

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.

REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE
2005

I.- Introduction

In accordance with the recommendations on corporate governance, and specifically those contained in the report by the "Special Commission to Foster Transparency and Security in the Markets and in Listed Companies" ("Aldama Report"), published on January 8, 2003, as in past years, the Audit committee of ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A., has drafted this report in which it summarizes the actions taken in 2005.

II.- Composition

The members of the Committee are as follows:

Chairman

Santos Martínez-Conde y Gutiérrez-Barquín

Members

Alvaro Cuervo García
Manuel Delgado Solís
Julio Sacristán Fidalgo

Secretary (with voice but without vote)

José Luis del Valle Pérez.

III.- Business and Activity

The internal business of the Audit Committee is governed by the terms of article 20 bis of the Corporate By-Laws and by Article 23 of the Rules of Procedure of the Board of Directors, which regulate the number of meetings (at least two per annum, corresponding to the initial and final phases of the audit of the individual and consolidated financial statements), calls to meetings, quorums, adoption of resolutions, the Chairman's deciding vote and the possible attendance of the Company auditor, if specially summoned for this purpose.

In 2005 the Audit Committee held five meetings to address the aforementioned duties, for which purpose the necessary information and documents were made available to it. Following the year-end reporting date, the Committee held an additional two meetings in February and March 2006, basically to review the 2005 financial statements.

The Audit Committee considers that the Company has the proper organisation to ensure compliance with applicable regulations, including a General Secretary and a Corporate General Manager who, each within their own areas of competence, monitor compliance with current regulations, both internal and external. Likewise, within the scope of the Board, the Regulations provide that the Secretary is to be entrusted with the legality of its actions.

From a practical point of view, it is worthy of mention that no incident of any importance on this subject was detected throughout 2005.

As regards the financial figures for 2005, the following points are worthy of mention:

a) Review of Periodic Financial Information

Following its adaptation to Act 44/2002, the Audit Committee reviews all quarterly financial information prior to its submission to the Spanish Stock Exchange Commission and publication.

This review applies to information contained in the official formats of the Spanish Stock Exchange Commission and to the information that the Company reports to said Commission for the publication of quarterly results, verifying that the information expressed therein is coherent, and analysing the rationality of the criteria applied and the accuracy of its most significant figures.

b) 2005 Individual and Consolidated Financial Statements

At the proposal of the external Auditor, present at the Committee Meeting of October 28, 2005, the Committee reviewed and approved the Audit Plan for 2005, including the means, method, criteria, scope and planning for the work, likewise identifying areas in need of special monitoring.

Likewise, and in accordance with legal provisions and internal regulations, the Audit Committee has ensured the independence of the external Auditor as regards the performance of his duties and any incompatibilities or limitations that could affect his work.

At the meetings held on February 20 and March 29, 2006, the Committee, with the aid of the external Auditors and the Corporate General Director, examined the individual and consolidated financial statements for 2005 and, in view of the information provided by the external Auditors, issued a favourable report, as noted for the record by the Committee Chairman in the Board of Directors Meeting dated March 30, 2006 for the preparation of the financial statements.

c) Appointment of the External Auditor

At its last meeting held on March 29, 2006, the Committee also deliberated on the renewal of the Auditor (Deloitte, S.L.), proposed to the Board for subsequent proposal to the General Shareholders' Meeting.

d) International Financial Reporting Standards

As in the previous year, in 2005 the Audit Committee closely monitored the consequences of the application of the International Financial Reporting Standards, and was informed for this purpose by Corporate General Management and by the External Auditors.

e) Internal Audits

In 2005 the Committee received specific information regarding the planning, conclusions and recommendations deriving from the work carried out by the company's internal auditors in the different areas into which its business is structured. This work will continue in future years.

Madrid, March 29, 2006