

Annual Report of ACS Group

2008



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Cover photo: *Vespucio Norte Highway in Chile.*

Economic and Financial Report of ACS Group



2008



Economic and Financial Report of ACS Group

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Directors' Report on the Consolidated Group

1. Business performance of the ACS Group in 2008

1.1 Main events

Key operating and financial indicators	2007	2008	Var. 08/07
Million of euros			
Turnover	15,345	16,010	+4.3%
<i>International</i>	16.3%	21.7%	
EBITDA	1,380	1,480	+7.2%
<i>Margin</i>	9.0%	9.2%	
EBIT	1,057	1,097	+3.8%
<i>Margin</i>	6.9%	6.9%	
Ordinary Net Profit*	1,010	1,127	+11.6%
Net Profit of Continued Operations**	897	1,019	+13.5%
Attributable Net Profit	1,551	1,805	+16.4%
<i>Margin</i>	10.1%	11.3%	
EPS	4.51 €	5.43 €	+20.5%
Cash Flow from Operations	585	1,060	+81.4%
Net Investments	2,475	171	n.a.
Investments	3,377	2,969	-12.1%
Disposals	902	2,798	+210.2%
Total Net Debt	16,575	9,355	-43.6%
Net Debt with recourse	6,933	2,933	-57.7%
Non recourse Financing	9,642	6,422	-33.4%

* Profit after taxes not including exceptional results: Capital Gain on UNF, InvinSL, DCA, Continental Auto, net impact from equity swap assesment and others.

** Profit after taxes not including discontinued operations (GCA and UNF).

Note: The figures included in this report are presented in accordance with the Group's management criteria any may differ with respect to those presented in the financial statements due to certain reclassifications which have no effect on net profit.

2008 ended with good operating and financial results. The ACS Group's turnover amounted to EUR 16,010 million, up 4.3% on 2007. Additionally, EBITDA rose by 7.2% and EBIT grew by 3.8%.

Ordinary net profit, excluding the extraordinary results for the year, increased by 11.6% to EUR 1,127 million. Also, net profit from continuing operations, which does not include the profit from this year's discontinued operations (Unión Fenosa) and those discontinued in 2007 (Continental Auto and Unión Fenosa) rose by 13.5% to EUR 1,019 million.

As a result of this positive performance the net profit attributable to the Group amounted to EUR 1,805 million, 16.4% higher than in the previous year. The earnings per share adjusted by the average numbers of shares outstanding, stood at EUR 5.43 per share, up by 20.5%. This increase, which was higher than the growth in net profit, was a result of the retirement of almost 10% of the Group's shares over 2008.

In the past 12 months, the ACS Group's cash generation capacity continued to be sound. The cash flow generated by operations increased by 81.4% to EUR 1,060 million, allowing for investments amounting to EUR 2,969 million in 2008. Divestments amounted to EUR 2,798 million, and included, inter alia, the sale of 10% of Unión Fenosa and of various concessions to Abertis.

This cash generation capacity has enabled the ACS Group to reduce its debt, which amounted to EUR 9,355 million at 31 December, 2008. Of this amount, EUR 2,933 million related to net recourse debt and EUR 6.422 million related to limited recourse financing of projects and debts.

1.2 Consolidated income statement of the ACS Group

Consolidated Income Statement	2007	%	2008	%	Var. 08/07
Million of euros					
Net Sales	15,345	100.0%	16,010	100.0%	+4.3%
Other revenues	469	3.1%	534	3.3%	+13.8%
Total Income	15,814	103.1%	16,544	103.3%	+4.6%
Operating expenses	(10,856)	(70,8%)	(11,169)	(69,8%)	+2.9%
Personnel expenses	(3,578)	(23,3%)	(3,895)	(24,3%)	+8.9%
Operating Cash Flow (EBITDA)	1,380	9.0%	1,480	9.2%	+7.2%
Fixed assets depreciation	(285)	(1,9%)	(340)	(2,1%)	+19.3%
Current assets provisions	(38)	(0,2%)	(43)	(0,3%)	+12.8%
Ordinary Operating Profit (EBIT)	1,057	6.9%	1,097	6.9%	+3.8%
Fixed assets depreciation	6	0.0%	0	0.0%	-97.7%
Other operating results	(74)	(0,5%)	151	0.9%	n.a.
Operating Profit	989	6.4%	1,248	7.8%	+26.1%
Financial income	286	1.9%	407	2.5%	+42.3%
Financial expenses	(555)	(3,6%)	(804)	(5,0%)	+44.9%
Ordinary Financial Result	(269)	(1,8%)	(397)	(2,5%)	+47.6%
Foreign exchange results	(17)	(0,1%)	1	0.0%	n.a.
Impairment non current assets results	124	0.8%	(651)	(4,1%)	n.a.
Results on non current assets disposals	80	0.5%	704	4.4%	n.a.
Net Financial Result	(82)	(0,5%)	(343)	(2,1%)	n.a.
Results on equity method	172	1.1%	164	1.0%	-4.6%
Ordinary income of continued operations	1,079	7.0%	1,069	6.7%	-1.0%
Corporate income tax	(160)	(1,0%)	(30)	(0,2%)	-81.5%
Profit after taxes of the continued operations	919	6.0%	1,039	6.5%	+13.0%
Profit after taxes of the discontinued operations	654	4.3%	786	4.9%	+20.3%
Consolidated Result	1,573	10.3%	1,825	11.4%	+16.0%
Minority interest	(22)	(0,1%)	(20)	(0,1%)	-7.3%
Net Profit Attributable to the Parent Company	1,551	10.1%	1,805	11.3%	+16.4%

Directors' Report on the Consolidated Group

1.2.1 Revenue

Revenue amounted to EUR 16,010 million, up 4.3% on 2007. Sound performance was shown by both the Environment & Logistics area, which grew by 11.1% and the Industrial Services Area, which grew by 18.0%. Construction activity dropped by 9.9% as a result of the downward trend of this industry in Spain, especially in the fourth quarter of the year. This decline has been offset by the growing expansion of international sales exclusively in relation to civil engineering works, which have also enabled the Group to maintain stable operating margins.

Turnover	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	7,353	47%	6,625	41%	-9.9%
Concessions	36	0%	66	0%	n.s.
Environment & Logistics	2,835	18%	3,148	19%	+11.1%
Industrial Services & Energy	5,489	35%	6,477	40%	+18.0%
Holding / Adjustments	(368)		(306)		
Total	15,345		16,010		+4.3%

The Group's total international sales rose by 39.0% to EUR 3,467 million and accounted for 21.7% of total revenue. Notable is the heavy growth in construction activity in the foreign market, which practically doubled, largely due to the US market, whereas the other activities grew by around 25%.

Domestic Sales	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	6,920	94%	5,809	88%	-16.1%
Concessions	24	67%	57	86%	+135.9%
Environment & Logistics	2,495	88%	2,727	87%	+9.3%
Industrial Services & Energy	3,779	69%	4,257	66%	+12.6%
Holding / Adjustments	(367)	100%	(306)	100%	-16.6%
Total	12,851	84%	12,543	78%	-2.4%

International Sales	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	433	6%	816	12%	+88.6%
Concessions	12	33%	9	14%	-19.7%
Environment & Logistics	340	12%	421	13%	+23.8%
Industrial Services & Energy	1,709	31%	2,220	34%	+29.8%
Holding / Adjustments					
Total	2,494	16%	3,467	22%	+39.0%

1.2.2 Gross profit from operations

Gross profit from operations was 7.2% higher than in 2007 and amounted to EUR 1,480 million. The gross profit margin stood at 9.2%, up 20 basis points on 2007.

EBITDA	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	549	39%	494	33%	-10.0%
Concessions	1	0%	23	1%	n.s.
Environment & Logistics	381	27%	412	27%	+8.0%
Industrial Services & Energy	488	34%	591	39%	+21.1%
Holding / Adjustments	(39)		(40)		
Total	1,380		1,480		+7.2%

1.2.3 Net profit from operations

Net profit from operations amounted to EUR 1,097 million, up by 3.8% on the previous year, placing the net profit margin at 6.9%, which was the same as the previous year.

EBIT	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	460	42%	411	36%	-10.7%
Concessions	(5)	(0%)	8	1%	n.s.
Environment & Logistics	233	21%	249	22%	+7.1%
Industrial Services & Energy	413	37%	472	41%	+14.4%
Holding / Adjustments	(44)		(43)		
Total	1,057		1,097		+3.8%

Industrial Services, which showed good performance with growth of 14.4%, and Environment & Logistics (+7.1%) were the two areas which contributed to this improvement. The EBIT of the Construction area dropped by 10.7%, which was in line with the drop in activity.

1.2.4 Net financial profit/loss

Finance costs stood at EUR 804 million, whereas financial income rose to EUR 407 million, and included the dividends received from Iberdrola amounting to EUR 111 million.

Net finance costs amounted to EUR 397 million, and were 47.6% higher than in 2007 as a result in the increase in debt arising from investments performed in the year and the increase in their cost.

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1.2.5 Profit before tax from continuing operations

Profit before tax from continuing operations amounted to EUR 1,069 million, down by 10% on 2007, as a result of the effect of the change in the fair value of financial instruments, which amounted to a negative EUR 651 million, arising from the valuation of derivatives on the shares of Iberdrola.

In 2008, the gains on the disposal of assets amounted to EUR 704 million and relate mainly to the sale of the DCA airports, Scutvias Autostradas da Beira Interior and the whole of InvinSL.

The gains on companies accounted for using the equity method amounted to EUR 164 million. Abertis contributed EUR 130.4 million and Hochtief contributed EUR 44.2 million. The large number of new concessions in the first phases of development contributed to the reduction in the total gains on companies accounted for using the equity method to the figure reported in December 2008.

Lastly, provisions for risks amounting to EUR 151 million were reversed and are recognised under "Other Profit or Loss" since the associated risks were no longer likely.

1.2.6 Net profit attributable to the Group

The net profit attributable to the Group rose to EUR 1,805 million, up 16.4% on 2007.

Net Profit	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	310	20%	275	15%	-11.4%
Concessions*	4	0%	641	35%	n.s.
Environment & Logistics	132	8%	145	8%	+9.9%
Industrial Services & Energy	265	17%	317	18%	+19.5%
Listed Associates	58	4%	17	1%	-69.9%
Holding / Adjustments	782	51%	410	23%	-69.9%
Total	1,551		1,805		+16.4%

* In 2008 concessions include the extraordinary gains on the sale of DCA and InvinSL.

Ordinary net profit amounted to EUR 1,127 million, 11.6% higher than the amount recorded at December 2007.

Ordinary Net Profit	2007	2008	Var. 08/07
Million of euros			
Net Profit	1,551	1,805	+16.4%
Capital gain from 10% UNF		(404)	
Capital gain from 100% InvinSL		(512)	
Capital gain from DCA		(109)	
Net impact from equity swaps assessment		456	
Capital gain Grupo Continental Auto	(424)		
Other results	(117)	(109)	
Ordinary Net Profit	1,010	1,127	+11.6%

The income tax charged on continuing operations amounted to EUR 29.7 million. The effective tax rate, adjusted for the gains recognized net of taxes (companies accounted for using the equity method, the sale of concessions abroad and dividends relating to financial investments), was around 27%.

The profit attributable to minority interests amounting to EUR 20.3 million relate basically to concessions and other Group investees.

1.3 Consolidated Balance Sheet at 31 December 2008 and 2007

Consolidated Balance Sheet	dec-07	%	dec-08	%	Var.
Million of euros					
Intangible Fixed Assets	4,393	8.9%	1,467	3%	-66.6%
Tangible Fixed Assets	14,526	29.3%	1,718	3%	-88.2%
Concession Projects Assets	3,949	8.0%	3,587	7%	-9.2%
Property Assets	47	0.1%	71	0%	+50.0%
Investments accounted by Equity Method	4,231	8.5%	3,893	8%	-8.0%
Long Term Financial Investments	6,068	12.2%	3,188	6%	-47.5%
Financial Instruments Debtors	333	0.7%	1	0%	-99.8%
Deferred Taxes Assets	1,057	2.1%	694	1%	-34.3%
Other Non Current Assets	16	0.0%	-	0%	-100.0%
Fixed and Non-current Assets	34,620	69.8%	14,619	28%	-57.8%
Non Current Assets Held for Sale	595	1.2%	24,351	47%	n.a.
Inventories	897	1.8%	699	1%	-22.1%
Accounts receivables	9,334	18.8%	7,301	14%	-21.8%
Short Term Financial Investments	1,421	2.9%	2,185	4%	+53.8%
Other Short Term Assets	74	0.1%	62	0%	-15.9%
Cash and banks	2,652	5.3%	2,181	4%	-17.7%
Current Assets	14,973	30.2%	36,779	72%	+145.6%
Total Assets	49,593	100.0%	51,398	100%	+3.6%
Shareholders' Equity	4,654	9.4%	3,402	7%	-26.9%
Minority Interests	5,787	11.7%	6,511	13%	+12.5%
Net Worth	10,441	21.1%	9,913	19%	-5.1%
Subsidies	811	1.6%	65	0%	-91.9%
Long Term Financial Liabilities	16,804	33.9%	9,576	19%	-43.0%
Deferred Taxes Liabilities	1,946	3.9%	231	0%	-88.1%
Long Term Provisions	1,499	3.0%	159	0%	-89.4%
Financial Instruments Creditors	66	0.1%	856	2%	n.a.
Other Long Term Accrued Liabilities	335	0.7%	183	0%	-45.4%
Non-current Liabilities	21,461	43.3%	11,070	22%	-48.4%
Liabilities from Assets Held for Sale	103	0.2%	15,913	31%	n.a.
Short Term Provisions	273	0.6%	265	1%	-3.1%
Short Term Financial Liabilities	3,842	7.7%	4,145	8%	+7.9%
Trade accounts payables	11,865	23.9%	9,376	18%	-21.0%
Other current payables	1,608	3.2%	716	1%	-55.4%
Current Liabilities	17,691	35.7%	30,415	59%	+71.9%
Total Equity & Liabilities	49,593	100.0%	51,398	100%	+3.6%

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1.3.1 Non-current assets

Intangible assets amounted to EUR 1,467 million, of which EUR 1,133 million relate to the goodwill arising on investments carried out in recent years. Property, plant and equipment stood at EUR 1,718 million after reclassifying the assets of Unión Fenosa. Additionally, assets in concession projects amounted to EUR 3,587 million, of which approximately EUR 2,400 million relate to Industrial Services and mainly renewable energy projects.

Non-current financial assets, which include the ownership interest in Iberdrola, amounted to EUR 3,188 million. The balance of investments accounted for using the equity method, which include the ownership interests in Abertis and Hochtief, amounted to EUR 3,893 million.

Non-current assets held for sale and the related liabilities include the whole of the ownership interest in Unión Fenosa at 31 December 2008.

1.3.2 Working capital

Net working capital payable amounted to EUR 2,295 million. The reduction in this balance is a result of the following:

- The reclassification of the Unión Fenosa items as assets held for sale.
- The derecognizing of the advances received in 2007 amounting to EUR 327 million relating to the sales of the concessions DCA and Scutvias Autostradas da Beira Interior.
- The reduction of EUR 186 million in the working capital relating to operating activities, and mainly construction, as a result of the downward trend in sales in the domestic market.

1.3.3 Net borrowings

The Group's net borrowings at 31 December 2008 amounted to EUR 9,355 million, of which EUR 6,422 million relates to non-recourse financing.

EUR 3,166 million of this non-recourse financing relates to financial vehicles used for the acquisition of shares of Iberdrola and Hochtief, and the remainder relates to project finance.

The non-recourse financing of vehicles used for the purchase of shares in Unión Fenosa, which amounted to EUR 2,260 million at 31 December 2008 were reclassified as liabilities relating to assets held for sale.

The balance of net debt with recourse amounted to EUR 2,933 million, which represents 2 times the Group's EBITDA.

Debt Position	2007	2008	Var. 08/07
Million of euros			
Net debt with recourse	6,933	2,933	-57.7%
Net debt without recourse	9,642	6,422	-33.4%
Total net debt	16,575	9,355	-43.6%

1.3.4 Equity

Equity amounted to EUR 9,913 million, of which EUR 3,402 million relate to equity attributable to the Parent.

Of the total balance of minority interests amounting to EUR 6,511 million, most of this amount relates to Unión Fenosa, the balance of which was higher than at December 2007 due to the sale of 9.99% of the shares in this company on August 1.

1.4 Cash flow

In comparable terms the Group's cash flow is as follows:

Cash Flow Statement	2007	2008	Var. 08/07
Million of euros			
Net Profit	1,551	1,805	+16.4%
Adjustments to net profit without cash flow	(729)	(559)	
Working Capital Variation	(238)	(186)	
Cash Flow from Operating Activities	584	1,060	+81.4%
1. Investments	(3,377)	(2,969)	
2. Disinvestments	1,183	2,517	
Cash flow from Investing Activities	(2,194)	(452)	-79.4%
1. Treasury stock acquisition	(172)	(674)	
2. Dividends paid	(441)	(600)	
3. Other adjustments	244	(182)	
Other Cash Flows	(369)	(1,456)	+294.3%
Total Cash Flow	(1,979)	(848)	-57.2%

1.4.1 Net cash flows from operating activities

The funds obtained from operations amounted to EUR 1,060 million, up by 81% on the previous year in comparable terms.

Noteworthy is the good performance of working capital in the last quarter of 2008, in which the Group generated over EUR 600 million as a result of the efficient management of working capital in all activities, and especially construction.

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1.4.2 Consolidated net investments

The Group's investments and divestments in 2008 amounted to EUR 2,969 million and EUR 2,798 million respectively, and the detail thereof, by line of business, is as follows:

Net Investments	Gross Investments	Divestments	Net Investments
Million of euros			
Construction	101	(20)	81
Concessions	185	(1,011)	(826)
Environment & Logistics	351	(68)	283
Industrial Services	1,158	(23)	1,135
Holding & others	1,174	(1,676)	(502)
Total	2,969	(2,798)	171

The balance of Corporation investments include the investment and subsequent divestment in Unión Fenosa, the investment of EUR 288 million in Hochtief upon executing its equity swap and the acquisition of 0.2% of Iberdrola for EUR 67 million. Also included is the investment of EUR 134 million in the acquisition of 1% of Abertis.

In the Construction area, investments amounted to EUR 101 million, and mainly relate to equipment and machinery for the development of projects.

EUR 185 million were invested in Concession projects, including, inter alia, the Reus-Alcover and Santiago-Brión motorways in Spain, the Central Griega motorway, the Son Dureta hospital and line 9 of the Barcelona subway. Divestments related to the sale of InvinSL and the DCA airports, and the sale of the motorway Scutvias Autostradas da Beira Interior.

EUR 351 million were allocated to the Environment & Logistics area. Over EUR 155 million were invested in the acquisition of environmental assets, which were allocated to a large extent to the recent renewal and award of new contracts. EUR 107 million were invested in port and logistics services, and basically the port terminal of Bilbao and the renewal of agency agreements. Clece invested over EUR 20 million in this period, mainly in new contracts.

EUR 1,158 million were invested in Industrial Services in 2008, mainly in renewable energy projects including the following:

- The thermal solar plants Andasol I and II, Extresol I and Manchasol I, all with 50 MW of power and at a different percentage of completion. Andasol I was started up at the end of November. In 2008 EUR 416 million were invested, meaning that the cumulative investment in these plants exceeds EUR 775 million.
- Various wind farms valued at EUR 455 million, as a result of which at the end of the year the Group had interests in wind farms in operation with an installed power of 1,076 MW and additional 213 MW under construction. The cumulative investment in these projects amounted to nearly EUR 1,400 million.
- Three desalination plants in Murcia and Algeria valued at EUR 65 million which were still under construction, and in relation to which the cumulative investment exceeds EUR 165 million.
- A high voltage line project in Brazil (EUR 15 million), where the Group has invested nearly EUR 390 million in 21 LAT concessions.

1.4.3 Net cash flows from financing activities

The Group's increase in financial debt, in comparable terms, after being restated due to the reclassification of the investment in Unión Fenosa as an asset held for sale in both 2007 and 2008, amounted to EUR 848 million.

The Group paid its shareholders dividends amounting to EUR 600 million in the year relating to dividends corresponding to 2007.

The treasury shares transactions carried out by the Group in 2008 involved a disbursement amounting to EUR 674 million. These shares were redeemed as a result of resolutions adopted by the General Shareholders' Meeting and Extraordinary General Shareholders' Meeting held in May and December, respectively.

1.5 Profit/loss by business area

1.5.1 Construction

Main financial figures	2007	2008	Var. 08/07
Million of euros			
Turnover	7,352.9	6,625.4	-9.9%
EBITDA	548.9	494.3	-10.0%
Margin	7.5%	7.5%	
EBIT	460.3	410.9	-10.7%
Margin	6.3%	6.2%	
Net Profit	310.3	275.0	-11.4%
Margin	4.2%	4.2%	
Backlog	12,011	11,023	-8.2%
Months	19	20	

Sales in 2008 amounted to EUR 6,625.4 million, down 9.9% on the previous year.

Turnover breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Civil Works	4,398.4	4,117.3	-6.4%
Non Residential Building	1,725.3	1,487.2	-13.8%
Residential Building	1,229.2	1,020.9	-16.9%
Total	7,352.9	6,625.4	-9.9%
<i>International</i>	<i>432.6</i>	<i>816.0</i>	<i>+88.6%</i>
<i>% over total sales</i>	<i>6%</i>	<i>12%</i>	

International operations grew by 88.6% as a result of the increase in production, portfolio and concession activity in the United States, and in Portugal, Greece, Ireland and Canada. This shall be an important base for growth in future years.

The construction activity in Spain has shown a downward trend as a result of a number of structural factor common to the entire industry in 2008.

- Firstly, there was a shop drop in Residential Building as a result of the change in the cycle as compared to the heavy expansion experienced in recent years.

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- Non-Residential Building was affected by the reduction in commercial and institutional building activity at a local level in the past 12 months.
- There was also a slowdown in Civil Engineering Work in Spain due to the effect of the general elections in March as well as the lack of calls for tender, and the resulting delay in performance in local corporations and in autonomous regional areas.

The operating margins in construction remained unchanged with respect to 2008 as a result of an increase in efficiency through an ongoing practice of cost rationalization and control of the performance of projects. The EBITDA remained unchanged at 7.5%, and EBIT stood at 6.2%.

Net profit amounted to EUR 275.0 million, down 11.4% on 2007, and a sales margin of 4.2% was maintained.

The construction backlog amounted to EUR 11,023 million, down 8.2% lower than one year ago, and was equivalent to 20 months of production.

Backlog breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Civil Works	8,023.4	8,525.6	+6.3%
Non Residential Building	2,238.3	1,805.7	-19.3%
Residential Building	1,748.9	691.9	-60.4%
Total	12,010.6	11,023.2	-8.2%
<i>International</i>	<i>2,243.1</i>	<i>2,545.9</i>	<i>+13.5%</i>
<i>% over total backlog</i>	<i>19%</i>	<i>23%</i>	

The Civil Engineering Work order book in Spain rose by 3.5% compared to the figure recorded in 2007, and at the same time there was a sharp increase in the International Civil Engineering Work order book, which grew by 13.5%.

These Civil Engineering order book figures are the result of the significant effort made by the central Spanish government in the third and fourth quarters of 2008, which has increased the number of projects in its various processing levels (technical, environment and pre-bidding) in order to increase activity in the sector for 2009. In 2008 public calls for tender relating to civil engineering works amounted to EUR 28,500 million, 3% higher than in 2007.

The Residential Building order book dropped as a result of the sharp decrease in real estate contracts in Spain, as well as the reduction in the public calls for tender relating to Non-Residential Building by City Councils and regional governments, which decreased by 4% in comparison to 2007.

The ACS Group was awarded large concession projects in the last months of 2008:

- The project for the construction of the A30 motorway in Montreal (Canada).
- The construction of the I595 motorway in Florida (USA).
- The construction of the Baixo Alentejo motorway in Portugal

These projects will contribute over EUR 1,000 million to the ACS Group from the Civil Engineering Works Order Book throughout their development and construction phases.

1.5.2 Industrial Services

Main financial figures	2007	2008	Var. 08/07
Million of euros			
Turnover	5,488.7	6,476.7	+18.0%
EBITDA	488.4	591.2	+21.1%
Margin	8.9%	9.1%	
EBIT	412.5	471.9	+14.4%
Margin	7.5%	7.3%	
Net Profit	264.9	316.7	+19.5%
Margin	4.8%	4.9%	
Backlog	5,854	6,244	+6.7%
Months	13	12	

Industrial Services sales showed a solid growth of 18% in 2008, driven by the performance of Energy Products, Specialized Facilities and international production, which continued to perform well, increasing by 29.8%.

Turnover breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Support Services	4,014.7	4,431.5	+10.4%
Networks	900.4	957.1	+6.3%
Specialized Products	2,031.8	2,365.0	+16.4%
Control Systems	1,082.5	1,109.4	+2.5%
Energy Projects	1,646.1	2,126.4	+29.2%
EPC Projects	1,562.5	1,997.9	+27.9%
Renewables - Power Generation	83.6	128.5	+53.7%
Consolidation Adjustments	-172.1	-81.2	n.a.
Total	5,488.7	6,476.7	+18.0%
<i>International</i>	<i>1,709.5</i>	<i>2,219.6</i>	<i>+29.8%</i>
% over total sales	31%	34%	

Industrial Facilities and Maintenance, which accounted for 68% of Industrial Services activity, increased its production by 10.4% mainly due to the growth of Specialised Facilities sales in Spain by 13% and internationally by over 22%.

Also noteworthy was the growth of Control Systems in the last quarter of 2008, as a result of the increase in traffic control activity in the large cities of Spain.

The production of the Energy Projects area increased by a solid 29.2%, with excellent performance in both activity segments:

- EPC Project activity, which rose by nearly 28%, continues to benefit from the significant order book of new energy asset contracts both in Spain and internationally.
- Renewable Energy Generation activity increased by 53.7% to EUR 128.5 million. This significant growth is a result of the start-up of several wind farms over the past year, which generated over 1,292 GWh of electricity in 2008. In November 2008 the thermal solar plant commenced testing phase operations. In 2009 it will begin to be fully operational.

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With respect to profit from operations, EBITDA increased by 21.1% with a margin of 9.1%, 20 basis points higher than in the previous year. This increase was a result of the change in the mix, where there is now a greater proportion of Energy Project and Renewable Energy activities.

EBIT also increased by 14.4%, with a margin of 7.3%.

The total backlog rose by +6.7% to EUR 6,244 million, equivalent to practically a year of production, assuring a good outlook for the area in 2009. The backlog of Industrial Maintenance in Spain grew by 0.6% whereas the international order book rose by 12.4%, especially as a result of Control Systems and Specialised Installation activity.

Backlog breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Support Services	3,875.8	4,027.6	+3.9%
Energy Projects	1,977.7	2,216.7	+12.1%
Total	5,853.5	6,244.3	+6.7%
<i>International</i>	<i>1,993.1</i>	<i>2,066.1</i>	<i>+3.7%</i>
<i>% over total backlog</i>	<i>34%</i>	<i>33%</i>	

The backlog of Energy Projects continued to rise, in this case as a result of activity in the Spanish market and as a consequence of the investments made by large energy groups and in renewable energies.

The ACS Group was recently awarded the Castor Project, the aim of which is to build a strategic deposit for national gas reserves in the old oil wells of the Levante coast. Over EUR 1,400 million was invested in this project, of which EUR 1,100 million correspond to the EPC project, and it is headed by the ACS Group in view of its 67% ownership interest therein.

At 31 December 2008 the ACS Group had the following portfolio of investments in renewable energy:

Renewable Energy	Installed Capacity	Attributable to ACS
Wind, global consolidation	942 MW	80%
Wind, equity method	134 MW	33%
Wind, total under operation	1,076 MW	74%
Wind, under construction	213 MW	83%
Thermosolar, under operation	50 MW	75%
Thermosolar, under construction	110 MW	86%
Total	1,449 MW	76%
Wind, pipeline	1,799 MW	80%
Thermosolar, pipeline	250 MW	100%

Additionally, the ACS Group is actively investing in transmission line concession projects in South America, mainly Brazil, where it participates in 25 projects totalling over 10,300 kilometres.

1.5.3 Environment & Logistics

Main financial figures	2007	2008	Var. 08/07
Million of euros			
Turnover	2,834.9	3,148.2	+11.1%
EBITDA	381.5	412.0	+8.0%
Margin	13.5%	13.1%	
EBIT	232.8	249.3	+7.1%
Margin	8.2%	7.9%	
Net Profit	131.7	144.6	+9.9%
Margin	4.6%	4.6%	
Backlog	14,458	16,839	+16.5%
Months	61	64	

All areas performed well and showed two-digit growth rates. The domestic market showed a 9.3% increase while international sales rose by 23.8% as a result of the heavy activity in ports and treatment plants abroad due to the number of contracts awarded and the investment in port terminals.

Turnover breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Environmental Services	1,327.1	1,473.1	+11.0%
Ports & Logistics Services	668.0	734.4	+10.0%
Facility Management	839.8	940.7	+12.0%
Total	2,834.9	3,148.2	+11.1%
International	340.3	421.4	+23.8%
% over total sales	12%	13%	

The revenue recorded by Environment (Urbaser) was up 11%, especially due to the increase in international area activity in treatment plants and recycling as well as environmental services, which rose by 31.4%.

Port Services and Logistics activities increased by 10%. The highest growth was shown in the container terminal segment supported by the incorporation of ATM in Bilbao, which offset the reduction in conventional terminal activity.

Integral maintenance (Clece) grew by 12% supported by the solid order book of contracts with public authorities and the upward trend in commercial activity in 2008.

EBITDA and EBIT rose by 8% and 7.1%, respectively. The sales margins stood at 13.1% and 7.9%, dropping slightly with respect to the previous year due to change in the business mix in each of the activity segments.

Net profit rose by 9.9% with a margin of 4.6%, which was the same as in 2007.

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The Environment and Logistics backlog was EUR 16,839 million, equivalent to over five years of production, and up 16.5% on the previous year.

Backlog breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Environmental Services	8,028.0	9,310.4	+16.0%
Ports & Logistics Services	5,374.9	6,426.7	+19.6%
Facility Management	1,054.7	1,101.7	+4.5%
Total	14,457.6	16,838.8	+16.5%
<i>International</i>	<i>4,069.6</i>	<i>4,734.0</i>	<i>+16.3%</i>
<i>% over total backlog</i>	<i>28%</i>	<i>28%</i>	

The increase in the Environment backlog was a result of the rise in contracts awarded outside of Spain in the past 12 months, and mainly to Urbaser in the French market. In this connection, international contracts accounted for 28% of this backlog.

1.5.4. Concessions

Main financial figures	2007	2008
Million of euros		
Turnover	35.8	66.1
EBITDA	1.5	23.2
EBIT	(5,2)	7,8
Equity method	(21,3)	(37,3)
Capital Gains	38.0	678.0
Attributable Net Profit	3.7	641.4

Sales relate mainly to the revenue from concessions already in operation such as La Mancha motorway, the Autovía de Santiago – Brión motorway, the interchanges of Príncipe Pfo and Avenida América in Madrid and the Can Brians prison in Barcelona.

Included under the concessions area is the sale of assets in 2008 as part of the Group's operating activity, which includes:

- The sale to Abertis and a Santander Group venture capital company of "Inversora de Infraestructuras S.L.", which is the company holding the shares in the Chilean toll roads Central (50%) and Rutas del Pacífico (48%) for EUR 728 million.
- The sale of shares representing the whole of the share capital of Desarrollo de Concesiones Aeroportuarias, S.L. which includes the Group's investment in the airports of Chile, Colombia, Jamaica and México.
- The sale of the motorway Scutvias Autostradas da Beira Interior for EUR 56 million.

1.5.5 Listed associates

Main financial figures	2007	2008	Var. 08/07
Million of euros			
Abertis	142.2	130.4	-8.3%
Hochtief	30.8	44.2	+43.6%
Iberdrola	96.7	111.0	+14.8%
Income from Associates	269.7	285.6	+5.9%
Financial expenses	(313,2)	(383,1)	+22,3%
Corporate tax	101.2	114.9	+13.5%
Attributable Net Profit	57.7	17.4	-69.9%

The contribution of these listed companies to the Group's profit prior to deducting finance costs and associated taxes amounted to EUR 285.6 million.

- The contribution of Abertis as a result of its being accounted for by the equity method amounted to EUR 130.4 million.
- The Group's holding in Hochtief contributed EUR 44.2 million as a result of its being accounted for by the equity method.
- Iberdrola contributed the dividends accrued amounting to EUR 111.0 million, which were accounted for as finance income.

The finance costs associated with the Group's investments in these companies amounted to EUR 383.1 million, and were higher than in the previous year due to the increase in the benchmark interest rates and due to the increase average share in the investments of Hochtief and derivatives. The positive tax impact was EUR 114.9 million.

Accordingly, the net contribution of the listed companies to the Group's profit in 2008 was EUR 17.4 million.

2. Stock market performance

2.1 Stock market information for 2008

In terms of the stock market, 2008 was a bad year since the main stock market indexes showed a downward trend. Thus, the Dow Jones dropped by 33.8% and the EUROSTOXX 50 dropped by 44.2%, while the NIKKEI index of the Tokyo Stock Exchange fell by 39.7%.

Stock exchange information for 2008



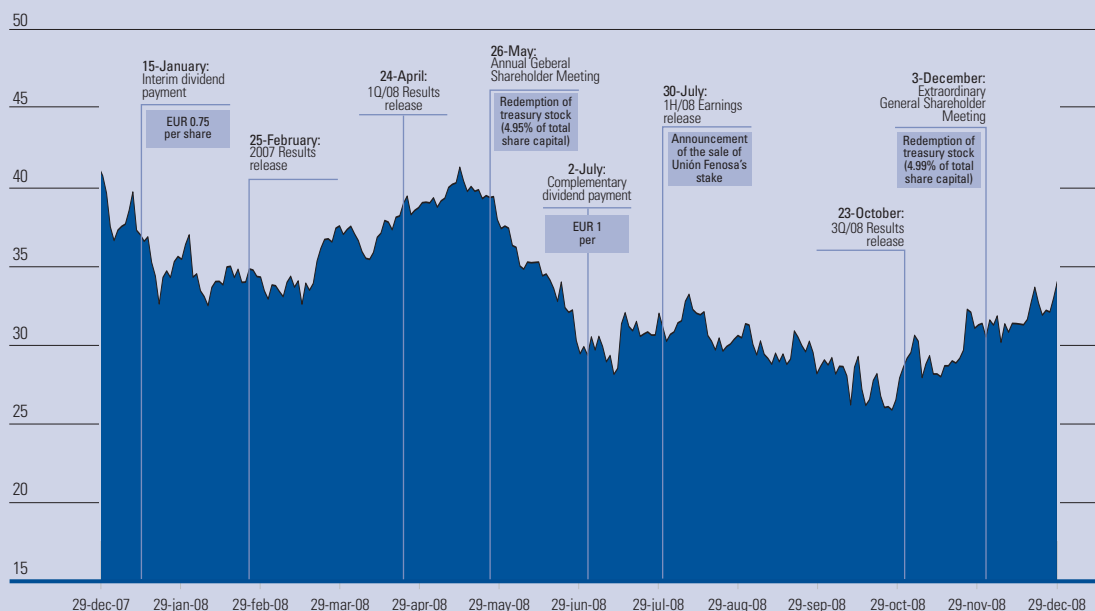
Likewise, in the Spanish market, the IBEX35 index dropped by 39.4%, and the Construction sector index performed even more poorly, with a 47.8% drop. The ACS Group only fell by 19.7%, performing significantly better than the main European and Spanish companies in the sector.

The detail of the ACS Group's main stock market data in 2008 is as follows:

ACS Shares Data	2007	2008
Closing price	40.65 €	32.65 €
Annual performance	-4.82%	-19.68%
Maximum in the period	50.95 €	40.99 €
Maximum Date	01-jun	02-ene
Average in the period	32.10 €	24.03 €
Average in the period	17-sep	24-oct
Average in the period	43.80 €	32.66 €
Total volume ('000)	416,465	382,506
Daily average volume ('000)	1,652.64	1,505.93
Total traded effective (€ mn)	17,942	12,492
Daily average effective (€ mn)	71.20	49.18
Number of shares (mn)	352.87	335.39
Market cap (€ mn)	14,344	10,950

The ACS listed share price performance in 2008 and its main milestones are as follows

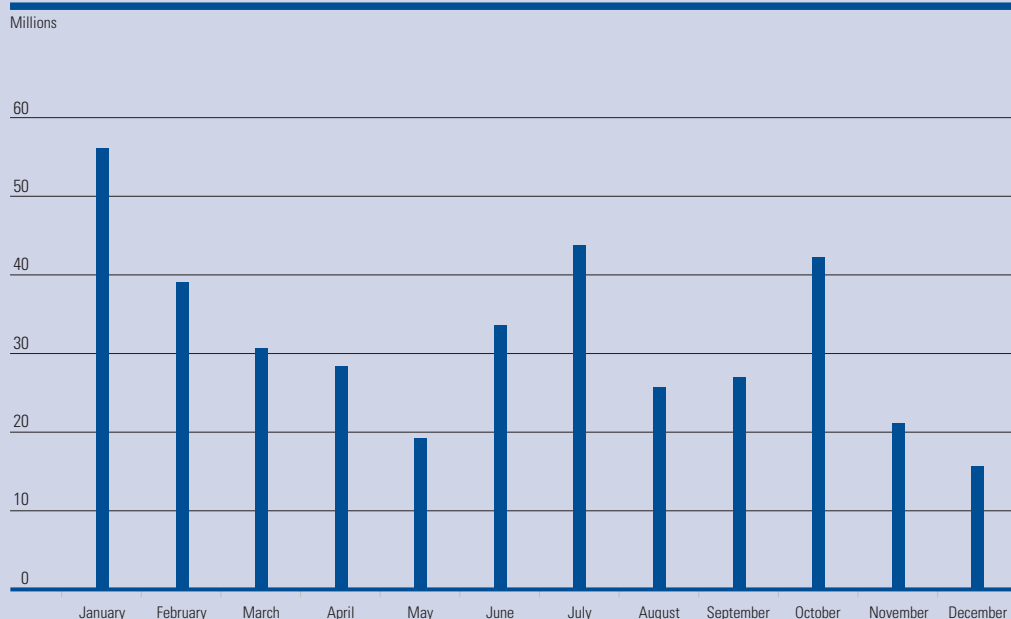
Market share price



Directors' Report on the Consolidated Group

The trading volume reached a monthly average of a little over 31.8 million shares.

Monthly Volume of Shares



In the event that the proposal to be made at the Ordinary General Shareholders' Meeting were accepted, direct shareholder return in the form of 2008 dividends would amount to EUR 2.05 per share, in two payments: an initial interim dividend of a gross EUR 0.75 per share, paid on 27 January 2009, and a complementary dividend of EUR 1.15 per share representing 38% of the earnings per share in 2008. The dividend yield for shareholders at the 2008 year-end closing price stood at 6.3%.

2.2 Treasury shares

At 31 December 2008, the ACS Group had no treasury shares on its balance sheet. The detail of the transactions performed in the year is as follows:

Treasury Stock	Number of Shares
Balance, December 31st 2007	11,941,061
Purchases	22,718,071
Sales	-429,972
Amortization of shares	-34,229,160
Balance, December 31st 2008	—

In June 2008 and as resolved by the ACS Group General Shareholders' Meeting, 17,482,707 treasury shares were redeemed (4.954%). Also, on 3 December 2008 and Extraordinary General Shareholders' Meeting resolved to redeem an additional 4.93% (16,746,453 shares). Therefore, the share capital of ACS amounts to EUR 159,321,987 represented by 318,643,974 shares.

3. Information about the main risks and doubts intrinsic to the ACS Group's activity and management of financial risk

The ACS Group operates in sectors, countries and social, economic and legal environments which involve the exposure to different risk levels intrinsic to the businesses in which they engage.

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 corporate reputation, a problem for its customers or a negative impact on the Group as a whole. For this purpose, the ACS Group has instruments enabling it to identify such risks sufficiently in advance to manage them appropriately either by avoiding them or by minimising the impact thereof, prioritizing their significance as necessary. Noteworthy are the systems relating to control in the bidding for, contracting, planning and management of works and projects, as well as the quality, environmental and human resource management systems.

In addition to the risks arising from the different lines of businesses in which the ACS Group engages, it 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. This is linked to the management of capital by maintaining a financial-equity structure which is optimal for reducing costs, while safeguarding the capacity to continue operating with appropriate debt ratios.

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.

The monitoring of financial risks is performed through methodological application in accordance with IFRS (and in line with the new Spanish National Chart of Accounts) and the preparation of a number of reports that allow for the monitoring and control of these risks for decision-making purposes.

A more in-depth explanation of these risks and of the related risk control instruments is provided in the Corporate Governance report and the ACS Group's consolidated financial statements.

In the first half of 2009 and based on information currently available, the ACS Group does not expect to confront positions of risk or uncertainty which are significantly different than in the second half of 2008.

The ACS Group's 2008 Corporate Governance Report details these risk control instruments, providing in-depth information in this connection.

A full detail of the mechanisms used to manage these financial risks and of the hedging instruments used by the Group is included in the notes to the Company's consolidated financial statements for 2008.

4. Human Resources

At 31 December 2008, the ACS Group employed a total of 141,002 individuals, accounting for 0.7% of the Spanish working population. In 2008, the ACS Group created over 8,954 net jobs.

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 2008.

5. Technological Innovation and Environmental Protection

5.1 Research and development activities

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

To apply and foster this commitment, the Company has established a number of committees at the various Group companies, which handle numerous initiatives undertaken in 2008.

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.

In the Environment & Logistics area, efforts are concentrated on two main activities: the improvement of solid urban waste management and the reduction of CO₂ emissions, as well as inter-modal 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 2008 Corporate Social Responsibility Report.

5.2 Environmental protection

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

In line with its vocation to protect the environment, which has prevailed since the Group's creation, the ACS Group worked on 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 2008 and of the data on production and certifications can be consulted in the Group's 2008 Corporate Social Responsibility Report.

6. Significant events subsequent to year-end

6.1 Payment of dividends of the ACS Group

In accordance with the resolution adopted by the Company's Board of Directors at its ordinary meeting held on 3 December 2008, the Group distributed a gross interim dividend relating to profits for 2008 on 27 January 2009. This dividend amounted to EUR 0.90 per share.

6.2 Sale of Unión Fenosa

Following the communication dated 17 February 2009 by the Spanish Ministry of Economy and Finance regarding the proposed merger of which the Spanish Competition Authority (CNC) was notified, consisting of the acquisition by Gas Natural SDG, S.A. of full control over Unión Fenosa, S.A., it resolved that its decision on the merger would not be referred to the Council of Ministers, thereby authorizing the sale of 35.3051% of the share capital of Unión Fenosa still held by the ACS Group. This transaction, amounting to EUR 5,824.8 million (equivalent to EUR 18.05 per share, net of the dividend of EUR 0.28 received in January 2009) is to be fully completed in March 2009.

6.3 Novation of the *equity swap* on shares of Iberdrola

Subsequent to year end, the Group entered into a novation of the equity swap for 5.125% of the shares of Iberdrola, S.A. his novation extends the period for the exercise of the equity swap; the exercise of voting rights inherent to the underlying shares shall correspond to ACS, Actividades de Construcción y Servicios, S.A. and accordingly, the financial institution commits to being represented at all Shareholders' Meetings held by Iberdrola, S.A. by the representative appointed by ACS, who is entitled to vote freely. The equity swap may now only be settled by the physical handing over of shares, unless the market price of the share is less than EUR 4 in which case ACS, Actividades de Construcción y Servicios, S.A. may settle the swap by means of differences. Accordingly, the ACS Group now holds 12.6% of the voting rights in the electricity utility.

7. Outlook for 2009

Although the ACS Group will approach 2009 cautiously, there are indications enabling the Group to have an optimistic outlook. From an economic and corporate standpoint the situation to be confronted is complicated. However, the ACS Group is prepared to contribute growth and value to its shareholders.

The performance of Construction in 2009 will depend to a large extent on three significant aspects:

- On the one hand, the Government's commitment to prioritizing Civil Engineering Works in Spain, which account for over EUR 22,000 million of the State Budget. And on the other hand, the ACS Group's capacity to maintain high operating efficiency through cost containment and the management of working capital.
- Secondly, the outcome of the adjustment in the building sector following past years of continued growth. The ACS Group's flexibility in adapting to these changes and its ability to control risks are key. Given this scenario, the government is investing in subsidized housing as a response to the constant demand in this business segment, where the ACS Group has proven experience.
- Internationally, the outlook for 2009 centres on capitalising on infrastructure investments in the United States, Western Europe and Chile, where the ACS Group competes in the development of concession and civil engineering projects.

The US will continue to be a market of reference and growth for the ACS Group, and is fundamental for maintaining an appropriate level of internationalism and diversification to increase profitability and reduce the risk of the Construction activity.

In line with the performance of large Civil Engineering projects, the ACS Group's concession activity promises to provide significant growth opportunities.

Large and mainly international projects were awarded to the Group in 2008, which will require investments of over EUR 3,900 million in upcoming years.

In 2009, the ACS Group is prequalified in several calls for tender for projects for which the related investment will amount to over EUR 1,800 million, and is ready to continue bidding on projects which are to be tendered by government bodies in Europe and the US in the near future.

In 2009 the ACS Group will maintain its strategy of rotating older concessions, selling those for which the development period has been completed to heighten the value of its initial investment. In this connection, ACS will continue to foster operating and strategic synergies shared with Abertis, which will enable the Group to uphold its position as worldwide leader in the development of concessions, as in the past 15 years.

In Environment & Logistics, the ACS Group has identified several lines of action which will enable it to maintain profitability in this area, characterized by its visibility and recurrent long-term income.

- Firstly, in the Environment area, Urbaser will continue to expand outside of Spain in countries where it has already been successful in tender processes.
- In the Integral Maintenance area, Clece will continue offering services enabling its clients to face cost reductions efficiently by outsourcing their maintenance activities. This trend has peaked as a result of the current economic backdrop, particularly among large public and private clients.
- Port Services and Logistics continues to be a stable source of revenues due to the diversification of its activities in Spain, combined with cost reduction plans to adapt to the current changes in demand.

Environment & Logistics will continue its tradition of offering public service utilities, depending on long-term concessions and projects for growth.

In the Industrial Services and Energy area, the ACS Group combines significant international growth with the stability of its maintenance contracts and the opportunities to invest in energy generation and concession assets it has seized.

The heavy investment activity of energy, oil and fuel groups is benefiting the Groups' maintenance activity, which is showing parallel growth as a natural result of the completion of infrastructure development projects.

The growth in international activity should stem mainly from the investment plans of its clients outside of Spain, and mainly in Latin America, where Brazil and Mexico continue to be the important markets of reference.

Lastly, the ACS Group will continue investing in its portfolio of renewable energy, both thermal solar power and wind power, with over 2,000 MW in different phases of construction and completion, which will be developed in upcoming years.

This investment is a clear future commitment that will lead to improved margins and the growth of the ACS Group's traditional activity in Industrial Services.

In view of the aforementioned scenario, the objective of the Group for 2009 includes maintaining sustained operating growth and improving the profitability of all its shareholders.

Directors' Report on the Consolidated Group

8. Board of Directors' report for the 2008 financial year in accordance with the provisions of Article 116 bis of the Stock Exchange Law

Pursuant to Article 116 bis of the Stock Exchange Law 24/28 July 1988, introduced by Law 6/12 April 2007, the Board of Directors of ACS Actividades de Construcción y Servicios S.A. submits to its shareholders the following explanatory report with the disclosures, which in accordance with the aforementioned provision, have been included in the Directors' Reports accompanying the financial statements for 2008.

a) Capital structure, including securities not traded on an EC regulated market, with indication of different classes of shares and, for each class, the rights and obligations they confer and the percentage of share capital they represent.

As provided in Article 6 of its Company By-Laws, the Company's share capital amounts to EUR 159,321,987 represented by 318,643,974 fully subscribed and paid shares of EUR 0.50 each, all of the same class and series. All of the shares are fully paid. Pursuant to Article 23 of the Company Bylaws, in order to be able to attend the General Shareholders' Meeting, shareholders are required to hold at least one hundred shares.

b) Any restriction on the transferability of securities.

There are no statutory restrictions on the transferability of shares representing the company's share capital.

Since the company is listed, in order to acquire a percentage equal to or higher than 30% of its share capital or voting rights, a takeover bid is required to be launched under the terms provided in Article 60 of the Stock Exchange Law 24/1988 and Royal Decree 1066/2007 of 27 June.

c) Significant direct or indirect holdings in the share capital.

Shareholders	31/12/2008
Corporación Financiera Alba, S.A.	23.282%
Corporación Financiera Alcor, S.A.	13.002%
Inversiones Vesán, S.A.	11.573%
Balear Inversiones Financieras, S.L.	5.261%
Southeastern Asset Management INC	5.032%
Banco Bilbao Vizcaya, S.A.	2.805%

d) Any restriction on voting rights.

There are no specific restrictions on this right under the Company By-laws. However, as previously indicated, pursuant to Article 23 of the Company By-Laws, in order to be able to attend the General Shareholders' Meeting (attendance right), shareholders are required to hold at least one hundred shares.

e) Shareholders' agreements.

No shareholders' agreements have been reported to the Company.

f) Regulations applicable to appointments and substitution of members of governing bodies and the amendment of Company By-laws.

Appointment and substitution of members of the Board of Directors.

This matter is regulated in Articles 13 and 14 of the Company By-laws and Articles 3, 11 and 24 of the Rules of the Board of Directors, which essentially provide the following:

The Company is governed by a Board of Directors consisting of a minimum of eleven (11) and a maximum of twenty-one (21) members. At the proposal of the Board of Directors, the General Shareholders' Meeting shall be responsible for setting, within the aforementioned limits, the exact number of members of the Board of Directors, and appointing the individuals to fill these positions; The Board's proposal is required to be preceded by a proposal by the Appointment and Remuneration Committee. No age limit has been set to be appointed Board Member or for the exercise of this position.

Board members shall hold their positions for the term provided in the Company By-laws (six years) and may be re-elected on one or several occasions for terms of the same length.

The board members shall cease to hold their position when removed by the General Shareholders' meeting, when they notify the Company of their resignation or when the term for which members were appointed has expired, in accordance with Article 145 of the Regulations of the Spanish Mercantile Registry.

In the event of a vacancy for any reason, the Board of Directors may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive election shall take place.

Amendment of the Company By-laws.

The procedure for amending the Company By-laws is regulated by Article 29 and generally, Article 144 of the Corporations Law, which require approval by the General Shareholders' Meeting, with the attendance quorums and if applicable, majorities provided in Article 103 of the aforementioned law. Resolutions shall be adopted by a simple majority, except where under section 2 of the aforementioned Article 103 of the Corporations' Law, such resolutions are required to be adopted by means of the vote in favour of two thirds of the share capital present or represented when the shareholders present or represented hold less than fifty percent of the subscribed share capital with a right to vote. The simple majority necessary to approve a resolution shall require the vote in favour of half, plus one of the shares with voting rights present or represented at the meeting.

g) Powers of the members of the Board of Directors and in particular, powers to issue and/or repurchase shares.

The Board of Directors acts jointly and is granted the broadest of powers to represent and govern the Company. The executive team is generally entrusted with the management of the Company's ordinary business by the Board, which carries out the general function of supervising and controlling the Company's operations. However, the Board of Directors may directly assume the responsibilities and decision-making powers deemed appropriate in relation to the management of the Company's business.

The Chairman of the Board of Directors is of an executive nature and is vested with all powers of the Board of Directors, except those which may not legally or statutorily be transferred. Additionally, the Executive Committee is vested with all powers of the Board of Directors which may be legally or statutorily transferred. The executive Vice Chairman and Board Member-Secretary also have broad notary powers recorded at the Mercantile Registry.

Directors' Report on the Consolidated Group

At the General Shareholders Meeting held on 3 December 2008, the Board of Directors of the Company as well as those of subsidiary companies were authorised to acquire shares in the Company for valuable consideration, for the 18-month period following the date of the General Shareholders Meeting, and pursuant to the terms and requirements set forth in section 75 and related provisions of the Corporations Law, the par value of which, when added to the shares already held by the Company and its subsidiaries, does not exceed 5% of the issued share capital. The minimum and maximum price shall be, respectively, the par value of the shares and a price not exceeding the price at which they are traded at the stock market on the date of the purchase, or the price authorised by the competent body of the Stock Exchange or by the Spanish Stock Market Commission.

h) Significant resolutions that the Company may have adopted that once in force, were amended or concluded in the event of any change of control over the company following a public takeover bid, and the effects thereof, except when such disclosure may be seriously damaging to the Company. This exception shall not be applicable when the company is legally required to disclose this information.

There are no significant contracts giving rise to the aforementioned circumstance.

i) Agreements between the Company and its directors, managers or employees establishing severance payments when they resign or are dismissed without due cause or if the employment contract expires due to a takeover bid.

Pursuant to sections B.1.13 and G of the 2008 Annual Corporate Governance Report, there are a total of 10 senior management members in the different ACS Group companies, including executive board members, whose contracts provide for the cases described under this heading with maximum severance payments of up to five years' salary.

9. Annual Corporate Governance Report

In accordance with Article 202.5 of the Corporations Law, attached you could find the Annual Corporate Governance Report, which forms and integral part of the 2008 Directors' Report (please see the book of the Annual Corporate Governance, which is separately attached to the book with the Economical and Financial Report of ACS Group).



Consolidated Financial Statements

Consolidated balance sheets at 31 december 2008 and 2007

Assets	31/12/2008	31/12/2007
Thousands of euros		
Non-current assets	14,619,413	34,620,851
Intangible assets (Note 4)	1,466,906	4,392,987
Goodwill	1,132,563	2,950,375
Other intangible assets	334,343	1,442,612
Property, plant and equipment (Note 5)	1,718,506	14,526,326
Non-current assets in projects (Note 6)	3,587,050	3,948,426
Investment property (Note 7)	70,898	47,268
Investments in companies accounted for by the equity method (Note 9)	3,892,825	4,231,428
Non-current financial assets (Note 10)	3,188,286	6,068,281
Financial instrument receivables (Note 22)	546	332,614
Deferred tax assets (Note 26.6)	694,396	1,057,153
Other non-current assets	–	16,368
Current assets	36,778,952	14,972,593
Non-current assets held for sale and discontinued operations (Note 3.9)	24,350,617	595,223
Inventories (Note 11)	698,594	896,829
Trade and other receivables (Note 12)	7,301,556	9,334,393
Trade receivables for sales and services	6,101,610	7,320,511
Other receivables	1,097,564	1,316,066
Current tax assets (Note 26)	102,382	697,816
Other current financial assets (Note 10)	2,185,135	1,420,863
Other current assets (Note 13)	62,010	73,703
Cash and cash equivalents (Note 14)	2,181,040	2,651,582
Total assets	51,398,365	49,593,444

The accompanying Notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated balance sheet at 31 December 2008.

Equity and liabilities	31/12/2008	31/12/2007
Thousands of euros		
Patrimonio neto (Note 15)	9,913,040	10,441,035
Shareholders' equity	4,404,604	3,977,019
Share capital	159,322	176,437
Share premium	897,294	897,294
Reserves	1,829,732	2,133,169
(Treasury shares and equity interests)	-	(516,341)
Profit for the year of the parent	1,805,036	1,551,115
(Interim dividend)	(286,780)	(264,655)
Adjustments for changes in value	(1,002,182)	676,738
Available-for-sale financial assets	(539,434)	660,907
Hedging transactions	(236,405)	107,707
Exchange differences	(226,343)	(91,876)
Equity attributed to the parent	3,402,422	4,653,757
Minority interests	6,510,618	5,787,278
Non-current liabilities	11,069,671	21,460,746
Grants related to assets (Note 16)	65,386	810,599
Non-current provisions (Note 20)	158,647	1,498,629
Non-current financial liabilities	9,576,277	16,804,487
Bank borrowings, debt instruments and other held-for-trading liabilities (Note 17)	3,288,055	7,477,722
Project finance with limited recourse (Note 18)	6,245,240	9,278,259
Other financial liabilities (Note 19)	42,982	48,506
Financial instrument payables (Note 22)	855,706	66,443
Deferred tax liabilities (Note 26.6)	230,805	1,945,668
Other non-current liabilities	182,850	334,920
Current liabilities	30,415,654	17,691,663
Liabilities relating to non-current assets held for sale and discontinued operations (Note 3.9)	15,912,940	103,233
Current provisions (Note 20)	264,713	273,050
Current financial liabilities	4,145,663	3,842,466
Bank borrowings, debt instruments and other held-for-trading liabilities (Note 17)	3,960,946	3,360,436
Limited recourse financing of projects and (Note 18)	176,840	363,175
Other financial liabilities (Note 19)	7,877	118,855
Trade and other payables (Note 23)	9,376,020	11,865,097
Suppliers	2,768,592	3,511,920
Other payables	6,540,430	7,803,423
Current tax liabilities (Note 26)	66,998	549,754
Other current liabilities (Note 24)	716,318	1,607,817
Total equity and liabilities	51,398,365	49,593,444

The accompanying Notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated balance sheet at 31 December 2008.

Consolidated Financial Statements

Consolidated income statements for the years ended 31 december 2008 and 2007

	31/12/2008	31/12/2007
Thousands of euros		
Revenue (Note 27)	16,009,990	15,344,899
Changes in inventories of finished goods and work in progress	(4,263)	5,181
Capitalized expenses of in-house work on assets (Note 27)	279,026	307,636
Procurements (Note 28.1)	(9,434,518)	(9,273,957)
Other operating income	533,772	468,994
Staff costs (Note 28.2)	(3,894,967)	(3,577,565)
Other operating expenses	(2,054,595)	(1,936,287)
Depreciation and amortisation charge (Notes 4, 5, 6 and 7)	(340,247)	(285,123)
Allocation of grants relating to non-financial assets and others (Note 16)	2,534	2,953
Impairment and gains on the disposal of non-current assets	142	6,190
Other profit or loss (Note 28.5)	150,756	(73,904)
Operating income	1,247,630	989,017
Finance income (Note 28.7)	406,755	285,855
Finance costs	(803,489)	(554,578)
Changes in the fair value of financial instruments (Notes 21 and 28.6)	(650,767)	124,335
Exchange differences	1,020	(16,942)
Impairment and gains on the disposal of financial instruments (Note 29)	703,676	79,789
Financial profit	(342,805)	(81,541)
Results of companies accounted for using the equity method (Note 9)	163,673	171,506
Profit before tax	1,068,498	1,078,982
Income tax (Note 26.4)	(29,661)	(159,903)
Profit for the year from continuing operations	1,038,837	919,079
Profit after tax from discontinued operations (*)	1,600,894	1,203,368
Profit for the year	2,639,731	2,122,447
Profit attributed to minority interests (Note 15.7)	(20,318)	(21,911)
Profit from discontinued operations attributed to minority interests (Note 15.7)	(814,377)	(549,421)
Profit attributed to the parent	1,805,036	1,551,115
(*) Profit after tax from discontinued operations attributed to minority interests	786,517	653,947
Earnings per share (Note 31)	31/12/2008	31/12/2007
Euros per Share		
Basic earnings per share	5,43	4,51
Diluted earnings per share	5,43	4,51
Basic earnings per share from discontinued operations	2,36	1,90

The accompanying Notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated income statement at 31 December 2008.

Consolidated statements of recognised income and expense for the years ended 31 december 2008 and 2007

Descripción	31/12/2008			31/12/2007		
	Of the Parent	Of Minority Interests	Total	Of the Parent	Of Minority Interests	Total
Thousands of euros						
A) Total profit for the year	1,805,036	834,695	2,639,731	1,551,115	571,332	2,122,447
Consolidated profit for the year	1,805,036	20,318	1,825,354	1,551,115	21,911	1,573,026
Profit from discontinued operations (minority interests)	–	814,377	814,377	–	549,421	549,421
B) Income and expenses recognised directly in equity	(1,686,793)	(60,061)	(1,746,854)	692,774	102,042	794,816
Measurement of financial instruments	(1,548,950)	52,326	(1,496,624)	906,713	135,322	1,042,035
Cash flow hedges	(483,143)	(52,267)	(535,410)	99,472	43,830	143,302
Translation differences	(169,438)	(29,931)	(199,369)	(38,197)	(59,263)	(97,460)
Actuarial gains and losses	(13,862)	(27,115)	(40,977)	(18,991)	(17,847)	(36,838)
Tax effect	528,600	(3,074)	525,526	(256,223)	–	(256,223)
C) Transfers to income	(1,678)	(55,970)	(57,648)	–	–	–
Reversal of financial instruments	(42,327)	(77,560)	(119,887)	–	–	–
Reversal of translation differences	32,946	–	32,946	–	–	–
Tax effect	7,703	21,590	29,293	–	–	–
Total income and expense recognised in the year	116,565	718,664	835,229	2,243,889	673,374	2,917,263

The accompanying Notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated statements of recognized income and expense at 31 December 2008.

Consolidated Financial Statements

Consolidated cash flow statements for the years ended 31 december 2008 and 2007

	31/12/2008	31/12/2007
Thousands of euros		
A) Cash flows from operating activities	1,060,467	2,361,540
1. Profit before tax	1,068,498	2,211,814
2. Adjustments to profit:	349,823	1,106,509
Depreciation and amortisation charge	340,247	966,113
Other adjustments to profit (net) (*)	9,576	140,396
3. Changes in working capital	(185,829)	238,688
4. Other cash flows from operating activities	(172,025)	(1,195,471)
Interest payable	(803,489)	(1,114,684)
Dividends receivable	451,984	238,356
Interest receivable	295,596	279,816
Income tax payable/receivable	(116,116)	(598,959)
B) Cash flows from investing activities	(451,367)	(3,403,215)
1. Investment payables:	(2,968,539)	(4,650,115)
Group companies, associates and business units	(1,150,563)	(1,502,888)
Property, plant and equipment, intangible assets and property investments	(1,548,879)	(2,895,063)
Other financial assets	(258,108)	(123,216)
Other assets	(10,989)	(128,948)
2. Divestment receivables:	2,517,172	1,246,900
Group companies, associates and business units	2,416,708	659,300
Property, plant and equipment, intangible assets and property investments	85,139	587,600
Other financial assets	12,141	-
Other assets	3,184	-
C) Cash flows from financing activities	(963,862)	2,766,613
1. Equity instrument receivables (and payables):	(674,418)	(172,294)
Amortisation and acquisition	(674,418)	(172,294)
2. Liability instrument receivables (and payables):	492,657	3,784,887
Issue	492,657	3,784,887
3. Dividends payable and remuneration relating to other equity instruments	(600,245)	(441,091)
4. Other cash flows from financing activities:	(181,856)	(404,889)
Other financing activity receivables and payables	(181,856)	(404,889)
D) Net increase (decrease) in cash and cash equivalents	(354,762)	1,724,938
E) Cash and cash equivalents at beginning of the year	2,535,802	926,644
F) Cash and cash equivalents at end of year	2,181,040	2,651,582
1. Cash flows from operating activities	214,483	1,449,989
2. Flujos de efectivo de las actividades de inversión	1,018,179	(268,958)
3. Cash flows from financing activities	(584,070)	(442,897)
Net cash flows from discontinued operations	648,592	738,134
Cash and cash equivalents at end of year		
Cash and banks	1,321,061	2,651,582
Other financial assets	859,979	-
Total cash and cash equivalents at end of year	2,181,040	2,651,582

(*) Includes mainly the changes in the value of financial instruments classified at fair value and the gains and losses on the disposal of financial instruments.

The accompanying notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated cash flow statement at 31 December 2008.

Notes to the consolidated financial statements for the year ended 31 December 2008

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.

In accordance with its company objects, the main business activities of ACS, Actividades de Construcción y Servicios, S.A., the parent of the ACS Group, are as follows:

1. The business of constructing all kinds of public and private works, as well as the provision of services, for the conservation, maintenance and operation motorways, highways, roads and, in general any type of public or private ways and any other type of works. Any kind of industrial, commercial and financial actions and operations which bear a direct or indirect relationship thereto.
2. Promoting, constructing, restoring and selling housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either on its own or through third parties. Carrying out conservation and maintenance of works, facilities and services, whether urban or industrial.
3. The direction and execution of all manner of works, facilities, assemblies and maintenance related to production plants and lines, electric power transmission and distribution, substations, transformation, interconnection and switching centres, generation and conversion stations, electric, mechanical and track, installations for railways, metros and light trains, railway, light train and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements, and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering – either directly remotely – for industries and buildings as well as those suited to the above listed, facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of, facilities related to the production, transmission, distribution, upkeep, recovery and use of electric energy in all its stages and systems, as well as the operation repair, replacement and upkeep of the components thereof. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerization and rationalisation of all kinds of energy consumption.
4. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signalling and S.O.S. communications, civil defence, defence and traffic, voice and data transmission and use, measurements and signals, as well as propagation, broadcast, repetition and reception of all kinds of waves, antennas, relays, radio-links, navigation aids, equipment and elements required for the execution of such works, assemblies and facilities.
5. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the development, production, transformation, storage, transmission, channelling, distribution, use, metering and maintenance of any other kind of energy and energy product, and of any other energy that may be used in the future, including the supply of special equipment, elements required for installation and erection, and materials of all kinds.

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6. The direction and execution of all manner of works, assemblies, facilities and, y maintenance of hydroelectric works to develop, store, raise, drive or distribute water, and its piping, transport and distribution, including water and gas treatment facilities.
7. The direction and execution of all manner of works, assemblies, facilities and maintenance for developing, transporting, channelling and distributing liquid and solid gases for all kinds of uses.
8. The direction and execution of all manner of works, assemblies, facilities and maintenance of ventilation, heating, air conditioning and refrigeration works and works to improve the environment, for all kinds of uses.
9. The direction and execution of all manner of works, facilities, assemblies and, maintenance related to cable cars, gondola lifts, chair lifts and aerial lifts for both passenger and material transport by means of systems of cables or any type of mechanical element. The retrieval of ships and submerged elements, maritime, salvages, ship breaking, naval fleet repairs, repairs and assembly of engines and mechanical elements for ships, and underwater work and sale of aquatic and sports material.
10. The manufacture, transformation, processing, handling, repair, maintenance and all manner of operations of an industrial nature for commercialisation related to machinery, elements, tools, equipment, electric protection material, bare and insulated conductors, insulators, metal fittings, machines, tools and auxiliary equipment for assemblies and installation of railways, metros and light trains, electric power transmission and distribution plants, lines and networks and for telephone and telegraph communications, telecommunication, security, traffic, telematics and voice and data transmission systems; of elements and machines for the development, transformation, transmission and use of all kinds of energies and energy products; of fluid and gas lift pumps, piping and other elements, mechanisms, accessory instruments, spare parts and materials required for execution, execution of any industrial, agricultural, naval, transport, communication and mining works, facilities and assemblies and others listed in the preceding paragraphs. Managing the business of production, sale and use of electric energy, as well as other energy sources, and carrying out studies related thereto, and managing the business of production, prospecting, sale and use of all kinds of primary solid, liquid or gaseous energy resources, specifically including hydrocarbons and gas, whether natural, liquid or in another state, in their different forms and classes. Energy planning and rationalisation of the use of energy and cogeneration of same. Research, development and operation of all aspects of communication and computing systems.
11. The manufacture, installation, assembly, erection, supply, maintenance and commercialisation of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; as well as metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.
12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general, and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, crossties for railways and barricades, and the production and commercialisation of antiseptic productions and running of procedures for preserving wood, elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.
13. The management and execution of reforestation and agricultural and fishery restocking works, as well as the maintenance and improvement thereof. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.
14. The manufacture, installation, distribution and use in any way of all manner of ads and advertising supports. The design, construction, fabrication, installation, maintenance, cleaning, upkeep and advertising use of all manner of street furniture and similar elements.

15. The provision of all manner of public and private services of an urban nature, including the execution of any necessary works and facilities, either by administrative concession or leasing. The treatment, recycling and recovery of all kinds of urban, urban-assimilable, industrial and sanitary wastes; the treatment and sale of waste products, as well as the management and operation of waste treatment and transfer plants. . Drafting and processing of all manner of environment-related projects.
16. The cleaning services for buildings, constructions and works of any kind, of offices, commercial premises and public places. Preparation, upkeep, maintenance, sterilisation, disinfection and deratization. Clothes cleaning, washing, ironing, sorting and transportation.
17. Furniture assemblies and installations, including tables, shelves, office material, and similar or complementary objects.
18. Transports of all kinds, especially ground transportation of passengers and merchandise, and the activities related thereto. Management and operation, as well as provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas, and bus or intermodal transportation stations.
19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centres, therapeutic communities and other shelters and rehabilitation centres; transportation and accompaniment of the above mentioned collectives; home hospitalisation and medical and nursing home care; supply of oxygen therapy, gas control, electro-medicine, and associated activities.
20. Provision of auxiliary services in housing developments, urban properties, industrial facilities, roadway networks, shopping centres, official agencies and administrative departments, sports or recreational facilities, museums, fairgrounds, exhibition galleries, conference and congress halls, hospitals, conventions, inaugurations, cultural and sports centres, sporting, social and cultural events, exhibits, international conferences, general shareholders' and owners' association meetings, receptions, press conferences, teaching centres, parks, farming facilities (agricultural, livestock and fisheries), forests, rural farms, hunting reserves, recreational and entertainment areas, and in general all kinds of properties and events, by means of porters, superintendents, janitors, ushers, guards or controllers, console operators, auditorium personnel, concierges, receptionists, ticket clerks (including ticket collection), telephone operators, collectors, caretakers, first aid personnel, hostesses and similar personnel or personnel who complement their functions, consisting of the maintenance and upkeep of the premises, as well as attention and service to neighbours, occupants, visitors and/or users, by undertaking the appropriate tasks, excluding in all cases those which the law reserves for security firms. Collection and tallying of cash, and the making, collection and charging of bills and receipts. The development, promotion, exhibition, performance, acquisition, sale and provision of services in the field of art, culture and recreation, in their different activities, forms, expressions and styles.
21. Provision of emergency, prevention, information, telephone switchboard, kitchen and dining hall services. Opening, closing and custody of keys. Turning on and off, running, supervision, maintenance and repair of engines and heating and air conditioning, electricity and lift installations, water, gas and other supply pipes, and fire protection systems. The operation of rapid communication systems with public assistance services, such as police, firemen, hospitals and medical centres. Fire fighting and prevention services in general, in woodlands, forests, rural farms, and industrial and urban facilities.
22. Integral management or operation of public or private educational or teaching centres, as well as surveillance, service, education and control of student bodies or other educational collectives.
23. Reading of water, gas and electricity meters, maintenance, repair and replacement thereof, monitoring and transcription of readouts, meter inspection, data acquisition and updating, and instalment of alarms. Temperature and humidity measurements on roadways and, in general, all kinds of properties and real estate, and public and private facilities, providing all the controls required for proper upkeep and maintenance thereof, or of the goods deposited or guarded therein.

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24. Handling, packing and distribution of food or consumer products; processing, flavouring and distribution of food for own consumption or supply to third parties; servicing, replacement and maintenance of equipment, machinery and dispensing machines of the mentioned products; and participation in operations with raw materials, manufactured goods and supplies.
25. Provision of ground services to passengers and aircraft. Integral logistic freight services, such as: loading, unloading, stowing and unstowing, transport, distribution, placement, sorting, warehouse control, inventory preparation, replacement, control of warehouse stocks and storage of all kinds of merchandise, excluding the activities subject to special legislation. Management and operation of places of distribution of merchandise and goods in general, and especially perishable products, such as fish exchanges and wholesale and retail markets. Reception, docking, mooring and service connections to boats.
26. Direct advertising services, postage and mailing of printed advertising and publicity material and, in general, all kinds of documents and packages, on behalf of the clients.
27. Management, operation, administration, maintenance, upkeep, refurbishment and fitting out of all kinds of concessions in the broadest sense of the word, including those that are part of the concessionary firm's shareholders and those that have any type of contractual relation to develop any of the above listed activities.
28. The acquisition, holding, use, administration and disposal of all manner of own-account securities, excluding activities that special legislation, and in particular the legislation on the stock market, exclusively ascribes to other entities .
29. Manage and administer representative securities of the shareholders' equity of non-resident entities in Spanish territory, through the appropriate organisation of personal and material means suited to this end.
30. Preparation of all manner of studies, reports and projects, and entering into contracts concerning the activities indicated in this article, as well as supervision, direction and consulting in the execution thereof.
31. Occupational training and recycling of people who provide the services described in the preceding points.

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

2.1 Basis of presentation

The consolidated financial statements for 2008 of the ACS Group were prepared:

- By the directors of the Parent, at the Board of Directors' Meeting held on 26 March 2009.
- 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 and subsequent amendments thereto. The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2008 are summarised in Notes 2 and 3.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant legislation in this connection, which are specified in Note 3 (accounting policies).
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2008, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2008 (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 2007 (IFRSs as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, S.A. on 26 May 2008. The 2008 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.

Reclassifications were made in the presentation of the financial statements for 2007 and the 2007 income statement was restated as a result of the sale of the Group Unión Fenosa and its consideration as a discontinued operation. The effect of these reclassifications on the income statement and cash flow statement is detailed in Note 3.9.

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 2008 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.

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

- The useful life of the intangible assets and property, plant and equipment (Notes 3.3 and 3.2)
- The impairment losses on certain assets (Notes 3.1 and 3.6)
- The measurement of goodwill and the assignment of assets on acquisitions (Note 3.1)
- The amount of certain provisions (Note 3.13)
- The assumptions used in the calculation of liabilities and commitments to employees (Note 3.12)
- The market value of derivatives, and particularly, the equity swaps mentioned in Notes 9 and 10.

Although these estimates were made on the basis of the best information available at the date of this consolidated financial statement, 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 statements 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 on the year is recorded under profit/loss for the year. Also, in these cases the financial data on the comparative year presented together with the year in course is restated.

There were no changes in accounting policies and no errors were corrected in the 2008 and 2007 financial statements.

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 3.21.

2.2 Basis of consolidation

a) Balances and transactions with Group companies and associates

All significant intra-Group balances and transactions are eliminated on consolidation. Accordingly, all gains obtained by associates up to their percentage of ownership interest and all gains obtained by fully consolidated companies in 2008 were eliminated.

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 concession arrangements approved in November 2006 as IFRS 12, which have not yet been approved by the European Union (Note 3.24). 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 comprising 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 2008 and 2007 the reporting date of the financial statements of all the companies included in the scope of consolidation was the same or was temporarily standardised to that of the Parent.

c) Subsidiaries

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

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

In January 2007, the ACS Group appointed two additional members to the Board of Directors of Unión Fenosa, S.A., and accordingly composed 50% of this Board. In this connection, taking into consideration all the circumstances evidencing the extent to which control over a company is held, including membership on the Board, the appointment of key executives, actual representation at the company’s General Shareholders’ Meeting and other aspects, it may be concluded that a case of “de facto” control, which has been deemed to be acceptable by the IASB, has arisen. Accordingly, in accordance with the IFRSs, the ACS Group decided that fully consolidating the business and operations of Unión Fenosa best reflects this control. In 2008, and as a result of the decision to sell this ownership interest, although management and control over the company was maintained at 31 December 2008, it was considered to be a discontinued operation (Note 3.9). The effect of the change in the scope of consolidation is described in section f) below.

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., Escal UGS, S.L., Coparc Barcelona, 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 another or other shareholders, 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.

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Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under "Minority Interests" in the consolidated balance sheet.
- The profit or loss for the year is presented under "Profit Attributed to Minority Interests" and "Profit from Discontinued Operations 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 and 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 operations 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 8 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 rights 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. and Concesionaria DHM, S.A.

Investments in associates are accounted for using the equity method, i.e. they are measured initially at acquisition cost, and subsequently on each reporting date, are measured at cost, plus the variations in the net assets of the associate according to the

Group's percentage of ownership interest. The excess of the cost of acquisition over the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess in the Group's share in the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in the income statement.

The profit or loss of associates net of taxes is included in the Group's income statement under "Results of Companies Accounted for Using the Equity Method" 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 is 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.

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

f) Changes in the scope of consolidation

The most significant changes in the scope of consolidation in 2008 and 2007 were as follows:

On 8 January 2008, the ACS Group acquired 4.84% of the shares of Unión Fenosa for EUR 657 million, increasing its ownership interest to 45.3% of the share capital of the electricity utility. This acquisition gave rise to goodwill amounting to EUR 300.3 million.

On 30 July 2008 the ACS Group entered into an agreement with Gas Natural SDG, S.A. to sell the whole of its 45.3% ownership interest in the share capital of Unión Fenosa, S.A.

This transaction was performed in the following phases:

- On 1 August 9.9999% of the shares of Unión Fenosa were transferred at the price of EUR 18.33 per share, which amounted to EUR 1,675.4 million and gave rise to gains net of taxes amounting to EUR 403.5 million, recognised under "Profit after Tax from Discontinued Operations" (Note 3.9).
- The remaining 35.3051% was sold on 26 February 2009 (following approval of the merger of Gas Natural and Unión Fenosa by the competent authorities) for EUR 5,824.8 million (equivalent to EUR 18.05 per share, net of the dividend received from Unión Fenosa in January 2009).

On 27 March the ACS Group purchased 1% of the shares of Abertis for a total EUR 134 million, increasing its ownership interest to 25.8% of the company's share capital. With respect to this acquisition, the fair value assigned to the assets was EUR 55,470 thousand, after having taken the corresponding deferred tax into consideration. This amount includes the underlying carrying amount of the investment totalling EUR 37,129 thousand. The goodwill arising on this purchase amounted to EUR 78,650 thousand, and as in the case of the previous acquisitions, 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 2008 the ACS Group closed the sale to Abertis Infraestructuras, S.A. initiated in December 2007, of shares representing the whole of the share capital of Desarrollo de Concesiones Aeroportuarias S.L., which includes the ACS Group's investment in the airports of Chile, Columbia, Jamaica and Mexico. This transaction, representing a company value of EUR 270.8 million, gave rise to consolidated gains before tax amounting to EUR 114.5 million, after having eliminated the percentage of ownership interest in Abertis Infraestructuras, S.A.

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The ACS Group sold the whole of its ownership interest in its subsidiary Inversora de Infraestructuras, S.L, which holds shares in the Chilean toll roads, Rutas del Pacífico, S.A. (48%) and Autopista Central (50%), to Abertis Infraestructuras, S.A. and to a Santander Group venture capital fund. This transaction gave rise to gains before tax amounting to EUR 530,136 thousand, after having eliminated the percentage of ownership interest in Abertis Infraestructuras, S.A.

In 2008 the ownership interest in Autopista Scutvias Autostrade da Beira Interior was sold for EUR 56 million.

As explained in section c) Unión Fenosa, S.A. was fully consolidated from January 2007. Commencing on this date, in accordance with IFRS 3, it became necessary to measure the assets and liabilities from Unión Fenosa, S.A. at fair value ("purchase price allocation"). The detail of the allocation of the purchase price was as follows:

	Carrying Amount	Allocation of Assets	Fair Value of Assets
Thousands of euros			
Property, plant and equipment	10,932,582	2,809,908	13,742,490
Other intangible assets	501,039	548,869	1,049,908
Other non-current assets	2,849,952	–	2,849,952
Current assets	2,479,162	–	2,479,162
Non-current liabilities (deferred tax liabilities)	(6,773,176)	(1,007,633)	(7,780,809)
Current liabilities	(4,451,972)	–	(4,451,972)
Total net assets	5,537,587	2,351,144	7,888,731
Minority Interests	–	–	(5,138,469)
Total fair value of the net assets acquired	–	–	2,750,262
Reserves accumulated from purchase date to takeover date	–	–	(229,243)
Purchase price	–	–	4,150,734
Goodwill	–	–	1,629,715

In accordance with the IFRS, this allocation of assets gave rise to an effect on reserves amounting to EUR 59,940 thousand, relating to the value of the assets prior to being fully consolidated.

The main assets to which a significantly higher fair value than the carrying amount thereof was attributed were certain property, plant and equipment of the Unión Fenosa Group, and mainly gas and generation and intangible assets, including, inter alia, the Group's client base and industrial gas order book.

On 28 December 2007, the Group acquired all the shares of the US Schiavone Construction Company, which specializes in civil engineering works. In 2008 and within the period of 12 months allowed under the IFRS, the assets and goodwill arising on this purchase, amounting to EUR 14,845 thousand, were allocated as intangible assets to the contract order book. The integrated balance sheet, as well as the purchase price and final purchase price allocation are as follows:

	Carrying Amount
Thousands of euros	
Non-current assets	13,105
Current assets	90,930
Non-current liabilities	(1,790)
Current liabilities	(58,224)
Net assets acquired	44,021
Purchase price in cash	99,730
Goodwill	40,864
Intangible assets (contract order book)	14,845
Cash and cash equivalents	21,528
Cash flow from the acquisition	78,202

This company's sales for all of 2007 amounted to EUR 148,146 thousand, and its net profit amounted to EUR 12,919 thousand.

In 2007 the Group acquired all the shares of Senda Ambiental, S.A. a company which provides urban services. In 2008 and within the period of 12 months allowed, the assets and goodwill arising on this purchase, calculated as follows, were allocated:

	Carrying Amount
Thousands of euros	
Non-current assets	21,611
Current assets	25,572
Non-current liabilities	(22,002)
Current liabilities	(25,283)
Total net assets	(102)
Minority Interests	(1,736)
Net assets acquired	(1,838)
Purchase price in cash	40,470
Non-current assets allocated	25,286
Goodwill	17,022
Cash and cash equivalents	2,725
Cash flow from the acquisition	37,745

The sales integrated by Senda Ambiental, S.A. in December 2007 amounted to EUR 2,938 thousand and integrated profit amounted to EUR 100 thousand. This company's sales for all of 2007 amounted to EUR 38,077 thousand, and its net profit amounted to EUR 481 thousand.

Hochtief, A.G. – In April 2007 25.08% of the share capital of the construction and concession group Hochtief, A.G. was acquired for EUR 1,263,800 thousand (Note 19). In 2008 the ACS Group exercised an equity swap for 4.9% of the shares of Hochtief A.G., and consequently obtained a direct ownership interest of 29.98% in the German construction company which continues to be accounted for using the equity method.

Continental Auto – In April 2007, the ACS Group sold its transport subsidiary Continental Auto. The price paid amounted to EUR 659 million and gave rise to a capital gain net of tax and related expenses amounting to EUR 423,727 thousand, which was recorded under "Profit after Tax from Discontinued Operations" in the accompanying income statement.

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

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3. Accounting policies

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

3.1 Goodwill

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

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

- If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc. If it is attributable to specific intangible assets, by recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.
- Goodwill acquired on or after 1 January 2004, is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003.

In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment is written down with a charge to "Net Impairment Losses" in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised.

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, and changes are recorded as either exchange gains or losses or impairment losses.

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 amounts are presented under "Other Profit or Loss" in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

3.2 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 "Impairment and Gains on the Disposal of Non-Current 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).

3.2.1 Development Expenditure

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

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

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

3.2.2 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.

3.2.3 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.

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3.3 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.

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

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.

The future costs that the Group will have to incur in respect of decommissioning, restoration and environmental rehabilitation of certain facilities are capitalised to the cost of the asset, at present value, and the related provision is recognised. The Group reviews each year its estimates of these future costs, adjusting the value of the provision recognised based on the related studies.

3.4 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 (limited 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.

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

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

- The assets under concession are owned by the grantor in most cases.
- The grantor controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
- The assets are operated by the concession operator as established in the concession tender specifications for an established concession period. At the end of this period, the assets are returned to the grantor, and the concession operator has no right whatsoever over these assets.
- The concession operator receives revenues for the services provided either directly from the users or through the 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, although it was not approved by the European Union until 2009. The ACS Group did not apply this interpretation at the end of 2008 and of 2007. The most significant accounting policies applied by the ACS Group in relation to its concession projects are as follows:

- Capitalise borrowing costs accrued during the construction period and not capitalise borrowing costs subsequent to the date on which the assets come into operation.
- Effective in 2007 and subsequent years, the ACS Group changed the method by which the economic benefits consumed by assets relating to toll road concession arrangements are estimated for amortisation purposes from the straight-line to an increasing-charge method based on their consumption pattern. This pattern was considered to relate to traffic estimates over the concession term. Pursuant to IAS 8.25 this change in method is considered to be a change in estimates, and accordingly, is to be recognised prospectively in 2007 and subsequent years, without modifying previous years. The effect thereof in relation to the consolidated financial statements is not material.

3.5 Investment property

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

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

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

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

3.6 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, as well as its investment property, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

3.7 Inventories

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

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

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

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

3.8 Non-current and other financial assets

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

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

3.8.1 Loans and receivables

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

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

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

Deposits and guarantees given are recognised at the amount delivered to meet contractual commitments, regarding gas, water and lease agreements.

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

3.8.2 Held-to-maturity investments

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

3.8.3 Financial assets at fair value through profit or loss

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

3.8.4 Available-for-sale investments

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

After their initial recognition 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 "Adjustments for Changes in Value" 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.

3.8.5 Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership, as in the case of firm sales, transfers of trade receivables in factoring transactions in which no credit or interest risk is retained, sales of financial assets in relation to which repurchase agreements have been entered into at fair value or securitizations of financial assets in which the assignor does not retain subordinated financing or grant any type of guarantee or assume any other type of risk.

On the contrary, the Group does not derecognise financial assets and recognises a financial liability equal amount to the amount of consideration received where the Group retains substantially all the risks and rewards of ownership of the transferred asset, as in the case of draft discounting facilities, recourse factoring, the sale of financial assets in relation to which a repurchase agreement is entered into at a fixed price or at the sale price plus interest, and the securitization of financial assets in which the assignor retains subordinated financing or other types of guarantees covering substantially all of the projected losses.

3.9 Non-current assets held for sale, liabilities relating to 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.

The income, expenses, assets and liabilities of the discontinued operations and assets classified as held for sale are presented separately in the consolidated income statement and the consolidated balance sheet, and continue to be measured at their carrying amounts adjusted for any possible impairment losses, except in the case of assets that had previously been classified as available-for-sale financial assets, which continue to be measured at fair value through equity.

In view of the decision to sell the whole of the ACS Group's ownership interest in Unión Fenosa, S.A. in July 2008, the energy line of business was considered to be a discontinued operation and was classified as such in the income statements and cash flow statements for 2007 and 2008. In 2008 the amount included under "Profit after Tax from Discontinued Operations" relates to the profit contributed by Grupo Unión Fenosa, S.A. prior to the date on which the decision to sell the company was made, as well as the profit net of taxes corresponding to the sale of 10% of this line of business amounting to EUR 1,600,894 thousand (after minority interests amounting to EUR 786,517 thousand).

In 2007 this heading included both the amount relating to the effect of the Continental Auto Group detailed above as well as the contribution net of taxes and minority interests by the Unión Fenosa Group in 2007 amounting to EUR 230,220 thousand.

The breakdown of the profit from discontinued operations in 2008 and 2007 is as follows:

	31/12/2008	31/12/2007
Thousands of euros		
Revenue	7,099,592	6,044,258
Operating expenses	(5,196,346)	(4,680,479)
Net operating income	1,903,246	1,363,779
Profit before tax	1,608,089	1,137,914
Corporate income tax	(410,690)	(355,287)
Profit attributed to minority interests	(814,377)	(549,421)
Profit after tax and minority interests	383,022	233,206
Net profit from the disposal of discontinued operations	403,495	420,741
Profit after tax from discontinued operations	786,517	653,947

Additionally, as indicated in Note 2.2.f, passenger transport was considered to be a discontinued operation and was classified as such in the income statement for 2007. In 2007, the amount included under "Profit after Tax from Discontinued Operations" related to the profit contributed by the Continental Auto Group prior to its sale, as well as the profit net of taxes and related expenses corresponding to the sale of this operation, which amounted to EUR 423,727 thousand. The tax effect after having taken into account the tax credit for reinvestment, amounted to EUR 87,355 thousand.

The detail of the assets and liabilities relating to the discontinued energy operations is as follows:

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31/12/2008

Thousands of euros	
Property, plant and equipment	15,122,839
Intangible assets	2,878,149
Financial assets	2,496,421
Deferred tax and other non-current assets	729,374
Current assets	3,122,249
Non-current assets held for sale from discontinued operations	24,349,032
Non-current liabilities	11,615,666
Current liabilities	4,297,259
Liabilities relating to assets held for sale from discontinued operations (a)	15,912,925
Minority interests from discontinued operations	6,292,012

(a) Including a payable of EUR 2,260 million associated with this line of business (Note 18).

Additionally, the balance sheet includes Industrial area assets held for sale amounting to EUR 1,585 thousand.

At 31 December 2007, the balance of this heading in the consolidated balance sheet related mainly to the following:

1. The investment in Desarrollo de Concesiones Aeroportuarias S.L, which includes the Group's investment in the airports of Chile, Columbia, Jamaica and Mexico, since in September 2007, the ACS Group reached an agreement for the sales of shares representing the whole of the share capital of this company. The carrying amount of these assets was EUR 216,340 thousand and the liabilities associated thereto amounted to EUR 103,233 thousand. The company's total value amounted to EUR 270.8 million based on the amount of the transaction, the closure of which is still pending the required administrative authorisations.
2. The Union Fenosa Group's 2.51% holding in the telecommunications operator France Telecom España, S.A. (previously Auna Operadores de Telecomunicaciones, S.A.), which amounted to EUR 197,343 thousand at December 2007. This holding was sold in February 2008 (Note 33).
3. The indirectly held shares in the share capital of Manila Electric Corporation, Inc., which amounted to EUR 77 million in December 2006, were classified at assets held for sale amounting to EUR 171,538 thousand in June. This holding was sold in January 2008 (Note 33).

In relation to the assets and liabilities associated with discontinued operations in 2008, the Group has recognised as liabilities those directly related to this line of business which must be derecognised once disposed of, holding those that are associated with the financing of this line of business but are not required to be derecognised in the case of the sale of the operation.

Additionally, since the Group continued to have control over Unión Fenosa, S.A. at year-end, it recognised and will continue to recognise the "Minority Interests" relating to this holding until such control is lost or the whole of the ownership interest is sold

The breakdown of the effect on the cash flow statement is as follows:

	2008	2007
Thousands of euros		
Cash flows from operations	214,483	1,449,989
Cash flows from investment activities	1,018,179	(268,958)
Cash flows from financing activities	(584,070)	(442,897)
Net cash flows from discontinued operations	648,592	738,134

3.10 Equity

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

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

3.10.1 Share capital

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

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

3.10.2 Treasury shares

Note 15.4 summarises the transactions performed with treasury shares in 2008 and 2007. Such shares are recognised as a reduction of equity in the accompanying consolidated balance sheet at 31 December 2008 and 2007. No gain or loss from the purchase, sale, issue or retirement of treasury shares is recognised.

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.

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

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 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 28.3).

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3.10.4 Preference shares

Issues of preference shares are considered to constitute equity instruments if, and only if:

- They do not include a contractual redemption obligation for the issuer, for a fixed or determinable amount at a fixed or determinable future date, or give the holder the right to require the issuer to redeem the instrument; and;
- Interest is payable at the discretion of the issuer.

In the case of issues of preference shares carried out by the energy activity area, the net amount received is classified in the consolidated balance sheet under "Minority Interests".

3.11 Government grants

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

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

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

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

3.12 Financial liabilities

Financial liabilities are classified in accordance with the content 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 21.

3.12.1 Bank borrowings, debt and other 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.

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.

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.

Limited recourse financing of projects and debts is classified based on the same criteria, and the detail thereof is shown in Note 18.

3.12.4 Retirement benefit obligations

a) Post-employment benefit obligations

Certain Group companies have post-employment benefit obligations of various kinds to their employees. These obligations are classified by group of employees and may relate to defined contribution or defined benefit plans

Under the defined contribution plans, the contributions made are recognised as expenditure under "Staff Costs" in the consolidated income statements as they accrue, whereas for the defined benefit plans actuarial studies are conducted once a year by independent experts using market assumptions and the expenditure relating to the obligations is recognised on an accrual basis, classifying the normal cost for the current employees over their working lives under "Staff Costs" and recognizing the associated finance cost, in the event that the obligation were to be financed, by applying the rates relating to investment-grade bonds on the basis of the obligation recognised at the beginning of each year (Note 21).

The defined benefit pension obligations arising from the companies incorporated as a result of the merger by absorption of Grupo Dragados in 2003, 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, at 31 December 2008, the amounts required to cover the obligations to current and retired employees amounted to EUR 64,127 thousand (EUR 78,473 thousand in 2007) and EUR 187,147 thousand (176,503 thousand in 2007), respectively. 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 (*)	PERM/F-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 3.02% in 2005. In 2008 an interest rate of 3.02% was applied and in 2007 the rate was 4.11%.

The aforementioned pension obligations, which are recognised under "Staff Costs" in the income statement, amounted to EUR 2,770 thousand in 2008 and EUR 2,903 thousand in 2007.

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 4,025 thousand and was recognized under "Staff Costs" in the 2008 income statements. The obligation assumed in this respect in 2007 amounted to EUR 3,129 thousand. The portion relating to the Parent's directors who performed executive duties in 2008 amounted to EUR 2,204 thousand (EUR 2,010 thousand in 2007 (Note 34)

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b) Other employee benefit obligations

The expense relating to termination benefits is recognised in full when there is an agreement or when the interested parties have a valid expectation that such an agreement will be reached that will enable the employees, individually or collectively and unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recognised in situations in which the Group considers that it will give its consent to the termination of the employees.

03.12.05. Termination benefits

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

3.13 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 2007 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, which, unless indicated below, are not representative on an individual level. 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. Boliden-Apirsa has filed an appeal against this decision, which is currently in process.

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.

Dismantling of non-current assets and environmental restoration

The Group is obliged to dismantle certain facilities at the end of their useful life, such as those associated with the closing of landfills, and to ensure the environmental restoration of the sites where they were located. The related provisions have been made for this purpose and the present value of the cost that these tasks would represent has been estimated.

Other provisions

Other provisions include mainly provisions for warranty costs.

3.14 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:

- Compliance with good corporate governance standards.
- Establishment by the Group’s various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (Note 21).

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

3.15 Derivative financial instruments

The Group’s activities are exposed mainly to financial risks of changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group.

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:

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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 under "Changes in the Fair Value of Financial Instruments".

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 "Adjustments for Changes in Value" 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 balance of the same heading in the consolidated income statement.

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

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

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

- For derivatives whose underlying is quoted in an organized market, valuation is based on a Value at Risk (VaR) analysis, which determines the asset's expected value, taking into consideration its exposure to risk for a certain confidence level on the basis of market performance, the asset's characteristics and the potential loss arising under a scenario which is highly unlikely to occur. The analysis is based on applying a normal distribution to the daily evolution of the asset's price and the use of the expected volatility required on the basis of the derivative's characteristics to establish the probability associated to the required confidence level. For the purposes of this calculation, the periods required to undo this position without affecting the market are taken into account. The outstanding finance costs associated with each derivative evaluated is deducted from the values obtained.
- Derivatives not traded in organised markets are valued using normal financial market techniques, i.e., discounting the expected cash flows in the contract in view of its characteristics, such as the notional amount and the collection and payment schedule, based on spot and forward market conditions at the reporting date. Interest rate swaps are measured using zero-coupon curves, which is determined on the basis of the deposits and swaps traded at a given time through a bootstrapping process through which the discount factors are obtained. For derivatives with caps and floors or combinations thereof, occasionally tied to the fulfilment of special obligations, the interest rates used are the same as in the case of interest rate swaps. However, in order to allow for the random exercise of options, the Black-Scholes methodology is used, as is standard practice in the financial market.

3.16 Revenue recognition

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

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

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

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

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

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

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

3.16.1 Construction business

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

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

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

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3.16.2 Industrial, urban and other services business

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

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

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

3.17 Expense recognition

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

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

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

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

3.18 Offsetting

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

3.19 Corporation tax

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

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

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

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

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

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

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

3.20 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 31.2).

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 2008 and 2007, basic earnings per share were the same as diluted earnings per share since none of the aforementioned circumstances arose.

3.21 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 21 for details of the Group's accounting policies in respect of such derivative financial instruments).

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

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

3.22 Entities and branches located in hyperinflationary economies

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2008 and 2007 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

3.23 Consolidated cash flow statements

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

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

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

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

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

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

3.24 Entrance into force of new accounting standards

In 2008 the following interpretations of standards came into force and, if applicable, were used by the Group in the preparation of the accompanying consolidated financial statements:

IFRIC 11 IFRS 2 Group and treasury share transactions:

This interpretation addressed how to apply IFRS 2 "Share-Based Payments" to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (e.g. equity instruments of its parent). Transactions to be paid with shares of the entity or another group entity shall be accounted for as an equity-settled share-based payment transactions, regardless of how the equity instruments needed are obtained.

Additionally, amendments to IAS 39/IFRS 7 on the "Reclassification of Financial Instruments" were issued and became effective for the first time in 2008.

The adaptation of these standards was appropriately taken into consideration in the Group's consolidated financial statements and had no material effect.

At the date of the approval of these financial statements, the following standards and interpretations had been published by the IASB but had not yet entered into force, either because the date they were to enter into force was subsequent to the date of the financial statements, or because they had not yet been adopted by the European Union:

Standards and Amended Standards		Mandatory Application in the Year Commencing:
IFRS 8	Operating segments	1 January 2009
Revised IAS 23	Borrowing costs	1 January 2009
Revised IAS 1	Presentation of financial statements	1 January 2009
Revised IFRS 3 (1)	Business combinations	1 July 2009
Amendment of IAS 27 (1)	Consolidated and separate financial statements	1 July 2009
Amendment of IFRS 2	Vesting conditions and cancellations	1 January 2009
Amendment of IAS 32 and IAS 1 (4)	Puttable financial instruments and obligations arising on liquidation	1 January 2009
Amendment of IFRS 1 and IAS 27 (4)	Cost of an investment in the separate financial statements	1 January 2009
Amendment of IAS 39 (1)	Eligible hedged items	1 July 2009

Interpretations:

IFRIC 12 (1)	Service concession arrangements	1 January 2008 (3)
IFRIC 13	Customer loyalty programmes	1 January 2009 (2)
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2009 (2)
IFRIC 15 (1)	Agreements for the construction of real estate	1 January 2009
IFRIC 16 (1)	Hedges of a net investment in a foreign operation	1 October 2008
IFRIC 17 (1)	Distributions of non-cash assets to owners	1 July 2009

(1) Standards and interpretations not yet adopted by the European Union at 31 December 2008.

(2) Date of mandatory application in accordance with the publication of their approval in the Bulletin of the European Union.

(3) This interpretation was endorsed by the EU on 26 March 2009 and becomes effective in the year commencing 29 March 2009.

(4) Endorsed 21 January and 23 January, respectively.

All mandatory accounting policies and measurement bases with a material effect on the consolidated financial statements were applied in the preparation thereof.

4. Intangible assets:

4.1 Goodwill

The changes in this consolidated balance sheet heading in 2008 and 2007 were as follows:

	2008	2007
Thousands of euros		
Beginning balance	2,950,375	1,086,615
Additions	340,032	183,741
Disposals and allocations	(39,015)	(102,091)
Impairment	(4,794)	(6,879)
Change in consolidation method	(2,116,059)	1,802,733
Exchange differences	2,024	(13,744)
Ending balance	1,132,563	2,950,375

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The change in the scope of consolidation in 2008 relates mainly to the consideration of Unión Fenosa, S.A. as a discontinued operation and involves the goodwill arising from this integration as well as the goodwill recognised by Grupo Unión Fenosa, S.A. prior to be fully consolidated in the ACS Group.

The calculation of the goodwill arising from the full consolidation of Unión Fenosa, S.A. in 2007 is detailed in Note 2.2.f). Additionally, the calculation of the goodwill arising from the two most relevant purchases in 2007 (Schivovone Construction Company and Senda Ambiental, S.A.) are detailed in Note 2.2.f)

The detail by company of the changes in goodwill in 2008 and 2007 is as follows:

Company	Balance at 31/12/2007	Change in consolidation method	Additions	Disposals and allocations	Impairment	Exchange Differences	Balance at 31/12/2008
Thousands of euros							
Parent	780,939	-	-	-	-	-	780,939
Fusión Grupo Dragados, S.A.	780,939	-	-	-	-	-	780,939
Construction (Schivovone)	50,837	-	4,900	-	(2,791)	2,183	55,129
Industrial Services	46,730	-	11,051	(4,895)	(403)	-	52,483
Electromur, S.A.	9,139	-	1,022	-	-	-	10,161
S.I.C.E., S.A.	11,708	-	-	-	-	-	11,708
Other industrial service subsidiaries	25,883	-	10,029	(4,895)	(403)	-	30,614
Environment & Logistics	240,625	15,489	23,777	(34,120)	(1,600)	(159)	244,012
Grupo ATM	-	14,815	3,134	(2,556)	-	-	15,393
Sintax Group	38,318	-	-	-	-	-	38,318
Marítima del Mediterráneo, S.A.	14,885	-	-	-	-	-	14,885
Senda Ambiental, S.A.	42,805	-	-	(25,783)	-	-	17,022
TESC- Terminal Santa Catarina, S.A.	8,678	-	-	-	-	-	8,678
Tracemar, S.A.	10,826	-	-	-	-	-	10,826
Urbaser, S.A.	46,606	-	-	-	-	-	46,606
Other Environment and Logistics subsidiaries	78,507	674	20,643	(5,781)	(1,600)	(159)	92,284
Energy	1,831,244	(2,131,548)	300,304	-	-	-	-
Total	2,950,375	(2,116,059)	340,032	(39,015)	(4,794)	2,024	1,132,563

Company	Balance at 31/12/2006	Change in consolidation method	Change in				Exchange Differences	Balance at 31/12/2007
			Additions	Disposals	Impairment			
Thousands of euros								
Parent	780,939	-	-	-	-	-	-	780,939
Fusión Grupo Dragados, S.A.	780,939	-	-	-	-	-	-	780,939
Construction	158	-	50,837	-	(158)	-	-	50,837
Schiavone Construction Company	-	-	50,837	-	-	-	-	50,837
Construction subsidiaries	158	-	-	-	(158)	-	-	-
Industrial Services	85,120	-	5,635	(44,025)	-	-	-	46,730
Alagarce, S.L.	10,893	-	-	(10,893)	-	-	-	-
AW Augusta Wind, S.L.	6,539	-	-	(6,539)	-	-	-	-
Electromur, S.A.	9,139	-	-	-	-	-	-	9,139
Grupo Humiclíma	-	-	4,327	-	-	-	-	4,327
Injar, S.A.	6,078	-	-	-	-	-	-	6,078
Parque Eólico el Perú, S.L.	7,192	-	-	(7,192)	-	-	-	-
S.I.C.E., S.A.	11,708	-	-	-	-	-	-	11,708
Other industrial service subsidiaries	33,571	-	1,308	(19,401)	-	-	-	15,478
Environment & Logistics	220,398	-	70,574	(43,882)	(6,206)	(259)	-	240,625
Consensur, 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)	-	-	-	-
Sintax Group	38,231	-	87	-	-	-	-	38,318
KDM, S.A.	4,542	-	-	-	-	-	-	4,542
Limpiezas Lafuente, S.L.	4,092	-	-	-	-	-	-	4,092
Limpiezas Municipales, S.A.	-	-	7,081	-	-	-	-	7,081
Marítima del Mediterráneo, S.A.	14,734	-	151	-	-	-	-	14,885
Senda Ambiental, S.A.	-	-	42,805	-	-	-	-	42,805
Servicios Urbanos e Medio Ambiente, S.A.	3,090	-	1,944	-	-	-	-	5,034
Sintax Logística, S.A.	5,634	-	-	-	-	-	-	5,634
TESC-Terminal Santa Catarina, S.A.	8,678	-	-	-	-	-	-	8,678
Tracemar, S.A.	10,826	-	-	-	-	-	-	10,826
Urbaser, S.A.	46,774	-	-	(168)	-	-	-	46,606
Other Environment & Logistics subsidiaries	45,674	-	18,506	(9,801)	(6,206)	(259)	-	47,914
Energy	-	1,802,733	56,697	(14,186)	(515)	(13,485)	-	1,831,244
Distribuidora Eléctrica de Occidente, S.A.	-	14,594	2,794	-	-	(3,049)	-	14,339
Distribuidora Eléctrica de Oriente, S.A.	-	20,962	-	(3,066)	-	(1,761)	-	16,135
Empresa de Energía de Pacífico, S.A. E.S.P. (C.H. de Hidroprado)	-	-	11,806	-	-	-	-	11,806
Empresa Distribuidora de Electricidad Chiriquí, S.A.	-	9,110	-	-	-	(1,010)	-	8,100
Empresa Distribuidora de Electricidad Metro Oeste, S.A.	-	36,804	-	-	-	(4,083)	-	32,721
Kangra Coal (Propietary), LTD	-	-	36,133	-	(515)	(3,043)	-	32,575
Unión Fenosa Generación, S.A.	-	66,196	-	-	-	-	-	66,196
Unión Fenosa, S.A.	-	1,629,715	-	-	-	-	-	1,629,715
Other Unión Fenosa subsidiaries	-	25,352	5,964	(11,120)	-	(539)	-	19,657
Total	1,086,615	1,802,733	183,743	(102,093)	(6,879)	(13,744)	-	2,950,375

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 (Note 3.6).

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.

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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 2008. If the carrying amount will not be recovered, the related impairment loss has been recognised.

4.2 Other intangible assets

The changes in this consolidated balance sheet heading in 2008 and 2007 were as follows:

	Development Expenditure	Computer Software	Concessions	Other Intangible Assets	Total Other Intangible Assets	Accumulated Amortisation	Impairment Losses	Total Other Intangible Assets, Net
Thousands of euros								
Balance at 1 January 2007	3,654	44,205	109,786	52,312	209,957	(75,327)	-	134,630
Changes in the scope of consolidation	64,418	339,714	343,075	841,030	1,588,237	(385,734)	(7,276)	1,195,227
Additions or charges for the year	8,201	33,670	110,095	51,259	203,225	(82,762)	(78)	120,385
Disposals or reductions	(17,688)	(28,214)	(3,666)	(71,350)	(120,918)	55,557	6,744	(58,617)
Exchange differences	(123)	(4,718)	(386)	(201)	(5,428)	4,104	-	(1,324)
Transfers from/to other assets	243	(199)	(1,731)	52,111	50,424	1,887	-	52,311
Balance at 31 December 2007	58,705	384,458	557,173	925,161	1,925,497	(482,275)	(610)	1,442,612
Changes in the scope of consolidation	(52,109)	(338,402)	(349,781)	(758,799)	(1,499,091)	407,436	526	(1,091,129)
Additions or charges for the year	298	3,607	1,016	14,832	19,753	(12,036)	14	7,731
Disposals or reductions	(924)	(1,669)	(12,794)	(3,806)	(19,193)	10,027	-	(9,166)
Exchange differences	6	(53)	(270)	(198)	(515)	180	-	(335)
Transfers from/to other assets	4,436	417	21,067	(41,384)	(15,464)	103	(9)	(15,370)
Balance at 31 December 2008	10,412	48,358	216,411	135,806	410,987	(76,565)	(79)	334,343

The changes in the scope of consolidation in 2008 and 2007 relate mainly to the consideration of Unión Fenosa as a discontinued operation and its inclusion in the scope of consolidation, respectively.

In 2008 investments amounted to EUR 25,995 thousand, of which EUR 19,753 thousand relate to separate acquisitions and EUR 6,242 thousand to assets acquired through business combinations.

In 2007, the most significant additions relate to administrative concessions of the Environment and Logistics Business amounting to EUR 109,826 thousand.

In 2007 investments amounted to EUR 1,828,249 thousand, of which EUR 1,058,694 thousand relate to separate acquisitions and EUR 566,330 thousand to assets acquired through business combinations.

Fully amortised intangible assets in use at 31 December 2008, amounted to EUR 39,007 thousand (EUR 22,954 thousand at 31 December 2007). There were no items temporarily taken out of use at 31 December 2008 or 31 December 2007.

No development expenditure was recognised as an expense in the accompanying 2008 and 2007 consolidated income statements.

There were no intangible assets whose title was restricted in 2008 or 2007.

At 31 December 2008 and 2007, there were no assets with an indefinite useful life other than those reported as goodwill.

5. Property, plant and equipment

The changes in this consolidated balance sheet heading in 2008 and 2007 were as follows:

	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
Thousands of euros								
Balance at 1 January 2007	438,198	1,240,520	771,872	250,080	2,700,670	(1,206,149)	(17,805)	1,476,716
Changes in the scope of consolidation	525,997	15,680,829	3,365,377	1,166,957	20,739,159	(7,454,995)	(79,715)	13,204,449
Additions or charges for the year	262,202	185,526	193,008	1,115,189	1,755,926	(758,995)	(9,310)	987,620
Disposals or reductions	(220,555)	(166,344)	(176,176)	(38,257)	(601,333)	263,828	23,460	(314,045)
Exchange differences	(3,579)	(136,946)	(9,443)	(3,712)	(153,680)	52,574	332	(100,774)
Transfers from/to other assets	69,773	472,854	(122,494)	(1,188,486)	(768,353)	34,573	6,139	(727,641)
Balance at 31 December 2007	1,072,036	17,276,439	4,022,144	1,301,771	23,672,390	(9,069,164)	(76,900)	14,526,326
Changes in the scope of consolidation	(522,685)	(15,966,644)	(3,320,356)	(996,650)	(20,806,335)	7,786,283	65,728	(12,954,324)
Additions or charges for the year	117,065	128,663	118,167	109,798	473,693	(229,454)	(2,262)	241,977
Disposals or reductions	(39,092)	(57,520)	(41,579)	(6,112)	(144,303)	78,112	1,438	(64,753)
Exchange differences	(3,445)	(3,638)	(7,167)	562	(13,688)	4,099	(7)	(9,596)
Transfers from/to other assets	15,331	45,046	17,706	(109,904)	(31,821)	4,269	6,428	(21,124)
Balance at 31 December 2008	639,210	1,422,346	788,915	299,465	3,149,936	(1,425,855)	(5,575)	1,718,506

Of which the following are leased assets:

	Land and Buildings	Plant and machinery	Other Property, Plant and Equipment	Total Property, Plant and Equipment	Accumulated Depreciation	Total Net Property, Plant and Equipment
Thousands of euros						
Balance at 31 December 2007	4.968	1.090.755	37.664	1.133.387	(173.353)	960.034
Balance at 31 December 2008	5.926	83.969	51.716	141.611	(49.813)	91.798

The changes in the scope of consolidation in 2008 and 2007 relate mainly to the consideration of Unión Fenosa as a discontinued operation and its inclusion in the scope of consolidation, respectively.

The most significant additions under this heading in 2008 relate to construction equipment and machinery for use in the execution of projects and amounted to EUR 100,502 thousand.

In the Environment and Logistics area, noteworthy are the investments in land and buildings for the machinery pool, solid urban waste treatment plants and landfills, amounting to EUR 35,635 thousand. Additionally, in this area investments in machinery and tools amounted to EUR 87,450 thousand, and basically related to equipping of the rubbish collection and street cleaning services of the main town halls such as Madrid, Elche, Barcelona and the new services in Morocco and Portugal.

In the industrial area, the main additions in 2008 relate to the construction of a wharf by Dragados Offshore, amounting to EUR 24,750 thousand.

“Plant and Machinery” includes a gross amount of EUR 173.8 million at 31 December 2007, relating to the present value at the time of recognition of the payments that Unión Fenosa Gas, S.A. undertook to make when the time-charter agreements for the charter of two methane carriers used to transport liquid natural gas were entered into. These vessels, with capacities of 138,000 m³ and 140,500 m³ came into service in July 2004. The term of these agreements is 25 years, extendible to 30 years, with

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the latter considered as the term for the calculation of the amortisation of the value of the rights. The obligations under these agreements are recognized under "Bank Borrowings" in the accompanying consolidated balance sheet, net of the implicit deferred finance charges (Note 18).

Also, "Plant and Machinery" includes the present value of the lease payments payable, amounting to EUR 128.9 million in 2007, for the lease of capacity at the Termovalle power plant in Colombia entered into by Empresa de Energía del Pacífico, S.A., E.S.P., whereby this subsidiary acquired the obligation to pay the consortium that owns the plant for the availability of 140 MW (70% of the plant's total capacity) until 2018. The liability assumed is recognised under "Non-Current Bank Borrowings" and "Current Bank Borrowings" in the accompanying consolidated balance sheet, net of the implicit deferred finance charges (Note 18).

The most significant additions in 2007, recognised under "Advances and Property, Plant and Equipment in the Course of Construction" related to energy area investment operations classified as discontinued in 2008 in the following facilities:

- i) Generating facilities in Spain, mainly relating to the investment in coal boilers in the course of construction (La Robla and Meirama), gas plants (Sabón, Sagunto and Aceca) and the investment in the replacement of plant, property and equipment relating to specific facilities, amounting to EUR 325 million.
- ii) Distribution, electricity transmission and other facilities by Unión Fenosa Distribución, S.A. amounting to EUR 316.8 million in 2007.

Under "Advances and Property, Plant and Equipment", noteworthy in 2008 were the additions of the Zaragoza and Costa del Sol urban solid waste treatment plants, the Port of Algeciras marpole treatment plant and machinery and fixtures in the port terminals.

In 2007 units I, II and III of the Sagunto combined cycle plant (Valencia) were started up, specifically on 11 July, 19 September and 5 October, respectively, in relation to which the related transfers amounting to EUR 475.3 million were made from property, plant and equipment in the course of construction.

In 2007 the finance costs capitalised to property, plant and equipment amounted to EUR 33,389 thousand. In 2008 EUR 3,653 thousand were capitalised.

Operating costs relating directly to property, plant and equipment in the course of construction capitalised in 2008 amounted to EUR 1,128 thousand (EUR 81,813 thousand in 2007).

Fully depreciated property, plant and equipment in use amounted to EUR 614,029 thousand in 2008 and EUR 626,539 thousand in 2007.

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 514 thousand in 2008 and EUR 1,040 thousand in 2007.

The Group has mortgaged land and buildings with a carrying amount of approximately EUR 10,827 thousand (EUR 23,715 thousand in 2007) to secure banking facilities granted to the Group.

At 31 December 2008, the Group had recognised a net EUR 268,154 thousand relating to property, plant and equipment owned by its foreign companies and branches (EUR 4,825,360 thousand in 2007).

At 31 December 2008, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment amounting to EUR 7,058 thousand, excluding the non-current assets in projects detailed in Note 6 below (EUR 57,849 thousand in 2007).

The impairment losses recognised in the 2008 and 2007 income statements were not material. The impairment losses reversed and recognised in the income statement totalled EUR 1,035 thousand in 2008 (EUR 5,064 thousand in 2007).

6. Non-current assets in projects

The balance of “Non-Current Assets in Projects” in the consolidated balance sheet at 31 December 2008, 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	131,721	(19,004)	112,717
Concesionaria Santiago Brion, S.A.	Motorway / Highway	2035	111,999	(2,479)	109,520
Reus-Alcover, Concesionaria de la Generalitat de Catalunya, S.A.	Motorway / Highway	2038	65,969	(1,168)	64,801
Andasol-1, 2 y Extresol-1,2,3	Thermal solar power plant	2028	763,135	-	763,135
Remodelación Ribera Norte, S.A.	Police station	2024	66,563	(357)	66,206
Hospital de Majadahonda, S.A.	Hospital	2035	245,284	(5,884)	239,400
Intercambiador de Transportes de Príncipe Pío, S.A.	Transport interchange	2040	63,729	(2,027)	61,702
Al-Andalus Wind Power, S.L.	Wind-powered facility	2021	337,689	(4,559)	333,130
Parque Eólico La Boga, S.L.	Wind-powered facility	2020	346,696	(17,906)	328,790
Lestenergía, S.A.	Wind-powered facility	2026	175,908	(11,306)	164,602
Beni Saf Water Company, Spa.	Desalination plant	2024	116,150	-	116,150
Parque Eólico Sierra de las Carbas, S.L.	Wind-powered facility	2034	52,053	-	52,053
Parque Eólico Marmellar, S.L.	Wind-powered facility	2021	53,082	(5,991)	47,091
Ecoven Parc Eólic, S.L.	Wind-powered facility	2021	54,615	(7,553)	47,062
Other wind-powered facilities (Net Value< EUR 40 m)	Wind-powered facility	-	309,878	(77,468)	232,410
Hydromanagement, S.L.	Desalination plant	2031	108,081	-	108,081
Planta de tratamiento de RSU y recuperación energética de Cantabria	Urban solid waste treatment plant	2038	70,606	(6,244)	64,362
Tirmadrid, S.A.	Urban solid waste treatment plant	2020	136,928	(72,885)	64,043
UTE Albada	Urban solid waste treatment plant	2021	66,575	(12,845)	53,730
Seguridad Integral Metropolitana, S.A.	Security systems	2014	63,306	(15,180)	48,126
Terminales del Sudeste, S.A.	Maritime terminal	2029	113,961	(12,700)	101,261
Graneles Sólidos Minerales, S.A.	Maritime terminal	2030	47,221	(1,328)	45,893
Artemis Transmissora de Energia Ltda.	Energy transmission	2034	88,778	(7,217)	81,561
Other Projects (Net Value< EUR 40 m)			363,497	(82,273)	281,224
Total			3,953,424	(366,374)	3,587,050

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The changes in this heading in 2008 and 2007 were as follows:

	2008			2007		
	Investment	Accumulated Depreciation	Net Carrying Amount	Investment	Accumulated Depreciation	Net Carrying Amount
Thousands of euros						
Beginning balance	4,451,364	(502,938)	3,948,426	1,972,825	(287,584)	1,685,241
Changes in the scope of consolidation	(1,449,566)	244,272	(1,205,294)	728,279	(95,675)	632,604
Additions or charges for the year	1,093,067	(97,806)	995,261	1,194,242	(115,622)	1,078,620
Exchange differences	(45,432)	4,425	(41,007)	(129,631)	18,341	(111,290)
Disposals or reductions	(109,357)	3,351	(106,006)	(61,834)	22,064	(39,770)
Transfers	13,348	(17,678)	(4,330)	747,483	(44,462)	703,021
Ending balance	3,953,424	(366,374)	3,587,050	4,451,364	(502,938)	3,948,426

The most significant additions in 2008 relate to investments in the thermal solar power plants Andasol-1, 2 and Extresol-1, 2 and 3 amounting to EUR 404,777 thousand (EUR 259,256 thousand in 2007) and in wind-powered facilities amounting to EUR 406,855 thousand (EUR 363,837 thousand in 2007). In 2007 also noteworthy was the investment in Hospital de Majadahonda amounting to EUR 119,553 thousand.

Additionally, the change in the scope of consolidation relates mainly to the consideration of Unión Fenosa, S.A. as a discontinued operation.

The disposals in 2007 include, inter alia the recognition of the sale of the receivables associated with the construction contract and subsequent leasing of the prison Can Brians 2, S.A. to the regional government of Catalonia. At the prison start-up date, this transaction involved the record of a future right of collection from the City Council and a decrease in the balance of the concession asset, which was subsequently transferred without recourse to a financial institution.

The only significant disposal in 2007 related to Semacar in Argentina.

Interest capitalised in 2008 amounted to EUR 13,469 thousand (EUR 14,984 thousand in 2007). This capitalisation was performed by applying an average capitalisation rate of 4.67 % in 2008 (4.7% in 2007).

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

At 31 December 2008, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 78,945 thousand (EUR 86,052 thousand in 2007).

The concession operator's obligations include, inter alia, the maintenance of restricted cash balances, known as reserve accounts and included under the heading "Other Current Financial Assets" (Note 10.4).

7. Investment property

The changes in this heading in 2008 and 2007 were as follows:

	2008	2007
Thousands of euros		
Beginning balance	47,268	18,260
Additions	244	8,229
Sales	(1,400)	-
Charges for the year	(952)	(491)
Transfers from/to other assets	25,738	21,270
Ending balance	70,898	47,268

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 6,346 thousand in 2008 (EUR 3,970 thousand in 2007).

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

At the beginning of 2008, the gross carrying amount was EUR 49,567 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 2,299 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 74,727 thousand and EUR 3,829 thousand, respectively. There were no material differences with respect to fair value in the accompanying consolidated financial statements.

The minimum amount of contractually guaranteed future leases at 31 December 2008 and 2007 was not material.

8. Joint ventures

The main aggregates in the accompanying consolidated financial statements relating to joint ventures operated by means of Spanish UTEs (unincorporated joint ventures) and economic interest groupings, and the assets liabilities, revenue and profit for 2008 and 2007 corresponding to the joint ventures, in proportion to the percentage of ownership interest in the share capital of each company and joint venture, are as follows:

	UTE's, AIE's		Companies	
	Balance at 31/12/2008	Balance at 31/12/2007	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros				
Non-current assets	362.379	336.546	285.301	1.749.517
Current assets	3.342.998	2.842.461	226.367	628.971
Non-current liabilities	85.306	132.697	241.800	1.191.071
Current liabilities	3.349.355	2.874.674	142.081	510.151
Revenue	4.128.534	3.667.218	219.288	203.885
Profit for the year	246.389	151.715	15.451	32.152

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

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9. Inversiones contabilizadas aplicando el método de la participación

El movimiento de este epígrafe es el siguiente:

	2008	2007
Thousands of euros		
Beginning balance	4,231,428	6,800,485
Additions	575,869	1,791,736
Disposals	(101,063)	(156,465)
Elimination of unrealised gains	(123,895)	-
Change in consolidation method	1,140	(4,218,946)
Profit for the year	163,673	193,145
Changes in the equity of associates		
Exchange differences / Other	(133,749)	(11,927)
Cash flow hedges	(11,465)	21,337
Available-for-sale financial assets	(102,391)	12,981
Transfer to non-current assets held for sale	(473,216)	(56,237)
Distribution of dividends	(133,506)	(144,681)
Ending balance	3,892,825	4,231,428

The change in consolidation method relates to Unión Fenosa, which was fully consolidated starting in 2007.

The eliminated unrealised gains relate to the portion corresponding to the ownership interest in Abertis Infraestructuras, S.A. in the sale of Invin, S.L. and Desarrollo de Concesiones Aeroportuarias, S.L. (Note 2.2.f).

The transfers to non-current assets relate mainly to the recognition of the ownership interest in Indra Sistemas, S.A. and Sociedad Galega de Medio Ambiente, S.A. as discontinued operations since they form part of the Unión Fenosa Group.

As a result of the recognition of the Union Fenosa Group business activity as a discontinued operation, of the profit for 2007 contributed by the Union Fenosa Group companies accounted for using the equity method, EUR 21,639 thousand contributed by Unión Fenosa group companies was transferred to profit from discontinued operations in the income statement, and relates to the difference between the movement and the amount carried in the income statement,

The detail, by company, of the investments accounted for by the equity method are as follows:

	Saldo a 31/12/2008				Saldo a 31/12/2007					
	% of Ownership	Share of Net Assets	Profit for the year	Goodwill	Total Carrying Amount	% of Ownership	Share of Net Assets	Profit for the year	Goodwill	Total Carrying Amount
Thousands of euros										
Abertis Infraestructuras, S.A.	25.83%	1,128,774	130,392	564,638	1,823,804	24.83%	1,346,123	142,172	485,988	1,974,283
Hochtief Aktiengesellschaft	29.98%	780,515	44,210	751,573	1,576,298	25.08%	649,853	30,776	598,776	1,279,405
Indra Sistemas, S.A.	-	-	-	-	-	15.00%	185,801	15,419	243,738	444,958
Itumbiara Transmissora de Energia, Ltda.	33.33%	38,092	677	-	38,769	33.33%	47,016	1,493	-	48,509
Rutas del Pacífico, S.A.	-	-	-	-	-	50.00%	38,259	(4,438)	-	33,821
Nordeste Transmissora de Energía, Ltda.	49.99%	21,604	5,378	-	26,982	49.99%	27,969	5,342	-	33,311
TP Ferro Concesionaria, S.A.	50.00%	21,927	-	-	21,927	50.00%	30,354	-	-	30,354
Circunvalación Alicante, S.A.	50.00%	23,343	(7,628)	-	15,715	50.00%	30,186	(671)	-	29,515
Operaciones Portuarias Canarias, S.A.	45.00%	19,122	586	9,638	29,346	45.00%	18,251	1,006	9,638	28,895
Serra da Mesa Transmissora de Energia, Ltda.	33.33%	27,388	1,147	-	28,535	33.33%	28,332	-	-	28,332
Guadalquivir, S.A.C.J.A. - Guadalmetro, S.A.	31.13%	34,240	-	479	34,719	31.13%	25,558	-	-	25,558
Porto Primavera, Ltda.	33.33%	19,556	420	-	19,976	33.33%	24,440	805	-	25,245
Cleon, S.A.	25.00%	25,204	(204)	-	25,000	25.00%	25,296	(92)	-	25,204
Sociedade Galega do Medio Ambiente, S.A.	-	-	-	-	-	49.00%	19,159	1,183	-	20,342
Concesionaria LT Triángulo	33.33%	22,058	-	-	22,058	33.33%	2,427	-	-	2,427
Nea Odos Concession Societe Anonyme	33.33%	10,455	160	-	10,615	33.33%	19,281	(219)	-	19,062
Concesionaria Serra Paracatu	33.33%	15,101	-	-	15,101	-	-	-	-	-
STE - Sul Transmissora de Energía, Ltda.	49.90%	12,733	3,043	-	15,776	49.90%	16,102	2,047	-	18,149
Other subsidiaries		191,353	(14,508)	11,359	188,204		161,116	(1,678)	4,620	164,058
Total		2,391,465	163,673	1,337,687	3,892,825		2,695,523	193,145	1,342,760	4,231,428

Ownership interest in Abertis Infraestructuras, S.A.

Successive acquisitions of shares of Abertis Infraestructuras, S.A. were made on the stock exchange in previous years reaching 24.832% of its share capital at 31 December 2007.

With respect to these acquisitions, the fair value assigned to the assets was EUR 528,573 thousand, after having taken the corresponding deferred tax into consideration. This amount includes the underlying carrying amount of the investment totalling EUR 204,012 thousand. The goodwill arising on the purchases amounted to EUR 324,561 thousand.

On 27 March 2008 the ACS Group purchased 1% of the shares of Abertis for a total EUR 134 million, increasing its ownership interest to 25.8% of the company's share capital. With respect to this acquisition, the fair value assigned to the assets was EUR 55,470 thousand, after having taken the corresponding deferred tax into consideration. This amount includes the underlying carrying amount of the investment totalling EUR 37,129 thousand. The goodwill which arose amounted to EUR 78,650 thousand, and as in the case of the previous acquisitions, 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.

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The depreciation and amortisation charge for the assigned assets amounted to EUR 27,871 thousand in 2008 (EUR 27,138 thousand in 2007), and was recorded as a reduction in "Profit of Associates" in the accompanying consolidated income statement.

Ownership interest in Hochtief, A.G.

On 20 March 2007, the ACS Group entered into an agreement for the purchase of 17,554,000 shares representing 25.08% of the share capital of Hochtief, A.G. at a price of EUR 72 per share, subject to the authorisation of the German competition authorities. Once this authorisation had been granted, the aforementioned percentage of ownership interest was acquired on 24 April 2007 and from this date, the company was accounted for by the equity method.

At the end of 2007, the underlying carrying amount of the ACS Group's ownership interest in Hochtief, A.G. (25.08%) was EUR 1,279,405 thousand. Following the assignment of net assets at fair value amounting to EUR 132,973 thousand, and relating mainly to the value of concessions, the airport business and operations in Pacific Asia, and after having taken into consideration the corresponding deferred tax, goodwill amounting to EUR 598,776 thousand arose and is attributable to the profitability of the business acquired and to the expected synergies in the Group following the acquisition.

In December 2008, the ACS Group executed the option to settle in shares the equity swap it had entered into for shares of Hochtief, A.G. representing 4.9% of its share capital. Therefore, the ACS Group has an ownership interest of 29.98% of the company's share capital, and the related cost increased by EUR 287,505 thousand. As in the case of the previous acquisition, the Group analysed the fair value of the assets and liabilities in order to allocate the gains on the equity paid. This analysis was performed within the twelve-month period permitted for completion, and gave rise to the recognition of additional goodwill amounting to EUR 152,797 thousand.

The depreciation and amortisation charge for the assigned assets amounted to EUR 3,612 thousand in 2008 (EUR 2,408 thousand in 2007), and was recorded as a reduction in "Profit of Associates" in the accompanying consolidated income statement.

Exchange of Soluziona Consultoría y Tecnología, S.L for Indra Sistemas, S.A.

In January 2007 all of the ownership interest of Unión Fenosa, S.A. in Soluziona Consultoría y Tecnología, S.L. (including its interest in Prointec, S.A.), Soluziona Internacional Servicios Profesionales, S.L.U. and Soluziona Seguridad, S.A.U. were exchanged for 18.06 million shares of Indra Sistemas, S.A. representing 11% of its share capital. This transaction gave rise to a consolidated gain before tax for the ACS Group of EUR 150,300 thousand. In April and May 2007, Unión Fenosa, S.A. acquired additional percentages of 3.10% and 0.90%, respectively, increasing its ownership interest in Indra Sistemas, S.A. to 15%. At the end of 2007, the value of this interest was EUR 445 million, including goodwill prior to its allocation amounting to EUR 345.9 million and a gain of EUR 15.4 million.

Of this goodwill, EUR 243.7 million was recognised as such, whereas EUR 102.2 million was allocated to various company assets. The detail of the assets to which the goodwill was allocated is as follows:

Allocation of goodwill to assets

Thousands of euros

Commercial relations	94,616
Land	4,444
Intangible assets	3,124
Total	102,184

Commercial relations are amortised on a time proportion basis over the period in which it is estimated that the order book will generate cash flows. The intangible assets are amortised over a ten-year period.

As a result of the consideration of Unión Fenosa as a discontinued operation, the ownership interest in Indra Sistemas, S.A. had been derecognised at 31 December 2008.

The market values of the ACS Group's investments in associates listed on an organised secondary market, based on their year-end market prices, is as follows:

Thousands of euros	
Abertis Infraestructuras, S.A.	2,181,815
Hochtief, A.G.	749,968

The Group performed the required impairment tests to verify the recoverability of the assets. For this purpose, the Group took into consideration the future cash flow projections, dividend discounts and external market valuations for each of the investments based on the available information, and particularly in relation to the underlying goodwill, no need to recognize a provision for impairment was evidenced at the end of 2008 and 2007.

10. Financial assets

The detail of the balance of this heading in the consolidated balance sheets in 2008 and 2007 is as follows:

Thousands of euros	Balance at 31.12.2008		Balance at 31.12.2007	
	Non-Current	Current	Non-Current	Current
Equity Instruments	2,639,391	4,691	5,082,595	52,701
Loans to associates	117,766	27,401	140,019	7,952
Other loans	395,791	735,809	730,500	353,282
Debt securities	4,390	294,206	16,022	543,662
Other financial assets	30,948	1,123,028	99,145	463,266
Total	3,188,286	2,185,135	6,068,281	1,420,863

10.1 Equity Instruments

The detail, by company, of the balance of this heading at 31 December 2008 is as follows:

Thousands of euros	Cost	Impairment	Fair Value
Corporate Unit			
Iberdrola, S.A.	2,422,018	-	2,422,018
Xfera Móviles, S.A.	79,206	-	79,206
Construction			
Madrid Calle 30, S.A.	50,000	-	50,000
Concessions			
Accesos de Madrid Concesionaria Española, S.A.	45,669	(3,074)	42,595
Inversora de la Autovía de la Mancha, S.A.	27,726	-	27,726
Other investments	52,390	(34,544)	17,846
Total	2,677,009	(37,618)	2,639,391

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The detail, by company, of the balance of this heading at 31 December 2007 is as follows:

	Cost	Impairment	Fair Value
Thousands of euros			
Corporate Unit and other			
Iberdrola, S.A.	3,750,445	-	3,750,445
Xfera Móviles, S.A.	79,206	-	79,206
Construction			
Madrid Calle 30, S.A.	50,000	(5,624)	44,376
Concessions			
Accesos de Madrid Concesionaria Española, S.A.	45,669	(3,074)	42,595
Energy			
Grupo Cepsa	949,907	-	949,907
Red Electrica de España, S.A.	58,490	-	58,490
Isagen, S.A.	94,967	-	94,967
Richards Bay Coal Terminal	37,189	-	37,189
Other investments	76,076	(50,656)	25,420
Total	5,141,949	(59,354)	5,082,595

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 for in the case of Iberdrola, S.A.

A 31 December 2008 and 2007, the ACS 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 2006. At 31 December 2008, this ownership interest was valued at EUR 165.396 thousand (EUR 139,896 thousand at 31 December 2007) following the contributions made, including the participating loans associated thereto, which amounted to EUR 86,190 thousand and were recognized under "Other Non-Current Loans".

Iberdrola, S.A.

At 31 December 2007, the ACS Group held 370,339,159 shares representing 7.4% of the share capital of Iberdrola.

The carrying value per consolidated books relating to the acquisition of Iberdrola, S.A. amounted to EUR 3,364,329 thousand in 2008. In accordance with IAS 39, this ownership interest was adjusted to the market price at year-end with an effect on equity of EUR 2,422,018 thousand in 2008 (EUR 3,750,445 thousand in 2007), and the difference in value was included under "Adjustments for Changes in Value - Available-for-Sale Financial Assets" in the accompanying balance sheet.

The Group performed the corresponding impairment tests on its investment in Iberdrola, S.A. on the basis of the future dividend discount in accordance with the strategic plan of the investee, and did not disclose any permanent impairment affecting the future cash flows. Therefore, no need to recognise a provision for impairment was evidenced in this connection.

Most of 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 2008 and 2007, the Group had entered into a derivatives agreement and specifically an equity swap on shares representing 5.2% of the share capital of Iberdrola, S.A. This derivatives agreement includes the maintenance of a coverage ratio over the market value of the underlying shares of Iberdrola, S.A., and if this ratio were not to be met, the agreement could be terminated. The Group contributed funds to meet this ratio at 31 December 2008 (Note 10.4).

The decrease in the amount relating to the fair value of this derivative amounting to EUR 648,185 thousand in 2008 was included as a loss under "Changes in the Fair Value of Financial Instruments", with a related liability of EUR 533,552 thousand (Note 22).

Other investments

In addition to the investments in Iberdrola, S.A. and Xfera Móviles, S.A., noteworthy at 31 December 2007 were the following available-for-sale investments, on which there are no restrictions regarding use or impairment losses, through the ownership interest in Unión Fenosa:

- a) 1% ownership interest in Red Eléctrica de España, S.A. amounting to EUR 58.5 million at 31 December 2007.
- b) 5% ownership interest in the Cepsa Group, amounting to EUR 950 million at 31 December 2007.
- c) In 2007 the South African company Kangra Coal (Proprietary) LTD was included in the scope of consolidation. This company holds 2.3% of the shares of Richards Bay Coal Terminal, an investment classified as available-for-sale financial asset. At 31 December 2007, this ownership interest amounted to EUR 37 million.
- d) Colombiana Empresa de Energía del Pacífico S.A., E.S.P. recognises its 5.04% ownership interest in the share capital of ISAGEN, S.A at fair value, on the basis of its stock market price. At 31 December 31 2007, this holding was valued at EUR 94.9 million.

These investments were reclassified as assets held for sale as a result of the consideration of Unión Fenosa as a discontinued operation.

10.2 Loans to associates

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2008 is as follows:

	Current				Non-Current	
	2009	2010	2011	2012	2013 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	26,473	3,018	-	-	79,900	82,918
Foreign currency loans	928	34,848	-	-	-	34,848
Total	27,401	37,866	-	-	79,900	117,766

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2007 is as follows:

	Current				Non-Current	
	2008	2009	2010	2011	2012 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	7,178	24	-	-	69,696	69,720
Foreign currency loans	774	-	-	-	70,299	70,299
Total	7,952	24	-	-	139,995	140,019

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In relation to the Euro loans, of significance are the EUR 30,697 thousand (EUR 17,946 thousand in 2007) loan granted to Circunvalación de Alicante, S.A. in 2008 and the EUR 27,469 thousand (EUR 26,417 thousand in 2007) loan granted to TP Ferro Concesionaria, S.A in 2008, which mature after 2012.

In relation to the foreign currency loans, noteworthy is the EUR 27,589 thousand (EUR 26,056 thousand in 2007) loan granted to Concesionaria Vespucio Norte Express, S.A., which matures in 2010.

These loans bear market interest.

10.3 Other loans

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2008 is as follows:

	Current				Non-Current	
	2009	2010	2011	2012	2013 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	733,441	52,332	34,951	29,888	278,620	395,791
Foreign currency loans	2,368	-	-	-	-	-
Total	735,809	52,332	34,951	29,888	278,620	395,791

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2007 is as follows:

	Current				Non-Current	
	2008	2009	2010	2011	2012 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	311,964	47,817	2,209	677	609,103	659,806
Foreign currency loans	41,318	477	151	11	70,055	70,694
Total	353,282	48,294	2,360	688	679,158	730,500

At 31 December 2008, this heading included the short-term contributions amounting to EUR 688,739 thousand by the ACS Group to meet the financing arrangement ratios associated with the acquisitions of 25.08% of Hochtief, A.G. and 7.2% of Iberdrola, S.A. (Note 18).

Also classified under this balance sheet heading are surplus cash investments relating to short-term debt securities.

At 31 December 2007, this balance sheet heading included the financing of the shortfall in revenue from regulated activities in the electricity industry, since, based on current legislation, the Group is entitled to recover it and such recovery is not subject to future contingent factors. The total industry shortfall in 2007 was estimated to amount to EUR 784 million, of which Unión Fenosa Generación, S.A. financed 12.84%, and recognised EUR 100.6 million in this connection. To this amount it was also necessary to add the outstanding EUR 250.8 million relating to the previous year. At 31 December 2008, this balance was reclassified as an asset held for sale as a result of the consideration of Unión Fenosa as a discontinued operation.

Non-current loans included refinanced loans to local government entities amounting to EUR 141,556 thousand at 31 December 2008 (EUR 85,512 thousand at 31 December 2007).

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

10.4 Other financial assets

This balance sheet heading relates to short-term deposits amounting to EUR 938,588 thousand. Of this amount, noteworthy is the EUR 760,816 thousand contributed by the ACS Group to meet the coverage ratio relating to the acquisition of Hochtief, A.G. and Iberdrola, S.A., through the use of derivative financial instruments. These amounts are remunerated at market rates and their availability depends on the meeting of coverage ratios. The amount relating to the liability incurred to meet these commitments is recognised under current financial liabilities.

The balance of this heading also includes the outstanding dividends accrued amounting to EUR 54,515 thousand, the current account with the asset securitisation funds (Note 12) and the balance of the reserve account relating to project activity.

11. Inventories

The detail of "Inventories" is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Trade receivables	228,354	230,962
Raw materials and other procurements	279,276	459,967
Work in progress	49,127	40,476
Finished goods	17,487	33,862
Subproducts, waste and recovered materials	165	348
Advances to suppliers and subcontractors	124,185	131,214
Total	698,594	896,829

In 2008 inventories with a carrying amount of EUR 4,699 thousand (EUR 9,973 thousand in 2007) have been pledged and/or mortgaged as security for the repayment of debts.

The total impairment losses on inventories recognised and reversed in the consolidated income statement for 2008, relating to the various ACS Group companies, amounted to EUR 3,617 thousand and EUR 1,067 thousand, respectively (EUR 571 thousand and EUR 1,225 thousand in 2007).

12. Trade and other receivables

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

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Trade receivables for sales and services	5,946,228	7,278,836
Receivable from companies accounted for using the equity method	155,382	41,675
Other receivables	1,097,564	1,316,066
Current tax assets	102,382	697,816
Total	7,301,556	9,334,393

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Trade receivables for sales and services

The detail of this heading at 31 December 2008 and 2007 is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Trade receivables and notes receivable	5,003,487	6,473,473
Completed work pending certification	1,083,600	1,203,118
Total	6,087,087	7,676,591
Advances received on orders (Note 23)	(2,398,787)	(2,273,515)
Allowances for doubtful debts	(140,859)	(397,755)
Total net trade receivables balance	3,547,441	5,005,321

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

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Construction	1,089,790	1,716,311
Industrial services	1,368,248	1,524,699
Environment and Logistics	1,046,891	922,030
Concessions	37,045	9,510
Corporate Unit and other	5,467	832,771
Total	3,547,441	5,005,321

At 31 December 2008, retentions held by customers for contract work in progress amounted to EUR 155,894 thousand (EUR 175,355 thousand in 2007).

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 448,837 thousand in this connection at 31 December 2008 and by EUR 473,578 thousand at 31 December 2007.

Substantially all the risks and rewards associated with the receivables, as well as control over them, 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 marketable bonds. It is managed by a management company called Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. The bonds issued by the securitisation SPV received an AAA rating from rating agencies.

The amount of the receivables sold to the securitisation SPV was EUR 315,837 thousand at 31 December 2008 (EUR 328,848 thousand at 31 December 2007), of which EUR 78,710 thousand (EUR 109,875 thousand at 31 December 2007) were recognised

as a current account with the securitisation SPV included under “Other Current Financial Assets-Other Loans” (Note 10.4). 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 clients of Construction and Environment are public authorities.

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

13. Other current assets

This balance sheet includes current accruals of prepaid expenses and interest.

14. 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.

15. Equity

The changes in equity accounts in 2008 and 2007 were as follows:

	Share Capital	Share premium	Retained Earnings and Other Reserves	Adjustments for Changes in Value							Total
				Treasury shares	Available-for-sale financial assets	Hedging instruments	Exchange differences	Profit Attributed to the Parent	Interim dividend	Minority Interests	
Thousands of euros											
Balance at 1 January 2007	176,437	897,294	1,245,327	(283,004)	(28,660)	38,076	(38,720)	1,250,088	(141,149)	140,672	3,256,361
Revenue (expenses) recognised in equity	-	-	(13,267)	-	689,567	69,631	(53,156)	1,551,115	-	673,374	2,917,264
Distribution of profit from the prior year	-	-	3,836	-	-	-	-	-	-	-	3,836
Reparto resultado año anterior											
To reserves	-	-	808,997	-	-	-	-	(808,997)	-	-	-
Dividends	-	-	5,280	-	-	-	-	(441,091)	141,149	(236,945)	(531,607)
Treasury shares	-	-	41,205	(233,337)	-	-	-	-	-	-	(192,132)
Change in the scope of consolidation and other effects of a lesser amount	-	-	41,791	-	-	-	-	-	-	5,210,177	5,251,968
2007 interim dividend	-	-	-	-	-	-	-	-	(264,655)	-	(264,655)
Balance at 31 December 2007	176,437	897,294	2,133,169	(516,341)	660,907	107,707	(91,876)	1,551,115	(264,655)	5,787,278	10,441,035
Revenue (expenses) recognised in equity	-	-	(9,551)	-	(1,200,341)	(344,112)	(134,467)	1,805,036	-	718,664	835,229
Share options	-	-	2,654	-	-	-	-	-	-	-	2,654
Distribution of profit from the prior year											
To reserves	-	-	951,070	-	-	-	-	(951,070)	-	-	-
Dividends	-	-	9,075	-	-	-	-	(600,045)	264,655	(379,694)	(706,009)
Treasury shares	(17,115)	-	(1,173,684)	516,341	-	-	-	-	-	-	(674,458)
Change in the scope of consolidation and other effects of a lesser amount	-	-	(83,001)	-	-	-	-	-	-	384,370	301,369
2008 interim dividend	-	-	-	-	-	-	-	-	(286,780)	-	(286,780)
Balance at 31 December 2008	159,322	897,294	1,829,732	-	(539,434)	(236,405)	(226,343)	1,805,036	(286,780)	6,510,618	9,913,040

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15.1 Share Capital

The General Shareholders' Meeting held on 3 December 2008 resolved, *inter alia*, to redeem 16,746,453 treasury shares. As a consequence of this resolution, registered in the Spanish Mercantile Register in January 2009, the Company recognised a reduction in its capital to EUR 159,321,987, represented by 318,643,974 fully subscribed and paid shares of EUR 0.5 par value each, all with the same voting and dividend rights.

In 2008 capital was reduced by means of the redemption of treasury shares on two occasions. In June 2008 and as resolved by the General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A., 17,482,707 treasury shares (4.954%) were redeemed for a par value of EUR 8,742 thousand, thereby reducing the share capital from 352,873,134 to 335,390,427 shares. In December 2008 and as resolved by the Extraordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 3 December 2008, 16,746,453 treasury shares (4.993%) were redeemed for a par value of EUR 8,373 thousand, thereby reducing the share capital from 335,390,427 to 318,643,974 shares.

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

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

At 31 December 2008, 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 23.28%, Corporación Financiera Alcor, S.A. –with an ownership interest of 13.00% and Inversiones Vesán, S.A. –with an ownership interest of 11.57%.

15.2 Share premium

The share premium at 31 December 2008 and 2007 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.

15.3 Retained earnings and other reserves

The detail of this heading at 31 December 2008 and 2007 is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Reserves of the Parent Company	1,251,750	1,134,201
Reserves at consolidated companies	577,982	998,968
Total	1,829,732	2,133,169

15.3.1 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 2008 and 2007 is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Legal reserve	35,287	35,287
Voluntary reserves	501,584	500,155
Reserve for treasury shares	-	174,954
Reserve for redenomination of share capital in euros	162	162
Other retained earnings	714,717	113,193
Subtotal	1,251,750	823,751
Transfer to treasury shares	-	310,450
Total	1,251,750	1,134,201

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.

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 not 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.

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15.3.2 Reserves at consolidated companies

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

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Construction	258,328	220,068
Industrial services	304,174	409,028
Environment & Logistics	360,622	302,019
Concessions	(74,821)	(72,406)
Corporate Unit	(270,321)	140,259
Total	577,982	998,968

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.

This heading includes the revaluation reserves obtained pursuant to Royal Decree Law 7/1996, of 7 June. The Group 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.

15.4 Treasury shares

The changes in "Treasury Shares" in 2008 and 2007 were as follows:

	2008		2007	
	Number of shares	Thousands of euros	Number of shares	Thousands of euros
At beginning of year	11,941,061	516,341	6,985,055	283,004
Purchases	22,718,071	688,345	32,851,277	1,459,203
Sales	(429,972)	(13,553)	(27,895,271)	(1,225,866)
Redemption July 08	(17,482,707)	(715,898)	-	-
Redemption 08	(16,746,453)	(475,235)	-	-
At end of year	-	-	11,941,061	516,341

The Group did not hold shares of the Parent at 31 December 2008.

The average purchase price of the shares of ACS in 2008 was EUR 30.30 per share and the average selling price of the shares in 2008 was EUR 31.52 per share (EUR 44.42 and EUR 43.95 per share, respectively, in 2007).

In 2008 capital was reduced by means of the redemption of treasury shares on two occasions. In June 2008 and as resolved by the General Shareholders' Meeting of the ACS Group, 17,482,707 treasury shares (4.954%) were redeemed for a par value of EUR 8,742 thousand, thereby reducing the share capital from 352,873,134 to 335,390,427 shares. In December 2008 and as resolved

by the Extraordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 3 December 2008, 16,746,453 treasury shares (4.993%) were redeemed for a par value of EUR 8,373 thousand, thereby reducing the share capital from 335,390,427 to 318,643,974 shares.

15.5 Interim dividend

At the meeting on 3 December 2008, the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.90 per share, totalling EUR 286,780 thousand, which was paid on 27 January 2009. 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 2008 under the heading "Other Current Liabilities" in the accompanying consolidated balance sheet.

At the meeting on 13 December 2007, the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.75 per share, totalling EUR 264,655 thousand, which was paid on 15 January 2008. 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 2007 under the heading "Other Current Liabilities" in the accompanying consolidated balance sheet.

15.6 Adjustments for changes in value

The changes in the balance of this heading in 2008 and 2007 were as follows:

	2008	2007
Thousands of euros		
Beginning balance	676,738	(29,304)
Hedging instruments	(344,112)	69,631
Available-for-sale financial assets	(1,200,341)	689,567
Exchange differences	(134,467)	(53,156)
Ending balance	(1,002,182)	676,738

The adjustments for hedging instruments relate to the reserve generated by 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 the 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 ownership interest in Iberdrola, S.A., in relation to which a loss amounting to EUR 659,618 thousand was recognised at 31 December 2008 and a gain amounting to EUR 371,541 thousand was recorded at 31 December 2007.

This heading also includes the indirect ownership interest held by Abertis Infraestructuras, S.A. amounting to EUR 34,300 thousand in 2008 and EUR 64,493 thousand in 2007 (mainly relating to its holding in Brisa Auto-estradas de Portugal, S.A.).

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 2008 relates exclusively to the difference arising from 2004 to 2008, net of the tax effect, between the closing and opening exchange rates; on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionally consolidated companies, as well as companies accounted for using the equity method, whose functional currency is not the Euro.

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The currencies with the greatest impact on exchange differences in 2008 were the Brazilian real and the Chilean and Argentine pesos (the Chilean peso, Brazilian real, and Mexican and Colombian pesos in 2007), whose performance in 2008 and 2007 explain the significant changes therein.

15.7 Minority Interests

The detail, by line of business, of the balance of "Minority Interests" in the consolidated balance sheet at 31 December 2008 and 2007 is as follows:

Line of Business	Balance at 31/12/08			Balance at 31/12/2007		
	Minority Interests	Profit attributed to Minority Interests	Profit from Discontinued Operations	Minority Interests	Profit attributed to Minority Interests	Profit from Discontinued Operations
Thousands of euros						
Construction	12,137	1,584	-	26,764	4,225	-
Industrial Services	79,367	10,152	-	83,879	7,863	-
Environment & Logistics	87,131	9,268	-	82,713	9,892	-
Concessions	19,653	(686)	-	18,473	(69)	-
Energy	5,477,635	-	814,377	5,004,117	-	549,421
Total	5,675,923	20,318	814,377	5,215,946	21,911	549,421

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 2008, by item, were as follows:

Thousands of euros	
Balance at 31 December 2007	5,787,278
Profit for the year from continuing operations	20,318
Profit for the year from discontinued operations	814,377
Dividends received	(379,694)
Change in the scope of consolidation	363,159
Changes in share capital and other	21,211
Valuation adjustments	(116,031)
Balance at 31 December 2008	6,510,618

The changes in 2007, by item, were as follows:

Thousands of euros	
Balance at 31 December 2006	140,672
Profit for the year	571,332
Dividends received	(236,945)
Change in the scope of consolidation	5,194,954
Changes in share capital	15,223
Valuation adjustments	161,305
Exchange differences and other	(59,263)
Balance at 31 December 2007	5,787,278

The detail of this balance at 31 December 2008, by business segment, is as follows:

	Share Capital	Reserves	Profit for the Year	Profit from Discontinued Operations	Total
Thousands of euros					
Construction	4,814	7,323	1,584	-	13,721
Industrial Services	73,860	5,507	10,152	-	89,519
Environment & Logistics	45,207	41,924	9,268	-	96,399
Concessions	24,335	(4,682)	(686)	-	18,967
Energy	322,704	5,154,931	-	814,377	6,292,012
Total	470,920	5,205,003	20,318	814,377	6,510,618

The detail of this balance at 31 December 2007, by business segment, is as follows:

	Share Capital	Reserves	Preference Shares	Profit for the Year	Total
Thousands of euros					
Construction	22,514	4,250	-	4,225	30,989
Industrial Services	68,405	15,474	-	7,862	91,741
Environment & Logistics	36,295	46,417	-	9,893	92,605
Concessions	16,128	2,345	-	(69)	18,404
Energy	544,133	3,762,232	697,753	549,421	5,553,539
Total	687,475	3,830,718	697,753	571,332	5,787,278

In 2005 Unión Fenosa Preferentes, S.A. issued preference shares for a face value of EUR 750 million, which are classified under "Minority Interests". The main features of this issue are as follows:

Dividend: variable and non-cumulative: from the disbursement date (30 June 2005) to 30 June 2015, the dividend will be three-month Euribor plus a spread of 0.65%; from that date, it will be three-month Euribor plus a spread of 1.65%.

Dividend payments: dividends will be paid each calendar quarter in arrears. Payment is conditional on the obtainment by Unión Fenosa of distributable profit, which is deemed to be the lower of net profit declared by the Unión Fenosa Group and that of the guarantor.

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Term: perpetual. The issuer may retire the shares issued in full or partially after 30 June 2015. If the shares are retired, they will be retired for their par value

Yield: payment of dividends will be preferred and non-cumulative and is conditional on the obtainment of distributable profit by Unión Fenosa and on the payment of dividends to holders of the common shares. The issuer may opt to, but is not obliged to, make payment in kind to the shareholders by increasing the par value of the preference shares.

Guarantee: joint and several irrevocable guarantee from Unión Fenosa, S.A.

Voting rights: none.

At 31 December 2008, the balance amounted to EUR 750,000 thousand (EUR 697,753 thousand in 2007) and is included under "Minority Interests".

At 31 December 2008, 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
Thousands of euros		
Industrial Services		
Andasol 1, S.A.	25.00%	Solar Millennium Verwaltungsgesellschaft, mbh
Artemis Transmissora de Energia, Ltda.	49.00%	Eletrosul Centrais Eléctricas, S.A. (44%)
Beni Saf Water Company Spa.	49.00%	Algerian Energy Company -SPA
Emurtel, S.A.	49.90%	Ginés Heredia (20%) José María Rodríguez (29,9%)
Energias Ambientales, S.A. (Easa)	33.33%	Enel Unión Fenosa Energías Renovables, S.A.
Procme, S.A.	25.00%	José Reis Costa
Serpista, S.A.	49.00%	Temg Mantenimiento, S.A. (10%) Iberia, S.A. (39%)
Sistemas Sec, S.A.	49.00%	Compañía Amerinana de Multiservicios Limitada
Uirapuru Transmissora de Energia, Ltda.	49.00%	Eletrosul Centrais Electricas, S.A.
Environment & Logistics		
A.T.M. Cartera, S.L.	22.53%	Servicios Logísticos Portuarios, S.A. (19,99%)
Autoterminal, S.A.	42.29%	Barcelona Car Terminal, S.A. (28,3%)
Centro de Transferencias, S.A.	30.00%	Emgrisa
Construrail, S.A.	49.00%	Renfe Operadora
Jingtang International Container Terminal Co. Ltd.	45.72%	Jing Tang Port Investment Co,Ltd. (40%)
Residuos Industriales de Zaragoza, S.A.	30.00%	Marcor Ebro, S.A.
Residuos Sólidos Urbanos de Jaén, S.A.	40.00%	Diputación Provincial de Jaen
Terminales del Sudeste, S.A.	11.00%	Docks Comerciales de Valencia, S.A.
Terminales Marítimas Servicesa, S.A.	48.75%	Servimad, S.L. (20,00%) Cesa Stevedoring, S.A. (28,75%)
Tirmadrid, S.A.	33.64%	Unión Fenosa Energías Especiales, S.A. (18,64%) Endesa Coogeneración y Renovables, S.A. (15%)
Urbana de Servicios Ambientales, S.L.	30.00%	Construcciones Sánchez Domínguez (20%) Unicaja (10%)
Vertederos de Residuos, S.A.	16.03%	Fomento de Construcciones y Contratas, S.A.
Concessions		
Autovía de La Mancha S.A. Conces. JCC Cast-La Mancha	33.33%	CYOP, S.A.
Concesionaria Santiago Brión, S.A.	30.00%	Francisco Gómez y CIA, S.L. (15%) Extraco Construcciones e Proyectos, S.A. (15%)
Hospital de Majadahonda, S.A.	45.00%	Bovis Lend Lease, S.A. (25%) Itínere, S.A. (20%)
Intercambiador de Transportes de Príncipe Pío, S.A.	30.00%	Empresa de Blas y Compañía, S.L.

16. Grants

The changes in the balance of this heading in 2008 and 2007 were as follows:

	2008	2007
Thousands of euros		
Beginning balance	810,599	81,062
Changes in the scope of consolidation	(748,872)	562,350
Additions	6,935	180,805
Transfers	(742)	(986)
Recognition in income statement	(2,534)	(12,632)
Ending balance	65,386	810,599

The most significant movement in 2007 was the change in the scope of consolidation relating to Unión Fenosa, S.A. and in 2008, of most significance was the consideration of Unión Fenosa, S.A. as a discontinued operation.

The grants related to assets taken to income in 2008 (recognised under "Allocation of Grants Relating to Non-Financial Assets and Others" in the consolidated income statement) amounted to EUR 2,534 thousand and EUR 12,632 thousand in 2007 (EUR 2,953 thousand taking into consideration the profit of Unión Fenosa as discontinued operations in 2007). Following is a detail of the timing of recognition:

	2008			2007		
	<1	2-5	>5	<1	2-5	>5
Thousands of euros						
Grants related to assets	7,516	15,110	42,760	12,110	52,648	745,841

The decrease in the amount of grants is a consequence of the consideration of Unión Fenosa as a discontinued operation, since the grant amounts relate mainly to third-party contributions for the improvement of the electricity distribution facilities.

17. Bank borrowings, debt instruments and other held-for-trading liabilities

17.1 Debt instruments and other held-for-trading liabilities

At 31 December 2008, the ACS Group did not have any current or non-current held-for-trading liabilities.

The detail, by maturity, of the ACS Group's non-current and current held-for-trading liabilities at 31 December 2007 is as follows:

	2008	2009	2010	2011	2012 and subsequent years	Total Non-Current
Thousands of euros						
Nonconvertible debentures and bonds	-	46,957	567,276	-	-	614,233
Preference shares	-	-	-	-	581,322	581,322
Other held-for-trading liabilities	597,069	23,960	-	-	-	23,690
Total	597,069	70,647	567,276	-	581,322	1,219,245

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17.2 Bank loans

The detail of the bank borrowings at 31 December 2008 and the repayment schedules are as follows:

	Current				Non-Current	
	2009	2010	2011	2012	2013 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	3,843,801	2,610,767	400,462	35,973	159,006	3,206,208
Foreign currency loans	96,546	16,965	2,230	1,771	10,075	31,041
Finance lease obligations	20,599	14,143	11,849	9,652	15,162	50,806
Total	3,960,946	2,641,875	414,541	47,396	184,243	3,288,055

The detail of the bank borrowings at 31 December 2007 and the repayment schedules are as follows:

	Current				Non-Current	
	2008	2009	2010	2011	2012 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	2,102,075	538,895	2,641,132	421,558	660,899	4,262,484
Foreign currency loans	575,463	138,622	225,401	156,475	707,738	1,228,236
Finance lease obligations	85,829	94,368	102,502	77,182	493,705	767,757
Total	2,763,367	771,885	2,969,035	655,215	1,862,342	6,258,477

In 2008 and 2007 the ACS Group satisfactorily repaid all its financial liabilities at their maturity date. Also, at the date of the preparation of these consolidated financial statements, the Group had not defaulted on any of its financial obligations.

The year-on-year reduction in the Group's loans is a consequence, inter alia, of the consideration of Unión Fenosa as a discontinued operation.

The ACS 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 hedge 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 amounting to EUR 390,000 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 ACS Group's mortgage loans amount to EUR 8,537 thousand (EUR 17,452 thousand in 2007).

At 31 December 2008 the Group companies had credit facilities with limits totalling EUR 5,199,259 thousand (EUR 6,359,982 thousand in 2007), of which EUR 2,187,463 were undrawn (EUR 3,858,109 thousand at 31 December 2007). These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

At 31 December 2008, current and non-current bank borrowings in foreign currencies amounted to EUR 127,587 thousand (EUR 1,595,931 thousand in 2007), of which EUR 48,413 thousand were denominated in US dollars (EUR 1,047,814 thousand in 2007), EUR 34,544 thousand were denominated in Chilean pesos (EUR 68,313 thousand in 2007), and EUR 9,149 were denominated in Columbian pesos (EUR 315,025 thousand in 2007).

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 2008.

In 2008 the Group's Euro loans and credits bore average annual interest of 4.84% (4.53% in 2007). Foreign currency loans and credits bore average annual interest of 7.20% (7.76 % in 2007).

In accordance with its risk management policy, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, project financing and limited recourse financing of debt as described in Note 18) and current financing for the management of working capital. Changes in interest rates had hardly any effect on finance charges (Note 21), since approximately 73% of the ACS Group's non-current borrowings (77% in 2007) were arranged at a fixed interest rate.

The information relating to loans and credits in 2007 include those contributed by the Unión Fenosa Group, which was considered to be a discontinued operation in 2008.

17.3 Finance lease obligations

The detail of the amounts payable under finance leases at 31 December 2008 and 2007 is as follows:

	Within one year	Between two and five years	After five years	Balance at 31/12/2008
Thousands of euros				
Present value of minimum lease payments	20,599	35,644	15,162	71,405
Unaccrued finance charges	1,643	2,670	1,179	5,492
Total amounts payable under finance leases	22,242	38,314	16,341	76,897

	Within one year	Between two and five years	After five years	Balance at 31/12/2007
Thousands of euros				
Present value of minimum lease payments	85,829	274,049	493,708	853,586
Unaccrued finance charges	24,200	76,681	227,091	327,972
Total amounts payable under finance leases	110,029	350,730	720,799	1,181,558

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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 2008 nor at 31 December 2007.

All the lease obligations are denominated in Euros.

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

18. Limited recourse financing of projects and debts

"Limited Recourse Financing of Projects and Debts" on the liability side of the balance sheet includes the financing for the acquisition of Iberdrola, S.A. and Hochtief, A.G., as well as the financing amount associated with projects. The detail of the balance of this heading, by company, at 31 December 2008 is as follows:

Company	Current	Non-Current	Total
Thousands of euros			
Iberdrola, S.A.	53,481	2,472,244	2,525,725
Hochtief Aktiengesellschaft	13,592	627,023	640,615
Project financing			
Andasol-1, 2 y Extresol-1,2,3	2,417	612,181	614,598
Parque Eólico La Boga, S.L.	16,779	310,399	327,178
Al-Andalus Wind Power, S.L.	6,259	301,169	307,428
Hospital de Majadahonda, S.A.	4,923	214,205	219,128
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	-	102,885	102,885
Beni Saf Water Company, Spa.	-	101,191	101,191
Hydromanagement, S.L.	-	96,080	96,080
Concesionaria Santiago Brión, S.A.	-	87,144	87,144
Abra Terminales Marítimas, S.A.	4,776	76,230	81,006
Cobra Instalaciones México, S.A. de C.V.	-	75,250	75,250
Terminales del Sudeste, S.A.	2,737	66,661	69,398
Empresa Mantenimiento y Explotación M-30, S.A.	32	64,860	64,892
Iberoamericana de Hidrocarburos, S.A. de C.V.	-	62,066	62,066
Parque Eólico Sierra de las Carbas, S.L.	19	60,702	60,721
Remodelación Ribera Norte, S.A.	2,332	57,373	59,705
Inversora de la Autovía de la Mancha, S.A.	-	53,171	53,171
Other (project financing < 50 mn €)	69,493	804,406	873,899
Total	176,840	6,245,240	6,422,080

The detail of the balance of this heading, by company, at 31 December 2007 is as follows:

Company	Current	Non-Current	Total
Thousands of euros			
Unión Fenosa, S.A.	42,992	2,786,921	2,829,913
Iberdrola, S.A.	59,675	2,741,380	2,801,055
Hochtief Aktiengesellschaft	22,695	919,418	942,113
Project financing			
Parque Eólico La Boga, S.L.	234	275,634	275,868
Andasol-1 y 2, Extresol-1	658	251,835	252,493
Grupo Eufer	29,636	220,862	250,498
Hospital de Majadahonda, S.A.	15,651	193,329	208,980
Fuerza y Energía de Tuxpan, S.A. de C.V.	15,557	185,995	201,552
Segas Services, S.A.E.	12,276	183,024	195,300
CME	7,985	103,959	111,944
Hydromanagement, S.L.	-	106,471	106,471
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	-	102,655	102,655
Al Andalus Wind Power, S.L.	2,301	99,546	101,847
Concesionaria Santiago Brión, S.A.	-	81,000	81,000
Can Brians 2, S.A.	80,700	-	80,700
Terminales del Sudeste, S.A.	-	67,256	67,256
Empresa Mantenimiento y Explotación M-30, S.A.	-	66,000	66,000
Planta de Regasificación de Sagunto, S.A.	2,690	58,370	61,060
Cobra Instalaciones México, S.A. de C.V.	-	60,848	60,848
Artemis Transmissora de Energía, S.A.	5,649	52,683	58,332
Intercambiador Príncipe Pío, S.A.	7,812	50,000	57,812
Seguridad Integral Metropolitana, S.A.	16,057	40,459	56,516
Beni Saf Water Company Spa.	-	51,447	51,447
Other (project financing < 50 mm €)	40,607	579,169	619,776
Total	363,175	9,278,259	9,641,434

At 31 December 2008 and 2007, the detail, by maturity, of non-current financing is as follows:

Maturity in	2010	2011	2012	2013 and subsequent years	Total
Thousands of euros					
Balance at 31 December 2008	85,772	2,522,826	676,258	2,960,384	6,245,240

Maturity in	2009	2010	2011	2012 and subsequent years	Total
Thousands of euros					
Balance at 31 December 2007	170,488	2,481,146	638,517	5,988,108	9,278,259

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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 2007 relates to the bank financing obtained by the ACS Group for the acquisition of the shares of Unión Fenosa, S.A.

The main characteristics of the financing included 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 in the form of a subordinated loan. At 31 December 2008 and 2007 this ratio was being met.

In relation to the financing, interest rate swaps were entered into to hedge 87% of the amounts borrowed to finance this transaction maturing in July 2010.

At 31 December 2008, as a consequence of the consideration of Unión Fenosa, S.A. as a discontinued operation, these financial liabilities were reclassified as "Liabilities Relating to Non-Current Assets Held for Sale and Discontinued Operations" since they are required to be repaid at the date on which the holding is sold (Note 3.9).

Financing of the acquisition of Iberdrola, S.A.

For the acquisition of an initial 7.2% of Iberdrola, S.A., limited recourse financing was also obtained through a syndicated loan of EUR 2,486,900 arranged on 28 December 2006 and a credit line from Banco Bilbao Vizcaya Argentaria, S.A. guaranteed by banks, which amounted 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. In relation to this financing, in 2007, various interest rate swaps were entered into for 90% of this syndicated loan amount, which mature in July 2011. The balance at 31 December 2008 amounted to EUR 2,525,725 thousand and to EUR 2,801,055 thousand at 31 December 2007.

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 2008 and at the date of the preparation of these consolidated financial statements, this coverage ratio was being met (Note 10.4).

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

Financing of the acquisition of Hochtief, A.G.

For the acquisition of 25.08% of Hochtief, A.G., on 24 April 2007, financing by BBVA was arranged amounting to EUR 948,000 thousand, divided into two tranches, tranche A consisting in a loan of EUR 632,000 thousand and Tranche B consisting of a current account credit line amounting to EUR 316,000 thousand. Both tranches are secured by the shares acquired and have a finance cost tied to Euribor, and the sole and final maturity date for this financing is 24 July 2012.

The main characteristics of the financing arrangement include the maintenance of a coverage ratio over the market value of the shares of Hochtief, A.G. 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 316,000 thousand in the form of a subordinated loan. Both at 31 December 2008 and at the date of the preparation of these consolidated financial statements, this coverage ratio was being met.

The remainder of the investment was made through a participating loan from ACS, Actividades de Construcción y Servicios, S.A. amounting to EUR 326,000 thousand, the sole and final maturity date of which is 31 October 2012. This loan bears interest at both a fixed and variable rate, on the basis of the company's net profit.

To cover the ratios required to be met for both financing arrangements, the Group contributed funds amounting to EUR 688,739 thousand at 31 December 2008, which were recognised as a reduction in limited recourse financing on the asset side of the balance sheet under "Other Current Financial Assets" (Note 10.4).

Project financing

Project financing included, inter alia, the following:

- Wind-powered facilities. These are financed through non-current non-recourse loan agreements granted to shareholders, which are tied to Euribor plus a floating spread based on certain ratios and mature between 2012 and 2027.
- Hospital de Majadahonda, S.A. This is financed through a syndicated bank loan at a variable rate of interest tied to Euribor and matures in full in 2033.
- Thermal solar plants such as Andasol 1 and 2 and Extresol 1, 2 and 3 are financed through syndicated loans tied to Euribor plus a market spread, maturing between 2024 and 2029.
- The financing of the electricity transmission line Artemis Transmisora de Energía Ltda., matures in full in 2018 and was granted by Banco Nacional de Desarrollo de Brasil (National Development Bank of Brazil) at a fixed interest rate.
- Hydromanagement, S.L. is financed through a loan tied to Euribor maturing in full in 2031.
- La Empresa de Mantenimiento y Explotación M-30, S.A. has been granted financing up to 2025 through a loan tied to Euribor.
- Terminales del Sudeste, S.A. This is financed through a syndicated loan bearing interest tied to Euribor which matures in full in 2019.
- Autovía de la Mancha, S.A. (España). The full debt of the concession company Autovía de la Mancha was refinanced in 2008. On 17 April 2008 a long-term loan agreement amounting to EUR 110,000 was arranged with Dexia Sabadell S.A. The new loan obtained an A1 rating from Moodys and an A- rating from S&P, the second motorway worldwide to obtain this rating. The loan matures in full in October 2031. EUR 93,500 thousand have been hedged at a fixed interest rate.
- Inversora de la Autovía de la Mancha S.A. (España) entered into a loan agreement with Dexia Sabadell S.A amounting to EUR 53,600 thousand. EUR 45,560 thousand have been hedged at a fixed interest rate and the loan matures in full in 2032.
- The concession company Santiago Brión, S.A. has been granted two loans, one of which is from the European Investment Bank, which matures in full at the end of 2032 and bears interest tied to Euribor plus a spread.

The Group has arranged various interest rate hedges in connection with the aforementioned financing (Note 22).

The average annual interest rate for this type of financing amounted to 5.18% in 2008 and to 4.7% in 2007

The debts relating to this type of 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 2008.

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19. Other financial liabilities

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

	Balance at 31/12/2008		Balance at 31/12/2007	
	Non-Current	Current	Non-Current	Current
Thousands of euros				
Non-bank borrowings at a reduced interest rate	38,463	6,059	40,930	4,879
Payable to associates	2,648	5	5,686	-
Other	1,871	1,813	1,890	113,976
Total	42,982	7,877	48,506	118,855

“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.

20. Provisions

The changes in non-current provisions in 2008 were as follows:

Non-current	Provision for Pensions and Similar Obligations	Provision for Taxes	Provision for third-party liability	Total
Thousands of euros				
Balance at 31 December 2007	660,613	87,966	750,050	1,498,629
Additions or charges for the year	189	27,945	93,631	121,765
Amounts used	203	(5,321)	(85,611)	(90,729)
Reversals	(11)	(27,244)	(150,541)	(177,796)
Exchange differences	(20)	22	(1,435)	(1,433)
Changes in the scope of consolidation	(659,998)	(65,152)	(466,639)	(1,191,789)
Balance at 31 December 2008	976	18,216	139,455	158,647

The changes in the scope of consolidation relate mainly to the consideration of Unión Fenosa as a discontinued operation.

Non-current provisions include provisions for third-party liabilities whose purpose is to cover different Group liabilities including, 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).

In 2008, the Group reassessed the risks associated with the current provisions as well as the time frame in which outflows of cash may arise in relation thereto, which together with the completion of reviews by inspection authorities in relation to previous years and the handing down of judgements in favour of certain Group companies in relation to existing claims, has led to the disappearance of certain probable risks from the previous year or to their identification as highly unlikely. Accordingly, provisions amounting to approximately EUR 150 million have been reversed (Note 26.2, Note 28.5).

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. Boliden-Apirsa has filed an appeal against this decision, which is currently in process.

The changes in current provisions in 2008 and 2007 were as follows:

Current	Provision for Termination Benefits	Provision for Contract Work Completion	Operating Allowance	Total
Thousands of euros				
Balance at 31 December 2007	12,122	134,430	126,498	273,050
Additions or charges for the year	5,012	32,127	60,902	98,041
Amounts used	(2,847)	(31,562)	(38,953)	(73,362)
Reversals	(1,264)	(1,108)	(11,812)	(14,184)
Exchange differences	253	(1,180)	(2,814)	(3,741)
Changes in the scope of consolidation	-	-	(15,091)	(15,091)
Balance at 31 December 2008	13,276	132,707	118,730	264,713

Current	Provision for Termination Benefits	Provision for Contract Work Completion	Operating Allowance	Total
Thousands of euros				
Balance at 31 December 2006	10,647	131,610	92,758	235,015
Additions or charges for the year	4,044	42,965	62,243	109,252
Amounts used	(961)	(36,655)	(73,412)	(111,028)
Reversals	(68)	(3,347)	(15,632)	(19,047)
Exchange differences	(352)	(143)	(561)	(1,056)
Changes in the scope of consolidation	(1,188)	-	61,102	59,914
Balance at 31 December 2007	12,122	134,430	126,498	273,050

21. Financial risk and capital 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 22).

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Taking into consideration the existing hedging instruments, as well as financing at a fixed interest rate, the sensitivity of the ACS Group's profit or loss to changes in interest rates, prior to tax and minority interests, is as follows:

	2008		2007	
Thousands of euros				
Change in interest rate	+1%	-1%	+1%	-1%
Effect on profit or loss	25.6	(25.6)	38.8	(38.8)

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 reduce the risk inherent to structural investments in foreign operations with a functional currency other than the Euro, the Group attempts to arrange 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 22).

In this regard, the main currency operated with against the Euro is the US dollar and the sensitivity is as follows:

	2008		2007	
	+5%	-5%	+5%	-5%
Thousands of euros				
Effect on profit or loss before tax	5.2	(5.2)	4.1	(4.1)
Effect on equity before tax	26.5	(26.5)	56.3	(56.3)

Liquidity risk

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

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements. In this connection, noteworthy is the use of the limited recourse financing of projects and debts, as described in Note 18, and current financing for working capital 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 clients. 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.

Capital management

The ACS Group's objectives in relation to capital management are to maintain an optimal financial-equity structure in order to reduce the cost of capital, while safeguarding the company's ability to continue operating with an adequately stable debt-to-equity ratio.

The capital structure is mainly controlled through the debt-to-equity ratio, which is calculated by dividing net financial debt by net equity. Net financial debt is understood to comprise the following:

-
- + Net recourse debt:
 - + Non-current bank borrowings
 - + Current bank borrowings
 - + Issue of bonds and debentures
 - Cash and other current financial assets
 - + Project financing debt.
-

The Group's directors consider the leverage to be appropriate at 31 December 2008. Following is the detail thereof:

	2008	2007
Thousands of euros		
Net recourse debt	2,933,685	6,933,076
Non-current bank borrowings	3,288,055	6,258,477
Current bank borrowings	3,960,946	2,763,366
Issue of bonds and debentures	-	1,816,314
Other financial liabilities	50,859	167,364
Other current financial assets and cash	(4,366,175)	(4,072,445)
Project financing	6,422,080	9,641,435
Equity	9,913,040	10,441,035
Leverage	94%	159%
Leverage to net recourse debt	30%	66%

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22. 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 21), 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 in 2008 and 2007, on the basis of the nature of the contracts, is as follows:

	Notional Value	2009	2010	2011	2012	2013	Subsequent years	Net Fair Value
Thousands of euros								
Interest rate	10,955,758	2,143,333	4,186,283	2,274,277	750,678	83,504	1,517,683	(297,389)
Exchange rate	657,029	113,979	411,995	131,055	-	-	-	(19,582)
Price	21,907	-	-	21,907	-	-	-	(1,037)
Non-qualified hedges	2,603,492	2,349,428	86,715	167,349	-	-	-	(537,152)
Total	14,238,186	4,606,740	4,684,993	2,594,588	750,678	83,504	1,517,683	(855,160)

	Notional Value	2008	2009	2010	2011	2012	Subsequent years	Net Fair Value
Thousands of euros								
Interest rate	7,635,449	24,539	80,958	4,195,258	2,265,277	652,390	417,027	142,127
Exchange rate	456,069	169,903	113,979	41,132	131,055	-	-	10,429
Non-qualified hedges	2,891,105	2,637,041	-	86,715	167,349	-	-	113,615
Total	10,982,623	2,831,483	194,937	4,323,105	2,563,681	652,390	417,027	266,171

La tabla siguiente muestra los valores razonables a 31 de diciembre de 2008 y 2007 de las coberturas contratadas de acuerdo con la naturaleza de los contratos:

	2008		2007	
	Asset	Liability	Asset	Liability
Thousands of euros				
Interest rate				
Cash flows	546	297,935	150,713	8,586
Non-efficient	-	-	-	-
Exchange rate	-	19,582	10,737	308
Price	-	1,037	-	-
Non-qualified hedges	-	537,152	171,164	57,549
Total	546	855,706	332,614	66,443

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

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.

Most 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 as well as project financing and other non-current financing, both at 31 December 2008 and 31 December 2007 (Notes 17 and 18).

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

- Loan of EUR 1,500 million. Various interest rate swaps were arranged to hedge 100% of this loan, which mature in July 2010.
- The syndicated financing of the Urbaser Group is hedged by interest rate swaps amounting to EUR 390,000 thousand, which mature in June 2010.
- 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 limited recourse financing of projects and debts:

- Interest rate hedge to cover 90% of the syndicated loan financing the purchase of 7.2% de Iberdrola, S.A. and maturing in July 2011.
- Interest rate swap to hedge the loan relating to the purchase of 25.08% of Hochtief, A.G. for EUR 632,000 thousand, which matures in 2012.
- Interest rate swap to hedge 75% to 100% of the financing of solar power farms maturing between 2019 and 2022.
- Hedging of the project financing of wind-powered facilities. These relate mostly to interest rate swaps maturing between 2009 and 2021.
- Terminal del Sudeste, S.A. entered into an interest rate swap, the notional amount of which totalled EUR 43, 000 thousand, maturing in full in 2019.
- Autovía de La Mancha has hedges amounting to EUR 93,500 thousand instrumented in an interest rate swap maturing in full in 2032.
- The concession company Reus-Alcover has various interest rate hedges totalling EUR 38,940 thousand and maturing in full in 2035.
- The Concesionaria Santiago Brión, S.A. entered into two interest rate swaps amounting to EUR 27,000 thousand and maturing in full in 2032.

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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 abroad amounting to EUR 657,029 thousand and maturing between 2009 and 2011.

Derivative Instruments not qualified as hedges

Of the non-hedging derivative instruments, noteworthy at 31 December 2008 and 2007 was the derivatives agreements, and specifically, the equity swap entered into by the Parent on shares of Iberdrola, S.A. affecting 259,939,800 shares, which represented 5.2% 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.

Additionally, at 31 December 2007, the Parent had entered into an equity swap on shares of Hochtief, A.G. representing 4.9% of its share capital, and may be settled in cash or shares at the option of ACS Actividades de Construcción y Servicios, S.A. The option to settle this equity swap in shares was exercised in 2008.

Lastly, at 31 December 2007, the Parent had entered into an equity swap on shares of Unión Fenosa, S.A. affecting 5,931,181 shares, representing 1.95% of its share capital and which may be settled in cash or shares at the option of the Group. On 8 January 2008 the Group executed the option to settle the swap in shares and accordingly, increased its ownership interest in Unión Fenosa, S.A. by this percentage. This transaction was completed with a purchase on the same date of 8,802,785 shares, and accordingly, the Group's direct and indirect ownership interest in Unión Fenosa amounted to 45.305% of its share capital.

The changes in the fair value of these instruments were charged to the income statement in 2008 with a net loss of EUR 648,185 thousand (profit of EUR 124,694 thousand in 2007), recognised under the heading "Changes in the Fair Value of Financial Instruments".

Additionally, non-hedging derivative instruments worthy of mention include those relating to share option plans. As discussed in Note 28.3, the Group has granted share option plans to certain managers and directors carrying out executive functions.

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

Since this derivative is a fair value hedge, the hedged item is measured in the same manner as the hedging instrument and the effect is recognised in the income statement. The changes in the fair value of these derivatives recorded with a charge to the income statement gave rise to a loss of EUR 2,582 thousand at 31 December 2008 and to a loss of EUR 360 thousand at 31 December 2007.

23. 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 2,398,787 thousand in 2008 (EUR 2,273,515 thousand in 2007) (Note 12).

24. Other current liabilities

The detail of this heading at 31 December 2008 and 2007 is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Advance payments received	40,694	109,928
Payable to non-current asset suppliers	21,625	107,693
Interim dividend payable (Note 15.5)	286,780	378,061
Deposits and guarantees received	2,471	321,511
Other	364,748	690,624
Total	716,318	1,607,817

25. Segments

25.1 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.

25.1.1 Primary segments – business segments

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

- **Construction.** Engaging in the construction of civil works, and residential and non-residential building construction.
- **Industrial Services.** This segment is engaged in the development of applied engineering services, installations and the maintenance of industrial infrastructures in the energy, communications and control systems sectors.
- **Environment & Logistics.** This segment groups together environmental services, the outsourcing of integral building maintenance and logistics services.
- **Concessions.** This segment mainly engages in transport infrastructure concessions.
- **Corporation.** This segment groups together strategic investments in energy (Iberdrola, S.A.), construction and concessions (Hochtief, A.G.), telecommunications (Xfera Móviles) and concessions (Abertis Infraestructuras, S.A.) activities.

As a result of the consideration of Unión Fenosa as a discontinued operation, the Energy business segment was eliminated and for segment information purposes, the effect thereof was included under Corporation and Adjustments.

25.1.2 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.

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25.2 Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the different segments comprising 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.

Segment reporting for these businesses is presented below.

25.2.1 Income statement by business segment: 2008

	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Revenue	6,625,401	66,126	3,148,237	6,476,696	(306,470)	16,009,990
Changes in inventories of finished goods and work in progress	(3,535)	-	(33)	(508)	(187)	(4,263)
Capitalised expenses of in-house work on assets	34,629	49,890	162,725	34,302	(2,520)	279,026
Procurements	(4,691,513)	(44,201)	(1,014,772)	(3,868,391)	184,359	(9,434,518)
Other operating income	320,011	5,243	84,861	24,074	99,583	533,772
Staff costs	(965,432)	(14,368)	(1,539,164)	(1,350,913)	(25,090)	(3,894,967)
Other operating expenses	(843,726)	(37,426)	(444,319)	(737,287)	8,163	(2,054,595)
Depreciation and amortisation charge	(64,890)	(17,494)	(149,401)	(107,442)	(1,020)	(340,247)
Allocation of grants relating to non-financial assets and others	-	-	1,197	1,337	-	2,534
Impairment and gains on the disposal of non-current assets	1,755	(35)	(863)	(715)	-	142
Other profit or loss	(49,901)	(1)	15,755	(8,320)	193,223	150,756
Operating income	362,799	7,734	264,223	462,833	150,041	1,247,630
Finance income	130,811	28,607	53,031	157,934	36,372	406,755
Finance costs	(89,571)	(54,740)	(112,874)	(204,905)	(341,399)	(803,489)
Changes in the fair value of financial instruments	-	-	-	-	(650,767)	(650,767)
Exchange differences	(3,603)	6,773	(3,172)	960	62	1,020
Impairment and gains (losses) on the disposal of financial instruments	3,064	705,064	(3,563)	(1,174)	285	703,676
Financial profit	40,701	685,704	(66,578)	(47,185)	(955,447)	(342,805)
Results of companies accounted for using the equity method	(3,005)	(37,310)	6,191	23,196	174,601	163,673
Profit before tax	400,495	656,128	203,836	438,844	(630,805)	1,068,498
Corporate income tax	(123,896)	(15,405)	(49,946)	(112,016)	271,602	(29,661)
Profit for the year from continuing operations	276,599	640,723	153,890	326,828	(359,203)	1,038,837
Profit after tax from discontinued operations	-	-	-	-	1,600,894	1,600,894
Profit for the year	276,599	640,723	153,890	326,828	1,241,691	2,639,731
Profit attributed to minority interests	(1,584)	686	(9,269)	(10,151)	-	(20,318)
Profit from discontinued operations attributed to minority interests	-	-	-	-	(814,377)	(814,377)
Profit attributed to the parent	275,015	641,409	144,621	316,677	427,314	1,805,036

25.2.2 Income statement by business segment: 2007

	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Revenue	7,352,857	35,791	2,834,851	5,488,732	(367,332)	15,344,899
Changes in inventories of finished goods and work in progress	6,508	6	(15)	(1,358)	40	5,181
Capitalised expenses of in-house work on assets	118,722	72,908	105,280	61,611	(50,885)	307,636
Procurements	(5,441,249)	(69,195)	(873,839)	(3,246,886)	357,212	(9,273,957)
Other operating income	317,522	3,046	67,519	46,275	34,632	468,994
Staff costs	(904,087)	(12,364)	(1,371,362)	(1,262,187)	(27,565)	(3,577,565)
Other operating expenses	(910,961)	(26,461)	(404,368)	(606,622)	12,125	(1,936,287)
Depreciation and amortisation charge	(78,975)	(8,976)	(127,698)	(67,548)	(1,926)	(285,123)
Allocation of grants relating to non-financial assets and others	-	-	2,455	498	-	2,953
Impairment and gains on the disposal of non-current assets	4,494	(87)	(3,853)	4,827	809	6,190
Other gains or losses	(31,978)	(574)	(10,927)	(9,346)	(21,079)	(73,904)
Operating income	432,853	(5,906)	218,043	407,996	(63,969)	989,017
Finance income	132,449	27,850	33,824	55,052	36,680	285,855
Finance costs	(72,255)	(29,002)	(87,124)	(105,626)	(260,571)	(554,578)
Changes in the fair value of financial instruments	-	-	-	-	124,335	124,335
Exchange differences	(8,226)	(2,238)	(1,449)	(4,850)	(179)	(16,942)
Impairment and gains (losses) on the disposal of financial instruments	848	38,008	38,244	(1,542)	4,231	79,789
Financial profit	52,816	34,618	(16,505)	(56,966)	(95,504)	(81,541)
Results of companies accounted for using the equity method	(1,123)	(21,324)	728	20,276	172,949	171,506
Profit before tax	484,546	7,388	202,266	371,306	13,476	1,078,982
Corporate income tax	(170,018)	(3,802)	(60,719)	(98,508)	173,144	(159,903)
Profit for the year from continuing operations	314,528	3,586	141,547	272,798	186,620	919,079
Profit after tax from discontinued operations	-	-	-	-	1,203,368	1,203,368
Profit for the year	314,528	3,586	141,547	272,798	1,389,988	2,122,447
Profit attributed to minority interests	(4,225)	69	(9,893)	(7,862)	-	(21,911)
Profit from discontinued operations attributed to minority interests	-	-	-	-	(549,421)	(549,421)
Profit attributed to the parent	310,303	3,655	131,654	264,936	840,567	1,551,115

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25.2.3 Balance sheet by business segment: 2008

Assets	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Non-current assets	1,541,004	984,100	2,570,832	3,180,353	6,343,124	14,619,413
Intangible assets:	585,979	12	456,921	148,877	275,117	1,466,906
Goodwill	560,950	-	244,015	52,484	275,114	1,132,563
Other intangible assets	25,029	12	212,906	96,393	3	334,343
Property, plant and equipment	477,736	3,964	1,101,466	207,148	(910)	1,789,404
Non-current assets in projects	138,527	634,055	429,029	2,386,854	(1,415)	3,587,050
Non-current financial assets	187,236	327,938	535,198	394,385	5,636,354	7,081,111
Other non-current assets	151,526	18,131	48,218	43,089	433,978	694,942
Current assets	6,110,146	435,441	1,921,042	4,323,059	23,989,264	36,778,952
Non-current assets held for sale	-	-	-	1,585	24,349,032	24,350,617
Inventories	494,872	62	42,057	162,039	(436)	698,594
Trade and other receivables	3,068,693	76,462	1,268,464	3,060,311	(172,374)	7,301,556
Other current financial assets	1,266,822	293,107	374,955	440,941	(190,690)	2,185,135
Other current assets	36,671	1,294	6,995	16,124	926	62,010
Cash and cash equivalents	1,243,088	64,516	228,571	642,059	2,806	2,181,040
Total assets	7,651,150	1,419,541	4,491,874	7,503,412	30,332,388	51,398,365

Equity and liabilities	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Equity	742,932	297,970	1,156,470	721,368	6,994,300	9,913,040
Equity attributed to the Parent	729,211	278,803	1,060,072	631,847	702,489	3,402,422
Minority Interests	13,721	19,167	96,398	89,521	6,291,811	6,510,618
Non-current liabilities	471,709	710,106	1,680,271	2,533,155	5,674,430	11,069,671
Grants	-	-	53,877	11,509	-	65,386
Non-current liabilities	350,436	573,555	1,407,785	2,281,913	4,962,588	9,576,277
Bank borrowings, debt instruments and other held-for-trading liabilities	135,266	11,859	1,108,478	144,292	1,888,160	3,288,055
Limited recourse financing of projects and debts	170,480	553,846	295,501	2,126,145	3,099,268	6,245,240
Other financial liabilities	44,690	7,850	3,806	11,476	(24,840)	42,982
Financial instrument payables	17,633	30,535	23,486	96,395	687,657	855,706
Other non-current liabilities	103,640	106,016	195,123	143,338	24,185	572,302
Current liabilities	6,436,509	411,465	1,655,133	4,248,889	17,663,658	30,415,654
Liabilities relating to non-current assets held for sale	-	-	-	15	15,912,925	15,912,940
Current financial liabilities	781,180	327,023	523,409	433,575	2,080,476	4,145,663
Bank borrowings, debt instruments and other held-for-trading liabilities	570,306	298,733	491,322	359,061	2,241,524	3,960,946
Limited recourse financing of projects and debts	6,346	7,008	24,664	71,750	67,072	176,840
Other financial liabilities	204,528	21,282	7,423	2,764	(228,120)	7,877
Trade and other payables	5,169,555	70,495	834,972	3,509,395	(208,397)	9,376,020
Other current liabilities	485,774	13,947	296,752	305,904	(121,346)	981,031
Total equity and liabilities	7,651,150	1,419,541	4,491,874	7,503,412	30,332,388	51,398,365

25.2.4 Balance sheet by business segment: 2007

Assets	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Non-current assets	1,794,650	719,014	2,331,870	2,261,653	27,513,664	34,620,851
Intangible assets:	570,508	873	447,455	175,033	3,199,118	4,392,987
Goodwill	556,658	-	240,629	46,730	2,106,358	2,950,375
Other intangible assets	13,850	873	206,826	128,303	1,092,760	1,442,612
Property, plant and equipment / investment property	447,782	(5,575)	922,581	200,116	13,008,690	14,573,594
Non-current assets in projects	495,260	341,408	380,587	1,514,318	1,216,853	3,948,426
Non-current financial assets	162,987	361,160	532,235	332,134	8,911,193	10,299,709
Other non-current assets	118,113	21,148	49,012	40,052	1,177,810	1,406,135
Current assets	6,559,422	639,011	2,496,882	4,278,940	998,338	14,972,593
Non-current assets held for sale	-	221,342	-	-	373,881	595,223
Inventories	536,683	6	28,244	163,803	168,093	896,829
Trade and other receivables	3,269,908	44,848	1,123,169	3,139,074	1,757,394	9,334,393
Other current financial assets	1,751,575	304,210	561,600	246,667	(1,443,189)	1,420,863
Other current assets	25,541	271	9,371	14,147	24,373	73,703
Cash and cash equivalents	975,715	68,334	774,498	715,249	117,786	2,651,582
Total assets	8,354,072	1,358,025	4,828,752	6,540,593	28,512,002	49,593,444

Equity and liabilities	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Equity	770,389	551,620	1,354,813	815,674	6,948,539	10,441,035
Equity attributed to the Parent	737,644	533,216	1,262,209	723,933	1,396,755	4,653,757
Minority Interests	32,745	18,404	92,604	91,741	5,551,784	5,787,278
Non-current liabilities	695,628	259,634	1,591,750	1,735,047	17,178,687	21,460,746
Grants	-	-	53,748	7,964	748,887	810,599
Non-current liabilities	589,046	229,548	1,379,910	1,580,205	13,025,778	16,804,487
Bank borrowings, debt instruments and other held-for-trading liabilities	182,889	2,161	1,155,433	239,549	5,897,690	7,477,722
Limited recourse financing of projects and debts	375,068	221,331	222,496	1,331,446	7,127,918	9,278,259
Other financial liabilities	31,089	6,056	1,981	9,210	170	48,506
Financial instrument payables	-	1,674	148	594	64,027	66,443
Other non-current liabilities	106,582	28,412	157,944	146,284	3,339,995	3,779,217
Current liabilities	6,888,055	546,771	1,882,189	3,989,872	4,384,776	17,691,663
Liabilities relating to non-current assets held for sale	-	103,233	-	-	-	103,233
Current financial liabilities	600,251	404,721	284,964	330,017	2,222,513	3,842,466
Bank borrowings, debt instruments and other held-for-trading liabilities	491,350	358,433	269,224	276,695	1,964,734	3,360,436
Limited recourse financing of projects and debts	105,862	1,410	14,848	51,664	189,391	363,175
Other financial liabilities	3,039	44,878	892	1,658	68,388	118,855
Trade and other payables	5,582,653	23,060	781,695	3,437,154	2,040,535	11,865,097
Other current liabilities	705,151	15,757	815,530	222,701	121,728	1,880,867
Total equity and liabilities	8,354,072	1,358,025	4,828,752	6,540,593	28,512,002	49,593,444

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The detail of revenue from Construction is as follows:

	2008	2007
Thousands of euros		
Spain	5,809,391	6,920,297
Civil Engineering Workl	3,301,270	3,965,807
Building Construction	2,508,121	2,954,490
International	816,010	432,560
Total	6,625,401	7,352,857

The detail of revenue from Industrial Services is as follows:

	2008	2007
Thousands of euros		
Networks	957,045	900,438
Specialized Facilities	2,365,044	2,031,779
Integrated Projects	2,126,354	1,646,145
Control Systems	1,109,430	1,082,529
Eliminations	(81,177)	(172,159)
Total	6,476,696	5,488,732

Of the total revenue from Industrial Services, EUR 2,219,612 thousand related to international operations in 2008 (EUR 1,709,450 thousand in 2007), representing 34.3% and 31.1% respectively.

The detail of revenue from Environment & Logistics is as follows:

	2008	2007
Thousands of euros		
Environmental	1,473,088	1,327,052
Ports and Logistics	734,422	667,952
Integral Maintenance	940,727	839,847
Total	3,148,237	2,834,851

Of the total revenues from Environment & Logistics, EUR 421,446 thousand related to international operations in 2008 (EUR 340,343 thousand in 2007), representing 13.4 % and 12 %, respectively.

Inter-segment sales are made at prevailing market prices.

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

	Spain		Rest of the World	
	2008	2007	2008	2007
Thousands of euros				
Revenues	12,543,479	12,850,784	3,466,511	2,494,115
Segment assets	43,558,943	41,531,942	7,839,422	8,061,502
Total net investments	599,596	1,470,215	(429,221)	1,933,033

The additions to non-current assets, by line of business, were as follows:

	2008	2007
Thousands of euros		
Construction	144,412	327,259
Concessions	76,658	81,294
Environment & Logistics	324,519	419,197
Industrial Services	1,039,667	1,125,598
Corporate Unit	1,274	1,208,277
Total	1,586,530	3,161,625

26. Tax matters

26.1 Consolidated Tax Group

Pursuant to current legislation, the consolidated tax Group 30/99 includes ACS, Actividades de Construcción y Servicios, S.A., as the Parent, and the Spanish subsidiaries in which the Parent has, directly or indirectly, an ownership interest of at least 75% and that meet the other 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.

26.2 Tax audit

In 2008 an inspection was commenced by the Spanish tax authorities on the consolidated tax group 30/99 in relation to corporation tax for the years 2003 to 2005 and on the tax group 24/97, whose parent was Grupo Dragados, S.A., for 2003. As part of this tax audit, the review of other taxes was also commenced for certain companies. In this connection, no conclusion has yet to be documented.

Additionally, in relation to the appeals filed against tax assessments issued in previous years with respect to tax credits relating to export activities, a ruling in the group's favour was handed down by the Central Economic-Administrative Tribunal in the case of the tax assessment issued against the tax group 30/99. A ruling has yet to be handed down in the case of the tax assessment issued against tax group 24/97. However, the hypothetical effect on the Group's financial statements would be covered by the provisions for contingencies and expenses.

Additionally, 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 2008.

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26.3 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:

	2008	2007
Thousands of euros		
Consolidated profit before tax	1,068,498	1,078,982
Net profit from equity accounted investments	(163,673)	(171,506)
Permanent differences	(694,791)	(70,060)
Taxable profit	210,034	837,416
Tax at 30% in 2008 and 32.5% in 2007	63,010	272,160
Tax credits and tax relief	(56,839)	(144,957)
Effect of different standard tax rate in other countries	20,286	9,547
Current income tax expense	26,457	136,750
Effective rate, excluding equity method	2.92%	15.07%

The permanent differences arising in 2008 are mainly a result of the tax exemption applicable to the gains obtained on the sale of assets abroad. The tax credits relate mainly to the credit for the double taxation of dividends of Iberdrola, S.A.

26.4 Detail of income tax expense

The detail of the corporation tax expense is as follows:

	2008	2007
Thousands of euros		
Current income tax expense (table 26.3)	26,457	136,750
Expense / (Income) arising from deferred tax assets not generated or applied in the year	(1,225)	(2,582)
Expense / (Income) relating to adjustments to current tax	16,031	20,093
Expense / (Income) relating to adjustments to prior years' tax	(6,759)	5,563
Expense / (Income) relating to the effect of legislative changes on deferred taxes	(663)	1,165
(Income) arising from the application of prior years' deferred tax assets	(9,870)	(3,238)
Expense arising from deferred tax assets generated in the year	5,690	2,152
Ending corporation tax expense balance	29,661	159,903

26.5 Tax recognised in equity

In addition to the corporation tax recognised in the consolidated income statement, in 2008 and 2007 the Group recognised EUR 554,819 thousand and EUR 256,233 thousand, respectively, directly in equity. These amounts relate mainly to the tax effect of available-for-sale assets, cash flow derivatives and exchange differences.

26.6 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:

	Charge / Credit to Equity						Business combinations		Balance at 31 December 2008
	Balance at 31 December 2008	Charge/Credit to Income Statement	Foreign Currency Balance Translation Differences	Cash Flow Hedges	Available-for- sale financial assets	Reclassifications and Other	Period Additions	Period Disposals	
Thousands of euros									
Assets									
Temporary differences	878,671	12,897	41	95,027	281,667	15,208	(266)	(653,453)	629,792
Tax losses	44,230	6,929	-	-	-	641	383	(34,428)	17,755
Tax credits	134,252	39,255	-	107	-	(15,070)	-	(111,695)	46,849
Liabilities									
Temporary differences	1,945,668	25,086	(8)	(18,957)	(81,558)	6,976	13,907	(1,660,309)	230,805

	Charge / Credit to Equity						Business combinations		Balance at 31 December 2007
	Balance at 31 December 2006	Charge/Credit to Income Statement	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	333,976	(73,814)	(22)	(2,365)	(93,424)	3,441	726,190	(15,311)	878,671
Tax losses	12,484	964	(188)	-	-	-	31,038	(68)	44,230
Tax credits	12,259	9,462	-	-	-	-	112,531	-	134,252
Tax credits									
Temporary differences	100,547	77,305	(264)	16,624	136,835	27,738	1,593,068	(6,185)	1,945,668

Deferred tax assets and liabilities have not been offset.

In 2008 and 2007, the movements in deferred taxes for temporary differences arose as a result of the following:

	2008	2007
Thousands of euros		
Deferred Tax Assets		
Asset valuation adjustments and impairment losses	385,891	80,279
Other provisions and Income with different timing of recognition for tax and accounting purposes	163,038	319,566
Pension costs	35,226	307,079
Business combinations	3,445	2,233
Other	42,192	169,514
Total	629,792	878,671
Deferred Tax Liabilities:		
Assets recognised at an amount higher than their tax base	158,621	1,630,635
Income with different timing of recognition for tax and accounting purposes	33,706	92,781
Other	38,478	222,252
Total	230,805	1,945,668

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Noteworthy in the balance of deferred tax liabilities at 31 December 2008 and 2007 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. amounting to EUR 36,457 thousand.

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 2008 is as follows (in thousand of Euros):

Valid Until	Tax Losses	Tax credits
2009	-	93
2010-2012	191	-
Subsequent years	10,021	305

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

27. Revenue

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

	2008	2007
Thousands of euros		
Construction	6,625,401	7,352,857
Industrial Services	6,476,696	5,488,732
Environment & Logistics	3,148,237	2,834,851
Concessions	66,126	35,791
Corporate Unit and other	(306,470)	(367,332)
Total	16,009,990	15,344,899

In 2008 foreign currency transactions relating to sales and services amounted to EUR 2,237,737 thousand (EUR 4,712,317 thousand in 2007) and those relating to purchases and services received amounted to EUR 1,553,401 thousand (EUR 3,385,190 thousand in 2007).

The backlog by line of business as of 31 December 2008 and 2007 was as follows:

	2008
Thousands of euros	
Construction	11,023,180
Industrial Services	6,244,272
Environment & Logistics	16,838,781
Total	34,106,233

	2007
Thousands of euros	
Construction	12,010,620
Industrial Services	5,853,521
Environment & Logistics	14,457,620
Total	32,321,761

EUR 279,026 thousand (EUR 307,636 thousand in 2007) relating to property, plant and equipment and intangible assets in projects were recognised under "Capitalised Expenses of In-House Work on Assets" in the income statement.

"Other Revenue" related mainly to services provided to third parties in relation to joint ventures in the Construction area.

As a result of the consideration of Unión Fenosa as a discontinued operation (Note 3.9) the 2007 revenue figures were restated in accordance with IFRS 5.

28. Expenses

28.1 Procurements

The detail of this heading is as follows:

	2008	2007
Thousands of euros		
Cost of merchandise sold	1,611,227	1,577,250
Raw materials used and other consumables	1,937,810	1,780,912
Contract work carried out by other companies	5,882,944	5,915,795
Impairment of merchandise, raw material and other procurements	2,537	-
Total	9,434,518	9,273,957

28.2 Staff costs

The detail of "Staff Costs" is as follows:

	2008	2007
Thousands of euros		
Wages and salaries	2,993,560	2,753,600
Social security costs	839,387	791,669
Other staff costs	56,427	32,296
Provisions	5,593	-
Total	3,894,967	3,577,565

EUR 3,791 thousand in 2008 and EUR 5,683 thousand in 2007 relating to the share option plans were charged to the income statement and are recognised under "Wages and Salaries".

The average number of employees at Group companies in 2008 was 138,936 (129,908 in 2007).

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

Category	Average Number of Employees at 31/12/2008			Average Number of Employees at 31/12/2007		
	Men	Women	Total	Men	Women	Total
Thousands of euros						
University graduates	4,170	1,499	5,669	4,076	1,469	5,545
Junior college graduates	4,265	1,481	5,746	4,107	1,247	5,354
Non-graduate line personnel	6,657	2,400	9,057	6,100	1,276	7,376
Clerical personnel	2,431	3,144	5,575	2,705	3,143	5,848
Other staff	71,883	41,006	112,889	68,220	37,565	105,785
Total	89,406	49,530	138,936	85,208	44,700	129,908

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

	2008	2007
Thousands of euros		
Construction	19,310	19,259
Industrial Services	39,886	37,334
Environment & Logistics	79,481	72,947
Concessions	202	311
Corporate Unit and other	57	57
Total	138,936	129,908

28.3 Share-based payments

In 2008 and 2007 there were two share option plans, the salient features of which are as follows:

2004 Plan

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 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 are 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.

In 2008 1,617,500 share options were exercised (804,000 options in 2007).

2005 Plan

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

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

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

Acquisition price: EUR 24.10 per share.

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

In 2008 1,650,770 share options were exercised (133,000 options in 2007).

The share options are always to be exercised by means of equity instruments and never in cash. However, as indicated in Note 22, 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 2008 and 31 December 2007. In this respect and in accordance with IFRS 2, "Share-Based Payments" EUR 3,791 thousand were to be charged to income in 2008 for these plans (EUR 5,683 thousand in 2007) 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 2008 and 2007 was EUR 32.65 and EUR 40.65 euros per share, respectively.

28.4 Operating leases

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

	2008	2007
Thousands of euros		
Lease payments under operating leases recognised in profit for the year	661,235	707,609

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:

	2008	2007
Thousands of euros		
Within one year	31,531	57,069
Between two and five years	73,295	95,221
After five years	41,462	37,381

The Group has no material operating leases as lessor.

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28.5 Other profit or loss

The balance under this heading in the accompanying consolidated income statement relates to the reversal of provisions for contingencies and expenses amounting to EUR 151 million (Note 20).

28.6 Changes in the fair value of financial instruments

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 the investment in Iberdrola, S.A. (Note 21).

28.7 Finance income

This heading includes EUR 109,215 thousand relating to the dividend of Iberdrola, S.A. in 2008 (EUR 94,333 thousand in 2007).

29. Impairment and gains (losses) on the disposal of financial instruments

The most significant transactions in 2008 included under this heading in the income statement are as follows:

In 2008 the ACS Group closed the sale initiated in December 2007, of shares representing the whole of the share capital of Desarrollo de Concesiones Aeroportuarias S.L., which includes the ACS Group's investment in the airports of Chile, Columbia, Jamaica and Mexico. The transaction amount, representing a company value of EUR 270.8 million, gave rise to a consolidated gain of EUR 114.5 million before tax.

The ACS Group sold the whole of its ownership interest in its subsidiary Inversora de Infraestructuras, S.L, which holds shares in the Chilean toll roads, Rutas del Pacifico, S.A. (48%) and Autopista Central (50%), to Abertis Infraestructuras, S.A. and to a Santander Group venture capital fund. The gain from this sale before tax amounted to EUR 530,136 thousand.

Lastly, the ACS Group sold 20% of its ownership interest in Scutvias Autostradas da Beira Interior, S.A. giving rise to a gain before tax amounting to EUR 48,349 thousand.

The most significant transaction included under this heading in 2007 was the sale of the A-1 and Dundalk motorway concessions in the United Kingdom and Ireland, respectively, which gave rise to a gain of EUR 37,923 thousand.

30. Distribution of profit

The distribution of the Parent's net profit for 2008 that the Board of Directors will propose for approval by shareholders at the Annual General Meeting is as follows:

Thousands of euros

To goodwill reserve	41,208
To voluntary reserve	409,917
Dividends	653,220
Total	1,104,345

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

Of the dividend out of 2008 profit, an interim dividend of EUR 0.90 per share was already approved in 2008 for a total of EUR 286,780 thousand, which was recognised as a reduction in the ACS Group's equity at 31 December 2008.

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.

31. Earnings per share

31.1 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:

	31/12/2008	31/12/2007	Variación (%)
Thousands of euros			
Net profit for the year (thousands of euros)	1,805,036	1,551,115	16.37
Weighted average number of shares outstanding	332,585,104	344,274,640	(3.40)
Basic earnings per share (euros)	5.43	4.51	20.46
Profit after tax from discontinued operations (thousands of euros)	786,517	653,947	20.27
Basic earnings per share from discontinued operations (euros)	2.36	1.90	24.21

31.2 Diluted earnings per share

The diluted earnings per share were the same as basic earnings per share. At 31 December 2008 and 2007, the ACS Group had no ordinary shares that could potentially be diluted since no convertible debt had been issued and as stipulated in Note 28.3, 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.

32. Events after the balance sheet date

In the communication issued on 17 February 2009 by the Spanish Ministry of Economy and Finance regarding the proposed merger of which the Spanish Competition Authority (CNC) was notified, consisting of the acquisition by Gas Natural SDG, S.A. of full control over Unión Fenosa, S.A., it resolved that its decision on the merger would not be referred to the Council of Ministers, thereby authorizing the sale of 35.3051% of the share capital of Unión Fenosa held by the ACS Group at 31 December 2008. This transaction, amounting to EUR 5,824.8 million (equivalent to EUR 18.05 per share, net of the dividend of EUR 0.28 received in January 2009) is to be fully completed in March 2009.

Subsequent to year end, the Company entered into a novation of the equity swap for 5.125% of the shares of Iberdrola, S.A., and this novation extends the period for the exercise of the equity swap. The exercise of voting rights inherent to the underlying shares shall correspond to ACS, Actividades de Construcción y Servicios, S.A. and accordingly, the financial institution commits to being represented at all Shareholders' Meetings held by Iberdrola, S.A. by the representative appointed by ACS, who is entitled to vote

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freely. The equity swap may now only be settled by the physical handing over of shares, unless the market price of the share is less than EUR 4.00 in which case ACS, Actividades de Construcción y Servicios, S.A. may settle the swap by means of differences. Accordingly, the ACS Group now holds 12.6% of the voting rights in the electricity utility.

33. 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.

The Group companies carry out all transactions with related parties at market prices. Additionally, the transfer prices are appropriately supported and the Parent's directors do not consider there to be any significant risks in this connection which could lead to material liabilities in the future.

33.1 Transactions with associates

In 2008 the Group companies performed the following transactions with related parties that do not form part of the Group:

	Sales of Goods and Services		Purchases of Goods and Services		Accounts Receivable		Accounts Payable	
	2008	2007	2008	2007	2008	2007	2008	2007
Thousands of euros								
Associates	241,171	502,330	2,206	3,817	321,403	285,289	21,214	80,427
Joint ventures	7,976	8,925	3,063	3,278	22,942	16,518	2,687	5,489

Transactions between Group companies are carried out on an arm's-length basis.

33.2 Balances and transactions with other related parties

Information relating to the transactions with related parties carried out in 2008 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.

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

The transactions performed at 31 December 2008 were as follows:

	31/12/2008				
Expenses and Revenue	Significant Shareholders	Directors and Managers	Individuals, Companies or Group Entities	Other Related Parties	Total
Thousands of euros					
Expenses:					
Finance costs	-	-	-	-	-
Management or cooperation agreements	-	-	-	305	305
R&D transfers and license agreements	-	-	-	-	-
Rent	-	-	-	605	605
Reception of services	-	-	-	100,422	100,422
Purchase of goods (unfinished or finished)	-	-	-	84	84
Value adjustments for uncollectible or doubtfully collectible	-	-	-	-	-
Losses arising from the retirement or disposal of assets	-	-	-	-	-
Other expenses	-	-	-	54,772	54,772
	-	-	-	156,188	156,188
Revenue:					
Finance income	-	-	-	-	-
Management or cooperation agreements	-	-	-	-	-
R&D transfers and license agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Rent	-	-	-	1,484	1,484
Provision of services	21,191	-	-	22,581	43,772
Sale of goods (unfinished or finished)	-	-	-	2,183	2,183
Gains arising from the retirement or disposal of assets	-	-	-	-	-
Other revenue	-	-	-	-	-
	21,191	-	-	26,248	47,439

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Other Transactions	Significant Shareholders	Directors and Managers	Individuals, Companies or Group Entities	Other Related Parties	Total
Thousands of euros					
Purchase of property, plant or equipment, intangible assets or other assets	-	-	-	-	-
Financing agreements: Loans and capital contributions (lender)	25,446	-	-	2,214,073	2,239,519
Finance lease agreements (lessor)	-	-	-	2,712	2,712
Repayment or write-off of loans and lease agreements (lessor)	-	-	-	-	-
Sale of property, plant or equipment, intangible assets or other assets	-	-	-	-	-
Financing agreements: Loans and capital contributions (borrower)	-	-	-	-	-
Finance lease agreements (lessee)	-	-	-	-	-
Repayment or write-off of loans and lease agreements (lessee)	-	-	-	-	-
Guarantees given	71,642	-	-	1,830,663	1,902,305
Guarantees received	-	-	-	-	-
Commitments acquired	-	-	-	-	-
Cancelled commitments/guarantees	-	-	-	-	-
Dividends and other distributed profit	-	-	-	4,284	4,284
Other transactions	172,323	-	-	788,131	960,454

31/12/2007

Expenses and Revenue	Significant Shareholders	Directors and Managers	Individuals, Companies or Group Entities	Other Related Parties	Total
Thousands of euros					
Expenses:					
Finance costs	-	-	-	-	-
Management or cooperation agreements	-	-	-	-	-
R&D transfers and license agreements	-	-	-	-	-
Rent	-	-	-	587	587
Reception of services	19	-	-	15,318	15,337
Purchase of goods (unfinished or finished)	-	-	-	117	117
Value adjustments for uncollectible or doubtfully collectible	-	-	-	-	-
Losses arising from the retirement or disposal of assets	-	-	-	-	-
Other expenses	-	-	-	66,704	66,704
	19	-	-	82,726	82,745
Revenue:					
Finance income	-	-	-	-	-
Management or cooperation agreements	-	-	-	-	-
R&D transfers and license agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Rent	-	-	-	1,422	1,422
Provision of services	4,392	-	-	72,375	76,767
Sale of goods (unfinished or finished)	-	540	-	2,676	3,216
Gains arising from the retirement or disposal of assets	-	-	-	-	-
Other revenue	-	-	-	13	13
	4,392	540	-	76,486	81,418

31/12/2007

Other Transactions	Significant Shareholders	Directors and Managers	Individuals, Companies or Group Entities	Other Related Parties	Total
Thousands of euros					
Purchase of property, plant or equipment, intangible assets or other assets	-	-	-	61	61
Financing agreements: Loans and capital contributions (lender)	13,970	-	-	2,124,252	2,138,222
Finance lease agreements (lessor)	-	-	-	1,702	1,702
Repayment or write-off of loans and lease agreements (lessor)	-	-	-	-	-
Sale of property, plant or equipment, intangible assets or other assets	-	-	-	-	-
Financing agreements: Loans and capital contributions (borrower)	-	-	-	-	-
Finance lease agreements (lessee)	-	-	-	-	-
Repayment or write-off of loans and lease agreements (lessee)	-	-	-	-	-
Guarantees given	39,350	-	-	1,792,477	1,831,827
Guarantees received	-	-	-	-	-
Commitments acquired	-	-	-	-	-
Cancelled commitments/guarantees	-	-	-	-	-
Dividends and other distributed profit	-	-	-	16,680	16,680
Other transactions	129,370	-	-	632,186	761,556

The transactions with other related parties include those performed with Banco Santander, the Terratest Group, Fidewi Inversiones, S.L., Lynx Capital, S.A., Fazyx Inversiones Inmobiliarias, S.A., Indra Sistemas, S.A. and Zardoya Otis, S.A. due to their relationship with positions of responsibility in these companies held by directors of ACS, Actividades de Construcción y Servicios, S.A.

Also included were the "intermediate premiums" paid to Unipsa (a company related to Banca March), amounting to EUR 54,772 thousand and EUR 66,704 thousand in 2008 and 2007, respectively, although these amounts were not 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 related to ordinary Group company transactions.

The transactions performed between ACS consolidated group companies were eliminated in the consolidation process and form part of the normal business of the companies in terms of their company object and conditions. The transactions are performed on an arm's length basis and the related information is not necessary to fairly present the equity, financial position and results of the Group's operations.

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34. Board of Directors and senior executives

In 2008 and 2007 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.

	2008	2007
Thousands of euros		
Fixed remuneration	3,395	3,036
Variable remuneration	3,483	3,331
Bylaw-stipulated directors' emoluments	4,657	4,026
Other	60	1,560
Total	11,595	11,953

EUR 1,238 thousand and EUR 1,924 thousand were charged to income in relation to share options granted to members of the Board of Directors with executive duties in 2008 and 2007, 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.

Additionally, the benefits relating to pension funds and plans and to life insurance premiums are as follows:

Otros beneficios	2008	2007
Thousands of euros		
Pension funds and plans: contributions	2,204	2,010
Pension funds and plans: obligations assumed	2,204	2,010
Life insurance premiums	12	12

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 obligations assumed in relation to pension plans are the same as the amounts recognised under the related heading, since these obligations have been externalised and transferred to an insurance company. Accordingly, the Group has not assumed any outstanding obligation other than the contribution of the annual premium.

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:

	2008	2007
Thousands of euros		
Executive directors	8,001	8,768
Non-executive nominee directors	1,639	2,474
Non-executive independent directors	716	711
Other non-executive independent directors	1,239	-
Total	11,595	11,953

34.1 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 33.2 on transactions with related parties.

34.2 Remuneration of senior executives

The remuneration of the Group's senior executives in 2008 and 2007, excluding those who are simultaneously executive directors, was as follows.

	2008	2007
Thousands of euros		
Salaries (fixed and variable)	23,392	21,733
Pension plans	2,175	1,227
Life insurance	428	28

The year-on-year increase is mainly a result of the increase in the number of senior executives.

EUR 2,507 thousand and EUR 3,759 thousand were charged to income in relation to share options granted to the Group's senior executives in 2008 and 2007, 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 540 thousand in 2007, which derive from the ordinary course of business and which were performed at market prices.

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35. Other disclosures concerning the Board of Directors

Pursuant to Article 127 ter.4 of the Spanish Consolidated Companies Law, introduced by Law 26/2003, which amends Securities Market Law 24/1988, and the Spanish Consolidated Companies 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 that constitutes the corporate purpose of ACS, Actividades de Construcción y Servicios, S.A. in which the members of the Board of Directors own 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	Abertis Infraestructuras, S.A.	Concessions	0.000%	Director
Javier Echenique Landiribar	Abertis Infraestructuras, S.A.	Concessions	0.002%	Director
Juan March de la Lastra	Iberdrola S.A.	Energy	0.0006%	None
Pedro López Jiménez	Terratest Técnicas Especiales, S.A.	Special Foundations	45%	Chairman (through Fapindus, S.L.)
	Unión Fenosa, S.A.	Energy	0.098%	Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Fomento de Construcciones y Contratas, S.A.	Construction and Services	0.004%	None
	Técnicas Reunidas, S.A.	Construction of Industrial Facilities	0.002%	None
	Repsol YPF, S.A.	Energy	0.001%	None
	Indra Sistemas, S.A.	Information technologies and defence systems	0.001%	None
	Endesa, S.A.	Energía	0.000%	None
	Grupo Ferrovial, S.A.	Construction and Services	0.001%	None
	Abengoa, S.A.	Engineering and Assembly	0.002%	None
	Telefónica, S.A.	Telephony	0.001%	None
	Abertis Infraestructuras, S.A.	Concessions	0.001%	None
	Iberdrola Renovables, S.A.	Energy	0.000%	None
	Gas Natural SDG, S.A.	Energy	0.001%	None
	Enagas, S.A.	Energy	0.002%	None
	Iberdrola, S.A.	Energy	0.001%	None
Javier Monzón de Cáceres	Unión Fenosa, S.A.	Energy	0.001%	Director
	S.G. Aguas de Barcelona, S.A.	Water	0.002%	None
	Indra Sistemas, S.A.	Information technologies and defence systems	0.084%	Chairman
	Banco Inversis Net, S.A.	Finance	0.000%	Individual representing the Board Member Indra Sistemas, S.A.
	YPF, S.A.	Energía	0.000%	Director
	Lagardere SCA	Communication	0.0001%	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, S.L.	Automobile Parts	0%	Chairman
Florentino Pérez Rodríguez	Abertis Infraestructuras, S.A.	Concessions	0%	Vice-Chairman
Manuel Delgado Solís	Cintra, S.A.	Concessions	0.00%	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 Holding	Employee	Abertis Infraestructuras, S.A.	Vice-Chairman
		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	Energy	Employee	Unión Fenosa, S.A.	Director
	Engineering and Assembly Work	Employee	Cobra Gestión de Infraestructuras, S.L.	Chairman
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Vice-Chairman
Manuel Delgado Solís	Finance	Employee	Banco Guipuzcoano, S.A.	Chairman
	Construction	Employee	Dragados, S.A.	Director
Javier Echenique Landiribar	Energy	Employee	Unión Fenosa, S.A.	Director
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Director
Juan March de la Lastra	Construction materials	Employee	Uralita, S.A.	Director
	Energy	Employee	Repsol YPF, S.A.	Director
	Paper	Employee	Ence, S.A.	Director
	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Director
José María Loizaga Viguri	Finance	Employee	Banca March	Director
	Holding	Employee	Corporación Financiera Alba, S.A.	Director
	Steel	Employee	Acerinox, S.A.	Director
Agustín Batuecas Torrego	Lifts	Employee	Zardoya Otis, S.A.	Vice-Chairman
	Venture Capital	Employee	Cartera Industrial REA, S.A.	Chairman
	Sistemas de Almacenaje	Employee	Mecalux	Director
	Energy	Employee	Unión Fenosa, S.A.	Director
Pedro José López Jiménez	Port and logistics services	Employee	Dragados Servicios Portuarios y Logísticos, S.L.	Vice-Chairman
	Rail transport of goods	Employee	Continental Rail, 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
	Rail transport of goods	Employee	Construrail, S.A.	Director
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.)
	Information Technologies	Employee	Indra Sistemas, S.A.	Vice-Chairman

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Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
Santos Martínez-Conde Gutiérrez-Barquín	Energy	Employee	Unión Fenosa, S.A.	Director
	Steel	Employee	Acerinox, S.A.	Director
	Holding	Employee	Corporación Financiera Alba, S.A.	CEO
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 Communication	Employee	YPF, S.A. Lagardere, SCA	Director Director
Julio Sacristán Fidalgo	Tollroad Concessions	Employee	Autopistas Aumar, S.A.C.E.	Director
	Energy	Employee	Unión Fenosa, S.A.	Director
Miquel Roca i Junyent	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Non-Director secretary
	Finance	Employee	Banco Sabadell, S.A.	Non-Director secretary
Álvaro Cuervo García	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 Gestión de Infraestructuras, S.L.	Director-Secretary
	Engineering and Assembly Work	Employee	Sociedad Española de Montajes Industriales, S.A.	Director-Secretary
	Ports and Logistics	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.	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, S.L.	Chairman
	Energy	Employee	Unión Fenosa, S.A.	Consejero
Motorway Concessions	Employee	Iberpistas, S.A.C.E.	Consejero	
Real Estate	Employee	Inmobiliaria Paredes, S.A.	Sole Director	
Francisco Verdú Pons	Holding	Employee	Corporación Financiera Alba, S.A.	Director
	Finance	Employee	Banca March, S.A.	CEO
Florentino Pérez Rodríguez	Concessions	Employee	Abertis Infraestructuras, S.A.	Vice-Chairman
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Chairman

In 2008 the Company had commercial relationships with companies in which certain of its directors hold management functions. All these commercial transactions were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Company transactions.

36. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2008 the Group had provided guarantees to third parties in connection with its business activities totalling EUR 7,575,246 thousand (EUR 8,999,039 thousand in 2007).

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.

37. 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 2008 included most notably the following:

Construction

The ACS Group is aware of the effect of construction activity on the natural environment. Although this effect is temporary, it may affect different elements of the environment: such as water, the atmosphere, soil, the natural environment, biodiversity, etc.

Consequently, the Group companies have environmental management systems integrated into their general management systems. The main purpose of implementing these systems in each work is to eliminate or minimise possible effects by identifying the various environmental impacts that may arise and assessing them in accordance with criteria relating to their magnitude and the features of the environment. Based on this assessment, a number of preventive measures or good practices aimed at the sustainability of the environment and the fulfilment of legal requirements is implemented. Specifically, a number of measures are adopted aimed at preventing the main effects of the industry, including, inter alia, the following:

- Use of natural resources.
- Emissions into the atmosphere.
- Noises and vibrations.
- Generation of waste.
- Impact on biodiversity.
- Impact on the urban environment.

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By applying the policies and measures included in the annual environmental plan, the following objectives have been achieved:

- The ratio or relative consumption of water continues to be maintained within the range of 500 to 600 m³/millions of euros.
- The total consumption of energy dropped to 5.4 tep/million euros, as a result of the decrease in construction activity in the building area, leading civil engineering work to have a greater specific weight, since the highest amount of energy is consumed in this type of work.
- The upturn in the management of construction and demolition waste generated has been maintained since a valuation rate of over 37% continued to be reached.
- Total CO₂ emissions dropped from over 83,000 tons in 2007 to under 75,000 tons.
- As a result of the measures aimed at the recycling of construction and demolition waste, a value of 23.5% was reached.

At 31 December 2008 and 2007, there were no environmental assets and no material expenses were incurred.

Environment & Logistics

The Environment and Logistics area is working hard to reduce the fuel consumed by the various fleets of vehicles managed, an objective that was achieved in 2008, with a reduction from 96.6 million litres in 2007 to 51.8 million litres in 2008.

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. The whole of these plants gives rise to equivalent CO₂ emission savings with respect to the baseline solution: dumping of around 9.6 million tons per year, almost double the amount achieved in 2007.

One of the ACS Group's environmental activities is the treatment and 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. For the ACS Group, the sustainable management of water is a key resource in its commitment to the environment and to sustainability.

The main environmental assets are the purifying facilities, biofuel, incineration and lixivate systems and investments in an automated bulk terminal to prevent and reduce environmental pollution and minimise the damage to the environment. At 31 December 2008, the value of these assets, net of depreciation, was EUR 68,770 thousand (EUR 26,393 thousand in 2007).

The environmental expenses incurred in 2008 and 2007 were not material.

Industrial Services

At all its operating centres and branches measures have been taken to reduce the most significant environmental effects in this area (CO₂, emissions, consumption of raw materials, waste generation / valuation and recycling of waste). The main objectives reached in 2008 were as follows:

- Directly reduce CO₂ emissions through the replacement of fleet vehicles with others which are less pollutant.
- Investment in renewable energy assets, which currently have an installed power of 1,126 MW, relating to both wind power and thermal solar power.

- The wastes generated were reduced by 15%.
- An environmental incident identification and safety system was implemented at work sites enabling the analysis and planning of improvement actions in future projects.
- 3% reduction in water and electricity consumption per person in the central offices and local offices of several Group companies.
- Extension of the environmental management system to three areas: Galicia, Canarias and Murcia.
- 5% drop in electricity consumption in the development of various Group company projects.

At 31 December 2008 and 2007, there were no environmental assets and no material expenses were incurred.

38. Auditors' fees

The fees for financial audit services provided to the various companies composing the Consolidated Group in 2008 amounted to EUR 4,709 thousand (EUR 6,814 thousand in 2007). Of this amount, EUR 3,450 thousand (EUR 5,695 thousand in 2007) corresponded to the principal auditor, Deloitte, S.L.

The Group paid EUR 1,162 thousand (EUR 5,337 thousand in 2007) to audit firms for other services, mainly accounting services. Of this amount, EUR 736 thousand (EUR 2,673 thousand in 2007) corresponded to the principal auditor, Deloitte, S.L.

This year-on-year change related mainly to the consideration of Unión Fenosa as a discontinued operation.

39. 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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Appendix I. Subsidiaries

Company	Registered Office	Activity	Auditor	% Effective ownership
PARENTS				
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain	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. 28036 Madrid. Spain	Holding company	-	100.00%
Admirabilia, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Aurea Fontana, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain	Holding company	Deloitte	100.00%
Novovilla, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Residencial Monte Carmelo, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain	Holding company	Deloitte	100.00%
Roperfeli, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain	Holding company	Deloitte	100.00%
Villa Aurea, S.L.	Avda. de Pío XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Villanova, S.A.	Avda. de Pío XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
CONSTRUCTION				
Dragados, S.A.	Avda. Camino de Santiago, 50. Madrid. Spain	Construction	Deloitte	100.00%
Acainsa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Aparcamiento Tramo C. Rámbala-Coslada, S.L.	C/ Orense, 34-1º. 28020 Madrid. Spain	Operation of carparks	-	100.00%
Besalco Dragados, S.A.	Av. Tajamar nº 183 piso 1º Los Condes. Santiago de Chile. Chile	Construction	KPMG	50.00%
Castellano Leonesa de Minas, S.A.	C/ Prado de la Guzpeña, s/n. 24693 León. Spain	Mining - Inactive	-	100.00%
Cesionario Vallés Occidental, S.A.	Avda. Josep Tarradellas, nº 34-36. 08029 Barcelona. Spain	Concession	Deloitte	100.00%
Colonial Leasing Corporation	150 Meadowlands Parkway Seacaucus New Jersey 07068. USA	Vehicle rental	-	100.00%
Comunidades Gestionadas, S.A. (COGESA)	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	Deloitte	100.00%
Concesionaria San Rafael, S.A.	C/ Diputado José Rivas, s/n. 07816 Sant Antonio de Port. Ibiza. Spain	Concession	Deloitte	100.00%
Consortio Tecdra, S.A.	Av. Vitacura 2939, Of.2201. Las Condes. Santiago de Chile. Chile	Construction	Quezada & Díaz	100.00%
Constructora Dycven, S.A.	Veracruz Edif. Torreón, 3º, Urbaniz. Las Mercedes. Caracas. Venezuela	Construction	Ernst & Young	100.00%
Constructora Vespucio Norte, S.A.	Av. Vitacura 2939 Of.2201, Las Condes. Santiago de Chile. Chile	Construction	Ernst & Young	54.00%
Construirail, S.A.	C/ Orense, 11. 28020 Madrid. Spain	Logistics service	PricewaterhouseCoopers	51.00%
Continental Rail, S.A.	C/ Avda. de América, 2, piso 17 B. Madrid. Spain	Rail transport	PricewaterhouseCoopers	100.00%
Drace Medio Ambiente, S.A.	Avda. Fuente de la Mora, 2. 28050 Madrid. Spain	Environment	Deloitte	100.00%
Drace Prefabricados de Edificación, S.L.	Camino de la Vega, Parc. 69,70,71. 19160 Chiloches. Guadalajara. Spain	Construction	Deloitte	100.00%
Dragados Canadá Inc.	Suite 1400 40 Elgin Street. Ottawa. Ontario. Canada	Construction	-	100.00%
Dragados Inversiones USA, S.L.	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Holding of securities	-	100.00%
Dragados Maroc, S.A.	05, Rue Al Bouhtoury, 3ème étage, Appt. Gauche. Casablanca. Morocco	Construction	AUDICA	100.00%
Dragados Obra Civil y Edificac México S.A de C.V.	C/ Hamburgo, 172, piso 1. Juárez Distrito Federal 06000 Mexico	Construction	-	100.00%
Dragados Roads Ltd.	Hill House 1 Little New Street. London EC4A3TR United Kingdom	Construction	Deloitte	100.00%
Dragados USA, Inc.	500 Fifth Avenue, 38 th. Floor. New York, NY 10110. USA	Construction	BDO Seid Man	100.00%
Drasel, SARL	Route de Versonnex, 5, Cessy. France	Construction	-	60.00%
Dycasa, S.A.	Avda. Leandro N. Alem.986. Buenos Aires. Argentina	Construction	Estudio Torrent Auditores	66.10%
Flota Proyectos Singulares, S.A.	Avda. Fuente La Mora, nº 2. 28050 Madrid. Spain	Construction	Deloitte	100.00%
Gasoductos y Redes Gisca, S.A.	C/ Orense, 11. 28020 Madrid. Spain	Petroleum and water pipelines	Deloitte	52.50%
Geotecnia y Cimientos, S.A.	C/ Los Llanos de Jerez, 10-12. 28823 Coslada. Madrid. Spain	Construction	Deloitte	100.00%
Gestifisa, S.A.	C/ Orense, 34 1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Hullera Oeste de Sabero, S.A.	C/ Ramiro Valbuena, 16. 24002 León. Spain	Mining - Inactive	-	100.00%
Inmobiliaria Alabega, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Logística y Transportes Ferroviarios, S.A.	Edificio Autoterminal. Muelle Dársena Sur- Puerto. 08039 Barcelona. Spain	Logistics and transport	PricewaterhouseCoopers	64.01%
Lucampa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Manteniment i Conservació del Vallés, S.A.	Via Laietana, 33-5º. 08003 Barcelona. Spain	Concession	Deloitte	100.00%
Newark Real Estate Holdings, Inc.	500 5th Ave New York N.Y. 10110. USA	Real estate development	-	100.00%
Protida, S.A.	C/ Ramiro Valbuena, 12. 24002 León. Spain	Real estate development	-	100.00%
Remodelación Ribera Norte, S.A.	Avda. Josep Tarradellas, nº 34-36. 08029 Barcelona. Spain	Concession	Deloitte	100.00%
Residencial Leonesa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Schiavone Construction Company	150 Meadowlands Parkway Seacaucus. New Jersey 07068. USA	Construction	J.H. COHN	100.00%
Servia Conservación y Mantenimiento, S.A.	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Construction	-	51.00%
Sicsa Rail Transport, S.A.	Avda. del Puerto, 189 - 5º. 46022 Valencia. Spain	Combined transport	Deloitte	76.00%
Soluc Edific Integrables y Sostenibles, S.A. (SEIS)	Avda. Fuente La Mora, nº 2. 28050 Madrid. Spain	Environment	Deloitte	100.00%
Técnicas e Imagen Corporativa, S.A.	C/ La Cañada, 53. 28850 Torrejón de Ardoz. Madrid. Spain	Design of signs and corporate image	Deloitte	100.00%
Tecsa Empresa Constructora, S.A.	Avda. Madariaga, 1, 4º. 48014 Bilbao. Spain	Construction	Deloitte	100.00%
Vías y Construcciones, S.A.	C/ Orense, 11. 28020 Madrid. Spain	Construction	PricewaterhouseCoopers	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
INDUSTRIAL SERVICES				
ACS, Servicios Comunicaciones y Energía, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Industrial services	Deloitte	100.00%
ACS industrial Services, LLC.	3511 Silverside road suite 105 Wilmington Delaware 19810 County of New Castle	Energy production	-	100.00%
ACS Perú	Jr Salaberry, 300 Callao Lima. Peru	Auxiliary services	-	100.00%
ACT Financing, LLC.	5005 N. Stateline Av. Texarcana Texas TX 75603. USA	Financing of the three companies in USA	-	55.00%
Actividades de Instalaciones y Servicios, Cobra, S.A.	Calle 21 nº 7070, Parque Empresarial Montevideo. Bogotá. Colombia	Auxiliary electricity, gas and communications distribution services	-	100.00%
Actividades de Montajes y Servicios, S.A.	Ntra. Sra de Fátima, 38. 15007 La Coruña. Spain	Industrial installation and assembly	-	100.00%
Actividades de Montajes y Servicios, S.A. de C.V.	Veracruz. Mexico	Auxiliary electricity, gas and communications distribution services	BDO	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A.	2 Avda. 13-35 Zona 17, Oribodegas los Almendros Nº 3.	Auxiliary electricity, gas and communications distribution services	-	100.00%
Agadirver	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Asset-holding company	-	74.54%
Agrupación Offshore 60, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	100.00%
Al-Andalus Wind Power, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	Ernst & Young	100.00%
Albares Renovables, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Promotion, management and production of energy	-	60.00%
Albatros Logistic, S.A.	C/ Franklin Naves, 24-29. 28906 Getafe. Madrid. Spain	Distribution logistics	Deloitte	100.00%
Aldebarán S.M.E., S.A.	Amistat,23. 08005 Barcelona. Spain	Generation of electricity	-	100.00%
Aldeire Solar, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Aldeire Solar-2, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Alfrani, S.L.	C/ Baron Del Solar, 18. 30520 Jumilla. Murcia. Spain	Electric assemblies	-	100.00%
Altomira Edifica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 1, S.A.	Bárbara de Braganza, 11. 28603 Madrid. Spain	Energy production	Deloitte	75.00%
Andasol 2, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	Deloitte	75.00%
Andasol 3 Central Termosolar Tres, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 4 Central Termosolar Cuatro, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 5 Central Termosolar Cinco, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 6 Central Termosolar Seis, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 7 Central Termosolar Siete, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Antenea Technologies, S.L.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	Telecommunications	-	99.82%
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	100.00%
API Fabricación, S.A.	Raso de la Estrella, s/n. 28300 Aranjuez. Spain	Manufacturing	Deloitte	100.00%
API Movilidad, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Road maintenance	Deloitte	100.00%
Applied Control Technology, LLC.	5005 N. Stateline Av. Texarcana Texas TX 75603. USA	Electrical installations	-	55.00%
Araraquara Transmissora de Energia, S.A.	Av. Marechal Camara, 160 Sala 1036 (parte) Rio de Janeiro - Brazil	Electrical installations	-	100.00%
Argencobra, S.A.	Viamonte,1145 Buenos Aires. Argentina	Auxiliary electricity, gas and communications distribution services	Oswaldo Jorge Paulino / Alejandra Tempestini	100.00%
Artemis Transmissora de Energia, Ltda.	Rua Deputado Antonio Edu Vieira 999 Florianopolis Estado Santa Catarina. Brazil	Electrical concession	Assurance Auditores e Consultores	51.00%
Atil-Cobra, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	industrial cleaning	-	82.80%
Benisaf Water Company	Alger 12 Boulevarde Krim Blekacem. Algeria	Concession	-	51.00%
Benq	Rua Rui Teles Palhinha 4 - 3ª Leião 2740-278 Porto Salvo. Portugal	Inactive company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Berea Eólica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.00%
Bioteceira SGPS, S.A.	Rua Mario dionisio, nº 2. Linda-a-Velha. Oeiras. Portugal	Asset-holding company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Bonal Serveis Eléctrics i Electrònics, S.A.	Pl. Girona. Avda. Mas de Vila 39-41. 17457 Riudellots de la Selva. Girona. Spain	Regulation of traffic and lighting systems	Deloitte	100.00%
BOB Construcción Ventures, S.L.	C/ Teide, 4-1ª Pta. 28709 San Sebastián de los Reyes. Madrid. Spain	Administrative management serv.	-	100.00%
C. A. Weinfel de Suministro de Personal	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	Industrial cleaning	-	82.80%
Cabeço das Pedras	Rua Rui Teles Palhinha 6 - 3ª. Leião 2740-278 Porto Salvo. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Cachoeira Montages e Serviços, Ltda.	Marechal Camara,160 Rio de Janeiro. Brazil 20020	Electrical assembly and services	-	100.00%
California Sun Power, LLC.	818 West Seventh Street Los Angeles California 90017. USA	Energy production	-	100.00%
Calvache Eólica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.00%
Carta Valley Wind Power, LLC.	2711 Centerville Road Suite 400 Wilmington county of New Castle delaware 19808	Energy production	-	100.00%
Catalana de Treballs Públics, S.A.	Ed. Gran Capitán, 4. 08034 Barcelona. Spain	Auxiliary electricity, gas and communications distribution services	Deloitte	100.00%
Catxeré Transmissora de Energia, S.A.	Av. Marechal Camara, 160 Sala 1036 (parte) Rio de Janeiro - Brazil	Electrical installations	-	100.00%
Central Térmica de Mejillones, S.A	Av. José pedro Alessandri, 2323 Macul. Santiago Chile.	Engineering, supply and construction of Central Térmica de Mejillones	-	100.00%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Centro de Control Villadiego, S.L.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain	Generation of electricity	-	100.00%
CIL	Av. Marechal Camera 160. Rio de Janeiro. Brazil	Distribution of electricity	-	100.00%
CM- Construções, Ltda.	Rua, XV de Novembro 200, 14º Andar San Paulo. Brazil CPE 01013-000	Energy production	-	74.54%
Cme Águas, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	Operation of a landfill	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Cme Angola, S.A.	Angola	Asset-holding company (inactive)	-	74.54%
Cme Business	Brazil	Asset-holding company (inactive)	-	74.54%
Cme Madeira, S.A.	Rua Alegria N.º 31-3º. Madeira. Portugal	Industrial Services	Oliveira, Reis & Associados, Sroc, Ltda	38.02%
CME Roménia	Romania	Different installations	-	74.54%
Cme, S.A.	Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal	Industrial Services	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Cobra Bahia Instalações e Serviços	Cuadra 4, 10 Estrada do Coco/Bahia Brazil 47680	Electrical assemblies and installations	-	100.00%
Cobra Bolivia, S.A.	Rosendo Gutierrez, 686 Sopocachi. Bolivia	Development of electronic systems	-	100.00%
Cobra Chile, S.A.	José Pedro Alexandri, 2323 Macul. Santiago de Chile. Chile	Electrical assemblies and installations	BDO	100.00%
Cobra Concesiones Brasil, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Ownership, management, operation, administration and maintenance of all types of infrastructures and concessions	-	100.00%
Cobra Concesiones, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Servicios	-	100.00%
Cobra Energy	60 Solonos street, Athens. Greece.	Electricity, Water treatment, management of renewable natural resources, various public sector and private sector works	-	100.00%
Cobra Gestión de Infraestructuras, S.L.U	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial services	Deloitte	100.00%
Cobra Industrial Services, Inc.	3511Silverside road suite 105 Wilmington Delaware 19810 County of New Castle	Energy production	-	100.00%
Cobra Infraestructuras Hidráulicas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Development of projects and performance of all types of construction	Deloitte	100.00%
Cobra Ingeniería de Montajes, S.A.	Fernando Villalon,3. 41004 Sevilla. Spain	Installations and assembly	-	100.00%
Cobra Instalaciones México, S.A. de C.V.	C/ Melchor Ocampo, 193 Colonia Verónica Anzures. Mexico	Auxiliary electricity, gas and communications distribution services	BDO	100.00%
Cobra Instalaciones y Serv. India PVT	B-324 New Friends Colony New Delhi-110 025. India	Catenary	-	100.00%
Cobra Instalaciones y Servicios Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Holding company	Deloitte	100.00%
Cobra Instalaciones y Servicios, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial Services	Deloitte	100.00%
Cobra Instalaciones y Servicios República Dominicana	Vereda, 6 Portal 4 Manogayabo. Dominican Rep.	Auxiliary electricity, gas and communications distribution services	-	100.00%
Cobra Instalações y Serviços, Ltda.				100.00%
Cobra Inversiones y Gestión, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Holding company	-	100.00%
Cobra La Rioja Sur	Concepción Arenal 2630 CP 1426 Capital Federal Buenos Aires. Argentina	Electricity	-	100.00%
Cobra Perú II, S.A.	Abelardo Quiñones,870. Iquitos. Peru	Electrical installations	-	100.00%
Cobra Perú, S.A.	Jr Slaberry,300 Callao. Lima. Peru	Auxiliary electricity, gas and communications distribution services	KPMG	100.00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Reading of electricity meters and other services	Deloitte	100.00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Sale and installation of security systems	-	100.00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Installation of communication and control systems	-	100.00%
Cobra Sun Power USA, Inc.	2711 Centerville Road Suite 400 Wilmington Country of New Castle Delaware 19808	Energy production	-	100.00%
Cobra Termosolar USA, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Cobra y Cingel Telecomunicaciones	Avda de Macul, 2323	Electrical assemblies and installations	-	100.00%
Cobra-Udsport Conde de Guadalhorce, S.L.	Paseo Cerrado de Calderón, 18. Edif.Mercurio 1ª Pta. 29018 Málaga. Spain	Operation of, maintenance and provision of public service at Centro Deportivo Guadalhorce	-	51.00%
Codeven. Venezuela	Av. San Fco C/ Sta. Margarita Colinas California, Ed.Torre California 1070. Caracas. Venezuela	Construction and engineering	-	100.00%
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	210 Boulevard Serketouni Angle Boulevard Roudani nº 13, Maarif 2100. Casablanca. Morocco	Electricity and public works	-	100.00%
Construção e Manutenção Electromecânica, S.A.	Tagus Space, Rua Rui Teles Palhinha, 4 Leião, 2740 Portugal			100.00%
Construcciones Dorsa, S.A.	Cristóbal Bordiú, 35-5ª oficina 515-517. Madrid. Spain	Construction	-	99.73%
Control y Montajes Industriales de Méjico, S.A. de C.V.	C/ Juan Racine, 116- 6º. 11510 Mexico D.F	Electrical installations	Deloitte	100.00%
Control y Montajes Industriales, S.A.	C/ Teide 4, 2ª Planta. 28709 San Sebastián de los Reyes. Madrid. Spain	Electrical installations	Deloitte	100.00%
Cosersa, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Industrial cleaning	-	100.00%
Cymi do Brasil, Ltda.	Av. Presidente Wilson 231, sala 1701 20090-020 Rio de Janeiro. Brazil	Electrical installations	-	100.00%
Cymi Holding, S.A.	Av. Presid Wilson 231 Sala 1701 Parte Centro. Rio de Janeiro. Brazil	Securities holding company	Assurance Auditores e Consultores	100.00%
Cymi Investment USA, S.L.	C/ Teide, 4-2ª Pta. 28709 San Sebastián de los Reyes. Madrid. Spain	Holding company	-	100.00%
Cymi Seguridad, S.A.	C/ Teide, 4-2ª Pta. 28709 San Sebastián de los Reyes. Madrid. Spain	Security installations	-	100.00%
Delta P I, LLC.	400-A Georgia Av.Deer Park Texas 77536. USA	Electrical installations	-	55.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Desarrollo Informático, S.A.	Avda. de Santa Eugenia, 6. 28031 Madrid. Spain	Computer maintenance	-	100.00%
Desarrollos Energéticos Riojanos, S.L.	Pol.Industrial Las Merindades, calle B s/n, Villarcayo. 09550 Burgos. Spain	Generation of electricity	-	80.00%
Dimática, S.A.	C/ Saturnino Calleja, 20. 28002 Madrid. Spain	Sale of computer equipment	-	100.00%
Dragados Construc. Netherlands, S.A.	Amsteldijk 166-6 1079LH Amsterdam. Netherlands.	Electrical installations	-	100.00%
Dragados Gulf Construction, Ltda.	P. O Box 3140 Al Khobar 31952 Kingdom of Saudi Arabia	Construction	-	100.00%
Dragados Industrial, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Construction of all types of works	Deloitte	100.00%
Dragados Industrial Algeria S.P.A.	Lot nº 7 - Ville Coopérative El Feteh - El Bihar. Alger. Algeria.	Industrial maintenance and assemblies	Menguellatti Encha Ellah	100.00%
Dragados Industrial Canada, Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal. Quebec. Canada	Electrical installations	-	100.00%
Dragados Offshore de Méjico KU-A2, S.A de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	100.00%
Dragados Offshore de Méjico, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	100.00%
Dragados Offshore USA, Inc.	10333 Richmond Avenue, suite 720 77042 Texas, Houston. USA	Market research and capturing of markets	-	100.00%
Dragados Offshore, S.A.	Bajo de la Cabezucla, s/n. 11510 Puerto Real. Cádiz. Spain	Manufacturing of metallic structures	Deloitte	100.00%
Dragados Proyectos Industriales de Méjico, S.A. de C.V.	Juan Racine 112 B piso Colonia Los Morales Mexico (DF) Delegacion Miguel Hidalgo 11510	Engineering and construction	Deloitte	100.00%
Dyctel infraestructura de Telecomunicapoes, Ltda.	C/ Rua Riachuelo, 268. 90010 Porto Alegre. Brazil	Telecommunications	-	100.00%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Telecommunications	-	100.00%
Easa Somozas, S.A.	José Luis Bugallal Marchesi M-10. 15008 La Coruña. Spain	Generation of electricity	Deloitte	51.70%
Eocivil Electromur G.E., S.L.	C/ Paraguay, Parcela 13/3. 30169 San Ginés. Murcia. Spain	Civil works	Deloitte	94.50%
Ecovent Parc Edic, S.L.	Nil Fabra, 34. 08012 Barcelona. Spain	Generation of electricity	Deloitte	100.00%
El Paramo Parque Eólico, S.L.	Guítard, 43. 08014 Barcelona. Spain	Generation of electricity	-	100.00%
Electrén, S.A.	Avda. del Brazil, 6. 28020 Madrid. Spain	Specialized construction	PricewaterhouseCoopers	100.00%
Electromur, S.A.	C/ Cuatro Vientos, 1. San Ginés. Murcia. Spain	Electrical installations	Deloitte	100.00%
Electronic Traffic, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Electrical installations	Deloitte	100.00%
Emplogest, S.A.	Rua Alfredo Trindade, 4 Lisbon. 01649 Portugal	Holding company	-	98.21%
Emutrel, S.A.	C/ Carlos Egea, parc. 13-18. Pl. Oeste. Alcantarilla. Murcia. Spain	Telecommunications	Deloitte	50.10%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Construction of all types of works	Deloitte	100.00%
Enelec, S.A.	Av. Marechal Gomes da Costa 27. 1800-255 Lisbon. Portugal	Electrical installations	L. Graça, R. Carvalho & M. Borges, SROC, LDA	100.00%
Energías Ambientales de Guadalajara, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid	Energy production	-	100.00%
Energías Ambientales de Novo, S.A.	José Luis Bugallal Marchesi M-10. 15008 La Coruña. Spain	Generation of electricity	Deloitte	66.67%
Energías Ambientales de Outes, S.A.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain	Generation of electricity	Deloitte	100.00%
Energías Ambientales de Soria, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid	Energy production	-	100.00%
Energías Ambientales de Vimianzo, S.A.	José Luis Bugallal Marchesi M-10. 15008 La Coruña. Spain	Generation of electricity	Deloitte	66.67%
Energías Ambientales, S.A.	José Luis Bugallal Marchesi M-10. 15008 La Coruña. Spain	Generation of electricity	Deloitte	66.67%
Energías y Recursos Ambientales, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	Deloitte	100.00%
Enipro, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Portfolio-holding company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Eng, S.L.	C/ F, nº 13. Pl. Mutilva Baja. Navarra. Spain	Electrical installations	-	100.00%
EPC Ciclo Combinado Norte, S.A. de C.V.	Melchor Ocampo, 193, Torre C piso 14D. 11300 Méjico D.F. Mexico	Industrial plants	-	100.00%
Equipos de Señalización y Control, S.A.	C/ Severino Covas, 100. Vigo. Pontevedra. Spain	Electrical installations	Deloitte	100.00%
Etra Cataluña, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. Spain	Electrical installations	Deloitte	100.00%
Etra Interandina, S.A.	C/ 100, nº 8A-51, Of. 610 Torre B. Santafe de Bogota. Colombia	Electrical installations	Elquin Infante	100.00%
Etra Investigación y Desarrollo, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Research and Development	Deloitte	100.00%
Etralux, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Electrical installations	Deloitte	100.00%
Etranorte, S.A.	C/ Erremuena, pab. G. Pl. Zabalondo. Munguía. Vizcaya. Spain	Electrical installations	Deloitte	100.00%
Extresol-2, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Extresol-3, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Extresol-1, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	Deloitte	100.00%
Eyra Energías y Recursos Ambientais, Lda.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	-	98.00%
Eyra Wind Power USA Inc	2711 Centerville Road Suite 400 Wilmington county of New Castle delaware 19808	Energy production	-	100.00%
France Semi, S.A.	20/22 Rue Louis Armand rdc. 75015 Paris. France	Assemblies	-	99.73%
Garby Aprovechamientos Energéticos, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	-	-	100.00%
Geida Beni Saf	Cardenal Marcelo Spinola, 10. 28016 Madrid. Madrid	Desalination	-	100.00%
Gerovitae La Guancha, S.A.	Ctra. del Rosario Km 5.2. La Laguna. 38108 Santa Cruz Tenerife. Canary Islands. Spain	Management and operation of senior citizen social and health centres	-	100.00%
Global Spa, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	-	100.00%
Gpme, S.A.	Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal	Portfolio-holding company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Guatemala de Tráfico y Sistemas, S.A.	C/ Edificio Murano Center, 14. Oficina 803 3-51. Zona 10. Guatemala	Construction of all types of works	-	100.00%
Hydra de Telecomunicaciones y Multimedia, S.A.	C/ Severo Ochoa, 10. 29590 Campanillas. Málaga. Spain	Telecommunications	-	100.00%

Consolidated Financial Statements

Company	Registered Office	Actividad	Auditor	% Effective ownership
Hidráulica de Mendre, S.A.	C/ 50B Nuevo Campo Alegre 25 Bella Vista. Panama	Hydroelectric plant	-	100.00%
Hidráulica del Chiriquí, S.A.	C/ 50B Nuevo Campo Alegre 25 Bella Vista. Panama	Hydroelectric plant	-	100.00%
Hidrogestión, S.A.	Avda. Manoteras, 28. Madrid. Spain	Distribution of water	Deloitte	100.00%
Hidrolanzán, S.L.	Paseo de la Castellana, 167. 28046 Madrid. Spain	Hydroelectric plant	-	100.00%
Humiclíma Caribe Cpor A.Higüey	Ctra Cruce De Friusa, s/n. Higüey. Altagracia. Dominican Republic.	Air conditioning	BDO	100.00%
Humiclíma Centro, S.L.	C/ Francisco Suarez, 14 Local B. 28036 Madrid. Spain	Air conditioning	-	100.00%
Humiclíma Est Catalunya, S.L.	C/ San Quinti, 47. Barcelona. Spain	Air conditioning	Deloitte	100.00%
Humiclíma Est, S.A.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	Deloitte	100.00%
Humiclíma Jamaica Limited	Comer Lane 6 Montego Bay. St James. Jamaica	Air conditioning	KPMG	100.00%
Humiclíma Magestic Grupo, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	-	100.00%
Humiclíma Mexico, S.A. de C.V.	Cancun (Quintana De Roo). Mexico	Air conditioning	BDO	100.00%
Humiclíma Sac, S.A.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	Deloitte	100.00%
Humiclíma Sur, S.L.	C/ Morocco, 12. Jerez de La Frontera. Cádiz. Spain	Air conditioning	-	100.00%
Humiclíma Valladolid, S.L.	C/ Puente Colgante, 46. Valladolid. Spain	Air conditioning	-	100.00%
Hydro Management, S.L.	Avda.Tenerife General Gutierrez, 9. 30008 Murcia. Spain	Services	Deloitte	75.00%
Iberoamericana de Hidrocarburos, S.A. de C.V.	C/ Melchor Ocampo 193. Mexico	Construction of industrial buildings and plants	-	59.50%
ImesAPI, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Electrical installations	Deloitte	100.00%
Imocme, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Asset-holding company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Infraest. Energéticas Medioambi. Extremeñas, S.L.	Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. Spain	Services	-	100.00%
Infraestructuras Energéticas Aragonesas, S.L.	C/ Paraíso, 3. 50410 Cuarte de Huerva. Zaragoza. Spain	Installation, assembly and maintenance	-	100.00%
Infraestructuras Energéticas Castellanas, S.L.	Aluminio, 17. 47012 Valladolid. Spain	Generation of electricity	-	51.00%
Initec Energía, S.A.	Príncipe de Vergara, 120 Planta. 28002 Madrid. Spain	Technical engineering services	C.T.A. Auditores	100.00%
Injar, S.A.	C/ Catamarca Esq. C/ Mendoza PG El Sebadal. 35008 Las Palmas. Canary Islands. Spain	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
Inotec	Angola	Energy production	-	37.27%
Instalaciones y Montajes de Aire Climatizado, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	-	100.00%
Instalaciones y Servicios Codeni, S.A.	Masaya	Electrical assemblies and installations	-	100.00%
Instalaciones y Servicios Codepa, S.A.	Edif. Allbrook Park, Of.115 - Corregimiento Ancón	Electrical assemblies and installations	-	100.00%
Instalaciones y Servicios Codeven, C.A.	Avda. S.Fco C/Sta.Margarita.Colin.California Torre California p 5 FC H 1070 Caracas. Venezuela	Construction and engineering	-	100.00%
Instcobra. Ecuador	Isla Genovesa 43 rio Coca. Quito. Ecuador	Electricity services (transport)	-	100.00%
Intebe, S.A.	Avda. de la Independencia, nº 21 bajo. Cambrils. Tarragona. Spain	Maintenance	Deloitte	99.40%
Intecsa Ingeniería Industrial, S.A.	Vía de los Poblados, 11. 28033 Madrid. Spain	Engineering	Deloitte	100.00%
Integrated Technical Prodcus, LLC.	1117 Joseph Street Shreveport Louisiana LA 71107. USA	Electrical installations	-	55.00%
Invexta Recursos, S.L.	Ayala, 120-2B. 28006 Madrid. Spain	Research, exploration and operation of all types of deposits and storage of hydrocarbons	-	100.00%
Isobra Instalacoes e Servicos, Ltda.	General Bruce,810 Rio de Janeiro. Brazil 20921	Electrical assemblies and installations	-	100.00%
Itumbiara Marimondo, Ltda.	Marechal Camera,160 Rio de Janeiro. Brazil 20020	Electrical assembly and services	-	100.00%
La Caldera Energía Burgos, S.L.	Almirante Bonifaz, 3. 09003 Burgos. Spain	Generation of electricity	Ernst & Young	61.79%
Lestenergia	Calçada Da Rabaça, Nº 11. Penamacor. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Litrão do Brasil Partipações, S.A.	Av. Marechal Camera 160, sala 1808. Rio de Janeiro. Brazil	Energy transport	-	100.00%
Lumicán, S.A.	C/ Arco, nº 40. Las Palmas de Gran Canaria. Canary Islands. Spain	Electrical installations	Deloitte	100.00%
Lusobrisa	Rua Rui Teles Palhinha, 4-3º. Leião 2740-278 Porto Salvo. Portugal	Energy production	-	74.54%
Luziana Montagens e Servicos, Ltda.	Av. Marechal Camara, 160. Rio de Janeiro. Brazil	Asset-holding company	-	100.00%
Maessa Telecomunicaciones, S.A. (MAETEL)	C/ Bari, 33 - Edificio 3. 50197 Zaragoza. Spain	Maintenance and assembly	Deloitte	99.40%
Makiber, S.A.	Paseo de la Castellana, 182-2º. 28046 Madrid. Spain	Merchandise export	Deloitte	100.00%
Manchasal 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Manchasal 2 Central Termosolar Dos, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Mant. Ayuda a la Explot. y Servicios, S.A. (MAESSA)	C/ Manzanares, 4. 28005 Madrid. Spain	Industrial maintenance	Deloitte	100.00%
Mantenimiento y Montajes Industriales, S.A.	Edif. Milenium, C/ Teide 5-1º. 28709 San Sebastián de los Reyes. Madrid. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Mantenimientos Integrales Senax, S.A.	Centrol Comercial L'illa Miami Playa. Tarragona. Spain	Assemblies	-	100.00%
Masa Algeciras, S.A.	Avda. Blas Infante, Edificio Centro Blas Infante, local B. 11201 Algeciras. Cádiz. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Argentina, S.A.	Avda. Alicia Moreau de Justo nº 1930 1º piso Ciudad Autonoma de Buenos Aires. Argentina	Manufacture of industrial equipment, construction of industrial equipment and other structures and industrial	Razetto-López-Rodríguez Córdoba & Asoc.	90.00%
Masa Brasil, S.L.	Av. São Gabriel, 149, sala 207. Itaim Bibi. São Paulo CEP 01435-001. Brazil	Preparation of studies and projects, industrial assembly and maintenance	-	100.00%
Masa Galicia, S.A.	Políg. Ind. De La Grela - C/ Guttember, 27, 1º Izqd. 15008 La Coruña. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1. 21002 Huelva. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Méjico, S.A. de C.V.	C/ Juan Racine, 112, 8º - Colonia Los Morales, Del. Miguel Hidalgo - 11510 Mexico D.F.	Industrial maintenance and assemblies	Ruiz, Luna y Cia	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Masa Norte, S.A.	C/ Ribera de Axpe, 50-3º. 48950 Erandio Las Arenas. Vizcaya. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Puertollano, S.A.	Ctra. Calzada de Calatrava, km. 3.4. 13500 Puertollano. Ciudad Real. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Servicios, S.A.	Polig. Ind. Zona Franca, Sector B, Calle B. 08040 Barcelona. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Tenerife, S.A.	Pº Milicias de Garachico, 1, 4º. Ofic. 51 - Edif. Hamilton. 38002 Sta. Cruz de Tenerife. Canary Islands. Spain	Industrial maintenance and assemblies	-	100.00%
Menciá, S.L.	C/ Binea Roca s/n, Local 16. 07710 Sant Lluís. Menorca. Balearic Islands. Spain	Air conditioning	-	100.00%
Mexicobra, S.A.	Colonia Polanco C/Alejandro Dumas,160. Mexico D.F. 11500	Auxiliary electricity, gas and communications distribution services	-	100.00%
Mexsemi, S.A. de C.V.	Av. Dolores Hidalgo 817 CD Industrial Irapuato Gto. 36541. Mexico	Assemblies	Baker Tilly Mgrd Auditores S.C.	99.73%
Mimeca, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	Industrial cleaning	-	82.80%
Moeë	Rua Rui Teles Palhinha, 4-3º. Leirão 2740-278 Porto Salvo. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Moncobra Canarias Instalaciones, S.A.	León y Castillo, 238, 35005 Las Palmas de Gran Canaria. Canary Islands. Spain.	Industrial installation and assemblies	-	100.00%
Moncobra Perú	Jr Salaberry, 300 Callao. Lima. Peru	Auxiliary services	-	100.00%
Moncobra, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Industrial installation and assembly	Deloitte	100.00%
Monelec, S.L.	C/ Ceramistas, 14. Málaga. Spain	Electrical installations	Deloitte	100.00%
Murciana de Tráfico, S.A.	Carril Molino Nerva, s/n. Murcia. Spain	Electrical installations	Deloitte	100.00%
OCP Perú	Jr Salaberry, 300 Callao Lima. Peru	Auxiliary services	-	100.00%
Oficina Técnica de Estudios y Control de Obras, S.A	C/ Guzmán el Bueno, 133-1º. Edificio Britania. 28003 Madrid. Spain	Consulting	Deloitte	100.00%
Opade Organizac. y Promoc de Actividades Deportivas, S.A.	Avda. de América, 10. Madrid. Spain	Organization and promotion of athletic activities	Deloitte	100.00%
P. E. Sierra de las Carbás, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	Ernst & Young	61.70%
PE. Monte das Aguas, S.L.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain	Generation of electricity	Ernst & Young	60.00%
PE. Monte dos Nenos, S.L.	La Paz, 23-2ºB. Valencia. Spain	Energy production	-	100.00%
PE. Donado, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
PE. Tesosanto, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	-	61.70%
Parque Eólico Bandelera, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.10%
Parque Eólico Buseco, S.L.	Comandante Caballero, 8. 33005 Oviedo. Asturias. Spain	Energy production	-	80.00%
Parque Eólico de Valdecarro, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	-	100.00%
Parque Eólico La Boga, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	Deloitte	75.00%
Parque Eólico Marmellar, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	Deloitte	70.00%
Parque Eólico Rodera Alta, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.10%
Parque Eólico Santa Catalina, S.L.	La Paz, 23-2ºB. Valencia. Spain	Energy production	-	100.00%
Parque Eólico Tadeas, S.L.	Amistad, 23. 08005 Barcelona. Spain	Generation of electricity	-	51.48%
Parque Eólico Valcaire, S.L.	Ayuntamiento, 7 Padul. 18640 Granada. Spain	Generation of electricity	-	55.00%
Parque Eólico Valdehiero, S.L.	Amistad, 23. Barcelona. Spain	Generation of electricity	-	51.48%
Percomex, S.A.	Melchor Ocampo, 193 Torre C-Colonia Verónica Anzures. Mexico	Auxiliary electricity, gas and communications distribution services	BDO	100.00%
Portumasa, S.A.	Av. Marechal Gomes Da Costa, 27, RC Esquerdo 1800-255 Lisbon. Portugal	Study and performance of projects, assemblies, manufacture and sale of electrical and electronic equipment.	-	100.00%
Procmex, S.A.	Rua Rui Teles Palhinha, 4. Leirão 2740-278 Porto Salvo. Portugal	Holding company	Deloitte	74.54%
Promservi, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Real Estate	-	100.00%
Red Top Wind power, LLC.	2711 Centerville Road Suite 400 Wilmington county of New Castle delaware 19808	Energy production	-	100.00%
Riansares Eólica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.00%
Rodonya Solar 1, S.L.	C/ Teide, 4. San Sebastián de los Reyes. Madrid. Spain	Operation of photovoltaic installations	-	100.00%
Roura Cevasa, S.A.	Caracas, 5. Barcelona. Spain	Corporate image	PricewaterhouseCoopers	100.00%
Salmantina de Seguridad Vial, S.A.	Cascajaltes, 65-69. 37184 Villares de la Reina. Salamanca. Spain	Painting and signposting	Deloitte	100.00%
Sao-Simao Montagens e Servicos de Electricidade, Ltda.	Rua Marechal Camara, 160. Rio de Janeiro. Brazil	Civil works	-	100.00%
Sednive, C.A. (Soc. Españ. Montajes Indus Venezuela)	Av. Foo Miranda Edif. Parq Cristal Tor Este, p8, of 8-8.Palos Grandes 1070 Caracas. Venezuela	Cellular telephony infrastructure	-	100.00%
Seguridad Integral Metropolitana, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Security equipment maintenance	Deloitte	90.00%
Semi Maroc, S.A.	5, Rue Fakir Mohamed. Casablanca Sidi Belyout Maroc	Assemblies	Fiduciaire Martinetti Associes Ma S.A. Commissariat aux comptes	99.73%
Semacon Joel, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	Industrial cleaning	-	82.80%
Semicro, S.A.	C/ Pradillo, 48-50. 28002 Madrid. Spain	Computer maintenance	Deloitte	100.00%
Serpimex, S.A. de C.V.	Juan Racine 112 8 Colonia Los Morales Polanco Delegación Miguel Hidalgo. Mex DF11510	Provision of personal services	Deloitte	100.00%
Serpista, S.A.	C/ Velázquez, 130. 28006 Madrid. Spain	Services	Deloitte	51.00%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Serra do Moncoso Cambas, S.L.	Rua da Constitucion, 30. Culleredo. 15189 La Coruña. Spain	Generation of electricity	-	51.00%
Serveis Catalans, Serveica, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Electrical installations	-	100.00%
Servicios Administrativos Offshore, S.A. de C.V.	Juan Racine Nº 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F.	Provision of personal services	KMPG Cardenas Dosal, S.C.	100.00%
Servicios Asistenciales y Residenciales, S.L.	Urbanización Porto Avieria Manzana 5, Chalet 26. Gandara-Oroso. La Coruña. Spain			100.00%
Servicios Cymimex, S.A. de C.V.	Juan Racine 112 6º piso Colonia Los Morales 11510. Mexico D.F. Mexico	Electrical installations	Deloitte	100.00%
Servicios Dinsa, S.A. de C.V.	Juan Racine 112 3 piso Colonia Los Morales Mexico (DF) Delegación Miguel Hidalgo 11510	Provision of personal services	Deloitte	100.00%
Servicios Operativos Offshore, S.A. de C.V.	Juan Racine Nº 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F.	Provision of personal services	KMPG Cardenas Dosal, S.C.	100.00%
Servicios Proyectos Industriales de Méjico, S.A. de C.V.	Juan Racine 112 8 piso Colonia Los Morales Mexico (DF) Delegación Miguel Hidalgo 11510	Provision of personal services	Deloitte	100.00%
Servicios y Obras Comunitarias, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Development of electronic systems	-	100.00%
Setec Soluções Energeticas de Transmissao e Controle, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Rio de Janeiro. Brazil	Electrical installations	-	100.00%
Sice do Brasil, S.A.	C/ Joaquim Eugenio de Lima, 680. Sao Paulo. Brazil	Construction of all types of works	-	100.00%
SICE PTY, Ltd.	Level 5, Mayne Building, 390 St. Kilda Road Melbourne, Vicotira 3004. Australia	Construction of all types of works	Deloitte	100.00%
Sice Puerto Rico, Inc.	C/Fordham 275 San Juan PR 00927. University Gardens. Puerto Rico	Constuction and all business permitted under law	Interamericana	100.00%
Sice South Africa Pty, Ltd.	C/ PO Box 179. 009 Pretoria, South Africa	Construction of all types of works	PKF Pretoria Incorporated	100.00%
Sice Tecnología y Sistemas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	Acquisition and sale of all types of movable assets and securities.	Deloitte	100.00%
SICE, Inc.	9442 Capital of Texas Hwy North. Arboretum Plaza One Suite 500 Austin TEXAS 78759. USA	Development of intelligent toll systems	-	100.00%
SICE, LLC.	Rublevskoye Shosse 83/1 121467 Moscow, Russia	Design, construction, installation and maintenance of traffic and trade	-	100.00%
Sidetel, S.A.	Avda. Manoteras, 28. Madrid. Spain	Electrical installations	-	100.00%
Sistemas Integrales de Mantenimiento, S.A.	C/ Teide, 5-1º. 28709 San Sebastián de los Reyes. Madrid. Spain	Industrial maintenance and assemblies	-	100.00%
Sistemas Radiantes F. Moyano, S.A.	C/ La Granja, 72. 28108 Alcobendas. Madrid. Spain	Telecommunications	Deloitte	97.58%
Sistemas Sec, S.A.	C/ Miraflores 383. Santiago de Chile. Chile	Telecommunications	Deloitte	51.00%
Soc Iberica de Construc Electricas de Seguridad, S.L.	C/ La Granja 29. 28108 Alcobendas. Madrid. Spain	Security system and fire prevention device installation and maintenance	-	100.00%
Soc. Española de Montajes Industriales, S.A. (SEMI)	C/ Manzanares, 4. 28005 Madrid. Spain	Electric assemblies	Deloitte	99.73%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	Construction of all types of works	Deloitte	100.00%
Sociedad Industrial de Construc Eléctricas, S.L., Ltda.	CL 94 NO. 15 32 P 8. Bogot D.C. Colombia	Construction of all types of works	-	100.00%
Sociedad Industrial de Construcción Eléctricas, S.A	C/ Aquilino de la Guardia. Edificio IGRA Local 2. Urbanización Bella Vista Panamá	Construction of all types of works	Interamericana	100.00%
Sociedad Industrial de Construcciones Eléctricas de Costa Rica, S.A.	C/ San Jose Barrio Los Yoses-Final Avenida Diez.25 m.norte y 100 este. San Jose. Costa Rica	Trade, industry and tourism in general	Interamericana	100.00%
Sociedad Industrial de Construcciones Eléctricas, S.A. de C.V.	Paseo de la Reforma, 404. Despacho 1502. Piso 15 Col. Juarez 06600 Delegación Cuauhtemoc Mexico D.F.	Construction of all types of works	BDO	100.00%
Societat Eòlica de l' Enderrocada, S.A.	Amistat, 23. 08005 Barcelona. Spain	Generation of electricity	Deloitte	53.30%
Société Industrielle de Construction Electrique, S.A.R.L.	Espace Porte D Anfa 3 Rue Bab Mansour Imm C 20000 Casa Blanca. Morocco	Services for public authorities	-	100.00%
Spocbra Instalações e Serviços, Ltda.	Joao Ventura Batista,986 Sao Paulo. Brazil 02054	Electrical assemblies and installations	-	56.00%
Sumipar, S.A.	C/ B Sector B Zona Franca 4. 08040 Barcelona. Spain	Construction of all types of works	-	100.00%
Tecn. de Sist. Electrónicos, S.A. (Eyssa-Tesis)	Rua General Pimenta do Castro 11-1. Lisbon. Portugal	Electrical installations	Deloitte	100.00%
Teceira Moçambique SA-Tecnologias Energéticas, S.A.	Avda 25 Setembro 1020 1º Andar. Maputo. Mozambique	Energy production	Deloitte	74.54%
Teceira Novas Eneias SGPS, S.A.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Teceira Participações SGPS	Tagus Space - Rua Rui Teles Palhinha N42740-278 Porto Salvo	Holding management company		74.54%
Teceira, S.A.	Rua Rui Teles Palhinha, 4. Leiao 2740-278 Porto Salvo. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Técnicas de Desalinización de Aguas, S.A.	Pol. de Arinaga, C/ Brezo, 15-17. 35118 Las Palmas. Canary Islands. Spain	Desalination plant constructor	Deloitte	100.00%
Tecnotel Clima, S.L.	Pg Ind.Valle Guimar Manz, 6. Arafo. Santa Cruz de Tenerife. Canary Islands. Spain	Air conditioning	-	100.00%
Tecnotel de Canarias, S.A.	Misiones, 13. Las Palmas de Gran Canaria. Spain	Air conditioning	Deloitte	100.00%
Tedagua Renovables, S.L.	El Procesador, 19. Pol.Ind.Jinamar. TELDE 35200. Las Palmas. Canary Islands. Spain	Services		100.00%
Telcarmer, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Telecommunications	-	100.00%
Telsa Instalaciones de Telecomunicaciones y Electricidad, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Telecommunications	Deloitte	100.00%
Tesca Ingeniería del Ecuador, S.A.	Av. 6 de diciembre N37-153 Quito. Ecuador	Assemblies	-	100.00%
Torre de Miguel Solar, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Trafirube, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Pana. Portugal	Painting and signposting	-	76.20%
Uirapuru Transmissora de Energia, Ltda.	Rua Deputado Antonio Edu Vieira 999 Florianopolis Estado Santa Catarina. Brazil	Electrical concession	Assurance Auditores e Consultores	51.00%
Urbaenergía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Generation of electricity	Ernst & Young	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	Industrial cleaning	Carolina Pueyo	82.80%
Ventos da Serra Produção de Energia, Ltda.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal	Energy production	-	74.54%
Viatral Manteniment i Conservacio, S.A.	Roders, 12. 07141 Marratxi. Balearic Islands. Spain	Painting and signposting	-	100.00%
Vieyra Energia Galega, S.A.	José Luis de Bugallal Marchesi, 20-1 izq. 15008 La Coruña. Spain	Energy production	-	50.00%
Villanueva Cosolar, S.L.	Guadalajara,14. 19193 Guadalajara. Spain	Energy production	-	74.54%

ENVIRONMENT & LOGISTICS

ACS Servicios y Concesiones, S.L.	Avda. de Tenerife 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Environment	Deloitte	100.00%
A.T.M. Cartera, S.L.	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya. Spain	Holding company	-	77.47%
Abra Terminales Marítimas, S.A.	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya. Spain	Port terminal	Deloitte	77.47%
Asistevs, S.A.	Avda. de Manoteras, 46 bis 2ª planta. 28050 Madrid. Spain	Advertising	KPMG	100.00%
Aureca Aceites Usad y Recuper Energét de Madrid, S.L.	Avda. Logroño km 9.800. 28042 Madrid. Spain	Treatment of oils and marpoles	-	100.00%
Autoterminal, S.A.	Muelle Darsena Sur, Ed. Autoterminal. Barcelona. Spain	Automobile logistics	Deloitte	44.73%
Barcelona Automotive Logistic, S.A.	C/Diputación, 279, Atico 6ª. Barcelona. Spain	Logistics and vehicle transportation	-	100.00%
Blas Moreno, S.L.	Avda. Diagonal, nº 611 - 2ª. Barcelona. Spain	Collection of urban solid waste, street cleaning and selective collection	-	60.00%
Canal Ecociudad, S.L.	C/ Victor Navalpotro. El Escorial. Madrid. Spain	Marketing of mobile programming software	-	94.00%
Casa Neta, S.L.	Calle Ponto, 5. 12590 Almenara. Castellón. Spain	Interior cleaning	-	100.00%
Centro de Transferencias, S.A.	Poligono Los Barriales, s/n. Valladolid. Spain	Physical and chemical treatment and storage of industrial waste in a safe deposit	Deloitte	70.00%
Claerh, S.A.	Avda. del Descubrimiento. Alcantarilla. Murcia. Spain	Collection and treatment of sanitary waste	-	51.00%
CLB Universal Marítima, S.L.	Av Los Cambulloneros MII León y C, Edif. OPCSA. 35008 La Palmas de Gran Canaria. Canary Islands. Spain	Supplementary and auxiliary transport activities	Deloitte	100.00%
Clece FS, S.A.	Calle Alfonso Gómez, 42 Nave 1.2.1. 28037 Madrid. Spain	Interior cleaning	Deloitte	100.00%
Clece, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Interior cleaning	Deloitte	100.00%
CLS Beverage Bonded Warehouse, S.L.	Avda. Drassanes, 6 - Edificio Colom. 08001 Barcelona. Spain	Domestic and international transport of goods	-	44.87%
Combalía Logistic Services, S.A.	Cl. Z - Poligono Inds. Zona Franca SM 23-27. 08040 Barcelona. Spain	Supplementary and auxiliary transport activities	Deloitte	87.97%
Comercial Combalía Sagrera, S.A.	Cl. Z - Poligono Inds. Zona Franca SM 23-27. 08040 Barcelona. Spain	Organization of the transport of goods	Deloitte	91.84%
Consenur, S.A.	Poligono Industrial Finanzauto, c/ Ebro, Arganda del Rey. Madrid. Spain	Management and treatment of hospital waste	Deloitte	100.00%
Cytrar, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico	Management and storage of industrial waste in safe deposits.	Mancera, .SC. Ernst & Young	100.00%
Dragados Servicios Portuarios y Logísticos, S.L.	Avda. de Tenerife 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Port and logistics services	Deloitte	100.00%
Dragados SPL del Caribe, S.A. de C.V.	C/ Juan Racine, 112 4º Los Morales Polanco. Mexico DF	Holding company	-	100.00%
Dramar Andalucía Tratamiento de Marpoles, S.L.	Muelle Isla Verde, s/n. 11207 Algeciras. Cadiz. Spain	Treatment of oils and marpoles	-	100.00%
Ecoentorno Ambiente, S.A.	Camino de la Muñoza, s/n. Ctra. Madrid-Barcelona, km. 15,200 - 28042 Madrid	Waste treatment	-	51.00%
Ecología y Técnicas Sanitarias, S.L.	C/ Josefina Mayor, nº 9. Nave 3. Urb. Industrial El Goro. Telde. Gran Canaria. Canary Islands. Spain	Collection, transportation, storage, and re-delivery of sanitary services	-	100.00%
Edafoología y Restauración del Entorno Gallego, S.L.	C/ Copérnico, s/n 1º-1 Pol. Ind. A Grela. Coruña. Spain	Waste treatment	-	100.00%
Empordanesa de Neteja, S.A.	Avda. Diagonal, nº 611 - 2ª. Barcelona. Spain	Collection of urban solid waste, street cleaning and selective collection	-	60.00%
Equipamientos Ambientales, S.L.	C/ Formentera, 1, Edif. ECU II, Oficina Bajo B. Las Rozas. Madrid. Spain	Performance of landscaping works and environmental equipment.	-	94.00%
Evar, S.A.S.	1140, Avenue Albert Einstein. 34000 Montpellier. France	Waste treatment	-	96.75%
Evère, S.A.S.	Av. Albert Einstein. 34000 Montpellier. France	Waste treatment	Deloitte	99.35%
Frigoríficos de Castellón, S.A.	Lg Muelle Transversal, s/n - 12100 Castellón de la Plana. Castellón de la Plana. Spain	Installation and operation of refrigeration chambers	Deloitte	75.00%
Gestión Ambiental Canaria, S.L.	Alejandro del Castillo, s/n. San bartolomé de Tirajana. Las Palmas Gran Canaria. Spain	Treatment of oils and marpoles	-	50.00%
Gestión Medioambiental de Torrelavega, S.A.	Boulevard Demetrio Herrero, 6. 39300 Torrelavega. Santander. Spain	Operation of urban solid waste dump	-	60.00%
Gestión y Protección Ambiental, S.L.	Condado de Treviño, 19. Burgos. Spain	Collection of used oils	-	70.00%
GPL Limpiezas, S.L.	C/ Diputación, 180-1ª Planta. 08011 Barcelona. Spain	Interior cleaning	-	100.00%
Graneles Sólidos Minerales, S.A.	Puerto de Raos, s/n - Edificio GSM. 39011 Santander. Spain	Bulk terminal	Deloitte	81.00%
Guachi 2000, S.L.	Muelle Evaristo Fernandez, 28. Barcelona. Spain	Holding company	-	75.63%
Hidrodispersión S.L.	M.Tom s Bretón 2 Local 4 Churriana. Málaga. Spain	Irrigation works	-	100.00%
Igest Mensajería, S.L.	Muelle Darsena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Messenger service	-	62.25%
Igest, S.A.	Muelle Darsena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Financial and accounting services	-	62.25%
Integra Man Gestí y Serveis Integ CEE Catalunya, S.L.	C/ Selva de Mar, 140. 08020 Barcelona. Spain	Interior cleaning	-	100.00%
Integra Man Gestí y Servíc Integ CEE Galicia, S.L.	Avda. Hispanidad, 75. 36203 Vigo. Pontevedra. Spain	Interior cleaning	-	100.00%
Integra Mant Gestí Servíc Integ Cent Esp Empleo, S.L.	C/ Alfonso Gómez, 42 - Nave 1.2.1. 28037 Madrid. Spain	Interior cleaning	-	100.00%
Integra Mant Gestí y Servíc Integ CEE Andalucía, S.L.	C/ Industria Edif Metrópoli, 1 Esc 4, Pl MD P20. 41927 Mairena de Aljarafe. Sevilla. Spain	Interior cleaning	-	100.00%
Integra Mant Gestí y Servíc Integ CEE Valencia, S.L.	Avda. Ingeniero Joaquín Benlloch, 65 Bajo. 46026 Valencia. Spain	Interior cleaning	-	100.00%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Integral Port Services, S.L.	Muelle Darsena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Port services	-	54.09%
Interenvases, S.A.	Vial Secundario, s/n. Polígono Industrial de Araia. Bilbao. Spain	Recovery, collection, transport and storage of containers and packages	-	100.00%
IPS Serveis Portuaris ETT, S.L.	Muelle Darsena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Hiring of temporary employees	-	54.70%
Jingtang International Container Terminal Co, Ltda.	Haigang Development Zone of Tangshan of Hebei Province of R.P. China	Port terminal	Deloitte	52.00%
Laboratorio de Gestión Ambiental, S.L.	Avda. de Tenerife 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Hazardous toxic wastes	-	92.50%
Lematrans Castellón, S.A.	Avda. Ferrandis Salvador, s/n GRAO - 12100 Castellón de la Plana. Spain	Transport agency	Audihispana Gran Thornton, S.L.	85.30%
Limpezas Guia, Ltd.	Edifício Luso-Galaico Antas, 4930 Valença. Portugal	Cleaning	-	100.00%
Limpeza Municipales, S.A.	Ctra. de Málaga, nº 96 Alhaurín El Grande. Málaga. Spain	Urban Services	Marquez Auditores	100.00%
Limpezas Deyse, S.L.	C/ Lérica, 1. Manresa. Barcelona. Spain	Interior cleaning	-	100.00%
Limpezas Lafuente, S.L.	C/ Ingeniero Joaquín Benlloch, 65 Bajo. 46026 Valencia. Spain	Cleaning	Andreu Romero y Asociados	100.00%
Lireba Serveis Integrats, S.L.	Carlos I, nº 10 - local 2. 07012 Palma de Mallorca. Balearic Islands. Spain	Interior cleaning	Deloitte	51.00%
Mapide, S.A.	C/ Santa Juliana, 16. 28039 Madrid. Spain	Interior cleaning	-	100.00%
Marítima del Mediterráneo, S.A.	Ci Atlántic, 112-120. 08040 Barcelona. Spain	Mediation in railroad or air transport	Deloitte	100.00%
Marítima Eurogulf, S.L.	Ci Nervión, 3-3º B. 48001 Bilbao. Vizcaya. Spain	Supplementary and auxiliary transport activities	Deloitte	100.00%
Marítima Valenciana, S.A.	Muelle Príncipe Felipe, s/n. Valencia. Spain	Port terminal	Deloitte	100.00%
Marmedsa Agência Marítima (Portugal), Ltda.	Av D Joao II Lte 1.18.01-Edif Art's Bloco B-2º p Sala C 1990-084 Lisbon. Portugal	Organization of transportation	Horwath & Associados SROC	100.00%
Marmedsa Canarias, S.L.	Av Cambulloneros - Muelle, Virgen del Pino, s/n. 35008 Las Palmas de Gran Canaria. Canary Islands. Spain	Representation of ship owners and shipping companies	Deloitte	100.00%
Marmedsa Group Portugal, S.A.	Av D Joao II Lte 1.18.01-Edif Art's Bloco B-2º p Sala C 1990-084 Lisbon. Portugal	Business and management consulting	Horwath & Associados SROC	100.00%
Marmedsa Málaga S.L.U.	Lg Talleres y Almac Pto.Málaga, 1º Planta. 29001 Málaga. Spain	Ship consignment	Deloitte	100.00%
Marmedsa, S.A.R.L.	Av Andre Roussin, 59 - 13321 Marseille Cdx 16 (BP 106). France	International multimodal transport	Bertrand Dunlong de Rosnay	100.00%
Max-Lim, S.L.	C/ Melchor de Palau, 9. 08028 Barcelona. Spain	Interior cleaning	-	100.00%
Monegros Depura, S.A.	Pza. Antonio Beltrán Martínez, nº 1 - Edificio Trovador, oficina 6 C. 50002 Zaragoza. Spain	Water	Deloitte	55.00%
Montañesa de Consignaciones, S.L.	Ci Castilla, 6-2º A. 39002 Santander. Cantabria. Spain	Ship consignment	Deloitte	57.72%
Mora la Nova Energia, S. L.	c/ Lincoln, 11. 08006 Barcelona. Spain	Waste treatment	GMP Auditores	71.00%
Net Brill, S.L.	Camino Les Virreyes, 15. Mataró. 08302 Barcelona. Spain	Interior cleaning	-	100.00%
New ad Publicity, S.A.	Via Augusta 13-15 2º planta despacho 216. 08006 Barcelona. Spain	Advertising	KPMG	87.58%
Octeva, S.A.S.	ZA Marcel Doret rue Jacques Monod. 62100 Calais. France	Waste treatment	Deloitte	68.69%
Olimpia, S.A. de C.V.	C/ 6 Oriente - Colonia Francisco Sarabia - Tehuacan, Puebla. Mexico	Collection of urban solid waste	-	100.00%
Organizac de Materiales y Servicios de Asepsia, S.L.	Paseo de la Castellana, 31. 28046 Madrid. Spain	Hospital waste	-	100.00%
Orto Parques y Jardines, S.L.	Luçar Dócean s/n. Parroquia de Orto. A Coruña. Spain	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	100.00%
Pisman Serveis, S.L.	C/ Miramargés, 7 VIC. 08500 Barcelona. Spain	Interior cleaning	-	100.00%
Progeco España, S.A.	Lg Muelle Alvarez de la Campa, s/n. 08039 Barcelona. Spain	Repair, maintenance and storage of containers	Deloitte	51.50%
Progeco Valencia, S.L.U.	Pl Bandas de Música de la Comunidad Valenciana, 11- 1º- 8º. 46013 Valencia. Spain	Repair of containers	-	51.50%
Prolimsa, S.A.	C/ Diputación, 180-1º Pta. 08011 Barcelona. Spain	Interior cleaning	-	100.00%
Pruvalsa, S.A.	Calle Independencia, Sector centro, Edificio Ariza, piso 2, ofc. 2-2, Valencia, Edo. Carabobo. Venezuela	Waste treatment	Ernst & Young	82.00%
Publimedia Sistemas Publicitarios, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid	Advertising services	Deloitte	100.00%
Puerto Seco Santander-Ebro, S.A.	C/ Ramón y Cajal, 17. Luceni. Zaragoza. Spain	Operation and management of logistics centres	BDO	62.50%
Reciclados Integrales Argame, S.L.	Pol.Ind. Argame Parcela 27-28. 33163 Morcín. Asturias. Spain	Industrial wastes	-	65.00%
Recogida de Aceites Usados, S.A.	Pol.Ind. Torrelarrogiti, s/n. 48170 Zamudio. Vizcaya. Spain	Collection of used oils	-	100.00%
Recuperación de Rodas e Madeira, S.L.	Camino das Plantas, s/n. 36313 Xestoso. Bembibre. León. Spain	Treatment of oils and marpoles	-	100.00%
Recuperación Int. Residuos de Castilla y León, S.A.	Polígono Industrial Ntra. Sra. de Los Angeles. Parcela 10, nave 8 y 9. Palencia. Spain	Industrial waste management	-	100.00%
Recurba Medio Ambiente, S.A.	Avda. de Tenerife 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Galvanic waste treatment	-	100.00%
Reinmar, S.L.	Ci Muelle de la Isla Verde, s/n. 11201 Algeciras. Cádiz. Spain	Repair of maritime installations	-	100.00%
Remolcadores de Barcelona, S.A.	Muelle Evaristo Fernandez, 28. Barcelona. Spain	Ship towing	Audihispana Grand Thornton, S.L., S.A.	75.63%
Residuos de la Janda, S.A.	C/ La Barca de Vejer s/n. Vejer de La Frontera. Cádiz. Spain	Collection of urban solid waste, street cleaning, selective collection and dump management	-	60.00%
Residuos Industriales de Teruel, S.A.	Ctra. de Madrid, km. 315.800 Edif. Expo Zaragoza, 3 Ofic. 14 - 50012 Zaragoza	Construction and operation of a landfill	-	51.00%
Residuos Industriales de Zaragoza, S.A.	Ctra de Madrid Edif.Expozaragoza Km. 315.8 3 of 14. 50012 Zaragoza. Spain	Urban Services	-	70.00%
Residuos Sólidos Urbanos de Jaén, S.A.	Palacio de la Excm. Diputación de Jaén. Jaén. Spain	Provision of USW collection, elimination and incineration services	PricewaterhouseCoopers	60.00%
RetraOil, S.L.	Pol. Ind. Tambarría parcela 20. 26540 Alfaro. La Rioja. Spain	Treatment of oils and marpoles	Deloitte	100.00%
Salins Residuos Automoción, S.L.	Calle 31 c/v calle 27 - Nave 715-701, Pl. Catarroja. Valencia. Spain	Treatment of oils and marpoles	-	80.00%
Sanypick Plastic, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Manufacturing and management of hospital waste containers	Deloitte	51.00%
SCI Sintax	Route de Phaffans. 90380 Roppe. France	Automobile logistics	-	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Senda Ambiental, S.A.	Pol. Ind. Montguit-1 C-17 km 24, Barcelona, Spain	Urban services and waste treatment	-	100.00%
Semed, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes, Madrid, Spain	Sterilization of clinical material	-	100.00%
Servicio Puerto Rada y Antipolución, S.A.	Muelle Evaristo Fernandez, 28, Barcelona, Spain	Ship towing	-	75.63%
Servicios de Aguas de Misiones, S.A.	Av. López y Planes, 2577, Misiones, Argentina	Water treatment	Estudio Torrent Auditores	90.00%
Servicios Generales de Jaén, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes, Madrid, Spain	Water	-	75.00%
Servicios Selun, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes, Madrid	Transport and work in landfills	-	100.00%
Servinter Trans Freight, S.A.	CI Atlantic, 112-120, 08040 Barcelona, Spain	Customs and transport agency	Deloitte	100.00%
Servicios Corporativos TWC, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora, Mexico	Corporate services for subsidiaries in Mexico	Mancera, SC, Ernst & Young	100.00%
Sintax Est EURL	Place de la Madeleine, 6, 75008 Paris, France	Automobile logistics	-	100.00%
Sintax Ile de Francia EURL	Rue du Docteur Fourniols, 95420 Magny en Vexin, France	Automobile logistics	-	100.00%
Sintax Logística Transportes, S.A.	Vale Ana Gomez, Ed. Sintax Estrada de Algeuz, Setubal, Portugal	Logistics and vehicle transportation	Deloitte	100.00%
Sintax Logística, S.A.	C/ Diputación, 279, Atico 6º, Barcelona, Spain	Logistics and vehicle transportation	Deloitte	100.00%
Sintax Logistique Francia, SAS.	Place de la Madeleine, 6, 75008 Paris, France	Automobile logistics	Georges Rey Conseils	100.00%
Sintax Logistique Maroc, S.A.R.L.	332 Boulevard Brahim Roudani - Maarif, Casablanca, Morocco	Logistics and transport of vehicles by train	-	100.00%
Sintax Logistique Valenciennes, S.A.R.L.	Place de la Madeleine, 6, 75008 Paris, France	Automobile logistics	-	100.00%
Sintax Navigomes, Ltda.	Av. Luisa Todi, 73, 2900 Setúbal, Portugal	Automobile logistics	Deloitte	51.00%
Sintlogística, Ltda.	Vale Ana Gomez, Ed. Sintax Estrada de Algeuz, Setubal, Portugal	Automobile logistics	Deloitte	100.00%
Sistemas de Incineración y Depuración, S.L. (SINDE)	Ctra. San Vicente-Agost Km. 10,2, Alicante, Spain	Thermal treatment of sanitary waste	-	100.00%
SM Gestimver, S.A.	Muelle Darsena Sur, Ed. Autoterminal Barcelona, Spain	Investments in transport companies in general	-	77.50%
Socamex, S.A.	C/ Cobalto s/n Par. 213, Pol. San Cristóbal, Valladolid, Spain	Construction and operation of waste water treatment plants	Deloitte	100.00%
Soluciones para el medioambiente, S.L.	C/ Formentera, 1 - Edif. ECU II - Oficina Bajo B, Las Rozas, Madrid, Spain	Environmental education, museography and management of fauna	Mazard	94.00%
Somasur, S.A.	20, Rue Meliana Hai Ennahada, Rabat, Morocco	Intermediary company in Morocco	-	100.00%
Steam, S.A.	21 Rue Jules Guesde, 69230 Saint Genis Laval, Lyon, France	Hospital waste	-	49.73%
Talher, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes, Madrid, Spain	Gardening	Deloitte	100.00%
Tecmed Environment, S.A.S.	21 Rue Jules Guesde, 69230 Saint Genis Laval, Lyon, France	Hospital waste	René Grisson / Deloitte	96.75%
Tecmed Maroc, S.A.R.L. Associe Inique	AV capitaine Sidi Omar Elaissauoui cite OLM-Suissi II, Rabat, Morocco	Urban solid waste	Deloitte	100.00%
Tecmed Servicios de Recolección, S.A. de C.V.	C/ Homero nº109 Dp 604 Colonia Chapultepec, Morales del Miguel Hidalgo, Mexico DF	Treatment and collection of USW	-	100.00%
Tecmed Técnicas Mediamb. de México, S.A. de C.V.	Melchor Ocampo, no 193 Torre C, piso 14D, Mexico	USW, environmental construction, hospital waste, industrial waste, water treatment	Mancera, SC, Ernst & Young	100.00%
Técnicas de Recuperación e Inertización, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes, Madrid, Spain	Industrial waste management	-	100.00%
Terminal de Castellón, S.A.	Lg Muelle Costa, s/n - 12100 Castellón de la Plana, Castellón de la Plana, Spain	Merchandise loading, unloading and handling operations	-	77.78%
Terminales Marítimas Servicsa, S.A.	Muelle de la Xita, s/n, Valencia, Spain	Stowing and unstowing of vessels	Deloitte	51.25%
Terminales del Sudeste, S.A.	Talleres y Almacenes, s/n, Puerto de Málaga, Spain	Port terminal	Deloitte	89.00%
Terminales Marítimas de Santander, S.L.	C/ Peña Prieta, Zona Serv. Pto Raos, 39011 Santander, Cantabria, Spain	Stowing and unstowing of vessels	Deloitte	81.00%
Tirnadrid, S.A.	C/ Cañada Real de las Merinas, s/n, Madrid, Spain	Integral treatment of solid waste	Deloitte	66.36%
Tracemar, S.L.	Avda de Tenerife, 4-6. 28703 San Sebastián de los Reyes, Madrid, Spain	Treatment of oils and marpoles	Deloitte	100.00%
Trafimar, S.A.R.L.	Av Des Far, Iman Center 3E - 2000 Casablanca, Morocco	Ship consignment	Deloitte	100.00%
Trans Inter Europe, SAS.	Route de Phaffans, 90380 Roppe, France	Automobile logistics	Georges Rey Conseils	100.00%
Tratamiento de Residuos Sólidos Urbanos, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora, Mexico	Environment	Mancera, SC, Ernst & Young	100.00%
Trenmedia, S.A.	C/ Fernando Rey, 3 (Ciudad de la Imagen), 28023 Pozuelo de Alarcón, Madrid, Spain	Advertising	KPMG	51.00%
TV Transit, S.A.	Avda. de Manoteras, 46 bis 2ª planta, 28050 Madrid, Spain	Advertising	KPMG	100.00%
Universal Forwarding Kcc, Ltda.	Av D Joao II Lte 1.18.01-Edif Art's Bloco B-2º p Sala C 1990-084 Lisbon, Portugal	Supplementary and auxiliary transport activities	Horwath & Asociados SROC	100.00%
Universal Forwarding, S.L.	C/ Cal Pi de l'Olla, 28-30, 08020 El Prat de Llobregat, Barcelona, Spain	Supplementary and auxiliary transport activities	Deloitte	100.00%
Universal Marítima Portugal Unipessoal Ltda.	Av D Joao II Lte 1.18.01-Edif Art's Bloco B-2º p Sala C 1990-084 Lisbon, Portugal	Shipping agency	Horwath & Asociados SROC	100.00%
Universal Marítima, S.A.R.L.	CI 59 Avenue André Roussin BP106, 59, 13321 Marseille, France	International multimodal transport	Bertrand Dunlong de Rosnay	100.00%
Universal Marítima, S.L.	C/ Atlantic, 112-120, 08040 Barcelona, Spain	Shipping, fleet and transport correspondence	Deloitte	100.00%
Urbamar Levante Residuos Industriales, S.L.	C/ 31 c/v calle 27 - Nave 715-701, Pl. Catorrajo, Valencia, Spain	Treatment of oils and marpoles	-	80.00%
Urbana de Servicios Ambientales, S.L.	Avda. José Ortega y Gasset, nº 194-196, Madrid, Spain	Cleaning and collection of urban waste	-	70.00%
Urbaoil, S.A.	Avda. Tenerife, 4-6, San Sebastián de los Reyes, Madrid, Spain	Treatment of oils and marpoles	-	100.00%
Urbaser Argentina, S.A.	L.N. Alem 986, Piso 3 - Capital Federal, Buenos Aires, Argentina	Asset-holding company	Razzeto - López Rodríguez	100.00%
Urbaser Barquisimeto, C.A.	Carrera, 4 Zona Ind Barquisimeto, Lara, Venezuela	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser Bolívar, C.A.	Via Puente Angostura (Frente Sector Agua Salada), Ciudad Bolívar, Venezuela	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser de Méjico, S.A. de C.V.	C/ Juan Racine 112-8º, Col. Los Morales, 11510 Mexico DF	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, France	Waste treatment	Deloitte	96.75%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Urbaser INC.	Hunton&William LLP,1111 Brickell Av. Suite 2500 Miami, Florida 33131	Environmental Services		100.00%
Urbaser Libertador, C.A.	Avda. Paseo Cabriales, Sector Kerdell, Torre Movinlet, piso 11, ofic. 4. Valencia. Estado de Carabobo.	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser Mérida, C.A.	Calle 26, entre Av. 2 y 3, C.C. La Casona, piso 2, local 18. Mérida. Estado Mérida.	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser Plotosa, S.A.	Betania Urbanización Los Angeles, Calle 63A, Edificio Plotosa, nº 12. Rep. Panama	Waste treatment	-	100.00%
Urbaser San Diego, C.A.	Cent Com Fin de Siglo, pta baja, Av. D. Julio Centeno, Sector La Esmeralda, Local 11	Urban solid waste	Ernst & Young	65.00%
Urbaser Santo Domingo, S.A.	C/ Virgilio Díaz Ordóñez, 54, Sector Julieta Morales. Santo Domingo	Collection of solid urban waste and street cleaning	VR. Marte Asociados	100.00%
Urbaser Transportes, S.L.	Avda. Diagonal, 611-2-2. 08028 Barcelona. Spain	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, England	Holding	Davie Mayers Barnett	100.00%
Urbaser Valencia, C.A.	C/ 123, s/n, cruce con avenida 94, avda. Izandro Alvarado, zona industrial la Guacamaya, Galpon, Urbaser, Valencia Estado Carabobo	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser Venezuela, C.A.	Centro Comercial Punta de Sol, planta alta, local 1, Avenida Manauare, Municipio Mirahda, ciudad de Coro. Estado de Falcon	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Environment	Deloitte	100.00%
Urbaser, S.A. E.S.P.	Mamonal Km 2A nº 56 581. Cartagena de Indias	Collection of solid urban waste and street cleaning	-	100.00%
Urbasys, S.A.S.	Route de Tremblay, F-91480 Varennes-Jarcy. France	Waste treatment	Deloitte	99.35%
Valenciana de Eliminación de Residuos, S.L.	Paraje "El Cabez del Pino". Real de Montroi. Valencia. Spain	Storage of industrial waste in a safe deposit	-	85.00%
Valenciana de Protección Ambiental, S.A.	L'Alcudia de Crepins - Polig. El Caneri - Parcela 6. Valencia. Spain	Management and treatment of hospital and industrial waste	-	99.55%
Valorga International, S.A.S.	1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France	Technological consulting	Cazes & Goddyn / Deloitte	96.75%
Valorgabar, S.A.S.	1140, Avenue Albert Einstein. 34000 Montpellier. France	Waste treatment	-	99.35%
Vertederos de Residuos, S.A. (VERTRESA)	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	83.97%
Viajes Cosmos, S.L.	Av Ports d'Europa - Galería Comercial, 100 local 7. 08040 Barcelona. Spain	Travel agency	Deloitte	100.00%
Vicente Fresno Aceite, S.L.	Barrio de San Martín, 141. 48170 Zamudio. Vizcaya. Spain	Treatment of oils and marpoles	-	100.00%
Zenit Servicios Integrales, S.A.	Cardenal Marcelo Spínola, 42-8ª Dcha. Madrid. Spain	Integral services at airports	-	100.00%
CONCESSIONS				
ACS Infrastructure Development, Inc.	2711 Centerville Road Suite 400 Wilmington County of New Castle- Delaware. USA	Infrastructures	BDO	100.00%
Autovía de La Mancha, S.A. Conces. JCC Cast-La Mancha	21.500 de la CM-42 en el 54430 de Mascarque. Toledo. Spain	Roads	Deloitte	75.00%
Autovia del Camp del Turia, S.A.	C/ Alvaro de Bazán, nº 10 Entlo. 46010 Valencia. Spain	Roads	-	65.00%
Autovía Medinaelli-Calatayud Soc.Conces.Estado, S.A.	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Concession	-	95.00%
Can Brians 2, S.A.	Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain	Concession	Deloitte	99.58%
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain	Infrastructures	Deloitte	100.00%
Concesionaria Santiago Brión, S.A.	Centro de Control AG-56 Enlace de Pardiñas - Costola. 15895 Ames. A Coruña. Spain	Roads	Ernst & Young	70.00%
Concesiones Varias Chile, S.A.	Alfredo Barros Err zuriz Nº 1953 oficina 1003 Comuna de Providencia. Santiago de Chile	Infrastructures	Ernst & Young	100.00%
Desarrollo de Concesionarias Varias Dos, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Infrastructures	-	100.00%
Desarrollo de Concesionarias Varias Uno, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Infrastructures	-	100.00%
Desarrollo de Concesiones Ferroviarias, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Railroad	-	100.00%
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. Inglaterra	Holding	Deloitte	100.00%
Dragados Waterford Ireland, Ltd.	Toll Plaza, Balgeen, Co. Meath. Ireland	Road holding company	Deloitte	100.00%
Explotación Comercial de Intercambiadores, S.A.	Avda. de America, 9A (Intercambiador de Tptes) Madrid. Spain	Commercial operation		100.00%
Green Canal Golf, S.A.	Avda. Tenerife, 4-6. San Sebastián de los Reyes. 28703 Madrid. Spain	Management of sport facilities	BDO	100.00%
Hospital de Majadahonda, S.A.	Paseo de la Castellana, nº 95. Madrid. Spain	Concession	Deloitte	55.00%
Intercambiador de Transportes de Avda. de América, S.A.	Avda de América S.A. 9 A. Madrid. Spain	Transport interchange	Deloitte	100.00%
Intercambiador de Transportes de Principe Pio, S.A.	Avda. América, 2-17-B. 28002 Madrid. Spain	Transport interchange	Deloitte	70.00%
Inversora de la Autovía de la Mancha S.A.	Avda de Tenerife, 4-6. San Sebastián de los Reyes. Madrid. Spain	Roads	Deloitte	75.00%
Iridium Aparcamientos, S.L.	Avda de Tenerife, 4-6. San Sebastián de los Reyes. Madrid. Spain	Car parks	-	100.00%
Iridium Concesiones de Infraestructuras, S.A.	Avda de Tenerife, 4-6. San Sebastián de los Reyes. Madrid. Spain	Concessions	Deloitte	100.00%
Iridium Nouvelle Autoroute 30, Inc.	1, Place Ville-Marie 37e étage Montreal. Quebec H3B 3P4. Canada	Holding		100.00%
Iridium Portlaoise Ireland Limited	Alexandra House The Sweepstakes Ballsbridge. Dublin 4. Ireland	Holding	Deloitte	100.00%
Reus-Alcover Conc de la Generalitat de Catalunya, S.A.	Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain	Roads	Deloitte	85.00%
Soc.Inversora de Infraestructuras de la Mancha, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Holding	-	66.67%
Sociedad Hospital de Majadahonda Explotaciones, S.L.	C/ Joaquín Rodrigo, 2. 28220 Majadahonda. Madrid. Spain	Hospital operator		55.00%
Taurus Holdings Chile, S.A.	Alfredo Barros Errzuriz 1953 oficina 1003. Providencia. Santiago de Chile	Holding	Ernst & Young	100.00%
ENERGY				
PR Pisa, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Securities-holding company	Deloitte	100.00%

Appendix II. Joint ventures (Not UTES or EIGs)

Company	Address	Activity	Auditor	% Effective Consolidation ownership	method	Revenue (100%) (thousands of euros)
CONSTRUCTION						
ACS Sacyr Chile, S.A.	Av. Andrés Bello, 2711, ofic. 1003. Las Condes. Santiago. Chile	Construction	Ernst & Young	50.00%	Proportional	-
Blue Clean Water, Llc.	150 Meadowlans PKWY, Secaucus. New Jersey 07094. USA	Construction	-	41.00%	Proportional	-
Concesionaria Hospital Son Dureta, S.A.	Pz. Es Forti, 4-1º A. Palma de Mallorca. Islas Baleares. Spain	Hospital concession	Deloitte	48.00%	Proportional	-
Constructora Comsa Dragados, S.A.	Av. Vitacura, 2939, ofic. 2201. Las Condes. Santiago. Chile	Construction	Quezada & Díaz	50.00%	Proportional	5,116
Constructora Norte Sur, S.A.	Av. Apoquindo 4001 ofic. 604. Las Condes. Santiago. Chile	Construction	Ernst & Young	48.00%	Proportional	-
Corfica 1, S.L.	C/ Los Vergos, 26-5º. 08017 Barcelona. Spain	Construction	-	50.00%	Proportional	-
Draga, S.A.	Crta.de la Comella, 11, Edif.Cierco AD500. Andorra	Construction	-	50.00%	Proportional	7,402
Dragados Besalco, S.A.	Av. Vitacura, 2939, ofic. 2201. Las Condes. Santiago. Chile	Construction	KPMG	50.00%	Proportional	1,543
Dragados Fomento Canadá, S.A.L.	Queen Street, 570 Fredericton NB. Canada	Construction	-	50.00%	Proportional	3,120
Dragasa Pirinencia, S.L.	Via Laietana, 33. 08003 Barcelona. Spain	Construction	-	50.00%	Proportional	-
Dravo, S.A.	Plaza de Castilla, 3 Piso 21-A. 28046 Madrid. Spain	Construction	Ernst & Young	50.00%	Proportional	24,012
Elaboración de Cajones Pretensados, S.L.	Avda. general Peron, 36. 28020 Madrid. Spain	Construction	-	50.00%	Proportional	-
Empresa Mantenimiento y Explotación M-30, S.A.	C/ Príncipe de Vergara, 135. 28002 Madrid. Spain	Concession for the operation and maintenance of the M-30	Deloitte	50.00%	Proportional	28,492
Gaviel, S.A.	Paseo de Gracia, 29. 08007 Barcelona. Spain	Real estate development	Deloitte	50.00%	Proportional	-
Nisa Gav, S.A.	Paseo de Gracia, 29. 08007 Barcelona. Spain	Real estate development	-	50.00%	Proportional	-
SDD Shanganagh (Water Treatment) Limited	Wilton Works, Naas Road, Clondalkin. Dublin 22. Ireland	Construction and environment	-	50.00%	Proportional	-
INDUSTRIAL SERVICES						
Albufera Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	Electrical installations	-	50.00%	Proportional	2,248
Araucária Projetos e Serviços de Construção, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	Electrical installations	-	50.00%	Proportional	-
Dinsa Eléctricas y Cymi, S.A. de CV	C/ Juan Racine, 116-6º. 11510 Mexico D.F.	Electrical installations	Deloitte	60.00%	Proportional	-
Dragados Offshore SLP, S.A. de CV	C/ Juan Racine, N 112, Piso 6, Col Los Morales. 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	50.00%	Proportional	50
Hospec, S.A.	Tamer Bldg., Sin El Deirut. Lebano	Import/export	-	50.00%	Proportional	-
Incro, S.A.	Serrano, 27. 28016 Madrid. Spain	Engineering	-	50.00%	Proportional	7,854
Iracema Transmissora de Energia, S.A.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	Electrical concession	Assurance Auditores e Consultores	50.00%	Proportional	-
Montrasa Maessa Asturias, S.L.	C/ Camara, nº 54-1º dcha. 33402 Avilés. Asturias. Spain	Maintenance	Alvarez Artime y CIA.	50.00%	Proportional	31,578
Triana do Brasil Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	Electrical installations	-	50.00%	Proportional	2,040
Visadrag Gas, Ltda.	Av. Gago Coutinho, 147. 1700-029 Lisboa. Portugal	Sales promotion, construction and maintenance of gas pipelines, marketing of gas industry equipment	-	50.00%	Proportional	-
SERVICES						
Agencia Marítima de Consignaciones, S.A.	Alameda de Recaldo, 27. 48009 Bilbao. Vizcaya. Spain	Port terminal	Ernst & Young, S.L.	50.00%	Proportional	9,67
Aseo Urbano, S.A. E.S.P.	Av. Canal Bogotá, 7N-114 Zona Industrial. Departamento Norte de Santander. Cúcuta. Colombia	Road cleaning	Jaime Ramirez Tellez	50.00%	Proportional	32,738
Bilbao Atlantic Fruit Terminal, AIE.	CI Muelle Reina Victoria, s/n. Tinglado BAFT. 48009 Bilbao. Vizcaya. Spain	Port terminal	Ernst & Young, S.L.	25.00%	Proportional	81
Comp.Sudamericana de Vapores Agencia Marítima, S.L.	C/ Atlantic, 112-120. 08040 Barcelona. Spain	Maritime transport agency	KPMG	50.00%	Proportional	10,486
Conterrail, S.A.	Camino del Puerto, 1. 28821 Coslada. Madrid. Spain	Combined transport	BDO Audiberia	50.00%	Proportional	4,407
Cotransa, S.A.	Lg Muelle Dársena Sur, Edif. Autoterminal. 08039 Barcelona. Spain	Supplementary and auxiliary transport activities	Deloitte	50.00%	Proportional	21,068
Demarco, S.A.	Alcalde Guzmán,18. Quilicura. Chile	Collection of solid urban waste and street cleaning	Gran Thorntom	50.00%	Proportional	15,907
Desarrollo de Espacios Portuarios, S.A.	Muelle Dársena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Automobile logistics	-	22.36%	Proportional	829
Desarrollo y Gestión de Residuos, S.A. (Degersa)	Avda. Barón de Carcer, 37. Valencia. Spain	Company formed to privatize Girsá	-	40.00%	Proportional	-

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Company	Address	Activity	Auditor	% Effective Consolidation ownership	Revenue (100%) method (thousands of euros)	
Desorción Térmica, S.A.	C/ Velázquez, 105-5ª Pta. 28006 Madrid. Spain	Industrial wastes	-	45.00%	Proportional	-
Elite Spain Logistics, S.L.	C/ Cal Pi de l'Olla, 28-30 ZAL II. 08820 Barcelona. Spain	Consulting on the transport of goods	Deloitte	49.00%	Proportional	9,479
Empresa Mixta de Limpieza, S.A.	Avda. Logroño II, 10. 24001 León. Spain	Interior cleaning	-	49.00%	Proportional	5,626
Empresa Municipal de Aguas del Ferrol, S.A.	C/ Praza da Ilustracion, 5-6 Baixo. Ferrol. La Coruña. Spain	Integral water management	Audigal S.L.	49.00%	Proportional	5,306
Erhardt Mediterráneo, S.L.	Pza. del Rey /Ed.Real, 8-2ª. 30205 Cartagena. Murcia. Spain	Ship stowage and consignment	Audhispana Gran Thornton, S.L.	50.00%	Proportional	5,418
Esteritex, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Hospital waste treatment	-	50.00%	Proportional	545
Euroshipping Europe, B.V.	C/ Leerloolestraat, 135. 3194AB Hoogvliet Rotterdam. Netherlands	Asset-holding company	-	50.00%	Proportional	-
Gestión Medioambiental de L'Anoia, S.L.	C/ Viriato, 47. 08000 Barcelona. Spain	Inactive	-	50.00%	Proportional	-
Hércules International Towage Services, S.A.	Lg Moll Evarist Fernández, 28 - Edif. Remolcadores. 08039 Barcelona. Spain	Sea towing services	-	37.81%	Proportional	-
Indira Container Terminal Private Limited	Gammon House. Veer Savarkar Marg. Prabhadevi. Mumbai. 400025 India	Construction and operation of container terminal	Ernst & Young, S.L.	50.00%	Proportional	347
KDM, S.A.	Alcalde Guzmán,18. Quilicura. Chile	Dump transfer and management plant	Gran Thornton	50.00%	Proportional	29,604
Lager Logistics, S.L.	C/ Peña Prieta, s/n. 39011 Santander. Spain	Consignment, stowage, receipt and deposit of merchandise	-	28.85%	Proportional	36
Multiservicios Aeroportuarios, S.A.	Avda. Manoteras 46, 28050 Madrid. Spain	Integral services at airports	Deloitte	51.00%	Proportional	65,455
Sadoport-Terminal Marítimo do Sado, S.A.	Terminal Multiusos do porto de Set bal. Portugal	Port operator	Alvaro, Falcao & Asociados, S.R.O.C.	45.00%	Proportional	3,122
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	13,992
Servicios Urbanos E Medio Ambiente, S.A.	Av. Julio Dinis, 2. Lisboa. Portugal	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	38.50%	Proportional	82,794
SLPP-Serviços Logísticos de Portos Portugueses, S.A	Rua Mario dionisio, nº 2. Linda-a-Velha. Oeiras. Portugal	Port operator	Deloitte	50.00%	Proportional	-
Starco, S.A.	Alcalde Guzmán,18. Quilicura. Chile	Collection of urban solid waste, street cleaning and dump management	Gran Thornton	50.00%	Proportional	11,180
Técnicas Medioambientales del Golfo, S.A de C.V.	Mier y Teran No. 260 4to piso en Cd Victoria Tamaulipas. Mexico	USW, environmental construction, hospital waste, industrial waste, water treatment	Mancera, SC. Ernst & Young	50.00%	Proportional	3,231
Terminal Marítima de Cartagena, S.L.	Pza. del Rey /Ed.Real, 8-2ª. 30205 Cartagena. Murcia. Spain	Merchandise loading, unloading and handling operations	-	50.00%	Proportional	1,939
TESC - Terminal Santa Catarina, S.A.		Container terminal	KPMG	50.00%	Proportional	10,146
Valdemingomez 2000, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Valdemingómez Degasification	Deloitte	33.59%	Proportional	7,894
Vertedero Las Mulás, S.L.	Camino de Las Mulás, s/n. 28945 Fuenlabrada. Madrid. Spain	Waste treatment	-	50.00%	Proportional	4,407
WRC Operadores Portuários, Ltda.	Rue Marechal Deodoro, nº 156 sala A. San Francisco do Sul. Brazil	Ship stowage company	KPMG	50.00%	Proportional	25,470
Zoreda Internacional, S.A.	C/ Rodríguez San Pedro, 5. Gijón. Asturias. Spain	Search for environmental business in Central and South America	-	40.00%	Proportional	-
CONCESSIONS						
Infrastructure Concessions South Africa (Pty), Ltda.	24 Sunninghill Office Park, Peltier Road. Sunninghill-2157. South Africa	Holding	Deloitte	50.00%	Proportional	-

UTE / EIG	Address	Activity	Auditor	% Effective ownership	Consolidation method	Revenue (100%)
CONSTRUCTION						
2ª Fase Dique de la Esfinge	Avda. Juan XXIII - Entreplanta A y B, 9 -Palmas de Gran Canaria Las Palmas	Construction	-	35.00%	Proportional	28,514
A.E.I.E Vias-Tecsa-Wittfeld	C/ Orense, 11. Madrid	Construction	-	50.00%	Proportional	10,196
A.E.I.E. Vfp Eiffage Tp-Dragados	C/ Via Laietana, 33. Barcelona	Construction	-	50.00%	Proportional	63,701
A.E.I.E. Trans Euro Pyrenees	Pz. Palmera, 8. Figueres. Gerona	Construction	-	42.49%	Proportional	12,913
Acabados Pabellón Puente	C/ Capitán Portoles, 1. Zaragoza	Construction	-	90.00%	Proportional	15,075
Acceso Norte	C/ Capitán Portoles, 1. Zaragoza	Construction	-	70.00%	Proportional	15,780
Aerodrom Alguaire	C/ Via Laietana, 33. Barcelona	Construction	-	62.50%	Proportional	27,231
Alcazar	C/ Orense, 11. Madrid	Construction	-	20.00%	Proportional	11,069
Alguaire	C/ Arago, 390. Barcelona	Construction	-	62.50%	Proportional	19,233
Aparcamiento Sants	C/ Via Laietana, 33. Barcelona	Construction	-	100.00%	Proportional	34,927
Argamasilla	C/ Orense, 11. Madrid	Construction	-	60.00%	Proportional	16,202
Ascon - Dragados Portlaoise Joint Venture	C/ Kill, Kildare Ireland. Ireland	Construction	-	50.00%	Proportional	95,748
Ascon - Dragados Waterford Joint Venture	C/ M1 Southern Link Interbridge. Ireland	Construction	-	50.00%	Proportional	112,454
Autovía Cocentaina	C/ Caballero Andante, 8. Madrid	Construction	-	50.00%	Proportional	20,800
Autovía Valladolid-Cuellar	Pz. Juan de Austria, 2. Valladolid	Construction	-	66.66%	Proportional	28,744
Ave Buñol-Cheste	C/ Orense, 11. Madrid	Construction	-	67.00%	Proportional	28,527
Ave Lalin	Avda. Finisterre, 25. A Coruña	Construction	-	100.00%	Proportional	30,690
Ave Luko	C/ Padre Damián, 41. Madrid	Construction	-	50.00%	Proportional	15,173
Ave Trinidad-Tramo Moncada	C/ Caballero Andante, 8. Madrid	Construction	-	33.33%	Proportional	14,504
Ave Ulla	Avda. Finisterre, 25. A Coruña	Construction	-	100.00%	Proportional	19,119
Ave Uxes-Pocomaco	C/ Wenceslao Fernández Flórez, 1. A Coruña	Construction	-	100.00%	Proportional	10,268
Avenida Denia	C/ Álvaro de Bazán, 10. Valencia	Construction	-	65.00%	Proportional	30,678
Cella	C/ Orense, 11. Madrid	Construction	-	60.00%	Proportional	18,689
Central Greece Motorway E-65	Av. Messogeon Avenue 85 115 26 Atenas. Greece	Construction	-	33.33%	Proportional	18,000
Centro de Evolución Humana	Pz. Juan de Austria, 2. Valladolid	Construction	-	60.00%	Proportional	14,552
Cercanías Atocha	C/ Padre Damián, 41. Madrid	Construction	-	100.00%	Proportional	11,206
Cibeles	C/ Agustín de Foxa, 29. Madrid	Construction	-	50.00%	Proportional	12,575
Club Náutico	Pz. Es Forti, 4. Palma de Mallorca	Construction	-	70.00%	Proportional	17,281
Cocheras	C/ Pedro Asua, 41. Vitoria-Gasteiz	Construction	-	40.00%	Proportional	10,987
Complejo Ferroviario Plaza	C/ Capitán Portoles, 1. Zaragoza	Construction	-	78.00%	Proportional	12,130
Consortio Dycvensa Vinocler	Av. 20 Prolongación Carrera 21 c. Av. Moran, 6. Venezuela	Construction	-	70.00%	Proportional	37,735
Desaladora Barcelona	Avda. Diagonal, 211. Barcelona	Construction	-	28.20%	Proportional	80,674
Dic Sud Tram Tres	C/ Via Laietana, 33. Barcelona	Construction	-	27.00%	Proportional	27,178
Dique de Abrigo	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	50.00%	Proportional	43,808
Dique Sur Tramos I y II	C/ Via Laietana, 33. Barcelona	Construction	-	34.00%	Proportional	14,381
Dique Torres	C/ Santa Susana, 27. Oviedo	Construction	-	38.00%	Proportional	190,926
Dragados Judlrau A Jv-009	26-15 Ulmer Street, College Point, NY 11354. USA	Construction	-	70.00%	Proportional	59,609
Dragados Judlrau A Jv-019	26-15 Ulmer Street, College Point, NY 11354. USA	Construction	-	55.00%	Proportional	26,013
Duplicación de la Carretera M-501	C/ Orense, 11. Madrid	Construction	-	50.00%	Proportional	36,289
Emisario Campamento	Avda. Fuente de la Mora, nº 2, 2. Madrid	Construction	-	100.00%	Proportional	17,641
Equipamientos Canal	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	30.00%	Proportional	13,817
Estación Albacete	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	100.00%	Proportional	24,726
Estación Sants Fase 2	C/ Via Laietana, 33 -Barcelona	Construction	-	100.00%	Proportional	27,469
Estanque de Tormentas Arroyofresno	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	100.00%	Proportional	14,243
Etap Almoquera Algodor	C/ Cardenal Marcelo Espinola, 52. Madrid	Construction	-	100.00%	Proportional	14,875
Etap Sant Joan Despí	C/ Ribera del Loira, 42. Madrid	Construction	-	50.00%	Proportional	26,472
Etar da Guia, A.C.A.	Av. Rua Rui Teles Palhinha, 4 - Portugal	Construction	-	34.00%	Proportional	24,617
Ferrocarril Espinho	Av. Visconde de Valmor 66-5º 1050. 242 Lisboa. Portugal	Construction	-	45.00%	Proportional	19,998
Gorg Línea 9	C/ Via Laietana, 33. Barcelona	Construction	-	43.50%	Proportional	140,943
Gorostiza	C/ Barrio Bañales s/n. Ortuella. Vizcaya	Construction	-	30.00%	Proportional	27,001
Guadarrama III	Tr. del Fielato, 2. Segovia	Construction	-	33.33%	Proportional	34,291
Guadarrama IV	Tr. del Fielato, 2. Segovia	Construction	-	33.33%	Proportional	47,490
Hospital Bellvitge	C/ Arago, 390. Barcelona	Construction	-	100.00%	Proportional	10,555
Hospital de Reus	C/ Via Laietana, 33. Barcelona	Construction	-	75.00%	Proportional	11,835
Hospital de Sant Pau	C/ Gran Via de las Corts Catalanes, 670. Barcelona	Construction	-	75.00%	Proportional	34,228
Hospital Majadahonda Construcción	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	55.00%	Proportional	17,794

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UTE / EIG	Address	Activity	Auditor	% Effective ownership	Consolidation method	Revenue (100%)
Hospital Son Dureta	Pz. Es Fortí, 4. Palma de Mallorca	Construction	-	48.00%	Proportional	52,012
Isla Verde	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	35.00%	Proportional	46,336
Jucar-Vinalopo T-C	C/ Clariano 1ª Prta. 2, 32. Valencia	Construction	-	45.00%	Proportional	19,078
Jucar-Vinalopo Tramo A	C/ Álvaro de Bazán, 10. Valencia	Construction	-	65.00%	Proportional	11,716
Kinopraxia Euro Ionia	Av. Messogeon Avenue 85 115 26 Atenas. Greece	Construction	-	33.33%	Proportional	31,643
L-9 Estaciones	C/ Arago, 390. Barcelona	Construction	-	66.00%	Proportional	29,574
L-9 Llobregat Fira	Avda. Diagonal, 427. Barcelona	Construction	-	28.70%	Proportional	38,819
L-9 Viaducte Zona Franca	C/ Aragón, 390. Barcelona	Construction	-	27.00%	Proportional	34,920
Langosteira	Avda. Finisterre, 25. A Coruña	Construction	-	55.00%	Proportional	82,289
Laurena	C/ Orense, 11. Madrid	Construction	-	40.00%	Proportional	67,674
Lav Utrera Las Cabezas	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	100.00%	Proportional	18,214
Línea 3 Canyelles-Trinitat	C/ Via Laietana, 33. Barcelona	Construction	-	80.00%	Proportional	18,107
Llotja	C/ Arago, 390. Barcelona	Construction	-	65.00%	Proportional	10,066
M-30 Túnel Sur	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	50.00%	Proportional	73,905
Mcm Dragados A Jv	6201 SW 70 Street, 2nd Floor, Miami, FL 33143. USA	Construction	-	50.00%	Proportional	13,205
Metro de Sevilla	Avda. San Francisco Javier, 15. Seville	Construction	-	42.04%	Proportional	208,396
Muelle Noreste Puerto de Sagunto	C/ Álvaro de Bazán, 10. Valencia	Construction	-	67.00%	Proportional	14,808
Novo Hospital Xeral De Lugo	C/ Salvador Moreno, 44. Pontevedra	Construction	-	50.00%	Proportional	34,957
Nuevo Hospital La Fe	C/ Álvaro de Bazán, 10. Valencia	Construction	-	70.00%	Proportional	36,825
Obras Abrigo Puerto Valencia	C/ Álvaro de Bazán, 10. Valencia	Construction	-	29.00%	Proportional	17,985
Osomo	C/ Orense, 11. Madrid	Construction	-	75.00%	Proportional	15,322
Pabellón Puente	C/ Capitán Portoles, 1. Zaragoza	Construction	-	90.00%	Proportional	31,435
Palacio De Las Artes	C/ Álvaro de Bazán, 10. Valencia	Construction	-	50.00%	Proportional	23,166
Penitenciaria	C/ Orense, 11. Madrid	Construction	-	100.00%	Proportional	16,520
Planta Residuos	C/ Porto Pt, 8. Palma de Mallorca	Construction	-	50.00%	Proportional	16,868
Ponts - Oïola	C/ Arago, 390. Barcelona	Construction	-	67.00%	Proportional	13,317
Puente de Cádiz	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	100.00%	Proportional	38,671
Puente Puerto Valencia	C/ Álvaro de Bazán, 10. Valencia	Construction	-	70.00%	Proportional	14,868
Puerto De Luanco	C/ Alfredo Martínez, 6 5. Oviedo	Construction	-	33.34%	Proportional	13,178
Ramal Castellbisbal-Mollet	C/ Orense, 11. Madrid	Construction	-	50.00%	Proportional	19,632
Regadíos Júcar	C/ Álvaro de Bazán, 10. Valencia	Construction	-	65.00%	Proportional	10,954
Remodelación Facultad de Medicina	C/ Álvaro de Bazán, 10. Valencia	Construction	-	75.00%	Proportional	15,632
Reus-Alcover	C/ Arago, 390. Barcelona	Construction	-	85.00%	Proportional	22,849
Riegos del Viar	Avda. Blas Infante, 6. Seville	Construction	-	70.00%	Proportional	29,893
Ripoll-Puigcerda	C/ Via Laietana, 33. Barcelona	Construction	-	100.00%	Proportional	10,661
Santa Caterina	C/ Arago, 390. Barcelona	Construction	-	80.00%	Proportional	21,440
Soterramiento Basurto	Pz. Sagrado Corazón, 2. Bilbao	Construction	-	50.00%	Proportional	25,172
Teatros Canal	Avda. Pio XII, 102. Madrid	Construction	-	50.00%	Proportional	24,477
Terminal Aeropuerto	C/ Arago, 390. Barcelona	Construction	-	70.00%	Proportional	68,646
Terminal Aeropuerto La Palma	C/ Puerta Canseco, 49. Santa Cruz de Tenerife	Construction	-	70.00%	Proportional	20,581
Transversales Pto. Valencia	C/ Álvaro de Bazán, 10. Valencia	Construction	-	67.00%	Proportional	13,248
Tramvía Línea 2. Tíncer	C/ Candelaria. Edif. Olympo 3ª Planta, 28. Santa Cruz de Tenerife	Construction	-	85.00%	Proportional	11,215
Túnel dos Valires	Cr. Els Cortals, Edif. Verónica. Andorra	Construction	-	45.00%	Proportional	19,518
Túnel Guadarrama Sur	Avda. Europa, 18. Alcobendas	Construction	-	34.46%	Proportional	111,525
Túneles Pajares-2	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	84.00%	Proportional	126,680
Urbanización Ensanche Sur Alcorcón	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	70.00%	Proportional	14,527
Urbanización Villalonguejar	Pz. Juan de Austria, 2. Valladolid	Construction	-	60.00%	Proportional	22,183
Valdebebas Lote 6	C/ General Pardiñas, 15. Madrid	Construction	-	50.00%	Proportional	16,629
Vías-Rogasa Ap-7 Desglosado 6	C/ Orense, 11. Madrid	Construction	-	65.00%	Proportional	17,347
Vías-Tecsa-Wittfeld G.E.I.E.	C/ 6Eme Etage 16 Bis Cours Lazare, Escarguel Perpignan 66000. France	Construction	-	50.00%	Proportional	47,403
Yonkers Contracting Dragados A Jv-Croton Falls	969 Midland Avenue, Yonkers, NY 10704. USA	Construction	-	50.00%	Proportional	14,298
Yonkers Contracting Dragados A Jv-I-287	969 Midland Avenue, Yonkers, NY 10704. USA	Construction	-	50.00%	Proportional	26,512
SERVICIOS INDUSTRIALES						
AIE EDAR Cádiz - San Fernando	Crta. N-IV, km. 683. 11100 San Fernando. Cadiz	Waste waster treatment	Deloitte	43.90%	Proportional	4,498
CC Lares-ACE	Tagus Space Rua Rui Teles Palhinha 4 Leiao 2740 Porto Salvo Oeriras. Portugal	Fossil-fuel plant	-	87.20%	Proportional	63,654
DPIM A en P	Juan Racine 112 6 11510 Mexico D.F.	Construction	Deloitte	100.00%	Proportional	54,616
Dragados Industrial, S.A A EN P	Juan Racine 112, 8ª Pta., Mexico D.F.	Building Construction	Deloitte	80.00%	Proportional	57,130

UTE / EIG	Address	Activity	Auditor	% Effective ownership	Consolidation method	Revenue (100%)
UTE Aitren	Avda del Brasil, 6. 28020 Madrid	Electrical installations	-	40.00%	Proportional	19,432
UTE Angola	Paseo de la Castellana, 182. Madrid	Construction	-	20.00%	Proportional	13,969
UTE Barquimetro	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Trolley buses	-	47.82%	Proportional	21,084
UTE Barquimetro	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Manufacturing of trolley buses	-	52.18%	Proportional	17,267
UTE Barquitrans	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Manufacturing of trolley buses	Deloitte	28.53%	Proportional	11,224
UTE C.T. Andasol 1	Cardenal Marcelo Spínola 10. Madrid 28016	Fossil-fuel plant	-	80.00%	Proportional	48,271
UTE C.T. Andasol dos	Cardenal Marcelo Spínola 10. Madrid 28016	Fossil-fuel plant	-	80.00%	Proportional	106,696
UTE C.T. Exresol-1	Cardenal Marcelo Spínola 10. Madrid 28016	Fossil-fuel plant	-	80.00%	Proportional	130,695
UTE Comave	Pº de la Castellana, 257. 28046 Madrid	Electrical installations	-	28.33%	Proportional	10,049
UTE Desaladora Beni Saf const.	Cardenal Marcelo Spínola 10. Madrid 28016	Construction of desalination plant	-	100.00%	Proportional	37,086
UTE EM Suc. Beni Saf	Bp 26 Beni Saf Algeria	Construction of desalination plant	-	100.00%	Proportional	19,832
UTE Energia Angola	Pº La Castellana, 182. 28046 Madrid	Construction	-	100.00%	Proportional	10,576
UTE Idea (Etra-Sice - Telvent)	Avda. Manoteras, 28. 28050 Madrid	Supply of leds	-	33.34%	Proportional	27,475
UTE IFP Cobra-Forclum Francia	Cardenal Marcelo Spínola 10. Madrid 28016	Railroad network	-	50.00%	Proportional	45,076
UTE Libia-lineas	Cardenal Marcelo Spínola 10. Madrid 28016	High-voltage power line and installation of fibre optics	-	50.00%	Proportional	24,656
UTE Libia-subestaciones	Cardenal Marcelo Spínola 10. Madrid 28016	Electrical substation	-	50.00%	Proportional	21,831
UTE Maaden	Ras Az Zawr (Saudi Arabia)	Plant construction	-	100.00%	Proportional	108,466
UTE Makiber-Dinsa Angola	Paseo de la Castellana, 182. 28046 Madrid	Construction	-	80.00%	Proportional	13,969
UTE Montaje Las Cruces	C/ Teide, 4-1. 28709 San Sebastián de los Reyes. Madrid	Mechanical assembly	-	66.68%	Proportional	40,105
UTE Ópticas Idea	Avda. Manoteras, 28. 28050 Madrid	Supply Leds Optics	-	33.33%	Proportional	27,475
UTE Regasagunto	Cardenal Marcelo Spínola 10. Madrid 28016	Turnkey project	-	80.00%	Proportional	29,031
UTE Sate	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Barajas airport	-	99.99%	Proportional	12,837
UTE Servicios Adi-1000	Muskiz (Vizcaya)	Plant construction	-	50.00%	Proportional	29,241
Cobra Instalaciones y Servicios República Dominicana	Cartagena (Murcia)	Plant construction	-	50.00%	Proportional	27,657
UTE Solar Enersol Toledo	C/ Teide, 4-2º Pta. 28703 San Sebastián de los Reyes (Madrid)	Photovoltaic facility	-	50.00%	Proportional	64,004
UTE Transmérica	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Trolley buses	Deloitte	6.38%	Proportional	32,588
UTE Transmérica	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Manufacturing of trolley buses	Deloitte	13.00%	Proportional	32,588
UTE Vinci-Etralux (UTE Vea)	C/ Orense, 68, 2ª planta. Madrid	Parking meters	-	20.00%	Proportional	11,698

ENVIRONMENT & LOGISTICS

UTE Clecet	C/ Orense, 6-1º. 28020 Madrid	Interior cleaning	-	100.00%	Proportional	50,199
UTE Dramar	Muelle Isla Verde, s/n. Algeciras. Cádiz	Treatment of marpoles	-	25.00%	Proportional	10,348
UTE Ecoparc	Cl. Viriato, 47 2º. Barcelona	USW treatment	-	55.00%	Proportional	14,329
UTE Ecoparc V	Ctra. Terrasa - Manresa C-58. Barcelona	USW treatment	-	20.00%	Proportional	12,362
UTE Legio	Cl. Valle de Portugal, s/n. San Román de la Vega. León	USW treatment	-	50.00%	Proportional	14,272
UTE Urbapi	Cl. Castrobarito, 10. Madrid	Urban services (landscaping)	-	85.00%	Proportional	12,716
UTE Vertresa - FCC (Tenerife)	Pol. Ind. San Isidro. El Rosío. Tenerife	USW treatment	-	90.00%	Proportional	15,383
UTE Vertresa - Senda (Las Dehesas)	Ctra. Valencia, km 14. Complejo Valdemingomez. Madrid	USW treatment	Deloitte	95.00%	Proportional	25,915

NOTA: The auditor is only indicated for those UTE's / EIGs with a specific auditors' report. The others are audited to the extent that they form part of the individual financial statements of the related company.

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Appendix III. Associates

Company	Address	Activity	Auditor	% Effective ownership	Data on the investee (100%)				
					Assets	Liabilities	Equity (*)	Revenue	Profit for the Year
PARENT									
Abertis Infraestructuras, S.A.	Avinguda del Parc Logistic, 12-20. 08040 Barcelona. Spain	Concessions	PricewaterhouseCoopers	25.83%	22,220,601	18,848,000	3,372,601	3,575,113	618,352
Hochtief Aktiengesellschaft	Essen. Germany	Construction and concessions	Deloitte	29.98%	12,099,000	9,238,000	2,861,000	19,103,000	175,000
CONSTRUCTION									
Central Greece Motorway Concession, S.A.	Municipality of Athens, 87 Themistokleous, 10683 Athens. Greece	Concession	Price waterhouse&Coopers	33.33%	295,489	295,489	-	-	-
Cleon, S.A.	C/ Villanueva, 2. 28001 Madrid. Spain	Real estate	KPMG	25.00%	129,177	29,177	100,000	-	(815)
Gestión Marina Deportiva, S.A.	Avda.Tenerife 4-6. San Sebastián de los Reyes. Madrid. Spain	Concession	-	33.33%	526	2	524	-	12
Juluna, S.A.	C/ Sorni, 3 bajo. 46004 Valencia. Spain	Real estate	-	30.00%	768	22	746	-	(13)
Logitren Ferroviaria, S.A.	Avda. Blasco Ibañez, 18 - 46010 Valencia	Railroad transport	-	33.33%	344	49	295	-	(5)
Supercor Orense, S.A.	C/ Benito Blanco Rajoy, 9. 15006 La Coruña. Spain	Real estate	-	35.00%	4	-	4	-	-
INDUSTRIAL SERVICES									
Afta, S. A.	Rua A Gazeta de Oeiras, Nº 2- 4º A. Oeiras. Portugal	Purchase / sale of assets	Revisor Oficial de Contas (Julio Alves, Mário Baptista e Associados)	24.84%	3,930	2,530	1,400	-	(15)
Cachoeira Paulista Transmissora de Energia, S.A..	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Electrical assembly and services	Ernst & Young	33.00%	60,842	34,000	26,842	14,017	5,098
Clickair, S.A..	C/ Apolonio Morales, 10-F. Madrid. Spain	Airline	PricewaterhouseCoopers	20.00%	160,504	135,747	24,757	444,364	(32,544)
Cme Marrocos	332 Bd. Brahim Roudani 12 Ma rif. Casablanca 01. Morocco	Performance, maintenance and operation of various works	Deloitte	74.54%	2,714	7,744	(5,930)	-	(191)
Concessionaria Jauru Transmissora de Energia	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Concession	-	33.00%	145,243	145,172	71	-	-
Concessionaria Lt Triângulo, S.A..	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	-	33.33%	165,252	107,253	57,999	-	-
Concessionaria Pocos de Caldas	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Concession	-	33.00%	198,924	136,354	62,569	-	-
Concessionaria Ribeirao Preto	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Concession	-	33.00%	206,296	121,451	84,845	-	-
Concessionaria Serra Paracatu	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Concession	-	33.00%	169,065	62,655	106,411	-	-
Consortio de Telecomunicaciones Avanzadas, S.A..	Av Juan Carlos I, 59-6. Espinardo. Murcia. Spain	Telecommunications	-	10.52%	4,899	2,926	1,973	2,525	128
Corporación Ygnus Air, S.A..	Rua Mario dionisio, nº2. Linda-a-Velha. Oeiras. Portugal	Air transport	Deloitte	40.00%	53,244	39,532	13,712	77,395	2,217
Depuradoras del Bajo Aragón, S.A..	Paraiso, 3. Cuarte de Huerva. 50410 Zaragoza. Spain	Water treatment	-	45.00%	9,467	5,679	3,788	-	(22)
Desarrollos Energéticos Asturianos, S.L.	Pol.Industrial Las Merindades calle B, s/n. 09550 Villarcayo. Burgos. Spain	Generation of electricity	-	50.00%	528	53	475	-	(6)
Dora 2002, S.A..	C/ Monte Esquinza, 34. 28010 Madrid. Spain	Asset holding	-	45.39%	286	-	286	-	-
Dya Eólica de Castilla La Mancha, S.A..	Rio Ventalama, 4. 45007 Toledo. Spain	Generation of electricity	-	40.00%	4,252	21	4,231	-	(148)
Eledcey de Castilla La Mancha, S.A..	Maudes 51. 28003 Madrid. Spain	Generation of electricity	-	42.00%	53,283	48,487	4,796	12,455	2,881
Electra de Montanchez, S.A..	Periodista Sánchez Asensio, 1. Cáceres. Spain	Production and sale of electricity	-	40.00%	399	9	390	-	(48)
Energías Alternativas Eólicas, S.L.	Gran Via Juan Carlos I, 9. 26002 Logroño. Spain	Generation of electricity	-	37.50%	32,466	23,441	9,026	8,746	3,519
Energías Renovables de Ricobayo, S.A..	Romero Girón, 4. 28036 Madrid. Spain	Generation of electricity	-	50.00%	1,703	1,313	390	-	(72)
Escal UGS, S.L.	C/ San Francisco de Sales, Nº 38-1º Pta. Madrid. Spain	Storage of natural gas and other gaseous hydrocarbons.	Deloitte	66.67%	48,867	43,631	5,236	-	(13)
Expansion Transmissao de Energia Elétrica, S.A..	Marechal Camara,160. Rio de Janeiro. Brazil	Electrical assembly and services	Ernst & Young	25.00%	110,274	72,715	37,559	34,355	10,645
Explotaciones Eólicas Sierra de Utrera, S.L.	Príncipe de Vergara. 28006 Madrid. Spain	Generation of electricity	-	25.00%	22,438	11,823	10,615	10,381	5,105
Interligação Elétrica de Minas Gerais, S.A..	Rua Bela Cintra 847-3º andar. Sao Paulo. Brazil	Electrical concession	Assurance Auditores e Consultores	40.00%	43,136	43,136	13,365	-	-
Iumbiara Transmissora de Energia, Ltda.	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	Ernst & Young	33.33%	262,114	145,881	116,233	36,054	1,673
Litran do Brasil Participações, S.A..	Avda. Marechal Camara, 160 sala 1808. Rio de Janeiro. Brazil	Energy transport	-	100.00%	-	-	-	-	-

Company	Address	Activity	Auditor	% Effective ownership	Data on the investee (100%)				
					Assets	Liabilities	Equity (*)	Revenue	Profit for the Year
Loma del Capón, S.L.	Loja,8. Albolote. 18220 Granada. Madrid. Spain	Generation of electricity	-	50.00%	1,014	901	113	-	-
Nordeste Transmissora de Energia, Ltda.	Av. Marechal Camara 160 sala 1833 y 1834. 20030-020 Rio de Janeiro. Brazil	Electrical concession	Assurance Auditores e Consultores	49.99%	118,176	118,176	53,975	32,494	10,758
Parqa, S. A.	Rua Dr. António Loureiro Borges 9. Portugal	Construction and operation of car parks	Ernst & Young	37.27%	2,217	2,201	16	-	(40)
Parque Eólico Región de Murcia, S.A.	Central, 12. 30007 Murcia. Spain	Generation of electricity	-	20.00%					
Porto Primavera, Ltda.	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	Ernst & Young	33.33%	115,963	56,248	59,715	16,175	1,032
Red Eléctrica del Sur, S.A.	Juan de la Fuente, 453 miraflores Lima. Peru	Energy transport	PricewaterhouseCoopers	23.75%	40,209	26,408	13,801	8,555	1,742
Serra da Mesa Transmissora de Energia, Ltda.	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	-	33.33%	217,911	133,142	84,769	21,720	2,701
Sistema Eléctrico de Conexión Hueneja, S.L.	C/ Loja nº 8 Local 26 Albolote. Granada. Spain	Construction and operation of network interconnection installations.	-	24.35%	31,468	31,215	253	-	907
Sistema Eléctrico de Conexión Hueneja, S.L.	C/ Loja nº 8 - Local 26. Albolote. Granada. Spain			19.30%	31,468	31,215	253	-	907
Sistema Eléctrico de Conexión Valcaire, S.L.	C/ Loja nº 8 Local 26. Albolote. Granada. Spain	Construction and operation of network interconnection installations.	-	29.79%					
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	Dr. Aznar Molina, 15-17. 50002 Zaragoza. Spain	Concession –Actions in Area 07-A- of special plan for the purification of Insti Aragónés Aguas		40.00%	19,156	13,202	5,954	-	1
Somozas Energías Renovables, S.A.	Lg Iglesia,1. 15665 La Coruña. Spain	Generation of electricity	Deloitte	25.00%	10,908	10,557	351	2,790	193
STE - Sul Transmissora de Energia, Ltda.	Av. Marechal Camara 160 sala 1833 y 1834. 20030-020 Rio de Janeiro. Brazil	Electrical concession	Assurance Auditores e Consultores	49.90%	69,477	69,477	31,616	16,560	6,099
Transmissão Itumbiara Marimondo, S.A.	Marechal Camara,160. Rio de Janeiro. Brazil 20020	Electrical assembly and services	Ernst & Young	25.00%	56,418	32,570	23,848	13,592	5,503
Vila do Conde, Ltda.	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	Ernst & Young	33.33%	83,918	51,586	32,332	12,509	960
SERVICES									
Aguas del Gran Buenos Aires, S.A.	C/ 48 Nº 877, piso 4 oficina 408. La Plata Provincia de Buenos Aires. Argentina	Integral water management	Dr. Santos Oscar Samariñ (contador público)	26.34%	3,245	3,742	(498)	-	(107)
Atlas Forwarding, S.L.	Cuesta de la Palloza, nº 1, Entrep. Cuerpo C. Torre Esmeralda. 15000 A Coruña. Spain	Transport of goods	-	47.00%	1,213	752	461	10,300	188
Betearte, S.A.	Colón de Larrategui, 26. Bilbao. Spain	Industrial wastes	-	33.33%	7,986	6,719	1,267	-	(639)
C. Steinweg Ibérica, S.L.	C/ Atlantic, 112-120. 08040 Barcelona. Spain	Logistics	Deloitte	40.00%	2,952	1,672	1,280	6,884	839
Castellón Terminal Portuaria, S.A.	Lg Dique de Levante, s/n. 12100 Castellón de la Plana. Spain	Stowing and unstowing of merchandise	Audihispana Gran Thornton, S.L.	29.17%	14,036	13,966	70	7,872	(2,209)
DPI Terminals Dominicana, Ltda.	Cuesta de la Palloza, 1. A Coruña. Spain	Holding company	KPMG	30.00%	41,570	3,256	38,314	-	5,565
Ecoparc del Mediterrani, S.A.	Avda. Eduard Maristany, s/n. 08930 Sant Adrià de Besòs. Barcelona. Spain	Urban solid waste treatment	Deloitte	32.00%	14,635	14,158	478	5,764	(3,900)
Ecoparc, S.A.	C/ A. Políg. Industrial Zona Franca. Barcelona. Spain	Waste treatment	Deloitte	52.00%	123,980	128,155	(4,175)	17,989	(1,750)
Energías y Tierras Fértiles, S.A.	Pascual y Genis, 19. 46002 Valencia. Spain	Waste treatment	-	33.36%	63	-	63	-	-
Entaban Biocombustibles del Pirineo, S.A.	Paseo Independencia, 28. Zaragoza. Spain	Biodiesel	Deloitte	25.00%	18,470	17,026	1,444	-	744
Estacionamientos El Pilar, S.A.	Avda de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Operation of car parks. Removal of vehicles	Deloitte	50.00%	7,426	1,406	6,020	3,655	1,504
Huesca Oriental Depura, S.A.	Ctra. de Madrid, km. 315,800 Edif. Expo Zaragoza, 3 Ofic. 14 - 50012 Zaragoza	Construction and operation of EDAR		60.00%	1,080		1,080		
International City Cleaning Company	Bordi Masser Lel-Siaha, Maydan. Al-Abbasia Aawan. Egypt	Urban solid waste	KPMG	30.00%	3,116	1,979	1,137	-	272
Iquique Terminal Internacional, S.A.	C/ San Martín, 255, Oficina 151. Iquique. Chile	Port terminal	KPMG	40.00%	25,177	12,914	12,264	18,352	5,830
Lev Aragonesa de Tránsitos, S.A.	Avda. Ferrandis Salvador, s/n. Castellón. Spain	Transfer, deposit and management of goods	-	34.00%	2,130	415	1,715	1,475	82
Mac Insular, S.L.	Calle Julián Álvarez, nº 12-A-1º. Palma de Mallorca. Spain	Waste treatment	Deloitte	8.00%	72,618	58,261	14,357	30,328	736
Marítima Consiflet, S.A.	Cuesta de la Palloza, 1. A Coruña. Spain	Ship consignment	Audihispana Gran Thornton, S.L.	47.00%	4,730	2,035	2,695	25,000	1,458
Marítima de Galicia, S.L.	Plaza de Compostela, 19, Vigo. Pontevedra. Spain	Ship consignment	-	46.91%	1,703	823	880	12,000	575
Mepsa Servicios y Operaciones, S.A.	Port de Harifa, nº 3-1º A. 08039 Barcelona. Spain	Rental of port space	-	35.00%	809	524	285	823	165

Consolidated Financial Statements

Company	Address	Activity	Auditor	% Effective ownership	Data on the investee (100%)				
					Assets	Liabilities	Equity (*)	Revenue	Profit for the Year
Operaciones Portuarias Canarias, S.A.	Avda. de los Cambulloneros, s/n. Las Palmas de Gran Canaria. Spain	Port terminal	Ernst & Young	45.00%	82,067	38,271	43,795	52,435	1,302
Progeco Bilbao, S.A.	Avda. Antonio Alzaga, 138. 48980 Santurzi. Vizcaya. Spain	Repair, maintenance and storage of containers	-	26.49%	3,535	1,233	2,303	3,041	78
Progeco Vigo, S.A.	C/Pontevedra, 4, 3º. Vigo. Pontevedra. Spain	Storage and repair of containers	-	25.15%	4,523	919	3,604	1,726	475
Reconorsa Bilbao, S.L.	Lg. Ampliación Muelle, 1, zona zaguera, s/n. Santurzi. Vizcaya. Spain	Repair, maintenance and storage of containers	-	26.49%	465	415	50	281	201
Tandem Global Logistics (HK), Ltd.	Unit 1501-03 Peninsu Tower 538 Castle Peak Road Cheung Sha Wan Kowloon Hong Kong, China	Supplementary and auxiliary transport activities	-	33.00%	2,245	1,217	1,028	-	227
Tandem Global Logistics (SH), Ltd.	Rm 7001 Novel Building 887 Huai Hai Road. 200020 Shanghai, China	Supplementary and auxiliary transport activities	-	33.00%	1,334	928	406	-	(9)
Tandem Holding (HK), Ltd.	Unit 1501-03 Peninsu Tower 538 Castle Peak Road Cheung Sha Wan Kowloon Hong Kong, China	Asset-holding company	-	33.00%	1,688	6	1,682	-	(229)
Terminal de Graneles de Castellón, S.A.	C/ Puerto Muelle Serrano Lloberas, s/n. Castellón. Spain	Bulk terminal	Audihispana Gran Thornton, S.L.	25.93%	8,755	4,205	4,542	14,292	2,248
Terminales Marítimos de Galicia, S.L.	Avda. Antonio Alzaga, 138. Santurce. Vizcaya. Spain	Ship consignment	Auditoría y Diagnóstico Empresarial, S.A.	19.98%	15,358	10,276	5,082	13,165	1,308
Trime, S.A.	Ctra. de Soller, Km 8.2. 07120 Son Reus. Palma de Mallorca. Spain	Urban solid waste treatment	Deloitte	20.00%	402,611	369,398	33,214	78,303	5,722
Transportes Portuarios Gallegos, S.L.	Lg Muelle Guixar, Ed PIF, Ofic 5 Local A. 36201 Vigo. Pontevedra. Spain	Transport agency	-	23.50%	1,797	1,444	353	3,014	91
Transportes Rontegui, S.L.	Avda. Antonio Alzaga, 138. Santurce. Vizcaya. Spain	Transport agency	-	26.49%	466	295	172	881	29
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91. 08008 Barcelona. Spain	Waste collection and treatment	Castellá Auditores Consultors, S.L.	33.33%	72,618	58,261	14,357	30,328	736
CONCESSIONS									
Autovía de los Pinares, S.A.	Km 20.200 A-601. 47160 Portillo. Valladolid. Spain	Roads	Deloitte	53.33%	103,985	93,475	10,510	1,662	(1,487)
Bakwena Platinum Corridor Concessionaire (Pty), Ltd.	24 Sunninghill Office Park Peltier Road Sunninghill-2157. South Africa	Roads	Deloitte	25.00%	172,622	167,091	5,531	-	-
Bidelan Guipuzkoako Autobideak, S.A.	Asti Auzoa, 631 B. 20800 Zarauz. San Sebastian. Spain	Roads	BSK Bask Consulting	50.00%	38,685	33,013	5,672	29,893	(286)
Celtic Roads Group (PortLaoise) Limited	Toll Plaza Balgeen Co. Meath Ireland	Roads	KPMG	33.33%	119,545	148,668	(29,123)	-	-
Celtic Roads Group (Waterford), Ltd.	Toll Plaza , Balgeen , Co. Meath, Ireland	Roads	KPMG	33.33%	190,779	205,597	(14,818)	-	-
Circunvalación Alicante, S.A.C.E.	Autopista AP 7, pk 703. Area Monforte del Cid. 03670 Monforte del Cid. Alicante. Spain	Roads	Deloitte	50.00%	430,752	399,322	31,430	8,747	(14,407)
Infraestructuras y Radiales, S.A.	Ctra.M-100 Alcalá de Henares a Daganzo Km 6.300. 28806 Alcalá de Henares. Madrid. Spain	Roads	KPMG	35.00%	561,881	594,638	(32,756)	24,972	(18,844)
Intercambiador de transportes Plaza de Castilla, S.A.	Avda. de América 2-17B. Madrid. Spain	Transport interchange	Deloitte	50.00%	152,579	144,169	8,410	4,526	(4,225)
Línea Nueva Tramo Cuatro, S.A.	Avinguda Josep Tarradellas, 34-36, 9º 08029 - Barcelona	Underground	-	39.60%	-	-	-	-	-
Metro de Sevilla Sdad Conce Junta Andalucía, S.A.	C/ Carmen Vendrell, s/n (Prolongación de Avda. de Hytasa) 41006 Sevilla. Spain	Railroad	KPMG	32.77%	680,680	576,194	104,486	-	-
Nea Odos Concession Societe Anonyme	Municipality of Athens 87 Themistokleous 10683 Athens. Greece	Roads	PricewaterhouseCoopers	33.33%	151,856	108,225	43,631	57,280	-
Nouvelle Autoroute 30, S.E.N.C.	1 Place Ville-Marie 37e étage. Montreal. Quebec H3B 3P. Canada	Roads	-	50.00%	-	-	-	-	-
Pt Operational Services Pty, Ltd.	1 Lavender Road Bon Accord 009. South Africa	Roads	KPMG	33.40%	1,984	588	1,396	7,396	1,527
Road Management (A13), Plc.	Sandway House, Littlelades Lane Hartford, Northwich, Cheshire, CW8 2YA, England	Roads	Ernst & Young	25.00%	243,601	273,665	(30,063)	30,602	(7,516)
Ruta de los Pantanos, S.A.	Avenida de Europa, 18. 28100 Alcobendas. Madrid. Spain	Roads	Deloitte	33.33%	93,302	92,308	994	11,417	1,148
Sociedad Concesionaria Túnel San Cristóbal, S.A.	Avenida del Valle 945 oficina 3604. Ciudad Empresarial Huechuraba. Santiago de Chile.	Roads	Deloitte	50.00%	72,487	68,573	3,913	439	(3,111)
Serranopark, S.A.	Pza. Manuel Gomez Moreno, 2. 28020 Madrid. Spain	Car park	-	50.00%	-	-	-	-	-
Sociedad Concesionaria Vespucio Norte Express, S.A.	Av. Américo Vespucio Oriente 1305, Parque Enea, Pudahuel. Santiago de Chile.	Roads	Deloitte	46.48%	432,036	469,867	(37,831)	36,902	(41,548)
Tag Red, S.A.	Avda. Vitacura nº 2939 piso 8. Las Condes. Santiago de Chile.	Roads	-	25.00%	-	-	-	-	-
TP Ferro Concesionaria, S.A.	Plaza de la Palmera, 6-3º. 17600 Figueras. Girona. Spain	Railroad	KPMG	50.00%	1,070,827	1,026,797	44,031	-	-

Appendix IV. Changes in the scope of consolidation

The main companies included in the scope of consolidation are as follows:

Serpimex, S.A. de C.V.	Aurea Fontana, S.L.	Villanueva Cosolar, S.L.
Parque Eólico Buseco, S.L.	Cymi Investment USA, S.L.	Iridium Nouvelle Autoroute 30, Inc.
Vieyra Energía Galega, S.A.	Edafología y Restauración del Entorno Gallego, S.L.	Nouvelle Autoroute 30, S.E.N.C.
Sociedad Hospital de Majadahonda Explotaciones, S.L.	Invexta Recursos, S.L.	Olimpia, S.A. de C.V.
Soluciones para el medio ambiente, S.L.	Cobra Termosolar USA, S.L.	Tecmed Servicios de Recolección, S.A. de C.V.
Equipamientos Ambientales, S.L.	Cobra Sun Power USA, Inc.	Valorgabar, S.A.S.
Servicios Cymimex, S.A. de C.V.	Cobra Concesiones Brasil, S.L.	Organizac de Materiales y Servicios de Asepsia, S.L.
Soluciones para el Medioamb Gestión Turística, S.L.	Martínez y Lanza, S.A.	Urbaser Plotosa, S.A.
Canal Ecociudad, S.L.	Eólica El Molar, S.L.U.	Blue Clean Water, Llc
Tandem Holding (HK), Ltd.	Interligação Elétrica de Minas Gerais, S.A.	SDD Shanganagh (Water Treatment) Limited
Tandem Global Logistics (HK), Ltd.	Dragados Besalco, S.A.	ACT Financing, Llc.
Tandem Global Logistics (SH), Ltd.	Integra Mantenimiento Gestión y Servicios Integrados Centro Especial de empleo Valencia, S.L.	Desarrollo Informático, S.A.
Dragados Canadá, Inc.	Integra Mantenimiento Gestión y Servicios Integrados Centro Especial de empleo Andalucía, S.L.	Albares Renovables, S.L.
Villa Aurea, S.L.	Integra Mantenimiento Gestión y Servicios Integrados Centro Especial de empleo Catalunya, S.L.	Araucária Projetos e Serviços de Construção, Ltda.
Servicios Administrativos Offshore, S.A. de C.V.	Generación Limpia Guatemala, S.A.	Integra Man Gestí y Servic Integ CEE Galicia, S.L.
Servicios Operativos Offshore, S.A. de C.V.	Oficina Técnica de Estudios y Control de Obras, S.A.	Interligação Elétrica Norte e Nordeste, S.A.
Parque Eólico Santa Catalina, S.L.	Triana do Brasil Projetos e Serviços, Ltda.	PE.Donado, S.L.
Parque Eólico Viudo I, S.L.	Dragados Obra Civil y Edificac México, S.A de C.V.	Logitren Ferroviaria, S.A.
Calvache Eólica, S.L.	Serranopark, S.A.	Guatemala de Tráfico y Sistemas, S.A.
Berea Eólica, S.L.	Applied Control Technology, Llc	Línea Nueve Tramo Cuatro, S.A.
Riansares Eólica, S.L.	Delta P I, Llc	Catxeré Transmissora de Energia, S.A.
Agencia Marítima de Consignaciones, S.A.	Integrated Technical Products, Llc.	Araraquara Transmissora de Energia, S.A.
Bilbao Atlantic Fruit Terminal, A.I.E.	Sociedad Industrial de Construc Eléctricasm, S.L. Ltda.	Energías Ambientales de Guadalajara, S.L.
Reciclados Integrales Argame, S.L.	Sociedad Industrial de Construcción Eléctricas, S.A.	Energías Ambientales de Soria, S.L.
Inversora de la Autovía de la Mancha, S.A.	California Sun Power, Llc.	CME Roménia
Operación y Mantenimiento Energy Madagascar, S.A.R.L.U.	Concesionaria Serra Paracatu	Inotec
Sice Puerto Rico, Inc.	Concesionaria Ribeirão Preto	Tecneira Participações SGPS
Cobra-Udisport Conde de Guadalhorce, S.L.	Concesionaria Pocos de Caldas	Admirabilia, S.L.
Cobra La Rioja Sur	Concesionaria Jauru Transmissora de Energia	Residuos Industriales de Teruel, S.A.
Constructora Comsa Dragados, S.A.		Ecoentorno Ambiente, S.A.
Besalco Dragados, S.A.		Huesca Oriental Depura, S.A.
Recogida de Aceites Usados, S.A.		Urbaser Inc.

The main companies no longer included in the scope of consolidation are as follows:

Alfa Servicios Ambientales, S.L.	Affinis, S. A.	Sociedad Concesionaria Rutas de Pacífico, S.A.
Desarrollo de Concesiones Aeroportuarias, S.L.	Sociedad General de Recursos Energéticos, S.A.	Inversora de Infraestructuras, S.L.
Aeropuertos Mejicanos del Pacífico, S.A. de C.V.	Sistemas de Reducción, S.A.	Actividades de Servicios e Instalaciones Cobra, S.A.
Aerocali, S.A.	Scutvias Autoestradas da Beira Interior, S.A.	Cuerda de Rodaderos, S.L.
MBJ Airports, Ltd.	Operadora del Pacífico, S.A.	Soluciones para el Medioambiente Gestión Turística, S.L.
Distribuidora Dominicana de Electricidad, S.A.	Sociedad Concesionaria Autopista Central, S.A.	Planta Ambiental de Aragón, S.A.
Consorcio API Génesis	Inversiones Necedal, S.A.	Environmental Services Enser S.A.E.
Cme Participações	ACS Chile, S.A.	Betearte, S.L.

Held for sale (Unión Fenosa):

Unión Fenosa, S.A.	Spanish Egyptian Gas Company, S.A.E.	Energías Especiales de Noroeste, S.A.U.
Clover Financial and Treasury Services, Ltd.	Gas Directo, S.A.	Eufer Renovables Ibéricas 2004, S.A.
Unión Fenosa Preferentes, S.A.	Planta de Regasificación de Sagunto, S.A.	Eufer Comercializadora, S.L.
Ufacex UK Holdings, Ltd.	Regasificadora de Noroeste, S.A.	Energías Especiales de Alto Ulla, S.A.
Unión Fenosa Financial Services USA, Llc.	Qalhat Lng, S.A.O.C.	Parque Eólico La Losilla, S.A.
Unión Fenosa Finance Bv	Unión Fenosa Generación, S.A.	PRIUS Energólica, S.L.U.
Unión Fenosa Centro de Tesorería, S.L.	Generación Peninsular, S.L.	Energías Renovables Montes San Sebastián, S.L.
Unión Fenosa Emisiones, S.A.	Unión Fenosa Comercial, S.L.	Eólica del Cordal de Montouto, S.L.
Gasífica, S.A.	Lignitos de Meirama, S.A.	Promociones Energéticas del Bierzo, S.L.
Unión Fenosa Gas Comercializadora, S.A.	Pizarras Mahide, S.L.	Sistemas Energéticos Mañón Ortigueira, S.A.
Unión Fenosa Gas Exploración y Producción, S.A.	Rocagast, S.L.	Parque Eólico San Andrés, S.A.
Unión Fenosa Gas, S.A.	Enel Unión Fenosa Renovables, S.A.	Energías Especiales de Peña Armada, S.A.
Cobra Instalaciones y Servicios República Dominicana	Energías Especiales de Castelo, S.A.	Energías Especiales de Careón, S.A.
Segas Services, S.A.E.	Energías Especiales de Andalucía, S.L.U.	Energías Especiales Alcohólicas, S.A.

Consolidated Financial Statements

Held for sale (Unión Fenosa):

Energías Especiales de Bierzo, S.A.	Unión Fenosa Distribución Colombia, B.V.	Unión Fenosa Redes Telecomunicación, S.A. Guatemala
Parque Eólico A Capelada, A.I.E.	Unión Fenosa México, B.V.	Unión Fenosa Redes de Telecomunicación, S.L.
Parque Eólico Cabo Vilano, S.L.	Distribuidora Eléctrica de Caribe, S.A. Guatemala	Unión Fenosa Redes Telecomunicación, S.A. Nicaragua
Parque Eólico Sierra del Merengue, S.L.	Distribuidora Eléctrica de Caribe, S.A. Panamá	Arte Contemporáneo y Energía, A.I.E.
Promociones Energéticas del Bierzo, S.L.	Generadora Palamara La Vega, S.A.	General de Edificios y Solares, S.L.
Enerfasa, S.A.	Unión Fenosa Internacional, S.A.	Soluziona, S.A. Bolivia
Energías Ambientales de Somozas, S.A.	Generación Hermosillo, S.A. de C.V.	Unión Fenosa Uninver, S.A.
Áridos Energías Especiales, S.L.	Generación Naco Nogales, S.A. de C.V.	Socoin México, S.A. de C.V.
Azucarera Energías, S.A.	Generación Tuxpan, S.A. de C.V.	Socoin Ingeniería y Construcción Industrial, S.L.U.
Boiro Energía, S.A.	Unión Fenosa Generación México, S.A. de C.V.	Socoin, S.A. Panamá
Cogeneración de Noroeste, S.L.	Fuerza y Energía de Hermosillo, S.A. de C.V.	Soluziona Technical Services, Llc.
Depuración Destilación y Reciclaje, S.L.	Fuerza y Energía de Naco Nogales, S.A. de C.V.	Operación y Mantenimiento Energy Costa Rica, S.A.
Sociedad Gallega de Cogeneración, S.A.	Fuerza y Energía de Tuxpan, S.A. de C.V.	Operación y Mantenimiento Energy, S.A.
Ufefys, S.L.	Fuerza y Energía de Norte Durango, S.A. de C.V.	Hotel de Naturaleza Tambre, S.L.
Proyectos Universitarios Energías Renovables, S.L.	Unión Fenosa Operación México, S.A. de C.V.	Operación y Mantenimiento Energy Dominicana, S.A.
Parque Eólico Malpica, S.A.	Unión Fenosa Energías Renovables México, S.A. de CV	Compañía Española de Industrias Electroquímicas, S.A.
Cogeneración de Alcalá, A.I.E.	Unión Fenosa Colombia, S.A.	Unión Fenosa Redes Telecomunicación, S.A. Colombia
Energías Ambientales, S.A.	U.F. Generadora Torito, S.A.	Unión Fenosa Redes Telecomunicación, S.A. Panamá
Energías Ambientales de Vimianzo, S.A.	Inversiones Hermill, S.A.	Alliance, S.A.
Energías Ambientales de Novo, S.A.	Redes Eléctricas de Centroamérica, S.A.	Ghesa Ingeniería y Tecnología, S.A.
Parque Eólico de Barbanza, S.A.	Comercializ Guatemalteca Mayorista de Electric, S.A	R Cable y Telecomunicaciones Galicia, S.A.
Societat Eólica de L'Enderrocada, S.A.	Red Unión Fenosa, S.A.	Ensafeca Holding Empresarial, S.L.
Parque Eólico Montes de Las Navas, S.A.	Distribuidora Eléctrica de Oriente, S.A.	Indra Sistemas, S.A.
Energías de Villarrubia, S.L.	Distribuidora Eléctrica de Occidente, S.A.	Barbao, S.A.
Tirmadríd, S.A.	First Independent Power, Ltd. Kenya	Parque Eólico Belmonte, S.A
Sotavento Galicia, S.A.	Electrocosta Mipymes de Energía, S.A. E.S.P.	Socoinve, C.A. Venezuela
Nueva Generadora del Sur, S.A.	Energía Empresarial de la Costa, S.A. E.S.P.	Socoin, S.A. Guatemala
Sociedade Galega do Medio Ambiente, S.A.	Energía Social de la Costa, S.A.E.S.P.	Limeisa international Coal, B.V
Toledo PV, A.E.I.E.	Distribuidora de Electric de Norte, S.A. Nicaragua	Limeisa international Coal South Africa, Ltd.
Centrales Nucleares Almaraz-Trillo, A.I.E.	Distribuidora de Electric de Sur, S.A. Nicaragua	Unión Fenosa Financiación, S.A.
Unión Fenosa Distribución, S.A.	Electrificadora del Caribe, S.A. E.S.P.	Saudi Soluziona Co. for Maintenance and operat, LTD
Unión Fenosa Metra, S.L.	Electricaribe Mipymes de Energía, S.A. E.S.P.	Kangra Coal (Propietary) LTD
Hidro Ntra. Sª Soledad de Tendilla y Lupiana, S.L.	Iberáfrica Power, Ltd.	Energías Especiales Montes Castellanos, S.L.U.
Electra del Jallas, S.A.	Unión Fenosa Generadora La Joya, S.A.	Parque Eólico de Padul, S.L.U.
Eléctrica Conquense, S.A.	Empresa Generadora de Pacífico, S.A. E.S.P.	Zemer Energía, S.A de C.V
Barras Eléctricas Galaico Asturianas, S.A.	Planificación e Inversión Estratégica, S.A.	Nueva Electricidad del Gas, S.A.U.
Barras Eléctricas Generación, S.L.U.	Compañía de Electricidad de Tulúa, S.A.	Operación y Mantenim Energy Madagascar, S.A.R.L.U.
Almar Ccs, S.A.	Empresa Distribuidora de Electricidad Chiriquí, S.A	Martínez y Lanza, S.A.
Aplic y Desarrollos Profesionales Nvo Milenio, S.L.	Empresa Distribuidora de Electricidad Metro Oeste, S.A	Eólica El Molar, S.L.U.
Caribe Capital, B.V.	Energía y Servicios de Panamá, S.A	Generación Limpia Guatemala, S.A.



AGF
CONSIGLIO DI AMMINISTRAZIONE

Auditors' Report on Consolidated Financial Statements

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

Consolidated Financial Statements for the year ended 31 December 2008 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. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries comprising the consolidated balance sheet at 31 December 2008 and the related consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense 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 for 2008 of certain subsidiaries and associates whose assets, revenue and results represent 13%, 18% and 19%, 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. As required by Spanish corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2008 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense and notes to the consolidated financial statements, the figures for 2007. The presentation of the information for 2007 differs from that contained in the approved consolidated financial statements for that year as a result of the consideration, for comparison purposes, of the energy business segment as a discontinued operation (see Note 3.9 to the accompanying consolidated financial statements). Our opinion refers only to the consolidated financial statements for 2008. On 2 April 2008, we issued our auditors' report on the 2007 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 mentioned in paragraph 1 above, the accompanying consolidated financial statements for 2008 present fairly, in all material respects, the consolidated equity and consolidated financial position of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries at 31 December 2008 and the consolidated results of their operations, the changes in the consolidated statement of recognised income and expense 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 2008 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 2008. 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 ROAC under no. S0692

Jesús Parada Pardo
1 April 2009

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Historical Performance

Consolidated statement of income evolution	2003 ⁽¹⁾	2004	2005	2006	2007	2008	CAGR ⁽³⁾ 08/03
Million of euros							
Revenues	8,825.1	10,817.9	12,113.9	13,868.7	15,344.9	16,010.0	12.7%
Construction	4,531.8	5,230.3	5,724.8	6,750.3	7,352.9	6,625.4	7.9%
Concessions	1.7	15.3	13.8	26.1	35.8	66.1	108.0%
Environment and Logistics	1,640.9	2,186.6	2,406.5	2,458.6	2,834.9	3,148.2	13.9%
Industrial Services	2,729.1	3,490.5	4,077.4	4,747.7	5,488.7	6,476.7	18.9%
Holding / Adjustments	(78.4)	(104.8)	(108.6)	(114.0)	(368.4)	(306.4)	31.3%
Net Profit	794.8	981.1	1,095.5	1,218.9	1,379.8	1,479.7	13.2%
Construction	345.6	398.1	427.6	504.0	548.9	494.3	7.4%
Concessions	(5.6)	(0.9)	7.5	6.9	1.5	23.2	-
Environment and Logistics	219.4	314.6	346.2	324.7	381.5	412.0	13.4%
Industrial Services	261.3	291.8	344.4	419.6	488.4	591.2	17.7%
Holding / Adjustments	(25.9)	(22.5)	(30.2)	(36.3)	(39.4)	(39.9)	9.0%
Net Profit	573.5	723.9	817.4	942.5	1,056.7	1,096.7	13.8%
Construction	284.9	327.7	358.6	422.7	460.3	410.9	7.6%
Concessions	(5.4)	(1.0)	2.0	(2.7)	(5.2)	7.8	-
Environment and Logistics	116.9	177.8	203.7	195.5	232.8	249.3	16.4%
Industrial Services	210.9	244.9	285.9	364.7	412.5	471.9	17.5%
Holding / Adjustments	(33.8)	(25.5)	(32.8)	(37.7)	(43.7)	(43.2)	5.0%
Net Profit	229.5	452.5	608.7	1,250.1	1,551.1	1,805.0	51.1%
Construction	185.4	221.4	239.1	282.1	310.3	275.0	8.2%
Concessions ⁽²⁾	2.3	(14.5)	6.5	(17.3)	3.7	641.4	-
Environment and Logistics	50.9	98.9	112.7	109.1	131.7	144.6	23.2%
Industrial Services	118.6	150.1	179.2	222.6	264.9	316.7	21.7%
Listed Associates	-	-	-	81.1	57.7	17.4	-
Holding / Adjustments	(127.6)	(3.4)	71.2	402.4	782.4	409.9	-226.3%

⁽¹⁾ Under GAAP. From 2004 under IFRSs standards.

⁽²⁾ Concessions division includes the extraordinary results derived from the sale of DCA and InvinSL in 2008.

⁽³⁾ CAGR: Compound Annual Growth Rate.

Consolidated balance sheet as of December, 31	2003 ⁽¹⁾	2004	2005	2006	2007	2008
Milion of euros						
Fixed and other non-current assets	3,407.0	4,397.5	8,488.2	14,018.1	32,265.7	37,837.5
Property, plant and equipment	1,715.8	1,981.0	2,356.0	2,917.2	18,294.2	5,207.6
Intangible assets	307.5	305.7	451.9	397.6	1,670.4	503.2
Non-current financial assets	1,383.6	1,833.2	5,317.9	10,227.5	10,299.7	7,081.7
Other non-current assets ⁽²⁾	n/a	277.6	362.3	475.8	2,001.4	25,045.0
Goodwill	1,039.9	1,010.8	1,047.6	1,086.6	2,950.4	1,132.6
Working capital	(658.8)	(1,304.8)	(1,872.1)	(2,496.7)	(3,441.0)	(2,294.9)
Total Assets	3,788.1	4,103.5	7,663.6	12,608.0	31,775.0	36,675.1
Equity	1,895.7	2,019.2	2,635.5	3,256.4	10,441.0	9,913.0
Attributable equity to Parent Company	1,796.4	1,905.4	2,480.9	3,115.7	4,653.8	3,402.4
Minority interests	99.3	113.8	154.6	140.7	5,787.3	6,510.6
Other non-current liabilities ⁽³⁾	661.8	660.4	763.5	605.3	4,759.5	17,406.3
Non-current liabilities	877.1	1,907.5	5,017.4	10,120.9	16,804.5	9,576.3
Non-recourse project financing	265.3	425.3	2,304.8	6,797.6	9,278.3	6,245.2
Non-current bank borrowings	611.8	1,482.2	2,712.6	3,323.3	7,526.2	3,331.0
Current payables / Current liabilities	353.4	(483.5)	(752.8)	(1,374.6)	(230.0)	(220.5)
Non-recourse project financing	50.9	37.0	50.4	195.4	363.2	176.8
Current bank borrowings	1,456.9	1,075.7	1,242.1	1,237.7	3,479.3	3,968.8
Other current financial assets	(771.3)	(1,018.1)	(1,277.4)	(1,880.9)	(1,420.9)	(2,185.1)
Cash and cash equivalents	(383.1)	(578.1)	(767.8)	(926.6)	(2,651.6)	(2,181.0)
Total Equity and Liabilities	3,788.1	4,103.5	7,663.6	12,608.0	31,775.0	36,675.1

⁽¹⁾ Under GAAP. From 2004 under IFRSs standards.

⁽²⁾ In 2008, there is included "Non-current assets held for sale" accounted for 24,351 million of euros derived from the sale of Union's Fenosa stake.

⁽³⁾ In 2008, there is included "Non-current liabilities held for sale" accounted for 15,931 million of euros derived from the sale of Union's Fenosa stake.





Project Director and Editor
ACS Group

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