2013 Financial statements and Directors' report

Financial Information 2013

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

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

To the Shareholders of
Elecnor, S.A.

We have audited the consolidated annual accounts of Elecnor, S.A. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position at 31 December 2013 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes. As specified in note 2, the Directors are responsible for the preparation of these consolidated annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on these consolidated annual accounts taken as a whole, based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2013 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 and other applicable provisions of the financial reporting framework.

The accompanying consolidated directors' report for 2013 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 2013. 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

21 February 2014

Economic profile of the Elecnor Group 2013

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

Consolidated Statements of Financial Position

at 31 December 2013 and 2012 (notes 1 to 6)

(Thousands of Euros)

Assets	31/12/2013	31/12/2012 (*) (Restated)	01/01/2012 (*) (Restated)
Non-current assets:			
Intangible assets:			
Goodwill (note 7)	32,360	32,289	24,829
Other intangible assets, net (note 8)	70,506	75,479	72,363
	102,866	107,768	97,192
Property, plant and equipment, net (note 9)	1,093,068	1,016,211	763,009
Investments accounted for using the equity method (note 10)	92,375	101,935	71,624
Non-current financial assets (note 11)-			
Equity investments	3,772	3,986	7,745
Other financial assets	693,373	639,871	556,486
	697,145	643,857	564,231
Deferred tax assets (note 18)	74,267	79,867	82,974
Total non-current assets	**2,059,721**	**1,949,638**	**1,579,030**
Current assets:			
Non-current assets held for sale (note 3.a)	4,370	5,571	8,675
Inventories (note 3.l)	36,328	85,816	70,362
Trade and other receivables (note 12)	910,173	922,802	999,628
Loans to related companies (note 26)	47,525	1,539	47,964
Tax receivables (note 19)	73,634	70,932	45,281
Other receivables	10,303	17,788	15,060
Current investments in related companies (note 26)	4,323	4,238	8,779
Other current assets	7,899	4,062	2,752
Cash and cash equivalents (note 12)	244,351	528,086	255,223
Total current assets	**1,338,906**	**1,640,834**	**1,453,724**
Total assets	**3,398,627**	**3,590,472**	**3,032,754**

(*) Presented for comparison purposes only.
Notes 1 to 31 and the Appendices form an integral part of the consolidated statement of financial position at 31 December 2013.

(Thousands of Euros)

Equity and Liabilities	31/12/2013	31/12/2012 (*) (Restated)	01/01/2012 (*) (Restated)
Equity (note 13):			
Parent			
Share capital	8,700	8,700	8,700
Other reserves	442,150	493,816	473,232
Valuation adjustments	(48,573)	(68,907)	(50,885)
Profit for the year attributable to the Parent	53,289	87,593	115,088
Interim dividend for the year (note 5)	(4,193)	(4,663)	(4,663)
	451,373	516,539	541,472
Non-controlling interests	81,112	41,663	48,632
Total equity	**532,485**	**558,202**	**590,104**
Non-current liabilities:			
Grants (note 3.q)	11,628	9,515	8,597
Deferred income	7,610	7,218	7,047
Provisions for contingencies and charges	22,948	33,696	36,851
Bank borrowings and other financial liabilities (notes 14 and 15)	1,096,883	1,232,129	748,159
Non-current payables to Group companies (note 26)	-	-	559
Other non-current liabilities (note 19)	19,454	33,352	30,073
Deferred tax liabilities (note 18)	61,628	45,009	36,659
Total non-current liabilities	**1,220,151**	**1,360,919**	**867,945**
Current liabilities:			
Bank borrowings and other financial liabilities (notes 14 and 15)	315,588	224,557	179,366
Trade payables to associates and related companies (note 26)	3,623	4,532	3,529
Trade and other payables-			
Accounts payable for purchases and services	531,734	529,665	629,897
Customer advances and advance billings (note 17)	596,789	777,241	629,265
	1,128,523	1,306,906	1,259,162
Other payables-			
Tax payables (note 19)	104,683	77,831	82,204
Other current liabilities	93,574	57,525	50,444
	198,257	135,356	132,648
Total current liabilities	**1,645,991**	**1,671,351**	**1,574,705**
Total equity and liabilities	**3,398,627**	**3,590,472**	**3,032,754**

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

Consolidated Income Statements

for the years ended 31 December 2013 and 2012

(notes 1 to 6)

	(Thousands of Euros) Debit/(Credit) 2013	2012 (*)
Continuing operations:		
Revenue (note 21)	1,864,174	1,930,712
Changes in inventories of finished goods and work in progress (note 3.l)	(6,622)	29,652
Procurements (note 21)	(1,039,204)	(1,145,975)
Other operating income (note 3.h)	184,426	180,891
Staff costs (note 21)	(451,563)	(429,716)
Other operating expenses	(330,780)	(301,898)
Depreciation and amortisation charge and impairment losses (note 21)	(78,890)	(68,740)
Profit from operations	**141,541**	**194,926**
Finance income (note 21)	61,934	68,732
Finance costs (note 21)	(82,673)	(81,441)
Exchange differences (note 2.f)	(10,582)	(8,432)
Impairment of and gains or losses on disposals of financial instruments (notes 2.g, 10, 11.a and 16)	(2,012)	19
Changes in fair value of financial instruments (note 2.g)	16,651	(252)
Share in results of companies accounted for using the equity method	(15,793)	(34,906)
Profit before tax	**109,066**	**138,646**
Income tax (note 19)	(52,208)	(47,498)
Profit for the year from continuing operations	**56,858**	**91,148**
Profit for the year	**56,858**	**91,148**
Attributable to:		
Shareholders of the Parent	53,289	87,593
Non-controlling interests (note 13)	3,569	3,555
Earning per share (in Euros) (note 28)		
Basic	0.63	1.04
Diluted	0.63	1.04

(*) Presented for comparison purposes only.
Notes 1 to 31 and the Appendices form an integral part of the consolidated income statement for 2013.

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

Consolidated Statements of Comprehensive Income

for the years ended 31 December 2013 and 2012

	Note	2013	2012 (*) (Restated)
		Thousands of Euros	
CONSOLIDATED PROFIT (I)		**56,858**	**91,148**
Other comprehensive income			
Items that will be reclassified to profit or loss			
Income and expense recognised directly in equity:			
- Cash flow hedges	Nota 15	(6,762)	(3,909)
- Translation differences	Nota 13	(104,428)	(41,277)
- Share in other comprehensive income of investments accounted for using the equity method	Nota 10	(12,339)	(21,815)
- Tax effect	Notas 15 y 18	2,030	1,173
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY (II)		**(121,499)**	**(65,828)**
Transfers to consolidated profit or loss:			
- Cash flow hedges	Nota 15	16,740	721
- Share in other comprehensive income of investments accounted for using the equity method	Nota 10	12,807	-
- Tax effect	Notas 15 y 18	(5,022)	(216)
TOTAL TRANSFERS TO THE CONSOLIDATED PROFIT OR LOSS (III)		**24,525**	**505**
TOTAL RECOGNISED CONSOLIDATED INCOME AND EXPENSES (I+II+III)		**(40,116)**	**25,825**
a) Attributable to the Parent		(38,191)	21,779
b) Attributable to non-controlling interests		(1,925)	4,046

(*) Presented for comparison purposes only.
Notes 1 to 31 and the Appendices form an integral part of the consolidated statement of comprehensive income for 2013.

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

Consolidated Statements of Changes in Equity

for the years ended 31 December 2013 and 2012

Thousands of Euros

	Share capital	Valuation adjustments	Legal reserve	Other restricted reserves	Other voluntary reserves	Reserves of consolidated companies	Treasury 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 2011 (note 13)	**8,700**	**(21,014)**	**1,743**	**22,476**	**316,561**	**154,101**	**(22,461)**	**812**	**452,218**	**115,088**	**(4,663)**	**48,632**	**619,975**
Correction of errors	-	(29,871)	-	-	-	-	-	-	(29,871)	-	-	-	(29,871)
Restated balances at 1 January 2012	**8,700**	**(50,885)**	**1,743**	**22,476**	**316,561**	**154,101**	**(22,461)**	**812**	**422,347**	**115,088**	**(4,663)**	**48,632**	**590,104**
Total recognised income and expense in 2012	-	(2,722)	-	-	-	-	-	(47,792)	(50,514)	87,593	-	4,046	41,125
Distribution of profit:													-
Reserves	-	-	-	-	81,228	11,258	-	-	92,486	(92,486)	-	-	-
Final dividend	-	-	-	-	-	-	-	-	-	(17,939)	-	(3,815)	(21,754)
Extraordinary dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
2011 interim dividend	-	-	-	-	-	-	-	-	-	(4,663)	4,663	-	-
Acquisition of treasury shares	-	-	-	-	-	-	(1,544)	-	(1,544)	-	-	-	(1,544)
Sale of treasury shares	-	-	-	-	-	-	1,169	-	1,169	-	-	-	1,169
Transfer between reserves	-	-	-	375	(375)	-	-	-	-	-	-	-	-
Interim dividend paid in 2012	-	-	-	-	-	-	-	-	-	-	(4,663)	-	(4,663)
Translation of foreign currency financial statements	-	-	-	-	-	-	-	-	-	-	-	460	460
Other due to changes in the scope of consolidation (note 2,g)	-	-	-	-	69,358	(89,141)	-	-	(19,783)	-	-	(7,908)	(27,691)
Other	-	-	-	-		(3,952)	-	-	(3,952)	-	-	248	(3,704)
Balances at 31 December 2012 (note 13)	**8,700**	**(53,607)**	**1,743**	**22,851**	**466,772**	**72,266**	**(22,836)**	**(46,980)**	**440,209**	**87,593**	**(4,663)**	**41,663**	**573,502**
Correction of errors	-	(15,300)	-	-	-	-	-	-	(15,300)	-	-	-	(15,300)
Restated balances at 1 January 2013	**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 in 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)	-	-	-
Final dividend	-	-	-	-	-	-	-	-	-	(17,939)	-	(6,360)	(24,299)
Extraordinary dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
2012 interim dividend	-	-	-	-	-	-	-	-	-	(4,663)	4,663	-	-
Acquisition of treasury shares	-	-	-	-	-	-	(1,247)	-	(1,247)	-	-	-	(1,247)
Sale of treasury 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 due to changes in the scope of consolidation (note 2.g)	-	-	-	-	-	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 (note 13)	**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**

(*) Presented for comparison purposes only.
Notes 1 to 31 and the Appendices form an integral part of the consolidated statement of changes in equity for the year ended 31 December 2013,

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

Consolidated Statements of Cash Flows

for the years ended 31 December 2013 and 2012

	Thousands of Euros	
	2013	2012 (*)
Cash flows from operating activities:		
Consolidated profit for the year	56,858	91,148
Adjustments for-		
Depreciation and amortisation and changes in current and non-current asset provisions (notes 8, 9, 10 and 21)	65,040	54,351
Changes in provision for contingencies and charges (note 16)	13,850	(2,260)
Allocation of deferred income	(1,227)	(2,092)
Net result of companies accounted for using the equity method (note 10)	15,793	(2,095)
Change in fair value of financial instruments (note 15)	(16,822)	-
Impairment of and net gains/losses on disposals of financial instruments (notes 2.g, 10 and 16)	2,012	35,816
Finance income and costs (note 21)	31,321	(11,857)
Income tax	52,208	47,498
Cash flows from operating activities	219,033	210,509
Changes in working capital:		
Changes in trade receivables and other current assets	(67,020)	130,206
Changes in inventories	50,702	(12,441)
Changes in trade and other payables	(133,494)	892
Effect of translation differences on the working capital of foreign companies		(3,644)
Changes in other receivables	(1,601)	10,022
Income tax paid	(24,827)	(50,134)
Net cash flows from operating activities (I)	**42,793**	**285,410**
Cash flows from investing activities:		
Investments in Group companies, associates and jointly-controlled entities (notes 2.g, 7 and 10)	(3,197)	(69,765)
Investments in intangible assets (note 8)	(1,775)	(2,546)
Investments in equity instruments and other non-current investments (note 11)	(154,936)	(176,723)
Grants for acquisition of fixed assets	3,340	2,643
Investments in property, plant and equipment (note 9)	(249,114)	(348,668)
Dividends received from associates (note 10)	5,160	5,859
Interest received	61,934	83,298
Proceeds from disposal of property, plant and equipment, intangible assets and non-current assets (notes 8 and 9)	8,152	5,854
Proceeds from disposal of financial assets, net (notes 2.g and 11)	10,905	4,620
Net cash flows used in investing activities (II)	**(319,531)**	**(495,428)**
Cash flows from financing activities:		
Cash inflows from bank borrowings and other non-current borrowings (note 14)	245,386	726,911
Interest paid (note 14)	(82,922)	(83,298)
Repayment of bank borrowings and other non-current liabilities (note 14)	(143,801)	(144,705)
Dividends paid	(28,492)	(26,417)
Cash inflows due to disposal of treasury shares (note 13)	1,616	1,169
Cash outflows due to purchase and sale of treasury shares (note 13)	(1,201)	(1,544)
Net cash flows from (used in) financing activities (III)	**(9,414)**	**472,116**
Effect of the changes in the scope of consolidation (IV)	**2,417**	**10,765**
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	**(283,735)**	**272,863**
Cash and cash equivalents at beginning of year	528,086	255,223
Cash and cash equivalents at end of year	**244,351**	**528,086**

(*) Presented for comparison purposes only.
Notes 1 to 31 and the Appendices form an integral part of the consolidated statement of cash flows for the year ended 31 December 2013.

Consolidated Annual Report 2013

Elecnor, S.A. and subsidiaries comprising the ELECNOR Group (consolidated) Notes to the consolidated annual accounts for the year ended 31 December 2013

1. Group companies and associates

Elecnor, S.A., the Parent, was incorporated on 6 June 1958, and its registered offices are at calle Marqués de Mondéjar 33, Madrid.

The Parent's statutory activity, according to its bylaws, is:

- Commercial activity in the broadest sense, 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 required 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, solar thermal 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 offices.

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, the Parent is obliged to prepare, in addition to its own separate annual accounts, 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 the information related thereto at 31 December 2013 and 2012, 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 basis of consolidation

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

The consolidated annual accounts for 2013 of the ELECNOR Group were authorised for issue:

- By the directors of Elecnor, at the board of directors' meeting held on 19 February 2014, in accordance with the regulatory financial reporting framework applicable to the ELECNOR Group, established in:
  a) the Spanish Code of Commerce and other prevailing legislation,
  b) International Financial Reporting Standards ("IFRSs") as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, including International Accounting Standards (IASs) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). The main accounting principles and measurement criteria applied in preparing the ELECNOR Group's consolidated annual accounts for 2013 are summarised in Note 3.
  c) All other applicable Spanish accounting legislation.
- Taking into account all the mandatory accounting rules and principles and measurement criteria with a material effect on the consolidated annual accounts, as well as alternative treatments permitted by the relevant standards, which are specified in Note 2-b to the ELECNOR Group's consolidated annual accounts.
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2013 and the results of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended.
- On the basis of the accounting records kept by Elecnor and the other Group companies, which include the temporary joint ventures ("UTEs") in which they had interests at 31 December 2013 and 2012.

The ELECNOR Group's consolidated annual accounts for 2012 were authorised for issue by the shareholders at their annual general meeting held on 22 May 2013. The 2013 consolidated annual accounts of the Group and the 2013 separate annual accounts of the Group companies have not yet been approved by their shareholders at the respective annual general meetings. However, the board of directors of Elecnor considers that the aforementioned annual accounts will be approved without any changes.

b) Adoption of International Financial Reporting Standards (IFRSs)-

IFRSs establish certain alternatives in their application, including most notably the following:

i) Interests in jointly controlled entities may be proportionately consolidated or accounted for using the equity method, provided that the same method is applied to all the interests in jointly controlled entities held by the Group.

The Group opted to account for all the companies over which control is shared with the other shareholders using the equity method.

ii) Both intangible assets and assets classified under "Non-current assets - Property, plant and equipment, net" may be measured at market value or at acquisition cost less any accumulated depreciation and amortisation and any accumulated impairment losses.

The Group opted to recognise the aforementioned assets at adjusted acquisition cost.

iii) Capital grants may be recognised by deducting the amount of the grants received for the acquisition of the assets from the carrying amount of the assets or they may be presented as a non-current liability in the consolidated statement of financial position.

The Group opted for the latter.

iv) As permitted by IFRS-EU, it was decided not to apply IFRS 3 retrospectively to business combinations that occurred before 1 January 2004.

v) The translation differences arising prior to 1 January 2004 were classified under "Equity - Other reserves".

Standards adopted early

The Group has early adopted the amendments introduced in IAS 36 - disclosure of the recoverable amount of non-financial assets.

Standards and interpretations issued but not yet in force

The IASB has issued new accounting standards (IFRS) and interpretations (IFRIC) which are due to become effective for accounting periods beginning on or after 1 January 2014. 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 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 is 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 ready to be applied immediately, but is pending adoption by the EU.

IFRS 10 Consolidated Financial Statements – issued May 2011

This new consolidation standard supersedes the previous version of IAS 27 Consolidated and Separate Financial Statements including the related interpretation SIC 12 Consolidation – Special Purpose Entities. The objective of this standard is to obtain a single consolidation model based on three premises: the exposure or existence of rights to variable returns from involvement with the investee; the ability to affect those returns through power over the investee; and linkage between power and returns.

The Group is analysing how this new definition of control will affect the consolidated companies as a whole and does not expect it to give rise to changes in the scope of consolidation or in the consolidation method used.

This standard is effective for periods beginning on or after 1 January 2014.

IFRS 11 Joint Arrangements – issued January 2012

This standard supersedes IAS 31 Interests in Joint Ventures. The objective of this standard is to define joint arrangements, classifying them into different subcategories, and prescribe their accounting treatment.

The fundamental change introduced by IFRS 11 with respect to the current standard is the elimination of the option of proportionate consolidation for jointly controlled entities, which will begin to be accounted for using the equity method. This is the method currently used by the Elecnor Group and, therefore, the entry into force of this standard will not have any effect in this regard.

The Group does not expect a significant impact on its consolidated financial statements (Note 2.f).

This standard is effective for periods beginning on or after 1 January 2014.

IAS 28 Investments in Associates and Joint Ventures – issued January 2012

This standard was issued in parallel to the new IFRSs mentioned above.

This standard is effective for periods beginning on or after 1 January 2014.

IFRS 12 Disclosure of Interests in Other Entities – issued May 2011

This standard combines all disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities, and states that an entity may aggregate the disclosures required if aggregation is consistent with the disclosure objective, is clear and does not lead to confusion

Therefore, the entry into force of this standard will lead foreseeably to an increase in the disclosures made by the Group, which are those that are currently required for investments in other entities and other investment vehicles.

This standard is effective for periods beginning on or after 1 January 2014.

c) Functional currency-

These consolidated annual accounts are presented in thousands of Euros, since the Euro is the currency used in the main economic ambit in which the Group operates. Foreign operations are recognised in accordance with the policies established in Note 3-f.

d) Responsibility for the information and use of estimates-

7.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 2013 estimates were occasionally made by the senior executives of the Group and of the consolidated companies, later ratified by the directors, in order to quantify certain assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The evaluation of possible impairment losses on certain assets (see Notes 7, 8, 9, 11 and 18);
- The evaluation of possible losses on projects in progress and/or the committed order book;
- The result relating to 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 contingencies 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 goodwill (see Note 7); and
- The fair value of certain unquoted assets (see Notes 11 and 15).

Although these estimates were made on the basis of the best information available at 31 December 2013 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statement.

e) Comparative information-

As required by IAS 1, the information relating to 2013 contained in these notes to the consolidated annual accounts is presented, for comparison purposes, with similar information relating to 2012, and does not constitute the ELECNOR Group's statutory consolidated annual accounts for 2012.

The directors of the Parent have opted to correct an accounting error in the consolidated annual accounts for 2012. This is because the investment in two investments accounted for using the equity method (see note 10) generated from the change in fair value of hedging derivatives was not recognised in the consolidated statement of comprehensive income, when under prevailing accounting regulations, the proportional investment should be recognised under valuation adjustments in equity, with the changes reflected in the consolidated statement of comprehensive income.

The directors of the Parent consider that the participating loans extended to the investees Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. are, in substance, part of the net investment in these companies (see Notes 2-f) and 11).

Consequently, the negative amount recorded at 31 December 2012 under investments accounted for using the equity method has been reclassified as a reduction in financial assets, where the participating loans extended to these investees are recognised.

The main impacts of these error corrections, as established by the accounting principles applied, and explained in the notes to the consolidated annual accounts for 2012, are recognised retrospectively, and thus modify the initial data as follows:

	Thousands of Euros	
	Dr	Cr
Investments accounted for using the equity method (Note 10)	10,091	
Valuation adjustments	45,171	
Non-current financial assets (Note 11)		55,262

These impacts were also recognised retrospectively at 1 January 2012,and the reclassified amounts compared to 31 December 2011 were as follows:

	Thousands of Euros	
	Dr	Cr
Investments accounted for using the equity method (Note 10)		29,871
Valuation adjustments	29,871	

The consolidated statement of comprehensive income for 2012 was also restated, adjusting the change in other comprehensive income of investments accounted for using the equity method by Euros (15,300 thousand).

f) Basis of consolidation-

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, lack relative significance.

Control is presumed to exist when the Parent owns directly or indirectly over half of the voting power of another company, except for exceptional circumstances where it can be clearly demonstrated that this ownership does not imply control (see Note 10). Control is also deemed to exist when the Parent holds half or less of the voting power of a company and has:

- power over more than half of the voting rights as a result of an agreement with other investors;
- the power to govern the financial and operating policies of the company under a legal or bylaw provision or by virtue of an agreement;
- the power to appoint or remove the majority of the members of the board of directors;
- the power to issue the majority of the votes at board meetings.

Procedures

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

In addition, all the financial statements used by the Parent and the subsidiaries relate to the same 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.

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

Business combinations

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 by 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 consolidation differences.

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

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

In the case of step acquisitions, 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.

In addition, 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 losing control), are accounted for as transactions with equity instruments.

The Group recognises goodwill at the date of acquisition as the excess of:

- the sum of (i) the consideration transferred measured at acquisition-date fair value, (ii) the amount of any non-controlling interest, and (iii) in a business combination achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree, and
- the net identifiable assets acquired and liabilities assumed.

In the event of a negative difference upon consolidation, the Group re-analyses all the values to determine whether the acquisition was really carried out in very advantageous terms, in which case the difference is recognised in the consolidated income statement.

Loss of control

When the Group loses 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 maintained in the aforementioned company are recognised at fair value at the date on which control is lost and any difference is recognised.

Interests in joint ventures and investments in associates

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and exists only when the strategic financial and operating decisions affecting the activity require the unanimous consent of the parties sharing control ("venturers").

The Group makes a distinction between the following forms that joint ventures may take:

- Jointly controlled entities: are joint ventures that involve the establishment of an independent legal entity in which an interest is acquired.

The Group includes in this category its ownership interests in companies in which there is a contractual arrangement between the venturers that establishes joint control over the economic activity of these companies.

- Jointly controlled operations or jointly controlled assets that result in the combination of the venturers' operations, the resources and expertise to obtain certain results but do not involve the incorporation of an independent legal entity.

The Group includes in this category the UTEs through which it carries on certain of its business activities.

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

The Elecnor Group accounts for its interests in jointly controlled entities and its investments in associates using the equity method. According to this method, the investment is recognised initially at cost.

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 results of associates accounted for using the equity method" 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 investments in associates with a balancing entry in other comprehensive income in the consolidated income statement. Dividends distributed are recognised as a reduction in the value of the investments.

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

If the portion of losses in an associate or joint venture corresponding to the Group equals or exceeds its investment in the associate or joint venture, it shall not recognise its portion of any subsequent losses. The investment in the associate or joint venture shall be equal to the carrying amount of the investment calculated using the equity method, plus any other non-current portion which, in substance, forms part of the Group's net investment in the associate.

Regardless of the losses recognised as described above, the Group analyses any additional impairment according to the rules governing financial assets (see Note 3-m), taking into account the investment as a whole and not only any associated goodwill.

UTEs are proportionately consolidated and the relevant percentage of the assets and liabilities of the corresponding entity are recognised under the appropriate headings in the consolidated statement of financial position and consolidated income statement.

Translation differences

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 expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Capital and reserves are translated at historical exchange rates. Any resulting translation differences are classified as equity. Such translation differences are recognised as income or as expenses in the year in which the investment is disposed of. To the extent that there is no loss of control, the distribution of dividends by the related foreign operation is not considered to be a partial disposal of the investment.

g) Changes in the scope of consolidation-

The most significant changes in the scope of consolidation in 2013 were as follows:

- On 23 April 2013, Elecnor, S.A. sold 10% of its Brazilian subsidiaries Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A. and Ventos do Litoral Energía, S.A., thus reducing the Group's interest in these companies from 100% to 90%. The difference between the sale price and the value attributed to non-controlling interests at the transaction date, amounting to approximately Euros 182 thousand, was recognised with a charge to "Equity - Other reserves" in the accompanying consolidated statement of financial position at 31 December 2013 (see Note 13).
- On different dates in September 2013, Elecnor, S.A. acquired the remaining 13.48% of Adhorna Prefabricación, S.A. , thus bringing its interest in this company to 100%. The difference between the sale price and the value attributed to non-controlling interests at the transaction date, amounting to approximately Euros 634 thousand, was recognised with a charge to "Equity - Other reserves" in the accompanying consolidated statement of financial position at 31 December 2013 (see note 13).
- On 15 August 2013, Elecnor, S.A., through Elecnor, Inc., incorporated the company 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 1 November 2013. The investment in the newly-incorporated company amounted to Euros 1.5 million.

The amounts recognised in relation to the fair value of the identifiable assets acquired and liabilities assumed on acquisition of this company, all of which relate thereto, 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 net identifiable assets	**1,490**

In relation to acquiring the various business combinations, the Elecnor Group generated a liability for payments to former shareholders which depended on compliance with certain variables, amounting to Euros 16,037 thousand, recognised under "Other non-current liabilities". During 2013, the directors considered there was sufficient evidence that this amount would not be paid, and thus reversed the amount in full, recognising the resulting income under "Changes in fair value of financial instruments".

The most significant changes in the scope of consolidation in 2012 were as follows:

- On 27 March 2012, the subsidiary Enerfin Enervento, S.A. span off the portion of its business consisting of the management of its 91% ownership interest in the share capital of Brasileña Ventos do Sul Energía, S.A. to a newly incorporated company called Enerfín Enervento Exterior, S.L., which is 70% owned by the Group and 30% owned by NCG Banco, S.A., which, in turn, is a shareholder of the Parent.

  Subsequently, on 16 May 2012, the Group acquired NCG Banco, S.A.'s 30% ownership interest in the aforementioned company for an amount of Euros 30.5 million, which was fully paid at the date of the transaction. In accordance with the consolidation bases described in Note 2-f, the difference between the aforementioned purchase price and the value attributable to non-controlling interests at the transaction date, amounting to approximately Euros 13.3 million, was recognised with a charge to "Equity - Other reserves" on the liability side of the accompanying consolidated statement of financial position at 31 December 2012 (see Note 13).
- On 27 April 2012 Elecnor, S.A. acquired 100% of the share capital. of Jomar Seguridad, S.L.U. The purchase price amounted to Euros 2,800 thousand and was settled in full in 2012.

  The amounts recognised in relation to the identifiable assets acquired and liabilities assumed on acquisition of this company, all of which relate thereto, are as follows:

	Thousands of Euros
Intangible assets	20
Property, plant and equipment	158
Other non-current financial assets	8
Trade and other receivables	2,086
Inventories	51
Other current financial assets	67
Cash and cash equivalents	431
Grants	(2)
Other current and non-current liabilities	(1,666)
Total net identifiable assets	**1,153**

The goodwill arising on the acquisition of the aforementioned company amounted to approximately Euros 1,647 thousand and was recognised with a charge to "Intangible Assets – Goodwill" on the asset side of the accompanying consolidated statement of financial position at 31 December 2012 (see Note 7).

The revenue and gain included in the consolidated income statement at 31 December 2012 from the date of the combination amounted to approximately Euros 2,829 thousand and Euros 110 thousand, respectively. Had the aforementioned company been included in the scope of consolidation from 1 January 2012, revenue would have increased by Euros 1,846 thousand and profit would have decreased by Euros 27 thousand.

- On 31 May 2012, Elecnor, S.A. acquired 35% of the shares of Teytel, S.L., thereby becoming its sole shareholder.

  The purchase price amounted to Euros 1,600 thousand, of which Euros 600 thousand was paid in 2012. The remaining amount will be settled in September 2014. Subsequently, on 17 October 2012, the board of directors of Elecnor, S.A. approved the merger by absorption of the aforementioned subsidiary by the Parent . These transactions were executed in a public deed on 26 December 2012.

  In accordance with the consolidation bases described in Note 2-f the difference between the aforementioned purchase price and the value attributable to non-controlling interests at the transaction date, amounting to approximately Euros 3.4 million, was recognised with a charge to "Equity - Other reserves" in the accompanying consolidated statement of financial position at 31 December 2012 (see Note 13).

- On 12 June 2012, Elecnor, S.A. acquired from a third party 55% of IQA Operations Group Limited, which engages in the development of electricity infrastructure, for an amount of approximately Euros 6,884 thousand, paid in full in 2012. The operation was performed through two simultaneous transactions consisting of an initial acquisition of 33% of the company directly from its shareholders and a fully subscribed and paid capital increase up to the aforementioned percentage of ownership.

  The amounts recognised in relation to the identifiable assets acquired and liabilities assumed on acquisition of this company, all of which relate thereto, are as follows:

	Thousands of Euros
Property, plant and equipment	1,226
Other non-current financial assets	610
Trade and other receivables	1,168
Inventories	1,222
Cash and cash equivalents	2,762
Financial liabilities	(4,817)
Total net identifiable assets	**2,171**

As indicated in Note 2-f, the difference between the value of the assets and liabilities recognised and the sum of the consideration paid to obtain control and approximately Euros 5,690 thousand relating to non-controlling interests was recognised with a charge to "Non-current assets - Intangible assets - Goodwill" in the accompanying consolidated statement of financial position at 31 December 2012 (see Note 7).

The revenue and losses of the acquired company, recognised in the accompanying consolidated income statement for 2012 from the date of acquisition onwards, amounted to approximately Euros 10,004 thousand and Euros 314 thousand, respectively. Also, the 2012 income and profit of the acquired company that would have been included had the acquisition date coincided with the beginning of 2012, amounted to approximately Euros 4,968 thousand and Euros 223 thousand, respectively.

- On 29 June 2012, once the conditions arising from an agreement entered into with a third party on 23 December 2011 had been met, the following transactions were performed:
- Purchase of 35.42% of the share capital of Parque Eólico de Malpica, S.A., of which the Group held 33.22% until that date and which was recognised using the equity method.
- The simultaneous sale to the seller of the acquired company, and as consideration for the aforementioned purchase transaction, of 10% of Sociedad Eólica Los Lances, S.A. and 1.4% of Sociedad Eólica de Andalucía, S.A., which the Group has recognised under "Non-current assets - Non-current financial assets" in the consolidated statement of financial position (see Note 11).

The various companies mentioned above engage in the operation and maintenance of wind farms.

Details of the acquisition-date fair value of the ownership interest in Parque Eólico de Malpica, S.A. held by the acquirer immediately prior to the acquisition date, its carrying amount and the amount of any gain or loss recognised as a result of re-measuring at fair value the equity interest in the acquiree held by the acquirer prior to the business combination are as follows:

	Thousands of Euros
Acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately prior to the acquisition date	2,071
Carrying amount	1,400
Amount of gain or loss recognised	**671**

In accordance with the accounting principles and policies applicable to the ELECNOR Group in relation to the recognition of the acquisition of Parque Eólico de Malpica, S.A., the consideration given (the Group's 10% ownership interest in Sociedad Eólica Los Lances, S.A. and 1.4% ownership interest in Sociedad Eólica de Andalucía, S.A.) was measured at fair value, calculated on the basis of valuations conducted in connection with these companies, which are consistent with the prices established by the parties in the purchase and sale transaction, giving rise to the recognition of a gain of approximately Euros 1,430 thousand in the consolidated income statement for 2012.

The amounts recognised in relation to the identifiable assets acquired and liabilities assumed on acquisition of Parque Eólico de Malpica, S.A., all of which relate thereto, were as follows:

	Thousands of Euros
Property, plant and equipment	8,182
Other non-current financial assets	146
Trade and other receivables	763
Other current assets	200
Cash and cash equivalents	1,281
Grants	(393)
Valuation adjustments	(143)
Bank borrowings and other financial liabilities	(688)
Deferred tax liabilities	(1,623)
Other current and non-current liabilities	(1,492)
Total net identifiable assets	**6,233**

As indicated in Note 2-f, the aforementioned assets acquired and liabilities assumed were recognised at their fair value at the business combination date, on the basis of the valuations conducted in connection with the ownership interests given as consideration, which are consistent with the prices established in the related purchase and sale transaction, giving rise to a revaluation of approximately Euros 5,193 thousand in relation to the carry amount of the property, plant and equipment immediately prior to the business combination.

The revenue and profit of the acquired company for the first six months of 2012 that would have been included had the acquisition date coincided with the beginning of 2012, amounted to approximately Euros 1,370 thousand and Euros 280 thousand, respectively. The profit obtained by the acquiree prior to the acquisition date amounted to approximately Euros 93 thousand, and was recognised under "Share in results of companies accounted for using the equity method" in the consolidated income statement for the year ended 31 December 2012.

- On 7 November 2011, Gasoducto de Morelos, S.A.P.I. de C.V. was incorporated with a share capital of Euros 3 thousand, divided into 50,000 shares of Euros 0.05 par value each. In 2012 and 2011 various capital increases and contributions for future increases were made for a total of approximately Euros 10,414 thousand. At 31 December 2012, the ELECNOR Group owned 50% of this subsidiary and, therefore, in accordance with the consolidation bases described in Note 2-f, it was accounted for using the equity method.

- Lastly, in 2012 the ELECNOR Group included certain companies in the scope of consolidation that were not included in the consolidated annual accounts for 2011 because the Parent's directors considered that their inclusion would not have had a significant impact thereon. Specifically, Elecnor, Inc. and Elecfrance, SARL were fully consolidated in 2012.

Additionally, in 2012 Integraçao Maranhense Transmissora de Energia, Caiuá Transmissora de Energia and Proyectos Eléctricos Agua Prieta, S.A.P.I. de C.V. were incorporated and fully consolidated.

At 31 December 2012, the total fully-consolidated net assets relating to these companies were as follows:

	Thousands of Euros				
	Integraçao Maranhense Transmissora de Energia, S.A.	Caiuá Transmissora de Energia, S.A.	Elecfrance, SARL	Proyectos Eléctricos Agua Prieta, S.A.P.I. de C.V.	Subgrupo Elecnor, Inc.
Property, plant and equipment	-	-	-	74	504
Intangible assets	-	-	-	-	38
Non-current financial assets	5,091	5,857	-	7	-
Inventories	-	-	9	1,872	-
Trade and other receivables	1,552	586	1,821	7,413	2,674
Cash and cash equivalents	848	581	1,971	655	2,236
Other current assets	-	-	-	9,016	67
Other current and non-current liabilities	(270)	(1,140)	(387)	(19,088)	(5,686)
Total net assets	**7,221**	**5,884**	**3,414**	**(51)**	**(167)**

The remaining transactions did not have a significant impact on the consolidated annual accounts at 31 December 2012.

3. Accounting principles and policies and measurement bases applied

a) Non-current assets classified as held for sale-

Non-current assets classified as held for sale are measured at the lower of 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 mainly 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 2013, approximately Euros 4,370 thousand (2012: Euros 5,571 thousand) was recognised under this heading on the asset side of the accompanying consolidated statement of financial position, relating mainly to 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 acquisition cost and that acquired earlier 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, and at the end of each reporting period it is tested for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down (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 the rendering of services-

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 that 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 - Customer advances and advance billings" on the liability side of the accompanying consolidated statement of financial position, amounted to Euros 360,570 thousand at 31 December 2013 (31 December 2012: Euros 463,998 thousand) (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, only an amount equal to the recognised expenses considered to be recoverable is recognised.

In 2013 the ELECNOR Group recognised revenue in relation to the various stages of completion of its contracts and to the rendering of services amounting to approximately Euros 1,807 million (2012: Euros 1,856 million) (see Note 21). In addition, the costs incurred in the construction contracts and the rendering of services amounted to approximately Euros 1,536 thousand in 2013 (2012: Euros 1,578 thousand).

Lastly, withholdings on payments made by customers in 2013 amounted to Euros 18,518 thousand (2012: Euros 16,182 thousand) and are recognised under "Trade and other receivables" on the asset side of the accompanying consolidated statements 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 income and dividend income-

Interest income and dividend income are recognised provided that it is likely 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.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

d) Leases-

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

Assets held 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 "Bank borrowings and other financial liabilities" 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 over the term of the lease on an accrual basis. The leases are generally renewable on an annual basis.

In 2013 the lease expenses included under "Other operating expenses" in the accompanying consolidated income statement amounted to approximately Euros 44,819 thousand (2012: Euros 54,632 thousand). At the end of 2013 and 2012 the ELECNOR Group's most significant operating leases related to machinery and transport equipment and to buildings used to carry out its business activities.

At the 2013 year end the Group had contracted the following minimum lease payments with lessors, based on leases currently in force, without taking into account the charging of common expenses, future CPI increases or future contractual lease payment reviews (in thousands of Euros):

Minimum operating lease payments	Nominal value
Within one year	23,622
Between one and five years	21,143
After five years	28,958
Total	**73,723**

The minimum operating lease payments do not include the leases relating to machinery and transport equipment that 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 necessarily take a substantial period of time to get 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 their intended 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 balances and transactions-

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 to Euros at the exchange rates prevailing at the date of the transaction. During the year, differences between the exchange rate used and the rate prevailing at the date of the collection or payment are recognised with a charge or credit to income, 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 which is accounted for as a hedge of the Group's net investment in a foreign operation.

Fixed-income securities and receivables and payables in currencies other than the Euro at 31 December of each year and other than the currencies in which the financial statements of the consolidated companies are denominated are translated to Euros at the exchange rates prevailing at the reporting date. Any exchange differences arising are recognised with a charge or a credit, as appropriate, to "Exchange differences" in the consolidated income statement.

Foreign currency transactions in which the ELECNOR Group has decided to reduce the foreign currency risk by arranging financial derivatives or other hedging instruments are accounted for as described in Note 3-m.

In general, the functional currencies of the consolidated companies and associates located abroad coincide with the presentation currency. None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs, except in the case of Venezuela. At 2013 and 2012 reporting dates the aforementioned financial statements were restated using the current measuring unit at 31 December 2013 and 2012. The financial statements of Venezuela were prepared using the historical cost method and were restated applying a general price index of 45.78%. At 31 December 2013, the cumulative impact of this restatement on equity amounted to approximately Euros 5,298 thousand (31 December 2012: approximately Euros 4,756 thousand).

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 2013 and 2012 are as follows:

	Equivalent Euro value in thousands of Euros			
	2013		2012	
Currency	Assets	Liabilities	Assets	Liabilities
Argentine peso	10,751	10,136	14,165	13,657
Brazilian real	652,203	479,250	562,740	551,515
US dollar	182,510	271,603	63,687	266,613
Canadian dollar	32,839	172,106	171,025	201,732
Venezuelan bolivar	83,843	30,226	61,812	26,548
Chilean peso	32,033	20,167	41,819	22,490
Mexican peso	28,389	24,264	69,084	65,420
Uruguayan peso	18,450	15,204	15,848	12,984
Moroccan dirham	415	363	18	3
Algerian dinar	3,073	658	2,326	966
Honduran lempira	393	-	387	-
Angolan kwanza	10,385	355	7,278	352
Dominican peso	3,066	1,359	4,442	1,284
Pound sterling	5,920	4,914	4,432	2,783
Other	4,030	542	1,283	374
Total	**1,068,300**	**1,031,147**	**1,020,346**	**1,166,721**

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

	Equivalent Euro value in thousands of Euros			
	2013		2012	
Nature of the balances	Assets	Liabilities	Assets	Liabilities
Non-current financial assets (*)	549,809	-	479,337	-
Inventories	14,911	-	59,476	-
Accounts receivable	366,999	-	282,400	-
Cash and cash equivalents	136,581	-	199,133	-
Accounts payable	-	337,482	-	460,623
Bank borrowings and other financial liabilities (Note 14)	-	693,665	-	706,098
Total	**1,068,300**	**1,031,147**	**1,020,346**	**1,166,721**

(*) Relating mainly to financial assets associated with administrative concessions (see Note 11).

g) Income tax-

The expense for Spanish corporation tax and similar taxes applicable to the foreign consolidated companies is recognised in the consolidated income statement unless it arises from a transaction the results of which are 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). Since 1 January 2008, the standard Spanish corporation tax rate has been 30%.

Deferred tax assets and liabilities arising from direct charges or credits to equity accounts are also accounted for with a charge or credit to equity.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill, the amortisation of which is not tax deductible or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

The Group does not recognise the deferred tax liabilities relating to taxable temporary differences associated with investments in subsidiaries, branches and associates, or with interests in jointly controlled entities since the Group considers that it is in a position to control the timing of the reversal of any temporary differences that do exist and it is probable that such difference will not reverse in the foreseeable future.

The ELECNOR Group recognises deferred tax assets to the extent that it is considered probable that there will be sufficient taxable profits in the future against which the deferred tax assets can be utilised.

Also, double taxation tax credits and other tax credits and tax relief 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 can be realised.

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

The income tax expense represents the sum of the current tax expense and the 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 in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

h) Property, plant and equipment-

Property, plant and equipment, which are all for own use, are stated at acquisition cost less any accumulated depreciation and any recognised impairment losses. However, prior to 1 January 2004, the ELECNOR Group revalued certain items of property, plant and equipment as permitted by the applicable legislation. In conformity with IFRSs, 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 the asset, the following should be taken into account:

- The costs arising from maintaining the asset, i.e. repairs and upkeep, are recognised directly as period expenses.
- 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 2013 total accumulated borrowing costs capitalised under "Property, plant and equipment, net" on the asset side of the consolidated statement of financial position amounted to Euros 37,739 (2012: Euros 23,654 thousand).

Group work on non-current assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of in-house warehouse materials consumption, and manufacturing costs allocated using hourly absorption rates similar to those used for the measurement of inventories). In 2013 Euros 166,694 thousand was recognised for this item under "Other operating income" in the consolidated income statement, relating mainly to the construction of wind farms. In 2012 this income amounted to Euros 168,542 thousand and was mainly from the construction of wind farms.

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

	Average years of estimated useful life
Buildings	33-50
Plant and machinery (*)	10-20
Hand and machine tools	3 -10
Furniture and fittings	3-10
Computer hardware	3-5
Transport equipment	2-10
Other items of property, plant and equipment	3-10

(*) Including the machinery and fixtures allocated to wind power projects, basically wind turbine generating systems (WTGSs), which are depreciated over a period of between 15 and 20 years.

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-

Other intangible assets are identifiable non-monetary assets without physical substance which 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 any accumulated impairment losses, provided that it is probable that they will generate economic benefits and their cost can be measured reliably.

Intangible assets developed internally

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

The expenses incurred in the development of various projects are recognised as an asset provided that they meet the following conditions:

- The expenditure is specifically identified and controlled by project and its 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, where applicable, the ELECNOR Group's staff costs relating to 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 acquisition cost 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 relating to administrative concessions it holds cannot be classified as property, plant and equipment since the contracts do not grant the right to use these assets but rather gives access to them 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, income is recognised in accordance with the fair value of each service rendered.

Construction services

The amount received or receivable from the construction of infrastructures 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, an intangible asset will be recognised if receipt of these amounts is contingent upon the demand for the service.

Subsequent to initial recognition, these assets are accounted for as described in the related measurement standard for 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) Asset impairment-

At each reporting date (in the case of goodwill or intangible assets with an indefinite useful life), or whenever there is any indication of impairment (for all remaining assets), the ELECNOR Group performs an impairment test to estimate the possible loss of value that reduces 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).

If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised for the difference with a charge to "Depreciation and amortisation charge and impairment losses" 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 estimates concerning the 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 the impairment of goodwill, which is not reversible.

l) Inventories-

"Inventories" in the consolidated statement of financial position includes 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 provision of services.

Inventories are stated at the lower of cost and net realisable value. Cost includes all acquisition and processing costs, including those incurred in bringing the inventories to their present location and condition.

If the inventories are not ordinarily interchangeable items, a specific cost is established for them whereas the weighted average cost is used for the rest.

Net realisable value is the estimated selling price net of the estimated costs required to complete the production of inventories and to sell them.

Details of "Inventories" of the Elecnor Group for 2013 and 2012 are as follows:

	Thousands of Euros	
	31.12.13	31.12.12
Raw materials and other supplies Procurements	7,224	43,908
Goods held for resale	219	123
Semi-finished and finished goods	4,300	13,423
Advances to suppliers	24,585	28,362
	36,328	**85,816**

m) Financial instruments-

Financial assets and liabilities are recognised when the Group becomes party to a contract, in accordance with the contractual clauses of the related 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 a valid approximation of their fair value.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs, unless the asset is recognised as a held-for-trading financial asset.

The ELECNOR Group classifies its current and non-current financial assets into three categories:

- Held-for-trading financial assets. Assets acquired with the intention of generating a profit in the short term from fluctuations in their prices or from differences between their purchase and sale prices and financial derivatives that have not been designated as effective hedging instruments. The assets included in this category are stated in the consolidated statement of financial position at fair value, and the gains and losses from changes in fair value are recognised in the net profit or loss for the year.
- 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. These are all the financial assets that are not included in the above two categories and are almost entirely equity securities. 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 "Unrealised asset and liability revaluation reserve" in the consolidated statement of financial position, until these investments are disposed of, when the accumulated balance of this heading relating to these investments is allocated in full to the consolidated income statement.

ELECNOR Group management decides on the most appropriate classification for each asset when acquired.

The ELECNOR Group derecognises financial assets if the contractual rights to receive a cash flow from the assets have expired or if the assets are sold or transferred to another company, transferring all the risks and rewards associated with those assets.

Category of financial assets at fair value

Following is an analysis of the financial instruments measured at fair value at 31 December 2013 and 2012 subsequent to their initial recognition, classified into categories 1 to 3, depending on the fair value measurement method:

- Category 1: their fair value is obtained from directly observable quoted prices in active markets for identical assets and liabilities.
- Category 2: their fair value is determined using observable market inputs other than the quoted prices included in category 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Category 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 2013			
	Thousands of Euros			
	Category 1	Category 2	Category 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)**

	Fair value at 31 December 2012			
	Thousands of Euros			
	Category 1	Category 2	Category 3	Total
Non-current financial assets				
Derivative financial instruments (Notes 11 and 15)	-	943	-	943
Net equity investments (Note 11)	-	-	3,986	3,986
Current financial assets				
Derivative financial instruments (Note 15)	-	709	-	709
Non-current liabilities				
Derivative financial instruments (Note 15)	-	(26,110)	-	(26,110)
Current liabilities				
Derivative financial instruments (Note 15)	-	(12,034)	-	(12,034)
	-	**(36,492)**	**3,986**	**(32,506)**

Impairment of financial assets

Financial assets are analysed by ELECNOR Group management to verify if there are any objective indications of impairment as a result of one or more events that occurred after the initial recognition of the asset and this 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 indicators of impairment of its financial assets:

- Financial difficulty of the issuer or the significant counterparty.
- Shortfall or delays in payment.
- Probability that the borrower will become bankrupt or be subject to a financial reorganisation.

Cash and cash equivalents

"Cash and cash equivalents" in the consolidated statement of financial position includes 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 financial liabilities held for trading and other financial liabilities.

Financial liabilities held for trading

Financial liabilities held for trading are liabilities acquired with the objective of repurchasing them in the short term or derivatives that have not been designated as effective hedging instruments. They are measured at fair value and any gains or losses generated are recognised in profit or loss for the corresponding year.

Other financial liabilities

The other financial liabilities, including loans, debentures and other similar liabilities, are initially recognised at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group's activities expose it mainly to the financial risks of changes in foreign exchange rates and interest rates. To hedge these exposures, the ELECNOR Group uses foreign currency hedges, cross currency swaps and interest rate swaps for hedging purposes.

Financial derivatives are initially recognised at fair value in the consolidated statement of financial position, plus, for derivatives that qualify for hedge accounting, any transaction costs directly attributable to the issue of the derivatives, less any transaction costs directly attributable to the issue of the financial instruments. Subsequently, the required valuation adjustments are made to reflect their fair value at all times. Gains and losses from fair value changes are recognised in the consolidated income statement, unless the derivative has been designated and is highly effective as a hedge, in which case it is recognised as follows:

- In the case of fair value hedges, changes in the fair value of the derivative financial instruments designated as hedges and changes in the fair value of a hedged item due to the hedged risk are recognised with a charge or credit, as appropriate, to the consolidated income statement.
- In the case of cash flow hedges, changes in the fair value of the hedging derivatives are recognised, in respect of the ineffective portion of the hedges, in the consolidated income statement, and the effective portion is recognised under "Valuation adjustments" in the consolidated statement of financial position. The accumulated gain or loss under this heading is transferred to the consolidated income statement as the hedged item affects profit or loss or in the year of its disposal.

  If a hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or a non-financial liability, this balance is taken into account in the initial measurement of the asset or liability arising from the hedged transaction. If a hedge of a firm commitment or forecast transaction does not result in the recognition of a non-financial asset or a non-financial liability, the amounts credited or charged, respectively, to "Valuation adjustments" in the consolidated statement of financial position are recognised in the consolidated income statement in the same period as that in which the hedged item affects profit or loss.

  The ELECNOR Group periodically tests the effectiveness of its hedges, both prospectively and retrospectively. All hedging transactions are submitted for approval to the board of directors of the Group company in question and are documented and signed by the corresponding financial manager, 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 at that date recognised under "Valuation adjustments" is retained under this heading until the hedged transaction occurs, at which time 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.

Derivatives embedded in other financial instruments are treated as separate derivatives when their characteristics and risks are not closely related to those of the host contracts and the host contracts are not carried at market value with unrealised gains or losses reported with a charge or a credit to the consolidated income statement.

n) Treasury shares-

Treasury shares held by the ELECNOR Group at year-end, which amounted to approximately Euros 22,421 thousand (31 December 2012: Euros 22,836 thousand), are recognised at acquisition cost and are deducted from "Equity - Other reserves" in the consolidated statement of financial position. At 31 December 2013, they represented 2.86% (31 December 2012: 2.91%) of the issued share capital at that date (see Note 13).

The gains and losses obtained by the ELECNOR Group on the disposal of treasury shares are recognised with a charge or a credit to "Equity - Other reserves" in the accompanying consolidated statement of financial position.

o) Provisions-

The Group recognises provisions for the estimated amount required to suitably meet its liabilities, whether legal or constructive, probable or certain, arising from contingencies, litigation in process or obligations, which arise as a result of past events, for which it is probable that an outflow of resources will be required, provided that it is possible to make a reasonable estimate of the amount in question. Provisions are recognised when the liability or obligation arises (see Note 16) with a charge to the relevant heading in the consolidated income statement based on the nature of the obligation, for the present value of the provision when the effect of discounting the obligation is material.

Contingent liabilities relating to possible obligations (depending 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 improbable or they cannot be measured reliably) (see Note 16) are not recognised.

p) Termination benefit costs-

Termination benefits are recognised at the earlier of when the Group can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs.

For termination benefits payable as a result of an employee's decision to accept an offer of benefits, 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.

For termination benefits payable as a result of involuntary redundancy, the Group can no longer withdraw the offer when: it has communicated the termination plan to the affected employees or their trade union representatives; the actions required to complete the plan indicate that it is unlikely that significant changes will be made to the plan; 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; the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated. A significant provision of Euros 4,136 thousand has been recognised in the accompanying consolidated annual accounts for termination benefits. At 31 December 2012 no such situations were envisaged.

q) Government grants-

Non-refundable capital grants awarded by official bodies are recognised at the grant date for the amount awarded 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 accounting depreciation taken in the period on the assets for which the grant was received.

At 31 December 2013, the ELECNOR Group had received capital grants amounting to Euros 11.6 million (2012: Euros 9.5 million), which had not yet been recognised as income. These grants relate to financial aid awarded by the Castilla y León Autonomous Community Government to the subsidiary Deimos Imaging, S.L. in relation to a satellite construction project that has already been completed, and to 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 small observation satellites as well as other costs associated with the construction of an earth-observation satellite. Government capital grants recognised in 2013 amounted to approximately Euros 1,227 thousand (2012: Euros 1,187 thousand).

Operating grants are allocated to income in the year in which the related expenses are incurred. "Other operating income" in the consolidated income statement for 2013 included approximately Euros 2,835 thousand (2012: Euros 3,109 thousand). Most operating grants received by the ELECNOR Group in 2013 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) Consolidated statement of changes in equity-

Prevailing regulations establish that certain categories of assets and liabilities be recognised at fair value through equity. The amounts recognised in equity, known as 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. The consolidated statement of changes in equity presents the changes that have arisen in the year in valuation adjustments, plus the results generated in the year plus/minus, as appropriate, the adjustments made 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 following terms are used in the consolidated statement of cash flows, which was prepared using the indirect method, with the meanings specified:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the 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 in the year.

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 the dilutive potential ordinary shares into ordinary shares of the Parent.

At 31 December 2013 and 2012, basic earnings per share coincided with 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 2013 is presented as a deduction from the ELECNOR Group's equity (see Note 5). However, the final dividend proposed by the board of directors of ELECNOR to the shareholders 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 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 comprise the Group. The financial risk management activities are approved at the highest executive level, in accordance with the established rules, policies and procedures.

a) Market risk (mainly due to foreign currency, interest rate and other price risks)-

Foreign currency risk-

The market risk arising from the foreign currency risk is due to the transactions that the Group carries out on international markets in the course of its business. Certain revenues and procurement costs are denominated in currencies other than the Euro. Therefore, 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 instruments used to achieve this hedging are basically 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 another currency, as well as the use of "currency baskets" to hedge mixed financing tied to various currencies.

The main currency other than the Euro used in 2013 and 2012 was the Brazilian real, the sensitivity of which is as follows:

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

		Thousands of Euros	
Year	Increase/decrease in exchange rates	Effect on profit before tax	Effect on equity before tax
2012	5%	(2,049)	(2,112)
2012	-5%	2,265	2,334

Interest rate risk-

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 a project financing arrangement. 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 basically IRSs, 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 equity (before tax)	Effect on profit (before tax)
2013	+50	1,859	(2,655)
2013	-50	(1,859)	2,655

		Thousands of Euros	
Year	Increase/decrease in interest rate (basis points)	Effect on equity (before tax)	Effect on profit (before tax)
2012	+50	3,266	(3,475)
2012	-50	(3,337)	3,475

b) Other price risks-

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

c) Liquidity risk-

Liquidity risk is mitigated 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 committed credit facilities of sufficient amount to cover its projected needs. In this regard, at the 2013 year end the Group had unused committed credit facilities amounting to approximately Euros 313,784 thousand (2012 year end: approximately Euros 301,605 thousand) (see Note 14).

d) Credit risk-

The credit risk is primarily attributable to its trade receivables to the extent that the counterparty or customer does not meet its 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 on and the industries in which it operates, the Elecnor Group 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 Energy Commission (CNE), 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. and Ventos do Litoral Energía, S.A. (Brazil) entered into an agreement with the Brazilian electricity distribution company to sell the electricity they generate for a period of 20 years. 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 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 the provisions required (see Note 3-k).

Elecnor monitors regulatory risk, especially that affecting renewable energy, in detail to adequately reflect its impact on profit or loss.

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 2013, establishing the portion that will be paid as a final dividend and the amount that will be appropriated to voluntary reserves.

In this regard, at the meeting held on 18 December 2013, the board of directors of the Parent agreed to distribute an interim dividend for 2013 of approximately Euros 4,193 thousand, which was recognised as a reduction in equity under "Interim dividend for the year" on the liability side of the accompanying consolidated statement of financial position, and paid on 15 January 2014.

At the general meeting held on 22 May 2013 a final dividend of Euros 17,939 thousand (Euros 0.2598 per share) was distributed, taking into account the dividend of Euros 4,663 thousand on account of 2012 profit paid in January 2013.

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 30 NOVEMBER 2013

(Excluding inventories, prepayments and accrued income and accrued expenses and deferred income)

	Thousands of Euros
Realisable values -	
Trade receivables	613,962
Other accounts	140,027
	753,989
Current payables -	
Payable to suppliers	331,627
Short-term loans	91,380
Other accounts	153,143
	576,150
Total working capital	**177,839**
Liquidity available at 30/11/2013	
Cash on hand and at banks (including foreign currency)	53,867
Total liquidity available	**53,867**
Gross interim dividend proposed -	
(Euros 0.0482 on 87,000,000 shares)	4,193
% of net profit at 31/11/13	25.92%
% of working capital + liquidity available	1.81%

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. Therefore, 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 of 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 (which were established 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 2013 and 2012 is as follows:

	Thousands of Euros	
Segment	2013	2012
Spain	818,004	1,086,735
Abroad	1,046,170	843,977
Revenue	**1,864,174**	**1,930,712**

b) The breakdown, by segment, of the contribution to the profit after tax for the years ended 31 December 2013 and 2012 is as follows:

	Thousands of Euros	
Segment	2013	2012
Spain (**)	36,354	55,554
Abroad (***)	92,329	96,563
Corporate unit (*)	(75,394)	(64,524)
Profit for the year attributable to the Parent	**53,289**	**87,593**

(*) Including basically "Finance costs", "Finance income", "Impairment and gains or losses on disposals of financial instruments", "Exchange differences", "Changes in fair value of financial instruments" and "Income tax". This item also includes losses of companies accounted for using the equity method amounting to Euros 8,209 thousand in 2013.
(**) Includes losses of companies accounted for using the equity method amounting to Euros 9,393 thousand in 2013 (losses of Euros 36,620 thousand in 2012).
(***) Includes profit of companies accounted for using the equity method amounting to Euros 1,809 thousand in 2013 (profit of Euros 1,714 thousand in 2012).

c) Details of the assets and liabilities by segment at 31 December 2013 and 2012 are as follows:

	Thousands of Euros			
	Spain	Abroad	Corporate unit	Total at 31.12.13
Assets-				
Property, plant and equipment	290,613	791,899	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
Accounts receivable	432,742	616,792	-	1,049,534
Investments accounted for using the equity method	22,178	70,197	-	92,375
Non-current financial assets	19,177	554,160	123,808	697,145
Non-current assets classified as held for sale	2,532	58	1,780	4,370
Other assets (*)	78,057	141,489	29,128	248,674
Total assets	**974,004**	**2,235,830**	**188,793**	**3,398,627**
Liabilities and equity-				
Non-current bank borrowings	491,096	605,787	-	1,096,883
Provisions for contingencies 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 bank borrowings	57,448	163,088	95,052	315,588
Current non-financial liabilities	432,917	875,545	21,941	1,330,403
Other liabilities and equity items (**)	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.

	Thousands of Euros			
	Spain	Abroad	Corporate unit	Total at 31.12.12
Assets-				
Property, plant and equipment	411,996	591,731	12,484	1,016,211
Intangible assets	98,386	6,434	2,948	107,768
Deferred tax assets	49,629	26,964	3,274	79,867
Inventories	24,029	61,633	154	85,816
Accounts receivable	582,473	385,118	49,534	1,017,125
Investments accounted for using the equity method	8,036	67,335	26,563	101,934
Non-current financial assets	26,450	499,307	118,101	643,858
Non-current assets classified as held for sale	3,791	-	1,780	5,571
Other assets (*)	54,823	385,804	91,695	532,322
Total assets	**1,259,613**	**2,024,326**	**306,533**	**3,590,472**
Liabilities and equity-				
Non-current bank borrowings	600,074	632,055	-	1,232,129
Provisions for contingencies and charges	8,923	24,773	-	33,696
Deferred income and grants	15,169	1,564	-	16,733
Other non-current liabilities	12,631	1,116	19,605	33,352
Deferred tax liabilities	24,925	19,419	665	45,009
Current bank borrowings	70,594	81,191	72,772	224,557
Current non-financial liabilities	620,089	776,302	50,403	1,446,794
Other liabilities and equity items (**)	95,503	109,074	353,625	558,202
Total liabilities and equity	**1,447,908**	**1,645,494**	**497,070**	**3,590,472**

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

d) Details of the total cost incurred in the acquisition of property, plant and equipment and other non-current intangible assets in the years ended 31 December 2013 and 2012 are as follows:

	Thousands of Euros	
Segment	2013	2012
Spain	21,941	20,417
Abroad	219,461	334,549
Corporate unit	993	1,833
Total	**242,395**	**356,799**

e) Details, by segment, of the depreciation and amortisation charge in 2013 and 2012 are as follows:

	Thousands of Euros	
Segment	2013	2012
Spain	39,659	38,478
Abroad	23,836	18,007
Corporate unit	1,545	2,392
Total	**65,040**	**58,877**

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 solar thermal power plants is one of the lines of business of the ELECNOR Group which 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 solar thermal power plants.

The electricity generation business of the ELECNOR Group's Spanish subsidiaries is regulated by Electricity Industry Law 54/1997, of 27 November, and by the subsequent implementing regulations.

Royal Decree 436/2004, of 12 March, was published on 27 March 2004. This Royal Decree established the methodology for updating, systematising and consolidating the legal and economic regime governing the production of electricity under the special regime. This Royal Decree established 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, 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 established 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, regulating the production of electricity under the special regime, was published on 26 May 2007. This Royal Decree established 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, establishing a transitional period until 31 December 2012 for facilities subject to Royal Decree 436/2004, during which the new economic regime will 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 establishes 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 solar thermal 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 established that from 1 November 2009 the 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 established in Royal Decree 661/2007, of 25 May, in Royal Decree 436/2004, of 12 March, and in Royal Decree 1578/2008, of 26 September, 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 modified as a result of a restriction from 1 January 2011 onwards, on the number of hours for which the feed-in tariff rate established 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 established in order for this restriction to be applied.

On 28 December 2012, Law 15/2012, of 27 December, 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 to 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 solar thermal power plants under construction.

On 2 February 2013, Royal Decree-Law 2/2013, of 1 February, 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 CPI-linked 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, 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, 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, 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 companies 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, adopting certain measures in the energy sector and approving the social tariff; Royal Decree 661/2007, of 25 May, which regulates the production of electricity under the special regime; and Royal Decree 1578/2008, of 26 September, regulating the revenues from photovoltaic solar electricity production activities for installations entering into service after the end date for remuneration under Royal Decree 661/2007, of 25 May, 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 collection rights 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 the collection of 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 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).

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 considered 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 with a number of buyers (Electrobas, the Chamber of Commerce for Wind Energy and other electricity distributors). 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 2013.

Information relating to the aforementioned business activities is presented below:

a) The breakdown of revenue, by line of business, at 31 December 2013 and 2012 is as follows:

	Thousands of Euros			
Type of business	Amount at 31.12.13	%	Amount at 31.12.12	%
Electricity	669,425	35.9%	671,412	34.8%
Installation work	96,211	5.2%	111,229	5.8%
Gas	104,583	5.6%	99,185	5.1%
Energy Generation	582,211	31.2%	629,142	32.6%
Railways	19,377	1.1%	38,360	2.1%
Construction, Environment and Water	140,564	7.5%	174,416	9.0%
Telecommunications Infrastructure	110,628	5.9%	108,779	5.6%
Telecommunications Systems	31,971	1.7%	31,787	1.6%
Maintenance	109,204	5.9%	66,402	3.4%
Total	**1,864,174**	**100%**	**1,930,712**	**100%**

b) Details of the total net property, plant and equipment, by line of business, at 31 December 2013 and 2012, are as follows:

	Thousands of Euros	
Type of business	Balance at 31.12.13	Balance at 31.12.12
Electricity	28,720	30,970
Installation work	3,739	3,133
Gas	2,425	3,157
Energy Generation	1,002,311	937,012
Railways	633	1,071
Construction and Water	3,690	5,842
Telecommunications Infrastructure	7,387	6,432
Telecommunications Systems	38,643	25,591
Maintenance	5,520	3,003
Total	**1,093,068**	**1,016,211**

c) The breakdown of total investments in property, plant and equipment, by type of business, at 31 December 2013 and 2012 is as follows:

	Thousands of Euros	
Type of business	2013	2012
Electricity	8,102	7,300
Installation work	792	559
Gas	898	579
Energy Generation	214,069	324,090
Railways	136	211
Construction and Water	980	1,730
Telecommunications Infrastructure	2,220	1,954
Telecommunications Systems	12,844	9,810
Maintenance	1,343	626
Total	**241,384**	**346,859**

7. Goodwill

Details, by company, of the balance of "Intangible assets - Goodwill" in the consolidated statements of financial position at 31 December 2013 and 2012 and of the changes therein in those years are as follows:

	Thousands of Euros						
	Balance at 31.12.11	Additions (Note 2-g)	Disposals	Balance at 31.12.12	Additions (Note 2-g)	Disposals	Balance at 31.12.13
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
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.(*)	146	-	(146)	-	-	-	-
- 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	-	269	-	(14)	255
- IQA Operations Group Limited (Note 2-g)	-	5,690	-	5,690	-	-	5,690
	24,829	**7,606**	**(146)**	**32,289**	**85**	**(14)**	**32,360**

(*) Company which 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, constitute 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 which 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 (Euros 198 million) (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 were as follows:

- Projection period: 25 years following the start of operations.
- Revenue: 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 disclose any possible impairment of the goodwill recognised.

The assumptions used in 2012, for which no impairment was detected, were as follows:

- Projection period: 20-25 years
- Sale price annual increase: 2.5%
- Discount rate: 9% (*) (**) (***)

(*) This discount rate included a percentage relating to the estimate made by the Group's directors in relation to the regulatory risk inherent in the various uncertainties relating to the future legislative developments that will affect the industry.
(**) Rate after the tax effect.
(***) Average approximate data.

No impairment was detected as a result of the sensitivity analyses performed by management.

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 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 give rise to any additional impairment.

8. Other intangible assets

The changes in "Property, plant and equipment" in the consolidated statements of financial position at 31 December 2013 and 2012 were as follows:

	Thousands of Euros					
	Development expenditure	Intellectual property	Computer software	Administrative concessions	Other intangible assets	Total
Cost -						
Balance at 1.1.12	2,469	393	5,846	56,087	21,931	86,726
Changes in the scope of consolidation (Note 2-g)	-	-	218	-	-	218
Additions	327	831	1,262	126	7,394	9,940
Disposals	(506)	(355)	(325)	-	-	(1,186)
Transfers	(542)	-	32	-	-	(510)
Revaluations	-	-	-	-	-	-
Translation differences (Note 13)	(19)	-	(29)	-	-	(48)
Balance at 31.12.12	1,729	869	7,004	56,213	29,325	95,140
Changes in the scope of consolidation (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 31.12.13	**1,716**	**2,995**	**7,638**	**56,304**	**27,365**	**96,018**
Accumulated amortisation -						
Balance at 1.1.12	1,040	221	4,579	6,453	2,070	14,363
Charge for the year (Note 21)	384	778	1,138	2,762	1,380	6,442
Disposals	(506)	(385)	(268)	-	-	(1,159)
Transfers	-	-	-	-	-	-
Revaluations	-	-	29	-	-	29
Translation differences (Note 13)	-	-	(14)	-	-	(14)
Balance at 31.12.12	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 31.12.13	**1,211**	**1,744**	**6,216**	**12,125**	**4,216**	**25,512**
Total other intangible assets, net	**505**	**1,251**	**1,422**	**44,179**	**23,149**	**70,506**

"Other intangible assets" in the foregoing table includes a gross amount of Euros 22,676 thousand relating to the estimated fair value of the contracts with public authorities 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 historical experience, is the estimated average term of the aforementioned contracts including the related renewals.

"Administrative concessions" includes approximately Euros 39,965 thousand relating to the estimated fair value of the consideration given, i.e. the construction, net of the related depreciation, 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 2013, 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 established, which may be reviewed over the term of the concession. The construction price of the water treatment plants is not subject to price revisions.

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 for any installations required during the period the services are suspended.

The concession arrangement will be deemed terminated when the initially established 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 2013, the income generated by these concessions amounted to approximately Euros 4,036 thousand (2012: Euros 5,060 thousand), and were recognised under "Revenue" in the accompanying consolidated income statement.

The cost of fully amortised intangible assets in use at 31 December 2013 amounts to approximately Euros 4,054 thousand (31 December 2012: approximately Euros 3,896 thousand).

9. Property, plant and equipment

The changes in "Property, plant and equipment" in the consolidated statements of financial position at 31 December 2013 and 2012 were as follows:

	Thousands of Euros								
	Land	Constructions, plant and machinery	Hand and machine tools	Furniture and fittings	Computer hardware	Transport equipment	Other items of property, plant and equipment	Property, plant and equipment under construction	Total
COST:									
Balance at 1 January 2012	21,344	822,176	15,084	7,390	19,808	17,810	3,546	180,906	1,088,064
Changes in the scope of consolidation (Note 2-g)	47	21,298	30	246	245	2,989	87	1,495	26,437
Additions	209	19,636	2,862	1,122	1,311	3,324	852	317,543	346,859
Disposals	-	(5,119)	(2,628)	(307)	(665)	(764)	(500)	(155)	(10,138)
Transfers	3,681	51,679	(357)	(18)	(8)	(380)	58	(50,930)	3,725
Translation differences (Note 13)	(378)	(33,466)	151	44	10	1,438	192	(24,550)	(56,559)
Balance at 31 December 2012	**24,903**	**876,204**	**15,142**	**8,477**	**20,701**	**24,417**	**4,235**	**424,309**	**1,398,388**
Changes in the scope of consolidation (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**
ACCUMULATED DEPRECIATION:									
Balance at 1 January 2012	-	285,612	7,439	4,922	10,854	12,653	1,723	-	323,203
Changes in the scope of consolidation (Note 2-g)	-	14,452	94	68	87	955	10	-	15,666
Charge for the year (Note 21)	-	46,132	306	522	3,120	2,010	345	-	52,435
Disposals	-	(2,905)	(216)	(242)	(522)	(426)	(29)	-	(4,340)
Transfers	-	(301)	(261)	(5)	(7)	(366)	72	-	(868)
Translation differences (Note 13)	-	(6,018)	147	114	33	1,616	189	-	(3,919)
Balance at 31 December 2012	**-**	**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
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**
IMPAIRMENT									
Net cost at 31 December 2013	**25,315**	**880,650**	**9,224**	**3,127**	**5,203**	**8,495**	**3,287**	**157,767**	**1,093,068**

"Constructions, plant and machinery" includes mainly 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 that 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 relate to 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" in 2012 related to investments in wind farms in Brazil and Canada and electricity transmission lines in Chile.

The main additions to "Property, plant and equipment under construction" relate to investments in the wind farm of the subsidiary Ventos dos Indios, S.A. and to the construction of the main transmission line of Alto Jahuel Transmisora de Energía, S.A. which, at 31 December 2013, were in the course of construction.

Construction of the wind farm of Eoliennes de L'Erablè, Inc. was completed in late 2013 and this asset was transferred from "Property, plant and equipment under construction" to "Constructions".

In 2010 Deimos Castilla La Mancha, S.L. commenced construction of another communications satellite and has invested approximately Euros 32.1 million to date.

At 31 December 2013, 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 1,094 million (2012: Euros 767 million) (see Note 14).

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

At 31 December 2013, the cost of the Group's fully depreciated property, plant and equipment in use amounted to Euros 47,339 thousand (31 December 2012: Euros 43,676 thousand), Euros 44,922 thousand of which relate to the Parent (2012: Euros 39,860 thousand). Details of the cost of the Parent's fully depreciated property, plant and equipment at the end of 2013 and 2012 are as follows:

	Thousands of Euros	
	2013	2012
Constructions, plant and machinery	41,126	36,253
Furniture and fittings	1,030	877
Computer hardware	2,593	2,561
Transport equipment	173	169
	44,922	**39,860**

At 31 December 2013, certain property, plant and equipment items included Euros 10,258 thousand relating to the carrying amount of various ELECNOR Group assets held under finance leases (31 December 2012: Euros 11,083 thousand). At 31 December 2013, the ELECNOR Group used the following items of property, plant and equipment held under finance leases (grouped by nature):

		Thousands of Euros			
	Lessee	Original cost without purchase option	Principal paid	Principal outstanding (*) (Note 14)	Value of purchase option
Installation work	Adhorna Prefabricación, S.A.	610	527	83	9
Transport equipment	IQA Operations Group Limited	1,222	815	407	-
Land and buildings	Elecnor, S.A.	8,225	1,921	6,304	904
Machinery	Audeca	879	546	333	19
		10,936	**3,809**	**7,127**	**932**

(*) The principal outstanding shown in the foregoing table does not include the amount of the interest added to each payment.

On 12 June 2007, Elecnor, S.A. leased certain offices located in Bilbao under a finance lease for approximately Euros 9 million. The term of the lease is 240 months and will therefore end in 2027 with the final lease payment, which will coincide with the exercise of the purchase option. Elecnor, S.A.'s directors do not have any doubt that the purchase option will be exercised.

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. Investments accounted for using the equity method

Details of the ELECNOR Group's investments in associates at 31 December 2013 and 2012, which were accounted for using the equity method (see Note 2-f), are as follows:

	Thousands of Euros	
Company	2013	2012
Eólica Cabanillas, S.L.	2,307	2,950
Eólica Montes del Cierzo, S.L.	5,221	6,155
Eólica La Bandera, S.L.	3,318	3,432
Eólica Caparroso, S.L.	4,083	4,087
Cosemel Ingeniería, A.I.E	398	398
Consorcio Eólico Marino Cabo de Trafalgar, S.L.	74	77
Parque Eólico Gaviota, S.A.	1,294	1,423
Jauru Transmissora de Energía, S.A.	20,673	25,046
Brilhante Transmissora de Energia, S.A.	36,526	42,288
Sociedad Aguas Residuales Pirineos, S.A.	5,484	6,001
Dioxipe Solar, S.L. (*)	-	-
Aries Solar Termoeléctrica, S.L. (*)	-	-
Gasoducto de Morelos, S.A.P.I. de C.V.	12,997	10,078
	92,375	**101,935**

(*) Once the amount of the investment reaches 0, it will be considered as a reduction in value of the corresponding financial assets (Note 11).

The changes in 2013 and 2012 in "Investments accounted for using the equity method" in the consolidated statements of financial position were as follows:

	Thousands of Euros	
	2013	2012
Opening balance	101,935	101,495
Correction of errors (Note 2-e)	-	(29,871)
Adjusted opening balance	101,935	71,624
Loss for the year	(15,793)	(34,906)
Capital increases	3,197	29,031
Translation differences	(13,091)	(6,515)
Dividends	(5,160)	(5,859)
Inclusions in the scope of consolidation (Note 2-g)	-	10,414
Exclusions from the scope of consolidation (Note 2-g)	-	(1,816)
Change in fair value of hedging derivatives (net of tax effect)	13,559	(15,300)
Other movements	1,544	-
Transfers to financial assets (*)	6,184	55,262
Closing balance	**92,375**	**101,935**

(*) Losses and other changes in other comprehensive income that will be considered as a reduction in value of the corresponding financial assets once the amount of the investment reaches 0 (Note 11).

The inclusions in the scope of consolidation in 2012 related mainly to the ownership interest in Gasoducto de Morelos, S.A.P.I. de C.V. (see Note 2-g).

The exclusions from the scope of consolidation in 2012 related mainly to the acquisition of 35.42% of the share capital of Parque Eólico de Malpica, S.A., as detailed in Note 2-g, which is now fully consolidated (see Note 2-g).

In addition to the foregoing, in 2013 and 2012 the main additions to "Investments accounted for using the equity method" relate to the various capital increases at the Brazilian concession operators.

In 2013 and 2012 the depreciation of the Brazilian real against the Euro gave rise to a decrease in the equity of the Brazilian companies accounted for using the equity method in the process of 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 subsidiaries Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., whose statutory activities comprise the construction and operation of three parabolic trough technology solar thermal power plants in Extremadura and Castilla La Mancha. In 2010 various agreements between the shareholders of these companies were entered into, which regulated their relationships as shareholders, their relationships with the companies, the management and administration thereof and the various aspects involved in the development of projects and subsequent phases. In particular, certain matters on which decisions requiring unanimous approval were established.

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

a) Reimbursement of share premium, capital increase or reduction, amendments to the bylaws and, in particular, approval of any clause relating to restrictions on the transfer of shares,

b) Merger, spin-off, transformation, dissolution or transfer en bloc of assets and liabilities and disposal of a substantial portion of assets,

c) Investment in any joint venture, company or association or acquisition of any shares, assets or businesses of any other company,

d) Arrangement, modification and/or termination of any agreements with shareholders or companies forming part of their group or approval of any transaction with companies related thereto,

e) Approval of the granting of loans, pledges or guarantees of any kind to shareholders or related companies,

f) Changes in the number of directors,

g) Appointment or removal of auditors,

h) Change in the policy of maximising dividends to shareholders

i) Agreements relating to key project decisions on any change in activity, arrangement of any transaction, agreement or operation which alters the nature of or significantly modifies the business or project area, discontinuation of the project and arrangement of any agreement which is unrelated to the company's ordinary business activity or outside its ordinary course of business,

j) Change in tax regime,

k) Agreements relating to the arrangement of project financing and any possible refinancing, and

l) Amendment of the terms and conditions of the project financing agreements which affect the internal rate of return on the investment at year end, the financing guarantees or the termination of the agreements.

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

a) Extension of loans, credit facilities, any other form of financing or guarantees to a third party,

b) Arrangement of any debt or provision of guarantees other than those required by current suppliers,

c) Approval of business plan and initial operating budget,

d) Approval of 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 regards 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 relation to the adoption of decisions thereon, and in accordance with the bases of consolidation indicated in Note 2-f, the ELECNOR Group considered that the interests in these companies should be classified as joint ventures and, in particular, as jointly controlled entities. Accordingly, these interests were accounted for using the equity method. At the date of authorisation for issue of these consolidated annual accounts, the three solar thermal power plants in these projects are in operation.

Following are details of the main aggregates of these companies at 31 December 2013:

	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Assets:		
Property, plant and equipment	275,354	521,629
Other non-current assets	24,312	56,763
Current assets	6,948	52,920
Liabilities:		
Bank borrowings (*)	235,304	447,123
Participating loans	54,524	110,960
Other non-current liabilities	36,181	92,219
Other current liabilities	13,293	52,786

(*) Includes liabilities arising from the measurement of interest rate derivatives at 31 December 2013.

As mentioned, the subsidiaries Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. engage in the construction and operation of three parabolic trough technology solar thermal power plants. The legislation applicable to these power plants and the changes therein during 2013 are detailed in Note 6-b.

In light of the legislative uncertainties at the 2012 year end, the Company's directors tested the property, plant and equipment recognised in the separate annual accounts of its investees for impairment, and recognised the pertinent impairment losses. The main assumptions used by the Parent's directors in testing for impairment were as follows:

- Projection period: 30 years
- Sale price annual increase: 2.5%
- Discount rate: 9% (*) (**) (***)

(*) This discount rate included a percentage relating to the estimate made by the Group's directors in relation to the regulatory risk inherent in the various uncertainties surrounding the future legislative developments that will affect the industry.
(**) Rate after the tax effect.
(***) Average approximate data.

On the basis of the impairment test performed by the ELECNOR GROUP at 31 December 2012, impairment of Euros 37,001 thousand was recognised on these two projects, after considering the Group's percentage of ownership and the related tax effect, with a charge to "Results of companies accounted for using the equity method" in the accompanying consolidated income statement for the year ended 31 December 2012.

A 0.5% rise in the annual increase of the sale price considered in the impairment test would increase the results of companies accounted for using the equity method by approximately Euros 15 million, whereas a 0.5% decrease in the sale price annual increase would lower the result of these companies by approximately Euros 14 million. A 0.5% increase in the discount rate would decrease the result of companies accounted for using the equity method by Euros 14 million, whereas a 0.5% decrease in the discount rate would increase the result of these companies by approximately Euros 15 million.

The Group has analysed the impact of the regulatory changes in 2013 on these associates, reviewed the financial projections of these projects in 2013 and has performed the pertinent impairment tests on the property, plant and equipment of these associates, 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 in testing for impairment were as follows:

Projection period: 25 years

Revenue: 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%

On the basis of the impairment test performed by the ELECNOR GROUP 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 "Result of companies accounted for using the equity method" in the accompanying consolidated income statement for the year ended 31 December 2013.

A 0.5% increase in the discount rate would decrease the result of companies accounted for using the equity method by Euros 14.2 million, whereas a 0.5% decrease in the discount rate would increase the result of these companies by approximately Euros 15 million.

Additionally, the Parent's directors do not expect the aforementioned effects of all these regulatory changes to have an impact on the capacity of the aforementioned associates, -the borrowers of loans of Euros 215,181 thousand and Euros 403,395 thousand under project financing arrangements obtained to finance these investments- to meet the debt service payments and, in any case, they have the support of their shareholders, one of which is the ELECNOR GROUP, which has liquid resources and sufficient financial capacity to remedy, if necessary, any possible financial difficulties that could arise.

The borrowers also acquired certain obligations, the non-fulfilment of which could constitute grounds for the mandatory early termination of the aforementioned loans. The Parent's director consider that these obligations were met in 2013 and no possible non-fulfilment thereof is expected in the future.

The Group's investments in these companies and in the wind farms of Eólica Cabanillas, S.L., Eólica Montes del Cierzo, S.L., Eólica La Bandera, S.L., Eólica Caparroso, S.L. and Parque Eólico Gaviota, S.A. has been pledged as security to the related banks to secure all payment obligations under the loans that these companies have obtained, in general, under a project financing arrangement. The Parent's directors consider that these obligations are being met normally (see Note 14).

Appendix I includes a list of the investments in associates together with the most significant legal and financial information thereon.

11. Non-current financial assets

Details of non-current financial assets other than investments in companies accounted for using the equity method are as follows:

	Available- for-sale financial assets		Loans and receivables					
	Net equity investments	Derivative financial instruments (Note 15)	Long-term loans (Note 26)	Loans to employees	Customer financing	Administrative concessions	Other non-current assets	Total
Balance at 1 January 2012	**7,745**	**386**	**100,533**	**69**	**17**	**411,035**	**44,446**	**564,231**
Changes in the scope of consolidation (Note 2-g)	(1,731)	-	15,311	-	-	10,930	14	24,524
Additions	1,102	557	55,093	-	-	80,437	17,990	155,179
Disposals	(2,053)	-	(466)	(36)	(5)		(2,060)	(4,620)
Transfers	-	-	-	-	-	-	-	-
Impairment losses	(1,077)	-	-	-	-	-	-	(1,077)
Translation differences	-	-	-	-	-	(38,886)	(232)	(39,118)
Transfers (see Notes 2-e and 10)	-	-	(55,262)	-	-	-	-	(55,262)
Balance at 31 December 2012	**3,986**	**943**	**115,209**	**33**	**12**	**463,516**	**60,158**	**643,857**
Changes in the scope of consolidation (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 losses	(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**

a) Net equity investments-

The most significant data on the most representative equity investments in companies not included in the scope of consolidation at 31 December 2013 and 2012 are disclosed in Appendix II. As described in Note 2-f, these companies were not consolidated as the Parent's directors consider that the effect of excluding them from the scope of consolidation is not material.

The fair value of the investments under this heading was determined using in-house estimates made by the Group since there are no quoted prices on an organised market. In this regard, the Group analyses on a periodic basis 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 off-balance-sheet 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, adjusting the value thereof to their fair value if any impairment loss is detected in the analysis.

On 26 July 2010, Elecnor, S.A. and three shareholders incorporated CPTR-Companhia Paranaense de Tratamento de Residuos with a share capital of BRL 50,000 thousand, 26% of which had been subscribed for an amount of approximately Euros 5,673 thousand. Of this amount, approximately Euros 3,604 thousand was outstanding at 31 December 2013 (31 December 2012: Euros 4,331 thousand).

On 28 December 2005, Elecnor Financiera S.L. acquired 100% of the shares in Vendaval Promociones Eólicas, S.A.U. for an approximate amount of Euros 53,850 thousand. This transaction included the minority 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) Long-term loans-

"Long-Term Loans" in the foregoing table at 31 December 2013 basically includes various loans granted to associates of the ELECNOR Group (see Notes 10 and 26).

On 20 December 2011, the subsidiary Celeo Termosolar, S.L. granted Aries Solar Termoeléctrica, S.L. a participating loan of approximately Euros 33,720 thousand and a loan subordinated to the principal financing of approximately Euros 67,440 thousand (see Note 10), that the latter had obtained, maturing on 1 January 2031, to finance two solar thermal plants in Castilla La Mancha (see Notes 10 and 20). The participating loan accrues interest at a rate composed of 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 of the other subordinated debt. The subordinated loan accrues interest tied to Euribor plus a market spread. At 31 December 2013, approximately Euros 36,705 thousand and Euros 74,255 thousand, respectively, had been drawn down and is recognised under "Non-current financial assets – Other financial assets" and "Current financial assets - Trade receivables from related companies" in the accompanying consolidated statement of financial position at that date (31 December 2012: approximately Euros 35,187 thousand and Euros 70,962 thousand, respectively).

On 5 March 2010, the subsidiary Celeo Termosolar, S.L. granted Dioxipe Solar, S.L. a participating loan of approximately Euros 68,514 thousand, subordinated to the principal financing (see Note 10), that the latter had obtained, maturing on 6 March 2030, to finance a solar thermal plant in Extremadura (see Notes 10 and 20). This loan accrues interest at a rate composed of 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 of the other subordinated debt. At 31 December 2013, approximately Euros 54,669 thousand (31 December 2012: Euros 51,895 thousand) had been drawn down and is recognised under "Non-current financial assets – Other financial assets" and "Current financial assets - Trade receivables from related companies" in the accompanying consolidated statement of financial position at that date.

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 61,548 thousand at 31 December 2013 (31 December 2012: Euros 55,262 thousand, 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 104,081 thousand at 31 December 2013 (Euros 100,108 thousand at 31 December 2012), 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, they are classified as non-current assets in the accompanying consolidated statement of financial position

c) Administrative concessions-

The ELECNOR Group is currently developing and executing various 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 agreements, as remuneration for the construction work and 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 aforementioned transmission lines. Concession terms stand at approximately 30 years. The specified amount receivable will be revalued periodically based on certain variables such as interest rates, the standard consumer price index and other market reference 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 the 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, for which 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.

At the end of the arrangement, the contract 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 of the grantor's breach of the terms and conditions. In this case the transmission entity may not interrupt the supply of the service until this 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. Based on this method, in 2013 the Group credited approximately Euros 42,175 thousand to "Finance income" in the consolidated income statement for 2013 in relation to the financial effect of applying this method (2012: Euros 39,302 thousand).

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 scope of consolidation. "Administrative concessions" in the foregoing table includes approximately Euros 5,348 thousand at 31 December 2013 in relation to the measurement at that date of the financial assets recognised for the amounts receivable over the term of the concession in relation to the construction of the transmission infrastructure (see Note 2-g).

In 2012 the concession operators Integraçao Maranhense Transmissora de Energia and Caiuá Transmissora de Energia were incorporated, as detailed in Note 2-g.

Other non-current assets-

Details of "Other non-current assets" in the foregoing table is as follows:

	Thousands of Euros	
	2013	2012
Debt service reserve account	48,408	47,852
Guarantees	2,088	6,405
Other	4,152	5,901
	54,648	**60,158**

"Debt service reserve account" includes the amounts that the subsidiaries 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. and Ventos da Lagoa, S.A. must hold in bank deposits pursuant to the financing agreements entered into by them (see Note 14), amounting to Euros 3,621 thousand, Euros 2,510 thousand, Euros 7,596 thousand, Euros 6,404 thousand, Euros 3,184 thousand, Euros 8,395 thousand and Euros 4,500 thousand, respectively, at 31 December 2013 (31 December 2011: Euros 3,606 thousand, Euros 2,500 thousand, Euros 7,596 thousand, Euros 8,849 thousand, Euros 3,184 thousand and Euros 6,396 thousand, respectively). In 2012 Ventos do Litoral, S.A. set up a debt service reserve account for an amount of Euros 4,808 thousand after obtaining bank financing to construct and operate the project.

"Other non-current assets" 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. and Encruzo Novo Transmissora de Energía, S.A., totalling approximately Euros 7,387 thousand (at 31 December 2012, the portion of the debt service reserve account relating to LT Triangulo, S.A., Vila Do Conde Tranmissora de Energia, S.A., Coquieros Transmissora de Energía, S.A. and Pedras Transmissora de Energía, S.A. amounted to Euros 9,885 thousand).

The deposits accrue interest at market rates.

"Guarantees" in the foregoing table includes basically the guarantees relating to the operation of the wind farms Eólicas Páramo de Poza S.A., Galicia Vento, S.L., Aerogeneradores del Sur, S.A., Parques Eólicos Villanueva, S.L.U., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litorial, S.A. and Parque Eólico Malpica, S.A. for approximately Euros 44 thousand.

Also, Elecnor, S.A. holds security and other deposits relating to leases amounting to approximately Euros 2,046 thousand (31 December 2012: Euros 1,521 thousand).

12. Current financial assets

a) Trade and other receivables-

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

At 31 December 2013, past-due accounts receivable amounted to Euros 238,804 thousand (31 December 2012: Euros 184,369 thousand). An ageing analysis of these accounts is as follows:

	Thousands of Euros	
Description	2013	2012
Unmatured balances	671,369	738,433
Up to six months past due	87,595	73,802
Between six and twelve months past due	72,694	61,320
Over twelve months past due	78,515	49,247
Total	**910,173**	**922,802**

The Group makes provision to cover debts in an irregular situation 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.

The changes in impairment losses on accounts receivable in 2013 and 2012 and details thereof at 31 December 2013 and 2012 are as follows:

Thousands of Euros

	31.12.12	Impairment losses recognised in the year	Amounts written off in relation to uncollectible balances	Changes in the scope of consolidation	Translation differences	31.12.13
Impairment	31,979	23,018	(2,747)	-	(260)	51,990

Thousands of Euros

	31.12.11	Impairment losses recognised in the year	Amounts written off in relation to uncollectible balances	Changes in the scope of consolidation	Translation differences	31.12.12
Impairment	33,059	4,997	(7,671)	1,458	136	31,979

b) Cash and cash equivalents

Details of "Cash and cash equivalents" in the accompanying consolidated statements of financial position are as follows:

Thousands of Euros

	2013	2012
Cash equivalents	76,636	93,965
Cash	167,715	434,121
	244,351	**528,086**

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

At 31 December 2012 "Cash equivalents" in the preceding table mainly included a Euros 71,260 thousand deposit made by Petróleos de Venezuela S.A., to finance the construction by Elecnor, S.A. of a combined cycle plant in Güiria, Venezuela (see Note 20).

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 fully subscribed and paid ordinary bearer shares of Euros 0.10 par value each.

The shares of Elecnor, S.A. are listed on the Spanish electronic stock market.

At 31 December 2013 and 2012, the Parent's shares were held as follows:

	% ownership	
	2013	2012
Cantiles XXI, S.L.	52.76%	52.76%
Bestinver Gestión, S.A., S.G.I.I.C.	3.76%	-
Fund for Orderly Bank Restructuring (FROB) (**)	-	5.05%
Other (*)	43.48%	42.19%
	100.00%	**100.00%**

(*) All with a percentage ownership of less than 5%. Also included are the treasury shares of the Parent, amounting to 2.86% in 2013 and 2.91% in 2012 (see Note 3-n).

(**) NCG Banco, S.A. holds all of the share capital of NCG Corporación Industrial, S.L. (holder of the shares of Elecnor, S.A.). The Fund for Orderly Bank Restructuring (FROB), in turn holds 90.57% of the share capital of NCG Banco, S.A.

b) Valuation adjustments-

Changes in this reserve in 2013 and 2012 were as follows:

	Thousands of Euros								
	1.1.12	Contracts	Change in fair value	Settlement of derivatives	31.12.12	Contracts	Change in fair value	Settlement of derivatives	31.12.13
Fully consolidated companies - Cash flow hedges:									
Interest rate swaps (Note 15)	(52,098)	(6,629)	(17,781)	-	(76,508)	(2,866)	4,173	18,584	(56,617)
Foreign currency hedges (Note 15)	(10,513)	(4,076)	8,535	721	(5,333)	(26)	(1,255)	5,686	(928)
Commodities (Note 15)	(341)	-	341	-	-	-	-	-	-
Other (Note 11)	2,060	-	-	-	2,060	(3)	(466)	-	1,591
	(60,892)	**(10,705)**	**(8,905)**	**721**	**(79,781)**	**(2,895)**	**2,452**	**24,270**	**(55,954)**
Deferred taxes arising on valuation adjustments (Note 19)	9,306	3,212	(1,919)	(216)	10,383	868	(662)	(3,438)	(7,151)
Total valuation adjustments arising from the full consolidation of companies	(51,586)	(7,493)	(10,824)	505	(69,398)	(2,027)	1,790	20,832	(48,803)
Non-controlling interests	**701**		**(210)**		**491**		**(261)**		**230**
Total valuation adjustments	**(50,885)**	**(7,493)**	**(11,034)**	**505**	**(68,907)**	**(2,027)**	**1,529**	**10,832**	**(48,573)**

c) Other reserves-

Details of "Other reserves" in the consolidated statements of financial position are as follows:

	Thousands of Euros	
	2013	2012
Restricted reserves -		
Legal reserve	1,743	1,743
Reserve for redenomination of capital to Euros	15	15
Reserve for treasury shares (Note 3-n)	22,421	22,836
	24,179	**24,594**
Other reserves	488,890	466,772
Reserves of the Parent	513,069	491,366
Reserves of consolidated companies (*)	110,296	72,266
Translation differences	(158,794)	(46,980)
Reserve for treasury shares (Note 3-n)	(22,421)	(22,836)
Total	**442,150**	**493,816**

(*) Including consolidation adjustments and adjustments to IFRSs.

Legal reserve-

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

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

d) Treasury shares-

Pursuant to the resolutions adopted successively by the shareholders at the annual general meetings of Elecnor, S.A., in recent years various acquisitions of treasury shares of Elecnor, S.A. have been made 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 is not 30% higher or lower than the market price of the shares.

Details of treasury shares and of the changes therein in 2013 are as follows:

	No. of shares
Treasury shares at 31 December 2012	2,535,368
Acquisition of treasury shares	132,418
Sale of treasury shares	(179,334)
Treasury shares at 31 December 2013	**2,488,452**

The purchase and sale of treasury shares amounted to approximately Euros 1,247 thousand and Euros 1,616 thousand, respectively.

All the treasury shares held by the Parent at 31 December 2013 represented 2.86% of the total share capital of Elecnor, S.A. at that date (31 December 2012: 2.91%).

At 31 December 2013 and 2012, a restricted reserve for treasury shares was recognised for the amount of the Elecnor, S.A. treasury shares held at those dates.

e) Non-controlling interests-

Details of "Equity - Non-controlling interests" on the liability side of the accompanying consolidated statements of financial position in 2013 and 2012 are as follows:

	Thousands of Euros	
	2013	2012
Eólicas Páramo de Poza, S.A.	4,940	4,277
Galicia Vento, S.L.	1,948	2,511
Elecven Construcciones, S.A.	391	448
Rasacaven, S.A.	274	101
Adhorna Prefabricación, S.A.	-	1,282
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	1,954	2,017
Deimos Engenharia, S.A.	201	199
Elecnor Argentina, S.A.	18	20
Termosolar Manzanares, S.L.	-	(218)
Termosolar Alcazar, S.L	-	(52)
Caiua Transmissora de Energía, S.A.	12,179	2,883
Integraçâo Maranhense Transmissora de Energía, S.A.	25,918	3,539
IQA Operations Group Limited	804	722
Ventos Do Sul Energía, S.A.	4,102	5,371
Aerogeneradores del Sur, S.A.	218	(37)
Enerfin Enervento, S.A.	15,667	16,761
Parque Eólico Malpica, S.A.	1,637	1,842
Enervento Galicia, S.L.U.	(1)	(1)
Infraestructuras Villanueva, S.L.U.	1	1
Parques Eólicos Palmares, S.A.	4,225	-
Ventos do Litoral Energia, S.A.	3,440	-
Ventos da Lagoa, S.A.	3,113	-
Enerfin Rodonita Galicia, S.L.	1	1
Ventos do Faro Farelo, S.L.	1	(4)
Other	81	-
	81,112	**41,663**

The changes in "Non-controlling interests" in 2013 and 2012 in the consolidated statements of financial position were as follows:

	Thousands of Euros
Balance at 1 January 2012	48,632
- Profit for the year	3,555
- Change in fair value of hedging instruments (*)	491
- Dividends paid	(3,815)
- Translation differences (**)	599
- Other (Notes 2-g and 10)	(7,799)
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 (Notes 2-g and 10)	47,733
Balance at 31 December 2013	**81,112**

(*) Relating to the changes in the value of the hedging swaps used by the ELECNOR Group (see Note 15).
(**) Relating mainly to the translation differences arising at Ventos do Sul Energía, S.A.

"Other" mainly reflects the effect of the transactions indicated in Note 2-g, relating to the sale to non-controlling interests of a 10% interest in Parques Eólicos Palmares, Ventos do Litoral Energía, S.A. and Ventos do Lagoa, S.A. as well as the share capital increases at Integraçao Maranhense Transmissora de Energia, S.A. and Caiuá Transmissora de Energia, S.A.

14. Bank borrowings and other financial liabilities

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, mainly the construction and operation of wind farms and the related electricity interconnection lines and substations, as well as the electricity distribution infrastructures and wastewater treatment plants, which the Group operates and holds on a concession basis, are financed mostly through syndicated loans under project financing arrangements. Under these loans the subsidiaries that own the aforementioned wind farms accept certain restrictions on the distribution of dividends, conditional upon certain requirements being met, such as the creation of a reserve account for debt servicing. Also, these subsidiaries must achieve 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	
	2013	2012
Non-current liabilities – Bank borrowings and other financial liabilities	356,483	416,844
Current liabilities – Bank borrowings and other financial liabilities	172,319	115,237
Current financial assets - Other financial assets	(23,689)	(91,735)
Cash and cash equivalents	(145,660)	(247,268)
Net financial debt	**359,453**	**193,078**

The 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 investments strategy and dividends policy. At 31 December 2013, this ratio stood at approximately 40.30% (31 December 2012: approximately 25.70%).

Details of "Non-current liabilities - Bank borrowings and other financial liabilities" and "Current liabilities - Bank borrowings and other financial liabilities" in the accompanying consolidated statements of financial position at 31 December 2013 and 2012 are as follows:

	Thousands of Euros			
	31.12.13		31.12.12	
	Non-current	Current	Non-current	Current
Syndicated loans and credit facilities	265,966	121,212	355,276	77,798
Loans to concessions	217,686	41,432	174,015	58,907
Syndicated loans - Wind and solar PV farms	506,319	98,374	623,213	45,106
Loans secured by personal guarantee	55,538	27,279	24,997	5,842
Mortgage loans	9,144	632	9,767	621
Credit facilities secured by personal guarantee	12,500	19,318	10,000	15,232
Unmatured bills and notes	-	419	-	5,879
Accrued interest payable:				
Wind and solar PV farms and concessions	-	67	-	327
Other	437	1,748	202	1,972
Obligations under finance leases (Note 9)	7,428	772	8,549	839
Derivative hedging instruments (Note 15):				
Wind and solar PV farms and concessions	16,396	3,396	18,059	4,976
Other	5,469	939	8,051	7,058
Total	**1,096,883**	**315,588**	**1,232,129**	**224,557**

Details, by maturity, of the non-current portion of loans and credit facilities for 2013 and 2012 are as follows:

	Thousands of Euros
Debts maturing in	31.12.13
2015	168,199
2016	191,089
2017	223,884
2018 and subsequent years	513,711
Total	**1,096,883**

	Thousands of Euros
Debts maturing in	31.12.12
2014	265,184
2015	166,102
2016	151,008
2017 and subsequent years	649,835
Total	**1,232,129**

Syndicated loans and credit facilities-

In January 2012 Elecnor arranged syndicated financing with a limit of Euros 500 million, comprising a loan tranche and a credit facility tranche. The loan tranche has an initial limit of Euros 300 million and matures at five years, with half-yearly repayments, starting in January 2013. The credit facility tranche, with a limit of Euros 200 million and maturity at five years, can be drawn down in instalments at the discretion of Elecnor. The changes in "Loans and syndicated financing" in the preceding table relate mainly to the first two repayments of tranche A and the draw-downs of tranche B of the syndicated financing. The purpose of this financing is to extend the average life of the Group's debt and also to undertake the investment programme envisaged in the Strategic Plan.

This loan bears interest tied to Euribor for the interest period elected by the borrower (one, three or six months), plus a spread tied to the net financial debt (corporate) / (EBITDA - EBITDA on Projects + dividends from projects) ratio. The Parent has undertaken to meet the various ratios, calculated at group level, over the term of the syndicated financing agreement ((net financial debt (corporate) / (EBITDA - EBITDA on Projects + dividends from projects), (Net (corporate) financial debt to equity) and (EBITDA /net borrowing costs)), which are calculated on the basis of the ELECNOR Group's consolidated figures. To avoid breaching the terms of the agreement, the three aforementioned ratios must not exceed the parameters established in the syndicated financing agreement. The loan agreement also provides for the obligation to comply with the Guarantee Coverage Ratio, defined as the aggregate that the borrower plus other Group companies at the election of the borrower must represent at all times, amounting to at least 75% of the assets, EBITDA and aggregate income of the ELECNOR Group (excluding project vehicle companies). At 31 December 2013 and 2012, the conditions required to continue to classify this financing on the basis of the initially foreseen maturities were being met.

At 31 December 2013, the balance drawn down against the 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. Furthermore, at 31 December 2012, the balance drawn down amounted to Euros 410 million, of which Euros 300 million related to the full amount of the first tranche and the remainder to the credit facility tranche.

The multi-currency bank borrowings arranged by the Parent in 2005 and 2006 were repaid in full in the first half of 2012.

In 2012 the Parent arranged three interest rate swaps to fully hedge the loan tranche of the aforementioned syndicated financing with five banks. Also, in order to hedge this loan tranche a basis rate swap was arranged for an initial nominal amount of Euros 300 million, whereby floating interest rates are exchanged. The maturity and interest settlement dates of the swaps coincide with those of the loan agreements to which they are assigned.

The syndicated financing agreement entered into in 2012 bore interest of Euros 13,943 thousand in 2013, before taking into account the effect of the hedges (2012: Euros 7,993 thousand), which the Group has recognised under "Finance costs" in the accompanying consolidated income statement for 2013 (see Note 21).

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

On 9 June 2010, Audelec Conservación y Mantenimiento, S.L.U., which was absorbed by the Parent in 2012, arranged a syndicated loan amounting to Euros 11,500 thousand to partially finance the purchase of all of the shares of Audeca, S.L.U. This loan bore interest tied to six-month Euribor plus a market spread and matures on 31 December 2015. In June 2013 the Company repaid the total outstanding balance of this financing in advance, and as such, this loan has been repaid in full at 31 December 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). This financing falls due in 2032 and bears interest tied 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 2013, the balance drawn down amounted to approximately Euros 101.8 million, of which Euros 85.5 million 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 maturities and the interest settlement dates of the swaps are the same as the interest settlement dates 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. The concession operator has drawn down the facility in full. This facility bears interest at Euribor plus a spread. The interest on this loan in 2013 amounted to approximately Euros 299 thousand (2012: approximately Euros 542 thousand). This company arranged an interest rate swap of Euros 17,250 thousand to hedge the possible rise in interest rates on this loan. The maturities and the interest settlement dates of the swaps are the same as the interest settlement dates 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 under "Current liabilities - Bank borrowings" in the consolidated statement of financial position, in view of the aforementioned investee's foreseeable failure, at the date of authorisation for issue of the ELECNOR GROUP's consolidated financial statements for 2013, to meet the obligation of maintaining certain financial ratios, which could trigger the early maturity of the loan. However, at the date the consolidated financial statements were authorised for issue, the lender had not requested that the loan be repaid early.

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. The concession operator has drawn down the facility in full. This facility bears interest at Euribor plus a spread. The interest on this loan in 2013 amounted to approximately Euros 459 thousand (2012: approximately Euros 620 thousand). This company arranged an interest rate swap of Euros 11,625 thousand to hedge the possible rise in interest rates on this loan. The maturities and the interest settlement dates of the swaps are the same as the interest settlement dates of the loan. The outstanding balance of this facility at 31 December 2012 amounted to approximately Euros 13,301 thousand (31 December 2012: Euros 13,935 thousand).

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 bank on 7 October 2008. The final maturity of the financing of the electricity transmission infrastructure being constructed under the concession is 4 October 2022. The interest rate on this financing is the result of adding a market spread to Brazil's long-term floating interest rate ("TJLP"). At 31 December 2013, the outstanding balance of this loan was approximately Euros 81 million (2012: Euros 106 million).

In 2011, the Elecnor Group acquired 66% of Vila do Conde Transmissora de Energía, S.A., which was fully consolidated. On 19 December 2006, BNDES extended Vila do Conde Transmissora de Energía, S.A. a loan to finance the construction of energy transmission lines. This loan matures on 15 April 2019. This loan is divided into two sub-loans: sub-loan A, which bears interest rate 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 2013, the outstanding balance of this loan was approximately Euros 26.2 million (2012: Euros 36.5 million).

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

- Coverage ratio resulting from dividing the available cash flow by the interest payable, and repayment of the principal 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 tied to the price of the Canadian bond. The annual debt service coverage ratios (ADSCR) for this syndicated loan -under a project finance arrangement- must be higher than a specified ratio throughout the term of the loan, pursuant to the financing loan deeds. At 31 December 2013 , the outstanding balance of the loan, which has been drawn down in full, amounts to Euros 170.5 million.

Al 31 December 2013, the remaining bank borrowings under this heading related mainly to the outstanding balances of the syndicated loans that Aerogeneradores del Sur, S.A., Eólicas Páramo de Poza, 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 do Lagoa, S.A., Ventos do Litoral, S.A., and Siberia Solar, S.L.U. have arranged with several banks, having drawn down approximately Euros 18,299 thousand, Euros 11,468 thousand, Euros 42,647 thousand, Euros 100,088 thousand, Euros 61,734 thousand, Euros 45,848 thousand, Euros 43,626 thousand, Euros 42,603 thousand, and Euros 25,809 thousand, respectively, under a project financing arrangement. These loans were obtained to finance the construction of the wind farms and their related electricity interconnection lines and substations owned by these companies, as in the case of the loan granted to Siberia Solar, S.L.U., the purpose of which is to finance the construction of a solar PV farm in Badajoz. The limit of the syndicated loan in Brazilian reals granted to Ventos do Sul Energía, S.A. is BRL 465 thousand (see Note 20). Since 31 December 2007, this loan has been drawn down in full. The limits of the loans received by Parques Eólicos Palmares, S.A.. Ventos do Lagoa, S.A. and Ventos do Literal, S.A. are BRL 153,653 thousand, BRL 150,821 thousand and BRL 141,250 thousand, respectively.

The syndicated loans granted to the subsidiaries Eólicas Páramo de Poza, S.A., 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 25, 26, 25, 37 and 28 half-yearly consecutive instalments whereas the syndicated loans to Ventos Do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos do Litoral, S.A. and Ventos do Lagoa, S.A. will be repaid in 144, 192, 192 and 192 monthly instalments.

The Spanish syndicated loans bear interest at six-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., the applicable interest rate is the result of adding a market spread to Brazil's long-term floating interest rate ("TJLP"). In order to mitigate the interest rate risk on their respective syndicated loans, Aerogeneradores, del Sur, S.A. y Parques Eólicos de Villanueva, S.L.U. arranged interest rate swaps with various banks at average fixed rates ranging from 1.09% to 5.08%, respectively, which hedge between 65% and 75% of the outstanding debt of each of the aforementioned companies (see Note 15).

Pursuant to the loan agreement deeds relating to the financing, the annual senior debt service coverage ratio of the syndicated loans granted to the Spanish subsidiaries under project financing arrangements must be greater than a certain value 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. Also, these companies must maintain a certain debt/equity ratio and a specific equity structure.

Within two years of the entry into operation of the wind farm, the Spanish subsidiaries 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. To meet this prerequisite, the aforementioned swaps were arranged. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos do Lagoa, S.A. and Ventos do Litoral, 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 payments of principal and interest. The Parent's directors consider that there have been no problems with respect to compliance with the covenants.

To secure repayment of each of the syndicated loans of the Spanish companies, a pledge was extended on the shares of the subsidiaries and on any damages, compensation and/or penalties payable to them in connection with the construction and operating management agreements, and in all the cash accounts of the aforementioned wind-power companies. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos do Lagoa, S.A. and Ventos do Litoral, S.A. have signed a surety bond over property, plant and equipment with the related banks.

Also, 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. was granted a loan of Euros 25 million, bearing interest at 12-month Euribor plus a spread, maturing on 30 September 2022, in order to finance repayment of a portion of its share capital to the shareholders in prior years.

Loans with personal guarantee-

In May 2013, Elecnor entered into a Euros 13 million financing arrangement. This arrangement is repayable in a single instalment due in March 2014, and accrues quarterly interest tied to 3-month Euribor plus a spread of 2.80%.

In June 2013, Elecnor signed another financing arrangement for Euros 10 million. This arrangement is repayable in a single instalment due in June 2016, and accrues quarterly interest tied to 12-month Euribor plus a spread of 3.9%.

In December 2013, Elecnor signed a financing arrangement for Euros 30 million. The final maturity of this arrangement is in six years' time, and it has half-yearly repayments with a grace period on the principal during the first year. This loan bears interest tied to 6-month Euribor plus a spread (3.50% fixed +/- 0.15% variable, pegged to the Company's sales ratio).

The Company has undertaken to comply with different ratios over the term of the bank financing contract: ((Net financial debt/Equity), ((Net financial debt/EBITDA), (EBITDA/Finance costs) and (Co-financing ratio)), which are calculated on the basis of the Elecnor Group's consolidated figures. Failure to comply with these ratios could result in the arrangement 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 are 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 bears interest at Euribor plus a spread. The interest incurred on this loan in 2013 amounted to Euros 811 thousand (2012: Euros 442 thousand).

Also, in 2012 various loans granted to the Parent in prior years, totalling approximately Euros 131 million, matured or were repaid early, in accordance with the Group's financing strategy.

Other financing-

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 for the construction of a satellite. At 31 December 2013, a total of Euros 20.1 million had been drawn down.

In 2012, through the subsidiary Deimos Castilla La Mancha, S.L., the Group arranged a credit facility with a personal guarantee and a limit of Euros 20 million for the construction of a satellite. At 31 December 2012, a total of Euros 10 million had been drawn down.

In 2007 the ELECNOR Group arranged a mortgage loan in order to acquire an industrial building in Valencia in which to carry out its solar panel manufacturing business (see Note 9). The unmatured balance of this loan amounted to approximately Euros 9,776 thousand at 31 December 2013 (2012: Euros 10,388 thousand).

At 31 December 2013 the Parent, Elecnor, S.A., also had 9 credit facilities outstanding with various banks, the maximum total limit of which was Euros 163 million. At 31 December 2013, no amounts had been drawn down. These credit facilities bear average interest of 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 2012 the Parent also had credit facilities with a total limit of approximately Euros 130 million.

At 31 December 2013 and 2012, the Group as a whole had undrawn, personally guaranteed credit facilities totalling approximately Euros 313,784 thousand (31 December 2012: approximately Euros 301,605 thousand) (see Note 4-c).

At 31 December 2013, the ELECNOR Group did 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 including the measurement of derivatives in the consolidated statements of financial position at 31 December 2013 and 2012 are as follows:

	Thousands of Euros							
	2013				2012			
	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)	528	-	21,865	3,396	943	34	26,110	6,018
FOREIGN CURRENCY HEDGES								
Cash flow hedges:								
Foreign currency hedge	-	11	-	939	-	675	-	6,016
	528	**11**	**21,865**	**4,335**	**943**	**709**	**26,110**	**12,034**

Exchange rate-

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

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

At 31 December 2013 and 2012, the total nominal amount of the items on which foreign currency hedges had been arranged was as follows:

Currency	31.12.2013	31.12.2012
Thousands of US dollars	41,490	58,884
Thousands of Canadian dollars	-	64,961

Of the total nominal amounts hedged at 31 December 2013 and 2012, USD 12,033 thousand relates to USD purchase insurance to hedge future payment flows in this currency, and USD 17,031 thousand USD sale insurance to hedge future collection flows in this currency.

Of the total nominal amounts hedged at 31 December 2012, USD 21,957 thousand related to USD purchase insurance to hedge future payment flows in this currency, USD 36,927 thousand related to USD sale insurance to hedge future collection flows in this currency and CAD 64,961 thousand related to CAD sale insurance and the purchase of Euros to hedge the flows arising from collections on the construction contract assigned in 2011 for the construction of the Eoliennes de L´Erable wind farm and the payments relating to supply agreements denominated in Euros (see Notes 9 and 14).

The equivalent Euro value of the nominal amount under foreign currency hedges at 31 December 2013 was approximately Euros 29,064 thousand.

The foreign currency hedges expire in 2014, which coincides with the actual flow of the payments and collections that they are hedging. The risk of changes in the estimated cash flows is very low since agreements exist indicating the related payment and collection 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 tied to floating interest rates, generally associated with the corporate financing obtained by the Parent and the financing of projects. At 31 December 2013, the total nominal value of the liabilities hedged by interest rate hedges amounted to Euros 397,776 thousand (2012: Euros 472,254 thousand).

Details of the maturities of the contractual cash flows of the derivative financial instruments at 31 December 2013 and 2012 are as follows:

	31.12.13					
	Thousands of Euros					
	Maturity					
	2014	2015	2016	2017	2018 and subsequent years	Total
Foreign currency 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 related currency

	31.12.12					
	Thousands of Euros					
	Expiry					
	2013	2014	2015	2016	2017 and subsequent years	Total
Foreign currency hedge:						
USD sales (*)	(36,927)	-	-	-	-	(36,927)
USD purchases (*)	20,007	1,950	-	-	-	21,957
CAD sales (*)	(64,961)	-	-	-	-	(64,961)
Interest rate hedges	(7,741)	(5,454)	(4,595)	(3,725)	(11,328)	(32,843)
Cross-currency swap:						
Flow in Euros	4,168	-	-	-	-	4,168
Flow in CAD (*)	(5,415)	-	-	-	-	(5,415)

(*) Figures expressed in the related currency

The nominal amounts of the various derivative financial instruments described above, excluding the foreign currency hedge, mature as follows:

	31.12.13					
	Thousands of Euros					
	Maturity					
	2014	2015	2016	2017	2018 and subsequent years	Total
Interest rate hedges	70,539	73,725	79,171	39,958	134,380	397,776

	31.12.12					
	Thousands of Euros					
	Expiry					
	2014	2015	2016	2017	2018 and subsequent years	Total
Interest rate hedges	149,694	70,805	75,161	82,276	94,318	472,254

The nominal amount of the interest rate swaps is the same as 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.

A loss of Euros 721 thousand was incurred on the interest rate derivative instruments relating to the financing that was repaid early in the first half of 2012 in the context of the operation to obtain the aforementioned new syndicated financing. This loss was recognised with a charge to "Changes in fair value of financial instruments" in the accompanying consolidated income statement for the year ended 31 December 2012. Settlement of these hedging instruments up to maturity did not have the desired hedging effect during 2013, entailing a loss of Euros 478 thousand.

Apart from that mentioned in the preceding paragraph, neither in the case of foreign currency hedges or interest rate hedges did any circumstances arise in 2013 or 2012 that required changing the initially adopted hedge accounting policy in the recognition of the derivatives. At 31 December 2013 and 2012, the ELECNOR Group did not have any derivatives that did not qualify for hedge accounting and it did not have any such derivatives during those years.

Price-

The Group used derivative financial instruments to hedge the risks of fluctuations in electricity prices.

The effect of the settlements of these derivatives in 2012 gave rise to an increase in sales of Euros 2,365 thousand.

At 31 December 2013 and 2012, the ELECNOR Group did not have any derivative financial instruments in respect of energy prices.

The market value of the different financial instruments 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 at a market interest rate the difference between the swap rates, and the market value of foreign currency forward contracts is determined by discounting the estimated future cash flows using the forward rates existing at year-end. In both cases, these measurements are verified against those provided by the banks.

This procedure is also used, where appropriate, to determine the fair 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), with any resulting difference being settled on maturity. At year-end, the Group translates the loan into US dollars (plus the accrued interest) at the year-end 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 assets", "Non-current financial assets" or "Bank borrowings and other financial liabilities", depending on whether the difference is positive or negative and on the maturity thereof, giving rise to an exchange gain or loss as the balancing entry.

Details of cross currency swaps at 31 December 2013 and 2012 are as follows:

	Thousands of Euros	
	31.12.13	31.12.12
Notional amount in foreign currency (USD)	(139,500)	-
Notional amount in foreign currency (CAD)	-	(5,415)
Equivalent Euro value	101,555	4,168
Fair value at the reporting date	(76)	45

Swaps in force at 31 December 2013 came into effect on 20, 23 and 27 December 2013, and all mature on 1 January 2014. The swap in force at 31 December 2012 came into effect on 21 December 2012, and matured on 3 January 2013.

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

16. Provisions for contingencies and charges

Details of "Non-current liabilities - Provisions for contingencies and charges" in the accompanying consolidated statements of financial position and changes therein in 2013 and 2012 are as follows:

	Thousands of Euros		
	Provisions for litigation and third-party liability	Provisions for warranties	Total provisions for contingencies and charges
Balance at 1 January 2011	17,651	19,200	36,851
Provisions charged to the income statement (Note 21)	3,102	6,084	9,186
Translation differences	(10)	(885)	(895)
Reversals charged to the income statement (Note 21)	(589)	(10,857)	(11,446)
Balance at 31 December 2012	**20,154**	**13,542**	**33,696**
Provisions charged to the income statement (Note 21)	3,803	1,189	4,992
Translation differences	(1,575)	-	(1,575)
Reversals charged to the income statement (Note 21)	(1,581)	(12,584)	(14,165)
Balance at 31 December 2013	**20,801**	**2,147**	**22,948**

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 barely material in amount. The directors estimated that the provision recognised reasonably covers the payments 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 agreements 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 arising from the aforementioned agreement, the investee gave the contracting entity two irrevocable and automatically-renewable joint and several guarantees that expire in 2012. These guarantees have been secured by a counter guarantee given by Elecnor in proportion to its percentage of ownership. As a result of the various events that occurred subsequent to the date that the contract was awarded, the project became unfeasible in terms of profitability and, consequently, the Group decided not to commence the project until it negotiated new conditions with the contracting entity that would make it possible to carry out the project with a restored equity position. To date these negotiations have been unsuccessful. Since the Group expected that its losses resulting from the execution of this project would be greater than those incurred as a result of the possible penalties arising from breaching the agreement, the Group did not carry out the aforementioned project. "Provisions for litigation and third-party liability" in the foregoing table include the amount of the agreement reached with the customer in December 2013, whereby a payment plan equivalent to the guarantees extended was negotiated with a calendar of payments 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, with the remaining Euros 11,956 thousand recognised under provisions for contingencies (2012: Euros 13,842 thousand).

In prior years the ELECNOR Group delivered various solar power production plants (solar PV farms) in relation to which it provided an unlimited warranty to its 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 where the capacity of the panels stipulated in the agreement is not achieved due to the wear and tear thereof. The various suppliers of PV panels also provided the ELECNOR Group with a warranty in this regard. The ELECNOR Group had recognised a provision of approximately Euros 8.6 million at 2012 year-end to cover these warranty-related risks, which is recognised under "Provisions for warranties" in the foregoing table. In 2013, approximately Euros 7.6 million was reversed in light of new evidence which lead the directors to modify the estimated risk to be covered.

17. Customer advances and advance billings

Details of these items included under "Trade and other payables" in the accompanying consolidated statement of financial position are as follows:

	Thousands of Euros	
	2013	2012
Advance billings (Note 3-c)	360,570	463,998
Customer advances	236,219	313,243
	596,789	**777,241**

The advance billings consist of progress billings issued in accordance with the timing conditions specified in the agreements for construction currently in progress.

The customer advances relate basically to payments made in advance by customers prior to the start of the related contracts. These advances are discounted from billings made during the contracts.

18. Long-term deferred tax assets and liabilities

Details of "Deferred tax assets" and "Deferred tax liabilities" in the accompanying consolidated statement of financial position and changes therein in 2013 and 2012 are as follows:

	1.1.12	Debit (credit) in the income statement	Debit (credit) in the assets and liabilities valuation reserve	Changes in the scope of consolidation	Transfers	31.12.12	Debit (credit) in the income statement	Debit (credit) in the assets and liabilities valuation reserve	31.12.13
Deferred tax assets									
Measurement of derivative financial instruments (Note 15)	8,603	-	147	-	2,851	11,601	-	(3,741)	7,860
Eliminations of internal margins (*)	11,191	2,992	-	-	-	14,183	(7,066)	-	7,117
Tax credits	8,698	4,627	-	-	-	13,325	2,193	-	15,518
Unused tax deductions and credits	-	-	-	-	4,034	4,034	147	-	4,181
Losses in external branches	-	-	-	-	-	-	9,050	-	9,050
Non-deductible provisions (Note 16)	-	-	-	-	15,858	15,858	(7,849)	-	8,009
Other deferred tax assets	54,482	(10,873)	-	-	(22,743)	20,866	1,666	-	22,532
	82,974	**(3,254)**	**147**	**-**	**-**	**79,867**	**(1,859)**	**(3,741)**	**74,267**
Deferred tax liabilities:									
Measurement of derivative financial instruments (Note 15)	-	-	352	-	-	352	-	(194)	158
Disposal of Enerfin Enervento, S.A.	9,645	-	-	-	-	9,645	-	-	9,645
Portfolio provisions	413	271	-	-	-	684	13,732	-	14,416
Deduction of share premium	-	-	-	-	2,849	2,849	-	-	2,849
Other deferred tax liabilities	26,601	(1,186)	(150)	9,063	(2,849)	31,479	3,081	-	34,560
	36,659	**(915)**	**202**	**9,063**	**-**	**45,009**	**16,813**	**(194)**	**61,628**

(*) Mainly derived from the construction of wind and solar PV farms. This amount is being reversed to profit or loss over the useful life of the related facilities

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less 12 months are barely material.

“Non-deductible provisions" in the preceding table mainly includes the tax impact of various provisions that were not treated as deductible when they were recognised (see Note 16).

"Other deferred tax assets" reflect deductible temporary differences arising on the difference between the carrying amount of certain assets and their tax base.

“Tax credits” include unused tax loss carryforwards and tax credits of various subsidiaries, which were capitalised as the Parent’s directors consider that they will be recovered against the estimated future profits in coming years.

“Disposal of Enerfin Enervento, S.A.” corresponds to 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 and subscribed by a third party.

"Portfolio provisions" include the tax effect of eliminating portfolio provisions in the consolidation process, when tax credits have been capitalised in the subsidiary.

“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 in order to ascertain whether they still exist, and adjusted accordingly based on the findings of the analyses performed.

Deferred tax assets and liabilities are presented in more detail in 2013 in order to identify more clearly certain items which, in isolation, are material.

19. Tax matters

Details of “Current assets - Tax receivables” and “Other payables -Tax payables” on the asset and liability sides, respectively, of the consolidated statements of financial position at 31 December 2013 and 2012 are as follows:

	Thousands of Euros	
	2013	2012
Tax receivables-		
VAT	36,986	48,999
Personal income tax withholdings	516	97
Withholdings and payments on account	11,152	15,148
Income tax	9,241	4,925
Sundry tax receivables (*)	14,441	1,435
Social Security	692	254
Grants	606	74
Total	**73,634**	**70,932**
Tax payables-		
VAT	24,280	40,472
Withholdings	9,691	7,493
Income tax	13,911	12,190
Sundry tax payables (*)	48,214	7,994
Social Security	8,587	9,682
Total	**104,683**	**77,831**

(*) Arising mainly from the 'UTEs' and foreign subsidiaries.

At 31 December 2013, the balance payable to foreign taxation authorities includes income tax payable to the Venezuelan taxation authorities.

As a result of the tax inspection explained below, sundry tax payables have risen significantly and remain payable at 31 December 2013.

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

The Parent has income tax for 2011 and subsequent years and other applicable taxes for 2012 and subsequent years open to inspection by the taxation authorities. In general, the main Group companies have open to inspection the main taxes applicable to them for the years established by prevailing local legislation in each case (ranging from three to five years).

Details of income tax accrued in 2013 and 2012 are as follows:

	Thousands of Euros	
	2013	2012
Consolidated profit before tax	109,066	138,646
Non-deductible expenses	3,553	1,346
Non-computable income	(21,569)	(7,000)
Net profit/(loss) of companies accounted for using the equity method (Note 10)	15,793	34,906
Uncapitalised tax credits applied	(1,714)	(11,823)
Tax loss carryforwards not capitalised	11,275	4,971
Adjusted accounting profit	**116,404**	**161,046**
Gross tax calculated at the tax rate in force in each country (*)	38,280	47,811
Tax credits relating to incentives and other	(1,813)	(686)
Adjustment of prior year's income tax expense	4,332	373
Other adjustments	11,409	-
Income tax expense accrued	**52,208**	**47,498**

(*) The fully consolidated foreign subsidiaries calculate the income tax expense and the tax charges for the various taxes applicable to them in conformity with the legislation of, and at the tax rates in force in, their respective countries.

"Non-computable income" in the preceding table for 2013 mainly reflects the disposal of liabilities against the income statement, which had no tax impact when they were generated (see Note 2-g).

On 26 April 2012 the taxation authorities notified Elecnor of an inspection of the following taxes: income tax for 2007-2010, VAT for 2008-2011, withholdings and payments on account of earned income, capital gains tax and non-resident tax for 2008-2011.

On 8 November 2013, the inspection concluded, resulting in amounts of Euros 3,622 thousand, Euros 1,644 thousand and Euros 470 thousand being recognised under "Income tax", "Finance costs" and "Other operating expenses, respectively, in the income statement for 2013.

"Other adjustments" basically reflect 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 2013 and 2012 were as follows:

	Thousands of Euros	
	2013	2012
Current tax		
Present year	18,558	48,333
Prior year adjustments	4,332	373
Other adjustments	11,409	-
Amount of tax benefits not recognised in prior years that were used to reduce the tax expense for the year	(514)	(3,547)
Deferred tax		
Amount of the deferred tax expense (income) due to the generation and reversal of temporary differences	20,763	6,966
Amount of tax benefits not recognised in prior years that were used to reduce the deferred tax expense for the year	(2,340)	(4,627)
Income tax expense accrued	**52,208**	**47,498**

Details of the amounts and last years of use of deductible temporary differences, tax losses or credits for which deferred tax assets were not recognised in the consolidated statements of financial position at 31 December 2013 and 2012, are as follows (in thousands of Euros):

Unused tax loss carryforwards	31.12.13
Available through:	
2019	537
2026	67
2027	395
2028	1,023
2029	3,829
2030	2,660
2031 and subsequent years	26,256
Total	**34,767**

Unused tax loss carryforwards	31.12.12
Available through:	
2019	662
2026	82
2027	545
2028	1,362
2029	8,336
2030 and subsequent years	9,740
Total	**20,757**

Unused tax credits and other similar items	31.12.13
Available through:	
2017	35
2019	306
2022	373
2025	95
2026	253
2027	990
2028	954
2029	530
2030	173
2031	130
Total	**3,839**

Unused tax credits and other similar items	31.12.12
Available through:	
2014	298
2015	80
2017	505
2019	309
2021	2
2022	373
2025	95
2026	253
2027	990
2028	954
2029	530
2030	545
Total	**4,934**

The tax loss carry forwards and unused tax credits 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.

The varying interpretations that can be made of current tax legislation could give rise to certain contingent liabilities which cannot be objectively quantified. 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 might arise therefrom would not materially affect the consolidated annual accounts of the ELECNOR Group.

20. Guarantee commitments to third parties

At 31 December 2013 and 2012, details of the risk exposure relating to guarantees received and other project bid guarantees, completion bonds and performance bonds, relating mainly to the Parent, are as follows:

	Thousands of Euros	
	2013	2012
Completion bonds	569,309	680,608
Advances on contracts:		
Current	257,418	354,224
To be cancelled	3,363	4,537
Performance bonds	134,011	102,912
Project bid guarantees	78,242	52,293
Other	8,316	39,567
Total	**1,050,659**	**1,234,141**

In 2013 the Parent has guarantees totalling Euros 204 million (2012: Euros 354 million) to secure the successful completion of the construction of a combined cycle plant in Venezuela (see Note 12), and to secure the granting of credit facilities to its subsidiary in Venezuela.

The Parent's directors consider that any liabilities that might arise from the guarantees provided would not give rise to significant losses in the accompanying consolidated financial statements.

21. Income and expenses

Revenue-

Details of "Revenue" in the 2013 and 2012 consolidated income statements are as follows:

	Thousands of Euros	
	2013	2012
Construction contracts and the provision of services	1,807,402	1,855,823
Sales of goods	56,772	74,889
Total	**1,864,174**	**1,930,712**

Procurements-

Details of "Procurements" in the 2013 and 2012 consolidated income statements are as follows:

	Thousands of Euros	
	2013	2012
Purchases of raw materials and other supplies	1,075,792	1,111,296
Changes in goods held for resale, raw materials and other inventories	(36,588)	34,679
Total	**1,039,204**	**1,145,975**

Staff costs-

Details of "Staff costs" in the 2013 and 2012 consolidated income statements are as follows:

	Thousands of Euros	
	2013	2012
Wages and salaries	360,315	341,162
Employer social security costs	76,571	71,407
Other employee benefit costs	14,677	17,147
Total	**451,563**	**429,716**

The average headcount, by professional category, in 2013 and 2012 was as follows:

	Average headcount	
	2013	2012
Senior management (Note 25)	6	6
Management	107	91
Technical Area	2,495	2,559
Administration	1,421	1,199
Middle management	1,270	624
Supervisors	5,285	4,769
Specialists	724	1,117
Manual workers	1,308	1,448
Porters	520	714
Total	**13,136**	**12,527**

Of the Group's average headcount in 2013, 5,155 had temporary employment contracts (2012: 4,411 employees).

The headcount, by gender and professional category, at 31 December 2013 and 2012 was as follows:

	31.12.2013		31.12.2012	
Professional category	Male	Female	Male	Female
Senior management (Note 25)	6	-	6	-
Management	92	11	90	2
Technical Area	1,965	424	2,096	465
Administration	600	781	416	825
Middle management	1,100	35	610	18
Supervisors	4,984	49	4,860	65
Specialists	740	28	1,183	58
Manual workers	1,208	84	1,481	112
Porters	436	94	656	9
Total	**11,131**	**1,506**	**11,398**	**1,554**

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

Professional category	2013	2012
Technical Area	12	8
Administration	9	17
Supervisors	20	16
Manual workers	2	1
Total	**43**	**42**

At the 2013 year end Elecnor, S.A. had a headcount of 5,880 employees in Spain, 43 of whom were disabled, representing 0.7% of the workforce in Spain. Purchases made from Special Employment Centres and certified in 2013 amounted to Euros 1,600 thousand, which would be the equivalent to hiring an additional 1.42% of disabled employees. This would give rise to a total of 2.12%, thereby exceeding the mandatory quota (2%).

Depreciation and amortisation charge and provisions-

Details of this heading in the 2013 and 2012 consolidated income statements are as follows:

	Thousands of Euros	
	2013	2012
Depreciation charge – property, plant and equipment (Note 9)	59,075	52,435
Amortisation charge – intangible assets (Note 8)	5,965	6,442
Changes in provisions for contingencies and charges (Note 16)	(9,173)	(2,260)
Changes in impairment of receivables (Note 12)	20,271	(2,674)
Changes in other provisions	2,752	14,797
Total	**78,890**	**68,740**

Finance income-

Details of "Finance income" in the 2013 and 2012 consolidated income statements are as follows:

	Thousands of Euros	
	2013	2012
Income from other marketable securities and loans to third parties	4,487	30,223
Other interest and similar income (Notes 11 and 12)	57,447	38,509
Total	**61,934**	**68,732**

Finance costs-

Details of "Finance costs" in the 2013 and 2012 consolidated income statements are as follows:

	Thousands of Euros	
	2013	2012
Borrowing costs (*)	77,477	71,467
Other finance costs	5,196	9,974
	82,673	**81,441**

(*) Arising mainly from project finance arrangements relating to wind and solar PV farms and concession operators, Elecnor, S.A.'s syndicated loans and interest rate swaps (amounting to Euros 16,740 thousand at 31 December 2013) (see Notes 14 and 15).

Impairment of and gains or losses on disposals of financial instruments-

Details of "Impairment of and gains or losses on disposals of financial instruments" in the 2013 and 2012 consolidated income statements are as follows:

	Thousands of Euros	
	2013	2012
Group companies (Note 11-c)	(401)	-
Other investees (Notes 2-g, 11-a and 16)	(959)	19
Other Group companies	(652)	-
	(2,012)	**19**

22. Interests in joint ventures - "Temporary joint ventures"

As indicated in Note 2-a, in 2013 and 2012 the balance sheets and income statements of the temporary joint ventures in which Elecnor, S.A. or its subsidiaries hold interests were 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 2013 and 2012, as well as the amount of the construction work performed in 2013 and 2012 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 statement of financial position and the consolidated income statement at 31 December 2013 and 2012 are as follows:

	Thousands of Euros			Thousands of Euros	
ASSETS	2013	2012	EQUITY AND LIABILITIES	2013	2012
Intangible assets	7	9	Profit for the year	5,012	13,400
Property, plant and equipment	1,117	1,441	Non-current payables	2,701	438
Non-current financial assets	78	11	Current payables	68,013	71,065
Inventories	6,813	6,347			
Accounts receivable	50,945	57,322			
Current financial assets	(1,428)	(591)			
Cash	15,908	19,350			
Prepayments and accrued income	2,286	1,014			
Total	**75,726**	**84,903**	**Total**	**75,726**	**84,903**

	Thousands of Euros	
Income statement	2013	2012
Revenue	108,740	139,320
Procurements	(71,000)	(107,610)
Non-core income	1,297	355
Staff costs	(7,647)	(6,282)
Outside services	(23,084)	(6,718)
Taxes other than income tax	(749)	(228)
Losses on, impairment of and changes in provisions for trade receivables	651	(872)
Depreciation and amortisation charge	(444)	(666)
Provision surpluses	-	1,011
Impairment and gains or losses on disposals of non-current assets	305	(8)
Finance income	36	6,693
Finance costs	(2,455)	(11,764)
Exchange differences	(311)	661
Foreign taxes	(327)	(492)
Total	**5,012**	**13,400**

23. Order book

Details, by line of business, of the Parent's order backlog, excluding temporary joint ventures (see Note 22), at 31 December 2013 and 2012 are as follows:

	Thousands of Euros	
By geographical area	2013	2012
Spain	406,123	461,831
Abroad	1,795,609	1,474,877
Total	**2,201,732**	**1,936,708**
By line of business		
Electricity	921,069	721,837
Installation work	123,285	56,696
Gas	105,532	124,692
Energy generation	673,008	807,290
Railways	117,678	23,163
Construction and Water	122,164	95,450
Telecommunications and systems	117,690	100,127
Maintenance	21,306	7,453
Total	**2,201,732**	**1,936,708**

Also, at 31 December 2013 the order backlog of subsidiaries amounted to Euros 213,243 thousand (2012: Euros 248,633 thousand) and related basically to work for companies in the electricity industry.

24. Remuneration of directors

a) Remuneration and other benefits of directors-

In 2013 the members of the Parent's board of directors earned remuneration amounting to Euros 7,330 thousand in respect of all items (2012: Euros 7,859 thousand). This remuneration includes that earned in their capacity as executives.

The Parent paid approximately Euros 24 thousand in connection with life insurance arranged for former or current members of its board of directors (2012: Euros 12 thousand).

In addition, at 31 December 2013 and 2012, the Parent did not have any pension or guarantee obligations with former or current members of the Board of Directors nor had it granted any loans to them.

At 31 December 2013, the board of directors of the Parent was composed of twelve men (31 December 2012: 12 men).

b)Details of investments in companies engaging in similar activities and of any similar activities carried out by the directors as independent professionals or as employees-

Pursuant to Articles 229, 230 and 231 of the Spanish Companies Act, introduced by Law 1/2010, of 2 July, in order to reinforce the transparency of listed corporations, following are details of the non-Group companies engaging in activities that are identical, similar or complementary to the statutory activity of Elecnor S.A. in which the members of the board of directors hold ownership interests, either directly or through related companies or parties, and of the functions, if any, that they discharge thereat:

Owner	Investee	Line of business	Ownership interest	Functions
Mr. José María Prado García	Ingeniería Estudios y Proyectos Nip, S.A.	Engineering	2.189%	-
Mr. Cristóbal González de Aguilar Enrile	Ingeniería Estudios y Proyectos Nip, S.A.	Engineering	12.13%	-

In addition, the directors of the Parent represent it as directors of most of the Group companies.

Since 2 July 2010, the date on which Law 1/2010 came into force, the former and current members of the Board of Directors have not performed nor do they currently perform, as independent professionals or as employees outside the corporate Group to which Elecnor, S.A. belongs, any activity that is identical, similar or complementary to the statutory activity of the Parent, other than the activities indicated in the foregoing table.

There are no other situations of conflict of interest which, pursuant to Article 229 of the Spanish Companies Act, must be disclosed in the notes to the consolidated annual accounts.

25. Remuneration of senior executives

Staff costs (monetary remuneration, compensation in kind, Social Security contributions, etc.) relating to the Parent's general managers and persons discharging similar duties (excluding those who are also members of the board of directors, whose remuneration is detailed above) amounted to approximately Euros 2,391 thousand in 2013 (2012: approximately Euros 1,997 thousand).

In 2013 and 2012 there were no other transactions with senior executives outside the ordinary course of business.

At 31 December 2013 and 2012, all the Parent's general managers were men.

26. Balances and transactions with related parties

All material balances between consolidated companies at year end and the effects of transactions between them during the year were eliminated on consolidation (see Note 2-f).

The terms and conditions of transactions with related parties are similar to those of transactions performed on an arm's length basis. The Group transactions with investees that have not been fully or proportionately consolidated and with the companies not included in the scope of consolidation in 2013 and 2012 are as follows:

2013

	Thousands of Euros			
	Procurements	Outside services	Sales and other operating income	Finance income
Equity method:				
Cosemel Ingeniería, A.I.E.	-	37	43	
Dioxipe Solar S.L.	-	-	18,199	34
Aries Solar Termoeléctrica, S.L.	69	-	143,496	478
Eolica 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	-	41	244
Total	**3,042**	**37**	**165,960**	**768**

2012

	Thousands of Euros			
	Procurements	Outside services	Sales and other operating income	Finance income
Equity method:				
Cosemel Ingeniería, A.I.E.	6	-	43	-
Dioxipe Solar S.L.	1,054	-	33,315	-
Aries Solar Termoeléctrica, S.L.	1,157	28	205,610	-
Eolica Montes de Cierzo, S.L.	-	-	35	-
Eólica La Bandera, S.L.	-	-	3	-
Eólica Caparroso, S.L.	-	-	14	-
Eólica Cabanillas S.L.	-	-	5	-
Sociedad Aguas Residuales Pirineos S.A.	-	-	5	-
Other companies:				
Pidirelys S.A. de C.V.	-	2	-	-
Fundacion Elecnor	-	601	-	-
Zinertia Renovables ERK.	-	-	2	-
Elecdal, URL	-	73	-	-
Centro Logístico Huerta del Peñon, S.L.	-	-	-	10
Enertel, S.A de C.V.	724	807	444	-
Elecen, S.A. de C.V.	48	-	-	-
Total	**2,989**	**1,511**	**239,476**	**10**

At 31 December 2013 and 2012, details of the balances receivable from and payable to these investees that were not fully or proportionately consolidated and with the companies not included in the scope of consolidation arising from the foregoing transactions, are as follows:

	Thousands of Euros							
	2013				2012			
	Accounts receivable		Accounts payable		Accounts receivable		Accounts payable	
	Other financial assets (Note 11)	Trade receivables from related companies and current investments in related companies	Non-current	Trade payables to associates and related companies	Other financial assets (Note 11)	Trade receivables from related companies and current investments in related companies	Non-current	Trade payables to associates and related companies
Equity method:								
Jauru Transmissora de Energia, S.A.	-	-	-	-	-	314	-	449
Eólica La Bandera, S.L.	-	122	-	-	-	-	-	-
Eólica Cabanillas, S.L.	-	-	-	-	-	-	-	-
Eólica Caparroso, S.L.	-	114	-	-	-	3	-	-
Eólica Montes del Cierzo, S.L.	-	241	-	-	-	21	-	-
Cosemel Ingeniería, A.I.E.	-	13	-	4	-	13	-	39
Sociedad Aguas Residuales Pirineos, S.A.	-	3	-	-	-	8	-	-
Dioxipe Termosolar, S.L.	38,221	4,190	-	-	25,365	20	-	-
Aries Solar Termoeléctrica,S.L.	63,885	36,810	-	-	74,283	204	-	265
Gasoducto Morelos S.A.P.I. de CV	14,697	8,337	-	-	15,311	600	-	-
Jauru Transmisora de Energía, S.A.	-	14	-	-	-	-	-	-
Brilhante Transmisora de Energia S.A.	-	502	-	154	-	490	-	185
Other companies:								
Fundacion Elecnor	-	-	-	-	-	9	-	-
Elecred Servicios S.A.	-	-	-	-	-	-	-	-
Centro Logístico Huerta del Peñón, S.L.	-	290	-	-	-	307	-	-
Elecdal, U.R.L.	-	-	-	-	-	-	-	131
Elecen, S.A. de C.V.	-	6	-	182	-	6	-	136
Elecnor Perú, S.A.	-	36	-	-	-	22	-	-
Cia Paranaense Tratamiento de Residuos S.A.	-	-	-	-	-	-	-	-
Elecnor Ucrania S.L.	-	-	-	-	-	-	-	-
Energia Olmedo Ourense Fasel S.A.	-	-	-	-	-	-	-	-
Elecnor Energie UND BAU, GMBH	-	-	-	-	-	47	-	-
Isonor Transmisión S.A.C.	-	55	-	-	-	57	-	-
Acciona Infraest-Elecnor Hospital David S.A.	-	-	-	-	-	42	-	-
Empresa General de Instalaçoes Eléctricas, S.A.	-	-	-	-	-	-	-	-
Enervento S.A.	-	-	-	-	250	-	-	-
Enervento, Ventos do Faro Farelo S.L.	-	11	-	-	-	11	-	-
Enertel, S.A. de C.V.	-	598	-	734	-	322	-	760
Enerfin Forças	-	113	-	-	-	-	-	-
Sucursal Portugal ACE Omnistal	-	91	-	28	-	-	-	-
Deimos Perú	-	-	-	-	-	-	-	-
Elecnor Brasil Ltda.	-	-	-	-	-	-	-	-
Atersa Energy Seeker S.L.	-	-	-	-	-	-	-	-
Electrade Investments, Ltda.	-	-	-	-	-	-	-	12
Helios Lazzio, S.R.L.	-	-	-	-	-	2	-	-
Helios Patichi, S.R.L.	-	-	-	-	-	2	-	-
Helios Abruzzo, S.R.L.	-	-	-	-	-	2	-	-
Atersa Photovoltaique Mauiritaine S.A	-	-	-	20	-	-	-	-
Ace Omninstal – Elecnor	-	2	-	36	-	94	-	21
Cantiles XXI, S.L. (Note 5)	-	-	-	2,278	-	-	-	2,534
Zinertia Renovables ERK, S.L.U.	-	41	-	-	-	12	-	-
Sociedad Eólica Los Lances, S.A.	-	-	-	-	-	-	-	-
Celeo Ecologia S.L.U.	-	-	-	-	-	2	-	-
Celeo Energy US Holding, INC	-	18	-	-	-	19	-	-
Celeo Termosolar S.L.	-	-	-	-	-	3,133	-	-
Consorcio Eólico Marino Cabo de Trafalgar, S.A.	-	3	-	-	-	-	-	-
Parques Eólicos Gaviota, S.A.	-	238	-	-	-	-	-	-
Electrade Investment, Ltda.	-	-	-	187	-	-	-	-
	117,053	**51,848**	**-**	**3,623**	**115,209**	**5,777**	**.**	**4,532**

In 2013, Elecnor, S.A. completed construction of solar thermal plants for Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. At 31 December 2013, the amount payable to Elecnor, S.A. by Aries Solar Termoeléctrica, S.L. in relation to the construction contracts and the last billings was approximately Euros 36,075 thousand (31 December 2012: Euros 213 thousand), and is recognised under "Trade receivables from related companies" in the accompanying consolidated statement of financial position at that date.

At 31 December 2013, Bestinver Gestión, S.A., S.G.I.I.C. holds a significant interest in Elecnor, S.A., the Parent of the ELECNOR Group. No transactions were carried out with this company during the year, nor are any balances payable to or receivable from it at 31 December.

NCG Banco, S.A., which is currently majority-owned by the Fund for Orderly Bank Restructuring ("FROB"), has a significant ownership interest in Elecnor, S.A., the Parent of the ELECNOR Group.

Following are details of transactions between the ELECNOR Group and this company in 2013 and 2012, and balances receivable from and payable to it at 31 December 2013 and 2012:

	2013				
	Thousands of Euros				
	Balances			Transactions	
	Accounts receivable	Accounts payable			
	Current accounts	Derivative financial instruments	Loans	Finance income	Finance costs
NCG Banco, S.A.	102	-	20,000	-	1,173

	2012				
	Thousands of Euros				
	Balances			Transactions	
	Accounts receivable	Accounts payable			
	Current accounts	Derivative financial instruments	Loans	Finance income	Finance costs
NCG Banco, S.A.	95	362	20,000	-	794

On 29 June 2006, the Group arranged multi-currency bank borrowings with various banks, primarily for the purpose of financing the development of projects to construct electricity networks in Brazil. This financing was subdivided into two tranches: tranche A related to a long-term multi-currency syndicated loan of Euros 25,000 thousand, which had been drawn down in full at 31 December 2011; and tranche B related to a long-term multi-currency credit facility with a maximum drawdown limit of Euros 25,000 thousand. This financing bore interest at Euribor for the interest period elected by the borrower (one, three or six months), plus a spread tied to the level of the Net Financial Debt (corporate) to EBITDA ratio (EBITDA on Projects + dividends from projects). NCG Banco, S.A. participated in this financing arrangement, both in tranche A and tranche B, contributing Euros 7,500 thousand in each tranche. This loan was repaid in full in 2012.

In addition, the ELECNOR Group arranged a loan at a floating interest rate on 23 November 2011 amounting to Euros 20,000 thousand, maturing in December 2018 and with partial repayments. This loan bears interest at 12-month Euribor plus a spread.

The ELECNOR Group has arranged an interest rate swap (floating-to-fixed rate swap) with the bank NCG Banco, S.A. for a nominal amount of Euros 12.5 million and maturing on 28 June 2013 in order to hedge a possible rise in the interest rates on the syndicated loan received in 2006 described above. As described in Note 15, since the financial instrument relates to the financing which was repaid early in 2012, in the context of the transaction for the obtainment of the new syndicated financing, a loss equal to the fair value thereof at 31 December 2012, amounting to Euros 362 thousand, arose, and was recognised with a charge to "Changes in fair value of financial instruments" in the accompanying consolidated income statement for the year ended 31 December 2012.

Lastly, the ELECNOR Group holds a line of guarantees with the aforementioned bank, the limit of which is Euros 70,000 thousand. At 31 December 2013 and 2012, the Group had extended guarantees to its Venezuelan subsidiary, amounting to approximately Euros 9 million, with a charge to the aforementioned line of guarantees.

The guarantees granted by the ELECNOR Group to NCG Banco, S.A. in relation to all these transactions are unsecured.

27. Fees paid to auditors for services provided

In 2013 the fees for financial audit and other services provided by the Parent's auditor, KPMG Auditores, S.L., or by a firm related to the auditor as the result of a relationship of control, common ownership or common management (Deloitte, S.L. in 2012) were as follows (in thousands of Euros):

2013

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

2012

	Thousands of Euros	
Description	Services provided by the main auditor	Services provided by other audit firms
Audit services	663	247
Other attestation services	124	-
Total audit and related services	**787**	**247**
Tax advisory services	102	-
Other services	8	44
Total professional services	**897**	**291**

28. Earnings per share

The basic earnings per share in 2013 and 2012 were as follows:

	2013	2012
Net attributable profit (thousands of Euros)	53,289	87,593
Total number of shares outstanding	87,000,000	87,000,000
Less - treasury shares (Note 13)	(2,488,452)	(2,535,368)
Weighted average number of shares outstanding	84,511,548	84,464,632
Basic earnings per share (Euros)	0.63	1.04

At 31 December 2013 and 2012, Elecnor, S.A., the Parent of the ELECNOR Group, had not issued any financial instruments or other contracts that entitle the holder to receive ordinary shares of the Company. Consequently, diluted earnings per share are the same as basic earnings per share.

29. Information on the environment

In view of the importance of respect for the environment to maintain and improve the standard of living of present and future generations, Company management has been implementing best environmental practices based on compliance with environmental legislation. With the entry into force of the UNE-EN ISO 14001 standard in 1996, the Group has incorporated environmental management into the conduct of business of the Group, with a commitment to continuously reduce the environmental impact of our products/services and production processes.

The main measures taken by the Group at its facilities and in its business activities were as follows:

Environmental management

The Group consolidated its implementation of environmental management systems, retaining AENOR certification under the UNE-EN ISO 14001:2004 standard for each of the following General Sub-directorates and Directorates:

- General Sub-directorate for Energy (GA-2000/0294)
- General Sub-directorate for Major Grids (GA-2000/0295)
- North Directorate (GA-2002/0183)
- East Directorate (GA-2002/0225)
- Centre Directorate (GA-2003/0220)
- Northeast Directorate (GA-2004/0031)
- South Directorate (GA-2004/0273)
- Elecnor Environment (GA-2004/0030)

In 2013, the Energy Management System standard UNE-EN ISO 50001 (GE-033/2013) was implemented and certified.

Environmental activities

In 2013 various measures were taken to reduce noise pollution, minimise waste and improve waste management, reduce the consumption of paper and increase the use of recycled paper at offices and warehouses, and promote and carry out activities aimed at efficient energy management, all of which has resulted in respect and utmost care for the environment in each and every business activity carried on by the Company.

Environmental contingencies

The Parent's directors consider that any environmental contingencies that might arise are sufficiently covered by third-party liability insurance policies and by the provisions recognised in this regard.

30. Late payments to suppliers. "Reporting requirement". Third additional provision of Law 15/2010, of 5 July

Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, on combating late payment in commercial transactions established, among other issues, restrictions on the maximum payment period of companies.

In this regard, the Elecnor Group set up a working group composed of members of the IT, management control, general accounting, legal advisory and treasury departments with a view to making the Group's procedures and systems compliant with the aforementioned law. As a result of the work performed, an internal memo was prepared and distributed to the business divisions and the subsidiaries of the Group in July 2010, which included the following:

- For contracts prior to 7 July 2010, the terms and conditions agreed upon with the supplier would remain in force.
- For contracts after 7 July 2010, under no circumstances could the terms and conditions established in the contract exceed the maximum payment periods established by the Law. The maximum payment period up to 31 December 2013 is 60 days both in general and for civil engineering contracts.
- Two payment dates per month (instead of one) were established.
- Requirement that customers comply with the periods established by the Law.

The disclosures required by the third additional provision of Law 15/2010, of 5 July are as follows:

	Thousands of Euros	
	2013	
	Amount	%
Payments made within the maximum legal period	776,618	80%
Other	189,066	20%
Total payments made in 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%

	Thousands of Euros	
	2012	
	Amount	%
Payments made within the maximum legal period	1,151,791	89%
Other	143,855	11%
Total payments made in the year	**1,295,646**	**100%**
Weighted average late payment days	25	
Late payments exceeding the maximum legal period at the reporting date	9,721	1.84%

The figures shown in the foregoing table in relation to payments to suppliers relate to suppliers of the Spanish consolidated companies that because of their nature are trade creditors for the supply of goods and services and, therefore, they include the figures relating to "Trade and other payables" - Trade payables for purchases or services" under "Current liabilities" in the consolidated statement of financial position.

Weighted average late payment days were calculated as the quotient whose numerator is the result of multiplying the payments made to suppliers outside the maximum payment period by the number of days of late payment and whose denominator is the total amount of the payments made in the year outside the maximum payment period.

The maximum payment period applicable to the Spanish consolidated companies in 2013 under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 60 days (2012: 75 days), in general and 60 days (2011: 90 days) for civil engineering works.

The Parent's directors consider that the risk of this legislation not being complied with and giving rise to a material liability for the Group is not significant.

Events after the reporting period

As described in Notes 6-b, 7 and 10, on 3 February 2014, the Ministry of Industry sent to the CNMC for 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).

These parameters have cleared up the uncertainties posed by Law 9/2013 of 12 July regarding practical application of the "reasonable rate of return for the 'standard' facility", and although this ministerial order is currently in the consultation period, no significant changes are expected. The Company's directors do not expect any significant liabilities to arise from the ratification of this ministerial order.

APPENDIX I: 2013 COMPANY INFORMATION

2013	Registered offices	Auditor	Line of business	Percentage direct or indirect ownership	Subscribed capital (Thousands of Euros)	Reserves (Thousands of Euros)	Net profit/ (loss) for 2013 (Thousands of Euros)	Interim dividend for 2013 (Thousands of Euros)
Consolidated investees: Fully consolidated companies--								
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	(***)	Trading	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, C.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 fiberglass-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	-
Vilhena Montagens Elétricas, Ltda.	Brazil	(***)	Construction and assembly	100%	372	2,600	(1,719)	-
Enerfín 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 Energia, 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)	-
Enerfín Sociedad de Energía, S.L.	Madrid	Deloitte	Management and administration of companies	100%	48,052	215,585	4,255	-
Montagem Elétricas da Serra, Ltda.	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, NC (*)	Canada	(***)	Operation of power plants	100%	90,694	(9,424)	(63)	-

Thousands of Euros

2013	Registered offices	Auditor	Line of business	Percentage direct or 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	-
Area 3 Equipamiento y diseño de 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 solar-thermal plants	100%	105	(47,238)	4,333	-
Ventos do 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 service concessions Energy transmission	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 electricity public service 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	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	-
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	100%	91,298	(10,309)	(3)	-

2013	Registered offices	Auditor	Line of business	Percentage direct or indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2013	Interim dividend for 2013
					Thousands of Euros			
Investissements Eoliennes de L'erable INC (*)	Canada	(***)	Administration and advisory	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 power plants	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, energy, aeronautics and space	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 Corumba, Ltda. (*)	Brazil	KPMG	Operation of public service concessions for electricity transmission	100%	60,936	(11,815)	326	-
Galicia Vento, 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)	-
Deimos Space UK, limities (*) (****)	UK	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	-

2013	Registered offices	Auditor	Line of business	Percentage direct or indirect ownership	Subscribed capital (Thousands of Euros)	Reserves (Thousands of Euros)	Net profit/ (loss) for 2013 (Thousands of Euros)	Interim dividend for 2013 (Thousands of Euros)
Elecnor Energie Und BAU, GmbH (*****)	Germany	(***)	A broad range of business activities in the areas of engineering, development, construction, assembly, repair, movement and maintenance of all types of works, installation 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 offices	Auditor	Line of business	Percentage direct or indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2013	Interim dividend for 2013	Assets	Revenues
Equity-accounted entities (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 solar 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
Aries Solar Termoeléctrica, S.L. (ASTE) (*)	Madrid	KPMG	Development, construction and operation of solar 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., through
Electrolíneas del Ecuador, S.A. in the case of Zogu, S.A.; Enerfin Enervento, S.A. in the case of Aerogeneradores del Sur, S.A., Eólica Cabanillas, S.L., Eólica Páramo de Poza, S.A., Eólica Montes del Cierzo, S.L., Eólica La Bandera, S.L., Eólica Caparroso, S.L., Galicia Vento, S.L., Consorcio Eólico Marino Cabo de Trafalgar, S.L., Galicia Vento II, S.L and Ventos de Faro Farelo, S.L.; Elecnor Transmissao de Energía, Ltda. in the case of Vila do Conde Transmissora de Energía, S.A, LT Triangulo, S.A., Encruzo novo transmissora de energia,LTDA., Brilhante II transmissora de energia SA., Linha de transmissao corumba,LTDA., Caiua transmissora de energia,S.A., Integraçao marnhense tranmissora de energia,S.A., Coqueiros transmissora de energía, S.A., Pedras transmissora de energía, S.A., Jauru transmisora de Energía, S.A., LT triángulo, S.A., and Brilhante transmissora de energia SA.; Elecnor Financiera S.L., in the case of Parque Eólico La Gaviota, S.A. and Parque Eólico de Malpica, S.A.; Enerfin Sociedad de Energía S.L. in the case of, Enerfín do Brasil Sociedad de Energía LTDA., Muiño do Vicedo, S.L., Enerfera S.R.L., Parque Eólico Cofrentes, S.L., Enerfin Energy Company of Canada, Inc., Enervento Galicia S.L., Enerfin Energy Company, LLC., Parques Eólicos Villanueva, S.L., Enerfin rodonita galicia,s.l., Zaragua 2005,s.l.u., Elecnor financiera ,s.l., Enerfin québec services,inc., Enerfin energy company of australia pty,ltd. and Enerfin developements british columbia,inc.; Deimos space, s.l.u, in the case of S.C. Deimos space,s.r.l., Deimos space uk,limites and Deimos imaging, s.l.; Enerfin Enervento Exterior, S.L.U in the case of Ventos do Sul; Enerfin Energy Company of Australia pty,LTD in the case of Bulgana wind farm pty LTD.; Enerfin Energy Company of Canada, Inc. in the case of Investissements Eoliennes de L` Érable, INC y Investissements Eoliennes de L'érable SEC.; Investissements Eoliennes de L'érable SEC., in the case of Eoliennes de Lérable L` Érable, INC.; Helios Inversión and Promoción Solar, S.L.U. in the case of Helios Almussafes, S.L.U., Helios Almusafes II, S.L.U., Zinertia Renovables AASCV, S.L.U., Zinertia Renovables AASCV2, S.L.U., Zinertia Renovables ELC,S.L.U., Zinertia Antequera,S.L.U., Zinertia Renovables HAE,S.L.U., and Siberia Solar,S.L.; Celeo Concesiones e Inversiones S.L in the case of Celeo Redes,SLU and Helios Inversión y Promoción Solar, S.L.U.; Celeo Redes, S.A., in the case of Celeo Redes Chile, LTDA. and Elecnor Transmissao de Energía, S.A.; Celeo Termosolar, S.L in the case of Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L (ASTE).; Hidroambiente S.L in the case of Sociedad aragonesa de estaciones depuradoras,S.A; and Zogu, S.A., in the case of CLN,S.A.
(***) Companies not legally required to have their annual accounts audited.
(****) Companies consolidated for the first time in 2013.

APPENDIX I: 2012 COMPANY INFORMATION

					Thousands of Euros			
2012	Registered offices	Auditor	Line of business	Percentage direct or indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2012	Interim dividend for 2012
Consolidated investees:								
Fully-consolidated subsidiaries-								
Elecnor Transmissao de Energía, S.A.	Brazil	Deloitte	Construction and assembly	100%	287,662	18,924	20,660	-
Elecnor Inc.	Delaware (USA)	(**)	Dormant	100%	4,599	(38)	(3,132)	-
Enerfin Quebec Services INC	Canada	(***)	Development and management of wind farm activities	100%	448	(199)	210	-
Belco Elecnor Electric INC	USA	(***)	Installation work	100%	3,260	(422)	(1,351)	-
Internacional de Desarrollo Energético, S.A. (IDDE) (**)	Madrid	(***)	Trading	100%	1,202	77	-	-
Omninstal Electricidade, S.A.	Portugal	Deloitte	Construction and assembly	100%	1,053	1,265	569	-
Elecnor de Argentina, S.A.	Argentina	Deloitte	Construction and assembly	98.77%	8,002	(5,717)	(158)	-
Electrolíneas del Ecuador, S.A.	Ecuador	Atig Auditores	Construction and assembly	100%	1,272	705	108	-
Zogu, S.A. (*)	Ecuador	Atig Auditores	Construction and assembly	100%	315	1,750	69	-
Elecven Construcciones, S.A.	Venezuela	Deloitte	Construction and assembly	96.20%	3,299	14,327	1,512	-
Rasacaven, S.A.	Venezuela	Deloitte	Construction and assembly	93.72%	2,731	(130)	752	-
Corporación Electrade, C.A.	Venezuela	Muñoz y Asociados	Construction and assembly	100%	799	701	34	-
Adhorna Prefabricación, S.A.	Bilbao	Deloitte	Manufacture of products deriving from cement and fiberglass-reinforced polyester	86.52%	1,082	9,088	(663)	-
Elecnor Chile, S.A. (**)	Chile	(***)	Construction and assembly	100%	6,406	411	5,426	-
Hidroambiente, S.A.U.	Getxo (Vizcaya)	KPMG	Environmental activities	100%	615	6,803	489	-
Elecnor do Brasil, Ltda.	Brazil	PWC	Construction and assembly	100%	4,136	2,111	5,505	-
Elecnor Montagens Elétricas, Ltda. (**)	Brazil	(***)	Construction and assembly	100%	372	5,686	78	-
Enerfín Enervento, S.A.	Madrid	Deloitte	Management and administration of companies	70%	11,163	31,813	13,822	-
Elecnor de México, S.A. de C.V.	Mexico	E&Y	Construction and assembly	100%	910	1,440	214	-
Montelecnor, S.A.	Uruguay	E&Y	Construction and assembly	100%	486	2,887	656	-
Aerogeneradores del Sur, S.A.	Seville	Deloitte	Construction, operation and use of wind farm resources	76%	2,912	1,168	766	-
Alto Jahuel Transmisora de Energía S.A. (**) (****)	Chile	(***)	Operation of electricity transmission service concessions	100%	29,958	(38)	(1,861)	-
Ehisa Construcciones y Obras, S.A.	Zaragoza	Luis Ruiz-Apilanez	Construction and assembly	100%	600	3,233	817	-
Deimos Space, S.L.U.	Madrid	KPMG	Analysis, engineering and development of space missions and software	100%	500	8,559	657	-
Ventos do Sul Energia, S.A. (*)	Brazil	Deloitte	Operation of power plants	91%	47,123	13,396	2,407	-
Eólicas Páramo de Poza, S.A. (*)	Madrid	Deloitte	Operation of power plants	55%	601	9,686	2,231	-
Aplicaciones Técnicas de la Energía, S.L. (ATERSA)	Valencia	Deloitte	Solar energy	100%	24,535	9,381	3,683	(2,552)
Muiño do Vicedo, S.L. (*) (**)	Santiago de Compostela	(***)	Operation of power plants	94%	3	(1)	-	-
Enerfin Enervento Exterior,S.L.U.	Madrid	Deloitte	Management and administration of companies	100%	35,752	23,252	(59)	-
Enerfera, S.R.L. (*) (**)	Italy	(***)	Construction, operation and use of wind power resources	100%	10	62	(7)	-
Enerfín Sociedad de Energía, S.L.	Madrid	Deloitte	Management and administration of companies	100%	47,227	208,044	2,866	-
Montagem Elétricas da Serra, Ltda. (**)	Brazil	(***)	Construction and assembly	100%	7	(54)	810	-

2012	Registered offices	Auditor	Line of business	Percentage direct or indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2012	Interim dividend for 2012
					Thousands of Euros			
Vilhena Montagens Elétricas, Ltda. (**)	Brazil	(***)	Construction and assembly	100%	8	3,107	(1,361)	-
Parque Eólico Cofrentes, S.L.U. (*)	Valencia	(***)	Operation of power plants	100%	10	(1)	-	-
Enerfin Energy Company of Canada, INC	Canada	(***)	Operation of power plants	100%	90,694	24	(16)	-
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	794	241	-
Celeo Redes, S.L.U (**)	Madrid	(***)	Management and administration of companies	100%	35,393	297,517	86	-
Siberia Solar, S.L.U.	Madrid	KPMG	Development, construction and operation of PV farms	100%	500	2,626	432	-
Termosolar Manzanares, S.L. (**)	Madrid	(***)	Construction and subsequent operation of solar-thermal plants	70%	4	(564)	(167)	-
Termosolar Alcázar S. Juan, S.L. (**)	Madrid	(***)	Construction and operation of solar-thermal plants	70%	4	(167)	(9)	-
Celeo Concesiones e Inversiones, S.L.U. (**)	Madrid	(***)	Management and administration of companies	100%	83,474	473,044	1,710	-
Área 3 Equipamiento y Diseño del Interiorismo, S.L.U (**)	Madrid	(***)	Interior design	100%	12	174	195	-
Enerfin Rodonita Galicia, S.L. (**)	La Coruña	(***)	Operation of power plants	80%	4	(1)	-	-
Audeca, S.L.U.	Madrid	KPMG	Environmental restoration and reforestation and operation of roads	100%	132	1,451	2,002	-
Jomar Seguridad, S.L.U	Guadalajara	(***)	Sales, installation and maintenance of fire prevention and safety systems	100%	60	1,120	110	-
Celeo Termosolar, S.L. (**)	Madrid	(***)	Construction and subsequent operation of power plants	30%	105	51,293	1,239	-
Ventos da Lagoa, S.A. (**)	Brazil	Deloitte	Operation of power plants	100%	34,402	(3,976)	3,717	-
Ventos do Litoral Energía, S.A (**)	Brazil	Deloitte	Operation of power plants	100%	39,685	(3,291)	461	-
Parques Eólicos Palmares, S.A	Brazil	Deloitte	Operation of power plants	100%	48,645	(2,239)	2,550	-
Elecdor, S.A	Ecuador	Atig Auditores	Construction and assembly	100%	530	97	68	-
Vila Do Conde Transmissora de Energía, S.A (****)	Brazil	Deloitte	Operation of public service concessions for electricity transmission	100%	46,731	(8,162)	10,160	(889)
Zaragua 2005, S.L.U.	Zaragoza	(***)	Operation of power plants	100%	60	(58)	-	-
Sociedad Aragonesa de Aguas Residuales, S.A.U.	Zaragoza	KPMG	Construction and operation of water treatment plants	100%	6,600	(2,706)	(74)	-
Encruzo Novo Transmissora de Energía, Ltda (****)	Brazil	Deloitte	Operation of electricity public service concessions	100%	12,854	(802)	255	-
Elecnor Seguridad, S.L. (**)	Madrid	(***)	Installation and maintenance of fire prevention and safety systems	100%	120	374	232	-
Elecnor Financiera, S.L.	Bilbao	Deloitte	Company administration and advisory	100%	12,000	17,615	3,600	(2,500)
Sociedad Aragonesa de Estaciones Depuradoras, S.A. (**)-	Zaragoza	KPMG	Performance of projects for the special water treatment plan	60%	6,000	(547)	311	
ST Redes de Levante, S.A.U.	Valencia	KPMG	Installation and assembly of telephone networks and post-sales services	100%	1,500	2,615	165	-
Deimos Castilla La Mancha, S.L.(*)	Ciudad Real	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100%	750	4,337	(130)	-
IQA Operations Group, LT	UK	KPMG	Electrical installations	55%	2,271	(105)	(571)	-
Zinertia Antequera, S.L.U.	Madrid	(***)	Development, construction and operation of PV farms	100%	3	(1)	(2)	-
Zinertia Renovables ELC, S.L.U.	Madrid	(***)	Development, construction and operation of PV farms	100%	123	2,149	82	-
Zinertia Renovables HAE, S.L.U.	Madrid	(***)	Development, construction and operation of PV farms	100%	84	1,392	80	-
Galicia Vento, S.L.	Lugo	Deloitte	Operation of power plants	69.44%	8,250	1,994	7,444	-

Thousands of Euros

2012	Registered offices	Auditor	Line of business	Percentage direct or indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2012	Interim dividend for 2012
Integração Maranhense Transmissora de Energía, S.A.	Brazil	Deloitte	Operation of public service concessions for electricity transmission	51%	7,704	(378)	(104)	-
Caiua Transmissora de Energía, S.A.	Brazil	Deloitte	Operation of public service concessions for electricity transmission	51%	6,242	(221)	(136)	-
Investisement Eoliemes de L'erable SEC	Canada	(***)	Company administration and advisory	100%	91,298	(923)	18	-
Investisement Eoliemes de L'erable INC	Canada	(***)	Company administration and advisory	100%	1	-	-	-
Elecfrance, S.A.R.L.	France	Excelia Conseil	Study and performance of electricity activities	100%	3	(84)	(547)	-
Parques Eólicos de Villanueva, S.L.U. (*)	Valencia	Deloitte	Operation of power plants	100%	5,000	21,681	770	-
Helios Almussafes, S.L.U. (*)(**)	Valencia	(***)	Operation of renewable energy facilities	100%	10	74	11	-
Helios Almusafes II, S.L.U. (*)(**)	Valencia	(***)	Operation of renewable energy facilities	100%	10	74	11	-
Helios Inversión y Promoción Solar, S.L.U. (**)	Madrid	(***)	Development, construction and operation of solar PV farms	100%	3,259	3,621	1,260	-
Eoliennes de L´ Érable, Inc. (*)(**)	Canada	(***)	Operation of power plants	100%	90,517	(906)	(202)	-
Infraestructuras Villanueva, S.L.	Valencia	(***)	Operation of power plants	59.47%	3	-	-	-
Deimos Engenharia, S.A. (*)	Portugal	ESAC Espirito Santo Associados	Services in the areas of telecommunications, energy, aeronautics and space	80%	250	981	(236)	-
Pedras Transmissora de Energía, S.A.	Brazil	Deloitte	Operation of public service concessions for electricity transmission	100%	33,849	(2,337)	245	-
Zinertia Renovables AASCV, S.L.U (****)	Madrid	(***)	Development, construction and operation of PV farms	100%	3	99	167	-
LT Triangulo, S.A. (*)	Brazil	Deloitte	Operation of public service concessions for electricity transmission	100%	94,601	(14,765)	6,443	(2,153)
Ditra Cantabria, S.A.U (**) (****)	Santander	(***)	Installations power grids	100%	60	446	175	-
Zinertia Renovables AASCV, S.L.U. (****)	Madrid	(***)	Development, construction and operation of PV farms	100%	3	77	111	-
Linha de Transmissao Corumba, Ltda. (****)	Brazil	Deloitte	Operation of public service concessions for electricity transmission	100%	42,265	(2,720)	(107)	-
Galicia Vento II, S.L.	Lugo	(***)	Operation of power plants	69.44%	4	(1)	-	-
Enerfin do Brasil, Ltda. (**)	Brazil	(***)	Operation of power plants	100%	78,836	(8,245)	897	-
Enerfin Energy Company, LLC (**)	United States	(***)	Operation of power plants	100%	3,275	(2,464)	160	-
Corporación L.N.C.A. (**)	Venezuela	(***)	Construction and assembly	100%	385	1,163	(2)	-
Parque Eólico Malpica, S.A.	A Coruña	Stemper Auditores	Operation of power plants	68.64%	950	1,264	313	
Ventos do Litoral Energía, S.A.	Brazil	(***)	Operation of power plants	100%	638	(9)	2	-
Celeo Redes Chile Ltda.	Chile	(***)	Operation of power plants	100%	42,025	625	(123)	-
Coqueiros Transmissora de Energía, S.A.	Brazil	Deloitte	Operation of public service concessions for electricity transmission	100%	24,824	(1,006)	(119)	-

Thousands of Euros

2012	Registered offices	Auditor	Line of business	Percentage direct or indirect ownership	Subscribed capital	Reserves	Net profit/ (loss) for 2012	Interim dividend for 2012	Assets	Revenues
Equity-accounted entities (note 10)										
Brilhante Transmissora de Energia, S.A.	Brazil	Deloitte	Operation of public service concessions for electricity transmission	50%	98,437	(11,310)	(418)	-	374,063	27,925
Cosemel Ingeniería, A.I.E. (**)	Madrid	(***)	Promotion, marketing and development of hi-speed railway electrical systems and installations	33.33%	9	1,093	(13)	-	1,141	-
Eólica Cabanillas, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Construction and subsequent operation of power plants	35%	1,120	481	2,136	(2,000)	11,954	5,701
Eólica Montes del Cierzo, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	35%	1,313	263	3,617	-	5,325	13,429
Eólica La Bandera, S.L.	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	35%	806	385	174	-	6,866	6,769
Eólica Caparroso, S.L. (*)	Tudela	Auditores Asociados del Norte, S.L.	Operation of power plants	35%	2,410	1,165	858	-	9,691	5,633
Parque Eólico Gaviota, S.A. (*)	Canary Islands	E&Y	Operation of power plants	34.53%	1,352	803	290	-	3,988	1,047
Consorcio Eólico Marino Cabo de Trafalgar, S.L. (*)(**)	Cádiz	(***)	Promotion, installation, development and management of state-owned wind farms and facilities	35%	200	(37)	(11)	-	666	-
Ventos do Faro Farelo, S.L.	Lugo (Spain)	(***)	Operation of off-shore and land-based power plants	37.5%	4	(1)	(10)	-	4	-
Jauru Transmissora de Energia, S.A. (*)	Brazil	Deloitte	Operation of public service concessions for electricity transmission	33.33%	103,281	(4,942)	97	-	541,692	20,796
Sociedad Aguas Residuales Pirineos, S.A. (**)	Zaragoza	(***)	Construction and operation of water treatment plants	50%	9,155	2,828	19	-	12,547	515
Dioxipe Solar, S.L.	Madrid	KPMG	Development, construction and operation of solar thermoelectric plants	55%	109	21,799	(341)	-	341,215	1,931
Aries Solar Termoeléctrica, S.L.	Madrid	KPMG	Development, construction and operation of solar thermoelectric plants	55%	10,020	45,107	(5,863)	-	720,232	61,519
Gasoducto de Morelos, S.A.P.I. de C.V.	Brazil	(***)	Operation and maintenance of waste disposal and treatment facilities	50%	20,834	(605)	(380)	-	52,138	-

(*) Companies indirectly held by Elecnor, S.A., through Electrolíneas del Ecuador, S.A. in the case of Zogu, S.A.; Electrolíneas del Ecuador, S.A. in the case of Corporación L.N.C.A.; Enerfin Enervento, S.A. in the case of Aerogeneradores del Sur, S.A., Eólica Cabanillas, S.L., Eólicas Páramo de Poza, S.A., Eólica Montes del Cierzo, S.L., Eólica La Bandera, S.L., Eólica Caparroso, S.L., Galicia Vento, S.L., Ventos do Sul Energia, S.A., Enervento Biodiesel, S.A., Parque Eólico Gaviota, S.A, Parque Eólico Malpica, S.A., Consorcio Eólico Marino Cabo de Trafalgar, S.L. and Enervento Galicia, S.L.U.; Elecnor Transmissao de Energía, Ltda. in the case of Vila do Conde Transmissora de Energía, S.A, LT Triangulo, S.A., Jauru Transmissora de Energia, S.A. ; Elecnor Financiera S.L., in the case of Aerogeneradores del Sur, S.A., Galicia Vento, S.L., Eólicas Páramo de Poza, S.A., Parques Eólicos La Gaviota, S.A. and Parque Eólico de Malpica, S.A.; Enerfin Sociedad de Energía S.A. in the case of Eólica Chantada, S.L., Infraestructuras Villanueva, S.L., Enerfín do Brasil Sociedad de Energía Limitada, Muiño do Vicedo, S.L., Enerfera S.R.L., Enervento Sociedad de Energía, S.L, Parque Eólico Cofrentes, S.L., Enerfin Energy Company of Canada, Inc., Enerfin Energy Company, LLC and Parques Eólicos Villanueva, S.L.; Deimos Space, S.L.U, in the case of Deimos Engenharia, S.A., Deimos Castilla La Mancha, S.L.U. and Deimos Imaging, S.L.; Enerfin Energy Company of Canada, Inc. in the case of Eoliennes de L` Érable, Inc.; Enerfin Energy Company, LLC in the case of Coyote Wind, LLC and Helios Inversión y Promoción Solar, S.L.U. in the case of Helios Almussafes, S.L.U., Helios Almusafes II, S.L.U., Zinertia Renovables AASCV, S.L.U. and Zinertia Renovables AASCV2, S.L.U.

(**) Companies whose unaudited financial statements are reviewed by Deloitte for the purpose of the consolidated annual accounts of Elecnor, S.A.

(***) Companies not legally required to have their annual accounts audited.

(****) Companies consolidated for the first time in 2012.

APPENDIX II: Details of equity investments for 2013

				Thousands of Euros					
	Registered offices	Activity	Percentage direct or indirect ownership	Carrying amount	Subscribed capital	Reserves	Profit/(loss) for 2013	Assets	Revenue
NON-CURRENT FINANCIAL ASSETS									
Investments held by Elecnor, S.A.-									
Electrificaciones del Norte, S.A.	Madrid	Trading in its 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	-
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%	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)	-	-
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

							Thousands of Euros		
	Registered offices	Activity	Percentage direct or indirect ownership	Carrying amount	Subscribed capital	Reserves	Profit/ (loss) for 2013	Assets	Revenue
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 Energía, S.A. (*)	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 II: Details of equity investments for 2012

Thousands of Euros

	Registered offices	Activity	Percentage direct or indirect ownership	Carrying amount	Subscribed capital	Reserves	Profit/ (loss) for 2012	Assets	Revenue
NON-CURRENT FINANCIAL ASSETS									
Investments held by Elecnor, S.A.-									
Electrificaciones del Norte, S.A.	Madrid	Dormant	100%	60	60	28	1	90	-
Elecred Servicios, S.A.	Madrid	Reading and registration of meters	100%	60	60	14	-	74	-
Elecdal, U.R.L.	Argelia	Transmission lines and gas pipelines	100%	12	10	6	53	281	105
Isonor Transmisión S.A.C.	Peru	Construction and assembly	50%	-	16,091	(25)	(1)	16,212	-
Enertel, S.A. de C.V.	Mexico	Construction and assembly	99.99%	-	40	48	61	981	6,186
Eólica de la Patagonia, S.A.	Argentina	Operation and maintenance of wind farms	50%	-	128	(9)	-	137	-
Centro Logístico Huerta del Peñón, S.L.	Marbella	Operation and maintenance of waste disposal and treatment facilities	50%	(32)	3	420	(363)	1,357	591
Elecnor Perú, S.A.	Peru	Construction and assembly	100%	41	55	-	(14)	63	-
Elecnor Energy Und Bau Gmnh	Germany	Broad range of business activities in the areas of engineering, development, construction, assembly, repair and maintenance of all types of works, installations, particularly in energy efficiency and renewable energy	100%	25	25	-	(33)	34	-
Glocal Power 1, SRL Unipersonale	Italy	Development, construction and operation of PV farms	100%	34	10	2	(21)	-	-
CPTR-Companhia Paranaense de Tratamento de Residuos, S.A.	Brazil	Operation and maintenance of waste disposal and treatment facilities	26%	452	1,851	(49)	(68)	1,740	-
Desarrollo Hidroeléctrico suroriente S.A.S	Colombia	Construction, supply, assembly of hydroelectric power plants: Paloma 1, Paloma 2 and Sirgua	70%	3	430	-	(2)	2	-
Elecen, S.A. de C. V.	Honduras	Construction and assembly	100%	4	170	14,612	1,233	17,407	1,524
Elecnor Ucrania, S.L.	Ukraine	Construction and assembly	100%	13	94	-	3	34	-
Acciona Infraestructuras-Hospital David, S.A.	Panama	Technical studie architectural design, preparation, plan approval and construction of the specialised hospital in the district of David	25%	-	8	-	-	8	-
Energía Olmedo Ourense Fase I, S.A	Madrid	Work required 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%	3	15	-	-	16	-
Investments held by Corporación Electrade, S.A.-									
Electrade Investment, Ltda.	Barbados	Sale of materials	100%	12	14	170	-	163	-
Investments held by Enerfín Sociedad de Energía, S.L.									
Ecobi Uno, S.L.	Chantada (Lugo)	Biomass under development	14.27%	8	56	(24)	-	33	-
Infraestructura Ayora, S.L.	Valencia	Operation of power plants	15.28%	13	3	15	67	7,926	579
Investments held by Elecnor Financiera, S.L.-									
Parc Eolic Baix Ebre, S.L.	Tarragona	Construction and subsequent operation of wind farms	25.33%	446	902	732	72	3,372	333
Sociedad Eólica de Andalucía, S.A.	Seville	Construction and subsequent operation of wind farms	5.30%	2,507	4,508	11,188	5,386	112,220	24,683
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	(11)	(1)	5	-

	Registered offices	Activity	Percentage direct or indirect ownership	Carrying amount	Subscribed capital	Reserves	Profit/ (loss) for 2012	Assets	Revenue
								Thousands of Euros	
Investments held by Zogu, S.A.									
Pidirelys, S.A. de C.V.	Mexico	Construction and assembly	98%	3	3	-	-	3	-
Investments held by Isonor Transmisión, S.A.C.									
Caraveli Cotaruse Transmisora de Energía, S.A.C.	Peru	Operation of public service concessions for electricity transmission	49.95%	-	16,091	(214)	(2)	16,021	-
Investments held by Aplicaciones Técnicas de la Energía, S.L.									
Atersa Energy Seeker, S.L.	USA	Dormant	100%	1	2	-	-	-	-
Atersa America	USA	Marketing and distribution of wind power systems	100%	-	40	(154)	-	-	-
Atersa Photovoltaique Mauritaine, S.A	Mauritania	Photovoltaic (PV) farms	33.33%	12	124	-	(28)	888	-
Investments held by Celeo Energy US Holding Inc									
Bioverde Energy, LLC	USA	Operation of power plants	100%	-	154	(144)	(10)	-	-
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	Holding company	100%	3	3	(1)	(1)	2	-
Celeo Energy US Holdings Inc. (*)	USA	Holding company	100%	-	-	-	-	-	-

(*) Companies incorporated in 2012.

Appendix III: List of consolidated temporary joint ventures (UTEs)

		Thousands of Euros			
		2013		2012	
Temporary joint venture (UTE)	Percentage ownership	Construction work settled	Order book not yet settled	Construction work settled	Order book not yet settled
UTE CENAT COPCISA ELECNOR	50.00%	-	-	908	-
UTE INSTALACIONES ELECTRICAS SINCROTRON ALBA	50.00%	24	-	82	24
MUVIUM UTE	30.00%	20	7	2,147	27
UTE IBARBENGOA	50.00%	-	-	347	-
UTE ROTA HIGH SCHOOL	50.00%	-	-	-	100
UTE ELECNOR OSEPSA	50.00%	693	170	948	478
UTE CAN COLOMER	50.00%	60	12,864	956	12,924
UTE VILLASEQUILLA - VILLACAÑAS	21.00%	-	300	881	790
UTE MINGORRIA	25.00%	61	53	-	114
UTE CE CAMPUS JUSTICIA	50.00%	-	-	1,059	-
UTE AVELE	22.00%	2,712	1,057	8,685	3,769
UTE AVELE 2	22.00%	851	934	7,179	1,785
UTE SICE / ELECNOR-ENLLUMENAT BCN	50.00%	-	-	65	-
UTE CAMPO DE VUELO	30.00%	3,664	-	5,939	130
UTE ELECNOR - EUROFINSA	50.00%	2,912	-	10,013	3,056
UTE ELECNOR - DEIMOS	100.00%	80	7	134	-
UTE MANTENIMIENTO BAJA TENSION	60.00%	388	-	2,237	204
UTE OIZ	33.34%	1,229	-	879	1,015
UTE IGUZZINI	50.00%	74	-	-	46
SISTEMA ELECTRICO AEROPUERTO LANZAROTE SAMPOL-ELECNOR UTE	50.00%	-	324	666	314
UTE TORRE ABANDOIBARRA	50.00%	497	19	1,006	516
UTE RED ENERGIA AT	70.00%	559	-	1,788	-
UTE EUROCAT SUR AV	41.20%	4,077	-	4,278	1,370
UTE AVESUR	12.00%	1,794	-	2,112	1,177
UTE ELYTE, SANTURTZI- KADAGUA	50.00%	-	-	1,209	-
UTE INSTALLACIONS TECNOCAMPUS	50.00%	666	273	515	475
UTE ARRIONDAS	50.00%	-	-	100	50
UTE EXPLOTACION ZONA 07-A	60.00%	960	-	882	-
CONSORCIO ELECNOR-DYNATEC	100.00%	317	-	558	-
UTE ZONA P2	50.00%	103	18,566	5,266	18,669
UTE ELECNOR EHISA	100.00%	791	-	195	791
UTE SUBESTACION JUNCARIL	50.00%	3,318	615	1,795	3,933
UTE AEROPOLIS	50.00%	-	-	4,525	1,944
UTE CORREDOR	33.34%	-	240	-	47,270
UTE FOC ELECNOR	50.00%	-	-	7	-
UTE CASA DE LAS ARTES	50.00%	-	-	1,240	-
UTE PARC DEL CLOT	100.00%	-	-	-	36
UTE NERVION	100.00%	-	-	313	-
UTE SSAA EIX DIAGONAL	50.00%	-	-	174	294
UTE ELECNOR - COMASA IES SANT JOAN	25.00%	-	-	-	107
UTE MARINA BAIXA	40.00%	120	1,141	483	694
UTE AUDIO BARAJAS	50.00%	199	-	759	200
UTE ARIZGOITI	55.00%	-	-	279	-
Alvarez Marí-Uidiesa (*)	50.00%	363	-	118	363
UTE LOS CARAMBOLOS	100.00%	-	33	-	33
UTE CENTRO MAYORES BAENA	100.00%	203	44	1,207	328
UTE TARAZONA	100.00%	4	60	67	52
UTE ELECTRIFICACION CALAF MANRESA	50.00%	-	-	324	-
UTE CASTELLO ELECNOR	50.00%	-	-	85	3,138
UTE REFORMA PAVELLO 4 CLINIC	25.00%	370	2,710	3,684	3,080

		Thousands of Euros			
		2013		2012	
Temporary joint venture (UTE)	Percentage ownership	Construction work settled	Order book not yet settled	Construction work settled	Order book not yet settled
UTE CAN PUIGGENER	100.00%	47	37	150	84
UTE ESCOLA BRESSOL ABRERA	100.00%	207	-	54	207
UTE TERMINAL DE CARGA	50.00%	2,001	25	4,906	1,588
UTE MANT. SIST. SEG. COLEGIOS PUBLICOS	100.00%	-	-	67	-
UTE ESTACION LA MOLINA	100.00%	290	93	1,326	382
UTE LOIU	50.00%	-	-	2,037	-
UTE MTO. SEG. Y EMERG. MADRID	100.00%	166	-	204	139
UTE EDIFICIO 7000	100.00%	3,943	-	5,373	3,672
UTE PARC ENGINYERIES	100.00%	207	121	904	328
UTE CTB ELECNOR - DEIMOS	100.00%	-	-	66	-
UTE FERIA REQUENA	100.00%	1,078	244	278	1,322
UTE LED MOLLET	70.00%	-	-	241	-
UTE RED.ES	100.00%	-	-	1,659	-
UTE AMPLIACION MUSEO MORERIA	100.00%	132	1	485	85
UTE BIBLIOTECA CASTELLDEFELES	100.00%	-	-	516	-
UTE EQUIPAMIENTO AMPLIACION T2 VALENCIA	100.00%	390	-	559	520
UTE EQUIPAMIENTO TERMINAL GRAN CANARIA	100.00%	301	897	25	1,198
UTE PCTH	100.00%	93	-	1,095	93
UTE MEGAFONIA ACC	100.00%	-	-	34	-
UTE VIA LA CARTUJA	20.00%	-	-	4,878	-
UTE SANCHO ABARCA	100.00%	55	-	543	55
UTE AGRUNOR	50.00%	-	-	4,339	-
UTE GALINDO	100.00%	732	2,357	1,075	3,089
UTE ELEC TUNEL SPA	50.00%	72	47	869	119
UTE LABORATORIO AITEX-ITE	100.00%	-	42	85	42
UTE DESVIOS LAV Sevilla	28.85%	-	810	360	810
UTE MOBILIARIO TERMINAL GRAN CANARIA	100.00%	25	268	-	293
UTE FIGUERES WIFI	50.00%	87	27	127	114
UTE PLANTA RSU ACAHUALINCA	70.00%	534	-	5,110	464
UTE EDAR SERRANILLOS	50.00%	657	461	399	1,118
UTE CENTRO OUPACIONAL FERROL	50.00%	261	214	1,249	475
UTE MUTXAMEL	100.00%	321	27	257	252
UTE ELECNOR ONILSA	85.00%	3,413	1,145	1,358	2,717
UTE AYTO SEGURA DE LA SIERRA	100.00%	1,724	-	11	1,724
UTE URBANIZACION PEDRO III	100.00%	1,063	399	-	1,462
UTE ABASTECIMIENTO PEDRAZA	100.00%	262	1,384	19	1,646
UTE UBE LA ISLA	100.00%	103	58	72	161
UTE MANTENIMIENTO SAN VICENTE DEL RASPEIG	100.00%	315	-	695	164
UTE AEROPUERTO VIGO BANCADAS	100.00%	188	-	137	188
UTE RECINTOS FERIALES	100.00%	135	19	62	114
UTE TETRA CABB 1481	75.00%	94	-	200	70
UTE EXPLOTACION ZONA P2	50.00%	691	79	230	770
UTE PAVELLO 1 PLANTA 4 CLINIC	25.00%	355	208	262	563
UTE AS SOMOZAS	50.00%	376	258	44	634
UTE SAN CRISPIN	100.00%	274	136	234	410
UTE SAN JERONIMO	100.00%	98	50	49	148
UTE REFORMA SALA HOSPITALIZACION 5.4 CLINIC	25.00%	2	67	-	69
UTE MANTENIMIENTO PUERTO GIJON	100.00%	113	247	40	360

		Thousands of Euros			
		2013		2012	
Temporary joint venture (UTE)	Percentage ownership	Construction work settled	Order book not yet settled	Construction work settled	Order book not yet settled
UTE JARDINES MOGAN	100.00%	961	691	324	1,652
UTE URTEGI	60.00%	447	33	-	480
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	851	-	-	750
UTE IMDEA MOBILIARIO LOTE 2	100.00%	10	-	117	10
UTE HORMIGONES MTNEZ- ELECNOR, CASCO ANTIGUO ALICANTE	30.00%	107	55	-	162
URBANIZADORA RIODEL	50.00%	-	192	-	192
UTE OVERTAL - ELECNOR	24.00%	-	360	-	360
UTE S´OLIVERA COMASA-ELECNOR	33.33%	-	-	-	156
UTE ENERGÍA LÍNEA 9	20.00%	7,023	22,538	17,802	17,685
UTE URBANIZACION Y 12 VIVIENDAS LUZ	50.00%	358	-	-	358
UTE REMOLAR	23.51%	971	-	10,050	971
UTE CALETA OLIVIA	100.00%	1,904	6,903	2,786	10,397
UTE CAL PARACUELLOS	50.00%	-	96	54	96
UTE TRANSENER	50.00%	-	-	383	14
UTE AGENTE URBANIZADOR SECTOR 13 DE LA PLAYA DE TAVERNES	50.00%	-	-	-	3,979
UTE SERRANO - ELECNOR CANSALADES	40.00%	-	114	-	114
UTE ELECNOR GONZALEZ SOTO	50.00%	415	-	112	396
TERMINAL ALICANTE, UTE	20.00%	1,926	-	-	1,633
UTE EAR DEL SOL	100.00%	17	-	6	13
UTE LANESTOSA	44.71%	76	-	1,454	52
UTE KARRANTZA	41.50%	2,677	290	1,595	3,228
UTE SAICA	50.00%	202	-	174	176
UTE AMC5 EHISA	50.00%	4,361	3,031	308	7,392
UTE TRANSDINA	50.00%	3,560	555	35	4,115
ACE EFACEC OMNISTAL	50.00%	-	-	165	-
UTE LEKUNBERRI	50.00%	738	6	424	696
UTE LAS TORCAS	50.00%	-	65	-	65
CONSORC.RASACAVEN ELECVEN COOP. COCORIMET	70.00%	36	-	693	330
UTE MANTENIMIENTO LINEA 9	20.00%	-	-	1,438	-
UTE NUCLEO COMUN Y CONTROL	50.00%	-	-	1,284	-
UTE NUCLEO COSINOR PAMPLONA	50.00%	165	-	650	16
UTE MORÓN MADE COSINOR	50.00%	-	-	258	-
PUERTO GANDIA UTE	50.00%	51	112	68	174
RIAÑO UTE	50.00%	1,686	1,034	1,969	2,556
MALAGA ESTE U.T.E.	50.00%	157	16	58	173
LUGO SUR UTE	50.00%	-	5	459	5
MANTENIMIENTO ALICANTE UTE	65.00%	-	-	66	-
AUDEVI C.REAL II UTE	60.00%	-	-	643	-
JEREZ UTE	75.00%	530	592	1,292	1,122
MADRID OESTE UTE	50.00%	-	125	1,949	131
UTE SEG. ESTACIONES LOCALES	100.00%	143	5	362	141
UTE PITA	100.00%	15	12	344	23
ALGETE UTE	50.00%	865	6,368	851	7,377
PONTEVEDRA SUR UTE	50.00%	2,502	4,297	2,003	6,799
UTE RIBERAS II	50.00%	-	-	200	-
AREA SUR UTE	50.00%	-	-	37	-
AREA LA NAO UTE	50.00%	-	-	28	-
AUCOSTA CONSERVACION UTE	50.00%	1,502	85	1,111	8
MANTENIMIENTO INTEGRAL UTE	60.00%	-	-	33	-
REHAB.DESPEÑAPERROS UTE	80.00%	1,079	-	-	554

		Thousands of Euros			
		2013		2012	
Temporary joint venture (UTE)	Percentage ownership	Construction work settled	Order book not yet settled	Construction work settled	Order book not yet settled
MALAGA ESTE II UTE	50.00%	203	112	240	85
HUELVA SURESTE UTE	50.00%	1,205	463	1,172	471
MADRID NOROESTE UTE	50.00%	2,708	895	2,611	4,639
MANZANARES UTE	50.00%	2,356	3,620	1,415	5,976
CONXO UTE	50.00%	-	-	(47)	-
UTE ELECNOR – DEIMOS SIPA	100.00%	1,276	299	-	-
UTE COMUNICACIONS SANT CUGAT	100.00%	72	28	-	-
UTE FORNILLOS	100.00%	619	652	-	-
UTE CALANDA	100.00%	824	426	-	-
UTE VALDESPARTERA	100.00%	1,800	-	-	-
UTE VENCILLON	100.00%	353	-	-	-
UTE PIF ALGECIRAS	100.00%	1,500	1,702	-	-
UTE PATRIMONIO SEGURIDAD	66.66%	139	364	-	-
UTE ESPACIOS VERDES SAN VICENTE DEL RASPEIG	100.00%	495	1,033	-	-
UTE CINTAS	100.00%	293	102	-	-
UTE PLAZAS COMERCIALES T4	100.00%	968	682	-	-
UTE BT HOSPITAL DE ZAMORA	50.00%	39	1,714	-	-
UTE TRANVIA OUARGLA	33.00%	-	195,703	-	-
UTE ENERGIA GALICIA	20.00%	1,423	100,264	-	-
UTE CELLA	100.00%	-	920	-	-
UTE AEROPUERTO DE PALMA	100.00%	-	1,613	-	-
UTE AGRUNOR NORTE I	50.00%	3,623	-	-	-
UTE IBERCAT	27.50%	869	-	-	-
UTE ULTZANUETA	50.00%	-	843	-	-
UTE ISDEFE	21.59%	309	-	-	-
CORDOBA NORTE UTE	50.00%	547	1,736	-	-
ACCIONA INFRAESTRUCTURAS – ELECNOR HOSPITAL DAVID, S.A.	25.00%	14,407	166,556	-	-
CONSORCIO CIE – ELECNOR TRANSMISSAO	50.00%	47,209	20,426	98,151	11,794
MORELOS EPC SAPI DE CV	50.00%	59,535	108,616	-	154,382
PROYECTOS ELECTRICOS AQUAPRIETA, SAPI DE CV	50.00%	29,838	7,460	69,648	18,130

Director's Report 2013

1. Introduction

In 2013, the Elecnor Group faced extremely adverse economic conditions in what remains its key domestic market, Spain. The year was marked by government reforms of the electricity system in the country, affecting companies like Elecnor which had placed their trust in the stability of the regulatory framework, undertaking considerable investment as a developer of renewable energy projects. Other factors also had a direct impact on the Group's activities and businesses: historically low levels of tenders and awards of public works, a fresh fall in construction (-23%) and a severe decline in investment by service operators, which are the Group's main clients in Spain.

In this context, Elecnor continued to internationalise its business, with further growth in sales in foreign markets of **24%.** However, the importance of the Spanish market meant that total sales declined by 3.4% to **Euros 1,864 million**. This performance in revenues was accompanied by significant growth in the order book **(10.5%)**, with an increase to Euros **2,415 million**, also with considerable growth in foreign markets: **+18.4%.**

With regards to profit, the Group has performed the appropriate impairment tests on its investments in renewable energy which have been affected by the new electricity regulations. As a result, the value of the assets owned by the companies which manage the solar thermal power plants has been impaired by a total of Euros 138 million in 2012 and 2013. This impairment has had a considerable effect on the consolidated income statement for the year, as in 2012. To this must be added the loss of income in 2013 as a result of the change in the tariffs applicable to all of the power plants operated by the Group in Spain since 14 July 2013, compared to those previously applied. This drop in turnover is estimated to be approximately Euros 13.5 million, for the second half of 2013, which in terms of the year would represent an impact of Euros 27 million. All of this, together with other significant factors (such as the unfavourable exchange rate of the Brazilian Real with the Euro), has limited consolidated net profit for the year to **Euros 53.3 million.**

The Group's general performance under these complex conditions and its ongoing policy of shareholder remuneration through cash dividends has maintained confidence on stock markets in 2013. The share price rose 18% in the year, reaching a market capitalisation of Euros 973 million.

2. Business model and environment

2.1. Business model

Elecnor is a global corporation based in Spain, with stable presence in 33 countries and two key businesses which complement and enrich each other:

- **Infrastructure:** 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.
- **Property:** rendering of services through investments in wind power, energy transmission systems and other strategic assets.

2.2. Economic backdrop

2.2.1. Global economy

In 2013, the global economy grew by an estimated 2.9%, a lower rate than in 2011 and 2012 (3.9% and 3.2% respectively). Growth was slower in both emerging markets and more developed economies. The latter grew by 1.2%, while the former grew by approximately 4.5%.

Following a year and a half of contraction, the Eurozone returned to growth in the second quarter of 2013. Confidence indexes and activity data improved notably in the last few months of the year, suggesting a more optimistic outlook for the European economy. This is based on growth in industrial production as a result of a rise in orders, primarily from outside Europe, growth in retail sales, stabilisation of the labour market and moderating inflation. Net exports are also estimated to have made a positive contribution to GDP in the last quarter of the year.

The US economy, meanwhile, underwent a number of ups and downs in 2013, primarily related to changes to monetary and fiscal policy and related expectations. GDP growth in 2013, which overall is likely to be around 1.8%, resulted from a notably more positive second half to the year, with improvements in indicators such as growth in employment, the housing market and confidence indexes.

With regard to emerging markets in Asia, China's activity indicators remain sound as it undergoes a transition to a growth model with a higher proportion of consumption. However, the foreign sector also boosted activity, with a significant rise in exports. Meanwhile, 2013 GDP growth in India is estimated to be 4.7%, a long way from the growth rates of recent years.

2.2.2. Elecnor's key markets

2.2.2.1. Spain

In 2013, the Spanish economy continued its tentative recovery, emerging from the renewed contraction started in early 2011. This happened in a context of a lessening of stress on financial markets, gradual normalisation of foreign financing flows and the first signs of improvement in confidence and the labour market. Following a rise in GDP in the third quarter of 0.1%, it is estimated that the Spanish economy grew quarter on quarter by 0.3% in the fourth quarter. Despite the improvement, Spain's GDP declined by around 1.2% over the year in 2013, reflecting the knock-on effect of the decline in activity at the end of 2012.

The causes of these figures were related to contraction in components of domestic demand, even though the contraction slowed over the course of the year. Consumer spending, for example, was already growing by the third quarter. Meanwhile, the negative contribution of public spending to activity decreased following the decision of the European Council's decision in June to lower the deficit target. External demand mitigated, for the sixth consecutive year, the impact of the contraction in domestic spending on activity, supporting growth in exports, above all in relation to tourism.

The decline in employment also slowed on 2012, with an estimated fall in the number of people in work of around 3.3%, reflecting the knock-on effect of employment levels at the end of 2012.

This recovery was not reflected in the **infrastructure** sector. In 2013, the construction sector contracted by 23%. In public works, despite a rise of 22.9% on 2012 in new calls to tender from government bodies (according to the employers' association Seopan), effective contracts awarded (according to the newspaper Expansión) continued to fall, specifically by 38%, reaching one of the lowest levels recorded: Euros 2,751 million.

In the **energy** market, the government implemented reforms to the sector in 2013 to eliminate the structural tariff deficit, reducing system costs by Euros 45 billion. This led to a rise in electricity bills and a severe cut to renewable power revenues (for a more detailed explanation see chapter 3 of this directors' report).

2.2.2.2. Latin America

The aforementioned slowdown in world trade, more complicated financial conditions and less favourable commodity markets in 2013 had a negative impact on Latin American economies, whose growth rates were modest over the past year – with the exception of Peru, which grew by 5.4%, and Colombia, which grew by 4%.

After stagnation in 2012, Brazil's rate of economic growth was 2.5%, while Mexico grew by 1.3%.

In the **energy** sector, **Brazil** is expanding rapidly, with consumption expected to rise by more than 50% over the next decade. At the end of 2013, installed capacity amounted to 126,700MW, with a total of 3,907 power plants generating electricity through thermal, wind, nuclear, minihydro, large hydro and solar power. The main energy is hydroelectricity, which accounts for almost 67% of the installed capacity in the country, followed by thermal power, at 29%. Expectations are currently focused on wind power, which represents just 1.7% of installed capacity and photovoltaic solar power, use of which is still very limited.

In **Mexico** the installed capacity of wind power reached 1,289MW in the year, with a further 2,460MW under construction, but still a long way from the region's potential for 40,000MW. In solar power, Mexico is one of the five most attractive countries in the world, as it is in the sunbelt, with solar radiation exceeding 5kW/h per square metre a day and the largest photovoltaic module manufacturing infrastructure in Latin America.

In 2013, **Chile** continued to commit to renewable power, with a 23% increase in installed capacity of this type. In addition, Law 20/25 was approved, whereby renewable power must represent 20% of the country's energy mix by 2025.

In **infrastructure**, Brazil and Mexico are at the forefront of investment in Latin America. In total, together with Chile and Colombia, planned investment in the sector is Euros 460 billion.

Specifically, Brazil plans to invest US Dollars 62.5 billion, of which Euros 36 million would be used to improve its rail and road networks. One of the most emblematic projects is the high-speed train link between Rio and Sao Paulo, which has attracted the interest of a number of Spanish companies, including Elecnor, in a consortium.

Mexico is planning various infrastructure tenders, amounting to Euros 300 billion through to 2018. Of this amount, 35% will be in transport projects and the other 65% in energy projects. Opportunities include gas pipelines, roads, a high-speed train linking Mexico City with Queretaro and the Transpeninsular train between Merida and Punta Venado.

Lastly, Chile closed 2013 having tendered a total of Euros 2.2 billion in projects, including the new Vespucio Oriente urban motorway project, the new Santiago international Airport tender, a new bridge and several hospitals. Water is one of the country's main challenges. This is why the 2010-2025 National Water Resources Strategy prioritises construction of 16 new dams which will increase the country's water storage capacity by 30%.

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, surpassing Russia and Saudi Arabia. This is due to the amount of hydrocarbons being extracted in Texas and North Dakota and the gas extracted from porous rock in some east coast states. According to the United States Department of Energy, production of crude oil will remain at 10 million barrels a day from 2020 to 2040. In the case of liquid fuel, production is expected to rise to 18 million barrels a day over twenty-five years.

It should be noted that this increased extraction of fossil fuels is not being accompanied by an increase in investment in co-called clean energy, which several years ago was presented as one of the pillars of the US's self-sufficiency in energy. In fact, in 2013, renewable output declined by 41%.

In the infrastructure sector, growth rates in the US are at their highest level in five years, driven by a rise in private construction projects. Specifically, spending on construction grew by 1%, to an annual total of USD 934.4 billion, the highest level since March 2009, according to the US Department of Commerce.

According to Global Wind Energy Council data, Canada's energy sector ranked ninth globally in terms of installed wind power capacity at the start of 2013, a capacity which by the end of 2013 reached 7,800MW. The market is expected to grow by 1,500MW annually over the coming years, although by 2016 many Canadian provinces will have reached the maximum capacity that can be incorporated into the existing electricity grid.

In the Canadian infrastructure sector, investment in non-residential building amounted to USD 12.9 billion in the fourth quarter of 2013, a rise of 1.1% on the prior quarter. This is the second consecutive quarter-on-quarter increase, largely due to higher spending on construction of commercial buildings.

2.2.2.4. Africa

In macroeconomic terms, North Africa is estimated to have grown more slowly in 2013 than in the prior year, at a rate of 2.5%, although the region's potential for coming years is considerable. Meanwhile, in Sub-Saharan Africa, economic growth increased in 2013, supported by sound domestic demand. According to World Bank data, the GDP growth in this region of the continent – excluding South Africa, which grew by more than 6% – was around 4.7%.

Two pending issues in the continent are projects to improve electricity systems and infrastructure (roads, railways, etc.). Some countries such as Cape Verde, Namibia, Uganda and South Africa are already assigning a significant portion of their budgets to infrastructure.

Two noteworthy cases are Angola and Algeria, both key markets for Elecnor in Africa, where growth rates are high. For instance, Angola's GDP grew by 6.9% in 2013, with a growing list of opportunities for both direct investment and government projects relating to electricity (generation, transmission and distribution), renewable power, water and sanitation, solid waste treatment, hospitals and health care, developments in the agricultural industry and transport equipment, among other projects.

In the case of Algeria, although the growth rate is estimated to have been lower than Angola's in 2013 (at 2.7%), the country remains open, with various opportunities as part of the current five-year Government Spending Plan for 2010-2014. The plan has assigned USD 286 billion to construction, infrastructure, education, health care, rail, urban transport (metro and tram), road, water treatment and management and renewable power projects, among others.

3. Analysis of key financials for the year

3.1. Consolidated data

Elecnor Group

At 31 December for each year and in thousands of Euros

Results	2013	2012	Variation
Operating profit	141,541	194,926	-27%
EBITDA	220,431	263,666	-16%
Profit before income tax	109,066	138,646	-21%
Net profit	53,289	87,593	-39%
Equity			
Equity	532,485	558,202	-5%
Revenue			
Sales	1,864,174	1,930,712	-3%
Domestic	818,004	1,086,735	-25%
International	1,046,170	843,977	24%

3.1.1. The impact of the reform in the electricity sector

As in the prior year, the annual accounts for 2013 were affected by the changes made by the Spanish government to the regulatory framework for generation of renewable electricity. Specifically:

- Royal Decree-Law 2/2013, of 1 February 2013, concerning urgent measures applicable to the electricity system and financial sector.
- 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, containing the legal and economic framework for renewable, cogeneration and waste-based energy generation. The framework is also embodied in a Royal Decree which will be debated for approval in 2014, the effects of which have been laid out in the proposed Ministerial Order issued by the Spanish government to the Spanish National Markets and Competition Commission. These regulations establish the method for the specific tax regime applicable to facilities that do not reach the minimum level required to cover costs, allowing them to compete on an equal footing with other technologies on the market and obtain a reasonable return for the type of facility applicable in each case.

The new changes to the regulatory framework described above reflect the ongoing legal instability to which the electricity generation market is exposed in Spain, creating a climate of uncertainty which discourages investment of any kind in these technologies in the coming years. In addition, these actions add a new factor to companies' activities: regulatory risk.

In view of the above, the Elecnor Group has carried out the appropriate impairment tests on its investments in renewable power plants in Spain that are affected by these regulations. As a result, the value of the assets owned by the companies which manage the solar thermal power plants has been impaired by a total of Euros 138 million in 2012 and 2013.

This impairment is a result of the impact of the latest regulatory provisions regarding the solar thermal power plants operated by the Group in Spain. The impaired amount attempts to include the loss of returns caused by the regulatory framework, which limits the useful remuneration life of the plants to 25 years and sets a reasonable return before tax for the first three years of 7.398% for each facility of this type – calculated for a theoretical investment of Euros 225 million – and eliminates the link between revenue and the consumer price index (CPI). These parameters and determining factors are substantially different from those the Group considered when it took the decision to promote this kind of facility in Spain, prioritising the efficiency of the plants through high quality construction to minimise the risks inherent in such technologies, in an attempt to optimise the level of generation for which they were designed.

However, the Group has not recognised any impairment of its Spanish wind and solar photovoltaic power plants, as their fair value has not declined below their recorded carrying amount.

Nonetheless, in addition to this impairment caused by the loss of future returns, revenues have also been lost in 2013 since July 14 due to the tariffs applicable to all the power plants operated by the Group in Spain, compared to those previously applied. This has led to a decline of approximately Euros 13.5 million in consolidated turnover, corresponding to the second half of 2013, which in annual terms amounts to an impact of Euros 27 million.

In this regard, it should be noted that the described declines in revenues resulting from the new regulations applicable to these assets have a direct impact on Elecnor's profit - recurring profit which would have partially offset the clearly negative economic cycle.

3.1.2. Sales

Consolidated sales for 2013 amounted to Euros 1,864 million, a fall of 3.4% on the full year in 2012. 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 Group operates in Spain.

These unfavourable factors were partially offset by a larger contribution to turnover from the subsidiaries that operate in foreign wind power markets and foreign markets in general. Of particular note:

- Construction of a solar photovoltaic plant in the United States for the PG&E Corporation.
- Acquisition on 1 November 2013 of assets and contracts from the US company Hawkeye, which operates on the east coast of the country.
- Construction of the Morelos gas pipeline in Mexico, providing services to the Federal Electricity Commission (CFE).

With regard to the distribution of revenue by geographical area, the foreign market accounts for 56% and the domestic market 44%. These data reflect the Elecnor Group's commitment to foreign markets as a growth driver for coming years, without neglecting the domestic market, in anticipation of a recovery.

3.1.3. Order book

At the end of 2013, the order book stood at Euros 2,415 million, compared to Euros 2,185 million at the end of 2012. This represents an increase of Euros 230 million (+11%). By markets, the order book grew by 18% in international markets, to Euros 1,969 million, equivalent to 82% of the total. In the domestic market, in contrast, orders fell by 15%, to Euros 446 million.

Elecnor Group

At 31 December for each year and in thousands of Euros

Order book	2013	2012	Variation
Domestic	446,390	522,253	-15%
International	1,968,585	1,663,088	18%
	2,414,975	**2,185,341**	**11%**

3.1.4. Net profit

Consolidated net profit for 2013 was Euros 53.3 million, a decline of 39.2% on 2012.

In addition to the significant effects described in section 3.1.1., there are other factors which have an impact on the consolidated result for 2013 compared to the prior year, such as:

- The negative impact on the result of investment projects in which the Group is involved which are at the start of their period of operation, primarily solar thermal projects, as a result of a considerable burden of finance costs, typical of the initial stages of such projects.
- Lower margins in Elecnor's traditional business due to a lower volume of investment by the customers with which the Group operates and the contraction in prices due to fierce competition in the sector.
- An unfavourable exchange rate between the Brazilian Real and the Euro, affecting revenues and the results of the companies operating in Brazil.
- A smaller contribution from Atersa, a company operating in the photovoltaic sector, as a result of the decline in activity resulting from the various regulatory changes in Spain with regard to energy generation and unfair competition from Asian countries which produce photovoltaic modules.

- 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 mitigated 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, which will allow it to face 2014 with capacity which is better suited to current activity levels, has led to a negative impact on the Group's results of approximately Euros 12 million net of tax.

3.1.5. EBITDA

The Elecnor Group's consolidated EBITDA amounted to Euros 220.4 million in 2013, down 16.4% on the Euros 263.7 million recorded in 2012. The same factors affecting the consolidated result influenced EBITDA, with the exception of the asset impairment assumed by the Group's solar thermal businesses as this amount is recognised in an item which is not included in the calculation of EBITDA.

3.2. Individual data

Elecnor, S.A.

At 31 December for each year and in thousands of Euros

Results	2013	2012	Variation
Operating profit	55,334	101,773	-46%
EBITDA	77,241	114,113	-32%
Profit before income tax	52,462	49,135	7%
Net profit	27,845	43,258	-36%
Equity			
Equity	518,894	506,580	2%
Revenue			
Sales	1,160,253	1,345,454	-14%
Domestic	647,212	921,663	-30%
International	513,041	423,791	21%

The profit before tax of the Parent of the Group, Elecnor, S.A., rose by 7% in 2013 to Euros 52.5 million. Net profit (Euros 27.8 million), however, was lower than in 2012 as a result of a significant rise in costs due to income tax arising primarily from the limitation on deductions established by the changes made by the government to tax regulations and the increase in the tax burden assumed by the permanent establishment in Venezuela, as well as other factors, such as:

- A contraction in public and private investment by the key customers the Company works with in Spain.
- Lower dividends received by Elecnor, S.A. from its subsidiaries compared to 2012. Specifically, in 2013 Elecnor, S.A. received Euros 22 million in dividends, compared to Euros 25 million in the prior year.

In terms of EBITDA, Elecnor, S.A. attained Euros 77.2 million in 2013, compared with the Euros 114.1 million in 2012, a decrease of 32.3% in relative terms.

In terms of turnover, Elecnor, S.A. recorded sales of Euros 1,160 million for 2013, compared to Euros 1,345 million in the prior year. In relative terms, this is a decrease of 13.8%, as a result of the aforementioned factors which, as in the case of post-tax profit and EBITDA, affect the Parent's turnover. The Company continues to place tight restrictions on the assessment of potential customers in order to minimise its exposure to the risk of default and bad debts, which admittedly limits the Company's capacity for turnover growth, but allows it to reasonably ensure the recoverability of its assets.

Lastly, as evidence of Elecnor's dedication to equipping itself with the resources required for the ongoing improvement of its productivity levels, in 2013 investments of Euros 8.5 million were made to renew the Company's equipment. This represented an increase in investment of 2.2% on the prior year.

3.3. 2013 sales by activity

Elecnor Group

At 31 December for each year and in thousands of Euros

Geographical region	2013	2012	Variation
Domestic	818,004	1,086,735	-25%
International	1,046,170	843,977	24%
	1,864,174	**1,930,712**	**-3%**

Activity	2013	2012	Variation
Electricity	669,425	671,412	0%
Facilities	96,211	111,229	-14%
Gas	104,583	99,185	5%
Power generation	582,211	629,142	-7%
Rail	19,377	38,360	-49%
Construction, environment and water	140,564	174,416	-19%
Telecommunications infrastructures	110,628	108,779	2%
Telecommunications systems	31,971	31,787	1%
Maintenance	109,204	66,402	64%
	1,864,174	**1,930,712**	**-3%**

The principal activity in the year in terms of turnover, as in prior years, was Electricity, with Euros 669 million and considerable stability with regard to 2012. The other two activities linked to service operators were also stable: Gas and Telecommunications infrastructures.

Behind Electricity are Power Plants, at Euros 582 million, and Construction, environment and water with Euros 140 million. In addition, Maintenance turnover rose by 64.5%.

4. Stock market performance

Share data	2013	2012
Closing price (Euros)	11.18	9.47
Annual variation	18.1%	-5.1%
Total number of shares traded (millions)	19.2	4.2
Average daily volume of shares traded (thousands)	75.2	16.4
Total cash traded (€ millions)	172.1	39.1
Number of shares (millions)	87.0	87.0
Market capitalisation (€ millions)	972.7	823.9
Price to earnings ratio (PER)	18.3	9.4

Shareholder returns	2013	2012
Changes in share price	18.1%	-5.1%
Payment of dividends	3.3%	2.6%

In 2013, Elecnor shares underwent a re-rating of 18%, reaching Euros 11.18 per share, compared to Euros 9.47 a year earlier. The volume of cash traded amounted to Euros 172.1 million, 4.4 times the total for 2012. Market capitalisation was Euros 972.7 million, and the price to earnings ratio (PER) was 18.6.

The dividend yield was 3.3%, compared to 2.6% in 2012. The total return for shareholders – the sum of the variation in the share price and the dividend yield – was therefore 21.3% in 2013.

Although the impact of regulatory conditions for the energy sector over the past two years has prevented the Group from meeting the sales and PAT objectives of the 2011-2013 Strategic Plan, the Group's general performance under these complex conditions and its ongoing policy of shareholder remuneration through cash dividends has maintained stock market confidence in 2013.

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 policy

Elecnor is exposed to certain financial risks, which 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 exchanges rates with such currencies could have an impact on the Group's profits. In order to manage and minimise this risk, Elecnor uses hedges, 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 variable 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 client 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 collection of the stipulated price.

In the case of wind farms, the power produced – in accordance with the legislative framework for the electricity industry in force – 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 Energy Commission (CNE), 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. and Ventos do Litoral Energía, S.A. (Brazil) entered into an agreement with the Brazilian electricity distribution company 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 assess its impact on 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, clients, 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	2013	2012	Variation
Domestic	6,804	7,108	-4%
International	5,833	5,844	0%
	12,637	**12,952**	**-2%**

People are Elecnor's main asset. Accordingly, the Group bases its general strategy on attributes such as talent and teamwork under 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 clients' 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 2013, the Group's workforce had decreased by 315 (-2%), to 12,637 employees. The decline is entirely attributable to the domestic activity. In the internal business, in contrast, the incorporation of the workforce of the US company Hawkeye, acquired at the end of the year, and the inclusion in the Brazilian business of personnel who were previously subcontracted as a result of a legislative change in the country in relation to subrogation resulted in a stable number of employees in comparison to 2012.

9. R&D&i

Elecnor's R&D&i activities focus on projects that generate value and set it apart from its competitors. The technologies which are of interest include energy, the environment and sustainability, infrastructure and ICT.

R&D&i activities are strategic in terms of ensuring Elecnor's competitiveness and sustainability and they are carried out in accordance with the following principles of action:

- Elecnor promotes systematic generation of innovative ideas within the company and supports their transformation into R&D&i projects.
- Systematic use of R&D&i tools is aimed at generating new opportunities and projects in this area.
- These projects are the engine of Elecnor's R&D&i management system and are focused on increasing capacities and competitiveness.

In 2013 work has been carried out to consolidate and improve Elecnor's R&D&i management system. The following actions were taken in this area:

- The entire R&D&i process was systematised in accordance with standard UNE 166002, creating a framework of processes and procedures from project idea generation through to measurement of the results of completed projects.
- Definition of the strategic R&D&i lines, the objective of which is to align future projects with Elecnor's business requirements.
- Promotion of internal R&D&i tools, emphasising the necessity that for R&D&i projects to be focused on results.

Notable among the specific projects developed in 2013 were:

- In the environmental activity, projects to optimise production of biogas from activated sludge, to eliminate nutrients in waste water, and to save energy at water treatment plants with photovoltaic systems (KAEF).
- In the rail activity, a project to analyse connections between overhead lines and pantographs on high-speed lines, in accordance with UNE-EN 50318, and a project to improve tensioning pulleys.
- In the construction activity, a project to integrate photovoltaic systems in prefabricated concrete, a project to develop special concrete for sound-proofing and the Continuum project to design a software system for modular industrialised construction in the workshop.
- In the power generation activity, the Meteo-MIDP project for forecasting wind farm power, another to integrate photovoltaic systems into prefabricated concrete and another related to new photovoltaic solutions in the construction sector through integration into buildings and eco-efficiency.
- In the systems activity, the Atenea+ project to design advanced navigation techniques for professional applications, the WoO project (Web of Objects) to automate buildings, the Perseus project to develop a collaborative augmented reality platform and the Sipa_HW: project to develop equipment which is compatible with AENA's passenger information system.
- Finally, in the space activity, the Perigeo project, which allows testing of new technology to be used in space missions, Atmop to calculate the aerodynamic resistance at high altitudes and Red Urban to develop a prototype experimental GPS+Galileo receptor.

10. Events after the reporting period

No events took place after the end of 2013 and prior to the authorisation for issue of these annual accounts that could materially alter the fair presentation of the financial statements of either Elecnor, S.A. or the subsidiaries making up the Group, apart from the events described above relating to the entry into force of the Royal Decree-Law which is set to be approved in 2014, the effects of which, as laid out in the proposed Ministerial order issued by the government to the Spanish National Markets and Competition Commission, have been analysed and where applicable included in the financial statements.

11. Outlook for 2014

11.1. Economic backdrop

In its January 2014 Global Economic Prospects report, the World Bank states that global growth will increase to 3.2% in 2014, subsequently stabilising at 3.4% and 3.5% in 2015 and 2016, respectively. The World Bank has based its forecasts on the fact that high-income countries and China, after several years of weakness and even recession, appear to be overcoming the financial crisis.

Of the three main high-income economies (United States, Eurozone and Japan), the recovery has progressed the most in the United States, where GDP has grown over the past ten quarters, while in the Eurozone growth started in the second quarter of 2013. In Japan, fiscal and monetary stimulus measures have resulted in a reactivation of the economy which will require structural reforms if it is to be maintained.

Although the progress in developing countries was quite moderate in 2013, activity is expected to increase in 2014, 2015 and 2016 as a result of the recovery in developed countries, India and China. However, this positive outlook is subject to the market's reactions to the gradual unwinding of expansive monetary policy in the United States. The most likely scenario is that the unwinding will be relatively orderly and that global interest rates will increase gradually, reaching 3.6% by mid-2016, with these financial conditions having a modest impact on investment and growth in developing countries.

Following a year and a half of contraction, the Eurozone returned to growth in the second quarter of 2013 and is set to grow in 2014 by around 1%. As this level is below the potential growth for the region, employment can be expected to remain high. In addition, the disparity between core and periphery countries will remain. Germany, France, Austria, Finland, Belgium and Luxembourg will grow at a rate of more than 1%, while Spain, Italy, Greece, Portugal and the Netherlands will grow at slower rates. Although activity appears to have stopped declining in periphery countries, any improvement will still be limited in these economies.

11.2. Elecnor Group

Faced with the scenario discussed above, Elecnor's order book at 31 December 2013 stood at Euros 2,415 million (as explained in section 3.1.3). In generally unfavourable conditions, this figure results in an expected rise in consolidated turnover from 2013 to 2014, due to diversification of activities and the Group's growing international presence.

Assuming that Spain's regulatory framework for renewable power remains stable in 2014, the year appears set to be one of consolidation for the Elecnor Group, after having assumed impairment of its assets in the past two years as a result of the regulatory changes affecting the profitability of its solar thermal and wind assets and to a lesser degree – due to the Group's limited exposure – photovoltaic assets. The regulatory changes have substantially altered a market in which the Group had a substantial presence throughout the value chain, as a producer of photovoltaic modules, a constructor of projects and owner of investments in the renewable power sector. The changes will have an impact, even if it is not felt in the long term, on the Group's immediate future.

The Group remains committed to growth in foreign markets, based on its order book in these countries, which nonetheless will require several years to mature. In addition, although there is a tentative recovery in the domestic market, it is not expected to translate into significant growth in investment by the Group's main clients. Faced with this outlook, the Group has made a significant effort in 2013 to adapt its general and production structures to the expected volume of activity in 2014, which will increase profitability, productivity and competitiveness under these conditions.

For the projects based in Spain in which the Group participates, there is an additional factor with regard to the impact of the regulatory reforms on the revenues from solar thermal, wind and photovoltaic projects; some of these projects are in their initial stages, above all solar thermal projects. Due to the standard configuration of project financing projects, in which the largest burden of finance costs are concentrated in the first few years, in terms of results these projects are forecast to make smaller contributions to consolidated profit in comparison to 2013. In this regard, it should be noted that the described declines in revenues resulting from the new regulations applicable to these assets have a direct impact on Elecnor's recurring profit, which was initially expected to mitigate unfavourable economic cycles such as the current one.

In all, the Elecnor Group is facing 2014 with an objective of attaining a turnover and results which are effectively higher than those for 2013; this should be viewed in the context of the current general stagnation of investment.

12. Share capital and acquisition of own shares

At 31 December 2013, the share capital of Elecnor, S.A. was represented by 87 million fully subscribed and paid ordinary shares of Euros 0.10 par value each.

The shares of Elecnor, S.A. are listed on the Spanish Stock Market Interconnection System, the market where the shares of Spain's leading companies are traded and which has the highest volume of trading.

At 31 December 2012, Elecnor, S.A., held 2,535,368 own shares. In 2013, a total of 132,418 shares were acquired and 179,334 sold. At 31 December 2013, a total of 2,488,452 own shares were held. The aforementioned transactions led to an decrease in own shares from 2.91% at the beginning of the year to 2.86% at the end of 2013.

13. Related party transactions

The information relating to transactions with related parties is disclosed in the explanatory notes to the consolidated financial statements at 31 December 2013, as required by Article 15 of Royal Decree 1362/2007.

14. Guide to writing directors' reports for listed companies

The "Guide to writing directors' reports for listed companies" was published on 17 May 2013. This guide includes proposed regulatory developments, a voluntary example framework of principles and best practices and a guide with general recommendations with regard to the minimum content to include in a directors' report. The directors of Elecnor will adapt the content of this directors' report to these recommendations as part of their preparation of the annual accounts for 2014.

15. Annual corporate governance report

As legally required and based on the model circularised by the Spanish National Securities Market Commission (CNMV), the Board of Directors of Elecnor, S.A. prepared the Annual Corporate Governance Report for the year ended 31 December 2013. This document is available on the website of the Spanish National Securities Market Commission.

Economic profile of Elecnor, S.A. 2013

Elecnor, S.A.

Balance sheets at 31 december 2013 and 2012

	Thousands of Euros	
ASSETS	2013	2012 (*)
NON CURRENT ASSETS	**1,142,756**	**1,139,054**
Intangible Assets	2,848	3,339
Administrative Concessions	48	50
Commercial Rights	1,031	1,031
Software	771	764
Other intangible assets	998	1,494
Property, Plant and Equipment	38,273	38,836
Land, buildings, plant and machinery	27,772	29,290
Other Items fo Property, Plant and Equipment	10,501	9,546
Investments in group companies and associates	1,076,218	1.056,400
Equity instruments	1,054,223	1.031,866
Loans to companies	21,995	24,534
Non current financial investments	2,582	4,556
Equity instruments		1,808
Loans to third parties	8	33
Financial Derivatives	528	811
Other financial assets	2,046	1,904
Deferred tax assets	22,835	35,923
CURRENT ASSETS	**868,753**	**1,075,513**
Non-current assets held for sale	1,779	1,779
Inventories	15,428	14,054
Raw materials and other supplies	954	1,278
Advances to suppliers	14,474	12,776
Trade and other receivables	732,139	747,134
Trade receivables	650,227	704,962
Receivable from group companies and associates	64,916	15,779
Other receivables	1,399	6,533
Current income tax assets	2,844	276
Other receivables from Public Administrations	12,753	19,584
Investments in Group companies and associates	27,535	39,029
Loans to companies	18,216	23,775
Other financial assets	9,319	15,254
Current financial investments	6,650	73,150
Derivates	-	364
Other financial assets	6,650	72,786
Accruals	638	761
Cash and cash equivalents	84,584	199,606
Cash	67,863	153,164
Cash equivalents	16,721	46,442
TOTAL ASSETS	**2,011,509**	**2,214,567**

(*) Presented for comparison purposes only

	Thousands of Euros	
EQUITY AND LIABILITIES	2013	2012 (*)
EQUITY	**518,894**	**506,580**
CAPITAL AND RESERVES-		
Share Capital	8,700	8,700
Issued Capital	8,700	8,700
Reserves	513,069	491,366
Legal and statutory reserves	1,743	1,743
Other reserves	511,326	489,623
Treasury shares and equity investments	(22,421)	(22,836)
Profit / loss of the year	27,845	43,258
Interim dividend	(4,193)	(4,663)
UNREALISED ASSET AND LIABILITY REVALUATION RESERVE-		
Hedging instruments	(4,106)	(9,245)
NON CURRENT LIABILITIES	**343,000**	**425,412**
Provisions for contingencies and charges	12,883	19,615
Other provisions	12,883	19,615
Borrowings	323,281	397,979
Bank borrowings	310,987	365,690
Obligations under finance leases	6,825	7,207
Derivates	5,469	8,051
Other financial liabilities		17,031
Borrowings from group companies and associates	2,000	2,575
Deferred tax liabilities	4,836	5,243
CURRENT LIABILITIES	**1,149,615**	**1,282,575**
Short-term provisions	32,582	33,870
Borrowings	100,931	86,408
Bank borrowings	94,694	72,758
Obligations under finance leases	357	339
Derivates	914	7,054
Other financial liabilities	4,966	6,257
Borrowings from group companies and associates	12,129	3,991
Trade and other payables	1,003,973	1,158,306
Suppliers	359,148	350,364
Suppliers group companies and associates	14,823	32,401
Other payables	26,683	36,675
Employee benefits payable	8,117	12,064
Other payables to Public Administrations	55,388	35,416
Customer advances	539,814	691,386
TOTAL EQUITY AND LIABILITIES	**2,011,509**	**2,214,567**

Elecnor, S.A.

Income Statements

for the years ended 31 december 2013 and 2012

	Thousands of Euros 2013	2012 (*)
CONTINUING OPERATIONS		
Net turnover	1,160,253	1,345,454
Revenues	1,160,253	1,345,454
Work performed by the entity and capitalised	578	647
Procurements	(623,742)	(760,243)
Consumption of raw materials and other consumables	(287,591)	(346,723)
Work performed by third parties	(337,365)	(412,874)
Deterioration of woods, raw materias and other supplies	1,214	(646)
Other operating income	6,979	5,271
Ancillary income	6,494	4,635
Grants related to income	485	636
Staff costs	(293,349)	(296,241)
Wages, salaries and other	(235,051)	(234,606)
Social security costs	(58,298)	(61,635)
Other operating expenses	(187,573)	(184,120)
External services	(148,608)	(165,777)
Taxes	(23,097)	(12,566)
Losses on, impairment of and change in trade provisions	(13,991)	(3,525)
Other operating expenses	(1,877)	(2,252)
Depreciation and amortisation	(7,916)	(8,815)
Impairment losses and gains/losses on disposal of non current assets	104	(180)
Gains/losses on disposals and other gains and losses	104	(180)
OPERATING PROFIT	**55,334**	**101,773**
Finance revenues	29,108	28,750
From equity investments		
- In group companies and associates	21,943	25,024
From trade securities and other equity instruments		
- In group companies and associates	2,930	1,511
- In third parties	4,235	2,215
Finance costs	(24,946)	(18,488)
Borrowings from group companies and associates	(224)	(342)
Third-party borrowings	(24,722)	(18,146)
Change in fair value of financial instruments	722	(722)
Exchange differences	(9,552)	(9,380)
Impairment losses and gains/losses on disposal of financial instruments	1,796	(52,798)
Impairment ans losses	1,796	(52,798)
FINANCIAL GAINS	**(2,872)**	**(52,638)**
PROFIT BEFORE TAX	**52,462**	**49,135**
Income tax	(24,617)	(5,877)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**27,845**	**43,258**
PROFIT FOR THE YEAR	**27,845**	**43,258**

(*) Presented for comparison purposes only

Direction and Editing:
Comunicación y Relaciones Institucionales

Design and layout:
JLC diseño gráfico

Photography:
Archivo Gráfico Elecnor

Printing:
Graymo

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