

ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



Results Report 1st Half 2010

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1. Executive Summary

1.1. Main financial figures

ACS Group			
Main financial figures		January - June	
Million Euro	2009	2010	Var. 10/09
Turnover	8,128	8,134	+0.1%
<i>International</i>	22.1%	29.0%	+31.7%
EBITDA	741	790	+6.6%
<i>Margin</i>	9.1%	9.7%	
EBIT	569	594	+4.4%
<i>Margin</i>	7.0%	7.3%	
Ordinary Net Profit from Continuing Operations*	446	493	+10.6%
Ordinary EPS	1.42 €	1.63 €	+15.0%
Attributable Net Profit	1,540	501	-67.4%
Cash Flow from Operations	366	485	+32.4%
Net Investments	(2,491)	1,024	n.a.
Investments	3,371	1,049	-68.9%
Disposals	5,862	25	n.a.
Total Net Debt (December 2009 and current quarter)	9,272	10,423	+12.4%
Net Debt with recourse	303	784	+158.5%
Non recourse Financing	8,969	9,639	+7.5%

* Profit after taxes not including exceptional results and discontinued operations

Note: all data is presented according to ACS management criteria. 2009 data are presented in comparable terms applying IFRIC 12 criteria.

- During the first half of 2010 Grupo ACS has accounted a total turnover of € 8,134 million, 0.1% more than last year's figure, backed by the significant growth of international sales (+31.7%) whose backlog is still growing at similar rates (+31.1%).
- EBITDA grew by 6.6%, accounting for € 790 million, whilst EBIT increased by 4.4% to € 594 million.
- Profit from continuing operations, not including the contribution of UNF in 2009 and Ports and Logistics on both exercises, grew by 10.6% up to € 493 million. Ordinary EPS grew by 15.0%.
- Net profit of the Group accounted for € 501 million, showing a decrease of 67.4% compared to June 2009 figures, when were accounted both the sale of 35.3% of Union Fenosa (€ 1,001 million) and its results up to February (€80 million).
- Cash flow from operations accounted for € 485 million, 32.4% higher than June 2009 figure.
- In the first half of 2010 total investments accounted for € 1,049 million. The disposals generated funds for € 25 million.
- Total net debt amounted to € 10,423 million. Out of that figure € 784 million correspond to net debt with recourse, whilst the non recourse debt amounted to € 9,639 million.

1.2. Main figures by activity

TURNOVER			January - June		
Million Euro	2009	%	2010	%	Var. 10/09
Construction	3,277	40%	3,120	38%	-4.8%
Concessions	34	0%	41	1%	+17.8%
Environmental Services	1,312	16%	1,380	17%	+5.2%
Industrial Services & Energy	3,556	44%	3,632	44%	+2.2%
Holding / Adjustments	(51)		(39)		
TOTAL	8,128		8,134		+0.1%

EBITDA			January - June		
Million Euro	2009	%	2010	%	Var. 10/09
Construction	244	32%	233	29%	-4.7%
Concessions	12	1%	13	1%	+12.7%
Environmental Services	171	23%	177	22%	+3.4%
Industrial Services & Energy	332	44%	389	48%	+17.0%
Holding / Adjustments	(18)		(22)		
TOTAL	741		790		+6.6%

EBIT			January - June		
Million Euro	2009	%	2010	%	Var. 10/09
Construction	204	35%	194	31%	-4.9%
Concessions	6	1%	7	1%	+26.1%
Environmental Services	105	18%	104	17%	-0.3%
Industrial Services & Energy	274	46%	312	51%	+13.7%
Holding / Adjustments	(20)		(23)		
TOTAL	569		594		+4.4%

NET PROFIT			January - June		
Million Euro	2009	%	2010	%	Var. 10/09
Construction	143	31%	136	28%	-4.8%
Concessions*	(9)	(2%)	(11)	(2%)	+27.2%
Environmental Services	78	17%	82	17%	+5.2%
Industrial Services & Energy	174	39%	185	38%	+6.0%
Listed Associates	66	15%	89	19%	+34.7%
Holding / Adjustments	1,088		20		
TOTAL	1,540		501		-67.4%

BACKLOG			January - June		
Million Euro	2009	months	2010	months	Var. 10/09
Construction	11,090	21	11,110	23	+0.2%
Industrial Services & Energy	6,579	12	6,873	12	+4.5%
Services	10,824	51	11,528	51	+6.5%
TOTAL	28,493		29,511		+3.6%

Note: The percentages have been calculated as the sum of the activities considered in each area

1.3. Relevant facts of the period

- Last June, 30th ACS signed with Natixis the extension for 1 year period, until March 2012, the contract related to equity swaps over 4.88%* stake of Iberdrola, keeping unchanged the rest of conditions.
- On May 27th, 2010, the Company's Executive Commission, following AGM 2009 decision on that matter, established a Share Options Plan of ACS for 6,203,454 shares, with a strike price of 34.155 Euros per share. The options shall be exercisable, in halves and in equal parts during the fourth and fifth years following 1st of May 2010.
- At the Shareholders Annual General Meeting of the Group, held on April 15th 2010, it was approved the distribution of a complementary gross dividend of 1.15 Euros per share, which was paid on July, 2nd, 2010. AS interim dividend paid in January 2010 amounted to 0.90 Euros per share, total dividend distributed against 2009 results was 2.05 Euros per share.

* Before capital increase from the scrip dividend

2. Consolidated financial statements

2.1. Income Statement

ACS Group					
Consolidated Income Statement					
					January - June
Million Euro	2009	%	2010	%	Var. 10/09
Net Sales	8,128	100.0%	8,134	100.0%	+0.1%
Other revenues	208	2.6%	164	2.0%	-21.3%
Total Income	8,337	102.6%	8,298	102.0%	-0.5%
Operating expenses	(5,627)	(69.2%)	(5,440)	(66.9%)	-3.3%
Personnel expenses	(1,968)	(24.2%)	(2,067)	(25.4%)	+5.0%
Operating Cash Flow (EBITDA)	741	9.1%	790	9.7%	+6.6%
Fixed assets depreciation	(169)	(2.1%)	(198)	(2.4%)	+17.6%
Current assets provisions	(4)	(0.1%)	2	0.0%	n.a.
Ordinary Operating Profit (EBIT)	569	7.0%	594	7.3%	+4.4%
Results on fixed assets disposals	1	0.0%	(8)	(0.1%)	n.a.
Other operating results	15	0.2%	47	0.6%	n.a.
Operating Profit	585	7.2%	633	7.8%	+8.2%
Financial income	221	2.7%	216	2.7%	-2.3%
Financial expenses	(351)	(4.3%)	(379)	(4.7%)	+8.0%
Ordinary Financial Result	(130)	(1.6%)	(163)	(2.0%)	+25.3%
Foreign exchange Results	(10)	(0.1%)	23	0.3%	n.a.
Impairment non current assets results	2	0.0%	(68)	(0.8%)	n.a.
Results on non current assets disposals	10	0.1%	4	0.1%	n.a.
Net Financial Result	(128)	(1.6%)	(204)	(2.5%)	+59.0%
Results on equity method	94	1.2%	120	1.5%	+27.3%
Ordinary income of continued operations	551	6.8%	549	6.8%	-0.4%
Corporate income tax	(95)	(1.2%)	(49)	(0.6%)	-49.0%
Profit after taxes of the continued operations	456	5.6%	500	6.2%	+9.8%
Profit after taxes of the discontinued operations	1,098	13.5%	22	0.3%	n.a.
Consolidated Result	1,554	19.1%	523	6.4%	-66.4%
Minority interest	(14)	(0.2%)	(21)	(0.3%)	+56.1%
Net Profit Attributable to the Parent Company	1,540	18.9%	501	6.2%	-67.4%

2.1.1. Net Sales

- Sales reached € 8,134 million, a 0.1% more than in the first half of 2009. This positive evolution is backed by the 5.2% growth in Environmental Services coupled by the 2.2% increase of sales in Industrial Services. These increases compensated the Construction activity that decreases by 4.8%, compared to 2009.
- International sales grew by 31.7% up to € 2,362 million, which means 29.0% of total sales. All activities grew significantly, particularly Construction, which increased its production by 71.3%.

- Growth in the international backlog, which reached € 11,590 million and that now accounts for 39.3% of the total, should be highlighted. This growth is backed by the Construction international evolution, whose backlog now represents 44.9% of the total after growing by 48.8%. Also Industrial Services international backlog has shown an outstanding performance growing by 50.1% to reach 44.3% of its total backlog.

2.1.2. Operating Results

- EBITDA accounted for € 790 million, 6.6% more than last year's figure. Margin over sales is 9.7%.
- The EBITDA growth achieved during this period is backed by the positive evolution of Industrial Services, which grew by 17.0%, as well as Environmental Services, which shows a good performance growing by 3.4%. These two areas compensate the drop in Construction EBITDA of 4.7%, due to the activity plunge in Spain.
- EBIT accounted for € 594 million, 4.4% above last year's figure. Margin on sales accounted for 7.3% , 30 b.p. up from June 09 figure.

2.1.3. Ordinary Financial Result

- Financial expenses accounted for € 379 million, showing an increase of 8.0% mainly due to the start up of several concessional and energy projects financed with non-recourse debt.
- Financial income amounted to € 216 million, 2.3% less than last year. The dividends from Iberdrola approved in the last AGM held the 26th of March, 2010, are included in this figure, and accounted for € 123.3 million and correspond to the 12% stake the Group held as of June 30th 2010.
- Forex results have contributed positively to this period net income, favoured by the US dollar – Euros exchange rate evolution in the last 6 months.

2.1.4. Ordinary income from continued operations

- Accounted for € 549 million, 0.4% below the figure from last year.
- Profit from affiliates accounting by the equity method reached for € 120 million. Abertis contributed with € 78.5 million and Hochtief accounted for € 29.4 million. The remaining is due to profits from minority stakes in several projects developed by Industrial Services.

2.1.5. Net profit attributable to the Parent Company

- Net profit attributable to the Parent Company reached € 501.4 million, meaning an decrease of 67.4% compared to 1H2009 figure when both, the sale of 35.3% of Union Fenosa and its results up to February 2009, were accounted.
- Ordinary net profit from continuing operations reached € 493 million growing by 10.6% in comparable terms, excluding the exceptional result from the accounting of the derivative related to the stock option plan awarded in May 2010. Ordinary EPS grew by 15%

Grupo ACS		January - June		
Ordinary Net Profit				
€ Million	2009	2010	Var. 10/09	
Net Profit	1,540	501	-67.4%	
Capital gain from 35,3% UNF	(1,001)			
Ordinary Profit from UNF	(80)			
Ordinary Profit from SPL	(13)	(22)		
Other exceptionals		14		
Ordinary Net Profit from Continuing Operations	446	493	+10.6%	
<i>Outstanding number of shares (average)</i>	<i>314.1</i>	<i>302.2</i>	<i>-3.8%</i>	
Ordinary EPS	1.42 €	1.63 €	+15.0%	

- Corporate taxes from continuing operations reached € 48.7 million. Effective tax rate, adjusted by those results whose contribution is already net of taxes (mainly equity method and dividends from financial investments), is around 16% as tax deductions have been accounted during this period.
- Net profit attributable to minority interests accounted for € 21.1 million and mainly corresponds to concession subsidiaries and other affiliates.

2.2. Consolidated balance sheet

ACS Group					
Consolidated Balance Sheet					
Million Euro	Dec-09	%	Jun-10	%	Var.
Intangible Fixed Assets	1,720	5.4 %	1,728	5.2 %	+0.5%
Tangible Fixed Assets	1,329	4.2 %	1,317	4.0 %	-0.9%
Concession Projects Assets	4,505	14.2 %	5,420	16.4 %	+20.3%
Property Assets	61	0.2 %	59	0.2 %	-2.6%
Investments accounted by Equity Method	4,095	12.9 %	4,135	12.5 %	+1.0%
Long Term Financial Investments	5,159	16.3 %	3,946	11.9 %	-23.5%
Financial Instruments Debtors	22	0.1 %	3	0.0 %	-84.8%
Deferred Taxes Assets	777	2.5 %	1,235	3.7 %	+58.9%
Fixed and Non-current Assets	17,668	55.7 %	17,844	54.0 %	+1.0%
Non Current Assets Held for Sale	1,179	3.7 %	1,218	3.7 %	+3.4%
Inventories	658	2.1 %	711	2.2 %	+8.0%
Accounts receivables	7,189	22.7 %	7,628	23.1 %	+6.1%
Short Term Financial Investments	2,710	8.5 %	3,226	9.8 %	+19.0%
Other Short Term Assets	86	0.3 %	90	0.3 %	+4.5%
Cash and banks	2,207	7.0 %	2,303	7.0 %	+4.4%
CURRENT ASSETS	14,029	44.3 %	15,176	46.0 %	+8.2%
TOTAL ASSETS	31,697	100 %	33,020	100 %	+4.2%
Shareholders' Equity	5,226	16.5 %	5,167	15.6 %	-1.1%
Adjustments from Value Changes	(1,006)	(3.2 %)	(1,909)	(5.8 %)	+89.7%
Minority Interests	290	0.9 %	291	0.9 %	+0.4%
Net Worth	4,509	14.2 %	3,549	10.7 %	-21.3%
Subsidies	91	0.3 %	79	0.2 %	-13.0%
Long Term Financial Liabilities	11,774	37.1 %	12,584	38.1 %	+6.9%
Deferred Taxes Liabilities	376	1.2 %	423	1.3 %	+12.6%
Long Term Provisions	402	1.3 %	348	1.1 %	-13.4%
Financial Instruments Creditors	320	1.0 %	508	1.5 %	+58.8%
Other Long Term Accrued Liabilities	242	0.8 %	245	0.7 %	+1.0%
Non-current Liabilities	13,205	41.7 %	14,187	43.0 %	+7.4%
Liabilities from Assets Held for Sale	845	2.7 %	863	2.6 %	+2.1%
Short Term Provisions	275	0.9 %	283	0.9 %	+3.0%
Short Term Financial Liabilities	2,415	7.6 %	3,368	10.2 %	+39.4%
Trade accounts payables	9,850	31.1 %	10,075	30.5 %	+2.3%
Other current payables	597	1.9 %	696	2.1 %	+16.5%
Current Liabilities	13,983	44.1 %	15,284	46.3 %	+9.3%
TOTAL EQUITY & LIABILITIES	31,697	100 %	33,020	100 %	+4.2%

2.2.1. Non-current assets

- Intangible fixed assets account for € 1,728 million of which € 1,151 million correspond to goodwill, whilst the tangible fixed assets account for € 1,317 million.

- Non-current assets in concessional projects account for € 5,420 million, mainly invested in renewable energy projects and transport concessions, which have been increased by more than € 900 million in the last six months as a result of the investments carried out in this kind of assets.
- Long term financial investments, including the 12.0% stake in Iberdrola as of 30th of June 2010 at market prices, account for € 3,946 million. Investments accounted by equity method include the stakes in Abertis and Hochtief and account for € 4,135 million.

2.2.2. Working capital

- Working capital presents a credit balance of € 2,625 million. The debit balance increase in these first six months of € 164 is due to two effects, the seasonal evolution in the areas of activity, which traditionally increase their debit balances during the first half of the year, as well as because of the dividends and taxes accrued but not paid until July.
- Last twelve months evolution of the working capital shows an improvement of € 594 million.

2.2.3. Net Debt

Net Debt (€ mn) June 30, 2010	Construction	Concessions	Environmental Services	Industrial Services	Corporation / Adjustments	Grupo ACS
Non-current loans from credit entities	256	27	911	206	1,842	3,242
Current loans from credit entities	850	304	547	492	778	2,970
Loans from credit entities	1,106	330	1,458	698	2,619	6,212
Other non-current financial liabilities	45	15	12	19	(15)	77
Other current financial liabilities	85	5	7	5	(78)	24
Other financial liabilities	131	21	18	24	(93)	100
Cash and equivalents	2,435	176	381	1,418	1,120	5,529
Net Debt / (Cash)	(1,198)	175	1,096	(695)	1,407	784
LT non recourse financing	140	689	192	3,103	5,142	9,266
ST non recourse financing	12	4	26	250	82	374
Non recourse financing	152	693	218	3,353	5,224	9,639
TOTAL NET DEBT	(1,046)	868	1,313	2,658	6,630	10,423

- Net debt of the Group by 30th of June 2010 reached € 10,423 million, being € 9,639 million without recourse whilst the operating activities present a net debt position of € 784 million.
- The non recourse debt in the Corporation accounts for € 5,224 million, corresponding to the financing of the vehicles used to acquire Iberdrola (€ 4,476 million) and Hochtief (€ 748 million) shares. The rest of non recourse debt, € 4,415 million, is coming from project finance, mainly from renewable energy assets.

- The net debt corresponding to the Ports and Logistics Services business area has been reclassified to the account “Liabilities from Assets Held for Sale” in the consolidated balance sheet of Grupo ACS.

2.2.4. Net worth

- Reached a € 3,549 million, of which € 5,167 million corresponds to shareholder’s equity. Adjustments for changes in value have a negative impact of € 1,909 million, mainly due to the Iberdrola share price evolution.

2.3. Cash flow statement

ACS Group		January - June	
Cash Flow Statement			
Million Euro	2009	2010	Var. 10/09
Net Profit	1,540	501	-67.4%
Adjustments to net profit without cash flow	(925)	237	
Working Capital Variation	(249)	(253)	
Cash Flow from Operating Activities	366	485	+32.4%
1. Investments	(3,371)	(1,049)	
2. Disinvestments	5,862	25	
Cash flow from Investing Activities	2,491	(1,024)	n.a.
1. Treasury stock acquisition	(298)	(188)	
3. Dividends paid	(287)	(283)	
4. Other adjustments	(214)	(141)	
Other Cash Flows	(798)	(612)	-23.3%
Total Cash Flow	2,060	(1,151)	n.a.

2.3.1. Cash flow from operations

- In the first half of 2010 the cash flow from operating activities accounted for € 485 million, € 119 million higher than in 1H09, meaning an increase of 32%. This growth has been influenced by the changes in operating working capital, which has increased its debit balance by € 253 million during the first six months of the year.

2.3.2. Net consolidated investments

- Total investments of the Group during the period reached € 1,049 million, while disposals amounted to € 25 million. Both are broken down as follows:

Grupo ACS			
Net Investments		January - June	
Euro Million	Gross Investment	Disposals	Net Investment
Construction	51	(13)	38
Concessions	299		299
Environmental Services	45	(4)	41
Industrial Services & Energy	645	(8)	636
Holding & others	9		9
TOTAL	1,049	(25)	1,024

- The Group has invested in Construction € 51 million, mainly in equipment and machinery.
- In Concessions, the Group has invested € 299 million, highlighting the € 110 million in the I-595 US highway, the € 157 million in Eje Diagonal Highway in Barcelona and the € 35 million in the Pyrenees Highway in Spain.
- In Environmental Services the Group has invested € 45 million, mainly in equipment and machinery. These figures do not include the net investments performed in Ports and Logistics area of activity.
- In Industrial Services, the Group has invested € 645 million, mainly in renewable energy projects, both in thermosolar plants (€ 341 million) and wind farms (€ 104 million), as well as in transmission lines (€ 130 million) and in desalinization plants (€ 38 million).

2.3.3. Cash flow from financing activities

- The debt of Grupo ACS has increased by € 1,151 million in this period, mainly after the investments performed, the treasury stocks acquired and the dividends paid in the period.
- During 2010 the Group has paid € 283 million in dividends for their shareholders corresponding to the year 2009, equivalent to 0.90 euros per share.
- During 2010 the Group has bought treasury stock for € 188 million. At the quarter closure, the treasury stock represented 4.9% of share capital.

3. Business Performance

3.1. Construction

Construction			
Main financial figures			January - June
Million Euro	2009	2010	Var. 10/09
Turnover	3,277.3	3,119.8	-4.8%
EBITDA	244.4	232.9	-4.7%
Margin	7.5%	7.5%	
EBIT	203.7	193.7	-4.9%
Margin	6.2%	6.2%	
Net Profit	142.6	135.7	-4.8%
Margin	4.3%	4.3%	
Backlog	11,090	11,110	+0.2%
Months	21	23	

3.1.1. Turnover breakdown by activity

Construction			
Turnover breakdown by activity			January - June
Million Euro	2009	2010	Var. 10/09
Civil Works	2,211.1	2,279.3	+3.1%
Non Residential Building	689.2	618.1	-10.3%
Residential Building	377.0	222.4	-41.0%
TOTAL	3,277.3	3,119.8	-4.8%
International	492.4	843.2	+71.3%
% over total sales	15%	27%	

- Sales in 2010 reached to € 3,119.8 million, 4.8% less than in 2009.
- The decrease in the activity in Spain during 2010 is still a consequence of the general decrease in the building activity in Spain, as well as because the reduction of civil works output due to the significant restriction of public administrations budgets.
- As a consequence of the budgetary measures announced by the Spanish Government in order to pursue fiscal consolidation, which include infrastructure investments cuts, a continuous reduction of activity is expected for the coming months.
- The international activity has grown by 71.3% as a result of the increase of the sales and backlog the United States, Canada and Chile in America and in Portugal, Poland and other countries in Europe. In these figures are included the sales of the companies acquired in 2009. The international production amounts for 27% of the total, twelve percentage points above last year's figure, and is almost completely focused on Civil Works.

3.1.2. Operating results

- EBITDA and EBIT margins maintain the same level as accounted last year, due to the change in the production mix, where higher-margin Civil Works is weighting more compared to the rest of activities. EBITDA margin remains at 7.5% and EBIT margin is 6.2%, both the same as last year.
- Net Profit accounted for € 135.7 million, 4.8% less than 2009 figure maintaining its margins on sales in the 4.3%.

3.1.3. Backlog evolution

Construction			
Backlog breakdown by activity			January - June
Million Euro	2009	2010	Var. 10/09
Civil Works	8,891.1	9,577.3	+7.7%
Non Residential Building	1,619.6	1,205.7	-25.6%
Residential Building	579.8	327.1	-43.6%
TOTAL	11,090.5	11,110.1	+0.2%
International	3,352.8	4,989.0	+48.8%
<i>% over total backlog</i>	30%	45%	

- Backlog reaches € 11,110 million, a level equivalent to 23 months of activity, which represents an increase of 0.2% compared to last year's figure.
- Civil Works backlog in Spain decreases by 17.2%, whilst the international backlog grows by 48.8%. As a whole, Civil Works backlog grows by 7.7%. International contracting activity during the first half of 2010 has exceeded € 1.5 billion, being more than 50% of total awarded contracts.
- Building backlog continues decreasing as a consequence of the evolution of the Spanish real estate market that is experiencing a sharp drop. Compared to the backlog accounted in June 2009, building backlog decreases by 43.6%.
- Consequently there is an increase in Civil Works weight in the backlog, representing 86% of the total as opposed to the 73% two years ago and 80% in June 2009. Also, it's worthy to highlight that the main driver of growth is abroad, now representing 45% of the total as it has grown by 48.8% in these first six months.

3.2. Concessions

Concessions		January - June	
Main financial figures			
Million Euro	2009	2010	
Turnover	34.4	40.6	
EBITDA	11.7	13.2	
EBIT	5.6	7.1	
Equity method	(11.4)	(2.7)	
Attributable Net Profit	(8.6)	(10.9)	

- Revenues and operating profits of Concessions activity are generated by several projects which are under operation, namely the motorways La Mancha, Santiago-Brion and Reus-Alcover, the transfer stations of Av America and Principe Pio in Madrid and some parking lots.
- The construction activity has started in the main contracts awarded last years, as for example the I-595 highway in the US and the Eix Diagonal highway and Subway Line 9, both of them in Barcelona.

3.3. Environmental Services

Environmental Services			
Main financial figures			January - June
Million Euro	2009	2010	Var. 10/09
Turnover	1,311.7	1,379.7	+5.2%
EBITDA	171.3	177.1	+3.4%
Margin	13.1%	12.8%	
EBIT	104.8	104.5	-0.3%
Margin	8.0%	7.6%	
Net Profit	78.1	82.2	+5.2%
Margin	6.0%	6.0%	
Backlog	10,824	11,528	+6.5%
Months	51	51	

3.3.1. Turnover breakdown by activity

Environmental Services			
Turnover breakdown by activity			January - June
Million Euro	2009	2010	Var. 10/09
Waste Management	811.0	832.7	+2.7%
Facility Management	500.7	547.0	+9.3%
TOTAL	1,311.7	1,379.7	+5.2%
International	172.1	199.4	+15.8%
% over total sales	13%	14%	

- In the first half of 2010 Environmental Services has increased its sales by 5.2%, based on the good performance of the Waste Management activities, that grew by 2.7%, and the Facility Management area, that grew by 9.3%. Ports and Logistics area has been excluded from the income figures due to its sale process.
- Sales in the domestic market show its stability and grew by 3.6% in these six months. At the same time, the international sales showed an increase of 15.8% based on the solid activity of international treatment plants projects, awarded during the last years.

3.3.2. Operating results

- EBITDA grew by 3.4% and EBIT had a slight decline of 0.3% as a result of an increase of depreciations and working capital provisions. Margin on sales account for 12.8% (EBITDA) and 7.6% (EBIT).
- Decrease in margins is due to, on one hand a higher pressure on prices in the collection, cleaning and gardening activities, and on the other hand an increase of depreciations in the Waste Management activity, as a consequence of several treatment plants abroad starting their operation in the last months.
- Net Profit grew by 5.2% with a margin on sales of 6.0%. This figure includes the contribution of Ports and Logistic Services as a Discontinued Operation for € 22.0 million.

3.3.3. Backlog evolution

Environmental Services Backlog breakdown by activity			
Million Euro	2009	2010	January - June Var. 10/09
Waste Management	9,827.2	10,339.3	+5.2%
Facility Management	997.2	1,188.2	+19.2%
TOTAL	10,824.4	11,527.5	+6.5%
International	3,456.2	3,553.8	+2.8%
% over total backlog	32%	31%	

- Environmental Services backlog accounts € 11,528 million, more than 4 years of activity, and growing by 6.5%. The international backlog is now 31% of the total and grows by 2.8%.

3.4. Industrial Services & Energy

Industrial Services & Energy			
Main financial figures			January - June
Million Euro	2009	2010	Var. 10/09
Turnover	3,555.6	3,632.1	+2.2%
EBITDA	332.3	388.7	+17.0%
Margin	9.3%	10.7%	
EBIT	274.1	311.7	+13.7%
Margin	7.7%	8.6%	
Net Profit	174.5	185.0	+6.0%
Margin	4.9%	5.1%	
Backlog	6,579	6,873	+4.5%
Months	12	12	

3.4.1. Turnover breakdown by activity

Industrial Services & Energy			
Turnover breakdown by activity			January - June
Million Euro	2009	2010	Var. 10/09
Support Services	2,150.4	2,176.3	+1.2%
Networks	453.8	382.0	-15.8%
Specialized Products	1,180.8	1,269.6	+7.5%
Control Systems	515.8	524.7	+1.7%
EPC Projects	1,342.5	1,363.5	+1.6%
Renewable Energy: Generation	108.3	137.2	+26.6%
<i>Consolidation Adjustments</i>	<i>-45.6</i>	<i>-44.9</i>	<i>n.a.</i>
TOTAL	3,555.6	3,632.1	+2.2%
International	1,121.7	1,304.3	+16.3%
% over total sales	32%	36%	

- Sales on Industrial Services grew solidly in the first half of 2010 by 2.2%.
- Support Services activity grows by 1.2% and its affected by the decrease in the maintenance activity in Spain (-7%); nevertheless, this effect is being partly compensated by the increase of international sales, specially Specialized Products that grows by more than 35%.
- EPC Projects activity grew solidly by 1.6%, with an excellent performance in the international markets that contribute to the sales growth with 14.9%.
- Renewable energy generation activity grows by 26.6%.

3.4.2. Operating results

- EBITDA grew by 17.0% with a margin on sales of 10.7%, 140 b.p. better than last year as a result of the change of mix experienced, where EPC Projects and Renewable Energies have a greater weight.

- EBIT grew by 13.7% leaving the margin on sales on 8.6%, 90 b.p. better than last year. The increase in the depreciation account is generated by the higher contribution of capital intensive businesses as the investments in energy concessions.

3.4.3. Backlog evolution

Industrial Services & Energy		January - June	
Backlog breakdown by activity			
Million Euro	2009	2010	Var. 10/09
Support Services	4,229.7	4,330.5	+2.4%
EPC Projects & Renewables	2,349.6	2,542.1	+8.2%
TOTAL	6,579.3	6,872.6	+4.5%
Domestic	4,549.7	3,825.6	-15.9%
International	2,029.6	3,047.0	+50.1%
% over total backlog	31%	44%	

- The backlog of € 6,873 million (+4.5%) means more than a year of activity.
- International backlog grows by more than 50%, backed by the good performance of EPC Projects area that has been awarded with several turn-key contracts in Mexico, Panama, China, Uzbekistan and Norway.
- The Mexican market, with a current backlog over € 1 billion, shows the highest growth potential with significant contracts in the energy sector, including facilities for the electricity and oil&gas industries.

3.5. Affiliated Listed Companies

Associates			
Main financial figures		January - June	
Million Euro	2009	2010	Var. 10/09
Abertis	68.1	78.5	+15.3%
Hochtief	23.2	29.4	+26.8%
Iberdrola	118.9	123.3	+3.7%
Income from Associates	210.2	231.3	+10.0%
Financial expenses	(204.5)	(201.8)	-1.3%
Corporate tax	60.5	59.7	-1.4%
Attributable Net Profit	66.2	89.1	+35%

- The contribution from these companies to the Net Profit of the Group, before financial expenses and taxes accounts for € 231.3 million, 10.0% more than last year.
 - Abertis contribution accounted for € 78.5 million.
 - The stake of 29.9% that ACS Group holds in Hochtief has contributed with € 29.4 million by equity method.
 - Iberdrola has contributed with its accrued dividends of € 123.3 million accounted as financial income.
- Financial expenses associated to the investments in these companies account for € 201.8 million. The positive tax impact accounts for € 59.7 million.
- Hence, attributable net profit of the listed affiliates in by 30th of June 2010 accounts for € 89.1 million, 35% more than last year.

4. Material facts occurring since the last close

- According to the decision of the Annual General Meeting, ACS Actividades de Construcción y Servicios, S.A. paid a complementary gross dividend of 1.15 Euros per share the 2nd of July 2010, attributable to the 2009 results.

5. Description of main risks and uncertainties

- Grupo ACS undertakes its activities in various sectors, countries and legal and economic environments and is thus exposed to the different degrees of risk inherent in the businesses it conducts.
- Grupo ACS monitors and manages these risks to prevent them from: affecting the return obtained by its shareholders; becoming a danger for its employees or its corporate reputation; creating difficulties for its customers or having a negative effect on the Group as a whole. To do this the Group has a series of instruments that allow it to identify risks sufficiently in advance to be able to manage them adequately, whether by forestalling their occurrence or minimising their impact, and, in all cases, by ranking them in order of importance. Of special note in this context are the control systems in place with respect to bidding for tenders, contracting, planning and managing works and projects, and managing quality, environmental issues and human resources.
- In addition to the risks inherent in its various business activities, Grupo ACS is exposed to various financial risks, such as changes in interest rates or exchange rates, liquidity risk and credit risk.
- Risks arising from sudden changes in interest rates are mitigated by hedge instruments that cushion their effects.
- The risk of fluctuations in the rate of exchange is managed by acquiring debt instruments in the same effective currency as the assets that the Group finances abroad. To cover net positions in currencies other than the euro, the Group obtains hedge instruments that mitigate its exposure to the exchange-rate risk.
- To manage the liquidity risk arising from temporary imbalances between funding requirements and receipt of the necessary funds, a balance is procured between the two terms involved while, at the same time, the Group borrows on a flexible basis designed to cater for its funding needs at any given time. This is done in close coordination with the management of its capital base, which aims at maintaining an optimal equity and borrowing position in order a) to reduce borrowing costs, and b) to allow the Group to undertake its activities at adequate debt-to-equity ratios. In this sense, its worthwhile to highlight the renewal of the Iberdrola Equity Swap referred to 4.88% of the shares of the company whose exercising period has been extended up to March 2012.

- Lastly, credit risk arising from non-performing business loans is managed by carefully gauging the solvency of potential customers both at the outset of relations and subsequently in the course of contract completion, assessing the credit rating of amounts outstanding and subjecting to constant review both the amounts held recoverable and those considered doubtful.
- Monitoring risk of a financial nature is undertaken by strict application of IFRS (in line with the new Spanish accounting rules) and by drawing up regular reports to ensure that monitoring and controlling such risks remains an intrinsic part of management decision-making.
- The Corporate Governance Report and the Annual Consolidated Accounts for Grupo ACS go into greater detail on the above risks and the instruments used to control them.
- In the next semester, based on the information available to it at the present time, Grupo ACS does not expect to encounter risks or uncertainties that differ materially from those present in the last semester except for those derived from the Construction activity in Spain, as a result of the public investment cuts planned by the Government in order to reduce its deficit to meet the fiscal consolidation measures demanded by the European Union.

6. Human Resources

At 30th June 2010, the ACS Group employed a total of 142,974 individuals, of which more than 12,000 have a university degree. In this period, the ACS Group created 798 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 specialization, 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, specialized 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.

7. Technological Innovation and Environmental Protection

Research and development activities

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

- 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 and Energy area is relating to technological improvements in the energy area, including renewable energies, urban control systems and systems relating to high speed trains.
- In the Environment area, efforts are concentrated on two main activities: the improvement of solid urban waste management and the reduction of CO2 emissions.

Environmental protection

The ACS Group's main activity, namely the development and maintenance of infrastructures, involves environmental impacts including the use of materials deriving from natural resources, the use of energy (both during construction and during the life of the various infrastructures), the generation of waste, as well as both visual effects and effects on the landscape.

In line with its vocation to protect the environment, which has prevailed since its creation, the ACS Group promotes two main action areas: an environmental policy 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.

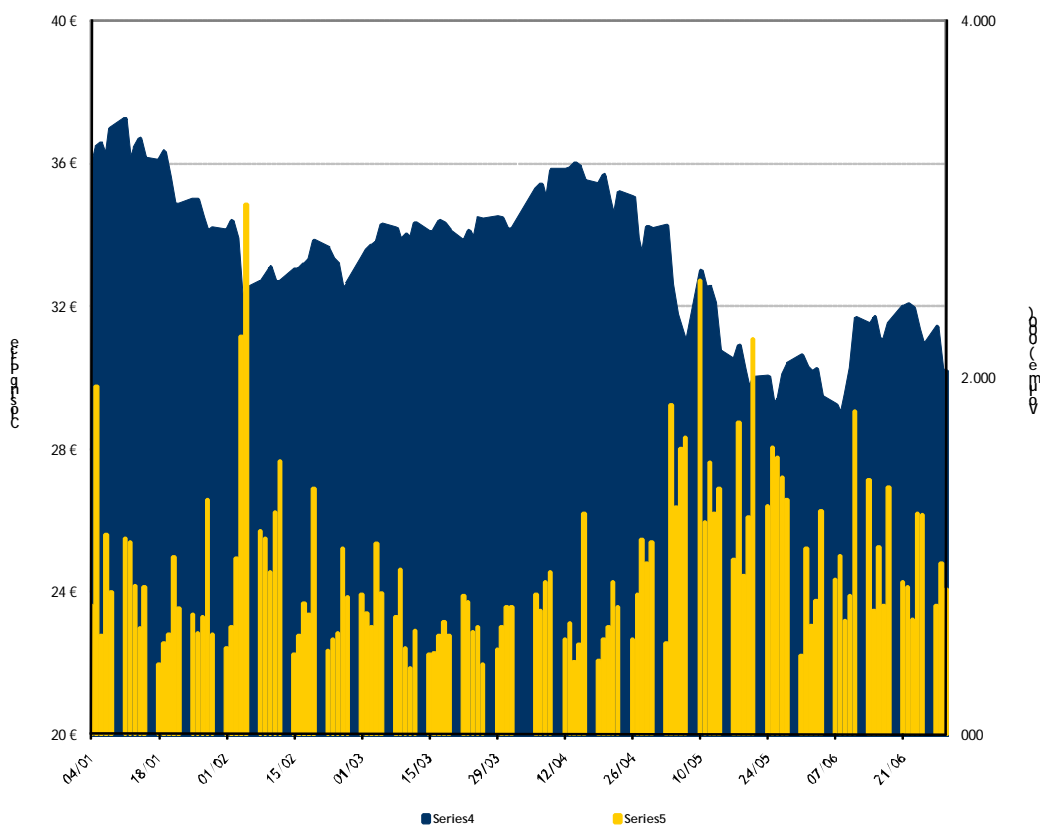
8. Information on related parties

- The information on transactions with related parties is contained in the relevant section of the annual financial report filed with the CNMV.
- During the last semester the operations with related parties did not materially affect either the financial position or the results of the Group in the period.
- All the Group's transactions with related parties were undertaken in the course of normal business, in market conditions and correspond to the usual transactions of the companies of the Group.

Annexes

Annex I. Stock price evolution

ACS Shares Data	1H09	1H10
Closing price	36.05 €	30.19 €
YTD performance	10.41%	-13.27%
Maximum in the period	38.75 €	38.80 €
Maximum Date	30-Apr	5-Jan
Minimum in the period	27.67 €	28.59 €
Minimum Date	9-Mar	25-May
Average in the period	34.13 €	32.85 €
Total volume ('000)	113,760	117,621
Daily average volume ('000)	888.75	918.92
Total traded effective (€ mn)	3,883	3,864
Daily average effective (€ mn)	30.34	30.19
Number of shares (mn)	314.66	314.66
Market cap (€ mn)	11,343	9,500



Annex II. Main contracts awarded

i. Construction

Civil Works – Roads

- Works for the construction of the Puerto Montt-Pargua highway in Chile.
- Works for the AP-7 highway (Gerona, Spain).
- Project for M-509 road extension, in the section between M-50 and Villanueva del Pardillo (Madrid, Spain).
- Works on Almanzora highway for the connection to the AL-7106 road in Almería (Spain).
- Improvement works for the Eje Diagonal street in Barcelona (Spain).

Civil Works - Railways

- Works for the construction of the high-speed railway line between San Isidro and Orihuela (Alicante, Spain)
- Project for the construction of the Sagrera railway station (Barcelona, Spain)
- Railway platform construction for the Madrid-Galicia high-speed line in the stretch between Ponte Ambia and Tabolea (Orense, Spain)
- Works on Barcelona's Metro 9 line (Spain)
- "Construction of the high-speed railway line on the Sevilla- Cádiz route, in the stretch between Utrera and Jerez Airport (Spain). "
- Works for the high-speed railway section between Caudete and Alicante (Spain)
- Works for the construction of a by-pass tunnel in Atocha railway station (Madrid, Spain)
- Railway line construction between Son Servera and Arta in Mallorca (Spain)
- Works for the railway improvement in the stretch between Villar Chinchilla and Almansa (Albacete, Spain)
- Works for the connection between the new terminal of the Barcelona airport and the Barcelona's Metro 9 line (Spain)
- Improvement works for the railway system in an area of Chile.
- Project for an interchange on New York's subway, the Fulton Street Transit Centre (U.S.A.).

Civil Works – Hydraulic or Maritime

- Construction of the jetty and other improvements works in the Gijón Port (Asturias, Spain)
- Works for the construction of Punta de Langosteira port's dike (La Coruña, Spain).
- Works for the construction of a Cádiz Bridge section (Cádiz, Spain).
- Works for the enlargement of a dock in the port of Cartagena (Murcia, Spain)
- Construction and exploitation of the sewage treatment plant in Benicarló (Castellón, Spain).
- Works for the Rio Puerto Nuevo flood control project in San Juan (Puerto Rico, U.S.A.).
- Mapocho water treatment plant construction in Chile.

Non Residential Building

- Málaga II correctional facility construction in Málaga (Spain).
- Project for the new Can Misses Welfare Centre and two associated health centres construction (Ibiza, Spain).
- Works for the extension of the Valencia Airport parking (Valencia, Spain).
- Construction of the heliport for the Reus Hospital (Barcelona, Spain).
- Construction of the extension of Sevilla Airport parking (Sevilla, Spain).
- Works for the improvement of La Fe Hospital in Valencia (Spain).
- Refurbishment of a steel plant in Avilés (Asturias, Spain).
- Hotel Paseo de Gracia building in Barcelona (Spain).
- Works for the new Banco Popular headquarters building (Madrid, Spain).
- New "Mercado del Fondo" building construction in Santa Coloma (Barcelona, Spain).

Residential Building

- Project for the building of a housing development in Velilla (Madrid, Spain).
- Building of 152 apartments in Madrid (Spain).
- Project for 132 apartment financed by the government building (Zaragoza, Spain).
- Building of 194 apartments financed by the government (Madrid).

ii. Concessions

- Contract to finance, build, operate, maintain of the 40 Km of the South Fraser Highway, in British Columbia province, south of Vancouver.
- The project for to execute the works for the new Can Misses Welfare Centre and two associated health centres (Ibiza), as well as their conservation and maintenance throughout the term of the concession
- Construction, conservation and operation of 10 new health centres and basic health units on the island of Mallorca.

iii. Environmental Services

Environment

- Project for the construction and exploitation of an energy recovery plant in Bayona (France).
- Extension of the contract for the management of a solid urban waste treatment plant in Alicante (Spain).
- Contract for the water supply system of the city of Totana (Valencia, Spain).
- Extension of the contract for urban waste collection and treatment in the Hereford and Worcester County (United Kingdom).
- Urban waste collection services for the city of La Rochelle (France).
- Contract for cleaning services and other services in Ayamonte beaches (Huelva, Spain).

- Contract for urban waste collection services in the area of La Challeville-Mezisres (France).
- Project for the construction of a solid urban waste treatment plant in Antequera (Málaga, Spain).

Facility Management

- Cleaning, disinfected, treated for insects and treated for rodents' services for the facilities of the Spanish Police.
- Extension of the contract for the freight transportation in the Barajas Airport (Madrid, Spain).
- Home help service contracts for the city of Almeria (Spain).
- Catering services for Son Dureta Hospital (Palma de Mallorca, Spain).
- Concession for the management of two sports facilities in Vitoria (Spain).
- Cleaning services for Nuestra Señora de la Candelaria Hospital in Tenerife (Spain).
- Contract for the cleaning services of the commuters trains in two areas of Spain.
- Cleaning services for sports facilities in the city of San Sebastian (Spain).
- Extension of the contract for street cleaning services, beach and urban gardening maintenance services for the council of Vera (Almería).
- Contract for cleaning services in the Vall d'Hebrón Hospital (Spain).
- Urban gardening maintenance services in Málaga (Spain).
- Extension of the contract for cleaning services in the health centres of the Agencia Valenciana de Salud and Consellería de Sanidad (Valencia, Spain).
- Extension of the contract for the advertising space in Madrid's Subway (Spain).

iv. Industrial Services and Energy

Networks

- Construction and maintenance contract during three years, of the energy distribution network of Iberdrola in several areas of Spain.
- Contract for management operations and distribution network maintenance of Union Fenosa in two areas of Panama.
- Supply services and management of supply points for Gas Natural in Spain.

Specialized Products

- Works for the construction of a high-voltage transmission line in Araraquara State (Brazil).
- Works for the railway electrification system for the high-speed line between Madrid, Barcelona and the French border (Spain).
- Gas pipelines construction for the Nejo plant in Mexico.
- Works for the construction of 4 high-voltage transmission lines and 2 electrical substations in Jalisco State (Mexico).

- Construction and maintenance of overhead line installations and associated systems for the stretch between Albacete and Alicante station on the high-speed line connecting Madrid, Castilla La Mancha, Valencia and Murcia (Spain).
- Supply and assembly of engine for a plant in Reunion Island (France).
- High-voltage transmission line and electrical substation in Campeche (Mexico).
- Assembly and instrumentation engineering works for an hydrocracker unit for the Spanish company Técnicas Reunidas.
- Contract for services and technical support to the users of Telefónica (Spain).
- Mechanical assembly work on various units for the refinery expansion project for Repsol in Cartagena (Murcia, Spain).

EPC Projects

- Project for the construction of the Manzanillo combined cycle plant, with and installed capacity of 1,400 MW (Mexico).
- Project for the engineering construction of two topsides and bridges associated for an oil offshore platform in the North Sea (Norway).
- Hydroelectric power plant construction in Panama.
- Project for the construction of two water treatment plants, Dumbraveni and Arpasel, in Romania.
- Contract for the development of El Alto Maipo hydroelectric power plant project (Panama)

Control Systems

- Implementation of signalling, communication, control and protection system on railway line (Orense, Spain).
- Contract for Intelligent Transportation Systems (ITS) installation in the I-595 highway (Miami, USA).
- Maintenance and exploitation works for several areas of Guipuzcoa road system (Spain).
- Maintenance services for Vizcaya roads (Vizcaya, Spain).

DISCLAIMER

This document contains forward-looking statements on the intentions, expectations or forecasts of Grupo ACS or its management at the time the document was drawn up and in reference to various matters including, among others, its customer base, its performance, the foreseeable growth of its business lines and its overall turnover, its market share, the results of Grupo ACS and other matters relating to the Group's activities and current position. These forward-looking statements or forecasts can in some cases be identified by terms such as "expectation", "anticipation", "proposal", "belief" or similar, or their corresponding negatives, or by the very nature of predictions regarding strategies, plans or intentions.

Such forward-looking statements or forecasts in no way constitute, by their very nature, guarantees of future performance but are conditional on the risks, uncertainties and other pertinent factors that may result in the eventual consequences differing materially from those contained in said intentions, expectations or forecasts.

ACS, Actividades de Construcción y Servicios, S.A. does not undertake to publicly report on the outcome of any revision it makes of these statements to adapt them to circumstances or facts occurring subsequent to this presentation including, among others, changes in the business of the company, in its strategy for developing this business or any other possible unforeseen occurrence. The points contained in this disclaimer must be taken fully into account by all persons or entities obliged to take decisions or to draw up or to publish opinions on securities issued by Grupo ACS and, in particular, by the analysts and investors reading this document. All the aforesaid persons are invited to consult the public documentation and information that Grupo ACS reports to or files with the bodies responsible for supervising the main securities markets and, in particular, with the National Securities Market Commission (CNMV in its Spanish initials).

This document contains financial information drawn up in accordance with International Financial Reporting Standards (IRFS). The information has not been audited, with the consequence that it is not definitive information and is thus subject to possible changes in the future

Translation of this report originally issued in Spanish. In event of discrepancy, the Spanish language version prevails.

Investor Relations Department

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