is guarantor of the loans from credit entities held by Aldigavia Oficinas, S.L., which stand at 48,150 thousand euros, there not being any guarantees by Grupo Ortiz backed by the assets of rented houses with option to buy belonging to the company Aldigavia, S.L.

## 26. Guarantees pledged to third parties and other contingent liabilities

### Guarantees

At 31 December 2014 the Group has furnished guarantees to third parties for clients, public bodies and financial entities, to the value of 270 million euros (2013: 284 million euros), of which 209 million euros has been provided to guarantee the successful conclusion of work for various clients (2013: 219 million euros). The Group estimates that the liabilities, should the event arise, from the guarantees furnished would not be significant.

### Other contingent liabilities

(Expressed in thousands of euros)

The Group holds provisions at the close of fiscal years 2014 and 2013 to cover the possible risks derived from certain lawsuits relating to its own activities, launched by other parties and which are currently under way. The Group's managers consider that no significant liabilities additional to those provisioned in the financial statements at 31 December 2014 and 2013 will arise.

Likewise, as the outcome of different activities of inspection carried out in the multigroup company Urbanizadora Gade, S.A., two claims for Company Tax for the tax periods 2003 to 2004 and 2005 to 2007 for the sums of 6,894 thousand euros and 6,255 thousand euros, respectively, corresponding to our percentage participation, were served, signed on a contested basis, and are currently the subject of appeal to the High Court ("Audiencia Nacional"). The payment of these sums is guaranteed by bank guarantee for 6,894 thousand euros and mortgage guarantee for land classified under the property investment heading for net accounting value of 3,456 thousand euros, which guarantees payment of the second claim for 6,255 thousand euros. In the opinion of the administrators of the Company and their fiscal advisers, the appeals cited are expected to be favourable to the Group, and therefore no negative impact on equity is expected from their resolution.

## 27. Commitments

The minimum future total payments for the non-cancellable operational leases are as follows:

| | 2014 | 2013 |
|---|---|---|
| < 1 year | 45 | 35 |
| 1 - 5 years | 470 | 743 |
| > 5 years | 19 | 42 |
| | **534** | **820** |

## 28. Temporary Joint Ventures (TJVs)

The Group holds stakes in various temporary joint ventures (TJVs), whose activity and value are detailed in Appendix IV.

Companies of the Group carry out some of their activity jointly with other companies, in the form of Temporary Joint Ventures, entities which do not have their own juridical status, and through which a system of business collaboration is established for a certain period of time, for the development or execution of a job, service or supply. Contracts managed through TJVs entail a sharing of joint responsibility for the activity undertaken by the participating partners.

At 31 December 2014 the dependent companies participate in 149 TJVs (148 at 31 December 2013). During fiscal year 2014, 15 new ones were constituted and 14 liquidated.

We give hereunder the principal magnitudes of the contracts exploited jointly which are included under the different headings of the balance sheet and consolidated income statement attached, in proportion to our participation in the same, at 31 December 2014 and 2013, and without adjusting for the relationships with Group companies.

| **(In thousands of euros)** | **2014** | **2013** |
|---|---|---|
| - Non-current assets | 11,929 | 11,850 |
| - Current assets | 53,104 | 58,721 |
| **Total assets** | **65,033** | **70,571** |
| - Net equity | 15,225 | 17,706 |
| - Non-current liabilities | 6.668 | 7,265 |
| - Current liabilities | 43,140 | 45,601 |
| **Total liabilities and net equity** | **65,033** | **70,571** |
| **- Net turnover** | **54,720** | **65,830** |
| **- Accounting income** | **(2,262)** | **(500)** |

(Expressed in thousands of euros)

## 29. Board of Directors and senior management

a) Remuneration for members of the Board of Directors

During fiscal year 2014, the remuneration accrued by members of the Board of Directors stands at 970 thousand euros (865 thousand euros in 2013), and it is comprised as follows:

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| Salaries, allowances and other payments | 970 | 865 |
| Redundancy payments | - | - |
| Payments based on equity instruments | - | - |
| | **970** | **865** |

Members of the Board of Directors did not receive any remuneration for participation in profits or premiums. Nor did they receive shares or share options during the fiscal year or exercise options, nor do they hold options pending exercise.

b) Remuneration and loans to senior managers and Board of Directors

| | Thousand euros | |
|---|---|---|
| | **2014** | **2013** |
| Salaries, allowances and other payments | 1,641 | 1,702 |
| Pension obligations incurred | - | - |
| Loans | 4,208 | 4,208 |

During fiscal year 2014, the Group did not concede any loans to senior managers or members of the Board of Directors. The existing balance of 4.2 million euros corresponds to loans granted to senior managers in the previous fiscal year, of which 3.8 million corresponds to 2 members of the Board of Directors.

It has not been necessary to constitute any provision for the loans to senior members of management.

c) Situations of administrator conflict of interest

As part of their duty to avoid situations of conflict with the interests of the Company, during the fiscal year, the administrators who have held posts in the Board of Directors have complied with their obligations under article 228 of the Consolidated Text of the Capital Companies Law. Similarly, both they and the persons linked to them have abstained from infringing upon the grounds for conflict of interest envisaged in article 229 of the same Law, except in those cases where they have obtained the due authorisation.

## 30. Balances and transactions with related parties

The balances for fiscal year 2014 with parties related by their membership of the Group, but not eliminated during consolidation due to exclusion from the Group perimeter are, in thousands of euros:

| | 2014 | | | | |
|---|---|---|---|---|---|
| | Short-term debtors | Short-term suppliers | Short-term credits | Long-term credits | Long-term loans |
| Inmuebles Gade, S.L. | - | - | 915 | - | - |
| Urbanizadora Gade, S.A. (In liquidation) | - | | - | - | (7,734) |
| Accesos de Ibiza, S.A. | - | - | - | 4,413 | - |
| Alten Alconera, S.L. | - | - | - | 3,516 | (1,054) |
| Alten Alange, S.L. | - | - | - | 5,555 | - |
| Alten Alconera Dos, S.L. | 109 | (1) | - | 1,738 | (725) |
| Bulevar del Arte y la Cultura, S.A. | - | - | - | 1,073 | - |
| Medsolar SPV10, S.R.L. | 663 | - | 461 | - | - |
| Fortem Integral, S.L. | 423 | (1,720) | - | 3,953 | - |
| Viario A - 31, S.A. | - | - | - | 549 | - |
| Africana Energía, S.L. | 5 | - | - | 17,330 | - |
| Superficie Cartera de Inversiones, S.A. | 9,293 | - | - | 2,763 | - |
| Ormats mantenimiento Integral, S.L. | 809 | - | - | - | - |
| Explotaciones Eólicas Vélez Rubio, S.L. | 5 | - | - | 5,609 | - |
| Ortega y Gasset Park, S.L. | 5,155 | - | 1,482 | 1,848 | - |
| Águeda Educatis, S.L. | - | - | - | 76 | - |
| Águeda Educatis Tres Cantos, S.L.U. | 2,550 | - | - | - | - |
| Construcciones Inca-Ortiz, S.A. | 120 | - | - | - | - |
| Ola Ortiz Construction | 302 | - | - | 9 | - |
| Aldigavia, S.L. | 203 | (151) | - | 1,488 | - |
| Aldigavia Oficinas, S.l. | 625 | (420) | - | 3,874 | - |
| Body Sport Factory | | | | | (66) |
| **TOTAL** | **20,262** | **(2,292)** | **2,858** | **53,794** | **(9,579)** |

In addition, there is a sum for short-term liability accruals related to Superficie Cartera de Inversiones S.A. for 8,104 thousand euros as described in note 20.7.

The transactions for fiscal year 2014 with parties related by their membership of the Group, but not eliminated during consolidation due to exclusion from the Group perimeter are, in thousands of euros:

| | 2014 | | | |
|---|---|---|---|---|
| | Transactions | | | |
| | Sales | Purchases | Costs of interest | Revenue from interest |
| Urbanizadora Gade, S.A. (In liquidation) | - | - | (64) | - |
| Alten Alconera, S.L. | - | - | (7) | - |
| Alten Alange, S.L. | - | - | - | (43) |

| | | | | |
|---|---|---|---|---|
| Alten Alconera Dos, S.L. | 348 | (16) | (9) | (141) |
| Bulevar del Arte y la Cultura, S.A. | - | - | - | 49 |
| Fortem Integral, S.L. | 1 | (10) | - | - |
| Viario A - 31, S.A. | - | - | - | 151 |
| Africana Energía, S.L. | 29 | - | - | 1,035 |
| Superficie Cartera de Inversiones, S.A. | 498 | - | - | 188 |
| Ormats mantenimiento Integral, S.L. | 1,468 | - | - | 2 |
| Explotaciones Eólicas Vélez Rubio, S.L. | 80 | - | - | 584 |
| Ortega y Gasset Park, S.L. | 3,321 | - | - | 188 |
| Águeda Educatis Tres Cantos, S.L.U. | 6,835 | - | - | - |
| Construcciones Inca-Ortiz, S.A. | 121 | - | - | - |
| Ola Ortiz Construction | (3,853) | - | - | - |
| Aldigavia, S.L. | 70 | (442) | - | - |
| Aldigavia Oficinas, S.l. | 1,109 | (637) | - | - |
| **TOTAL** | **10,027** | **(1,105)** | **(80)** | **2,013** |

The balances for fiscal year 2013 with parties related by their membership of the Group, but not eliminated during consolidation due to exclusion from the Group perimeter are, in thousands of euros:

| | | | | | | **2013** |
|---|---|---|---|---|---|---|
| | **Balances** | | | | | |
| | **Short-term debtors** | **Short-term creditors** | **Short-term credits** | **Long-term credits** | **Long-term loans** | **Short-term loans** |
| Inmuebles Gade, S.L. | | | | 475 | | |
| Urbanizadora Gade, S.A. (In liquidation) | | | | | -7,734 | |
| Accesos de Ibiza, S.A. | | | | 6,725 | | |
| Alten Alconera, S.L. | | | | 3,504 | -1,050 | |
| Alten Alange, S.L. | | | | 5,566 | | |
| Alten Alconera Dos, S.L. | 80 | | | 1,880 | -717 | |
| Bulevar del Arte y la Cultura, S.A. | | | | 1,023 | | |
| Medsolar SPV10, S.R.L. | 861 | | 461 | | | -3 |
| Fortem Integral, S.L. | 423 | -1,986 | | 1,925 | -393 | |
| Viario A - 31, S.A. | | | | 537 | | |
| Africana Energía, S.L. | 7 | | | 28,613 | | |
| Superficie Cartera de Inversiones, S.A. | 10,498 | | | 1,601 | | |
| Ormats mantenimiento Integral, S.L. | | | | 49 | | |
| Explotaciones Eólicas Vélez Rubio, S.L. | 20 | | | 5,024 | | |
| Ortega y Gasset Park, S.L. | 3,681 | | 1,063 | 1,493 | | |
| Águeda Educatis, S.L. | | | 3 | 75 | | |
| Águeda Educatis Tres Cantos, S.L.U. | 2,397 | | | | | |
| Consorcio Inca-Ortiz | | | | | | -1 |
| Ola Ortiz Construction | | | | | | -411 |
| **TOTAL** | **17,967** | **-1,986** | **1,527** | **58,490** | **-9,894** | **-415** |

Loans between related companies accrue a rate of interest of between 3% and 8%.

The transactions for fiscal year 2013 with parties related by their membership of the Group, but not eliminated during consolidation due to exclusion from the Group perimeter are, in thousands of euros:

| | 2013 | | | |
|---|---|---|---|---|
| | Transactions | | | |
| | Sales | Purchases | Costs of interest | Revenue from interest |
| Accesos de Ibiza, S.A. | 16 | - | (81) | - |
| Alten Alconera, S.L. | - | - | - | 277 |
| Alten Alange, S.L. | - | - | (8) | - |
| Alten Alconera Dos, S.L. | - | - | - | 201 |
| Bulevar del Arte y la Cultura, S.A. | 305 | - | (10) | 290 |
| Medsolar SPV10, S.R.L. | - | - | - | 90 |
| Viario A - 31, S.A. | 423 | (1,524) | - | - |
| Africana Energía, S.L. | - | - | - | 205 |
| Superficie Cartera de Inversiones, S.A. | 617 | - | - | 983 |
| Ormats mantenimiento Integral, S.L. | 672 | - | - | - |
| Explotaciones Eólicas Vélez Rubio, S.L. | 3 | - | - | - |
| Ortega y Gasset Park, S.L. | 45 | - | - | 823 |
| Águeda Educatis, S.L. | 7,967 | - | - | 96 |
| Ola Ortiz Construction | 2,397 | - | - | - |
| **TOTAL** | 4,155 | - | - | - |
| | **16,600** | **(1,524)** | **(99)** | **2,965** |

## Operations with administrators or managers

There are no significant operations which entail a transfer of resources or obligations between the dominant Company or entities of its Group, and the administrators or managers of the Company.

## 31. Environmental information

The Group has adopted the appropriate measures for protection and improvement of the environment and the minimisation, where relevant, of its environmental impact, complying with all the regulations in force. As a consequence, it has not been considered necessary to record any provision for environmental risks or costs, nor are there contingencies relating to environmental protection or improvement.

Specifically, with respect to the new property activity, all these developments have been undertaken in compliance with all the provisions envisaged in the Environmental Impact Statement defined by the respective project documents and/or reports. All the activity carried out by the Group relating to minimising the environmental impact of its new construction has been included as greater cost for the same.
The principal aspect of the activity of the companies themselves which entails environmental risk is the generation of hazardous waste.

The different companies of the Group have an Environmental Protection System in place pursuant to the standard UNE-EN ISO 14001:2004 certified by AENOR: Ortiz Construcciones y Proyectos, S.A.U. with certificate number GA-2000/0039 and date of issue 10 March 2000. Compañía Internacional de Construcción y Diseño, S.A.U. with certificate number GA-2007/0166 and date of issue 16 April 2007. Ingeniería y Diseños Técnicos, S.A.U. with certificate number GA-2006/0486 and date of issue 30 November 2006. Ortiz Área Inmobiliaria, S.L.U. with certificate number GA-2005/0292 and date of issue 1 July 2005. Asteisa Tratamiento de Aguas, S.A.U. with certificate number E-199534 and date of issue 26 January 2000. Construcciones I.C.M.A.-PROAKIS, S.A.U. with certificate number GA-2001/0373 and date of issue 18 December 2001. Contratas y Servicios Ferroviarios, S.A.U. with certificate number GA-2003/0021 and date of issue 28 January 2003. Elecor, S.A.U. with certificate number GA-2009/0756 and date of issue 26 November 2009. Juan Galindo, S.L.U. with certificate number GA-2010/0101 and date of issue 02/03/2010. Ortiz Energía, S.A.U. in December 2012. Indag, S.A.U., in process of study and implantation.

## 32. Events subsequent to closure

No subsequent events bringing to light circumstances existing on the closing date for the fiscal year and which, by application of the recognition and measurement standards, would have entailed some adjustment to the figures in the documents comprising the annual accounts or, while not entailing any such adjustment, would have entailed modification of the report, or events of such importance that they might affect the appraisal made by users of the annual accounts, have taken place.

## 33. Auditors' fees

The fees accrued during the fiscal year by PriceWaterhouseCoopers Auditores, S.L. for account audit services stand at 175 thousand euros (2013: 0).
Similarly, the fees accrued during the fiscal year by other companies of the PWC network as a consequence of fiscal consultancy services, other verification services and other services provided to the Company, stand at 30 thousand euros (2013: 0).

In 2013, the fees accrued by Avanter, S.L. for account audit services provided stood at 108 thousand euros.

## 34. Segmented information

The financial information of the Group broken down by operational segments is as follows:

**2014 Fiscal Year**

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

### CONSOLIDATED REPORT FOR FISCAL YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of euros)

| | Total Construction + Services area | Total Property area | Total Concessions area | Total Energy area | TOTAL |
|---|---|---|---|---|---|
| **A) ONGOING OPERATIONS** | | | | | |
| 1. Net business turnover | 276,521 | 10,591 | 4,763 | 120,554 | 412,429 |
| 2. Variation in stocks of finished products and those in process | - | (4,250) | - | - | (4,250) |
| 3. Work carried out by the Company for its assets | - | 315 | - | - | 315 |
| 4. Supplies | (156,795) | (2,986) | (191) | (82,672) | (242,644) |
| 5. Other operating revenue | 479 | 497 | | 1 | 977 |
| 6. Personnel expenditure | (64,416) | (748) | (253) | (14,598) | (80,015) |
| 7. Other operating expenditure | (31,999) | (1,348) | (317) | (10,763) | (44,427) |
| 8. Depreciation of fixed assets | (3,394) | (1,489) | (302) | (325) | (5,510) |
| 9. Assignment of subsidies for non-financial fixed assets and others | 46 | - | - | 6 | 52 |
| 10. Excess provisions | 7 | - | - | - | 7 |
| 11. Impairment and income from disposal of fixed assets | (1,097) | (5,872) | - | - | (6,969) |
| 12. Other income | 1,090 | 48 | 2 | (17) | 1,123 |
| **A.1) Operating income** | **20,442** | **(5,242)** | **3,702** | **12,186** | **31,088** |
| 13. Financial revenue | 2,580 | 404 | 184 | 94 | 3,262 |
| 14. Financial expenses | (13,583) | (3,101) | (505) | (1,425) | (18,614) |
| 15. Variation in fair value of financial instruments | 483 | 9 | - | 19 | 511 |
| 16. Exchange rate differences | (1,801) | - | - | (390) | (2,191) |
| 17. Impairment and income from disposal of financial instruments | (3,587) | (11,746) | - | (2) | (15,335) |
| 18. Other financial revenue and expenditure | | | | | |
| **A.2) Financial income** | **(15,908)** | **(14,434)** | **(321)** | **(1,704)** | **(32,367)** |
| Participation in profits (losses) of equity-accounted companies | (30) | 1,275 | 512 | (5,866) | (4,109) |
| Impairment and income from loss of significant influence of EAM holdings | (2,109) | (3,770) | - | - | (5,879) |
| Negative consolidation difference for equity-accounted companies | - | - | - | 1 | 1 |
| **A.3) Pre-tax income** | **2,395** | **(22,171)** | **3,893** | **4,617** | **(11,266)** |
| 19. Taxes on earnings | (542) | 9,664 | (185) | (4,435) | 4,502 |
| **A.4) Income for fiscal year arising from ongoing operations** | **1,853** | **(12,507)** | **3,708** | **182** | **(6,764)** |
| **B) DISCONTINUED OPERATIONS** | | | | | |
| . | | | | | |
| **Income dominant Company** | **1,867** | **(12,506)** | **3,413** | **182** | **(7,044)** |
| **Minority income** | **15** | | **(295)** | | **(280)** |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

**CONSOLIDATED REPORT FOR FISCAL YEAR ENDED 31 DECEMBER 2014**
(Expressed in thousands of euros)

## 2013 Fiscal Year

| | Total Construction area | Total Property area | Total Concessions area | Total Energy area | TOTAL |
|---|---|---|---|---|---|
| **A) ONGOING OPERATIONS** | | | | | |
| 1. Net business turnover | 352,520 | 10,980 | 2,356 | 26,350 | 392,206 |
| 2. Variation in stocks of finished products and those in process | (51) | (1,767) | | | (1,818) |
| 3. Work carried out by the Company for its assets | | 169 | | 1,595 | 1,764 |
| 4. Supplies | (209,689) | (2,146) | (67) | (11,765) | (223,667) |
| 5. Other operating revenue | 680 | 653 | | 91 | 1,424 |
| 6. Personnel expenditure | (81,261) | (814) | (379) | (8,830) | (91,284) |
| 7. Other operating expenditure | (35,152) | (1,491) | (350) | (3,731) | (40,724) |
| 8. Depreciation of fixed assets | (3,485) | (2,210) | (301) | (216) | (6,212) |
| 9. Assignment of subsidies for non-financial fixed assets and others | 12 | - | | 5 | 17 |
| 10. Excess provisions | | | | | |
| 11. Impairment and income from disposal of fixed assets | (16) | 90 | | (141) | (67) |
| 12. Other income | (3,211) | 57 | 42 | 27 | (3,085) |
| **A.1) Operating income** | **20,347** | **3,521** | **1,301** | **3,385** | **28,554** |
| 13. Financial revenue | 3,899 | 1,397 | 26 | 206 | 5,528 |
| 14. Financial expenses | (10,517) | (3,539) | (548) | (1,919) | (16,523) |
| 15. Variation in fair value of financial instruments | 526 | 18 | | 37 | 581 |
| 16. Exchange rate differences | (9) | | | 99 | 90 |
| 17. Impairment and income from disposal of financial instruments | 2,087 | | | | 2,087 |
| 18. Other financial revenue and expenditure | | | | | |
| **A.2) Financial income** | **(4,014)** | **(2,124)** | **(522)** | **(1,577)** | **(8,237)** |
| Participation in profits (losses) of equity-accounted companies | (296) | 115 | 240 | (4,092) | (4,033) |
| **A.3) Pre-tax income** | **16,037** | **1,512** | **1,019** | **(2,284)** | **16,284** |
| 19. Taxes on earnings | (2,140) | (408) | (22) | (37) | (2,607) |
| **A.4) Income for fiscal year arising from ongoing operations** | **13,897** | **1,104** | **997** | **(2,321)** | **13,677** |
| . | | | | | |
| **Income dominant Company** | **12,625** | **1,104** | **992** | **(2,321)** | **12,400** |
| **Minority income** | **(1,272)** | | **(5)** | | **(1,277)** |

# GRUPO ORTIZ MANAGEMENT REPORT

## 1.- EVOLUTION OF THE BUSINESSES AND SITUATION OF THE GROUP

GRUPO ORTIZ stands out for its diversification at the level of lines of business and internationalization, its economic-financial solvency, and its capacity and experience to carry out major projects at a technical, financial, design, maintenance and operational level.

The business areas of the Group are:

- CONSTRUCTION. Construction of civil engineering infrastructure, buildings, railways, water, environment, rehabilitation, engineering and the industrialised construction system Indagsa.
- ENERGY. Construction of generation facilities for photovoltaic, wind, thermosolar or hydroelectric energy, high and medium tension electricity lines, electrical substations, and maintenance of electromechanical installations and energy services.
- SERVICES. Maintenance of infrastructure, roads, railways, complete maintenance of buildings, urban and environmental services.
- CONCESSIONS. Operator of concessions, wide experience of financing investment, design, execution, exploitation and conservation.
- PROPERTY. Promotion and exploitation of rented housing and tertiary sector (offices and premises).

The capitalization strategy of the Group, together with the financial debt associated to projects of recurrent revenue, mean that it has not been necessary to restructure the bank debt, and in this way we meet all our commitments.

It should be mentioned that during fiscal year 2014, the situation of the Company has developed favourably, both in the consolidation of its equity and the flow of income obtained.

| **Ortiz Construcciones CONSOLIDATED** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** |
|---|---|---|---|---|---|---|
| Sales | 489 | 478 | 510 | 523 | 392 | 412 |
| EBITDA | 79 | 54 | 53 | 27 | 47 | 53 |
| EBIDTA MARGIN (SALES) | 0 | 0 | 0 | 0 | 0 | 0 |
| **INCOME** | **40.07** | **38** | **26** | **5** | **14** | **(7)** |

*Data expressed in millions of euros*

The major point is that sales of the Consolidated Group reached 412.42 million euros in 2014, representing a rise of 4% over the previous year and EBITDA of 52.91 million euros. The EBITDA/sales ratio is 12.82%, thanks to selectiveness in contracting and the continuous adjustments in the structure costs.

**GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS**

**CONSOLIDATED MANAGEMENT REPORT FOR FISCAL YEAR CLOSED 31 DECEMBER 2014**

The income for fiscal year 2014 is -6.76 million euros, while the result for fiscal year 2013 was 13.68 million euros. This is due mainly to adjustments carried out as a consequence of the regulatory change for renewable energies and equity assets, as described later in this document.

The table above shows the evolution of the Group. The solidity of the Group can be seen in the evolution of the principal magnitudes of GRUPO ORTIZ over the last five years, with figures almost constant, as a result of the diversification of the areas of business and internationalization of the Group. The profitability fell only in the year 2012, as the outcome of the intense effort on reduction of general costs and capital required by internationalization. As a consequence of using the equity accounting method to consolidate the associated companies, the EBITDA and sales of the concessionaire companies are not reflected in the consolidated annual accounts.

The current orderbook pending execution of GRUPO ORTIZ is 3,080 million euros including the contracts for concessions, representing a rise of up to 32% over fiscal year 2013. This rise is based fundamentally in the Areas of Concessions and Energy. The total orderbook corresponding to the Construction and Energy areas stands at 915 million euros, of which that for national (within Spain) construction and Services is 281 million euros, international construction at 282 million euros, while energy stands at 351 million euros. During 2014, the first concession outside Spain was contracted. This is the **Adjudication** of the Concession for a **Motorway of 145 km in Colombia**, with contract value of **2,750 million euros**. In short, GRUPO ORTIZ has a very diverse portfolio by business areas and geography, with very high potential for growth.

## 1.1.-NATIONAL SCOPE

### National construction and services.

Turnover in fiscal year 2014 is 266.58 million euros, which is a reduction over the previous year, in line with other companies of the sector and as a result of the reduction in the execution of public works. In services, activity rose slightly (1%), continuing the rising trend of previous years. For these, the profitability reaches levels above the national average for the market.
In the construction area, activity is carried out in all the areas of civil engineering and building. Within civil engineering, all kinds of infrastructure are built: roads, railways, water works and environmental projects. We have activity in both the public and private markets, and we are specialists in execution of civil engineering work, construction, restoration, railways, environmental projects and the entire water cycle.

### National energy.

In the Energy area, activity during 2014 was in the execution of electromechanical installations, energy efficiency projects, execution and maintenance of electricity lines, operation and maintenance of photovoltaic plants, and maintenance of the nuclear station at Trillo, mainly. The development of our activity as an energy services company is also noteworthy.

### Concessions within Spain.

The concessions are a line of business of great importance for the Group. The majority of the concessions are undertaken through Special Purpose Vehicles (SPVs) constituted for this sole purpose, which are not consolidated as dependent companies of the Group, but by equity accounting. These latter make up 95% of the concessions activity.

The only concession companies consolidated are Concesionaria Collado Villalba S.A.U., which manages two car parks in that locality, and Ortiz Sport Factory, S.L., which is currently building a gymnasium in Móstoles (Madrid). The other concessions consolidated are integrated into different companies of the Group such as Ortiz Construcciones y Proyectos, S.A. (remaining car parks) and Elecor, S.A.U. (energy efficiency projects and a photovoltaic park of 1 MW).

Today, GRUPO ORTIZ holds a diverse portfolio of concessions being exploited, with a good track record and recurrent, predictable revenue. These concessions can be grouped into two major classes:

- Infrastructure (roads, car parks, railway, environmental, cultural, sports and others).
- Energy (thermosolar, wind, photovoltaic and energy efficiency).

The knowhow acquired by GRUPO ORTIZ and its success in tackling the major projects undertaken, allow it to continue extending its concessions business with new investments. It is also carrying out energy efficiency projects for public lighting in different municipalities in Spain.

- **Car parks:** 8 car parks (5 in Madrid city, 2 in Villalba and 1 in Zamora) with a total of 2,174 spaces in use, while another in the centre of Madrid is under construction, with 814 spaces, expected to be put into operation in April 2014.
- **Environment:** Waste water treatment plant ("EDAR") currently being exploited.
- **Cultural and sports:** Exploitation of a Cultural Centre in Valencia and, under construction, a 5,000 m2 sports centre in Móstoles, expected to go into operation in May 2015.
- **Service station:** GRUPO ORTIZ is the owner and manager of a service station under the Repsol flag in Ensanche de Vallecas (Madrid).

## Property area.

The promotion activity during fiscal year 2014 centres mainly on the development and management of residential property on land belonging to financial entities, by means of roles such as complete project manager. In fact, following the signature in 2013 of an agreement with a leading financial entity, this line of business continues to grow stronger thanks to our experience and the benefits of bringing together within a single Group, all the actors involved in the development of a project.

During the third quarter of 2014, the project to split off two branches of the activity of the company Agrícola el Casar, S.L., the principal property holding company for the Group, was concluded. The two branches split off in this process are: residential, with three developments of public housing for rent with a purchase option ("VPPAOC"), a total of 357 dwellings; and tertiary office, whose principal asset is three office blocks in the Gavia business complex.

At the end of 2014, 51% of the stakes in the companies Aldigavia and Aldigavia Oficinas, with the assets mentioned before, was sold, Aldigavia possesses public housing for rent with a purchase option ("VPPAOC") assets, while Aldigavia Oficinas holds three office buildings and a shopping centre.

During 2014, the property area of GRUPO ORTIZ continued to develop the strong property-owning side of the business, with over 36,000 square metres of tertiary sector leasing, and 493 public dwellings for rent with a purchase option ("VPPAOC").

The Group possesses 2 million square metres of land and plots without associated financial debt, of which 73,682 m² is ready for construction ("parcelas finalistas"), 38,260 m² is in the programmed development area U.Z.P. 1.03 in Valdecarros and the rest is land in Arroyo Butarque, Barajas, Coslada, Vicálvaro, Burgos, Guadalajara and Seville.

In addition, the Group possesses 2 million square metres of land and plots without associated financial debt, of which 73,682 m² is ready for construction ("parcelas finalistas"), 38,260 m² is in the programmed development area U.Z.P. 1.03 in Valdecarros and the rest is land in Arroyo Butarque, Barajas, Coslada, Vicálvaro, Burgos, Guadalajara and Seville.

## 1.2.- INTERNATIONAL SCOPE

At international level, sales for fiscal year 2014 now represent 45% of the total sales of the Group, with a sales figure of 182.07 million euros. The rise in international sales was 27%, with respect to fiscal year 2013. The rise in the international orderbook was 184%.

In the area of construction, international sales are at 38%, while for the energy area, this is 85%.

A noteworthy element is the adjudication in Colombia to the consortium in which **GRUPO ORTIZ** belongs of 25% of the Construction, Maintenance and Exploitation of the Motorway **“Conexión Norte”**, for a contract value of **2,750 million euros** and a period of **25 years**. Likewise, there are another 5 concession projects in the study or preclassification phases in that country.

Another fundamental milestone in the internationalization of the Group is the **construction of Photovoltaic Plants under the EPC modality** in **Honduras** and **Guatemala** (where the construction of the largest plant of this type in the whole of Central America (50 MWn) has finished, and the second phase of 30 MWn is currently in execution), with total power, including the plant in execution in Honduras of **115 MWn**.

In relation to structural matters, the constitution of the Algerian mixed capital company OLA-ORTIZ CONSTRUCCIONES SPA, with participation of 49% by Ortiz Construcciones y Proyectos, S.A., representing the culmination of the process launched one year earlier, as a consequence of the agreements reached between the Spanish and Algerian governments, is also worthy of note. The purpose of these inter-governmental agreements was to foment the transfer of technology so as to aid the economic development of Algeria. Indag, S.A.U., a company 100% owned by Ortiz Construcciones y Proyectos, S.A., which has its own proprietary construction system, was the Spanish company chosen to carry out this technology transfer, and this choice has led to the adjudication of a project to build 5,000 homes to the company OLA-ORTIZ, which will entail the construction of a prefabricated block factory in Algeria. A noteworthy aspect of this transfer of technology is that the system of Indag, S.A.U., is the first foreign construction system certified by CNERIB for use in Algeria.

%. The international activity in fiscal year 2014 and the corresponding data from 2013 for comparison is:

| Countries | Turnover 2014 | % 2013 |
|---|---|---|

| | | |
|---|---|---|
| Colombia | 30.56 | 34% |
| Peru | 37.48 | 10% |
| Mexico | 17.41 | -78% |
| Guatemala | 77.67 | n/a |
| Honduras | 14.46 | n/a |
| Others | 4.49 | 30% |
| **TOTAL** | **182.07** | **28%** |

*Data expressed in millions of euros*

**International CONSTRUCTION**

The international activity of the Group surpassed 45% of its total activity in 2014, with a substantial increase over the turnover for 2013, passing from 143.10 million euros to 182.08 million euros, and it is forecast that this percentage will continue to rise in the next few years as the Group continues with its determination to internationalize.
In line with what has just been said, GRUPO ORTIZ maintained its presence during this fiscal year in the Latin American markets of Mexico, Colombia, Peru and Chile; in Europe where we carry out our activities in Poland and Romania, and in Algeria, where a mixed capital company has been constituted between Ortiz and OLA (a publicly-owned company belonging to the Algerian public business group INDJAB) with the objective of constructing 5,000 homes in Algeria.
The implantation of the Group in Colombia and Peru in 2010, and in Mexico in 2012, has borne fruit, with major growth in production and orderbook during fiscal year 2014, as well as the internationalization of the railway and environmental specialities in Poland and Romania, respectively.

**COLOMBIA**. An outstanding point is the ambitious Program for the Fourth Generation of Concessions under the auspices of the National Infrastructure Agency (ANI), which has attracted bids from the most important construction companies in the whole world, and within which Ortiz Construcciones y Proyectos, S.A.U., Colombia branch, was preclassified in 8 of the processes during fiscal year 2013. During fiscal year 2014 the Colombia branch has

been adjudicated the contract "CONCESION CONEXIÓN NORTE, AUTOPISTA COLOMBIA".
We have also been preclassified for other concessions which will be awarded during 2015:

- Puerta de Hierro – Palmar de Varela (203 km) 165 million € investment PRECLASSIFIED
- Popayán – Santander de Quilichao (79 km) 425 million € investment PRECLASSIFIED

There are three further projects offered for tender not requiring a preclassification phase, and for which we will present bids during 2015:

- Motorway Mar (245 km) of 718 M€ investment.
- Bucaramanga- Barrancaberm (152 km) of 593 M€ investment.
- Transversal de Sisga (137 km) of 173 M€ investment.

The remaining projects offered for tender are still in the pre-tendering phase.

The following work has been concluded:

- Construction of local rainwater drainage networks in the Rio Negro neighbourhood. Phase I. Bogota.
- Execution of rehabilitation work for the land development area in Chicamocha. Boyacá.

Execution work was carried out on two important roadbuilding projects contracted by the National Roads Institute (INVIAS) of the Ministry of Transport:

- Central Transversal of the Pacific, Section Virginia – Mumbu;
- Road Puerto Araujo – Landázuri – Barbosa.

Work contracted by the Territorial Development Finance Company (FINDETER), part of the Ministry of Taxation and Public Credit, is also under way:

- Construction of a sewage collector in Valledupar (César)
- Construction of the water supply system Quebrada Piedras Phase II in San Juan de Pasto (Nariño).
- Construction of a waste water treatment plant in Armenia (Quindío).

**PERU.** During this fiscal year, some major works were finalized, such as the Bambamarca-Celendín road, for the Regional Government of Cajamarca, and the Improvement and Tourist Development work on the Promenade at Zorritos, for the Regional Government of Tumbes. Currently, the rehabilitation work for the secondary drinking water and drainage networks, connecting these to homes in the District of Comas, for SEDAPAL, is in an advanced state of execution. This project was visited by the President of the Republic Sr. Ollanta Humala, because of its important impact on this district of the city of Lima and the novel systems employed in its execution. Similarly, three hospitals are currently in execution: the New Hospital of Andahuaylas for the Regional Government of Apurímac; the Regional Hospital Daniel A. Carrión of Yanacancha for the Regional Government of Cerro de Pasco, and the Mother & Child Hospital of Southern Juliaca for the Regional Government of Puno.

**ALGERIA.** A mixed Algerian-Spanish company has been formed in Algeria to build 5,000 homes over the next 5 years, with transfer and teaching of the construction technology. GRUPO ORTIZ is the only international company whose industrialised construction system has been certified in Algeria. The industrialised construction system of INDAGSA, a company of GRUPO ORTIZ, has been awarded the Algerian “Avis technique” and is the only Spanish, and indeed European, company to have officially obtained it. The industrialised construction system was certified, with a commitment to give technological training to Algerian staff and install a factory for the Algerian-Spanish company Ola-Ortiz. The contract envisages a training plan for Algerian staff given by specialists from INDAGSA, so that in the course of time, the mixed Algerian-Spanish company OLA-Ortiz will be self-sufficient.

**ROMANIA.** The rehabilitation work for the drinking water system of Insuratei in Braila, which includes the laying of 9 km of water supply piping, a deposit of 2,500 m3 capacity, a pumping station at 14 l/s and a chlorination system, was concluded. The work on Sanitation and Waste Water Pumping Statins at Breaza (Prahova) for Hidro Prahova (Regional Operator) has started.

**International ENERGY.**

In the Energy area, 85% of sales are made abroad. The energy area manifests varied and successful experience in carrying out EPC contracts for thermosolar, photovoltaic, wind energy and cogeneration plants.
The principal lines of activity of the Energy Area of GRUPO ORTIZ are: Renewable Energies, Energy Services, Distribution and Transport Lines, Live-Line Work and Substations, Electromechanical Installations and Mounts.
With regard to EPC projects, during 2014, various international projects were carried out, among which those in Guatemala and Honduras stand out:

- The EPC Project “Horus I” for the Photovoltaic Plant in Guatemala, with nominal power of 50 MW, for Grupo Onyx, was finished. This is the largest plant using this technology in the whole of Central America and the Caribbean.
- The projects “Horus II”, in Guatemala, with nominal power of 30 MW, and the Photovoltaic Plant “Marcovia Fase I” in Honduras with nominal power of 35 MW, are being executed under the EPC modality.
- In addition, a project has been contracted with the Alten Fund for a 120 MWn Photovoltaic EPC in Mexico, which will be the largest photovoltaic plant in Latin America.
- In this way, GRUPO ORTIZ becomes the largest Construction Group in the Central America area for turnkey EPC energy contracts and one of the largest in Latin America.

Other areas:

- This is a varied category and the best fit for our work in France and Italy, where we are maintaining and operating different photovoltaic plants.
- In Peru, the high-tension (220 Kv) line, 220 km long, was completed by our specialist line and substation company Juan Galindo, and we also carried out work among which we should mention the contracts for maintenance of construction and high, medium and low-tension networks, and substations with Edelnor, as well as the change of the isolator in a substation. Various work projects are also under way in Lima (Peru).
- The EPC projects in study phase exceed 600 MW total, distributed in countries like Mexico, Chile, Uruguay, Brazil, Bangladesh and Algeria.

## 1.3.- FINANCIAL RISK MANAGEMENT POLICIES.

The financial risk management policies and, therefore, the instruments to fulfil them, are determined to a great extent by the specific legislation for the sectors of activity in which the Company operates, and the situation prevailing at any moment in the financial markets.
Management of the financial risks of the Group is handled centrally by the finance department, which has mechanisms in place to control exposure to variations in interest or exchange rates, as well as credit or liquidity risks, The activities of the Group are exposed to various financial risks: market risk (including exchange rate risk), interest rate risk, price risk, credit risk and liquidity risk. The Group's overall risk management programme is centred on the uncertainty in the financial markets and aims to minimise the potential adverse effects on its profitability.

The Bank Debt of the Group was reduced in 2014 by 42.77%, and a noteworthy diversification in the sources of finance was achieved thanks to the Bond Issue on the MARF market in July 2014, which was for 50 million euros.

The Company is exposed to various risks, which we will analyse here either together or on a per area of Company activity basis, depending on their natures:

**Price risk:**

The Group does not have any significant exposure to the price of capital securities as it does not hold significant investments, nor to the price risk for raw materials as generally variations in value are transmitted efficiently to sale prices by all similar contractors operating in the same sector. The Group reduces and mitigates price risk with policies established by management, basically accelerating or slowing down the pace of placement, as well as ensuring production or obtainment at a fixed price of certain raw materials.

**Credit risk:**

The credit risk of the Group is fundamentally driven by trade credits. The purpose of managing this risk is to diminish its impact to the greatest extent possible by preventive examination of the credit rating of the potential clients of the Group. Once contracts are under way, the credit quality of the sums pending collection is evaluated periodically, and the estimated recoverable values of those deemed doubtful are revised through financial restructuring in the results for the fiscal year. The credit risk arises through the possible losses caused by noncompliance with their contractual obligations by the counterparts of the Company, that is, the possibility of not recovering the financial assets at their booked value and when agreed. The detail of the credit risk by areas is as follows:

- **Equity hired out:** the credit risk from the ordinary activity of the Company is practically non-existent or insignificant, due fundamentally to the fact that the contracts signed with lessees or concessionaires for parking places envisage monthly invoicing of the rents for the same, as well as demanding from them the appropriate additional legal financial guarantees when formalising and renewing contracts, so as to cover possible default.
- **Infrastructure concessions:** this is practically non-existent because payments are made in cash, through electronic means of payment or credit cards, where the risk of default is borne by managing entities. Therefore, at the close of the fiscal year there are no financial assets in arrears or impaired. Nor has any kind of guarantee to ensure collection been taken out.
- **Construction and services:** the credit risk is practically non-existent because, although public sector clients do not stand out for complying scrupulously with the contractual terms of payment and occasionally arrears or delays arise, the public administrations are not insolvent by their very nature. Given that the public administrations represent a large proportion of the clients, this risk is very low. With regard to private clients with debts overdue by more than six months, they do not manifest major problems of insolvency, as in the majority of contracts, to counteract the risk of non-payment, the Company uses control mechanisms prior to the adjudication of the work, based on solvency studies of those clients. At the close of the fiscal year, there are no significant

sums in financial assets in arrears or impaired. Nor has it been considered necessary to take out any kind of guarantee to ensure collection. It should be said that the toughening of the contractual conditions and proactive collection management mean that we face a minimal level of risk. To this end, there is continuous monitoring by the financial and legal areas of the Company during the execution of work so as to exercise control over the collections. Thus, the Company does not have significant concentrations of credit risk because it has policies to guarantee revenue.

**Liquidity risk.**

To handle the liquidity risk and meet the various needs for funds, the Group uses an annual cash budget and monthly forecast of the same, the latter in detail and updated daily. Likewise, the Company undertakes prudent management of liquidity risk based on holding sufficient cash, the availability of financing through appropriate pledged credit facilities and sufficient capacity to liquidate market positions. The objective of the Company's administrators is to maintain financial flexibility through the availability of the loan agreement. Nevertheless, all these risk factors have their corresponding mitigating factor, namely:

a) Recurrent cash generation from the businesses on which the Company bases its activity.
b) Obtaining new financing lines based on long-term business plans and asset quality.
c) The capacity of the Company to sell assets.

To manage liquidity risk, the Company embarks on renegotiation of its loan agreements in plenty of time. The leverage capacity of the Group is based on:

- Generation of recurrent cash by the divisions of the Company,
- Asset quality and dynamic investment in projects of high added value.
- Liquidity of the assets, even at moments of sluggish markets such as those we are currently seeing.
- Firm commitment to punctual fulfilment of obligations to suppliers, employees, financial creditors…

Bearing in mind what was said earlier, at the date of formulation of the annual accounts, all the cash needs of the Company for meeting its commitments to suppliers, employees and the public administrations, in their entirety, are covered, in accordance with the envisaged cash flow for fiscal year 2015.

The detail of the liquidity risk by areas is as follows:

- **Equity hired out:** Given the kind of sector in which the Company operates, the investments it makes, the finance obtained to undertake these investments, the EBITDA these generate and the degree of occupancy of the property, the liquidity risk is low or non-existent, and in fact excess cash flow might be generated. With these excesses, temporary financial investments in risk-free deposits of maximum liquidity are made.

- **Infrastructure concessions:** this is practically non-existent because payments are made in cash, through electronic means of payment or credit cards, where the risk of default is borne by managing entities.

- **Construction and services:** the construction and services activity maintains sufficient levels of liquidity at all times to meet the short-term obligations of the credit lines held with financial entities and temporary financial investments. Nevertheless, as a consequence of the volatility of the markets in particular, the credit entities are being affected by the tensions of liquidity which affect renewals of credits from time to time.

**Risk of expansion of the business to other countries.**

Although the Group envisages continuing to expand its business to other countries, considering that this will contribute to its growth and future profitability, before approval is given to any investment of this type, an exhaustive analysis is carried out, which on occasions extends over several years on the ground. Despite this, any expansion to new geographical areas entails a risk to the extent that these are markets where the Company does not have the same experience as where it is currently implanted.

**Interest rate variations exposure.**

The Group's interest rate risk arises principally from long-term debts to credit institutions. The debts to credit institutions issued at variable rates expose the Group to interest rate risk for its cash flows. A high proportion of the Group's debts to credit institutions are issued at a variable rate, the main reference being the Euribor. The Group analyses its exposure to interest rate risk dynamically, taking into account long-term financing, renewal of current positions and alternative financing. This risk is not a significant one, bearing in mind the sums financed in the long term.

## 2.- MAJOR EVENTS AFTER CLOSURE OF FISCAL YEAR

No significant events which affect the consolidated annual accounts of GRUPO ORTIZ have taken place after 31 December 2014. On this matter, we should emphasise the fruits of the diversification strategy of the Group, in both the geographical and business areas senses, which has led to the presence of the Group in different countries such as Guatemala, Honduras and Mexico, to carry out different renewable energy projects as constructor for different EPC contracts.

## 3.- FORESEEABLE EVOLUTION OF THE GROUP AND CORPORATE STRATEGY

The economic-financial solvency of GRUPO ORTIZ, together with its capacity and experience to carry out major projects at a technical, financial, design, maintenance and operational level, sustains the continuity of our development in the concessions business at international level, a priority strategic axis for the future growth of the different areas of business because of the synergies which arise.

In the Spanish market, a small improvement is expected during 2015 in the different business areas of the Group, as a consequence of international investment in Spain, the development of housing by the financial entities, a rise in the area of services, maintenance of infrastructure and better positioning of the Group in the sector.

At international level, the Group has major opportunities in Latin America, Algeria and the railway and environmental specialities in Eastern Europe, together with major development of projects in the Energy area, as EPC contracts with third parties or with own investment together with investment funds, this development being focussed mainly on Latin America, as well as other countries which promote renewable energy projects.

As we mentioned in 2013, the centre of the strategy over the next few years is, in the economic aspect, to diversify the sources of finance and reduce indebtedness, raise capitalization and liquidity, have resources to be able to access concessions projects, whether in infrastructure, environment or energy, and so access the markets, where the knowhow acquired over those years will allow us to raise our profitability, improving the return to investors.

The strategic Plan for 2014 and subsequent years can be summarised in the following points:

BUSINESS:

- Complete management and development of major projects at international level, making the most of our broad experience in financing, design, construction, operation and maintenance.
- Major development of the Energy Area under turnkey EPC contracts.
- Consolidation of organic growth in the countries where we are present, raising profitability at international level.
- Asset rotation policy: divestment from mature assets as long as they generate capital gains.
- Making the most of the Group's synergies to grow in all the lines of business.

FINANCING:

- Investment in Energy and Infrastructure Concessions at international level.
- Diversification of Sources of Finance.
- Letting Investment funds enter our Projects
- Continuity of the policy to reduce the indebtedness of Grupo Ortiz.

This entire corporate strategy leads us to a series of commitments and values, as part of responsible, sustainable management of the business at all levels: economic, social and environmental, continuing the growth of GRUPO ORTIZ.

## 4.- EMPLOYMENT.

In 2014, the number of workers in the Group stands at 2,467 (for 2013 it stood at 2,928 workers), and it should be said that a large number of the workers belong to the services area, and so are bound by specific contracts.

Employment in Spain rose from 1,647 workers in 2013 to 1,715 in 2014. Employment in the business area of construction has fallen enormously during the years of the crisis, the number passing from 1,320 workers in 2010 to 594 in the year 2014. The services sector has been rising in staff numbers, in line with the increased production in this business area, reaching 834 workers in 2014.

The numbers in the international area (expatriates) in 2010 and over the last five years have undergone growth due to the expatriation of personnel in the construction and energy areas, there being 46 expatriate workers in December 2014. In the International Area, the total number of local workers in the different countries stands at 752. This figure is very variable from year to year, as it depends on the need for local staff overseas; as an example, in 2013, we had 1,281 local workers because of the great need for staff on the ground for the electricity line work carried out jointly with Red Eléctrica in Tintaya, Peru.

## 5.- TECHNOLOGICAL ACTIVITY, RESEARCH AND DEVELOPMENT.

During fiscal year 2014, the companies ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A., ASTEISA TRATAMIENTO DE AGUAS, S.A.U., INDAG, S.A.U., JUAN GALINDO, S.L.U., INGENIERIA Y DISEÑOS TÉCNICOS, S.A.U. and ELECOR, S.A.U., have incurred expenditure and undertaken investment in research and development and technological innovation activities.
The policy of GRUPO ORTIZ is aimed at consolidating a favourable climate for fomenting all kinds of Research and Development actions, which are necessary for the Group to participate fully in the culture of Technological Innovation, so as to raise its national and international competitiveness.
GRUPO ORTIZ is committed to making the necessary resources available for the services it provides to enjoy appropriate levels of quality, and has laid down a focus on sustainability as an indispensable requirement in all the activities it undertakes and countries in which it operates, taking into account economic, environmental and social aspects. To comply with these aspects of its policy, GRUPO ORTIZ has implemented a Complete Quality and Environment Management System which is certified to the standards ISO 9001 and 14001.
During fiscal year 2014, its total spending on research, development and technological innovation (R&D+I) was 856,957.11 euros (1,184,082.10 euros at 31 December 2013).

## 6.- BONDS ISSUE.

The Bonds operation carried out during fiscal year 2014 entails compliance with certain ratios, just as set out in the issue prospectus.

## 6.- ACQUISITION OF TREASURY SHARES.

No treasury shares have been acquired.
Finally, the administrators consider that the policy of prudence and cost restraint that has characterised the Group over its more than 50 years of history, as well as its diversification in lines of business, will enable GRUPO ORTIZ to maintain an upward trend, from the moment at which signs of economic recovery are glimpsed.

**GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS**

**FORMULATION OF CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED MANAGEMENT REPORT FOR FISCAL YEAR 2014**

The Board of Directors of Grupo Ortiz Construcciones y Proyectos, S.A., in compliance with the requirements set out by article 253 of the Capital Companies Law and article 37 of the Mercantile Code, has proceeded, on the 2nd of March 2015, to formulate the Consolidated Annual Accounts of Grupo Ortiz Construcciones y Proyectos S.A. and dependent companies and the Consolidated Management Report for the fiscal year ending on the 31st of December 2014, which same are comprised of the attached documents preceding this text.

**SIGNATORIES** **SIGNATURE**

SIgned: Gerardo Vicente Recuero

SIgned: Emilio Carpintero López

SIgned: Javier Carpintero Grande López

SIgned: Juan Antonio Carpintero

SIgned: Enrique Bardají Álvarez

SIgned: Carlos Cuervo-Arango Martínez

SIgned: Sara Carpintero Grande

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

### APPENDIX I

**DEPENDENT COMPANIES**

| 31 December 2014 | | | Share | | |
|---|---|---|---|---|---|
| **Name** | **Domicile** | **Activity** | **%** | **Thousand euros** | **Group company owner** |
| Compañía Internacional de Construcción y Diseño ,S.A.U. | Madrid | Construction | 100 | 1,560 | Ortiz CYP |
| Indag, S.A.U. | Madrid | Construction | 100 | 1,679 | Ortiz CYP |
| Ingeniería y Diseños Técnicos, S.A.U. | Madrid | Construction | 100 | 120 | Ortiz CYP |
| Agrícola El Casar, S.L.U. | Madrid | Property | 100 | 50,241 | Ortiz CYP |
| Prorax, S.A.U. | Madrid | Property | 100 | 726 | Ortiz Área I. |
| Ortiz Área Inmobiliaria, S.L.U. | Madrid | Property | 100 | 8,017 | Ortiz CYP |
| EMCA Sociedad Concesionaria, S.L.U. | Madrid | Concessions | 100 | 100 | Ortiz CYP |
| Asteisa Tratamiento de Aguas, S.A.U. | Madrid | Construction | 100 | 1,889 | Ortiz CYP |
| Construcciones Icma-Proakis, S.A.U. | Asturias | Construction | 100 | 15,871 | Ortiz CYP |
| Contratas y Servicios Ferroviarios, S.A.U. | Orense | Construction | 100 | 25,545 | Ortiz CYP |
| Arquitectura Industrializada Andaluza, S.L. | Seville | Construction | 55 | 342 | Indagsa |
| Elecor, S.A.U. | Guadalajara | Electricity | 100 | 8,421 | Ortiz CYP |
| Concesionaria Collado Villalba, S.A.U. | Madrid | Concessionaire | 100 | 6,050 | Ortiz CYP |
| El Arce de Villalba, S.L.U. | Madrid | Property | 100 | 3 | Agricasa |
| Ortiz International Investment, S.L.U. | Madrid | Construction | 100 | 50 | Ortiz CYP |
| Impulsa Grup Ortiz, S.L. | Barcelona | Construction | 92.5 | 1,850 | Ortiz CYP |
| Juan Galindo, S.L.U. | Almería | Electricity | 100 | 3,485 | Ortiz CYP |
| Tendidos y Redes del Sur, S.L.U. | Almería | Electricity | 100 | 486 | Ortiz CYP |
| Ortiz Energía, S.A.U. | Madrid | Energy | 100 | 1,000 | Ortiz CYP |
| Grupo Ortiz Polska, S.A. | Poland | Construction | 100 | 25 | Ortiz Int. Inv. |
| Ortiz Elektra, A.D. | Bulgaria | Construction | 80 | 21 | Ortiz Int. Inv. |
| Ortiz Colombia, S.A.S. | Colombia | Construction | 75 | 175 | Ortiz CYP / Ortiz Int. Inv |
| Ortiz Sport Factory, S.L. | Madrid | Concessionaire | 70 | 5 | Agricasa |
| Grupo Ortiz Construcciones México, S.A. | Mexico | Construction | 99.99 | 709 | Ortiz Int. Inv. |
| Personal Management, C.V.S.A. | Mexico | Construction | 99.99 | 3 | Condisa |
| Ortiz Brasil Contruçoes, Limitada | Brazil | Construction | 99.99 | 2,050 | Ortiz Int. Inv. |
| Ortiz Construcciones Colombia, S.A.S. | Colombia | Construction | 100 | 234 | Ortiz CYP / Ortiz Int. Inv |
| OSM Construcciones, S.A. Promotora de C.V. | Mexico | Construction | 49.99 | 1 | Grupo Ortiz México |
| Tecasol, S.A. | Uruguay | Construction | 70 | 2 | Ortiz CYP |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

### APPENDIX I

| 31 December 2013 | | | Share | | | |
|---|---|---|---|---|---|---|
| Name | Domicile | Activity | % | Thousand euros | Group company owner | Auditors |
| Compañía Internacional de Construcción y Diseño ,S.A.U. | Madrid | Construction | 100 | 1,560 | Ortiz CYP | Avanter Auditores, S.L.P. |
| Indag, S.A.U. | Madrid | Construction | 100 | 1,679 | Ortiz CYP | Not audited |
| Ingeniería y Diseños Técnicos, S.A.U. | Madrid | Construction | 100 | 120 | Ortiz CYP | Avanter Auditores, S.L.P. |
| Agrícola El Casar, S.L.U. | Madrid | Property | 100 | 50,241 | Ortiz CYP | Avanter Auditores, S.L.P. |
| Prorax, S.A.U. | Madrid | Property | 100 | 726 | Ortiz Área I. | Not audited |
| Ortiz Área Inmobiliaria, S.L.U. | Madrid | Property | 100 | 8,017 | Ortiz CYP | Not audited |
| EMCA Sociedad Concesionaria, S.L.U. | Madrid | Concessions | 100 | 100 | Ortiz CYP | Not audited |
| Asteisa Tratamiento de Aguas, S.A.U. | Madrid | Construction | 100 | 1,889 | Ortiz CYP | Avanter Auditores, S.L.P. |
| Construcciones Icma-Proakis, S.A.U. | Asturias | Construction | 100 | 15,871 | Ortiz CYP | Not audited |
| Contratas y Servicios Ferroviarios, S.A.U. | Orense | Construction | 100 | 25,545 | Ortiz CYP | Avanter Auditores, S.L.P. |
| Arquitectura Industrializada Andaluza, S.L. | Seville | Construction | 55 | 443 | Indagsa | Not audited |
| Elecor, S.A.U. | Guadalajara | Electricity | 100 | 8,421 | Ortiz CYP | Avanter Auditores, S.L.P. |
| Concesionaria Collado Villalba, S.A.U. | Madrid | Concessionaire | 100 | 6,050 | Ortiz CYP | Not audited |
| El Arce de Villalba, S.L.U. | Madrid | Property | 100 | 3 | Agricasa | Avanter Auditores, S.L.P. |
| Ortiz International Investment, S.L.U. | Madrid | Construction | 100 | 50 | Ortiz CYP | Not audited |
| Impulsa Grup Ortiz, S.L. | Barcelona | Construction | 90 | 1,800 | Ortiz CYP | Not audited |
| Juan Galindo, S.L.U. | Almería | Electricity | 100 | 3,465 | Ortiz CYP | AMB Auditores |
| Tendidos y Redes del Sur, S.L.U. | Almería | Electricity | 100 | 486 | Ortiz CYP | Not audited |
| Ortiz Energía, S.A.U. | Madrid | Energy | 100 | 1,000 | Ortiz CYP | Avanter Auditores, S.L.P. |
| Grupo Ortiz Polska, S.A. | Poland | Construction | 95 | 25 | Ortiz Int. Inv. | Pol-Tax, S.P. |
| Ortiz Elektra, A.D. | Bulgaria | Construction | 80 | 21 | Ortiz Int. Inv. | Not audited |
| Ortiz Colombia, S.A.S. | Colombia | Construction | 75 | 175 | Ortiz CYP / Ortiz Int. Inv | Not audited |
| Ortiz Sport Factory, S.L. | Madrid | Concessionaire | 70 | 5 | Agricasa | Not audited |
| Grupo Ortiz Construcciones México, S.A. | Mexico | Construction | 99.99 | 709 | Ortiz Int. Inv. | Not audited |
| Personal Management, C.V.S.A. | Mexico | Construction | 99.99 | 3 | Condisa | Not audited |
| Ortiz Brasil Contruçoes, Limitada | Brazil | Construction | 99.99 | 2,050 | Ortiz Int. Inv. | Not audited |
| Ortiz Construcciones Colombia, S.A.S. | Colombia | Construction | 100 | 234 | Ortiz CYP / Ortiz Int. Inv | Not audited |
| OSM Construcciones, S.A. Promotora de C.V. | Mexico | Construction | 49.99 | 1 | Grupo Ortiz México | PWC |
| Tecasol, S.A. | Uruguay | Construction | 70 | 2 | Ortiz CYP | Not audited |

## APPENDIX II

**MULTIGROUP COMPANIES**
**31 December 2014**

| Name | Domicile | Activity | Share % | Share Thousand euros | Group company owner | Auditors |
|---|---|---|---|---|---|---|
| Inmuebles Gade, S.L. | Madrid | Property | 56.8 | 9,619 | Ortiz Área / Fortem | Not audited |
| Urbanizadora Gade, S.A. (In liquidation) | Madrid | Property | 50 | 7,794 | Ortiz Área I. | Not audited |
| Accesos de Ibiza, S.A. | Balearic Is. | Concessionaire | 50 | 3,117 | Ortiz CyP | Gabinete de Auditoría Ribas |
| Alten Alconera, S.L. | Madrid | Energy | 61.31 | 3,860 | Agricasa and Alten ER | PWC |
| Alten Alange, S.L. | Madrid | Energy | 61.31 | 3,745 | Agricasa and Alten ER | PWC |
| Alten Alconera Dos, S.L. | Madrid | Energy | 61.29 | 8 | Agricasa and Alten ER | PWC |
| Medsolar SPV10, S.R.L. | Italy | Energy | 50 | 12 | Agricasa | Not audited |
| Ortega y Gasset Park, S.L. | Madrid | Concessionaire | 50 | 0 | Ortiz CyP | Not audited |
| Águeda Educatis, S.L. | Madrid | Property | 62.03 | 4 | Ortiz Área / Fortem | Not audited |
| Águeda Educatis Tres Cantos, S.L.U. | Madrid | Property | 62.03 | 6 | Águeda Educatis | Not audited |
| Aldigavia, S.L. | Madrid | Property | 49.99 | 793 | Agricasa | Not audited |
| Aldigavia Oficinas, S.L. | Madrid | Property | 49.99 | 3,088 | Agricasa | Not audited |
| **Total multigroup** | | | | **32,046** | | |

**ASSOCIATED COMPANIES**
**31 December 2014**

| Name | Domicile | Activity | Share % | Share Thousand euros | Group company owner | Auditors |
|---|---|---|---|---|---|---|
| Expociencia, S.L. | Madrid | Education | 40 | 96 | Condisa | Not audited |
| Bulevar del Arte y la Cultura, S.A. | Valencia | Concessionaire | 33.33 | 17 | Ortiz CyP | Not audited |
| Alten Energías Renovables, S.L. | Madrid | Energy | 22.62 | 812 | Alten Investments | PWC |
| Fortem Integral, S.L. | Madrid | Training | 24.06 | 43 | Agricasa | Not audited |
| Viario A - 31, S.A. | Madrid | Concessionaire | 21 | 1,477 | Ortiz CyP | Deloitte |
| Africana Energía, S.L. | Cordoba | Energy | 39.36 | 0 | Ortiz CyP | PWC |
| Alten Renewable Energy Investments, B.V. | Madrid | Energy | 22.74 | 5,449 | Ortiz CyP | PWC |
| Superficie Cartera de Inversiones, S.A. | Madrid | Property | 5.02 | 871 | Ortiz CyP | Avanter Auditores, S.L.P. |
| Ormats mantenimiento Integral, S.L. | Cordoba | Energy | 33.33 | 175 | Ortiz CyP | Not audited |
| Explotaciones Eólicas Vélez Rubio, S.L. | Valencia | Energy | 40 | 76 | Agricasa | Deloitte |
| Alten Renewable Energy Developments, B.V. | Madrid | Energy | 32.82 | 2,970 | Ortiz CyP | PWC |
| Construcciones Inca-Ortiz, S.A. | Chile | Construction | 50 | 0 | Ortiz Chile Branch | Not audited |
| SCPA Marabá | Brazil | Construction | 23.86 | 1 | Ortiz Brasil | Not audited |
| Ola Ortiz Construction | Algeria | Construction | 49 | 136 | Ortiz CyP | Not audited |
| Alten 2010 Energías Renovables, S.A. | Madrid | Energy | 32.82 | 17 | Alten Developments | PWC |
| Alten Pozohondo, S.L. | Madrid | Energy | 22.62 | 226 | Alten Energ. Renov. | PWC |
| Alten Los Hinojosos, S.l. | Madrid | Energy | 22.62 | 18 | Alten Energ. Renov. | PWC |
| Alten El Casar, S.L. | Madrid | Energy | 22.62 | 1 | Alten Energ. Renov. | Not audited |
| Dumar Ingenieros, S.L. | Madrid | Energy | 22.62 | 0 | Alten Energ. Renov. | Not audited |
| Alten Gestión de Proyectos, S.L. | Madrid | Energy | 32.82 | 0 | Alten 2010 | Not audited |

| | | | | | | |
|---|---|---|---|---|---|---|
| Alten Hinojosa del Valle, s.l. | Madrid | Energy | 32.82 | 0 | Alten 2010 | Not audited |
| **Total associates** | | | | **12,385** | | |

**MULTIGROUP COMPANIES**

| **31 December 2013** | | | **Share** | | | |
|---|---|---|---|---|---|---|
| **Name** | **Domicile** | **Activity** | **%** | **Thousand euros** | **Group company owner** | **Auditors** |
| Inmuebles Gade, S.L. | Madrid | Property | 56.8 | 9,619 | Ortiz Área / Fortem | Not audited |
| Urbanizadora Gade, S.A. (In liquidation) | Madrid | Property | 50 | 7,749 | Ortiz Área I. | Not audited |
| Accesos de Ibiza, S.A. | Balearic Is. | Concessionaire | 50 | 4,282 | Ortiz CyP | Gabinete de Auditoría Ribas |
| Alten Alconera, S.L. | Madrid | Energy | 61.31 | 3,578 | Agricasa and Alten ER | PWC |
| Alten Alange, S.L. | Madrid | Energy | 61.31 | 3,227 | Agricasa and Alten ER | PWC |
| Alten Alconera Dos, S.L. | Madrid | Energy | 61.29 | -116 | Agricasa and Alten ER | PWC |
| Medsolar SPV10, S.R.L. | Italy | Energy | 50 | 5 | Agricasa | Not audited |
| Ortega y Gasset Park, S.L. | Madrid | Concessionaire | 50 | -9 | Ortiz CyP | Not audited |
| Águeda Educatis, S.L. | Madrid | Property | 62.03 | 4 | Ortiz Área / Fortem | PWC |
| Águeda Educatis Tres Cantos, S.L.U. | Madrid | Property | 62.03 | -1 | Águeda Educatis | Not audited |
| **Total multigroup** | | | | **28,338** | | |

**ASSOCIATED COMPANIES**

| **31 December 2013** | | | **Share** | | | |
|---|---|---|---|---|---|---|
| **Name** | **Domicile** | **Activity** | **%** | **Thousand euros** | **Group company owner** | **Auditors** |
| Expociencia, S.L. | Madrid | Education | 40 | 131 | Condisa | Not audited |
| Bulevar del Arte y la Cultura, S.A. | Valencia | Concessionaire | 33.34 | 87 | Ortiz CyP | Not audited |
| Alten Energías Renovables, S.L. | Madrid | Energy | 22.62 | 6,369 | Ortiz CyP | PWC |
| Fortem Integral, S.L. | Madrid | Training | 24.07 | 37 | Agricasa | Not audited |
| Viario A - 31, S.A. | Madrid | Concessionaire | 21 | 240 | Ortiz CyP | Audifiel, S.L. |
| EOM Grupo, S.A. | Peru | Construction | 25 | 3,953 | Ortiz CyP | PWC |
| Africana Energía, S.L. | Cordoba | Energy | 39.36 | 3,626 | Ortiz CyP | BDO Auditores |
| Alten 2010 Energías Renovables, S.A. | Madrid | Energy | 33 | 1,612 | Ortiz CyP | Avanter Auditores, S.L.P. |
| Superficie Cartera de Inversiones, S.A. (SCI) | Madrid | Property | 5.52 | 1,012 | Ortiz CyP | Not audited |
| Ormats mantenimiento Integral, S.L. | Cordoba | Energy | 33.33 | 149 | Ortiz CyP | Deloitte |
| Explotaciones Eólicas Vélez Rubio, S.L. | Valencia | Energy | 40 | 212 | Agricasa | Not audited |
| Renovalia Ortiz, S.L. | Madrid | Energy | 50 | 1 | Ortiz Energía | Not audited |
| Construcciones Inca-Ortiz, S.A. | Chile | Construction | 50 | -312 | Ortiz Sucursal Chile | Not audited |
| SCPA Marabá | Brazil | Construction | 23.83 | 73 | Ortiz Brasil | Not audited |
| Ola Ortiz Construcción | Algeria | Construction | 49 | 0 | Ortiz CyP | Not audited |
| **Total associates** | | | | **17,190** | | |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

### APPENDIX III

| ASTEISA, TRATAMIENTO DE AGUAS, S.A.U. | % Participation | Activity | Turnover | Result |
|---|---|---|---|---|
| UTE AGUA-LA AFRICANA. | 50% | Construction | (0) | (13) |
| UTE ALMAZAN. | 100% | Construction | 55 | - |
| UTE BALTEZANA. | 50% | Construction | - | 0 |
| UTE BRETOÑA. | 50% | Construction | - | (0) |
| UTE DEPURADORA LAGO | 50% | Construction | 79 | 0 |
| UTE EDAR BUTARQUE. | 50% | Construction | - | (0) |
| UTE EDAR MIRAFLORES. | 50% | Construction | 300 | (37) |
| UTE EDAR RIBADEO. | 33.34% | Construction | 166 | (25) |
| UTE EDAR VEGA. | 75% | Construction | 945 | 5 |
| UTE EXTRACO-ASTEISA.ARCADE. | 50% | Construction | 161 | 35 |
| UTE EXTRACO-ASTEISA.CURTIS. | 50% | Construction | - | (0) |
| UTE FUENTIDUEÑA. | 50% | Construction | 110 | - |
| UTE MOLAR SUR. | 50% | Construction | 626 | - |
| UTE NUEVO BAZTAN. | 50% | Construction | - | (0) |
| UTE SANTOVENIA. | 80% | Construction | 133 | 68 |
| UTE SARDERA OSSO. | 80% | Construction | 428 | - |
| UTE TABARA. | 70% | Construction | 26 | 12 |
| UTE VIVEROS. | 50% | Construction | 72 | 219 |
| **Total ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.** | | | **3,100** | **264** |
| | | | - | - |

| CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U. | % Participation | Activity | Turnover | Result |
|---|---|---|---|---|
| UTE BIBLIOTECA BURGOS. | 50% | Construction | - | - |
| UTE CASA DEL CIGRONER. | 90% | Construction | - | - |
| UTE CASA MUDÉJAR. | 50% | Construction | - | 2 |
| UTE CASA ROMANA. | 50% | Construction | - | (17) |
| UTE CASTELL DE VILA-SECA. | 20% | Construction | - | - |
| UTE CATEDRAL DE JAEN. | 80% | Construction | 53 | 12 |
| UTE CERAMICA TRIANA. | 100% | Construction | - | 1 |
| UTE DG.SEGURIDAD. | 50% | Construction | 1 | 1 |
| UTE EDIFICIOS P-VALLECAS. | 50% | Construction | 128 | - |
| UTE ESPARTALES NORTE. | 20% | Construction | - | - |
| UTE GESTION CARABANCHEL 2010. | 50% | Construction | 1,484 | (46) |
| UTE GESTION CHAMARTIN 2010. | 50% | Construction | 387 | - |
| UTE GESTION CIUDAD LINEAL 2011-2012. | 50% | Construction | 668 | - |
| UTE GESTION FUENCARRAL 2010. | 50% | Construction | 925 | - |
| UTE GESTION LATINA 2010. | 50% | Construction | 749 | - |
| UTE GESTION PUENTE VALLECAS 2010. | 50% | Construction | 602 | (48) |
| UTE GESTION SAN BLAS 2010. | 50% | Construction | 675 | - |
| UTE LEPANTO. | 50% | Construction | - | (0) |
| UTE MEJORADA DEL CAMPO. | 20% | Construction | - | - |
| UTE PARQUE URBANO EL OLIVAR. | 20% | Construction | - | - |
| UTE URBANITZACIO SANT LEOPOLD. | 20% | Construction | - | (0) |
| **Total CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U.** | | | **5,672** | **(95)** |
| | | | - | - |

| CONSTRUCCIONES ICMA-PROAKIS,S.A.U. | % Participation | Activity | Turnover | Result |
|---|---|---|---|---|
| UTE INTERMODAL. | 40% | Construction | - | (3) |
| UTE LOSA DEL OBISPO. | 100% | Construction | - | (0) |
| UTE VIMBODI. | 50% | Construction | 0 | (6) |
| **Total CONSTRUCCIONES ICMA-PROAKIS,S.A.U.** | | | **0** | **(9)** |
| | | | - | - |

| CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U. | % Participation | Activity | Turnover | Result |
|---|---|---|---|---|
| UTE ALICANTE. | 20% | Construction | 1,268 | 29 |
| UTE CAN TUNIS. | 50% | Construction | - | 18 |
| UTE CONTROL DE VEGETACIÓN. | 75% | Construction | - | - |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

| | | | | |
|---|---|---|---|---|
| UTE ETXEBARRI. | 30% | Construction | 199 | 130 |
| UTE GABALDON. | 33.34% | Construction | - | (6) |
| UTE HENDAYA. | 65% | Construction | 632 | (76) |
| UTE MANTENIMIENTO OURENSE II. | 50% | Construction | 2,509 | 147 |
| UTE MASSANET. | 50% | Construction | - | 2 |
| UTE METRO MONTECARMELO. | 30% | Construction | - | 1 |
| UTE OLMEDO PEDRALBA. | 8% | Construction | 827 | 212 |
| UTE OPERACIONES NOROESTE. | 70% | Construction | 1,229 | 69 |
| **Total CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U.** | | | **6,664** | **526** |
| | | | - | - |
| **ELECOR,S.A.U.** | **% Participation** | **Activity** | **Turnover** | **Result** |
| UTE CAMPO DE GIBRALTAR. | 50% | Energy | - | (0) |
| UTE CIBELES. | 80% | Energy | - | - |
| UTE ELECTRICIDAD B.T. HOSPITAL ZAMORA. | 50% | Energy | 484 | (6) |
| UTE ENERGIA MALAGA. | 50% | Energy | 96 | (3) |
| UTE HIDRO-CAJAL. | 50% | Energy | 82 | - |
| UTE MECANICAS HOSPITAL ZAMORA. | 60% | Energy | 822 | (12) |
| UTE MECANICAS SPA ABADIA. | 50% | Energy | 142 | 21 |
| UTE MONTAJE CAJAL. | 50% | Energy | 92 | (21) |
| UTE ORTIZ C.Y P- IBERPROIN.(GUADARRAMA). | 10% | Energy | - | - |
| UTE ORTIZ C.Y P-IBERPROIN.(GAS MURCIA). | 50% | Energy | - | - |
| UTE ORTIZ C.Y P-IBERPROIN.(GAS VALENCIA). | 50% | Energy | - | - |
| UTE PLANTA BASAMENTO. | 80% | Energy | - | - |
| UTE RESIDENCIA CERCEDILLA. | 80% | Energy | - | - |
| **Total ELECOR,S.A.U.** | | | **1,718** | **(20)** |
| | | | - | - |
| **EMCA SOCIEDAD CONCESIONARIA,S.L.U.** | **% Participation** | **Activity** | **Turnover** | **Result** |
| UTE PAR ANDORRA. | 70% | Concessions | 34 | (117) |
| **Total EMCA SOCIEDAD CONCESIONARIA,S.L.U.** | | | **34** | **(117)** |
| | | | - | - |
| **IMPULSA GRUP ORTIZ,S.L.** | **% Participation** | **Activity** | **Turnover** | **Result** |
| UTE AULARI BELLVITGE. | 45% | Construction | 93 | (20) |
| UTE CASTELL DE VILA-SECA. | 80% | Construction | - | - |
| UTE INTERMODAL. | 40% | Construction | - | (3) |
| UTE SANT ROC. | 80% | Construction | 973 | (17) |
| UTE URBANITZACIO SANT LEOPOLD. | 80% | Construction | - | (2) |
| UTE VALLES OCCIDENTAL. | 80% | Construction | 1,150 | (20) |
| **Total IMPULSA GRUP ORTIZ,S.L.** | | | **2,216** | **(62)** |
| | | | - | - |
| **INDAG, S.A.U.** | **% Participation** | **Activity** | **Turnover** | **Result** |
| UTE LOTE 3 | 50% | Construction | 106 | - |
| **Total INDAG, S.A.U.** | | | **106** | **-** |
| | | | - | - |
| **INGENIERIA Y DISEÑOS TECNICOS,S.A.U.** | **% Participation** | **Activity** | **Turnover** | **Result** |
| UTE CONTROL DE VEGETACIÓN. | 25% | Construction | - | - |
| UTE CR MACETEROS. | 80% | Construction | 1,894 | - |
| UTE ESPARTALES NORTE. | 80% | Construction | - | - |
| UTE HUMANES. | 80% | Construction | (0) | 0 |
| UTE INDITEC-SICE-PLAYAS CADIZ. | 60% | Construction | 419 | (47) |
| UTE INDITEC-SICE-SAN FULGENCIO. | 50% | Construction | 243 | (0) |
| UTE LA VAGUADA. | 50% | Construction | - | - |
| UTE LOS ALMENDROS. | 80% | Construction | - | (3) |
| UTE MEJORADA DEL CAMPO. | 80% | Construction | - | - |
| UTE MOBILIARIO LA VAGUADA. | 50% | Construction | - | (0) |
| UTE OPERACIONES NOROESTE. | 20% | Construction | 351 | 20 |
| UTE PARQUE URBANO EL OLIVAR. | 80% | Construction | - | - |
| UTE PARQUES FORESTALES Y VIVEROS. | 45% | Construction | 2,237 | (761) |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

| | | | | |
|---|---|---|---|---|
| UTE PLANTA RESIDUOS BADAJOZ. | 60% | Construction | 1,496 | 9 |
| UTE RIEGO ALCORCON. | 80% | Construction | - | - |
| UTE RIO LIMIA. | 80% | Construction | 396 | - |
| UTE SAPLAYA. | 80% | Construction | 213 | 6 |
| UTE VASO DEL VERTEDERO. | 80% | Construction | (0) | (0) |
| UTE VILLA ESTEPONA. | 80% | Construction | 4,029 | 114 |
| **Total INGENIERIA Y DISEÑOS TECNICOS,S.A.U.** | | | **11,278** | **(663)** |
| | | | - | - |
| **JUAN GALINDO,S.L.U.** | **% Participation** | **Activity** | **Turnover** | **Result** |
| UTE CAMPO DE GIBRALTAR. | 50% | Energy | - | (0) |
| UTE CATEDRAL DE JAEN. | 20% | Energy | 13 | 3 |
| UTE NACOBRAS-JUAN GALINDO. | 20% | Energy | - | - |
| UTE POSADAS. | 50% | Energy | - | (0) |
| **Total JUAN GALINDO,S.L.U.** | | | **13** | **3** |
| | | | - | - |
| **ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.** | **% Participation** | **Activity** | **Turnover** | **Result** |
| UTE ACCESOS IBIZA. | 50% | Construction | - | 703 |
| UTE AEROPUERTO GI | 50% | Construction | - | (0) |
| UTE AESA-ORTIZ. | 50% | Construction | - | 30 |
| UTE AFINO ETAP SANTILLANA. | 50% | Construction | - | - |
| UTE AFRICASOLAR. | 25% | Construction | 69 | (222) |
| UTE ALCOVER. | 50% | Construction | 405 | (2,513) |
| UTE APARCAMIENTO REYES CATOLICOS. | 50% | Construction | 57 | (206) |
| UTE AULARI BELLVITGE. | 20% | Construction | 42 | (9) |
| UTE AUTOVIA ARGAMASILLA. | 40% | Construction | - | (2) |
| UTE BIBLIOTECA BURGOS. | 50% | Construction | - | - |
| UTE BOLAÑOS DE CALATRAVA. | 60% | Construction | 970 | (37) |
| UTE BONETE-ALICANTE. | 22% | Construction | - | (1) |
| UTE CARIÑENA. | 80% | Construction | - | (1) |
| UTE CENTRO ACUATICO 2012. | 20% | Construction | - | (10) |
| UTE CIBELES. | 20% | Energy | - | - |
| UTE CLINICO MADRID. | 20% | Construction | 5 | 7 |
| UTE COLEGIO NOBELIS. | 50% | Construction | - | - |
| UTE COMARCA DE GATA. | 80% | Construction | 243 | 8 |
| UTE CONSERVACIÓN PRESAS EL BAYCO. | 60% | Construction | - | (0) |
| UTE CR MACETEROS. | 20% | Construction | 474 | - |
| UTE DEPURADORA LAGO | 50% | Construction | 79 | 0 |
| UTE DG.SEGURIDAD. | 50% | Construction | 1 | 1 |
| UTE EDAR BUTARQUE. | 50% | Construction | - | (0) |
| UTE EDIFICIOS EDUCACION. | 100% | Construction | - | - |
| UTE EDIFICIOS P-VALLECAS. | 50% | Construction | 128 | - |
| UTE ELEJALDE. | 40% | Construction | 6,736 | 6 |
| UTE ENERGIA MALAGA. | 50% | Energy | 96 | (3) |
| UTE EQUIPAMIENTO RAMOS CARRION. | 80% | Construction | - | 0 |
| UTE EQUIPAMIENTO SOLAR DE CABALLERIA. | 46% | Construction | - | - |
| UTE ESTACION DELICIAS. | 40% | Construction | - | 0 |
| UTE EZKIO. | 30% | Construction | 23 | 22 |
| UTE FUENTIDUEÑA. | 50% | Construction | 110 | 0 |
| UTE GESTION CARABANCHEL 2010. | 50% | Construction | 1,484 | (46) |
| UTE GESTION CHAMARTIN 2010. | 50% | Construction | 387 | - |
| UTE GESTION CIUDAD LINEAL 2010. | 100% | Construction | 2 | (18) |
| UTE GESTION CIUDAD LINEAL 2011-2012. | 50% | Construction | 668 | - |
| UTE GESTION FUENCARRAL 2010. | 50% | Construction | 925 | - |
| UTE GESTION LATINA 2010. | 50% | Construction | 749 | - |
| UTE GESTION PUENTE VALLECAS 2010. | 50% | Construction | 602 | (48) |
| UTE GESTION SAN BLAS 2010. | 50% | Construction | 675 | - |
| UTE GESTION SAN BLAS. | 100% | Construction | (26) | (39) |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

| | | | | |
|---|---|---|---|---|
| UTE GLORIETA RIBA-ROJA. | 90% | Construction | 338 | (0) |
| UTE GONZALO BERCEO. | 50% | Construction | - | 0 |
| UTE HIDRO-CAJAL. | 50% | Energy | 82 | - |
| UTE HOSPITAL ALBACETE. | 37.50% | Construction | - | (2) |
| UTE HUMANES. | 20% | Construction | (0) | 0 |
| UTE ILLESCAS. | 50% | Construction | - | (0) |
| UTE LA PIZARRA. | 80% | Construction | - | (21) |
| UTE LOS ALMENDROS. | 20% | Construction | - | (1) |
| UTE LOTE 3 | 50% | Construction | 106 | - |
| UTE MASIA DE TRAVER | 60% | Construction | (23) | (3) |
| UTE MASSANET. | 50% | Construction | - | 2 |
| UTE MATADERO. | 42.50% | Construction | 270 | 273 |
| UTE METRO MONTECARMELO. | 70% | Construction | - | 3 |
| UTE NUEVO BAZTAN. | 50% | Construction | - | (0) |
| UTE ORTIZ C.Y P- IBERPROIN.(GUADARRAMA). | 90% | Energy | - | - |
| UTE ORTIZ C.Y P-IBERPROIN.(GAS MURCIA). | 50% | Energy | - | - |
| UTE ORTIZ C.Y P-IBERPROIN.(GAS VALENCIA). | 50% | Energy | - | - |
| UTE ORTIZ-SICE-ITUVAL GESTION ENERGETICA. | 60.01% | Construction | 3,291 | - |
| UTE PABELLON MELIANA. | 60% | Construction | - | (1) |
| UTE PALACIO FAISANERA. | 50% | Construction | 234 | (8) |
| UTE PAR ANDORRA. | 30% | Concessions | 15 | (50) |
| UTE PARKING VILLALBA. | 50% | Construction | - | (1) |
| UTE PARQUE SANTA MARIA. | 50% | Construction | - | 95 |
| UTE PARQUES FORESTALES Y VIVEROS. | 10% | Construction | 497 | (169) |
| UTE PISCINA COLMENAR. | 70% | Construction | - | - |
| UTE PLANTA BASAMENTO. | 20% | Energy | - | - |
| UTE PLANTA EL MOLAR. | 80% | Construction | - | (168) |
| UTE PLANTA RESIDUOS BADAJOZ. | 20% | Construction | 499 | 3 |
| UTE POLIDEPORTIVO COLMENAR. | 55% | Construction | - | (0) |
| UTE RAM TECMO-ORTIZ. | 50% | Construction | 66 | 19 |
| UTE RAMOS CARRION. | 80% | Construction | - | (1) |
| UTE RESIDENCIA CERCEDILLA. | 20% | Energy | - | - |
| UTE RIEGO ALCORCON. | 20% | Construction | - | - |
| UTE RIO LIMIA. | 20% | Construction | 99 | - |
| UTE ROBLEDO. | 50% | Construction | 837 | 76 |
| UTE RUGBY. | 50% | Construction | 100 | 32 |
| UTE RUTA DE LA PLATA. | 50% | Construction | 1,027 | 136 |
| UTE SALAS. | 50% | Construction | - | - |
| UTE SAN CRISTOBAL-GETAFE. | 50% | Construction | - | - |
| UTE SANT ROC. | 20% | Construction | 243 | (4) |
| UTE SAPLAYA. | 20% | Construction | 53 | 1 |
| UTE SARDERA OSSO. | 20% | Construction | 107 | - |
| UTE SECTOR LA ESTACION. | 55% | Construction | - | - |
| UTE SEVILLA ESTE. | 80% | Construction | 20 | 2 |
| UTE SIMANCAS. | 50% | Construction | 15 | 15 |
| UTE SOLAND CENTER. | 80% | Construction | (0) | (2) |
| UTE SOTANO TC. | 50% | Construction | 712 | (0) |
| UTE SUSTITUTORIA. | 70% | Construction | - | - |
| UTE TEATRO RAMBLETA. | 40% | Construction | - | (22) |
| UTE VADO. | 99.99% | Construction | - | - |
| UTE VALLES OCCIDENTAL. | 20% | Construction | 287 | (5) |
| UTE VILLARTA DE SAN JUAN. | 60% | Construction | - | (3) |
| UTE VIVEROS. | 50% | Construction | 72 | 219 |
| UTE ZONAS VERDES ENSANCHE VALLECAS. | 33.33% | Construction | - | (0) |
| **Total ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.** | | | **23,849** | **(1,963)** |
| | | | - | - |
| **ORTIZ ENERGIA,S.A.U.** | **% Participation** | **Activity** | **Turnover** | **Result** |

## GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

| | | | | |
|---|---|---|---|---|
| UTE AFRICASOLAR. | 25% | Energy | 69 | (222) |
| UTE PARQUE SANTA MARIA. | 25% | Energy | - | 95 |
| **Total ORTIZ ENERGIA,S.A.U.** | | | **69** | **(127)** |
| | | | - | - |
| **Total General** | | | **54,720** | **(2,262)** |