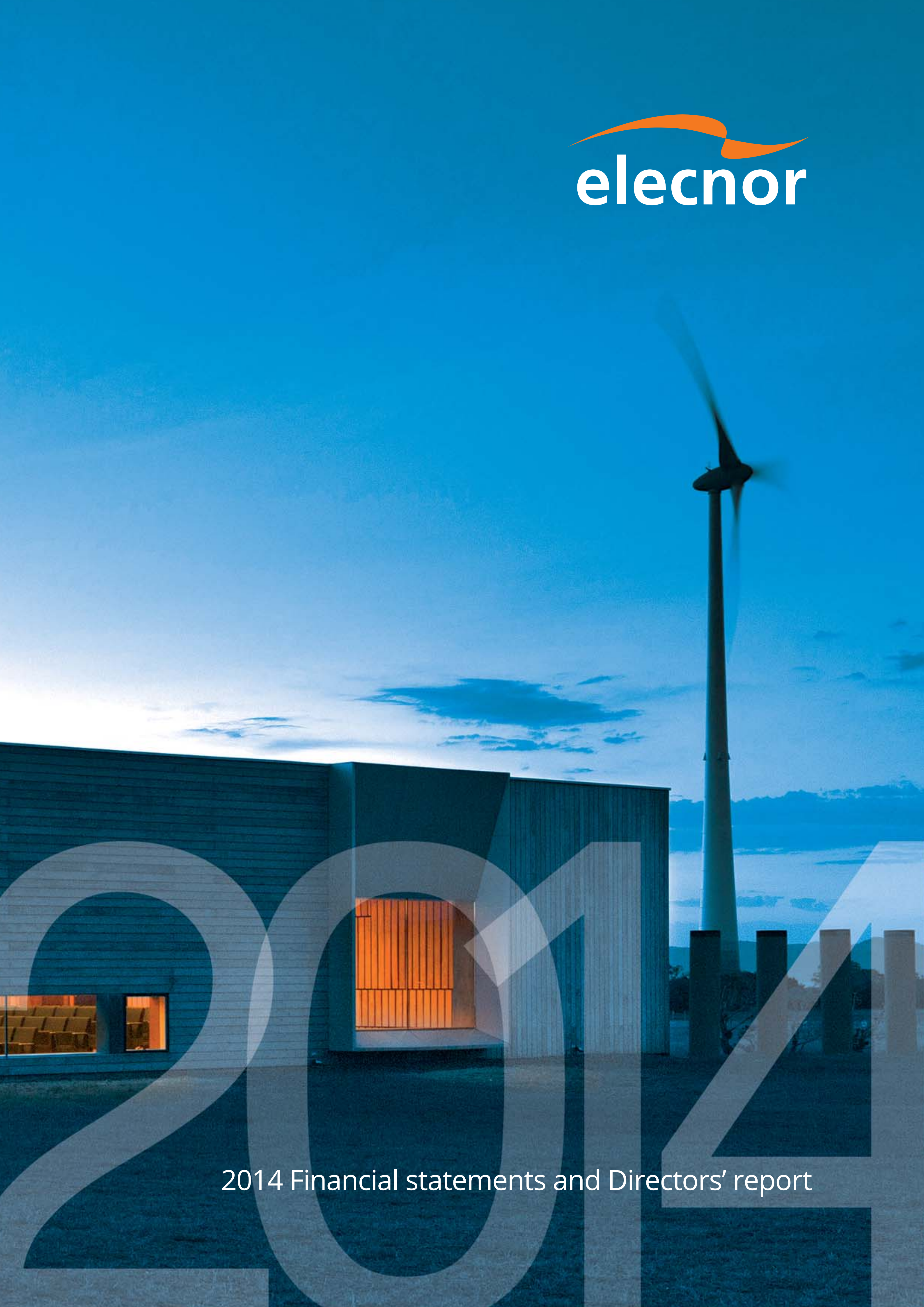

2014 Financial statements and Directors' report

Financial statements and Directors' report

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KPMG Auditores S.L.
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Independent Auditor's Report on the Consolidated Annual Accounts

To the Shareholders of
Elecnor, S.A.

Report on the consolidated annual accounts

We have audited the accompanying consolidated annual accounts of Elecnor, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto.

Directors' responsibility for the consolidated annual accounts

The Directors are responsible for preparing the accompanying consolidated annual accounts in such a way that they present fairly the consolidated equity, consolidated financial position and consolidated financial performance of Elecnor, S.A. and subsidiaries, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control measures as are considered necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

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

Opinion

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2014, and their financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated directors' report for 2014 contains such explanations as the Directors of Elecnor, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2014. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Elecnor, S.A. and subsidiaries.

KPMG Auditores, S.L.

Cosme Carral López-Tapia

23 March 2015

Economic profile of the Elecnor Group

Elecnor, S.A. and Subsidiaries comprising the Elecnor Group

Consolidated Statements of Financial Position

at 31 December 2014 and 2013

Assets	Thousands of euros 31/12/2014	31/12/2013
Non-current assets:		
Intangible assets		
Goodwill (note 7)	32,386	32,360
Other intangible assets, net (note 8)	65,371	70,506
	97,757	102,866
Property, plant and equipment, net (note 9)	1,208,149	1,093,068
Equity-accounted investees (note 10)	75,259	92,375
Non-current financial assets (note 11)		
Investments	6,009	3,772
Other investments	725,310	693,373
	731,319	697,145
Deferred tax assets (note 18)	78,255	74,267
Total non-current assets	**2,190,739**	**2,059,721**
Current assets:		
Non-current assets held for sale (note 3.a)	4,204	4,370
Inventories (Note 3.l)	44,091	36,328
Trade and other receivables (note 12)	895,347	910,173
Trade receivables from related companies (note 26)	43,550	47,525
Public entities (note 19)	72,257	73,634
Other receivables	10,995	10,303
Current investments in related companies (note 26)	7,528	4,323
Other current assets	8,920	7,899
Cash and cash equivalents (note 12)	258,899	244,351
Total current assets	**1,345,791**	**1,338,906**
Total assets	**3,536,530**	**3,398,627**

	Thousands of euros	
Equity and Liabilities	31/12/2014	31/12/2013
Equity (note 13):		
Attributable to the Parent		
Share capital	8,700	8,700
Other reserves	484,821	442,150
Valuation adjustments	(82,258)	(48,573)
Profit for the year attributable to the Parent	58,542	53,289
Interim dividend for the year (note 5)	(4,193)	(4,193)
	465,612	451,373
Attributable to non-controlling interests	344,124	81,112
Total equity	**809,736**	**532,485**
Non-current liabilities:		
Grants (note 3.q)	14,522	11,628
Deferred income	6,946	7,610
Provisions for liabilities and charges (note 16)	13,378	22,948
Financial debt (notes 14 and 15)	1,221,614	1,096,883
Other non-current liabilities	19,574	19,454
Deferred tax liabilities (note 18)	58,572	61,628
Total non-current liabilities	**1,334,606**	**1,220,151**
Current liabilities:		
Financial debt (notes 14 and 15)	295,810	315,588
Trade payables to associates and related companies (note 26)	3,498	3,623
Trade and other payables		
Trade payables for purchases or services	452,344	531,734
Advances from customers and advance invoices (note 17)	497,605	596,789
	949,949	1,128,523
Other payables		
Public entities (note 19)	72,328	104,683
Other current liabilities	70,603	93,574
	142,931	198,257
Total current liabilities	**1,392,188**	**1,645,991**
Total equity and liabilities	**3,536,530**	**3,398,627**

Elecnor, S.A. and Subsidiaries comprising the ELECNOR Group

Consolidated Income Statements

for the years ended 31 December 2014 and 2013

	Thousands of Euros (Debit) Credit	
	2014	2013
Continuing operations:		
Revenues (note 21)	1,723,728	1,864,174
Changes in inventories of finished goods and work in progress (note 3.l)	2,726	(6,622)
Supplies (note 21.l)	(770,705)	(1,039,204)
Other operating income (note 3.h)	84,897	184,426
Personnel expenses (note 21)	(491,178)	(451,563)
Other operating expenses	(320,622)	(330,780)
Depreciation, amortisation, impairment and charges to provisions (note 21)	(94,008)	(78,890)
Results from operating activities	**134,838**	**141,541**
Finance income (notes 11 and 21)	79,483	61,934
Finance costs (note 21)	(91,327)	(82,673)
Exchange gains/(losses) (note 2.f)	6,985	(10,582)
Impairment and gains/(losses) on disposal of financial instruments (notes 2.g, 10, 11.a and 16)	5,611	(2,012)
Change in fair value of financial instruments (note 2.g)	(1,850)	16,651
Share in profit/(loss) of equity-accounted investees (note 10)	(17,786)	(15,793)
Profit before tax	**115,954**	**109,066**
Income tax (note 19)	(44,950)	(52,208)
Profit from continuing operations	**71,004**	**56,858**
Profit for the year	**71,004**	**56,858**
Attributable to:		
Shareholders of the Parent	58,542	53,289
Non-controlling interests (note 13)	12,462	3,569
Earnings per share (in Euros) (note 28)		
Basic	0.69	0.63
Diluted	0.69	0.63

Elecnor, S.A. and Subsidiaries comprising the ELECNOR Group

Consolidated Statements of Comprehensive Income

for the years ended 31 December 2014 and 2013

	Note	Thousands of Euros 2014	Thousands of Euros 2013
CONSOLIDATED PROFIT (I)		**71,004**	**56,858**
Other comprehensive income			
Items that will be reclassified to profit or loss			
Income and expense recognised directly in equity			
- Cash flow hedges	Note 15	(19,945)	(6,762)
- Translation differences	Note 13	(21,169)	(104,428)
- Share of other comprehensive income of equity-accounted investees	Note 10	(35,950)	(12,339)
- Tax effect	Notes 15 and 18	4,987	2,030
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY (II)		**(72,077)**	**(121,499)**
Transfers to the consolidated income statement			
- Cash flow hedges	Note 15	3,086	16,740
- Share of other comprehensive income of equity-accounted investees	Note 10	13,559	12,807
- Tax effect	Notes 15 and 18	(772)	(5,022)
TOTAL TRANSFERS TO THE CONSOLIDATED INCOME STATEMENT (III)		**15,873**	**24,525**
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSE (I+II+III)		**14,800**	**(40,116)**
a) Attributable to the Parent		20,082	(38,191)
b) Attributable to non-controlling interests		(5,282)	(1,925)

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries comprising the ELECNOR Group

Consolidated Statements of Comprehensive Income

for the years ended 31 December 2014 and 2013

Thousands of Euros

	Share capital	Valuation adjustments	Legal reserve	Other restricted reserves	Other voluntary reserves	Reserves in consolidated companies	Own shares	Translation differences	Total reserves	Net profit for the year	Interim dividend paid in the year	Non-controlling interests	Total equity
Balances at 31 December 2012	**8,700**	**(68,907)**	**1,743**	**22,851**	**466,772**	**72,266**	**(22,836)**	**(46,980)**	**424,909**	**87,593**	**(4,663)**	**41,663**	**558,202**
Total recognised income and expense for 2013	-	20,334	-	-	-	-	-	(111,814)	(91,480)	53,289	-	(1,925)	(40,116)
Distribution of profit:													
Reserves	-	-	-	-	20,656	44,335	-	-	64,991	(64,991)	-	-	-
Supplementary dividend	-	-	-	-	-	-	-	-	-	(17,939)	-	(6,360)	(24,299)
Extraordinary dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
2012 interim dividend	-	-	-	-	-	-	-	-	-	(4,663)	4,663	-	-
Acquisition of own shares	-	-	-	-	-	-	(1,247)	-	(1,247)	-	-	-	(1,247)
Sale of own shares	-	-	-	-	51	-	1,616	-	1,667	-	-	-	1,667
Transfer between reserves	-	-	-	(415)	1,411	(996)	-	-	-	-	-	-	-
Interim dividend paid in 2013	-	-	-	-	-	-	-	-	-	-	(4,193)	-	(4,193)
Other amounts due to changes in the consolidated Group	-	-	-	-	-	816	-	-	816	-	-	10,839	11,655
Other corporate transactions	-	-	-	-	-	-	-	-	-	-	-	36,895	36,895
Other	-	-	-	-	-	(6,125)	46	-	(6,079)	-	-	-	(6,079)
Balances at 31 December 2013	**8,700**	**(48,573)**	**1,743**	**22,436**	**488,890**	**110,296**	**(22,421)**	**(158,794)**	**393,577**	**53,289**	**(4,193)**	**81,112**	**532,485**
Total recognised income and expense for 2014	-	(37,396)	-	-	-	-	-	(1,064)	(38,460)	58,542	-	(5,282)	14,800
Distribution of profit:													
Reserves	-	-	-	-	7,503	25,444	-	-	32,947	(32,947)	-	-	-
Supplementary dividend	-	-	-	-	-	-	-	-	-	(16,149)	-	(1,901)	(18,050)
Extraordinary dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
2013 interim dividend	-	-	-	-	-	-	-	-	-	(4,193)	4,193	-	-
Acquisition of own shares	-	-	-	-	-	-	(2,512)	-	(2,512)	-	-	-	(2,512)
Sale of own shares	-	-	-	(157)	173	-	2,669	-	2,685	-	-	-	2,685
Transfer between reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim dividend paid in 2014	-	-	-	-	-	-	-	-	-	-	(4,193)		(4,193)
Other amounts due to changes in the consolidated Group (note 13.e)	-	3,711	-	-	-	(12,039)	-	29,318	20,990	-	-	264,733	285,723
Other corporate transactions	-	-	-	-	-	-	-	-	0	-	-	5,462	5,462
Other	-	-	-	-	(24)	(6,640)	0	-	(6,664)	-	-	-	(6,664)
Balances at 31 December 2014	**8,700**	**(82,258)**	**1,743**	**22,279**	**496,542**	**117,061**	**(22,264)**	**(130,540)**	**402,563**	**58,542**	**(4,193)**	**344,124**	**809,736**

Elecnor, S.A. and Subsidiaries comprising the Elecnor Group

Consolidated Statements of Cash Flows

for the years ended 31 decembre 2014 and 2013

	Thousands of euros	
	2014	2013
Cash flows from operating activities:		
Consolidated profit for the year	71,003	56,858
Adjustments for:		
Depreciation and amortisation and changes in provisions for current and non-current asset (notes 8, 9, 10 and 21)	69,345	65,040
Changes in provisions for liabilities and charges (note 16)	26,550	13,850
Allocation of deferred income	(451)	(1,227)
Net profit or loss of equity-accounted investees (note 10)	17,786	15,793
Change in fair value of financial instruments (note 15)	815	(16,822)
Impairment and net gains/losses on disposal of financial instruments (notes 10 and 16)	4,576	2,012
Finance income and costs (note 21)	13,056	31,321
Income tax	44,950	52,208
Funds generated from operations	**247,630**	**219,033**
Changes in operating assets and liabilities:		
Changes in trade receivables and other current assets	(6,285)	(67,020)
Changes in inventories	(7,763)	50,702
Changes in trade and other payables	(244,364)	(133,494)
Effect of translation differences on operating assets and liabilities of foreign operations		
Changes in other receivables	(37,465)	(1,601)
Income tax paid	(29,338)	(24,827)
Net cash flows from (used in) operating activities (I)	**(77,585)**	**42,793**
Cash flows from investing activities:		
Investments in Group companies, associates and jointly controlled entities (notes 7 and 10)	-	(3,197)
Acquisition of intangible assets (note 8)	(1,187)	(1,775)
Acquisition of equity instruments and other non-current investments (note 11)	(88,208)	(154,936)
Grants for acquisition of fixed assets	3,345	3,340
Acquisition of property, plant and equipment (note 9)	(153,577)	(249,114)
Dividends received from associates (note 10)	850	5,160
Interest received	74,858	61,934
Proceeds from disposal of Group companies, associates and jointly controlled entities	275,480	-
Proceeds from disposal of property, plant and equipment, intangible assets and non-current assets (notes 8 and 9)	5,268	8,152
Proceeds from disposal of financial assets, net (note 11)	4,409	10,905
Net cash flows from (used in) investing activities (II)	**121,238**	**(319,531)**
Cash flows from financing activities:		
Cash inflows from financial debt and other non-current borrowings (note 14)	202,922	245,386
Interest paid (note 14)	(97,402)	(82,922)
Repayment of financial debt and other non-current borrowings (note 14)	(112,539)	(143,801)
Dividends paid	(22,243)	(28,492)
Cash inflows from disposal of own shares (note 13)	2,669	1,616
Cash outflows due to sale-purchase of own shares (note 13)	(2,512)	(1,201)
Net cash flows used in financing activities (III)	**(29,105)**	**(9,414)**
Effect of changes in the consolidated Group (IV)	**-**	**2,417**
Net increase/decrease in cash and cash equivalents (I+II+III+IV)	**14,548**	**(283,735)**
Cash and cash equivalents at beginning of year	244,351	528,086
Cash and cash equivalents at end of year	**258,899**	**244,351**

Consolidated Annual Report

Notes to the consolidated annual accounts

for the year ended 31 December 2014

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

1. Group Companies and Associates

Elecnor, S.A., the Parent, was incorporated on 6 June 1958 and its registered office is located at Calle Marqués de Mondéjar 33, Madrid.
The Parent's statutory activity, according to its bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.
- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.
- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.
- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.
- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Parent through investments in other companies with a similar statutory activity, both in Spain and abroad. The ELECNOR Group may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.

The subsidiaries basically engage in business activities comprising the aforementioned statutory activity, and in the operation of wind energy generation, thermosolar and solar PV facilities, the provision of aeronautical and aerospace software research, advisory and development services and the manufacture and distribution of solar panels and solar PV plants.
The Parent's bylaws and other related public information may be viewed on the website www.elecnor.es and at its registered office.
In addition to the operations it carries out directly, Elecnor, S.A. is the head of a group of subsidiaries that engage in various business activities and which comprise, together with Elecnor, S.A., the ELECNOR Group (hereinafter “the Group” or the “ELECNOR Group”). Therefore, in addition to its own separate annual accounts, the Parent is obliged to prepare the Group's consolidated annual accounts, which also include interests in joint ventures and investments in associates.
Appendix I includes details of the consolidated Group companies and associates and related information at 31 December 2014 and 31 December 2013, after translation to Euros of their respective separate financial statements, and prior to the related harmonisation adjustments thereto and any adjustments for conversion to International Financial Reporting Standards (IFRS-EU).
The information in Appendix I was provided by the Group companies and their equity position is reflected in their separate annual accounts.

2. Basis of Presentation of the Consolidated Annual Accounts and Consolidation Principles

a) Basis of presentation and regulatory financial reporting framework applicable to the Group

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. and of the consolidated companies. The consolidated annual accounts for 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to present fairly the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2014 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

The Group adopted IFRS-EU on 1 January 2004 and applied IFRS 1, "First-time adoption of International Financial Reporting Standards".

The directors of the Parent consider that the consolidated annual accounts for 2014, authorised for issue on 18 February 2015, will be approved with no changes by the shareholders at their annual general meeting.

The ELECNOR Group's consolidated annual accounts for 2013 were authorised for issue by the shareholders at their annual general meeting held on 21 May 2014.

These consolidated annual accounts have been prepared on a going concern basis using the historical cost principle, with the exception of derivative financial instruments, which have been recognised at fair value.

b) Adoption of International Financial Reporting Standards (IFRS)

<u>Standards and interpretations issued but not yet in force</u>

Standards effective for periods beginning on or after 1 January 2014 have not entailed any changes in the Group's accounting policies. However, the Group has included the new disclosures required by IFRS 12 in its annual accounts for 2014. The Company has not early-applied any standards.

The IASB has issued new accounting standards (IFRS) and interpretations (IFRIC) effective for accounting periods beginning on or after 1 January 2015. Details of the nature of the changes in accounting policy and a summary of ELECNOR Group management's assessment of the impact these new standards could have on the Group's annual accounts are as follows:

IFRS 9 Financial Instruments – issued in October 2010 (pending adoption by the European Union)

This standard, which partially replaces IAS 39, simplifies the classification and measurement criteria for financial instruments, maintaining a mixed measurement model and establishing only two main financial asset categories: amortised cost and fair value. The classification criteria are based on the entity's business model and the characteristics of the financial asset's contractual cash flows.

Management considers that the future application of IFRS 9 will not have a material impact on the financial assets and liabilities currently reported. In any case, at the reporting date the Group was analysing all the future impacts of adopting this standard and it will not be possible to provide a reasonable estimate of its effects until this analysis has been completed.

This standard is effective for periods beginning on or after 1 January 2018, although it is pending adoption by the EU.

Amendments to IFRS 11 set out in Accounting for Acquisitions of Interests in Joint Operations (pending adoption by the European Union).

This amendment clarifies certain aspects of accounting for joint operations that constitute a business, to which the accounting treatment for business combinations applies.

The amendments to IFRS 11 are not expected to have a material impact on the financial assets and liabilities currently reported, and any possible impact will be recognised prospectively as of the start of the first year of application.

This standard is effective for periods beginning on or after 1 January 2016.

IFRS 15 Revenue from Contracts with Customers (pending adoption by the European Union)
This new standard will replace IAS 11 and IAS 18 and introduces a five-step model to determine the timing and amount of revenue to be recognised. The new model stipulates that revenue should be recognised when (or as) the entity transfers control of the goods or services to a customer, in an amount that reflects the consideration to which the entity expects to be entitled.
The standard provides for several transition alternatives. On the one hand, it allows for application of the new standard to past transactions, with a retrospective adjustment for each comparative period presented in the financial statements for 2017. On the other hand, it allows for recognition of the cumulative effect of applying the new standard at the initial application date, without adjusting the comparative information. The standard provides for a number of optional practical simplifications that generate additional alternatives and may facilitate the transition.
At the date of writing, the Group has not yet decided which transition option it will apply or, therefore, quantified the impact of adopting this standard. As such, the effect cannot be estimated reasonably until this analysis has been completed.
This standard is effective for periods beginning on or after 1 January 2017.

c) Functional currency
The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the Parent’s functional and presentation currency.

d) Responsibility for the information and use of estimates
The information in these consolidated annual accounts is the responsibility of the board of directors of ELECNOR.
In the ELECNOR Group's consolidated annual accounts for 2014 the senior executives of the Group and of the consolidated companies occasionally made estimates and judgements, which were later ratified by the directors, in order to quantify certain assets, liabilities, income, expenses and obligations reported herein. These estimates were essentially as follows:

- The evaluation of possible impairment losses on certain assets (see notes 7, 8, 9, 10, 11 and 18);
- The evaluation of possible losses on projects in progress and/or the committed order book;
- The criteria applied when calculating the percentage of completion of the projects;
- The useful life of the property, plant and equipment and intangible assets (see notes 8 and 9);
- The amount of the provisions for liabilities and charges (see note 16);
- The probability of occurrence and the amount of liabilities of uncertain amount or contingent liabilities (see note 16);
- The measurement of possible impairment of goodwill (see note 7);
- The fair value of certain unquoted assets (see notes 11 and 15);
- The exchange rate used, when different exchange rates are available on the market. In particular, as there are different official exchange rates for the Venezuelan Bolivar, the decision to apply one or the other, depending on which one best reflects the value of the transactions conducted, has a significant impact. At year end the directors opted to use the SICAD II, whereas they previously applied the CENCOEX (formerly CADIVI). This had a negative impact of approximately Euros 33 million on the consolidated income statement.

Although estimates are based on the best information available at 31 December 2014, future events may require increases or decreases in these estimates in subsequent years, which would be accounted for prospectively in the corresponding consolidated income statement as a change in accounting estimates, as required by IAS 8.

e) Comparative information
As required by IAS 1, the information contained in the notes to the accompanying consolidated annual accounts for 2014 includes comparative figures for 2013, which do not constitute the consolidated annual accounts of the ELECNOR Group for 2013.

f) Consolidation principles

Scope

The consolidated annual accounts of the ELECNOR Group include all the subsidiaries of Elecnor, S.A., except for those which, individually or as a whole, are immaterial.

Subsidiaries are entities over which the Company exercises control, either directly or indirectly through subsidiaries. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

Procedures

Subsidiaries are fully consolidated and, therefore, all intra-Group balances, transactions, income and expenses are eliminated.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from their acquisition date, which is the date control commences.

All of the financial statements used by the Parent and the subsidiaries have the same reporting date and were prepared using uniform accounting policies.

Non-controlling interests in the net assets of subsidiaries are recognised in equity separately from the Parent's equity. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, i.e. any difference is recognised directly in equity.

Business combinations

As permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards, the Group has recognised only business combinations that occurred on or after 1 January 2004, the date of transition to IFRS-EU, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group is considered to carry out a business combination when the assets acquired and liabilities assumed constitute a business. The Group recognises business combinations using the acquisition method, which entails identifying the acquirer, determining the acquisition date (the date on which control is obtained) and the acquisition cost, recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest, and lastly, recognising and measuring any goodwill or negative goodwill.

The costs incurred on the acquisition are recognised as an expense in the year in which they are incurred, and are therefore not considered as an increase in the cost of the business combination.

The identifiable assets acquired and liabilities assumed are recognised at their acquisition-date fair value and any non-controlling interest is measured at fair value or at the proportional part of the interest in the net assets acquired.

In a business combination achieved in stages, the acquirer revalues the existing investment at fair value on the date control is obtained and recognises the related gain or loss in the consolidated income statement.

Transactions between the Parent and non-controlling interests (transactions subsequent to obtaining control in which the Parent acquires further ownership interests from non-controlling interests or disposes of investments without a loss of control) are accounted for as transactions with equity instruments.

The excess of the consideration given, plus the value assigned to non-controlling interests, over the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises on increases nor is a gain recorded on reductions; rather, the difference between the consideration given or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, notwithstanding the reclassification of consolidation reserves and the reallocation of other comprehensive income between the Group and the non-controlling interests. When a Group's interest in a subsidiary diminishes, non-controlling interests are recognised at their share of the consolidated net assets, including goodwill.

Loss of control

When the Group loses its control over a subsidiary, it derecognises the subsidiary's assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the interest retained in the company are recognised at fair value at the date on which control is lost, and any difference is recognised. Other comprehensive income relating to the subsidiary is reclassified to profit or loss or reserves depending on its nature.

Associates, joint ventures and joint operations

Associates are companies over which the Group exercises significant influence but not control.

Investments in associates and joint ventures are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. Under this method, the investment is initially recognised at cost, including any additional cost directly attributable to the acquisition.

The Group's share in the profit or loss of associates obtained after the acquisition date is accounted for as an increase or decrease in the value of the investments with a credit or debit to share in profit or loss of equity-accounted investees in the consolidated income statement. The Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry, based on the nature of the investment, in other comprehensive income in the consolidated statement of comprehensive income. The distribution of dividends is recognised as a decrease in the value of the investment.

Losses of an associate attributable to the Group are limited to the extent of the net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate.

If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, it does not recognise its share of any further losses. The investment in the associate or joint venture is the carrying amount of the investment determined using the equity method, plus any other non-current portion that, in substance, forms part of the Group's net investment in the associate.

Irrespective of the losses recognised, as described above, the Group analyses any additional impairment applying the standards on financial assets (see note 3-m), taking into account the investment as a whole and not only any associated goodwill.

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

- Joint ventures: investments in joint ventures are accounted for using the equity method described above.
- Joint operations: for joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts. The Group includes in this category the temporary joint ventures through which it carries on part of its business activities.

Translation differences

The Group applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to cumulative translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings.

On consolidation, the assets and liabilities of the Group's foreign operations with a functional currency other than the Euro are translated to Euros at the exchange rates prevailing at the reporting date. Income and expenses are translated at the exchange rates prevailing at each transaction date. All resulting exchange differences are recognised as translation differences in other comprehensive income.

These criteria are also applicable to the translation of the financial statements of equity-accounted investees, with translation differences attributable to the Group recognised in other comprehensive income.

g) Changes to the consolidated Group

There were no significant changes to the consolidated Group in 2014.

The most significant changes to the consolidated Group in 2013 were as follows:

- On 15 August 2013, Elecnor, S.A., through Elecnor, Inc., incorporated Elecnor Hawkeye, LLC. On 14 November 2013, Elecnor Hawkeye, LLC acquired the assets and liabilities necessary to carry out its activity from Hawkeye, LLC, with retrospective effect from 1 November 2013. The investment in the newly-incorporated company amounted to Euros 1.5 million.

  The fair values of the identifiable assets acquired and liabilities assumed on acquisition of this company, which make up 100% thereof, are as follows:

	Thousands of Euros
Intangible assets	733
Property, plant and equipment	5,554
Trade and other receivables	15,432
Inventories	389
Financial liabilities	(20,618)
Total identifiable net assets	**1,490**

- In relation to the acquisition of the various business combinations, the ELECNOR Group incurred a liability for payments to former shareholders, contingent on compliance with certain variables, amounting to Euros 16,037 thousand, recognised under other non-current liabilities. In 2013, the directors considered that there was sufficient evidence that this amount would not be payable, and thus reversed the amount in full, recognising the resulting income under changes in fair value of financial instruments in the income statement for that year.

3. Significant Accounting Policies

a) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management of the ELECNOR Group must be committed to a sale plan, which should be expected to be completed within one year from the date of classification.

At 31 December 2014, approximately Euros 4,204 thousand (Euros 4,370 thousand in 2013) was recognised under this heading in the accompanying consolidated statement of financial position, primarily reflecting the cost of facilities held by Adhorna Prefabricación, S.A. in Tortosa (Tarragona).

b) Goodwill

Goodwill arising on consolidation is calculated as explained in note 2-f.

Goodwill acquired on or after 1 January 2004 is measured at cost of acquisition, and goodwill arising prior to that date is recognised at the carrying amount at 31 December 2003 in accordance with the accounting policies applied until that date (see note 2-f). In both cases, goodwill has not been amortised since 1 January 2004. Instead, it is tested for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) at the end of each reporting period and, if there is any impairment, goodwill is written down (see note 3-k).

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

c) Revenue recognition

Revenue from sales and services rendered is measured at the fair value of the assets or rights received as consideration for the goods and services provided in the normal course of the Group companies' business, net of discounts and applicable taxes.

c.1 Construction contracts and services rendered

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the date of the consolidated statement of financial position.

This means that the percentage of total estimated revenue that the costs incurred in the year represent in relation to total estimated costs is recognised as revenue for the year.

Total revenue comprises the initial amount agreed in the contract and any highly probable variations and claims that can be measured reliably.

Total costs comprise costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the specific contract and such other costs as are specifically chargeable to the customer under the terms of the contract.

Potential losses on projects in progress are recognised in full when they become known or can be estimated.

Progress billings and advances, which are recognised under trade and other payables - advances from customers and advance invoices under liabilities on the accompanying consolidated statement of financial position, amount to Euros 304,945 thousand at 31 December 2014 (Euros 360,570 thousand at 31 December 2013) (see note 17).

Revenue from the rendering of services is recognised when it can be estimated reliably, taking into account the stage of completion of the end service. If revenue cannot be estimated reliably, it is recognised only to the extent of the expenses recognised that are recoverable.

In 2014 the ELECNOR Group recognised revenue in relation to the various stages of completion of its contracts and rendering of services amounting to approximately Euros 1,576 million (Euros 1,728 million in 2013) (see note 21). In addition, the costs incurred on the construction and service contracts amounted to approximately Euros 1,197 thousand in 2014 (Euros 1,536 thousand in 2013).

Lastly, retentions on payments made by customers in 2014 amount to Euros 19,828 thousand (Euros 18,518 thousand in 2013) and are recognised in trade and other receivables under assets on the accompanying consolidated statement of financial position.

c.2 Sales of goods

Sales of goods are recognised when substantially all the risks and rewards of ownership of the goods have been transferred, the Group does not retain control over them, revenue can be measured reliably and is likely to be received and the transaction costs incurred or to be incurred can be measured reliably.

c.3 Interest and dividends

Interest income and dividends are recognised provided that it is probable that they will be received and they can be measured reliably.

Interest income is recognised using the effective interest method, which is the rate that exactly discounts the estimated future cash flows over the expected life of the financial asset to the carrying amount of the asset.

Royalties are recognised on an accrual basis in accordance with the substance of the agreement.

Dividends are recognised when the Group's right to receive payment has been established.

d) Leases

The ELECNOR Group classifies leases whereby the lessor transfers all the risks and rewards of ownership to the lessee as finance leases. All other leases are classified as operating leases.

Assets acquired under finance leases are classified in the appropriate non-current asset category, based on their nature and function, at the lower of the fair value of the leased asset and the aggregate present values of the amounts payable to the lessor plus the price of exercising the purchase option, with a credit to financial debt in the consolidated statement of financial position. These assets are depreciated using similar criteria to those applied to assets of the same nature owned by the ELECNOR Group.

Expenses arising on operating leases are allocated to other operating expenses in the consolidated income statement on an accrual basis over the term of the lease.

In 2014 and 2013 the lease expenses included under other operating expenses in the accompanying consolidated income statement amounted to approximately Euros 58,774 thousand and Euros 44,819 thousand, respectively. At the end of 2014 and 2013 the ELECNOR Group's most significant operating leases were for machinery and motor vehicles, and buildings used to carry out its business activities.

At the 2014 year end the Group has contractually agreed the following minimum lease payments with lessors, based on the leases currently in force, without taking into account any shared expenses passed on, future CPI increases or future contractual lease payment reviews (in thousands of Euros):

	Nominal amount	
Minimum operating lease payments	2014	2013
Less than one year	30,647	23,622
One to five years	20,259	21,143
More than five years	24,794	28,958
Total	**75,700**	**73,723**

The minimum operating lease payments do not include machinery and motor vehicles, which are leased over the term of the construction work performed by the Group, since the Parent's directors consider that there are no long-term commitments in relation to these leases.

e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that require a substantial period of time to be ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for use or sale (see note 3-h). Investment income earned on the temporary investment of specific cash borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

f) Foreign currency

The Parent's functional currency is the Euro. Therefore, all balances and transactions in currencies other than the Euro are deemed to be foreign currency transactions.

Transactions in currencies other than the Euro are translated by applying the exchange rate in force at the transaction date. During the year, differences between the exchange rate used and the rate prevailing at the date of collection or payment are recognised as income or expenses in the income statement, except in the following cases.

- Exchange differences arising from hedging transactions (see note 15).
- Exchange differences arising from a liability denominated in a foreign currency that is accounted for as a hedge of the Group's net investment in a foreign operation.

Fixed income securities and balances receivable and payable in currencies other than the functional currency at 31 December each year are translated at the closing exchange rate. Any exchange differences arising are recognised under exchange gains/losses in the consolidated income statement.

Foreign currency transactions in which the ELECNOR Group has opted to reduce the currency risk by arranging financial derivatives or other hedging instruments are accounted for using the principles described in note 3-m.

In general, the functional currencies of the consolidated companies and associates located abroad are the same as their presentation currency. None of the functional currencies of the consolidated companies and associates located abroad are those of a hyperinflationary economy as defined by IFRS, except in the case of Venezuela. At the 2014 and 2013 reporting dates the aforementioned financial statements were restated using the measuring unit current at 31 December 2014 and 2013. The financial statements of Venezuela were prepared using the historical cost method and were restated applying a general price index of 50% (45.78% in 2013). At 31 December 2014, the cumulative impact of this restatement on equity amounts to approximately Euros 1,211 thousand (approximately Euros 5,298 thousand at 31 December 2013).

Details of the equivalent Euro value of the monetary assets and liabilities denominated in currencies other than the Euro and held by the ELECNOR Group at 31 December 2014 and 2013 are as follows:

	Equivalent Euro value in thousands of Euros			
	2014		2013	
Currency	Assets	Liabilities	Assets	Liabilities
Argentine Peso	9,053	11,137	10,751	10,136
Brazilian Real	666,760	508,431	652,203	479,250
US Dollar	171,074	241,235	182,510	271,603
Canadian Dollar	3,666	2,034	32,839	172,106
Venezuelan Bolivar	9,960	6,689	83,843	30,226
Chilean Peso	29,698	15,092	32,033	20,167
Mexican Peso	38,867	31,632	28,389	24,264
Uruguayan Peso	31,455	27,576	18,450	15,204
Moroccan Dirham	5,803	2,636	415	363
Algerian Dinar	10,346	2,420	3,073	658
Honduran Lempira	478	-	393	-
Angolan Kwanza	6,875	551	10,385	355
Dominican Peso	1,804	29	3,066	1,359
Pound Sterling	7,488	6,029	5,920	4,914
Jordanian Dinar	1,415	28,632	-	-
Australian Dollar	20,036	16,282	-	-
Other	6,477	1,885	4,030	542
Total	**1,021,255**	**902,290**	**1,068,300**	**1,031,147**

Details of the main foreign currency balances, by nature, are as follows:

	Equivalent Euro value in thousands of Euros			
	2014		2013	
Nature of the balances	Assets	Liabilities	Assets	Liabilities
Non-current investments (*)	559,669	-	549,809	-
Inventories	12,106	-	14,911	-
Receivables	367,727	-	366,999	-
Cash and cash equivalents	81,753	-	136,581	-
Payables	-	603,121	-	337,482
Financial debt (note 14)	-	299,169	-	693,665
Total	**1,021,255**	**902,290**	**1,068,300**	**1,031,147**

(*) Primarily financial assets associated with administrative concessions (see note 11).

g) Income tax

The expense for Spanish corporate income tax and similar taxes applicable to the foreign consolidated companies is recognised in the consolidated income statement unless it arises from a transaction recognised directly in equity, in which case the related tax is also recognised in equity.

The income tax expense is accounted for using the balance sheet liability method. This method consists of determining deferred tax assets and liabilities on the basis of the differences between the carrying amounts of assets and liabilities and their tax base, using the tax rates that can objectively be expected to apply when the assets are realised and the liabilities are settled (see notes 18 and 19).

Deferred tax assets and liabilities arising from direct charges or credits to equity accounts are also recognised in equity.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill for which amortisation is not tax deductible, or the initial recognition of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit nor taxable income.

The Group does not recognise deferred tax liabilities arising from taxable temporary differences associated with investments in subsidiaries or interests in jointly controlled entities, since it considers that it is able to control the timing of the reversal of any temporary differences that arise and it is probable that such differences will not reverse in the foreseeable future.

The ELECNOR Group recognises deferred tax assets provided that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

Deductions to avoid double taxation, as well as tax incentives and income tax credits earned as a result of economic events occurring in the year are deducted from the income tax expense, unless there are doubts as to whether they will be realised.

Under IFRS, deferred taxes are classified as non-current assets or liabilities even if they are expected to be realised within the next twelve months.

The income tax expense reflects the sum of the current tax expense and changes in the deferred tax assets and liabilities that are not recognised in equity (see notes 18 and 19).

The deferred tax assets and liabilities recognised are reassessed at each reporting date to determine whether they still exist, and any necessary adjustments are made on the basis of the results of the analyses.

h) Property, plant and equipment

Property, plant and equipment, which are all for own use, are carried at cost of acquisition less any accumulated depreciation and impairment. However, prior to 1 January 2004, the ELECNOR Group revalued certain items of property, plant and equipment as permitted by applicable legislation. In accordance with IFRS, the ELECNOR Group treated the amount of these revaluations as part of the cost of these assets because it considered that the revaluations reflected the effect of inflation.

With respect to the costs incurred after the start-up of an asset, the following should be taken into account:

- The costs arising from maintaining the asset, i.e. repairs and upkeep, are recognised directly as expenses for the year.
- The cost of replacements is recognised as an asset and the cost of the replaced item is derecognised.

Capitalised costs include borrowing costs on external financing accrued during the construction period on construction work exceeding one year. In 2014 total accumulated borrowing costs capitalised under property, plant and equipment, net on the consolidated statement of financial position amounted to Euros 43,675 thousand (Euros 37,739 thousand in 2013).

Self-constructed assets are recognised at accumulated cost; i.e. external costs plus in-house costs, determined on the basis of warehouse materials consumed, and manufacturing costs calculated using hourly absorption rates similar to those used for the measurement of inventories. In 2014, Euros 61,282 thousand was recognised for this item under other operating income in the consolidated income statement, mainly in respect of wind farm construction (Euros 166,694 thousand in 2013).

The ELECNOR Group generally depreciates its property, plant and equipment on a straight-line basis, distributing the cost of the assets over the following estimated years of useful life:

	Average estimated years of useful life	
	2014	2013
Buildings	33-50	33-50
Technical installations and machinery (*)	10-25	10-20
Hand and machine tools	3-10	3-10
Furniture and fixtures	3-10	3-10
Information technology equipment	3-5	3-5
Motor vehicles	2-10	2-10
Other property, plant and equipment	3-10	3-10

(*) Includes machinery and facilities used in wind projects, basically wind turbines.

In view of the experience accumulated since the Group's wind farms commenced operations and considering the maintenance programme in place, during the year the directors revised their estimate of the useful life of their wind assets in Spain based on an internal technical study. As a result, the useful life has been increased by five years. Applying the criteria detailed in this note, the ELECNOR Group has applied this new useful life prospectively as of 1 January 2014 in the case of Galicia Vento, S.L., Eólicas Páramo de Poza, S.A. and Aerogeneradores del Sur, S.A. Depreciation recognised in the year has therefore been reduced by approximately Euros 3,942 thousand, Euros 1,521 thousand and Euros 1,788 thousand, respectively.

The Parent's directors consider that the carrying amount of the assets does not exceed their recoverable amount, which is calculated on the basis of the future cash flows that the assets will generate (see note 3-k).

Since the ELECNOR Group does not have to incur significant costs in relation to the closure of its facilities, the accompanying consolidated statement of financial position does not include any related provision.

i) Other intangible assets

This item comprises identifiable non-monetary assets without physical substance that arise as a result of a legal transaction or which are developed internally by the Group companies. They are initially recognised at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and impairment, provided it is probable that they will generate economic benefits and their cost can be measured reliably.

Internally generated intangible assets

Expenditure on research is recognised as an expense in the year in which it is incurred.

Expenses incurred on project development are capitalised provided that they meet the following conditions:

- The costs are clearly identified and controlled by project and their distribution over time is clearly defined.
- The directors are able to demonstrate how the project will generate benefits in the future.
- The development cost of the asset, which includes any personnel expenses for ELECNOR Group employees working on these projects, can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

Intangible assets acquired separately

These items are recognised at cost of acquisition and are amortised on a straight-line basis over their estimated useful life, which is generally five years.

j) Administrative concessions

The Group considers that items associated with the administrative concessions it holds cannot be classified as property, plant and equipment since the contracts do not grant the right to use these assets; rather, they give access thereto in order to provide a public service on behalf of the concession grantor.

Given that the Group provides various services (construction, maintenance and operation) under these contracts, revenue is recognised based on the fair value of each service rendered.

Construction services

The amount received or receivable for the construction of infrastructure to be operated is recognised at fair value.

A financial asset is recognised for this amount if the concession operator has an unconditional contractual right to receive these amounts from the concession grantor, i.e. irrespective of the public's use of the service concerned. However, if receipt of these amounts is contingent upon demand for the service, an intangible asset is recognised.

Subsequent to initial recognition, these assets are accounted for as described in the measurement standard applicable to each type of asset (see notes 3-i and 3-m).

Maintenance and operation services

These services are accounted for as set forth in note 3-c.

k) Impairment

The ELECNOR Group tests goodwill or intangible assets with an indefinite useful life for impairment at each reporting date, and all remaining assets whenever there is any indication of impairment, to estimate any decline in value that would reduce the recoverable amount of the assets to below their carrying amount. Where the asset itself does not generate cash flows that are independent from other assets, the ELECNOR Group estimates the recoverable amount of the cash-generating unit to which the asset belongs (see note 7).

Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference with a charge to depreciation, amortisation and provisions in the consolidated income statement. Impairment losses recognised for an asset in prior years are reversed with a credit to the aforementioned heading when there is a change in the estimated recoverable amount of the asset. The carrying amount of the asset is increased up to the limit of the carrying amount that would have been determined had no impairment loss been recognised, except in the case of impairment of goodwill, which is not reversible.

l) Inventories

This item reflects the assets that the ELECNOR Group:

- Holds for sale in the ordinary course of its business;
- Has under production, construction or development for this purpose, except for construction in progress for which revenue is recognised as indicated in note 3-c; or
- Expects to consume in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of items that are not ordinarily interchangeable is assigned by using specific identification of their individual costs; the weighted average cost is used for the remainder.

Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Details of the ELECNOR Group's inventories for 2014 and 2013 are as follows:

	Thousands of Euros	
	31.12.14	31.12.13
Raw materials and other supplies	5,028	7,224
Goods for resale	169	219
Semi-finished and finished goods	6,425	4,300
Advances to suppliers	32,469	24,585
	44,091	**36,328**

m) Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.
In view of the nature of the Group's financial instruments, the Parent's directors consider that their carrying amount, which will be adjusted in the event of any indication of impairment, is reasonably similar to their fair value.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs, unless the asset is recognised as a financial asset held for trading.
The ELECNOR Group classifies its current and non-current financial assets in the following categories:

- Originated loans and receivables. These are financial assets of a fixed or determined amount originated by the companies in exchange for supplying cash, goods or services directly to a debtor. These financial assets are measured at amortised cost.
- Available-for-sale financial assets. This category comprises non-derivative financial instruments that do not qualify for inclusion in another financial instrument category, predominantly equity investments. These investments are recognised in the consolidated statement of financial position at fair value. Changes in this market value, except for impairment losses, are recognised with a charge or credit to other comprehensive income. The cumulative gain or loss is recorded in valuation adjustments in consolidated equity until the investments are disposed of, whereupon the balance accumulated under this heading is taken to the consolidated income statement.

ELECNOR Group management decides on the most appropriate classification for each asset when it is acquired.
The ELECNOR Group derecognises financial assets when the contractual rights to receive the cash flows from the assets have expired or if the assets are sold or transferred to another company, transferring substantially all the risks and rewards associated therewith.

Financial assets at fair value

An analysis of financial instruments measured at fair value at 31 December 2014 and 2013 subsequent to their initial recognition, classified into levels 1 to 3 based on the fair value measurement method, is as follows:

- Level 1: their fair value is obtained from directly observable quoted prices in active markets for an identical asset or liability.
- Level 2: their fair value is determined using market inputs, other than the quoted prices included in level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 31 December 2014			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (notes 11 and 15)	-	3,415	-	3,415
Net equity investments (note 11)	-	-	6,009	6,009
Current financial assets				
Derivative financial instruments (note 15)	-	-	-	-
Non-current liabilities				
Derivative financial instruments (note 15)	-	(40,252)	-	(40,252)
Current liabilities				
Derivative financial instruments (note 15)	-	(4,188)	-	(4,188)
	-	**(41,025)**	**6,009**	**(35,016)**

	Fair value at 31 December 2013			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (notes 11 and 15)	-	528	-	528
Net equity investments (note 11)	-	-	3,772	3,772
Current financial assets				
Derivative financial instruments (note 15)	-	11	-	11
Non-current liabilities				
Derivative financial instruments (note 15)	-	(21,865)	-	(21,865)
Current liabilities				
Derivative financial instruments (note 15)	-	(4,335)	-	(4,335)
	-	**(25,661)**	**3,772**	**(21,889)**

Impairment of financial assets

ELECNOR Group management analyses financial assets to determine whether there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

The ELECNOR Group considers the following, inter alia, to be objective evidence of impairment of its financial assets:

- Significant financial difficulty of the issuer or the counterparty.
- Shortfalls or delays in payment.
- Probability that the borrower will enter bankruptcy or other financial reorganisation.

Cash and cash equivalents

This item comprises cash, demand deposits and other short-term, highly liquid investments that are readily convertible to cash and are not subject to a risk of changes in value.

Financial liabilities

Financial liabilities are classified as derivative financial instruments and hedging transactions, and other financial liabilities.

Derivative financial instruments and hedging transactions

In view of its activities, the Group is exposed to financial risks, mainly currency risk and interest rate risk. The ELECNOR Group uses exchange rate insurance, cross currency swaps and interest rate swaps to hedge these exposures.

Financial derivatives are initially recognised at fair value in the consolidated statement of financial position, plus any transaction costs directly attributable to the issue of the derivatives, in the case of derivatives that qualify for hedge accounting, less any transaction costs directly attributable to the issue of the financial instruments. This fair value is subsequently adjusted as necessary. Gains and losses arising from changes in fair value are recognised in the consolidated income statement, except for derivatives that are designated as highly effective as hedging instruments, which are recognised as follows:

- In the case of cash flow hedges, changes in the fair value of the hedging derivatives, for the ineffective portion of the hedge, are recognised in the consolidated income statement, while the effective portion is recognised in valuation adjustments in the consolidated statement of financial position. The gain or loss accumulated under this heading is taken to the consolidated income statement as the hedged item affects profit or loss or in the year of its disposal.

  The ELECNOR Group periodically tests the effectiveness of its hedges, both prospectively and retrospectively. All hedging transactions are submitted for approval by the board of directors of the Group company in question and are documented and signed by the corresponding CFO, as required by IAS 39.

  At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

  For cash flow hedges of forecast transactions, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.
- When hedge accounting is discontinued, any cumulative gain or loss recognised under valuation adjustments at that date is retained under this heading until the hedged transaction occurs, whereupon the gain or loss on the transaction is adjusted. If a hedged transaction is no longer expected to occur, the gain or loss recognised under the aforementioned heading is transferred to profit or loss.

Embedded derivatives are recognised separately when their characteristics and risks are not closely related to those of the host contracts and the host contracts are not carried at fair value through profit or loss.

Other financial liabilities

This item includes loans, debentures and other similar liabilities, which are initially recognised at fair value, net of direct issue costs, and subsequently carried at amortised cost using the effective interest method.

n) Own shares

Own shares held by the ELECNOR Group at year end, which amounted to approximately Euros 22,264 thousand (Euros 22,421 thousand at 31 December 2013), are recognised at cost of acquisition as a reduction in other reserves under equity in the consolidated statement of financial position. At 31 December 2014 they represented 2.84% of the share capital outstanding at that date (2.86% at 31 December 2013) (see note 13).

The gains and losses obtained by the ELECNOR Group on the disposal of own shares are recognised in other reserves under equity in the accompanying consolidated statement of financial position.

o) Provisions

The Group recognises provisions for the estimated amount required to settle its liabilities, whether legal or constructive, probable or certain, associated with contingencies, ongoing litigation or obligations, when such liabilities arise as a result of past events, it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are recognised when the liability or obligation arises (see note 16), with a charge to the relevant income statement heading based on the nature of the obligation, and for the present value thereof, when the effect of discounting the obligation is material.

Contingent liabilities relating to possible obligations (dependent on the occurrence or non-occurrence of uncertain future events) or to present obligations that do not qualify for the recognition of a provision (because they are not probable or they cannot be measured reliably) are not recognised (see note 16).

p) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

For termination benefits payable as a result of an employee's decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group's ability to withdraw the offer takes effect.

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has notified the affected employees or trade union representatives of the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; and the plan stipulates the termination benefits that employees will receive in sufficient detail so that employees can determine the type and amount of benefits they will receive when their employment is terminated. A significant provision of Euros 4,162 thousand has been recognised in the accompanying consolidated annual accounts in respect of termination benefits (Euros 4,136 thousand in 2013).

q) Government grants

Non-refundable capital grants awarded by official bodies are recognised at the grant date, under non-current liabilities – grants in the consolidated statement of financial position, and are allocated to profit or loss each year in proportion to the depreciation for the period on the assets for which the grant was received.

At 31 December 2014, the ELECNOR Group had received capital grants amounting to Euros 14.5 million (Euros 11.6 million in 2013), which had not yet been recognised as income. These grants reflect financial aid awarded by the Castilla y León Autonomous Regional Government to the subsidiary Deimos Imaging, S.L. in relation to a satellite construction project that has already been completed, and a grant awarded by the Ministry of Industry, Tourism and Trade to the subsidiary Deimos Castilla La Mancha, S.L. to construct a plant for the specification, design, construction, integration, verification and operation of earth-observation satellite systems, with the capacity to create observation satellites as well as other costs associated with the construction of an earth-observation satellite. Government capital grants recognised in 2014 amount to approximately Euros 451 thousand (Euros 1,227 thousand in 2013).

Operating grants are allocated to income in the year in which the related expenses are incurred. Other operating income in the consolidated income statements for 2014 and 2013 includes approximately Euros 3,064 thousand and Euros 2,835 thousand, respectively, for this item. Most operating grants received by the ELECNOR Group in 2014 related to the costs borne by Deimos Space, S.L.U. and its subsidiaries in carrying out their activities.

r) Equity instruments

Equity instruments issued by the ELECNOR Group companies are recognised in equity at the amount received, net of direct issue costs.

s) Statement of changes in equity

Legislation in force requires certain categories of assets and liabilities to be recognised at fair value through equity. The amounts recognised in equity, under valuation adjustments, are included in the Group's equity net of the related tax effect, which was recognised as deferred tax assets or liabilities, as appropriate. This statement reflects the changes that have arisen in the year in valuation adjustments, by item, in addition to profit or loss for the year, plus/minus any adjustments for changes in accounting policies or due to prior years' errors. The changes in capital and reserves during the year are also included.

t) Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method and the following expressions and definitions:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the ELECNOR Group companies and other activities that are not investing or financing activities.
- Investing activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities. Activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

u) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to the ELECNOR Group by the weighted average number of ordinary shares outstanding in the year, excluding the average number of ELECNOR shares held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all of the potential ordinary shares into ordinary shares of the Parent.

At 31 December 2014 and 2013, basic earnings per share are the same as diluted earnings per share, since there were no potential shares outstanding during the years then ended.

v) Dividends

The interim dividend approved by the board of directors in 2014 is presented as a reduction in the ELECNOR Group's equity (see note 5). However, the supplementary dividend proposed to the shareholders by the board of directors of ELECNOR at the annual general meeting is not deducted from equity until it has been approved.

4. Financial Risk Management Policy

Elecnor is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by corporate management and the various business units and subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

a) Market risk (mainly currency, interest rate and other price risks)

Currency risk

The market risk arising from currency risk is due to transactions conducted by the Group in international markets in the course of its business. Certain revenues and procurement costs are denominated in currencies other than the Euro. As such, fluctuations in the exchange rates between these currencies and the Euro could affect the Group's earnings (see note 3-f).

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The hedging instruments used are basically borrowings indexed to the contract's collection currency, exchange rate insurance and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in another currency, as well as the use of "currency baskets" to hedge mixed financing indexed to various currencies.

The main currency other than the Euro used in 2014 and 2013 was the Brazilian Real, the sensitivity of which is as follows:

	Thousands of Euros		
Year	Increase/decrease in exchange rate	Effect on pre-tax profit or loss	Effect on pre-tax equity
	5%	(2,236)	(1,565)
2014	-5%	2,472	1,730

	Thousands of Euros		
Year	Increase/decrease in exchange rate	Effect on pre-tax profit or loss	Effect on pre-tax equity
	5%	(1,675)	(1,172)
2013	-5%	1,851	1,296

Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged borrowings to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, thermosolar projects and electricity infrastructure concessions, which it does under project financing arrangements. Under financing of this nature interest rate risk must be hedged contractually by arranging interest rate hedging instruments.

In the case of both project and corporate financing, borrowings are arranged nominally at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to debt instruments and are limited to the same nominal amount as those instruments and the same maturity dates as the hedged items, are basically interest rate swaps, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

The sensitivity of the ELECNOR Group's debt to interest rate fluctuations, taking into account its existing hedging instruments (see notes 14 and 15), is as follows:

	Thousands of Euros		
Year	Increase/decrease in interest rate (basis points)	Effect on pre-tax equity	Effect on pre-tax profit or loss
	+50	1,922	(2,745)
2014	-50	(1,922)	2,745

	Thousands of Euros		
Year	Increase/decrease in interest rate (basis points)	Effect on pre-tax equity	Effect on pre-tax profit or loss
	+50	1,859	(2,655)
2013	-50	(1,859)	2,655

b) Other price risks

The Group is also exposed to the risk that its cash flows and profits may be affected by changes in energy prices, among other variables. In order to manage and minimise this risk the Group occasionally uses hedging strategies (see note 15).

c) Liquidity risk

The Group mitigates liquidity risk by holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional reverse repurchase agreements and very short-term US dollar deposits through leading banks in order to be able to meet its future commitments, and the arrangement of credit facilities of sufficient amount to cover its projected needs. At the 2014 year end the Group had unused credit facilities amounting to approximately Euros 269,890 thousand (approximately Euros 313,784 thousand at the 2013 year end) (see note 14).

d) Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurrent international sales to customers, mechanisms such as irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the wind farms, the power produced, in accordance with the legislative framework in force for the electricity industry, is sold in the Iberian Electricity Market (MIBEL) and revenue is collected from the Spanish Electricity Market Operator (OMIE), through a payment-guarantee system, and from the Spanish National Markets and Competition Commission (CNMC), which regulates Spanish energy markets and reports to the Ministry of Industry. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Indios Energía, S.A. (Brazil) have entered into long-term agreements with the Brazilian electricity distribution companies to sell the electricity they generate over a period of 20 years. Similarly, the Brazilian electricity infrastructure concession operators have electricity distribution agreements with customers with high credit ratings. Together with the restrictions imposed by the transmission system itself, these agreements eliminate the possibility of any payment default.

An economic scenario such as the present one is considered an overriding risk compared to other financial risks. Faced with this situation, Elecnor continues to step up the measures taken to mitigate this risk, regularly analysing its exposure to credit risk and recognising provisions as required (see note 3-k).

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the income statement.

5. Distribution of Profit

As in prior years, at its meeting in March the board of directors of ELECNOR, S.A. (Parent of the ELECNOR Group) will propose the distribution of profit for 2014, stipulating the portion that will be paid as a supplementary dividend and the amount that will be appropriated to voluntary reserves.

At the meeting held on 19 November 2014, the board of directors of the Parent agreed to distribute an interim dividend for 2014 of approximately Euros 4,193 thousand, which was recognised as a reduction in equity in interim dividend for the year under liabilities on the accompanying consolidated statement of financial position, and paid on 14 January 2015.

At the general meeting held on 21 May 2014 a supplementary dividend of Euros 16,147 thousand (Euros 0.1856 per share) was distributed, taking into account the interim dividend of Euros 4,193 thousand out of 2013 profit paid in January 2014.

The provisional accounting statement prepared by the Parent in accordance with legal requirements (Article 277 of the Revised Spanish Companies Act) evidencing the existence of sufficient liquidity for the distribution of the dividend was as follows:

WORKING CAPITAL POSITION AT 31 OCTOBER 2014
(Excluding inventories, prepayments and accrued income and accrued expenses and deferred income)

	Thousands of Euros
Realisable values -	
Trade receivables	621,175
Other accounts	118,064
	739,239
Current payables -	235,326
Suppliers	117,527
Current loans	126,503
Other accounts	-
	479,356
Total working capital	**259,883**
Liquidity available at 31.10.14	
Cash on hand and at banks (including foreign currency)	33,163
Total liquidity available	**33,163**
Gross interim dividend proposed -	
(Euros 0.0482 for 87,000,000 shares)	4,193
% of net profit at 31.10.14	37.15%
% of working capital + liquidity available	1.43%

6. Segment Reporting

IFRS 8 requires operating segments to be identified based on the information that the entity's management uses to make decisions about operating matters. The Parent's directors consider that the segments that must be reported are Spain and Abroad, since they form the basis on which the Group makes its decisions for allocating resources. The profit/loss from operations of these segments is reviewed on a regular basis at the highest executive level to assess their performance. In each of these markets, the Group obtains revenue from the various business activities carried on by it.

a) Information on operating segments

Assets and liabilities for general use and the income and expenses arising therefrom were not allocated to the other segments. Similarly, the reconciling items arising from the comparison of the result of integrating the financial statements of the various operating segments (prepared on the basis of management criteria) with the consolidated financial statements of the ELECNOR Group, were not allocated. These items are included under the heading "Corporate Unit" in the information shown below.
Information on these operating segments is presented below:

a) The breakdown, by segment, of consolidated revenue for the years ended 31 December 2014 and 2013 is as follows:

Segment	Thousands of Euros 2014	2013
Spain	794,539	818,004
Abroad	929,189	1,046,170
Revenues	**1,723,728**	**1,864,174**

b) The breakdown, by segment, of the contribution to the profit after tax for the years ended 31 December 2014 and 2013 is as follows:

Segment	Thousands of Euros 2014	2013
Spain (**)	42,589	36,354
Abroad (***)	85,076	92,329
Corporate Unit (*)	(69,122)	(75,394)
Profit for the year attributable to the Parent	**58,543**	**53,289**

(*) Basically includes finance costs, finance income, impairment and gains/losses on disposal of financial instruments, exchange differences, changes in fair value of financial instruments and income tax.
(**) Includes losses of equity-accounted investees amounting to Euros 18,321 thousand in 2014 (losses of Euros 17,602 thousand in 2013).
(***) Includes profit of equity-accounted investees amounting to Euros 535 thousand in 2014 (profit of Euros 1,809 thousand in 2013).

c) Details of assets and liabilities by segment at 31 December 2014 and 2013 are as follows:

2014	Thousands of Euros			
	Spain	Abroad	Corporate Unit	Total at 31.12.14
Assets				
Property, plant and equipment	345,802	852,007	10,340	1,208,149
Intangible assets	83,916	11,764	2,077	97,757
Deferred tax assets	30,559	28,464	19,232	78,255
Inventories	22,041	21,563	486	44,091
Receivables	433,920	597,148	-	1,031,068
Equity-accounted investees	5,591	69,668	-	75,259
Non-current financial assets	17,203	623,788	90,328	731,319
Non-current assets held for sale	2,405	20	1,780	4,204
Other assets (*)	69,862	138,264	58,302	266,428
Total assets	**1,011,299**	**2,342,686**	**182,545**	**3,536,530**
Liabilities and equity				
Non-current financial debt	483,155	738,459	-	1,221,614
Provisions for liabilities and charges	462	12,915	-	13,377
Deferred income and grants	19,038	2,430	-	21,468
Other non-current liabilities	16,688	2,886	-	19,574
Deferred tax liabilities	23,417	31,343	3,812	58,572
Current financial debt	59,871	134,892	101,048	295,811
Current non-financial debt	360,585	722,390	13,404	1,096,379
Other liabilities and equity (**)	233,548	151,050	425,137	809,735
Total liabilities and equity	**1,196,764**	**1,796,365**	**543,401**	**3,536,530**

(*) Includes mainly cash and cash equivalents.
(**) Includes mainly Group equity.

2013	Thousands of Euros			
	Spain	Abroad	Corporate Unit	Total at 31.12.13
Assets				
Property, plant and equipment	326,793	755,719	10,556	1,093,068
Intangible assets	88,551	11,969	2,346	102,866
Deferred tax assets	23,919	29,173	21,175	74,267
Inventories	16,235	20,093	-	36,328
Receivables	432,742	616,792	-	1,049,534
Equity-accounted investees	22,178	70,197	-	92,375
Non-current financial assets	19,177	554,160	123,808	697,145
Non-current assets held for sale	2,532	58	1,780	4,370
Other assets (*)	78,057	141,489	29,128	248,674
Total assets	**1,010,184**	**2,199,650**	**188,793**	**3,398,627**
Liabilities and equity				
Non-current financial debt	491,096	605,787	-	1,096,883
Provisions for liabilities and charges	1,419	21,529	-	22,948
Deferred income and grants	7,309	11,929	-	19,238
Other non-current liabilities	8,523	10,931	-	19,454
Deferred tax liabilities	24,797	22,841	13,990	61,628
Current financial debt	57,448	163,088	95,052	315,588
Current non-financial debt	432,917	875,545	21,941	1,330,403
Other liabilities and equity (**)	45,788	71,043	415,654	532,485
Total liabilities and equity	**1,069,297**	**1,782,693**	**546,637**	**3,398,627**

(*) Includes mainly cash and cash equivalents.
(**) Includes mainly Group equity.

d) Details of the total cost incurred on the acquisition of property, plant and equipment and other non-current intangible assets in the years ended 31 December 2014 and 2013 are as follows:

	Thousands of Euros	
Segment	2014	2013
Spain	25,509	21,941
Abroad	111,510	219,461
Corporate Unit	1,069	993
Total	**138,088**	**242,395**

e) Details, by segment, of the depreciation and amortisation charge in 2014 and 2013 are as follows:

	Thousands of Euros	
Segment	2014	2013
Spain	30,474	39,659
Abroad	37,315	23,836
Corporate Unit	1,553	1,545
Total	**69,342**	**65,040**

The information on finance costs and taxes is not disclosed since it is not included in the information supplied to Group management for management purposes.
Broadly speaking, the geographical location of the ELECNOR Group's customers does not differ significantly from the geographical location of the assets of the primary segments considered.

b) Information on products and services
The ELECNOR Group's business activities are as follows:
- Electricity
- Installation work
- Gas
- Energy generation
- Railways
- Construction
- Environment and water
- Telecommunications infrastructure
- Telecommunications systems
- Maintenance

The generation of electricity (included in energy generation) using mainly wind farms and thermosolar power plants is one of the lines of business of the ELECNOR Group that is carried out through the subsidiary subgroups headed by Enerfín Enervento, S.A., Enerfín Sociedad de Energía, S.A. and Elecnor Financiera, S.L. (all forming part of the Enerfin subgroup) in the case of wind farms, and by Celeo Termosolar, S.L. (Celeo subgroup) in the case of thermosolar power plants.
The electricity generation business of the ELECNOR Group's Spanish subsidiaries is regulated by Electricity Industry Law 54/1997 of 27 November 1997, and by the subsequent implementing regulations.
Royal Decree 436/2004 of 12 March 2004 was published on 27 March 2004. This Royal Decree stipulated the methodology for updating, systemising and consolidating the legal and economic regime governing the production of electricity under the special regime. This Royal Decree introduced two remuneration options for facilities producing electricity under the special regime. The first consists of the sale of the power produced to the electricity distributor at a fixed price consisting of a percentage of the average electricity tariff defined in Article 2 of Royal Decree 1432/2002 of 27 December 2002, which is between 90% and 80% throughout the life of the facility. The second consists of the sale of the power in the wholesale market at the market price plus an incentive and a feed-in tariff of 10% and 40%, respectively, of the average electricity tariff.
This regime came into force on 28 March 2004, and provided for a transitional period until 1 January 2007 for facilities subject to Royal Decree 2818/1998, during which time the new economic regime would not apply to them unless they decided otherwise by expressly waiving their entitlement to the previous regime, which they would forfeit once such a decision had been taken. The Group did not avail itself of this transitional regime.
Royal Decree 661/2007 of 25 May 2007, regulating the production of electricity under the special regime, was published on 26 May 2007. This Royal Decree introduced two remuneration options for facilities producing electricity under the special regime. The first option was based on the sale of all the power produced to the electricity distributor at a fixed price not tied to the average electricity tariff. The second option consisted of selling the energy on the electricity production market, receiving the market price plus a feed-in tariff, with a mechanism whereby the remuneration of the feed-in tariff varies depending on the market price, setting minimum and maximum limits for the end price to be received by the producer.
This regime came into force on 1 January 2008, and provided for a transitional period until 31 December 2012 for facilities subject to Royal Decree 436/2004, during which the new economic regime would not apply to them unless they decide otherwise by expressly waiving their entitlement to the previous regime.
Transitional Provision One of Royal Decree 661/2007 provides that wind-powered facilities whose definitive start-up occurs prior to 1 January 2008 may choose either to continue under the economic regime of Royal Decree 436/2004 or avail themselves of the new tariffs. The Group decided to continue to sell electricity under the tariff framework of Royal Decree 436/2004. However, from 1 January 2013 onwards, the operation of the aforementioned wind farms and thermosolar power plants belonging to the Group is governed by Royal Decree 661/2007 and its subsequent amendments.
Royal Decree 1011/2009 was published on 19 June 2009, and stipulated that from 1 November 2009 the National Energy Commission (CNE), instead of the distributors, would settle the equivalent premiums, feed-in tariffs, incentives and supplementary payments to the

facilities subject to the economic regime laid down in Royal Decree 661/2007 of 25 May 2007, in Royal Decree 436/2004 of 12 March 2004 and in Royal Decree 1578/2008 of 26 September 2008 and any legislation that may replace them. Royal Decree 1011/2009 also provides that the CNE is responsible for monitoring compliance with the legislation and procedures governing changes in supplier and for the activities of the Change of Supplier Office (OCSUM).

In 2010 Royal Decree 1565/2010, Royal Decree 1614/2010 and Royal Decree-Law 14/2010 came into force, amending certain matters relating to the production of electricity under the special regime. Of special note were the tariffs, which were amended as a result of a restriction from 1 January 2011 onwards on the number of hours for which the feed-in tariff stipulated under the original legislation applies. In 2012 and 2013 the restriction on feed-in tariffs was not applied to the billings of the operating subsidiaries as production did not reach the maximum average number of hours specified in order for this restriction to be applied.

On 28 December 2012, Law 15/2012 of 27 December 2012 on Tax Measures for Energy Sustainability was published, introducing a new tax on the value of electricity output applicable to activities involving the production and feeding of electricity into the Spanish electricity system. The tax base consists of the total amount receivable by the taxpayer for the power output produced and the electricity fed into the system during the tax period, which coincides with the calendar year, and this amount is subject to a 7% tax charge.

Additionally, Final Provision One of this Law amended Law 54/1997, whereby the electricity attributable to the use of fuels at a generation facility that uses any non-consumable renewable energy as a primary energy source will not qualify for the feed-in tariff system, which could affect the Group's thermosolar power plants under construction.

On 2 February 2013, Royal Decree-Law 2/2013 of 1 February 2013 on Urgent Measures in the Electricity System and in the Financial Sector was published, addressing, inter alia, the following:

- Effective from 1 January 2013, all remuneration, tariffs and feed-in tariffs received by the parties to the electricity system, which were tied to the CPI prior to the entry into force of this Royal Decree-Law, will be updated using as a reference the CPI at a constant tax rate, excluding unprocessed foods and energy products.
- Additionally, this Royal Decree-Law amends Royal Decree 661/2007 of 25 May 2007, which governs electricity production under the special regime, establishing a single remuneration option for facilities falling under the special regime, i.e. this remuneration will be treated as a regulated tariff except when the facilities decide to receive only the market price (no feed-in tariff). The pool plus feed-in tariff option normally used by these facilities was therefore eliminated.

Royal Decree-Law 9/2013 of 12 July 2013, adopting urgent measures to ensure the financial stability of the electricity system, was approved on 13 July 2013 and addresses, inter alia, the following:

- The government will be responsible for approving a new legal and economic regime for existing facilities that generate electricity using renewable energy sources, cogeneration and waste. To this end, article 30.4 of Electricity Industry Law 54/1997 of 27 November 1997 was amended to include the specific principles for drawing up this regime, in order to limit the government's scope of activities to the development of remuneration models for these facilities. This regime will be based on facilities receiving revenues for their participation in the market, plus additional remuneration, where necessary, to cover the investment costs that cannot be recovered by an efficient, well-managed company in the market. To this end, in accordance with EU legislation, an efficient, well-managed company is understood to be a company provided with the means necessary to carry out its activity, with costs that correspond to an efficient company engaging in this activity, taking into account the corresponding revenue and a reasonable profit for carrying out its activities.
- Calculation of the specific remuneration for a 'standard' facility will consider the revenues from energy sales at production market prices, the average operating expenses necessary to carry out the activity and the value of the initial investment for a 'standard' facility operated by an efficient, well-managed company. As such, the remuneration model will be based on fixed parameters on the basis of the different 'standard' facilities listed.
- In order to define this new model, the following pieces of legislation were repealed: article 4 of Royal Decree-Law 6/2009 of 30 April 2009, adopting certain measures in the energy sector and approving the social tariff; Royal Decree 661/2007 of 25 May 2007, which regulates the production of electricity under the special regime; and Royal Decree 1578/2008 of 26 September 2008, regulating the revenues from photovoltaic solar electricity production activities for facilities entering into service after the end date for remuneration, under Royal Decree 661/2007 of 25 May 2007, for this technology. However, with a view to maintaining the flow of remuneration to facilities as well as other procedures, rights and obligations, the repealed legislation above will continue to apply temporarily until the regulation developing this Royal Decree-Law has been enacted, except in certain extreme cases.
- To this end, where appropriate, facilities will be entitled to a settlement on account under this temporary system and, once the legislative provisions necessary to apply the new economic regime have been enacted, the pertinent adjustments will be made to the rights to receivables or payment obligations arising as a result of application of the new methodology, effective from the entry into force of this Royal Decree-Law.

- Consequently, although the effectiveness of the legislative provisions governing remuneration that will be enacted has been determined, effective from the entry into force of this Royal Decree-Law, the legislation provides agents with the necessary information as regards the amount of the remuneration mechanism established, considering participation in the market and a return on the investment, and also determines the reasonable rate of return for the 'standard' facility.
- Conversely, for facilities entitled to the feed-in tariff regime at the date of entry into force of this Royal Decree-Law, pre-tax remuneration will approximate the average return for the last 10 years on 10-year government bonds in the secondary market, plus 300 basis points (to be reviewed after six years).

Moreover, on 3 February 2014 the Ministry of Industry sent to the CNMC, for inclusion in its report, the draft order approving "the remuneration parameters for 'standard' facilities" applicable to certain facilities that generate electricity from renewable energy sources, cogeneration and waste. The draft was in turn sent to the members of the electricity consultation board of the Commission (pertinent companies, consumer associations and autonomous regions). Royal Decree 413/2007, regulating the production of electricity, was finally published on 21 June 2014.
In line with the above, and considering that the government's aim is to reduce feed-in tariffs for the renewables sector, the ELECNOR Group has re-estimated the future cash flows of all assets subject to this legislation, as it considers that there could be indications of impairment thereon.
This legislation will have an impact of approximately Euros 8 million on profit for the year (see note 10).
Electricity sale and purchase contracts have been arranged for wind farms in Brazil and Canada with a number of buyers (Eletrobras, the Chamber for the Commercialisation of Electricity and Hydroquebec). These contracts cover a period of 20 years and have been arranged as part of the programme implemented by the Federal Government of Brazil.
The directors do not consider that any other renewable energy-related regulation has been enacted that could significantly affect the consolidated annual accounts at 31 December 2014.
Information relating to the aforementioned business activities is presented below:

a) The breakdown of revenue, by line of business, at 31 December 2014 and 2013 is as follows:

	Thousands of Euros			
Type of business	Amount at 31.12.14	%	Amount at 31.12.13	%
Electricity	640,583	37.2%	669,425	35.9%
Installation work	117,301	6.8%	96,211	5.2%
Gas	104,272	6.0%	104,583	5.6%
Energy generation	325,129	18.9%	582,211	31.2%
Railways	31,789	1.8%	19,377	1.1%
Construction	73,859	4.3%	88,194	4.7%
Environment and water	68,377	4.0%	52,370	2.8%
Telecommunications infrastructure	185,203	10.7%	110,628	5.9%
Telecommunications systems	38,866	2.3%	31,971	1.7%
Maintenance	138,349	8.0%	109,204	5.9%
Total	**1,723,728**	**100%**	**1,864,174**	**100%**

b) Details of total net property, plant and equipment, by line of business, at 31 December 2014 and 2013, are as follows:

	Thousands of Euros	
Type of business	Balance at 31.12.14	Balance at 31.12.13
Electricity	32,975	28,720
Installation work	6,066	3,739
Gas	3,359	2,425
Energy generation	1,088,142	1,002,311
Railways	1,165	633
Construction	1,929	1,655
Environment and water	2,371	2,035
Telecommunications infrastructure	10,596	7,387
Telecommunications systems	56,316	38,643
Maintenance	5,231	5,520
Total	**1,208,150**	**1,093,068**

c) The breakdown of total investments in property, plant and equipment, by type of business, at 31 December 2014 and 2013 is as follows:

	Thousands of Euros	
Type of business	2014	2013
Electricity	7,968	8,102
Installation work	1,791	792
Gas	967	898
Energy generation	103,608	214,069
Railways	240	136
Construction	516	371
Environment and water	847	609
Telecommunications infrastructure	1,980	2,220
Telecommunications systems	17,826	12,844
Maintenance	1,179	1,343
Total	**136,922**	**241,384**

7. Goodwill

Details, by company, of intangible assets - goodwill in the consolidated statements of financial position at 31 December 2014 and 2013 and of the changes therein in those years are as follows:

	Thousands of Euros						
	Balance at 31.12.12	Additions (Note 2-g)	Disposals	Balance at 31.12.13	Additions (Note 2-g)	Disposals	Balance at 31.12.14
Fully consolidated companies:							
Wind farms:							
- Eólicas Páramo de Poza, S.A	1,104	-	-	1,104	-	-	1,104
- Galicia Vento, S.L.	8,702	-	-	8,702	-	-	8,702
- Aerogeneradores del Sur, S.A.	3,630	-	-	3,630	-	-	3,630
- Bulgana Wind Farm (note 2-g)	-	85	-	85	-	-	85
Other businesses:							
- Deimos Space, S.L.U.	158	-	-	158	-	-	158
- Deimos Engenharia, S.A.	4,227	-	-	4,227	-	-	4,227
- Ehisa Construcciones y Obras, S.A.	1,932	-	-	1,932	-	-	1,932
- Hidroambiente, S.A.U.	388	-	-	388	-	-	388
- Instalaciones y Proyectos de Gas, S.A.U (*)	1,031	-	-	1,031	-	-	1,031
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	1,125	-	-	1,125
- Audelec Conservación y Mantenimiento, S.L.U.(*)	-	-	-	-	-	-	-
- Zaragua, S.L.	290	-	-	290	-	-	290
- Ditra Cantabria, S.A.	2,096	-	-	2,096	-	-	2,096
- Jomar Seguridad, S.L.U. (note 2.g)	1,647	-	-	1,647	-	-	1,647
- Belco Electric, Inc.	269	-	(14)	255	26	-	281
- IQA Operations Group Limited (note 2-g)	5,690	-	-	5,690	-	-	5,690
	32,289	**85**	**(14)**	**32,360**	**26**	**-**	**32,386**

(*) Company merged with Elecnor, S.A.

As indicated in note 3-b, at each reporting date the Group reviews goodwill for impairment.

The cash-generating units considered for the purpose of the impairment tests on goodwill, included in the table above, are the companies to which the goodwill was allocated, since these companies are generally set up as single-project entities.

Recoverable amount is the higher of fair value less costs to sell and value in use, which is deemed to be the present value of the estimated future cash flows approved by management and considered reasonable. In assessing value in use, the assumptions used include discount rates, growth rates and expected changes in selling prices and costs. The directors of the Parent estimate discount rates that reflect the time value of money and the risks specific to the cash-generating unit.

In particular, with respect to the impairment tests on the goodwill allocated to wind farms and wind power projects in Spain, performed taking into account the value of the farms and projects together with the value of the related property, plant and equipment, which amounts to Euros 184 million (Euros 198 million in 2013) (see note 9), revenue is estimated in accordance with applicable legislation (see note 6-b), which considers annual increases based on a prudent estimate of the changes in the price index and the average production levels obtained in prior years or those estimated as a result of studies by independent experts. The main assumptions used by the Parent's directors in testing for impairment in 2014 and 2013 were as follows:

- Projection period: 25 years following the start of operations.
- Revenues: Remuneration set out by the Ministry in the draft order, plus estimated electricity sales to the system at market prices (in line with the Ministry's estimates in the draft order).
- Discount rate: 5.4% (*)

(*) Rate after the tax effect.

The results obtained from these tests did not evidence any possible impairment of the goodwill recognised.
The sensitivity analyses performed by management using variations of +/-5% in the main assumptions also did not evidence any indications of impairment.
Additionally, with respect to the impairment tests on the remaining goodwill, which in any event is immaterial, the discount rates applied were all above 8.5% (after the related tax effect). The growth rates and the changes in selling prices and costs are based on in-house and industry forecasts, and past experience and future expectations, respectively, and in no case do they exceed 5%. When these calculations include the estimated perpetual return, no growth rates are considered.
These tests did not bring to light any additional impairment.

8. Other Intangible Assets

The changes in this item in the consolidated statements of financial position at 31 December 2014 and 2013 were as follows:

	Thousands of Euros					
	Development expenditure	Industrial property	Computer software	Administrative concessions	Other intangible assets	Total
Balance at 1 January 2013	**1,729**	**869**	**7,004**	**56,213**	**29,325**	**95,140**
Changes to the consolidated Group (note 2-g)	-	-	-	-	753	753
Additions	-	30	830	91	-	951
Disposals	(2)	-	(109)	-	(592)	(703)
Transfers	(11)	2,096	5	-	(2,096)	(6)
Revaluations	-	-	20	-	-	20
Translation differences (note 13)	-	-	(112)	-	(25)	(137)
Balance at 31 December 2013	**1,716**	**2,995**	**7,638**	**56,304**	**27,365**	**96,016**
Changes to the consolidated Group (note 2-g)	-	-	25	-	-	25
Additions	147	95	893	-	-	1,135
Disposals	-	-	(285)	-	-	(285)
Transfers	-	(141)	(49)	-	142	(48)
Revaluations	-	-	-	-	-	-
Translation differences (note 13)	-	75	(68)	-	-	7
Balance al 31 December 2014	**1,863**	**3,024**	**8,154**	**56,304**	**27,507**	**96,852**
Accumulated amortisation						
Balance at 1 January 2013	**918**	**614**	**5,464**	**9,215**	**3,450**	**19,661**
Charge for the year (note 21)	293	516	866	2,910	1,380	5,965
Disposals	-	-	(39)	-	-	(39)
Transfers	-	614	(5)	-	(614)	(5)
Revaluations	-	-	20	-	-	20
Translation differences (note 13)	-	-	(90)	-	-	(90)
Balance at 31 December 2013	**1,211**	**1,744**	**6,216**	**12,125**	**4,216**	**25,512**
Charge for the year (note 21)	193	620	818	2,765	1,973	6,369
Disposals	-1	-	(285)	-	-	(286)
Transfers	-	(614)	(40)	-	614	(40)
Revaluations	-	-	-	-	-	-
Translation differences (note 13)	-	6	(80)	-	-	(74)
Balance at 31 December 2014	**1,403**	**1,756**	**6,629**	**14,890**	**6,803**	**31,481**
Total other intangible assets, net	**460**	**1,268**	**1,525**	**41,414**	**20,704**	**65,371**

44Other intangible assets in the above table include a gross amount of Euros 27,506 thousand reflecting the estimated fair value of the contracts with public entities for road maintenance and upkeep relating to the subsidiary Audeca, S.L.U. at the date on which this company was acquired by the ELECNOR Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals.

Administrative concessions include approximately Euros 37,404 thousand (Euros 39,965 thousand in 2013) reflecting the estimated fair value (based on the fair value of the consideration given, i.e. the construction), less amortisation, of the investments made in various water treatment plants, which were constructed and are operated under a concession arrangement pursuant to the administrative concessions granted by the Aragón Water Institute. Under these concessions, the ELECNOR Group operates the aforementioned water treatment plants obtaining revenue on the basis of the volume of cubic metres of water treated. At 31 December 2014, all the water treatment plants are in operation, with a concession term of 20 years.

During the operation phase, the obligations arising from the arrangement with the Aragón Water Institute for the related years will be paid following the approval of monthly appraisal reports and the presentation of invoices based on the tariffs set, which may be reviewed over the term of the concession. The construction price of the water treatment plants is not subject to price reviews.

The concession will involve management of the water treatment plants to ensure that they are working properly at all times. In the event of a suspension of water treatment plant services, the concession operator is obliged to find a solution with utmost diligence and is not entitled to charge any amounts relating to the facilities in question during the period the services are suspended.

The concession arrangement will be deemed terminated when the initially specified term or any agreed-upon extensions or reductions thereof expire. The concession operator will be obliged to return the concession assets – as well as any assets and fixtures required for the operation thereof – to the grantor in good working order.

In 2014, the income generated by these concessions amounted to approximately Euros 7,030 thousand (Euros 4,036 thousand in 2013), and was recognised under revenues in the accompanying consolidated income statement.

The cost of fully amortised intangible assets in use at 31 December 2014 and 2013 amounts to approximately Euros 4,616 thousand and Euros 4,054 thousand, respectively.

9. Property, Plant and Equipment

The changes in this item in the consolidated statements of financial position at 31 December 2014 and 2013 were as follows:

	Thousands of Euros								
	Land	Buildings, technical installations and machinery	Hand and machine tools	Furniture and fixtures	Information technology equipment	Motor vehicles	Other items of property, plant and equipment	Property, plant and equipment under construction	Total
COST:									
Balance at 1 January 2013	**24,903**	**876,204**	**15,142**	**8,477**	**20,701**	**24,417**	**4,235**	**424,309**	**1,398,388**
Changes to the consolidated Group (note 2-g)	-	1,150	1,931	170	75	2,690	265	1,449	7,730
Additions	708	17,519	2,219	743	1,344	3,062	1,880	213,909	241,384
Disposals	-	(8,609)	(3,864)	(586)	(1,209)	(3,556)	(26)	(312)	(18,162)
Transfers	-	457,719	(11)	-	32	-	(309)	(457,544)	(113)
Translation differences (note 13)	(296)	(98,548)	(382)	(360)	(327)	(3,909)	(133)	(24,044)	(127,999)
Balance at 31 December 2013	**25,315**	**1,245,435**	**15,035**	**8,444**	**20,616**	**22,704**	**5,912**	**157,767**	**1,501,228**
Changes to the consolidated Group (note 2-g)	-	16,641	10	4	8	-	-	-	16,663
Additions	98	17,771	5,035	231	1,019	2,311	158	110,291	136,914
Disposals	-	(3,825)	(2,400)	(230)	(574)	(1,493)	(239)	(1,080)	(9,841)
Transfers	-	396	(14)	68	-	10	(179)	(314)	(33)
Translation differences (note 13)	(708)	9,514	28	(374)	(257)	(4,907)	(1,398)	18,672	20,570
Balance at 31 December 2014	**24,705**	**1,285,932**	**17,694**	**8,143**	**20,812**	**18,625**	**4,254**	**285,336**	**1,665,501**
ACCUMULATED DEPRECIATION:									
Balance at 1 January 2013	**-**	**336,972**	**7,509**	**5,379**	**13,565**	**16,442**	**2,310**	**-**	**382,177**
Charge for the year (note 21)	-	52,853	316	555	3,131	1,833	387	-	59,075
Disposals	-	(6,409)	(1,782)	(398)	(1,079)	(1,269)	(30)	-	(10,967)
Transfers	-	-	-	-	9	-	-	-	9
(22,134)									
Translation differences (note 13)	-	(18,631)	(232)	(219)	(213)	(2,797)	(42)	-	(22,134)
Balance at 31 December 2013	**-**	**364,785**	**5,811**	**5,317**	**15,413**	**14,209**	**2,625**	**-**	**408,160**
Changes to the consolidated Group (note 2-g)	-	-	-	1	2	-	-	-	3
Charge for the year (note 21)	-	59,796	(149)	648	1,548	2,418	(1,288)	-	62,973
Disposals	-	(3,288)	(20)	(80)	(525)	(654)	(6)	-	(4,573)
Transfers	-	2	(1)	(10)	1	-	199	-	191
Translation differences (note 13)	-	(3,817)	(252)	(398)	(247)	(4,768)	80	-	(9,402)
Balance at 31 December 2014	**-**	**417,478**	**5,389**	**5,478**	**16,192**	**11,205**	**1,610**	**-**	**457,352**
IMPAIRMENT									
Net cost at 31 December 2014	**24,705**	**868,454**	**12,305**	**2,665**	**4,620**	**7,420**	**2,644**	**285,336**	**1,208,149**

Buildings, technical installations and machinery mainly include the gross carrying amount and accumulated depreciation of wind farms in operation built in prior years. The wind turbines of the Spanish wind farms are under warranty for two years from the date they are received and those of the Brazilian wind farms are under warranty for three years.

The main additions to property, plant and equipment in 2013 comprised investments in wind farms in Canada, electricity transmission lines in Chile (see note 14) and the project to construct a communications satellite.

The main additions to property, plant and equipment under construction are investments in the wind farm of the subsidiary Ventos dos Indios, S.A. and the construction of the main transmission line of Alto Jahuel Transmisora de Energía, S.A. which, at 31 December 2014, were in the course of construction.

In 2010 Deimos Castilla La Mancha, S.L. commenced construction of another communications satellite and has invested approximately Euros 49.5 million to date.

At 31 December 2014, the carrying amount, before depreciation, of the property, plant and equipment pledged to secure certain bank loans, mainly to finance the wind power projects undertaken by Group companies, amounted to approximately Euros 1,241 million (Euros 1,094 million in 2013) (see note 14).

The main incorporations into the consolidated Group include the Montes del Cierzo wind farm.

The offices used by the Group to carry on its business activities, except for those leased in 2007 under the finance lease, are mostly rented.

At 31 December 2014 the cost of the Group's fully depreciated property, plant and equipment in use amounted to Euros 52,517 thousand (Euros 47,339 thousand at 31 December 2013), of which Euros 48,782 thousand are attributable to the Parent (Euros 44,922 thousand in 2013). Details of the cost of the Parent's fully depreciated property, plant and equipment at the end of 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Buildings, technical installations and machinery	44,689	41,126
Furniture and fixtures	1,119	1,030
Information technology equipment	2,803	2,593
Motor vehicles	171	173
	48,782	**44,922**

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

10. Equity-accounted Investees

Details of the ELECNOR Group's investments in associates and joint ventures at 31 December 2014 and 2013, which are accounted for using the equity method (see note 2-f), are as follows:

Company	Thousands of Euros	
	2014	2013
Eólica Cabanillas, S.L.	-	2,307
Eólica Montes del Cierzo, S.L.	-	5,221
Eólica La Bandera, S.L.	-	3,318
Eólica Caparroso, S.L.	-	4,083
Cosemel Ingeniería, A.I.E	398	398
Consorcio Eólico Marino Cabo de Trafalgar, S.L.	71	74
Parque Eólico Gaviota, S.A.	434	1,294
Jauru Transmissora de Energía, S.A.	21,541	20,673
Brilhante Transmissora de Energia, S.A.	37,213	36,526
Sociedad Aguas Residuales Pirineos, S.A.	4,767	5,484
Gasoducto de Morelos, S.A.P.I. de C.V.	10,652	12,997
Dioxipe Solar, S.L. (*)	-	-
Aries Solar Termoeléctrica, S.L. (*)	-	-
Brillhante Transmissora de Energia, S.A. II	183	-
	75,259	**92,375**

(*) Once the amount of the investment reaches 0, the losses of these investees will be considered as a reduction in the other financial assets that form part of the net investment therein (see note 11).

Movement in equity-accounted investees in 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	2013
Opening balance	92,375	101,935
Profit/(loss) for the year	(17,786)	(15,793)
Capital increases	-	3,197
Capital reductions	(1,789)	-
Translation differences	2,727	(13,091)
Dividends	(850)	(5,160)
Changes to the consolidated Group	(14,490)	-
Change in fair value of hedging derivatives (net of the tax effect)	(25,911)	13,559
Other movements	(171)	1,544
Transfers to financial assets (*)	41,154	6,184
Closing balance	**75,259**	**92,375**

(*) Once the amount of the investment reaches 0, the losses of these investees will be considered as a reduction in the other financial assets that form part of the net investment therein (see note 11).

Details of the key indicators of jointly controlled entities are provided in Appendix IV.

Changes to the consolidated Group in 2014 essentially reflect the sale of the 50% interests in Eólica Cabanillas, S.L., Eólica La Bandera S.L. and Eólica Caparroso, S.L. and the acquisition of a 50% interest in Eólica Montes del Cierzo S.L., which is now fully consolidated. The effect of these sales on profit and loss was not significant, nor was that of the business combination on the assets and liabilities acquired.

In 2014 and 2013 the depreciation of the Brazilian Real against the Euro led to a decrease in the equity of the equity-accounted Brazilian companies during the translation of their financial statements to the Group's functional currency (see notes 2-c and 2-f).

In 2010 the Group acquired 55% of the associates Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., whose statutory activities comprise the construction and operation of three parabolic trough technology thermosolar power plants in Extremadura and Castilla La Mancha. In 2010 various agreements were entered into between the shareholders of these companies, governing their relationships as shareholders, their relationships with the companies, the management and administration thereof and various aspects relating to the development and subsequent phases of projects. Specifically, certain matters for which unanimous approval is required in order to adopt decisions were defined.

Matters requiring the unanimous approval of the shareholders at the general meeting are as follows:

a) Reimbursement of share premiums, capital increases or reductions, amendments to the bylaws and, in particular, approval of any clauses relating to restrictions on the transfer of shares;
b) Mergers, spin-offs, transformations, dissolutions or transfers en bloc of assets and liabilities and disposals of a substantial portion of assets;
c) Investments in any joint venture, company or association or acquisitions of any shares, assets or businesses of any other company;
d) Arrangement, amendment and/or termination of any agreements with shareholders or companies forming part of their group or approval of any transactions with companies related thereto;
e) Approval of loans, pledges or guarantees of any kind extended to shareholders or related companies;
f) Changes in the number of directors;
g) Appointment or removal of auditors;
h) Changes in the policy of maximising dividends to shareholders;
i) Agreements relating to key project decisions on any changes in activity, arrangement of any transactions, agreements or operations that alter the nature of the business or significantly modify the scope of the project, discontinuation of the project and arrangement of any agreements that are unrelated to the Company's ordinary business activity or outside its ordinary course of business;
j) Changes in the tax regime;
k) Agreements relating to the arrangement of project financing and any possible refinancing; and
l) Amendments to the terms and conditions of the project financing agreements which affect the internal rate of return on the investment at the reporting date, the financing guarantees or the termination of the agreements.

Matters requiring the unanimous approval of the board of directors are as follows:

a) Any loans, credit facilities, any other form of financing or guarantees extended to a third party;
b) Arrangement of any debt or provision of guarantees other than those required by current suppliers;
c) Approval of business plans and initial operating budgets;
d) Approval of the operating budget when it includes a total expenditure increase of more than 10% on the prior year's budget;
e) Granting of powers of attorney in regard of reserved powers;,
f) Amendment of project financing agreements;
g) Incorporation of subsidiaries or acquisition of shares of other companies;
h) Capital increases;
i) Award of provisional and definitive acceptance certificates for plants in accordance with the Engineering, Procurement and Construction (EPC) contract, approval of waivers and changes in EPC, O&M and/or Owner's Engineering contracts.

In view of the nature of the above matters and the unanimity required in order to adopt decisions thereon, and in accordance with the consolidation principles indicated in note 2-f, the ELECNOR Group considers that the interests in these companies should be classified as joint ventures, specifically as jointly controlled entities. Accordingly, these interests were accounted for using the equity method. At the date on which these consolidated annual accounts were authorised for issue, the three thermosolar power plants in these projects are in operation.

Details of these companies' key indicators at 31 December 2014 are as follows:

	2014	
	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Assets:		
Property, plant and equipment	264,609	487,317
Other non-current assets	26,488	54,766
Current assets	11,674	53,764
Liabilities:		
Financial debt (*)	243,711	467,147
Participating loans	57,446	115,391
Other non-current liabilities	39,182	99,897
Other current liabilities	22,815	58,631

(*) Includes liabilities arising from the measurement of interest rate derivatives at 31 December 2014.

As mentioned, the associates Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. engage in the construction and operation of three parabolic trough technology thermosolar power plants.

The Group has analysed the impact of the regulatory changes approved since 2012 on these associates and in 2013 reviewed the financial projections of these projects and tested the property, plant and equipment of these associates for impairment, taking into consideration the current regulatory situation and the numerous uncertainties surrounding the future outlook and performance of the industry.

The main assumptions used by the Parent's directors when testing for impairment in 2014 and 2013 are as follows:

Projection period: 25 years

Revenues: Power generated according to sector reports on this type of plant.

Discount rate: 5.4%

On the basis of the impairment tests performed by management of these companies at 31 December 2013, further impairment of Euros 8,209 thousand was recognised on these two projects, after considering the Group's percentage of ownership and the related tax effect, with a charge to share of profit/loss for the year of equity-accounted investees in the accompanying consolidated income statement for the year ended 31 December 2013.

The thermosolar projects in which the Group holds an interest are subject to regulation that ensures a reasonable remuneration for an efficient, well-managed company, up to the initial value of the investment.

In order to maintain this reasonable remuneration over time, regulatory remuneration is based on the average return on ten-year government bonds in the secondary market, plus a spread. Consequently, changes in the cost of capital are reflected under expected revenues, and therefore do not affect the recoverable amount.

The borrowers also acquired certain obligations, which, if not met, could constitute grounds for the mandatory early repayment of the aforementioned loans. The Parent's directors consider that the obligations for the majority of the financing facilities have been met in 2014 and no breaches are expected in the future. Any such obligations that have been breached are due to the entry into force of the prevailing legislation on renewable energy generation. In these cases the companies' directors are in negotiations with the financial institutions and expect an agreement to be reached.

The Group’s investments in these companies and in the wind farms of Eólica Montes del Cierzo, S.L. and Parque Eólicos Gaviota, S.A. have been pledged to the related financial institutions to secure all payment obligations under the loans that these companies have obtained, in general, under project financing arrangements. The Parent’s directors consider that these obligations are being met under the established terms (see note 14).

Appendices I and IV include a list of the investments in associates and joint ventures together with the most significant legal and financial information thereon.

11. Non-current Financial Assets

Details of non-current financial assets other than equity-accounted investees are as follows:

	Available-for-sale financial assets		Loans and receivables					
	Net equity investments	Derivative financial instruments (note 15)	Non-current loans (note 26)	Loans to personnel	Customer financing	Administrative concessions	Other non-current assets	Total
Balance at 31 December 2012	**3,986**	**943**	**115,209**	**33**	**12**	**463,516**	**60,158**	**643,857**
Changes to the consolidated Group (note 2-g)	(174)	-	-	-	-	5,348	-	5,174
Additions	313	-	8,642	-	-	130,024	9,976	148,955
Disposals	(175)	-	(614)	(2)	-	-	(9,940)	(10,731)
Transfers (note 10)	-	-	(6,184)	-	-	-	-	(6,184)
Impairment	(178)	-	-	-	-	-	-	(178)
Translation differences	-	-	-	-	-	(77,787)	(5,546)	(83,333)
Change in fair value	-	(415)	-	-	-	-	-	(415)
Balance at 31 December 2013	**3,772**	**528**	**117,053**	**31**	**12**	**521,101**	**54,648**	**697,145**
Changes to the consolidated Group (note 2-g)	(199)	3,054	-	-	-	(1,740)		1,115
Additions	2,436	-	5,200	-	-	51,562	12,789	71,987
Disposals	-	-	-	(2)	-	-	(4,407)	(4,409)
Transfers (note 10)	-	-	(41,154)	-	-	-	-	(41,154)
Impairment	-	-	-	-	-	-	-	-
Translation differences	-	-	2,003	-	-	5,210	(411)	6,802
Change in fair value	-	(167)	-	-	-	-	-	(167)
Balance at 31 December 2014	**6,009**	**3,415**	**83,102**	**29**	**12**	**576,133**	**62,619**	**731,319**

a) Net equity investments

Significant information on the most representative equity investments in companies not included in the consolidated Group at 31 December 2014 and 2013 is disclosed in Appendix II. As described in note 2-f, these companies have not been consolidated as the Parent's directors consider that the effect of excluding them from the consolidated Group is not material.

The fair value of the investments under this item has been determined using in-house estimates made by the Group as there are no quoted prices on an organised market. The Group regularly analyses the forecast future performance of these investees, particularly the nature of their principal assets, their capacity to recover the carrying amount of such assets and the existence of possible unrecognised liabilities. If any indications of impairment are detected, the Group analyses the impact that they may have on the recoverability of its investments in these investees and writes down their carrying amount to fair value if any impairment loss is detected.

On 26 July 2010, Elecnor, S.A. and three partners incorporated CPTR-Companhia Paranaense de Tratamento de Residuos with a share capital of BRL 50,000 thousand, 26% of which has been subscribed for an amount of approximately Euros 5,673 thousand. Of this amount, approximately Euros 3,640 thousand is unpaid at 31 December 2014 (Euros 3,604 thousand at 31 December 2013).

On 28 December 2005, Elecnor Financiera S.L. acquired all the shares in Vendaval Promociones Eólicas, S.A.U. for an approximate amount of Euros 53,850 thousand. This transaction included the non-controlling interest in Sociedad Eólica de Andalucía, S.A. (5.27%) which the ELECNOR Group has classified under available-for-sale financial assets in the consolidated statement of financial position.

b) Non-current loans

Non-current loans in the above table at 31 December 2014 basically include various loans extended to associates of the ELECNOR Group (see notes 10 and 26).

On 20 December 2011, the subsidiary Celeo Termosolar, S.L. extended to Aries Solar Termoeléctrica, S.L. a participating loan and a subordinated loan of approximately Euros 33,720 thousand and Euros 67,440 thousand, respectively, to finance two thermosolar power plants in Castilla La Mancha (see notes 10 and 20). The second of these loans is subordinate to the principal financing (see note 10) obtained by the latter. The loans fall due on 1 January 2031. The participating loan accrues interest at a rate comprising a fixed annual component and a variable annual component tied to the operating margin of the borrower after tax and after the deduction of the interest on this participating loan or on any other subordinated debt. The subordinated loan accrues interest pegged to Euribor plus a market spread. At 31 December 2014, approximately Euros 38,364 thousand and Euros 77,028 thousand have been drawn down and are recognised under non-current financial assets - other investments and current financial assets - trade receivables from related companies, respectively, in the accompanying consolidated statement of financial position at that date (approximately Euros 36,705 thousand and Euros 74,255 thousand, respectively, at 31 December 2013).

On 5 March 2010, the subsidiary Celeo Termosolar, S.L. extended to Dioxipe Solar, S.L. a subordinated participating loan of approximately Euros 68,514 thousand to finance a solar thermal plant in Extremadura (see notes 10 and 20). This loan is subordinate to the principal financing (see note 10) obtained by the latter and matures on 6 March 2030. The loan accrues interest at a rate comprising a fixed annual component and a variable annual component tied to the gross profit of the borrower before tax and before the deduction of the interest on this participating loan or on any other subordinated debt. At 31 December 2014, approximately Euros 57,446 thousand has been drawn down and is recognised under non-current financial assets - other investments and current financial assets - trade receivables from related companies in the accompanying consolidated statement of financial position at that date (Euros 54,669 thousand at 31 December 2013).

The aforementioned participating and subordinated loans extended by Celeo Termosolar, S.L. to Aries Solar Termoeléctrica, S.L. and Dioxipe Solar, S.L. have been reduced by Euros 102,702 thousand at 31 December 2014 (Euros 61,548 thousand at 31 December 2013, see note 2.2) as they were considered as a net investment when accounting for these investees using the equity method. Consequently, the carrying amount of these loans, which totals Euros 70,136 thousand at 31 December 2014 (Euros 104,081 thousand at 31 December 2013), reflects the amounts detailed in the paragraphs above, less the aforementioned adjustment.

The Parent's directors do not consider that any of the aforementioned loans will be repaid in the short term and, therefore, these amounts have been classified as non-current assets in the accompanying consolidated statement of financial position.

c) Administrative concessions

The ELECNOR Group is in the process of developing and executing a number of projects under concession arrangements to construct, operate and maintain various electricity transmission lines in Brazil through its subsidiaries incorporated for this purpose, the Brazilian parent of which is Elecnor Transmissao de Energía, S.A. Pursuant to the concession arrangements, as remuneration for the construction, operation and maintenance work, the Group will receive a fixed amount over the term of the concession that does not depend on the use, if any, made of the transmission lines. Concession terms are approximately 30 years. The amount receivable will be revalued periodically based on certain variables such as interest rates, the standard consumer price index and other market benchmark rates, as provided for in the various agreements, although such changes would not be material.

Under the concession arrangements the Group undertakes to have the transmission facilities fully installed within a specified period of time and also to provide operation and maintenance services, using quality materials and equipment. It also undertakes to maintain the facilities and use appropriate operating methods to ensure good standards of constant, efficient, safe, updated service, making ongoing efforts to reduce costs, ensure social integration and protect the environment. The concession operator may not assign or pledge the assets associated with the public transmission service without ANEEL's authorisation.

The concession will be terminated in the following cases: the arrangement comes to an end, reaches its expiry date, is rescinded, rendered null and void due to defects or irregularities or the transmission entity is dissolved. At the end of the concession all the assets relating to the service will revert to the concession grantor. The corresponding evaluations and analyses will be conducted and used to calculate any indemnity to which the transmission entity may be entitled. The assets must be in proper working and technical condition, maintained in accordance with the grid procedures approved by the ANEEL, so that the public energy transmission service can continue.

Upon expiry, the concession may be renewed at the sole discretion of ANEEL. The maximum renewal term is the same concession term and must be requested by the transmission entity. An agreement may also be reached to extend the concession term in the public interest and under the terms and conditions stipulated in the arrangement.

The transmission entity may request the rescission of the arrangement in the event that the grantor breaches the terms and conditions. In this case the transmission entity may not interrupt the supply of the service until the rescission is approved by means of a court decision declaring the arrangement terminated.

In accordance with the criteria described in note 3-j, the Group initially recognises a financial asset for the fair value of the amounts receivable for the construction of the infrastructure, which is subsequently measured at amortised cost using the effective interest method. Under this method, in 2014 the Group credited approximately Euros 55,276 thousand to finance income in the consolidated income statement for 2014 for the financial effect of applying this method (Euros 42,175 thousand in 2013).

During 2014 the concession operator Cantareria Transmissora de Energía, S.A., which carries out the same type of activity as that described above, entered the consolidated Group. Administrative concessions at 31 December 2014 in the foregoing table include approximately Euros 3,662 thousand in connection with this company.

During 2013 the concession operator Brilhante II Transmissora de Energía, S.A., which carries out the same type of activity as that described above, entered the consolidated Group. Administrative concessions at 31 December 2013 in the foregoing table include approximately Euros 5,348 thousand in connection with this company.

Other non-current assets

Details of other non-current assets in the above table are as follows:

	Thousands of Euros	
	2014	2013
Debt service reserve account	56,498	48,408
Security deposits	1,974	2,088
Other	4,147	4,152
	62,619	**54,648**

Debt service reserve account includes the amounts that the subsidiaries Aerogeneradores del Sur, S.A., Galicia Vento, S.L., Ventos do Sul Energía, S.A., Parques Eólicos Villanueva, S.L.U., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A. and Ventos do Litoral Energía, S.A. must hold in bank deposits pursuant to the financing agreements they have entered into (see note 14), amounting to Euros 2,503 thousand, Euros 7,572 thousand, Euros 6,024 thousand, Euros 3,184 thousand, Euros 11,004 thousand, Euros 5,009 thousand and Euros 5,543 thousand, respectively, at 31 December 2014 (the debt service reserve account for the amounts held by Eólicas Páramo de Poza, S.A., Aerogeneradores del Sur, S.A., Galicia Vento, S.L., Ventos do Sul Energía, S.A., Parques Eólicos Villanueva, S.L.U., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A. and Ventos do Litoral, S.A. amounted to Euros 41,018 thousand at 31 December 2013).

This item also includes the amount of the debt service reserve account relating to the concession operators LT Triangulo, S.A., Vila Do Conde Transmissora de Energia, S.A., Coqueiros Transmissora de Energía, S.A., Pedras Transmissora de Energía, S.A., Encruzo Novo Transmissora de Energía, S.A., Caiua Transmisora de Energía, S.A. and Linha de Transmissao Corumba, LTDA, totalling approximately Euros 15,659 thousand (the portion of the debt service reserve account relating to the concession operators LT Triangulo, S.A., Vila Do Conde Transmissora de Energia, S.A., Coqueiros Transmissora de Energía, S.A., Pedras Transmissora de Energía, S.A. y Encruzo Novo Transmissora de Energía, S.A. amounted to Euros 7,387 thousand at 31 December 2013).

The deposits accrue interest at market rates.

Also, Elecnor, S.A. holds security and other deposits relating to leases amounting to approximately Euros 1,957 thousand (Euros 2,046 thousand at 31 December 2013).

12. Current Financial Assets

a) Trade and other receivables

Trade and other receivables in the accompanying consolidated statement of financial position include the Group's receivables arising as a result of transactions with third parties

At 31 December 2014, past-due receivables amounted to Euros 182,743 thousand (Euros 238,804 thousand at 31 December 2013). An ageing analysis of these balances is as follows:

	Thousands of Euros	
Description	2014	2013
Unmatured balances	712,604	671,369
Up to six months past due	48,314	87,595
Between six and twelve months past due	69,754	72,694
Over twelve months past due	64,675	78,515
Total	**895,347**	**910,173**

The Group makes provision to cover debts classed as non-performing due to late payment, suspension of payments, insolvency or other reasons, following a case-by-case study of their collectability. Provision is made on the basis of the best estimates at year end.

Details of impairment losses on accounts receivable at 31 December 2014 and 2013 and movement in 2014 and 2013 are as follows:

	Thousands of Euros					
	31/12/2013	Impairment losses recognised in the year	Unrecoverable balances written off	Changes to the consolidated Group	Translation differences	31/12/2014
Impairment	51,990	19,183	(1,699)	(453)	(6,238)	62,783

	Thousands of Euros					
	31/12/2012	Impairment losses recognised in the year	Unrecoverable balances written off	Changes to the consolidated Group	Translation differences	31/12/2013
Impairment	31,979	23,018	(2,747)	-	(260)	51,990

b) Cash and cash equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2014	2013
Cash equivalents	75,112	76,636
Cash	183,787	167,715
	258,899	**244,351**

The closing balance of cash equivalents in the foregoing table mainly comprises treasury bills acquired under non-optional fixed-date reverse repurchase agreements and deposits, all at short term, which earn interest at market rates. On maturity, the related amounts are reinvested in assets of a similar nature and term depending on the cash needs at any given time.

13. Equity of the Parent

a) Share capital

At 31 December 2013 and 2012, the share capital of Elecnor, S.A. was represented by 87,000,000 ordinary bearer shares of Euros 0.10 par value each, subscribed and fully paid.
The shares of Elecnor, S.A. are listed on the Spanish electronic stock market.
At 31 December 2014 and 2013, the Parent's shares were held as follows:

	% ownership	
	2014	2013
Cantiles XXI, S.L.	52.76%	52.76%
Bestinver Gestión, S.A., S.G.I.I.C.	4.76%	3.76%
Other (*)	42.48%	43.48%
	100.00%	**100.00%**

(*) All with a percentage ownership of less than 3%. Also included are the own shares of the Parent, amounting to 2.84% in 2014 and 2.86% in 2013 (see note 3-n).

b) Valuation adjustments

Movement in this reserve in 2014 and 2013 is as follows:

	Thousands of Euros									
	31/12/2012	Contracts	Change in fair value	Settlement of derivatives	31/12/2013	Contracts	Change in fair value	Settlement of derivatives	Transfers (note 13-e)	31/12/2014
Fully consolidated companies										
Cash flow hedges:										
Interest rate swaps (note 15)	(60,457)	(3,588)	3,927	36,880	(23,238)	(784)	(19,069)	2,233	-	(40,858)
Exchange rate insurance (note 15)	(5,271)	(26)	(1,255)	5,686	(866)	2,729	(2,822)	853	-	(106)
Commodities (note 15)	-	-	-	-	-	-	-	-	-	-
Other (note 11)	1,957	(3)	(467)	-	1,487	-	1	-	-	1,488
	(63,771)	**(3,617)**	**2,205**	**42,566**	**(22,617)**	**1,945**	**(21,890)**	**3,086**	**-**	**(39,476)**
Deferred taxes arising on valuation adjustments (note 19)	**13,928**	**1,085**	**(661)**	**(8,927)**	**5,425**	**(486)**	**5,473**	**(772)**	**-**	**9,640**
Total valuation adjustments arising from the full consolidation of companies	**(49,843)**	**(2,532)**	**1,544**	**33,639**	**(17,192)**	**1,459**	**(16,417)**	**2,314**	**-**	**(29,836)**
Equity-accounted investees	**(19,555)**	**505**	**246**	**(12,807)**	**(31,611)**	**-**	**(39,472)**	**13,559**	**-**	**(57,524)**
Non-controlling interests	**491**	**-**	**(261)**	**-**	**230**	**81**	**1,080**	**-**	**3,711**	**5,102**
Total valuation adjustments	**(68,907)**	**(2,027)**	**1,529**	**20,832**	**(48,573)**	**1,540**	**(54,809)**	**15,873**	**3,711**	**(82,258)**

c) Other reserves

Details are as follows:

	Thousands of Euros	
	2014	2013
Non-distributable reserves		
Legal reserve	1,743	1,743
Reserves from translation to Euros	15	15
Reserve for own shares (note 3-n)	22,264	22,421
Other reserves	**496,542**	**488,890**
Parent reserves	**520,564**	**513,069**
Reserves in consolidated companies (*)	**117,061**	**110,296**
Translation differences	**(130,540)**	**(158,794)**
Reserve for own shares (note 3-n)	**(22,264)**	**(22,421)**
Total	**484,821**	**442,150**

(*) Includes consolidation adjustments and adjustments for international standards.

Legal reserve

Under the Revised Spanish Companies Act, an amount equivalent to 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve has reached the stipulated level.

The legal reserve can be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total share capital after the increase. Except for the aforementioned purpose, unless the legal reserve exceeds 20% of the share capital it may only be used to offset losses if no other reserves are available.

d) Own shares

Pursuant to the resolutions adopted successively by the shareholders at the annual general meetings of Elecnor, S.A., various acquisitions of own shares of Elecnor, S.A. have been made in recent years for their progressive disposal on the market. In particular, on 23 May 2012 the shareholders at the annual general meeting resolved to authorise, for a period of five years, the acquisition of shares issued by the Parent, either by the Parent itself or by Group companies, up to a limit of 10% of the share capital (see note 3-n), provided that the purchase price of the shares is not 30% higher or lower than their market price.

Details of own shares and movement in 2014 and 2013 are as follows:

	No. of shares
Own shares at 31 December 2013	**2,488,452**
Acquisition of own shares	241,137
Sale of own shares	(258,557)
Own shares at 31 December 2014	**2,471,032**

Own shares were purchased and sold for amounts of approximately Euros 2,512 thousand and Euros 2,669 thousand, respectively.

All the own shares held by the Parent at 31 December 2014 represented 2.84% of the total share capital of Elecnor, S.A. at that date (2.86% at 31 December 2013).

At 31 December 2014 and 2013, a non-distributable reserve for own shares was recognised for the amount of the Elecnor, S.A. own shares held at those dates.

e) Non-controlling interests

Details of non-controlling interests in 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Eólicas Páramo de Poza, S.A.	4,388	4,940
Galicia Vento, S.L.	2,568	1,948
Elecven Construcciones, S.A.	111	391
Rasacaven, S.A.	83	274
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	1,267	1,954
Deimos Engenharia, S.A.	241	201
Elecnor Argentina, S.A.	(28)	18
IQA Operations Group Limited	76	804
Ventos do Sul Energía, S.A.	9,303	4,102
Aerogeneradores del Sur, S.A.	420	218
Enerfin Enervento, S.A.	15,853	15,667
Parque Eólico Malpica, S.A.	1,356	1,637
Enervento Galicia, S.L.U.	(1)	(1)
Infraestructuras Villanueva, S.L.U.	1	1
Parques Eólicos Palmares, S.A.	4,411	4,225
Ventos do Litoral Energia, S.A.	3,495	3,440
Ventos da Lagoa, S.A.	3,191	3,113
Enerfin Rodonita Galicia, S.L.	1	1
Ventos do Faro Farelo, S.L.	1	1
Eoliennes de L'Erable, SEC.	33,948	-
Celeo Redes subgroup	262,642	38,097
Other	797	81
	344,124	**81,112**

In 2014 the Group sold a number of non-controlling interests. Details of the most relevant transactions and their impact on equity are as follows:

			Attributable to the Parent				
	Sale price	Transaction costs	Reserves	Translation differences		Total	Non-controlling interest
Sale of 49% interest in Celeo Redes, S.L.U.	236,740	(7,511)	(18,833)	28,293	3,711	13,171	216,058
Sale of 49% interest in Eoliennes de L'Erable Sec	50,645	(2,894)	3,973	-	-	3,973	43,778
Sale of 10% interest in Ventos do Sul Energía, S.A.	10,448	(1,705)	2,821	1,025	-	3,846	4,897

Movement in non-controlling interests in 2014 and 2013 is as follows:

	Thousands of Euros
Balance at 31 December 2012	**41,663**
- Profit for the year	3,569
- Change in fair value of hedging instruments (*)	211
- Dividends paid	(6,360)
- Translation differences (**)	(5,704)
- Other (note 10)	47,733
Balance at 31 December 2013	**81,112**
- Profit for the year	12,462
- Change in fair value of hedging instruments (*)	(1,161)
- Dividends paid	(1,901)
- Translation differences (**)	(16,583)
- Capital reduction	(8,840)
- Capital increase	15,074
- Change in equity investments	264,733
- Other	(772)
Balance at 31 December 2014	**344,124**

(*) Reflects the changes in the value of the hedging swaps used by the ELECNOR Group (see note 15).
(**) Mainly comprising the translation differences arising at the Transmissao group (Ventos do Sul Energía, S.A. in 2013)

14. Financial Debt

Key to the Group's strategy is its policy of maximum financial prudence. The target capital structure is defined by this commitment to solvency and the aim of maximising shareholder returns.

However, certain projects, specifically the construction and operation of wind farms and the related electricity interconnection lines and substations, as well as the electricity distribution infrastructure and wastewater treatment plants, which the Group operates and holds on a concession basis, are mostly financed through syndicated loans under project financing arrangements. Under these loans the subsidiaries that operate these projects accept certain restrictions on the distribution of dividends, conditional upon certain requirements being met, such as the creation of a debt service reserve account. These subsidiaries must also maintain a specified debt/equity ratio and a specified equity structure.

The target capital structure, excluding the effect of the projects financed with non-recourse financing, is quantified at the following ratio of net financing to equity:

$$\frac{\text{Net financial debt}}{\text{Net financial debt + Equity}}$$

Net financial debt includes the following line items in the consolidated statement of financial position (having eliminated the effect of net financial debt relating to the projects financed with non-recourse financing):

	Thousands of Euros	
	2014	2013
Non-current liabilities – Financial debt	347,125	356,483
Current liabilities – Financial debt	191,983	172,319
Current financial assets – Other investments	(15,663)	(23,689)
Cash and cash equivalents	(175,537)	(145,660)
Net financial debt	**347,908**	**359,453**

Changes in this ratio are analysed on an ongoing basis and prospective estimates are also made as a key restrictive factor to be taken into account in the Group's investment strategy and dividends policy. At 31 December 2014, this ratio stood at approximately 30.05% (approximately 40.30% at 31 December 2013).
Details of non-current and current financial debt at 31 December 2014 and 2013 are as follows:

	Thousands of Euros			
	31/12/2014		2013	
	Non-current	Current	Non-current	Current
Syndicated loans and credit facilities	291,162	-	258,000	66,000
Loans to concessions	340,859	29,872	217,686	60,055
Syndicated loans - Wind and solar PV farms	502,150	54,759	506,319	62,891
Loans secured with personal guarantee	22,935	22,136	63,504	74,481
Mortgage loans	8,509	646	9,144	633
Financial liabilities from issuing bonds and other marketable securities	-	98,800	-	-
VAT financing facility for wind farms and concessions	-	17,057	-	16,860
Credit facilities secured with personal guarantee	8,751	49,677	12,500	19,137
Unmatured bills and notes	-	13,841	-	8,606
Accrued interest payable:				
Wind and solar PV farms and concessions	85	676	-	70
Other	-	1,872	437	1,748
Finance lease payables (note 9)	6,853	550	7,428	772
Derivative hedging instruments (note 15):				
Wind and solar PV farms and concessions	31,395	1,461	16,396	3,396
Other	8,915	2,831	5,469	939
Discount lines	-	1,632	-	-
Total	**1,221,614**	**295,810**	**1,096,883**	**315,588**

Details, by maturity, of the non-current portion of loans and credit facilities for 2014 and 2013 are as follows:

Debts maturing in	Thousands of Euros
	31/12/2014
2016	145,357
2017	137,321
2018	166,285
2019 and thereafter	772,651
Total	**1,221,614**

Debts maturing in	Thousands of Euros
	31/12/2013
2015	168,199
2016	191,089
2017	223,884
2018 and thereafter	513,711
Total	**1,096,883**

Syndicated loans and credit facilities

In July 2014, Elecnor procured financing totalling Euros 600 million from a group of 19 Spanish and international financial institutions, to replace the Euros 401 million drawn down (at the date of the refinancing) on the syndicated financing agreement signed in 2012. This financing is structured into two tranches: one loan tranche totalling Euros 300 million and a revolving credit facility tranche of Euros 300 million, maturing at five years. This financing is repayable in half-yearly instalments beginning on 19 December 2014 and matures on 19 July 2019.

The loan bears interest pegged to Euribor for the interest period elected by the borrower (one, three or six months), plus a spread tied to the net financial debt/(EBITDA + dividends from projects) ratio. The Parent has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt/Adjusted equity), ((EBITDA + dividends from projects)/finance costs), and (Net financial debt/(EBITDA + dividends from projects)), which are calculated on the basis of the ELECNOR Group's consolidated figures. Failure to comply with these ratios could result in the agreement being cancelled. Furthermore, the loan includes the obligation to comply with the Guarantee Coverage Ratio, which has been met at 31 December 2014.

At 31 December 2014, Euros 300 million has been drawn down on the first tranche of the syndicated loan arranged in July 2014. At 31 December 2013, the balance drawn down against the 2012 syndicated loan amounted to Euros 324 million, of which Euros 234 million related to the first tranche and the remainder to the credit facility tranche.

During 2014, the Company arranged interest rate hedges for the syndicated financing procured during the year. These hedges comprise eight interest rate swaps for a maximum nominal amount of Euros 132 million with eight financial institutions, as well as a basis rate swap for a nominal amount of Euros 132 million, whereby floating interest rates are exchanged. The nominal amounts and interest settlement dates of the swaps coincide with those of the loan agreements to which they are assigned. These contracts are still in force at 31 December 2014.

In prior years, the Parent had five interest rate swaps for an initial nominal amount of Euros 300 million to hedge the interest on the syndicated loan arranged in 2012. These contracts were upheld throughout 2014 and tied to the financing arranged during the year with the remaining nominal amount of Euros 168 million. The nominal amounts and interest settlement dates of the swaps coincide with those of the loan agreements to which they are assigned.

During 2014, the syndicated financing agreements referred to above bore interest of approximately Euros 14,078 thousand (Euros 13,943 thousand in 2013), before taking into account the effect of the hedges, which the Company has recognised under finance costs in the accompanying income statement for 2014 (see note 21).

On 22 May 2013 Elecnor Transmissao de Energía, S.A. arranged a loan of BRL 110 million, which fell due on 21 November 2014, to finance its investment in energy transmission concession operators in Brazil through fund contributions. This loan bore interest pegged to the variable interbank CDI ("Interbank Deposit Certificate") rate plus a spread of 2.95%. At 31 December 2014 this loan had been repaid in full (approximately Euros 35.6 million payable in 2013).

Loans to concessions

On 15 January 2013, the concession operator Alto Jahuel Transmisora de Energía, S.L. entered into a loan under a project finance arrangement totalling USD 167 million and a VAT financing facility of USD 29 million. This financing is for the construction and future operation of an energy transmission line in Chile (see note 9). The financing falls due in 2032 and bears interest pegged to 180-day Libor plus a spread of 4.25% for the USD tranche and to 180-day TAB UF plus a spread of 1.60% for the UF-denominated tranche. At 31 December 2014, approximately Euros 135.9 million has been drawn down (Euros 101.8 million at 31 December 2013), of which approximately Euros 118.9 million (Euros 85.5 million in 2013) related to the loan and the remainder to the VAT financing facility. This company also arranged a hedge for 75% of the loan principal to cover potential increases in interest rates. The interest settlement payment dates for the swap are the same as those of the loan.

On 5 July 2007, the concession operator Sociedad Aragonesa de Aguas Residuales, S.A.U. arranged a credit facility with a limit of Euros 23 million maturing on 5 December 2026. This facility has been drawn down in full and bears interest pegged to Euribor plus a spread. The interest on this loan amounted to approximately Euros 244 thousand in 2014 (approximately Euros 299 thousand in 2013). This company arranged an interest rate swap of Euros 17,250 thousand to hedge the possible rise in interest rates on this loan. The interest settlement payment dates for the swap are the same as those of the loan. In any case, the Parent's directors considered it more appropriate to classify the outstanding amount payable of Euros 18,623 thousand at 31 December 2013 as financial debt under current liabilities in the consolidated statement of financial position because, at the date of authorisation for issue of the ELECNOR GROUP's consolidated annual accounts for 2013, this investee was not expected to meet its obligations regarding certain financial ratios, which could have triggered the requirement for early repayment of the loan. In 2014, the directors opted to reclassify the outstanding balance payable of Euros 17,468 thousand at 31 December 2014, as these ratios were met.

On 21 July 2009, the concession operator Sociedad Aragonesa de Estaciones Depuradoras, S.A. arranged a credit facility with a limit of Euros 15.5 million maturing on 31 December 2026. This facility has been drawn down in full and bears interest pegged to Euribor plus a spread. The interest on this loan amounted to approximately Euros 416 thousand in 2013 (approximately Euros 459 thousand in 2012). This company arranged an interest rate swap of Euros 11,625 thousand to hedge the possible rise in interest rates on this loan. The interest settlement payment dates for the swap are the same as those of the loan. The outstanding balance of this credit facility at 31 December 2014 amounted to Euros 12,805 thousand (Euros 13,301 thousand at 31 December 2013).

On 30 December 2013 Integraçao Maranhense T. de Energia, S.A. arranged a credit facility of BRL 142 million, which falls due on 15 February 2029. This credit facility bears interest indexed to Brazil's long-term floating interest rate plus a spread of 2.42%. At 31 December 2014, the balance drawn down on this loan stands at Euros 45.7 million (no drawdowns at 31 December 2013).

On 23 December 2013 the concession operator Caiua T. Energia, S.A. arranged a credit facility of BRL 84.6 million, which falls due on 15 February 2028. This credit facility bears interest indexed to Brazil's long-term floating interest rate plus a spread of 2.28%. At 31 December 2014, the balance drawn down on this loan stands at Euros 27.6 million (no drawdowns at 31 December 2013).

In 2010, LT Triángulo, S.A. became a fully consolidated company because the Group took full control of all its share capital. This company obtained a loan under a project finance arrangement from a financial institution on 7 October 2008 to finance the electricity transmission infrastructure being constructed under the concession. The final maturity of the loan is 4 October 2022. The interest rate on this financing is Brazil's long-term floating interest rate ("TJLP") plus a market spread. At 31 December 2014, the outstanding balance of this loan was approximately Euros 73 million (Euros 81 million in 2013).

In 2011, the ELECNOR Group acquired 66% of Vila do Conde Transmissora de Energía, S.A., which was subsequently fully consolidated. On 19 December 2006, BNDES extended a loan to Vila do Conde Transmissora de Energía, S.A. to finance the construction of electricity transmission lines. This loan matures on 15 April 2019. This loan is divided into two sub-loans: sub-loan A, which bears interest at the weighted average cost incurred by BNDES on raising foreign currency funds, plus a market spread, and sub-loan B, which bears interest at Brazil's long-term floating interest rate ("TJLP"), plus a market spread.

At 31 December 2014, the outstanding balance of this loan was approximately Euros 22.1 million (approximately Euros 26.2 million at 31 December 2013).

Repayment of the loans to LT Triángulo, S.A. and Vila do Conde Transmissora de Energía, S.A. is secured by the pledge of the concession rights and all of the shares, the rights to receivables from services rendered and by a bank guarantee. In addition, the aforementioned subsidiaries must maintain the following financial ratios over the term of the loan:

- The coverage ratio resulting from dividing available cash flows by the interest payable and the principal repaid must be 1.3 or over.
- Capitalisation ratio (Equity/Total Assets) 0.3 or over.

Syndicated loans – Wind and solar PV farms

In 2012 the Group arranged syndicated financing for the construction of a wind farm in Quebec (Canada) for approximately CAD 250 million (Eoliennes de L'Erable Inc.). This financing, maturing in 2033, bears interest indexed to the price of Canadian bonds. The annual debt service coverage ratios (ADSCR) for this syndicated loan – under a project finance arrangement – must be higher than a minimum threshold throughout the term of the loan, pursuant to the financing loan deeds. During 2014 the assets and liabilities, including this loan, of Eoliennes de L'Erable Inc were transferred to Eoliennes de L'Erable Sec. Euros 170.8 million has been drawn down on this loan at 31 December 2014 (Euros 170.5 million at 31 December 2013).

At 31 December 2014, the remaining bank borrowings under this item mainly reflected the outstanding balances of the syndicated loans arranged by Aerogeneradores del Sur, S.A., Galicia Vento, S.L., Ventos do Sul Energía, S.A., Parques Eólicos de Villanueva, S.L.U., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A., Siberia Solar, S.L.U. and Vendos dos Indios, S.A. with several financial institutions, having drawn down approximately Euros 13,730 thousand, Euros 33,673 thousand, Euros 90,167 thousand, Euros 71,894 thousand, Euros 43,217 thousand, Euros 41,166 thousand, Euros 40,221 thousand, Euros 24,129 thousand and Euros 41,285 thousand, respectively, under a project financing arrangement. These loans were obtained to finance the construction of the wind and solar PV farms and their related electricity interconnection lines and substations owned by these companies. The limit of the syndicated loan in Brazilian Reals extended to Ventos do Sul Energía, S.A. is BRL 465 million (see note 20). Since 31 December 2007, this loan has been drawn down practically in full. The limits of the loans extended to Parques Eólicos Palmares, S.A. Ventos da Lagoa, S.A., Ventos do Literal, S.A. and Ventos dos Indios, S.A. are BRL 153,653 thousand, BRL 150,821 thousand, BRL 141,250 thousand and BRL 132,698 thousand, respectively.

The syndicated loans extended to the subsidiaries Aerogeneradores del Sur, S.A., Galicia Vento S.L., Parques Eólicos de Villanueva, S.L.U. and Siberia Solar, S.L.U. will be repaid in 26, 25, 37 and 28 half-yearly consecutive instalments, respectively, whereas the syndicated loans to Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos do Litoral, S.A., Ventos da Lagoa, S.A. and Ventos dos Indios, S.A. will be repaid in 144, 192, 192, 192 and 192 monthly instalments.

The Spanish syndicated loans bear interest at 6-month Euribor plus a market spread, which may vary subsequently on the basis of the audited senior debt service coverage ratio. In the case of the loans obtained in Brazilian Reals by the subsidiaries Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A. and Ventos do Litoral, S.A., interest is pegged to Brazil's long-term floating interest rate ("TJLP") plus a market spread. In order to mitigate the interest rate risk on their respective syndicated loans, Aerogeneradores del Sur, S.A., Parques Eólicos de Villanueva, S.L.U. and Galicia Vento, S.L. arranged interest rate swaps with various financial institutions at average fixed rates ranging from 1.09% to 5.08%, which hedge between 65%, 75% and 65% of the outstanding debt of each of the aforementioned companies (see note 15).

Pursuant to the loan agreement deeds for the financing, the annual senior debt service coverage ratio of the syndicated loans extended to the Spanish subsidiaries under project financing arrangements must be greater than a certain threshold throughout the entire term of the loan, calculated basically as the ratio of the cash flow available for debt servicing in a twelve-month period to the debt serviced in that same period, as defined in the loan agreements. These companies must also maintain a specified debt/equity ratio and a specified equity structure.

Within two years of the entry into operation of the wind farm, the Spanish companies are also obliged to set up a debt servicing reserve account (in the form of a bank deposit) for the amount specifically stated in the related financing agreements (see note 11). They also have to arrange interest rate hedges – a prerequisite of the agent bank – for a minimum of 65% of the loan amount and for a minimum term of nine years. These swaps have been arranged and are described above. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A. and Ventos dos Indios, S.A. must also maintain certain debt coverage ratios within certain limits, and must deposit in a reserve account a monetary amount that covers at least three monthly instalments of principal and interest. The Parent's directors consider that there have been no problems as regards complying with the covenants.

The shares of the subsidiaries, any indemnities, compensation and/or penalty payments to which they may be entitled under the construction and operating management agreements, and all the cash accounts of the aforementioned wind power companies have been pledged to secure each of the syndicated loans extended to the Spanish companies. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A. and Ventos dos Indios have signed a surety bond over property, plant and equipment with the related financial institutions.

Furthermore, the subsidiaries have certain limitations in relation to these loans consisting basically of restrictions on the disposal of their property, plant and equipment and on the payment of dividends. These restrictions are subject to compliance with certain conditions, such as the ongoing fulfilment of the debt service coverage ratio established in the financing loan agreement and the setting up of a debt servicing reserve account (see note 11).

The directors consider that all the conditions of the syndicated loans are being met and that the project financing will be serviced on a normal basis, using the revenue generated from each wind power project.

In 2008 the subsidiary Ventos do Sul Energía, S.A. received a loan of Euros 25 million, bearing interest at 12-month Euribor plus a spread and maturing on 30 September 2022, in order to finance reimbursement of a portion of its share capital to the shareholders.

Financial liabilities from issuing bonds and other marketable securities

In 2014 Elecnor issued promissory notes on the Alternative Fixed-Income Market for a nominal amount of Euros 126 million. These promissory notes are redeemable after a maximum of one year and accrue interest of 2.84%. Euros 26 million has been redeemed. The maximum nominal amount of the promissory notes programme is Euros 200 million. The outstanding nominal amount is Euros 100 million at 31 December 2014, reflecting 1,000 securities with a carrying amount of Euros 99 million.

Loans secured with personal guarantee

In March 2013 Elecnor entered into a financing agreement for Euros 13 million, which matured in 2014. This loan bore interest pegged to 3-month Euribor plus a spread of 2.80%, payable every quarter.

In June 2013, Elecnor signed another financing agreement for Euros 10 million. The financing was repaid early in 2014. This loan bore interest pegged to 12-month Euribor plus a spread of 3.9%, payable every quarter.

In December 2013, Elecnor signed a financing agreement for Euros 30 million. The financing was repaid early in 2014. This loan bore interest indexed to 6-month Euribor plus a spread (3.50% fixed +/- 0.15% variable, pegged to the Company's sales ratio).

The Company undertook to comply with different ratios over the term of the bank financing agreement ((Net financial debt/Equity), (Net financial debt/EBITDA), (EBITDA/Net finance costs) and (Co-financing ratio)), which were calculated on the basis of the ELECNOR Group's consolidated figures. Failure to comply with these ratios could result in the agreement being cancelled. At 31 December 2013, the conditions required to continue to classify this financing on the basis of the initially foreseen maturities were being met. Figures corresponding to projects funded through non-recourse financing were excluded from the first three ratios.

In May 2012 the Parent drew down a loan of Euros 20 million, maturing on 1 December 2018 (see note 26). This loan bore interest at 12-month Euribor plus a spread. The financing was repaid early in 2014.

Other financing

In 2014, through the subsidiary Deimos Castilla La Mancha, S.L., the Group arranged a credit facility with a personal guarantee and a limit of Euros 30 million to finance the construction of a satellite. At 31 December 2014, a total of Euros 28.4 million has been drawn down.

In 2013, through the subsidiary Deimos Castilla La Mancha, S.L., the Group arranged a credit facility and a loan with a personal guarantee and a limit of Euros 25 million to finance the construction of a satellite. Euros 12.5 million has been drawn down at 31 December 2014 (Euros 20 million at 31 December 2013).

In 2007 the ELECNOR Group arranged a mortgage loan in order to acquire an industrial building in Valencia in which to conduct its solar panel manufacturing business (see note 9). The unmatured balance of this loan amounts to approximately Euros 9,288 thousand at 31 December 2014 (Euros 9,776 thousand at 31 December 2013).

At 31 December 2014 the Parent, Elecnor, S.A., also had nine credit facilities outstanding with various credit institutions, with maximum total limit of Euros 144 million. At 31 December 2014, no amounts have been drawn down. These credit facilities bear average interest pegged to EURIBOR/LIBOR plus a market spread, and mature at one year, or annually with automatic renewals up to a maximum of three years. At 31 December 2013 the Parent also had credit facilities with a total limit of approximately Euros 163 million.

At 31 December 2014, the Group as a whole had undrawn credit facilities with personal guarantees totalling approximately Euros 269,890 thousand (approximately Euros 313,784 thousand at 31 December 2013) (see note 4-c).

At 31 December 2014, the ELECNOR Group does not have any significant bank borrowings bearing interest at fixed rates, except for the hedging instruments described in note 15.

15. Derivative Financial Instruments

The ELECNOR Group uses derivative financial instruments to cover the risks to which its business activities, operations and future cash flows are exposed as a result of exchange rate and interest rate fluctuations, which affect the Group's results. Details of the balances reflecting the measurement of derivatives at 31 December 2014 and 2013 are as follows:

	Thousands of Euros							
	2014				2013			
	Non-current assets (note 11)	Current assets	Non-current liabilities (note 14)	Current liabilities (note 14)	Non-current assets (note 11)	Current assets	Non-current liabilities (note 14)	Current liabilities (note 14)
INTEREST RATE HEDGES								
Cash flow hedges:								
Interest rate swap (note 14)	361	-	40,310	1,461	528	-	21,865	3,396
EXCHANGE RATE HEDGES								
Cash flow hedges:								
Exchange rate insurance	3,054	-	-	2,831	-	11	-	939
	3,415	**-**	**40,310**	**4,292**	**528**	**11**	**21,865**	**4,335**

<u>Exchange rate</u>

The ELECNOR Group uses exchange rate hedges basically to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows relating to two types of transactions:

- Payments relating to works and supply agreements denominated in a currency other than the Euro.
- Receipts relating to works agreements denominated in a currency other than the Euro.

At 31 December 2014 and 2013, the total nominal amount of the items for which exchange rate hedges had been arranged was as follows:

Currencies	31.12.2014	31.12.2013
Thousands of US Dollars	69,534	41,490
Thousands of Euros	8,413	-

Of the total nominal amounts hedged at 31 December 2014, Euros 54,887 thousand are USD purchase insurance to hedge future payments in this currency and Euros 2,593 thousand are USD sale insurance to hedge future receipts in this currency (Euros 12,033 thousand were USD purchase insurance to hedge future payments in this currency and Euros 17,031 thousand were USD sale insurance to hedge future receipts in this currency in 2013).

The equivalent Euro value of the nominal amount under exchange rate hedges at 31 December 2014 was approximately Euros 65,893 thousand (approximately Euros 29,064 thousand in 2013).

The exchange rate hedges expire in 2015, which coincides with the actual flow of the payments and receipts being hedged. The risk of changes in the estimated cash flows is very low as the agreements signed indicate the related payment and receipt schedules.

Interest rate

The ELECNOR Group uses interest rate hedging instruments in accordance with its risk management policy. The purpose of these transactions is to mitigate the effect that changes in interest rates could have on future cash flows from certain loans and credit facilities pegged to floating interest rates, generally associated with the corporate financing obtained by the Parent and project financing. At 31 December 2014, the total nominal amount of the liabilities under interest rate hedges was Euros 491,291 thousand (Euros 397,776 thousand at 31 December 2013).

Details of the maturities of the contractual cash flows of the derivative financial instruments at 31 December 2014 and 2013 are as follows:

	31/12/2014					
	Thousands of Euros					
	Maturity					
	2015	2016	2017	2018	2019 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	(2,907)	(230)				(3,137)
USD purchases (*)	66,397					66,397
EUR purchases (*)	8,413					8,413
Interest rate hedges	(4,366)	(6,085)	(5,636)	(4,011)	(14,723)	(34,821)
Cross currency swap:						
Flow in USD (*)	208,500					208,500

(*) Figures expressed in the pertinent currency

	31/12/2013					
	Thousands of Euros					
	Maturity					
	2014	2015	2016	2017	2018 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	(24,705)	-	-	-	-	(24,705)
USD purchases (*)	16,785	-	-	-	-	16,785
Interest rate hedges	(3,690)	(3,431)	(3,061)	(2,653)	(12,426)	(25,261)
Cross-currency swap:						
Flow in USD (*)	139,500	-	-	-	-	139,500

(*) Figures expressed in the pertinent currency

The nominal amounts of the various derivative financial instruments described above, excluding exchange rate hedges, mature as follows:

	31/12/2014					
	Thousands of Euros					
	Maturity					
	2015	2016	2017	2018	2019 and thereafter	Total
Interest rate hedges	16,143	48,039	63,574	89,570	273,965	491,291

	31/12/2013					
	Thousands of Euros					
	Maturity					
	2014	2015	2016	2017	2018 and thereafter	Total
Interest rate hedges	70,542	73,725	79,171	39,958	134,380	397,776

The nominal amount of the interest rate swaps is equal to or lower than that of the outstanding principals of the hedged loans and maturity is the same as that of the interest settlements on the loans that are being hedged.

Neither in the case of exchange rate hedges or interest rate hedges did any circumstances arise in 2014 or 2013 that required changing the hedge accounting policy initially adopted for recognising the derivatives. At 31 December 2014 and 2013, the ELECNOR Group does not have any derivatives that do not qualify for hedge accounting, nor did it have any such derivatives during those years.

Price

The market value of the different financial derivatives is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at year end.
- For derivatives not traded on an organised market, the ELECNOR Group uses assumptions based on year-end market conditions. Specifically, the market value of interest rate swaps is calculated by discounting the difference between the swap rates at a market interest rate, and the market value of future exchange rate contracts is determined by discounting the estimated future cash flows using the future exchange rates at year end. In both cases, these measurements are verified against those provided by financial institutions.

This procedure is also used, where appropriate, to determine the market value of loans and receivables arising from cross currency swaps, through which the Group and the related bank exchange the flows from a loan in Euros for the flows from another loan in Dollars (Canadian/US). Any resulting differences are settled on maturity. At year end, the Group translates the loan into US Dollars (plus the accrued interest) at the closing exchange rate and compares it with the loan in Euros (plus the accrued interest), and the net value (i.e. the difference) is recognised under other current or non-current assets or financial debt, depending on whether the difference is positive or negative and on the maturity thereof, giving rise to a balancing entry under exchange gains or losses.

Details of cross currency swaps at 31 December 2014 and 2013 are as follows:

	Thousands of Euros	
	31/12/2014	31/12/2013
Notional amount in foreign currency (USD)	(208,500)	(139,500)
Notional amount in foreign currency (CAD)	-	-
Equivalent value in Euros	168,028	101,555
Fair value at the reporting date	**4,328**	**(76)**

Swaps in force at 31 December 2014 came into effect on 18, 19 and 29 December 2014, and all expire on 1 January 2015. Swaps in force at 31 December 2013 came into effect on 20, 23 and 27 December 2013, and all expire on 1 January 2014.

Given that these financial instruments were not designated as hedges, at each reporting date the Group recognises the changes in their fair values directly in the income statement.

16. Provisions for Liabilities and Charges

Details of provisions for liabilities and charges under non-current liabilities, and movement in 2014 and 2013, are as follows:

	Thousands of Euros		
	Provisions for litigation and liabilities	Provisions for warranties	Total provisions for liabilities and charges
Balance at 31 December 2012	**20,154**	**13,542**	**33,696**
Provisions charged to profit and loss (note 21)	3,803	1,189	4,992
Translation differences	(1,575)	-	(1,575)
Releases recognised in profit and loss (note 21)	(1,581)	(12,584)	(14,165)
Balance at 31 December 2013	**20,801**	**2,147**	**22,948**
Provisions charged to profit and loss (note 21)	9,071	30	9,101
Transfers	(12,694)	-	(12,694)
Translation differences	(1,208)	-	(1,208)
Releases recognised in profit and loss (note 21)	(3,535)	(1,234)	(4,769)
Balance at 31 December 2014	**12,435**	**943**	**13,378**

The Group estimates the amount of the liabilities arising from litigation and similar events. Although the Group considers that the cash outflows will take place in coming years, it cannot predict when the litigation will end and, therefore, it does not make an estimate of the specific dates of the outflows as it considers that the effect of any related discount would not be material.

In view of its activities, the Group is exposed to numerous claims and lawsuits, most of which are immaterial in terms of the amounts involved. The directors estimated that the provision recognised reasonably covers the payments that are likely to arise in the future as a result of past events.

In prior years the ELECNOR Group, through its investees (see note 11-a), entered into two concession arrangements together with a third party for the construction and operation of two electricity transmission lines. To cover the payment of any potential penalties imposed on the concession operator in the event that it fails to meet its obligations under this arrangement, the investee pledged to the contracting entity two irrevocable and automatically-renewable joint and several guarantees that were to expire in 2012. These guarantees were secured by a counter guarantee provided by Elecnor, S.A. in proportion to its percentage of ownership. As a result of the various events that occurred following awarding of the concession, the project became unfeasible in terms of profitability and the ELECNOR Group decided not to commence the project until new conditions had been negotiated with the contracting entity that would make it possible to carry out the project with a redressed equity balance. These negotiations were unsuccessful. As the ELECNOR Group estimated that the losses resulting from execution of this project would be greater than those incurred as a result of the possible penalties arising from breaching the arrangement, the Group decided not to carry out the aforementioned project. At 31 December 2012 provisions for litigation and liabilities in the foregoing table included Euros 13,642 thousand for the Company's portion of the aforementioned guarantee in proportion to its percentage ownership, based on the opinion of the ELECNOR Group's directors as to the risk of this guarantee being executed given the current circumstances. In this context, and in view of the risk of the guarantees pledged by the Company being executed, an agreement was finally reached with the customer in December 2013, whereby a payment plan equivalent to the guarantees extended was negotiated with payments scheduled between 2013 and 2015. At 31 December 2013 the Company had settled the first instalment under the payment plan for an amount of Euros 1,686 thousand, leaving an outstanding balance of Euros 11,956 thousand. In early 2014 this amount was transferred to trade and other payables. A balance of Euros 4,367 thousand is payable at 31 December 2014.

In prior years the ELECNOR Group delivered various solar power production plants (solar PV farms) for which an unlimited warranty has been provided to customers for the repair and/or replacement of the materials and facilities for a period of ten years, and for a period of 25 years in the event that the capacity stipulated in the agreement is not achieved due to the wear and tear of the panels. The various suppliers of PV panels also provided the ELECNOR Group with a warranty in this regard. During 2014 this provision of Euros 927 thousand was fully released (the remainder of the provision, i.e. Euros 7.6 million, was released in 2013).

17. Advances from Customers and Advance Invoices

Details of these items included under trade and other payables are as follows:

	Thousands of Euros	
	2014	2013
Advance invoices (note 3-c)	304,945	360,570
Advances from customers	192,660	236,219
	497,605	**596,789**

Advance invoices comprise invoices on account issued in accordance with the timing conditions specified in the agreements for works currently in progress.
Advances from customers basically reflect payments made in advance by customers prior to the start of the related contracts. These advances are discounted from invoices issued during the execution of the contracts.

18. Non-current Deferred Tax Assets and Liabilities

Details of deferred tax assets and deferred tax liabilities and movement in 2014 and 2013 are as follows:

	31/12/2012	Taken to the income statement	Taken to the assets and liabilities valuation reserve	31/12/2013	Transfers	Taken to the income statement	Taken to the assets and liabilities valuation reserve	31/12/2014
Deferred tax assets:								
Measurement of derivative financial instruments (note 15)	11,601	-	(3,741)	7,860	156	-	3,129	11,145
Property, plant and equipment (*)	14,183	(7,066)	-	7,117	9	(1,305)	-	5,821
Tax credits	13,325	2,193	-	15,518	35	2,978	-	18,531
Available deductions and credits	4,034	147	-	4,181	259	(544)	-	3,896
Losses in external branches	-	9,050	-	9,050	-	(2,209)	-	6,841
Non-deductible provisions (note 16)	15,858	(7,849)	-	8,009	2,277	(1,080)	-	9,206
Other deferred tax assets	20,866	1,666	-	22,532	(2,737)	3,020	-	22,815
	79,867	**(1,859)**	**(3,741)**	**74,267**	**(1)**	**860**	**3,129**	**78,255**
Deferred tax liabilities:								
Property, plant and equipment	-	-	-	-	7,249	4,825	-	12,074
Goodwill	-	-	-	-	10,475	(1,175)	-	9,300
Measurement of derivative financial instruments (note 15)	352	-	(194)	158	-	-	848	1,006
Disposal of Enerfin Enervento, S.A.	9,645	-	-	9,645	(2,649)	-	-	6,996
Portfolio provisions	684	13,732	-	14,416	(684)	(13,732)	-	-
Deduction of share premium	2,849	-	-	2,849	-	(475)	-	2,374
Other deferred tax liabilities	31,479	3,081	-	34,560	(14,394)	6,656	-	26,822
	45,009	**16,813**	**(194)**	**61,628**	**(3)**	**(3,901)**	**848**	**58,572**

(*) Mainly derived from the construction of wind farms. This amount will be reversed against profit or loss over the useful life of the corresponding facilities.

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant.

Non-deductible provisions in the above table mainly include the tax impact of various provisions that were not considered deductible when they were recognised (see note 16).

Tax credits include unused tax loss carryforwards and available deductions of various subsidiaries, which have been capitalised as the Parent's directors consider that they will be recovered against estimated profits in the coming years.

Disposal of Enerfin Enervento, S.A. reflects the tax effect of the gain obtained by the Group at consolidated level as a result of the capital increase with a share premium in that company in 2005 which was subscribed by a third party.

Other deferred tax liabilities mainly include the tax effect of various income and expense items whose tax impact does not coincide with the date of their recognition for accounting purposes, as well as taxable temporary differences arising from differences between the carrying amount of certain assets and their tax base (see note 11).

Deferred tax assets and liabilities recognised are reassessed at each reporting date to ascertain whether they still exist, and are adjusted as required.

Deferred tax assets and liabilities are presented in more detail in 2014 in order to identify more clearly certain items which, in isolation, are material.

19. Taxation

Details of receivables from and payables to public entities, under current assets and other payables, respectively, at 31 December 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Receivables from public entities		
Taxation authorities, VAT	34,148	36,986
Taxation authorities, personal income tax withholdings	-	516
Taxation authorities, withholdings and payments on account	15,622	11,152
Taxation authorities, income tax	1,716	9,241
Taxation authorities, sundry items (*)	19,911	14,441
Social Security	860	692
Grants	-	606
Total	**72,257**	**73,634**
Payables to public entities		
Taxation authorities, VAT	16,999	24,280
Taxation authorities, withholdings	13,015	9,691
Taxation authorities, income tax	16,824	13,911
Taxation authorities, sundry items (*)	17,233	48,214
Social Security	8,257	8,587
Total	**72,328**	**104,683**

(*) Arising mainly from temporary joint ventures and foreign subsidiaries.

The Parent files tax returns pursuant to Spanish legislation as provided for in Royal Legislative Decree 4/2004 of 5 March 2004, approving the Revised Income Tax Law 43/1995 of 27 December 1995, and the related implementing regulations.

At the 2014 year end, the Parent has all applicable taxes for 2011 and subsequent years open to inspection by the taxation authorities. Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. In any case, the Company's directors consider that the aforementioned taxes have been correctly paid and therefore, even in the event of discrepancies in the interpretation of prevailing fiscal legislation of certain transactions, they consider that any such liabilities that could arise would not have a significant effect on the accompanying annual accounts.

Details of the income tax expense accrued in 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Consolidated profit before income tax	**115,954**	**109,066**
Non-deductible expenses	4,227	3,553
Non-taxable income	(6,248)	(21,569)
Net profit of equity-accounted investees (note 10)	17,786	15,793
Uncapitalised tax credits applied	(3,132)	(1,714)
Uncapitalised tax loss carryforwards	9,885	11,275
Adjusted accounting profit	**138,472**	**116,404**
Gross tax calculated at the tax rate in force in each country (*)	46,040	38,280
Tax deductions for incentives and other	(2,338)	(1,813)
Adjustment to prior year's income tax expense	960	4,332
Capitalisation of tax loss carryforwards	(1,963)	-
Effect of tax rate changes on deferred taxes	2,451	-
Other adjustments	(200)	11,409
Income tax expense	**44,950**	**52,208**

(*) The fully consolidated foreign subsidiaries calculate the income tax expense and the amount due in respect of the various other applicable taxes in accordance with the prevailing tax rates and legislation in their respective countries.

Non-taxable income in 2013 mainly reflected the derecognition of liabilities against the income statement that had no tax impact when they were incurred (see note 2-g).

Other adjustments at 31 December 2013 basically reflected income tax payable to the Venezuelan taxation authorities corresponding to tax adjustments for inflation.

Details of the main components of the income tax expense accrued in 2014 and 2013 were as follows:

	Thousands of Euros	
	2014	2013
Current tax		
Present year	48,951	18,558
Prior year adjustments	960	4,332
Other adjustments	(200)	11,409
Amount of the benefit not recognised in prior years that is used to reduce the tax expense for the year	-	(514)
Deferred tax		
Amount of the deferred tax expense/income relating to the origination and reversal of temporary differences	(4,761)	20,763
Amount of the benefit not recognised in prior years that is used to reduce the deferred tax expense	-	(2,340)
Income tax expense	**44,950**	**52,208**

Details of the amounts and expiry years of deductible temporary differences, tax losses or credits for which deferred tax assets have not been recognised in the consolidated statements of financial position at 31 December 2014 and 2013, are as follows (in thousands of Euros):

Unused tax loss carryforwards	31/12/2014
Expiry year:	
2019	3,088
2022	2,284
2023	253
2029	779
2030	252
2031	8,494
2032 and thereafter	23,447
Total	**38,597**

Unused tax loss carryforwards	31/12/2013
Expiry year:	
2019	9,573
2022	2,284
2026	67
2027	395
2028	1,023
2029	3,829
2030	2,551
2031 and thereafter	27,122
Total	**46,844**

Unused tax credits for deductions and other items	31/12/2014
Expiry year:	
2017	1,021
2018	137
2019	1,056
2020	458
2021	340
2025	77
2026	253
2027	960
2028	954
2029	530
2030	173
2031	164
Total	**6,123**

Unused tax credits for deductions and other items	31/12/2013
Expiry year:	
2017	1,021
2018	137
2019	1,056
2020	458
2025	95
2026	255
2027	1,054
2028	960
2029	533
2030	173
2031	164
Total	**5,906**

The unused tax loss carryforwards and tax credits for deductions and other items described above were generated by various companies in the ELECNOR Group and their future recoverability is conditional upon these companies' ability to generate sufficient taxable profits.
Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. However, the Parent's directors consider that the possibility of such contingent liabilities arising during future tax inspections of Group companies is remote and that, in any case, the tax liability that could result therefrom would not materially affect the consolidated annual accounts of the ELECNOR Group.

20. Guarantee Commitments with Third Parties

At 31 December 2014 and 2013, details of the risk exposure relating to bank guarantees received and other bid, completion and performance bonds, extended mainly by the Parent, are as follows:

	Thousands of Euros	
	2014	2013
Completion bonds	607,363	569,309
Advances on contracts:		
Current	290,592	257,418
To be cancelled	3,422	3,363
Performance bonds	111,422	134,011
Bid bonds	47,703	78,242
Other	10,406	8,316
Total	**1,070,908**	**1,050,659**

In 2014 the Parent has bank guarantees totalling Euros 198 million (Euros 204 million in 2013) to secure the successful completion of the construction of a combined cycle plant in Venezuela (see note 12), and to secure the credit facilities extended to its subsidiary in Venezuela. The Parent's directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying consolidated financial statements.

21. Income and Expenses

Revenues

Details of this item in 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Construction contracts and services rendered	1,576,081	1,727,687
Sale of goods and energy	147,647	136,487
Total	**1,723,728**	**1,864,174**

Supplies

Details of this item in 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Purchases of raw materials and other supplies	765,668	1,075,792
Change in goods for resale, raw materials and other inventories	5,037	(36,588)
Total	**770,705**	**1,039,204**

Personnel expenses

Details of this item in 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Salaries and wages	384,064	360,315
Social Security payable by the Company	78,412	76,571
Other employee benefits expenses	28,702	14,677
Total	**491,178**	**451,563**

The average headcount, by professional category, in 2014 and 2013 was as follows:

	Average headcount	
	2014	2013
Senior management (note 25)	6	7
Management	19	19
Technical area	2,544	2,581
Administration	1,363	1,421
Middle management	1,162	1,270
Supervisors	5,575	5,285
Specialists	723	724
Manual workers	1,276	1,308
Auxiliary staff	555	520
Total	**13,223**	**13,135**

Of the Group's average headcount in 2014, a total of 4,182 employees had temporary employment contracts (5,155 employees in 2013). The headcount, by gender and professional category, at 31 December 2014 and 2013 is as follows:

	31.12.2014		31.12.2013	
Professional category	Male	Female	Male	Female
Senior management (note 25)	6	-	7	-
Management	19	-	19	-
Technical area	2,106	457	2,037	435
Administration	594	759	600	781
Middle management	1,050	33	1,100	35
Supervisors	5,323	62	4,984	49
Specialists	706	9	740	28
Manual workers	914	70	1,208	84
Auxiliary staff	6301	70	436	94
Total	**11,019**	**1,460**	**11,131**	**1,506**

The average number of employees at the Parent with a disability equal to or greater than 33%, by category, is as follows:

Professional category	2014	2013
Technical area	10	12
Administration	10	9
Specialists	2	-
Middle management	3	-
Supervisors	16	20
Manual workers	-	2
Total	**41**	**43**

At the 2014 year end Elecnor, S.A. had a headcount of 6,144 employees in Spain, 42 of whom were disabled, representing 0.68% of the workforce in Spain. Elecnor, S.A. has been granted exemption from this requirement through the adoption of alternative measures. Certified purchases made from Special Employment Centres amounted to Euros 1,657 thousand in 2014, which is equivalent to hiring an additional 1.41% of disabled employees. This would result in a total of 2.09%, thereby exceeding the mandatory quota (2%).

Depreciation, amortisation and provisions

Details of this item in 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Depreciation of property, plant and equipment (note 9)	62,973	59,075
Amortisation of intangible assets (note 8)	6,369	5,965
Change in provisions for liabilities and charges (note 16)	4,332	(9,173)
Change in impairment of receivables (note 12)	17,031	20,271
Change in other provisions	3,303	2,752
Total	**94,008**	**78,890**

Finance income

Details of this item in 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Income from other marketable securities and loans to third parties	5,354	4,487
Other interest and similar income (notes 11 and 12)	74,129	57,447
Total	**79,483**	**61,934**

Finance costs

Details of this item in 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
Finance costs on loans and borrowings (*)	87,347	77,477
Other finance costs	3,980	5,196
	91,327	**82,673**

(*) Arising mainly from project finance arrangements for wind and solar PV farms, concession operators, Elecnor, S.A.'s syndicated loans and interest rate swaps (see notes 14 and 15).

Finance costs derive practically in full from the application of the effective interest rate method to financial liabilities under loans and payables.

22. Interests in Joint Ventures - Temporary Joint Ventures

As indicated in note 2-a, in 2014 and 2013 the balance sheets and income statements of the temporary joint ventures in which Elecnor, S.A. or its subsidiaries hold interests have been proportionately consolidated in the accompanying consolidated annual accounts, in accordance with IAS 31.

Details of temporary joint ventures and the Group's percentage ownership therein at 31 December 2014 and 2013, the amount of revenues from construction work performed in 2014 and 2013 and the order book at year end are included in Appendix III to these consolidated annual accounts.

Details of the contribution of temporary joint ventures to the various items in the accompanying consolidated statements of financial position and the consolidated income statements at 31 December 2014 and 2013 are as follows:

ASSETS	Thousands of Euros		**LIABILITIES**	Thousands of Euros	
	2014	2013		2014	2013
Intangible assets	3	7	Profit for the year	9,341	5,012
Property, plant and equipment	1,472	1,117	Non-current payables	164	2,701
Financial assets	322	78	Current payables	77,786	68,013
Inventories	3,323	6,813			
Receivables	45,621	50,945			
Current investments	(589)	(1,428)			
Cash	34,149	15,908			
Prepayments	2,990	2,286			
Total	**87,291**	**75,726**	**Total**	**87,291**	**75,726**

	Thousands of Euros	
Income statement	2014	2013
Revenues	101,262	108,740
Supplies	(67,544)	(71,000)
Non-trading income	657	1,297
Personnel expenses	(6,775)	(7,647)
External services	(12,059)	(23,084)
Taxes	(1,075)	(749)
Losses, impairment and changes in trade provisions	(688)	651
Depreciation and amortisation	(285)	(444)
Provision surplus	-	-
Impairment and gains/(losses) on disposal of fixed assets	(1)	305
Finance income	65	36
Finance costs	(2,926)	(2,455)
Exchange gains/(losses)	151	(311)
Foreign taxes	(1,441)	(327)
Total	**9,341**	**5,012**

23. Order Book

Details, by line of business, of the Parent's order backlog at 31 December 2014 and 2013, excluding temporary joint ventures (see note 22), are as follows:

	Thousands of Euros	
By geographical area	2014	2013
Spain	346,649	406,123
Abroad	1,654,241	1,795,609
Total	**2,000,890**	**2,201,732**
By line of business		
Electricity	888,355	921,069
Installation work	24,966	123,285
Gas	58,448	105,532
Power generation	785,007	673,008
Railways	70,714	117,678
Construction	41,883	85,358
Environment and water	12,607	36,806
Telecommunications and systems	94,775	117,690
Maintenance	24,135	21,306
Total	**2,000,890**	**2,201,732**

At 31 December 2014 the order backlog of subsidiaries amounts to Euros 415,880 thousand (Euros 213,243 thousand in 2013) and relates basically to work for companies in the electricity industry.

24. Remuneration of the Board of Directors

a) Remuneration and other benefits

In 2014 the members of the Parent's board of directors received remuneration amounting to Euros 7,042 thousand (Euros 7,330 thousand in 2013). This remuneration includes that earned in their capacity as management personnel.

The Parent has paid approximately Euros 30 thousand for life insurance arranged for former or current members of its board of directors (Euros 24 thousand in 2013).

At 31 December 2014 and 2013, the Parent does not have any pension obligations with former or current members of the board of directors nor has it extended any guarantees on their behalf or granted any loans thereto.

At 31 December 2014, the board of directors of the Parent is formed by 12 individuals, all male (12 individuals, all male at 31 December 2013).

b) Conflicts of interest concerning the directors

The members of the board of directors of Elecnor, S.A. and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

25. Remuneration of Senior Management

Personnel expenses (monetary remuneration, remuneration in kind, Social Security contributions, etc.) relating to the Parent's general managers and individuals with similar duties (excluding those who are also members of the board of directors, whose remuneration is detailed above) amounted to approximately Euros 2,124 thousand in 2014 (approximately Euros 2,391 thousand in 2013).
In 2014 and 2013 no other transactions were carried out with senior management personnel outside the ordinary course of business.
All the Parent's general managers at 31 December 2014 and 2013 are male.

26. Related Party Balances and Transactions

All material balances between the consolidated companies at year end and the effect of transactions carried out between these companies during the year have been eliminated on consolidation (see note 2-f).
Related party transactions have been carried out at arm's length. Transactions carried out by the Group with investees that are not fully or proportionately consolidated and with other non-consolidated companies during 2014 and 2013 are as follows:

2014	Thousands of Euros			
	Supplies	External services	Sales and other operating income	Finance income
Equity-accounted investees:				
Cosemel Ingeniería, A.I.E.	-	-	43	-
Dioxipe Solar S.L.	-	-	5,369	-
Aries Solar Termoeléctrica, S.L.	-	-	9,339	837
Eólica Montes de Cierzo, S.L.	-	-	15	-
Eólica La Bandera, S.L.	-	-	34	-
Eólico Caparroso, S.L.	-	-	6	-
Eólica Cabanillas S.L.	-	-	2	-
Gasoducto de Morelos S.A.	-	-	82	1,495
Sociedad Aguas Residuales Pirineos S.A.	-	-	3	-
Other companies:				
Centro Logístico Huerta del Peñon, S.L.	-	-	-	7
Enertel, S.A de C.V.	654	2,434	949	-
Elecven, S.A.	-	-	-	-
Elecnor Foundation	54	400	-	2
Total	**708**	**2,834**	**15,842**	**2,341**

2013

	Thousands of Euros			
	Supplies	External services	Sales and other operating income	Finance income
Equity-accounted investees:				
Cosemel Ingeniería, A.I.E.	-	37	43	
Dioxipe Solar S.L.	-	-	18,199	34
Aries Solar Termoeléctrica, S.L.	69	-	143,496	478
Eólica Montes de Cierzo, S.L.	-	-	228	-
Eólica La Bandera, S.L.	-	-	89	-
Eólico Caparroso, S.L.	-	-	102	-
Eólica Cabanillas S.L.	-	-	7	-
Morelos EPC S.A.P.I. CV	-	-	3,752	-
Sociedad Aguas Residuales Pirineos S.A.	-	-	3	-
Other companies:				
Centro Logístico Huerta del Peñon, S.L.	-	-	-	12
Enertel, S.A de C.V.	2,973	2,334	41	244
Total	**3,042**	**2,381**	**165,960**	**768**

At 31 December 2014 and 2013, balances receivable from and payable to investees that are not fully or proportionately consolidated and other non-consolidated companies, deriving from the above transactions, are as follows:

	Thousands of Euros							
	2014				2013			
	Receivables		Payables		Receivables		Payables	
	Other investments (note 11)	Trade receivables from related companies and current investments in related companies	Non current	Trade payables to associates and related companies	Other investments (note 11)	Trade receivables from related companies and current investments in related companies	Non current	Trade payables to associates and related companies
Equity-accounted investees:								
Jauru Transmissora de Energía, S.A.	-	-	-	-	-	14	-	-
Eólica La Bandera, S.L.	-	4	-	-	-	122	-	-
Eólica Cabanillas, S.L.	-	-	-	-	-		-	-
Eólica Caparroso, S.L.	-	3	-	-	-	114	-	-
Eólica Montes del Cierzo, S.L.	-	1	-	-	-	241	-	-
Cosemel Ingeniería, A.I.E.	-	4	-	5	-	13	-	4
Sociedad Aguas Residuales Pirineos, S.A.	-	5	-	-	-	3	-	-
Dioxipe Termosolar, S.L.	25,092	9,789	-	-	38,221	4,190	-	-
Aries Solar Termoeléctrica, S.L.	41,060	35,645	-	-	63,885	36,810	-	-
Gasoducto Morelos S.A.P.I. de CV	16,700	3,257	-	-	14,697	8,337	-	-
Brilhante Transmisora de Energía, S.A.	-	738	-	-	-	502	-	154
Other companies:-								
Elecnor Foundation	-	2	-	-	-	-	-	-
Centro Logístico Huerta del Peñón, S.L.	-	261	-	-	-	290	-	-
Elecen, S.A. de C.V.	-	9	-	259	-	6	-	182
Elecnor Perú, S.A.	-	617	-	-	-	36	-	-
Isonor Transmisión, S.A.C.	-	-	-	-	-	55	-	-
Enervento, S.A.	-	3	-	-	-	-	-	-
Enervento, Ventos do Faro Farelo, S.A.	-	13	-	-	-	11	-	-
Enertel, S.A. de C.V.	-	724	-	860	-	598	-	734
Enerfin Forças	-	-	-	-	-	113	-	-
Sucursal Portugal ACE Omnistal	-	-	-	-	-	91	-	28
Atersa Photovoltaique Mauritaine, S.A.	-	-	-	-	-	-	-	20
Ace Omnistal - Elecnor	-	3	-	96	-	2	-	36
Cantiles XXI, S.L. (note 5)	-	-	-	2,278	-	-	-	2,278
Zinertia Renovables ERK, S.L.U.	-	-	-	-	-	41	-	-
Celeo Energy US Holding, INC	-	-	-	-	-	18	-	-
Consorcio Eólico Marino Cabo de Trafalgar, S.A.	250	-	-	-	250	3	-	-
Parques Eólicos Gaviota, S.A.	-	-	-	-	-	238	-	-
Electrade Investment, Ltda.	-	-	-	-	-	-	-	187
	83,102	**51,078**	**-**	**3,498**	**117,053**	**51,848**	**-**	**3,623**

In 2013 Elecnor, S.A. completed the construction of the thermosolar power plants for Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. At 31 December 2014 the balance payable by Aries Solar Termoeléctrica, S.L. to Elecnor, S.A. as per the last invoices issued under the construction contracts amounts to approximately Euros 33,855 thousand (Euros 36,075 thousand at 31 December 2013), and has been recognised under trade receivables from related companies in the accompanying consolidated statement of financial situation at that date. At 31 December 2014 Bestinver Gestión, S.A., S.G.I.I.C. has a significant investment in Elecnor, S.A., the Parent of the ELECNOR Group. No transactions have been carried out with this company during the year and there were no balances receivable or payable at 31 December.

27. Audit Fees

In 2014, the fees for the audit and other services invoiced by KPMG Auditores, S.L., the Parent's auditor, and by other companies related to this auditor through control, common ownership or management (Deloitte, S.L. in 2012) are as follows (in thousands of Euros):

2014

	Thousands of Euros	
Description	Services rendered by the main auditor	Services rendered by other audit firms
Audit services	578	472
Other assurance services	90	-
Total audit and related services	668	472
Tax advisory services	19	12
Other services	64	129
Total professional services	**751**	**613**

2013

	Thousands of Euros	
Description	Services rendered by the main auditor	Services rendered by other audit firms
Audit services	481	378
Other assurance services	90	-
Total audit and related services	571	378
Tax advisory services	-	64
Other services	136	30
Total professional services	**707**	**472**

28. Earnings per Share

Details of basic earnings per share in 2014 and 2013 are as follows:

	2014	2013
Attributable net profit (thousands of Euros)	58,542	53,289
Total number of shares outstanding	87,000,000	87,000,000
Less, own shares (note 13-d)	(2,471,032)	(2,488,452)
Weighted average number of shares outstanding	84,528,968	84,511,548
Basic earnings per share (Euros)	0.69	0.63

At 31 December 2014 and 2013 Elecnor, S.A., the Parent of the ELECNOR Group, has not issued any financial instruments or other contracts entitling the holder to receive ordinary shares from the Company, and therefore diluted earnings per share coincide with basic earnings per share.

29. Environmental Information

In view of the importance of respect for the environment for the purposes of maintaining and improving the quality of life of the present and future generations, Company management has developed environmental best practices founded on compliance with environmental legislation. Following the entry into force of UNE-EN ISO 14001 in 1996, the Company has incorporated environmental management into its general management practices and undertaken to improve the environmental impact of its products, services and production processes on an ongoing basis.
The main activities as regards the Group's facilities and activities are described below:

Environmental management

The Group has consolidated its implementation of environmental management systems, retaining AENOR certification under the UNE-EN ISO 14001:2004 standard for each of the following units and regional offices:

- Energy Unit (GA-2000/0294)
- Major Networks Unit (GA-2000/0295)
- Eastern Regional Office (GA-2002/0225)
- Central Regional Office (GA-2003/0220)
- North East Regional Office (GA-2004/0031)
- Southern Regional Office (GA-2004/0273)
- Elecnor Environment (GA-2004/0030)

Furthermore, during 2013 an energy management system was implemented and certified under the UNE-EN ISO 50001 standard (GE-033/2013).

Environmental actions

During 2014, various actions were carried out to demonstrate respect towards and care for the environment in all the activities conducted by the Group. These activities include reducing the levels of noise pollution, reducing waste and improving management thereof, minimising paper consumption and increasing the use of recycled paper at offices and warehouses, as well as fostering and pursuing efficient energy management.

Environmental contingencies

The Parent's directors consider that any possible environment-related contingencies that could arise are adequately covered by the public liability insurance policies in place and the provisions recorded for this purpose.

30. Late Payments to Suppliers. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010

Law 15/2010 of 5 July 2010, which amended Law 3/2004 of 29 December 2004 and introduced measures to combat late payment in commercial transactions, introduces certain restrictions on maximum payment periods for companies.

In this context, the ELECNOR Group created a working group comprising staff from the IT, management control, general accounting, legal counsel and treasury departments in order to adapt the Group's procedures and systems to the aforementioned Law. An internal report was drawn up based on the work carried out, which was distributed to the Group's management areas and subsidiaries in July 2010, setting out the following:

- For contracts dated prior to 7 July 2010, the conditions agreed with the provider/supplier would be upheld.
- For contracts dated after 7 July 2010, the conditions agreed must under no circumstance exceed the maximum payment period set forth in the Law and, for the period between 31 December 2013 and 31 December 2014, payments in general and for civil works would be made within 60 days.
- Customers were also required to adhere to the periods stipulated in the Law.

The information required by the third additional provision of Law 15/2010 of 5 July 2010 is as follows:

	Thousands of Euros	
	2014	
	Amount	%
Within maximum legal period	575,326	68%
Other	276,487	32%
Total payments for the year	**851,813**	**100%**
Weighted average late payment days	27	
Late payments exceeding the maximum legal period at the reporting date	26,014	4.89%

	Thousands of Euros	
	2013	
	Amount	%
Within maximum legal period	776,618	80%
Other	189,066	20%
Total payments for the year	**965,684**	**100%**
Weighted average late payment days	29	
Late payments exceeding the maximum legal period at the reporting date	28,169	5.30%

The payments to suppliers of the Spanish consolidated companies reflected in the above table are trade payables as they relate to goods and services. They therefore include the trade and other payables - trade payables for purchases or services recognised under current liabilities in the consolidated statement of financial position.

Weighted average late payment days were calculated by dividing the sum of the products of each payment to suppliers made during the year exceeding the legal payment period and the corresponding number of days exceeded, by the total amount of payments made during the year exceeding the legal payment period.

The maximum legal payment period applicable to the Spanish consolidated companies under Law 3/2004 of 29 December 2004, containing measures to combat late payments in commercial transactions, is 60 days in 2014 and 2013.

The Parent's directors consider that the risk of breaches of this legislation becoming a significant liability for the Group is not significant.

Appendix I:

2014 Company information

2014	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2014	Interim dividend for 2014
			Thousands of Euros					
Fully consolidated subsidiaries								
Adhorna Prefabricación, S.A.	Bilbao	Deloitte	Manufacture of products deriving from cement and fibreglass-reinforced polyester	100%	1,081	3,178	(2,253)	-
Aerogeneradores del Sur, S.A. (*)	Seville	Deloitte	Construction, operation and use of wind farm resources	76%	2,912	3,109	(279)	--
Alto Jahuel Trans. Energia (*)	Chile	KPMG	Operation of electricity transmission service concessions	51%	46,080	(319)	7,919	--
Aplicaciones Técnicas de la Energia, S.L.(ATERSA)	Valencia	Deloitte	Solar energy	100%	24,535	(876)	27	--
Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	Madrid	***	Interior design	100%	12	402	15	--
Audeca, S.L.U.	Madrid	KPMG	Environmental restoration and reforestation and operation of roads	100%	132	2,931	659	(600)
Belco Elecnor Electric, INC	USA	RP&B	Electrical installations	100%	14,964	(5,829)	(4,675)	--
Bulgana Wind Farm PTY LTD (*)(****)	Australia	***	Operation of power plants	100%	1,386	(28)	(894)	--
Caiua Transmissora De Energia,S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	30,713	(3,927)	959	--
Cantareira Transmissora De Energía,S.A. (*)(****)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	9,936	(279)	(47)	--
Celeo Concesiones E Inversiones,S.L.U.	Madrid	KPMG	Management and administration of companies	100%	88,946	264,083	23,630	--
Celeo Redes Chile Ltda (*)	Chile	KPMG	Operation of power plants	51%	61,526	3,813	(280)	--
Celeo Redes,SLU (*)	Madrid	KPMG	Management and administration of companies	51%	40,025	413,570	(676)	--
Celeo Termosolar,S.L.	Madrid	KPMG	Construction and subsequent operation of thermosolar plants	100%	105	(58,830)	2,395	--
Charrua Transmisora De Energia,S.A. (*)	Chile	KPMG	Assembly, installation, operation of the new 2 x 500 Charrua – Ancoa line	51%	77	(220)	(616)	--
CLN,S.A. (*)	Venezuela	***	Dormant	100%	385	1,127	10	--
Coqueiros Transmissora De Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	25,468	(4,806)	173	--
Corporación Electrade, C.A.	Venezuela	Muñoz y Asociados	Construction and assembly	100%	799	(1,288)	968	--
Deimos Castilla la Mancha, S.L.	Ciudad Real	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100%	750	3,438	(1,012)	--
Deimos Engenharia, S.A.	Portugal	ESAC Espirito Santo Associados	Services in the areas of telecommunications, and aeronautic and space energy	80%	250	755	199	--
Deimos Imaging, S.L.U. (*)	Valladolid	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100%	400	1,119	74	--
Deimos Space UK,Limited (*)(****)	England	KPMG	Analysis, engineering and development of space missions and software	100%	496	13	(155)	--
Deimos Space, S.L.U.	Madrid	KPMG	Analysis, engineering and development of space missions and software	100%	500	9,508	131	--
Ditra Cantabria,S.A.U.	Santander	***	Installation of power grids	100%	60	759	190	--
Ehisa Construcciónes y Obras, S.A.	Zaragoza	Luis Ruiz Apilanez	Construction and assembly	100%	600	3,712	262	--

2014	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2014	Interim dividend for 2014
				Thousands of Euros				
Elecdal, URL	Algeria	***	Construction and assembly	100%	12	184	1,302	--
Elecdor ,S.A.	Ecuador	Atig Auditores	Construction and assembly	100%	821	(105)	(223)	--
Elecfrance,SAS	France	Excelia Conseil	Study and performance of electricity activities	100%	1,000	(31)	(618)	--
Elecnor Argentina , S.A.	Argentina	KPMG	Construction and assembly	100%	9,293	(7,263)	(4,213)	--
Elecnor Australia PTY LTD	Australia	***	Management and administration of companies	100%	1,249	9	(347)	--
Elecnor Brasil , L.T.D.A.	Brazil	KPMG	Construction and assembly	100%	6,551	13,431	264	--
Elecnor Chile, S.A.	Chile	Armando Vergara Gutierrez	Construction and assembly	100%	6,406	5,648	(2,648)	--
Elecnor Financiera ,S.L. (*)	Bilbao	Deloitte	Administration and advisory services	100%	12,000	18,637	(1,594)	--
Elecnor de Mexico, S.A.	Mexico	KPMG	Construction and assembly	100%	910	1,725	82	--
Elecnor Energie and Bau, GmbH	Germany	***	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energy	100%	75	248	(1,132)	--
Elecnor Hawkeye, LLC	USA	***	Electrical installations	100%	10,819	(152)	(85)	--
Elecnor Montagens Eletricas.Ltda.	Brazil	***	Construction and assembly	100%	372	882	419	--
Elecnor Seguridad, S.L.	Madrid	***	Installation and maintenance of fire prevention and safety systems	100%	120	577	63	--
Elecnor South Africa (PTY) LTD (****)	South Africa	***	Construction and assembly	100%	--	(10)	(339)	--
Elecnor Transmissao De Energia,S.A. (*)	Brazil	KPMG	Construction and assembly	51%	344,164	(16,319)	14,478	--
Elecnor, INC	Delaware (USA)	RP&B	Installation work	100%	28,562	(2,150)	(186)	--
Electrolineas de Ecuador , S.A.	Ecuador	Atig Auditores	Construction and assembly	100%	1,272	1,081	43	--
Elecven Construcciónes, S.A.	Venezuela	Deloitte	Construction and assembly	96%	3,299	(8,221)	8,788	--
Encruzo Novo Transmissora De Energia,Ltda (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	14,945	(2,605)	710	--
Enerfera, S.R.L. (*)	Italy	***	Construction, operation and use of wind farm resources	100%	10	47	(7)	--
Enerfin Enervento Exterior,S.L.U	Madrid	***	Management and administration of companies	100%	35,752	(2,261)	4,697	(1,400)
EnerfinDevelopments British Columbia,Inc (*)(****)	Canada	***	Development and management of wind farm activities	100%	74	(3)	(16)	--
Enerfin do Brasil Sociedad de Energía LTDA (*)	Brazil	Deloitte	Operation of electricity transmission service concessions	100%	96,412	(20,909)	(280)	--
Enerfin Energy Company of Australia PTY,LTD (*)(****)	Australia	***	Development and management of wind farm activities	100%	1,692	(107)	(1,080)	--
Enerfin Energy Company of Canada, INC (*)	Canada	***	Operation of power plants	100%	26,144	(1,691)	(36)	--
Enerfin Energy Company ,LLC (*)	USA	***	Development and management of wind farm activities	100%	3,275	(2,305)	(88)	--
Enerfin Québec Services, INC (*)	Canada	***	Development and management of wind farm activities	100%	1,259	(70)	56	--
Enerfin Rodonita Galicia,S.L. (*)	La Coruña	***	Operation of power plants	80%	4	(2)	--	--
Enerfin Sociedad de Energía,S.L.	Madrid	Deloitte	Management and administration of companies	100%	48,052	154,259	554	--

2014	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2014	Interim dividend for 2014
				Thousands of Euros				
Enerfin Enervento,S.A.	Madrid	Deloitte	Management and administration of companies	70%	11,163	37,841	6,066	(1,000)
Enervento Galicia, S.L	La Coruña	***	Construction, installation, sale and management of wind farms and facilities in Galicia	59.5%	10	(7)	0	--
Eólica Páramo de Poza, S.A. (*)	Madrid	Deloitte	Operation of power plants	55%	601	13,172	(1,932)	--
Eoliennes de L´Érable, INC. (*)	Canada	Deloitte	Operation of power plants	100%	25,917	(630)	4,231	--
Eoliennes de L´Érable, SEC. (*)	Canada	Deloitte	Operation of power plants	51%	71,179	749	(2,647)	--
Galicia Vento II, S.L. (*)	Lugo	***	Operation of power plants	69.44%	4	(1)	--	--
Galicia Vento, S.L. (*)	Lugo	Deloitte	Operation of power plants	69%	8,250	7,021	(269)	--
Green Light Contractors PTY, LTD (*)(****)	Australia	***	Construction of a photovoltaic farm	100%	--	--	36	--
Grupo Elecnor Angola (****)	Angola	***	Activities in the areas of public works and civil engineering	55%	842	91	--	--
Helios Almussafes II, SLU (*)	Valencia	***	Operation of renewable energy facilities	100%	10	104	8	--
Helios Almussafes, SLU (*)	Valencia	***	Operation of renewable energy facilities	100%	10	104	12	--
Helios Inversión Y Promoción Solar, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	3,306	5,493	(17)	--
Hidroambiente, S.A.U.	Getxo (Vizcaya)	KPMG	Environmental activities	100%	615	6,827	774	(705)
IDDE,S.A.	Madrid	***	Sales	100%	1,202	77	--	--
Infraestructuras Villanueva,S.L. (*)	Valencia	Deloitte	Operation of power plants	59.47%	3	0	--	--
Integraçao Maranhense Tranmissora De Energia,S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	62,238	(7,079)	401	--
Investissements Eoliennes de L´Érable, INC. (*)	Canada	***	Administration and advisory services	100%	8	(3)	(2)	--
Investissements Eoliennes de L´Érable, SEC. (*)	Canada	***	Administration and advisory services	100%	26,157	(1,933)	(2)	--
IQA Operatios Group LTD	Scotland	KPMG	Electrical installations	96.88%	2,271	(400)	205	--
Jomar Seguridad, S.L.U.	Guadalajara	***	Sales, installation and maintenance of fire prevention and safety systems	100%	60	1,372	27	--
Linha De Transmissao Corumba,Ltda (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	58,929	(11,433)	634	--
Lt Triangulo,S.A (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	94,601	(27,509)	7,637	--
Montagens Eletricas Da Serra, Ltda	Brazil	***	Construction and assembly	100%	7	202	21	--
Montelecnor, S.A.	Uruguay	Ernst & Young	Construction and assembly	100%	486	3,884	1,305	--
Muiño do Vicedo, S.L. (*)	La Coruña	***	Operation of power plants	94%	3	(2)	(0)	--
Omninstal Electricidade, S.A.	Portugal	KPMG	Construction and assembly	100%	1,053	1,839	185	--
Parque Eólico Cofrentes, S.L.U. (*)	Valencia	***	Operation of power plants	100%	10	(2)	--	--
Parque Eólico Malpica, S.A. (*)	La Coruña	Deloitte	Construction and operation of power plants	69%	950	1,397	(419)	--
Parques Eólicos Villanueva, S.L.U. (*)	Valencia	Deloitte	Operation of power plants	100%	5,000	20,533	984	--
Parques Eólicos Palmares, S.A.	Brazil	Deloitte	Operation of electricity transmission service concessions	90%	48,645	(6,011)	1,477	--
Pedras Transmissora De Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	33,895	(7,216)	497	--
Rasacaven ,S.A.	Venezuela	Deloitte	Construction and assembly	94%	2,731	(5,543)	4,662	--
S.C. Deimos Space,S.R.L. (*)(****)	Romania	***	Analysis, engineering and development of space missions and software	100%	250	1	21	--

	Thousands of Euros							
2014	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2014	Interim dividend for 2014
Sdad Aragonesa De Estaciones Depuradoras,S.A. (*)	Zaragoza	KPMG	Construction and operation of plants under the special water treatment plan	60%	6,000	(15)	176	--
Siberia Solar,S.L. (*)	Madrid	KPMG	Development, construction and operation of PV farms	100%	500	3,106	(308)	--
Sociedad Aragonesa De Aguas Residuales,S.A.U.	Zaragoza	KPMG	Construction and operation of plants under the special water treatment plan	100%	6,600	(3,356)	2,825	--
Ventos da Lagoa,S.A.	Brazil	Deloitte	Operation of power plants	90%	36,981	(5,548)	474	--
Ventos do Litoral Energía,S.A.	Brazil	Deloitte	Operation of power plants	90%	41,404	(6,661)	210	--
Ventos do Sul, S.A. (*)	Brazil	Deloitte	Operation of power plants	81%	47,123	(4,964)	6,809	--
Ventos dos Indios Energía,S.A.	Brazil	Deloitte	Operation of electricity transmission service concessions	100%	20,782	(1,090)	3,957	--
Vila Do Conde Transmissora De Energia SA (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	46,731	(10,067)	10,593	--
Vilhena Montagens Elétricas, Ltda	Brazil	***	Construction and assembly	100%	8	2,322	(1,179)	--
Zaragua 2005,S.L.U. (*)	Zaragoza	***	Operation of power plants	100%	60	(59)	--	--
Zinertia Antequera,S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	3	186	(205)	--
Zinertia Renovables Aascv 2, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	3	348	127	--
Zinertia Renovables Aascv, S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	3	434	99	--
Zinertia Renovables Elc,S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	123	2,023	122	--
Zinertia Renovables Hae,S.L.U. (*)	Madrid	***	Development, construction and operation of PV farms	100%	84	1,302	101	--
Zogu,S.A. (*)	Ecuador	Atig Auditores	Construction and assembly	100%	316	1,928	(30)	--
Eólica Montes de Cierzo, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	70%	1,313	263	1,658	(1,200)
Equity-accounted investees (note 10)								
Aries Solar Termoelectrica, S.L. (Aste) (*)	Madrid	KPMG	Development, construction and operation of thermosolar plants	55.7%	10,020	(62,247)	(26,042)	--
Brilhante Transmissora De Energia SA (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	96,383	(23,372)	1,589	--
Brilhante II Transmissora De Energia SA (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	26%	202	(151)	(119)	--
Consorcio Eólico Marino Cabo Trafalgar, S.L. (*)	La Coruña	***	Operation of power plants	35%	200	(53)	(6)	--
Dioxipe Solar,S.L. (*)	Madrid	KPMG	Development, construction and operation of thermosolar plants	55%	109	(12,956)	(14,143)	--
Eólica Cabanillas , S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Construction and subsequent operation of power plants	0%	1,120	224	477	--
Eólica Caparroso, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	0%	2,001	400	(2)	--

2014	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2014	Interim dividend for 2014
				Thousands of Euros				
Eólica La Bandera, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	0%	806	161	1,113	(700)
Gasoducto de Morelos, S.A.P.I. (Sdad Anónima Promotora de Inversión) de C.V.	Mexico	Deloitte	Operation and maintenance of wind farms	50%	28,518	(506)	(2,962)	--
Jauru Transmissora De Energia,S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	17%	102,042	(21,672)	326	--
Parque Eólico La Gaviota, S.A. (*)	Canary Islands	Ernst & Young	Operation of power plants	35%	1,352	189	(379)	--
Sdad. Aguas Residuales Pirineos, S.A.	Zaragoza	***	Construction and operation of plants under the special water treatment plan	50%	9,158	1,062	353	--
Ventos do Faro Farelo,S.L. (*)	Galicia	***	Operation of power plants	38%	4	(11)	(2)	--

(*) Companies indirectly held by Elecnor, S.A.
(***) Companies not legally required to audit their annual accounts.
(****) Companies consolidated in 2014.

Appendix I:

2013 Company information

2013	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2013	Interim dividend for 2013
				Thousands of Euros				
Fully consolidated subsidiaries Elecnor Transmissao de Energía, S.A. (*)	Brazil	KPMG	Construction and assembly	100%	313,982	(20,145)	4,131	-
Elecnor Inc.	Delaware (USA)	PR&B	Installation work	100%	12,928	(3,402)	(371)	-
Enerfin Quebec Services INC (*)	Canada	(***)	Development and management of wind farm activities	100%	1,259	(97)	(24)	-
Belco Elecnor Electric INC	USA	(***)	Electrical installations	100%	8,837	(2,162)	(3,803)	-
Internacional de Desarrollo Energético, S.A. (IDDE)	Madrid	(***)	Sales	100%	1,202	77	-	-
Omninstal Electricidade, S.A.	Portugal	KPMG	Construction and assembly	100%	1,053	1,595	296	-
Elecnor de Argentina, S.A.	Argentina	KPMG	Construction and assembly	99.49%	8,766	(6,477)	(70)	-
Electrolíneas del Ecuador, S.A.	Ecuador	Atig Auditores	Construction and assembly	100%	1,272	875	80	-
Zogu, S.A. (*)	Ecuador	Atig Auditores	Construction and assembly	100%	316	1,739	96	-
Elecven Construcciones, S.A.	Venezuela	Deloitte	Construction and assembly	96.20%	3,299	3,905	3,751	-
Rasacaven, S.A.	Venezuela	Deloitte	Construction and assembly	93.72%	2,731	(704)	961	-
Corporación Electrade, S.A.	Venezuela	Muñoz y Asociados	Construction and assembly	100%	799	576	1,226	(1,108)
Adhorna Prefabricación, S.A.	Bilbao	Deloitte	Manufacture of products deriving from cement and fibreglass-reinforced polyester	100%	1,081	8,417	(5,250)	-
Elecnor Chile, S.A.	Chile	Armando Vergara Gutiérrez	Construction and assembly	100%	6,406	3,773	3,084	-
Hidroambiente, S.A.U.	Getxo (Vizcaya)	KPMG	Environmental activities	100%	615	7,274	638	-
Elecnor Montagens Elétricas, Ltda.	Brazil	(***)	Construction and assembly	100%	372	2,600	(1,719)	-
Enerfin Enervento, S.A	Madrid	Deloitte	Management and administration of companies	70%	11,163	31,813	11,028	-
Elecnor de México, S.A. de C.V.	Mexico	E&Y	Construction and assembly	100%	910	1,527	129	-
Montelecnor, S.A.	Uruguay	E&Y	Construction and assembly	100%	486	3,015	961	-
Aerogeneradores del Sur, S.A. (*)	Seville	Deloitte	Construction, operation and use of wind farm resources	76%	2,912	1,168	1,903	-
Alto Jahuel Transmisora de Energía S.A.	Chile	Deloitte	Operation of electricity transmission service concessions	100%	29,958	(2,949)	(2,238)	-
Ehisa Construcciones y Obras, S.A.	Zaragoza	Luis Ruiz-Apilanez	Construction and assembly	100%	600	4,050	(338)	-
Deimos Space, S.L.U.	Madrid	KPMG	Analysis, engineering and development of space missions and software	100%	500	9,215	297	-
Ventos do Sul Energia, S.A. (*)	Brazil	Deloitte	Operation of power plants	91%	47,123	(3,073)	4,863	-
Eólica Páramo de Poza, S.A. (*)	Madrid	Deloitte	Operation of power plants	55%	601	11,916	1,474	-
Aplicaciones Técnicas de la Energía, S.L. (ATERSA)	Valencia	Deloitte	Solar energy	100%	24,535	10,512	(11,389)	-
Muiño do Vicedo, S.L. (*)	La Coruña	(***)	Operation of power plants	94%	3	(1)	-	-
Enerfera, S.R.L. (*)	Italy	(***)	Construction, operation and use of wind power resources	100%	10	55	(7)	-
Enerfin Sociedad de Energía, S.L.	Madrid	Deloitte	Management and administration of companies	100%	48,052	215,585	4,255	-
	Brazil	(***)	Construction and assembly	100%	7	684	(483)	-
Vilhena Montagens Elétricas, Ltda.	Brazil	(***)	Construction and assembly	100%	8	1,192	2,219	-
Parque Eólico Cofrentes, S.L.U. (*)	Valencia	(***)	Operation of power plants	100%	10	(1)	(1)	-
Enerfin Energy Company of Canada, INC (*)	Canada	(***)	Operation of power plants	100%	90,694	(9,424)	(63)	-

2013	Registered office	Auditor	Activity	Thousands of Euros % direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2013	Interim dividend for 2013
Enervento Galicia, S.L.	La Coruña	(***)	Construction, installation, sale and management of wind farms and facilities in Galicia	59.50%	10	(7)	-	-
Deimos Imaging, S.L.U. (*)	Valladolid	KPMG	Software development, engineering and technical assistance	100%	400	1,112	7	-
Celeo Redes, S.L.U (*)	Madrid	(***)	Management and administration of companies	100%	36,688	357,338	(183)	-
Siberia Solar, S.L.U (*)	Madrid	KPMG	Development, construction and operation of PV farms	100%	500	3,058	330	-
Celeo Concesiones e Inversiones, S.L.U.	Madrid	KPMG	Management and administration of companies	100%	87,045	455,778	285	-
Área 3 Equipamiento y Diseño del Interiorismo, S.L.U	Madrid	(***)	Interior design	100%	12	373	28	-
Enerfin Rodonita Galicia, S.L. (*)	La Coruña	(***)	Operation of power plants	80%	4	(1)	(1)	-
Audeca, S.L.U	Madrid	KPMG	Environmental restoration and reforestation and operation of roads	100%	132	3,301	1,894	(1,432)
Jomar Seguridad, S.L.U	Guadalajara	(***)	Sales, installation and maintenance of fire prevention and safety systems	100%	60	1,211	169	-
Celeo Termosolar, S.L.	Madrid	KPMG	Construction and subsequent operation of thermosolar plants	100%	105	(47,238)	4,333	-
Ventos da Lagoa, S.A.	Brazil	Deloitte	Operation of power plants	90%	36,981	(6,610)	763	-
Ventos do Litoral Energía, S.A	Brazil	Deloitte	Operation of power plants	90%	41,404	(9,863)	2,864	-
Parques Eólicos Palmares, S.A	Brazil	Deloitte	Operation of electricity transmission service concessions	90%	48,645	(8,324)	1,931	-
Elecdor, S.A	Ecuador	Atig Auditores	Construction and assembly	100%	691	47	(50)	-
Vila Do Conde Transmissora de Energía, S.A (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	100%	46,731	(12,947)	7,656	-
Zaragua 2005, S.L.U (*)	Zaragoza	(***)	Operation of power plants	100%	60	(58)	(1)	-
Sociedad Aragonesa de Aguas Residuales, S.A.U.	Zaragoza	KPMG	Construction and operation of plants under the special water treatment plan	100%	6,600	(2,684)	(671)	-
Encruzo Novo Transmissora de Energía, Ltda (*)	Brazil	KPMG	Operation of public service electricity concessions	100%	14,578	(2,708)	(30)	-
Elecnor Seguridad, S.L.	Madrid	(***)	Installation and maintenance of fire prevention and safety systems	100%	120	606	(41)	-
Elecnor Financiera, S.L. (*)	Bilbao	Deloitte	Company administration and advisory services	100%	12,000	17,973	3,615	(800)
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	Zaragoza	KPMG	Construction and operation of plants under the special water treatment plan	60%	6,000	(236)	221	-
Deimos Castilla La Mancha, S.L.	Ciudad Real	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100%	750	4,208	(768)	-
IQA Operations Group, LT	Scotland	KPMG	Electrical installations	55%	2,271	(327)	(134)	-
Zinertia Antequera, S.L.U (*)	Madrid	(***)	Development, construction and operation of PV farms	100%	3	(3)	33	-
Zinertia Renovables ELC, S.L.U (*)	Madrid	(***)	Development, construction and operation of PV farms	100%	123	2,100	45	-
Zinertia Renovables HAE, S.L.U. (*)	Madrid	(***)	Development, construction and operation of PV farms	100%	84	1,377	83	-
Galicia Vento, S.L. (*)	Lugo	Deloitte	Operation of power plants	69.44%	8,250	1,994	4,844	-

				Thousands of Euros				
2013	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2013	Interim dividend for 2013
Integraçao Maranhense Transmissora de Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	60,381	(7,202)	(389)	-
Caiuá Transmisora de Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	51%	28,860	(3,753)	(389)	-
Investissements Eoliennes de L'erable SEC (*)	Canada	(***)	Administration and advisory services	100%	91,298	(10,309)	(3)	-
Investissements Eoliennes de L'erable INC (*)	Canada	(***)	Administration and advisory services	100%	8	(607)	(2)	-
Elecfrance, S.A.S	France	Excelia Conseil	Study and performance of electricity activities	100%	1,000	547	(578)	-
Parques Eólicos Villanueva, S.L.U. (*)	Valencia	Deloitte	Operation of power plants	100%	5,000	20,501	32	-
Helios Almussafes, S.L.U. (*)	Valencia	(***)	Operation of renewable energy facilities	100%	10	85	10	-
Helios Almusafes II, S.L.U. (*)	Valencia	(***)	Operation of renewable energy facilities	100%	10	85	12	-
Helios Inversión y Promoción Solar, S.L.U. (*)	Madrid	(***)	Development, construction and operation of PV farms	100%	3,306	5,764	(45)	-
Eoliennes de L´Érable, Inc. (*)	Canada	Deloitte	Operation of power plants	100%	90,517	(10,533)	1,844	-
Infraestructuras Villanueva, S.L. (*)	Valencia	Deloitte	Operation of power plants	59.47%	3	-	-	-
Deimos Engenharia, S.A.	Portugal	ESAC Espirito Santo Associados	Services in the areas of telecommunications, and aeronautic and space energy	80%	250	744	43	-
Pedras Transmissora de Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	100%	33,849	(7,379)	(66)	-
Zinertia Renovables AASCV, S.L.U (*)	Madrid	(***)	Development, construction and operation of PV farms	100%	3	266	169	-
LT Triangulo, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	100%	94,601	(25,628)	5,996	-
Ditra Cantabria, S.A.U	Santander	(***)	Installation of power grids	100%	60	620	138	-
Zinertia Renovables AASCV2, S.L.U (*)	Madrid	(***)	Development, construction and operation of PV farms	100%	3	187	127	-
Linha de Transmissao Corumbá, Ltda. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	100%	60,936	(11,815)	326	-
Galicia Vento II, S.L. (*)	Lugo	(***)	Operation of power plants	69.44%	4	(1)	(1)	-
Enerfin Energy Company, LLC. (*)	United States	(***)	Development and management of wind farm activities	100%	3,275	(2,340)	(74)	-
Parque Eólico Malpica, S.A. (*)	A Coruña	Deloitte	Operation of power plants	68.64%	950	905	492	-
Ventos dos Indios Energia S.A.	Brazil	(***)	Operation of electricity transmission service concessions	100%	4,326	(566)	(3)	-
Celeo Redes Chile Ltda. (*)	Chile	(***)	Operation of power plants	100%	32,402	(885)	(1,303)	-
Coqueiros Transmissora de Energía, S.A. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	100%	25,222	(4,907)	76	-
Enerfin Enervento Exterior, S.L.U	Madrid	(***)	Management and administration of companies	100%	35,752	23,193	6,866	(6,800)
Brilhante II Transmissora de Energía, S.A. (*) (****)	Brazil	KPMG	Operation of public service concessions for electricity transmission	100%	101	(69)	(16)	-
Enerfin Energy Company of Australia PTY, Ltd (*) (****)	Australia	(***)	Development and management of wind farm activities	100%	1,012	(114)	(30)	-
Enerfin Developements British Columbia, Inc (*) (*****)	Canada	(***)	Development and management of wind farm activities	100%	74	(6)	-	-
S.C. Deimos Space, S.R.L. (*) (****)	Romania	(***)	Analysis, engineering and development of space missions and software	100%	20	-	(3)	-

2013	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit/(loss) for 2013	Interim dividend for 2013
				Thousands of Euros				
Deimos Space UK, limities (*) (****)	England	KPMG	Analysis, engineering and development of space missions and software	100%	181	-	(21)	-
Bulgana Wind Farm PTY Ltd (*) (****)	Australia	(***)	Operation of power plants	100%	705	(42)	(12)	-
Elecnor Brasil, L.t.d.a.	Brazil	KPMG	Construction and assembly	100%	6,551	4,881	8,492	-
CLN, S.A. (*)	Venezuela	(***)	Dormant	100%	385	1,127	10	-
Elecnor Energie Und BAU, GmbH (****)	Germany	(***)	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs, movement and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energy	100%	75	(36)	(135)	-
Elecnor Hawkeye, LLC (****)	USA	(***)	Electrical installations	100%	1,931	(3)	(1,089)	-
Elecdal, URL (****)	Algeria	(***)	Construction and assembly	100%	11	(5)	5	-
Charrua Transmisora de Energía, S.A. (****)	Chile	(***)	Assembly, installation, operation of the new 2 x 500 Charrua – Ancoa line	100%	-	-	5	-

				Thousands of Euros						
2013	Registered office	Auditor	Activity	% direct and indirect ownership	Subscribed capital	Reserves	Net profit /(loss) for 2013	Interim dividend for 2013	Assets	Revenues
Equity-accounted investees (note 10)										
Brilhante Transmissora de Energía (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	50%	99,212	(28,028)	2,593	-	112,793	12,924
Eólica Cabanillas, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Construction and subsequent operation of power plants	35%	1,120	224	1,600	(1,900)	3,956	4,187
Eólica Montes del Cierzo, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	35%	1,313	263	3,076	(3,000)	6,832	7,939
Eólica La Bandera, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	35%	806	161	968	(1,100)	4,466	4,145
Eólica Caparroso, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	35%	2,410	1,165	454	-	5,344	4,215
Parque Eólico La Gaviota, S.A. (*)	Canary Islands	E&Y	Operation of power plants	34.53%	1,352	803	(142)	-	3,841	744
Consorcio Eólico Marino Cabo de Trafalgar, S.L. (*)	La Coruña	Stemper Auditores	Operation of power plants	35%	200	(49)	(4)	-	653	-
Ventos de Faro Farelo, S.L. (*)	Galicia	(***)	Operation of power plants	37.5%	4	(11)	-	-	4	-
Sociedad Aguas Residuales Pirineos, S.A.	Zaragoza	(***)	Construction and operation of plants under the special water treatment plan	50%	9,158	1,604	208	-	11,298	1,443
Dioxipe Solar, S.L (*)	Madrid	KPMG	Development, construction and operation of thermosolar plants	55%	109	21,552	(41,539)	-	301,454	22,677
Jauru Transmissora de Energía, S.A.	Brazil	KPMG	Operation of public service concessions for electricity transmission	33%	102,042	(25,628)	79,523	-	165,084	14,617
Equity-accounted investees (note 10) (Cont.)										
Aries Solar Termoeléctrica, S.L (ASTE) (*)	Madrid	KPMG	Development, construction and operation of thermosolar plants	55.7%	10,020	37,854	(66,347)	-	646,167	55,265
Gasoducto de Morelos, SAPI (Sdad. Anónima Promotora de inversión) de C.V.	Mexico	Deloitte	Construction, engineering and supply of Morelos gas pipeline	50%	28,518	(2,227)	(1,304)	-	154,470	-

(*) Companies indirectly held by Elecnor, S.A.
(***) Companies not legally required to audit their annual accounts.
(****) Companies consolidated in 2013.

Appendix II:

Details of equity investments

in 2014

2014	Registered office	Activity	Thousands of Euros: % direct and indirect ownership	Carrying amount	Subscribed capital	Reserves	Net profit/ (loss) for for 2014	Assets	Revenues
NON-CURRENT FINANCIAL ASSETS									
Investments held by Elecnor, S.A.									
Barcaldine Remote Community Solar Farm PTY, LTD (*)	Australia	Development, construction and operation of PV farms	20.00%	--	--	--	--	--	--
Centro Logistico Huerta el Peñon	Marbella	Operation and maintenance of waste disposal and treatment facilities	50.00%	48	3	53	40	1,953	1,485
Cia Paranaense De Tratamento De Residuos,S.A.	Brazil	Operation and maintenance of waste disposal and treatment facilities	26.00%	4,052	1,556	(69)	108	1,612	112
ECOM O & M Telecom Ltda	Brazil	Dormant	100.00%	--	--	--	--		
Elecen, S.A.	Honduras	Construction and assembly	100.00%	4	7	700	18	736	75
Elecnor Paraguay, S.A.	Paraguay	Dormant	100.00%	99	--	--	--	--	--
Elecnor Peru, S.A.	Peru	Construction and assembly	100.00%	17	51	(30)	7	689	558
Elecnor Ucrania, S.L.	Ukraine	Construction and assembly	100.00%	60	31	(16)	3	16	--
Elecred Servicios, S.A.	Madrid	Rendering of all types of services, and development, administration and management of companies	100.00%	60	60	13	--	73	--
Electrificaciones Del Norte, S.A.	Madrid	Trading in the broadest sense	100.00%	60	60	29	--	90	--
Energia Olmedo- Ourense Fase I,S.A.	Madrid	Work for the preparation, design, construction, financing, repair and maintenance of installations comprising the Olmedo-Zamora-Pedralba stretch of the Madrid-Galicia high-speed rail line	18.00%	641	52	--	--	1,586	1,575
Enertel, S.A. de C.V.	Mexico	Construction and assembly	99.99%	--	38	34	29	1,376	6,320
Eólica la Patagonia,S.A.	Argentina	Operation and maintenance of wind farms	50.00%	--					
Inti Energia,S.A.P.I de CV	Mexico	Dormant	50.00%	3	5	--	--	6	--
Pidirelys, S.A de C.V.	Mexico	Construction and assembly	98.00%	--	41	(4)	--	34	--
TDS, S.A.	Argentina	Dormant/being wound up	100.00%	--	--	--	--	--	--
Investments held by Corporación Electrade, S.A.									
Electrade Investment, Ltda	Barbados	Sale of materials	100.00%	12	12	221	3	230	--
Investments held by Enerfín Sociedad de Energía, S.L.									
Ecobi Uno,S.L	Lugo	Biomass and development	14.27%	--	56	(24)	--	33	--
Infraestructuras Ayora,S.L.	Valencia	Operation of power plants	15.28%	13	3	82	(79)	9,700	537
Investments held by Elecnor Financiera, S.L.									
Eólica Baixebre S.L.	Tarragona	Construction and operation of power plants	25.33%	446	--	--	--	--	--
Eólica de Andalucía, S.A.	Seville	Construction and operation of power plants	5.27%	2,507	4,508	11,149	6,266	109,667	18,388
Investments held by Helios Inversión y Promoción Solar, S.L.U.									
Zinertia Renovables Erk,S.L.U.	Madrid	Development, construction and operation of PV farms	100.00%		3	3	(44)	--	--

2014	Registered office	Activity	% direct and indirect ownership	Carrying amount	Subscribed capital	Reserves	Net profit/ (loss) for for 2014	Assets	Revenues
			Thousands of Euros						
Investments held by IQA Operations Group Ltd									
Rainny Day Events LTD	Scotland	Dormant	96.88%	--	--	--	--	--	--
Investments held by Hidroambiente, S.A.U									
Everblue Private Limited (*)	India	Environmental activities	100.00%		96	(15)	114	237	103
Investments held by Enerfin do Brasil – Sdad. De Energía Ltda.									
Ventos de Cabo Verde I, S.A.	Brazil	Operation of power plants	100.00%	187	--	--	--	--	--
Ventos de Cabo Verde II, S.A.	Brazil	Operation of power plants	100.00%	420	--	--	--	--	--
Ventos de Cabo Verde III, S.A.	Brazil	Operation of power plants	100.00%	324	--	--	--	--	--
Ventos de Granjas Vargas Energía,S.A.	Brazil	Operation of power plants	100.00%	243	--	--	--	--	--
Ventos de Granjas Vargas II Energía,S.A.	Brazil	Operation of power plants	100.00%	227	--	--	--	--	--
Investments held by Celeo Concesiones e Inversiones, S.L.									
Celeo Ecologia,SLU	Madrid	Development, design, operation, management and administration of companies; power generation and/or water and waste treatment	100.00%	3	3	(1)	--	2	--
Investments held by Aplicaciones Técnicas de la Energía, S.L.									
Atersa America	USA	Dormant	100.00%	1	25	(153)	--	89	--
Atersa Photovoltaique Mauritanie, S.A.	Mauritania	Photovoltaic (PV) farms	33.00%	--	141	(184)	(218)	894	1,743
Energy Seeker	USA	Dormant	10.01%	--	3	--	--	3	--

(*) Companies incorporated in 2014.

Appendix II:

Details of equity investments

in 2013

2013	Registered office	Activity	% direct and indirect ownership	Carrying amount	Subscribed capital	Reserves	Net profit/ (loss) for 2013	Assets	Revenues
			Thousands of Euros						
NON-CURRENT FINANCIAL ASSETS									
Investments held by Elecnor, S.A.									
Electrificaciones del Norte, S.A.	Madrid	Trading in the broadest sense	100%	60	60	30	(1)	90	-
Elecred Servicios, S.A.	Madrid	Rendering of all types of services, and development, administration and management of companies	100%	60	60	14	(1)	73	-
Isonor Transmisión S.A.C.	Peru	Being wound up	50%	-	-	-	-	-	-
Enertel, S.A. de C.V.	Mexico	Construction and assembly	99.99%	106	37	106	31	1,139	5,653
Eólica de la Patagonia, S.A.	Argentina	Operation and maintenance of wind farms	50%						
Centro Logístico Huerta del Peñón, S.L.	Marbella	Operation and maintenance of waste disposal and treatment facilities	50%	(36)	3	57	(132)	1,953	1,485
Elecnor Perú, S.A.	Peru	Construction and assembly	100%	20	48	(13)	(16)	55	-
CPTR-Companhia Paranaense de Tratamento de Residuos, S.A.	Brazil	Operation and maintenance of waste disposal and treatment facilities	26%	3,987	1,540	(93)	25	1,473	112
Elecen, S.A. de C. V.	Honduras	Construction and assembly	100%	4	6	588	71	696	143
Elecnor Ucrania, S.L.	Ukraine	Construction and assembly	100%	60	22	-	(34)	23	-
Energía Olmedo Ourense Fase I, S.A	Madrid	Work for the preparation, design, construction, financing, repair and maintenance of installations comprising the Olmedo-Zamora-Pedralba stretch of the Madrid-Galicia high-speed rail line	18%	11	52	-	-	1,586	1,575
Ecom O&M Telecom Ltda	Brazil	Dormant	100%	-	-	-	-	-	-
Pidirelys, S.A. de C.V.	Mexico	Construction and assembly	98%	3	36	3	(13)	34	-
TDS, S.A.	Argentina	Being wound up	100%	-	-	-	-	-	-
Elecnor Australia PTY, Ltd. (*)	Australia	Dormant	100%	7	-	-	-	-	-
Elecnor Paraguay, S.A. (*)	Paraguay	Dormant	100%	99	-	-	-	-	-
Inti Energía, S.A.P.I. de C.V. (*)	Mexico	Dormant	50%	3	6	-	-	6	-
Investments held by Corporación Electrade, S.A.									
Electrade Investment, Ltda.	Barbados	Sale of materials	100%	11	11	(940)	1,164	234	1,371
Investments held by Enerfín Sociedad de Energía, S.L.									
Ecobi Uno, S.L.	Lugo	Biomass under development	14.27%	-	56	(24)	-	33	-
Infraestructura Ayora, S.L.	Valencia	Operation of power plants	15.28%	13	3	81	(513)	9,663	429
Investments held by Elecnor Financiera, S.L.									
Eolica Baix Ebre, S.L	Tarragona	Construction and operation of power plants	25.33%	446	-	-	-	-	-
Sociedad Eólica de Andalucía, S.A.	Seville	Construction and operation of power plants	5.30%	2,507	4,508	48,725	4,506	176,121	22,710
Investments held by Helios Inversión y Promoción Solar, S.L.U.									
Zinertia Renovables ERK, S.L.U.	Madrid	Development, construction and operation of PV farms	100%	3	3	(16)	(28)	-	-

2013	Registered office	Activity	% direct and indirect ownership	Carrying amount	Subscribed capital	Reserves	Net profit/ (loss) for for 2013	Assets	Revenues
			Thousands of Euros						
Investments held by Aplicaciones Técnicas de la Energía, S.L.									
Atersa Energy Seeker, S.L.	USA	Dormant	10.01%	-	3	-	-	3	-
Atersa America	USA	Dormant	100%	1	22	(134)	-	89	-
Atersa Photovoltaique Mauritaine, S.A	Mauritania	Photovoltaic (PV) farms	33.30%	-	32	-	(168)	894	1,743
Investments held by Hidroambiente, S.A.U.									
Hidrouni Water Solution Private Ltd.	India	Water treatment	45%	41	41	1	-	52	25
Investments held by Celeo Concesiones e Inversiones, S.L.									
Celeo Ecología, S.L.U.	Madrid	Development, design, operation, management and administration of companies; power generation and/or water and waste treatment	100%	3	3	(1)	-	1	-
Investments held by Enerfin do Brasil – Sdad. De Energía Ltda.									
Ventos de Cabo Verde I, S.A.	Brazil	Operation of power plants	100%	-	-	-	-	-	-
Ventos de Cabo Verde II, S.A.	Brazil	Operation of power plants	100%	-	-	-	-	-	-
Ventos de Cabo Verde III, S.A. (*)	Brazil	Operation of power plants	100%	-	-	-	-	-	-
Ventos de Granja Vargas	Brazil	Operation of power plants	100%	-	-	-	-	-	-
Ventos de Granja Vargas Energía II, S.A. (*)	Brazil	Operation of power plants	100%	-	-	-	-	-	-
Investments held by IQA Operations Group Ltd									
Rainy Day Events Limited	Scotland	Dormant	55%	-	-	-	-	-	-

(*) Companies incorporated in 2013.

Appendix III:

List of consolidated temporary joint ventures (UTEs)

		Thousands of Euros			
		2014		2013	
Temporary joint venture (UTE)	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE VALDELINARES	100.00%	964	-	-	-
UTE INSTALACIONES ELECTRICAS SINCROTRON ALBA	50.00%	-	-	24	-
MUVIUM UTE	30.00%	-	-	20	7
GROUPEMENT INTERNATIONAL SANTE POUR HAITI	100.00%	3,859	34,135	-	-
UTE MANCOMUNIDAD DE DURANGO	60.00%	14	16	-	-
UTE ELECNOR OSEPSA	50.00%	989	-	693	170
UTE CAN COLOMER	50.00%	4	-	60	12,864
UTE VILLASEQUILLA – VILLACAÑAS	21.00%	-	-	-	300
UTE MINGORRIA	25.00%	-	53	61	53
UTE ENERGÍA GRANADA	33.34%	819	4,717	-	-
UTE AVELE	22.00%	1,202	376	2,712	1,057
UTE AVELE 2	22.00%	994	651	851	934
UTE CAMPO DE VUELO	30.00%	-	-	3,664	-
UTE ELECNOR – EUROFINSA	50.00%	450	1,662	2,912	-
UTE ELECNOR – DEIMOS	100.00%	7	-	80	7
UTE MANTENIMIENTO BAJA TENSION	60.00%	-	-	388	-
UTE OIZ	33.34%	-	15	1,229	-
UTE IGUZZINI	50.00%	-	-	74	-
SISTEMA ELECTRICO AEROPUERTO LANZAROTE SAMPOL-ELECNOR UTE	50.00%	829	-	-	324
UTE TORRE ABANDOIBARRA	50.00%	18	-	497	19
UTE RED ENERGIA AT	70.00%	-	-	559	-
UTE EUROCAT SUR AV	41.20%	3,860	-	4,077	-
UTE AVESUR	12.00%	1,219	315	1,794	-
UTE MOBILIARIO HUCA	100.00%	285	-	-	-
URBANIZADORA RIODEL	50.00%	-	194	-	192
UTE PLANTA RSU ACAHUALINCA	70.00%	-	-	534	-
UTE EDAR SERRANILLOS	50.00%	543	-	657	461
UTE INSTALLACIONS TECNOCAMPUS	50.00%	139	139	666	273
UTE ANILLO GALINDO	25.00%	763	15,217	-	-
UTE EXPLOTACION ZONA 07-A	60.00%	949	-	960	-
CONSORCIO ELECNOR-DYNATEC	100.00%	-	-	317	-
UTE ZONA P2	50.00%	-	-	103	18,566
UTE ELECNOR EHISA	100.00%	-	-	791	-
UTE SUBESTACION JUNCARIL	50.00%	614	-	3,318	615
UTE SICA BCN	100.00%	265	474	-	-
UTE CORREDOR	33.34%	-	-	-	240
UTE DEINOR NOAIN	100.00%	-	472	-	-
CONSORCIO NUEVA POLICLÍNICA DE CHITRE	100.00%	1,053	7,532	-	-
CONSORCIO NUEVA POLICLÍNICA DE CHEPO	100.00%	825	6,202	-	-
UTE ADEC LOCALES CERCANÍAS	100.00%	-	412	-	-
UTE CRA ENAGAS	100.00%	81	374	-	-
UTE MARINA BAIXA	40.00%	512	629	120	1,141
UTE AUDIO BARAJAS	50.00%	-	-	199	-
UTE CAMPO DE VUELO VIGO	100.00%	-	678	-	-
UTE FOTOVOLTAICA FIRA	50.00%	9	-	363	-

		Thousands of Euros			
		2014		2013	
Temporary joint venture (UTE)	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE LOS CARAMBOLOS	100.00%	-	-	-	33
UTE CENTRO MAYORES BAENA	100.00%	64	-	203	44
UTE TARAZONA	100.00%	60	-	4	60
UTE CASTELLO ELECNOR	50.00%	64	-	-	-
UTE REFORMA PAVELLO 4 CLINIC	25.00%	-	-	370	2,710
UTE CAN PUIGGENER	100.00%	-	-	47	37
UTE ESCOLA BRESSOL ABRERA	100.00%	-	-	207	-
UTE MATIKO	20.00%	-	9,610	-	-
UTE MONTES SEVILLA SUR	100.00%	289	-	-	-
UTE CENTRO OUPACIONAL FERROL	50.00%	-	-	261	214
UTE TERMINAL DE CARGA	50.00%	125	-	2,001	25
UTE ESTACION LA MOLINA	100.00%	138	17	290	93
UTE AEROPUERTO DE VALENCIA	100.00%	-	1,613	-	-
UTE MTO. SEG. Y EMERG. MADRID	100.00%	-	-	166	-
UTE EDIFICIO 7000	100.00%	-	-	3,943	-
UTE PARC ENGINYERIES	100.00%	121	-	207	121
CONSORCIO UTE ELECDOR ELECTROL	100.00%	1,905	6,307	-	-
UTE FERIA REQUENA	100.00%	87	157	1,078	244
CONSERVACIÓN MAQUEDA UTE	50.00%	1,358	4,989	-	-
UTE ENARSA EAR-BMSA	50.00%	1,047	1,162	17	-
UTE AMPLIACION MUSEO MORERIA	100.00%	-	-	132	1
UTE EQUIPAMIENTO AMPLIACION T2 VALENCIA	100.00%	-	-	390	-
UTE EQUIPAMIENTO TERMINAL GRAN CANARIA	100.00%	885	-	301	897
UTE PCTH	100.00%	-	-	93	-
UTE SANCHO ABARCA	100.00%	-	-	55	-
UTE GALINDO	100.00%	1,473	884	732	2,357
UTE ELEC TUNEL SPA	50.00%	10	-	72	47
UTE LABORATORIO AITEX-ITE	100.00%	13	-	-	42
UTE DESVIOS LAV Sevilla	28.85%	-	810	-	810
UTE MOBILIARIO TERMINAL GRAN CANARIA	100.00%	166	-	25	268
UTE FIGUERES WIFI	50.00%	6	21	87	27
UTE MUTXAMEL	100.00%	298	39	321	27
UTE ELECNOR ONILSA	85.00%	1,145	-	3,413	1,145
UTE AYTO SEGURA DE LA SIERRA	100.00%	156	-	1,724	-
UTE URBANIZACION PEDRO III	100.00%	398	50	1,063	399
UTE ABASTECIMIENTO PEDRAZA	100.00%	242	1,142	262	1,384
UTE UBE LA ISLA	100.00%	107	4	103	58
UTE AEROPUERTO VIGO BANCADAS	100.00%	-	-	188	-
UTE OVERTAL – ELECNOR	24.00%	-	360	-	360
UTE ENERGÍA LÍNEA 9	20.00%	42,395	17,063	7,023	22,538
UTE URBANIZACION Y 12 VIVIENDAS LUZ	50.00%	-	-	358	-
UTE REMOLAR	23.51%	-	-	971	-
UTE CALETA OLIVIA	100.00%	1,356	3,378	1,904	6,903
UTE CAL PARACUELLOS	50.00%	-	118	-	96
UTE SERRANO - ELECNOR CANSALADES	40.00%	-	114	-	114
UTE ELECNOR GONZALEZ SOTO	50.00%	119	96	415	-

Temporary joint venture (UTE)	Percentage ownership	Thousands of Euros 2014 Construction work settled	Thousands of Euros 2014 Backlog not yet settled	Thousands of Euros 2013 Construction work settled	Thousands of Euros 2013 Backlog not yet settled
TERMINAL ALICANTE, UTE	20.00%	-	-	1,926	-
UTE EAR DEL SOL	100.00%	-	-	17	-
UTE LANESTOSA	44.71%	-	-	76	-
UTE KARRANTZA	41.50%	407	-	2,677	290
UTE SAICA	50.00%	27	-	202	-
UTE AMC5 EHISA	50.00%	1,531	-	4,361	3,031
UTE TRANSDINA	50.00%	684	-	3,560	555
UTE LEKUNBERRI	50.00%	6	-	738	6
UTE LAS TORCAS	50.00%	-	65	-	65
CONSORC.RASACAVEN ELECVEN COOP. COCORIMET	70.00%	-	-	36	-
UTE NUCLEO COSINOR PAMPLONA	50.00%	-	-	165	-
UTE MANTENIMIENTO SAN VICENTE DEL RASPEIG	100.00%	-	-	315	-
UTE RECINTOS FERIALES	100.00%	156	48	135	19
UTE TETRA CABB 1481	75.00%	-	-	94	-
UTE EXPLOTACION ZONA P2	50.00%	664	-	691	79
UTE PAVELLO 1 PLANTA 4 CLINIC	25.00%	-	-	355	208
UTE SAN CRISPIN	100.00%	288	25	274	136
UTE AS SOMOZAS	50.00%	259	33	376	258
PUERTO GANDIA UTE	50.00%	63	49	51	112
RIAÑO UTE	50.00%	1,777	-	1,686	1,034
MALAGA ESTE U.T.E.	50.00%	-	16	157	16
LUGO SUR UTE	50.00%	-	1,607	-	5
AUDEVI C.REAL II UTE	60.00%	106	-	-	-
JEREZ UTE	75.00%	674	380	530	592
MADRID OESTE UTE	50.00%	3	96	-	125
UTE SEG. ESTACIONES LOCALES	100.00%	20	4	143	5
UTE PITA	100.00%	5	-	15	12
ALGETE UTE	50.00%	820	5,548	865	6,368
PONTEVEDRA SUR UTE	50.00%	2,930	1,367	2,502	4,297
AUCOSTA CONSERVACION UTE	50.00%	1,233	-	1,502	85
REHAB.DESPEÑAPERROS UTE	80.00%	-	-	1,079	-
MALAGA ESTE II UTE	50.00%	-	112	203	112
HUELVA SURESTE UTE	50.00%	1,158	354	1,205	463
MADRID NOROESTE UTE	50.00%	1,398	27	2,708	895
MANZANARES UTE	50.00%	2,576	1,117	2,356	3,620
UTE ELECNOR – DEIMOS SIPA	100.00%	1,446	-	1,276	299
UTE SAN JERONIMO	100.00%	98	2	98	50
UTE REFORMA SALA HOSPITALIZACION 5.4 CLINIC	25.00%	-	-	2	67
UTE MANTENIMIENTO PUERTO GIJON	100.00%	89	158	113	247
UTE JARDINES MOGAN	100.00%	1,075	-	961	691
UTE URTEGI	60.00%	451	-	447	33
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	553	-	851	-
UTE IMDEA MOBILIARIO LOTE 2	100.00%	-	-	10	-
UTE HORMIGONES MTNEZ-ELECNOR,CASCO ANTIGUO ALICANTE	30.00%	-	55	107	55
UTE COMUNICACIONS SANT CUGAT	100.00%	131	-	72	28

		Thousands of Euros			
		2014		2013	
Temporary joint venture (UTE)	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE FORNILLOS	100.00%	643	9	619	652
UTE CALANDA	100.00%	515	-	824	426
UTE VALDESPARTERA	100.00%	147	-	1,800	-
UTE VENCILLON	100.00%	-	-	353	-
UTE PIF ALGECIRAS	100.00%	1,240	462	1,500	1,702
UTE PATRIMONIO SEGURIDAD	66.66%	404	-	139	364
UTE ESPACIOS VERDES SAN VICENTE DEL RASPEIG	100.00%	767	266	495	1,033
UTE CINTAS	100.00%	134	-	293	102
UTE PLAZAS COMERCIALES T4	100.00%	682	-	968	682
UTE BT HOSPITAL DE ZAMORA	50.00%	915	799	39	1,714
UTE TRANVIA OUARGLA	33.00%	26,600	169,103	-	195,703
UTE ENERGIA GALICIA	20.00%	20,160	80,104	1,423	100,264
UTE CELLA	100.00%	918	43	-	920
UTE AEROPUERTO DE PALMA	100.00%	416	1,197	-	1,613
UTE AGRUNOR NORTE I	50.00%	-	-	3,623	-
UTE IBERCAT	27.50%	-	-	869	-
UTE ULTZANUETA	50.00%	704	139	-	843
UTE ISDEFE	21.59%	227	-	309	-
CORDOBA NORTE UTE	50.00%	1,354	381	547	1,736
ACCIONA INFRAESTRUCTURAS – ELECNOR HOSPITAL DAVID, S.A.	25.00%	11,477	60,119	14,407	166,556
CONSORCIO CIE – ELECNOR TRANSMISSAO	50.00%	2,640	-	47,209	20,426
MORELOS EPC SAPI DE CV	50.00%	58,647	62,726	59,535	108,616
PROYECTOS ELECTRICOS AQUAPRIETA, SAPI DE CV	50.00%	28,735	34,934	29,838	7,460

Appendix IV:

Condensed Financial Information of Joint Ventures

31 December 2014

	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Aries Dioxipe Solar, S.L.	Brilhante Solar Termoeléctrica, S.L.	Jauru Transmissora de Energía, S.A.	Transmissora de Energía, S.A.	Other inmaterial businesses
	Thousands of euros					
Information from the statement of financial position						
Non-current assets	192,627	291,097	542,082	104,629	153,054	
Non-current liabilities	162,803	337,698	681,094	30,223	58,417	
Non-current financial liabilities (*)	162,803	336,226	677,283	30,223	58,417	
Total non-current net assets	**29,824**	**(46,601)**	**(139,012)**	**74,406**	**94,637**	
Current assets	40,274	11,674	53,764	6,795	10,176	
Cash and cash equivalents	24,452	7,574	36,762	467	94	
Current liabilities	48,794	25,457	59,955	6,601	24,116	
Current financial liabilities (*)	-	11,636	20,010	3,431	6,132	
Total current net assets	**(8,520)**	**(13,783)**	**(6,191)**	**194**	**(13,940)**	
Net assets	**21,304**	**(60,384)**	**(145,203)**	**74,600**	**80,697**	
Percentage ownership	50%	55%	56%	50%	33%	
Share of net assets	10,652	(33,211)	(81,314)	37,300	26,899	
Goodwill	-	-	-	-	-	
Carrying amount of the investment (**)	10,652	-	-	37,209	21,541	
Information from the income statement						
Revenues	-	27,941	59,584	11,892	16,752	
Depreciation and amortisation	-	(11,996)	(24,992)	(3,520)	(4,676)	
Interest income	374	-	4	222	578	
Interest expense	(1,677)	(19,843)	(38,889)	(2,587)	(7,029)	
Income tax expense/(income)	(1,334)	(2,092)	(7,080)	(433)	(179)	
Profit/(loss) from continuing operations	(4,119)	(14,143)	(26,042)	1,589	326	228
Income tax expense/(income) of discontinued operations Profit/(loss) from discontinued operations	-	-	-	-	-	-
Profit/(loss) for the year	(4,119)	(14,143)	(26,042)	1,589	326	228
Other comprehensive income	(4,759)	(13,938)	(28,485)	-	-	-
Total comprehensive income	**(8,878)**	**(28,081)**	**(54,527)**	**1,589**	**326**	**228**
Dividends received	-	-	-	-	-	

Appendix IV:

Condensed Financial Information of Joint Ventures

31 December 2013

	Thousands of euros					
	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Aries Dioxipe Solar, S.L.	Brilhante Solar Termoeléctrica, S.L.	Jauru Transmissora de Energía, S.A.	Transmissora de Energía, S.A.	Other inmaterial businesses
Information from the statement of financial position						
Non-current assets	108,978	293,020	593,247	107,715	156,846	
Non-current liabilities	89,026	324,694	649,787	33,156	63,744	
Non-current financial liabilities (*)	88,596	324,694	649,787	33,156	63,547	
Total non-current net assets	**19,952**	**(31,674)**	**(56,540)**	**74,559**	**93,102**	
Current assets	45,493	6,948	52,920	5,079	8,238	
Cash and cash equivalents	31,833	5,398	48,959	5	4,226	
Current liabilities	39,444	14,608	53,302	5,895	21,756	
Current financial liabilities (*)	-	7,987	11,199	3,463	6,072	
Total current net assets	**6,049**	**(7,660)**	**(382)**	**(816)**	**(13,518)**	
Net assets	**25,999**	**(39,334)**	**(56,922)**	**73,743**	**79,584**	
Percentage ownership	50%	55%	55.70%	50.00%	33.33%	
Share of net assets	12,999	(21,634)	(31,706)	36,872	26,525	
Goodwill	-	-	-	-	-	
Carrying amount of the investment (**)	12,997	-	-	36,526	20,673	
Information from the income statement						
Revenues	-	22,677	55,265	12,924	14,617	
Depreciation and amortisation	-	(9,816)	(24,997)	(3,860)	(4,642)	
Interest income	-	3,852	-	190	182	
Interest expense	-	(19,590)	(37,301)	(3,054)	(6,667)	
Income tax expense/(income)	(600)	17,802	28,434	(436)	(58)	
Profit/(loss) from continuing operations	(1,305)	(41,539)	(66,347)	2,593	(309)	6,286
Income tax expense/(income) of discontinued operations	-	-	-	-	-	
Profit/(loss) from discontinued operations	-	-	-	-	-	-
Profit/(loss) for the year	(1,305)	(41,539)	(66,347)	2,593	(309)	6,286
Other comprehensive income	1,013	7,939	15,595	-	-	(7)
Total comprehensive income	**(292)**	**(33,600)**	**(50,752)**	**2,593**	**(309)**	**6,279**
Dividends received	-	-	-	-	-	

(*) Excluding trade and other payables and provisions.
(**) The difference compared with the share of net assets/reconciliation is due to harmonisation with international standards and Group policies.

Directors' Report

1. Introduction

The headline news for Elecnor in 2014 was the growth in results, in terms of both **PAT** and **EBITDA**. Profit after income tax rose by **10%** to **Euros 58.5 million**, up from Euros 53.3 million in 2013 and EBITDA increased by **3.8%** to **Euros 228.8 million**.

This growth was achieved against an economic backdrop of a still tentative recovery in the Spanish market, affected by the Spanish government's reform of the energy sector. The reform affects companies such as Elecnor, which had previously been confident that the regulatory framework would be stable enough to undertake significant investment in renewable power projects. The combination of measures adopted in this regard have notably reduced the remuneration of the Spanish renewable power generation facilities managed by the Group. The decline in revenues assumed by the facilities affected part of 2013, as the reform entered into force in July of that year, but has affected the full year in 2014.

Specifically, application of the new electricity framework resulted in Spanish wind farms contributing Euros 9 million less to consolidated profit after income tax than in 2013, taking into account the Group's percentage ownership. In addition, the tax reform approved in November, which will apply from 1 January 2015, forced the Group to regularise its tax credits in Spain, with an effect on the Group's income statement of Euros 10 million.

In this context, Elecnor has continued to internationalise. This is reflected in the structure of its revenues of **Euros 1,724 million**, **54%** of which originated from foreign markets. The trend is mirrored by the order backlog, which stood at **Euros 2,417 million** at 31 December 2014, with international markets accounting for **Euros 1,979 million**, or **82%**.

Going forward, the Group does not anticipate regulatory changes that could affect the profitability of its power generation assets in Spain, for which it already recognised impairment in the income statements for 2013 and especially 2012.

The Group's global vision of 2014 would not be complete without mentioning several events which have been decisive in boosting the strategic lines of business that the Elecnor Group aims to develop over the coming years. Firstly, the Group signed a strategic alliance with the Dutch group APG, which manages the second largest pension fund in the world, to jointly develop new power transmission projects in Latin America. This agreement entailed APG acquiring 49% of the capital of Celeo Redes, which was previously fully owned by the Elecnor Group and groups together investments in power transmission projects. APG paid **Euros 236.7 million** for the shareholding. In addition, an agreement was finalised on 28 November whereby the Canadian fund Eolectric Club Limited Partnership paid **Canadian Dollars 71.8 million** for 49% of the company which owns the L'Érable 100 MW wind farm in Quebec.

Another significant event was the Euros 600 million of financing obtained from a group of 19 domestic and foreign financial institutions to substitute the Euros 401 million outstanding from the syndicated financing arranged in 2012. The new facility will provide funds to make the investments the Group has planned for the coming years, above all in international markets, in activities with high growth potential and stable regulatory frameworks. The transaction was finalised at the top end of the planned range, once again demonstrating Elecnor's ease of access to bank financing and the considerable appetite for operations of this kind among such institutions. The facility, which has a maturity of five years, has extended the average life of the Company's financing and has substantially improved on the conditions of the syndicated financing arranged in January 2012, in terms of both margins and covenants.

2. Business model and economic backdrop

2.1. Business model

Elecnor is a global corporation based in Spain, with presence in 40 countries and two key businesses which complement and enrich each other:

- **IInfrastructure:** engineering, construction and service projects, focusing on the electricity, power generation, telecommunications and systems, facilities, gas, construction, maintenance, environment and water, rail and space sectors.
- **IProperty:** rendering services by investing in power generation assets, primarily in the wind and solar thermal segments, energy transmission systems and other strategic assets.

2.2. Economic backdrop

2.2.1. Global economy

Global economic growth in 2014 failed to meet expectations, continuing the trend of recent years. According to World Bank data, the economy expanded only marginally more quickly in 2014, by 2.6%, compared to 2.5% in 2013. Once more, trends varied from market to market. While activity picked up in the United States and the United Kingdom, with revitalised labour markets and flexible monetary policy, the recoveries in the Eurozone and Japan were unstable.

Eurozone growth rates remained positive, but moderate, in 2014. The European Central Bank estimates that the Eurozone as a whole grew by 0.8% over the past year, below the bank's own forecast issued at the end of September. This meagre growth was due to weaker than expected activity, a risk of deflation, delays in implementing structural reforms in certain countries and ongoing geopolitical risk. However, the figures published for the last quarter of the year show some modest improvement in activity indicators and industrial production in all sectors. Indicators for demand, the foreign sector and the labour market have all continued to point to a recovery.

According to the Federal Reserve, the US economy is marked by continued expansion. The final figure for GDP growth of 2.6% in 2014 is supported by strong consumer spending and non-resident investment. Meanwhile, the labour market has continued to recover against a backdrop of growing activity.

In emerging Asian markets, China has continued with a controlled and gradual deceleration, with a downward trend in inflation, allowing the government to apply new expansive measures if necessary.

2.2.2. Elecnor's key markets

2.2.2.1. Spain

The improvement hinted at by two consecutive quarters of quarter-on-quarter growth in the second half of 2013 was confirmed in 2014. A number of factors contributed to this positive trend, including falls in oil prices, marked depreciation of the Euro and cuts to interest rates. The latter two factors were a result of actions taken by the ECB in the year. Consequently, according to the Bank of Spain, GDP rose 0.6% quarter-on-quarter in the fourth quarter of 2014. If this figure were to be confirmed, GDP growth for the full year would be 1.4%.

Domestic demand performed positively in the period, essentially due to the dynamic growth in household spending. However, the growth was limited to the third quarter, although a similar trend is expected in the last part of the year. Meanwhile, public spending appears to be heading for slight growth after three years of declines. Exports rose in the third quarter at a higher rate than in prior periods, but more slowly than imports, leading to a worsening of the balance of trade and of the current account balance.

The number of jobs equivalent to full-time contracts grew in all sectors apart from the primary sector. Growth was particularly marked in the construction industry. According to the Labour Force Survey for the fourth quarter, unemployment was 23.7%, two percentage points less than at the end of 2013.

This mild recovery was mirrored by other sectors:

Capital goods: growth in imports of goods and services also accelerated in the fourth quarter of 2014, from 4.8% to 8.2%.

Infrastructure: Although the construction segment's year-on-year growth was still negative, at -0.4%, its quarter-on-quarter results were the best, with an increase of 1.4 percentage points.

Government tenders in the domestic construction market to the end of the third quarter were up 50% on the total put to tender in the same period of the prior year. The cumulative total for the period was Euros 6,902 million, according to the Third Quarter Construction Sector Performance Report published by the National Construction Confederation.

By type of construction project, in the first nine months of 2014, 22.1% of the amount tendered corresponded to residential buildings (Euros 1,528 million) and 77.8% to civil engineering (Euros 5,374 million), up 56.3% on the same period in 2013.
Most of the tenders corresponded to highways and urban roadways (Euros 2,013 million), with a rise of 86.7% on the same period in 2013. Tenders of rail infrastructure projects also grew notably, with investment amounting to Euros 1,669 million (+149.2%), as did tenders of airport infrastructure projects, totalling Euros 53 million, up 144.9% on 2013, when almost no projects were tendered.
In the **energy** market, although the increase in power in 2014 was insignificant (27.5 MW), wind power was the second greatest source of electricity in Spain, placing the country fourth globally in terms of installed wind power, behind China, the United States and Germany. Specifically, the installed wind power at 31 December 2014 was 22,986 MW, consolidating wind turbines' position as the second most used technology in the electrical system, with an output of 51,138 GWh and 20.4% coverage of demand for electricity in the year.

2.2.2.2. Latin America

GDP growth for Latin America and the Caribbean in 2014 was 1.1%, the lowest rate since 2009, with marked differences between countries in the region. Slower growth in consumer spending made a significant contribution to this low growth rate, as a result of the performance of labour markets and less lending activity in the financial system.
Growth remains stagnated in **Brazil**. In December, the country's government announced that the Central Bank of Brazil was forecasting 0.2% growth for 2014 and a deficit of more than US Dollars 7,000 million.
On the energy front, Brazil has become one of the most important wind power markets in the world, after installing 1.3 GW in the first half of 2014, bringing its total capacity to 4.7 GW; growth in the first half of 2014 alone was 38.2%. This activity places the Brazilian market third in terms of newly installed wind power capacity, behind China and Germany and ahead of the US.
In addition, in the fourth quarter of 2014 the Brazilian Wind Power Association (ABEeólica) stated that Brazil plans to invest approximately Euros 11,500 million in wind power projects from 2015 to 2018, bringing the power provided by this source of renewable energy to 7,227 MW. There are currently 202 operational wind farms in the country and a further 378 are under construction.

Mexico: The Mexican economy has not yet lifted off, as the international outlook remains uncertain and the recovery in domestic spending is still tentative. Even so, the country showed promising signs in the second half of the year.
As regards energy, at year-end Mexico's total wind power amounted to 2,500 MW from 31 wind farms, requiring investment of approximately US Dollars 5,000 million (Euros 4,200 million). A further six projects are currently underway, which will contribute an additional 732 MW.
At the start of 2015, the Mexican government launched a plan to develop wind farms comprising investment of US Dollars 14,000 million (Euros 12,000 million) over the next four years to bring the installed wind power capacity to 9,000 MW, which would cover almost 10% of the country's demand.

Chile: The Central Bank of Chile has cut its growth forecast for 2014 to 1.7% and expects the country's economy to grow by 2.5%-3.5% in 2015.
In energy matters, Chile installed 601 MW of unconventional renewable energy from January to July, more than twice the total for 2013. This brings the total installed capacity of unconventional renewable energy in Chile to 1.72 GW.
Wind power projects account for 680 MW of the country's installed capacity, followed by biomass (460 MW), mini-hydro (342 MW) and photovoltaic plants (189 MW).
In terms of infrastructure, **Brazil, Chile, Colombia and Peru** are four key Latin American economies which offer the best investment opportunities. Their combined demand for managed projects through to 2017 has been calculated as US Dollars 129,920 million by the Brazilian bank Itaú BBA.
Roads are the main target of investment, although in Chile there are also opportunities in the airport segment.
Brazil's Logistics Investment Programme for 2014-2017 includes road, port and rail projects, entailing both direct investment and public-private partnerships.
The roadway sector represents 40.3% of demand for investment in the four countries, with Colombia leading the pack (US Dollars 24,400 million), followed by Brazil (US Dollars 13,700 million), Peru (US Dollars 11,000 million) and Chile (US Dollars 3,250 million).
In rail projects, Brazil comes out on top, with US Dollars 25,590 million, followed by Peru with US Dollars 8,300 million and Chile with US Dollars 4,450 million.

2.2.2.3. North America

In the energy sector, the **United States** has become the world's largest producer of crude oil and natural gas. According to the Energy Information Administration (EIA), the United States will produce 9.3 million barrels a day in 2015, the highest output since 1972, potentially making it the world's largest producer of oil, surpassing Saudi Arabia and Russia.

The country's production of natural gas has also increased significantly (by 26% over the past ten years), as a result of a considerable boom in unconventional gas, consistently driving down prices. In fact, apart from Canada, the US is the only other country producing unconventional gas in commercially attractive volumes.

Investment in renewable energy in the US (wind, solar thermal, geothermal and photovoltaic) grew by 8% to US Dollars 51,800 million. According to International Renewable Energy Agency analysis, the US now has the necessary technical capacity and cost efficiency to triple the proportion of renewables and increase the percentage of renewable energy in its energy system from the current 7.5% to 27% by 2030.

Meanwhile, **Canada** remains one of the main players in the global energy sector. In 2014, the country's investment in renewable energy grew by 26% to Euros 9,000 million.

In the wind power sector, according to the Canadian Wind Energy Association (CanWEA), for the second consecutive year Canada beat the record for newly installed capacity, with a total of 1,871 MW, bringing its total installed capacity at year-end 2014 to 9,700 MW.

2.2.2.4. Africa

Significant macroeconomic progress is continuing to be made in Africa. IMF estimates for growth in Sub-Saharan Africa are 4.8% for 2014 and 4.9% for 2015.

The factors driving economic expansion in African countries include strong demand for commodities from emerging countries, a demographic boom, the rise of the middle class, development of a more dynamic domestic market and growing foreign investment.

In 2014, record investment was projected for the region, amounting to US Dollars 84,000 million, primarily in prospecting for mineral and energy resources – especially oil – as well as establishing companies and developing infrastructure. The need for infrastructure is in fact enormous. Although in the first few years of the boom, Chinese companies dominated contracts in the construction sector, European, Brazilian and Indian companies are starting to make headway.

The World Bank ranks **Angola**, Mozambique, Nigeria, Rwanda and Ethiopia among the best performing countries from the continent. In the case of Angola, forecast growth in 2014 was approximately 8%. However, the drop in oil prices and increase in public spending may result in a real growth rate of no more than 5%. Although oil makes a significant contribution to its economy, Angola is also undertaking a process of diversification, offering considerable potential for foreign investment in the industrial, mining, agriculture, telecommunications, energy and gas sectors. Moreover, investments are being made to improve infrastructure and reinforce its communications, motorways, railways and ports.

Algeria's economy also expanded in 2014, with forecast growth of 4% (1.3 percentage points up on the prior year). However, this projection was cut slightly due to a decline in income from exports of hydrocarbons and high public spending. The country is gradually opening up to foreign companies to develop projects in areas such as infrastructure, housing, renewable energy, utility management and desalination.

3. Analysis of the key performance indicators for the year

3.1. Consolidated data

Elecnor Group
At 31 December for each year and in thousands of Euros

Results	2014	2013	Variation
Operating profit	134,838	141,541	-5%
EBITDA	228,846	220,431	+4%
Profit before income tax	115,953	109,066	+6%
Net profit	58,542	53,289	+10%
Equity			
Equity	809,736	532,485	+52%
Revenue			
Sales	1,723,728	1,864,174	-7%
Domestic	794,539	818,004	-3%
International	929,189	1,046,170	-11%

3.1.1. The impact of the reform in the electricity sector

As in the second half of 2013, the accounts for 2014 were particularly affected by the changes made by the Spanish government to the regulatory framework for generation of renewable electricity. Specifically:

- Royal Decree-Law 9/2013 of 13 July 2013, adopting urgent measures to guarantee the financial stability of the electricity system.
- Law 24/2013 of 26 December 2013, concerning the legal and economic framework for generation of energy from renewable sources, cogeneration and waste.
- Implementation of Law 24/2013 through Royal Decree 413/2014 of 6 June 2014.

The combination of measures adopted in this regard have notably reduced the remuneration of the Spanish renewable power generation facilities managed by the Group. The decline in revenues assumed by the facilities did not affect the first half of 2013, as the reform entered into force in July of that year, but has affected the full year in 2014.

3.1.2. Net profit

Consolidated net profit for the year was Euros **58.5 million**, an **increase of 10%** on 2013.
The key factors that contributed to the positive performance of the consolidated result for 2014 compared to the prior year, are:

- A greater contribution from the wind power projects that the Group operates in Brazil and Canada.
- The improved productivity of our infrastructure projects, our well-established presence in countries such as Angola, Chile and Brazil, and the improved returns on other more recent projects.
- A marked rise in telecommunications infrastructure activity in the domestic market.
- New transmission lines starting to operate in Brazil and the good performance of the concession companies operating the country's other transmission lines.

These factors were partially offset by the following effects, which the Group had to recognise in its consolidated income statement:

- Lower profits from Spanish wind farms due to application of the prevailing legislation regarding generation of energy from renewable sources, as described in section 3.1.1. This had a negative impact of Euros 9 million, net of tax and taking into account the Group's percentage interests in the projects.
- The impact of the tax reform approved in November, which will apply from 1 January 2015, forcing the Group to regularise its tax credits in Spain. The effect on the Group's income statement was Euros 10 million.
- The impact of the income statement of the delays and slower progress in one-off projects that the Group is undertaking in foreign markets. A recovery is expected in the coming months, once problems have been resolved, mainly concerning rights of way and expropriations, which are normal in this kind of project.
- The decline in prices in Elecnor's traditional business, due to fierce competition in the sector.

The Group has also continued to place special emphasis on its policies for the control and restriction of costs, on which all the Group companies are working on an ongoing basis, but particularly under current market conditions. This has also contributed to mitigating the impact of the aforementioned factors. In this context, the Group has made a significant effort to adapt the use of resources in its activities to the current economic climate. This adjustment will allow it to face 2015 with capacity which is better suited to current activity levels.
The **profit before tax** of the Parent of the Group, Elecnor, S.A., rose by **6.7%** in 2014 to **Euros 56 million**. In **net** terms, however, the final figure (**Euros 39.4 million**) was **42%** higher than in the prior year, primarily due to the tax burden in 2013 related to the permanent establishment in Venezuela.

3.1.3. EBITDA

The Elecnor Group's consolidated EBITDA amounted to **Euros 228.8 million** in 2014, up 3.8% on the Euros 220.4 million recorded in 2013. The same factors affecting the consolidated result influenced EBITDA, with the exception of the impact of the tax reform approved in November, as it is not included in the calculation of the latter.

3.1.4. Sales

Consolidated sales for 2014 amounted to Euros 1,724 million, a fall of 7.5% on 2013. This was due to:

- Lower revenues from remuneration of power generation projects in which the Group participates.
- The effect of the decline in public and private investment in the sectors in which the Elecnor Group operates in Spain.
- Delays and the slower rate of completion of key projects in international markets, which is expected to pick up in the coming months.

With regard to the distribution of revenue by geographical area, the international market accounts for **54%** and the domestic market **46%**. These data reflect the Elecnor Group's commitment to internationalisation as a driver of growth in the coming years, without neglecting the domestic market.

3.1.5. Order backlog

At the end of 2014, the order backlog stood at Euros **2,417 million**. By markets, international orders amounted to Euros **1,979 million (82% of total)**, while domestic orders accounted for Euros 438 million or 18% of the total backlog.

3.2. 2014 sales by activity

Elecnor Group
At 31 December for each year and in thousands of Euros

Geographical regions	2014	2013	Variation
Domestic	794,539	818,004	-3%
International	929,189	1,046,170	-11%
	1,723,728	**1,864,174**	**-7%**

Activity	2014	2013	Variation
Electricity	640,583	669,425	-4%
Facilities	117,301	96,211	22%
Gas	104,272	104,583	0%
Power generation	325,130	582,211	-44%
Railways	31,789	19,377	64%
Construction, environment and water	142,236	140,564	1%
Telecommunications infrastructures	185,203	110,628	67%
Telecommunications systems	38,866	31,971	22%
Maintenance	138,348	109,204	27%
	1,723,728	**1,864,174**	**-7%**

The principal activity in the year in terms of turnover, as in prior years, was **electricity**, which generated Euros 641 million, having declined slightly with regard to 2013. The delays in the execution of certain key **power generation** projects in the international market are largely responsible for the fall in the Group's turnover.
Conversely, the **telecommunications systems and infrastructures and maintenance and facilities** activities, among others, grew significantly with respect to 2013.

4. Stock market performance

Share data	2014	2013
Closing price (€)	8.50	11.18
Annual variation	(24%)	18.1%
Total number of shares traded (millions)	5.7	19.2
Total cash traded (€ millions)	60.3	172.1
Number of shares (millions)	87.0	87,0
Market capitalisation (€ millions)	739.5	972.7
Price to earnings ratio (PER)	12.6	18.3

Shareholder returns	2014	2013
Changes in share price	(24%)	18.1%
Payment of dividends	2.1%	2.7%

Following an 18.1% revaluation of the shares in 2013, in 2014 they ended the year at **Euros 8.50 per share**, which represents a decline of 24%. The effective volume traded was Euros 60.3 million. Market capitalisation was Euros 739.5 million, and the price to earnings ratio (PER) was 12.6.
The dividend yield was **2.1%**.

5. Capital management policy

A fundamental part of Elecnor's policy is to observe a policy of financial prudence. The capital structure is defined by the commitment to solvency and the objective of maximising shareholder returns.

6. Financial risk management

Elecnor is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and supervision systems. Financial risk management and containment is performed on a coordinated basis by corporate management and the various business units and subsidiaries that compose the Group. The financial risk management activities are approved at the highest executive level, in accordance with the established rules, policies and procedures.
The first risk to be mitigated arises from the transactions that the Group performs on the international markets in the course of its business, namely market risk due primarily to foreign currency risk. Certain income and procurement costs are denominated in currencies other than the Euro. For this reason, the risk of fluctuating exchange rates of these currencies could have an impact on the Group's profits. In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations. The instruments used to achieve this hedging are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.
Interest rate fluctuations change the fair value of assets and liabilities that bear interest at fixed rates and the future flows from assets and liabilities tied to floating interest rates. Elecnor has arranged borrowings to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, solar thermal projects and electricity infrastructure concessions, which it does under project financing arrangements. Under financing of this nature interest rate risk must be hedged contractually through the arrangement of interest rate hedging instruments. In the case of both project and corporate financing, borrowings are arranged nominally at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to debt instruments and are limited to the same nominal value as the latter and the same maturity dates as the hedged items, are essentially IRSs, the aim of which is to convert loans originally arranged at variable rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.
Also, liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US dollar deposits, through leading banks in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

The main credit risk relates to trade receivables and the possibility of a counterparty or customer not meeting their contractual obligations. To mitigate this risk, the Group operates with customers with an appropriate credit track record. Also, as a result of the business activities it carries out and the industries in which it operates, it has customers with very high creditworthiness. However, in the case of international sales to non-recurring customers, mechanisms such as irrevocable letters of credit and insurance policies are used to ensure collection. Also, the financial solvency of customers is analysed and specific terms and conditions are included in contracts aimed at guaranteeing payment of the stipulated price.

In the case of the wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Markets and Competition Commission (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, Ltda., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Indios Energía, S.A. (Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate for a period of 20 years and, similarly, the Brazilian electricity infrastructure concession operators have electricity distribution agreements with customers with a high credit rating which, together with the restrictions imposed by the transmission system itself, eliminate the possibility of any non-payment.

An economic scenario such as the present one is considered an overriding risk with respect to other financial risks. In the face of this situation, Elecnor continues to step up the measures taken to mitigate this risk, regularly analysing its exposure to credit risk and recognising the provisions required.

Elecnor closely monitors regulatory risk, in particular in relation to renewable power, in order to adequately reflect its impact in the income statement.

7. Environment

In response to the environmental impact that its activities can have, Elecnor has defined and applied measures to limit said impact.

Elecnor has also incorporated activities into its businesses which contribute to protecting the natural environment and its resources. These measures include generation of renewable power, treatment and recycling of water and energy efficiency in all its activities.

The Group's environmental management strategy, as part of its integrated management system, is governed by the following principles of action:

- Constantly seeking to balance financial profitability and environmental protection, resulting in focuses whereby the two concepts reinforce each other mutually.
- Considering environmental factors when making investment decisions regarding new projects and when studying activities to undertake.
- Involving employees through appropriate training and awareness campaigns.
- Involving other stakeholders (shareholders, customers, suppliers and society in general) in the ongoing search for useful solutions to the challenge of protecting the environment and energy resources.

8. Human resources

Personnel

Elecnor Group

At 31 December each year	2014	2013	Variation
Domestic	7,077	6,804	4%
International	5,402	5,833	-7%
	12,479	**12,637**	**-1%**

People are Elecnor's main asset. Accordingly, the Group bases its general strategy on values such as talent and teamwork under conditions of the highest possible levels of safety. Occupational health and safety is therefore a part of all the activities carried out by the Group. Part of the Group's culture is its commitment to health and safety. This commitment goes beyond legal requirements and customers' requests, with clear and demanding objectives: no accidents and no tolerance of failure to comply with the health and safety measures established by the Company.

At the end of 2014 the Group's workforce had decreased by 158 (-1.2%), to **12,479 employees**. The main reason for the increase in the workforce in the domestic market relates to the Telecommunications Infrastructure and Maintenance activities, due to the contracts arranged in the final part of the year. The decline in the number of people working in the international market is due to the completion of transmission line construction project in Brazil towards the end of the year.

9. R&D&i

2014 saw the consolidation and expansion of the Elecnor Group's R&D&i management system. The Company has focused its efforts on the international scope of its activities and the continued improvement of corporate tools with a view to generating and executing projects with high added value in the main markets in which the Group operates. The most notable actions have been:

- The launch of the 2014 Focus conference for the financing of internal R&D&i projects. This particular edition had participation, for the first time, from foreign subsidiaries, specifically those located in Chile, Brazil, Mexico and the United States. The conference focused primarily on projects with a rapid implementation period.
- The inclusion of the UK subsidiary in the corporate tax deduction system with a view to improving the returns on R&D&i activities.
- The performance of two single-themed workshops focused on matters that are of particular interest to the organisation, i.e. power services and the hybridisation of diesel-fired power plants through photovoltaic power. These workshops were attended by Group employees involved in these activities and had a clear focus on international activities.
- Elecnor, S.A. has maintained its certification of the R&D&i management system according to the UNE 166.002:2006 standard as have the subsidiaries Atersa, Audeca and Elecnor Deimos.

Improvements planned for 2015:

- Continue with the internationalisation of R&D&i though the inclusion of a greater number of subsidiaries in the corporate tax deduction system and encourage their involvement in internal calls for the financing of projects.
- Optimise internal calls for proposals to increase the quantity and quality of projects performed and to align R&D&i with the generation of new business.
- Adapt the R&D&i management systems of Elecnor S.A., Atersa, Audeca and Elecnor Deimos to the new UNE 166.002:2014 standard.

The most notable projects carried out in 2014 were:

- In the area of environmental activities, a phytodepuration project was carried out at two pilot plants to analyse the treatment of waste water containing macrophytes and micro-algae. The BIODEPUR project was also undertaken, which consists of developing a moving bed biomass bioreactor with membrane filtration to optimise waste water treatment. Lastly, a more sustainable electrocoagulation drinking water treatment system that avoids the use of chemical agents.
- In the area of power activities, a project was carried out to improve control processes for the operation of substations, a weather forecast module was developed for wind farms and the wind farm management tool has been extended to optimise the market roll-out process.
- In the construction division, a project is underway to build self-sustaining wooden residential modules using new construction systems.
- In electricity, improvements are being made to the configuration and parametrisation platform for remote control terminals to give them greater autonomy and optimise their management.
- In the aerospace business we have, on the one hand, the PERIGEO project aimed at developing a space technology demonstration module for the simulation of space missions; on the other hand, the RECONFIGURE project has as its purpose to carry out research and development of aircraft guidance and control technologies enabling automation of abnormal event handling during operations.
- The Systems unit is involved in the development of the Geo-Cloud project, which seeks to validate cloud-based satellite image processing and distribution infrastructures. The unit is also working on Arid-Lap, the objective of which is to develop technological solutions based on satellite imaging and field sensors to minimise the negative impact of weather conditions on high-performance railway line operations in arid zones.

10. Significant events after the reporting period

No events have taken place between the end of the 2014 reporting period and the authorisation for issue of these annual accounts that could constitute a material change in the fair presentation of the financial statements of Elecnor, S.A. or of the subsidiaries that comprise the Group.

11. 2015 outlook

11.1. Economic situation

According to the International Monetary Fund "World Economic Outlook" report published on 20 January 2015, global growth will receive a boost from lower oil prices, which reflect to an important extent higher supply. Oil prices have declined by over 50% since September due to demand weakness in some major economies, in particular, emerging markets, and to the decision of the OPEC to maintain current production levels despite the steady rise in production from non-OPEC producers, especially the United States.

However, this stimulus is expected to be more than offset by negative factors, foremost among which is the weak growth of investment in many major economies and emerging markets which are tending to adjust to diminished expectations given the medium-term growth prospects. The global growth projections for 2015 and 2016 are 3.5% and 3.7%, respectively.

Among major advanced economies, growth in the United States is projected to exceed 3% in both 2015 and 2016, due to domestic demand, which will be supported by lower oil prices, more moderate fiscal adjustment and an accommodative monetary policy stance, despite the projected gradual rise in interest rates.

In emerging markets and developing economies, growth is projected to remain broadly stable at 4.3% in 2015 and to increase to 4.7% in 2016.

Turning to Latin America, economic activity in Brazil has remained stable, with a growth forecast of 0.3% for 2015, although the government has expressed a renewed commitment to contain the tax deficit and reduce inflation. The growth outlook for Chile and Peru is more favourable. In Chile, uncertainty regarding the impact of political reforms appears to be affecting investment, which is expected to grow by 2.8% in 2015. In Peru's case, weakness of exports and investment have resulted in a sharp slowdown in recent economic activity. However, economic policy measures and new projects undertaken in the mining sector are expected to pave the way to a substantial rise in activity in 2015, with growth reaching 4%. Declining oil prices will affect the Venezuelan economy particularly sharply and economic activity is currently projected to decline by 7% in 2015. Furthermore, the loss of export revenues will deepen the country's fiscal problems and the economic recession.

In the Euro area, activity is projected to be supported by lower oil prices, further monetary policy easing, a more neutral fiscal policy stance, and the recent Euro depreciation. But these factors will be offset by weaker investment prospects, and the recovery will be somewhat slower than previously forecast, with annual growth projected at 1.2% in 2015 and 1.4% in 2016.

11.2. Elecnor Group

Assuming that Spain maintains a stable regulatory framework for both renewable energy and taxation in 2015, the year looks set to put the Elecnor Group back on the path to growth. This represents a turning point achieved despite the effects of the tax reform that entered into force on 1 January 2015 and after two years, 2012 and 2013, in which the income statements reflected the negative consequences of the aforementioned regulatory changes on renewable energy generation. Moreover, these changes altered a market in which the Group has a very prominent presence across the entire value chain as a producer and builder of photovoltaic module projects and as an owner of investments in the renewables sector.

Elecnor continues to base its strategy on growth in the international market through projects currently in its portfolio that require several years to fully develop. However, the recovery of the domestic market continues to show weakness and is not yet expected to translate into significant growth of our main customers' investment projects. In light of this, the Group has made a considerable effort, albeit to a lesser degree than in the prior year, to adapt its corporate and productive structure to the volume of activity in the various businesses it carries out in Spain. This will boost profitability, productivity and competitiveness within the aforementioned environment.

Based on the foregoing and supported by a robust backlog of projects, as explained in section 3.1.5., the Elecnor Group heads into 2015 with the goal of surpassing the revenues and results it achieved in 2014.

12. Share capital and acquisition of own shares

At 31 December 2014 the share capital of Elecnor, S.A. was represented by 87,000,000 subscribed and fully paid ordinary bearer shares of EUR 0.10 par value each.

The shares of Elecnor, S.A. are listed in the Spanish stock market interconnection system (SIBE), on which the shares of most of the largest Spanish companies with the highest trading volumes are listed.

At 31 December 2013 Elecnor, S.A. held 2,488,452 own shares. Over 2014 it acquired 241,137 shares and sold 258,557 shares. Consequently, at 31 December 2014 it held a total of 2,471,032 own shares. This means that own shareholdings have gone from 2.86% of total share capital at the beginning of the year to 2.84% at 2014 year end.

13. Related party transactions

For information on related party transactions pursuant to article 15 of Royal Decree 1362/2007, we refer to the disclosures in the notes to the consolidated financial statements for the year ended 31 December 2014.

14. Annual report on corporate governance

In accordance with the statutory obligations issued by the CNMV and the form issued by it, the board of directors of Elecnor, S.A. has drawn up the annual report on corporate governance for the year ended 31 December 2014. This report is available on the website of the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores).

Economic profile of Elecnor, S.A.

Elecnor, S.A.

Balance Sheets

at 31 december 2014 and 2013

(Thousands of Euros)

ASSETS	2014	2013 (*)
NON CURRENT ASSETS	**964,316**	**1,142,756**
Intangible Assets	**2,550**	**2,848**
Administrative Concessions	46	48
Commecial Rights	1,031	1,031
Software	924	771
Other intangible assets	549	998
Property, Plant and Equipment	**36,733**	**38,273**
Land, buildings, plant and machinery	26,465	27,772
Other Items fo Property, Plant and Equipment	10,268	10,501
Investments in group companies and associates	**902,326**	**1,076,218**
Equity instruments	879,869	1,054,223
Loans to companies	22,457	21,995
Non current financial investments	**2,342**	**2,582**
Equity instruments	-	-
Loans to third parties	24	8
Financial Derivatives	361	528
Other financial assets	1,957	2,046
Deferred tax assets	**20,365**	**22,835**
CURRENT ASSETS	**823,330**	**868,753**
Non-current assets held for sale	**1,779**	**1,779**
Inventories	**20,725**	**15,428**
Raw materials and other supplies	687	954
Advances to suppliers	20,038	14,474
Trade and other receivables	**689,217**	**732,139**
Trade receivables	612,155	650,227
Receivable from group companies and associates	59,911	64,916
Other receivables	1,806	1,399
Current income tax assets	1,315	2,844
Other receivables from Public Administrations	14,030	12,753
Investments in Group companies and associates	**13,393**	**27,535**
Loans to companies	10,123	18,216
Other financial assets	3,270	9,319
Current financial investments	**640**	**6,650**
Loans to companies	30	-
Debt securities	22	-
Other financial assets	588	6,650
Accruals	**938**	**638**
Cash and cash equivalents	**96,638**	**84,584**
Cash	45,150	67,863
ash equivalents	51,488	16,721
TOTAL ASSETS	**1,787,646**	**2,011,509**

(*) Presented for comparison purposes only

EQUITY AND LIABILITIES	2014	2013 (*)
EQUITY	**533,668**	**518,894**
CAPITAL AND RESERVES-		
Share Capital	**8,700**	**8,700**
Issued Capital	8,700	8,700
Reserves	**520,564**	**513,069**
Legal and statutory reserves	1,743	1,743
Other reserves	518,821	511,326
Treasury shares and equity investments	**(22,264)**	**(22,421)**
Profit / loss of the year	**39,408**	**27,845**
Interim dividend	**(4,193)**	**(4,193)**
UNREALISED ASSET AND LIABILITY REVALUATION RESERVE-		
Financial assets		
Hedging instruments	**(8,547)**	**(4,106)**
NON CURRENT LIABILITIES	**311,356**	**343,000**
Provisions for contingencies and charges	**-**	**12,883**
Other provisions	-	12,883
Borrowings	**305,544**	**323,281**
Bank borrowings	290,203	310,987
Obligations under finance leases	6,426	6,825
Derivates	8,915	5,469
Other financial liabilities		
Borrowings from group companies and associates	**2,000**	**2,000**
Deferred tax liabilities	**3,812**	**4,836**
CURRENT LIABILITIES	**942,622**	**1,149,615**
Short-term provisions	**18,476**	**32,582**
Borrowings	**109,142**	**100,931**
Obligations and other securities	98,800	-
Bank borrowings	1,872	94,694
Obligations under finance leases	377	357
Derivates	2,831	914
Other financial liabilities	5,262	4,966
Borrowings from group companies and associates	**5,495**	**12,129**
Trade and other payables	**809,509**	**1,003,973**
Suppliers	303,546	359,148
Suppliers group companies and associates	8,978	14,823
Other payables	36,138	26,683
Employee benefits payable	8,686	8,117
Other payables to Public Administrations	30,543	55,388
Customer advances	421,618	539,814
TOTAL EQUITY AND LIABILITIES	**1,787,646**	**2,011,509**

Elecnor, S.A.

Income Statements

for the years ended 31 december 2014 and 2013

(Thousands of Euros)

	2014	2013 (*)
CONTINUING OPERATIONS		
Net turnover	**972,560**	**1,160,253**
Revenues	972,560	1,160,253
Work performed by the entity and capitalised	1,360	578
Procurements	**(478,094)**	**(623,742)**
Consumption of raw materials and other consumables	(238,498)	(287,591)
Work performed by third parties	(239,596)	(337,365)
Deterioration of woods, raw materias and other supplies	-	1,214
Other operating income	**8,578**	**6,979**
Ancillary income	7,766	6,494
Grants related to income	812	485
Staff costs	**(294,100)**	**(293,349)**
Wages, salaries and other	(231,092)	(235,051)
Social security costs	(63,008)	(58,298)
Other operating expenses	**(172,137)**	**(187,573)**
External services	(147,550)	(148,608)
Taxes	(6,230)	(23,097)
Losses on, impairment of and change in trade provisions	(16,174)	(13,991)
Other operating expenses	(2,183)	(1,877)
Depreciation and amortisation	**(7,618)**	**(7,916)**
Impairment losses and gains/losses on disposal of non current assets	**(128)**	**104**
Gains/losses on disposals and other gains and losses	(128)	104
OPERATING PROFIT	**30,421**	**55,334**
Finance revenues	**15,714**	**29,108**
From equity investments		
- In group companies and associates	9,262	21,943
From trade securities and other equity instruments		
- In group companies and associates	2,769	2,930
- In third parties	3,683	4,235
Finance costs	**(24,405)**	**(24,946)**
Borrowings from group companies and associates	(289)	(224)
Third-party borrowings	(24,116)	(24,722)
Change in fair value of financial instruments		722
Exchange differences	**(5,877)**	**(9,552)**
Impairment losses and gains/losses on disposal of financial instruments	**40,119**	**1,796**
Impairment ans losses	40,119	1,796
FINANCIAL GAINS	**25,551**	**(2,872)**
PROFIT BEFORE TAX	**55,972**	**52,462**
Income tax	(16,564)	(24,617)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**39,408**	**27,845**
PROFIT FOR THE YEAR	**39,408**	**27,845**

(*) Presented for comparison purposes only

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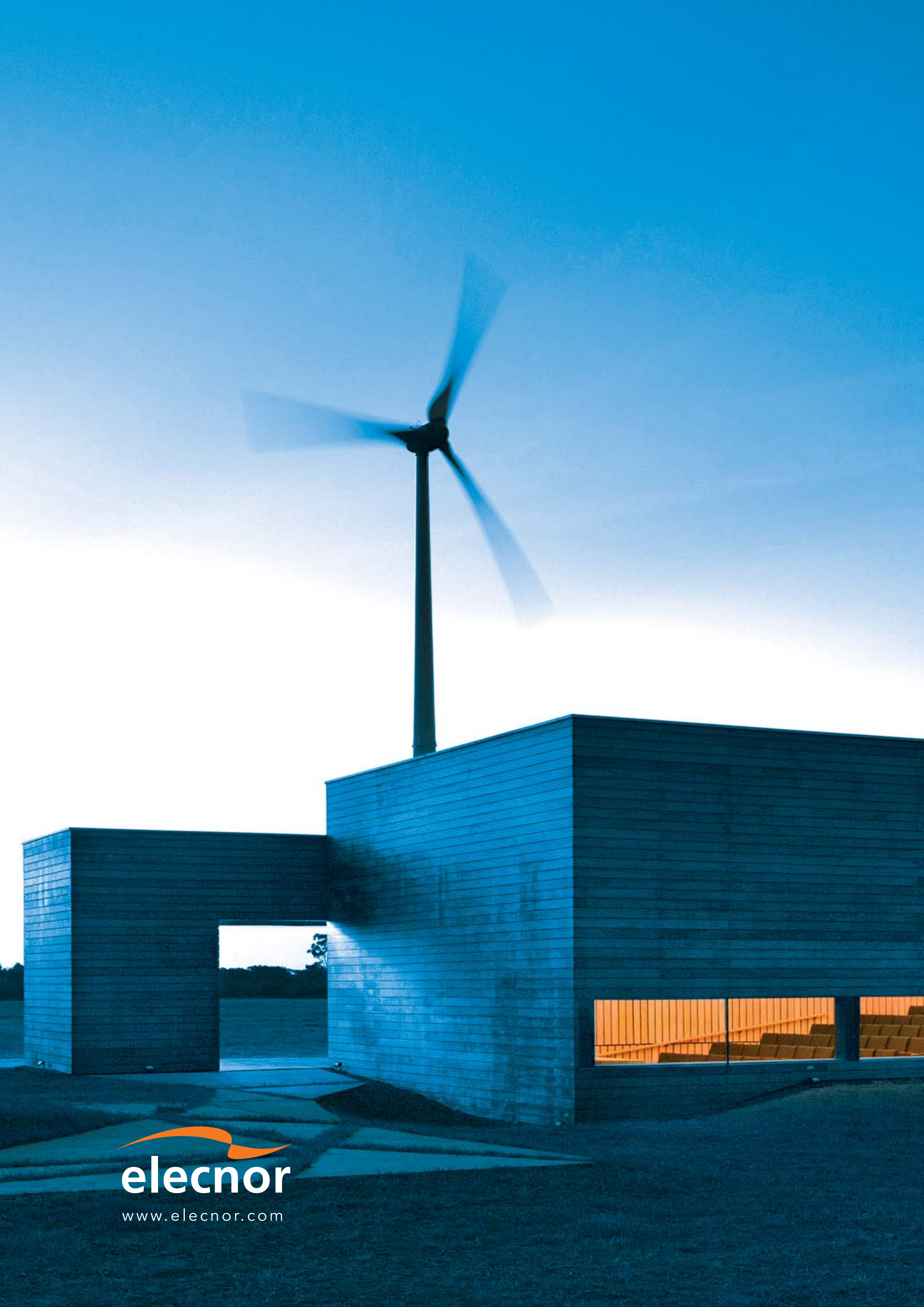
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