

CORSÁN-CORVIAM CONSTRUCCIÓN, S.A.

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



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

AUDIT REPORT ON THE ANNUAL ACCOUNTS

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

1. We have audited the annual accounts of Corsán-Corviam Construcción, S.A. consisting of the balance sheet at 31 December 2011, the income statement, the statement of changes in equity, the cash flow statement and related notes for the year then ended. The Company's Directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the entity (as identified in Note 2 a) to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.
2. In our opinion, the accompanying annual accounts for 2011 present fairly, in all material respects, the financial position of Corsán-Corviam Construcción, S.A. at 31 December 2011 and the results of its operations and cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.
3. The accompanying Directors' Report for 2011 contains the explanations which the directors consider appropriate regarding the company's situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the Directors' Report is in agreement with that of the annual accounts for 2011. Our work as auditors is limited to checking the Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the company's accounting records.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Fernando Chamosa
Partner

10 April 2012

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CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

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

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CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
BALANCE SHEET AT 31 DECEMBER 2011 AND 2010
(Expressed in Thousand euro)

ASSETS	Note	2011	2010
NON-CURRENT ASSETS		144,204	124,128
Intangible assets	4	1,602	1,583
Property, plant and equipment	5	26,064	28,868
Long-term investments in Group companies and associates	7	50,222	31,180
Equity instruments		50,222	31,180
Long-term financial investments		54,772	54,639
Equity instruments		-	4
Long term accounts receivable	6, 8 & 9	54,772	54,635
Deferred tax assets	17	11,544	7,858
CURRENT ASSETS		1,015,443	1,303,063
Inventories	10	80,718	125,399
Trade and other receivables		567,938	726,218
Trade receivables for sales and services	6 & 9	488,268	640,633
Trade receivables, Group companies and associates	6, 9 & 26	6,313	10,588
Sundry receivables	6 & 9	32,444	35,493
Loans to employees	6 & 9	11	358
Other receivables from Public Administrations	19	39,431	37,683
Guarantees and Deposits	6, 8 & 9	1,471	1,463
Short-term investments in Group companies and associates	9 & 26	256,340	313,582
Loans to companies		256,340	313,582
Short-term accruals		19,836	4,426
Cash and cash equivalents	11	90,611	133,438
TOTAL ASSETS		1,159,647	1,427,191

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
BALANCE SHEET AT 31 DECEMBER 2011 AND 2010
(Expressed in Thousand euro)

EQUITY AND LIABILITIES	Note	2011	2010
EQUITY		106,426	96,521
Equity		107,700	96,043
Share Capital	12	17,937	17,937
Share Premium	12	65,867	65,867
Reserves	13	3,609	3,609
Profit/(loss) for the year	14	35,261	32,652
Interim dividend	14	(14,974)	(24,021)
Cumulative translation differences		(1,274)	477
NON-CURRENT LIABILITIES		79,494	77,996
Long-term provisions	16	28,529	26,476
Other provisions		28,529	26,476
Long-term payables	6 & 15	43,853	44,540
Borrowings		43,853	44,540
Deferred tax liabilities	17	7,112	6,980
CURRENT LIABILITIES		973,727	1,252,674
Short-term provisions	16	37,789	30,012
Short-term payables	6 & 15	73,801	99,077
Borrowings		73,801	99,077
Short-term payables to Group companies and associates	15 & 26	9,527	26,379
Trade and other payables		852,610	1,097,206
Trade payables	6 & 15	625,591	788,167
Trade payables, group companies and associates	6, 15 & 26	2,873	1,324
Other payables	6 & 15	126,464	153,374
Loans to employees	6 & 15	5,953	6,382
Payable to Public Administrations	19	53,520	62,680
Advances received on contracted work	6 & 15	38,209	85,279
TOTAL LIABILITIES AND EQUITY		1,159,647	1,427,191

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
 (Expressed in Thousand euro)

CONTINUING OPERATIONS	Note	2011	2010
Revenue		868,788	1,055,523
Revenue/ Sales	18	868,788	1,055,523
Changes in inventories of finished products and work in progress		(397)	(1,162)
Own work capitalized		433	(118)
Raw materials and consumables		(594,889)	(685,614)
Consumption of goods purchased for resale	18	(149,199)	(162,124)
Consumption of raw materials and other consumable materials	18	(44,459)	27,699
Subcontracted work		(401,231)	(551,189)
Other operating revenue		82,590	59,159
Accessory and other income		82,590	59,159
Employment costs	18	(107,595)	(121,535)
Wages and salaries		(85,181)	(97,435)
Social security contributions		(22,414)	(24,100)
Other operating expenses		(172,914)	(234,029)
External services		(120,691)	(204,146)
Taxes		(49,707)	(19,878)
Losses, impairment and changes in trade provisions		(1,213)	(9,458)
Other expenses		(1,303)	(547)
Fixed asset depreciation	4 & 5	(6,756)	(10,563)
Impairment and profit/ loss on fixed asset disposals	18	792	107
Profit/loss on disposals and other		792	107
OPERATING RESULTS		70,052	61,768
Financial income	20	11,602	18,928
Financial costs	20	(26,225)	(17,082)
Net exchange rate differences	20	(7,614)	(2,243)
Impairment and profit/loss on disposal of financial instruments	20	(5,059)	(18,527)
FINANCIAL INCOME/EXPENSE		(27,296)	(18,924)
PROFIT/LOSS BEFORE INCOME TAX		42,756	42,844
Corporate income tax	19	(7,495)	(10,192)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		35,261	32,652
PROFIT/(LOSS) FOR THE YEAR		35,261	32,652

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER
2011 AND 2010**

(Expressed in Thousand euro)

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSE

	<u>Note</u>	<u>2011</u>	<u>2010</u>
Profit/ loss for the year	14	35,261	32,652
Income and expenses directly attributed to equity		(1,751)	(84)
Currency translation differences		<u>(1,751)</u>	<u>(84)</u>
		<u>33,510</u>	<u>32,568</u>
TOTAL RECOGNIZED INCOME AND EXPENSE		<u>33,510</u>	<u>32,568</u>

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Expressed in Thousand euro)

B) TOTAL STATEMENT OF CHANGES IN EQUITY

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

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Expressed in Thousand euro)

2010	Authorized capital (Note 12)	Share premium account (Note 12)	Reserves (Note 13)	Profit/loss for the year 2010 (Note 14)	Interim dividend (Note 14)	Value adjustments	Total
Balance Sheet at 2009 year end	17,937	65,867	(3,084)	31,951	(10,139)	561	103,093
Adjusted Balance beginning 2010	17,937	65,867	(3,084)	31,951	(10,139)	561	103,093
Total recognised income and expenses	-	-	-	32,652	-	(84)	32,568
Operations with shareholders or owners	-	-	-	(25,258)	(13,882)	-	(39,140)
- Dividend payment 2009 (Note 14)	-	-	-	(25,258)	10,139	-	(15,119)
- Interim dividend payment (Note 14)	-	-	-	-	(24,021)	-	(24,021)
Other variations on equity	-	-	6,693	(6,693)	-	-	-
-Reclassification of the prior year profit/ loss	-	-	-	-	-	-	-
-Distribution of reserves	-	-	6,693	(6,693)	-	-	-
Balance at 2010 year end	17,937	65,867	3,609	32,652	(24,021)	477	96,521

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
 (Expressed in Thousand euro)

	<u>Note</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities			
Profit/loss for the year before taxes	19	42,756	42,844
Adjustments:			
- Fixed assets depreciation	4 & 5	6,756	10,563
- Provision changes		1,213	9,458
- Profit/ loss on write-offs and disposals of fixed assets	18	(1,184)	(107)
- Finance income	20	(11,602)	(18,928)
- Finance costs	20	26,225	17,082
- Net exchange rate differences	20	7,614	2,243
- Changes in fair value of financial instruments	20	5,059	18,527
Changes in working capital:			
- Inventories		44,681	(31,156)
- Debtors and other receivables		165,705	(135,465)
- Other current assets		(15,410)	(3,074)
- Creditors and other payables		(240,928)	48,391
- Other current liabilities		7,777	2,009
- Other non-current assets and liabilities		(2,099)	155
Other cash flows from operating activities			
- Payment of interest	20	(26,225)	(14,799)
- Collection of interests	20	11,602	11,183
- Translation differences	20	(7,925)	-
Cash flows from operating activities		<u>14,015</u>	<u>(41,074)</u>
Cash flows from investing activities			
Outflows on investments:			
- Group companies and associates	7	(20,086)	(11,736)
- Intangible assets	4	(263)	(334)
- Property, plant and equipment	5 & 18	(5,441)	(1,153)
Inflows from disinvestments:			
- Group companies and associates	7	21,331	13,721
- Intangible assets	4	-	131
- Property, plant and equipment	5	2,917	851
- Other financial assets		4	-
Cash flows from investing activities		<u>(1,538)</u>	<u>1,480</u>
Cash flows from financing activities			
Collections and payments on equity instruments		-	-
Collections and payments financial liabilities instruments		-	-
Issue:			
- Borrowings		34,174	57,533
- Borrowings with the Group companies and associates		(1,522)	10,327
Refund and Amortization:			
- Borrowings		(60,137)	(29,089)
- Borrowings with the Group companies and associates		(26,379)	(3,881)
Dividends' payable and remuneration of other equity instruments	13 & 14	<u>(1,751)</u>	<u>(84)</u>
Cash flow of financial activities		<u>(55,615)</u>	<u>34,806</u>
Effect of exchange rate fluctuations		-	-
Net increase/decrease in cash and cash equivalents		<u>42,827</u>	<u>(4,788)</u>
Cash and cash equivalents at beginning of the year	11	133,438	138,226
Cash or cash equivalents at the end of the year	11	<u>90,611</u>	<u>133,438</u>

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

1. General information

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

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

The Company is integrated in Grupo Isolux Corsán, whose parent company is Grupo Isolux Corsán, S.A. Company's registered office is at Caballero Andante 8 Street, 28021 Madrid, Spain. The parent company is the one drawing up consolidated financial statements. The Group's Consolidated Annual Accounts have been drawn up by the Board of Directors at 26 March 2012 and they are expected to be approved and deposited in the Madrid Mercantile Registry without material changes.

2. Basis of preparation and Financial Risk Management

a) Fair presentation and accounting principles

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with prevailing commercial legislation and the provisions of the Chart of Accounts approved by Royal Decree 1514/2007 and its subsequent Royal Decree 1159/2010 modifications, (hereinafter the 2007 Spanish GAAP), so as to present a true and fair view of the Company's equity, financial situation, income statement and accurately cash flow in the cash flow statement.

The annual accounts include the effect of proportional consolidation of joint ventures in which the Company participated in 2011 and 2010, based on the percentage shareholding held. Relevant amounts are indicated in the corresponding notes of these annual accounts when significant. Information on percentage shareholding, turnover and results is detailed in Note 23.

These annual accounts have been drawn up by the Company's Board of Directors on 26 March 2012. They will be submitted for the approval of General Shareholders' meeting and the Company expects to have the annual accounts approved without any change.

b) Critical aspects of the measurement and estimation of uncertainty.

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

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

Revenue recognition

Revenue recognition criteria applied by the Company regarding construction activities is based on the percentage method according to the extent of completion. This method is established by the adaptation of the 2007 Spanish GAAP for construction companies, the so-called "labor valued relationship" which is the valuation of the units of work performed at the rates set by the contract. In the mentioned areas the Company's past history confirms that its estimates are adequate and reasonable.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

Useful lives of technology division's plant and equipment

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

Income tax and deferred income tax assets

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

Several factors exist, tied mainly and not exclusively to changes in fiscal laws and interpretations of the current Spanish fiscal laws. These factors require been estimated by the Company management.

When the income tax at the end of the year results different from the originally recognized amounts, the differences will have effect on the income tax and the provisions for deferred taxes in the year in which such a determination is realized. In this sense, there are no relevant issues subject to estimates that could have a significant impact on the Company's position.

The Company management values the recoverability of the deferred income tax assets, based on the future fiscal estimations, analyzing if they are sufficient over the years in which the deferred taxes are deductible. Deferred income tax assets are entered in the books when it is possible to recover them on the future. The registration and the recoverability of deferred income tax assets are valued when they are generated and subsequently in each year ended balance sheet, according to the expected result's development in the business plan of the Company. The Company considers that the deferred income tax assets would be recoverable; however the estimations can change over the future due to future changes in the fiscal legislation, or due to the effect of transactions in the fiscal balance.

Even though the estimations were calculated at the end of the year by the Company management with the best available information, applying its best estimations and knowledge of the market, it can be possible that future temporary events must make the Company to modify them on the previous years.

Receivables and financial assets

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

Fair value of non-stock financial instruments

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

Provisions

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

Inventories

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

Warranty claims

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

c) Comparability

According to the Mercantile Law, the balances presented in the financial statement, the income statement, the statement of recognized income and expense, the total statement of changes in equity and the cash flow statement corresponds to the year 2011 and to the previous immediate year.

According to the second transitory regulation of the Spanish Accounting and Account Auditing Institute resolution of December 29, 2010, concerning the information to be included in the annual account in the first year of implementation of the Act 15/ 2010's requirements, the 2011 information is not presented on a comparative basis with 2010, due to the gradual enforcement regime set for 2010, stated by the resolution mentioned.

With respect to the consultation number 2 of the Accounting and Audit Institute Bulletin number 87, tax balances (credit and debit) with the Public Administration, are not a contract between parties, and due to this fact, they are not considered financial instruments. This balances are not included under "Financial Instruments analysis" (Note 6), "Trade and other receivables" (Note 9) and "Borrowings, trade creditors and other payables" (Note 15). In order to maintain information comparability, this modification is performed on 2011 figures and in the previous year.

d) Going concern

These annual accounts have been prepared on a going concern basis, which foresees that the Company will realize its assets and fulfill its commitments during the normal course of its business.

e) Consolidated Annual Accounts

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

f) Groupings of items

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

g) Non-mandatory accounting principles

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

h) Financial risk

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

Foreign exchange risk:

The Company operates internationally, mainly across its branches in Mexico and Algeria; therefore, it is exposed to foreign exchange risk from currency exposures, particularly, in relation to the Mexican Pesos and the Algerian Dinar. Currency risk derives from future transactions, recognized assets and liabilities and net investments in foreign operations.

The Company supports Societies with functional currency different from Euro investments. At 31 December 2011 these investments amount to 45,489 thousand euro (2010: 29,981 thousand euro) and mainly correspond to the shareholding in Isolux de México S.A. de C.V. amounting to 19,467 thousand euro (2010: 14,017 thousand euro), Soma-Isolux NH One Tollway Private Limited amount to 8,660 thousand euro (2010: 8,660 thousand euro) and Isolux Projetos, Investimentos e Participações LTDA amounting to 17,022 thousand euro which functional currencies are Mexican Peso, Indian Rupee and Brazilian real, respectively. The latter company was incorporated this year, transferring to it the shareholding of Isolux Projetos e Instalações at the year-end 2010 (7,180 thousand euro) and transferring as well the interests acquired on 2011 (8,260 thousand euro). See note 7.

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

Price risk

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

Credit risk

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

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

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

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

Exposure to interest rate changes:

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

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011 (Expressed in Thousand euro)

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

	Thousand euro	
	Euribor referenced	
	2011	2010
Borrowings	117,654	143,617
Cash and cash equivalents accruing interests	(82,967)	(111,856)
Net position	34,687	31,761
Proportion hedge by financial derivatives	0%	0%

The Company analyzes its exposure to interest rate risk dynamically. A simulation of several scenarios is made, taking into account the refinancing, renewal of current positions, alternative financing and the existence of investments accruing variable interest (in this sense, very short-term allocations bearing interest are considered as exposed to variable interest rate). Based on these scenarios, the Company calculates the effect on the outcome of a particular variation in interest rate. According to the simulations, the impact over after-tax outcome of a 100 basis points increase/decrease of reference interest rate (Euribor) will mean a 233 thousand euro increase/decrease over the gross outcome (2010: 57 thousand euro), mainly as a consequence of a lower/greater interest cost on variable interest loans; equity would have changed in the same way.

Exposure to liquidity risk

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

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

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

At 31 December 2011 the Company records financial net receivables with the Group which amounts to 247 thousand euro (2010: 287 thousand euro, approximately). See Note 26.

3. Accounting policies

3.1 Intangible assets

- a) Concessions

Concessions treatment will be described in Note 3.17.

- b) Computer software

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

The costs relating to the maintenance of computer programs are recognized as an expense when incurred. Costs directly related to the production of identifiable and unique computer programs controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognized

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as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

3.2 Property, plant and equipment

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

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

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

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

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

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

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

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

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

Additions and disposals related to property, plant and equipment are recorded as writing off the cost element and its accumulated depreciation.

3.3 Interest costs

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

3.4 Financial assets

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

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interest is recognized at the effective interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial

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recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

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

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

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

b) Investments held-to-maturity: Held-to-maturity financial assets are debt securities with fixed or determinable payments and fixed maturity, that are traded on an active market and that Company management has the positive intention and ability to hold to maturity. If the Company disposes of a significant amount of the held-to-maturity assets, the entire category would be reclassified as available-for-sale. These financial assets are included under non-current assets, except for those that mature within 12 months as from the balance sheet date, in which case they are classified as current assets.

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

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

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

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

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

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

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

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

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determined in the same way as investments in the equity of group companies, jointly-controlled entities and associates.

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

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

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

3.5 Inventories

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

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

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

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

Land linked to future developments is stated at acquisition cost.

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

3.6 Equity

Share capital consists of ordinary shares.

The costs of issuing new shares or options are recognised directly in equity as a reduction in reserves. In the event that the Company's acquires treasury shares, the price paid, including any directly attributable incremental cost, is deducted from equity until the treasury shares are redeemed, reissued or sold. When treasury shares are subsequently sold or reissued, any amount received is taken to equity net of directly attributable incremental costs.

3.7 Financial liabilities

Creditors and payables

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

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

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to the maturity date of the liability.

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

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

3.8 Current and deferred taxes

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

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

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

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

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

3.9 Employee benefits

Termination benefits

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

3.10 Provisions and contingent liabilities

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

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

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

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

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

3.11 Business combinations

a) Jointly-controlled operations and assets

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

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

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

b) Jointly-controlled companies

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

3.12 Revenue recognition

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

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

Services rendered: Construction Activity

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

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

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

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

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

Unexpected events can arise during work executions which are not envisaged in the main contract, and which entail additional work. Changes to the initial contract require technical approval from the customer, and subsequently economic approval to enable certificates to be issued and the additional work to be charged. The Company's policy is to not recognize income from such additional work until their approval by the customer is reasonable assured. The costs incurred in such work are recognized when they arise, regardless the degree of approval by customers of the work performed.

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

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

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

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

Interest income

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

Dividend income

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

3.13 Leases

When the Company is the lesser - Operating Leases

The leases in which the lesser preserves an important part of the risks and benefits derived from the ownership are qualified as operating leases. Lease revenues are recognised on a straight-line basis over the lease period.

3.14 Foreign currency transactions

a) Functional and presentation currency

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

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b) Transactions and balances

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

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

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

3.15 Related-party transactions

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

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

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

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

3.16 Cash and cash equivalents

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

3.17 Administrative concessions

Concession activities require substantial investment, consisting of:

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

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

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the infrastructure complies with certain specific quality and efficiency requirements.

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

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

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

3.18 Environment

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

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

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

4. Intangible assets

Movements in "Intangible assets" are as follows:

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

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2010	Thousand euro		
	Concessions	Computer software	Total
Cost			
31 December 2009	1,744	895	2,639
Additions	-	334	334
Disposals	-	(596)	(596)
31 December 2010	1,744	633	2,377
Accumulated Amortization			
31 December 2009	(83)	(679)	(762)
Amortization	(478)	(126)	(604)
Disposals	-	572	572
31 December 2010	(561)	(233)	(794)
Carrying value	1,183	400	1,583

a) Losses due to impairment of intangible assets

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

b) Concessions

The most significant items included under these headings are as follows:

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

2010	Maturity date	Amortization period	Amortization for the year	Cost	Accumulated amortization	Carrying value
UTE Conc Edar Laxe Corsan 80%	10/2027	20 años	(418)	722	(501)	221
Concesión Edar Camariñas	06/2029	20 años	(60)	1,022	(60)	962
TOTAL			(478)	1,744	(561)	1,183

c) Fully-amortized intangible assets

At 31 December 2011 there is computer software with an original cost of 102 thousand euro (2010: 77 thousand euro) that is fully amortized and still in use.

d) Insurance

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

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5. Property, plant and equipment

Set out below is an analysis of "Property, plant and equipment" showing movements for the years 2010 and 2011:

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

	Thousand euro					
	Land	Buildings	Plant, machinery and tools	Furnishings	Other assets	Total
2010						
Cost						
31 December 2009	8,572	391	56,019	1,680	6,303	72,965
Additions	-	-	625	19	509	1,153
Disposals	-	-	(5,837)	(650)	(2,267)	(8,754)
Transfers	-	-	(100)	-	100	-
31 December 2010	8,572	391	50,707	1,049	4,645	65,364
Accumulated Depreciation						
31 December 2009	-	(187)	(27,094)	(1,449)	(5,710)	(34,440)
Depreciation	-	(6)	(9,523)	(111)	(319)	(9,959)
Disposals	-	-	5,083	650	2,170	7,903
Other movements	-	-	9	16	(25)	-
31 December 2010	-	(193)	(31,525)	(894)	(3,884)	(36,496)
Carrying value	8,572	198	19,182	155	761	28,868

Additions of 2011 mainly corresponds to the acquisition of two business buildings located in Cádiz. The operations was financed by Unicaja Banca, S.A.'s mortgage loan. The buildings constitute the guarantee of the loan.

Disposals of 2011 mainly corresponds to the sale of an asphalt plant to Isolux de México, S.A. de C.V., generating an income of 170 thousand euro, and to the land which generated and income of 1,354 thousand euros and a storehouse of the asphalt plant located in Dos Hermanas (Seville). Due to this operation the Company has disposed fully depreciated assets.

Disposals of the year correspond to the sale of machinery of the joint venture "Linea 5 Tramo Horta-Vall d'Hebron", by an amount of 1,406 thousand euro and for the plant's sales by an amount of 654 thousand

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euro. Adding these amounts plus the total depreciated assets and other amounts, have an effect on the profit of the year of 107 thousand euro.

a) Impairment losses

During 2011 and 2010, no significant impairment adjustments to individual property, plant and equipment were recognised or reversed.

b) Assets acquired from group and associated companies

Property, plant and equipment acquired to group and associated companies during 2011 and 2010 are as follows:

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

	Thousand euro		
	2010		
	Cost	Accumulated Depreciation	Carrying value
Other property, plant and equipment	154	-	154
	154	-	154

c) Fully-depreciated assets

At 31 December 2011 there are plant, machinery and tools with an original cost of 7,216 thousand euro (2010: 8,086 thousand euro) that are fully-depreciated and still in use. The cost of fully depreciated vehicles at 31 December 2011 that are still in use amounts to 92 thousand euro (2010: 92 thousand euro), the furnishing and computers amounts to 980 thousand euro (2010: 550 thousand euro) and other property, plant and equipment amounts to 1,073 thousand euro (2010: 1,163 thousand euro).

d) Assets under operating lease

The Company leases machinery, auxiliary resources, vehicles and branches from third-parties for the purpose of the normal operation of the construction business. The income statement includes operating lease expenses relating to the rental of property, plant and equipment totaling 43,586 thousand euro (2010: 54,839 thousand euro).

e) Assets linked to guarantees and ownership restrictions

On 31 December 2011 there is no significant property, plant and equipment subject to ownership restrictions or that have been pledged to secure liabilities, except from the mortgages that involve the land acquired in El Vendrell at a cost of 7,271 thousand euro (2010: 7,271 thousand euro) which is covered by mortgages totaling 1,255 thousand euro (2010: 1,255 thousand euro) and the Cadiz's business buildings by an amount of 3,617 thousand euro, which are covered by mortgages totaling 2,300 thousand euro.

f) Insurance

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

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g) Assets located abroad

At 31 December 2011 the Company recorded property, plant and equipment located abroad with a value of 3 thousand euro (2010: 182 thousand euro), net of depreciation.

h) Property, plant and equipment not used in operations

At 31 December 2011 the Company records property, plant and equipment not used in operations with a carrying value of 7,543 thousand euro (2010: 7,271 thousand euro).

6. Analysis of financial instruments
6.1 Analysis by category

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

2011

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

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

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

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

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2010

	Thousand euro		
	Long-term financial assets		
	Equity Instruments	Derivative loans and Others	Total
Loans and receivables (Note 8 & 9)	-	54,635	54,635
Available-for-sale assets:	4	-	4
- Carried at fair value	4	-	4
Total loans and receivables	4	54,635	54,639

	Thousand euro		
	Current financial assets		
	Equity Instruments	Derivative loans and Others	Total
Loans and receivables (Note 8 & 9)	-	688,535	688,535
Loans to Group companies and associates (Note 26)	-	313,582	313,582
Total loans and receivables	-	1,002,117	1,002,117

	Thousand euro		
	Long-term financial liabilities		
	Loans and overdrafts	Derivatives and others	Total
Creditors and payables (Note 15)	44,540	-	44,540
Total payables	44,540	-	44,540

	Thousand euro		
	Current financial assets		
	Loans and overdrafts	Derivatives and others	Total
Creditors and payables (Note 15)	99,077	1,034,526	1,133,603
Loans from Group companies and associates (Note 26)	-	26,379	26,379
Total payables	99,077	1,060,905	1,159,982

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6.2 Analysis by maturity date

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

2011	Thousand euro						
	Financial assets						
	2012	2013	2014	2015	2016	Subsequent years	Total
Investments in group companies and associates							
- Loans to companies	256,340	-	-	-	-	-	256,340
Other investments:							
- Long term accounts receivables	-	6,830	430	490	554	46,468	54,772
- Trade and other receivables	528,507	-	-	-	-	-	528,507
Total Financial Assets	784,847	6,830	430	490	554	46,468	839,619

2011	Thousand euro						
	Financial liabilities						
	2012	2013	2014	2015	2016	Subsequent years	Total
- Amounts owed to Group companies and associates	9,527	-	-	-	-	-	9,527
- Borrowings	73,801	1,114	1,610	1,695	1,652	37,782	117,654
- Trade receivables and other financial liabilities	799,090	-	-	-	-	-	799,090
Total Financial liabilities	882,418	1,114	1,610	1,695	1,652	37,782	926,271

7. Shares in group companies, jointly-controlled entities and associates

a) Financial investment movements

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

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

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2010	Thousand euro				
	Opening balance	Additions	Disposals	Pending outlay	Closing balance
Shares in group companies, jointly-controlled entities and associates	29,999	27,042	(5,611)	(1,950)	49,480
Investment Provisions	(9,470)	(8,921)	91	-	(18,300)
Total	20,529	18,121	(5,520)	(1,950)	31,180

Additions during 2011 are mainly related to the capital increase in "Isolux Corsán Argentina" by an amount of 13,881 thousand euro (capital pending payment of 8,176 thousand euro), "Isolux Projetos e Instalações LTDA." by an amount of 8,260 thousand euro, "Isolux de México, S.A de CV" amounting to 5,450 thousand euro and "Isolux Projetos, Investimentos e Participações" by an amount of 17,022 thousand euro. The latter company was incorporated this year and it is a holding. The disposals observed are due to the fact that the Company transferred to "Isolux Projetos, Investimentos e Participações" the interests held of "Isolux Projetos e Instalações".

Capital pending payment corresponds to the capital increase of "Isolux Corsán Argentina".

The investment provision recorded during the year are mainly related to "Isolux Corsán Argentina" (3,288 thousand euro) and "Isolux Corsán do Brasil" (2,105 thousand euro) due to the incurred loss.

In addition, the Company has recorded 4,105 thousand euro (2010: 9,697 thousand euro) of net impairment losses from the shareholdings held (Note 16).

Additions during 2010 are mainly related to the capital increase in "Isolux Projetos e Instalações LTDA." by an amount of 8,797 thousand euro, in "SARL. Isolux Corsan Algeria" by an amount of 5,303 thousand euro and in "Isolux de México, S.A de CV" by an amount of 4,529 thousand euro. During 2010 there has been a merger between Isolux Corsán Construcción S.A. de C.V., the acquired company, and Isolux de México S.A. de C.V., the acquiring company, which created an addition and a disposal of 5,661 thousand euro.

During the year, an investment provision due to the shareholdings in SARL. "Isolux Corsan Algeria" by 5,393 thousand euro and "Isolux Projetos e Instalações LTDA" by 1,581 thousand euro has been allocated to the income statement, as a result of the incurred loss.

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b) Shareholdings in Group companies

2011	Name	Address	Group/ Associates/ Jointly- controlled	Legal Form	Activity	% interest held		Voting rights	
						Direct %	Indirect %	Direct %	Indirect %
	EXTREMEÑA DE INFRAESTRUCTURAS	Madrid	Group	S.A.	Construction	99.98%	0.00%	99.98%	0.00%
	CONSTRUCCIONES PINA DO VALE	Lisbon	Group	S.A.	Construction	100.00%	0.00%	100.00%	0.00%
	ISOLUX CORSAN ARGENTINA (1)	Buenos Aires	Group	S.A.	Construction	50.00%	0.00%	50.00%	0.00%
	CARRETERAS CENTRALES DE ARGENTINA (2)	Argentina	Jointly- controlled	S.A.	Construction	49.00%	0.00%	49.00%	0.00%
	CORVISA (1)	Madrid	Group	S.L.	Engineering	0.13%	0.00%	0.13%	0.00%
	EL SITIO DE LA HERRERÍA (1)	Madrid	Group	S.L.	Real State	0.66%	0.00%	0.66%	0.00%
	GRUPO ISOLUX CORSAN CONCESIONES (1)	Madrid	Group	S.A.	Concessions	0.02%	0.00%	0.02%	0.00%
	ISOLUX CORSAN INMOBILIARIA(1)	Madrid	Group	S.A.	Real State	0.01%	0.00%	0.01%	0.00%
	ISOLUX INGENIERÍA (1)	Madrid	Group	S.A.	Engineering	0.002%	0.00%	0.002%	0.00%
	ISOLUX CORSAN DO BRASIL (1)	Sao Paulo	Group	S.A.	Engineering	50.00%	0.00%	50.00%	0.00%
	ISOLUX CORSAN POLONIA SP ZOO (1)	Warsaw	Group	SPE	Engineering	0.02%	0.00%	0.02%	0.00%
	ISOLUX CORSAN INDIA ENGINEERING & CONST. PRIVATE (1)	India	Group	LTDA.	Construction	49.00%	0.00%	49.00%	0.00%
	ISOLUX DE MEXICO(1)	Mexico	Group	S.A. de C.V.	Construction	50.00%	0.00%	50.00%	0.00%
	SARL.ISOLUX CORSAN ARGELIE (1)	Argelia	Group	SARL.	Construction	50.00%	0.00%	50.00%	0.00%
	SOMA-ISOLUX NH ONE TOLLWAY PRIVATE LIMITED(1)	Haryana (India)	Group	S.L.	Concessions	10.00%	0.00%	10.00%	0.00%
	ISOLUX CORSAN CYPRUS LIMITED (1)	Cyprus	Group	S.L.	Concessions	50.00%	0.00%	50.00%	0.00%
	IC PANAMA (1)	Panama	Group	S.A.	Construction	50.00%	0.00%	0.00%	0.00%
	CONSTRUCTORA AUTOPISTA PEROTE XALAPA	Mexico	Jointly- controlled	S.A.de C.V.	Construction	0.00%	25.00%	0.00%	25.00%
	INDRA ISOLUX DE MEXICO	Mexico	Jointly- controlled	S.A. de C.V.	Engineering	0.00%	25.00%	0.00%	25.00%
	CONSTRUCCIONES E INSTALACIONES DEL NORESTE (1)	Mexico	Group	S.A.de C.V.	Engineering	0.00%	49.00%	0.00%	49.00%
	I.C.I. & SOMA – ENTERPRISES LIMITED	India	Jointly- controlled	LTD.	Construction	0.00%	24.50%	0.00%	24.50%
	ICI-SOMA (1)	India	Jointly- controlled	JV	Construction	0.00%	24.50%	0.00%	24.50%
	ISOLUX PROJETOS, INVESTIMENTOS E PARTICIPAÇÕES	Sao Paulo	Group	S.A.	Engineering	50.00%	0.00%	50.00%	0.00%
	CIUDAD DE LA JUSTICIA DE CÓRDOBA	Seville	Jointly- controlled	S.A.	Construction	50.00%	0.00%	50.00%	0.00%

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

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

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2010	Company	Address	Group/ Associates/ Jointly- controlled	Legal Form	Activity	% interest held		Voting rights	
						Direct %	Indirect %	Direct %	Indirect %
	EXTREMEÑA DE INFRAESTRUCTURAS	Madrid	Group	S.A.	Construction	99.98%	0.00%	99.98%	0.00%
	CONSTRUCCIONES PINA DO VALE	Lisbon	Group	S.A.	Construction	100.00%	0.00%	100.00%	0.00%
	ISOLUX CORSAN ARGENTINA (1)	Buenos Aires	Group	S.A.	Construction	50.00%	0.00%	50.00%	0.00%
	CARRETERAS CENTRALES DE ARGENTINA (2)	Argentina	Jointly- controlled	S.A.	Construction	49.00%	0.00%	49.00%	0.00%
	CORVISA (1)	Madrid	Group	S.L.	Engineering	0.13%	0.00%	0.13%	0.00%
	EL SITIO DE LA HERRERÍA (1)	Madrid	Group	S.L.	Real State	0.66%	0.00%	0.66%	0.00%
	GRUPO ISOLUX CORSAN CONCESIONES (1)	Madrid	Group	S.A.	Concessions	0.02%	0.00%	0.02%	0.00%
	ISOLUX CORSAN INMOBILIARIA(1)	Madrid	Group	S.A.	Real State	0.01%	0.00%	0.01%	0.00%
	ISOLUX INGENIERÍA (1)	Madrid	Group	S.A.	Engineering	0.002%	0.00%	0.002%	0.00%
	ISOLUX CORSAN DO BRASIL (1)	Sao Paulo	Group	S.A.	Engineering	50.00%	0.00%	50.00%	0.00%
	ISOLUX CORSAN POLONIA SP ZOO (1)	Warsaw	Group	SPE	Engineering	0.02%	0.00%	0.02%	0.00%
	ISOLUX CORSAN INDIA ENGINEERING & CONST. PRIVATE (1)	India	Group	LTDA.	Construction	49.00%	0.00%	49.00%	0.00%
	ISOLUX PROYECTOS E INSTALAÇÕES (1)	Brazil	Group	LTDA.	Engineering	50.00%	0.00%	50.00%	0.00%
	ISOLUX DE MEXICO(1)	Mexico	Group	S.A. de C.V.	Construction	50.00%	0.00%	50.00%	0.00%
	SARL.ISOLUX CORSAN ARGELIE (1)	Argelia	Group	SARL.	Construction	50.00%	0.00%	50.00%	0.00%
	SOMA-ISOLUX NH ONE TOLLWAY PRIVATE LIMITED(1)	Haryana (India)	Group	S.L.	Construction	10.00%	0.00%	10.00%	0.00%
	ISOLUX CORSAN CYPRUS LIMITED (1)	Cyprus	Group	S.L.	Construction	50.00%	0.00%	50.00%	0.00%
	IC PANAMA (1)	Panamá	Group	S.A.	Construction	50.00%	0.00%	0.00%	0.00%
	CONSTRUCTORA AUTOPISTA PEROTE XALAPA	Mexico	Jointly- controlled	S.A.de C.V.	Construction	0.00%	25.00%	0.00%	25.00%
	INDRA ISOLUX DE MEXICO	Mexico	Jointly- controlled	S.A. de C.V.	Engineering	0.00%	25.00%	0.00%	25.00%
	CONSTRUCCIONES E INSTALACIONES DEL NORESTE (1)	Mexico	Group	S.A.de C.V.	Engineering	0.00%	49.00%	0.00%	49.00%
	I.C.I. & SOMA – ENTERPRISES LIMITED	India	Jointly- controlled	LTD.	Engineering	0.00%	24.50%	0.00%	24.50%
	ICI-SOMA (1)	India	Jointly- controlled	JV	Construction	0.00%	24.50%	0.00%	24.50%

- (1) It is considered as Group Company since it is controlled, direct or indirectly by the parent company, Grupo Isolux Corsán, S.A.
- (2) Even though the shareholding is below 50%, it is considered as a jointly controlled entity due to the fact that decisions are unanimously made.

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

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Share capital, reserves, results for the year and other information of interest, as set out in the group companies' individual annual accounts, are as follows:

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

Company	Thousand euro					
	Equity					
	Capital	Reserves	Other items	Profit/(loss) for the year	Carrying value in parent	Dividends received (Note 20)
2010:						
EXTREMEÑA DE INFRAESTRUCTURAS S.A.	60	141	-	(2)	-	-
CONSTRUCCIONES PINA DO VALE S.A.	2,000	(792)	83	(129)	1,162	-
CORVISA S.L.	3,200	645	-	28	4	1
EL SITIO DE LA HERRERÍA S.L.	1,213	(312)	-	(109)	5	-
ISOLUX CORSAN INMOBILIARIA S.A.	15,003	106,773	-	(5,017)	2	-
ISOLUX INGENIERÍA S.A.	15,000	462,721	(35,615)	35,785	12	10
ISOLUX DE MEXICO S.A. C.V.	28,884	(2,828)	(545)	104	14,017	-
ISOLUX CORSAN DO BRASIL S.A.	11,735	(11,927)	(813)	(20,213)	124	-
ISOLUX PROYECTO E INSTALACIONES LTDA	17,494	(279)	1,222	(9,242)	7,180	7,734
ISOLUX CORSAN POLONIA SP ZOO	3,984	(3,332)	(214)	(328)	-	-
ISOLUX CORSAN CYPRUS PRIVATED LIMITED	23	-	-	5	12	-
CARRETERAS CENTRALES DE ARGENTINA, S.A.	642	-	(269)	(1,662)	-	-
ISOLUX CORSAN ARGENTINA S.A.	943	824	(57)	(2,612)	-	-
ISOLUX CORSAN ARGELIE EURL	10,786	(5,687)	234	(7,984)	-	-
ISOLUX CORSAN INDIA ENGINEERING & CONST. PRIVATE. LTD.	1,602	(1,272)	(407)	(51)	-	-
SOMA-ISOLUX NH ONE TOLLWAY PRIVATE LIMITED	9,024	94,081	9,808	29,321	8,660	-
GRUPO ISOLUX CORSAN CONCESIONES S.L.	153,199	517,791	-	(28,266)	2	-
IC PANAMA, S.A.	-	-	-	-	-	-
					31,180	7,745

In addition, the Company has registered a risk and expense provision for potential losses greater than subsidiaries equity, by an amount of 17,529 thousand euro (2010: 13,514 thousand euro) (Note 16).

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8. Guarantees and Deposits

The distribution of Guarantees and Deposits of receivable accounts is as follows:

	Thousand euro	
	2011	2010
Long-term receivables:		
- Long-term guarantees and deposits	890	922
	890	922
Short-term receivables:		
- Short-term guarantees and deposits	1,471	1,463
	1,471	1,463
Total	2,362	2,385

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

9. Loans and receivables

The fair values of loans and receivables are as follows:

	Thousand euro	
	2011	2010
Guarantees and Deposits (Note8)	890	922
Long-term trade receivable	53,882	53,713
Long term accounts receivables:	54,772	54,635
Trade receivables for sales and services	488,268	640,633
- Receivable, works in progress	247,460	293,521
- Receivable, Sales and services	245,016	349,922
- Provision for bad debts	(4,208)	(2,810)
Trade receivables, Group companies and associates (Note 26)	6,313	10,588
Sundry receivables	32,444	35,493
Loans to employees	11	358
Loans to companies (Note 26)	256,340	313,582
Guarantees y Deposits (Note 8)	1,471	1,463
Short term accounts receivables:	784,847	1,002,117

Long-term trade receivables relate to the debt claim held by Corsán Corviam-Construcción, S.A. against GESTIO D' INFRAESTRUCTURES,S.A.U. for the assignment of the loans relating to the Mossos de Escuadra facilities, which mature in 2032; and to various clients, mainly city councils, for rendered services with an agreed collection calendar which is not expected to be accomplished in the short-term.

At 31 December 2011 184,009 thousand euro (2010: 126,699 thousand euro) concerning loans relating to German method contracts and other invoices assigned to third-parties before falling due have been deducted. These assets have been removed from the balance sheet.

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

	Thousand euro	
	2011	2010
Euro	705,298	725,353
Mexican Peso	35,648	-
Argentine Peso	18	-
Argelian dinar	43,883	865
	784,847	726,218

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

	Thousand euro	
	2011	2010
Opening balance	2,810	906
Provision for impairment of trade receivables	3,326	2,310
Reversal of unused amounts	(1,928)	(406)
Closing balance	4,208	2,810

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

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

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

10. Inventories

The distribution of inventories is shown in the following chart:

	Thousand euro	
	2011	2010
Non-Real State inventories		
Raw materials and other supplies	8,175	34,856
Finished products	-	17
Project planning expenses	35,223	52,883
Prepayments to suppliers	5,738	6,068
	49,137	93,824
Real State inventories		
Real State promotions	31,581	31,575
	31,581	31,575
Inventories	80,718	125,399

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Inventory decrease during 2011 is due to raw materials and other supplies, project planning expenses and pre-payments to suppliers required for construction. The changes observed are related to the completion of several important works and as well to the high level of completed work, such as the works in the Algerian branch.

a) Capitalized finance costs

During 2011 and 2010 no finance costs were capitalised in inventories when the production cycle exceeded one year.

b) Insurance

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

c) Assets linked to guarantees and ownership restrictions

At 31 December 2011 the Company has inventories pledged to secure liabilities at a cost of 31,581 thousand euro (2010: 31,575 thousand euro) which correspond to the assets received as payment subject to mortgages totaling 22,805 thousand euro (2010: 23,233 thousand euro) (see Note 15).

11. Cash and cash equivalents

	Thousand euro	
	2011	2010
Cash	81,406	111,253
Cash equivalents	9,205	22,185
	90,611	133,438

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

The effective interest rate on short-term deposits, which in 2011 mainly relate to bank deposits, ranged between 1% and 3%. The effective interest rate of short-term deposits which in 2010 mainly related to bank deposits ranged between 1% and 3%.

12. Capital and share premium

a) Capital

	Thousand euro	
	2011	2010
Capital	17,937	17,937
	17,937	17,937

Authorized capital is represented by 155,980 ordinary shares (2010: 155,980 shares) fully paid bearer shares with a par value of 115 euro each (2010: 115 euro).

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

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At 31 December 2011 and 2010 companies with a shareholding are as follows:

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

b) Share premium

This reserve is freely available for distribution. It is for a total amount of 65,867 thousand euro (2010: 65,867 thousand euro).

13. Reserves and prior-year results

a) Reserves

	Thousand euro	
	2011	2010
Legal and statutory:		
- Legal reserve	3,609	3,609
	3,609	3,609

Legal reserve

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

The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available and it must be replenished out of future profits. By the end of 2010 and 2011, this reserve was fully constituted.

Dividends paid by way of the distribution of 2011 profits.

- 2011: According to the minutes of the General Shareholders' Meeting held on 30 June 2011, the Company posted profits of 32,652 thousand euro of which 24,021 thousand euro was distributed as an interim dividend in accordance with the resolution adopted by the Board of Directors dated 28 December 2010. An amount of 8,631 thousand euro was distributed in 2011.
- 2010: According to the minutes of the General Shareholders' Meeting held on 28 June 2010, the Company posted profits of 31,956 thousand euro of which 10,139 thousand euro was distributed as an interim dividend in accordance with the resolution adopted by the Board of Directors dated 28 December 2009. An amount of 15,119 thousand euro was distributed in 2010 and 6,693 thousand euro was distributed to reserves.

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14. Profit/(loss) for the year

a) Proposal for the distribution of profits

The proposal to be presented to the General Shareholders` Meeting regarding the distribution of profits and reserves for 2011, as well as the one approved in 2010, is as follows:

	Thousand euro	
	2011	2010
Available for distribution		
Profit/(loss) for the year	35,261	32,652
	35,261	32,652
Distribution		
Interim dividend	14,974	24,021
Dividends	20,287	8,631
	35,261	32,652

b) Interim dividend

Under the resolution adopted by the Board of Directors dated 30 December 2011, an interim dividend was distributed to shareholders of 96 euro per share (2010: 154 euro per share) amounting to 14,974 thousand euro (2010: 24,021 thousand euro).

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

The provisional statement of 2011 and 2010 prepared in accordance with applicable law, showed that there are sufficient cash resources available to pay the above-mentioned dividend, as follows:

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

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

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b.2) Interim dividend approved by the Board of Directors at 28 December 2010 – Provisional statement:

<u>ASSETS</u>		<u>LIABILITIES AND EQUITY</u>	
Non-current assets	89,869	Equity	119,135
Property, plant and equipment	29,099	Share capital	17,988
Intangible Assets	1,519	Share Premium	65,867
Long-term investments in Group companies and associates	17,004	Legal reserve	3,609
Deferred tax assets	1,790	Cumulative translation differences	152
Other non-current assets	4	Profit/(loss) for the year	31,519
Accounts receivables	40,453	Non-current liabilities	61,809
Current assets	1,215,059	Borrowings	43,732
Inventories	118,188	Deferred tax liabilities	6,138
Trade and other receivables	1,018,388	Risk and expenditure provisions	11,939
Cash and cash equivalents	78,483	Current Liabilities	1,123,984
		Borrowings	41,437
		Trade and other payables	1,051,907
		Short-term provisions	30,640
Total Assets	1,304,928	Total Liabilities and Equity	1,304,928

15. Creditors and payables

	<u>Thousand euro</u>	
	<u>2011</u>	<u>2010</u>
Long-term payables:		
- Borrowings	43,853	44,540
	43,853	44,540
Short-term payables:		
- Borrowings	73,801	99,077
	73,801	99,077
Short-term payables to Group companies and associates (Note 26)	9,527	26,379
Sundry and other payables		
- Trade payables	625,591	788,167
- Trade payables, Group companies and associates (Note 26)	2,873	1,324
- Other payables	126,464	153,374
- Loans to employees (accrued wages and salaries)	5,953	6,382
- Advances received on contracted work	38,209	85,279
	799,090	1,034,526

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

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

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

	Thousand euro	
	2011	2010
Euro	722,386	968,304
Mexican peso	48,845	36,807
Argentine Peso	5	-
Algerian dinar	27,854	29,415
	799,090	1,034,526

a) Borrowings and overdrafts

	Thousand euro	
	2011	2010
Non-current		
Mortgages	26,766	24,268
Syndicated loan	17,087	17,303
Credit policies	-	2,969
	43,853	44,540
Current		
Mortgages	446	220
Syndicated loan	243	207
Credit policies	27,233	3,448
Discounted credits	45,879	92,918
Other loans and interests	-	2,284
	73,801	99,077
Total borrowings and overdrafts	117,654	143,617

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

The main loans obtained by the Company are as follows:

On 26 July 2007, Corsán Corviam-Construcción concluded an agreement under which it was granted a credit line totaling 18,407 thousand euro, the primary use of which is to finance the construction of buildings (two police stations for Mossos d' Escuadra for GESTIO D' INFRAESTRUCTURES S.A.U.). At the year-end this item reflects an outstanding balance payable totaling 17,330 thousand euro (2010: 17,510 thousand euro). This loan bears interest at Euribor and matures at 2032. This loan is subject to a compliance ratio agreement, which is normal for this type of transaction. At 31 December 2011, Company's management understands that full compliance has been obtained with all ratios relating to this agreement.

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During 2011 the Company has not received assets as payment in kind which are secured by mortgages, in 2010 this amount was 14,040 thousand euro (see Note 10).

b) Creditors

Inside this heading are included 108,738 thousand euro (2010: 118,549 thousand euro) corresponding to billing on account. This balances are related to different works that if they are not completed at the end of the year, the Company has billed them to the customer in advanced.

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

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

In accordance with the transitional regime provided for in Law 15/2010, the deferral period allowed is between 120 and 85 days in the case of supplier and subcontractor work contracts and other business-related debts. These terms are applicable to contracts signed after July 7, 2010.

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

The Group generally applies the payment management system the confirming through financial entities under the terms of contracts with their suppliers and/or subcontractors. The Group recognizes and pays suppliers financial expenses implicit in these agreements reached with the Group. Bearing the above in mind, at December 31, 2011, the outstanding balances of payment to suppliers to which this law applies does not exceed in significant amounts the stipulated legal period for cumulative deferrals.

In addition, during fiscal year 2011, payments to suppliers based societies in Spain exceeding the prescribed limits has been approximately 29 million euros which is 7% of the total payments, exceeding in 60 days of the legal deadline.

	Payments made and pending payments at year ended	
	2011	
	Thousand euro	%
Payments within the maximum legal	397.905	93%
Rest	28.832	7%
Total year payments	426.737	100%
Balance pending payment at close of year exceeding the legal limit	3.723	
Average weighted delay in payments (days)	60	

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

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16. Other provisions

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

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

2010	Thousand euro			
	Job completion	Litigation and others	Portfolio responsibilities over dependent companies	Total
Opening Balance	28,002	8,451	3,817	40,270
Charges	11,479	8,000	9,697	29,176
Applications	(9,469)	(3,489)	-	(12,958)
Closing Balance	30,012	12,962	13,514	56,488

Provision' total analysis is as follows:

	Thousand euro	
	2011	2010
Non current	28,529	26,476
Current	37,789	30,012
	66,318	56,488

a) Provision for job competition

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

b) Litigation and others

This item mainly represents provisions created to cover claims against the Company by customers in the construction segment. In the opinion of the Directors, after obtaining the relevant legal advice, there is no expectation that the result of these litigations will give rise to significant losses exceeding the amounts contained in the provisions at 31 December 2011 and 2010. The provision that the company has to this purpose mainly corresponds to litigations which started in 2010.

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c) Portfolio responsibilities over dependent companies

It corresponds to non-current negative values due to dependent companies' negative equity and it is mainly related to SARL.Isolux Corsán Argelie provision for a total of 2,535 thousand euro (2010: 1,325 thousand euro) and to Isolux Corsán Do Brasil provision totaling 10,782 thousand euro (2010: 10,610 thousand euro (Note 7)

17. Deferred tax liabilities

Set out below is an analysis of deferred income tax:

	Thousand euro	
	2011	2010
Deferred tax assets:	11,544	7,858
- Temporary differences	9,074	5,663
- Pending deductions to be applied	2,470	2,195
Deferred tax liabilities:	(7,112)	(6,980)
- Temporary differences – retentions	(6,880)	(6,709)
- Other temporary differences	(232)	(271)
Deferred tax	4,432	878

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

The gross movement in deferred taxes has been as follows:

	Thousand euro	
	2011	2010
Opening balance	878	(4,983)
Charged (credited) to income statement (Note 19)	3,554	3,665
Pending deductions to be applied generated in 2011	-	575
Other movements	-	1,620
Closing balance	4,432	878

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

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

2010	Thousand euro			
Deferred tax liabilities	Portfolio	Clients retentions	Others	Total
Balance at 31 December 2009	-	(6,850)	(84)	(6,934)
Charged (credited) to income statement	(229)	141	42	(46)
Balance at 31 December 2010	(229)	(6,709)	(42)	6,980

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

2010	Thousand euro			
Deferred income tax assets	Provisions	Other differences	Pending deductions	Total
Balance at 31 December 2009	1,952	-	-	1,952
Charged (credited) to income statement	3,787	(76)	2,195	5,906
Balance at 31 December 2010	5,739	(76)	2,195	7,858

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18. Income and expenses

a) Transactions denominated in foreign currency

Transactions carried out in foreign currency are as follows:

	Thousand euro	
	2011	2010
Purchases	63,176	102,337
Sales	218,872	-
Services received	53,454	64,291
Services provided	51,319	163,513

b) Revenue

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

Market	2011	2010
National	81.40%	84.52%
International	18.60%	15.48%
	100.00%	100.00%

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

Activity	2011	2010
Construction	17.85%	30,07%
Civil works	82.15%	69,93%
	100.00%	100,00%

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

	Thousand euro	
	2011	2010
Purchases:		
Domestic purchases	149,199	162,124
	149,199	162,124

	Thousand euro	
	2011	2010
Purchases:		
Domestic purchases	228	4,458
Inventory changes	(44,687)	(32,157)
	(44,459)	(27,699)

d) Employment costs:

	Thousand euro	
	2011	2010
Wages and salaries	85,181	97,435
Social security contributions	22,414	24,100
	107,595	121,535

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The line "Wages, salaries and similar remuneration" includes indemnities totaling 5,664 thousand euro (2010: 5,776 thousand euro).

The average number of employees by category is as follows:

	<u>2011</u>	<u>2010</u>
Executives	650	792
Administrative staff	191	229
Workers	639	783
	<u>1,480</u>	<u>1.804</u>

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

			<u>2011</u>
	<u>Male</u>	<u>Female</u>	<u>Total</u>
Executives	36	-	36
University graduates	405	102	507
Administrative staff	109	75	184
Workers	599	35	634
	<u>1.149</u>	<u>212</u>	<u>1.361</u>

			<u>2010</u>
	<u>Male</u>	<u>Female</u>	<u>Total</u>
Executives	33	-	33
University graduates	504	130	634
Administrative staff	117	76	193
Workers	639	21	660
	<u>1.293</u>	<u>227</u>	<u>1.520</u>

e) Profit/losses due to assets disposals:

	<u>Thousand euro</u>	
	<u>2011</u>	<u>2010</u>
Property, plant and equipment	792	107
	<u>792</u>	<u>107</u>

19. Income tax and tax situation

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

Receivable and payable balances with Public Administration are as follows:

	<u>Thousand euro</u>	
	<u>2011</u>	<u>2010</u>
Receivable balances with Public Administration	39,431	37,683
Payables balances with Public Administration	(53,520)	(62,680)
	<u>(14,089)</u>	<u>(24,997)</u>

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

2011	Thousand euro		
	Income statement		
Income/expense for the year			42,756
	<u>Increase</u>	<u>Decrease</u>	<u>Total</u>
Corporate Tax			7,495
Permanent differences	1,610	(5,921)	(4,311)
Temporary differences:	19,857	(8,011)	11,846
- Arising during the year	10,020	(3,839)	6,181
- Arising in previous years	9,837	(4,172)	5,665
Taxable income			57,786
2010	Thousand euro		
	Income statement		
Income/expense for the year			32,652
	<u>Increase</u>	<u>Decrease</u>	<u>Total</u>
Corporate Tax			10,192
Permanent differences	1,000	(7,952)	(6,952)
Temporary differences:	12,032	(373)	11,659
- Arising during the year	12,032	-	12,032
- Arising in previous years	-	(373)	(373)
Taxable income			47,551

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

Income tax expense is composed of:

	Thousand euro	
	2011	2010
Current tax	11,049	13,857
Deferred tax (Note 17)	(3,554)	(3,665)
	7,495	10,192

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

	Thousand euro	
	2011	2010
Profit before taxes	42,756	42,844
Income tax calculated at 30% of tax rate	12,826	12,853
Effect over non-deducting expenses for fiscal purposes	(360)	300
Tax deductions arising in the year and translations differences in the tax rate branches	(934)	(2,385)
Others	(4,037)	(576)
Tax expense	7,495	10,192

Current corporate income tax is the result of applying the 30% tax rate to taxable income. Deductions applied in 2011 amount to 4.037 thousand euro (2010: 576 thousand euro). The amount payable to the tax authorities is recorded as a payable to Grupo Isolux Corsán since the Company is taxed under the tax consolidation system.

At 31 December 2011 no deductions for investments or employment are available for application.

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

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

On 1 July 2010 the Company informed to the parent company of the tax group (Grupo Isolux Corsán, S.A.) of the tax inspection which is taking place over the corporation tax of the years 2005 to 2008.

Other companies of Grupo Isolux Corsán (including Isolux Corsán Concesiones) are also subject of investigation of their value-added tax for the years 2006-2008, the income tax of the years 2006-2008, the Annual Statement of Operations with Third Parties (2005-2008) and Intra-Community Business Operations statement (2005-2008).

From the actions that the fiscal authorities could adopt in relation to the investigated years, non susceptible to objective quantification tax liability could result. However, the Administrators of the parent company estimate that the resulting liability of that potential revision could mean losses higher than the provisioned amounts.

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20. Financial income/(costs) - net

Financial income/expense is as follows:

	Thousand euro	
	2011	2010
Financial income:	11,602	18,928
Shares in equity instruments	3,108	7,745
- Group companies and associates (Note 7)	3,108	7,745
Marketable securities and financial instruments	8,494	11,183
- Third parties	8,494	11,183
Financial costs:	(26,225)	(17,082)
Debt with the group and associates	(43)	(12)
Debts with third parties	(26,182)	(17,070)
Exchange rate differences	(7,614)	(2,243)
Impairment and profit/ loss on disposal of financial instruments	(5,059)	(18,527)
Impairment and losses	(5,059)	(18,527)
Financial income/(expense)	(27,296)	(18,924)

a) Financial income and costs

	Thousand euro	
	2011	2010
Financial income:		
- Dividends from shares in group companies and associates	3,108	7,745
- Interest on debt securities	330	86
- Interest on loans	4,521	2,554
- Other finance income	3,643	8,543
	11,602	18,928
Financial costs:		
- Interest on loans	889	(2,643)
- Interest on discounting of bills and factoring	(24,682)	(11,423)
- Other financial expenses	(2,432)	(3,016)
	(26,225)	(17,082)

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

	Thousand euro	
	2011	2010
Impairment losses:		
- From Group shares (Note 7)	1,044	8,830
- Responsibilities losses (Note 16)	4,015	9,697
	5,059	18,527

The distribution of losses on share impairment is as follows:

	Thousand euro	
	2011	2010
Isolux Corsán Argentina S.A.	(2,837)	(922)
Isolux Corsán Polonia SP ZOO	(6)	(6)
Isolux Corsán do Brasil S.A.	(2,105)	(10,610)
Isolux Corsán India Engineering & Const. Private. Ltd.	(765)	(298)
Isolux Corsán Cyprus Limited	(30)	-
Extremeña de Infraestructuras, S.A.	196	(196)
Construcciones Pina do Vale S.A.	(101)	(129)
El Sitio de la Herrería S.L.	-	(1)
SARL, Isolux Corsán Argelie	(1,210)	(3,925)
Rodobahía Construction	-	403
Isolux Projectos e Instalações Ltda.	1,581	(1,581)
Carreteras Centrales de Argentina, S.A.	218	(1,262)
	(5,059)	(18,527)

21. Contingencies

Contingent liabilities

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

22. Commitments

a) Purchase commitments

In 2011 and 2010 the Company does not have any purchase commitment.

b) Operating lease commitments (company as lessee)

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

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

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

	Thousand euro	
	2011	2010
Less than one year	3,533	2,805
One to five years	2,838	1,078
More than five years	-	142
	6,371	4,025

The expense recognized in the income statement during the year for operating leases amounts to 43,586 thousand euro (2010: 54,839 thousand euro).

c) Guarantees

On 31 December 2011 the Company had provided guarantees to third parties amounting to approximately 549,213 thousand euro (2010: 637,419 thousand euro) which mostly relate to guarantees submitted to Public Entities and private customers to guarantee the successful completion of the work.

The Company Management estimates that the liabilities that may arise at 31 December 2011 in respect of the guarantees provided, if any, would not be significant.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

23. Joint ventures

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

Joint Ventures' name	% of interests	Revenues	Total
Centro penitenciario Ceuta	70.00%	9,230	814
Hospital de Burgos	10.00%	7,033	(164)
UTE Tolosa-Hernialde	90.00%	7,001	556
UTE Abastecimiento Lérida Canal Piñana	70.00%	1,186	1,550
Línea AVE Campomanes	50.00%	2,314	1,009
Línea 5 Tramo:Horta-Vall D'Hebrón	40.00%	3,896	3,070
N.Vestíbulos Intercambiador Arco Triunfo	65.00%	1,735	(489)
UTE Presa Santolea	50.00%	2,337	151
UTE AVE Porto-Miamán	75.00%	4,639	120
UTE Maceiras Redondela	50.00%	6,331	(725)
UTE AVE Nudo de la Trinidad Montcada	33.34%	11,497	17
Acond.Ctra.Vallehermoso-Arure	70.00%	1,387	786
Autov. IV Centenario Fase 1 tramo 1	70.00%	2,696	1,230
Carretera León Cembranos	65.00%	6,561	(952)
Carretera Puerto Rico-Mogan	30.00%	7,702	(130)
UTE Cercanías Madrid Línea C-3 Pinto	40.00%	1,055	(585)
Actuaciones medioambientales AVE	33.34%	1,011	(124)
Nueva área terminal Aerop. de Santiago	55.00%	35,100	5,706
Mercado de Tarragona	65.00%	2,499	(166)
UTE Fuente La Piedra	70.00%	4,770	(27)
UTE Coria Moraleja	60.00%	7,957	322
UTE AP7 Macanet	55.00%	1,158	103
UTE Hospital del Sur	40.00%	1,129	(113)
UTE Chuac	50.00%	1,044	(381)
Edificio Mutua Madrileña	50.00%	2,486	(276)
UTE Idam Moncofa	5.00%	1,034	14
Rehabilitación cuartel Teniente Ruiz	42.50%	4,059	(153)
Abastecimiento Oviedo	100.00%	1,404	306
UTE Hospital Zumarraga	80.00%	1,309	-
Saneamiento y abastec. Chiclana	50.00%	2,219	493
3m aparcam. Ceuta	42.50%	2,439	(191)
Acondic. Los rodeos	70.00%	1,778	(192)
UTE La Cartuja	70.00%	2,730	(406)
UTE Arquitectura L-5	43.50%	4,465	793
Balsa de Vicario	70.00%	2,119	(495)
UTE Caja Duero	50.00%	1,742	270
Mtto. Via adif 2011	50.00%	1,500	(437)
Ampliación hospital univ.de Guadalajara	50.00%	2,128	(488)
Hospitalizacion	60.00%	2,096	119
UTE Puente Pisuerga	50.00%	2,106	927
Euba-Iurreta UTE	50.00%	2,659	(577)
Ronda Pocomaco-Coruña	80.00%	16,903	(886)
UTE Loeches	50.00%	8,875	1,098
UTE AVE Pinar II	64.29%	3,261	1,340
Obras edif. Facultad medicina de Granada	50.00%	2,390	(455)
Rambla Albox	70.00%	1,225	108
Lav. Pinos Puente	80.00%	23,839	633
Rest of UTEs (less than 1,000 thousand euro)		7,742	3,259
TOTAL		233,776	16,382

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

2010

<u>Joint Ventures' name</u>	<u>% of interests</u>	<u>Revenues</u>	<u>Total</u>
Mejora abastecimiento agua Oviedo	100.00%	1,378	118
UTE acceso Coruña	50.00%	1,394	(204)
UTE Coin Casapalma carretera A-355 A-357	50.00%	1,518	(48)
Hospital de Burgos	10.00%	3,769	(64)
UTE Abastecimiento Lérida Canal Piñana	70.00%	4,127	545
UTE Hospital Militar	57.00%	1,189	300
Línea AVE Campomanes	50.00%	7,032	951
UTE Autovía A7 Concentaina muro de Alcoy	50.00%	14,420	415
Línea 5 Tramo:Horta-Vall D'Hebrón	40.00%	13,476	2,044
N.Vestíbulos Intercambiador Arco Triunfo	65.00%	8,704	(899)
Hospital Parapléjicos Toledo	50.00%	5,035	191
UTE Presa Santolea	50.00%	3,752	(58)
UTE Maceiras Redondela	50.00%	9,554	(838)
UTE AVE Nudo de la Trinidad Montcada	33.34%	15,318	(3,764)
UTE Edificio medicina C.Justicia Madrid	50.00%	2,660	906
Saneamiento Puerto del Carmen	70.00%	3,440	1,028
Abastecimiento Oropesa	70.00%	3,792	502
Acond.Ctra.Vallehermoso-Arure	70.00%	6,497	1,890
Autov. IV Centenario fase 1 tramo 1	70.00%	10,303	(1,372)
UTE Aritzeta	50.00%	21,306	2,653
Acondicionamiento A-495	60.00%	1,034	(420)
UTE Cabreiros	70.00%	2,589	1,164
UTE Depur.Seseña Borox	45.00%	3,956	(156)
Carretera León Cembranos	65.00%	5,226	(360)
Carretera Puerto Rico-Mogan	30.00%	11,357	(77)
UTE Cercanías Madrid Línea C-3 Pinto	40.00%	4,164	(1,512)
Actuaciones medioambientales AVE	33.34%	1,028	7
Nueva área terminal Aerop. de Santiago	55.00%	36,426	(14,128)
UTE Corelsa	50.00%	19,764	5,017
UTE Fuente La Piedra	70.00%	9,932	(427)
UTE Coria Moraleja	60.00%	7,985	(875)
UTE AP7 Macanet	55.00%	9,861	(1,884)
UTE Enlace Meiras	50.00%	2,959	287
Accesos Soto Ribera	60.00%	1,754	22
Rehabilitación cuartel teniente Ruiz	42.50%	2,423	218
3m aparcam. Ceuta	42.50%	6,073	1,073
Barriada pr.Alfonso	50.00%	1,030	5
UTE La Cartuja	70.00%	1,339	(373)
UTE Arquitectura L-5	43.50%	25,204	1,671
Ampliación Hospital Univ.de Guadalajara	50.00%	9,181	(348)
Hospitalización	60.00%	3,022	336
UTE Puente Pisuerga	50.00%	4,889	395
Euba-lurreta UTE	50.00%	1,748	(492)
Ronda Pocomaco-Coruña	80.00%	8,126	(314)
UTE Loeches	50.00%	2,209	(339)
UTE AVE Pinar II	64.29%	10,722	925
Beatriz de Bobadilla	50.00%	9,575	(65)
Obras edif. Facultad medicina de Granada	50.00%	3,241	(578)
Rambla Albox	70.00%	2,206	(56)
Presa Guadalmellato	60.00%	1,196	(96)
Lav Pinos Puente	80.00%	5,921	(1)
UTE Zona Verde	60.00%	1,981	252
UTE Monum.histórico	60.00%	1,801	88
Rest of UTEs (less than 1,000 thousand euro)		5,560	2,048
TOTAL		364,146	(4,697)

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

Amounts that appear below represent the Company's share in assets and liabilities, as well as Joint Ventures sales and profit/losses. These amounts have been included in balance sheet and income statement, respectively.

	Thousand euro	
	2011	2010
Assets:	231,053	311,024
Non-Current assets	5,129	5,213
Current-assets	225,924	305,811
Liabilities:	214,671	315,721
Non- Current Liabilities	27	-
Current Liabilities	214,644	315,721
Net assets	16,382	(4,697)
Revenues	241,525	373,938
Expenses	(225,143)	(378,635)
Profit after Taxes	16,382	(4,697)

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

24. Branches

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

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

Name	Thousand euro	
	Revenue	Attributable Outcome
Portugal branch	(130)	(264)
México branch	36,635	7,150
Argentina branch	-	(108)
Argelia branch	142,485	3,477
Total	178,990	10,225

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

25. Remuneration of the Board of Directors and senior management

a) Directors' compensation

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

During 2011, no contributions were made to pension plans or funds for former or current members of the Company's Board of Directors. No such obligations were incurred during the year.

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

b) Compensation to senior management personnel.

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

The Company's senior management is on the payroll of Grupo Isolux Corsán, S.A., the parent company of the group to which it pertains. Grupo Isolux Corsán, S.A. invoices for this and other services. There is no other compensation or loans to senior management that have been directly paid by the Company neither in 2011 and 2010.

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

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

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

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

26. Other related-party transactions

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

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

a) Sales of goods and services

	Thousand euro	
	2011	2010
Services		
Aparcamientos IC Córdoba, S.L.	-	47
Aparcamientos IC Ruíz de Alda, S.A.	3,461	547
Aparcamientos IC Talavera II, S.L.	454	7,384
Isolux de México, S.A. de C.V.	2,773	1,496
Aparcamientos IC Toledanos, S.L.	-	1
Aparcamientos Segovia, S.L.	54	981
Conces. Autopista Monterrey-Salttillo, S.A. de C.V.	43,416	61,462
Constructora Autopista Perote-Xalapa, S.A. de C.V.	2	48
Biorreciclaje de Cádiz, S.A.	5	33
Corvisa S.L.	36	25
Elaborados Metálicos Emesa, S.L.U.	-	1
El Sitio de la Herrería, S.A.	38	-
Emiso Cádiz, S.A.	2,318	6,927
Extremeña de Infraestructuras, S.A.	95	-
Grupo Isolux Corsán, S.A.	193	799
Global Vambro, S.L.	4	4
Hixam Gestión de Aparcamientos II, S.L.U.	-	6
Interisolux Alcorcón Vivienda Joven, S.L.	652	8,502
Interisolux Torrejón Vivienda Joven, S.L.	8	-
Isolux Corsán Aparcamientos, S.A.	32	-
Isolux Corsán Servicios, S.A.	-	1
Isolux Corsán India	19	-
Isolux Corsán Inmobiliaria, S.A.	25	-
Isolux Ingeniería, S.A.	478	390
Pinares del Sur, S.A.	7,511	1,726
	61,574	90,380

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

b) Acquisition of goods and receipt of services

	Thousand euro	
	2011	2010
Acquisition of assets:		
Grupo Isolux Corsán, S.A.	-	394
GIC Fábricas, S.A	129	-
Corvisa, S.L.	640	-
Elaborados Metálicos Emesa, S.L.U.	526	-
Isolux Corsán Inmobiliaria, S.A.	25	-
Isolux de México, S.A. de C.V.	2,257	-
Watsegur, S.A.	584	-
Isolux Ingeniería, S.A.	9,324	-
Total	13,485	394
Receipt of services:		
Acta, S.A.	5	1
Aparcamientos Ic Talavera, S.L.	1	1
Aparcamientos IC Toledanos II, S.A.	7	7
Ceutí Aparcamientos y Servicios, S.A.	3	2
Corvisa, S.L.	-	271
Elaborados Metálicos Emesa, S.L.U.	-	3,144
Extremeña de Infraestructuras, S.A.	131	121
Desarrollo de Concesiones y Servicios, S.L.	-	33
Grupo Isolux Corsán, S.A.	26,357	31,842
Isolux Corsán Aparcamientos, S.L.	198	413
Isolux Corsán Inmobiliaria, S.A.	-	834
Isolux Corsán Servicios, S.A.	46	-
Isolux de México, S.A. de C.V.	-	252
Isolux Ingeniería, S.A.	-	11,869
Constructora Pina do Vale, S.A.	-	87
Watsegur, S.A.	-	267
Total	26,748	49,144

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

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

c) Balances sheet receivable and payable at the year-end deriving from sales and the acquisition of goods and services:

	Thousand euro	
	2011	2010
Accounts receivable from associated parties		
Aparcamientos IC Ruíz de Alda, S.A.	-	472
Conces.Autop.Monterrey- Saltillo, S.A. de C.V.	4,587	4,876
Concesionaria Autopista Perote-Xalapa, S.A.	6	48
Pinares del Sur, S.L.	1,196	337
Emiso Cádiz, S.A.	143	1,323
Hixam Gestión de Aparcamientos II S.L.	-	12
Isolux de México, S.A. de C.V.	-	4
Isolux Ingeniería, S.A.	-	110
Isolux Corsán Inmobiliaria, S.A.	381	-
Interisolux Alcorcón Vivienda.Joven,S.L.	-	3,406
Total receivables, Group companies and associates	6,313	10,588

Accounts receivable from associated parties relate to service transactions; they are not insured and not accrue any interest.

	Thousand euro	
	2011	2010
Accounts payable to related parties		
Grupo Isolux Corsán, S.A.	15	7
Corvisa, S.L.	-	52
Isolux Agencia Chile	-	4
Isolux Corsán Aparcamientos, S.L.	-	9
Isolux de México S.A. de C.V.	1,927	92
Isolux Ingeniería S.A.	682	835
Aparcamientos IC Toledanos II, S.L.	1	-
Acta, S.A.	-	3
Bendia, S.A.	1	-
Watsegur S.A.	41	118
Sarl. Isolux Corsán Argelie	20	22
Elaborados Metálicos Emesa, S.L.	186	186
Total payables, Group companies and associates	2,873	1,324

Accounts payable from associated parties relate to service transactions; they are not insured and not accrue any interest.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.
NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011

(Expressed in Thousand euro)

d) Loans to Group companies and associates

	Thousand euro	
	2011	2010
Grupo Isolux Corsán, S.A.	228,389	291,919
Isolux Corsán Const. S.A. de C.V.	37	-
GIC Fábricas, S.A.	-	51
Ceutí de Aparcamientos y Servicios, S.A.	6	6
Isolux Corsán Argentina, S.A.	870	-
Gestión de Concesiones, S.A.	813	813
Isolux Corsán India L.T.D.	93	74
Isolux de México S.A. de C.V.	1,721	7,773
Aparcamientos Islas Canarias, S.L.	-	1
Aparcamientos Segovia, S.L.	1,293	1,123
Isolux Corsán Concesiones, S.A.	-	2,868
Aparcamientos IC Toledanos, S.L.	1	1
Aparcamientos IC Talavera, S.L.	2	2
Aparcamientos IC Córdoba, S.L.	55	55
Aparcamientos IC Zaragoza Torrero, S.L.	2	2
Aparcamientos IC Toledanos II, S.L.	1	1
Aparcamientos IC Ruíz de Alda, S.A.	-	143
Sociedad Concesionaria Autovia-4, S.A.	9	5
Aparcamientos IC Talavera II, S.L.	9,164	8,629
El Sitio de la Herrería, S.L.	41	-
Concesionaria Autopista Perote-Xalapa, S.A.	-	48
SARL. Isolux Corsán Argelie	70	62
Global Vambro, S.L.U.	10	5
Unid.de Mat.Avanz.Ibérica S.A. (UMA)	1	-
Valdelrío Inmobiliaria, S.L.	3	1
Construcciones Pina do Vale, S.A.	29	-
Isolux Ingeniería, S.A.	13,730	-
Total loans to Group companies	256,340	313,582

	Thousand euro	
	2011	2010
Desarrollo y Concesiones de Servicios SERCON, S.A.U.	(55)	(55)
Grupo Isolux Corsán, S.A.	-	(133)
Extremeña de Infraestructura, S.A.	(195)	(141)
Pina do Vale, S.A.	-	(19)
Corvisa, S.L.	(1,046)	(291)
Cost wright, S.L.	(1)	(1)
Isolux Corsán Servicios, S.A.	(475)	(209)
Acta, S.A.	(8)	-
Watsegur, S.A.	(979)	(230)
Isolux Corsán Inmobiliaria, S.A.	(925)	(932)
Powertec Sistemas, S.A.	(16)	-
GIC Fábricas, S.A.	(57)	-
Isolux Ingeniería, S.A.	-	(20,530)
Isolux Corsán Aparcamientos, S.L.	(620)	(418)
Aparcamientos IC Zaragoza, S.L.	-	(1)
Aparcamientos IC Ruíz de Alda, S.A.	(1,179)	-
Hixam Gestión de Aparc. II S.L.	(18)	(35)
Elaborados Metálicos Emesa S.L.	(3,953)	(3,384)
Total short-term debts with Group companies and associates	(9,527)	(26,379)

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.**NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2011**

(Expressed in Thousand euro)

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

In 2011 it has not been necessary to constitute any provision for loans with associated companies.

e) **Guarantees**

At 31 December 2011, Group Isolux Corsán, S.A. and Isolux Corsán Ingeniería, S.A. have taken lines of funding as a total value of 1,075 thousand euro (2010: 964 thousand euro) and 9 thousand euro (2010: 10 thousand euro), respectively, being Corsán Corviam-Construction, S.A. guarantor of this operation.

Additionally, during 2010 the Company was the guarantor of Isolux Corsán Concesiones S.A.U. in relation with the ICO's (Instituto Oficial de Crédito) loan of 185 thousand euro. In 2011 this loan is drawn by Grupo Isolux Corsán, S.A.

27. Events after the reporting period

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

28. Auditors' fees

The fees accrued during the year to PricewaterhouseCoopers Auditores, S.L. for services relating to the audit of the annual accounts and other verification activities total 151 thousand euro (2010: 146 thousand euro). These fees were paid by the parent company. There were no fees accrued with respect to any project of the company in which it is involved PricewaterhouseCoopers Auditores, S.L. The fees were satisfied by the parent company.

No fees accrued to any other company using the PricewaterhouseCoopers trademark for any other services rendered to the Company in 2011 (2010). In 2011 and 2010 no tax services to any other company using the PricewaterhouseCoopers trademark have been rendered.

In addition, no fees accrued to any other auditor for any other services rendered to the Company neither in 2011 nor in 2010.

CORSÁN-CORVIAM CONSTRUCCIÓN, S.A.
Directors' Report
31 December 2011

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

DIRECTORS' REPORT FOR 2011

1.- Economic environment

During 2011 the gross domestic product (GDP) of the Spanish economy underwent an annual decrease of 0.7% a less sensitive decrease as compared to 0.1% reduction rate experienced during 2010. During 2011 an increase of 2.7% has taken place in the Euro Zone.

This decrease is particularly due to the decline in the internal demand (1.4%), mainly generated by the reduction in public administration consumption and in the gross formation of fixed capital (4.8%), the household consumption stagnation (0.0%) and a decline of the Public Administrations (-1.4%). The GDP growth of the year was positive due to the increase of the exports of goods and services by a 9.0%.

Employment decreased by 1.9% compared with last year, which led to a sharp increase in the unemployment rate from 20.1% in 2010 to 21.6% in 2011. The consumer price index ended 2011 at 3.2%, which is higher than the 1.8% at which 2010 ended.

Regarding investment, the gross formation of fixed capital fell by 4.8% in 2011, reflecting a 2.1% increase in capital goods and 7.8% decline in construction.

The rapid deterioration of the economic situation during the second part of the year, has led to a slightly downwards forecast correction for 2012 and 2013 years. The International Monetary Fund and the Bank of Spain has drawn recessive scenery for the Spanish economy for 2012.

Economic forecasts for 2012 foresee a sensitive decline in the performance of the Spanish economy. GDP is expected to decrease between 1% and 2%, with a slightly decrease in the public administration consumption due to governmental adjustments, and in the construction investment.

Economic forecasts for those countries in which the Company operates are quite positive. The expected growth margin of 2012 Gross Domestic Product is 5.4%, pointing out the forecast for Brazil (3%) and India (7%). These amounts take a greater importance due to the higher Group internationalization

2.- Development and performance of the Group in 2011

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

Net turnover amounts 868.8 million euro in 2010 compared with 1,055.5 million euro in 2010 which is a decrease of 21.5%. Operating profits are 70.1 million euro compared with 61.8 million euro in 2010. This operating profit, together with depreciation/amortization, totaled of 6.8 million euro and change in trade provisions totaling 1.2 million euro means that the resources generated by operations (EBITDA) in 2011 reach 69.8 million euro, which is notably higher than the 81.9 million euro of 2010.

During 2011 we have reinforced our presence in traditional domestic sectors such as land infrastructure (railways and roadways) and strengthened our presence abroad through the contracting and execution of projects in developing countries such as Mexico, Algeria, Argentina and India.

3.- Outlook 2012

The turnover of Group Isolux Corsán, whose activity develops across Corsán-Corviam Construcción S.A. and its shareholdings, during 2011 stood at 903.9 million euro.

The sub-group portfolio was 3,364.3 million euro at 31 December 2011; 47% corresponds to international projects.

These contract and portfolio figures lead to reasonable optimism regarding 2012, despite the current economic environment.

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

DIRECTORS' REPORT FOR 2011

4.- Treasury stock

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

5.- Research and development activities

There have not been realized research and development activities.

6.- Use of financial hedge instruments

The Company at 31 December 2011 has not any contract related to financial hedge instruments.

7.- Human Resources

The average number of employees in 2011 stood at 1,480 people. The composition of the workforce by professional category is as follows:

Category	Number
University graduates	650
Administrative staff	191
Workers	639
Total	1,480

CORSÁN CORVIAM CONSTRUCCIÓN, S.A.

PREPARATION OF THE 2011 ANNUAL ACCOUNTS

The Board of Directors of "Corsán-Corvián Construcción S.A." at its meeting on 26 March 2012, in compliance with the terms of Article 253 of the Spanish Companies Act and Article 37 of the Code of Commerce, have drawn up the Annual Accounts and the Directors' Report for the year ended on 31 December 2011, as set out in the documents which are attached to and precede this document.

Signatories:

D. Francisco José García Martín
President

D. José Gomis Cañete
Vice-president

D. Luis Delso Heras
Member

D. Fernando Caballero Fernández
Member

D. Antonio Portela Alvarez
CEO

D. Ángel Serrano Martínez-Estélez
Member

D. Juan Francisco Falcón Ravelo
Non-Voting Secretary