ACS, Actividades de Construcción y Servicios, S.A.

Financial Statements for the year ended 31 December 2009 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 and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 4 and 22). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see notes 4 and 22). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
ACS, Actividades de Construcción y Servicios, S.A.:

1. We have audited the financial statements of ACS, Actividades de Construcción y Servicios, S.A. comprising the balance sheet at 31 December 2009 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.

2. As required by Spanish corporate and commercial law, for comparison purposes the directors present, in addition to the figures for 2009 for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, the figures for 2008. The presentation of the figures relating to the income statement for 2008 differs from that contained in the approved financial statements for that year as it includes the reclassification of income detailed in Note 2.4 to the accompanying financial statements. On 1 April 2009, we issued our auditors' report on the 2008 financial statements, in which we expressed an unqualified opinion.

3. ACS, Actividades de Construcción y Servicios, S.A. is the parent of a group of companies which presents consolidated financial statements separately from the accompanying financial statements. On this same date, we issued our auditors' report on the 2009 consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs), in which we expressed an unqualified opinion. Per the consolidated financial statements prepared in accordance with EU-IFRSs, total assets and consolidated sales amounted to EUR 31,754,213 thousand and EUR 15,605,930 thousand, respectively, and the profit for the year and equity attributable to the parent totalled EUR 1,951,531 thousand and EUR 4,303,410 thousand, respectively.

4. In our opinion, the accompanying financial statements for 2009 present fairly, in all material respects, the equity and financial position of ACS, Actividades de Construcción y Servicios, S.A. at 31 December 2009 and the results of its operations, the changes in equity and its cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with the generally accepted accounting principles and standards under the Spanish regulations applicable to the Company applied on a basis consistent with that used in the preparation of the figures and information for the preceding year, which were included in these financial statements for comparison purposes.

Deloitte S L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C I F: B-79104469
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Member of Deloitte Touche Tohmatsu

5. The accompanying directors' report for 2009 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2009. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.

Registered in ROAC no. S0692

Javier Parada Pardo
11 March 2010

ACS, Actividades de Construcción y Servicios, S.A.

Financial Statements
and Directors' Report for the year
ended
31 December 2009

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

BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

(Thousands of Euros)

ASSETS	Note:	31/12/2009	31/12/2008
NON-CURRENT ASSETS		7,197,842	5,663,302
Intangible assets	5	631,857	631,857
Goodwill		631,855	631,855
Computer Software		2	2
Property, plant and equipment	6	10,343	8,693
Land and structures		395	395
Plant and other items of property, plant and equipment		9,906	8,256
Property, plant and equipment in the course of construction and advances		42	42
Investment property	7	1,355	1,407
Non-current investments in Group companies and associates	9.3	4,740,453	4,939,905
Equity Instruments		2,716,458	2,871,926
Loans to companies		2,023,995	2,067,979
Non-current financial assets	9.1	1,713,844	3,394
Equity Instruments		1,712,788	2,674
Loans to third parties		35	35
Other financial assets		1,021	685
Deferred tax assets	15.5	99,990	78,046
CURRENT ASSETS		2,875,372	3,230,453
Non-current assets held for sale	11	-	390,486
Inventories		80	68
Trade and other receivables		401,188	337,395
Trade receivables for sales and services		4,268	4,678
Receivable from Group companies and associates		215	399
Sundry accounts receivable		294,776	232,180
Employee receivables		196	188
Current tax assets	15.1	100,734	98,620
Other accounts receivable from public authorities	15.1	999	1,330
Short-term investments in Group companies and associates	18.2	598,998	1,404,988
Current financial assets	9.2	1,871,649	1,093,992
Current accruals and prepayments		1,000	925
Cash and cash equivalents		2,457	2,599
TOTAL ASSETS		10,073,214	8,893,755

EQUITY AND LIABILITIES	Note:	31/12/2009	31/12/2008
EQUITY	12	2,402,237	2,350,795
SHAREHOLDERS' EQUITY		2,472,102	2,393,903
Share capital		157,332	159,322
Share premium		897,294	897,294
Reserves		863,290	519,722
Legal and statutory		35,287	35,287
Other reserves		828,003	484,435
Profit for the year		837,384	1,104,345
Interim dividend	3	(283,198)	(286,780)
ADJUSTMENTS FOR CHANGES IN VALUE		(69,865)	(43,108)
NON-CURRENT LIABILITIES		6,019,289	3,140,447
Non-current provisions	13.1	80,958	68,285
Non-current liabilities	14.1	4,171,804	2,486,893
Bank borrowings		4,143,750	1,888,159
Non-current liabilities relating to financial derivatives	10	28,054	598,734
Non-current payables to Group companies and associates	18.2	1,497,585	307,171
Deferred tax liabilities	15.6	268,942	278,098
CURRENT LIABILITIES		1,651,688	3,402,513
Current provisions	13.1	12,280	11,165
Current payables	14.2	374,313	1,698,136
Bank borrowings		90,544	1,410,886
Other financial liabilities		283,769	287,250
Payable to Group companies and associates	18.2	1,086,266	1,578,286
Trade and other payables		178,829	114,926
Payable to suppliers		780	1,586
Payable to suppliers - Group companies and associates		3,324	3,113
Sundry accounts payable		22,901	104,585
Remuneration payable		4,815	4,790
Current tax liabilities	15.1	146,166	-
Other accounts payable to public authorities	15.1	843	852
TOTAL EQUITY AND LIABILITIES		10,073,214	8,893,755

The accompanying Notes 1 to 22 are an integral part of the balance sheet at 31 December 2009.

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

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Thousands of Euros)

	Note:	31/12/2009	31/12/2008
CONTINUING OPERATIONS			
Revenue	17.1	947,555	901,449
Changes in inventories of finished goods and work in progress		13	(188)
Capitalised expenses of in-house work on assets		1,937	1,238
Procurements		(6,811)	(6,791)
Cost of raw materials and other consumables used		(671)	(896)
Contract work carried out by other companies		(6,140)	(5,895)
Other operating income		7,292	10,660
Staff Costs		(23,847)	(25,089)
Wages, salaries and similar expenses		(19,590)	(20,463)
Employee benefit costs	17.2	(4,257)	(4,626)
Other operating expenses		(24,739)	(28,089)
Outside services		(21,550)	(25,042)
Taxes other than income tax		(1,945)	(1,793)
Losses on, impairment of and change in allowances for trade receivables		(1,244)	(1,254)
Depreciation and amortisation charge		(1,257)	(1,123)
Impairment and gains on the disposal of non-current assets		1	-
Other profit or loss	17.4	(8,811)	19,223
OPERATING INCOME		891,333	871,290
Finance income		25,028	20,413
From marketable securities and other financial instruments	17.3	25,028	20,413
Finance costs	17.3	(227,748)	(317,630)
On debts to Group companies and associates		(39,296)	(94,071)
On debts to third parties		(188,452)	(223,559)
Changes in the fair value of financial instruments	10.2, 17.3	2,986	(650,767)
Exchange differences		(32)	37
Impairment and gains or losses on the disposal of financial instruments	9.3	(28,048)	981,009
Impairment and losses		(28,048)	3,612
Gains or losses on disposals and others	9.3	-	977,397
FINANCIAL PROFIT		(227,814)	33,062
PROFIT BEFORE TAX		663,519	904,352
Income tax	15	54,386	106,073
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		717,905	1,010,425
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations net of taxes	19	119,479	93,920
PROFIT FOR THE YEAR		837,384	1,104,345

The accompanying Notes 1 to 22 are an integral part of the 2009 income statement.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Thousands of Euros)

A) Statements of recognised income and expenses for the years ended 31 December 2009 and 2008

		31/12/2009	31/12/2008
A)	**Profit per income statement**	837,384	1,104,345
B)	**Income and expenses recognised directly in equity**	(26,757)	(62,489)
I.-	Arising from the measurement of financial instruments	(72,366)	-
II.-	Arising from cash flow hedges	34,142	(89,270)
III.-	Tax effect	11,467	26,781
C)	**Transfers to profit or loss**	-	-
Total recognised income and expense (A + B + C)		**810,627**	**1,041,856**

The accompanying Notes 1 to 22 are an integral part of the statement of recognised income and expense for 2009.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Thousands of Euros)

B) Statements of changes in total equity for the years ended 31 December 2009 and 2008

	Shareholders' equity						Adjustments for changes in value	Total Equity
	Share capital	Share premium	Reserves	Treasury shares and equity interests	Profit and Loss for the year	Interim dividend		
Beginning balance at 01/01/2008	**176,437**	**897,294**	**1,052,788**	**(516,341)**	**1,228,934**	**(264,655)**	**19,381**	**2,593,838**
Adjusted beginning balance (Note 2.4)	**176,437**	**897,294**	**1,052,788**	**(516,341)**	**1,228,934**	**(264,655)**	**19,381**	**2,593,838**
I. Total recognised income and expenses	-	-	-	-	**1,104,345**	-	**(62,489)**	**1,041,856**
II. Transactions with shareholders or owners	**(17,115)**	-	**(535,720)**	**516,341**	**(1,228,934)**	**(22,125)**	-	**(1,287,553)**
1. Dividends paid	-	-	637,964	-	(1,228,934)	264,655	-	(326,315)
2 Treasury share and equity interest transactions (net)	(17,115)	-	(1,173,684)	516,341	-	-	-	(674,458)
Interim dividend	-	-	-	-	-	(286,780)	-	(286,780)
III. Other changes in equity	-	-	**2,654**	-	-	-	-	**2,654**
1. Equity instrument based payments	-	-	2,654	-	-	-	-	2,654
Balance at 31/12/2008	**159,322**	**897,294**	**519,722**	-	**1,104,345**	**(286,780)**	**(43,108)**	**2,350,795**
I. Total recognised income and expenses	-	-	-	-	**837,384**	-	**(26,757)**	**810,627**
II. Transactions with shareholders or owners	**(1,990)**	-	**341,834**	-	**(1,104,345)**	**3,582**	-	**(760,919)**
1. Dividends paid	-	-	456,807	-	(1,104,345)	286,780	-	(360,758)
2. Treasury share and equity interest transactions (net)	(1,990)	-	(114,973)	-	-	-	-	(116,963)
3. Interim dividend	-	-	-	-	-	(283,198)	-	(283,198)
III. Other changes in equity	-	-	**1,734**	-	-	-	-	**1,734**
1. Equity instrument based payments	-	-	1,734	-	-	-	-	1,734
Balance at 31/12/2009	**157,332**	**897,294**	**863,290**	-	**837,384**	**(283,198)**	**(69,865)**	**2,402,237**

The accompanying Notes 1 to 22 are an integral part of the statement of changes in total equity for 2009.

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Thousands of Euros)

		31/12/2009	31/12/2008
A)	**Cash flows from operating activities (1+2+3+4)**	**688,278**	**601,618**
1.	**Profit before tax**	**663,519**	**904,352**
2.	**Adjustments to profit for:**	**(721,183)**	**(888,624)**
(+)	Depreciation and amortisation charge	1,257	1,123
(+/-)	Other adjustments to profit (net)	(722,440)	(889,747)
3.	**Changes in working capital**	**(33,038)**	**(151,865)**
4.	**Other cash flows from operating activities**	**778,980**	**737,755**
(-)	Interest paid	(227,748)	(317,630)
(+)	Dividends received	810,085	789,660
(+)	Interest received	164,324	159,652
(+/-)	Income tax recovered (paid)	32,319	106,073
B)	**Cash flows from investment activities (1+2)**	**(1,658,474)**	**1,691,836**
1.	**Payments due to investments**	**(2,319,283)**	**(1,082,995)**
(-)	Group companies, associates and business units	(59)	(1,079,990)
(-)	Property, plant and equipment, intangible assets and property investments	(2,854)	(3,005)
(-)	Other financial assets	(2,316,033)	-
(-)	Other assets	(337)	-
2.	**Divestment receivables:**	**660,809**	**2,774,831**
(+)	Group companies, associates and business units	660,809	2,774,831
C	**Cash flows from financing activities (1+2+3)**	**970,054**	**(2,292,799)**
1.	**Proceeds and payments relating to equity instruments**	**(116,963)**	**(674,458)**
(-)	Retirement of treasury shares	(116,963)	(674,458)
2.	**Proceeds and payments relating to financial liability instruments**	**1,740,237**	**(1,018,296)**
(+)	Issue	1,740,237	-
(-)	Refund and repayment	-	(1,018,296)
3.	**Dividends and returns on other equity instruments paid**	**(653,220)**	**(600,045)**
D	**Net increase (decrease) in cash and cash equivalents (A+B+C)**	**(142)**	**655**
E	**Cash and cash equivalents at beginning of year**	**2,599**	**1,944**
F	**Cash and cash equivalents at end of year (D+E)**	**2,457**	**2,599**

CASH AND CASH EQUIVALENTS AT END OF YEAR

(+) Cash and banks	2,457	2,599
Total cash and cash equivalents at end of year	**2,457**	**2,599**

The accompanying Notes 1 to 22 are an integral part of the statement of cash flows at 31 December 2009.

ACS, Actividades de Construcción y Servicios, S.A.

Notes to Financial Statements for the Year Ended 31 December 2009

1.- Company activities

ACS, Actividades de Construcción y Servicios, S.A. was incorporated by public deed on 3 October 1942, for an indefinite period. Its registered office is at Avda. de Pío XII, 102, 28036 Madrid.

In accordance with Article 4 of its Bylaws, the Company's corporate purpose comprises:

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 of motorways, highways, roads and, in general any type of public or private roads and any other type of works, and 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 or 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.

6. The direction and execution of all manner of works, assemblies, facilities and 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. Cleaning services for buildings, constructions and works of any kind, of offices, commercial premises and public places. . 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. 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. 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.

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, refurnishment 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.

The activities included in the corporate purpose may be carried out by the Company either totally or partially on an indirect basis through shares in other companies.

ACS, Actividades de Construcción y Servicios, S.A., merged with Grupo Dragados, S.A. in 2003, effective for accounting purposes on May 1 of that year. This merger by absorption was subject to the tax neutrality system set forth in en Chapter VIII of Title VIII of Corporation Tax Law 43/1995 and the applicable provisions of this law are outlined in the notes to financial statements for 2003.

The Company is the parent of a group of subsidiaries, and in accordance with the legislation in force, is required to separately prepare consolidated financial statements. The ACS Group's consolidated financial statements were prepared by the Directors at its meeting held on 11 March 2010. The consolidated financial statements for 2008 were approved by the General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 25 May 2009 and then filed at the Madrid Mercantile Register.

Said consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IAS/IFRS) as adopted by the European Union. Note 4.5.1 details the consolidated effect of the ACS Group's consolidated financial statements prepared under these international standards in 2009 and 2008.

2.- Basis of presentation of the financial statements

2.1 Fair presentation

The accompanying financial statements, which were prepared from the Company's accounting records are presented in accordance with Royal Decree 1514/2007 approving the Spanish National Chart of Accounts and, accordingly, present fairly the Company's equity, financial position, the results of its operations and the changes in equity and cash flows for the corresponding year. These financial statements, which were prepared by the Company's Directors, will be submitted for approval by the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2008 were approved by the Annual General Meeting held on 25 May 2009.

2.2 Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the Directors prepared these financial statements by taking into account all the obligatory accounting principles and standards with a significant effect thereon. All obligatory accounting principles were applied.

2.3 Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements estimates were made by the Company's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets (Note 4)
- The assumptions used in the actuarial calculation of liabilities arising from pensions and other commitments to employees (Note 4.13)
- The useful life of the property, plant and equipment and intangible assets (Notes 4.1 and 4.2)
- The calculation of goodwill impairment (Note 5)
- The market value of certain financial instruments (Note 4.5.1)
- The calculation of provisions (Note 4.10)

Although these estimates were made on the basis of the best information available at 2009 year-end, 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.

2.4 Comparative information

In accordance with the request for a ruling published in Official Gazette No. 79 of the Spanish Accounting and Audit Institute (ICAC) in September 2009, the Company recognised the dividends received from investees as well as the finance income arising from their financing as revenue.

Additionally, in order to uniformly present the comparative information, the information presented for comparative purposes in 2008 was reclassified as necessary, and accordingly the income statement differs from the income statement included in the financial statements for 2008.

2.5 Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

3.- Distribution of profit

The proposed distribution of the profit for 2009 that the Company's Directors will submit for approval by the shareholders at the Annual General Meeting is as follows:

	Thousands of Euros
To goodwill reserve	41,208
To voluntary reserves	151,114
Dividends	645,062
Total	**837,384**

The proposed dividend for 2009 amounts to EUR 2.05 per share, totalling EUR 645,062 thousand. The dividend for 2008 also amounted to EUR 2.05 per share, and totalled EUR 653,220 thousand. Of the proposed dividend out of 2009 profit, an interim dividend of EUR 0.90 per share (the same as in 2008) was already approved in 2009 for a total of EUR 283,198 thousand (EUR 286,780 thousand in 2008) recorded as a reduction in equity in the balance sheet under the heading "Interim Dividend Paid", reported on the liability side of the balance sheet under "Other Financial Liabilities" and was paid on 12 January 2010 and 27 January 2009, respectively. For these purposes, at its meetings held on 17 December 2009 and 3 December 2008, the Board of Directors prepared the accounting statement required pursuant to Article 216 of the Consolidated Companies Law, in which it declared the existence of sufficient liquidity to distribute the interim dividend amounts. The accounting statement relating to the approval of the dividend out of 2009 profit is as follows:

	Thousands of Euros
Cash available at 15 December 2009	681,675
Cash projection up to 11 January 2010	
Current transactions	(16,210)
Financial transactions	(25,614)
Collection of dividends from investees	156,778
Net investments	(2,550)
Cash available prior to the payment of the interim dividend	794,079
Gross interim dividend	283,198
Cash available following payment of the interim dividend	510,881

The Company's earnings and the absence of causes giving rise to immediate claimability of liabilities at the aforementioned date permitted the payment of the interim dividend without the requirement to increase debt on payment of such dividend.

Given that the Board of Directors proposed the payment of a final dividend of EUR 1.15 per share in 2009, the final dividend payable amounted to EUR 366,440 thousand. For 2010 the Board of Directors will propose the payment of a final dividend of EUR 1.15 per share, and the final dividend payable will amount to EUR 361,864 thousand.

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2009, in accordance with the Spanish National Chart of Accounts, were as follows:

4.1 Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost. They are subsequently measured at cost less any accumulated amortisation and any recognised impairment losses. These assets are amortised over their years of useful life.

a) Goodwill

Goodwill is recognized on the asset side of the balance sheet, where it has arisen as a result of an acquisition for valuable consideration in relation to a business combination. The goodwill is assigned to each of the cash generating units for which gains are expected to arise from the merger and are not amortised. Instead, these cash generating units are subjected at least annually to an impairment test in accordance with the methodology indicated below, and if appropriate the related valuation adjustment is recorded.

The valuation adjustments for impairment loss recognised under goodwill may not be reversed in subsequent years.

Specifically, the Company recognises the goodwill arising from the merger by absorption of the company Grupo Dragados, S.A. under this heading, as described in Note 1.

b) Computer software

The Company recognises under "Computer Software" the costs incurred in the acquisition and development of computer programs. Computer software maintenance costs are recognised with a charge to the income statement for the year in which they are incurred. Computer software is amortised on a straight-line basis over four years.

Impairment of intangible assets and property, plant and equipment

At the end of each reporting period, the Company tests goodwill for impairment to determine whether the recoverable amount of these assets has been reduced to below their carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The procedure implemented by the Company's management for the performance of this test is based on the recoverable values calculated for each cash-generating unit. Annually, for each cash-generating unit, estimates of future profit and loss and investments are obtained.

Other variables influencing the calculation of recoverable value are as follows:

- Type of discount to be applied, which is understood to be the average pondered weight of the capital cost, and the main changes affecting its calculation being the cost of the liabilities and specific risks relating to the assets.

- Growth rate of the cash flows used to extrapolate the cash flow projections beyond the period covered by the budgets or estimates.

Projections are prepared on the basis of past experience and the best available estimates, taking into account the information from abroad.

In the event that an impairment loss is to be recognised for a cash generating unit to which all or part of the goodwill was to be assigned, the carrying amount of the goodwill relating to this unit is first lowered. If the impairment loss exceeds this amount, then, in proportion to its carrying value, the carrying amount of the other assets of the cash generating units are lowered up to the limit of the higher of the following: its fair value net of sales costs, it value in use or zero.

Where an impairment loss subsequently reverses (not permitted in the specific case of goodwill), 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 recognized in prior years. A reversal of an impairment loss is recognised as income.

4.2 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition or production cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses, recognised as indicated in Note 4.1.

At year-end no indications of the impairment of the Company's property, plant and equipment were identified, and since the Company's Directors estimate that the recoverable value of the assets is higher than their carrying amount, no impairment loss was recognised.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Where the period required to put property, plant and equipment into operating conditions lasts more than one year, the capitalised costs include the borrowing costs incurred prior to the entry into operation of the asset and generated by the supplier or relating to loans or another specific or general type of external financing directly attributable to the acquisition or manufacturing thereof.

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Years of Estimated Useful Life
Plant and machinery	3 - 18
Buildings and other structures	33 - 50
Transport equipment	5 - 10
Computer hardware	1 - 5
Other property, plant and equipment	3 – 25

This heading also includes the property, plant and equipment relating to the concession for the construction and subsequent operation of the Palacio Municipal de Deportes from the City Council of Huelva. This asset is fully depreciated.

4.3 Investment property

The heading "Investment Property" in the balance sheet includes the values of land, buildings and other structures maintained either for the purpose of being leased or for obtaining gains on their sale as the result of future increases in their respective market prices.

These assets are measured in accordance with the criteria indicated in Note 4.2 in relation to property, plant and equipment.

4.4 Leases

Finance lease obligations

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The Company had not entered into any finance lease agreements at 31 December 2009 or 31 December 2008.

Operating leases

Where the Company acts as the lessor:

The income and expense arising from operating leases is credited or debited, respectively, to the income statement.

Also, the acquisition cost of the leased asset is recognised in the balance sheet according to its nature, increased by the directly allocable contract costs, which are recognised as an expense over the term of the contract, applying the same criteria used for the recognition of income form leases.

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

When the Company acts as the lessee:

Expenses arising from operating leases are charged to the income statement in the year in which they are incurred.

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

4.5 Financial instruments

4.5.1 Financial assets

Classification

The financial assets held by the Company are classified into the following categories:

a) Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

b) Held-to-maturity investments: debt securities with fixed maturity and determinable cash flows, traded in an active market, that the Company has the intention and financial capacity to hold to maturity.

c) Equity investments in Group companies, associates and multigroup (jointly controlled) companies: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Additionally, multigroup companies include companies, which under an agreement entered into, are jointly controlled by one or more shareholders.

d) Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

Initial recognition

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

Loans and receivables and held-to-maturity investments are measured at amortised cost.

Investments in Group companies, associates and multigroup companies are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).

The Company is the Parent of a Group of companies listed in Note 9.3. The financial statements do not reflect the effect of applying consolidation criteria in accordance with Spanish GAAP. The main aggregates in the ACS Group's consolidated financial statements for 2009 and 2008 prepared in accordance with Final Provision Eleven of Law 62/2003, of 30 December, applying the International Financial Reporting Standards approved by the European Union, are as follows:

	Thousands of Euros	
	2009	2008
Total assets	31,754,213	51,398,365
Equity	4,591,503	9,913,040
- of the Parent Company	4,303,410	3,402,422
- of minority interests	288,093	6,510,618
Revenue (*)	15,605,930	15,275,568
Profit for the year	2,147,115	2,639,731
- of the Parent Company	1,951,531	1,805,036
- of minority interests	195,584	834,695

(*) As a result of having identified the activity segment port and logistics services as a discontinued operation, reclassifications were made in the income statement presented for comparison purposes in 2008, and accordingly, it is not the same as the income statement prepared and presented in the 2008 Consolidated Financial Statements.

Lastly, available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become (permanently) impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the net profit or loss for the year.

At least at each reporting date the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the income statement.

With respect to any valuation adjustments related to trade and other receivables, in order to calculate such adjustments the Company takes into account the existence of events which might lead to a delay or a reduction in future cash flows that might be caused by the debtor's insolvency.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or have been transferred and the Company 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.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received where the Company 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.

4.5.2 Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Liability derivative financial instruments are measured at fair value, following the same criteria as for financial assets held for trading described in the previous section.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

4.5.3 Equity Instruments

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

Equity instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

4.5.4 Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed. Basically, these risks relate to changes in exchange rates and interest rates. The Company arranges hedging financial instruments in this connection.

In order for these financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Company verifies, both at inception and periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item.

The Company uses hedges of the following types, which are accounted for as described below:

- Fair value hedges: in this case, changes in the fair value of the hedging instrument and the hedged item attributable to the hedged risk are recognised in profit or loss.

- Cash flow hedges: in hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the income statement in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.

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 derivates 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.

4.6 Inventories

Inventories are measured at the lower of the costs of purchase, production cost and net realisable value. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Production cost comprises direct materials and, where applicable, direct labour costs and manufacturing overheads.

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 Company measures the value of its inventories using the weighted average cost method.

When the net realisable value of inventories is lower than the costs of purchase (or production cost), the Company makes the appropriate adjustments, recognising them as an expense in the income statement.

4.7 Foreign currency transactions

The Company'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.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. The resulting gains or losses are recognised directly in the income statement in the year in which they arise.

4.8 Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These 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, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss), and except for those associated with investments in subsidiaries, associates and joint ventures in which the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

Since 1 January 1999, the Company has filed consolidated tax returns and is the head of the tax group 30/99.

4.9 Revenue and expense recognition

Revenue and expenses are generally recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company neither continues to manage the goods nor retains effective control over them.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

In accordance with the accounting principle of prudence, the Company only records realised profit at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known (Notes 4.10 and 13.1).

4.10 Provisions and contingencies

When preparing the financial statements the Company's Directors made a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations.

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements include all the 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 financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.11 Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. The accompanying financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

4.12 Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

In view of their nature, the Company's activities did not have a significant environmental impact in 2009 or 2008.

4.13 Pension obligations

Pension fund

The Company is required, under specific conditions, to make monthly payments to a group of employees to supplement the mandatory public social security system benefits for retirement, permanent disability, death of spouse or death of parent.

Additionally, the Company has 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 most relevant features of these plans are detailed in Note 13.1.1.

Provision for third-party liability

The Company has recorded provisions for contingencies and charges relating to the estimated amount required for probable or certain third-party liability and to obligations outstanding whose exact amount cannot be determined or whose date of payment is uncertain, since it depends on compliance with certain conditions. This provision is recorded when the liability or obligation arises.

4.14 Share-based payment

The Company recognizes the services received as an expense when delivered, on the basis of their nature, and also as an increase in equity, since the transaction is always settled with equity instruments.

The transactions are settled with equity instruments, and accordingly, the services recognised as an increase in equity are measured at the fair value of the equity instruments transferred on the concession agreement date. This fair value is calculated on the basis of the estimated market value at the date of the plan concession and is charged to income on the basis of the period in which these instruments are consolidated or are no longer revocable by the beneficiary.

The share-based payments of ACS, Actividades de Construcción y Servicios, S.A. are always settled with equity instruments and are made to Directors carrying out executive functions and to the Senior Executives of the ACS Group.

4.15 Joint ventures

The company accounts for its investments in Spanish UTEs (unincorporated joint ventures) by recognizing in its balance sheet the proportion corresponding thereto, based on its ownership percentage, of the assets and liabilities jointly controlled and incurred, respectively. Likewise, it recognises the proportion corresponding thereto of the expenses generated and incurred by the Joint venture in the income statement. Also, in the statement of changes in equity and in the cash flow statement, it includes the balances of the corresponding proportion of the joint venture items

At 31 December 2009 and 2008, the only UTE owned by the Company was UTE Dramar, which engages in contract works for Spanish state ports, and the amounts related thereto in the balance sheet and income statement are not material.

4.16 Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.17 Non-current assets and disposal groups classified as held for sale

The Company classifies a non-current asset or disposal group as held for sale when the decision to sell them has been taken and the sale is expected to occur within twelve months.

These assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale are not depreciated, but rather at the end of each reporting period the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

Income and expenses arising from non-current assets and disposal groups classified as held for sale which do not qualify for classification as discontinued operations are recognised under the related heading in the income statement on the basis of their nature.

4.18 Discontinued operations

A discontinued operation is considered to be any business unit which has been sold or disposed of by other means, or classified as held for sale, and among other conditions, it must represent a line of business or significant area which can be considered to be separate from the others.

For these types of operations, the Company includes under a single heading "Profit for the Year from Discontinued Operations Net of Taxes" in the income statement, both the profit or loss for the year from the discontinued operations and the profit or loss after taxes recognised at fair value net of sales costs or the costs relating to the disposal of the items comprised by the discontinued operations. In this connection, as a result of the decision to sell the whole of the ownership interest in Unión Fenosa, S.A. held by the ACS Group, this sale was deemed to meet the requirements for classification as a discontinued operation. The most significant matters relating to this transaction are indicated in Note 11.

5.- Intangible assets

The changes in this balance sheet heading in 2009 and 2008 were as follows (in thousands of euros):

	Balance at 01/01/2008	Additions	Balance at 31/12/2008	Additions	Balance at 31/12/2009
Cost:					
Goodwill	631,855	-	631,855	-	631,855
Computer Software	3,232	-	3,232	1	3,233
Total cost	**635,087**	**-**	**635,087**	**1**	**635,088**
Accumulated amortisation:					
Computer Software	(3,225)	(5)	(3,230)	(1)	(3,231)
Total accumulated amortisation	**(3,225)**	**(5)**	**(3,230)**	**(1)**	**(3,231)**
Total net cost	**631,862**	**(5)**	**631,857**	**-**	**631,857**

At the end of 2009 the Company had fully amortised intangible assets still in use relating to computer software whose gross carrying value amounted to EUR 3,223 thousand (EUR 3,221 thousand in 2008).

At the end of 2009 and 2008, the Company had no material firm commitments for the purchase of software.

Goodwill is the only asset with an indefinite useful life held by the Company.

There was no change in the balance of "Goodwill" in 2009 and 2008, the detail of which is as follows (in thousands of euros):

	Ending Balance
Gross goodwill	824,156
Accumulated valuation adjustments	(192,301)
Total Goodwill	**631,855**

The goodwill arose from the merger with Grupo Dragados, S.A. in 2003 regarding the excess of paid value on top of the value of the assets on the acquisition date and is mainly allocated to the construction area and industrial area cash generating units, the parents of which are Dragados, S.A and ACS, Servicios Comunicaciones y Energía, S.L., respectively.

As discussed in Note 4.1, in both 2008 and 2009 the Company assessed the recoverability of this goodwill by means of the corresponding impairment test.

For the goodwill of these cash generating units, the cash flow projections of the aforementioned businesses were used in addition to the calculation of the residual value resulting from projecting the cash flow for the last year at a growth rate of 1.5%, a rate lower than the normal growth of business. The aforementioned cash flows were discounted at a discount rate of 6.3%, generally based on the weighted average cost of capital (WACC), before tax, for this type of assets. Additionally, companies with similar activities were analysed to check the rates used against those used by analysts for the purpose of estimating the differences which might be identified.

Also, in order to obtain the cash flows to be discounted, the hypotheses relating to the degree of leveraging and interest rates of the equity and borrowed funds considered in the business plan of the cash generating unit served as a basis for calculating the discount rate.

In the Directors' opinion, there are no reasonable changes in the main hypotheses of the impairment test which might give rise to a problem relating to the recoverability of the goodwill.

6.- Property, plant and equipment

The changes in 2009 and 2008 in "Property, Plant and Equipment" in the balance sheet and the most significant information affecting this heading were as follows (in thousands of euros):

	Balance at 01/01/2009	Additions / Charges for the Year	Disposals or reductions	Balance at 31/12/2009
Cost				
Land	395	-	-	395
Plant	1,360	-	-	1,360
Machinery	152	144	-	296
Tools	500	-	(61)	439
Transport equipment	451	-	(14)	437
Other	21,514	2,771	-	24,285
Total cost	24,372	2,915	(75)	27,212
Amortisation and depreciation charge				
Plant	(1,297)	(10)	-	(1,307)
Machinery	(84)	(37)	-	(121)
Tools	(388)	(12)	-	(400)
Transport equipment	(353)	(27)	14	(366)
Other	(13,557)	(1,118)	-	(14,675)
Total amortisation	(15,679)	(1,204)	14	(16,869)
Total net cost	8,693	1,711	(61)	10,343

	Balance at 01/01/2008	Additions / Charges for the Year	Disposals or reductions	Balance at 31/12/2008
Cost				
Land	395	-	-	395
Plant	1,360	-	-	1,360
Machinery	113	39	-	152
Tools	437	63	-	500
Transport equipment	451	-	-	451
Other	19,183	2,360	(29)	21,514
Total cost	21,939	2,462	(29)	24,372
Amortisation and depreciation charge				
Plant	(1,286)	(10)	(1)	(1,297)
Machinery	(63)	(21)	-	(84)
Tools	(364)	(25)	1	(388)
Transport equipment	(321)	(32)	-	(353)
Other	(13,151)	(979)	573	(13,557)
Total amortisation	(15,185)	(1,067)	573	(15,679)
Total net cost	6,754	1,395	544	8,693

In 2009 the Company acquired items of property, plant and equipment from Group companies amounting to EUR 1,937 thousand (EUR 1,238 thousand in 2008), relating to improvements in the registered office.

In 2009 and 2008 the Company did not capitalise any finance costs under "Property, Plant and Equipment".

The Company had no property, plant and equipment located abroad at the end of 2009 and 2008 and had no firm commitments for the purchase of property, plant and equipment at 31 December 2009 and 2008.

At the end of 2009 the Company had fully depreciated items of property, plant and equipment (none relating to construction) still in use, amounting to EUR 10,224 thousand (EUR 10,048 thousand in 2008).

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At the end of 2009 and 2008 the property, plant and equipment were fully insured against these risks.

7.- <u>Investment property</u>

The investment included under this heading in the balance sheet relates to fully occupied offices rented to Group companies.

In 2009 the income arising from rent on investment property owned by the Company amounted to EUR 122 thousand (EUR 116 thousand in 2008), and all relating operating costs were charged to the lessee.

At the end of 2009 and 2008 there were no restrictions on new property investments, the income arising from such investments or on the gains on their possible disposal.

8.- Leases

Operating leases

The Company, as operating lessor, has a lease with a Group company, per the lease agreement in force and without taking future changes in rent into account, amounting to EUR 122 thousand (EUR 116 thousand). This agreement matures annually and is automatically renewable, except in the case of notice of termination by the parties thereto (Note 7).

No contingent rent was paid in 2009 and 2008.

As lessee, the most significant operating lease agreements entered into by the Company at the end of 2009 and 2008 relate to the lease of offices and mature in 2012. The annual minimum lease payments net of increases in relation to the CPI, the effect of shared expenses and associated taxes, amounted to EUR 7,443 thousand. Of this amount, EUR 5,232 thousand is charged to various ACS Group companies annually in relation to subleases.

9.- Financial assets (non-current and current)

9.1 Non-current financial assets

The balance of "Non-Current Financial Assets" at the end of 2009 and 2008 is as follows (in thousands of euros):

Class / Category	Non-Current Financial Instruments					
	Equity Instruments		Loans, Derivatives and Other		Total	
	2009	2008	2009	2008	2009	2008
Loans and receivables	-	-	1,056	720	1,056	720
Available-for-sale financial assets						
- Measured at fair value	1,710,000	-	-	-	1,710,000	-
- Measured at cost	2,788	2,674	-	-	2,788	2,674
Total	1,712,788	2,674	1,056	720	1,713,844	3,394

The most significant addition in 2009 relates to the effect of the novation of the equity swap over 256,371,800 shares, which represents 4.88% of the share capital of Iberdrola, S.A. at the beginning of the year (Note 10.2). Although this ownership interest was considered to be strategic for the Company, it was not considered to have a significant influence and therefore, it was recognised in accordance with the rule for recognition and measurement 9 of the SNCA as an "Available-for-Sale Financial Asset". In accordance with the measurement bases, these assets are measured at fair value, and any changes in this value are recognised directly in equity.

The dividends received in 2009 from Iberdrola, S.A. amounted to EUR 83,833 thousand.

The detail, by maturity, of "Loans and Receivables" at 31 December 2009 and 2008, is as follows (in thousands of euros):

	2009				
	2011	2012	2013	2014 and subsequent years	Total
Loans and receivables	35	1,021	-	-	1,056
Total	35	1,021	-	-	1,056

	2008				
	2010	2011	2012	2013 and Subsequent Years	Total
Loans and receivables	35	-	685	-	720
Total	35	-	685	-	720

The difference between their face value and fair value are not material.

Impairment:

In 2009 and 2008 the Company did not recognise any reduction for impairment in its non-current financial assets.

In relation to the ownership interest in Iberdrola, S.A., a company traded through the Spanish computerized trading system, since the market price stood at EUR 6.43 in the last quarter and EUR 6.67 at the end of the reporting period, amounts which were lower than the acquisition cost, the ACS Group considered it to be possible for signs of impairment to exist and performed the corresponding test.

For the purpose of performing this analysis the Company used the dividend discount method on the basis of public analyst information for 2009 to 2013 which is less than 180 days old, relating to the net profit, "pay out", residual value growth rate and discount rate to be applied.

The main variables used were as follows:

	Iberdrola, S.A.
Net profit	2,758 (2009) – 3,796 (2014)
Growth (*)	3%
Average pay out	58.04%
Discount rate	7%

(*) Although historical growth stood at 22% and the growth foreseen by analysts for the next four years is 5%, in view of the economic environment, the Company chose to use a 3% residual value growth rate to calculate the impairment of the investment in Iberdrola, S.A.

In accordance with the above, the Directors do not consider factors to exist giving rise to impairment at the end of the reporting period, since its fair value was calculated to be above the cost of the ownership interest. The impairment test is highly sensitive to changes in the discount rate and the residual value growth rate, meaning that changes of certain significance might lead to the recognition of impairment.

9.2 Current financial assets

The balance of "Current Financial Assets" at the end of 2009 and 2008 is as follows (in thousands of euros):

Category \ Class	Current Financial Assets			
	Loans, Derivatives and Other		Total	
	2009	2008	2009	2008
Loans and receivables	1,871,649	1,093,992	1,871,649	1,093,992
Total	**1,871,649**	**1,093,992**	**1,871,649**	**1,093,992**

Of this amount, EUR 250,493 thousand relates to outstanding dividends accrued at 31 December 2009 from Group companies (EUR 333,175 thousand at 31 December 2008).

Additionally, this balance includes EUR 712,052 thousand (EUR 760,812 thousand at 31 December 2008) relating to deposits made by the Company to meet coverage ratios for derivative financial instruments (particularly equity swaps) in relation to the financing obtained for the acquisition of the ownership interest included under the heading "Available-for-Sale Financial Assets". These deposits were obtained by means of current financing provided by financial institutions and by Group companies. The remaining balance of this heading relates to current deposits in financial entities without any restriction as to their use.

Impairment:

In 2009 and 2008 the Company did not recognise any reduction for impairment in its current financial assets.

9.3 Non-current investments in Group companies, multigroup companies and associates

Equity Instruments:

The most significant information relating to Group companies, multigroup companies and associates at the end of 2009 is as follows:

Name	Registered Office	% of Ownership		Thousands of Euros								
					Profit (1)				Dividends	Carrying Amount		
		Direct	Indirect	Share capital	Operations	Net	Other Equity Items	Total Equity	Received	Cost	Impairment Loss Recognised in the Year	Accumulated Impairment Losses
GROUP												
CONSTRUCTION												
Dragados, S A	Avda Camino de Santiago, 50 - Madrid	100%	-	200,819	234,726	291,656	149,645	642,120	234,288	342,679	-	-
Comunidades Gestionadas, S A (COGESA)	Orense, 34 – Madrid	-	100%	19,112	11,431	3,321	60,206	82,639	-	-	-	-
INDUSTRIAL SERVICES												
ACS, Servicios, Comunicaciones y Energía, S.L	Cardenal Marcelo Spínola, 10 – Madrid	100%	-	71,542	33,728	303,160	(86,869)	287,833	291,176	214,620	-	-
Venezolana de Limpiezas Industriales, S A. (VENELIN)	Caracas (Venezuela)	82 80%	-	5,654	3,120	2,104	2,518	10,276	-	1,057	-	-
Imesapi, S A.	Avda Manoteras, 26 – Madrid	-	100%	12,020	13,495	26,523	21,143	59,686	1	1	-	-
URBAN SERVICES												
ACS, Servicios y Concesiones, S L	Avda. Camino de Santiago, 50 - Madrid	100%	-	366,249	52,039	56,170	40,149	482,568	40,601	476,880	-	-
CONCESSIONS												
Novovilla, S.A	Avda. Pio XII, 102 – Madrid	100%	-	75,997	10,079	9,452	14,933	100,382	-	87,845	-	-
ACS, Colombia, S A	Santa Fé de Bogotá – Colombia	92 00%	8.00%	730	(3)	(49)	(211)	470	-	900	(59)	(900)
OTHER												
ACS, Telefonía Móvil, S L. (Telecommunications)	Avda. Pio XII, 102 - Madrid	100%	-	3,114	(13,287)	(10,663)	(47,170)	(54,719)	-	90,895	-	(90,895)
PR Pisa, S A U (investment in marketable securities)	Avda Pio XII; 102 – Madrid	100%	-	5,270	(53)	1,632,371	150,277	1,787,918	-	15,271	-	-
Villanova, S.A. (investment in marketable securities)	Avda Pio XII, 102 – Madrid	99 99%	0.01%	150	450	452	51	653	-	1,238	-	(1,036)
Villa Áurea, S.L (Concessions and Energy)	Avda. Pio XII, 102 – Madrid	100%	-	111,400	22,766	17,726	173,788	302,914	-	130,356	-	-
Residencial Monte Carmelo, S.A. (Energy)	Avda. Pio XII, 102 – Madrid	99 99%	0.01%	481	(132,769)	(181,389)	(544,049)	(724,957)	-	481	-	-
Roperfeli, S.L (Investments in Marketable Securities)	Avda. Pio XII, 102 – Madrid	99.50%	0.50%	6	(37)	1,551	90,870	92,427	89,550	63	-	-
Cariátide, S.A. (Construcción)	Avda Pio XII, 102 – Madrid	99 99%	0.01%	1,803	24,572	(30,698)	(74,086)	(102,981)	-	3,165	-	-
Áurea Fontana, S.L. (Concessions)	Avda. Pio XII, 102 – Madrid	99.99%	0.01%	198,265	30,483	16,549	2,226	217,040	-	172,110	-	-
Admirabilia, S L. (Investment in marketable securities)	Avda. Pio XII, 102 - Madrid	99 99%	0 01%	6	-	-	(1)	5	-	6	-	-
ASSOCIATES												
Abertis Infraestructuras, S.A (Concesiones)	Avda. del Parc Logistic, 12-20 – Barcelona	13 96%	11.87%	2,111,537	752,209	551,327	1,021,869	3,684,733	57,560	1,003,601	-	-
Hochtief, A G (Construction and Services) (*)	Essen – Germany	4.90%	25.08%	179,000	(28,000)	98,000	1,212,000	1,489,000	4,802	287,606	(27,989)	(27,989)
TP Ferro Concesionaria, S A. (Concessions)	Ctra. de Llers a Hostalets GIP-5107 p.k 1, s/n 17730 Llers (Girona) Spain	16 53%	33.47%	51,435	-	-	(9,365)	42,070	-	8,504	-	-
Total									717,978	2,837,278	(28,048)	(120,820)

(*) Data at 31 December 2008

(1) Net profit includes the profit from discontinued operations from PR Pisa, S.A.U., which amounted to EUR 1,614,333 thousand, arising from the sale of its ownership interest in Unión Fenosa, S.A.

The most significant information relating to Group companies, multigroup companies and associates at the end of 2008 is as follows:

Name	Registered Office	% of Ownership		Thousands of Euros								
					Profit (1)				Dividends	Carrying Amount		
		Direct	Indirect	Share capital	Operations	Net	Other Equity Items	Total Equity	Received	Cost	Impairment Loss Recognised in the Year	Accumulated Impairment Losses
GROUP												
CONSTRUCTION												
Dragados, S.A.	Avda. Camino de Santiago, 50 - Madrid	100.00%	-	200,819	234,727	291,657	149,644	642,120	246,337	342,679	-	-
Comunidades Gestionadas, S.A. (COGESA)	Orense, 34 – Madrid	-	100.00%	19,112	11,431	3,322	60,171	82,605	-	-	-	-
INDUSTRIAL SERVICES												
ACS, Servicios, Comunicaciones y Energía, S.L.	Cardenal Marcelo Spínola, 10 – Madrid	100.00%	-	71,542	46,705	273,442	(70,158)	274,826	248,967	214,620	-	-
Venezolana de Limpiezas Industriales, S.A. (VENELIN)	Caracas (Venezuela)	82.80%	-	5,654	2,361	1,750	158	7,562	-	1,057	-	-
Imesapi, S.A.	Avda. Manoteras, 26 – Madrid	-	100.00%	12,020	16,023	27,305	19,910	59,235	-	1	-	-
URBAN SERVICES												
ACS, Servicios y Concesiones, S.L.	Avda. de Tenerife, 4-6 – San Sebastián de los Reyes	100%	-	386,249	(2,538)	160,368	47,862	594,479	165,020	604,359	-	-
CONCESSIONS												
Novovilla, S.A.	Avda. Pío XII, 102 – Madrid	100.00%	-	75,997	123	135	14,798	90,930	-	87,845	-	-
ACS, Colombia, S.A.-	Santa Fé de Bogotá – Colombia	92.00%	8.00%	700	(3)	(3)	(268)	429	-	841	-	(841)
OTHER												
ACS, Telefonía Móvil, S. L. (Telecommunications)	Avda. Pío XII, 102 - Madrid	100.00%	-	3,114	(20,099)	(17,541)	(29,630)	(44,057)	-	90,895	-	(90,895)
PR Pisa, S.A.U. (Energy)	Avda. Pío XII; 102 – Madrid	100.00%	-	5,270	-	92,045	55,848	153,163	-	15,271	-	-
Villanova, S.A. (Investments in marketable securities)	Avda. Pío XII, 102 – Madrid	99.99%	0.01%	150	(60)	(34)	85	201	-	1,238	(34)	(1,036)
Villa Áurea, S.L. (Concessions and Energy)	Avda. Pío XII, 102 – Madrid	100.00%	-	111,400	10,380	181,714	(2,005)	291,109	-	130,356	-	-
Residencial Monte Carmelo, S.A. (Energy)	Avda. Pío XII, 102 – Madrid	99.99%	0.01%	481	107,819	(8,658)	(726,782)	(734,959)	-	481	481	-
Roperfeli, S.L. (Investments in marketable securities)	Avda. Pío XII, 102 – Madrid	99.50%	0.50%	6	-	179,413	1,457	180,876	-	63	-	-
Cariátide, S.A. (Construction)	Avda. Pío XII, 102 – Madrid	99.99%	0.01%	1,803	22,742	(28,877)	(33,878)	(60,952)	-	3,165	3,165	-
Áurea Fontana, S.L. (Concessions)	Avda. Pío XII, 102 – Madrid	99.99%	0.01%	198,265	14,835	(3,433)	5,659	200,491	-	172,110	-	-
Admirabilia, S.L. (Investment in marketable securities)	Avda. Pío XII, 102 - Madrid	99.99%	0.01%	6	(1)	(1)	-	5	-	6	-	-
ASSOCIATES												
Abertis Infraestructuras, S.A. (Concessions)	Avda. del Parc Logistic, 12-20 – Barcelona	13.96%	11.87%	2,010,987	(34,113)	518,065	993,614	3,522,666	74,254	1,003,601	-	-
Hochtief, A.G. (Construcción y Servicios)	Essen – Germany	4.90%	25.08%	179,000	(28,000)	98,000	1,212,000	1,489,000	-	287,606	-	-
TP Ferro Concesionaria, S.A. (Concesiones)	Plaza de la Palmera, 6-7, 3ª Plta. - Figueres (Girona)	16.53%	33.47%	51,435	-	-	(7,404)	44,031	-	8,504	-	-
Total									**734,578**	**2,964,698**	**3,612**	**(92,772)**

(1) *The profit from discontinued operations included under net profit upon classifying Union Fenosa, S.A. as held for sale, at PR Pisa, S.A.U. Roperfeli, S.L. and Villa Áurea, S.L. amounted to EUR 92,045 thousand, EUR 176,966 thousand and EUR 172,670 thousand, respectively.*

The changes in the equity instruments of Group companies and associates in 2009 were as follows:

Item	Thousands of Euros										
	Beginning balance			Cost			Allowance		Ending Balance		
	Cost	Allowance	Net Balance	Additions	Transfers	Disposals	Charges for the year	Amounts used	Cost	Allowance	Net Balance
Group	1,664,987	(92,772)	1,572,215	59	-	(127,479)	(59)	-	1,537,567	(92,831)	1,444,736
Associates	1,299,711	-	1,299,711	-	-	-	(27,989)	-	1,299,711	(27,989)	1,271,722
Total	**2,964,698**	**(92,772)**	**2,871,926**	**59**	**-**	**(127,479)**	**(28,048)**	**-**	**2,837,278**	**(120,820)**	**2,716,458**

The most significant changes in 2009 were as follows:

- The divestment amounting to EUR 127,479 thousand relating to the reduction of the investment in ACS, Servicios y Concesiones, S.L. as a result of an extraordinary dividend received by the Company as a result of the refund of the share premium.

- In relation to the ownership interest in Hochtief, A.G., a company listed on the Frankfurt stock exchange, since the market price stood at EUR 54.31 in the last quarter and EUR 53.55 at the end of the reporting period, amounts which were lower than the acquisition cost, the Company considered it to be possible for signs of impairment to exist and performed the corresponding impairment test.

  For the purpose of performing this test, the Company used public information from market analysts relating to the target price of the share of the Hochtief group. This calculation includes the valuation of the German group's different business segments, identified as concession, services and real estate, and construction Europe, America and Asia/Pacific.

  The value of the aforementioned business segments was calculated based on the related activity, using the cash flow discount associated with the business plans presented by the Group in the case of the construction and real estate segments and the expected cash flows to shareholders until the end of the concession period in the case of concession activity, as well as performance and market price in the case of subsidiaries listed on stock markets.

  As a result of this calculation, the analysts' market price gave rise to the existence of impairment in the ownership interest of approximately EUR 8 per share, and accordingly, the Company recognised a provision amounting to EUR 27,989 thousand relating to the impairment of the ownership interest held at the end of the reporting period in Hochtief, A.G.

The changes in the equity instruments of Group companies and associates in 2008 were as follows:

Item	Thousands of Euros										
	Beginning balance			Cost			Allowance		Ending Balance		
	Cost	Allowance	Net Balance	Additions	Transfers	Disposals	Charges for the year	Amounts used	Cost	Allowance	Net Balance
Group	2,227,037	(96,384)	2,130,652	959,725	(382,212)	(1,139,563)	(33)	3,645	1,664,987	(92,772)	1,572,215
Associates	1,741,019	-	1,741,019	421,725	-	(863,033)	-	-	1,299,711	-	1,299,711
Total	**3,968,056**	**(96,384)**	**3,871,671**	**1,381,450**	**(382,212)**	**(2,002,596)**	**(33)**	**3,645**	**2,964,698**	**(92,772)**	**2,871,926**

The most significant transactions performed in 2008 were as follows:

- Sale of the Company's ownership interest in Scutvias Autoestradas da Beira Interior, S.A., after having obtained authorisation from the concession provider and the banks financing the investment, giving rise to a gain before taxes amounting to EUR 48,349 thousand.

- Sale to Abertis Infraestructuras, S.A. and to a Santander Group venture capital fund of the whole of its ownership interest in Invin, S.L., which has holdings in the Chilean toll roads, Rutas del Pacífico, S.A. and Autopista Central after having obtained authorisation from the authorities and banks financing the investment. This transaction amounted to EUR 727,974 thousand and gave rise to gains before taxes amounting to EUR 547,450 thousand.

- In January the Company acquired 14,733,966 shares representing 4.83% of the share capital of Unión Fenosa, S.A., following which, its direct and indirect ownership interest amounted to 45.31% at this date.

- On 30 July 2008 the Company and other ACS Group subsidiaries entered into an agreement with Gas Natural SDG, S.A. for the sale of the whole of its 45.31% ownership interest in the share capital of Unión Fenosa, S.A.

  In relation to the Company, the transaction was performed in the following phases:

  1. On 1 August 1.45% of the share capital of Unión Fenosa, S.A. was transferred at the price of EUR 18.33 per share, which amounted to EUR 243,272 thousand and gave rise to gains net of taxes amounting to EUR 91,296 thousand, recognised under "Profit after Tax from Discontinued Operations".
  2. The remaining 3.23% was sold on 26 February 2009 (following approval of the business concentration of Gas Natural and Unión Fenosa by the competent authorities) for EUR 533,330 thousand (equivalent to EUR 18.05 per share, net of the EUR 0.28 per share dividend received from Unión Fenosa in January 2009).

  For this reason, the energy line of business was considered to be a discontinued operation in 2009 and 2008.

- On 17 March 2008, ACS, Actividades de Construcción y Servicios, S.A. purchased 1% of the shares of Abertis Infraestructuras, S.A. for a total EUR 134 million, increasing its direct ownership interest to 25.83% of the company's share capital. Subsequently and as a result of its investment management strategy, in 2008, 30,000,000 (4.48%) and 31,920,000 shares (5%) of Abertis Infraestructuras, S.A. were sold to Villa Aurea, S.L. and Áurea Fontana, S.L., respectively, with a carrying amount of EUR 321,694 thousand and EUR 359,395 thousand, respectively. Additionally, 16,000,000 shares (2.39%) of Abertis Infraestructuras, S.A. were contributed to Áurea Fontana, S.L. for EUR 172,104 thousand.

- In December 2008, ACS, Actividades de Construcción y Servicios, S.A executed the option to settle in shares the equity swap it had entered into on shares of Hochtief, A.G. representing 4.9% of its share capital, increasing the ACS Group's ownership interest in this company to 29.98%.

Of the interest in Group companies, associates and financial assets held for sale, the following are directly or indirectly listed on the stock exchange:

Company	Euros per Share			
	Average fourth quarter of 2008	2008 year-end	Average fourth quarter of 2009	2009 year-end
Abertis Infraestructuras, S.A.	13.00	12.60	15.37	15.72
Iberdrola, S.A.	5.87	6.54	6.43	6.67
Hochtief, A.G.	27.39	35.74	54.31	53.55

At 31 December 2008 and 2009, although the market price of Iberdrola, S.A. was lower than their acquisition cost, the Company did not consider it necessary to recognise any provision for the impairment of these holding since the recoverable value of these investments, calculated based on the cash flow discounts or dividends expected to be received in accordance with these companies' business plans, is higher than their carrying value (Note 9.1).

At 31 December 2009, the Company's ownership interest in Hochtief A.G. was partially provisioned as indicated above.

In 2008 the Company reversed the provision made in prior years in relation to Residencial Monte Carmelo, S.A. and Cariátide, S.A. since it expects its investment to be recovered given that they are vehicles for investments which will generate sufficient cash flows in the future for this purpose. In 2009, except for the aforementioned provision, there were no changes in balance included under "Provisions":

At 31 December 2009, the Company had pledged the shares of Residencial Monte Carmelo, S.A. (company with an ownership interest in Iberdrola, S.A.), and the shares of Cariátide, S.A. (company with an indirect ownership interest in Hochtief, A.G.).

At 31 December 2008, the Company had no firm commitments to purchase or sell financial assets other than those relating to the sale of Unión Fenosa, S.A., which were already recognised as a non-current asset held for sale. In this connection, the Company assigned a Group company the amount relating to all future receivables on the sale of the ownership interest in Unión Fenosa, S.A. This transaction became effective in 2009, with the final sale of the ownership interest in Unión Fenosa, S.A. At 31 December 2009 the Company had no firm purchase or sale commitment.

Non-Current Loans to Group Companies:

The detail of loans to Group companies at 31 December 2009 and 2008 is as follows:

Company	Thousands of Euros	
	2009	2008
PR Pisa, S.A.U	-	914,855
Residencial Monte Carmelo, S.A.	638,158	607,368
Cariátide, S.A.	366,928	345,886
Villa Áurea, S.L.	214,102	-
Áurea Fontana, S.L.	633,210	154,216
ACS Telefonía Móvil, S.L.	171,597	42,515
Novovilla, S.A.	-	3,139
Total	**2,023,995**	**2,067,979**

The loan granted to PR Pisa, S.A.U. in 2008 relates to the contribution made to this company to finance the acquisition of a 32.07% ownership interest in Unión Fenosa, S.A. It has a fixed interest rate and matures on 31 December 2010. The related interest is capitalised annually. This loan was repaid on 31 December 2009 due to the sale of Unión Fenosa, S.A.

The amount granted to Residencial Monte Carmelo, S.A. relates to the contribution made to this company to finance the purchase of 6.87% of Iberdrola, S.A. This financing is provided in the form of a participating loan, which earns interest at both a fixed and floating rate and interest is capitalised annually. The loan matures on 31 December 2011.

The loan granted to Cariátide, S.A. relates to the contribution made to this company as a participating loan for the financing of the acquisition of 25.08% of Hochtief, A.G. This loan earns interest at both a fixed and floating rate, on the basis of the company's net profit, and interest is capitalised annually. This loan matures on 31 October 2012.

The amount granted to Villa Aurea, S.L. relates to a credit line of up to EUR 400 million maturing on 6 August 2012, at an interest rate tied to Euribor, whose purpose was to finance its acquisitions of Iberdrola, S.A. and Abertis Infraestructuras, S.A.

The amount granted to Áurea Fontana, S.L. relates to a credit line of up to EUR 800 million maturing on 7 July 2012, at an interest rate tied to Euribor, whose purpose was to finance its acquisition of Abertis Infraestructuras, S.A.

The amount loaned to ACS Telefonía Móvil, S.L. relates to the following:

- A credit line maturing in September 2012, bearing an interest rate tied to euribor, the balance of which was EUR 108,911 thousand at 31 December 2009. The related interest accrues to the principal.

- Several loans maturing between 2015 and 2024, bearing floating interest rates, the detail of which is as follows:

Grant Date	Thousands of Euros	Maturity Date
June 2001	13,972	June 2021
December 2001	9,980	December 2021
January 2002	9,980	January 2022
April 2002	5,988	April 2022
February 2004	2,595	February 2024
March 2009	20,171	March 2015
Total	62,686	

All of these loans were granted to contribute funds to its investee Company Xfera Móviles, S.A.

9.4 <u>Disclosures on the nature and level of risk of financial instruments</u>

9.4.1 Qualitative disclosures

The Company's financial risk management is centralised in its General Corporate management, which has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) *Credit risk:*

In general, the Company holds its cash and cash equivalents at banks with high credit ratings.

Also, it should be noted that the Company does not have a significant concentration of credit risk exposure to third parties.

b) *Liquidity risk:*

For the purpose of ensuring liquidity and enabling it to meet the payment obligations arising from its business activities, the Company has the cash and cash equivalents disclosed in its balance sheet, together with the credit and financing facilities detailed in Note 14.

c) *Market risk (includes interest rate, foreign currency and price risks):*

Both the Company's cash and cash equivalents and its financial liabilities are exposed to interest rate risk, which could have an adverse effect on its financial results and cash flows. Consequently, the Company's policy is to always have the majority of its financial liabilities bear interest at fixed rates.

In view of the nature of the Company's business activities, its is not exposed to foreign currency or other price risks, except for those indicated in Notes 10.2 and 18.2 in relation to its investments in Iberdrola, S.A. and Hochtief, A.G.

9.4.2 Quantitative disclosures

a) *Interest rate risk:*

At 31 December 2009 and 2008 the Company had a syndicated loan amounting to a face value of EUR 1,500,000 thousand and maturing in 2010, whose entity agent is Caja Madrid. The Company has entered into a derivates agreement (interest rate swap) to hedge the interest rate risk. This hedge involves 79% of the Company's non-current bank borrowings.

This cash flow hedge is detailed in Note 10.

b) *Liquidity risk:*

On 30 July 2009, in order to repay its existing syndicated loan amounting to EUR 1,500,000 thousand and maturing in 2010, the Company entered into a syndicated loan, in which the agent entity was Caja Madrid, totalling EUR 1,594,000 thousand and maturing on 22 July 2012. With this transaction, the Company assured the liquidity of its transactions.

10.- <u>Derivative financial instruments</u>

10.1 <u>Hedging instruments</u>

The Company uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed. Within the framework of these transactions, the Company has arranged a hedging instrument, and specifically an interest rate swap for cash flows.

	Classification	Type	Amount contracted (thousands of euros)	Maturity date	Inefficient portion recognised in the income statement (thousands of euros)	Fair value (thousands of euros) Liabilities 2008	Liabilities 2009
Interest rate swap	Interest rate hedge	Floating to fixed	1,500,000	22/07/2010	-	61,582	27,440

The hedging instrument matures in the same year in which cash flows are projected and in which they are expected to affect profit and loss.

The Company has complied with the requirements detailed in Note 4.5.4 on measurement bases in order to be able to classify the financial instruments as hedges. Specifically, these instruments were formally designated as hedges and the hedges were assessed as being effective.

10.2 Derivative Instruments not qualified as hedges

At 31 December 2008, the Company had entered into derivatives agreements, and specifically, an equity swap on shares of Iberdrola, S.A. affecting 4.88% of its share capital at the end of 2009, which may be settled in cash or shares at the option of ACS Actividades de Construcción y Servicios, S.A. These agreements mature on 14 January 2009 and 13 March 2009, and are renewable by agreement of the parties, the latter being required to continue to meet certain ratios (Note 18.2). The changes in the fair value of these instruments were charged to the income statement in 2009 with a net loss of EUR 648,185 thousand recognised under the heading "Changes in the Fair Value of Financial Instruments". The agreement maturing on 14 January 2009 for 0.068% of the shares was settled by the physical handing over of the shares at the maturity date.

Consequently, the Company recognised EUR 533,522 thousand relating to their fair value at that date under "Non-Current Liabilities Relating to Financial Derivatives" in the balance sheet at 31 December 2008.

In the beginning of 2009, the Company entered into a novation of the equity swap for 4.881% of the shares of Iberdrola, S.A. This novation extends the period for the exercise of the equity swap (which is currently March 2011); 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, ACS, Actividades de Construcción y Servicios, S.A. now directly and indirectly holds 12.0% of the voting rights in the electricity utility. As a result of this novation, the Company recognised the investment through an equity swap at fair value on the asset side of its balance sheet under "Non-Current Financial Assets-. Equity Instruments" and the financing relating to this asset were recognised under "Bank Borrowings" in the accompanying balance sheet at 31 December 2009 (Notes 9.1 and 14).

Additionally, non-hedging derivative instruments worthy of mention include those relating to share option plans. As discussed in Note 13.1.12, 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 gain of EUR 2,986 thousand at 31 December 2009 (losses of EUR 2,582 thousand at 31 December 2008). At 31 December 2009 their fair value amounted to EUR 613 thousand (EUR 3,584 thousand in 2008).

11.- Non-current assets held for sale

On 30 July 2009, the Company entered into an agreement with Gas Natural SDG, S.A. for the sale of the whole of its ownership interest in Unión Fenosa, S.A., at the price of EUR 18.33 euros per share. As explained in Note 9.3, the requirements contained in the Spanish National Chart of Accounts for these assets to be classified as non-current assets held for sale are met. Therefore, the appropriate reclassifications were made at the end of 2008 to recognise it as a discontinued operation.

Following is a detailed description of the assets classified under this heading:

	Thousands of Euros
Investment in Unión Fenosa, S.A.	382,213
Interim dividend	8,273
Total	390,486

The effect of these reclassifications on the income statement and cash flow statement is detailed in Note 19.

There are no liabilities associated with these assets since the liabilities incurred for the acquisition of the ownership interest in Unión Fenosa, S.A. are not linked thereto.

At 31 December 2009 there were no assets in this situation since the sale was completed in February 2009.

12.- Equity

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.

In 2009, as resolved by the General Shareholders' Meeting held on 25 May 2009, the Company redeemed 3,979,380 treasury shares, and therefore the share capital stood at EUR 157,332,297 corresponding to 314,664,594 fully subscribed and paid shares of EUR 0.5 par value each, all of the same class and with the same voting and economic rights.

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.

At 31 December 2009, the shareholders with an ownership interest of over 10% in the Company's share capital were Corporación Financiera Alba, S.A. with an ownership interest of 23.48%, Corporación Financiera Alcor, S.A. with an ownership interest of 13.86% and Inversiones Vesán, S.A. with an ownership interest of 12.34%.

In accordance with Article 153.1.b) and 2 of the Consolidated Companies Law, the General Shareholders' Meeting held on 25 May 2009 authorized the Company's Board of Directors to increase capital by up to half the Company's share capital at the date of this resolution on one or more occasions, and at the date, in the amount and under the conditions freely agreed in each case, within five years following 25 May 2009, and without having previously submitted a proposal to the General Shareholders' Meeting. Accordingly, the Board of Directors may set the terms and conditions under which capital is increased, as well as the features of the shares, investors and markets at which the increases are aimed and the issue procedure; freely offer the unsubscribed shares in the preferential subscription period; and in the event of incomplete subscription, cancel the capital increase or increase capital solely by the amount of the subscribed shares.

The capital increase or increases may be carried out through the issue of new shares, either ordinary, without voting rights, preference or recoverable. The new shares shall be payable by means of monetary contributions equal to the par value of the shares and any share premium which may be agreed.

In accordance with Article 159.2 of the Consolidated Companies Law, the Board of Directors was expressly empowered to exclude preferential subscription rights in full or in part in relation to all or some of the issues agreed under the scope of this authorisation, where it is in the interest of the company and as long as the par value of the shares to be issued plus any share premium agreed is equal to the fair value of the Company's shares based on a report to be drawn up at the Board's request, by an independent auditor other than the Company's auditor, which is appointed for this purpose by the Spanish Mercantile Register on any occasion in which the power to exclude preferential subscription rights is exercised.

Additionally, the Company's Board of Directors is authorised to request the listing or delisting of any shares issued, in Spanish or foreign organised secondary markets.

Also, In accordance with applicable legislation, the General Shareholders' Meeting held on 25 May 2009 resolved to delegate to the Board of Directors the power to issue fixed income securities, either simple and exchangeable or convertible, as well as warrants on the Company's newly issued shares or shares in circulation. Securities may be issued on one or more occasions within five years following the resolution date The total amount of the issue or issues of securities, plus the total number of shares listed by the Company, plus the total number of shares listed by the Company and outstanding at the issue of the date may not exceed a maximum limit of eighty percent of the equity of ACS Actividades de Construcción y Servicios, SA. according to the latest approved balance sheet

12.1 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. Except as mentioned above, 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.

At the end of 2009 and 2008 the balance of this reserve had reached the legally required minimum.

12.2 Goodwill reserve

In accordance with the Consolidated Companies Law, since goodwill is recognised on the asset side of the balance sheet, as part of the distribution of profit for each year, an amount equal to at least five percent of the goodwill recorded must be allocated to a restricted reserve. In the event that no or insufficient profit is earned, unrestricted reserves are to be used for this purpose (Note 3). At 31 December 2009 the balance of this heading amounted to EUR 41,208 thousand.

12.3 Limits on the distribution of dividends

In Note 3 the interim dividend paid and the proposed distribution of profit is indicated, and includes the allocation made to a restricted reserve in relation to goodwill.

12.4 Treasury shares

The changes in "Treasury Shares" in 2009 and 2008 were as follows:

	2009		2008	
	Number of shares	Thousands of Euros	Number of shares	Thousands of Euros
At beginning of year	-	-	**11,941,061**	**516,341**
Purchases	7,981,082	261,787	22,718,071	688,345
Sales	(4,001,702)	(130,598)	(429,972)	(13,553)
Redemption July 2009 / July 2008	(3,979,380)	(131,189)	(17,482,707)	(715,898)
Redemption December 08	-	-	(16,746,453)	(475,235)
At end of year	-	-	-	-

13.1 Provisions

The detail of provisions in the balance sheet at the end of 2009 and 2008, and of the main changes therein during the year is as follows (in thousands of euros):

Non-current provisions	2009			
	Balance at 01/01/2009	Charges for the year	Reversals	Balance at 31/12/2009
Liabilities and taxes	68,285	12,700	(27)	80,958
Total non-current provisions	**68,285**	**12,700**	**(27)**	**80,958**

Current provisions	2009			
	Balance at 01/01/2009	Charges for the year	Amounts used	Balance at 31/12/2009
Trade receivables	11,165	1,800	(685)	12,280
Total current provisions	**11,165**	**1,800**	**(685)**	**12,280**

The Company has recorded provisions relating to the estimated amount required for probable or certain third-party liability and to obligations outstanding whose exact amount cannot be determined or whose date of payment is uncertain, since it depends on compliance with certain conditions. These liabilities include, inter alia, the provision relating to the uncertain amount of tax obligations which depend on the final decisions handed down in relation thereto. This provision is recorded when the related liability matures.

Also in 2009, the Company reassessed the risks associated with the current provisions as well as the time frame in which outflows of cash may arise in relation thereto, and accordingly, provisions were made amounting to approximately EUR 13 million in 2009.

Additionally, and in accordance with the opinion of the external lawyers responsible for the legal aspects of this matter, the Company considers that there is no economic risk relating to the lawsuit filed by Boliden-Apirsa in 2004. In relation to this matter, the Madrid Court of First Instance and the Madrid Provincial Appeal Court dismissed the lawsuit filed by Boliden-Apirsa. An appeal against this judgement has been filed before the Supreme Court.

13.1.1 Obligations to employees

Defined benefit pension obligations

The detail of the current value of the post-employment commitments assumed by the Company at the end of 2009 and 2008, is as follows:

	Thousands of Euros	
	2009	2008
Retired employees	194,676	187,147
Current employees	47,041	63,358

The defined benefit pension obligations are externalized by means of group life insurance polices, in which investments have been assigned whose flows coincide in time and amount with the payment schedule of the insured benefits.

The current value of the commitments was determined by qualified independent actuaries, and the actuarial assumptions used are as follows:

Actuarial Assumptions	2009	2008
Technical interest rate	3.27%	3.02%
Mortality tables	PERM/F – 2000 P	PERM/F – 2000 P
Annual rate of increase of maximum social security pension benefit	2%	2%
Annual wage increase	2.35%	2.35%
Retirement age	65 years	65 years

(*) The technical interest rate ranged from 5.93% to 3.02% since the externalization of the plan.

The contributions made by the Company to the insurance policy in relation to defined contribution and defined benefit pension plans amounted to EUR 2,770 thousand in 2009 (EUR 3,002 thousand in 2008), and is recognised under "Staff Costs" in the income statement.

At 31 December 2009 and 2008, there were no outstanding accrued contributions.

13.1.2 Equity instrument based payments

As described in the measurement bases (Note 4.14) in relation to equity instrument based payments to employees, the Company recognises the services received as an expense, based on their nature, and an increase in equity upon settling the equity instrument based payment plan.

Under no circumstance does the share option plan involve the issuing of equity instruments in addition to those already outstanding at 31 December 2009 and 2008.

In 2009 and 2008 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 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 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.

At 31 December 2009, 4,318,000 of the 2004 plan options had been exercised (2,421,500 at 31 December 2008).

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 Company 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.

At 31 December 2009, 2,362,768 of the 2005 plan options had been exercised (1,783,770 at 31 December 2008).

The Company has externalised these commitments with a financial institution, and the finance cost recorded includes the cost borne by this entity as a result of the acquisition of the shares which are the subject of these plans.

The stock market price of ACS shares at 31 December 2009 was EUR 34.81 (EUR 32.65 at 31 December 2008).

The amount recognised under "Staff Costs" in the 2009 income statement relating to equity instrument based payments was EUR 1,734 thousand (EUR 3,791 thousand in 2008). This amount does not imply the recognition of income for the beneficiaries until the date on which the options are exercised, as set forth in the law in force.

13.2 Contingencies

Environment

In view of the Company's business activities (Note 1), it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to financial statements.

CO_2 Emissions

Given the activities carried on by the Company, there are no matters relating to CO_2 emissions affecting the Company.

14.- Financial liabilities (non-current and current)

14.1 Non-current financial liabilities

The balance of "Non-Current Payables" at the end of 2009 and 2008 is as follows (in thousands of euros):

Class / Category	Non-Current Financial Instruments					
	Bank Borrowings and Finance Leases		Derivatives and Other		Total	
	2009	2008	2009	2008	2009	2008
Accounts payable	4,143,750	1,888,159	-	-	4,143,750	1,888,159
Derivatives (Notes 10.1 and 10.2)	-	-	28,054	598,734	28,054	598,734
Total	4,143,750	1,888,159	28,054	598,734	4,171,804	2,486,893

The detail, by maturity, of "Non-Current Payables" is as follows (in thousands of euros):

	2009					
	2010	2011	2012	2013	2014 and subsequent years	Total
Bank borrowings	90,544	2,346,918	1,726,832	20,000	50,000	4,234,294

	2008					
	2009	2010	2011	2012	2013 and subsequent years	Total
Bank borrowings	1,410,886	1,758,159	40,000	20,000	70,000	3,299,045

Notable under "Bank Borrowings" in the accompanying balance sheet at 31 December 2009 and 2008 is the syndicated loan amounting to a face value of EUR 1,500,000 thousand, arranged with 39 entities whose agent entity is Caja Madrid. This loan matures on 22 July 2010, at which time a single repayment is to be made in full. The loan bears interest at a rate tied to Euribor and is guaranteed by other ACS Group companies. Compliance with certain ratios is required based on the EBITDA and net debt of the consolidated group, and these ratios are being met. There is a hedging derivative instrument on this loan (Note 10.1). In relation to this loan, on 30 July 2009 the Company entered into a syndicated loan agreement in which the agent entity was Caja Madrid, totalling EUR 1,594,000 thousand maturing on 22 July 2012, which automatically enters into operation at the maturity of the current loan, which is the reason it was recognised as non-current at the reporting date. With this transaction the Company assured the liquidity of its transactions.

The main change in this item arose from the novation of the "equity swap" on 4.881% of the shares of Iberdrola, S.A. at the beginning of 2009 and, as explained in Note 10.2, the recognition of the investment through an "equity swap" at fair value on the asset side of the accompanying balance sheet. Additionally, the financing tied to this asset amounting to EUR 2,306,918 thousand at 31 December 2009, and is secured by the 4.881% ownership interest in Iberdrola, S.A.

Of the balance of these derivatives at 31 December 2009 amounted to EUR 613 thousand relating to derivatives on the share option plans and EUR 27,441 thousand relating to the syndicated loan interest rate swap.

Of the balance of derivatives at 31 December 2008, EUR 537,152 thousand relates to fair value hedges (Note 10) classified as non-current since they relate mainly to the investment in Iberdrola, S.A., and EUR 61,582 thousand relating to the syndicated loan interest rate swap.

14.2 Current financial liabilities

The balance of "Non-Current Payables" at the end of 2009 and 2008 was as follows (in thousands of euros):

Class / Category	Current Financial Liabilities					
	Bank Borrowings and Finance Leases		Other		Total	
	2009	2008	2009	2008	2009	2008
Accounts payable	90,544	1,410,886	283,769	287,250	374,313	1,698,136
Total	**90,544**	**1,410,886**	**283,769**	**287,250**	**374,313**	**1,698,136**

At 31 December 2009, the Company had credit facilities with limits totalling EUR 655,000 thousand (EUR 1,260,000 thousand in 2008), of which EUR 92 thousands were drawn down (EUR 429,277 thousand in 2008).

The balance of "Other" includes the interim dividend payable at 31 December 2009 amounting to EUR 283,198 thousand (EUR 286,780 thousand in 2008) (Note 3).

15.- Tax matters

15.1 Current tax receivables and payables

The detail of the current tax receivables and payables is as follows (in thousands of euros):

Tax receivables

	31/12/2009	31/12/2008
Corporation tax receivable in 2008	99,118	99,118
Other accounts receivable	2,615	832
Total	101,733	99,950

Tax payables

	31/12/2009	31/12/2008
Corporation tax payable in 2009	146,166	-
VAT payable	86	70
VAT payable	691	654
Accrued social security taxes payable	56	56
Other	10	72
Total	**147,009**	**852**

15.2 Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit for the year per books to the taxable profit for Corporation tax purposes is as follows:

	2009		
	Thousands of Euros		
	Increases	Decreases	Total
Accounting profit before tax from continuing and discontinued operations			805,066
Permanent differences:			4,525
Non-deductible provisions	5,411		
Exempt dividends		(4,802)	
Non-deductible expenses	5,677		
Other differences		(1,761)	
Timing differences.			
Arising in the year:			1,401
Merger goodwill		(30,032)	
Externalised pension commitments	2,849		
Other differences	28,584		
Arising in prior years:			(17,295)
Externalised pension commitments		(19,425)	
Use of provisions and others	3,137	(1,007)	
Attributable taxable profit			793,697

	2008		
	Thousands of Euros		
	Increases	Decreases	Total
Accounting profit before tax from continuing and discontinued operations			**1,021,528**
Permanent differences:			(609,534)
Gains from exempt financial assets		(588,152)	
Income not taxable due to the use of provisions		(20,200)	
Non-deductible expenses	2,832		
Other differences	2,790	(6,804)	
Timing differences:			(21,242)
Arising in the year:			
Merger goodwill		(30,032)	
Externalised pension commitments	8,674		
Other differences	116		
Arising in prior years:			(36,917)
Externalised pension commitments		(21,486)	
Use of provisions and others		(15,431)	
Effect of first-time-application of New Spanish National Chart of Accounts: P.G.C. with a balancing entry in equity			113,316
Gains eliminated in the tax consolidation process			(377,153)
Attributable taxable profit			89,998

15.3 Tax recognised in equity

The detail of the taxes recognised directly in equity due to the application of the New Spanish National Charts of Accounts is as follows:

	2009		
	Thousands of Euros		
	Charge to Equity	Credit to Equity	Total
Deferred taxes:			
Measurement of hedging financial instruments	10,243	-	10,243
Measurement of available-for-sale financial assets.	-	(21,710)	(21,710)
Total deferred taxes recognised directly in equity			**(11,467)**

	2008		
	Thousands of Euros		
	Charge to Equity	Credit to Equity	Total
Current taxes:			
Measurement of financial assets held for trading	51,350	(17,265)	34,085
Other	-	(90)	(90)
Total current taxes:			**33,995**
Deferred taxes:			
Measurement of hedging financial instruments	8,306	-	8,306
Pension commitments	-	(13,500)	(13,500)
Provisions for Group companies and associates	3,540	-	3,540
Total deferred taxes			**(1,654)**
Total taxes recognised directly in equity			**32,341**

Additionally in 2008 a deferred tax asset amounting to EUR 18,475 thousand was directly credited to equity and EUR 8,360 thousand arising from the first-time application of the New Spanish National Chart of Accounts was written off. Both items relate to the measurement of hedging financial instruments (basically interest rate swaps).

15.4 Reconciliation of accounting profit to the income tax expense

The reconciliation of accounting profit to the income tax expense is as follows (in thousands of euros):

	2009	2008
Accounting profit before tax from continuing and discontinued operations	805,066	1,021,528
Tax charge at 30%	241,520	306,458
Impact of permanent differences	1,358	(182,860)
Tax credits:		
Double taxation	(244,788)	(235,659)
Reinvestment of profit and donations	(15,865)	(2,153)
Provisions and adjustments to previous years	(14,543)	31,397
Total income tax expense recognised in profit or loss from continued and discontinued transaction	**(32,318)**	**(82,817)**

The breakdown of the current income tax expense is as follows (in thousands of euros):

	2009	2008
Continuing operations	**(54,385)**	**(106,073)**
Current tax	(41,053)	(236,667)
Deferred tax	(13,332)	130,594
Discontinued operations	**22,067**	**23,256**
Current tax	36,779	23,256
Deferred tax	(14,712)	-
Total income tax expense	**(32,318)**	**(82,817)**

15.5 Deferred tax assets recognised

The detail of the balance of this account at the end of 2009 and 2008 is as follows (in thousands of euros):

	2009	2008
Temporary differences (prepaid taxes):		
Pension obligations	39,098	42,246
Measurement of hedging financial instruments	8,233	18,475
Measurement of available-for-sale financial assets:	21,710	-
Other	16,237	15,172
Unused tax credits	14,712	2,153
Total deferred tax assets	**99,990**	**78,046**

The deferred tax assets indicated above were recognised because the Company's Directors considered that, based on their best estimate of the Company's future earnings, including certain tax planning measures, it is probable that these assets will be recovered.

There were no deferred tax assets of a significant amount.

15.6 Deferred tax liabilities

The detail of the balance of this account at the end of 2009 and 2008 is as follows (in thousands of euros):

	31/12/2009	31/12/2008
Gains eliminated in the tax consolidation process	250,922	269,088
Merger goodwill	18,020	9,010
Total deferred tax liabilities	**268,942**	**278,098**

15.7 Tax incentives

In 2008 gains arose on the Company's sale of the shares of Unión Fenosa, S.A., amounting to EUR 91,296 thousand, including the gains generated in the sale to another company included in the tax group Villa Áurea, S.A., which in turn transferred the shares to another non-group company, giving rise to the first internal gain.

The gains on the sales to third parties by the Company and Villa Áurea, S.L., which amounted to a total EUR 921,481 thousand, was reinvested by different companies in the tax group in 2008 and 2009 amounting to EUR 684,895 thousand and EUR 236,586 thousand respectively, and accordingly, the Company availed itself of tax credits in its 2008 and 2009 tax returns amounting to EUR 1,458 thousand and EUR 7,633 thousand, respectively. The investment in 2009 was made by the subsidiary Dragados, S.A. in property, plant and equipment and financial assets.

Additionally, gains arose on the Company's sale of a second tranche of shares of Unión Fenosa, S.A. amounting to EUR 142,046 thousand. These gains are expected to be reinvested within the three years stipulated for the use of the corresponding tax credit for reinvestment.

Also, the Company is subject to the commitment to maintain investments in relation to the tax credits of which it availed itself in 2003, 2005 and 2006 for the reinvestment of gains, as indicated in the "Tax Matters" section of the notes to the financial statements of the corresponding years.

15.8 Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At the date of these notes to the financial statements an audit by the Central Large Taxpayer Unit was in process for Corporation tax for the years 2003 to 2005, filed by the company and the merged entity Grupo Dragados, S.A. as well as other taxes for the years 2004 and 2005. A conclusion has yet to be documented.

Additionally, in relation to the appeals filed against tax assessments referred to in the notes to the financial statements for previous years, A ruling has yet to be handed down in the case of the tax assessments issued against the Dragados tax group for the years 2000 to 2002. However, any effect on the Group's financial statements is covered by provisions in accordance with the normal criteria relating to the coverage of lawsuits.

The Company's Directors consider that the tax returns have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions; such liabilities as might arise would not have a material effect on the accompanying financial statements.

16.- Foreign currency

The most significant foreign currency transactions carried out in 2008 amounted to $US 563 thousand, and related mainly to professional fees. In 2009 it related to professional fees amounting to US $ 80 thousand.

The exchange gains recognised in income for 2009 amounted to EUR 32 thousand (EUR 37 thousand in 2008).

Income and expenses

17.1 Revenue

As explained in Note 2.4. in accordance with the request for a ruling published in Official Gazette No. 79 of the Spanish Accounting and Audit Institute (ICAC), the detail of revenue is as follows (in thousands of euros):

	2009	2008
Dividends from Group companies and associates	717,978	754,378
Dividend from non-current financial assets	83,833	71
Financial income from Group companies and associates	139,297	139,239
Sales	5,186	6,581
Provision of services	1,261	1,180
Total	**947,555**	**901,449**

The revenue recognised in 2009 and 2008 is from the Joint Venture Dramar and relates to business activities carried out for the Spanish state ports.

The balance of heading "Provision of Services" includes costs borne by the Company which are subsequently re-billed to Group companies as rent and pension plans.

17.2 Employee benefit costs

The balance of " Employee Benefit Costs in the income statement in 2009 and 2008 is as follows (in thousands of euros):

	2009	2008
Employee benefit costs		
Employer social security taxes	860	822
Contributions to pension plans (Note 13.1)	2,770	3,002
Other employee benefit costs	627	802
Total	4,257	4,626

17.3 Finance income and finance costs

The detail of the finance income and finance costs calculated by applying the effective interest method is as follows (in thousands of euros):

	2009		2008	
	Finance income	Finance costs	Finance income	Finance costs
Application of the effective interest method	25,028	227,748	20,413	317,630

At year-end the Company measured the value of the derivative agreements, and specifically the "equity swap", on the shares of Iberdrola, S.A. affecting 5.2% of the company's share capital at fair value. The loss amounting to EUR 648,185 thousand, was recognised in "Changes in the Fair Value of Financial Instruments" in the income statement in 2008. In 2009, as a result of the novation of the equity swap of Iberdrola, S.A. (Note 10.2) this measurement was not required, since the ownership interest was recognised as a non-current financial asset. The effect related exclusively to the market price of the underlying derivative included in the share option plans (Note 10.2).

The gains on the sale of financial instruments in 2008 relates to the sale of the company's ownership interest in Invin, S.L., the sale of the holding in Scutvias Autoestrada da Beira Interior, S.A. and the sale of the ownership interest in Abertis Infraestructuras, S.A. to ACS Group companies.

17.4 Other profit or loss

The amount recognised in 2009 under the heading "Other Profit and Loss" in the income statement relates to commitments assumed by the Company in relation to certain Group companies.

The EUR 19,223 thousand recognised under "Other Profit or Loss" in the 2008 income statement relates to severance payable to employees in other Group companies previously associated to the Company or companies it has absorbed. Additionally, the Company reversed provisions for contingencies and expenses amounting to EUR 54,523 thousand since it was estimated that in 2008, the related risks were no longer probable (Note 13.1).

18.-Related party transactions and balances

18.1 Related party transactions

The detail of related party transactions performed in 2009 is as follows (in thousands of euros):

Income (-), Expense (+)	2009	
	Group Companies	Associates
Asset purchases	1,937	-
Reception of services	6,296	-
Operating lease agreements	2,069	-
Interest received	39,296	-
Interest paid	(139,297)	-
Accrued interest collected	19,337	-
Accrued interest receivable	(1,286)	-
Dividends	(655,616)	(62,362)
Cost apportionment agreement	(2,085)	(3)
Other profit or loss	3,100	-

The detail of related party transactions performed in 2008 is as follows (in thousands of euros):

Income (-), Expense (+)	2008	
	Group Companies	Associates
Asset purchases	2,111	-
Operating lease agreements	2,037	-
Interest received	94,071	
Interest paid	(139,240)	-
Accrued interest collected	36,813	-
Accrued interest receivable	(10,689)	
Dividends	(678,797)	(75,581)
Remuneration and severance	22,400	-
Cost apportionment agreement	(5,262)	(5)
Other profit or loss	12,900	-

Additionally, the main transactions carried out by the Company with Group companies in 2008 and not included in the above table were as follows:

- Sale to Áurea Fontana, S.L. of 31,920,500 shares of Abertis Infraestructuras, S.A. at a price of EUR 20 per share, in relation to which the gains before tax amounted to EUR 279,011 thousand.
- Sale to Villa Áurea, S.L. of 9,000,000 shares of Unión Fenosa, S.A., at a price of EUR 13.67 per share, in relation to which the gains before tax amounted to EUR 19,739 thousand.
- Sale to Villa Áurea, S.L of 30,000,000 shares of Abertis Infraestructuras, S.A. at a price of EUR 14 per share, in relation to which the gains before tax amounted to EUR 98,142 thousand.
- Non-monetary contribution to Áurea Fontana, S.L. of 15,000,000 shares of Abertis Infraestructuras, S.A. at EUR 10.72 per share.
- Non-monetary contribution to Áurea Fontana, S.L. of 10,000,000 shares of Unión Fenosa, S.A. at EUR 12.94 per share.
- Non-monetary contribution to Áurea Fontana, S.L. of 1,000,000 shares of Abertis Infraestructuras, S.A. at EUR 11.26 per share.

In connection with associates, the Company sold 57.7% of Invin, S.L. to Abertis Infraestructuras, S.A. and the resulting gains amounted to EUR 315,052 thousand.

18.2 Related party balances

The detail of the balances with related parties in the balance sheet at 31 December 2009 is as follows (in thousands of euros):

	2009	
	Group Companies	Associates
Non-current financial assets	**3,468,731**	**1,271,722**
Equity instruments (Note 9.3)	1,444,736	1,271,722
Loans to companies (Note 9.3)	2,023,995	-
Sundry accounts receivable	**284,778**	**647**
Current financial assets	**849,491**	-
Loans to companies	598,998	-
Other financial assets (Note 9.2)	250,493	-
Non-current liabilities	**1,497,585**	-
Current Payables	**1,086,266**	-
Trade Payables	**23,354**	-

Additionally, the Company recognised an interim dividend payable at the end of 2009 amounting to EUR 283,198 thousand (Notes 3 and 14).

The detail of the balances with related parties in the balance sheet at 31 December 2008 is as follows (in thousands of euros):

	2008	
	Group Companies	Associates
Non-current financial assets	**3,640,194**	**1,299,711**
Equity instruments (Note 9.3)	1,572,215	1,299,711
Loans to companies (Note 9.3)	2,067,979	-
Sundry accounts receivable	**225,184**	**1,156**
Current financial assets	**1,738,163**	-
Loans to companies	1,404,988	-
Other financial assets (Note 9.2)	333,175	-
Non-current liabilities	**307,171**	-
Current Payables	**1,578,286**	-
Trade Payables	**97,459**	-

Additionally, the Company recognised an interim dividend payable at the end of 2008 amounting to EUR 286,780 thousand (Notes 3 and 14).

The detail, at 31 December 2009 and 2008, of "Current Loans to Group Companies" is as follows:

	Thousands of Euros	
	2009	2008
Residencial Monte Carmelo, S.A.	400,343	821,108
Cariátide, S.A.	197,992	457,625
ACS Telefonia Móvil, S.L.	75	111,005
Other	588	15,250
Total	**598,998**	**1,404,988**

The loans to Residencial Monte Carmelo, S.A. and to Cariátide, SA. include the financing arranged by the Company in order to enable it to cover its investment coverage ratios at 31 December 2009 and 2008 (Note 9.2). These loans are tied to Euribor.

In relation to the loans that financed the investments of Residencial Monte Carmelo, S.A. (6.87% of Iberdrola, S.A.) and Cariátide (25.08% of Hochtief, A.G.), the financing agreements entered into stipulate that coverage ratios must be met or otherwise, the pledges on the shares of Iberdrola, S.A. and Hochtief, A.G. could be executed. In the event that the coverage ratios were not maintained, ACS, Actividades de Construcción y Servicios, S.A. would be obligated to contribute additional funds. At 31 December 2008 the Company had contributed funds amounting to EUR 1,278,733 thousand. At 31 December 2009 the Company had contributed funds amounting to EUR 579,661 thousand.

The detail of "Non-Current Loans to Group Companies" at 31 December 2009 and 2008 is as follows:

	Thousands of Euros	
	2009	2008
PR Pisa, S.A.U.	1,409,412	-
Roperfeli, S.L.	80,343	167,744
Villa Áurea, S.L.	-	139,239
Novovilla, S.L.	7,285	-
Villanova, S.A.	545	188
Total	**1,497,585**	**307,171**

These loans are tied to Euribor and mature in 2011 and 2012.

The detail of "Current Loans to Group Companies" at 31 December 2009 and 2008 is as follows:

	Thousands of Euros	
	2009	2008
Dragados, S.A.	1,020,714	1,215,883
Iridium Concesiones de Infraestructuras, S.A.	-	262,248
Others of a lesser amount	65,552	100,155
Total	**1,086,266**	**1,578,286**

The balance payable to Dragados, S.A. relates to a credit agreement which matures annually and is automatically renewable, except in the case of express prior notice of termination by the parties thereto. This loan bears an interest rate tie to Euribor.

The balance payable to Iridium Concesiones de Infraestructuras, S.A. relates to a credit agreement which matures annually and is automatically renewable. This loan bears an interest rate tied to Euribor.

The other balances payable to Group companies do not relate to financial liabilities.

The transactions between Group companies and associates are preformed on an arm's-length basis as in the case of transactions with independent parties.

18.3 Remuneration of the Board of Directors and senior executives

The breakdown of the remuneration received in 2009 and 2008 by the members of the Board of Directors and senior executives of the Company is as follows (in thousands of euros):

	2009					
	Salaries (fixed and variable)	Attendance Fees	Pension Plans	Insurance premiums	Share Options	Other
Board of Directors	6,686	2,410	2,025	16	587	98
Senior executives	2,684	-	745	4	80	-

	2008					
	Salaries (fixed and variable)	Attendance Fees	Pension Plans	Insurance premiums	Share Options	Other
Board of Directors	6,440	2,081	2,204	12	1,283	-
Senior executives	2,565	-	757	1	175	-

At the end of 2009 and 2008, the Company had not granted any loans or advances to its Board Members or senior executives, nor had any termination benefits been paid thereto.

The amounts included under "Share Options" do not imply the recognition of income for the beneficiaries until the date on which the options are exercised, as set forth in the law in force.

18.4 Detail of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors

Pursuant to Article 127 ter.4 of the Spanish Companies Law, introduced by Law 26/2003, of 17 July, which amends Securities Market Law 24/1988 of 28 July, and the Consolidated Spanish Companies Law, in order to reinforce the transparency of 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 company object of ACS, Actividades de Construcción y Servicios, S.A. in which the members of the Board of Directors own equity interests, of the positions or 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%	Board member
Javier Echenique Landiribar	Abertis Infraestructuras, S.A.	Concessions	0.002%	Board member
Pedro López Jiménez	Terratest Técnicas Especiales, S.A.	Special Foundations	45%	Chairman (through Fapindus, S.L.)
Santos Martínez-Conde Gutiérrez-Barquín	Fomento de Construcciones y Contratas, S.A.	Construction and Services	0.004%	None
Santos Martínez-Conde Gutiérrez-Barquín	Técnicas Reunidas, S.A.	Construction of Industrial Facilities	0.002%	None
Santos Martínez-Conde Gutiérrez-Barquín	Repsol YPF, S.A.	Energy	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Indra Sistemas, S.A.	Information technologies and defence systems	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Endesa, S.A.	Energy	0.000%	None
Santos Martínez-Conde Gutiérrez-Barquín	Grupo Ferrovial, S.A.	Construction and Services	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Telefónica, S.A.	Telephony	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Abertis Infraestructuras, S.A.	Concessions	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Iberdrola Renovables, S.A.	Energy	0.000%	None
Santos Martínez-Conde Gutiérrez-Barquín	Gás Natural SDG, S.A.	Energy	0.001%	None
Santos Martínez-Conde Gutiérrez-Barquín	Enagas, S.A.	Energy	0.002%	None
Santos Martínez-Conde Gutiérrez-Barquín	Iberdrola, S.A.	Energy	0.001%	None
Javier Monzón de Cáceres	Indra Sistemas, S.A.	Information technologies and defence systems	0.094%	Chairman
Javier Monzón de Cáceres	Banco Inversis Net, S.A.	Finance	0.000%	Individual representing the Board Member Indra Sistemas, S.A.
Javier Monzón de Cáceres	YPF, S.A.	Energy	0.000%	Board member
Javier Monzón de Cáceres	Lagardere SCA	Communication	0.0001%	Board member
José Luis del Valle Pérez	Inmobiliaria Paredes, S.A.	Real Estate	13.57%	Sole Director
José Luis del Valle Pérez	Del Valle Inversiones, S.A.	Real Estate	33.33%	Director acting severally

Owner	Investee	Activity	Ownership Interest	Functions
José Luis del Valle Perez	Inversiones Montecarmelo, S.A.	Real Estate	23.49%	None
José Luis del Valle Pérez	Sagital, S.A.	Private security and integral building maintenance	5 10%	None
Florentino Pérez Rodríguez	Abertis Infraestructuras, S.A.	Concessions	0%	Vice Chairman

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 company object of ACS, Actividades de Construcción y Servicios, S.A in 2009.:

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
Pablo Valbona Vadell	Concessions	Employee	Abertis Infraestructuras, S.A.	Vice Chairman
Pablo Valbona Vadell	Holding	Employee	Corporación Financiera Alba, S.A.	Vice Chairman
Antonio García Ferrer	Construction	Employee	Dragados, S A.	Board member
Antonio García Ferrer	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board member
Antonio García Ferrer	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board member
Antonio García Ferrer	Concessions	Employee	Abertis Infraestructuras, S.A.	Board member
José María Aguirre González	Engineering and Assembly Work	Employee	Cobra Gestión de Infraestructuras, S.L.	Chairman
José María Aguirre González	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Vice Chairman
Manuel Delgado Solís	Construction	Employee	Dragados, S A.	Board member
Javier Echenique Landiribar	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board member
Javier Echenique Landiribar	Finance	Employee	Banco Guipuzcoano	Chairman of the Board of Directors
Javier Echenique Landiribar	Energy	Employee	Repsol YPF, S.A.	Board member
Javier Echenique Landiribar	Paper	Employee	Ence, S.A.	Board member
Javier Echenique Landiribar	Concessions	Employee	Abertis Infraestructuras, S.A.	Board member
Juan March de la Lastra	Holding	Employee	Corporación Financiera Alba, S.A.	Board member

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
Juan March de la Lastra	Information Technologies	Employee	Indra Sistemas, S.A.	Board member
José María Loizaga Viguri	Lifts	Employee	Zardoya Otis, S.A	Vice Chairman
José María Loizaga Viguri	Venture Capital	Independent Professional	Cartera Industrial REA, S.A.	Chairman
José María Loizaga Viguri	Sistemas de Almacenaje	Employee	Mecalux	Board member
Agustín Batuecas Torrego	Port and logistics services	Employee	Dragados Servicios Portuarios y Logísticos, S.L.	Vice Chairman
Agustín Batuecas Torrego	Rail transport of goods	Employee	Continental Rail, S.A.	Individual representing Vías y Construcciones S.A.. Chairman and CEO
Agustín Batuecas Torrego	Transport interchange	Employee	Intercambiador de Transportes Príncipe Pío S.A.	Individual representing Iridium Concesiones de Infraestructuras, S.A. Chairman and CEO
Agustín Batuecas Torrego	Transport interchange	Employee	Intercambiador de Transportes Plaza de Castilla, S.A.	Individual representing Iridium Concesiones de Infraestructuras, S.A. Chairman and CEO
Agustín Batuecas Torrego	Rail transport of goods	Employee	Construrail, S.A.	Board member
Pedro José López Jiménez	Construction	Employee	Dragados, S.A.	Vice Chairman
Pedro José López Jiménez	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board member
Pedro José López Jiménez	Special Foundations	Employee	Grupo Terratest	Chairman (through Fapindus, S.L.)
Santos Martínez-Conde Gutiérrez- Barquín	Finance	Employee	Banca March, S,A,	Board member
Santos Martínez-Conde Gutiérrez- Barquín	Steel	Employee	Acerinox, S.A.	Board member
Santos Martínez-Conde Gutiérrez- Barquín	Holding	Employee	Corporación Financiera Alba, S.A.	CEO
Javier Monzón de Cáceres	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board member
Javier Monzón de Cáceres	Information Technologies	Employee	Indra Sistemas, S.A.	Chairman
Javier Monzón de Cáceres	Finance	Employee	Banco Inversis Net, S.A.	Individual representing the Board Member Indra Sistemas, S.A.
Javier Monzón de Cáceres	Energy	Employee	YPF, S.A.	Board member
Javier Monzón de Cáceres	Communication	Employee	Lagardere, SCA	Board member

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
Julio Sacristán Fidalgo	Tollroad Concessions	Employee	Autopistas Aumar, S.A.C.E.	Board member
Julio Sacristán Hidalgo	Concessions	Employee	Abertis Infraestructuras, S.A.	Board member
Miguel Roca Junyent	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Non-Director secretary
Miguel Roca Junyent	Finance	Employee	Banco Sabadell, S.A.	Non-Director secretary
Miguel Roca Junyent	Energy	Employee	Endesa	Independent non-executive board member
Álvaro Cuervo García	Stock Exchange	Employee	BME-Bolsas y Mercados Españoles, S.A.	Board member
José Luis del Valle Pérez	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director-Secretary
José Luis del Valle Pérez	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Director-Secretary
José Luis del Valle Pérez	Construction	Employee	Dragados, S.A.	Director-Secretary
José Luis del Valle Pérez	Engineering and Assembly Work	Employee	Cobra Gestión de Infraestructuras, S.L.	Director-Secretary
José Luis del Valle Pérez	Engineering and Assembly Work	Employee	Sociedad Española de Montajes Industriales, S.A.	Director-Secretary
José Luis del Valle Pérez	Ports and Logistics	Employee	Dragados Servicios Portuarios y Logísticos, S.L.	Board member
José Luis del Valle Pérez	Infrastructure Concessions	Employee	Iridium Concesiones de Infraestructuras, S.A.	Board member
José Luis del Valle Pérez	Integral Maintenance	Employee	Clece, S.A.	Board member
José Luis del Valle Pérez	Concessions	Employee	Saba Aparcamientos, S.A.	Board member
José Luis del Valle Pérez	Urban Services	Employee	Urbaser, S.A.	Board member
José Luis del Valle Pérez	Investments	Employee	Del Valle Inversiones, S.A.	Director acting severally
José Luis del Valle Pérez	Motorway Concessions	Employee	Iberpistas, S.A.C.E.	Director-Secretary
José Luis del Valle Pérez	Real Estate	Employee	Inmobiliaria Paredes, S.A.	Sole Director
Francisco Verdú Pons	Holding	Employee	Corporación Financiera Alba, S.A.	Board member
Francisco Verdú Pons	Finance	Employee	Banca March, S.A,	CEO

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
Florentino Pérez Rodríguez	Concessions	Employee	Abertis Infraestructuras, S.A.	Vice Chairman
Sabina Fluxá Thienemann	Tourism	Employee	Iberostar Hoteles y Apartamentos, S.L.	Board member

In 2009 and 2008 the Company performed commercial transactions with companies in which certain of its Board Members perform 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.

19.- Discontinued operations

In 2009 and 2008 the Company sold ownership interests held in the Energy line of business. In accordance with the rules set forth in the Spanish National Chart of Accounts, the sale of this activity has been classified as a discontinued operation.
The detail of the equity items relating to this Energy activity at 31 December 2008 is as follows:

	Thousands of Euros
Investment in Unión Fenosa, S.A.	382,213
Interim dividend of Unión Fenosa, S.A.	8,273
Total	**390,486**

At 31 December 2009 there were no balances relating to discontinued operations.

The income, expenses and profit before tax recognised in the income statement are as follows:

Detail of income and expenses from discontinued operations
(Thousands of Euros)

	2009	2008
Net profit from operations	-	-
Finance income	-	25,879
Gains on the disposal of financial instruments	141,546	91,296
Financial loss	**141,546**	**117,175**
Profit before tax from discontinued operations	**141,546**	**117,175**
Corporate income tax	(22,067)	(23,255)
Profit for the year relating to discontinued operations	**119,479**	**93,920**

The net cash flows attributable to operating, investment and finance activities relating to discontinued operations are as follows:

Detail of the cash flows relating to discontinued operations
(Thousands of Euros)

	2009	2008
Cash flows from operating activities	8,273	(5,648)
Cash flows from investing activities	533,330	612,235
Cash flows from financing activities	-	-
Total	**541,603**	**606,587**

20.- Other disclosures

20.1 Employee receivables

The average number of employees in 2009 and 2008, broken down by category, is as follows.

Category	2009		
	Men	Women	TOTAL
University graduates	24	6	30
Junior college graduates	4	1	5
Non-graduate line personnel	-	13	13
Other staff	7	-	7
Total	35	20	55

Category	2008		
	Men	Women	TOTAL
University graduates	24	5	29
Junior college graduates	4	1	5
Non-graduate line personnel	-	14	14
Other staff	7	-	7
Total	35	20	55

Also, the distribution by sex at the end of 2009 and 2008, broken down by category, is as follows:

Category	2009		
	Men	Women	TOTAL
University graduates	24	6	30
Junior college graduates	3	1	4
Non-graduate line personnel	-	13	13
Other staff	7	-	7
Total	34	20	54

Category	2008		
	Men	Women	TOTAL
University graduates	24	5	29
Junior college graduates	4	1	5
Non-graduate line personnel	-	14	14
Other staff	7	-	7
Total	35	20	55

20.2 Fees paid to auditors

In 2009 the fees for financial audit services provided by the Company's auditors, Deloitte, S.L., or by a firm in the same group or related to the auditors amounted to EUR 159 thousand (EUR 158 thousand in 2008). Additionally, the fees for tax counselling provided by firms related to the auditors amounted to EUR 13 thousand. In 2009 no fees were billed in this connection. No fees for any other services were billed by Deloitte, S.L. in 2009 or 2008.

20.3 Guarantee commitments to third parties and other contingent liabilities

The Company basically acts as guarantor to facilitate the granting of guarantees to Group companies and associates for their provision to Government bodies and private customers in order to secure the correct performance of their projects. The guarantees granted at 31 December 2009 amounted to EUR 111,346 thousand (EUR 367,080 thousand at 31 December 2008).

Company management considers that any unforeseen liabilities which might arise from the guarantees provided would not be material.

21.- Events after the reporting period

At the date of the preparation of these financial statements there were no events worthy of mention with an effect on the information contained in the financial statements.

22.- Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

2009 Directors' Report of

ACS, Actividades de Construcción y Servicios, S.A.

11 March 2010

1. - Company's business performance in 2009

ACS Actividades de Construcción y Servicios, S.A., the parent of the ACS Group, performed very positively in 2009. Both the Group's sales and the profitability of all its operations increased, and at the same time, there was a significant decrease in its borrowings as a result of the cash flows generated from operations.

Following is a summary of the consolidated financial aggregates, prepared in accordance with IFRS-UE:

ACS Group Key operating and financial indicators			
Million of Euros	2008	2009	Var. 09/08
Revenue	**15,276**	**15,606**	**+2.2%**
International	*21.9 %*	*26.3 %*	
EBITDA	**1,382**	**1,458**	**+5.5%**
Margin	*9.1 %*	*9.3 %*	
EBIT	**1,043**	**1,080**	**+3.6%**
Margin	*6.8%*	*6.9 %*	
Net profit from continuing operations*	**700**	**842**	**+20.4%**
Net profit attributable to the parent	**1,805**	**1,952**	**+8.1%**
EPS	**5.43 €**	**6.28 €**	**+15.6%**
Cash flow from operations	**972**	**1.652**	**+70.0%**
Net investments	**64**	**(1,307)**	**n.a.**
Investments	2,813	4,598	n.a.
Disposals	2,750	5,905	n.a.
Net debt	**9,356**	**9,271**	**-0.9%**
Net recourse debt	2,934	302	-89.7%
Non-recourse financing	6,422	8,969	+39.7%

Profit after taxes and minority interests excluding extraordinary profit and loss and discontinued operations.

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.

The main item of income of ACS Actividades de Construcción y Servicios S.A. relates to the dividends received from companies forming part of the consolidated group, a detail of which is as follows:

Dividends	2008	%	2009	%	Var 08/09
Construction	246.3	33%	234.3	29%	-5%
Environment & Logistics	165.0	22%	40.6	5%	-75%
Industrial Services	249.0	34%	29.12	36%	17%
Other	94.1	12%	235.7	29%	15.1%
Total	754.4		801.8		6%

2.- Treasury shares

At 31 December 2009, the Company had no treasury shares. The detail of the transactions performed in the year is as follows:

Treasury shares	*Number of shares*
Balance at 31 December 2008	-
Purchases	7,981,082
Sales	4,001,702
Amortisation of shares	3.979.380
Balance at 31 December 2009	-

In June 2009 and as resolved by the ACS Group's General Shareholders' Meeting held on 25 May 2009, 3,979,380 treasury shares were redeemed (1.249% of the share capital). Therefore, the share capital of ACS amounts to EUR 157,332,297 represented by 314,664,594 shares.

3. - Risk management policy

3.1 Main risks and uncertainties faced by ACS, Actividades de Construcción y Servicios, S.A.

As Parent of the ACS Group, ACS Actividades de Construcción y Servicios S.A. is indirectly exposed to the risks to which its subsidiaries are exposed. The ACS Group operates in sectors, countries and social, economic and legal environments which involve the assumption of different levels of risk caused by these determining factors.

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 company as a whole. For this purpose, the ACS Group has instruments enabling it to identify such risks sufficiently in advance or to avoid them, and to minimise the risk, prioritising their significance as necessary.

The ACS Group's 2009 Corporate Governance report details these risk control instruments, as well as the risks and uncertainties to which it was exposed over the year.

3.2 Financial risk management

As in the previous case, as Parent of the ACS Group, ACS Actividades de Construcción y Servicios S.A. 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. In this connection, the Company uses interest rate swaps to reduce exposure to non-current loans.

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. In this connection, noteworthy is the renewal of the syndicated loan of ACS, Actividades de Construcción y Servicios, S.A. amounting to EUR 1,500 million on 30 July 2009, extending its maturity date to July 2012 and increasing the amount to EUR 1,594 million.

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.

A full detail of the mechanisms used to manage financial risks and of the financial instruments used to hedge these risks is included in the notes to the both the Company's individual financial statements and the Group's consolidated financial statements for 2009.

4.- Human resources

In 2009 ACS Actividades de Construcción y Servicios S.A. employed an average 55 individuals. The Company's human resources policy is in the same line as that of the ACS Group, and is aimed at 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.

The ACS Group had a total 142,176 employees at 31 December 2009.

5.- Technological innovation and environmental protection

ACS Actividades de Construcción y Servicios S.A. considers that sustainable growth, its vocation to care for and respect the environment and the meeting of the expectations that society places on it must all have a decisive influence on its strategy and on each of its actions.

This commitment is identified in each of the activities in which the Group is present, in each of the investments that it promotes and in the decisions that it takes in order to satisfy it customers and shareholders, to boost profitable growth, quality and technological development, while also attending to growing demands for respect of the environment by implementing measures to prevent or minimize the environmental impact of the Group's infrastructure development and service activities.

5.1.Research and development activities

On an individual basis, the Company does not engage in research and development. However, 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 program aimed at developing new technological know-how applicable to the design of processes, systems, new materials, etc. in each activity that it manages.

5.2.Environmental protection

As in the previous case, on an individual basis, the Company does not carry on any environmental activity. However, 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 as well as 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 works in two main action areas: continue promoting the principal criteria of its environmental policy, the main objective of which is to minimize the environmental impact of its activity, and for an additional year, an Environmental Management System, which controls the specific actions of each Group company to protect the environment.

6.- Significant events subsequent to year-end

At the date of the preparation of these financial statements there were no events worthy of mention with an effect on the information contained in the financial statements.

7.- Outlook for 2010

The outlook of ACS, Actividades de Construcción y Servicios is influenced by the performance of the Group of which it is the Parent. Certain events in the recently ended year 2009 cause the ACS Group to approach 2010 cautiously. However, they also enable it to have a somewhat optimistic look. Although the economic backdrop in Spain is difficult, recent investments and internationalization will enable the ACS Group to continue supplying sustainable growth and value to its shareholders.

The performance of Construction in 2010 will depend to a large extent on the performance of the domestic market and of the international markets in which the Group is present:

- On the one hand, construction in Spain continues to be affected by the real estate crisis and the reduction in public resources for new infrastructures. Specifically, the civil engineering works segment, where the Group's exposure is highest, will depend on the Government's continued commitment to developing infrastructures in Spain. In the State Budget EUR 21,000 million have been allocated for this purpose. However, the degree of completion will depend on the performance of public accounts as well as economic recovery.
- Internationally, the outlook for 2010 centres on capitalising on infrastructure investments in the USA and Poland, where the Group has invested heavily in previous years, in addition to markets in which the Group has traditionally been present such as Portugal and Chile, and where it competes in the development of concession and civil engineering projects. This increase in the internationalisation of construction activity will enable the projected drop in activity in the Spanish market to be offset.

The Group will continue to work towards maintaining its capacity to maintain high operating efficiency through cost containment and the management of working capital, variables which are crucial in a business which is competitive as construction.

In line with the performance of large civil engineering works, the ACS Group has significant opportunities based on the large and mainly international projects awarded in recent years, which will require investments of more than EUR 3,000 million.

In 2010, the ACS Group is prequalified in several calls for tender for projects for which the related investment will amount to over EUR 1,000 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 2010 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 Environmental Services, 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 management of urban solid waste, where Urbaser is a reference, it will continue its international expansion into countries where it has already been successful in tender processes, and ,mainly waste treatment plants.

- 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.

Environmental Services 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 electricity generation and energy concession project assets it has seized.

The growth in international activity stems 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. The Asian markets, such as India and the Middle East also offer a number of opportunities relating to new energy infrastructures in relation to which the Group has extensive experience.

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. This investment is a clear future commitment which 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 2010 includes maintaining sustained operating growth and improving the profitability of all its shareholders.

8.- <u>Board of Directors' report for the 2009 financial year in accordance with the provisions of Article 116 bis of the Stock Exchange Law</u>

Pursuant to Article 116 bis of the Stock Exchange Law 24/1988 of 28 July, introduced by Law 6/2007 of 12 April, 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 2009.

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, at 31 December 2009, the Company's share capital amounts to EUR 157,332,297 represented by 314,664,594 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 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.

According to the data reported to the company by the corresponding shareholders, or otherwise, according to data included in the corresponding register of the Spanish Stock Market Commission:

SHAREHOLDERS	31/12/2009
CORPORACIÓN FINANCIERA ALBA, S.A.	23.481%
CORPORACIÓN FINANCIERA ALCOR, S.A.	13.855%
INVERSIONES VESAN, S.A.	12.336%
FLUXA ROSSELLO, MIGUEL	5.638%
SOUTHEASTERN ASSET MANAGEMENT, INC	5.455%

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 bylaws 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.

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 Consolidated Companies 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 Register.

At the General Shareholders Meeting held on 25 May 2009, 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 Consolidated Companies 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."

In accordance with Article 153.1.b) and 2 of the Consolidated Companies Law, the General Shareholders' Meeting held on 25 May 2009 authorized the Company's Board of Directors to increase capital by up to half the Company's share capital at the date of this resolution on one or more occasions, and at the date, in the amount and under the conditions freely agreed in each case, within five years following 25 May 2009, and without having previously submitted a proposal to the General Shareholders' Meeting. Accordingly, the Board of Directors may set the terms and conditions under which capital is increased, as well as the features of the shares, investors and markets at which the increases are aimed and the issue procedure; freely offer the unsubscribed shares in the preferential subscription period; and in the event of incomplete subscription, cancel the capital increase or increase capital solely by the amount of the subscribed shares. The capital increase or increases may be carried out through the issue of new shares, either ordinary, without voting rights, preference or recoverable, and Article 6 of the Bylaws shall be amended accordingly. The new shares shall be payable by means of monetary contributions equal to the par value of the shares and any share premium which may be agreed. In accordance with Article 159.2 of the Consolidated Companies Law, the Board of Directors is expressly empowered to exclude preferential subscription rights in full or in part in relation to all or some of the issues agreed under the scope of this authorisation, where it is in the interest of the company and as long as the par value of the shares to be issued plus any share premium agreed is equal to the fair value of the Company's shares based on a report to be drawn up at the Board's request, by an independent auditor other than the Company's auditor, which is appointed for this purpose by the Spanish Mercantile Register on any occasion in which the power to exclude preferential subscription rights granted in this paragraph is exercised. Additionally, the Company's Board of Directors is authorised to request the listing or delisting of any shares issued, in Spanish or foreign organised secondary markets. The Board of Directors is expressly authorised to delegate the powers contained in this resolution.

Additionally, a its meeting held on 25 May 2009 and In accordance with applicable legislation, the Board of Directors resolved to delegate to the Board of Directors the power to issue fixed income securities, either simple and exchangeable or convertible, and warrants on the Company's newly issued shares or shares in circulation, under the following terms:

1.- The securities the Board of Directors is empowered to issue may be debentures, bonds and other similar fixed income securities, whether simple or, in the case of debentures and bonds, exchangeable for shares of the Company or any of the Group companies and/or convertible into shares of the Company, and warrants on the Company's newly issued shares or shares in circulation.

2.- Securities may be issued on one or more occasions, and at any date within the maximum five-year period following the date of the adoption of this resolution.

3.- The total amount of the issue or issues of securities agreed under this delegation of authority, regardless of their nature, plus the total number of shares listed by the Company and outstanding at the issue date may not exceed a maximum limit of eighty five percent of the equity of ACS Actividades de Construcción y Servicios, S.A. according to the latest approved balance sheet.

4.- In exercise of the powers granted herein, the Board of Directors shall have powers including, but not limited to determining the following: the amount, within the aforementioned overall maximum limit.; the place, date and currency of the issue, and if applicable, its equivalence in Euros; the denomination, whether, bonds or debenture, subordinate or not, warrants or any other instrument permitted by law; the interest rate, payment dates and payment procedures; and in the case of warrants, the amount and means of calculating the premium or exercise price; whether they are instrumented in perpetuity or are repayable, and in the latter case, the repayment term and maturity dates; the type of reimbursement, premiums or batches, any guarantees; the form of representation, i.e. by means of certificates or book entries; preferential subscription rights, if any, and the subscription regime; applicable legislation; application, if applicable, for listing on official or unofficial secondary markets, whether organised or not, in Spain or abroad, of the securities issued; and appointment, if applicable, of a commissioner and approval of the rules that are to govern the legal relationships between the Company and the syndicate of holders of the securities issued.

5.- In the case of the issue of convertible and/or exchangeable bonds or debentures, the following criteria has been established:

5.1.- The Board of Directors shall be authorised to determine whether the securities are convertible and/or exchangeable, and whether conversion and/or exchange shall be obligatory or voluntary, and in the latter case, if it is to be at the option of the holder or the issuer, with the periodicity and within the time limits laid down in the resolution on their issue, not exceeding ten years from the date of issue.

5.2.- The Board of Directors is also empowered to determine if the issuer reserves the right at any moment to opt between conversion into new shares or exchange for shares in circulation, specifying the nature of the shares to be delivered at the time of conversion or exchange. The issuer may also opt to deliver a combination of new and circulating shares.

5.3.- The ratio of conversion and/or exchange may be fixed, and for this purpose, the fixed income securities will be valued at their par value and shares at the fixed rate indicated in the resolution of the Board of Directors which made use of this delegated power, or at the rate of exchange defined on the date(s) indicated in the resolution of the Board of Directors, according to the Company's share price on the stock exchange on the date(s) or in the period(s) taken as reference in the resolution. However, the price of the shares, for the purpose of their conversion or exchange, may not be less than the greater of (i) the arithmetic mean of the closing prices of the Company's shares in the Spanish Continuous Market of stock exchanges over the period defined by the Board of Directors, which shall not be more than three months nor less than fifteen days prior to the date on which the Board passed the resolution to issue the fixed income securities, and (ii) the closing price of the shares on the same Continuous Market on the day prior to the passing of the resolution to issue the fixed income securities. Notwithstanding the above, the Board of Directors may issue the debentures or bonds with a variable rate of conversion and/or exchange. In this case, the price of the shares for the purposes and/or exchange shall be the arithmetic mean of the closing prices of the Company's shares on the Spanish Continuous market of stock exchanges over the period defined by the Board of Directors, which shall not be more than three months nor less than fifteen days prior to the date of conversion and/or exchange, with a premium, or if applicable, a discount on said price per share. The premium or discount may differ for each conversion and/or exchange date (or, if applicable, each tranche of the issue), although if a discount is set on the price per share, this may not be more than twenty percent.

5.4 - The fractions of a share which might be due to a bond or debenture holder shall be rounded down to the nearest whole number of shares and each holder shall be paid in cash any difference in value this rounding has given rise to.

5.5 - Pursuant to Article 292.3 of the Spanish Consolidated Companies Law, debentures may not be converted into shares when the par value of the shares is less than that of the debentures. Additionally, the value of the share may not be less than its par value.

5.6.- Upon approving an issue of convertible and/or exchangeable bonds or debentures, the Board of Directors shall issue a Directors' report developing and specifying, based on the criteria described above, the basis for and forms of conversion specifically applicable to the indicated issue. This report shall be accompanied by the relevant report from the auditors referred to in Article 292 of the Spanish Consolidated Companies Law. Additionally, these reports will be made available to the shareholders, and if applicable, to the holders of convertible and/or exchangeable fixed income securities and/or warrants, and the shareholders will be informed at the first General Shareholders' Meeting held after adopting the resolution on the issue of the securities.

6.- In the case of the issue of warrants, to which, by analogy, the provisions of the Spanish Consolidated Companies Law for issues of convertible debentures shall apply, the following criteria is set:

6.1.- The warrants issued may entitle their holders to subscribe new shares in the Company and/ or acquire circulating shares in the Company, and the Board of Directors shall be authorised to determine whether or not they are entitled to do so.

6.2.- The deadline for the exercise of the securities issued shall be determined by the Board and may not exceed ten days following the date of their issue.

6.3.- The Board of Directors may also stipulate that the Company reserves the right to opt for holders of warrants to subscribe new shares or acquire shares in circulation at the time of exercising the warrant. It may also opt to deliver a combination of new and circulating shares. However, the issuer must respect the principle of equal treatment to all the holders of warrants that are exercised on the same date.

6.4. - The exercise price of the warrant shall be defined by the Board of Directors in the resolution on the issue of securities, or shall be defined on the date or dates indicated in the resolution adopted by the Board of Directors, depending on the market price of the Company's shares on the date(s) or during the period(s) taken as a reference in the resolution. The exercise price may be variable depending on the date on which the warrant is exercised. However, the share price to be considered, may not be less than the greater of (i) the arithmetic mean of the closing prices of the Company's shares in the Spanish Continuous Market of stock exchanges over the period defined by the Board of Directors, which shall not be more than three months nor less than fifteen days prior to the date on which the Board passed the resolution to issue the warrants, and (ii) the closing price of the shares on the same Continuous Market on the day prior to the passing of the resolution to issue the warrants.. In no case may the sum of the premium(s) paid for each warrant and its exercise price be less than the market value of the company's shares as defined in the previous paragraph, or less than the par value of the Company's shares.

6.5.- Upon approving an issue of warrants, the Board of Directors shall issue a Directors' report developing and specifying, based on the criteria described above, the basis for and forms of conversion specifically applicable to the indicated issue. This report shall be accompanied by the relevant report from the auditors referred to in Article 292 of the Spanish Consolidated Companies Law. Additionally, these reports will be made available to the shareholders, and if applicable, to the holders of convertible and/or exchangeable fixed income securities and/or warrants, and the shareholders will be informed at the first General Shareholders' Meeting held after adopting the resolution on the issue of the securities.

7.- At all events, the authorisation of the Board of Directors to issue convertible and/or exchangeable debentures or bonds, and to issue warrants, shall include, but shall not be limited to the following powers:

7.1.- The authority to increase the share capital by the amount necessary to meet demand for the conversion of convertible securities or the exercise of warrants on newly issued shares. This power may only be exercised by the Board to the extent that the sum of the increase in capital necessary to meet the demand resulting from the issue of convertible debentures or bonds or the exercise of warrants on newly issued shares, added to all other capital increases that have been agreed under the scope of authorisations granted by the General Shareholders' Meeting, does not exceed the limit of one half of the share capital envisaged in Article 153.1 b) of the Spanish Consolidated Companies Law. This authorisation to increase the share capital includes the power to issue and put into circulation, on one or more occasions, the shares that are necessary to carry out the conversion or exercise, and to amend the Article of the Bylaws relating to the share capital figure, and if applicable, to cancel the part of the capital increase that was not necessary for the conversion of securities into shares or the exercise of the warrants.

7.2- The power to exclude, pursuant to Article 159.2 of the Spanish Consolidated Companies Law, the preferential subscription rights of shareholders or the holders of convertible and/or exchangeable bonds or debentures, or of warrants, when necessary to capture financial resources in the domestic and international markets, or it is otherwise in the Company's interest. In any event, if the Board decides to override preferential subscription rights in relation to a specific issue of convertible debentures or bonds or warrants on newly issued shares under the authorisation granted herein, at the date on which this resolution is passed, it shall issue a detailed report stating the specific reasons why it is in the Company's interest to take this measure. This report will be accompanied by a further report issued by an auditor, pursuant to Article 159.2 of the Spanish Consolidated Companies Law. These reports will be made available to the shareholders and holders of convertible debentures or bonds, and the shareholders will be informed at the first General Shareholders' Meeting held after adopting the resolution on the issue of the securities.

7.3.- The power to develop and specify in detail the basis for and modes of conversion or exchange and exercise of warrants bearing in mind the criteria defined above.

8.- The Board of Directors, at the successive General Shareholders' Meetings held by the Company, shall inform shareholders of any use made of the delegation of power referred to in this resolution.

9.- The Board of Directors is expressly authorised to guarantee, on the Company's behalf and for a maximum of five years following the adoption of this resolution, the obligations of all types which may arise for its subsidiaries as a result of the issues of fixed income securities (debentures, bonds, promissory notes, or any other) or of warrants, by the aforementioned subsidiaries.

10.- Where appropriate, the Company shall apply for admission to trading on official or unofficial secondary stock markets, whether organised or otherwise, of the bonds, debentures and other securities issued by virtue of this authorisation, and the Board of Directors shall be empowered to undertake the formalities necessary or appropriate for these purposes. In accordance with Article 27 of the Spanish Stock Market Regulations, it is hereby expressly stated that in the case of the subsequent application for the exclusion from the stock exchange of the securities issued by virtue of this authorisation, this shall be adopted with the same formalities as stated in said Article and, in this event, the interests of shareholders or bondholders who oppose this move or vote against it shall be guaranteed in accordance with all applicable provisions of law.

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 2009 Annual Corporate Governance Report, there are a total of 9 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 Consolidated Companies Law, following is the Annual Corporate Governance Report, which forms and integral part of the 2009 Directors' Report.