

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

**REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE**

**FINANCIAL YEAR 2007**

## **I. Introduction**

As in previous financial three years, the Audit Committee of ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A., has drafted this report to summarise the activities carried out in 2007.

## **II. Composition**

The Committee is composed as follows:

### Chairman

Mr. Álvaro Cuervo García

### Committee Members

Mr. Santos Martínez-Conde y Gutiérrez-Barquín

Mr. Manuel Delgado Solís

Mr. Julio Sacristán Fidalgo

### Secretary (with voice but without vote)

Mr. José Luis del Valle Pérez.

## **III. Business and Activity**

The internal business of the Audit Committee is governed by the terms of said article 20 bis of the Company By-laws and by article 23 of the Rules of the Board of Directors, which regulate the number of meetings (Amended on December 13, 2007 by the Board of Directors to adapt it as deemed appropriate to the Code for the Good Governance of Listed Companies, and amended on that same date), calls to meetings, quorums, decision processes, the Chairman's deciding vote and the possible attendance of the Company Auditor, if especially summoned for this purpose.

In 2007 the Audit Committee held six meetings in which it carried out the duties with which it was entrusted, and for which purpose the necessary information and documents were made available to it. Following the close of the financial year, the Committee held another two meetings in February and March 2008, basically to review the 2007 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, with reference to the Board of Directors of the Company, the Rules of the Board establish 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 2007.

As regards the financial figures for 2007, 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 National Securities Market Commission (CNMV) and publication by way of the corresponding Relevant Facts.

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

#### **b) Individual and Consolidated Accounts for 2007**

At the proposal of the external Auditor, present at the Committee meeting of 20 November 2007, the Committee reviewed and approved the Audit Plan

for financial year 2007, including the means, method, criteria, scope and planning of the work, likewise identifying areas in need of special monitoring.

Likewise, 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.

During the meetings of 21 February and 27 March 2008, the Committee, with the aid of the external Auditors and the Corporate General Manager, examined the individual and consolidated Accounts for 2007 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 27 March 2008 for the formulation of the accounts.

#### **c) Appointment of the External Auditor**

During the meeting of 27 March 2008, the Committee also deliberated on the renewal of the Auditor (Deloitte, S.L.), proposed to the Board which, in turn, proposed the extension of its appointment to the General Meeting for financial year 2009.

#### **d) International Financial Reporting Standards (IFRS)**

In 2007, as in the three preceding years, the Audit Committee closely monitored the consequences of implementing the International Financial Reporting Standards and was informed for this purpose by the Corporate General Management of the Company and by the external Auditors.

#### **e) Internal Audits**

In 2007 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 a thorough and systemised fashion in future years.

Madrid, 27 March 2008