valenciaport

Autoridad Portuaria de Valencia

CUENTAS ANUALES 2011

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FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

PORT AUTHORITY OF VALENCIA
BALANCE SHEET

(euros)

ASSETS	NOTE	2011	2010
A) NON-CURRENT ASSETS		1,480,039,703.30	1,447,405,464.44
I. Intangible assets	**5**	**6,398,566.73**	**5,235,932.64**
1. Computer software		6,398,566.73	5,235,932.64
II. Property, plant and equipment	**6**	**1,077,322,507.78**	**1,053,975,278.86**
1. Land and natural properties		78,586,050.71	77,972,433.00
2. Constructions		730,846,170.26	746,285,448.47
3. Plant and equipment		5,896,078.84	6,216,983.99
4. Property, plant and equipment in the course of construction and advances		257,468,303.22	218,201,260.51
5. Other property, plant and equipment		4,525,904.75	5,299,152.89
III. Investment property	**7**	**282,531,651.00**	**284,559,917.86**
1. Land		190,533,127.48	188,569,250.27
2. Constructions		91,998,523.52	95,990,667.59
IV. Non-current investments in Group and associated companies	**9**	**103,546,715.50**	**96,090,644.78**
1. Equity instruments		103,546,715.50	96,090,644.78
V. Non-current investments	**11**	**6,113,758.65**	**7,543,690.30**
1. Equity instruments		796,940.47	796,940.47
2. Loans to third parties		866,316.33	549,048.27
3. Government grants receivable	19	4,450,000.00	5,842,795.00
4. Other financial assets		501.85	354,906.56
VII. Non-current trade receivables	**11**	**4,126,503.64**	**-**
B) CURRENT ASSETS		145,264,088.76	104,694,190.66
II. Inventories		**206,809.89**	**250,053.65**
III. Trade and other receivables	**11**	**70,158,224.62**	**97,462,494.06**
1. Trade receivables for sales and services		29,472,848.46	27,795,812.67
2. Receivable from Group and associated companies		37,696,411.09	23,729,290.65
3. Sundry receivables		520,468.17	419,886.26
4. Government grants receivable	19	828,586.83	42,123,952.07
5. Other accounts receivable from public authorities	19	1,639,910.07	3,393,552.41
V. Current investments	**11**	**14,913.78**	**574.88**
1. Other financial assets		14,913.78	574.88
VII. Cash and cash equivalents	**13**	**74,884,140.47**	**6,981,068.07**
1. Cash		44,672,592.68	6,725,461.75
2. Cash equivalents		30,211,547.79	255,606.32
TOTAL ASSETS (A+B)		1,625,303,792.06	1,552,099,655.10

Notes 1 to 26 form an integral part of the 2011 Financial Statements.

(euros)

EQUITY AND LIABILITIES	NOTE	2011	2010
A) EQUITY	**14**	**793,670,502.95**	**789,087,238.39**
A-1) Shareholders' equity		**649,559,371.70**	**615,851,598.20**
I. Equity		**337,843,451.98**	**337,843,451.98**
II. Retained earnings		**278,008,146.22**	**256,814,331.24**
III. Profit for the year		**33,707,773.50**	**21,193,814.98**
A-2) Valuation adjustments	**12**	**(32,553,635.40)**	**(4,009,484.36)**
I. Hedging operations		**(32,553,635.40)**	**(4,009,484.36)**
A-3) Grants, donations and bequests received	**15**	**176,664,766.65**	**177,245,124.55**
B) NON-CURRENT LIABILITIES		**740,149,048.00**	**708,119,454.35**
I. Non-current provisions	**16**	**26,986,995.77**	**34,425,687.49**
1. Obligations arising from non-current loans to employees		-	395,000.00
2. Provision for third-party liability		18,109,934.35	27,157,013.59
3. Other provisions		8,877,061.42	6,873,673.90
II. Non-current liabilities	**18**	**628,081,001.63**	**584,816,240.57**
1. Bank borrowings		595,527,366.23	580,452,351.50
2. Other	12	32,553,635.40	4,363,889.07
III. Non-current accruals and prepayments	**7**	**85,081,050.60**	**88,877,526.29**
C) CURRENT LIABILITIES		**91,484,241.11**	**54,892,962.36**
I. Current payables	**18**	**29,236,105.06**	**22,224,410.23**
1. Bank borrowings		19,653,752.19	8,072,546.11
2. Current fixed asset suppliers		8,989,464.68	13,617,583.91
3. Other financial liabilities		592,888.19	534,280.21
II. Payable to Group and associated companies	**18**	**24,141,319.19**	**401,688.08**
III. Trade and other payables	**18**	**38,106,816.86**	**32,266,864.05**
1. Trade and other payables		37,392,487.20	31,558,619.34
2. Other accounts payable to public authorities	19	714,329.66	708,244.71
TOTAL EQUITY AND LIABILITIES (A+B+C)		**1,625,303,792.06**	**1,552,099,655.10**

Notes 1 to 26 form an integral part of the 2011 Financial Statements.

PORT AUTHORITY OF VALENCIA
INCOME STATEMENT

(euros)

	NOTE	(DEBIT) CREDIT	
		2011	2010
1. Net revenue	**23**	**115,311,732.32**	**107,337,458.70**
A. Port charges		**102,064,262.91**	**97,166,671.57**
a) Private use of public port land charge		21,850,117.07	23,231,544.53
b) Special use of port facilities charge		64,608,846.52	61,489,373.77
1. Vessel charge		24,332,353.18	22,705,393.77
2. Recreational and leisure craft charge		360,660.82	545,497.17
3. Passenger charge		1,581,082.78	1,100,021.78
4. Goods charge		38,285,526.72	37,067,929.20
5. Fishing charge		31,658.66	70,531.85
6. Special use of transit area charge		17,564.36	-
c) Special use of public port land charge		14,665,132.37	11,521,279.98
d) Non-trade services charge		940,166.95	924,473.29
B. Other business revenue		**13,247,469.41**	**10,170,787.13**
a) Amounts additional to charges		1,586,761.28	1,596,943.84
b) Tariffs and others		11,660,708.13	8,573,843.29
3. Own expenses capitalised		**192,463.88**	**183,619.31**
5. Other operating revenue		**9,389,810.59**	**5,850,791.55**
a) Non-core and other current operating revenue		6,534,397.30	2,697,268.43
b) Operating grants allocated to profit for the year	15	280,980.23	84,126.34
c) Income transferred to results from reverted concessions		1,138,433.06	1,126,396.78
d) Interport Compensation Fund received		1,436,000.00	1,943,000.00
6. Staff costs	**23**	**(18,671,082.27)**	**(19,877,919.46)**
a) Wages, salaries and similar costs		(13,218,497.86)	(14,085,167.20)
b) Severance costs		-	(194,910.00)
c) Social security contributions		(5,847,584.41)	(5,597,842.26)
d) Provisions		395,000.00	-
7. Other operating expenses	**23**	**(37,039,090.14)**	**(43,772,989.45)**
a) External services		(24,910,026.31)	(26,667,385.08)
1. Repairs and upkeep		(8,664,362.84)	(7,632,671.37)
2. Independent professional services		(4,691,173.67)	(6,070,271.84)
3. Supplies and materials consumed		(6,174,104.50)	(7,119,441.70)
4. Other external services		(5,380,385.30)	(5,845,000.17)
b) Taxes other than Corporation Tax	16	(2,044,604.39)	(2,438,169.54)
c) Losses on, impairment of and change in provisions for trade receivables	11	303,355.08	(5,209,800.58)
d) Other current operating expenses		(2,677,147.66)	(3,215,114.29)
e) Contribution to State-owned Ports Body		(3,886,666.86)	(3,889,519.96)
f) Interport Compensation Fund contributed		(3,824,000.00)	(2,353,000.00)
8. Depreciation and amortisation charge	**23**	**(44,793,550.25)**	**(46,169,691.04)**
9. Allocation of non-financial grants and others	**15**	**2,704,138.79**	**2,731,176.70**
11. Impairment and gains or losses on disposal of non-current assets		**(86,524.85)**	**(188,022.46)**
a) Impairment and losses	6	29,369.52	29,369.54
b) Gains or losses on disposals and others	23	(115,894.37)	(217,392.00)
Other operating gains or losses		**9,340,261.44**	**14,791,757.65**
a) Extraordinary income	26	9,340,261.44	14,995,874.16
b) Extraordinary expenses	16	-	(204,116.51)
A.1. OPERATING PROFIT (1+3+5+6+7+8+9+10+11)		**36,348,159.51**	**20,886,181.50**

	NOTE	(DEBIT) CREDIT	
		2011	2010
12. Financial income		**10,471,957.12**	**10,516,296.24**
a) From investments in equity instruments	9	4,507.65	2,524.28
b) From marketable securities and other financial instruments		8,272,766.86	9,206,928.65
c) Capitalised financial costs	6	2,194,682.61	1,306,843.31
13. Financial costs		**(12,169,134.93)**	**(9,002,984.84)**
a) On debts to third parties		(11,108,534.51)	(6,874,971.66)
b) Adjustments in provisions		(1,060,600.42)	(2,128,013.18)
14. Changes in the fair value of financial instruments	**12**	**(199,749.85)**	**(1,029,034.93)**
16. Impairment and gains or losses on the disposal of financial instruments	**9**	**(563,206.22)**	**(176,642.99)**
a) Impairment and losses		(563,206.22)	(176,642.99)
A.2. FINANCIAL LOSS (12+13+14+16)		**(2,460,133.88)**	**307,633.48**
A.3. PROFIT BEFORE TAX (A.1+A.2)		**33,888,025.63**	**21,193,814.98**
17. Corporation Tax	**19**	**(180,252.13)**	**-**
A.4. PROFIT FOR THE YEAR (A.3+17)		**33,707,773.50**	**21,193,814.98**

Notes 1 to 26 form an integral part of the 2011 Financial Statements.

PORT AUTHORITY OF VALENCIA
STATEMENT OF CHANGES IN EQUITY

A) Recognised Income and Expenses for the years ending 31st December 2011 and 2010

(euros)

	2011	2010
A) Profit per income statement	**33,707,773.50**	**21,193,814.98**
B) Income and expenses recognised directly in equity (I+II)	**(25,256,919.18)**	**35,396,004.34**
I. Hedging of cash flows	(28,544,151.04)	(1,998,535.11)
II. Grants, donations and bequests	3,287,231.86	37,394,539.45
C) Transfers to the income statement (I)	**(3,867,589.76)**	**(3,893,949.01)**
I. Grants, donations and bequests	(3,867,589.76)	(3,893,949.01)
Total recognised income and expenses (A+B+C)	**4,583,264.56**	**52,695,870.31**

Notes 1 to 26 form an integral part of the 2011 Financial Statements.

B) Statement of Changes in Equity for the years ending 31st December 2011 and 2010

(euros)

	EQUITY	RETAINED EARNINGS	PROFIT (LOSS) FOR THE YEAR	VALUATION ADJUSTMENTS	GRANTS, DONATIONS AND BEQUESTS RECEIVED	TOTAL
A. ENDING BALANCE 2009	**337,843,451.98**	**302,595,361.59**	**(45,781,030.35)**	**(2,010,949.25)**	**143,744,534.11**	**736,391,368.08**
I. Adjustments for changes in accounting standards in 2009 and previous years	-	-	-	-	-	-
II. Adjustments for errors in 2009 and previous years	-	-	-	-	-	-
B. ADJUSTED BEGINNING BALANCE 2010	**337,843,451.98**	**302,595,361.59**	**(45,781,030.35)**	**(2,010,949.25)**	**143,744,534.11**	**736,391,368.08**
I. Total recognised income and expenses	-	-	21,193,814.98	(1,998,535.11)	33,500,590.44	**52,695,870.31**
II. Transactions with shareholders or owners	-	-	-	-	-	-
III. Other changes in equity	-	(45,781,030.35)	45,781,030.35	-	-	-
C. ENDING BALANCE 2010	**337,843,451.98**	**256,814,331.24**	**21,193,814.98**	**(4,009,484.36)**	**177,245,124.55**	**789,087,238.39**
I. Adjustments for changes in accounting standards in 2010	-	-	-	-	-	-
II. Adjustments for errors in 2010	-	-	-	-	-	-
D. ADJUSTED BEGINNING BALANCE 2011	**337,843,451.98**	**256,814,331.24**	**21,193,814.98**	**(4,009,484.36)**	**177,245,124.55**	**789,087,238.39**
I. Total recognised income and expenses	-	-	33,707,773.50	(28,544,151.04)	(580,357.90)	**4,583,264.56**
II. Transactions with shareholders or owners	-	-	-	-	-	-
III. Other changes in equity	-	21,193,814.98	(21,193,814.98)	-	-	-
E. ENDING BALANCE 2011	**337,843,451.98**	**278,008,146.22**	**33,707,773.50**	**(32,553,635.40)**	**176,664,766.65**	**793,670,502.95**

Notes 1 to 26 form an integral part of the 2011 Financial Statements.

PORT AUTHORITY OF VALENCIA
CASH FLOW STATEMENT

Cash Flow Statement for the years ending 31st December 2011 and 2010

(euros)

HEADING	2011	2010
A) CASH FLOW FROM OPERATING ACTIVITIES (+/-1+/-2+/-3+/-4)	**71,946,204.96**	**44,882,643.72**
1. Profit for the year before tax	33,888,025.63	21,193,814.98
2. Adjustments to profit	31,838,365.48	25,533,427.67
a) Depreciation and amortisation charge (+)	44,793,550.25	46,169,691.04
b) Valuation adjustments for impairment (+/-)	533,836.70	147,273.45
c) Changes in provisions (+/-)	502,115.13	3,018,396.91
d) Allocation of grants (-)	(2,718,617.39)	(2,745,655.30)
e) Gains or losses on the derecognition or disposal of non-current assets (+/-)	115,894.37	217,392.00
f) Gains or losses on the derecognition or disposal of financial instruments (+/-)	-	-
g) Financial income (-)	(10,471,957.12)	(10,516,296.24)
h) Financial costs (+)	12,169,134.93	9,002,984.84
i) Changes in the fair value of financial instruments (+/-)	199,749.85	1,029,034.93
j) Income transferred to results from reverted concessions (-)	(1,138,433.06)	(1,126,396.78)
k) Allocation of advances received for sales or services to income statement (-)	(4,649,576.78)	(4,681,601.62)
l) Other income and expenses (+/-)	(7,497,331.40)	(14,981,395.56)
3. Changes in working capital	(6,820,638.60)	4,528,138.65
a) Inventories (+/-)	43,243.76	(15,426.29)
b) Trade and other receivables (+/-)	(1,539,472.33)	4,116,156.65
c) Other current assets (+/-)	(14,338.90)	82,402.02
d) Trade and other payables (+/-)	(1,070,364.08)	455,953.26
e) Other current liabilities (+/-)	58,607.98	43,553.01
f) Other non-current assets and liabilities (+/-)	(4,298,315.03)	(154,500.00)
4. Other cash flows from operating activities	13,040,452.45	(6,372,737.58)
a) Interest paid (-)	(10,575,325.55)	(6,810,041.73)
b) Dividends received (+)	4,507.65	2,524.28
c) Interest received (+)	2,142,981.75	584,636.92
d) Payment of tariff litigation principals and late payment interest (-)	(1,959,200.00)	(185,187.93)
e) Proceeds from OPPE for payment of tariff litigation principals and late payment interest (+)	23,607,740.73	35,330.88
f) Corporation Tax recovered (paid) (+/-)	(180,252.13)	-
g) Other payments (proceeds) (-/+)	-	-
B) CASH FLOW FROM INVESTMENT ACTIVITIES (7-6)	**(74,408,693.22)**	**(217,447,210.21)**
6. Payments due to investments (-)	(87,645,553.05)	(241,636,008.72)
a) Group and associated companies	(8,049,927.94)	(50,999,982.21)
b) Intangible assets	(3,018,652.62)	(1,357,846.34)
c) Property, plant and equipment	(76,576,972.49)	(189,278,180.17)
d) Investment property	-	-
e) Other financial assets	-	-
f) Other non-current assets held for sale	-	-
g) Other assets	-	-
7. Proceeds from disposals (+)	13,236,859.83	24,188,798.51
a) Group and associated companies	30,651.00	-
b) Intangible assets	-	-
c) Property, plant and equipment	-	-
d) Investment property	-	-
e) Other financial assets	-	-
f) Other non-current assets held for sale	-	-
g) Other assets	13,206,208.83	24,188,798.51

HEADING	2011	2010
C) CASH FLOW FROM FINANCIAL ACTIVITIES (+/-9+/-10)	**70,365,560.66**	**143,830,583.72**
9. Proceeds and payments relating to equity instruments	**44,340,188.10**	**34,270,241.60**
a) Grants, donations and bequests received (+)	44,340,188.10	34,270,241.60
10. Proceeds and payments relating to financial liability instruments	**26,025,372.56**	**109,560,342.12**
a) Issue	33,000,000.00	115,000,000.00
1. Bank borrowings (+)	33,000,000.00	115,000,000.00
2. From Group and associated companies (+)	-	-
3. Other payables (+)	-	-
b) Refund and repayment of	(6,974,627.44)	(5,439,657.88)
1. Bank borrowings (-)	(6,974,627.44)	(5,439,657.88)
2. Payable to Group and associated companies (-)	-	-
3. Other payables (-)	-	-
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C)	**67,903,072.40**	**(28,733,982.77)**
Cash and cash equivalents at the beginning of the year	6,981,068.07	35,715,050.84
Cash and cash equivalents at the end of the year	74,884,140.47	6,981,068.07

PORT AUTHORITY OF VALENCIA
NOTES TO THE FINANCIAL STATEMENTS

(1) Nature of the PAV, its activities and composition of the Group

The Port Authority of Valencia (hereinafter the PAV or the Entity) is a public body with its own legal personality, whose equity is also independent from that of the State. It has full capacity to carry on operations in order to fulfil its corporate purpose and is subject to Spanish private legal order.

At 31st December 2011, the PAV is governed by the Revised Text of the Spanish Law on State-owned Ports and the Merchant Navy passed by Legislative Royal Decree 2/2011, of 5th September, by the applicable provisions of the Spanish General State Budget Law, and additionally by Spanish Law 6/1997, of 14th April, on the Organisation and Functioning of Central Government. Before Legislative Royal Decree 2/2011 came into force (21st October 2011), the PAV was governed by Spanish Law 33/2010, of 5th August, which amended Spanish Law 48/2003 on the Economic Regulations for and Supply of Services by Public Interest Ports, by Spanish Law 27/1992 on Spanish State-owned Ports and the Merchant Navy, amended by Spanish Law 62/1997, of 26th December, and by article 75 and the sixth and seventh additional provisions as well as the second transitional provision of Spanish Law 14/2000, of 29th December 2000, accompanying the General State Budgets for 2001.

According to Spanish Law 27/1992, the PAV took over ownership of the equity owned by the Autonomous Port of Valencia, as well as the legal relations of this body. The assets assigned to the Autonomous Port of Valencia were reassigned to the PAV. In accordance with the first final provision of the aforementioned Law, the Entity commenced its operations on 1st January 1993.

Pursuant to the Spanish Law on State-owned Ports and the Merchant Navy, the Port Authority is responsible for the following:

a) Rendering of general port services and the management and control of port services to assure that these are carried out in optimal conditions of efficiency, economy, productivity and safety, notwithstanding the competence of other bodies.

b) Organisation of the port service area and port uses, in coordination with the competent government administrations responsible for the organisation of land and urban planning.

c) The planning, project, construction, upkeep and operation of port works and services, and of the maritime signals assigned thereto, subject to the provisions set out by law.

d) Management of public port land and the maritime signals assigned thereto.

e) Optimisation of the economic management and profitability of the equity and resources assigned thereto.

f) Promotion of the industrial and commercial activities relating to shipping or port traffic.

g) Co-ordination of operations of the different modes of transport in the port.

h) Organisation and coordination of maritime and land port traffic.

The activity engaged in by the PAV is governed by the aforementioned laws on Spanish State-owned Ports, the Spanish General State Budget Law, and the other provisions applicable thereto and is subject to the Spanish private legal order, including its capital purchases and contracts, but excluding its exercise of the public power attributed thereto under law. It shall carry out the functions it has been assigned under the general principle of independent management, notwithstanding the powers attributed to the Spanish State-owned Ports Body (hereinafter OPPE) and its supervision and taxation by the Ministry of Development.

The PAV comprises the ports of Valencia, Gandia and Sagunto. Its financial year commences on 1st January each year.

The PAV's registered office is at Avenida Muelle del Turia, s/n, 46024 Valencia - Spain.

As described in note 9, the PAV has ownership interests in subsidiaries and associated companies. Consequently, the PAV is the parent of a group of companies in accordance with the law in force. Therefore, in accordance with generally accepted accounting principles and standards, it is required to prepare consolidated financial statements which fairly present the Group's financial position, the results of its operations, changes in its equity and its cash flows. The consolidated financial statements for 2010 were approved by the Board of Directors.

(2) Basis of presentation of the financial statements

(a) Fair presentation

The financial statements were prepared from the PAV's accounting records. The 2011 financial statements were prepared in accordance with the Spanish corporate and commercial laws in force and the standards contained in the Spanish Chart of Accounts, as well as the guidelines issued by the OPPE and other applicable legislation, and accordingly, present fairly its equity and financial position at 31st December 2011, the results of its operations, changes in its equity and its cash flows in the year then ended.

In accordance with article 39 of Spanish Law on State-owned Ports and the Merchant Navy, the OPPE shall issue the guidelines relating to the valuation standards, as well as the structure and rules on the preparation of the financial statements of port authorities, in order to guarantee the standardisation of the accounts of the Spanish State-owned Port System.

The Chairman of the PAV estimates that the 2011 financial statements, which were prepared on 27th March 2012, will be approved by the Board of Directors without any significant changes.

For comparative purposes, the figures for 2011 are presented here in addition to the figures for 2010 for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements. The 2010 figures were part of the 2010 financial statements approved by the Board of Directors on 16th June 2011.

(b) Functional currency and currency for presentation purposes

The financial statements are presented in euros since this is the PAV's functional currency and its currency for presentation purposes.

(c) Estimation and relevant judgements in the application of the accounting policies

The preparation of the financial statements requires the application of relevant accounting estimates and the making of judgements, estimates and assumptions in the process of applying the PAV's accounting policies. The issues which involved a greater degree of judgement or complexity or cases in which significant assumptions and estimates were made for the purpose of preparing the financial statements are detailed below.

- The PAV performs impairment tests on its investments in the equity of Group and associated companies whenever there is objective evidence that the carrying amount is not recoverable. Determining the recoverable value of the investments in the equity of Group and associated companies involves the use of estimates by the PAV's Finance Department on the basis of economic and financial information furnished by the Group and associated companies.
- The useful life of the property, plant and equipment.
- Valuation adjustment for customer insolvencies.
- The Entity is involved in legal proceedings and is subject to inspections. These proceedings are related to legal disputes. Where it is probable that an outflow of resources will be required to settle an obligation existing at the end of the year and a reliable estimate can be made of the amount of the obligation, a provision is recognised. Legal proceedings usually involve complex legal issues and are subject to substantial uncertainties. Consequently, the PAV's management plays a significant role in estimating whether the process is likely to result in an outflow of resources and the estimated amount thereof.

Although these estimates were made on the basis of the best information available at 31st December 2011 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. The effect on the financial statements of any changes arising from adjustments to be made in future years will be recognised prospectively.

(3) Distribution of profit

The proposed distribution of the 2011 profit to be submitted to the Board of Directors is as follows:

DISTRIBUTABLE PROFIT	EUROS
Profit for the year	33,707,773.50
PROPOSED ALLOCATION OF PROFIT IN THE FOLLOWING YEAR	
Retained earnings, reserves for accumulated profit for the year	33,707,773.50
Total	**33,707,773.50**

The distribution of the profit for the year ended 31st December 2010, approved by the Board of Directors on 16th June 2011, was as follows:

DISTRIBUTABLE PROFIT	EUROS
Profit for the year	21,193,814.98
PROPOSED ALLOCATION OF PROFIT IN THE FOLLOWING YEAR	
Retained earnings, reserves for accumulated profit for the year	21,193,814.98
Total	**21,193,814.98**

(4) Accounting policies and measurement bases

(a) Capitalisation of financial costs

The PAV includes the financial costs relating to specific financing directly attributable to the acquisition, construction or production of property, plant and equipment in the cost of asset items requiring over one year to be put into conditions of usage, operation or sale.

To the extent that financing was specifically obtained, the amount of the interest to be capitalised is calculated based on the financial costs accrued on such financing. In order to determine the amount of capitalisable interest, if applicable, the adjustments made to financial costs for the effective portion of the hedges arranged by the PAV are taken into consideration.

(b) Intangible assets

Intangible assets are measured at acquisition or production cost. Intangible assets are recognised in the balance sheet at cost less accumulated amortisation and valuation adjustments for impairment.

Intangible assets comprise computer software, which is recognised at the cost incurred, and intellectual property. Computer software maintenance expenses are expensed currently.

(i) Useful life and amortisation

Intangible assets with finite useful lives are amortised by allocating the amortisable amount of the asset over its useful life by means of the application of the following criteria:

	AMORTISATION METHOD	YEARS OF ESTIM. USEFUL LIFE
Industrial property	Straight-line	5
Computer software	Straight-line	5

(ii) Impairment of intangible assets

The PAV assesses and determines the valuation adjustments for impairment and the reversal of losses on the impairment of intangible assets in accordance with the criteria mentioned in section e) of this note.

(c) Property, plant and equipment

(i) Initial recognition

Property, plant and equipment are measured at acquisition or production cost. Production costs are capitalised under the heading "Own expenses capitalised" in the income statement. Property, plant and equipment are recognised in the balance sheet at cost less accumulated depreciation and valuation adjustments for impairment.

The cost of property, plant and equipment includes the estimated dismantling and removal costs and the costs of restoring the site on which such assets are located, where the Entity is obliged to do so and where restoring and removing such assets is necessary as a consequence of having made use of them.

In accordance with accounting guidelines issued by the OPPE, the value of the water areas included in the service area of the ports managed by the port authorities cannot be measured since it is impossible to estimate their initial fair value.

The PAV measures property, plant and equipment in accordance with the following criteria:

- Fair market value

In 1995, a renowned company performed an inventory and new assessment (at fair market value) effective on 1st January 1993. The assets which were assessed, and of which an inventory was taken, were as follows:

- Land and natural assets.
- Maritime accesses.
- Capital dredging in the port entrance area and outside the sheltered area.
- Permanent channelling and coastal defence works.
- Breakwater and dock works.
- Capital interior dredging.
- Breakwaters.
- Berthing works.
- Masonry quays.
- Reinforced concrete and metal quays.
- Jetties and pontoons.

The additions to this group of property, plant and equipment as from 1st January 1993 are carried at acquisition cost.

- Re-valued amount

Certain groups of assets were subject to revaluation until January 1991 under the regulations provided for this purpose by the Directorate General of Ports and Coasts of the Spanish Ministry of Public Works and Urban Planning. The accumulated depreciation of these assets was also re-valued. These groups are as follows:

- Maritime signals and beacons
- Equipment for the handling of goods
- Ship repair facilities
- Transport equipment
- Buildings
- Workshop equipment
- General facilities
- Furniture and fittings
- Pavements and roads
- Sundry equipment

In these groups, commencing on 1st January 1991, additions have been carried at acquisition cost, and the re-valued criterion is practically residual.

For accounting purposes, the reversion of an asset under concession gives rise to the recognition of an asset in the balance sheet and the related gain will simultaneously be recognised as income in the year in which the reversion is performed, and recorded under "Income from reverted concessions" in section A-3) Grants, donations and bequests received, in equity on the liability side of the balance sheet. The balance of "Income from reverted concessions" shall be transferred to the income statement in proportion to the depreciation of the reverted asset, or if applicable, upon the derecognition, disposal or adjustment in the value of the reverted item.

(ii) Depreciation and amortisation charge

Annual depreciation is calculated by the straight-line method on the basis of the estimated useful life of the different assets. The useful lives of the Port Authority's various items of property, plant and equipment, regulated in the "Manual on the Accounting Treatment of Port System Property, Plant and Equipment" *(Manual de Tratamiento Contable de los Activos Materiales del Sistema Portuario)*, are shown in the following table, except in the case of certain assets which were assessed and of which inventory was taken by a specialised company, in which technical criteria are applied with respect to their future useful lives.

ASSETS	YEARS OF ESTIM. USEFUL LIFE	% RESIDUAL VALUE
NAVIGATIONAL AID FACILITIES:		
Visual aid facilities	10	0
Radio-electric aid facilities	5	0
Management and operational facilities	5	0
MARITIME ACCESSES:		
Capital dredging	50	0
Permanent channelling and coastal defence works	35	0
BREAKWATER AND DEFENCE WORKS:		
Breakwater works	50	0
BERTHING WORKS:		
Masonry quays	40	0
Reinforced concrete and metal quays	30	0
Defence and berthing items	5	0
SHIP REPAIR FACILITIES:		
Dry docks	30	1
BUILDINGS:		
All buildings except small prefabricated structures	35	0
Portable buildings and small prefabricated structures	17	0
GENERAL FACILITIES:		
Water pipes, sewers, supply and provisioning facilities	17	0
PAVEMENTS AND ROADS:		
Railways and sorting stations	25	3
Pavements on quays and in handling and storage areas	15	0
Paths, traffic areas and car parks	15	0
Masonry bridges	45	0
Metal bridges	35	2
EQUIPMENT FOR THE HANDLING OF GOODS:		
Special loading platforms and facilities	20	3
Gantry cranes and container cranes	20	3
Forklifts, hoppers and light equipment	10	3
FLOATING EQUIPMENT:		
Service craft	15	0
Common floating navigational aids	15	0
TRANSPORT EQUIPMENT:		
Cars and motorcycles	6	5
Lorries and vans	6	5
WORKSHOP EQUIPMENT:	**14**	**4**
FURNITURE AND FITTINGS:	**10**	**0**
SUNDRY EQUIPMENT:	**5**	**0**
COMPUTER HARDWARE:	**5**	**0**

Items of property, plant and equipment begin to be depreciated once they are in the condition to be used. This is generally at the same time as the provisional reception of the investment project.

(iii) Subsequent costs

Subsequent to the initial recognition of the asset, the costs incurred are only capitalised to the extent that they give rise to an increase in the capacity, or productivity of or to a lengthening of the useful life of the asset. The carrying amount of the replaced items must be derecognised. In this regard, the costs relating to the daily maintenance of property, plant and equipment are recognised in the income statement as incurred.

(iv) Impairment of property, plant and equipment

The PAV assesses and determines the valuation adjustments and reversal of the impairment of property, plant and equipment in accordance with the criteria mentioned in section e) of this note.

(v) Compensation received from third parties

Compensation from third parties is recognised at the agreed (acknowledged or settled by the third party) or estimated amount of the compensation receivable. In the latter case, the receivable amount is recognised for the maximum amount of the loss arising, if any, when there is no doubt that compensation will be received. The compensation of insurance pending settlement is recognised as an account receivable, taking into consideration, if applicable, the financial effect of the discount or the late payment interest receivable.

Compensation from third parties for impaired property, plant and equipment offsets the related loss in the income statement, and any surplus is allocated to the income statement.

In other cases, compensation is recognised as income of the same nature as the expense it offsets. However, if compensation is received for items that did not give rise to an expense for the Entity, it is recognised in income statement.

(d) Investment property

The Entity classifies the assets fully or partially aimed at obtaining income relating to the granting of concessions and authorisations for the use of public port land in the terms provided by the Spanish Law on State-owned Ports and the Merchant Navy, as well as those relating to the lease of state-owned assets.

Assets in the course of construction or development which are to be used as investment property in the future are classified as property, plant and equipment in the course of construction until they are completed. However, the extension works and improvements to assets classified as investment property are recognised as items in the balance of investment property.

The Entity recognises and measures investment property in accordance with the policies set forth for property, plant and equipment.

Investment property is depreciated by the same method as property, plant and equipment.

(e) Impairment of non-financial assets subject to amortisation or depreciation

Impairment losses are recognised in the income statement.

The PAV assesses whether there are any indications that the non-financial assets subject to amortisation or depreciation may be impaired in order to check whether the carrying amount of the aforementioned assets exceeds their recoverable value, which is understood to be the higher of its value in use or fair value less costs to sell.

Additionally, if the PAV has reasonable doubts regarding the technical success or economic and commercial profitability of computer projects, the amounts stated in the balance sheet are recognised directly as a loss on intangible assets in the income statement, and are not reversible.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit (hereinafter CGU) to which the asset belongs.

The loss relating to the impairment of the CGU shall be allocated pro rata on the basis of the carrying amount of each asset for the purpose of reducing its assets. However, the carrying amount of each asset shall never be reduced to an amount above the highest of its fair value less costs to sell, its value in use or zero.

At each reporting date, the PAV assesses whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. An impairment loss recognised for other assets shall only be reversed if there has been a change in the estimates used to determine the asset's recoverable amount.

The reversal of the impairment shall be recognised with a credit to the income statement. However, the reversion of the loss cannot increase the carrying amount of an asset above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised.

The amount of the reversion of an impairment loss for a CGU shall be allocated to the assets of the unit pro rata with the carrying amounts of those assets. However, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised.

After a valuation adjustment is made for an impairment loss or the reversion of an impairment loss, the amortisation or depreciation for subsequent years is adjusted taking into account the new carrying amount.

However, if in view of the specific circumstances relating to assets, there is evidence of loss of an irreversible nature, such loss is recognised directly in "Loss on the disposal of non-current assets" in the income statement.

(f) Concessions, authorisations and leases

(i) Recognition as the lessor

The Entity assigned the right to use certain assets under lease agreements and under concessions and administrative authorisations.

The lease agreements by which the PAV transfers substantially all the risks and rewards inherent to asset ownership to a third party are classified as financial leases. Otherwise, the lease agreements are classified as operating leases. At 31st December 2011 and 2010, the Entity had no financial leases.

a. Concessions and authorisations

The PAV assigns the right to use certain assets, such as public port land, from which it collects the related charges for the private use of public port land.

In the case of authorisations and concessions for the use of public port land, the risks and rewards inherent to ownership of the property under the concession or authorisation are not transferred to the concession operator since the property is publicly owned, and accordingly, such leases are considered to be operating leases.

The income and expenses arising from concessions and authorisations shall be recognised respectively as income and expenses in the year in which they are accrued and shall be allocated to the income statement.

From the standpoint of revenues, this treatment affects the port charge for the private use of public land and other amounts additional to this charge.

The financing received in advance from concession operators is recognised for the amount delivered under "Advances for sales and services", including the present value of the revenue for services from the years to which the advance relates and the effect of their adjustment.

b. Operating leases

Lease income from operating leases, net of incentives granted, is recognised as income on a straight-line basis over the lease term.

(ii) Recognition as the lessee

Operating lease payments, net of the incentives received, are recognised as an expense on a straight-line basis over the lease term.

(g) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified at the date on which they are initially recognised as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual agreement and the definitions of financial asset, financial liability or equity instrument.

The PAV classifies the financial instruments into different categories on the basis of their features and the intentions of the Entity's Finance Department at the date of initial recognition.

(ii) Loans and receivables

Loans and receivables comprise trade and non-trade loans with fixed or determinable payments that are not quoted in an active market other than those classified in other categories of financial assets. These assets are initially recognised at fair value, including the transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. However, in the case of financial assets without a fixed interest rate, amounts which mature or are expected to be currently collected or in cases where the effect of an adjustment is not material, the assets are measured at face value.

(iii) Financial assets and liabilities measured at cost

Investments in equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by such unquoted equity instruments are measured at cost, less the cumulative amount of valuation adjustments for impairment. However, if the Entity can reliably measure the financial asset or liability at any given time, the financial assets or liabilities are measured at fair value at that time, and the related gains or losses are recognised in accordance with the classification thereof.

(iv) Investments in Group and associated companies

Group companies include entities over which the PAV exercises control either directly or indirectly through subsidiaries, in accordance with article 42 of the

Spanish Commercial Code; companies which are controlled by any means by one or several individuals or legal entities acting jointly; or companies which are under sole management in accordance with agreements or statutory clauses. Control is the power to govern the company's financial and operating policies so as to obtain benefits from its activities, taking into consideration for this purpose the potential voting rights which can be exercised or which are convertible at the reporting date, held by the PAV or third parties.

Associated companies are entities over which the PAV exercises significant influence directly or indirectly through subsidiaries. Significant influence is the power to participate in the financial policy and operating decisions of a company, but is not control over the company. In the assessment of the existence of significant influence, potential voting rights which can be exercised or are convertible at each reporting date, as well as the potential voting rights held by the PAV or another company, are taken into consideration.

Investments in Group and associated companies are initially recognised at cost, which is equivalent to the fair value of the consideration given, including the transaction costs incurred, and are subsequently measured at cost less the cumulative amount of the valuation adjustments for impairment.

(v) Interest and dividends

Interest is recognised using the effective interest rate method.

Income from dividends arising from investments in equity instruments are recognised when the PAV has the right to receive them. If the dividends paid unequivocally arise from profit generated prior to the acquisition date because amounts exceeding the income generated by the investee as from the acquisition date have been paid, these dividends will reduce the carrying amount of the investment.

(vi) Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Entity has substantially transferred all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, shall be recognised as a profit or loss.

(vii) Impairment of financial assets

A financial asset or group of financial assets is impaired and an impairment loss arises where there is objective evidence of impairment as a result of one or more events occurring subsequent to the initial recognition of the assets, and such event or events giving rise to impairment have an effect on the estimated future cash flows of the asset or group of financial assets, which can be reliably estimated.

The PAV follows the criteria of recognising the appropriate valuation adjustments for the impairment of loans and receivables, where there is a reduction or a delay in the estimated future cash flows caused by the debtor's insolvency.

In addition, and pursuant to the instructions issued by the OPPE for the Port System, the PAV records a period provision for bad debts on the basis of the age of the debt, and the corresponding type of charge or tariff or type of income.

In response to specific cases in which there is evidence of default, legal proceedings have been initiated or the debtor is in a state of bankruptcy, the PAV recognises the appropriate provisions to cover insolvency risks.

- Impairment of financial assets measured at amortised cost

In the case of financial assets measured at amortised cost, the amount of the impairment loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows.

The impairment loss is recognised as an expense and is reversible in subsequent years if the decrease can be objectively related to an event subsequent to its recognition. However, the reversion of the impairment loss is limited to the amortised cost of the assets that would have been recognised had there been no impairment loss.

- Investments in Group and associated companies and equity instruments measured at cost.

Impairment is calculated as the amount by which the carrying amount of the investment exceeds its recoverable amount, which is understood to be the higher of its value in use or fair value less costs to sell. In this connection, value in use is calculated on the basis of the share of the PAV in the present value of the estimated cash flows from ordinary activities and from the final sale or of the estimated flows expected to be received from the payment of dividends and the final sale of the investment.

However and in certain cases, unless there is better evidence of the recoverable amount of the investment, in the estimate of impairment of this kind of assets, the equity of the company in which the PAV has an ownership interest is taken into consideration, adapted, if appropriate, to the accounting principles generally accepted in Spain, and adjusted by the net underlying capital gains existing at the measurement date.

In subsequent years, reversions of the impairment loss are recognised to the extent that there is an increase in their recoverable value, and shall not exceed the carrying amount of the investment that would have been determined had no impairment been recognised.

The loss or reversal of the impairment loss is recognised in the income statement.

The losses relating to the impairment of equity instruments measured at cost are not reversible, and accordingly, are recognised directly against the value of the asset.

(viii) Financial liabilities

Financial liabilities, including trade and other payables, which are not classified as held for trading or as financial liabilities measured at fair value which affect the income statement, are initially measured at fair cost less, if appropriate, any transaction costs that are directly attributable to the issue of the financial liabilities. Subsequent to initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest rate method. However, financial liabilities for which there is no established interest rate, or which mature or are expected to be currently paid, and for which the effect of an adjustment is not material, are measured at nominal value.

(ix) Guarantees

Guarantees received are measured in accordance with the same criteria as those applied for financial liabilities. The difference between the amount received and fair value is recognised as an advance and is allocated to the income statement in the period that the service is rendered, in accordance with the standard relating to revenue from services rendered. If the difference is not material, it is measured at nominal value.

(x) Derecognition of and changes in financial liabilities

The PAV derecognises a financial liability or a part thereof when the obligation under the related liability is extinguished or it is legally discharged from the related liability either by means of court proceedings or by the creditor.

(h) Hedge accounting

Derivative financial instruments that may be accounted for as hedges are recognised at fair value, plus, where appropriate, the transaction costs directly attributable to the arrangement of the hedges, and less, where appropriate, the transaction costs directly attributable to the issue of the hedges.

At the inception of the hedge, the Entity designates and formally documents the hedging relationship, as well as the objective and strategy for the undertaking of the hedge. Hedges only qualify for hedge accounting where the hedge is expected to be highly effective at the inception of the hedge and in subsequent years to offset changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated (prospective analysis), and the hedge's real effectiveness, which can be determined reliably and is within the range of 80-125% (retrospective analysis), in accordance with the accounting standards provided in the Spanish Chart of Accounts.

The Entity recognises the gains or losses arising from the measurement at fair value of the hedging instrument which relates to the part identified as an effective hedge in the statement of income and expenses recognised in equity. The part of the hedge considered to be ineffective is recognised in the income statement.

In the hedges of foreseen transactions that give rise to the recognition of a financial asset or liability, the associated losses or gains which have been recognised in equity are reclassified as profit or loss in the same year or years in which the asset acquired or the liability assumed affect profit or loss and in the same heading in the income statement.

(i) Inventories

Inventories are initially measured at acquisition cost.

Acquisition cost includes the amount billed by the seller after deducting any discount, rebate or other similar items as well as the interest included in the nominal value of the receivables plus the additional expenses arising until the assets are placed on sale and others directly attributable to the acquisition, and the indirect taxes not recoverable from the tax authorities.

The reductions and reversions in the value of inventories are recognised as a credit under the "Procurements" heading.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and current bank deposits. Also included are other highly liquid current investments as long as they are easily convertible into specific cash amounts and originally mature within a period not exceeding three months.

(k) Grants, donations and bequests

Grants, donations and bequests are considered as income and expenses recognised in equity when they are officially granted, the conditions attached to the grant have been complied with or there is no reasonable doubt regarding whether they will be received.

For grants, donations, and bequests relating to certain property, plant and equipment, the Entity considers the conditions set at the date they were awarded to have been met.

Grants, donations and bequests of a monetary nature are measured at the fair value of the amount awarded.

In subsequent years, grants, donations and bequests are allocated to profit or loss on the basis of the subsidised assets.

Capital grants are allocated to profit or loss for the year in proportion to the depreciation of the assets they finance, or when the related assets are sold, derecognised or adjusted for impairment.

In the case of non-depreciable assets, the grant is allocated to profit or loss for the year in which they are sold, derecognised or adjusted for impairment.

The amount of the valuation adjustment equivalent to the subsidised part of the asset is recognised as an irreversible loss of the assets directly against the value thereof.

Grants awarded to finance specific costs are allocated to profit or loss for the year in which the financed expenses accrue.

In accordance with the instructions provided by the OPPE, the Entity does not discount the non-current loans receivable for grants accrued from the tax authorities to present value.

Financial liabilities including implicit aid in the form of the application of below market interest rates are initially recognised at fair value. The difference between this value, adjusted when necessary for the issue costs of the financial liability and the amount received, is registered as a government grant in accordance with the nature of the grant awarded.

(l) Defined benefit plans

The Entity considers benefit plans to include those financed by means of the payment of insurance premiums in which there is a legal or implicit obligation to directly pay employees the benefits agreed upon when they fall due or to pay the additional amounts required if the insurer does not disburse the benefits relating to the services provided by the employees in the year or previous years.

(m) Employee benefit liabilities

Any severance for involuntary termination is recognised at the time that there is a formal detailed plan and a valid expectation is generated among the employees affected that the employment relationship will be terminated, either because the plan has begun to be executed or because its main features have been announced.

(n) Provisions

(i) General criteria

Provisions are recognised when the PAV has a present obligation of either a legal, contractual, implicit or underlying nature, as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The financial effect of the provisions is recognised under "Financial costs" in the income statement.

The provisions are reverted against profit or loss when it is probable that an outflow of resources will be required to settle the obligation.

(o) Revenue from the rendering of services

Revenue from the rendering of services is recognised at the fair value of the consideration received or to be received from the services, and if applicable, the interest included in the nominal value of the loans shall be recognised as a decrease in this amount.

The revenue from the rendering of services is recognised when the actual flow of the services it represents occurs, regardless of when the resulting monetary or financial flow arises. This revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the amount of revenue, the stage of completion, the costs incurred for the transaction and the costs to complete the transaction can all be measured reliably, and it is probable that the economic benefits associated with the services will be received. The PAV has not recognised the amount to be invoiced to companies that are in insolvency proceedings or in the process of being wound up considering that they do not qualify for recognition.

(p) Corporation Tax

The special regime for entities partially exempt from Corporation Tax is applied to port authorities for 2000 and subsequent years, in accordance with article 2 and the third final provision of Spanish Law 24/2001, of 27th December, on Tax, Administrative and Social Order Measures, and article 41 of the Spanish Law on State-owned Ports.

The Corporation Tax expense or income comprises both current and deferred tax.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, in accordance with the law and the tax rate in force or approved and pending publication at year end.

Current or deferred tax is recognised in profit or loss, unless arising from a transaction or economic event recognised against equity or from a combination of businesses in the same or a different year.

(i) Recognition of taxable temporary differences

Taxable temporary differences are recognised in all cases.

(ii) Recognition of deductible temporary differences

Deductible temporary differences are recognised as long as it is probable that future taxable profit will be available against which to offset it, except in cases where the differences arise from the initial recognition of assets or liabilities in a transaction which is not a combination of businesses and, at the time of the transaction, affects neither accounting profit (or loss) nor taxable profit (or loss).

(iii) Classification

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, regardless of the date on which they are expected to be realised or settled.

(q) Current and non-current classification of assets and liabilities

The PAV classifies assets and liabilities as current or non-current in the balance sheet in accordance with its normal operating cycle, which does not exceed 12 months.

(r) Environment

The PAV carries out operations, the main aim of which is to prevent, reduce or repair environmental damage caused by its activities. The expenses arising from environmental activities are recognised as "Other operating expenses" in the income statement in the year in which they are incurred. However, if appropriate, the PAV recognises environmental provisions by means of the general criteria set forth in section n) of this note.

Items of property, plant and equipment acquired to be used on a lasting basis and whose main purpose is to minimise environmental impact and protect and improve the environment, including the items relating to the reduction or elimination of future pollution, are recognised as assets by means of the application of the measurement, presentation and disclosure bases mentioned in section c) of this note.

The PAV makes provisions for environmental actions when it is aware of the existence of expenses arising in the year or previous years clearly specified as being of an environmental nature, but whose amount or the date on which they may arise is uncertain. These provisions are made on the basis of the best estimate of the expense required to cover the obligation, taking into consideration the financial effect when it is considered to be material. The compensation to be received by the PAV relating to the source of the environmental obligation is recognised as a receivable on the asset side of the balance sheet, as long as there are no doubts that the disbursement will be received, without exceeding the amount of the obligation recognised.

(s) Interport Compensation Fund

Pursuant to article 159 of the Spanish Law on State-owned Ports and the Merchant Navy, the PAV shall make contributions to and receive contributions from the Interport Compensation Fund, as set out in this Law. The Interport Compensation Fund received and contributed each year is recorded in the income statement as operating income or as an operating expense respectively.

(t) Related party transactions

Transactions between Group companies are recognised at the fair value of the consideration delivered or received. The difference between this value and the amount agreed, should it exist, are recorded in accordance with the underlying economic substance.

(5) Intangible assets

The detail of and changes in the balances of intangible asset items in 2011 were as follows:

COST	BALANCE AT 31-12-10	ACQUISITIONS (+)	RECLASSIFICATIONS	BALANCE AT 31-12-11
Industrial property	21,106.81	-	-	21,106.81
Computer software	22,603,635.99	2,558,180.19		25,161,816.18
TOTAL	**22,624,742.80**	**2,558,180.19**	**-**	**25,182,922.99**

ACCUMULATED AMORTISATION	BALANCE AT 31-12-10	ADDITIONS (+)	BALANCE AT 31-12-11
Industrial property	21,106.81	-	21,106.81
Computer software	17,367,703.35	1,395,546.10	18,763,249.45
TOTAL	**17,388,810.16**	**1,395,546.10**	**18,784,356.26**
NET CARRYING AMOUNT	**5,235,932.64**	**-**	**6,398,566.73**

The detail of and changes in the balances of intangible asset items in 2010 were as follows:

COST	BALANCE AT 31-12-09	ACQUISITIONS (+)	RECLASSIFICATIONS	BALANCE AT 31-12-10
Industrial property	21,106.81	-	-	21,106.81
Computer software	21,433,397.07	1,170,557.19	(318.27)	22,603,635.99
TOTAL	**21,454,503.88**	**1,170,557.19**	**(318.27)**	**22,624,742.80**

ACCUMULATED AMORTISATION	BALANCE AT 31-12-09	ADDITIONS (+)	BALANCE AT 31-12-10
Industrial property	21,106.81	-	21,106.81
Computer software	13,625,598.09	3,742,105.26	17,367,703.35
TOTAL	**13,646,704.90**	**3,742,105.26**	**17,388,810.16**
NET CARRYING AMOUNT	**7,807,798.98**	**-**	**5,235,932.64**

The cost of intangible assets amortised in full and still in use at 31st December 2011 and 2010, expressed in euros, is as follows:

	2011	2010
Industrial property	21,106.81	21,106.81
Computer software	15,415,531.33	14,788,131.40
TOTAL	**15,436,638.14**	**14,809,238.21**

(6) Property, plant and equipment

The detail of and changes in the balances of "Property, plant and equipment" in 2011 were as follows:

COST	BALANCE AT 31-12-10	CHANGES IN THE YEAR ADDITIONS (+)	CHANGES IN THE YEAR DISPOSALS (-)	RECLASSIFICATIONS (+/-)	TRANSFER TO/FROM INVESTMENT PROPERTY (+/-)	BALANCE AT 31-12-11
Land and natural properties	**77,972,433.00**	**116,801.53**		**492,138.68**	**4,677.50**	**78,586,050.71**
Constructions	**1,000,996,676.86**	**24,045,252.25**	**(147,701.30)**	**(2,265,004.41)**	**(4,245,528.27)**	**1,018,383,695.13**
Maritime accesses	193,175,065.25	194,979.13		(1,513,845.70)		191,856,198.68
Breakwater and sea defence works	201,954,307.82	91,360.05		(365,296.12)		201,680,371.75
Berthing works	308,360,659.65	1,350,101.14		(331,282.69)	(9,702.77)	309,369,775.33
Buildings	29,927,163.41	4,164,486.08			(2,495,479.62)	31,596,169.87
General facilities	104,377,270.98	14,014,391.17		(5,679.81)	(595,946.10)	117,790,036.24
Pavements and roads	163,202,209.75	4,229,934.68	(147,701.30)	(48,900.09)	(1,144,399.78)	166,091,143.26
Plant and equipment	**10,258,380.64**	**301,324.72**		**22,630.66**		**10,582,336.02**
Navigational aid facilities	2,237,081.22	154,231.48	-	22,630.66	-	2,413,943.36
Equipment for the handling of goods	2,949,646.32		-	-	-	2,949,646.32
Floating equipment	4,542,034.95	135,594.06	-	-	-	4,677,629.01
Workshop equipment	529,618.15	11,499.18	-	-	-	541,117.33
Other property, plant and equipment	**19,563,039.70**	**1,073,069.85**	**(48,526.27)**			**20,587,583.28**
Furniture	3,418,487.75	133,590.30	-	-	-	3,552,078.05
Computer hardware	7,011,667.38	598,522.84	-		-	7,610,190.22
Transport equipment	582,772.84	62,102.42	(46,326.35)	-	-	598,548.91
Other property, plant and equipment	8,550,111.73	278,854.29	(2,199.92)	-	-	8,826,766.10
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1,108,790,530.20**	**25,536,448.35**	**(196,227.57)**	**(1,750,235.07)**	**(4,240,850.77)**	**1,128,139,665.14**
ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONST.	**218,201,260.51**	**39,267,042.71**				**257,468,303.22**
TOTAL	**1,326,991,790.71**	**64,803,491.06**	**(196,227.57)**	**(1,750,235.07)**	**(4,240,850.77)**	**1,385,607,968.36**

AMORTISATION	BALANCE AT 31-12-10	ADDITIONS (+)	DERECOGNITION DUE TO SALE AND RETIREMENT/ REVERSION OF IMPAIRMENT (-)	TRANSFER TO/FROM INVESTMENT PROPERTY (+/-)	BALANCE AT 31-12-11
Constructions	**254,461,460.38**	**32,959,207.03**	**(103,541.03)**	**-**	**287,317,126.38**
Maritime accesses	26,727,527.45	3,999,916.94	-	-	30,727,444.39
Breakwater and sea defence works	44,374,847.19	4,402,395.91	-	-	48,777,243.10
Berthing works	81,212,285.31	11,011,420.61		-	92,223,705.92
Buildings	7,783,493.17	903,340.50	-		8,686,833.67
General facilities	40,994,466.44	6,332,424.01		-	47,326,890.45
Pavements and roads	53,368,840.82	6,309,709.06	(103,541.03)	-	59,575,008.85
Equipment and plant	**4,041,396.65**	**644,860.53**	**-**	**-**	**4,686,257.18**
Navigational aid facilities	1,518,293.52	195,501.29	-	-	1,713,794.81
Equipment for the handling of goods	678,208.59	132,733.92	-	-	810,942.51
Floating equipment	1,479,054.08	298,331.99	-	-	1,777,386.07
Workshop equipment	365,840.46	18,293.33	-	-	384,133.79
Other property, plant and equipment	**14,263,886.81**	**1,844,001.68**	**(46,209.96)**	**-**	**16,061,678.53**
Furniture	1,679,997.73	308,473.85	-	-	1,988,471.58
Computer hardware	5,154,897.84	834,901.36	-	-	5,989,799.20
Transport equipment	352,893.38	64,458.88	(44,010.04)	-	373,342.22
Other property, plant and equipment	7,076,097.86	636,167.59	(2,199.92)	-	7,710,065.53
TOTAL	**272,766,743.84**	**35,448,069.24**	**(149,750.99)**	**-**	**308,065,062.09**
Impairment in constructions	249,768.01	-	(29,369.52)	-	220,398.49
NET CARRYING AMOUNT	**1,053,975,278.86**				**1,077,322,507.78**

The breakdown of "Changes in the year – Additions" in 2011 is as follows:

COSTS	ACQUISITIONS FROM EXTERNAL SUPPLIERS	CAPITALISED FINANCIAL COSTS (+)	REVERTED CONCESSIONS	TRANSFERS FROM PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	TOTAL ADDITIONS IN 2011
Land and natural properties	**-**	**-**		**116,801.53**	**116,801.53**
Constructions	**-**	**-**	**1,635,204.00**	**22,410,048.25**	**24,045,252.25**
Maritime accesses	-	-	-	194,979.13	194,979.13
Breakwater and sea defence works	-	-	-	91,360.05	91,360.05
Berthing works	-	-	-	1,350,101.14	1,350,101.14
Buildings	-	-	721,987.00	3,442,499.08	4,164,486.08
General facilities	-	-	913,217.00	13,101,174.17	14,014,391.17
Pavements and roads	-	-	-	4,229,934.68	4,229,934.68
Plant and equipment	**-**	**-**	**-**	**301,324.72**	**301,324.72**
Navigational aid facilities	-	-	-	154,231.48	154,231.48
Floating equipment	-	-	-	135,594.06	135,594.06
Workshop equipment	-	-	-	11,499.18	11,499.18
Other property, plant and equipment	**-**	**-**	**-**	**1,073,069.85**	**1,073,069.85**
Furniture	-	-	-	133,590.30	133,590.30
Computer hardware	-	-	-	598,522.84	598,522.84
Transport equipment	-	-	-	62,102.42	62,102.42
Other property, plant and equipment	-	-	-	278,854.29	278,854.29
TOTAL PROPERTY, PLANT AND EQUIPMENT			**1,635,204.00**	**23,901,244.35**	**25,536,448.35**
ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	**60,973,604.45**	**2,194,682.61**	**-**	**(23,901,244.35)**	**39,267,042.71**
TOTAL	**60,973,604.45**	**2,194,682.61**	**1,635,204.00**	**-**	**64,803,491.06**

The detail of and changes in 2011 in the main investment projects included in the balance of "Property, plant and equipment in the course of construction and advances" are as follows:

NAME OF THE INVESTMENT PROJECT	BALANCE AT 31-12-10	ADDITIONS 2011 (+)	TRANSFER TO PROPERTY, PLANT AND EQUIPMENT IN OPERATION (-)	BALANCE AT 31-12-11
Sea defence works for the Port of Valencia's extension	165,012,093.73	27,523,761.87		192,535,855.60
Additional work on the sea defence works for the Port of Valencia's extension	4,986,597.96	170,519.49		5,157,117.45
North Quay of the Port of Sagunto's extension	19,312,715.33	5,284,831.16		24,597,546.49
Berthing line between Transversal Quay	919,475.40	358,921.62	(1,278,397.02)	
Sewage network at the Port of Valencia	3,073,281.06	896,645.59	(3,969,926.65)	
Intersections road-rail network	1,799,202.66	1,512,045.17	(3,117,455.34)	193,792.49
New nautical services building		1,395,653.30		1,395,653.30
Additional work 2 on sea defence works North Extension		3,811,983.87		3,811,983.87
Additional work on North Quay Port of Sagunto extension	4,741,258.95	3,939,857.19		8,681,116.14
TOTAL	**199,844,625.09**	**44,894,219.26**	**(8,365,779.01)**	**236,373,065.34**

The detail of and changes in the balances of "Property, plant and equipment" in 2010 were as follows:

COST	BALANCE AT 31-12-09	CHANGES IN THE YEAR		RECLASSIFICATIONS (+/-)	TRANSFER TO/FROM INVESTMENT PROPERTY (+/-)	BALANCE AT 31-12-10
		ADDITIONS (+)	DISPOSALS (-)			
Land and natural properties	**74,161,578.35**	**5,813,221.55**		**(165,797.74)**	**(1,836,569.16)**	**77,972,433.00**
Constructions	**956,305,281.77**	**47,852,894.46**	**(471,533.45)**	**165,797.74**	**(2,855,763.66)**	**1,000,996,676.86**
Maritime accesses	169,887,634.65	15,663,095.43		7,624,335.17		193,175,065.25
Breakwater and sea defence works	200,045,657.04	30,701.04		1,877,949.74		201,954,307.82
Berthing works	305,637,583.13	11,637,752.63	(458,101.88)	(8,456,574.23)		308,360,659.65
Buildings	29,358,253.00	664,110.36		(24,668.06)	(70,531.89)	29,927,163.41
General facilities	95,780,302.00	9,072,515.54	(13,431.57)	169,827.53	(631,942.52)	104,377,270.98
Pavements and roads	155,595,851.95	10,784,719.46		(1,025,072.41)	(2,153,289.25)	163,202,209.75
Plant and equipment	10,029,768.64	228,612.00				10,258,380.64
Navigational aid facilities	2,083,255.48	153,825.74	-	-	-	2,237,081.22
Equipment for the handling of goods	**2,949,646.32**		**-**	**-**	**-**	**2,949,646.32**
Floating equipment	4,493,401.95	48,633.00	-	-	-	4,542,034.95
Workshop equipment	503,464.89	26,153.26	-	-	-	529,618.15
Other property, plant and equipment	**18,719,218.37**	**907,503.06**	**(64,000.00)**	**318.27**		**19,563,039.70**
Furniture	3,356,948.91	61,538.84	-	-	-	3,418,487.75
Computer hardware	6,511,727.62	499,621.49	-	318.27	-	7,011,667.38
Transport equipment	550,238.78	96,534.06	(64,000.00)	-	-	582,772.84
Other property, plant and equipment	8,300,303.06	249,808.67	-	-	-	8,550,111.73
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,059,215,847.13	54,802,231.07	(535,533.45)	318.27	(4,692,332.82)	1,108,790,530.20
ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONST.	152,667,298.94	65,533,961.57	218,201,260.51			
TOTAL	1,211,883,146.07	120,336,192.64	(535,533.45)	318.27	(4,692,332.82)	1,326,991,790.71

AMORTISATION	BALANCE AT 31-12-09	ADDITIONS (+)	DERECOGNITION DUE TO SALE AND RETIREMENT/ REVERSION OF IMPAIRMENT (-)	TRANSFER TO/FROM INVESTMENT PROPERTY (+/-)	BALANCE AT 31-12-10
Constructions	**223,141,523.01**	**31,740,487.93**	**(410,150.34)**	**(10,400.22)**	**254,461,460.38**
Maritime accesses	22,969,285.96	3,758,241.49	-	-	26,727,527.45
Breakwater and sea defence works	39,951,075.98	4,423,771.21	-	-	44,374,847.19
Berthing works	70,650,114.75	10,964,028.38	(401,857.82)	-	81,212,285.31
Buildings	6,967,028.73	826,864.66	-	(10,400.22)	7,783,493.17
General facilities	35,262,559.52	5,740,199.44	(8,292.52)	-	40,994,466.44
Pavements and roads	47,341,458.07	6,027,382.75	-	-	53,368,840.82
Equipment and plant	**3,398,391.68**	**643,004.97**	**-**	**-**	**4,041,396.65**
Navigational aid facilities	1,321,279.19	197,014.33	-	-	1,518,293.52
Equipment for the handling of goods	545,474.67	132,733.92	-	-	678,208.59
Floating equipment	1,185,092.89	293,961.19	-	-	1,479,054.08
Workshop equipment	346,544.93	19,295.53	-	-	365,840.46
Other property, plant and equipment	**12,178,801.51**	**2,131,529.46**	**(46,444.16)**	**-**	**14,263,886.81**
Furniture	1,377,640.25	302,357.48	-	-	1,679,997.73
Computer hardware	4,217,828.58	937,069.26	-	-	5,154,897.84
Transport equipment	329,470.65	69,866.89	(46,444.16)	-	352,893.38
Other property, plant and equipment	6,253,862.03	822,235.83	-	-	7,076,097.86
TOTAL	238,718,716.20	34,515,022.36	(456,594.50)	(10,400.22)	272,766,743.84
Impairment in constructions	**279,137.55**	**-**	**(29,369.54)**	**-**	**249,768.01**
NET CARRYING AMOUNT	972,885,292.32				1,053,975,278.86

The breakdown of "Changes in the year – Additions" in 2010 was as follows:

COSTS	ACQUISITIONS FROM EXTERNAL SUPPLIERS	CAPITALISED FINANCIAL COSTS	TRANSFERS FROM PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	TOTAL ADDITIONS IN 2010
Land and natural properties	**-**		**5,813,221.55**	**5,813,221.55**
Constructions	**-**	**-**	**47,852,894.46**	**47,852,894.46**
Maritime accesses	-	-	15,663,095.43	15,663,095.43
Breakwater and sea defence works	-	-	30,701.04	30,701.04
Berthing works	-	-	11,637,752.63	11,637,752.63
Buildings	-	-	664,110.36	664,110.36
General facilities	-	-	9,072,515.54	9,072,515.54
Pavements and roads	-	-	10,784,719.46	10,784,719.46
Plant and equipment	**-**	**-**	**228,612.00**	**228,612.00**
Navigational aid facilities	-	-	153,825.74	153,825.74
Floating equipment	-	-	48,633.00	48,633.00
Workshop equipment	-	-	26,153.26	26,153.26
Other property, plant and equipment	**-**	**-**	**907,503.06**	**907,503.06**
Furniture	-	-	61,538.84	61,538.84
Computer hardware	-	-	499,621.49	499,621.49
Transport equipment	-	-	96,534.06	96,534.06
Other property, plant and equipment	-	-	249,808.67	249,808.67
TOTAL PROPERTY, PLANT AND EQUIPMENT		**-**	**54,802,231.07**	**54,802,231.07**
ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	**119,029,349.33**	**1,306,843.31**	**(54,802,231.07)**	**65,533,961.57**
TOTAL	**119,029,349.33**	**1,306,843.31**	**-**	**120,336,192.64**

The detail of and changes in 2010 in the main investment projects included in the balance of "Property, plant and equipment in the course of construction and advances" are as follows:

NAME OF THE INVESTMENT PROJECT	BALANCE AT 31-12-09	ADDITIONS 2010 (+)	TRANSFER TO PROPERTY, PLANT AND EQUIPMENT IN OPERATION (-)	BALANCE AT 31-12-10
Sea defence works for the Port of Valencia's extension	104,001,215.28	61,010,878.45		165,012,093.73
Rail access to the new East Breakwater site	3,959,163.65	445,505.17	(4,404,668.82)	-
Increasing depths in the access channel and outer basin	3,905,382.99	9,816,152.63	(13,721,535.62)	-
Additional work on the extension of the Levante Quay surface area	2,587,644.16	167,058.83	(2,754,702.99)	-
Reinforcement and remodelling of the 1st section of the Levante Quay	2,847,700.50	2,624,025.22	(5,471,725.72)	-
Additional work on the sea defence works for the Port of Valencia's extension	4,000,531.89	986,066.07		4,986,597.96
Rebuilding the South Quay and Ro-ro ramp at the Port of Gandia	1,997,702.90	2,277,594.84	(4,275,297.74)	-
North Quay of the Port of Sagunto's extension	9,325,131.78	9,987,583.55		19,312,715.33
Backfill consolidation for the Bulk Terminal at the Port of Sagunto	3,481,459.52		(3,481,459.52)	
Berthing line between Transversal Quay		919,475.40		919,475.40
Removal of the preload from the Northeast plot of the South Extension – Phase II	1,401,208.07	473,801.89	(1,875,009.96)	
Sewage network at the Port of Valencia	317,870.00	2,755,411.06		3,073,281.06
Intersections road-rail network		1,799,202.66		1,799,202.66
Redredging the Port of Gandia's entrance estuary and channel		1,100,596.65	(1,100,596.65)	
Road access to the Northeast Quay at the Port of Sagunto	1,196,085.62	1,093,664.62	(2,289,750.24)	
Additional work on North Quay Port of Sagunto extension		4,741,258.95		4,741,258.95
TOTAL	**139,021,096.36**	**100,198,275.99**	**(39,374,747.26)**	**199,844,625.09**

The breakdown of "Changes in the year – Derecognitions" in 2011 and 2010 corresponds to sales to external companies and retirement or derecognition from inventory.

As a result of the "Balcón al Mar" Cooperation Agreement to modernise the Port of Valencia's infrastructure entered into on 14th October 1997 by the Spanish Ministry of Development, the Valencian Regional Government, the Valencia City Council and the PAV, by means of the Ministry of Development Order dated 31st May 1999, certain land located in the Port of Valencia service area which had been state-owned was released from port public use and legally changed to alienable property. The carrying amount of the derecognised land and buildings at 31st December 2011 and 2010 amounted to €27.8 million. Based on the Spanish Cabinet Agreement of 25th April 2003, the total area of "Balcón al Mar", relating exclusively to dock buildings 2, 4 and 5, whose adjusted net carrying value amounted to €4,067,595.46, were partially freely assigned to the Valencia City Council in May 2003.

In order to complete the free assignment arising from the commitments made under the 1997 Cooperation Agreement, at its meeting held on 18th December 2008, the PAV Board of Directors resolved that the remainder of the free assignment would be initiated. This assignment was to be performed in accordance with the law in force, was to respect the scope of the Spanish Cabinet Agreement of 25th April 2003, and was to address the reality resulting from the transformation of the Inner Dock of the Port of Valencia for the 32nd America's Cup 2007. This assignment is to be carried out following the correct administrative procedures, in accordance with the road map approved by the PAV's Board of Directors.

On 22nd December 2005, in view of the city of Valencia's candidature as the host city for the 32nd America's Cup 2007, the PAV authorised the 2007 Valencia Consortium to occupy certain items of property, plant and equipment. This authorisation has been extended until an inter-administrative agreement is entered into whereby the 2007 Valencia Consortium is assigned the port spaces used for the purpose of holding the 32nd America's Cup 2007 for the maximum legal term.

(a) Capitalised financial costs

In 2011, the PAV capitalised financial costs amounting to €2,194,682.61 under property, plant and equipment in the course of construction (€1,306,843.31 in 2010).

(b) Fully depreciated assets

The cost of property, plant and equipment amortised in full and still in use at 31st December 2011 and 2010, expressed in euros, is as follows:

	2011	2010
Constructions	63,554,692.05	59,791,346.37
Equipment and plant	1,751,871.40	1,559,222.60
Other property, plant and equipment	11,537,407.70	8,956,796.87
Total	**76,843,971.15**	**70,307,365.84**

(c) Government grants received

Certain investment projects were financed in part by a number of grants awarded to the Entity. The projects financed and the grants received are detailed in note 15.

(d) Commitments

The property, plant and equipment purchase commitments at 31st December 2011 amounted to €42.2 million (€46.6 million at 31st December 2010).

These commitments were financed by means of equity and borrowed funds in accordance with the Entity's budgets.

(e) Insurance

The PAV has taken out several insurance policies to cover the risks to which the items of property, plant and equipment are subject. The coverage of these policies is considered to be sufficient.

(7) Investment property

The detail of and changes in the balances of "Investment property" items in 2011 were as follows:

COST	BALANCE AT 31-12-10	RECLASSIF.	SALES, RETIREMENTS AND DISPOSALS (-)	TRANSFER TO/FROM PROPERTY, PLANT AND EQUIPMENT (+/-)	BALANCE AT 31-12-11
a) Land	**188,569,250.27**	**1,968,554.71**		**(4,677.50)**	**190,533,127.48**
b) Constructions	**157,521,138.52**	**(218,319.64)**	**(546,461.29)**	**4,245,528.27**	**161,001,885.86**
Berthing works	5,842,815.10	-	-	9,702.77	5,852,517.87
Ship repair facilities	1,379,494.48	-	-		1,379,494.48
Buildings	34,641,466.87	-	(755.00)	2,495,479.62	37,136,191.49
General facilities	36,767,657.66	(22,719.26)	-	595,946.10	37,340,884.50
Pavements and roads	78,889,704.41	(195,600.38)	(545,706.29)	1,144,399.78	79,292,797.52
TOTAL	346,090,388.79	1,750,235.07	(546,461.29)	4,240,850.77	351,535,013.34

ACCUMULATED AMORTISATION	BALANCE AT 31-12-10	ADDITIONS (+)	SALES, RETIREMENTS AND DISPOSALS (-)	TRANSFER TO/FROM PROPERTY, PLANT AND EQUIPMENT (+/-)	BALANCE AT 31-12-11
Breakwater and defence works	-	-	-	-	-
Berthing works	882,093.61	274,347.25	-	-	1,156,440.86
Ship repair facilities	1,365,699.51	-	-	-	1,365,699.51
Buildings	14,874,515.76	1,056,938.60	(177.31)	-	15,931,277.05
General facilities	8,368,418.57	2,260,201.44	-	-	10,628,620.01
Pavements and roads	36,039,743.48	4,358,447.62	(476,866.19)	-	39,921,324.91
TOTAL	61,530,470.93	7,949,934.91	(477,043.50)	-	69,003,362.34
NET CARRYING AMOUNT	284,559,917.86	-	-	-	282,531,651.00

The detail of and changes in the balances of "Investment property" items in 2010 were as follows:

COST	BALANCE AT 31-12-09	REVERTED CONCESSIONS (+)	SALES, RETIREMENTS AND DISPOSALS (-)	TRANSFER TO/FROM PROPERTY, PLANT AND EQUIPMENT (+/-)	BALANCE AT 31-12-10
a) Land	**186,732,681.11**			**1,836,569.16**	**188,569,250.27**
b) Constructions	**154,848,388.10**		**(183,013.24)**	**2,855,763.66**	**157,521,138.52**
Berthing works	6,018,414.13	-	(175,599.03)	-	5,842,815.10
Ship repair facilities	1,379,494.48	-	-	-	1,379,494.48
Buildings	34,570,934.98	-	-	70,531.89	34,641,466.87
General facilities	36,143,129.35	-	(7,414.21)	631,942.52	36,767,657.66
Pavements and roads	76,736,415.16	-	-	2,153,289.25	78,889,704.41
TOTAL	341,581,069.21	-	(183,013.24)	4,692,332.82	346,090,388.79

ACCUMULATED AMORTISATION	BALANCE AT 31-12-09	ADDITIONS (+)	SALES, RETIREMENTS AND DISPOSALS (-)	TRANSFER TO/FROM PROPERTY, PLANT AND EQUIPMENT (+/-)	BALANCE AT 31-12-10
Breakwater and defence works	-	-	-	-	-
Berthing works	646,577.41	274,936.20	(39,420.00)	-	882,093.61
Ship repair facilities	1,365,699.51		-	-	1,365,699.51
Buildings	13,825,502.12	1,038,613.42	-	10,400.22	14,874,515.76
General facilities	6,130,411.15	2,243,147.61	(5,140.19)	-	8,368,418.57
Pavements and roads	31,683,877.29	4,355,866.19	-	-	36,039,743.48
TOTAL	53,652,067.48	7,912,563.42	(44,560.19)	10,400.22	61,530,470.93
NET CARRYING AMOUNT	287,929,001.73	-	-	-	284,559,917.86

(a) Fully depreciated assets

The cost of the property investments which were depreciated in full and still in use at 31st December 2011 amounted to €23,776,565.19 (€21,764,408.31 at 31st December 2010).

(b) Income and expenses arising from investment property

The detail of income and expenses generated from investment property in 2011 and 2010, expressed in euros, is as follows:

	2011	2010
Income arising from the charge for the private use of public port land, amounts additional to the charge for the private use of public port land and gains on leases	24,799,185.76	24,828,488.37
Operating expenses	(17,967,812.86)	(19,767,220.23)

The balance at 31st December 2011 of advance charges and amounts additional to the advance charges for the private use of public port land amounting to €85,081,050.60 (€88,877,526.29 at 31st December 2010) is included under "Non-current liabilities, non-current accruals and prepayments" in the balance sheet. This amount includes the effect of discounting the balance to present value, which at 31st December 2011 was €853,101.09 (€885,125.93 at 31st December 2010). The adjusted amount will be allocated to operating income over the life of the concessions. The interest rate borne will not differ significantly from the market interest rate.

(c) Other disclosures regarding concessions, authorisations and leases

The figures detailed below show the distribution of revenue, expressed in euros, arising in 2011 and 2010 from non-cancellable operating leases, whose terms and amounts will decrease in accordance with terms of the related agreements as follows:

	2011	2010
Up to one year	153,736.71	22,192.35
From one to five years	1,816,412.68	1,359,864.37
Over five years	22,829,036.37	23,446,431.65
Total	**24,799,185.76**	**24,828,488.37**

(8) Nature and level of risk arising from financial instruments

(a) Financial risk factors

The PAV's activities are exposed to different financial risks: market risk (including the risk of interest on fair value and price risk), credit risk, liquidity risk and the risk of interest on cash flows. The PAV's global risk management programme focuses on the uncertainty of the financial markets and attempts to minimise the potential adverse effects on the PAV's financial profitability.

Risk management is controlled by the PAV's Finance Department in accordance with the policies approved by the Board of Directors. This Department identifies, assesses and covers financial risks in close cooperation with other PAV departments, which provide policies for the management of global risk as well as specific risks such as interest rate risk, liquidity risk and the investment of surplus cash.

(i) Credit risk

The PAV has policies to assure that services are rendered to customers with an appropriate credit history. Transactions with derivatives and cash transactions are only carried out with financial institutions that have a high credit rating. The Entity has policies to limit the amount of risk with any financial institution.

Valuation adjustments for client insolvencies involve a degree of judgement by the Finance Department and the review of individual balances on the basis of the customers' credit quality, current market trends and a historical analysis of insolvencies at an aggregate level. In relation to the valuation adjustment arising from the aggregate analysis of the history of default payments, a decrease in the volume of balances implies a decrease in valuation adjustments and vice-versa.

(ii) Liquidity risk

The PAV prudently manages liquidity risk, based on the maintenance of sufficient cash and marketable securities, the availability of financing by means of a sufficient amount of credit facility commitments and sufficient capacity to settle market positions. Given the dynamic nature of underlying businesses, the PAV's Finance Department aims to keep its financing flexible by means of the availability of the credit lines it has contracted.

The classification of financial assets and liabilities by contractual maturity date is shown in notes 11 and 18.

(iii) Risk of interest rate on cash flows

Since the PAV does not have significant interest-earning assets, the income and cash flows of the PAV's operating activities are mostly independent with respect to changes in market interest rates.

The PAV's interest rate risk arises from non-current borrowing. The borrowed funds issued at floating rates expose the PAV to the risk of the cash flow's interest rate.

The Entity manages the risk of interest rate on cash flows by means of floating to fixed interest rate swaps. Under interest rate swaps, the PAV commits with other parties to exchange with certain frequency (generally quarterly) the difference between fixed interest and floating interest calculated on the basis of the notional principal amounts contracted.

(9) Investments in the equity instruments of Group and associated companies

The detail of the investments in the equity instruments of Group and associated companies classified under non-current assets at 31st December 2011 and 2010 as well as the impairment losses recognised and reversed, is as follows:

IV. NON-CURRENT INVESTMENTS IN GROUP AND ASSOCIATED COMPANIES	BALANCE AT 31-12-10	ADDITIONS IN THE YEAR (+)	NON-CURRENT DISBURS. PENDING	APPLICATIONS	DISPOSAL OF INVESTMENT (-)	BALANCE AT 31-12-11
Non-current investments in Group companies	98,202,055.10	32,199,711.76	(24,149,783.82)		(30,651.62)	106,221,331.42
Non-current investments in associated companies	102,151.82	-		-	-	102,151.82
TOTAL GROSS BALANCE	**98,304,206.92**	**32,199,711.76**	**(24,149,783.82)**	**-**	**(30,651.62)**	**106,323,483.24**
Impairment of non-current investments in Group and associated companies	2,213,562.14	563,206.22		(0.62)	-	2,776,767.74
TOTAL NET BALANCE	**96,090,644.78**	**31,636,505.54**	**(24,149,783.82)**	**(0.62)**	**(30,651.62)**	**103,546,715.50**

IV. NON-CURRENT INVESTMENTS IN GROUP AND ASSOCIATED COMPANIES	BALANCE AT 31-12-09	ADDITIONS IN THE YEAR (+)	REVERSION IN IMPAIRMENT (-)	DISPOSAL OF INVESTMENT (-)	BALANCE AT 31-12-10
Non-current investments in Group companies	47,202,072.89	50,999,982.21	-	-	98,202,055.10
Non-current investments in associated companies	102,151.82	-	-	-	102,151.82
TOTAL GROSS BALANCE	**47,304,224.71**	**50,999,982.21**	**-**	**-**	**98,304,206.92**
Impairment of non-current investments in Group and associated companies	2,036,919.15	176,642.99		-	2,213,562.14
TOTAL NET BALANCE	**45,267,305.56**	**50,999,982.21**	**-**	**-**	**96,090,644.78**

The PAV's Board of Directors agreed to allocate €32.2 million to the capital increase to be carried out in Valencia Plataforma Intermodal y Logística, S.A. The amount paid out at the reporting date amounted to €8.05 million.

In 2010, the PAV's Board of Directors resolved to allocate €50.99 million to the subscription and payment of the capital increase in this company. This capital increase in the company in which the PAV has an ownership interest was recorded in a public deed on 16th December 2010 and registered in the Spanish Company Register in December 2010.

The information relating to investments in Group and associated companies at 31st December 2011 is as follows:

COMPANIES	PERCENTAGE OF OWNERSHIP	TOTAL NOMINAL VALUE OF THE OWNERSHIP INTEREST	TOTAL CARRYING AMOUNT OF THE OWNERSHIP INTEREST	LONG TERM DISBURSEMENTS PENDING	IMPAIRMENT AT REPORTING DATE
GROUP COMPANIES		**130,371,089.30**	**130,371,115.24**	**24,149,783.82**	**2,776,767.74**
Valencia Plataforma Intermodal y Logística, S.A.	98.40	130,371,089.30	130,371,115.24	24,149,783.82	2,776,767.74
ASSOCIATED COMPANIES		**102,153.00**	**102,151.82**	**-**	**-**
EUROPHAR European Economic Interest Group	33.33	12,000.00	12,000.00	-	-
Infoport Valencia, S.A.	26.67	90,153.00	90,151.82	-	-

The information relating to investments in Group and associated companies at 31st December 2010 was as follows:

COMPANIES	PERCENTAGE OF OWNERSHIP	TOTAL NOMINAL VALUE OF THE OWNERSHIP INTEREST	TOTAL CARRYING AMOUNT OF THE OWNERSHIP INTEREST	IMPAIRMENT AT REPORTING DATE
GROUP COMPANIES		**98,202,029.16**	**98,202,029.16**	**-2,213,562.14**
Valencia Plataforma Intermodal y Logística, S.A.	97.89	98,171,377.54	98,171,377.54	-2,213,562.14
Sdad. Estatal de Estiba y Desestiba del Puerto de Gandía, S.A.	51.00	30,651.62	30,651.62	-
ASSOCIATED COMPANIES		**102,153.00**	**102,151.82**	-
EUROPHAR European Economic Interest Group	33.33	12,000.00	12,000.00	-
Infoport Valencia, S.A.	26.67	90,153.00	90,151.82	-

The information relating to Group and associated companies at 31st December 2011, in accordance with the latest available financial statements is as follows:

CONCEPT	LINE OF BUSINESS	SHARE CAPITAL AND RESERVES	PROFIT (LOSS)
GROUP COMPANIES			
Valencia Plataforma Intermodal y Logística, S.A. (*)	Complementary shipping services	105,494,445.77	17,379.26
ASSOCIATED COMPANIES			
EUROPHAR Europhar Economic Interest Group (**)	Safety, the environment and port activity	49,559.47	-2,740.41
Infoport Valencia, S.A. (*)	Management and coordination of port telecommunications	849,246.97	87,840.63

(*) Data obtained from the 2011 individual financial statements.
(**) Data obtained from the 2010 individual financial statements.

The information relating to Group and associated companies at 31st December 2010, in accordance with the latest available financial statements is as follows:

CONCEPT	LINE OF BUSINESS	SHARE CAPITAL AND RESERVES	PROFIT (LOSS)
GROUP COMPANIES			
Valencia Plataforma Intermodal y Logística, S.A. (*)	Complementary shipping services	97,713,975.44	-261,286.17
Sdad. Estatal Estiba y Desestiba del Puerto de Gandía, S.A. (*)	Loading and discharge of vessels	60,101.21	-
ASSOCIATED COMPANIES			
EUROPHAR European Economic Interest Group (**)	Safety, the environment and port activity	48,125.27	2,048.86
Infoport Valencia, S.A. (*)	Management and coordination of port telecommunications	738,213.86	124,589.78

(*) Data obtained from the 2010 individual financial statements.
(**) Data obtained from the 2009 individual financial statements.

The shares of the companies in which the PAV has an ownership interest are not quoted on the stock market. In 2011, the related dividends accrued amounted to €4,507.65 (€2,524.28 in 2010).

In 2011, the stakeholding held by the PAV in the Sociedad Estatal de Estiba y Desestiba de Puerto de Gandía was liquidated to the amount of €30,651.62. The liquidation of this stakeholding did not generate any profit or loss in the PAV.

(10) Financial assets by category

(a) Classification of financial assets by category

The classification of financial assets by category and class at 31st December 2011 and 2010 is as follows:

	NON-CURRENT		CURRENT	TOTAL
	EQUITY INSTRUMENTS	LOANS, DERIVATIVES AND OTHER	LOANS, DERIVATIVES AND OTHER	
	31-12-2011	31-12-2011	31-12-2011	31-12-2011
Assets measured at fair value in income statement	796,940.47		-	796,940.47
- *Held for trading*				
- *Other*	*796,940.47*			*796,940.47*
Loans and receivables	9,443,321.82	70,173,138.40	79,616,460.22	
Hedge derivatives	-	-		
TOTAL	**796,940.47**	**9,443,321.82**	**70,173,138.40**	**80,413,400.69**

	NON-CURRENT		CURRENT	TOTAL
	EQUITY INSTRUMENTS	LOANS, DERIVATIVES AND OTHER	LOANS, DERIVATIVES AND OTHER	
	31-12-2010	31-12-2010	31-12-2010	31-12-2010
Assets measured at fair value in income statement	796,940.47	-	-	796,940.47
- *Held for trading*				
- *Other*	*796,940.47*			*796,940.47*
Loans and receivables	-	6,392,345.12	97,463,068.94	103,855,414.06
Hedge derivatives	354,404.71		-	354,404.71
TOTAL	**1,151,345.18**	**6,392,345.12**	**97,463,068.94**	**105,006,759.24**

The financial assets included under "Loans and receivables" are measured at amortised cost or cost, their fair value being identical or similar to their carrying value.

The details of the accounts which made up the financial assets at 31st December 2011 and 2010 are as follows:

	ACCOUNT	31/12/11	31/12/10
250	Non-current investments in equity instruments	796,940.47	796,940.47
254	Non-current loans to employees	866,316.33	549,048.27
255	Non-current financial derivative assets	-	354,404.71
256	Non-current government grants receivable	4,450,000.00	5,842,795.00
260	Non-current guarantees given	501.85	501.85
431	Non-current trade receivables	4,126,503.64	-
417	Advances to creditors	7,565.00	10,965.00
430	Trade receivables	31,575,215.53	26,331,058.91
433	Trade receivables from Group companies	4,862.49	729.22
434	Trade receivables from associated companies	156.02	-
439	Customer invoices not yet issued	5,148,524.17	9,095,166.98
440	Accounts receivable	339,988.04	247,690.24
442	Accounts receivable from Group companies	37,691,392.58	23,728,561.43
460	Advance compensation	20,321.55	15,517.63
470	Sundry accounts receivable from tax authorities	617,613.72	1,841,742.87
471	Accrued social security contributions receivable	4,040.98	32,673.67
472	VAT receivable from tax authorities	1,018,255.37	1,519,135.87
4781	Current government grants receivable	828,586.83	42,123,952.07
490	Impairment of trade loans	-7,250,891.24	-7,630,413.22
544	Current loans to employees	152,593.58	145,713.39
565	Current guarantees given	14,913.78	574.88
	TOTAL	**80,413,400.69**	**105,006,759.24**

(11) Investments and trade receivables

(a) Current investments in Group and associated companies

At 31st December 2011 and 2010 the PAV had no outstanding balances in relation to this item.

(b) Investments

The detail of investments at 31st December 2011 is as follows:

	EUROS / 2011	
	NON-CURRENT	CURRENT
Related		
Equity instruments	796,940.47	-
Non-related		
Loans	866,316.33	-
Other	501.85	14,913.78
Total	**1,663,758.65**	**14,913.78**

The detail of investments at 31st December 2010 is as follows:

	EUROS	
	NON-CURRENT	CURRENT
Related		
Equity instruments	796,940.47	-
Non-related		
Loans	549,048.27	-
Other	354,906.56	574.88
Total	**1,700,895.30**	**574.88**

Equity instruments relate to the Entity's ownership interest in the company Puerto Seco Madrid, S.A. amounting to €796,940.47 and representing 10.20% of the company's share capital. This company's registered office is located in Madrid and its business activity consists of the operation of a railway container terminal.

The PAV had an ownership interest in the foundational capital of the following foundations at 31st December 2011 and 2010:

FOUNDATION NAME ACTIVITY	REGISTERED OFFICE	FOUNDATION CAPITAL / RESERVES	% OF PAV OWNERSHIP	PAV STAKEHOLDING
FOUNDATIONS:				
THE VALENCIAN REGION STUDY AND COOPERATION PORT INSTITUTE FOUNDATION (FEPORTS) Date of creation: 14/07/1998 Activity: Promotion of training, research and development within the maritime and port sector	VALENCIA	CAPITAL: 919,909.13 RESERVES: 0.00	35.28%	324,546.53
VALENCIA FINANCIAL AND STOCK MARKET STUDIES FOUNDATION Date of creation: 20/04/1990 Business purpose: Financial and stock market studies and research	VALENCIA	CAPITAL: 1,322,226.63 RESERVES: 0.00	4.55%	60,101.21
PROTECTION OF SAGUNTO HISTORICAL INDUSTRIAL HERITAGE FOUNDATION Date of creation: 27/06/1994 Business purpose: Cultural purposes	SAGUNTO	CAPITAL: 183,909.70 RESERVES: 0.00	0.97%	1,803.04
SOUTHERN CONE DEVELOPMENT FOUNDATION Date of creation: 30/01/1997 Activity: Strengthen relationships with Southern Cone countries and the European Union	VALENCIA	CAPITAL: 268,916.62 RESERVES: 0.00	12.42%	8,356.32
VALENCIAN REGION VALENCIAPORT FOUNDATION FOR RESEARCH, PROMOTION AND PORT STUDIES Date of creation: 23/05/2003 Activity: Promotion of marketing, training, research and development within Valenciaport	VALENCIA	CAPITAL: 601,012.10 RESERVES: 0.00	19.50%	117,198.00
VALENCIAN REGION ENVIRONMENTAL FOUNDATION Date of creation: 17/01/2006 Activity: Environmental purposes	VALENCIA	CAPITAL: 480,000.00 RESERVES: 0.00	6.25%	30,000.00

In accordance with the instructions received from the OPPE, and given that in the event of a possible liquidation and/or dissolution of these foundations, the PAV would not receive the foundational contribution, the PAV's ownership interest in these foundations was derecognised from "Investments".

(c) Other disclosures relating to investments

(i) Main loan features

At 31st December 2011, the PAV had granted non-related and non-current loans to employees amounting to €866,316.33 (€549,048.27 at 31st December 2010).

(d) Trade and other receivables

The detail of trade and other receivables at 31st December 2011 is as follows:

	EUROS / 2011	
	NON-CURRENT	CURRENT
Group		
Trade receivables	-	5,018.51
Other receivables (see note 26)	-	37,691,392.58
	-	37,696,411.09
Non-related		
Trade receivables	4,126,503.64	36,723,739.70
Valuation adjustments for impairment	-	(7,250,891.24)
Sundry receivables	-	520,468.17
Government grants receivable	4,450,000.00	828,586.83
Other accounts receivable from public authorities	-	1,639,910.07
	8,576,503.64	32,461,813.53
Total	**8,576,503.64**	**70,158,224.62**

The detail of trade and other receivables at 31st December 2010 is as follows:

	EUROS / 2010	
	NON-CURRENT	CURRENT
Group		
Trade receivables	-	729.22
Other receivables (see note 26)	-	23,728,561.43
	-	23,729,290.65
Non-related		
Trade receivables	-	35,426,225.89
Valuation adjustments for impairment	-	(7,630,413.22)
Sundry receivables	-	419,886.26
Government grants receivable	5,842,795.00	42,123,952.07
Other accounts receivable from public authorities		3,393,552.41
	5,842,795.00	73,733,203.41
Total	**5,842,795.00**	**97,462,494.06**

Non-current trade receivables relate to the deferment of debts payable whose recovery is guaranteed by certain assets pledged as security, and which bear interest at market rates. These debts whose final maturity date is in 2020, and for which a grace period has been granted in 2012, mature as follows as from this year: €0.3 million in 2013, €0.4 million in 2014, €0.6 million in 2015, €0.6 million in 2016 and €2.2 million up to the maturity date.

The balance of government grants receivable at 31st December 2011 was €4,450,000.00 for non-current amounts and €828,586.83 for current amounts (€5,842,795 and €42,123,952.07 respectively at 31st December 2010) which correspond to ERDF and Cohesion Funds from different operating frameworks, which are expected to be collected at the end of the Operating Framework Programme (see note 15).

At 31st December 2011, the valuation adjustment for the impairment of receivables amounted to €7,250,891.24 (€7,630,413.22 at 31st December 2010). In 2011 there was a net reversal of valuation adjustments for impairment of receivables amounting to €0.3 million (€5.2 million in 2010) in relation to which there was rational evidence of default arising from uncertainty regarding the continuity of the debtors' operations, a reduction in their future cash flows or their involvement in insolvency proceedings.

(12) Derivative financial instruments

The detail of derivative financial instruments at 31st December 2011 is as follows:

	CURRENT NOTIONAL AMOUNT	EUROS / 2011 / FAIR VALUES			
		ASSETS		LIABILITIES	
		NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Hedge derivatives					
Cash flow hedges					
Interest rate swaps	368,850,000	-	-	32,553,635.40	-
Total hedge derivatives		**-**	**-**	**32,553,635.40**	**-**

The detail of derivative financial instruments at 31st December 2010 is as follows:

	CURRENT NOTIONAL AMOUNT	EUROS / 2010 / FAIR VALUES			
		ASSETS		LIABILITIES	
		NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Hedge derivatives					
Cash flow hedges					
Interest rate swaps	241,850,000	354,404.71	-	4,363,889.07	-
Total hedge derivatives		**354,404.71**	**-**	**4,363,889.07**	**-**

(a) Interest rate swaps – cash flow hedges

The PAV uses interest rate swaps to manage the exposure of its bank loans to interest rate fluctuations. A description of the interest rate swaps arranged is as follows:

- An interest rate hedge was arranged in 2005 in relation to the EIB loan arranged on 20th June 2005 which amounted to an initial €27 million. In view of the features of this transaction, beginning in 2011 the PAV will pay quarterly amounts from 15th March 2011 to 15th June 2030 which bear interest at a rate of 2.45% plus a variable up to 15th December 2015, of 2.9% plus a variable up to 15th December 2020, and of 3.70% plus a variable up to the final maturity date. The variable is an index referenced to Spanish inflation. The financial institution will pay a quarterly floating rate tied to the DB EUR 3m index.

- An interest rate hedge was arranged in 2006 in relation to the loan arranged on 21st July 2006 at the Spanish Official Credit Institute (ICO), which amounted to an initial €33.00 million, by means of a transaction called TIP TOP, which matures on 16th December 2030. This strategy basically consisted of taking advantage of the interest rates in force when the loan was arranged, in which short-term rates were low and the curve for long-term rates was steeper.

- In 2010, the PAV entered into an interest rate swap with the option of a unilateral extension by the financial institution, in relation to a loan transaction in which during a first period, the PAV pays floating interest tied to a 6 month Euribor rate every six months on 21st January and 21st July, and the financial institution pays a floating interest rate tied to Euribor at 6 months plus a spread of 0.5%. The financial institution exercised its unilateral extension option on 19th January 2012. The conditions remain unchanged and the interest rate payable by the PAV is a fixed 3.34% rate up to 21st July 2022. The notional amount is €60,000,000.

- In 2010, the PAV entered into an interest rate collar relating to a loan transaction in which the PAV receives floating interest tied to a 3 month Euribor rate and pays a floating interest rate tied to Euribor with certain limits based on the contract period. Payments are quarterly starting in March 2012, and the final maturity date is 15th December 2026. The notional amount is €60,000,000.

- In 2010, the PAV entered into an interest rate swap relating to a loan transaction in which the PAV receives floating interest tied to a 3 month Euribor rate, and pays interest at a fixed rate of 0.6%, which will gradually be increased to 3.06% as of 2012. Payments are quarterly and the final maturity date is 30th April 2020. The notional amount is €61,850,000.

- In 2011, the PAV entered into an interest rate swap relating to a loan transaction in which the PAV receives floating interest tied to a 6 month Euribor rate, and pays interest at a fixed rate of 3.74% as of 2012. Payments are every six months and the final maturity date is 20th April 2021. The notional amount is €30,000,000.

- In 2011, the PAV entered into an interest rate swap relating to a loan transaction in which the PAV receives floating interest tied to a 6 month Euribor rate, and pays interest at a fixed rate of 3.74% as of 2012.

Payments are every six months and the final maturity date is 20th April 2021. The notional amount is €39,000,000.

- In 2011, the PAV entered into a floating interest rate swap with a fixed interest rate swap option relating to a loan transaction in which the PAV receives floating interest tied to a 3 month Euribor rate and pays a floating interest rate tied to a 3 month Euribor rate less a spread, the maturity date of the transaction being 15th June 2013. On 12th June 2013, the financial institution has the option of extending the transaction to a swap in which the PAV would pay a fixed interest rate of 3.75% and would receive a floating rate tied to 3 month Euribor. Payments are quarterly, and the final maturity date would be 15th June 2023, in the case of such an extension. The notional amount is €58,000,000.

The fair value of the swaps is based on the equivalent market value of derivative financial instruments at the balance sheet date. All interest rate swaps are effective as cash flow hedges.

At 31st December 2011, the net fair value of the interest rate swaps recognised as a decrease in equity amounted to €32,553,635.40 (€4,009,484.36 at 31st December 2010).

In 2011, the total expense relating to the hedges recognised in equity amounted to €28,544,151.04 (€1,998,535.11 in 2010).

The total amount of the cash flow hedges recognised under financial loss in the income statement amounted to -€199,749.85 (-€1,029,034.93 during 2010).

(13) Cash and cash equivalents

The detail of the balance of "Cash and cash equivalents" at 31st December 2011 and 2010 in euros is as follows:

	2011	2010
Cash and banks	44,672,592.68	6,725,461.75
Current investments	30,000,000.00	-
Current interest accrued on bank loans	211,547.79	255,606.32
Total	**74,884,140.47**	**6,981,068.07**

(14) Shareholders' equity

The breakdown and movements in equity are presented in the statement of changes in equity.

(15) Grants, donations and bequests received

The changes in the balances of non-refundable grants, donations and bequests received during 2011 were as follows:

ITEM	BALANCE AT 31-12-10	AMOUNT ACCRUED IN THE YEAR (+)	AMOUNT TRANSFERRED TO PROFIT (LOSS)	BALANCE AT 31-12-11
ERDF CSF 1994-1999	**29,673,067.06**	**(3,528,778.47)**	**(886,578.72)**	**25,257,709.87**
ERDF CSF 2000-2006	**17,193,131.85**	**-**	**(528,242.16)**	**16,664,889.69**
Cohesion Funds 2000-2006	**18,769,441.56**	**-**	**(653,332.91)**	**18,116,108.65**
ERDF CSF 2007-2013	**14,545,220.40**	**-**	**(509,619.00)**	**14,035,601.40**
New Technical and Nautical Services Dock	10,080,535.60	-	(368,163.36)	9,712,372.24
Remodelling the end of South Extension breakwater	2,324,819.73	-	(47,445.24)	2,277,374.49
Rail access to the new East Breakwater site	2,139,865.07	-	(94,010.40)	2,045,854.67
Cohesion Funds 2007-2013	**68,819,193.67**	**5,180,806.33**	**-**	**74,000,000.00**
Sea defence works for the Port of Valencia's extension	68,819,193.67	5,180,806.33		74,000,000.00
EAFFG, FIFG	**1,656,862.22**	**-**	**(52,577.88)**	**1,604,284.34**
Adaptation of the Port of Valencia's Fish Market (FIFG)	59,640.43		(3,187.44)	56,452.99
Adaptation of the Port of Sagunto's Fish Market (FIFG)	13,367.02		(905.04)	12,461.98
Adaptation of the Port of Gandia's Fish Market (FIFG)	1,583,854.77		(48,485.40)	1,535,369.37
Other capital grants	**1,734,063.40**	**-**	**(73,788.12)**	**1,660,275.28**
TEN-T Fund (Trans-European Transport Network)	1,734,063.40		(73,788.12)	1,660,275.28
TOTAL CAPITAL GRANTS, DONATIONS AND BEQUESTS	**152,390,980.16**	**1,652,027.86**	**(2,704,138.79)**	**151,338,869.23**
TOTAL OTHER CAPITAL GRANTS, DONATIONS AND BEQUESTS	**69,939.66**		**(39,496.51)**	**30,443.15**
TOTAL INCOME FROM REVERTED CONCESSIONS	**24,784,204.73**	**1,635,204.00**	**(1,123,954.46)**	**25,295,454.27**
Income from reverted concessions	24,784,204.73	1,635,204.00	(1,123,954.46)	25,295,454.27
TOTAL CAPITAL GRANTS, DONATIONS AND BEQUESTS RECEIVED	**177,245,124.55**	**3,287,231.86**	**(3,867,589.76)**	**176,664,766.65**

The changes in the balances of non-refundable grants, donations and bequests received during 2010 were as follows:

ITEM	BALANCE AT 31-12-09	AMOUNT ACCRUED IN THE YEAR (+)	AMOUNT TRANSFERRED TO PROFIT (LOSS)	BALANCE AT 31-12-10
ERDF CSF 1994-1999	**30,623,969.97**	**-**	**(950,902.91)**	**29,673,067.06**
ERDF CSF 2000-2006	**17,738,909.96**	**-**	**(545,778.11)**	**17,193,131.85**
Cohesion Funds 2000-2006	**19,422,791.64**		**(653,350.08)**	**18,769,441.56**
ERDF CSF 2007-2013	**14,384,958.90**	**615,041.10**	**(454,779.60)**	**14,545,220.40**
New Technical and Nautical Services Dock	10,034,935.64	413,763.32	(368,163.36)	10,080,535.60
Remodelling the end of South Extension breakwater	2,521,448.42	(149,183.45)	(47,445.24)	2,324,819.73
Rail access to the new East Breakwater site	1,828,574.84	350,461.23	(39,171.00)	2,139,865.07
Cohesion Funds 2007-2013	**32,039,695.32**	**36,779,498.35**	**-**	**68,819,193.67**
Sea defence works for the Port of Valencia's extension	32,039,695.32	36,779,498.35	-	68,819,193.67
EAGGF, FIFG	**1,709,440.10**	**-**	**(52,577.88)**	**1,656,862.22**
Adaptation of the Port of Valencia's Fish Market (FIFG)	62,827.87	-	(3,187.44)	59,640.43
Adaptation of the Port of Sagunto's Fish Market (FIFG)	14,272.06	-	(905.04)	13,367.02
Adaptation of the Port of Gandia's Fish Market (FIFG)	1,632,340.17	-	(48,485.40)	1,583,854.77
Other capital grants	**1,807,851.52**	**-**	**(73,788.12)**	**1,734,063.40**
TEN-T Fund (Trans-European Transport Network)	1,807,851.52	-	(73,788.12)	1,734,063.40
TOTAL CAPITAL GRANTS, DONATIONS AND BEQUESTS	**117,727,617.41**	**37,394,539.45**	**(2,731,176.70)**	**152,390,980.16**
TOTAL OTHER GRANTS, DONATIONS AND BEQUESTS	**120,793.79**		**(50,854.13)**	**69,939.66**
TOTAL INCOME FROM REVERTED CONCESSIONS	**25,896,122.91**		**(1,111,918.18)**	**24,784,204.73**
Income from reverted concessions	25,896,122.91		(1,111,918.18)	24,784,204.73
TOTAL CAPITAL GRANTS, DONATIONS AND BEQUESTS RECEIVED	**143,744,534.11**	**37,394,539.45**	**(3,893,949.01)**	**177,245,124.55**

1994-1999 ERDF COMMUNITY SUPPORT FRAMEWORK AND THE VALENCIAN REGIONAL GOVERNMENT

On 25th November 1994, the Commission of the European Communities resolved to grant the PAV a subsidy from the European Regional Development Fund (ERDF), as part of the 1994-1999 Community Support Framework, for the project to extend the South Dock and berthing line at the Port of Valencia. The subsidy granted to the Entity by the ERDF in the period from 1994-1999 amounted to €33.155 million, which financed a planned investment for this period of €61.946 million. On 4th May 2001, the Commission of the European Communities approved the reprogramming of the Valencian Region's 1994-1999 operational programme, which included an increase in the ERDF subsidy for the PAV of €6,464,924.00.

This project was added to the PAV's fixed assets in December 1997. Subsequent to this date, the subsidy has been charged to income in proportion to the depreciation of the assets financed with this subsidy.

On 22nd July 2010, the PAV received an official notice from the Spanish Ministry of Economy and Finance of the start of a procedure for the reduction and reimbursement of a subsidy amounting to €3,528,778.47 from the 94/99 Operational Programme. In a subsequent official notice from the aforementioned Ministry, the reimbursement of this amount was agreed partly by compensating the balance to be collected from the 2000-2006 Valencian Region Operational Programme to the amount of €1,051,775.00, and €2,477,003.47 to be returned to the PAV from the 2007-2013 ERDF Cohesion Fund Operational Programme.

FIFG 1993-1995. Adaptation of fish markets to EEC directives

On 15th July 1994, the Commission of the European Communities resolved to provide the Entity with a grant amounting to €140,162.68 funded by the Financial Instrument for Fisheries Guidance (FIFG). This grant was provided to finance the projects for adapting the Valencia and Sagunto fish markets to EEC Directives, and specifically the Directive 91/493/EEC laying down the health conditions for the production and placing on the market of fishery products. The co-financed projects were added to the PAV's fixed assets in 1995. Subsequent to this date, the subsidy has been charged to profit or loss for each year in proportion to the depreciation of the assets financed with this grant.

RESIDER II

Under the agreement entered into in 1998, the Port Authority was provided with a grant of €2,924,819.40 from the RESIDER II operational programme, which with the aid of the 1994-1999 ERDF promoted new economic activities in the regions affected by the economic re-conversion of steel-producing areas hit by industrial restructuring problems, as was the case of the Port of Sagunto. This grant was aimed at financing several investment projects to be carried out in the Port of Sagunto. The co-financed projects were added to the PAV's fixed assets in 1999. Subsequent to this date, the subsidy has been charged to income in proportion to the depreciation of the assets financed with this grant.

TEN-T Trans-European Transport Network

On 17th December 2001, the Commission of the European Communities approved a grant for the PAV and VPI Logística, S.A. from TEN-T funds, which are aimed at providing funding for projects of common interest in the area of trans-European transport networks. This grant was provided to carry out the project 2001/ES/666 "Improvement of the Port of Valencia access and logistics infrastructure for the promotion of multimodal traffic". The subsidy allocated to both Entities amounted to €2,500,000. The portion allocated to the PAV amounted to €2,121,748.85. The co-financed project was added to the PAV's fixed assets in 2004. Subsequent to this date, the subsidy has been charged to income for each year in proportion to the depreciation of the assets financed with this grant.

2000-2006 ERDF COMMUNITY SUPPORT FRAMEWORK

On 7th March 2001, the Commission of the European Communities resolved to grant the PAV a subsidy from the European Regional Development Fund, as part of the 2000-2006 Community Support Framework, in relation to axis and measurement 6.4., for the works required to expand and improve port infrastructure in public interest ports. The total subsidy allocated in the operational programme amounted to €21.04 million. This subsidy has been fully received, based on the payments made at 31st December 2002 for the co-financed investment projects which were added to the PAV's fixed assets. The subsidy has been charged to income in proportion to the depreciation of the assets financed with this grant.

2000-2006 COHESION FUND COMMUNITY SUPPORT FRAMEWORK

On 3rd December 2004, the European Commission granted the PAV a Cohesion Fund subsidy for the project "East Breakwater site and berthing area and the enlargement of the inner Xità Quay at the Port of Valencia". The maximum amount of this grant was €20,205,100. The project was added to the PAV's fixed assets in 2008. The subsidy is being charged to income in proportion to the depreciation of the assets financed with this grant.

FIFG 2007. Adaptation of the Port of Gandia's fish market

On 15th September 2000 (published in the Valencian Region Official Gazette no. 3846 on 28th September), the Valencian Regional Ministry of Agriculture, Fisheries and Food resolved to provide the Entity with a grant amounting to €1,680,825.52 funded by the Financial Instrument for

Fisheries Guidance (FIFG). The grant comes from the project to adapt the Port of Gandia's fish market. The project was definitively added to the PAV's property, plant and equipment in 2009. The subsidy is being charged to income in proportion to the depreciation of the assets financed with this grant.

2007-2013 ERDF COMMUNITY SUPPORT FRAMEWORK

On 16th December 2009, the Commission of the European Communities resolved to grant the PAV a subsidy from the European Regional Development Fund, as part of the Valencian Region's 2007-2013 Operational Programme, in relation to the works required to expand and improve port infrastructure in public interest ports. The total subsidy allocated to the PAV in the operational programme amounted to €15 million. This subsidy has been fully received, based on the payments made at 31st December 2011 for the co-financed investment projects which were added to the PAV's fixed assets. The subsidy has been charged to income in proportion to the depreciation of the assets financed with this grant.

2007-2013 COHESION FUND COMMUNITY SUPPORT FRAMEWORK

On 17th June 2009, the Commission of the European Communities resolved to provide the PAV with a grant from the 2007-2013 Community Framework Cohesion Fund for the "Port of Valencia's North Extension" project. The financial contribution of the Cohesion Fund to the aforementioned project is €74 million. At 31st December 2010 the financed project was in the process of being carried out, and the aid accrued at the end of 2011 amounted to €74,000,000 (€68,819,193.67 at the end of 2010). In the opinion of the PAV, there is no reasonable doubt that the PAV will conclude the construction of the financed projects, and accordingly it has recognised the subsidy as non-refundable in proportion to the work performed.

(i) Operating grants

The detail of operating grants received in 2011 is as follows:

AWARDING AUTHORITY	EUROS	PURPOSE
European Union	244,425.96	Safety, information technology and the environment
Spanish Ministry of Science and Technology	36,554.27	Information technology
Total	**280,980.23**	

The detail of operating grants received in 2010 is as follows:

AWARDING AUTHORITY	EUROS	PURPOSE
European Union	78,271.42	Logistics, transport, I.T. and the environment
State-owned Ports Body	2,159.50	Logistics, transport and I.T.
Other	3,695.42	Information technology
Total	**84,126.34**	

(16) Provisions

The detail of and changes in other provisions during 2011 are as follows:

I. NON-CURRENT PROVISIONS	BALANCE AT 31-12-10	ALLOCATION TO PROFIT (LOSS) FOR THE YEAR		CURRENT APPLICATION AND TRANSFER	DISCOUNT BALANCE TO PRESENT VALUE	BALANCE AT 31-12-11
		ADDITIONS (+)	SURPLUS (-)			
Provision for non-current employee benefit costs	395,000.00		(395,000.00)	-	-	-
Provision for taxes	6,873,673.90	2,003,387.52	-	-	-	8,877,061.42
Provision for third-party liability	27,157,013.59	722,179.05	(1,828,451.44)	(9,001,407.27)	1,060,600.42	18,109,934.35
a) Tariff litigation as a result of judgements handed down by the Constitutional Court	27,157,013.59	-	(1,828,451.44)	(9,001,407.27)	1,060,600.42	17,387,755.30
Principal	*17,786,754.77*		*(1,828,451.44)*	*(5,004,017.49)*	-	*10,954,285.84*
Late payment interests	*9,370,258.82*	-	-	*(3,997,389.78)*	*1,060,600.42*	*6,433,469.46*
b) Other tariff/charge litigation (principal and interest)		722,179.05				722,179.05
TOTAL	34,425,687.49	2,725,566.57	(2,223,451.44)	(9,001,407.27)	1,060,600.42	26,986,995.77

The detail of and changes in other provisions during 2010 are as follows:

I. NON-CURRENT PROVISIONS	BALANCE AT 31-12-09	ALLOCATION TO PROFIT (LOSS) FOR THE YEAR		CURRENT APPLICATION AND TRANSFER	DISCOUNT BALANCE TO PRESENT VALUE	BALANCE AT 31-12-10
		ADDITIONS (+)	SURPLUS (-)			
Provision for non-current employee benefit costs		395,000.00				395,000.00
Provision for taxes	4,454,393.50	2,419,280.40				6,873,673.90
Provision for third-party liability	26,942,348.03	204,116.51	-	(705,990.86)	716,539.91	27,157,013.59
a) Tariff litigation as a result of judgements handed down by the Constitutional Court	26,942,348.03	204,116.51		(705,990.86)	716,539.91	27,157,013.59
Principal	18,288,629.12	204,116.51		(705,990.86)		17,786,754.77
Late payment interest	8,653,718.91				716,539.91	9,370,258.82
TOTAL	**31,396,741.53**	**3,018,396.91**	**-**	**(705,990.86)**	**716,539.91**	**34,425,687.49**

In 2011, the PAV transferred €9 million to the short term under the heading "Trade and other payables" (€0.7 million in 2010) in relation to existing lawsuit claims for which unappealable judgements were handed down against the Entity (see note 26 a)).

Information relating to provisions is provided in note 26 a).

(17) Financial liabilities by category

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class, and the comparison of their fair value and carrying amount at 31st December 2011 and 2010 is as follows:

CATEGORY / CLASS	NON-CURRENT FINANCIAL LIABILITIES		CURRENT FINANCIAL LIABILITIES		TOTAL
	BANK BORROWINGS	DERIVATIVES AND OTHER	BANK BORROWINGS	DERIVATIVES AND OTHER	
	31/12/11	31/12/11	31/12/11	31/12/11	31/12/11
Accounts payable	595,527,366.23		19,653,752.19	71,830,488.92	687,011,607.34
Hedge derivatives		32,553,635.40			32,553,635.40
TOTAL	**595,527,366.23**	**32,553,635.40**	**19,653,752.19**	**71,830,488.92**	**719,565,242.74**

CATEGORY / CLASS	NON-CURRENT FINANCIAL LIABILITIES		CURRENT FINANCIAL LIABILITIES		TOTAL
	BANK BORROWINGS	DERIVATIVES AND OTHER	BANK BORROWINGS	DERIVATIVES AND OTHER	
	31/12/10	31/12/10	31/12/10	31/12/10	31/12/10
Accounts payable	580,452,351.50		8,072,546.11	46,820,416.25	635,345,313.86
Hedge derivatives	-	4,363,889.07		-	4,363,889.07
TOTAL	**580,452,351.50**	**4,363,889.07**	**8,072,546.11**	**46,820,416.25**	**639,709,202.93**

The financial liabilities included under "Accounts payable" are measured at amortised cost or cost, their fair value being identical or similar to their carrying value.

The main financial liabilities giving rise to profit or loss in the income statement are bank borrowings which generated financial costs during 2011 amounting to €10.25 million (€6.86 million in 2010).

The details of the accounts which made up the financial liabilities at 31st December 2011 and 2010 are as follows:

	ACCOUNT	31/12/2011	31/12/2010
170	Non-current bank borrowings	595,527,366.23	580,452,351.50
176	Liabilities relating to financial derivatives	32,553,635.40	4,363,889.07
400	Payable to suppliers	76,246.44	99,789.67
410	Payable for services rendered	5,798,219.76	6,990,839.81
412	Trade payables to Group companies	91,904.25	179,560.60
413	Trade payables to associated companies	227,254.17	222,127.48
415	Creditors as a result of unappealable judgements	31,398,243.51	24,356,036.24
465	Remuneration payable	119,777.49	111,953.62
475	Sundry accounts payable to tax authorities	337,730.49	355,867.83
476	Accrued social security contributions payable	376,599.17	352,376.88
511	Payable to related party current fixed asset suppliers	214,420.04	0.00
520	Current bank borrowings	17,925,343.10	6,974,985.27
513	Current payables	23,607,740.73	0.00
523	Current fixed asset suppliers	8,989,464.68	13,617,583.91
527	Current interest on bank borrowings	1,728,409.09	1,097,560.84
555	Unallocated items	48,618.58	26,915.92
560	Current guarantees received	544,269.61	507,364.29
	TOTAL	**719,565,242.74**	**639,709,202.93**

(18) Financial liabilities and trade payables

(a) Payable to Group and associated companies

The detail of the balance payable to Group and associated companies at 31st December 2011 is as follows:

	EUROS / 2011	
	NON-CURRENT	CURRENT
Group		
Payable for services received	-	91,904.25
	-	**91,904.25**
Associated companies		
Payable to non-current asset suppliers		214,420.04
Payable for services received	-	227,254.17
	-	**441,674.21**
Other related parties	-	23,607,740.73
Total	**-**	**24,141,319.19**

Other related parties corresponds to advances from the State-owned Ports Body to face the lawsuit payments arising from the court judgements relating to the T3 tariff.

The detail of the balance payable to Group and associated companies at 31st December 2010 is as follows:

	EUROS / 2010	
	NON-CURRENT	CURRENT
Group		
Payable for services received	-	179,560.60
	-	179,560.60
Associated companies		
Payable for services received	-	222,127.48
	-	222,127.48
Total	**-**	**401,688.08**

(b) Liabilities

The detail of liabilities at 31st December 2011 is as follows:

	EUROS / 2011	
	NON-CURRENT	CURRENT
Non-related		
Bank borrowings	595,527,366.23	17,925,343.10
Interest payable	-	1,728,409.09
	595,527,366.23	**19,653,752.19**
Payable to non-current asset suppliers	-	8,989,464.68
Guarantees and deposits received	-	544,269.61
Other	-	48,618.58
	-	**9,582,352.87**
Total	**595,527,366.23**	**29,236,105.06**

The detail of liabilities at 31st December 2010 is as follows:

	EUROS	
	NON-CURRENT	CURRENT
Non-related		
Bank borrowings	580,452,351.50	6,974,985.28
Interest payable	-	1,097,560.83
	580,452,351.60	**8,072,546.11**
Payable to non-current asset suppliers	-	13,617,583.91
Guarantees and deposits received	-	507,364.29
Other	-	26,915.92
	-	**14,151,864.12**
Total	**580,452,351.50**	**22,224,410.23**

(c) Other disclosures on liabilities

(i) Main features of liabilities

The terms and conditions of loans and other payables at 31st December 2011 are as follows:

TRANSACTION TYPE	FINAL MATURITY DATE	INTEREST RATE	LIMIT GRANTED	NON-CURRENT PAYABLES	CURRENT PAYABLES
Loan **D** European Investment Bank	15-03-13	Variable	25,573,065.04	2,557,306.53	2,557,306.50
Loan **E** European Investment Bank	15-03-13	Variable	6,010,121.04	601,012.11	601,012.10
Loan **F** European Investment Bank	15-09-28	Variable	10,000,000.00	8,000,000.00	500,000.00
Loan **G** European Investment Bank	15-09-29	Variable	8,000,000.00	6,476,190.46	380,952.38
Loan **H** European Investment Bank	15-06-30	Variable	27,000,000.00	23,142,857.13	1,285,714.29
Loan **I** European Investment Bank	15-12-31	Variable	60,000,000.00	57,000,000.00	3,000,000.00
Loan **J** European Investment Bank	30-10-33	Variable	61,850,000.00	61,850,000.00	
Loan **K** European Investment Bank	27-02-34	Variable	48,150,000.00	48,150,000.00	
Loan **L** European Investment Bank	15-06-34	Variable	50,000,000.00	50,000,000.00	
Loan **M** European Investment Bank	15-12-34	Variable	58,000,000.00	58,000,000.00	
Loan **1** Official Credit Institute	16-12-30	Variable	33,000,000.00	29,700,000.00	1,650,000.00
Loan **2** Official Credit Institute	21-07-31	Variable	60,000,000.00	57,000,000.00	3,000,000.00
Loan **3** Official Credit Institute	20-04-32	Variable	200,000,000.00	193,050,000.00	4,950,000.00
Accrued interest payable	----	----			1,728,409.09
Other payables	----	----			357.83
TOTAL				**595,527,366.23**	**19,653,752.19**

The terms and conditions of loans and other payables at 31st December 2010 are as follows:

TRANSACTION TYPE	FINAL MATURITY DATE	INTEREST RATE	LIMIT GRANTED	NON-CURRENT PAYABLES	CURRENT PAYABLES
Loan **D** European Investment Bank	15-03-13	Variable	25,573,065.04	5,114,613.01	2,557,306.50
Loan **E** European Investment Bank	15-03-13	Variable	6,010,121.04	1,202,024.20	601,012.10
Loan **F** European Investment Bank	15-09-28	Variable	10,000,000.00	8,500,000.00	500,000.00
Loan **G** European Investment Bank	15-09-29	Variable	8,000,000.00	6,857,142.86	380,952.38
Loan **H** European Investment Bank	15-06-30	Variable	27,000,000.00	24,428,571.43	1,285,714.29
Loan **I** European Investment Bank	15-12-31	Variable	60,000,000.00	60,000,000.00	
Loan **J** European Investment Bank	30-10-33	Variable	61,850,000.00	61,850,000.00	
Loan **K** European Investment Bank	27-02-34	Variable	48,150,000.00	48,150,000.00	
Loan **L** European Investment Bank	15-06-34	Variable	50,000,000.00	50,000,000.00	
Loan **M** European Investment Bank	15-12-34	Variable	58,000,000.00	58,000,000.00	
Loan **1** Official Credit Institute	16-12-30	Variable	33,000,000.00	31,350,000.00	1,650,000.00
Loan **2** Official Credit Institute	21-07-31	Variable	60,000,000.00	60,000,000.00	
Loan **3** Official Credit Institute	20-04-32	Variable	30,000,000.00	30,000,000.00	
Accrued interest payable	----	----			**1,097,560.84**
TOTAL				**445,452,351.50**	**8,072,546.11**

The full balance of bank borrowings has been secured with the assets of the PAV.

The conditions of unmatured non-current loans, all of which were granted and paid by the European Investment Bank, were as follows in 2011 and 2010:

CONDITIONS	LOAN A GRANTED ON 22/06/1994	LOAN D GRANTED ON 16/03/1998	LOAN E GRANTED ON 16/03/1998	LOAN F GRANTED ON 18/07/2003	LOAN G GRANTED ON 18/07/2003	LOAN H GRANTED ON 20/06/2005	LOAN I GRANTED ON 22/12/2005	LOAN J GRANTED ON 22/12/2005
Principal	€6,010,121.04	€25,573,065.04	€6,010,121.04	€10,000,000.00	€8,000,000.00	€27,000,000.00	€60,000,000.00	€61,850,000.00
Currency	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Interest rate(s)	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly
Term	15 years	15 years	15 years	25 years	25 years	25 years	25 years	25 years
Disbursement date	26th June 1994	31st March 1998	17th December 1998	25th November 2003	25th November 2004	20th June 2005	15th December 2006	30th October 2008
Payment dates	15th June each year	15th March each year	15th March each year	15th September each year	15th September each year	15th September each year	15th December each year	30th October each year
First repayment of principal	15th June 1999	15th March 2004	15th March 2004	15th September 2009	15th September 2009	15th September 2010	15th December 2012	30th October 2014
Last repayment of principal	15th June 2009	15th March 2013	15th March 2013	15th September 2028	15th September 2029	15th June 2030	15th December 2031	30th October 2033

CONDITIONS	LOAN K GRANTED ON 22/12/05	LOAN L GRANTED ON 04/12/08	LOAN M GRANTED ON 23/12/08
Principal	€48,150,000.00	€50,000,000.00	€58,000,000.00
Currency	Euro	Euro	Euro
Interest rate(s)	Variable, revised quarterly	Variable, revised every six months	Variable, revised every six months
Term	25 years	25 years	25 years
Disbursement date	27th February 2009	15th June 2009	15th December 2009
Payment date	27th February each year	15th June each year	15th December each year
First repayment of principal	27th February 2015	15th June 2015	15th December 2017
Last repayment of principal	27th February 2034	15th June 2034	15th December 2034

The PAV was granted the following unmatured non-current loans from the Spanish Official Credit Institute at 31st December 2011 and 2010:

CONDITIONS	LOAN 1 GRANTED ON 16/12/2005	LOAN 2 GRANTED ON 21/07/2006	LOAN 3 GRANTED ON 20/04/2007	LOAN 4 GRANTED ON 20/04/2007	LOAN 5 GRANTED ON 20/04/2007	LOAN 6 GRANTED ON 20/04/2007	LOAN 7 GRANTED ON 20/04/2007
Principal	€33,000,000	€60,000,000	€30,000,000	€20,000,000	€50,000,000	€65,000,000	€33,000,000
Currency	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Interest rate(s)	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months
Term	25 years	25 years	25 years	25 years	25 years	25 years	25 years
Disbursement date	27th December 2005	25th September 2006	20th July 2007	24th December 2007	25th February 2010	27th October 2010	28th February 2011
Payment dates	16th June and December each year	21st July and January each year	20th April and October each year	20th April and October each year	20th April and October each year	20th April and October each year	20th April and October each year
First repayment of principal	16th June 2011	21st January 2012	20th October 2012	20th October 2012	20th October 2012	20th October 2012	20th October 2012
Last repayment of principal	16th December 2030	21st July 2031	20th April 2032	20th April 2032	20th April 2032	20th April 2032	20th April 2032

The PAV had the following credit facilities at 31st December 2010 and 2011:

	EUROS	
	DRAWN DOWN	LIMIT
Credit facilities	-	22,500,000
Total	**-**	**22,500,000**

The credit facilities were effective at 31st December 2011 and 2010 and mature annually.

(d) Trade and other payables

The detail of trade and other payables at 31st December 2011 is as follows:

	EUROS 2011	
	NON-CURRENT	CURRENT
Non-related		
Payable to suppliers	-	76,246.44
Accounts payable	-	37,196,463.27
Staff costs	-	119,777.49
Other accounts payable to public authorities	-	714,329.66
Total	**-**	**38,106,816.86**

The detail of trade and other payables at 31st December 2010 is as follows:

	EUROS 2010	
	NON-CURRENT	CURRENT
Non-related		
Payable to suppliers	-	99,789.67
Accounts payable	-	31,346,876.05
Staff costs	-	111,953.62
Other accounts payable to public authorities	-	708,244.71
Total	**-**	**32,266,864.05**

The accounts payable mainly include the current principal and interest payable as a result of the unappealable judgements handed down by the Court in relation to the litigation over the T3 tariff (€31,398,243.51 at 31/12/2011 and €24,356,036.24 at 31/12/2010) (see note 26).

(e) Classification by maturity date

The classification of financial liabilities by maturity date as of 31st December 2011 is as follows:

TRANSACTION TYPE	MATURITY DATE						TOTAL
	2012	2013	2014	2015	2016	2017 and subsequent	
Loan **D** European Investment Bank	2,557,306.50	2,557,306.53					**5,114,613.03**
Loan **E** European Investment Bank	601,012.10	601,012.11					**1,202,024.21**
Loan **F** European Investment Bank	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00	6,000,000.00	**8,500,000.00**
Loan **G** European Investment Bank	380,952.38	380,952.38	380,952.38	380,952.38	380,952.38	4,952,380.94	**6,857,142.84**
Loan **H** European Investment Bank	1,285,714.28	1,285,714.29	1,285,714.29	1,285,714.29	1,285,714.29	17,999,999.97	**24,428,571.41**
Loan **I** European Investment Bank	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	45,000,000.00	**60,000,000.00**
Loan **J** European Investment Bank	-	-	3,092,500.00	3,092,500.00	3,092,500.00	52,572,500.00	**61,850,000.00**
Loan **K** European Investment Bank	-	-	2,407,500.00	2,407,500.00	2,407,500.00	40,927,500.00	**48,150,000.00**
Loan **L** European Investment Bank	-	-	2,500,000.00	2,500,000.00	2,500,000.00	42,500,000.00	**50,000,000.00**
Loan **M** European Investment Bank	-	-	-	-	-	58,000,000.00	**58,000,000.00**
Loan **1** Official Credit Institute	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	23,100,000.00	**31,350,000.00**
Loan **2** Official Credit Institute	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	45,000,000.00	**60,000,000.00**
Loan **3** Official Credit Institute	4,950,000.00	9,900,000.00	9,900,000.00	9,900,000.00	9,900,000.00	153,450,000.00	**198,000,000.00**
Other payables	357.84						**357.84**
Current interest	1,728,409.09						**1,728,409.09**
TOTAL	**19,653,752.19**	**22,874,985.31**	**27,716,666.67**	**27,716,666.67**	**27,716,666.67**	**489,502,380.91**	**615,181,118.42**

The classification of financial liabilities by maturity date at 31st December 2010 is as follows:

TRANSACTION TYPE	MATURITY DATE						TOTAL
	2011	2012	2013	2014	2015	2016 and subsequent	
Loan **D** European Investment Bank	2,557,306.50	2,557,306.53	2,557,306.53	-	-	-	**7,671,919.51**
Loan **E** European Investment Bank	601,012.10	601,012.11	601,012.11	-	-	-	**1,803,036.30**
Loan **F** European Investment Bank	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00	6,500,000.00	**9,000,000.00**
Loan **G** European Investment Bank	380,952.38	380,952.38	380,952.38	380,952.38	380,952.38	5,333.333.34	**7,238,095.24**
Loan **H** European Investment Bank	1,285,714.28	1,285,714.29	1,285,714.29	1,285,714.29	1,285,714.29	19,285,714.27	**25,714,285.72**
Loan **I** European Investment Bank	-	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	48,000,000.00	**60,000,000.00**
Loan **J** European Investment Bank	-	-	-	-	3,092,500.00	58,757,500.00	**61,850,000.00**
Loan **K** European Investment Bank	-	-	-	-	-	48,150,000.00	**48,150,000.00**
Loan **L** European Investment Bank	-	-	-	-	-	50,000,000.00	**50,000,000.00**
Loan **M** European Investment Bank	-	-	-	-	-	58,000,000.00	**58,000,000.00**
Loan **1** Official Credit Institute	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	24,750,000.00	**33,000,000.00**
Loan **2** Official Credit Institute	-	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	48,000,000.00	**60,000,000.00**
Loan **3** Official Credit Institute	-	750,000.00	1,500,000.00	1,500,000.00	1,500,000.00	24,750,000.00	**30,000,000.00**
Loan **4** Official Credit Institute	-	500,000.00	1,000,000.00	1,000,000.00	1,000,000.00	16,500,000.00	**20,000,000.00**
Loan **5** Official Credit Institute	-	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	45,000,000.00	**50,000,000.00**
Loan **6** Official Credit Institute	-	1,625,000.00	1,625,000.00	1,625,000.00	1,625,000.00	58,500,000.00	**65,000,000.00**
Current interest	1,097,560.84	-	-	-	-	-	**1,097,560.84**
TOTAL	**8,072,546.11**	**17,099,985.27**	**18,349,985.28**	**15,191,666.67**	**18,284,166.67**	**511,526,547.61**	**588,524,897.61**

(19) Tax matters

The detail of tax payables at 31st December 2011 is as follows:

	EUROS / 2011	
	NON-CURRENT	CURRENT
Assets		
Government grants receivable	4,450,000.00	828,586.83
Sundry accounts receivable from tax authorities	-	617,613.72
VAT borne pending deductions for advance payments	-	1,018,255.37
Accrued social security contributions receivable	-	4,040.98
Total	**4,450,000.00**	**2,468,469.90**
Liabilities		
Income Tax payable	-	337,730.49
Accrued social security contributions payable	-	376,599.17
Total	**-**	**714,329.66**

The detail of tax payables at 31st December 2010 is as follows:

	EUROS / 2010	
	NON-CURRENT	CURRENT
Assets		
Government grants receivable	5,842,795.00	42,123,952.07
Sundry accounts receivable from tax authorities	-	1,841,742.87
VAT borne pending deductions for advance payments	-	1,519,135.87
Accrued social security contributions receivable	-	32,673.67
Total	**5,842,795.00**	**45,517,504.48**
Liabilities		
Income Tax payable	-	355,867.83
Accrued social security contributions payable	-	352,376.88
Total	**-**	**708,244.71**

The account "VAT borne pending deductions for advance payments" shows the outstanding VAT borne on work certifications at 31st December 2011 and 2010. As soon as the work certifications are paid by the PAV, this VAT is reclassified as deductible VAT.

The total balance of "Government grants receivable" at 31st December 2011 and 2010 covers aid receivable from European funds.

At 31st December the PAV had all taxes applicable to it as from January 2008 open for review by the Spanish tax authorities (except for Corporation Tax which is open for review as from January 2007). The PAV does not expect any additional material liabilities to arise in relation to the years open for inspection.

(a) Corporation Tax

In accordance with the response to the query made to the Directorate General of Taxes on 31st October 2001, and the provisions of article 2 and the third final provision of Spanish Law 24/2001, of 27th December, on Tax, Administrative and Social Order Measures, the special regime for entities partially exempt from Corporation Tax for the financial year 2000 and subsequent years is applicable to port authorities.

In view of the abovementioned query, the discrepancies between the Spanish Treasury and the Ministry of Development (via the OPPE) relating to whether the Entity is exempt from this tax and where this is not the case, to which regime it would be applicable, were resolved in 2001.

As a result of the application of Corporation Tax regulatory standards, the reconciliation of net income and expenses for the years 2011 and 2010 to taxable profit and loss is as follows:

ITEMS	2011		
	INCREASES	DECREASES	AMOUNT
Accounting profit (loss) after tax			**33,707,773.50**
Permanent differences: relating to the deduction for Corporation Tax 2011	**180,252.13**		**180,252.13**
Permanent differences: relating to the tax regime for partially exempt entities		-32,993,608.24	-32,993,608.24
Permanent differences: relating to application of and excess provisions on property, plant and equipment in 2010		-29,369.52	-29,369.52
Compensation negative T. P/L. from previous years		-137,007.42	-137,007.42
Taxable profit (loss)			**728,040.45**
Gross tax payable: (25% tax rate on taxable profit (loss)			**182,010.11**
Double taxation tax credit pending 2010			**631.07**
Double taxation tax credit 2011			**1,126.91**
Net Corporation Tax payable			**180,252.13**

ITEMS	2010		
	INCREASES	DECREASES	AMOUNT
Accounting profit (loss) after tax			**21,193,814.98**
Permanent differences: relating to the tax regime for partially exempt entities		-21,301,452.86	-21,301,452.86
Permanent differences: relating to application of and excess provisions on property, plant and equipment in 2010		-29,369.54	-29,369.54
Taxable profit (loss)			**-137,007.42**
Gross tax payable: (25% tax rate on taxable profit (loss))			**-**
Double taxation tax credit			**631.07**
Net Corporation Tax payable			**-**

The income to which the tax credit was applicable given the reinvestment of extraordinary profit arising from the sale of non-current assets in 2006 amounted to €4,557,101.35. In 2006, €5,804,838.97 was reinvested in the enlargement of the quay area alongside the former riverbed of the River Turia.

The PAV has not availed itself of any tax credits relating to investments in measures to reduce the environmental impact of its operations.

In 2011, the PAV fully offset the tax loss carryforwards incurred in 2010 amounting to €137,007.42. Additionally, in 2011 the tax deduction for double taxation from the previous year amounting to €631,07 was fully used.

(20) Environmental information

The environmental programmes implemented in 2011 within the framework of the strategic development of port-city integration included the PAV taking an active role in the following projects and initiatives:

• The CLIMEPORT Project, the beneficiary of the European Commission's Med funds, is entitled "European ports' contribution to fighting climate change". The PAV leads the ports of Algeciras, Marseilles, Leghorn, Koper and Piraeus, the Valencian and Koper energy agencies, and the Universidad Politécnica de Valencia's Electrical Technology Institute in this project. In 2011, the action plans were drawn up so that each of the participating ports can implement some of the best practices identified at the start of the project. Moreover, in October the pilot projects began to be defined. In the case of the Port Authority of Valencia this consists of the implementation of an Energy Management System based on the ISO 50001 standard. The CLIMEPORT project got underway in May 2009 and is set to finish in May 2012.

• The ECOPORT II initiative. The PAV continues to work on the ECOPORT II Project. The aim of this project is for registered companies belonging to the port community to implement a five-level environmental quality certification system in a period of time no longer than five years. Several working meetings were held in 2011 and the registered companies continued to be audited. They were advised on the level they were at vis-à-vis the environmental management system. Help was also given on the steps required to improve their level and assist them on the road to certification.

• The EFICONT project, in cooperation with the Valenciaport Foundation, supported with funds from the Spanish Ministry of Science and Innovation. This project aims to contribute to improving energy efficiency in container terminals through a comprehensive diagnosis and identification of indicators for enhancing their energy and environmental efficiency. The project started in 2009 and finished in March 2011.

• Participation in the EUROPHAR EEIG.

The PAV has been a member of the EUROPHAR European Economic Interest Group since 1997. The Group's members include the port authorities of Marseilles and Genoa, as well as other Spanish, French and Italian companies and organisations which promote safety and environmental protection in ports. The EUROPHAR consortium, which has been presided over by the PAV since 2008, is an exceptional way to disseminate and promote the PAV's policies on the international stage, and is also a cooperation tool for the development of R&D&I projects. EUROPHAR has taken part in different projects, such as the SIMPYC Project which was completed in 2008. In addition, the FEPORTS Foundation took over the General Secretariat of EUROPHAR in December 2010, thus encouraging the Group's research and development activities via the consortium's participation in several R&D&I projects in the field of environmental protection and port safety.

In 2011, EUROPHAR presented several proposals for international programmes such as the A.LIFE project entitled "Vessel ballast water management", presented to the European LIFE+ programme for which it is the project leader, and the Terascreen "Multi-frequency multi-mode Terahertz screening for border checks" project in which it is one of the partners. Work also continued on the SUPPORT "Security Upgrade for Ports" project under the 7th Framework Programme call with the main port threats and scenarios being drawn up during the year. Thus, EUROPHAR has become an international benchmark in the fields of European environmental protection and port safety.

In 2011, the PAV continued to develop its own environmental management system and maintained its ISO 14001 certification obtained on 28th April 2006 for "Service and infrastructure management in the ports of Sagunto, Valencia and Gandia" with the number SGI 3050282. Likewise, it renewed its registration in the Valencian Region's EMAS, which was originally achieved in 2008. This certifies its compliance with the requirements of the European Commission's Eco-Management and Audit Scheme (EMAS).

Waste management systems

As part of its management system, the PAV duly manages the waste it generates through its activities. It also monitors the rest of the waste generated in the ports managed by the PAV and it carries out other environmental actions which help to minimise possible impacts on the environment, such as quality control of the waters, control of sedimentable particle emissions produced when loading or discharging dusty/powdery products, control of the noise produced by operations, etc.

The PAV has promoted the creation of a Waste Transfer Centre (CTR) in the port facility to manage waste. The CTR aims to make it easy for companies which operate in the ports of Valencia, Sagunto and Gandia to manage both their hazardous and non-hazardous waste quickly, easily and efficiently, thus ensuring that this waste is correctly handled according to applicable legislation. Through the CTR, the PAV offers companies which operate in the port facilities it manages all the necessary means to achieve a type of environmental management which is compatible with the sustainable development it pursues.

More detailed information about the type of waste generated and the different waste management systems is given in the Environmental Report that the Entity publishes every year.

Environmental information and training

The PAV edited the following publications during 2011 in order to pass on its experience in environmental management to the port community:

• 2010 Environmental Report.

• E4Port Guide to Implementing Energy Management Systems by Stages in Port Facilities.

- Ecoefficiency Guides: energy ecoefficiency, creation of a greenhouse gas emission inventory, water consumption, waste generation, and the use of materials in building works.
- Environmental Advertisement: The Port Authority of Valencia has published an advertisement in the press which details its internal projects, publications and R&D&I projects in the field of environmental protection.
- A series of "Environmental Calendars" which contain information about different environmental milestones.
- Climeport leaflets and newsletter.
- An environmental newsletter published three times a year which has national and international circulation. Three newsletters were published during 2011.

In 2011, training and awareness courses were carried out at the Port Authority of Valencia's facilities, as part of the ECOPORT II project. A total of two talks were given: a one-hour talk on the difference between the ISO 14001 standard and EMAS and their advantages in relation to the Spanish Law on State-owned Ports (March 2011) attended by 19 people and a one-hour session on energy ecoefficiency (July 2011) which was attended by 23 people.

The Ecoport II project training plan includes different training documents on environmental issues. In December 2011, the waste document was presented to all the companies in the Ecoport group.

A total of 123 insight sessions were given into all the environmental programmes carried out by the PAV which were attended by a total of around 3,535 people from different organisations and centres including the University of Nijmegen, the University of Valencia, the Civil Engineering School, Master's Degree from the Universidad Politécnica de Valencia and the Instituto de Empresa Business School in Madrid.

In 2011, the PAV took part in a considerable number of national and international congresses and symposia about the environment in relation to ports. These included:

- Port logistics course at Jovellanos University (Gijon, March 2011)
- European Megaports initiative workshop (Lisbon, March 2011)
- Climeport project workshop (Marseilles, March 2011)
- Europhar – Board meeting (Pisa, June 2011)
- Unctad seminar (Guatemala, July 2011)
- 16th Latin American Port Management course at the State-owned Ports Body (Madrid, October 2011)
- Greenport Conference (Hamburg, October 2011)

Intangible assets and property, plant and equipment

The detail of the PAV's investments in intangible assets and property, plant and equipment relating to the improvement of the environment in 2011 and 2010 is as follows:

ENVIRONMENTAL ASSETS (GROSS AMOUNTS)	31/12/2010	ADDITIONS DURING THE YEAR (+)	DERECOGNITIONS (-)	31/12/11
MARITIME ACCESSES	3,748,162.71			3,748,162.71
BREAKWATERS AND DOCK WORKS	148,247.29			148,247.29
BERTHING WORKS	91,772.15			91,772.15
GENERAL FACILITIES	266,240.11			266,240.11
PAVEMENTS AND ROADS	5,899.45			5,899.45
FLOATING EQUIPMENT	57,999.90			57,999.90
SUNDRY EQUIPMENT	436,526.59	12,956.59		449,483.18
COMPUTER SOFTWARE	14,909.00			14,909.00
INDUSTRIAL PROPERTY	3,270.00			3,270.00
LAND	63,534.43			63,534.43
TOTAL ENVIRONMENTAL ASSETS	**4,836,561.63**	**12,956.59**		**4,849,518.22**

AMORTISATION AND DEPRECIATION OF ENVIRONMENTAL ASSETS	31/12/2010	ADDITIONS DURING THE YEAR (+)	DERECOGNITIONS (-)	31/12/11
MARITIME ACCESSES	665,332.09	78,185.16		743,517.25
BREAKWATERS AND DOCK WORKS	38,631.88	2,969.28		41,601.16
BERTHING WORKS	39,857.34	3,068.88		42,926.22
GENERAL FACILITIES	66,683.91	15,459.11		82,143.02
PAVEMENTS AND ROADS	2,372.19	395.58		2,767.77
FLOATING EQUIPMENT	7,744.02	3,875.46		11,619.48
SUNDRY EQUIPMENT	276,947.39	71,776.95		348,724.34
COMPUTER SOFTWARE	14,909.00			14,909.00
INDUSTRIAL PROPERTY	3,270.00			3,270.00
TOTAL AMORTISATION AND DEPRECIATION OF ENVIRONMENTAL ASSETS	**1,115,747.82**	**175,730.42**		**1,291,478.24**

ENVIRONMENTAL ASSETS (GROSS AMOUNTS)	31/12/2009	ADDITIONS DURING THE YEAR (+)	DERECOGNITIONS (-)	31/12/10
MARITIME ACCESSES	3,748,162.71			3,748,162.71
BREAKWATERS AND DOCK WORKS	148,247.29			148,247.29
BERTHING WORKS	91,772.15			91,772.15
GENERAL FACILITIES	199,468.18	66,771.93		266,240.11
PAVEMENTS AND ROADS	5,899.45			5,899.45
FLOATING EQUIPMENT	57,999.90			57,999.90
SUNDRY EQUIPMENT	389,777.59	46,749.00		436,526.59
COMPUTER SOFTWARE	14,909.00			14,909.00
INDUSTRIAL PROPERTY	3,270.00			3,270.00
LAND	63,534.43			63,534.43
TOTAL ENVIRONMENTAL ASSETS	**4,723,040.70**	**113,520.93**		**4,836,561.63**

AMORTISATION AND DEPRECIATION OF ENVIRONMENTAL ASSETS	31/12/2009	ADDITIONS DURING THE YEAR (+)	DERECOGNITIONS (-)	31/12/10
MARITIME ACCESSES	587,146.93	78,185.16		665,332.09
BREAKWATERS AND DOCK WORKS	35,662.60	2,969.28		38,631.88
BERTHING WORKS	36,788.46	3,068.88		39,857.34
GENERAL FACILITIES	54,551.01	12,132.90		66,683.91
PAVEMENTS AND ROADS	1,976.61	395.58		2,372.19
FLOATING EQUIPMENT	3,877.38	3,866.64		7,744.02
SUNDRY EQUIPMENT	220,534.80	56,412.59		276,947.39
COMPUTER SOFTWARE	14,277.95	631.05		14,909.00
INDUSTRIAL PROPERTY	3,270.00			3,270.00
TOTAL AMORTISATION AND DEPRECIATION OF ENVIRONMENTAL ASSETS	**958,085.74**	**157,662.08**		**1,115,747.82**

List of investment projects with an environmental impact statement

Information is provided below about the status of works and their implementation at 31st December 2011 and 2010 with respect to the investment projects that required an environmental impact statement.

PROJECT DESCRIPTION	WORKS STATUS
Extension of the South Dock and berthing line at the Port of Valencia	Work finished and terminals in operation
Breakwater works at the Port of Sagunto, breakwater, outer sea wall and regasification site	One phase of the work is finished and its terminals are in operation and another phase is currently underway
East Breakwater site and berthing area and the extension of the inner Xità Quay at the Port of Valencia	Work finished and terminals in operation
North Extension at the Port of Valencia	Work underway

Environment-related sales, income and rebates

The environmental aspects envisaged in the Spanish Law on State-owned Ports and the Merchant Navy are:

- Rebates are contemplated to promote best environmental practices. These rebates are to be applied to the vessel charge.
- The collection activities of vessel-generated waste and, when necessary, its storage, sorting and handling, are regulated, as are its transport to treatment facilities authorised by the Administration (article 63). The service is regulated according to the contents of the Directive 2000/59/EC by which the fixed tariff the Port Authority must demand of all vessels which call into its port is stipulated. Moreover, an additional tariff, collected by the Port Authority, for not using the service, is envisaged.
- Environmental and safety issues are regulated in Title IV of the Law (articles 62 to 65). This sets out the prevention and treatment of procedures that may have effects on the environment such as spills and reception of vessel-generated waste, and emergency and safety plans for dangerous goods. Each port authority puts together its own Internal Emergency Plan and must be responsible for waste from vessels and from dredging works in ports.

The rebates mentioned in the aforementioned Law amounted to €480,233.83 in 2011 (€429,527.00 in the previous year).

The amount paid for not using the vessel-generated waste collection service, and for the vessel-generated waste collection service, stood at €4,428,075.03 (€2,593,662.54 in 2010).

Costs and expenses relating to the environment

The breakdown of PAV costs and expenses relating to environmental improvements in 2011 and 2010 are as follows:

ENVIRONMENTAL EXPENSES AND COSTS	2011	2010
STAFF COSTS	**250,790.79**	**441,682.10**
OTHER OPERATING EXPENSES	**948,467.83**	**1,144,059.15**
Repairs and upkeep	212,239.84	458,283.46
Independent professional services	393,850.12	409,454.62
Supplies and materials consumed	5,695.94	22,056.76
Other services and other expenses	336,681.93	254,264.31
DEPRECIATION AND AMORTISATION CHARGE	**282,322.41**	**243,269.47**
TOTAL ENVIRONMENTAL EXPENSES AND COSTS	**1,481,581.03**	**1,829,010.72**

Provisions relating to the environment

The PAV has not recorded any provisions to cover environmental risks, has no contingencies relating to the protection and improvement of the environment, and has not received any type of environmental grants which might be considered material in relation to its equity, financial position and result of operations.

(21) Related party balances and transactions

(a) Related party balances

The detail of balances receivable from and payable to Group companies, associated companies and related parties, including senior management and directors, and the features thereof are presented in notes 11, 18 and 22.

(b) Related party transactions

The balances of PAV transactions with related parties in 2011 are as follows:

	EUROS		
	GROUP COMPANIES	ASSOCIATED COMPANIES	TOTAL
Income			
Net sales	16,443.10	56,928.95	73,372.05
Expenses			
Net purchases	677,874.00	2,540,552.12	3,218,426.12

The balances of PAV transactions with related parties in 2010 are as follows:

	EUROS		
	GROUP COMPANIES	ASSOCIATED COMPANIES	TOTAL
Income			
Net sales	16,477.74	59,031.57	75,509.31
Expenses			
Net purchases	602,170.00	2,385,052.62	2,987,222.62

(22) Disclosures relating to members of the Board of Directors and senior management

The members of the PAV Board of Directors were paid attendance fees in 2011 amounting to €52,400 (€78,400 in 2010) and had remuneration receivable at 31st December 2011 amounting to €6,400 (€18,300 at 31st December 2010).

The PAV's senior management were paid wages and salaries in 2010 amounting to €228,620.61 (€240,110.84 in 2010), and no remuneration was outstanding at 31st December 2011 and 2010.

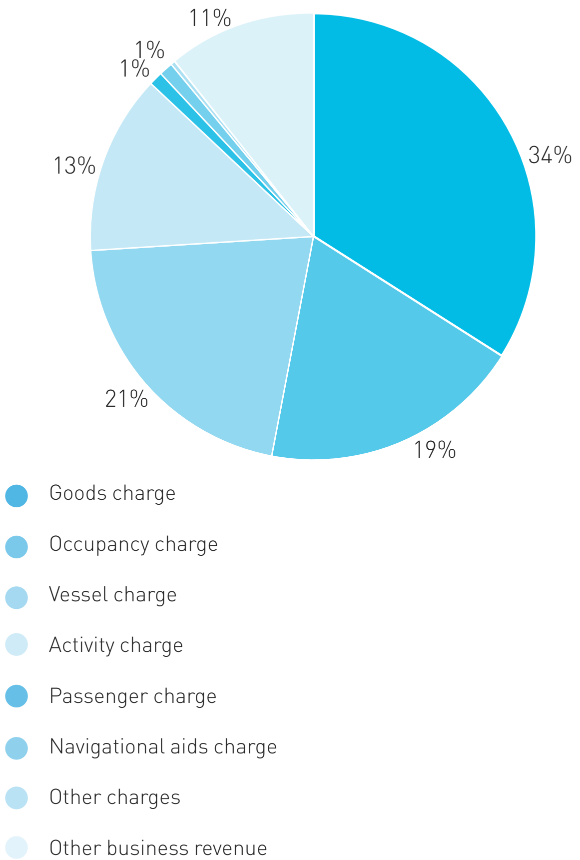
The PAV did not grant any advances or loans to members of the Board of Directors or senior management, did not assume any guarantee obligations on their behalf and had no pension or life insurance commitments with former or current members of the Board of Directors or senior management.

In 2011 and 2010, the members of the Board of Directors and senior management of the PAV did not perform any transactions not relating to the ordinary course of business or which were not performed on an arm's length basis.

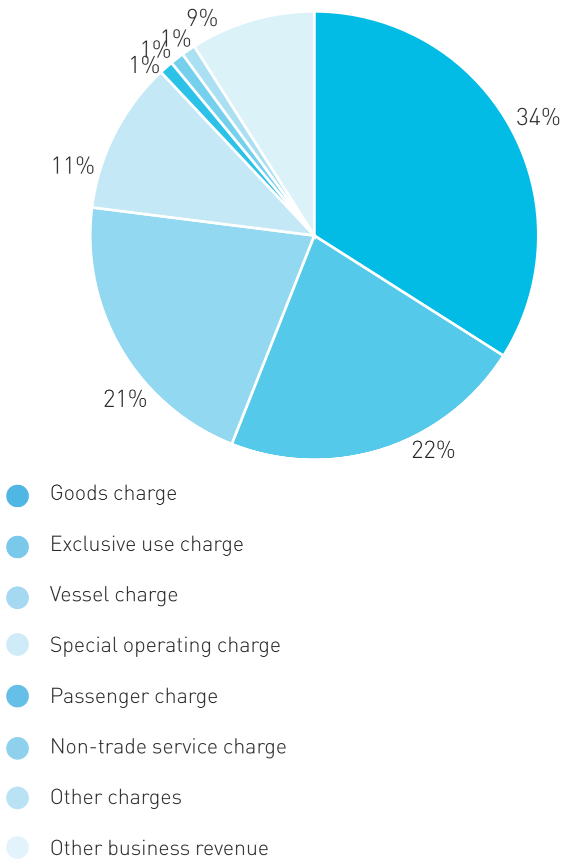
(23) Revenue and expense recognition

(a) Net revenue

The percentage breakdown of net revenue in 2011 is as follows:



The percentage breakdown of net revenue in 2010 is as follows:



The PAV performed all its business activity in the Spanish market in 2011 and 2010.

(b) Operating expenses

The detail of operating expenses in 2011 and 2010 is as follows:

ITEMS	2011	2010
STAFF COSTS	**18,671,082.27**	**19,877,919.46**
Wages and salaries	13,218,497.86	14,085,167.20
Severance costs	0.00	194,910.00
Employer social security contributions	4,080,473.12	4,174,001.78
Other employee benefit costs	1,767,111.29	1,423,840.48
Provisions	-395,000.00	
OTHER OPERATING EXPENSES	**37,039,090.14**	**43,772,989.45**
Leases	388,985.41	494,510.57
Repairs and upkeep	8,664,362.84	7,632,671.37
Independent professional services	4,691,173.67	6,070,271.84
Insurance premiums	243,319.09	259,550.50
Advertising, publicity and public relations	1,446,328.18	1,614,037.20
Supplies and materials consumed	6,174,104.50	7,119,441.70
Losses on, impairment of and changes in provisions for trade receivables	-303,355.08	5,209,800.58
Taxes other than Corporation Tax	2,044,604.39	2,438,169.54
Other current operating expenses	2,677,147.66	3,215,114.29
Contribution to State-owned Ports Body	3,886,666.86	3,889,519.96
Interport Compensation Fund contributed	3,824,000.00	2,353,000.00
Other external services and other operating expenses	3,301,752.62	3,476,901.90
DEPRECIATION AND AMORTISATION CHARGE	**44,793,550.25**	**46,169,691.04**
IMPAIRMENT AND GAINS (LOSSES) ON THE DISPOSAL OF ASSETS	**86,524.85**	**188,022.46**
OTHER PROFIT (LOSS) (note26 a))	**-9,340,261.44**	**-14,791,757.65**
TOTAL	**91,249,986.07**	**95,216,864.76**

Lower staff costs in 2011 came as a result of a decrease in the average workforce which fell from 419 in 2010 to 412 in 2011 and of the 5% reduction in wages and salaries pursuant to Spanish Decree Law 8/2010.

The rise in "Repairs and upkeep" was mainly due to the maintenance required to upkeep the new fixed asset additions and to the increased costs associated with the new tariff for the collection of vessel-generated waste which in 2010 was only in force during the last four months of the year.

The reduction in "Independent professional services" came as a consequence of outsourcing less contracting work, mainly as a result of the application of the austerity plan and measures to restrict spending.

"Supplies" decreased compared to the previous year mainly as a result of a drop in electricity consumption and of the application of the austerity plan and measures to restrict spending.

Figures for "Losses on, impairment of and changes in provisions for trade receivables" fell by €5.5 million compared to 2010 mainly due the reversal of provisions made in previous years given that the related debts had been secured (see note 11).

"Other current operating expenses" fell in 2011 to €2.7 million (€3.2 million in 2010) as a result of the application of the austerity plan and measures to restrict spending.

The depreciation and amortisation charge decreased by €1.4 million primarily as a result of the full depreciation in 2010 of intangible assets for which a large annual provision had been made.

During 2011, extraordinary income was registered under "Other operating gains or losses" to the value of €7.5 million which corresponds to the agreements made by the Spanish Central Government authorising the implementation of a Contingency Fund as well as the granting of an extraordinary loan to pay the principals resulting from litigation over the T3 tariffs (€15 million in the previous year), and due to the recognition of extraordinary income amounting to €1.8 million as a result of a surplus provision for the principals of the aforementioned litigation.

(c) Gains or losses on the disposal of non-current assets

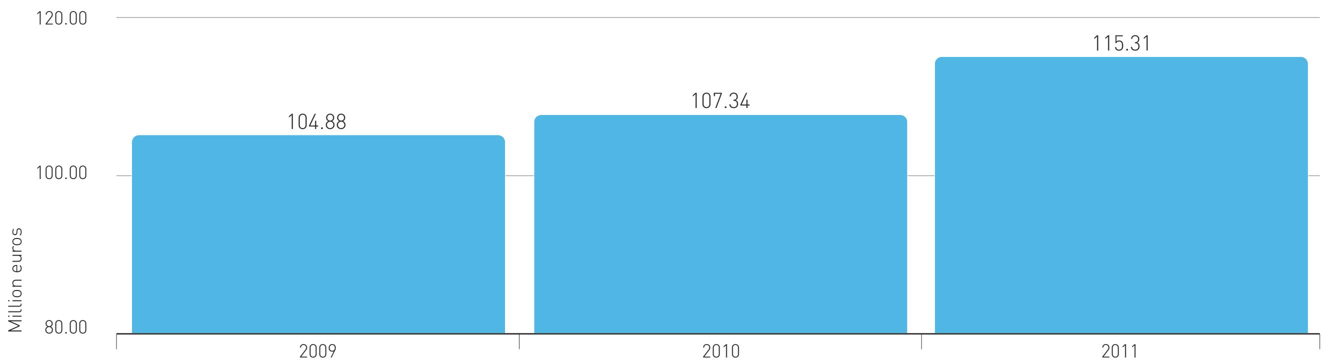
The detail of losses on the disposal of non-current assets at 31st December 2011 and 2010 in euros is as follows:

	2011	2010
Losses		
Property, plant and equipment	46,476.58	78,938.93
Investment property	69,417.79	138,453.07
Total	**115,894.37**	**217,932.00**

(d) Profit (loss) for the year

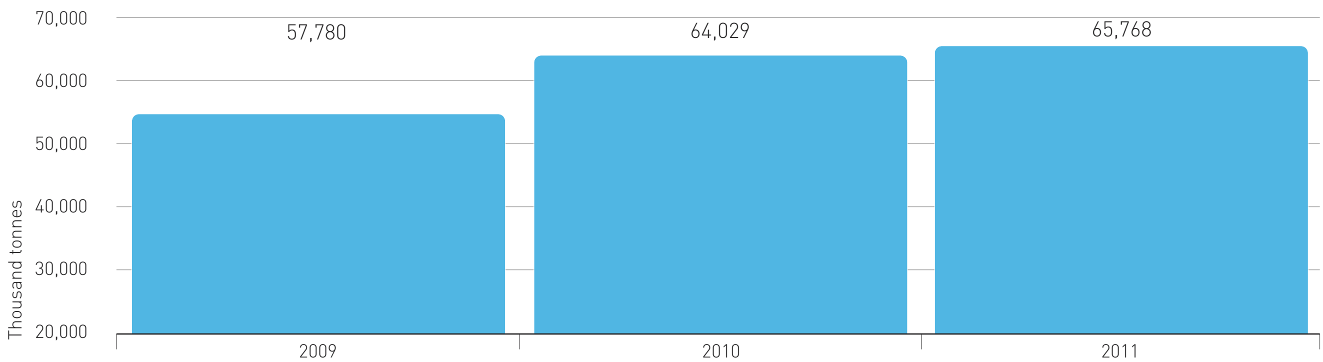
Net revenue stood at €115.31 million (€107.34 million in the previous year), and was up 7.4% on the previous year. The changes in revenue are shown in the following graph:

Net revenue



Net revenue went up in 2011 mainly as a result of the 2.7% rise in total port traffic, which increased to 65.77 million tonnes (64.03 million in the previous year). The following graph shows the changes in total port traffic over the past three years:

Total traffic



Total traffic at the PAV went up by 2.7% in 2011 as mentioned above. Traffic figures were particularly strong in containerised general cargo which rose by 1.9 million tonnes in 2011 (+3.8% in relative terms) compared to the previous year. Conventional general cargo increased by 0.7 million tonnes in 2011 (+10.4% in relative terms). Liquid and solid bulk fell by 0.6 and 0.2 million tonnes respectively (-12.4 % and -8.4% in relative terms). Container traffic expressed in TEUs rose by 2.9% to 4,327,371 TEUs (4,206,937 TEUs in 2010).

The detail of operating expenses was provided in section b) of this note.

Operating profit for 2011 rose to €36.35 million compared to €20.89 million in the previous year.

Financial losses stood at -€2.46 million in 2011 (+€0.31 million in 2010).

Corporation Tax in 2011 stood at €0.18 million (zero in the previous year).

Thus, profit for 2011 stood at €33.71 million (€21.19 million in 2010).

(24) Disclosures on employees

The average number of PAV employees in 2011 and 2010, broken down by category, is as follows:

	2011	2010
Senior management	2	2
Other management, specialists and similar	100	101
Clerical and ancillary staff	85	87
Other staff	225	229
TOTAL	**412**	**419**

The distribution by gender of employees at 31st December 2011 is as follows:

	WOMEN	MEN
Senior management	-	2
Other management, specialists and similar	16	85
Clerical and ancillary staff	22	64
Other staff	10	214
TOTAL NUMBER OF EMPLOYEES	**48**	**365**

The distribution by gender of employees at 31st December 2010 is as follows:

	WOMEN	MEN
Senior management	-	2
Other management, specialists and similar	17	85
Clerical and ancillary staff	23	63
Other staff	8	218
TOTAL NUMBER OF EMPLOYEES	**48**	**368**

At 31st December 2011, the number of Directors stood at 15, 4 of which were women and 11 were men (3 women and 12 men in 2010).

(25) Disclosures on the deferral of payments – Spanish Law 15/2010 of 5th July

Disclosures on the deferral of payments to suppliers and creditors in accordance with additional provision three of Spanish Law 15/2010 of 5th July is as follows:

In relation to the contracts entered into, or by default the invoices issued, subsequent to Spanish Law 15/2010, of 5th July, coming into force, the balances payable to suppliers of goods and services included under current liabilities on the balance sheet at 31st December 2011 that were over due by more than the maximum payment period provided in said Law (60 days) amounted to €318,290,36 (€301,652.32 at 31st December 2010).

In 2011 and 2010, the instalment payments made to non-current asset suppliers and for operating expenses incurred in theses years are as follows:

	AVERAGE PAYMENT PERIOD (IN DAYS)	PAYMENTS MADE IN 2011 (THOUSAND EUROS)	
		NO. OF PAYMENTS	TOTAL AMOUNT
Investments	33.75	1,360	79,104
Operating expenses	41.22	5,664	33,472

	AVERAGE PAYMENT PERIOD (IN DAYS)	PAYMENTS MADE IN 2010 (THOUSAND EUROS)	
		NO. OF PAYMENTS	TOTAL AMOUNT
Investments	55.19	1,345	192,292
Operating expenses	44.04	5,651	29,263

The average payment period is calculated in days divided by the total payments made, weighted by the transaction amounts. The number of payment days for each transaction is calculated as the difference between the date of payment and the date of the invoice or work certification.

At 31st December 2011 and 2010, the transactions pending payment to non-current suppliers and for operating expenses are as follows:

	AVERAGE OUTSTANDING PAYMENT PERIOD (IN DAYS)	TRANSACTIONS PENDING PAYMENT AT 31/12/2011 (THOUSAND EUROS)	
		NO. OF PAYMENTS	TOTAL AMOUNT
Investments	7.74	154	9,206
Operating expenses	19.74	581	3,294

	AVERAGE OUTSTANDING PAYMENT PERIOD (IN DAYS)	TRANSACTIONS PENDING PAYMENT AT 31/12/2010 (THOUSAND EUROS)	
		NO. OF PAYMENTS	TOTAL AMOUNT
Investments	8.28	253	13,618
Operating expenses	28.31	708	3,790

The average outstanding payment period is calculated in days divided by the total number of transactions pending payment, weighted by the transaction amounts. The number of outstanding payment days for each transaction is calculated as the difference between the year closing date and the date of the invoice or work certification.

(26) Other disclosures

(a) Litigation in process

The court and administrative and judicial review proceedings brought by and against the PAV, which amount to over €150,000, are as follows:

1. There are lawsuits in progress to contest G-3 and T3 tariffs which at 31st December 2011 amounted to a principal of €28.74 million (€32.64 million at 31st December 2010).

In judgement numbers 116/2009, of 18th May; 146/2009 of 15th June and 161/2009 of 29th June, the Spanish Constitutional Court declared paragraphs 1 and 2 of the thirty-fourth additional provision of Spanish Law 55/1999 of 29th December on Tax, Administrative and Social Order Measures to be unconstitutional. Their purpose was to establish a mechanism for the rebilling/payment of principal and interest accrued by means of new port tariffs which had been declared void by unappealable judgements handed down in accordance with the law in force at the time the corresponding services were provided to users.

In view of the above, numerous appeals have been filed at various court levels since 1996 against the charges made by the port authorities on the grounds that these were private prices. The amounts charged as from 1993 have been appealed and these appeals have systematically been allowed, with subsequent judgements being handed down by the Courts by which the port tariffs were declared to be void and both the principal and the related late payment interest were required to be refunded.

In accordance with the court judgements handed down against the Port Authority of Valencia, it was ordered to refund the principal and interest paid in relation to charges made from 1993 to 2003 amounting to approximately €28.74 million in the case of the principal (€32.64 million at 31st December 2010) and €18.53 million in the case of late payment interest (€18.88 million at 31st December 2010). Provisions had been recognised by the PAV for these amounts at 31st December 2011 and 2010 (see note 16 and 18 d).

In 2010, the Spanish Central Government authorised the implementation of a Contingency Fund as well as the granting of an extraordinary loan to pay the principal and interest relating to the T3 tariffs declared void in the unappealable judgements handed down by the Court. This gives rise to a source of funds which offsets the amounts payable as a result of the aforementioned judgements.

The balance payable by the PAV in relation to the judgements handed down on the T3 tariffs amounted to €37.7 million at 31st December 2011 (€23.7 million at 31st December 2010), which were included under "Payable to Group and associated companies" in the balance sheet, recognising extraordinary income (lawsuits) amounting to €9.3 million (€14.99 million in 2010) and financial income (late payment interest) amounting to €6.5 million (€8.7 million in 2010).

In 2011, €2 million were paid in relation to these items as a result of the enforcement of final judgements, and surplus provisions made amounting to €1.8 million were reversed.

The PAV estimates that the Spanish Central Government will continue approving the necessary funds to pay the remaining amounts out of the aforementioned Contingency Fund, as unappealable judgements are handed down on the pending lawsuits voiding the charges currently under dispute. Accordingly, it is considered that the lawsuits against the PAV will be compensated in subsequent years. The PAV does not expect the outcome of these lawsuits to have any financial effect on the Entity's ability to meet its payment obligations.

2. A lawsuit has been filed by a company requesting exemption from payments of the non-use of the waste reception services tariff as well as the refund of €722,179.05. The Entity has recognised a provision for this amount (see note 16).

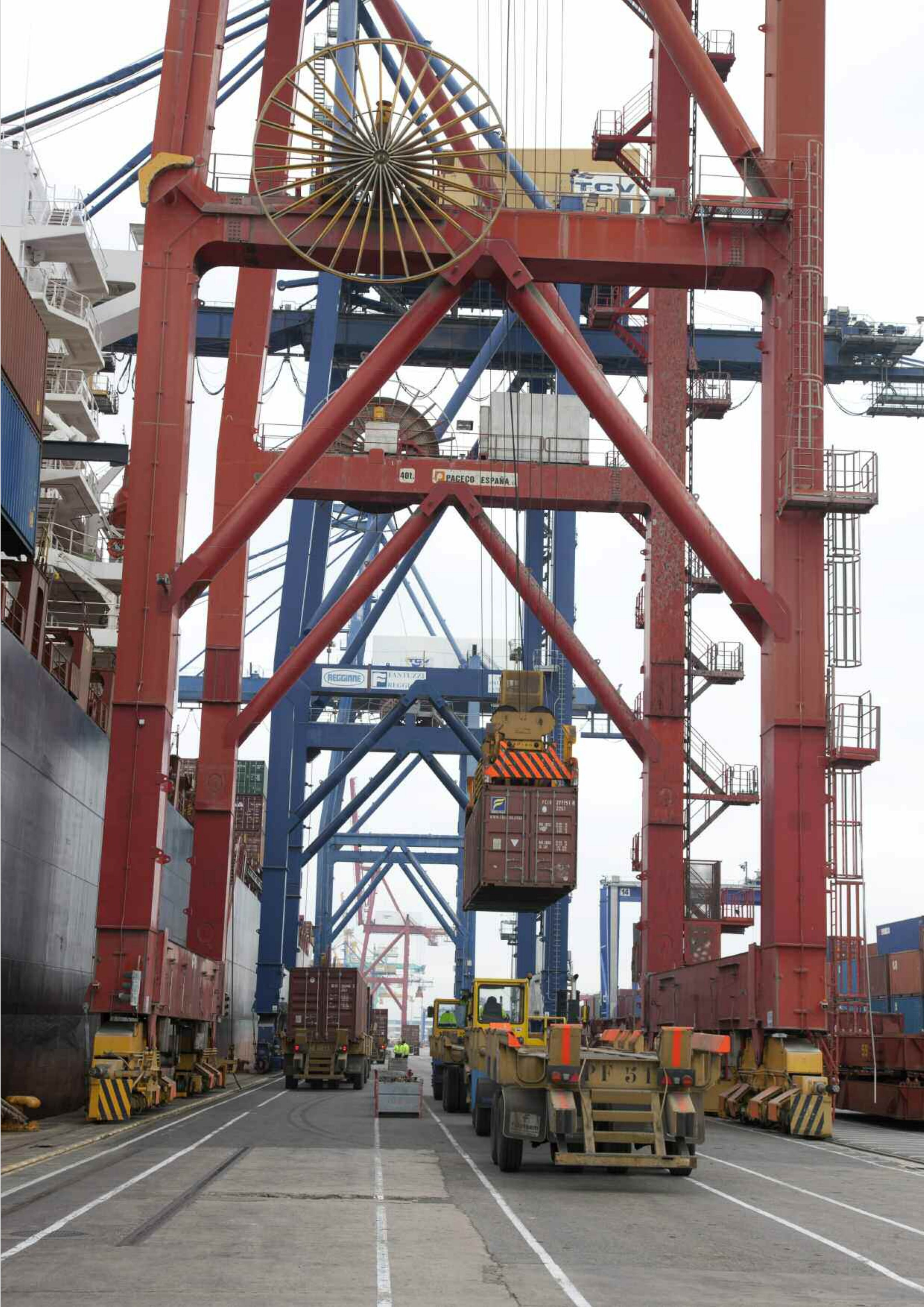
3. Administrative appeals for review and economic-administrative claims against the cadastral value calculations relating to Property Tax for 2011 and 2010, amounting to an accumulated total of €8,877,061.42 (€6,873,673.90 in 2010). The Entity has recognised a provision for this amount (see note 16).

4. As discussed in note 15 "Grants, Donations and Bequests Received", a procedure was initiated in July 2010 by the Spanish Ministry of Economy and Finance, for the reduction and reimbursement of financial assistance amounting to €3,528,778.47 from the European Regional Development Fund (ERDF 1994-1999) for the Valencian Region's Operational Programme Objective 1, pursuant to the Decision of the Commission of the European Community C (2010) 337, of 28th January 2010, which became effective in 2011 by offsetting amounts to be received from other operating programmes. On 28th July 2010, the PAV put forward pleas indicating the following: a) the PAV managed the ERDF 1994-1999 in accordance with applicable law, and in subsequent audits performed on the management of these funds, no errors or breaches were found leading to any financial adjustment; b) the PAV does not consider the criterion of the argument made at the initiation of the proceedings to be admissible given the extrapolation of errors committed by other beneficiaries of these funds; c) the Kingdom of Spain brought action against the aforementioned decision handed down by the Commission.

(b) Guarantees

At 31st December 2011, the Entity had been provided with definitive guarantees by the contractors of works and services, shipping agents, stevedoring companies, concessionaires and other Port Authority users to cover their payment obligations to the Entity amounting to €60,194,369.93 (€64,662,341.88 at 31st December 2010).

Likewise at 31st December 2011, the Entity was given bank guarantees over the contested 2009 Property Tax payable to the Sagunto Town Council amounting to a total of €436,746.09 (at 31st December 2010 the total amount of bank guarantees with public bodies was €3,162,864.89). Commissions and other expenses arising from these bank guarantees amounted to €5,446.43 in 2011 (€13,527.68 in 2010).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CONTENTS
CONSOLIDATED FINANCIAL STATEMENT

TS

PORT AUTHORITY OF VALENCIA
CONSOLIDATED BALANCE SHEET

(euros)

ASSETS	NOTE	31/12/2011	31/12/2010
A) NON-CURRENT ASSETS		1,473,368.33	1,409,331,238.32
I. Intangible assets	6	**6,403,365.23**	**5,242,404.42**
1. Industrial property and other tangible assets		-	-
2. Computer software		6,403,365.23	5,242,404.42
II. Property, plant and equipment	7	**1,084,562,265.05**	**1,068,411,811.77**
1. Land and natural properties		78,586,050.71	77,972,433.00
2. Constructions		730,846,170.26	746,285,448.47
3. Equipment and plant		5,896,078.84	6,216,983.99
4. Property, plant and equipment in the course of construction and advances		264,695,861.61	232,619,413.21
5. Other property, plant and equipment		4,538,103.63	5,317,533.10
III. Investment property	8	**371,894,842.52**	**327,883,979.65**
1. Land		279,896,319.00	231,893,312.06
2. Constructions		91,998,523.52	95,990,667.59
IV. Non-current investments in Group and associated companies	10	**266,560.05**	**245,678.32**
2. Investments in companies accounted for using the equity method		266,560.05	245,678.32
V. Non-current investments	13	**6,114,624.84**	**7,547,355.16**
1. Equity instruments	11	796,940.47	796,940.47
2. Loans to third parties		866,316.33	549,048.27
3. Government grants receivable	22	4,450,000.00	5,842,795.00
4. Other financial assets		1,368.04	358,571.42
VI. Trade and other receivables	11	**4,126,503.64**	**-**
B) CURRENT ASSETS		178,579,316.16	144,946,917.84
II. Inventories		**206,997.16**	**250,053.65**
III. Trade and other receivables	13	**77,351,451.98**	**106,700,950.82**
1. Trade receivables for sales and services		29,472,848.46	27,882,144.57
2. Receivable from Group and associated companies		37,691,548.60	23,728,561.43
3. Sundry receivables		520,468.17	421,136.26
4. Government grants receivable	22	828,586.83	42,123,952.07
5. Other accounts receivable from public authorities	22	8,837,999.92	12,545,156.49
V. Current investments	13	**19,187.23**	**3,690k.79**
3. Other financial assets		19,187.23	3,690.79
VI. Accruals and prepayments		**-**	**1,317.50**
VII. Cash and cash equivalents	15	**101,001,679.79**	**37,990,905.08**
1. Cash		70,688,353.38	37,703,690.30
2. Cash equivalents		30,313,326.41	287,214.78
TOTAL ASSETS (A+B)		1,651,947,477.49	1,554,278,156.16

Notes 1 to 31 form an integral part of the 2011 Consolidated Financial Statements.

(euros)

EQUITY AND LIABILITIES	NOTE	31/12/2011	31/12/2010
A) EQUITY		795,902,359.81	790,755,258.79
A-1) Shareholders' equity	16	649,725,956.89	615,429,451.18
I. Share capital		337,843,451.98	337,843,451.98
II. Retained earnings		277,575,835.47	256,441,730.99
1. Reserves for accumulated profit		280,169,323.33	258,797,663.83
2. Reserves at fully consolidated companies		(2,734,737.62)	(2,467,157.87)
3. Reserves at companies accounted for using the equity method		141,249.76	111,225.03
III. Profit (loss) for the year		34,306,669.44	21,144,268.21
A-2) Valuation adjustments	14	(32,553,635.40)	(4,009,484.36)
II. Hedging operations		(32,553,635.40)	(4,009,484.36)
A-3) Grants, donations and bequests received	18	176,664,766.65	177,245,124.55
A-4) Minority interests	17	2,065,271.67	2,090,167.42
B) NON-CURRENT LIABILITIES		764,363,347.68	708,185,366.24
I. Non-current provisions	19	26,986,995.77	34,425,687.38
1. Obligations arising from non-current loans to employees		-	395,000.00
2. Provisions for third-party liability		18,109,934.35	27,157,013.59
3. Other provisions		8,877,061.42	6,873,673.79
II. Non-current liabilities	21	652,295,301.31	584,882,152.57
1. Bank borrowings		595,527,366.23	580,452,351.50
3. Other		56,767,935.08	4,429,801.07
V. Non-current accruals and prepayments		85,081,050.60	88,877,526.29
C) CURRENT LIABILITIES		91,681,770.00	55,337,531.13
III. Current payables	21	29,241,290.72	22,224,410.23
1. Bank borrowings		19,653,752.19	8,072,546.11
2. Current fixed asset suppliers		8,989,464.68	13,617,583.91
3. Other financial liabilities		598,073.85	534,280.21
IV. Payable to Group and associated companies	21	24,049,427.87	222,127.48
V. Trade and other payables	21	38,391,051.41	32,890,993.42
1. Trade and other payables		37,473,653.23	31,490,540.20
4. Staff costs		-	112,133.62
7. Other accounts payable to public authorities	22	917,398.18	1,288,319.60
TOTAL EQUITY AND LIABILITIES (A+B+C)		1,651,947,477.49	1,554,278,156.16

Notes 1 to 31 form an integral part of the 2011 Consolidated Financial Statements.

PORT AUTHORITY OF VALENCIA
CONSOLIDATED INCOME STATEMENT

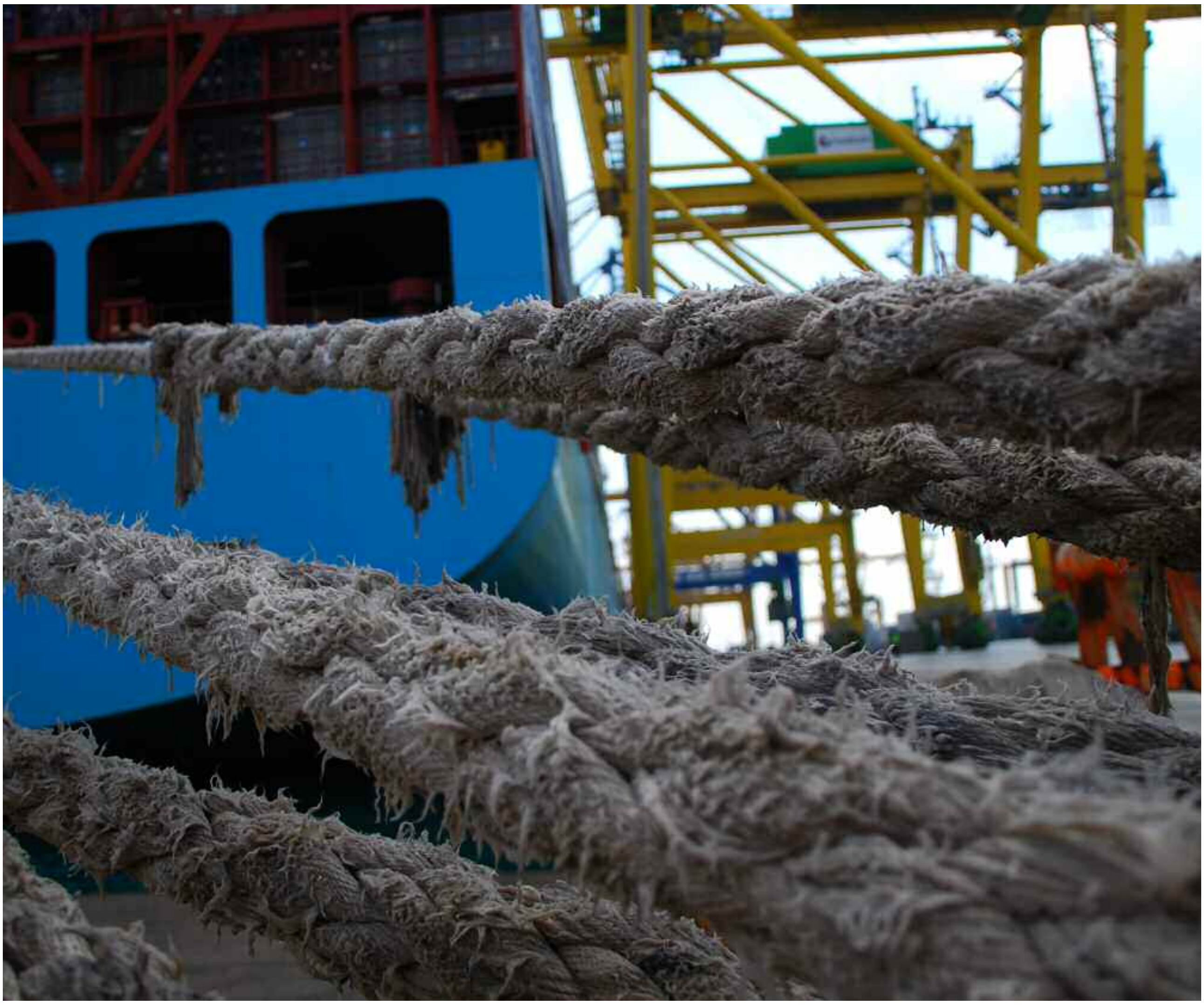
(euros)

	NOTE	2011	2010
1. Revenue	**26**	**115,311,732.32**	**108,172,863.30**
A. Port charges		10 ,064,262.91	97,166,671.57
a) Private use of public port land charge		21,850,117.07	23,231,544.53
b) Special use of port facilities charge		64,608,846.52	61,489,373.77
1. Vessel charge		24,332,353.18	22,705,393.77
2. Recreational and leisure craft charge		360,660.82	545,497.17
3. Passenger charge		1,581,082.78	1,100,021.78
4. Goods charge		38,285,526.72	37,067,929.20
5. Fishing charge		31,658.66	70,531.85
6. Special use of transit area charge		17,564.36	-
c) Special use of public port land charge		14,665,132.37	11,521,279.98
d) Non-trade services charge		940,166.95	924,473.29
B. Other business revenue		13,247,469.41	11,006,191.73
3. Own expenses capitalised		**192,463.88**	**183,619.31**
5. Other operating revenue		**9,381,415.49**	**5,836,462.54**
a) Non-core and other current operating revenue		6,517,954.20	2,682,043.42
b) Operating grants allocated to profit for the year	18	289,028.23	85,022.34
c) Income transferred to results from reverted concessions		1,138,433.06	1,126,396.78
d) Interport Compensation Fund received		1,436,000.00	1,943,000.00
6. Staff costs	**26**	**(19,337,387.17)**	**(21,255,414.40)**
a) Wages, salaries and similar costs		(13,716,886.80)	(15,108,791.75)
b) Severance costs		-	(194,910.00)
c) Social security contributions		(6,015,500.37)	(5,951,712.65)
d) Provisions		395,000.00	-
7. Other operating expenses	**26**	**(36,753,130.21)**	**(43,691,776.07)**
a) External services		(24,624,066.38)	(26,585,942.86)
1. Leases and concession fees		(30,956.62)	-
2. Repairs and upkeep		(8,668,353.42)	(7,635,736.06)
3. Independent professional services		(4,818,695.32)	(6,298,347.25)
4. Supplies and materials consumed		(6,174,104.50)	(7,121,591.80)
5. Other external services		(4,931,956.52)	(5,530,267.75)
b) Taxes other than Corporation Tax		(2,044,604.39)	(2,438,398.38)
c) Losses on, impairment of and change in provisions for trade receivables		303,355.08	(5,209,800.58)
d) Other current operating expenses		(2,677,147.66)	(3,215,114.29)
e) Contribution to State-owned Ports Body art. 11.1.b) Spanish Law 48/2003		(3,886,666.86)	(3,889,519.96)
f) Interport Compensation Fund contributed		(3,824,000.00)	(2,353,000.00)
8. Depreciation and amortisation charge	**26**	**(44,801,211.24)**	**(46,175,907.87)**
9. Allocation of non-financial grants and others	**18**	**2,704,138.79**	**2,731,176.70**
11. Impairment and gains or losses on disposal of non-current assets		**(86,524.85)**	**(188,022.46)**
a) Impairment and gains or losses		29,369.52	29,369.54
b) Gains or losses on disposals and others	26	(115,894.37)	(217,392.00)
Other operating gains or losses	**28**	**9,340,261.44**	**14,789,705.47**
a) Extraordinary income		9,340,261.44	14,995,874.16
b) Extraordinary expenses		-	(206,168.69)
A.1. OPERATING PROFIT (LOSS) (1+3+5+6+7+8+9+10+11)		**35,951,758.45**	**20,402,706.52**
12. Financial income		**11,145,610.14**	**10,735,696.89**
b) From marketable securities and other financial instruments		8,950,927.53	9,428,853.58
c) Capitalised financial costs		2,194,628.61	1,306,843.31
13. Financial costs		**(12,433,515.87)**	**(9,002,929.10)**
a) On debts to third parties	20	(11,372,915.45)	(6,874,915.92)
b) Adjustments to provisions	19	(1,060,600.42)	(2,128,013.18)

(euros)

	NOTE	2011	2010
14. Changes in the fair value of financial instruments	14	(199,749.85)	(1,029,034.93)
A.2. FINANCIAL PROFIT (LOSS) (12+13+14+16)		(1,487,655.58)	703,732.86
17. Share of the profit (loss) of companies accounted for using the equity method		23,158.46	32,310.47
A.3. CONSOLIDATED PROFIT (LOSS) BEFORE TAX (A.1+A.2+17)		34,487,261.33	21,138,749.85
18. Corporation Tax	22	(180,252.13)	-
A.4. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS AND CONSOLIDATED PROFIT (LOSS) FOR THE YEAR (A.3+18)		34,307,009.20	21,138,749.85
19. Profit (loss) attributable to minority interests	26	339.76	(5,518.36)
A.4. PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY (A.4+19)		34,306,669.44	21,144,268.21

Notes 1 to 31 form an integral part of the 2011 Consolidated Financial Statements.



PORT AUTHORITY OF VALENCIA AND SUBSIDIARIES
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

A) Consolidated recognised income and expenses for the years ending 31st December 2011 and 2010

(euros)

	31/12/2011	31/12/2010
A. Consolidated profit (loss) for the year	**34,307,009.20**	**21,138,749.85**
B. Income and expenses recognised directly in equity	**(25,256,919.18)**	**35,396,004.34**
II. Hedging of cash flows	(28,544,151.04)	(1,998,535.11)
III. Grants, donations and bequests	3,287,231.86	37,394,539.45
C. Transfers to the income statement	**(3,867,589.76)**	**(3,893,949.01)**
VIII. Grants, donations and bequests	(3,867,589.76)	(3,893,949.01)
Total consolidated recognised income and expenses (A + B + C)	**5,182,500.26**	**52,640,805.18**
Income and expenses attributable to the Parent Company	**5,182,160.50**	**52,646,323.54**
Income and expenses attributable to minority interests	**339.76**	**(5,518.36)**

Notes 1 to 31 form an integral part of the 2011 Consolidated Financial Statements.

B) Statement of Changes in Consolidated Equity for the years ending 31st December 2011 and 2010

(euros)

	EQUITY	RETAINED EARNINGS	PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	VALUATION ADJUSTMENTS	GRANTS, DONATIONS AND BEQUESTS RECEIVED	MINORITY INTERESTS	TOTAL
E. ENDING BALANCE FOR 2009	**337,843,451.98**	**302,726,791.30**	**(46,139,889.18)**	**(2,010,949.25)**	**143,744,534.11**	**2,040,203.27**	**738,204,142.23**
I. Adjustments for changes in accounting standards in 2009	-	-	-	-	-	-	-
I. Adjustments for errors in 2009	-	-	-	-	-	-	-
D. ADJUSTED BEGINNING BALANCE FOR 2010	**337,843,451.98**	**302,726,791.30**	**(46,139,889.18)**	**(2,010,949.25)**	**143,744,534.11**	**2,040,203.27**	**738,204,142.23**
I. Total recognised income and expenses	-		21,144,268.21	(1,998,535.11)	33,500,590.44	(5,518.36)	52,640,805.18
II. Transactions with shareholders or owners							-
Capital increases	-					1,075,225.50	1,075,225.50
Changes in minority interests	-	(55,482.51)				(1,019,742.99)	(1,075,225.50)
Other changes					-		
III. Other changes in equity	-	(46,229,577.80)	46,139,889.18				(89,688.62)
E. ENDING BALANCE FOR 2010	**337,843,451.98**	**256,441,730.99**	**21,144,268.21**	**(4,009,484.36)**	**177,245,124.55**	**2,090,167.42**	**790,755,258.79**
I. Adjustments for changes in accounting standards in 2010	-	-	-	-	-	-	-
I. Adjustments for errors in 2010	-	-	-	-	-	-	-
D. ADJUSTED BEGINNING BALANCE FOR 2011	**337,843,451.98**	**256,441,730.99**	**21,144,268.21**	**(4,009,484.36)**	**177,245,124.55**	**2,090,167.42**	**790,755,258.79**
I. Total recognised income and expenses	-	-	34,306,669.44	(28,544,151.04)	(580,357.90)	339.76	5,182,500.26
II. Transactions with shareholders or owners							
Capital increases	-					157,216.34	157,216.34
Changes in minority interests	-	(10,163.73)				(182,451.85)	(192,615.58)
Other changes					-		
III. Other changes in equity	-	21,144,268.21	(21,144,268,21)	-			
E. ENDING BALANCE FOR 2011	**337,843,451.98**	**277,575,835.47**	**34,306,669.44**	**(32,553,635.40)**	**176,664,766.65**	**2,065,271.67**	**795,902,359.81**

Notes 1 to 31 form an integral part of the 2011 Consolidated Financial Statements.

PORT AUTHORITY OF VALENCIA AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT

A) Consolidated recognised income and expenses for the years ending 31st December 2011 and 2010

(euros)

HEADING	2011	2010
A) CASH FLOW FROM CONSOLIDATED OPERATING ACTIVITIES (+/-1+/-2+/-3+/-4)	**74,021,717.40**	**35,639,313.70**
1. Consolidated profit (loss) for the year before tax	**34,487,261.33**	**21,138,749.85**
2. Adjustments to profit (loss)	**30,854,896.77**	**25,110,111.65**
a) Depreciation and amortisation charge (+)	44,801,211.24	46,175,907.87
b) Valuation adjustments for impairment (+/-)	(29,369.52)	(29,369.54)
c) Changes in provisions (+/-)	502,115.13	3,018,396.91
d) Allocation of grants (-)	(2,718,617.39)	(2,746,896.30)
e) Gains or losses on the derecognition or disposal of non-current assets (+/-)	115,894.37	217,392.00
g) Financial income (-)	(11,145,610.13)	(10,738,426.05)
h) Financial costs (+)	12,433,515.27	9,003,043.84
i) Share of the profit (loss) of companies accounted for using the equity method, net of dividends	(18,650.81)	(29,581.31)
j) Changes in the fair value of financial instruments (+/-)	199,749.85	1,029,034.93
k) Income from reverted concessions (-)	(1,138,433.06)	(1,126,396.78)
l) Allocation of advances received for sales or services to income statement (-)	(4,649,576.78)	(4,681,601.62)
m) Other income and expenses (+/-)	(7,497,331.40)	(14,981,392.30)
3. Changes in working capital	**(5,026,375.31)**	**(4,369,251.41)**
a) Inventories (+/-)	43,243.76	(15,426.29)
b) Trade and other receivables (+/-)	598,464.99	(4,921,988.52)
c) Other current assets (+/-)	(15,496.44)	80,686.82
d) Trade and other payables (+/-)	(1,412,880.57)	597,241.57
e) Other current liabilities (+/-)	58,607.98	43,553.01
f) Other non-current assets and liabilities (+/-)	(4,298,315.03)	(153,318.00)
4. Other cash flows from operating activities	**13,705,934.61**	**(6,240,296.39)**
a) Interest paid (-)	(10,575,325.55)	(6,810,041.73)
b) Payment of tariff litigation late payment interest (-)	(1,959,200.00)	-
c) Dividends received (+)	-	2,524.28
d) Interest received (+)	2,821,142.41	806,766.73
e) Proceeds from OPPE for payment of tariff litigation principals and late payment interest (+)	23,607,740.73	
f) Corporation Tax recovered (paid) (+/-)	(180,252.13)	(185,187.93)
g) Other payments (proceeds) (-/+)	(8,170.85)	(54,357.74)
B) CASH FLOW FROM INVESTMENT ACTIVITIES (7-6)	**(105,260,510.69)**	**(217,762,433.47)**
6. Payments due to investments (-)	**(118,596,428.85)**	**(241,951,231.98)**
a) Group companies, net of cash acquired from consolidated companies	(23,554.62)	-
b) Intangible assets	(3,018,652.62)	(1,364,321.42)
c) Property, plant and equipment	(76,603,324.18)	(197,261,982.58)
d) Investment property	(38,950,897.43)	(43,324,061.79)
e) Investments	-	(866.19)
7. Proceeds from disposals (+)	**13,335,918.16**	**24,188,798.51**
a) Group and associated companies	-	-
c) Investment property	128,713.70	-
g) Other assets	13,207,204.46	24,188,798.51
C) CASH FLOW FROM FINANCIAL ACTIVITIES (+/-9+/-10)	**94,249,568.00**	**143,972,052.88**
9. Proceeds and payments relating to equity instruments	**44,340,188.10**	**34,400,059.76**
a) Grants, donations and bequests received (+)	44,340,188.10	34,270,241.60
b) Issue of equity instruments (+)	-	129,818.16

(euros)

HEADING	2011	2010
10. Proceeds and payments relating to financial liability instruments	49,909,379.90	109,571,993.12
a) Issue	56,889,175.00	115,011,651.00
1. Bank borrowings (+)	33,000,000.00	115,000,000.00
3. Other payables (+)	23,889,175.00	11,651.00
b) Refund and repayment of	(6,979,795.10)	(5,439,657.88)
1. Bank borrowings (-)	(6,974,627.44)	(5,439,657.88)
3. Other payables (+)	(5,167.66)	-
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/- B+/-C)	63,010,774.71	(38,151,066.89)
Cash and cash equivalents at the beginning of the year	37,990,905.08	76,141,971.97
Cash and cash equivalents at the end of the year	101,001,679.79	37,990,905.08

Notes 1 to 31 form an integral part of the 2011 Consolidated Financial Statements

PORT AUTHORITY OF VALENCIA AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Nature and activity of the Parent Company

The Port Authority of Valencia (hereinafter the Parent Company or PAV) is a public body with its own legal personality, whose equity is also independent from that of the State. It has full capacity to carry on operations in order to fulfil its corporate purpose and is subject to Spanish private legal order.

At 31st December 2011, the PAV is governed by the Revised Text of the Spanish Law on State-owned Ports and the Merchant Navy passed by Legislative Royal Decree 2/2011, of 5th September, by the applicable provisions of the Spanish General State Budget Law, and additionally by the Spanish Law 6/1997, of 14th April on the Organisation and Functioning of Central Government. Before Legislative Royal Decree 2/2011 came into force (21st October 2011), the PAV was governed by Spanish Law 33/2010, of 5th August, which amended Spanish Law 48/2003 on the Economic Regulations for and Supply of Services by Public Interest Ports, by Spanish Law 27/1992 on Spanish State-owned Ports and the Merchant Navy, amended by Spanish Law 62/1997, of 26th December, and by article 75 and the sixth and seventh additional provisions as well as the second transitional provision of Spanish Law 14/2000, of 29th December 2000, accompanying the General State Budgets for 2001.

According to Spanish Law 27/1992, the PAV took over ownership of the equity owned by the Autonomous Port of Valencia, as well as the legal relations of this body. The assets assigned to the Autonomous Port of Valencia were reassigned to the PAV. In accordance with the first final provision of the aforementioned Law, the Parent Company commenced its operations on 1st January 1993.

Pursuant to the Spanish Law on State-owned Ports and the Merchant Navy, the Port Authority is responsible for the following:

a) Rendering of general port services and the management and control of port services to assure that these are carried out in optimal conditions of efficiency, economy, productivity and safety, notwithstanding the competence of other bodies.
b) Organisation of the port service area and port uses, in coordination with the competent government administrations responsible for the organisation of land and urban planning.
c) The planning, project, construction, upkeep and operation of port works and services, and of the maritime signals assigned thereto, subject to the provisions set out by law.
d) Management of public port land and the maritime signals assigned thereto.
e) Optimisation of the economic management and profitability of the equity and resources assigned thereto.
f) Promotion of the industrial and commercial activities relating to shipping or port traffic.
g) Co-ordination of operations of the different modes of transport in the port.
h) Organisation and coordination of maritime and land port traffic.

The activity engaged in by the Parent Company is governed by the aforementioned Law on Spanish State-owned Ports, the Spanish General State Budget Law, and the other provisions applicable thereto and is subject to Spanish private legal order, including its capital purchases and contracts, but excluding its exercise of the public power attributed thereto under law. It shall carry out the functions it has been assigned under the general principle of independent management, notwithstanding the powers attributed to the Spanish State-owned Ports Body (hereinafter OPPE) and its supervision and taxation by the Ministry of Development.

The Port Authority of Valencia is made up of the ports of Valencia, Gandia and Sagunto. Its financial year commences on 1st January each year.

The Port Authority of Valencia's registered office is at Avenida Muelle del Turia, s/n, 46024 Valencia - Spain.

(2) Subsidiaries and associated companies

(a) Subsidiaries

The subsidiaries included in the scope of consolidation at 31st December 2011 are as follows:

- Valencia Plataforma Intermodal y Logística, S.A., whose registered office is at Avenida Muelle del Turia, s/n, in the Port of Valencia. The Parent Company has an ownership interest of €106.2 million (€98.2 million in 2010) in this company which accounts for 98.4% (97.89% in 2010) of its share capital and reserves. In 2011, the PAV Board of Directors agreed on the suscription of €32.2 million. The amount paid out at the year closing date amounted to €8.05 million. In 2010, the PAV increased its ownership interest by 2.19% following a disbursement of €51 million.

The consideration of this company as a subsidiary is based on the Parent Company holding the majority of the voting rights in the aforementioned company.

The activities undertaken by Valencia Plataforma Intermodal y Logística, S.A. are, in line with its articles of association, to set up and manage areas to provide goods storage and distribution services in which added value activities are carried out, to create a logistics platform to concentrate and distribute international trade flows, and cater for logistics operations carried out by European and international shipping operators.

The subsidiary's financial year commences on 1st January each year.

(b) Associated companies

The associated companies included in the scope of consolidation at 31st December 2011 are as follows:

- **Infoport Valencia, S.A.,** whose registered office is at Muelle de la Aduana s/n, at the Port of Valencia. The Parent Company had an ownership interest of €90,151.82 in this company in 2011 and 2010 which accounts for 26.67% of its share capital.
- **Europhar EEIG,** whose registered office is in the Port Authority of Valencia building at the Muelle de la Aduana s/n, in the Port of Valencia. The Parent Company had an ownership interest of €12,000.00 in this company in 2011 and 2010 which accounts for 33.33% of its share capital.

The activities undertaken by Infoport Valencia, S.A., in line with its articles of association, are the management and coordination of port telecommunications.

The activities undertaken by Europhar EEIG, in line with its articles of association, are related to safety and the environment in port activities.

The associated companies' financial year commences on 1st January each year.

(c) Consolidation methods

In the preparation of the Group's consolidated financial statements, subsidiaries were fully consolidated and associated companies were accounted for using the equity method.

The main changes in the scope of consolidation which took place in 2011 were:

- **Sociedad Estatal de Estiba y Desestiba del Puerto de Gandía, S.A.,** In 2011, the stakeholding held by the Parent Company was liquidated to the amount of €30,651.62, which accounted for 51.00% of its share capital.

The activities undertaken by the Sociedad Estatal de Estiba y Desestiba del Puerto de Gandía, S.A. are, in line with its articles of association, to ensure the professionalism of the staff who carry out port activities; to hire, within the scope of special employment relationships, the necessary port workers required to load and discharge vessels; to provide the stevedoring companies with port workers as and when necessary to carry out the tasks that cannot be covered by its own staff; and to promote safety and hygiene in port tasks.

(3) Basis of presentation of the consolidated financial statements

(a) Fair presentation

The 2011 consolidated financial statements were prepared in accordance with the Spanish commercial laws in force and the standards contained in the Spanish Chart of Accounts, as well as the guidelines issued by the OPPE and the standards for the preparation of consolidated financial statements, and accordingly, present fairly its consolidated equity and consolidated financial position at 31st December 2011, the consolidated results of its operations, changes in its consolidated equity and its consolidated cash flows in the year then ended.

In accordance with article 39 of Spanish Law on State-owned Ports and the Merchant Navy, the OPPE shall issue the guidelines relating to the valuation standards, as well as the structure and rules on the preparation of the financial statements of port authorities, in order to guarantee the standardisation of the accounts of the Spanish State-owned Port System.

The Chairman of the PAV estimates that the 2011 consolidated financial statements, which were prepared on 18th June 2012, will be approved by the Board of Directors without any significant changes.

For comparison purposes, the figures for 2010, which were part of the 2010 financial statements approved by the Board of Directors on 21st July 2011, are presented here in addition to the figures for 2011 for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements.

(b) Functional currency and currency for presentation purposes

The consolidated financial statements are presented in euros since this is the PAV's functional currency and its currency for presentation purposes.

(c) Estimation and relevant judgements in the application of the accounting policies

The preparation of the consolidated financial statements requires the application of relevant accounting estimates and the making of judgements, estimates and assumptions in the process of applying the Group's accounting policies. The issues which involved a greater degree of judgement or complexity or cases in which significant assumptions and estimates were made for the purpose of preparing the consolidated financial statements are detailed below.

- The useful life of the property, plant and equipment.

- Valuation adjustment for customer insolvencies.

- The Entity is involved in legal proceedings and is subject to inspections. These proceedings are related to legal disputes. Where it is probable that an outflow of resources will be required to settle an obligation existing at the end of the year and a reliable estimate can be made of the amount of the obligation, a provision is recognised. Legal proceedings usually involve complex legal issues and are subject to substantial uncertainties. Consequently, the Group's management plays a significant role in determining whether the process is likely to result in an outflow of resources and the estimated amount thereof.

- The Group classed the land purchased in the previous years in the Port of Valencia's Logistics Activities Area as investment property to be leased to third parties.

- The Group assessed the impairment of the assets consisting of advances made for land purchase and investment property at the Port of Valencia's Logistics Activities Area based on the accounting policies defined in these consolidated financial statements. The Group management did not consider there to be any signs of the impairment of these assets. Determining the recoverable value of investment property involves the use of estimates. The recoverable value is the higher of its fair value less costs to sell and its value in use. To determine the recoverable value of property investments, assessments made by independent experts have been used. These are based on estimates as to future cash flows, expected returns and other variables. The estimates, including the methodology used, may have a significant impact on values and on the impairment loss.

Although these estimates were made on the basis of the best information available at 31st December 2011 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. The effect on the consolidated financial statements of any changes arising from adjustments to be made in future years will be recognised prospectively.

(4) Distribution of profit

The proposed distribution of the 2011 profit to be submitted to the Board of Directors is as follows:

DISTRIBUTABLE PROFIT	EUROS
Profit for the year	33,707,773.50
PROPOSED ALLOCATION OF PROFIT IN THE FOLLOWING YEAR	
Retained earnings, reserves for accumulated profit for the year	33,707,773.50
Total	**33,707,773.50**

The distribution of Parent Company profit for the year ended 31st December 2010, approved by the Board of Directors on 16th June 2011, was as follows:

DISTRIBUTABLE PROFIT	EUROS
Loss for the year	21,193,814.98
PROPOSED ALLOCATION OF PROFIT IN THE FOLLOWING YEAR	
Retained earnings, reserves for accumulated profit for the year	21,193,814.98
Total	**21,193,814.98**

(5) Accounting policies and measurement bases

(a) Subsidiaries

Subsidiaries include those entities over which the Parent Company exercises control either directly or indirectly, in accordance with article 42 of the Spanish Commercial Code.

For presentation and breakdown purposes only, Group companies are companies which are controlled by any means by one or several individuals or legal entities acting jointly; or companies which are under sole management in accordance with agreements or statutory clauses.

Subsidiaries were fully consolidated.

The subsidiaries' income, expenses and cash flow are included in the consolidated financial statements as from the acquisition date, which is taken as the date the Group took effective control over them. Subsidiaries are excluded from consolidation as from the date control was lost.

Balances and transactions with subsidiaries and unrealised gains and losses were eliminated in the consolidation process. However, the unrealised losses were considered to be an indicator of impairment in the value of the transferred assets.

The subsidiaries' accounting policies have been adapted to the Group's accounting policies for transactions and other events which have taken place in similar circumstances.

The subsidiaries' financial statements used in the consolidation process refer to the same presentation date and same period of time as the Parent Company.

(b) Minority interests

The minority interests in subsidiaries acquired prior to the transition date are recognised at the percentage of ownership interest in the subsidiaries' equity at the date of first-time consolidation. Minority interests are carried separately from equity attributable to the Parent Company under consolidated equity in the consolidated balance sheet. The minority interests' share of the profit or loss for the year is also carried separately in the consolidated income statement.

After taking into consideration the adjustments and eliminations arising from consolidation, both the Group's share and the minority interests' share of subsidiaries' profit or loss and of the changes in the subsidiaries' equity, are determined based on the percentages of ownership existing at year end.

The excess of the losses attributable to minority interests, which cannot be allocated to them since they exceed the minority interest in the equity of the relevant subsidiary, are recognised as a decrease in the Parent Company's consolidated equity as long as the minority interests limit the Parent Company's liability to the amounts attributed and there are no agreements relating to additional contributions. The profit subsequently earned by the Group is assigned to the Parent Company until it has recovered the amount of the minority's share of losses absorbed in previous accounting periods.

(c) Associated companies

Associated companies are entities over which the Parent Company exercises significant influence directly or indirectly. Significant influence is the power to participate in the financial policy and operating decisions of a company, but is not control over the company.

Investments in associated companies are accounted for using the equity method from the date on which they exercise a significant influence up to the date on which the Parent Company can no longer continue justifying the existence of such influence.

The Group's share of the profit or loss of associated companies obtained as from the acquisition date are recognised as an increase or decrease in the value of the investments with a credit or charge to "Share of the profit or loss of companies accounted for using the equity method" in the consolidated income statement. Additionally, the Group's share of the total recognised income and expenses of the associated companies acquired as from the acquisition date is recognised as an increase or decrease in the value of the investments in the associated companies, and a balancing entry is recognised in consolidated equity. Dividends paid are recognised as decreases in the value of investments. To determine the Group's share of profit or loss, including the impairment losses recognised by the associated companies, the income and expenses arising from the use of the acquisition method are taken into consideration.

The Group's share of the profit or loss of associated companies and of the changes in equity is determined based on its ownership interest in the company at year end.

The Group's share of the profit or loss of associated companies is recognised after adjusting for dividends, whether agreed or not, relating to the outstanding cumulative preference shares that have been classified as equity.

The Group's losses on associated companies are limited to the value of the net investment, except where the Group has incurred legal or constructive obligations, or has made payments on behalf of the associated companies. For the purposes of recognising losses on associated companies, the net investment is considered to be equal to the carrying amount under the equity method together with any other items that, in substance, form part of the investment in the associated companies. The profits subsequently reported by the associated companies in which the recognition of losses has been limited to the value of the investments are recorded to the extent that they exceed the losses not previously recognised.

Profit and loss not realised in transactions performed between the Group and associated companies are only recognised to the extent that they relate to investments of other unrelated investors. This criterion was not applied to the recognition of unrealised losses which constitute evidence of the impairment of the transferred asset.

(d) Capitalisation of financial costs

The Group includes the financial costs relating to specific financing directly attributable to the acquisition, construction or production of property, plant and equipment in the cost of asset items requiring over one year to be put into conditions of usage, operation or sale.

To the extent that financing was specifically obtained, the amount of the interest to be capitalised is calculated based on the financial costs accrued on such financing. In order to determine the amount of capitalisable interest, if applicable, the adjustments made to financial costs for the effective portion of the hedges arranged by the Group are taken into consideration.

(e) Intangible assets

Intangible assets are measured at acquisition or production cost. Intangible assets are recognised in the consolidated balance sheet at cost less accumulated amortisation and valuation adjustments for impairment.

Intangible assets comprise computer software, which is recognised at the cost incurred, and intellectual property. Computer software maintenance expenses are expensed currently.

(i) Useful life and amortisation

Intangible assets with finite useful lives are amortised by allocating the amortisable amount of the asset over its useful life by means of the application of the following criteria:

	AMORTISATION METHOD	YEARS OF ESTIMATED USEFUL LIFE
Industrial property	Straight-line	5
Computer software	Straight-line	5

(ii) Impairment of intangible assets

The Group assesses and determines the valuation adjustments for impairment and the reversion of losses on the impairment of intangible assets in accordance with the criteria mentioned in section h) of this note.

(f) Property, plant and equipment

(i) Initial recognition

Property, plant and equipment are measured at acquisition or production cost. Production costs are capitalised under the heading "Own expenses capitalised" in the consolidated income statement. Property, plant and equipment are recognised in the consolidated balance sheet at cost less accumulated amortisation and valuation adjustments for impairment.

The cost of property, plant and equipment includes the estimated dismantling and removal costs and the costs of restoring the site on which such assets are located, where the Group is obliged to do so and where dismantling and removing such assets is necessary as a consequence of having made use of them.

In accordance with accounting guidelines issued by the OPPE, the value of the water areas included in the service area of the ports managed by the port authorities cannot be measured since it is impossible to estimate their initial fair value.

The Group measures property, plant and equipment in accordance with the following criteria:

- Fair market value

In 1995, a renowned company performed an inventory and new assessment (at fair market value) effective on 1st January 1993. The assets which were assessed, and of which an inventory was taken, were as follows:

- Land and natural assets.
- Maritime accesses.
- Capital dredging in the port entrance area and outside the sheltered area.
- Permanent channelling and coastal defence works.
- Breakwater and dock works.
- Capital interior dredging.
- Breakwaters.
- Berthing works.
- Masonry quays.
- Reinforced concrete and metal quays.
- Jetties and pontoons.

The additions to this group of property, plant and equipment as from 1st January 1993 are carried at acquisition cost.

- Re-valued amount

Certain groups of assets were subject to revaluation until January 1991 under the regulations provided for this purpose by the Directorate General of Ports and Coasts of the Spanish Ministry of Public Works and Urban Planning. The accumulated depreciation of these assets was also re-valued. These groups are as follows:

- Maritime signals and beacons
- Equipment for the handling of goods
- Ship repair facilities
- Transport equipment
- Buildings
- Workshop equipment
- General facilities
- Furniture and fittings
- Pavements and roads
- Sundry equipment

In these groups, commencing on 1st January 1991, additions have been carried at acquisition cost, and the re-valued criterion is practically residual.

For accounting purposes, the reversion of an asset under concession gives rise to the recognition of an asset in the consolidated balance sheet and the related gain will simultaneously be recognised as income in the year in which the reversion is performed, and recorded under "Income from reverted concessions" in section A-3) Grants, donations and bequests received, in equity on the liability side of the consolidated balance sheet. The balance of "Income from reverted concessions" shall be transferred to the income statement in proportion to the depreciation of the reverted asset, or if applicable, upon the derecognition, disposal or adjustment in the value of the reverted item.

(ii) Depreciation and amortisation charge

Annual depreciation is calculated by the straight-line method on the basis of the estimated useful life of the different assets. The useful lives of the Port Authority's various items of property, plant and equipment, regulated in the "Manual on the Accounting Treatment of Port System Property, Plant and Equipment" (*Manual de Tratamiento Contable de los Activos Materiales del Sistema Portuario*), are shown in the following table, except in the case of certain assets which were assessed and of which inventory was taken by a specialised company, in which technical criteria are applied with respect to their future useful lives.

ASSETS	YEARS OF ESTIMATED USEFUL LIFE	% RESIDUAL VALUE
NAVIGATIONAL AID FACILITIES:		
Visual aid facilities	10	0
Radio-electric aid facilities	5	0
Management and operational facilities	5	0
MARITIME ACCESSES:		
Capital dredging	50	0
Permanent channelling and coastal defence works	35	0
BREAKWATER AND DEFENCE WORKS:		
Breakwater works	50	0
BERTHING WORKS:		
Masonry quays	40	0
Reinforced concrete and metal quays	30	0
Defence and berthing items	5	0
SHIP REPAIR FACILITIES:		
Dry docks	30	1
BUILDINGS:		
All buildings except small prefabricated structures	35	0
Portable buildings and small prefabricated structures	17	0
GENERAL FACILITIES:		
Water pipes, sewers, supply and provisioning facilities	17	0
PAVEMENTS AND ROADS:		
Railways and sorting stations	25	3
Pavements on quays and in handling and storage areas	15	0
Paths, traffic areas and car parks	15	0
Masonry bridges	45	0
Metal bridges	35	2
EQUIPMENT FOR THE HANDLING OF GOODS:		
Special loading platforms and facilities	20	3
Gantry cranes and container cranes	20	3
Forklifts, hoppers and light equipment	10	3
FLOATING EQUIPMENT:		
Service craft	15	0
Common floating navigational aids	15	0
TRANSPORT EQUIPMENT:		
Cars and motorcycles	6	5
Lorries and vans	6	5
WORKSHOP EQUIPMENT:	**14**	**4**
FURNITURE AND FITTINGS:	**10**	**0**
SUNDRY EQUIPMENT:	**5**	**0**
COMPUTER HARDWARE:	**5**	**0**

Items of property, plant and equipment begin to be depreciated once they are in the condition to be used. This is generally at the same time as the provisional reception of the investment project.

(iii) Subsequent costs

Subsequent to the initial recognition of the asset, the costs incurred are only capitalised to the extent that they give rise to an increase in the capacity, or productivity of or to a lengthening of the useful life of the asset. The carrying amount of the replaced items must be derecognised. In this regard, the costs relating to the daily maintenance of property, plant and equipment are recognised in the income statement as incurred.

(iv) Impairment of property, plant and equipment

The Group assesses and determines the valuation adjustments and reversion of the impairment of property, plant and equipment in accordance with the criteria mentioned in section h) of this note.

(v) Compensation received from third parties

Compensation from third parties is recognised at the agreed (acknowledged or settled by the third party) or estimated amount of the compensation receivable. In the latter case, the receivable amount is recognised for the maximum amount of the loss arising, if any, when there is no doubt that compensation will be received. The compensation of insurance pending settlement is recognised as an account receivable, taking into consideration, if applicable, the financial effect of the discount or the late payment interest receivable.

Compensation from third parties for impaired property, plant and equipment offsets the related loss in the consolidated income statement, and any surplus is allocated to the consolidated income statement.

In other cases, compensation is recognised as income of the same nature as the expense it offsets. However, if compensation is received for items that did not give rise to an expense for the Group, it is recognised in the income statement.

(g) Investment property

The Group classifies the assets fully or partially aimed at obtaining income relating to the granting of concessions and authorisations for the use of public port land in the terms provided by the Spanish Law on State-owned Ports and the Merchant Navy, as well as those relating to the lease or sale of state-owned assets in the ordinary course of the group companies' operations.

Assets in the course of construction or development which are to be used as investment property in the future are classified as property, plant and equipment in the course of construction until they are completed. However, the expansion or improvement of assets classified as investment property is recognised in the balance of investment property.

The Group recognises and measures investment property in accordance with the policies set forth for property, plant and equipment.

Investment property is depreciated by the same method as property, plant and equipment.

(h) Impairment of non-financial assets subject to amortisation or depreciation

Impairment losses are recognised in the consolidated income statement.

The Group assesses whether there are any indications that the non-financial assets subject to amortisation or depreciation may be impaired in order to check whether the carrying amount of the aforementioned assets exceeds their recoverable value, which is understood to be the higher of its value in use or fair value less costs to sell.

Additionally, if the Group has reasonable doubts regarding the technical success or economic and commercial profitability of computer projects, the amounts stated in the consolidated balance sheet are recognised directly as a loss on intangible assets in the consolidated income statement, and are not reversible.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit (hereinafter CGU) to which the asset belongs.

The loss relating to the impairment of the CGU shall be allocated pro rata on the basis of the carrying amount of each asset for the purpose of reducing its assets. However, the carrying amount of each asset shall never be reduced to an amount above the highest of its fair value less costs to sell, its value in use or zero.

At each reporting date, the Group assesses whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. An impairment loss recognised for other assets shall only be reversed if there has been a change in the estimates used to determine the asset's recoverable amount.

The reversion of the impairment shall be recognised with a credit to the consolidated income statement. However, the reversion of the loss cannot increase the carrying amount of an asset above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised.

The amount of the reversion of an impairment loss for a CGU shall be allocated to the assets of the unit pro rata with the carrying amounts of those assets. However, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised.

After a valuation adjustment is made for an impairment loss or the reversion of an impairment loss, the amortisation or depreciation for subsequent years is adjusted taking into account the new carrying amount.

However, if in view of the specific circumstances relating to assets, there is evidence of loss of an irreversible nature, such loss is recognised directly in "Loss on the disposal of non-current assets" in the consolidated income statement.

(i) Concessions, authorisations and leases

(i) Recognition as the lessor

The Group has assigned the right to use certain assets under lease agreements and under concessions and administrative authorisations.

The lease agreements by which the Group transfers substantially all the risks and rewards incidental to ownership to a third party are classified as financial leases. Otherwise, the lease agreements are classified as operating leases. At 31st December 2011 and 2010, the Group had no financial leases.

a. Concessions and authorisations

The Group assigns the right to use certain assets, such as public port land, from which it collects the related charges for the private use of public port land.

In the case of authorisations and concessions for the use of public port land, the risks and rewards incidental to ownership of the property under the concession or authorisation are not transferred to the concession operator since the property is publicly owned, and accordingly, such leases are considered to be operating leases.

The income and expenses arising from concessions and authorisations shall be recognised respectively as income and expenses in the year in which they are accrued and shall be allocated to the consolidated income statement.

From the standpoint of revenues, this treatment affects the port charge for the private use of public land and other amounts additional to this charge.

The financing received in advance from concession operators is recognised for the amount delivered under "Advances for sales and services", including the present value of the revenue for services from the years to which the advance relates and the effect of their adjustment.

b. Operating leases

Lease income from operating leases, net of incentives granted, is recognised as income on a straight-line basis over the lease term.

(ii) Recognition as the lessee

Operating lease payments, net of the incentives received, are recognised as an expense on a straight-line basis over the lease term.

(j) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified at the date on which they are initially recognised as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual agreement and the definitions of financial asset, financial liability or equity instrument.

The Group classifies the financial instruments into different categories on the basis of their features and the intentions of the Finance Department at the date of initial recognition.

(ii) Loans and receivables

Loans and receivables comprise trade and non-trade loans with fixed or determinable payments that are not quoted in an active market other than those classified in other categories of financial assets. These assets are initially recognised at fair value, including the transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. However, in the case of financial assets without a fixed interest rate, amounts which mature or are expected to be currently collected or in cases where the effect of an adjustment is not material, the assets are measured at face value.

(iii) Financial assets and liabilities measured at cost

Investments in equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by such unquoted equity instruments are measured at cost, less the cumulative amount of valuation adjustments for impairment. However, if the Group can reliably measure the financial asset or liability at any given time, the financial assets or liabilities are measured at fair value at that time, and the related gains or losses are recognised in accordance with the classification thereof.

(iv) Interest payable

Interest is recognised using the effective interest rate method.

(v) Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Group has substantially transferred all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, shall be recognised as a profit or loss.

(vi) Impairment of financial assets

A financial asset or group of financial assets is impaired and an impairment loss arises where there is objective evidence of impairment as a result of one or more events occurring subsequent to the initial recognition of the assets, and such event or events giving rise to impairment have an effect on the estimated future cash flows of the asset or group of financial assets, which can be reliably estimated.

The Group follows the criteria of recognising the appropriate valuation adjustments for the impairment of loans and receivables, where there is a reduction or a delay in the estimated future cash flows caused by the debtor's insolvency.

In addition, and pursuant to the instructions issued by the OPPE for the Port System, the Parent Company records a period provision for bad debts on the basis of the age of the debt, and the corresponding type of charge or tariff or type of income.

In response to specific cases in which there is evidence of default, legal proceedings have been initiated or the debtor is in a state of bankruptcy, the Group recognises the appropriate provisions to cover insolvency risks.

• Impairment of financial assets measured at amortised cost

In the case of financial assets measured at amortised cost, the amount of the impairment loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows.

The impairment loss is recognised as an expense and is reversible in subsequent years if the decrease can be objectively related to an event subsequent to its recognition. However, the reversion of the impairment loss is limited to the amortised cost of the assets that would have been recognised had there been no impairment loss.

• Investments in equity instruments measured at cost

Impairment is calculated as the amount by which the carrying amount of the investment exceeds its recoverable amount, which is understood to be the higher of its value in use or fair value less costs to sell. In this connection, value in use is calculated on the basis of the share of the Group in the present value of the estimated cash flows from ordinary activities and from the final sale or of the estimated flows expected to be received from the payment of dividends and the final sale of the investment.

However and in certain cases, unless there is better evidence of the recoverable amount of the investment, in the estimate of impairment of this kind of assets, the equity of the company in which the Parent Company has an ownership interest is taken into consideration, adapted, if appropriate, to the accounting principles generally accepted in Spain, and adjusted by the net underlying capital gains existing at the measurement date.

In subsequent years, reversions of the impairment loss are recognised to the extent that there is an increase in their recoverable value, and shall not exceed the carrying amount of the investment that would have been determined had no impairment been recognised.

The loss or reversal of the impairment loss is recognised in the income statement.

The losses relating to the impairment of equity instruments measured at cost are not reversible, and accordingly, are recognised directly against the value of the asset.

(vii) Financial liabilities

Financial liabilities, including trade and other payables, which are not classified as held for trading or as financial liabilities measured at fair value that affect the consolidated income statement, are initially measured at fair cost less, if appropriate, any transaction costs that are directly attributable to the issue of the financial liabilities. Subsequent to initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest rate method. However, financial liabilities for which there is no established interest rate, or which mature or are expected to be currently paid, and for which the effect of an adjustment is not material, are measured at nominal value.

(viii) Guarantees

Guarantees received are measured in accordance with the same criteria as those applied for financial liabilities. The difference between the amount received and fair value is recognised as an advance and is allocated to the consolidated income statement in the period that the service is rendered, in accordance with the standard relating to revenue from services rendered. If the difference is not material, it is measured at nominal value.

(ix) Derecognition of and changes in financial liabilities

The Group derecognises a financial liability or a part thereof when the obligation under the related liability is extinguished or it is legally discharged from the related liability either by means of court proceedings or by the creditor.

(k) Hedge accounting

Derivative financial instruments that may be accounted for as hedges are recognised at fair value, plus, where appropriate, the transaction costs directly attributable to the arrangement of the hedges, and less, where appropriate, the transaction costs directly attributable to the issue of the hedges.

At the inception of the hedge, the Group designates and formally documents the hedging relationship, as well as the objective and strategy for the undertaking of the hedge. Hedges only qualify for hedge accounting where the hedge is expected to be highly effective at the inception of the hedge and in subsequent years to offset changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated (prospective analysis), and the hedge's real effectiveness, which can be determined reliably and is within the range of 80-125% (retrospective analysis), in accordance with the accounting standards provided in the Spanish Chart of Accounts.

The Group recognises the gains or losses arising from the measurement at fair value of the hedging instrument which relates to the part identified as an effective hedge in the consolidated statement of income and expenses recognised in equity. The part of the hedge considered to be ineffective is recognised in the consolidated income statement.

In the hedges of foreseen transactions that give rise to the recognition of a financial asset or liability, the associated losses or gains which have been recognised in consolidated equity are reclassified as profit or loss in the same year or years in which the asset acquired or the liability assumed affect profit or loss and in the same heading in the consolidated income statement.

(l) Inventories

Inventories are initially measured at acquisition cost.

Acquisition cost includes the amount billed by the seller after deducting any discount, rebate or other similar items as well as the interest included in the nominal value of the receivables plus the additional expenses arising until the assets are placed on sale and others directly attributable to the acquisition, and the indirect taxes not recoverable from the tax authorities.

The reductions and reversions in the value of inventories are recognised as a credit under the "Procurements" heading.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and current bank deposits. Also included are other highly liquid current investments as long as they are easily convertible into specific cash amounts and originally mature within a period not exceeding three months.

(n) Grants, donations and bequests

Grants, donations and bequests are recognised as income and expenses recognised in equity when they are officially granted, the conditions attached to the grant have been complied with or there is no reasonable doubt regarding whether they will be received.

For grants, donations, and bequests relating to certain property, plant and equipment, the Group considers the conditions set at the date they were awarded to have been met.

Grants, donations and bequests of a monetary nature are measured at the fair value of the amount awarded.

In subsequent years, grants, donations and bequests are allocated to profit or loss on the basis of the subsidised assets.

Capital grants are allocated to profit or loss for the year in proportion to the depreciation of the assets they finance, or when the related assets are sold, derecognised or adjusted for impairment.

In the case of non-depreciable assets, the grant is allocated to profit or loss for the year in which they are sold, derecognised or adjusted for impairment.

The amount of the valuation adjustment equivalent to the subsidised part of the asset is recognised as an irreversible loss of the assets directly against the value thereof.

Grants awarded to finance specific costs are allocated to profit or loss for the year in which the financed expenses accrue.

In accordance with the instructions provided by the OPPE, the Group does not discount the non-current loans receivable for grants accrued from the tax authorities to present value.

Financial liabilities including implicit aid in the form of the application of below market interest rates are initially recognised at fair value. The difference between this value, adjusted when necessary for the issue costs of the financial liability and the amount received, is registered as a government grant in accordance with the nature of the grant awarded.

(o) Defined benefit plans

The Group considers benefit plans to include those financed by means of the payment of insurance premiums in which there is a legal or implicit obligation to directly pay employees the benefits agreed upon when they fall due or to pay the additional amounts required if the insurer does not disburse the benefits relating to the services provided by the employees in the year or previous years.

(p) Employee benefit liabilities

Any severance for involuntary termination is recognised at the time that there is a formal detailed plan and a valid expectation is generated among the employees affected that the employment relationship will be terminated, either because the plan has begun to be executed or because its main features have been announced.

(q) Provisions

(i) General criteria

Provisions are recognised when the Group has a present obligation of either a legal, contractual, implicit or underlying nature, as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The financial effect of the provisions is recognised under "Financial costs" in the income statement.

The provisions are reverted against profit or loss when it is probable that an outflow of resources will be required to settle the obligation.

(r) Revenue from the rendering of services

Revenue from the rendering of services is recognised at the fair value of the consideration received or to be received from the services, and if applicable, the interest included in the nominal value of the loans shall be recognised as a decrease in this amount.

The revenue from the rendering of services is recognised when the actual flow of the services it represents occurs, regardless of when the resulting monetary or financial flow arises. This revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the amount of revenue, the stage of completion, the costs incurred for the transaction and the costs to complete the transaction can all be measured reliably, and it is probable that the economic benefits associated with the services will be received. The Group has not recognised the amount to be invoiced to companies that are in insolvency proceedings or in the process of being wound up considering that they do not qualify for recognition.

(s) Corporation Tax

The special regime for entities partially exempt from Corporation Tax is applied to port authorities for 2000 and subsequent years, in accordance with article 2 and the third final provision of Spanish Law 24/2001, of 27th December, on Tax, Administrative and Social Order Measures, and article 41 of the Spanish Law on State-owned Ports.

The Corporation Tax expense or income comprises both current and deferred tax.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, in accordance with the law and the tax rate in force or approved and pending publication at year end.

Current or deferred tax is recognised in profit or loss, unless arising from a transaction or economic event recognised against consolidated equity in the same or a different year, or from a combination of businesses.

(i) Recognition of taxable temporary differences

Taxable temporary differences are recognised in all cases.

(ii) Recognition of deductible temporary differences

Deductible temporary differences are recognised as long as it is probable that future taxable profit will be available against which to offset it, except in cases where the differences arise from the initial recognition of assets or liabilities in a transaction which is not a combination of businesses and, at the time of the transaction, affects neither accounting profit (accounting loss) nor taxable profit (taxable loss).

(iii) Classification

Deferred tax assets and liabilities are recognised in the consolidated balance sheet as non-current assets or liabilities, regardless of the date on which they are expected to be realised or settled.

(t) Current and non-current classification of assets and liabilities

The Group classifies assets and liabilities as current or non-current in the consolidated balance sheet in accordance with its normal operating cycle, which does not exceed 12 months.

(u) Environment

The Group carries out operations, the main aim of which is to prevent, reduce or repair environmental damage caused by its activities. The expenses arising from environmental activities are recognised as "Other operating expenses" in the consolidated income statement in the year in which they are incurred. However, if appropriate, the Group recognises environmental provisions by means of the general criteria set forth in section q) of this note.

Items of property, plant and equipment acquired to be used on a lasting basis and whose main purpose is to minimise environmental impact and protect and improve the environment, including the items relating to the reduction or elimination of future pollution, are recognised as assets by means of the application of the measurement, presentation and disclosure bases mentioned in section f) of this note.

The Group makes provisions for environmental actions when it is aware of the existence of expenses arising in the year or previous years clearly specified as being of an environmental nature, but whose amount or the date on which they may arise is uncertain. These provisions are made on the basis of the best estimate of the expense required to cover the obligation, taking into consideration the financial effect when it is considered to be material. The compensation to be received by the Group relating to the source of the environmental obligation is recognised as a receivable on the asset side of the consolidated balance sheet, as long as there are no doubts that the disbursement will be received, without exceeding the amount of the obligation recognised.

(v) Interport Compensation Fund

Pursuant to article 159 of the Spanish Law on State-owned Ports and the Merchant Navy, the Parent Company shall make contributions to and receive contributions from the Interport Compensation Fund, as set out in this Law. The Interport Compensation Fund received and contributed each year is recorded in the consolidated income statement as operating income or as an operating expense respectively.

(w) Related party transactions

Transactions between related parties are recognised at the fair value of the consideration delivered or received. The difference between this value and the amount agreed, should it exist, are recorded in accordance with the underlying economic substance.

(6) Intangible assets

The detail of and changes in the balances of intangible asset items in 2011 were as follows:

INTANGIBLE ASSETS	BALANCE AT 31-12-10	ACQUISITIONS (+)	RECLASSIFICATIONS (+)	BALANCE AT 31-12-11
Industrial property	25,452.16	-	-	25,452.16
Computer software	22,636,206.57	2,558,180.16	-	25,194,386.73
TOTAL	22,661,658.73	2,558,180.16	0.00	25,219,838.89

ACCUMULATED AMORTISATION OF INTANGIBLE ASSETS	BALANCE AT 31-12-10	ADDITIONS (+)	RECLASSIFICATIONS (+)	BALANCE AT 31-12-11
Industrial property	25,452.16	-	-	25,452.16
Computer software	17,393,802.15	1,397,219.35	-	18,791,021.50
TOTAL	17,419,254.31	1,397,219.35	0.00	18,816,473.66
NET CARRYING AMOUNT	5,242,404.42	1,160,960.81	0.00	6,403,365.23

The detail of and changes in the balances of intangible asset items in 2010 were as follows:

INTANGIBLE ASSETS	BALANCE AT 31-12-09	ACQUISITIONS (+)	RECLASSIFICATIONS (+)	BALACE AT 31-12-10
Industrial property	25,452.16	-	-	25,452.16
Computer software	21,459,492.57	1,177,032.27	(318.27)	22,636,206.57
TOTAL	21,484,944.73	1,177,032.27	(318.27)	22,661,658.73

ACCUMULATED AMORTISATION OF INTANGIBLE ASSETS	BALANCE AT 31-12-09	ADDITIONS (+)	RECLASSIFICATIONS (+)	BALANCE AT 31-12-10
Industrial property	25,452.16	-	-	25,452.16
Computer software	13,651,580.01	3,742,222.14	0.00	17,393,802.15
TOTAL	13,677,032.17	3,742,222.14	0.00	17,419,254.31
NET CARRYING AMOUNT	7,807,912.56	(2,565,189.87)	0.00	5,242,404.42

The cost of intangible assets amortised in full and still in use at 31st December 2011 and 2010 is as follows:

	EUROS	
	2011	2010
Industrial property	25,452.16	25,452.16
Computer software	15,441,408.83	14,814,008.90
TOTAL	15,466,860.99	14,839,461,06

(7) Property, plant and equipment

The detail of and changes in the balances of "Property, plant and equipment" in 2011 were as follows:

ITEM	BALANCE AT 31-12-10	CHANGES IN THE YEAR		RECLASSIFICA. (+/-)	TRANSFER TO /FROM INVESTMENT PROPERTY (+/-)	DERECOGNITION OF COMPANIES	BALANCE AT 31-12-11
		ADDITIONS (+)	DISPOSALS (-)				
a) Land and natural properties	**77,972,433.00**	**116,801.53**	**-**	**492,138.68**	**4,677.50**	**-**	**78,586,050.71**
b) Constructions	**1,000,996,676.86**	**24,045,252.25**	**(147,701.30)**	**(2,265,004.41)**	**(4,245,528.27)**	**-**	**1,018,383,695.13**
Maritime accesses	193,175,065.25	194,979.13	-	(1,513,845.70)	-	-	191,856,198.68
Breakwater and sea defence works	201,954,307.82	91,360.05	-	(365,296.12)	-	-	201,680,371.75
Berthing works	308,360,659.65	1,350,101.14	-	(331,282.69)	(9,702.77)	-	309,369,775.33
Buildings	29,927,163.41	4,164,486.08	-	-	(2,495,479.62)	-	31,596,169.87
General facilities	104,377,270.98	14,014,391.17	-	(5,679.81)	(595,946.10)	-	117,790,036.24
Pavements and roads	163,202,209.75	4,229,934.68	(147,701.30)	(48,900.09)	(1,144,399.78)	-	166,091,143.26
c) Plant and equipment	**10,258,380.64**	**301,324.72**	**-**	**22,630.66**	**-**	**-**	**10,582,336.02**
Navigational aid facilities	2,237,081.22	154,231.48	-	22,630.66	-	-	2,413,943.36
Equipment for the handling of goods	2,949,646.32	-	-	-	-		2,949,646.32
Floating equipment	4,542,034.95	135,594.06	-	-	-	-	4,677,629.01
Workshop equipment	529,618.15	11,499.18	-	-	-	-	541,117.33
d) Other property, plant and equipment	**19,707,432.70**	**1,073,069.85**	**(48,526.27)**	**-**	**-**	**(5,335.90)**	**20,726,640.38**
Furniture	3,490,896.28	133,590.30	-	-	-	(1,515.20)	3,622,971.38
Computer hardware	7,083,651.85	598,522.84	-	-	-	(3,039.70)	7,679,134.99
Transport equipment	582,772.84	62,102.42	(46,326.35)	-	-	-	598,548.91
Other property, plant and equipment	8,550,111.73	278,854.29	(2,199.92)	-	-	(781.00)	8,825,985.10
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1,108,934,923.20**	**25,536,448.35**	**(196,227.57)**	**(1,750,235.07)**	**(4,240,850.77)**	**(5,335.90)**	**1,128,278,722.24**
ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	**232,619,413.21**	**39,293,394.40**	**-**	**-**	**(7,216,946.00)**	**-**	**264,695,861.61**
TOTAL	**1,341,554,336.41**	**64,829,842.75**	**(196,227.57)**	**(1,750,235.07)**	**(11,457,796.77)**	**(5,335.90)**	**1,392,974,583.85**

AMORTISATION	BALANCE AT 31-12-10	ADDITIONS (+)	DERECOGNITION DUE TO SALE & RETIREMENT /REVERSION	TRANSFER TO/FROM INVESTMENT PROPERTY (+/-)	DERECOGNITION OF COMPANIES	BALANCE AT 31-12-11
Constructions	**254,461,460.38**	**32,959,207.03**	**(103,541.03)**	**-**	**-**	**287,317,126.38**
Maritime accesses	26,727,527.45	3,999,916.94	-	-	-	30,727,444.39
Breakwater and sea defence works	44,374,847.19	4,402,395.91	-	-	-	48,777,243.10
Berthing works	81,212,285.31	11,011,420.61	-	-	-	92,223,705.92
Buildings	7,783,493.17	903,340.50	-	-	-	8,686,833.67
General facilities	40,994,466.44	6,332,424.01	-	-	-	47,326,890.45
Pavements and roads	53,368,840.82	6,309,709.06	(103,541.03)	-	-	59,575,008.85
Plant and equipment	**4,041,396.65**	**644,860.53**	**-**	**-**	**-**	**4,686,257.18**
Navigational aid facilities	1,518,293.52	195,501.29	-	-	-	1,713,794.81
Equipment for the handling of goods	678,208.59	132,733.92	-	-	-	810,942.51
Floating material	1,479,054.08	298,331.99	-	-	-	1,777,386.07
Workshop equipment	365,840.46	18,293.33	-	-	-	384,133.79
Other property, plant and equipment	**14,389,899.60**	**1,849,989.39**	**(46,209.96)**	**-**	**(5,142.28)**	**16,188,536.75**
Furniture	1,740,094.32	312,321.55	-	-	(1,515.20)	2,050,900.67
Computer hardware	5,220,814.04	837,041.37	-	-	(3,039.70)	6,054,815.71
Transport equipment	352,893.38	64,458.88	(44,010.04)	-	-	373,342.22
Other property, plant and equipment	7,076,097.86	636,167.59	(2,199.92)	-	(587.38)	7,709,478.15
TOTAL	**272,892,756.63**	**35,454,056.95**	**(149,750.99)**	**-**	**(5,142.28)**	**308,191,920.31**
Impairment in constructions	249,768.01	-	(29,369.52)	-	-	220,398.49
NET CARRYING AMOUNT	**1,068,411,811.77**	**(35,650,284.52)**	**(1,571,114.56)**	**(11,457,796.77)**	**(193.62)**	**1,084,562,265.05**

The breakdown of "Changes in the year – Additions" in 2011 is as follows:

COSTS	ACQUISITIONS FROM EXTERNAL SUPPLIERS	CAPITALISED FINANCIAL COSTS	REVERTED CONCESSIONS	OTHER	TRANSFERS FROM PROP., PLANT & EQUIPMENT IN THE COURSE OF CONSTRUCTION	TOTAL ADDITIONS IN 2011
Land and natural properties	**-**	**-**	**-**	**-**	**116,801.53**	**116,801.53**
Constructions	**-**	**-**	**1,635,204.00**	**-**	**22,410,048.25**	**24,045,252.25**
Maritime accesses	-	-	-	-	194,979.13	194,979.13
Breakwater and sea defence works	-	-	-	-	91,360.05	91,360.05
Berthing works	-	-	-	-	1,350,101.14	1,350,101.14
Buildings	-	-	721,987.00	-	3,442,499.08	4,164,486.08
General facilities	-	-	913,217.00	-	13,101,174.17	14,014,391.17
Pavements and roads	-	-	-	-	4,229,934.68	4,229,934.68
Equipment and plant	**-**	**-**	**-**	**-**	**301,324.72**	**301,324.72**
Navigational aid facilities	-	-	-	-	154,231.48	154,231.48
Floating equipment	-	-	-	-	135,594.06	135,594.06
Workshop equipment	-	-	-	-	11,499.18	11,499.18
Other property, plant and equipment	**-**	**-**	**-**	**-**	**1,073,069.85**	**1,073,069.85**
Furniture	-	-	-	-	133,590.30	133,590.30
Computer hardware	-	-	-	-	598,522.84	598,522.84
Transport equipment	-	-	-	-	62,102.42	62,102.42
Other property, plant and equipment	-	-	-	-	278,854.29	278,854.29
TOTAL PROPERTY, PLANT AND EQUIPMENT	-	-	1,635,204.00	-	23,901,244.35	25,536,448.35
ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	60,973,604.45	2,194,682.61	-	26,361.69	(23,901,244.35)	39,293,404.40
TOTAL	60,973,604.45	2,194,682.61	1,635,204.00	26,361.69	-	64,829,852.75

The detail of and changes in 2011 in the main investment projects included in the balance of "Property, plant and equipment in the course of construction and advances" are as follows:

NAME OF THE INVESTMENT PROJECT	BALANCE AT 31-12-10	ADDITIONS 2011 (+)	TRANSFER TO PROP., PLANT & EQUIP. IN OPERATION (-)	BALANCE AT 31-12-11
Sea defence works for the Port of Valencia's extension	165,012,093.73	27,523,761.87	-	192,535,855.60
Additional work on the sea defence works for the Port of Valencia's extension	4,986,597.96	170,519.49	-	5,157,117.45
North Quay of the Port of Sagunto's extension	19,312,715.33	5,284,831.16	-	24,597,546.49
Berthing line between Transversal Quay	919,475.40	358,921.62	(1,278,397.02)	-
Sewage network at the Port of Valencia	3,073,281.06	896,645.59	(3,969,926.65)	-
Intersections road-rail network	1,799,202.66	1,512,045.17	(3,117,455.34)	193,792.49
Building on New Nautical Services Dock	-	1,395,653.30	-	1,395,653.30
Additional work 2 on sea defence works North Extension	-	3,811,983.87	-	3,811,983.87
Additional work on North Quay Port of Sagunto extension	4,741,258.95	3,939,857.19	-	8,681,116.14
Purchase of the plots in the ZAL at the Port of Valencia	8,271,792.70	-	-	8,271,792.70
TOTAL	208,116,417.79	44,894,219.26	(8,365,779.01)	244,644,858.04

The detail of and changes in the balances of "Property, plant and equipment" in 2010 were as follows:

ITEM	BALANCE AT 31-12-09	CHANGES IN THE YEAR ADDITIONS (+)	DISPOSALS (-)	RECLASSIFICATIONS (+/-)	TRANSFER TO / FROM INVESTMENT PROPERTY (+/-)	BALANCE AT 31-12-10
a) Land and natural properties	**74,161,578.35**	**5,813,221.55**	**-**	**(165,797.74)**	**(1,836,569.16)**	**77,972,433.00**
b) Constructions	**956,305,281.77**	**47,852,894.46**	**(471,533.45)**	**165,797.74**	**(2,855,763.66)**	**1,000,996,676.86**
Maritime accesses	169,887,634.65	15,663,095.43	-	7,624,335.17	-	193,175,065.25
Breakwater and sea defence works	200,045,657.04	30,701.04	-	1,877,949.74	-	201,954,307.82
Berthing works	305,637,583.13	11,637,752.63	(458,101.88)	(8,456,574.23)	-	308,360,659.65
Buildings	29,358,253.00	664,110.36	-	(24,668.06)	(70,531.89)	29,927,163.41
General facilities	95,780,302.00	9,072,515.54	(13,431.57)	169,827.53	(631,942.52)	104,377,270.98
Pavements and roads	155,595,851.95	10,784,719.46	-	(1,025,072.41)	(2,153,289.25)	163,202,209.75
c) Plant and equipment	**10,029,768.64**	**228,612.00**	**-**	**-**	**-**	**10,258,380.64**
Navigational aid facilities	2,083,255.48	153,825.74	-	-	-	2,237,081.22
Equipment for the handling of goods	2,949,646.32	-	-	-	-	2,949,646.32
Floating equipment	4,493,401.95	48,633.00	-	-	-	4,542,034.95
Workshop equipment	503,464.89	26,153.26	-	-	-	529,618.15
d) Other property, plant and equipment	**18,859,186.85**	**911,927.58**	**(64,000.00)**	**318.27**	**-**	**19,707,432.70**
Furniture	3,429,357.44	61,538.84	-	-	-	3,490,896.28
Computer hardware	6,579,287.57	504,046.01	-	318.27	-	7,083,651.85
Transport equipment	550,238.78	96,534.06	(64,000.00)	-	-	582,772.84
Other property, plant and equipment	8,300,303.06	249,808.67	-	-	-	8,550,111.73
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,059,355,815.61	54,806,655.59	(535,533.45)	318.27	(4,692,332.82)	1,108,934,923.20
ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	159,106,073.75	73,513,339.46	-	-	-	232,619,413.21
TOTAL	1,218,461,889.36	128,319,995.05	(535,533.45)	318.27	(4,692,332.82)	1,341,554,336.41

AMORTISATION	BALANCE AT 31-12-09	ADDITIONS (+)	DERECOGNITION DUE TO SALE & RETIREMENT /REVERSION	TRANSFER TO/FROM INVESTMENT PROPERTY	BALANCE AT 31-12-10
Constructions	**223,141,523.01**	**31,740,487.93**	**(410,150.34)**	**(10,400.22)**	**254,461,460.38**
Maritime accesses	22,969,285.96	3,758,241.49	-	-	26,727,527.45
Breakwater and sea defence works	39,951,075.98	4,423,771.21	-	-	44,374,847.19
Berthing works	70,650,114.75	10,964,028.38	(401,857.82)	-	81,212,285.31
Buildings	6,967,028.73	826,864.66	-	(10,400.22)	7,783,493.17
General facilities	35,262,559.52	5,740,199.44	(8,292.52)	-	40,994,466.44
Pavements and roads	47,341,458.07	6,027,382.75	-	-	53,368,840.82
Plant and equipment	**3,398,391.68**	**643,004.97**	**-**	**-**	**4,041,396.65**
Navigational aid facilities	1,321,279.19	197,014.33	-	-	1,518,293.52
Equipment for the handling of goods	545,474.67	132,733.92	-	-	678,208.59
Floating equipment	1,185,092.89	293,961.19	-	-	1,479,054.08
Workshop equipment	346,544.93	19,295.53	-	-	365,840.46
Other property, plant and equipment	**12,298,714.35**	**2,137,629.41**	**(46,444.16)**	**-**	**14,389,899.60**
Furniture	1,433,339.32	306,755.00	-	-	1,740,094.32
Computer hardware	4,282,042.35	938,771.69	-	-	5,220,814.04
Transport equipment	329,470.65	69,866.89	(46,444.16)	-	352,893.38
Other property, plant and equipment	6,253,862.03	822,235.83	-	-	7,076,097.86
TOTAL	238,838,629.04	34,521,122.31	(456,594.50)	(10,400.22)	272,892,756.63
Impairment in constructions	**279,137.55**	**-**	**(29,369.54)**	**-**	**249,768.01**
NET CARRYING AMOUNT	979,344,122.77	(35,056,655.76)	486,282.31	(4,681,932.60)	1,068,411,811.77

The breakdown of "Changes in the year – Additions" in 2010 is as follows:

COSTS	ACQUISITIONS FROM EXTERNAL SUPPLIERS	CAPITALISED FINANCIAL COSTS	TRANSFERS FROM PROP., PLANT & EQUIPMENT IN THE COURSE OF CONSTRUCTION	TOTAL ADDITIONS IN 2010
Land and natural properties		**-**	**5,813,221.55**	**5,813,221.55**
Constructions	**-**	**-**	**47,852,894.46**	**47,852,894.46**
Maritime accesses	-	-	15,663,095.43	15,663,095.43
Breakwater and sea defence works	-	-	30,701.04	30,701.04
Berthing works	-	-	11,637,752.63	11,637,752.63
Buildings	-	-	664,110.36	664,110.36
General facilities	-	-	9,072,515.54	9,072,515.54
Pavements and roads	-	-	10,784,719.46	10,784,719.46
Plant and equipment	**-**	**-**	**228,612.00**	**228,612.00**
Navigational aid facilities	-	-	153,825.74	153,825.74
Floating equipment	-	-	48,633.00	48,633.00
Workshop equipment	-	-	26,153.26	26,153.26
Other property, plant and equipment	**4,424.52**	**-**	**907,503.06**	**911,927.58**
Furniture	-	-	61,538.84	61,538.84
Computer hardware	4,424.52	-	499,621.49	504,046.01
Transport equipment	-	-	96,534.06	249,808.67
Other property, plant and equipment	-	-	249,808.67	249,808.67
TOTAL PROPERTY, PLANT AND EQUIPMENT		**-**	**54,802,231.07**	**54,806,655.59**
ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	**127,008,727.22**	**1,306,843.31**	**(54,802,231.07)**	**73,513,339.46**
TOTAL	**127,008,727.22**	**1,306,843.31**	**-**	**128,319,995.05**

The detail of and changes in 2010 in the main investment projects included in the balance of "Property, plant and equipment in the course of construction and advances" are as follows:

NAME OF THE INVESTMENT	BALANCE AT 31-12-09	ADDITIONS 2010 (+)	TRANSFER TO PROPERTY, PLANT AND EQUIPMENT	BALANCE AT 31-12-10
Sea defence works for the Port of Valencia's extension	104,001,215.28	61,010,878.45		165,012,093.73
Rail access to the new East Breakwater site	3,959,163.65	445,505.17	(4,404,668.82)	-
Increasing depths in the access channel and outer basin	3,905,382.99	9,816,152.63	(13,721,535.62)	-
Additional work on the extension of the Levante Quay surface area	2,587,644.16	167,058.83	(2,754,702.99)	-
Reinforcement and remodelling of the 1st section of the Levante Quay	2,847,700.50	2,624,025.22	(5,471,725.72)	-
Additional work on the sea defence works for the Port of Valencia's extension	4,000,531.89	986,066.07		4,986,597.96
Rebuilding the South Quay and Ro-ro ramp at the Port of Gandia	1,997,702.90	2,277,594.84	(4,275,297.74)	-
North Quay of the Port of Sagunto's expansion plan	9,325,131.78	9,987,583.55		19,312,715.33
Backfill consolidation for the Bulk Terminal at the Port of Sagunto	3,481,459.52		(3,481,459.52)	-
Berthing line between Transversal Quay	-	919,475.40		919,475.40
Removal of the preload from the northeast plot of the South Extension - Phase II	1,401,208.07	473,801.89	(1,875,009.96)	-
Sewage network at the Port of Valencia	317,870.00	2,755,411.06		3,073,281.06
Intersections road-rail network	-	1,799,202.66		1,799,202.66
Redredging the Port of Gandia's entrance estuary and channel	-	1,100,596.65	(1,100,596.65)	-
Road access to the Northeast Quay at the Port of Sagunto	1,196,085.62	1,093,664.62	(2,289,750.24)	-
Additional work on North Quay Port of Sagunto extension	-	4,741,258.95		4,741,258.95
Purchase of the Z-1 plot in the Parc Sagunt I Partial Plan	6,146,360.00			6,146,360.00
Purchase of the plots in the ZAL at the Port of Valencia	292,414.81	7,979,377.89		8,271,792.70
TOTAL	**145,459,871.17**	**108,177,653.88**	**(39,374,747.26)**	**214,262,777.79**

The breakdown of "Changes in the year – Derecognitions" in 2011 and 2010 corresponds to sales to external companies or retirement or derecognition from inventories.

In 2011, advances made by the subsidiary were transferred to investment property after the deeds of sale and purchase had been signed.

As a result of the "Balcón al Mar" Cooperation Agreement to modernise the Port of Valencia's infrastructure entered into on 14th October 1997 by the Spanish Ministry of Development, the Valencian Regional Government, the Valencia City Council and the PAV, by means of the Ministry of Development Order dated 31st May 1999, certain land located in the Port of Valencia service area which had been state-owned was released from port public use and legally changed to alienable property. The carrying amount of the derecognised land and buildings at 31st December 2011 and 2010 amounted to €27.8 million. Based on the Spanish Cabinet Agreement of 25th April 2003, the total area of "Balcón al Mar", relating exclusively to dock buildings 2, 4 and 5, whose adjusted net carrying value amounted to €4,067,595.46, were partially freely assigned to the Valencia City Council in May 2003.

In order to complete the free assignment arising from the commitments made under the 1997 Cooperation Agreement, at its meeting held on 18th December 2008, the PAV Board of Directors resolved that the remainder of the free assignment would be initiated. This assignment was to be performed in accordance with the law in force, was to respect the scope of the Spanish Cabinet Agreement of 25th April 2003, and was to address the reality resulting from the transformation of the Inner Dock of the Port of Valencia for the 32nd America's Cup 2007. This assignment is to be carried out following the correct administrative procedures, in accordance with the road map approved by the Parent Company's Board of Directors.

On 22nd December 2005, in view of the city of Valencia's candidature as the host city for the 32nd America's Cup 2007, the PAV authorised the 2007 Valencia Consortium to occupy certain items of property, plant and equipment. This authorisation has been extended until an inter-administrative agreement is entered into whereby the 2007 Valencia Consortium is assigned the port spaces used for the purpose of holding the 32nd America's Cup 2007 for the maximum legal term.

(a) Capitalised financial costs

In 2011, the Parent Company capitalised financial costs amounting to €2,194,682.61 (€1,306,843.31 in 2010) under property, plant and equipment in the course of construction.

(b) Fully depreciated assets

The cost of property, plant and equipment amortised in full and still in use at 31st December 2011 and 2010, expressed in euros, is as follows:

	EUROS	
	2011	2010
Constructions	63,554,692.05	59,791,346.37
Equipment and plant	1,851,765.88	1,559,222.60
Other property, plant and equipment	11,537,407.70	9,049,483.13
Total	**76,943,865.63**	**70,400,052.10**

(c) Government grants received

Certain investment projects were financed in part by a number of grants awarded to the Parent Company. The projects financed and the grants received are detailed in note 18.

(d) Commitments

The property, plant and equipment purchase commitments at 31st December 2011 amounted to €140 million (€178.91 million at 31st December 2010).

These commitments were financed by means of equity and borrowed funds in accordance with the Group's budgets and in a period of time up to 2020. The acquisition price of certain purchase commitments, which amount to €97.8 million, include a variable amount tied to Euribor, and there are certain conditions subsequent relating to these commitments. The Group does not foresee any circumstances which might lead to the breach of these obligations.

(e) Insurance

The Group has taken out several insurance policies to cover the risks to which the items of property, plant and equipment are subject. The coverage of these policies is considered to be sufficient.

(8) Investment property

The detail of and changes in the balances of "Investment property" items in 2011 were as follows:

ITEM	BALANCE AT 31-12-10	ACQUISITIONS (+) / RECLASSIF.	SALES, RETIREMENTS AND DISPOSALS (-)	TRANSFER TO/FROM PROPERTY, PLANT & EQUIPMENT (+/-)	BALANCE AT 31-12-11
a) Land	**231,893,312.06**	**40,919,452.14**	**(128,713.70)**	**7,212,268.50**	**279,896,319.00**
b) Constructions	**157,521,138.52**	**(218,319.64)**	**(546,461.29)**	**4,245,528.27**	**161,001,885.86**
Berthing works	5,842,815.10	-	-	9,702.77	5,852,517.87
Ship repair facilities	1,379,494.48	-	-	-	1,379,494.48
Buildings	34,641,466.87	-	(755.00)	2,495,479.62	37,136,191.49
General facilities	36,767,657.66	(22,719.26)	595,946.10	37,340,884.50	
Pavements and roads	78,889,704.41	(195,600.38)	(545,706.29)	1,144,399.78	79,292,797.52
TOTAL	**389,414,450.58**	**40,701,132.50**	**(675,174.99)**	**11,457,796.77**	**440,898,204.86**

ITEM	BALANCE AT 31-12-10	ADDITIONS (+)	SALES, RETIREMENTS & DISPOSALS (-)	TRANSFER TO/FROM PROPERTY, PLANT & EQUIPMENT (+/-)	BALANCE AT 31-12-11
Berthing works	882,093.61	274,347.25	-	-	1,156,440.86
Ship repair faciilities	1,365,699.51	-	-	-	1,365,699.51
Buildings	14,864,115.54	1,056,938.60	(177.31)	-	15,920,876.83
General facilities	8,378,818.79	2,260,201.44	-	-	10,639,020.23
Pavements and roads	36,039,743.48	4,358,447.62	(476,866.19)	-	39,921,324.91
TOTAL	**61,530,470.93**	**7,949,934.91**	**(477,043.50)**	**--**	**69,003,362.34**
NET CARRYING AMOUNT	**327,883,979.65**	**32,751,197.59**	**(198,131.49)**	**11,457,796.77**	**371,894,842.52**

In 2010, one of the subsidiaries and SEPES (the Spanish State Land Agency) signed a deed of sale and purchase options which set out the terms and conditions for the acquisition of 339,990.14 net square metres of the Port of Valencia's Logistics Activities Area, in accordance with the measurements indicated in the approved land division project.

Therefore, in 2010 and 2011 the subsidiary acquired a total of 97,967.61 net square metres and 38,301.04 net square metres respectively of the Port of Valencia's Logistics Activities Area.

On 10th February 2011, the subsidiary entered into an agency contract with a real estate operator for the marketing of the 10 hectares acquired in 2010.

The acquisitions made in 2011 mainly correspond to several plots acquired by the subsidiary under the framework of the "Parc Sagunt I" Partial Plan and of the Port of Valencia's Logistics Activities Area. In the "Parc Sagunt I" purchase agreement there are certain conditions subsequent. The Group does not foresee any circumstances which might lead to the breach of these obligations.

The detail of and changes in the balances of "Investment property" items in 2010 were as follows:

ITEM	BALANCE AT 31-12-09	ACQUISITIONS (+)	SALES, RETIREMENTS AND DISPOSALS (-)	TRANSFER TO/FROM PROPERTY, PLANT & EQUIPMENT (+/-)	BALANCE AT 31-12-10
a) Land	**186,732,681.11**	**43,324,061.79**		**1,836,569.16**	**231,893,312.06**
b) Constructions	**154,848,388.10**	**-**	**(183,013.24)**	**2,855,763.66**	**157,521,138.52**
Berthing works	6,018,414.13	-	(175,599.03)	-	5,842,815.10
Ship repair facilities	1,379,494.48	-	-	-	1,379,494.48
Buildings	34,570,934.98	-	-	70,531.89	34,641,466.87
General facilities	36,143,129.35	-	(7,414.21)	631,942.52	36,767,657.66
Pavements and roads	76,736,415.16	-	-	2,153,289.25	78,889,704.41
TOTAL	**341,581,069.21**	**43,324,061.79**	**(183,013.24)**	**4,692,332.82**	**389,414,450.58**

ITEM	BALANCE AT 31-12-09	ADDITIONS (+)	SALES, RETIREMENTS AND DISPOSALS (-)	TRANSFER TO/FROM PROPERTY, PLANT & EQUIPMENT (+/-)	BALANCE AT 31-12-10
Berthing works	646,577.41	274,936.20	(39,420.00)		882,093.61
Ship repair facilities	1,365,699.51				1,365,699.51
Buildings	13,825,502.12	1,038,613.42			14,864,115.54
General facilities	6,130,411.15	2,243,147.61	(5,140.19)	10,400.22	8,378,818.79
Pavements and roads	31,683,877.29	4,355,866.19			36,039,743.48
TOTAL	**53,652,067.48**	**7,912,563.42**	**(44,560.19)**	**10,400.22**	**61,530,470.93**
NET CARRYING AMOUNT	**287,929,001.73**	**35,411,498.37**	**(138,453.05)**	**4,681,932.60**	**327,883,979.65**

In 2010, these purchases amounted to €46,244,646.79, of which €43,324,061.79 were recognised under investment property, given that as a result of this purchase, the subsidiary is now ready to market the Logistics Activities Area and holds a purchase option on the rest of the plots (242,022.53 net square metres) to be acquired from SEPES in successive phases based on market demand. The remaining amount paid by the Company, amounting to €2,920,585.00, was recognised as an advance for future acquisitions.

(a) Fully depreciated assets

The cost of the property investments which were depreciated in full and still in use at 31st December 2011 amounted to €23,776,565.19 (€21,764,408.31 in 2010).

(b) Income and expenses arising from investment property

The detail of income and expenses generated from investment property in 2011 and 2010, expressed in euros, is as follows:

	EUROS	
	2011	**2010**
Income arising from the charge for the private use of public port land, amounts additional to the charge for the private use of public port land and gains on leases	24,799,185.76	24,828,488.37
Operating expenses	(17,967,812.86)	(19,767,220.23)

The balance at 31st December 2011 of advance charges and amounts additional to the advance charges for the private use of public port land amounting to €85,081,050.60 (€88,877,526.29 at 31st December 2010) is included under "Non-current liabilities, non-current accruals and prepayments" in the consolidated balance sheet. This amount includes the effect of discounting the balance to present value, which at 31st December 2011 was €853,101.09 (€885,125.93 at 31st December 2010). The adjusted amount will be allocated to operating income over the life of the concessions. The interest rate borne will not differ significantly from the market interest rate.

(c) Other disclosures regarding concessions, authorisations and leases

The figures detailed below show the distribution of revenue arising in 2011 and 2010 from non-cancellable operating leases, whose terms and amounts will decrease in accordance with terms of the related agreements as follows:

	EUROS	
	2011	**2010**
Up to one year	153,736.71	22,192.35
From one to five years	1,816,412.68	1,359,864.37
Over five years	22,829,036.37	23,446,431.65
Total	**24,799,185.76**	**24,828,488.37**

(9) Nature and level of risk arising from financial instruments

(a) Financial risk factors

The Group's activities are exposed to different financial risks: market risk (including the risk of interest on fair value and price risk), credit risk, liquidity risk and the risk of interest on cash flows. The Group's global risk management programme focuses on the uncertainty of the financial markets and attempts to minimise the potential adverse effects on the Group's financial profitability.

Risk management is controlled by the Finance Departments in the Group's companies in accordance with the policies approved by the Board of Directors. These Departments identify, assess and cover financial risks in close cooperation with the Group's operational units. The Board of Directors provides policies for the management of global risk, as well as specific risks, such as interest rate risk, liquidity risk and the investment of surplus cash.

(i) Credit risk

The Group does not have significant concentrations of credit risk and also has policies to assure that services are rendered to customers with an appropriate credit history. Transactions with derivatives and cash transactions are only carried out with financial institutions that have a high credit rating. The Group has policies to limit the amount of risk with any financial institution.

Valuation adjustments for client insolvencies involve a high degree of judgement by the Finance Departments in the Group's companies and the review of individual balances on the basis of the customers' credit quality, current market trends and a historical analysis of insolvencies at an aggregate level. In relation to the valuation adjustment arising from the aggregate analysis of the history of default payments, a decrease in the volume of balances implies a decrease in valuation adjustments and vice-versa.

(ii) Liquidity risk

The Group prudently manages liquidity risk, based on the maintenance of sufficient cash and marketable securities, the availability of financing by means of a sufficient amount of credit facility commitments and sufficient capacity to settle market positions. Given the dynamic nature of underlying businesses, the Finance Departments in the Group's companies aim to keep their financing flexible by means of the availability of the credit lines they have contracted.

The classification of financial assets and liabilities by categories is shown in notes 12 and 20.

(iii) Risk of interest rate on cash flows

The income and cash flows of the Group's operating activities are mostly independent with respect to changes in market interest rates.

The Group's interest rate risk arises from non-current borrowing. The borrowed funds issued at floating rates expose the Group to the risk of the cash flow's interest rate.

The Parent Company manages the risk of interest rate on cash flows by means of floating to fixed interest rate swaps. Under interest rate swaps, the PAV commits with other parties to exchange with certain frequency (generally quarterly) the difference between fixed interest and floating interest calculated on the basis of the notional principal amounts contracted.

(10) Investments in companies accounted for using the equity method

The detail of information about and investments in companies accounted for using the equity method in 2011 and 2010 is as follows:

COMPANY	AUDITOR	PERCENTAGE OF OWNERSHIP	31/12/2011	31/12/2010
Infoport Valencia, S.A.	KPMG Auditores, S.L.	26.67	249,890.02	230,080.97
EUROPHAR European Economic Interest Group	-	33.33	15,606.35	
TOTAL INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD		**-**	**245,687.32**	

(11) Information on investments in other companies

Equity instruments relate to the Group's ownership interest in the company Puerto Seco Madrid, S.A. amounting to €796,940.47 and representing 10.20% of the company's share capital. This company's registered office is located in Madrid and its business activity consists of the operation of a railway container terminal.

(12) Financial assets by category

(a) Classification of financial assets by category

The classification of financial assets by category and class at 31st December 2010 and 2009 is as follows:

CATEGORY / CLASS	NON-CURRENT		CURRENT	TOTAL
	EQUITY INSTRUMENTS	LOANS, DERIVATIVES AND OTHER	LOANS, DERIVATIVES AND OTHER	
	31-12-2011	31-12-2011	31-12-2011	31-12-2011
Assets measured at fair value through income statement	796,940.47	-	-	796,940.47
- Other	796,940.47	-	-	796,940.47
Loans and receivables	-	4,994,188.01	67,704,052.46	72,698,240.47
Hedge derivatives	-	-	-	-
TOTAL	**796,940.47**	**4,994,188.01**	**67,704,052.46**	**73,495,180.94**

CATEGORY / CLASS	NON-CURRENT		CURRENT	TOTAL
	EQUITY INSTRUMENTS	LOANS, DERIVATIVES AND OTHER	LOANS, DERIVATIVES AND OTHER	
	31-12-2010	31-12-2010	31-12-2010	31-12-2010
Assets measured at fair value through income statement	796,940.47	-	-	796,940.47
- Other	796,940.47	-	-	796,940.47
Loans and receivables	-	553,214.98	52,035,533.05	52,588,748.03
Hedge derivatives	354,404.71	-	-	354,404.71
TOTAL	**1,151,345.18**	**553,214.98**	**52,035,533.05**	**53,740,093.21**

The financial assets included under "Loans and receivables" are measured at amortised cost or cost, their fair value being identical or similar to their carrying value.

(13) Investments and trade receivables

(a) Investments

The detail of investments at 31st December 2011 and 2010 is as follows:

	EUROS			
	2011		2010	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Related				
Equity instruments	796,940.47	-	796,940.47	-
Non-related				
Loans	866,316.33	-	549,048.27	-
Other	1,368.04	19,187.23	358,571.42	3,690.79
	1,664,624.84	**19,187.23**	**1,704,560.16**	**3,690.79**

The Parent Company had ownership interest in the foundational capital of the following foundations at 31st December 2011 and 2010.

FOUNDATION NAME ACTIVITY	REGISTERED OFFICE	FOUNDATION CAPITAL / RESERVES	% OF PAV OWNERSHIP	PAV STAKEHOLDING
FOUNDATIONS:				
THE VALENCIAN REGION STUDY AND COOPERATION PORT INSTITUTE FOUNDATION (FEPORTS) Date of creation: 14/07/1998 Activity: Promotion of training, research and development within the maritime and port sector	VALENCIA	CAPITAL: 919,909.13 RESERVES: 0.00	35.28%	324,546.53
VALENCIA FINANCIAL AND STOCK MARKET STUDIES FOUNDATION Date of creation: 20/04/1990 Business purpose: Financial and stock market studies and research	VALENCIA	CAPITAL: 1,322,226.63 RESERVES: 0.00	4.55%	60,101.21
PROTECTION OF SAGUNTO HISTORICAL INDUSTRIAL HERITAGE FOUNDATION Date of creation: 27/06/1994 Business purpose: Cultural purposes	SAGUNTO	CAPITAL: 183,909.70 RESERVES: 0.00	0.97%	1,803.04
SOUTHERN CONE DEVELOPMENT FOUNDATION Date of creation: 30/01/1997 Activity: Strengthen relationships with Southern Cone countries and the European Union	VALENCIA	CAPITAL: 268,916.62 RESERVES: 0.00	12.42%	8,356.32
VALENCIAN REGION VALENCIAPORT FOUNDATION FOR RESEARCH, PROMOTION AND PORT STUDIES Date of creation: 23/05/2003 Activity: Promotion of marketing, training, research and development within Valenciaport	VALENCIA	CAPITAL: 601,012.10 RESERVES: 0,00	19.50%	117,198.00
VALENCIAN REGION ENVIRONMENTAL FOUNDATION Date of creation: 17/01/2006 Activity: Environmental purposes	VALENCIA	CAPITAL: 480,000.00 RESERVES: 0.00	6.25%	30,000.00

In accordance with the instructions received from the OPPE, and given that in the event of a possible liquidation and/or dissolution of these foundations, the Group would not receive the foundational contribution, the Group's ownership interest in these foundations was derecognised.

(b) Other disclosures relating to investments

(i) Main loan features

At 31st December 2011, the Group had granted non-related and non-current loans to employees amounting to €866,316.33 (€549,048.27 at 31st December 2010).

(c) Trade and other receivables

The detail of trade and other receivables at 31st December 2011 and 2010 is as follows:

	EUROS			
	2011		2010	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Group				
Trade receivables	-	156.02	-	-
Other receivables (see note 28)	-	44,889,482.43	-	23,728,561.43
Non-related				
Trade receivables	4,126,503.64	36,723,739.70	-	35,512,557.79
Valuation adjustments for impairment	-	(7,250,891.24)	-	(7,630,413.22)
Sundry receivables	-	520,468.17	-	421,136.26
Government grants receivable	4,450,000.00	828,586.83	5,842,795.00	42,123,952.07
Other accounts receivable from public authorities	-	1,639,910.07	-	12,545,156.49
Total	**8,576,503.64**	**77,351,451.98**	**5,842,795.00**	**106,700,950.82**

Non-current trade receivables relate to the deferment of debts payable whose recovery is guaranteed by certain assets pledged as security, and which bear interest at market rates. These debts, whose final maturity date is in 2020, and for which a grace period has been granted in 2012, mature as follows as from this year: €0.3 million in 2013, €0.4 million in 2014, €0.6 million in 2015, €0.6 million in 2016 and €2.2 million up to the maturity date. At 31st December 2011, one customer accounted for 12% of the consolidated revenue (in 2010 no customers exceeded 10% of this figure).

The balance of government grants receivable at 31st December 2011 was €4,450,000.00 for non-current amounts and €828,586.83 for current amounts (€5,842,795 and €42,123,952.07 respectively at 31st December 2010) which correspond to ERDF Funds and Cohesion Funds from different Operating Frameworks, which are expected to be collected at the end of the Operating Framework Programme.

At 31st December 2011, the valuation adjustment for the impairment of receivables amounted to €7,250,891.24 (€7,630,413.22 at 31st December 2010). In 2011 there was a net reversal of valuation adjustments for impairment of receivables amounting to €0.3 million (€5.2 million in 2010) in relation to which there was rational evidence of default arising from uncertainty regarding the continuity of the debtors' operations, a reduction in their future cash flows or their involvement in insolvency proceedings.

(14) Derivative financial instruments

The detail of derivative financial instruments at 31st December 2011 is as follows:

	CURRENT NOTIONAL AMOUNT	EUROS / FAIR VALUES			
		ASSETS		LIABILITIES	
		NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Hedge derivatives					
Cash flow hedges					
Interest rate swaps	368,850,000	-	-	32,553,635.40	-
Total hedge derivatives		**-**	**-**	**32,553,635.40**	**-**

The detail of derivative financial instruments at 31st December 2010 is as follows:

	CURRENT NOTIONAL AMOUNT	EUROS / FAIR VALUES			
		ASSETS		LIABILITIES	
		NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Hedge derivatives					
Cash flow hedges					
Interest rate swaps	241,850,000.00	354,404.71	-	4,363,889.07	-
Total hedge derivatives		**354,404.71**	**-**	**4,363,889.07**	**-**

(a) Interest rate swaps – cash flow hedges

The Parent Company uses interest rate swaps to manage the exposure of its bank loans to interest rate fluctuations. A description of the interest rate swaps arranged is as follows:

- An interest rate hedge was arranged in 2005 in relation to the EIB loan arranged on 20th June 2005 which amounted to an initial €27 million. In view of the features of this transaction, beginning in 2011 the Parent Company will pay quarterly amounts from 15th March 2011 to 15th June 2030 which bear interest at a rate of 2.45% plus a variable up to 15th December 2015, of 2.9% plus a variable up to 15th December 2020, and of 3.70% plus a variable up to the final maturity date. The variable is an index referenced to Spanish inflation. The financial institution will pay a quarterly floating rate tied to the DB EUR 3m index.

- An interest rate hedge was arranged in 2006 in relation to the loan arranged on 21st July 2006 at the Spanish Official Credit Institute (ICO), which amounted to an initial €33.00 million, by means of a transaction called TIP TOP, which matures on 16th December 2030. This strategy basically consisted of taking advantage of the interest rates in force when the loan was arranged, in which short-term rates were low and the curve for long-term rates was steeper.

- In 2010, the Parent Company entered into an interest rate swap with the option of a unilateral extension by the financial institution, in relation to a loan transaction in which during a first period, the Parent Company pays floating interest tied to a 6 month Euribor rate every six months on 21st January and 21st July, and the financial institution pays a floating interest rate tied to Euribor at 6 months plus a spread of 0.5%. The financial institution exercised its unilateral extension option on 19th January 2012. The conditions remain unchanged and the interest rate payable by the PAV is a fixed 3.34% rate up to 21st July 2022. The notional amount is €60,000,000.

- In 2010, the Parent Company entered into an interest rate collar relating to a loan transaction in which the Parent Company receives floating interest tied to a 3 month Euribor rate and pays a floating interest rate tied to Euribor with certain limits based on the contract period. Payments are quarterly starting in March 2012, and the final maturity date is 15th December 2026. The notional amount is €60,000,000.

- In 2010, the Parent Company entered into an interest rate swap relating to a loan transaction in which the Parent Company receives floating interest tied to a 3 month Euribor rate, and pays interest at a fixed rate of 0.6%, which will gradually be increased to 3.06% as of 2012. Payments are quarterly and the final maturity date is 30th April 2020. The notional amount is €61,850,000.

- In 2011, the Parent Company entered into an interest rate swap relating to a loan transaction in which the Parent Company receives floating interest tied to a 6 month Euribor rate, and pays interest at a fixed rate of 3.74% as of 2012. Payments are every six months and the final maturity date is 20th April 2021. The notional amount is €30,000,000.

- In 2011, the Parent Company entered into an interest rate swap relating to a loan transaction in which the Parent Company receives floating interest tied to a 6 month Euribor rate, and pays interest at a fixed rate of 3.74% as of 2012. Payments are every six months and the final maturity date is 20th April 2021. The notional amount is €39,000,000.

- In 2011, the Parent Company entered into a floating interest rate swap with a fixed interest rate swap option relating to a loan transaction in which the Parent Company receives floating interest tied to a 3 month Euribor rate and pays a floating interest rate tied to a 3 month Euribor rate less a spread, the maturity date of the transaction being 15th June 2013. On 12th June 2013, the financial institution has the option of extending the transaction to a swap in which the PAV would pay a fixed interest rate of 3.75% and would receive a floating rate tied to 3 month Euribor. Payments are quarterly, and the final maturity date would be 15th June 2023, in the case of such an extension. The notional amount is €58,000,000.

The fair value of the swaps is based on the equivalent market value of derivative financial instruments at the balance sheet date. All interest rate swaps are effective as cash flow hedges.

At 31st December 2011, the net fair value of the interest rate swaps recognised as a decrease in consolidated equity amounted to €32,553,635.40 (€4,009,484.36 at 31st December 2010).

In 2011, the total expense relating to the hedges recognised in consolidated equity amounted to €28,544,151.04 (€1,998,535.11 in 2010).

The total amount of the cash flow hedges recognised under financial loss in the consolidated income statement amounted to €199,749.85 in 2011 (€1,029,034.93 in 2010).

(15) Cash and cash equivalents

The detail of the balance of "Cash and cash equivalents" at 31st December 2011 and 2010 in euros is as follows:

	EUROS	
	2011	2010
Cash and banks	70,688,353.38	37,703,690.30
Current bank deposits	30,313,326.41	287,214.78
Total	**101,001,679.79**	**37,990,905.08**

(16) Shareholders' equity

The breakdown and movements in consolidated equity are presented in the statement of changes in consolidated equity.

(a) Reserves at fully consolidated companies

The reserves at fully consolidated companies correspond wholly to the subsidiary Valencia Plataforma Intermodal y Logística, S.A.

(b) Reserves at companies accounted for using the equity method

The detail of the reserves at companies accounted for using the equity method at 31st December 2011 and 2010 is as follows:

COMPANY	2011	2010
Infoport Valencia, S.A.	136,315.04	106,705.21
EUROPHAR European Economic Interest Group	4,935.72	4,519.82
TOTAL	**141,249.76**	**111,225.03**

(17) Minority interests

Changes in the "Minority interests" balance in 2011 were as follows:

ITEMS	31/12/2011
Balance at 1st January	2,090,167.42
Transactions with shareholders or owners	(25,235.51)
Share of profits	339.76
Balance at 31st December	**2,065,271.67**

Changes in the "Minority interests" balance in 2010 were as follows:

ITEMS	31/12/2010
Balance at 1st January	2,040,203.27
Transactions with shareholders or owners	55,482.51
Share of profits	(5,518.36)
Balance at 31st December	**2,090,167.42**

The breakdown of the balance of minority interests, by company, at 31st December 2011 is as follows:

ITEMS	SHARE CAPITAL	RESERVES AND LOSSES	CHANGES IN THE SCOPE OF CONSOLIDATION	PROFIT (LOSS) 2011	TOTAL
Valencia Plataforma Intermodal y Logística, S.A.	2,060,717.83		4,214.08	339.76	2,065,271.67
Sociedad Estatal de Estiba y Desestiba del Puerto de Gandía, S.A.	29,449.59		(29,449.59)	-	0.00
TOTAL	2,090,167.42	0.00	(25,235.51)	339.76	2,065,271.67

The breakdown of the balance of minority interests, by company, at 31st December 2010 is as follows:

ITEMS	SHARE CAPITAL	RESERVES AND LOSSES	CHANGES IN THE SCOPE OF CONSOLIDATION	PROFIT (LOSS) 2010	TOTAL
Valencia Plataforma Intermodal y Logística, S.A.	2,118,110.79	(51,874.71)	-	(5,518.36)	2,060,717.83
Sociedad Estatal de Estiba y Desestiba del Puerto de Gandía, S.A.	29,449.59	-	-	-	29,449.59
TOTAL	2,147,560.38	(51,874.71)	0.00	(5,518.36)	2,090,167.42

(18) Grants, donations and bequests received

The changes in the balances of non-refundable grants, donations and bequests received during 2011 were as follows:

ITEM	BALANCE AT 31-12-10	AMOUNT ACCRUED IN THE YEAR (+)	AMOUNT TRANSFERRED TO PROFIT (LOSS) IN THE YEAR (-)	BALANCE AT 31-12-11
ERDF CSF 1994-1999	**29,673,067.06**	**(3,528,778.47)**	**(886,578.72)**	**25,257,709.87**
ERDF CSF 2000-2006	**17,193,131.85**	**-**	**(528,242.16)**	**16,664,889.69**
Cohesion Funds 2000-2006	**18,769,441.56**	**-**	**(653,332.91)**	**18,116,108.65**
ERDF CSF 2007-2013	**14,545,220.40**	**-**	**(509,619.00)**	**14,035,601.40**
New Nautical Services Dock	10,080,535.60	-	(368,163.36)	9,712,372.24
Remodelling the end of South Extension breakwater	2,324,819.73	-	(47,445.24)	2,277,374.49
Rail access to the new East Breakwater site	2,139,865.07	-	(94,010.40)	2,045,854.67
Cohesion Funds 2007-2013	**68,819,193.67**	**5,180,806.33**	**-**	**74,000,000.00**
Sea defence works for the Port of Valencia's extension	68,819,193.67	5,180,806.33	-	74,000,000.00
EAGGF, FIFG	**1,656,862.22**	**-**	**(52,577.88)**	**1,604,284.34**
Adaptation of the Port of Valencia's Fish Market (FIFG)	59,640.43	-	(3,187.44)	56,452.99
Adaptation of the Port of Sagunto's Fish Market (FIFG)	13,367.02	-	(905.04)	12,461.98
Adaptation of the Port of Gandia's Fish Market (FIFG)	1,583,854.77	-	(48,485.40)	1,535,369.37
Other capital grants	**1,734,063.40**	**-**	**(73,788.12)**	**1,660,275.28**
TEN-T Fund (Trans-European Transport Network)	1,734,063.40	-	(73,788.12)	1,660,275.28
TOTAL CAPITAL GRANTS, DONATIONS AND BEQUEST	152,390,980.16	1,652,027.86	(2,704,138.79)	151,338,869.23
TOTAL OTHER GRANTS, DONATIONS AND BEQUESTS	69,939.66	-	(39,496.51)	30,443.15
TOTAL INCOME FROM REVERTED CONCESSIONS	24,784,204.73	1,635,204.00	(1,123,954.46)	25,295,454.27
Income from reverted concessions	24,784,204.73	1,635,204.00	(1,123,954.46)	25,295,454.27
TOTAL CAPITAL GRANTS, DONATIONS AND BEQUESTS RECEIVED	177,245,124.55	3,287,231.86	(3,867,589.76)	176,664,766.65

The changes in the balances of non-refundable grants, donations and bequests received during 2010 were as follows:

ITEM	BALANCE AT 31-12-09	AMOUNT ACCRUED IN THE YEAR (+)	AMOUNT TRANSFERRED TO PROFIT (LOSS) IN THE YEAR (-)	BALANCE AT 31-12-10
ERDF CSF 1994-1999	**30,623,969.97**	**-**	**(950,902.91)**	**29,673,067.06**
ERDF CSF 2000-2006	**17,738,909.96**	**-**	**(545,778.11)**	**17,193,131.85**
Cohesion Funds 2000-2006	**19,422,791.64**		**(653,350.08)**	**18,769,441.56**
ERDF CSF 2007-2013	**14,384,958.90**	**615,041.10**	**(454,779.60)**	**14,545,220.40**
New Nautical Services Dock	10,034,935.64	413,763.32	(368,163.36)	10,080,535.60
Remodelling the end of South Extension breakwater	2,521,448.42	(149,183.45)	(47,445.24)	2,324,819.73
Rail access to the new East Breakwater site	1,828,574.84	350,461.23	(39,171.00)	2,139,865.07
Cohesion Funds 2007-2013	**32,039,695.32**	**36,779,498.35**	**-**	**68,819,193.67**
Sea defence works for the Port of Valencia's extension	32,039,695.32	36,779,498.35	-	68,819,193.67
EAGGF, FIFG	**1,709,440.10**	**-**	**(52,577.88)**	**1,656,862.22**
Adaptation of the Port of Valencia's Fish Market (FIFG)	62,827.87	-	(3,187.44)	59,640.43
Adaptation of the Port of Sagunto's Fish Market (FIFG)	14,272.06	-	(905.04)	13,367.02
Adaptation of the Port of Gandia's Fish Market (FIFG)	1,632,340.17	-	(48,485.40)	1,583,854.77
Other capital grants	**1,807,851.52**	**-**	**(73,788.12)**	**1,734,063.40**
TEN-T Fund (Trans-European Transport Network)	1,807,851.52	-	(73,788.12)	1,734,063.40
TOTAL CAPITAL GRANTS, DONATIONS AND BEQUEST	117,727,617.41	37,394,539.45	(2,731,176.70)	152,390,980.16
TOTAL OTHER GRANTS, DONATIONS AND BEQUESTS	120,793.79	-	(50,854.13)	69,939.66
TOTAL INCOME FROM REVERTED CONCESSIONS	25,896,122.91	-	(1,111,918.18)	24,784,204.73
Income from reverted concessions	25,896,122.91	-	(1,111,918.18)	24,784,204.73
TOTAL CAPITAL GRANTS, DONATIONS AND BEQUESTS RECEIVED	**143,744,534.11**	**37,394,539.45**	**(3,893,949.01)**	**177,245,124.55**

1994-1999 ERDF COMMUNITY SUPPORT FRAMEWORK AND THE VALENCIAN REGIONAL GOVERNMENT

On 25th November 1994, the Commission of the European Communities resolved to grant the PAV a subsidy from the European Regional Development Fund (ERDF), as part of the 1994-1999 Community Support Framework, for the project to extend the South Dock and berthing line at the Port of Valencia. The subsidy granted to the Entity by the ERDF in the period from 1994-1999 amounted to €33.155 million, which financed a planned investment for this period of €61.946 million. On 4th May 2001, the Commission of the European Communities approved the reprogramming of the Valencian Region's 1994-1999 operational programme, which included an increase in the ERDF subsidy for the PAV of €6,464,924.00.

This project was added to the PAV's fixed assets in December 1997. Subsequent to this date, the subsidy has been charged to income in proportion to the depreciation of the assets financed with this subsidy.

On 22nd July 2010, the Parent Company received an official notice from the Spanish Ministry of Economy and Finance of the start of a procedure for the reduction and reimbursement of a subsidy amounting to €3,528,778.47 from the 1994-1999 Operational Programme. In a subsequent 2011 official notice from the aforementioned Ministry, the reimbursement of this amount was agreed partly by compensating the balance to be collected from the 2000-2006 Valencian Region Operational Programme to the amount of €1,051,775.00, and €2,477,003.47 to be returned to the Parent Company from the 2007-2013 ERDF Cohesion Fund Operational Programme.

FIFG 1993-1995. Adaptation of fish markets to EEC directives

On 15th July 1994, the Commission of the European Communities resolved to provide the Entity with a grant amounting to €140,162.68 funded by the Financial Instrument for Fisheries Guidance (FIFG). This grant was provided to finance the projects for adapting the Valencia and Sagunto fish markets to EEC Directives, and specifically the Directive 91/493/EEC laying down the health conditions for the production and placing on the market of fishery products. The co-financed projects were added to the PAV's fixed assets in 1995. Subsequent to this date, the subsidy has been charged to profit or loss for each year in proportion to the depreciation of the assets financed with this grant.

RESIDER II

Under the agreement entered into in 1998, the Port Authority was provided with a grant of €2,924,819.40 from the RESIDER II operational programme, which with the aid of the 1994-1999 ERDF promoted new economic activities in the regions affected by the economic re-conversion of steel-producing areas hit by industrial restructuring problems, as was the case of the Port of Sagunto. This grant was aimed at financing several investment projects to be carried out in the Port of Sagunto. The co-financed projects were added to the PAV's fixed assets in 1999. Subsequent to this date, the subsidy has been charged to income in proportion to the depreciation of the assets financed with this grant.

TEN-T Trans-European Transport Network

On 17th December 2001, the Commission of the European Communities approved a grant for the PAV and VPI Logística, S.A. from TEN-T funds, which are aimed at providing funding for projects of common interest in the area of trans-European transport networks. This grant was provided to carry out the project 2001/ES/666 "Improvement of the Port of Valencia access and logistics infrastructure for the promotion of multimodal traffic". The subsidy allocated to both Entities amounted to €2,500,000. The portion allocated to the PAV amounted to €2,121,748.85. The co-financed project was added to the PAV's fixed assets in 2004. Subsequent to this date, the subsidy has been charged to income for each year in proportion to the depreciation of the assets financed with this grant.

2000-2006 ERDF COMMUNITY SUPPORT FRAMEWORK

On 7th March 2001, the Commission of the European Communities resolved to grant the PAV a subsidy from the European Regional Development Fund, as part of the 2000-2006 Community Support Framework, in relation to axis and measurement 6.4., for the works required to expand and improve port infrastructure in public interest ports. The total subsidy allocated in the operational programme amounted to €21.04 million. This subsidy has been fully received, based on the payments made at 31st December 2002 for the co-financed investment projects which were added to the PAV's fixed assets. The subsidy has been charged to income in proportion to the depreciation of the assets financed with this grant.

2000-2006 COHESION FUND COMMUNITY SUPPORT FRAMEWORK

On 3rd December 2004, the European Commission granted the PAV a Cohesion Fund subsidy for the project "East Breakwater site and berthing area and the enlargement of the inner Xità Quay at the Port of Valencia". The maximum amount of this grant was €20,205,100. The project was added to the PAV's fixed assets in 2008. The subsidy is being charged to income in proportion to the depreciation of the assets financed with this grant.

FIFG 2007. Adaptation of the Port of Gandia's fish market

On 15th September 2000 (published in the Valencian Region Official Gazette no. 3846 on 28th September), the Valencian Regional Ministry of Agriculture, Fisheries and Food resolved to provide the Entity with a grant amounting to €1,680,825.52 funded by the Financial Instrument for Fisheries Guidance (FIFG). The grant comes from the project to adapt the Port of Gandia's fish market. The project was definitively added to the PAV's property, plant and equipment in 2009. The subsidy is being charged to income in proportion to the depreciation of the assets financed with this grant.

2007-2013 ERDF COMMUNITY SUPPORT FRAMEWORK

On 16th December 2009, the Commission of the European Communities resolved to grant the PAV a subsidy from the European Regional Development Fund, as part of the Valencian Region's 2007-2013 Operational Programme, in relation to the works required to expand and improve port infrastructure in public interest ports. The total subsidy allocated to the PAV in the operational programme amounted to €15 million. This subsidy has been fully received, based on the payments made at 31st December 2011 for the co-financed investment projects which were added to the PAV's fixed assets. The subsidy has been charged to income in proportion to the depreciation of the assets financed with this grant.

2007-2013 COHESION FUND COMMUNITY SUPPORT FRAMEWORK

On 17th June 2009, the Commission of the European Communities resolved to provide the PAV with a grant from the 2007-2013 Community Framework Cohesion Fund for the "Port of Valencia's North Extension" project. The financial contribution of the Cohesion Fund to the aforementioned project is €74 million. At 31st December 2010 the financed project was in the process of being carried out, and the aid accrued at the end of 2011 amounted to €74,000,000 (€68,819,193.67 at the end of 2010). In the opinion of the PAV, there is no reasonable doubt that the PAV will conclude the construction of the financed projects, and accordingly it has recognised the subsidy as non-refundable in proportion to the work performed.

(i) Operating grants

The detail of operating grants received in 2011 is as follows:

AWARDING AUTHORITY	EUROS	PURPOSE
European Union	244,425.96	Safety, information technology and the environment
Spanish Ministry of Science and Technology	36,554.27	Information technology
Other	8,048.00	Transport and infrastructure projects
Total	**289,028.23**	

The detail of operating grants received in 2010 is as follows:

AWARDING AUTHORITY	EUROS	PURPOSE
European Union	78,271.42	Logistics, transport, I.T. and the environment
State-owned Ports Body	2,159.50	Logistics, transport and I.T.
Other	4,591.42	Information technology and transport
Total	**85,022.34**	

(19) Provisions

The detail of and changes in other provisions during 2011 are as follows:

I. NON-CURRENT PROVISIONS	BALANCE AT 31-12-10	ALLOCATION TO PROFIT (LOSS) FOR THE YEAR ADDITIONS (+)	CURRENT APPLICATION & TRANSFER SURPLUS (-)	CURRENT APPLICATION & TRANSFER	DISCOUNT BALANCE TO PRESENT VALUE	BALANCE AT 31-12-11
Provision for non-current employee benefit costs	395,000.00		(395,000.00)	-	-	-
Provision for taxes	6,873,673.90	2,000,387.52	-	-	-	8,877,061.42
Provision for third-party liability	27,157,013.59	722,179.05	(1,828,451.44)	(9,001,407.27)	1,060,600.42	18,109,934.35
a) Tariff litigation as a result of judgements handed down by the Constitutional Court	27,157,013.59	-	(1,828,451.44)	(9,001,407.27)	1,060,600.42	17,387,755.30
Principal	17,786,754.77		(1,828,451.44)	(5,004,017.49)	-	10,954,285.84
Late payment interest	9,370,258.82	-	-	(3,997,389.78)	1,060,600.42	6,433,469.46
b) Other tariff/charge litigation (principal & interest)		722,179.05				722,179.05
TOTAL	**34,425,687.49**	**2,725,566.57**	**(2,223,451.44)**	**(9,001,407.27)**	**1,060,600.42**	**26,986,995.77**

In 2011, the Group transferred €9 million to the short term under the heading "Trade and other payables" (€0.7 million in 2010) in relation to existing lawsuit claims for which unappealable judgements were handed down against the Parent Company (see note 28 a)).

The detail of and changes in other provisions during 2010 are as follows:

I. NON-CURRENT PROVISIONS	BALANCE AT 31-12-10	ALLOCATION TO PROFIT (LOSS) FOR THE YEAR ADDITIONS (+)	CURRENT APPLICATION & TRANSFER SURPLUS (-)	CURRENT APPLICATION & TRANSFER	DISCOUNT BALANCE TO PRESENT VALUE	BALANCE AT 31-12-11
Provision for non-current employee benefit costs	-	395,000.00	-	-	-	395,000.00
Provision for taxes	4,454,393.50	2,419,280.29		-	-	6,873,673.79
Provision for third-party liability	26,942,348.03	204,116.51	-	(705,990.86)	716,539.91	27,157,013.59
a) Tariff litigation as a result of judgements handed down by the Constitutional Court	26,942,348.03	204,116.51		(705,990.86)	716,539.91	27,157,013.59
Principal	18,288,629.12	204,116.51		(705,990.86)		17,786,754.77
Late payment interest	8,653,718.91		-	-	716,539.91	9,370,258.82
TOTAL	**31,396,741.53**	**3,018,396.80**	**-**	**(705,990.86)**	**716,539.91**	**34,425,687.38**

Information relating to provisions is provided in note 28.

(20) Financial liabilities by category

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class, and the comparison of their fair value and carrying amount at 31st December 2011 is as follows:

CATEGORY / CLASS	NON-CURRENT FINANCIAL LIABILITIES		CURRENT FINANCIAL LIABILITIES		TOTAL
	BANK BORROWINGS	DERIVATIVES AND OTHER	BANK BORROWINGS	DERIVATIVES AND OTHER	
	31/12/11	31/12/11	31/12/11	31/12/11	31/12/11
Accounts payable	595,527,366.23	24,214,299.68	19,653,752.19	71,110,619.63	710,506,037.73
Hedge derivatives		32,553,635.40	-	-	32,553,635.40
TOTAL	**595,527,366.23**	**56,767,935.08**	**19,653,752.19**	**71,110,619.63**	**743,059,673.13**

The classification of financial liabilities by category and class, and the comparison of their fair value and carrying amount at 31st December 2010 is as follows:

CATEGORY / CLASS	NON-CURRENT FINANCIAL LIABILITIES		CURRENT FINANCIAL LIABILITIES		TOTAL
	BANK BORROWINGS	DERIVATIVES AND OTHER	BANK BORROWINGS	DERIVATIVES AND OTHER	
	31/12/10	31/12/10	31/12/10	31/12/10	31/12/10
Accounts payable	580,452,351.50	65,912.00	8,072,546.11	45,976,665.42	634,567,475.03
Hedge derivatives	-	4,363,889.07	-	-	4,363,889.07
TOTAL	**580,452,351.50**	**4,429,801.07**	**8,072,546.11**	**45,976,665.42**	**638,931,364.10**

The financial liabilities included under "Accounts payable" are measured at amortised cost or cost, their fair value being identical or similar to their carrying value.

The main financial liabilities giving rise to profit or loss in the 2011 consolidated income statement are bank borrowings which generated financial costs during 2011 amounting to €11.37 million (€6.87 million in 2010).

(21) Financial liabilities and trade payables

(a) Payables to companies accounted for using the equity method and other related parties

The detail of the balance payable to companies accounted for using the equity method at 31st December 2011 and 2010 is as follows:

	EUROS	
	CURRENT	CURRENT
Accounted for using the equity method		
Payable for services received	214,420.04	222,127.48
Payable to non-current asset suppliers	227,267.10	-
	441,687.14	**222,127.48**
Other related parties	23,607,740.73	-
Total	**24,049,427.87**	**222,127.48**

At 31st December 2011, Other related parties corresponds to advances from the State-owned Ports Body to face the lawsuit payments arising from the court judgements relating to the T3 tariff.

(b) Liabilities

The detail of liabilities at 31st December 2011 and 2010 is as follows:

	EUROS			
	2011		2010	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Non-related				
Bank borrowings	595,527,366.23	17,925,343.10	580,452,351.50	6,974,985.28
Interest payable	-	1,728,409.09	-	1,097,560.84
	595,527,366.23	**19,653,752.19**	**580,452,351.50**	**8,072,546.11**
Payable to non-current asset suppliers	24,141,952.34	8,989,464.68	-	13,617,583.91
Liabilities	-	544,269.61	-	507,364.29
Hedge derivatives	32,553,635.40	-	4,363,889.07	-
Other	72,347.34	53,804.24	65,912.00	26,915.92
	56,767,935.08	**9,587,538.53**	**4,429,801.07**	**14,151,864.12**
Total	**652,295,301.31**	**29,241,290.72**	**584,882,152.57**	**22,224,410.23**

The balance of payable to non-current asset suppliers at 31st December 2011, which amounts to €24.1 million, includes the amount payable at this date for certain plots acquired. The repayment term for this debt commences in 2013 and matures in 2018. Yearly payments are set at €4.1 million.

(c) Other disclosures on liabilities

(i) Main features of liabilities

The terms and conditions of loans and other payables at 31st December 2011 are as follows:

TRANSACTION TYPE	FINAL MATURITY DATE	INTEREST RATE	LIMIT GRANTED	NON-CURRENT PAYABLES	CURRENT PAYABLES
Loan **D** European Investment Bank	15-03-13	Variable	25,573,065.04	2,557,306.53	2,557,306.50
Loan **E** European Investment Bank	15-03-13	Variable	6,010,121.04	601,012.11	601,012.10
Loan **F** European Investment Bank	15-09-28	Variable	10,000,000.00	8,000,000.00	500,000.00
Loan **G** European Investment Bank	15-09-29	Variable	8,000,000.00	6,476,190.46	380,952.38
Loan **H** European Investment Bank	15-06-30	Variable	27,000,000.00	23,142,857.13	1,285,714.29
Loan **I** European Investment Bank	15-12-31	Variable	60,000,000.00	57,000,000.00	3,000,000.00
Loan **J** European Investment Bank	30-10-33	Variable	61,850,000.00	61,850,000.00	
Loan **K** European Investment Bank	27-02-34	Variable	48,150,000.00	48,150,000.00	
Loan **L** European Investment Bank	15-06-34	Variable	50,000,000.00	50,000,000.00	
Loan **M** European Investment Bank	15-12-34	Variable	58,000,000.00	58,000,000.00	
Loan **1** Official Credit Institute	16-12-30	Variable	33,000,000.00	29,700,000.00	1,650,000.00
Loan **2** Official Credit Institute	21-07-31	Variable	60,000,000.00	57,000,000.00	3,000,000.00
Loan **3** Official Credit Institute	20-04-32	Variable	200,000,000.00	193,050,000.00	4,950,000.00
Accrued interest payable	----	----			1,728,409.09
Other payables	----	----			357.83
TOTAL				595,527,366.23	19,653,752.19

The terms and conditions of loans and other payables at 31st December 2010 are as follows:

TRANSACTION TYPE	FINAL MATURITY DATE	INTEREST RATE	LIMIT GRANTED	NON-CURRENT PAYABLES	CURRENT PAYABLES
Loan **D** European Investment Bank	15-03-13	Variable	25,573,065.04	5,114,613.01	2,557,306.50
Loan **E** European Investment Bank	15-03-13	Variable	6,010,121.04	1,202,024.20	601,012.10
Loan **F** European Investment Bank	15-09-28	Variable	10,000,000.00	8,500,000.00	500,000.00
Loan **G** European Investment Bank	15-09-29	Variable	8,000,000.00	6,857,142.86	380,952.38
Loan **H** European Investment Bank	15-06-30	Variable	27,000,000.00	24,428,571.43	1,285,714.29
Loan **I** European Investment Bank	15-12-31	Variable	60,000,000.00	60,000,000.00	0.00
Loan **J** European Investment Bank	30-10-33	Variable	61,850,000.00	61,850,000.00	0.00
Loan **K** European Investment Bank	27-02-34	Variable	48,150,000.00	48,150,000.00	0.00
Loan **L** European Investment Bank	15-06-34	Variable	50,000,000.00	50,000,000.00	0.00
Loan **M** European Investment Bank	15-12-34	Variable	58,000,000.00	58,000,000.00	0.00
Loan **1** Official Credit Institute	16-12-30	Variable	33,000,000.00	31,350,000.00	1,650,000.00
Loan **2** Official Credit Institute	21-07-31	Variable	60,000,000.00	60,000,000.00	0.00
Loan **3** Official Credit Institute	20-04-32	Variable	30,000,000.00	30,000,000.00	0.00
Loan **4** Official Credit Institute	20-04-32	Variable	20,000,000.00	20,000,000.00	0.00
Loan **5** Official Credit Institute	20-04-32	Variable	50,000,000.00	50,000,000.00	
Loan **6** Official Credit Institute	20-04-32	Variable	65,000,000.00	65,000,000.00	
Accrued interest payable	----	----		0.00	**1,097,560.84**
TOTAL				**580,452,351.50**	**8,072,546.11**

The full balance of bank borrowings has been secured with the assets of the Parent Company.

The conditions of unmatured non-current loans, all of which were granted and paid by the European Investment Bank, were as follows in 2011 and 2010:

CONDITIONS	LOAN A GRANTED ON 22/06/1994	LOAN D GRANTED ON 16/03/1998	LOAN E GRANTED ON 16/03/1998	LOAN F GRANTED ON 18/07/2003	LOAN G GRANTED ON 18/07/2003	LOAN H GRANTED ON 20/06/2005	LOAN I GRANTED ON 22/12/2005	LOAN J GRANTED ON 22/12/2005
Principal	€6,010,121.04	€25,573,065.04	€6,010,121.04	€10,000,000.00	€8,000,000.00	€27,000,000.00	€60,000,000.00	€61,850,000.00
Currency	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Interest rate(s)	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly	Variable, revised quarterly
Term	15 years	15 years	15 years	25 years	25 years	25 years	25 years	25 years
Disbursement date	26th June 1994	31st March 1998	17th December 1998	25th November 2003	25th November 2004	20th June 2005	15th December 2006	30th October 2008
Payment dates	15th June each year	15th March each year	15th March each year	15th September each year	15th September each year	15th September each year	15th December each year	30th October each year
First repayment of principal	15th June 1999	15th March 2004	15th March 2004	15th September 2009	15th September 2009	15th September 2010	15th December 2012	30th October 2014
Last repayment of principal	15th June 2009	15th March 2013	15th March 2013	15th September 2028	15th September 2029	15th June 2030	15th December 2031	30th October 2033

CONDITIONS	LOAN K GRANTED ON 22/12/05	LOAN L GRANTED ON 04/12/08	LOAN M GRANTED ON 23/12/08
Principal	€48,150,000.00	€50,000,000.00	€58,000,000.00
Currency	Euro	Euro	Euro
Interest rate(s)	Variable, revised quarterly	Variable, revised every six months	Variable, revised every six months
Term	25 years	25 years	25 years
Disbursement date	27th February 2009	15th June 2009	15th December 2009
Payment date	27th February each year	15th June each year	15th December each year
First repayment of principal	27th February 2015	15th June 2015	15th December 2017
Last repayment of principal	27th February 2034	15th June 2034	15th December 2034

The Group has been granted the following unmatured long-term loans from the Spanish Official Credit Institute at 31st December 2011 and 2010:

CONDITIONS	LOAN 1 GRANTED ON 16/12/2005	LOAN 2 GRANTED ON 21/07/2006	LOAN 3 GRANTED ON 20/04/2007	LOAN 4 GRANTED ON 20/04/2007	LOAN 5 GRANTED ON 20/04/2007	LOAN 6 GRANTED ON 20/04/2007	LOAN 7 GRANTED ON 20/04/2007
Principal	€33,000,000	€60,000,000	€30,000,000	€20,000,000	€50,000,000	€65,000,000	€33,000,000
Currency	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Interest rate(s)	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months	Variable, revised every six months
Term	25 years	25 years	25 years	25 years	25 years	25 years	25 years
Disbursement date	27th December 2005	25th September 2006	20th July 2007	24th December 2007	25th February 2010	27th October 2010	28th February 2011
Payment dates	16th June and December each year	21st July and January each year	20th April and October each year	20th April and October each year	20th April and October each year	20th April and October each year	20th April and October each year
First repayment of principal	16th June 2011	21st January 2012	20th October 2012	20th October 2012	20th October 2012	20th October 2012	20th October 2012
Last repayment of principal	16th December 2030	21st July 2031	20th April 2032	20th April 2032	20th April 2032	20th April 2032	20th April 2032

The Group had the following credit facilities at 31st December 2011 and 2010:

	EUROS	
	DRAWN DOWN	LIMIT
Credit facilities	-	22,500,000
TOTAL	-	**22,500,000**

The credit facilities were effective at 31st December 2011 and 2010 and mature annually.

(d) Trade and other payables

The detail of trade and other payables at 31st December 2011 and 2010 is as follows:

	EUROS	
	2011 CURRENT	2010 CURRENT
Non-related		
Payable to suppliers	76,246.44	99,789.67
Accounts payable	37,397,406.79	31,390,750.53
Staff costs	-	112,133.62
Other accounts payable to public authorities	917,398.18	1,288,319.60
TOTAL	**38,391,051.41**	**32,890,993.42**

The accounts payable mainly include the current principal and interest payable as a result of the unappealable judgements handed down by the Court in relation to the litigation over the T3 tariff (€31,398,243.51 at 31.12.11 and €24,356,036.24 at 31/12/2010). See note 28.

(e) Classification by maturity date

The classification of financial liabilities by maturity date at 31st December 2011 is as follows:

TRANSACTION TYPE	MATURITY DATE						TOTAL
	2012	2013	2014	2015	2016	2017 and subsequent	
Loan **D** European Investment Bank	2,557,306.50	2,557,306.53					**5,114,613.03**
Loan **E** European Investment Bank	601,012.10	601,012.11					**1,202,024.21**
Loan **F** European Investment Bank	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00	6,000,000.00	**8,500,000.00**
Loan **G** European Investment Bank	380,952.38	380,952.38	380,952.38	380,952.38	380,952.38	4,952,380.94	**6,857,142.84**
Loan **H** European Investment Bank	1,285,714.28	1,285,714.29	1,285,714.29	1,285,714.29	1,285,714.29	17,999,999.97	**24,428,571.41**
Loan **I** European Investment Bank	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	45,000,000.00	**60,000,000.00**
Loan **J** European Investment Bank	-	-	3,092,500.00	3,092,500.00	3,092,500.00	52,572,500.00	**61,850,000.00**
Loan **K** European Investment Bank	-	-	2,407,500.00	2,407,500.00	2,407,500.00	40,927,500.00	**48,150,000.00**
Loan **L** European Investment Bank	-	-	2,500,000.00	2,500,000.00	2,500,000.00	42,500,000.00	**50,000,000.00**
Loan **M** European Investment Bank	-	-	-	-	-	58,000,000.00	**58,000,000.00**
Loan **1** Official Credit Institute	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	23,100,000.00	**31,350,000.00**
Loan **2** Official Credit Institute	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	45,000,000.00	**60,000,000.00**
Loan **3** Official Credit Institute	4,950,000.00	9,900,000.00	9,900,000.00	9,900,000.00	9,900,000.00	153,450,000.00	**198,000,000.00**
Loan **4** Official Credit Institute	-	-	-	-	-	-	**0.00**
Loan **5** Official Credit Institute	-	-	-	-	-	-	**0.00**
Loan **6** Official Credit Institute	-	-	-	-	-	-	**0.00**
Other payables	357.84						**357.84**
Current interest	1,728,409.09						**1,728,409.09**
TOTAL	**19,653,752.19**	**22,874,985.31**	**27,716,666.67**	**27,716,666.67**	**27,716,666.67**	**489,502,380.91**	**615,181,118.42**

The classification of financial liabilities by maturity date at 31st December 2010 is as follows:

TRANSACTION TYPE	MATURITY DATE						TOTAL
	2011	2012	2013	2014	2015	2016 and subsequent	
Loan **D** European Investment Bank	2,557,306.50	2,557,306.53	2,557,306.53	-	-	-	**7,671,919.51**
Loan **E** European Investment Bank	601,012.10	601,012.11	601,012.11	-	-	-	**1,803,036.30**
Loan **F** European Investment Bank	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00	6,500,000.00	**9,000,000.00**
Loan **G** European Investment Bank	380,952.38	380,952.38	380,952.38	380,952.38	380,952.38	5,333,333.34	**7,238,095.24**
Loan **H** European Investment Bank	1,285,714.28	1,285,714.29	1,285,714.29	1,285,714.29	1,285,714.29	19,285,714.27	**25,714,285.72**
Loan **I** European Investment Bank	-	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	48,000,000.00	**60,000,000.00**
Loan **J** European Investment Bank	-	-	-	-	3,092,500.00	58,757,500.00	**61,850,000.00**
Loan **K** European Investment Bank	-	-	-	-	-	48,150,000.00	**48,150,000.00**
Loan **L** European Investment Bank	-	-	-	-	-	50,000,000.00	**50,000,000.00**
Loan **M** European Investment Bank	-	-	-	-	-	58,000,000.00	**58,000,000.00**
Loan **1** Official Credit Institute	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	24,750,000.00	**33,000,000.00**
Loan **2** Official Credit Institute	-	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	48,000,000.00	**60,000,000.00**
Loan **3** Official Credit Institute	-	750,000.00	1,500,000.00	1,500,000.00	1,500,000.00	24,750,000.00	**30,000,000.00**
Loan **4** Official Credit Institute	-	500,000.00	1,000,000.00	1,000,000.00	1,000,000.00	16,500,000.00	**20,000,000.00**
Loan **5** Official Credit Institute	-	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	45,000,000.00	**50,000,000.00**
Loan **6** Official Credit Institute	-	1,625,000.00	1,625,000.00	1,625,000.00	1,625,000.00	58,500,000.00	**65,000,000.00**
Current interest	1,097,560.84	-	-	-	-	-	**1,097,560.84**
TOTAL	**8,072,546.11**	**17,099,985.27**	**18,349,985.28**	**15,191,666.67**	**18,284,166.67**	**511,526,547.61**	**588,524,897.61**

(22) Tax matters

The detail of tax payables at 31st December 2011 and 2010 is as follows:

	EUROS			
	2011		2010	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Assets				
Government grants receivable	4,450,000.00	828,586.83	5,842,795.00	42,123,952.07
VAT receivable	-	7,749,230.47	-	9,141,888.35
Sundry accounts receivable from tax authorities	-	66,473.10	-	1,841,742.87
VAT borne pending deductions for advance payments	-	1,018,255.37	-	1,519,135.87
Accrued social security contributions receivable	-	4,040.98	-	32,673.67
Current tax assets	-	-	-	9,715.73
	4,450,000.00	**9,666,586.75**	**5,842,795.00**	**54,669,108.56**
Liabilities				
Income Tax payable	-	527,651.94	-	451,860.81
Accrued social security contributions payable	-	389,746.25	-	378,591.00
Other	-	-	-	457,867.79
Total	**-**	**917,398.18**	**-**	**1,288,319.60**

The account "VAT borne pending deductions for advance payments" shows the outstanding VAT borne on work certifications at 31st December 2011 and 2010. As soon as the work certifications are paid by the PAV, this VAT is reclassified as deductible VAT.

The total balance of "Government grants receivable" at 31st December 2011 and 2010 covers aid receivable from European funds.

At 31st December the companies in the Group had all taxes applicable to it as from January 2008 open for review by the Spanish tax authorities (except for Corporation Tax which is open for review as from January 2007). The PAV and its subsidiaries do not expect any additional material liabilities to arise in relation to the years open for inspection.

(a) Corporation Tax

In accordance with the response to the query made to the Directorate General of Taxes on 31st October 2001, and the provisions of article 2 and the third final provision of Spanish Law 24/2001, of 27th December, on Tax, Administrative and Social Order Measures, the special regime for entities partially exempt from Corporation Tax for the financial year 2000 and subsequent years is applicable to port authorities.

In view of the abovementioned query, the discrepancies between the Spanish Treasury and the Ministry of Development (via the OPPE) relating to whether the Entity is exempt from this tax and where this is not the case, to which regime it would be applicable, were resolved in 2001.

As a result of the application of Corporation Tax regulatory standards, the reconciliation of net income and expenses for the years 2011 and 2010 to taxable profit and loss is as follows:

ITEMS	2011		
	INCREASES	DECREASES	AMOUNT
Accounting profit (loss) after tax			**34,307,009.20**
Permanent differences: relating to Corporation Tax	180,252.13	0.00	180,252.13
Permanent differences: relating to Corporation Tax refunds from previous years	0.00	0.00	0.00
Permanent differences: relating to the tax regime for partially exempt entities	0.00	(32,993,608.24)	(32,993.608.24)
Permanent differences: relating to consolidation adjustments	0.00	(581,856.44)	(581,856.44)
Permanent differences: relating to application of and excess provisions on property, plant and equipment in 2010	0.00	(29,369.52)	(29,369.52)
Offset of prior years' tax losses	0.00	(154,386.68)	(154,386.68)
Taxable profit (loss)			**728,040.45**
Gross tax payable: (25% tax rate on taxable profit (loss))			**182,010.11**
Double taxation tax credit			**1,757.98**
Net Corporation Tax payable			**180,252.13**

ITEMS	2010		
	INCREASES	DECREASES	AMOUNT
Accounting profit (loss) after tax			**21,138,749.85**
Permanent differences: relating to the tax regime for partially exempt entities	0.00	-21,301,452.86	-21,301,452.86
Permanent differences: relating to consolidation adjustments	0.00	-206,221.04	-206,221.04
Permanent differences: relating to application of and excess provisions on property, plant and equipment in 2010	0.00	-29,369.54	-29,369.54
Taxable profit (loss)			**-398,293.59**
Gross tax payable: (25% tax rate on taxable profit (loss))			**-**
Double taxation tax credit			**631.07**
Net Corporation Tax payable			**-**

The income to which the tax credit was applicable given the reinvestment of extraordinary profit arising from the sale of non-current assets in 2006 amounted to €4,557,101.35. In 2006, €5,804,838.97 was reinvested in the enlargement of the quay area alongside the former riverbed of the River Turia.

The Group has not availed itself of any tax credits relating to investments in measures to reduce the environmental impact of its operations.

In 2011, the Group offset tax loss carryforwards incurred in previous years amounting to €154,386.68.

The tax loss carryforwards recognised by the Group's companies at 31st December 2011 are as follows:

YEAR GENERATED	TAXABLE PROFIT (LOSS)	LAST YEAR FOR OFFSET
2001	305,526.07	2016
2002	454,193.15	2017
2003	515,084.94	2018
2004	557,267.28	2019
2005	356,924.67	2020
2006	86,410.85	2021
2009	198,359.83	2024
2010	261,286.17	2025

(23) Environmental information

The environmental programmes implemented in 2011 within the framework of the strategic development of port-city integration included the PAV taking an active role in the following projects and initiatives:

- The CLIMEPORT Project, the beneficiary of the European Commission's Med funds, is entitled "European ports' contribution to fighting climate change". The PAV leads the ports of Algeciras, Marseilles, Leghorn, Koper and Piraeus, the Valencian and Koper energy agencies, and the Universidad Politécnica de Valencia's Electrical Technology Institute in this project. In 2011, the action plans were drawn up so that each of the participating ports can implement some of the best practices identified at the start of the project. Moreover, in October the pilot projects began to be defined. In the case of the Port Authority of Valencia this consists of the implementation of an Energy Management System based on the ISO 50001 standard. The CLIMEPORT project got underway in May 2009 and is set to finish in May 2012.
- The ECOPORT II initiative. The PAV continues to work on the ECOPORT II Project. The aim of this project is for registered companies belonging to the port community to implement a five-level environmental quality certification system in a period of time no longer than five years. Several working meetings were held in 2011 and the registered companies continued to be audited. They were advised on the level they were at vis-à-vis the environmental management system. Help was also given on the steps required to improve their level and assist them on the road to certification.
- The EFICONT project, in cooperation with the Valenciaport Foundation, supported with funds from the Spanish Ministry of Science and Innovation. This project aims to contribute to improving energy efficiency in container terminals through a comprehensive diagnosis and identification of indicators for enhancing their energy and environmental efficiency. The project started in 2009 and finished in March 2011.
- Participation in the EUROPHAR EEIG.

The PAV has been a member of the EUROPHAR European Economic Interest Group since 1997. The Group's members include the port authorities of Marseilles and Genoa, as well as other Spanish, French and Italian companies and organisations which promote safety and environmental protection in ports. The EUROPHAR consortium, which has been presided over by the PAV since 2008, is an exceptional way to disseminate and promote the PAV's policies on the international stage, and is also a cooperation tool for the development of R&D&I projects. EUROPHAR has taken part in different projects, such as the SIMPYC Project which was completed in 2008. In addition, the FEPORTS Foundation took over the General Secretariat of EUROPHAR in December 2010, thus encouraging the Group's research and development activities via the consortium's participation in several R&D&I projects in the field of environmental protection and port safety.

In 2011, EUROPHAR presented several proposals for international programmes such as the A.LIFE project entitled "Vessel ballast water management", presented to the European LIFE+ programme for which it is the project leader, and the Terascreen "Multi-frequency multi-mode Terahertz screening for border checks".project in which it is one of the partners. Work also continued on the SUPPORT "Security Upgrade for Ports" project under the 7th Framework Programme call with the main port threats and scenarios being drawn up during the year. Thus, EUROPHAR has become an international benchmark in the fields of European environmental protection and port safety.

In 2011, the PAV continued to develop its own environmental management system and maintained its ISO 14001 certification obtained on 28th April 2006 for "Service and infrastructure management in the ports of Sagunto, Valencia and Gandia" with the number SGI 3050282. Likewise, it renewed its registration in the Valencian Region's EMAS, which was originally achieved in 2008. This certifies its compliance with the requirements of the European Commission's Eco-Management and Audit Scheme (EMAS).

Waste management systems

As part of its management system, the PAV duly manages the waste it generates through its activities. It also monitors the rest of the waste generated in the ports managed by the PAV and it carries out other environmental actions which help to minimise possible impacts on the environment, such as quality control of the waters, control of sedimentable particle emissions produced when loading or discharging dusty/powdery products, control of the noise produced by operations, etc.

The PAV has promoted the creation of a Waste Transfer Centre (CTR) in the port facility to manage waste. The CTR aims to make it easy for companies which operate in the ports of Valencia, Sagunto and Gandia to manage both their hazardous and non-hazardous waste quickly, easily and efficiently, thus ensuring that this waste is correctly handled according to applicable legislation. Through the CTR, the PAV offers companies which operate in the port facilities it manages all the necessary means to achieve a type of environmental management which is compatible with the sustainable development it pursues.

More detailed information about the type of waste generated and the different waste management systems is given in the Environmental Report that the Entity publishes every year.

Environmental information and training

The PAV edited the following publications during 2011 in order to pass on its experience in environmental management to the port community:

- 2010 Environmental Report.
- E4Port Guide to Implementing Energy Management Systems by Stages in Port Facilities.
- Ecoefficiency Guides: energy ecoefficiency, creation of a greenhouse gas emission inventory, water consumption, waste generation, and the use of materials in building works.
- Environmental Advertisement: The Port Authority of Valencia has published an advertisement in the press which details its internal projects, publications and R&D&I projects in the field of environmental protection.
- A series of "Environmental Calendars" which contain information about different environmental milestones.
- Climeport leaflets and newsletter.
- An environmental newsletter published three times a year which has national and international circulation. Three newsletters were published during 2011.

In 2011, training and awareness courses were carried out at the Port Authority of Valencia's facilities, as part of the ECOPORT II project. A total of two talks were given: a one-hour talk on the difference between the ISO 14001 standard and EMAS and their advantages in relation to the Spanish Law on State-owned Ports (March 2011) attended by 19 people and a one-hour session on energy ecoefficiency (July 2011) which was attended by 23 people.

The Ecoport II project training plan includes different training documents on environmental issues. In December 2011, the waste document was presented to all the companies in the Ecoport group.

A total of 123 insight sessions were given into all the environmental programmes carried out by the PAV which were attended by a total of around 3,535 people from different organisations and centres including the University of Nijmegen, the University of Valencia, the Civil Engineering School, Master's Degree from the Universidad Politécnica de Valencia and the Instituto de Empresa Business School in Madrid.

In 2011, the PAV took part in a considerable number of national and international congresses and symposia about the environment in relation to ports. These included:

- Port logistics course at Jovellanos University (Gijon, March 2011)
- European Megaports initiative workshop (Lisbon, March 2011)
- Climeport project workshop (Marseilles, March 2011)
- Europhar – Board meeting (Pisa, June 2011)
- Unctad seminar (Guatemala, July 2011)
- 16th Latin American Port Management course at the State-owned Ports Body (Madrid, October 2011)
- Greenport Conference (Hamburg, October 2011)

Intangible assets and property, plant and equipment

The detail of the PAV's investments in intangible assets and property, plant and equipment relating to the improvement of the environment in 2011 and 2010 is as follows:

ENVIRONMENTAL ASSETS (GROSS AMOUNTS)	31/12/2010	ADDITIONS DURING THE YEAR (+)	DERECOGNITIONS (-)	31/12/11
MARITIME ACCESSES	3,748,162.71			3,748,162.71
BREAKWATERS AND DOCK WORKS	148,247.29			148,247.29
BERTHING WORKS	91,772.15			91,772.15
GENERAL FACILITIES	266,240.11			266,240.11
PAVEMENTS AND ROADS	5,899.45			5,899.45
FLOATING EQUIPMENT	57,999.90			57,999.90
SUNDRY EQUIPMENT	436,526.59	12,956.59		449,483.18
COMPUTER SOFTWARE	14,909.00			14,909.00
INDUSTRIAL PROPERTY	3,270.00			3,270.00
LAND	63,534.43			63,534.43
TOTAL ENVIRONMENTAL ASSETS	**4,836,561.63**	**12,956.59**		**4,849,518.22**

AMORTISATION AND DEPRECIATION OF ENVIRONMENTAL ASSETS	31/12/2010	ADDITIONS DURING THE YEAR (+)	DERECOGNITIONS (-)	31/12/11
MARITIME ACCESSES	665,332.09	78,185.16		743,517.25
BREAKWATERS AND DOCK WORKS	38,631.88	2,969.28		41,601.16
BERTHING WORKS	39,857.34	3,068.88		42,926.22
GENERAL FACILITIES	66,683.91	15,459.11		82,143.02
PAVEMENTS AND ROADS	2,372.19	395.58		2,767.77
FLOATING EQUIPMENT	7,744.02	3,875.46		11,619.48
SUNDRY EQUIPMENT	276,947.39	71,776.95		348,724.34
COMPUTER SOFTWARE	14,909.00			14,909.00
INDUSTRIAL PROPERTY	3,270.00			3,270.00
TOTAL AMORTISATION AND DEPRECIATION OF ENVIRONMENTAL ASSETS	**1,115,747.82**	**175,730.42**		**1,291,478.24**

ENVIRONMENTAL ASSETS (GROSS AMOUNTS)	31/12/2009	ADDITIONS DURING THE YEAR (+)	DERECOGNITIONS (-)	31/12/10
MARITIME ACCESSES	3,748,162.71			3,748,162.71
BREAKWATERS AND DOCK WORKS	148,247.29			148,247.29
BERTHING WORKS	91,772.15			91,772.15
GENERAL FACILITIES	199,468.18	66,771.93		266,240.11
PAVEMENTS AND ROADS	5,899.45			5,899.45
FLOATING EQUIPMENT	57,999.90			57,999.90
SUNDRY EQUIPMENT	389,777.59	46,749.00		436,526.59
COMPUTER SOFTWARE	14,909.00			14,909.00
INDUSTRIAL PROPERTY	3,270.00			3,270.00
LAND	63,534.43			63,534.43
TOTAL ENVIRONMENTAL ASSETS	**4,723,040.70**	**113,520.93**		**4,836,561.63**

AMORTISATION AND DEPRECIATION OF ENVIRONMENTAL ASSETS	31/12/2009	ADDITIONS DURING THE YEAR (+)	DERECOGNITIONS (-)	31/12/10
MARITIME ACCESSES	587,146.93	78,185.16		665,332.09
BREAKWATERS AND DOCK WORKS	35,662.60	2,969.28		38,631.88
BERTHING WORKS	36,788.46	3,068.88		39,857.34
GENERAL FACILITIES	54,551.01	12,132.90		66,683.91
PAVEMENTS AND ROADS	1,976.61	395.58		2,372.19
FLOATING EQUIPMENT	3,877.38	3,866.64		7,744.02
SUNDRY EQUIPMENT	220,534.80	56,412.59		276,947.39
COMPUTER SOFTWARE	14,277.95	631.05		14,909.00
INDUSTRIAL PROPERTY	3,270.00			3,270.00
TOTAL AMORTISATION AND DEPRECIATION OF ENVIRONMENTAL ASSETS	**958,085.74**	**157,662.08**		**1,115,747.82**

List of investment projects with an environmental impact statement

Information is provided below about the status of works and their implementation at 31st December 2011 and 2010 with respect to the investment projects that required an environmental impact statement.

PROJECT DESCRIPTION	WORKS STATUS
Extension of the South Dock and berthing line at the Port of Valencia	Work finished and terminals in operation
Sea defence works at the Port of Sagunto, breakwater, outer sea wall and regasification site	One phase of the work is finished and its terminals are in operation and another phase is currently underway
East Breakwater site and berthing area and the extension of the inner Xità Quay at the Port of Valencia	Work finished and terminals in operation
North Extension at the Port of Valencia	Work underway

Environment-related sales, income and rebates

The environmental aspects envisaged in the Spanish Law on State-owned Ports and the Merchant Navy are:

• Rebates are contemplated to promote best environmental practices. These rebates are to be applied to the vessel charge.

• The collection activities of vessel-generated waste and, when necessary, its storage, sorting and handling, are regulated, as are its transport to treatment facilities authorised by the Administration (article 63). The service is regulated according to the contents of the Directive 2000/59/EC by which the fixed tariff the Port Authority must demand of all vessels which call into its port is stipulated. Moreover, an additional tariff, collected by the Port Authority, for not using the service, is envisaged.

• Environmental and safety issues are regulated in Title IV of the Law (articles 62 to 65). This sets out the prevention and treatment of procedures that may have effects on the environment such as spills and reception of vessel-generated waste, and emergency and safety plans for dangerous goods. Each port authority puts together its own Internal Emergency Plan and must be responsible for waste from vessels and from dredging works in ports.

The rebates mentioned in the aforementioned Law amounted to €480,233.83 in 2011 (€429,527.00 in the previous year).

The amount paid for not using the vessel-generated waste collection service, and for the vessel-generated waste collection service, stood at €4,428,075.03 (€2,593,662.54 in 2010).

Costs and expenses relating to the environment

The detail of costs and expenses relating to the improvement of the environment by the PAV in 2011 and 2010 are as follows:

ENVIRONMENTAL EXPENSES AND COSTS	2011	2010
STAFF COSTS	**250,790.79**	**441,682.10**
OTHER OPERATING EXPENSES	**948,467.83**	**1,144,059.15**
Repairs and upkeep	212,239.84	458,283.46
Independent professional services	393,850.12	409,454.62
Supplies and materials consumed	5,695.94	22,056.76
Other services and other expenses	336,681.93	254,264.31
DEPRECIATION AND AMORTISATION CHARGE	**282,322.41**	**243,269.47**
TOTAL ENVIRONMENTAL EXPENSES AND COSTS	**1,481,581.03**	**1,829,010.72**

Provisions relating to the environment

The PAV has not recorded any provisions to cover environmental risks, has no contingencies relating to the protection and improvement of the environment, and has not received any type of environmental grants which might be considered material in relation to its equity, financial position and result of operations.

(24) Related party balances and transactions

(a) Related party balances

The detail of balances receivable from and payable to companies accounted for using the equity method and related parties, and the features thereof are presented in notes 13, 21 and 25.

(b) Group transactions with related parties

The balances of the Group's transactions with companies accounted for using the equity method in 2011 and 2010 are as follows:

	EUROS	
	2011	2010
Income		
Net sales	56,928.95	59,031.57
Expenses		
Net purchases	2,540,552.12	2,385,052.62

(25) Disclosures relating to members of the Board of Directors and senior management

The members of the Parent Company's Board of Directors were paid attendance fees in 2011 amounting to €51,200 (€78,400 in 2010) and had remuneration receivable at 31st December 2011 amounting to €6,400 (€18,400 at 31st December 2010).

The senior management of the Parent Company was paid wages and salaries amounting to €228,620.61 in 2011 (€240,110.84 in 2010), and no remuneration was outstanding at 31st December 2011 and 2010.

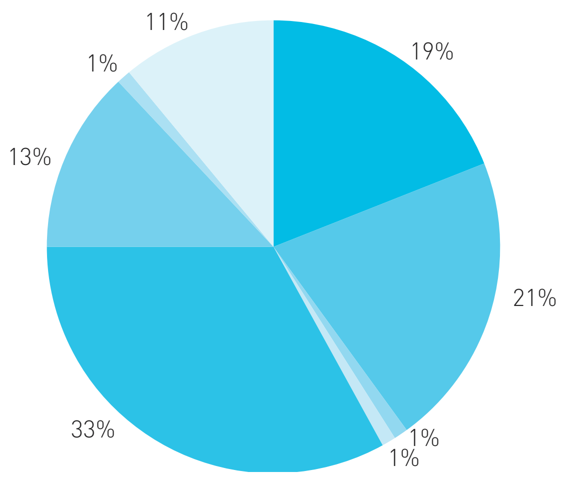
The Parent Company did not grant any advances or loans to members of the Board of Directors or senior management, did not assume any guarantee obligations on their behalf and had no pension or life insurance commitments with former or current members of the Board of Directors or senior management.

In 2011 and 2010, the members of the Board of Directors and senior management of the Parent Company did not perform any transactions not relating to the ordinary course of business or which were not performed on an arm's length basis.

(26) Revenue and expense recognition

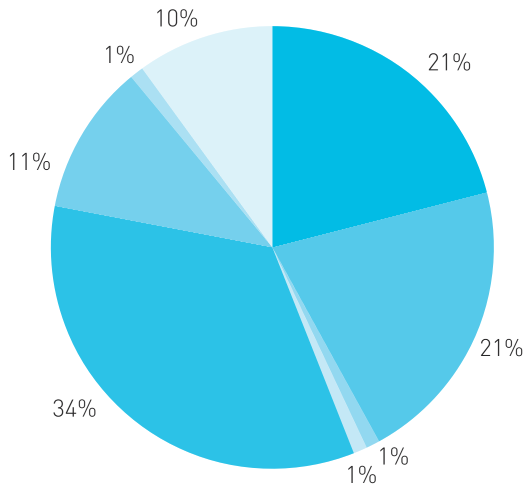
(a) Net revenue

The percentage breakdown of consolidated revenue in 2011 was as follows:



- Private use of public port land charge
- Vessel charge
- Recreational and leisure craft charge
- Passenger charge
- Goods charge
- Special use of public port land charge
- Non-trade services charge
- Other business revenue

The percentage breakdown of consolidated revenue in 2010 was as follows:



- Private use of public port land charge
- Vessel charge
- Recreational and leisure craft charge
- Passenger charge
- Goods charge
- Special use of public port land charge
- Non-trade services charge
- Other business revenue

The Group performed all its business activity in the Spanish market in 2011 and 2010.

(b) Operating expenses

The detail of operating expenses in 2011 and 2010 is as follows:

ITEMS	2011	2010
STAFF COSTS	**19,337,387.17**	**21,255,414.40**
Wages and salaries	13,716,886.80	15,108,791.75
Severance costs	0.00	194,910.00
Employee social security contributions	4,205,796.32	4,486,584.83
Other employee benefit costs	1,809,704.05	1,465,127.82
Provisions	(395,000.00)	0.00
OTHER OPERATING EXPENSES	**36,753,130.21**	**43,691,776.07**
Leases	30,956.62	-
Repairs and upkeep	8,668,353.42	7,635,736.06
Independent professional services	4,818,695.32	6,298,347.25
Insurance premiums	251,996.85	270,157.39
Advertising, publicity and public relations	1,461,971.87	1,631,979.39
Supplies and materials consumed	6,174,104.50	7,121,591.80
Losses on, impairment of and changes in provisions for trade receivables	-303,355.08	5,209,800.58
Taxes other than Corporation Tax	2,044,604.39	2,438,398.38
Other current operating expenses	2,677,147.66	3,215,114.29
Contribution to State-owned Ports Body Spanish Law 48/2003	3,886,666.86	3,889,519.96
Interport Compensation Fund contributed	3,824,000.00	2,353,000.00
Other external services and other operating expenses	3,217,987.80	3,628,130.97
DEPRECIATION AND AMORTISATION CHARGE	**44,801,211.24**	**46,175,907.87**
IMPAIRMENT & GAINS (LOSSES) ON THE DISPOSAL OF ASSETS	**86,524.85**	**188,022.46**
OTHER PROFIT (LOSS)	**(9,340,261.44)**	**(14,789,705.47)**
TOTAL OPERATING EXPENSES	**91,637,992.03**	**96,521,415.33**

Lower staff costs in 2011 came as a result of a decrease in the average workforce, the 5% reduction in wages and salaries pursuant to Spanish Decree Law 8/2010, and the effects of the changes in the scope of consolidation for the year.

The rise in "Repairs and upkeep" was mainly due to the maintenance required to upkeep the new fixed asset additions and to the increased costs associated with the new tariff for the collection of vessel-generated waste which in 2010 was only in force during the last four months of the year.

The reduction in "Independent professional services" came as a consequence of outsourcing less contracting work, mainly as a result of the application of the austerity plan and measures to restrict spending.

"Supplies" decreased compared to the previous year mainly as a result of a drop in electricity consumption and of the application of the austerity plan and measures to restrict spending.

Figures for "Losses on, impairment of and changes in provisions for trade receivables" fell by €5.5 million compared to 2010 mainly due the reversal of provisions made in previous years given that the related debts had been secured.

"Other current operating expenses" fell in 2011 to €2.7 million (€3.2 million in 2010) as a result of the application of the austerity plan and measures to restrict spending.

The depreciation and amortisation charge decreased by €1.4 million primarily as a result of the full depreciation in 2010 of intangible assets for which a large annual provision had been made.

During 2011, extraordinary income was registered under "Other operating gains or losses" to the value of €7.5 million which corresponds to the agreements made by the Spanish Central Government authorising the implementation of a Contingency Fund as well as the granting of an extraordinary loan to pay the principals resulting from litigation over the T3 tariffs (€15 million in the previous year), and due to the recognition of extraordinary income amounting to €1.8 million as a result of a surplus provision for the principals of the aforementioned litigation.

(c) Gains or losses on the disposal of non-current assets

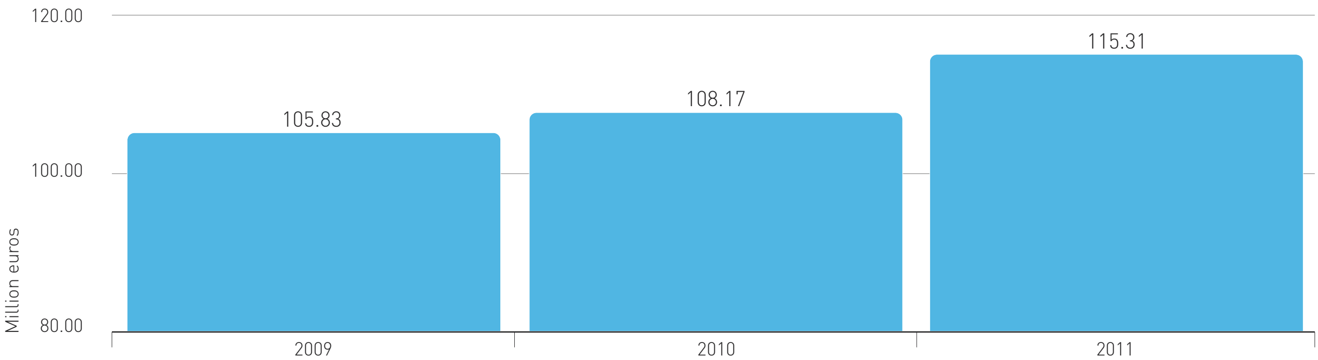
The detail of gains or losses on the disposal of non-current assets in 2011 and 2010 is as follows:

	2011	2010
Losses		
Property, plant and equipment	46,476.58	78,938.93
Investment property	69,417.79	138,453.07
TOTAL	**115,894.37**	**217,932.00**

(d) Profit (loss) for the year

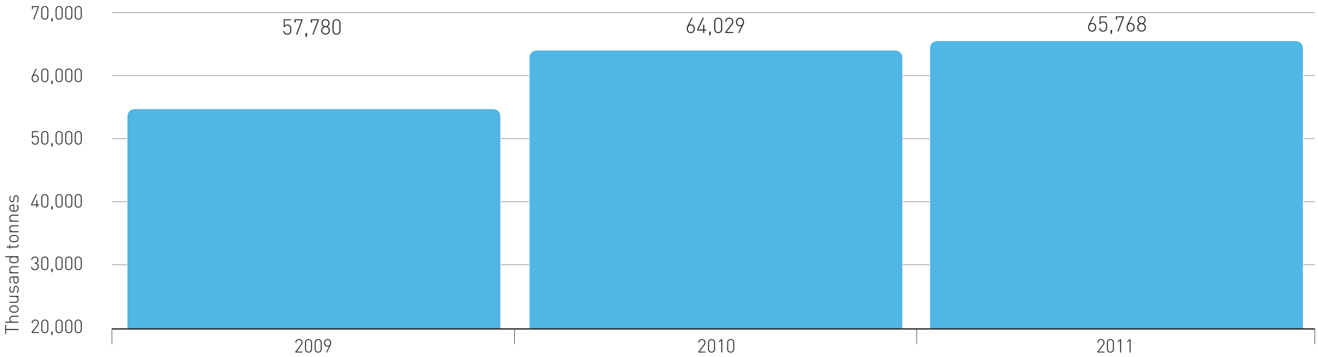
Consolidated revenue stood at €115.31 million (€108.17 million in the previous year), and was up 6.6% on the previous year. The changes in revenue are shown in the following graph:

Consolidated revenue



Consolidated revenue increased in 2011 mainly as a result of the 2.7% rise in total port traffic, which stood at 65.77 million tonnes (64.03 million in the previous year). The following graph shows the changes in total port traffic over the past three years:

Total traffic



Total traffic at the Parent Company went up by 2.7% in 2011 as mentioned above. Traffic figures were particularly strong in containerised general cargo which rose by 1.9 million tonnes in 2011 (+3.8% in relative terms) compared to the previous year. Conventional general cargo increased by 0.7 million tonnes in 2011 (+10.4% in relative terms). Liquid and solid bulk fell by 0.6 and 0.2 million tonnes respectively (-12.4% and -8.4% in relative terms). Container traffic expressed in TEUs rose by 2.9% to 4,327,371 TEUs (4,206,937 TEUs in 2010).

The detail of operating expenses was provided in section b) of this note.

Operating profit for 2011 rose to €35.95 million compared to €20.40 million in the previous year.

Financial losses stood at -€1.5 million in 2011 (+€0.7 million in 2010).

Thus, consolidated profit for 2011 stood at €34.3 million compared to €21.14 million in 2010.

(e) Profit (loss) for the year attributable to the Parent Company

The contribution of each company included in the scope of consolidation to the consolidated profit (loss) for the year, as well as the contribution by minority interests at 31st December 2011, is as follows:

COMPANY	CONSOLIDATED PROFIT (LOSS)	PROFIT (LOSS) ATRIBUTED TO MINORITY INTERESTS
Port Authority of Valencia	34,266,471.48	-
Valencia Plataforma Intermodal y Logística, S.A.	17,379.26	(339.76)
Infoport Valencia, S.A.	23,424.15	-
EUROPHAR European Economic Interest Group	(265.69)	-
TOTAL	**34,307,009.20**	**(339.76)**

The contribution of each company included in the scope of consolidation to the consolidated profit (loss) for the year, as well as the contribution by minority interests at 31st December 2010, is as follows:

COMPANY	CONSOLIDATED PROFIT (LOSS)	PROFIT (LOSS) ATRIBUTED TO MINORITY INTERESTS
Port Authority of Valencia	21,367,725.56	-
Valencia Plataforma Intermodal y Logística, S.A.	(261,286.17)	5,518.36
Sociedad Estatal de Estiba y Desestiba del puerto de Gandía, S.A.	-	-
Infoport Valencia, S.A.	33,223.93	-
EUROPHAR European Economic Interest Group	(913.47)	-
TOTAL	**21,138,749.85**	**5,518.36**

(27) Disclosures on employees

The average number of employees in the Group in 2011 and 2010, broken down by category, is as follows:

	NUMBER	
	2011	2010
Senior management	2	2
Other management, specialists and similar	109	108
Clerical and ancillary staff	85	88
Other staff	229	247.5
TOTAL	**425**	**445.5**

The distribution by gender of the Parent Company's employees and Board of Directors at the end of 2011 and 2010 is as follows:

	NUMBER			
	2011		2010	
	WOMEN	MEN	WOMEN	MEN
Senior management	-	2	-	2
Other management, specialists and similar	20	90	20	89
Clerical and ancillary staff	22	64	23	64
Other staff	13	215	11	233.5
Total	**55**	**371**	**54**	**388.5**

At 31st December 2011, the number of Directors stood at 15, 4 of which were women and 11 were men (3 women and 12 men in 2010).

In 2011, the average number of employees in the Group with recognised disability of 33% or higher was 10.4 people (4.4 men and 6 women). In 2010, the figure was 10 people (4 men and 6 women).

(28) Other disclosures

(a) Litigation in process

The court and administrative and judicial review proceedings brought by and against the Parent Company, which amount to over €150,000, are as follows:

There are lawsuits in progress to contest G-3 and T3 tariffs which at 31st December 2011 amounted to a principal of €28.74 million (€32.64 million at 31st December 2010).

In judgement numbers 116/2009, of 18th May; 146/2009 of 15th June and 161/2009 of 29th June, the Spanish Constitutional Court declared paragraphs 1 and 2 of the thirty-fourth additional provision of Spanish Law 55/1999 of 29th December on Tax, Administrative and Social Order Measures to be unconstitutional. Their purpose was to establish a mechanism for the rebilling/payment of principal and interest accrued by means of new port tariffs which had been declared void by unappealable judgements handed down in accordance with the law in force at the time the corresponding services were provided to users.

In view of the above, numerous appeals have been filed at various court levels since 1996 against the charges made by the port authorities on the grounds that these were private prices. The amounts charged as from 1993 have been appealed and these appeals have systematically been allowed, with subsequent judgements being handed down by the Courts by which the port tariffs were declared to be void and both the principal and the related late payment interest were required to be refunded.

In accordance with the court judgements handed down against the Port Authority of Valencia, it was ordered to refund the principal and interest paid in relation to charges made from 1993 to 2003 amounting to approximately €28.74 million in the case of the principal (€32.64 million at 31st December 2010) and €18.53 million in the case of late payment interest (€18.88 million at 31st December 2010). Provisions had been recognised by the PAV for these amounts at 31st December 2011 and 2010 (see notes 19 and 21d)).

In 2010, the Spanish Central Government authorised the implementation of a Contingency Fund as well as the granting of an extraordinary loan to pay the principal and interest relating to the T3 tariffs declared void in the unappealable judgements handed down by the Court. This gives rise to a source of funds which offsets the amounts payable as a result of the aforementioned judgements.

The balance payable by the PAV in relation to the judgements handed down on the T3 tariffs amounted to €37.7 million at 31st December 2011 (€23.7 million at 31st December 2010), which were included under "Payable to Group and associated companies" in the consolidated balance sheet, recognising extraordinary income (lawsuits) amounting to €9.3 million (€14.99 million in 2010) and financial income (late payment interest) amounting to €6.5 million (€8.7 million in 2010).

In 2011, €2 million were paid in relation to these items as a result of the enforcement of final judgements, and surplus provisions made amounting to €1.8 million were reversed.

The PAV estimates that the Spanish Central Government will continue approving the necessary funds to pay the remaining amounts out of the aforementioned Contingency Fund, as unappealable judgements are handed down on the pending lawsuits voiding the charges currently under dispute. Accordingly, it is considered that the lawsuits against the PAV will be compensated in subsequent years. The Entity does not expect the outcome of these lawsuits to have any financial effect on its ability to meet its payment obligations.

A lawsuit has been filed by a company requesting exemption from payments of the non-use of the waste reception services tariff as well as the refund of €722,179.05. The PAV has recognised a provision for this amount.

Administrative appeals for review and economic-administrative claims against the cadastral value calculations relating to Property Tax for 2011 and 2010, amounting to an accumulated total of €8,877,061.42 (€6,873,673.90 in 2010). The Entity has recognised a provision for this amount (see note 19).

As discussed in note 18 "Grants, Donations and Bequests Received", a procedure was initiated in July 2010 by the Spanish Ministry of Economy and Finance, for the reduction and reimbursement of financial assistance amounting to €3,528,778.47 from the European Regional Development Fund (ERDF 1994-1999) for the Valencian Region's Operational Programme Objective 1, pursuant to the Decision of the Commission of the European Community C (2010) 337, of 28th January 2010, which became effective in 2011 by offsetting amounts to be received from other operating programmes. On 28th July 2010, the PAV put forward pleas indicating the following: a) the PAV managed the ERDF 1994-1999 in accordance with applicable law, and in subsequent audits performed on the management of these funds, no errors or breaches were found leading to any financial adjustment; b) the PAV does not consider the criterion of the argument made at the initiation of the proceedings to be admissible given the extrapolation of errors committed by other beneficiaries of these funds; c) the Kingdom of Spain brought action against the aforementioned decision handed down by the Commission.

(29) Guarantees

At 31st December 2011, the Parent Company had been provided with guarantees by the contractors of works and services, shipping agents, stevedoring companies, concessionaires and other Port Authority users to cover their payment obligations to the Parent Company amounting to €60,194,369.93 (€64,662,341.88 at 31st December 2010).

Likewise at 31st December 2011, the Parent Company was given bank guarantees over the contested 2009 Property Tax payable to the Sagunto Town Council amounting to a total of €436,746.09 (at 31st December 2010 the total amount of bank guarantees with public bodies was €3,162,864.89). Commissions and other expenses arising from these bank guarantees amounted to €5,446.43 in 2011 (€13,527.68 in 2010).

(30) Disclosures on the deferral of payments – Spanish Law 15/2010 of 5th July

Disclosures on the deferral of payments to suppliers and creditors in accordance with additional provision three of Spanish Law 15/2010 of 5th July is as follows:

In relation to the contracts entered into, or by default the invoices issued, subsequent to Spanish Law 15/2010, of 5th July, coming into force, the balances payable to suppliers of goods and services included under current liabilities on the consolidated balance sheet at 31st December 2011 that were over due by more than the maximum payment period provided in said Law (60 days) amounted to €318,290.36 (€301,652.32 at 31st December 2010).

In 2011 and 2010, the instalment payments made by the Parent Company to non-current asset suppliers and for operating expenses incurred in these years are as follows:

	AVERAGE PAYMENT PERIOD (IN DAYS)	PAYMENTS MADE IN 2011 (THOUSAND EUROS)	
		NO. OF PAYMENTS	TOTAL AMOUNT
Investments	33.75	1,360	79,104
Operating expenses	41.22	5,664	33,472

	AVERAGE PAYMENT PERIOD (IN DAYS)	PAYMENTS MADE IN 2010 (THOUSAND EUROS)	
		NO. OF PAYMENTS	TOTAL AMOUNT
Investments	55.19	1,345	192,292
Operating expenses	44.04	5,651	29,263

The average payment period is calculated in days divided by the total payments made, weighted by the transaction amounts. The number of payment days for each transaction is calculated as the difference between the date of payment and the date of the invoice or work certification.

At 31st December 2011 and 2010, the transactions pending payment by the Parent Company to non-current suppliers and for operating expenses are as follows:

	AVERAGE OUTSTANDING PAYMENT PERIOD (IN DAYS)	TRANSACTIONS PENDING PAYMENT AT 31/12/2011 (THOUSAND EUROS)	
		NO. OF PAYMENTS	TOTAL AMOUNT
Investments	7.74	154	9,206
Operating expenses	19.74	581	3,294

	AVERAGE OUTSTANDING PAYMENT PERIOD (IN DAYS)	TRANSACTIONS PENDING PAYMENT AT 31/12/2010 (THOUSAND EUROS)	
		NO. OF PAYMENTS	TOTAL AMOUNT
Investments	8.28	253	13,618
Operating expenses	28.31	708	3,790

The average outstanding payment period is calculated in days divided by the total number of transactions pending payment, weighted by the transaction amounts. The number of outstanding payment days for each transaction is calculated as the difference between the year closing date and the date of the invoice or work certification.

(31) Segment information

The distribution of the Group's business activities by business category and/or segment is as follows:

ITEM	2011		
	PORT ACTIVITY	LOADING AND DISCHARGE	TOTAL
Net revenue	115,311,732.32	-	115,311,732.32
External clients	115,311,732.32	-	115,311,732.32
Intersegments	-	-	-
Staff costs	(19,337,387.17)	-	(19,337,387.17)
Depreciation and amortisation charge	(44,801,211.24)	-	(44,801,211.24)
Loss, impairment and changes in provisions	303,355.08	-	303,355.08
Operating profit (loss)	**35,951,758.45**	**-**	**35,951,758.45**
Financial income	11,145,610.14	-	11,145,610.14
Financial costs	(12,433,515.87)	-	(12,433,515.87)
Profit (loss) for the year from discontinued operations	-	-	-
Profit (loss) for the year before tax	**34,487,261.33**	**-**	**34,487,261.33**
Segment assets	1,651,947,477.49	-	1,651,947,477.49
Segment liabilities	(856,045,117.68)	-	(856,045,117.68)
Net cash flow from:			
Operating activities	74,021,717.40	-	74,021,717.40
Investment activities	(105,260,510.69)	-	(105,260,510.69)
Financing activities	94,249,568.00	-	94,249,568.00
Non-current asset purchases	108,089,165.41	-	108,089,165.41

ITEM	2010		
	PORT ACTIVITY	LOADING AND DISCHARGE	TOTAL
Net revenue	107,337,458.70	835,404.60	108,172,863.30
External clients	27,795,812.76	86,331.90	27,882,144.57
Intersegments	-	-	-
Staff costs	(20,443,809.74)	(811,604.66)	(21,255,414.40)
Depreciation and amortisation charge	(46,175,791.71)	(116.16)	(46,175,907.87)
Loss, impairment and changes in provisions	(5,209,800.58)	-	(5,209,800.58)
Operating profit (loss)	**20,402,765.52**	**(59.00)**	**20,402,706.52**
Financial income	10,735,696.89	-	10,735,696.89
Financial costs	(9,002,988.10)	59.00	(9,002,929.10)
Profit (loss) for the year from discontinued operations	-	-	-
Profit (loss) for the year before tax	**21,138,749.85**	**-**	**21,138,749.85**
Segment assets	1,554,133,054.48	145,101.68	1,554,278,156.16
Segment liabilities	(763,437,896.90)	(85,000.47)	(763,522,897.37)
Net cash flow from:			
Operating activities	35,715,713.65	(76,399.95)	35,639,313.70
Investment activities	(217,762,433.47)	-	(217,762,433.47)
Financing activities	143,972,052.88	-	143,972,052.88
Non-current asset purchases	172,821,089.11	-	172,821,089.11

CONSOLIDATED MANAGEMENT REPORT OF THE PORT AUTHORITY OF VALENCIA AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES FOR THE YEAR ENDING 31st DECEMBER 2011

This Management Report presents the business performance and results of the Parent Company, the Port Authority of Valencia, as well as the financial position and outlook of the Parent Company and its subsidiaries, in accordance with articles 44 and 49 of the Spanish Commercial Code.

Business performance and financial position of the Group

Experts are currently reserving judgement as to how the Spanish economy will fare in the future.

In Europe, the economic recovery is still unstable, market pressure to withdraw stimulus plans and implement austerity plans (as is the case of Spain) may cause a relapse in the economic recession and increase unemployment.

Against this background, total port traffic in the Port Authority of Valencia (PAV) rose by 2.7% to 65.77 million tonnes in 2011 (64.03 million in the previous year).

At 31st December 2011, the PAV's subsidiaries and associated companies were as follows:

- Valencia Plataforma Intermodal y Logística, S.A., in which the Parent Company has an ownership interest of €130,371,115.24, which accounts for 98.40% of its share capital.

- Infoport Valencia, S.A., in which the Parent Company has an ownership interest of €90,151.82, which accounts for 26.67% of its share capital.

- EUROPHAR EEIG, in which the Parent Company has an ownership interest of €12,000.00, which accounts for 33.33% of its share capital.

The Group did not undertake any research and development (R&D) activities.

The average number of employees in the Group during 2011 was 425, 412 of which worked for the PAV.

The Group has not recorded any provisions to cover environmental risks, has no contingencies relating to the protection and improvement of the environment, and has not received any type of environmental grants which might be considered material in relation to its equity, financial position and result of operations.

Profit (loss)

Consolidated revenue stood at €115.31 million in 2011 (€108.17 million in the previous year).

In 2011, operating profit stood at €35.95 million (€20.40 million in 2010). Financial losses stood at -€1.5 million in 2011 (+€0.7 million in 2010). Consolidated profit before tax stood at €34.5 million in 2011 compared to a loss of €21.1 million in 2010.

Risk policy

The Group's activities are exposed to different financial risks: market risk (including the risk of interest on fair value and price risk), credit risk, liquidity risk and the risk of interest on cash flows. The Group's global risk management programme focuses on the uncertainty of the financial markets and attempts to minimise the potential adverse effects on the Group's financial profitability.

Risk management is controlled by the Finance Departments in the Group's companies in accordance with the policies approved by the Board of Directors. These Departments identify, assess and cover financial risks in close cooperation with the Group's operational units. The Board of Directors provides policies for the management of global risk, as well as specific risks, such as interest rate risk, liquidity risk and the investment of surplus cash.

(1) Credit risk

The Group does not have significant concentrations of credit risk and also has policies to assure that services are rendered to customers with an appropriate credit history. Transactions with derivatives and cash transactions are only carried out with financial institutions that have a high credit rating. The Group has policies to limit the amount of risk with any financial institution.

Valuation adjustments for client insolvencies involve a high degree of judgement by the Finance Departments in the Group's companies and the review of individual balances on the basis of the customers' credit quality, current market trends and a historical analysis of insolvencies at an aggregate level. In relation to the valuation adjustment arising from the aggregate analysis of the history of default payments, a decrease in the volume of balances implies a decrease in valuation adjustments and vice-versa.

(2) Liquidity risk

The Group prudently manages liquidity risk, based on the maintenance of sufficient cash and marketable securities, the availability of financing by means of a sufficient amount of credit facility commitments and sufficient capacity to settle market positions. Given the dynamic nature of underlying businesses, the Finance Departments in the Group's companies aim to keep their financing flexible by means of the availability of the credit lines they have contracted.

(3) Risk of interest rate on cash flows

The income and cash flows of the Group's operating activities are mostly independent with respect to changes in market interest rates.

The Group's interest rate risk arises from non-current borrowing. The borrowed funds issued at floating rates expose the Group to the risk of the cash flow's interest rate.

The Parent Company manages the risk of interest rate on cash flows by means of floating to fixed interest rate swaps. Under interest rate swaps, the PAV commits with other parties to exchange with certain frequency (generally quarterly) the difference between fixed interest and floating interest calculated on the basis of the notional principal amounts contracted.

Subsequent events

No relevant events occurred after the reporting period which need to be mentioned in this report.

Foreseeable future

The current macroeconomic situation for 2012 envisages a drop in domestic demand of around 4.4% in line with estimates made by the Spanish Ministry of the Economy and Competitiveness. Likewise, the economic variables for 2013 also suggest negative GDP growth figures. This leads us to set out prudent traffic and financial forecasts from a macroeconomic viewpoint.

The current recession and its affect/impact on port traffic continue to bring a certain degree of uncertainty as to possible traffic figures. Despite this background, and in line with the Port Authority of Valencia's (PAV) 2020 Strategic Plan, the forecast for 2012 and subsequent years is for a moderate rise in port traffic with an increase of 3.7% for 2012 and of 0.9% for 2013. It is estimated that as of 2014, the domestic economy will improve slightly thus leading to port traffic increases.

The Port Authority of Valencia Chairman, appointed by Spanish Development Ministry Order FOM/3034/2004, on 21st September 2004 (Spanish Official State Gazette, 24th September 2004), whose name appears below, hereby countersigns the consolidated financial statements and consolidated management report of this Parent Company for the year ended 31st December 2011, set forth on 123 pages numbers 1 to 123.

18th June 2012

Chairman

Signed: Rafael Aznar Garrigues