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Economic and Financial Report



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profitability



2.1

Directors' Report of the Consolidated Group

1. Business performance of the ACS Group in 2005

1.1. Main events

The performance of the ACS Group in 2005, characterised by the sound growth and high profitability of its activities, was highly positive. Additionally, the Group's results surpassed all the proposed objectives with respect to operating and financing aggregates.

Millions of Euros

Main financial aggregates	2004	2005	Changes 05/04
Revenue	10,817.9	12,113.9	+12.0%
<i>International</i>	16.7%	17.4%	
Gross operating income	981.1	1,095.5	+11.7%
<i>Margin</i>	9.1%	9.0%	
Net operating income	723.9	817.4	+12.9%
<i>Margin</i>	6.7%	6.7%	
Profit attributable to associates	94.4	144.9	+53.5%
Net profit attributable to Group	452.5	608.7	+34.5%
<i>Margin</i>	4.2%	5.0%	
EPS	1.30 €	1.74 €	+34.3%
Net cash from operating activities	652.4	808.0	+23.9%
Total net borrowings	1,423.9	4,264.6	+199.5%
Recourse borrowings	961.6	1,909.4	+98.6%
Non-recourse financing	462.3	2,355.2	+409.4%
Equity	2,019.2	2,635.5	+30.5%
<i>Leverage *</i>	47.6%	72.4%	
Net investments	1,196.4	4,216.5	+252.4%

* Net recourse borrowings

NOTE: The consolidated financial statements presented in this report were prepared in accordance with the measurement bases and accounting policies of IFRS. The consolidated financial statements for 2004 were re-prepared and presented for purposes of their comparison with the 2005 figures.

The positive performance of the Group's businesses was reinforced by its vigorous marketing activity, as reflected in the contracts entered into in 2005, which amounted to EUR 15,105 million, up 22% on the previous year. Accordingly, the ACS Group's total backlog amounted to EUR 26,868 million, the highest in its history. The most significant contracts entered into, by activity, were as follows:

- In Construction, several stretches of the remodelling of the Madrid M-30 ring road, for an aggregate amount of EUR 728 million.
- In Industrial Services, the project for the expansion of the combined cycle plants of the Minatitlán III refinery in Veracruz, Mexico, for EUR 430 million.
- In Services, the construction and operation for 20 years of an urban solid waste recycling and treatment plant in Marseilles, France, for EUR 1,000 million
- In Concessions, the construction and operation for 30 years of the N-25 bypass in Waterford, Ireland, with a total projected investment of EUR 300 million.

Undoubtedly, the most significant landmark in 2005 was the acquisition of 22.073% of Unión Fenosa from the Santander Group and the subsequent launch of a takeover bid on an additional 10% of its shares. On 23 September an agreement was reached for the purchase of 22.07% of the electric utility for a total EUR 2,219.5 million, equal to a price of EUR 33 per share. The Group subsequently acquired an additional 2.432% on the stock market for EUR 203.5 million, equal to an average price of EUR 27.45 per share. This subsequent block of shares increased the Group's holding to 24.505% of the share capital of Unión Fenosa.

Additionally, on 23 November 2005, the Group launched a takeover bid on an additional 10% holding, representing an investment of EUR 1,005.5 million. In December 2005 the Spanish Fair Trade Office authorised the transaction and subsequently, in January 2006, the bid was approved by the Spanish Stock Market Commission. The transaction was successfully completed on 1 March 2006, and consequently, the ACS Group's total ownership interest in the share capital of Unión Fenosa at 30 March 2006 was 34.505%.

This strategic investment of a permanent nature enabled the Group to become a reference shareholder in the number three electric company in Spain, which has grown significantly on an international level and is highly integrated in the gas sector. The ACS Group's experience in this sector will enable it to back Unión Fenosa's industrial development plans, to take advantage of the new regulatory framework in Spain and to reinforce the industrial perspectives of Unión Fenosa in the long-term.

From a financial standpoint, the impact of this transaction is positive, since it increases the Group's net profit and cash flows as from the first year onward. The financing arrangement used enables the Group to maintain its investment potential, given that 75% of the required funds are from a credit facility without recourse to the shareholder, and the other 25% have been contributed by the Group by means of an increase in its recourse debt.

Simultaneously, in 2005 the Group strengthened its holding in Abertis, a company with which it has a strong long-term business commitment, by increasing its holding in the share capital of this concession company by EUR 834 million. Consequently, the Group now has an ownership interest of 24.8% in the company's share capital.

At 31 December 2005, the carrying amount of the ACS Group's ownership interest in Abertis was EUR 1,758 million, giving rise to unrealised gains of EUR 1,300 million at the end of 2005.

1.2. Consolidated income statements of the ACS Group

Millions of Euros	2004	%	2005	%	Changes 05/04
Revenue	10,817.9	100.0%	12,113.9	100.0%	+12.0%
Other income	443.6	4.1%	447.6	3.7%	+0.9%
Total production value	11,261.5	104.1%	12,561.5	103.7%	+11.5%
Operating expenses	(7,638.5)	(70.6%)	(8,583.1)	(70.9%)	+12.4%
Personnel expenses	(2,641.9)	(24.4%)	(2,882.9)	(23.8%)	+9.1%
Gross operating income	981.1	9.1%	1,095.5	9.0%	+11.7%
Depreciation and amortisation charge	(230.5)	(2.1%)	(230.1)	(1.9%)	-0.2%
Provisions for working capital	(26.7)	(0.2%)	(48.0)	(0.4%)	+79.7%
Operating income	723.9	6.7%	817.4	6.7%	+12.9%
Finance income	67.5	0.6%	83.2	0.7%	+23.3%
Finance costs	(153.6)	(1.4%)	(198.9)	(1.6%)	+29.4%
Exchange differences	(10.1)	(0.1%)	16.7	0.1%	n.a.
Profit/Loss on changes in value of assets	(28.2)	(0.3%)	(6.6)	(0.1%)	-76.7%
Result of entities accounted for using equity meth	94.4	0.9%	144.9	1.2%	+53.5%
Profit/Loss on the disposal of non-current assets	15.4	0.1%	13.8	0.1%	-10.7%
Other profit or loss	(86.0)	(0.8%)	(66.2)	(0.5%)	-23.0%
Profit before tax from continuing operations	623.3	5.8%	804.3	6.6%	+29.0%
Income tax	(152.9)	(1.4%)	(171.3)	(1.4%)	+12.1%
Profit after taxes from continuing operations	470.4	4.3%	633.0	5.2%	+34.6%
Profit after taxes from discontinued operations	0.0	0.0%	0.0	0.0%	n.a.
Profit for the Year	470.4	4.3%	633.0	5.2%	+34.6%
Minority interests	(17.9)	(0.2%)	(24.3)	(0.2%)	+35.8%
Profit attributable to the shareholders of ther parent	452.5	4.2%	608.7	5.0%	+34.5%

1.2.1. Revenue

In 2005 the Group's revenue amounted to EUR 12,113.9 million, over 12% up on 2004, with a 17% increase in sales in the industrial services area. Sales in the other areas were up by approximately 10%. The detail of sales, by activity, is as follows:

Millions of Euros

Detail of sales by activity	2004	%	2005	%	Changes 05/04
Construction	5,230.3	48%	5,724.8	47%	+9.5%
Industrial Services	3,490.5	32%	4,077.4	33%	+16.8%
Services and Concessions	2,201.9	20%	2,420.3	20%	+9.9%
Corporation / Adjustments	(104.8)		(108.6)		
TOTAL	10,817.9		12,113.9		+12.0%

Percentages calculated on the data of the business lines

Sales abroad rose by 16% to EUR 2,106 million and accounted for 17.4% of total annual revenue. The detail of sales in Spain and of sales abroad is as follows:

Millions of Euros

Sales in Spain	2004	%	2005	%	Changes 05/04
Construction	4,746.0	91%	5,169.8	90%	+8.9%
Industrial Services	2,405.8	69%	2,760.7	68%	+14.7%
Services and Concessions	1,969.6	89%	2,186.5	90%	+11.0%
Corporation / Adjustments	(104.8)		(108.6)		-3.6%
TOTAL	9,016.6	83%	10,008.4	83%	+11.0%

Millions of Euros

Sales abroad	2004	%	2005	%	Changes 05/04
Construction	484.4	9%	555.0	10%	+14.6%
Industrial Services	1,084.7	31%	1,316.7	32%	+21.4%
Services and Concessions	232.2	11%	233.8	10%	+0.7%
TOTAL	1,801.3	17%	2,105.5	17%	+16.9%

1.2.2. Gross profit from operations

Gross profit from operations amounted to EUR 1,095.5 million, up by 11.7% on the same period in the previous year. The gross operating margin was 9%.

Millions of Euros

Gross operating income	2004	%	2005	%	Changes 05/04
Construction	398.1	40%	427.6	38%	+7.4%
Industrial Services	291.8	29%	344.4	31%	+18.0%
Services and Concessions	313.7	31%	353.7	31%	+12.7%
Corporation / Adjustments	(22.5)		(30.2)		
TOTAL	981.1		1,095.5		+11.7%

Percentages calculated on the data of the business lines

As evidenced in the above table, this growth was underpinned by excellent performance in all activities. In Construction growth was lower than sales, due to the change in equipment procurement policy following the merger, fostering flexibility through increased outsourcing and lower investments in machinery.

1.2.3. Operating income

Net operating income amounted to EUR 817.4 million, 12.9% higher than in the previous year, placing the net operating margin at 6.7%.

Millions of Euros

Net operating income	2004	%	2005	%	Changes 05/04
Construction	327.7	44%	358.6	42%	+9.4%
Industrial Services	244.9	33%	285.9	34%	+16.8%
Services and Concessions	176.8	23%	205.7	24%	+16.4%
Corporation / Adjustments	(25.5)		(32.8)		
TOTAL	723.9		817.4		+12.9%

Percentages calculated on the data of the business lines

The construction area performed soundly with an increase of 9.4%, whereas the profits of the Industrial Services and Services and Concessions areas rose significantly (up 16.8% and 16.4% respectively).

Depreciation and amortisation charges remained steady (0.2%), far below the growth in activity, which offset the sharper increase in subcontracting in the Construction area.

1.2.4. Profit/Loss Before Tax from Continuing Operations

Profit before tax from continuing operations rose by 29% to EUR 804.3 million, which represented 6.6% of sales and an improvement of 80 basis points as compared to the previous year. To a large extent, this increase was due to the higher profit contributed by investees accounted for using the equity method. This contribution amounted to EUR 144.9 million, up 53.5% on the previous year, resulting from the increase in the contribution by Abertis and the inclusion in the scope of consolidation of Unión Fenosa in the last quarter of 2005.

Finance costs rose by 29.4% to EUR 198.9 million due to the Group's investment policy in 2005, mainly as a result of the acquisition of significant holdings in Unión Fenosa and Abertis. Finance income amounted to EUR 83.2 million and net exchange gains had a positive impact at EUR 16.7 million, as compared to the end of 2004 in which exchange losses of over EUR 10 million were recognised.

Lastly, Other Profit and Loss, amounting to EUR -66.2 million, relates mainly to restructuring processes at various Group companies

1.2.5. Net profit/loss attributable to the Group

The net profit attributable to the Group rose by 34.5% to EUR 608.7 million, as detailed below:

Millions of Euros

Net profit attributable to Group	2004	%	2005	%	Changes 05/04
Construction	221.4	42%	239.1	38%	+8.0%
Industrial Services	150.1	28%	179.2	28%	+19.4%
Services and Concessions	156.5	30%	212.0	34%	+35.5%
Corporation / Adjustments	(75.5)		(21.6)		
TOTAL	452.5		608.7		+34.5%

Percentages calculated on the data of the business lines

The income tax charged amounted to EUR 171.3 million, up 12.1% on 2004. The effective rate decreased from 28.9% in 2004 to 26%.

Profit attributable to minority interests amounted to EUR 24.3 million and related mainly to international subsidiaries of the Construction and Services area.

1.3. Consolidated Balance Sheet

Figures at December 31

Millions of Euros	2004	%	2005	%	Changes 05/04
Property, plant and equipment	1,981.0	16.0%	2,356.0	13.3%	+18.9%
Goodwill	1,010.8	8.2%	1,047.6	5.9%	+3.6%
Intangible assets	305.7	2.5%	451.9	2.6%	+47.8%
Non-current financial assets	1,833.2	14.8%	5,317.9	30.0%	+190.1%
Other non-current assets	277.6	2.2%	362.3	2.0%	+30.5%
Non-current assets	5,408.3	43.6%	9,535.7	53.8%	+76.3%
Inventories	381.0	3.1%	553.6	3.1%	+45.3%
Trade and other receivables	4,673.8	37.7%	5,146.1	29.1%	+10.1%
Current financial assets	1,018.1	8.2%	1,277.4	7.2%	+25.5%
Cash and cash equivalents	578.1	4.7%	767.8	4.3%	+32.8%
Other current assets	340.2	2.7%	431.8	2.4%	+26.9%
Current assets	6,991.3	56.4%	8,176.8	46.2%	+17.0%
TOTAL ASSETS	12,399.6	100.0%	17,712.5	100.0%	+42.8%
Goodwill	1,905.4	15.4%	2,480.9	14.0%	+30.2%
Minority interests	113.8	0.9%	154.6	0.9%	+35.9%
Equity	2,019.2	16.3%	2,635.5	14.9%	+30.5%
Grants relating to assets	151.0	1.2%	250.6	1.4%	+65.9%
Bank borrowings and other financial liabilities	1,455.1	11.7%	2,678.6	15.1%	+84.1%
Non-recourse financing	425.3	3.4%	2,304.8	13.0%	+441.9%
Other financial liabilities	27.0	0.2%	34.0	0.2%	+25.9%
Other non-current liabilities	509.4	4.1%	512.9	2.9%	+0.7%
Non-current liabilities	2,416.9	19.5%	5,530.3	31.2%	+128.8%
Bank borrowings and other financial liabilities	1,053.4	8.5%	1,236.9	7.0%	+17.4%
Non-recourse financing	37.0	0.3%	50.4	0.3%	+36.0%
Trade payables	5,498.1	44.3%	6,568.7	37.1%	+19.5%
Other financial liabilities	22.3	0.2%	5.2	0.0%	-76.9%
Other current liabilities	1,201.7	9.7%	1,434.9	8.1%	+19.4%
Current liabilities	7,812.6	63.0%	9,296.1	52.5%	+19.0%
TOTAL EQUITY AND LIABILITIES	12,399.6	100.0%	17,712.5	100.0%	+42.8%

1.3.1. Non-current assets

Plant, property and equipment rose by 18.9% to EUR 2.356 million at December 31, 2005. Financial assets, which related mainly to the Group's ownership interest in associates accounted for using the equity method, increased by EUR 3,485 million in the past twelve months, most notable in this connection being the acquisitions of holdings in Abertis and Unión Fenosa.

1.3.2. Working capital

At 2005 year-end net working capital payable amounted to EUR 1,872 million, a year-on-year improvement of 40%. In days of sales the year-on-year change improved by 12 days.

1.3.3. Net borrowings

The total balance of the Group's net borrowings at 31 December 2005 amounted to EUR 4,265 million, of which EUR 2,355 million related to non-recourse financing. The remaining EUR 1,909 million related to net recourse debt, the balance of which represents 72% of equity and less than 1.75 times EBITDA for 2005. The detail of these borrowings is as follows:

Millions of Euros

Detail of borrowings	2004	2005	Changes 05/04
Non-recourse financing	462	2,355	+409%
Financing of projects	462	700	+51%
Financing for acquisition of Unión Fenosa	-	1,655	n.a.
Net non-recourse liabilities	962	1,909	+99%
Non-current financial liabilities	1,482	2,713	+83%
Current financial liabilities	1,076	1,281	+19%
Cash and other cash equivalents	(1,596)	(2,045)	+28%
TOTAL NET BORROWINGS	1,424	4,265	+199%

1.3.4. Other non-current liabilities

Other non-current liabilities amounted to EUR 512.9 million and included provisions for risks, expenses and deferred tax liabilities. This balance also included the market value of the Group companies' hedging instruments at December 31, 2005 of EUR 32 million.

1.3.5. Equity

Equity amounted to EUR 2,635.5 million, of which EUR 155 million related to minority interests, mainly in concession projects and international subsidiaries. The main changes in the year arose in relation to profit/loss for the year, dividends, treasury share movements, the effect of hedging instruments and exchange differences.

1.4. Cash Flows

Millions of Euros	2004	2005	Changes 05/04
Cash flow from operating activities	981.1	1,095.5	+11.7%
plus: Dividends from investees	36.2	100.7	
plus: Interest earned	67.4	83.2	
less: Interest paid	(153.6)	(198.9)	
less: interest tax	(152.9)	(171.3)	
less: Other adjustments to operations	(125.8)	(101.2)	
Cash flow from operations	652.4	808.0	+23.9%
Change in Trade receivables, CCWPC and other receivables	(54.9)	(322.2)	
Change in Inventories	16.7	(172.6)	
Change in Trade payables	431.9	1,028.7	
Change in Other current assets and liabilities	16.2	12.3	
Change in net working capital	409.9	546.2	+33.3%
Net cash flow from operating activities	1,062.3	1,354.2	+27.5%
less: Investments in property, plant, equipment & intangibles	(274.4)	(261.4)	
less: Investments in concession projects	(412.0)	(463.7)	
less: Investments in financial assets	(510.0)	(1,068.6)	
less: Investment of 24.5% in Unión Fenosa	n.a.	(2,422.8)	
Net cash flows from investing activities	(1,196.4)	(4,216.5)	+252.4%
Change in Non-current bank borrowings	917.8	1,230.4	
Change in Net current bank borrowings	(651.0)	(92.9)	
Change in Non-recourse financing	146.1	1,892.8	
Change in bank borrowings	412.9	3,030.3	+633.9%
Dividends paid	(96.5)	(137.6)	
Transactions with treasury shares	(29.1)	58.3	
Change in own financing	(125.6)	(79.3)	-36.9%
Other financing sources	41.8	100.9	+141.3%
Net cash flows from financing activities	329.1	3,051.9	+827.2%
Change in Cash and cash equivalents	195.0	189.7	
Cash and cash equivalents at the beginning of the period	383.1	578.1	+50.9%
Cash and cash equivalents at the end of the period	578.1	767.8	+32.8%

1.4.1. Net cash flows from operating activities

The excellent performance of operating activities and working capital management has enabled the Group to obtain cash flows from operating activities of EUR 1,354.2 million, up 27.5% on 2004.

Specifically, net cash from operating activities amounted to EUR 808 million, up 23.9% on 2004, and as of January 2005 there was an increase of EUR 546.2 million in working capital, EUR 136 million higher than in the previous year.

1.4.2. Consolidated net investments

The Group's total investments in 2005 amounted to EUR 4,216.5 million. Investments by activity area and item were as follows:

Millions of Euros

Detail of Investments	Net Investment in Fixed Assets	Investment in Projects	Total net investment
Construction	121	38	159
Industrial Services	95	185	280
Services	140	-	140
Concessions	69	241	310
Corporation	3,328	-	3,328
TOTAL	3,753	464	4,217

The main investments in financial assets relate to the acquisition of Unión Fenosa, which amounted to EUR 2,423 million and the increase in the holdings in Abertis and Urbis to 24.8% and 24.4% respectively, involving an investment of EUR 903 million.

Net investments in the Construction area mainly related to the purchase of specialized equipment such as tunnel boring machines, and to concession projects (Madrid Calle-30, Hospitals of Majadahonda and of Can Brians).

In Industrial Services, investments were made in concession projects for high-voltage lines and wind-power facilities, whereas in the Services area, investments were mainly earmarked for environmental assets and port and logistics services.

With respect to transport infrastructure concession projects, notable were the investments in the Central North-South highway in Santiago de Chile and the La Mancha highway.

1.5. Profit/loss by business areas

1.5.1. Construction

Millions of Euros

Main aggregates	2004	2005	Changes 05/04
Sales	5,230.3	5,724.8	+9.5%
Gross operating income	398.1	427.6	+7.4%
<i>Margin</i>	7.6%	7.5%	
Net operating income	327.7	358.6	+9.4%
<i>Margin</i>	6.3%	6.3%	
Profit before tax	336.0	369.9	+10.1%
<i>Margin</i>	6.4%	6.5%	
Net profit	221.4	239.1	+8.0%
<i>Margin</i>	4.2%	4.2%	

2005 saw a nearly a two-digit increase in construction sales, underpinned by non-residential building activity and the solid growth recorded both in civil works and residential building, as reflected in the following table:

Millions of Euros

Detail by activity	2004	2005	Changes 05/04
Civil Works	3,148.9	3,363.9	+6.8%
Non-Residential building	1,171.3	1,360.8	+16.2%
Residential Building	910.1	1,000.1	+9.9%
TOTAL	5,230.3	5,724.8	+9.5%
Abroad	484.4	555.0	+14.6%
<i>of total</i>	9%	10%	

Domestic activity achieved growth of 8.9% while activity abroad increased by 14.6%, accounting for 9.7% of total construction sales, mainly due to the production carried out in the concessions area abroad

Both gross and net operating income increased in 2005, although at a different pace due to the change in the equipment procurement policy following the merger. This change fostered flexibility through a higher level of subcontracting, thereby reducing the amount of machinery and consequently investments in the renewal of equipment, which gave rise to an increase in leases (affecting gross operating income) and a decrease in depreciation (affecting net operating income).

Profit attributable to minority interests related to international subsidiaries and amounted to EUR 12.5 million in 2005.

The construction back-log rose to the record-breaking amount of EUR 9.370 million, equivalent to approximately 20 months of production, and 9.9% higher than in 2004.

The order book in Spain grew by 10.6%, and particularly noteworthy was the increase in road and non-residential projects, which rose by 28.7% and 12.5%, respectively. The order book abroad remained unchanged with respect to 2004 despite the sale of the Portuguese company Sopal to a local shareholder.

1.5.2. Industrial Services

Millions of Euros

Main aggregates	2004	2005	Changes 05/04
Sales	3,490.5	4,077.4	+16.8%
Gross operating income	291.8	344.4	+18.0%
<i>Margin</i>	8.4%	8.4%	
Net operating income	244.9	285.9	+16.8%
<i>Margin</i>	7.0%	7.0%	
Profit before tax	215.5	263.3	+22.2%
<i>Margin</i>	6.2%	6.5%	
Net profit	150.1	179.2	+19.4%
<i>Margin</i>	4.3%	4.4%	

Industrial Services showed solid growth in 2005, driven by integrated project and control system activities. A detail of its performance is as follows:

Millions of Euros

Detail by activity	2004	2005	Changes 05/04
Networks	722.2	743.9	+3.0%
Specialised Instalations	1,170.2	1,314.4	+12.3%
Integrated Projects	954.8	1,270.1	+33.0%
Control Systems	643.3	749.0	+16.4%
TOTAL	3,490.5	4,077.4	+16.8%
Abroad	1,084.7	1,316.7	+21.4%
<i>Over/ total</i>	31%	32%	

The slight growth in the Networks Activity is the result of the restructuring of the activity in some international markets in the last quarter of 2005, despite the fact that domestic activity rose by 10%. This lack of growth was offset by a 40% increase in the international order book.

Specialised Products, with a 12.3% upswing in sales, showed steady growth in all quarters of the year both in the domestic and the international markets.

Integrated Project activity performed very well (*33%), focusing on the installation of power plants and taking advantage of the high crude prices which pushed up demand for infrastructures among oil producers.

Control Systems grew by 16.4% mainly through activities relating to the maintenance of road safety systems and street lighting in the Spanish market.

Both profit from operations and net profit performed positively, showing solid growth. The backlog of EUR 4.270 million was up 25% on 2004, equivalent to over 13 months of production. This data guarantees the success of the area in upcoming months. Noteworthy was the performance of the order books for Networks and Specialised Installations, which both rose by 35% and the performance of the Control Systems order book, which rose by 32%.

1.5.3. Services

Millions of Euros

Main aggregates	2004	2005	Changes 05/04
Sales	2,186.5	2,406.5	+10.1%
Gross operating income	314.6	346.2	+10.1%
<i>Margin</i>	<i>14.4%</i>	<i>14.4%</i>	
Net operating income	177.8	203.7	+14.6%
<i>Margin</i>	<i>8.1%</i>	<i>8.5%</i>	
Profit before tax	138.8	164.9	+18.8%
<i>Margin</i>	<i>6.3%</i>	<i>6.9%</i>	
Net profit	98.9	112.7	+14.0%
<i>Margin</i>	<i>4.5%</i>	<i>4.7%</i>	

The performance of all Urban Service area activities was excellent, particularly the growth in sales in the Port and Logistics area. Following is a detail of this area's results

Millions of Euros

Detail by activity	2004	2005	Changes 05/04
Environment	1,000.4	1,081.8	+8.1%
Port and Logistics Services	463.6	532.2	+14.8%
Passenger Transport	178.1	189.9	+6.6%
Integral Maintenance	544.4	602.6	+10.7%
TOTAL	2,186.5	2,406.5	+10.1%
Abroad	227.4	225.7	-0.7%
<i>Over/ total</i>	<i>10%</i>	<i>9%</i>	

The growth in Gross operating income was satisfactory, as was the 15% increase in net operating income, due to the increased productivity and maturity of the concession projects.

The backlog of Urban Services reached EUR 13.200 million, equivalent to over 5 years of production. The ongoing increase in these figures confirms the growth expectations for this activity in upcoming years.

1.5.4. Transport Infrastructure Concessions

The maturity of the ACS Group projects gave rise to an improvement in the profit from concession activity. Notable was Abertis' contribution of EUR 92.8 million to the Group's profit, up 29% on the contribution in 2004. Following is a detail of the profit from the concessions area:

Millions of Euros

Main aggregates	2004	2005	Changes 05/04
Sales	15.3	13.8	n.a.
Gross operating income	(0.9)	7.4	n.a.
Net operating income	(1.0)	2.0	n.a.
Profit attributable to companies accounted for using the equity method	61.1	89.4	+46.2%
Net profit	57.6	99.3	+72.3%

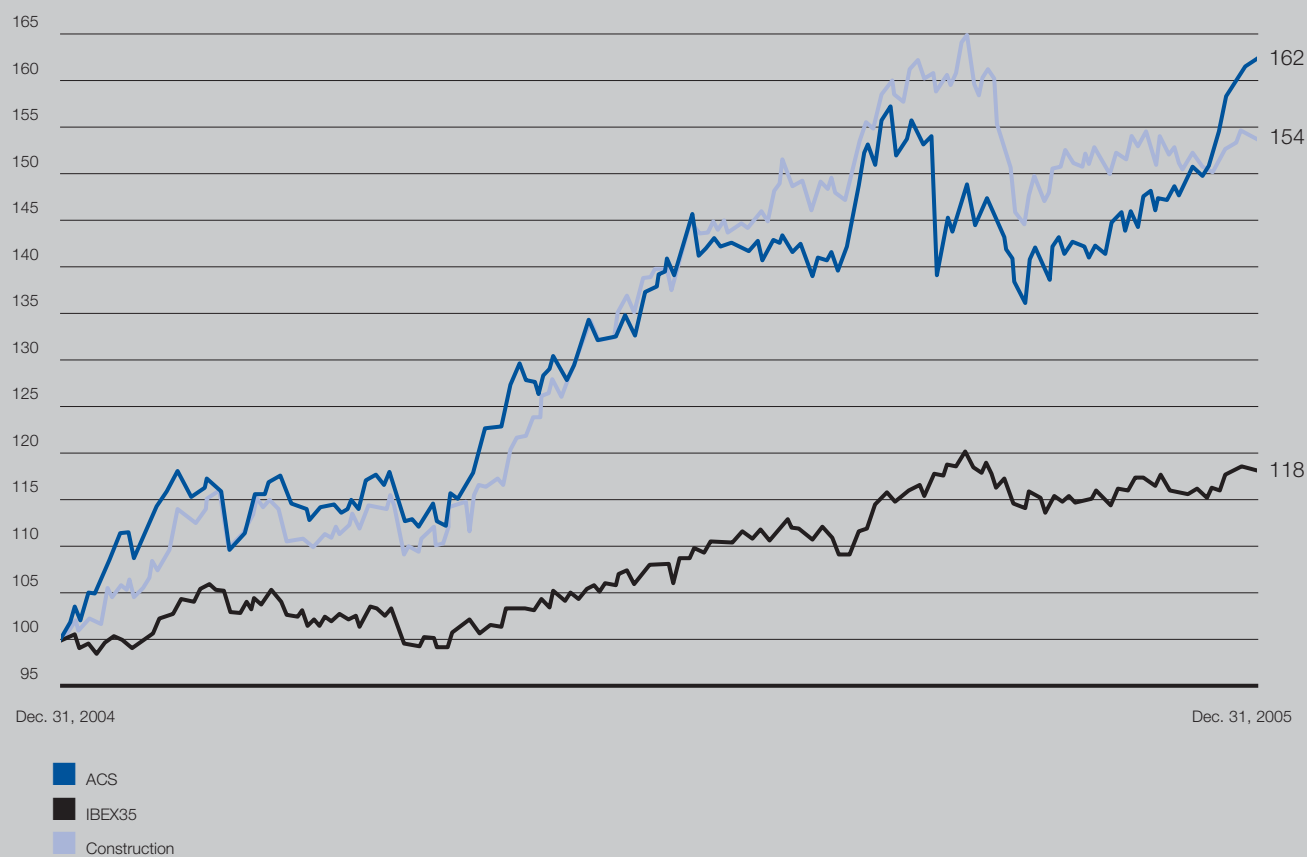
1.5.5. Other

The contribution of Unión Fenosa to the Group's profit amounted to EUR 11.4 million, relating to its net profit generated in the last quarter, net of the gains on the sale of Auna and the exceptional provisions recognised at year-end. It is also important to mention the contribution of Inmobiliaria Urbis to the ACS Group's profit, which amounted to EUR 30.5 million, 43.7% more than in 2004.

2. Stock market performance and treasury shares

2.1. Stock market information for 2005

In terms of the stock market, 2005 was characterised by a notable revaluation of the Asian markets, the largest index of which is the NIKKEI, which rose by 40.6%, and to a lesser extent of the European markets as reflected by the performance of the EUROSTOXX 50 which increased by 21.2% in 2005. These results contrast with the stagnation of the US market, the annual profitability of its most significant index being (Dow Jones) -0.6%.

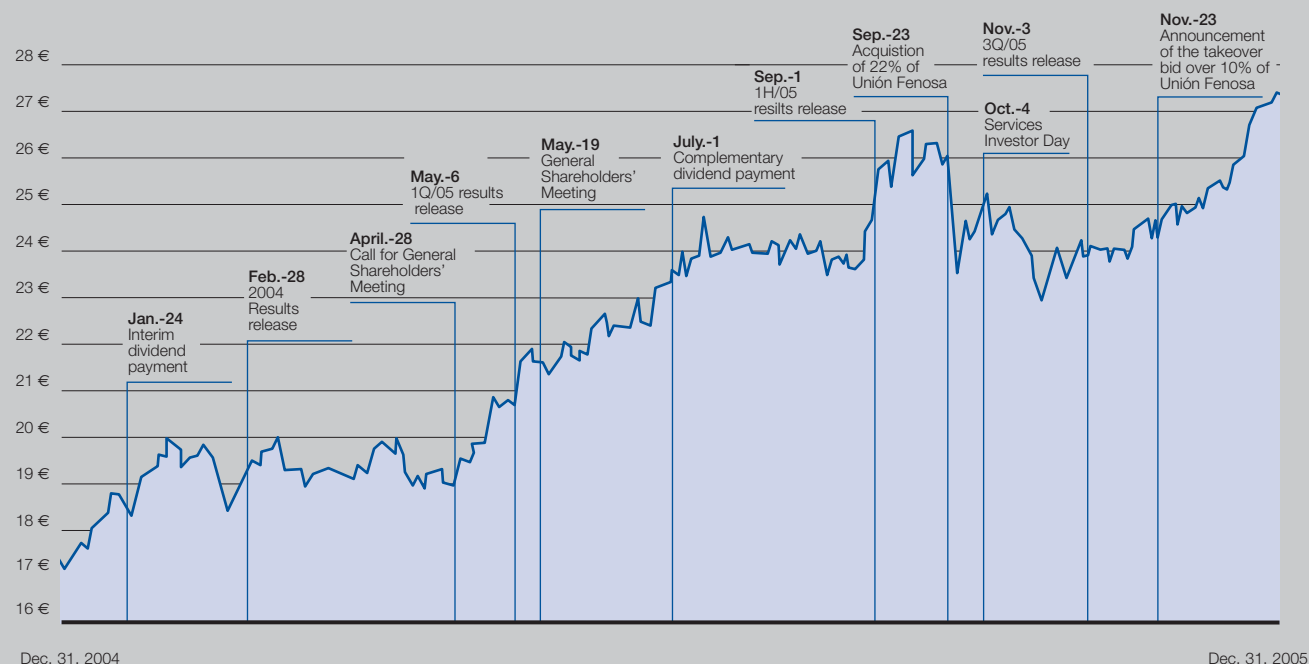


In this context, the Spanish market performed well, as reflected by the IBEX35, which increased by 18. % to 10.734 points. Construction was among the most dynamic sectors with the highest revaluation, improving the aforementioned figures with an annual accumulated gain of 54%. In this connection, notable was the revaluation of the ACS Group's share by 61.9%, one of the shares that performed best, both in the Spanish and European markets in general.

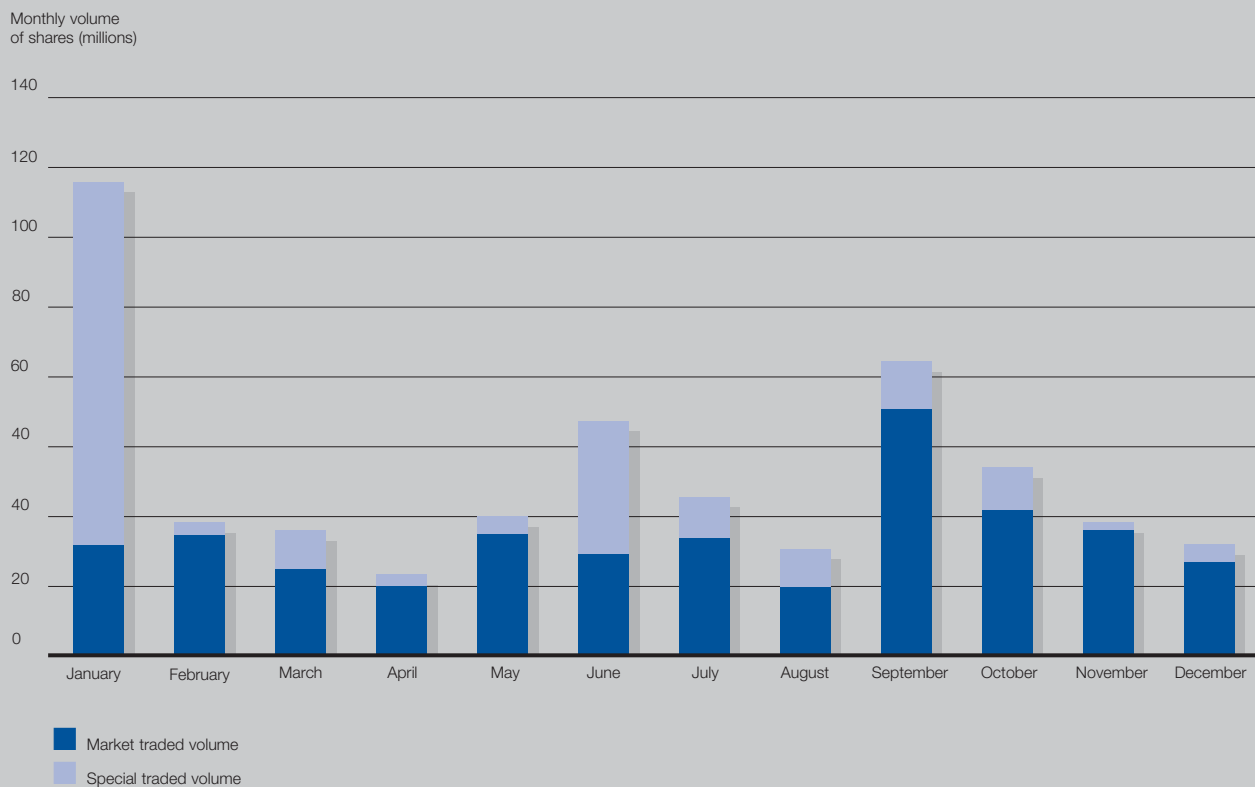
The detail of the ACS Group's main stock market data in 2005 is as follows:

The ACS Share	2004	2005
Closing price	16.80€	27.21€
ACS share revaluation	30.23%	61.96%
IBEX 35 revaluation	17.37%	18.20%
Maximum price of the period	17.13€	27.30€
Maximum date	23-Dec.	29-Dec.
Minimum price of the period	12.55€	16.80€
Minimum date	24-Mar.	3-Jan.
Average price of the period	14.60€	22.39€
Total shares traded (thousands)	312,483	401,440
Daily average shares traded (thousands)	1,245	1,568
Total effective volume traded (€ millions)	4,563	8,989
Daily average effective volume (€ millions)	18.18	35.11
Number of shares (millions)	352.87	352.87
Market capitalization end of period (€ millions)	5,928	9,602

The ACS listed share price performance in 2005 and the highlight thereof are as follows:



The trading volume grew significantly, reaching a monthly average of 52 million shares, up 24% on 2004.



If the proposal to be made at the Annual General Meeting is approved, the direct shareholder return in the form of 2005 dividends will amount to EUR 0.60 per share, in two payments: an initial interim dividend of a gross EUR 0.20 per share, paid on January 16, 2006, and a complementary dividend of EUR 0.40 per share. The dividend yield for shareholders at the 2005 year-end closing price stood at 2.2%.

2.2. Treasury shares

At 31 December 2005, the ACS Group had no treasury shares. The detail of the transactions performed in the year is as follows:

Treasury shares	Number of shares	Thousands of Euros
Beginning balance at December 31, 2004	1,726,969	29.1
Purchases	23,534,111	532.8
Sales	25,261,080	561.9
Final balance at December 31, 2005	-	-

The gain on the sale of treasury shares amounted to EUR 44.8 million and was recognised as an increase in the ACS Group's equity

3. Risk Management Policy

3.1. Risks intrinsic to the ACS Group's Activity

The ACS Group operates in sectors, countries and social, economic and legal environments which require the assumption of different risk levels caused by these determining factors.

The ACS Group monitors and controls the aforementioned risks in order to prevent profitability for its shareholders decreasing, the danger to which its employees or corporate reputation are exposed, a problem for its customers or an adverse impact on society as a whole. For this purpose, the ACS Group has instruments enabling it to identify such risks in advance or to prevent them, and to minimise the risk, prioritizing their significance as necessary.

The ACS Group's 2005 Corporate Governance Report details these risk control instruments, providing in-depth information in this connection.

3.2. Financial risk management

As in the previous case, the ACS Group is exposed to various financial risks, including the risks of changes in interest rates and foreign exchange rates, as well as liquidity and credit risk.

Risks arising from changes in effective interest rates are mitigated by guaranteeing the rates through the use of financial instruments which amortise the effect of fluctuation.

The risk of changes in foreign exchange rates is managed by borrowing in the same functional currency as that of the asset being financed by the Group abroad. In order to hedge net positions in currencies other than the euro, the Group arranges different financial instruments which reduce exposure to the risk of changes in foreign exchange rates.

To manage the risk of liquidity resulting from time-lags between the funds that are required and those generated, a balance is maintained between the term and the flexibility of the borrowings through the use of staggered financing in line with the Group's fund requirements.

Finally, credit risk caused by the non-payment of commercial loans is catered for through the preventive assessment of the solvency rating of potential Group customers, both at the commencement of the relationship with these customers and during the term of the contract, through the evaluation of the credit rating of the outstanding amounts and the review of the estimated recoverable amounts in the case of balances considered to be uncollectible.

A full detail of the mechanisms used to manage finance risks is included in the notes to the Group's financial statements for 2005.

4. Human Resources

At 31 December 2005, the ACS Group employed a total of 113,273 individuals, accounting for 0.6% of the active Spanish population. In 2005, the Group created over 5,000 net job positions. The Services and Concessions area employs the largest number of individuals, i.e. 56% of the total staff in 2005, followed by the Industrial area (28%) and the Construction area (16%).

The ACS Group's human resource policy consists mainly in maintaining and hiring committed teams of individuals, with a high level of knowledge and specialisation, capable of offering the best service to the customer and generating business opportunities with rigour and efficiency..

These objectives are achieved by means of active personnel selection policies, the fostering of teamwork, excellence in decision-making and cutting down on bureaucracy. Additionally, specialised training is promoted in each activity, aimed at fostering innovation and professional expertise in order to improve ACS Group processes, products, services and safety levels.

All details relating to the ACS Group's efforts in the area of Human Resources are included in the Corporate Social Responsibility Report for 2005.

5. Technological Innovation and Environmental Protection

5.1. Research and development activities

The ACS Group is committed to a policy providing for the ongoing improvement of its processes and of applied technology in all activities. For this purpose, the ACS Group has an in-house research programme aimed at developing new technological know-how in the design of processes, systems, new materials, etc. in each activity.

To apply and foster this commitment, the Company has established a number of committees at the various Group companies, which handle numerous initiatives undertaken in 2005.

In the Construction area, effort is made mainly to increase quality, the safety of employees, and the improvement of processes and techniques whose final objective is to respect the environment.

The work performed in the Industrial Services area related to technological improvements in the area of renewable energies, urban control systems and systems relating to high speed trains.

With respect to the ACS Group's Services and Concessions area, efforts concentrated on two main activities: the improvement of solid urban waste management and the reduction of CO2 emissions.

The details of all these activities as well as specific cases of technological innovation can be consulted in the ACS Group's 2005 Corporate Social Responsibility Report.

5.2. Environmental Protection

The ACS Group's main activity, namely the development and maintenance of infrastructures, gives rise to environmental impacts including the use of materials deriving from natural resources, the use of energy (both during construction and during the life of the various infrastructures), waste management, visual impact and that of landscape.

In line with its vocation to protect the environment, which has prevailed since the Group's creation, in 2005 the ACS Group promoted two main action areas: environmental policy with strict criteria and an Environmental Management System relating to the specific actions taken by each Group, both of which aim to minimise the environmental impact of its activity. The result of this effort is an increase in environmentally certified production and in the number of companies certified in accordance with the ISO 14.001 standard.

The detail of the activities carried on in 2005 and of the data on production and certifications can be consulted in the Group's 2005 Corporate Social Responsibility Report.

6. Significant events subsequent to year-end

6.1. Payment of dividends of the ACS Group

In accordance with the resolution adopted by the Company's Board of Directors at its ordinary meeting held on December 15, 2005, the Group distributed a gross interim dividend relating to profits for 2005. This dividend amounted to EUR 0.20 per share, equivalent to 51% of the full dividend paid in the previous year.

6.2. Takeover bid on Unión Fenosa

On 1 March 2006, the Spanish Stock Market Commission notified that the takeover bid launched by ACS, Actividades de Construcción y Servicios, S.A. on 10% of the share capital of Unión Fenosa had been successful. Accordingly, the ACS Group acquired a total of 30,467,871 shares of Unión Fenosa for EUR 1,005.4 million at a price of EUR 33 per share.

7. Outlook for 2006

The prospects for 2006 for the ACS Group are favourable, given the positive macroeconomic backdrop expected for infrastructure development and services activities and underpinned by the ongoing growth of the Spanish economy. This growth is significantly above the European average, and infrastructures are required:

- On the one hand, to meet the needs of the growing population, which has increased by more than 9% in only ten years, when similar increases in growth in other European countries are projected for periods of over 30 years. The arrival in Spain of over four million immigrants has given rise to increased labour, consumption and demand for infrastructures and services which are beneficial to the growth of the Spanish economy.
- And on the other hand, to foster tourism in Spain and to adapt to its new needs. In the past ten years the number of tourists has risen by 60% to 55 million visitors to Spain in 2005. This growth has been accompanied by a structural change in the type of tourism in Spain, in which the number of visitors who own a home and spend extended periods of time in this country has increased, giving rise to a higher demand for infrastructures, facilities, goods and services. .

As a consequence of this macroeconomic backdrop, the upward trend evidenced by the Construction area in previous years is expected to continue, backed by the positive evolution of Government calls for tender, robust demand for commercial buildings and the extension of the residential cycle.

Specifically, civil works are strongly backed by the ambitious National Infrastructures and Transport Plan (PEIT), aimed at improving Spanish infrastructures in the period from 2005 to 2020. The projected total investment under the Plan amounts to EUR 250,000 million or an annual average of EUR 15,500 million , with investments of around 1.5% of GDP, on average, throughout the period in which the plan is to be implemented.

The Industrial Services area has a high growth potential given the increase in demand for energy which affects investments in production and distribution assets as well as maintenance tasks. The price of oil, at nearly \$US 60 per barrel, makes investments in prospecting, extraction, refining and distribution profitable, unlike the past, and consequently the demand for related services will continue to increase at two digit rates.

In the case of Urban Services, due to the increasing outsourcing of comprehensive maintenance services by companies and public entities enabling these services to reduce in-house resources and increase specialisation in order to respond to the increased complexity of equipment and methodologies, as well as the growing concern for the environment by the general public and the public authorities in particular, the performance of this sector is projected to be positive in upcoming years.

In 2006, the ACS Group will continue with its investment policy, focusing on those activities with the highest projections for profitable growth and will remain faithful to its corporate culture of responding to the confidence placed in the Group by its shareholders by ensuring profitable returns.

In accordance with the scenario detailed above, the summarized objectives for 2006 will be to increase sales by between 7% and 12% and to increase net profit by over 20%.



2.2

Consolidated Financial Statements

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated balance sheets at December 31, 2005 and 2004

Thousands of Euros	12/31/05	12/31/04
NON-CURRENT ASSETS	9,535,737	5,408,300
Property, plant and equipment (Note 4)	1,352,441	1,299,387
Non-current assets in projects (Note 5)	1,328,331	879,232
Investment property (Note 6)	9,186	9,632
Goodwill (Note 7)	1,047,586	1,010,849
Other intangible assets (Note 8)	117,940	98,432
Investments in associates (Note 10)	4,958,411	1,498,843
Non-current financial assets (Note 11)	359,495	334,358
Deferred tax assets (Note 27)	336,077	277,404
Financial instrument receivables (Note 23)	17,229	163
Other non-current assets	9,041	-
CURRENT ASSETS	8,176,753	6,991,340
Inventories (Note 12)	553,563	380,994
Trade and other receivables (Note 13)	5,146,137	4,673,838
Other current financial assets (Note 11)	1,277,441	1,018,142
Current tax assets (Note 27)	317,870	240,177
Other current assets (Note 14)	113,904	100,043
Cash and cash equivalents (Note 15)	767,838	578,146
TOTAL ASSETS	17,712,490	12,399,640

The accompanying Notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated balance sheet at December 31, 2005

Thousands of Euros	12/31/05	12/31/04
EQUITY (Note 16)	2,635,524	2,019,190
Share capital	176,437	176,437
Share premium	897,294	897,294
Other reserves	920,617	507,757
Treasury shares	-	(29,131)
Valuation adjustments	(51,517)	(50,016)
Profit for the year of the Parent	608,657	452,491
Interim dividend	(70,575)	(49,402)
EQUITY ATTRIBUTED TO THE PARENT	2,480,913	1,905,430
MINORITY INTERESTS	154,611	113,760
GRANTS RELATED TO ASSETS (Note 17)	250,606	151,041
NON-CURRENT LIABILITIES	5,530,305	2,416,850
Bank borrowings (Note 19)	2,678,580	1,455,133
Non-recourse financing (Note 18)	2,304,767	425,296
Other financial liabilities (Note 20)	34,035	27,033
Deferred tax liabilities (Note 27)	94,366	55,895
Non-current provisions (Note 21)	283,078	249,963
Financial instrument payables (Note 23)	31,929	28,976
Other non-current liabilities	103,550	174,554
CURRENT LIABILITIES	9,296,055	7,812,559
Bank borrowings (Note 19)	1,236,921	1,053,372
Non-recourse financing (Note 18)	50,385	37,045
Trade and other payables (Note 24)	6,568,659	5,498,136
Other financial liabilities (Note 20)	5,157	22,336
Current provisions (Note 21)	236,133	204,259
Current tax liabilities (Note 27)	715,023	529,058
Other current liabilities (Note 25)	483,777	468,353
TOTAL EQUITY AND LIABILITIES	17,712,490	12,399,640

The accompanying Notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated balance sheet at December 31, 2005

Consolidated income statements for the years ended December 31, 2005 and 2004

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of Euros	12/31/05	12/31/04
REVENUE (Note 28)	12,113,886	10,817,883
Other income	447,645	443,664
Changes in inventories of finished goods and work in progress	110,422	(18,998)
Materials consumed and other external expenses (Note 29.1)	(7,329,036)	(6,446,958)
Personnel expenses (Note 29.2)	(2,882,868)	(2,641,873)
Other operating expenses	(1,364,502)	(1,172,573)
Depreciation and amortisation charge	(230,137)	(230,517)
Changes in working capital provisions	(47,984)	(26,699)
OPERATING INCOME	817,426	723,929
Net impairment losses (Note 29.5)	(6,577)	(28,221)
Finance income (Note 29.6)	83,229	67,487
Finance costs (Note 29.6)	(198,853)	(153,644)
Exchange differences (Note 29.6)	16,658	(10,096)
Profit of associates (Note 10)	144,850	94,357
Gains on disposal of non-current assets (Note 30)	13,757	15,455
Other gains or losses (Note 29)	(66,183)	(85,971)
PROFIT BEFORE TAX	804,307	623,296
Corporation tax (Note 27)	(171,327)	(152,897)
PROFIT FOR THE YEAR	632,980	470,399
Profit attributed to minority interests (Note 16)	(24,323)	(17,908)
PROFIT ATTRIBUTED TO THE PARENT	608,657	452,491
<hr/>		
Euros per Share		
EARNINGS PER SHARE (Note 32)	12/31/05	12/31/04
Basic earnings per share	1.74	1.30
Diluted earnings per share	1.74	1.30

The accompanying Notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated income statement at December 31, 2005

Consolidated statements of changes in equity for the years ended December 31, 2005 and 2004

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of Euros			Other Reserves			Treasury Shares	Valuation Adjustments	Profit attributed to the Parent	Interim Dividend (Note 31)	Minority Interests	TOTAL
	Share Capital	Share Premium	Revaluation Reserves and Retained Earnings	Reserves at Consolidated Companies	Exchange Differences						
Balance at January 1, 2004	177,791	897,294	530,538	99,779	0	(26,875)	(26,540)	0	(42,670)	87,664	1,696,981
Treasury shares	(1,354)		(12,524)			(2,256)					(16,134)
Transfers between items			(1,629)	22,529	(20,900)						0
Valuation gaing (losses)							(23,476)			(2,246)	(25,722)
Share options			1,007								1,007
Issue / capital increase expenses				348							348
Change in the scope of consolidation and other effects of a lesser amount			1,380	(23,437)	24,051					17,894	19,888
Distribution of profit from the prior year:											
- To reserves			147,030	(147,030)							0
- Dividends			(95,954)					42,670		(7,121)	(60,405)
Exchange differences			1,847	1,130	(20,408)					(339)	(17,770)
Profit for the years								452,491		17,908	470,399
2004 interim dividend									(49,402)		(49,402)
Balance at December 31, 2004	176,437	897,294	571,695	(46,681)	(17,257)	(29,131)	(50,016)	452,491	(49,402)	113,760	2,019,190
Treasury shares			24,579			29,131					53,710
Transfers between items			3,235	(3,235)							0
Valuation gaing (losses)							(1,501)			(451)	(1,952)
Share options			2,935								2,935
Change in the scope of consolidation and other effects of a lesser amount			154	(24,564)						20,919	(3,491)
Distribution of profit from the prior year:											
- To reserves			(61,053)	375,924				(314,871)			0
- Dividends			1,458					(137,620)	49,402	(12,350)	(99,110)
Exchange differences					93,427					8,410	101,837
Profit for the years								608,657		24,323	632,980
2005 interim dividend									(70,575)		(70,575)
Balance at December 31, 2005	176,437	897,294	543,003	301,444	76,170	0	(51,517)	608,657	(70,575)	154,611	2,635,524

The accompanying Notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated statement of changes in equity for 2005

Consolidated cash flow statements for the years ended December 31, 2005 and 2004

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of Euros	12/31/05	12/31/04
Gross profit from operations (Nota 26.2) ⁽¹⁾	1,095,547	981,145
Dividends received from investees	100,726	36,200
Interest collected	83,229	67,487
Interest paid	(198,853)	(153,644)
Corporation tax paid in the year	(171,327)	(152,897)
Other adjustments to profit from operations	(101,196)	(125,822)
Cash flows from operations	808,126	652,469
Changes in net working capital	546,191	409,900
Net cash flows from operating activities	1,354,317	1,062,369
Investments in property, plant and equipment and intangible assets	(353,981)	(444,501)
Investments in projects	(527,659)	(414,809)
Investments in non-current financial assets	(3,498,985)	(536,080)
Disposals	164,129	198,990
Net cash flows used in investing activities	(4,216,496)	(1,196,400)
Increase in non-current borrowings	1,230,448	917,800
Decrease in net current borrowings	(92,929)	(650,980)
Increase in financing applied to projects	1,892,811	146,134
Dividends paid	(137,621)	(96,500)
(Purchase)/Sale of treasury shares	58,260	(29,131)
Other financing activities	100,902	41,714
Net cash flows from financing activities	3,051,871	329,037
Increase in cash and cash equivalents-	189,692	195,006
Cash and cash equivalents at beginning of year	578,146	383,140
Cash and cash equivalents at end of year	767,838	578,146

The accompanying notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated cash flow statement at December 31, 2005

⁽¹⁾ Gross profit from operations has been calculated by adding the depreciation and amortisation charge and the change in the provision for working capital to profit from operations

Notes to the Consolidated Financial Statements for the year ended December 31, 2005

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

1. Group activities

The Parent ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Corporation Law. Its registered office is at Avda. de Pío XII, 102, 28036 Madrid.

In addition to the operations carried on directly by it, ACS, Actividades de Construcción y Servicios, S.A. is the head of a group of subsidiaries that engage in various business activities and which compose, together with it, the ACS Group. Therefore, ACS, Actividades de Construcción y Servicios, S.A. is obliged to prepare, in addition to its own individual financial statements, the Group's consolidated financial statements, which also include the interests in joint ventures and investments in associates.

The ACS Group's main business activities are as follows:

1. Performance of all manner of private- or public-sector construction projects, performance of studies and provision of counselling and technical assistance and, in general, of all manner of construction-related services.
2. Transport infrastructure concessions.
3. Management of services, mainly relating to urban cleaning, waste treatment, cleaning of interiors and integral building maintenance.
4. Management of port and logistics services.
5. Industrial plant engineering and construction, performance of studies, projects and execution of all manner of construction, installation and erection work in relation to energy production and distribution.
6. Vertical and horizontal signposting of public roads, industrial paint and coatings, maintenance of installations and buildings and integral road maintenance.
7. Undertaking and marketing of real estate developments.
8. Activities relating to change of image and the re-launch of companies or trade names, and all aspects relating to the manufacture and installation of advertising items.
9. Development, installation and maintenance of projects and construction work relating to traffic and lighting and research and development of related software and hardware.
10. Environmental activities which range from consulting and engineering and the operation of water treatment facilities to the management of industrial, urban, agricultural and hospital waste.
11. Construction, maintenance, operation and sale of electricity obtained through the use of wind power and other forms of renewable energy.
12. Regular road passenger transportation, distribution of oil products by road, operation and management of bus stations and the transportation of urgent packages.
13. Provision of lighting, urban maintenance, electrical installation, industrial cleaning and integral building maintenance services.
14. Performance of all manner of telecommunications activities.
15. The provision of all manner of services, integral computer support, lease of goods and equipment and provision of supplies to surgical, sanitary and hospital establishments.
16. The production, sale and use of electric power and of other energy sources and the performance of studies relating thereto and the production, exploration, sale and use of all manner of solid, liquid or gaseous primary energy resources, including specifically all forms and kinds of hydrocarbons and natural, liquefied or any other type of gas.
17. Other supplementary activities encompassing the business activities not included in the foregoing categories.

2. Basis of presentation of the consolidated financial statements and basis of consolidation

2.1. Basis of presentation

The consolidated financial statements for 2005 of the ACS Group were prepared:

- By the directors, at the Board of Directors' Meeting held on 30 March 2006.
- In accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2005 are summarised in Notes 2 and 3.

- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant legislation in this connection, which are specified in Note 3 (accounting policies).
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2005, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2005 (IFRSs as adopted by the European Union) differ from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted in Europe.

The ACS Group's consolidated financial statements for 2004, prepared in accordance with local standards, were approved by the shareholders at the Annual General Meeting of ACS, S.A. on 19 May 2005. The 2005 consolidated financial statements of the Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent's Board of Directors considers that the aforementioned financial statements will be approved without any material changes.

Responsibility for the information and for the estimates made

The information in these financial statements is the responsibility of the Group's directors.

The accompanying consolidated financial statements were prepared from the 2005 accounting records of ACS, Actividades de Construcción y Servicios, S.A. and of its subsidiaries whose respective individual financial statements were approved by the directors of each company and business segment, once they were adapted on consolidation in conformity with International Financial Reporting Standards, as adopted by the European Union.

In the Group's consolidated financial statements estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

- The useful life of the property, plant and equipment and intangible assets (Notes 3.1 and 3.5)
- The impairment losses on certain assets (Notes 3.4 and 3.6)
- The measurement of goodwill and the assignment of assets on acquisitions (Note 3.4)
- The amount of certain provisions (Note 3.14)
- The assumptions used in the calculation of liabilities and commitments to employees (Note 3.13)

Although these estimates were made on the basis of the best information available at 31 December 2005, on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future consolidated financial statements.

First-time application of IFRSs

The ACS Group prepared its consolidated financial statements in accordance with International Financial Reporting Standards for the first time in 2005. Given that comparative data for 2004 are presented in these consolidated financial statements, the date of transition at which the opening IFRS balance sheet was prepared is 1 January 2004. In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" in the preparation of the aforementioned opening IFRS balance sheet, the ACS Group retroactively applied the same policies used in the preparation of the consolidated financial statements for the year ended 31 December 2005. This process implied the recognition of all assets and liabilities required to be recognised under IFRSs, the derecognition of all assets and liabilities whose recognition is not permitted under IFRSs, and the reclassification of all asset, liability and equity items whose classification under IFRSs differs from their classification under Spanish GAAP, which were contained mainly in the Spanish National Chart of Accounts and Royal Decree 1815/1991, and in the various sector adaptations applicable to the Group.

In the adaptation process, the Group adopted the following alternative criteria permitted under IFRSs:

1. Exchange differences at 1 January 2004, net of the related tax effect, were recognised as opening reserves.
2. The Group opted to maintain the acquisition cost measurement base, both in the case of assets for own use and investment property.
3. Business combinations that occurred prior to the date of transition were not recalculated, and accordingly, the goodwill existing at 1 January 2004 was maintained, once its recoverability was evidenced by means of the related impairment tests.
4. IASs 32 and 39 on financial instruments were applied from 1 January 2004.

IFRSs entail, with respect to the standards in force when the Group's consolidated financial statements for 2004 were prepared:

- Significant changes in accounting policies, measurement bases and presentation of the financial statements making up the annual financial statements;
- The inclusion in the consolidated financial statements of two new financial statements, namely the consolidated statement of changes in equity and the consolidated cash flow statement; and
- A significant increase in the volume of disclosures in the notes to the consolidated financial statements.

Note 40 contains the reconciliation required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", of the balances at the beginning and end of the year ended 31 December 2004 – and which, therefore, are reflected in the Group's consolidated financial statements for that year – to the corresponding opening balances for 2004 and 2005 determined in accordance with the new standards, and an explanation of the main adjustments.

Additionally, following are the most significant effects on the Group's equity and net profit arising from the reconciliation between Spanish GAAP and the European Union IFRSs.

- Reconciliation of equity under Spanish GAAP to equity under IFRSs at the date of transition (1 January 2004).

Thousands of Euros

Equity attributable to the Parent at 1 January 2004 under Spanish GAAP	1,796,439
Minority interests	99,269
Equity at 1 January 2004 under Spanish GAAP (including minority interests)	1,895,708
Treasury shares	(26,875)
Non-capitalisation of deferred finance costs	(67,952)
Straight-line depreciation of non-current assets in projects	(24,787)
Non-capitalisable expenses	(42,260)
Effect on property investments	(4,564)
Measurement of financial instruments	(27,507)
Other adjustments of lesser amounts	(4,782)
Equity at 1 January 2004 under IFRSs	1,696,981

- Reconciliation of equity under Spanish GAAP to equity under IFRSs at 31 December 2004, the end of the year in which the last consolidated financial statements were prepared in accordance with Spanish GAAP.

Thousands of Euros

Equity attributable to the Parent at 31 December 2004 under Spanish GAAP	2,103,921
Minority interests	119,097
Equity at 31 December 2004 under Spanish GAAP (including minority interests)	2,223,018
Treasury shares	(29,131)
Non-amortisation of goodwill	56,461
Non-capitalisation of deferred finance costs	(81,250)
Straight-line depreciation of non-current assets in projects	(32,323)
Non-capitalisable expenses	(32,684)
Effect on property investments	(7,872)
Measurement of financial instruments	(53,229)
Other adjustments of lesser amounts	(23,800)
Equity at 31 December 2004 under IFRSs	2,019,190

- Reconciliation of net profit for 2004 under Spanish GAAP to net profit for 2004 under IFRSs.

Thousands of Euros

Consolidated profit for 2004 under Spanish GAAP	460,385
Gains on the sale of treasury shares of the Parent	(19,247)
Non-amortisation of goodwill	56,461
Non-capitalisation of deferred finance costs	(13,298)
Straight-line depreciation of non-current assets in projects	(7,536)
Non-capitalisable expenses	9,141
Effect on property investments	(3,308)
Non-capitalisation of telecommunications start-up expenses	(11,980)
Other adjustments of a lesser amount	(18,127)
Consolidated profit for 2004 under IFRSs	452,491

Comparative information

As required by IAS 1, the information relating to 2004 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with similar information relating to 2005 and, accordingly, it does not constitute the Group's statutory consolidated financial statements for 2004.

Functional currency

These consolidated financial statements are presented in euros, since this is the functional currency in the area in which the Group operates. Transactions in currencies other than the euro are recognised in accordance with the policies established in Note 3.

2.2. Basis of consolidation

a) Balances and transactions with Group companies

All significant intra-Group balances and transactions are eliminated on consolidation.

However, balances and transactions relating to construction projects undertaken by the Construction division companies for infrastructure concession companies are not eliminated on consolidation since these transactions are considered to have been performed for third parties as the projects are being completed. This is the intention currently supported by the IFRIC (International Financial Reporting Interpretation Committee), the interpretative body of the IASB, in the draft interpretations on concession arrangements currently under discussion. This interpretation is based on the consideration that in this type of business, the group completes a construction project for the concession provider, and receives in exchange the right to operate the infrastructure in accordance with the terms of the contract. In these cases, the concession provider has control over the asset, and accordingly, it can be concluded that on a consolidated level, the project has been completed for a third party.

b) Standardisation of items

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria have been applied to the individual financial statements of the companies included in the scope of consolidation.

In 2005 and 2004 the reporting date of the financial statements of all the companies included in the scope of consolidation is the same or has been temporarily standardised to that of the Parent.

c) Subsidiaries

“Subsidiaries” are defined as companies over which the ACS Group has the capacity to exercise effective control; control is, in general but not exclusively, presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the investee or, even if this percentage is lower or zero, when, for example, there are agreements with other shareholders of the investee that give the Parent control. In accordance with IAS 27, control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

The ACS Group has an effective ownership interest of less than 50% in EASA Somozas, S.A., Societat Eólica de l' Enderrocada S.A., Integral Port Services, S.L., Autoterminal, S.A., Servicios de Aguas de Misiones, S.A., Steam, S.A. and Sintax Navigomes, Ltda. However, these companies are considered to be subsidiaries since the Group holds the majority of the voting power of these companies as a result of the shareholder structure and composition thereof.

The companies more than 50% owned by the ACS Group which are not fully consolidated include Sistemas Energéticos Serón, S.A., Sistemas Energéticos Carrascal, S.A., Sistemas Energéticos La Cerradilla, S.A., Sistemas Energéticos Tinadas, S.A., Sistemas Energéticos La Mata, S.A., Sistemas Energéticos El Chaparral, S.A., Sistemas Energéticos Tíjola, S.A., Dinsa Eléctricas y Cymi, S.A. de C.V., Dinec, 1 S.A. de C.V., Zenit Servicios Integrales, S.A., Multiservicios Aeroportuarios, S.A. and Sociedad Concesionaria Vespucio Norte Express, S.A. This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is credited to profit and loss on the acquisition date. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interests in excess of the minority interests are allocated to the Parent, unless they have the obligation to cover such a loss.

Also, the share of third parties of:

- The equity of their investees, is presented within the Group's equity under “Minority Interests” in the consolidated balance sheet.
- The profit or loss for the year is presented under “Profit Attributed to Minority Interests” in the consolidated income statement and, where appropriate, in the consolidated statement of changes in equity.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these notes to the consolidated financial statements details the subsidiaries and information thereon.

Section f) of this note contains information on acquisitions, disposals, as well as increases and decreases in ownership interest.

d) Joint ventures

A joint venture is a contractual arrangement whereby two or more companies (“venturers”) have interests in entities (jointly controlled entities) or undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers.

Within the area of business in which the ACS Group operates, mention should be made of the Spanish UTEs (Unincorporated joint venture), which are unincorporated joint ventures with no separate legal personality, through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time. In these cases, as in the case of economic interest groupings and of companies so formed, it is understood that the venturers exercise joint control over the joint venture, and accordingly, UTEs are proportionally consolidated.

The assets and liabilities assigned to joint operations or which are jointly controlled are recognised in the consolidated balance sheet classified according to their specific nature and the Group's percentage of ownership interest therein. Similarly, the Group's share of the income and expenses of joint ventures is recognised in the consolidated income statement on the basis of their nature.

Appendix II and Note 9 contain relevant information on these companies.

Section f) of this note contains information on acquisitions, disposals, as well as increases and decreases in ownership interest.

e) Associates

Associates are companies over which the Group is in a position to exercise significant influence, but not control or joint control, usually because it holds -directly or indirectly- 20% or more of the voting power of the investee.

Exceptionally, the following entities, in which the Group owns 20% or more of the voting rights, are not considered to be Group associates since they are in the process of being dissolved or are fully inoperative and are irrelevant for the Group as a whole. These companies are Corfica 1, S.L., Grupo Comercializador del Sur, S.A., Chip Set and Concesionaria DHM, S.A.

Investments in associates are accounted for using the equity method, i.e. they are measured initially at acquisition cost, and subsequently on each reporting date, are measured at cost, plus the variations in the net assets of the associate according to the Group's percentage of ownership interest. The excess of the cost of acquisition over the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess in the Group's share in the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in the income statement.

The profit or loss of associates is included in the Group's income statement under "Profit of Associates" according to the Group's percentage of ownership interest, after the required adjustments have been made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

If as a result of losses incurred by an associate its equity were negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

Relevant information on these entities is disclosed in Appendix III and Note 10.

f) Changes in the scope of consolidation

The most significant changes in the scope of consolidation in 2005 were as follows:

- Unión Fenosa, S.A.: acquisition of a 22.073% holding from Santander Central Hispano Group on 23 September 2005. Subsequently, additional shares were purchased increasing the ownership interest to 24.505% at 31 December 2005. This transaction is explained in Note 10.
- Abertis Infraestructuras, S.A.: additional shares of this company were purchased in 2005, increasing the Group's ownership interest therein from 17.59% at 31 December 2004 to 24.832% at 31 December 2005 (Note 10).
- Inmobiliaria Urbis, S.A.: shares in this company were successively acquired, increasing the Group's ownership interest from 20.369% at 31 December 2004 to 24.837% at 31 December 2005 (Note 10).

Appendix IV contains information on the remaining acquisitions and disposals, as well as increases and decreases in ownership interest affecting the scope of consolidation.

3. Accounting policies

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, were as follows:

3.1. Property, plant and equipment

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the balance sheet at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

Capitalised costs include borrowing costs incurred only during the period of construction of the assets, provided that it is probable that they will give rise to future economic benefits for the Group. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in the income statement on an accrual basis as incurred.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their projected use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment depreciation charge is recognised in the consolidated income statement and is basically based on the application of depreciation rates determined on the basis of the following average years of estimated useful life of the various assets:

	Years of Estimated Useful Life
Structures	33-50
Plant and machinery	3-20
Other fixtures, tools and furniture	3-14
Other items of property, plant and equipment	4-12

Assets held under finance leases are recognised in the corresponding asset category and are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are depreciated on a basis similar to that of owned assets. If there is no reasonable certainty that the lessee will ultimately obtain ownership of the asset upon the termination of the lease, the asset is depreciated over the shorter of its useful life or the term of the lease.

Interest relating to the financing of assets held under finance leases is charged to consolidated income for the year in accordance with the effective interest method, on the basis of the repayment of the debt.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

The carrying amounts of property, plant and equipment was considered to be the carrying amounts of the assets in the transition to IFRSs.

All other borrowing costs are recognised in the income statement in the year in which they are incurred.

3.2. Non-current assets in projects

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures which are operated by ACS Group subsidiaries and which are financed by the Project Finance method (non-recourse financing applied to projects).

These financing structures are applied to projects capable in their own right of providing sufficient guarantee to the participating financial institutions with regard to the repayment of the funds borrowed to finance them. Each project is performed through specific companies in which the project's assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a determined amount, and on the other, generally of a larger amount, through borrowed funds in the form of long-term debt. The debt servicing of these credit facilities or loans is mainly supported by the cash flows generated by the project in the future.

These assets are valued at the costs directly allocable to construction incurred through their entry into operation (studies and designs, expropriations, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the portion relating to other indirectly allocable costs, to the extent that they relate to the construction period.

Also included in this heading are the borrowing costs incurred prior to the entry into operation of the assets arising from external financing thereof.

The main features to be considered in relation to non-current assets in projects are as follows:

- The assets under concession are owned by the concession provider in most cases.
- The concession provider controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
- The assets are operated by the concession operator as established in the concession tender specifications for an established concession period. At the end of this period, the assets are returned to the concession provider, and the concession operator has no right whatsoever over these assets.
- The concession operator receives revenues for the services provided either directly from the users or through the concession provider.

Repair and maintenance expenses which do not lead to a lengthening of the useful life of the assets or an extension of their production capacity are expensed currently.

Concession operators cover all the investment made on completion of the concession term by way of amortisation.

It is essential to point out that there was uncertainty regarding the application of the IFRSs to concession operators at the date on which these financial statements were authorised for issue, since although the general IFRSs were applicable to them, a final interpretation regarding the specific system applicable to concessions had not yet been published.

The draft IFRIC interpretation (D12, D13 and D14) was published in early 2005, and envisaged the possibility of non-application of the interpretation until a final wording was issued, provided that the accounting policies established in IFRSs were adopted.

In relation to concession assets, the ACS Group has adopted the following criteria:

- Not to apply the IFRIC interpretations with respect to the development of the two models proposed (intangible assets and long-term receivables) since the criteria for the application of these models are being modified.

Intangible asset: Applicable when receivables are collected directly from users. The treatment would be similar to the current treatment, except that the assets would be recognised as intangible assets rather than property, plant and equipment, the deferred borrowing cost would not be capitalised and there would be no reversion reserve (it is considered to be an increase in amortisation).

Long-term receivable: Applicable when the concession provider pays the operator directly. Only maintenance and operation of the concession assets are recognised as sales. The receivable is recovered with the amount collected from the concession provider. Although gross profit from operations is reduced, net profit is linearised.

- Not to capitalise borrowing costs subsequent to the date on which the assets come into operation.
- Depreciate the long-term assets in projects on a straight-line basis.

3.3. Investment property

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services or for administrative purposes; or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for the acquisition thereof, including transaction costs. Subsequently, accumulated depreciation, and where applicable, impairment losses are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically revalue its investment property on the basis of its market value, but rather to recognise it at cost, net of the related accumulated depreciation, following the same criteria as for plant, property and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset, and is recognised in profit or loss in the period of the retirement or disposal.

3.4. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc. If it is attributable to specific intangible assets, by recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.

Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.

Goodwill acquired on or after 1 January 2004, is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003. In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment is written down with a charge to "Net Impairment Losses" in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised. In accordance with the aforementioned IFRS, the ACS Group decided to write off negative goodwill on the transition date, since it did not relate to any liability or impairment of any asset. The amount written off in 2004 was EUR 817 thousand. No amount was written off in 2005.

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

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet.

Any deficiency of the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

1. If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.
2. The remaining amount is presented under Other Gains in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

3.5. Other intangible assets

The other intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their useful life.

The ACS Group recognises any impairment loss on the carrying amount of these assets with a charge to "Net Impairment Losses" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for property, plant and equipment (Note 3.6).

3.5.1. Development expenditure

Development expenditure is only recognised as intangible assets if the all of the following conditions are met:

- a) an identifiable asset is created (such as computer software or new processes);
- b) it is probable that the asset created will generate future economic benefits; and
- c) the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

3.5.2. Administrative concessions

Concessions may only be recognised as assets when they have been acquired by the Group for consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the state or from the related public agency.

In general, amortisation is taken on the basis of the pattern in which the asset's future economic benefits are expected to be consumed over the term of the concession. If that pattern cannot be determined reliably, the straight-line method is used over that term. This is the method generally applied at the ACS Group.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

3.5.3. Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recognised with a charge to "Other Intangible Assets" in the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets will be recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over a period of between three and four years from the entry into service of each application.

3.6. Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3.7. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realisable value of the inventories at year-end and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

3.8. Non-current and other financial assets

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognised at fair value, plus directly attributable transaction costs. The Group classifies its financial investments in four categories regardless of whether they are long- or short-term, excluding investments in associates and assets held for sale.

In the balance sheet, financial assets maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.

3.8.1. Loans and receivables

These are non-derivative financial assets with fixed or determinable payments not traded in an active market. After their initial recognition, they are measured at amortised cost using the effective interest method.

The amortised cost is understood to be the initial cost of a financial asset or liability minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. In the case of financial assets, amortised cost also includes any reduction for impairment.

The effective interest rate is the discount rate that exactly matches the net carrying amount of a financial instrument to all its estimated cash flows of all kinds through its residual life.

Deposits and guarantees given are recognised at the amount delivered to meet contractual commitments.

Period changes for impairment and reversals of impairment losses on financial assets are recognised in the consolidated income statement for the difference between their carrying amount and the present value of the recoverable cash flows.

3.8.2. Held-to-maturity investments

These include non-derivative financial assets with fixed or determinable payments and with a fixed maturity date that the Group has the positive intention and ability to hold to the date of maturity. After their initial recognition, they are also measured at amortised cost.

3.8.3. Financial assets at fair value through profit or loss

These include the financial assets held for trading and financial assets managed and measured using the fair value model. These assets are measured at fair value in the consolidated balance sheet and changes are recognised in the consolidated income statement.

3.8.4. Available-for-sale investments

These are non-derivative financial assets designated as available for sale or not specifically classified within any of the previous categories. These relate mainly to investments in the share capital of companies not included in the scope of consolidation.

After their initial recognition, they are measured at fair value, except for investments not traded in an active market whose fair value can not be estimated reliably, which are measured at cost or a lesser amount if there is evidence of impairment.

3.9. Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable.

Discontinued operations represent Group components that have been sold or disposed of by any other means, or that have been classified as held for sale. These components comprise groups of operations and cash flows that can be distinguished, operationally and for financial reporting purposes, from the rest of the Group. They represent separate lines of business or geographical areas, and also include subsidiaries acquired solely with a view to resale.

At 31 December 2005 and 2004, there were no assets in this situation.

3.10. Equity

An equity instrument represents a residual interest in the assets of the Group after deducting all of its liabilities.

Capital and other equity instruments issued by the Group are recognised in equity at the proceeds received, net of direct issue costs.

3.10.1. Share capital

Ordinary shares are classified as capital. There are no other types of shares.

Expenses directly attributable to the issue or acquisition of new shares are recognised in equity as a deduction from the amount thereof.

If the Group were to acquire or sell treasury shares, the amount paid or received for the treasury shares would be directly recognised in equity. No loss or gain from the purchase, sale, issue or amortisation of the Group's own equity instruments is recognised in the consolidated income statement for the year.

3.10.2. Treasury shares

At 31 December 2005, the Group held no treasury shares. Note 16.4 summarises the transactions performed with treasury shares in 2005. Such shares are recognised as a reduction of equity in the accompanying consolidated balance sheets at 31 December 2005 and 2004. No gain or loss from the purchase, sale, issue or retirement of treasury shares is recognised.

3.10.3. Share options

The Group has granted options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the options granted are deemed to be equity-settled share-based payment transactions and are therefore measured at fair value at the grant date and are expensed over the vesting period with a credit to equity.

Since market prices are not available, the value of the share options has been determined using valuation techniques taking into consideration all factors and conditions that would have been applied in an arm's length transaction between knowledgeable parties (Note 29.3).

3.11. Government grants

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment relating to environmental activity. Evidence of compliance with the conditions established in the related grant resolutions was provided to the relevant competent agencies.

Government grants given to the Group to acquire assets are taken to income over the same period and on the same basis as those applied to depreciate the asset relating to the aforementioned grant.

Government grants to compensate costs are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

Government grants receivable as compensation for expenses or losses already incurred, or for the purpose of giving financial support with no future related costs, are recognised as income in the period in which they become receivable.

3.12. Financial liabilities

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group companies relate to held-to-maturity financial liabilities which are measured at amortised cost.

3.12.1. Bank borrowings and debt securities

Interest-bearing bank loans and overdrafts are recognised at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the balance sheet date.

3.12.2. Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value.

3.12.3. Current/Non-current classification

In the accompanying consolidated balance sheet debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

Non-recourse financing is classified based on the same criteria, and the detail thereof is shown in Note 18.

3.13. Retirement benefit obligations

ACS, Actividades de Construcción y Servicios, S.A. (as a result of the merger by absorption of Grupo Dragados, S.A. in 2003) and, to an insignificant extent, other subsidiaries are required, under certain conditions, to make monthly payments to a group of employees to supplement the mandatory public social security system benefits for retirement, permanent disability, death of spouse or death of parent.

These defined benefit pension obligations are funded by group life insurance policies, in which investments have been assigned whose flows coincide in time and amount with the payment schedule of the insured benefits. Based on the valuation made, the amounts required to cover the obligations to current and retired employees amounted to EUR 93,411 thousand and EUR 164,857 thousand, respectively, at 31 December 2005. Except for the discount rate applied, which fell as a result of the interest rate cut and ranged from 5.93% to 3.05%, the actuarial assumptions used were those indicated below:

Annual rate of increase of maximum social security pension benefit	2.00%
Annual wage increase	2.35%
Annual CPI (Consumer Price Index) growth rate	2.00%
Mortality table (*)	PERMF-2000 P

(*) Guaranteed assumptions which will not vary.

The aforementioned pension obligations, which are recognised under "Personnel Expenses" in the income statement, amounted to EUR 3,102 thousand in 2005 and EUR 4,039 thousand in 2004.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other ACS Group companies have alternative pension system obligations to certain members of the management team and the Board of Directors. These obligations have been formalised through several group savings insurance policies which provide benefits in the form of a lump sum. The contribution required in this connection amounted to EUR 3,931 thousand in 2005 and was recognised under "Personnel Expenses" in the 2005 income statement. The obligation assumed in this respect amounted to EUR 3,684 thousand in 2004.

The portion relating to the Parent's directors who performed executive duties in 2005 amounted to EUR 2,035 thousand (EUR 1,803 thousand in 2004).

Termination benefits

Under current legislation, the Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees terminated without just cause. There are no redundancy plans making it necessary to record a provision in this connection.

3.14. Provisions

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the end of 2005 certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

Additionally, and in accordance with the opinion of the external lawyers responsible for the legal aspects of this matter, the Group considers that there is no material economic risk relating to the lawsuit filed by Boliden-Apirsa in 2004.

Provisions for termination benefits to employees

Also, pursuant to current legislation, a provision is recognised to meet the cost of termination of temporary employees with a contract for project work.

Provisions for completion of construction projects

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under this heading on the liability side of the consolidated balance sheets.

Other provisions

Other provisions include mainly provisions for warranty costs.

3.15. Risk management policy

The ACS Group is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Strict compliance with good corporate governance standards.
- Establishment by the Group's various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (Note 22).

The ACS Group's risk management is of a preventative nature and is aimed at the medium- and long-term taking into account the most probable scenarios with respect to the performance of the variables affecting each risk.

3.16. Derivative financial instruments

The Group's activities are exposed mainly to financial risks of changes in foreign exchange rates and interest rates. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at acquisition cost in the consolidated balance sheet and the required value adjustments are subsequently made to reflect their fair value at all times. These adjustments are recorded under "Financial Instrument Receivables" in the consolidated balance sheet if they are positive and under "Financial Instrument Payables" if they are negative. Gains and losses from fair value changes are recognised in the consolidated income statement, unless the derivative has been designated and is highly effective as a hedge, in which case it is recognised as follows:

– Fair value hedges

The hedged item and hedging instrument are both measured at fair value, and changes in fair value are recognised in the consolidated income statement for their net amount under "Net Financial Profit/Loss".

– Cash flow hedges

Changes in the fair value of the derivatives are recognised, in respect of the effective portion of the hedges, in equity under "Valuation Adjustments" in the accompanying consolidated balance sheet. The cumulative gain or loss recognised in this account is transferred to the consolidated income statement to the extent that the underlying has an impact on this account in relation to the hedged risk, and the related effect is deducted from the same heading in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

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

The fair value of the derivative financial instruments is calculated as follows:

- For derivatives quoted in an organised market, at their market price at year-end.
- The Group measures derivatives not traded in an organised market by discounting the expected cash flows based on spot and forward market conditions at the reporting date.

3.17. Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with the transaction flow to the Group. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when substantially all the risks and rewards arising from their ownership have been transferred.

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the outcome of the transaction can be estimated reliably.

In an agency relationship, when the reporting company acts as a commission agent, the gross inflows of economic benefits for amounts collected on behalf of the principal do not result in increases in equity for the company. Therefore, these inflows are not revenue and, instead, revenue is the amount of commissions.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Following is a disclosure of specific revenue recognition criteria for certain activities carried on by the Group:

3.17.1. Construction business

In the construction business, the outcome of a construction contract is recognised by the percentage of completion method, by reference to the stage of completion of the contract work.

In the construction industry estimated revenues and costs of construction projects are susceptible to changes during the performance period which cannot be readily foreseen or objectively quantified. In this connection, production each year is valued at certification price of the units completed in the period that, since they are covered in the contract entered into with the owners, or in approved addenda or amendments thereto, do not give rise to any doubts regarding their certification. In addition, production is valued at certification price of other project units that have already been completed for which management of the consolidated companies consider there is reasonable assurance of recovery.

Should the amount of production from inception, valued at certification price, of each project be greater than the amount certified through the balance sheet date, the difference between the two amounts is recorded under "Trade and Other Receivables" on the asset side of the consolidated balance sheet. Should the amount of production from inception be lower than the amount of the certificates issued, the difference is recorded under "Trade and Other Payables" on the liability side of the consolidated balance sheet.

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under "Non-Current Provisions" on the liability side of the consolidated balance sheets.

3.17.2. Industrial, urban and other services business

Group companies recognise as the outcome from the rendering of services for each year the difference between production (valued at the sale price of the services provided during the period, which are covered by the initial contract entered into with the customer or in approved modifications or addenda thereto, and of services which have not yet been approved but there is reasonable assurance of recovery) and the costs incurred in the year.

Price increases recognised in the initial contract entered into with the customer are recognised as revenue on an accrual basis, regardless of whether they have been approved annually by it.

Late-payment interest is recognised as financial income when finally approved or collected.

3.18. Expense recognition

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits as a result of a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recognition of the increase in a liability or the reduction of an asset.

Additionally, an expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

In the specific case of expenses associated with commission income when the commission agent does not have any inventory risk, as in the case of certain Group logistics service companies, the cost to sell or to render the related service does not constitute an expense for the company (commission agent) since the latter does not assume the inherent risks. In these cases, as indicated in the section on revenue recognition, the sale or service rendered is recognised for the net amount of the commission.

3.19. Offsetting

Asset and liability balances must be offset and, therefore, the net amount thereof is presented in the consolidated balance sheet only when they arise from transactions in which, contractually or by law, offsetting is permitted and the Group intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

3.20. Corporation tax

The corporation tax expense represents the sum of the current tax expense and the change in deferred tax assets and liabilities.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit. The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Spanish companies in which the Parent owns more than 75% of their share capital file consolidated tax returns in accordance with the current regulations as part of Tax Group 30/99.

3.21. Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent held by the Group companies (Note 32).

Diluted earnings per share are calculated by dividing net profit attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

At 31 December 2005, basic earnings per share were the same as diluted earnings per shares since none of the aforementioned circumstances arose.

3.22. Foreign currency transactions

The Group's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognised in the functional currency of the Group by applying the exchange rates prevailing at the date of the transaction.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing on the balance sheet date. Non-monetary items measured at historical cost are translated to euros at the exchange rates prevailing on the date of the transaction.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognised in the consolidated income statement for the year, except for items that form part of an investment in a foreign operation, which are recognised directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 23 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Any exchange differences arising are classified as equity. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and translated at the closing rate.

3.23. Entities and branches located in hyperinflationary economies

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2005 and 2004 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

3.24. Consolidated cash flow statements

The following terms are used in the consolidated cash flow statements with the meanings specified:

Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group that are not operating activities.

In view of the diversity of the Group's businesses and activities, the Group opted to report cash flows using the indirect method.

3.25. Standards and Interpretations not yet in force

At 31 December 2005, the following Standards and Interpretations had been issued but had not yet come into force.

3.25.1. Standards

IAS.- 21. The effects of changes in foreign exchange rates.

Amendment to clarify that the accounting treatment foreseen on consolidation of monetary items forming part of an investment in a foreign operation do not depend on the currency in which the investment is made, or the Group company holding these items.

IAS. 39. Financial instruments: Recognition and measurement.

- a) Change in cash flow hedges of forecast intragroup transactions to permit the foreign currency risk of highly probable intragroup transactions to qualify as the hedged item in a cash flow hedge in consolidated financial statements, as long as the stipulated conditions are met.
- b) Restriction of the use of the fair value option with changes in profit or loss in the recognition of financial assets and liabilities. With this amendment, the use of the option is limited to financial instruments that meet certain conditions.

IAS. 39 IFRS 4. Treatment of financial guarantee contracts from the standpoint of the issuer.

3.25.2 Interpretations of Standards

IFRIC.- 4. Gives guidance for determining whether arrangements that do not take the legal form of a lease can be accounted for as such, based on the substance of the arrangement.

IFRIC.- 5. Interests in funds set up to meet decommissioning, restoration and environmental rehabilitation obligations.

It establishes the accounting in the financial statements of a contributor for interests arising from such a fund.

IFRIC.- 6. Liabilities arising from participating in a specific market – waste electrical and electronic equipment.

It clarifies when certain producers of electrical goods are required to recognise a liability under IAS 37 for the cost of managing waste electrical and electronic equipment, based on their share in the market.

CINIIF.- 7. Application of the restatement approach to the financial statements of companies in hyperinflationary economies.

It provides guidance on how companies should apply the restatement approach in the first reporting period in which they identify the existence of hyperinflation in the economy of their functional currency.

The aforementioned Accounting Standards and Interpretations will enter into force for the years beginning on or after 1 January 2006. The ACS Group is currently assessing the possible impact thereof on its financial statements.

4. Property, plant and equipment

The changes in this heading in the consolidated balance sheets in 2005 and 2004 were as follows:

Thousands of Euros

	Land and Buildings	Plant and Machinery	Other Property, Plant and Equipment	Advances and Property, Plant and Equipment in the Course of Construction	Total Property, Plant and Equipment	Accumulated Depreciation	Impairment Losses	Total Net Property, Plant and Equipment
Balance at 1 January 2004	339,488	954,216	651,589	141,380	2,086,673	(899,555)	(5,225)	1,181,893
Changes in the scope of consolidation	5,192	(8,886)	5,841	832	2,979	(3,074)	(530)	(625)
Additions or charges for the year	85,025	143,860	116,446	92,449	437,780	(190,772)	(2,785)	244,223
Disposals or reductions	(14,673)	(87,331)	(82,570)	(30,935)	(215,509)	90,929	1,115	(123,465)
Exchange differences	(759)	(1,968)	(1,693)	(16)	(4,436)	2,750	-	(1,686)
Transfers from/to other assets	7,500	24,575	(18,096)	(1,842)	12,137	(13,090)	-	(953)
Balance at 31 December 2004	421,773	1,024,466	671,517	201,868	2,319,624	(1,012,812)	(7,425)	1,299,387
Changes in the scope of consolidation	737	281	1,779	1,343	4,140	(796)	(17)	3,327
Additions or charges for the year	15,243	165,918	101,240	55,020	337,421	(186,522)	(2,158)	148,741
Disposals or reductions	(23,810)	(119,240)	(69,221)	(4,759)	(217,030)	135,965	612	(80,453)
Exchange differences	6,513	3,562	10,262	183	20,520	(7,829)	(121)	12,570
Transfers from/to other assets	(16,016)	23,496	(1,893)	(53,607)	(48,020)	16,003	886	(31,131)
Balance at 31 December 2005	404,440	1,098,483	713,684	200,048	2,416,655	(1,055,991)	(8,223)	1,352,441

Of which the following are assets under finance leases:

Thousands of Euros

	Land and Buildings	Plant and Machinery	Other Property, Plant and Equipment	Total Property, Plant and Equipment	Accumulated Depreciation	Total Net Property, Plant and Equipment
Balance at 31 December 2004	2,334	86,163	112,676	201,173	(41,832)	159,341
Balance at 31 December 2005	6,822	78,202	128,928	213,952	(58,374)	155,578

In 2005 and 2004 the companies capitalised to property, plant and equipment finance costs amounting to EUR 3,067 thousand and EUR 3,332 thousand, respectively.

Operating costs relating directly to property, plant and equipment in the course of construction capitalised in 2005 amounted to EUR 7,320 thousand (EUR 6,319 thousand in 2004).

Fully depreciated property, plant and equipment in use amounted to EUR 327,732 thousand in 2005 and EUR 299,508 thousand in 2004.

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

The indemnities received for losses covered by insurance policed recognised in the income statement amounted to EUR 591 thousand in 2005. No indemnities were received in 2004.

The Group has mortgaged land and buildings with a carrying amount of approximately EUR 16,683 thousand (EUR 26,474 thousand in 2004) to secure banking facilities granted to the Group.

At 31 December 2005, the Group had recognised EUR 154,242 thousand relating to property, plant and equipment owned by its foreign companies and branches (EUR 105,700 thousand in 2004).

At 31 December 2005, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment amounting to EUR 17,098 thousand (8,394 thousand in 2004).

The impairment loss recognised in the income statement, which amounts to EUR 2,193 thousand, relates mainly to the decrease in the market value of fibre optic cabling. The impairment losses reversed and recognised in the income statement total EUR 35 thousand.

5. Non-current assets in projects

The balance of "Non-Current Assets in Projects" in the consolidated balance sheet at 31 December 2005, includes the costs incurred by the fully consolidated companies in the construction of transport and service infrastructures whose operation constitutes the purpose of their respective concessions, the detail being as follows:

Thousands of Euros

Company	Type of Infrastructure	End Date of Operation	Investment	Accumulated Depreciation	Net Carrying Amount of Non-Current Assets in Projects
Levante, Lda – Parque Eólico Pó	Wind-powered facility	2026	3,792	-	3,792
Levante, Lda – Parque Eólico Arruda	Wind-powered facility	2026	2,124	-	2,124
Levante, Lda – Parque Eólico Sobral	Wind-powered facility	2026	4,858	-	4,858
Lestenergia, S.A. - Penamacor 1 e 3A	Wind-powered facility	2026	21,050	-	21,050
Energías Ambientales de Somozas, S.A.	Wind-powered facility	2018	47,441	(13,314)	34,127
Sociedad Eólica de la Enderrocada, S.A. (SEESA)	Wind-powered facility	2014	28,837	(9,909)	18,928
Energías Ambientales de Novo, S.A.	Wind-powered facility	2018	17,818	(3,777)	14,041
Energías Ambientales de Vimianzo, S.A.	Wind-powered facility	2019	49,680	(11,693)	37,987
Parque Eólico El Perul, S.L.	Wind-powered facility	2021	60,422	-	60,422
Parque Eólico Marmellar, S.L.	Wind-powered facility	2021	13,590	-	13,590
Energías Ambientales de Outes, S.A.	Wind-powered facility	2020	38,593	(2,751)	35,842
Somozas Energías Renovables, S.A.	Wind-powered facility	2019	11,416	(934)	10,482
Ecovent Parc Eolic, S.A.	Wind-powered facility	2021	44,749	-	44,749
Parque Eólico Lodoso, S.L.	Wind-powered facility	2021	14,552	-	14,552
Parque Eólico de Valdecarro, S.L.	Wind-powered facility	2021	1,010	-	1,010
Parque Eólico Santa Cruz del Tozo, S.L.	Wind-powered facility	2022	1,213	-	1,213
Artemis Transmisora de Energia Ltda.	Electricity transmission	2031	110,924	(993)	109,931
Munirah Transmisora de Energia Ltda.	Electricity transmission	2031	36,957	(159)	36,798
Aguas del Huesna, S.L.	Water supply	2025	119,121	(40,841)	78,280
Tirmadrid, S.A.	Waste treatment	2020	134,262	(52,342)	81,920
Servicios Aguas de Misiones, S.A.	Water supply	2029	5,665	(834)	4,831
Vertresa RWE Senda UTE Las Dehesas	Integral urban solid waste	2015	54,995	(13,609)	41,386
Tecmed BKU UTE Albada	Integral urban solid waste	2021	61,202	(6,064)	55,138
Intercambiador de Transportes Avda. de América, S.A.	Transport interchange	2013	23,284	(9,036)	14,248
Terminales del Sudeste, S.A.	Marine terminal	2029	62,226	(2,814)	59,412
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	Tollroad	2033	123,857	-	123,857
Ferrocarriles del Norte de Colombia, S.A.	Railroad	2030	244,358	-	244,358
Inversiones Nocedal, S.A.	Road	2031	54,045	(2,201)	51,844
Taurus Holdings Chile, S.A.	Road	2033	57,256	-	57,256
Concesionaria Santiago Brion, S.A.	Road	2035	3,769	-	3,769
Can Brians 2, S.A.	Correctional centre	2035	16,085	-	16,085
Hospital de Majadahonda, S.A.	Hospital	2035	22,473	-	22,473
Aufé, S.A. Concesionaria (Dycasa)	Road	2009	11,841	(7,606)	4,235
Servicios de Mantenimiento de Carreteras, S.A. (Semacar)	Road	2006	55,448	(55,448)	-
Aunor, S.A. (Dycasa)	Road	2024	5,366	(1,623)	3,743
TOTAL			1,564,279	(235,948)	1,328,331

The changes in this heading in 2005 and 2004 were as follows:

Thousands of Euros	2005			2004		
	Investment	Accumulated Depreciation	Net Carrying Amount	Investment	Accumulated Depreciation	Net Carrying Amount
Beginning balance	1,049,921	(170,689)	879,232	801,161	(158,369)	642,792
Changes in the scope of consolidation	7,861	-	7,861	67,509	(2)	67,507
Additions or charges for the year	459,851	(32,267)	427,584	189,274	(18,833)	170,441
Exchange differences	63,733	(7,537)	56,196	(4,416)	5,717	1,301
Disposals or reductions	(64,285)	331	(63,954)	(3,607)	798	(2,809)
Transfers	47,198	(25,786)	21,412	-	-	-
Ending Balance	1,564,279	(235,948)	1,328,331	1,049,921	(170,689)	879,232

Interest capitalised in 2005 amounted to EUR 16,835 thousand (EUR 5,288 thousand in 2004). This capitalisation was performed by applying an average capitalisation rate of 9.85% in 2005 (6.41% in 2004).

The financing relating to non-current assets in projects is explained in Note 18.

At 31 December 2005, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 111,432 thousand (EUR 55,445 thousand in 2004).

6. Investment property

The changes in this heading in 2005 and 2004 were as follows:

Thousands of Euros	2005	2004
Beginning Balance	9,632	9,749
Charges for the year	(148)	-
Transfers from/to other assets	(298)	(117)
Ending Balance	9,186	9,632

The Group's investment property relates to car parks and commercial premises earmarked for lease.

The rental income earned from investment property amounted to EUR 1,511 thousand in 2005 (1,482 thousand in 2004).

The Group has not entered into any contractual commitments for the acquisition, construction or development of investment property, or for repairs, maintenance and improvements.

At the beginning of 2005, the gross carrying amount was EUR 10,809 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 1,177 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 10,809 thousand and EUR 1,623 thousand, respectively. There were no material differences with respect to fair value.

The minimum amount of contractually guaranteed future leases at 31 December 2005 was not material.

7. Goodwill

The changes in this consolidated balance sheet heading in 2005 and 2004 were as follows:

Thousands of Euros	2005	2004
Beginning balance	1,010,849	1,007,198
Additions	40,274	38,210
Disposals	(1,445)	(17,460)
Impairment	(2,594)	(15,081)
Exchange differences	502	(2,018)
Ending balance	1,047,586	1,010,849

The detail by company of the changes in goodwill in 2005 is as follows:

Thousands of Euros	Balance at 12/31/2004	Additions	Disposals	Impairment	Exchange Differences	Balance at 12/31/2005
Parent	780,939	-	-	-	-	780,939
Merger with Grupo Dragados, S.A.	780,939	-	-	-	-	780,939
Industrial Services	39,029	30,256	(1,070)	-	-	68,215
Electromur, S.A.	9,139	-	-	-	-	9,139
Sociedad Ibérica de Construcciones Eléctricas, S.A.	11,708	-	-	-	-	11,708
Sistemas Radiantes F. Moyano, S.A.	5,232	-	-	-	-	5,232
Other industrial service subsidiaries	12,950	30,256	(1,070)	-	-	42,136
Services	190,881	10,018	(375)	(2,594)	502	198,432
Consenuir, S.A.	4,210	-	-	-	-	4,210
Continental Auto, S.L.	27,126	-	-	-	-	27,126
Ecolube, S.L.	8,824	-	-	-	-	8,824
Grupo Hijos de Simón Maestra, S.L.	7,177	-	-	(390)	-	6,787
Sintax Group	35,527	2,704	-	-	-	38,231
KDM, S.A.	4,542	-	-	-	-	4,542
Lafuente Valencia, S.L.	2,570	1,522	-	-	-	4,092
Marítima del Mediterráneo, S.A.	12,923	-	(215)	-	-	12,708
Urbaser, S.A.	40,840	5,966	(32)	-	-	46,774
Other service subsidiaries	47,142	(174)	(128)	(2,204)	502	45,138
TOTAL	1,010,849	40,274	(1,445)	(2,594)	502	1,047,586

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the carrying amount of the goodwill recognised at 31 December 2005. If the carrying amount will not be recovered, the related impairment loss has been recognised.

8. Other intangible assets

The changes in this consolidated balance sheet heading in 2005 and 2004 were as follows:

Thousands of Euros	Development Expenditure	Computer Software	Administrative Concessions	Other Intangible Assets	Total Other Intangible Assets	Accumulated Amortisation	Impairment Losses	Total Other Intangible Assets, Net
Balance at 1 January 2004	5,301	42,463	79,634	9,773	137,171	(53,183)	-	83,988
Changes in the scope of consolidation	(3)	495	3,555	1,294	5,341	(1,799)	(59)	3,483
Additions or charges for the year	5,357	8,184	19,472	64,655	97,668	(37,300)	-	60,368
Disposals or reductions	(8,091)	(10,361)	(1,040)	(51,543)	(71,035)	30,102	-	(40,933)
Exchange differences	-	(37)	(110)	(99)	(246)	145	-	(101)
Transfers from/to other assets	784	-	(19,239)	6,123	(12,332)	3,959	-	(8,373)
Balance at 31 December 2004	3,348	40,744	82,272	30,203	156,567	(58,076)	(59)	98,432
Changes in the scope of consolidation	-	(185)	(12)	42	(155)	274	-	119
Additions or charges for the year	350	2,274	2,665	26,955	32,244	(10,779)	(900)	20,565
Disposals or reductions	(465)	(3,497)	(523)	(1,675)	(6,160)	4,432	59	(1,669)
Exchange differences	-	188	951	38	1,177	(214)	-	963
Transfers from/to other assets	(46)	(2,154)	239	927	(1034)	564	-	(470)
Balance at 31 December 2005	3,187	37,370	85,592	56,490	182,639	(63,799)	(900)	117,940

Administrative concessions relate mainly to the amounts paid in the Services and Concessions Business, including most notably the amounts at 31 December 2005 relating to the SPL (EUR 31,012 thousand), Urbaser (EUR 28,155 thousand) and Continental (EUR 10,792 thousand) subgroups.

The period additions amounted to EUR 33,151 thousand, of which EUR 583 thousand relate to internally generated assets, EUR 31,663 thousand to separate acquisitions and EUR 905 thousand to assets acquired through business combinations.

Fully amortised intangible assets in use at 31 December 2005, amounted to EUR 21,291 thousand (EUR 17,264 thousand at 31 December 2004). There were no items temporarily taken out of use at 31 December 2005 or 31 December 2004.

The aggregate amount of the development expenditure recognised as an expense in the accompanying consolidated income statement totals EUR 143 thousand.

There were no intangible assets whose title was restricted in 2005 or 2004.

At 31 December 2005 and 2004, there were no assets with an indefinite useful life other than those reported as goodwill.

9. Joint ventures

The main aggregates relating to joint ventures are as follows:

Thousands of Euros	UTE's, EIG's		Companies	
	2005	2004	2005	2004
Current assets	2,209,207	1,873,234	123,462	118,043
Non-current assets	201,370	91,782	160,528	104,559
Current liabilities	2,175,383	1,818,625	108,543	90,846
Non-current liabilities	101,493	50,191	106,673	65,767
Profit for the year	131,993	88,150	16,210	10,382
Revenues	2,594,457	2,330,833	182,188	162,152

The identification data relating to the main ACS Group companies and unincorporated joint ventures (UTES) are detailed in Appendix II.

10. Investments in associates

The changes in the balance of this heading were as follows:

Thousands of Euros	2005	2004
Beginning balance		
Additions	3,415,258	619,992
Disposals	(24,834)	(74,681)
Profit for the year	144,850	94,357
Exchange differences / Change in reserves	40,141	17,967
Valuation adjustments	(11,892)	(12,699)
Distribution of dividends	(103,955)	(49,455)
Ending balance	4,958,411	1,498,843

The detail, by company, of the associates is as follows:

Company	2005					2004				
	% of Ownership	Share of Net Assets	Profit/(Loss) for the Year	Goodwill	Total Carrying Amount	% of Ownership	Share of Net Assets	Profit/(Loss) for the Year	Goodwill	Total Carrying Amount
Unión Fenosa, S.A.	24.51%	1,403,599	11,400	995,265	2,410,264	-	-	-	-	-
Inmobiliaria Urbis, S.A.	24.39%	232,484	33,539	-	266,023	20.37%	152,319	21,247	-	173,566
Cleon, S.A.	25.00%	25,287	-	-	25,287	25.00%	25,287	-	-	25,287
Nordeste Transmissora de Energía, Ltda.	49.99%	26,250	2,431	-	28,681	49.99%	19,565	1,381	-	20,946
STE - Sul Transmissora de Energía, Ltda.	49.90%	13,228	253	-	13,481	49.90%	9,907	61	-	9,968
Cachoeira Paulista Transmisora de Energía, S.A.	33.00%	7,585	1,177	-	8,762	25.00%	5,929	42	-	5,971
Expansión de Transmissao Eléctrica Brasil, S.A.	25.00%	7,237	1,862	-	9,099	25.00%	4,314	1,128	-	5,442
Red Eléctrica del Sur, S.A.	20.00%	4,218	380	-	4,598	20.00%	3,972	361	-	4,333
Transmissao Itumbiara Marimbondo, S.A.	25.00%	5,488	695	-	6,183	25.00%	4,027	213	-	4,240
Abertis Infraestructuras, S.A.	24.83%	1,179,065	92,799	485,988	1,757,852	17.58%	650,291	72,077	161,427	883,795
Aeropuertos Mexicanos del Pacífico, S.A. de C.V.	28.16%	56,041	1,473	-	57,514	28.16%	48,186	1,010	-	49,196
Sociedad Concesionaria Autopista Central, S.A.	48.00%	49,789	3,762	-	53,551	48.00%	39,233	(451)	-	38,782
Rutas del Pacífico, S.A.	50.00%	47,208	(732)	-	46,476	50.00%	38,793	(1,090)	-	37,703
Sociedad Concesionaria Vespucio Norte Express, S.A.	54.00%	40,547	-	-	40,547	54.00%	32,311	-	-	32,311
Accesos de Madrid Concesionaria Española, S.A.	23.63%	40,790	(2,359)	-	38,431	-	-	-	-	-
Operaciones Portuarias Canarias, S.A.	45.00%	16,671	914	9,638	27,223	45.00%	14,091	2,574	9,638	26,303
Circunvalación Alicante, S.A.	50.00%	25,084	-	-	25,084	50.00%	25,084	-	-	25,084
TP Ferro Concesionaria, S.A.	50.00%	22,508	13	-	22,521	50.00%	17,145	(13)	-	17,132
Metro de Sevilla Sdad. Concesionaria de la Junta de Andalucía, S.A.	27.83%	20,544	-	-	20,544	27.83%	21,747	(3)	-	21,744
CSX World T. Dominicana, Ltd.	30.00%	8,192	(1,459)	7,552	14,285	30.00%	8,343	(1,159)	6,566	13,750
Remolcadores de Barcelona, S.A.	38.00%	10,690	1,919	541	13,150	33.67%	9,094	1,465	541	11,100
Iquique Terminal Internacional, S.A.	40.00%	3,437	1,100	-	4,537	40.00%	2,902	462	-	3,364
Tirme, S.A.	20.00%	3,779	653	-	4,432	20.00%	2,702	1,354	-	4,056
Other subsidiaries	-	63,290	(4,970)	1,566	59,886	-	87,357	(6,302)	3,715	84,770
TOTAL	-	3,313,011	144,850	1,500,550	4,958,411	-	1,222,599	94,357	181,887	1,498,843

At 31 December 2005, the Group had an ownership interest in Xfera Móviles, S.A. through ACS Telefonía Móvil, S.L. The operations of Xfera Móviles, S.A. are currently in the start-up phase. In view of the current technological and regulatory framework, Xfera Móviles, S.A. has adapted the economic variables of its initial business plan, which was updated giving rise to a plan which is different from that prepared when the tender bid for the license was submitted, and which evidences its viability. This business plan was prepared on the basic premise that the commercial launch of the company will take place as soon as permitted by the technological framework and market conditions, on the basis that the company will operate using its own network and under roaming and infrastructure sharing agreements with other operators, adapting its investments and contracts to the new strategy.

Acquisition of Unión Fenosa, S.A.

On 28 September 2005, the ACS Group purchased 67,251,084 shares of Unión Fenosa, S.A. from the Santander Central Hispano Group representing 22.07% of its share capital, at a price of EUR 33 per share. These shares were acquired to obtain a strategic position in one of the leading utility companies in the energy sector, a sector in which different Group companies have been operating for years. This purchase was financed through an agreement with various financial institutions (Banesto, BBVA, Caja Madrid, La Caixa, Mediabanca, Natexis, Royal Bank of Scotland and Santander) entered into on 11 November 2005. The financing amounted to EUR 1,664,000 thousand (Note 18), i.e. 75% of the

transaction, and the shares of Unión Fenosa, S.A. were pledged as security. The remaining 25% was financed through capital contributions from and subordinated debt of the SPV holding of the aforementioned shares (PR Pisa, S.A.), which is wholly owned by the ACS Group. The total purchase price amounted to EUR 2,219,286 thousand.

Subsequent to this date, the ACS Group continued to purchase additional ownership interests on the stock exchange at different times and at 31 December 2005, it held 24.505% of the share capital of Unión Fenosa, S.A.

Additionally, on 23 November 2005, ACS Actividades de Construcción y Servicios, S.A. launched a takeover bid for a maximum of 10% of the share capital of Unión Fenosa, S.A. at a price of EUR 33 per share. The Spanish Stock Exchange Commission (CNMV) approved this takeover bid on 23 January 2006.

With respect to the aforementioned takeover bid, following notification of the transaction by the ACS Group to the Subdirectorato-General of Business Concentrations under the General Directorate of Competition of the Spanish Ministry of Economy and Finance, the Second Vice-President of the Spanish Government and Minister of Economy and Finance rendered a decision on 27 December 2005, stating that the case file would not be forwarded to the Competition Agency, and consequently it should be understood that the Government did not oppose the notified transaction.

The CNMV communicated that the takeover bid was successful on 1 March 2006, with acceptance by 18,911 shareholders for a total of 74,300,348 shares. The minimum number of shares allotted per shareholder was 403 shares. As a consequence of the above and of the pro rata allocation, a total of 30,467,871 shares representing 10% of the share capital of Unión Fenosa, S.A. was allotted. Accordingly, at the date on which these financial statements were authorised for issue, the ACS Group's direct and indirect ownership interest in the share capital of Unión Fenosa, S.A. was 34.505%. The Group thus reinforced its long-term commitment to this company and its position as a reference shareholder with a significant influence on Unión Fenosa, S.A.

The investment amounted to EUR 1,005,440 thousand and will be sold to PR Pisa, S.A. (100% owned by the ACS Group). It will be financed in a manner similar to the initial purchase of Unión Fenosa, S.A., and the shares of Unión Fenosa, S.A. will be pledged as security.

Unión Fenosa, S.A. was acquired in 2005 for a purchase price of EUR 2,422,576 thousand, of which EUR 965,311 thousand related to the underlying carrying amount (adjusted by the net gains on the sale of Auna and other extraordinary provisions) and EUR 462,000 thousand to the fair value assigned to assets, giving rise to goodwill of EUR 995,265 thousand.

This goodwill is attributable to the profitability of the business acquired and to the expected synergies in the Group following the acquisition. This goodwill has been determined provisionally given the recent acquisition of the aforementioned ownership interest and in accordance with IFRS 3 paragraph 62, will be adjusted and definitively determined within twelve months of the acquisition date.

Increase in ownership Interest in Abertis Infraestructuras, S.A.

Successive acquisitions of shares of Abertis Infraestructuras, S.A. were made on the stock exchange in 2005 for a total of EUR 853,134 thousand, representing 7.25% of the share capital of this company, thereby reaching an ownership interest at 31 December 2005 of 24.832%. Noteworthy was the purchase of 1.5 % of Abertis Infraestructuras, S.A. from the Portuguese company Brisa Auto- Estradas de Portugal, S.A on 5 December 2005 for EUR 192,825 thousand.

The detail of the net assets acquired and of the goodwill arising on the purchase is as follows:

With respect to these acquisitions, the fair value assigned to the assets was EUR 528,573 thousand. This amount includes the underlying carrying amount of the investment totalling EUR 204,012 thousand. The goodwill arising on the purchases made in 2005 amounted to EUR 324,561 thousand.

As in the case of the previous acquisitions, this goodwill is attributable to the Group's high profitability and to the strategic and complementary nature of the activities carried on by the ACS Group.

Increase in ownership interest in Inmobiliaria Urbis, S.A.

In 2005 4.02% of Inmobiliaria Urbis, S.A. was acquired through successive purchases on the stock exchange, and there were no material or relevant transactions. The total investment over the year amounted to EUR 69,410 thousand. As a result of these investments, the Group's ownership interest in the share capital of Inmobiliaria Urbis, S.A. amounted to 24.387% at 31 December 2005. This amount is the same as the fair value of the net assets acquired since the carrying amount of these assets sufficiently covers the fair value. The difference between the carrying amount and market value was assigned to assets. Accordingly, no goodwill was disclosed.

The market values of the ACS Group's investments in associates listed on an organised secondary market at 31 December 2005 are as follows:

Thousands of Euros

Abertis Infraestructuras, S.A.	3,057,006
Inmobiliaria Urbis, S.A.	482,604
Unión Fenosa, S.A.	2,346,657

11. Financial assets

The detail of the balance of this heading in the consolidated balance sheets in 2005 and 2004 is as follows:

Thousands of Euros	2005		2004	
	Non-Current	Current	Non-Current	Current
Investment securities	51,928	761,550	71,966	573,247
Loans to associates	136,352	16,188	56,963	6,191
Other loans	171,215	499,703	205,429	438,704
TOTAL	359,495	1,277,441	334,358	1,018,142

11.1. Investment securities

11.1.1. Non-current investment securities

The detail, by company, of the balance of this heading at 31 December 2005 is as follows:

Thousands of Euros	Cost	Provision	Net Balance
Parent			
World Trade Center Barcelona, S.A.	2,404	(468)	1,936
Construction			
Madrid Calle 30, S.A.	22,750	-	22,750
Compañía Nueva Plaza de Toros de Barcelona, S.A.	5,966	(126)	5,840
Sacresa Belgique, S.A.	4,086	-	4,086
Industrial Services			
Saneamiento Norte, S.A.	3,667	(3,667)	-
Services and Concessions			
SCL Terminal Aéreo Santiago, S.A., Sociedad Concesionaria	2,864	(1,720)	1,144
Intercambiador de Transportes de Príncipe Pío, S.A.	1,305	-	1,305
Other investments	38,992	(24,125)	14,867
TOTAL	82,034	(30,106)	51,928

In accordance with IAS 39, these investments are considered to be available-for-sale financial assets. They have been measured at cost since there is no reliable market for them.

11.1.2. Current investment securities

"Current Investment Securities" mainly relates to investments made in government debt securities in order to place cash surpluses. These are highly liquid and high-rotation assets that generate market returns.

11.2. Loans to associates

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2005, is as follows:

Thousands of Euros	Current			Non-Current		
	2006	2007	2008	2009	2010 Subsequent Years	Total Non-Current
Euro loans	12,816	5,600	1,131	1,376	22,869	30,976
Foreign currency loans	3,372	742	-	-	104,634	105,376
TOTAL	16,188	6,342	1,131	1,376	127,503	136,352

Noteworthy under this heading are the EUR 43,191 thousand loan granted to Sociedad Concesionaria Autopista Central, S.A. and the EUR 26,101 thousand loan to Sociedad Concesionaria Vespucio Norte Express, S.A. which were granted in Chilean pesos and mature after 2010.

11.3. Other loans

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2005, is as follows:

Thousands of Euros	Current		Non-Current			
	2006	2007	2008	2009	2010 and Subsequent Years	Total Non-Current
Euro loans	466,009	44,028	3,324	4,529	92,107	143,988
Foreign currency loans	33,694	248	30	10	26,939	27,227
TOTAL	499,703	44,276	3,354	4,539	119,046	171,215

The current euro loans included under this heading in the balance sheet were mainly short-term cash surplus investments, i.e., repos.

Non-current loans included refinanced loans to local government corporations amounting to EUR 10,300 thousand at 31 December 2005.

12. Inventories

The detail of "Inventories" is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Raw materials and other procurements	309,038	234,092
Work in progress, semi-finished goods and finished goods	56,833	27,516
Facilities	95,834	55,114
Advances	94,588	66,970
Allowances	(2,730)	(2,698)
TOTAL	553,563	380,994

Inventories with a carrying amount of EUR 7,567 thousand (EUR 7,367 thousand in 2004) have been pledged and/or mortgaged as security for the repayment of debts.

The total impairment losses on inventories recognised and reversed in the consolidated income statement for 2005, relating to the various Group companies, amounted to EUR 1,086 thousand and EUR 532 thousand, respectively.

13. Trade and other receivables

The carrying amount of trade and other receivables reflects their fair value, the detail being as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Trade receivables for sales and services	4,947,678	4,475,022
Receivable from companies accounted for using the equity method	83,198	45,574
Other receivables	227,076	255,390
Allowances	(111,815)	(102,148)
TOTAL	5,146,137	4,673,838

Trade receivables for sales and services

The detail of this heading at 31 December 2005 and 2004 is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Trade receivables and notes receivable	3,971,540	3,544,860
Completed work pending certification	976,138	930,162
Total	4,947,678	4,475,022
Advances received on orders (Note 24)	(1,340,790)	(1,113,042)
Allowances for doubtful debts	(107,054)	(77,247)
TOTAL NET TRADE RECEIVABLES BALANCE	3,499,834	3,284,733

The detail of the net trade receivables balance, by line of business, is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Construction	1,384,539	1,455,845
Industrial services	1,387,133	1,151,447
Services and concessions	776,746	721,694
Corporate Unit and other	(48,584)	(44,253)
TOTAL	3,499,834	3,284,733

At 31 December 2005, retentions held by customers for contract work in progress amounted to EUR 279,831 thousand (EUR 135,360 thousand in 2004).

The Group companies assign trade receivables to financial entities, without the possibility of recourse against them in the event of non-payment. The balance of receivables was reduced by EUR 383,461 thousand in this connection at 31 December 2005 and by EUR 393,837 thousand at 31 December 2004.

Substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred through the sale and assignment of the receivables, since no repurchase agreements have been entered into between the Group companies and the credit institutions that have acquired the assets, and the credit institutions may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised in the consolidated balance sheet. The Group companies continued to manage collection during the period to maturity.

The balance of "Trade Receivables and Notes Receivable" was reduced by the amounts received from the CAP-TDA1 "Fondo de Titulización de Activos", a securitisation SPV which was set up on 25 June 2003.

The ACS Group companies fully and unconditionally assign receivables to the securitisation SPV. This securitisation SPV, which is subject to Spanish law, transforms the receivables into marketable bonds. It is managed by a management company called Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. The bonds issued by the securitisation SPV received an AAA rating from rating agencies.

The amount of the receivables sold to the securitisation SPV was EUR 267,253 thousand at 31 December 2005, of which EUR 57,986 thousand were recognised as a current account with the securitisation SPV included under "Other Current Financial Assets-Other Loans" (Note 11).

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities.

Group management considers that the carrying amount of trade receivables reflects their fair value.

14. Other current assets

The detail of this heading is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Advance payments	36,394	24,070
Current account with sundry debtors	38,733	40,989
Current accounts with venturers in joint ventures	30,184	26,937
Others	8,593	8,047
TOTAL	113,904	100,043

15. Cash and cash equivalents

“Cash and Cash Equivalents” includes the Group’s cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets reflects their fair value.

16. Equity

16.1. Share capital

At 31 December 2005, the share capital of the Parent amounted to EUR 176,437 thousand and was represented by 352,873,134 fully subscribed and paid shares of EUR 0.5 par value each, all with the same voting and dividend rights.

At the Annual General Meeting held on 20 May 2004, the following resolutions were adopted:

- To reduce share capital by EUR 1,353,679.50 (par value) through the retirement of 902,453 treasury shares, leaving the share capital amount at EUR 176,436,567.
- To reduce the par value of the shares from EUR 1.5 to EUR 0.50 with the consequent simultaneous increase in the number of shares, which after the reduction mentioned in the preceding paragraph increased from 117,624,378 shares of EUR 1.5 par value each to 352,873,134 shares of EUR 0.50 par value each.

The shares of ACS, Actividades de Construcción y Servicios, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerised trading system.

Apart from the Parent, the companies included in the scope of consolidation whose shares are listed on securities markets are Abertis Infraestructuras, S.A., Unión Fenosa, S.A and Inmobiliaria Urbis, S.A. (on the Spanish stock exchanges) and Dragados y Construcciones Argentina, S.A.I.C.I. (on the Buenos Aires Stock Exchange).

At 31 December 2005, the main shareholders of the Parent were Corporación Financiera Alba, S.A. –with an ownership interest of 17.93%–, Corporación Financiera Alcor, S.A. –with an ownership interest of 10.61%– and Inversiones Vesán, S.A. –with an ownership interest of 7.55%.

16.2. Share premium

The share premium at 31 December 2005 amounted to EUR 897,294 thousand. There have been no changes in the share premium account in the past two years.

The consolidated Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

16.3. Other reserves

The detail of this heading at 31 December 2005 and 2004 is as follows:

Thousand of Euros	Balance at 12/31/05	Balance at 12/31/04
Revaluation reserves	2,124	2,124
Retained earnings	540,879	569,571
Reserves at consolidated companies	301,444	(46,681)
Exchange differences	76,170	(17,257)
TOTAL	920,617	507,757

16.3.1. Revaluation reserves

Pursuant to Royal Decree Law 7/1996, of 7 June, the Parent availed itself of account revaluation and recorded a revaluation reserve of EUR 2,124 thousand, net of the single 3% tax.

The balance of this account may be used, free of taxes, to offset accounting losses, both accumulated losses and current losses, or losses which may be incurred in the future, and to increase capital. Once a ten-year period has elapsed, the balance of this account may be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised.

If this balance were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

16.3.2. Retained earnings

This heading includes the reserves set up by the Group's Parent, mainly in relation to retained earnings, and if applicable, in compliance with the various applicable legal provisions.

The detail of this heading at 31 December 2005 and 2004 is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Legal reserve	35,287	35,130
Voluntary reserves	226,186	161,826
Reserve for redenomination of share capital in euros	162	162
Unallocated profit/loss	(8,073)	(10,245)
Other reserves of the Parent	287,317	382,698
TOTAL	540,879	569,571

Legal reserve

Under the consolidated Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

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

The legal reserve recognised by the Group's Parent, which amounts to EUR 35,287 thousand, has reached the stipulated level.

Voluntary reserves

These are reserves, the use of which is not limited or restricted, freely set up by means of the allocation of the Parent's profits, after the payment of dividends and the required appropriations to the legal or other restricted reserves in accordance with current legislation.

16.3.3 Reserves at consolidated companies

The detail, by line of business, of the balances of these accounts in the consolidated balance sheets – after considering the effect of consolidation adjustments – is as follows:

Thousands of Euros	2005		2004	
	Reserves	Exchange Differences	Reserves	Exchange conversión
Construction	157,715	5,662	13,304	(1,472)
Industrial services	237,969	24,949	87,465	1,098
Services and concessions	8,820	45,560	(51,710)	(17,138)
Corporate Unit and other	(103,060)	(1)	(95,740)	255
TOTAL	301,444	76,170	(46,681)	(17,257)

Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) restricting the payment of dividends until certain ratios have been met.

As discussed in Note 2, the exchange differences at 1 January 2004 were recognised as opening reserves. Consequently, the amount presented in the Group's consolidated balance sheet at 31 December 2004 relates exclusively to the difference arising, net of the tax effect, between the closing and opening exchange rates; on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionally consolidated companies, as well as companies accounted for using the equity method, whose functional currency is not the euro.

The currencies with the greatest impact on exchange differences were the Chilean, Argentine, Mexican and Colombian pesos, whose performance in 2005 explain the significant variations therein.

16.4. Treasury shares

The changes in "Treasury Shares" in 2005 and 2004 were as follows:

	2005		2004	
	Number of Shares	Thousands of Euros	Number of Shares	Thousands of Euros
At beginning of year	1,726,969	29,131	902,453	26,875
Purchases prior to the share split	-	-	1,895,439	69,573
Retirement of treasury shares	-	-	(902,453)	(26,875)
Balance after share split	-	-	5,686,317	69,573
Purchases	23,534,111	532,828	6,144,713	93,486
Sales	(25,261,080)	(561,959)	(10,104,061)	(133,928)
At end of year	-	-	1,726,969	29,131

The Group did not hold shares of the Parent at 31 December 2005.

The average purchase price of the shares of ACS in 2005 was EUR 22.63 per share and the average selling price of the shares in 2005 was EUR 24.06 per share (EUR 14.30 and EUR 16.19 per share, respectively, in 2004).

16.5. Valuation adjustments

The changes in the balance of this heading in 2005 and 2004 were as follows:

Thousands of Euros	2005	2004
Beginning balance	(50,016)	(26,540)
Change in the valuation of derivatives	(1,501)	(23,476)
Ending balance	(51,517)	(50,016)

This heading in the consolidated balance sheet includes the net amount of changes in the fair value of financial derivatives designated as hedging instruments in cash flow hedges, net of the tax effect.

The cash flow hedges relate mostly to interest rate swaps and, to a lesser extent, to collar and foreign exchange hedges. In accordance with IAS 39, they are accounted for against reserves since they comply with the characteristics and requirements stipulated in the standard in order to be considered a non-speculative hedging instrument.

16.6. Interim dividend

At the meeting on 15 December 2005, the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.20 per share, totalling EUR 70,575 thousand, which was paid on 16 January 2006. For this purpose, the Parent prepared the liquidity statement required under Article 216 of the Consolidated Companies Law in this connection. This interim dividend paid is recognised under "Interim Dividend" and is deducted from "Equity Attributable to the Parent".

16.7. Minority interests

The detail, by line of business, of the balance of "Minority Interests" in the consolidated balance sheet at 31 December 2005 and 2004 is as follows:

Thousands of Euros	Balance at 12/31/05		Balance at 12/31/04	
	Minority Interests	Profit attributed to minority interests	Minority Interests	Profit attributed to minority interest
Line of Business				
Construction	22,341	12,457	12,309	9,533
Industrial Services	45,765	5,866	20,653	2,156
Services and Concessions	62,182	6,000	62,885	6,211
Corporate Unit and other	-	-	5	8
TOTAL	130,288	24,323	95,852	17,908

This heading in the accompanying consolidated balance sheet reflects the proportional share of the equity of minority interests in the Group companies. The changes in 2005, by item, were as follows:

Thousands of Euros	
Balance at 31 December 2004	113,760
Profit for the year	24,323
Dividends received	(12,348)
Change in the scope of consolidation	(6,377)
Changes in share capital	27,429
Valuation adjustments	(570)
Exchange differences and other	8,394
Balance at 31 December 2005	154,611

The detail of this balance at 31 December 2005, by business segment, is as follows:

Thousands of Euros

Business Segment	Share Capital	Reserves	Profit for the Year	Total
Construction	17,156	5,185	12,457	34,798
Industrial Services	43,485	2,280	5,866	51,631
Services and concessions	50,927	11,255	6,000	68,182
TOTAL	111,568	18,720	24,323	154,611

At 31 December 2005, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's main subsidiaries were as follows:

Group Company	Percentage of Ownership	Shareholder
Construction		
Sopol, S.A.	49.45%	Silger Sgps, S. A.
Constructora Vespucio Norte, S.A.	45.00%	Hochtief Construction Chilena Ltda.
Gisca	47.50%	Spie Capag, S.A.
Hospital de Majadahonda, S.A.	25.00%	Bovis Lend Lease, S.A.
	20.00%	Sufi, S.A.
Can Brians 2, S.A.	20.00%	Proinosa Promoción e Ingeniería de Obras, S.A.
Industrial Services		
Artemis Transmissora de Energia Ltda.	44.00%	Eletrosul Centrais Electricas, S.A.
Venezolana de Limpiezas Indust. C.A. (Venelin)	17.20%	Fomento de Construcciones y Contratas, S.A.
Sistemas Sec, S.A.	49.00%	Compañía Americana de Multiservicios Limitada
Procme, S.A.	25.46%	José Reis Costa
Serpista, S.A.	39.00%	Iberia, S.A.
	10.00%	Temg Mantenimiento, S.A.
Easa Somozas, S.A.	42.68%	ENEL Unión Fenosa, Energías Renovables, S.A.
Societat Eólica de l'Enderrocada, S.A.	24.00%	ENEL Unión Fenosa, Energías Renovables, S.A.
	10.00%	Instituto Catalán de Energía
	10.00%	Instituto para la Diversificación y ahorro de la energía
Energías Ambientales,,S.A.	30.00%	ENEL Unión Fenosa Energías Renovables, S.A.
	10.00%	Ecotecnia
Vent Sol y Energía, S.A.	15.00%	Corporación Valenciana de Energías Renovables, S.A.
Parque Eólico El Perul, S.L.	30.00%	Vendaval Promociones Eólicas
	19.00%	Inverduero, S.L.
Energías Ambientales de Outes, S.A.	40,00%	Vendaval Promociones Eólicas
Services and Concessions		
Ferrocarriles del Norte de Colombia, S.A.	19.50%	Odinsa
Vertederos de Residuos, S.A. (VERTRESA)	16.03%	Fomento de Construcciones y Contratas, S.A.
Tirmadrid, S.A.	18.64%	Unión Fenosa Energías Especiales, S.A.
	15.00%	Endesa Cogeneración y Renovables, S.A.
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	33.33%	CYOPS.A.
Terminales del Sudeste, S.A.	11.00%	Cargas y Expediciones, S.A.
Autoterminal, S.A.	28.30%	Barcelona Car Terminal, S.A.
Centro de Transferencias, S.A.	30.00%	EMGRISA
Jingtang International Container Terminal Co. Ltd.	40.00%	Jing Tang Port Investment Co.,Ltd.
Residuos Sólidos Urbanos de Jaén, S.A.	40.00%	Diputación Provincial de Jaén
Urbana de Servicios Ambientales, S.L.	20.00%	Construcciones Sánchez Domínguez
	10.00%	Unicaja
Terminales Marítimas de Santander, S.L.	22.50%	M. Romeu y Compañía, S.L.
	15.00%	Inversiones Ergoien, S.L.
SM Gestinver, S.A.	11.30%	Romva, S.A.
Trenmedia, S.A.	49.00%	Comercial del Ferrocarril, S.A.
Frigoríficos de Castellón, S.A	25.00%	Fac Fruit, S.L.
Puerto Seco Santander-Ebro, S.A.	12.50%	Autoridad Portuaria de Santander
	12.50%	Transportes y Distribución, S.A.
	12.50%	Andrés Madorrán, S.A.
Terminal Rías Altas, S.A.	25.00%	Terminales Marítimos de Galicia
	15.00%	Boluda Terminales Marítimos, S.A
Servicios de Aguas de Misiones, S.A.	10.00%	Programa de propiedad participada
Mora la Nova Energía, S. L.	29.00%	Garo Enginnering, S.L.
Concesionaria Santiago Brión, S.A.	15.00%	Francisco Gómez y Cía, S.L.
	15.00%	Extrato Construcciones e Proyectos, S.A.

17. Grants related to assets

The changes in the balance of this heading in 2005 and 2004 were as follows:

Thousands of Euros	2005	2004
Beginning balance	151,041	130,244
Changes in the scope of consolidation	36	(4,278)
Exchange differences	15,697	2,730
Additions	91,682	36,141
Transfers	(280)	(6,456)
Recognition in income statement	(7,570)	(7,340)
Ending balance	250,606	151,041

The additions in 2005 relate mainly to Ferrocarriles del Norte de Colombia, S.A.

The grants related to assets taken to income in 2005 (recognised under "Other Income" in the consolidated income statement) amounted to EUR 7,570 thousand (EUR 7,340 thousand in 2004). Following is a detail of the approximate timing of recognition in the consolidated income statement:

Thousands of Euros	2005			2004		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	6,501	19,982	224,123	8,038	24,382	118,621

18. Non-recourse financing

"Non-Recourse Financing" on the liability side of the balance sheet includes the financing for the acquisition of Unión Fenosa S.A., as well as the financing amount associated with projects. The detail of the balance of this heading, by company, at 31 December 2005 is as follows:

Thousands of Euros			
Company	Current	Non-Current	Total
Unión Fenosa, S.A.	5,796	1,648,105	1,653,901
Project financing			
Levante Lda-Parque Eólico Pó	-	2,048	2,048
Levante Lda-Parque Eólico Arruda	-	1,590	1,590
Levante Lda-Parque Eólico Sobral	-	3,710	3,710
Lestenergia, S.A-Penamacor 1 e 3A	-	17,877	17,877
Energías Ambientales de Somozas, S.A.	3,453	27,002	30,455
Sociedad Eólica de la Enderrocada, S.A. (SEESA)	2,066	10,548	12,614
Energías Ambientales de Novo, S.A.	1,100	8,979	10,079
Energías Ambientales de Vimianzo, S.A.	2,939	25,766	28,705
Parque Eólico El Perul, S.L.	61	53,048	53,109
Parque Eólico Marmellar, S.L.	117	15,500	15,617
Energías Ambientales de Outes, S.A.	2,604	31,454	34,058
Somozas Energías Renovables, S.A.	12,324	-	12,324
Ecovent Parc Eolic, S.A.	295	44,379	44,674
Parque Eólico Lodoso, S.L.	-	15,988	15,988
Artemis Transmissora de Energia Ltda.	1,471	57,059	58,530
Munirah Transmissora de Energia Ltda.	1,620	17,824	19,444
UTE Sistema de Seguridad Metro	128	840	968
Aguas del Huesna, S.L.	2,756	31,690	34,446
Tirmadrid, S.A.	6,871	39,230	46,101
Servicios Aguas de Misiones, S.A.	1,746	7,131	8,877
Vertresa RWE Senda UTE Las Dehesas	1,468	26,232	27,700
Tecmed BKU UTE Albada	1,688	39,312	41,000
Intercambiador de Transportes Avda. de América, S.A.	1,319	10,367	11,686
Terminales del Sudeste, S.A.	-	44,798	44,798
Concesionaria Santiago Brion, S.A.	-	3,110	3,110
Autovía de La Mancha S.A. Conces. JCC Castilla-La Mancha	-	108,313	108,313
Can Brians 2, S.A.	-	11,462	11,462
Aunor, S.A. (Dycasa)	563	1,405	1,968
TOTAL	50,385	2,304,767	2,355,152

The detail, by maturity, of non-current financing is as follows:

Thousands of Euros	Maturity in				TOTAL
	2007	2008	2009	2010 and Subsequent Years	
Balance at 31 December 2005	58,081	51,261	53,879	2,141,546	2,304,767

The most significant financing arrangements were as follows:

- The acquisition of shares representing 22.07% of the share capital of Unión Fenosa, S.A., for EUR 2,219,286 thousand, for which syndicated bank financing amounting to EUR 1,664,000 thousand was obtained, with interest tied to Euribor plus a spread, secured by the shares acquired, and maturing on 11 November 2010 (Note 10). The remaining 25% was contributed through the subordinated debt of the SPV (PR Pisa, S.A.). The main characteristics of the financing arrangement include the maintenance of a coverage ratio over the market value of Unión Fenosa, S.A. If this ratio were not maintained, the pledge could be enforced. If the aforementioned coverage ratio were not maintained and the ACS Group decided to maintain the financing, it would be required to provide funds up to a limit of EUR 250,000 thousand. In relation with this financing, various interest rate swap contracts have been entered into for 90% of the financed amount and with the same maturity period.

Additionally, as a result of the acquisition of an additional 10% of Unión Fenosa, S.A. for EUR 1,005,440 thousand through the takeover bid launched in March 2006, additional financing of EUR 753,998 thousand was obtained from a number of banks under an arrangement entered into on 23 February 2006. The remaining 25% was contributed by means of the subordinated debt of the SPV (PR Pisa, S.A.). The credit conditions are similar to those of the initial purchase.

- Wind-powered facilities. These are non-current non-recourse loan agreements granted to shareholders, which are tied to Euribor plus a floating spread based on certain ratios and maturing between 2012 and 2020.
- Financing of electricity transmission lines granted to Artemis Transmisora de Energía Ltda. and Munirah Transmisora de Energía Ltda., maturing between 2015 and 2018.
- Integral urban solid waste treatment plants. The loans, maturing between 2015 and 2021, bear interest tied to MIBOR or Euribor, which varies depending on the debt ratios and the repayment percentage.
- Tirmadrid, S.A. – Comprises the following loans:
 - Loans for EUR 32,519 thousand, with a fixed annual rate of 5.3%, systematically repayable in 10% annual instalments through 2011.
 - Syndicated loan and subordinated loan from shareholders, at interest rates tied to MIBOR and variable repayment instalments until 2010. At year-end the outstanding amounts totalled EUR 9,781 thousand and EUR 3,801 thousand, respectively.
- Aguas del Huesna, S.L. – Outstanding loans amounting to EUR 19,296 thousand and EUR 15,150 thousand, at interest tied to Euribor, repayable in annual instalments. The last instalment will be paid in 2009 and 2019, respectively.
- Terminales del Sudeste, S.A. – Syndicated loan at interest rates tied to Euribor, maturing in 2019.
- Autovía de la Mancha, S.A. – Long-term loan amounting to EUR 108,313 thousand, of which EUR 101,000 thousand have a grace period of four years and mature in 2028. The remaining EUR 7,313 thousand are for working capital requirements and mature in September 2007. EUR 84,000 thousand have been hedged at fixed interest rate.

The Group has arranged various interest rate hedges in connection with the aforementioned financing (Note 23).

The debts relating to non-recourse financing are secured by project assets and include clauses requiring that certain ratios be complied with by the project and which were being met in all cases at 31 December 2005.

19. Bank borrowings

The detail of the bank borrowings at 31 December 2005, and the repayment schedules are as follows:

Thousands of Euros	Current			Non-Current		
	2006	2007	2008	2009	2010 and Subsequent Years	Total Non-Current
Euro loans	1,041,807	59,195	47,230	60,951	2,401,903	2,569,279
Foreign currency loans	161,179	6,772	4,930	2,133	360	14,195
Finance lease obligations	33,935	35,846	20,123	13,333	25,804	95,106
TOTAL	1,236,921	101,813	72,283	76,417	2,428,067	2,678,580

19.1. Bank loans

The Group's most significant bank loans are as follows:

In order to restructure its debt as a result of the acquisition of a 33.5% holding in Grupo Dragados, S.A. in March 2004 the Parent of the ACS Group arranged a long-term syndicated loan with various credit institutions (the agent entities and underwriters are Caja Madrid and La Caixa) amounting to EUR 900 million, of which 50% matures in 2008 and 50% in 2009, with interest at market rates tied to Euribor and the requirement to comply with certain ratios which are being met by the Group. Subsequently on 19 July 2005, ACS, Actividades de Construcción y Servicios, S.A. increased the aforementioned loan to EUR 1,500 million. This syndicated loan arranged with 39 credit institutions involves the extension of the maturity date and a single repayment in full on 22 July 2010, as well as the reduction of the applicable spread on the Euribor. The purpose of this arrangement was to reduce the Group's current borrowings.

This heading also includes a current balance of EUR 42,857 thousand at 31 December 2005, relating to a syndicated loan bearing interest tied to Euribor, which matures at the end of March 2006. The agent bank for the loan is Santander Central Hispano and the grant conditions establish compliance with certain ratios that are being met by the Group. The Parent has arranged various interest rate hedging contracts in connection with this loan.

Non-current financing includes EUR 650 million relating to a syndicated loan granted to Urbaser, S.A. on 26 May 2005, which fully matures in five years. This loan requires compliance with certain ratios that are being met by the Group.

The most significant mortgage loan is the loan of EUR 4,207 thousand to the subsidiary Cogesa. This loan matures in 2009 and is secured by the building located at Avenida de Pío XII, 102, Madrid, the cost of which is recognised under "Land and Buildings" on the asset side of the balance sheet.

At 31 December 2005 the Group companies had undrawn credit facilities totalling EUR 1,904,875 thousand, which sufficiently cover any need of the Group on the basis of its short-term commitments.

At 31 December 2005, the non-current bank borrowings in foreign currencies included loans denominated in Chilean pesos and Colombian pesos amounting to EUR 9,987 thousand and EUR 2,514 thousand, respectively (EUR 6,277 thousand and EUR 3,985 thousand, respectively, at 31 December 2004).

Foreign currency loans and credits are recognised at their equivalent euro value at each year-end, calculated at the exchange rates prevailing at 31 December 2005.

In 2005 the Group's euro loans and credits bore average annual interest at 2.49% (2.63% in 2004). Foreign currency loans and credits bore average annual interest at 5.74% (10.10% in 2004).

Following its risk management policy and in order to reduce liquidity risk, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, non-recourse financing as described in Note 18) and current financing for the management of working capital.

19.2. Finance lease obligations

The detail of amounts payable under finance leases at 31 December 2005 and 2004 is as follows:

Thousands of Euros

12-31-2005	Within One Year	Between Two and Five Years	More than Five Years	Balance at 12/31/05
Present value of minimum lease payments	33,935	67,454	27,652	129,041
Unaccrued finance charges	3,891	6,673	1,658	12,222
Total amounts payable under finance leases	37,826	74,127	29,310	141,263

Thousands of Euros

12-31-2004	Within One year	Between Two and Five Years	More than Five Years	Balance at 12/31/05
Present value of minimum lease payments	31,863	69,535	32,906	134,304
Unaccrued finance charges	2,628	4,385	965	7,978
Total amounts payable under finance leases	34,491	73,920	33,871	142,282

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is three to four years. Interest rates are set at the contract date. All leases are on a fixed repayment basis. The contingent rental payments were not material at 31 December 2005.

All the lease obligations are denominated in euros.

The Group's finance lease obligations are secured by the lessors' charges on the leased assets.

20. Other financial liabilities

The breakdown of the balance of this heading in the consolidated balance sheets is as follows:

Thousands of Euros	2005		2004	
	Non-Current	Current	Non-Current	Current
Non-bank borrowings at a reduced interest rate	30,687	5,157	25,430	2,133
Payable to associates	364	-	395	19,420
Other	2,984	-	1,208	783
TOTAL	34,035	5,157	27,033	22,336

"Non-Bank Borrowings at a Reduced Interest Rate" are loans at reduced or zero interest rates granted by the Ministry of Industry, Commerce and Tourism and dependent agencies.

21. Provisions

The changes in provisions in 2005 were as follows:

Thousands of Euros

Non-Current	Provision for Pensions and Provisión Similar Obligations	Provision for Taxes	Provision for Liabilities	TOTAL
Balance at 31 December 2004	1,752	32,586	215,625	249,963
Additions or period charges	1,426	6,810	58,800	67,036
Amounts used	(64)	(5,197)	(9,570)	(14,831)
Reversals	(249)	(15,001)	(4,329)	(19,579)
Exchange differences	-	87	802	889
Changes in the scope of consolidation	-	-	(400)	(400)
Balance at 31 December 2005	2,865	19,285	260,928	283,078

The detail, at 31 December 2005, of the provision for liabilities, by line of business, is as follows:

Thousands of Euros

Line of Business	
Construction	58,386
Industrial Services	40,653
Services and Concessions	64,008
Corporate Unit	97,881
TOTAL	260,928

The purpose of these provisions is to cover different Group liabilities and they include, inter alia, provisions for litigation, arbitration and claims in which the various Group companies act as the defendant due to the liabilities inherent to the activities carried on by them, provisions for restructuring costs (basically in the industrial area) and provisions for the closing and post-closing of landfills (basically in the services and concessions area).

Also noteworthy are the period provisions for probable obligations relating to different international projects, mainly in the area of construction.

With respect to litigation and claims, in accordance with the opinion of the external lawyers dealing with the legal aspects of this matter, the Group considers that no economic risk exists in relation to the claim filed by Boliden-Apirsa in 2004.

Thousands of Euros

Current	Provision for Termination Benefits	Provision for Contract Work Completion	Operating Allowance	TOTAL
Balance at 31 December 2004	10,533	96,641	97,085	204,259
Additions or period charge	3,455	58,061	36,314	97,830
Amounts used	(2,368)	(34,589)	(6,619)	(43,576)
Reversals	(3,360)	(3,452)	(18,163)	(24,975)
Exchange differences	806	1,039	741	2,586
Changes in the scope of consolidation	0	560	(551)	9
Balance at 31 December 2005	9,066	118,260	108,807	236,133

22. Financial risk management

In view of its activities, the ACS Group is exposed to different financial market risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro. The market risks to which the operating units are subject include interest rate, foreign currency, liquidity and credit risks.

Interest rate risk on cash flows

This risk arises from changes in future cash flows from borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on the cost of the debt arising from fluctuations in interest rates. For this purpose financial derivatives which guarantee fixed interest rates or rates with a narrow range of fluctuation are arranged for a substantial portion of the borrowings that may be affected by this risk.

Foreign currency risk

The foreign currency risk arises mainly from the foreign operations of the ACS Group which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group attempts to make these investments through the arrangement of debt in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses different financial instruments for the purpose of mitigating exposure to foreign currency risk.

Liquidity risk

This risk results from the timing gaps between fund requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds arising from cash generated in the course of the Group's ordinary operations, different forms of bank financing, capital market operations and divestments.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements.

Credit risk

This risk mainly relates to the non-payment of trade receivables. The objective of credit risk management is to reduce the impact of credit risk exposure as much as possible by means of the preventive assessment of the solvency rating of the Group's potential customers. When contracts are being performed, the credit rating of the outstanding amounts receivable is periodically evaluated and the estimated recoverable doubtful receivables are adjusted and written down with a charge to the income statement for the year.

23. Derivative financial instruments

The ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. In order to minimise the impact of these risks and in accordance with its risk management policy (Note 22), the ACS Group entered into various financial derivative contracts, most of which have non-current maturities.

The detail, by maturity, of the notional amounts of the aforementioned hedging instruments, on the basis of the nature of the contracts, is as follows:

Thousands of Euros	Notional Amount/Residual Maturity Period				TOTAL
	Within 1 Year	1 to 5 Years	5 to 10 Years	After 10 Years	
Cash flow hedges (interest rate)	-	1,497,807	55,102	33	1,552,942
Cash flow hedges (exchange rate)	210,375	319	-	-	210,694
Share option hedging	-	268,452	-	-	268,452
TOTAL	210,375	1,766,578	55,102	33	2,032,088

The following table shows the fair value of the hedging instruments based on the nature of the contract, at 31 December 2005 and 2004:

Fair Value Thousands of Euros	2005		2004	
	Asset	Liability	Asset	Liability
Cash flow hedges (interest rate)	4,595	18,837	145	18,394
Cash flow hedges (exchange rate)	12,634	398	18	1,733
Share options	-	12,694	-	8,850
TOTAL	17,229	31,929	163	28,977

The Group has no hedges of investments in foreign operations, since the foreign currency risk is covered with transactions carried out in local currencies, and the most significant foreign investments were made with non-current financing, in which the interest rates on project financing debt are hedged.

Cash flow hedges (interest rate)

Hedges of this type are mainly related to project financing, both at 31 December 2005 and 31 December 2004 (Note 18).

The objective of using these derivatives was to limit changes in interest rates on its project borrowings and to guarantee fixed interest rates, mainly by entering into interest rate swaps as the borrowings are arranged and used. Noteworthy were the following hedges:

- Hedging of the financing of the acquisition of the initial 22.07% of Unión Fenosa, S.A. Interest rate swaps were entered into to hedge 90% of the amounts borrowed until July 2010 at a fixed interest rate.

Additionally, and in relation to the takeover bid launched on 10% of Unión Fenosa, S.A in 2006, interest rate swaps were entered into to hedge 80% of the amounts borrowed to finance this transaction also until July 2010 at a fixed interest rate.

- Hedging of the project financing of wind-powered facilities. These relate mostly to interest rate swaps maturing between 2008 and 2014.
- Urbaser, S.A. entered into three interest rate swaps, the notional amount of which totalled EUR 198 million, maturing between 2007 and 2021.
- Autovía de La Mancha has hedges amounting to EUR 84 million instrumented in an interest rate swap maturing in 2016.

Cash flow hedges (exchange rate)

The foreign currency risk relates mainly to contract work in which payables and/or receivables are in a currency other than the functional currency.

The most significant derivatives contracted to hedge these risks are as follows:

- Construction of combined cycle plants in which certain supplies have to be obtained in US dollars or Japanese yen. The hedged amount, maturing in 2006, has a notional value of USD 67,156 thousand and of JPY 143,194 thousand.
- Additionally, foreign currency hedges amounting to EUR 819 thousand and maturing in 2006 were arranged for electricity transmission line projects.

Hedging of share option plans

As discussed in Note 29.3, the Group has granted share option plans to certain managers and directors carrying out executive functions.

The obligations arising from these plans have been externalised and transferred to a financial institution. In relation to these obligations, the financial institution has a put option hedging the risk that the value of the share option will be less than the exercise price.

Since this derivative is a fair value hedge, the hedged item is measured in the same manner as the hedging instrument and the effect is recognised in the income statement. The fair value of these derivatives amounted to EUR 12,694 thousand at 31 December 2005 and to EUR 8,850 thousand at 31 December 2004.

24. Trade and other payables

“Trade and Other Payables” includes mainly the amounts outstanding for trade purchases and related costs.

Customer advances for contract work amounted to EUR 1,340,790 thousand in 2005 (EUR 1,113,042 thousand in 2004) (Note 13).

25. Other current liabilities

The detail of this heading at 31 December 2005 and 2004 is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Advance payments received	38,794	33,987
Payable to fixed asset suppliers	58,966	35,748
Remuneration payable	145,491	101,833
Interim dividend payable	70,575	49,402
Other	169,951	247,383
TOTAL	483,777	468,353

26. Segments

26.1. Basis of segmentation

In accordance with the ACS Group's internal organisational structure, and consequently, its internal reporting structure, the Group carries on its business activities through lines of business, which are the primary reporting segments as indicated in IAS 14.

26.1.1. Primary segments – business segments

The business segments used to manage the ACS Group are as follows:

- Construction. Engaging in the construction of civil works, and residential and non-residential building construction.
- Industrial services. This segment is engaged in the development of applied engineering services, installations and the maintenance of industrial infrastructures in the energy, communications and control systems sectors.
- Services and Concessions. This segment groups together environmental services, the outsourcing of integral building maintenance services, logistics and transport services, and transport infrastructure development services.
- Corporate Unit. This segment groups together strategic investments in property (Inmobiliaria Urbis, S.A.), energy (Unión Fenosa, S.A.), telecommunications (Xfera Móviles, S.A.) and concessions (Abertis Infraestructuras, S.A.) activities.

26.1.2. Secondary segments – geographical segments

The ACS Group is managed by business segments and the management based on geographical segments is irrelevant. Accordingly, a distinction is made between Spain and the rest of the world, in accordance with the stipulations of IAS 14.

26.2. Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the different segments composing the ACS Group. Each segment has its own resources based on the entities engaging in the related business, and accordingly, has the assets required to operate the business.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to perform its business activities in an autonomous manner.

In accordance with IAS 1, paragraph 83, the information for each segment includes a subtotal of the gross profit from operations, which is calculated on the basis of profit from operations plus the depreciation and amortisation charge and the change in operating allowances.

Segment reporting for these businesses is as follows:

26.2.1. Income statement by business segment: 2005

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
REVENUE	5,724,798	4,077,352	2,420,299	(108,563)	12,113,886
Operating expenses	(4,878,721)	(2,782,445)	(1,007,796)	85,847	(8,583,115)
Personnel expenses	(736,908)	(967,478)	(1,153,843)	(24,640)	(2,882,869)
Other income	318,387	16,940	94,999	17,319	447,645
GROSS PROFIT FROM OPERATIONS	427,556	344,369	353,659	(30,037)	1,095,547
Depreciation and amortisation charge	(52,385)	(43,604)	(132,071)	(2,077)	(230,137)
Impairment/Reversal of current assets	(16,567)	(14,896)	(15,910)	(611)	(47,984)
NET PROFIT FROM OPERATIONS	358,604	285,869	205,678	(32,725)	817,426
Net impairment losses	(88)	(2,255)	(3,919)	(315)	(6,577)
Finance income	65,216	20,406	20,433	(22,826)	83,229
Finance costs	(28,767)	(37,701)	(69,575)	(62,810)	(198,853)
Exchange differences	5,384	3,932	7,059	283	16,658
Profit of associates	441	10,681	91,806	41,922	144,850
Profit on disposal of non-current assets	5,781	2,789	1,699	3,488	13,757
Other gains or losses	(36,683)	(20,410)	(2,565)	(6,525)	(66,183)
PROFIT BEFORE TAX	369,888	263,311	250,616	(79,508)	804,307
Corporation tax	(118,357)	(78,211)	(32,657)	57,898	(171,327)
PROFIT FOR THE YEAR	251,531	185,100	217,959	(21,610)	632,980
Profit attributed to minority interests	(12,457)	(5,866)	(6,000)	-	(24,323)
PROFIT ATTRIBUTED TO THE PARENT	239,074	179,234	211,959	(21,610)	608,657

26.2.2. Income statement by business segment: 2004

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
REVENUE	5,230,328	3,490,487	2,201,856	(104,788)	10,817,883
Operating expenses	(4,423,173)	(2,365,918)	(953,136)	103,698	(7,638,529)
Personnel expenses	(714,733)	(855,709)	(1,049,394)	(22,037)	(2,641,873)
Other income	305,629	22,921	114,356	758	443,664
GROSS PROFIT FROM OPERATIONS	398,051	291,781	313,682	(22,369)	981,145
Depreciation and amortisation charge	(68,032)	(43,061)	(117,080)	(2,344)	(230,517)
Impairment/Reversal of current assets	(2,334)	(3,865)	(19,845)	(655)	(26,699)
NET PROFIT FROM OPERATIONS	327,685	244,855	176,757	(25,368)	723,929
Net impairment losses	(12,581)	(2,316)	(4,103)	(9,221)	(28,221)
Finance income	68,792	11,566	11,980	(24,851)	67,487
Finance costs	(37,883)	(28,710)	(59,162)	(27,889)	(153,644)
Exchange differences	(1,854)	(5,552)	(2,425)	(265)	(10,096)
Profit of associates	2,131	4,205	66,775	21,247	94,358
Profit on disposal of non-current assets	14,010	368	1,596	(519)	15,455
Other gains or losses	(24,359)	(8,868)	(2,162)	(50,583)	(85,972)
PROFIT BEFORE TAX	335,941	215,548	189,256	(117,449)	623,296
Corporation tax	(105,050)	(63,257)	(26,582)	41,992	(152,897)
PROFIT FOR THE YEAR	230,891	152,291	162,674	(75,457)	470,399
Profit attributed to minority interests	(9,533)	(2,156)	(6,211)	(8)	(17,908)
PROFIT ATTRIBUTED TO THE PARENT	221,358	150,135	156,463	(75,465)	452,491

26.2.3. Balance sheet by business segment: 2005

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
NON-CURRENT ASSETS	679,518	910,445	4,510,404	3,435,370	9,535,737
Property, plant and equipment / investment property	400,533	475,483	1,471,221	8,730	2,355,967
Goodwill	-	68,215	198,432	780,939	1,047,586
Other intangible assets	4,214	178,012	269,678	27	451,931
Non-current financial assets	168,387	136,899	2,497,097	2,515,523	5,317,906
Other non-current assets	106,384	51,836	73,976	130,151	362,347
CURRENT ASSETS	5,433,660	2,789,524	1,798,675	(1,845,106)	8,176,753
Inventories	394,027	135,953	23,269	314	553,563
Trade and other receivables	2,464,605	1,842,858	899,549	(60,875)	5,146,137
Other current financial assets	2,082,754	287,504	675,640	(1,768,457)	1,277,441
Other current assets	209,596	156,017	83,785	(17,624)	431,774
Cash and cash equivalents	282,678	367,192	116,432	1,536	767,838
TOTAL ASSETS	6,113,178	3,699,969	6,309,079	1,590,264	17,712,490

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
EQUITY	720,034	632,822	3,299,966	(2,017,298)	2,635,524
Equity attributed to the Parent	685,236	581,191	3,231,784	(2,017,298)	2,480,913
Minority interests	34,798	51,631	68,182	-	154,611
GRANTS RELATED TO ASSETS	-	10,354	240,251	1	250,606
NON-CURRENT LIABILITIES	174,743	564,398	1,458,406	3,332,758	5,530,305
Bank borrowings	16,941	134,898	934,647	1,592,094	2,678,580
Non-recourse financing	12,868	333,612	310,183	1,648,104	2,304,767
Other financial liabilities	22,701	8,293	64,506	(61,465)	34,035
Financial instruments payable	-	4,802	14,433	12,694	31,929
Other non-current liabilities	122,233	82,793	134,637	141,331	480,994
CURRENT LIABILITIES	5,218,401	2,492,395	1,310,456	274,803	9,296,055
Bank borrowings	70,466	166,094	543,920	456,441	1,236,921
Non-recourse financing	563	28,178	15,848	5,796	50,385
Trade and other payables	4,267,582	1,888,135	431,387	(18,445)	6,568,659
Other financial liabilities	2,287	1,250	821	799	5,157
Other current liabilities	877,503	408,738	318,480	(169,788)	1,434,933
TOTAL EQUITY AND LIABILITIES	6,113,178	3,699,969	6,309,079	1,590,264	17,712,490

26.2.4. Balance sheet by business segment: 2004

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
NON-CURRENT ASSETS	487,265	625,555	3,259,397	1,036,083	5,408,300
Property, plant and equipment / investment property	314,968	406,984	1,250,297	8,706	1,980,955
Goodwill	-	39,030	190,880	780,939	1,010,849
Other intangible assets	4,997	39,221	261,434	77	305,729
Non-current financial assets	87,219	105,373	1,485,049	155,560	1,833,201
Other non-current assets	80,081	34,947	71,737	90,801	277,566
CURRENT ASSETS	4,606,731	2,356,000	1,201,313	(1,172,704)	6,991,340
Inventories	259,483	92,597	28,572	342	380,994
Trade and other receivables	2,275,491	1,637,300	877,653	(116,606)	4,673,838
Other current financial assets	1,652,496	283,880	126,804	(1,045,038)	1,018,142
Other current assets	179,529	75,860	104,649	(19,818)	340,220
Cash and cash equivalents	239,732	266,363	63,635	8,416	578,146
TOTAL ASSETS	5,093,996	2,981,555	4,460,710	(136,621)	12,399,640

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
EQUITY	644,457	496,978	1,913,988	(1,036,233)	2,019,190
Equity attributed to the Parent	622,615	474,169	1,844,892	(1,036,246)	1,905,430
Minority interests	21,842	22,809	69,096	13	113,760
GRANTS RELATED TO ASSETS	-	11,310	139,731	-	151,041
NON-CURRENT LIABILITIES	170,547	376,809	1,052,432	817,062	2,416,850
Bank borrowings	23,578	91,254	373,346	966,955	1,455,133
Non-recourse financing	1,749	203,249	220,298	-	425,296
Other financial liabilities	11,003	8,225	262,162	(254,357)	27,033
Financial instruments payable	-	6,897	10,787	11,292	28,976
Other non-current liabilities	134,217	67,184	185,839	93,172	480,412
CURRENT LIABILITIES	4,278,992	2,096,458	1,354,559	82,550	7,812,559
Bank borrowings	85,834	66,092	637,604	263,842	1,053,372
Non-recourse financing	999	20,818	15,228	-	37,045
Trade and other payables	3,443,449	1,649,654	411,824	(6,791)	5,498,136
Other financial liabilities	2,120	1,091	721	18,404	22,336
Other current liabilities	746,590	358,803	289,182	(192,905)	1,201,670
TOTAL EQUITY AND LIABILITIES	5,093,996	2,981,555	4,460,710	(136,621)	12,399,640

The detail of revenue from Construction is as follows:

Thousands of Euros	2005	2004
Domestic	5,169,839	4,745,950
Civil Works	2,808,969	2,664,520
Building	2,360,870	2,081,430
International	554,959	484,380
TOTAL	5,724,798	5,230,330

The detail of revenue from Industrial Services is as follows:

Thousands of Euros	2005	2004
Networks	743,909	722,187
Specialised Installations	1,314,348	1,170,220
Integrated Projects	1,270,140	954,803
Control Systems	748,955	643,278
TOTAL	4,077,352	3,490,488

Of the total revenues from industrial services, EUR 1,316,707 thousand related to international operations in 2005 (EUR 1,084,673 thousand in 2004), representing 32.3% and 31.1 % respectively.

The detail of revenue from Services is as follows:

Thousands of Euros	2005	2004
Enviromental	1,081,752	1,000,376
Ports and Logistics	532,207	463,580
Passenger Transport	189,851	178,095
Integral Maintenance	602,640	544,486
TOTAL	2,406,450	2,186,537

Of the total revenues from services, EUR 225,723 thousand related to international operations in 2005 (EUR 227,377 thousand in 2004), representing 9.4% and 10.4 %, respectively.

Inter-segment sales are made at prevailing market prices.

The breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them is as follows:

Thousands of Euros	Spain		Rest of the World	
	2005	2004	2005	2004
Revenues	10,008,351	9,016,610	2,105,535	1,801,273
Segment assets	15,586,188	10,945,403	2,126,302	1,454,237
TOTAL NET INVESTMENTS	3,844,531	965,236	371,864	231,186

27. Tax matters

27.1. Consolidated Tax Group

Pursuant to current legislation, the Consolidated Tax Group includes ACS, Actividades de Construcción y Servicios, S.A., as the Parent, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

27.2. Years open for review by the tax authorities

At 31 December 2005 the Consolidated Tax Group had 1999 to 2002 open for review by the tax authorities for the main taxes applicable to it, although the results of this review have not yet been documented.

Additionally, in 2005 notification was received from the Spanish tax authorities of the audit of 2000 to 2002 of the former Tax Group 24/97 of which Grupo Dragados, S.A. (merged with ACS, Actividades de Construcción y Servicios, S.A. in 2003) was the parent. At the date of these financial statements, the outcome of this audit had not been documented. The other Spanish companies included in the scope of consolidation have the last four years open for review by the tax authorities for the main taxes applicable to them.

In view of the varying interpretations that can be made of the applicable tax legislation, the outcome of the tax audits of the open years that could be conducted by the tax authorities in the future could give rise to tax liabilities which cannot be objectively quantified at the present time. However, the directors of the ACS Group consider that the liabilities that might arise, if any, from the assessments issued would not have a material effect on the consolidated financial statements for 2005.

27.3. Reconciliation of the current income tax expense to accounting profit

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain to the current tax expense recognised, as well as the determination of the average effective tax rate, are as follows:

Thousands of Euros	2005	2004
Consolidated profit before tax	804,307	623,296
Net profit from equity accounted investments	(144,850)	(94,357)
Permanent differences	(40,295)	7,120
Taxable profit	619,162	536,059
Tax at 35%	216,707	187,621
Tax credits and tax relief	(24,595)	(28,214)
Effect of different standard tax rate in other countries	(2,198)	(1,500)
Current income tax expense	189,914	157,907
Effective rate, excluding equity method	28.80%	29.85%

27.4. Detail of income tax expense

The detail of the corporation tax expense is as follows:

Thousands of Euros	2005	2004
Current income tax expense (table 27.3)	189,914	157,907
Deferred tax expense	2,717	-
Deferred tax income	(22,750)	-
Expense/(Income) relating to adjustments to current tax	1,604	-
Expense/(Income) relating to adjustments to prior years' tax	(3,736)	(11,611)
Expense/(Income) relating to the effect of legislative changes on deferred taxes	(36)	-
(Income) arising from the application of deferred tax assets of prior years not recognised in the balance sheet	(4,043)	(3,781)
Expense arising from deferred tax assets generated in the year and not recognised in the balance sheet	7,657	10,382
Ending corporation tax expense balance	171,327	152,897

27.5 Tax recognised in equity

In addition to the corporation tax recognised in the consolidated income statement, in 2005 and 2004 the Group recognised EUR 29,580 thousand and EUR 39,143 thousand, respectively, directly in equity. These amounts relate mainly to the tax effect of treasury share transactions, cash flow derivatives and exchange differences.

27.6. Deferred taxes

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein during the year is as follows:

Thousands of Euros							
	Balance at 31 December 2004	Charge/Credit to Income Statement	Foreign Currency Balance Translation Differences	Charge/Credit to Asset and Liability Revaluation Reserve	Period Additions	Period Disposals	Balance at 31 December 2005
Deferred tax assets:							
Temporary differences	224,939	73,811	480	(4,561)	487	(1,369)	293,787
Tax losses	14,777	(4,607)	212	-	567	(136)	10,813
Tax credits	37,688	(7,718)	(12)	-	1,520	(1)	31,477
Deferred tax liabilities:							
Temporary differences	55,895	35,924	1,314	(1,397)	2,545	85	94,366

Deferred tax assets and liabilities have not been offset.

The movements in 2004 and 2005 in deferred taxes for temporary differences with a charge or credit to tax expense arose as a result of the following:

Thousands of Euros	2005	2004
Deferred Tax Assets		
Impairment losses on property, plant and equipment and intangible assets	4,332	4,301
Other impairment losses	25,685	6,406
Pension costs	58,502	61,843
Other provisions	128,657	97,087
Income with different timing of recognition for tax and accounting purposes	5,786	2,926
Other	70,825	52,376
TOTAL	293,787	224,939
Deferred Tax Liabilities		
Assets recognised at an amount higher than their tax base	23,339	11,795
Income with different timing of recognition for tax and accounting purposes	29,879	19,922
Other	41,148	24,178
TOTAL	94,366	55,895

In addition to the amounts recognised on the asset side of the balance sheet, as detailed in the table above, the Group has other deferred tax assets and tax loss and tax credit carryforwards not recognised on the asset side of the balance sheet because it is not possible to predict the future flows of economic benefits, the detail of which at 31 December 2005 is as follows (in thousand of euros):

Valid Until	Temporary Differences	Tax Losses	Tax credits
2006	616	-	-
2007-2010	2,104	49	123
Subsequent Years	-	2,649	31
Unlimited	-	-	-

The temporary differences arising in connection with investments in associates and interests in joint ventures are not material.

28. Revenue

The distribution of revenue relating to the Group's ordinary operations is as follows:

Thousands of Euros	2005	2004
Construction	5,724,798	5,230,330
Industrial services	4,077,352	3,490,488
Services and concessions	2,420,299	2,201,853
Corporate Unit and other	(108,563)	(104,788)
TOTAL	12,113,886	10,817,883

In 2005 foreign currency transactions relating to sales and services amounted to EUR 1,293,323 thousand and those relating to purchases and services received amounted to EUR 934,176 thousand.

The backlog by line of business at 31 December 2005 was as follows:

Thousands of Euros	
Construction	9,369,040
Industrial services	4,268,625
Environmental services	8,110,224
Port, logistics and transport services	5,120,208
TOTAL	26,868,097

EUR 99,347 thousand relating to property, plant and equipment and intangible assets in projects were recognised under "Other Income" in the income statement.

29. Expenses

29.1. Materials consumed and other external expenses

The detail of this heading is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Purchases and changes in inventories	2,578,672	2,663,843
Subcontractor work	3,720,767	2,797,919
Contract work carried out by other companies	1,029,597	985,196
TOTAL	7,329,036	6,446,958

29.2. Personnel expenses

The detail of "Personnel Expenses" is as follows:

Thousands of Euros	2005	2004
Wages and salaries	2,214,166	2,036,493
Social security costs	639,824	580,110
Other personnel expenses	28,878	25,270
TOTAL	2,882,868	2,641,873

EUR 4,515 thousand in 2005 and EUR 1,550 thousand in 2004 relating to the share option plans were charged to the income statement and are recognised under "Other Personnel Expenses".

The year-on-year increase is the result of the addition of a new plan and the inclusion of a full yearly payment for the 2004 plan in 2005.

The average number of employees at Group companies in 2005 was 110,940.

The detail of the average number of employees, by professional category, is as follows:

Category	Number of Employees
University graduates	4,527
Junior college graduates	5,061
Non-graduate line personnel	6,749
Clerical staff	5,741
Other staff	88,862
TOTAL	110,940

The distribution of employees, by line of business, was as follows:

	Number of Employees
Construction	17,897
Industrial services	31,103
Services and concessions	61,879
Corporate Unit and other	61
TOTAL	110,940

29.3. Share-based payments

In 2005 and 2004 there were three share option plans, the salient features of which are as follows:

2000 Plan

At the meetings held on 16 December 1999, on 13 June 2000, and on 21 March 2002, and by virtue of the authorisation granted by the General Meeting on 29 June 1999, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. resolved to establish a Share Option Plan on the shares of ACS, Actividades de Construcción y Servicios, S.A. with the following features.

Number of shares covered by the plan: initially 1,095,000 shares, later increased by 192,235 shares. As a result of the share split in 2004, whereby the par value of the shares was reduced from EUR 1.5 to EUR 0.5, the number of shares increased to 3,285,000 and 576,705, respectively.

Beneficiaries: 24 managers in four categories: 1st. category: 1 beneficiary with 906,354 shares; 2nd. category: 5 beneficiaries with options on between 443,010 and 210,000 shares each; 3rd. category: 13 beneficiaries with 84,000 shares each and 4th. category: 5 beneficiaries with 45,000 shares each.

The acquisition price was EUR 9.10 per share for a total of 3,285,000 shares and EUR 10.19 per share for the remaining 576,705 shares.

The options were exercisable in three equal parts and could be accumulated at the beneficiary's option in the fourth, fifth and sixth year after 1 January 2000, inclusively. However, where employees are terminated for causes other than just cause or the beneficiary's own will, the options will be exercisable six months following the event in question, in the cases of death, retirement, early retirement or permanent disability, and following 30 days in all other cases. Tax withholdings and taxes were borne by the beneficiaries.

At 31 December 2004, 444,902 options had been exercised and at 31 December 2005 the plan had been fully exercised.

2004 Plan

Additionally, on 1 July 2004, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in keeping with the resolutions adopted by the shareholders at the Annual General Meeting on 20 May 2004, set up a new Share Option Plan with the following features:

Number of shares covered under the Plan: 7,038,000 shares

Beneficiaries: 33 managers: 1 manager with 1,710,000 shares; 6 managers with between 900,000 and 300,000 shares; 16 managers with 108,000 shares, 10 managers with between 75,000 and 45,000 shares.

Acquisition price: EUR 13.91 per share.

The options will be exercisable in three equal parts and may be accumulated at the beneficiary's option in the fourth, fifth and sixth year after 1 May 2004, inclusively. However, in the case of the termination of an employee for causes other than just cause or the beneficiary's own will, the options will be exercisable six months following the event in question, in the cases of death, retirement, early retirement or permanent disability, and following 30 days in all other cases. Tax withholdings and taxes will be borne by the beneficiaries.

2005 Plan

At the Annual General Meeting held on 19 May 2005, the shareholders of ACS, Actividades de Construcción y Servicios, S.A. resolved to authorise the Board of Directors to modify the previous Share Option Plan by increasing the number of share options of the Parent and maintaining the conditions of the previous Plan. Accordingly, the features of this plan subsequent to this increase are as follows:

Number of shares covered under the Plan: 7,076,925 shares

Beneficiaries: 39 managers – 1 manager with 1,400,000 shares, 6 managers with between 950,000 and 350,000 shares, 7 managers with between 178,000 and 100,000 shares and 25 managers with between 83,769 and 19,825 shares.

Acquisition price: EUR 24.10 per share.

The options will be exercisable in three equal parts and may be accumulated at the beneficiary's option in the fourth, fifth and sixth year after 1 May 2005. The rest of the conditions are the same as for the 2004 Plan.

The share options are always to be exercised by means of equity instruments and never in cash. However, as indicated in Note 23, since the Group has hedged the commitments arising from these plans with a financial institution, in no case shall the exercise thereof involve the issue of equity instruments additional to those outstanding at 31 December 2005. In this respect and in accordance with IFRS 2, "Share-Based Payments" EUR 4,515 thousand were charged to income in 2005 for these plans (EUR 1,550 thousand in 2004) with a credit to equity. Additionally, these costs do not imply the recognition of income by the managers for tax purposes until the options are exercised, as provided in the various option plans and the legislation in force. The Parent has externalised these commitments and transferred them to a financial institution.

The stock market price of ACS shares at 31 December 2005 was EUR 27.21 (EUR 16.80 in 2004).

29.4. Operating leases

The most significant information relating to the operating leases held by the Group as lessee is as follows:

Thousands of Euros	2005	2004
Lease payments under operating leases recognised in income for the year	471,934	457,436

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Thousands of Euros	2005	2004
Within one year	41,751	56,217
Between two and five years	165,937	171,668
After five years	60,292	64,446

The Group has no material operating leases as lessor.

29.5. Net impairment losses

The amounts included under this heading related mainly to impairment losses on goodwill amounting to EUR 2,594 thousand and impairment losses on property, plant and equipment amounting to EUR 2,158 thousand in 2005. In 2004, this heading included mainly the impairment losses on goodwill amounting to EUR 15,081 thousand.

29.6. Finance costs

This heading includes hedging instruments amounting to EUR 5,365 thousand in 2005.

29.7. Other gains and losses

This heading relates mainly to restructuring processes at various Group companies

30. Gains on disposal of non-current assets

The detail of this heading is as follows:

Thousand of Euros	Balante at 12/31/05	Balance at 12/31/04
Gains on non-current assets	22,842	12,800
Gains on equity investments	3,674	22,577
Loss on non-current assets	(12,419)	(7,097)
Loss on equity investments	(340)	(12,825)
TOTAL	13,757	15,455

31. Distribution of profit

The distribution of the Parent's net profit for 2005 that the Board of Directors will propose for approval by shareholders at the Annual General Meeting is as follows:

Thousands of Euros	
To voluntary reserve	83,482
Dividends (EUR 0.60 per share)	211,724
TOTAL	295,206

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Of the dividend out of 2005 profit, an interim dividend of EUR 0.20 per share was already approved in 2004 for a total of EUR 70,575 thousand, which was recognised as a reduction in the ACS Group's equity at 31 December 2005.

The Board of Directors has presented the liquidity statement required under Article 216 of the revised Companies Law in the individual financial statements of the Parent.

32. Earnings per share

32.1. Basic earnings per share

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

Accordingly:

	2005	2004	Change (%)
Net profit for the year (thousands of euros)	608,657	452,491	34.51
Weighted average number of shares outstanding	349,067,717	348,419,687	0.19
Basic earnings per share (euros)	1.74	1.30	34.26

32.2. Diluted earnings per share

The diluted earnings per share were the same as basic earnings per share since there were no debt instruments or shares that could potentially be converted into ordinary shares.

The Group has no discontinued operations, and accordingly, the applicable earnings per share have not been calculated.

33. Events after the balance sheet date

In addition to the ACS Group's acquisition of an additional 10% ownership interest in the share capital of Unión Fenosa, S.A. (as explained in Note 10), noteworthy was the sale in February 2006 of the direct and indirect ownership interest in the Portuguese construction company Sociedade de Construções e Obras Públicas, S.A. (SOPOL) for EUR 23,700 thousand, at a gain of 15,100 thousand.

34. Balances and transactions with related parties

Transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Parent and its subsidiaries and associates are disclosed in the Parent's individual financial statements.

34.1. Transactions with associates

In 2005 and 2004 the Group companies performed the following transactions with related parties that do not form part of the Group:

Thousands of Euros	Sales of Goods and Services		Purchases of Goods and Services		Accounts Receivable		Accounts Payable	
	2005	2004	2005	2004	2005	2004	2005	2004
Associates	366,628	181,213	3,705	1,137	266,528	114,913	43,938	34,531
Joint ventures	8,482	4,163	7,989	6,777	14,092	9,686	14,348	8,199

Transactions between Group companies are generally carried out at market prices.

34.2. Balances and transactions with other related parties

Information relating to transactions with related parties is disclosed in accordance with the Order EHA/3050/2004, of 15 September of the Ministry of Economy and Finance and the CNMV Circular 1/2005, of 1 April.

34.2.1. Transactions with significant shareholders

Description of Transaction	Thousands of Euros	Related Party
Finance lease agreements	8,340	Banca March, S.A.
Credit lines	11,430	Banca March, S.A.
Guarantees	34,940	Banca March, S.A.
Financing agreements (mainly certified suppliers payment)	101,520	Banca March, S.A.
Construction contract work ⁽¹⁾	2,369	Rosan Inversiones, S.L.

⁽¹⁾ At the Meeting of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. held on 29 May 2005, it was reported that a construction contract had been entered into between Rosan Inversiones, S.L., a company controlled by the Chairman of ACS, Actividades de Construcción y Servicios, S.A., and the subsidiary Dragados, S.A. under market conditions both legally and economically. Contract work amounting to EUR 2,293 thousand had been completed at 31 December 2005.

All these commercial transactions were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Group company transactions.

34.2.2 Transactions between individuals, companies or Group entities related to Group shareholders or Board members

Description of the Transaction	Thousands of Euros	Related Party
Financing agreements: loans	5,919	Banco Guipuzcoano
Guarantees	11,536	Banco Guipuzcoano
Provision of services	163	Indra Sistemas, S.A.
Sales of goods	82	Indra Sistemas, S.A.
Other (1)	50,886	UNIPSA, Correduría de Seguros, S.A.
Cooperation agreements	1,091	Terratest Técnicas Especiales, S.A.
Dividends and other distributed profit	554	Fidwei Inversiones, S.L.
Dividends and other distributed profit	85	Lynx Capital, S.A.
Provision of services	11,311	Terratest Técnicas Especiales, S.A.
Operating lease agreements	647	Fidalsar, S.L.
Reception of services	694	Indra Sistemas, S.A.
Provision of services	1,948	Atlas Copco, S.A.E.
Finance lease agreements	4,242	Banco Santander Central Hispano
Finance lease agreements	3,154	Banesto
Finance lease agreements	48	Hispamer
Financing agreements: loans	191,340	Banco Santander Central Hispano
Financing agreements: loans	56,665	Banesto
Financing agreements: loans	5,787	Banespa
Financing agreements: loans	2,319	Banco Santander Brasil
Financing: mainly certified suppliers payment	313,000	Banco Santander Central Hispano
Financing agreements: mainly certified suppliers payment	122,997	Banesto
Financing agreements: mainly certified suppliers payment	2,032	Banco Santander Serfin
Guarantees	931,366	Banco Santander Central Hispano
Guarantees	461,229	Banesto
Financing agreements: loans	375,862	Banco Santander Central Hispano
Financing agreements: loans	451,431	Banesto
Acquisition of 22.07% of Unión Fenosa, S.A.	2,219,286	Banco Santander Central Hispano
Bridge loan repaid on 11 November 2005		
for the acquisition of 22.07% of Unión Fenosa, S.A.	2,219,286	Banco Santander Central Hispano
Provision of services	524	Zardoya Group

⁽¹⁾ The balance of EUR 50,886 thousand with Unipsa, Correduría de Seguros, S.A. (a company related to Banca March, S.A.) relates to "intermediate premiums" and not to consideration for insurance brokerage services.

The transactions performed with Banco Guipuzcoano are indicated because José María Aguirre González is Chairman of its Board of Directors.

The transactions performed with Indra Sistemas, S.A. are indicated because Javier Monzón de Cáceres is the Chairman of this company.

The transactions performed with Terratest Técnicas Especiales, S.A., Fidalsar, S.L., Fidwei Inversiones, S.L., Lynx Capital, S.A. and Atlas Copco, S.A.E. are indicated due to their relationship with the director Pedro José López Jiménez.

The transactions performed with Banco Santander Central Hispano and its Group companies are indicated due to their relationship with the director Joan-David Grimá Terré.

The transactions performed with the Zardoya Group are indicated due to their relationship with the director Jose María Loizaga. The transactions performed in 2005 related to the performance of contracts amounting to EUR 2,301 thousand.

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business and relate to the normal operations of the Group companies.

35. Board of Directors and senior executives

In 2005 the members of the Board of Directors de ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration for membership of the Board of Directors of the Parent or of those of Group companies or for being senior executives of the Group companies.

Thousands of Euros	2005	2004
Fixed remuneration	2,661	2,476
Variable remuneration	2,834	2,682
Bylaw-stipulated directors' emoluments	2,223	2,220
Other	60	439
TOTAL	7,778	7,817

EUR 1,522 thousand and EUR 351 thousand were charged to income in relation to share options in 2005 and 2004, respectively.

These amounts relate to share options, which do not imply the recognition of income by the beneficiaries until the date on which the options are exercised, as provided for under current legislation.

Thousands of Euros

Other Benefits	2005	2004
Pension funds and plans: contributions	2,035	425
Pension funds and plans: obligations assumed	2,035	1,803
Life insurance premiums	11	4

The amount recognised under “Pension Funds and Plans: Contributions” relates to disbursements by the Company during the year. The amount recognised under “Pension Funds and Plans: Obligations Assumed” relates, in addition to the foregoing, to obligations charged to income in the year in this connection, even if they had been disbursed prior to the related year.

The ACS Group has not granted any advances, loans or guarantees to any of the Board members.

Remuneration, by type of director, was as follows:

Thousand of Euros	2005	2004
Executive directors	6,176	6,091
Non-executive nominee directors	1,088	1,242
Non-executive independent directors	514	484
	7,778	7,817

35.1. Transactions with members of the Board of Directors

The transactions with members of the Board of Directors or with companies in which they have an ownership interest giving rise to relatedness with the ACS Group are indicated in Note 34.2 on transactions with related parties.

35.2. Remuneration of senior executives

The remuneration of the Group's senior executives in 2005, excluding those who are simultaneously executive directors, was as follows.

Thousands of Euros	2005	2004
Salaries (fixed and variable)	20,730	18,534
Pension plans	2,742	2,290
Life insurance	45	44

EUR 2,993 thousand and EUR 1,199 thousand were charged to income in relation to share options in 2005 and 2004, respectively.

The Group did not perform any transactions with senior executives other than those mentioned earlier in relation to remuneration, share option plans and pension plans, which are explained in the related Note.

36. Other disclosures concerning the Board of Directors

Pursuant to Article 127 ter. 4 of the Spanish Corporations Law, introduced by Law 26/2003, of 17 July, which amends Securities Market Law 24/1988, of 28 July, and the consolidated Spanish Corporations Law, in order to reinforce the transparency of publicly listed corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity constituting the corporate purpose of ACS, Actividades de Construcción y Servicios, S.A. in which the members of the Board of Directors own direct or indirect equity interests, and of the functions, if any, that they discharge thereat:

Owner	Investee	Activity	Ownership Interest	Functions
Pablo Vallbona Vadellz	Abertis Infraestructuras, S.A.	Concessions	0.001%	Non-Executive Vice Chairman
Antonio García Ferrer	Inmobiliaria Urbis, S.A.	Real estate	0.0000007%	Board Member
José María Aguirre González	Inmobiliaria Urbis, S.A.	Real estate	0.005%	None
Manuel Delgado Solís	Cintra, Concesiones de Infraestructura de Transporte, S.A. Unión Fenosa, S.A.	Concessions	1,668 shares	None
		Energy	500 shares	Board Member
Isidro Fernández Barreiro	Fadesa	Real estate	0.0125%	None
	Endesa, S.A.	Energy	0.004%	None
	Iberdrola, S.A.	Energy	0.002%	None
	Grupo Ferrovial, S.A.	Construction and services	0.004%	None
	Fomento de Construcciones y Contratas, S.A.	Construction and services	0.001%	None
José María Loizaga Víguri	Mercapital, S.L. Capital Stock Inversiones Europeas, S.L.	Venture capital	20.224%	Chairman
		Venture capital	99.99%	Chairman
		Investments	99.97%	Vice Chairman
Pedro López Jiménez	Terratest Técnicas Especiales, S.A. Atlas Copco, SAE	Special foundations	45%	Chairman (through Fapindus, S.L.)
		Machinery for construction	0%	Board Member
Santos Martínez-Conde Gutiérrez-Barquín	Fomento de Construcciones y Contratas, S.A. Grupo Ferrovial, S.A. Abengoa, S.A. Gamesa Corporación Tecnológica, S.A. Telefónica Móviles, S.A. Abertis Infraestructuras, S.A. Metrovacesa, S.A. Inmobiliaria Urbis, S.A. Endesa, S.A. Gas Natural SDG, S.A. Enagas, S.A. Iberdrola, S.A. Unión Fenosa, S.A. S.G. Aguas de Barcelona, S.A.	Construction and services	0.003%	None
		Construction and services	0.001%	None
		Engineering and assembly work	0.002%	None
		Wind-powered facilities	0.001%	None
		Telephony	0.000%	None
		Concessions	0.000%	None
		Real estate	0.001%	None
		Real estate	0.002%	None
		Energy	0.001%	None
		Energy	0.001%	None
		Energy	0.001%	None
		Energy	0.001%	None
		Energy	0.001%	None
		Energy	0.001%	Board Member
Water	0.003%	None		
Javier Monzón de Cáceres	Indra Sistemas, S.A. Banco Inversis Net, S.A. YPF, S.A.	Information technologies and defence systems	0.044%	Chairman
		Finance	0%	Individual representing the Board Member Indra Sistemas, S.A.
		Energy	0%	Board Member
José Luis del Valle Pérez	Inmobiliaria Paredes, S.A. Del Valle Inversiones, S.A. Inversiones Montecarmelo, S.A. Sagital, S.A. Continental Industrias del Caucho, S.A. FSC Servicios de Franquicia, S.A.	Real estate	13.57%	Sole Board Member
		Real estate	33.33%	Board Member acting severally
		Real estate	23.49%	None
		Private security and integral building maintenance	5.10%	None
		Automobile parts	0%	Chairman
		Automobile parts	0%	Chairman

Also pursuant to the aforementioned law, following is a detail of the activities performed by the directors, as independent professionals or as employees, that are identical, similar or complementary to the activity that constitutes the corporate purpose of ACS, Actividades de Construcción y Servicios, S.A.:

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Positions or Functions at the Company Concerned
Pablo Valbona Vadell	Infrastructure concessions	Employee	Abertis Infraestructuras, S.A.	Non-Executive Vice Chairman
Antonio García Ferrer	Construction	Employee	Dragados, S.A.	Board Member
	Industrial services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member
	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member
	Infrastructure concessions	Employee	Abertis Infraestructuras, S.A.	Board Member
José María Aguirre González	Real estate	Employee	Inmobiliaria Urbis, S.A.	Board Member
	Engineering and assembly	Employee	Cobra Instalaciones y Servicios, S.A.	Chairman
Manuel Delgado Solís	Industrial services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Vice Chairman
	Construction	Employee	Dragados, S.A.	Board Member
Javier Echenique Landiribar	Energy	Employee	Unión Fenosa, S.A.	Board Member
	Industrial services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member
	Materials for Construction	Employee	Uralita, S.A.	Board Member
Isidro Fernández Barreiro	Telephony	Employee	Telefónica Móviles, S.A.	Board Member
	Security	Employee	Ence, S.A.	Board Member
	Security	Employee	Xfera Móviles, S.A.	Board Member
José María Loizaga Viguri	Telephony	Employee	Prosegur, S.A.	Board Member
	Lifts	Employee	Zardoya Otis, S.A.	Vice Chairman
	Venture capital	Independent professional	Mercapital, S.L.	Chairman
	Venture capital Investments	Independent professional	Capital Stock Inversiones Europeas, S.L.	Chairman
Agustín Batuecas Torrego	Investments	Independent professional		Vice Chairman
	Passenger transport	Employee	Continental Auto, S.L.	Chairman and CEO
	Passenger transport	Employee	S.A. Alsina Graells de Autotransporte	Individual representing Continental Auto, S.L. Chairman and CEO
	Rail transport of goods	Employee	Continental Rail, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Transport interchange	Employee	Intercambiador de Transportes Avenida de América, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Transport interchange	Employee	Intercambiador de Transportes Príncipe Pío, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Transport interchange	Employee	Intercambiador de Transportes Plaza de Castilla, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Commercial activities	Employee	Explotación Comercial del Intercambiador, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Rail transport of goods	Employee	Construirail, S.A.	Board Member
	Sale of spare parts	Employee	Setra Ventas y Servicios, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Autobuses García, S.L.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Autocares Discrecionales del Norte, S.L.	Individual representing Continental Auto, S.L. Chairman and CEO
	Supplies and spare parts	Employee	Servicios Generales de Automoción, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Transportes Alsina Graells Sur, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Road transport of goods	Employee	Jiménez Lopera, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Autedia, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Hijos de Simón Maestra García, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Compañía Navarra de Autobuses, S.A.	Board Member and Secretary
Transport	Employee	Movelia Tecnologías, S.L.	Individual representing Continental Auto, S.L. Chairman and CEO	

Pedro López Jiménez	Construction	Employee	Dragados, S.A.	Vice Chairman
	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member
	Energy	Employee	Unión Fenosa, S.A.	Chairman
	Energy	Employee	Cepsa	Board Member
	Special foundations	Employee	Terratest Técnicas Especiales, S.A.	Chairman (through Fapindus, S.L.)
	Machinery for construction	Employee	Atlas Copco, SAE	Board Member
Santos Martínez-Conde Gutiérrez-Barquín	Energy	Employee	Unión Fenosa, S.A.	Board Member
	Steel	Employee	Acerinox, S.A.	Board Member
Javier Monzón de Cáceres	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member
	Information technologies	Employee	Indra Sistemas, S.A.	Chairman
	Finance	Employee	Banco Inversis Net, S.A.	Individual representing the Board Member Indra Sistemas, S.A.
	Energy	Employee	YPF, S.A.	Board Member
Julio Sacristán Fidalgo	Tollroad concessions	Employee	Autopistas Aumar, S.A.C.E.	Board Member
Miguel Roca Junyent	Infrastructure concessions	Employee	Abertis Infraestructuras, S.A.	Non-Board Member secretary
	Finance	Employee	Banco Sabadell, S.A.	Non-Board Member secretary
Álvaro Cuervo García	Wood	Employee	Tafisa, Tableros de Fibra, S.A.	Vice Chairman
José Luis del Valle Pérez	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member and Secretary
	Industrial services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member and Secretary
	Construction	Employee	Dragados, S.A.	Board Member and Secretary
	Engineering and assembly work	Employee	Cobra Instalaciones y Servicios, S.A.	Board Member and Secretary
	Engineering and assembly work	Employee	Sociedad Española de Montajes Industriales, S.A.	Board Member-Secretary
	Tollroad concessions	Employee	Iberpistas, S.A.C.E.	Board Member-Secretary
	Port and logistics services	Employee	Dragados Servicios Portuarios y Logísticos, S.A.	Board Member
	Infrastructure concessions	Employee	Dragados Concesiones de Infraestructuras, S.A.	Board Member
	Integral building maintenance	Employee	Clece, S.A.	Board Member
	Passenger transport	Employee	Saba Aparcamientos, S.A.	Board Member
	Urban services	Employee	Urbaser, S.A.	Board Member
	Real estate	Employee	Inmobiliaria Paredes, S.A.	Sole Board Member
	Real estate	Employee	Del Valle Inversiones, S.A.	Board Member acting severally
Automotive parts	Employee	Continental Industrias del Caucho, S.A.	Chairman	
Automotive parts	Employee	FSC Servicios de Franquicia, S.A.	Chairman	

37. Guarantee commitments to third parties

At 31 December 2005, the Group had provided guarantees to third parties in connection with its business activities totalling EUR 5,616,597 thousand. This amount includes most notably the guarantees provided to the Spanish National Securities Market Commission to guarantee the takeover bid for 10% of Unión Fenosa, S.A., which amounted to EUR 1,005,442 thousand and which had already been recovered at the date of preparation of these financial statements.

Also, ACS Actividades de Construcción y Servicios, S.A. has provided guarantees amounting to EUR 123,260 thousand to secure the commitments assumed by it in relation to the obtainment of telecommunications licences and other commitments relating to this activity (mainly Xfera Móviles, S.A.).

The Group's directors consider that no material liabilities additional to those recognised in the accompanying consolidated balance sheet will arise as a result of the transactions described in this Note.

The contingent liabilities include that relating to the normal liability of the companies with which the Group carries on its business activities. Normal liability is that related to compliance with the contractual obligations assumed in the course of the provision of construction, industrial services or urban services by the companies or the joint ventures of which they are venturers.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession contracts, etc.

Lastly, the various Group companies are exposed to the risk of having court and out-of-courts claims filed against them. In these cases, the directors of the Group companies consider that the possible effect on the financial statements would not be material.

38. Information on the environment

Environmental activities are those aimed at preventing, reducing or repairing damage to the environment.

The ACS Group's activities include an environmental area consisting of street cleaning, the collection of urban solid waste, the operation of landfills and waste treatment plants, etc. Additionally, an environmental impact study is performed for most construction contracts.

However, the ACS Group does not consider the assets and expenses relating to these activities to be of an environmental nature to the extent that they are performed by third parties.

The main environmental measures taken by the ACS Group in 2005 included most notably the following:

Construction

Firstly, in relation to the campaign initiated last year, measures continued to be taken to recycle construction and demolition waste, and to reuse excess excavation soil. Recycling possibilities depend to a great extent on the availability of adequate infrastructures near to the construction site, which condition the degree of recycling that can be achieved. Progress is measured by indicators which are shown in the corresponding section.

Dragados has been the pioneer within the sector of large professional consumers in initiating contacts with the Integrated Waste Management System established by the manufacturers which supply the Group's computer equipment for the removal of electrical and electronic equipment waste at a corporate level, in accordance with the entry into force of the applicable legislation thereon.

Industrial Services

- Trials for the replacement of solvent-based paint with water paint
- Approval by the port authority of the contingency plan for accidental marine contamination drawn up by Dragados Off-Shore.
- Plans drawn up for the preservation of protected species in the construction of the Castelnou combined cycle plant.

Urban Services and Concessions

- Savings of over 3.6 million tons of CO₂ emissions through the management of 63 treatment and waste recycling plants.
- Initiation of studies and commencement of projects to develop Clean Development Mechanisms at landfills in developing countries, to obtain Emission Allowance Certificates (Kyoto Effect).
- Participation in the design, construction and operation of a plant to produce biodiesel using vegetable oils, with a capacity of 25,000 tons per year. It will be operating in 2006 and its production will replace an equal amount of fossil fuel.
- The amount of mineral oils collected from automobiles and ships (Marpol Convention) increased to 100,000 tons per year of recovered oil waste and 70,000 tons of waste from Spanish ports, in application of the Marpol Convention.
- Renewal of environmental and quality certification in accordance with the UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standards, respectively.
- Performance of training and informative activities to reduce the environmental impact of the activities carried on by Continental Auto, S.L. and to achieve an adequate level of environmental protection.
- Effective integration of the former quality management, environmental and occupational risk prevention systems into a single Integrated Management System.
- Adaptation of the Integrated Management System of Continental Auto, S.L. to meet the specifications of the OHSAS 18001/1999 standard.

Environmental assets

The main environmental assets are the purifying facilities, biofilters and other assets, the purpose of which is to minimise damage to the environment. At 31 December 2005, the value of these assets, net of depreciation, was EUR 42,282 thousand (EUR 34,215 thousand in 2004).

Environmental expenses

The environmental expenses incurred both in 2005 and 2004 did not have a material impact on the income statement.

Environmental provisions

The Group's directors consider that any environmental contingencies that might arise are sufficiently covered by the third-party liability insurance policies that have been taken out. The amount of the provisions for probable or certain third-party liability, litigation in progress and indemnity payments or outstanding obligations of an undetermined amount is not material.

CO₂ Emissions

The ACS Group is not affected by the provisions of Royal Decree 1866/2004 regulating the Spanish National CO₂ Emission Allowances Plan for the period from 2005 to 2007. Accordingly, it has not recognised any transaction in this connection.

Unión Fenosa, S.A., in which the ACS Group has an ownership interest of 24.51% is affected by CO₂ emission allowances and therefore recognised the related effect. Consequently the ACS Group recognised the related effect in proportion to its percentage of ownership.

39. Auditors' fees

The fees for financial audit services provided to the various companies composing the Consolidated Group in 2005 amounted to EUR 3,893 thousand. Of this amount, EUR 2,949 thousand corresponded to the principal auditor, Deloitte, S.L.

The Group paid EUR 642 thousand to audit firms for other services, mainly accounting services. Of this amount, EUR 453 thousand corresponded to the principal auditor, Deloitte, S.L.

40. Reconciliation of opening and closing balances for 2004

IFRS 1 requires that the first consolidated financial statements prepared in accordance with IFRSs include a reconciliation of the equity at the beginning and at the end of the immediately preceding period to the equity at the end of the preceding period and at the beginning of the comparative period to which these financial statements refer, respectively, prepared in accordance with Spanish GAAP in the case of the Group. Also, IFRS 1 requires a reconciliation of the profit or loss for the comparative period to the profit or loss for the same period under local GAAP.

2005 is the first year for which the Group has presented its financial statements in accordance with IFRSs. The last financial statements presented in accordance with Spanish GAAP were those for the year ended 31 December 2004, and, accordingly, the date of transition to IFRSs is 1 January 2004.

The main differences between Spanish GAAP and the accounting policies applied in accordance with IFRSs, and which are applicable to the ACS Group are as follows:

- Pre-contract costs, other than those incurred after the award phase or the final negotiation of the contract are not capitalised.
- Research expenditure is not capitalised, only development expenditure.
- Start-up costs are not capitalised, but rather are recognised as an expense in the year in which they are incurred.
- Goodwill is no longer amortised and, instead, an annual impairment test is performed.
- Extraordinary items can no longer be recognised.
- Concessions.- The capitalisation of finance costs incurred after the start-up of the concession is not permitted and, consequently, in accordance with IFRSs, these costs must be recognised on an accrual basis. This is the main effect in relation to infrastructure concessions, which were accounted for under Spanish GAAP in accordance with the industry chart of accounts. At the ACS Group, this effect arises mainly at companies accounted for using the equity method, since most of the concessions are operated through investments over which a significant influence is exercised.
- Assets held under finance leases are classified as property, plant and equipment on the basis of their nature and a liability is recognised for the total debt less the related charges, which are recognised on an accrual basis.
- Deferred borrowing costs are no longer capitalised under IFRSs. They are presented as a reduction of bank loans and the related costs are charged to income on an accrual basis.
- Treasury shares.- These are deducted from equity.
- Financial instruments.- They are measured at fair value.
- Deferred tax assets.- All deferred tax assets considered to be recoverable are recognised and there is no ten year temporary limit as provided under Spanish law.
- In the real estate business (both in-house and that carried on by the investee Inmobiliaria Urbis, S.A.) the main effects are as follows:
 - a) Revenue may not be recognised even if the development has been substantially completed, and sales and the associated cost must be recognised when the properties are delivered.
 - b) Property held for rentals may be measured at fair value (this option was not applied by the ACS Group).

In addition to the changes in equity indicated in Note 2.1 to the financial statements, following are a reconciliation of the balances in the consolidated balance sheet and consolidated income statement and a definition of certain terms used therein:

- Closing balances: the balances in the Group's consolidated financial statements prepared in accordance with Spanish GAAP.
- Adjustments and reclassifications: changes arising from the measurement basis and accounting policies changed by the new Standards and changes arising from the new way of presenting the financial statements.
- Opening balances: the balances resulting from considering the effect of the adjustments and reclassifications on the closing balances.

40.1. Consolidated balance sheet: Reconciliation at 1 January 2004 - Assets

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
DUE FROM SHAREHOLDERS FOR UNCALLED CAPITAL	8,940	(8,940)	-
NON-CURRENT ASSETS	4,394,483	49,297	4,443,780
Start-up costs	15,525	(15,525)	-
Property, plant and equipment	1,073,898	107,995	1,181,893
Non-current assets in projects	641,922	870	642,792
Investment property	-	9,749	9,749
Goodwill	1,039,894	(32,696)	1,007,198
Other intangible assets	239,641	(155,651)	83,990
Investments in associates	1,081,186	(177,824)	903,362
Non-current financial assets	302,417	20,957	323,374
Deferred tax assets	-	290,719	290,719
Financial instrument receivables	-	703	703
DEFERRED CHARGES	43,440	(43,440)	-
CURRENT ASSETS	6,779,428	(294,957)	6,484,471
Inventories	424,894	(27,187)	397,707
Trade and other receivables	5,159,247	(657,919)	4,501,328
Other current financial assets	744,362	-	744,362
Current tax assets	-	264,388	264,388
Shares of the Parent	26,875	(26,875)	-
Other current assets	40,910	152,636	193,546
Cash and cash equivalents	383,140	-	383,140
TOTAL ASSETS	11,226,291	(298,040)	10,928,251

40.2. Consolidated balance sheet: Reconciliation at 1 January 2004 - Equity and liabilities

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
EQUITY (including minority interests)	1,895,708	(198,727)	1,696,981
Share capital	177,791	-	177,791
Share premium	897,294	-	897,294
Other reserves	534,516	(133,707)	400,809
Treasury shares	-	(26,875)	(26,875)
Valuation adjustments	-	(26,540)	(26,540)
Profit for the year of the Parent	229,508	-	229,508
Interim dividend	(42,670)	-	(42,670)
EQUITY ATTRIBUTED TO THE PARENT	1,796,439	(187,122)	1,609,317
MINORITY INTERESTS	99,269	(11,605)	87,664
NEGATIVE GOODWILL	3,588	(3,588)	-
DEFERRED INCOME	135,599	(5,355)	130,244
Grants relating to assets	119,678	10,566	130,244
Other deferred income	15,921	(15,921)	-
NON-CURRENT LIABILITIES	1,399,745	(56,082)	1,343,663
Bank borrowings	611,791	(47,375)	564,416
Non-recourse financing	265,340	-	265,340
Other financial liabilities	-	31,990	31,990
Deferred tax liabilities	-	33,433	33,433
Non-current provisions	405,729	(81,071)	324,658
Financial instrument payables	-	9,478	9,478
Other non-current liabilities	116,885	(2,537)	114,348
CURRENT LIABILITIES	7,791,651	(34,288)	7,757,363
Bank borrowings	1,456,943	(3,994)	1,452,949
Non-recourse financing	50,867	-	50,867
Trade and other payables	5,059,226	1	5,059,227
Other financial liabilities	-	1,800	1,800
Current provisions	192,256	-	192,256
Current tax liabilities	483,848	9,872	493,720
Other current liabilities	548,511	(41,967)	506,544
TOTAL EQUITY AND LIABILITIES	11,226,291	(298,040)	10,928,251

40.3. Consolidated balance sheet: Reconciliation at 31 December 2004 - Assets

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
DUE FROM SHAREHOLDERS FOR UNCALLED CAPITAL	4,495	(4,495)	-
NON-CURRENT ASSETS	5,324,248	84,052	5,408,300
Start-up costs	10,614	(10,614)	-
Property, plant and equipment	1,183,891	115,496	1,299,387
Non-current assets in projects	872,675	6,557	879,232
Investment property	-	9,632	9,632
Goodwill	1,257,379	(246,530)	1,010,849
Other intangible assets	276,233	(177,801)	98,432
Investments in associates	1,350,555	148,288	1,498,843
Non-current financial assets	372,901	(38,543)	334,358
Deferred tax assets	-	277,404	277,404
Financial instrument receivables	-	163	163
DEFERRED CHARGES	55,969	(55,969)	-
CURRENT ASSETS	7,224,725	(233,385)	6,991,340
Inventories	403,562	(22,568)	380,994
Trade and other receivables	5,176,533	(502,695)	4,673,838
Other current financial assets	1,139,137	(120,995)	1,018,142
Current tax assets	-	240,177	240,177
Shares of the Parent	29,131	(29,131)	-
Other current assets	25,351	74,692	100,043
Cash and cash equivalents	451,011	127,135	578,146
TOTAL ASSETS	12,609,437	(209,797)	12,399,640

40.4. Consolidated balance sheet: Reconciliation at 31 December 2004 - Equity and liabilities

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
EQUITY (including minority interests)	2,223,018	(203,828)	2,019,190
Share capital	176,437	-	176,437
Share premium	897,294	-	897,294
Other reserves	619,207	(111,450)	507,757
Treasury shares	-	(29,131)	(29,131)
Valuation adjustments	-	(50,016)	(50,016)
Profit for the year of the Parent	460,385	(7,894)	452,491
Interim dividend	(49,402)	-	(49,402)
EQUITY ATTRIBUTED TO THE PARENT	2,103,921	(198,491)	1,905,430
MINORITY INTERESTS	119,097	(5,337)	113,760
NEGATIVE GOODWILL	4,405	(4,405)	-
DEFERRED INCOME	161,419	(10,378)	151,041
Grants related to assets	146,815	4,226	151,041
Other deferred income	14,604	(14,604)	-
NON-CURRENT LIABILITIES	2,369,940	46,910	2,416,850
Bank borrowings	1,472,991	(17,858)	1,455,133
Non-recourse financing	428,866	(3,570)	425,296
Other financial liabilities	26,820	213	27,033
Deferred tax liabilities	-	55,895	55,895
Non-current provisions	258,087	(8,124)	249,963
Financial instrument payables	-	28,976	28,976
Other non-current liabilities	183,176	(8,622)	174,554
CURRENT LIABILITIES	7,850,655	(38,096)	7,812,559
Bank borrowings	1,055,195	(1,823)	1,053,372
Non-recourse financing	37,045	-	37,045
Trade and other payables	5,514,646	(16,510)	5,498,136
Other financial liabilities	22,303	33	22,336
Current provisions	204,262	(3)	204,259
Current tax liabilities	-	529,058	529,058
Other current liabilities	1,017,204	(548,851)	468,353
TOTAL EQUITY AND LIABILITIES	12,609,437	(209,797)	12,399,640

40.5. Consolidated income statement for 2004

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
Revenue	10,960,656	(142,773)	10,817,883
Operating expenses	9,983,327	(146,589)	9,836,738
Gross operating income	977,329	3,816	981,145
Depreciation and amortisation charge/Provisions	266,334	(9,118)	257,216
Net operating income	710,995	12,934	723,929
Net finance costs	(96,420)	167	(96,253)
Loss on changes in the value of assets	-	(28,221)	(28,221)
Profit of associates	111,517	(17,160)	94,357
Amortisation of goodwill	80,737	(80,737)	-
Gains on disposal of non-current assets	-	15,455	15,455
Other gains or losses	(21,886)	(64,085)	(85,971)
Profit before tax	623,469	(173)	623,296
Corporation tax	145,980	6,917	152,897
Profit for the year	477,489	(7,090)	470,399
Profit attributed to minority interests	17,104	804	17,908
Profit attributed to the Parent	460,385	(7,894)	452,491

41. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs, as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

Exhibit I Subsidiaries

Company	Registered Office	Activity	Auditor	% Effective ownership
PARENT				
ACS Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102, Madrid	Parent	Deloitte	-
ACS Colombia, S.A.	Santa Fé de Bogotá- Colombia	Construction	Elquin Infante	100.00%
ACS Telefonía Móvil, S.L.	C/ Orense, 34, Madrid	Telecommunications	-	100.00%
Novovilla, S.A.	Avda. de Tenerife, 4-6 28700 San Sebastián de los Reyes, Madrid	Acquisition of movable and immovable propertys	-	100.00%
PR Pisa, S.A.	Avda. de Pío XII, 102, Madrid	Holding company	Deloitte	100.00%
Villanova, S.A.	Avda. de Tenerife, 4-6 28700 San Sebastián de los Reyes, Madrid	Acquisition of movable and immovable property	-	100.00%
CONSTRUCTION				
Dragados, S.A.	Avda. de Tenerife, 4-6 28700 San Sebastián de los Reyes, Madrid	Construction	Deloitte	100.00%
Acainsa, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Aparcamiento Tramo C. Rambla- Coslada, S.L.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Can Brians 2, S.A.	Via Laietana, 33, Barcelona	Concession	Deloitte	75.00%
Caríatide, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Castellano Leonesa de Minas, S.A.	C/ Prado de la Guzpeña, León	Mining - Inactive	-	100.00%
Comunidades Gestionadas, S.A. (COGESA)	C/ Orense, 34 1º, Madrid	Real estate development	Deloitte	100.00%
Concesionaria San Rafael, S.A.	C/ San Juan, 23 4B, Sta.Eulalia, I. Baleares	Concession	-	100.00%
Consortio Tecdra, S.A.	Avda. Vutacyra 2939 Of. 2201, Las Condes, Santiago de Chile, Chile	Construction	Ernst & Young	100.00%
Construcciones Especiales y Dragados, S.A.	Avda. Fuente de la Mora, 2, Madrid	Construction	Deloitte	100.00%
Constructora Dycven, S.A.	Veracruz Edif. Torreón, 3º, Urbaniz. Las Mercedes, Caracas	Construction	Ernst & Young	100.00%
Constructora Vespucio Norte, S.A.	Avda. Americo Vespucio, 1565 Quilicura - Santiago de Chile	Construction	Ernst & Young	54.00%
Drace Prefabricados de Edificación, S.L.	Camino de la Vega, Parc.69,70,71, Chiloches, Guadalajara	Construction	-	100.00%
Dragados Maroc, S.A.	C/ 63 Moulay Youssef Residence Adriana, Casablanca - Marruecos	Construction	-	100.00%
Dragados Roads Ltd.	Stonemason's Court Cemetery Pales, Rockwood Woking GU24 OBI - Gran Bretaña	Construction	Deloitte	100.00%
Dragados y Construcciones Argentina SAICI	Avda.Leandro N.Alem.986 Buenos Aires (Argentina)	Construction	Estudio Torrent Auditores	66.10%
Drasel SARL	Route de Versonnex, 5, Cessy - Francia	Construction	-	60.00%
Geotecnia y Cimientos, S.A.	C/ Los Llanos de Jerez, 10-12, Coslada Madrid	Construction	Deloitte	100.00%
Gestifisa, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Gisca, S.A.	C/ Orense, 11, Madrid	Petroleum and water pipelines	-	52.50%
Hospital de Majadahonda, S.A.	C/ Velázquez, 166, Madrid	Concession	Deloitte	55.00%

2.2. Consolidated Financial Statements

Company	Registered Office	Activity	Auditor	% Effective ownership
Hullera Oeste de Sabero, S.A.	C/ Ramiro Valbuena, 16, León	Mining - Inactive	-	100.00%
Inmobiliaria Alabega, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Lucampa, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Protide, S.A.	C/ Ramiro Valbuena 12, León	Real estate development	-	100.00%
Remodelación Rivera Norte, S.A.	C/ Prueba, 12, Madrid	Concession	-	100.00%
Residencial Leonesa, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Roperfeli, S.L.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Sopol, S.A.	Rua de Sa Bento, 644 6º, Lisboa, Portugal	Construction	Ernst & Young	50.56%
Técnicas e Imagen Corporativa, S.A.	C/ La Cañada, 53, 28850 Torrejón de Ardoz, Madrid	Construction	Deloitte	75.47%
Tecsa Empresa Constructora, S.A.	Avda. Madariaga, 1, 4º, Bilbao	Construction	Deloitte	100.00%
Vías y Construcciones Portugal S.G.P.S., S.A.	Rua Dr Joao Medoça 505 2. 4450 Senhora de Hora Matosinhos - Portugal	Holding company		100.00%
Vías y Construcciones, S.A.	C/ Orense, 11, Madrid	Construction	Deloitte	100.00%
INDUSTRIAL SERVICES				
ACS Servicios Comunicaciones y Energía, S.L.	Avda. de Pío XII, 102, Madrid	Services	Deloitte	100.00%
Actividades de Montajes y Servicios, S.A.	Ntra. Sra de Fátima, 38, La Coruña 15007	Installation and industrial assembly	-	100.00%
Actividades de Montajes y Servicios, S.A. de C.V.	Veracruz - Méjico	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A.	43 Calle A 5-01 Zona 12 Guatemala City	Auxiliary electricity, gas and communications distribution services	-	100.00%
Agrupación Offshore 60, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510, México D.F.	Manufacture of metallic structures	KMPG Cardenas Dosal, S.C.	99.94%
Alagarce, S.L.	Serrano, 134, Madrid 28006	Generation of electricity	-	100.00%
Albatros Logistic, S.A.	C/ Franklin Naves 24-29, 28906 Getafe, Madrid	Distribution logistics	Deloitte	100.00%
Andasol 1, S.A.	Barbara de Braganza, 11, Madrid 28603	Energy production	Deloitte	75.00%
Andasol 2, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Energy production	Deloitte	75.00%
Antenea Technologies, S.L.	C/ Sepúlveda, 6, 28108 Alcobendas - Madrid	Telecommunications	-	99.76%
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce São Domingos de Rana 2775 Portugal	Design, manufacture and installation of corporate image	Deloitte	99.90%
API Conservación, S.A.	C/ General Moscardó, 27, 28020 Madrid	Roads maintenance	Deloitte	100.00%
API Fabricación, S.A.	Raso de la Estrella, s/n, 28300 Aranjuez	Manufacturing	Deloitte	100.00%
Aplicación de Pinturas API, S.A.	C/ General Moscardó, 27, 28020 Madrid	Painting and signposting	Deloitte	100.00%
Argencobra, S.A.	Viamonte, 1145, Buenos Aires - Argentina	Auxiliary electricity, gas and communications distribution services	Alejandra Tempestini	100.00%
Arroyal Energía, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Artemis Transmissora de Energia Ltda.	Rua Deputado Edu Vieira 999, Florianopolis	Electrical concession	AGN Canarim	50.97%
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
AW Augusta Wind, S.L.	Nil Fabra, 34, Barcelona 08012	Generation of electricity	-	100.00%
B.I. Josebeso, S.A.	Pz Venezuela Torre Phelps s/n, 1050 Caracas - Venezuela	Industrial cleaning	-	82.80%
BTOB Construccion Ventures S.L.	Teide, 4, San Sebastian de los Reyes, Madrid	Administrative management services	Deloitte	99.94%

Company	Registered Office	Activity	Auditor	% Effective ownership
C. A. Weinfer de Suministro de Personal	Pz Venezuela Torre Phelps s/n, 1050 Caracas - Venezuela	Industrial cleaning	-	82.80%
Cachoeira Montages e Serviços Ltda.	Marechal Camera, 160, Rio de Janeiro - Brasil 20020	Electrical assembly and services	-	100.00%
Catalana de Treballs Públics, S.A.	Ed.Gran Capitán, 4, Barcelona 08034	Auxiliary electricity, gas and communications distribution services	Deloitte	100.00%
Cobra Bahia Instalações e Serviços	Cuadra 4, 10 Estrada do Coco, Bahia - Brasil 47680	Assembly and electrical installations	-	100.00%
Cobra Bolivia, S.A.	Rosendo Gutiérrez, 686 Sopocachi - Bolivia	Assembly and electrical installations	-	100.00%
Cobra Chile, S.A.	José Pedro Alexandri, 2323 Macul - Santiago de Chile	Assembly and electrical installations	BDO	100.00%
Cobra Ingeniería de Montajes, S.A.	Fernando Villalon, 3, Sevilla 41004	Installation and assembly	-	100.00%
Cobra Instalaciones México, S.A. de C.V.	C/ Melchor Ocampo, 193, Colonia Verónica Anzures - México	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Cobra Instalaciones y Servicios, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Performance of studies, consulting and projects, R&D services and the management and performance of all types of contract works, manufacturing, development and repair of all types of industrial operations	Deloitte	100.00%
Cobra Internacional, S.L.	Cardenal Marcelo Spínola, 10, Madrid 28016	Holding company	-	100.00%
Cobra Inversiones y Gestión, S.L.	Cardenal Marcelo Spínola, 10, Madrid 28016	Holding company	-	100.00%
Instalaciones y Servicios Codepa, S.A.	Edif. Allbrook Park, Of.115, Corregimiento Ancón	Assembly and electrical installations	-	100.00%
Cobra Perú II, S.A.	Abelardo Quiñones, 870, Iquitos - Perú	Electrical installations	-	100.00%
Cobra Perú, S.A.	Jr Slaberry, 300 Callao, Lima - Perú	Servicios auxiliares de Distribución de Electricidad y Comunicaciones	KPMG	100.00%
Cobra Instalaciones y Servicios, S.A.	Vereda, 6 Portal 4, Manoguyabo, Rep. Dominicana	Auxiliary electricity, gas and communications distribution services	-	100.00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Reading of electricity meters and other services	Deloitte	100.00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Sale and installation of security systems	-	100.00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Installation of communication and control systems	-	100.00%
Cobra y Cingel Telecomunicaciones	Avda de Macul, 2323	Assembly and electrical installations	-	60.96%
Instalaciones y Servicios Codeni, S.A.	Masaya	Installation and assembly	-	100.00%
Coinal Instalaciones y Servicios, S.A. de C.V.	Pasaje Senda Florida,167, San Salvador	Installation and assembly	-	100.00%
Construcciones Dorsa, S.A.	Cristóbal Bordiú, 35 - 5º, oficina 515-517, Madrid	Construction	Sin actividad	99.73%
Control y Montajes Industriales de Méjico, S.A. de C.V.	C/ Juan Racine, 116 6º, 11510 México D.F	Electrical installations	Deloitte	99.94%
Control y Montajes Industriales, S.A.	C/ Teide 4, 2ª Planta, 28709 San Sebastián de los Reyes, Madrid	Electrical installations	Deloitte	99.94%
Cosersa, S.A.	Av. de Ramón y Cajal, 107, 28043 Madrid	Industrial cleaning	-	100.00%
Cuerda de Rodaderos, S.L.	Loja, 8 Albolote, Granada 18220	Generation of electricity	-	60.00%
Cymi do Brasil Ltd.	Av. Presidente Wilson 231, 20030-020 Rio de Janeiro, Brasil	Electrical installations	-	99.94%
Cymi Seguridad, S.A.	C/ Teide 4, 2ª Planta, 28709 San Sebastián de los Reyes, Madrid	Security installations	-	99.94%
Desarrollos Energéticos Riojanos, S.L.	Pol.Industrial Las Merindades, calle B s/n, Villarcayo Burgos 09550	Generation of electricity	-	80.00%
Dimática, S.A.	C/ Saturnino Calleja, 20, 28002 Madrid	Marketing of computer equipment	-	100.00%
Dragados Sistemas, S.A.	C/ Sepúlveda, 6, 28108 Alcobendas - Madrid	Acquisition and sale of all types of movable assets and securities	Deloitte	99.94%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Dragados Construc. Netherlands, S.A.	Amsteldijk 166-6, 1079LH Amsterdam	Electrical installations	-	99.94%
Dragados Industrial , S.A.	C/ Teide 4, 28709 San Sebastián de los Reyes, Madrid	Construction of all types of contract works	Deloitte	99.94%
Dragados Industrial Algeria S.P.A.	Lot n°7 - Ville Coopérative, El Fetej - El Bihar Alger - Algérie	Industrial maintenance and assembly	-	96.95%
Dragados Industrial Canada Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal Quebec	Electrical installations	-	99.94%
Dragados Offshore de Méjico KU-A2, S.A de C.V.	Juan Racine n 112, piso 8, Col. Los Morales, 11510 México D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	99.94%
Dragados Offshore de Méjico, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 México D.F.	Market research and capturing	KMPG Cardenas Dosal, S.C.	99.94%
Dragados Offshore, S.A.	Bajo de la Cabezueta s/n, 11510 Puerto Real (Cádiz)	Engineering and construction	Deloitte	99.94%
Dragados Offshore USA Inc.	10333 Richmond Avenue, suite 720, 77042 Texas, Houston (Estados Unidos)	Market research and capturing	-	99.94%
Dragados Proyectos Industriales de Méjico, S.A. de C.V.	Juan Racine, 112 8 piso, Mexico (DF) 11510	Engineering and construction	Galaz Yamazaki Ruiz Urquiza	99.94%
Dragados Telecomunicaciones Dyctel Brasil Ltda.	C/ Rua Riachuelo, 268, 90010 Porto Alegre - Brasil	Telecommunications	-	99.94%
Dragados Telecomunicaciones, S.A.	C/ Sepúlveda, 6, 28108 Alcobendas - Madrid	Other telecommunications services	-	99.94%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29, 28108 Alcobendas- Madrid	Telecommunications	-	99.94%
Dyctel Puerto Rico Inc.	C/ Montellano SC, Embalse de San José	Telecommunications	-	99.94%
Easa Somozas, S.A.	José Luis Bugallal Marchesi, M-10 La Coruña 15008	Generation of electricity	KPMG	46.56%
Ecocivil Electromur G.E., S.L.	C/ Paraguay Parcela, 13/3, 30169 San Ginés - Murcia	Civil works	Deloitte	81.00%
Ecoven Parc Eólico, S.L.	Nil Fabra, 34 Barcelona 08012	Generation of electricity	KPMG	100.00%
El Paramo Parque Eólico, S.L.	Guitard, 43 Barcelona 08014	Generation of electricity	-	100.00%
Electrén, S.A.	Raimundo Fdez. Villaverde, 53, Madrid	Specialized construction	Deloitte	100.00%
Electromur, S.A.	C/ Cuatro Vientos, 1. San Ginés - Murcia	Electrical installations	Deloitte	100.00%
Electronic Traffic, S.A.	C/ Tres Forques, 147, 46014 Valencia	Electrical installations	Deloitte	100.00%
Emplogest, S.A.	Rua Alfredo Trindade, 4, Lisboa - Portugal 01649	Holding company	-	98.21%
Emurtel, S.A.	C/ Carlos Egea, parc. 13-18. P.I. Oeste. Alcantarilla - Murcia	Electrical installations	Deloitte	84.00%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29, 28108 Alcobendas - Madrid	Construction and sale of all types of electrical materials and s all operation required for electrifications and transport	Deloitte	99.94%
Enelec, S.A.	Av. Marechal Gomes da Costa, 27 1800-255 Lisboa, Portugal	Electrical installations	L. Graça, R. Carvalho & M. Borges, SROC, LDA	99.94%
Energías Ambientales de Novo, S.A.	José Luis Bugallal Marchesi M-10, La Coruña 15008	Generation of electricity	KPMG	60.00%
Energías Ambientales de Outes, S.A.	José Luis Bugallal Marchesi, 20, La Coruña 15008	Generation of electricity	KPMG	60.00%
Energías Ambientales de Vimianzo, S.A.	José Luis Bugallal Marchesi M-10, La Coruña 15008	Generation of electricity	KPMG	60.00%
Energías Ambientales, S.A.	José Luis Bugallal Marchesi M-10, La Coruña 15008	Generation of electricity	KPMG	60.00%
Energías y Recursos Ambientales, S.A.	Avda Pío XII, 102, Madrid 28036	Generation of electricity	KPMG	100.00%
Enq, S.L.	C/ F, nº 13. P.I. Mutilva Baja - Navarra	Electrical installations	-	99.54%
Equipos de Señalización y Control, S.A.	C/ Severino Covas, 100. Vigo - Pontevedra	Electrical installations	Deloitte	100.00%
Etra Cataluña, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat, Barcelona	Electrical installations	Deloitte	100.00%
Etra Interandina, S.A.	C/ 100, nº 8A-51, Of. 610, Torre B. Santafe de Bogota, Colombia	Electrical installations	Elquin Infante	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Etra Investigación y Desarrollo, S.A.	C/ Tres Forques, 147, 46014 Valencia	Research and development	Deloitte	100.00%
Etralux, S.A.	C/ Tres Forques, 147, 46014 Valencia	Electrical installations	Deloitte	100.00%
Etranorte, S.A.	C/ Errerruena, pab. G. P.I. Zabalongo. Munguia - Vizcaya	Electrical installations	Deloitte	100.00%
Eurus Eólica, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Eyra Barrigoso, S.L.	José Luis Bugallal Marchesi, 20, La Coruña 15008	Generation of electricity	-	99.98%
Eyra Energías y Recursos Ambientais Lda.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	98.00%
Eyra Pontefeso, S.L.	José Luis Bugallal Marchesi, 20, La Coruña 15008	Generation of electricity	-	100.00%
France Semi, S.A.	20/22 Rue Louis Armand rdc 75015 Paris - France	Assembly	-	99.73%
Generación Eólica el Páramo, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Gerovitae La Guancha, S.A.	Ctra. del Rosario Km 5,2, La Laguna S. C. Tenerife 38108	Management and operation of senior citizen social and health centres	-	100.00%
Hidra de Telecomunicaciones y Multimedia, S.A.	C/ Severo Ochoa, 10, 29590 Campanillas - Málaga	Telecommunications	-	99.94%
Hidrogestión, S.A.	Av. Manoteras, 28 Madrid	Electrical installations	Deloitte	100.00%
Hidrolazan, S.L.	Paseo de la Castellana,167, Madrid 28046	Construction and Operation	-	100.00%
Initec Energía, S.A.	Príncipe de Vergara, 120, Madrid	Technical engineering services	C.T.A. Auditores	99.94%
Injar, S.A.	León y Castillo, 421, Las Palmas de Gran Canaria, 35005	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
Instalaciones y Montajes Eléctricos, S.A. (IMES)	Av. de Ramón y Cajal, 107, 28043 Madrid	Electrical installations	Deloitte	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A	43 Calle A 5-01, Guatemala City	Auxiliary electricity, gas and communications distribution services	-	100.00%
Intebe, S.A.	Avda. de la Independencia, 21, bajo Cambrils Tarragona	Maintenance	Deloitte	99.40%
Iscobra Instalacoes e Servicos, Ltda.	General Bruce, 810, Rio de Janeiro - Brasil 20921	Assembly and electrical installations	-	100.00%
Itumbiara Marimbondo Ltda.	Marechal Camera, 160, Rio de Janeiro - Brasil 20020	Assembly and electrical installations	-	100.00%
La Lora I Parque Eólico, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
La Lora II Energía, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Lumicán, S.A.	C/ Arco, nº 40. Las Palmas de Gran Canaria	Electrical installations	Deloitte	100.00%
Maessa Telecomunicaciones, S.A. (Maetel)	Pl. Antonio Beltrán Martínez, 1, 9 D 50002 Zaragoza	Maintenance and assembly	Deloitte	99.40%
Makiber, S.A.	Paseo de la Castellana, 182, Madrid	Merchandise export	Deloitte	99.94%
Mant. Ayuda a la Explot.	Gran Vía, 67 Madrid	Industrial maintenance	Deloitte	100.00%
Mantenimiento y Montajes Industriales, S.A.	Edif. Milenium C/ Teide 5 1º, 28709 San Sebastián de los Reyes, Madrid	Industrial maintenance and assembly	Deloitte	99.94%
Masa Algeciras, S.A.	Polg. Ind. San Roque, nave 28 La Polvora Ctra. Cádiz - Málaga, km. 106, 11369 San Roche- Cádiz	Industrial maintenance and assembly	Deloitte	99.94%
Masa Argentina, S.A.	C/ Donado, 1090, Bahía Blanca 8000, Argentina	Manufacturing of industrial equipment, construction of various buildings and industrial maintenance	Tazzetto-López-Rodríguez Córdoba & Asoc.	89.95%
Masa Brasil, S.L.	Rua Joaquim Eugenio de Lima, 680, 5º, 54 Cjta Jardim Paulista, 01403-901 Sao Paulo - Brasil	Development of studies and projects, industrial assembly and maintenance and liquid and gas conduction	-	99.94%
Masa Galicia, S.A.	Políg. Ind. De la Grela, C/ Guttember, 27, 1º Izqd. 15008 La Coruña	Industrial maintenance and assembly	Deloitte	99.94%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1, 21002 Huelva	Industrial maintenance and assembly	Deloitte	99.94%
Masa Madrid, S.A.	C/ Teide, 5, 1º, 28709 San Sebastián de los Reyes, Madrid	Industrial maintenance and assembly	-	99.94%
Masa Méjico, S.A. de C.V.	C/ Juan Racine, 112, 8º, Colonia Los Morales, Del. Miguel Hidalgo, 11510 México D.F.	Production, manufacturing and construction of machinery, equipment, and products, industrial maintenance and assembly	Deloitte	99.94%
Masa Norte, S.A.	C/ Ribera de Axpe, 50, 3º, 48950 Erandio - Bilbao	Industrial maintenance and assembly	Deloitte	99.94%

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Masa Puertollano, S.A.	Crta. Calzada de Calatrava, km. 3,4 13500 Puertollano, Ciudad Real	Industrial maintenance and assembly	Deloitte	99.94%
Masa Servicios, S.A.	Políg. Ind. Zona Franca, Sector B, Calle B 08040 Barcelona	Industrial maintenance and assembly	Deloitte	99.94%
Masa Tenerife, S.A.	Pº Milicias de Garachico, 17, 4º, Ofic. 51 Edif. Hamilton 38022 Sta. Cruz de Tenerife	Industrial maintenance and assembly	-	99.94%
Mexicobra, S.A.	Colonia Polanco C/Alejandro Dumas,160 Mejico D.F. 11500	Auxiliary electricity, gas and communications distribution services	-	100.00%
Mexsemi, S.A. de C.V.	Avda. Dolores Hidalgo, 817, CD Industrial Irapuato Gto. 36541 Mexico	Assembly	Baker Tilly Mgrd Auditores S.C.	99.73%
Mimeca C.A.	Pz Venezuela Torre Phelps s/n 1050 Caracas - Venezuela	Industrial cleaning	-	82.80%
Moncobra Canarias Instalaciones, S.A.	León y Castillo, 238 Las Palmas de Gran Canaria, 35005	Installation and industrial assembly	-	100.00%
Moncobra, S.A.	Cardenal Marcelo Spinola, 10, Madrid 28016	Installation and industrial assembly	Deloitte	100.00%
Monelec, S.L.	C/ Ceramistas, 14. Malaga	Electrical installations	Deloitte	100.00%
Montrasa Maessa Asturias, S.L.	C/ Camara nº 54 1º dcha. 33402 Avilés - Asturias	Maintenance	-	51.00%
Munirah Transmissora de Energia Ltda.	Av. Presidente Wilson, 231, 20030-020 Rio de Janeiro (Brasil)	Concesión eléctrica	AGN Canarim	94.95%
Murciana de Tráfico, S.A.	Carril Molino Nerva s/n. Murcia	Electrical concession	-	100.00%
Nuevas Energías Valencianas, S.A.	Pedrapiquers, 2, Valencia 46014	Generation of electricity	-	100.00%
Obras Hidráulicas y Viarias, S.A.	Cardenal Marcelo Spinola,10, Madrid 28016	Development of projects and performance of all types of construction	Deloitte	100.00%
P. E. El Colmenar II, S.L.	Loja, 11 Albolote, Granada 18220	Generation of electricity	-	100.00%
P. E. La Noguera, S.L.	Loja, 8 Albolote, Granada 18222	Generation of electricity	-	70.00%
P. E. Las Vegas, S.L.	Loja, 8 Albolote, Granada 18221	Generation of electricity	-	70.00%
P. E. Los Isletes, S.L.	Loja, 8 Albolote, Granada 18223	Generation of electricity	-	70.00%
P. E. Sierra de las Carbas, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	100.00%
Parque Eólico de Valdecarro, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	100.00%
Parque Eólico El Perú, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	KPMG	51.00%
Parque Eólico La Boga, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	99.67%
Parque Eólico Marmellar, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	KPMG	70.00%
Parque Eólico Santa Ana, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	100.00%
Parque Eólico Santa Cruz del Tozo, S.L.	Almirante Bonifaz, 3, Burgos 09003	Generation of electricity	-	100.00%
Parque Eólico Valcaire, S.L.	Ayuntamiento,7 Padul, Granada 18640	Generación de electricidad	-	55.00%
Percomex, S.A.	Melchor Ocampo,193 Torre C, Colonia Verónica Anzures - Méjico	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Portumasa, S.A.	Av. Merechal Gomes, Da Costa, 27, 3º Dto. 1800 Lisboa - Portugal	Research and performance of projects, assembly, manufacturing and sale of electrical and electronic equipment	-	99.94%
Procme, Ltda.	Rua Alfredo Trindade, 4, Lisboa - Portugal 01650	Holding company	Deloitte	74.54%
Promservi, S.A.	Av. de Ramón y Cajal, 107, 28043 Madrid	Real estate	-	100.00%
Renova Paramo, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Roura Cevasa, S.A.	Caracas, 5, Barcelona	Corporate image	Deloitte	100.00%
Salmantina de Seguridad Vial, S.A.	Cascalajes, 65-69, 37184 Villares de la Reina, Salamanca	Painting and signposting	Deloitte	100.00%
Seguridad Integral Metropolitana, S.A.	C/ Sepúlveda 6, 28108 Alcobendas - Madrid	Maintenance of security equipment	-	89.95%
Semi Maroc, S.A.	5, Rue Fakir Mohamed, Casablanca, Sidi Belyout - Maroc	Assembly	Fiduciaire Martinetti Associés Ma S.A. Commissariat aux comptes	99.73%

Company	Registered Office	Activity	Auditor	% Effective ownership
Senax, S.A.	Centrol Comercial, L'illa Miami Playa Tarragona	Assembly	-	100.00%
Sermacon Joel, C.A.	Pz Venezuela Torre Phelps s/n 1050 Caracas - Venezuela	Industrial cleaning	-	82,80%
Sermicro, S.A.	C/ Pradillo, 48-50, 28002 Madrid	Maintenance of computer equipment	Deloitte	100.00%
Serpista, S.A.	C/ Velázquez, 130, Madrid 28006	Services	Ernst & Young	51.00%
Serveis Catalans, Serveica, S.A.	Av. de Ramón y Cajal, 107, 28043 Madrid	Electrical installations	-	100.00%
Servicios Dinsa, S.A. de C.V.	Juan Racine, 112 8º piso, Mexico (DF) 11510	Provision of personal services	Galaz Yamazaki Ruiz Urquiza	99.94%
Servicios Proyectos Industriales de Méjico, S.A. de C.V.	Juan Racine, 112 8º piso, Mexico (DF) 11510	Provision of personal services	Galaz Yamazaki Ruiz Urquiza	99.94%
Setec Soluções Energeticas de Transmissao e Controle Ltda.	Av. Presidente Wilson 231, 20030-020 Rio de Janeiro, Brasil	Electrical installations	-	99.94%
Sice do Brasil, S.A.	C/ Joaquim Eugenio, de Lima, 680, Sao Paulo - Brasil	Development of urban traffic regulation systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	-	99.94%
SICE PTY. Ltd.	C/ Grant Thornton, Level 21. 570 Bourke Street. Melbourne, VIC 3000 - Australia	Development of urban traffic regulation systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	-	99.94%
Sice Sudáfrica Pty. Ltd.	C/ PO Box 179, 009 Pretoria - Sudáfrica	Development of urban traffic regulation systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	Ian Wilson	99.94%
Sidotel, S.A.	Av. Manoteras, 28. Madrid	Electrical installations	-	100.00%
Sistemas Electrónicos Coinel, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Development of electronic systems	-	100.00%
Sistemas Radiantes F. Moyano, S.A.	C/ La Granja 72, 28108 Alcobendas - Madrid	Telecommunications	Deloitte	97.52%
Sistemas Sec, S.A.	C/ Miraflores 383, Santiago de Chile	Telecommunications	Quezada y Cia.	50.97%
Sociedad Española de Montajes Industriales, S.A. (SEMI)	Barquillo, 19, Madrid	Assembly	Deloitte	99.73%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda 6, 28108 Alcobendas - Madrid	Development of urban traffic regulation systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	Deloitte	99.94%
Sociedad Industrial de Construcciones Eléctricas, S.A.	C/ Juan Racine, 112, 11510 México	Development of urban systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	KPMG	99.94%
Societat Eólica de l' Enderrocada, S.A.	Amistat, 23, Barcelona 08005	Generation of electricity	KPMG	48.00%
Somozas Energías Renovables, S.A.	Lg Iglesia, 1, La Coruña 15565	Generation of electricity	KPMG	55.00%
Spocbra Instalações e Serviços Ltda.	Joao Ventura Batista, 996, Sao Paulo-Brasil 02054	Assembly and electrical installations	-	56.00%
Sumipar, S.A.	C/ B Sector B Zona Franca 4, 08040 Barcelona	Development of urban systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	-	99.94%
Tecn. de Sist. Electrónicos, S.A. (EYSSA-TEISIS)	Rua General, Pimenta do Castro 11-1. Lisboa	Electrical installations	Deloitte	100.00%
Técnicas de Desalinización de Aguas, S.A.	Pol. de Arinaga, C/ Brezo 15-17, Las Palmas 35118	Construction of de-salting plants	-	100.00%
Telcarrier, S.A.	C/ La Granja 29, 28108 Alcobendas - Madrid	Telecommunications	-	99.94%
Telsa Instalaciones de Telecomunicaciones y Electricidad, S.A.	C/ La Granja 29, 28108 Alcobendas - Madrid	Telecommunications	Deloitte	99.94%
Trafiurbe, S.A.	Portugal	Painting and signposting	-	76.20%
Trasinal, S.A.	Quinta das Mos Fetais. Camarate (Portugal)	Electrical installations	-	100.00%
Urbaenergia, S.A.	Avda de Tenerife, 4 28700 San Sebastián de los Reyes, Madrid	Generation of electricity	-	100.00%
Venezolana de Limpiezas Indust. C.A. (Venelin)	Pz Venezuela Torre Phelps s/n, 1050 Caracas - Venezuela	Painting and signposting	Carolina Pueyo	82.80%

Company	Registered Office	Activity	Auditor	% Effective ownership
Vent Sol y Energía, S.A.	Sagrado Corazón de Jesús, 17, Crevillente Alicante 03330	Generation of electricity	-	85.00%
Viabal Manteniment i Conservacio, S.A.	Roders, 12, 07141 - Marratxi (Balears)	Painting and signposting	-	100.00%
Zefiro Eólica, S.L.	Guitard, 43 Barcelona 08014	Generation of electricity	-	100.00%
SERVICES				
ACS Servicios y Concesiones, S.L.	C/ Albasanz, 16, 28037 Madrid	Environment	Deloitte	100.00%
Aguas del Huesna, S.L.	Avda. de la Innovación, s/n, Sevilla	Water treatment. Supervision of construction and management of treatment plants	Deloitte	100.00%
Alfa Servicios Ambientales, S.L.	C/ Albasanz, 16, Madrid	Management of industrial waste	-	51.00%
Alsina Express, S.L.	Avda. América, 9.A. Madrid	Packaging	-	100.00%
Anónima Alsina Graells de A.T., S.A.	Avda. Empresari, Josep Segura y Farre, Lérida	Transport of passengers	Deloitte	100.00%
Autedia, S.A.	Ava. Ingeniero Gutierrez, 2, Baza	Transport of passengers	Deloitte	99.79%
Autobuses Consol, S.A.	Plaza Puerta del Vado, 1, Alcalá de Henares	Transport of passengers	-	100.00%
Autobuses García, S.L.	C/ Hermilio Alcalde del Río, 2, Torrelavega	Transport of passengers	-	100.00%
Autocares Discrecionales del Norte, S.L.	Alameda de Urquijo 85. Bilbao	Transport of passengers	-	100.00%
Barcelona Automotive Logistic, S.A.	C/ Diputación, 279, Ático 6ª Barcelona	Vehicle logistics and transport	-	90.80%
Blas Moreno, S.L.	Avda. Mistral, 44, Barcelona	Collection of urban solid waste, street cleaning and selective	-	60.00%
Canal Metro Madrid, S.A.	C/ Fernando Rey, 8 (Ciudad de la Imagen) Pozuelo de Alarcón (28023)	Advertising	KPMG	82.00%
Canary Logistics Bridge, S.L.	Avda. Los Cambulloneros MII, León y C, Edif. OPCSA 35008 La Palmas de Gran Canaria, España	Supplementary and auxiliary transport services	100.00% -	
Centro de Transferencias, S.A.	Polígono Los Barriales, s/n, Valladolid	Physical and chemical treatment and storage of industrial waste in a safe deposit	Deloitte	70.00%
Claerh, S.A.	Avda. del Descubrimiento, Alcantarilla, (Murcia)	Collection and treatment of sanitary waste	-	51.00%
Clece, S.A.	C/ Orense, 6 (1ª Planta), 28020 Madrid	Interior cleaning	Deloitte	100.00%
Consenuar, S.A.	Polígono Industrial Finanzauto, C/ Ebro, Arganda del Rey, Madrid	Management and treatment of hospital waste	Deloitte	100.00%
Construirail, S.A.	C/ Orense, 11. Madrid	Logistic services	-	60.00%
Container Train, S.A.	Muelle Dársena Sur. Edificio Autoterminal. Barcelona	Combined transport	Grupo Audit Network, S.L.	57.14%
Continental Auto, S.L.	Avda. de América, 9 a, 28002 Madrid	Regular transport of passengers	Deloitte	100.00%
Continental Rail, S.A.	Avda. de América, 2, Madrid	Rail transport of goods	Deloitte	100.00%
Cytrar, S.A. de C.V.	Ctra. Federal 15, km 244,8, Hermosillo Guaymas. Hermosillo, Sonora, (México CP 83294)	Management and storage of industrial waste in safe deposits	Mancera, .SC. Ernst & Your	100.00%
Dragados Concesiones de Infraestructuras, S.A.	C/ Julián Camarillo, 6 a (2ª Planta) - 28037 Madrid	Concessions	Deloitte	100.00%
Dragados Servicios Portuarios y Logísticos, S.L.	C/ Julián Camarillo, 6 a (2ª Planta) - 28037 Madrid	Port and logistic services	Deloitte	100.00%
Dragados SPL del Caribe, S.A. de C.V.	C/ Juan Racine, 112 4º, Los Morales Polanco. México DF	Holding company	-	100.00%
Empordanesa de Neteja, S.A.	Avda. Mistral, 44, Barcelona	Collection of urban solid waste, street cleaning and selective collection	-	60.00%
Enviromental Services Enser SAE	Mohamed Mazhar Street 33b. Zamalek, El Cairo (Egipto)	Collection of urban solid waste, street cleaning and selective collection	PriceWaterhouseCoopers	95.00%
Estación de Autobuses de Almuñecar, S.L.	Avda. Juan Carlos I, s/n. Almuñecar	Transport of passengers	-	100.00%
Estación de Autobuses de Andorra, S.A.	Avda Josep Tarredellas, 42. Andorra	Transport of passengers	-	77.00%
Estación de Servicios Alavesa, S.A.	Gerezpea, 17. Vitoria	Transport of passengers	-	100.00%
Evere, S.A.S.	Avda. Albert Einstein 34000 Montpellier (Francia)	Waste treatment	-	88.00%
Explotación Com. de Intercambiadores, S.A.	Avda. América, 9 A Madrid	Catering	-	100.00%
Frigoríficos de Castellón, S.A	Lg Muelle Transversal, s/n 12100 Castellón de la Plana (Castellón de la Plana)	Installation and operation of refrigeration chambers	-	75.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Galvagestió, S.A.	C/ Industria s/n Nave 4, Pol. Ind. "El Sur" El Papiol - Barcelona	Treatment of galvanic waste	-	100.00%
Gestao de Empresas de Transporte, S.A. (GET)	Av Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Business and management consulting services	Horwath & Asociados SROC (186)	100.00%
Gestión Medioambiental de Torrelavega, S.A.	Boulevard Demétrio Herrero, 6 39300 Torrelavega, Santander	Operation of urban solid waste dump	-	60.00%
Gestión y Protección Ambiental, S.L.	Condado de Treviño, 19, Burgos	Collection of used oils	-	52.92%
Graneles Sólidos Minerales, S.A.	C/ Julian Camarillo, 6 A, 2ª Planta. Madrid	Bulk centre	-	94.25%
Hijos de Simon Maestra, S.A.	Ava. Ingeniero Gutierrez, 2, Baza	Transport of passengers	-	100.00%
Interc. Tptes. de Avda de América, S.A.	Avda. de América, 9 A, Madrid	Interchange station	Deloitte	100.00%
Investambiente Ltda.	Rua Ato do Montijo, Oeiras (Portugal)	Collection of urban solid waste, street cleaning and selective collection	F. Tocha, P. Chaves & Associados, SROC	52.00%
Jiménez Lopera, S.A.	Avda. de América, 9 A, Madrid	Transport of hazardous goods	Deloitte	100.00%
Jingtang International Container Terminal Co. Ltd.	Seaport Developing District, Tangshan City, Hebei. China	Port terminal	Deloitte	52.00%
Kec, S.L.	Av. Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Supplementary and auxiliary transport services	Horwath & Asociados SROC (186)	100.00%
Keller Marítima, S.L.	Av. Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Transport organization	Horwath & Asociados SROC (186)	100.00%
Keller Porto, S.L.	Av. Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Shipping agency	-	100.00%
Lematrans Castellón, S.A.	Av. Ferrandis Salvador, s/n, GRAO 12100 Castellón de la Plana - España	Transport organization	-	65.30%
Limpieza Guía Ltd.	Edificio Luso-Galaico Antas, 4930 Valença (Portugal)	Cleaning	-	100.00%
Limpiezas Lafuente, S.L.	C/ Ingeniero Joaquin Benloch, 65 Bajo, 46026 Valencia	Cleaning	Andreu Romero y Asociados	100.00%
Limpiezas y Reformas Baleares, S.L.	Carlos I, 10, local 2, (07012) Palma de Mallorca	Cleaning	Deloitte	51.00%
Lluch Transportir, S.A.	CI Atlantic, 112-120, 08040 Barcelona - España	International multimodal transport	Deloitte	100.00%
Logic Depot, S.A.	CI Port de Lagos Parcela D-13 08039 Barcelona - España	Container and tank repair	-	51.49%
Logística y Transportes Ferroviarios, S.A.	Muelle Dársena Sur. Ed. Autoterminal. Barcelona	Logistics and transport of vehicles by train	Deloitte	62.83%
Marítima del Mediterráneo, S.A.	CI Atlántic, 112-120, 08040 Barcelona - España	Mediación en transportes marítimos o aéreos	Deloitte	100.00%
Marítima Eurogulf, S.L.	CI Nervión, 3 3º B, 48001 Bilbao - Vizcaya España	Mediation in sea and air transport	Deloitte	100.00%
Marítima Garvayo, S.L.	Lg Talleres y Almac, Pto.Málaga, 1ª Planta 29001 Málaga - España	Ship consignment	-	70.00%
Marítima Mallach, S.A.	Av Ferrandis Salvador, s/n 12100 Castellón de la Plana, España	Ship consignment	Deloitte	100.00%
Marítima Valenciana, S.A.	Muelle Príncipe Felipe, s/n. Valencia	Port terminal	Deloitte	100.00%
Marmedsa Tramp, S.L.	CI Luxemburgo (P.I.Coslada), 3 28820 Coslada - Madrid, España	Ship consignment	-	100.00%
Medship, S.A.R.L	Av Andre Roussin, 59, 13321 Marseille Cdx 16 (BP 106) - Francia	International multimodal transport	-	100.00%
Montañesa de Consignaciones, S.L.	CI Castilla, 6 2º A, 39002 Santander Cantabria, España	Ship consignment	-	57.72%
Mora la Nova Energía, S. L.	C/ Lincoln, 11, 08006 (Barcelona)	Waste treatment	G.M.P. Auditores, S.A.	71.00%
New ad Publicity, S.A.	Via Augusta 13-15 2ª planta despacho 216, 08006 Madrid	Advertising	KPMG	87.58%
Novabeira Gestão de Resíduos Ltda.	Estrada Nacional Dezoito, 14, Covilha - Portugal	Collection of urban solid waste, street cleaning and selective collection	F. Tocha, P. Chaves & Associados, SROC	50.16%
NOVAFLEX Técnicas de Medio Ambiente, S.A.	Campogrande, 35, 7ºC, 1700-087 Lisboa Portugal	Collection of urban solid waste, street cleaning and selective collection	F. Tocha, P. Chaves & Associados, SROC	100.00%
Olsen y Cia, S.L.	Avda. Cambulloneros - Muelle, Virgen del Pino s/n, 35008 Las Palmas de Gran Canaria - España	Representation of ship owners and shipping companies	-	92.00%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Orto Parques y Jardines, S.L.	Luçar Dócean s/n, Parroquia de Orto - A Coruña	Collection of urban solid waste, street cleaning, selective collection and dump management	-	100.00%
Parques y Jardines Conservación, S.A.	C/ Albericia, Nave C5, Santander	Collection of urban solid waste, street cleaning, selective collection and dump management	-	60.00%
Portoliva, S.L.	Po La Farola, 8 - 1, Edificio Puerto 29016 Málaga - España	Transport, storage and control of merchandise	-	70.00%
Progeco España, S.A.	Lg. Muelle Alvarez de la Campa, s/n 08039 Barcelona - España	Repair, maintenance and storage of containerse	-	51.50%
Pruvalsa, S.A.	Valencia - Venezuela	Waste treatment	-	82.00%
Publimedia Sistemas Publicitarios, S.L.	C/ Julián Camarillo, 6 a, 2ª Planta 28037 Madrid	Advertising services	Deloitte	100.00%
Puerto Seco Santander-Ebro, S.A.	C/ Ramón y Cajal, 17, Luceni - Zaragoza	Operation and management of logistic centre	-	61.35%
Real Verde Técnicas de Medio Ambiente Ltda.	Rua Cidade de Orense, Lote Quatro 33, Sao Dinis - Vila Real	Management of urban solid waste and water treatment	F. Tocha, P. Chaves & Associados, SROC	95.00%
Recuperación Int. Residuos de Castilla y León, S.A.	Polígono Industrial Ntra. Sra. de Los Angeles. Parcela 10, Nave 8 y 9 Palencia	Management of industrial waste	-	100.00%
Reinmar, S.L.	Muelle de la Isla Verde, s/n, 11201 Algeciras - Cádiz, España	Repair of maritime installations	-	100.00%
Residuos de la Janda, S.A.	C/ La Barca de Vejer s/n, Vejer de La Frontera - Cadiz	Collection of urban solid waste, , street cleaning, selective collection and dump management	-	60.00%
Residuos Sólidos Urbanos de Jaén, S.A.	Palacio de la Excelentísima Diputación de Jaén - Jaén	Provision of USW collection, elimination and incineration services commissioned by the Government of Jaen	PricewaterhouseCoopers	60.00%
S.A.R.L Universal Marítima	59 Avenue André Roussin BP106, 59, 13321 Marseille - Francia	International multimodal transport	-	100.00%
S.A.T. La Castellana, S.A.	Avda. de América, 9 A, Madrid	Transport of passengers	-	99.47%
Sagunto Fruit Terminal, S.A.	Lg Muelle Centro de Puerto de Sag, s/n 46000 Sagunto - Valencia, España	Refrigerator storage	-	100.00%
Sanypick Plastic, S.A.	C/ Albasanz, 16, Madrid	Manufacturing and management of hospital waste containers	Deloitte	51.00%
SCI Sintax	Route de Phaffans. 90380 Roppe - Francia	Automobile logistics	-	90.80%
Sermed, S.A.	C/ Albasanz, 16, Madrid	Sterilization of clinical material	-	100.00%
Servicios de Aguas de Misiones, S.A.	Avda. López y Planes, 2577, Misiones - Argentina	Water treatment	Torrent Antonio Javier	90.00%
Servicios Generales de Automoción, S.A.	Alameda de Urquijo, 85, Bilbao	Transport of passengers	-	100.00%
Servinave Ship's Attendance Lda.	Av Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Shipping agency	Horwath & Asociados SROC (186)	100.00%
Servinter, S.A.	Atlantic, 112-120, 08040 Barcelona	Customs and transport agency	Deloitte	100.00%
Setra Ventas y Servicios, S.A.	Calle Límite s/n, Torrejón de Ardoz	Sale of replacement and spare parts	Deloitte	100.00%
Sevicios Corporativos TWC, S.A. de C.V.	C/ Alejandro Dumas, 160, 1º, Col. Polanco - Reforma 11550 (México DF)	Corporate services for subsidiaries in Mexico	Mancera, .SC. Ernst & Young	100.00%
Sicsa Rail Transport, S.A.	Avda. del Puerto, 189 - 5º, Valencia	Combined transport	Deloitte	50.50%
Sintax Est EURL	Place de la Madeleine, 6, 75008 Paris - Francia	Automobile logistics	-	90.80%
Sintax Ile de Francia EURL	Rue du Docteur Fourniols, 95420 Magny en Vexin, Francia	Automobile logistics	-	90.80%
Sintax Logística, S.A.	C/ Diputación, 279, Ático 6º, Barcelona	Logistics and transport of vehicles	Deloitte	90.80%
Sintax Logística Transportes, S.A.	Vale Ana Gomez, Ed. Sintax, Estrada de Algeruz Setubal - Portugal	Logistics and transport of vehicles s	Deloitte	90.80%
Sintax Logistique Francia SAS	Place de la Madeleine, 6, 75008 Paris - Francia	Automobile logistics	PricewaterhouseCoopers	90.80%
Sintax Logistique Valenciennes SARL	Place de la Madeleine, 6, 7575008 Paris - Francia	Automobile logistics	-	90.80%
Sintax Navigomes Ltda	Av. Luisa Todi, 73, 2900 Setúbal - Portugal	Automobile logistics	-	46.31%
Sintlogistica Ltda	Vale Ana Gomez, Ed. Sintax, Estrada de Algeruz Setubal - Portugal	Vehicle logistics	-	90.80%
Sistemas de Incineración y Depuración, S.L. (SINDE)	Ctra. San Vicente-Agost, Km. 10,2 Alicante	Thermal treatment of sanitary waste	-	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
SM Gestinver , S.A.	Muelle Darsena Sur, Ed. Autoterminal Barcelona	Investments in transport companies in general	-	63.56%
Socamex, S.A.	C/ Cobalto s/n Par. 213. Pol. San Cristóbal Valladolid	Construction and operation of waste water treatment plants	Deloitte	100.00%
Somasur, S.A.	20, Rue Meliana Hai Ennahada Rabat - Marruecos	Intermediary company in Morocco	-	100.00%
Steam, S.A.	21 Rue Jules Guesde, 69230 Saint Genis Laval - Lyon	Sanitary waste treatment	-	39.53%
Talher, S.A.	C/ Orense, 6 28020 Madrid	Gardening	Deloitte	100.00%
Tecmed Environment, S.A.	21 Rue Jules Guesde 69230 Saint Genis Laval - Lyon	Management of hospital waste	René Grisson	77.50%
Tecmed Técnicas Mediamb. de Marruecos, S.A.	AV. Capitaine Sidi Omar Elaisaoui cite OLM-Suissi II - Rabat	Urban solid waste	Deloitte	100.00%
Tecmed Técnicas Mediamb. de México, S.A. de C.V.	C/ Alejandro Dumas, 160, 1º, Col. Polanco - Reforma 11550 (México DF)	USW, environmental construction, Residuos Hospitalarios, Residuos Industriales, Tratamiento de Aguas	Mancera, SC. Ernst & Young	100.00%
Técnicas de Recuperación e Inertización, S.A.	C/ Albasanz, 16, Madrid	Management of industrial waste	-	100.00%
Técnicas Mediambientales de Venezuela, S.A.	Valencia - Venezuela	USW, environmental construction, Residuos Hospitalarios, Residuos Industriales, Tratamiento de Aguas	Irvin Cedeño & Asociados	100.00%
Terminal de Castellón, S.A.	Lg Muelle Costa, s/n, 12100 Castellón de la Plana	Merchandise loading, unloading and handling operations	Deloitte	77.78%
Terminales del Sudeste, S.A.	Avda. Pablo Ruiz Picasso, 1, Málaga	Port terminal	Deloitte	85.00%
Terminales Marítimas de Santander, S.L.	C/ Peña Prieta, Zona Serv. Pto Raos 39011 Santander - Cantabria, España	Stowing and unstowing of vessels	-	62.50%
Terminales Rías Altas, S.A.	Muelle del Centenario, s/n, A Coruña	Stowing and unstowing of vessels	-	60.00%
Tirmadrid, S.A.	Cañada Real de las Merinas, Madrid	Integral treatment of solid waste	Deloitte	66.36%
Tptes. Alsina Graells Sur, S.A.	Avda. de América, 9 A, Madrid	Transport of passengers	Deloitte	100.00%
Tracemar, S.L.	Avda de Tenerife, 4-6 28700 San Sebastián de los Reyes, Madrid	Treatment of oils and marpoles	-	100.00%
Trafimar Logistics, S.L.	C/ Atlantic, 112-120, 08040 Barcelona	Ship consignment	Deloitte	100.00%
Trafimar, S.A.R.L.	Av Des Far, Iman Center 3E 2000 Casablanca - Marruecos	Ship consignment	-	100.00%
Trans Inter Europe SAS	Route de Phaffans, 90380 Roppe - Francia	Automobile logistics	PricewaterhouseCoopers	90.80%
Transfreight Services, S.L.	C/ José Aguirre, 40, 46011 Valencia	International multimodal transport	-	100.00%
Tratamiento de Residuos Sólidos Urbanos, S.A.	Crta. Estatal, 26. Km. 5,137, Costa de Hermosillo. Hermosillo, Sonora - Méjico	Environment	Mancera, .SC. Ernst & Young	100.00%
Trenmedia, S.A.	C/ Fernando Rey, 3, (Ciudad de la Imagen) Pozuelo de Alarcón 28023	Advertising	KPMG	51.00%
TV Transit, S.A.	C/ Fernando Rey, 8, (Ciudad de la Imagen) Pozuelo de Alarcón 28023	Advertising	KPMG	100.00%
Universal Forwarding, S.L.	C/ Atlantic, 112-120, 08040 Barcelona	Supplementary and auxiliary transport activities	Deloitte	100.00%
Universal Marítima Insular, S.L.	C/ Doctor Juan Domínguez Pérez, 19-2º, oficina 17 Las Palma de Gran Canaria, 35008	International multimodal transport	-	100.00%
Universal Marítima, S.L.	C/ Atlantic, 112-120, 08040 Barcelona	Shipping, fleet and transport correspondence	Deloitte	100.00%
Urbana de Servicios Ambientales, S.L.	Avda. Ortega y Gasset, 194, 29006 Málaga	Cleaning and collection of urban waste	-	70.00%
Urbaser Argentina, S.A.	L.N. Alem 986, Piso 3, Capital Federal Buenos Aires, Argentina	Holding company	Razzeto, Lopez, Rodriguez Cordoba y Asoc.	100.00%
Urbaser Barquisimeto, C.A.	Carrera, 4 Zona Industrial, Barquisimeto - Lara Venezuela	Collection of urban solid waste and street cleaning	Irvin Cedeño & Asociados	100.00%
Urbaser Bolívar, C.A.	Vía Puente Angostura (Frente Sector Agua Salada) Ciudad Bolívar - Venezuela	Collection of urban solid waste and street cleaning	Perales, Gonzalez & Asociados	55.00%
Urbaser de Méjico, S.A.	C/ Juan Racine 112-8º, Col. Los Morales 11510 (México DF)	Collection of urban solid waste, street cleaning and dump management	KPMG	100.00%
Urbaser Environnement, S.A.S.	451 Rue Denis Papin, Space Octimun Center 34000 Montpellier - Francia	Treatment of waste	-	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Urbaser Libertador, C.A.	Urb. Las Mercedes, Av. Veracruz, Edif Torreón Caracas - Venezuela	Collection of urban solid waste and street cleaning	Invin Cedeño & Asociados	100.00%
Urbaser Mérida, C.A.	Avda. Los Próceres, c/c Viaducto Miranda, C.C. Alto Prado local 99, Mérida - Venezuela	Collection of urban solid waste and street cleaning	Perales, Gonzalez & Asociados	100.00%
Urbaser, S.A.	C/ Albasanz, 16, 28037 Madrid	Environmental	Deloitte	100.00%
Urbaser Santo Domingo, S.A.	C/ 6, Residencial, Lidia Fernández III, Apto 301 Ensanche Paraiso, Santo Domingo, República Dominicana	Collection of urban solid waste and street cleaning	Mejía Ducasse & Asociados	100.00%
Urbaser Transportes, S.L.	Avda. Diagonal, 611- 2- 2, 08028-Barcelona	Public/private transport, sale of spare parts for all types of vehicles and the repair of vehicles.	-	100.00%
Urbaser United Kingdom Ltd.	103, High St. Evesham. Worcestershire. WR11 4EL	Holding	Deloitte	100.00%
Urbaser Valencia, C.A.	Torre Movilnet, Piso 6, Oficina 6-4, Paseo Cabriales Sector Kerdel, Valencia Estado Carabobo - Venezuela	Collection of urban solid waste and street cleaning	Invin Cedeño & Asociados	100.00%
Urbaser Venezuela, C.A.	Centro Comercial Punta de Sol, planta alta, local 1, Avenida Manaure, Municipio Miranda, Ciudad de Coro, Estado de Falcón	Collection of urban solid waste and street cleaning	-	100.00%
Urbasys, S.A.S.	Route de Tremblay, F-91480 Varennes-Jarcy - Francia	Treatment of waste	-	88.00%
Valenciana de Eliminación de Residuos, S.L.	Real de Montroi, Paraje Cabrera de Pino s/n, Valencia	Storage of industrial waste in a safe deposit	-	85.00%
Valenciana de Protección Ambiental, S.A.	L'Alcudia de Crepins, Polig. El Caneri - Parcela 6 Valencia	Management and treatment of hospital and industrial waste	Deloitte	99.55%
Vertederos de Residuos, S.A. (VERTRESA)	C/ Albasanz, 16, Madrid	Collection of urban solid waste, street cleaning and dump management	Deloitte	100.00%
Viajes Cosmos, S.L.	Av. Ports d'Europa Galería Comercial, 100 local 7 08040 Barcelona	Travel agency	Deloitte	100.00%
CONCESSIONS				
ACS Chile, S.A.	Avenida Isidora Goyenechea N° 3365, Piso 9 oficina 902, Comuna de Las Condes, Santiago de Chile	Holding	Ernst & Young	100.00%
Autovía de La Mancha, S.A. Conces. JCC Cast-La Mancha	Paseo de Bachilleres 1-B 45003-Toledo	Roads	Deloitte	66.67%
Concesionaria Santiago Brión, S.A.	Quistilans, 59, 15895 Bugallido-Ames. A Coruña	Roads	KPMG	70.00%
Desarrollo de Concesiones Aeroportuarias, S.L.	C/ Julián Camarillo, 6a - 2ª planta 28037 Madrid	Airports	-	100.00%
Desarrollo de Concesiones Ferroviarias, S.L.	C/ Julián Camarillo, 6a - 2ª planta 28037 Madrid	Railroads	-	100.00%
Dragados A-1 Ltd.	180 Strand London WC2R 1PZ	Holding	Deloitte	100.00%
Dragados Concessions Ltd.	180 Strand London WC2R 1PZ	Holding	Deloitte	100.00%
Dragados Dundalk Ireland, Ltd.	Earlfort Terrace, Dublin 2 Irlanda	Holding	Deloitte	100.00%
Ferrocarriles del Norte de Colombia, S.A.	C/ 94 A No 11 A 27, piso 3. Bogotá D.C. Colombia	Railroads	KPMG	70.56%
Inversiones Nocedal, S.A.	C/ Miraflores, 222 piso 24, Santiago de Chile	Holding	Ernst & Young	100.00%
Inversora de Infraestructuras, S.L.	C/ Julián Camarillo, 6a - 2ª planta, 28037 Madrid	Holding	-	100.00%
Taurus Holdings Chile, S.A.	C/ Alcántara, n° 271 piso 2º Las Condes - Santiago de Chile	Holding	Ernst & Young	100.00%

Exhibit II Joint Ventures

Company and Registered Office	Activity	Auditor	% Effective Ownership	Consolidation method	Revenue (Thousands of Euros)
Construction					
ACS Sacyr Chile, S.A. Santiago de Chile - Chile	Construction	Ernst & Young	50.00%	Proporcional	10,430
Constructora Norte Sur, S.A. Panamericana Norte, 5364, Cochalí - Santiago de Chile	Construction	Ernst & Young	48.00%	Proporcional	98,031
Draga, S.A. C/ta. de la Comella, 11. Edif. Cierco AD500. Andorra	Construction	-	50.00%	Proporcional	1,426
Dragados Fomento Canadá, S.A.L. Queen Street, 570. Fredericton NB Canadá	Construction	-	50.00%	Proporcional	4,474
Dravo, S.A. Plaza de Castilla, 3 5º C/I Madrid	Construction	Ernst & Young	50.00%	Proporcional	33,668
Elaboración de Cajones Pretensados, S.L. C/ Marcelo Spinola, 42. Madrid	Construction	-	50.00%	Proporcional	0
Empresa Mantenimiento y Explotación M-30, S.A. C/ Príncipe de Vergara, 135. Madrid	Concession for the operation and maintenance of the M-30	-	50.00%	Proporcional	5,517
Gaviel, S.A. Paseo de Gracia, 29. Barcelona	Real estate development	-	50.00%	Proporcional	0
Nisa Gav., S.A. Paseo de Gracia, 29. Barcelona	Real estate development	-	50.00%	Proporcional	0
INDUSTRIAL SERVICES					
Cogeneracion Alfacel AIE Avda. de Tenerife, 4. S.S. de los Reyes - Madrid	Construction	-	16.25%	Proporcional	0
Dinec 1, S.A. de C.V. C/ Juan Racine 116 6º. 11510 México D.F.	Electrical installations	Deloitte	56.56%	Proporcional	0
Dinsa Eléctricas y Cymi, S.A. de C.V. C/ Juan Racine 116 6º. 11510 México D.F.	Electrical installations	Deloitte	60.00%	Proporcional	0
Dragados Offshore SLP S.A. de C.V. C/ Juan Racine N 112, Piso 6. Col. Los Morales 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	50.00%	Proporcional	0
Hospec, S.A. Tamer Bldg., Sin El Deirut - Lebano	Import/Export	-	50.00%	Proporcional	0
Intecsa Uhde Industrial, S.A. Vía de los Poblados, 11. Madrid	Engineering	Deloitte	50.00%	Proporcional	65,964
Operadora del Pacifico, S.A. Chile	Construction	-	50.00%	Proporcional	5,386
Visadrag Gas Ltda. Av. Gago Coutinho, 147. 1700-029, Lisboa	Sales promotion, construction and maintenance of gas pipelines marketing of gas industry equipment	-	50.00%	Proporcional	0
A.I.E. Edar Cadiz-San Fernando C/ta. N-IV, km. 683. 11100 San Fernando - Cadiz	Waste water treatment	Deloitte	43.90%	Proporcional	4,245
AEIE Trans Euro Pyrenees Avda. de Tenerife, 4. S.S. de los Reyes - Madrid	Installations	-	7.51%	Proporcional	14,119
Consorcio Api Genesis Bolivia	Construction	-	75.00%	Proporcional	0

2.2. Consolidated Financial Statements

Company and Registered Office	Activity	Auditor	% Effective Ownership	Consolidation method	Revenue (Thousands of Euros)
SERVICES					
Cogeneración Alfacel A.I.E. Avda. de Tenerife, 4-6. 28700 S.S. de los Reyes - Madrid	Inactive, shareholder in bankruptcy	-	62.50%	Proporcional	0
Conterail, S.A. Avda. Europa, s/n. Coslada - Madrid	Combined transport	Auren Centro Consultores y Auditores, S.A.	50.00%	Proporcional	2,895
Cotransa, S.A. Lg Muelle Dársena Sur, Edif. Autoterminal, 08039 Barcelona	Supplementary and auxiliary transport activities	Deloitte	50.00%	Proporcional	23,331
Demarco, S.A. Alcalde Guzmán, 18. Quilicura - Chile	Collection of solid urban waste and street cleaning	Gran Thorntom	50.00%	Proporcional	14,738
Desarrollo y Gestión De Residuos S.A. (Degersa) Avda. Barón de Carcer, 37. Valencia	Company formed to privatize Girsra	-	40.00%	Proporcional	0
Elite Spain Logistics, S.L. Av Ports d'Europa, 100. 08040 Barcelona	Consulting on the transport of goods	-	49.00%	Proporcional	11,346
Erhardt Mediterráneo, S.L. Pl. Del Rey / Ed.Real, 8-2º. 30205 Cartagena. Murcia	Ship stowage and consignment	-	50.00%	Proporcional	4,318
Euroshipping Europe B.V. C / Leerlooestraat, 135. 3194AB Hoogvliet Rotterdam - Holanda	Asset-holding company	-	50.00%	Proporcional	0
Gestión Medioambiental de L'Anoia, S.L. C/ Viriato, 47. 08000 Barcelona	Inactive	-	50.00%	Proporcional	0
Interenvases, S.A. C/ Boriceta, 8. Alava	Recovery, collection, transport and storage of containers and packages	-	50.00%	Proporcional	886
KDM, S.A. Alcalde Guzmán, 18. Quilicura - Chile	Dump transfer and management plan	Gran Thorntom	50.00%	Proporcional	22,266
La Union Alavesa, S.L. Gerezpea, 17. Vitoria	Transport of passengers	Attest	50.00%	Proporcional	1,504
Lager Logistics, S.L. C/ Peña Prieta, s/n. 39011 Santander - España	Consignment, stowage, receipt and deposit of merchandise	-	28.85%	Proporcional	61
Multiservicios Aeroportuarios, S.A. Cardenal Marcelo Spínola, 42 8º Dcha. Madrid	Integral services at airports	Deloitte	26,01%	Proporcional	48,471
Resiges - Gestao de Residuos Hospitalares Lda. C/ Campo Grande, 35 7º B e C. 1700-087 Lisboa - Portugal	Collection and treatment of sanitary waste	-	50,00%	Proporcional	0
Sala, S.A. Esp C/ 100, 19 - Bogotá - Colombia	Road cleaning	Jaime Ramirez Tellez	50.00%	Proporcional	24,264
Salmedina Tratamiento de Residuos Inertes, S.L. Génova, 5. Madrid	Treatment of inert waste	BDO Audiberia	50.00%	Proporcional	18,620
Servicios Urbanos E Medio Ambiente, S.A. Avda. Julio Dinis, 2. Lisboa - Portugal	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	38.50%	Proporcional	68,945
Sistemas de Reducción, S.A. Pasaje Vicent Marri, 13. Barcelona	Thermal treatment of waste	-	40.00%	Proporcional	0
Starco, S.A. Alcalde Guzmán, 18. Quilicura - Chile	Collection of urban solid waste, street cleaning, selective collection and dump management	Gran Thorntom	50.00%	Proporcional	10,837
Técnicas Medioambientales del Golfo, S.A de C.V. Mier y Teran, 260 4to. piso en Cd. Victoria Tamaulipas - México	USW, environmental construction, hospital waste, industrial waste, water treatment	Mancera, .SC. Ernst & Young	50.00%	Proporcional	83
Terminal Marítima de Cartagena, S.L. Pl. Del Rey /Ed.Real, 8-2º, 30205 Cartagena. Murcia - España	Merchandise loading, unloading and handling operations	-	50.00%	Proporcional	2,378
Valdemingómez 2000, S.A. C/ Albasanz, 16. Madrid	Degasification of Valdemingómez	Deloitte	40.00%	Proporcional	7,381

Company and Registered Office	Activity	Auditor	% Effective Ownership	Consolidation method	Revenue (Thousands of Euros)
Valorga International, S.A. 1300 Avenue Albert Einstein, 3400 Montpellier - Francia	Technological consulting	Cazes & Goddyn	40.00%	Proportional	5,382
Zenit, S.A. Cardenal Marcelo Spinola, 42. 8º Dcha. Madrid	Integral services at airports	-	51.00%	Proportional	0
Zoreda Internacional, S.A. C/ Rodriguez San Pedro, 5. Gijón	Search for environmental business in Central and South America	-	40.00%	Proportional	0
CONCESSIONS					
Infraestructure Concessions South Africa Ltd 24 Sunninghill Office Park, Peltier Road 2157 Sunninghill - Sudáfrica	Holding	Deloitte	50.00%	Proportional	0
Tag Red, S.A. Avda. Alonso de Córdova, 5151, Oficina 501 Las Condes - Santiago de Chile	Roads	PricewaterhouseCoopers	50.00%	Proportional	9

2.2. Consolidated Financial Statements

Company and Registered Office	Activity	Auditor	% Effective Ownership	Consolidation method	Revenue (Thousands of Euros)
CONSTRUCTION					
ACS Proy Obras y Cnes S.A. y Zarzuela, S A <i>Pz. Juan de Austria, 2. Valladolid 47006</i>	Construction	-	50.00%	Proportional	17,369
ACS Proy. O.C. y Vías y Construcciones <i>C/ Aragón, 390. Barcelona 08013</i>	Construction	-	70.00%	Proportional	13,299
ACS Proy. Obr. y Cons.S.A / Constr.San Jose U <i>Avda. Pío XII, 102. Madrid 28036</i>	Construction	-	50.00%	Proportional	20,876
ACS Pry Obr Cons Sa Vías y Cons. Sa UTE <i>C/ Orense, 11. Madrid 28020</i>	Construction	-	50.00%	Proportional	12,982
ACS S.A. Y OHL S.A. UTE Teatros Canal <i>Avda. Pío XII, 102. Madrid 28036</i>	Construction	-	50.00%	Proportional	22,134
ACS / Ferr. Agr. / Necso / Fcc / Sacyr UTE <i>C/ Maldonado, 50. Madrid 28006</i>	Construction	-	22.50%	Proportional	90,562
AEIE Túnel Del Perthus <i>Avda. Via Laietana, 33. Barcelona 08003</i>	Construction	-	59.00%	Proportional	46,743
Autovía Lieres <i>C/ Príncipe de Vergara, 135. Madrid 28002</i>	Construction	-	28.00%	Proportional	11,508
Autovía Navalmoral UTE <i>Avda. Lusitania, 11. Mérida - Badajoz 06800</i>	Construction	-	50.00%	Proportional	24,237
Ave Siete Aguas UTE <i>Pz. Legión Española, 12. Valencia 46010</i>	Construction	-	70.00%	Proportional	27,436
Circunvalación Vigo <i>C/ Salvador Moreno, 44. Pontevedra 36001</i>	Construction	-	50.00%	Proportional	30,224
Ciudad de Las Comunicaciones UTE <i>Avda. Pío XII, 102. Madrid 28036</i>	Construction	-	50.00%	Proportional	182,391
Ciudad Justicia de Castellón <i>Pz. Legión Española, 12. Valencia 46010</i>	Construction	-	70.00%	Proportional	10,811
Comsa,S.A. y ACS, Proy.Obras y Cons.,S.A. <i>C/ Viriato, 47. Barcelona 08014</i>	Construction	-	50.00%	Proportional	10,220
Cons. Ctro. Deportes Acuático Ambito O.E. <i>Avda. Tenerife, 4. S.S. de los Reyes - Madrid 28700</i>	Construction	-	80.00%	Proportional	20,543
Construccion Autopista Vitoria-Eibar <i>C/ Portal de Castilla, 46. Vitoria-Gasteiz - Álava 01007</i>	Construction	-	45.00%	Proportional	14,987
Dopsa - OHL S.A. UTE <i>Avda. Tenerife, 4. S.S. de los Reyes - Madrid 28700</i>	Construction	-	60.00%	Proportional	59,995
Dozon UTE <i>C/ Cantón Grande, 5. La Coruña 15003</i>	Construction	-	29.60%	Proportional	10,607
Drag Obras y Proy S.A. y Const Espe UTE <i>C/ Alvaro de Bazán, 10. Valencia 46010</i>	Construction	-	70.00%	Proportional	20,086
Dragados, Necso, Comsa, ACS y Sorigue <i>C/ Via Laietana, 33. Barcelona 08003</i>	Construction	-	43.50%	Proportional	71,900
Dragados, S.A. y Cyopsa Sisocia S.A <i>C/ Duque de Lerma, 19. Toledo 45004</i>	Construction	-	66.66%	Proportional	54,152
Dragados-ACS Proy.Ob. y Cnes. S.A.-Ossa UTE <i>Avda. Tenerife, 4. S.S. de los Reyes - Madrid 28700</i>	Construction	-	84.00%	Proportional	27,675
Edar La Gavia <i>Ed. Cefrusa (Mercamadrid) Oficina, 5. Madrid 28053</i>	Construction	-	50.00%	Proportional	10,870
Explotación y Mantenimiento A-8 <i>C/ Portuetxe, 53. Donostia-San Sebastián, Guipúzcoa 20018</i>	Construction	-	50.00%	Proportional	18,495
FCC Construcción S.A. y Dragados S.A. UTE <i>C/ Maldonado, 50. Madrid 28006</i>	Construction	-	40.00%	Proportional	22,269
FCC, ACS y Ortiz en UTE 2ª Fase <i>C/ Maldonado, 50. Madrid 28006</i>	Construction	-	40.00%	Proportional	12,251
Feria Muestras UTE <i>C/ Cullera, 37. Valencia 46035</i>	Construction	-	45.00%	Proportional	15,360

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Joint Venture and Registered Office	% Effective Activity	Consolidation Auditor	% Participación Revenue Ownership	Método de method	Cifra de Negocios (Thousands of Euros)
Hospital San Pedro UTE C/ Gran Vía Juan Carlos I, 73. Logroño - La Rioja 26005	Construction	-	49.50%	Proportional	31,595
Nuevo Hospital La Fe U.T.E. C/ Alvaro de Bazán, 10. Valencia 46010	Construction	-	70.00%	Proportional	19,738
Sacyr, Dopsa, Gea 21, Salv.Rus Construc. Avda. Reino Unido, s/n, Edif. Sevilla Sur, Bajo Dcha. Sevilla 41012	Construction	-	37.00%	Proportional	76,587
Trans Euro Pyrenees, A.E.I.E. Pz. Palmera, 8. Figueres - Girona 17600	Construction	-	42.49%	Proportional	13,718
Túnel Guadarrama Sur UTE Avda. Europa, 18. Alcobendas - Madrid 28108	Construction	-	26.12%	Proportional	105,273
UTE 404 Viv. En Salburua C/ Henao, 2. Bilbao - Vizcaya 48009	Construction	-	50.00%	Proportional	11,016
UTE 4º Carril A-6 Las Rozas-Villaalba Avda. Tenerife, 4. S.S. de los Reyes - Madrid 28700	Construction	-	90.00%	Proportional	44,073
UTE Abdalajis Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	20.00%	Proportional	64,184
UTE Abrigo Ampl. Puerto Sagunto C/ Alvaro de Bazán, 10. Valencia	Construction	-	18.00%	Proportional	10,136
UTE ACS- Matias Arrom Ley 18/1982 C/ Llorenç Moià, 8. Binissalem - Baleares 07350	Construction	-	70.00%	Proportional	20,815
UTE Adelant.Cantiles Darsena C/ Alvaro de Bazán, 10. Valencia	Construction	-	20.00%	Proportional	31,383
UTE AES Cartagena C/ Alvaro de Bazán, 10. Valencia	Construction	-	30.00%	Proportional	20,111
UTE Ampliación Ap6 Tramo 2 Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	45.00%	Proportional	17,296
UTE Ampliación Puerto Sagunto C/ Alvaro de Bazán, 10. Valencia	Construction	-	42.00%	Proportional	10,136
UTE Autovía Mediterráneo: Nerja Almuñécar Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	75.00%	Proportional	38,417
UTE Ave Canto Blanco - Tres Cantos C/ Cardenal Marcelo Spinola, 52. Madrid 28016	Construction	-	75.00%	Proportional	20,925
UTE Ave Castellbisbal (ACS - Vias) C/ Arago, 390. Barcelona 08013	Construction	-	70.00%	Proportional	22,921
UTE Ave Siete Aguas Pa. Legión Española 12. Valencia	Construction	-	30.00%	Proportional	27,436
UTE Bases Puerto C/ Alvaro de Bazán, 10. Valencia 46010	Construction	-	47.00%	Proportional	45,406
UTE Carretera Acceso Puerto Castellón C/ Alvaro de Bazán, 10. Valencia 46010	Construction	-	50.00%	Proportional	26,306
UTE Castellbisbal - El Papiol C/ Aragón 390-394. Barcelona	Construction	-	30.00%	Proportional	22,921
UTE Centro Penit. El Puerto III Avda. Republica de Argentina, 24. Sevilla 41011	Construction	-	80.00%	Proportional	14,551
UTE Clínica Quirón C/ Murillo 3 y 5. Pozuelo de Alarcón - Madrid	Construction	-	50.00%	Proportional	12,982
UTE Consorcio Dycvensa Vinccler C/ Veracruz, Edif. Torreón, 3º ofic.3A	Construction	-	70.00%	Proportional	14,782
UTE Const. Dique Abrigo Sur C/ Via Laietana, 33. Barcelona	Construction	-	6.80%	Proportional	33,586
UTE Dique Barna C/ Via Laietana, 33. Barcelona	Construction	-	5.40%	Proportional	25,804
UTE Dique Sur Tramos I y II C/ Via Laietana, 33. Barcelona	Construction	-	27.20%	Proportional	33,518

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2.2. Consolidated Financial Statements

Joint Venture and Registered Office	% Effective Activity	Consolidation Auditor	% Participación Revenue Ownership	Método de method	Cifra de Negocios (Thousands of Euros)
UTE Dique Torres C/ Santa Susana, 27. Oviedo - Asturias 33007	Construction	-	28.00%	Proportional	14,227
UTE Edar Besos (Equipos) Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	70.00%	Proportional	31,417
UTE Ferrazo Avda. Finisterre, 25. La Coruña 15004	Construction	-	35.00%	Proportional	10,211
UTE Guadarrama Sur Avda. Europa 18, Alcobendas - Madrid	Construction	-	8.35%	Proportional	105,248
UTE Hospital Inca Pz. Es Forti, 4. Palma de Mallorca - Baleares 07011	Construction	-	80.00%	Proportional	11,560
UTE Hospital Insular Fase 2 C/ Padre Anchieta, 6. Palmas de Gran Canaria (Las) 35011	Construction	-	45.00%	Proportional	10,191
UTE Hospital Majadahonda Construcción Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	55.00%	Proportional	15,754
UTE Hospital Tomelloso Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	70.00%	Proportional	11,078
UTE Intercambiador Príncipe Pío C/ Orense 11. Madrid	Construction	-	85.00%	Proportional	11,028
UTE Juan Canalejo C/ Cantón Grande, 5. La Coruña 15003	Construction	-	50.00%	Proportional	11,014
UTE Juzgado Arrecife C/ Padre Anchieta, 6. Palmas de Gran Canaria (Las) 35011	Construction	-	99.90%	Proportional	12,018
UTE L-9 Llobregat Fira Avda. Diagonal, 427. Barcelona 08036	Construction	-	28.70%	Proportional	11,956
UTE L-9 Viaducte Zona Franca C/ Aragón, 390. Barcelona 08013	Construction	-	27.00%	Proportional	14,971
UTE La Laguna C/ Candelaria, Edif. Olimpo 28. Sta. Cruz de Tenerife	Construction	-	25.00%	Proportional	10,338
UTE Línea 3 Canyelles-Trinitat C/ Via Laietana, 33. Barcelona	Construction	-	80.00%	Proportional	17,169
UTE M-30 Túnel Sur Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	50.00%	Proportional	50,469
UTE Metroligero-Construção de Infra-Estrutura C/ Filipa D'Água-Alcaniça, Monte da Caparica	Construction	-	20.00%	Proportional	38,135
UTE Mob. Ofic. y Decoración Termin. Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	40.00%	Proportional	11,285
UTE Mobiliario y Decoración Nat Barajas Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	60.00%	Proportional	12,407
UTE Morrazo Avda. Finisterre, 25. La Coruña 15004	Construction	-	60.00%	Proportional	11,734
UTE Muelle Exterior Algeciras Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	15.00%	Proportional	53,345
UTE Ocio-Park Av Gran Via 53. Bilbao	Construction	-	30.00%	Proportional	32,216
UTE Palacio de Las Artes C/ Alvaro de Bazán, 10. Valencia 46010	Construction	-	50.00%	Proportional	80,897
UTE Pista 15 L-33 R Avda. Pío XII, 102. Madrid 28013	Construction	-	33.34%	Proportional	14,091
UTE Puente Genil C/ Orense 11. Madrid	Construction	-	50,00%	Proportional	12,888
UTE Puerto de Ferrol C/ Juana de Vega, 2. La Coruña	Construction	-	17.50%	Proportional	11,058
UTE Puerto de Gijón Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	10.00%	Proportional	14,227

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Joint Venture and Registered Office	% Effective Activity	Consolidation Auditor	% Participación Revenue Ownership	Método de method	Cifra de Negocios (Thousands of Euros)
UTE Puerto Exterior Ferrol <i>C/ Wenceslao Fernández Florez, 1. La Coruña 15005</i>	Construction	-	32.50%	Proportional	11,058
UTE Puerta de Atocha, Nuevos Ministerios <i>C/ Padre Damián, 41. Madrid</i>	Construction	-	25.00%	Proportional	34,308
UTE Remodelación Estación Embajadores <i>C/ Cardenal Marcelo Spinola, 52. Madrid 28016</i>	Construction	-	50.00%	Proportional	18,395
UTE Teixeira Durate-Sopol, Metro Superficie Ace <i>C/ Filipa D'Agua-Alcaniça, Monte da Caparica</i>	Construction	-	42.70%	Proportional	11,653
UTE Tres Cantos Canto Blanco <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Construction	-	25.00%	Proportional	20,925
UTE Túnel Abdalajis Este-Málaga <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Construction	-	60.00%	Proportional	64,186
UTE Túnel Atocha-Nuevos Ministerios <i>C/ Cardenal Marcelo Spinola, 52. Madrid 28016</i>	Construction	-	75.00%	Proportional	34,308
UTE Túnel Valle De Los Caídos <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Construction	-	92.50%	Proportional	35,608
UTE Urbanización Parla-Este <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Construction	-	50.00%	Proportional	23,408
UTE Urbanización Pgou Paracuellos <i>C/ Alcalá, 73. Madrid 28009</i>	Construction	-	60.00%	Proportional	33,256
UTE Vial 18 <i>C/ Sta. M^a Magdalena, 14. Madrid</i>	Construction	-	50.00%	Proportional	14,806
UTE Viviendas Nueva Montana <i>C/ Barrio la Venta, s/n. Igollo de Camargo - Cantabria 39608</i>	Construction	-	50.00%	Proportional	10,371
Yesa UTE <i>C/ Rene Petit, 25. Yesa Navarra 31410</i>	Construction	-	33.33%	Proportional	12,132
INDUSTRIAL SERVICES					
A.I.E. Edar Cadiz-San Fernando <i>Ctra. N-IV, km. 683. 11100 San Fernando - Cadiz</i>	Waste water treatment	Deloitte	43.90%	Proportional	4,245
AEIE Trans Euro Pyrenees <i>Avda. Tenerife, 4. 28700 S.S. de los Reyes - Madrid</i>	Installations	-	7.51%	Proportional	14,119
UTE Balizamiento 18I-36r. Cobra-Sampol <i>Albasanz, 14. 28037 Madrid</i>	Installations	-	50.00%	Proportional	12,534
UTE Barquitrans <i>C/ Sepúlveda, 6. 28108 Alcobendas - Madrid</i>	Electrical installations	-	54.68%	Proportional	17,525
UTE Ciclo Combinado Aceca <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Industrial plants	-	75.00%	Proportional	44,325
UTE Ciclo Combinado Boroa <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Industrial plants	-	75.00%	Proportional	45,598
UTE Climatización Ciudad de Telefónica <i>Orense, 4. 28020 Madrid</i>	Air-conditioning	-	50.00%	Proportional	13,185
UTE Climatización Terminal Barajas <i>Orense, 4. 28020 Madrid</i>	Air-conditioning	-	42.50%	Proportional	18,204
UTE Dragados Group J.V. UTE China <i>C/ Via de los Poblados, 11. 28033 Madrid</i>	Supply of engineering s equipment and service	-	50.00%	Proportional	10,511
UTE DYC Group <i>C/ Via de los Poblados, 11. 28033 Madrid</i>	Supplies and Engineering	-	25.00%	Proportional	10,511
UTE Fenolcumeno II <i>C/ Via de los Poblados, 11. 28033 Madrid</i>	Construction and engineering	-	66,67%	Proportional	34,379
UTE Ibercat <i>Barquillo, 23. 28004 Madrid</i>	Railroads	-	27.50%	Proportional	14,057
UTE La Coma <i>Doctor Beltrán Bigorra, 15. 46003 Valencia</i>	Catenary	-	18.43%	Proportional	15,228

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2.2. Consolidated Financial Statements

Joint Venture and Registered Office	% Effective Activity	Consolidation Auditor	% Participación Revenue Ownership	Método de method	Cifra de Negocios (Thousands of Euros)
UTE Midi <i>C/ Teide, 5. Edificio Milenium. 28709 S.S. de los Reyes - Madrid</i>	Industrial assembly	-	65.00%	Proportional	20,029
UTE Mina III <i>C/ Teide 4 - 3º. 28700 S.S. de los Reyes - Madrid</i>	Construction and engineering	-	100.00%	Proportional	26,166
UTE Pars Iran <i>C/ Via de los Poblados, 11. 28033 Madrid</i>	Construction and engineering	-	30.00%	Proportional	32,069
UTE Plaza de Castilla <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Installations - Air-conditioning	-	25.00%	Proportional	10,116
UTE Príncipe Pío <i>Orense, 11. 28020 Madrid</i>	Installations - Air-conditioning	-	15.00%	Proportional	11,028
UTE Regasagunto <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Industrial plants	-	60.00%	Proportional	105,689
UTE Save 3 <i>C/ Raimundo Fernández Villaverde, 53. 28003 Madrid</i>	Electrical installations	-	21.10%	Proportional	34,119
UTE Semelcosur <i>Barquillo, 23. 28004 Madrid</i>	Catenary	-	28.50%	Proportional	21,185
UTE Sistemas Detección II <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Railroads	-	100.00%	Proportional	13,379
UTE Torre <i>Rodríguez Arias, 23. 48011 Bilbao</i>	Electrical installations	-	40.00%	Proportional	14,410
UTE Transmerida <i>C/ Sepúlveda, 6. 28108 Madrid</i>	Electrical installations	-	23.24%	Proportional	16,364
SERVICES					
UTE Vertresa - FCC (Tenerife) <i>C/ Albasanz, 16. Madrid</i>	USW treatment	-	90.00%	Proportional	11,031
UTE Vertresa - RWE - Senda (Dehesas) <i>C/ Albasanz, 16. Madrid</i>	USW treatment	Deloitte	95.00%	Proportional	18,189
Urbaser - FCC UTE Cádiz <i>Edificio Atlas Módulo 11. 11012 Cádiz</i>	Road cleaning and collection	-	50.00%	Proportional	11,198

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Exhibit III Associates

Company and Registered Office	Activity	Auditor	% Effective Ownership	Data on the Investee (100) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
PARENT								
Unión Fenosa, S.A. <i>Avda. de San Luis, 77. 28033 Madrid</i>	Energy	Deloitte	24.51%	17,749,825	13,847,427	3,902,398	5,990,140	814,682
Inmobiliaria Urbis, S.A. <i>General Pardiñas, 73. 28006 Madrid</i>	Real estate	Deloitte	24.39%	3,180,739	2,305,446	875,293	853,802	147,967
CONSTRUCTION								
Cleon, S.A. <i>C/ Villanueva, 2. Madrid</i>	Real estate	-	25.00%	102,117	970	101,147	0	0
Gestión Marina Deportiva, S.A. <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Concession	-	33.33%	493	0	493	0	-8
Juluna, S.A. <i>C/ Sami, 3. Valencia</i>	Real estate	-	30.00%	773	46	727	0	0
Superco Orense, S.A. <i>C/ Benito Blanco Rajoy, 9. La Coruña</i>	Construction	-	35.00%	4	0	4	0	0
INDUSTRIAL SERVICES								
Cachoeira Paulista Transmisora de Energía, S.A. <i>Rue Marechal Camera,160. Rio de Janeiro - Brasil 20020</i>	Electrical assembly s and service	Deloitte	33.00%	79,708	53,394	26,314	14,147	2,942
Constructora Gas del Bio Bio Ltda. <i>Puerta del Sol, 55 4º. Las Condes. Santiago - Chile</i>	Construction of works relating to the Pacific gas pipeline project	-	40.00%	35	0	35	0	0
Cygnus Air, S.A. <i>C/ Agueton, 7. 28042 Madrid</i>	Air transport	Deloitte	40.00%	21,220	14,010	7,210	32,676	1,476
Dora 2002, S.A. <i>C/ Monte Esquinza, 34. 28010 Madrid</i>	Asset holding	-	45.39%	287	0	287	0	0
Dyta Eólica de Castilla La Mancha, S.A. <i>Río Ventalama, 4. Toledo 45007</i>	Generation of electricity	-	40.00%	4,732	15	4,717	0	-80
Elecdey de Castilla La Mancha, S.A. <i>Maudes, 51. Madrid 28003</i>	Generation of electricity	-	42.00%	61,493	58,913	2,580	22	8
Energías Renovables de Ricobayo, S.A. <i>Romero Giron, 4. Madrid 28036</i>	Generation of electricity	-	50.00%	965	431	534	0	-60
Expansion Transmissao de Energia Eléctrica, S.A. <i>Marechal Camera,160. Rio de Janeiro - Brasil 20020</i>	Electrical assembly and services	Deloitte	25.00%	136,602	95,760	40,842	37,020	8,624
Explotaciones Eólicas Sierra de Utrera, S.L. <i>Príncipe de Vergara. Madrid 28006</i>	Generation of electricity	-	25.00%	32,596	23,277	9,319	9,810	4,195
Incro, S.A. <i>Serrano, 27. Madrid</i>	Engineering	-	25.00%	7,570	6,926	644	7,842	467
Loma del Capón, S.L. <i>Loja, 8. Albolote - Granada 18220</i>	Generation of electricity	-	50.00%	925	856	69	0	-53
Nordeste Transmisora de Energia Ltda. <i>Av. Presidente Wilson, 231. 20030-020 Rio de Janeiro</i>	Electrical concession	AGN Canarim	49.99%	150,060	91,354	58,706	28,048	4,864
Red Eléctrica del Sur, S.A. <i>Juan de la Fuente, 453. Miraflores. Lima - Perú</i>	Energy transmission	KPMG	20.00%	62,635	36,237	26,398	9,383	1,989
Sociedad General de Recursos Energéticos, S.A. <i>Paseo de la Castellana, 95. Madrid 28046</i>	Generation of electricity	-	24.90%	602	110	492	0	12

(*) Minority interests not included

2.2. Consolidated Financial Statements

Company and Registered Office	Activity	Auditor	% Effective Ownership	Data on the Investee (100%) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Serra do Moncoso Cambas, S.L. <i>Rua da Constitucion, 30. Culleredo - La Coruña 15189</i>	Generation of electricity	-	45.00%	12,554	9,429	3,125	2,460	0
Sociedad de Energías Renovables y Cogeneración, S.A. <i>Avda de Tenerife, 4, 28700 S.S. de los Reyes - Madrid</i>	Generation of electricity	-	50.00%	609	319	290	0	-23
STE - Sul Transmissora de Energia Ltda. <i>Av. Presidente Wilson, 231. 20030-020 Rio de Janeiro</i>	Electrical concession	AGN Canarim	49.90%	84,517	57,501	27,016	12,960	506
Transmissão Itumbiara Marimondo S.A. <i>Marechal Camera, 160. Rio de Janeiro - Brasil 20020</i>	Electrical assembly and services	Deloitte	25.00%	72,826	48,101	24,725	14,723	3.134
Uirapuru Transmissora de Energia Ltda. <i>Rua Deputado Edu Vieira, 999. Florianopolis</i>	Electrical concession	AGN Canarim	41.00%	13,629	13,505	124	0	0
SERVICES								
A.T.M. Cartera, S.L. <i>C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya</i>	Holding company	Deloitte	48.74%	12,235	4,488	7,747	0	-295
ABG, Servicios Medioambientales, S.A. <i>Colón de Larrategui, 26. Bilbao</i>	Industrial waste	-	20.00%	610	140	470	0	-38
Abra Terminales Marítimas, S.A. <i>C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya</i>	Port terminal	Deloitte	48.74%	58,543	50,673	7,870	16,876	-81
Aguas del Gran Buenos Aires, S.A. <i>Italia 1184-San Miguel, Capital Federal-B1663NXX, Buenos Aires</i>	Integral water management	Sergio García y Asociados	26.30%	17,160	4,913	12,247	7,003	-712
Atlas Forwarding, S.L. <i>Calle de la Palloza, 1, Entreplanta. Cuerpo C. Torre Esmeralda. A Coruña</i>	Transport of goods	-	47.00%	778	687	91	5,650	1
Autoterminal, S.A. <i>Muelle Darsena Sur, Ed. Autoterminal Barcelona</i>	Automobile logistics	Vizoso, Castella y Asociados, S.L	40.40%	27,413	15,680	11,733	26,049	1,283
C. Steinweg Ibérica, S.L. <i>C/ Atlantic, 112-120. 08040 Barcelona - España</i>	Logistics	-	40.00%	2,878	1,444	1,434	3,662	261
Castellón Terminal Portuaria, S.A. <i>C/ Muelle del Centenero. s/n. Castellon</i>	Stowing and unstowing of merchandise	-	29.20%	15,968	14,633	1,335	5,724	-1,643
Citri, S.A. <i>Parque industrial Sapec bay herdade das praias, edificio 62 Freguesoa do sado Concelho de Setual - Portugal</i>	Industrial waste	Price Waterhouse Coopers	26.00%	10,996	4,839	6,157	4,263	614
Compañía Navarra de Autobuses, S.A. <i>C/ Olite 3. Imarcoain</i>	Transport of passengers	I.A.C.J.C.E.	31.24%	8,031	2,169	5,862	6,634	55
DPI Terminals Dominicana Ltda. <i>Islas Virgenes Británicas</i>	Holding company	-	30.00%	31,156	8,714	22,442	0	-4,865
Ecoparc del Mediterrani, S.A. <i>Avda. Eduard Maristany s/n. 08930 Sant Adria de Besós</i>	Treatment of urban solid waste	-	32.00%	4,361	-83	4,444	0	-218
Ecoparc, S.A. <i>C/ A . Polig. Industrial Zona Franca - Barcelona</i>	Treatment of waste	Deloitte	44.00%	70,049	74,489	-4,440	9,682	-6,909
Eix Bus, S.A. <i>C/ Sardenya 16. Girona</i>	Transport of passengers	-	33.32%	324	99	224	0	0
Empresa Municipal de Aguas del Ferrol, S.A. <i>C/ Maria, 38. 15402 Ferrol</i>	Integral watert management	Deloitte	49.00%	14,297	8,913	5,384	4,631	-158
Energías y Tierras Fértiles, S.A. <i>Pascual y Genís, 19. 46002 Valencia</i>	Treatment of waste	-	33.40%	63	0	63	0	0
Entaban Biocombustibles del Pirineo, S.A. <i>Paseo Independencia, 28. Zaragoza</i>	Biodiesel	Deloitte	30.00%	2,608	107	2,501	0	-121
Estación de Autobuses Aguilar de Campoo, S.L. <i>C/ Calzada de Toro 40. Villares de la Reina</i>	Bus station	-	33.33%	480	476	4	0	8
Estación de Autobuses de Cartagena, S.A. <i>Avda. Torero Marín, 3. Cartagena</i>	Bus station	-	31.00%	116	85	31	0	0
Estación de Autobuses de Vitoria, S.L. <i>Los Herran 50. Vitoria</i>	Bus station	-	25.00%	118	47	70	313	-14

(*) Minority interests not included

Data on the Investee (100%) (Thousands of Euros)

Company and Registered Office	Activity	Auditor	% Effective Ownership	Data on the Investee (100%) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Estacionamientos El Pilar, S.A. Avda. de Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Operation of car parks. Removal of vehicles	Deloitte	50.00%	7,822	2,068	5,754	3,190	1,209
Gestión de Maquinaria Portuaria, S.A. Edificio Usuarios. Puerto de Castellon, s/n. Castellon	Rental of machinery	-	28.40%	79	1	78	0	103
Guachi 2000, S.L. Muelle Evaristo Fernandez, 28. Barcelona	Holding company	-	38.00%	1,410	1,288	122	0	-898
Intercambiador de Tptes. Plaza de Castilla, S.A. Avda. de América, 2-17B. Madrid	Operation of buses	-	47.00%	30,959	12,959	18,000	0	0
International City Cleaning Company Bordi Masser Lel-Siaha, Maydan. Al-Abbasia Aawan - Egipto	Urban solid waste	KPMG	30.00%	1,923	1,065	858	383	35
Iquique Terminal Internacional, S.A. C/ San Martín, 255 Oficina 151. Iquique - Chile	Port terminal	Price waterhous Coopers	40.00%	26,740	15,397	11,343	10,777	2,750
Lager Logistics, S.L. C/ Peña Prieta, s/n. 39011 Santander - España	Consignment, stowage, receipt and deposit of merchandise	-	28.86%	141	74	67	61	79
Lev Aragonesa de Tránsitos, S.A. Avda. Ferrandis Salvador, s/n. Castellón	Transfer, deposit and management of goods	-	34.00%	2,672	1,098	1,574	1,456	210
Marítima Consillet, S.A. Cuesta de la Palloza, 1. A Coruña	Ship consignment	-	47.00%	3,282	1,889	1,393	14,250	464
Marítima de Galicia, S.L. Plaza de Compostela, 19. Vigo - Pontevedra	Transport of goods	-	47.00%	711	431	280	4,950	167
Mepsa Servicios y Operaciones, S.A. C/ Mallorca, 260. Barcelona	Leasing of port space	-	35.00%	761	596	165	558	67
Movelia Tecnologías, S.L. Avd. América 9. Madrid	Transport of passengers	-	28.08%	2,289	-805	3,095	0	-189
Muelles y Espacios Portuarios, S.A. C/ Mallorca, 260. Barcelona	Rental of port space	PKF Audiec, S.A.	35.00%	28,126	23,362	4,764	5,713	895
Naviera de Remolcadores y Servicios, S.L. C/ Vista Alegre, 32, 3º. 3ª. Sant Carles de la Rapita. Tarragona	Sea towing services	-	19.00%	4,066	621	3,445	1,836	50
Operaciones Portuarias Canarias, S.A. Avda. de los Cambulloneros, s/n. Las Palmas de Gran Canaria	Port terminal	Ernst & Young	45.00%	75,574	36,493	39,081	41,969	2.030
Progeco Bilbao, S.A. Avda. Antonio Alzaga, 138. Santurce - Vizcaya	Repair, maintenance and storage of containers	-	26.49%	2,824	844	1,980	748	297
Progeco Vigo, S.A. C/ Pontevedra, 4, 3º. Vigo - Pontevedra	Storage and repair of containers	-	30.45%	3,366	834	2,532	1,408	360
Remolcadores de Barcelona, S.A. Muelle Evaristo Fernandez, 28. Barcelona	Ship towing	Audihspara, S.A.	38.00%	44,447	13,420	31,027	14,115	4,211
Servicio Puerto Rada y Antipolución, S.A. Muelle Evaristo Fernandez, 28. Barcelona	Works to eliminate sea pollution	-	38.00%	1,567	850	717	685	-157
Soluciones Bema, S.L. C/ Somosierra, 24. S.S. de los Reyes - Madrid	Urban solid waste	-	20.00%	53	29	24	0	0
Terminal de Graneles de Castellón, S.A. C/ Puerto Muelle Serrano Lloberas, s/n. Castellon	Bulk terminal	-	25.90%	7,438	4,876	2,562	10,375	1,962
Terminales Marítimas Servicesa, S.A. Muelle de la Xita, s/n. Valencia	Stowing and unstowing of ships	Paloma Sanz Matías	45.50%	13,426	7,641	5,785	10,401	899
Terminales Marítimos de Galicia, S.L. Muelle de Calvo Sotelo, s/n. A Coruña	Ship consignment	-	19.98%	10,514	6,606	3,908	3,238	604
Trime, S.A. Ctra. de Soller, Km 8,2. 07120 Son Reus. Palma de Mallorca	Integral treatment of solid waste	Deloitte	20.00%	229,984	207,643	22,341	67,716	4,910
Transports dels Pirineus, S.A. Avd. Josep Tarredellas 42. Andorra	Transport of passengers	-	32.99%	169	71	98	88	-9
Transportes Portuarios Gallegos, S.L. República Argentina, 23-27 Ofic. 1. Vigo - Pontevedra	Transport agency	-	28.20%	406	343	63	424	4
Transportes Rontegui, S.L. Avda. Antonio Alzaga, 138. Santurce - Vizcaya	Transport agency	-	26.49%	336	217	119	264	-6

(*) Minority interests not included

2.2. Consolidated Financial Statements

Company and Registered Office	Activity	Auditor	% Effective Ownership	Data on the Investee(100%) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Tratamiento Industrial de Residuos Sólidos, S.A. Rambla Cataluña, 91. 08008 Barcelona	Collection and treatment of waste	Vizoso & Castilla Asociados	33.30%	15,419	10,199	5,220	21,267	986
CONCESSIONS								
Abertis Infraestructuras, S.A. Av. del Parc Logistic, 12-20. 08040 Barcelona	Roads	KPMG	24.83%	8,446,672	5,486,684	2,959,988	1,905,880	511,233
Accesos de Madrid Concesionaria Española, S.A. C/ Rozabella, 6. Las Rozas de Madrid. 28230 Madrid	Roads	KPMG	23.63%	1,045,662	906,041	139,621	16,981	-35,344
Aerocali, S.A. Aeropuerto Alfonso Bonilla Aragón, Piso 3º Palmira-Colombia	Airports	Deloitte	33.33%	7,350	5,616	1,734	9,513	1,213
Aeropuertos Mejicanos del Pacifico, S.A. de C.V. Av. Mariano Otero, 1249, ala B, piso 7. Condomino Centro Torre Pacifico Guadalajara. Jalisco - Méjico	Airports	Deloitte	28.16%	204,238	0	204,238	5,572	5,572
Bakwena Platinum Corridor Concessionaire Ltd. 24 Sunninghill Office Park, Peltier Road Sunninghill-2157	Roads	Deloitte	25.00%	338,450	342,881	-4,431	50,924	-2,390
Bidelan AP-1, S.A. Portuetxe Kalea, 53 A, oficina 108 de 20.08. Donostia	Roads	BSK Bask Consulting	50.00%	1,331	1,322	9	1,315	-55
Bidelan Guipuzkoako Autobideak, S.A. Plaza de los Ametzqueta, 10. 20010-San Sebastián - Guipúzcoa	Roads	BSK Bask Consulting	50.00%	93,456	87,701	5,755	22,621	527
Celtic Road Group Burton Court, Burton Hall Road, Sandyford, Dublin 18, Irlanda	Roads	BDO Simpson Xavier	33.33%	148,243	153,378	-5,135	16,767	12,721
Circunvalación Alicante, S.A. Auso y Monzo, 16 - 6ª Planta, Edificio Hispania; 03006 Alicante	Roads	KPMG	50.00%	162,560	112,393	50,167	0	0
Infraestructuras y Radiales, S.A. C/ Golfo de Salónica, 27. Madrid	Roads	Price waterhouse Coopers	35.00%	537,464	535,420	2,044	14,785	-33,652
MBJ Airports Ltd. Island Mailboxes Suit 4000. Montego Bay. St. James - Jamaica	Airports	Deloitte	35.00%	88,776	80,741	8,035	15,079	2,651
Metro de Sevilla Sdad Conce Junta Andalucía, S.A. Avda. San Francisco,1. 41005-Sevilla	Railroads	KPMG	27.83%	244,536	170,715	73,821	0	0
Northlink M1 Ltd. Burton Court, Burton Hall Road, Sandyford, Dublin 18, Irlanda	Roads	KPMG	27.00%	4,505	3,936	569	4,370	368
Pt Operational Services Pty Ltd. 1 Lavender Road Bon Accord 009. Sudáfrica	Roads	KPMG	33.40%	4,880	2,616	2,264	9,011	2,252
Road Management (A13) Plc. Sandway House, Littlelades Lane Hartford, Northwich Cheshire CW8 2YA	Roads	Ernst & Young	25.00%	353,841	363,466	-9,625	25,854	-11,498
Road Management Services (Darrington) Holdings Ltd Sandway House, Littlelades Lane Hartford, Northwich Cheshire CW8 2YA	Roads	Ernst & Young	25.00%	349,200	348,997	203	0	0
Ruta de los Pantanos, S.A. Carretera M-501 Km 10,200. 28670 Madrid	Roads	Deloitte	25.00%	104,503	102,556	1,947	9,751	-1,958
Rutas de Pacifico, S.A. Santiago de Chile - Chile	Roads	Ernst & Young	50.00%	440,898	347,946	92,952	35,171	-1,462
San Cristóbal Express, S.A. Av. Américo Vespucio Oriente 1305, Parque Enea, Pudahuel. Santiago de Chile	Roads	Price waterhouse Coopers	50.00%	19,088	14,144	4,944	0	0
Scutvias Autoestradas da Beira Interior, S.A. Praça de Alvalade, 6 7º. Lisboa	Roads	Deloitte	20.00%	919,990	909,468	10,522	125,895	14,440
Sociedad Concesionaria Autopista Central, S.A. San José, 1145 Comuna de San Bernardo Santiago de Chile	Roads	Price waterhouse Coopers	48.00%	842,180	730,616	111,564	57,531	7,837
Sociedad Concesionaria Vespucio Norte Express, S.A. Av. Américo Vespucio Oriente 1305, Parque Enea, Pudahuel. Santiago de Chile	Roads	Price waterhouse Coopers	54.00%	635,765	560,677	75,088	0	0
TP Ferro Concesionaria, S.A. Plaza de la Palmera, 6, 3º. 17600 Figueres - Girona	Railroads	KPMG	50.00%	454,217	409,175	45,042	0	0

(*) Minority interests not included

Exhibit IV

Changes in the Scope of Consolidation

Company

Acquisitions, incorporations and start-up of activity

Alagarce, S.L.
 Bidelan AP-1, S.A.
 Can Brians 2, S.A.
 Concesionaria San Rafael, S.A.
 Concesionaria Santiago Brión, S.A.
 Consorcio de Telecomunicaciones Avanzadas, S.A.
 Consorcio Tecdra, S.A.
 Desarrollo de Concesiones Viarias Uno, S.L.
 Draga, S.A.
 Dragados Offshore USA Inc.
 Empresa Mantenimiento y Explotación M-30, S.A.
 Estación de Autobuses de Almuñecar, S.L.
 Euroshipping Europe B.V.
 Eurus Eólica, S.L.
 Evere, S.A.S.
 Garby Aprovechamientos Energéticos, S.L.
 Gerovitae La Guancha, S.A.
 Gestión Marina Deportiva, S.A.
 Graneles Sólidos Minerales, S.A.
 Hospital Majadahonda, S.A.
 Intercambiador de Transportes de Plaza de Castilla, S.A.
 Montrasa Maessa Asturias, S.L.
 Mora la Nova Energía, S.L.
 Remodelación Rivera Norte, S.A.
 San Cristóbal Express, S.A.
 Seguridad Integral Metropolitana, S.A.
 Servicios Asistenciales y Residenciales, S.L.
 SICE PTY. Ltd.
 Sistemas Sec, S.A.
 Terminal de Graneles de Castellón, S.A.
 Transportes Portuarios Gallegos, S.L.
 Transportes Solera, S.A.
 Uirapuru Transmissora de Energia Ltda.
 Urbaser Environnement, S.A.S.
 Urbaser Venezuela C.A.
 Urbasys, S.A.S.

Company

Increases in ownership interest

Abra Terminales Marítimas
 Accesos de Madrid Concesionaria Española, S.A.
 Antennea Technologies, S.L.
 Autobuses Consol, S.A.
 Cachoeira Paulista Transmisora de Energía, S.A.
 Canary Logistics Bridge, S.L.
 Dragados Industrial, S.A.
 Dragados Offshore de Méjico KU-A2 S.A. de C.V.
 Dragados Offshore de Méjico, S.A. de C.V.
 Dragados Proyectos Industriales de México, S.A. de C.V.
 Galvagestió, S.A.
 Grupo Remolcadores de Barcelona
 Lafuente Alicante, S.L.
 Limpiezas Lafuente, S.L.
 Marítima del Mediterráneo, S.A.
 Movelia Tecnologías, S.L.
 Sagunto Fruit Terminal, S.A.
 Servicios DINSA, S.A. de C.V.
 Servicios Proyectos Industriales de México, S.A. de C.V.
 Sintax Francia
 Sintax Logística, S.A.
 Sistemas Radiantes F. Moyano, S.A.
 Sopol, S.A.
 Terminales del Sudeste, S.A.

Company**Sales, mergers or dissolutions**

American Forestry Technology Inc
 BK-DOSSA, S.A.
 Caepark Tenerife 1, S.A.
 Cevasa Internacional, S.A.
 Control de Estacionamientos Urbanos, S.A.
 Depósitos y Líquidos, S.L.
 Etaban Biocombustibles del Guadalquivir
 Foresta Capital, S.A.
 Foresta Individual 1, S.A.
 Ibertracto, S.A.
 Ketrade, S.L.
 La Ortiga Parque Eólico
 Laumar Cargo, S.L.
 Levanteport, S.L.
 Medistar Shipping Agency S.R.L.
 Naviera Medimar, S.L.
 Nexo 50. Correduría de Seguros, S.A.
 Safra Energía Eólica, S.A.
 SCL Terminal Aéreo Santiago, S.A. Sociedad Concesionaria
 Silos del Puerto de Málaga
 Sociedad de Reciclaje Asturiana Sorea, S.A.
 Transportes Ortega Ramirez, S.L.
 Transportes Sanitarios La Rioja, S.L.
 Tratamiento de Aceites y Marpoles, S.L.
 Urbaenergía Tratamiento y Generación, S.L.
 Urbasistem Publicity, S.A.
 Urbasisten Asistencia Sanitaria, S.A.
 Urgeban Grupo Energético, S.A.
 Vicens Orts, S.L.
 Vitalia Assde, S.L.

Company**Reduction in ownership interest**

Ferrocarriles del Norte de Colombia, S.A.
 Foresta Individual 1, S.A.
 Marítima de Galicia, S.L.
 Seguridad Integral Metropolitana, S.A.
 Terminales Marítimas Servicesa, S.A.

2.3

Auditors' Report on Consolidated Financial Statements

ACS Actividades de Construcción y Servicios,S.A. and Subsidiaries

Consolidated Financial Statements for the year ended December 31, 2005 and
Consolidated Directors' Report and Independent Auditors' Report

Deloitte.

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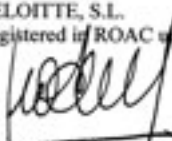
Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2.1 and 41). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
ACS Actividades de Construcción y Servicios, S.A.:

1. We have audited the financial statements of the ACS GROUP (consisting of ACS Actividades de Construcción y Servicios, S.A. (the Parent) and Subsidiaries) comprising the consolidated balance sheet at 31 December 2005, and the related consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made. Our work did not include an examination of the financial statements of certain subsidiaries and associates whose assets and results represent approximately 17% of the related consolidated totals. The financial statements of these companies were audited by other auditors and our opinion as expressed in this report on the consolidated financial statements of the ACS GROUP is based, with respect to the ownership interests in these companies, solely on the reports of the other auditors. These companies and their respective auditors are listed in Appendixes I, II and III to the accompanying notes to the consolidated financial statements.
2. The accompanying consolidated financial statements for 2005 are the first that the Group has prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRSs), which require, in general, that financial statements present comparative information. In this regard, as required by corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2005 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements, the figures for 2004, which were obtained by applying the EU-IFRSs in force at 31 December 2005. Accordingly, the figures for 2004 differ from those contained in the approved consolidated financial statements for 2004, which were prepared in accordance with the accounting principles and standards in force in that year. The differences arising from the application of EU-IFRSs to the consolidated equity at 1 January and 31 December 2004, and to the Group's consolidated profit for 2004 are detailed in Notes 2 and 40 to the accompanying consolidated financial statements. Our opinion refers only to the consolidated financial statements for 2005. On 1 April 2005, we issued our auditors' report on the 2004 consolidated financial statements, prepared in accordance with the accounting principles and standards in force in that year, in which we
3. In our opinion, the accompanying consolidated financial statements for 2005 present fairly, in all material respects, the consolidated equity and consolidated financial position of ACS GROUP at 31 December 2005, and the consolidated results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards, as adopted by the European Union, which were applied on a basis consistent with that used in the preparation of the financial statements for the preceding year, which were included in the consolidated financial statements for 2005 for comparison purposes.
4. The accompanying consolidated directors' report for 2005 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2005. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the companies composing the Group.

DELOITTE, S.L.
Registered in ROAC under no. S0692



José A. Rodríguez Gil

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Historical Performance

Consolidated statement of income evolution ⁽¹⁾

Thousands of Euros	2000	2001	2002	2003	2004	2005	CAGR 05/00 ⁽²⁾
Revenues	3,410.4	3,921.4	4,420.2	8,825.1	10,817.9	12,113.9	28.9%
Construction	1,678.6	1,885.7	2,199.2	4,531.8	5,230.3	5,724.8	27.8%
Industrial Services	1,448.0	1,686.5	1,809.5	2,729.1	3,490.5	4,077.4	23.0%
Services and Concessions	329.6	392.3	455.6	1,646.1	2,201.9	2,420.3	49.0%
Adjustments / Others	(45.8)	(43.1)	(44.1)	(81.9)	(104.8)	(108.6)	
EBITDA	280.1	352.9	410.9	794.8	981.1	1,095.5	31.4%
Construction	96.6	130.0	159.4	345.6	398.1	427.6	34.6%
Industrial Services	128.6	155.5	180.4	261.3	291.8	344.4	21.8%
Services and Concessions	59.2	73.4	82.6	213.8	313.7	353.7	43.0%
Adjustments / Others	(4.3)	(6.0)	(11.5)	(25.9)	(22.5)	(30.2)	
EBIT	214.3	267.8	305.3	573.5	723.9	817.4	30.7%
Construction	83.0	108.4	131.4	284.9	327.7	358.6	34.0%
Industrial Services	105.1	129.5	146.4	210.9	244.9	285.9	22.2%
Services and Concessions	32.6	38.8	43.0	111.5	176.8	205.7	44.5%
Adjustments / Others	(6.4)	(8.9)	(15.5)	(33.8)	(25.5)	(32.8)	
Net Profit	120.8	149.2	181.4	229.5	452.5	608.7	38.2%
Construction	53.1	70.7	85.1	185.4	221.4	239.1	35.1%
Industrial Services	58.4	69.9	76.9	118.6	150.1	179.2	25.2%
Services and Concessions	15.9	18.5	27.2	92.6	156.5	212.0	67.8%
Adjustments / Others	(6.6)	(9.9)	(7.8)	(167.1)	(75.5)	(21.6)	

Consolidated balance sheet as of December, 31 ⁽¹⁾

Thousands of Euros	2000	2001	2002	2003	2004	2005
Fixed and other noncurrent assets	2,455.4	2,952.8	3,049.2	3,407.0	4,397.5	8,488.2
Property, plant and equipment and concession projects	1,216.9	1,412.9	1,576.8	1,715.8	2,188.3	2,690
Other intangible assets	185.9	181.9	248.8	307.5	98.4	117.9
Non-current financial assets	1,052.6	1,358.0	1,223.6	1,383.6	1,833.2	5,317.9
Other non-current assets	n/a	n/a	n/a	n/a	277.6	362.3
Goodwill	181.2	200.2	828.5	1,039.9	1,010.8	1,047.6
Working capital	205.1	(246.5)	(584.2)	(658.8)	(1,304.8)	(1,872.1)
TOTAL ASSETS	2,841.7	2,906.6	3,293.5	3,788.1	4,103.5	7,663.6
Equity	1,798.0	2,011.9	1,805.5	1,796.4	2,019.2	2,635.5
Other non-current liabilities	388.4	453.0	509.4	761.1	660.4	763.5
Non-current liabilities	615.3	1,079.4	913.7	877.1	1,907.5	5,017.4
Non-recourse project financing	263.9	301.6	305.3	265.3	425.3	2,304.8
Non-current bank borrowings	351.5	777.8	608.4	611.8	1,482.2	2,712.6
Current payables/ Current liabilities	39.9	(637.7)	64.9	353.4	(483.5)	(752.8)
Non-recourse project financing	0,0	0,0	0,0	50,9	37,0	50,4
Current bank borrowings	552,2	356,7	1,047,0	1,456,9	1,075,7	1,242,1
Other current financial assets	(317,6)	(660,2)	(637,2)	(771,2)	(1,018,1)	(1,277,4)
Cash and cash equivalents	(194,7)	(334,3)	(344,9)	(383,1)	(578,1)	(767,8)
TOTAL EQUITY AND LIABILITIES	2,841.7	2,906.6	3,293.5	3,788.1	4,103.5	7,663.6

⁽¹⁾ 2000-2003 under Spanish GAAP standards; 2004-2005 under IFRSs standards

⁽²⁾ CAGR: Compound Annual Growth Rate

