

NET PROFITS OF ACS INCREASED 38% DURING THE FIRST HALF OF 2006, UP TO €376 MILLION

- *Revenues for the group during these six months grew 18.8% up to €6,798 million.*
- *The positive contracting evolution, which increased 22%, has enabled the portfolio to reach a historical maximum of €27,677 million.*

Consolidated Results

During the first half of 2006, the ACS Group obtained net profits of €376 million, 38% more than during the same period in 2005, supported by the positive evolution of all operating activities and the increasing contribution of invested companies.

Revenues reached €6,798 million, representing an 18.8% increase with all activities growing by more than two digits. International sales represent 16% of total sales, reaching €1,090 million during the first half.

Operating income displayed a solid evolution. Hence, gross operating profits (EBITDA) increased 19.2% to €598 million, which represents a margin on sales of 8.8%. Furthermore, net operating profits (EBIT) totalled €450 million, also growing 19.2%, which represents a margin on sales of 6.6%.

The net contribution to income during the first half of listed companies, in which it has an interest, after deducting financial expenses and taxes associated to the total investment performed, was €106 million thanks to the good results obtained by the companies and the inclusion of Union Fenosa in the group's consolidation perimeter.

Earnings by business areas

Construction

Sales in the construction activity totalled €3,185 million, 20.5% more than in the last period. This considerable growth is due to the strong activity of the domestic market, especially in the civil engineering and non

residential construction areas. Net profits also grew 20.5% totalling €134 million.

The portfolio at the end of June totalled €10,124 million, equal to 20 months of production. Some of the most notable tenders awarded during this period are the construction of the Plaza railway complex in Zaragoza, the remodelling of the new Sants station for the AVE in Barcelona, the expansion of the A-8 in Asturias between Navia and Tapia Casariegos, the construction of the Villalba Barros dam in Badajoz, the construction of the new penitentiary in Morón de la Frontera (Seville) and the construction and maintenance under concession regime of ten police stations in Catalonia. In addition, Dragados became the successful bidder of the first contract to extend the New York metro in early June, consisting in drilling a railway tunnel using a tunnel boring machine between Queens and the emblematic Grand Central station in Manhattan. Furthermore, the modernization of the I-287 interstate highway was awarded that same month for the New York State Transport Department.

Industrial services

The Industrial Services area increased its sales 19.3% to €2,340 million, with a strong increase in terms of international activities, which already represents 33% of its sales. Operating profits grew 24.6% to €167 million and net profits reached €107 million, 25.4% more than the previous year.

The portfolio at the end of June represented €4,755 million, 18% more than in June 2005. Some of the projects engaged in the last months include the 50MW solar heat plant of Andasol 1 in Granada, the largest of its characteristics; the refurbishment and expansion of a polyethylene plant in Kuwait; the installation of power and signalling systems for several Metro lines in Madrid and the construction or expansion of several oil extraction, production and refinery projects. In July, the group became the successful bidder of a contract in Saudi Arabia for the construction of four Ammonium Phosphate plants, which shall become one of the top five fertilizer production complexes.

Services

Revenues for the Services area represented €1,310 million, a 13.2% increase; operating profits increased 12.8% up to €108 million and net profits grew 19.8% to €61 million. The current portfolio is almost €12,800 million, equal to 61 months of production. Some of the recent successful tenders include the cleaning and waste collection contracts in San Fernando (Cadiz) and Meknes (Morocco), the construction and operation of

several waste water treatment plants in Aragon, the contract for cleaning beaches in the metropolitan area of Barcelona and the comprehensive management of services in several student residences of the Carlos III University.

Finally, the Group has just entered the Brazilian port services market with the acquisition of 50% of the mixed terminal in the Sao Francisco do Sul port, which is expected to double its capacity to 600,000 TEUs.

Net investments and borrowing

One of the most notable investments was the takeover bid ended in March 2006 for an additional 10% of the capital of Union Fenosa, which totalled €1,005 million. The rest of investments during the period, €628 million, corresponds to the various activities of the Group dedicated to promoting its organic growth, highlighting investments in infrastructure concession projects, waste treatment plants and renewable energy projects.

Net borrowing, excluding financing of projects, totalled €2,533 million at the end of June 2006, which represents 93% of the Group's net equity. In addition, project financing presented a balance of €3,255 million.

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