

06.

Annual Report
ACS Group





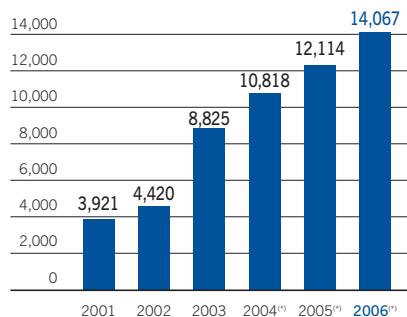


Photo: Project for the building of "La Pepa" bridge in Cadiz, Spain

Main Figures of the ACS Group

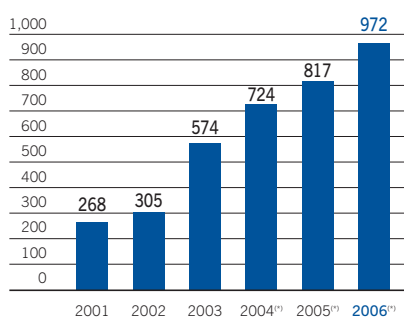
Turnover

Millions of euros



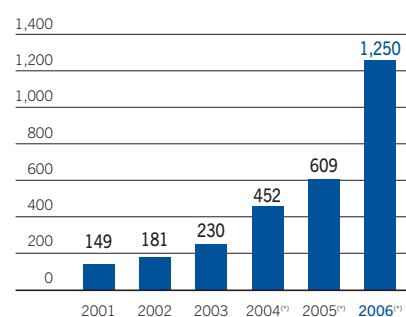
Operating profit

Millions of euros

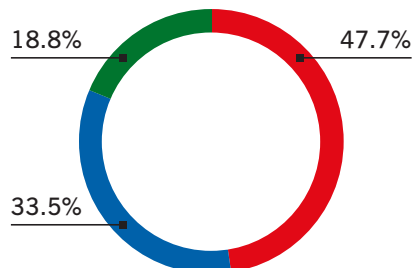


Attributable net profit

Millions of euros

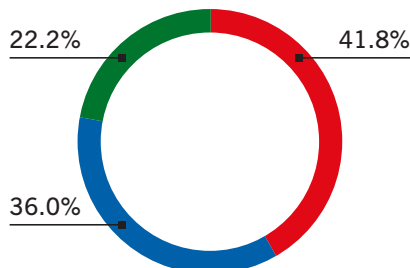


2006 Turnover by business



- Construction
- Industrial Services
- Environment & Logistics

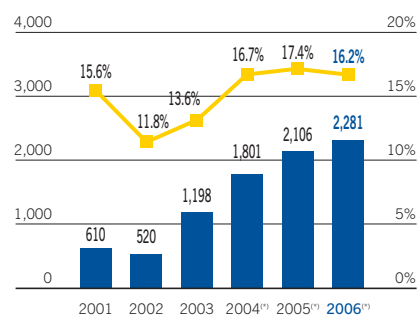
2006 Operating profit by business



- Construction
- Industrial Services
- Environment & Logistics

Internationalization

Millions of euros



- International Turnover
- % International over total

Construction 2006

Millions of euros

Turnover	6,750
<i>International</i>	6.4%
Net operating profit	423
<i>Margin</i>	6.3%
Net profit	282
<i>Margin</i>	4.2%
Order book	10,661
Employees	19,206

Industrial Services 2006

Millions of euros

Turnover	4,748
<i>Internacional</i>	33.2%
Net operating profit	365
<i>Margin</i>	7.7%
Net profit	223
<i>Margin</i>	4.7%
Order book	5,087
Employees	35,757

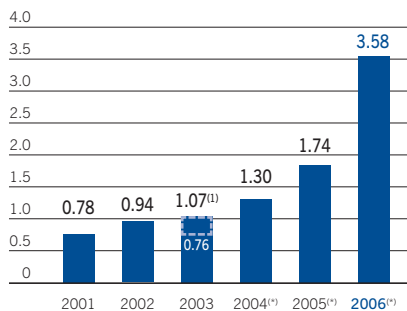
Environment & Logistics 2006

Millions of euros

Turnover	2,657
<i>International</i>	10.1%
Net operating profit	225
<i>Margin</i>	8.5%
Net profit	129
<i>Margin</i>	4.9%
Order book	14,171
Employees	68,561

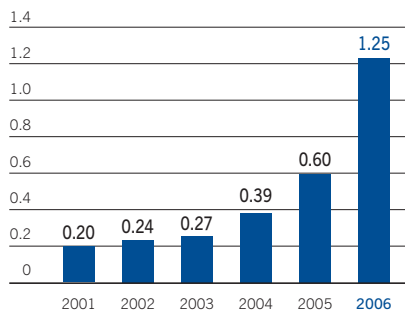
Earnings per share

Euros



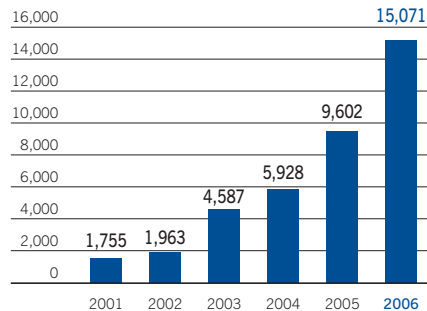
Dividend per share

Euros



Market capitalization

Millions of euros



⁽¹⁾ Exclude extraordinary merger expenses

International presence

Countries in which ACS Group is present

Afghanistan	Bolivia	Croatia	Ethiopia	Ireland	Malta	Czech Republic	Suriname
Germany	Brazil	Denmark	Finland	Mauritius	Morocco	Dominican Republic	Tunisia
Andorra	Bulgaria	Ecuador	France	Israel	Mexico	Republic of Romania	Uganda
Angola	Cameroon	Egypt	Greece	Italy	Nicaragua	Russia	Venezuela
Saudi Arabia	Canada	El Salvador	Guatemala	Jamaica	Norway	Senegal	
Algeria	Chile	U.A.E.	Netherlands	Kwait	Panama	Syria	
Argentina	China	Slovakia	Honduras	Lybia	Peru	South Africa	
Australia	Cyprus	Slovenia	Hungary	Luxembourg	Poland	Sweden	
Austria	Colombia	Spain	India	Madagascar	Portugal	Switzerland	
Belgium	Ivory Coast	United States	Indonesia	Malaysia	United Kingdom		



Main Figures of the ACS Group

Financial and operating data	2001	2002	2003	(1) 2004	(1) 2005	(1) 2006
Millions of euros						
Turnover	3,921.4	4,420.2	8,825.1	10,817.9	12,113.9	14,067.2
Operating profit	267.8	305.3	573.5	723.9	817.4	971.6
Profit before tax	222.3	250.4	283.4	623.3	804.3	1,553.5
Attributable net profit	149.2	181.4	229.5	452.5	608.7	1,250.1
Cash-flow (*)	238.4	312.8	505.4	709.7	886.8	1,548.8
Dividends paid	32.0	38.4	46.1	96.8	137.6	211.7
Total investments	201.7	1,050.7	657.5	1,196.4	4,216.4	5,407.1
Total assets	3,880.6	4,914.5	11,226.3	12,399.6	17,712.5	25,182.7
Shareholders' equity	910.8	980.4	1,796.4	1,905.4	2,480.9	3,115.7
Total net debt	124.7	594.5	1,230.6	1,423.9	4,264.6	8,746.3
Order book	6,809.9	7,422.5	22,537.8	23,928.4	26,868.1	29,918.3
Number of employees	30,804	32,555	97,112	107,748	113,273	123,652

(*) Net profit + Depreciation + Change in provisions

Data per share (2)	2001	2002	2003	(1) 2004	(1) 2005	(1) 2006
Euros						
Earnings	0.78	0.94	0.76	1.30	1.74	3.58
Gross dividend	0.20	0.24	0.27	0.39	0.60	1.25
Cash-flow	1.24	1.63	1.68	2.01	2.51	4.39
Shareholders' equity	4.74	5.10	5.05	5.40	7.03	8.83

Stock market data	2001	2002	2003	2004	2005	2006
Listed shares (2) (3)	192,185,448	192,185,448	355,580,493	352,873,134	352,873,134	352,873,134
Market capitalization (millions of euros)	1,755.3	1,963.5	4,587.0	5,928.3	9,601.7	15,071.2
Year-end closing price (2)	9.13 €	10.22 €	12.90 €	16.80 €	27.21 €	42.71 €
Annual revaluation	9.16%	11.86%	26.26%	30.23%	61.96%	56.96%

Key ratios	2001	2002	2003	(1) 2004	(1) 2005	(1) 2006
Operating margin	6.8%	6.9%	6.5%	6.7%	6.7%	6.9%
Net margin	3.8%	4.1%	2.6%	4.2%	5.0%	8.9%
ROE	17.3%	19.2%	16.5%	23.6%	27.5%	45.5%
Gearing (4)	12.5%	54.9%	64.9%	70.5%	161.8%	268.6%
Dividend yield	2.2%	2.3%	2.1%	2.3%	2.2%	2.9%

(1) Under IFRSs standards

(2) Adjusted by the 3 x 1 Split of year 2004 (reduction of the nominal value of the shares from € 1.50 to € 0.50 with the consequent and simultaneous increase in the number of shares in proportion to the stock capital)

(3) On June 10th, 2004, there was a reduction in the stock capital by a nominal amount of € 1,353,679.5 through the redemption of 902,453 shares of treasury stock

(4) Gearing: Net Debt / (Shareholders' Equity + Minority interests)

Annual Report Group ACS 2006

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Letter from the Chairman

Once again this year the ACS Group has surpassed the operative, financial and strategic objectives that we established for 2006. The outstanding results obtained, the growing international presence of our activities and the confirmation of our commitment to the energy sector, through our position as reference shareholders in two of the leading electric companies in Spain, are the basis for the important step forward that our Group took during this past financial year.

In the economic section, net profit grew notably by 105%, reaching 1,250 million euros, where this figure includes the capital gains obtained from the sale of the ownership interest in Inmobiliaria Urbis. Consolidated sales increased by 16%, reaching over 14 billion euros, and ordinary net profit reached 835 million euros, a 37% increase due to positive development in all operating activities and the contribution from the affiliated companies.

These positive operating results and the efficient management of working capital contributed to the generation of cash flow prior to investments and the distribution of dividends of close to 1,400 million euros. This cash flow and the 1,030 million euros obtained in divestments enabled us to finance a portion of the 6,437 million euros invested this year.

The most significant investments, in terms of size and implication, were those directed at the energy sector. Specifically, the Group increased its ownership interest in Unión Fenosa by 16%, investing more than 1.7 billion euros and reaching 40.5% of its capital. This reinforced our position as its reference shareholder. Simultaneously and for close to 3.3 billion euros, we acquired an ownership interest of 10% in Iberdrola, the second leading Spanish electric company and one of the world's leaders in renewable energies.

This entry into Iberdrola's capital, which situated us as the leading shareholder of the electric company, is intended to position the ACS Group as one of the principal agents in the future electricity sector, where the most probable scenario will require an international consolidation process, which has already been initiated. This consolidation will give rise to companies more operatively efficient, more solid financially and more competitive globally, with the resulting advantages for its clients and shareholders.

This year we have taken a step further in our strategic development by incorporating the area of Energy as a new business line of our Group, fully consolidating Unión Fenosa. As a result, since January 1st 2007, the Group's organisational chart is composed of five principal areas which include the various activities in which we compete in more than 40 countries. Our operating and financial information will be reported in accordance with this new organisation. If this event had occurred in 2006, the Group's revenue would have reached close to 20 billion euros and the gross operating income would have exceeded 3.1 billion euros.

Also in the first months of 2007 we carried out an important operation in acquiring 25.1% of the German company for construction and development of infrastructures Hochtief, the third leading group worldwide in sales volume, and which has widely known historical trademarks in the European, North American and Australian markets. This allowed us to position ourselves as its reference shareholder. The complementary geographical nature of the activities, the opportunities for development of concessions and the potential for improvement in its profitability make this transaction a unique opportunity for creating value for our Group.

During 2006, Construction area sales showed strong growth, rising close to 18% and reaching 6,750 million euros. The positive outlook for the future of civil works in Spain, supported by the 2005-2020 Strategic Infrastructure and Transportation Plan and improved use of the public-private collaboration mechanisms, along with a budding presence in international markets such as the US market, give our income great potential in the upcoming years.

The Concessions area, through its head company Iridium, has continued its plans for development in transportation infrastructures and in public equipment where it has committed to more than 1,000 million euros in direct investment in 40 projects whose managed investment exceeds 11,300 million euros.

Environment & Logistics area sales increased by 10% to 2,657 million euros, in view of the ever-growing need for services relating to infrastructures. This reinforced its leadership position in the Spanish market and increased its multinational offer in the environmental and port and logistics services areas.

The Industrial Services area, which showed positive results in 2006, increased its income by more than 16%, reaching 4,748 million euros. There was strong development in international activity, which represents a third of its sales and more than 50% in Energy Projects where the Group is one of the world leaders. The increased global demand for energy and the need to increase capacity to satisfy this demand guarantee solid growth for this activity.

The total order book grew by more than 11% over the year to nearly 30 billion euros. Its important international growth demonstrated the Group's competitiveness and technical capacity to successfully meet plans for expansion and geographical diversification.

The contribution to the Group's net profit from affiliated companies, consolidated according to the equity method, amounted to 232 million euros, almost triple that of last year. This was the result of the positive results obtained by these companies and to the increase in ownership interest in Unión Fenosa.

In terms of corporate responsibility, the Group made important advances in 2006, demonstrated in the recent approval by the Board of Directors of the "ACS Commitment to Corporate Responsibility" and the "Code of Conduct". While the first document shows the Group's policy on this matter so that it may be acknowledged and understood by stakeholders with which we interact, the second incorporates the ethical principles that guide the operation of the ACS Group and that form part of its corporate culture.

The Group's performance in capital markets was also positive. ACS stock price closed the financial year at 42.71€ with an annual revaluation of 57%, nearly double the revaluation of the principal Spanish and European indexes. Perhaps it is more important to note that in the past 10 years the share value has multiplied by 23, translating into a total return for the shareholder of more than 40%, while the average revaluation of IBEX35 was 10.6%.

We expect to continue to generate the same value for our shareholders which I would like to thank for their trust in us, as well as our clients and employees, whose loyalty and dedication we try to acknowledge by employing our maximum efforts and enthusiasm to make ACS Group the world leader in the sector of construction, services and infrastructure development.



Florentino Pérez

A handwritten signature in black ink, reading "Florentino Pérez". The signature is written in a cursive style with a large initial 'F' and 'P'.

Management Bodies

Board of Directors

Chairman and CEO

Mr. Florentino Pérez Rodríguez ■

Civil Engineer
Chairman and CEO of ACS Group since 1993
Member of the Board of Directors of ACS Group since 1989

Executive Vice Chairman

Mr. Antonio García Ferrer ■

Civil Engineer
Member of the Board of Directors of ACS Group since 2003
Member of the Board of Directors of Abertis Infraestructuras
Member of the Board of Directors of Unión Fenosa

Vice Chairman

Mr. Pablo Vallbona Vadell ■ ■

Naval Engineer and MBA from the IESE
Member of the Board of Directors of ACS Group since 1997
Executive Vice Chairman of Banca March
Vice Chairman of Corporación Financiera Alba
Vice Chairman of Abertis Infraestructuras

Member of the Board of Directors

Mr. José María Loizaga Viguri ■ ■

Economist
Member of the Board of Directors of ACS Group since 1989
Chairman of Mercapital, S.L.
Chairman of Cartera Hotelera, S.A.
Chairman of Bodegas Lan
Vice Chairman of Zardoya Otis
Member of the Board of Directors of Mecalux
Member of the Board of Directors of Unión Fenosa

Mr. José María Aguirre González ■

Doctorate in Civil Engineering
Member of the Board of Directors of ACS Group since 1995
Chairman of Banco Guipuzcoano
Member of the Board of Directors of Acerinox
Member of the Board of Directors of Siemens España

Mr. Agustín Batuecas Torrego

Civil Engineer
Member of the Board of Directors of ACS Group since 1999
Chairman and CEO of Continental Auto
Vice Chairman of Fenebús

Mr. Álvaro Cuervo García ■

Doctorate in Economics. Professor of Business Economics
Member of the Board of Directors of ACS Group since 1997
Member of the Advisory Board of Privatisations
Member of the Board of Directors of ThyssenKrupp
Member of the Board of Directors of SONAE INDUSTRIA, SONAE SGPS
Member of the Board of Directors of BME

Member of the Executive Committee ■

Member of the Audit Committee ■

Member of the Appointment and Remuneration Committee ■



Mr. Manuel Delgado Solís ■

B.S. in Pharmacy. Lawyer
Member of the Board of Directors of ACS Group since 2003
Member of the Board of Directors of Unión Fenosa

Mr. Javier Echenique Landiribar ■ ■

B.A. in Economics
Member of the Board of Directors of ACS Group since 2003
Member of the Board of Directors of Telefonica España
Member of the Board of Directors of Telefonica Móviles Mexico
Member of the Board of Directors of Uralita
Member of the Board of Directors of ENCE
Member of the Board of Directors of Repsol YPF

Mr. Isidro Fernández Barreiro

Industrial Engineer MBA from the IESE
Member of the Board of Directors of ACS Group since 2003
Vice Chairman of Corporación Financiera Alba
Member of the Board of Directors of Banca March
Member of the Board of Directors of Prosegur

Mr. Joan-David Grimà i Terré

Doctorate in Economics and Business Studies
Member of the Board of Directors of ACS Group since 2003
General Manager of Santander Central Hispano
Member of the Board of Directors of TEKA S.A.

Mr. Pedro López Jiménez ■

Civil Engineer
Member of the Board of Directors of ACS Group since 1989
Chairman of Unión Fenosa
Member of the Board of Directors of CEPESA
Member of the Board of Directors of Keller Group Plc
Member of the Board of Directors of Atlas Copco, SAE
Member of the Board of Directors of Indra Sistemas, S.A.
Vice Chairman of Dragados

Mr. Santos Martínez-Conde Gutiérrez-Barquín ■ ■

Civil Engineer
Member of the Board of Directors of ACS Group since 2001
General Manager of Corporación Financiera Alba
Member of the Board of Directors of Acerinox
Member of the Board of Directors of Unión Fenosa

Mr. Javier Monzón de Cáceres

B.A. in Economics
Member of the Board of Directors of ACS Group since 2003
Chairman of Indra

Mr. Miquel Roca i Junyent

Lawyer
Member of the Board of Directors of ACS Group since 2003
Secretary of the Board of Directors of Abertis Infraestructuras
Secretary of the Board of Directors of Banco de Sabadell

Mr. Julio Sacristán Fidalgo ■

B.S. in Chemistry
Member of the Board of Directors of ACS Group since 1998

Mr. Francisco Servando Verdú Pons

B.A. in Economics and MBA from the Chicago University
Member of the Board of Directors of ACS Group in the period
2002-2003 and re-elected in 2006
CEO of Banca March
Member of the Board of Directors of Corporación Financiera Alba

**Secretary General and
Member of the Board of Directors**

Mr. José Luis del Valle Pérez ■ ■ ■

Lawyer and State Attorney
Member of the Board of Directors of ACS Group since 1989



Management Bodies

Management Committee



Mr. Florentino Pérez Rodríguez
Chairman and CEO

Born in 1947.
Civil Engineer.

Although Mr. Pérez started his career in the private sector, he held different posts in the Public Administration between 1976 and 1982 when he was Delegate for Sanitation and Environment of the Madrid City Council, General Sub-Director of Promotion of the Centre for the Development of Industrial Technology in the Ministry of Industry and Energy, General Manager of Transport Infrastructures in the Ministry for Transport, as well as Chairman of IRYDA in the Ministry of Agriculture. In 1983, he returned to the private sector as top executive of Construcciones Padrós, S.A., of which he was one of the main shareholders. Since 1993, he has been the Chairman and CEO of the ACS Group, first as the chairman of OCP Construcciones S.A., and since 1997 as the chairman and CEO of the so-called ACS Group.



Mr. Antonio García Ferrer
Executive Vice Chairman

Born in 1945.
Civil Engineer.

Mr. García started his career in Dragados y Construcciones, S.A. in 1970. After assuming various positions of responsibility in the construction company, in 1989 he was appointed Regional Manager for Madrid. Then in 1998 he was placed at the head of the Building business and in 2001 he became General Manager of the Industrial and Services Divisions. In 2002 Mr. García was appointed as the Chairman of Grupo Dragados, S.A., and in December 2003 he became the Executive Vice Chairman of the ACS Group.



Mr. Marcelino Fernández Verdes
Chairman of the Construction and Concessions and Services Areas

Born in 1955.
Civil Engineer.

Mr. Fernández joined the Group in 1987 and was appointed General Manager in 1994. In 1998 he became the CEO of ACS Proyectos, Obras y Construcciones S.A., and in 2000 was appointed Chairman of the company. He is the Chairman of Dragados and responsible for the areas of Construction, Concessions, Environment & Logistics.



Mr. Ignacio Pérez Rodríguez
Chairman of the Industrial Services and Energy Areas

Born in 1952.
Civil Engineer.

After initiating his professional career in the construction sector, Mr. Pérez held several relevant management posts in Control Presupuestario and Bancoval, until 1991, when he joined the ACS Group as Chairman of Semi. He was named CEO of Grupo Cobra in 1997. At present he is Chairman of ACS, Servicios, Comunicaciones y Energía, the Services, Communications and Energy area of the ACS Group and responsible for the areas of Industrial Services and Energy of the Group.





Mr. Ángel García Altozano
Corporate General Manager

Born in 1949.
Civil Engineer and MBA, University of Dayton.

Mr. García started his professional career in the construction sector. He was General Manager of the Instituto Nacional de Industria (INI) and President of Bankers Trust for Spain and Portugal. In 1997 he joined the ACS Group as Corporate General Manager with responsibility over the economic-financial areas, corporate development and affiliates.



Mr. José Luis del Valle Pérez
Secretary General

Born in 1950.
Lawyer and State Attorney.

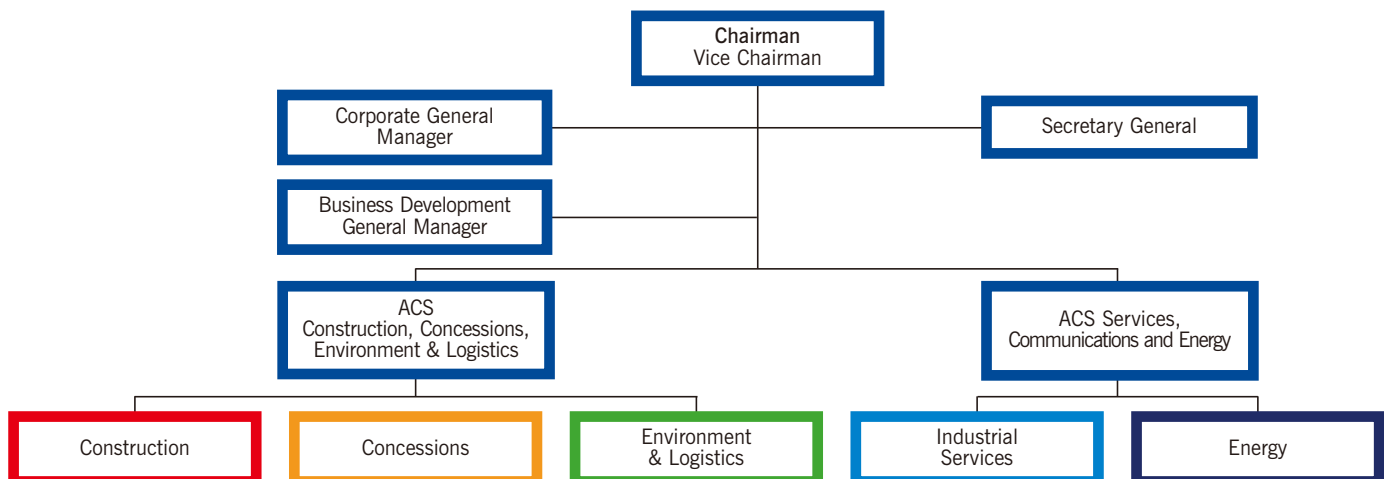
From 1974 until 1983, Mr. del Valle held various positions in the Public Administration and was a member of the Parliament from 1979 to 1982 and Deputy Secretary of the Ministry of Territorial Administration. He has been a member of the Board of Directors of the ACS Group since 1989 and has been the Secretary General to the Board of Directors since 1997.



Mr. Demetrio Ullastres Llorente
Business Development General Manager

Born in 1945.
Civil Engineer.

Mr. Ullastres joined Grupo Dragados in 1969, and has carried out his entire professional career within the company where he has been head of the Building activity, Manager of Civil Engineering, International Director, Chairman of Dragados Industrial, Chairman of Dragados Construcción, General Manager of Grupo Dragados in charge of Concessions and Construction and Chairman of ACS, Servicios, the Services area of the ACS Group. Actually he is the Business Development General Manager and Chairman of TBI.



Management Bodies

Management Team

ACS, Actividades de Construcción y Servicios

Mr. Florentino Pérez Rodríguez
Chairman and CEO

Mr. Antonio García Ferrer
Executive Vice Chairman

Mr. Ángel García Altozano
Corporate General Manager

Mr. Demetrio Ullastres Llorente
*Business Development
General Manager*

Mr. José Luis del Valle Pérez
Secretary General

Construction, Environment & Logistics and Concessions

Mr. Marcelino Fernández Verdes
Chairman and CEO

Mr. Luis Nogueira Miguelsanz
Secretary General

Construction

Dragados

Mr. Marcelino Fernández Verdes
Chairman and CEO

Mr. Juan Ernesto Pérez Moreno
Executive Assistant to the Chairman

Mr. Antonio Alfonso Sánchez
Assistant to the Chairman

Mr. Ignacio Segura Surinach
General Manager

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. José M^a López Piñol
Building Managers

Mr. Ricardo Martín de Bustamante
Civil Works Manager

Mr. Antonio Cortés Sánchez
Internacional Manager

Mr. Octavio del Real Sánchez
Subsidiary Companies Manager

Mr. Maximiliano Navascués Redondo
Contracting Manager

Mr. Alfonso Costa Cuadrench
Technical Services

Vías y Construcciones

Mr. Manuel Pérez Beato
Chairman and CEO

Mr. Gonzalo Gómez Zamalloa
General Manager

Mr. Manuel Álvarez Muñoz
Civil Works Manager

Mr. Ignacio Legorburu Escobar
Building Manager

Tecsa

Mr. José María Aguirre Fernández
CEO

Drace

Mr. Juan José Sacristán
CEO

Drace Medioambiente

Mr. Fernando García Arribas
CEO

Drace Servicios Portuarios

Mr. Eloy Domínguez
CEO

Geocisa

Mr. Francisco Javier Asencio Marchante
CEO

Cogesa

Mr. Enrique Pérez Rodríguez
CEO

Environment & Logistics

Urbaser

Mr. Javier Polanco Gómez-Lavín
CEO

Mr. José Naranjo Hiraldo
General Manager

Dragados SPL

Mr. Juan Carlos Pery Paredes
CEO

Continental Auto

Mr. Agustín Batuecas Torrego
Chairman and CEO

Clece

Mr. Cristóbal Valderas Alvarado
CEO

Concessions

Iridium

Mr. Manuel García Buey
CEO

Mr. Victor Revuelta García
General Manager

Mr. Francisco Fernández Lafuente
General Manager

ACS Services, Communications and Energy

Mr. Ignacio Pérez Rodríguez
Chairman and CEO

Mr. José Alfonso Nebrera García
General Manager

Mr. José Romero de Ávila González-Albo
General Secretary

Cobra Group

Mr. Eugenio Llorente Gómez
CEO of Cobra

Mr. Daniel Vega Baladrón
CEO of SEMI and MAESSA

Mr. Juan Agustín Sánchez Bernal
Chairman of ETRA, API and IMES

Mr. José Reis Costa
Chairman of CME

Dragados Industrial

Mr. Lorenzo Díaz Revenga
Chairman and CEO

Mr. Carlos Rodríguez Méndez
General Manager of CYMI

Mr. Mateo Rodríguez-Sánchez Moral
General Manager of Ingeniería Industrial y Plantas

Mr. Pedro Ascorbe Trián
General Manager of Dragados Offshore

Mr. Juan Enrique Ruiz González
General Manager of Sice Tecnología y Sistemas

Mr. Antonio Benítez Vilchez
General Manager of Masa

Corporate Strategy

Vision

A **worldwide reference** in the **construction and services** activities. A group taking part in the **development** of key sectors for the economy such as **infrastructures** and **energy**. A company committed to the **social and economic progress** of the countries in which it is present.

Mission

Focusing on clients: meeting their needs

- Innovating from day to day and increasing the offer of products and services which enable the Group to diversify its portfolio of activities while reducing its exposure to economic cycles.
- Ongoing improvement of quality, safety and reliability standards in relation to the numerous services offered, in order to foster stability and to guarantee recurring income.
- Expanding the Group's current client base, through a permanent commercial effort in new markets.

Optimizing the profitability of the resources managed

- Increasing operating and financial efficiency and offering attractive profitability to our shareholders.
- Applying strict investment criteria in line with the company's strategy of expansion and growth.
- Maintaining a solid financial structure which facilitates the raising of resources and the maintenance of a low cost thereof.
- Offering an attractive dividend policy which is sustainable in the long-term.

Improving the society in which we live: sustainable growth

- Acting as an economic driver of the creation of stable, decent and fairly remunerated employment.
- Respecting the economic, social and environmental backdrop, innovating in the establishment of company procedures and respecting in each of the activities carried out by the Group, the recommendations of the main domestic and international institutions.
- Helping the economy to grow by creating wealth through ACS Group's own activities or through the infrastructures it builds, which guarantee the society's development and the well-being of its citizens.



Values

Experience developing quality service which incorporates new technological breakthroughs for clients.

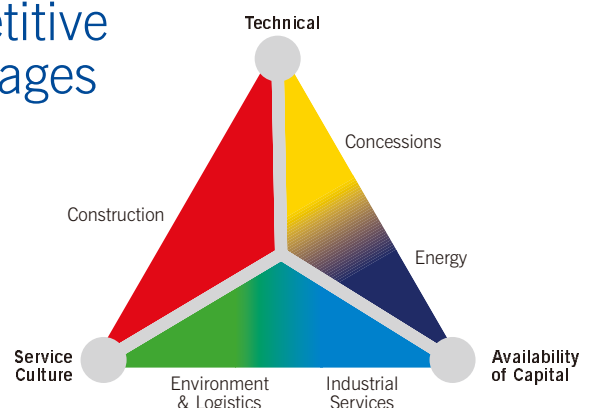
Profitability as a future guarantee, and as a tool to compensate shareholders for their trust and their investment.

Trust from clients built on a long-term relationship and mutual familiarity.

Commitment to sustainable development in order to serve society in an efficient and ethically responsible manner, and to create value for clients, suppliers, employees and shareholders.

These values, which have formed part of the Group's culture since its foundation, have created the main competitive advantages which are the cornerstone of its past and future growth.

Competitive advantages



Technical knowledge

The ACS Group, which has over 80 years of experience and a total 5,500 engineers and university graduates, is one of the top companies worldwide in infrastructure development. The Group's ability to innovate and the high number of activities it undertakes enable it to take on any project relating to infrastructures with guaranteed success.

Service Culture

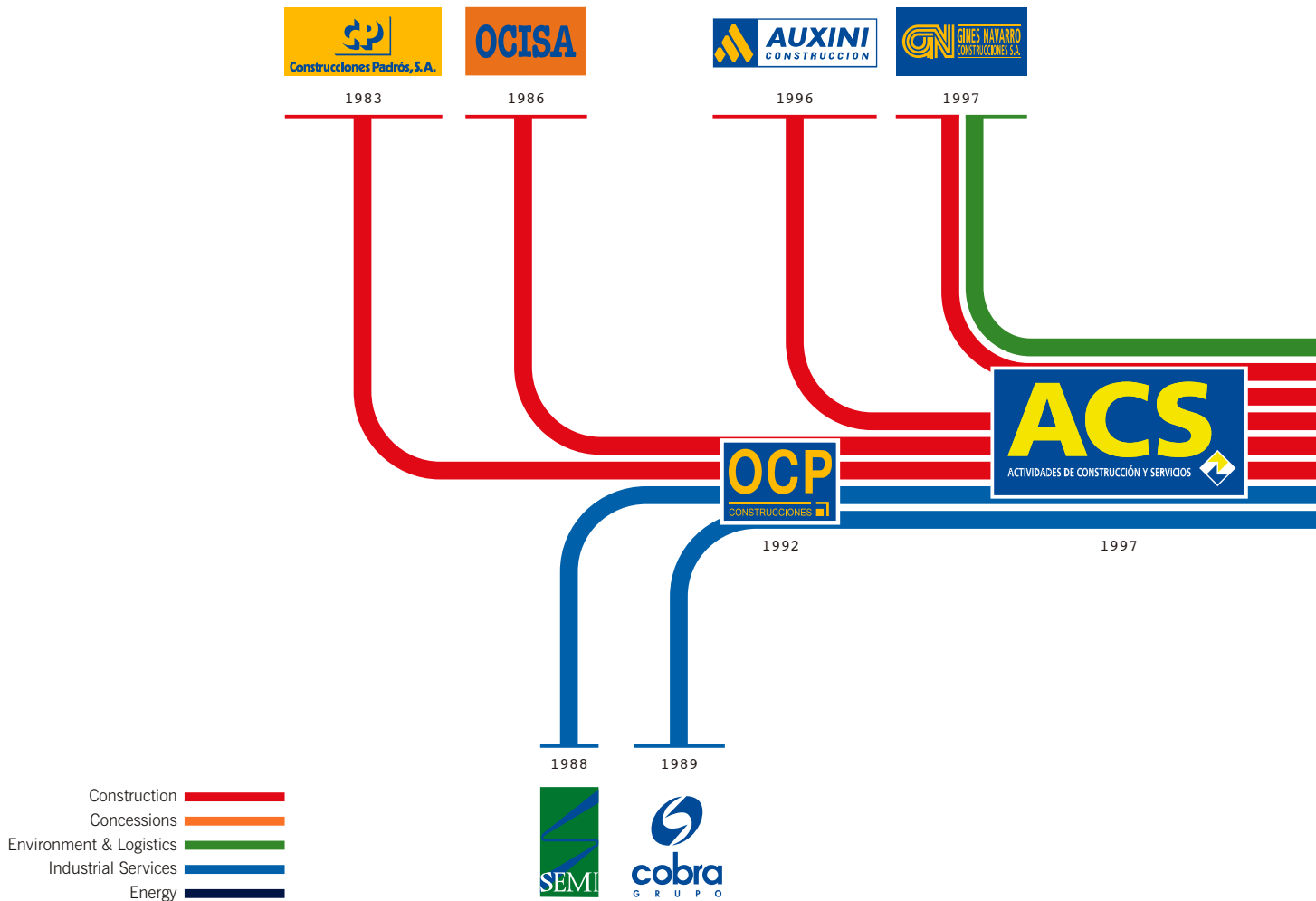
Adopted by each of the organisation members, it enables the Group to maintain a close relationship with its clients so as to offer them products and services adapting to their needs.

Availability of Capital

Given the ACS Group's track record, reputation, past profitability as well as its proven ability to reinvest gains over the years, financial institutions are readily willing to make the resources required for continued growth available to the Group.

Corporate Strategy

History

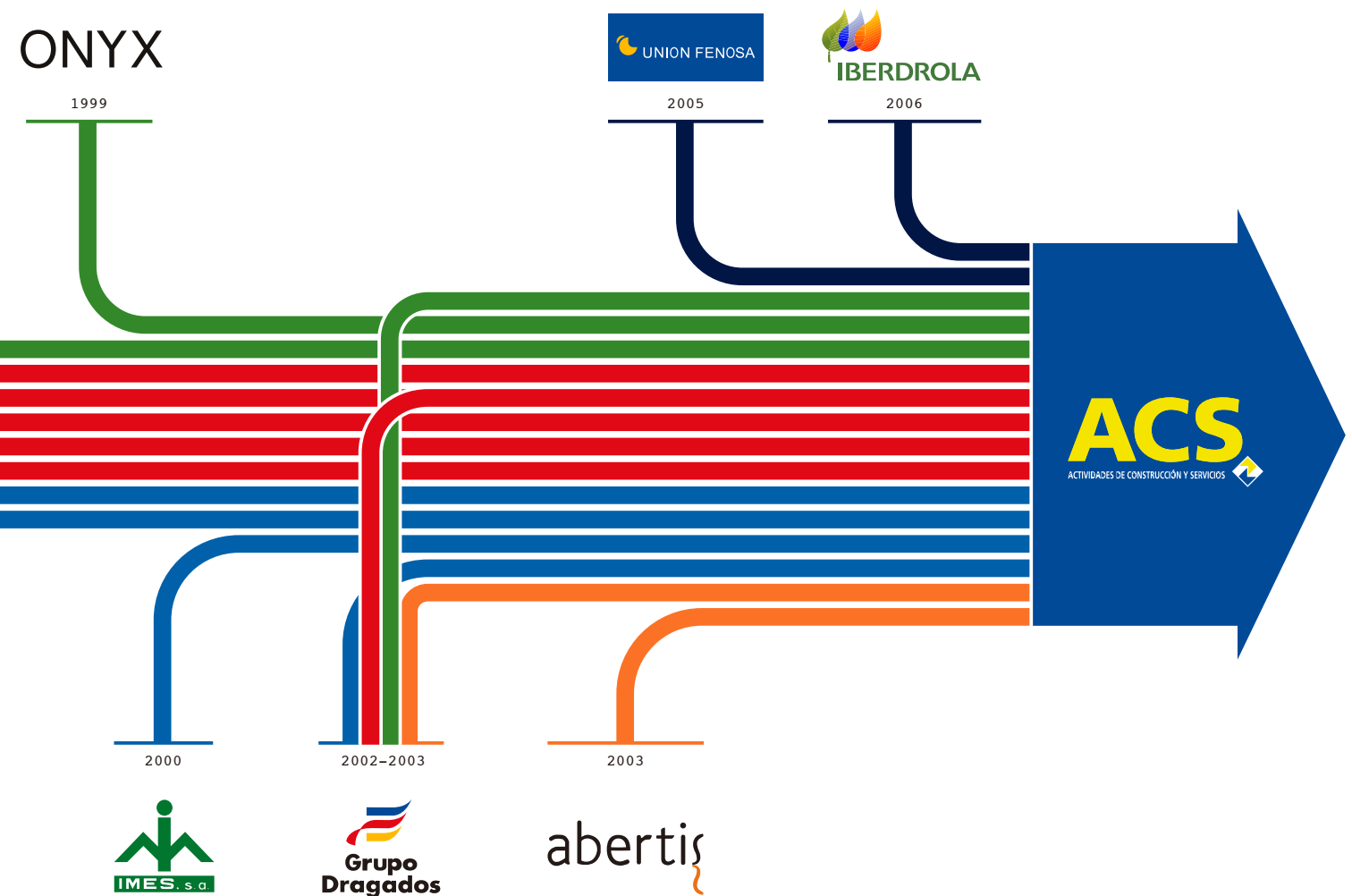


The ACS Group began operating in 1983 when a group of engineers acquired Construcciones Padrós, a mid-sized construction company with financial problems located in Badalona (Cataluña). After restructuring this company, the same strategy was repeated with the acquisition of OCISA, a prestigious construction company which was larger and already in operation for over 40 years.

At the end of the eighties, a diversification process was initiated through the acquisition of SEMI, a company specialised in the maintenance and installation of electric lines. This process was continued with the purchase of a majority

shareholding in Cobra, one of the most renowned companies in the sector of support services to electric and telecommunications companies, and a market leader with over 80 years of experience.

The first of the large company mergers took place in 1992 with the creation of OCP, which would be the seed of the Group structured as it is today. OCP became one of the leading groups of the construction companies in Spain. The second large merger took place in 1997, with the creation of ACS as a result of OCP's merger with Auxini and Ginés Navarro.



At the end of the nineties, the Group incorporated most of the companies forming its current services area; Onyx, a provider of environmental services, Imes, a company dedicated to public lighting services, integral maintenance and control services, and Vertresa, the largest waste treatment plant in Madrid.

The turn of the century started with the integration of the Dragados Group, which positioned the ACS Group as the indisputable leader in the Spanish market and one of the most important companies in its industry of the European continent.

Parallel to this entire integration process, the ACS Group has established the basis of its future strategy, by focusing its activity on relevant sectors of the Spanish and European economy. In 2003, Abertis, one of the top companies in infrastructure management, was created, and since then the Group has progressively increased its stake in this company.

Later, in 2005, with its investment in Unión Fenosa, the Group established the base of its Energy area, and subsequently strengthened this area with the purchase of a holding in Iberdrola in the last quarter of 2006. These investments have enabled ACS to position itself as a benchmark industrial company of two of the main energy companies in the European market.

1 .

Activity Report

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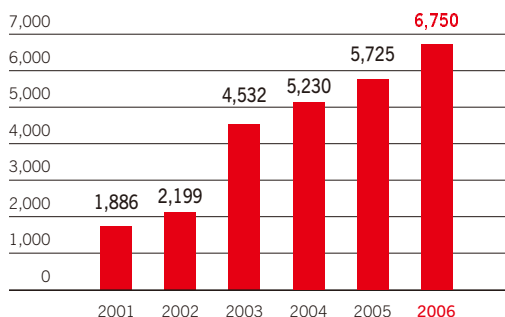


1.1 Construction

In 2006, the Construction area's results consolidate the ACS Group's position as the leading company in this sector in Spain, both in terms of turnover and market share. Net sales amounted to 6.75 billion euros and its order book exceeded 10.66 billion euros, which is equivalent to 19 months of activity. This represents a 17.9% increase in production evidencing this activity area's excellent performance for the year.

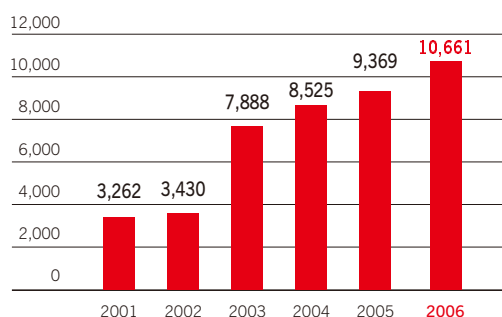
Turnover evolution

Million of euros



Order book evolution

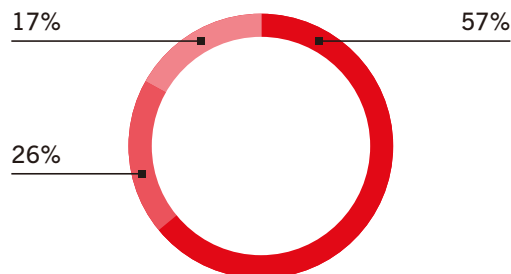
Million of euros



Note: 2004, 2005 and 2006 data according to IFRSs

Turnover breakdown by activity

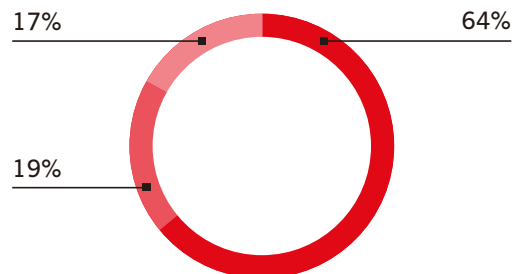
%



- Civil Works
- Non-Residential Building
- Residential Building

Order book breakdown by activity

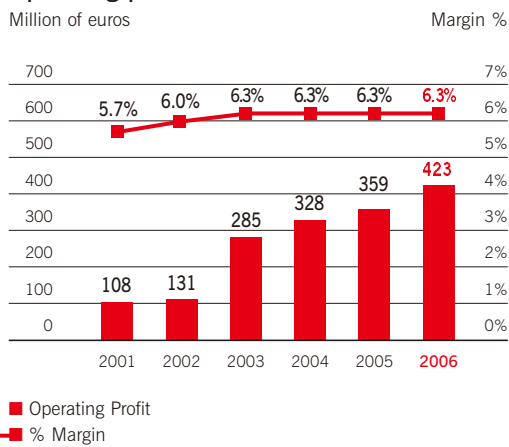
%



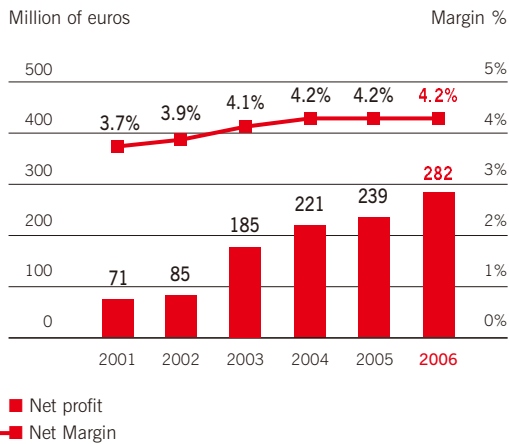
- Civil Works
- Non-Residential Building
- Residential Building

This increase in net sales was accompanied by an upturn in the other operating results, and mainly operating profit, which was up by 17.9% and net profit, which increased by 18%.

Operating profit evolution



Net profit evolution



Note: 2004, 2005 and 2006 data according to IFRSs



1.1 Construction

2006 was especially positive in terms of order book growth, which ended the year with a record high for the ACS Group.

These results have been achieved thanks to:

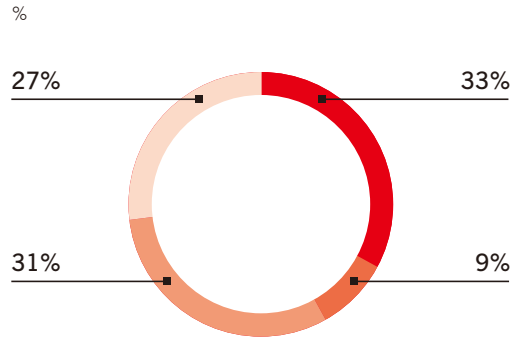
- An increase in official bidding processes by public administrations in Spain.
- A commercial strategy focused in recent years on large-scale works, with advanced technical requirements which generate high added value.
- A restructuring of international activity, focused on concessions and projects which require a high degree of specialisation.

■ A clear focus on clients.

■ A cost control policy, decentralized management and the optimization of working capital.

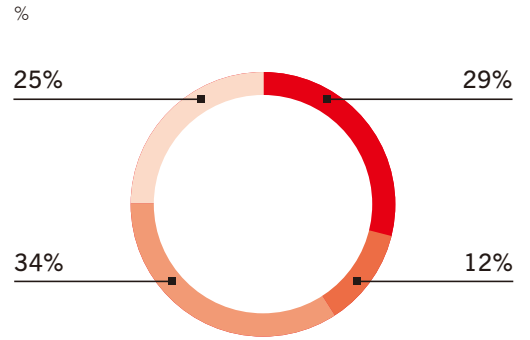
This commercial policy and the successive integrations of construction companies into the Group have enabled it to become the indisputable sector leader in Spain, particularly in the segment of civil works, which encompasses all type of projects relating to the development of infrastructures such as motorways, marine and hydraulic works, airports or any other type.

Domestic Civil Works turnover breakdown by type of project



- Highways and Roads
- Hydraulic Works
- Railways
- Other Civil Works

Domestic Civil Works order book breakdown by type of project



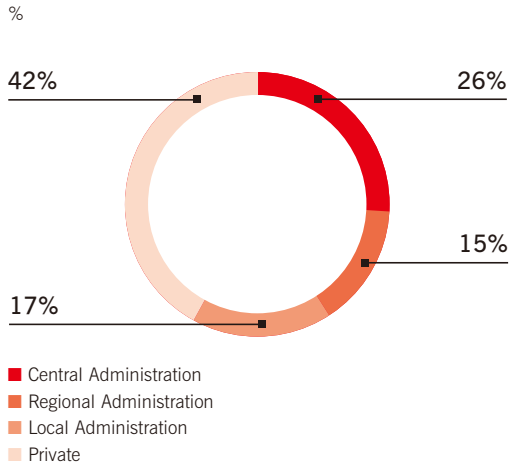
- Highways and Roads
- Hydraulic Works
- Railways
- Other Civil Works



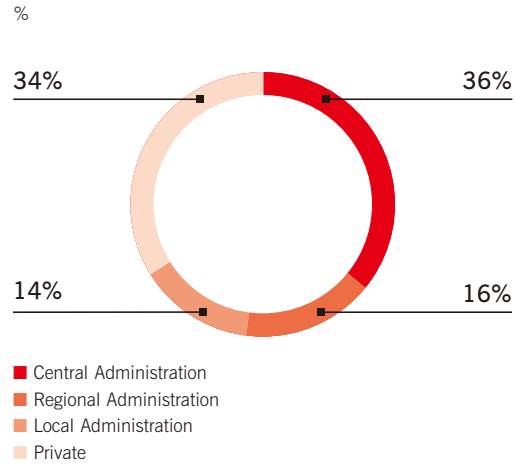
The ACS Group's focus on clients is a key factor in the Construction area. Public administrations, mainly including the Central Administration of Spain, and particularly the Ministry of Civil Works and the Ministry of Environment, as well as regional and local administrations, are of great importance for the development of our activity. For this reason, the Group has made a long-term commitment, which enables the identification of the client's needs and the continuous and efficient adjustment of the Group's offer.

Non-residential building activity continues to clearly focus on Public-Private Partnerships, without ceasing to meet the demand for commercial building during its years of economic growth. In terms of residential building the ACS Group works with the main domestic developers on developments which require a high number of resources due to their complexity or size.

Domestic turnover breakdown by type of client



Domestic order book breakdown by type of client



1.1 Construction

Strategic objectives

Construction is a mature and competitive business demanding a client management predominantly local. The strategy of the Construction activity of the ACS Group is based on the maximization of the profitability of its projects through an increased focus on large-scale projects which generate greater added value due to the inherent degree of specialisation. The main strategic objectives of this activity are:

- Maintenance of the share of the domestic market and constant improvement of operating profitability, attaining sustainable and profitable growth.
- Selective international expansion through the development of own concessions and/or unique projects requiring a high degree of specialization.

Activity in 2006

The ACS Group's leading company in the Construction activity, Dragados, S.A. is specialised in all type of infrastructures and has an extensive background in the construction of important projects for highways, motorways, roads, marine works, hydraulic works, metropolitan infrastructures, airports, ports, etc. It also has a significant presence in the building sector, both in non-residential (for commercial, healthcare, educational, administrative, cultural or sporting uses, and in the refurbishment of unique buildings) and in residential building throughout Spain, with presence in the country's principal cities, residential areas and tourist destinations.

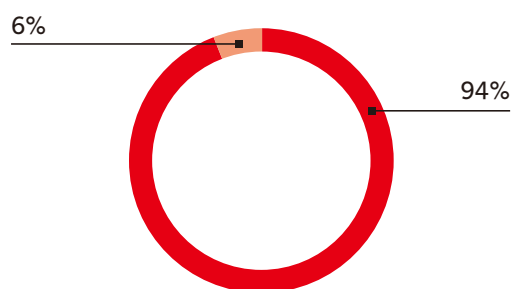
In 2006, the Construction area's international activity supposed 6% of the total, and principally came from countries where the Group carries out transport infrastructure concessions.



Last year, the ACS Group began carrying out activities in the United States and Poland. Especially relevant was the entrance into the United States where it was awarded the first contract to expand the New York subway, which involves the construction of four tunnels totalling 7.5 kilometres. These tunnels will serve to unite the Queens borough with the Grand Central Station of Manhattan. Being awarded this project, called East Side Access Manhattan Tunnels, consolidates Dragados as a worldwide leader in the development of infrastructures of high technical complexity. This leadership is based on the experience acquired over the years in Spain.

Turnover breakdown by market

%



- Domestic
- International



1.1 Construction

Civil Works

In **motorways** and **roads** the following projects carried out in 2006 are noteworthy:

■ A number of works were performed in relation to the general project for renovation of the M-30 ring road, in Madrid, including:

- Renovation of the section of the M-30 between Puente de Segovia and Paseo del Marqués de Monistrol.
- Construction of the new tunnel in the Glorieta de Embajadores of Madrid for the renovation of the M-30.

■ Construction of the highway between Valladolid and Cuéllar, in Spain.

■ Construction of the bypass of the Sueca N-332 national road, in Valencia.

■ Construction of the AG-56 toll road between Santiago and Brión, in Galicia.

■ Construction of the Villarrobledo section of the highway between Extremadura and Valencia.

■ Expansion of the section of the motorway A-7 between L'Infant and Montroig, in Tarragona.

In **railways**, in which high-speed, interurban and metropolitan projects are encompassed, the following deserve special mention:

■ Various projects were carried out for the Regional Government of Madrid in order to improve the capital's subway network, noteworthy of which were the following:

- Construction of the complementary section no.1 of Line 7 of the Madrid's subway.
- Works relating to the extension of Line 11 of the Madrid's subway.

■ Construction of the rail section between the towns of Buñol and Cheste, in Valencia.

■ Construction of the AVE railway station in Tarragona.

■ Construction of the rail axis affecting the section of Osuna, in Sevilla.

■ Construction of a high-speed railway line between Figueres and Persignan (France).

■ Construction of Puente del Tercer Milenio (The Third Millenium Bridge), in Zaragoza.



Among the works carried out in **hydraulic infrastructures, coasts and ports**, the following deserve special mention:

- Construction of the Tormentas Arroyofresno reservoir, in the north of Madrid.
- The ACS Group took part in the construction of the green sea wall in the Cádiz port.

Building construction

In **non-residential building**, the ACS Group is involved in many public and private projects, including:

In the construction of **cultural and sports buildings**:

- Construction of Arenes shopping and leisure centre, in Barcelona.
- Construction of the Technical Institute La Marañosa, in Madrid.

In respect of **health centres and hospitals**:

- Construction of the Puerta de Hierro Hospital at its new location in Majadahonda, in the north of Madrid.
- Participation in the construction of the San Pau Hospital, in Barcelona.

In **industrial and office administrative buildings**:

- Building of the central police station in Barcelona.
- Construction of the Puerto III penitentiary centre in El Puerto de Santa María, in Cádiz.
- Construction of an administrative building of the Regional Government of Cataluña, in Girona.
- Construction of the Plaza de Castilla interchanger, in Madrid.

In **residential building**, the group continues carrying out projects for the leading developers of Spain in the construction of residential buildings and complexes throughout the country.

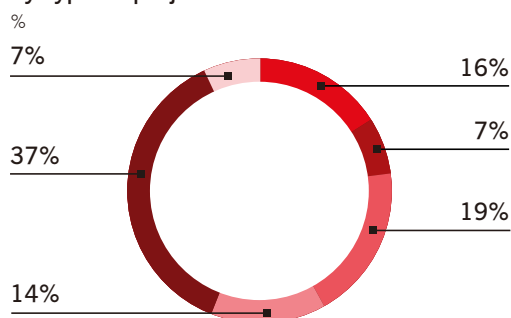


1.1 Construction

Contracts awarded in 2006

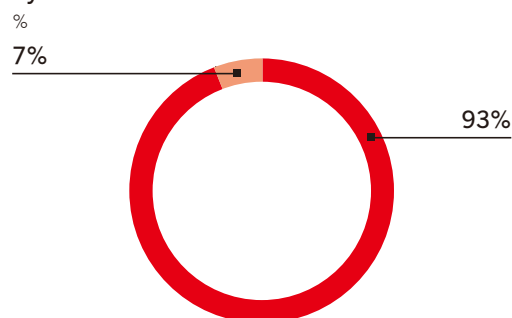
Main contracts awarded in 2006 <small>Million of euros</small>	Amount	Type of Project
Construction of the Ionian motorway (Greece)	367	Roads
Construction of 4 tunnels (East Side Access Tunnels) in New York	234	Railways
Construction of the Waterford motorway (Ireland)	138	Roads
Construction of the Hospital Universitario Son Dureta (Balears)	97	Non-Residential Building
Construction of the new Plaza railway complex (Zaragoza)	89	Railways
Extension and improvement of the Barcelona-Sants station (Barcelona)	78	Railways
Construction of the Levante high-speed railway section between Olalla and Arcas (Cuenca)	77	Railways
Construction of the Penitentiary Centre in Morón de la Frontera (Sevilla)	69	Non-Residential Building
Construction of the Cornellana-Salas road section (Asturias)	60	Roads
Residential development of Paseo de la Dirección (Madrid)	59	Residential Development

Order book breakdown by type of project



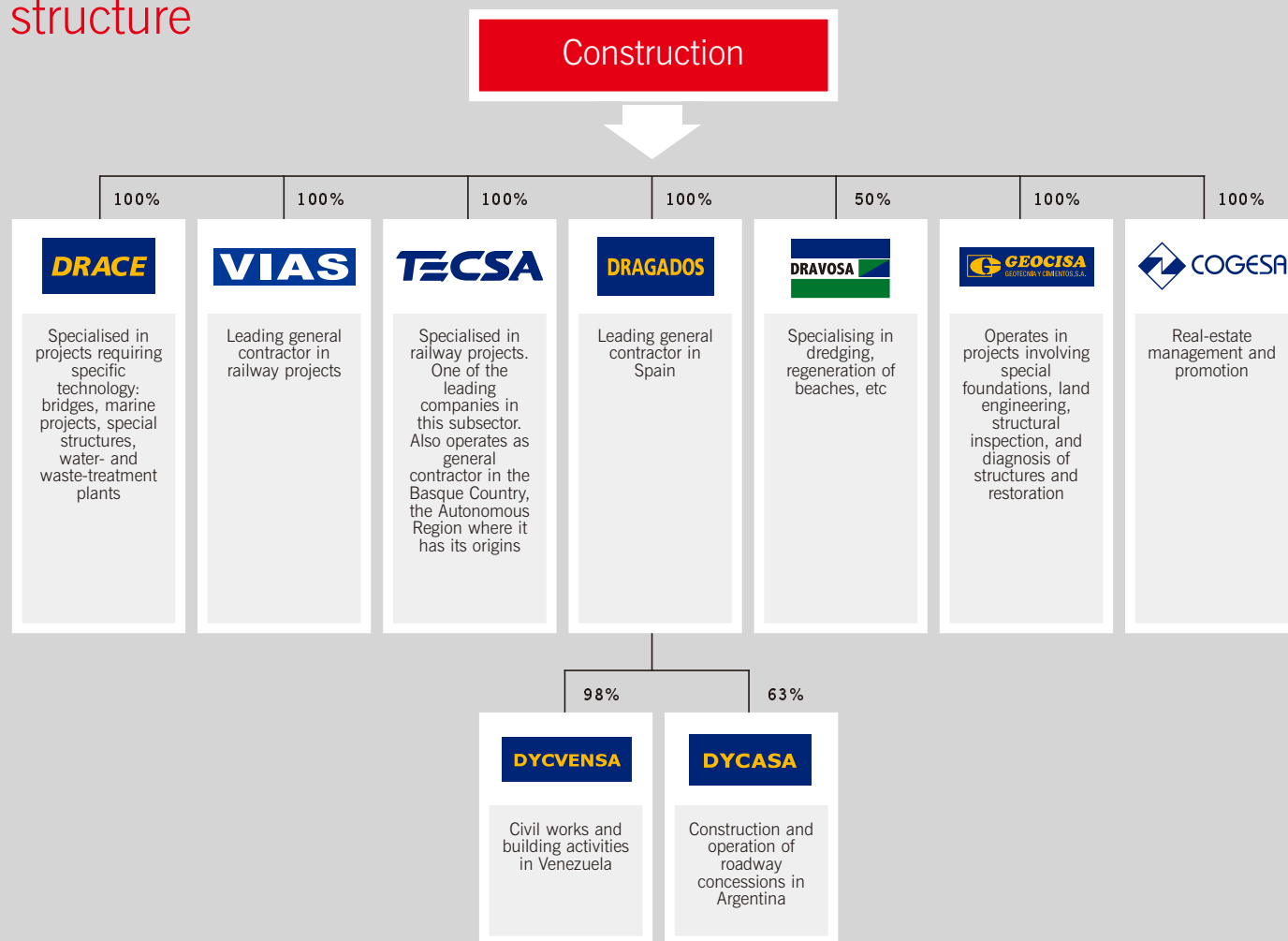
- Domestic Civil Works
- Highways and Roads
- Hydraulic Works
- Railway
- Other Civil Works
- Building

Order book breakdown by market



- Domestic
- International

Organizational structure



1.1 Construction

Sector prospects

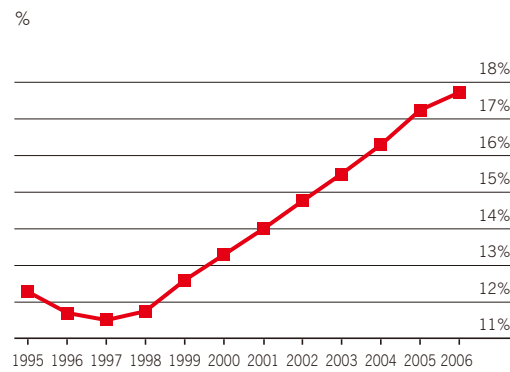
With a production of 185.2 billion euros in 2006, up by a strong 6% versus 2005 figures, construction activity was again the most dynamic sector of the Spanish economy this year:

■ It provides employment to 12.9% of the population in work.

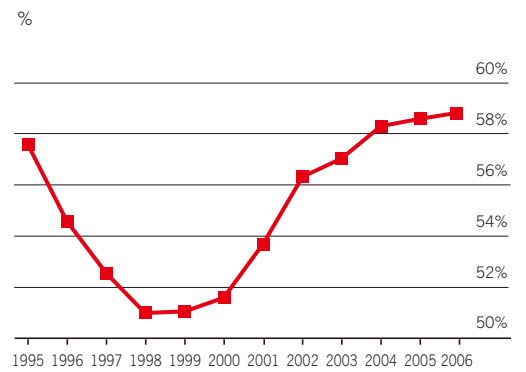
■ Its investment constitutes 58.7% of the total investment in economy.

■ It represents 17.8% of the country's economic activity.

Construction investment over GDP



Construction investment over total investment



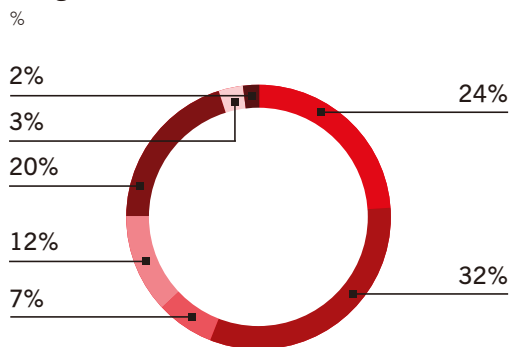
Source: Spanish Statistics Institute



With a 3.4% increase in GDP, a 5.5% upturn in gross fixed capital formation, and a 6% increase in construction activity, Spain recorded growth above the average of the other EU countries. This economic prosperity is a result of the reorganization of the Spanish treasury, with a public sector surplus of around 0.5% of the GDP and a domestic public debt amounting to less than 40% of GDP. This data is a guarantee for future investment in infrastructures, beginning with that forecasted for 2007.

Having compared the budgets published in the fall for 2007 to those for the recently ended 2006, the outlook is positive. A 7.4% increase in the investment in infrastructures by the Central Administration is forecasted, noteworthy being the close to 20% increase in road development, with an investment of 4.186 billion euros.

Budget 2007



- Roads
- Railways
- Ports and Maritime Safety
- Airports and Airline Safety
- Hydraulic works
- Environmental actions
- Other

Source: Spanish Ministry of Economy and Finance

Areas	2006	2007	Change
Million of euros			
Roads	3,500	4,186	+19.6%
Railways	5,777	5,570	-3.6%
Ports and maritime safety	1,414	1,289	-8.8%
Airports and Airline safety	1,798	2,058	+14.5%
Hydraulic works	3,219	3,521	+9.4%
Environmental actions	n.a.	436	n.a.
Other	499	367	-26.5%
Total	16,233	17,427	+7.4%

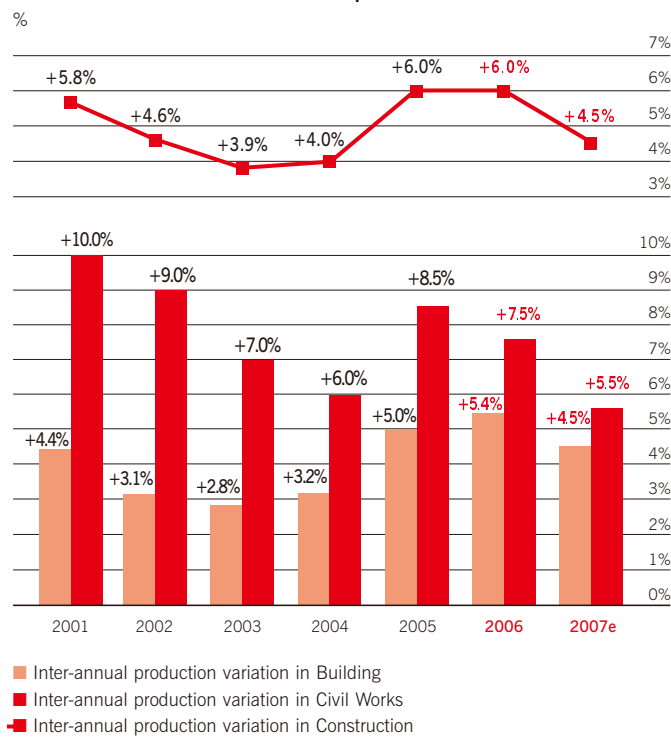


1.1 Construction

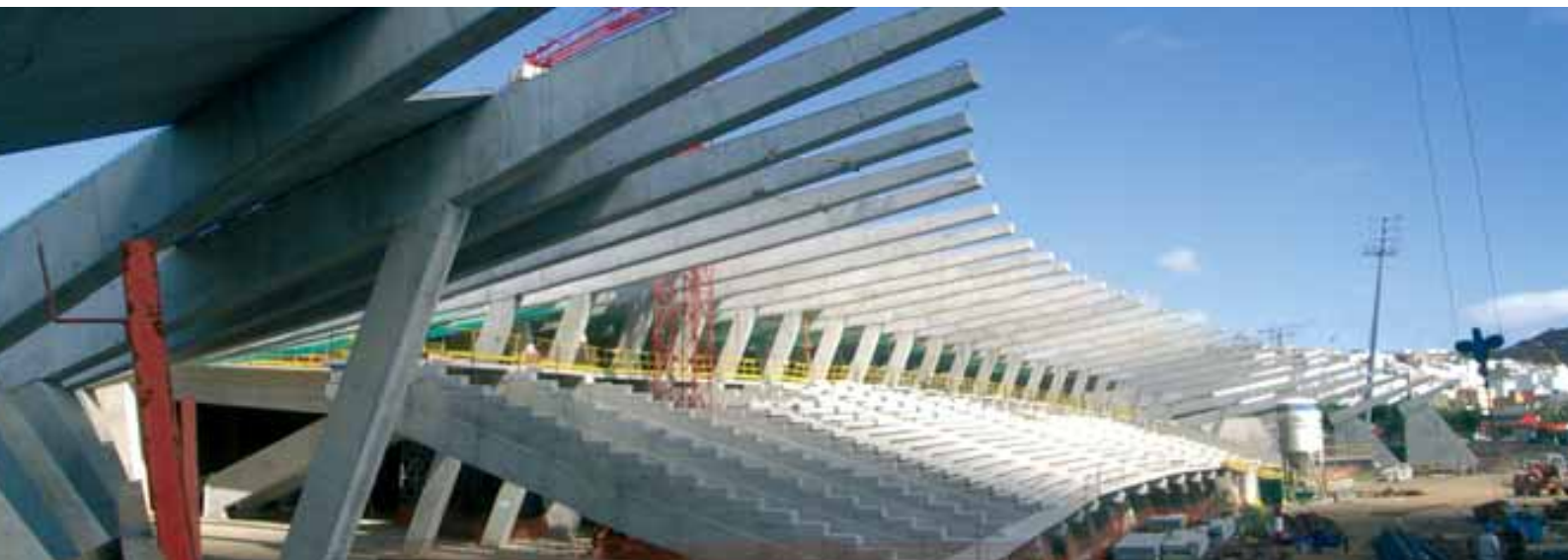
This positive economic backdrop which has lasted over a decade in Spain has led to a demand for transport infrastructures, which has been met by the increased effort of public administrations when investing their annual budgets.

Furthermore, non-residential building is expected to continue growing due to solid demand not only for commercial or office buildings but also based on the development of Public-Private Partnership projects (PPPs). In 2007, growth in residential building is likely to be moderate so as to adapt production to the increase in sales in the past two years.

Evolution of Construction in Spain



Source: Association of Spanish Contractors (SEOPAN)

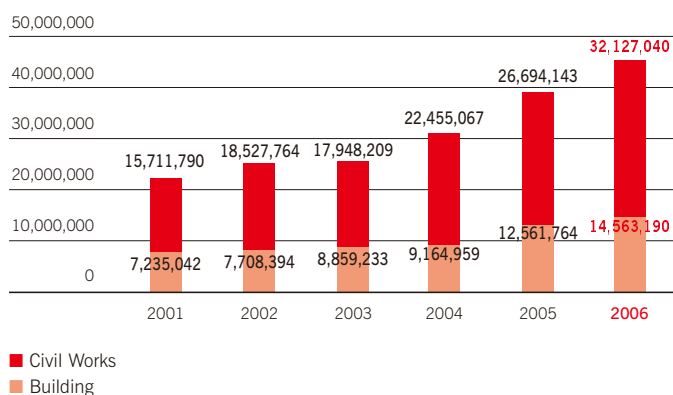


In 2006, official bidding processes have increased by 19%, which has enabled the main companies in the sector to position their order books at all-time maximums and improve their turnover growth from the previous year. Likewise, greater participation of regional and local administrations can be appreciated in official bidding processes in detriment to that of

the Central Administration, which represents 33.8% of the total, as a consequence of the containment of public deficit through a policy of budgetary rigour, due to the greater active participation of regional and local administrations in the financing of concerted measures and as a result of a growing partnership with the private sector.

2001-2006 Official bidding processes evolution

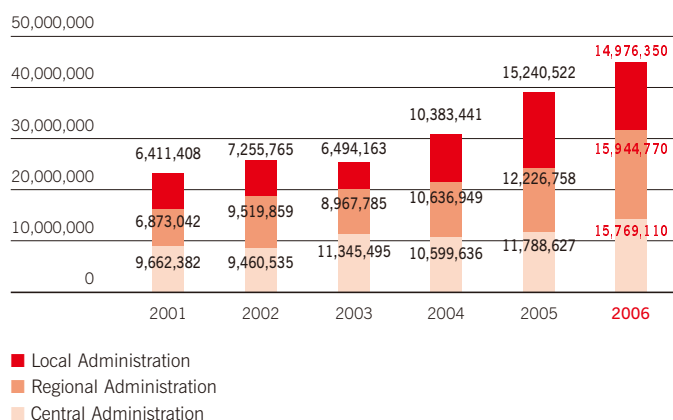
Million of euros



Source: Association of Spanish Contractors (SEOPAN)

2001-2006 Official bidding processes evolution

Million of euros

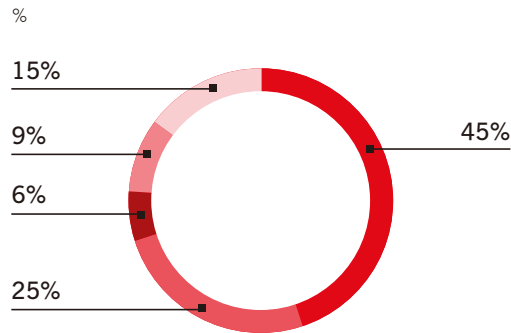


1.1 Construction

The Strategic Plan for Infrastructures and Transport (PEIT), ratified by the Government on 15th July 2005 in the Council of Ministers and aimed at improving Spanish infrastructures in the period encompassed between 2005 and 2020, continues to be the reference framework for the future investment in infrastructures by Central Spanish Administrations. The investment plan presented amounts to €250 billion, which implies an annual average of €15.5 billion and

an investment effort of around 1.5% of GDP on average throughout its period of validity. Of the total investment committed, 60% will be charged to the General State Budgets and the remaining 40% will be charged to Public-Private Partnership schemes (PPPs).

Central Spanish Administrations investment in infrastructures



- Railways
- Roads
- Airports
- Ports
- Real Estate Developments

Areas

Areas	Investment
Railways	108,600
Roads	62,700
Airports	15,700
Ports	23,500
Real Estate Developments	38,200

Total Investment

(60% Public. 40%: Public - Private)

248,700



The commitment of the PEIT is ambitious and constitutes a pledge for Spain's economic development and competitiveness through a more integrated, safer, more efficient and more sustainable transport system that is more respectful to the environment and strengthens social and territorial cohesion.

The measures of the plan are focused on railways, roads, air and marine transport, ports and to urbanize land prior to real state developments, activities in which the ACS Group holds significant competitive advantages.

In 2006, over 16 billion euros of the aforementioned amount was invested, confirming the Spanish government's efforts to foster investment in order to maintain the current state of wellbeing and to promote growth in other sectors which are key to the economy such as tourism and related services.

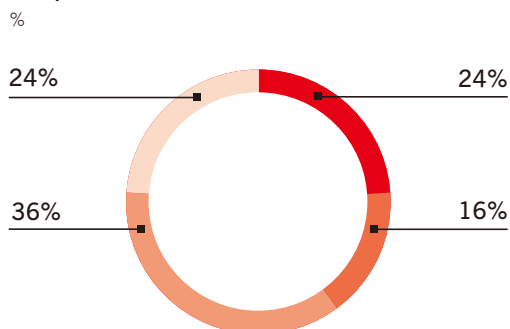
From a macroeconomic standpoint, the outlook of residential building in Spain is positive based on the demographic growth arising as a result of migratory flows from both developing countries and Northern Europe.

Residential building was up by 8.5% in 2006. The real estate market's drive is based on the continued high demand for second-home property by Spanish citizens as well as the demand by groups of immigrants who have resided in Spain for several years and who, after having stabilized their financial position, have now begun to see the purchase of residential property as a possible. This growth is accompanied by significant activity in terms of construction permits. In this respect, applications for 800,000 permits were recorded and a total of 590,000 dwellings were completed in 2006.

These figures confirm that the residential construction market in Spain continues to have projection, given that in an economy like that of Spain, where there is a floating population of around 55 million people, the absorption of 500,000 to 550,000 new dwellings per year can be sustained.

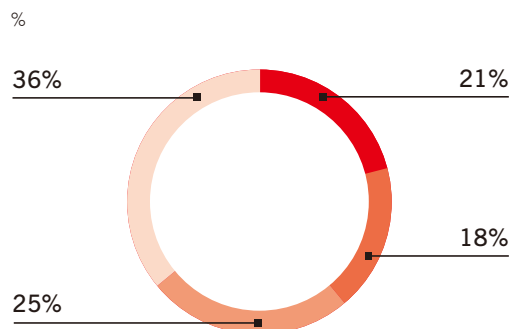
The boost in the refurbishment and maintenance subsector is notable once again this year, currently reinforced by the need to respond to increasing housing demand, notwithstanding that of new construction, which has experienced high revaluations, and by the financing facilities. The trend of this activity will be to approach the most mature level of the European Union, which represented 36% of the sector production total in 2006, versus 24% of production in Spain.

Construction production in Spain



- Civil Works
- Non-Residential Building
- Residential Building
- Refurbishment and Maintenance

Construction production in the EU-15



- Civil Works
- Non-Residential Building
- Residential Building
- Refurbishment and Maintenance

1.2 Concessions

Iridium Concesiones de Infraestructuras S.A. is the ACS Group company that engages in the promotion, management, operation, administration, maintenance, refurbishment and conditioning of all type of administrative concessions of both transport and public facility infrastructures.

Iridium develops all type of infrastructure concession projects as well as Public-Private Partnership projects, covering the entire value chain of concession business.

With a proven track record due to its pioneering role in the development of these kind of contracts and thanks to the number that has been carried out successfully in several countries, Iridium Concesiones de Infraestructuras, S.A. has ranked among the world leaders in the promotion, financing, construction and operation of transport and public facility infrastructures for over ten years, according to the annual rankings published by the prestigious specialised magazine “Public Works Financing” (PWF).



The application of the Public-Private Partnership model application represents one of the ACS Group's main opportunities for international expansion. The conditions that must be met by countries with investment opportunities are the following:

- There must be a true need for infrastructures, both from a renovation and creation perspective.
- The project must have a high level of acceptance among users and the public administration.
- A stable legal framework and detailed legislation are key conditions.
- A financial market developed for the purpose of obtaining capital financing without recourse to or guarantees from shareholders.

In 2006, the company was awarded 4 new concession contracts that are currently in their initial phase, with an investment of over 1.4 billion euros. During the year, several bids presented have yet to be ruled on. The know-how, human resources, technical capability and financial soundness of the company enable it to deal with any project regardless of its complexity or size. Thus the company has tendered in several important projects in Europe, North America, South America and South Africa. These projects amount over 87 billion euros.



1.2 Concessions

The following table summarises all of the ACS Group's concessions as at 31 December, 2006:

Concession-Description	Stake	Consolidation Method	Country	Status	Phase	Ud.	Expiration Date	Managed Investment	ACS Contribution
A8 - Bidelan Guipuzkoako Autobideak	50.00%	E.M.	Spain	Motorways	Operation	78	2018	54	3
AP1 - Bidelan	50.00%	E.M.	Spain	Motorways	Operation	46	2020	3	1
Autovía de La Mancha	66.70%	Global	Spain	Motorways	Operation	52	2033	130	18
Circunvalación de Alicante	50.00%	E.M.	Spain	Motorways	Construction	147	2040	468	42
Infraestructuras y radiales (R2 y M50)	35.00%	E.M.	Spain	Motorways	Operation	80	2028	553	61
Accesos Madrid (R3/R5 y M50)	19.60%	N.C.	Spain	Motorways	Operation	92	2049	1,073	87
Reus-Alcover	85.00%	Global	Spain	Motorways	Construction	10	2038	54	14
Ruta de los Pantanos	25.00%	E.M.	Spain	Motorways	Operation	22	2024	96	4
Santiago Brión	70.00%	Global	Spain	Motorways	Construction	16	2035	108	14
Autovía de los Pinares (Valladolid Cuellar)	53.30%	E.M.	Spain	Motorways	Construction	44	2041	96	14
EMESA (Madrid Calle 30)	50.00%	Proportional	Spain	Motorways	Operation	33	2040	216	51
Vespucio Norte Express	46.50%	E.M.	Chile	Motorways	Operation	29	2032	598	95
Autopista Central (Urban System North-South)	48.00%	E.M.	Chile	Motorways	Operation	62	2031	795	148
Rutas del Pacífico (Ruta del Pacífico)	50.00%	E.M.	Chile	Motorways	Operation	129	2025	372	54
Tunel San Cristobal	50.00%	E.M.	Chile	Motorways	Construction	4	2035	77	15
Dundalk - Celtic - Northlink M1	⁽¹⁾ (CRG) 33.33%	E.M.	Ireland	Motorways	Operation	54	2034	126	13
	⁽²⁾ (NM1) 27.00%								
N25 Waterford By Pass - Southlink N25	⁽¹⁾ (Waterford) 33.33%	E.M. / N.C	Ireland	Motorways	Construction	24	2042	285	20
	⁽²⁾ (Souhtlink) 16.00%								
Scut da Beira Interior - Ramalho	25.00%	E.M.	Portugal	Motorways	Operation	187	2029	839	18
A1 Darrington - Dishforth	25.00%	E.M.	UK	Motorways	Operation	53	2036	365	7
A-13. Puerta del Támesis	25.00%	E.M.	UK	Motorways	Operation	22	2030	381	9
Proyecto Platinum - Bakwena - PT Op.	⁽¹⁾ (Bakwena) 25.00%	E.M.	SouthAfrica	Motorways	Operation	381	2031	281	6
	⁽²⁾ (Pt Ops) 33.33%								
Autopista Jónica (NEA ODOS)	33.30%	E.M.	Greece	Motorways	Construction	380	2037	1,150	64
Total Highways (km)						1,944		8,120	758
SCL	14.80%	N.C.	Chile	Airports	Constr./Oper.	1	2018	168	5
Aerocali	33.30%	E.M.	Colombia	Airports	Operation	1	2019	15	2
Montego Bay	35.00%	E.M.	Jamaica	Airports	Constr./Oper.	1	2033	128	10
Aeropuertos Mexicanos del Pacífico	33.30%	E.M.	México	Airports	Operation	12	2014	251	89
Total Airports (# airports)						15		562	106
Figueras Perpignan - TP Ferro	50.00%	E.M.	Spain - Fr.	Railways	Construction	45	2054	1,097	51
Seville Subway	31.10%	E.M.	Spain	Railways	Construction	19	2038	584	29
Arganda Subway (Madrid)	8.10%	N.C.	Spain	Railways	Operation	18	2029	133	3
Total Railways (km)						82		1,814	83
Brians Jail	75.00%	Global	Spain	Jail	Construction	95,182	2034	107	10
Central Police Station (Barcelona)	100.00%	Global	Spain	Police Station	Construction	60,330	2024	62	9
Vallés Police Station (Terrasa)	100.00%	Global	Spain	Police Station	Construction	8,937	2031	16	16
Vallés Police Station (Barberá)	100.00%	Global	Spain	Police Station	Construction	9,269	2031	20	19
Public Facilities (m²)						173,718		205	54
Hospital Majadahonda	55.00%	E.M.	Spain	Hospitals	Construction	749	2035	245	15
Hospital Son Dureta	48.00%	E.M.	Spain	Hospitals	Adjudicación	987	2038	230	17
Public Facilities (# beds)						1,736		475	32
Plaza de Castilla Transfer Station	45.00%	E.M.	Spain	Transfer Station	Construction	74,000	2040	117	8
Príncipe Pío Transfer Station	70.00%	N.C.	Spain	Transfer Station	Construction	24,000	2039	59	8
Avda. América Transfer Station	100.00%	Global	Spain	Transfer Station	Operation	41,000	2050	23	5
Total Transfer Station (m²)						139,000		199	21
TOTAL CONCESSIONS								11,375	1,054

Note: The company Aeropuertos Mexicanos del Pacífico manages 12 airports in Mexico through the Grupo Aeroportuario del Pacífico: Aguascalientes, Bajío, Guadalajara, Hermosillo, La Paz, Los Mochis, Morelia, Mexicali, Puerto Vallarta, San José del Cabo, Tijuana and Manzanillo.

Strategic objectives

The aim of the ACS Group's concession development area is to create value through the promotion and construction of infrastructure concessions exploiting the Group's operating capabilities, especially the cash flow available to invest in capital-intensive projects.

The projects developed must meet a number of common objectives:

- Creation of value and attractive profitability.
- Project diversification in different markets.
- Fostering of synergies with the capabilities and activity of other companies of the Group.
- Playing a leading role in the development of projects and the application of technologies.

Activity in 2006

Iridium Concesiones de Infraestructuras takes an active part in the main worldwide concession markets, focusing its efforts in Spain, the United States, Ireland, Chile, Greece, Canada and France, and also has key resources and relationships to penetrate in Australia and Eastern Europe in the near future.

This year Iridium Concesiones de Infraestructuras, S.A. established itself in the United States by incorporating a new company: ACS Infrastructure Development, Inc. This company's aim is to position itself as a reference in the US transport infrastructure market, where private participation in the development of infrastructures is in a budding stage. In this respect, ACS Infrastructure Development, Inc. currently operates in the two states which are currently most active in these areas: Texas and Florida.



1.2 Concessions

During 2006, the following concessions have opened for traffic or start-up:

■ On January 4, and in the presence of the President of Chile and the Minister of Public Works, toll collection was started-up and initiated for the entire Vespucio Norte Express motorway, 6 months in advance of the initial contract date. The Definitive Start-up Certificate for the motorway was obtained on August 22, being the first of the four urban concession companies in Santiago de Chile to receive this certification.

■ January 13, marked the partial start-up of the A1 Highway (United Kingdom).

■ Ten police stations buildings in the municipalities of Montcada i Reixac, Ripollet, Terrassa, Cerdanyola del Vallès, Santa Perpètua de la Mogola, Barberà del Vallès, Sant Cugat del Vallès, Rubí, Esplugues de Llobregat and Cornellà de Llobregat, in Catalunya.

■ On May 8, in the presence of the President of Chile and the Minister of Public Works, the full stretch of the Central Motorway crossing Santiago de Chile from the north to the south, was inaugurated.

The Company demonstrated high efficiency and innovation in the management of project finance without recourse to shareholders, receiving the recognition of the sector's specialized publications. In 2006 the magazine Project Finance awarded the "EMEA Transport/ Rail Deal of the Year" to the concession company TP Ferro for the best financing in 2005 for a railway transport project. This same project also received the award "Infrastructure Deal of the Year" prize awarded from the same magazine as the best infrastructure project in 2005.

During 2006, several finance operations without recourse to shareholders were arranged, noteworthy of which were the following:

■ Waterford (Ireland): €237.7 million, maturity in 2033, with the participation of EIB and the structuring of the cancellation of guarantees conditioned to the meeting of Ratios.

■ Ionia Odos (Greece): total financing of €353 million. €194 million is structured in a Bridge Financing section of Government payments, €121 million is arranged as senior debt which matures in 25 years, a contingent debt Tranche of up to €38 million, and a VAT asset of €51 million.

■ Financing arrangement amounting to €223 million maturing in approximately 28 years for the Majadahonda Hospital (Madrid).



■ Financing arrangement amounting to €114 million which matures in approximately 20 years for Emesa (Madrid).

■ The project finance arrangements for the Pinares Highway (Valladolid-Cuéllar), C-14 Reus - Alcover, the central police station of Mossos d'Esquadra, the Transport Interchanger at Plaza de Castilla and the Transport Interchanger of Príncipe Pío.

Other noteworthy events which took place during the year included the following:

■ On January 19, in the presence of the President of the Galicia Regional Administration, the Mayor of Santiago, the council, mayors and members of parliament, the first stone of the new concession project, Santiago-Brión Highway, was placed, officially commencing the construction of this project.

■ On February 24, 85% of the shares of the Group Aeroportuario del Pacífico (GAP), which is owned by the Mexican government, were placed on the Mexican and New York stock exchanges. The ACS Group has a stake in GAP through its Mexican subsidiary Aeropuertos Mejicanos del Pacífico S.A. de C.V.

■ On March 27, the agreement for the sale of the Colombian company Ferrocarriles del Norte de Colombia to the group of companies of which Drummond and Glencore is the parent company, was signed. In May, the assignment process was completed.

■ Incorporation on April 6, of the Autovía de los Pinares company. Signature of the concession contract on April 26. Shadow toll road contract for a term of 30 years. The total anticipated investment amounts to 97 million euros for a 37 km long highway. "First Stone" ceremony held on July 26 and commencement of the contract works for Los Pinares highway in Spain.

■ On April 24, in the presence of the Irish Minister of Transport, the first stone of the new concession project N25 Waterford City Bypass was placed, officially commencing the construction of this project.

■ On May 26, in the presence of the President of Chile and the Minister of Public Works, the first stone of the San Cristóbal Tunnel concession project was placed, officially commencing the construction of this project.



1.2 Concessions

Contracts awarded in 2006

In 2006, the ACS Group was awarded the following contracts:

- 30 year concession of the Ionia Odos toll road in Greece, with a length of 379.5 Km. This project includes the “Ionia Odos” highway –closed toll system– which is approximately 196 Km long from Antirio to the connection Egnatia Odos and the section of the PATHE motorway –open toll system– which stretches approximately 172.5 Km. from the Metamorphossi connection to the Skarfia connection, including the connection line from Schimatari to Chalkida, which is 11 Km long. The investment amounts to 1.15 billion euros.
- 31.5-year concession for the new Hospital in Son Dureta. This project includes the construction, financing, non-electromedical equipment, water and electricity supply, and the provision of the hospital's non-health related services. The Son Dureta Hospital, which is expected to be the Balearic reference hospital, will have 819 hospital beds and 168 internment beds. The cost of the start-up of the hospital amounts to 230 million euros.
- 26-year concession of 5 Surface Area Rights to construct, finance and lease five buildings to the Regional Catalanian Administration to be used as police stations (Mossos d'Esquadra) in 5 towns (Montcada i Reixac, Ripollet, Terrassa, Cerdanyola del Vallès and Santa Perpètua de la Mogoda). The investment amounts to 16 million euros. The collection of rent will be conditional upon compliance of maintenance quality standards.
- 26-year concession of 5 Surface Area Rights to construct, finance and lease five buildings to the Regional Catalanian Administration to be used as police stations (Mossos d'Esquadra) in 5 towns (Barberà del Vallès, Sant Cugat del Vallès, Rubí, Esplugues de Llobregat y Cornellà de Llobregat). This investment amounts to 20 million euros. The collection of rent will be conditional upon compliance of maintenance quality standards.



The ACS Group currently has ownership interest in companies which have been short-listed for the following projects:

■ 30-year concession for the Central Greece toll road. This project includes the 174 km long “Central Greece (E65)” motorway, which connects the “PATHE” motorway in Lamia to the Egnatia Odos motorway in Grevena, and the section of the “PATHE” motorway between Skarfia and Raches, which is 57 Km long and is being constructed by the State. The concession period is 30 years. The estimated investment in the project amounts to 1.508 billion euros.

■ Concession project for the management and operation of sports facilities of the Canal de Isabel II third deposit in Madrid. The awarded contract amounts to 3.25 million euros, and the operating term is five years.

■ In Florida, the consortium Miami Mobility Group, in which the company has a stake was short-listed by the Florida Transportation Department to design, finance, build operate and maintain a tunnel which will provide a new entrance to the port of Miami. The price estimated by the client at 2007 prices exceeds one billion dollars and the term of the concession is 35 years. The collection system is by availability of the infrastructure.

■ In Texas, the company was short-listed for the TTC 69 and the IH635. In 2007, both projects will be awarded according to the Texas Transportation Department's latest schedule.

The TTC 69 project consists in the development of the tunnel crossing Texas from north to south at the height of Houston. The project provides for the possibility of implementing all type of transport infrastructures. In September 2006, the company, in partnership with a local group, was short-listed by the Texas Transportation Department. The winning consortium will advise the State on the most appropriate transportation projects and will have the right to operate a portion thereof.

■ In November 2005, the company was short-listed to develop, design, construct, finance, operate and maintain part of the ring road leading to Dallas (Texas), called IH635. Four bidders will compete for the project and the contract will be awarded in 2007.

■ Concession for the railway line from the Charles de Gaulle Airport to Paris, France, with an estimated investment of 600 million euros.



1.2 Concessions

Organizational Structure

Iridium Concesiones de Infraestructuras, S.A. manages concessions in a decentralized manner based on the type of business and/or geographic location of the markets where it operates. By line of business: international motorways in operation are managed through Inversora de Infraestructuras, S.L. and international motorways under construction are managed through Desarrollo de Concesiones Viarias Dos, S.L; domestic motorways are run through Desarrollo de Concesiones Viarias Uno, S.L, subways and railways are managed through Desarrollo de Concesiones Ferroviarias and airports are concentrated in Desarrollo de Concesiones Aeroportuarias, S.L; the management and operation of the parking lots are concentrated at Iridium Aparcamientos, S.L. With respect to geographical diversification, it currently has subsidiaries in: the United States - ACS Infrastructure Development Inc; Chile - Concesiones Viarias Chile; and Spain - Catalonia - CAT Desenvolupament de Concessions Catalanes.

Sector prospects

Private investment was further consolidated as the alternative for the financing of infrastructures given the profitability of the Public-Private Partnership model. The public administrations choose these solutions to maximize the returns provided by PPPs as compared to traditional public investments:

- PPP formulas make the projects viable.
- PPPs maximise the use of the private sector's capabilities.
- Risks are assigned to the party which is best able to deal with and manage them.
- PPPs provide budget security.
- PPPs add value to users and concession companies.
- Foster intergenerational equality.
- The public sector pays on the basis of the services provided, pressing the government to focus on the results and returns.

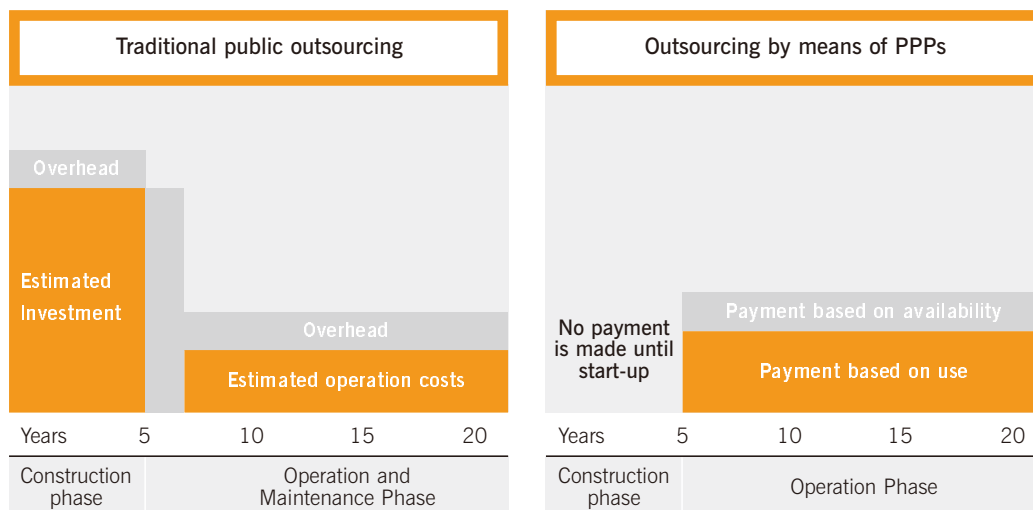


- Quality is maintained over the life of the concession due to the regulatory nature of the public sector.

- Foster the injection of private sector capital while improving its competitive capabilities.

- Allow governments to take on projects which could not be undertaken as a whole from an accounting perspective without these formulas.

These benefits are added to the possibilities that offer these initiatives when the competences transferred to the regional governments utilize important parts of their budgets



1.2 Concessions

Throughout 2006, Spanish local administrations, specially municipalities and regional governments have shown an increasing interest in using the PPP model. In line with the above, over the past year, public work concession contracts were applied to a higher number of projects, to a greater variety of types of transport and public facility infrastructures, and to a broader range of investment volumes.

The US transport infrastructure market has changed significantly due to the introduction of Public-Private Partnerships. The company considers the North American market to be strategic given the countless business opportunities it offers in the short/medium term. An exhaustive analysis is currently being carried out at a general level to identify investment opportunities in certain states. For each state, Iridium is taking into account the needs for new transport infrastructure, the political interest in its development and the existence of a favourable legal framework.

The Irish market continues to be attractive and Iridium's presence in the Republic of Ireland is stable and consolidated. The Irish government presented a new Domestic Development Plan in February 2007, which projects an investment of 183 billion euros up to 2013, of which 9.5 billion is to be through infrastructure PPPs. The most significant of these projects will be the Dublin Subway, in which the Group has already expressed its interest to the Government.

Additionally, Canada offers noteworthy political and economic stability, sufficient legal security and a developed financial system. The infrastructure level is inferior to the country's economic level and short- and medium-term opportunities are foreseen with respect to transport and hospital infrastructures. The degree of projects' maturity under the PPP structure is unequal from province to province, British Columbia and Québec being the most advanced.

Australia is a country in which large infrastructure projects have already been carried out with private financing, mainly in the cities of Sydney (State of New South Wales), Melbourne (Victoria) and Brisbane (Queensland). These three states as well as the states of Western Australia and South Australia have plans to develop new infrastructures through PPP contracts. The model of these contracts in Australia is similar to the British model and is well accepted by government administrations, the financial system and users. Iridium is currently studying the market and analyzing possible interest of several projects in the aforementioned states. This country has both high economic and high population growth and needs new infrastructures. Iridium has already expressed its interest in the Brisbane Airport Link project on which it will bid in 2007.





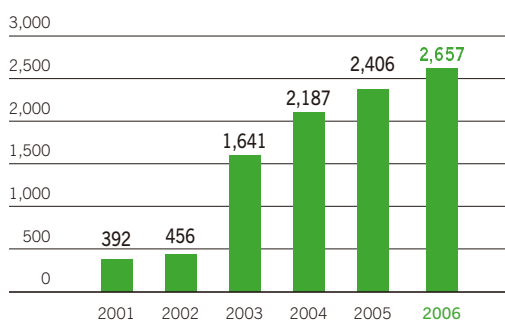
1.3 Environment & Logistics

In this set of activities, in 2006, the ACS Group achieved net sales of 2,657 billion euros, consolidating its position as a reference company in the European market.

Its order book exceeds 65 months of activity and has reached 14,171 million euros.

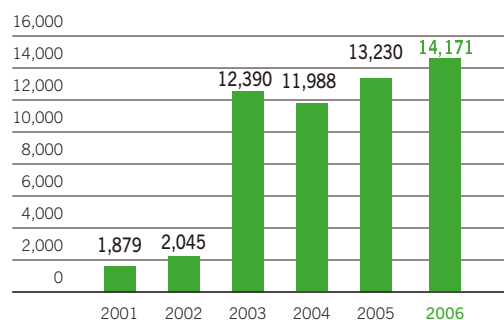
Turnover evolution

Million of euros



Order book evolution

Million of euros



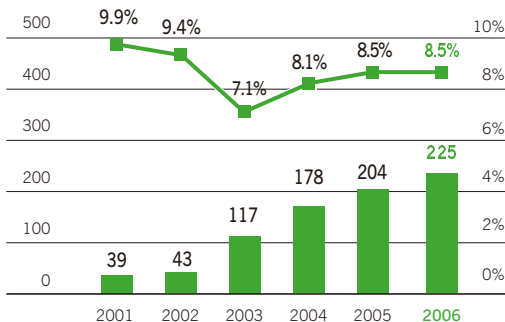
Notes: These figures include the results of the Continental Auto Group in order to allow for a uniform comparison of each year. 2004, 2005 and 2006 data according to IFRSs

The main features of Environmental & Logistics figures are the recurrence and visibility of its contracts, the need for capital and the long-term nature of the investments required. This area provides the ACS Group with stability and geographic diversification in terms of revenues.

Operating profit evolution

Million of euros

Margin %

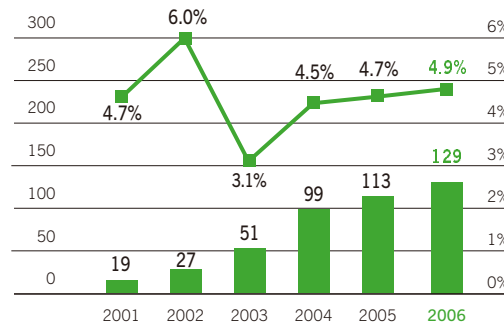


■ Net Operating Profit
 ■ Operating Profit Margin

Net profit evolution

Million of euros

Margin %



■ Net profit
 ■ Net margin

Note: These figures include the results of the Continental Auto Group in order to allow for a uniform comparison of each year. 2004, 2005 and 2006 data according to IFRSs

Environment & Logistics activity is grouped around three business lines:

■ **Environmental Services:** area specializing in waste management and treatment. It carries out street cleaning, urban waste collection and transport (“clean point” installations and transfer stations) and urban waste treatment by means of various kinds of processes: packaging plants, sorting and composting plants, biomethanization of the organic fraction, energy recovery with electrical energy generation (both from biogas coming from dumps and from biomethanization, and from the rejection fraction from the sorting plants), elimination of waste in controlled urban and industrial waste dumps, management of special waste (oils, hospital and industrial waste), integrated management of the water cycle and urban gardening.

■ **Facility Management:** these encompass the services necessary for the optimum running of public or private use properties (facility management, cleaning or ancillary services), green market-related activities (gardening, reforestation and environmental recovery), care services for social collectives in situations of dependence, airport services, and the management of advertising spaces in large installations and transport systems.

■ **Port and Logistic Services:** comprising port management and handling, maritime agency and transit activity, dry-dock management, combined transport and logistics.

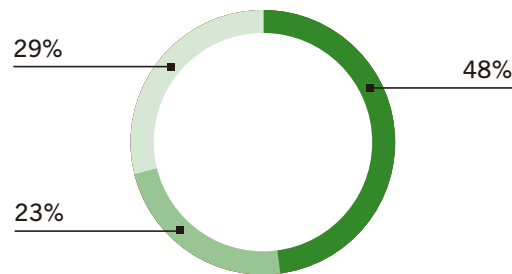


1.3 Environment & Logistics

In 2006, the growth trend evidenced in recent years was confirmed in the Environment & Logistics area. These past 12 months were especially positive for the Facility Management area, whose year-on-year growth rate was 17.3%, confirming its leadership in the Spanish market. The Environment area continued its international expansion and a high percentage of its sales are now performed outside of Spain, thereby positioning the ACS Group as a main competitor in the European market on

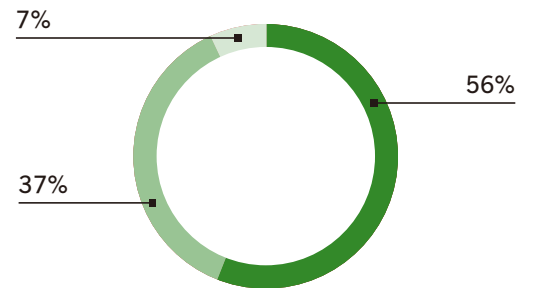
the same level as larger and more experienced companies. In the area of Port and Logistic Services, container terminal activities continued to grow. Our Group leads the market in Spain and continues its international expansion, which led it to extend its activities to Portugal and Brazil in 2006.

Turnover breakdown by activity
%



- Environmental Services
- Port and Logistic Services
- Facility Management

Order book breakdown by activity
%



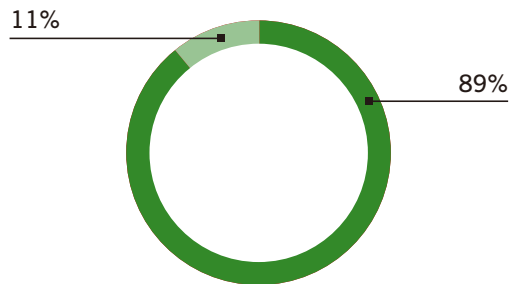
- Environmental Services
- Port and Logistic Services
- Facility Management

Note: Figures for the Continental Auto Group were not included in the breakdown



Turnover breakdown by market

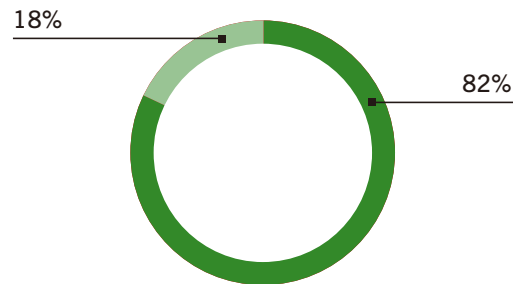
%



■ Domestic
■ International

Order book breakdown by market

%



■ Domestic
■ International

Strategic objectives

The ACS Group's Environment & Logistics activities are based on the use of two of the company's competitive advantages: service capacity and, in certain activities, availability of capital.

The aim of these activities is to maintain a sustainable growth rate with attractive profitability, and the following are key to this strategy:

- To improve the operational efficiency of all the companies.
- To remain at the technological cutting edge of solid urban waste treatment plants and to continue to lead this sector.
- To develop new services aimed at collectives with care needs and retired Spanish and foreign nationals.
- To grow in the international field, particularly in Environment and Port Services, organically and through acquisitions.



1.3

Environment & Logistics

Activity in 2006

Environmental Services

The ACS Group, through its company Urbaser, S.A., is the leader in the management of solid urban waste treatment plants in Spain, and has undertaken significant actions abroad. In Spain, it currently manages:

- Nineteen recycling and composting plants with a treatment capacity of 2,345,000 tons per year.
- Seven packaging plants with a treatment capacity of 237,500 tons per year.
- Twelve biomethanization plants with a treatment capacity of 2,050,000 tons per year.
- Four integrated plants with energy recovery and a treatment capacity of 1.4 million tons per year.
- Five more plants are in different phases of construction with a treatment capacity of 1.78 million tons per year.

The whole of these plants has generated an equivalent saving in CO2 emissions with respect to the baseline solution: Dumpsit, of around 2.1 million tons per year.

Of the plants managed, noteworthy are the integral plants with material and energy recovery of Mallorca (TIRME), Madrid (TIRMADRID) and Cantabria (TIRCANTABRIA), which process a total of over one million tons of U.S.W. per year, as well as the U.S.W. organic fraction biomethanization plants of León, Pinto (Madrid), Barcelona and Coruña, which generate electricity from the biogas generated.

Large plants under construction include the Zaragoza plant (Biomethanization), Marsella (Integral Plant), Madrid (Biomethanization), Ecoparque nº. 5 (Cataluña) and the Valence and Calais plants in France.

The total installed power in the Madrid, Mallorca and Cantabria plants amounts to 58 MW, and these plants produced 443.6 GWh in 2006.

To this power, it is necessary to add the 96 MW of installed power processed by the biogas obtained from dumpsites and biomethanization plants, which produce around 550 GWh per year.



In total, URBASER has electric power of around 154 MW and generates 1,000 GWh per year.

Urbaser collects and manages industrial oils at different treatment plants by means of the regeneration of lubricant bases. Additionally, the ACS Group is the leader in Spain in the management of sanitary wastes, (CONSEUR), given that it works for numerous health services in all of Spain.

Included amongst the most important contracts for street cleaning and solid urban waste collection are the Madrid neighbourhoods of Argüelles, Latina-Carabanchel, Arganzuela, Salamanca, Puente de Vallecas, Chamberí, Moncloa and Distrito Centro, as well as the Special Emergency Cleaning Service (SELUR) for the Madrid Municipality; those of the Northern Zone of Barcelona; and those of the cities of Alcalá de Henares, Almería, Cádiz, Denia, Elche, Jerez de la Frontera, León, Logroño, Málaga, Orense, Palencia, Santa Cruz de Tenerife, San Cristóbal de la Laguna and Santiago de Compostela. In relation to gardening, noteworthy is the contract for the cleaning and renovation of green zones in Retiro Park in Madrid, and the maintenance and upkeep of the green zones of Huelva, Santander, the northern area of Tarragona and Santa Cruz de Tenerife.

Port and Logistic Services

In 2006, the ACS Group maintained its position as leading operator of container terminals in Spain, handling nearly 4.5 million TEUs. Worth special mention is its activity in the ports of Valencia, Las Palmas de Gran Canaria, Bilbao, Málaga, Jing Tang (China) and Caucedo (Dominican Republic) and the development of Terminales del Sudeste (Málaga), which handled 475,000 TEUs in 2006.

Also noteworthy is the Group's role in other activities such as the handling of bulk material (11 million tons), general merchandise (5.4 million tons) and perishable goods (137,000 tons). In 2006, two terminal containers located in San Francisco do Sul (Brazil) and Setúbal (Portugal) were included in the Group. Additionally, the Group's leading position in other port services (agency, transit, transport, etc.) was reinforced in Spain.



1.3 Environment & Logistics

Facility Management

In *indoor cleaning*, the following contracts in execution in 2006 are of particular interest:

- Cleaning of the premises of the Civil Guard and National Police.
- Cleaning of the installations and mobile material of the Madrid subway.
- Cleaning of La Paz Hospital, in Madrid.
- Cleaning of Carlos Haya Hospital, in Málaga.
- Cleaning service at the Virgen de las Nieves Hospital, in Granada.

In social healthcare services, the following contracts are of particular interest:

- At-home assistance in San Sebastián.
- Catering of Bellvitge Hospital in Barcelona.
- At-home assistance for the Málaga county council.

Integral maintenance services are provided for the following installations:

- Maintenance of the BSCH Financial City, in Boadilla del Monte (Madrid).
- Maintenance of several properties of the Directorate General of the National Police.
- Maintenance of the Doctor Negrín hospital, in Las Palmas de Gran Canaria.

In gardening and environmental services, the following deserve special mention:

- Upkeep and cleaning of paths, and upkeep of green zones in the municipal cemeteries and morgues in Madrid.
- Maintenance and upkeep of green zones in the neighbourhood Arroyo Culebro in Leganés (Madrid).
- Maintenance and upkeep of the garden spaces in the municipality of Alcira, in Valencia.

In management of advertising spaces, the activity carried out in several Spanish airports is worthy of mention, along with that of the Madrid and Barcelona subways, in RENFE (National Rail Company of Spain) and in the Ifema trade fair complex, in Madrid.





1.3 Environment & Logistics

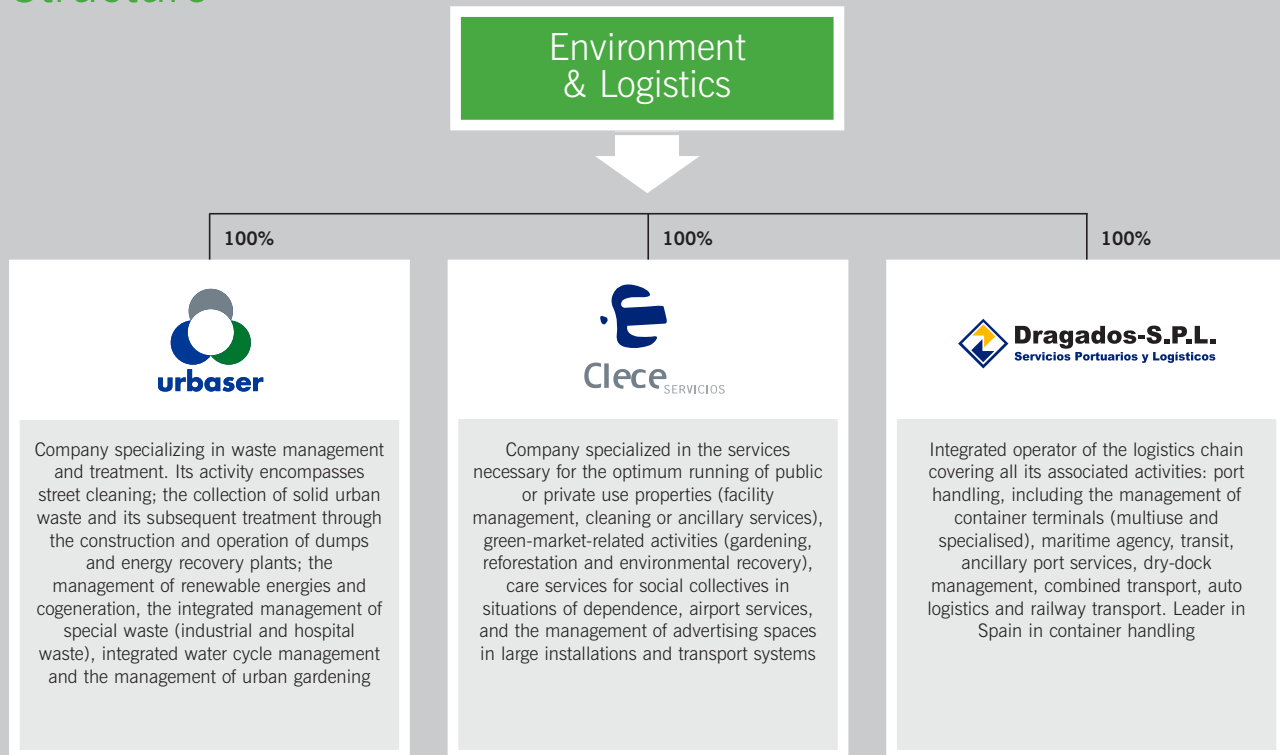
Contracts awarded in 2006

In 2006, the ACS Group's Environment & Logistics order book amounted to 14,171 billion euros, 7.1% more than the previous financial year. The main contracts awarded were the following:

Contract Millions of Euros	Amount	Years	Awarded company
Licence to provide client service to planes on land in the airports of Málaga, Lanzarote and Fuerteventura	143	7	Clece
Administrative concession for water, sewer and water treatment, services in Almendralejo (Extremadura)	75	20	Urbaser
Street cleaning of Ciudad Lineal (Madrid)	63	8	Urbaser
Cleansing of the interior of the municipal offices of Leon	53	10	Urbaser
Cleaning and collection of SUW in San Fernando (Cádiz)	52	10	Urbaser
Construction and operation of the sewage treatment plants of zone 2 (Aragón)	50	20	Urbaser
Street cleaning and collection of SUW in Tangiers (Morocco)	44	7	Urbaser
Street cleaning and collection of SUW in Lugo	38	10	Urbaser
Cleaning of streets and beaches, and collection of SUW in Santa Pola (Alicante)	30	10	Urbaser
Street cleaning and collection of SUW in Cartagena de Indias (Colombia)	25	8	Urbaser



Organizational Structure



In January 2007, the ACS Group decided to divest of its holding in the passenger transport line of business which it operated through its company Continental Auto, and expects to complete this transaction during the first semester of this year.



1.3 Environment & Logistics

Sector prospects

The development of the Sector services in Spain benefited in recent years from the significant rise in the population in Spain, both in terms of residents and the floating population, whose growth is basically a result of the growth in immigration and tourism.

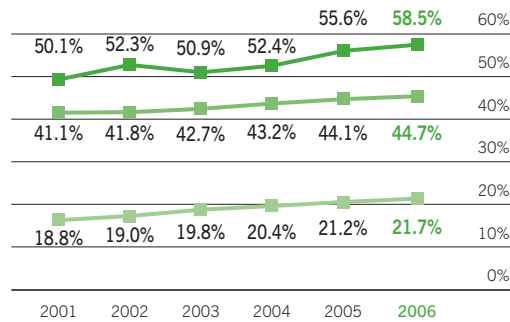
In Spain, immigration is a relatively recent and especially significant phenomenon which has given rise to the greatest part of the increased resident population in the past six years.

Between 2001 and 2006 the Spanish resident population rose by 3.6 million people, of which 800,000 are immigrants from Eastern Europe and 2.8 million are immigrants from developing countries, mainly from Latin American and North Africa.

Factors relating to the economic boom and mainly characteristics of the employment offer in Spain, a service-based country, have fostered this entrance of immigrants which, according the Ministry of Social Affairs and other institutions tracking this phenomenon, is still at full peak.

Evolution of spanish population and tourist influx

Million of euros

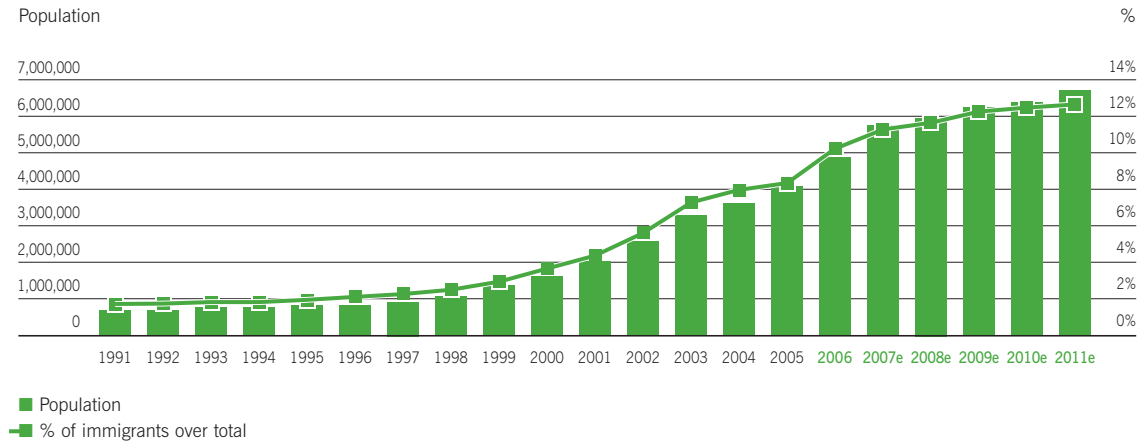


- Tourists
- Population
- Active population

Source: Spanish Statistics Institute and Institute for Tourism Studies



Evolution of immigrant population



Source: INE

On the other hand, tourism is the second driver of the significant increase of the floating population in Spain. This has been the country's main industry for the past 40 years, and the number of visitors has not ceased to rise in recent years. In 2006, the Institute of Tourism Studies recorded over 58.5 million visitors, mainly Europeans. In view of these figures, according to the World Tourism Organisation (WTO), Spain maintains its second position in the world ranking both in terms of visitors and in terms of tourism revenue, with a 7% share in both variables.

Tourism directly contributes 11% to GDP according to the Tourism Satellite Account (TSA) and generates a similar percentage of direct employment.

Without a doubt, this increase in population is the main driver of the development of urban services which have emerged as a profitable and competitive sector in Spain, and in which the ACS Group is one of the leading companies in the treatment of urban waste and recycling, facility maintenance in buildings, airport "handling" and port logistics.



1.3 Environment & Logistics

Environmental Services

The rising population and increased social awareness have led to a higher concern for the environment since over a decade ago. This concern and the need to optimise public expenditure mean that Public Administrations increasingly tend to outsource tasks involving the management of urban waste.

Over the last ten years, with the help of the European Union, a large number of waste treatment and sorting plants have been constructed in Spain (almost one per population centre of more than 100,000 inhabitants), most of which are equipped with composting and/or biomethanization processes, where the organic fraction of urban waste is treated. Nonetheless, there is still significant growth potential in this activity in Spain and in the rest of Europe as a consequence of the demands of European directives concerning waste and environmental management.

The Kyoto Protocol has fostered this type of activities in order to reduce the emission of gases generated naturally in solid urban waste dumps (carbon anhydride and methane), which produce the greenhouse effect. The said treaty has also paved the way for other future businesses relating to the emission of CO₂.

Facility Management

The Facility Management market bases its growth prospects on large business groups and public administrations' increasing tendency to outsource. Companies such as Clece, the ACS Group's leader company in this line of business, offers services which enable own resources to be reduced and specialisation to be increased in order to respond to the increasing complexity of equipment and methodologies. This growth, together with clients' demand for the market to present a more concentrated and structured supply, suggests very positive perspectives for this activity.

Other areas such as social healthcare services, to which the public administrations dedicate a significant amount of resources, require an increase in the supply of external services guaranteeing the quality and efficiency thereof together with a reduction in cost, especially in a long-lived society with higher life expectancy.

Furthermore, and as a consequence of the positive performance of tourism in Spain, air traffic is undergoing significant growth, which increasingly leads airport installations and airlines to outsource higher quality services.



Port and Logistic Services

Increasing globalization and the continuous flow of goods from manufacturing countries, mainly in Asia, have led to a significant upturn in container traffic activities and maritime transport. Both Spain, which currently maintains its strategic significance as a connection between Asia and America through Suez, as well as the outlying manufacturing countries in Asia and South America, are the target markets of the ACS Group's Port and Logistic Services area.

This activity shows sustainable growth especially in ports which supply large reference geographic areas (such as the Port of Valencia which supplies the entire central area of the Iberian Peninsula). These terminals have a more stable and growing flow of containers, given that together with the logistics services provided at the port, they offer added value to the ships as compared to the pure transfer terminals, which only cover a small portion of the value chain of the maritime transport business value chain.



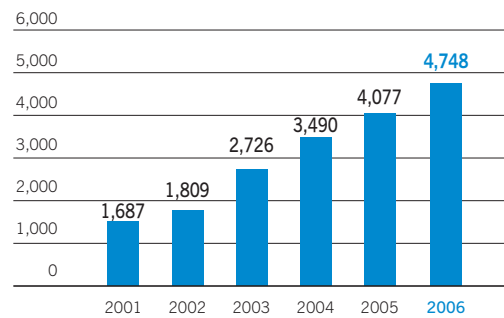
1.4

Industrial Services

In 2006, the Industrial Services area's turnover was 4,748 million euros and it obtained an order book of 5,087 million, guaranteeing 13 months of activity. Turnover in this area multiplied since 2001 by 2.8, once again consolidating the ACS Group's position as the top company in this sector in Spain, and as one of the main competitors in Europe and the other markets in which it operates.

Turnover evolution

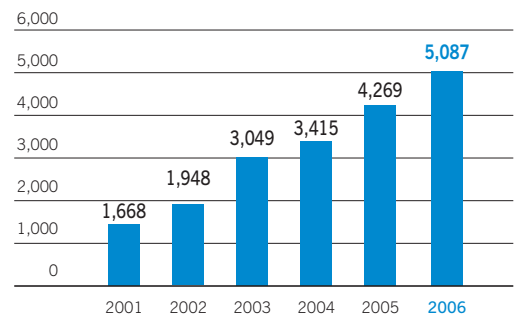
Millions of Euros



Note: 2004, 2005 and 2006 data according to IFRSs

Order book evolution

Millions of Euros



In this activity, the ACS Group covers the entire value chain, from the development, applied engineering and construction of new projects to the maintenance of industrial infrastructures in the energy, communications and control system sectors. The Group is positioned as:

- Leading supplier to water, gas and electricity companies in the development and maintenance of their generation and distribution installations.
- Leading name in the development and maintenance of specialized products, such as thermodynamic and mechanical installations, electrical installations, railway installations (both conventional and high-speed) and telecommunications installations.

■ One of the leading competitors worldwide in the development of large projects for the gas and oil industries, from the construction of offshore platforms and modules to turn-key projects of refineries and petrochemical plants.

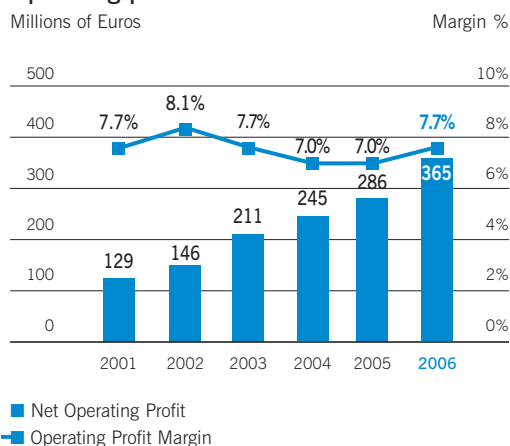
■ Leading company in energy power projects, such as combined cycle power plants, regasification plants and renewable energy.

■ Leading domestic company in the development and maintenance of technological systems related to telecommunications, roadway and railway traffic, public lighting and industrial control.

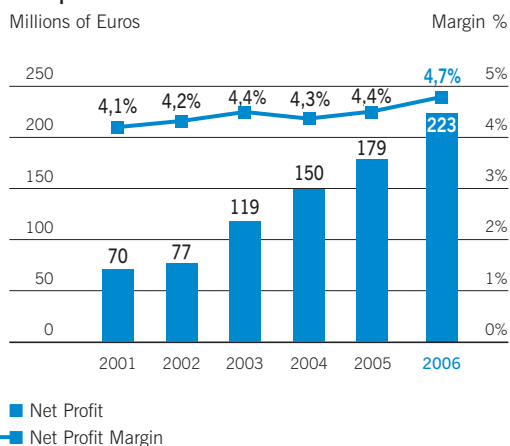
The experience of the Group's companies, some of which are over 80 years old, enables it to meet client needs by taking advantage of a decentralised structure which fosters competitiveness and the search for new business opportunities.

Thanks to the features of the services offered, more than 60% of the annual turnover of Industrial Services is of a recurring nature, mainly relating to maintenance contracts with high visibility.

Operating profit evolution



Net profit evolution



Note: 2004, 2005 and 2006 data according to IFRSs



1.4

Industrial Services

The Industrial Services of the ACS Group can be broken down into four lines of business:

■ **Networks:** this maintenance activity of electrical, gas and water distribution networks is based on over 80 years of experience. Over this time, the Group has developed in-depth knowledge of the business, high quality in the service provided and a high degree of specialisation by product and geographical area. These competitive advantages have made the ACS Group a clear leader in this business, particularly in its constant innovation in assembly techniques and in the incorporation of specialised machinery, which in many cases is designed and manufactured by the company itself.

■ **Specialized Products:** combines the activities of construction, installation and maintenance of high-voltage electrical networks, telecommunications systems, railway installations, electrical installations, mechanical assemblies and climate control systems.

– In the area of **high-voltage power lines**, the Group maintains a leading position in the sector, carrying out the engineering, supply, assembly, start-up and maintenance works of high-voltage transmission lines and substations. It is also a pioneer and leader in integral electrical maintenance in transmission and distribution lines and substations with voltage, as well as in substations in all voltage steps.

– The **telecommunications** area includes all projects related to the engineering, development, implementation and maintenance of networks and technical equipment used in landline, wireless and cordless telephony for the local loop and fibre-optics, as well as radio links, microwave systems and custom-made telecommunications systems, amongst others.

– In the **railways** area, the Group handles the design, engineering, assembly, start-up and maintenance of railway systems, in specialised areas such as electrification, signalling, railway security systems, communications, ancillary services related to access controls, automatic dispatch, escalators, wiring, ventilation and climate control.

– The ACS Group provides the **integrated management of electrical and mechanical installations in industry and building**. This activity comprises one-off projects requiring a certain specialisation, such as industrial refrigeration and industrial climate control systems, mechanical and structural systems.



■ **Energy Projects:** The Group offers a variety of turn-key projects for a range of applications, from engineering to commercial operation. In these kinds of projects, experience, know-how, credibility and technical capability are fundamental. The projects may be broken down into the following groups:

- **Energy projects:** This includes the execution of large-scale projects such as combined-cycle power plants, conventional thermal plants or desalination plants, as well as high-power electrical installations such as substations and transformers for the transmission and distribution of energy and solutions for large-scale consumers.
- **Renewable energies:** Through the promotion, turn-key construction and operation of wind farms and industrial solar thermal energy plants.
- **Industrial projects:** With over 40 years of solid experience, the Group is highly specialised in the management of turn-key projects. Newly developed management tools are used, which enable it to execute large-scale projects in the international arena. This activity integrates applied-engineering services such as installation, construction and transformation in industrial plants, tankers, refineries, petrochemical plants, cement manufacturers, etc.

– **Crude oil and gas extraction platforms:**

Dragados Offshore began to construct oil and gas platforms in 1972. Since then, it has gone on to become one of the worldwide industry leaders. Its business groups together the construction of platforms, installations and floating systems in its own yards in Cádiz and Tampico (Mexico). It also carries out modular constructions for refineries, processing plants, loading and unloading terminals, and equipment such as port cranes, sluice gates and lock gates, receptacles, tanks, etc. In its yard in Puerto Real, in the Cádiz bay, it is currently undertaking the “Nord Adriatic” project, a natural gas floating storage regasification plant which will be transported by sea to its final location off the coast of Venice after being completed.

- **High-speed railway systems:** Design, engineering, assembly, start-up and maintenance of installations for high-speed lines. Highly specialised in electrification, signalling, railway security installations, communications and other ancillary services involved in global projects.



1.4

Industrial Services

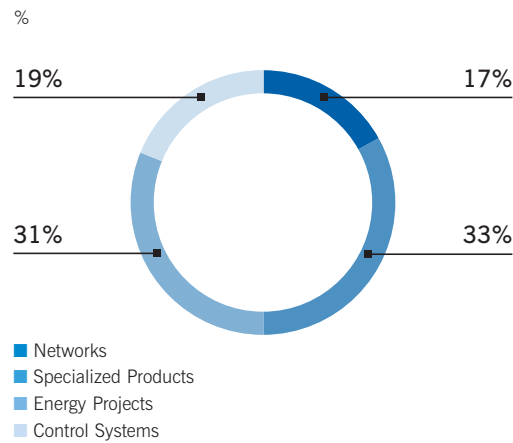
■ **Control Systems:** The Group has become the leading provider of engineering, installation and operation of control systems for industry and urban services.

– **Traffic and transport control systems:** characterised by a highly technological profile and constant requirements of new technological developments, this activity includes integrated solutions for the control and regulation of urban and interurban traffic, technology used in public transport through the management of operating-assistance resources, the control of access to toll roads and parking facilities, the design and installation of new dynamic toll systems for motorways, and the installation and

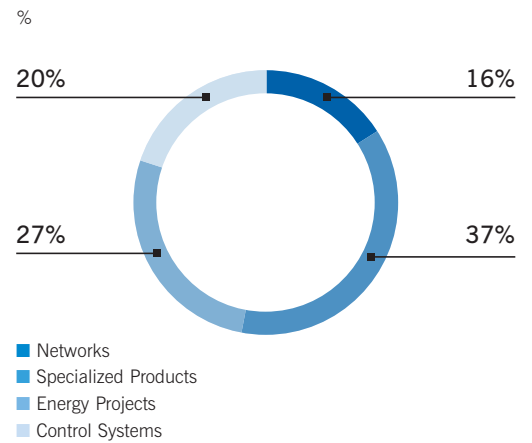
maintenance of lighting systems along public roads.

– The **integral maintenance of public infrastructures** encompasses services that are highly specialised and flexible: signalling and integrated conservation of roads; carrying out of vertical, horizontal and containment-control signalling operations; services associated with hydraulic infrastructures, both in terms of distribution and draining systems, purification and information system networks; electrical and fluid systems for ornamental fountains; intelligent management systems and automation centres in the integral maintenance of public buildings, and treatments used in forestry.

Turnover breakdown by activity



Order book breakdown by activity



Strategic objectives

Given the sector's positive growth prospects, the strategy in Industrial Services is to select projects which can be performed in the most efficient and profitable manner.

This strategy aims at achieving the following objectives:

- Maintaining its leadership in the market and sector.
- Fostering the obtainment of maintenance projects offering recurrence and visibility.
- Optimizing the average profitability of the activity by dedicating resources to specialised projects or turn-key solutions, while maintaining a strict cost control policy.
- Investing in the development of renewable, wind power and solar energy, both for the ACS Group and third parties.

- Promoting organic growth through the purchase of small technologically advanced companies.

- Tackling international markets hand in hand with clients, meeting rigorous profitability and stability criteria.



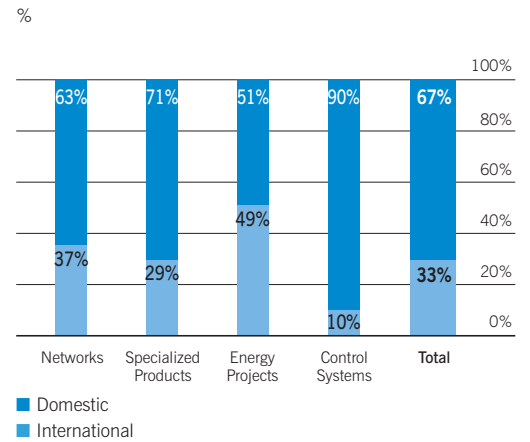
1.4 Industrial Services

Activity in 2006

Worthy of mention is the performance of Energy Projects, which represents 31% of the activity carried out in the financial year, and which as a consequence of its high added value provides other activities with future income through the maintenance of installations. Furthermore, in 2006, 41.4% increase in its order book guarantees activity in upcoming years.

The wide range of services supplied by the activity guarantees continuous sustained growth and geographical diversification provides growth opportunities in markets with growing development needs. In 2006, sales abroad accounted for 33% of the total.

Turnover breakdown by market



In 2006, standout projects undertaken in the maintenance of distribution **network** installations include the following:

- North Gas pipeline (Mugardos-As Pontes-Guitiriz) Galicia, which is 55 km long and 26 to 30 inches in diameter, with construction engineering, supply of materials, construction and start-up.

- Medgaz Sud GZ4 48" Gas pipeline. Engineering and supply of the 315 km pipeline of 48" between Hassi R'mel and Sougueur, Algeria.

- Construction of distribution networks, commercialisation, execution and start-up of 6,500 gas receiver installations, 12,000 community receivers and 1,200 heating systems in various locations in Spain for Gas Natural.

- Maintenance contracts for different electricity companies in Spain. Reading of meters, repair of installations, construction and maintenance of transformers and distribution lines.

- Project, construction and preventive and corrective maintenance of low and medium-voltage overhead and underground power networks, including transformers in the province of Buenos Aires, Argentina.

Amongst **specialized products**, in the area of high-voltage electrical networks the following projects are highlighted:

- 500 kV high-voltage line of 900 km between Itumbiara and Cuiabá, in addition to the construction of 5 substations in the states of Goias and Mato Grosso, Brazil.

- 230 kV high-voltage line of 490 km between Porto Primavera and Dourados, and between Primavera and Imbirussú, in addition to the construction of 3 substations in the state of Mato Grosso do Sul, Brazil.

- Turnkey contract for the construction of over 90 km. of high-voltage lines in Aguascalientes, Mexico.

- Cabling of OPGW of 630 km in high-voltage lines of between 230 kV and 800 kV using techniques in working on live power lines, for EDELCA in Venezuela.

- Second year of the contract for the live maintenance of distribution and transmission networks up to 132 kV in oil fields in Kuwait.

- 500 kV high-voltage line of 324 km between Tucuruí and Vila do Conde, in addition to the construction of 2 substations in the state of Para, Brazil.

- Air-conditioning and integral management of ancillary services in the building Torre Espacio on Paseo de la Castellana in Madrid.



1.4

Industrial Services

In **telecommunications**, amongst the projects undertaken in 2006, the following deserve special mention:

- Framework contract for the installation and maintenance of telecommunications systems with the operator Cableuropa for 2006.
- Performance of infrastructure, civil and electromechanical contract work, supply and assemble of metallic structures for mobile telephony locations in different provinces of Argentina for Movistar.
- Framework contract for the installation and maintenance of telecommunications systems with the operator ONO in Spain.

In **railways** the following High Speed line projects were carried out for the Spanish administrator of railway infrastructures, ADIF:

- Project, works and maintenance of installations of the overhead contact line and associated systems for the Madrid-Barcelona-French border line on the Lérida-Barcelona section.

- Project, works and maintenance of installations of the overhead contact line and associated systems for the Córdoba - Málaga line, in phase I: Almodóvar del Río - Bobadilla; in phase II: Bobadilla - Los Prados; and in phase III: Los Prados - Málaga station.

- Project and works for the electrification of high-speed bypasses at the Almodóvar - Málaga connection of the high-speed Córdoba - Málaga line.

- Remodelling of the overhead power cabling between La Torrassa and the Sants station through the AVE entrance in Barcelona.

In **energy projects**, work has been done in the construction of the combined-cycle thermal power plants of Cartagena (Murcia), Castelnou (Teruel), Central Cristóbal Colón in Huelva, in Nubaria, Talkha and Cairo (Egypt) and in Sagunto (Valencia), as well as the construction of two sulphur removal plants at coal boilers in Algeciras (Cádiz) and in Almería. The following projects relating to **petrochemical plants** were also undertaken:

- ADI-1000 project for the construction of a fuel oil reducing unit for Petronor in Bilbao, Spain.
- Extension of the turn-key project at the Lázaro Cárdenas Refinery in Minatitlán, Package III in Veracruz, Mexico.



■ Project for the construction of the fertiliser plant “DAP Granulation Plant” in Ras Az Zawr, Saudi Arabia.

■ Turnkey project for the execution of engineering design works, supply of equipment and materials, construction, tests and start-up of a terminal for the reception, storage (two tanks of 150,000 m³) and liquid natural gas regasification, located in Puerto de Sagunto, Valencia.

■ EPC-60 and KU-A2 projects and Buzzard project, all of which involve the construction of Offshore production platforms, the first two in the shipyard of Tampico, Mexico for its subsequent definitive installation in the Gulf of Mexico and the third in the Cádiz shipyard for its subsequent installation in the British sector of the North Sea.

■ Expansion project of up to 600,000 tons per year in a polyethylene plant in Shuaiba, Kuwait.

In **renewable energies**, in addition to the construction of two wind farms, Lodoso and Marmellar, of 49.5 MW each, at 31 December 2006, the ACS Group operated 18 wind farms with a total installed power of 572 MW and attributable power of 368 MW. Furthermore, the Group takes part in 11 wind farms currently under construction with an installed power of 299 MW and an additional 21 wind farms in the financing or promotion phase with installed power of 692 MW.

In 2006, in the solar energy area, the Group initiated the projects Andasol I and Andasol II, two thermal solar power plants of 50 MW each. 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 promotion of a third thermal solar power plant in Extremadura, which also has an installed power of 50 MW.

At 31 December 2006, the Group has an ownership interest in 12 concession projects for the management and maintenance of high-voltage lines in South American countries, and mainly Brazil, with secured financing from the World Bank. The total cumulative investment in the share capital of this type of projects amounts to 160 million euros.



1.4

Industrial
Services

Wind farms in operation	Location	Power Mw.
Perul	Burgos	52.30
Lastra	Burgos	11.20
Lodoso	Burgos	49.60
Marmellar	Burgos	49.60
Chumillas	Cuenca	50.00
Barrigoso (Miniparque)	La Coruña	3.00
Monte da barda (Miniparque)	La Coruña	3.00
Novo	La Coruña	18.80
Outes	La Coruña	33.60
Requeixo	La Coruña	11.70
Somozas	La Coruña	49.70
Vimianzo	La Coruña	49.50
Raposeras	La Rioja	39.00
Sierra de Utrera	Málaga	33.40
L'Enderrocada - SEESA	Tarragona	29.90
Tortosa	Tarragona	48.10
Penamacor 1	Portugal	20.00
Penamacor 3A	Portugal	20.00
Wind farms in operation		572.20

Note: The average stake in these wind farms is 67.2%

Wind farms under construction	Location	Power Mw.
Arroyal	Burgos	46.50
Sargentos	Burgos	24.00
La Lora 1	Burgos	49.50
La Lora 2	Burgos	49.50
Touriñán IV	La Coruña	24.70
Penamacor 2	Portugal	14.70
Penamacor 3B	Portugal	25.20
Sabugal	Portugal	39.90
S ^o João 1	Portugal	8.35
S ^o João 2	Portugal	13.36
Alrota	Portugal	3.34
Wind farms under construction		307.10

Wind farms in promotion / financing	Location	Power Mw.
Santa Anta	Albacete	50.00
Boquerón II	Albacete	21.00
Serón I	Almería	50.00
Serón II	Almería	10.00
Tijola	Almería	36.00
La Noguera	Almería	30.00
El Colmenar	Almería	30.00
Tesosanto	Burgos	50.00
La Caldera	Burgos	22.00
Isletes	Cádiz	25.30
Las Vegas	Cádiz	23.00
Aulagar	Granada	30.00
Valcaire	Granada	7.20
Tajos de Bazán	Granada	15.00
Loma del Capón	Granada	33.00
Palencia Sur	Palencia	51.20
Zona 7	Valencia	60.00
Zona 7 fase III	Valencia	40.00
Zona 7 fase II	Valencia	60.00
Sierra de las Carbás	Zamora	40.00
Cabeço das Pedras	Portugal	8.00
Wind farms in promotion / financing		683.70

Thermal Solar Energy	Location	Power Mw.
Andasol I	Granada	49.90
Andasol II	Granada	49.90
Extresol	Extremadura	49.90
Solar Energy		149.70

Transmission Line Concession Projects	Location	Km.	Voltage
Uirapurú (Ivaipora - Londrina (B sep 04))	Brazil	122	525
Concesionaria NTE	Brazil	200 / 186	500 / 230
Concesionaria STE	Brazil	386	230
ARTEMIS - (Concesionaria Paraná) Lote B 03	Brazil	376	525
ETEE Expansión	Brazil	581	500
ETIM Itumbiara Marimondo	Brazil	212	500
CPTe Cachoeira Paulista	Brazil	181	500
ITE Cuiabá - Itumbiara	Brazil	811	500
PPTe Imbirissu - P. Primavera - Dourados	Brazil	324	500
VCTE Tucuruí - Vila do Conde	Brazil	490	230
SMTE Serra da mesa	Brazil	681	500
Redesur	Peru	Under construction	Under construction
Total Kilometres		4,550	

In **control systems**, the contracts carried out in 2006 include:

- Concession Contract for the management and control of regulated parking on public streets in Madrid, in the neighbourhoods of Bellavista, Berruguete, Valdeacederas, Almenara, La Paz, Barrio del Pilar and the historical area of Fuencarral, for a period of 11 years (extendable for an additional 9 years).

- Integral improvement of public lighting and traffic lights in Barcelona.

- Maintenance contract for the traffic light and posts in Santa Cruz de Tenerife, for a period of 4 years, extendable for an additional 2 years.

- Maintenance of the public lighting system in Vigo.

- Contract for the supply and installation of an Automatic Incident Detection system by means of artificial vision and a closed circuit television system in the tunnel and burial works on M-30 (Madrid).

- Contract for the supply and installation of megaphone systems, access control, seating, ventilation control and traffic light installations at the M-30 South By Pass in Madrid.

- Maintenance of the Access control systems by means of retractable posts in the historical centre of Barcelona for a period of 2 years.

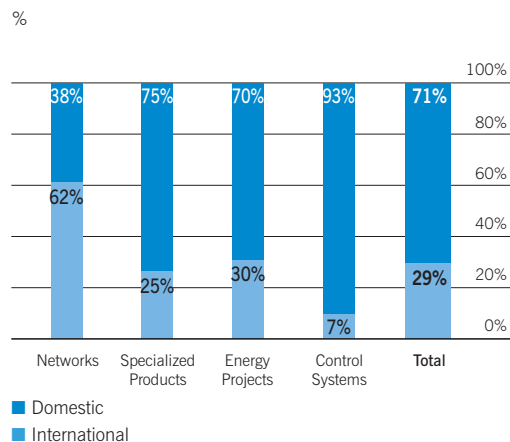
1.4

Industrial
ServicesContracts awarded
in 2006

The main contracts awarded in 2006 in the Industrial Services area were the following:

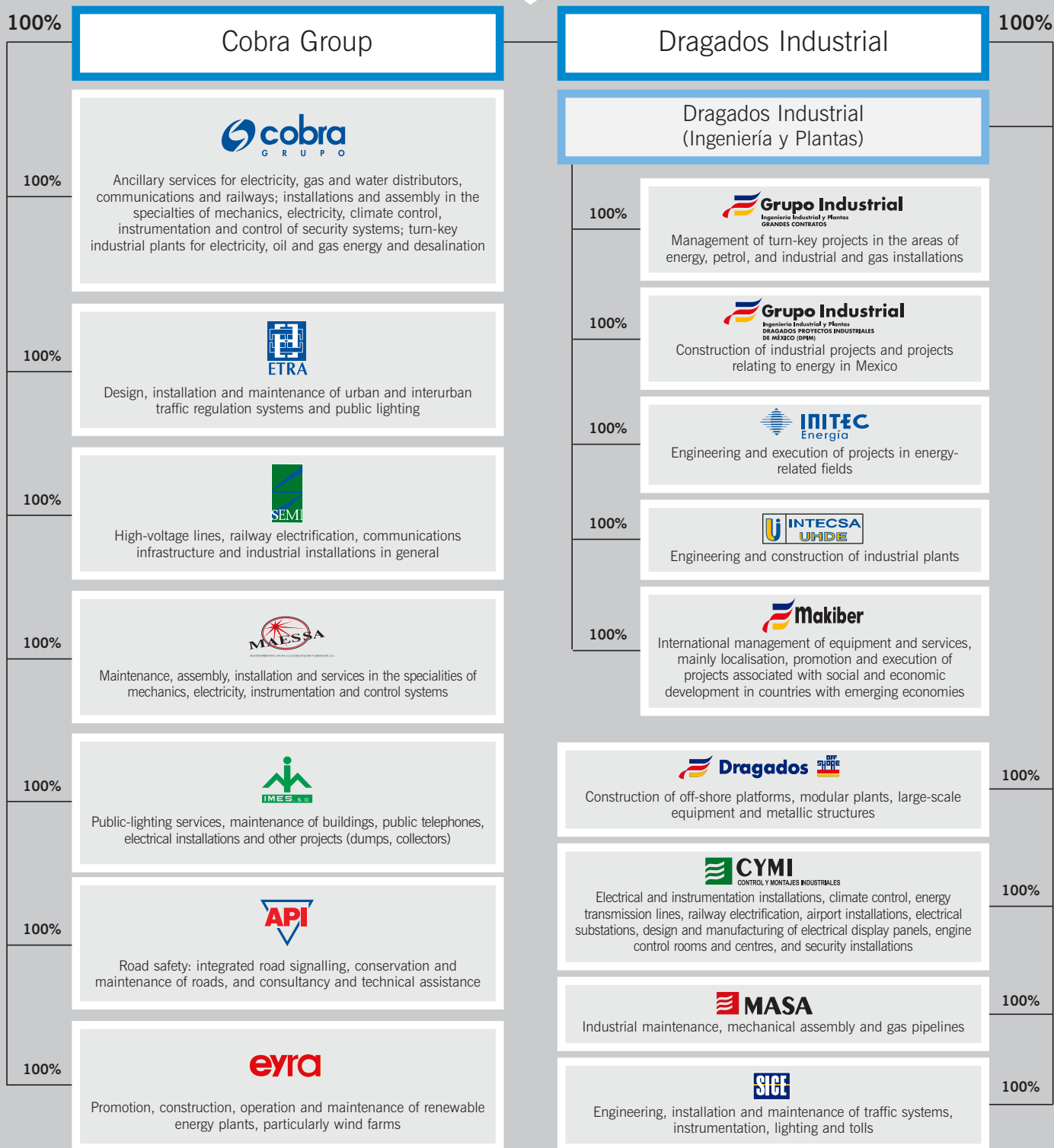
Project Millions of euros	Amount	Type of Project
Construction of Plants; Combined (Atmospheric and vacuum distillation), Hydro-desulphurisation and catalytic in the Lázaro Cárdenas refinery in Minatitlán Package III (Mexico)	270	Integrated Projects
Construction of a combined cycle plant in Morata de Tajuña (Madrid)	212	Integrated Projects
Construction of a thermal solar energy plant in Andasol 1 (Granada)	208	Integrated Projects
Substation and power line in Lybia	146	Networks
Renovation and expansion of a polyethylene plant in Kuwait	112	Integrated Projects
38 km long 500 kV HV line between Jaguara Estreito – Riberao Preto-Poços de Caldas and I/O substations of Jaguara, Estreito, Poços de Caldas and Riberao Preto (Brazil)	110	Networks
Construction of a desalination plant in Escombreras (Murcia)	100	Integrated Projects
500 kV HV line between So Simao-Marimbondo-Riberao Preto and I/O in the three substations (Brazil)	85	Networks
Approved renovation of Buzzard project: Construction of a crude oil and gas production platform (United Kingdom)	81	Integrated Projects
Adriático Project: Construction of topsides for a gasifying plant (Italy)	61	Integrated Projects
Construction of the Ladora I wind farm (Valencia)	55	Integrated Projects

Order book breakdown by market



Organizational Structure

Industrial Services



1.4

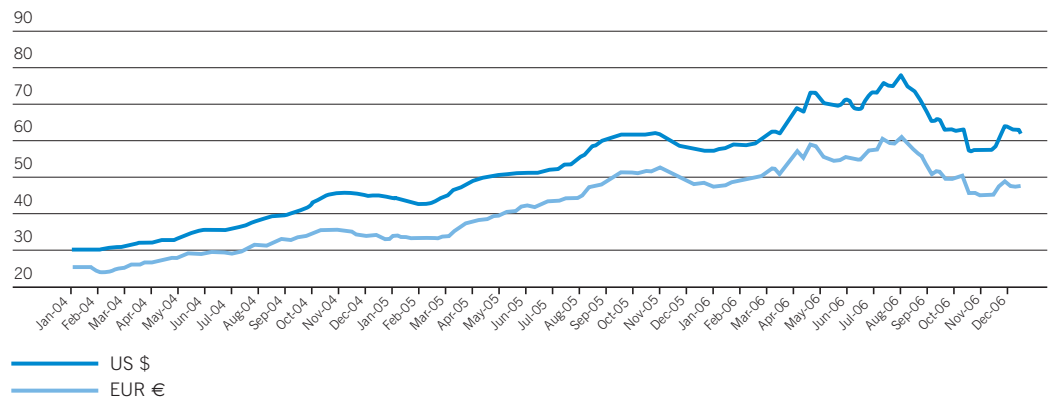
Industrial Services

Sector prospects

The Industrial Services area encompasses a large number of markets and activities, and is affected mainly by the evolution of the Spanish energy sector and global oil and gas industry. These two sectors have good growth prospects in upcoming years.

The growing demand for energy, as well as the high price of oil, which at December 31, closed at \$60 per Brent barrel, guarantees that the large oil and gas companies will continue to undertake energy supply expansion projects. The main projects in this area encompass extraction, refining, transport and storage.

Price of oil-Brent Barrel



Source: Reuters



Additionally, in the last months of 2006, the electricity companies operating in Spain presented strategic plans including investments of over 37.9 billion euros in the period from 2007-2009. The ACS Group is one of the main service suppliers for these electricity companies.

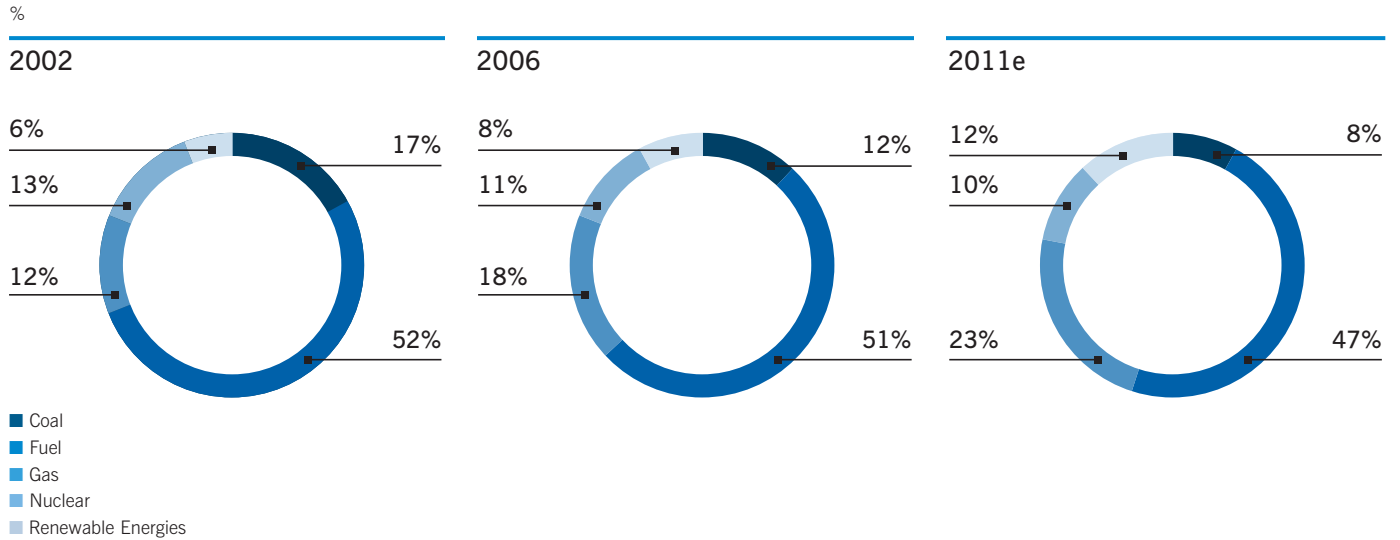
Strategic Plan Millions of Euros	Endesa 2007-2009	Iberdrola 2007-2009	Unión Fenosa 2007-2011	EDP 2007-2009
Investments	12,300	9,000	9,000	7,600

In this sector, construction of new generation and renewable energy plants is expected to continue, as well as the installation and maintenance of high- and low-voltage power lines, without losing sight of the fact that an appropriate combination of energy sources fostering a competitive price level and fulfilling the guidelines of the Kyoto protocol is required.



1.4 Industrial Services

Evolution of the types of energy used in Spain



Source: Ministry of Industry and Energy

Furthermore, and as a consequence of this development, demand is also growing for installation operation and maintenance services, largely from public service companies and industrial corporations:

■ Many industrial companies are attempting to increase their productivity in order to be able to compete in increasingly liberalised sectors while offering greater flexibility in order to increase efficiency and promote expansion in new activities on domestic and international markets.

■ Public administrations are attempting to optimise expenditure in order to meet growing social demands by improving existing public services and developing new products and technologies that improve their quality.





1.5 Energy

The ACS Group has participated in the development of the energy industry in Spain for over 70 years. Therefore, a large portion of the electricity companies' assets was designed and constructed, and is currently maintained by the Industrial Services area, both in the Iberian Peninsula and in those countries where Spanish electricity utilities have expanded their operations.

This experience in the sector makes energy a strategic area for the ACS Group. The Group first's investment in an electricity company, Unión Fenosa, was in September 2005, converting the ACS Group into a reference industrial shareholder in the number three company in the Spanish market. This shareholding was consolidated and reaffirmed in 2006 until reaching a 40.5% stake in the electricity utility.

The ACS Group took an additional step forward in its commitment to the sector with the creation of a fourth activity area, namely Energy, which reinforced its strategic positioning in this market, and inter alia, involved the inclusion of Union Fenosa in the Group's financial statements as of January 1, 2007.

Unión Fenosa is an integrated electricity company with electricity generation, distribution and marketing activity, present on every link of the gas business chain. The company operates in Spain as well as an additional 11 countries mainly in Latin

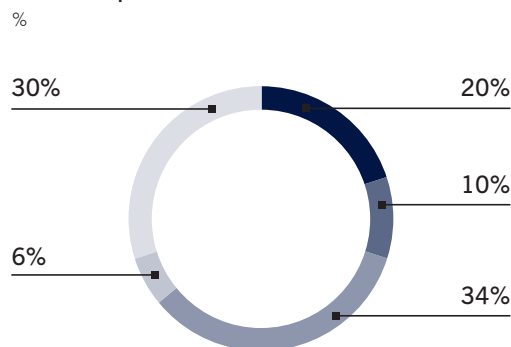
America. As a whole, the company has a total installed power of nearly 13,900 MW, implying an attributable power of 10,289 MW, and services over 8.6 million clients.

In Spain, Unión Fenosa has ownership interest in power plants with a total installed power of over 11,100 MW implying 7,516 MW of attributable power, with production exceeding 30,700 GWh in 2006. The company has one of the most balanced and efficient technological mixes in the domestic system, relying on all generation technologies (hydraulic, nuclear, coal, combined cycle and renewable).

Additionally, in the domestic sphere, Unión Fenosa distributes electricity to 3.5 million clients located mainly in the central and North Western areas of Spain. In 2006, the energy invoiced exceeded 33,750 GWh.

In 2006, the gas business, after having initiated the regular operation of main infrastructures in the chain designed by the company (gas at source, liquefaction, marine transport and regasification), Unión Fenosa Gas invoiced over 60,560 GWh, reaching a share of 12.7% in the deregulated Spanish market.

Installed power



- Coal
- Fuel + Gas
- CCGT
- Nuclear
- Renewable

Installed power

Installed power	Unión Fenosa
MW	
Coal	2,048
Fuel + Gas	1,030
CCGT	3,493
Nuclear	589
Renewable	3,072
Total	10,231

Additionally, over the past decade, Unión Fenosa has consolidated its electricity line of business outside of Spain and currently manages over 2,700 MW of installed power and services approximately 5.2 million clients abroad. In 2006, the company's international production exceeded 15,100 GWh and the power invoiced abroad amounted to over 17,800 GWh. The company's international presence is concentrated in Mexico, Colombia and various Central American countries.

In its current position, Unión Fenosa combines three significant features:

■ In its gas-electricity integration strategy, Unión Fenosa holds a differentiated position, based on the search for competitive gas at source, in its active participation on all links of the gas supply chain and in the ongoing development of an ambitious plan to construct 4,000 MW of new combined cycle electricity generation capacity by 2007. One of the key elements in this strategy lies in the flexibility of its gas supply, to which the attractive contractual conditions reached contribute, as well as the fact that it has its own time-chartered methane transport fleet.

■ In recent years, Unión Fenosa has developed a series of alliances with strategic partners with renowned experience and international prestige. In this respect, the company shares 50% of its gas business with Eni, and has a 50% stake with Enel in Eufer, a company engaged in the development of generation under the special regime in the Iberian Peninsula. It also participates with the Egyptian companies EGAS, EGPC and the Omani Oman Oil Company in various gas infrastructures, and with CEPSA in the New South Generator Plant (NGS).

These alliances contribute significant complements and competitive advantages to Unión Fenosa, and in terms of the future, they offer the company the possibility of expanding its gas and renewable energy lines of business, and the opportunity to develop new projects of common interest.

■ Unión Fenosa also has a healthy financial structure, enabling it to take advantage of the current backdrop of growth in the Spanish and international energy markets to make new investments.



1.5 Energy

In 2006, which was characterised by the growth of all market segments in which the company operates, Unión Fenosa recorded a turnover of 6,056.7 million euros. The company's EBIT amounted to 1,306.8 million euros and its net recurring profit amounted to 635.4 million, up 41.4% and 38%, respectively on the previous year. Additionally continued its effort to strengthen itself financially, closing the year with a leverage of 50% and Debt/EBITDA ratio of 3 times.

The culmination of the development of the integrated gas business chain, from the supply at source to the combined cycle plants, was the main focus of Unión Fenosa's growth in 2006, which was accompanied by the positive performance of its international business.

The operation over the year of the liquefaction plant in Damietta, together with the start-up of the Sagunto regasification plant and the commencement of Oman's long-term supply contract completed the company's presence on every link of the gas chain. This, together with the start-up of operation of 400 MW combined cycle, a technology with a total 2,000 MW operating in Spain, enable Unión Fenosa to evidence the strength of its "Gas and Cycles" strategy and to predict the growth capacity of both activities by means of the staggered inclusion of larger volumes of gas in upcoming years and the start-up of an additional 1,600 MW of combined cycle power in 2007.

The results achieved in 2006 enabled the company to meet the objectives included in its 2003-2007 plan, in which it was estimated that the company's EBIT and net profit would amount to 1.1 billion and 600 million euros, respectively.



Main operating aggregates

Unión Fenosa	Installed Power	Production	(*) Distribution	(**) (000) Gas Invoiced	Electricity Clients
Spain	7,516 MW	30,727 GWh	33,756 GWh	30,283 GWh	3,456
International	2,773 MW	15,114 GWh	17,808 GWh	—	5,162
Total	10,289 MW	45,841 GWh	51,564 GWh	30,283 GWh	8,618

(*) The distribution figures refer to power invoiced

(**) The gas figures correspond to Unión Fenosa's consolidation criteria. (50% Unión Fenosa Gas)

Main Financing Aggregates

Millions of euros

Income Statement

	2005	2006	% Change
Revenue	6,098.8	6,056.7	-0.7%
EBITDA	1,477.3	1,906.8	29.1%
EBIT	924.0	1,306.8	41.4%
Attributable Profit	823.7	635.4	-22.9%
Recurring attributable profit	460.5	635.4	38.0%

Balance sheet

	2005	2006	% Change
Total assets	17,731.0	16,802.1	-5.2%
Equity	5,066.8	5,563.8	9.8%
Gross Financial Debt	6,227.8	5,673.8	-8.9%



1.5 Energy

Unión Fenosa recently presented a strategic plan encompassing the period from 2007-2011, which is aimed at duplicating its earnings per share through the performance of a number of investments both in Spain and abroad.

The Strategic Plan rests on three types of investments: recurring, project development and acquisitions up to a total 9 billion euros.

The recurring and project development investments already identified amounting to 5.4 billion euros make up the basis of the plan and allow for 90% of the foreseen objectives to be reached with an improvement of financial ratios. These investments would give rise to an increase in EBITDA to 2.9 billion euros, as well as an increase in earnings per share to 3.6 euros per share, maintaining a leverage ratio of 46%.

Based on its characteristics and in accordance with its investment possibilities, Unión Fenosa envisages additional investments amounting to 3.6 billion, which would enable the company to reach and even exceed the objectives of the Strategic Plan.

Based on its current positioning and its investment capacity, Unión Fenosa provides the ACS Group with a significant growth platform. The ACS Group's strategy in Unión Fenosa is basically focused on:

- Reaffirming its strategic commitment to the electricity industry by including Unión Fenosa as a new operating area of the organisation.

- Using and sharing the knowledge of the electricity market which the Industrial Services area has developed over the course of more than 75 years of activity.

- Supporting the company in its domestic and international expansion, in both gas and electricity sectors.

- Reinforcing the industrial nature of Unión Fenosa in its activities in the medium and long term.



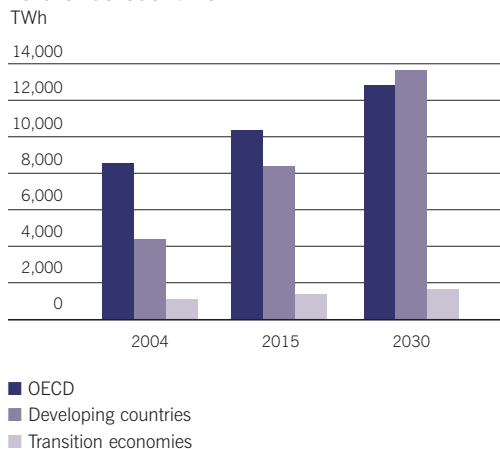
Sector prospects

According to the projections made by the International Energy Agency (IEA), the worldwide demand for energy will rise by over 50% in the next 25 years due to worldwide economic growth and the development of emerging countries. By 2030, demand for electricity is expected to duplicate from 14,376 TWh in 2004 to 28,093 TWh at the end of this period, with average accumulative growth rates of around 2.6%.

Additionally, the IEA estimates that over 20 trillion dollars in investments will be required to cover the high energy demand projected. Of this amount, over 11 trillion dollars, i.e. 56%, corresponds to the investments required for the replacement and development of power generation, transport and distribution infrastructures.

Additionally the worldwide energy environment will be conditioned by the difficulty of making three fundamental objectives compatible with each other: guarantee of supply, efficiency of energy markets and sustainability in a backdrop marked by the maintenance of the weight of fossil fuels in the energy model (according to the IEA it will continue to account for 80% of primary energy) and growing environmental demands.

World electricity demand by region in the reference scenario



The future of the worldwide, and particularly European, energy sector, will pass through a possible concentration process in future years. The significant replacement and technological improvement needs of this sector imply costly investment plans that companies will be required to implement in order to guarantee their competitiveness and expand their activity, which will require the financial and technical capacity only held by large groups.



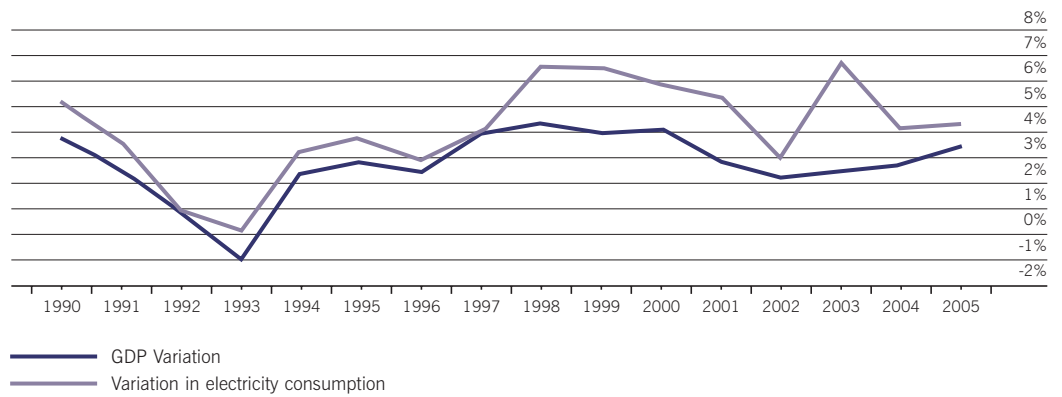
1.5 Energy

The trends of the electricity market in Spain will not be any different than the aforementioned general trends. On the contrary, in the past 10 years the demand for electricity has increased by 66%, with accumulated average annual growth rate exceeding 5%, which is higher than GDP growth and much higher than the average recorded in the rest of the

European Union countries. With respect to the future, rising population estimates, economic growth and the evolution of income levels and consumer energy equipments will lead to further increases in demand, which the Spanish Energy Commission predicts will average an annual 3.9% in the case of electricity, and 5.8% in the case of gas from 2006-2010.

GDP Evolution and Demand for Electricity from 1990-2005

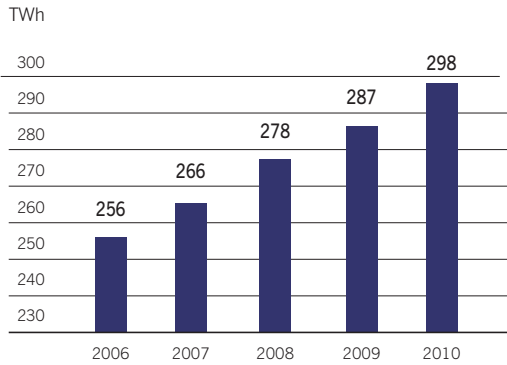
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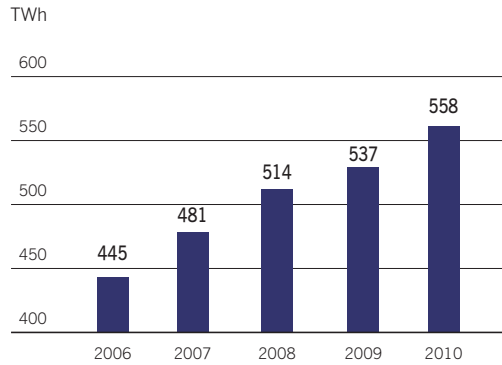
Source: "Fifth Framework Report on electricity and natural gas demand, and its coverage. 2006". CNE (Spanish Energy Commission)



Forecasted growth in the demand for electricity in the period from 2006-2010



Forecasted growth in the demand for gas in the period from 2006-2010



Source: "Fifth Framework Report on electricity and natural gas demand, and its coverage. 2006". CNE (Spanish Energy Commission)

In view of these increases in demand, the Spanish energy system must continue to make investments which will allow it to expand and develop gas and electricity infrastructures to guarantee the safety of supply. These are in addition to the investments and measures that need to be taken to reduce the environmental impacts of energy activities.

Unión Fenosa has a solid position from which to face the challenges and conditions of this environment. The company considers that the sustainability and guaranteed supply objectives require numerous investments and an appropriate balance between all generation technologies. From this standpoint, its strategic plan seeks stability in the supply and prices of primary energies (mainly gas and coal), predicts significant increases in combined cycle and renewable energy generation capacity, and backs the development and application of new generation technologies with coal and the capturing and storage of CO₂.



1.6 Strategic Investments

The ACS Group actively participates in key sectors of the economy both directly and indirectly through its stakes as the reference industrial partner in its investees. In the Transport Infrastructure Concession sector, it has a stake in Abertis, whereas in the Energy sector it has ownership

interest in Iberdrola. In 2006, the ACS Group invested over 3,297 billion euros in Iberdrola. Also, noteworthy is that in December 2006, the Group's stake in Urbis was sold.

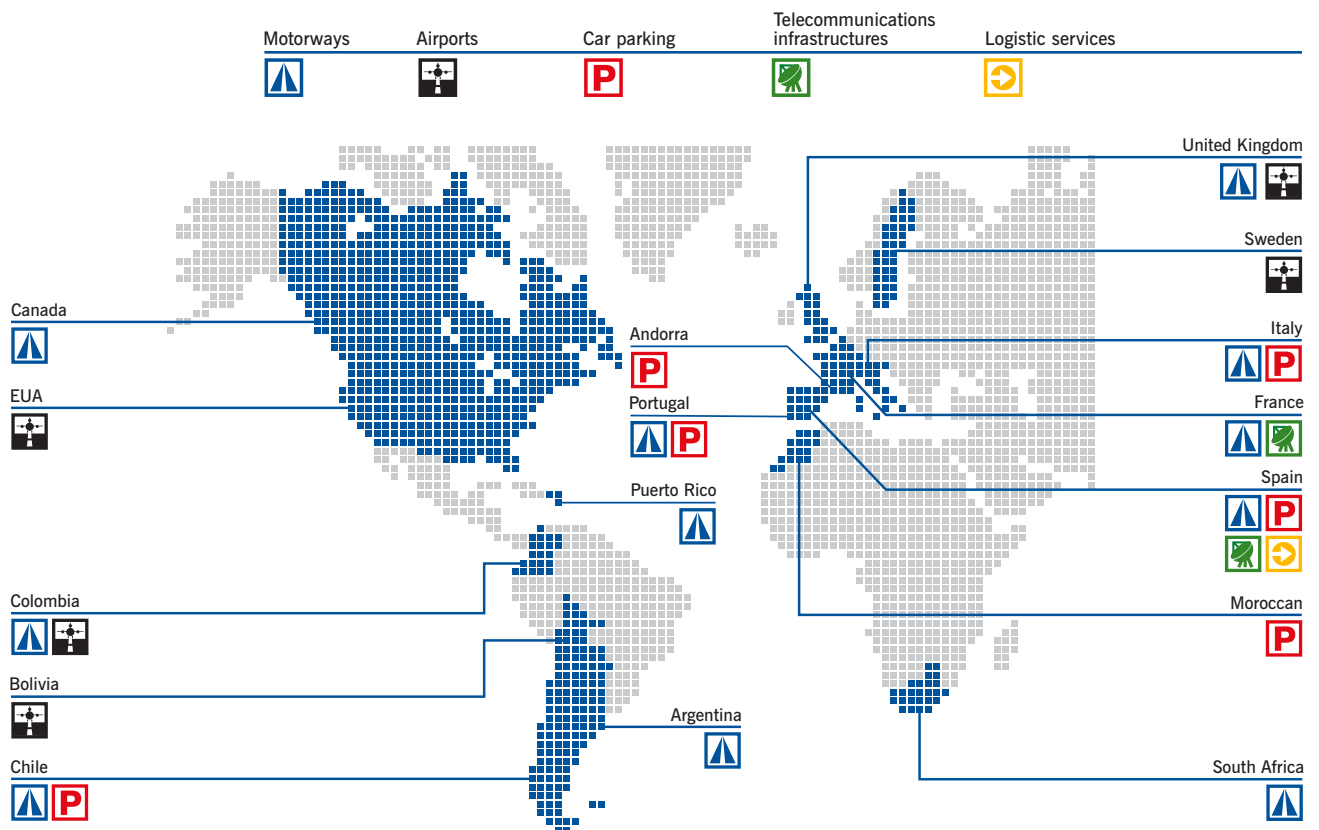
1.6.1 Abertis

Abertis is the most important infrastructures company in Europe in terms of market capitalization and number of projects. Its main mission is the management of assets such as motorways, airports, car parking, telecommunications infrastructures and logistics services.

In 2006, Abertis showed great dynamism in all its business areas, with the consolidation of its internationalisation, diversification and selective growth strategy.

Its results of 2006 show an increase in sales of 75% climbing to 3,335 billion euros and total net profit of 530 million euros, 4% above the previous year.

With respect to motorways, in February 2006, it acquired Sanef, with a total investment of 3,064 billion euros. This company's inclusion has allowed for a significant increase in the group's revenues, of which 48% are now earned abroad.



abertis

The process of internationalising Abertis telecom was carried out, with the announcement of the acquisition of a 32% stake in the European satellite dish operator, Eutelsat, in December 2006. Following this transaction, the price of which amounts to 1.07 billion euros, Abertis is now this operator's majority shareholder. Additionally, Abertis had a key role in the launching of Digital Terrestrial Television in Spain.

With respect to the airport area, noteworthy is the increase of passengers (+4%) to over 22 million users in the entire network of Abertis airports. The last steps required for the integration of TBI were also taken, as well as the investments required to increase the capacity of the main airports.

At December 31, 2006, the ACS Group had a holding of 24.8% in Abertis.

The ACS Group, through its presence in Abertis, participates in the operation and management of infrastructures within the value chain of the concessions business.

■ The contribution of Abertis to the ACS Group's profit from companies accounted for the equity method was €107 million in 2006, 15.2% higher than in the previous year. The ACS Group's unrealised gains from its holding in Abertis exceeded 1.5 billion euros at December 31, 2006.

■ The main activity engaged in by Abertis, the management of mature concessions with a long horizon, is in line with the objectives of the ACS Group.

■ Abertis bases its growth opportunities on a solid financial structure, a broad international presence, high capacity and the experience required to take advantage of market opportunities, and a selective and stable investment strategy.



1.6 Strategic Investments

1.6.2 Iberdrola

Iberdrola is one of the 10 largest electricity utilities in the world, both in terms of installed capacity and profitability and earnings.

- It is the number two electricity company in the Iberian Peninsula, with installed power of 30,384 MW.

- It has significant international presence, particularly in South America, as well as a clear determination to continue expanding its activity internationally.

- It has presented a strategic plan whose objectives are to increase its net profit by more than 40% and to increase dividends by over 3 billion euros between 2006 and 2009. In this process, it will invest over 9 billion euros, without including the Scottish Power transaction.

- It is the worldwide leader in the development and management of renewable energies, considering it has a generation capacity of 4,434 MW and generated over 7,300 GWh in 2006.

Iberdrola	Installed Power	Production	Distribution*	Gas Supplies	Clients (000)
Spain	25,966 MW	68,348 GWh	99,520 GWh	46,570 GWh	9,900
International	4,418 MW	23,643 GWh	27,662 GWh	—	8,500
Total	30,384 MW	91,991 GWh	127,182 GWh	46,570 GWh	18,400

*International distribution refers to invoiced energy





In 2006, its results were very positive, and it recorded sales amounting to 11,017 billion euros, with a net profit of 1.66 billion euros, up by 20% versus 2005.

In September 2006, the ACS Group became the company's main shareholder due to the acquisition of 10% of the shares of the electricity utility on the stock exchange. The total investment amounted to 3,297 million euros, financed mainly through a loan without recourse to the shareholders of the ACS Group.

Iberdrola contributes to the Group's profit through its dividends, which are recorded as financial profit. In the last quarter of 2006, its contribution amounted to 40.6 million euros.



2 .

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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.

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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	2005	2006	Var. 06/05
Millions of Euros			
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>	<i>555.0</i>	<i>431.2</i>	<i>-22.3%</i>
	<i>10%</i>	<i>6%</i>	

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	2005	2006	Var. 06/05
Millions of Euros			
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	

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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.

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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.

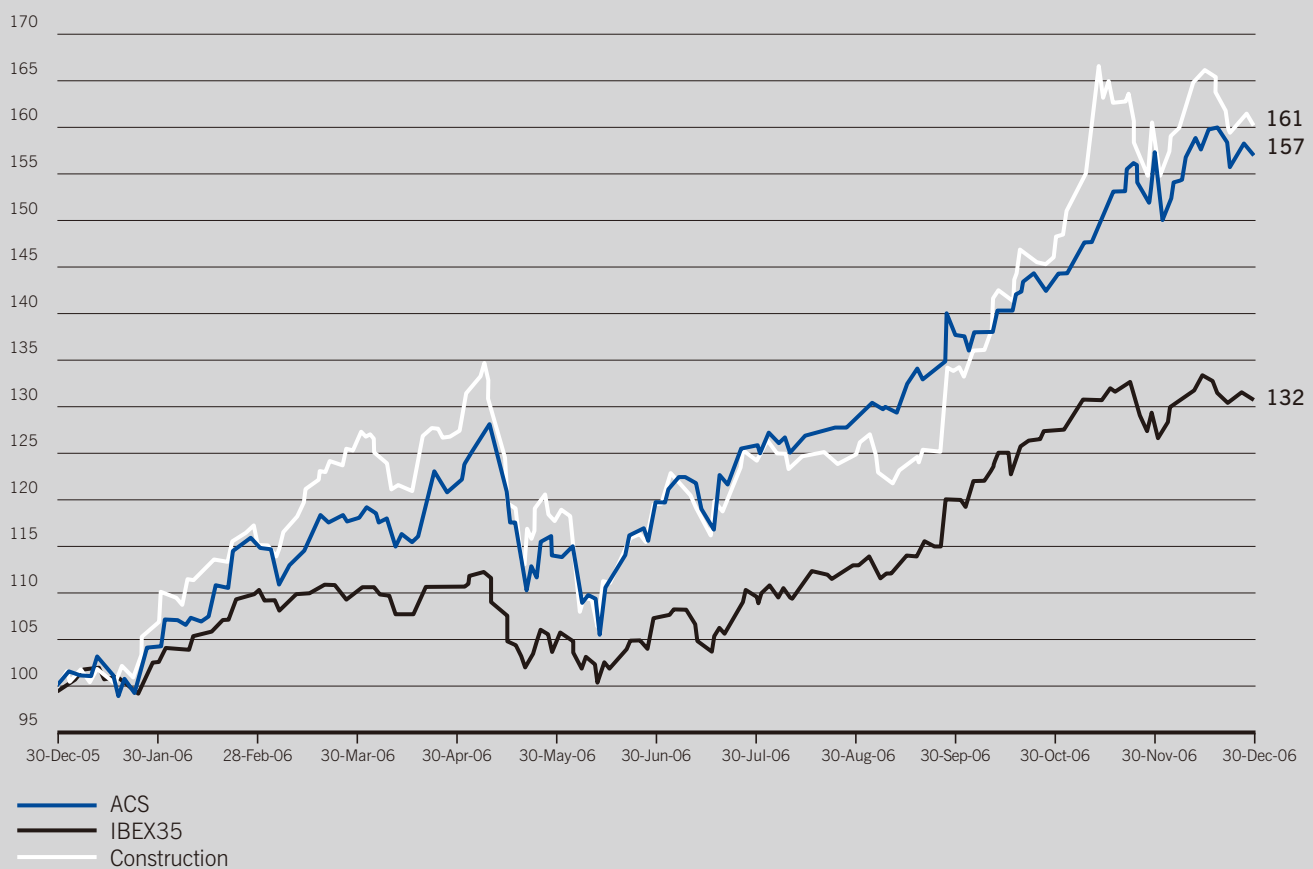
Accordingly, the net contribution of the listed companies to the Group's profit in the past twelve months was EUR 231.9 million.

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.

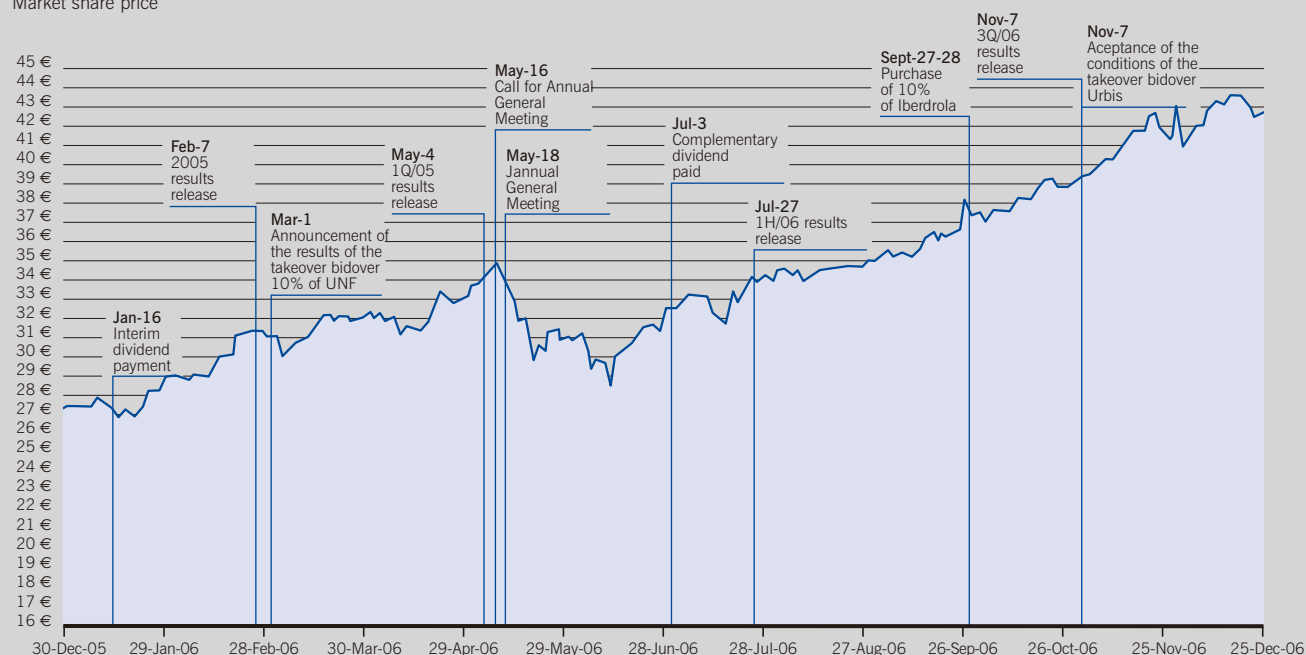
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The detail of the ACS Group's main stock market data in 2006 is as follows:

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:

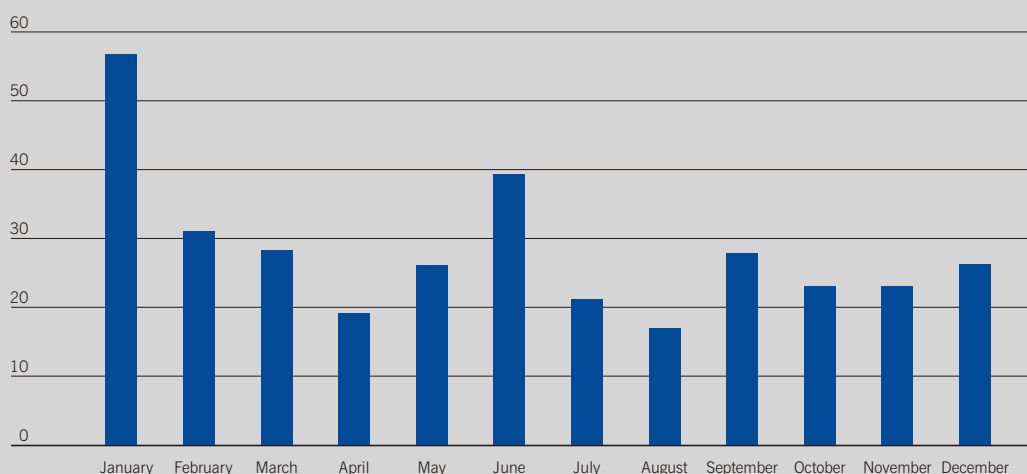
Market share price



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.

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 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.

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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.

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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.

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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.

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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.

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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.

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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.

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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

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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

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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

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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.

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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	Total Carrying Amount	% of Ownership	Share of Net Assets		Profit (Loss) for the year	Total Carrying Amount
		without P/L	Goodwill				without P/L	Goodwill		
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.

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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

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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			Total Non-Current
	2007	2008	2009	2010	2011 and Subsequent Years	
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

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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).

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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

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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.

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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.).

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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

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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

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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

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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.

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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.

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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.

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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.

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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

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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

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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

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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.

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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 %

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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.

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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

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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.

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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.

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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.

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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.

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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.

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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
	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

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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

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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.

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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.



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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. Quilicura, 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 Aparcamet 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%

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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%

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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 Dycetel 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%
Dycetel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29. 28108 Alcobendas, Madrid.	Telecommunications	-	99.94%
Dycetel 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%
Electrón, 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%

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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%

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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%
Menci, 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%

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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%

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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. OPCS.A. 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%

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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 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%

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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 Elaiassaoui. 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%

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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	-
Intecsa 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 Girsá	-	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 8ª dcha. Madrid	Integral services at airports	Deloitte	26.01%	Proportional	59,066

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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

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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

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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

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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

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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/ Castrobarro, 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

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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 Towing 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

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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.
Hidrodispersión, 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



3.

2006 Report on Corporate Responsibility

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3.1 The ACS Group and Corporate Responsibility

The ACS Group began operating as such in 1997. However, its previous background is much more extensive considering that many of its companies have over 80 years of experience in several sectors.

Over these years, the ACS Group has become a worldwide reference in the development of both civil engineering and industrial infrastructures. ACS's success rests on three basic pillars:

Values

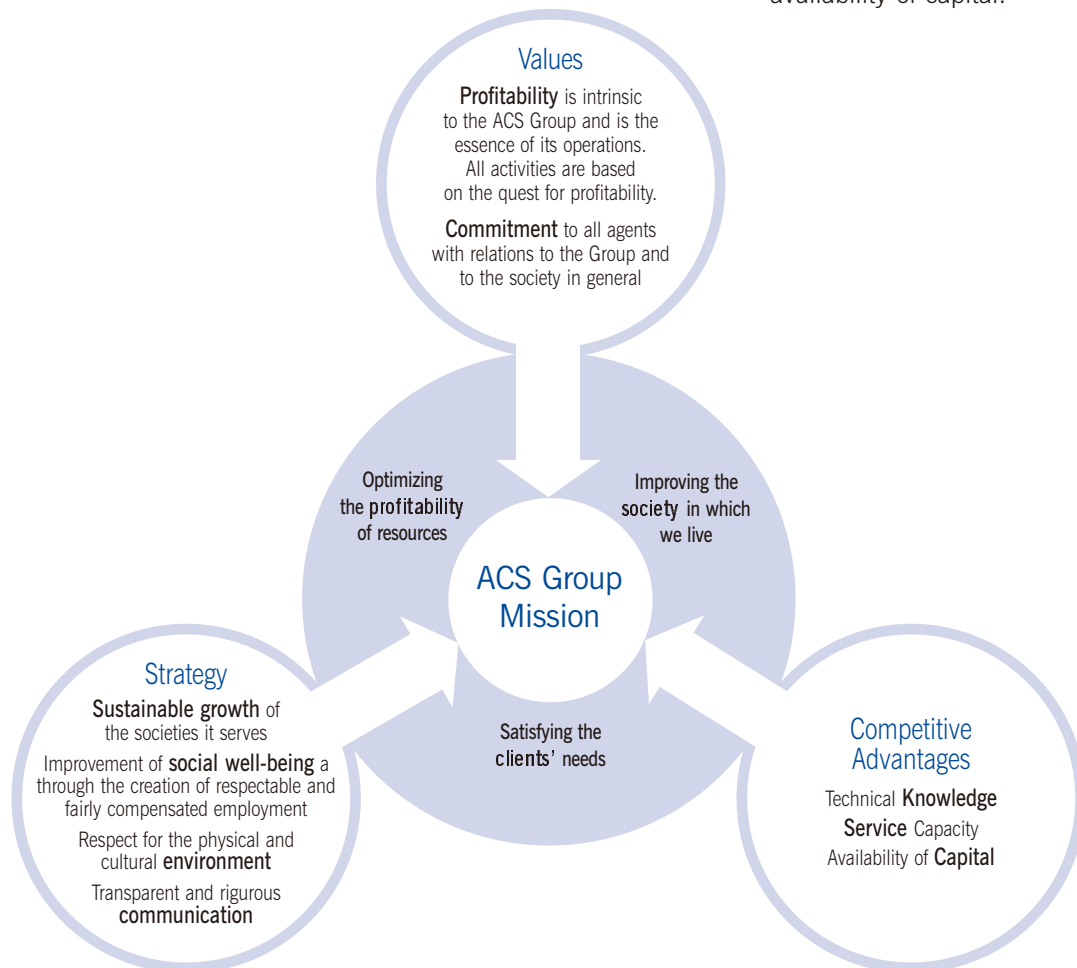
Values impregnating the entire organization, such as the quest for profitability and the capacity to meet commitments.

Strategy

A **Strategy** of sustainable growth, which improves social well-being, respects the environment and is based on a policy of transparency.

Competitive Advantages

Competitive Advantages acquired through experience in the execution of a countless number of projects: in-depth technical knowledge, a proven track record of service capacity and sustainable availability of capital.



These are the pillars to the ACS Group's mission, which is none other than to **satisfy the needs of its clients, optimizing the profitability of the resources managed for this purpose, while improving the society in which we live.**

Therefore, the ACS Group provides its services and carries on its activities by means of:

n The development of infrastructures, civil works, industrial facilities, energy plants, telecommunications systems and waste treatment and purification plants.

n The provision of services in the fields of integral management of urban, logistic and industrial infrastructures.

n Active participation in sectors essential to the economic and social development of any developed country such as infrastructures and energy.

Corporate responsibility is part of the ACS Group's vision and strategy; the sustained growth and responsible development of not only the Group but also the society of which it forms part is an intrinsic part of each of the activities it promotes and develops.

The "ACS' Commitment to Corporate Responsibility" is the initiative by means of which the Group seeks to achieve its aim of becoming the reference construction and services company in this area, by fostering and developing initiatives which meet the expectations of our stakeholders.



3.1 The ACS Group and Corporate Responsibility



ACS Commitment to Corporate Responsibility

Corporate Responsibility forms part of the ACS Group's vision, mission and values, and is based on its undertaking to aid in the development of the societies in which it is present by pursuing improved wellbeing and the sustainable growth of these societies.

At the ACS Group, our commitment to Corporate Responsibility forms an integral part of our corporate culture. We recognize the importance of operating business in a manner which creates economic and social value for our employees and the company as a whole, by means of respect, the promotion and full development of professionals and the environment in which they operate, and the fulfilment of the expectations of all our stakeholders.

Corporate Responsibility is understood to be a view of business which integrates a commitment to the following in the company's management:

1. Principles and ethical values
2. Clients
3. Employees
4. Suppliers and contractors
5. Society
6. Innovation and the natural environment
7. Information transparency

Commitment to principles and ethical values

The ACS Group is an organisation committed to the highest standards of integrity, whose ultimate aim is to be a good corporate citizen. We believe that the only acceptable manner in which to do business is to adopt and assume a group of ethical values enabling the company to establish relationships of trust with its stakeholders.

Commitment to clients

Our commitment to providing the highest quality service to our customers is based on an in-depth understanding of their needs. The main priority of all ACS Group companies is customer service.

Commitment to employees

The ACS Group respects the right to equal opportunities and equity in labour relations, guarantees a healthy and safe working environment and promotes the reconciliation of family life and employment. It also guarantees employees the required and appropriate training to carry out their tasks and provides fairly compensated and stable employment. Any type of discrimination or abuse on the basis of ideology, sex, race, or religion is completely avoided.

Commitment to suppliers and contractors

The ACS Group positively values suppliers and contractors holding quality, environmental management and labour risk prevention certifications, guaranteeing equal treatment.

The company also requires the conduct of its suppliers and contractors to be in accordance with the United Nations Global Compact, and takes the measures deemed necessary in the event that their conduct is not appropriate.



ACS Commitment to Corporate Responsibility

Commitment to society

The ACS Group's objective and commitment is to improve the well-being of the societies in which it operates. For this purpose, different initiatives are undertaken whose ultimate aim is the improvement of integration, cultural promotion and knowledge generation.

This is accomplished by promoting solidarity, responsibility and social participation among the Group's employees, who support and collaborate in the company's social action programs.

Commitment to the environment

ACS Group activities have an impact on the environment resulting from the use of materials and energy or the generation of wastes. Therefore, the company has a firm commitment to innovation and the development of new ideas that lead to the minimization of the environmental impact of its activities, while improving the quality of its service, which leads to a positive effect on income.

Commitment to information transparency

The ACS Group has established a information transparency policy whose aim is to assure that its activity is as open as possible, and that the interest of all its stakeholders is respected. The company is committed to total rigour in the information transmitted.

Our challenge is to become the reference construction and services company in the area of Corporate Responsibility, by fostering and developing initiatives which meet the expectations of our stakeholders

3.1 The ACS Group and Corporate Responsibility

This commitment to Corporate Responsibility was approved by the ACS Group's Board of Directors, and the supervision of its fulfilment is the responsibility of the Board of Directors' Audit and Control Committee.

The different activities of ACS are in line with this performance policy, which is integrated into its processes, activities and plans.

Since being founded, the ACS Group and its companies have made a commitment to the various parties forming part of its operations and interacting with the Group or its employees. This commitment is based on the ethical principles guiding the ACS Group's operations and forming part of its corporate culture.

In 2007, the Board of Directors approved the implementation of a Code of Conduct for all the Group's employees.

The ACS Group's Code of Conduct summarises these basic principles and serves as a guide for all the Group's employees and management with respect to their professional performance in relation to daily work, the resources used and the business environment in which this work is carried out, as well as for all affiliated companies in which the ACS Group has management control.

The basic performance principles of this Code of Conduct are as follows:

n Integrity: Among its employees the ACS Group promotes acknowledgement of conduct in accordance with the ethical principles of loyalty and good faith.

n Professionalism: ACS Group's employees and management should be recognised by their high professionalism based on proactive and efficient performance focused on excellence, quality and willingness to provide service.

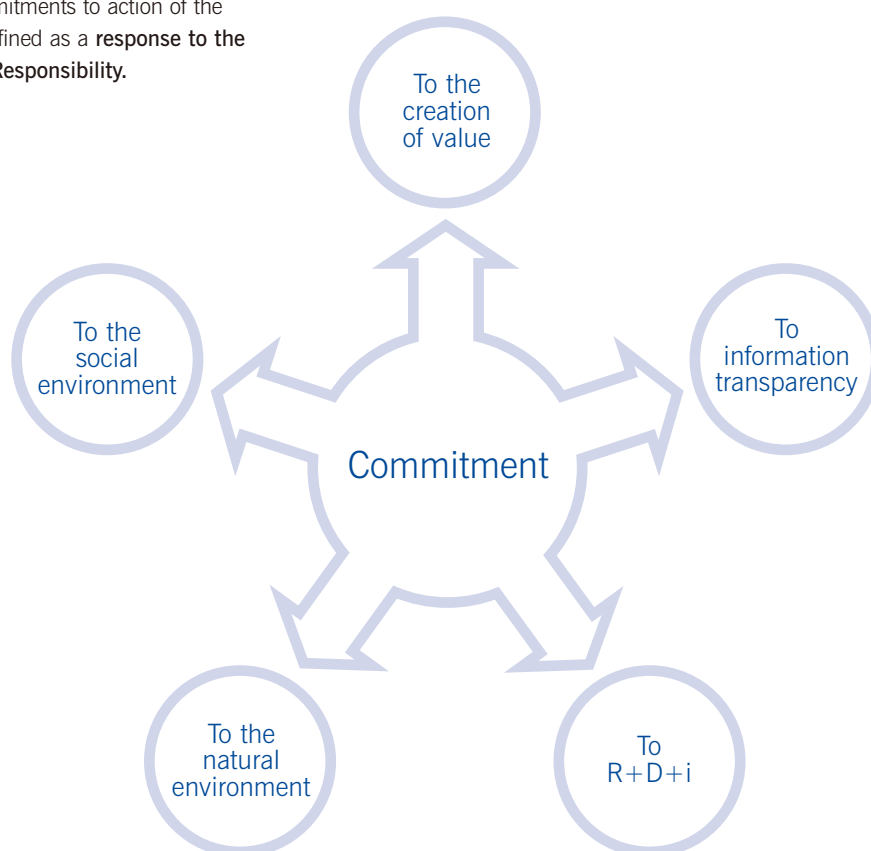
n Respect for Others and Environment: The ACS Group undertakes the commitment to always act in accordance with the United Nations Global Compact, to which it has adhered since its foundation, and whose objective is the adoption of universal principles in the areas of human and labour rights, and the protection of the environment.

 **For further information, see the webpage www.grupoacs.com**



Five Commitments of the ACS Group

To articulate this relationship with the environment, society, and the agents and stakeholders with which it has relations, five commitments to action of the ACS Group have been defined as a **response to the challenge of Corporate Responsibility**.



- 1. Commitment to the creation of value,** distributing the wealth created among its shareholders, clients, suppliers and among the society as a whole.
- 2. Commitment to the information transparency,** so that those who have a relationship with the Company have accurate, reliable and accessible information available to them and are able to form an exact opinion of the ACS Group.
- 3. Commitment to research, development and innovation** with a view to the future, profitable growth and the quality of its products and services.
- 4. Commitment to the natural environment,** implementing programs and procedures which contribute to minimizing the impact of the ACS Group's activities.
- 5. Commitment to individuals and the social environment,** through the creation of employment, wealth and the contribution to the wellbeing and prosperity of the societies in which it operates.

3.2 Commitment to the Creation of Value

As part of its commitment to sustainable growth, the ACS Group must assure the profitability of its investments while guaranteeing high quality operations and financial soundness and efficiency.

This quest for profitability is part of the Group's values and the main focus of the mission it has undertaken. Simultaneously, this quest for profitability implies a commitment to the agents and entities which have relations with ACS, a commitment to providing information and a clear focus on transparency.

Distribution of wealth

Shareholder profitability is the main objective of ACS, and all of its activities are aimed in this direction.

Maximizing shareholder profitability is tied to the creation of wealth and value for all stakeholders or agents that are involved in the production process and that interact with the Company. One of the features which gives the Group competitive advantages is its ability to gain the trust of these groups so that its profitability and growth is sustained over time.

The objective of distributing these funds is to increase the Group's profitability, by meeting the needs of its shareholders, and guaranteeing the present and future fulfilment of the commitments it has undertaken with the different stakeholders of ACS.

Dividends from associates
232 million euros

Divestments
1,030 million euros

Other income
515 million euros

Change in net working capital
457 million euros

Increase in net borrowings
4,482 million euros

Revenues
14,067 million euros

Funds managed by the ACS Group in 2006
20,785 million euros

Financial Institutions provide ACS with a portion of the capital required to operate. They received 1.1% relating to finance costs arising on the borrowings, for a total of 227 million euros.

Shareholders' financing is rewarded with dividends and the increase in the Company's market value. In 2006 they received 212 million euros, 1% of the funds generated.

The ACS Group contributes to **Public Administrations** through the payment of taxes. These subsequently take on the form of public services. 1,156 million euros was allocated to this item, 5.6% of the funds managed by the Group.

Employees contribute to the Company's success with their effort and dedication. In consideration they receive the opportunity to improve their skills and develop a professional career. In 2006, 11.9% of the funds generated, 2,471 million euros, was allocated to professional, personal and human development, and employees were thus acknowledged as being one of the Group's main assets.

Suppliers and Subcontractors form part of the ACS Group's value chain. Their relationship with the company enables them to generate wealth. They received 10,282 million euros, 49.5% of the funds in 2006.

Investments represent the Company's commitment to the future. In 2006, 6,437 million euros was invested, equal to 31% of the funds generated.

Value for clients

In view of the nature of its customers, ACS is required to continuously strive for excellence in order to reach a high quality level and to guarantee their satisfaction.

ACS maintains ongoing contact with its clients during the period in which it provides services so as to be aware of their opinion and perception of the work carried out and to detect problems and share possible improvements. Consequently, special emphasis is placed on the quality of processes and resources are dedicated to the development of activities which allow for the application of the most adequate and advanced techniques in all areas.



3.2 Commitment to the Creation of Value



Quality

Investing in innovation, process efficiency and the improvement of work systems, and prioritising the adaptation of the entire organisation to its clients is the means that has been adopted by the ACS Group since its creation. In striving for quality, its main goal has always been to be the leading company in the sectors in which it operates.

Two factors which are key in the quest for high quality standards are the **professional team** and **technology which provides for the most advanced techniques**. Both form part of the tools that the Group uses to confront the quality challenge, implemented through the following protocols of action:

- Achieving a thorough understanding of clients in order to better identify their needs.
- Fostering the development of the professional capacities of the organisation.
- Stimulating innovation
- Relying on external collaborators that are wholly in line with the Group's objectives.
- Responding to incidents quickly and efficiently.

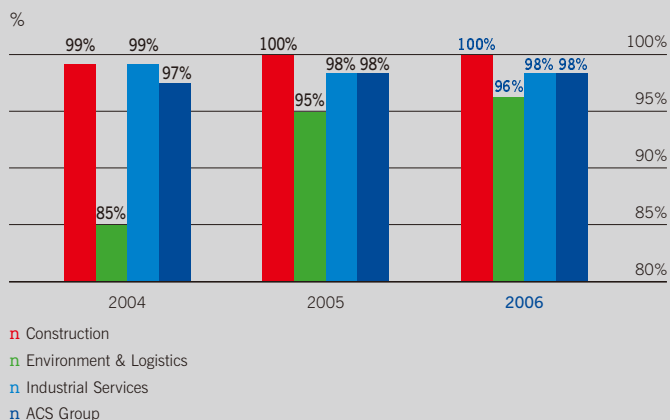
Improvement processes may be implemented on each of ACS activities, and each activity has its own management system which allows for independence and self-control, and which in terms of quality, also fosters the Group's policy of decentralization and specialization. These management systems assure that the products are developed in accordance with contractual terms, legal requirements or regulations, and the company's standards in order to guarantee client satisfaction.

Each of the Group companies furnishes information to the Quality Committee, which is responsible for assessing and improving the whole of the Group's quality systems. The Committee is also required to detect existing needs in order to complement the individual procedures applied by each company in its relationship with its clients

Each and every one of the Group's employees contributes his experience and dedication to improving the quality of the services provided to clients. Given the Group's commitment to excellence, employees assume this responsibility which is part of ACS' idiosyncrasy. The investment made by the Group to this end exceeds 30 million euros a year, and is managed by a team of over 500 staff members responsible for planning appropriate procedures whose purpose is to improve the quality of all products and services, supervising and correcting the initiatives required to meet these objectives, and training staff in accordance with present and future needs.



Percentage of Production Certified in accordance with ISO 9001 standards



98 % of the production of the ACS Group in 2006 took place under quality systems based on ISO 9001 standards and certified by acknowledged external organizations.

Since its foundation in 1991, the ACS Group has been a member of the Club de Gestión de la Calidad (Quality Management Association), which exclusively represents in Spain the European Foundation for Quality Management (EFQM), evidencing the ACS Group's commitment to quality.



3.2 Commitment to the Creation of Value

Value for shareholders

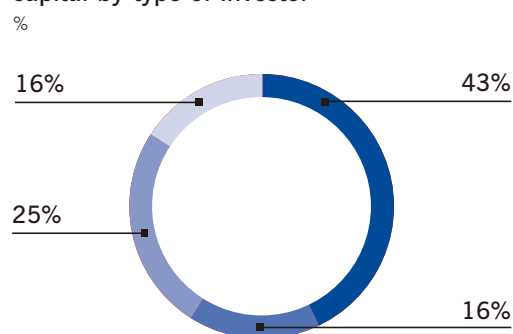
At December 31, 2006, the share capital of the ACS Group amounted to €176,436,567, represented by 352,873,134 ordinary shares with a par value of €0.50 each, all of the same class and series. ACS' shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The ACS Stock	2001	2002	2003	2004	2005	2006
Closing price	9.13 €	10.22 €	12.90 €	16.80 €	27.21 €	42.71 €
Revaluation of the ACS Stock	9.16%	11.86%	26.26%	30.23%	61.96%	56.96%
Revaluation of the Ibex 35	-7.82%	-28.11%	28.27%	17.37%	18.20%	31.79%
Maximum in the period	11.15 €	12.33 €	13.13 €	17.03 €	27.23 €	43.62 €
Minimum in the period	7.08 €	8.86 €	9.88 €	12.68 €	16.98 €	26.96 €
Average in the period	9.64 €	10.20 €	11.80 €	14.16 €	22.22 €	34.21 €
Total volume of shares (thousands)	155,171	190,174	238,933	312,483	401,440	279,966
Average daily volume of shares (thousands)	621	761	956	1,245	1,568	1,098
Total effective traded (€ millions)	1,496	1,949	2,847	4,563	8,989	9,386
Daily average effective (€ millions)	5.99	7.80	11.39	18.18	35.11	36.81
Number of shares (millions)	192.18	192.18	355.58	352.87	352.87	352.87
Stock market capitalization at period end (€ mn)	1,755	1,963	4,587	5,928	9,602	15,071

In 2006, the ACS Group stock was revalued by 57%, greatly exceeding the average market revaluation, which based on the IBEX35, rose by 31.8%.

Since the ACS Group's stock is in the form of bearer shares, there is no register of company shareholders. According to the most recent data available, there were 65,536 ACS shareholders in May 2006. The average investment per shareholder was 5,384 shares, which based on the 2006 year-end share price, represents an average of €229,951. Free-float capital amounts to 56.8%.

Breakdown of the ownership of share capital by type of investor



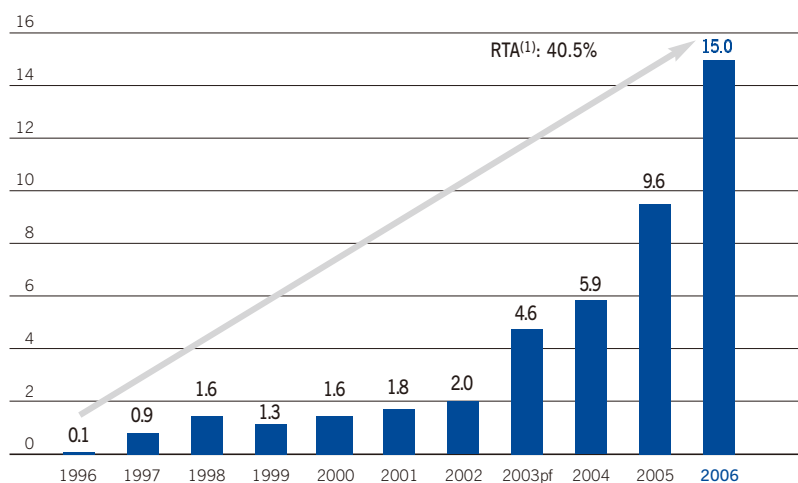
- n Board of Directors
- n Domestic Institutional Investors
- n International Institutional Investors
- n Minority Shareholders

Name of Investee	% Direct Ownership	Number of Shares Directly Owned	% Indirect Ownership	Number of Shares Indirectly Owned	% Total	Number of Controlled Shares
Corporación Financiera Alba, S.A.	0.00%	0	20.01%	70,599,328	20.01%	70,599,328
Corporación Financiera Alcor, S.A.	0.26%	931,585	11.74%	41,413,191	12.00%	42,344,776
Inversiones Vesán, S.A.	10.03%	35,386,118	0.00%	0	10.03%	35,386,118
Rest of the Board of Directors	0.45%	1,573,814	0.69%	2,424,238	1.13%	3,998,053
Total Board of Directors	10.74%	37,891,517	32.43%	114,436,757	43.17%	152,328,274
Floating Capital					56.83%	200,544,860
Total					100.00%	352,873,134

The value of the ACS Group's shares has multiplied 23 times in the last ten years, which amounts to an annual increase of 37% and a shareholder rate of return of 40.5%. In the same period, the average revaluation of the IBEX35 was 10.6%. According to the study on value creation conducted by Instituto de Empresa (IE), it is one of the five Spanish companies which has created most value for its shareholders in the last ten years.

Market Capitalization

Millions of Euros



(1) TRS (total return to shareholders) calculated as the internal rate of return including the change in the price of shares and the payment of dividends.



3.2 Commitment to the Creation of Value

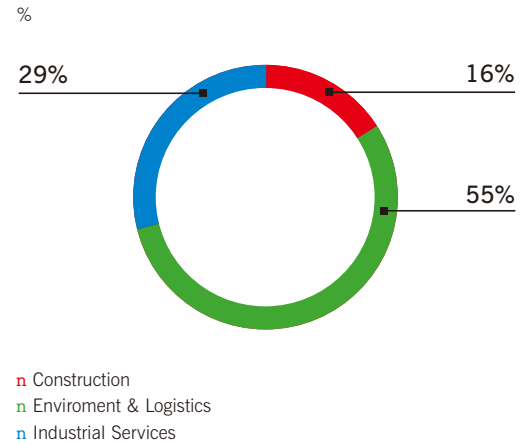
Value for employees

The ACS Group's employees are the company's authentic asset, and accordingly, it is necessary to continuously and efficiently invest in training, professional development support and principally, labour risk prevention policies.

At December 31, 2006, the ACS Group had 123,652 employees. Of these employees, 17% provided services in the international area, and the other 83% represented 0.5% of the working population of Spain. Personnel expenses totalled €2,471 million. ACS also provides its employees with the highest level of training. The Annual Training Plan comprises over half a million hours of study in courses and studies relating to all its activities.

In 2006, the ACS Group created over 10,000 net jobs.

Breakdown of employees by activity area



Career development policies

Hiring, training and development policies favour professional loyalty. In this respect, the ACS Group and companies it comprises have implemented measures aimed at retaining and motivating their employees, especially those displaying high potential.

One of the most significant employee motivation and satisfaction initiatives is the possibility of promotion. The turnover of the ACS Group and the



continuous development of the company generate a significant number of annual promotions among the employees that, due to their efforts and efficiency, are nominated for positions of greater responsibility.

All the Group companies prefer internal promotion to external hiring, and only tap the job market when they are unable to find a professional with the desired characteristics within the organization. Periodic performance evaluations guide employees' career development and offer opportunities of promotion.

All the above leads to high staff stability as evidenced by the low voluntary turnover rates. For example, DRAGADOS had an annual rate of approximately 7.5%.

Value for suppliers

The experience acquired by the ACS Group in its activity areas reveals a constant in all service activities, namely, the importance of a sound and efficient supply chain. Forming relationships with suppliers is part of the Group's activity, and assuring that these are stable and long-lasting is key to the success of a company like ACS.

As a result of its effort to continually improve its relationship with its suppliers and subcontractors, the ACS Group is acknowledged as one of the most reliable and professional organizations in the sector. This distinction is the Group's ability to quickly and efficiently arrange and organize all internal and external resources needed to take on any type of project.

One of the characteristics of the ACS Group is its high level of decentralization, which is evidenced in all the activity areas in which it competes. This structure allows for a lower level of control and degree of supervision only affecting decisions which are truly of significance. The relationship of trust built over years of experience with suppliers enables the ACS Group to take advantage of this competitive edge in order to increase efficiency and profitability.

Of the funds managed by the ACS Group, in 2006 almost 50%, €10,282 million have been allocated to its suppliers and subcontractors.



3.3 Commitment to Information Transparency

One of the key elements of the ACS Group's strategy to fulfil its mission to satisfy its clients and to generate profitability for its shareholders and the society in which it operates is information transparency. The objective of this strategy is to assure that its activity is as open as possible, and that the interests of its customers and the company's other stakeholders are respected. The ACS Group is committed to total rigour in the information transmitted, especially with respect to media.

The value of information transparency

This general objective of transparency is achieved following these guidelines:

- n Transmitting the Companies' overall corporate strategies externally as well as those specific to each of the Companies' business areas.

Projecting the Group's business reality and assuring that the Group is recognized as being sound and well managed inside and outside of Spain.

- n Contributing to the makeup of a positive umbrella corporate image which aids in the achievement of business objectives and commercial activity.

- n Maintaining a fluent relationship with external agents, and particularly with media representatives.

All of the above leads to an increase in the value of the ACS brand and of its different companies and businesses.

The ACS Group maintains a close relationship with the media representatives who habitually follow the recent developments of the sector. It also maintains several channels of communication for the fluent reporting of the Company's corporate information, both through the department's daily contact with journalists and press releases, and through press conferences held by the Chairman of the ACS Group with journalists in 2006.

In 2007 a number of press conferences were held with journalists and media professionals by the Group's Communication Management as well as the Chairman and other Management Committee members.



The new ACS Website: More information, more quickly.

The website www.grupoacs.com is the Group's pledge for communication and transparency. In 2006, clearly beneficial was the complete remodelling of the portal to increase its clarity, accessibility, the information included and its technical features.

ACS website is visited by a daily average of 974 users, with over 15,260 pages viewed.

The Group's website fulfils a series of objectives:

- n Opening a window to society through which the company may be analyzed with greater transparency and ease.
- n Maintaining a permanent channel of communication with the Group's priority collectives and with any individual or company seeking any type of information on the Group.
- n Openly offering all economic and financial information on the Group, its systems of governance and management, and its activities.
- n Allowing the search for historical information on the Group for more thorough analysis of its evolution and performance.
- n Maintaining up-to-date information on the performance of the Group and the criteria behind its management.

	Total 2005	Total 2006	Daily average 2006
Visits to www.grupoacs.com webpage	262,699	355,543	974
Viewed pages	5,396,472	5,569,879	15,260



3.3 Commitment to Information Transparency

Information transparency, the pillar of the ACS Group's excellent reputation

The measures aimed at promoting information transparency affect the Company's reputation, the extension of its corporate values and technical capacities and the broadcasting of its business success. In 2006, this has been reflected in the numerous citations and acknowledgements of the ACS Group in different forms of domestic and international media, of which most noteworthy were the following:

n One of the ten leading contractors worldwide, according to the survey of **Top Global Contractors 2006** conducted by the prestigious US engineering and construction magazine, **Engineering News-Record (ENR)**.

n One of the top 500 companies worldwide and leader in the construction and services sector in Spain, according to a survey published by the US financial magazine **Forbes**.

n One of the 25 highest valued companies on the **Standard & Poor's Europe 350** index.

n One of the top eight Spanish companies in terms of turnover, according to the last annual survey of the top 5,000 companies published by the magazine **Actualidad Económica**.

n European leader and number two worldwide in the promotion of transport infrastructure projects by number of concessions, according to a survey of the specialized US publication **Public Works Financing (PWF)**.

n The finance project of Madrid Calle 30, an investee of DRAGADOS, was chosen by the magazine **Infraestructure Journal** and by **Euromoney Project Finance** as the best financing operation of the year given its innovative financing structure.

n One of the 20 leading port operators worldwide through its subsidiary Dragados SPL, according to the last annual report published in September 2006 by the firm **Drewry**, a consultant specializing in port-logistics.

n One of the two companies in Spain with the highest annual returns between 1993 and 2006, according to the 2006 Spanish Company Profitability and Value Creation report published by **IESE and Bloomberg**.

n One of the fifteen listed companies in Spain with the best investor relations, according to a study conducted by the British consulting firm **Institutional Investor Research Group (IIRG)**.



Communication and transparency of information reported to markets

Shareholders' right to information is detailed in several parts of the Shareholders' General Meeting By-laws. Hence, in order for the shareholders' meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each Shareholders' Meeting, all information which is legally required to be provided to them, in addition to information, that is not legally required to be provided but that reasonably should be made available given the interests of the company and of the shareholders and their desire to develop criteria.

In this sense, the Group makes every effort to duly respond to the requests formulated by shareholders for the purpose of the General Shareholders' Meeting, regardless of whether said requests are formulated before or after Shareholders' Meetings, provided that the Company's interests are not jeopardized.

The ACS Group uses different channels to meet its commitment to communication and transparency, in order to foster the flexibility and equality of the information published in an immediate manner and with a higher reach.

Information reported to the market

The ACS Group uses the Spanish Stock Market Commission as the main channel by which to communicate and announce its performance and principal undertakings.

Throughout 2006, 34 Communications were made, of which 29 were "Relevant facts" and the rest were "Other Communications".

Additionally, in 2006, the Group made seven corporate presentations at specialized events held in Europe and the USA, and held over 250 meetings with institutional investors.

Financial information

The ACS Group makes annual and quarterly standardized financial reports and reports on the Group's performance available and also responds to request for information by holding meetings with other market agents. These meetings are meant to complement the Group's reporting efforts and the objective thereof is to clarify information already published in accordance with investors' and shareholders' needs.



3.4 Commitment to Research, Development and Innovation

The ACS Group is a company which evolves each year and adapts to the needs of its clients. The diversification process undergone by the ACS Group over the years has led it to undertake a wide range of activities, each of which has its own features and approaches innovation and development in a different but decided manner. This commitment to innovation is the ACS Group's response to the growing demand for process improvements, technological advances and service quality by clients and the society which the Group serves.

Each year, the investment and effort made in research, development and innovation is increased, resulting in tangible improvements in productivity, quality, customer satisfaction, and work safety; the obtainment of new and better materials and products; and the design of more efficient production processes and systems.

Main areas of investment in R+D+i by the ACS Group

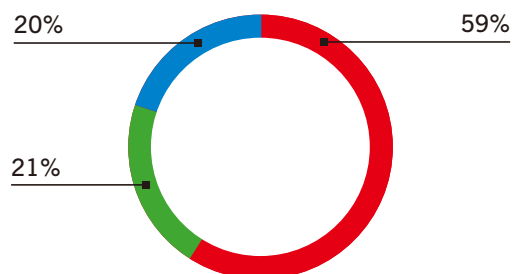
Construction	Environment & Logistics	Industrial Services
<ul style="list-style-type: none"> ▫ Structural behaviour and durability and safety of construction projects. ▫ New construction materials. ▫ New construction processes and improvement in the control of facilities. ▫ New project design processes and software development. ▫ Environmental development and quality of life to improve services for citizens. ▫ New emerging technologies and Bioconstruction. ▫ Development and management of transport. 	<ul style="list-style-type: none"> ▫ Obtainment of AENOR R+D+i Management System Certificate for the development of waste and watertechnology in accordance with UNE 166.002/2006 standards. ▫ Implementation of an Integral Management System in the handling of maritime good containers. ▫ Optimization of the use of mechanical means at Port Terminals. 	<ul style="list-style-type: none"> ▫ New technologies in the area of support services to heavy and energy industries. ▫ Renewable energies. ▫ Improvement of the technology supplier relationship management processes. ▫ New control software design and development processes. ▫ Efficiency in response processes and methods under situations requiring a rapid response.

The ACS Group leads its sector in terms of R+Di efforts. For each area of activity, the Group has assigned a Technological Development Committee, whose function is to promote and analyse the Group's technological development and innovation initiatives in the field of technology, machinery and equipment, and in the improvement of procedures within the company's different activities.

In 2006, the ACS Group invested over 23 million euros in projects relating to research, development and innovation.

Investment in R+D+i by business area

%



- Construction
- Environment & Logistics
- Industrial Services



3.4 Commitment to Research, Development and Innovation

Construction

In 2006, research, development and innovation were focused on areas relating to the structural behaviour of the constructions, with new construction and design processes, and with the application of new emerging technologies.

Investments in this connection in the construction area surpassed €13.6 million.

Research and Development

38 projects relating to the development of new construction techniques and work methodologies directly applicable to the improvement of efficiency and quality were developed. Most of these projects have received some type of acknowledgement and external backing from either European programs (VI Framework Program, iberoeika), or by the Central or Regional Governments (PROFIT, IMADE, CDTI, etc.)

The main R&D projects undertaken in 2006 were as follows:

- n Dynamic three-dimensional measurement techniques applied to infrastructures.
- n Vibration absorption system for slender structures.
- n Virtual safety simulator for the prevention of risks at work sites
- n Multidimensional City
- n Reuse of wastes in underground work with tunnel boring machines.
- n Optimization of the building of residential units (sustainability and efficiency).
- n Intelligent management of construction processes (FUTURESPACIO).
- n Recycling of sludge in underground works.
- n TUNCONSTRUCT (Technological Innovation in Underground Constructions).
- n I3CON (Industrialised, Intelligent and Integrated Construction).
- n MANUBUILD (Industrialised and Integrated Construction).
- n INVISO (Industrialisation of sustainable housing).
- n ARFRISOL (Bioclimatic architecture and solar cooling).



Innovation

In 2006, various actions aimed at the obtainment of **new** and technologically improved production products and processes were executed. Noteworthy are the following:

1. Excavation system in argillite.
2. Development of a ventilation model in the presence of methane gas.
3. Innovative measures in the assembly of curtain walls.
4. Innovative system for land permeability tests.
5. Use of GPS methodology in the monitoring of the launching of planks.
6. Development of a levelling system at great depths.

In addition to its traditional in-house undertakings, an active presence has been maintained in several of the most innovative domestic and international research, scientific and technical forums, where technicians from the different Group companies have had an ongoing and active role as demonstrated by its initiatives, undertakings, and collaborations in:

n European and Spanish Construction Technology Platforms. The Permanent Commission of the European Platform being chaired by DRAGADOS, which leads the strategic line of Spanish Construction Platform Underground Works.

n Highly technological and innovative associations, such as the European Network of Construction Companies for Research and Development (ENCORD) which has been chaired by DRAGADOS for the past six years.

n The SEOPAN Technology Commission, where DRAGADOS is actively involved in works relating to R+D+i assessment criteria in public work bids.

n COTEC Foundation for Innovation, in which ACS takes part as sponsor and member of several commissions.

n AENOR standardization committees and the Groups that develop the European standards or Eurocodes.

n R+D+i Commission of the School of Civil Engineering.

n Public research bodies, Universities, Technological Centres and City Councils, both in Spain and other EU countries, working jointly in the development of projects which improve the life of European citizens. These include:

- Centre for Public Works Studies and Experimentation (CEDEX).
- University Carlos III of Madrid.
- University of Cantabria.
- Industrial Engineering School of the University of Valladolid.
- Schools of Civil Engineering of Madrid, Santander, Valencia, Barcelona, La Coruña, Ciudad Real and Granada.
- Schools of Architecture of the Universities of Madrid and Seville.
- Instituto Eduardo Torroja of CSIC, where DRAGADOS has taken part in conferences and courses, and has collaborated in different research projects.
- Joan Almera Institute and the Industrial Automation Institute of CSIC.
- Centre of Automation, Robotics and Information and Manufacturing Technologies of the University of Valladolid.
- Spanish Standardization Agency (AENOR).
- Several European and Spanish seminars on advanced technological issues in which the Group's technicians were invited to actively participate.

Continuing to be leaders in R+D+i and a reference in the sector is a guarantee for the future of the ACS Group.

3.4 Commitment to Research, Development and Innovation



European Integrated Research Project I3CON; Industrialised, Intelligent and Integrated Construction

In 2006, the European Research Project I3CON (Industrialised, Intelligent and Integrated Construction) commenced. This is an integrated project which is to last four years, co-financed by the European Union's VI Research Framework Programme. It is the only European Integrated Construction Research Project led by a Spanish company, in this case DRAGADOS, which takes part in this project as the main coordinator, together with an additional 25 companies in the construction sector, industry, universities, technological centres and public bodies from 14 different EU and neighbouring countries.

Our company's strategic interest in this project lies in the integration of construction processes to reduce the consumption of resources applied throughout the life cycle of our constructions, and particularly during operation and maintenance periods, as a result of intelligent and industrialised processes. The results of this project will make our proposals in the field of building and infrastructure

management much more competitive especially throughout concession periods.

The fundamental objective of I3CON is to transform European construction into a sustainable industry through the use of integrated industrial processes and intelligent building and installation systems based on distributed control systems with embedded sensors, wireless connections, autonomous controllers and ambient user interfaces. The foundations of this project are to be value based business models with highly specialised SMEs working in supply chains to deliver high performance spaces, smart business services and solutions covering the full life cycle of constructed buildings.

I3CON consists in a new approach for industrialised production of building components with integrated services and intelligence. The components will be sustainable, multifunctional, efficient, reusable, interoperable, and user friendly. The underlying business model will shift current work practices, which in certain cases of maintenance are almost craft made processes, towards a new technology transfer generation, which will convert these into highly industrial and efficient processes.

The new business processes will create value for investors and managers throughout the building's lifecycle, to the benefit of its users.

It is estimated that it will be possible to construct certain new types of ultra high performance



buildings which will be delivered 50% faster than the current average, with reductions in costs that could reach 25% throughout the building's life cycle as a result of a savings in repair and maintenance in excess of 70%.

Another feature of these new buildings constructed according to the specifications and standards developed in the project will be their enhanced comfort and security.

The breakthrough innovation contributed by I3CON, which is aimed at industrial production, integrated services and intelligent building systems, is based on the following:

- n Performance based, value-adding business models and processes, through creation of a customer- and value-driven business model, and branding of components and systems.
- n Integrated building operation systems and services, through fully integrated smart systems and cross-system functionality and integration, and reconfigurable, flexible and adaptable building space.
- n Industrial production of components and systems.
- n Lifecycle optimised building services and controls, thorough self-optimisation of lifecycle services with integrated control systems and intelligent sensor

technologies, and step reduction in energy consumption and waste production.

- n A virtual building model which contributes to building engineering and the learning and taking of decisions throughout the lifecycle by means of the comparison of experimental data with the behaviour of the systems in the virtual model.

The project deliverables will be evidenced in buildings newly constructed by DRAGADOS and the construction work relating to both new and refurbished housing performed by the Municipal Housing and Land Enterprise of Madrid (EMVS), which is also a partner of the project.



3.4 Commitment to Research, Development and Innovation

Environment & Logistics

Research and development efforts in this area focus on the **management of urban solid wastes (USW)**, aimed at minimum dumping and maximum use, and the reduction of CO₂ emissions.

The total investment in this regard exceeded **€4.5 million** in 2006.

Research and Development

In 2006, **two projects** were developed in the areas of urban solid waste and the reduction of CO₂ emissions. These projects were as follows:

n Improvement and development of the design of vertical digesters made of concrete for USW organic fraction dry methanization plant processes including control of operating functions.

n Advances have been made in the validation of three CDM Projects (Clean Development Mechanism) in Columbia and Chile, and an additional three projects were commenced in Mexico. A total reduction of around 4 million equivalent tons of CO₂ will be achieved by the

abatement of methane gas from 2008 to 2012, and will be transformed into credits which reduce the greenhouse effect.

Innovation

Additionally, in 2006, research projects from previous years and the effort of the Environment & Logistics area gave birth to **two initiatives**:

n Demonstration plant (semi-industrial) for a process used to clean siloxanes contained in landfill biogas.

n Design and construction of a USW collection vehicle of a reduced size and the use of clean fuels.

Technological and innovative effort is the launching point for one of the best companies in the world in terms of environmental and urban services. This company competes for the management of waste in large cities of the developed world where the technological factor is key to the success of its activities.





3.4 Commitment to Research, Development and Innovation



Technological Observatory for the Management of Urban Solid Waste for Maximum Use and Minimum Dumping, OTERSU±

URBASER holds a R+D+i Management System Certificate in accordance with AENOR IDI 0030/2006 standards since July 2006, and is the first services sector company to hold this certificate.

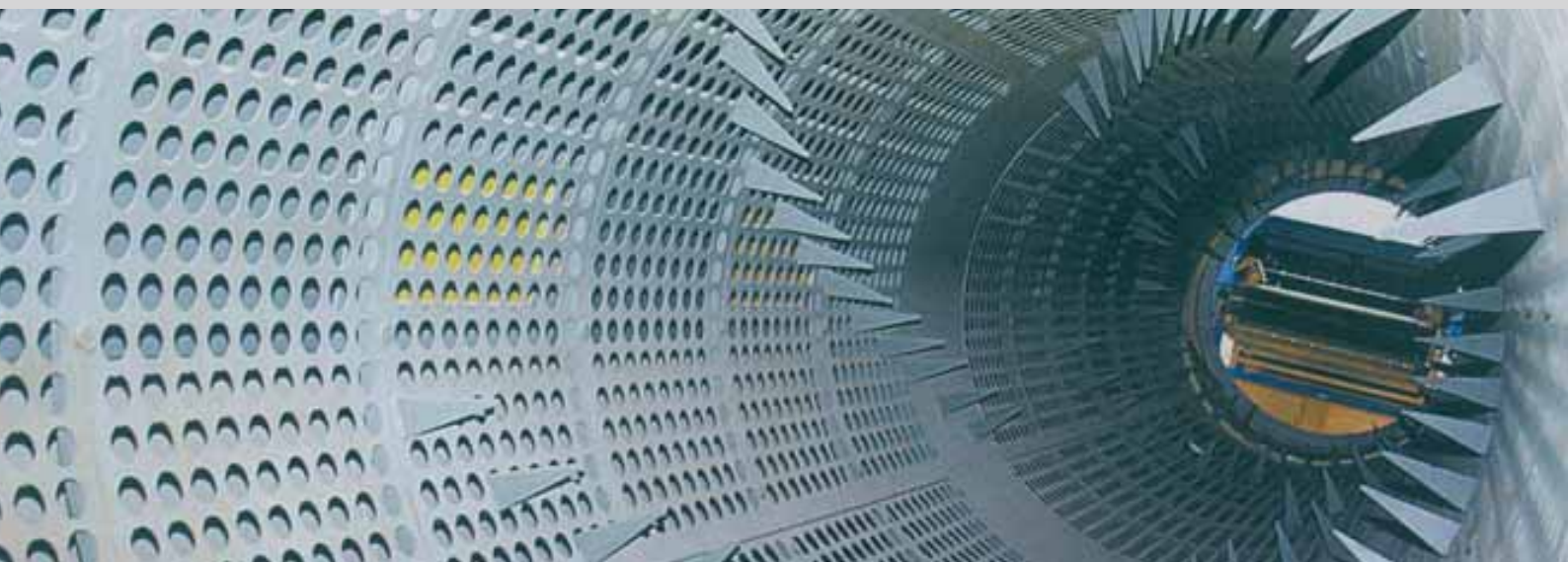
The R+D+i policy of URBASER is aimed at providing solutions to the company and its clients, and is applied to the development and improvement of the processes and equipments used in all its activities. For URBASER, innovation is a basic principle in the integral management of its activities and processes aimed at the management, recovery, reuse and valuation of waste.

URBASER actively takes part in projects and activities aimed at research and scientific progress by leading research and development projects which foster collaboration with its suppliers, public research bodies and technological centres.

One of these projects is included within the initiative "Technological Observatory for the Management of Solid Urban Waste for Maximum Use and Minimum Dumping, OTERSU±", a business initiative worthy of forming part of 16 projects approved on a national level, in the first call of the CENIT program, through the Technical and Industrial Development Centre (CDTI).

The total budget for the execution of this project from 2006-2009 amounts to 20.16 million euros, of which CDTI has granted a non-returnable 9.38 million euros. Almost, half of the 9.03 million is contributed by URBASER, and 11.13 million euros was contributed by the other partners.

In order to carry out this project, a large consortium was created with nine highly capable participants, including four large companies, four small companies, and a non-profit entity.



The objective of this project is to generate knowledge based on the current state, for the conceptual design of USW treatment plants integrated in sustainable environmental development, where all emissions by pollutant secondary products is eliminated. As a first stage (four years), the amount sent to dumpsites is to be reduced to 25% of the weight entering the plant, consolidating bases to obtain so called zero-waste in the near future. This objective is to be achieved by highly innovative means, capable of leading to a scientific and technological breakthrough justifying heavy public support.

To meet this goal, among other measures, research and development on currently existing processes is necessary to optimize the management of waste and obtain much lower rejection rates (dumped waste).

The lines of research to be developed at the current USW management plants taken into account in the project are as follows:

n **Pretreatment:** Increase the effectiveness of mechanical separation to better adapt waste, which will increase the performance of subsequent valuation processes.

n **Biomethanization:** Obtainment of improved performance in the production of gas for electricity using organic waste by means of anaerobic digestion.

n **Gasification:** Obtainment of improved performance in the production of gas for electricity using non-organic waste by means of a high temperature thermal process.

n **Composting:** Increase the percentage of compost or other subproducts obtained in this process.

n **Incineration:** Research on thermal plasma technologies for the vitrification of fly ash.

n **Environmental Control:** Reduction of lixiviates, emissions, and odours produced at plants.

n **Automatic process control system.**



3.4 Commitment to Research, Development and Innovation

Industrial Services

Within the Industrial Services area, investments in R+D+i focused on **technological improvements** in the electricity area, the technological evolution of offshore platforms and urban control systems.

The total investment in R+D+i by the Industrial Services area exceeded **€4.5 million** in 2006.

Research and Development

In 2006, noteworthy was the research capacity of DRAGADOS Industrial, which undertook a large number of initiatives in the areas of energy, offshore platforms, and large industrial projects, including the following:

- n Optimization of the design and integration of sulphur removal systems at coal boilers.
- n Technological development for the design and construction of a multipurpose vessel for the sinking, production, storage and unloading of crude oil in submarine deposits.
- n Development of a system for the creation of a self-supporting modular traction system.
- n Study of the viability of wind at sea data acquisition methods
- n Theoretical and practical study on the increase in the performance of generation processes using biomass when combining these with diesel motor generation.
- n Planning and development of micro-activities, especially work orders.
- n Development of a model for the conversion of a power plant with gas turbines to a combined cycle plant.



Lastly, also significant was the ACS Group companies efforts with respect to urban control systems, taking into consideration that in 2006, numerous development and innovation projects were undertaken, most distinguishable of which were the following:

n Development of a traffic control system for 2 of the 3 areas in the city of Madrid, with centralised control of over 1,000 crossroads.

n Grafo Project, aimed at the calculation of optimal source-destination routes on any type of network. This is a group of libraries providing functions to obtain the shortest path (or the quick path, or that of least consumption) from a source point to a destination point.

n Development of public lighting controller equipment, initially used for the control of the artistic Christmas lighting in Madrid.

n Development of a private license plate recognition system (Automat).

All of these control system activities are in addition to those encompassed in four projects subsidized by the Technical Research Promotion Program (PROFIT) of the Ministry of Industry, Commerce and Tourism (Grafo, Egnobus, Atenea and Carlink Projects).

Innovation

The Group's Industrial Services area is not only a source of innovation from a theoretical standpoint. Its developments and projects are often made a reality and serve as production process tools for many companies in this area. Noteworthy, in 2006, were the following initiatives:

n Project for the creation of an electric substation of the size of a container to be used in underground line works.

n Design of a new cooling water transportation system for combined cycle plants through the use of a U-bend pipe tunnel.

n Development of a new sinking system for long pipes of a large diameter.

n Development of a new complex industrial project management system, which concurrently carries out engineering, supply and construction in several parts of the world.



3.4 Commitment to Research, Development and Innovation



Development of a new modular system for electric traction power supply substations

The company Control y Montajes Industriales, CYMI, started operating in 1962, and since its foundation, it has extended its activities to cover a wide range of sectors relating to Electrical Installations and Assembly and Instrumentation, until eventually becoming the current market leader.

CYMI is a company concerned with always being up-to-date technologically and trying to apply the most modern technological products manufactured.

One of the systems developed by CYMI is the traction supply substation, with which CYMI has proven experience, causing it to be aware of market needs.

This new type of installation may become internationally renowned, considering that many countries use the underground, tram, or trolley bus as a means by which to decrease traffic congestions in large cities.

The objective of this project is to develop a new model electric substation which is highly portable to supply power to underground, tram and trolley bus lines. This substation may be located in a container, is manufactured in-plant and can be transported to the location in which it is to be used as a single unit.

The company's aim is to create a substation model allowing for portability which did not formerly exist, in order to achieve the following:

- Facilitate the change in location of electric substations for suburban transportation for operating purposes.
- Allow for the adaptation of the substations located in containers to the urban environment, regardless of its architectural design.
- Replace "on-site" civil works with in-plant assembly of the components.



n Decrease assembly and start-up times for electric traction power supply substations using new manufacturing and installation processes. In this manner, the substation will be fully manufactured at the plant, and it will only be necessary to place the container in its final location and make external connections.

n Improve the logistics of installing electric substations since materials and tools are made available more readily and with higher flexibility given that the most complex work is carried out in-plant.

The main lines of development in this project are as follows:

n Study of the DC system to be used to supply the catenaries and its control. This is the most important part of the system, together with the development of the concept of portability.

n Definition, availability configuration and interconnection of equipment and components to be installed within the casing-container.

n Improvement of the casing manufacturing process through the development of new forms and components based on the tests performed.

n Researching of a electric power insulation system appropriate for this type of installation.

n Development of a input-output connection system allowing for quicker connections between field and equipment.

n Standardization of this new electric substation model, including small replacement parts.

n Manufacture and testing of a prototype.



3.5 Commitment to the Natural Environment

ACS Group activities have a significant impact on the environment. The development of infrastructures leads to changes in the environment resulting from the use of materials, of energy (both at the time of construction and over the life of the different infrastructures) or from the generation of waste. It may also give rise to visual effects and effects on the landscape, and all of these effects may be either positive or negative.

Many of the activities included in this report in the area of innovation and research reflect the efforts of ACS to minimize negative effects on both the physical and social environment, while simultaneously striving for excellence and the improvement of products and services, which will have a long-term positive effect on income.

Given the commitment of ACS to the natural environment, it undertakes specific measures in relation to each of the Group's activities in order to improve overall results, decrease risks and preserve, reuse and reduce the resources used.

“The whole world has the right to enjoy an environment appropriate for the development of a person, and the duty to preserve it”

Environmental Management System

The aforementioned axiom is the point of departure for ACS Group activities. To monitor these activities, an environmental policy has been established whose criteria are well known, shared and put into practice by **all the Group companies**.

One of the objectives of each work centre is to draft and implement an Environmental Plan in each of its activity areas.

During the annual review of the environmental management system performed by the management, each Group company establishes its environmental objectives in accordance with ACS Environmental Policy. These objectives are determined by taking into account, inter alia, the most significant impacts of its activities and the changes in the law in force.

At the different work centres, these objectives are set forth in the Environmental Management Program which includes the goals to be met, the measures required, the means necessary, the responsible parties and the deadlines. Currently, 90% of the Group's production takes place in companies that are environmentally certified in accordance with ISO 14001 standards.





ACS Commitment to the Environment

Evaluate the environmental impact of the activity of each area and establish measures to prevent or minimize these impacts.

Propose alternatives to clients which favour the environment.

Communicate, train and make staff and each of the project collaborators aware of environmental matters.

Use natural resources in an efficient manner.

Adequately manage waste, reducing its production, increasing its reuse and fostering the recycling thereof.

The whole world has the right to enjoy an environment appropriate for the development of a person, and the duty to preserve it

3.5 Commitment to the Natural Environment

ISO 14001 CERTIFICATION

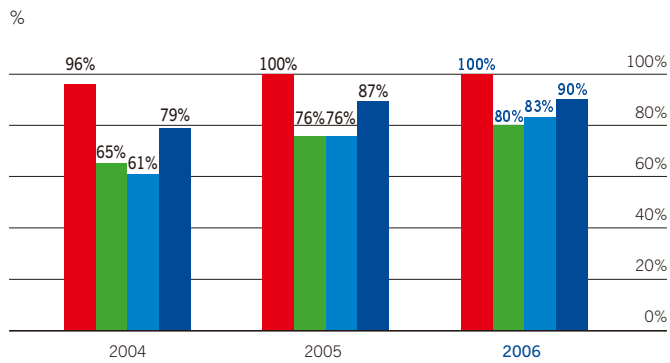
Construction area	2004	2005	2006
DRAGADOS	n	n	n
GEOCISA	n	n	n
TECSA	n	n	n
DRACE	n	n	n
VÍAS Y CONSTRUCCIONES	n	n	n
DRAVO	n	n	n

Environment & Logistics area	2004	2005	2006
URBASER	n	n	n
VERTRESA	n	n	n
ORTO PARQUES Y JARDINES	n	n	n
SOCAMEX	n	n	n
CETRANSA	n	n	n
CONSEUR	n	n	n
TRACEMAR	n	n	n
URBASER INTERNACIONAL	n	n	n
GESTIÓN DE PROTECCIÓN AMBIENTAL	n	n	n
VALENCIANA DE PROTECCIÓN AMBIENTAL	n	n	n
CLECE	n	n	n
MULTISERVICIOS AEROPORTUARIOS	n	n	n
TALHER	n	n	n
PUBLIMEDIA SISTEMAS PUBLICITARIOS	n	n	n
SINTAX LOGISTICA	n	n	n

Industrial Services area	2004	2005	2006
COBRA	n	n	n
MONCOBRA	n	n	n
ATIL COBRA	n	n	n
CME	n	n	n
EYRA	n	n	n
GRUPO ETRA	n	n	n
SEMI	n	n	n
MAESSA	n	n	n
API	n	n	n
IMES	n	n	n
DRAGADOS INDUSTRIAL	n	n	n
CYMI	n	n	n
MAKIBER	n	n	n
INTECSA-UHDE	n	n	n
INITEC	n	n	n
MASA	n	n	n
DRAGADOS OFFSHORE	n	n	n

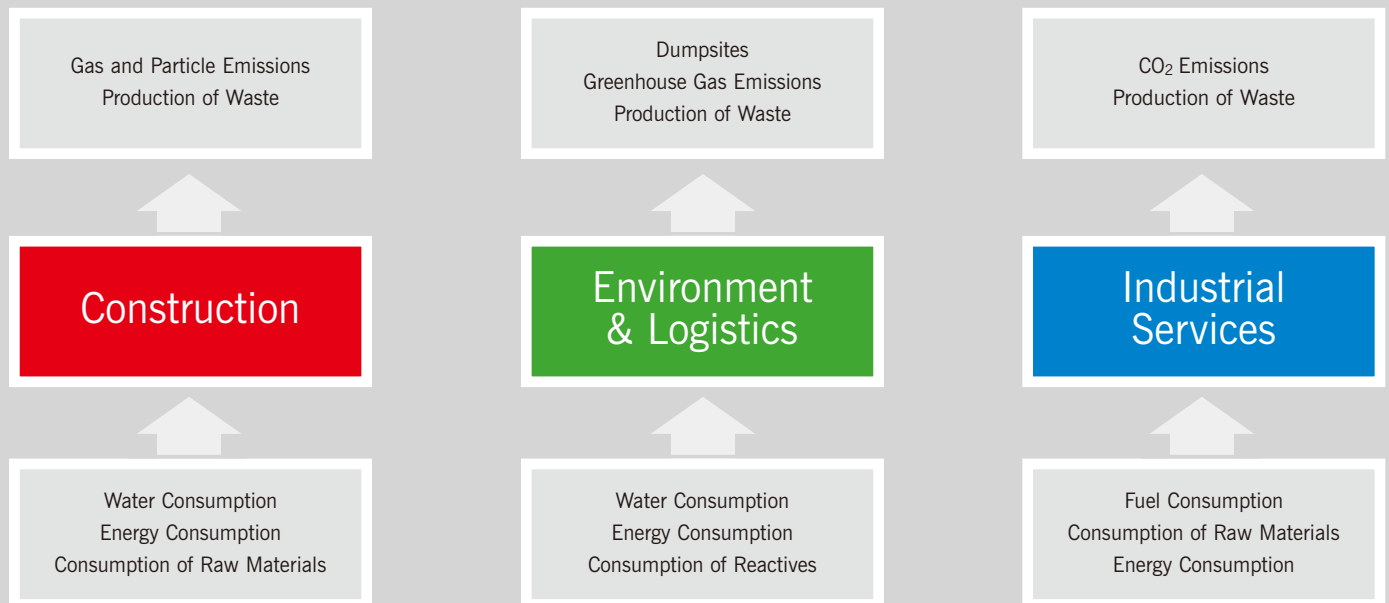
n Fully Certified
n Partially Certified
n In Process
n Under Study

Percentage of production environmentally certified in accordance with ISO 14001 standards



- Construction
- Environment & Logistics
- Industrial Services
- ACS Group

Main impacts of ACS Group activities



3.5 Commitment to the Natural Environment

Construction

Inconveniences caused by construction work

Another especially significant environmental impact is the effect of construction work on people giving incidences relating to their daily lives, such as inter alia, the occupation of urban spaces (pavements, roads, etc.) causing interferences in relation to habitual pedestrian traffic or vehicle traffic, or a temporary increase in noise and vibrations.

To reduce these impacts as much as possible, a number of preventive measures are adopted to eliminate or minimize repercussions on people playing different roles such as citizens. Passer-bys or vehicle drivers. These measure include the appropriate signalling of construction areas, the establishment of alternative routes, planning and the performance of the most bothersome activities at hours when the least number of people are affected, the cleaning of traffic areas (roads and pavements), the correct protection of construction work areas to prevent projections, etc.

Additionally, other preventive measures are planned and implemented to minimize other possible environmental impacts resulting from carrying out works. These measures are aimed at preventing water pollution, soil contamination and affects on natural species including both flora and fauna.



Main environmental performance indicators

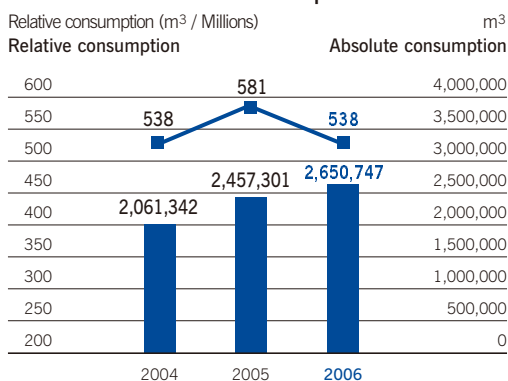
Water consumption

In the case of water, and to analyse its evolution, relative consumption was obtained based on total annual production.

In the current year, natural resource consumption indicators, and particularly water and energy indicators have begun to be developed, taking into consideration the various sources (electricity, hydrocarbons, gas, etc.). The following data corresponds to all of the work centres (work sites, parks and offices).

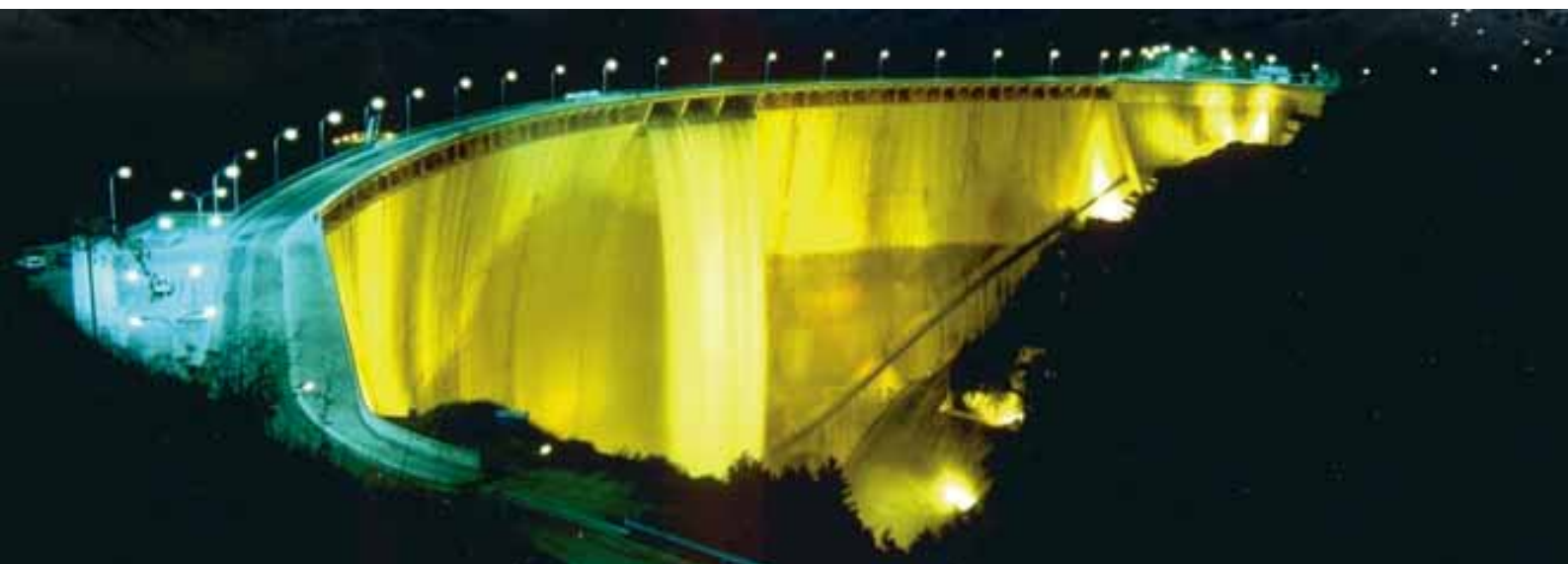
Relative consumption is within the range of 500 to 600 m³/millions of euros.

Evolution of water consumption



■ Absolute consumption (m³)
 — Relative consumption (m³/millions)

	2004	2005	2006
Water (m ³)	2,061,342	2,457,301	2,650,747
Relative consumption (m ³ /millions of euros)	538	581	538



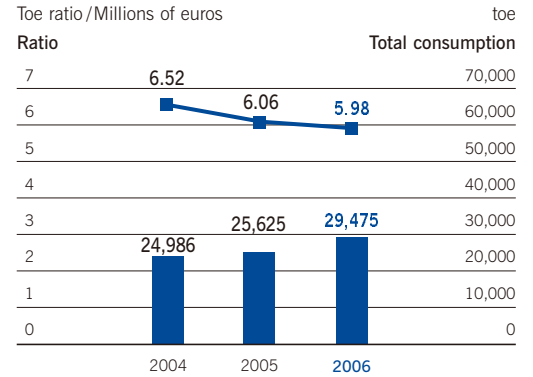
3.5 Commitment to the Natural Environment

Energy Consumption

To analyse energy consumption, the amount of different energy sources consumed, and particularly electricity and gas, have been converted into a common unit so that it is possible to compare their evolution based on total annual production.

In accordance with International Energy Agency criteria, the common unit used is the ton oil equivalent (toe). The conversion factors used are those normally used by both national and regional public authorities in energy plans.

Evolution of energy consumption



■ Total consumption
 ■ Toe ratio/Millions of euros

	2004	2005	2006
Total (toe)	24,986	25,625	29,475
Toe ratio/Millions of euros	6.52	6.06	5.98

As can be observed, although total consumption has risen due to the increase in production, the ratio has dropped, evidencing that this resource is being used more efficiently.



Management of the waste generated

The rise in construction activity in Spain has led to a large increase in the generation of waste, both from the construction of infrastructures and buildings and from the demolition of old buildings. The wastes generated, which are estimated to amount to over 1,000 kg/person/year, greatly exceeds the urban waste generated.

These wastes, traditionally known as “debris”, currently consist of **construction and demolition waste**.

The environmental problems relating to these wastes are not only a result of the large volume generated, but also their management, considering that the current treatment of these wastes is unsatisfactory in most cases.

Therefore, the appropriate management of construction and demolition waste has been defined as a strategic line in our works, and relevant initiatives have been established aimed at:

- n reducing the waste generated,

- n reuse of excavated soil, which is mainly applicable in the civil works sectors,

- n recycling, which is applicable in building works, of the different fractions of construction and demolition wastes generated: ceramic, petrous, wood, metal, plastic and cardboard waste, and also the demolition of pavement and structures in the case of civil works.

The latter two being stages of a valuation, recovery or use of this waste.

All of the above is performed on a global level to achieve two significant goals aimed at the sustainable development of the sector:

- n Reducing the amounts of waste eliminated through its deposit at dumpsites.

- n Reducing the consumption of natural resources by taking advantage of the valuable resources contained.

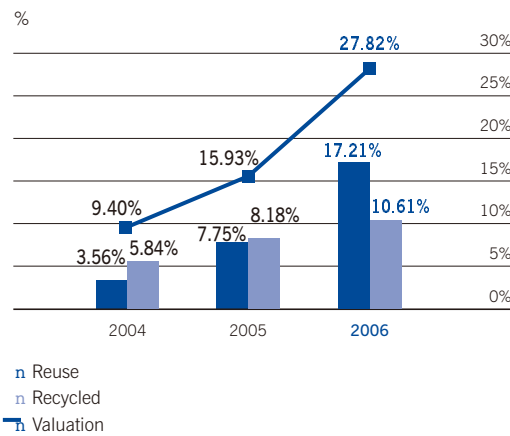


3.5 Commitment to the Natural Environment

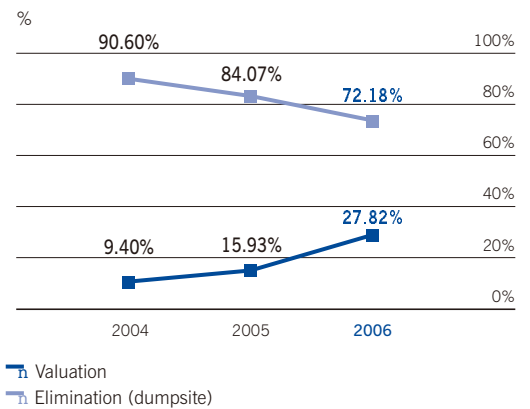
Excavated Soil	2004	2005	2006
Reduction of projected amounts	5.65%	5.78%	3.62%
Reuse to total produced	79.55%	71.95%	68.56%
at own site	91.51%	86.34%	63.82%
at other sites	2.50%	7.82%	12.33%
restoration of degraded	6.00%	5.85%	23.85%
Deposit at dumpsite	20.45%	28.40%	31.44%

Construction and demolition waste	2004	2005	2006
Reuse to total produced	3.56%	7.75%	17.21%
Recycling to total produced	5.84%	8.18%	10.61%
Deposit at dumpsite	90.60%	84.07%	72.18%

Evolution of construction and demolition waste valuation



Evolution of the final management of construction and demolition waste



As can be observed, the evolution of the management of construction and demolition waste has been very positive, and the amount of construction and demolition waste dumped has been reduced by approximately 30%.

Pursuant to applicable environmental law, the management of wastes is completed with the separation, storage and treatment by an authorised manager or Integrated Waste Management System of the remaining hazardous or specifically regulated wastes produced at the various work centres. In 2006, the amount of hazardous wastes managed amounted to 9,735 tons.

Noteworthy Initiatives in 2006

In addition to continuing with the measures aimed at the recycling of construction and demolition waste, and the reuse of excavated soil, a process has been initiated to analyse and determine the indicators reflecting both the energy efficiency and the repercussions in relation to emissions into the atmosphere of the energy sources used. The two main areas are:

n Analysis of **eco-efficiency indicators** relating to the consumption of water as a natural resource, as well as the consumption of energy sources (electricity, natural gas, fuels derived from oil and liquid petroleum gas). Energy sources have been unified in toe (ton oil equivalent).

n Study of **CO₂ emission indicators**, such as indicators of greenhouse gas emissions. This is the result of the conversion of the different energy sources used to CO₂ emissions.

Additionally, DRAGADOS is working on a number of environmental R+D+i projects encompassed within the following initiatives:

PROFIT

The following six projects are included:

n LODOS: R+D on new materials and the reuse of waste in works where tunnel boring machines are used.

n Multidimensional City.

n INVISO: Optimization of the production of housing units (industrialization, efficiency and sustainability).

n DOMÓTICA: Platform for the control and automation of housing and the creation of intelligent environments.

n ARFRISOL: Bioclimatic architecture and solar cooling.

n HABITAT 2030: Building materials and parts.

IMADE

Focused on the LODOS project for the recycling of all sludge for its use in underground works.

The Group is also participating in the European project ENABLE: Raising European Awareness of a Sustainable Built Environment.

Objectives for 2007

n Increase in the **recycling** of construction and demolition waste in order to reach **20 percent** recycling of total waste in 2008.

n Environmental **awareness** campaign for **operatives**.

n Completion of the application on **intranet** for the **gathering of the data** required to calculate environmental indicators (waste).

3.5 Commitment to the Natural Environment



Decrease of the impacts on the project Madrid Calle 30 By-Pass Sur

The south junction is the most congested area of the M-30, with the highest volumes of traffic of all sections of this road. The traffic volume on the section from the Valencia highway A-3 to the Toledo highway A-42 amounts to 250,000 vehicles in eight lanes, four in each direction.

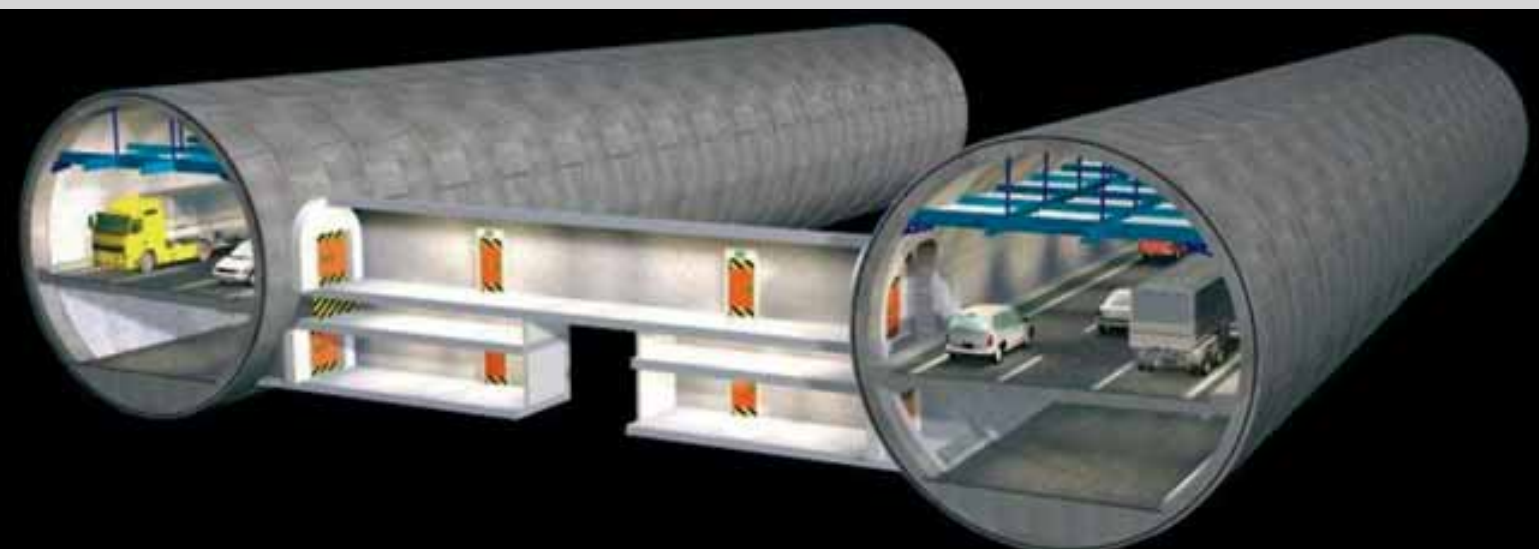
The construction of a tunnel in the section between the A-3 and Puente de Praga is a priority for eliminating the traffic jams in the south junction and reducing the high number of accidents.

The By-Pass Sur of the M-30 is meant to be an alternative route for east-west travel in the south section of road, which cuts the distance travelled by 1.5 kilometres and increases safety.

Project characteristics:

The priorities of the project for urban transformation and improvement of the M-30 are as follows:

1. Increase road safety, in order to greatly increase the accident rate on this road.
2. Improve the functionality of this road by preventing the current congestion and making its use by citizens more comfortable and safer.
3. Shape the M-30 as a ring of protection around the centre of Madrid, so that it is used for the highest amount possible of medium distance vehicle traffic in the city.
4. Create new green spaces in the city and recover other areas which are currently deteriorated or inaccessible due to the road infrastructure for the use of citizens.
5. Eliminate the barrier and separation effect of the M-30 between different areas of the city.



This tunnel was constructed using a state-of-the-art EPB tunnel boring machine. This mechanized digging system with a minimum open front surface and balanced pressure at the front, simultaneously lines the tunnel while digging with prefabricated tunnel sections, allowing the tunnel to be constructed under maximum safety conditions and with only a minimum effect on the urban environment in which it is located.

This tunnel is to be one of the safest in the world since it has a gallery for service and emergency vehicles along the entire course of the tunnel, 13 connection pedestrian galleries at every 200 metres, and 5 galleries for the evacuation of vehicles at every 600 metres, as well as seven emergency exits connecting directly with the outside of the tunnel. It has 464 television cameras, 18 kilometres of fire detection cable, 472 hydrants, 15,710 lights and 112 variable message signs.

Another advantage of the improved traffic flows which will result from the opening of the South By-Pass is the environmental benefit, since vehicles will be able to travel at around 80 km per hour, an average speed considered optimal from a fuel consumption standpoint. Fuel consumption will be reduced to half of the 13 litres currently consumed during traffic jams, with the resulting drop in the emission of pollutants along the entire south section of the M-30.

The emissions produced by these vehicles will no longer enter the atmosphere without control as up to the current date. Instead, they will pass through the by-pass's high technology fan and filtering system, which is capable of retaining 80% of the particles, and significantly absorbing the pollutant gases from vehicles travelling through the tunnel. Taking the above into account, this underground tunnel will become a worldwide reference in the application of effective systems for improving the quality of air.

Noise pollution will also decrease considering that 80,000 vehicles which formally travelled on the surface will now choose the underground tunnel route each day.

Main Aggregates

Tunnel made with the tunnel boring machine	3,336 m
Mine digging	7,900 m ³
Tunnel digging	968,000 m ³
Reinforced concrete	190,000 m ³
Steel	30,000 t
Prefabricated slabs	94,100 m ²
Landscaped area	49,000 m ²

The Tizona tunnel boring machine has a diameter of 15.01 metres and 14,300 kw of power, is 148 metres long and weighs 4,200 tons, and is the largest and most powerful machine of this type in the world.



3.5 Commitment to the Natural Environment

Prescriptions		Affected contract work	Protective and corrective measures adopted
Physical	Edaphic	Alteration of the natural structure of land	<p>Conservation and recovery of land by means of the following measures:</p> <ul style="list-style-type: none"> - Delimitation of the work site area. - Creation of slopes to assure stability and balance under any weather conditions. - Removal and piling in optimal conditions to prevent the compacting of vegetal soil, including the sowing and fertilization thereof.
	Atmospheric	Risk of the emission of dust into the atmosphere	<p>Reduction of the emission of dust into the atmosphere for the maintenance of an adequate quality of air through the performance of the following activities:</p> <ul style="list-style-type: none"> - Determination of roads and areas where dust may be emitted. - Maintenance of internal roads in optimal conditions. - During the performance of the contract work, the falling of material from great heights will not be permitted. - Limit on the speed of the vehicles on the worksite. - Watering system to decrease the emission of dust into the atmosphere. - Vehicles transporting materials off the worksite will be required to be covered. - Fitting of areas for the washing of wheels at the worksite exit. - Sediment control in three areas (access shaft, ventilation shaft and exit shaft-A-3), by means of three sensors per area. <p>Control of the emission of pollutants into the atmosphere by means of the following measures:</p> <ul style="list-style-type: none"> - Installation of two integral housing units to control the presence in the air of the main atmospheric pollutants produced by hydrocarbon fuels. These units are to be located in the access shaft and ventilation shaft. - Installation of an anemometer in the ventilation shaft.
	Hydrology	Risk of an effect on water quality of the terrestrial hydric network	<p>Minimize possible dumping into the hydric network through measures such as:</p> <ul style="list-style-type: none"> - Rule out dumping into the network without the express authorization of the competent authorities. - Installation of runoff basin, prior to dumping into the sewage network. - Control and analytical monitoring of water. - In rainy periods, covering of the stocks of fine material to prevent the entering of solids in suspension. <p>Minimize the consumption of water through the reuse of access chamber filtration waters to feed the tunnel cooling system.</p>
	Habitat - Noises and Vibrations	Risk of an effect on the town	<p>Performance of noise emission controls in the areas close to the sites where there is housing: Access chamber, ventilation chamber and collector area.</p> <p>Monitoring of the vibrations from the construction of the tunnel on the most sensitive buildings closest to the tunnel (Dance School, Municipal Government and Health Centre).</p>



Prescriptions		Affected contract work	Protective and corrective measures adopted
Biological	Flora	Risk of an effect on vegetable formations during the performance of the work tasks	<p>Reduction of the effects on existing vegetation by taking the following measures:</p> <ul style="list-style-type: none"> - Staking and protection of trees. - Correct transplanting and maintenance of affected trees. - Re-vegetation of bare areas arising from the contract work, paying special attention to aspects such as: <ul style="list-style-type: none"> - Analysis of land - Selection of herbaceous and bush species - Selection of sowing method <p>Coordination of re-vegetation with Calle 30 restoration projects:</p> <ul style="list-style-type: none"> - Access chamber: River Project and Parque del Matadero. - Ventilation chamber: Parque de Tierno Galván. - Exit chamber - A-3: Parque Tejar de la Pastora.
	Fauna	Risk of an effect on towns located in the worksite's area of influence	<p>Maximize the protection of the different species with measures such as:</p> <ul style="list-style-type: none"> - Previous gathering of vertebrates with limited mobility in areas affected by the contract work by combing the area. - Transfer of these animals to neighbouring areas. - Deposit in closed containers of the organic waste to prevent the attraction of species.
	Landscape Integration	Effect of the performance of contract work on the landscape of the environment.	<p>Adaptation of facilities and structures to the environment through:</p> <ul style="list-style-type: none"> - Maintenance and cleaning of office areas, work shacks, machinery parks, roads, shoulders and ditches. - Appropriate location of material stocks and of the waste generated, and quick management thereof. - Auxiliary structures as the entrances will be integrated with the environment to the extent possible.
Human	Cultural Heritage	Affect on heritage	<p>Archaeological and Palaeontological Control:</p> <ul style="list-style-type: none"> - Archaeological study of the excavation areas (access chamber, ventilation chamber and exit chamber - A-3). - Palaeontological study of the soil excavated from the tunnel studio.
	Social and Economic Environment	Negative effect on the towns near to the area of influence of the worksites	<p>Minimize the effects on nearby populated areas with measures such as:</p> <ul style="list-style-type: none"> - The assignment of employees with training adequate for the performance of their tasks. - Appropriate location of the vehicles and machinery to minimize interference with other vehicles and passer-bys. - Prevent traffic problems and jams through the study of alternative routes. - Conducting of informational campaigns
	Habitat - Noises and Vibrations	Risk of an effect on the town	<p>Performance of noise emission controls in the areas close to the sites where there is housing: Access chamber, ventilation chamber and collector area.</p> <p>Monitoring of the vibrations from the construction of the tunnel on the most sensitive buildings closest to the tunnel (Dance School, Municipal Government and Health Centre).</p>

3.5 Commitment to the Natural Environment

Environment & Logistics

Main environmental performance indicators

The main impacts of this activity are related to the **emission of greenhouse** effect gases produced by the fleet of vehicles used for different services,

as well as their fuel consumption, to the **emission of methane** from dumps and to **waste generation**.

The Environment and Logistics area is working hard to reduce the consumption of fuel by company and subcontracted fleets of vehicles in the collection of urban solid waste, street cleaning, the transport of passengers and integral logistic services. These graphs include all data excluding information on the transport of passengers.

	Number of Vehicles Managed			Diesel Fuel Consumed (millions of litres)		
	2004	2005	2006	2004	2005	2006
Environment	3,600	4,300	4,656	24.0	24.5	26.6
Logistics	1,670	1,766	1,853	61.5	66.6	69.9
Total	5,270	6,066	6,509	85.5	91.1	96.5

tn of CO ₂	CO ₂ Emissions		
	2004	2005	2006
Environment	65,899	67,271	73,038
Logistics	168,865	182,951	191,883
Total	234,763	250,222	264,920



To reduce these impacts, policies have been implemented in all areas, from the reduction of fuel consumption and the use of bio diesel fuel in transport, as well as the reduction of emissions by treating urban solid waste instead of dumping it. On the other hand, it aims to treat the waste generated safely, both for the environment and for individuals.

The ACS Group, through its company Urbaser, S.A., is the leader in the management of **solid urban waste treatment** plants in Spain, and has undertaken significant actions abroad. In Spain it currently manages:

n 19 recycling and composting plants with a treatment capacity of 2,345,000 tons per year.

n 7 packaging plants with a treatment capacity of 237,500 tons per year.

n 12 biomethanization plants with a treatment capacity of 2,050,000 tons per year

n 4 energy recovery plants with a treatment capacity of 1,400,000 tons per year.

n An additional five plants are in different phases of construction with a treatment capacity of 1,780,000 tons per year.

Consumption and residues generated in the treatment of waste	2004	2005	2006	Var.
Absolute Consumption				
Electricity (GWh)	109	127	130	2.4%
Water (Mn. m ³)	1.03	1.17	1.21	3.4%
Diesel fuel (Mn. litros)	7.44	8.51	8.65	1.6%
Natural gas (Mill. m ³)	11.63	13.47	14.20	5.4%
Generation of waste (Mn. Tn)	0.56	0.59	0.61	3.4%
Emission of CO₂ (Mn. Tn)	7.9	8.2	8.2	0.0%
Savings in the emission of CO₂ (Mn. Tn)	3.0	3.6	3.6	0.0%
Relative Consumption				
Consumption of electricity per treated ton (kWh/Tn)	19.1	17.4	16.9	-2.6%
Consumption of water per treated ton (l/Tn)	180.3	159.9	157.6	-1.4%
Consumption of diesel fuel per treated ton (l/Tn)	1.30	1.16	1.13	-2.4%
Consumption of natural gas per treated ton (m ³ /Tn)	2.04	1.84	1.81	-1.6%
Tons of emission of CO₂ per ton of treated waste	1.38	1.13	1.13	0.0%
Savings in the emission of CO₂ upon treatment of USW rather than dumping (%)	27.3	30.6	31.5	3.0%
Generation of waste per treated ton (Tn)	0.10	0.08	0.08	-0.5%
Total Renewable Power Installed (MW)		177	179	1.1%



3.5 Commitment to the Natural Environment

The whole of these plants gives rise to equivalent CO₂ emission savings with respect to the baseline solution: Dumping of around 2.1 million tons per year.

The total installed power in the Madrid, Majorca and Cantabria biomethanization plants amounts to 58 MW, and these plants generated 443.6 GWh in 2006.

To this power, it is necessary to add the 96 MW of installed power processed by the biogas obtained from dumpsites and biomethanization plants, which generate around 550 GWh per year.

In 2006, special attention was also placed on the **integral management of water** as a scarce resource. The ACS Group is responsible for the supply of drinking water to over three million people in Spain, Latin America and Morocco and its treatment, and focuses on maximum efficiency and savings in the use of this extremely valuable resource, which amounts to 286 million cubic metres per year. For the ACS Group, the sustainable management of water is a key resource in its commitment to the environment and to sustainability.

Management Type	Habitants		Volume Managed Annually (m ³ /year)	
	2005	2006	2005	2006
Distribution of drinking water	2,904,206	2,935,182	267,634,970	269,434,970
Treatment/Supply of drinking water	2,841,628	2,872,604	260,492,050	262,292,050
Sanitary control of drinking water	2,974,206	3,005,182	274,209,350	276,009,350
Maintenance and cleaning of the sewage network	3,254,206	3,285,182	267,634,970	269,434,970
Purification of waste water	2,619,665	2,650,641	232,446,111	234,246,111
Management of subscribers	3,086,475	3,117,451	284,753,470	286,553,470



Noteworthy Initiatives in 2006

n Although all vehicles acquired in 2007 already comply with the European EURO4 fuel emission standards, in 2006 **35 new vehicles using cleaner fuel** already started being used.

n **Savings in CO₂ emissions of over 3.6 million tons** owing to the management of 63 waste treatment and recycling plants.

n **Clean development mechanisms at dumps.**

n Participation in the project, construction and operation of a **biodiesel plant**, with a capacity of 25,000 tons per year, which will come into operation in 2007.

n 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.

n Performance of **training and informational activities** to reduce the environmental impact of activities carried on by Continental Auto and reach appropriate environmental performance standards.

n Effective **integration** of former **quality, environmental and labour hazard** prevention management systems into a single Integrated Management System.

Objectives for 2007

n Increase in the **savings of CO₂ emissions** by 5%.

n **Decrease of 3%** in the generation of **in-house waste**.

n Implementation of Urbaser's Research, Development and Innovation Management System to comply with the requirements of the UNE 16600 - 2: 2002 EX standard.

n Implementation of the four-year CENIT project on "**Technology for the Maximum Recovery and Minimum Dumping of Urban Solid Waste**", in connection with specialized companies and official and technological centres.

n Increase in the **generation of energy from renewable sources**.



3.5 Commitment to the Natural Environment

Industrial Services

Main environmental performance indicators

The two main areas in relation to which Industrial Service activities have a negative impact on the environment are the **efficient use of natural resources** and improvements in the **management of waste generated**. These are precisely the areas in relation to which the greatest efforts are made. In this respect, managers are not only concerned with the reduction of waste, but also the appropriate treatment and recycling of the waste inevitably produced by the environmental management departments of each of the Group companies.

Industrial Services makes a significant effort to continue being certified in accordance with the environmental ISO 14001:2004 standards at all companies.

Dragados Offshore has an Environmental Management System forming part of an Integrated Quality, Labour Risk Prevention and Environmental Management System. This system is certified by Lloyd's Register in accordance with the standards ISO 9001:2000 (Quality), OHSAS 18001:1999 (Labour Risk Prevention) and ISO 14001: 2004 (Environment). In order to assure total compliance with these standards, the Integrated Management System is audited twice a year by this entity.

The Environmental Management System of Dragados Offshore assures that environmental aspects are systematically identified and permanently monitored, strictly complying with all local, domestic and European legislation in force.

Dragados Offshore has designed an Environmental Management System which provides mechanisms by which to respond to any change in environmental conditions and in legal and contractual requirements. It also provides mechanisms for reporting on environmental management by means of the analysis of key indicators. This system involves the entire staff and our clients in strengthening an environmental culture focused on ongoing improvement.

The environmental policy of Dragados Offshore is completely approved by the company and signed by the General Manager, evidencing the full commitment of the company's management to environmental matters.



As a result of the manufacturing and assembly activities carried on by Dragados Offshore, various types of waste are generated: solid waste similar to urban waste (plastics, boxes, organic waste, etc.), inert waste (wood, tires, etc.) and hazardous waste (paint, aerosols, oil filters, batteries, fluorescent tubes, etc.)

In accordance with the Recycling and Recovery Policy implemented by Dragados Offshore, waste similar to urban waste is segregated at source and managed differently based on its nature. For this purposes, within their facilities, there is a network of containers and tanks distributed among all the work areas, which are transferred to dumpsites by authorised waste management companies.

With respect to inert waste, different stocking areas are defined for this waste, such as wood stock piles in assembly areas, and scrap and gas cutting remains. This waste is a sub-product of manufacturing activities, and is sent to recycling plants for its subsequent reuse. Each type of waste has its own network of containers.

Hazardous waste is temporarily stored in a warehouse fitted for the storage of toxic and hazardous waste, and periodically transferred to a dumpsite by Waste Managers authorised by the Spanish Environmental Council. The storage and waste collection system conditions within the plant comply with the law in force, as shown by the results of the external audits carried out in accordance with the ISO 14001:2004 standard.

Waste management is the responsibility of both Dragados Offshore and our subcontractors. Subcontractors are responsible for hazardous waste generated as a direct result of certain activities (paint, metal grains, etc.). Dragados Offshore is responsible for verifying that their waste management methods meet the requirements of the legislation in force and are in line with plant work procedures and instructions. This is verified during inspections and audits carried out by Dragados Offshore.

The following tables show the evolution of both the resources consumed and the amounts of waste managed in 2005 and 2006.

Consumption	Gases						Electricity (KWh)	Drinking water (m ³)	Diesel (L)	Oil (Kg)
	Acetylene (Kg)	Argon (Kg)	Nitrogen (m ³)	Oxigen (m ³)	Propane (Kg)	Protar (m ³)				
DOSSA 2005	0	260,660	12,795	168,030	58,124	148,766	11,170,807	53,993	687,301	4,440
DOSSA 2006	21	6,615	56	108,501	18,992	54,928	3,832,980	38,970	171,789	2,312

Waste Managed	Hazardous waste		Non hazardous waste		Total waste	
	2005	2006	2005	2006	2005	2006
Tm						
DOSSA	160.3	43.6	1,757.6	761.9	1,917.9	805.5
Subcontractors	66.5	7.3	3,042.5	63.5	3,109.0	70.8

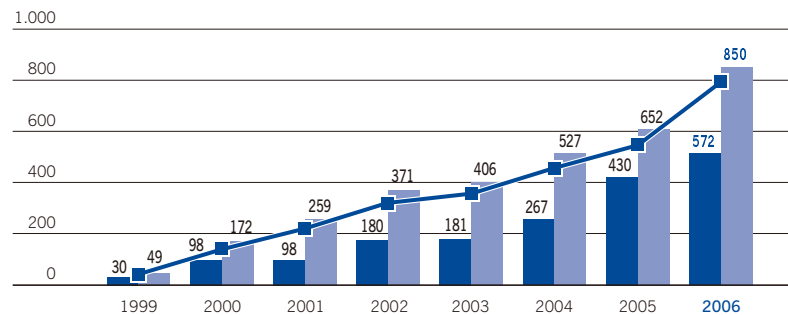
Vertidos	Waste water (collector)		Rain water (sea)	
	2005	2006	2005	2006
m ³				
DOSSA	53,993	38,970	98,228	62,360

3.5 Commitment to the Natural Environment

Wind power, main figures

EYRA is the Group company specializing in wind power. It takes part in the operation of 18 wind farms with total installed power of 572 MW that generated over 850 GWh in 2006 from this renewable energy source. If this electricity had been produced by a coal boiler (e.g. lignite), 797,000 tons of CO₂ would have been emitted as a result of the combustion of this mineral.

Wind power, figures



■ Power Installed (MW)

■ Electricity produced (GWh/year)

■ Reduction in emissions of CO₂ (Tn 000 CO₂ per year), considering the CO₂ that would be emitted by a lignite thermal plant to produce the same amount of electricity



Noteworthy Initiatives in 2006

n 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%.

n 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%.

n 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.

n 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.

n Several **environmental certifications** were obtained in accordance with the ISO 14001 standard.

Objectives for 2007

n Savings in the consumption of materials at all Industrial Services companies. Noteworthy were the objectives of CYMI to **recycle 40% of rope coils and to reduce the amount of wood used in the production process by 35%**, the reduction at Dragados Offshore of the consumption of water and energy or the reduction of the use of paper at INTECSA and MAKIBER.

n Compliance with environmental provisions issued by the Environmental Authorities in Mexico (SEMARNAT, Secretary of the Environment and Natural Resources), based on **Environmental Impact Studies** conducted for the projects being executed in DRAGADOS Proyectos Industriales Mexico.

n Reconditioning of **hazardous waste storage** at Dragados Offshore.

n Continuance with **environmental awareness** campaigns.



3.6 Commitment to Individuals and the Social Environment

ACS competitive advantages are based on the professionals working in the Group. The success of an organization like ACS depends on the skills and quality of its professionals.

From this standpoint, and based on the conviction that the Group's role is decisive, worthwhile is a detailed analysis of the role that the Company plays in the professional and personal development of its employees, and its collaboration in social initiatives that improve integration, cultural promotion and the generation of knowledge.

ACS Employees

These are the individuals with knowledge and technical experience who manage resources, serve clients, innovate and perform research. They represent the Company's talent, and therefore, are the factor which most conditions the ACS Group's ongoing future growth. Accordingly, the ACS Group maintains its commitment to continually improve their skills, capacities, commitment and motivation, always with the highest attention to work and safety conditions.

ACS tries to mould and adapt the talent of its individuals, aiming it towards technical training, commitment, innovation, specialization and customer service capacity.

Principles in relation to its employees

- n Attracting, preserving and motivating talented individuals.
- n Promoting teamwork and quality control as tools to reinforce the concept of excellence through work well done.
- n Acting quickly, promoting the assumption of responsibilities and minimizing bureaucracy.
- n Supporting and increasing training and learning.
- n Innovating with ideas that allow for the improvement of processes, products and services.

The ACS Group applies the most modern human resource management techniques to retain the best professionals and promote work safety.

The ACS Group is one of the construction and services sector companies that has best adapted labour relations to the life of the company. It works toward fostering social justice and internationally proclaimed human and labour rights, respecting and protecting the forming of labour unions and employees' rights to freedom of association; and granting equal opportunities and treatment, without discriminating on the basis of sex, ideology, religion, etc., or any other social or individual circumstance or condition.

Additionally, it provides assistance in the training and recycling of employees' knowledge, it has an employment policy generating wealth in the areas where it is established and produces links giving rise to positive synergies for the environment. Furthermore, it shows special interest in assuring decent working conditions, and promoting job safety and health.

ACS understands that respect towards individuals is one of the values intrinsic in excellent companies.

Respectful and polite treatment and the highest consideration of employees are essential to obtaining the required commitment to the corporate project.

The ACS Group has a firm commitment to underprivileged collectives and particularly the disabled, and aids in the fulfilment of the actions

undertaken by the ONCE Foundation in its Employment and Flexibility Plan, actively collaborating in its initiatives.

Above and beyond the legal framework established for this purpose, and in an additional manner, DRAGADOS also collaborates with the Integra foundation in the job placement of excluded collectives, employing marginalized individuals with skills but a lack of opportunities.

Recruitment policies

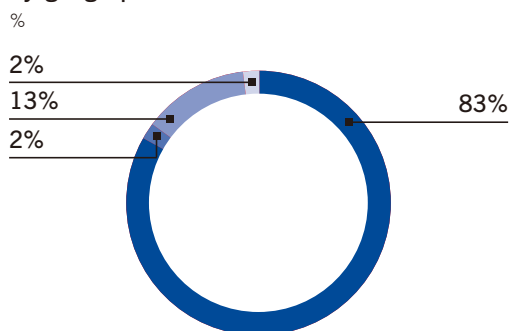
Of the 123,652 employees of the ACS Group at the end of 2006, 10,824 were management or professionals with degrees, 12,279 were technical and clerical staff and 100,549 were specialists and operatives.

There are three main features to the ACS Group's hiring policy.

Firstly, ACS endeavours to provide staff with a context and prospects in which professionals can develop their talent and reap the rewards of their work as something valuable and desirable. A fundamental part of this strategy is the attraction of young technicians that are able to progress and develop an enriching professional career at the Company.

Secondly, for years the ACS Group has applied a recruitment program based on a rigorous hiring process that allows it to benefit from the best professionals from each sector.

Employee breakdown by geographical area



- n Spain
- n Rest of Europe
- n America
- n Rest of the World



3.6 Commitment to Individuals and the Social Environment



Case Study Scholarships offered by DRAGADOS, the quest for excellence

The Group has historically provided a scholarship program for students in the last years of their degree program at Spain's main universities, and has also collaborated with other educational institutions such as Fundación Universidad Empresa.

This form of access is aimed at students in technical degree programs (three and five year degrees) seeking their first contact with the professional world, and enables such students to decide what type of position best adapts to their professional expectations in order to begin planning their future professional career.

Scholarships are offered in two differentiated periods:

- Summer: from July 1 to August 31, for seven hours daily (as long as the agreement with the university does not set forth any limitation)
- Winter: from January 15 to May 30, for three hours daily.

In order to provide this type of internship, **close collaboration with universities offering degrees directly or indirectly related to the Group's activity is required.** This collaboration is arranged by entering into a Collaboration agreement between the University and the ACS Group, and specifically certain of its companies such as DRAGADOS. This agreement sets forth reciprocal rights and obligations and regulates the relationship between both parties. For example, DRAGADOS currently has

Once the internship has concluded and interns have completed their studies, most decide to continue at DRAGADOS and obtain their first working experience, demonstrating that the company's staff loyalty and integration policy is successful.

In the summer of 2006, the ACS Group through DRAGADOS had a total of 140 interns at their work centres, including students studying Civil Engineering, Aeronautic Engineering, Agricultural Engineering, and Technical Civil Work Engineering. Of these students, over 38% were women.



Agreements in force with the following educational centres:

Convenios con centros educativos

Universidad Politécnica de Madrid.
Universidad Politécnica de Cataluña.
Universidad de Cantabria.
Universidad Politécnica de Valencia.
Universidad Autónoma de Madrid.
Universidad de Granada.
Universidad de Las Palmas de Gran Canaria.
Universidad de A Coruña.
Universidad de Burgos.
Universidad de Castilla-La Mancha.
Universidad Politécnica de la Almunia de Doña Godina (Zaragoza).
Universidad Complutense de Madrid.
Fundación Antonio Nebrija.
Universidad de Alicante.
Universidad San Pablo C.E.U.
Universidad de La Laguna (Tenerife).
Universidad Alfonso X El Sabio (Madrid).
Colegio Universitario de Estudios Financieros (CUNEF) (Madrid).
Fundación Universidad Oviedo.
Centros de Formación Profesional.
Escola Superior de Disseny Elisava.



3.6 Commitment to Individuals and the Social Environment

Lastly, but no less important, is the **promotion of diversity**: At the end of 2006, **33% of the staff of the ACS Group were female**, and this figure rises year after year, given the increase in the hiring of women at companies with mostly male employees.

At DRAGADOS, 28% of the employees hired in 2006 were female, increasing the percentage of woman to total employees in the Construction area to 14%, two percentage points higher than the ratio for 2005.

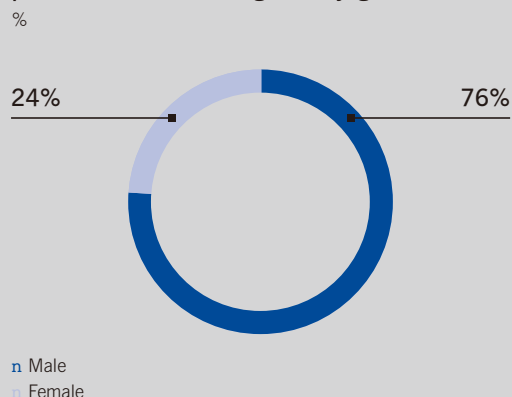


The ACS Group follows an equal-opportunities policy that prohibits all types of discrimination of individuals in hiring or assuming of positions. One of the objectives of this equal-opportunities policy is to break down the traditional barriers on the entrance of females in a sector which is traditionally male and to promote their access to positions of responsibility by taking measures to reconcile professional and personal life. Equal opportunities for access to positions of responsibility is achieved through specific promotion and motivation measures at each of the companies where the proportion of female employees is less than 50%.

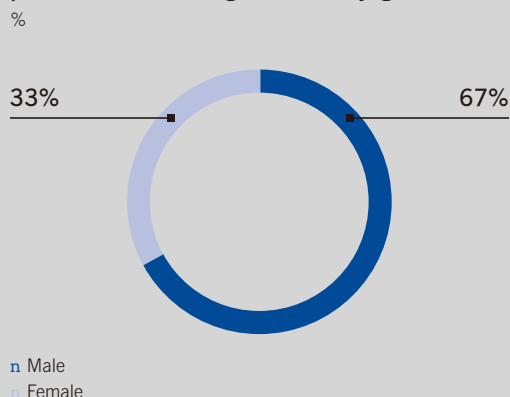
For the reconciliation of personal and professional life, noteworthy are the initiatives relating to day care services at work centres, the hiring of doctors specializing in work medicine and paediatrics, and the adoption of measures to increase working flexibility.

Over 40,000 women currently work in the ACS Group. At ACS, 1,375 females occupy an increasingly higher number of positions of control and operating responsibility, concretely 24% of ACS management and professionals with degrees are female, which is increasingly closer to the group average of 33%. Of these, 11 hold executive positions in the Group.

Breakdown of management and professionals with degrees by gender



Breakdown of management and professionals with graduates by gender



From left to right

Standing

Ms. Esperanza Gómez

Quality, Prevention and Environment Manager of Urbaser, S.A.

Ms. Concha Machín

General Manager of Canal Metro Madrid, S.A.

Ms. Araceli Gallego

Legal Advising Manager of Vías y Construcciones, S.A.

Ms. María Jesús Ramírez

General Manager of Tirmadrid, S.A.

Ms. María Cruz Gómez del Río Sanz

Treasury Manager of ACS Group

Ms. Purificación González

Human Resource Manager of Clece, S.A.

Ms. Marta Fernández

CFO of Vías y Construcciones, S.A.

Ms. Cristina Aldámiz-Echevarría

Director of Investments and Management Control of ACS Group

Seated

Ms. Olga García Hormigo

Prevention Manager of Dragados, S.A.

Ms. Elena Montero

CFO of Dragados, S.A.

Ms. Ángeles Monterde

Manager of Cobra Servicios Auxiliares, S.A.
(absent in the photograph)

3.6 Commitment to Individuals and the Social Environment

Retaining Policies

Although the Group's hiring policies already favour professional loyalty, **specific measures have been implemented at all the Group companies to retain and motivate their employees**, especially those displaying high potential.

There are three keys to these measures aside from training which is detailed in this document under the section "Training and Career Development Policies":

One: Salary Policy

The ACS Group considers a correct combination of compensation and benefits to be of importance. Remuneration values the responsibility and the performance of each job. Salaries must also favour organizational objectives, and should be fair from an internal standpoint as well as competitive in the area.

This policy is implemented by combining an appropriate fixed salary with significant performance based variable pay. As an example, all the employees of the Construction area, including on-site staff, receive payment that surpasses the minimum

established by provincial collective agreements. 20% of these employees also receive variable pay. For the whole of the Group, 17% of total staff received this type of complementary payment linked to the achievement of objectives in 2006.

Salaries of recent University graduates are considered singularly, so as to exclude young employees from the variations and considerations of the general salary policy in order to benefit them and assure that they receive attractive pay which is competitive with respect to the rest of the sector.

For this purpose, the Personnel Management monitors the personal performance of each recent University graduate during the first six months of employment at DRAGADOS, in the case of Technicians in Training, and for the first four years in the case of University Graduates in Training, evaluating each employee in order to adjust his pay level to his performance. Accordingly, all employees begin with the same salary for the same category. However, beginning the second year, these employees' salary will be within the salary range defined for their experience level taking into consideration the tasks they carry out and their performance evaluation, in order to retain talented professionals by valuing those who contribute most.



Two: Professional Career

Another form of incentive offered to employees is the **possibility of promotion**. The turnover of the ACS Group and the continuous development of the company generate a significant number of annual promotions among the employees that, due to their efforts and efficiency, are nominated for positions of greater responsibility.

The ACS Group prefers internal promotion to external hiring, and only taps the job market when it is not able to find a professional with the desired characteristics within the organization. Periodic performance evaluations guide employees' career development and offer opportunities of promotion.

An example of this policy is the career plan applied at DRAGADOS, where, in view of the variety of subsectors within the construction sector, those who join the company may base their professional career on their needs.

Three: International Dimension

The focus on new markets and being present in the same areas as the most competitive companies, whose operating reference is excellence and quality, has led several areas of the ACS Group to be included among the sector companies most firmly committed to consolidating a stable and long-lasting international presence.

The human resources effort required by the Group to be present internationally is significant.

It combines:

n A policy of transferring internal personnel to countries in which ACS operates, which from the standpoint of maintaining the reconciliation of family life, is seen positively and understood to be a form of promotion and personal enrichment;

n With hiring local staff allowing for the improved development of the project and higher involvement with the territory.



3.6 Commitment to Individuals and the Social Environment

Training and career development policies

The technical excellence of the ACS Group, one of its competitive advantages, is not only based on the skills of the employees hired by the Group in view of their experience and background. Subsequent **training and development are also of importance**, and not only in line with the Group's culture but also the project needs that ACS professionals confront in their professional career.

The objective is to make full use of and integrate the personal and professional diversity of its work groups in order to improve its capacity of response to the growing needs of its customers. The Group seeks to continuously involve its entire staff in corporate objectives and philosophy, allowing employees to simultaneously develop their professional potential and skills.

The Group's strategy involves an overall approach of ongoing training in the workplace, in classes or by distance. The Group's annual training plan sets forth **over 650,000 hours of study** in courses and seminars throughout the range of activities of the Group and, specifically, in areas associated with:

- n Training of management.
- n Technological specialization in management and production systems.
- n Knowledge of products and services developed.
- n Policies on quality and the environment.
- n Job safety.

In terms of time, dedication and resources, the **most effort is placed on labour risk prevention and job safety training**. This enables the ACS Group to obtain rates of job-related accidents that are much lower than the sector average.

Training procedures are internally and externally audited every year, thus guaranteeing an optimum level and an ongoing process of improvement of programs.



Training initiatives in 2006	Study Hours	Number of Courses	Participants	Investment (mn €)
Construction	180,427	1,228	40,300	3.4
Environment & Logistics	264,396	1,335	10,350	1.3
Industrial Services	204,824	1,687	11,387	1.4

Training initiatives by type of content in 2006	Production	Safety	Environment
Construction	589	381	258
Environment & Logistics	518	723	84
Industrial Services	639	765	94
Total	1,746	1,869	436

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

	Middle-level management, heads and supervisors	Technicians
No. of courses	33	16
No. of employees attending	570	360
Training hours	2,280	2,880



3.6 Commitment to Individuals and the Social Environment

Safety and risk prevention policies

The **prevention of labour risks** is one of the areas of most importance to the ACS Group and its efforts have led to results which are more than satisfactory according to the data on accidents that occurred during the year. They represent one more step in the ongoing interest to continue being one of the companies in the sector who pays the most attention to safety.

The ACS Group is guided by its prevention policy, which is based on the following **principles**:

- n **Compliance** with current legislation on labour risks prevention and other requirements voluntarily observed.
- n **Integration** of labour risk prevention in **all initiatives at all levels**, implemented through correct planning and practices.
- n Adoption of any measures necessary to **ensure** the protection and well-being of staff.

n Development of human potential through appropriate **training and information** regarding labour risk prevention, by fostering initiatives and participation in order to achieve ongoing improvement of the system.

n Ensuring the correct **control** and quality of the **monitoring** of the staff's health.

n Qualification of staff and application of technological **innovations**.

As a complement to the labour risk prevention management systems in each activity area in 2006, numerous labour risk prevention campaigns have been conducted, the purpose of which is to make the employees aware of these risks, reduce accidents and improve working conditions.

The ACS Group perform external reviews of its safety and health systems, in addition to those legally required. Teams of internal specialists also check these systems. For example, DRAGADOS has 300 technicians dedicated exclusively to prevention tasks, the largest such team in all of Spain.

Adaptation of Continental Auto's Integrated Management System to comply with the specifications of the OHSAS 18001/1999 standard.



IURBASER's behaviour in relation to safety and hygiene is 100% certified at a national level in accordance with the OSHAS standard. Management is committed to progressively increasing the number of centres certified in accordance with this standard.

DRAGADOS SPL has entered into a contract with a third party for the monitoring of safety and hygiene. Additionally, there is a safety coordinator in charge of assuring that these third parties perform their functions.

At CONTINENTAL AUTO compliance with safety and hygiene standards is verified by the German company TÜV.

Research relating to safety and health is one of the basic pillars of the ACS Group's R+D+i, and numerous projects have been undertaken in this connection, such as a project to install an alarm system in works at ports to prevent accidents relating to swells.

The prevention of labour risks is key in the ACS Group culture. In order to foster a "preventive culture", 1,869 general and specific prevention courses were offered to 37,000 on-site workers in 2006.

The ACS Group actively participates in the most important conferences, symposiums and organized events in general on labour risks prevention taking place in Spain and abroad, contributing its experience in this area.

The training and labour risk prevention campaign conducted by the ACS Group, as well as all safety initiatives and protocols implemented have contributed to reducing the accidents suffered in the construction area by 9% in 2006.



3.6 Commitment to Individuals and the Social Environment



DRAGADOS 2006-2007 all of us contribute to prevention

A computer application has been developed to monitor and identify all in-house employees and collaborators at the work sites of DRAGADOS.

When an employee enters a DRAGADOS worksite and following verification of the data corresponding to his working status, knowledge regarding prevention in relation to the work to be performed, physical fitness for the job and qualifications with respect to the handling of machinery, etc., he is given a personal identification card which he is required to carry while at the worksite.

This identification allows for verification of all employees at the worksite, by means of the use of portable card readers managed by the work teams.

Additionally, this system allows for improved control of the contractual relations between subcontractor companies taking part in the works, and is fully adapted to the new Spanish Law 32/2006 regulating subcontracting in the

construction sector, which was published in October 2006 and enters into force on April 19, 2007. DRAGADOS has once again prepared in advance for the new scenario in the sector following the enactment of the aforementioned law.

In 2006, the aforementioned system was developed and implemented in pilot works. It is currently fully adapted to the needs of the different types of work, and is to be distributed and implemented at all company centres in 2007.



As a result of these initiatives, the Group continues to obtain job-related accident rates that are significantly lower than the sector average, as seen in the following chart.

Evolution of Prevention Rates	Construction			Environment & Logistics			Industrial Services			ACS Group		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Frequency Rate ⁽¹⁾	36	36	36	62	50	51	40	41	26	50	45	41
Severity Rate ⁽²⁾	1,04	0,95	0,97	1,12	0,94	1,17	0,81	1,00	0,49	1,00	0,96	0,94
Incidence Rate ⁽³⁾	62	66	69	112	76	91	72	74	47	89	74	73

⁽¹⁾ Represents the number of accidents that have occurred during the working day per one million hours worked.

⁽²⁾ Represents the number of working days lost due to accidents per 1,000 hours worked.

⁽³⁾ Represents the number of accidents in relation to which sick leave was requested per 1,000 employees.

Initiatives for the reconciliation of family life and employment

One of the ACS Group's firmest commitments in the Human Resources area is to **adopt effective policies for the reconciliation of family life and employment**. Although contracts are awarded throughout Spain and the rest of the world, and consequently, transfers and travel of staff are inevitable, the Group makes every effort to form work teams for jobs and projects with employees that live relatively nearby, in order to avoid the displacement of families.

Trade Union Representation

All ACS Group's employees are protected under collective labour agreements applicable in the sectors in which they perform their work, and in any case, by the Spanish General Workers Statute, in addition to the labour regulations commonly applicable in all countries in which they carry out their work.

The ACS Group considers social dialogue to be very important and holds periodic meetings with the trade union representatives of each of its companies. Over 90% of ACS Group's employees are members of or are represented by trade unions both in Spain and other countries.



3.6 Commitment to Individuals and the Social Environment

ACS Group clients

Given the specific nature of ACS business and the reduced number of clients to which it provides services, customer satisfaction is measured on the basis of an organizational management model in which a very close relationship with the client prevails. Close contact is maintained with clients, and feedback is obtained regarding their opinion of the quality of the work carried out and possible areas of improvement.

DRAGADOS conducts customer satisfaction surveys at the end of its works. There is a documented procedure for this process, which culminates with the completion of a "satisfaction card" by the client followed by the analysis of the information received. In 2006, 264 surveys were sent and 87 replies were received.

The conclusions of the satisfaction study conducted in 2006 show that 71% of the customers were satisfied or very satisfied, 10% were unsatisfied, and 50% value DRAGADOS higher than competing companies.

The procedures adopted by the company for the integration of customer feedback are based on closeness and the continued management of relations. In view of the characteristics of the customers and of the business in which ACS operates, technological solutions such as databases are not the best system for managing relations with clients.

DRAGADOS has a Contract Manager whose mission is manage relations with clients. Due to the special type of clients to which DRAGADOS provides services, there is a Contract Manager for each type of client, allowing for individualised management of each one. In the case of smaller clients, relations are managed by each of the Managers of the 45 offices of DRAGADOS.

	2004	2005	2006	
			Total	Civil Works Building Construction
No. of works completed	225 / 299	281	236	78 158
No. of surveys sent	142	122	264	95 169
No. of replies received	53	40	87	41 46
% replies	37.3%	32.8%	32.9%	43.1% 27.2%



DRAGADOS has a quality system to manage customer dissatisfaction. The client's complaints are recorded and valued, and each of the DRAGADOS offices is responsible for following up on and resolving the related problems. In the event that a complaint is open for a considerable period of time, it is followed up by the corporate headquarters.

Additionally, all regulations are respected to guarantee the confidentiality of the clients in all actions which are required.

ACS Group suppliers and contractors

Management of suppliers

The ACS Group relies on the systems introduced to appropriately manage its relationship with suppliers, in addition to centralized purchasing management systems developed for all areas, as well as the various procedures followed by each of the Group companies and included in its quality management system.

For example, URBASER requires all suppliers to meet a series of requirements relating to health and safety. The system implemented by this company allows for the possibility of auditing the documentation sent by the supplier. With

Furthermore, ACS Group clients can send their complaints to the e-mail indicated on the company website, www.grupoacs.com

respect to contractors, compliance with requirements is audited.

URBASER monitors supplier practices based on the procedures implemented. In the case of a breach by an international supplier, the purchasing department is informed so that it takes the measures deemed appropriate. In the case of domestic suppliers, the commercial agent/delegate is responsible for taking appropriate measures.

All agreements entered into by DRAGADOS with suppliers have a fixed section including general specifications, and a variable section detailing the certifications required from suppliers. In accordance with DRAGADOS purchasing rules, the supervisor is responsible for evaluating each agreement, taking into account both environmental and prevention criteria.



3.6 Commitment to Individuals and the Social Environment

Commitment to Society

Each year the ACS Group dedicates notable effort to the collaboration for the development of initiatives of community interest. These are focused on the undertaking of measures which improve integration, cultural promotion and the generation of knowledge. The ACS Group considers that these activities serve to demonstrate the social commitment of one of the most important companies worldwide to the society.

In 2002, the ACS Group became one of the Spanish Companies adhering to the **United Nations Global Compact**. Its commitment is to include the principles of the Global Compact in the company's strategy and operations.



Additionally, ACS Group operations are based on the provisions contained in the **OECD Guidelines for Multinational Enterprises**. The ACS Group has committed to implementing measures aimed at integrating these principles of conduct in the whole of its operations.

Social initiatives

The ACS Group and Foundation monitor the philanthropic initiatives in which the group collaborates with third parties, and the impact these might have on the reputation of the ACS Group.

There are systems to measure the effectiveness and results of each educational project developed with third parties such as the International University Menéndez Pelayo.

To maximize the effectiveness of its philanthropic and corporate citizen initiatives, the ACS Group attempts to transfer its technical knowledge to the area of philanthropic actions. Noteworthy in this respect is that the ACS Foundation is sponsored by the ACS Group Board of Directors. For example, the General Secretary and Board Member of the ACS Group is also the Secretary of the ACS Foundation.

Worthy of mention is the formation of the ACS Foundation, whose objective is to integrate, coordinate and manage all ACS Group efforts relating to patronage of the arts and cultural, institutional, sport or environmental sponsorship as well as the granting of awards and scholarships, training and research, charity and all similar activities on a domestic and international level.



The Foundation's aims include inter alia, transferring the ACS Group's technical knowledge in areas such as the following to maximize the impact of the resources allocated:

- n Accessibility
- n Environment
- n Cultural and Educational Promotion
- n The spreading and renovating of spanish's historical heritage.
- n It sponsors Foundations and Institutions.

With respect to accessibility, the ACS Foundation works with architects on different projects to advance on principles of universal design. It also works with municipal town planning departments to train its heads in matters relating to accessibility. To date, the ACS Foundation has trained over 18,000 people. Also with respect to accessibility, the ACS Foundation consults with non-profit organisations to assess the impact of its actions and disclose possible areas of incidence.

In relation to the environment, the ACS Foundation has sponsored and organized conferences, seminars, courses and forums with over 8,500 attendees and participants.

	Number of Projects	Number of Beneficiaries/ Participants	Investment (Thousands of Euros)
Accessibility	26	18.000	620
Environment	19	8.500	210
Cultural and Educational Promotion	38	> 600.000	430
Spreading and Renovating of Spanish's Historical Heritage	5	> 150.000	300
Sponsorship of Foundations and Institutions	n.a.	20 institutions and/or foundations	870
Total	88	> 750,000	2,430



3.6 Commitment to Individuals and the Social Environment

In the area of cultural and educational promotion, its sponsorship of Madrid's Royal Theatre has enabled over 400,000 people to attend opera performances, and its sponsorship efforts has also enabled over 200,000 people to view other musical and artistic shows.

As part of five projects the ACS Foundation has undertaken relating to the renovation of Spain's cultural heritage, it has given courses to over 400 specialists and has sponsored the transfer of the Dama de Elche to Madrid, an exhibition visited by over 150,000 people.

Lastly, 20 foundations and institutions receive funds from the ACS Foundation each year to carry out their own initiatives.

Additionally, in 2002, the ACS Group became a sponsor of the Integra Foundation, whose objective is to seek stable employment for individuals whose special circumstances make it difficult for them to find a place in society. This is impossible unless such people are able to attain employment and become integrated in a normal process whereby they become economically self sufficient, and consequently improve their personal, social and labour self esteem.

The recovery of their lost dignity through employment is worthy of an effort by all social forces to provide valid solutions adapted to the current circumstances. Accordingly, the

integration of individuals with high risk of social degradation, where still recoverable, is one of the great challenges of developed societies, a challenge the ACS Group has tackled since becoming a member of the Integra Foundation.

Accessibility

Each year the ACS Foundation actively works together with associations and non-profit organizations to improve the mobility and integration of physically or mentally challenged individuals. With this objective, and as part of this activity, in 2006, the Reina Sofía Awards of Universal Accessibility to Municipalities, were created together with the Real Patronato sobre Discapacidad (Royal Board on Disability).

This initiative awards **“Improved municipal government solutions for the elimination of physical and architectural barriers for the physically or mentally challenged”**, and attempts to encourage municipalities to pay attention to the elimination of barriers in relation to transport, building and local town planning.



In 2006 the different categories of these awards were given to:

n In the category of municipalities of less than 10,000 inhabitants, the FONTANAR town council (Guadalajara) and the RIBADESELLA town council (Asturias), were both honoured. **The Fontanar Town Council** for its participation in the Regional Accessibility Plan guaranteeing full access to public buildings, schools, residences, sports centres and social services. It has also developed external programs for disabled individuals located in a senior citizen's home and has improved the quality of life of this group. Lastly, noteworthy was its involvement in the PRICAM program, which supports several beneficiaries who are 18 years or older with intellectual handicaps, providing them with habits and skills required for their normalization.

The Ribadesella Town Council for its numerous initiatives in the field of accessibility (adaptations in the Museo del Carmen; acoustic traffic lights; accessible connections between certain neighbourhoods and the beach, accessibility in the esplanade area and beach paths, adaptation of the Parque del Malecón and tourism routes). Also noteworthy is the accessible expansion of the Tourism Office and the provision of a Braille menu in hotel establishments. With respect labour integration, the Town Council responds to the demand of elderly individual with some type of handicap in a employment workshop it manages.

n In the category of municipalities of between 10,000 and 100,000 inhabitants, **the Lugo Town Council** was awarded for its noteworthy contribution in the area of universal accessibility as well as access to parks, natural environments, and cultural and artistic heritage. It has also carried out initiatives aimed at communication and information accessibility (accessible municipal website), as well as accessibility to transport, the urban environment and public services. Its social awareness is evidenced by its backing of several conferences on disability, associations, publications in Braille on spaces reserved for disabled individuals and participation in programs such as Proyecto Avanza and "Lugo Social", as part of the Community initiative Equal to promote the inclusion of disabled persons in the labour market.

n For cities of over 100,000 inhabitants, the **Santiago de Compostela Town Council** (A Coruña) was awarded for having adopted an integral accessibility concept: in the area of the elimination of architectural barriers of a town planning nature, in 70% of this historical city, where architectural barriers were eliminated in both historical and recently constructed buildings, in transport, in which case not only buses but also the station was adapted, taking all types of physical and sensorial handicaps into consideration. Furthermore, the drafting and public of an "Accessible Guide" comprising all of the measures taken in the aforementioned areas in a city with an extensive and rich artistic and cultural heritage.



3.6 Commitment to Individuals and the Social Environment

As part of the work of the ACS Foundation in collaboration with associations and non-profit organizations, it is important to highlight specific initiatives and agreements developed in 2006:

- 1. Agreement with the State Representative Platform of the Physically Challenged (PREDIF)** for the publication of the "Guide to Accessible Meetings for Everyone" and the re-publication of "How to Make Hotels Accessible for Individuals with Reduced Mobility".
- 2. Agreement with the Federation of Associations of the Physically and Organically Disabled of the Community of Madrid (FAMMA COCEMFE MADRID)**, for the social integration of disabled individuals and the improvement of their quality of life.
- 3. Framework Collaboration Agreement between the Royal Board on Disability, the Construction Labour Foundation and the ACS Foundation**, to provide training aimed at making technicians and operatives in the construction sector aware of all matters relating to safe accessibility by disabled individuals.

This agreement will allow for the introduction of a module on accessibility in all training courses provided by the Construction Labour Foundation in Spain beginning in 2007. For this purpose didactic material appropriate for the preliminary training of trainers has been developed.
- 4. Framework Collaboration Agreement between the Royal Board on Disability, the Spanish Federation of Municipalities and Provinces and the ACS Foundation**, whose objective is to arrange the joint participation in the calling, organisation and development of different activities (conferences, seminars and courses) aimed at awareness and training in matters relating to universal accessibility in municipalities in relation to all areas of the life of its citizens including inter alia, mobility, transport, entertainment, culture, education, sports, information and communication technologies and citizen participation.
- 5. Sponsorship and participation in the II National Conference on Universal Accessibility, promoted by the Ministry of Labour and Social Affairs through the Royal Board on the Disabled, the Spanish Federation of Municipalities and Provinces and the ACS Foundation**, in collaboration with the Palencia town council, held in Palencia in November 2006 and especially aimed at municipalities. This conference was attended by mayors, council members and municipal technical teams. At this conference, mainly dealt with were matters relating to universal accessibility in relation to transport, road safety, public buildings and housing, town planning and historical cases, entertainment, tourism, culture and sports, legal regulations and techniques, and the application of new technologies to eliminate physical and communication barriers. This Conference was chaired by the Chairman of the Spanish Federation of Municipalities and Provinces.



At the conference, the Reina Sofia accessibility awards were announced and the conference was closed by the Secretary of State of Social Affairs and local authorities of the region.

6. Sponsorship of the promotion of the participation of disabled individuals in sports:

- Collaboration agreement with the Spanish Paralympics Committee, in order to collaborate in the project of Aid to Paralympic Sports “ADOP” and provide the means required by Paralympic athletes to prepare for the Paralympic games to be held in the four year period from 2005-2008, including the Torino 2006 Winter Paralympics Games and the Peking 2008 Summer Games.
- Cooperation Agreement with the Real Madrid foundation, the purpose of which is to foster the practicing of sports and its broadcasting and to procure that the practice of sports is united with the integral education of individuals.
- Sponsorship of the Foundation for the promotion of Equestrian Sports, for the start up a specific program in order to foster the inclusion of disabled individuals in equestrian activities.
- Agreement with the Alcobendas Sports Foundation (FUNDAL), especially aimed at the integration of the disable in sports.

7. **Completion of the development of an agreement with FUNDACIÓN ONCE**, the result of which was the development of two pilot accessibility plans in the National Park of Doñana and in the National Parl of Benasque - Monte Perdido.
8. **Participation in the course on Accessibility and Sponsorship organised by the Directorate General of Cultural Heritage under the Council of Culture and Tourism of the Regional Government of Castilla y León**, held in Segovia on November 27, 28 and 29.
9. **Sponsorship of the FIRST ACS FOUNDATION “ACCESSIBLE TOURISM” AWARD** with the University Antonio de Lebrija.
10. **Sponsorship for the publication of the “Manual for an Accessible Environment” through the Royal Board on the Disabled of the Ministry of Labour and Social Affairs**, which includes new knowledge and practically everything which needs to be known in relation to design and accessibility, thereby contributing to the aim of training and awareness of professionals directly involved in projects, works and technological development for the disabled.
11. **Agreement with the Universidad Autónoma de Madrid** to carry out research on the "Impact of New Technologies on Disabled University Students".
12. **Agreement with the Foundation Cuatro Cuerdas** for the inclusion of the disabled, and particularly children in music programs.



3.6 Commitment to Individuals and the Social Environment

Environment

In relation to Environmental Actions the ACS Foundation seeks to generate positive attitudes, especially in areas such as sustainable urban development, where the ACS Group is capable of certifying technical experience.

Generation and dissemination of knowledge on sustainable development

The ACS Foundation also carries on activities supporting the broadcast and awareness of sustainable development matters, and mainly the forums, courses and seminars listed below:

n Sponsorship of the Association Foro Soria 21 for Sustainable Development for the holding of the International Fair “Foro Mundial Soria 21 on Infrastructures and Sustainable Development”, held in Soria on February 13 and 14, 2006, which was closed by the Ambassador on Special Mission for the Environment and New Technologies of the Ministry of Foreign Affairs.

n Sponsorship of the Foundation CONAMA for the holding of the “VIII National Environmental Conference – Sustainable Development Summit”, a meeting place for all professionals, entrepreneurs, different public authority heads, researchers, professors and representatives of all types of social entities involved in one manner or another in the Environment. The different ACS Group areas (Construction, Industrial Services, Environment & Logistics) actively took part in the Conference, sending several speakers and communications thereto. They were Round Table members and present at almost all the Conference activities. The ACS Group Stand was visited by the Environmental Minister Cristina Narbona. A Dynamic Room entitled “Giving Life to the Future; Infrastructures and Municipal Services” was organised, in which the ACS Group, through its companies gave detailed explanations of specific projects carried out and of the Group’s capacity to resolve the problems of Town Councils. The following matters were

discussed: “ACS Group Capacities for Municipal Development”, “Industrial Services for Municipalities. Experiences”, “Environmental Services for Municipalities. Experiences” and “Building Tomorrow’s Cities”.

n Sponsorship of summer courses on “Architecture and Energy Efficiency” held at the Royal Glass Factory in Granja de San Ildefonso, with the University Foundation San Pablo CEU. Grant program.

n Sponsorship of the Master “Waste Management and Treatment”, organized by the Department of Agricultural Chemistry, Geology and Geochemistry of the Autonomous University of Madrid.

n Sponsorship of the course “Alternative Sustainable Energies: Technical Treatment” with the School of Environment and Technology at the Universidad Complutense de Madrid. Grant program.

n Sponsorship of the course “Energy and Climate Change”, with the School of Environment and Technology at the Universidad Complutense de Madrid. Grant program.

n Sponsorship of the course “Waste Management”, with the School of Environment and Technology at the Universidad Complutense de Madrid. Grant Program.

n Sponsorship of the summer course “Energy Needs and Sustainable Development: Challenges and Technological Responses”, with the University Foundation Rey Juan Carlos, held in Aranjuez and directed by the Professor D. Guillermo Calleja Pardo.

n IV “Sustainable Development” Award Antonio de Nebrija University. For the project presented by Ms. Norma Soraya Chacón “Problems in a Traditional Mexican Destination and Proposals for its reactivations as a Sustainable Tourism Destination: Caso La Paz, Baja California Sur, México”.

Cultural and Educational Promotion

Promotion, conservation and spreading of Spanish historical heritage

The ACS Group develops numerous projects aimed at contributing to the enrichment of cultural life.

These programs are mainly channelled through the ACS Foundation, whose objectives include the promotion, preservation and restoration of Spanish historical artistic heritage Assets, and collaborating in their spreading. Last year, the Group undertook the following initiatives:

n Sponsorship of the Bishopric of Cartagena (Murcia) for the performance of Phase XI works at the Palacio Episcopal in Murcia.

n Sponsorship of the Zamora Town Council for the holding of the First International Conference of the Romanesque "City of Zamora", held from July 4 to 7.

n Sponsorship of the Elche Town Council for the holding of the travelling exhibition "DE ILICI A ELCHE".

With respect to the spreading of Spanish historical heritage, the **Collection of Monographic Books** on restoration was continued with the publication of:

n Restoration of Palacio Montagud, Headquarters of the Antitrust Tribunal, located on calle Barquillo in Madrid, which is number 26 in the collection of monographic books on restoration.

In relation to the collection "**The Art of Restoring**" the following book was written:

n "The Art of Restoring II" in English, with 51 experiences relating to the restoration of heritage assets by the Foundation.

Art and Culture

The ACS Group maintains its support and patronage of the Spanish arts and culture, and collaborates in the development of cultural activities. 2006 was particularly prolific and a good example are the numerous sponsorships in which the ACS Foundation has participated:

n Sponsorship of the XXXIII Ciclo de Grandes Autores e Intérpretes de la Música (Cycle of Great Authors and Interpreters of Music) of the Universidad Autónoma of Madrid, and specifically the concert "Ánima Eterna" in homage to Professor Francisco Tomás y Valiente, held at the National Music Auditorium.

n Sponsorship of the 52nd Edition of the Classical Theatre Festival of Mérida, a cultural event of unequalled national and international prominence and importance.

n Sponsorship of the Festival Jardins de Cap Roig, promoted by the Caixa Foundation of Girona and held at Jardín Botánico in Calella de Palafrugell, from July to August.

n Sponsorship of the symphonic orchestra of Galicia. Backing of the Consortium for the Promotion of Music of the Town Council of La Coruña, a through the symphonic orchestra of Galicia, for dissemination and to facilitate citizen participation in cultural life.

n Sponsorship of the Asociación Bilbaína de Amigos de la Opera (Bilbaina Association of the Friends of the Opera) for the dissemination of art in general, and of the Opera in particular.

n Sponsorship of the Foundation Abadía de Montserrat 2005, for the maintenance, promotion and fostering of spiritual, social, cultural and ecological values in benefit of the people or entities who visit the Abadía.

n Sponsorship of Institut Alexandre Cirici, in order to foster European cooperation in economic, political, social and cultural fields.

n Sponsorship of the Cervantes Institute of Tel Aviv for the performance in Spanish of several cultural events in Israel during the year.

3.6 Commitment to Individuals and the Social Environment

n Sponsorship of the Foundation Privada Amics del Museo Nacional D'art de Catalunya (Private Friends of the National Museum of Art of Catalonia).

n Sponsorship of the Foundation "Españoles en el Mundo"(Spaniards in the World), for the performance of training and cultural activities.

n Sponsorship of the establishment and operation of the Chair of the University of Salamanca Andrés Bello.

Lastly, but without straying from cultural matters, following are the notable activities in which the ACS Foundation has taken part as sponsor or organizer:

n Sponsorship of the Eduardo Torroja Construction Sciences Institute of CSIC for the promotion and development of scientific and technical dissemination activities.

n Sponsorship of the course "ON-SITE – The New International Dimension of Spanish Architecture", forming part of the El Escorial summer courses given by the Universidad Complutense of Madrid.

n Sponsorship of the seminar "Territorial Planning: The Government or the Citizen's Decision?", held at Palacio de la Magdalena in Santander, with the International University Menéndez Pelayo.

n Sponsorship of meeting "Attraction and Development of the Creative Class. A Regional Proposal", directed by an Industry, Employment and Technological Development Council member of the Regional Government of Cantabria, held at Palacio de la Magdalena in Santander, with the International University Menéndez Pelayo.

n Sponsorship of the meeting "The Creation and Financing of New Technologically Based Companies", held at Palacio de la Magdalena in Santander, with the International University Menéndez Pelayo.

n Sponsorship of the Economic Studies Institute to conduct a study on "Competency and Regulation of Road Transport in Spain".

n Sponsorship of the Foundation Antonio de Camuñas, for the Master in Management of Building, Refurbishment and Technical Control. Grant program.

n Sponsorship of the Chair of Transport Infrastructure of the School of Civil Engineering at the Universidad Politécnica of Madrid.

n Sponsorship of the Research Project "Non-commercial Temporary Exhibition Spaces: Data and Statistics".



n Sponsorship of the Association of Industrial Research and Cooperation of Andalucía”, for the presentation of the book “El Reto Energético” (The Energy Challenge).

n Sponsorship of the Foundation CIDOB for the organisation of the seminar “First Dialogue Forum between Spain and France”.

n Sponsorship of the New Economy Forum, for the holding of several conferences.

n Sponsorship of the Foundation Círculo de Economía of Cataluña.

n Sponsorship of the African Foundation for Medicine and Research - AMREF Flyng Doctors, to carry out activities and projects aimed at cooperation in the development of African continent, and particularly the promotion of sustainability by means of the creation of infrastructures to supply drinking water and sewage systems which are respectful to the environment, as well as the promotion of health through health education at different schools in Uganda.

n Sponsorship of the Foundation “Pro Rebus Academiae”, in order to promote the quality of engineering in Spain, by fostering the development of all initiative contributing to its promotion and dissemination, and particularly its application the business world and society in general.

n Sponsorship of the XXIII Conference on Neuromuscular Illnesses, held at the Universidad de Deusto. (ASEM – BENE)

n Sponsorship of the “I Conferences for Researching CMT (Charcot Marie Tooht)”.

In 2006 and through the ACS Foundations, sponsorship agreements have been entered into for the fulfilment of its foundational purposes with the following foundations and institutions:

- n Spanish Association of Foundations.
- n Centro Nacional de Arte Reina Sofía.
- n Amigos del Museo del Prado Foundation.
- n Carolina Foundation.
- n COTEC Foundation.
- n Príncipe de Asturias Foundation.
- n Teatro Real Foundation.
- n Universidad Autónoma of Madrid Foundation.
- n Universidad Rey Juan Carlos Foundation.
- n San Pablo - CEU University Foundation.
- n Terrorism Victims Foundation.
- n Universidad Antonio de Nebrija of Madrid.
- n Universidad Complutense of Madrid.
- n Universidad Politécnica of Madrid.
- n Universidad Internacional Menéndez Pelayo.
- n Hispania Nostra.
- n Royal Patronage on Disabled.
- n Pro Rebus Academiae Foundation.
- n Foundation for Analysis and Social Studies.
- n Españoles en el Mundo Foundation.



We would like to hear your opinion

As can be observed on the previous pages of this report, at the ACS Group, it is to our understanding that corporate responsibility is a commitment determining the Company's relationship with the environment and with each of its stakeholders. This Corporate Responsibility Report aims to include the main milestones and programs developed by the ACS Group leading to the improvement of relationships with its different stakeholders.

The ACS Group considers the assumption of corporate responsibility principles to be a continual improvement process, in which it is crucial to rely on the opinion of the different stakeholders. Therefore, we would appreciate your sending us your opinions on this report to:

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4.

Annual Corporate Governance Report

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4.A Ownership Structure

A.1. Complete the following table on the Company's share capital:

Date of last amendment	Share capital (euros)	Number of shares
05-20-2004	176,436,567.00	352,873,134

If there are different classes of shares, identify them in the following table:

Class	Number of shares	Par value
Single	352,873,134	0.50

A.2. Detail the direct or indirect holders of significant shareholdings of the Company at the close of the financial year, excluding the Board Members:

Name or corporate name of the shareholder	Number of direct shares	Number of indirect shares (*)	% Total share capital
Corporación Financiera Alba, S.A.	0	74,585,274	21.137
Corporación Financiera Alcor. S.A.	932,880	41,412,889	12.000
Inversiones Vesan, S.A.	35,385,193	0	10.028
Mutua Madrileña Automovilista, S.S.P.F.	10,400,000	12,900	2.951

(*) Held through:

Name or corporate name of the direct shareholder	Number of direct shares	% of share capital
Alba Participaciones S.A.	74,585,274	21.137
Imvernelín Patrimonio, S.L.	37,311,260	10.574
Comercio y Finanzas, S.A.	1,031,814	0.292
Mr. Alberto Cortina de Alcocer	4,728	0.001
Mr. Alberto de Alcocer Torra	3,273	0.001
Percacer, S.A.	1,061,814	0.301
Catser, S.L.	2,000,000	0.567
Aresa Seguros Generales, S.A.	12,900	0.004
Total:	116,011,063	

Indicate the most significant changes in the shareholding structure occurring during the financial year:

Name or corporate name of the shareholder	Transaction date	Description of the transaction
Inversiones Vesán, S.A.	04-10-2006	Exceeded 10% of share capital
Corporación Financiera Alcor, S.A.	19-09-2006	Exceeded 10% of share capital
Imvernelín Patrimonio, S.L.	19-09-2006	Exceeded 10% of share capital
Corporación Financiera Alba, S.A.	27-01-2006	Exceeded 20% of share capital

A.3. Complete the following table on the Members of the Company's Board of Directors who hold shares in the Company:

Name or corporate name of the Board Member	Date first appointment	Date last appointment	Number of direct shares	Number of indirect shares ^(*)	% Total share capital
Mr. Florentino Pérez Rodríguez	06-28-1989	10-14-2003	0	35,385,193	10.028
Mr. Pablo Vallbona Vadell	09-05-1997	10-14-2003	56,560	0	0.016
Mr. Antonio García Ferrer	10-14-2003	10-14-2003	12,000	0	0.003
Mr. José María Aguirre González	06-29-1995	05-19-2006	421,500	0	0.119
Mr. Agustín Batuecas Torrego	06-29-1999	10-14-2003	833,088	1,482,853	0.656
Mr. Alvaro Cuervo García	09-05-1997	06-19-2003	0	42,000	0.012
Mr. Manuel Delgado Solís	05-20-2004	05-20-2004	0	0	0.000
Mr. Javier Echenique Landiribar	05-20-2004	05-20-2004	24,438	0	0.007
Mr. Isidro Fernández Barreiro	05-09-1997	10-14-2003	14,046	40,000	0.015
Mr. Joan David Grimá Terré	10-14-2003	10-14-2003	0	2,550	0.001
Mr. José María Loizaga Viguri	06-28-1989	10-14-2003	128,313	225,000	0.100
Mr. Pedro-José López Jiménez	06-28-1989	10-14-2003	0	2,070,000	0.587
Mr. Santos Martínez-Conde Gutiérrez Barquín	06-19-2002	06-19-2003	6,208	0	0.002
Mr. Javier Monzón de Cáceres	05-20-2004	05-20-2004	4,200	0	0.001
Mr. Miguel Roca Junyent	10-14-2003	10-14-2003	12	0	0.000
Mr. Julio Sacristán Fidalgo	06-24-1998	06-19-2003	1,356	0	0.000
Mr. Francisco Servando Verdú Pons	05-19-2006	05-19-2006	1,000	0	0.000
Mr. José Luis del Valle Pérez	06-28-1989	10-14-2003	121,000	0	0.034

(*) Held through

Name or corporate name of the direct shareholder	Number of direct shares
Fidwei Inversiones, S.L.	1,420,000
Lynx Capital, S.A.	650,000
Grial Inversiones Sicav, S.A.	2,550
Inversiones Europeas, S.L.	225,000
Inversiones Vesán, S.A.	35,385,193
Sociedad de Estudios de Estrategia Empresarial, S.A.	42,000
SCM Correduría de Seguros, S.A.	40,000
Inversiones Batuecas Torrego, S.L.	1,382,853
Inversiones Ceda, S.L.	100,000
Total:	39,247,596

% Total share capital in power of the Board of Directors 11.581

Complete the following table on the Members of the Board of Directors of the Company who hold rights over shares in the Company:

Name or corporate of the Board Member	Number of option rights held directly	Number of optionrights held indirectly	Equivalent Number of share	% Total share capital
Mr. Florentino Pérez Rodríguez	3,110,000	1	3,110,000	0.881
Mr. Agustín Batuecas Torrego	178,000	1	178,000	0.050
Mr. Antonio García Ferrer	840,000	1	840,000	0.238
Mr. José Luis del Valle Pérez	650,000	1	650,000	0.184

4.A Ownership Structure

A.4. Indicate, if applicable, any relationships of a family, commercial, contractual or corporate nature existing between holders of significant shareholdings, as far as they are known by the Company, excluding those of little significance or deriving from the ordinary course of business or trade:

Names or corporate names related	Type of relationship	Brief description
Mr. Florentino Pérez Rodríguez	Contractual	Rosan Inversiones, S.L., with C.I.F. B 78962099, Company wholly owned by Mr. Florentino Pérez Rodríguez, formalised agreement for execution of works with the Company Dragados, S.A. on 04-27-05, for the construction of a building in Madrid. The amount of the works certified by Dragados, S.A. in 2006 amounts to 4,056,559.59 euros

A.5. Indicate the relationships of a commercial, contractual or corporate nature existing between holders of significant shareholdings and the Company, unless they are of little significance or derive from the ordinary course of business or trade:

Names or corporate names related	Type of relationship	Brief description

A.6. Indicate the shareholders' agreements executed between shareholders and reported to the Company:

Parties involved in side agreement	% of share capital affected	Brief description of agreement

Indicate the concerted actions existing between shareholders of the corporation that are known by the Company:

Parties involved in side agreement	% of share capital affected	Brief description of concerted action

If there has been any modification or termination of said pacts or agreements or concerted actions during the financial year, indicate them expressly.

A.7. Indicate if there is any individual or legal entity that exercises or could exercise control over the Company under the terms of article 4 of the Stock Exchange Law:

Name or corporate name
Comments

A.8. Complete the following tables on the Company's treasury stock:

At the close of the financial year:

Number of direct shares	Number of indirect shares (*)	% Total share capital
6,985,055	0	1.979

(*) Held through:

Name or corporate name of the direct shareholder	Number of direct shares
Total:	

In accordance with the provisions set forth in Royal Decree 377/1991, detail the significant variations carried out during the financial year:

Date	Number of direct shares	Number of indirect shares	% Total share capital
17-02-2006	3,540,144	0	1.003
24-03-2006	4,340,606	0	1.230
22-05-2006	4,167,980	0	1.181
03-08-2006	3,313,296	0	0.939
08-11-2006	3,719,879	0	1.054
04-12-2006	3,735,238	0	1.059

Results obtained in the financial year on treasury stock transactions (thousand euros)	25,280
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A.9. Detail the conditions and term of mandate of the general Shareholders' Meeting to the Board of Directors for engaging in acquisitions or transfers of treasury stock described in section A.8.

The following resolution was adopted at the Ordinary General Shareholders' Meeting held on 05/19/05:

"Render the previous authorization granted by means of a Resolution adopted by the General Shareholders' Meeting held on 05.19.05 null and void, and under the conditions and requirements set forth in Article 75 and related provisions of the Spanish Corporations Law, authorize both the Company's Board of Directors as well as those of subsidiary companies to acquire shares in the Company for valuable consideration, the par value of which does not exceed 5% of the issued share capital. Such authorization shall be granted for a period of 18 months from the date of the aforementioned meeting. The minimum and maximum price shall be, respectively, the par value of the shares and the price at which they are traded on the stock market on the day of the purchase, or the price authorised by the competent body of the Stock Exchange or by the Spanish Stock Market Commission."

A.10. Indicate the legal and statutory restrictions on the exercise of voting rights, as well as the statutory restrictions on the acquisition or sale of holdings in the share capital:

Apart from legal restrictions, there are no statutory restrictions regarding the exercising of voting rights or to the acquisition or transfer of shares. Articles 11, 23 and 26 of the Company By-laws provide for these issues:

Article 11.

(...) The shares shall be transferable between Spanish individuals or legal entities without any restriction whatsoever; and to foreign individuals or legal entities with the legal restrictions that may apply in each case.

Article 23.

The General Meeting comprises all those that hold at least one hundred shares, either present or represented. The owners or holders of fewer than one hundred shares may pool their shares in order to reach such number and may be represented either by one of them or by another shareholder who alone possesses the requisite number of shares required to form part of the General Meeting.

Article 26.

(...) Each shareholder shall have the right to the number of votes that corresponds to the number of shares held or represented. Said votes may be cast by postal correspondence or telegraph or any other means, providing that a full guarantee exists as to the identity of the person casting their vote(s) in this manner. Shareholders with attendance rights may be represented at the Meeting by any person. The representation conferred by shareholders who only by pooling their shares may have voting rights may be vested in any of them.

4.B Structure of the Company Administration

B.1. Board of Directors

B.1.1. Outline the maximum and minimum number of Board Members provided for in the Company By-laws:

Maximum number of Board Members	21
Minimum number of Board Members	11

B.1.2. Complete the following table with the Board Members:

Name or corporate name of the Board Member	Representative	Position	Date first appointment	Date last appointment	Election Procedure
Mr. Florentino Pérez Rodríguez		Chairman and CEO	06-28-1989	10-14-2003	General Meeting
Mr. Pablo Vallbona Vadell		Vice Chairman	09-05-1997	10-14-2003	General Meeting
Mr. Antonio García Ferrer		Executive Vice Chairman	10-14-2003	10-14-2003	General Meeting
Mr. José María Aguirre González		Board Member	06-29-1995	05-19-2006	General Meeting
Mr. Agustín Batuecas Torrego		Board Member	06-29-1999	10-14-2003	General Meeting
Mr. Alvaro Cuervo García		Board Member	09-05-1997	06-19-2003	General Meeting
Mr. Manuel Delgado Solís		Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Javier Echenique Landiribar		Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Isidro Fernández Barreiro		Board Member	09-05-1997	10-14-2003	General Meeting
Mr. Joan David Grimá Terré		Board Member	10-14-2003	10-14-2003	General Meeting
Mr. José María Loizaga Viguri		Board Member	06-28-1989	10-14-2003	General Meeting
Mr. Pedro-José López Jiménez		Board Member	06-28-1989	10-14-2003	General Meeting
Mr. Santos Martínez-Conde Gutiérrez Barquín		Board Member	06-19-2002	06-19-2003	General Meeting
Mr. Javier Monzón de Cáceres		Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Miguel Roca Junyent		Board Member	10-14-2003	10-14-2003	General Meeting
Mr. Julio Sacristán Fidalgo		Board Member	06-24-1998	06-19-2003	General Meeting
Mr. Francisco Servando Verdú Pons		Board Member	05-19-2006	05-19-2006	General Meeting
Mr. José Luis Del Valle Pérez		Secretary General, Board Member	06-28-1989	10-14-2003	General Meeting

Total number of Board Members: **18**

Indicate the resignations from the Board of Directors occurred during the period:

Name or corporate name of the Board Member	Date of resignation

B.1.3. Complete the following tables on the Board Members and their positions:

Executive directors

Or corporate name of the Board Member	Committee which proposed the appointment	Position in the Company's organizational chart
Mr. Agustín Batuecas Torrego	None	Board Member
Mr. José Luis del Valle Pérez	None	Secretary General and Member of the Board of Directors
Mr. Antonio García Ferrer	None	Executive Vice Chairman
Mr. Florentino Pérez Rodríguez	None	Chairman and CEO

Proprietary & External Directors

Name or corporate name of the Board Member	Committee which proposed the appointment	Name or corporate name of significant shareholder represented or that proposed his appointment
Mr. Manuel Delgado Solís	None	Corporación Financiera Alcor, S.A.
Mr. Javier Echenique Landiribar	None	Corporación Financiera Alcor, S.A.
Mr. Isidro Fernández Barreiro	None	Corporación Financiera Alba, S.A.
Mr. Pedro-José López Jiménez	None	Mr. Pedro-José López Jiménez
Mr. Santos Martínez-Conde Gutiérrez Barquín	None	Corporación Financiera Alba, S.A.
Mr. Javier Monzón de Cáceres	None	Corporación Financiera Alcor, S.A.
Mr. Julio Sacristán Fidalgo	None	Inversiones Vesán, S.A.
Mr. Pablo Vallbona Vadell	None	Corporación Financiera Alba, S.A.
Mr. Francisco Servando Verdú Pons	None	Corporación Financiera Alba, S.A.

Independent Non Executive Directors

Name or corporate name of the Board Member	Committee which proposed the appointment	Profile
Mr. José María Aguirre González	None	Enterprise
Mr. Alvaro Cuervo García	None	Enterprise
Mr. Joan David Grimá Terré	None	Enterprise
Mr. José María Loizaga Viguri	None	Enterprise
Mr. Miguel Roca Junyent	None	Lawyer

Other Non Executive Directors

Name or corporate name of the Board Member	Committee which proposed the appointment

Indicate the reasons why they cannot be considered proprietary or independent:

Indicate, if applicable, any variations that have occurred in the typology of each Board Member during the period:

Name or corporate name of the Board Member	Date of Change	Previous status	Current status

B.1.4. Indicate whether the classification of Board Members in the above section corresponds with the provisions of the Rules of the Board of Directors:

The rating of the Directors carried out in the foregoing point corresponds with the provisions set forth in article 3 of the Rules of the Board of Directors.

B.1.5. If applicable, indicate any powers delegated to the Board Members or Chief Executive officers:

Name or corporate name of the Board Member	Brief description
Mr. Florentino Pérez Rodríguez	All powers corresponding to the board except those that cannot be transferred

4.B Structure of the Company Administration

B.1.6. If applicable, identify the Members of the Board who hold the positions of administrators or directors of other companies that form part of the listed company:

Name or corporate the Board Member name of	Corporate name of the Group Entity	Position
Mr. José María Aguirre González	Cobra. Instalaciones y Servicios, S.A.	Chairman
Mr. José María Aguirre González	ACS Servicios. Comunicaciones y Energía, S.L.	Vice Chairman
Mr. José María Aguirre González	Cobra Gestión de Infraestructuras, S.L.	Chairman
Mr. Agustín Batuecas Torrego	Jiménez Lopera, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Continental Auto, S.L.	Chairman and CEO
Mr. Agustín Batuecas Torrego	Intercambiador de Transportes Príncipe Pío, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Compañía Navarra de Autobuses, S.A.	Secretary General and Member of The Board of Directors
Mr. Agustín Batuecas Torrego	Autocares Discrecionales del Norte, S.L.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Movelia Tecnologías, S.L.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Servicios Generales de Automoción, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Alsina Graells de Auto Transporte	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Autedia, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Continental Rail, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Transportes Alsina Graells Sur, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Hijos de Simón Maestra García, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Setra Ventas y Servicios, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Intercambiador de Transportes Plaza de Castilla, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Intercambiador de Transportes Avenida de América, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Construrail, S.A.	Board Member
Mr. Agustín Batuecas Torrego	Explotación Comercial de Intercambiadores, S.A.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. Agustín Batuecas Torrego	Autobuses García, S.L.	Individual Representing Continental Auto, S.L., Chairman and CEO
Mr. José Luis del Valle Pérez	Dragados, S.A.	Secretary General and Member of The Board of Directors
Mr. José Luis del Valle Pérez	ACS Servicios y Concesiones, S.L.	Secretary General and Member of The Board of Directors
Mr. José Luis del Valle Pérez	ACS Servicios. Comunicaciones y Energía, S.L.	Secretary General and Member of The Board of Directors
Mr. José Luis del Valle Pérez	Iridium, Concesiones de Infraestructuras, S.A.	Board Member
Mr. José Luis del Valle Pérez	Iberpistas, S.A.C.E	Board Member
Mr. José Luis del Valle Pérez	Dragados Industrial, S.A.	Board Member
Mr. José Luis del Valle Pérez	Sociedad Española de Montajes Industriales, S.A.	Secretary General and Member of The Board of Directors
Mr. José Luis del Valle Pérez	Dragados Servicios Portuarios y Logísticos, S.L.	Board Member
Mr. José Luis del Valle Pérez	Cobra Gestión de Infraestructuras, S.L.	Secretary General and Member of The Board of Directors
Mr. José Luis del Valle Pérez	Continental Auto, S.L.	Board Member
Mr. José Luis del Valle Pérez	Urbaser, S.A.	Board Member
Mr. José Luis del Valle Pérez	Cobra. Instalaciones y Servicios, S.A.	Secretary General and Member of The Board of Directors
Mr. José Luis del Valle Pérez	Clece, S.A.	Board Member
Mr. José Luis del Valle Pérez	Saba Aparcamientos, S.A.	Board Member
Mr. Manuel Delgado Solís	Dragados, S.A.	Board Member
Mr. Javier Echenique Landiribar	ACS Servicios. Comunicaciones y Energía, S.L.	Board Member
Mr. Antonio García Ferrer	ACS Servicios. Comunicaciones y Energía, S.L.	Board Member
Mr. Antonio García Ferrer	Dragados, S.A.	Board Member
Mr. Antonio García Ferrer	ACS Servicios y Concesiones, S.L.	Board Member
Mr. Pedro-José López Jiménez	ACS Servicios y Concesiones, S.L.	Board Member
Mr. Pedro-José López Jiménez	Dragados, S.A.	Vice Chairman
Mr. Javier Monzón de Cáceres	ACS Servicios y Concesiones, S.L.	Board Member

B.1.7. List, if applicable, the Board Members of the Company who are Members of the Boards of Directors of other companies that are listed on official stock exchanges in Spain and which do not form part of the Company's Group and of which the Company is aware:

Name or corporate name of the Board Member	Listed Company	Cargo
Mr. José María Aguirre González	Banco Guipuzcoano, S.A.	Chairman
Mr. José María Aguirre González	Acerinox, S.A.	Board Member
Mr. Alvaro Cuervo García	Bme-Bolsas y Mercados Españoles, S.A.	Board Member
Mr. Alvaro Cuervo García	Tafisa, Tableros de Fibras, S.A.	Vice Chairman
Mr. José Luis del Valle Pérez	Unión Fenosa, S.A.	Board Member
Mr. Manuel delgado Solís	Unión Fenosa, S.A.	Board Member
Mr. Javier Echenique Landiribar	Uralita, S.A.	Board Member
Mr. Javier Echenique Landiribar	Repsol ypf, S.A.	Board Member
Mr. Javier Echenique Landiribar	Ence, S.A.	Board Member
Mr. Isidro Fernández Barreiro	Corporación Financiera Alba, S.A.	Vice Chairman
Mr. Isidro Fernández Barreiro	Prosegur, S.A.	Board Member
Mr. Antonio García Ferrer	Abertis Infraestructuras, S.A.	Board Member
Mr. Antonio García Ferrer	Unión Fenosa, S.A.	Board Member
Mr. Joan David Grimá Terré	Antena 3, Tv, S.A.	Board Member
Mr. José María Loizaga Viguri	Cartera Hotelera, S.A.	Chairman
Mr. José María Loizaga Viguri	Zardoya Otis, S.A.	Vice Chairman
Mr. José María Loizaga Viguri	Unión Fenosa, S.A.	Board Member
Mr. José María Loizaga Viguri	Mecalux, S.A.	Board Member
Mr. Pedro-José López Jiménez	Compañía Española de Petróleos, S.A. (CEPSA)	Board Member
Mr. Pedro-José López Jiménez	Indra Sistemas, S.A.	Board Member
Mr. Pedro-José López Jiménez	Unión Fenosa, S.A.	Chairman
Mr. Santos Martínez-Conde Gutiérrez Barquín	Acerinox, S.A.	Board Member
Mr. Santos Martínez-Conde Gutiérrez Barquín	Unión Fenosa, S.A.	Board Member
Mr. Santos Martínez-Conde Gutiérrez Barquín	Corporación Financiera Alba, S.A.	CEO
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A.	Chairman
Mr. Julio Sacristán Fidalgo	Unión Fenosa, S.A.	Board Member
Mr. Julio Sacristán Fidalgo	Autopistas Aumar, S.A.C.E	Board Member
Mr. Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	Vice Chairman
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Vice Chairman
Mr. Francisco Servando Verdú Pons	Corporación Financiera Alba, S.A.	Board Member

B.1.8. Complete the following tables showing the total Remuneration of the Board Members accrued during the financial year:

a) In the Company covered under the present report:

Nature of remuneration	Figures in thousand euros
Fixed Remuneration	2,402
Variable Remuneration	3,033
Expenses	0
Statutory dues	1,775
Stock options and/or financial instruments	2,023
Other	0
Total:	9,233

4.B Structure of the Company Administration

Other benefits	Figures in thousand euros
Advances	0
Loans	0
Pension funds and plans: contributions	2,022
Pension funds and plans: obligations assumed	2,022
Life insurance premiums	12
Guarantees constituted by the Company in favour of Board Members	0

b) Received by Board Members of the Company for belonging to other Boards of Directors and/or senior Management of companies of the Group:

Nature of remuneration	Figures in thousand euros
Fixed remuneration	421
Variable Remuneration	150
Expenses	0
Statutory dues	414
Stock options and/or financial instruments	78
Other	60
Total:	1,123

Other benefits	Figures in thousand euros
Advances	0
Loans	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations assumed	0
Life insurance premiums	0
Guarantees constituted by the Company in favour of Board Members	0

c) Total compensation per type of Board Member:

Classes of Board Members	By company	By group
Executive Directors	7,963	872
Proprietary & External Directors	815	215
Independent Non Executive Directors	455	36
Other Non Executive Directors	0	0
Total:	9,233	1,123

d) In relation to profit attributed to the parent company

Total Board Member Remuneration (thousands of euros)	10,356
Total Board Member Remuneration/ profit due to parent Company (as %)	0.828

B.1.9. Identify the members of senior Management that are not, in turn, executive directors, and indicate the total remuneration accrued in their favour during the financial year:

Name or corporate name	Position
Mr. Jose María Aguirre Fernandez	General Manager of Tecsa. Empresa Constructora, S.A.
Mr. Antonio Alfonso Sanchez	Assistant To The Chairman of ACS Servicios y Concesiones, S.L.
Mr. Manuel Alvarez Muñoz	Production Manager of Vias y Construcciones, S.A.
Mr. Manuel andrés Martínez	Service Manager of Urbaser, S.A.
Mr. Pedro Ascorbe Trian	General Manager of Dragados off-Shore, S.A.
Mr. Francisco Javier Asencio Marchante	Sole Administrator of Geotecnia y Cimientos, S.A.
Mr. Antonio Benitez Vilches	General Manager of Mantenimiento y Montajes Industriales, S.A.
Mr. Antonio Cortes Sanchez	International Director of Dragados, S.A.
Mr. Alfonso Costa Cuadrench	Director of Technical Services of Dragados, S.A.
Mr. Octavio del Real Sanchez	Director of Affiliates of Dragados, S.A.
Mr. Lorenzo Diaz Revenga	Chairman and CEO of Dragados Industrial, S.A.
Mr. Eloy Dominguez-Adame Bozzano	General Manager of Flota Proyectos Singulares, S.A.
Mr. Francisco Fernández Lafuente	General Manager of offers of Iridium Concesiones de Infraestructuras, S.A.
Mr. Marcelino Fernandez Verdes	Chairman and CEO of Dragados, S.A. (Top Executive of The Construction and Concessions Area)
Mr. Ángel García Altozano	Corporate General Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. Pablo García Arenal	General Plant Manager of Cobra Instalaciones y Servicios, S.A.
Mr. Fernando Garcia Arribas	General Manager of Drace Medioambiente, S.A.
Mr. Manuel García Buey	CEO of Iridium Concesiones de Infraestructuras, S.A.
Mr. Carlos Gerez Pascual	Director of Machinery of Dragados, S.A.
Mr. Gonzalo Gómez-Zamalloa Baraibar	CEO of Vias y Construcciones, S.A.
Mr. Jose Ignacio Legorburu Escobar	Director of Building of Vias y Construcciones, S.A.
Mr. Eugenio Llorente Gómez	CEO of Cobra Instalaciones y Servicios, S.A.
Mr. Jose María López Piñol	Director of Building of Dragados, S.A.
Mr. Epifanio Lozano Pueyo	Administration Manager of ACS Servicios Comunicaciones y Energía, S.A.
Mr. Ricardo Martin de Bustamante Vega	Director of Civil Works of Dragados, S.A.
Mr. Jose Naranjo Hiraldo	General Manager of Urbaser, S.A.
Mr. Maximiliano Navascués Redondo	Director of Contracts of Dragados, S.A.
Mr. Jose Alfonso Nebrera García	General Manager of ACS, Servicios, Comunicaciones y Energía, S.L.
Mr. Luis Nogueira Miguelsanz	Secretary General of Dragados, S.A.
Mr. José Ontañón Carrera	Director of Waste Treatment of Urbaser, S.A.
Mr. Manuel Perez Beato	Executive President of Vias y Construcciones, S.A.
Mr. Juan Ernesto Pérez Moreno	Assistant to The Chairman of Dragados, S.A.
Mr. Enrique Perez Rodriguez	Director of Real Estate
Mr. Ignacio Perez Rodriguez	Executive Chairman of ACS Servicios, Comunicaciones y Energía, S.L. (Head of Industrial Services Area)
Mr. Juan Carlos Pery Paredes	CEO of Dragados Servicios Portuarios y Logísticos, S.L.
Mr. Javier Polanco Gómez-Lavín	CEO of Urbaser, S.A.
Mr. Jose Reis Costa	Chairman of Procme, Ltd
Mr. Victor Revuelta García	General Manager of Iridium Concesiones de Infraestructuras, S.A.
Mr. Carlos Rodriguez Mendez	General Manager of Control y Montajes Industriales, S.A.
Mr. Mateo Rodriguez Sanchez del Moral	General Manager of Industrial Engineering and Plants
Mr. Jose Romero de Avila González-Albo	General Manager of ACS Servicios, Comunicaciones y Energía, S.L.
Mr. Juan Enrique Ruiz Gonzalez	General Manager of Sice Tecnología y Sistemas
Mr. Juan Jose Sacristan Sacristan	General Manager of Dragados y Construcciones Especiales, S.A.
Mr. Javier San Millán Pérezagua	General Manager of Clece, S.A.
Mr. Juan Agustín Sanchez Bernal	Chairman of API, ETRA E IMES
Mr. andrés Sanz Carro	Secretary General of Semi/Maessa
Mr. Ignacio Segura Suriñach	General Manager of Dragados, S.A.
Mr. Demetrio Ullastres Llorente	General Manager of Business development In The ACS Group
Mr. Cristóbal Valderas Alvarado	CEO of Clece, S.A.
Mr. Daniel Vega Baladrón	CEO of Semi y Maessa
Total Board Member Remuneration (thousand euros):	25,320

4.B Structure of the Company Administration

B.1.10. Indicate on an aggregate basis if there are guarantee or protection clauses, in the case of dismissal or changes of control in favour of members of senior Management, including the executive Board Members, of the Company or its Group. Indicate if these contracts have to be notified and/or approved by the bodies of the Company or its Group:

Number of beneficiaries	15	
	Board of Directors	General Meeting
Body authorising the clauses	X	
	YES	NO
Is the General Meeting informed about the clauses?		X

B.1.11. Indicate the process for establishing the remuneration of the members of the Board of Directors and the statutory clauses relevant in this respect.

The remuneration of the different Board Members for statutory dues was proposed by the Board at the proposal of the Remuneration Committee. Every year, the global amount is submitted for the approval by the Company's General Shareholders' Meeting within the agreement regarding the allocation of profits.

This matter is ruled in the last three paragraphs of article 34 of the Company By-laws, which establish the following: "In addition to the allowances and expenses agreed by the General Meeting, for statutory participation, the Board of Directors shall also be entitled to remuneration that does not exceed ten percent of the distributable net profit. This can only be allocated once the legal reserves and, if applicable, the statutory reserves have been made and the shareholders have been paid a dividend of at least four percent of the paid-up capital for each share.

Express authorization is hereby given to allow remuneration to all or any of the members of the Board of Directors, as well as executive staff of the Company and the companies that belong to the same Group, which consists in the surrender of Company shares or of stock option rights or through a reference to the value of said shares, in the manner, terms and conditions set by the General Shareholders' Meeting through the opportune agreement with the legally established requirements.

The Board of Directors shall decide on the manner of distributing the remuneration due through the application of this article, including the different amounts".

In accordance with the provisions of article 16 of the Rules of the Board of Directors, it shall be the Board that, after a report from the Appointment and Remuneration Committee, shall determine the distribution of the total corresponding amount, as well as the frequency, in accordance with legislation and By-laws in force. Furthermore, in keeping with article 24 of the Rules, the Appointment and Remuneration Committee has the duty to inform the Board of the remuneration of the Board of Directors and other senior executives of the Company as well as regarding the multiannual plans depending on the value of the shares as is the case with stock options.

B.1.12. Indicate the identity of any Board Members that are, at the same time, Board Members or executives at companies who hold significant shareholdings in the listed Company and/or entities in the Group:

Name or corporate name of the Board Member	Name or corporate name of the significant shareholder	Position
Mr. Isidro Fernández Barreiro	Corporación Financiera Alba, S.A.	Second Vice Chairman
Mr. Santos Martínez-Conde Gutiérrez Barquín	Corporación Financiera Alba, S.A.	CEO
Mr. Florentino Pérez Rodríguez	Inversiones Vesán, S.A.	Administrator
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Vice Chairman
Mr. Francisco Servando Verdú Pons	Corporación Financiera Alba, S.A.	Board Member

List, if applicable, any relevant relationships, other than those contemplated in the chart above, which could link any Board Members with significant shareholders and/or their Group companies:

Name or corporate name of the Board Member	Name or corporate name of the significant shareholder	Description of Relationship
Mr. Manuel Delgado Solís	Percacer, S.A.	Lawyer
Mr. Manuel Delgado Solís	Imvernelín Patrimonio, S.L.	Lawyer
Mr. Isidro Fernández Barreiro	Corporación financiera Alba, S.A.	Director of Banca March, S.A., Main Shareholder of Corporación Financiera Alba, S.A.
Mr. Julio Sacristán Fidalgo	Inversiones Vesán, S.A.	Brother in law of Mr. Florentino Pérez, Administrator of Inversiones Vesán, S.A.
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Executive Vice Chairman of Banca March, S.A., Main Shareholder of Corporación Financiera Alba, S.A.
Mr. Francisco Servando Verdú Pons	Corporación Financiera Alba, S.A.	CEO of Banca March, S.A., Main Shareholder of Corporación Financiera Alba, S.A.

B.1.13. Indicate, if applicable, any amendments made to the Rules of the Board of Directors during the financial year.

The Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in a meeting held on March 30, 2006, modified articles 11, 21 and 24 of the Rules of the Board of Directors, resolutions which were raised to public document status by virtue of a deed granted before Mr. Cruz Gonzalo López-Muller Gómez on June 15, 2006, under number 1695 of his official records, recorded at the Mercantile Registry of Madrid on July 17, 2006, in the following terms:

Article 11. Period of appointment of the Directors

The Board Members shall perform their functions during the term for which they were appointed, that is, six years. They may be re-elected one or more times for terms of equal or less time.

In the event of a vacancy for any reason, the Board of Directors may provisionally fill such vacancy by choosing among the shareholders until the next General Shareholders' Meeting, when the definitive election shall take place.

The appointment of Board Members shall expire when, once the term matured, the next General Shareholders' Meeting is held or the term legally established for the General Meeting to take place elapses, in which resolution must be approved regarding the approval of the annual accounts for the previous year."

Article 21. The Committees

For greater efficiency in the exercise of its duties and without prejudice to the statutory powers which correspond to the Board for the creation of the Committees that it deems necessary, an Executive Committee shall be formed, with delegated powers from the Board, an Audit Committee and a Remuneration Committee, with the functions that are set forth in these Rules within the framework of current legislation and the Company By-laws.

4.B Structure of the Company Administration

Article 24. The Appointment and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Board Members who shall be freely elected and moved from among its members, by the Board of Directors. Furthermore, they shall perform their functions during the term for which they were appointed, that is, for four years. The Secretary of the Board of Directors of the Company shall attend these meetings in the capacity of Secretary, with voice but without vote.

This shall only be understood to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of attendees. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year.

The Appointment and Remuneration Committee is responsible for providing the Board of Directors with information on:

1. The remuneration scheme of the Chairman of the Board of Directors and other senior executives.
2. Remuneration of the Board Members.
3. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.
4. Proposals for the appointment of Board Members.
5. Appointments of the Senior Executives that will form part of the Group's Management Committee.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations."

B.1.14. Indicate the procedures for appointment, re-election, evaluation and removal of Board Members. detail the competent bodies, the steps to follow and the criteria to use in each of the procedures.

The issue is regulated in the Rules of the Board of Directors, in the following articles, the literal content of which is the following:

Article 3. Composition and appointment

Within the limits set forth in article 13 of the Company By-laws in force and without prejudice to the powers of proposal which, in accordance with current legislation, corresponds to the shareholders, it shall fall to the Board of Directors to propose to the General Shareholders' Meeting both the number of Directors as well as the individuals or legal entities that must be appointed. The appointment proposal shall record the executive, external and proprietary or external and independent status of the proposed Board Members.

In addition, in the event of vacancies, the Board of Directors may provisionally fill them from among the shareholders until the next General Shareholders' Meeting, when the definitive election shall take place.

Article 4. Duties (...) In particular, the Board of Directors shall be responsible for:

Acceptance of Board Member resignations.

Appointment, revocation and acceptance of resignations for the Chairman, Vice Chairman and Secretary of the Board.

Appointment, revocation and acceptance of the resignation of the Board Members that are to form part of the Committees and Commissions set forth in these Rules.

Article 11. Period of appointment of the Directors

The Board Members shall perform their functions during the term for which they were appointed, that is, six years. They may be re-elected one or more times for terms of equal or less time.

In the event of a vacancy for any reason, the Board of Directors may provisionally fill such vacancy by choosing among the shareholders until the next General Shareholders' Meeting, when the definitive election shall take place.

The appointment of Board Members shall expire when, once the corresponding has elapsed, the next General Shareholders' Meeting is held or the term legally established for the General Meeting to take place elapses, in which resolution must be approved regarding the approval of the annual accounts for the preceding year.

Article 17. The Chairman

The Board shall elect a Chairman from among its members. The Chairman, in addition to the duties that correspond to him by virtue of current legislation, the Company By-laws and these Rules, shall undertake duties that befit the status of the top executive post of the Company, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

The Chairman shall have the widest possible powers for the purpose of carrying out his duties and, unless lawfully prohibited, may totally or partially replace same in favour of other members of the Board and executive personnel of the Company and, in general, to whomever he deems fit and proper.

Article 18. The Vice Chairmen

The Board may likewise elect one or two Vice Chairmen from among its Directors: The Vice Chairmen shall deputise for the Chairman in those instances of delegation, absence or illness and, in general, shall exercise all those duties that fall to the Chairman, the Executive Committee and the Board of Directors.

The replacement of the Chairmen by the Vice Chairmen shall be carried out in accordance with the order of their appointment or, in the absence of this, through the order of their seniority and, finally, in order of age from eldest to youngest.

Article 19. The Chief Executive officer

The Board may appoint a Chief Executive officer (CEO) and award him the powers required unless these are prohibited from being delegated through the Law or through the Company By-laws.

Article 20. The Secretary

The Board of Directors shall appoint a Secretary, which is not required to be a Board Member and must be a practising Lawyer. In addition to the duties for which the Secretary is responsible under current legislation, the Company By-laws and these Rules, the Secretary of the Board of Directors must also oversee the legality of the acts that emanate from the Company bodies that it forms part of, providing the due warnings and taking minutes of the same.

Article 24. The Appointment and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Board Members who shall be freely elected and moved from among its Members, by the Board of Directors. Furthermore, they shall perform their functions during the term for which they were appointed, that is, for four years. The Secretary of the Board of Directors of the Company shall attend these meetings in the capacity of Secretary, with voice but without vote.

This shall only be understood to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of attendees. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year.

The Appointment and Remuneration Committee is responsible for providing the Board of Directors with information on:

1. The remuneration scheme of the Chairman of the Board of Directors and other senior executives.
2. Remuneration of the Board Members.
3. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.
4. Proposals for the appointment of Board Members.
5. Appointments of the Senior Executives that will form part of the Group's Management Committee.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations.

4.B Structure of the Company Administration

B.1.15. Indicate the events in which Board Members are obliged to resign.

This is not expressly considered.

B.1.16. State whether the function of the Chief Executive officer of the Company rests with the Chairman of the Board. If this is the case, indicate the measures that have been taken to limit the risks of accumulation of powers in a single person:

	YES	NO
	X	

The Chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO, and has delegated all the powers of the Board, except those that cannot be transferred. His duty is not only delimited by this scope of powers that cannot be transferred, but also by the duties that he carries out as Chairman of the Executive Committee. There is no other specific risk limitation of the accumulation of these duties.

B.1.17. Are higher majorities required, different from the legal majority, in any type of decision?

	YES	NO
		X

Indicate how resolutions are adopted in the Board of Directors, identifying at least, the minimum quorum of attendance and the type of majority to adopt resolutions:

Adoption of resolutions		
Description of resolution	Quórum	Type of Majority

B.1.18. State whether there are specific requisites, different from those related to Board Members, to be nominated Chairman.

	YES	NO
		X

Description of resolution

B.1.19. Indicate if the Chairman has a casting vote:

	YES	NO
		X

Matters where the casting vote exists

B.1.20. Indicate if the Company By-laws or the Rules of the Board of Directors establish any limit on the age of Board Members:

	YES	NO
		X

Age limit of Chairman

Age limit of Chief Executive officer

Age limit of Board Member

B.1.21. Indicate if the Company By-laws or the Rules of the Board of Directors establish a limited mandate for independent Board Members:

	YES	NO
		X

Maximum number of mandate years

0

B.1.22. Indicate if there are formal processes for the delegation of votes in the Board of Directors. If so, explain them briefly.

Without prejudice to the obligation to attend, the Directors that cannot attend a meeting in person may be represented and cast a vote through another Director. This delegation must be made in writing to the Chairman and must in the form of a letter, telegram, telex or fax or any other written means that acknowledges receipt by the addressee.

B.1.23. Indicate the number of meetings that the Board of Directors has held during the year. In addition, indicate the number of time the Board has meet without the presence of the Chairman, if applicable:

Number of Board meetings	5
Number of Board meetings without the presence of the Chairman	0

4.B Structure of the Company Administration

Indicate the number of meetings held during the year by the different Board committees:

Number of meetings of the Executive Committee or Representative	9
Number of meetings of the Audit Committee	5
Number of meetings of the Appointment and Remuneration Committee	4
Number of meetings of the Strategy and Investments Committee	0
Number of meetings of the Committee	0

B.1.24. Indicate whether the individual and consolidated annual accounts that are presented to the Board of Directors for their approval are previously certified:

	YES	NO
	X	

Identify, if applicable, the person/people who has/have certified the Company's individual and consolidated annual accounts, for their preparation by the Board:

Name	Position
Mr. Ángel García Altozano	Corporate General Manager

B.1.25. Explain the mechanisms established by the Board of Directors, if any, to avoid that the individual and consolidated annual accounts which it prepares be presented at the General Shareholders' Meeting with a qualified auditor's report.

In this respect, routine meetings are held between the accounts auditor and the Audit Committee to analyse with sufficient notice any differences between the accounting criteria of the Company and its Group and the auditor's interpretation of the accounts. The foregoing is in accordance with article 20 bis of the Company By-laws. It is considered that the 2006 auditors' reports on ACS Actividades de Construcción y Servicios, S.A. and the ACS Group will be favourable, as they were in 2004 and 2005.

B.1.26. Outline the measures adopted so that the information released to the stock exchange is transmitted in a symmetrical and equitable manner.

We try to ensure that knowledge of relevant facts for the market is restricted to the minimum number of identified persons, until the public in general is made aware of the corresponding relevant fact through the dissemination of same.

B.1.27. Is the Secretary of the Board of Directors a Board Member?:

	YES	NO
	X	

B.1.28. Indicate the mechanisms established by the Company, if any, to preserve the independence of the auditor, of the financial analysts, of the investment banks and of the rating agencies.

With regard to the auditor, Article 23 of the Rules of the Board of Directors expressly sets forth that in addition to the appointment proposal, the Audit Committee shall be responsible for dealing with the external auditors in order to receive information on those matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing. Elsewhere, both article 20 b of the Company By-laws as well as article 23 of the Rules of the Board of Directors set forth that the appointment of the members of the Audit Committee cannot fall to anybody that is currently performing this task or who had carried out tasks of an executive or work nature in the Company during the three immediately preceding years. Moreover, the appointment of the Chairman must fall to a non-executive Board Member of the Company who cannot remain in this post for a period greater than four years. He can, however, be re-elected once a period of one year has elapsed from his stepping down.

Among the mechanisms employed to preserve the independence of the financial analysts and investment banks, the principles of maximum transparency and non-discrimination are of note, where the Company bases its relationship with these entities on such principles. The Corporate General Management coordinates the relationship with said entities, establishing communication channels with both institutional investors and with individuals in order to guarantee fair and objective treatment. In addition and in relation to this matter, for the purposes of the General Shareholders' Meeting, a special service for shareholders has been started, especially directed at minority shareholders. The Corporate General Management also handles the mandates of the investment banks. The principles of transparency and non-discrimination are shown in a personalised fashion, and always in accordance with the Spanish Stock Market Commission (CNMV) regulations, through the communication of information relative to quarterly and other specific information (as a rule, no relevant information is published in the 15 days prior to the publication of the results), by email, on the web page (ir@grupoacs.com), presented in person or transmitted through mobile phone and internet. All information for analysts, investors and individuals is included on the Company's web page (www.grupoacs.com). There are no rating agencies for the Company.

B.1.29. Indicate if the auditing firm undertook other work for the Company and/or its Group other than the audit and in this case indicate the amount paid in fees for said work and the percentage that it represents of the total fees invoiced to the Company and/or Group.

	YES	NO
	X	

	Sociedad	Grupo	Total
Amount from work other than the audit (thousand euros)	0	167	167
Amount from work other than audit / Total amount invoiced by auditing firm (in %)	0.000	5.537	5.278

B.1.30. Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the annual accounts of the Company and/or its Group. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	17	17

	Company	Group
Number of years audited by current auditing firm / Number of years that the Company has been audited in %	100.000	100.000

4.B Structure of the Company Administration

B.1.31. Indicate the shareholdings of members of the Company's Board of Directors in entities that have the same, analogous or complementary kinds of activities to the business purpose of both the Company and its Group, which have been notified to the Company. Also indicate the positions or duties that they perform in these companies:

Name or corporate name of the Board Member	Name of the object Company	% shareholding	Position or function
Mr. José Luís del Valle Pérez	Iberpistas, S.A.C.E	0.000	Board Member
	Del Valle Inversiones, S.A.	33.330	Joint and Several Administrator
	Inmobiliaria Paredes, S.A.	13.570	Sole Administrator
	Iberdrola	0.000	
	Inversiones Montecarmelo, S.A.	23.490	
	Sagital, S.A.	5.100	
	FSC Servicios de Franquicia, S.A.	0.000	Chairman
	Saba Aparcamientos, S.A.	0.000	Board Member
	Continental Industrias del Caucho, S.A.	0.000	Chairman
	Unión Fenosa, S.A.	0.000	Board Member
Continental Tires España, S.L.	0.000	Chairman	
Mr. Manuel Delgado Solís	Unión Fenosa, S.A.	0.000	Board Member
Mr. Javier Echenique Landiribar	Abertis Infraestructuras, S.A.	0.002	
	Telefónica, S.A.	0.002	
Mr. Isidro Fernández Barreiro	Grupo Ferrovial, S.A.	0.012	
	Telefónica, S.A.	0.008	
	Endesa, S.A.	0.004	
	FCC	0.001	
Mr. Antonio García Ferrer	Abertis Infraestructuras, S.A.	0.000	Board Member
Mr. José María Loizaga Viguri	Unión Fenosa, S.A.	0.000	Board Member
Mr. Pedro-José López Jiménez	Atlas Copco, SAE.	0.000	Board Member
	Terratest Técnicas Especiales, S.A.	45.000	Chairman (held through fapindus, S.L.)
	Unión Fenosa, S.A.	0.098	Chairman
Mr. Santos Martínez-Conde Gutiérrez Barquín	Abertis Infraestructuras, S.A.	0.000	
	Enagas, S.A.	0.001	
	Inmobiliaria Urbis, S.A.	0.000	
	Abengoa	0.002	
	Iberdrola	0.001	
	Gas Natural SDG, S.A.	0.001	
	S.G. Aguas de Barcelona, S.A.	0.003	
	Gamesa Corporación Tecnológica, S.A.	0.001	
	Grupo Ferrovial, S.A.	0.001	
	Repsol YPF, S.A.	0.001	
	Fadesa Inmobiliaria, S.A.	0.002	
	Compañía Española de Petróleos, S.A. (CEPSA)	0.001	
	Compañía de Distribución Integral Logista, S.A.	0.002	
	Indra Sistemas, S.A.	0.001	
	Unión Fenosa, S.A.	0.001	Board Member
	Endesa, S.A.	0.001	
	Renta Corporación Real Estate, S.A.	0.004	
Telefónica, S.A.	0.001		
FCC	0.003		
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A.	0.046	Chairman
	YPF, S.A.	0.000	Board Member
	Banco Inversis Net, S.A.	0.000	Individual Representing Board Member Indra Sistemas, S.A.
Mr. Julio Sacristán Fidalgo	Unión Fenosa, S.A.	0.000	Board Member
	Autopistas Aumar, S.A.C.E.	0.000	Board Member
Mr. Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	0.001	Vicechairman

B.1.32. Indicate and detail, if applicable, if there is any procedure for the Board Members to obtain external advice:

	YES	NO
		X

Detail of procedure

B.1.33. Indicate and if applicable provide details of any procedure for Board Members to obtain the information required to prepare for the meetings of the administrative bodies with sufficient time:

	YES	NO
	X	

Detail of procedure

Article 15 of the Rules expressly considers the right of the Board Members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or the Secretary of the Board.

B.1.34. Indicate if there is a liability insurance policy that covers the Company's Board Members:

	YES	NO
	X	

4.B Structure of the Company Administration

B.2. Committees of the Board of Directors

B.2.1. Identify the administrative bodies:

Name of body	Number of members	Functions
Board of Directors	18	The representation of the Company and the administration of its businesses and the carrying-out of as many operations as form the corporate purpose or are related thereto.
Executive Committee	7	Through delegation from the board of directors, this committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company by-laws. That notwithstanding, the board of directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the executive committee may submit any matter to the decision of the board of directors when, although the matter could be dealt with by the committee, this body believes it is necessary for the board to take the appropriate decision
Audit Committee	4	<p>A) To inform the General Meeting on Matters raised by the shareholders.</p> <p>B) To propose the appointment of the external accounts auditor to the Board of Directors of the Company in order that the latter can present this proposal to the General Meeting, in accordance with article 204 of the revised text of the corporations law.</p> <p>C) To review and approve any significant changes to the accounting policies of the Company and he subsidiary companies that form the Group of companies. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardise their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting</p> <p>D) To supervise the internal audit services if this body exists within the business organization.</p> <p>E) To be aware of the financial information process and the internal control systems of the company.</p> <p>F) To review and provide information on the estimates made by the Company Management and those that are integrated into its Group of companies on possible tax and legal contingencies of a significant nature.</p> <p>G) To be aware of the results of inspections carried out by official authorities.</p> <p>H) To be aware of the information regarding the company's accounts that is periodically supplied to the stock market.</p> <p>I) Any other special issues that are referred to the Board of Directors.</p>
Appointment and Remuneration Committee	4	<p>The appointment and Remuneration Committee is responsible for providing the Board of Directors with information on:</p> <ol style="list-style-type: none"> 1. The remuneration scheme of the Chairman of the Board of Directors and other senior executives. 2. Remuneration of the Board Members. 3. Long-term plans that may be established in accordance with the value of the share, such as stock option plans. 4. Proposals for the appointment of Board Members. 5. Appointments of the senior executives that will form part of the Group's Management Committee. <p>The provisions set forth in the rules regarding the operation of the Board of Directors shall be applied to the appointment and Remuneration Committee as necessary and with the natural adaptations.</p>

B.2.2. Detail of all the Committees of the Board of Directors and its members:

Executive Committee

Name	Position
Mr. Florentino Pérez Rodríguez	Chairman
Mr. José María Loizaga Viguri	Member
Mr. Javier Echenique Landiribar	Member
Mr. Santos Martínez-Conde Gutiérrez Barquín	Member
Mr. Antonio García Ferrer	Member
Mr. Pedro-José López Jiménez	Member
Mr. Pablo Vallbona Vadell	Member
Mr. José Luís del Valle Pérez	Secretary (No Member)

Audit Committee

Name	Position
Mr. Álvaro Cuervo García	Chairman
Mr. Manuel Delgado Solís	Member
Mr. Santos Martínez-Conde Gutiérrez Barquín	Member
Mr. Julio Sacristán Fidalgo	Member
Mr. José Luís del Valle Pérez	Secretary (No Member)

Appointment and Remuneration Committee

Name	Position
Mr. Pablo Vallbona Vadell	Chairman
Mr. José María Aguirre González	Member
Mr. Javier Echenique Landiribar	Member
Mr. José María Loizaga Viguri	Member
Mr. José Luís del Valle Pérez	Secretary (No Member)

Strategy and Investments Committee

Name	Position
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4.B Structure of the Company Administration

B.2.3. Provide a description of the organization and operating rules, as well as the responsibilities attributed to each of the Board committees.

These are included in articles from 21 to 24 of the Rules of the Board of Directors, the contents of which are the following:

Article 21. The Committees

For greater efficiency in the exercise of its duties and without prejudice to the statutory powers that correspond to the Board for the creation of the Committees that it deems necessary, an Executive Committee shall be formed, with delegated powers from the Board, an Audit Committee and an Appointment and Remuneration Committee, with the functions that are set forth in these Rules within the framework of current legislation and the Company By-laws.

Article 22. The Executive Committee

The Executive Committee shall be comprised of the Chairman of the Board, who shall be its Chairman; of one or two Vice Chairmen, if these positions have been designated; of the Board Members designated by the Board of Directors; and of the Secretary of the Board, with voice but without vote, who shall act as Secretary.

The Executive Committee shall meet as often as it is convened by the Chairman, either of his own initiative or when at least two members so request. The Committee is understood to be validly constituted when the majority of its elements are either present or represented and, save any other provision set forth in current legislation, in the Company By-laws or in these Rules, shall adopt its resolutions through a majority of attendees, either present or represented.

Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied as necessary and with the natural adaptations.

Article 23. The Audit Committee

In accordance with the provisions set forth in article 20 bis of the Company By-laws, there shall be an Audit Committee that shall be comprised of three members to be appointed and discharged by the Board of Directors from among its members. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the Company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. The Chairman cannot hold this post for a period of more than four years, although he may be re-elected once a period of one year has elapsed from his stepping down. The Secretary of the Board of Directors of the Company shall attend these meetings in the capacity of Secretary, with voice but without vote.

This shall only be understood to be constituted when the majority of its members are present and shall adopt its resolutions through a majority of attendees. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit.

The Audit Committee shall be responsible for the following functions:

- a) To inform the General Shareholders' Meeting on issues of its competence raised by shareholders.
- b) To propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.
- c) To revise and approve any significant changes to accounting policies of the Company and the subsidiaries in the Corporate Group, as well as the Corporate Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.
- d) To supervise the internal audit services if this body exists within the business organization.
- e) To be aware of the financial information process and the internal control systems of the Company.
- f) To review and provide information on the estimates made by the Company Management and those that are integrated into its Group of Companies on possible tax and legal contingencies of a significant nature.
- g) To be aware of the results of inspections carried out by official authorities
- h) To be aware of the information regarding the Company's accounts that is periodically supplied to the Stock Market
- i) Any other special issues that are referred to the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.

Article 24. The Appointment and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Board Members who shall be freely elected and moved from among its members, by the Board of Directors. Furthermore, they shall perform their functions during the term for which they were appointed, that is, for four years. The Secretary of the Board of Directors of the Company shall attend these meetings in the capacity of Secretary, with voice but without vote.

This shall only be understood to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of attendees. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year.

The Appointment and Remuneration Committee is responsible for providing the Board of Directors with information on:

1. The remuneration scheme of the Chairman of the Board of Directors and other senior executives.
2. Remuneration of the Board Members.
3. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.
4. Proposals for the appointment of Board Members.
5. Appointments of the Senior Executives that will form part of the Group's Management Committee.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations.

4.B Structure of the Company Administration

B.2.4. Indicate the faculties of advice, consultation and, if applicable, delegations held by each of the Committees:

Committee Name	Brief description
Executive Committee	The Executive Committee has all the powers that correspond to the Board of Directors except for those that cannot be transferred by law or because of the Company by-laws.
Audit Committee	<p>The audit committee is responsible for the following functions of advice and consultancy, as well as those that the board of directors may entrust to it:</p> <ul style="list-style-type: none"> – To inform the General Meeting on Matters raised by the shareholders – To propose the appointment of the external accounts auditor to the Board of Directors in order that the latter can present this proposal to the General Meeting in accordance with article 204 of the revised text of the corporations law. – To review and approve any significant changes to the accounting policies of the company and the subsidiary companies that form the Group of companies. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardise their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting – To review and provide information on the estimates made by the Company management and those that are integrated into its Group of Companies on possible tax and legal contingencies of a significant nature.
Appointment and Remuneration Committee	<p>The Appointment and Remuneration Committee will report to the Board of Directors on the following Matters:</p> <ol style="list-style-type: none"> 1.- The Remuneration scheme of the Chairman of the Board of Directors and other top executives. 2. Remuneration of the Board Members. 3. Any long-term plans based on share value, such as stock options. 4. Proposals for the appointment of Board Members. 5. Appointments of the senior executives that will form part of the group's Management Committee.

B.2.5. Indicate, if applicable, if there are regulations of the Board Committees, where they can be consulted, and amendments made during the year. In addition, indicate on a voluntary basis if any annual report has been prepared on the activities of each Committee.

The Board Committees are regulated through the Rules of the Board of Directors and the activity of each Committee is set forth in minutes that are sent to each and every one of its members. In addition, the Audit Committee issued the corresponding report for the General Shareholders' Meeting with regard to the accounts for the 2005 financial year and must do the same in 2007 for the 2006 accounts.

B.2.6. In the event that there is an executive Committee, explain the level of delegation and autonomy that it has in carrying out its functions, in passing resolutions on the administration and Management of the Company.

Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

B.2.7. Indicate if the members of the executive Committee reflect the shareholding in the Board of the different Board Members based on their status:

	YES	NO
		X

If no, please explain the composition of its Executive Committee

The Executive Committee comprises an independent Board Member, two executive Board Members and four proprietary Board Members as well as a Secretary with voice but without vote.

B.2.8. If there is an Appointment Committee, indicate if all its members are non-executive Board Members:

	YES	NO
		X

4.C Associated Operations

C.1. Detail the relevant operations that involved a transfer of resources or obligations between the Company or entities of the Group and significant shareholders of the Company:

Name or corporate name of the significant shareholder	Name or corporate name of the Company or its Group Entity	Nature of relationship	Description of the operation	Amount (thousands of euros)
Banca March, S.A.	ACS Group Companies	Commercial activities	Finance lease agreements	5,670
Banca March, S.A.	ACS Group Companies	Commercial activities	Financing agreements: loans	6,990
Banca March, S.A.	ACS Group Companies	Commercial activities	Financing agreements: other	115,920
Banca March, S.A.	ACS Group Companies		Guarantees	38,080
Rosan Inversiones, S.L.	Dragados, S.A.	Commercial activities	Reception of services	4,057
Banca March, S.A.	ACS Group Companies	Commercial activities	Provision of services	64,734

C.2. Detail of the relevant operations that involved a transfer of resources or obligations between the Company and entities of its Group and the administrators or executives of the Company:

Name or corporate name of the Administrators or Executives	Name or corporate name of the Company or its Group Entity	Nature of relationship	Description of the operation	Amount (thousands of euros)

C.3. Detail the relevant operations made by the Company with other Companies belonging to the same group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the normal business of the Company in terms of its business purpose and conditions:

Corporate name of its Group entity	Brief description of the operation	Amount (thousands of euros)

C.4. Identify, if applicable, the existence of any conflicts of interest faced by the Board Members of the Company, as established under article 127 of the Corporations Law.

None other than those described in the answer provided in other sections, especially in B.1.31.

C.5. Mechanisms established to detect and regulate possible conflicts of interest between the Company and/or the Group, and its Board Members, Executives or significant shareholders.

1º) There are several standards included in the Rules of the Board of Directors. Article 13 specifically regulates conflicts of interest. With regard to the duty of loyalty, this article stipulates that the Board Members shall avoid conflicts of interest between themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first Board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a Board Member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those Matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Likewise, on regulating the non-competition and the use of information, article 14 sets forth that the Board Members cannot, either directly or indirectly, hold positions in Companies or firms that are competitors of the Company or of any of the Group Companies or provide representation services on behalf of same.

The Board Members cannot use restricted information that they have become aware of through the exercise of their position as a Board Member for any private purpose. More specifically, unless expressly authorised by the Board of Directors, the Board Members cannot benefit from commercial transactions that they have become aware of in their capacity as a Board Member.

Unless it is a duly authorised payment in kind, Board Members cannot make use of Company assets or use these assets to obtain a patrimonial advantage without paying the adequate consideration.

2º) Likewise, there are Rules of Conduct in the Stock Markets that include a set of rules designed to detect and regulate any possible conflicts of interest between the Company and/or its Group, its Board Members, Directors or significant shareholders.

In the meeting of July 17, 2003, the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., by virtue of the powers vested in it by the Board of Directors, approved the Rules of Conduct in the Stock Markets, informing to the Spanish Stock Market Commission (CNMV) on July 31, 2003. On the other hand the Board of Directors, in the meeting of July 1, 2004, unanimously resolved to approve a series of amendments to the Rules of Conduct in the Stock Exchange which was notified to the CNMV on July 2, 2004.

4.C Associated Operations

In general, the Rules apply to the Members of the Board of Directors, members of the Group Management Committee as well as, in general, those representatives and personnel of the Company that carry out activities that could fundamentally influence the Company's share listing. It also applies to Company representatives, personnel and external consultants who, for specific purposes, have privileged or reserved information regarding Company stock.

The Monitoring Unit provided for in the Rules shall have an updated list of the Board Members, representatives and personnel of the Company as well as external consultants bound by the same regulations. This list shall be made available to all supervising authorities of the stock markets. Both the inclusion on this list as well as exclusion from same shall be communicated in writing by the Chairman of the Monitoring Unit to all those affected.

The Regulations are applied with regard to shares, stock options and similar contracts that grant the right to subscribe to or acquire Company shares, convertible or non-convertible securities, bonds, promissory notes, junior debt and, in general, any kind of financial instrument issued by the Company or, if applicable, by Group entities. The Regulations shall also apply to cases of conflicts of interest pursuant to article 7 of same.

All persons to whom the Regulations apply must abstain from carrying out, or preparing to carry out, any kind of acts that falsify the free formation of prices on the stock market. Moreover, they must abstain from using all manner of privileged information, whether for personal gain or on behalf of third parties, which they have gained through the exercise of their functions at the Company or on behalf of the Company.

All members of the Board of Directors, representatives and personnel of the Company that possess privileged information regarding the negotiable securities and financial instruments issued by the Company or Group entities, are bound to safeguard same. This is without prejudice to their duty to communicate this information and to collaborate with the legal and administrative authorities in the terms legally set forth.

During the study or negotiation stages of any kind of legal or financial operation that could have an appreciable influence on the listing of the securities to which the Regulations refer, the Company personnel that are in charge of these operations shall be obliged:

- a) Inform only those people about the transaction, whether inside or outside the organization, whose involvement is indispensable.
- b) Maintain, for each transaction, a register of the names of the people referred to in paragraph a), stating the date on which each had access to the information.
- c) Clearly inform the persons listed on the register of the nature of the information, their duty to keep it confidential and the prohibition from using it.
- d) Establish security measures for maintaining, filing, accessing, copying and distributing the information.
- e) Monitor the performance of the negotiable securities or financial instruments related to the transaction in process as well as the information made public in any specialised and ordinary media that could affect the process.
- f) In the event of unusual corporate volumes or prices, and if there are reasonable grounds to believe that these changes are the result of premature, partial or distorted reporting of the transaction, the individuals responsible for the transaction shall immediately inform the Secretary of the Board of Directors, who shall then report a relevant occurrence, providing clear and precise information on the status of the transaction underway or containing advanced notice of the information to be made public.

Persons subject to the Regulations who carry out any kind of operation on negotiable securities or financial instruments issued by the Company must observe the following duties:

- a) To provide the Company, via the Chairman of the Monitoring Unit, with written information on any kind of purchase or sale or acquisition of option rights operation, carried out on their own behalf and which is related to the securities that constitute the target scope of these Regulations. Also considered on the same level as operations carried out on their own behalf are those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules, by children under legal age or disabled under paternal powers of the obligee or by Companies that are directly or indirectly controlled, or by intervening persons. Those operations that have not involved intervention by the person that is subject to these Regulations because they were ordered by the entities that the affected person has entrusted their securities portfolio Management to on a stable basis are excluded from this information obligation. In this case it shall be sufficient to inform the Chairman of the Monitoring Unit of the existence of the portfolio Management contract and the name of the managing agent.
- b) At the request of the Chairman of the Monitoring Unit, to provide full details of the operations carried out on their own behalf that are related to the securities that constitute the objective sphere of application of these Regulations.
- c) To communicate in writing to the Chairman of the Monitoring Unit, at the time of acquiring the status of Board Member, representative or staff member of the Company that is subject to these regulations, the list of the securities of the Company or the Group entities of which they are the holder, directly or indirectly via controlled Companies or through intervening persons or entities or persons and entities that act jointly, as well as those that are owned by their children under the legal age or disabled under paternal powers of the obligee or those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules. In addition, written notification of the existence of the portfolio Management contract and the name of the managing agent must be given.
- d) Submit to the Monitoring Unit, via its Chairman, any doubts regarding the application of these Rules, abstaining from any action until a response to the query has been received.

Without prejudice to the foregoing, when the operations on securities or financial instruments issued by the Company are carried out by Board Members, these must also be notified to the Stock Exchanges where the shares are listed and the Stock Market Committee, in the legally determined manner.

The Secretary of the Monitoring Unit shall maintain the communications, notifications and anything else related to the Regulations duly filed and organised. Moreover, the Secretary shall maintain said file confidential and may, at any time, request confirmation from persons that are bound by the Regulations of balances of securities and financial instruments that derive from the file.

The Monitoring Unit, through its Chairman, is responsible for formulating and maintaining an updated list of all persons subject to these Rules. The Monitoring Unit shall comprise the Secretary of the Board of Directors, who shall chair, the Corporate Director General and the Director of Administration, who shall act as Secretary.

Breach of the rules of conduct contained herein with regard to the provisions set forth in the Stock Market regulations may give rise to the corresponding administrative sanctions and other consequences that derive from applicable legislation. This shall be considered to be a work misdemeanour in so far as it affects Company staff.

4.D Risk Control Systems

D.1. General description of the risk policies of the Company and/or its Group, detailing and evaluating the risks covered by the system, along with the justification of the appropriateness of these systems for the profile of each type of risk.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate risks and fulfil the objectives established by the Board of Directors.

The diversity and complexity of the sectors in which the Group carries out its activities implies a variety of risks; the Corporate Unit is responsible for defining basic guidelines in order to homogenize performance criteria in each of the divisions to guarantee an adequate level of internal control. The Companies and divisions of the Group are responsible for developing the required and appropriate internal regulation to govern the implementation of any necessary internal controls, which, in turn, shall guarantee optimum performance of such internal control in accordance with the special circumstances of their activities.

In order to respond to the need for global and homogeneous risk management, the Corporate Unit has established a risk management model which includes the identification, evaluation, classification, valuation, processing and follow-up of risks at the Group and operational business line levels. Once these risks have been identified, a risk map is prepared.

In light of the above, risks have been identified as follows:

- Operating risks, stemming from the different businesses that the Group develops and which vary depending on the area of activity, but which can be summarised in risks relative to entering into contracts, planification and control of the execution of the various works and projects, quality-related risks, environmental risks, and risks related to international activities.
- Non-operating risks, which also vary depending on the different businesses that the Group develops, such as risks relating to image, human resources, legal or regulatory Matters, tax, financial Matters and insurance coverage.

As indicated previously, the Group's risk control systems are based on a series of strategic and operational actions aimed at complying with risk policies by each area of Group activity. The actions are organised according to a decentralised model that allows each business unit to carry out its risk control and evaluation policies in accordance with certain basic principles. These principles are the following:

- Definition of the maximum risk limits that may be assumed by each business in accordance with the characteristics and expected return of the same, and which are implemented at the time contracts are entered into.
- Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.
- Coordination and communication to ensure that the risk policies of each business area are consistent with the Group's overall risk strategy.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding Management information required for decisions with the monitoring of the appropriate indicators.

The control systems implemented in each business area may be classified into the following categories:

Management systems for the entering into contracts and bidding processes for works and projects.

Directed at evaluating the profitability of projects from a technical and economic point of view, with sufficient guarantees to ensure client solvency.

Management systems for the planification and execution of works and projects.

The Group and the various activity areas have several economic and production control systems designed to give reliable knowledge of the economic forecasts and deadlines for projects, from planification phase through execution of the projects, and information on the actual status at all times.

These systems are part of a comprehensive economic and budgetary control system for each business area, and are adapted to the characteristics of their activities in order to provide the necessary information to the persons responsible for each area so that they may control the risks deriving from any possible deviation and make the appropriate decisions to optimise the Management process.

All information is kept in economic information systems which allow the consolidated parameters to be easily monitored and controlled in a dynamic and strict manner. By giving Group Management detailed knowledge of the economic situation and potential and assumed risks, the system has become an essential element in the decision-making process.

Quality management systems.

These are the means used to ensure the products manufactured and the services provided are in accordance with the requirements specified in the contract, as well as legal and statutory requirements, for the purpose of ensuring client satisfaction.

The systems, which meet the requirements of the ISO 9001 standard, are based on preliminary identification of the relevant processes from the quality management point of view in which the activities developed in different area are organised, in order to plan them and track them accordingly.

The periodic review of the systems by the management and the setting of targets allows for ongoing improvements to be made to same.

Environmental management systems.

The implementation of these systems in the different business areas of the Group allows them to undertake their activities while guaranteeing maximum respect for the environment.

The systems, regulated by international standard ISO 14001, are based on the identification and evaluation of environmental aspects on which the business can have an impact, planning the necessary steps in order to eliminate or minimise risks by establishing adequate control measures in accordance with current legal requirements and the environmental code of conduct corresponding to each business unit. The basic criteria are as follows:

- Incorporation of the most advanced technologies in environmental issues, such as:
 - Conservation of energy and raw materials.
 - Using recyclable and biodegradable materials.
 - Minimising waste production and a respectful treatment with the environment
 - Promoting the reforestation and landscaping of construction sites.
- Development of specific actions for activities that so require, depending on the effect of the impact and the means
- To provide clients with continuous information regarding environmental risks and possible preventive measures.

Human resources management systems.

These systems are designed to establish compensation remuneration and objectives (especially for management personnel), hiring, training, evaluation of performance, motivation, control and follow-up of collective labour agreements and policies on expatriates.

Under this heading, the prevention of labour risks is noteworthy.

The ACS Group has developed a labour risk prevention policy that fully complies with current legislation. The policy is based on specific management systems for each business area. The criteria taken into consideration in this policy follow the basic principles of training, participation, individual responsibility and control of safety conditions.

The systems are adapted to the specific characteristics of each business area. Occupational risk prevention plans based on the identification of risks are designed and implemented in order to eliminate them, evaluating potential risks to minimise these and take the necessary protective measures.

4.D Risk Control Systems

Financial risk control systems.

The following are financial risks associated with Group activities:

- Risk of liquidity.
- Risks arising from changes in foreign exchange currency rates.
- Risks arising from changes in interest rates.
- Credit risk.

The liquidity risk is managed by maintaining sufficient amounts available to negotiate the substitution of transactions coming due for different, new transactions under the best terms and to meet short-term cash needs.

In loan transactions, periodically a follow-up is performed on the concentration risk by financial entity to avoid an excessive concentration and be able to rely on a number of entities to manage risk situations in case the need should arise.

In the case of risk arising from changes in foreign exchange currency rates, the Group finances its investments, when possible, in the same currency as the cash flows from said investments. This is not possible in the shallow markets associated with investments fundamentally in Latin America.

In relation to the risk arising from changes in interest rates, the impact that this could have on the Group results is evaluated. In this way, to avoid that such risk may give rise to elevated volatilities, the need to reduce said volatility is considered in such a way that the financing expense has a reduced percentage of variation.

In the scope of financial transactions, credit risk arises from the incapacity of clients and debtors to fulfil the obligations established under contract. Client analysis is performed in specific cases and by analysing payment capacity through the knowledge existing in the Group on transactions with such client, from the moment at which negotiations with the client are to begin. In the case of foreign transactions, this analysis is performed in a thorough manner. In countries in which there is elevated risk, transactions are only performed if the party paying the job or service is an international entity of acknowledged prestige and solvency, or is sufficiently insured.

The monitoring of financial risks is performed through methodological application in accordance with IRPF and the preparation of a series of reports that allow for the monitoring and control of said risks for decision-making.

Other systems.

For legal or tax risks, the appropriate departments in each Company, business area or at the corporate level are relied upon, along with external support of renowned prestige in the area necessary to mitigate regulatory risks, litigation, etc. Additionally, the signing of contracts is supervised by the legal counsel of each Company and, depending on its relevance, by the legal counsel of the various business areas or of the Group.

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of insurance policies for any coverable risks. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

D.2. Indicate the control systems established to evaluate, mitigate or reduce the main risks of the Company and its Group

Nothing other than those described in the foregoing section D.1 and D.4

D.3. In the event that any of the risks that affect the Company and/or its Group had occurred, indicate the circumstances that caused them and whether the control systems established have worked.

D.4. Indicate if there is a Committee or any other governing body responsible for establishing and supervising the control mechanisms and outline its functions.

Specific procedures and different organizational levels to manage the risks indicated in sections D.1 and D.2 have been set up. These have been established for each business and ensure that the adopted risk profiles adapt to the performance criteria established by the Board of Directors for each activity. These procedures work with the global policy of risks that is structured as follows:

- The Management Committee determines the Group's global risk policy and, if appropriate, sets up the management mechanisms that ensure that the risks are kept within the approved levels.
- The Board of Directors entrusts the Audit Committee with the task of monitoring compliance with the established procedures and effective supervision of compliance with the established risk levels for each business activity.

The risk control systems according with the established policies are developed in the corresponding management systems.

Actions taken with risk levels that are greater than those set forth in the global risk policy must have the prior approval of the Management Committee.

D.5. Identification and description of the processes of compliance with the different regulations that affect the Company and/or its Group.

Throughout this report, direct or indirect reference has been made to the processes for complying with the various regulations to which the Company is subject, such as those included in the following sections:

A.9, on the conditions and term of mandate of the general Shareholders Meeting to the Board of Directors for engaging in acquisitions or transfers of treasury stock described in section A.8.

A.10, on the legal and statutory restrictions on the exercise of voting rights, as well as the statutory restrictions on the acquisition or sale of holdings in the share capital.

B.1.11, on the process for establishing the remuneration of the Members of the Board of Directors and the statutory clauses relevant in this respect.

B.1.14, on appointment, re-election, evaluation and removal of Board Members. Detail the competent bodies, the steps to follow and the criteria to use in each of the procedures.

B.1.25, on the mechanisms established by the Board of Directors to avoid that the individual and consolidated annual accounts which it prepares be presented at the General Shareholders' Meeting with a qualified auditor's report.

B.1.28, on the mechanisms established by the Company to preserve the independence of the auditor, of the financial analysts, of the investment banks and of the rating agencies.

B.2.1, on the different functions of the Company's administrative bodies.

B.2.3, on the organization and operating rules, as well as the responsibilities attributed to each of the Board Committees.

B.2.4, on the faculties of advice, consultation and, if applicable, delegations held by each of the Committees.

C.5, on the mechanisms established to detect and regulate possible conflicts of interest between the Company and/or the Group, and its Board Members, Executives or significant shareholders.

E.1, on the quorum for the constitution of the General Shareholders' Meeting established in the Company By-laws. Describe how it differs from the minimum levels established in the Corporations Law.

E.2, on the regime for the adoption of resolutions.

E.3, on the rights of shareholders in relation to the General Shareholders' Meeting, that are different from those established in the Corporations law.

E.4, on the measures adopted to encourage the participation of shareholders in the General Meetings.

Notwithstanding the above, together with the information relating to risk control systems described earlier in this section, reference should be made to the following issues:

4.D Risk Control Systems

1. Technological innovation and protection of the environment.

ACS Actividades de Construcción y Servicios, S.A. considers that sustainable growth, its vocation to care for and respect the environment and the meeting of the expectations that society places on a Company like ACS must all have a decisive influence on its strategy and on each of its actions.

This commitment is identified in each of the activities in which the Group is present, in each of the investments that it promotes and in the decisions that it takes in order to satisfy its customers and shareholders, to boost profitable growth, quality and technological development, while also attending to growing demands for respect of the environment by implementing measures to prevent or minimize the environmental impact of the Group's infrastructure development and service activities.

1.1. Research and development activities.

On an individual basis, the Company does not engage in research and development. However, the ACS Group is committed to a policy of ongoing improvement of its processes and of applied technology in all activities. For this purpose, the ACS Group has its own research program aimed at developing new technological know-how applicable to the design of processes, systems, new materials, etc. in each activity that it manages.

1.2. Environmental protection.

As in the previous case, on an individual basis, the Company does not carry on any environmental activity. However, the ACS Group's main activity, namely the development and maintenance of infrastructures, involves environmental impacts including the use of materials deriving from natural resources, the use of energy (both during construction as well as during the life of the various infrastructures), the generation of waste, as well as both visual effects and effects on the landscape.

In line with its vocation to protect the environment, which has prevailed since its creation, the ACS Group promotes two main action areas: an environmental policy, the main objective of which is to minimise the environmental impact of its activity, and for an additional year, an Environmental Management System, which controls the specific actions of each Group Company to protect the environment.

2. Information and transparency.

Shareholders' right to information is detailed in several parts of the regulations of the Shareholders' Meeting. Hence, in order for the Shareholders' Meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each Shareholders' Meeting, all information to which shareholders are entitled or that to which they are not entitled but should be made available to them given the nature of said information and the desire of shareholders to develop criteria. Accordingly, the Board of Directors shall process any requests made by shareholders either before or during the General Meeting with maximum diligence, providing that the information is not detrimental to Company interests.

In line with the firm commitment of ACS Group to transparently, fairly and symmetrically report the information needed to evaluate the performance of the Group, more efficient and flexible channels of reporting have been established in order for said information to reach shareholders, potential investors and the general public in a consistent, immediate and fluent manner.

3. Financial information.

The ACS Group has taken the necessary measures to ensure that the information provided in the quarterly, half-yearly and annual reports is made available to shareholders in a clear, rigorous and timely manner. To this end, the Audit Committee reviews this information before it is made public, to verify that it has been drawn up in accordance with the same professional principles, criteria and practices as the accounts, and that it is just as reliable.

The individual and consolidated annual accounts are presented to the Board of Directors by the Chairman and the Secretary of the Board following the preparation of same by the Corporate General Management on which the Financial Management of the Company depends.

The section on "Listed Company Obligations" of the Rules of the Board of Directors establishes that the Board of Directors shall adopt or promote any measures deemed necessary or advisable to ensure the transparency of Company's operations on the financial markets and the exercise of any duties inherent in its status as a listed company.

To this regard, the relevant occurrences reported to the Spanish Stock Market Commission (CNMV) shall be disclosed to the fewest people possible, who will be duly identified, until they are made public.

4. Website.

The Group has progressively updated the contents of the corporate website (<http://www.grupoacs.com>) throughout 2006, with special emphasis on this section of the Annual Report, on the sections dedicated to Organization, Shareholder and Investor Information, Corporate Governance and Corporate Responsibility, through which complete and updated information may be accessed on a daily basis on the following subjects:

Organization

- Structure
- Management Bodies
 - Board of Directors (Composition, Rules of the Board of Directors and shareholding of the Board of Directors)
 - Delegated Committees
- Executive Committee
- Audit Committee (where the Audit Committee Reports may be accessed)
- Appointment and Remuneration Committee
- Management Committee
- Management Team

Shareholder and Investor Information

- Shares
 - Stock Market Information
 - Share Capital
 - Dividends
 - Analyst coverage
- Historical financial information (Annual and quarterly)
- Annual report (which includes access to, among other sections, the Economic and Financial Report for each fiscal year since 2002)
- Quarterly results (since 2003)
- Relevant facts Spanish Stock Market Commission (CNMV) (with a direct link to the CNMV web page)
- The General Shareholders' Meeting (where the calls to meetings, speeches, presentations and resolutions adopted in all General Meetings held since 2002 may be accessed, as well as the call to the General Shareholders' Meeting foreseen for May 2007, along with the corresponding documents and information).
- Investor's Agenda
- Corporate presentations (since 2003)

Corporate Governance

- Company By-laws
- General Shareholders' Meeting Regulations
- Annual Corporate Governance Report
- Board of Directors
 - Composition
 - Delegated Committees
 - Rules of the Board of Directors
- Shareholders' agreements
- The Code of Conduct in the Stock Market

Corporate Responsibility

- Strategy
- Corporate responsibility report
- Creation of value
- Information transparency
- R+D+i
- Environment
- Commitment to individuals

4.E General Meeting

E.1. State the quorum for the constitution of the General Shareholders' Meeting established in the Company By-laws. Describe how it differs from the minimum levels established in the Corporations Law.

The Company By-laws do not differ in any way from the Revised Text of the Corporations Law in force, where articles 26 and 29 set forth the following:

The resolutions shall be adopted by a majority vote of shareholders present or represented, except where the law demands a qualified majority.

The Ordinary or Extraordinary General Meeting shall be valid at first call when the shareholders present or represented possess at least twenty-five percent of the subscribed capital with a right to vote; the second call shall be validly constituted whatever the amount of capital is represented.

However, in order that the Ordinary or Extraordinary General Shareholders' Meeting can resolve to issue securities, increase or decrease capital, transfer, merge or divide the Company and, in general, any amendment of the Company By-laws, shareholders with a minimum of fifty percent of the capital subscribed and with a right to vote must be present or represented at the first call. The second call only requires that shareholders with twenty-five percent of said capital be present or represented.

When shareholders with less than fifty per cent of the capital subscribed and with a right to vote are present or represented, the resolutions referred to in the aforementioned paragraph can only be validly adopted with the favourable vote of two thirds of the capital either present or represented at the Meeting.

E.2. Explain the regime for the adoption of resolutions. Describe how it differs from the regime envisaged in the Corporations Law.

This has been explained in the foregoing section E.1 which also states that the regime does not differ in any way from the Corporations Law.

E.3. Detail the rights of shareholders in relation to the Shareholders' Meetings that are different from those established in the Corporations Law.

There are no rights that are different to those set forth in the P.L.C.A.

E.4. Indicate, if applicable, the measures adopted to encourage the participation of shareholders in the General Meetings.

Implantation of measures that make the vote delegation mechanism more transparent and to accentuate communication of the Company with its shareholders.

To provide detailed justification of the voting proposals that are offered in the application, with regard to the adoption of resolutions that involve a certain delegation importance, and reveal the existence of any conflict of interest, whenever appropriate.

The creation of channels or instruments of flexible communication. In addition to the standard information that the Company provides in the form of annual, six-monthly or quarterly reports, to promote meetings with market analysts, in order that these experiences reach the investors. The purpose of these measures is to maintain permanent communication channels with the shareholder that are complementary to the right to question at the General Meeting provided for under current legislation. This will allow shareholders to obtain the information they require at any time. In addition, article 26 of the Company By-laws expressly includes the possibility of shareholders casting their vote from outside the General Meeting. Since the Ordinary Shareholders' Meeting hold in May 19, 2005, this method of voting was disseminated and the necessary rules and procedures for the remote voting via internet or fax are detailed at the corporate website of the Company.

E.5. Indicate if the position of Chairman of the Shareholders' Meeting coincides with the Chairman of the Board of Directors. Detail, in this event, the measures adopted to guarantee the independence of the Shareholders' Meeting and that it functions correctly:

	YES	NO
	X	

Detail of measures

E.6. Indicate, if applicable, the amendments made to the regulations of the Shareholders' Meeting during the year.

E.7. Indicate attendance figures for the Shareholders' Meetings held in the year that the present annual report refers to:

Attendance information				
Date of the General Meeting	% attending in person	% by proxy	% remote voting	Total %
05-19-2006	9.584	58.727	0.000	68.311

E.8. Indicate briefly the resolutions adopted in the Shareholders' Meetings held during the year that the present annual report refers to and voting percentage by which each resolution was adopted.

ORDINARY GENERAL MEETING, MAY 19, 2006

The proposals of the Board regarding item 1 on the agenda, read by the Secretary under letters a) b) and c) (approval of the individual and consolidated accounts, approval of the proposal for the allocation of profits and acknowledgement of the Annual Corporate Governance Report for 2005), were unanimously approved.

The proposal of the Board regarding item 2 on the Agenda, read by the Secretary under letter d) (approval of the Management of the Board of Directors) was unanimously approved.

The proposal of the Board regarding item 3 on the Agenda, read by the Secretary under letter e) (appointment of Mr. José María Aguirre González as Board Member), was approved by a majority with 240,634,112 votes in favour (representing 99.83% of the shares present or represented), 176,421 abstentions (representing 0.07% of the shares present or represented) and 239,352 votes against (representing 0.10% of the shares present or represented).

The proposal of the Board also regarding item 3 on the Agenda, read by the Secretary under letter f) (ratification of the appointment of Mr. Francisco Servando Verdú Ponsas Board Member), was approved by a majority with 240,639,112 votes in favour (representing 99.83% of the shares present or represented), 176,421 abstentions (representing 0.07% of the shares present or represented) and 234,352 votes against (representing 0.10% of the shares present or represented).

4.E General Meeting

(The aforementioned Board Members accepted their appointment and declared that they were not subject to any legal incompatibilities and, especially, to those referred to in Law 5/2006, on April 10, and in the Autonomous Community of Madrid, Law 14/1995, on April 21.)

The proposal of the Board regarding point 4 of the Agenda, read by the Secretary under letter g) (authorization of treasury stock), was approved by a majority with 241,042,704 votes in favour (representing 99.997% of the shares present or represented), 5,000 abstentions (representing 0.003% of the shares present or represented) and 2,181 votes against (representing 0.00% of the shares present or represented).

The proposal of the Board regarding item 5 on the Agenda, read by the Secretary under letter h) (appointment of auditor) was unanimously approved.

The proposal of the Board regarding point 6 of the Agenda, read by the Secretary under letter i) (modification of articles 14 and 25 of the Company By-laws), was approved by a majority with 240,233,319 votes in favour (representing 99.66% of the shares present or represented), 28,981 abstentions (representing 0.01% of the shares present or represented) and 787,585 votes against (representing 0.30% of the shares present or represented).

The proposal of the Board regarding item 7 on the agenda, read by the Secretary under letter j) (modification of article 5 of the By-laws of the General Shareholders' Meeting), was approved by a majority with 241,047,657 votes in favour (representing 99.99% of the shares present or represented), 28,981 abstentions (representing 0.01% of the shares present or represented) and 1,347 votes against (representing 0.00% of the shares present or represented).

Point 8 of the Agenda was not voted upon, given that this point referred to the report to the General Shareholders' Meeting on the modification of articles 11, 21 and 24 of the Rules of the Board of Directors. This report was distributed in writing with the documentation delivered to the shareholders at the entrance of the General Shareholders' Meeting. It referred not only to the modification of those articles of the Rules of the Board of Directors, but also to the modification proposed to articles 14 and 25 of the By-laws and of article 5 of the By-laws of the General Shareholders' Meeting, submitted to a vote.

The proposal of the Board regarding item 9 on the Agenda, read by the Secretary under letter k) (delegation of powers of attorney for the formalization and execution of the resolutions adopted in this General Shareholders' Meeting) was unanimously approved.

After this, the Secretary proceeded to read an extract of the Minutes, which he had prepared as the Meeting took place, and read the proposal of the Board for the approval of the said Minutes which read as follows:

l) To approve the Minutes of this Meeting.

This last proposal was unanimously approved.

E.9. Indicate, if applicable, the number of shares required to attend the Shareholders' Meeting and if there is any limitation in the Company By-laws in this respect.

In this respect, article 23 of the Company By-laws and article 1.3 of the Regulations of the General Meeting, state that this is made up of shareholders that possess at least one hundred shares, either present or represented. The owners or holders of fewer than one hundred shares may pool their shares in order to reach such number and may be represented either by one of them or by another shareholder who alone possesses the requisite number of shares required to form part of the General Meeting.

E.10. Outline and justify the policies followed by the Company regarding voting by proxy in the General Meeting.

The Company does not pursue any policy with regard to the vote delegation at the General Meeting.

E.11. Indicate if the Company is aware of the policy of institutional investors regarding whether they participate or not in Company decisions:

	YES	NO
		X
Describe the policy		

E.12. Indicate the Internet address and procedure to access to the information on corporate governance at the Company's website.

The address is <http://www.grupoacs.com>

Access is very simple: once at the web page, a page appears with several tabs on the edge, one of which is "CORPORATE GOVERNANCE"; if you click on this tab, the following sub-sections appear: "Company By-laws", "Shareholders' General Meeting By-laws", "Annual Corporate Governance Report", "Board of Directors", "Shareholders' Agreements" and "Rules of Conduct of the Securities Market"; Each sub-section contains pertinent information. If you click on "Annual Corporate Governance Report" and following a brief introduction, there is a specific instruction to click on it and download the 2003, 2004 or 2005 annual report as a PDF.

Degree of compliance with the

4.F Corporate Governance Recommendations

Indicate the Company's degree of compliance with the corporate governance recommendations, or, if applicable, the decision not to adopt these recommendations.

In the event that any recommendations are not complied with, explain the recommendations, rules, practices or criteria that the Company follows.

Should the single document referred to in ORDER ECO/3722/2003, dated on December 26, not be prepared, the recommendations of the Olivencia Report and the Aldama Report should be used as references to complete this section. Section F lists the most relevant aspects with regard to compliance with the recommendation of Corporate Governance included in the Good Governance Code ("Olivencia Code") which have been updated and, wherever appropriate, amended by the Special Commission for the Promotion of Transparency and Security on the Markets and in Listed Companies ("Aldama Committee").

Recommendation 1. Functions of Board of Directors:

"The Board of Directors should expressly undertake, as a core aspect of its role, the general duty of supervision, exercising the responsibilities that this involves without delegation and establishing a formal catalogue of Matters reserved thereto."

The recommendation is widely considered in the Rules of the Board of Directors, where article 4 states for these purposes:

"In accordance with the provisions of article 18 of the Company By-laws in force, the Board of Directors is responsible for the representation of the Company and the administration of its businesses as well as whatsoever other operations make up the Company's corporate purpose or are related thereto.

The Board of Directors, in the exercise of its duties, shall act in accordance with Company interest and in benefit of the shareholders' interest.

More specifically, it shall fall to the Board of Directors to:

Accept the resignation of Board Members.

Appoint, revoke and accept the resignation of the Chairman, Vice Chairman and Secretary of the Board.

Appoint, revoke and accept the resignation of the Board Members that are to form part of the Committees and Commissions set forth in these Rules.

Delegate the powers that correspond to the Board Member to any members, either totally or partially, except those that cannot be transferred.

Prepare the individual and consolidated annual accounts and Management reports and submit them for approval at the General Shareholders' Meeting.

Prepare the reports, including the Annual Corporate Governance Report, and the proposals which, in accordance with current legislation and the Company By-laws, the Board of Directors has to adopt.

The approval of annual budgets.

Approval of any mergers, spin-offs or concentration transactions concerning the main subsidiaries of the Group in which the Company is the controlling company.

Approval of the issue of series of bonds, promissory notes, debentures or similar titles by the main Companies of the Group in which the Company is the controlling company.

Approve the assignment of rights over the trade name, brands and other rights of industrial and intellectual property that belong to the Company of Group Companies, providing these are of financial relevance.

To modify these Rules.

Carry out, in general, all of the functions that correspond legally, statutorily and in accordance with these regulations and to perform whatsoever other function delegated by the General Shareholders' Meeting. The Board may, in turn, only delegate those that are expressly able to be transferred through the delegation resolution of the General Shareholders' Meeting."

Recommendation 2. Independent Board Members.

"The Board of Directors should include a reasonable number of Independent Non-Executive Directors, who are professionally-renowned people not associated with Senior Management and the major shareholders."

In compliance with the recommendations of Corporate Governance included in the Good Corporate Governance Code (“Olivencia Code”), and the report issued by the Special Commission for the Promotion of Transparency and Security on the Markets and in Listed Companies (“Aldama Committee”), ACS Actividades de Construcción y Servicios, S.A. gives special relevance to the Independent Board Member, a professional of note who can contribute their experience and knowledge to the corporate governance and who, as they are neither executive nor proprietary, is elected as such and satisfies the conditions that ensure their impartiality and criteria objectivity.

At December 31, 2006 the Board of Directors of the Company, comprising 18 members, has the following Independent Board Members: Mr. José María Aguirre González, Mr. Alvaro Cuervo García, Mr. Joan David Grimá Terré, Mr. José María Loizaga Viguri and Mr. Miguel Roca Junyent, a total of five, of a Board consisting of 18 members (27.77% of the total number of Board Members).

Recommendation 3. Composition of the Board of Directors.

“The composition of the Board of Directors should be such that the Non-Executive Members (Proprietary and Independent Members) comprise a clear majority over the Executive Members, and the proportion between proprietary Members and Independent Members shall be set in consideration of the relationship between majority shareholders and the others.”

This recommendation has been updated by the Aldama Report, by stating:

“The establishment of rules, criteria or recommendations of corporate governance and, in particular, the composition of the Board of Directors and its Committees, must take into account the structure of ownership in order to comply with the general objectives of protecting minority shareholders.

The Committee recommends that the Board of Directors, through its Board Members, represent the largest percentage of capital possible.

We have also looked at the difficulty of setting up a rule of a general nature to define the number and proportion that the Independent Non Executive Directors should reach: one possibility that could be applied, by updating the Good Corporate Governance report, would be to have a large majority of External Directors on the Board and, within these, a very significant participation of independent Directors, taking into account the ownership structure of the Company and the capital represented by the Board”.

As indicated previously, the Board of Directors is made up of 18 members, of which: 4 are Executive Board Members, 9 are External and Proprietary Board Members and 5 are Independent Board Members.

Recommendation 4. Number of Board Members.

“The Board of Directors should be the appropriate size to achieve more efficient and participatory operations. In theory, the appropriate size could range between five and fifteen members.”

The current number of Members of the Board of Directors is 18, within the 11-21 range established in the Company By-laws. This number is considered appropriate for the volume of the share structure and the Company’s main financial magnitudes.

Recommendation 5. Chairman of the Board of Directors.

“If the Board chooses to combine the position of Chairman and CEO, it should take the necessary precautions to reduce the risk of the concentration of power in one single person. One of the topics that the Committee has paid special attention to is whether or not it is advisable to recommend the separation of the position of Chairman of the Board and the function of chief executive of the Company. The Commission is very open to the argument of separating duties or functions, but must also weigh the disadvantages of the dualist alternative, in other words, depriving the Company of clear and decisive leadership; it may deprive the Company of clear leadership; it may make the transfer of information between the Company Management and the Board notably more difficult; and it may generate coordination costs in the organization. In view of the foregoing, the Commission has finally decided not to vote in favour of the separation of positions and that, in summary, it must reiterate the criteria of the Good Corporate Governance Committee, including the precautions therein. In the last analysis, this criteria is justified through the conviction that the option of a leadership structure of one kind or another -dual or unitary- cannot be formulated as a general rule, but rather that this depends crucially on the circumstances of each company”.

The Chairman and CEO of ACS, Actividades de Construcción y Servicios, S.A. is vested with all the transferable powers of the Board of Directors, which were listed in the analysis of the degree of observance in Recommendation 1. His duties are defined not only by the scope of those non-transferable powers, but by his duties as Chairman of other Board Committees as well, most notably the Executive Committee, as well as the Audit Committee and the Appointment and Remuneration Committee.

Degree of compliance with the

4.F Corporate Governance Recommendations

Recommendation 6. Secretary of the Board.

“Major importance should be given to the Secretary of the Board, reinforcing his independence and stability and stressing his duty to safeguard the formal and material legality of Board actions.”

This recommendation is broadly observed by the Company through the figure of the Secretary-Board Member, who has acted as Secretary since 1991. The figure is regulated in Article 20 of the Rules of the Board of Directors. “The Board of Directors shall appoint a Secretary, who may or may not be a Board Member, and who must be a practising lawyer. In addition to the duties that the Secretary is responsible for through current legislation, the Company By-laws and these Rules, the Secretary of the Board of Directors must also oversee the legality of the acts that emanate from the Company bodies that it forms part of, providing the due warnings and taking minutes of same”.

Recommendation 7. Executive Committee Composition.

“The composition of the Executive Committee, when there is one, should reflect the same balance among the different types of Board Members, and the relations between the two bodies should be based on the principle of transparency, so the Board is fully aware of the Matters addressed and the resolutions passed by the Committee.”

In addition to the Secretary-Board Member without voting rights, the Executive Committee is comprised of 7 Board Members, two of which are Executive Board Members, one Independent Non-Executive Board Member and the remaining four, Proprietary Non-Executive Board Members. Through delegation from the Board of Directors, the Executive Committee exercises all the corresponding powers except those that cannot be transferred by law or because of the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

Recommendation 8. Delegated Control Committees.

“The Board of Directors should set up delegated control Committees, comprised exclusively of non-executive Board Members, covering information and accounting control (audit); appointment of Board Members and senior managers (appointment); determining and reviewing the remuneration policy (compensation); and assessing the governance system (compliance).”

The Board of Directors of the Company has set up two Committees: the Audit Committee and the Appointment and Remuneration Committee. In addition to the Secretary-Board Member without voting rights, the Audit Committee is comprised of three Proprietary Non-Executive Board Members and an Independent Board Member (who is its Chairman); the Appointment and Remuneration Committee is comprised, in addition to the Secretary-Board Member without voting rights, of two Proprietary Non-Executive Members and two Independent Board Members. Each Committee has the responsibilities established in the Rules of the Board of Directors.

Recommendation 9. Information to Board Members.

“The necessary measures should be taken to ensure that the Board Members receive sufficient information, adequately in advance, specifically drawn up for the preparation of Board meetings, without the significance or reserved nature of such information serving as grounds for its omission, with the exception of special circumstances.”

Article 15 of the Rules of the Board of Directors includes the right of the Board Members to request the documentation that they require in order to carry out their functions. This request is to be made through the Chairman or the Secretary of the Board of Directors.

Recommendation 10. Functioning of the Board of Directors.

“In order to ensure the suitable operation of the Board, its meetings should be held as often as necessary for the performance of its tasks; the Chairman should encourage all Board Members to contribute and freely take positions; particular care should be taken with the formulation of the minutes and the quality and efficiency of their work should be evaluated at least once a year”.

Article 16 of the Company By-laws sets forth that the Board shall meet whenever the interests of the Company are at stake. It shall be convened by its Chairman or, in his absence, a Vice Chairman, either through his own initiative or when requested to do so by at least two Board Members. Article 8 of the Rules of the Board of Directors also provides for the foregoing. Under all circumstances, the Board shall meet at least four times a year in order to monitor the progress of the Group in comparison with the budgets and the previous financial year.

The notification of the meeting shall be sent by letter, telex, telegram, fax or any written procedure that requires acknowledgement of receipt by the different Board Members. Said notification shall include the agenda and shall be sent at three days prior to the meeting unless reasons of urgency prevent this.

Elsewhere, there is a yearly calendar of pre-set sessions, which facilitates the tasks of the Board Members. The Board Members shall be provided with whatsoever information or clarification that they require in relation to the points included in the Agenda. This shall be provided either during the meeting or afterwards.

The Board of Directors met 5 times during the 2006 financial year.

Recommendation 11. Appointment and Reappointment of Board Members.

“The Board's involvement in the appointment and reappointment of its members should follow a formal, transparent procedure, based on a reasoned proposal by the Appointment Committee.”

The Board has an Appointment and Remuneration Committee. The Rules of the Board of Directors set forth that within the limits established in article 13 of the Company By-laws and without prejudice to the powers of proposal that correspond to the shareholders in accordance with current legislation, it shall fall to the Board of Directors to propose to the General Shareholders' Meeting both the number of Board Members as well as the type of persons, natural or legal, who should be nominated. The appointment proposal shall record the executive, external and proprietary or external and independent status of the proposed Board Members.

In addition, in the event of vacancies, the Board of Directors may provisionally fill them from among the shareholders until the next General Shareholders' Meeting, when the definitive election shall take place.

Furthermore, in keeping with article 24 of the Rules of the Board of Directors, the Appointment and Remuneration Committee has the duty to inform the Board of the remuneration of the Board of Directors of the proposals for appointments of Board Members.

Recommendation 12. Resignation of Board Members.

“Company regulations should include the obligation of Board Members to resign in those cases in which they could have a negative effect on the operation of the Board or the Company's credit and reputation.”

This is not expressly considered.

Recommendation 13. Age of Board Members.

“There should be an age limit on the position of Director, which could be from sixty-five to seventy for executive Directors and the Chairman and somewhat more flexible for the rest of the members.”

The Aldama Report has reviewed the criteria of the Good Corporate Governance Report with regard to this point and it does not set an age limit, rather it requires the Company that adopts a policy in this respect to clearly establish same in its internal regulations. The Rules of the Board of Directors do not set forth an age limit to be appointed Board Member or for the exercise of this position.

Recommendation 14. Information Facilities for Board Members.

“The right of all Board Members to collect and obtain the necessary information and counsel to perform their supervisory tasks should be formally recognised, and suitable channels should be provided to exercise that right, with recourse to external experts in special circumstances.”

Article 15 of the Rules expressly considers the right of the Board Members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or the Secretary of the Board.

Recommendation 15. Remuneration of Board Members.

“The Policy for the remuneration of Board Members, which must be proposed, assessed and reviewed by the Remuneration Committee, should follow the criteria of moderation, and should correspond to Company profits and detailed and individualised information.”

Degree of compliance with the

4.F Corporate Governance Recommendations

In 2006, the total remuneration paid to the Board of Directors as compensation pursuant to the By-laws was €1,774,986.77, the distribution of which was approved by the Board of Directors at the proposal of the Remuneration Committee.

Recommendation 16. General Duties of the Board Members and Conflicts of Interest.

“The Company's internal regulations should establish the obligations resulting from the general obligations of diligence and loyalty of the Members of the Board. In particular, they should include conflicts of interest, the duty of confidentiality, exploitation of business opportunities and the use of Company assets.”

Articles 13 and 14 of the Rules of the Board of Directors specifically regulate conflicts of interest. With regard to the duty of loyalty, these articles stipulate that the Board Members shall avoid conflicts of interest between themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first Board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a Board Member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those Matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Board Members cannot, either directly or indirectly, hold positions in Companies or firms that are competitors of the Company or of any of the Group Companies or provide representation services on behalf of same.

The Board Members cannot use restricted information that they have become aware of through the exercise of their position as a Board Member for any private purpose. More specifically, unless expressly authorised by the Board of Directors, the Board Members cannot benefit from commercial transactions that they have become aware of in their capacity as a Board Member.

Unless it is a duly authorised payment in kind, Board Members cannot make use of Company assets or use these assets to obtain a patrimonial advantage without paying the adequate consideration.

Recommendation 17. Transactions with significant shareholders.

“The Board of Directors should promote appropriate measures to extend the obligation of loyalty to significant shareholders, in particular establishing precautions on the transactions performed between them and the Company”.

Section C.5.2) of this Annual Corporate Governance Report recognises the Rules of Conduct in the Stock Market, made up of a set of rules designed to detect and regulate possible conflicts of interest between the Company and/or its Group, and its Board Members, Executives or significant shareholders.

This Report also contains information regarding the transactions performed by the Company with its significant shareholders, information which is also included in the Company's Balance Sheets for the Annual and Consolidated Accounts for each financial year.

Recommendation 18. Communication with shareholders.

“Measures should be undertaken to make the mechanism for delegating votes by proxy more transparent and improve Company communication with its shareholders, particularly with institutional investors.”

Both the Company By-laws and the Shareholders' General Meeting By-law envisage the right to information, representation and voting by electronic or other telematic means, thus favouring the participation of shareholders in Company Management.

Notwithstanding the foregoing, article 5 of the Board of Directors Regulations establishes that:

“In order for the General Shareholders Meeting to function properly, the Board of Directors shall make all legally-required information available to the shareholders before the General Meeting as well as any information that should be reasonably furnished on the basis of corporate interest and on the basis of which shareholders may form an opinion. Following this line, the Board of Directors shall be obliged to deal with shareholders’ requests either before or after the Meeting, with the maximum diligence, providing the Company’s interest is not harmed.

For the purposes of transparency and maximum dissemination of the corresponding information as well as the promotion of immediate access to same by the shareholders and investors in general, the Board of Directors shall have a Company web page that includes all those documents that are for general dissemination and, especially, the Company By-laws; the Rules of the Board of Directors; the reports which, in accordance with legislation in force, must be given to the Stock Markets; the calls to the General Shareholders’ Meetings and the proposals that are submitted for deliberation and approval as well as the resolutions adopted at the last General Shareholders’ Meeting”

Recommendation 19. Transparency on the Markets.

“The Board of Directors, beyond the requirements imposed by current legislation, should take responsibility for providing markets with fast, accurate and reliable information, especially with regard to the structure of the shareholder body and substantial changes to governance regulations, in particular associated transactions of particular significance or those regarding treasury stock.”

Article 7 of the Rules of the Board of Directors, entitled “Listed Company Obligations”, provides that “the Board of Directors shall adopt or promote any necessary or advisable measures to ensure the transparency of the Company’s operations on the financial markets and the performance of those duties inherent in its condition as a listed company, in the Stock Markets”.

Recommendation 20. Financial information.

“All periodic financial information, in addition to the annual information provided to the markets, should be formulated in accordance with the same professional practices and principles as the financial statements, and should be verified by the Audit Committee before being published.”

The financial information that, in accordance with the legislation currently in force is given to the markets, is verified beforehand by the Audit Committee of the Company.

Recommendation 21. External Auditors.

“The Board of Directors and the Audit Committee should monitor situations that could jeopardise the independence of the Company’s external auditors. In particular, they should verify the fees paid for all items in proportion to the auditing firm’s total income, and all fees for non-auditing professional services should be published”.

Included in the functions set forth in article 20 bis of the Company By-laws for the Audit Committee is “To revise and approve significant changes in the accounting policies of the Company and its subsidiaries that form part of the Group of Companies. Also, in general, the Audit Committee shall be responsible for dealing with the external auditors in order to receive information on those Matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing”.

Recommendation 22. Qualified opinions in Auditor’s Report.

“The Board of Directors should prevent the accounts from being submitted to the General Shareholders Meeting with qualified opinions and provisos in the Auditors’ report. When this is not possible, the Board and the auditors should clearly explain the contents and scope of the discrepancies to the shareholders and the markets.”

Observance of this recommendation is summarised in routine meetings between the accounts auditor and the Audit Committee, to analyse any differences between the accounting criteria of the Company and its Group and the auditor’s interpretation of the accounts. The foregoing is in accordance with article 20 bis of the Company By-laws. It is thought that the audit report, both for ACS Actividades de Construcción y Servicios, S.A. as well as ACS Group for the 2006 financial year shall be issued with a favourable opinion, as were the opinions that corresponded to the 2004 and 2005 financial years. Sociales. Se estima que el informe de auditoría, tanto de ACS Actividades de Construcción y Servicios, S.A. como del Grupo ACS correspondiente al ejercicio 2006, será emitido con una opinión favorable, al igual que lo fueron las opiniones correspondientes a los ejercicios 2004 y 2005.

4.G Other Information of Interest

If it is considered that there is some principle or matter that is relevant with respect to the practices of corporate governance applied by the Company that has not been covered by the present report, include it below and explain its content.

This section may include any information, clarification or detail related to the above sections of the report, so far as it is relevant and not repetitive.

Specifically, indicate whether the Company is subject to legislation other than Spanish legislation in matters of corporate governance and, if applicable, include information that the Company is required to supply and which is different to that required in this report.

We include hereunder information and clarification regarding the following sections of the Report:

A. Ownership structure

A.2. Detail the direct or indirect holders of significant shareholdings, of their importance at the close of the financial year, excluding the Board Members:

- IMVERNELIN PATRIMONIO, S.L. is controlled by CORPORACION FINANCIERA ALCOR, S.A., which in turn does not have a controlling shareholder; There is considered to be a tacit agreement between the parties. adopting a long-standing common policy in the Company through the agreed exercise of the voting rights that it is entitled to. Actividades de Construcción y Servicios, S.A. 1. IMVERNELIN PATRIMONIO, S.L. owns 37,311,260 shares of ACS, Actividades de Construcción y Servicios, S.A. representing 10.574% of the Company's share capital. The partners of IMVERNELIN PATRIMONIO, S.L. are the following Companies (with their respective shareholding percentages): a) COMERCIO y FINANZAS, S.A. 15.734% b) PERCACER, S.A. 15.734% c) CORPORACION FINANCIERA ALCOR, S.A. 68.532%. 2. CORPORACIÓN FINANCIERA ALCOR, S.A. owns 932,880 shares in ACS, Actividades de Construcción y Servicios, S.A. representing 0.264% of the share capital. The partners of CORPORACION FINANCIERA ALCOR, S.A. are the following: a) COMERCIO y FINANZAS, S.A. (40.832%). 99.99% of the shares of this Company are held by Mr. Alberto de Alcocer Torra. b) PERCACER, S.A. (40.832%). 95% of the shares of the Company are held by Mr. Alberto Cortina de Alcocer. c) Mr. Alberto de Alcocer Torra (5.465%) d) Mr. Alberto Cortina de Alcocer (5.465%) e) Alcor Holding, S.A. (7.406%). The aforementioned shareholders of IMVERNELIN PATRIMONIO SL and CORPORACION FINANCIERA ALCOR SA, directly hold the following securities in ACS, Actividades de Construcción y Servicios, S.A.: PERCACER, S.A. 1,061,814; COMERCIO y FINANZAS, S.A. 1,031,814; Mr. Alberto Cortina de Alcocer 4,728; Mr. Alberto de Alcocer Torra 3,273. 3. The Company CATSER, S.L. owns 2,000,000 shares in ACS, Actividades de Construcción y Servicios, S.A., which it acquired in February 2006. The shareholders of CATSER, S.L. are as follows: a) COMERCIO y FINANZAS, S.A. (50%) b) PERCACER, S.A. (50%).

A.8. Company's treasury stock.

As discussed in section A.9. of this report, in view of the authorization granted by the General Shareholders' Meeting held on May 19, 2006, ACS Actividades de Construcción y Servicios, S.A. in 2006 acquired 22,537,670 shares for 778,276 thousand euros and sold 15,552,615 shares for 495,272 thousand euros.

B. Company's Management Structure

B.1.3. The Board Member Mr. Agustín Batuecas Torrego is considered to be an Executive Board Member, given that he is the CEO of Continental Auto, S.L., a 100% subsidiary of ACS, Actividades de Construcción y Servicios, S.A.

B.1.6. If applicable, identify the members of the Board who hold the positions of administrators or directors of other Companies that form part of the listed company:

The Companies UNIÓN FENOSA, S.A., IBERPISTAS, S.A.C.E., SABA APARCAMIENTOS, S.A., ABERTIS INFRAESTRUCTURAS, S.A., AUTOPISTAS CONCESIONARIA ESPAÑOLA, S.A.U., AUTOPISTAS AUMAR, S.A.C.E., are held, directly or indirectly, by ACS Actividades de Construcción y Servicios, S.A. although they do not form part of the ACS Group of Companies.

B.1.8 a) and b) and B.1.9. The benefits to be compensated with its own financial instruments relate to stock option plans which members of the ACS Group Management have a right to exercise. In accordance with IFRS, these stock options are considered payable with equity instruments but not in cash. Accordingly, they were measured at their reasonable value on the day they were granted and charged income over the period in which they accrued on the basis of the different periods of irrevocability of the options. Since there are no comparable market values, the reasonable value of the share options was determined using valuation techniques considering all the factors and conditions which would have been taken into account by independent and perfectly informed parties when determining the transaction value thereof.

These costs do not imply the recognition of income for the beneficiaries until the date on which the options are exercised, as set forth in the different plans and in the applicable law in force.

The total remuneration for Management amounts to 4,106 thousand euros and the total remuneration for administrators with Management functions is 2,100 thousand euros (2,022 thousand euros plus 78 thousand euros), which were included remuneration headings. The amount recognised under "Pension Funds and Plans: Contributions" includes the payments made by the Company in the financial year. The amount recognised under "Pension Funds and Plans: Obligations Acquired" additionally includes the obligations that may be imputed to the year, even though they may have been paid earlier. In 2006, both amounts were the same.

B.1.21. There is no limit to the term of Independent Non-Executive Directors. Article 11 of the Rules of the Board of Directors sets forth for the Board Members, in general, that they shall exercise their role for the statutory period of six years. They may be re-elected one or more times for terms of an equal duration. The foregoing is without prejudice to the Directors continuing to exercise their position until the next General Shareholders' Meeting takes place once their term has expired.

B.1.24. The individual and consolidated annual accounts are presented to the Board of Directors by the Chairman and the Secretary of the Board following the preparation of same by the Corporate General Management on which the Financial Management of the Company depends.

B.1.31. YPF, S.A. is an Argentine Company whose taxpayer identification number is 30-54668997-9.

B.2.2. Mr. José-María Loizaga Viguri is the Vice-Chairman of the Executive Committee.

4.G Other Information of Interest

C. Associated Transactions.

C.1. With respect to transactions with the Company's significant shareholders, it is important to point out that, with regard to the construction contract which was entered into by Rosan Inversiones, S.L., a Company controlled by the Chairman of ACS Actividades de Construcción y Servicios, S.A., in 2005 with the subsidiary Dragados, S.A. under both legal and economical market conditions, an addendum to the construction contract was entered into with the same subsidiary on April 1, 2006 for an additional amount of 8,677 thousand euros. At December 2006, the works certificates amount to 4,057 thousand euros (both for the initial contract and the addendum signed in 2006). The amount corresponding to 2005 was 2,293 thousand euros. The Board of Directors of ACS Actividades de Construcción y Servicios, S.A. was had been informed of this transaction in a meeting held on March 30, 2006.

The other financing agreements with Banca March, S.A. mainly correspond to certified suppliers payment credit lines. The provision of services with Banca March relates to insurance premiums mediated by its subsidiary Unipsa Correduría de Seguros, S.A. and not to consideration for insurance brokerage services. These commercial transactions were carried out in the normal course of business, under market conditions, and are habitual operations of Group Companies.

C.2. With respect to this section, the only transactions performed between the Company's Management and administrators relate to the remuneration already disclosed in the different sections of the Annual Corporate Governance Report, and specifically in B.1.8. and B.1.9. During financial year 2006, direct family members of the Senior Management of the ACS Group carried out transactions for the acquisition of plant, property and equipment for the aggregate amount of 348 thousand euros. Transactions listed as acquisitions of plant, property and equipment belong to the ordinary course of business or trade of the Group Companies and were made at market prices. In any case, it is noteworthy that during financial year 2006 the ACS Group had commercial relationships with Companies in which some of its directors hold Management functions. These commercial transactions were carried out in the normal course of business, under market conditions, and are habitual operations of Group Companies. These relations are detailed as follows:

Description of the transaction	Amount Thousand of Euros	CP/LP	Related Party
Financing agreements: loans	435,089	CP	Banco Santander Central Hispano
Financing agreements: loans	419,865	LP	Banco Santander Central Hispano
Financing agreements: other (specify)	313,845	CP	Banco Santander Central Hispano
Financial Lease agreements	709	CP	Banco Santander Central Hispano
Financial Lease agreements	1,076	LP	Banco Santander Central Hispano
Guarantees	879,232	CP	Banco Santander Central Hispano
Guarantees	73,140	LP	Banco Santander Central Hispano
Financing agreements: loans	113,773	CP	Banesto
Financing agreements: loans	429,506	LP	Banesto
Financing agreements: other (specify)	142,077	CP	Banesto
Financial Lease agreements	1,964	CP	Banesto
Financial Lease agreements	816	LP	Banesto
Guarantees	468,268	CP	Banesto
Financing agreements: loans	4,687	CP	Santander Banespa
Financing agreements: loans	6,352	CP	Banco Guipuzcoano
Guarantees	15,755	LP	Banco Guipuzcoano
Provision of services	2,513	CP	Atlas Copco, S.A.E.
Operating lease agreements	668	CP	Fidalse, S.L.
Dividends and other distributed profits	852	CP	Fid Wei Inversiones, S.L.
Dividends and other distributed profits	348	CP	Lynx Capital, S.A.
Provision of services	15,442	CP	Terratest Técnicas Especiales, S.A.
Cooperation agreements	807	CP	Terratest Técnicas Especiales, S.A.
Provision of services	1,105	CP	Indra Sistemas, S.A.
Reception of services	1,133	CP	Indra Sistemas, S.A.
Provision of services	2,016	CP	Zardoya Otis, S.A.
Financing agreements: other (specify)	2,165	LP	Banco Santander Central Hispano
Guarantees	26,260	LP	Banesto
Guarantees	27	LP	Banco Banif

The transactions performed with Banco Guipuzcoano are indicated due to the fact that Mr. José María Aguirre González acts as 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., Fidalser, S.L., Fidwei Inversiones, S.L., Lynx Capital, S.A. and Atlas Copco, S.A.E. are indicated due to their relationship with the Board Member Mr. Pedro José López Jiménez.

The transactions performed with Indra Sistemas, S.A. are indicated due to the fact that Mr. Javier Monzón de Cáceres is the Chairman of this Company.

The transactions performed with the Zardoya Group are indicated due to their relationship with the Board Member Mr. Jose María Loizaga.

The other financing agreements with Banco Santander Central Hispano and Banesto mainly correspond to certified suppliers payment credit lines.

The Company is not subject to legislation that is different to Spanish legislation in matters of corporate governance

This Annual Corporate Governance Report was approved by the Board of Directors of the Company in a meeting held on 03-15-2007.



ECONOMIC

Page

Economic performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	250-257
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	(1)
EC3	Coverage of the organisation's defined benefit plan obligations.	129-130
EC4	Significant financial assistance received from government.	129

Market presence

EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	(2)
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	257
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	(1)

Indirect Economic Impacts

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	34
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	250

ENVIRONMENTAL

Materials

EN1	Materials used by weight or volume.	295
EN2	Percentage of materials used that are recycled input materials.	284

Energy

EN3	Direct energy consumption by primary energy source.	282, 290, 291
EN4	Indirect energy consumption by primary source.	291
EN5	Energy saved due to conservation and efficiency improvements.	296
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	296
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	291

Water

EN8	Total water withdrawal by source.	281, 295
EN9	Water sources significantly affected by withdrawal of water.	295
EN10	Percentage and total volume of water recycled and reused.	292

(1) The company understands that this is not a significant indicator attending to its activity.

(2) At the time this report was drafted, there was insufficient information available to respond to this indicator.

(3) In the fiscal year covered by this Annual Report there is no evidence of the existence of incidents of this kind.

Main Performance Indicators

Biodiversity		Page
EN11	Description of land in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. Indicate the location and size of land owned, leased or managed, of high biodiversity value outside protected areas.	(1)
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	288-289
EN13	Habitats protected or restored.	(2)
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	289
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	(2)
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	290, 291
EN17	Other relevant indirect greenhouse gas emissions by weight.	(1)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	293, 296
EN19	Emissions of ozone-depleting substances by weight.	(1)
EN20	NO, SO, and other significant air emissions by type and weight.	(1)
EN21	Total water discharge by quality and destination.	295
EN22	Total weight of waste by type and disposal method.	284, 291, 295
EN23	Total number and volume of significant spills.	(1)
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	295
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	295
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	276-297
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	283-285
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	(2)
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	279, 290-293
General		
EN30	Total environmental protection expenditures and investments by type.	200-202

(1) The company understands that this is not a significant indicator attending to its activity.

(2) At the time this report was drafted, there was insufficient information available to respond to this indicator.

(3) In the fiscal year covered by this Annual Report there is no evidence of the existence of incidents of this kind.

SOCIAL

Page

1. Labour practices and decent work

Employment

LA1	Total workforce by employment type, employment contract, and region.	299
LA2	Total number and rate of employee turnover by age group, gender, and region.	299
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	(1)

Labour/management relations

LA4	Percentage of employees covered by collective bargaining agreements.	311
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	311

Occupational health and safety

LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	310-311
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	311
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	308-311
LA9	Health and safety topics covered in formal agreements with trade unions.	311

Training and education

LA10	Average hours of training per year per employee by employee category.	306-307
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	306-307
LA12	Percentage of employees receiving regular performance and career development reviews.	306

Employment

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	302
LA14	Ratio of basic salary of men to women by employee category.	(2)

(1) The company understands that this is not a significant indicator attending to its activity.

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(3) In the fiscal year covered by this Annual Report there is no evidence of the existence of incidents of this kind.

Main Performance Indicators

2. Human rights		Page
Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	(2)
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	(2)
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	(2)
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken.	(3)
Freedom of association and collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	311
Child labour		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	(3)
Forced and compulsory labour		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	(3)
Security practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	(1)
Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	(3)
3. Society		
Community		
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	314-323
Corruption		
S02	Percentage and total number of business units analyzed for risks related to corruption.	248
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	248
S04	Actions taken in response to incidents of corruption.	248

(1) The company understands that this is not a significant indicator attending to its activity.

(2) At the time this report was drafted, there was insufficient information available to respond to this indicator.

(3) In the fiscal year covered by this Annual Report there is no evidence of the existence of incidents of this kind.

	Page
Public policy	
S05 Public policy positions and participation in public policy development and lobbying.	(2)
S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	(1)
Anti-competitive behaviour	
S07 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	(3)
Compliance	
S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	(2)
4. Product responsibility	
Customer health and safety	
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	266-267
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	(3)
Products and service labelling	
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	(1)
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	(1)
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	312-313
Marketing communications	
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	(1)
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	(1)
Customer privacy	
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	(3)
Compliance	
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	(2)

(1) The company understands that this is not a significant indicator attending to its activity.

(2) At the time this report was drafted, there was insufficient information available to respond to this indicator.

(3) In the fiscal year covered by this Annual Report there is no evidence of the existence of incidents of this kind.

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Actividades de Construcción y Servicios, S.A.

Ordinary General Shareholders' Meeting

The Board of Directors of this Company, in a meeting held on 15 March 2007, resolved to call an Ordinary General Shareholders' Meeting, to be held in Madrid, at the Palacio Municipal de Congresos, Avenida de la Capital de España, Madrid s/n, Campo de las Naciones, at 12:00 p.m. on 10 May 2007 on first call, and on the following day, 11 May 2007, at the same time and in the same place, on second call, with the following:

Agenda

1. Approval of the Company's Individual 2006 Annual Reports, Balance Sheets, Income Statements and Management Reports, and of the consolidated accounts of the group of companies of which ACS, Actividades de Construcción y Servicios, S.A. is the Parent Company. Distribution of results. Annual Corporate Governance Report and Corporate Social Responsibility Report.
2. Approval of the management of the Board of Directors in 2006.
3. Ratification, dismissal and appointment, if applicable, of Board Members.
4. Modification of article 4 of the By-laws, regarding the corporate purpose.
5. Authorisation for the derivative acquisition of treasury stock.
6. Appointment of Company and Group Auditors.
7. Delegation of powers for the execution and formalisation of resolutions.
8. Reading and approval, if applicable, of the Minutes of the General Meeting.



Project Director and Editor
ACS Group

Creation and Design
IMAGIA

Photos
ACS Group Archives