

06.

Annual Report
ACS Group



2 .

Economic and Financial Report

2.1 Directors' Report of the Consolidated Group ...	90
2.2 Consolidated Financial Statements	112
2.3 Auditors' Report on Consolidated Financial Statements	238
2.4 Historical Performance	240



2.1 Directors' Report of the Consolidated Group

2.1.1 Business performance of the ACS Group in 2006

2.1.1.1 Main events

Main financial aggregates	2005	2006	Var. 06/05
Millions of Euros			
Revenue	12,113.9	14,067.2	+16.1%
<i>International</i>	17.4%	16.2%	
Gross Profit from Operations	1,095.5	1,270.3	+16.0%
<i>Margin</i>	9.0%	9.0%	
Net Profit from Operations	817.4	971.6	+18.9%
<i>Margin</i>	6.7%	6.9%	
Net Contribution of Listed Investees	78.6	231.9	+194.9%
Ordinary Net Profit*	608.7	835.4	+37.2%
Attributable Net Profit	608.7	1,250.1	+105.4%
<i>Margin</i>	5.0%	8.9%	
EPS	1.74 €	3.58 €	+105.4%
Total Net Debt	4,264.6	8,746.3	+105.1%
Net debt with recourse	1,909.4	1,753.4	-8.2%
Non-recourse financing	2,355.2	6,992.9	+196.9%
Equity	2,635.5	3,256.4	+23.6%
<i>Leverage**</i>	72.4%	53.8%	
Net Investments	4,216.5	5,407.1	+28.2%

* Profit after taxes excluding extraordinary results

** Net debt with recourse / Equity

In 2006 the ACS Group's operating performance was excellent from the standpoint of both activities and profitability. In 2006 sales were up by over 16% and an increase in profitability was reflected by the net profits from operations which were close to 19% higher than in the previous year.

The ACS Group's investment in listed companies in the past two years gave rise to a contribution by these companies to the Group's profit, after taking into account finance costs net of the taxes relating to the investment of EUR 231.9 million made at 31 December 2006, up by 194.9% on the previous year.

Due to the sale of the Group's ownership interest in Urbis in December, with a gain before tax of EUR 510.9 million, ordinary income after taxes, without taking the extraordinary results for the year into account (mainly relating to the sale of Urbis) rose by 37.2% to EUR 835.4 million. The net income attributable to the Group doubled to EUR 1,250.1 million, with a margin of 8.9% over sales. Based on these figures, earnings per share increased by 105.4% to EUR 3.58 per share.

As a summary of the structure of the ACS Group's balance sheet, noteworthy is the balance of net recourse debt which dropped by 8.2% to EUR 1,753.4 million, equivalent to leveraging of 53.8%. Nonrecourse financing amounted to EUR 6,992.9 million.

The ACS Group's investment effort in 2006 was significant, as reflected by net investments which amounted to EUR 5,407.1 million, of which EUR 3,297.3 million related to the acquisition of 10% of Iberdrola and EUR 1,728.0 million to the purchase of 16% of Unión Fenosa. This figure also takes into account the sale of the Group's ownership interest in Urbis for EUR 822.6 million.

The contracting business performed soundly, growing by 11.4% as a result of the ongoing commercial drive of all the Group companies. Consequently, the Group's total backlog reached a record breaking figure of almost EUR 30 million.

ACS continued to firmly back the electricity sector as one of the main areas of the Group's strategic development, as evidenced by the successive investments made throughout the year in the sector's top companies:

- n In March 2006 the takeover bid launched by the ACS Group at the end of 2005 on 10% of Unión Fenosa was successfully completed at a price of EUR 33 per share, involving an investment of EUR 1,005.4 million.
- n In the last four-month period of 2006 the ACS Group increased its ownership interest by 6%, investing EUR 722.6 million in the purchase of shares of Unión Fenosa on the market. As a result of this transaction, the Group ended the year with a 40.5% ownership interest in this company.
- n In the last week of September 2006 the ACS Group acquired 90.2 million of the shares of Iberdrola, representing 10% of this company's share capital. The Group's total investment amounted to EUR 3,297.3 million, equivalent to an average price of EUR 36.6 per share of Iberdrola.

On 14 June 2006 an agreement was reached by the shareholders of Xfera and TeliaSonera whereby the Scandinavian operator acquired a 77% stake in Xfera. The ACS Group continues to be the operator's main local shareholder with an ownership interest of 17%.

Lastly, in December 2006 the ACS Group sold its ownership interest in Inmobiliaria Urbis, S.A. as part of the takeover bid by the Inmobiliario Reyal Group. The ACS Group's 24.8% stake was sold for a total EUR 822.6 million, giving rise to gains before tax of EUR 510.9 million.

2.1 Directors' Report of the Consolidated Group

2.1.1.2 Consolidated income statements of the ACS Group

Consolidated Income Statement	2005	%	2006	%	Var. 06/05
Millions of Euros					
Revenue	12,113.9	100.0%	14,067.2	100.0%	+16.1%
Other income	447.6	3.7%	739.4	5.3%	+65.2%
Total Production Value	12,561.5	103.7%	14,806.6	105.3%	+17.9%
Operating expenses	(8,583.1)	(70.9%)	(10,307.0)	(73.3%)	+20.1%
Staff costs	(2,882.9)	(23.8%)	(3,229.3)	(23.0%)	+12.0%
Gross Profit from Operations	1,095.5	9.0%	1,270.3	9.0%	+16.0%
Depreciation and amortisation charge	(230.1)	(1.9%)	(280.9)	(2.0%)	+22.1%
Current asset allowances	(48.0)	(0.4%)	(17.8)	(0.1%)	-62.9%
Net Profit from Operations	817.4	6.7%	971.6	6.9%	+18.9%
Finance income	83.2	0.7%	198.8	1.4%	+138.9%
Finance costs	(198.9)	(1.6%)	(423.4)	(3.0%)	+112.9%
Exchange differences	16.7	0.1%	(15.4)	(0.1%)	n.a.
Net impairment losses	(6.6)	(0.1%)	(12.8)	(0.1%)	n.a.
Gains on companies accounted for using the equity	144.9	1.2%	330.2	2.3%	+128.0%
Gains on non-current assets disposals	13.8	0.1%	583.8	4.2%	n.a.
Other gains or losses	(66.2)	(0.5%)	(79.4)	(0.6%)	+19.9%
Profit Before Tax from Continuing Operations	804.3	6.6%	1,553.5	11.0%	+93.1%
Income tax	(171.3)	(1.4%)	(280.1)	(2.0%)	+63.5%
Profit after Tax from Continuing Operations	633.0	5.2%	1,273.4	9.1%	+101.2%
Profit after tax from discontinued operations	0.0	0.0%	0.0	0.0%	n.a.
Profit for the Year	633.0	5.2%	1,273.4	9.1%	+101.2%
Minority interests	(24.3)	(0.2%)	(23.3)	(0.2%)	-4.1%
Profit Attributable to the Parent	608.7	5.0%	1,250.1	8.9%	+105.4%

2.1.1.2.1 Revenue

Revenue amounted to EUR 14,067.2 million, up by 16.1% on 2005. All areas grew significantly, especially Construction whose sales rose by 17.9%, as well as the Industrial Services and Environment and Logistics areas, which also showed two-digit growth of 16.4% and 10.4%, respectively.

Revenue	2005	%	2006	%	Var. 06/05
Millions of Euros					
Construction	5,724.8	47%	6,750.3	48%	+17.9%
Industrial Services	4,077.4	33%	4,747.7	33%	+16.4%
Services	2,406.5	20%	2,657.1	19%	+10.4%
Concessions	13.8	0%	26.1	0%	n.a.
Corporate Unit / Adjustments	(108.6)		(114.0)		
Total	12,113.9		14,067.2		+16.1%

Sales abroad rose by 8.3% to EUR 2,281.0 million and accounted for 16.2 % of total annual sales. The detail of turnover in Spain and abroad is as follows:

Sales in Spain	2005	%	2006	%	Var. 06/05
Millions of Euros					
Construction	5,169.8	90.3%	6,319.1	93.6%	+22.2%
Industrial Services	2,760.6	67.7%	3,173.1	66.8%	+14.9%
Environment & Logistics	2,180.7	90.6%	2,388.3	89.9%	+9.5%
Concessions	5.7	99.7%	19.7	99.8%	+244.6%
Corporate Unit/Adjustme	(108.6)	0.0%	(114.0)	0.0%	+5.0%
Total	10,008.4	82.6%	11,786.2	83.8%	+17.8%

Sales Abroad	2005	%	2006	%	Var. 06/05
Millions of Euros					
Construction	555.0	9.7%	431.2	6.4%	-22.3%
Industrial Services	1,316.7	32.3%	1,574.6	33.2%	+19.6%
Environment & Logistics	225.7	9.4%	268.8	10.1%	+19.1%
Concessions	8.1	0.3%	6.4	0.2%	-21.3%
Total	2,105.5	17.4%	2,281.0	16.2%	+8.3%

2.1 Directors' Report of the Consolidated Group

2.1.1.2.2 Gross profit from operations

Gross profit from operations amounted to EUR 1,270.3 million, up by 16.0% on the same period in the previous year. The sales margin was 9.0%.

Gross profit from operations	2005	%	2006	%	Var. 06/05
Millions of Euros					
Construction	427.5	38%	504.0	39%	+17.9%
Industrial Services	344.4	30%	419.6	32%	+21.9%
Environment & Logistics	346.2	31%	376.2	29%	+8.7%
Concessions	7.4	1%	6.9	0%	n.a.
Corporate Unit/Adjustments	(30.0)		(36.4)		
Total	1,095.5		1,270.3		+16.0%

This growth was underpinned by the excellent performance of all activity areas. Construction rose by 17.9%, Industrial Services by 21.9% and Environment and Logistics by 8.7%.

2.1.1.2.3 Net profit from operations

Net profit from operations amounted to EUR 971.6 million, 18.9% higher than in the previous year, placing the sales margin at 6.9%, up by 20 basis points on 2005.

Net profit from operations	2005	%	2006	%	Var. 06/05
Millions of Euros					
Construction	358.6	42%	422.7	42%	+17.9%
Industrial Services	285.9	34%	364.7	36%	+27.6%
Environment and Logistics	203.7	24%	224.6	22%	+10.2%
Concessions	2.0	0%	(2.7)	(0%)	n.a.
Corporate Unit/Adjustments	(32.8)		(37.7)		
Total	817.4		971.6		+18.9%

Industrial Services performed soundly, with an increase of 27.6%, as was the case of Construction which was up by 17.9% and Environment and Logistics with an increase of 10.2%.

2.1.1.2.4 Profit Before Tax from Continuing Operations

Profit before tax from continuing operations rose by 93.1% to EUR 1,553.5 million, which represented 11.0% of sales, due largely to the contribution by the investees accounted for using the equity method to net profit. This contribution amounted to EUR 330.2 million. The main contributions related to Unión Fenosa, to Abertis, to the sound earnings of the other investees and to the increase in the ownership interest in these companies. Additionally, in 2006 the gains on the sale of noncurrent assets recorded amounted EUR 583.8 million, which relate mainly to the sale of the Group's holdings in Urbis and Sopol, and in three Latin American concessions, as well as the decrease in ownership interest in Xfera.

Finance costs rose by 112.9% to EUR 423.4 million due to the Group's investment policy, mainly as a result of the investments in Unión Fenosa and Iberdrola. Finance income amounted to EUR 198.8 million, up 138.9% on 2005, and included the EUR 40.6 million in dividends from Iberdrola accrued at the end of 2006. Net exchange differences had a negative impact of EUR 15.4 million, showing a change in trend with respect to the previous year. Lastly, Other Profit and Loss, amounting to EUR 79.4 million, relates mainly to the provisions recorded for contingencies and charges at various Group companies.

2.1.1.2.5 Net profit attributable to the Group

The net profit attributable to the Group climbed to EUR 1,250.1 million, up 105.4% on 2005, as detailed below:

Ney profit attributable Millions of Euros	2005	%	2006	%	Var. 06/05
Construction	239.1	39%	282.1	33%	+18.0%
Industrial Services	179.2	29%	222.6	26%	+24.2%
Environment & Logistics	112.7	18%	129.3	15%	+14.7%
Concessions	6.5	1%	(17.3)	(1%)	n.a.
Listed Associates	78.6	13%	231.9	27%	+194.9%
Corporate Unit/Adjustments	(7.4)		401.5		
Total	608.7		1,250.1		+105.4%

After eliminating the non-recurring results for the year, ordinary profit after taxes amounted to EUR 835.4 million, 37.2% higher than the amount recorded at 31 December 2005.

Reconciliation of 2006 Ordinary Net Profit Millions of Euros	2006	Var. 06/05
Net Attributable Profit	1,250.1	+105.4%
less: Urbis Capital Gain	(510.9)	
plus: Taxes on the capital gain of Urbis	167.1	
less: other nonrecurring items	(70.9)	
Ordinary Net Profit	835.4	+37.2%

n The ACS Group recorded a capital gain of EUR 510.9 million before tax on the sale of the stake in Urbis in December 2006.

n The taxes associated to this transaction were calculated using conservative criteria and amounted to EUR 167.1 million.

n The remaining extraordinary results relate mainly to the positive effect of the change in the tax rate as from 2007 on the deferred taxes arising from the holdings in associates.

The taxes accrued amounted to EUR 280.1 million, up by 63.5% on 2005, and include the taxes relating to the sale of Urbis and the effect of the change in the tax rate on deferred taxes amounting to almost EUR 80 million. The effective tax rate without taking into account the profit from the associates accounted for by the equity method or extraordinary results was 26.9%.

2.1 Directors' Report of the Consolidated Group

2.1.1.3 Consolidated Balance Sheet

Consolidated Balance Sheet	2005	%	2006	%	Var. 06/05
Millions of Euros					
Property, plant and equipment	2,356.0	13.3%	2,917.2	11.6%	+23.8%
Goodwill	1,047.6	5.9%	1,086.6	4.3%	+3.7%
Intangible assets	451.9	2.6%	397.6	1.6%	-12.0%
Financial assets	5,317.9	30.0%	10,227.5	40.6%	+92.3%
Other non-current assets	362.3	2.0%	454.9	1.8%	+25.6%
Non-current Assets	9,535.7	53.8%	15,083.9	59.9%	+58.2%
Inventories	553.6	3.1%	738.3	2.9%	+33.4%
Accounts receivables	5,146.1	29.1%	5,946.1	23.6%	+15.5%
Current financial assets	1,277.4	7.2%	1,880.9	7.5%	+47.2%
Cash and cash equivalents	767.8	4.3%	926.6	3.7%	+20.7%
Other current assets	431.8	2.4%	586.0	2.3%	+35.7%
Current assets	8,176.8	46.2%	10,078.0	40.0%	+23.3%
Available-for-Sale Non-Current Assets			20.8	0.1%	
Total assets	17,712.5	100.0%	25,182.7	100.0%	+42.2%
Shareholders' Equity	2,480.9	14.0%	3,115.7	12.4%	+25.6%
Minority Interests	154.6	0.9%	140.7	0.6%	-9.0%
Equity	2,635.5	14.9%	3,256.4	12.9%	+23.6%
Capital Subsidies	250.6	1.4%	81.1	0.3%	-67.7%
Bank borrowings	2,678.6	15.1%	3,291.3	13.1%	+22.9%
Non-recourse financing	2,304.8	13.0%	6,797.6	27.0%	+194.9%
Other financial liabilities	34.0	0.2%	32.0	0.1%	-5.9%
Other non-current liabilities	512.9	2.9%	524.3	2.1%	+2.2%
Hedging instruments	31.9		19.8		
Other liabilities	481.0		504.5		
Non-current Liabilities	5,530.3	31.2%	10,645.1	42.3%	+92.5%
Bank borrowings	1,236.9	7.0%	1,228.9	4.9%	-0.7%
Non-recourse financing	50.4	0.3%	195.4	0.8%	+287.8%
Trade payables	6,568.7	37.1%	7,984.3	31.7%	+21.6%
Other financial liabilities	5.2	0.0%	8.8	0.0%	+70.6%
Other current liabilities	1,434.9	8.1%	1,782.8	7.1%	+24.2%
Current Liabilities	9,296.1	52.5%	11,200.1	44.5%	+20.5%
Total equity & liabilities	17,712.5	100.0%	25,182.7	100.0%	+42.2%

2.1.1.3.1 Non-current assets

Plant, property and equipment rose by 23.8% to EUR 2,917.2 million at the end of 2006. Financial assets related mainly to the Group's holdings in associates accounted for using the equity method. The increase in financial assets by EUR 4,909.6 million in the past twelve months, is mainly a result of the acquisition of shares in Iberdrola and Unión Fenosa, including the takeover bid concluded in the first quarter of this year.

The balance of "Available-for-Sale Non-Current Assets", which amounted to EUR 20.8 million, related to the value of the investment in two motorway concessions (the Dundalk bypass in Ireland and the A1 Darrington-Dishford motorway in the United Kingdom), for which there is a preliminary purchase and sale agreement. The closing of this agreement is pending the required administrative authorisations.

2.1.1.3.2 Working capital

Net working capital payable amounted to EUR 2,496.7 million, a year-on-year improvement of more than 9 sale days leading to a ratio of 65 days. This excellent performance was due to the combination of an improvement in management ratios in the Services area and the high growth in sales recorded by Construction, which maintains an efficient management of net working capital.

2.1.1.3.3 Net borrowings

The Group's net borrowings at 31 December 2006 amounted to EUR 8,746.3 million, of which EUR 6,992.9 million relates to non-recourse financing. The remaining EUR 1,753.4 million related to net debt with recourse, the balance of which represents 53.8% of equity and was 1.4 times the Group's gross profit from operations in 2006.

The Group's total gross non-current borrowings, including long-term non-recourse financing, amounted to EUR 10,121 million, of which approximately 80% bear interest at a fixed rate.

Detail of Borrowings	2005	2006
Millions of Euros		
Net Debt with Recourse	1,909	1,753
Non-current bank borrowings	2,713	3,323
Current bank borrowings	1,242	1,238
Cash and other cash equivalents	(2,045)	(2,808)
Project Financing	2,355	6,993
I Net Borrowings	4,265	8,746

2.1.1.3.4 Other non-current liabilities

Other non-current liabilities amounted to EUR 524.3 million and related mainly to provisions for contingencies and charges and deferred tax liabilities.

2.1.1.3.5 Equity

Equity amounted to EUR 3,256.4 million, of which EUR 140.7 million related to minority interests, mainly in concession projects and international subsidiaries. At 31 December 2006 the Group acquired 7 million treasury shares during the year, representing 2% of the share capital of ACS. The related acquisition cost amounted to EUR 283 million, implying an average cost of EUR 40.5 per share.

2.1 Directors' Report of the Consolidated Group

2.1.1.4 Cash Flows

Cash Flow Statement	2005	2006	Var. 06/05
Millions of Euros			
Gross Profit from Operations	1,095.5	1,270.3	+16.0%
plus: Dividends received from investees	100.7	232.4	
plus: Interest received	83.2	145.8	
less: Interests paid	(198.9)	(413.0)	
less: Income tax	(171.3)	(203.8)	
less: Other adjustments	(101.2)	(90.6)	
Funds Obtained from Operations	808.1	941.1	+16.5%
Dec/(Inc) Trade Receivables, Completed Work Pending Certification	(322.2)	(474.6)	
Dec/(Inc) Inventories	(172.6)	(184.7)	
Inc/(Dec) Trade Payables	1,028.7	962.0	
Inc/(Dec) Other Current and Non-Current Assets	33.4	154.7	
Changes in Working Capital, Net	567.4	457.4	-19.4%
Net Cash Flows from Operating Activities	1,375.5	1,398.5	+1.7%
less: Investments in property, plant and equipment and intangible assets	(354.0)	(470.9)	
less: Concession project investments	(527.7)	(654.5)	
less: Non-current financial asset investments	(1,076.2)	(285.8)	
less: Unión Fenosa acquisition	(2,422.8)	(1,728.0)	
less: Iberdrola acquisition	0.0	(3,297.3)	
Non-current Asset Investments	(4,380.6)	(6,436.6)	+46.9%
Non-Current Asset Disposals	164.1	1,029.5	n.a.
Net Cash Flows from Investing Activities	(4,216.5)	(5,407.1)	+28.2%
Inc/(Dec) Non-current Borrowings	1,230.4	610.7	
Inc/(Dec) Current borrowings	(92.9)	(607.9)	
Inc/(Dec) Non-recourse financing	1,892.8	4,637.8	
Changes in Borrowings	3,030.3	4,640.6	+53.1%
Dividends paid	(88.2)	(211.7)	
Treasury share transactions	58.3	(257.7)	
Changes in Own Financing	(29.9)	(469.4)	n.a.
Other Sources of Financing	30.3	(3.8)	n.a.
Net Cash Flows from Financing Activities	3,030.7	4,167.4	+37.5%
Inc/(Dec) Cash & current financial assets	189.7	158.8	
Cash Position at Beginning of Year	578.1	767.8	+32.8%
Cash Position at End of Year	767.8	926.6	+20.7%

2.1.1.4.1 Net cash flows from operating activities

The funds obtained from operations amounted to EUR 941.1 million, up by 16.5% on the previous year, backed by the excellent performance of all the area's operating activities and the positive contribution to cash flows of the investments in investee companies.

The increase in net working capital also gave rise to a significant generation of cash (EUR 457.4 million) evidencing the Group's excellent management of working capital once again this year. This is even more noteworthy taking into account the figures reached in the previous year.

Net cash from operating activities amounted to EUR 1,398.5 million, up by 1.7% on 2005.

2.1.1.4.2 Consolidated net investments

The Group's total investments in 2006 amounted to EUR 6,436.6 million, and the detail, by line of business, is as follows:

Net Investments	Gross Investment	Divestments	Net Investment
Millions of Euros			
Construction	167.5	(38.6)	128.9
Industrial Services	551.9	(63.7)	488.2
Environment & Logistics	326.3	(30.3)	296.0
Concessions	328.4	(52.3)	276.1
Subtotal	1,374.1	(184.9)	1,189.2
Iberdrola	3,297.3	0.0	3,297.3
Unión Fenosa	1,728.0	0.0	1,728.0
Others	37.2	(844.6)	(807.4)
Total	6,436.6	(1,029.5)	5,407.1

Investments in financial assets included the acquisition of 10% of Iberdrola for EUR 3,297.3 million, and the increase in the ownership interest in Unión Fenosa by 16% of EUR 1,728 million. This figure also takes into account the sale of the Group's ownership interest in Urbis for EUR 822.6 million.

Investments in the Construction area, amounting to EUR 167 million, related mainly to the purchase of machinery and to the construction of a new head office for Dragados. The greatest divestment was the sale of Sopol to the local shareholder in Portugal.

2.1 Directors' Report of the Consolidated Group

EUR 552 million were invested in Industrial Services, mainly in energy and renewable energy projects:

- n In 2006, the Group initiated the Andasol I and Andasol II projects, two thermal solar power plants of 50 MW each. This year EUR 87 million was invested in the first plant. These power plants are the first of their category in Spain and are located in the province of Granada. Furthermore, the Group is taking part in the development of a third thermal solar power plant in Extremadura, which also has an installed power of 50 MW.
- n In 2006, the ACS Group invested EUR 229 million in wind-powered facility projects in order to increase its order book, which includes 18 wind-powered facilities in Spain with installed power of 572 MW and attributable power of 368 MW. Of these, 13 are directly managed by the Group with installed power of 438 MW, which generated sales of EUR 64 million in 2006. Furthermore, the Group has ownership interests in 11 wind farms currently under construction with an installed power of 299 MW and in an additional 21 wind farms in the financing or development phase with installed power of 692 MW.
- n At 31 December 2006, the Group had an ownership interest in 12 concession projects for the management and maintenance of high-voltage lines in South American countries, mainly Brazil, with secured financing from the World Bank. The total acumulative investment in the share capital of this type of projects amounts to EUR 160 million. In 2006, the ACS Group invested EUR 68 million in Brazil in this type of lines.
- n Additionally, investments were made in other concession projects, such as the desalination plant in Murcia (EUR 22 million) and the air-conditioning company Humiclíma was acquired. On the other hand, several assets were sold, including an energy transmission concession in Brazil for EUR 39 million.

EUR 326 million were allocated to the Environment and Logistics area. Over EUR 165 million was invested in Environment, and was allocated to a large extent to the recent renewal and award of new contracts, in addition to the USW treatment plant in Zaragoza (EUR 30 million). EUR 114 million were invested in port and logistics services, and noteworthy in this respect were the bulk terminal in Santander and the container terminal in Sao Francisco do Sul ,Brazil.

EUR 328 million were invested in concession projects, including the Majadahonda hospital in Madrid (EUR 87 million), Brians penitentiary centre in Barcelona (EUR 65 million), the highway between Santiago and Brión in Galicia (EUR 44 million) and the Príncipe Pío interchange in Madrid (EUR 41 million). The main divestment related to Fenoco, and gave rise to income amounting to EUR 41 million.e € 41 millones.

2.1.1.5 Profit/loss by business areas

2.1.1.5.1 Construction

Main Financial Aggregates	2005	2006	Var. 06/05
Millions of Euros			
Sales	5,724.8	6,750.3	+17.9%
EBITDA	427.5	504.0	+17.9%
Margin	7.5%	7.5%	
EBIT	358.6	422.7	+17.9%
Margin	6.3%	6.3%	
Profit before tax from continuing operations	369.9	443.2	+19.8%
Margin	6.5%	6.6%	
Net Profit	239.1	282.1	+18.0%
Margin	4.2%	4.2%	
Backlog	9,369	10,661	+13.8%
Months	20	19	

Sales in 2006 amounted to EUR 6,750.3 million, up 17.9% on the previous year, given the Construction area's excellent performance in the year.

Breakdown by Activity Millions of Euros	2005	2006	Var. 06/05
Civil Engineering Works	3,363.9	3,888.5	+15.6%
Non Residential Building	1,360.8	1,739.6	+27.8%
Residential Building	1,000.1	1,122.2	+12.2%
Total	5,724.8	6,750.3	+17.9%
<i>International</i>	555.0 10%	431.2 6%	-22.3%

Production in Spain achieved a growth rate of 22.2%, due to the heavy increase in production relating to contracts entered into with public-sector customers, both within local and regional administrations, and the central government. However, activity abroad dropped by 22.3% as a result of the sale of the Portuguese subsidiary Sopol at the beginning of the year, and account for 6% of the Construction area's total sales. If the effect of this sale is not taken into account, sales abroad were at a similar level as in the previous year.

With respect to the performance of profit from operations, EBITDA was up by 17.9% maintaining a sales margin of 7.5% and EBIT rose by 17.9%, with a sales margin of 6.3%, which was the same as 12 months ago. Lastly, net profit was EUR 282.1 million, up by 18% on 2005.

The construction backlog continued to increase, reaching EUR 10,661 million at 2006 year-end, 13.8% higher than 2005, and slightly lower than the increase in activity. Accordingly, backlog was equivalent to approximately 19 months of production. The order book in Spain grew by 12.8%; and increases of over 10% were recorded in all the main areas with respect to the figures for 2005. The order book abroad grew by 27.9% with respect to the order book for 2005, which included Sopol's backlog. This large increase is mainly a result of the contracts recently awarded in the United States (4 East Side Access tunnels in New York as well as the roads I-287 and Croton Falls in the same state) amounting to nearly US\$ 480 million.

2.1.1.5.2 Industrial Services

Main Financial Aggregates Millions of Euros	2005	2006	Var. 06/05
Sales	4,077.4	4,747.7	+16.4%
EBITDA	344.4	419.6	+21.9%
Margin	8.4%	8.8%	
EBIT	285.9	364.7	+27.6%
Margin	7.0%	7.7%	
Profit before tax from continuing operations	263.3	322.0	+22.3%
Margin	6.5%	6.8%	
Net Profit	179.2	222.6	+24.2%
Margin	4.4%	4.7%	
Backlog	4,269	5,087	+19.2%
Months	13	13	

2.1 Directors' Report of the Consolidated Group

Industrial Services sales showed solid growth of 16.4% in 2006, driven by the Specialised Facilities, Integrated Projects and Control System activities, as well as the substantial recovery of the Networks area in the last quarter of the year, especially with respect to activity abroad.

Breakdown by Activity	2005	2006	Var. 06/05
Millions of Euros			
Networks	743.9	806.4	+8.4%
Specialized Facilities	1,314.3	1,541.1	+17.3%
Integrated Projects	1,270.1	1,489.5	+17.3%
Control Systems	749.1	910.7	+21.6%
Total	4,077.4	4,747.7	+16.4%
<i>International</i>	<i>1,316.7</i> 32%	<i>1,574.6</i> 33%	<i>+19.6%</i>

The performance of activity abroad continued to be positive, mainly in the areas of Specialised Facilities, which rose 18% this year. Integrated Projects were up by 19.8% and Control Systems increased by 46.2% in terms of international production.

All areas showed sustained growth, and the production in the Networks areas rose by 8.4%, with a 14.7% increase in activity abroad. The growth in Specialised Facilities was particularly high, driven mainly by electrical installation and railroad activity in Spain, as well as the aforementioned heavy increase in activity abroad, accounting for almost half its sales. The production of Integrated Projects increased by 17.3% and continued to show strong growth as a result of the increased investments of energy groups, and particularly the oil and electricity industries, both in the Spain and abroad.

Lastly, Control Systems grew by 21.6% mainly through activities relating to the maintenance of road safety systems and street lighting in the Spanish market, as well as the execution of several contracts abroad.

With respect to the profit from operations of the Industrial Services area, EBITDA rose by 21.9% with a sales margin of 8.8%, 40 basis points higher than in 2005, while EBIT performed exceptionally well, growing by 27.6%, with a margin of 7.7%, 70 basis points higher than in 2005.

The backlog of EUR 5,087 million (+19.2% in twelve months) was equivalent to 13 months of production, assuring the sound performance of this area in the coming months. Especially noteworthy was the 21% increase in the order books of Specialised Facilities and Integrated Projects.

2.1.1.5.3 Environment & Logistics

Main Financial Aggregates	2005	2006	Var. 06/05
Millions of Euros			
Sales	2,406.5	2,657.1	+10.4%
EBITDA	346.2	376.2	+8.7%
Margin	14.4%	14,2%	
EBIT	203.7	224.6	+10.2%
Margin	8.5%	8.5%	
Profit before tax from continuing operations	164.9	180.5	+9.5%
Margin	6.9%	6.8%	
Net Profit	112.7	129.3	+14.7%
Margin	4.7%	4.9%	
Backlog	13,230	14,171	+7.1%
Months	67	65	

All areas performed excellently with solid growth, particularly Environment, which was 10.1% higher, and above all, Integral Maintenance, which grew by 17.3%. The lower increase in Ports and Logistics is mainly due to the slowdown in logistics activities, whereas port activities were up by 10%.

Breakdown by Activity	2005	2006	Var. 06/05
Sales			
Environmental Services	1,081.8	1,191.1	+10.1%
Ports & Logistics Services	532.2	560.4	+5.3%
Transportation Services	189.9	198.5	+4.6%
Integral Maintenance	602.6	707.1	+17.3%
Total	2,406.5	2,657.1	+10.4%
International	225.7	268.8	+19.1%
	9%	10%	

EBITDA grew by 8.7% with a margin of 14.2%. The 20 basis point drop with respect to the same period in the previous year was mainly a result of the increase in the price of oil, which especially affected transportation and logistics activities. This effect is expected to be progressively offset with an increase in rates. EBIT rose by 10.2%, with a margin of 8.5%, similar to the margin in 2005. Net profit grew by 14.7% with a margin of 4.9%, 20 basis points higher than in the previous year.

The backlog of this area reached EUR 14,171 million, equivalent to over 5 years of production. The ongoing increase in these figures confirms the growth expectations for this activity in the coming years.

2.1 Directors' Report of the Consolidated Group

2.1.1.5.4 Transport Infrastructure Concessions

Main Financial Aggregates	2005	2006	Var. 06/05
Millions of Euros			
Sales	13.8	26.1	n.a.
EBITDA	7.4	6.9	n.a.
EBIT	2.0	(2.7)	n.a.
Equity method	(3.4)	(28.3)	n.a.
Net Profit	6.5	(17.3)	n.a.

Revenue relates mainly to the turnover from the Mancha motorway, the only concession in operation in which the Group has a majority ownership interest, as well as from the turnover from technical assistance, mainly to TP Ferro.

The loss contributed by companies accounted for using the equity method is a result of the loss recorded by various concessions in their first years of operation, with the concomitant effect on finance costs.

At 2006 year-end the ACS Group took part in 38 projects with a capital commitment of EUR 1,002 million, through its concession development subsidiary Iridium, with a total managed investment of over 11,300 million.

2.1.1.5.5 Listed Associates

Main Financial Aggregates	2005	2006	Var. 06/05
Millions of Euros			
Abertis	92.8	106.9	+15.2%
Unión Fenosa	11.4	191.4	n.a.
Urbis	30.5	36.4	+19.3%
Iberdrola		40.6	n.a.
Gross contribution to profit	134.7	375.3	+178.6%
Associated finance costs	(86.3)	(220.6)	
Taxes	30.2	77.2	
Net Profit	78.6	231.9	+194.9%

The contribution of listed companies to the Group's profit, prior to deducting finance costs and associated taxes, amounted to EUR 375.3 million.

n The contribution of Abertis grew by 15.2% to EUR 106.9 million.

n Unión Fenosa contributed EUR 191.4 million to the Group's profit, as a result of its net profit in 2006.

n Prior to its sale at the end of 2006, Inmobiliaria Urbis contributed EUR 36.4 million, up 19.3% on 2005.

n The dividends from Iberdrola in 2006 contributed EUR 40.6 million to the Group's profit, and were recorded under the ACS Group's financial profit.

The finance costs arising from the Group's investments in these companies amounted to EUR 220.6 million, together with an additional positive tax effect of EUR 77.2 million.

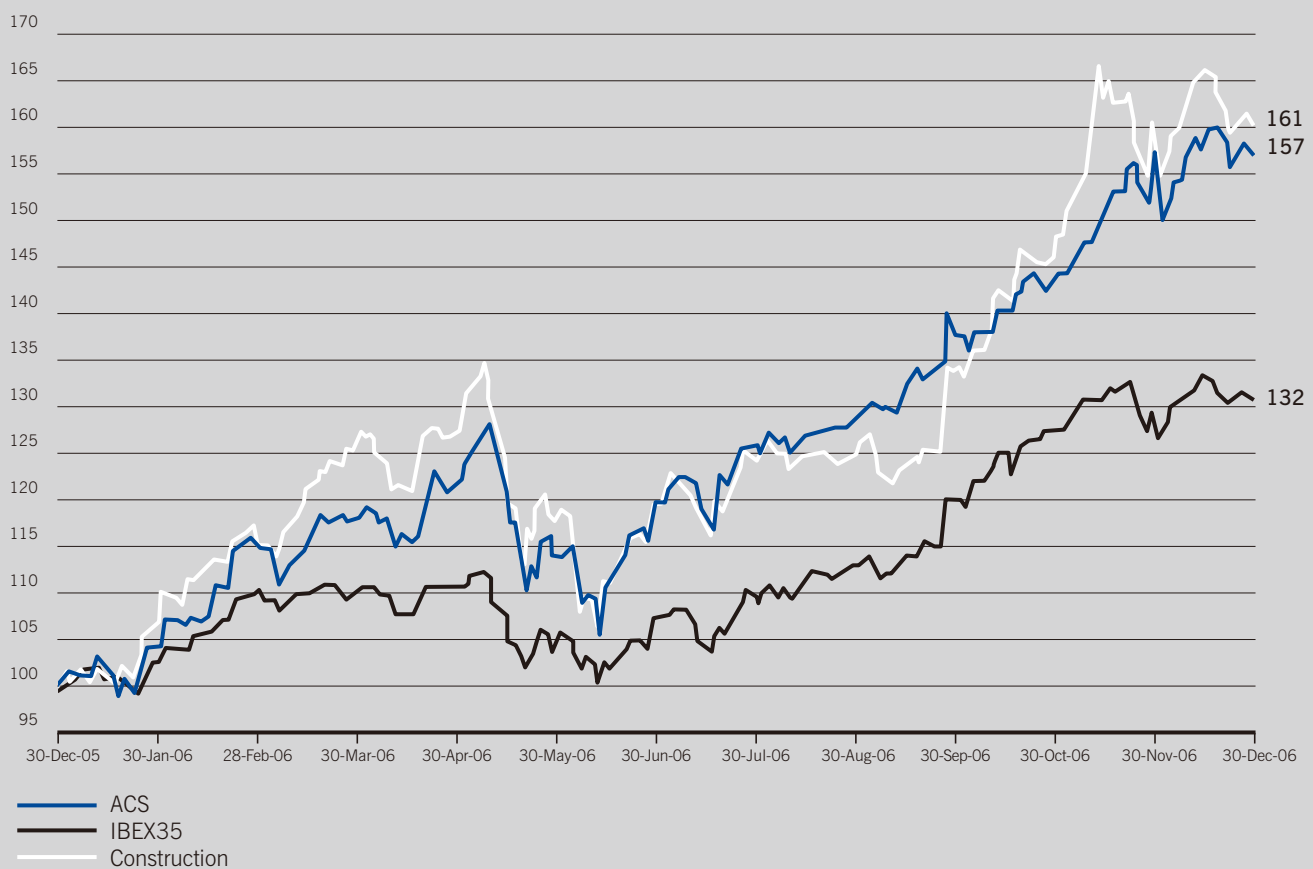
Accordingly, the net contribution of the listed companies to the Group's profit in the past twelve months was EUR 231.9 million.

2.1.2 Stock market performance and treasury shares

2.1.2.1 Stock market information for 2006

In terms of the stock market, 2006 was characterised by a notable revaluation of all international securities markets, led by the Dow Jones index, which ended the year with record-breaking highs and a revaluation of an annual 16.3%. EI EUROSTOXX 50 also grew by 14.3% as a result of this upward trend of the last two years. The Tokyo stock exchange's NIKKEI index moderated its growth (in 2005 growth exceeded 40%), up 6.9% in 2006.

Stock market information for 2006



Against this backdrop, the Spanish market performed higher than average as reflected by the IBEX35, which rose by 31.8% to 14,146 points, reaching record-breaking highs in the year of its 25th anniversary. Construction was among the most dynamic sectors with the highest revaluation, improving the aforementioned figures with an annual cumulative gain of 61%. In this connection, notable was the revaluation of the ACS Group's shares by 56.96%, therefore converting it into one of the top-performing share portfolios, both in the Spanish and European markets in general.

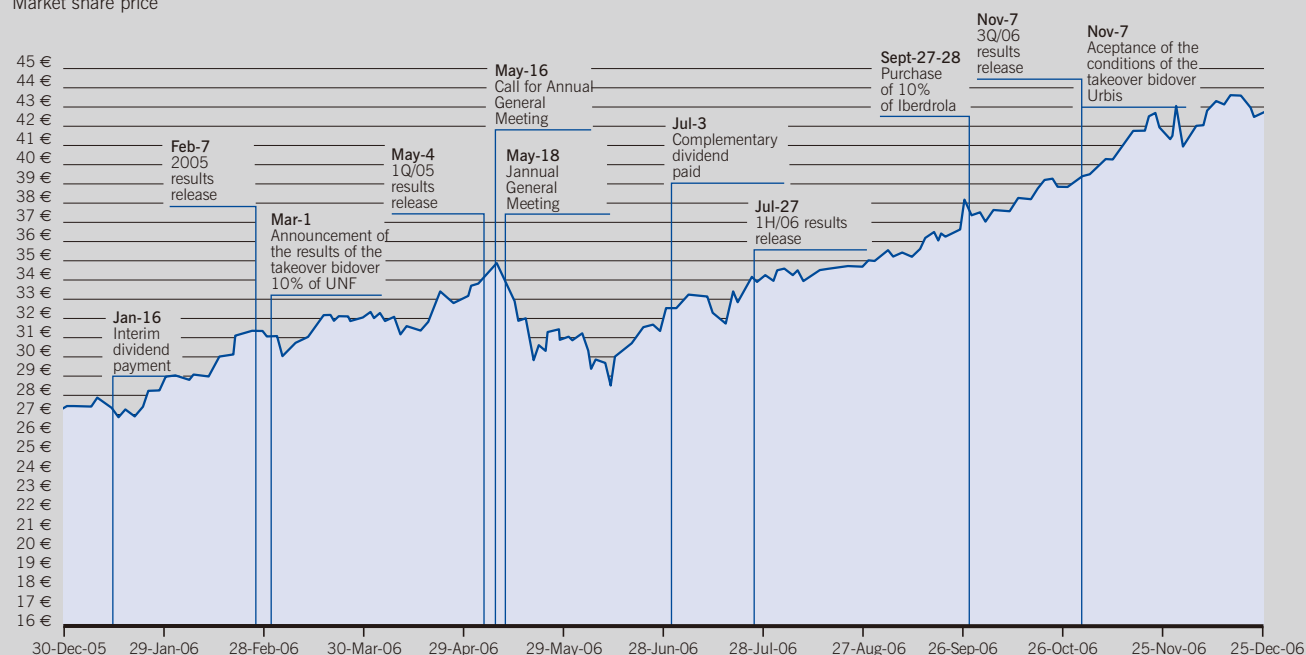
2.1 Directors' Report of the Consolidated Group

The detail of the ACS Group's main stock market data in 2006 is as follows:

The ACS Share	2005	2006
Closing Price	27.21 €	42.71 €
Revaluation in the period	61.96%	56.96%
Cumulative revaluation since 31.12.2000	225.09%	410.27%
Period high	27.30 €	43.70 €
Date reached	29-dic	15-dic
Period low	16.80 €	26.62 €
Date reached	03-ene	18-ene
Average in the Period	22.39 €	33.46 €
Total volume (thousands of euros)	401,440	279,966
Daily average volume (thousands of euros)	1,568.12	1,097.91
Total traded effective (millions of euros)	8,989	9,386
Daily average effective (millions of euros)	35.11	36.81
Number of shares (millions of euros)	352.87	352.87
Market cap at end of period (millions of euros)	9,602	15,071

The ACS listed share price performance in 2006 and its main milestones are as follows:

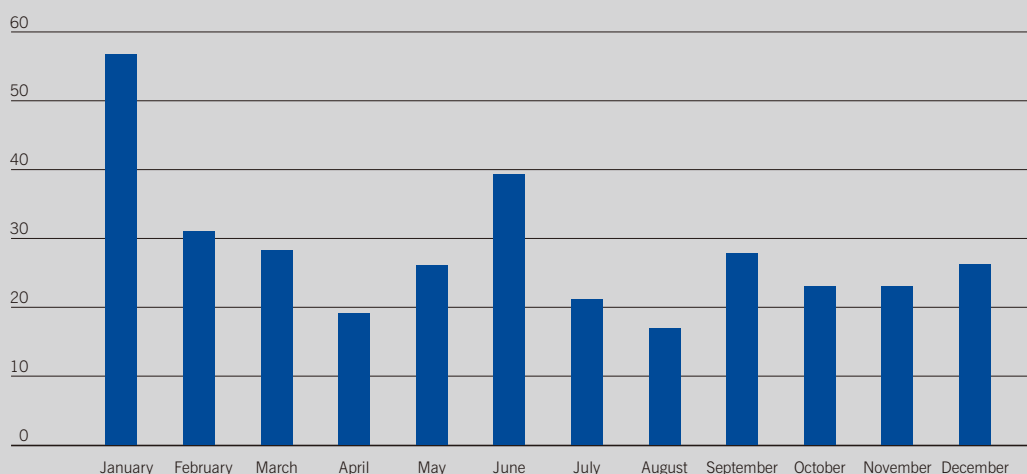
Market share price



The trading volume grew moderately with respect to 2005, reaching a monthly average of a little over 24.8 million of shares.

Monthly volume of shares

Millions



If the proposal to be made at the Annual General Meeting is accepted, direct shareholder return in the form of 2006 dividends will amount to EUR 1.25 per share, in two payments: an initial interim dividend of a gross EUR 0.40 per share, paid on January 15, 2007, and a final dividend of EUR 0.85 per share representing 35.29% of the earnings per share. The dividend yield for shareholders at the 2006 year-end closing price stood at 2.9%.

2.1.2.2 Treasury shares

At 31 December 2006 the ACS Group had 6,985,055 treasury shares on its balance sheet. The detail of the transactions performed in the year is as follows:

Treasury Shares	Number of Shares	Millions of Euros
Beginning balance at 31 December 2005	0	0,0
Purchases	22,537,670	778.3
Sales	-15,552,615	-495.3
End balance at 31 December 2006	6,985,055	283.0

The gain on the sale of treasury shares amounted to EUR 25.28 million and was recorded as an increase in the ACS Group's equity.

2.1 Directors' Report of the Consolidated Group

2.1.3 Risk management policy

2.1.3.1 Risks intrinsic to the ACS Group's activity

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

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

The ACS Group's 2006 Corporate Governance Report details these risk control instruments, providing in-depth information in this connection.

2.1.3.2 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 exchange rates, as well as liquidity and credit risk.

Risks arising from changes in interest rates affecting cash flows are mitigated by hedging the rates through the use of financial instruments which cushion their fluctuation.

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

To manage the liquidity risk resulting from the temporary mismatches between funds required and funds generated, a balance is maintained between the term and the flexibility of the borrowings through the use of staggered financing matching the Group's fund requirements.

Finally, credit risk caused by the non-payment of commercial loans is dealt with 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 quality of the outstanding amounts and the revision of the estimated recoverable amounts in the case of balances considered to be doubtfully collectible.

A full detail of the mechanisms used to manage finance risks is included in the notes to the Group's financial statements for 2006.

2.1.4 Human Resources

At 31 December 2006, the ACS Group employed a total of 123,652 individuals, representing 0.6% of the active Spanish population. In 2006, the Group created over 10,000 net job positions.

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 section on the Commitment to People and the Social Environment included in the Corporate Social Responsibility Report for 2006.

2.1.5 Technological Innovation and Environmental Protection

2.1.5.1 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 promote this commitment, the Company has established a number of committees at the various Group companies, which handle numerous initiatives undertaken in 2006.

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 Environment and Logistics area, efforts concentrated on two main activities: the improvement of solid urban waste management and the reduction of CO₂ emissions, as well as intermodal logistics systems improving the efficiency of the transport of goods.

The details of all these activities as well as specific cases of technological innovation can be consulted in the ACS Group's 2006 Corporate Social Responsibility Report.

2.1 Directors' Report of the Consolidated Group

2.1.5.2 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 2006 the ACS Group promoted two main action areas: an 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 2006 and of the data on production and certifications can be consulted in the Group's 2006 Corporate Social Responsibility Report.

2.1.6 Significant events subsequent to year-end

2.1.6.1 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 14 December 2006, the Group distributed a gross interim dividend relating to profits for 2006 on 15 January 2007. This dividend amounted to EUR 0.40 per share.

2.1.6.2 Integration of Union Fenosa as an ACS Group activity area

The Group's strategic commitment to Unión Fenosa, strengthened by the previously mentioned investments made in 2006 and the recent appointment of two board members by ACS, will be made a reality with the integration of the electricity utility as a new branch of activity within the organisation in 2007.

This integration involves a change in the scope of consolidation in the ACS Group financial statements, since starting on 1 January 2007 Unión Fenosa will be fully consolidated.

Accordingly, in 2006 the Group's pro forma profit would show sales of over EUR 20,000 million, Gross Profit from Operations exceeding EUR 3,170 million and EBIT nearing EUR 2,190 million. In terms of the Balance Sheet, Equity would exceed EUR 8,500 million and Net Debt would amount to approximately EUR 14,300 million.

2.1.6.3 Arrangement of an Equity Swap on the shares of Iberdrola.

In recent weeks the Group entered into a derivatives agreement and specifically an equity swap on shares of Iberdrola, S.A. which currently affects 2.44% of its share capital. This swap may be settled in cash or shares at the option of the ACS Group.

2.1.7 Outlook for 2007

The prospects for 2007 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:

- n On the one hand, to meet the needs of the growing population, which has increased by more than 10% 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.
- n And on the other hand, to foster tourism in Spain and to adapt to its new needs. In the past 10 years the number of tourists has risen by almost 60%, reaching over 55 million visitors to Spain in 2006. This growth has been accompanied by a structural change in the type of tourism in Spain, characterised by a rise in the number of visitors who own property and spend long periods of time in this country, which in turn has led to an increase in the 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 maintenance of the residential cycle.

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 Environment and Logistics, due to the increasing outsourcing of integral maintenance services by companies and public-sector 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 the coming years.

In 2007, 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 2007 will be to increase sales by nearly 10% and to increase net profit by up to 20%, taking into account that the revenues recorded by the Consolidated group, including Unión Fenosa, will increase by over 50%.

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 40). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated balance sheets at 31 december 2006 and 2005

ASSETS	31/12/2006	31/12/2005
Thousands of Euros		
NON-CURRENT ASSETS	15,083,875	9,535,737
Property, plant and equipment (Note 4)	1,476,716	1,352,441
Non-current assets in projects (Note 5)	1,685,241	1,328,331
Investment property (Note 6)	18,260	9,186
Goodwill (Note 7)	1,086,615	1,047,586
Other intangible assets (Note 8)	134,630	117,940
Investments in companies accounted for by the equity method (Note 10)	6,800,485	4,958,411
Non-current financial assets (Note 11)	3,426,980	359,495
Deferred tax assets (Note 27)	358,719	336,077
Financial instrument receivables (Note 23)	88,099	17,229
Other non-current assets	8,130	9,041
CURRENT ASSETS	10,098,829	8,176,753
Inventories (Note 12)	738,255	553,563
Trade and other receivables (Note 13)	5,946,130	5,146,137
Other current financial assets (Note 11)	1,880,939	1,277,441
Activos por impuestos corrientes (Note 27)	472,190	317,870
Current tax assets (Note 14)	113,850	113,904
Cash and cash equivalents (Note 15)	926,644	767,838
Subtotal current assets	10,078,008	8,176,753
Non-current assets held for sale and discontinued operations (Note 3.9)	20,821	-
TOTAL ASSETS	25,182,704	17,712,490

The accompanying Notes 1 to 40 and Appendixes I to IV are an integral part of the consolidated balance sheet at 31 December 2006.

EQUITY AND LIABILITIES	31/12/2006	31/12/2005
Thousands of Euros		
EQUITY (Note 16)	3,256,361	2,635,524
Share capital	176,437	176,437
Share premium	897,294	897,294
Other reserves	1,206,607	899,570
Treasury shares	(283,004)	-
Valuation adjustments	9,416	(30,470)
Profit for the year of the Parent	1,250,088	608,657
Interim dividend	(141,149)	(70,575)
EQUITY ATTRIBUTED TO THE PARENT	3,115,689	2,480,913
MINORITY INTERESTS	140,672	154,611
GRANTS RELATED TO ASSETS (Note 17)	81,062	250,606
NON-CURRENT LIABILITIES	10,645,123	5,530,305
Bank borrowings (Note 19)	3,291,300	2,678,580
Non-recourse financing (Note 18)	6,797,552	2,304,767
Other financial liabilities (Note 20)	32,013	34,035
Deferred tax liabilities (Note 27)	100,547	94,366
Non-current provisions (Note 21)	309,199	283,078
Financial instrument payables (Note 23)	19,791	31,929
Other non-current liabilities	94,721	103,550
CURRENT LIABILITIES	11,200,158	9,296,055
Bank borrowings (Note 19)	1,228,863	1,236,921
Non-recourse financing (Note 18)	195,373	50,385
Trade and other payables (Note 24)	7,984,352	6,568,659
Other financial liabilities (Note 20)	8,798	5,157
Current provisions (Note 21)	235,015	236,133
Current tax liabilities (Note 27)	908,205	715,023
Other current liabilities (Note 25)	639,552	483,777
TOTAL EQUITY AND LIABILITIES	25,182,704	17,712,490

The accompanying Notes 1 to 40 and Appendixes I to IV are an integral part of the consolidated balance sheet at 31 December 2006.

Consolidated 2.2 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 40). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated income statements for the years ended 31 December 2006 and 2005

Thousands of Euros	31/12/2006	31/12/2005
REVENUE (Note 28)	14,067,171	12,113,886
Other income	739,370	447,645
Changes in inventories of finished goods and work in progress	72,193	110,422
Materials consumed and other external expenses (Note 29.1)	(8,765,062)	(7,329,036)
Staff Costs (Note 29.2)	(3,229,279)	(2,882,868)
Other operating expenses	(1,614,060)	(1,364,502)
Depreciation and amortisation charge (Notes 4, 5, 6 y 8)	(280,913)	(230,137)
Changes in working capital provisions	(17,825)	(47,984)
OPERATING INCOME	971,595	817,426
Net impairment losses (Note 29.5)	(12,806)	(6,577)
Gains due to changes in the value of financial instruments classified at fair value (Note 29.6)	2,063	-
Finance income (Note 29.7)	186,353	83,229
Finance costs	(413,005)	(198,853)
Exchange differences	(15,377)	16,658
Results of associates (Note 10)	421,120	144,850
Gains on disposal of non-current assets (Note 30)	583,819	13,757
Other gains or losses (Note 29.8)	(79,386)	(66,183)
PROFIT BEFORE TAX	1,644,376	804,307
Corporation tax (Note 27)	(370,964)	(171,327)
PROFIT FOR THE YEAR	1,273,412	632,980
Profit attributed to minority interests (Note 16)	(23,324)	(24,323)
PROFIT ATTRIBUTED TO THE PARENT	1,250,088	608,657
EARNINGS PER SHARE (Note 32)	31/12/2006	31/12/2005
Euros per Share		
Basic earnings per share	3.58	1.74
Diluted earnings per share	3.58	1.74

The accompanying Notes 1 to 40 and Appendixes I to IV are an integral part of the consolidated income statement at 31 December 2006.

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 40). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statements of changes in equity for the years ended 31 December 2006 and 2005

	Share Capital	Share Premium	Revaluation Reserves and Retained Earnings	Retained Earnings at Consolidated Companies	Exchange Differences	Treasury Shares	Valuation adjustments		Profit Attributed to the Parent	Interim Dividend	Minority Interests	Total
							Available- for-Sale Financial Assets	Derivatives				
Thousands of Euros												
Balance at 1 January 2005	176,437	897,294	571,695	(61,619)	(17,257)	(29,131)	14,938	(50,016)	452,491	(49,402)	113,760	2,019,190
Revenue (expenses) for the year recognised in equity												
Foreign transaction exchange differences					93,427						8,410	101,837
Hedging instruments								(1,501)			(451)	(1,952)
Available-for-sale financial assets				(6,109)			6,109					
Reclassifications			3,235	(3,235)								
Subtotal			3,235	(9,344)	93,427		6,109	(1,501)			7,959	99,885
Share options			2,935									2,935
Distribution of profit from the prior year												
To reserves			(61,053)	375,924				(316,329)				(1,458)
Dividends			1,458					(136,162)	49,402	(12,350)		(97,652)
Treasury shares			24,579			29,131						53,710
Change in the scope of consolidation and other effects of a lesser amount			154	(24,564)							20,919	(3,491)
Profit for the year 2005								608,657			24,323	632,980
2005 interim dividend									(70,575)			(70,575)
Balance at 31 December 2005	176,437	897,294	543,003	280,397	76,170	-	21,047	(51,517)	608,657	(70,575)	154,611	2,635,524
Revenue (expenses) for the year recognised in equity												
Foreign transaction exchange differences					(117,642)						(2,837)	(120,479)
Hedging instruments								83,843			2,201	86,044
Available-for-sale financial assets				(82,736)	2,752		(49,707)					(49,707)
Reclassifications			74,234					5,750				
Subtotal			74,234	(82,736)	(114,890)		(49,707)	89,593			(636)	(84,142)
Share options			4,035									4,035
Distribution of profit from the prior year												
To reserves			98,537	298,396				(396,933)				(158,565)
Dividends			2,134					(211,724)	70,575	(19,550)		(266,571)
Treasury shares			16,433			(283,004)					(17,077)	(6,183)
Change in the scope of consolidation and other effects of a lesser amount				10,894								
Profit for the year 2006								1,250,088		23,324		1,273,412
2006 interim dividend									(141,149)			(141,149)
Balance at 31 December 2006	176,437	897,294	738,376	506,951	(38,720)	(283,004)	(28,660)	38,076	1,250,088	(141,149)	140,672	3,256,361

The accompanying Notes 1 to 40 and Appendixes I to IV are an integral part of the consolidated statement of changes in equity at 31 December 2006.

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 40). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated cash flow statements for the years ended 31 December 2006 and 2005

	31/12/2006	31/12/2005
Thousands of Euros		
Gross profit from operations (Note 26.2) (1)	1.270,333	1,095,547
Dividends received from investees	232,379	100,726
Interest collected	145,783	83,229
Interest paid	(413,005)	(198,853)
Corporation tax paid in the year	(203,821)	(171,327)
Other adjustments to profit from operations	(90,589)	(101,196)
Cash flows from operations	941,080	808,126
Changes in net working capital	457,437	567,365
Net cash flows from operating activities	1,398,517	1,375,491
Investments in property, plant and equipment and intangible assets	(470,920)	(353,981)
Investments in projects	(654,469)	(527,659)
Investments in non-current financial assets	(5,311,169)	(3,498,985)
Disposals	1,029,505	164,129
Net cash flows from investing activities	(5,407,053)	(4,216,496)
Increase in non-current borrowings	610,698	1,230,448
Decrease in net current borrowings	(607,916)	(92,929)
Increase in non-recourse financing	4,637,773	1,892,811
Dividends paid	(211,724)	(88,219)
(Purchase)/Sale of treasury shares	(257,723)	58,260
Other financing activities	(3,768)	30,326
Net cash flows from financing activities	4,167,340	3,030,697
Increase in cash and cash equivalents-	158,806	189,692
Cash and cash equivalents at beginning of year	767,838	578,146
Cash and cash equivalents at end of year	926,644	767,838

The accompanying Notes 1 to 40 and Appendixes I to IV are an integral part of the consolidated cash flow statement at 31 December 2006.

(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.

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 40). In the event of a discrepancy, the Spanish-language version prevails.

2.2.1 Notes to the Consolidated Financial Statements for the year ended 31 December 2006

2.2.1.1 Group activities

The Parent ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Consolidated Companies 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. Scheduled 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.

2.2 Consolidated Financial Statements

2.2.1.2 Basis of presentation of the consolidated financial statements and basis of consolidation

2.2.1.2.1 Basis of presentation

The consolidated financial statements for 2006 of the ACS Group were prepared:

- n By the directors of the Parent, at the Board of Directors' Meeting held on 15 March 2007.
- n 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 2006 are summarised in Notes 2 and 3.

- n 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).
- n So that they present fairly the Group's consolidated equity and financial position at 31 December 2006, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- n 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 2006 (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 2005, (IFRSs as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. on 19 May 2006. The 2006 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 directors of the Parent Company of the Group.

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:

- n The useful life of the property, plant and equipment and intangible assets (Notes 3.1 and 3.5)
- n The impairment losses on certain assets (Notes 3.4 and 3.6)
- n The measurement of goodwill and the assignment of assets on acquisitions (Note 3.4)
- n The amount of certain provisions (Note 3.14)
- n 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 the date of these consolidated financial statements 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.

Changes in accounting estimates and policies and correction of fundamental errors

Changes in accounting estimates

The effect of any change in accounting estimates is recorded under the same heading in the income statement in which the revenue or expense based on the previous estimate was recorded.

Changes in accounting policies and correction of fundamental errors

The effect of any change in accounting policies or correction of fundamental errors is recorded in accordance with IAS 8 in the following manner: the cumulative effect at the beginning of the year is adjusted in Reserves whereas the effect in the year is recorded under profit/loss for the year. Also, in these cases the financial data for the comparative year presented together with the current year are restated.

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 3.22.

2.2.1.2.2 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 interpretations on the concession business approved in November 2006 as IFRS 12. 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 2006 and 2005 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.

Consolidated 2.2 Financial Statements

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 Autoterminal, S.A. However, this company is considered to be a subsidiary since the Group holds the majority of the voting rights therein as a result of its shareholder structure. This company is fully consolidated.

The companies more than 50% owned by the ACS Group which are not fully consolidated include Dinsa Eléctricas y Cymi, S.A. de C.V., Dinec 1, S.A. de C.V., Zenit Servicios Integrales, S.A., Ecoparc, S.A. and Autovía de los Pinares, S.A. This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of other shareholder(s), and consequently, they have been recognised as joint ventures or companies accounted for by the equity method.

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:

- n The equity of their investees is presented within the Group's equity under "Minority Interests" in the consolidated balance sheet.
- n The profit or loss for the year is presented under "Profit Attributed to Minority Interests" in the consolidated income statement and 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 and 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., Chipset Sistemas, S.L., Concesionaria DHM, S.A., Agencia Riomar, S.A., Autopulman Soltur, S.A., Estación de Autobuses de Aranda, S.A. and Tranvía de Vélez, 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 "Results 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 and 2006 were as follows:

- n Unión Fenosa, S.A.: acquisition of a 22.073% holding from Santander Central Hispano Group on 23 September 2005. Subsequently, successive purchases were made increasing the ownership interest to 24.505% at 31 December 2005. In 2006, various additional acquisitions were made increasing the ownership interest therein to 40.47% at year-end. This transaction is explained in Note 10.
- n Inmobiliaria Urbis, S.A.: in 2005 successive purchases of shares were made in this company, increasing the Group's ownership interest therein to 24.387% at 31 December 2005. In December 2006 the whole of the ownership interest in this company was sold. See Note 10.
- n Abertis Infraestructuras, S.A.: in 2005 successive purchases of shares were made in this company, increasing the Group's ownership interest therein from 17.58% at 31 December 2004 to 24.83% at 31 December 2005. There were no additional movements in this connection in 2006.

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

2.2 Consolidated Financial Statements

2.2.1.3 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:

2.2.1.3.1 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 relating to external financing 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. The capitalised borrowing costs relate both to specific financing expressly for the acquisition of assets and to general financing in accordance with the criteria of IAS 23. Investment income earned on the temporary investment of specific borrowings pending their investment on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other interest costs are recognised in the income statement in the year in which they are incurred. All other interest 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

Notwithstanding the foregoing, the fixed assets relating to certain service contracts which reverse back to the contracting body at the end of the term of the contract are depreciated over the lesser of the contract term or the useful life of the assets.

Assets held under finance leases are recognised in the corresponding asset category at the current value of the minimum payments to be made including their residual value, 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 profit 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 were 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.

2.2.1.3.2 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 the external financing used to acquire such assets. The capitalised borrowing costs relate to specific financing expressly for the acquisition of assets.

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

- n The assets under concession are owned by the grantor in most cases.
- n The grantor controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
- n 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 grantor, and the concession operator has no right whatsoever over these assets.
- n The concession operator receives revenues for the services provided either directly from the users or through the grantor.

2.2 Consolidated Financial Statements

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.

In November 2006, the IASB approved the interpretation IFRS 12 relating to the accounting treatment of service concession arrangements, which will foreseeably enter into force on 1 January 2008, provided it is approved by the European Union. The ACS Group did not apply this interpretation at 2006 year-end and maintained the criteria applied in the previous year. The most significant accounting policies applied by the ACS Group in relation to its concession projects are as follows:

- n Capitalise borrowing costs accrued during the construction period and not capitalise borrowing costs subsequent to the date on which the assets come into operation.
- n Depreciate the long-term assets in projects on a straight-line basis.

The ACS Group is currently assessing the effects of the application of the aforementioned standard, and no material effect on the consolidated income statement is foreseen given that the main effect of this standard arises from the amortisation of the assets on the basis of their consumption pattern.

2.2.1.3.3 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.

2.2.1.3.4 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:

- n 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.
- n 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.
- n 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.

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, by 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.

2.2.1.3.5 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 Loss due to Changes in the Value of Assets" 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).

2.2.1.3.5.1 Development expenditure

Development expenditure is only recognised as intangible assets if 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.

2.2.1.3.5.2 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.

Concessions are generally amortised on a straight-line basis over the term of the concession.

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

2.2 Consolidated Financial Statements

2.2.1.3.5.3 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.

2.2.1.3.6 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.

2.2.1.3.7 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.

2.2.1.3.8 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.

2.2.1.3.8.1 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, regarding gas, water and lease agreements.

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.

2.2.1.3.8.2 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.

2.2.1.3.8.3 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.

2.2.1.3.8.4 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 at acquisition cost, they are measured at fair value, and the gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity under Valuation Adjustments are recognised in the profit or loss for the year of the related financial assets.

The fair value of investments actively traded in organised financial markets is determined by reference to their closing market price at year-end. Investments for which there is no active market and whose fair value may not reliably be determined are valued at cost or at a lesser cost in the event that impairment is evidenced.

Consolidated 2.2 Financial Statements

2.2.1.3.9 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 2006 the balance of this heading related to the net cost of the investment in two motorway concessions (the Dundalk bypass in Ireland and the A1 Darrington-Dishford motorway in the United Kingdom), for a preliminary purchase and sale agreement has been entered into. The closing of this agreement is pending the required administrative authorisations.

2.2.1.3.10 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.

2.2.1.3.10.1 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.

2.2.1.3.10.2 Treasury shares

Note 16.4 summarises the transactions performed with treasury shares in 2005 and 2006. Such shares are recognised as a reduction of equity in the accompanying consolidated balance sheet at 31 December 2006. No gain or loss from the purchase, sale, issue or retirement of treasury shares is recognised.

The shares of the Parent are measured at average acquisition cost.

2.2.1.3.10.3 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, based on the various periods of irrevocability of the options.

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).

2.2.1.3.11 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.

2.2.1.3.12 Financial liabilities

Financial liabilities are classified in accordance with the content of the contractual arrangements, bearing in mind the economic substance thereof.

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

Financial risk management is detailed in Note 22.

2.2.1.3.12.1 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 consolidated balance sheet date.

2.2.1.3.12.2 Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ significantly from their fair value.

2.2.1.3.12.3 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.

2.2.1.3.13 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, three subsidiaries are required, under certain conditions, to make monthly payments to their employees to supplement the mandatory standard social security benefits for retirement, disability, death of spouse and death of parent.

Consolidated 2.2 Financial Statements

These defined benefit pension obligations are funded by group life insurance policies, in which investments have been assigned, and 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 84,506 thousand (EUR 93,411 thousand in 2005) and EUR 171,596 thousand (EUR 164,857 thousand in 2005), respectively, at 31 December 2006. The actuarial assumptions used are 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 applicable interest rates from the date of externalisation of these pension obligations ranged from a maximum of 5.93% in 2000 to a minimum of 3.05% in 2005. An interest rate of 3.48% was applied in 2006.

The aforementioned pension obligations, which are recognised under "Staff Costs" in the income statement, amounted to EUR 4,016 thousand in 2006 and EUR 3,102 thousand in 2005.

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 3,958 thousand in 2006 and was recognised under "Staff Costs" in the 2006 income statement. The obligation assumed in this respect amounted to EUR 3,931 thousand in 2005. The portion relating to the Parent's directors who performed executive duties in 2006 amounted to EUR 2,022 thousand (EUR 2,035 thousand in 2005).

In December 2006 the Group externalised the retirement bonus commitments to employees serving the company through retirement pursuant to industry-wide collective labour agreements, and which amounted to EUR 4,157 thousand at an annual interest rate of 2.42% plus a share in profits.

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.

2.2.1.3.14 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 2006 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, in accordance with the opinion of the external lawyers responsible for the legal aspects of this matter, the Group considers that there is no economic risk relating to the lawsuit filed by Boliden-Apirsa in 2004. In relation to this matter, in November 2006 the Madrid Court of First Instance dismissed the lawsuit filed and, at the date of this report, Boliden-Apirsa had filed an appeal against this decision.

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 "Current Provisions" on the liability side of the consolidated balance sheets.

Other provisions

Other provisions include mainly provisions for warranty costs.

2.2.1.3.15 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:

- n Strict compliance with good corporate governance standards.
- n 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.
- n 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.

2.2.1.3.16 Derivative financial instruments

The Group's activities are exposed to financial risks mainly arising from changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group. The Group does not use derivative financial instruments for speculative purposes.

Consolidated 2.2 Financial Statements

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:

n 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 “Gains due to Changes in the Value of Financial Instruments Classified at Fair Value”.

n 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. Hedges are considered to be effective or efficient for derivatives in relation to which the effectiveness test results are within a range of 80% to 125%. 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:

- n For derivatives quoted in an organised market, at their market price at year-end.
- n 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.

2.2.1.3.17 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:

2.2.1.3.17.1 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 the 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 as "Customer Advances" 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 "Current Provisions" on the liability side of the consolidated balance sheet.

Machinery or other fixed assets acquired for a specific project are depreciated over the estimated project execution period and on the basis of the consumption pattern thereof in which the asset's future economic benefits are expected to be consumed. Permanent facilities are depreciated on a straight-line basis over the project execution period. The other assets are depreciated in accordance with the general criteria indicated in these notes to the financial statements.

Late-payment interest arising in relation to delays in the collection of certification amounts is recognised when collected.

2.2.1.3.17.2 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.

2.2.1.3.18 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.

2.2 Consolidated Financial Statements

2.2.1.3.19 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.

2.2.1.3.20 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.

2.2.1.3.21 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 2006, basic earnings per share were the same as diluted earnings per shares since none of the aforementioned circumstances arose.

2.2.1.3.22 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.

2.2.1.3.23 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 2006 and 2005 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.

2.2.1.3.24 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.

2.2 Consolidated Financial Statements

2.2.1.3.25 Standards and Interpretations not yet in force

In 2006, the following Standards and Interpretations which were to come into force at 31 December 2006 were adopted in the European Union:

Standards

IFRS.-7. "Financial Instruments: Disclosure"

This Standard includes all financial instrument disclosure requirements and will replace the disclosure provisions of IAS 32 "Financial Instruments: Disclosure and Presentation", as well as the whole of IAS 30, "Disclosures in the Financial Statements of Banks and Similar Financial Institutions". IAS 32 will only contain financial instrument presentation requirements. The date of IFRS 7 is effective the 1 January 2007. This standard has no effect whatsoever on either the classification or measurement of the Group's financial instruments.

IAS.-1. "Presentation of Financial Statements"

IAS 1 was amended to add disclosures regarding an entity's capital. The effective date of the amendments to IAS 1 is 1 January 2007.

Interpretations

IFRIC.- 7. "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies"

This interpretation contains guidance regarding the application of the requirements of IAS 29 in the first year in which it identifies the existence of hyperinflation in the economy of its functional currency. Its practical application involves the restatement of the comparative financial statements. The effective date of IFRIC-7 is 1 January 2007 and it is not relevant for Group operations.

IFRIC.- 8. "Scope of IFRS 2"

IFRS 2 applies to transactions in which the entity or its shareholders have either granted equity instruments or have incurred liabilities to transfer cash or other assets, for amounts based on the price (or on the value) of the entity's shares or other equity instruments. This interpretation clarifies that IFRS 2 applies to transactions in which the entity receives goods or services as consideration for its equity instruments, including transactions in which the entity is unable to specifically identify certain or any of the goods or services received. IFRIC is effective on 1 January 2007 and has no effect on the Group's accounts.

IFRIC.- 9. "Reassessment of Embedded Derivatives"

IAS 39 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a stand-alone derivative when the entity first becomes a party to a contract. This interpretation prohibits subsequent reassessment throughout the life of the contract unless there is a change in the terms thereof which significantly modifies the cash flows that otherwise would arise. IFRIC 9 is effective on 1 January 2007. It is not relevant to the ACS Group to the extent that there are no changes in the contractual terms of the hedges.

[Standards and interpretations issued by the IASB not yet adopted by the European Union.](#)

IFRS.- 8. Operating Segments

This Standard replaces IAS 14 "Segment Reporting" and is based on the information that the Group's management bodies uses to make decisions.

IFRIC.-10. Interim Financial Reporting (IAS 34)

This interpretation prohibits an impairment loss recognised in a previous interim period in respect of goodwill or investments in either equity instruments or financial assets carried at cost from being reversed at the end of subsequent interim periods.

IFRIC.-11. Share-Based Payment (IFRS 2)

This interpretation clarifies the scope of IFRS 2, share-based payments settled using equity instruments, in two cases: firstly when the share options are granted to employees by an entity or directly by its shareholders, regardless of whether they are acquired on the market to settle the related payment obligation, and secondly when the share options of the Parent are granted to employees of another entity belonging to the same group.

IFRIC.-12. Service Concession Arrangements

This interpretation defines the accounting treatment of public service concession operators.

As already mentioned, these standards have not yet been approved by the European Union. The foreseen effective date of these standards and interpretations is 1 January 2008. Especially in reference to the accounting treatment of service concession arrangements, the Group is assessing the possible initial effect of their implementation.

2.2.1.4 Property, plant and equipment

The changes in this consolidated balance sheet heading in 2006 and 2005 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 2005	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
Changes in the scope of consolidation	6,501	9,513	7,305	11,123	34,442	(12,971)	-	21,471
Additions or charges for the year	36,255	108,463	125,661	150,480	420,859	(234,695)	(10,933)	175,231
Disposals or reductions	(19,452)	(59,897)	(67,948)	(15,854)	(163,151)	93,583	1,520	(68,048)
Exchange differences	(1,252)	(2,961)	(4,152)	304	(8,061)	2,236	112	(5,713)
Transfers from/to other assets	11,706	86,919	(2,678)	(96,021)	(74)	1,689	(281)	1,334
Balance at 31 December 2006	438,198	1,240,520	771,872	250,080	2,700,670	(1,206,149)	(17,805)	1,476,716

Consolidated 2.2 Financial Statements

Of which the following are leased assets:

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 2005	6,822	78,202	128,928	213,952	(58,374)	155,578
Balance at 31 December 2006	7,521	69,481	122,753	199,755	(35,969)	163,787

In 2006 and 2005 the companies capitalised to property, plant and equipment finance costs amounting to EUR 550 thousand and EUR 3,067 thousand, respectively.

Operating costs relating directly to property, plant and equipment in the course of construction capitalised in 2006 amounted to EUR 15,938 thousand (EUR 7,320 thousand in 2005).

Fully depreciated property, plant and equipment in use amounted to EUR 355,119 thousand in 2006 and EUR 327,732 thousand in 2005.

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 policies recognised in the income statement amounted to EUR 1,575 thousand in 2006 and EUR 591 thousand in 2005.

The Group has mortgaged land and buildings with a carrying amount of approximately EUR 11,781 thousand (EUR 16,683 thousand in 2005) to secure banking facilities granted to the Group.

At 31 December 2006, the Group had recognised EUR 183,074 thousand relating to property, plant and equipment owned by its foreign companies and branches (EUR 154,242 thousand in 2005).

At 31 December 2006, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment amounting to EUR 22,887 thousand (EUR 17,098 thousand in 2005).

The impairment losses recognised in the 2006 and 2005 income statements, which amount to EUR 10,933 and EUR 2,193 thousand, respectively, relate mainly to the decrease in the market value of fibre optic cabling. The impairment losses reversed and recognised in the income statement total EUR 1,520 thousand (EUR 35 thousand in 2005).

2.2.1.5 Non-current assets in projects

The balance of “Non-Current Assets in Projects” in the consolidated balance sheet at 31 December 2006 includes the costs incurred by the fully and proportionally consolidated companies in the construction of transport, service and power plant infrastructures whose operation constitutes the purpose of their respective concessions, the detail being as follows:

Company	Type of Infrastructure	End Date of Operation	Investment	Accumulated Depreciation	Net Carrying Amount of Non-Current Assets in Projects
Thousands of Euros					
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	Motorway / Highway	2033	126,245	(8,373)	117,872
Servicios de Mantenimiento de Carreteras, S.A.	Motorway / Highway	2006	49,358	(49,358)	-
Concesionaria Santiago Brion, S.A.	Motorway / Highway	2035	48,585	-	48,585
Inversiones Nocedal, S.A.	Motorway / Highway	2031	46,757	(3,811)	42,946
Taurus Inversiones, S.A.	Motorway / Highway	2033	42,138	(1,828)	40,310
Aufé, S.A. Concesionaria (Dycasa)	Motorway / Highway	2009	22,841	(16,593)	6,248
Aunor, S.A.	Motorway / Highway	2024	8,836	(3,655)	5,181
Reus-Alcover Conc de la Generalitat de Catalunya	Motorway / Highway	2039	8,015	-	8,015
Concesionaria San Rafael, S.A.	Motorway / Highway	2011	3,884	-	3,884
Empresa Mantenimiento y Explotación M-30, S.A.	Motorway / Highway	2025	700	(88)	612
Saba Aparcamet Santa Caterina, S.L.	Car park	2041	4,845	-	4,845
Parque Eólico el Perul, S.L.	Wind-powered facility	2024	64,565	(2,540)	62,025
Ecoven Parc Eólic, S.L.	Wind-powered facility	2024	54,996	(1,759)	53,237
Parque Eólico Marmellar, S.L.	Wind-powered facility	2024	53,653	-	53,653
Energías Ambientales de Vimianzo, S.A.	Wind-powered facility	2022	49,680	(14,463)	35,217
Parque Eólico Lodoso, S.L.	Wind-powered facility	2025	47,766	-	47,766
Easa Somozas, S.A.	Wind-powered facility	2020	47,475	(15,902)	31,573
Energías Ambientales de Outes, S.A.	Wind-powered facility	2023	38,593	(4,969)	33,624
La Lora II Energía, S.L.	Wind-powered facility	2025	36,854	-	36,854
Societat Eólica de l' Enderrocada, S.A.	Wind-powered facility	2017	28,855	(11,542)	17,313
La Lora I Parque Eólico, S.L.	Wind-powered facility	2025	26,200	-	26,200
Lestenergía, S.A.	Wind-powered facility	2026	87,729	-	87,729
Arroyal Energía, S.L.	Wind-powered facility	2025	17,862	-	17,862
Energías Ambientales de Novo, S.A.	Wind-powered facility	2020	17,830	(4,771)	13,059
Otros Parques Eólicos (Valor neto < 5 mn €)	Wind-powered facility	-	23,481	-	23,481
Artemis Transmissora de Energia, S.A.	Energy transmission	2031	105,574	(3,158)	102,416
Andasol-1, 2 y Extresol-1	Thermal solar power plant	2008	99,102	-	99,102
Intercambiador Príncipe Pío, S.A.	Transport interchange	2040	40,810	-	40,810
Intercambiador de Transportes Avda. de América, S.A.	Transport interchange	2013	23,599	(10,592)	13,007
Tirnadrid, S.A.	Urban solid waste treatment plant	2020	137,177	(57,961)	79,216
Tecmed BKU UTE Albada	Urban solid waste treatment plant	2021	61,813	(8,375)	53,438
Vertresa RWE Senda UTE Las Dehesas	Urban solid waste treatment plant	2015	57,071	(15,708)	41,363
CME Aguas - Aterro Alenquer	Waste treatment	2026	2,138	-	2,138
Servicios de Aguas de Misiones, S.A.	Water treatment	2029	6,018	(938)	5,080
Aguas del Huesna, S.L.	Meter facility	2025	122,736	(45,851)	76,885
Hospital de Majadahonda, S.A.	Hospital	2035	109,567	-	109,567
Terminales del Sudeste, S.A.	Maritime terminal	2029	90,096	(5,144)	84,952
Graneles Sólidos Minerales, S.A.	Maritime terminal	2030	32,435	-	32,435
Can Brians 2, S.A.	Penitentiary centre	2035	80,811	-	80,811
Remodelación Ribera Norte, S.A.	Police station	2024	15,839	-	15,839
Cesionarias del Vallés, S.A.	Police station	2032	15,711	(103)	15,608
Manteniment y Conservació del Vallés, S.A.	Police station	2032	14,585	(102)	14,483
Total			1,972,825	(286,584)	1,685,241

2.2 Consolidated Financial Statements

The changes in this heading in 2006 and 2005 were as follows:

	2006			2005		
	Investment	Accumulated Depreciation	Net Carrying Amount	Investment	Accumulated Depreciation	Net Carrying Amount
Thousands of Euros						
Beginning balance	1,564,279	(235,948)	1,328,331	1,049,921	(170,689)	879,232
Changes in the scope of consolidation	(14,206)	-	(14,206)	7,861	-	7,861
Additions or charges for the year	886,905	(34,728)	852,177	459,851	(32,267)	427,584
Exchange differences	(15,247)	(989)	(16,236)	63,733	(7,537)	56,196
Disposals or reductions	(436,909)	(14,428)	(451,337)	(64,285)	331	(63,954)
Transfers	(11,997)	(1,491)	(13,488)	47,198	(25,786)	21,412
Ending balance	1,972,825	(286,584)	1,685,241	1,564,279	(235,948)	1,328,331

The most significant additions in 2006 relate to the penitentiary centre of Can Brians 2, S.A. amounting to EUR 64,726 thousand, the Hospital de Majadahonda, S.A. amounting to EUR 87,094 thousand, the thermal solar power plant of Andasol amounting to EUR 99,102 thousand, the transport interchange of Transportes Príncipe Pío, S.A. amounting to EUR 40,810 thousand and wind-powered facilities amounting to EUR 220,826 thousand.

The most significant disposals in 2006 relate to the sale of Ferrocarriles de Norte de Colombia, S.A. (for EUR 244,358 thousand) and of Munirah, Transmissora de Energía, S.A. (EUR 109,931 thousand).

In 2005 there were no additions or disposals of individual significance.

Interest capitalised in 2006 amounted to EUR 13,037 thousand (EUR 16,835 thousand in 2005). This capitalisation was performed by applying an average capitalisation rate of 4.1% in 2006 (9.85% in 2005).

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

At 31 December 2006, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 81,133 thousand (EUR 111,432 thousand in 2005).

2.2.1.6 Investment property

The changes in this heading in 2006 and 2005 were as follows:

Thousands of Euros	2006	2005
Beginning balance	9,186	9,632
Additions	9,241	-
Charges for the year	(147)	(148)
Impairment Losses	(20)	-
Transfers from/to other assets	-	(298)
Ending balance	18,260	9,186

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

The rental income earned from investment property amounted to EUR 1,880 thousand in 2006 (EUR 1,511 thousand in 2005).

Contractual commitments for the acquisition, construction or development of investment property, and for repairs, maintenance and improvements, were not material.

At the beginning of 2006, the gross carrying amount was EUR 10,809 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 1,623 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 20,050 thousand and EUR 1,790 thousand, respectively. There were no material differences with respect to fair value.

The minimum amount of contractually guaranteed future leases at 31 December 2006 was not material.

2.2.1.7 Goodwill

The changes in this consolidated balance sheet heading in 2006 and 2005 were as follows:

Thousands of Euros	2006	2005
Beginning balance	1,047,586	1,010,849
Additions	58,454	40,274
Disposals	(19,027)	(1,445)
Impairment	(32)	(2,594)
Exchange differences	(366)	502
Ending balance	1,086,615	1,047,586

2.2 Consolidated Financial Statements

The detail, by company, of the changes in goodwill in 2006 is as follows:

Company	Balance at 31/12/2005	Additions	Disposals	Impairment	Exchange Differences	Balance at 31/12/2006
Thousands of Euros						
Parent	780,939	-	-	-	-	780,939
Merger with Grupo Dragados, S.A.	780,939	-	-	-	-	780,939
Construction	-	158	-	-	-	158
Construction subsidiaries	-	158	-	-	-	158
Industrial Services	68,215	33,235	(16,298)	(32)	-	85,120
Alagarce, S.L.	10,893	-	-	-	-	10,893
AW Augusta Wind, S.L.	2,019	4,520	-	-	-	6,539
Electromur, S.A.	9,139	-	-	-	-	9,139
Injar, S.A.	6,078	-	-	-	-	6,078
Parque Eólico el Perul, S.L.	-	7,192	-	-	-	7,192
S.I.C.E., S.A.	11,708	-	-	-	-	11,708
Sistemas Radiantes F. Moyano, S.A.	5,232	-	(5,232)	-	-	-
Other industrial service subsidiaries	23,146	21,523	(11,066)	(32)	-	33,571
Services	198,432	25,061	(2,729)	-	(366)	220,398
Consenur, S.A.	4,210	-	-	-	-	4,210
Continental Auto, S.L.	27,126	-	-	-	-	27,126
Grupo Hijos de Simón Maestra, S.L.	6,787	-	-	-	-	6,787
Grupo Sintax	38,231	-	-	-	-	38,231
KDM, S.A.	4,542	-	-	-	-	4,542
Limpiezas Lafuente, S.L.	4,092	-	-	-	-	4,092
Marítima del Mediterráneo, S.A.	12,708	2,026	-	-	-	14,734
Sintax Logística, S.A.	3,190	2,444	-	-	-	5,634
TESC - Terminal Santa Catarina, S.A.	-	8,678	-	-	-	8,678
Tracemar, S.A.	9,794	1,032	-	-	-	10,826
Urbaser, S.A.	46,774	-	-	-	-	46,774
Other service subsidiaries	40,978	10,881	(2,729)	-	(366)	48,764
Total	1,047,586	58,454	(19,027)	(32)	(366)	1,086,615

In the case of the ACS Group's goodwill, annually the carrying amount of the Company or cash-generating unit is compared to the value in use obtained by means of the cash flow discounting measurement method.

For the most significant goodwill arising from the merger between the Dragados and ACS Groups, the procedure detailed above was followed. In this case, the cash flows taken into consideration were those relating to the different cash-generating divisions or units. For this purpose, the Group based itself on the existing measurements in the market closest to the measurement date, comparing them with the carrying amount, to which the proportional part of goodwill was allocated, and no impairment was disclosed.

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 2006. If the carrying amount will not be recovered, the related impairment loss has been recognised.

2.2.1.8 Other intangible assets

The changes in this consolidated balance sheet heading in 2006 and 2005 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 2005	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	(1,034)	564	-	(470)
Balance at 31 December 2005	3.187	37.370	85.592	56.490	182.639	(63.799)	(900)	117.940
Changes in the scope of consolidation	114	94	12	6,242	6,462	(2,430)	-	4,032
Additions or charges for the year	362	6,170	25,791	1,772	34,095	(11,340)	900	23,655
Disposals or reductions	(9)	(1,179)	(1,160)	(10,465)	(12,813)	1,899	-	(10,914)
Exchange differences	-	(68)	(448)	(42)	(558)	69	-	(489)
Transfers from/to other assets	-	1,818	(1)	(1,685)	132	274	-	406
Balance at 31 December 2006	3,654	44,205	109,786	52,312	209,957	(75,327)	-	134,630

Administrative concessions relate mainly to the amounts paid in the Services Business, including most notably the amounts at 31 December 2006 relating to the SPL (EUR 30,734 thousand), Urbaser (EUR 51,533 thousand) and Continental (EUR 12,544 thousand) subgroups.

The 2006 period additions amounted to EUR 40,557 thousand, of which EUR 34,095 thousand relate to separate acquisitions and EUR 6,462 thousand to assets acquired through business combinations.

At 31 December 2005 administrative concessions related mainly to the amounts paid in the Services Business, including most notably the amounts relating to the SPL (EUR 31,012 thousand), Urbaser (EUR 28,155 thousand) and Continental (EUR 10,972 thousand) subgroups.

The 2005 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 2006, amounted to EUR 21,615 thousand (EUR 21,291 thousand at 31 December 2005). There were no items temporarily taken out of use at 31 December 2006 or 31 December 2005.

No development expenditure was recognised as an expense in the accompanying consolidated income statement (EUR 143 thousand at 31 December 2005).

There were no intangible assets whose title was restricted in 2006 or 2005.

At 31 December 2006 and 2005 there were no assets with an indefinite useful life other than those reported as goodwill.

2.2 Consolidated Financial Statements

2.2.1.9 Joint ventures

The main aggregates relating to joint ventures are as follows:

	Joint Ventures, EIG's		Companies	
	2006	2005	2006	2005
Thousands of Euros				
Current assets	2,526,014	2,209,207	163,793	123,462
Non-current assets	279,983	201,370	340,208	160,528
Current liabilities	2,567,370	2,175,383	130,447	108,543
Non-current liabilities	118,779	101,493	278,339	106,673
Profit for the year	95,862	131,993	24,932	16,210
Revenue	3,766,471	2,594,457	275,102	182,188

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

2.2.1.10 Investments in companies accounted for by the equity method

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

	2006	2005
Thousands of Euros		
Beginning balance	4,958,411	1,498,843
Additions	1,854,977	3,415,258
Disposals	(362,756)	(24,834)
Profit for the year	421,120	144,850
Changes in the equity of associates		
Exchange differences/ Other	(89,346)	34,032
Cash flow hedges	28,700	(11,892)
Available-for-sale financial assets	181,780	6,109
Distribution of dividends	(192,401)	(103,955)
Ending balance	6,800,485	4,958,411

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

Company	2006					2005				
	% of Ownership	Share of Net Assets		Profit (Loss) for the year	Goodwill	Total Carrying Amount	% of Ownership	Share of Net Assets		Total Carrying Amount
		without P/L						without P/L	Profit (Loss) for the year	
Unión Fenosa, S.A.	40.47%	2,454,151	247,312	1,652,165	4,353,628	24.51%	1,403,599	11,400	995,265	2,410,264
Abertis Infraestructuras, S.A.	24.83%	1,264,505	141,882	485,988	1,892,375	24.83%	1,179,065	92,799	485,988	1,757,852
Aeropuertos Mexicanos del Pacífico, S.A. de C.V.	33.33%	58,183	3,729	2,767	64,679	28.16%	56,041	1,473	-	57,514
Rutas del Pacífico, S.A.	50.00%	40,250	(813)	-	39,437	50.00%	47,208	(732)	-	46,476
Itumbiara Transmissora de Energia, Ltda.	33.33%	35,515	(192)	-	35,323	-	-	-	-	-
Nordeste Transmissora de Energia, Ltda.	49.99%	24,806	4,330	-	29,136	49.99%	26,250	2,431	-	28,681
Operaciones Portuarias Canarias, S.A.	45.00%	17,632	662	9,638	27,932	45.00%	16,671	914	9,638	27,223
TP Ferro Concesionaria, S.A.	50.00%	27,575	-	-	27,575	50.00%	22,508	13	-	22,521
Sociedad Concesionaria Autopista Central, S.A.	48.00%	37,698	(11,127)	-	26,571	48.00%	49,789	3,762	-	53,551
Circunvalación Alicante, S.A.	50.00%	26,630	(180)	-	26,450	50.00%	25,084	-	-	25,084
Cleón, S.A.	25.00%	25,272	24	-	25,296	25.00%	25,287	-	-	25,287
Metro de Sevilla Sdad. Concesionaria de la Junta de Andalucía, S.A.	31.13%	25,110	-	-	25,110	27.83%	20,544	-	-	20,544
Porto Primavera, Ltda.	33.33%	20,381	64	-	20,445	-	-	-	-	-
Sociedad Concesionaria Vespucio Norte Express, S.A.	54.00%	30,890	(14,368)	1,169	17,691	54.00%	40,547	-	-	40,547
Remolcadores de Barcelona, S.A.	38.70%	12,189	2,058	495	14,742	38.00%	10,690	1,919	541	13,150
STE - Sul Transmissora de Energia, Ltda.	49.90%	13,265	1,462	-	14,727	49.90%	13,228	253	-	13,481
DPI Terminals Dominicana Ltda.	30.00%	6,088	(687)	6,797	12,198	30.00%	8,192	(1,459)	7,552	14,285
Expansión de Transmissao Elétrica Brasil, S.A.	25.00%	7,477	3,314	-	10,791	25.00%	7,237	1,862	-	9,099
Cachoeira Paulista Transmissora de Energia, S.A.	33.00%	8,092	1,522	-	9,614	33.00%	7,585	1,177	-	8,762
Vila do Conde, Ltda.	33.33%	9,921	(348)	-	9,573	-	-	-	-	-
Transmissao Itumbiara Marimondo, S.A.	25.00%	5,228	1,227	-	6,455	25.00%	5,488	695	-	6,183
Tirme, S.A.	20.00%	4,462	914	-	5,376	20.00%	3,779	653	-	4,432
Red Eléctrica del Sur, S.A.	23.75%	4,523	514	-	5,037	20.00%	4,218	380	-	4,598
Iquique Terminal Internacional, S.A.	40.00%	3,962	990	-	4,952	40.00%	3,437	1,100	-	4,537
Inmobiliaria Urbis, S.A.	-	(36,402)	36,402	-	-	24.39%	232,484	33,539	-	266,023
Accesos de Madrid Concesionaria Española, S.A.	-	-	-	-	-	23.63%	40,790	(2,359)	-	38,431
Uirapurú Transmisora de Energia, Ltda.	41.00%	5,847	(41)	-	5,806	41.00%	51	-	-	51
Autopistas del Sol, S.A.	8.00%	5,587	(452)	-	5,135	8.00%	3,165	(330)	-	2,835
Other subsidiaries	-	79,713	2,922	1,796	84,431	-	60,074	(4,640)	1,566	57,000
Total		4,218,550	421,120	2,160,815	6,800,485		3,313,011	144,850	1,500,550	4,958,411

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 a credit arrangement with various banks (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. 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.

2.2 Consolidated Financial Statements

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 prorating established, a total of 30,467,871 shares representing 10% of the share capital of Unión Fenosa, S.A. were allotted. Accordingly, following this transaction, the ACS Group's direct and indirect ownership interest in the share capital of Unión Fenosa, S.A. amounted to 34.505%.

The assets acquired amounting to EUR 1,005,440 thousand were sold at their carrying amount to PR Pisa, S.A. (100% owned by the ACS Group) and were financed in a manner similar to the initial purchase of Unión Fenosa, S.A., the shares of Unión Fenosa, S.A. being pledged as security.

In 2006 the ACS Group continue to strengthen its position in Unión Fenosa, S.A. through the direct acquisition by ACS, Actividades de Construcción y Servicios, S.A. of 1.46 % of the share capital of Unión Fenosa, S.A. and through the acquisition by Roperfeli, S.L. (100% owned by the ACS Group) of 4.5% of the share capital of Unión Fenosa, S.A.

The latter acquisition was financed in a manner similar to the purchase by PR Pisa, S.A., and the shares of Unión Fenosa, S.A. were pledged as security (Note 18).

The total acquisition cost of the ownership interest in Unión Fenosa, S.A. at 31 December 2006 amounted to EUR 4,150,734 thousand.

At the end of 2006 the underlying carrying amount of the ACS Group's ownership interest in Unión Fenosa, S.A. (40.47%) was EUR 1,817,373 thousand. Following the assignment of net assets at fair value amounting to EUR 884,090 thousand, and after having taken into consideration the corresponding deferred tax, goodwill amounting to EUR 1,652,165 thousand arose and is attributable to the profitability of the business acquired and to the expected synergies in the Group following the acquisition.

The depreciation and amortisation charge for the assigned assets amounted to EUR 22,851 thousand in 2006 (EUR 3,300 thousand in 2005), and was recorded as a reduction to "Results of Associates" in the accompanying consolidated income statement.

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.

With respect to these acquisitions, the fair value assigned to the assets was EUR 528,573 thousand, after having taken into consideration the corresponding deferred tax. 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.

The depreciation and amortisation charge for the assigned assets amounted to EUR 25,241 thousand in 2006 (EUR 17,568 thousand in 2005), and was recorded as a reduction to "Results of Associates" in the accompanying consolidated income statement.

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

In 2006 there were no transactions involving the shares of Abertis Infraestructuras, S.A.

Sale of the 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 2005 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 was the same as the fair value of the net assets acquired since the carrying amount of these assets sufficiently covered the fair value. The difference between the carrying amount and market value was assigned to assets. Accordingly, no goodwill was disclosed.

In December 2006 the ACS Group sold its ownership interest in Inmobiliaria Urbis, S.A. in response to the takeover bid launched by the Inmobiliario Reyal Group at the price of EUR 26 per share. The price charged amounted to EUR 822,605 thousand with profit before tax of EUR 510,860 thousand, and was recorded under "Gains on Disposals of Non-Current Assets" in the accompanying 2006 consolidated income statement.

The market values of the ACS Group's investments in associates listed on an organised secondary market at 31 December 2006 are as follows:

Thousands of Euros

Abertis Infraestructuras, S.A.	3,397,073
Unión Fenosa, S.A.	4,623,823

Under profit for the year, noteworthy is the recognition in the income statement, as a result of the drop in corporation tax rates, of deferred taxes generated following the assignment of assets in the process of acquiring these ownership interests (Note 27.4). EUR 90,897 thousand was recognised in the income statement for the year ended 31 December 2006 (EUR 55,938 thousand relating to Unión Fenosa, S.A. and EUR 34,959 thousand to Abertis Infraestructuras, S.A.).

2.2.1.11 Financial assets

The detail of the balance of this heading in the consolidated balance sheets in 2006 and 2005 is as follows:

Thousands of Euros	2006		2005	
	Non-Current	Current	Non-Current	Current
Investment securities	3,117,950	957,612	51,928	761,550
Loans to associates	101,828	5,712	136,352	16,188
Other loans	207,202	917,616	171,215	499,703
Total	3,426,980	1,880,939	359,495	1,277,441

2.2 Consolidated Financial Statements

2.2.1.11.1 Investment securities

2.2.1.11.1.1 Non-current investment securities

The detail, by company, of the balance of this heading at 31 December 2006 is as follows:

Thousands of Euros	Cost	Provision	Net Balance
Corporate Unit and other			
Iberdrola, S.A.	2,985,931	-	2,985,931
Xfera Móviles, S.A.	22,286	-	22,286
World Trade Center Barcelona, S.A.	2,404	(364)	2,040
Autopistas del Sol, S.A.	8,889	(8,889)	-
Construction			
Madrid Calle 30, S.A.	40,000	-	40,000
Sacresa Belgique, S.A.	4,446	-	4,446
Compañía Nueva Plaza de Toros de Barcelona, S.A.	3,011	(132)	2,879
Transportes Ferroviarios Madrid, S.A.	3,414	(614)	2,800
Parque Temático de Madrid, S.A.	3,516	(1,329)	2,187
Industrial Services			
Saneamiento Norte, S.A.	3,667	(3,667)	-
Concessions			
Accesos de Madrid Concesionaria Española, S.A.	44,722	(2,193)	42,529
SCL Terminal Aéreo Santiago, S.A., Sociedad Concesionaria	2,864	(1,720)	1,144
Other investments	20,730	(9,022)	11,708
Total	3,145,880	(27,930)	3,117,950

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, except in the case of Iberdrola, S.A., which is traded through the Spanish continuous market.

At 31 December 2006, the Group had an ownership interest of 17% in the share capital of Xfera Móviles, S.A. through ACS Telefonía Móvil, S.L., following the sale of a portion of its ownership interest to the Telia Sonera Group in June 2006. At the end of 2006, Xfera Móviles, S.A. was in the commercial launching phase. In 2005, this ownership interest was valued at zero and formed part of the balance of associates. At 31 December 2006, following the aforementioned sale which gave rise to a gain of EUR 25,635 thousand (see Note 30), and the capital increase in 2006, this ownership interest was carried at cost for an amount of EUR 35,376 thousand, of which EUR 22,286 thousand related to equity interests and EUR 13,090 thousand related to two participating loans.

Acquisition of 10% of Iberdrola, S.A.

On 29 September 2006, through Residencial Monte Carmelo, S.A., a company 100% owned by the ACS Group, the Group acquired a total 90,154,918 shares of Iberdrola, S.A., representing 10% of this company. A portion of these shares was acquired by means of equity swap derivative contracts settled in advance in October 2006.

The carrying value per consolidated books relating to the acquisition of Iberdrola, S.A. amounted to EUR 3,297,346 thousand. In accordance with IAS 39, this ownership interest was adjusted to market price at year-end with an effect on equity of EUR 311,415 thousand prior to taxes (net of taxes it amounts to EUR 217,990 thousand), and was included as part of equity under "Valuation Adjustments - Available-for-Sale Financial Assets" in the accompanying balance sheet. Pursuant to IAS 39, it was not considered necessary to record an impairment loss with a charge to the income statement for this investment given that there were sufficient unrealized gains disclosed at the date of assignment and still existing at the date of the close and preparation of the consolidated financial statements to evidence that no impairment loss existed.

This transaction was financed through a syndicated loan and a credit line with different banks. The shares of Iberdrola, S.A. and a subordinated loan of ACS, Actividades de Construcción y Servicios, S.A. (Note 18) were pledged as security.

Additionally, at 31 December 2006, the Group had entered into a derivatives agreement and specifically an equity swap on 7,953,485 shares of Iberdrola, S.A., which represented 0.88% of its share capital and may be settled in cash or shares at the option of the ACS Group. At the date of the preparation of these financial statements, the aforementioned equity swap affected 2.44% of the share capital of Iberdrola, S.A. (Note 33).

The change in the amount relating to the fair value of this derivative, amounting to EUR 335 thousand, is included under "Gains on the change in the fair value of financial instruments" in the accompanying consolidated income statement.

2.2.1.11.1.2 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.

2.2.1.11.2 Loans to associates

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2006 is as follows:

	Current		Non-Current			
	2007	2008	2009	2010	2011 and Subsequent Years	Total Non-Current
Thousands of Euros						
Euro loans	1,726	24	8,915	-	6,269	15,208
Foreign currency loans	3,986	1,916	-	-	84,704	86,620
Total	5,712	1,940	8,915	-	90,973	101,828

2.2 Consolidated Financial Statements

Noteworthy under this heading are the EUR 38,916 thousand loan granted to Sociedad Concesionaria Autopista Central, S.A. and the CLP 24,900 thousand loan to Sociedad Concesionaria Vespucio Norte Express, S.A. maturing subsequent to 2011. Additionally, the short-term amount recorded in relation to these companies was EUR 3,979 thousand.

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

	Current			Non-Current		
	2006	2007	2008	2009	2010 and Subsequent Years	Total Non-Current
Thousands of Euros						
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 at 31 December 2005 are the EUR 43,191 thousand loan granted to Sociedad Concesionaria Autopista Central, S.A. and the CLP 26,101 thousand loan to Sociedad Concesionaria Vespucio Norte Express, S.A. maturing subsequent to 2010.

These loans bear market interest.

2.2.1.11.3 Other loans

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2006 is as follows:

	Current			Non-Current		
	2007	2008	2009	2010	2011 Subsequent Years	Total Non-Current
Thousands of Euros						
Euro loans	894,371	20,304	4,701	3,234	175,080	203,319
Foreign currency loans	23,245	290	139	125	3,329	3,883
Total	917,616	20,594	4,840	3,359	178,409	207,202

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

	Current			Non-Current		
	2006	2007	2008	2009	2010 Subsequent Years	Total Non-Current
Thousands of Euros						
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.

"Current Euro Loans" includes the EUR 328,179 million pledged to secure the financing granted to the ACS Group, through Residencial Monte Carmelo, S.A., for the purchase of 10% of Iberdrola, S.A. (Note 18). This amount may not be reimbursed to the ACS Group until the investment/debt coverage ratio established in the financing arrangement has been exceeded. At the date of the preparation of these consolidated financial statements, the balance of this account amounted to EUR 116,343 thousand, and there was no obligation to replace this balance.

These loans earn interest at a rate tied to Euribor less a market spread.

Non-current loans include refinanced loans to local government entities amounting to EUR 47,746 thousand at 31 December 2006 (EUR 10,300 thousand at 31 December 2005).

2.2.1.12 Inventories

The detail of "Inventories" is as follows:

	Balance at 31/12/2006	Balance at 31/12/2005
Thousands of Euros		
Raw materials and other supplies	405,596	309,038
Work in progress, semi-finished goods and finished goods	104,345	56,833
Fixtures	115,662	95,834
Advances	116,502	94,588
Allowances	(3,850)	(2,730)
Total	738,255	553,563

Inventories with a carrying amount of EUR 10,533 thousand (EUR 7,567 thousand in 2005) have been pledged and/or mortgaged as security for the repayment of debts in 2006.

The total impairment losses on inventories recognised and reversed in the consolidated income statement for 2006, relating to the various Group companies, amounted to EUR 2,331 thousand and EUR 1,813 thousand, respectively (EUR 1,086 thousand and EUR 532 thousand in 2005).

2.2 Consolidated Financial Statements

2.2.1.13 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 31/12/2006	Balance at 31/12/2005
Trade receivables for sales and services	5,696,114	4,947,678
Receivable from companies accounted for using the equity method	89,446	83,198
Other receivables	273,556	227,076
Provisions	(112,986)	(111,815)
Total	5,946,130	5,146,137

Trade receivables for sales and services

The detail of this heading at 31 December 2006 and 2005 is as follows:

Thousands of Euros	Balance at 31/12/2006	Balance at 31/12/2005
Trade receivables and notes receivable	4,600,804	3,971,540
Completed work pending certification	1,095,310	976,138
Total	5,696,114	4,947,678
Advances received on orders (Note 24)	(1,803,013)	(1,340,790)
Allowances for doubtful debts	(81,803)	(107,054)
Total net trade receivables balance	3,811,298	3,499,834

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

Line of Business	Balance at 31/12/2006	Balance at 31/12/2005
Thousands of Euros		
Construction	1,444,093	1,384,539
Industrial services	1,660,488	1,387,133
Services	775,260	774,176
Concessions	8,775	2,570
Corporate Unit and other	(77,318)	(48,584)
Total	3,811,298	3,499,834

At 31 December 2006, retentions held by customers for contract work in progress amounted to EUR 199,579 thousand (EUR 279,831 thousand in 2005).

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 415,141 thousand in this connection at 31 December 2006 and by EUR 383,461 thousand at 31 December 2005.

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. By means of this mechanism, at the date of assignment, the Company charges a set price (cash price) which does not reverse back to the securitisation SPV for any reason. This securitisation SPV, which is subject to Spanish law, transforms the receivables into tradable 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 299,477 thousand at 31 December 2006 (EUR 267,253 thousand at 31 December 2005), of which EUR 89,055 thousand (EUR 57,986 thousand at 31 December 2005) were recognised as a current account with the securitisation SPV included under "Other Current Financial Assets-Other Loans" (Note 11.3).

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities. The main customers of Construction and Services are public authorities.

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

2.2.1.14 Other current assets

The detail of this heading is as follows:

	Balance at 31/12/2006	Balance at 31/12/2005
Thousands of Euros		
Advance payments	44,514	36,394
Current account with sundry debtors	34,918	38,733
Current accounts with venturers in joint ventures	27,962	30,184
Other	6,456	8,593
Total	113,850	113,904

2.2 Consolidated Financial Statements

2.2.1.15 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.

2.2.1.16 Equity

2.2.1.16.1 Share capital

At 31 December 2006, 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.

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 continuous market.

Apart from the Parent, the companies included in the scope of consolidation whose shares are listed on securities markets are Abertis Infraestructuras, S.A. and Unión Fenosa, S.A. (on the Spanish stock markets) and Dragados y Construcciones Argentina, S.A.I.C.I. (on the Buenos Aires Stock Exchange). The only direct holding not included in the scope of consolidation whose shares are listed on a secondary market is Iberdrola, S.A.

At 31 December 2006, the shareholders with an ownership interest of over 10% in the share capital of the Parent were Corporación Financiera Alba, S.A. –with an ownership interest of 21.94%, Corporación Financiera Alcor, S.A. –with an ownership interest of 12.00% and Inversiones Vesán, S.A. –with an ownership interest of 10.03%.

2.2.1.16.2 Share premium

The share premium at 31 December 2006 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.

2.2.1.16.3 Other reserves

The detail of this heading at 31 December 2006 and 2005 is as follows:

Thousands of Euros	Balance at 31/12/2006	Balance at 31/12/2005
Revaluation reserves	2,124	2,124
Reserves of the Parent	736,252	540,879
Reserves at consolidated companies	506,951	280,397
Exchange differences	(38,720)	76,170
Total	1,206,607	899,570

2.2.1.16.3.1 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.

2.2.1.16.3.2 Reserves of the Parent

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 2006 and 2005 is as follows:

	Balance at 31/12/2006	Balance at 31/12/2005
Thousands of Euros		
Legal reserve	35,287	35,287
Voluntary reserves	28,798	226,186
Reserve for treasury shares	67,276	-
Reserve for redenomination of share capital in euros	162	162
Other Retained earnings	389,001	279,244
Subtotal	520,524	540,879
Transfer to treasury shares	215,728	-
Total	736,252	540,879

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.

Consolidated 2.2 Financial Statements

Pursuant to Article 194 of the Consolidated Companies Law, until the start-up expenses and goodwill recorded in the individual financial statements in accordance with generally accepted accounting principles in Spain have been fully amortised, any distribution of profit is prohibited, unless the unrestricted reserves recorded are at least equal to the amount of the unamortised balances. In this case the reserves allocated to meet this requirement are considered to be restricted reserves.

Reserve for treasury shares

As required by Article 79.3 of the Consolidated Companies Law, the Company has recorded a reserve for treasury shares, with a charge to voluntary reserves. This reserve is restricted until the shares are disposed of or retired.

2.2.1.16.3.3 Reserves at consolidated companies and translation differences

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:

	2006		2005	
	Reserves	Exchange differences	Reserves	Exchange differences
Thousands of Euros				
Construction	218,948	(3,843)	157,715	5,662
Industrial services	321,774	14,873	237,969	24,949
Services	174,842	(4,929)	55,205	878
Concessions	(27,823)	3,746	(6,193)	44,682
Corporate Unit and other	(180,790)	(48,567)	(164,299)	(1)
Total	506,951	(38,720)	280,397	76,170

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.

The exchange differences at 1 January 2004 were recognised in the transition to IFRSs as opening reserves. Consequently, the amount presented in the Group's consolidated balance sheet at 31 December 2006 relates exclusively to the difference arising from 2004 to 2006, net of the tax effect, between the closing and opening exchange rates of 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 peso, Brazilian real and Mexican and Colombian pesos, whose performance in 2005 and 2006 explain the significant variations therein.

2.2.1.16.4 Treasury shares

The changes in "Treasury Shares" in 2006 and 2005 were as follows:

	2006		2005	
	Number of shares	Thousands of euros	Number of shares	Thousands of euros
At beginning of year	-	-	1,726,969	29,131
Purchases	22,537,670	778,276	23,534,111	532,828
Sales	(15,552,615)	(495,272)	(25,261,080)	(561,959)
At end of year	6,985,055	283,004	-	-

At 31 December 2006 the Parent owned 6,985,055 treasury shares, of EUR 0.5 par value each, representing 1.98% of share capital, with a carrying amount per consolidated books of EUR 283,004 thousand which is recorded under "Equity -Treasury Shares" in the accompanying consolidated balance sheet.

The average purchase price of the shares of ACS in 2006 was EUR 34.53 per share and the average selling price of the shares in 2006 was EUR 33.47 per share (EUR 22.63 and EUR 24.06 per share, respectively, in 2005).

2.2.1.16.5 Valuation adjustments

The changes in the balance of this heading in 2006 and 2005 were as follows:

	2006	2005
Thousands of Euros		
Beginning balance	(30,470)	(50,016)
Hedging instruments	89,594	(1,501)
Available-for-sale financial assets	(49,708)	21,047
Ending balance	9,416	(30,470)

The adjustments for hedging instruments relate to the reserve generated by the effective portion of changes in the fair value of the financial instruments designated and classified as cash flow hedges. These relate mainly to interest rate and exchange rate hedges tied to balance sheet asset and liability items, as well as to future transaction commitments to which the recording of hedges applies, due to the fulfilment of certain requirements of IAS 39.

Available-for-sale financial assets include the unrealised losses and gains arising from changes in fair value net of the related tax effect. The main changes arose from the direct ownership interest in Iberdrola, S.A. (EUR -217,990 thousand) and the indirect holdings amounting to EUR 34,020 thousand through Abertis Infraestructuras, S.A. (mainly from its ownership interest in Brisa Auto - Estradas de Portugal, S.A.) and Unión Fenosa, S.A. amounting to EUR 126,713 thousand (mainly Cepsa and Red Eléctrica Española, S.A.).

2.2 Consolidated Financial Statements

2.2.1.16.6 Interim dividend

At the meeting on 14 December 2006, the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.40 per share, totalling EUR 141,149 thousand, which was paid on 15 January 2007. For this purpose, the Parent prepared the liquidity statement required under Article 216 of the Consolidated Companies Law in this connection. The interim dividend paid is recognised under "Interim Dividend" and reduces the amount of "Equity Attributable to the Parent" included at 31 December 2006 under the heading "Other Current Liabilities" in the consolidated balance sheet.

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" included at 31 December 2005 under the heading "Other Current Liabilities" in the accompanying consolidated balance sheet.

2.2.1.16.7 Minority Interests

The detail, by line of business, of the balance of "Minority Interests" in the consolidated balance sheet at 31 December 2006 and 2005 is as follows:

Line of Business Thousands of Euros	Balance at 31/12/2006		Balance at 31/12/2005	
	Minority Interests	Profit attributed to Minority Interests	Minority Interests	Profit attributed to Minority Interests
Construction	15,318	8,600	22,341	12,457
Industrial Services	50,398	8,400	45,765	5,866
Services	41,373	6,943	42,074	6,298
Concessions	10,259	(619)	20,108	(298)
Total	117,348	23,324	130,288	24,323

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 2006, by item, were as follows:

Thousands of Euros	
Balance at 31 December 2005	154,611
Profit for the year	23,324
Dividends received	(19,550)
Change in the scope of consolidation	(19,462)
Changes in share capital	2,385
Valuation adjustments	2,201
Exchange differences and other	(2,837)
Balance at 31 December 2006	140,672

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 2006, by business segment, is as follows:

Line of Business	Share capital	Reserves	Profit for the year	Total
Thousands of Euros				
Construction	16,193	(875)	8,600	23,918
Industrial Services	45,863	4,535	8,400	58,798
Services	29,535	11,838	6,943	48,316
Concessions	12,120	(1,861)	(619)	9,640
Total	103,711	13,637	23,324	140,672

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

Line of Business	Share Capital	Reserves	Profit for the year	Total
Thousands of Euros				
Construction	17,156	5,185	12,457	34,798
Industrial Services	43,485	2,280	5,866	51,631
Services & Concessions	50,927	11,255	6,000	68,182
Total	111,568	18,720	24,323	154,611

2.2 Consolidated Financial Statements

At 31 December 2006, 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		
Constructora Vespucio Norte, S.A.	46.00%	Hochtief Construction Chilena, Ltda.
Gisca, S.A.	47.50%	Amec Spie Capag, S.A.
Intercambiador de Transportes de Príncipe Pío, S.A.	30.00%	Empresa de Blas y Compañía, S.L.
Can Brians 2, S.A.	25.00%	Proinosa Promocion e Ingenieria de Obras, S.A.
Hospital de Majadahonda, S.A.	25.00%	Bovis Lend Lease, S.A.
	20.00%	Sufi, S.A.
Industrial Services		
Artemis Transmissora de Energia, Ltda.	44.00%	Eletrosul Centrais Electricas, S.A.
Emurtel, S.A.	29.90%	José María Rodríguez
	20.00%	Ginés Heredia
Venezolana de Limpiezas Indust., C.A.	17.20%	Fomento de Construcciones y Contratas, S.A.
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
Parque Eólico El Perú, S.L.	30.00%	Vendaval Promociones Eólicas
	19.00%	Inverduero, S.L.
Andasol 1, S.A.	25.00%	Solar Millennium Verwaltungsgesellschaft, mbh
Services		
Vertederos de Residuos, S.A.	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.
Construrail, S.A.	11.00%	Renfe
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.	12.88%	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.
Terminales del Sudeste, S.A.	11.00%	Cargas y Expediciones, S.A.
Monegros Depura, S.A.	45.00%	Marcor Ebro, S.A.
Concessions		
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	33.33%	CYOPS.A.
Concesionaria Santiago Brión, S.A.	15.00%	Francisco Gómez y Cía, S.L.
	15.00%	Extraco Construcciones e Proyectos, S.A.

2.2.1.17 Grants related to assets

The changes in the balance of this heading in 2006 and 2005 were as follows:

	2006	2005
Thousands of Euros		
Beginning balance	250,606	151,041
Changes in the scope of consolidation	(173,801)	36
Exchange differences	-	15,697
Additions	8,432	91,682
Transfers	154	(280)
Recognition in income statement	(4,329)	(7,570)
Ending balance	81,062	250,606

The most significant movement was the change in the scope of consolidation in 2006 as a result of the exclusion from the scope of consolidation of Ferrocarriles del Norte de Colombia, S.A. following its sale.

The grants related to assets taken to income in 2006 (recognised under "Other Income" in the consolidated income statement) amounted to EUR 4,329 thousand (EUR 7,570 thousand in 2005). Following is a detail of the approximate timing of recognition in the consolidated income statement:

	2006			2005		
	< 1 year	2-5 years	> 5 years	< 1 year	2-5 years	> 5 years
Thousands of Euros						
Grants related to assets	5,788	19,385	55,889	6,501	19,982	224,123

2.2 Consolidated Financial Statements

2.2.1.18 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. and Iberdrola, S.A., as well as the financing amount associated with projects. The detail of the balance of this heading, by company, at 31 December 2006 is as follows:

Company	Current	Non-Current	Total
Thousands of Euros			
Unión Fenosa, S.A.	42,724	2,834,231	2,876,955
Iberdrola, S.A.	1,344	2,770,474	2,771,818
Project financing			
Parque Eólico La Boga, S.L.	11,235	165,643	176,878
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	-	102,655	102,655
Hospital de Majadahonda, S.A.	11,166	82,279	93,445
CME	13,487	77,772	91,259
Andasol-1 y 2	-	77,900	77,900
Can Brians 2, S.A.	60,989	7,785	68,774
Artemis Transmissora de Energía, S.A.	5,139	54,815	59,954
Terminales del Sudeste, S.A.	-	59,875	59,875
Cobra Instalaciones Méjico	-	59,337	59,337
Parque Eólico Marmellar, S.L.	8,884	47,125	56,009
Concesionaria Santiago Brión, S.A.	-	46,600	46,600
Ecoven Parc Eólic, S.L.	4,334	41,544	45,878
Tirmadrid, S.A.	7,321	37,218	44,539
Tecmed BKU UTE Albada	2,012	37,300	39,312
Intercambiador Príncipe Pío, S.A.	-	39,225	39,225
Empresa Mantenimiento y Explotación M-30, S.A.	-	50,000	50,000
Aguas del Huesna, S.L.	5,150	26,780	31,930
Sistemas de Seguridad Metropolitana, S.A.	4,553	24,599	29,152
Energías Ambientales de Outes, S.A.	2,426	26,455	28,881
Energías Ambientales de Vimianzo, S.A.	2,934	24,941	27,875
Easa Somozas, S.A.	3,271	23,730	27,001
Vertresa RWE Senda UTE Las Dehesas	1,833	23,688	25,521
Graneles Sólidos Minerales, S.A.	-	16,365	16,365
Societat Eólica de l' Enderrocada, S.A.	2,085	8,463	10,548
Intercambiador de Transportes Avda. de América, S.A.	1,344	9,198	10,542
Energías Ambientales de Novo, S.A.	1,082	7,898	8,980
Servicios de Aguas de Misiones, S.A.	1,566	6,410	7,976
Remodelación Ribera Norte, S.A.	-	6,496	6,496
Aunor, S.A.	494	751	1,245
Total	195,373	6,797,552	6,992,925

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

Company	Current	Non-Current	Total
Thousands of Euros			
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 Brión, 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:

	Maturity in				Total
	2008	2009	2010	2011 and Subsequent Years	
Thousands of Euros					
Balance at 31 December 2006	21,010	97,760	100,187	6,578,595	6,797,552

Consolidated 2.2 Financial Statements

The most significant financing arrangements were as follows:

Financing of the acquisition of Unión Fenosa, S.A.

The balance at 31 December 2006 relates to the bank financing obtained by the ACS Group for the acquisition of an initial 22.07% in September 2005, as well as the 10% acquired in March 2006 of the shares of Unión Fenosa, S.A. and of an additional 4.5% in November 2006.

For the acquisition of shares representing 22.07% of the share capital of Unión Fenosa, S.A., for EUR 2,219,286 thousand in 2005 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.).

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, with interest tied to Euribor plus a spread, secured by the shares acquired, and maturing on 11 November 2010 as in the case of the initial financing. The remaining 25% was contributed through the subordinated debt of the SPV (PR Pisa, S.A.).

The main characteristics of both financing arrangements include the maintenance of a coverage ratio over the market value of the shares of Unión Fenosa, S.A. If this ratio were not met, the pledge could be executed. If the aforementioned coverage ratio were not met 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 for the first loan and of EUR 113,281 thousand for the second loan, in the form of a subordinated loan. Both at 31 December 2006 and at the date of the preparation of these financial statements, this coverage ratio was being met.

In relation to the initial and additional financing, interest rate swaps were entered into to hedge 80% of the bank borrowings arranged to finance this transaction, which mature in July 2010.

In 2006, the ACS Group acquired 4.5% of the share capital of Unión Fenosa, S.A. through Roperfeli, S.L. This transaction was financed by means of a loan financed by Ixis Corporate and Investment Bank entered into on 13 November 2006 and secured by the shares of Unión Fenosa, S. A., amounting to EUR 468,141 thousand (i.e. 85% of the acquisition), with a fixed interest rate and maturing at five years; and by means of subordinated loan arranged by the shareholder ACS, Actividades de Construcción y Servicios, S.A. for the remaining 15% of the acquisition.

The main characteristics of the financing arrangement include the maintenance of a coverage ratio over the market value of the shares of Unión Fenosa, S.A. If this ratio were not met, the pledge could be executed. If the aforementioned coverage ratio were not maintained and the ACS Group decided to maintain the financing, ACS, Actividades de Construcción y Servicios, S.A would be required to provide funds up to a limit of EUR 55,075 thousand in the form of a subordinated loan.

Both at 31 December 2006 and at the date of the preparation of these financial statements, this coverage ratio was being met. To meet this ratio, at 2006 year-end ACS, Actividades de Construcción y Servicios, S.A. contributed EUR 36, 375 thousand which was recorded under "Cash and Cash Equivalents".

Financing of the acquisition of Iberdrola, S.A.

For the acquisition of 10% of Iberdrola, S.A. non-recourse financing was also obtained. The financing of this transaction was arranged in two phases:

First Phase

Through a bridge loan financed by Banco Bilbao Vizcaya Argentaria, S. A and Caja de Ahorros y Monte de Piedad de Madrid amounting to EUR 3,350,000 thousand which was arranged on 2 October 2006 and is secured by the shares of Iberdrola, S. A., for which the meeting of a coverage ratio over the market value of the shares of Iberdrola, S.A. is required. To meet this ratio, the shareholder ACS, Actividades de Construcción y Servicios, S.A. contributed EUR 95,649 thousand through a subordinated loan.

Second Phase

n Through a syndicated loan with different credit institutions: Banco Bilbao Vizcaya Argentaria, S.A.; Caja Madrid; ICO; IXIS; HVB; Mediabanca; La Caixa and Caixa Galicia, arranged on 28 December 2006 amounting to EUR 2,486,900 thousand and a credit line from Banco Bilbao Vizcaya Argentaria, S.A. guaranteed by the aforementioned banks, amounting to EUR 331,600 thousand. Both loans mature on 28 December 2011, bear interest tied to Euribor plus a spread, and are secured by the shares acquired. Subsequent to year-end, various interest rate swaps have been entered into for 90% of this syndicated loan amount, which mature in July 2011. The balance at 31 December 2006 amounted to EUR 2,771,818 thousand.

The main characteristics of the financing arrangement include the maintenance of a coverage ratio over the market value of the shares of Iberdrola, S.A. If this ratio were not met, the pledge could be executed. If the aforementioned coverage ratio were not met and the ACS Group decided to maintain the financing, ACS, Actividades de Construcción y Servicios, S.A would be required to provide funds up to a limit of EUR 331,600 thousand in the form of a subordinated loan. Both at 31 December 2006 and at the date of the preparation of these consolidated financial statements, this coverage ratio was being met. In relation to this loan, a balance of EUR 328,179 thousand recorded under "Other Loans" (Note 11.3) was pledged to secure the financing for the purchase of 10% of Iberdrola, S.A. This amount may not be reimbursed to the Group until the investment/debt ratio established in the financing arrangement has been exceeded. At the date of the preparation of these consolidated financial statements, this balance amounted to EUR 116,343 thousand.

n The rest of the investment was financed with a subordinated loan of the Parent.

Project financing

n 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 2026.

n Hospital de Majadahonda. This is a syndicated bank loan at a variable rate of interest tied to Euribor and maturing in 2033.

n The thermal solar plant of Andasol was financed through a syndicated loan tied to Euribor plus a market spread, maturing in 2028.

n The construction of the penitentiary centre of Can Brians was financed through a senior credit arrangement maturing in 2007, plus a loan for VAT maturing in 2008.

n The financing of the electricity transmission line Artemis Transmisora de Energía Ltda. matures in 2017 and was granted by Banco Nacional de Desarrollo de Brasil (National Development Bank of Brazil) at a fixed interest rate.

n 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.

n Tirmadrid, S.A. - Comprises the following loans:

– Loans for EUR 27,100 thousand, with a fixed annual rate, systematically repayable in 10% annual instalments up to 2011.

– Syndicated loan and a subordinated loan from the shareholders, at interest rates tied to Euribor and with variable repayment instalments up to 2010 and 2013, respectively. At 2006 and 2005 year-end, the amounts not yet repaid amounted to EUR 17,439 and EUR 13,582 thousand, respectively.

n Aguas del Huesna, S.L. - Outstanding loans amounting to EUR 16,780 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.

n Terminales del Sudeste, S.A. - Syndicated loan at interest rates tied to Euribor, maturing in 2019.

n Autovía de la Mancha, S.A. - Long-term loan amounting to EUR 102,655 thousand, with a grace period of 4 years and maturing in 2028. EUR 84,000 thousand have been hedged at fixed interest rate.

2.2 Consolidated Financial Statements

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

The average annual interest rate for this type of financing amounts to 4.1%.

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 2006.

2.2.1.19 Bank borrowings

The detail of the bank borrowings at 31 December 2006 and the repayment schedules are as follows:

	Current		Non-Current			Total Non-Current
	2007	2008	2009	2010	2011 and Subsequent Years	
Thousands of Euros						
Euro loans	1,009,755	95,350	179,643	2,404,890	504,038	3,183,921
Foreign currency loans	182,718	8,849	5,540	3,623	3,716	21,728
Finance lease	36,390	31,129	22,479	13,217	18,826	85,651
Total	1,228,863	135,328	207,662	2,421,730	526,580	3,291,300

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

	Current		Non-Current			Total no corriente
	2006	2007	2008	2009	2010 y posteriores	
Thousands of Euros						
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	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

2.2.1.19.1 Bank loans

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

In 2005, ACS, Actividades de Construcción y Servicios, S.A. arranged a syndicated loan amounting to EUR 1,500 million with 39 credit institutions, which matures on 22 July 2010, on which date a single repayment in full is required. This loan bears interest at a variable rate tied to Euribor plus a spread. Various interest rate swaps were arranged to cover 100% of the loan granted, which mature in July 2010. This loan requires compliance with certain ratios that are being met by the Group.

Additionally, the Parent arranged bilateral non-current loans with different credit institutions for a nominal amount of EUR 420,000 thousand, at an interest rate tied to Euribor plus a market spread.

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 and requires compliance with certain ratios that are being met by the Urbaser Group. Various interest rate swaps were arranged to cover 60% of this loan, which mature in June 2010.

Additionally, the SPL Group was granted a syndicated loan amounting to EUR 280,000 thousand, which also requires compliance with certain ratios that are being met by the SPL Group. Various interest rate swaps were arranged to cover 64% of this loan, which mature in June 2011.

The most significant mortgage loans are as follows:

- a) EUR 8,322 thousand relating to the mortgage loan for housing units under construction subrogable to the buyer and located in Las Tablas-Madrid.
- b) A loan of EUR 1,803 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 2006 the Group companies had undrawn credit facilities totalling EUR 1,788,878 thousand (EUR 1,904,875 thousand at 31 December 2005), which sufficiently cover all of the Group's needs in relation to 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 7,422 and EUR 3,075 thousand, respectively (EUR 9,897 and EUR 2,514 thousand, respectively, at 31 December 2005), and financial lease contracts denominated in Egyptian pounds amounting to EUR 6,689 thousand (EUR 8,850 thousand at 31 December 2005).

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 2006.

In 2006, the Group's Euro loans and credits bore average annual interest of 3.32% (2.49% in 2005). Foreign currency loans and credits bore average annual interest of 7.40% (5.74% in 2005).

In accordance with its risk management policy and in order to reduce the 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.

A sensitivity test was carried out on the Group's debt in 2006, involving an increase in interest rates of 100 basis points. After taking hedging instruments into consideration, the effect of this increase on finance charges involves less than EUR 25,600 thousand of the debt, since approximately 80% of the ACS Group's non-current borrowings were arranged at a fixed interest rate.

2.2 Consolidated Financial Statements

2.2.1.19.2 Finance lease obligations

The detail of the amounts payable under finance leases at 31 December 2006 and 2005 is as follows:

31-12-2006 Thousands of Euros	Within one year	Between two and five years	After five years	Balance at 31/12/2006
Present value of minimum lease payments	36,390	66,825	18,826	122,041
Unaccrued finance charges	3,334	5,170	1,196	9,700
Total amounts payable under finance leases	39,724	71,995	20,022	131,741

31-12-2005 Miles de Euros	Within one year	Between two and five years	After five years	Balance at 31/12/2005
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

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 2006 nor 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.

2.2.1.20 Other financial liabilities

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

Thousands of Euros	2006		2005	
	Non-Current	Current	Non-Current	Current
Non-bank borrowings at a reduced interest rate	31,528	5,111	30,687	5,157
Payable to associates	-	-	364	-
Other	485	3,687	2,984	-
Total	32,013	8,798	34,035	5,157

“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. The effect of the financing at market interest rates would not be material.

2.2.1.21 Provisions

The changes in provisions in 2006 were as follows:

Non-Current Thousands of euros	Provision for pensions and similar obligations	Provision for taxes	Provision for third-party liabilities	Total
Balance at 31 December 2005	2,865	19,285	260,928	283,078
Additions or period charges	615	9,650	68,069	78,334
Amounts used	(911)	(1,960)	(44,190)	(47,061)
Reversals	(10)	(1,511)	(737)	(2,258)
Exchange differences	6	(129)	(499)	(622)
Changes in the scope of consolidation	-	849	(3,121)	(2,272)
Balance at 31 December 2006	2,565	26,184	280,450	309,199

The detail, at 31 December 2006, of the provision for third-party liabilities, by line of business, is as follows:

Line of Business Thousands of euros	
Construction	65,170
Industrial Services	55,498
Services	71,305
Concessions	310
Corporate Unit	88,167
Total	280,450

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 area).

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

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 economic risk relating to the lawsuit filed by Boliden-Apirsa in 2004. In relation to this matter, in November 2006 the Madrid Court of First Instance dismissed the lawsuit filed. However, an appeal has been filed by Boliden-Apirsa.

2.2 Consolidated Financial Statements

Current	Provision for termination benefits	Provision for contract work completion	Operating allowance	Total
Thousands of Euros				
Balance at 31 December 2005	9,066	118,260	108,807	236.133
Additions or period charges	4,699	42,118	33,876	80,693
Amounts used	(2,445)	(22,739)	(43,533)	(68,717)
Reversals	(92)	(4,826)	(5,705)	(10,623)
Exchange differences	(551)	(1,203)	(684)	(2,438)
Changes in the scope of consolidation	(30)	-	(3)	(33)
Balance at 31 December 2006	10,647	131,610	92,758	235,015

2.2.1.22 Financial risk management

In view of its activities, the ACS Group is exposed to different financial 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 financial 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 (Note 23).

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 (Note 23).

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 is 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 far 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.

2.2.1.23 Derivative financial instruments

The ACS Group's different lines of business expose it to financial 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:

	Notional Amount/Residual Maturity Period						Subsequent years	Net fair value
	Notional Value	2007	2008	2009	2010	2011		
Thousands of Euros								
Cash flow hedges (interest rate)	4,640,630	-	18,010	38,333	3,996,562	207,067	380,658	73,782
Cash flow hedges (exchange rate)	186,346	26,815	159,531	-	-	-	-	5,245
Non-qualified hedges	733,150	464,697	-	-	97,899	170,554	-	(10,719)
Total	5,560,126	491,512	177,541	38,333	4,094,461	377,621	380,658	68,308

The following table shows the fair value of the hedging instruments based on the nature of the contract at 31 December 2006 and 2005:

	2006		2005	
	Asset	Liability	Asset	Liability
Thousands of Euros				
Cash flow hedges (interest rate)				
Cash flows	82,430	8,730	4,592	18,804
Non-efficient	89	6	3	33
Cash flow hedges (exchange rate)	5,245	-	12,634	398
Non-qualified hedges	335	11,054	-	12,694
Total	88,099	19,790	17,229	31,929

The Group has no hedges for 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.

2.2 Consolidated Financial Statements

Cash flow hedges (interest rate)

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.

99.4% of the hedges are interest rate swaps which mature on the same date as or slightly earlier than the underlying amounts hedged.

Hedges of this type are mainly related to the various syndicated loans within the Group and to non-recourse financing, both at 31 December 2006 and 31 December 2005 (Note 18).

In relation to syndicated loans, the following hedges were arranged:

- n Loan of EUR 1,500 million. Various interest rate swaps were arranged to hedge 100% of this loan, which mature in July 2010.
- n The syndicated financing of the Urbaser Group is hedged by interest rate swaps amounting to EUR 390,000 thousand, which mature in June 2010.
- n The syndicated financing of the SPL Group is hedged by interest rate swaps amounting to EUR 180,000 thousand, which mature in September 2011.

Noteworthy are the following hedges in relation to non-recourse financing:

- n Hedging of the financing of the acquisition of 32.07% (including the take-over bid) of Unión Fenosa, S.A. Interest rate swaps were entered into to hedge 80% of the amounts borrowed until July 2010 at a fixed interest rate.
- n Hedging of the project financing of wind-powered facilities. These relate mostly to interest rate swaps maturing between 2008 and 2021.
- n Terminal del Sudeste, S.A. entered into an interest rate swap, the notional amount of which totalled EUR 43 million, maturing in 2019.
- n Autovía de La Mancha has hedges amounting to EUR 84 million instrumented in an interest rate swap maturing in 2016.
- n La Concesionaria Santiago Brión, S.A. entered into two interest rate swaps amounting to EUR 27,000 thousand, maturing in 2032.
- n Subsequent to year end, various interest rate swaps were entered into to hedge 90% of the syndicated loan for the acquisition of Iberdrola, S.A., which mature in July 2011 (Note 8).

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 relate to foreign currency hedges for industrial projects in Mexico amounting to EUR 159,531 thousand, maturing in 2008.

Derivative Instruments not qualified as hedges

Of the non-hedging derivative instruments, noteworthy at 31 December 2006 was the derivatives agreement, specifically the “equity swap” entered into by the Parent on shares of Iberdrola, S.A. affecting 7,953,485 shares, which represented 0.88% of its share capital and which may be settled in cash or shares at the option of ACS, Actividades de Construcción y Servicios, S.A. At the date of the preparation of these consolidated financial statements, the aforementioned equity swap affected 2.44% of the share capital of Iberdrola, S.A.

Additionally, at 31 December 2006, the Group had entered into another derivatives agreement (specifically an equity swap) in which the Company had shares representing 1.53% of a listed foreign company. At the date of the preparation of these consolidated financial statements, this swap had been settled, with a gain on the whole of the transaction amounting to EUR 924 thousand.

The changes in the fair value of these hedges were charged to the income statement in 2006 with a loss of EUR 10,062 thousand.

Additionally, non-hedging derivative instruments worthy of mention include those relating to 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 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 changes in the fair value of these derivatives recorded with a charge to the income statement gave rise to gains of EUR 12,036 thousand at 31 December 2006 and of EUR 12,694 thousand at 31 December 2005.

2.2.1.24 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 1,803,013 thousand in 2006 (EUR 1,340,790 thousand in 2005)(Note 13).

2.2.1.25 Other current liabilities

The detail of this heading at 31December 2006 and 2005 is as follows:

	Balance at 31/12/2006	Balance at 31/12/2005
Thousands of Euros		
Advance payments received	37,779	38,794
Payable to non-current asset suppliers	51,431	58,966
Remuneration payable	168,571	145,491
Interim dividend payable (Note 16.6)	141,149	70,575
Other	240,622	169,951
Total	639,552	483,777

2.2 Consolidated Financial Statements

2.2.1.26 Segments

2.2.1.26.1 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.

2.2.1.26.1.1 Primary segments - business segments

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

- n Construction.** Engaging in the construction of civil works, and residential and non-residential building construction.
- n 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.
- n Services.** This segment groups together environmental services, the outsourcing of integral building maintenance services, logistics and transport services.
- n Concessions.** This segment mainly engages in transport infrastructure concessions.
- n Corporate Unit.** This segment groups together strategic investments in energy (Unión Fenosa, S.A. and Iberdrola, S.A), telecommunications (Xfera Móviles, S.A.) and concessions (Abertis Infraestructuras, S.A.) activities. The property line of business, performed through Inmobiliaria Urbis, S.A., was sold in December 2006.

2.2.1.26.1.2 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.

2.2.1.26.2 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 presented below.

2.2.1.26.2.1 Income statement by business segment: 2006

	Construction	Industrial Services	Services	Concessions	Corporate unit and adjustments	Group Total
Thousands of Euros						
REVENUE	6,750,334	4,747,697	2,657,114	26,056	(114,030)	14,067,171
Operating expenses	(5,981,671)	(3,247,193)	(1,137,773)	(27,044)	86,752	(10,306,929)
Staff costs	(808,219)	(1,103,623)	(1,281,077)	(9,561)	(26,799)	(3,229,279)
Other income	543,578	22,749	137,935	17,488	17,620	739,370
GROSS PROFIT FROM OPERATIONS	504,022	419,630	376,199	6,939	(36,457)	1,270,333
Depreciation and amortisation charge	(81,721)	(51,587)	(135,436)	(10,095)	(2,074)	(280,913)
Impairment/Reversal of current assets	415	(3,302)	(16,183)	423	822	(17,825)
NET PROFIT (LOSS) FROM OPERATIONS	422,716	364,741	224,580	(2,733)	(37,709)	971,595
Net impairment losses recognised/reversed	(1,966)	(10)	661	(11,584)	93	(12,806)
Gains due to changes in the value of financial instruments classified at fair value	-	88	-	-	1,975	2,063
Finance income	107,249	43,829	19,362	20,783	(4,870)	186,353
Finance costs	(47,695)	(77,490)	(68,608)	(20,160)	(199,052)	(413,005)
Exchange differences	(8,568)	(4,672)	(905)	(981)	(251)	(15,377)
Results of associates	5,190	15,327	3,291	(28,284)	425,596	421,120
Gains on disposal of non-current assets	19,503	3,342	3,387	26,982	530,605	583,819
Other gains or losses	(53,245)	(23,190)	(1,285)	(6,205)	4,539	(79,386)
PROFIT BEFORE TAX	443,184	321,965	180,483	(22,182)	720,926	1,644,376
Corporation tax	(152,483)	(90,938)	(44,221)	4,260	(87,582)	(370,964)
PROFIT FOR THE YEAR	290,701	231,027	136,262	(17,922)	633,344	1,273,412
Profit attributed to minority interests	(8,600)	(8,401)	(6,942)	619	-	(23,324)
PROFIT ATTRIBUTED TO THE PARENT	282,101	222,626	129,320	(17,303)	633,344	1,250,088

2.2 Consolidated Financial Statements

2.2.1.26.2.2 Income statement by business segment: 2005

Thousands of Euros	Construction	Industrial Services	Services & 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)
Staff Costs	(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 (LOSS) 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
Results of associates	441	10,681	91,806	41,922	144,850
Gains 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

The amount relating to Abertis Infraestructuras, S.A., which in 2006 had been recognised under Corporate Unit, was accounted for using the equity method by Services and Concessions.

2.2.1.26.2.3 Balance sheet by business segment: 2006

ASSETS	Construction	Industrial Services	Services	Concessions	Corporate unit and adjustments	Group Total
Thousands of Euros						
NON-CURRENT ASSETS	1,458,349	1,326,073	2,241,508	755,232	9,302,713	15,083,875
Property, plant and equipment / investment property	699,732	834,586	1,199,991	181,829	1,080	2,917,218
Goodwill	505,983	85,119	220,399	-	275,114	1,086,615
Other intangible assets	3,579	126,224	182,986	84,825	15	397,629
Non-current financial assets	139,341	236,164	578,341	479,214	8,794,405	10,227,465
Other non-current assets	109,714	43,980	59,791	9,364	232,099	454,948
CURRENT ASSETS	5,967,137	3,457,381	1,573,865	416,913	(1,316,467)	10,098,829
Inventories	514,385	139,128	84,305	-	437	738,255
Trade and other receivables	2,706,379	2,457,402	881,067	19,566	(118,284)	5,946,130
Other current financial assets	2,045,812	263,508	439,343	345,997	(1,213,721)	1,880,939
Other current assets	267,050	231,594	88,538	23,648	(24,790)	586,040
Cash and cash equivalents	433,511	365,749	80,612	6,881	39,891	926,644
Subtotal current assets	5,967,137	3,457,381	1,573,865	396,092	(1,316,467)	10,078,008
Non-current assets held for sale and discontinued operations.	-	-	-	20,821	-	20,821
TOTAL ASSETS	7,425,486	4,783,454	3,815,373	1,172,145	7,986,246	25,182,704

EQUITY AND LIABILITIES	Construction	Industrial Services	Services	Concessions	Corporate unit and adjustments	Group Total
Thousands of Euros						
EQUITY	741,600	741,530	1,251,682	678,707	(157,158)	3,256,361
Equity attributed to the Parent	715,927	682,729	1,203,370	669,066	(155,403)	3,115,689
Minority Interests	25,673	58,801	48,312	9,641	(1,755)	140,672
GRANTS RELATED TO ASSETS	-	8,776	72,286	-	-	81,062
NON-CURRENT LIABILITIES	330,379	942,193	1,516,944	268,947	7,586,660	10,645,123
Bank borrowings	33,601	165,841	1,177,292	-	1,914,566	3,291,300
Project financing	169,536	657,222	207,636	158,453	5,604,705	6,797,552
Other financial liabilities	21,607	7,553	7,961	88,867	(93,975)	32,013
Financial instrument payables	-	1,353	480	6,903	11,055	19,791
Other non-current liabilities	105,635	110,224	123,575	14,724	150,309	504,467
CURRENT LIABILITIES	6,353,507	3,090,955	974,461	224,491	556,744	11,200,158
Bank borrowings	108,215	201,427	126,235	193,280	599,706	1,228,863
Project financing	72,649	59,430	17,882	1,344	44,068	195,373
Trade and other payables	5,172,565	2,266,047	511,555	15,467	18,718	7,984,352
Other financial liabilities	6,484	2,125	45	19	125	8,798
Other current liabilities	993,594	561,926	318,744	14,381	(105,873)	1,782,772
TOTAL EQUITY AND LIABILITIES	7,425,486	4,783,454	3,815,373	1,172,145	7,986,246	25,182,704

2.2 Consolidated Financial Statements

2.2.1.26.2.4 Balance sheet by business segment: 2005

ASSETS	Construction	Industrial Services	Services & Concessions	Corporate unit and adjustments	Group Total
Thousands of Euros					
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

EQUITY AND LIABILITIES	Construction	Industrial Services	Services & Concessions	Corporate unit and adjustments	Group Total
Thousands of Euros					
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 instrument payables	-	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

The detail of revenue from construction is as follows:

Thousands of Euros	2006	2005
Spain	6,319,114	5,169,839
Civil engineering work	3,457,230	2,808,969
Building construction	2,861,884	2,360,870
International	431,220	554,959
Total	6,750,334	5,724,798

The detail of revenue from industrial services is as follows:

Thousands of Euros	2006	2005
Networks	806,401	743,909
Specialized facilities	1,541,128	1,314,348
Integrated projects	1,489,454	1,270,140
Control systems	910,714	748,955
Total	4,747,697	4,077,352

Of the total revenues from industrial services, EUR 1,574,549 thousand related to international operations in 2006 (EUR 1,316,707 thousand in 2005), representing 33.2% and 32.3 % respectively.

The detail of revenue from services is as follows:

Thousands of Euros	2006	2005
Environmental	1,191,120	1,081,752
Ports and logistics	560,434	532,207
Passenger transportation	198,493	189,851
Integral maintenance	707,067	602,640
Total	2,657,114	2,406,450

Of the total revenues from services, EUR 268,780 thousand related to international operations in 2006 (EUR 225,723 thousand in 2005), representing 10.1% and 9.4%, respectively.

Inter-segment sales are made at prevailing market prices.

2.2 Consolidated Financial Statements

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:

	Spain		Rest of the World	
	2006	2005	2006	2005
Thousands of Euros				
Revenues	11,786,206	10,008,351	2,280,965	2,105,535
Segment assets	23,097,832	15,586,188	2,084,872	2,126,302
Total net investments	5,289,522	3,844,531	117,531	371,864

2.2.1.27 Tax matters

2.2.1.27.1 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 tax consolidation regime.

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

2.2.1.27.2 Years open for review by the tax authorities

In 2006 the tax audit by the Spanish tax authorities in relation to all state taxes applicable to the companies in Tax Group 30/99, whose parent is ACS, Actividades de Construcción y Servicios, S.A. from 1999 to 2002 was completed. As a result of this audit, consolidated corporation tax assessments amounting to EUR 17,174 thousand were signed on a contested basis, and consolidated corporation tax assessments amounting to EUR 15,539 thousand were accepted, and other tax assessments of scanty material amount were filed .

The main corporation tax items requiring adjustment were subject to differing interpretations of the tax legislation in force, and accordingly, the tax authorities only required payment of the tax charges and related interest, without imposing additional penalties. The tax charge adjusted on a non-contested basis was paid in the same year, with an effect on the income statement that was reduced by the effect of temporary differences and existing provisions. The contested tax assessment amount and other tax litigation of a far lesser amount were adequately covered with provisions for contingencies and expenses.

Additionally, the tax audit for 2000 to 2003 for all state taxes applicable to the entities in the now extinct Tax Group 24/97, whose parent was Grupo Dragados, S.A. was continued by the tax inspection authorities in 2006 and was not concluded in this year.

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, would not have a material effect on the consolidated financial statements for 2006.

2.2.1.27.3 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	2006	2005
Consolidated profit before tax	1,644,376	804,307
Net profit from equity accounted investments	(421,120)	(144,850)
Permanent differences	(59,269)	(40,295)
Taxable profit	1,163,987	619,162
Tax at 35%	407,395	216,707
Tax credits	(63,046)	(24,595)
Effect of different standard tax rate in other countries	8,091	(2,198)
Current income tax expense	352,440	189,914
Effective rate, excluding equity method	28.81%	28.80%

2.2.1.27.4 Detail of income tax expense

The detail of the corporation tax expense is as follows:

Thousands of Euros	2006	2005
Current income tax expense (table 27.3)	352,440	189,914
Deferred tax expense	3,549	2,717
Deferred tax income	(1,146)	(22,750)
Expense/(Income) relating to adjustments to current tax	7,262	1,604
Expense/(Income) relating to adjustments to prior years' tax	2,692	(3,736)
Expense/(Income) relating to the effect of legislative changes on deferred taxes	17,077	(36)
(Income) arising from the application of prior years' deferred tax assets	(13,253)	(4,043)
Expense arising from deferred tax assets generated in the year	2,343	7,657
Ending Corporation Tax Expense Balance	370,964	171,327

Adjustment of tax rate

Law 35/2006, of 28 November, on personal income tax, partially amending the corporation tax, non-resident income tax and wealth tax laws, provides inter alia, a reduction over two years of the general corporation tax rate which up to 31 December 2006 was 35%. This tax rate is to be adjusted as follows:

Tax periods commencing on	Tax rate
1 January 2007	32.5 %
1 January 2008	30.0 %

Consolidated 2.2 Financial Statements

Accordingly, in 2006, taking into account the year in which the corresponding reversal will foreseeably be made, the Group has recalculated the amount of its deferred tax assets and liabilities, as well as the tax assets recorded in the balance sheet. Consequently, an increase in corporate income tax amounting to EUR 17,077 thousand was recorded under the "Corporation Tax Expense" in the income statement.

Furthermore, the deferred tax liabilities of Unión Fenosa, S.A. amounting to EUR 55,938 thousand and of Abertis Infraestructuras, S.A. amounting to EUR 34,959 thousand were adjusted by 5% (from 35% to 30%) These adjustments were recorded under "Results of Associates" in the income statement (Note 10). These tax liabilities are tied to the fair value assigned to the identifiable net assets in the purchase of both companies, as part of the difference in the purchase price and the carrying amount of these companies in the financial statements.

2.2.1.27.5 Tax recognised in equity

In addition to the corporation tax recognised in the consolidated income statement, in 2006 and 2005 the Group recognised EUR 55,277 thousand and EUR 29,580 thousand, respectively, directly in equity. These amounts relate mainly to the tax effect of available-for-sale assets, treasury share transactions, cash flow derivatives and exchange differences.

The effect of the decrease in the corporation tax rate in Spain on equity was negative, and amounted to EUR 4,983 thousand.

2.2.1.27.6 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:

	Balance at 31 December 2005	Charge/Credit to Income Statement	Charge/Credit to Equity				Business combinations		Balance at 31 December 2006
			Foreign Currency Balance Translation Differences	Charge/Credit to Asset and Liability Revaluation Reserve	Available for-Sale Financial Assets	Other	Period Additions	Period Disposals	
Thousands of Euros									
Assets									
Temporary differences	293,787	(40,439)	(523)	(9,869)	95,789	(2,238)	-	(2,531)	333,976
Tax losses	10,813	1,181	-	-	-	-	543	(53)	12,484
Tax credits	31,477	(19,218)	-	-	-	-	-	-	12,259
Liabilities									
Temporary differences	94,366	(17,709)	(174)	22,818	-	(292)	1,586	(48)	100,547

Noteworthy in the balance of deferred tax liabilities as 31 December 2005 and 2006 was the deferred amount recorded in relation to the deductible portion of the amortisation of goodwill arising from the merger with Grupo Dragados, S.A.

Deferred tax assets and liabilities have not been offset.

In 2005 and 2006, the movements in deferred taxes for temporary differences arose as a result of the following:

Thousands of Euros	2006	2005
Deferred Tax Assets:		
Asset valuation adjustments and impairment losses	93,870	29,885
Pension costs	47,353	58,502
Other provisions	124,850	128,657
Income with different timing of recognition for tax and accounting purposes	5,953	5,786
Business combinations	16,460	-
Other	45,490	70,957
Total	333,976	293,787
Pasivos por impuestos diferidos con origen en:		
Assets recognised at an amount higher than their tax base	64,490	23,339
Income with different timing of recognition for tax and accounting purposes	15,108	29,879
Other	20,949	41,148
Total	100,547	94,366

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 2006 is as follows (in thousand of euros):

Valid Until	Tax Losses	Tax credits
2007	-	-
2008-2011	-	512
Subsequent years	12,981	505
Unlimited	-	-

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

2.2 Consolidated Financial Statements

2.2.1.28 Revenue

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

Thousands of Euros	2006	2005
Construction	6,750,334	5,724,798
Industrial Services	4,747,697	4,077,352
Services	2,657,114	2,406,450
Concessions	26,056	13,849
Corporate Unit and other	(114,030)	(108,563)
Total	14,067,171	12,113,886

In 2006 foreign currency transactions relating to sales and services amounted to EUR 1,240,214 thousand (EUR 1,293,323 thousand in 2005) and those relating to purchases and services received amounted to EUR 1,364,559 thousand (EUR 934,176 thousand in 2005).

The backlog by line of business at 31 December 2006 was as follows:

Thousands of Euros	
Construction	10,661,100
Industrial services	5,086,585
Environmental services	8,173,185
Ports, logistics and transportation services	5,997,403
Total	29,918,273

EUR 342,465 thousand (EUR 99,347 thousand in 2005) relating to property, plant and equipment and intangible assets in projects were recognised under "Other Income" in the income statement.

2.2.1.29 Expenses

2.2.1.29.1 Materials consumed and other external expenses

The detail of this heading is as follows:

Thousands of Euros	Balance at 31/12/2006	Balance at 31/12/2005
Purchases and changes in inventories	2,992,924	2,578,672
Subcontractor work	4,413,947	3,720,767
Contract work carried out by other companies	1,358,191	1,029,597
Total	8,765,062	7,329,036

2.2.1.29.2 Staff Costs

The detail of Staff Costs is as follows:

	2006	2005
Thousands of Euros		
Wages and salaries	2,470,734	2,214,166
Social security costs	724,560	639,824
Other staff costs	33,985	28,878
Total	3,229,279	2,882,868

EUR 6,208 thousand in 2006 and EUR 4,515 thousand in 2005 relating to the share option plans were charged to the income statement and are recognised under "Other Staff Costs".

The year-on-year increase is a result of including the 2005 plan in 2006 for a full year.

The average number of employees at Group companies in 2006 was 118,823 (110,940 in 2005).

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

Category	2006	2005
Number of Employees		
University graduates	4,693	4,527
Junior college graduates	6,131	5,061
Non-graduate line personnel	6,492	6,749
Clerical staff	5,787	5,741
Other staff	95,720	88,862
Total	118,823	110,940

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

	2006	2005
Number of Employees		
Construction	18,630	17,897
Industrial Services	33,905	31,103
Services	66,176	61,214
Concessions	58	665
Corporate Unit and other	54	61
Total	118,823	110,940

Consolidated 2.2 Financial Statements

2.2.1.29.3 Share-based payments

In 2006 and 2005 there were three share option plans, the salient features of which are as follows:

n 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 under 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, 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 were borne by the beneficiaries.

At 31 December 2005 the plan had been fully exercised.

n 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.

n 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:

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 and 31 December 2006. In this respect and in accordance with IFRS 2, "Share-Based Payments" EUR 6,208 thousand were to be charged to income in 2006 for these plans (EUR 4,515 thousand in 2005) 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 2006 was EUR 42.71 (EUR 27.21 in 2005).

2.2.1.29.4 Operating leases

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

Thousands of Euros	2006	2005
Lease payments under operating leases recognised in profit for the year	595,073	471,934

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	2006	2005
Within one year	55,646	41,751
Between two and five years	102,824	165,937
After five years	52,255	60,292

The Group has no material operating leases as lessor.

2.2.1.29.5 Net impairment losses

The amounts included under this heading relate mainly to impairment losses on property, plant and equipment amounting to EUR 10,933 thousand (Note 4) (EUR 2,158 thousand in 2005) and to impairment losses on goodwill amounting to EUR 32 thousand (EUR 2,594 thousand in 2005).

2.2.1.29.6 Gains due to changes in the value of financial instruments classified at fair value

This heading includes the effect on the income statement of derivative instruments which do not meet the efficiency criteria provided in IAS 39, or which are not hedging instruments. The most significant effect is from derivatives relating to share options.

2.2 Consolidated Financial Statements

2.2.1.29.7 Finance income

This heading includes EUR 40,570 thousand relating to the interim dividend approved by the Board of Directors of Iberdrola, S.A. in November 2006.

2.2.1.29.8 Other gains and losses

This heading relates mainly to restructuring processes at various Group companies.

2.2.1.30 Gains on disposal of non-current assets

The detail of this heading is as follows:

Thousands of Euros	Balance at 31/12/2006	Balance at 31/12/2005
Gains on non-current assets	14,179	22,842
Gains on equity investments	570,771	3,674
Gains on other equity instruments held for sale	3,148	-
Loss on non-current assets	(4,140)	(12,419)
Loss on equity investments	(139)	(340)
Total	583,819	13,757

Noteworthy is the sale of the 24.8% ownership interest in Inmobiliaria Urbis, S.A. with a gain of EUR 510,860 thousand, as a result of the takeover bid launched by the Inmobiliario Reyal Group (Note 10).

Other significant holdings sold relate to Ferrocarriles del Norte de Colombia, S.A. (EUR 22,450 thousand), a portion of the holding in Xfera Móviles, S.A. (EUR 25,635 thousand) and to Sopol, S.A.

2.2.1.31 Distribution of profit

The distribution of the Parent's net profit for 2006 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	668,479
Dividends (EUR 1.25 per share)	441,091
	1,109,570

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 2006 profit, an interim dividend of EUR 0.40 per share was already approved in 2006 for a total of EUR 141,149 thousand, which was recognised as a reduction to the ACS Group's equity at 31 December 2006.

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.

2.2.1.32 Earnings per share

2.2.1.32.1 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:

	2006	2005	Change (%)
Net profit for the year (thousands of euros)	1,250,088	608,657	105.4
Weighted average number of shares outstanding	349,090,260	349,067,717	0.0
Basic earnings per share (euros)	3.58	1.74	105.4

2.2.1.32.2 Diluted earnings per share

The diluted earnings per share were the same as basic earnings per share. At 31 December 2006 and 2005, the ACS Group had no ordinary shares that could potentially be diluted since no convertible debt had been issued and as stipulated in Note 29.3, the share based payments would not involve an increase in capital for the Group given the manner in which they operate. Therefore, in no case would exercising share options lead to diluted earnings.

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

2.2.1.33 Events after the balance sheet date

The ACS Group's strategic commitment to Unión Fenosa, S.A., strengthened by the aforementioned investments made in 2006 and the recent appointment of new nominee directors by ACS, will be made a reality in 2007 with the integration of the electricity utility as a new branch of activity within the organisation.

This integration involves a change in the scope of consolidation in the ACS Group's financial statements, since from 1 January 2007 onwards Unión Fenosa will be fully consolidated.

2.2 Consolidated Financial Statements

The main consolidated aggregates of Unión Fenosa, S.A. at 31 December 2006 were as follows:

Thousands of Euros

Revenue	5,983,435
Operating profit	1,324,364
Profit for the year	652,637
Net profit attributed to the Parent	635,359
Non-current assets	14,322,919
Current assets	2,479,162
Equity attributed to the Parent	4,469,705
Non-current liabilities	6,786,333
Current liabilities	4,451,972

At 31 December 2006 the Group had entered into a derivatives agreement, specifically an equity swap affecting 7,953,485 shares of Iberdrola, S.A. which represented 0.88% of its share capital. This swap may be settled in cash or shares at the option of the ACS Group. At the date of the preparation of these financial statements, the aforementioned equity swap affected 2.44% of the share capital of Iberdrola, S.A.

2.2.1.34 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.

2.2.1.34.1. Transactions with associates

In 2006 and 2005 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	
	2006	2005	2006	2005	2006	2005	2006	2005
Associates	517,592	366,628	1,569	3,705	253,165	266,528	51,635	43,938
Joint ventures	5,060	8,482	7,011	7,989	19,037	14,092	6,366	14,348

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

2.2.1.34.2 Balances and transactions with other related parties

Information relating to the transactions with related parties carried out in 2006 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.

2.2.1.34.2.1 Transactions with significant shareholders

The transactions performed in 2006 are as follows:

Description of the Transaction	Thousands of Euros	Related Party
Finance lease agreements	5,670	Banca March, S.A.
Credit lines	6,990	Banca March, S.A.
Guarantees	38,080	Banca March, S.A.
Financing agreements (mainly reverse factoring)	115,920	Banca March, S.A.
Construction contract work ⁽¹⁾	4,057	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.

Additionally, the contract entered into with Dragados, S.A. was amended on 1 April 2006 to include construction work amounting to an additional EUR 8,677 thousand. At 31 December 2006 the construction work certifications amounted to EUR 4,057 thousand (including the remainder of the first contract and the extension entered into in 2006). The Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. was previously informed of this transaction at the meeting held on 30 March 2006.

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.

The transactions performed in 2006 were as follows:

Description of the 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 reverse factoring)	101,520	Banca March, S.A.
Construction contract work ⁽²⁾	2,369	Rosan Inversiones, S.L.

⁽²⁾ 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.

2.2 Consolidated Financial Statements

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

The transactions performed in 2006 are as follows:

Description of the Transaction	Thousands of Euros	Related Party
Financing agreements: loans	435,089	Banco Santander Central Hispano
Financing agreements: loans	419,865	Banco Santander Central Hispano
Financing agreements: mainly reverse factoring	313,845	Banco Santander Central Hispano
Finance lease agreements	709	Banco Santander Central Hispano
Finance lease agreements	1,076	Banco Santander Central Hispano
Guarantees	879,232	Banco Santander Central Hispano
Guarantees	73,140	Banco Santander Central Hispano
Financing agreements: loans	113,773	Banesto
Financing agreements: loans	429,506	Banesto
Financing agreements: mainly reverse factoring	142,077	Banesto
Finance lease agreements	1,964	Banesto
Finance lease agreements	816	Banesto
Guarantees	468,268	Banesto
Guarantees	27	Banco Banif
Finance lease agreements	72	Hispamer
Financing agreements: loans	4,687	Santander Banespa
Loan financing agreements	6,352	Banco Guipuzcoano
Guarantees	15,755	Banco Guipuzcoano
Provision of services	2,513	Atlas Copco, S.A.E.
Operating lease agreements	668	Fidalsar, S.L.
Dividends and other distributed profit	852	Fidwei Inversiones, S.L.
Dividends and other distributed profit	15,442	Terratest Técnicas Especiales, S.A.
Professional services agreements	807	Terratest Técnicas Especiales, S.A.
Provision of services	1,105	Indra Sistemas, S.A.
Reception of services	1,133	Indra Sistemas, S.A.
Provision of services	2,016	Zardoya Otis, S.A.
Financing agreements: mainly reverse factoring	2,165	Banco Santander Central Hispano
Guarantees	26,260	Banesto

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

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

The transactions performed with Zardoya Otis, S.A. are indicated due to their relationship with the Director Jose María Loizaga Viguri.

In addition, transactions were performed with Unipsa, Correduría de Seguros, S.A. (a company related to March Group) amounting to EUR 64,734 thousand relating to "intermediate premiums" and not to consideration for insurance brokerage services

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.

The transactions performed in 2005 are as follows:

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 ⁽³⁾	50,886	UNIPSA, Correduría de Seguros, S.A.
Professional services 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 reverse factoring	313,000	Banco Santander Central Hispano
Financing agreements: mainly reverse factoring	122,997	Banesto
Financing agreements: mainly reverse factoring	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% de 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	Grupo Zardoya

⁽³⁾ 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 José 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.

2.2 Consolidated Financial Statements

2.2.1.35 Board of Directors and senior executives

In 2005 and 2006 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.

	2006	2005
Thousands of Euros		
Fixed remuneration	2,823	2,661
Variable remuneration	3,183	2,834
Attendance fees	2,189	2,223
Other	60	60
Total	8,255	7,778

EUR 2,100 thousand and EUR 1,522 thousand were charged to income in relation to share options in 2006 and 2005, 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.

Other Benefits	2006	2005
Thousands of Euros		
Pension funds and plans: contributions	2,022	2,035
Pension funds and plans: obligations assumed	2,022	2,035
Life insurance premiums	12	11

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:

	2006	2005
Thousands of Euros		
Executive directors	6,735	6,176
Non-executive nominee directors	1,030	1,088
Non-executive independent directors	490	514
Total	8,255	7,778

2.2.1.35.1 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.

2.2.1.35.2 Remuneration of senior executives

The remuneration of the Group's senior executives in 2005 and 2006, excluding those who are simultaneously executive directors, was as follows.

Thousands of Euros	2006	2005
Salaries (fixed and variable)	21,213	20,730
Pension plans	3,037	2,742
Life insurance	50	45

EUR 4,106 thousand and EUR 2,993 thousand were charged to income in relation to share options in 2006 and 2005, respectively.

In addition to the transactions mentioned earlier in relation to remuneration, share option plans and pension plans, which are explained in the related Note, the ACS Group's transactions include the purchases of flats amounting to EUR 348 thousand, which derive from the ordinary course of business and which were performed at market prices.

2.2 Consolidated Financial Statements

2.2.1.36 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 Vadell	Abertis Infraestructuras, S.A.	Concessions	0.001%	Vice Chairman
Antonio García Ferrer	Inmobiliaria Urbis, S.A.	Real Estate	0.00%	Director until December 2006
Manuel Delgado Solís	Unión Fenosa, S.A.	Energy	0%	Director
Javier Echenique Landiribar	Abertis Infraestructuras, S.A. Telefónica, S.A.	Concessions Telephony	0.002% 0.002%	None None
Isidro Fernández Barreiro	Telefónica, S.A. Iberdrola, S.A. Endesa, S.A. Grupo Ferrovial, S.A. Fomento de Construcciones y Contratas, S.A.	Telephony Energy Energy Construction and Services Construction and Services	0.008% 0.003% 0.004% 0.012% 0.001%	None None None None None
José María Loizaga Viguri	Unión Fenosa, S.A.	Energy	0%	Director
Pedro López Jiménez	Terratest Técnicas Especiales, S.A. Atlas Copco, SAE Unión Fenosa, S.A.	Special Foundations Construction machinery Energy	45% 0% 0.098%	Chairman (through Fapindus, S.L.) Director Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Fomento de Construcciones y Contratas, S.A. Compañía Española de Petróleos, S.A. (Cepsa) Repsol YPF, S.A. Compañía Distribución Integral Logista, S.A. Indra Sistemas, S.A. Renta Corporación Real Estate, S.A. Grupo Ferrovial, S.A. Abengoa, S.A. Gamesa Corporación Tecnológica, S.A. Telefónica, S.A. Abertis Infraestructuras, S.A. Fadesa Inmobiliaria, S.A. Inmobiliaria Urbis, S.A. Endesa, S.A. Gás Natural SDG, S.A. Enagas, S.A. Iberdrola, S.A. Unión Fenosa, S.A. S.G. Aguas de Barcelona, S.A.	Construction and Services Energy Energy Logistics Information technologies and defence systems Real Estate Construction and Services Engineering and Assembly Wind-powered Facilities Telephony Concessions Real Estate Real Estate Energy Energy Energy Energy Energy Energy Energy Energy Water	0.003% 0.001% 0.001% 0.002% 0.001% 0.004% 0.001% 0.002% 0.001% 0.001% 0.000% 0.002% 0.000% 0.001% 0.001% 0.001% 0.001% 0.001% 0.001% 0.001% 0.001% 0.003%	None None None None None None None None None None None None None None None None None None None None None None None
Javier Monzón de Cáceres	Indra Sistemas, S.A. Banco Inversis Net, S.A. YPF, S.A.	Information technologies and defence systems Finance Energy	0.046% 0% 0%	Chairman Individual representing the Board Member Indra Sistemas, S.A. Director

Owner	Investee	Activity	Ownership Interest	Functions
Julio Sacristán Fidalgo	Unión Fenosa, S.A.	Energy	0%	Director
	Autopistas Aumar, S.A.C.E.	Concessions	0%	Director
José Luis del Valle Pérez	Inmobiliaria Paredes, S.A.	Real Estate	13.57%	Sole Director
	Del Valle Inversiones, S.A.	Real Estate	33.33%	Director acting severally
	Inversiones Montecarmelo, S.A.	Real Estate	23.49%	None
	Sagital, S.A.	Private security and integral building maintenance	5.10%	None
	Continental Industrias del Caucho, S.A.	Automobile Parts	0%	Chairman
	FSC Servicios de Franquicia, S.A.	Automobile Parts	0%	Chairman
	Continental Tires España, S.L.	Automobile Parts	0%	Chairman
	Saba Aparcamientos, S.A.	Concessions	0%	Director
	Iberpistas, S.A.C.E.	Concessions	0%	Director
Unión Fenosa, S.A.	Energy	0%	Director	
Iberdrola, S.A.	Energy	0%	None	

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	Position or Function at the Company Concerned
Pablo Valbona Vadell	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Vice Chairman
	Holding company	Employee	Corporación Financiera Alba, S.A.	Vice Chairman
Antonio García Ferrer	Construction	Employee	Dragados, S.A.	Director
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Director
	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director
	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Director
José María Aguirre González	Real Estate	Employee	Inmobiliaria Urbis, S.A.	Director until December 2006
	Engineering and Assembly Work	Employee	Cobra Instalaciones y Servicios, S.A.	Chairman
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Vice Chairman
Manuel Delgado Solís	Finance	Employee	Banco Guipuzcoano, S.A.	Chairman
	Steel	Employee	Acerinox, S.A.	Director
Manuel Delgado Solís	Construction	Employee	Dragados, S.A.	Director
	Energy	Employee	Unión Fenosa, S.A.	Director
Javier Echenique Landiribar	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Director
	Construction materials	Employee	Uralita, S.A.	Director
	Energy	Ajena	Repsol YPF, S.A.	Director
	Paper	Employee	Ence, S.A.	Director
Isidro Fernández Barreiro	Telephony	Employee	Xfera Móviles, S.A.	Director until June 2006
	Security	Employee	Prosegur, S.A.	Director
Joan David Grimá Terré	Communication	Employee	Antena 3 TV, S.A.	Director until January 2007

2.2 Consolidated Financial Statements

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
José María Loizaga Viguri	Lifts	Employee	Zardoya Otis, S.A.	Vice Chairman
	Venture Capital	Propia	Cartera Hotelera, S.A.	Chairman
	Storage systems	Employee	Mercalux	Director
	Energy	Employee	Unión Fenosa, S.A.	Director
Agustín Batuecas Torrego	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 Intecambiador, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Rail transport of goods	Employee	Construirail, S.A.	Director
	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 Direccionales 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.	Director secretario
	Sale of bus tickets via internet	Employee	Movelía Tecnologías, S.L.	Individual representing Continental Auto, S.L. Chairman and CEO

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
Pedro José López Jiménez	Construction	Employee	Dragados, S.A.	Vice Chairman
	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director
	Energy	Employee	Unión Fenosa, S.A.	Chairman
	Energy	Employee	Cepsa	Director
	Special Foundations	Employee	Terratest Técnicas Especiales, S.A.	Chairman (through Fapindus, S.L.)
	Construction Machinery	Employee	Atlas Copco, SAE	Director
	Information Technologies	Employee	Indra Sistemas, S.A.	Director
Santos Martínez-Conde Gutiérrez-Barquín	Energy	Employee	Unión Fenosa, S.A.	Director
	Steel	Employee	Acerinox, S.A.	Director
	Holding company	Employee	Corporación Financiera Alba, S.A.	Director
Javier Monzón de Cáceres	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director
	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.	Director
Julio Sacristán Fidalgo	Motorway Concessions	Employee	Autopistas Aumar, S.A.C.E.	Director
	Energy	Employee	Unión Fenosa, S.A.	Director
Miguel Roca Junyent	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Non-Director Secretary
	Finance	Employee	Banco Sabadell, S.A.	Non-Director Secretary
Álvaro Cuervo García	Wood	Employee	Tafisa, Tableros de Fibra, S.A.	Vice Chairman
	Stock Exchange	Employee	BME-Bolsas y Mercados Españoles, S.A.	Director
José Luis del Valle Pérez	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director -Secretary
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Director -Secretary
	Construction	Employee	Dragados, S.A.	Director -Secretary
	Engineering and Assembly Work	Employee	Cobra Instalaciones y Servicios, S.A.	Director -Secretary
	Engineering and Assembly Work	Employee	Sociedad Española de Montajes Industriales, S.A.	Director -Secretary
	Port and Logistic Services	Employee	Dragados Servicios Portuarios y Logísticos, S.L.	Director
	Infrastructure Concessions	Employee	Iridium Concesiones de Infraestructuras, S.A.	Director
	Integral Maintenance	Employee	Clece, S.A.	Director
	Concessions	Employee	Saba Aparcamientos, S.A.	Director
	Urban Services	Employee	Urbaser, S.A.	Board Member
	Real Estate	Employee	Inmobiliaria Paredes, S.A.	Sole Director
	Investments	Employee	Del Valle Inversiones, S.A.	Director acting severally
	Automobile Parts	Employee	Continental Industrias del Caucho, S.A.	Chairman
	Automobile Parts	Employee	FSC Servicios de Franquicia, S.A.	Chairman
	Automobile Parts	Employee	Continental Tires España, S.L.	Chairman
	Passenger Transport	Employee	Continental Auto, S.L.	Director
Engineering and Assembly Work	Employee	Cobra Gestión de Infraestructuras, S.L.	Director -Secretary	
Energy	Employee	Unión Fenosa, S.A.	Director	
Motorway Concessions	Employee	Iberpistas, S.A.C.E.	Director	
Francisco Verdú Pons	Holding company	Employee	Corporación Financiera Alba, S.A.	Consejero

Consolidated 2.2 Financial Statements

2.2.1.37 Guarantee commitments to third parties

At 31 December 2006 the Group had provided guarantees to third parties in connection with its business activities totalling EUR 5,268,555 thousand (EUR 5,616,597 thousand in 2005).

Also, ACS Actividades de Construcción y Servicios, S.A. has provided guarantees amounting to EUR 82,376 thousand (EUR 123,260 thousand in 2005) 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.

2.2.1.38 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 2006 included most notably the following:

Construction

In accordance with the objectives set for 2006, a campaign for the training and awareness of middle-level management, heads and supervisors was undertaken. In 2006 the specific training aimed at this group was provided, covering all sales offices and contract work in progress:

No. of courses	33
No. of employees attending	570
Training hours	2,280

The other training activities were aimed at other line personnel.

No. of courses	16
No. of employees attending	360
Training hours	2,880

Measures aimed at the recycling of construction and demolition waste, and the reuse of excavated soil, were maintained.

Industrial Services

1. The paper and energy used at several Group company's head offices was reduced and recycling was increased, all of which gave rise to savings exceeding 5%.
2. The effect of the use of solvent-based paint continued to be decreased with the implementation of a water-based painting process. The use of solvent-based paint in manufacturing has been reduced by 50%.
3. INITEC Energía has standardized the "Libro de Formación Básica en Obra" (Basic Construction Work Training) on preventive measures, awareness and good environmental practices. This course was translated to English, given the international nature of the development of works. This course was given to over 11,000 employees between 2004, 2005 and 2006, and is required prior to an employee's inclusion at the construction work site.
4. Numerous hazardous waste storage facility improvements projects were carried out, as well as processes for the handling and recycling of such waste, at all Industrial Service area companies managing waste.
5. Several environmental certifications were obtained in accordance with the UNE-EN-ISO 14:001 standard.

Environment & Logistics

1. Savings in CO₂ emissions of over 3.6 million tons owing to the management of 63 waste treatment and recycling plants.
2. Initiation of studies and commencement of projects to develop clean development mechanisms at dumps in developing countries.
3. Participation in the project, construction and operation of a bio diesel plant, with a capacity of 25,000 tons per year, which will come into operation in 2007.
4. Increase in the quantity of mineral oil collected from automobiles and ships (Marpol Convention), to 100,000 tons of oil waste recovered per year and 70,000 tons of waste from ports in Spain, in accordance with the Marpol Convention.
5. Performance of training and informational activities to reduce the environmental impact of activities carried out by Continental Auto and to reach appropriate environmental performance standards.
6. Effective integration of the former quality management, environmental and occupational risk prevention systems into a single Integrated Management System.

2.2 Consolidated Financial Statements

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 2006 the value of these assets, net of depreciation, was EUR 21,536 thousand (EUR 42,282 thousand in 2005).

Environmental expenses

The environmental expenses incurred both in 2006 and 2005 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. "Non-Current Provisions" includes period provisions for the expenses relating to the closing and post-closing of landfills (Note 21).

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 40.47% 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.

2.2.1.39 Auditors' fees

The fees for financial audit services provided to the various companies composing the Consolidated Group in 2006 amounted to EUR 3,943 thousand (EUR 3,893 thousand in 2005). Of this amount, EUR 2,998 thousand (EUR 2,949 thousand in 2005) corresponded to the principal auditor, Deloitte, S.L.

The Group paid EUR 459 thousand (EUR 642 thousand in 2005) to audit firms for other services, mainly accounting services. Of this amount, EUR 167 thousand (EUR 453 thousand in 2005) corresponded to the principal auditor, Deloitte, S.L.

2.2.1.40 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.



2.2 Consolidated Financial Statements

Anexo I Subsidiaries

Company	Address	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.	Avda. de Pío XII, 102. Madrid	Telecommunications	-	100.00%
Novovilla, S.A.	Avda. de Pío XII, 102. Madrid	Acquisition of movable and immovable property	-	100.00%
PR Pisa, S.A.	Avda. de Pío XII, 102. Madrid	Holding company	Deloitte	100.00%
Residencial Monte Carmelo, S.A.	C/ Orense, 34. Madrid	Holding company	Deloitte	100.00%
Roperfeli, S.L.	C/ Orense, 34. Madrid	Securities holding company	Deloitte	100.00%
Villanova, S.A.	Avda. de Pío XII, 102. Madrid	Acquisition of movable and immovable property	-	100.00%
CONSTRUCTION				
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.	Vía Laietana, 33. Barcelona	Concession	Deloitte	75.00%
Cariátide, 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 del Vallés, S.A.	Avda. Meridiana, 368 10ºA. 08027 Barcelona	Concession	-	100.00%
Concesionaria San Rafael, S.A.	C/ San Juan, 23 4B. Sta. Eulalia, I. Baleares	Concession	-	100.00%
Consorcio Tecdra, S.A.	Avda. Vutacyra, 2939 Ofic. 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. Quilcura, Santiago de Chile (Chile)	Construction	Ernst & Young	54.00%
Drace Medio Ambiente, S.A.	Avda. Fuente de la Mora, 2. Madrid	Environment	-	100.00%
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%

Sociedad	Address	Activity	Auditor	% Effective Ownership
Dragados Roads Ltd.	Stonemason's Court Cementery Pales. Rockwood Woking GU24 OBI (Gran Bretaña)	Construction	Deloitte	100.00%
Dragados USA Inc.	Lincoln Building, 60E 42nd. Street, 44th, Floor Suite 4402, N.Y. 10165	Construccion	BDO Seidmam LLP	100.00%
Dragados y Construcciones Argentina SAICI	Avda. Leandro N. Alem., 986. Buenos Aires (Argentina)	Construction	Estudio Torrent Auditores	66.10%
Dragados, S.A.	Avda. de Tenerife, 4-6. 28700 San Sebastián de los Reyes, Madrid	Construction	Deloitte	100.00%
Drasel SARL	Route de Versonnex, 5. Cessy (Francia)	Construction	-	60.00%
Flota Proyectos Singulares, S.A.	Avda. Fuente La Mora, 2. 28050 Madrid	Construction	-	100.00%
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%
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%
Intercambiador de Transportes de Príncipe Pío, S.A.	C/ Fraguas, 27. Alcorcón, Madrid	Transport interchange	-	55.00%
Lucampa, S.A.	C/ Orense, 34 1º. Madrid	Real estate development	-	100.00%
Manteniment i Conservació del Vallés, S.A.	Vía Laietana 33 5º. 08003 Barcelona	Concession	-	100.00%
Protide, S.A.	C/ Ramiro Valbuena, 12. León	Real estate development	-	100.00%
Remodelación Ribera Norte, S.A.	C/ Prueba, 12. Madrid	Concession	-	100.00%
Residencial Leonesa, S.A.	C/ Orense, 34 1º. Madrid	Real estate development	-	100.00%
Saba Aparcament Santa Caterina, S.L.	Avda. del Parc Logistic, 12	Concession	-	80.00%
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	PricewaterhouseCoopers	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. 15007 A Coruña	Industrial installation and assembly	-	100.00%
Actividades de Montajes y Servicios, S.A. de C.V.	Veracruz (México)	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A.	43 C/ A, 5-01 Zona 12. Guatemala City	Auxiliary electricity, gas and communications distribution services	-	100.00%
Agrupación Eólica Granadina, S.L.	C/ Loja, 3, Polígono Juncaril. 18220 Albolote, Granada	Renewable energies	-	100.00%

2.2 Consolidated Financial Statements

Company	Address	Activity	Auditor	% Effective Ownership
Agrupación Offshore 60, S.A. de C.V.	C/ Juan Racine, 112 Piso 8, Col. Los Morales. 11510 México D.F. (México)	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	99.94%
Alagarce, S.L.	C/ Serrano, 134. 28006 Madrid	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.	C/ Barbara de Braganza, 11. 28603 Madrid	Energy production	Deloitte	75.00%
Andasol 2, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Energy production	Deloitte	75.00%
Antennea 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	PricewaterhouseCoopers	99.90%
API Conservación, S.A.	C/ General Moscardó, 27. 28020 Madrid	Road maintenance	Deloitte	100.00%
API Fabricación, S.A.	C/ Raso de la Estrella, s/n. 28300 Aranjuez, Madrid	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. 08014 Barcelona	Generation of electricity	-	100.00%
Artemis Transmissora de Energia Ltda.	Rua Deputado Antonio Edu Vieira, 999. Florianopolis, Estado Santa Catarina (Brasil)	Electrical concession	AGN Canarim	50.97%
Atil-Cobra, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
AW Augusta Wind, S.L.	Nil Fabra, 34. 08012 Barcelona	Generation of electricity	-	100.00%
B.I. Josebeso, S.A.	Pza. Venezuela, Torre Phelps, s/n. 1050 Caracas (Venezuela)	Industrial cleaning	-	82.80%
BTOB Construccion Ventures, S.L	C/ Teide, 4 1ª Planta. 28709 San Sebastián de los Reyes, Madrid	Administrative management serv.	-	99.94%
C. A. Weinfer de Suministro de Personal	Pza. Venezuela, Torre Phelps, s/n. 1050 Caracas (Venezuela)	Industrial cleaning	-	82.80%
Cachoeira Montages e Serviços, Ltda.	Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Electrical assembly and services	-	100.00%
Catalana de Treballs Públics, S.A.	Ed. Gran Capitán, 4. 08034 Barcelona	Auxiliary electricity, gas and communications distribution services	Deloitte	100.00%
Cobra Bahía Instalações e Serviços	Cuadra, 4 10. 47680 Estrada do Coco / Bahía (Brasil)	Assembly and electrical installations	-	100.00%
Cobra Bolivia, S.A.	Rosendo Gutiérrez, 686. Sopocachi (Bolivia)	Development of electronic systems	-	100.00%
Cobra Chile, S.A.	José Pedro Alexandri, 2323. Macul, Santiago de Chile (Chile)	Assembly and electrical installations	BDO	100.00%
Cobra Concesiones, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Services	-	100.00%
Cobra Energy	Solonos Street, 60. Atenas (Grecia)	Electricity. Water treatment, management of renewable natural resources, various public-sector and private-sector works	-	100.00%
Cobra Gestión de Infraestructuras, S.L.U	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Services	Deloitte	100.00%
Cobra Ingeniería de Montajes, S.A.	C/ Fernando Villalón, 3. 41004 Sevilla	Installations and assembly	-	100.00%

Company	Address	Activity	Auditor	% Effective Ownership
Cobra Instalaciones México, S.A. de C.V.	C/ Melchor Ocampo, 193. Col. Verónica Anzures (México)	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Cobra Instalaciones y Servicios, S.A.	Vereda, 6, Portal 4. Manoguayabo (Rep. Dominicana)	Auxiliary electricity, gas and communications distribution services	-	100.00%
Cobra Instalaciones y Servicios, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Performance of studies, consulting and projects, research and development and the management and performance of all types of work, manufacturing, transformation, preparation and repair of all class of transactions of an industrial nature	Deloitte	100.00%
Cobra Internacional, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Holding company	-	100.00%
Cobra Inversiones y Gestión, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Holding company	-	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)	Auxiliary electricity, gas and communications distribution services	KPMG	100.00%
Cobra Servicios Auxiliares, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Reading of electricity meters and other services	Deloitte	100.00%
Cobra Sistemas de Seguridad, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Sale and installation of security systems	-	100.00%
Cobra Sistemas y Redes, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Installation of communication and control systems	-	100.00%
Cobra y Cingel Telecomunicaciones	Avda. de Macul, 2323	Assemblies and electrical meters	-	60.96%
Coinsal Instalaciones y Servicios, S.A. de C.V.	Pasaje Senda Florida, 167. San Salvador	Installations and assembly	-	100.00%
Coinsmar Instalaciones y Servicios SARLAU	Boulevard Serktouni, 210 Angle Boulevard Roudani, 13. Maarif, 2100 Casablanca (Marruecos)	Electricity and public works	-	100.00%
Construcciones Dorsa, S.A.	C/ Cristóbal Bordiú, 35 5º, Ofic. 515-517. Madrid	Construction	-	99.73%
Control y Montajes Industriales de México, S.A. de C.V.	C/ Juan Racine, 116 6º. 11510 México D.F. (México)	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.	Avda. de Ramón y Cajal, 107. 28043 Madrid	Industrial cleaning	-	100.00%
Cuerda de Rodaderos, S.L.	C/ Loja, 8. 18220 Albolote, Granada	Generation of electricity	-	60.00%
Cymi do Brasil Ltd.	Avda. Presidente Wilson, 231, Sala 1701. 20030-020 Rio de Janeiro (Brasil)	Electrical installations	-	99.94%
Cymi Holding, S.A.	Avda. Presidente Wilson, 231, Sala 1701. Parte Centro. Rio de Janeiro (Brasil)	Securities holding company	-	99.94%
Cymi Seguridad, S.A.	C/ Teide, 4 2ª Planta. 28709 San Sebastián de los Reyes, Madrid	Security installation	-	99.94%
Desarrollos Energéticos Riojanos, S.L.	Pol. Ind. Las Merindades, C/ B, s/n. 09550 Villarcayo, Burgos	Generation of electricity	-	80.00%
Dimática, S.A.	C/ Saturnino Calleja, 20. 28002 Madrid	Sale of computer equipment	-	100.00%

2.2 Consolidated Financial Statements

Company	Address	Activity	Auditor	% Effective Ownership
Dragados Sistemas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas, Madrid	Acquisition and sale of all types of assets and marketable securities	Deloitte	99.94%
Dragados Construc. Netherlands, S.A.	Amsteldijk 166-6 1079 LH Amsterdam	Electrical installations	-	83.20%
Dragados Industrial, S.A.	C/ Teide, 4 1ª Planta. 28709 San Sebastián de los Reyes, Madrid	Construction of all types of works	Deloitte	99.94%
Dragados Industrial Algeria S.P.A.	Lot n°7, Ville Coopérative El Fetej - El Bihar. Alger, Algérie	Industrial maintenance and assemblies	-	96.95%
Dragados Industrial Canada Inc.	620 Rene Levesque West Suite. 1000 H3B 1 N7. Montreal, Quebec	Electrical installations	-	83.20%
Dragados Offshore de México KU-A2, S.A. de C.V.	C/ Juan Racine, 112 Piso 8, Col. Los Morales. 11510 México D.F. (México)	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	99.94%
Dragados Offshore de México, S.A. de C.V	C/ Juan Racine, 112 Piso 8, Col. Los Morales. 11510 México D.F. (México)	Market research and capturing of markets	KMPG Cardenas Dosal, S.C.	99.94%
Dragados Offshore USA Inc.	10333 Richmond Avenue, Suite 720. 77042 Texas, Houston (Estados Unidos)	Market research and capturing of markets	-	99.94%
Dragados Offshore, S.A.	Bajo de la Cabezueta, s/n. 11510 Puerto Real, Cádiz	Manufacturing of metallic structures	Deloitte	99.94%
Dragados Proyectos Industriales de México, S.A. de C.V.	C/ Juan Racine, 112 Piso 8, Col. Los Morales, Del. Miguel Hidalgo. 11510 México D.F. (México)	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 telecommunication 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. 15008 A Coruña	Generation of electricity	Deloitte	51.74%
Ecocivil Electromur G.E., S.L.	C/ Paraguay, Parcela 13/3. 30169 San Ginés, Murcia	Civil works	Deloitte	94.50%
Ecoven Parc Eólico, S.L.	Nil Fabra, 34. 08012 Barcelona	Generation of electricity	Deloitte	100.00%
El Paramo Parque Eólico, S.L.	Guitard, 43. 08014 Barcelona	Generation of electricity	-	100.00%
Electrén, S.A.	Avda. del Brasil, 6. 28020 Madrid	Specialized construction	PricewaterhouseCoopers	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. 01649 Lisboa (Portugal)	Holding company	-	98.21%
Emurtel, S.A.	C/ Carlos Egea, Parc. 13-18. Pol. Ind. Oeste, Alcantarilla, Murcia	Electrical installations	Deloitte	50.10%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29. 28108 Alcobendas, Madrid	Construction and sale of all types of electrical material and all operations required for electrification and transportation.	Deloitte	99.94%

Company	Address	Activity	Auditor	% Effective Ownership
Enelec, S.A.	Avda. 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. 15008 A Coruña	Generation of electricity	Deloitte	66.67%
Energías Ambientales de Outes, S.A.	José Luis Bugallal Marchesi, 20. 15008 A Coruña	Generation of electricity	Deloitte	100.00%
Energías Ambientales de Vimianzo, S.A.	José Luis Bugallal Marchesi, M-10. 15008 A Coruña	Generation of electricity	Deloitte	66.67%
Energías Ambientales, S.A.	José Luis Bugallal Marchesi, M-10. 15008 A Coruña	Generation of electricity	Deloitte	66.67%
Energías y Recursos Ambientales, S.A.	Avda. Pío XII, 102. 28036 Madrid	Generation of electricity	Deloitte	100.00%
Enq, S.L.	C/ F, 13. Pol. Ind. Mutilva Baja, Navarra	Electrical installations	-	100.00%
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, 8A-51, Ofic. 610, Torre B. Santa Fé de Bogotá (Colombia)	Electrical installations	Elquin Infante	100.00%
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/ Errenruena, Pab. G, Pol. Ind. Zabalondo. Munguía, Vizcaya	Electrical installations	Deloitte	100.00%
Eurus Eólica, S.L.	Guitard, 43. 08014 Barcelona	Generation of electricity	-	100.00%
Eyra Barrigoso, S.L.	José Luis Bugallal Marchesi, 20. 15008 A Coruña	Generation of electricity	-	99.98%
Eyra Energías y Recursos Ambientais Lda.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Generation of electricity	-	98.00%
Eyra Pontefeso, S.L.	José Luis Bugallal Marchesi, 20. 15008 A Coruña	Generation of electricity	-	100.00%
France Semi, S.A.	20/22 Rue Louis Armand Rdc. 75015 París (Francia)	Assemblies	-	99.73%
Generación Eólica el Páramo, S.L.	Guitard, 43. 08014 Barcelona	Generation of electricity	-	100.00%
Gerovítas La Guancha, S.A.	Ctra. del Rosario, Km 5,2. 38108 La Laguna, Sta. Cruz de Tenerife	Management and operation of senior citizen social and health centres	-	100.00%
Global Spa, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca	Air conditioning	Deloitte	100.00%
Hidra de Telecomunicaciones y Multimedia, S.A.	C/ Severo Ochoa, 10. 29590 Campanillas, Málaga	Telecommunications	-	99.94%
Hidrogestión, S.A.	Avda. Manoteras, 28. Madrid	Electrical installations	Deloitte	100.00%
Hidrolazan, S.L.	Paseo de la Castellana, 167. 28046 Madrid	Construction and operation	-	100.00%
Humiclíma Caribe Cpor A.Higüey	Ctra. Cruce de Friusa, s/n. Higüey, Altagracia (R. Dominicana)	Air conditioning	-	100.00%
Humiclíma Centro, S.L.	C/ Canillas Benetussen, 1. Madrid	Air conditioning	Deloitte	100.00%
Humiclíma Est Catalunya, S.L.	C/ San Quinti, 47. Barcelona	Air conditioning	Deloitte	100.00%
Humiclíma Est, S.A.	Camino Vell de Buñola, 37. Palma de Mallorca	Air conditioning	Deloitte	100.00%
Humiclíma Jamaica Limited	Corner Lane, 6. Montego Bay, St. James (Jamaica)	Air conditioning	-	100.00%
Humiclíma Magestic Grupo, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca	Air conditioning	Deloitte	100.00%

2.2 Consolidated Financial Statements

Company	Address	Activity	Auditor	% Effective Ownership
Humiclíma México S.A. de C.V.	Cancun, Quintana de Roo (México)	Air conditioning	-	100.00%
Humiclíma Sac, S.A.	Camino Vell de Buñola, 37. Palma de Mallorca	Air conditioning	Deloitte	100.00%
Humiclíma Sur, S.L.	C/ Marruecos, 12. Jerez de La Frontera, Cádiz	Air conditioning	Deloitte	100.00%
Humiclíma Valladolid, S.L.	C/ Puente Colgante, 46. Valladolid	Air conditioning	Deloitte	100.00%
Hydro Management, S.L.	Avda. Teniente General Gutiérrez, 9. 30008 Murcia	Services	Deloitte	75.00%
Infraestructuras Energéticas Aragonesas, S.L.	C/ Paraíso, 3. 50410 Cuarte de Huerva, Zaragoza	Assembly and maintenance installations	-	100.00%
Infraestructuras Energéticas Castellanas, S.L.	C/ Aluminio, 17. 47012 Valladolid	Generation of electricity	-	51.00%
Initec Energía, S.A.	C/ Príncipe de Vergara, 120 Planta. 28002 Madrid	Technical engineering services	C.T.A. Auditores	99.94%
Injar, S.A.	León y Castillo, 421. 35005 Las Palmas de Gran Canaria	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
Instalaciones y Montajes de Aire Climatizado, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca	Air conditioning	Deloitte	100.00%
Instalaciones y Montajes Eléctricos, S.A. (IMES)	Avda. de Ramón y Cajal, 107. 28043 Madrid	Electrical installations	Deloitte	100.00%
Instalaciones y Servicios Codeni, S.A.	Masaya - Nicaragua	Electrical assembly and installations	-	100.00%
Instalaciones y Servicios Codepa, S.A.	Edif. Allbrook Park, Ofic. 115. Corregimiento Ancón	Electrical assembly and installations	-	100.00%
Instalaciones y Servicios Codeven, CA	Avda. S. Fco. C/ Sta. Margarita, Colín. California, Torre California. P 5 FC H 1070 Caracas (Venezuela)	Construction and engineering	-	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. 20921 Rio de Janeiro (Brasil)	Electrical assembly and installations	-	100.00%
Itumbiara Marimondo, Ltda.	Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Electrical assembly and installations	-	100.00%
La Lora I Parque Eólico, S.L.	Guitard, 43. 08014 Barcelona	Generation of electricity	-	100.00%
La Lora II Energía, S.L.	Guitard, 43. 08014 Barcelona	Generation of electricity	-	100.00%
Lumicán, S.A.	C/ Arco, 40. Las Palmas de Gran Canaria	Electrical installations	Deloitte	100.00%
Maessa Telecomunicaciones, S.A. (MAETEL)	Pza. Antonio Beltrán Martínez, 1, 9D. 50002 Zaragoza	Maintenance and assembly	Deloitte	99.40%
Makiber, S.A.	Paseo de la Castellana 182 2º. 28046 Madrid	Merchandise export	Deloitte	99.94%
Mant. Ayuda a la Explot. y Servicios, S.A.(MAESSA)	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 assemblies	Deloitte	99.94%
Masa Algeciras, S.A.	Avda. Blas Infante, Edif. Centro Blas Infante Local 8. 11201 Algeciras, Cádiz	Industrial maintenance and assemblies	Deloitte	99.94%
Masa Argentina, S.A.	Avda. Alicia Moreau de Justo, 1930 1º Piso. Ciudad Autonoma de Buenos Aires (Argentina)	Manufacture of industrial equipment, construction of diverse structures and industrial maintenance	Tazzetto-López-Rodríguez Córdoba & Asoc.	89.95%

Company	Address	Activity	Auditor	% Effective Ownership
Masa Brasil, S.L.	Avda. São Gabriel, 149 Sala 207. Itaim Bibi, São Paulo CEP. 01435-001	Preparation of studies and projects, industrial assembly and maintenance and liquid and gas piping	-	99.94%
Masa Galicia, S.A.	Pol. Ind. de la Grela, C/ Guttember, 27, 1º Izq. 15008 A Coruña	Industrial maintenance and assemblies	Deloitte	99.94%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1. 21002 Huelva	Industrial maintenance and assemblies	Deloitte	99.94%
Masa Madrid, S.A.	Edificio Milenio, C/ Teide, 5 1º. 28709. San Sebastián de los Reyes, Madrid	Industrial maintenance and assemblies	-	99.94%
Masa México, S.A. de C.V.	C/ Juan Racine, 112 Piso 8, Col. Los Morales, Del. Miguel Hidalgo. 11510 México D.F. (México)	Production, manufacture, construction of machinery, equipment and products, industrial maintenance and assemblies	Ruiz, Luna y Cia	99.94%
Masa Norte, S.A.	C/ Ribera de Axpe, 50, 3º. 48950 Erandio Las Arenas, Vizcaya	Industrial maintenance and assemblies	Deloitte	99.94%
Masa Puertollano, S.A.	Crta. Calzada de Calatrava, km. 3,4. 13500 Puertollano, Ciudad Real	Industrial maintenance and assemblies	Deloitte	99.94%
Masa Servicios, S.A.	Pol. Ind. Zona Franca, Sector B, C/ B. 08040 Barcelona	Industrial maintenance and assemblies	Deloitte	99.94%
Masa Tenerife, S.A.	Pº Milicias de Garachico, 1 4º, Ofic. 51, Edif. Hamilton. 38002 Sta. Cruz de Tenerife	Industrial maintenance and assemblies	-	99.94%
Mencli, S.L.	C/ Bajoli, 68. Mahón, Menorca	Air conditioning	Deloitte	100.00%
Mexicobra, S.A.	C/ Alejandro Dumas, 160, Col. Polanco. 11500 México D.F. (México)	Auxiliary electricity, gas and communications distribution services	-	100.00%
Mexsemi, S.A. de C.V.	Avda. Dolores Hidalgo, 817, C.D. Industrial Irapuato Gto. 36541 México (México)	Assemblies	Baker Tilly Mgrd Auditores S.C.	99.73%
Mimeca C.A.	Pza. Venezuela, Torre Phelps, s/n. 1050 Caracas (Venezuela)	Industrial cleaning	-	82.80%
Moncobra Canarias Instalaciones, S.A.	León y Castillo, 238. 35005 Las Palmas de Gran Canaria	Industrial installation and assembly	-	100.00%
Moncobra, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Industrial installation and assembly	Deloitte	100.00%
Monelec, S.L.	C/ Ceramistas, 14. Málaga	Electrical installations	Deloitte	100.00%
Montrasa Maessa Asturias, S.L.	C/ Cámara, 54, 1º dcha. 33402 Avilés, Asturias	Maintenance	-	51.00%
Murciana de Tráfico, S.A.	Carril Molino Nerva, s/n. Murcia	Electrical installations	-	100.00%
Obras Hidráulicas y Viarias, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Development of projects and performance of all types of construction	Deloitte	100.00%
Opade Organizac. y Promoc. de Actividades Deportivas, S.A.	Avda. de América, 10. Madrid	Organization and promotion of athletic activities	Deloitte	95.00%
P. E. El Colmenar II, S.L.	C/ Loja, 11. 18220 Albolote, Granada	Generation of electricity	-	100.00%
P. E. La Noguera, S.L.	C/ Loja, 8. 18220 Albolote, Granada	Generation of electricity	-	70.00%
P. E. Las Vegas, S.L.	C/ Loja, 8. 18220 Albolote, Granada	Generation of electricity	-	70.00%

2.2 Consolidated Financial Statements

Company	Address	Activity	Auditor	% Effective Ownership
P. E. Los Isletes, S.L.	C/ Loja, 8. 18220 Albolote, Granada	Generation of electricity	-	70.00%
P. E. Sierra de las Carbas, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Generation of electricity	-	100.00%
P.E.Tesosanto, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Generation of electricity	-	100.00%
Parque Eólico de Valdecarro, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Generation of electricity	-	100.00%
Parque Eólico El Perú, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Generation of electricity	Deloitte	81.00%
Parque Eólico La Boga, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Generation of electricity	-	99.67%
Parque Eólico Marmellar, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Generation of electricity	Deloitte	70.00%
Parque Eólico Santa Ana, S.L.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Generation of electricity	-	100.00%
Parque Eólico Santa Cruz del Tozo, S.L.	Almirante Bonifaz, 3. 09003 Burgos	Generation of electricity	-	100.00%
Parque Eólico Valcaire, S.L.	Ayuntamiento, 7. 18640 Padul, Granada	Generation of electricity	-	55.00%
Percomex, S.A.	Melchor Ocampo, 193, Torre C-Colonia. Verónica Anzures (México)	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Portumasa, S.A.	Avda. Merechal Gomes da Costa, 27, RC Esquerdo. 1800-255 Lisboa (Portugal)	Study and performance of projects, assemblies, manufacture and sale of electrical and electronic equipment.	-	99.94%
Procme, Ltda.	Rua Alfredo Trindade, 4. 01650 Lisboa (Portugal)	Sociedad Holding	Deloitte	74.54%
Promservi, S.A.	Avda. de Ramón y Cajal, 107. 28043 Madrid	Real estate	-	100.00%
Roura Cevasa, S.A.	Caracas, 5. Barcelona	Corporate image	PricewaterhouseCoopers	100.00%
Salmantina de Seguridad Vial, S.A.	Cascalajes, 65-69. 37184 Villares de la Reina, Salamanca	Painting and signposting	Deloitte	100.00%
Sedmive C.A.(Soc. Españ. Montajes Indus. Venezuela)	Avda. Fco. Miranda, Edif. Parq Cristal, Tor. Este, P8, Ofic. 8-8. 1070 Palos Grandes, Caracas (Venezuela)	Cellular telephony infrastructure	-	100.00%
Seguridad Integral Metropolitana, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas, Madrid	Security equipment maintenance	Economical Auditores S.L.	89.95%
Semi Maroc, S.A.	Rue Fakir Mohamed, 5. Casablanca, Sidi Belyout (Marruecos)	Assemblies	Fiduciaire Martinetti Associes Ma S.A. Commissariat aux comptes	99.73%
Senax, S.A.	Centro Comercial L' Illa Miami Playa. Tarragona	Assemblies	-	100.00%
Sermacon Joel, C.A.	Pza. Venezuela, Torre Phelps, s/n. 1050 Caracas (Venezuela)	Industrial cleaning	-	82.80%
Sermicro, S.A.	C/ Pradillo, 48-50. 28002 Madrid	Computer maintenance	Deloitte	100.00%
Serpista, S.A.	C/ Velázquez, 130. 28006 Madrid	Services	Ernst & Young	51.00%
Serveis Catalans, Serveica, S.A.	Avda. de Ramón y Cajal, 107. 28043 Madrid	Electrical installations	-	100.00%
Servicios Dinsa, S.A. de C.V.	C/ Juan Racine, 112 Piso 3, Col. Los Morales, Del. Miguel Hidalgo. 11510 México D.F. (México)	Provision of personal services	Galaz Yamazaki Ruiz Urquiza	99.94%
Servicios Proyectos Industriales de México, S.A. de C.V.	C/ Juan Racine, 112 Piso 8, Col. Los Morales, Del. Miguel Hidalgo. 11510 México D.F. (México)	Provision of personal services	Galaz Yamazaki Ruiz Urquiza	99.94%
Servicios y Obras Comunitarias, S.A.	C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Development of electronic systems	-	100.00%
Setec Soluções Energeticas de Transmissao e Controle Ltda.	Avda. Presidente Wilson, 231, Sala 1701. 20030-020 Rio de Janeiro (Brasil)	Electrical installations	-	99.94%

Company	Address	Activity	Auditor	% Effective Ownership
Sice do Brasil, S.A.	C/ Joaquim Eugenio de Lima, 680. Sao Paulo (Brasil)	Development of urban traffic regulation systems, public lighting, pollution control and meteorological centres	-	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 and meteorological centres	Deloitte	99.94%
Sice Sudáfrica Pty. Ltd.	PO Box 179.009. Pretoria (Sudáfrica)	Development of urban traffic regulation systems, public lighting, pollution control and meteorological centres	Ian Wilson	99.94%
Sidetel, S.A.	Avda. Manoteras, 28. Madrid	Electrical installations	-	100.00%
Sistemas Energéticos Serón, S.A.	C/ Loja, 3 Ofic. 11B, Polígono Juncaril. 18220 Albolote, Granada	Renewable energies	-	100.00%
Sistemas Energéticos Tijola, S.A.	C/ Loja, 3 Ofic. 11B, Polígono Juncaril. 18220 Albolote, Granada	Renewable energies	-	100.00%
Sistemas Energéticos Tinadas, S.A.	C/ Loja, 3 Ofic. 11B, Polígono Juncaril. 18220 Albolote, Granada	Renewable energies	-	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 (Chile)	Telecommunications	Quezada y Cia.	50.97%
Soc. Ibérica de Construc. Electricas de Seguridad, S.L.	C/ La Granja, 29. 28108 Alcobendas, Madrid	Security system and fire prevention device installation and maintenance	-	99.94%
Soc. Española de Montajes Industriales, S.A. (SEMI)	Barquillo, 19. Madrid	Assemblies	Deloitte	99.73%
Sociedad de Energías Renovables y Cogeneración, S.A.	Avda. de Tenerife, 4. 28700 San Sebastián de los Reyes, Madrid	Generation of electricity	-	100.00%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas, Madrid	Development of urban traffic regulation systems, public lighting, pollution control and meteorological centres	Deloitte	99.94%
Sociedad Industrial de Construcciones Eléctricas, S.A.	C/ Juan Racine, 112. 11510 México (México)	Development of urban traffic regulation systems, public lighting, pollution control and meteorological centres	BDO	99.94%
Societat Eòlica de l' Enderrocada, S.A.	Amistat, 23. 08005 Barcelona	Generation of electricity	Deloitte	53.34%
SOMECE	Portugal		-	76.20%
Spcobra Instalações e Serviços Ltda.	Joao Ventura Batista, 986. 02054 Sao Paulo (Brasil)	Electrical assembly and installations	-	56.00%
Sumipar, S.A.	C/ B, Sector B, Zona Franca 4. 08040 Barcelona	Desarrollo de sistemas de regulación de tráfico urbano, alumbrado público, control de contaminación, centrales meteorológicas en toda clase de servicios de administraciones públicas, ayuntamientos,...	-	99.94%
Tecn. de Sist. Electrónicos, S.A. (EYSSA-TESS)	Rua General Pimenta do Castro, 11-1. Lisboa (Portugal)	Electrical installations	Deloitte	100.00%
Técnicas de Desalinización de Aguas, S.A.	Pol. de Arinaga, C/ Brezo, 15-17. 35118 Las Palmas	Desalination plant constructor	Deloitte	100.00%

2.2 Consolidated Financial Statements

Company	Address	Activity	Auditor	% Effective Ownership
Tecnotel Clima, S.L.	Pol. Ind. Valle Guimar, C/ Manz. 6. Arafo, Sta. Cruz de Tenerife	Air conditioning	Deloitte	100.00%
Tecnotel de Canarias, S.A.	C/ Misiones, 13. Las Palmas de Gran Canaria	Air conditioning	Deloitte	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%
Urbaenergía, 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)	Pza. Venezuela, Torre Phelps, s/n. 1050 Caracas (Venezuela)	Industrial cleaning	Carolina Pueyo	82.80%
Viabal Manteniment i Conservacio, S.A.	Roders, 12. 07141 Marratxi, Baleares	Painting and signposting	-	100.00%
Zefiro Eólica, S.L.	Guitard, 43. 08014 Barcelona	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. Construction supervision and management of water treatment systems	Deloitte	100.00%
Alfa Servicios Ambientales, S.L.	C/ Albasanz, 16. 28037 Madrid	Industrial waste management	-	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	Passenger transportation	Deloitte	100.00%
Aureca Aceites Usad y Recuper Energét de Madrid, S.L.	Avda. Logroño Km 9.800. 28042 Madrid	Treatment of oils and marpoles	-	100.00%
Autedia, S.A.	Avda. Ingeniero Gutiérrez, 2. Baza	Passenger transportation	Deloitte	99.79%
Autobuses Consol, S.A.	Pza. Puerta del Vado, 1. Alcalá de Henares, Madrid	Passenger transportation	-	100.00%
Autobuses García, S.L.	C/ Hermilio Alcalde del Río, 2. Torrelavega	Passenger transportation	-	100.00%
Autocares Discrecionales del Norte, S.L.	Alameda de Urquijo, 85. Bilbao	Passenger transportation	-	100.00%
Autoterminal, S.A.	Muelle Dársena Sur, Edif. Autoterminal Barcelona	Automobile logistics	Vizoso, Castella y Asociados, S.L.	40.40%
Barcelona Automotive Logistic, S.A.	C/ Diputación, 279 Ático 6ª. Barcelona	Logistics and vehicle transportation	-	100.00%
Blas Moreno, S.L.	Avda. Diagonal, 611, 2º. Barcelona	Collection of urban solid waste, street cleaning and selective collection	-	60.00%
Canal Metro Madrid, S.A.	C/ Fernando Rey, 8 (Ciudad de la Imagen). 28023 Pozuelo de Alarcón, Madrid	Advertising	KPMG	82.00%
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%
CLB Universal Marítima, S.L.	Avda. Los Cambulloneros Mil León y C, Edif. OPCSA. 35008 La Palmas de Gran Canaria, Gran Canaria	Supplementary and auxiliary y auxiliares del transporte	-	100.00%

Company	Address	Activity	Auditor	% Effective Ownership
Clece, S.A.	C/ Orense, 6, 1ª Planta. 28020 Madrid	Interior cleaning	Deloitte	100.00%
Consenuar, S.A.	C/ Ebro, Pol. Ind. Finanzauto. Arganda del Rey, Madrid	Management and treatment of hospital waste	Deloitte	100.00%
Construirail, S.A.	C/ Orense 11. Madrid	Logistics services		60.00%
Container Train, S.A.	Muelle Dársena Sur, Edif. Autoterminal. Barcelona	Combined transport	Grupo Audit Network, S.L.	57.14%
Continental Auto, S.L.	Avda. de América, 9.A. 28002 Madrid	Regular passenger transportation	Deloitte	100.00%
Continental-Rail, S.A.	Avda. de América, 2. Madrid	Rail transport of goods		100.00%
Cytrar, S.A. de C.V.	C/ Lázaro Cardenas, Km 6. Hermosillo, Sonora (México)	Management and storage of industrial waste in safe deposits.	Mancera, SC. Ernst & Young	100.00%
Dragados Servicios Portuarios y Logísticos, S.L.	C/ Julián Camarillo, 6A, 2ª Planta 28037 Madrid	Port and logistic services	Deloitte	100.00%
Dragados SPL del Caribe, S.A. de C.V.	C/ Juan Racine, 112 Piso 4, Col. Los Morales. Polanco. México D.F. (México)	Holding company	-	100.00%
Dramar Andalucía Tratamiento de Marpoles, S.L.	Muelle Isla Verde, s/n. 11207 Algeciras, Cádiz	Treatment of oils and marpoles	-	100.00%
Empordanesa de Neteja, S.A.	Avda. Diagonal, 611, 2º. 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	Mansour & Co. Pricewaterhouse	95.00%
Estación de Autobuses de Almuñécar, S.L.	Avda. Juan Carlos I, s/n. Almuñécar, Granada	Passenger transportation	-	100.00%
Estación de Autobuses de Andorra, S.A.	Avda. Josep Tarredellas, 42. (Andorra)	Passenger transportation	-	77.00%
Estación de Servicios Alavesa, S.A.	C/ Gerezpea, 17. Vitoria	Passenger transportation	-	100.00%
Evere, S.A.S.	Avda. Albert Einstein. 34000 Montpellier (Francia)	Waste treatment	Deloitte	98.00%
Explotación Comercial de Intercambiadores, S.A.	Avda. América 9.A (Intercambiador de Transportes). Madrid	Commercial operation	-	100.00%
Frigoríficos de Castellón, S.A	Lg Muelle Transversal, s/n. 12100 Castellón de la Plana	Installation and operation of refrigeration chambers	-	75.00%
Gestión Ambiental Canaria, S.L.	Alejandro del Castillo, s/n. San Bartolomé de Tirajana, Las Palmas de Gran Canaria	Treatment of oils and marpoles	-	100.00%
Gestión Medioambiental de Torrelavega, S.A.	Boulevard Demetrio 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	-	70.00%
Graneles Sólidos Minerales, S.A.	C/ Julian Camarillo, 6A 2ª Planta. Madrid	Bulk terminal	-	81.00%
Hidroaspersión, S.L.	M. Tomás Bretón, 2 Local 4. Churriana, Málaga	Irrigation works	-	100.00%
Hijos de Simón Maestra, S.A.	Avda. Ingeniero Gutiérrez, 2. Baza	Passenger transportation	-	100.00%
Igest Mensajería, S.L.	Muelle Dársena Sur, Edif. Autoterminal. Barcelona	Messenger service	-	60.00%
Igest, S.A.	Muelle Dársena Sur, Edif. Autoterminal. Barcelona	Financial and accounting services	-	60.00%
Integral Port Services, S.L.	Muelle Dársena Sur, Edif. Autoterminal. Barcelona	Port services	-	52.13%
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%

2.2 Consolidated Financial Statements

Company	Address	Activity	Auditor	% Effective Ownership
IPS Serveis Portuaris ETT, S.L.	Muelle Dársena Sur, Edif. Autoterminal. Barcelona	Hiring of temporary employees	-	52.72%
Jiménez Lopera, S.A.	Avda. 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%
Keller Porto, S.L.	Avda. Don João II LtII 1.17.03 C.Off, 5º Sala A. 1900-084 Parque das Nações, Lisboa (Portugal)	Shipping agency	-	100.00%
Laboratorio de Gestión Ambiental, S.L.	C/ Albasanz, 16. 28037 Madrid	Hazardous toxic wastes	-	92.50%
Lematrans Castellón, S.A.	Avda. Ferrandis Salvador, s/n. 12100 Grao, Castellón de la Plana	Transport agency	-	65.30%
Limpieza Guía Ltd.	Edif. Luso-Galaico Antas. 4930 Valença (Portugal)	Cleaning	-	100.00%
Limpiezas Lafuente, S.L.	C/ Ingeniero Joaquin Benlloch, 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%
Logística y Transportes Ferroviarios, S.A.	Muelle Dársena Sur, Edif. Autoterminal. Barcelona	Logistics and transport of vehicles by train	-	69.20%
Mapide, S.A.	C/ Santa Juliana, 16. 28039 Madrid	Interior cleaning	-	100.00%
Marítima del Mediterráneo, S.A.	C/ Atlantic, 112-120. 08040 Barcelona	Mediation in railroad or air transport	Deloitte	100.00%
Marítima Eurogulf, S.L.	C/ Nervión, 3 3ºB. 48001 Bilbao	Supplementary and auxiliary transport activities	Deloitte	100.00%
Marítima Valenciana, S.A.	Muelle Príncipe Felipe, s/n. Valencia	Port terminal	Deloitte	100.00%
Marmedsa Agência Marítima (Portugal) Lda.	Avda. Don João II LtII 1.17.03 C.Off, 5º Sala A. 1900-084 Parque das Nações, Lisboa (Portugal)	Organization of transportation	Horwath & Asociados SROC	100.00%
Marmedsa Group Portugal, S.A.	Avda. Don João II LtII 1.17.03 C.Off, 5º Sala A. 1900-084 Parque das Nações, Lisboa (Portugal)	Business and management consulting	Horwath & Asociados SROC	100.00%
Marmedsa Málaga, S.L.	Lg Talleres y Almac. Pto. Málaga, 1ª Planta. 29001 Málaga	Ship consignment	-	85.00%
Marmedsa Tramp, S.L.	Pol. Ind. Coslada, C/ Luxemburgo, 3. 28820 Coslada, Madrid	Ship consignment	-	100.00%
Marmedsa, S.A.R.L.	Avda. Andre Roussin, 59. 13321 Marseille Cdx 16 (BP 106) (Francia)	International multimodal transport	-	100.00%
Monegros Depura, S.A.	Pza. Antonio Beltrán Martínez, 1, Edif. Trovador, Ofic. 6C. 50002 Zaragoza	Water	-	55.00%
Montañesa de Consignaciones, S.L.	C/ Castilla, 6, 2º A. 39002 Santander	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 Barcelona	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%

Company	Address	Activity	Auditor	% Effective Ownership
NOVAFLEX Técnicas de Medio Ambiente, S.A.	Campogrande, 35 7°C. 1700-087 Lisboa (Portugal)	Collection of urban solid waste, street cleaning and selective collection	F. Tocha, P. Chaves & Asociados, SROC	100.00%
Octeva	ZA Marcel Doret, Rue Jacques Monod. 62100 Calais	Waste treatment	69,00%	
Olsen y Cía, S.L.	Avda. Cambulloneros, Muelle, Virgen del Pino s/n. 35008 Las Palmas de Gran Canaria	Representation of ship owners and shipping companies	-	100.00%
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 and dump management	-	100.00%
Planta Ambiental de Aragón S.A.	Pza. Antonio Beltran Martínez, 1 Edif. Trovador, Ofic. 6 C. 50002 Zaragoza	Waste treatment	-	70.00%
Progeco España, S.A.	Lg Muelle Alvarez de la Campa, s/n. 08039 Barcelona	Repair, maintenance and storage of containers	-	51.50%
Progeco Valencia S.L.U.	Pza. Bandas de Música de la Comunidad Valenciana, 11, 1º, 8ª. 46013 Valencia	Repair of containers	-	51.50%
Pruvalsa, S.A.	C/ Independencia, Sector Centro, Edif. Ariza, Piso 2, Ofic. 2-2. Valencia, Estado de Carabobo (Venezuela)	Waste treatment	-	82.00%
Publimedia Sistemas Publicitarios, S.L.	C/ Julián Camarillo, 6A, 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 logistics centres	-	62.50%
Real Verde Técnicas de Medio Ambiente Ltda.	Mosteiró, Andares, 5000 Vila Real	Management of urban solid waste and water treatment	F. Tocha, P. Chaves & Asociados, SROC	95.00%
Recuperación de Rodas e Madeira, S.L.	Camiño das Plantas, s/n. 36313 Xestoso, Bembibre	Treatment of oils and marpoles	-	100.00%
Recuperación Int. Residuos de Castilla y León, S.A.	Pol. Ind. Ntra. Sra. de Los Angeles, Parcela 10, Nave 8 y 9. Palencia	Industrial waste management	-	100.00%
Recurba Medio Ambiente, S.A.	C/ Albasanz, 16, 1º. 28037 Madrid	Galvanic waste treatment	-	100.00%
Reinmar, S.L.	C/ Muelle de la Isla Verde, s/n. 11201 Algeciras, Cádiz	Repair of maritime installations	-	100.00%
Residuos de la Janda, S.A.	C/ La Barca de Vejer s/n. Vejer de La Frontera, Cádiz	Collection of urban solid waste, street cleaning, selective collection and dump management	-	60.00%
Residuos Sólidos Urbanos de Jaén, S.A.	Palacio de la Excma. Diputación de Jaén. Jaén	Provision of USW collection, elimination and incineration services	PricewaterhouseCoopers	60.00%
RetraOil, S.L.	Pol. Ind. Tambarría parcela 20. 26540 Alfaro, La Rioja	Treatment of oils and marpoles	Deloitte	100.00%
S.A.R.L Universal Marítima	C/ 59, Avenue André Roussin BP106, 59. 13321 Marseille (Francia)	International multimodal transport	-	100.00%
S.A.T. La Castellana, S.A.	Avda. América, 9.A. Madrid	Passenger transportation	-	99.47%
Sagunto Fruit Terminal, S.A.	Lg Muelle Centro de Puerto de Sag, s/n. 46000 Sagunto, Valencia	Refrigerator storage	-	100.00%
Salins Residuos Automoción, S.L.	Pol. Ind. Catarroja, C/ 31 C/V C/ 27, Nave 715-701. Valencia	Treatment of oils and marpoles	-	80.00%

2.2 Consolidated Financial Statements

Company	Address	Actividad	Auditor	% Effective Ownership
Sanypick Plastic, S.A.	C/ Albasanz, 16. 28037 Madrid	Manufacturing and management of hospital waste containers	Deloitte	51.00%
SCI Sintax	Route de Phaffans. 90380 Roppe (Francia)	Automobile logistics	-	100.00%
Sermed, S.A.	C/ Albasanz, 16. 28037 Madrid	Sterilization of clinical material	-	100.00%
Servicios de Aguas de Misiones, S.A.	Avda. López y Planes, 2577. Misiones (Argentina)	Water treatment	Estudio Torrent Asociados	90.00%
Servicios Generales de Automoción, S.A.	Alameda de Urquijo, 85. Bilbao	Passenger transportation	-	100.00%
Servicios Selun, S.A.	C/ Albasanz, 16. 28037 Madrid	Transport and work in landfills	-	100.00%
Servinter Trans Freight, S.A.	C/ Atlántic, 112-120. 08040 Barcelona	Customs and transport agency	Deloitte	100.00%
Setra Ventas y Servicios, S.A.	C/ Límite, s/n. Torrejón de Ardoz, Madrid	Sale of replacement and spare parts	Deloitte	100.00%
Sevicios Corporativos TWC, S.A. de C.V.	C/ Lázaro Cardenas, Km 6. Hermosillo, Sonora (México)	Corporate services for subsidiaries in Mexico	Mancera, SC. Ernst & Young	100.00%
Sicsa Rail Transport, S.A.	Avda. del Puerto, 189 5ª. Valencia	Combined transport	Deloitte	50.50%
Sintax Est EURL	Place de la Madeleine, 6. 75008 París (Francia)	Automobile logistics	-	100.00%
Sintax Ile de Francia EURL	Rue du Docteur Fourniols. 95420 Magny en Vexin (Francia)	Automobile logistics	-	100.00%
Sintax Logística Transportes, S.A.	Vale Ana Gómez, Ed. Síntax. Estrada de Algeruz, Setúbal (Portugal)	Logistics and vehicle transportation	Deloitte	100.00%
Sintax Logística, S.A.	C/ Diputación, 279 Ático 6ª. Barcelona	Logistics and vehicle transportation	Deloitte	100.00%
Sintax Logistique Francia S.A.S.	Place de la Madeleine, 6. 75008 París (Francia)	Automobile logistics	PricewaterhouseCoopers	100.00%
Sintax Logistique Valenciennes S.A.R.L.	Place de la Madeleine, 6. 75008 París (Francia)	Automobile logistics	-	100.00%
Sintax Navigomes Ltda.	Avda. Luisa Todí, 73. 2900 Setúbal (Portugal)	Automobile logistics	-	51.00%
Sintlogistica Ltda.	Vale Ana Gomez, Ed. Síntax, Estrada de Algeruz. Setúbal (Portugal)	Automobile logistics	-	100.00%
Sistemas de Incineración y Depuración, S.L. (SINDE)	Ctra. San Vicente - Agost, Km 10,2. Alicante	Thermal treatment of sanitary waste	-	100.00%
SM Gestinver, S.A.	Muelle Darsena Sur, Edif. Autoterminal. Barcelona	Investments in transport companies in general	-	70.00%
Socamex, S.A.	C/ Cobalto, s/n Pol. San Cristóbal, Parc. 213. Valladolid	Construction and operation of waste water and drinking 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 (Francia)	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 (Francia)	Management of hospital waste	René Grisson	77.50%
Tecmed Maroc, S.A.R.L. Associe Inique	Avda. capitaine Sidi Omar Elaisaoui. Cite OLM-Suissi II, Rabat (Marruecos)	Urban solid wastes	Deloitte	100.00%
Tecmed Técnicas Mediamb. de México, S.A. de C.V.	Melchor Ocampo, 193, Torre C, Piso 14D (México)	USW, Environmental construction, hospital waste, industrial waste, water treatment	Mancera. SC. Ernst & Young	100.00%

Company	Address	Activity	Auditor	% Effective Ownership
Técnicas de Recuperación e Inertización, S.A.	C/ Albasanz, 16. 28037 Madrid	Industrial waste management	-	100.00%
Técnicas Mediambientales de Venezuela, S.A.	C/ Independencia, Centro de Valencia, Edif. Ariza, Piso 2, Ofic. 1-2. Valencia, Estado de Carabobo (Venezuela)	USW, environmental construction, hospital waste, industrial waste, water treatment	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	Stowing and unstowing of vessels	-	81.00%
Tirmadrid, S.A.	C/ Cañada Real de las Merinas, s/n. Madrid	Integral treatment of solid waste	Deloitte	66.36%
Tptes. Alsina Graells Sur, S.A.	Avda. América 9.A. Madrid	Passenger transportation	Deloitte	100.00%
Tracemar, S.L.	Avda. de Tenerife, 4-6. 28700 San Sebastián de los Reyes, Madrid	Treatment of oils and marpoles	Deloitte	100.00%
Trafimar Logistics, S.L.	C/ Atlantic, 112-120. 08040 Barcelona	Ship consignment	Deloitte	100.00%
Trafimar, S.A.R.L	Avda. 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	100.00%
Tratamiento de Residuos Sólidos Urbanos, S.A. de C.V.	C/ Lázaro Cardenas, Km 6. Hermosillo, Sonora (México)	Environment	Mancera, SC. Ernst & Young	100.00%
Trenmedia, S.A.	C/ Fernando Rey, 3 (Ciudad de la Imagen). 28023 Pozuelo de Alarcón, Madrid	Advertising	KPMG	51.00%
TV Transit, S.A.	C/ Fernando Rey, 8 (Ciudad de la Imagen). 28023 Pozuelo de Alarcón, Madrid	Advertising	KPMG	100.00%
Universal Forwarding Kec Lda.	Avda. Don João II LtII 1.17.03 C. Off, 5º Sala A. 1900-084 Parque das Nações, Lisboa (Portugal)	Supplementary and auxiliary transport activities	Horwath & Asociados SROC	100.00%
Universal Forwarding, S.L.	C/ Atlantic, 112-120. 08040 Barcelona	Supplementary and auxiliary transport activities	Deloitte	100.00%
Universal Marítima Portugal Unipessoal Lda.	Avda. Don João II LtII 1.17.03 C. Off, 5º Sala A. 1900-084 Parque das Nações, Lisboa (Portugal)	Shipping agency	Horwath & Asociados SROC	100.00%
Universal Marítima, S.L.	C/ Atlantic, 112-120. 08040 Barcelona	Shipping, fleet and transport correspondence	Deloitte	100.00%
Urbamar Levante Residuos Industriales, S.L.	C/ 31, C/V, C/ 27, Pol. Ind. Catarroja, Nave 715-701. Valencia	Treatment of oils and marpoles	-	80.00%
Urbana de Servicios Ambientales, S.L.	Avda. José Ortega y Gasset, 194-196	Cleaning and collection of urban waste	-	70.00%
Urbaoil, S.A.	Avda. de Tenerife, 4-6. 28700 San Sebastián de los Reyes, Madrid	Treatment of oils and marpoles	-	100.00%
Urbaser Argentina, S.A.	L.N. Alem. 986, Piso 3. Capital Federal Buenos Aires (Argentina)	Holding company	Razzeto, Lopez, Rodríguez Cordoba y Asoc.	100.00%
Urbaser Barquisimeto, C.A.	C/ Carrera, 4 Zona Ind. 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	Irvin Cedeño & Asociados	100.00%

2.2 Consolidated Financial Statements

Company	Address	Activity	Auditor	% Effective Ownership
Urbaser de México, S.A.	C/ Juan Racine, 112 Piso 8, Col. Los Morales. 11510 México D.F. (México)	Collection of urban solid waste, street cleaning and dump management	Mancera, SC. Ernst & Young	100.00%
Urbaser Environnement, S.A.S.	1140 Avenue Albert Einstein, BP 51. 34000 Montpellier, Cedex 09	Waste treatment	Deloitte	100.00%
Urbaser Libertador, C.A.	Avda. Paseo Cabriales, Sector Kerdell, Torre Movilnet, Piso 11, Ofic. 4. Valencia, Estado de Carabobo	Collection of urban solid waste and street cleaning	Irvin Cedeño & Asociados	100.00%
Urbaser Mérida, C.A.	C/ 26, entre Avda. 2 y 3, C.C. La Casona, Piso 2, Local 18. Mérida, Estado Mérida.	Collection of urban solid waste and street cleaning	Irvin Cedeño & Asociados	100.00%
Urbaser San Diego, C.A.	Centro Comercial Fin de Siglo, Planta Baja Avda. D. Julio Centeno, Sector La Esmeralda, Local 11	Urban solid waste	Irvin Cedeño & Asociados	65.00%
Urbaser Santo Domingo, S.A.	C/ Virgilio Díaz Ordóñez, 54, Sector Julieta Morales. Santo Domingo	Collection of urban solid waste and street cleaning	Aybar, Mendez, Caraballo y 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. Environmental audit	-	100.00%
Urbaser United Kingdom Ltd.	Pillar House, 113-115 Bath Road, Cheltenham. Gloucestershire, GL53 7LS (Inglaterra)	Holding	Davies Mayers Barnett	100.00%
Urbaser Valencia, C.A.	C/ 123, s/n, cruce con Avda. 94, Avda. Lizandro Alvarado, Zona Industrial la Guacamaya, Galpon, Urbaser. Valencia, Estado de Carabobo (Venezuela)	Collection of urban solid waste and street cleaning	Irvin Cedeño & Asociados	65.00%
Urbaser Venezuela, C.A.	Centro Comercial Punta de Sol, Planta Alta, Local 1, Avda. Manaure. Municipio Miranda, Ciudad de Coro, Estado de Falcon	Collection of urban solid waste and street cleaning	Irvin Cedeño & Asociados	100.00%
Urbaser, S.A.	C/ Albasanz, 16. 28037 Madrid	Environment	Deloitte	100.00%
Urbaser, S.A. E.S.P.	Mamonal Km 2 A, nº 56 581. Cartagena de Indias	Collection of urban solid waste and street cleaning	-	100.00%
Urbasys, S.A.S.	Route de Tremblay. F-91480 Varennes-Jarcy (Francia)	Waste treatment	Deloitte	98.00%
Valenciana de Eliminación de Residuos, S.L.	Paraje "El Cabez del Pino". Real de Montroi, Valencia	Storage of industrial waste in a safe deposit	-	85.00%
Valenciana de Protección Ambiental, S.A.	Polígono El Caneri, Parcela 6. L' Alcudia de Crepins, Valencia	Management and treatment of hospital and industrial waste	Deloitte	99.55%
Valorga International, S.A.	1300 Avenue Albert Einstein. 3400 Montpellier (Francia)	Technological consulting	Cazes & Goddyn	90.00%
Vertederos de Residuos, S.A. (VERTRESA)	C/ Albasanz, 16. 28037 Madrid	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	83.97%
Viajes Cosmos, S.L.	Avda. Ports d' Europa, Galería Comercial, 100, Local 7. 08040 Barcelona	Travel agency	Deloitte	100.00%

Company	Address	Activity	Auditor	% Effective Ownership
Vicente Fresno Aceite, S.L.	Barrio de San Martín, 141. 48170 Zamudio, Vizcaya	Treatment of oils and marpoles	-	100.00%
CONCESSIONS				
ACS Chile, S.A.	Avda. Isidora Goyenechea, 3365, Piso 9, Ofic. 902. Comuna de Las Condes, Santiago de Chile (Chile)	Holding company	Ernst & Young	100.00%
ACS Infrastructure Development Inc.	2711 Centerville Road Suite 400. Wilmington, County of New Castle	Infrastructures	-	100.00%
Autovía de La Mancha, S.A. Conces. JCC Cast-La Mancha	Paseo de Bachilleres, 1B. 45003 Toledo	Roads	Deloitte	66.67%
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 34-36 9º. 08029 Barcelona	Infrastructures	-	100.00%
Concesionaria Santiago Brión, S.A.	Quistilans, 59. 15895 Bugallido-Ames, A Coruña	Roads	KPMG	70.00%
Concesiones Viarias Chile, S.A.	Alfredo Barros Err Zuriz, 1953, Ofic. 1003. Comuna de Providencia, Santiago de Chile (Chile)	Infrastructures	-	100.00%
Desarrollo de Concesionarias Viarias Dos, S.L.	Avda. de Tenerife, 4-6. 28700 San Sebastián de los Reyes, Madrid	Infrastructures	-	100.00%
Desarrollo de Concesionarias Viarias Uno, S.L.	Avda. de Tenerife, 4-6. 28700 San Sebastián de los Reyes, Madrid	Infrastructures	-	100.00%
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	Railroad	-	100.00%
Dragados A-1, Ltd.	180 Strand London WC2R 1PZ	Holding company	Deloitte	100.00%
Dragados Concessions, Ltd.	180 Strand London WC2R 1PZ	Holding company	Deloitte	100.00%
Dragados Dundalk Ireland, Ltd.	Earlfort Terrace. Dublin 2 (Irlanda)	Holding company	Deloitte	100.00%
Dragados Waterford Ireland, Ltd.	Toll Plaza, Balgeen, Co. Meath Ireland	Holding autopistas	-	100.00%
Intercambiador de Transportes de Avda. de América, S.A.	Avda. de América, 9.A. Madrid	Transport interchange	Deloitte	100.00%
Inversiones Nocedal, S.A.	C/ Miraflores, 222 Piso 24. Santiago de Chile (Chile)	Holding company	Ernst & Young	100.00%
Inversora de Infraestructuras, S.L.	C/ Julián Camarillo, 6A 2ª Planta. 28037 Madrid	Holding company	-	100.00%
Iridium Concesiones de Infraestructuras S.A.	Avda. de Tenerife, 4-6. 28700 San Sebastián de los Reyes, Madrid	Concessions	Deloitte	100.00%
Reus-Alcover Conc de la Generalitat de Catalunya, S.A.	Avinguda Josep Tarradellas, 34-36 9º. 08029 Barcelona	Road	-	85.00%
Taurus Holdings Chile, S.A.	C/ Alcántara, 271 Piso 2. Las Condes, Santiago de Chile (Chile)	Holding company	Ernst & Young	100.00%

2.2 Consolidated Financial Statements

Anexo II Joint ventures

Company and Address	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%	Proportional	19,333
Constructora Norte Sur, S.A. Panamericana Norte, 5364. Cochalí, Santiago de Chile (Chile)	Construction	Ernst & Young	48.00%	Proportional	22,657
Draga, S.A. Ctra. de la Comella, 11, Edif. Cierco. AD500 (Andorra)	Construction	-	50.00%	Proportional	7,028
Dragados Fomento Canada, S.A.L. Queen Street, 570. Fredericton NB (Canadá)	Construction	-	50.00%	Proportional	3,771
Dravo, S.A. Pza. de Castilla, 3 5º CII. Madrid	Construction	Ernst & Young	50.00%	Proportional	58,114
Elaboración de Cajones Pretensados, S.L. C/ Cardenal Marcelo Spínola, 42. Madrid	Construction	-	50.00%	Proportional	-
Empresa Mantenimiento y Explotación M-30, S.A. C/ Príncipe de Vergara, 135. Madrid	Concession for the operation and maintenance of the M-30	Deloitte	50.00%	Proportional	12,057
Gaviel, S.A. Paseo de Gracia, 29. Barcelona	Real estate development	Deloitte	50.00%	Proportional	-
Nisa Gav, S.A. Paseo de Gracia, 29. Barcelona	Real estate development	-	50.00%	Proportional	-
INDUSTRIAL SERVICES					
A.I.E. Edar Cádiz - San Fernando Ctra. N-IV, Km 683. 11100 San Fernando, Cádiz	Waste waster treatment	Deloitte	43.90%	Proportional	4,449
AEIE Trans Euro Pyrenees Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Installations	-	7.51%	Proportional	24,089
Consortio Api Génesis Bolivia	Construction	-	75.00%	Proportional	-
Dinec 1, S.A. de CV C/ Juan Racine, 116 Piso 6. 11510 México D.F. (México)	Electrical installations	Deloitte	56.53%	Proportional	-
Dinsa Eléctricas y Cymi, S.A. de CV C/ Juan Racine, 116 Piso 6. 11510 México D.F. (México)	Electrical installations	Deloitte	59.97%	Proportional	-
Dragados Offshore SLP, S.A. de CV C/ Juan Racine, 112 Piso 6, Col. Los Morales. 11510 México D.F. (México)	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	49.97%	Proportional	118
Hospec, S.A. Tamer Bldg., Sin El Deirut, (Libano)	Import/export	-	49.97%	Proportional	-
Intecsua Uhde Industrial, S.A. Vía de los Poblados, 11. 28033 Madrid	Engineering	Deloitte	49.97%	Proportional	64,554

Company and Address	Activity	Auditor	% Effective Ownership	Consolidation Method	Revenue (Thousands of Euros)
Operadora del Pacifico, S.A. Chile	Construction	-	50.00%	Proportional	5.660
UTE Vinci-Etralux-Api (UTE VEA) C/ Orense, 68 2ª Planta. Madrid	Parking meters	-	20.00%	Proportional	9.185
Visadrag Gas, Ltda. Avda. Gago Coutinho, 147. 1700-029 Lisboa (Portugal)	Sales promotion, construction and maintenance of gas pipelines, marketing of gas industry equipment	-	49.97%	Proportional	-
SERVICES					
Cogeneración Alfacel A.I.E. Avda. de Tenerife, 4-6. 28700 San Sebastián de los Reyes, Madrid	Inactive	-	78.75%	Proportional	-
Conterail, S.A. Avda. Europa, s/n. Coslada, Madrid	Combined transport	Auren Centro Consultores y Auditores, S.A.	50.00%	Proportional	-1,522
Cotransa, S.A. Lg Muelle Dársena Sur, Edif. Autoterminal. 08039 Barcelona	Supplementary and auxiliary transport activities	Deloitte	50.00%	Proportional	23,900
Demarco, S.A. Alcalde Guzmán, 18. Quilicura (Chile)	Collection of solid urban waste and street cleaning	Gran Thorntom	50.00%	Proportional	18,341
Desarrollo y Gestión de Residuos, S.A. (DEGERSA) Avda. Barón de Carcer, 37. Valencia	Company formed to privatize Girsra	-	40.00%	Proportional	-
Elite Spain Logistics, S.L. Avda. Ports d'Europa, 100. 08040 Barcelona	Consulting on the transport of goods	-	49.00%	Proportional	-1,254
Erhardt Mediterráneo, S.L. Pza. del Rey / Ed. Real, 8 2º. 30205 Cartagena, Murcia	Ship stowage and consignment	-	50.00%	Proportional	-573
Esteritex, S.A. C/ Albasanz, 16. 28037 Madrid	Hospital waste treatment	-	50.00%	Proportional	-
Euroshipping Europe B.V. C/ Leerloolestraat, 135. 3194AB Hoogvliet Rotterdam (Holanda)	Asset-holding company	-	50.00%	Proportional	-920
Gestión Medioambiental de L'Anoia, S.L. C/ Viriato, 47. 08000 Barcelona	Inactive	-	50.00%	Proportional	-
Interenvases, S.A. Vial Secundario, s/n. Pol. Ind. de Araia, Bilbao	Recovery, collection, transport and storage of containers and packages	-	50.00%	Proportional	1,073
KDM, S.A. Alcalde Guzmán, 18. Quilicura (Chile)	Dump transfer and management plant	Gran Thorntom	50.00%	Proportional	23,660
La Unión Alavesa, S.L. C/ Gerezpea, 17. Vitoria	Passenger transportation	Attest	50.00%	Proportional	848
Lager Logistics, S.L. C/ Peña Prieta, s/n. 39011 Santander	Consignment, stowage, receipt and deposit of merchandise	-	28.85%	Proportional	-88
Multiservicios Aeroportuarios, S.A. C/ Cardenal Marcelo Spínola, 42 8º dcha. Madrid	Integral services at airports	Deloitte	26.01%	Proportional	59,066

2.2 Consolidated Financial Statements

Company and Address	Activity	Auditor	% Effective Ownership	Consolidation Method	Revenue (Thousands of Euros)
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%	Proportional	-
Sadoport-Terminal Marítimo do Sado, S.A. Terminal Multiusos do porto de Setúbal (Portugal)	Port operation	-	40.00%	Proportional	220
Sala, S.A. Esp Avda. Canal Bogotá, 7N-114 Zona Industrial. Departamento Norte de Santander, Cúcuta (Colombia)	Various cleaning	Jaime Ramirez Tellez	50.00%	Proportional	24,678
Salmedina Tratamiento de Residuos Inertes, S.L. Cañada Real de las Merinas, s/n, Cº de los Aceiteros, 101	Treatment of inert wastes	BDO Audiberia	41.98%	Proportional	17,108
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%	Proportional	63,490
Sistemas de Reducción, S.A. Pasaje Vicent Marri, 13. Barcelona	Thermal treatment of waste	-	40.00%	Proportional	-
SLPP - Serviços Logísticos de Portos Portugueses, S.A. Rua Mario dionisio, 2. Linda-a-Velha, Oeiras (Portugal)	Port operator	-	50.00%	Proportional	-5,612
Starco, S.A. Alcalde Guzmán, 18. Quilicura (Chile)	Collection of urban solid waste, street cleaning and dump management	Gran Thornton	50.00%	Proportional	11,086
Técnicas Medioambientales del Golfo, S.A. de C.V. C/ Mier y Teran, 260, 4º Piso en Cd Victoria. Tamaulipas (México)	USW, environmental construction, hospital waste, industrial waste, water treatment	Mancera, SC. Ernst & Young	50.00%	Proportional	1,161
Terminal Marítima de Cartagena, S.L. Pza. del Rey / Edif. Real, 8 2º. 30205 Cartagena, Murcia	Merchandise loading, unloading and handling operations	-	50.00%	Proportional	-924
TESC - Terminal Santa Catarina, S.A. Avda. Engenheiro Leite Ribeiro, 99. San Francisco do Sul (Brasil)	Container terminal	-	50.00%	-	-22,404
Valdemingomez 2000, S.A. C/ Albasanz, 16. 28037 Madrid	Valdemingómez degasification	Deloitte	33.59%	Proportional	9,675
Vertedero Las Mulas, S.L. Camino de Las Mulas, s/n. 28945 Fuenlabrada, Madrid	Waste treatment	-	50.00%	Proportional	-
WRC Operadores Portuarios, Ltda. Rue Marechal Deodoro, 156, sala A. San Francisco do Sul (Brasil)	Ship stowage company	-	50.00%	Proportional	-4,646
Zenit, S.A. C/ Cardenal Marcelo Spínola, 42, 8º dcha. Madrid	Integral services at airports	-	51.00%	Proportional	-
Zoreda Internacional, S.A. C/ Rodríguez San Pedro, 5. Gijón	Search for environmental business in Central and South America	-	40.00%	Proportional	-
CONCESSIONS					
Infrastructure Concessions South Africa, Ltd., 24 Sunninghill Office Park, Peltier Road Sunninghill, 2157 (Sudáfrica)	Holding company	Deloitte	50.00%	Proportional	-
Tag Red, S.A. Avda. Alonso de Córdoba, 5151, Ofic. 501. Las Condes, Santiago de Chile (Chile)	Roads	Abogados de Guerrero Olivos	50.00%	Proportional	-

Joint Venture and Address	Activity	Auditor	% Effective Ownership	Consolidation Method ^(*)	Revenue (Thousands of Euros)
CONSTRUCTION					
4º Carril A-6 Las Rozas-Villalba Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	90.00%	Proportional	12,294
Aeie Tunel del Perthus Vía Laietana, 33. Barcelona	Construction	-	59.00%	Proportional	138,101
Ampliacion Ap6 Tramo 2 Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	45.00%	Proportional	12,757
Auditorio Pza. Juan de Austria, 2. Valladolid	Construction	-	50.00%	Proportional	30,336
Autovía Mediterraneo: Nerja Almuñecar Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	75.00%	Proportional	14,911
Autovía Navalmoral Avda. Lusitania, 11. Mérida	Construction	-	50.00%	Proportional	13,435
Autovía Navarrete C/ Orense, 11. 28020 Madrid	Construction	-	50.00%	Proportional	12,444
Ave Buñol-Cheste C/ Orense, 11. 28020 Madrid	Construction	-	67.00%	Proportional	10,317
Ave Castellbisbal (ACS-Vías) C/ Arago, 390. Barcelona	Construction	-	100.00%	Proportional	20,209
Ave Lalín Avda. Finisterre, 25. A Coruña	Construction	-	100.00%	Proportional	21,089
Ave Olerdola C/ Aragón, 300. Barcelona	Construction	-	100.00%	Proportional	12,464
Brión C/ Wenceslao Fernández Florez, 1. A Coruña	Construction	-	70.00%	Proportional	35,427
Captación Agua Mar San Pedro Pinatar C/ Olof Palme, Edif. Estrella, Po Bj. Murcia	Construction	-	50.00%	Proportional	11,913
Centro Control M-30 C/ Sepúlveda, 6. Alcobendas, Madrid	Construction	-	20.00%	Proportional	12,497
Centro Invest. Desarrol. Innovac. Rioja C/ Gran Vía Juan Carlos I, 73. Logroño	Construction	-	49.50%	Proportional	14,011
Centro Penit. El Puerto III Avda. República de Argentina, 24. Sevilla	Construction	-	80.00%	Proportional	46,388
Ciudad de las Comunicaciones Avda. Pío XII, 102. Madrid	Construction	-	50.00%	Proportional	143,885
Clínica Quirón Barcelona Vía Laietana, 33. Barcelona	Construction	-	100.00%	Proportional	20,412
Complejo Ferroviario Plaza C/ Capitán Portolés, 1. Zaragoza	Construction	-	78.00%	Proportional	28,034
Cons. Ctro. Deportes Acuático Ámbito O.E. Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	80.00%	Proportional	22,101
Construcció Can Brians-2 Vía Laietana, 33. Barcelona	Construction	-	75.00%	Proportional	55,765
Construcción Autopista Vitoria-Eibar C/ Portal de Castilla, 46. Vitoria-Gasteiz	Construction	-	45.00%	Proportional	25,916

NOTE: The auditor is only indicated in the case of UTE's/EIG's for which a specific audit report has been issued. The others are audited to the extent that they are included in the individual financial statements of the related company.

2.2 Consolidated Financial Statements

Joint Venture and Address	Activity	Auditor	% Effective Ownership	Consolidation Method ^(*)	Revenue (Thousands of Euros)
Dic Sud Tram Tres Vía Laletana, 33. Barcelona	Construction	-	27.00%	Proportional	34,650
Dique Abrigo Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	50.00%	Proportional	15,136
Dique Sur Tramos I y II Vía Laletana, 33. Barcelona	Construction	-	34.00%	Proportional	53,764
Dique Torres C/ Santa Susana, 27. Oviedo	Construction	-	38.00%	Proportional	70,801
Dopsa - OHL, S.A. Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	60.00%	Proportional	17,793
Dragados/Judlau Jv Nueva York	Construction	-	70.00%	Proportional	10,867
Ecociudad Valdespartera Zaragoza C/ Capitán Portolés, 1. Zaragoza	Construction	-	70.00%	Proportional	21,720
EDAR Rejas Avda. Fuente de la Mora, 2. Madrid	Construction	-	100.00%	Proportional	17,001
Edificios 6-7-8 WTC Avda. Josep Tarradellas, 123. Barcelona	Construction	-	36.00%	Proportional	13,393
El Prado Avda. Pío XII, 102. Madrid	Construction	-	50.00%	Proportional	42,143
Enlace R3/M50 C/ Cardenal Marcelo Spínola, 52. Madrid	Construction	-	33.33%	Proportional	13,015
Estanque de Tormentas Arroyofresno Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	100.00%	Proportional	38,690
Feria Muestras C/ Cullera, 37. Valencia	Construction	-	45.00%	Proportional	20,065
Ferrocarril Benalmádena-Fuengirola C/ Blanca Paloma, 5 Local 4. Fuengirola	Construction	-	100.00%	Proportional	11,515
Fombera C/ Hermanos Moroy, 8 1ºF. 26001 Logroño	Construction	-	50.00%	Proportional	12,249
Guadarrama III Tr. del Fielato, 2. Segovia	Construction	-	33.33%	Proportional	28,504
Guadarrama IV Tr. del Fielato, 2. Segovia	Construction	-	33.33%	Proportional	21,120
Hospital Inca Pza. Es Forti, 4. Palma de Mallorca	Construction	-	80.00%	Proportional	15,606
Hospital Majadahonda Construction Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	55.00%	Proportional	62,181
Hospital San Pedro C/ Gran Vía Juan Carlos I, 73. Logroño	Construction	-	49.50%	Proportional	76,518
Isla Verde Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	35.00%	Proportional	28,958
L-9 Llobregat Fira Avda. Diagonal, 427. Barcelona	Construction	-	28.70%	Proportional	31,064
L-9 Viaducte Zona Franca C/ Aragón, 390. Barcelona	Construction	-	27.00%	Proportional	31,839
Langosteira Avda. Finisterre, 25. A Coruña	Construction	-	55.00%	Proportional	18,571

NOTE: The auditor is only indicated in the case of UTE's/EIG's for which a specific audit report has been issued. The others are audited to the extent that they are included in the individual financial statements of the related company.

Joint Venture and Address	Activity	Auditor	% Effective Ownership	Consolidation Method ^(*)	Revenue (Thousands of Euros)
Laurena Pº Errotaburu, 1. Donostia-San Sebastián	Construction	-	40.00%	Proportional	22,263
Línea 3 Canyelles-Trinitat Vía Laietana, 33. Barcelona	Construction	-	80.00%	Proportional	21,794
M-30 Tunel Sur Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	50.00%	Proportional	192,566
M-40 Las Tablas C/ Ronda de Poniente, 11. 28760 Tres Cantos, Madrid	Construction	-	50.00%	Proportional	19,129
Metro de Sevilla Avda. Juan Pablo II, s/n. Sevilla	Construction	-	42.04%	Proportional	89,353
Metro Línea-9 Vía Laietana, 33. Barcelona	Construction	-	43.50%	Proportional	49,768
Metro Manises-Aeropuerto C/ Alvaro de Bazán, 10. Valencia	Construction	-	40.00%	Proportional	13,828
Metro Quart - Manises C/ Alvaro de Bazán, 10. Valencia	Construction	-	40.00%	Proportional	19,366
Muelle Isla Verde 2ª Fase 2ª Actuac. C/ Muelle Isla Verde, s/n. Algeciras	Construction	-	50.00%	Proportional	20,693
Novo Hospital Xeral de Lugo C/ Salvador Moreno, 44. Pontevedra	Construction	-	50.00%	Proportional	21,261
Nuevo Hospital La Fe C/ Alvaro de Bazán, 10. Valencia	Construction	-	70.00%	Proportional	17,636
Palacio de Las Artes C/ Alvaro de Bazán, 10. Valencia	Construction	-	50.00%	Proportional	40,188
Parc Biomédica 2 C/ Viriato, 47. Barcelona	Construction	-	50.00%	Proportional	18,952
Parking Gran Vía C/ Hermanos Moroy, 8 1ºF. 26001 Logroño	Construction	-	33.00%	Proportional	23,348
Penitenciaría Morón C/ Orense, 11. Madrid	Construction	-	100.00%	Proportional	12,395
Peri Ametzola y Aparcamiento Municipal Pza. Venezuela, 1. Bilbao	Construction	-	50.00%	Proportional	11,588
Plaza Castilla C/ Estébanez Calderón, 3. Madrid	Construction	-	75.00%	Proportional	40,071
Prefabricados M-30 C/ Acanto, 22. Madrid	Construction	-	50.00%	Proportional	19,881
Príncipe Pío C/ Orense, 11. 28020 Madrid	Construction	-	85.00%	Proportional	23,704
Prolongación Dique Reina Sofía C/ Anchieta, 6. Las Palmas de Gran Canaria	Construction	-	40.00%	Proportional	10,702
Prolongación Muelle Este C/ Muelle Isla Verde. Algeciras	Construction	-	50.00%	Proportional	14,795
Quirón C/ Orense, 11. 28020 Madrid	Construction	-	100.00%	Proportional	33,205
Recinto Expo C/ Orense, 11. 28020 Madrid	Construction	-	50.00%	Proportional	33,493
Relleno Prat 1 Pza. Castilla, 3. Madrid	Construction	-	32.00%	Proportional	10,279

NOTE: The auditor is only indicated in the case of UTE's/EIG's for which a specific audit report has been issued. The others are audited to the extent that they are included in the individual financial statements of the related company.

2.2 Consolidated Financial Statements

Joint Venture and Address	Activity	Auditor	% Effective Ownership	Consolidation Method ^(*)	Revenue (Thousands of Euros)
Remodelacion Estacion Embajadores C/ Cardenal Marcelo Spínola, 52. Madrid	Construction	-	50.00%	Proportional	17,440
Ronda Norte Valencia C/ Alvaro de Bazán, 10. Valencia	Construction	-	70.00%	Proportional	14,081
Sants Vía Laietana, 33. Barcelona	Construction	-	100.00%	Proportional	15,477
Son Oliva Pza. Es Fortí, 4. Palma de Mallorca	Construction	-	60.00%	Proportional	24,260
Teatros Canal Avda. Pío XII, 102. Madrid	Construction	-	50.00%	Proportional	10,270
Terminal Aeropuerto (Dragados-Comsa) C/ Aragón, 390. Barcelona	Construction	-	70.00%	Proportional	32,705
Terminal Aeropuerto La Palma C/ Puerta Canseco, 49. Sta. Cruz de Tenerife	Construction	-	70.00%	Proportional	14,743
Terminal Barajas C/ Maldonado, 50. Madrid	Construction	-	22.50%	Proportional	32,826
Terminal Graneles Sólidos C/ Antigua Senda Senent, 11. Valencia	Construction	-	50.00%	Proportional	20,104
Torre I-FCC.Dragados C/ Maldonado, 50. Madrid	Construction	-	40.00%	Proportional	22,282
Trans Euro Pyrenees, A.E.I.E. Pza. Palmera, 8. Figueres	Construction	-	42.49%	Proportional	11,487
Transversales Pto. Valencia C/ Alvaro de Bazán, 10. Valencia	Construction	-	67.00%	Proportional	17,277
Tranvía La Laguna C/ Candelaria, 28. Sta. Cruz de Tenerife	Construction	-	100.00%	Proportional	25,460
Trebisa-Obras Sub. - Dragados C/ Els Cortals, Edif. Verónica. (Andorra)	Construction	-	45.00%	Proportional	26,378
Túnel Abdalajís Este-Málaga Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	80.00%	Proportional	31,970
Túnel Atocha-Nuevos Ministerios C/ Cardenal Marcelo Spínola, 52. Madrid	Construction	-	100.00%	Proportional	30,217
Túnel Guadarrama Sur Avda. Europa, 18. Alcobendas, Madrid	Construction	-	34.46%	Proportional	80,733
Túnel Valle de Los Caídos Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	92.50%	Proportional	56,519
Túneles de Pajares 2 Avda. de Tenerife, 4. San Sebastián de los Reyes, Madrid	Construction	-	84.00%	Proportional	52,850
Urbanizaciónn PGOU Paracuellos C/ Alcalá, 73. Madrid	Construction	-	60.00%	Proportional	22,235
Vía Chamartín C/ Padre Damián, 41. Madrid	Construction	-	100.00%	Proportional	11,151
Vías Gea C/ Luis de Morales, 2 5ª Planta. 41018 Sevilla	Construction	-	60.00%	Proportional	13,391
Villanubla II/III Pza. Juan de Austria, 2. Valladolid	Construction	-	50.00%	Proportional	11,339
Waterford Joint Venture M1 Southern Link Interbridge (Estados Unidos)	Construction	-	100.00%	Proportional	14,625
Yesa C/ Rene Petit, 25. Yesa	Construction	-	33.33%	Proportional	15,065

NOTE: The auditor is only indicated in the case of UTE's/EIG's for which a specific audit report has been issued. The others are audited to the extent that they are included in the individual financial statements of the related company.

Joint Venture and Address	Activity	Auditor	% Effective Ownership	Consolidation Method ^(*)	Revenue (Thousands of Euros)
INDUSTRIAL SERVICES					
Emp. Mantenimiento y Explot. M-30 Príncipe de Vergara, 135. 28002 Madrid	-	-	17.00%	Proportional	12,057
Save 3, UTE Avda. del Brasil, 6. 28020 Madrid	045	-	26.20%	Proportional	12,632
UTE Barquimetro C/ Sepúlveda, 6. 28108 Alcobendas, Madrid	Trolley buses	-	100.00%	Proportional	49,202
UTE C.T. Andasol Uno C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Industrial plants	-	80.00%	Proportional	70,022
UTE Centro Control M-30 C/ Sepúlveda, 6. 28108 Alcobendas, Madrid	-	-	80.00%	Proportional	12,497
UTE Comave Pº Castellana, 257. 28046 Madrid	045	-	28.33%	Proportional	15,891
UTE Fenol III C/ Vía de Los Poblados, 11. 28033 Madrid	Construction and engineering	-	66.67%	Proportional	48,083
UTE Libia Subestaciones C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Industrial plants	-	50.00%	Proportional	89,510
UTE Midi Edif. Milenio, C/ Teide, 5 1º. 28709 San Sebastián de los Reyes, Madrid	Construction and engineering	-	65.00%	Proportional	21,826
UTE Olefinas Kuwait C/ Vía de Los Poblados, 11. 28033 Madrid	Construction and engineering	-	95.00%	Proportional	27,222
UTE Pars de Iran C/ Vía de Los Poblados, 11. 28033 Madrid	Construction and engineering	-	30.00%	Proportional	12,090
UTE Regasagunto C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Industrial plants	-	60.00%	Proportional	45,312
UTE Save III C/ Raimundo Fernández Villaverde, 53. 28003 Madrid	Electrical installations	-	21.10%	Proportional	14,469
UTE Torre C/ Rodríguez Arias, 23. 48011 Bilbao	Electrical installations	-	20.00%	Proportional	13,335
UTE Transmerida C/ Sepúlveda, 6. 28108 Alcobendas, Madrid	Trolley buses	Deloitte	19.38%	Proportional	24,393
SERVICES					
UTE La Paloma Ctra. de Valencia, Km 14. Valdemingomez, Madrid	USW treatment	-	62.00%	Proportional	18,582
UTE Clecet C/ Orense, 6 Planta 1ª. 28020 Madrid	Cleaning of Police and Civil Guard Headquarters	-	80.00%	Proportional	31,039
UTE Legio C/ Valle de Portugal, s/n. San Román de la Vega, León	USW treatment	-	50.00%	Proportional	11,498
UTE Urbapi C/ Castrobarito, 10. Madrid	Urban Services	-	85.00%	Proportional	10,636
UTE Vertresa - FCC (Tenerife) C/ Albasanz, 16. Madrid	USW treatment	-	90.00%	Proportional	11,608
UTE Vertresa - RWE - Senda (Dehesas) C/ Albasanz, 16. Madrid	USW treatment	Deloitte	95.00%	Proportional	23,829

NOTE: The auditor is only indicated in the case of UTE's/EIG's for which a specific audit report has been issued. The others are audited to the extent that they are included in the individual financial statements of the related company.

2.2 Consolidated Financial Statements

Anexo III Associates

Company and Address	Activity	Auditor	% Effective Ownership	Data on the Investee(100%) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
PARENT								
Abertis Infraestructuras, S.A. Avinguda del Parc Logistic, 12-20. 08040 Barcelona	Concession	Price Waterhouse Coopers	24.83%	19,217,335	15,764,544	3,452,791	3,242,986	530,030
Unión Fenosa, S.A. Avda. de San Luis, 77. 28033 Madrid	Energy	Deloitte	40.47%	16,802,081	12,332,376	4,469,705	5,983,435	635,359
CONSTRUCTION								
Cleón, S.A. C/ Villanueva, 2. Madrid	Real estate	-	25.00%	108,874	7,690	101,184	0	138
Gestión Marina Deportiva, S.A. Avda. Tenerife, 4-6. San Sebastián de los Reyes, Madrid	Concession	-	33.33%	502	0	502	0	9
Juluna, S.A. C/ Sami, 3. Valencia	Real estate	-	30.00%	772	10	762	0	0
Supercor Orense, S.A. C/ Benito Blanco Rajoy, 9. A Coruña	Construction	-	35.00%	4	0	4	0	0
INDUSTRIAL SERVICES								
Aldebarán S.M.E., S.A. Amistat, 23. 08005 Barcelona	Generation of electricity	-	50.00%	4,521	2,621	1,900	0	1,764
C.I.E.R., S.L.	Generation of electricity	-	50.00%	11	3	8	0	0
Cachoeira Paulista Transmisora de Energía, S.A. Rue Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Electrical assembly and services	Deloitte	33.00%	76,580	49,048	27,532	13,329	4,421
Clickair, S.A. C/ Apolonio Morales, 10F. Madrid	Airline	-	20.76%	46,223	23,276	22,947	9,457	-8,653
Consorcio de Telecomunicaciones Avanzadas, S.A. Avda. Juan Carlos I, 59-6. Espinardo, Murcia	Telecommunications	-	10.52%	3,024	1,772	1,252	787	265
Cygnus Air, S.A. C/ Agueton, 7. 28042 Madrid	Air transport	Deloitte	40.00%	33,962	24,467	9,495	32,676	2,669
Depuradoras del Bajo Aragón, S.A. Paraíso, 3, Cuarte de Huerva. 50410 Zaragoza	Water treatment	-	45.00%	0	0	0	0	0
Desarrollos Energéticos Asturianos, S.L. C/ B, s/n Pol. Ind. Las Merindades. 09550 Villarcayo, Burgos	Generation of electricity	-	50.00%	488	0	488	0	-10
Dora 2002, S.A. C/ Monte Esquinza, 34. 28010 Madrid	Asset holding	-	45.39%	287	287	0	0	0
Dyta. Eólica de Castilla La Mancha, S.A. Río Ventalama, 4. 45007 Toledo	Generation of electricity	-	40.00%	4,658	15	4,643	0	-74
Elecdey de Castilla La Mancha, S.A. Maudes, 51. 28003 Madrid	Generation of electricity	-	42.00%	71,590	68,005	3,585	5,873	999

(*) Minority interest are not included.

Company and Address	Data on the Investee(100%) (Thousands of Euros)							
	Activity	Auditor	% Effective Ownership	Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Electra de Montánchez, S.A. C/ Periodista Sanchez Asensio, 1. Cáceres	Generation of electricity	-	40.00%	496	26	470	0	-30
Energías Alternativas Eólicas, S.L. Gran Vía Juan Carlos I, 9. 26002 Rioja	Generation of electricity	-	37.50%	35,819	29,442	6,377	0	3,516
Energías Renovables de Ricobayo, S.A. Romero Girón, 4. 28036 Madrid	Generation of electricity	-	50.00%	995	493	502	0	-31
Expansion Transmissao de Energia Eléctrica, S.A. Rua Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Electrical assembly and services	Deloitte	25.00%	134,221	90,619	43,602	34,704	13,369
Explotaciones Eólicas Sierra de Utrera, S.L. C/ Príncipe de Vergara. 28006 Madrid	Generation of electricity	-	25.00%	24,979	34,493	-9,514	0	-4,005
Geida Beni Saf C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Electrical assembly and services	-	25.00%	48,827	43,068	5,759	2,500	-1,148
Geida Skikda C/ Cardenal Marcelo Spínola, 10. 28016 Madrid	Electrical assembly and services	-	25.00%	43,503	40,820	2,683	-845	-1,653
Incro, S.A. C/ Serrano, 27. 28016 Madrid	Engineering	-	24.99%	8,590	7,896	694	4,729	517
Itumbiara Transmissora de Energia, Ltda. Rua Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Energy Transport	-	33.33%	295,358	189,282	106,076	-411	-580
Loma del Capón, S.L. C/ Loja, 8. 18220 Albolote, Granada	Generation of electricity	-	50.00%	937	816	121	0	0
Nordeste Transmisora de Energia, Ltda. Avda. Marechal Camara, 160 Sala 1833 y 1834. 20030-020 Rio de Janeiro (Brasil)	Electrical concession	AGN Canarim	49.96%	145,810	87,527	58,283	28,192	8,662
Parque Eólico Región de Murcia, S.A. Central, 12. 30007 Murcia.	Generation of electricity	-	20.00%	385	263	122	0	-189
Parque Eólico Tadeas, S.L. Amistat, 23. 08005 Barcelona	Generation of electricity	-	30.00%	3,607	2,967	640	0	-10
Parque Eólico Valdehiero, S.L. Amistat, 23. 08005 Barcelona	Generation of electricity	-	30.00%	1,194	355	839	0	-11
Porto Primavera, Ltda. Rua Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Energy transport	-	33.33%	124,651	63,256	61,395	1,744	191
Red Eléctrica del Sur, S.A. Juan de la Fuente, 453. Miraflores, Lima (Perú)	Energy transport	KPMG	23.75%	58,251	37,162	21,089	9,034	2,054
Serra da Mesa Transmissora de Energia, Ltda. Rua Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Energy transport	-	33.33%	12,787	12,787	0	0	0
Serra do Moncoso Cambas, S.L. Rua da Constitucion, 30. 15189 Culleredo, A Coruña	Generation of electricity	-	45.00%	0	0	0	0	0
Sociedad General de Recursos Energéticos, S.A. Paseo de la Castellana, 95. 28046 Madrid	Generation of electricity	-	24.90%	561	110	451	0	-41
Somozas Energías Renovables, S.A. Lg Iglesia, 1. 15565 A Coruña	Generation of electricity	Deloitte	25.00%	11,801	11,601	200	0	42
STE - Sul Transmissora de Energia, Ltda. Avda. Marechal Camara, 160 Sala 1833 y 1834. 20030-020 Rio de Janeiro (Brasil)	Concession eléctrica	AGN Canarim	49.87%	84,629	55,116	29,513	13,162	2,930
Transmissão Itumbiara Marimondo, S.A. Rua Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Electrical assembly and services	Deloitte	25.00%	70,306	44,596	25,710	14,178	4,753

(*) Minority interest are not included.

2.2 Consolidated Financial Statements

Company and Address	Data on the Investee(100%) (Thousands of Euros)							
	Activity	Auditor	% Effective Ownership	Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Uirapuru Transmissora de Energia, Ltda. Rua Deputado Antonio Edu Vieira, 999. Florianopolis, Estado Santa Catarina. (Brasil)	Electrical concession	AGN Canarim	40.98%	38,933	24,772	14,161	2,739	100
Vila do Conde, Ltda. Rua Marechal Camera, 160. 20020 Rio de Janeiro (Brasil)	Energy transport	-	33.33%	93,392	65,685	27,707	6,388	-1,032
SERVICES								
A.T.M. Cartera, S.L. C/ Muelle, 1 de la Ampliación del Puerto de Bilbao. Santurce, Vizcaya	Holding company	Deloitte	48.74%	10,592	4,732	5,859	0	-1,863
ABG, Servicios Medioambientales, S.A. Colón de Larrategui, 26. Bilbao	Industrial wastes	-	26.60%	88	126	-38	0	404
Abra Terminales Marítimas, S.A. C/ Muelle, 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya	Port terminal	Deloitte	48.74%	54,324	47,826	6,498	15,439	-1,347
Aguas del Gran Buenos Aires, S.A. C/ 48, 877 Piso 4 Ofic. 408. La Plata, Provincia de Buenos Aires	Integral water management	Sergio Garcia y Asociados	26.34%	13,725	4,180	9,545	3,530	-1,414
Atlas Forwarding, S.L. C/ de la Palloza, 1 Entrepantia Cuerpo C. Torre Esmeralda. A Coruña	Transport of goods	-	47.00%	1,179	967	212	7,750	101
C. Steinweg Ibérica, S.L. C/ Atlantic, 112-120. 08040 Barcelona	Logistics	-	40.00%	4,039	2,205	1,834	5,428	401
Castellón Terminal Portuaria, S.A. C/ Muelle del Centenerio, s/n. Castellón	Stowing and unstowing of merchandise	-	29.17%	17,631	14,537	3,094	6,846	-1,057
Compañía Navarra de Autobuses, S.A. C/ Olite, 3. Imarcoain	Passenger transportation	I.A.C.J.C.E.	31.24%	8,388	2,011	6,377	5,545	-131
DPI Terminals Dominicana, Ltda. Islas Vírgenes Británicas	Holding company	-	30.00%	28,039	10,034	18,006	0	-2,289
Ecología y Técnicas Sanitarias, S.L. C/ Josefina Mayor, 9 Nave 3. Urb. Ind. El Goro. Telde	Collection, transportation, storage, and re-delivery of sanitary service	-	5.00%	3	0	3	0	0
Ecoparc del Mediterrani, S.A. Avda. Eduard Maristany, s/n. 08930 Sant Adria de Besós	Urban solid waste treatment	-	32.00%	6,503	3,250	3,253	492	-1,191
Ecoparc, S.A. C/ A. Pol. Ind. Zona Franca. Barcelona	Waste treatment	Deloitte	52.00%	73,436	72,447	989	7,210	-3,157
Eix Bus, S.A. C/ Sardenya, 16. Girona	Passenger transportation	-	33.32%	323	99	224	0	164
Empresa Municipal de Aguas del Ferrol, S.A. C/ Praza da Ilustracion, 5-6 Baixo. Ferrol, A Coruña	Integral water management	Audigal	49.00%	15,659	10,143	5,516	4,799	132
Energías y Tierras Fértiles, S.A. Pascual y Genís, 19. 46002 Valencia	Waste treatment	-	33.36%	63	0	63	0	0
Entaban Biocombustibles del Pirineo, S.A. Paseo Independencia, 28. Zaragoza	Biodiesel	Deloitte	25.00%	10,514	8,904	1,610	0	-1,075
Estación de Autobuses Aguilar de Campo, S.L. C/ Calzada de Toro, 40. Villares de la Reina	Bus station	-	33.33%	426	418	8	0	-21

(*) Minority interest are not included.

Company and Address	Data on the Investee(100%) (Thousands of Euros)							
	Activity	Auditor	% Effective Ownership	Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Estación de Autobuses de Cartagena, S.A. Avda. Torero Marín, 3. Cartagena	Bus station	-	31.00%	310	272	38	820	7
Estación de Autobuses de Vitoria, S.L. Los Herran, 50. Vitoria	Bus station	-	25.00%	98	42	56	214	0
Estacionamientos El Pilar, S.A. Avda. de Tenerife, 4-6. 28700 San Sebastián de los Reyes, Madrid	Operation of car parks. Removal of vehicles	Deloitte	50.00%	7,534	1,802	5,732	3,316	1,078
Gestión de Maquinaria Portuaria, S.A. Edif. Usuarios, Puerto de Castellón, s/n. Castellón	Rental of machinery	-	28.19%	79	1	78	0	0
Guachi 2000, S.L. Muelle Evaristo Fernandez, 28. Barcelona	Holding company	-	38.70%	1,138	1,217	-79	0	40
Hércules International Towage Services, S.A. Lg Moll Evarist Fernández, 28 Edif. Remolcadores. 08039 Barcelona	Sea towing services	-	19.09%	67	69	-2	0	-153
International City Cleaning Company Bordi Masser Lel-Siaha, Maydan. Al-Abbasia Aawan (Egipto)	Urban solid waste	KPMG	30.00%	1,932	1,324	608	0	0
Iquique Terminal Internacional, S.A. C/ San Martín, 255 Ofic. 151. Iquique (Chile)	Port terminal	Price Waterhouse Coopers	40.00%	23,940	11,559	12,381	12,848	2,475
Lev Aragonesa de Tránsitos, S.A. Avda. Ferrandis Salvador, s/n. Castellón	Transfer, deposit and management of goods	-	34.00%	2,475	1,053	1,422	1,164	40
Mac Insular, S.L. C/ Julián Álvarez, 12A 1º. Palma de Mallorca	Waste treatment	-	8.00%	0	0	0	0	0
Marítima Consiflet, S.A. Cuesta de la Palloza, 1. A Coruña	Ship consignment	-	47.00%	4,068	2,375	1,693	15,500	661
Marítima de Galicia, S.L. Pza. de Compostela, 19. Vigo, Pontevedra	Transport of goods	-	46.91%	1,143	689	454	7,400	203
Mepsa Servicios y Operaciones, S.A. C/ Mallorca, 260. Barcelona	Leasing of port space	-	35.00%	1,241	1,033	208	1,400	106
Movelia Tecnologías, S.L. Avda. América, 9. Madrid	Passenger transportation	-	28.08%	2,359	367	1,992	906	-912
Muelles y Espacios Portuarios, S.A. C/ Mallorca, 260. Barcelona	Rental of port space	PKF Audiec, S.A.	35.00%	26,780	22,362	4,418	6,330	553
Operaciones Portuarias Canarias, S.A. Avda. de los Cambulloneros, s/n. Las Palmas de Gran Canaria	Port terminal	Ernst & Young	45.00%	77,747	37,188	40,559	48,301	1,471
Progeco Bilbao, S.A. Avda. Antonio Alzaga, 138. Santurce, Vizcaya	Repair, maintenance and storage of containers	-	26.49%	3,300	1,195	2,105	1,864	158
Progeco Vigo, S.A. C/ Pontevedra, 4 3º. Vigo, Pontevedra	Storage and repair of containers	-	25.15%	3,746	849	2,898	2,350	274
Remolcadores de Barcelona, S.A. Muelle Evaristo Fernandez, 28. Barcelona	Ship towing	Audihispana, S.A.	38.70%	41,173	4,904	36,268	14,393	5,703
Servicio Puerto Rada y Antipolución, S.A. Muelle Evaristo Fernandez, 28. Barcelona	Work to eliminate sea pollution	-	38.70%	1,407	499	908	572	193
Terminal de Graneles de Castellón, S.A. C/ Puerto Muelle Serrano Lloberas, s/n. Castellón	Bulk terminal	-	25.93%	9,780	5,738	4,042	12,052	2,081

(*) Minority interest are not included.

2.2 Consolidated Financial Statements

Company and Address	Activity	Auditor	% Effective Ownership	Data on the Investee(100%) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Terminales Marítimas Servicesa, S.A. Muelle de la Xita, s/n. Valencia	Stowing and unstowing of ships	Paloma Sanz Matias	42.50%	15,316	6,537	8,779	14,461	3,219
Terminales Marítimos de Galicia, S.L. Muelle de Calvo Sotelo, s/n. A Coruña	Ship consignment	-	19.98%	10,514	6,858	3,656	540	88
Tirme, S.A. Ctra. de Soller, Km 8,2. 07120 Son Reus, Palma de Mallorca	Urban solid waste treatment	Deloitte	20.00%	247,501	220,591	26,910	66,660	4,569
Transportes Portuarios Gallegos, S.L. República Argentina, 23-27 Ofic. 1. Vigo, Pontevedra	Transport agency	-	23.50%	1,120	929	191	1,466	68
Transportes Rontegui, S.L. Avda. Antonio Alzaga, 138. Santurce, Vizcaya	Transport agency	-	26.49%	498	362	136	766	13
Transports dels Pirineus, S.A. Avda. Josep Tarradellas, 42. (Andorra)	Passenger transportation	-	33.00%	146	58	88	144	1
Tratamiento Industrial de Residuos Sólidos, S.A. Rambla Cataluña, 91. 08008 Barcelona	Waste collection and treatment	Castellá Auditores Consultors, S.L.	33.33%	15,232	10,478	4,754	23,810	254
CONCESSIONS								
Aerocali, S.A. Aeropuerto Alfonso Bonilla Aragón, Piso 3º. Palmira (Colombia)	Airports	Deloitte	33.33%	6,520	3,991	2,529	10,958	943
Aeropuertos Mejicanos del Pacifico, S.A. de C.V. Avda. Mariano Otero, 1249 Ala B Piso 7. Condomino Centro Torre Pacifico, Guadalajara, Jalisco (México)	Airports	Deloitte	33.33%	185,737	0	185,737	8,483	8,483
Autovía de los Pinares, S.A. Pza. Juan de Austria, 22. 47006 Valladolid	Roads	Deloitte	53.33%	25,844	22,440	3,404	0	0
Bakwena Platinum Corridor Concessionaire, Ltd. 24 Sunninghill Office Park, Peltier Road Sunninghill 2157	Roads	Deloitte	25.00%	309,782	308,171	1,611	54,397	2,298
Bidelan AP-1, S.A. Portuetxe Kalea, 53A Ofic. 108 de 20.08. Donostia	Roads	BSK Bask Consulting	50.00%	4,040	4,834	-794	3,456	-799
Bidelan Guipuzkoako Autobideak, S.A. Pza. de los Amezueta, 10. 20010 San Sebastián, Guipúzcoa	Roads	BSK Bask Consulting	50.00%	100,799	93,946	6,853	23,186	703
Celtic Road Group Burton Court, Burton Hall Road. Sandyford, Dublín 18. (Irlanda)	Roads	BDO Simpson Xavier	33.33%	146,101	143,619	2,482	8,361	-1,557
Celtic Roads Group (Waterford), Ltd. Toll Plaza, Balgeen, Co. Meath Ireland	Roads	BDO Simpson Xavier	33.33%	58,230	65,882	-7,652	0	0
Circunvalación Alicante, S.A. C/ Auso y Monzo, 16 6ª Planta, Edif. Hispania. 03006 Alicante	Roads	KPMG	50.00%	183,668	130,768	52,900	0	-361

(*) Minority interest are not included.

Company and Address	Data on the Investee(100%) (Thousands of Euros)							
	Activity	Auditor	% Effective Ownership	Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Infraestructuras y Radiales, S.A. C/ Golfo de Salónica, 27. Madrid	Roads	KPMG	35,00%	546.195	558.418	-12.223	20.975	-29.149
Intercambiador de Transportes Plaza de Castilla, S.A. Avda. de América, 2-17B. Madrid	Station operation	-	50,00%	74,155	56,155	18,000	0	0
MBJ Airports, Ltd. Island Mailboxes Suit 4000 Montego Bay St. James (Jamaica)	Airports	Deloitte	35,00%	106,780	95,594	11,186	19,540	2,798
Metro de Sevilla Sdad Conce Junta Andalucía, S.A. Avda. San Francisco Javier, 15, Edif. Capitolio, Planta 5ª, Módulo B. 41005 Sevilla	Railroads	KPMG	31,13%	283,637	202,975	80,662	0	0
Nea Odos Concession Societe Anonyme Municipality of Athens. Messogeion Avenue, 85. 11526 Athens (Grecia)	Roads	Deloitte	33,33%	5,000	0	5,000	0	0
Northlink M1, Ltd. Burton Court, Burton Hall Road, Sandyford, Dublín 18 (Irlanda)	Roads	KPMG	27,00%	3,751	3,390	361	1,843	259
Pt Operational Services Pty, Ltd. 1 Lavender Road Bon Accord 009 (Sudáfrica)	Roads	KPMG	33,40%	3,433	683	2,750	9,324	2,191
Road Management (A13) Plc. Sandiway House, Littlelades Lane Hartford. Northwich Cheshire CW8 2YA	Roads	Ernst & Young	25,00%	361,130	386,897	-25,767	25,125	-14,101
Road Management Services (Darrington) Holdings, Ltd. Sandiway House, Littlelades Lane Hartford. Northwich Cheshire CW8 2YA	Roads	Ernst & Young	25,00%	388,745	387,969	776	0	0
Ruta de los Pantanos, S.A. Carretera M-501, Km 10,200. 28670 Madrid	Roads	Deloitte	25,00%	96,259	94,064	2,195	10,306	-1,271
Rutas de Pacífico, S.A. Ruta 68, Km 17,900. Pudahuel, Santiago de Chile (Chile)	Roads	Ernst & Young	50,00%	363,816	284,942	78,874	41,933	-1,626
San Cristóbal Express, S.A. Avda. del Valle, 945, Ofic. 3604. Ciudad Empresarial Huechuraba, Santiago de Chile (Chile)	Roads	Price Waterhouse Coopers	50,00%	38,611	30,267	8,344	0	0
Scutvias Autoestradas da Beira Interior, S.A. Praça de Alvalade, 6, 7º. Lisboa (Portugal)	Roads	Deloitte	20,00%	852,703	834,095	18,608	107,172	445
Sociedad Concesionaria Autopista Central, S.A. San José, 1145. Comuna de San Bernardo Santiago de Chile (Chile)	Roads	Price Waterhouse Coopers	48,00%	694,662	639,305	55,357	64,410	-21,794
Sociedad Concesionaria Vespucio Norte Express, S.A. Avda. Américo Vespucio Oriente 1305, Parque Enea. Pudahuel, Santiago de Chile (Chile)	Roads	Price Waterhouse Coopers	46,48%	517,297	481,747	35,550	25,544	-30,914
TP Ferro Concesionaria, S.A. Pza. de la Palmera, 6, 3º. 17600 Figueres, Girona	Ferrocarril	KPMG	50,00%	693,218	638,068	55,150	0	0

(*) Minority interest are not included.

2.2 Consolidated Financial Statements

Anexo IV Changes in the Scope of Consolidation

Company

Acquisitions, formations and start-up of activity:

ACS Infrastructure Development Inc.
Agrupación Eólica Granadina, S.L.
Autovía de los Pinares, S.A.
CAT Desenvolupament de Concessions Catalanes, S.L.
Catair Líneas Aéreas, S.A.
Celtic Roads Group (Waterford) Limited
Cesionarias del Vallés, S.A.
Cobra Concesiones, S.L.
Cobra Energy
Cobra Gestión de Infraestructuras, S.L.U.
Coinsmar Instalaciones y Servicios SARLAU
Concesiones Viarias Chile, S.A.
Cymi Holding, S.A.
Depuradoras del Bajo Aragón, S.A.
Desarrollo de Concesionarias Viarias Dos, S.L.
Drace Medio Ambiente, S.A.
Dragados USA Inc.
Dragados Waterford Ireland, Ltd.
Ecología y Técnicas Sanitarias, S.L.
Electra de Montanech, S.A.
Extresol-1, S.L.
Flota Proyectos Singulares, S.A.
Global Spa, S.L.
Hércules International Towage Services, S.A.
Hidroaspersión, S.L.
Humiclíma Caribe Cpor A.Higüey
Humiclíma Centro, S.L.
Humiclíma Est Catalunya, S.L.
Humiclíma Est, S.A.
Humiclíma Jamaica Limited
Humiclíma Magestic Grupo, S.L.
Humiclíma Mexico, S.A. de C.V.
Humiclíma Sac, S.A.
Humiclíma Sur, S.L.
Humiclíma Valladolid, S.L.
Infraestructuras Energéticas Aragonesas, S.L.
Infraestructuras Energéticas Castellanas, S.L.
Instalaciones y Montajes de Aire Climatizado, S.L.

Instalaciones y Servicios Codeven CA
Intercambiador de Tptes Príncipe Pío, S.A.
IPS Serveis Portuaris ETT, S.L.
Itumbiara Transmissora de Energia
Laboratorio de Gestión Ambiental, S.L.
Manteniment i Conservació del Vallés, S.A.
Mapide, S.A.
Mencli, S.L.
Monegros Depura, S.A.
Nea Odos Concession Societe Anonyme
Octeva, S.A.S.
Opade Organizac. y Promoc de Actividades Deport, S.A.
P.E.Tesosanto, S.L.
Planta Ambiental de Aragón, S.A.
Porto Primavera Transmissora de Energia
Progeco Valencia, S.L.U.
Reus-Alcover Conc. de la Generalitat de Catalunya, S.A.
Saba Aparcament Santa Caterina, S.L.
Sadoport-Terminal Marítim do Sado, S.A.
Sedmive C.A. (Soc. Españ. Montajes Indus Venezuela)
Serra da Mesa Transmissora de Energia Ltda.
Servicios Selun, S.A.
Sistema Eléctrico de Conexión Valcaire, S.L.
Sistemas Energéticos Serón, S.A.
Sistemas Energéticos Tijola, S.A.
Sistemas Energéticos Tinadas, S.A.
SLPP-Serviços Logísticos de Portos Portugueses, S.A
Soc Iberica de Construc Electricas de Seguridad, S.L.
Tecnotel Clima, S.L.
Tecnotel de Canarias, S.A.
TESC - Terminal Santa Catarina, S.A.
Tranvía de Vélez, S.A.
Urbaser San Diego C.A.
Urbaser, S.A. E.S.P.
Vertedero Las Mulas, S.L.
Vila do Conde Transmissora de Energia
WRC Operadores Portuarios, Ltda.

Company

Increases in ownership interest:

ABG Servicios Medioambientales, S.A.
Aeropuertos Mejicanos del Pacífico, S.A. de C.V.
Aldebarán S.M.E., S.A.
Ecocivil Electromur G.E., S.L.
Ecoparc, S.A.
Energías Ambientales de Outes, S.A.
Energías Ambientales, S.A.
Enq, S.L.
Evere, S.A.S.
Gestión y Protección Ambiental, S.L.
Hydro Management, S.L.
Igest Mensajería, S.L.
Integral Port Services, S.L.
Intercambiador de Tptes Plaza de Castilla, S.A.
Marmesda Málaga, S.L.
Metro de Sevilla Sdad Conce Junta Andalucía, S.A.
Olsen y Compañía, S.L.
Parque Eólico El Perú, S.L.
Parque Eólico Tadeas, S.L.
Parque Eólico Valdehiero, S.L.
Remolcadores de Barcelona, S.A.
Sociedad de Energías Renovables y Cogeneración, S.A.
Técnicas e Imagen Corporativa, S.A.
Terminales Marítimas de Santander, S.L.
Terminales Rías Altas, S.A.
Unión Fenosa, S.A.
Urbaser Bolívar, C.A.
Urbasys, S.A.S.
Valorga International, S.A.
Vicente Fresno Aceite, S.L.

Company

Sales, mergers or dissolutions:

Citri, Centro Integrado de Tratamiento de Residuos Industriales, S.A.
Constructora Gas del Bio Bio, Ltda.
El Paramo Parque Eólico, S.L.
Ferrocarriles del Norte de Colombia, S.A.
Inmobiliaria Urbis, S.A.
Lluch Transportir, S.A.
Logic Depot, S.A.
Marítima Mallach, S.A.
Munirah Transmissora de Energia, Ltda.
Naviera de Remolcadores y Servicios, S.L.
Nuevas Energía Valencianas, S.A. (Nevasa)
Ortiga Energía Eólica, S.A.
Portoliva, S.L.
Sociedad de Energías Renovables y Cogeneración, S.A.
Soluciones Bema, S.L.
Sopol, S.A.
Terminales Rías Altas, S.A.
Transfreight Services, S.L.
Trasinal, S.A.
Universal Marítima Insular, S.L.
Vent Sol y Energía, S.A.

Company

Reduction in ownership interest:

Accesos de Madrid Concesionaria Española, S.A.
Build2Edifica, S.A.
EmurteI, S.A.
Entaban Biocombustibles del Pirineo
Graneles Sólidos Minerales, S.A.
Salins Residuos Automoción, S.L.
Sociedad Concesionaria Vespucio Norte Express, S.A.
Somozas Energías Renovables, S.A. (Somersa)
Transportes Portuarios Gallegos, S.L.
Xfera Móviles, 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 on 31 December, 2006 and Directors' Report, together with Independent Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 40). In the event of a discrepancy, the Spanish-language version prevails.

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 and 40). 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. and Subsidiaries:

1. We have audited the financial statements of ACS Actividades de Construcción y Servicios, S.A. and Subsidiaries comprising the consolidated balance sheet at 31 December 2006 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 policies 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 24% and 17%, respectively, of the corresponding consolidated totals. The financial statements of these companies were audited by other auditors and accordingly, our opinion as expressed in this report on the consolidated financial statements of ACS Actividades de Construcción y Servicios, S.A. and Subsidiaries 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 2006 were prepared by the Group 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 Spanish corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2006 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 2005. On 3 April 2006, we issued our auditors' report on the 2005 consolidated financial statements, in which we expressed an unqualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors (see Appendixes I, II and III), the accompanying consolidated financial statements for 2006 present fairly, in all material respects, the consolidated equity and financial position of ACS Actividades de Construcción y Servicios, S.A. and Subsidiaries at 31 December 2006 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 applied on a basis consistent with that of the preceding year.
4. The accompanying consolidated directors' report for 2006 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 2006. 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 ACS Actividades de Construcción y Servicios, S.A. and Subsidiaries.

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

Javier Parada Pardo
16 March 2007

2.4 Historical Performance

Consolidated statement of income evolution							CAGR⁽¹⁾
Millions of Euros	2001	2002	2003	2004	2005	2006	06/01
Revenues	3,921.4	4,420.2	8,825.1	10,817.9	12,113.9	14,067.2	29.1%
Construction	1,885.7	2,199.2	4,531.8	5,230.3	5,724.8	6,750.3	29.1%
Environment & Logistics ^(*)	392.3	455.6	1,640.9	2,186.6	2,406.5	2,657.1	46.6%
Industrial Services	1,686.5	1,809.5	2,729.1	3,490.5	4,077.4	4,747.7	23.0%
Concessions	-	-	1.7	15.3	13.8	26.1	-
Adjustments/Others	(43.1)	(44.1)	(78.4)	(104.8)	(108.6)	(114.0)	21.5%
EBITDA	352.9	410.9	794.8	981.1	1,095.5	1,270.3	29.2%
Construction	130.0	159.4	345.6	398.1	427.6	504.0	31.1%
Environment & Logistics ^(*)	73.4	82.6	219.4	314.6	346.2	376.2	38.7%
Industrial Services	155.5	180.4	261.3	291.8	344.4	419.6	22.0%
Concessions	-	-	(5.6)	(0.9)	7.5	6.9	-
Adjustments/Others	(6.0)	(11.5)	(25.9)	(22.5)	(30.2)	(36.4)	-
EBIT	267.8	305.3	573.5	723.9	817.4	971.6	29.4%
Construction	108.4	131.4	284.9	327.7	358.6	422.7	31.3%
Environment & Logistics ^(*)	38.8	43.0	116.9	177.8	203.7	224.6	42.1%
Industrial Services	129.5	146.4	210.9	244.9	285.9	364.7	23.0%
Concessions	-	-	(5.4)	(1.0)	2.0	(2.7)	-
Adjustments/Others	(8.9)	(15.5)	(33.8)	(25.5)	(32.8)	(37.7)	-
Net Profit	149.2	181.4	229.5	452.5	608.7	1,250.1	53.0%
Construction	70.7	85.1	185.4	221.4	239.1	282.1	31.9%
Environment & Logistics ^(*)	18.5	27.2	50.9	98.9	112.7	129.3	47.5%
Industrial Services	69.9	76.9	118.6	150.1	179.2	222.6	26.1%
Concessions	-	-	2.3	(14.5)	6.5	(17.3)	-
Adjustments/Others	(9.9)	(7.8)	(127.6)	(3.4)	71.2	633.4	-

Note: 2001-2003 under Spanish GAAP standards; 2004-2006 under IFRSs standards

⁽¹⁾ CAGR: Compound Annual Growth Rate

^(*) Logistics area was incorporated to the Group in 2003

Consolidated balance sheet as of December 31						
Millions of Euros	2001	2002	2003	2004	2005	2006
Fixed and other noncurrent assets	2,952.8	3,049.2	3,407.0	4,397.5	8,488.2	14,018.1
Property, plant and equipment and concession projects	1,412.9	1,576.8	1,715.8	2,188.3	2,690.0	3,180.2
Other intangible assets	181.9	248.8	307.5	98.4	117.9	134.6
Non-current financial assets	1,358.0	1,223.6	1,383.6	1,833.2	5,317.9	10,227.5
Other non-current assets	n/a	n/a	n/a	277.6	362.3	475.8
Goodwill	200.2	828.5	1,039.9	1,010.8	1,047.6	1,086.6
Working capital	(246.5)	(584.2)	(658.8)	(1,304.8)	(1,872.1)	(2,496.7)
Total Assets	2,906.6	3,293.5	3,788.1	4,103.5	7,663.6	12,608.0
Equity	2,011.9	1,805.5	1,796.4	2,019.2	2,635.5	3,256.4
Other non-current liabilities	453.0	509.4	761.1	660.4	763.5	605.3
Non-current liabilities	1,079.4	913.7	877.1	1,907.5	5,017.4	10,120.9
Non-recourse project financing	301.6	305.3	265.3	425.3	2,304.8	6,797.6
Non-current bank borrowings	777.8	608.4	611.8	1,482.2	2,712.6	3,323.3
Current payables/Current liabilities	(637.7)	64.9	353.4	(483.5)	(752.8)	(1,374.6)
Non-recourse project financing	0.0	0.0	50.9	37.0	50.4	195.4
Current bank borrowings	356.7	1,047.0	1,456.9	1,075.7	1,242.1	1,237.7
Other current financial assets	(660.2)	(637.2)	(771.3)	(1,018.1)	(1,277.4)	(1,880.9)
Cash and cash equivalents	(334.3)	(344.9)	(383.1)	(578.1)	(767.8)	(926.6)
Total Equity and Liabilities	2,906.6	3,293.5	3,788.1	4,103.5	7,663.6	12,608.0

Note: 2001-2003 under Spanish GAAP standards; 2004-2006 under IFRSs standards

