

Security Reference

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GENERAL

Version

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HALF YEARLY INFORMATION CORRESPONDING TO

PERIOD:

Second semester

YEAR

2005

I. COMPANY IDENTIFICATION

Company Name:

Befesa Medio Ambiente, S.A.

Company Address:

Buen Pastor s/n Luchana-Barakaldo (Vizcaya)

Tax ID Code (CIF):

A-80689052

People responsible for this information who represent the company, their roles and identification of their powers or authorisations:

Signed:

Mr. Antonio Marín Hita
Legal Department Director
Ms Pilar López-Contreras Conde, power of attorney dated 15/01/2003, registered notary of Madrid under number 35

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(mark those included with an X)

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(*) As far as consolidated data are concerned, only the balance sheet and profit and loss account form which applies under prevailing law should be completed.

II. VARIATION IN COMPANIES FORMING PART OF THE CONSOLIDATED GROUP (1)

The consolidation perimeter has varied with respect to that at the close of the previous financial year as a consequence of:

- The company Residuos Industriales de la Madera de Cordoba, S.A. (70% of which is held by Alianza Befesa Egmasa, S.A.) having been incorporated in the consolidation perimeter.

III. BASIS OF PRESENTATION AND VALUATION ASSUMPTIONS

(In the drafting of financial or accounting type data or information included in this periodically published data, the valuation rules and principles and accounting criteria specified under prevailing legislation for the drafting of financial or accounting information must be applied to the drafting of the annual accounts corresponding to the year to which the periodically published data refer. If, exceptionally, the generally accepted accounting principles and criteria required under the corresponding prevailing legislation are not applied to data and information attached, this fact must be stated and sufficiently justified, explaining the impact that the non-application may have on the equity, financial status and the financial results of the company or its consolidated group. Furthermore, and with a similar scope to the previous point, any modifications that may have occurred to the accounting criteria used in the drafting of the attached information, in relation to the last audited annual accounts, as appropriate, must be stated and explained. If the same accounting principles, criteria and policies used in the last annual accounts have been applied and if they correspond to that specified under prevailing accounting legislation that applies to the company, it must be expressly stated). When adjustments and/or reclassifications have occurred during the previous year under prevailing accounting legislation that applies to the company, due to changes in accounting policies, corrections or changes in the classification of items, qualitative and quantitative data needed to understand the adjustments and/or reclassifications must be included in this section.)

As regards the information corresponding to the particular results of Befesa Medio Ambiente, S.A., it will be presented in accordance with the Spanish national accounting principles (General Accounting Plan).

The information corresponding to the consolidated results of the Befesa Group has been prepared to comply with the International Financial Reporting Standards (IFRS), understanding as such those adopted by the European Commission pursuant to the procedure established by the (EC) regulation no. 1,606/2002 of the European Parliament and Council dated July 19, 2002. In Spain, Act 62, dated December 30, 2003, established that the consolidated annual accounts must be prepared in accordance with those Standards in the case of companies which, as of the closing date of their balance sheet, have stock officially listed in a regulated market.

Therefore, pursuant to the said legislation, and to comply with the stipulations of Circular 1, dated April 1, 2005, of the Spanish National Securities Exchange Commission (CNMV), both the financial information corresponding to the current and to the preceding year –in other words, that corresponding to the second half of 2004– have been prepared following the said International Financial Reporting Standards to provide comparable data of both time periods. Thus, the figures of the second half of 2004 will differ from those published originally.

In the preparation of these consolidated financial statements in accordance with IFRS 1, which establish for specific cases alternatives that the company which apply IFRS for the first time can use in the elaboration of the financial and accountant reporting. The alternatives chosen by Befesa are the following:

a) Business combinations.

The group has opted not to reconstruct business combinations prior to 1 January 2004 by applying IFRS principles and, consequently, the business combinations that took place prior to the said date have not been re-stated.

b) Fair value as an attributed cost.

In accordance with the IFRS 1, with regard to the initial transition to IFRS, attributed cost of the tangible fixed assets at 1 January 2004 has been taken as the book value of the fixed assets in accordance with Spanish standards as a result of the management of Befesa assuming the fact that the assets restatements that have taken place in accordance with the regulations in force in the countries in which the companies belonging to Befesa reflect their market value in a more approximate way.

c) Accumulated translation differences.

Befesa Medio Ambiente, S.A, has chosen to value the accumulated translation differences prior to 1 January 2004 at zero. This exemption has been applied to all the subsidiary companies in accordance with the provisions laid down in IFRS 1.

Accordingly, the translation differences generated prior to 31 December 2003 have been classified under the heading "Other available reserves" within the equity chapter. Consequently, in the event of the sale of a part-owned company, the income statement would only include the translation differences generated after the aforementioned date.

d) Assets and liabilities of subsidiary, associate and jointly controlled companies.

Shareholdings in joint businesses can be consolidated by proportional consolidation or valued by their equity method using the same criterion for all the shares in joint businesses held by the group. Befesa maintains the criterion of consolidation through the proportional consolidation method (IAS 31), in accordance with the criterion similar to that previously applied for the purposes of the accounts according to the General accounting plan, of all the shares in companies or businesses in which it holds a control shared with its other shareholders.

e) Clasification of financial assets and financial liabilities.

The group has reclassified various securities as investments available for sale and as financial assets at a fair value with changes in the results.

f) Initial valuation of financial assets and liabilities at their fair value.

The group has not applied the exemption considered in the reviewed IAS 39 regarding the initial recognition at fair value with changes in results of financial instruments for which there is not an active two-way market. Therefore, this exemption is not applicable.

Furthermore, applying the Circular 1/2005 the following shows the reconciliation between the consolidated equity of Befesa under the General accounting plan in Spain and the equity resulting from the application of the IFRS on 1 January 2004 and 31 December 2004. It also gives the reconciliation between the consolidated profit of Befesa for the financial year 2004 under the General accounting plan in Spain and the profit at 31 December 2004 as a result of the application of the IFRS in force on the said date.

	Equity figures at 01/01/2004	Equity figures at 31/12/04	Profit figures at 31/12/04
Consolidated amount under the General accounting plan in Spain	171,586	165,851	10,450
Incorporation of the external shareholders heading	9,709	10,789	-
Start-up expenses	(2,172)	(1,824)	888
Research and development costs	(979)	(1,625)	(645)
Restructuring of assets	(14,201)	(15,664)	(1,174)
Selective restatement of tangible fixed assets	9,687	9,687	-
Goodwill	-	5,610	5,610
Exchange differences and financial instruments	(160)	(431)	(431)
Recognition of income (work in progress)	439	460	21
Other Adjustments	58	630	638
Negative Difference for Consolidation	4,176	4,176	-
Minority interests by adjustments	(3,809)	(3,349)	(459)
Total adjustments	2,748	8,459	4,449
Consolidated amount under the IFRS	174,334	174,310	14,899

Explanation of the main differences between the General accounting plan and the IFRS.

- Initial costs: under the General accounting plan, this type of expense was capitalised and amortised on a straight-line basis in a maximum period of five years. In general, under the IFRS, they are recorded as expenses for the year (IAS38).
- R&D expenses: as with the previous case, under the General accounting plan, they could be capitalised and amortised within a maximum term of five years. In general, under the IFRS, the research and development expenses are recorded directly against expenses for the financial year, except in the cases of development expenses that meet certain requirements, which are capitalised and amortised over the corresponding useful life.
- Restructuring of assets: as a consequence of the application of the IFRS, the existence of assets susceptible to restructuring in accordance with the provisions laid down in IAS 36 was determined and they were then restructured.

To calculate the value for the use of these assets, projected cash flows are used based on financial budgets approved by the directors and covering a period of five years. Constant growth rates and discount rates have been used for the businesses associated with the said assets, pre-tax and including the effect of these specific associated risks.

The restructured assets are as follows:

	Book value Cost	Use value	Restructuring
- Tangible fixed assets	33,491	13,225	20,266
- Long term financial investments	8,694	5,980	2,714
- Stocks	3,395	-	3,395
- Short term financial investments	4,130	1,930	2,200
Total	49,710	21,135	28,575

- Selective restatement of tangible fixed assets: in application of the IFRS 1, certain intangible fixed assets have been restated: land and buildings.

The selective restatement is as follows:

	Book value Cost	Market value	Revaluation value
- Land	3,103	17,595	14,492

The market value has been obtained from independent expert valuations.

- Goodwill: Befesa has applied the exemption laid down by the IFRS 1 so as not to recalculate the business combinations prior to 1 January 2004. Furthermore the goodwill in foreign currency has been converted to local currency in accordance with the IFRS 1 and IAS 21 (under the General accounting plan, they were converted at the historic exchange rate). Finally, under the IFRS, the goodwill is no longer amortised although it is subject to an annual impairment test in accordance with the IAS 36.
- Exchange differences and financial instruments: The financial derivatives maintained by Befesa correspond to interest rate, exchange rate and changes in the reasonable value of determined assets (zinc and aluminium, basically) hedging transactions and are carried out to reduce the risks associated with the said transactions. In accordance with the IAS 39, the said transactions are classified as cash flow hedging and the variations in the value of the hedging document are recorded into the books in reserves until the hedge is cancelled, which is when the amount recorded in the books up to the said date in said heading is attributed to the income statement. Furthermore, in accordance with the General accounting plan, the positive exchange differences not liquidated must be deferred in as much as they exceed the negative exchange differences attributed to the results during the period. In accordance with the IFRS, all the exchange differences, whether positive or negative, liquidated or otherwise, are recognised in the income statement.
- Valuation of financial investments: In accordance with the General accounting plan, the financial assets are valued at their acquisition price or at their market value, if the latter were lower, and are removed from the balance sheet when they are sold, transferred or matured. The financial assets are classified in a series of categories that determine their valuation at fair value and strict criteria are established regarding the removal of financial assets from the balance sheet, based on the evaluation of the risks and benefits associated with the ownership of the transferred asset.

- Recognition of income (work in progress): Under the General accounting plan, at Befesa, the recognition of the margin of work executed was limited by the certificates/bills issued to customers. In accordance with the IAS 11, the result is recognised in accordance with the level of progress to be applied to the work executed at the close.
- Tax effect: Under the General accounting plan, the time differences showed the different attribution from the tax and accounting point of view of income and expenses. In accordance with the IFRS, the concept of time difference arises, which corresponds to the difference between the book value of an asset or liability and its tax base, where the corresponding advance or deferred tax is generated. Furthermore, the time difference resulting from the tax effect of the adjustments to the consolidated equity of the first application of the IFRS has been calculated.
- On the other hand, the opening balance at on 1 January 2005 incorporates other bills that do not affect the equity and which represent various reclassifications in the assets and liabilities accounts of the balance sheet, such as the following: rights over assets under financial lease (IAS 17); capital subsidies; charges to be spread over several years (financial leasing expenses, debt formalisation, etc); non-existence of extraordinary income and expenses and the consideration of the external shareholder heading as a part of the stockholders' equity.

Finally, we inquire regarding to the information which appeared in previous quarterly reporting, that it has been differences motivated fundamentally, on the one hand, by the definitive decision as for the revaluations of assets in accordance with the possibility of selective revaluations allow in the first application and that affects the Equity, and on the other it has been made reclassifications between balance and income statement's epigraph of 2004 and 2005, without significant impact in profit, nor in Equity.

IV. INDIVIDUAL COMPANY BALANCE SHEET

Units: Thousands of Euros

ASSETS

		CURRENT YEAR	PREVIOUS YEAR
A) DUE FROM SHAREHOLDERS FOR UNCALLED CAPITAL	0200		
I. Start up expenses	0210		45
II. Intangible assets	0220	6	5
II.1 Rights on leased assets	0221		
II.2 Other intangible assets	0222	6	5
III. Tangible fixed assets	0230	3	11
IV. Long term financial investments	0240	180.920	179.352
V. Long term treasury stock	0250		
VI. Long term operating receivables	0255		
B) FIXED AND OTHER NON CURRENT ASSETS (2)	0260	180.929	179.413
C) DEFERRED CHARGES (3)	0280	35	40
I. Due from shareholders for capital called	0290		
II. Stocks	0300		
III. Accounts receivablek	0310	7.912	3.750
IV. Short term financial investments	0320	23.996	32.102
V. Short term treasury stock	0330		
VI. Cash	0340	2.335	44
VII. Accrual Accounts	0350		
D) CURRENT ASSETS	0360	34.243	35.896
TOTAL ASSETS (A + B + C + D)	0370	215.207	215.349

LIABILITIES

		CURRENT YEAR	PREVIOUS YEAR
I. Capital stock	0500	81.612	81.612
II. Reserves	0510	27.405	24.906
III. Prior year's income (loss)	0520		
IV. Profit for the year	0530	8.000	9.549
V. Interim dividend paid during the year	0550		-7.050
A) SHAREHOLDERS' EQUITY	0560	117.017	109.017
B) DEFERRED REVENUES (4)	0590		
C) PROVISIONS FOR CONTINGENCIES AND EXPENSES	0600	11.000	11.000
I. Debentures and other marketable securities	0610		
II. Payable to credit entities	0605	905	1.911
III. Payable to group and associated companies	0660	1.240	41.099
IV. Long term operating payables	0625		
V. Other long term accounts payable	0630	591	787
D) LONG TERM DEBT	0640	2.736	43.797
I. Debentures and other marketable securities	0650		
II. Payable to credit entities	0655	1.352	10.677
III. Payable to group and associated companies	0660	80.975	40.121
IV. Trade accounts payable	0665	351	233
V. Other short term accounts payable	0670	1.776	504
VI. Accrual accounts	0680		
E) CURRENT LIABILITIES (5)	0690	84.454	51.535
F) PROVISIONS FOR SHORT TERM EXPENSES AND CONTINGENCIES	0695		
TOTAL LIABILITIES(A + B + C + D + E + F)	0700	215.207	215.349

V. INDIVIDUAL COMPANY RESULTS

Units: Thousands of Euros	CURRENT YEAR		PREVIOUS YEAR		
	Amount	%	Amount	%	
+ Net Revenue (6)	0800	15.696	100,0%	713	100,0%
+ Other revenue (7)	0810	496	3,2%	499	70,0%
+/- Variation in stocks, finished products and work in progress	0820		0,0%		0,0%
= TOTAL PRODUCTION VALUE	0830	16.192	103,2%	1.212	170,0%
- Net purchases	0840		0,0%		0,0%
+/- Variation in goods for resale, raw materials and other consumables.	0850		0,0%		0,0%
- External and operating expenses (8)	0860	-8.339	-53,1%	-1.185	-166,2%
= ADJUSTED VALUE ADDED	0870	7.853	50,0%	27	3,8%
+/- Other expenses and revenue (9)	0880	0	0,0%	0	0,0%
- Personnel expenses	0890	-561	-3,6%	-325	-45,6%
= GROSS OPERATING PROFIT	0900	7.292	46,5%	-298	-41,8%
- Period depreciation and amortisation	0910	-56	-0,4%	-41	-5,8%
- Provision to the reversion reserves	0915		0,0%		0,0%
- Variation in current asset provisions (10)	0920		0,0%		0,0%
= NET OPERATING PROFIT	0930	7.236	46,1%	-339	-47,5%
+ Revenues from financial investments	0940	5.980	38,1%	11.547	1619,5%
- Interest charges	0950	-3.473	-22,1%	-2.907	-407,7%
+ Interest and capitalised exchange gains/losses	0960		0,0%		0,0%
+/- Period depreciation and Financial investment provisions (11)	0970		0,0%		0,0%
= PROFIT FROM ORDINARY ACTIVITIES	1020	9.743	62,1%	8.301	1164,2%
+/- Profit/loss on intangible assets, tangible fixed assets and control portfolio (12)	1021		0,0%		0,0%
+/- Variation in provisions for intangible assets, tangible fixed assets and control portfolio (13)	1023	-68	-0,4%	-1.295	-181,6%
+/- Profit/loss on transactions with treasury stock and own debentures (14)	1025		0,0%		0,0%
+/- Prior years' income (loss) (15)	1026		0,0%	-12	-1,7%
+/- Other extraordinary profit (16)	1030	-35	-0,2%	-4	-0,6%
= PROFIT BEFORE TAXES	1040	9.640	61,4%	6.990	980,4%
+/- Profits taxes	1042	-1.640	-10,4%	2.559	358,9%
= PROFIT FOR THE YEAR	1044	8.000	51,0%	9.549	1339,3%

IV. CONSOLIDATED GROUP BALANCE SHEET
(DRAFTED APPLYING NATIONAL PREVAILING ACCOUNTING LEGISLATION)

Units: Thousands of Euro

ASSETS	EJERCICIO ACTUAL		EJERCICIO ANTERIOR	
A) DUE FROM SHAREHOLDERS FOR UNCALLED CAPITAL	1200	0		0
I. Start up expenses	1210	0		0
II. Intangible assets	1220	0		0
II.1 Rights on leased assets	1221	0		0
II.2 Other intangible assets	1222	0		0
III. Tangible fixed assets	1230	0		0
IV. Long term financial investments	1240	0		0
V. Long term treasury stock of the controlling company	1250	0		0
VI. Long term operating receivables	1255	0		0
B) FIXED AND OTHER NON CURRENT ASSETS (2)	1260	0		0
C) CONSOLIDATED GOODWILL	1270	0		0
D) DEFERRED CHARGES (3)	1280	0		0
I. Due from shareholders for capital called	1290	0		0
II. Stocks	1300	0		0
III. Accounts receivable	1310	0		0
IV. Short term financial investments	1320	0		0
V. Short term treasury stock of the controlling company	1330	0		0
VI. Cash	1340	0		0
VII. Accrual Accounts	1350	0		0
E) CURRENT ASSETS	1360	0		0
TOTAL ASSETS (A + B + C + D + E)	1370	0		0

LIABILITIES	CURRENT YEAR		PREVIOUS YEAR	
I. Capital stock	1500	0		0
II. Controlling company reserves	1510	0		0
III. Consolidated companies' reserves (17)	1520	0		0
IV. Translation differences (18)	1530	0		0
V. Profits attributable to controlling company	1540	0		0
VI. Interim dividend paid during the year	1550	0		0
A) SHAREHOLDERS' EQUITY	1560	0		0
B) EXTERNAL SHAREHOLDERS	1570	0		0
C) LOSS FROM CONSOLIDATION	1580	0		0
D) DEFERRED REVENUES (4)	1590	0		0
E) PROVISIONS FOR CONTINGENCIES AND EXPENSES	1600	0		0
I. Debentures and other marketable securities	1610	0		0
II. Payable to credit entities	1615	0		0
III. Long term operating payables	1625	0		0
IV. Other long term accounts payable	1630	0		0
F) LONG TERM DEBT	1640	0		0
I. Debentures and other marketable securities	1650	0		0
II. Payable to credit entities	1655	0		0
III. Trade accounts payable	1665	0		0
IV. Other short term accounts payable	1670	0		0
V. Accrual accounts	1680	0		0
G) CURRENT LIABILITIES (4)	1690	0		0
H) PROVISIONS FOR SHORT TERM EXPENSES AND CONTINGENCIES	1695	0		0
TOTAL LIABILITIES(A + B + C + D + E + F + G + H)	1700	0		0

V. CONSOLIDATED GROUP RESULTS
(DRAFTED APPLYING NATIONAL PREVAILING ACCOUNTING LEGISLATION)

Units: Thousands of Euros

	CURRENT YEAR		PREVIOUS YEAR	
	Amount	%	Amount	%
+ Net Revenue (6)	1800			
+ Other revenue (7)	1810			
+/- Variation in stocks, finished products and work in progress	1820			
= TOTAL PRODUCTION VALUE	1830	0	0	
- Net purchases	1840			
+/- Variation in goods for resale, raw materials and other consumables	1850			
- External and operating expenses (8)	1860			
= ADJUSTED VALUE ADDED	1870	0	0	
+/- Other expenses and revenue (9)	1880			
- Personnel expenses	1890			
= GROSS OPERATING PROFIT	1900	0	0	
- Period depreciation and amortisation	1910			
- Provision to the reversion reserves	1915			
- Variation in current asset provisions (10)	1920			
= NET OPERATING PROFIT	1930	0	0	
+ Revenues from financial investments	1940			
- Interest charges	1950			
+ Interest and capitalised exchange gains/losses	1960			
- Period depreciation and Financial investment provisions (11)	1970			
+/- Translation gains/losses (19)	1980			
+/- Profit from holdings in companies consolidated by equity method	1990			
- Consolidated goodwill amortisation	2000			
+ Reversal of consolidation losses	2010			
= PROFIT ON ORDINARY ACTIVITIES	2020	0	0	
+/- Profit/loss on intangible assets, tangible fixed assets and control portfolio (12)	2021			
- Variation in provisions for intangible assets, tangible fixed assets and control portfolio (13)	2023			
+/- Profit/loss on transactions with treasury stock and own debentures (14)	2025			
+/- Prior years' income (loss) (15)	2026			
+/- Other extraordinary profit (16)	2030			
= CONSOLIDATED PROFIT BEFORE TAXES	2040	0	0	
+/- Profits taxes	2042			
= CONSOLIDATED PROFIT FOR THE YEAR	2044	0	0	
+/- Loss attributable to external shareholders	2050			
= PROFIT FOR THE YEAR ATTRIBUTABLE TO THE CONTROLLING COMPANY	2060	0	0	

IV. CONSOLIDATED GROUP BALANCE SHEET
(DRAFTED APPLYING NATIONAL PREVAILING ACCOUNTING LEGISLATION)

	CURRENT YEAR	PREVIOUS YEAR
I. Tangible fixed assets	4000 155.108	144.318
II. Immovable property investments	4010	
III. Goodwill	4020 90.819	90.819
IV. Other intangible assets	4030 5.855	5.665
V. Non current financial assets	4040 16.753	15.000
VI. Investments accounted under the equity method	4050 13.639	12.419
VII. Biological assets	4060	
VIII. Deferred tax assets	4070 13.000	13.000
IX. Other non-current assets	4080	
A) NON CURRENT ASSETS	4090 295.174	281.221
I. Biological assets	4100	
II. Stocks	4110 23.340	44.626
III. Receivables and similar	4120 104.176	88.627
IV. Other current financial assets	4140 20.060	15.398
V. Profit tax assets	4150	
VI. Other financial assets	4160 45.890	42.847
VII. Cash and cash equivalents	4170 25.507	12.683
Subtotal current assets	4180 218.973	204.181
VIII. Non current assets classified as reserved for sale and non current assets discontinued operations	4190	
B) CURRENT ASSETS	4195 218.973	204.181
TOTAL ASSETS (A + B)	4200 514.147	485.402

LIABILITIES AND SHAREHOLDERS' EQUITY

	CURRENT YEAR	PREVIOUS YEAR
I. Capital stock	4210 81.612	81.612
II. Other reserves (20)	4220 11.593	11.593
III. Retained profits (21)	4230 78.263	81.776
IV. Other net profit	4235	
V. Minus: treasury stocks	4240	
VI. Foreign exchange gains/losses	4250 -133	-1.060
VII. Other valuation adjustments	4260	
VIII. Revaluation reserves of non current assets classified as reserved for sale and non current assets discontinued operations	4265	
IX. Interim dividends	4270	-7.050
EQUITY ATTRIBUTABLE TO HOLDERS OF SECURITIES OF THE NET EQUITY OF THE CONTROLLING COMPANY	4280 171.335	166.871
X. Minority shareholders	4290 8.324	7.440
A) NET EQUITY	4300 179.659	174.311
I. Debentures and other marketable securities	4310	
II. Payable to credit entities	4320 27.873	25.936
III. Other financial liabilities	4330	
IV. Deferred tax liabilities	4340	
V. Provisions	4350 17.065	15.681
VI. Other non current liabilities (22)	4360 5.771	53.253
B) NON CURRENT LIABILITIES	4370 50.709	94.870
I. Debentures and other marketable securities	4380	
II. Payable to credit entities	4390 6.136	24.449
III. Trade accounts payable and similar	4400 243.061	166.489
IV. Other financial liabilities	4410	
V. Provisions	4420 1.486	
VI. Current profit tax liabilities	4430 5.563	2.600
VII. Other current liabilities	4440 27.533	22.683
Subtotal current liabilities	4450 283.779	216.221
VIII. Liabilities directed related to non current assets classified as reserved for sale and non current assets discontinued operations	4465	
C) CURRENT LIABILITIES	4470 283.779	216.221
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY(A + B + C)	4480 514.147	485.402

V. CONSOLIDATED GROUP RESULTS
(DRAFTED APPLYING NATIONAL PREVAILING ACCOUNTING LEGISLATION)

Units: Thousands of Euros

	CURRENT YEAR		PREVIOUS YEAR		
	Amount	%	Amount	%	
+ Net Revenue	4500	402.403	100%	357.762	100%
+ Other revenue	4510	2.187	0,54%	3.069	0,86%
+/- Variation in stocks, finished products and work in progress	4520	-8.261	-2,05%	6.776	1,89%
- Provisioning	4530	-236.008	-58,65%	-211.770	-59,19%
- Personnel expenses	4540	-52.972	-13,16%	-49.271	-13,77%
- Period amortization	4550	-12.242	-3,04%	-13.624	-3,81%
- Other expenses	4560	-66.957	-16,64%	-69.895	-19,54%
= OPERATING PROFIT (LOSS)	4570	28.150	7,00%	23.047	6,44%
+ Financial income	4580	1.141	0,28%	82	0,02%
- Financial loss	4590	-7.789	-1,94%	-10.025	-2,80%
+/- Foreign exchange gains/losses (net)	4600	-266	-0,07%	-151	-0,04%
+/- Profit/(loss) from fair value variations in financial assets value (net)	4610		0,00%		0,00%
+/- Profit/(loss) from fair value variations in non-financial assets value (net)	4620		0,00%		0,00%
+/- Profit/(loss) from depreciation/depreciation reversal of assets (net)	4630		0,00%		0,00%
+/- Profit from holdings in affiliated companies and joint ventures consolidated by equity method	4640	1.043	0,26%	1.287	0,36%
+/- Profit/loss from disposal of non current assets or valuation of non current assets classified as reserved for sale and not included within discontinued operations	4650		0,00%		0,00%
+/- Other losses or gains (net)	4660		0,00%		0,00%
= PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4680	22.279	5,54%	14.240	3,98%
+/- Loss from tax on profit on ordinary activities	4690	-4.812	-1,20%	1.942	0,54%
= PROFIT/(LOSS) FOR THE FINANCIAL YEAR ORDINARY ACTIVITIES	4700	17.467	4,34%	16.182	4,52%
+/- Profit/loss from discontinued operations after taxation (net) (23)	4710		0,00%		0,00%
= PROFIT/(LOSS) FOR THE FINANCIAL YEAR	4720	17.467	4,34%	16.182	4,52%
+/- Minority shareholders	4730	-1.382	-0,34%	-1.283	-0,36%
= PROFIT FOR THE YEAR ATTRIBUTABLE TO HOLDERS OF NET EQUITY OF THE CONTROLLING COMPANY	4740	16.085	4,00%	14.899	4,16%

**VI. COMPARATIVE CONSOLIDATED BALANCE BETWEEN NATIONAL PREVAILING ACCOUNTING
LEGISLATION AND INTERNATIONAL RULES ON FINANCIAL INFORMATION ADOPTED**

Units: Thousands of Euro

ASSETS		OPENING OF YEAR 2005 (International Standards of Financial Information)	CLOSING OF YEAR 2005 (NATIONAL LEGISLATION)
I. Start up expenses	5000		2.824
II. Intangible assets	5010	144.318	143.136
III. Immovable property investments	5020		
IV. Goodwill	5030	90.819	85.209
V. Other intangible assets	5040	5.665	16.678
VI. Non current financial assets	5050	40.419	43.133
VII. Long term treasury stock of the controlling company	5060		
VIII. Other non current assets	5070		
A) LONG-TERM/NON CURRENT ASSETS	5080	281.221	290.980
B) COSTS SPREAD OVER SEVERAL YEARS	5090		1.199
I. Stocks	5100	44.626	56.054
II. Trade account receivable and similar	5110	130.134	111.530
III. Other current financial assets	5120	15.398	17.598
IV. Short term treasury stock of the controlling company	5130		
V. Other current assets	5140	1.340	1.340
VI. Cash and cash equivalents	5150	12.683	12.683
Subtotal	5160	204.181	199.205
VII. Non current assets classified as reserved for sale and non current assets discontinued operations	5170		
C) REALIZABLE / CURRENT ASSETS	5175	204.181	199.205
TOTAL ASSETS (A + B + C)	5180	485.402	491.384

LIABILITIES AND SHAREHOLDERS' EQUITY		OPENING OF YEAR 2005 (International Standards of Financial Information)	CLOSING OF YEAR 2005 (NATIONAL LEGISLATION)
I. Capital stock	5190	81.612	81.612
II. Reserves	5200	92.309	80.839
From them: Adjustment against reserves due to transition to International Standards of Financial Information (*)	5210		
III. Other instruments relating to net equity	5215		
IV. Minus: treasury stock	5220		
V. Valuation adjustments	5230		
VI. Profit/(loss) for the financial year	5240		10.450
VII. Minus: interim dividends	5250	-7.050	-7.050
A) NET EQUITY ACCORDING TO NATIONAL LEGISLATION / EQUITY ATTRIBUTED TO HOLDERS OF NET EQUITY OF THE CONTROLLING COMPANY	5260	166.871	165.851
B) MINORITY SHAREHOLDERS	5270	7.440	10.789
TOTAL NET EQUITY ACCORDING TO INTERNATIONAL STANDARDS OF FINANCIAL INFORMATION(A + B)	5280	174.311	
C) NEGATIVE DIFFERENCE FOR CONSOLIDATION	5290		4.176
D) INTERIM INCOME	5300		5.528
I. Debentures and other marketable securities	5310		
II. Payable to credit entities	5320	25.936	25.928
III. Provisions	5330	15.681	16.099
IV. Other non current liabilities	5340	53.253	53.253
E) LONG TERM DEBT / NON CURRENT LIABILITIES	5350	94.870	95.280
I. Debentures and other marketable securities	5360		
II. Payable to credit entities	5370	24.448	24.172
III. Trade accounts payable and similar	5380	157.799	157.798
IV. Provisions	5390		
V. Other current liabilities	5400	33.974	27.790
Subtotal	5410	216.221	209.760
VI. Liabilities directly related to non current assets classified as reserved to sale and non current assets discontinued operations	5420		
F) SHORT-TERM DEBT/ CURRENT LIABILITIES	5425	216.221	209.760
TOTAL LIABILITIES AND NET EQUITY(A + B + C + D + E + F)	5430	485.402	491.384

(*) Informative line: amount should not be calculated arithmetically in order to obtain the "Net equity according to the International Standards of Financial Information"

VII. BREAKDOWN OF NET REVENUES BY ACTIVITY

ACTIVITY		INDIVIDUAL		CONSOLIDATED	
		Current yr.	Previous yr.	Current yr.	Previous yr.
Aluminum Waste Recycling	2100			164.524	157.527
Zinc Waste Recycling	2105			54.502	50.907
Industrial Waste Management	2110			79.921	74.356
Environmental Engineering	2115			103.456	74.972
Others	2120	15.696	713		
	2125				
	2130				
	2135				
	2140				
	2145				
(*) Started project pending certification	2145				
Total Net Revenue	2150	15.696	713	402.403	357.762
Domestic market	2160	15.696	713	310.200	286.307
Exports: European Union	2170			71.388	56.086
OECD countries	2173			5.703	4.216
Other countries	2175			15.112	11.153

(*) To be completed only by construction companies

VII. AVERAGE NUMBER OF PERSONNEL EMPLOYED DURING THE PERIOD

TOTAL PERSONNEL EMPLOYED		INDIVIDUAL		CONSOLIDATED	
		Current yr.	Previous yr.	Current yr.	Previous yr.
3000		6	4	1.348	1.316

IX. BUSINESS PERFORMANCE

(The information to be included within this section, in addition to complying with that specified in the instructions for the completion of this half-yearly information, must expressly detail the following aspects: variations in revenues and the costs attached to those revenues; breakdown and analysis of the principal transactions that have occurred in obtaining extraordinary results; comments on the most relevant investment and divestment transactions, explaining their effect on the company's working capital and in particular on the funding relating to it; sufficient explanation of the nature and effects of the parties that may have produced a significant variation in revenues or on the company's results, during the current six month period in relation to the corresponding figures reported for the previous six months. Furthermore, those companies submitting balance sheet and profit and loss account for the consolidated group under the International Standards of Financial Information adopted must provide detailed information about all the operations which have had a significant impact on the financial status, the profits and losses or the net equity of the company or its group, as a result of assets depreciation or reversal, assets appreciation to reach a fair value - including all derivatives and hedge book operations- foreign exchange differences, provisions, business combinations, activities classified as "discontinued" or any other transaction having a significant impact. Besides, they must provide a description of material variations in the item "non current assets classified as reserved for sale and non current assets discontinued operations" and related liabilities, significant variations in accepted risk and work in progress to reduce it as well as facts occurred after the year end, which, being relevant, have not been reflected in the financial information submitted. Finally, any comment on consolidated financial statements must be clearly distinguished from comments on individual financial statements, if any).

	December 2005	December 2004	Variation
Sales	402.4	357.8	12.5%
EBITDA	40.4	36.7	10.2%
EBITDA/Sales	10.6%	10.9%	-2.2%
EAT	17.5	16.2	8.2%
EAT Parent Company	16.1	14.9	8.1%

In the 2005 financial year, the sales of the Environmental Services Business Unit increased by 44.6 million euro on the previous year, a 12.5% increase. This has been due, mainly, to the increase in volume of treated wastes in all the Group's areas, together with the increase in activity in the Environmental Engineering area. The increase in the prices of the metals (aluminum and zinc) has also had an influence on the sales for the financial year.

As regards the EBITDA, it has increased by 3.7 million euro (+10.2%) on the previous year. The EBITDA/Sales ratio has remained steady at around 10%, a percentage similar to that of the 2004 financial year.

Both the EAT and EAT of the Parent Company have evolved positively and risen to 17.5 and 16.1 million euro, respectively, with these figures being an 8.2% and 8.1% increase on those achieved the previous year.

The evolution by Business Unit was as follows:

-Aluminum Waste Recycling: The evolution of this Business Unit has been positive, in line with the previous year, due to the large volume of wastes treated, the maintaining of margins, and the progressive consolidation of the costs structure implemented last year. A clear example thereof is the 4.4% increase in sales this year compared to the previous year, as a consequence of the higher number of tons of aluminum sold, together with the increase in the price of the metal and the notable progress of the salt slags business.

-Zinc Waste Recycling: The evolution of this Business Unit has also been positive, with a 7% increase in the sales on the previous year. This increase is due, above all, to the increase in prices.

-Industrial Waste Management: In this activity, in comparison to the previous financial year, a growth in all the magnitudes of the profit and loss account can be seen, and this is further proof of Befesa's intention to continue its growth in this field of activity, considered the core of its business. Sales in this area in 2005 reached 79 million euro (a 7.5% increase).

-Environmental Engineering: It is the Befesa Business Unit that has experienced the greatest increase in sales on the previous year's figure. This demonstrates the company's growth potential for the future and its concern for developing new technologies. The increase in sales on the previous year was 38%. In addition, the medium term prospects for this activity are attractive as a consequence of the Unit's large portfolio of contracted works. An example of the growth objectives laid down can be seen in the fact that at year-end 2004 the contracting portfolio figure was 182 million euro, while at year-end 2005 it was 267 million euro.

X. 1. LOANS ISSUED, REPAYED OR CANCELLED

(This item must include separate information of each loan issued, repaid or cancelled from the opening of the financial year by the company which has to submit periodically public information or, if appropriate, by any of the companies of the group, explaining all the information asked for in the attached tables about each loan issued, repaid or cancelled. Such information must be provided separately, distinguishing those loans issued, repaid or cancelled which, regarding the issue or placement of the shares, have required the inscription of an explanatory booklet with an Authority (24) of a Member state of the European Union from those loans issued, repaid or cancelled which have not required it. As for loans issued, repaid or cancelled by affiliated companies or any other company than the controlling one, subsidiaries or multigroup, such information must be included as long as the loan issue or cancellations was guaranteed, totally or partially, by the holding company or by any subsidiary or multigroup company. Issues and placement of share in the market (25) can be aggregated (26) by type of operation (27), just as issues made by the same company within the same country, provided that they have similar characteristics. In the event that the loan is issued, repaid or cancelled through a "special purpose entity" (28), this fact must be expressly stated).

Loans issued, repaid or cancelled whose issue or placement has required the inscription of a booklet with an Authority (24) of the European Union

Issuer	Relationship (29)	Country of the place of business	Features of the loans issued, repaid or cancelled									
			Operation (27)	ISIN Code (30)	Class of share	Date of issue, repayment or cancellation	Outstanding balance	Interest rate	Maturity and amortization modes	Market where it is quoted	Rating	Guaranties (31)

Loans issued, repaid or cancelled whose issue or placement has required the inscription of a booklet with an Authority (24) of the European Union

Issuer	Relationship (29)	Country of the place of business	Features of the loans issued, repaid or cancelled									
			Operation (27)	ISIN Code (30)	Class of share	Date of issue, repayment or cancellation	Outstanding balance	Interest rate	Maturity and amortization modes	Market where it is quoted	Rating	Guaranties (31)

X. 2.) THIRD-PARTY ISSUES GUARANTEED BY THE GROUP

(This item must include separate information of each loan issued, repaid or cancelled that has been guaranteed from the opening of the financial year by the company which has to submit periodically public information or, if appropriate, by any of the companies of the group, explaining all the information asked for in the attached tables about each loan issued, repaid or cancelled relating to issues or placements which have not been included in section X.1. If the guarantee has been granted by an affiliated company or any other company than the controlling one, subsidiaries or multigroup, such information must be included as long as the execution of the guarantee may substantially (32) affect the consolidated financial statements. Issues and placements of shares in the market (25) can be aggregated (26) by type of operation (27), just as issues made by the same company within the same country, provided that they have similar characteristics. In the event that the loan is issued, repaid or cancelled through a "special purpose entity" (28), this fact must be expressly stated).

Issuer	Relationship (29)	Country of the place of business	Features of the loans issued, repaid or cancelled									
			Operation (27)	ISIN Code (30)	Class of share	Date of issue, repayment or cancellation	Outstanding balance	Interest rate	Maturity and amortization modes	Market where it is quoted	Rating	Guaranties (31)

XI. DIVIDENDS DISTRIBUTED DURING THE PERIOD:

(All dividends effectively paid since the beginning of the economic year must be stated).

		% Nominal	Euros per share (x,xx)	Amount (thousands of Euros)
1. Ordinary shares	3100			
2. Preference shares	3110			
3. Redeemable shares	3115			
4. Non-voting shares	3120			

Additional information on dividend distribution (payment details, supplementary dividends, etc.)

XII. RELEVANT FACTS (*)

	YES	NO
1. Acquisitions or transfers of shareholdings in the capital of listed companies subject to reporting responsibilities specified under article 53 of the Securities Market Act (LMV) (5 for 100 and multiples thereof).	3200	X
2. Treasury stock acquisitions subject to the reporting responsibilities under additional provision 1 of the Corporations Law (LSA) (1 for 100).	3210	X
3. Other significant increases or decreases in fixed assets (shareholdings greater than 10% in non-listed companies, relevant significant investments or divestments, etc.).	3220	X
4. Increases or decreases in the company's capital or of the nominal share value.	3230	X
5. Loans issued, repaid or cancelled.	3240	X
6. Changes to the directors or the board of directors.	3250	X
7. Amendments to company by-laws.	3260	X
8. Restructurings, mergers or divisions.	3270	X
9. Changes to the sector's institutional regulation with significant impact on the economic or financial situation of the company or group.	3280	X
10. Lawsuits, litigation or disputes that may significantly impact the company or group's equity.	3290	X
11. Insolvency situations, payment suspensions, etc.	3310	X
12. Special agreements of restriction, suspension or cancellation, total or partial, of the economic or statutory rights of the company's shares.	3320	X
13. Strategic agreements with national or international groups (exchange stock offers, etc.).	3330	X
14. Other important facts.	3340	X

(*) For affirmative responses, mark the corresponding box with an "X", attaching an explanatory annex in which the dates on which the data was communicated to the CNMV and the SRBV are specified.

Additional information on the distribution of dividends (payment details, supplementary

No dividends have been paid during the period

XIII. EXPLANATORY ANNEX - RELEVANT FACTS

From July 1, 2005, to date, the following communications have been forwarded to the CNMV:

- On July 20, 2005, the CNMV was informed, entry record number 074204, of the loan arranged between Abengoa, S.A. and a syndicate of financial institutions, with Befesa Medio Ambiente, S.A., among other companies, acting as personal guarantor.
- On January 19, 2006, the CNMV was informed, entry record number 003252, of the acquisition by Proyectos de Inversiones Medioambientales, S.L. of the 4.88% shareholding Nefinsa, S.A. held in Befesa Medio Ambiente, S.A., upon the latter exercising a recognized right to sell.

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XIV. OPERATIONS WITH RELATED PARTIES (34)

With regard to information to be included in this section, the provisions of the Order EHA/3050/2004 of 15 September on the information of the related operations (35) that companies issuing marketable securities which can be traded in official secondary markets shall apply, taking into account the instructions to complete the half-year report.

1. OPERATIONS MADE WITH THE MAIN SHAREHOLDERS OF THE COMPANY (36)

Code (37)	Operation description (37)	A/I (38)	Account entry (39)	Amount (thousands of Euro)	Profit/Loss (40) (thousands of Euro)	CP/LP (41)	Related party (42)
010	Services received	Aggregated Information	Actual	4.438	0	Cp	Abengoa
019	Paid interests	Aggregated Information	Actual	1.460	0	Cp	Abengoa
020	Received interest	Aggregated Information	Actual	5	0	Cp	Abengoa

Other aspects (43)

2. OPERATIONS MADE WITH MANAGERS AND EXECUTIVE OFFICERS OF THE COMPANY (36)

Code (37)	Operation description (37)	A/I (38)	Account entry (39)	Amount (thousands of Euro)	Profit/Loss (40) (thousands of Euro)	CP/LP (41)	Related party (42)
026	Remunerations	Aggregated Information	Actual	875	0	Cp	

Other aspects (43)

3. OPERATIONS MADE BETWEEN INDIVIDUALS, COMPANIES OR GROUP ENTITIES (36)

Code (37)	Operation description (37)	A/I (38)	Account entry (39)	Amount (thousands of Euro)	Profit/Loss (40) (thousands of Euro)	CP/LP (41)	Related party (42)

Other aspects (43)

4. OPERATIONS WITH OTHER RELATED PARTIES (36)

Code (37)	Operation description (37)	A/I (38)	Account entry (39)	Amount (thousands of Euro)	Profit/Loss (40) (thousands of Euro)	CP/LP (41)	Related party (42)

Other aspects (43)

XV. SPECIAL AUDITORS REPORT

(This section must only include the information relating to the first six months of the year following its completion and audit, and will apply to those issuing companies that, in accordance with that specified in section thirteen of the Ministerial Order of January 18, 1991, are obliged to present a special report of their accounts' auditors, when the audit report of the annual accounts of the year immediately preceding, would have rejected the report's opinion or would have contained an adverse opinion or an opinion with reservations. This will include and make reference to, the aforementioned special report of the accounts' auditors, attached as an annex to the half-yearly information, as well as a copy of the information or complaints stated or made by the Directors of the company relating to the updated situation of the auditor's reservations included in his audit report of the previous year's annual accounts and that, in accordance with the applicable technical audit regulations, would have served as a basis for the drafting of the aforementioned special report).

INSTRUCTIONS FOR COMPLETING THE HALF-YEARLY REPORT (GENERAL)

- The numerical data requested, except as indicated to the contrary, must be expressed in thousands of Euros, without decimal places, tabulated and rounded.

- Negative values must be shown with a minus sign (-) before the corresponding number.

- The figure from the corresponding period from the previous year must be displayed next to each number expressed, except where indicated to the contrary

- Adopted international standards of financial information shall mean all those standards adopted by the European Commission pursuant the proceeding established under Rule EC/1606/2002 of the European Parliament and the European Council, approved July 19, 2002.

- Financial information contained in this form shall be completed pursuant the accounting rules and principles which apply to the company with regard to the drafting of its financial statements for the year to which the periodical public information submitted by it belongs to.

Until the year starting from January 1, 2007, companies, except credit companies, which, according to the provisions of the Commercial Code, have to submit consolidated annual accounts and, to the date of termination of the year, have only issued fixed interest securities quoting in a stock exchange, apart from having decided to continue to apply the rules contained in article III, chapter III , title first of the Commercial Code and their regulations, shall submit the consolidated periodical public information in the forms included in sections IV and V referred to in national prevailing accounting legislation, provided that these same companies have not applied the adopted International Standards of Financial Information in a previous year.

- The information to be included under the Business Performance section must allow investors to form an opinion, with knowledge of sufficient cause, about the activity carried out by the company and the results obtained during the period covered by the balance sheet, as well as the financial situation and other essential data relating to the general handling of company affairs.

- Definitions:

(1) Variation in Companies that comprise the Consolidated Group: This will exclusively include those companies that, in relation to the previous year's closed consolidated annual accounts, would have been actively included or excluded from the consolidation process.

(2) The distinct captions that comprise Fixed Assets will be presented net of accumulated depreciation and provisions.

(3) Deferred Charges will comprise debt arrangement expenses (expenses from issuing and modifying fixed income securities and debt arrangement, among which expenses for registration, taxes, origination and other similar items are included), deferred interest expenses from marketable securities (the difference between the redemption amount and the issue price of fixed income securities and similar liabilities) and the deferred interest charges (difference between the redemption amount and the amount received in fixed income securities different to those represented). Companies from the electricity sector will also include under this caption, their own accrual accounts for their sector.

(4) Deferred Revenues will comprise capital subsidies, exchange gains, deferred interest revenues (interest compounded into the nominal for loans provided under normal operations, whose inclusion in the results must be carried out in future years) and other revenues to be recorded in other years.

(5) The section for long-term debts due within 12 months must be reclassified, within the corresponding registration, as short-term Creditors.

(6) The net amount of the volume of business shall comprise the amounts from the sale of products and the providing of services corresponding to the company's ordinary activities, with the allowances and other reductions on sales having been deducted, as well as the Value Added Tax figure and that of any other duties directly related to the aforementioned sales figure.

- (7) Under the registration headed "Other Earnings" the accessory earnings for operation, works performed by the company in relation to fixed assets (with the exception of interests and capitalized exchange differences), and operating subsidiaries (do not include capital subsidies transferred to the result for the period) shall be included.
- (8) The following shall be included under the "External and Operating Expenses" caption:
- The works executed by other companies, out-house services (rents, repairs, transport, insurance, energy, etc.); duties (excepting tax on earnings), and other management costs.
 - The amount for risk provisions and operation costs (large repairs, etc.; excluding the amount set aside for pensions and other similar obligations that shall have to be attributed to personnel costs).
- (9) Other expenses and earnings shall comprise the profits or losses corresponding to the part-owners non-managers in operations governed by articles 239 to 243 of the Code of Commerce and in other common operations of an analog nature.
- (10) The Variation of the Cash-Flow provisions shall comprise the endowments made in the period, less excesses and applications, destined to making valuation corrections for depreciations of a reversible nature in the stocks, customers and debtors. In addition, it shall include the losses incurred as a consequence of firm customer and debtor insolvencies.
- (11) The Endowments to the financial amortizations and provisions shall include the endowments made in the period, less excesses and applications, destined to making valuation corrections for depreciations of a reversible nature in securities (with the exception of those corresponding to participations in the capital of the group companies or associate companies) and other tradable securities and in short and long-term non-commercial credits.
- (12) The Results originating from the intangible, tangible assets and control portfolio shall comprise the profits and losses arising from the alienation of intangible or tangible assets and from long-term participations in the capital of the group, multi-group or associate companies, or for the full or partial removal in the inventory, as a consequence of losses due to irreversible depreciations of said assets.
- (13) The Variation of the intangible, tangible assets and control portfolio shall comprise the endowments made in the period, less excesses and applications, destined to making valuation corrections due to depreciations of a reversible nature in the intangible and tangible assets, as well as in long-term participations in the capital of the group and associate companies.
- (14) The Results for operations with in-house shares and bonds shall comprise the profits and losses that have arisen as a consequence of the amortization of bonds or the alienation of shares and bonds issued by the company.
- (15) The Results for previous years shall comprise the relevant results corresponding to previous financial years and, which, owing to their relative importance cannot be entered on the books due to their nature.
- (16) The Other extraordinary results shall comprise:
- The amount of the capital subventions transferred to the result for the period.
 - The extraordinary earnings and expenses of an important amount, which are not considered periodically upon evaluating the company's future results.
- (17) The Reserves of the consolidated companies shall include both those corresponding to companies integrated by the global or proportional integration method and those corresponding to companies integrated by the equity method.
- (18) and (19) The registrations for Results and exchange differences (which appear only in consolidation) shall include the exchange differences that arise from the conversion of consolidated company foreign currency balances (by global or proportional integration and by the equity method).

- (20) Other reserves: this caption shall include the reserves for appreciation of tangible and intangible assets and other reserves apart from accumulated earnings.
- (21) Accumulated earnings: this section shall include the results generated in the current financial year or in previous financial years that have not been distributed to the shareholders.
- (22) Other non-current liabilities: this section shall include, among others, the liabilities for post-employment contributions to employees and other long-term remunerations.
- (23) After-tax Result from interrupted activities (net): this caption shall include the net amount for taxes corresponding to:
(i) the after-tax result from interrupted activities; and
(ii) the after-tax result recognized by the valuation at a reasonable value less the costs of sale, either by alienation or disposal by other means of the assets or alienable groups of elements that constitute the interrupted activity.
- (24) Competent Authority of a European Union member state: that named by the Member State as defined in article 2.1.m. of Directive 2003/71/EC of the European Parliament and the Council, dated November 4, 2003, in relation with the brochure that must be published in the event of a takeover bid or share listing on the stock exchange.
- (25) Issues of bonds in the monetary markets: to the effects and purposes of this Circular: these shall be considered to be the issue of elevated liquidity bonds, and it is essential that they be listed and traded in an organized, official or not, secondary market, that they be short-term liquid bonds and that their maturity or amortization carry-forward period is less than or equal to eighteen months.
- (26) Aggregation of issues or registrations: they shall be aggregated for the full live balance at the date this periodic public information refers to, providing averaged values in the case of the rate of interest, falling due and credit rating headings, or other values whenever they are more significant.
- (27) Operation: one of the following keys shall be assigned according to the type of operation performed: "E" for issues, "R" for repayments or "C" for cancellations.
- (28) Special assignment entity (special financing vehicle): any type of entity, whether or not it belongs to the group of the entity obliged to present the periodic public information, established to attain a specific goal that has been perfectly defined in advance (for example, to carry out a financial leasing project, research and development activities or the holding of assets), regardless of their judicial form, and which are normally subject to legal conditions that impose strict, and sometimes permanent, conditions on the powers their governing bodies, directors or managers have on the activities of said entity.
- (29) Relationship (Issues, repayments or cancellations of loans): the type of relationship with the entity presenting the periodic public information shall be indicated: parent, dependent, multi-group, associate company or any other entity included in the consolidation perimeter.
- (30) ISIN (International Securities Identification Numbering system): the corresponding ISIN shall be assigned in the issues that have said code assigned to them. "N/A" shall be assigned in any other case.
- (31) Guarantees given: the type of guarantee given shall be indicated, as shall the entity providing the same.
- (32) Guarantee that might materially affect the financial statements: to the effects and purposes of this information, it shall be taken that the exercising of the guarantee might have a material affect when the omission or erroneous inclusion of the impact of the execution of the guarantee in the information provided could, separately or in an aggregate manner, influence the economic decisions of the user of said information.
- (33) Relationship (Third-party issues guaranteed by the group): the type of relationship that exists between the entity presenting the periodic public information, or any included in the consolidation perimeter, and the entity whose issue or placing has been guaranteed, regardless of who it may be, shall be indicated. If it were the case, the relationship between the guaranteeing entity and the entity obliged to present the periodic public information shall be indicated.

(34) Linked parties: one party shall be considered to be linked to the other when either one of them, or a group acting together, exercises or holds the possibility of directly or indirectly exercising, or in virtue of pacts or agreements between shareholders, control over the other or an important influence on the financial or operational decision taking of the other party.

The existence of control is presumed whenever one of the assumptions foreseen in article 4 of Act 24/1988, of July 28, of the Stock Exchange, arises.

Significant influence is understood to be that which enables whoever is exercising it to influence the financial or operational decisions of the entity, although he/she or it does not hold control of the same. To the effects and purposes of this Circular, the existence of significant influence is evidenced, unless there is proof to the contrary, through one or several of the following assumptions:

- a) Representation on the board of directors, or equivalent management body of the participated entity;
- b) Participation in the policy setting processes, which include the decisions on dividends and other distributions;
- c) Transactions of relative importance between the investor and the participated entity.
- d) Exchange of management personnel; or
- e) Providing of essential technical information.

Without prejudice to the above, to consider the existence of significant influence, if it were the case, what is established in Directive 2002/87/EC, of December 16, shall be taken into account.

(35) Linked operations: Order EHA/3050/2004, of September 15, considers linked operations to be any transfer of resources, services or obligations between linked parties, regardless of whether or not a consideration exists. It shall not be necessary to inform on operations between companies or entities of one consolidated group, provided they had been the object of elimination in the consolidated financial information elaboration process and are part of the customary traffic of the companies or entities as regards their objective and conditions. Neither shall it be necessary to inform on operations that, as part of the ordinary business or traffic of the company, are carried out under normal market conditions and are of little significance, with these being understood to be those whose information is not required to express a true image of the property, financial situation and results of the entity.

(36) The information on linked parties shall be broken down under the headings established in section four of Order EHA/3050/2004, of September 15. For the purposes of section four, letter C) of the aforementioned Order, information shall be provided exclusively on the operations between the linked parties that affect the reporting entity or its group.

(37) Operation code and description: in any event, the following types of operations, whose associated code is provided in the table here-below, must be reported on:

- Operation Code
- 001 Purchases of goods (completed or not)
 - 002 Sales of goods (completed or not)
 - 003 Purchases of tangible assets
 - 004 Purchases of intangible assets
 - 005 Purchases of financial assets
 - 006 Sales of tangible assets
 - 007 Sales of intangible assets
 - 008 Sales of financial assets
 - 009 Providing of services
 - 010 Receiving of services
 - 011 Collaboration contracts
 - 012 Financial leasing contracts
 - 013 Operative leasing contracts
 - 014 Research and development transfers

- 015 Patent agreements
- 016 Financing agreements: loans
- 017 Financing agreements: capital contributions (be they in cash or kind)
- 018 Financing agreements: others (specify)
- 019 Paid interests
- 020 Charged interests
- 021 Accrued but unpaid interests
- 022 Accrued but not received interests
- 023 Dividends and other distributed earnings
- 024 Guarantees and bonds
- 025 Management contracts
- 026 Remunerations
- 027 Compensations
- 028 Contributions to pension plans and life insurance policies
- 029 Contributions to compensate with in-house financial tools (option right plans, convertible bonds, etc.)
- 030 Commitments for purchase options
- 031 Commitments for sale options
- 032 Other tools that might involve a transfer of resources or obligations between the company and the linked party
- 033 Others (specify)

(38) Aggregated (A) or Individualized (I) Information: the information to be included in the table may be aggregated when it involves similar-content items. Nonetheless, information of an individualized nature must be given on the operations that were important due to the amount involved, or relevant, to enable appropriate comprehension of the periodic public information.

As regards considering an operation as being important due to the amount involved, or relevant, to enable appropriate comprehension of the financial statements, what is established in section five of Order EHA/3050/2004, of September 15, regarding information on operations with linked parties, shall be adhered to.

Linked operations of importance due to the amount involved shall be considered as those that exceed the ordinary business or traffic of the company and which are of an important nature in accordance with the parameters established in Directive 2002/87/EC of December 16. In any event, for the purposes of this Circular, linked operations of importance due to their amount shall be considered to be those that must be broken down to enable an appropriate comprehension of the financial information provided.

On the other hand, important operations for an appropriate comprehension of the periodic public information shall be considered to be those in which members of the Board of Directors and the issuing company or any company of the group intervene, directly or indirectly, provided they are not part of the ordinary business or traffic, and are not carried out under normal market conditions.

(39) Current (Ac)/Previous (An): period in which the operation originated. In this sense, both the operations brought into line since the commencement of the financial year up to the closure date of the period the periodic public information refers to (Ac) and those carried out prior to the commencement of the financial year and which are currently unfinished (An), must be included.

(40) Profit/Loss: accrued profit or loss shall be understood to be the difference between the book value and the cost of the transaction.

(41) Payment conditions and periods: in the event of the information being presented in an aggregate manner is shall be classified in accordance with the period existing up until the operation is due to expire, that is to say, Short-Term (ST) or Long-Term (LT). If, on the other hand, it is individualized information, the period and the corresponding payment conditions for the specific operation shall be provided.

(42) Linked party/parties: in the case of individualized information, the name or company name of the linked party/parties involved in the operation must be provided. This section shall not have to be filled in should the information be provided in an aggregate manner.

(43) Other aspects: information must be provided in this section on the pricing policies employed, the guarantees provided and received, together with details on any other aspect of the operations that enable an appropriate interpretation of the transaction carried out, including information on operations that have not been carried out under market conditions. In this event, what the profit or loss the reporting company or its group would have made had the transaction been carried out at market prices, must be indicated.